China Development Financial Holding Corporation and Subsidiaries

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

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
China Development Financial Holding Corporation

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

The key audit matters of the Group’s consolidated financial statements for the year ended December 31, 2023 are as follows:

Impairment of Discounts and Loans

The management assesses impairment of discounts and loans according to the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans (“the Procedures”) issued by the FSC of the ROC and IFRS 9, respectively, and then recognizes the higher estimated amount as a reserve for asset impairment. Under the Procedures, impairment is based on the length of time overdue and the status of the collaterals; under IFRS 9, impairment is assessed by considering the probability of default and loss given default estimated based on historical experience, present market situation and forward-looking information. Since the important assumptions and input values used in revisions and adjustments involve critical judgments and estimates and impairment has a significant impact on the financial statements; therefore, the impairment of discounts and loans is deemed to be a key audit matter for the year ended December 31, 2023.

Refer to Notes 4, 5 and 52 for the accounting policy information, critical judgment, estimation uncertainty and related disclosures of the impairment of discounts and loans.

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

We obtained an understanding of the accounting policies and internal controls related to the recognition of impairment. We verified that the impairment assessment procedures including the classification of the credit assets, the length of time overdue and the status of the collaterals complied with the Procedures. We understood the methodology, main assumptions and parameters adopted by the management in accordance with the IFRS9 impairment model, as well as the important assumptions and input values considered in its revision and adjustment. We selected samples of discounts and loans and evaluated the reasonableness of measuring expected credit losses.

Assessment of Insurance Liabilities and Liability Adequacy Reserve

As stated in Note 5, management uses actuarial models and several material assumptions when assessing the insurance liabilities and liability adequacy reserve. The assumptions were based on the principles embodied in the relevant laws and regulations, which cover the unique risk exposure, product characteristics and experiences of the target markets of KGI Life Insurance Co., Ltd. (KGI Life Insurance, originally called China Life Insurance). The assessment of liability adequacy reserves is in compliance with the relevant norms promulgated by the Actuarial Institute of the Republic of China. When KGI Life Insurance assesses the liability adequacy reserve, the estimated present value of future cash flows from insurance contracts is based on a reasonable estimate of future insurance payments, premium income and related expenses. Since any change in the actuarial model and material assumptions will have a significant influence on insurance liabilities and liability adequacy reserves, we considered them as key audit matters for the year ended December 31, 2023.

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 11, 2024

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 audit such consolidated financial statements are those generally applied in the Republic of China.

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

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

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

	2023		2022	
ASSETS	**Amount**	**%**	**Amount**	**%**
CASH AND CASH EQUIVALENTS (Notes 4 and 6)	$ 72,864,773	2	$ 132,489,379	4
DUE FROM THE CENTRAL BANK AND CALL LOANS TO FINANCIAL INSTITUTIONS (Notes 7 and 47)	29,682,480	1	54,451,552	2
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8, 9, 18, 46 and 47)	550,917,931	15	466,530,498	13
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 4, 10, 47 and 52)	249,360,614	7	215,165,592	6
DEBT INVESTMENTS MEASURED AT AMORTIZED COST (Notes 4, 11, 18, 46, 47 and 52)	1,668,017,681	46	1,678,606,935	47
FINANCIAL ASSETS FOR HEDGING (Notes 4 and 12)	835,695	-	2,511,620	-
SECURITIES PURCHASED UNDER RESELL AGREEMENTS (Notes 4 and 13)	68,181,458	2	31,770,532	1
RECEIVABLES, NET (Notes 4, 14, 46, 47 and 52)	156,501,248	4	111,420,657	3
CURRENT TAX ASSETS (Note 4)	891,186	-	148,379	-
DISCOUNTS AND LOANS, NET (Notes 4, 15, 46 and 52)	430,891,355	12	427,835,924	12
REINSURANCE ASSETS, NET (Notes 4 and 16)	1,011,096	-	1,016,200	-
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET (Notes 4, 17 and 18)	24,818,337	1	20,100,667	1
OTHER FINANCIAL ASSETS (Notes 19, 46 and 47)	177,975,337	5	166,905,284	5
INVESTMENT PROPERTY, NET (Notes 4, 20 and 47)	59,391,549	2	58,626,748	2
PROPERTY AND EQUIPMENT, NET (Notes 4, 21 and 47)	31,174,212	1	33,670,962	1
RIGHT-OF-USE ASSETS, NET (Notes 4, 22 and 47)	11,860,235	-	12,623,300	-
INTANGIBLE ASSETS, NET (Note 23)	17,778,030	-	18,342,534	1
DEFERRED TAX ASSETS (Notes 4 and 43)	18,834,982	-	18,068,348	-
OTHER ASSETS, NET (Notes 24 and 46)	77,223,854	2	86,863,239	2
TOTAL	$ 3,648,212,053	100	$ 3,537,148,350	100
LIABILITIES AND EQUITY				
LIABILITIES				
Deposits from the Central Bank and financial institutions (Notes 25 and 46)	$ 7,027,312	-	$ 11,972,428	-
Financial liabilities at fair value through profit or loss (Notes 4, 8 and 46)	62,481,110	2	82,361,141	2
Financial liabilities for hedging (Notes 4 and 12)	697,122	-	581,359	-
Notes and bonds issued under repurchase agreements (Notes 4, 8, 10, 11 and 26)	130,294,589	4	101,183,895	3
Commercial paper payable, net (Notes 27 and 47)	29,459,780	1	24,778,477	1
Payables (Notes 28 and 46)	107,156,822	3	90,722,635	3
Current tax liabilities (Note 4)	312,088	-	548,915	-
Deposits and remittances (Notes 29 and 46)	529,936,718	14	529,644,019	15
Bonds payable (Note 30)	101,938,248	3	91,643,007	3
Other borrowings (Notes 31 and 47)	24,444,457	1	23,675,664	1
Provisions (Notes 4 and 32)	2,082,411,350	57	2,094,580,716	59
Other financial liabilities (Note 34)	210,573,263	6	205,120,359	6
Lease liabilities (Notes 22 and 46)	4,034,022	-	4,603,517	-
Deferred tax liabilities (Notes 4 and 43)	16,326,381	-	13,904,031	-
Other liabilities (Note 46)	78,168,155	2	53,042,811	1
Total liabilities	3,385,261,417	93	3,328,362,974	94
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT (Notes 35 and 36)				
Capital				
Common stock	168,345,806	5	168,453,886	5
Preferred stock	15,821,424	-	15,821,424	-
Advance receipts for capital stock	(6,000)	-	-	-
Capital surplus	33,588,602	1	33,626,805	1
Retained earnings				
Legal reserve	15,613,641	-	13,703,864	-
Special reserve	48,976,557	1	410,006	-
Unappropriated earnings	19,775,079	1	50,476,328	2
Other equity	(39,296,475)	(1)	(73,829,040)	(2)
Total equity attributable to owners of the parent	262,818,634	7	208,663,273	6
NON-CONTROLLING INTERESTS (Note 35)	132,002	-	122,103	-
Total equity	262,950,636	7	208,785,376	6
TOTAL	$ 3,648,212,053	100	$ 3,537,148,350	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
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022		Percentage Increase (Decrease)
	Amount	**%**	**Amount**	**%**	**%**
INTEREST REVENUE (Notes 37 and 46)	$ 96,812,671	245	$ 80,244,713	84	21
INTEREST EXPENSE (Notes 37 and 46)	(23,521,096)	(60)	(9,386,699)	(10)	151
INTEREST PROFIT, NET	73,291,575	185	70,858,014	74	3
NONINTEREST PROFITS AND GAINS, NET					
Service fee and commission, net (Notes 19, 38 and 46)	3,895,347	10	1,292,370	1	201
Net income from insurance operations (Notes 39 and 46)	(54,176,224)	(137)	1,251,172	1	(4,430)
Gain (loss) on financial assets and liabilities measured at fair value through profit or loss, net (Notes 8, 40 and 46)	42,602,842	108	(127,915,536)	(134)	133
Gain (loss) on investment property, net	650,877	2	450,120	1	45
Realized gain (loss) on financial assets measured at fair value through other comprehensive income (Note 41)	1,445,442	4	2,369,243	3	(39)
Gain (loss) on disposal of financial assets measured at amortized cost (Note 11)	270,947	1	341,584	-	(21)
Foreign exchange gain (loss), net	1,819,501	4	90,094,660	95	(98)
Impairment loss on assets, net	(816,914)	(2)	(1,890,463)	(2)	(57)
Share of the profit (loss) of associates and joint ventures	2,129,077	5	(165,708)	-	1,385
Gain (loss) on reclassification using the overlay approach (Note 8)	(33,440,550)	(85)	65,253,132	68	(151)
Net changes in reserve for changes in foreign exchange valuation	1,118,139	3	(7,535,803)	(8)	115
Others (Notes 46 and 48)	761,988	2	914,368	1	(17)
Total noninterest profits and gains, net	(33,739,528)	(85)	24,459,139	26	(238)
TOTAL NET REVENUE	39,552,047	100	95,317,153	100	(59)

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CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

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

	2023		2022		Percentage Increase (Decrease)
	Amount	**%**	**Amount**	**%**	**%**
(ALLOWANCE) REVERSAL FOR BAD DEBTS AND LOSSES ON COMMITMENTS AND GUARANTEES	$ (361,310)	(1)	$ 146,568	-	(347)
NET CHANGE IN RESERVE FOR INSURANCE LIABILITIES	12,962,007	33	(44,989,888)	(47)	129
OPERATING EXPENSES (Notes 22, 33, 42 and 46)					
Employee benefits	(18,979,829)	(48)	(16,340,602)	(17)	16
Depreciation and amortization	(3,795,211)	(10)	(3,531,131)	(4)	7
Other general and administrative expenses	(8,800,822)	(22)	(8,661,235)	(9)	2
Total operating expenses	(31,575,862)	(80)	(28,532,968)	(30)	11
NET PROFIT BEFORE INCOME TAX	20,576,882	52	21,940,865	23	(6)
INCOME TAX EXPENSE (Note 43)	(1,628,763)	(4)	(5,551,678)	(6)	(71)
NET PROFIT FOR THE YEAR	18,948,119	48	16,389,187	17	16
OTHER COMPREHENSIVE INCOME (LOSS)					
Items that will not be reclassified subsequently to profit or loss, net of income tax					
Remeasurement of defined benefit plans	(101,514)	-	547,846	1	(119)
Share of the other comprehensive income (loss) of associates and joint ventures	541,204	1	(958,909)	(1)	156

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CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

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

	2023		2022		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
Gain (loss) on equity instruments measured at fair value through other comprehensive income	$ (1,412,101)	(4)	$ (10,656,072)	(11)	(87)
Income tax relating to the items that will not be reclassified subsequently to profit or loss (Note 43)	665,602	2	461,805	-	44
Items that will be reclassified subsequently to profit or loss, net of income tax					
Exchange differences on translation of financial statements of foreign operations	(236,103)	(1)	3,397,017	4	(107)
Share of the other comprehensive income (loss) of associates and joint ventures	(14,937)	-	617,418	1	(102)
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 43)	(1,363,609)	(3)	3,215,828	3	(142)
Gain (loss) on debt instruments measured at fair value through other comprehensive income	3,383,919	9	(15,434,825)	(16)	122
Other comprehensive income (loss) on reclassification using the overlay approach (Note 8)	33,440,550	84	(65,253,132)	(69)	151
Other comprehensive income (loss) for the year, net of income tax	34,903,011	88	(84,063,024)	(88)	142
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	$ 53,851,130	136	$ (67,673,837)	(71)	180
NET PROFIT ATTRIBUTABLE TO:					
Owners of parent	$ 18,942,700	48	$ 16,365,629	17	16
Non-controlling interests	5,419	-	23,558	-	(77)
	$ 18,948,119	48	$ 16,389,187	17	16

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CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

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

	2023		2022		Percentage Increase (Decrease)
	Amount	**%**	**Amount**	**%**	**%**
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:					
Owners of parent	$ 53,847,488	136	$ (67,700,361)	(71)	180
Non-controlling interests	3,642	-	26,524	-	(86)
	$ 53,851,130	136	$ (67,673,837)	(71)	180
EARNINGS PER SHARE (Note 44)					
Basic	$1.13		$0.98		
Diluted	$1.13		$0.98		

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

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(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 Reclassified Using the Overlay Approach	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 reversed	-	-	-	-	-	-	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)
Special reserve reversed	-	-	-	-	-	-	(11,794)	11,794	-	-	-	-	-	-	-	-	-
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	-	-	54,623	-	-	-	-	-	-	-	-	-	54,623	-	54,623
Net profit for the year ended December 31, 2022	-	-	-	-	-	-	-	16,365,629	-	-	-	-	-	-	16,365,629	23,558	16,389,187
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	-	-	418,390	4,009,738	(25,048,211)	(63,449,208)	3,301	-	-	(84,065,990)	2,966	(84,063,024)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	-	-	16,784,019	4,009,738	(25,048,211)	(63,449,208)	3,301	-	-	(67,700,361)	26,524	(67,673,837)
Retirement of treasury share	(3,407,137)	(3,109,012)	-	-	(2,555,352)	-	-	-	-	-	-	-	-	9,071,501	-	-	-
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	-	-	4,978	-	-	-	-	1,132	-	-	-	-	6,110	(214,497)	(208,387)
Share-based payments	(35,575)	-	(31,175)	-	(24,924)	-	-	1,855	-	-	-	-	514,747	-	424,928	-	424,928
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(20,338)	(20,338)
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	2,350,831	-	(2,350,831)	-	-	-	-	-	-	-
Net change in special reserve of subsidiaries	-	-	-	-	-	-	-	(50,734)	-	-	-	-	-	-	(50,734)	-	(50,734)
BALANCE AT DECEMBER 31, 2022	168,453,886	15,821,424	-	-	33,626,805	13,703,864	410,006	50,476,328	(1,116,811)	(13,728,907)	(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 reversed	-	-	-	-	-	-	48,566,551	(48,566,551)	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	1,909,777	48,566,551	(50,476,328)	-	-	-	-	-	-	-	-	-
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	-	-	19,329	-	-	-	-	-	-	-	-	-	19,329	-	19,329
Net profit for the year ended December 31, 2023	-	-	-	-	-	-	-	18,942,700	-	-	-	-	-	-	18,942,700	5,419	18,948,119
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	-	-	-	(96,729)	(247,893)	3,056,048	32,194,596	(1,234)	-	-	34,904,788	(1,777)	34,903,011
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	-	-	18,845,971	(247,893)	3,056,048	32,194,596	(1,234)	-	-	53,847,488	3,642	53,851,130
Share-based payments	(108,080)	-	-	(6,000)	(57,532)	-	-	11,409	-	-	-	-	490,814	-	330,611	-	330,611
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,257	6,257
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	959,766	-	(959,766)	-	-	-	-	-	-	-
Net change in special reserve of subsidiaries	-	-	-	-	-	-	-	(42,067)	-	-	-	-	-	-	(42,067)	-	(42,067)
BALANCE AT DECEMBER 31, 2023	$ 168,345,806	$ 15,821,424	$ -	$ (6,000)	$ 33,588,602	$ 15,613,641	$ 48,976,557	$ 19,775,079	$ (1,364,704)	$ (11,632,625)	$ (25,848,289)	$ 2,067	$ (452,924)	$ -	$ 262,818,634	$ 132,002	$ 262,950,636

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

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

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

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before income tax	$ 20,576,882	$ 21,940,865
Adjustments for reconciliation with net profit		
Depreciation expenses	2,898,656	2,624,415
Amortization expenses	1,525,623	1,447,524
Reversal (allowance) for bad debts and losses on commitments and guarantees, net	361,310	(146,568)
Gain on financial assets and liabilities measured at fair value through profit or loss, net	(26,978,570)	141,412,636
Interest expense	23,521,096	9,424,129
Interest revenue	(96,812,671)	(80,244,713)
Dividend income	(16,439,488)	(15,251,805)
Net changes in insurance liabilities	(11,240,805)	93,770,868
Net changes in reserve for changes in foreign exchange valuation	(1,118,139)	7,535,803
Share-based payments	319,201	423,072
Share of loss (profit) of associates and joint ventures	(2,129,233)	155,519
Loss (gain) on reclassification using the overlay approach	33,440,550	(65,253,132)
Gain on disposal of property and equipment	(22,272)	(35,097)
Gain on disposal of investments	(867,877)	(920,508)
Impairment loss on financial assets	816,831	1,864,385
Others	(74,902)	(316,798)
Changes in operating assets and liabilities		
Due from the Central Bank and call loans to financial institutions	684,374	(3,061,543)
Financial assets at fair value through profit or loss	(17,506,183)	2,495,906
Financial assets at fair value through other comprehensive income	(29,972,238)	95,824,493
Debt investments measured at amortized cost	27,934,935	(273,731,429)
Securities purchased under resell agreements	(1,343,590)	(459,489)
Receivables	(43,588,032)	22,961,046
Discounts and loans	(3,167,583)	(20,205,512)
Other financial assets	(1,596,062)	(7,261,081)
Other assets	9,901,020	14,917,736
Deposits from the Central Bank and financial institutions	(4,945,116)	(8,851,118)
Financial liabilities at fair value through profit or loss	(62,415,386)	(30,945,428)
Notes and bonds issued under repurchase agreements	29,110,694	(700,915)
Payables	19,716,611	(14,916,650)
Deposits and remittances	292,699	46,141,562
Other financial liabilities	(6,237,320)	29,029,482
Other liabilities	25,131,588	(26,179,225)
Cash used in operations	(130,223,397)	(56,511,570)
Interest received	80,505,383	64,146,234
Dividends received	16,217,095	15,351,124
Interest paid	(24,675,924)	(7,267,371)
Income tax paid	(1,539,593)	(5,765,448)
Net cash (used in) generated from operating activities	(59,716,436)	9,952,969

(Continued)

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

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

	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets measured at amortized cost	$ (869,280)	$ (535,211)
Acquisition of financial assets at fair value through profit or loss	(353,946)	(1,880,809)
Disposal of financial assets at fair value through profit or loss	551,074	195,532
Acquisition of investments accounted for using equity method	(2,973,782)	(632,832)
Proceeds from capital reduction of investments accounted for using the equity method	470,865	483,432
Acquisition of property and equipment	(1,110,154)	(1,730,261)
Proceeds from disposal of property and equipment	134,336	183,188
Acquisition of investment properties	(145,738)	(23,668,779)
Proceeds from disposal of investment properties	494,162	669,848
Others	(264,727)	326,706
Net cash used in investing activities	(4,067,190)	(26,589,186)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	5,468,559	(221,740)
Decrease in funds from the central bank and banks	-	(129,490)
Increase in commercial paper payable	4,681,303	3,564,237
Proceeds from corporate bonds	10,300,445	-
Repayments of corporate bonds	-	(310,000)
Proceeds from long-term borrowings	600,086	1,699,998
Repayments of long-term borrowings	(5,299,852)	(360,117)
Repayments of the principal portion of lease liabilities	(919,422)	(879,663)
Cash dividends paid	-	(16,851,631)
Acquisition of ownership interests in subsidiaries	-	(208,387)
Net changes in non-controlling interests	6,257	(20,338)
Others	19,724	413
Net cash generated from (used in) financing activities	14,857,100	(13,716,718)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	284,558	450,474
NET DECREASE IN CASH AND CASH EQUIVALENTS	(48,641,968)	(29,902,461)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	200,161,850	230,064,311
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 151,519,882	$ 200,161,850

(Continued)

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

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

Reconciliation of the amounts in the consolidated statements of cash flows with the equivalent items reported in the consolidated balance sheets as of December 31, 2023 and 2022:

	December 31	
	2023	**2022**
Cash and cash equivalents in consolidated balance sheets	$ 72,864,773	$ 132,489,379
Due from the Central Bank and call loans to banks which qualify as cash and cash equivalents as defined in IAS 7	12,331,755	36,416,453
Securities purchased under agreements to resell which qualify as cash and cash equivalents as defined in IAS 7	66,323,354	31,256,018
Cash and cash equivalents in consolidated statements of cash flows	$ 151,519,882	$ 200,161,850

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

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 KGI Life Insurance through public tender offer. After the acquisition, KGI 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 KGI Life Insurance and acquisition of ordinary shares through public tender offer, on December 30, 2021, the Corporation acquired KGI Life Insurance through a share swap. Thus, KGI 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.

KGI 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 reported to the board of directors and authorized for issue on March 11, 2024.

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

a. Initial application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (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 IFRS Accounting Standards endorsed by the FSC for application starting from 2024

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

   Note 1: 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 2: The amendments provide some transition relief regarding disclosure requirements.

   As of the date of issuance of these consolidated financial statements, the Company and its subsidiaries have assessed that the amendments to the above standards and interpretations will not have a significant impact on their financial position and financial performance.

c. The IFRS Accounting Standards 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 IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

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

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 not permitted to include contracts issued more than one year apart in the same group, and shall apply IFRS 17 recognition and measurement principles to the contract groups decided to be issued.

Recognition

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

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

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

c) When the Group becomes onerous.

Measurement

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

a) The initial recognition of an amount for the FCF;

b) The cash inflows and outflows arising from the contracts in the Group at that date; and

c) The derecognition at that date of below items for acquisition cash flows:

   i. Any asset recognized for acquisition cash flows; and

   ii. Any other asset or liability related to a group of contracts which had been recognized for cash flows before.

Subsequent measurement

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

Onerous contracts

An insurance contract is onerous at initial recognition if the total of the FCF, any 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 which had been recognized for cash flows before.

Subsequently, the liability for remaining coverage should be adjusted as plus the premiums received and the amortization of insurance acquisition cash flows and minus the amount recognized as insurance revenue for services provided and any investment component paid or transferred to the liability for incurred claims in the period.

Investment contracts with a discretionary participation feature

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

Modification and derecognition

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

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

Transition

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

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

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

Redesignation of financial assets

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

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

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

4. SUMMARY OF 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 IFRS Accounting Standards as endorsed and issued into effect by the FSC.

Basis of Preparation

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

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

Principles for Preparing Consolidated Financial Statements

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

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

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

As of December 31, 2023 and 2022, the consolidated entities included in the consolidated financial statements included 62 and 59 companies, respectively (please refer to the attached Table 8).

Business Combinations

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

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

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

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

Foreign Currencies

The Group recognizes at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period occurred.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the year except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

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

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

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

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

Cash Equivalents

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

Investments in Associates and Joint Ventures

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

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

Under the equity method, investments in an associate and a joint venture are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate and joint venture. The Group also recognizes the changes in the Group's share of equity of associates and joint ventures.

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

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

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

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

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

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

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

Financial Instruments

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

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

Financial assets and liabilities

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

a. Measurement category

   Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost, investments in debt instruments at FVTOCI and investments in equity instruments at FVTOCI.

1) Financial assets or liabilities at FVTPL

Financial assets or liabilities are classified as at FVTPL when such financial assets or liabilities are mandatorily classified or designated as at FVTPL. Financial assets or liabilities mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

A financial asset or liability may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 50.

2) Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

a) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

a) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

b) Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

3) Investments in debt instruments at FVTOCI

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

a) The debt instrument is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of such financial assets; and

b) The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

4) Investments in equity instruments at FVTOCI

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

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

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

b. Margin loans and stock loans

"Receivable amount for margin loans" is the margin loans extended to the customers to buy securities. The securities bought by the customers are held as pledges on the loan provided, and these securities are recorded as "securities deposited by customers" using memo entries.

The securities refinance customer loans from securities finance companies, and the related amount is recorded as "refinancing borrowings" and is pledged with the underlying securities bought by the customers.

The subsidiaries of the Corporation provide financing to customers for the short sale of pledged securities from margin loans or short sale of securities borrowed from securities finance companies. The proceeds from short sale of securities borrowed by customers, net of commissions and securities transaction tax, are retained by the subsidiaries and recorded as "deposit payable for securities financing." In addition, the Securities and Futures Bureau (SFB), Financial Supervisory Commission, Executive Yuan, ROC requires that customers should make a guarantee deposit to the subsidiaries or provide securities in lieu of cash deposit, which are recorded as "securities financing guarantee deposit."

c. Guarantee deposits received on futures contracts and customers' equity accounts - futures

Margin deposits received from clients are debited to "guarantee deposits received on futures contracts" and credited to "customers' equity accounts - futures" for futures transactions as required by the regulations. Margin deposit balances are calculated daily by marking to market the open positions of each customer and determining the required margin levels. The debit balance of "customers' equity accounts - futures" which results from losses on futures transactions in excess of the margin deposit, is recorded as "accounts receivable - futures guarantee deposits." Customer's equity accounts - futures cannot be offset unless these accounts pertain to the same customers.

d. Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost and investments in debt instruments that are measured at FVTOCI.

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

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

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

Based on the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual loans, credit assets classified as normal (this balance should be net of the balance of borrowings by ROC government agencies from the Bank), special mention, substandard, with doubtful collectability and uncollectable or loss incurring are evaluated on the basis of the borrowers'/clients' financial condition and delinquency record on interest payments.

These assets have allowances at 1%, 2%, 10%, 50% and 100%, respectively, of outstanding credit. The doubtful accounts of credit cards receivables are evaluated on the basis of Regulations Governing Institutions Engaging in Credit Card Business. The minimum allowance for credit assets on or off balance sheet is equal to the book value of the above listed.

Based on Order No. 10300329440 issued by the FSC, for the Bank to have an enhanced risk coverage, the minimum provision for the loan loss reserve is 1.5% of the mortgage and construction loans that have been classified as normal assets, excluding policy-based loan, effective from January 1, 2011. Based on Order No. 10410001840 issued by the FSC, for the Bank to have an enhanced control on the exposure to the risk in mainland China, the minimum provision for credit loss reserve is 1.5% of the credit, which includes short-term trade financing that were granted to companies based in mainland China and classified as normal assets.

Credit deemed uncollectable of KGI Bank may be written off under the approval of the board of directors.

In accordance with the regulation of "Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts by Insurance Enterprises", KGI Life Insurance is required to record the minimum amounts based upon each of the following category for allowance of uncollectible accounts:

1) Total amount of 0.5% of the ending balance for the first category of loan assets excluding life insurance loans, automatic premium loans and holding government debts, 2% of the ending balance for the second category of loan assets that should be paid attention, 10% of the ending balance for the third category of loan assets that are expected to recover, 50% of the ending balance for the fourth category of loan assets that are difficult to recover and 100% of the ending balance for the fifth category of loan assets that are not expected to recover are aggregated.

2) 1% of the ending balance for all the five categories of loan assets excluding life insurance loans, automatic premium loans and holding government debts.

3) Total unsecured portion of loans overdue and receivable on demand.

4) If total amount of minimum allowance of uncollectible accounts measured from the categories above are less than the amount in accordance with GAAP, it should refer to the amount in accordance with GAAP as minimum allowance of uncollectible accounts.

To strengthen the ability to bear the loss of specific loan assets, the authority may, if necessary, require the Corporation to raise loan loss provision for specific loan assets in specified criteria and deadlines.

e. Derecognition of financial assets

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

f. Equity instruments

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

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

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

g. Derivative financial instruments

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

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

h. Modification of financial instruments

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

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

i. Adoption of overlay approach on financial assets

KGI Life Insurance chose to express profit or loss of the designated financial assets in overlay approach in accordance with IFRS 4 “Insurance Contract” since the application of IFRS 9. To those designated financial assets, the Corporation classifies the amount from profit or loss to other comprehensive income, thus making the profit or loss of the designated financial assets as at the reporting date equal to as if they would have been accounted for under IAS 39. Accordingly, the reclassification amount is the difference of the following items:

1) The amount of profit or loss of the designated financial assets in accordance with IFRS 9; and

2) The amount of profit or loss of the designated financial assets as if applied to IAS 39.

A financial asset is eligible for designation under overlay approach if qualifying for the following conditions:

1) In accordance with IFRS 9, the financial asset is measured at fair value through profit or loss. However, if the Corporation applies to IAS 39, the financial asset is not measured at fair value through profit or loss collectively; and

2) The financial asset is not held in respect of activities that is unconnected with contracts within the scope of IFRS 4 “Insurance Contract”.

A Financial asset is eligible for the overlay approach if either of the following conditions is met:

1) The asset is accounted for on initial recognition; or

2) The asset now meets the criteria of which is held in respect of activities other than contracts within the scope of IFRS 4 “Insurance Contract” but previously did not.

KGI Life Insurance shall continuously adopt overlay approach to those designated financial assets until derecognition. However, KGI Life Insurance shall remove the designated status when the financial assets held in respect of activities other than contracts within the scope of IFRS 4 “Insurance Contract”. In addition, at the beginning date of any annual reporting year, the Corporation is permitted to stop applying overlay approach to all designated financial assets; If it does, the change in the accounting policy is accounted for under IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”.

j. Reclassification of financial assets

The Group reclassifies all affected financial assets only when it changes the operating model for managing financial assets. Such changes are determined by the Group's senior management based on the results of external or internal changes and must be material to the operations of the Group and presentable to external parties. The reclassification of financial assets is deferred from the date of reclassification.

Hedge Accounting

The Group designate certain hedging instruments as fair value hedges.

At the start of a hedge relationship, the Group document the relationship between the hedging instrument and the hedged item, along with their risk management objectives and their strategy for undertaking various hedge transactions. Further, at the start of the hedge and on an ongoing basis, the Group document whether the hedging instrument is highly effective in offsetting the exposure to adverse changes in fair value or cash flows of the hedged item. Note 12 sets out the details of the fair value of the derivative instruments used for hedging purposes.

<u>Fair value hedges</u>

The change in the fair value of the hedging instrument (e.g., derivative) and the change in the hedged item attributable to the hedged risk are recognized in profit or loss in the line item relating to the hedged item.

The Group discontinue hedge accounting only when the hedging relationship ceases to meet the qualifying criteria; for instance, when the hedging instrument expires or is sold, terminated or exercised.

Securities Purchased and Sold Under Resell and Repurchase Agreements

For securities purchased under resell agreements, the payment to a counterparty is treated as a financing transaction. For securities sold under repurchase agreements, the payment by a counterparty and the related interest revenue or interest expense are recognized on the accrual basis.

Property and Equipment

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

Depreciation of property and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

Collaterals Assumed

Collaterals assumed (recognized as other assets) are recorded at cost, which includes the price and the expenditure for placing the collateral in a position to be sold, and are evaluated at their fair value as of the end of the period. An impairment loss is recognized when the cost of collaterals exceeds the fair value.

Intangible Assets

a. Intangible assets acquired separately

   Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period. The residual value of an intangible asset with a finite useful life shall be assumed to be zero unless the Group expects to dispose of the intangible asset before the end of its economic life. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

b. Intangible assets acquired in a business combination

   Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

c. Derecognition of intangible assets

   On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset are recognized in profit or loss.

Impairment of Non-financial Assets

The Group evaluates the possibility of impairment loss on non-financial assets as of the balance sheet date. If there is sufficient objective evidence of asset impairment, the Group recognizes an impairment loss whenever the recoverable amount of the asset or the cash-generating unit is below the carrying amount of an asset, and this impairment loss either is charged to accumulated impairment or reduces the carrying amount of an asset directly. After the recognition of an impairment loss, the depreciation (amortization) charged to the assets should be adjusted in future years at the revised asset carrying amount (net of accumulated impairment), less its salvage value, on a systematic basis over its remaining service life. If asset impairment loss (excluding goodwill) is reversed, the increase in the carrying amount resulting from reversal is credited to current income and debited to accumulated impairment or is used to increase the carrying amount of the asset. However, loss reversal should not be more than the carrying amount (net of depreciation) had the impairment not been recognized.

A cash-generating unit ("CGU"), which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill, then to the other assets of CGU pro rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

Separate-account Products

KGI Life Insurance sells investment-linked insurance products, of which the applicant pays the premium according to the agreed amount less the expenses incurred by the insurer. In addition, the investment distribution is approved by the applicant and then transferred to specific accounts as requested by the applicant. The value of these specific accounts is determined based on their fair value on the applicable date and the net worth is computed in accordance with the relevant regulations and the IFRSs.

In accordance with Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, assets and liabilities representing the rights and obligations of the applicants, whether arising from an insurance contract or insurance policy with features of financial instruments, are recognized separately as "separate-account product assets" and "separate-account product liabilities". The revenues and expenses of separate-account insurance products in accordance with IFRS 4 Insurance Contracts, separately recognized as "separate-account product revenues" and "separate-account product expenses."

Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the control of the entity, or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or because the amount of the obligation cannot be measured with sufficient reliability. The Group does not recognize contingent liabilities but disclose them in accordance with related rules instead.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the control of the entity. The Group does not recognize contingent assets but disclose them in accordance with related rules when the inflow of economic benefits is probable.

Insurance Liabilities and Reserve for Insurance Contracts with Feature of Financial Instruments

KGI Life Insurance's reserved funds for insurance contracts and financial instruments whether with or without discretionary participation feature are made in accordance with "Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises." Furthermore, they have been validated by the certified actuarial professionals approved by Financial Supervisory Commission. The required amount to be reserved for short-term group insurance is based upon the greater of premium received or calculated premium following the Order No. Financial Supervisory-Insurance-Corporate-10704504821 and No. Financial Supervisory-Insurance-Corporate-11004925801. Reserved amount for the rest of other provisions is addressed below:

Moreover, KGI Life Insurance's insurance contract with discretionary participation feature is classified as liability.

a. Unearned premium reserve

   For the insurance policy whose term is within one year and has not met the due date or for the injury insurance policy whose term is over one year, the amount of reserve required is based upon the unexpired risk calculation.

b. Reserve for claims

   It is a reserve mainly for the reported but not paid claims and unreported claims. The reported but not paid claims reserve is assessed based on relevant information of each case and the amount deposited is further classified by the type of insurance. Unreported claims reserve is calculated and deposited based on the past experiences and expenses occurred and in accordance with the actuarial principles.

c. Reserve for life insurance liabilities

   Based on the life table and projected interest rates in the manual provided by the authority for each type of insurance, the dollar amount of life insurance reserve is calculated and deposited according to the calculation method listing on Article 12 of "Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises" and the manual published by each authority of insurance products.

   Starting from policy year of 2003, for valid insurance contract whose dividend calculation is stipulated by the Order No. Financial Supervisory-Insurance-Corporate-11004931041, the downward adjustments of dividend due to the offset between mortality saving (loss) and loss (gain) from difference of interest rates should be recognized and recorded as the increase of reserve for long-term valid contract.

d. Special reserve

   1) For the retained businesses with policy period within 1 year, the special reserve is classified into 2 categories, "Special Capital Reserve - Special Reserve for Major Incidents" and "Special Capital Reserve - Special Reserve for Fluctuation of Risks." The dollar amount of reserve required is addressed as follows:

      a) Special capital reserve - special reserve for major incidents

         All types of insurance should follow the special catastrophe reserve rates set by authorities. Upon occurrence of the catastrophic events, actual claims on retained business in excess of NT$30,000 thousand can be withdrawn from the reserve. If the reserve has been set aside for over 15 years, KGI Life Insurance could have its plan of the recovering process of the reserve assessed by certified actuaries and submit the plan to the authority for reference.

b) Special capital reserve - special reserve for fluctuation of risks

When the actual amount paid for indemnity minus the offsetting amount from special reserve for major incidents is less than the anticipated dollar amount that needs to be paid, 15% of this difference should be reserved in special reserve for fluctuations in risks. When the actual amount paid for indemnity minus the offsetting amount from the special reserve for major incidents is greater than the anticipated dollar amount that needs to be paid, the exceeded amount can be used to write down the special reserve for fluctuating risks. If the special reserve for fluctuation of risks for a specified type of insurance is not enough to be written down, a special reserve for fluctuation of risks for other types of insurance can be used. Also, the type of insurance and total dollar amount written down should be reported to the authority for inspection purposes. When the accumulative dollar amount of special reserve for fluctuation of risks exceeds 30% of the self-retention earned premium within one year, the exceeded amount will be recovered.

For special reserves for major incidents and special reserve for fluctuation of risks addressed previously, the balance of the annual reserve net of tax, the post-tax amount of appropriated and written down or recovery would be recorded in the special capital reserve under equity.

2) KGI Life Insurance sells participating life insurance policy. According to the "Rule Governing application of revenue and expenses related to participating/non-participating policy", the Corporation is required to set aside special reserve for dividend participation based on income before tax and dividend. On the date of declaration, dividend should be withdrawn from this account. The excess dividend should be accounted as special reserve for dividend risks. Additionally, the effects of the gain or loss from disposal of participating life insurance policy approved as equity instrument investments at fair value through other comprehensive income shall transfer directly into special reserve based on income before tax and dividend. If the special reserve is a negative amount, the Corporation shall set aside the same amount of special reserve.

e. Premium deficiency reserve

For the contracts over one year of life, health, or annuities insurance commencing on January 1, 2001, the following rules apply: When the gross premium is less than the valuation net premium, a deficiency reserve is required to be set aside with the value of an annuity, the amount of which shall equal the difference between such premiums and the term of which in years shall equal the number of future annual payments due on such insurance at the date of the valuation.

In addition, for the insurance policy which period is within one year and has not met the due date or accidental insurance policy over one year, the following rules apply: If the probable indemnities and expenses are greater than the aggregate of unearned premium reserves and collectable premiums in the future, the premium deficiency reserve is set aside based on the difference thereof.

f. Other reserve

Pursuant to IFRS 3 "Business Combination", the Corporation shall set aside other reserve for identifiable assets required and liabilities assumed recorded at fair value in order to reflect the fair value of the insurance contract assumed.

g. Liability adequacy reserve

This is the reserve that is set aside based on the adequacy test of liability required by IFRS 4 Insurance Contracts.

h. Reserves for insurance contracts with feature of financial instruments

Financial products without discretionary participation features follows “Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises” and Depository Accounting.

Foreign Exchange Valuation Reserve

Foreign exchange valuation reserve was appropriated or written-down from the foreign investment assets do not include foreign currency non-investment-linked life insurance product assets) in accordance with “Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises” and Directions for Foreign Exchange Valuation Reserve by Life Insurance Enterprises”. The beginning balance of KGI Life Insurance’s foreign exchange valuation reserve is NT$1,745,679 thousand which has to recognize special reserve within three years since 2012 according to the provision. The recognized amount should not be less than one third of the beginning balance net of tax for the first year. The cumulative recognized amount of the first two years should not be less than two thirds of the beginning balance net of tax. In addition, the saving of hedging costs is transferred to special reserve each year. If the annual earning is not enough for transfer, then replenish in the later year. The related special reserve may be used to increase the share capital or offset deficit. According to “Directions for Foreign Exchange Valuation Reserve by Life Insurance Enterprises” Article 9 and the Official Letter No. 1090490453 issued by the FSC on February 17, 2020, since the Insurance Company set aside the earnings appropriation of 2019, if the Corporation has annual net tax earning, then it should appropriate 10% of that earning to special reserve after shareholders’ meeting.

Employee Benefits

a. Short-term employee benefits

The undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in an accounting period is recognized in that period.

b. Retirement benefits

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

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur. Remeasurement, comprising actuarial gains and losses, (the effect of the changes to the asset ceiling) and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group’s defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

c. Other long-term benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for defined benefit plan except that remeasurement is recognized in profit or loss.

Taxation

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

a. Current tax

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

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

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

The Corporation and its eligible subsidiaries use the linked-tax system in the filing of tax returns. The accounting treatment applied by the Group to the income tax is to adjust in the Corporation's and its subsidiaries' book by a prorated share amount the difference between the combined current/deferred taxes and the total of each Group member's current/deferred taxes. Related payables and receivables are recorded in each of the Group members' books.

Based on the "Basic Income Tax Act," if the basic income tax is greater than the amount of regular income tax, the income tax payable should be the basic income tax. The incremental tax payable is recorded as current income tax expense.

b. Deferred tax

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carry forward and unused tax credits to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

c. Current and deferred tax for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity respectively.

Revenue Recognition

Interest revenue arisen from credits are estimated on an accrual basis. All interest accrued shall be suspended from the date the loans are classified as nonperforming loans. Interest earned from nonperforming loans shall be recognized as interest income when the interest has been collected by the Group.

Service fee income is recognized when collected or when the majority of project is completed. Service fee income is received when loans and receivables are recognized. The service fee income which are caused by loans or receivables shall be recognized as interest revenue when they meet a suggested policy announced by the Bankers Association of the Republic of China. This policy requires an individual loan that meets the materiality criteria to have its effective interest rate be consistent with its interest revenue. Overall, the service fees shall be adjusted from the original agreed interest rate to the effective interest rate.

Revenue from rendering services - brokerage and underwriting commissions and fees, stock transaction agent fees, futures trading commissions and fees - is recognized on the basis of the stage of completion of related services as of the balance sheet dates.

Insurance Premium Income and Expenses

Insurance contract and financial instruments with discretionary participation features, the initial and renewal premium are only recognized as revenue after collection and underwriting procedures, and subsequent session of collection are completed, respectively. In terms of the acquisition cost such as commission expense and brokerage expenses, the related expense will be recognized in that period after commencement of the insurance contract.

For non-separate-account insurance product that is also classified as financial products without discretionary participation features, the insurance revenue collected is recognized on the balance sheet as “reserves for insurance contracts with feature of financial instruments.” The related acquisition costs will be written-down in that period after commencement of the insurance contract under “reserves for insurance contracts with feature of financial instruments.”

Leases

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

For a contract that contains a lease component and non-lease components, the Group allocates the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately.

a. The Group as lessor

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

Under finance leases, the net investment in a lease is measured at (a) the present value of the sum of the installment accounts receivable and lease payments receivable by a lessor and any unguaranteed residual value accrued to the lessor plus (b) initial direct costs and is presented as a finance lease receivable. Finance lease income is allocated to the relevant accounting periods so as to reflect a constant, periodic rate of return on the Group’s net investment outstanding in respect of leases.

Lease payments less any lease incentives payable from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

b. The Group as lessee

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

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

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms. However, if leases transfer ownership of the underlying assets to the Group by the end of the lease terms or if the costs of right-of-use assets reflect that the Group will exercise a purchase option, the Group depreciates the right-of-use assets from the commencement dates to the end of the useful lives of the underlying assets.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

The Group negotiates with the lessor for rent concessions as a direct consequence of the Covid-19 to change the lease payments originally due by June 30, 2022, that results in the revised consideration for the lease less than, the consideration for the lease immediately preceding the change. There is no substantive change to other terms and conditions. The Group elects to apply the practical expedient to all of these rent concessions, and therefore, does not assess whether the rent concessions are lease modifications. Instead, the Group recognizes the reduction in lease payment in profit or loss in the period in which the events or conditions that trigger the concession occurs, and makes a corresponding adjustment to the lease liability.

Share-based Payment Arrangements

Restricted shares for employees are measured at fair value on the date of grant, with a corresponding increase in capital surplus - restricted shares for employees.

The fair value determined at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Group's estimate of employee share options that will eventually vest, with a corresponding increase in capital surplus - employee share options.

When the share-based payment awards held by the employees of an acquiree (acquiree awards) are replaced by the Group's share-based payment awards (replacement awards), both the acquiree awards and the replacement awards are measured in accordance with the market-based measure at the acquisition date. The portion of the replacement awards that is included in measuring the consideration transferred in a business combination equals the market-based measure of the acquiree awards multiplied by the ratio of the portion of the vesting period completed to the greater of the total vesting period or the original vesting period of the acquiree award.

Reinsurance

Premiums ceded to reinsurers and reinsurance commission income generated from ceded reinsurance business and due to reinsurers and ceding companies are recognized in the same period with income or expense of the related insurance contract. As the net right of holding reinsurance contract includes reinsurance reserve assets, claims recoverable from reinsurers and due from reinsurers and ceding companies, they are recognized according to the method of signed reinsurance contract and related insurance contract liabilities. The assets, liabilities, income and expense of reinsurance contract cannot offset with the income and expense of related insurance liabilities and insurance contract.

KGI Life Insurance holds the right over re-insurer for reinsurance reserve assets, claims recoverable from reinsurers-net and due from reinsurers and ceding companies, and regularly assess if impairment has occurred to such rights or the rights can no longer be recovered. When objective evidences demonstrate that such rights after initial recognition may lead to KGI Life Insurance not recovering all contractual terms of the amount due; and the above events can be recovered from reinsurers at the impacted amount, then KGI Life Insurance can retrieve an amount that is less than the carrying value of the aforementioned rights, and recognize impairment losses.

For the classification of reinsurance contracts, KGI Life Insurance assesses whether the transfer of significant insurance risk to the re-insurer has occurred. If the transfer of significant insurance risk is not apparent, then the contract is recognized and evaluated with deposit accounting.

For reinsurance contracts that have their significant insurance risk transferred, if KGI Life Insurance can separate and measure the individual deposit component, then the reinsurance contracts need to be recognized separately as the insurance component and the deposit component. That is, KGI Life Insurance receives (or pays) the contract's value minus the insurance component, recognizing it as financial liabilities (or assets), and not as incomes (or expenses). The financial liabilities (or assets) are recognized with the fair value approach and uses the present value of future cash flow as the basis for the fair value approach.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed by management on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

a. Impairment loss on discounts and loans

The management regularly review loans portfolios in accordance with IFRS 9 to assess impairment periodically. To determine whether an impairment loss should be recognized, the management exercises its judgments on whether there has been a significant increase in credit risk or there is any indication of credit impairment. For the purpose of impairment assessment, the management determines the expected future cash flows based on past events, present conditions and future economic circumstances of the assets with similar credit risks. The management also reviews periodically the methodology and assumptions adopted for both expected future cash flow and its timing to decrease the difference between estimated and actual amount of impairment. Also, the management should consider the specifications of the Procedures to make sure that it is in compliance with the minimum eligibility criteria. Furthermore, interest rate fluctuations impacted on financial assets credit risk, lead the uncertainty of estimating default probability and default loss rate to increase.

b. Assessment of insurance liabilities and liability adequacy reserve

Management uses actuarial model and several material assumptions when assessing the insurance liabilities and liability adequacy reserve. The assumptions were based on the principles embodied in the relevant laws and regulations, which cover the unique risk exposure, product characteristics and experiences from target markets of KGI Life Insurance. The assessment of liability adequacy reserve is in compliance with the relevant norms promulgated by The Actuarial Institute of the Republic of China. When KGI Life Insurance assesses the liability adequacy reserve, the estimated present value of future cash flows of insurance contracts is based on reasonable estimate of future insurance payments, premium income and related expenses.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	**2022**
Cash in banks	$ 49,087,340	$ 115,770,216
Due from banks	17,657,401	9,047,945
Others	6,120,032	7,671,218
	$ 72,864,773	$ 132,489,379

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

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

	December 31	
	2023	**2022**
Deposit reserve - demand accounts	$ 12,306,162	$ 12,357,783
Call loans to financial institutions	9,485,620	30,930,435
Deposit reserve - checking accounts	4,068,943	7,449,871
Due from the Central Bank - interbank settlement funds	3,606,610	3,513,861
Deposit reserve - foreign currencies	215,145	199,602
	$ 29,682,480	$ 54,451,552

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.

There are no certificates of deposit issued by the Central Bank of the ROC pledged as collateral for the Group.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2023	2022
Financial assets mandatorily classified as at FVTPL		
Derivative financial instrument		
Currency swap and forward exchange contracts	$ 31,933,446	$ 28,140,433
Non-deliverable forward contracts	12,368,504	2,532,572
Options and futures contracts	5,522,350	3,438,702
Interest rate swap contracts	4,017,850	4,611,293
Others	639,313	340,917
Non-derivative financial assets		
Shares	178,320,310	147,792,867
Mutual funds	176,664,526	150,659,496
Operating securities (Note 9)	72,877,955	66,057,236
Bank debentures	41,817,559	40,941,879
Commercial paper	11,909,838	6,990,203
Corporate bonds	5,986,348	5,802,753
Others	413,347	692,545
	542,471,346	458,000,896
Financial assets designated as at FVTPL		
Government bonds	-	1,497,931
Others	8,446,585	7,031,671
	8,446,585	8,529,602
Financial assets at FVTPL	$ 550,917,931	$ 466,530,498
Financial liabilities held for trading		
Derivative financial instrument		
Currency swap and forward exchange contracts	$ 29,233,097	$ 21,923,738
Options and futures contracts	6,328,889	3,718,993
Interest rate swap contracts	3,781,998	4,665,222
Structured products	3,098,050	2,961,574
Non-deliverable forward contracts	1,337,537	5,983,802
Others	2,542,628	2,943,262
Non-derivative financial liabilities		
Borrowed securities payable	7,522,875	15,236,891
Others	697,778	469,557
	54,542,852	57,903,039

(Continued)

	December 31	
	2023	2022
Financial liabilities designated as at FVTPL		
Structured products	$ 7,937,195	$ 13,427,696
Bank debentures payable	-	11,029,589
Others	1,063	817
	7,938,258	24,458,102
Financial liabilities at FVTPL	$ 62,481,110	$ 82,361,141

(Concluded)

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

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

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).

KGI 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 KGI Life Insurance designated as at adoption of the overlay approach financial assets were as follows:

Financial assets mandatorily classified as at FVTPL

	December 31	
	2023	2022
Mutual funds	$ 171,271,175	$ 146,941,589
Shares	164,345,519	134,671,411
Bank debentures	41,585,764	40,468,179
Corporate bonds	5,105,865	4,924,526
	$ 382,308,323	$ 327,005,705

For the years ended December 31, 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 Year Ended December 31	
	2023	2022
Gain (loss) on application of IFRS 9	$ 60,248,902	$ (41,599,546)
Loss (gain) on application of IAS 39	(26,808,352)	(23,653,586)
Gain (loss) on reclassification using the overlay approach	$ 33,440,550	$ (65,253,132)

Due to the adjustment of the overlay approach, gain on financial assets measured at FVTPL decreased from $42,602,842 thousand to gain on $9,162,292 thousand for the year ended December 31, 2023; and loss of financial assets measured at FVTPL decreased from $127,915,536 thousand to loss of $62,662,404 thousand for the year ended December 31, 2022.

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

	December 31	
	2023	**2022**
Currency swap and forward exchange contracts	$ 2,317,652,516	$ 2,074,150,069
Interest rate swap contracts	528,624,852	519,646,961
Non-deliverable forward contracts	402,196,302	318,535,556
Options and futures contracts	281,308,026	179,725,036
Assets swap contracts	17,754,251	25,167,808
Structured products contracts	13,464,828	19,382,017
Cross-currency swap contracts	3,625,444	9,273,753
Credit default swap contracts	3,369,803	2,107,432
Commodity swap contracts	238,506	227,291
Equity derivative financial contracts	2,333	-

As of December 31, 2023 and 2022, financial assets at fair value through profit or loss with aggregate carrying values of $49,067,269 thousand and $36,424,553 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

	December 31	
	2023	**2022**
Dealing		
Corporate bonds	$ 17,960,354	$ 16,017,148
Overseas securities	13,266,892	12,321,257
Listed, OTC and emerging market stock	4,288,822	3,684,237
Government bonds	3,319,379	2,308,172
Others	5,245,953	1,465,149
	44,081,400	35,795,963
Underwriting		
Corporate bonds	642,232	660,260
Listed, OTC and emerging market stock	6,080	508,486
	648,312	1,168,746
Hedge positions		
Corporate bonds	15,150,154	15,262,986
Listed, OTC and emerging market stock	6,541,367	2,858,719
Overseas securities	3,507,691	8,661,021
Mutual funds	2,273,999	1,776,425
Others	675,032	533,376
	28,148,243	29,092,527
	$ 72,877,955	$ 66,057,236

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2023	2022
Investments in debt instruments at FVTOCI		
Corporate bonds	$ 85,336,186	$ 59,751,651
Government bonds	72,792,200	58,320,558
Bank debentures	55,105,826	33,080,837
Negotiable certificates of deposit	2,433,259	26,424,348
Others	3,391,974	4,560,922
	219,059,445	182,138,316
Investments in equity instruments at FVTOCI		
Common stocks	18,741,361	21,901,389
Preferred stocks	11,559,808	11,125,887
	30,301,169	33,027,276
	$ 249,360,614	$ 215,165,592

a. Investments in debt instruments at FVTOCI

As of December 31, 2023 and 2022, investments in debt instruments at FVTOCI, with aggregate carrying values of $67,514,613 thousand and $66,591,344 thousand had been sold under repurchase agreements (recognized as notes and bonds issued under repurchase agreements).

For the information on investments in debt instruments at FVTOCI pledged as collateral for the Group, please refer to Note 47.

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

b. Investments in equity instruments at FVTOCI

For the years ended December 31, 2023 and 2022, the Group sold its shares in order to manage its investment portfolio. The sold shares had a fair value of $7,268,369 thousand and $27,674,969 thousand, respectively. The Group transferred a gain of $1,047,715 thousand and a gain of $2,262,417 thousand from other equity related-unrealized gain or loss on financial assets at fair value through other comprehensive income to retained earnings.

For the years ended December 31, 2023 and 2022, dividend income for $818,614 thousand and $1,760,715 thousand, respectively, and those related to investment held as of December 31, 2023 and 2022 were $700,483 thousand and $845,975 thousand, respectively, and those related to investment derecognized for the years ended December 31, 2023 and 2022 were $118,131 thousand and $914,740 thousand, respectively.

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

11. FINANCIAL ASSETS AT AMORTIZED COST

	December 31 2023	December 31 2022
Bank debentures	$ 792,167,984	$ 778,845,092
Corporate bonds	567,064,085	566,594,548
Government bonds	247,451,871	281,696,443
Others	61,333,741	51,470,852
	$ 1,668,017,681	$ 1,678,606,935

As of December 31, 2023 and 2022, investments in debt instruments at amortized cost, with aggregate carrying values of $927,945 thousand and $797,576 thousand had been sold under repurchase agreements (recognized as notes and bonds issued under repurchase agreements).

For the years ended December 31, 2023 and 2022, Financial assets at amortized cost are derecognized because of the credit risk are increasing, seldomly selling, or both individually and totally amounts is lower than the materiality, corporation recognizes the gain on disposal $241,263 thousand and the gain on disposal $317,154 thousand.

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

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

	December 31 2023	December 31 2022
Financial assets for hedging		
Fair value hedge - interest rate swap	$ 835,695	$ 2,511,620
Financial liabilities for hedging		
Fair value hedge - interest rate swap	$ 697,122	$ 581,359

Fair Value Hedges

The Group is exposed to the risk of adverse fair value fluctuations due to changes in interest rates for the debt instruments and bank debentures issued. Since the risk is considered material, the Group enters into interest rate swap contracts to hedge against this risk.

The following tables summarize the information relating to the hedges for interest rate risk.

December 31, 2023

Hedging Instrument	Notional Amount	Maturity	Line Item in Balance Sheet	Carrying Amount	
				Asset	Liability
Fair value hedge					
Interest rate swap contracts	$ 43,333,561	2024.05.18-2033.09.21	Financial assets and liabilities for hedging	$ 835,695	$ 697,122

Hedged Items	Carrying Amount		Accumulated Amount of Fair Value Adjustments	
	Asset	Liability	Asset	Liability
Fair value hedge				
Financial assets at fair value through other comprehensive income	$ 25,984,868	$ -	$ (954,478)	$ -
Bank debentures	-	15,297,803	-	(502,197)

December 31, 2022

Hedging Instrument	Notional Amount	Maturity	Line Item in Balance Sheet	Carrying Amount	
				Asset	Liability
Fair value hedge					
Interest rate swap contracts	$ 54,040,672	2024.05.18-2032.09.08	Financial assets and liabilities for hedging	$ 2,511,620	$ 581,359

Hedged Items	Carrying Amount		Accumulated Amount of Fair Value Adjustments	
	Asset	Liability	Asset	Liability
Fair value hedge				
Financial assets at fair value through other comprehensive income	$ 34,710,640	$ -	$ (2,645,437)	$ -
Bank debentures	-	15,303,007	-	(496,993)

13. SECURITIES PURCHASED UNDER RESELL AGREEMENTS

	December 31	
	2023	2022
Corporate bonds	$ 32,109,680	$ 11,458,524
Commercial paper	16,916,433	7,710,865
Negotiable certificates of deposit	9,380,121	1,200,945
Government bonds	6,742,654	9,522,550
Bank debentures	3,032,570	1,877,648
	$ 68,181,458	$ 31,770,532
Resold amounts	$ 68,289,044	$ 31,811,781
Last maturity date	March 2024	March 2023

14. RECEIVABLES, NET

	December 31	
	2023	2022
Receivable accounts for settlement	$ 44,497,583	$ 21,372,565
Margin loans receivable, securities financing refundable deposits and deposits payable for securities financing	35,433,692	24,326,561
Interest receivable	24,859,200	21,849,404
Trading securities receivable	15,692,461	9,221,138
Exchange clearing receivable	12,429,501	6,258,231
Accounts receivable factoring without recourse	10,262,998	11,472,457
Installment accounts receivables and lease receivables	6,177,528	6,742,665
Others	10,794,975	13,144,143
	160,147,938	114,387,164
Less: Allowance for bad debts	(3,296,392)	(2,607,190)
Unrealized interest revenue	(350,298)	(359,317)
	$ 156,501,248	$ 111,420,657

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

	December 31	
	2023	2022
Short-term loans	$ 61,520,084	$ 67,245,686
Medium-term loans	234,899,351	233,598,502
Long-term loans	104,913,220	98,693,981
Loans reclassified to nonperforming loans	974,615	520,522
Export negotiations	5,449	21,719
Policy loans	28,339,180	27,371,802
Automatic premium loans	5,453,270	5,620,804
	436,105,169	433,073,016
Less: Allowance for bad debts	(5,157,903)	(5,184,878)
Discounts on loans	(55,911)	(52,214)
	$ 430,891,355	$ 427,835,924

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

16. REINSURANCE ASSETS, NET

	December 31	
	2023	2022
Claims recoverable from reinsurers	$ 814,846	$ 837,792
Due from reinsurers and ceding companies	52,673	67,363
Reinsurance reserve assets		
Ceded unearned premium reserve	88,798	66,877
Ceded reserve for claims	54,779	44,168
	143,577	111,045
	$ 1,011,096	$ 1,016,200

No impairment loss was recognized for reinsurance assets.

17. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET

	December 31	
	2023	2022
Suyin KGI Consumer Finance Co., Ltd.	$ 7,768,118	$ 4,459,742
CDIB & Partners Investment Holding Corporation	5,783,495	4,621,002
KGI Securities (Thailand) Public Company Limited	2,803,191	2,734,751
CDIB Capital Asia Partners L.P.	2,541,993	2,633,225
CDIB Yida Private Equity (Kunshan) Enterprise (Limited Partnership)	1,170,950	1,129,645
Others	4,750,590	4,522,302
	$ 24,818,337	$ 20,100,667

As of December 31, 2023 and 2022, financial assets designated as at FVTPL of associates enterprises and joint ventures are recognized in the consolidated were $8,446,585 thousand and $7,031,671 thousand, respectively.

The above investments in individual related parties were not material to the Company and its subsidiaries, and the related financial information is disclosed below on a summarized basis:

	For the Year Ended December 31	
	2023	2022
The Group’s share of:		
Net profit (loss) for the year	$ 2,451,800	$ (248,677)
Other comprehensive income (loss)	526,267	(206,219)
Total comprehensive income (loss) for the year	$ 2,978,067	$ (454,896)

The investments accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2023 and 2022 were based on the financial statements audited by the auditors.

There are no any investments under equity method was pledged as collateral for the Group.

18. INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES

a. Investment in structured entities

The Corporation's subsidiaries have equities of structured entities which the Corporation's subsidiaries do not have significant influence but rights and obligations in accordance with the contract.

December 31, 2023

	Partnership Fund	Asset Securitization	Total
Financial assets at fair value through profit or loss	$ 35,706,859	$ 4,614,381	$ 40,321,240
Financial assets at fair value through other comprehensive income	-	310,961	310,961
Debt instruments measured at amortized cost	-	6,593,502	6,593,502
Maximum exposure	35,706,859	11,518,844	47,225,703

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

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.

	December 31	
	2023	2022
Management on partnership equity fund		
Total assets	$ 28,499,933	$ 26,575,456
Total liabilities	29,528	31,071
Investments accounted for using the equity method	5,684,829	5,571,710
Financial assets designated as at FVTPL	3,303,290	2,675,430
Maximum exposure	8,988,119	8,247,140

19. OTHER FINANCIAL ASSETS

	December 31	
	2023	2022
Separate-account insurance products	$ 115,525,739	$ 103,835,515
Customer margin accounts	51,908,330	58,050,514
Others	10,541,268	5,019,255
	$ 177,975,337	$ 166,905,284

Separate Account Insurance Products

a. Separate account insurance products - assets and liabilities

	Assets	
	December 31	
	2023	2022
Cash in banks	$ 340,130	$ 663,082
Financial assets at fair value through profit or loss	115,135,298	103,138,855
Other receivables	50,311	33,578
	$ 115,525,739	$ 103,835,515

	Liabilities	
	December 31	
	2023	2022
Reserve for separate account	$ 115,516,533	$ 103,821,410
Other payables	9,206	14,105
	$ 115,525,739	$ 103,835,515

b. Separate account insurance products - revenues and expenses

	Revenues	
	For the Year Ended December 31	
	2023	2022
Premium income	$ 6,637,207	$ 7,459,835
Gain (loss) from financial assets and liabilities at fair value through profit or loss	7,835,207	(6,187,023)
Interest income	1,377	594
Other revenues	179,215	168,290
Foreign exchange gains (losses)	3,729	1,683,832
	$ 14,656,735	$ 3,125,528

	Expenses	
	For the Year Ended December 31	
	2023	2022
Insurance claim payments	$ 4,083,323	$ 3,519,964
Net change in separate account reserve	8,253,649	(2,658,597)
Custodian fee	2,319,763	2,264,161
	$ 14,656,735	$ 3,125,528

c. The rebate from counterparties in the investment-linked insurance business, which is recognized as service fee revenue, for the years ended December 31, 2023 and 2022 was $289,767 thousand and $277,871 thousand, respectively.

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

20. INVESTMENT PROPERTY, NET

	December 31	
	2023	2022
Land	$ 40,579,421	$ 38,804,090
Buildings and facilities	14,646,903	15,283,489
Right-of-use assets - superficies of royalties	3,711,997	4,057,554
Right-of-use assets - land	453,228	481,615
	$ 59,391,549	$ 58,626,748

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

	For the Year Ended December 31	
	2023	2022
Cost		
Beginning balance	$ 61,998,195	$ 38,128,494
Additions	145,738	23,668,779
Disposals	(397,692)	(359,294)
Reclassification	1,700,555	560,216
Ending balance	63,446,796	61,998,195
Accumulated depreciation		
Beginning balance	(2,790,965)	(2,279,484)
Depreciation	(629,068)	(538,250)
Disposals	29,525	10,829
Reclassification	(82,604)	15,940
Ending balance	(3,473,112)	(2,790,965)

(Continued)

	For the Year Ended December 31	
	2023	2022
Accumulated impairment		
Beginning balance	$ (580,482)	$ (549,112)
Reserve of impairment loss	(1,653)	(33,730)
Disposals	-	2,537
Reclassification	-	(177)
Ending balance	(582,135)	(580,482)
Carrying amount	$ 59,391,549	$ 58,626,748

(Concluded)

The above items of investment property are depreciated on a straight-line basis at estimated economic lives as follows:

Buildings and facilities	5-60 years
Right-of-use assets - superficies of royalties	70 years
Right-of-use assets - land	70 years

The fair values of the Group's investment property as of December 31, 2023 and 2022 were $61,489,628 thousand and $60,163,720 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 $2,434,887 thousand and $2,436,553 thousand, respectively, on December 31, 2023 and 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 and or the year ended December 31, 2023 and 2022 were arrived at without appraisal from independent appraisers. All the other subsidiaries of the Group engaged independent appraisers for the valuation of their investment properties. The sales comparison approach and income approach were used in the valuation, whereby the sales comparison approach compares a subject property's characteristics with those of comparable properties which have been recently sold in similar transaction, and income approach takes the net operating income of the rent collected and divides it by the capitalization rate.

The Group's investment property is mainly based on leased building with lease terms of 1 to 20 years and some lessees have priority to rent the leased building. The lease contracts contain market review clauses in the event that the lessees exercise their options to extend.

The maturity analysis of lease payments receivable under operating leases of investment properties was as follows:

	December 31	
	2023	2022
Year 1	$ 1,101,630	$ 1,252,873
Year 2	920,818	972,432
Year 3	683,978	745,190
Year 4	572,064	522,771
Year 5	455,103	434,429
Year 5 onwards	3,793,966	3,862,022
	$ 7,527,559	$ 7,789,717

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	10-60 years

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

21. PROPERTY AND EQUIPMENT, NET

	December 31 2023	December 31 2022
Land	$ 17,213,070	$ 18,757,807
Buildings and facilities	10,693,364	11,360,136
Machinery and computer equipment	1,612,595	1,745,726
Leasehold improvements	745,534	740,463
Other equipment	562,582	511,490
Transportation equipment	27,097	39,132
	30,854,242	33,154,754
Prepayments for acquisition of properties	319,970	516,208
	$ 31,174,212	$ 33,670,962
Assets used by the Group	$ 31,173,413	$ 33,355,747
Assets leased under operating leases	799	315,215
	$ 31,174,212	$ 33,670,962

Changes in property and equipment of the Company and its subsidiaries are summarized below:

	Land	Buildings and Facilities	Machinery and Computer Equipment	Leasehold Improvements	Other Equipment	Transportation Equipment	Prepayments for Acquisition of Properties	Total
Cost								
Balance at January 1, 2022	$ 19,291,164	$ 14,124,116	$ 2,816,784	$ 749,941	$ 1,277,229	$ 179,738	$ 1,204,958	$ 39,643,930
Additions	-	70,084	492,898	77,815	143,422	3,249	942,793	1,730,261
Disposals	(87,327)	(154,201)	(139,772)	(30,190)	(443,016)	(148,330)	-	(1,002,836)
Reclassification	(396,040)	217,173	157,198	430,965	160,147	21,762	(1,631,543)	(1,040,338)
Effect of exchange rate changes	-	-	89,254	22,664	26,068	37	-	138,023
Balance at December 31, 2022	18,807,797	14,257,172	3,416,362	1,251,195	1,163,850	56,456	516,208	39,469,040
Accumulated depreciation and impairment								
Balance at January 1, 2022	(62,552)	(2,716,596)	(1,340,555)	(430,892)	(936,289)	(105,171)	-	(5,592,055)
Additions	-	(271,013)	(396,475)	(87,422)	(135,032)	(20,220)	-	(910,162)
Disposals	12,385	122,862	139,679	29,509	442,217	108,093	-	854,745
Reclassification	177	(32,289)	790	-	-	-	-	(31,322)
Effect of exchange rate changes	-	-	(74,075)	(21,927)	(23,256)	(26)	-	(119,284)
Balance at December 31, 2022	(49,990)	(2,897,036)	(1,670,636)	(510,732)	(652,360)	(17,324)	-	(5,798,078)
Balance at December 31, 2022, net	$ 18,757,807	$ 11,360,136	$ 1,745,726	$ 740,463	$ 511,490	$ 39,132	$ 516,208	$ 33,670,962

(Continued)

	Land	Buildings and Facilities	Machinery and Computer Equipment	Leasehold Improvements	Other Equipment	Transportation Equipment	Prepayments for Acquisition of Properties	Total
Cost								
Balance at January 1, 2023	$ 18,807,797	$ 14,257,172	$ 3,416,362	$ 1,251,195	$ 1,163,850	$ 56,456	$ 516,208	$ 39,469,040
Additions	-	63,029	349,189	38,858	63,904	2,720	592,454	1,110,154
Disposals	(68,799)	(76,550)	(225,143)	(44,455)	(39,170)	(33,181)	-	(487,298)
Reclassification	(1,475,938)	(312,821)	(150,694)	69,800	145,932	2,587	(788,692)	(2,509,826)
Effect of exchange rate changes	-	-	4,175	57	1,071	29	-	5,332
Balance at December 31, 2023	17,263,060	13,930,830	3,393,889	1,315,455	1,335,587	28,611	319,970	37,587,402
Accumulated depreciation and impairment								
Balance at January 1, 2023	(49,990)	(2,897,036)	(1,670,636)	(510,732)	(652,360)	(17,324)	-	(5,798,078)
Additions	-	(509,750)	(467,822)	(103,424)	(157,265)	(7,869)	-	(1,246,130)
Disposals	-	45,373	224,039	44,354	37,632	23,836	-	375,234
Reclassification	-	123,947	136,171	-	-	-	-	260,118
Effect of exchange rate changes	-	-	(3,046)	(119)	(1,012)	(157)	-	(4,334)
Balance at December 31, 2023	(49,990)	(3,237,466)	(1,781,294)	(569,921)	(773,005)	(1,514)	-	(6,413,190)
Balance at December 31, 2023, net	$ 17,213,070	$ 10,693,364	$ 1,612,595	$ 745,534	$ 562,582	$ 27,097	$ 319,970	$ 31,174,212

(Concluded)

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:

	December 31	
	2023	2022
Year 1	$ 174	$ 2,787
Year 2	-	174
Year 3	-	-
Year 4	-	-
Year 5	-	-
	$ 174	$ 2,961

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, please refer to Note 47.

22. LEASE ARRANGEMENTS

a. Right-of-use assets, net

	December 31 2023	December 31 2022
Carrying amounts		
Royalty-surface rights	$ 8,437,621	$ 8,588,167
Buildings and facilities	2,266,376	2,790,392
Land	1,014,106	1,039,074
Computer equipment	96,186	135,896
Transportation equipment	29,246	40,856
Other equipment	16,700	28,915
	$ 11,860,235	$ 12,623,300

	For the Year Ended December 31 2023	For the Year Ended December 31 2022
Additions to right-of-use assets	$ 320,151	$ 1,006,006
Depreciation of right-of-use assets		
Buildings and facilities	$ 781,557	$ 757,131
Royalty-surface rights	140,433	139,851
Computer equipment	49,434	52,116
Transportation equipment	22,813	23,195
Land	17,000	16,955
Other equipment	12,221	18,891
	$ 1,023,458	$ 1,008,139

The depreciation expense of the right-of-use asset recognized in profit or loss for the years ended December 31, 2023 and 2022 were $1,023,458 thousand and $1,005,582 thousand, respectively.

b. Lease liabilities

	December 31 2023	December 31 2022
Carrying amounts	$ 4,034,022	$ 4,603,517

The interest expense of the lease liabilities recognized in profit or loss for the years ended December 31, 2023 and 2022 were $94,401 thousand and $88,089 thousand, respectively.

Range of discount rate for lease liabilities were as follows:

	December 31 2023	December 31 2022
Buildings and facilities	0.52%-7.35%	0.50%-7.35%
Land	1.61%-3.50%	0.77%-3.50%
Computer equipment	0.56%-4.87%	0.56%-1.61%
Transportation equipment	0.50%-1.68%	0.49%-1.68%
Other equipment	0.60%-1.61%	0.51%-1.60%

The maturity analysis of lease liabilities was as follows:

	December 31	
	2023	2022
Not later than 1 year	$ 725,228	$ 866,588
Later than 1 year and not later than 5 years	1,827,967	2,181,415
Later than 5 years and not later than 10 years	624,025	671,268
Later than 10 years	3,118,622	3,195,080
	$ 6,295,842	$ 6,914,351

c. Material lease-in activities and terms

The Group leases land, building and facilities, computer equipment, transportation equipment and other equipment with lease terms of 1 to 15 years. In the contract, the Group has options to lease the building at the end of the lease terms. The lease contract for the right of superficies has been established indicates that KGI Life Insurance also leases land with lease terms of 70 years.

d. Other lease information

Lease arrangements under operating leases for the leasing out of investment properties and freehold property, plant and equipment for the Group, please refer Notes 20 and 21, respectively.

	For the Year Ended December 31	
	2023	2022
Expenses relating to short-term leases	$ 29,617	$ 37,287
Expenses relating to low-value asset leases	$ 6,663	$ 7,496
Total cash outflow for leases	$ 970,816	$ 955,848

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

23. INTANGIBLE ASSETS

	December 31	
	2023	2022
Purchase policy value	$ 11,080,843	$ 11,397,891
Goodwill	3,223,561	3,211,902
Computer software	2,072,879	1,812,704
Operation rights	1,400,380	1,920,037
Others	367	-
	$ 17,778,030	$ 18,342,534

The changes in the Group's intangible assets were as follows:

	Purchase Policy Value	Goodwill	Computer Software	Operation Rights	Others	Total
Cost						
Balance at January 1, 2022	$ 13,320,077	$ 3,089,780	$ 3,078,304	$ 8,561,168	$ -	$ 28,049,329
Additions	-	-	635,561	-	-	635,561
Decreases	-	-	(47,204)	-	-	(47,204)
Reclassification	-	-	289,748	-	-	289,748
Effects of exchange rate changes	-	122,122	270	-	-	122,392
Balance at December 31, 2022	13,320,077	3,211,902	3,956,679	8,561,168	-	29,049,826
Accumulated amortization and impairment						
Balance at January 1, 2022	(1,598,792)	-	(1,589,578)	(6,118,465)	-	(9,306,835)
Amortization	(323,394)	-	(601,218)	(522,666)	-	(1,447,278)
Decreases	-	-	46,918	-	-	46,918
Effects of exchange rate changes	-	-	(97)	-	-	(97)
Balance at December 31, 2022	(1,922,186)	-	(2,143,975)	(6,641,131)	-	(10,707,292)
Balance at December 31, 2022, net	$ 11,397,891	$ 3,211,902	$ 1,812,704	$ 1,920,037	$ -	$ 18,342,534
Cost						
Balance at January 1, 2023	$ 13,320,077	$ 3,211,902	$ 3,956,679	$ 8,561,168	$ -	$ 29,049,826
Additions	-	-	774,354	-	367	774,721
Decreases	-	-	(119,415)	-	-	(119,415)
Reclassification	-	-	174,598	-	-	174,598
Effects of exchange rate changes	-	11,659	(227)	-	-	11,432
Balance at December 31, 2023	13,320,077	3,223,561	4,785,989	8,561,168	367	29,891,162
Accumulated amortization and impairment						
Balance at January 1, 2023	(1,922,186)	-	(2,143,975)	(6,641,131)	-	(10,707,292)
Amortization	(317,048)	-	(688,641)	(519,657)	-	(1,525,346)
Decreases	-	-	119,382	-	-	119,382
Effects of exchange rate changes	-	-	124	-	-	124
Balance at December 31, 2023	(2,239,234)	-	(2,713,110)	(7,160,788)	-	(12,113,132)
Balance at December 31, 2023, net	$ 11,080,843	$ 3,223,561	$ 2,072,879	$ 1,400,380	$ 367	$ 17,778,030

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 on a straight-line basis are amortized over the estimated economic lives as follows:

Operation rights	7-20 years
Computer software	1-10 years

24. OTHER ASSETS

	December 31	
	2023	2022
Security borrowing margins	$ 39,929,058	$ 34,978,194
Overseas custodian accounts	19,611,446	26,740,063
Operating guarantee deposits	8,522,574	8,584,285
Guarantee deposits paid	4,791,817	11,996,713
Others	4,368,959	4,563,984
	$ 77,223,854	$ 86,863,239

The fund deposited in foreign securities is mainly for foreign subsidiaries transaction.

25. DEPOSITS FROM THE CENTRAL BANK AND FINANCIAL INSTITUTIONS

	December 31 2023	December 31 2022
Call loans from financial institutions	$ 6,846,756	$ 11,791,872
Deposits from Chunghwa Post Co., Ltd.	180,556	180,556
	$ 7,027,312	$ 11,972,428

26. NOTES AND BONDS ISSUED UNDER REPURCHASE AGREEMENTS

	December 31 2023	December 31 2022
Corporate bonds	$ 70,489,928	$ 50,739,245
Bank debentures	30,835,269	28,022,377
Government bonds	27,459,269	21,523,102
Others	1,510,123	899,171
	$ 130,294,589	$ 101,183,895
Repurchased amounts	$ 131,146,970	$ 101,643,983
Last maturity date	March 2024	March 2023

27. COMMERCIAL PAPER PAYABLE, NET

	December 31 2023	December 31 2022
Commercial paper payable	$ 29,476,985	$ 24,787,563
Less: Unamortized discount	(17,205)	(9,086)
	$ 29,459,780	$ 24,778,477
Range of rate	1.44%-5.26%	1.29%-4.22%

As of December 31, 2023, Mega Bills Finance Corporation, Dah Chung Bills Finance Corporation, China Bills Finance Corporation, International Bills Finance Corporation, Ta Ching Bills Finance Corporation, Taiwan Cooperative Bills Finance Corporation, Grand Bills Finance Corporation and Taiwan Finance Corporation guaranteed the above commercial paper. However, some commercial paper which amounted to $28,259,984 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.

28. PAYABLES

	December 31	
	2023	2022
Accounts payable for settlement	$ 55,717,645	$ 36,658,959
Accrued expenses and payable on insurance policies	18,950,568	17,153,853
Exchange clearing payable	10,573,313	6,236,120
Deposits payable for securities financing	8,971,558	13,081,611
Others	12,943,738	17,592,092
	$ 107,156,822	$ 90,722,635

29. DEPOSITS AND REMITTANCES

	December 31	
	2023	2022
Time deposits	$ 233,798,911	$ 253,974,277
Saving deposits	177,602,354	158,186,438
Demand deposits	115,927,860	112,113,795
Checking deposits	1,769,837	1,764,088
Inward remittance	703,656	468,721
Negotiable CDs	134,100	3,136,700
	$ 529,936,718	$ 529,644,019

30. BONDS PAYABLE

	December 31	
	2023	2022
Corporate bonds payable	$ 77,190,445	$ 66,890,000
Bank debentures payable	24,747,803	24,753,007
	$ 101,938,248	$ 91,643,007

Corporate Bonds Payable

Name	December 31		Issuance Period	Method of Paying Principle and Interests	Interest Rate
	2023	2022			
1st corporate bonds in 2017 - the Corporation	$ 10,000,000	$ 10,000,000	Bond A 2017.09.08-2024.09.08 Bond B 2017.09.08-2027.09.08 Bond C 2017.09.08-2032.09.08	Interest payable annually; Principal due on maturity	Bond A 1.75% Bond B 1.90% Bond C 2.10%
1st corporate bonds in 2019 - the Corporation	5,000,000	5,000,000	Bond A 2019.08.08-2026.08.08 Bond B 2019.08.08-2029.08.08	Interest payable annually; Principal due on maturity	Bond A 0.88% Bond B 1.00%
1st corporate bonds in 2020 - the Corporation	8,000,000	8,000,000	Bond A 2020.05.20-2025.05.20 Bond B 2020.05.20-2035.05.20	Interest payable annually; Principal due on maturity	Bond A 0.75% Bond B 0.95%
2nd corporate bonds in 2020 - the Corporation	6,000,000	6,000,000	Bond A 2020.11.30-2030.11.30 Bond B 2020.11.30-2035.11.30	Interest payable annually; Principal due on maturity	Bond A 1.25% Bond B 1.50%
3rd corporate bonds in 2020 - the Corporation	4,000,000	4,000,000	Bond A 2021.01.14-2028.01.14 Bond B 2021.01.14-2031.01.14	Interest payable annually; Principal due on maturity	Bond A 0.50% Bond B 0.59%
1st corporate bonds in 2021 - the Corporation	15,000,000	15,000,000	Bond A 2021.12.20-2026.12.20 Bond B 2021.12.20-2028.12.20 Bond C 2021.12.20-2031.12.20	Interest payable annually; Principal due on maturity	Bond A 0.59% Bond B 0.65% Bond C 0.75%
1st corporate bonds in 2019 - KGI Securities	3,900,000	3,900,000	Bond A 2019.11.22-2022.11.22 Bond B 2019.11.22-2024.11.22 Bond C 2019.11.22-2026.11.22	Interest payable annually; Principal due on maturity	Bond A 0.73% Bond B 0.78% Bond C 0.83%
1st corporate bonds in 2021 - KGI Securities	5,000,000	5,000,000	Bond A 2021.07.09-2026.07.09 Bond B 2021.07.09-2028.07.09	Interest payable annually; Principal due on maturity	Bond A 0.51% Bond B 0.55%

(Continued)

Name	December 31		Issuance Period	Method of Paying Principle and Interests	Interest Rate
	2023	2022			
1st corporate bonds in 2020 - KGI Life Insurance	$ 10,000,000	$ 9,990,000	2020.12.28, no maturity date	Interest payable annually (Note)	2.70%
1st corporate bonds in 2023 - KGI Life Insurance	10,000,000	-	2023.07.25-2033.07.25	Interest payable annually; Principal due on maturity	3.75%
Beneficiary bonds - CDIB Real Estate Credit Ltd.	290,445	-	2023.10.26-2036.09.27	Interest payment every season	9.50%
Net amount	$ 77,190,445	$ 66,890,000			

(Concluded)

Note: KGI 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. KGI Life Insurance is allowed to redeem the bonds based on the carrying value of each bond plus interest after being approved by the competent authority.

Bank Debentures Payable

Name	December 31		Issuance Period	Method of Paying Principle and Interests	Interest Rate
	2023	2022			
P07 KGIB 1	$ 3,000,000	$ 3,000,000	2018.12.27, no maturity date	Interest payable annually (Note)	2.35%
P07 KGIB 2	3,350,000	3,350,000	2018.12.27-2033.12.27	Interest payable annually; Principal due on maturity	1.68%
P08 KGIB 1	3,100,000	3,100,000	2019.06.26-2034.06.26	Interest payable annually; Principal due on maturity	1.40%
P09 KGIB 1	1,200,000	1,200,000	2020.03.05-2027.03.05	Interest payable annually; Principal due on maturity	0.75%
P09 KGIB 2	4,800,000	4,800,000	2020.03.05-2030.03.05	Interest payable annually; Principal due on maturity	0.80%
P09 KGIB 3	4,800,000	4,800,000	2020.08.07-2030.08.07	Interest payable annually; Principal due on maturity	0.71%
P10 KGIB 1	4,300,000	4,300,000	2021.02.04-2031.02.04	Interest payable annually; Principal due on maturity	0.57%
P10 KGIB 2	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			
Valuation adjustment	(502,197)	(496,993)			
Net amount	$ 24,747,803	$ 24,753,007			

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

	December 31	
	2023	2022
Short-term credit borrowings	$ 19,365,523	$ 14,448,884
Call loans from banks	2,889,090	1,228,320
Note issuance facility	1,099,865	5,799,631
Short-term secured borrowings	1,089,979	2,198,829
	$ 24,444,457	$ 23,675,664
Range of rate	1.55%-6.53%	1.29%-5.40%
Last maturity date	October 2026	December 2025

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

32. PROVISIONS

	December 31	
	2023	2022
Insurance liabilities	$ 2,071,434,364	$ 2,082,571,357
Foreign exchange valuation reserve	9,768,788	10,886,927
Provisions for employee benefits	740,703	739,669
Others	467,495	382,763
	$ 2,082,411,350	$ 2,094,580,716

Insurance Contracts and Provision for Financial Instruments with Discretionary Participation Feature

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

	December 31	
	2023	2022
Reserve for life insurance liabilities	$ 2,035,521,454	$ 2,044,981,576
Unearned premium reserve	5,776,296	5,099,222
Reserve for claims	3,261,985	3,582,247
Special reserve	7,284,162	8,507,932
Premium deficiency reserve	1,493,153	1,991,327
Other reserve	18,097,314	18,409,053
	$ 2,071,434,364	$ 2,082,571,357

a. Reserve for life insurance liabilities:

	December 31					
	2023			2022		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Life insurance	$ 1,688,712,054	$ 48,428,133	$ 1,737,140,187	$ 1,688,241,414	$ 52,151,886	$ 1,740,393,300
Health insurance	178,371,313	-	178,371,313	167,059,305	-	167,059,305
Annuity insurance	745,258	116,760,636	117,505,894	705,707	134,592,973	135,298,680
Investment-linked insurance	2,309,312	-	2,309,312	2,056,019	-	2,056,019
Total (Note)	$ 1,870,137,937	$ 165,188,769	$ 2,035,326,706	$ 1,858,062,445	$ 186,744,859	$ 2,044,807,304

Note: The total of reserve for life insurance liabilities after including “reserve for life insurance liabilities - payables for the insured” amounted to $2,035,521,454 thousand as of December 31, 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.

There is no ceded liability reserve for the above insurance contracts of KGI Life Insurance.

Movement in reserve for life insurance liabilities is summarized below:

	For the Year Ended December 31					
	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	166,284,387	3,902,709	170,187,096	173,932,466	5,578,622	179,511,088
Recover	(155,161,993)	(25,567,858)	(180,729,851)	(112,672,169)	(22,616,543)	(135,288,712)
Losses (gains) on foreign exchange	953,098	109,059	1,062,157	45,564,819	2,700,719	48,265,538
Ending balance (Note)	$ 1,870,137,937	$ 165,188,769	$ 2,035,326,706	$ 1,858,062,445	$ 186,744,859	$ 2,044,807,304

Note: The total of reserve for life insurance liabilities after including “reserve for life insurance liabilities - payables for the insured” amounted to $2,035,521,454 thousand as of December 31, 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.

b. Unearned premium reserve

	December 31					
	2023			2022		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Individual life insurance	$ 754	$ -	$ 754	$ 851	$ -	$ 851
Individual injury insurance	2,173,679	-	2,173,679	1,870,490	-	1,870,490
Individual health insurance	2,904,329	-	2,904,329	2,614,780	-	2,614,780
Group insurance	622,551	-	622,551	541,195	-	541,195
Investment-linked insurance	74,981	-	74,981	71,899	-	71,899
Annuity insurance	-	2	2	-	7	7
	5,776,294	2	5,776,296	5,099,215	7	5,099,222
Less ceded unearned premium reserve:						
Individual life insurance	21,220	-	21,220	19,425	-	19,425
Individual injury insurance	963	-	963	906	-	906
Individual health insurance	56,986	-	56,986	38,186	-	38,186
Group insurance	4,313	-	4,313	3,125	-	3,125
Investment-linked insurance	5,316	-	5,316	5,235	-	5,235
	88,798	-	88,798	66,877	-	66,877
Net amount	$ 5,687,496	$ 2	$ 5,687,498	$ 5,032,338	$ 7	$ 5,032,345

Movement in unearned premium reserve is summarized below:

	For the Year Ended December 31					
	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	5,776,295	2	5,776,297	5,099,203	7	5,099,210
Recover	(5,099,215)	(7)	(5,099,222)	(4,699,474)	(11)	(4,699,485)
Losses (gains) on foreign exchange	(1)	-	(1)	12	-	12
Ending balance	5,776,294	2	5,776,296	5,099,215	7	5,099,222
Less ceded unearned premium reserve:						
Beginning balance	66,877	-	66,877	67,418	-	67,418
Increase	88,810	-	88,810	66,790	-	66,790
Decrease	(66,877)	-	(66,877)	(67,418)	-	(67,418)
Losses (gains) on foreign exchange	(12)	-	(12)	87	-	87
Ending balance	88,798	-	88,798	66,877	-	66,877
Net amount	$ 5,687,496	$ 2	$ 5,687,498	$ 5,032,338	$ 7	$ 5,032,345

c. Reserve for claims

	December 31					
	2023			2022		
	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	$ 255,746	$ 4,607	$ 260,353	$ 291,011	$ 9,185	$ 300,196
Unreported claim	199	-	199	595	-	595
Individual injury insurance						
Reported but not paid claim	61,232	-	61,232	72,952	-	72,952
Unreported claim	743,830	-	743,830	634,422	-	634,422
Individual health insurance						
Reported but not paid claim	182,834	-	182,834	170,857	-	170,857
Unreported claim	1,181,370	-	1,181,370	1,141,496	-	1,141,496
Group insurance						
Reported but not paid claim	95,822	-	95,822	189,993	-	189,993
Unreported claim	663,053	-	663,053	990,849	-	990,849
Investment-linked insurance						
Reported but not paid claim	38,928	-	38,928	43,732	-	43,732
Unreported claim	-	-	-	-	-	-
Annuity insurance						
Reported but not paid claim	-	34,343	34,343	4,067	33,065	37,132
Unreported claim	-	21	21	-	23	23
	3,223,014	38,971	3,261,985	3,539,974	42,273	3,582,247

(Continued)

	December 31					
	2023			2022		
	Insurance Contract	**Financial Instruments with Discretionary Participation Feature**	**Total**	**Insurance Contract**	**Financial Instruments with Discretionary Participation Feature**	**Total**
Less ceded reserve for claims:						
Individual life insurance	$ 27,274	$ -	$ 27,274	$ 17,891	$ -	$ 17,891
Individual injury insurance	1,674	-	1,674	1,128	-	1,128
Individual health insurance	18,771	-	18,771	17,149	-	17,149
Group insurance	5,700	-	5,700	8,000	-	8,000
Investment-linked insurance	1,360	-	1,360	-	-	-
	54,779	-	54,779	44,168	-	44,168
Net amount	$ 3,168,235	$ 38,971	$ 3,207,206	$ 3,495,806	$ 42,273	$ 3,538,079

(Concluded)

Movement in reserve for claims is summarized below:

	For the Year Ended December 31					
	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	3,223,128	38,872	3,262,000	3,538,769	41,750	3,580,519
Recover	(3,539,974)	(42,273)	(3,582,247)	(2,526,529)	(79,041)	(2,605,570)
Losses (gains) on foreign exchange	(114)	99	(15)	1,205	523	1,728
Ending balance	3,223,014	38,971	3,261,985	3,539,974	42,273	3,582,247
Less ceded unearned premium reserve:						
Beginning balance	44,169	-	44,169	20,504	-	20,504
Increase	54,787	-	54,787	44,173	-	44,173
Decrease	(44,168)	-	(44,168)	(20,504)	-	(20,504)
Losses (gains) on foreign exchange	(9)	-	(9)	(4)	-	(4)
Ending balance	54,779	-	54,779	44,169	-	44,169
Net amount	$ 3,168,235	$ 38,971	$ 3,207,206	$ 3,495,805	$ 42,273	$ 3,538,078

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

	December 31					
	2023			2022		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Participating policies dividend reserve	$ 7,284,162	$ -	$ 7,284,162	$ 8,507,932	$ -	$ 8,507,932
Dividend risk reserve	-	-	-	-	-	-
	$ 7,284,162	$ -	$ 7,284,162	$ 8,507,932	$ -	$ 8,507,932

Movement in special reserve is summarized below:

	For the Year Ended December 31					
	2023			2022		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Beginning balance	$ 8,507,932	$ -	$ 8,507,932	$ 7,747,818	$ -	$ 7,747,818
Reserve for participating policy dividend revenue	781,933	-	781,933	2,768,072	-	2,768,072
Recover for participating policy dividend revenue	(2,056,508)	-	(2,056,508)	(2,070,619)	-	(2,070,619)
Gain (loss) on equity instruments from participating dividend policy measured at FVTOCI	50,805	-	50,805	62,661	-	62,661
Ending balance	$ 7,284,162	$ -	$ 7,284,162	$ 8,507,932	$ -	$ 8,507,932

e. Special capital reserve for major incidents and fluctuation of risks

	December 31					
	2023			2022		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Individual life insurance	$ 2,451	$ -	$ 2,451	$ 2,302	$ -	$ 2,302
Individual injury insurance	1,010,136	-	1,010,136	940,255	-	940,255
Individual health insurance	2,165,239	-	2,165,239	2,580,980	-	2,580,980
Group insurance	3,852,199	-	3,852,199	3,657,214	-	3,657,214
Annuity insurance	-	312	312	-	362	362
	$ 7,030,025	$ 312	$ 7,030,337	$ 7,180,751	$ 362	$ 7,181,113

f. Premium deficiency reserve

	December 31					
	2023			2022		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Individual life insurance	$ 1,400,556	$ -	$ 1,400,556	$ 1,890,710	$ -	$ 1,890,710
Individual health insurance	92,597	-	92,597	100,617	-	100,617
	$ 1,493,153	$ -	$ 1,493,153	$ 1,991,327	$ -	$ 1,991,327

Premium deficiency reserve was not ceded in the above insurance contracts of KGI Life Insurance.

Movement in premium deficiency reserve is summarized as below:

	For the Year Ended December 31					
	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	296,429	-	296,429	437,454	-	437,454
Recover	(798,502)	-	(798,502)	(994,892)	-	(994,892)
Losses (gains) on foreign exchange	3,899	-	3,899	113,431	-	113,431
Ending balance	$ 1,493,153	$ -	$ 1,493,153	$ 1,991,327	$ -	$ 1,991,327

g. Other reserve

	December 31					
	2023			2022		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Other	$ 18,097,314	$ -	$ 18,097,314	$ 18,409,053	$ -	$ 18,409,053

Movement in other reserve is summarized as below:

	For the Year Ended December 31					
	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	(311,739)	-	(311,739)	(323,782)	-	(323,782)
Ending balance	$ 18,097,314	$ -	$ 18,097,314	$ 18,409,053	$ -	$ 18,409,053

Note: The amount is transferred from the acquisition of a partial traditional insurance policies of Allianz Life Insurance on May 18, 2018.

h. Liability adequacy reserve

	Insurance Contract and Financial Instruments with Discretionary Participation Feature	
	December 31	
	2023	2022
Reserve for life insurance liabilities	$ 2,035,326,706	$ 2,044,807,304
Unearned premium reserve	5,776,296	5,099,222
Premium deficiency reserve	1,493,153	1,991,327
Special reserve	7,284,162	8,507,932
Other reserve	18,097,314	18,409,053
Book value of insurance liabilities	$ 2,067,977,631	$ 2,078,814,838
Estimated present value of cash flows	$ 1,668,867,475	$ 1,563,746,442
Balance of liability adequacy reserve	$ -	$ -

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

	December 31	
	2023	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 with consideration of current information

i. Foreign exchange valuation reserve

1) The hedge strategy and risk exposure

KGI Life Insurance Co., Ltd. consistently adjusts the hedge ratios to establish an adequate risk exposure planning based on the new foreign exchange valuation exposure principle by integrating the exchange rate and interest rate trends of domestic and foreign financial markets. However, changes in the hedge and risk exposure ratios should follow the internal risk control to alert and adjust hedge strategy in advance to meet the optimal hedge considerations.

2) Adjustment in foreign exchange valuation reserve

	For the Year Ended December 31	
	2023	2022
Beginning balance	$ 10,886,927	$ 3,351,124
Reserve		
Compulsory reserve	2,031,779	2,104,580
Extra reserve	9,623,869	15,685,388
	11,655,648	17,789,968
Recover	(12,773,787)	(10,254,165)
Ending balance	$ 9,768,788	$ 10,886,927

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

	For the Year Ended December 31, 2023		
Item	Inapplicable Amount	Applicable Amount	Effects
Net income	$ 9,283,041	$ 10,177,552	$ 894,511
Earnings per share (dollar)	1.89	2.07	0.18
Foreign exchange valuation reserve	-	9,768,788	9,768,788
Equity	154,809,023	148,337,055	(6,471,968)

	For the Year Ended December 31, 2022		
Item	Inapplicable Amount	Applicable Amount	Effects
Net income	$ 19,187,661	$ 13,159,019	$ (6,028,642)
Earnings per share (dollar)	3.90	2.67	(1.23)
Foreign exchange valuation reserve	-	10,886,927	10,886,927
Equity	114,026,421	106,659,942	(7,366,479)

33. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Corporation and domestic subsidiaries adopted a pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan. Under the LPA, the Corporation makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages. The total expenses recognized in profit or loss were $705,158 thousand and $654,144 thousand for the years ended December 31, 2023 and 2022, respectively.

The Corporation's foreign subsidiaries recognized their contributions as pension expenses in accordance with their local laws and regulation and amounting to $2,245 thousand and $2,308 thousand for the years ended December 31, 2023 and 2022, respectively.

b. Defined benefit plans

The Corporation and domestic subsidiaries adopted a defined benefit pension plan for all formal employees based on the Labor Standards Act. Benefit payments are based on service periods and basic salaries and wages at the time of retirement.

Under the defined benefit plan, CDIB Capital Group has made monthly contributions at 13% of salaries and wages to a pension fund. In February 2006, CDIB Capital Group changed the contribution rate from 13% to 4.5% and then further adjusted the contribution rate from 4.5% to 3.14% in November 2008. The fund is managed by the Employees' Pension Reserve Supervisory Committee and deposited in the Bank of Taiwan in the committee's name. Before the end of each year, CDIB Capital Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, CDIB Capital Group is required to fund the difference in one appropriation that should be made before the end of March of the next year.

KGI Securities and domestic subsidiaries contributes monthly an amount equal to 2% of the monthly salaries to a defined benefit pension fund and to the employees' individual defined contribution pension funds. The funds are managed by the Employees' Pension Reserve Supervisory Committee and deposited in the Bank of Taiwan in the committee's name. Before the end of each year, KGI assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, KGI is required to fund the difference in one appropriation that should be made before the end of March of the next year.

KGI Bank places its monthly contributions to the non-managers' pension fund at authorized ratios in the Employees' Pension Reserve, which is deposited in the Bank of Taiwan. Managers' pension funds are managed by the Employee Retirement Fund Management Committee and deposited in KGI Bank's Zhonghe Branch in the committee's name. Before the end of each year, KGI Bank assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, KGI Bank is required to fund the difference in one appropriation that should be made before the end of March of the next year.

KGI Life Insurance adopted a pension plan under the Labor Pension Act, which is a state-managed defined contribution plan. KGI Life Insurance contributes monthly a proportion amount of the monthly salaries to a defined benefit pension fund and to the employees' individual defined contribution pension funds. The funds are managed by the Employees' Pension Reserve Supervisory Committee and deposited in the Bank of Taiwan in the committee's name. Before the end of each year, KGI Life Insurance assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, KGI Life Insurance is required to fund the difference in one appropriation that should be made before the end of March of the next year.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	December 31	
	2023	**2022**
Present value of defined benefit obligation	$ 2,738,200	$ 2,679,052
Fair value of plan assets	(2,153,611)	(2,090,618)
Net defined benefit liabilities	$ 584,589	$ 588,434

Movements in net defined benefit liabilities (assets) were as follows:

The Group

	Present Value of the Defined Benefit Obligation	**Fair Value of the Plan Assets**	**Net Defined Benefit Liability (Asset)**
Balance at January 1, 2023	$ 2,679,052	$ (2,090,618)	$ 588,434
Service cost			
Current service cost	14,281	-	14,281
Net interest expense (income)	40,517	(31,370)	9,147
Recognized in profit or loss	54,798	(31,370)	23,428
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(3,121)	(3,121)
Actuarial loss - changes in demographic assumptions	288	-	288
Actuarial gain - changes in financial assumptions	107,302	-	107,302
Actuarial loss (gain) - experience adjustments	(2,276)	(679)	(2,955)
Recognized in other comprehensive income	105,314	(3,800)	101,514
Contributions from the employer	-	(128,802)	(128,802)
Benefits paid	(100,979)	100,979	-
Change in exchange rate	15	-	15
Balance at December 31, 2023	$ 2,738,200	$ (2,153,611)	$ 584,589
Balance at January 1, 2022	$ 3,389,240	$ (2,019,685)	$ 1,369,555
Service cost			
Current service cost	36,301	-	36,301
Past service cost	(1,926)	-	(1,926)
Net interest expense (income)	20,814	(12,552)	8,262
Others	(37)	-	(37)
Recognized in profit or loss	55,152	(12,552)	42,600
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(68,176)	(68,176)
Actuarial loss - changes in demographic assumptions	(61,974)	-	(61,974)
Actuarial gain - changes in financial assumptions	(151,141)	-	(151,141)
Actuarial loss (gain) - experience adjustments	(214,283)	(52,272)	(266,555)
Recognized in other comprehensive income	(427,398)	(120,448)	(547,846)
Contributions from the employer	-	(275,960)	(275,960)
Benefits paid	(338,027)	338,027	-
Change in exchange rate	85	-	85
Balance at December 31, 2022	$ 2,679,052	$ (2,090,618)	$ 588,434

Through the defined benefit plans under the Labor Standards Law, the Group is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government and corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

The Corporation

	December 31	
	2023	**2022**
Discount rates	1.20%	1.25%
Expected rates of salary increase	2.50%	2.50%

CDIB Capital Group and subsidiaries

	December 31	
	2023	**2022**
Discount rates	1.25%	1.25%
Expected rates of salary increase	2.50%	2.50%

KGI Securities and subsidiaries

	December 31	
	2023	**2022**
Discount rates	1.28%-6.75%	1.22%-7.50%
Expected rates of salary increase	3.00%-4.00%	2.50%-4.00%

KGI Bank and subsidiaries

	December 31	
	2023	**2022**
Discount rates	1.200%-1.375%	1.250%-1.500%
Expected rates of salary increase	2.500%-3.000%	2.500%-3.000%

KGI Life Insurance

	December 31	
	2023	**2022**
Discount rates	1.50%	1.50%
Expected rates of salary increase	0.00%-2.29%	0.00%-2.29%

China Development Asset Management Corporation

	December 31	
	2023	**2022**
Discount rates	1.25%	1.25%
Expected rates of salary increase	2.50%	2.50%

KGI Securities Investment Trust Co., Ltd

	December 31	
	2023	**2022**
Discount rates	1.16%	1.22%
Expected rates of salary increase	3.00%	2.50%

If possible reasonable change in each of the significant actuarial assumptions occurs and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

The Group

	December 31	
	2023	**2022**
Discount rate(s)		
0.25-1.00% increase	$ (109,031)	$ (110,765)
0.25-1.00% decrease	$ 115,787	$ 119,386
Expected rate(s) of salary increase		
0.25-1.00% increase	$ 134,938	$ 142,304
0.25-1.00% decrease	$ (126,006)	$ (130,774)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2023	**2022**
The expected contributions to the plan for the next year	$ 120,150	$ 238,842
The average duration of the defined benefit obligation	4-16 years	5-17 years

34. OTHER FINANCIAL LIABILITIES

	December 31	
	2023	2022
Separate-account product liabilities	$ 115,525,739	$ 103,835,515
Customers' equity accounts - futures	51,088,913	58,807,664
Principal received on structured products	42,245,278	41,917,180
Appropriation for loans	1,713,333	560,000
	$ 210,573,263	$ 205,120,359

35. EQUITY

a. Capital

Common stock

	December 31	
	2023	2022
Number of shares authorized (in thousands) (Note)	25,000,000	25,000,000
Shares authorized	$ 250,000,000	$ 250,000,000
Number of shares issued and fully paid (in thousands) (Note)		
Common stock	16,834,581	16,845,389
Preferred stock	1,582,142	1,582,142
Shares issued	$ 184,167,230	$ 184,275,310
Share capital awaiting retirement	$ 6,000	$ -

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 directors approved the issuance of 109,991 thousand common shares, with a par value of NT$10 and the record date for the capital increase is set on December 1, 2021. On May 20, 2022, the Corporation's board of directors approved the issuance of 1,100 thousand common shares, with a par value of NT$10 and the record date for the capital increase is set on June 20, 2022.

Preferred shares

On October 1, 2021, the Corporation adopted a resolution of the extraordinary shareholders' meeting to take KGI Life Insurance as a 100%-owned subsidiary through share conversion. The Corporation issued 1,893,044 thousand preferred shares B, with a par value of NT$10. The issue price is NT$10 per share. According to the resolution of the board of directors on November 16, 2021, the date of the capital increase on December 30, 2021, and it is classified under equity. The rights and obligations are as follows:

1) If the Corporation has a surplus after the year-end final accounts, it should first pay taxes and make up the losses accumulated from preceding years. After setting aside the legal reserve and setting aside or reversing the special reserve as required by law, if there is any remaining balance, it may first distribute the dividends for the year to which the preferred shares are entitled.

2) The dividend on the preferred shares is calculated at an annual rate of 3.55% (seven-year IRS 0.75% + 2.80%) based on the issue price per share. The seven-year IRS rate will reset on the business day following the seventh year from the issue date and every seven years thereafter. The interest rate reset record date is two Taiwan bank days prior to the interest rate reset date. The interest rate index seven-year IRS is the arithmetic average of Reuter's TAIFXIRS and COSMOS3 seven-year interest rate swap quotes priced at 11:00 a.m. on the interest rate reset record date. If such quotes are not available on the interest rate reset record date, The Corporation will decide in good faith and based on reasonable market conditions.

3) The dividend on the preferred shares is paid annually in cash after the board of directors set the record date for the distribution of the preceding year's dividend after the financial report is approved by the shareholders at the annual general meeting. The number of dividends paid in the year of issuance and the number of dividends received in the year of recovery are calculated based on the actual number of days the preferred shares are outstanding in that year.

4) The Corporation has the discretion to distribute dividends on the preferred shares. If the Corporation has no or insufficient surplus to distribute dividends on the preferred shares in its annual accounts, or if the distribution of dividends on the preferred shares will cause the Corporation's capital adequacy ratio to fall below the minimum requirements set by law or by the competent authorities, or if there are other necessary considerations, the Corporation may resolve not to distribute dividends on the preferred shares and the preferred shareholders shall not dissent.

5) The preferred shares are noncumulative, and any undistributed or under-distributed dividends will not be accumulated and deferred in coming years.

6) The preferred shareholders shall not participate in the distribution of earnings and capital surplus in cash and capitalization of common shares, except for receiving the dividends set forth in (2).

7) The preferred shareholders shall have priority in the distribution of the residual property of the Corporation over the common shareholders, and the shareholders of each class of preferred shares shall be paid in the same order, provided that such distribution shall not exceed the original amount of issuance.

8) The preferred shareholders shall not have voting rights at general shareholders' meetings, but may be elected as directors, and shall have voting rights at shareholders' meetings of preferred shares and at shareholders' meetings concerning the rights and obligations of preferred shareholders.

9) Preferred shares shall not be converted into common shares.

10) The preferred shares issued by the Corporation have no expiration date and the preferred shareholders have no right to require the Corporation to buy back the preferred shares held thereby. On the day following the expiration of seven years from the date of issuance, the Corporation may redeem all or part of the preferred shares issued at the actual issue price, and the un-redeemed preferred shares shall continue to be subject to the rights and obligations of the aforementioned terms of issuance. If the Corporation decides to pay dividends in the current year, the dividends payable as of the date of recovery are calculated based on the actual number of days the preferred shares are outstanding in that year.

11) When the Corporation issues new shares for cash, the preferred shareholders have the same right of first refusal to purchase the new shares as the common shareholders.

KGI Securities' board of directors, on behalf of the shareholders' meeting, approved the reduction of the above-mentioned preference stock of 310,901 thousand shares held by KGI Securities on February 18, 2022. The Corporation's board of directors approved the capital reduction and wrote off the treasury stock on April 25, 2022, which was endorsed by the FSC on June 13, 2022; the record date is July 8, 2022.

b. Capital surplus

	December 31	
	2023	2022
Difference between consideration and carrying amounts adjusted arising from changes in percentage of ownership in subsidiaries	$ 18,488,215	$ 18,488,215
Additional paid-in capital	13,003,878	13,003,878
Arising from treasury stock transactions	1,682,294	1,682,294
Others	414,215	452,418
	$ 33,588,602	$ 33,626,805

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 reserve

According to Rule No. 09900738571 issued by FSC and Rule No. 10000002891 issued under Regulations Governing Securities Firms, Grand Cathay and GCFC reclassified the default reserve and the trading loss reserve that had been set up until December 31, 2010 to special reserve. The Group also recognizes special revenue according to the percentage of holdings by the Group to subsidiaries directly and indirectly.

This special reserve should be used only to offset a deficit or when the legal reserve has reached 50% of the Corporation's paid-in capital, up to 50% thereof may be transferred to paid-in capital or according to Rule No. 09900738571 issued by FSC, the Corporation reclassified the legal reserve which exceed paid-in capital, then reversed the surpass part to retained earnings into 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 June 17, 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
Preference share dividend	-	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 year ended December 31, 2022				
Reclassification of the Corporation's stock held by subsidiaries and recognized as long-term investment				
Common stock	340,714	-	340,714	-
Preferred stock	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, KGI Life Insurance became the Corporation's 100% owned subsidiary through a share swap. KGI Securities held the Corporation's shares. The Corporation converted the shares into treasury shares at the price of the share conversion. KGI Securities' board of directors, on behalf of the shareholders' meeting, approved the reduction of the Corporation's common stock of 340,714 thousand and preference stock of 310,901 thousand on February 18, 2022; the record date for the capital reduction is April 8, 2022. The Corporation's board of directors approved the capital reduction and written-off the treasury stock on April 25, 2022, which was endorsed by the FSC on June 13, 2022; the record date is July 8, 2022.

Under the Securities and Exchange Act, the Corporation should not acquire treasury stock in excess of 10% of its total shares outstanding. In addition, the Corporation should not spend more than the aggregate amount of the retained earnings, paid-in capital in excess of par value, and realized capital surplus arising from gains on disposal of properties and donated capital. The Corporation should not use treasury shares to secure any of its obligations and should not exercise any shareholders' rights on those shares.

37. INTEREST PROFIT, NET

	For the Year Ended December 31	
	2023	2022
Interest revenues		
Securities	$ 70,102,796	$ 61,988,683
Discounts and loans	16,783,743	12,542,412
Others	9,926,132	5,713,618
	96,812,671	80,244,713
Interest expenses		
Deposits	11,328,490	4,149,194
Notes and bonds issued under repurchase agreements	5,677,493	1,995,489
Structured notes	1,328,877	475,664
Security lending guarantee deposits	1,222,511	389,320
Borrowing interest expense	1,156,111	460,507
Corporate bonds	1,010,764	834,324
Others	1,796,850	1,082,201
	23,521,096	9,386,699
Interest profit, net	$ 73,291,575	$ 70,858,014

38. SERVICE FEE AND COMMISSION, NET

	For the Year Ended December 31	
	2023	2022
Service fee revenue and commission income		
Brokerage	$ 13,085,189	$ 11,485,554
Security lending	2,051,774	1,614,946
Trust	816,744	717,247
Others	5,810,895	5,548,480
	21,764,602	19,366,227

(Continued)

	For the Year Ended December 31	
	2023	2022
Service fee expense and commission expense		
Commission expense - insurance	$ 12,978,050	$ 13,483,488
Brokerage	2,543,705	2,275,964
Others	2,347,500	2,314,405
	17,869,255	18,073,857
Service fee and commission, net	$ 3,895,347	$ 1,292,370

(Concluded)

39. NET INCOME FROM INSURANCE OPERATIONS

	For the Year Ended December 31	
	2023	2022
Insurance business income		
Premium income	$ 148,203,577	$ 157,829,229
Reinsurance premium expense	(1,817,989)	(1,666,631)
Changes in unearned premium reserve	(655,142)	(400,353)
Retained earned premium	145,730,446	155,762,245
Separate-account insurance products revenues	14,656,735	3,125,528
	160,387,181	158,887,773
Insurance business expense		
Insurance claim payments	(200,784,053)	(155,095,841)
Claims recovered from reinsures	1,034,351	824,004
Retained claim payments	(199,749,702)	(154,271,837)
Brokerage expense	(8,711)	(4,463)
Disbursements toward industry stability fund	(148,257)	(234,773)
Separate-account insurance products expenses	(14,656,735)	(3,125,528)
	(214,563,405)	(157,636,601)
Net income from insurance operations	$ (54,176,224)	$ 1,251,172

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

	For the Year Ended December 31	
	2023	2022
Stocks	$ 47,449,055	$ (28,485,815)
Derivatives	(27,996,849)	(87,794,015)
Mutual funds	12,161,182	(5,938,972)
Operating securities	5,297,083	(5,855,268)
Bonds	5,086,208	(2,754,965)
Others	606,163	2,913,499
	$ 42,602,842	$(127,915,536)

For the years ended December 31, 2023 and 2022, the Group's financial assets and liabilities at fair value through profit or loss included interest revenue of $2,763,453 thousand and $2,456,795 thousand, respectively, dividend income of $15,620,874 thousand and $13,491,090 thousand, respectively and interest expense of $66,200 thousand and $708,394 thousand, respectively.

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

	For the Year Ended December 31	
	2023	**2022**
Dividend income	$ 818,614	$ 1,760,715
Gain on bond disposal	626,614	603,354
Others	214	5,174
	$ 1,445,442	$ 2,369,243

42. EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION EXPENSES

	For the Year Ended December 31	
	2023	**2022**
Employee benefit expense		
Salaries and wages	$ 15,327,512	$ 12,855,789
Employee insurance	1,292,148	1,238,484
Pension	756,248	726,253
Others	1,603,921	1,520,076
	$ 18,979,829	$ 16,340,602
Depreciation and amortization expenses	$ 3,795,211	$ 3,531,131

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 years ended December 31, 2023 and 2022, the compensation of employees was $195,000 thousand and $179,000 thousand, and the remuneration of directors and supervisors was $194,000 thousand and $178,000 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 Group under the linked-tax system is to reduce the income tax liabilities of the Group and to consider the fairness of the tax borne by all the companies in order to maximize the synergy of the Group. The Group adopt the linked-tax system for tax filings. The different amounts between tax expense and deferred tax liabilities and assets based on consolidation with its qualified subsidiaries are allocated and adjusted to income tax expense/benefit on the Corporation and each subsidiary pro rata; related amounts are recognized as receivables from parent or payable on parent.

a. Income tax expense recognized in profit or loss

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

	For the Year Ended December 31	
	2023	2022
Current income tax		
Current period	$ 699,754	$ 687,179
Income tax on unappropriated earnings	-	859,327
Prior years	(31,267)	(310,523)
	668,487	1,235,983
Deferred income tax	960,276	4,315,695
Income tax expense recognized in profit or loss	$ 1,628,763	$ 5,551,678

b. The reconciliation of accounting income and current income tax expense adjustments were as follows:

	For the Year Ended December 31	
	2023	2022
Income tax expenses at the statutory rate	$ 4,115,376	$ 4,388,173
Effect of different tax rates of group entities operating in other jurisdictions	35,954	137,116
Permanent differences	(4,534,687)	(3,775,927)
Unrecognized temporary differences	1,263,955	3,686,359
Loss carryforwards	319,512	434,151
Prior year’s adjustments	(31,267)	(310,523)
Additional income tax under the Alternative Minimum Tax Act	366,547	286,485
Income tax on unappropriated earnings	-	859,327
Others	93,373	(153,483)
	$ 1,628,763	$ 5,551,678

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

	For the Year Ended December 31	
	2023	2022
Current income tax		
(Gain) loss on equity instruments at fair value through other comprehensive income	$ (6,172)	$ (205,205)
Deferred income tax		
(Gain) loss on debt instruments at fair value through other comprehensive income	117,655	(1,411,904)
(Gain) loss on equity instruments at fair value through other comprehensive income	(655,447)	(391,648)
Remeasurement of defined benefit plans	(3,983)	135,048
(Gain) loss on reclassification using the overlay approach	1,245,954	(1,803,924)
Income tax expense (benefit)	$ 698,007	$ (3,677,633)

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

	For the Year Ended December 31	
	2023	2022
Deferred income tax		
Deferred income tax related to tax losses and reversals	$ (8,739)	$ (11,927)
Income tax benefit	$ (8,739)	$ (11,927)

e. Deferred tax assets and liabilities

	December 31	
	2023	2022
Deferred tax assets		
Unrealized loss on foreign exchange	$ 1,305	$ 95,605
Loss carryforwards	14,545,340	12,990,337
Allowance for bad debts	501,966	509,850
Financial products valuation	2,867,451	3,715,510
Others	918,920	757,046
	$ 18,834,982	$ 18,068,348
Deferred tax liabilities		
Financial products valuation	$ 3,254,623	$ 818,281
Purchase policy value	2,216,169	2,279,578
Goodwill	986,154	986,155
Investment property	1,279,880	1,270,765
Debt instruments measured at amortized cost	390,356	723,550
Land value increment tax	530,315	528,654
Unrealized gain on foreign exchange	7,438,888	7,049,209
Others	229,996	247,839
	$ 16,326,381	$ 13,904,031

f. 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 from 2015 to 2017 and were 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 Advisors Corporation and CDIB Venture Capital Corp through 2021 have been examined by the tax authorities.

The income tax returns of China Development Asset Management Corp. (formerly CHG3) through 2019 have been examined by the tax authorities.

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

KGI 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 Year Ended December 31	
	2023	**2022**
Basic EPS	$ 1.13	$ 0.98
Diluted EPS	$ 1.13	$ 0.98

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

Net Profit for the Year

	For the Year Ended December 31	
	2023	**2022**
Earnings belong to Corporation	$ 18,942,700	$ 16,365,629
Less: Preference share dividend	-	(3,077)
Earnings used in the computation of EPS	$ 18,942,700	$ 16,362,552

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

	For the Year Ended December 31	
	2023	**2022**
Weighted average number of common shares outstanding in computation of basic EPS	16,742,073	16,742,073
Effect of dilutive potentially common shares:		
Restricted shares	58,484	39,850
Weighted average number of common shares outstanding in computation of diluted EPS	16,800,557	16,781,923

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 years ended December 31, 2023 and 2022, the Corporation recognized $319,201 thousand and $423,072 thousand as compensation cost.

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
December 31, 2023	$ 9,820,276
December 31, 2022	4,455,076

2) Bonds of outright purchases and sales

	Sale of Bonds
<u>For the year ended December 31, 2023</u>	
Other related parties	$ 91,334
<u>For the year ended December 31, 2022</u>	
Other related parties	10,000

3) Revenue receivable (recognized as receivables, net)

	Amount
December 31, 2023	$ 1,626,726
December 31, 2022	1,033,088

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

	Amount
December 31, 2023	$ 36,261
December 31, 2022	17,336

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

	Amount
December 31, 2023	$ 14,340
December 31, 2022	19,423

6) Other receivables (recognized as receivables, net)

	Amount
December 31, 2023	$ 70,654
December 31, 2022	19,313

7) Discounts and loans, net

KGI Bank

	Amount	Interest Rate (%)
December 31, 2023	$ 772,056	1.82-6.61
December 31, 2022	751,291	1.25-15.00

For the years ended December 31, 2023 and 2022, the interest revenues from discounts and loans were $15,108 thousand and $14,052 thousand, respectively.

For the Year Ended December 31, 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	$ 25,026	$ 18,517	$ 18,517	$ -	None/credit guarantee fund	Yes
Residential mortgage loans	68	791,003	641,183	641,183	-	Real estate	Yes
Others	6	116,719	112,356	112,356	-	None/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

KGI Life

	Amount
December 31, 2023	$ 14,270
December 31, 2022	2,269

8) Customer margin accounts (recognized as other financial assets)

	Amount
December 31, 2023	$ 14,909
December 31, 2022	13,210

9) As of December 31, 2023, KGI Life Insurance has paid other related parties for the renovation on its behalf in an aggregate amount of $127,445 thousand, which was recognized as investment property.

10) Other payables (recognized as payables)

	Amount
December 31, 2023	$ 518,748
December 31, 2022	663,183

11) Deposits and remittances

	Amount	Interest Rate (%)
December 31, 2023	$ 1,365,564	0-7.00
December 31, 2022	1,617,436	0-7.00

For the years ended December 31, 2023 and 2022, the interest expenses from deposits and remittances were $20,239 thousand and $10,220 thousand, respectively.

12) Unearned receipt (recognized as other liabilities)

	Amount
December 31, 2023	$ 71,711
December 31, 2022	93,992

13) Equity of future trader

	Amount
December 31, 2023	$ 22,426
December 31, 2022	11,524

14) Brokerage handling fee revenue

	Amount
For the year ended December 31, 2023	
Other related parties	$ 17,309
For the year ended December 31, 2022	
Other related parties	15,840

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

		Amount
For the year ended December 31, 2023	$	72,694
For the year ended December 31, 2022		139,438

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

		Amount
For the year ended December 31, 2023	$	215,254
For the year ended December 31, 2022		175,836

17) Net gain on handling fees and commissions

		Amount
For the year ended December 31, 2023	$	523,208
For the year ended December 31, 2022		577,176

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

		Amount
For the year ended December 31, 2023	$	58,695
For the year ended December 31, 2022		49,000

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

		Amount
For the year ended December 31, 2023	$	398,239
For the year ended December 31, 2022		205,003

20) Outstanding derivative financial instruments

KGI Securities

	December 31			
	2023		2022	
	Contract Amount		Contract Amount	
Structured products liabilities				
Other related parties	$	19,993	$	18,000

21) Compensation of key management personnel

	For the Year Ended December 31	
	2023	**2022**
Salary and short-term benefits	$ 824,425	$ 784,132
Share-based payment	50,518	57,660
Post-employment benefits	9,616	16,600
	$ 884,559	$ 858,392

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
KGI 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)

	December 31	
	2023	**2022**
Subsidiary of the parent company	$ 308,517	$ 332,480

2) Purchase and sale of bonds

	Purchase of Bonds
For the year ended December 31, 2023	
Subsidiary of the parent company	$ 1,600,000
For the year ended December 31, 2022	
Subsidiary of the parent company	598,311

3) Receivables from sales of marketable securities (Accounts receivable - net)

	December 31, 2023
Subsidiary of the parent company	$ 312,426

4) Lease agreement

	For the Year Ended December 31, 2022
Acquisition of right-of-use assets	
Subsidiary of the parent company	$ 155,567

	December 31	
	2023	2022
Lease liabilities		
Subsidiary of the parent company	$ 2,190,739	$ 2,356,490

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

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

	December 31	
	2023	2022
Parent company	$ 910,382	$ 1,032,695

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

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

	December 31	
	2023	2022
Subsidiary of the parent company	$ 512,954	$ 221,051

7) Deposits and remittances

	Amount	Interest Rate (%)
December 31, 2023		
Parent company	$ 1,985,797	0-1.50
Subsidiary of the parent company	26,134,613	0-5.60
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

8) Temporary receipts (recognized as other liabilities)

	December 31	
	2023	2022
Subsidiary of the parent company	$ 560,074	$ 660,740

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

9) Service fee revenue

	For the Year Ended December 31	
	2023	2022
Subsidiary of the parent company	$ 210,475	$ 197,341

10) Outstanding derivative financial instrument

December 31, 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	May 19, 2023-April 17, 2024	$ 15,060,150	$ 125,010	Financial assets at FVTPL	$ 250,793
					Financial liabilities at FVTPL	125,783
	Foreign exchange forward contracts	November 22, 2023-January 19, 2024	13,554,135	(300,969)	Financial liabilities at FVTPL	300,969
	Cross-currency swap contracts	August 26, 2021-May 26, 2025	792,026	17,808	Financial assets at FVTPL	7,592
					Financial liabilities at FVTPL	33,122

December 31, 2022

(In Thousands of New Taiwan Dollars)

Related Party	Contract Type	Contract Period	Contract Amount	Valuation Gain (Loss)	Balance Sheet	
					Account	Balance
Subsidiaries of the parent company	Currency swap contracts	September 2, 2022-June 20, 2023	$ 21,342,060	$ 86,709	Financial assets at FVTPL	$ 119,413
					Financial liabilities at FVTPL	32,704
	Cross-currency swap contracts	February 23, 2021-May 26, 2025	576,313	(26,969)	Financial liabilities at FVTPL	16,618

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
KGI 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, 2023
Subsidiary of the parent company	$ 200,548

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

	December 31	
	2023	2022
Open ended fund and money market instruments and other securities		
Other related parties	$ 505,327	$ 514,611
Operating securities		
Subsidiary of the parent company	4,831,706	4,849,990
Other related parties	338,432	418,295

3) Purchase and sale of bonds

	Sale of Bonds
For the year ended December 31, 2023	
Subsidiary of the parent company	$ 1,600,000
For the year ended December 31, 2022	
Subsidiary of the parent company	598,311

4) Customer margin accounts

	December 31	
	2023	2022
Subsidiary of the parent company	$ 1,455,257	$ 539,455

5) Account receivables

	December 31	
	2023	2022
Subsidiary of the parent company	$ 200,533	$ 168,643
Other related parties	1,404,881	857,445

6) Other current assets

	December 31	
	2023	2022
Subsidiary of the parent company	$ 14,887,057	$ 5,522,866

7) Customers' equity accounts - futures

	December 31	
	2023	2022
Subsidiary of the parent company	$ 367,749	$ 345,140

8) Payables

	December 31	
	2023	2022
Other related parties	$ 435,384	$ 618,949

9) Current tax liabilities

	December 31	
	2023	2022
Parent company	$ 1,852,683	$ 2,029,128

10) Interest revenue

	December 31	
	2023	2022
Subsidiary of the parent company	$ 130,946	$ 130,950

11) Other operating income

	For the Year Ended December 31	
	2023	2022
Subsidiary of the parent company	$ 224,065	$ 245,173

12) Other gains and losses

	For the Year Ended December 31	
	2023	2022
Subsidiary of the parent company	$ 235,199	$ 105,117

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
KGI Life Insurance	Subsidiary of the parent company
Others	Other related parties

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

	December 31	
	2023	2022
Subsidiary of the parent company	$ 2,459,509	$ 2,336,900

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

	Underlying Assets	Purchase Price
For the year ended December 31, 2023		
Subsidiary of the parent company	Private equity fund	$ 1,005,984

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

	December 31	
	2023	2022
Parent company	$ 219,957	$ 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 year ended December 31, 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 year ended December 31, 2022			
Subsidiary of the parent company	CDIB Capital Healthcare Ventures II Limited Partnership	$ 133,777	$ 43,592

6) Disposal of property and equipment

	Price	Profit
For the year ended December 31, 2022		
Subsidiary of the parent company	$ 343,000	$ 193,303

7) Lease agreement

	December 31	
	2023	2022
Lease liabilities		
Subsidiary of the parent company	$ 661,621	$ 709,533

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

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

	December 31	
	2023	2022
Parent company	$ 546,126	$ 582,962

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

9) Consulting service revenue

	For the Year Ended December 31	
	2023	2022
Other related parties	$ 142,690	$ 147,328

10) Outstanding derivative financial instrument

December 31, 2023

(In Thousands of New Taiwan Dollars)

Related Party	Contract Type	Contract Period	Contract Amount	Valuation Gain (Loss)	Balance Sheet Account	Balance Sheet Balance
Subsidiaries of the parent company	Cross-currency swap contracts	August 26, 2021- May 26, 2025	$ 622,258	$ 16,090	Financial assets at FVTPL	$ 31,856
		March 31, 2023- March 31, 2024	225,076	(7,456)	Financial liabilities at FVTPL	7,349

December 31, 2022

(In Thousands of New Taiwan Dollars)

Related Party	Contract Type	Contract Period	Contract Amount	Valuation Gain (Loss)	Balance Sheet Account	Balance Sheet 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

China Development Asset Management Corp.

Related Party	Relationship with the China Development Asset Management Corp.
China Development Financial Holding Corporation	Parent company
KGI Bank and subsidiaries	Subsidiary of the parent company
KGI Securities and subsidiaries	Subsidiary of the parent company
CDIB Capital Group and subsidiaries	Subsidiary of the parent company
KGI Life Insurance	Subsidiary of the parent company
Others	Other related parties

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

	December 31 2023	December 31 2022
Subsidiary of the parent company	$ 300,943	$ 153,455

2) Lease agreement

	December 31 2023	December 31 2022
Acquisition of Right-of-use assets		
Subsidiary of the parent company	$ 106,780	$ 113,565

KGI Life Insurance

Related Party	Relationship with the KGI 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)

	December 31	
	2023	**2022**
Subsidiary of the parent company	$ 6,777,032	$ 975,517

2) Receivables

	December 31	
	2023	**2022**
Subsidiary of the parent company	$ 1,292,134	$ 770,659
Other related parties	205,061	157,127

3) Acquisition of investments accounted for using the equity method

	Transaction Subjects	Price
For the year ended December 31, 2022		
Subsidiary of the parent company	CDIB Capital Healthcare Ventures Limited	$ 111,552

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

	Transaction Subjects	Price
For the year ended December 31, 2022		
Subsidiary of the parent company	CDIB Capital Healthcare Ventures II Limited Partnership	$ 133,777

5) Acquisition of property and equipment

	Price
For the year ended December 31, 2022	
Subsidiary of the parent company	$ 343,000

6) Current tax assets

	December 31	
	2023	2022
Parent company	$ 2,683,885	$ 2,093,162

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

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

	December 31	
	2023	2022
Other related parties	$ 8,950,025	$ 3,522,170

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

		For the Year Ended December 31, 2023	
Name	**Subject**	**Disposal Proceeds**	**Gain on Disposal**
Subsidiary of the parent company	Private equity fund	$ 1,005,441	$ 162,979

9) Payables

	December 31	
	2023	2022
Subsidiary of the parent company	$ 625,600	$ -

10) Bonds payables

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

For the years ended December 31, 2023 and 2022, interest expense of $130,946 thousand and $130,950 thousand, respectively.

11) Financial assets at fair value through profit or loss - dividend income

	For the Year Ended December 31	
	2023	2022
Other related parties	$ 393,763	$ 202,795

12) Gains and losses on investment properties - rental income

	For the Year Ended December 31	
	2023	2022
Subsidiary of the parent company	$ 180,988	$ 174,841
Other related parties	188,552	157,127

13) Commission expense

	For the Year Ended December 31	
	2023	2022
Subsidiary of the parent company	$ 428,722	$ 448,705

14) Finance costs

	For the Year Ended December 31	
	2023	2022
Subsidiary of the parent company	$ 130,995	$ 130,965

15) Outstanding derivative financial instrument

December 31, 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	October 13, 2023 - April 17, 2024	US$ 120,000	Financial assets at FVTPL	$ 126,775
		May 19, 2023 - March 22, 2024	US$ 370,000	Financial liabilities at FVTPL	248,376
	Foreign exchange forward contracts	November 22, 2023 - January 19, 2024	US$ 441,000	Financial assets at FVTPL	303,762

December 31, 2022

(In Thousands of New Taiwan Dollars/U.S. Dollars)

Related Party	Contract Type	Contract Period	Contract Amount	Balance Sheet	
				Account	Balance
Subsidiary of the parent company	Currency swap contracts	November 24, 2022 - May 30, 2023	US$ 120,000	Financial assets at FVTPL	$ 33,788
		September 2, 2022 - June 20, 2023	US$ 575,000	Financial liabilities at FVTPL	115,469

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.

	December 31	
	2023	**2022**
Debt investments measured at amortized cost - negotiable certificate of deposit	$ 18,730,000	$ 13,600,000
Property and equipment, net	4,388,309	4,638,731
Other financial assets - pledged deposits	2,107,942	2,070,678
Accounts receivable - installment accounts receivables and lease receivables	1,216,249	925,094
Financial assets at fair value through profit or loss	809,728	1,961,173
Investment property, net	391,407	256,841
Financial assets at fair value through other comprehensive income - negotiable certificate of deposit	299,607	4,919,409
Financial assets at fair value through other comprehensive income	200,364	208,086
Financial assets at amortized cost	148,736	-

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 Cyber China 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 KGI Bank fraudulently infringed upon the property rights of creditors on Dun Nan building. On February 14, 2014, the Taipei District Court adjudicated that the mortgage is cancelled and the KGI Bank has to return the amount of $1,786,318 thousand. The KGI Bank has appealed against this sentence on March 10, 2014. The original adjudication in favor of the third party was revoked by the court. The third party filed a new appeal, and the Supreme Court ordered the high court to conduct a new trial on November 9, 2018. The High Court issued a 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 KGI Bank to pay the received money. The KGI Bank and the third party each filed a third-instance appeal for losing part of the lawsuit on September 2021. As of the day which board of directors adopts the consolidation financial report, the case is being heard by the Taiwan Supreme Court.

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

Consolidated Profitability

(%)

Items		December 31, 2023	December 31, 2022
Return on total assets	Before income tax	0.57	0.63
	After income tax	0.53	0.47
Return on net worth	Before income tax	8.72	8.74
	After income tax	8.03	6.53
Profit margin		47.91	17.19

Profitability of CDFH

(%)

Items		December 31, 2023	December 31, 2022
Return on total assets	Before income tax	6.55	5.65
	After income tax	6.46	5.26
Return on net worth	Before income tax	8.09	6.97
	After income tax	8.04	6.53
Profit margin		90.39	84.42

Profitability of KGI Bank

(%)

Items		**December 31, 2023**	**December 31, 2022**
Return on total assets	Before income tax	0.79	0.90
	After income tax	0.69	0.81
Return on net worth	Before income tax	9.43	10.37
	After income tax	8.26	9.41
Profit margin		40.25	45.89

Profitability of KGI Securities

(%)

Items		**December 31, 2023**	**December 31, 2022**
Return on total assets	Before income tax	2.96	1.67
	After income tax	2.70	1.38
Return on net worth	Before income tax	14.28	7.06
	After income tax	13.03	5.83
Profit margin		33.76	26.27

Profitability of KGI Life Insurance

(%)

Items		**December 31, 2023**	**December 31, 2022**
Return on total assets	Before income tax	0.47	0.72
	After income tax	0.44	0.58
Return on net worth	Before income tax	8.39	11.64
	After income tax	7.98	9.28
Profit margin		4.37	5.49

50. HIERARCHY AND FAIR VALUE INFORMATION OF FINANCIAL INSTRUMENTS

a. The definitions of each hierarchy are as follows:

1) Level 1 fair values are quoted prices in active markets for financial instruments.

2) Level 2 fair values refer to directly or indirectly observable inputs other than Level 1 quoted prices, such as the quoted prices of similar financial instruments in active markets; in less active markets, fair values are quoted prices of the same or similar financial instruments or financial instruments that can be generated by using pricing models that use inputs such as interest rates and volatility rates, which are derived from or can be corroborated with observable market data.

3) Level 3 refers to inputs that are not based on observable market data.

b. Fair value

1) The fair value hierarchy of financial instruments were as follows:

December 31, 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	$ 177,952,461	$ 210,969	$ 11,255,813	$ 189,419,243
Bond investments	26,634,074	73,988,252	880,483	101,502,809
Others	148,226,329	12,721,296	36,120,206	197,067,831
Financial assets designated as at FVTPL	-	-	8,446,585	8,446,585
Financial assets at FVTOCI				
Stock investments	18,470,837	-	11,830,332	30,301,169
Bond investments	144,038,798	72,587,388	-	216,626,186
Others	-	2,433,259	-	2,433,259
Other financial assets				
Purchased debt receivable	-	-	160,766	160,766
Liabilities				
Financial liabilities at FVTPL				
Financial liabilities held for trading	3,936,913	4,283,740	-	8,220,653
Derivative financial instruments				
Assets				
Financial assets at FVTPL	762,217	52,566,274	1,152,972	54,481,463
Financial assets for hedging	-	835,695	-	835,695
Liabilities				
Financial liabilities at FVTPL				
Financial liabilities held for trading	1,515,674	40,592,972	4,213,553	46,322,199
Financial liabilities designated as at FVTPL	1,063	7,937,195	-	7,938,258
Financial liabilities for hedging	-	697,122	-	697,122

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)

2) Evaluation technology at fair value

For financial assets and liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income, fair value is determined at quoted market prices. When market prices of the Group's various financial instruments are not readily available, fair values are estimated by using appropriate valuation models or other banks' transaction prices. The information the Group uses for fair value estimation is consistent with that generally used in the market; the basis of the theory are commonly recognized by the industry. The type of relevant methodology can roughly divided into analytical solution model (for example: Black-Scholes model) and numerical method model (for example Monte Carlo simulation).

3) Reconciliation of fair value

a) The limitation of valuation techniques and uncertain inputs

Valuation techniques incorporate assumptions are dependent on the instrument type and available market data. However, certain model inputs may be less readily determinable from valuation techniques. In these circumstances, valuation model would adopt additional parameters and/or model assumptions such as model risk or Liquidity Risk and so on, to make fair value adjustment. According to our policies of Valuation management and relevant control procedure, the Corporation's management considers that Valuation adjustments are necessary and appropriate. To accept approaches and principles for the making the appropriate adjustments, all parameters and price information should be evaluated thoroughly and make reference from market situation.

b) Credit risk valuation adjustments

Credit risk valuation adjustments are classified into Credit value adjustments and Debit value adjustments, and definitions are the following:

- The credit value adjustment is an adjustment to the valuation of OTC derivative financial instruments to reflect within fair value the possibility that the counterparty may default and that the Corporation may not receive the full market value of the transactions.

- The debit value adjustment is an adjustment to the valuation of OTC derivative financial instruments 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 financial instruments market to market value and the counterparty's LGD, which is 60 percent of EAD based on Taiwan Stock Exchange (TWSE) guidance.

The Group takes Credit risk valuation adjustments for determining the fair value of financial instruments and reflect counterparty's credit risk and the Corporation's credit quality.

4) Transfer between the Level 1 and Level 2

There was no transfer from level one into level two or level two into level one in 2023 and 2022.

5) Reconciliation of Level 3 items of financial instruments

The movements of financial assets with Level 3 fair value were as follows:

For the Year Ended December 31, 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	$ 554,680	$ 11,143,719	$ -	$ (11,500,691)	$ (188,125)	$ 49,409,474
Financial assets designated as at FVTPL	7,031,671	1,642,725	339,612	-	(567,423)	-	8,446,585
Financial assets at FVTOCI	15,412,018	(3,497,621)	-	-	(84,065)	-	11,830,332
Other financial assets							
Purchased debt receivable	188,032	6,712	-	-	(33,978)	-	160,766

For the Year Ended December 31, 2022

(In Thousands of New Taiwan Dollars)

Items	Beginning Balance	Valuation Gain (Loss) Recognized as Current Income (Loss) or Other Comprehensive Income	Amount of Increase		Amount of Decrease		Ending Balance
			Purchase or Issue	Transfer to Level 3	Sale, Disposal or Settlement	Transfer from Level 3	
Financial assets at FVTPL							
Financial assets mandatorily classified as at FVTPL	$ 31,185,278	$ 4,681,911	$ 15,939,417	$ -	$ (1,459,307)	$ (947,408)	$ 49,399,891
Financial assets designated as at FVTPL	4,740,512	570,082	1,924,842	-	(203,765)	-	7,031,671
Financial assets at FVTOCI	20,126,776	(2,017,783)	-	-	(374,519)	(2,322,456)	15,412,018
Other financial assets							
Purchased debt receivable	212,442	(5,822)	-	-	(18,588)	-	188,032

Note: For parts of stock investments, the Corporation's subsidiaries acquired their observable market material, causing the applicable level of stock investment transfer from level 3.

The movements of financial liabilities with Level 3 fair value were as follows:

For the Year Ended December 31, 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	$ 109,946	$ 1,824,775	$ -	$ (1,580,510)	$ -	$ 4,213,553

For the Year Ended December 31, 2022

(In Thousands of New Taiwan Dollars)

Items	Beginning Balance	Valuation Gain (Loss) Recognized as Current Income (Loss) or Other Comprehensive Income	Amount of Increase		Amount of Decrease		Ending Balance
			Purchase or Issue	Transfer to Level 3	Sale, Disposal or Settlement	Transfer from Level 3	
Financial liabilities at FVTPL							
Financial liabilities held for trading	$ 3,229,459	$ 259,724	$ 1,283,081	$ -	$ (912,922)	$ -	$ 3,859,342

The total gains or losses for the years ended December 31, 2023 and 2022 included a gain of $2,488,362 thousand and gain of $1,440,266 thousand relating to assets and liabilities measured at fair value on Level 3 fair value measurement and held at the end of reporting date.

6) Quantitative information about significant unobservable inputs (Level 3)

KGI Bank and subsidiaries

The table below lists quantitative unobservable inputs of Level 3 financial instruments:

	Fair Value at December 31, 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	$ 413,347	Quoted price of counterparties	Liquidity discount ratios	Beyond estimation	Fair value is inversely proportional to discount for liquidity discount ratios
Financial assets at FVTOCI	923,832	Market approach	P/B Discount for lack of liquidity	1.28 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	1,160,254	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 conta into linear relation; thus, analyzed by comparing correctness, stability, rationality, efficiency of performance and other different aspects of the outcome. Then the KGI Bank and its subsidiaries select the applicable one according to the analysis; fair value is inversely proportional to discount for liquidity discount ratios
Financial liabilities at FVTPL	1,160,272	Hull White Model, Libor Market Model, BS Model, discounted cash flow/quoted price of counterparties	Mean Reversion, Sigma, Correlation, shift Parameter/ liquidity discount ratios	Adjusted daily based on market information/ beyond estimation	The used evaluation model parameters cannot be obtained directly from market information or inputs of parameters do not contain linear relation; thus, analyzed by comparing correctness, stability, rationality, efficiency of performance and other different aspects of the outcome. Then the KGI Bank and its subsidiaries select the applicable one according to the analysis; fair value is inversely proportional to discount for liquidity discount ratios

	Fair Value at December 31, 2022	Valuation Technique(s)	Significant Unobservable Inputs	Range	The Relationship Between Inputs and Fair Value
Repetitive basis to fair value measurement items					
Non-derivative financial instruments					
Financial assets at FVTPL	$ 390,720	Quoted price of counterparties	Liquidity discount ratios	Beyond estimation	Fair value is inversely proportional to the liquidity discount rate.
Financial assets at FVTOCI	951,062	Market approach	P/B Discount for lack of liquidity	1.10 27.20%	Multiplier is proportional to fair value; fair value is inversely proportional to discount for lack of liquidity.
		Net asset method	Discount for lack of liquidity and control	11%	Fair value is inversely proportional to discount for lack of liquidity and control.
Derivative financial instruments					
Financial assets at FVTPL	936,660	Hull White Model, Libor Market Model, BS Model, discounted cash flow/quoted price of counterparties	Mean Reversion, Sigma, Correlation, shift Parameter/ liquidity discount ratios	Adjusted daily based on market information/ beyond estimation	The used evaluation model parameters cannot be obtained directly from market information or inputs of parameters do not conta into linear relation; thus, analyzed by comparing correctness, stability, rationality, efficiency of performance and other different aspects of the outcome. Then the KGI Bank and its subsidiaries select the applicable one according to the analysis; fair value is inversely proportional to discount for liquidity discount ratios
Financial liabilities at FVTPL	936,647	Hull White Model, Libor Market Model, BS Model, discounted cash flow/quoted price of counterparties	Mean Reversion, Sigma, Correlation, shift Parameter/ liquidity discount ratios	Adjusted daily based on market information/ beyond estimation	The used evaluation model parameters cannot be obtained directly from market information or inputs of parameters do not contain linear relation; thus, analyzed by comparing correctness, stability, rationality, efficiency of performance and other different aspects of the outcome. Then the KGI Bank and its subsidiaries select the applicable one according to the analysis; fair value is inversely proportional to discount for liquidity discount ratios

KGI Securities and subsidiaries

The explanation of quantitative information about significant unobservable inputs in fair value measurement and sensitivity analysis significant unobservable inputs used by repetitive basis to fair value Level 3 financial asset of KGI Securities and subsidiaries were as follows:

December 31, 2023

	Fair Value	**Valuation Techniques**	**Significant Unobservable Inputs**	**Quantification Information**	**The Relationship Between Inputs and Fair Value**
Financial assets					
Non-derivative financial assets					
Financial assets at FVTPL - equity instruments	$ 3,613,204	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	7.18%	Assets at fair value is inversely proportional to WACC
			Growth rate	5.50%	Assets at fair value is proportional to growth rate
		Asset method	Discount for lack of controlling	11%	Assets at fair value is inversely proportional to control discount.
Financial assets at FVTOCI - equity instruments	21,077	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	310				
Structured products - options		Martingale pricing technique	History volatility	47.77%	According to condition of contract, fair value of assets may be higher or lower.
Financial liabilities					
Derivative instruments					
Financial liabilities at FVTPL	3,086,977				
Structured products - options		Martingale pricing technique	History volatility	0.00%-16.92%	According to condition of contract, fair value of liabilities may be higher or lower.

December 31, 2022

	Fair Value	Valuation Techniques	Significant Unobservable Inputs	Quantification Information	The Relationship Between Inputs and Fair Value
Financial assets					
Non-derivative financial assets					
Financial assets at FVTPL - equity and debt 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	1,422				
Structured products - options		Martingale pricing technique	History volatility	52.83%-54.85%	According to condition of contract, fair value of assets may be higher or lower.
Financial liabilities					
Derivative instruments					
Financial liabilities at FVTPL	2,939,313				
Structured products - options		Martingale pricing technique	History volatility	0.00%-19.37%	According to condition of contract, fair value of liabilities may be higher or lower.

History volatility used by Martingale Pricing Technique in KGI Securities depends on moving weighted average method, and sampling period refer to maturity in initial contract; if maturity is less than 6 months, sampling period is between 20 to 180 days; if maturity is between 6 months to 12 months, sampling period is between 20 to 360 days; if maturity is more than 12 months, sampling period is between 20 to initial maturity days.

KGI Securities and subsidiaries adopts pricing model and pricing parameters cautiously, producing reasonable fair value measurement, however, different pricing model or parameters may lead to different outcome. To those financial assets and liabilities categorized into Level 3, effects of current period net income or loss or other comprehensive income affected by changes in pricing parameters were as follows:

December 31, 2023

	Sensitivity Analysis of Relationship Between Inputs and Fair Value					
		Positive/ Negative	Recognized to Profit or Loss		Recognized to Comprehensive Profit or Loss	
	Inputs	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%	$ 175	$ 175	$ -	$ -
Equity instruments (discounted cash flow approach)	Discount for lack of liquidity	-1%/+1%	190	190	-	-
	WACC	-1%/+1%	3,448	3,164	-	-
	Growth rate	+1%/-1%	2,536	2,375	-	-
Equity instruments (assets approach)	Discount for right of controlling	-1%/+1%	3,688	3,688	-	-
Financial assets at FVTOCI						
Equity instruments (option pricing model)	Discount for lack of liquidity	-1%/+1%	-	-	138	138
	History volatility	-1%/+1%	-	-	65	65
Derivative instruments						
Financial liabilities at FVTPL						
Structured products - options	History volatility	+25%/-25%	118	115	-	-
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					
		Positive/ Negative	Recognized to Profit or Loss		Recognized to Comprehensive Profit or Loss	
	Inputs	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 liabilities at FVTPL						
Structured products - options	History volatility	+25%/-25%	190	177	-	-
Financial liabilities						
Derivative instruments						
Financial liabilities at FVTPL						
Structured products - options	Historical Volatility	-25%/+25%	-	-	-	-

CDIB Capital Group and subsidiaries

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

	Fair Value at December 31, 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	$ 20,446,007	Market approach	P/S Discount for lack of liquidity	1.28 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 cashflow method	Discount for lack of liquidity WACC Growth rate	23%-29% 4.98%-40.00% 2.00%-17.00%	When the higher the discount for lack of liquidity, the lower of fair value; when the higher WACC, the lower of fair value; when the higher growth rate, the higher of fair value.
		Net asset adjustment method	Discount for lack of liquidity	29%	When the higher the discount for lack of liquidity, the lower of fair value.
		Recent strike price	-	-	-

	Fair Value at December 31, 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 WACC Growth rate	23%-29% 5.30%-11.64% 2.50%-8.00%	When the higher the discount for lack of liquidity, the lower of fair value; when the higher WACC, the lower of fair value; when the higher growth rate, the higher of fair value.
		Net asset adjustment method	Discount for lack of liquidity	29%	When the higher the discount for lack of liquidity, the lower of fair value.
		Recent strike price	-	-	-

KGI Life Insurance

Equity securities are classified into fair value Level 3 financial asset by KGI Life Insurance. Quantitative information about the significant unobservable input was set out below:

	December 31, 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%-11.45%	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	10%	The higher the control premium the higher the estimated fair value
	Income approach	Cost of capital rate	6.31%	The higher the cost of capital rate the lower the estimated fair value
		Discount for liquidity	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	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	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

KGI SITE

KGI SITE financial instruments that use Level 3 inputs to measure fair value are “financial assets measured at fair value through other comprehensive - equity investments”.

The equity investments without an active market that use Level 3 inputs to measure fair value due to the use of significant unobservable inputs. The significant unobservable inputs of the equity investments are independent, therefore, there is no correlation. Quantitative information has not been disclosed since the relationship between significant unobservable inputs and fair value cannot be fully controlled.

Project	Valuation Techniques	Significant Unobservable Inputs	Relationship Between Inputs and Fair Value
Financial assets at fair value through other comprehensive income - No active market equity instrument investment	Net assets	Lack of market liquidity discounts	When the higher the discount for lack of liquidity, the lower of fair value.

7) Pricing process of Level 3 fair value

KGI Bank and subsidiaries

KGI Bank’s risk management department is responsible for the pricing process of Level 3 fair value. The pricing models and conditions assumed are conform to market practice; the basis of the theory are commonly recognized by the industry as a basis of valuation in conducting measurement of fair value. Further, the department confirms whether the sources of the information are independent or not, reasonably reflecting the prices in normal circumstances, and examines and adjusts fair value periodically to insure results of the valuation is reasonable.

KGI Securities and subsidiaries

When KGI Securities has those derivatives that their fair value are hard to reach or they are categorized as derivative financial assets with no active market, reasonability of fair value of those financial assets are assessed by related department according to the Guidelines of Asset Valuation Operation set by KGI Securities, and the outcomes of the valuation will be recorded in the book by accounting department.

CDIB Capital Group and subsidiaries

The valuation method and parameters adopted by CDIB Capital Group and subsidiaries conform to the general market practice which the theoretical basis is generally identified by the industry. Besides, the department exams and adjusts inputs that pricing model needed periodically to insure outcomes are reasonable.

KGI Life Insurance

KGI 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. KGI Life Insurance analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed according to KGI Life Insurance's accounting policies at each reporting date.

c. Fair value of financial instruments not carried at fair value

1) Fair value information

Assets and liabilities measured at cost, excluding debt investments measured at amortized cost and guarantee deposits paid, have carrying amounts that are reasonably close to their fair value; thus, their fair values are not disclosed.

2) The fair value hierarchy of financial instruments were as follows:

December 31, 2023

(In Thousands of New Taiwan Dollars)

	Level I	**Level 2**	**Level 3**	**Total**
Financial assets				
Debt instruments measured at amortized cost	$ 579,335,610	$ 763,810,437	$ -	$ 1,343,146,047
Non-financial assets				
Guarantee deposits paid - bonds	110,116	6,313,909	-	6,424,025

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

3) Measurement technique

a) The carrying amounts of financial instruments such as cash and cash equivalents, due from the Central Bank and call loans to financial instruments, securities purchased under resell agreements, receivables, other financial assets, guarantee deposits paid, due to the Central Bank and other banks, securities sold under repurchase agreements, payables, deposits and remittances, bonds payable, other financial liabilities and guarantee deposits received and remittances approximate their fair values because of the short maturities of these instruments.

b) The base rate (floating rate) is usually adopted as the loan rate because it can reflect the market rate. Thus, using the carrying amount for considering the probability of repossession and estimating the fair value is reasonable.

c) The fair value of debt investments measured at amortized cost is estimated by

i. Referring to the quoted price from electronic bond trading system of Taipei Exchange and Bloomberg.

ii. Referring to the discounted expected cash flow, of which the discount rate is referenced to interest rates with similar maturity date.

4) Reclassification Information

The bond portfolios held by KGI 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, KGI 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 KGI Life Insurance's management and business model of the portfolio, KGI Life Insurance decided to reclassify the financial assets based on the results of external and internal changes on September 30, 2022, and October 1, 2022 was the date of reclassification.

In accordance with IFRS 9, the measurement classification of financial assets is reclassified from fair value through other comprehensive income to financial assets measured at amortized cost. The financial assets shall be reclassified at the fair value on the reclassification date. However, the cumulative gain or loss previously recognized in other comprehensive income is removed from equity and adjusted against the fair value of the financial asset at the reclassification date. As a result, the financial asset is measured at the reclassification date as if it had always been measured at amortized cost. The impact of the aforesaid reclassification on the financial report is that the financial assets measured at fair value through other comprehensive profits and losses decreased by $128,095,306 thousand, the financial assets measured at amortized cost increased by $167,607,578 thousand; the deferred income tax assets decreased by $7,070,854 thousand; and other equity increased by $32,441,418 thousand.

The fair value of the aforementioned reclassified financial assets that had not been derecognized was $124,234,556 thousand and $128,736,451 thousand on December 31, 2023 and 2022.

If the aforementioned financial assets had not been reclassified, the fair value gain of $3,744,273 thousand ($3,225,655 thousand after tax) would have been recorded in other comprehensive income from the date of reclassification on December 31, 2022, and the change in the amount of unrealized valuation gain or loss measured at fair value through other comprehensive income would have been an increase of $3,821,146 thousand ($3,287,180 thousand after tax).

If the aforementioned financial assets had not been reclassified, the fair value gain of $2,927,984 thousand ($2,344,076 thousand after tax) would have been recorded in other comprehensive income from the date of reclassification on December 31, 2023, and the change in the amount of unrealized valuation gain or loss measured at fair value through other comprehensive income would have been an increase of $2,940,466 thousand ($2,354,028 thousand after tax).

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 KGI Life Insurance's overall risk appetite and risk tolerance, review and approve KGI 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, KGI Life Insurance set up an assets and liabilities risk management team to strengthen the risk management organization and structure.

In addition, KGI 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 KGI Life Insurance's risk management policy.

2) Risk management policies, procedures and methods:

According to risk management policies, KGI 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. KGI Life Insurance follows the principle of centralized management and specialization and assigns responsible risk management department to manage various risks based on the sources of risk. In addition, KGI 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. KGI 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. KGI Life Insurance sets appropriate asset-liability management system based on the attributes and complexity of insurance liability risks. The system allows KGI Life Insurance to form, implement, monitor and correct related strategies within the tolerable range and achieves KGI 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 KGI Life Insurance as a whole.

For the insurance contracts and financial instruments with discretionary participation features underwritten by KGI 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 KGI Life Insurance is adequate. If the test result indicates the insurance liability is not adequate, then set aside the insufficient amount as liability adequacy reserve according to the provision. The reserve will affect current profit and loss.

As at December 31, 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 KGI Life Insurance’s insurance liability inadequate.

2) Interpretation for concentration of insurance risks:

a) KGI Life Insurance’s insurance business is mainly in Taiwan, Republic of China and there is no significant difference in insurance risk between each region. KGI Life Insurance had set tolerable cumulative risk limits for each risk unit and incident. Insurance risks that exceed the limits will be transferred through reinsurance. Please refer to Note 32 for concentration of risk before and after the reinsurance for KGI 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 1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	Reserve for Claims
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	$ 2,805,535	
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	2,942,909	-	
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	3,059,611	-	-	-	-	
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	3,059,470	-	-	-	-	-	
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	4,328,274	-	-	-	-	-	-	
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	4,523,231	-	-	-	-	-	-	-	
2016	3,721,820	4,648,280	4,743,133	4,757,525	4,763,372	4,765,519	4,769,820	4,772,620	-	-	-	-	-	-	-	-	
2017	4,320,234	5,400,952	5,537,543	5,552,592	5,557,933	5,563,170	5,565,627	-	-	-	-	-	-	-	-	-	
2018	4,775,948	5,950,536	6,060,673	6,078,878	6,086,102	6,095,198	-	-	-	-	-	-	-	-	-	-	
2019	5,257,484	6,776,954	6,904,733	6,935,395	6,946,476	-	-	-	-	-	-	-	-	-	-	-	
2020	5,208,589	6,557,028	6,720,337	6,751,342	-	-	-	-	-	-	-	-	-	-	-	-	
2021	5,729,794	7,330,220	7,532,048	-	-	-	-	-	-	-	-	-	-	-	-	-	
2022	8,258,280	10,368,910	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2023	7,970,387	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	$ 2,744,361
												Add:Long-term insurance claims					414,192
												Claim reserve for discount on no claim					103,432
												Reserve for claims balance					$ 3,261,985

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

b) Retained business loss development trend

Accident Year	Development Year 1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	Reserve for Claims
2008	$ 2,128,556	$ 2,682,784	$ 2,721,905	$ 2,719,002	$ 2,723,312	$ 2,728,970	$ 2,734,682	$ 2,735,440	$ 2,736,162	$ 2,737,031	$ 2,739,000	$ 2,739,557	$ 2,740,394	$ 2,740,598	$ 2,741,991	$ 2,742,073	
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	2,876,304	-	
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	2,990,414	-	-	-	-	
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	2,990,306	-	-	-	-	-	
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	4,230,531	-	-	-	-	-	-	
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	4,420,972	-	-	-	-	-	-	-	
2016	3,657,093	4,560,257	4,647,033	4,649,868	4,655,715	4,657,862	4,662,163	4,664,810	-	-	-	-	-	-	-	-	
2017	4,244,930	5,298,470	5,424,716	5,439,766	5,445,107	5,450,344	5,452,800	-	-	-	-	-	-	-	-	-	
2018	4,692,869	5,837,265	5,946,601	5,964,806	5,972,030	5,981,126	-	-	-	-	-	-	-	-	-	-	
2019	5,165,606	6,658,675	6,786,454	6,817,116	6,828,197	-	-	-	-	-	-	-	-	-	-	-	
2020	5,136,641	6,454,169	6,616,159	6,647,164	-	-	-	-	-	-	-	-	-	-	-	-	
2021	5,640,880	7,192,041	7,393,867	-	-	-	-	-	-	-	-	-	-	-	-	-	
2022	8,190,602	10,249,283	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2023	7,845,303	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	$ 2,732,874
												Add:Long-term insurance claims					370,900
												Claim reserve for discount on no claim					103,432
												Reserve for claims balance					$ 3,207,206

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

KGI 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. KGI 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 KGI Life Insurance, the credit risk comes from reinsurers who fail to fulfill their obligation of reinsurance contracts, causing KGI Life Insurance to be exposed to the risk of financial loss. If KGI 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.

KGI Life Insurance’s highest risk exposure for the reinsurance contracts are the carrying amount of reinsurance assets. In order to manage that risk and avoid credit losses, KGI Life Insurance decides to deal with reinsurance companies that have good credits. KGI Life Insurance sets related selection standard, makes regular assessment and monitors the reinsurers’ financial business condition, credit status and rating. Also, it will adjust the business scope and scale based on the circumstances to prevent from over concentration of credit risk.

5) Liquidity risk:

As at December 31, 2023 and 2022, the maturity analysis of liquidity risk for insurance contract liabilities of KGI Life Insurance are as follow:

	Within 1 Year	1 to 3 Years	3 to 5 Years	5 to 15 Years	Over 15 Years
December 31, 2023					
Insurance liabilities of investment contracts with discretionary participation features	$ 30,139,007	$ 85,667,869	$ 113,631,199	$ 649,337,923	$ 4,129,317,824
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	-	-	-	-	-

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 KGI 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 KGI Life Insurance’s profit or loss and equity for insurance contracts. However, changes in market risks may have influence on liability adequacy test evaluated based on available information. But, it has little influence on the adequacy of current recognized insurance liabilities.

52. FINANCIAL RISK MANAGEMENT

a. Risk management policies and framework

The Corporation

The Corporation has established its risk management policies, which combine business management and risk management to form a corporate culture and business strategies that place a fundamental importance on risk management. The results of quantified and qualified risk management measures serve as a reference for formulating business strategies. The board of directors has approved the documentation of both overall and specific risk management policies, including business, operational and liquidity risks.

The Corporation has established a risk management committee supervising the implementation of risk management policies, inspecting risk control reports and dealing with related issues. The Corporation also has a risk management department to plan and manage the risk management system, supervise the implementation of risk management of subsidiaries and provide related information to the management and the board of directors.

KGI Bank and subsidiaries

KGI Bank has planned a proper risk management system regarding market risk, credit risk, and operating risk related to the operation of company as a basis of following risk management procedures.

KGI Bank also planned the mechanism of analysis, monitoring, and report related to overall risk management. Further, it reports to senior management, and committee or board of directors with risk management function; KGI Bank keeps related information updated in response to the actual risks encountering significant changes in macroeconomics or financial market to monitor and response effectively.

KGI Bank's risk management not only focuses on individual department but consider the comprehensive effects from an overall corporation perspective.

KGI Bank undertakes risk identification with consistent asset portfolio classification as well as correlation between each other, and establishes a consistent measure according to the different types of exposure.

KGI Bank's risk management divisions are as follows:

1) Board of directors

   The KGI Bank's board of director supervise the establishment of risk management structure and culture, ensures efficiency of operation in risk management, reviews important risk control report and bear the ultimate responsibility of risk management.

2) Risk management committee

   KGI Bank has established a risk management committee supervising the implementation of risk management policies, inspecting risk control reports and dealing with related issues.

3) Business and management departments

   The department is responsible for ensuring compliance of risk management regulations while conducting the operations to practice the control of daily risk.

4) Risk management department

KGI Bank establishes a risk management department which is independent from operating departments to take charge of planning and managing of risk management system and to provide overall risk management information to senior management and the board of directors.

5) Internal audit department

The department takes charge of establishment of all risk mechanisms and audit the compliance and implementation of mechanism.

Risk management is a joint duty to all KGI Bank's department including business, legal, compliance of law, finance, accounting, administration, operating, audit departments and so on, should all practice it actively, and through coordination of intra-departments to carry out the overall risk management.

<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 organizations' functions and responsibilities are as follows:

The board of directors is the highest decisive department in KGI Securities, and it also bears ultimate responsibility while monitoring the execution of overall risk management system.

Functions and responsibilities of committees: RMC executes risk management decisions made by the board of directors, which include reviewing KGI Securities' every department's, risk budget, limit and their management system, reviewing guidelines regarding risk management, and inspecting related countermeasures according to risk reports submitted by departments; IRC examines underwriting of securities, assisting of business projects consistent long-term investments; and Merchandise Review Committee (MRC) sets up the reviewing system of KGI Securities' for sale of commodities, trusted investment and management of new business and financial instruments.

Business department is responsible for setting risk management systems, managing and reporting daily risks which belong to its department and executing internal controls effectively which correspond to the government regulations and risk management policies.

Risk management department's functions and responsibilities are ensuring the execution of policies approved by board of directors, making risk management rules and guidelines, controlling the measuring, monitoring and evaluating of daily risk, producing periodic (daily, weekly or monthly) risk management reports and submitting them to management, and developing or assisting the exploitation and maintenance of risk management information system.

Legal affair department's functions and responsibilities are providing comprehensive management of KGI Securities company law, legal consultations, drafting, reviewing and taking custody of major contracts and monitoring litigation and non-litigation cases.

Legal compliance department's functions and responsibilities are conveying laws, providing legal consultation, negotiating and facilitating communications. It is also responsible to make sure that all operations and management guidelines are updated accordingly as related regulations are amended. It also supervises as all units conduct an overview of the feasibility of legal compliance.

Fund dispatching department is responsible for KGI Securities' dispatching and usage of capital, setting up and maintaining finance credits with financial institution, lowering capital costs and managing liquidity risks.

Internal audit department's function and responsibilities are auditing execution of regulations and business operations, proposing amendments in time, and tracing improving progresses after reporting defects and anomalies to the board of directors.

Finance department, settlement department, information department and other related department should understand the risk facing in its industry thoroughly on the basis of risk management related regulations, take necessary risk control measures into consideration while setting up operating management guidelines to assist in completing the whole cooperation's various risk management tasks, and monitor transaction processes regarding valuation, confirmation of price information, preparation of income statement, processing and confirming of transaction, settling, verifying of accounts, asset control, information safety and maintenance of information.

3) Risk management system

KGI Securities has planned proper risk management system regarding market risk, credit risk, operating risk, liquidity risk, legal risk and other risks related to the operation of company as a basis of following risk management procedures.

The risk management policies, various risk management standards and operation of merchandise guidelines are established by competent unit. The competent unit makes a draft and asks the related department for advices and opinions, and it will be conducted following established guidelines and related standards of parent company, CDFH.

4) Risk management mechanism

The process of various risk managements include risk identification, risk measurement, risk monitoring and control and risk reports. The evaluation and strategies of important risk are explained as follows:

a) Market risk

KGI Securities restricts the risk level to which it is exposed to an acceptable level through structuring risk management system, enacting market risk management policies, and formulating merchandise operation guidelines. It also restraint risk through allocating venture capital, subject to management strategies and risk appetite, setting various risk-based limits, and conducting risk monitoring on a daily basis.

KGI Securities implemented the MSCI Risk Manager, a market risk management system, as a quantitative management instrument. The system integrates all holding positions and provides in a daily basis various analyzing metrics and comprehensive computation results, including equity, interest rate, exchange rate, etc., as well as adjustment and application of diverse derivatives models. Also, the risk management department controls risk-based limits by business units on a daily basis to enforce and manage market risk capital allocation.

To establish efficacy of estimation at risk (VaR) model, risk management department conducts Back testing periodically to examine the validity of the model. Additionally, it builds various scenarios for Stress Testing and scenario analysis, to understand the risk tolerance level of KGI Securities.

b) Credit risk

KGI Securities takes into account the credit rating of issuers or counterparties, the features of transactions, and the characters of instruments, etc. to adopt appropriate ways of measurement, and considers KGI Securities' net value, risk measurement and concentration of risk to set proper credit limits. KGI Securities would periodically inspect the credit records of counterparties, holding positions, and collaterals, then report the use of various credit risk limits to management as well as related departments.

KGI Securities use the external part of credit rating by rating comparison table to evaluate the credit risk of the counterparties or transaction subjects. Among them, the external part of credit rating refers to the TCRI of Taiwan Economic Journal, Taiwan Ratings, S&P, Moody's, and Fitch. Not only update the credit rating information of the external rating agency on the counterparties or transaction subjects, but also appropriately adjust the credit risk limits when the credit rating changes.

The risk management department applies for credit risk capital toward the board of directors annually. Establish proper credit risk expected loss limitation amount relating to the firms. Also, set different Pre-Settlement Risk (PSR) limitation amount base on countries, same groups, high-risk industries, high-risk groups, etc. Also, routinely examine KGI Securities' credit risk exposure, credit risk change of counterparties or transaction subjects, and the use of various credit risk limitation amount to enforce management of credit risk.

c) Liquidity risk

The liquidity risk could be divided into two categories: Market liquidity risk and fund liquidity risk. The measurement of market liquidity risk is the trading volume of holding position of KGI Securities and serves as the basis of information disclosure. The fund liquidity risk management has established independent fund transfer unit, considering the timing and net cash flow of need by various departments, to effectively control the fund liquidity risk.

d) Operating risk and other risks

All units conduct operation risk management respectively by their own business. This management contains authorization related to operation risk, process, operation content, plan following the division of front and back desk operation and principle of control and segregation of duties. Operation risk controls include information security and maintenance, clearing, trade confirmation, statements preparation, segregation of duties, relating party trade control as well as the internal control, etc.

Each business unit is responsible for examining and controlling its own operation risk. In addition to the compliance of law and regulation, the internal audit department would implement examination by the regulation and procedure of internal control system to ensure the effectiveness of risk management.

When abnormal events occur, all business units should comply with "Announcement of Abnormal Events and Handling Procedures" by KGI Securities. According to the necessity of the abnormal event, the internal audit unit reports to the director of the board of directors and the internal audit unit of the parent company to effectively manage the operation risk of loss event. When KGI Securities discover material risk events during the execution of their business, they should comply with "Method for Notification of Material Risk Events" by parent company and "Announcement of Abnormal Events and Handling Procedures" by KGI Securities. in addition, risk management unit should review whether material risk events are notified in time.

KGI Securities have obtained the related qualification for the option under the sensitivity analysis (Delta Plus) method to use the advanced calculation method of Securities firm's capital adequacy ratio. In order to calculate the capital adequacy ratio and other statutory ratios required for financial product evaluation models, model management operations have been used.

KGI Securities regularly detects business risks. The detections include financial institutions' capital adequacy, asset quality, management capabilities, profitability, liquidity, sources of profit, foreign exposure, investment positions, off-balance sheet, and material customer complaints. Measurement unit inspects frequency and measures detection indicators and alert values, and sends the measurement results and their increase or decrease data to the risk management unit for monitoring and storage.

5) Risk hedge and mitigation strategy

KGI Securities have set "Financial Commodity Transaction Processing Procedures" and "Operation Guidelines for Derivative Financial Commodity Transactions in Business Locations" to standardize relevant policies for hedging and mitigating risks:

a) All business departments engaged in derivative transactions should confirm their transaction objectives and hedging nature in advance. After the transaction, the transaction objective cannot be changed at will.

b) The transaction nature means buying and selling derivatives based on price expectations to take risks and earn the spread. Hedging means to reduce the market risk of existing assets or liabilities and prospective transactions through the trading derivatives.

c) For positions held for hedging, the hedging and hedged positions should be regarded as one entity, and notice to the relation between the changes in profit and loss of the hedging and the hedged positions.

<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 supervising the implementation of risk management policies, inspecting risk control reports and dealing with related issues. CDIB Capital Group also has a business risk committee, which belongs to administration department and a risk management department to plan and manage the risk management system and supervise the implementation of risk management of subsidiaries and provide related information to the management and the board of directors.

KGI Life Insurance

KGI Life Insurance's financial risk management objectives are primarily managing risks arising from holding financial assets. According to KGI Life Insurance's risk management policies, the main financial risks is market risk, credit risk and liquidity risk. KGI Life Insurance has established guidelines related to the management of the financial risk.

b. Credit risk

KGI Bank and subsidiaries

1) Definition and source of credit risk

Credit risk is the risk of financial loss to KGI Bank if a creditor or counterparty fails to meet its contractual obligations or has negative changes in its credit quality. Credit risk management covers all operating activities that involve credit risk, including loans, call loans to banks, banking book securities investment, financial derivatives, repurchase agreement transactions and other operating activities.

2) Credit risk management policy

KGI Bank has standard control procedures for credit risk identification, measurement, and generation of disclosures and reports to be used for a rational identification, measurement, disclosure, and effective control of credit risk. These procedures include applying standard screening criteria for target clients, credit investigations for credit approval or rejection, careful deliberation of applications for certain exceptions, credit review, management of non-performing loans and requests, and control over all related documents and information. KGI Bank also adjusts the credit risk structure accordingly so that credit portfolios are within KGI Bank's risk appetite. Further, KGI Bank assesses the changes in the economy to adjust risk structure and develops strategies in response to these changes to raise shareholders' value and ensure the risk is bearable.

Based on the risk management policies, the management process is carried out as follows:

a) Credit investigation

In screening target clients, KGI Bank asks for all the necessary documents from the clients in order to get an accurate understanding of their backgrounds accurately and control credit portfolios within the acceptable range.

b) Credit approval

Cases that have passed the credit investigation are reviewed by the credit authority at 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, real estate loans, investment 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, KGI Bank uses the concentration management method, together with information systems and analysis models, to enhance and expedite the collection of non-performing loans.

d) Risk report and information disclosures

The risk management department is responsible for measuring risk, preparing quarterly risk report, including all risk management index and risk capital requirement assessment and reporting to risk management committee and board of directors.

3) Credit risk hedge or mitigation policies

Considering the asset hedge market and liquidity, KGI Bank takes the necessary risk reduction strategies, mainly on credit loan objects and hedge transactions involving assets with doubtful collectability or a long period of duration, including methods for increasing appropriate collateral with good liquidity, or transferring to credit guarantee institutions such as the Small and Medium Enterprise Credit Guarantee Fund of Taiwan to maximize the collateral. For determining the value of foreclosed collaterals, liquid securities will be evaluated at their market value; other collateral will be subject to field surveys by appraisal institution for their fair value assessment, which will be used as a basis for demanding additional collateral or adjusting the credit amount to ensure that risks are within KGI Bank's tolerance range.

If clients are found to have bad credit features, KGI Bank will strengthen the monitoring of the credit of borrower and guarantor and take measures, such as demanding an early repayment or additional collateral in mitigating KGI Bank's credit risk. In addition, KGI Bank sets different credit limits for counterparties involved in derivative transactions and enters into collateral support agreements with counterparties to ensure that risks are under control.

4) Maximum exposure to credit risk

The maximum exposure to credit risk from on-balance sheet financial assets was equal to their carrying values; without taking into collateral or other credit enhancements and unused revolving credit without credit card and cash card, the maximum exposure of credit risk from irrevocable off-balance sheet financial instruments was as follows:

	December 31	
	2023	**2022**
Irrevocable loan commitments, guarantees and letters of credit	$ 43,737,382	$ 42,507,746

KGI Bank believes that stringent selection processes and conducting regular review afterwards are the reasons why they can continuously control and minimize the credit risk exposure from their off-balance sheet items.

KGI Bank and subsidiaries' book values of maximum exposure credit risk for major credit assets were as follows:

	Discounts and Loans					
	December 31, 2023					
	Stage 1	Stage 2	Stage 3			
	12-month Expected Credit Losses	Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Asset	The Adjustment under the Recognition/ Discount	Total
Short-term loans	$ 46,320,134	$ 594,896	$ 681,759	$ -		$ 47,596,789
Short-term secured loans	13,923,022	273	-	-		13,923,295
Medium-term loans	152,121,832	160,635	242,629	-		152,525,096
Medium-term secured loans	82,043,284	309,349	21,622	-		82,374,255
Long-term loans	7,592,441	525,924	844,689	-		8,963,054
Long-term secured loans	95,437,396	174,740	162,833	-		95,774,969
Loans reclassified to nonperforming loans	-	-	974,615	-		974,615
Export negotiations	5,449	-	-	-		5,449
Total book values	397,443,558	1,765,817	2,928,147	-		402,137,522
Impairment allowance	(789,010)	(168,283)	(791,094)	-		(1,748,387)
Impairment recognized in accordance with Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans					$ (3,406,787)	(3,406,787)
Adjusting for discounts and loans premium	-	-	-	-	(55,911)	(55,911)
	$ 396,654,548	$ 1,597,534	$ 2,137,053	$ -	$ (3,462,698)	$ 396,926,437

	Receivables					
	December 31, 2023					
	Stage 1	Stage 2	Stage 3			
	12-month Expected Credit Losses	Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Asset	The Adjustment under the Regulation	Total
Credit card business	$ 3,195,165	$ 196,868	$ 130,508	$ -		$ 3,522,541
Accounts receivable - forfaiting	1,617,130	-	-	-		1,617,130
Accounts receivable factoring without recourse	10,262,973	4	25	-		10,263,002
Acceptances	8,292	-	-	-		8,292
Installment accounts and lease receivables	5,654,277	71,889	101,064	-		5,827,230
Total book value	20,737,837	268,761	231,597	-		21,238,195
Impairment allowance	(48,865)	(27,236)	(59,820)			(135,921)
Impairment recognized in accordance with Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans					$ (168,961)	(168,961)
	$ 20,688,972	$ 241,525	$ 171,777	$ -	$ (168,961)	$ 20,933,313

	Discounts and Loans					
	December 31, 2022					
	Stage 1	Stage 2	Stage 3			
	12-month Expected Credit Losses	Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Asset	The Adjustment under the Recognition/ Discount	Total
Short-term loans	$ 50,495,544	$ 659,915	$ 643,696	$ -		$ 51,799,155
Short-term secured loans	15,440,552	-	5,979	-		15,446,531
Medium-term loans	145,129,981	137,865	284,372	-		145,552,218
Medium-term secured loans	87,940,372	77,969	27,943	-		88,046,284
Long-term loans	8,267,089	504,125	709,940	-		9,481,154
Long-term secured loans	88,672,116	154,089	111,851	-		88,938,056
Loans reclassified to nonperforming loans	-	-	520,522	-		520,522
Export negotiations	21,719	-	-	-		21,719
Total book values	395,967,373	1,533,963	2,304,303	-		399,805,639
Impairment allowance	(702,059)	(99,224)	(617,242)	-		(1,418,525)
Impairment recognized in accordance with Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans					$ (3,762,082)	(3,762,082)
Adjusting for discounts and loans premium					(52,214)	(52,214)
	$ 395,265,314	$ 1,434,739	$ 1,687,061	$ -	$ (3,814,296)	$ 394,572,818

	Receivables					
	December 31, 2022					
			Stage 3			
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Asset	The Adjustment under the Regulation	Total
Credit card business	$ 3,155,263	$ 198,218	$ 98,785	$ -		$ 3,452,266
Accounts receivable - forfaiting	3,521,111	-	-	-		3,521,111
Accounts receivable factoring without recourse	11,472,404	8	50	-		11,472,462
Acceptances	8,881	-	-	-		8,881
Installment accounts and lease receivables	6,256,331	72,059	54,958	-		6,383,348
Total book value	24,413,990	270,285	153,793	-		24,838,068
Impairment allowance	(46,841)	(23,273)	(38,123)	-		(108,237)
Impairment recognized in accordance with Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans					$ (219,975)	(219,975)
	$ 24,367,149	$ 247,012	$ 115,670	$ -	$ (219,975)	$ 24,509,856

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

	December 31	
	2023	2022
Financial assets at FVTPL		
Debt instrument	$ 12,554,980	$ 9,652,537
Derivatives instruments	29,413,254	24,212,238

5) Collaterals and credit enhancement

KGI Bank and its subsidiaries' pledged collaterals associated with credit include discounts, loans and receivables which contain real estate, properties (e.g.: Machinery), rights certificates and securities (e.g.: Certificates of deposit, stocks), notes receivable arose from borrowing of business transactions, deposits guaranteed by authorities of treasury department of government, banks or guarantee institutions authorized by government (e.g.: SME credit guarantee fund and letter of credit guaranteed) and mortgages set in accordance with the laws including registration of land rights. Financial assets held by KGI Bank are part of corporate bonds guaranteed by financial institutions as credit enhancement.

KGI Bank and subsidiaries observe collateral's value of financial instrument closely, and consider recognizing impairment for financial assets with credit impairment. KGI Bank and subsidiaries' financial assets with impairment, and collateral's values for mitigation of potential losses were as follows:

December 31, 2023

	Total Book Value	Credit Impairment	Amount of Risk Exposure (Amortized Cost)	Collaterals Value
Impaired asset:				
Accounts receivable				
Credit card business	$ 130,508	$ 30,406	$ 100,102	$ -
Accounts receivable factoring	25	1	24	-
Installment receivables and lease receivables	101,064	29,413	71,651	-
Discounts and loans	2,928,147	791,094	2,137,053	521,857
Total amount of impaired asset	$ 3,159,744	$ 850,914	$ 2,308,830	$ 521,857

December 31, 2022

	Total Book Value	Credit Impairment	Amount of Risk Exposure (Amortized Cost)	Collaterals Value
Impaired asset:				
Accounts receivable				
Credit card business	$ 98,785	$ 19,259	$ 79,526	$ -
Accounts receivable factoring	50	2	48	-
Installment receivables and lease receivables	54,958	18,862	36,096	-
Discounts and loans	2,304,303	617,242	1,687,061	224,965
Total amount of impaired asset	$ 2,458,096	$ 655,365	$ 1,802,731	$ 224,965

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 $1,041,276 thousand and $530,220 thousand for the years ended December 31, 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 counterparties but they are engaged in similar economic activities and have similar economic characteristics, so that their collective ability to meet contractual obligations is uniformly affected by changes in economic or other conditions.

Credit risk concentration can arise from a bank's assets, liabilities, or off-balance sheet items through the execution or processing of transactions (either product or service), or through a combination of exposures across these broad categories. It includes credits, due from and call loans to banks, investments, receivables and derivatives, etc. KGI Bank maintained a diversified loan portfolio to mitigate the credit risk concentration to the same customers or the same counterparty; total transaction of the same customers or the same counterparty in discounts and loans are not material. To manage credit risk concentration, KGI Bank maintains a diversified portfolio and monitors its exposure continually. KGI Bank's most significant concentrations of credit risk are summarized as follows:

a) By object

Object	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%
Public and private enterprise	$ 234,684,241	58.36	$ 241,584,897	60.43
Natural person	167,453,281	41.64	157,964,018	39.51
Non-profit organization	-	-	256,724	0.06
Total	$ 402,137,522	100.00	$ 399,805,639	100.00

b) By region

Region	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%
Domestic	$ 327,247,935	81.38	$ 316,427,583	79.15
Overseas	74,889,587	18.62	83,378,056	20.85
Total	$ 402,137,522	100.00	$ 399,805,639	100.00

c) By collateral

Collateral	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%
Non-collateral	$ 209,655,063	52.14	$ 207,343,404	51.86
Collateral				
Property	175,106,905	43.54	172,558,268	43.16
Guarantee	3,416,212	0.85	7,846,720	1.96
Financial collateral	9,225,201	2.29	6,472,978	1.62
Other	4,734,141	1.18	5,584,269	1.40
Total	$ 402,137,522	100.00	$ 399,805,639	100.00

7) Management of foreclosed collateral

Foreclosed collaterals are recorded at cost, using lower-at-cost or market approach as of the balance sheet date. For those foreclosed collaterals which were not disposed of within the statutory period, except for applying for an extension of the disposal period, if the competent authority ask for the increase of its provision for possible losses, KGI bank should execute as required.

	December 31	
	2023	2022
Foreclosed collateral	$ 588,985	$ 588,985
Accumulated impairment	(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			December 31, 2023				
			Nonperforming Loan (NPL) (Note 1)	Total Loans	NPL Ratio (Note 2)	Loan Loss Reserves (LLR)	Coverage Ratio (Note 3)
Corporate loan	Secured		$ 383,766	$ 89,060,951	0.43%	$ 1,097,989	286.11%
	Unsecured		87,698	156,759,003	0.06%	1,764,124	2,011.58%
Consumer loan	Mortgage (Note 4)		56,515	75,554,853	0.07%	1,136,550	2,011.07%
	Cash card		124,195	10,485,761	1.18%	164,683	132.60%
	Micro credit (Note 5)		551,758	42,384,194	1.30%	694,607	125.89%
	Other (Note 6)	Secured	9,497	27,866,655	0.03%	296,954	3,126.75%
		Unsecured	-	26,105	0.00%	267	-
Total			1,213,429	402,137,522	0.30%	5,155,174	424.84%
			Overdue Receivable	Account Receivable	Delinquency Ratio	Allowance for Credit Losses	Coverage Ratio
Credit card			$ 38,864	$ 3,522,541	1.10%	$ 69,635	179.81%
Account receivable - factored without recourse (Note 7)			4	10,263,002	0.00%	131,739	3,149,379.82%

Item			December 31, 2022				
			Nonperforming Loan (NPL) (Note 1)	Total Loans	NPL Ratio (Note 2)	Loan Loss Reserves (LLR)	Coverage Ratio (Note 3)
Corporate loan	Secured		$ 31,420	$ 92,794,875	0.03%	$ 1,166,063	3,711.22%
	Unsecured		243,179	161,763,577	0.15%	1,868,485	768.36%
Consumer loan	Mortgage (Note 4)		30,259	72,496,927	0.04%	1,088,466	3,597.22%
	Cash card		117,390	10,882,352	1.08%	222,464	189.51%
	Micro credit (Note 5)		346,571	34,635,885	1.00%	544,692	157.17%
	Other (Note 6)	Secured	12,428	27,191,233	0.05%	290,020	2,333.54%
		Unsecured	-	40,790	0.00%	417	-
Total			781,247	399,805,639	0.20%	5,180,607	663.12%
			Overdue Receivable	Account Receivable	Delinquency Ratio	Allowance for Credit Losses	Coverage Ratio
Credit card			$ 21,505	$ 3,452,266	0.62%	$ 49,954	232.29%
Account receivable - factored without recourse (Note 7)			5	11,472,462	0.00%	146,546	2,836,184.07%

Note 1: Non-performing loans are reported in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans" issued by Ministry of Finance. Overdue credit card receivables are regulated by Order No. 0944000378 announced by the FSC on July 6, 2005.

Note 2: NPL ratio = NPL/Total loans. For credit card business: Delinquency ratio = Overdue credit card receivables/Credit card receivables balance.

Note 3: Coverage ratio = LLR/NPL. Coverage ratio of credit receivables: Allowance for credit losses/Overdue credit card receivables.

Note 4: Household mortgage refers to financing obtained to buy, build, or fix houses owned by the borrower or the borrower's spouse or children, with the house used as loan collateral.

Note 5: Micro credit is covered by a Banking Bureau pronouncement dated December 19, 2005 (Order No. 09440010950) and is excluded from credit card and cash card loans.

Note 6: "Others" under consumer loans refers to secured or unsecured loans other than mortgage loans, cash cards, micro credit, and it does not include credit cards.

Note 7: As required by the Banking Bureau in its letter dated July 19, 2005 (Order No. 0945000494), allowance for bad debt is recognized once no compensation is made by a factor or insurance company within three months for accounts receivable - factoring without recourse.

b) Exemption of KGI Bank's nonperforming loans and overdue receivables

Items	December 31, 2023		December 31, 2022	
	Excluded NPL	Excluded Overdue Receivables	Excluded NPL	Excluded Overdue Receivables
Amounts of executed contracts on negotiated debts not reported (Note 1)	$ 1,863	$ 19	$ 3,017	$ 61
Amounts of executed debt settlement program and rehabilitation program not reported (Note 2)	70,209	6,179	68,301	5,998
Total	$ 72,072	$ 6,198	$ 71,318	$ 6,049

Note 1: The disclosure of excluded NPLs and excluded overdue receivables resulting from debt negotiations and loan agreements is based on the Banking Bureau letter dated April 25, 2006 (Order No. 09510001270).

Note 2: The disclosure of excluded NPLs and excluded overdue receivables resulting from consumer debt clearance is based on the Banking Bureau letters dated September 15, 2008 (Order No. 09700318940) and dated September 20, 2016 (Order No. 10500134790).

c) Concentration of KGI Bank's credit extensions

December 31, 2023

(In Thousands of New Taiwan Dollars, %)

Top 10 Ranking	Group (Industry Category)	Total Credit	Percentage of Net Worth
1	A Group - real estate development activities	$ 6,373,781	9.21
2	B Group - manufacture of liquid crystal panel and components	5,766,893	8.33
3	C Group - manufacture of liquid crystal panel and components	5,672,918	8.20
4	D Group - real estate activities for sale and rental	5,186,839	7.49
5	E Group - real estate development activities	4,662,000	6.74
6	F Group - engineering services and related technical consultancy	4,250,659	6.14
7	G Group - radio telecommunications industry	4,159,550	6.01
8	H Group - real estate activities for sale and rental	4,056,462	5.86
9	I Group - real estate activities for sale and rental	3,848,084	5.56
10	J Group - Integrated circuit manufacturing	3,762,331	5.44

December 31, 2022

(In Thousands of New Taiwan Dollars, %)

Top 10 Ranking	Group (Industry Category)	Total Credit	Percentage of Net Worth
1	A Group - real estate development activities	$ 6,567,569	10.68
2	C Group - manufacture of liquid crystal panel and components	6,242,325	10.16
3	G Group - department store	5,936,900	9.66
4	J Group - manufacture of wire and cable	5,509,080	8.96
5	D Group - real estate development activities	5,178,276	8.42
6	I Group - real estate activities for sale and rental	4,009,825	6.52
7	K Group - financial leasing	3,992,322	6.50
8	E Group - real estate development activities	3,798,000	6.18
9	B Group - manufacture of liquid crystal panel and components	3,649,517	5.94
10	L Group - cable telecommunications industry	3,516,017	5.72

9) Judgements of a significant increase in credit risk since initial recognition

Credit business

KGI Bank assesses changes in credit quality during the expected lifetime of various types of credit assets on each reporting date to determine if there has been a significant increase in credit risk since the initial recognition, primarily consideration of indicators and supporting information (including prospective information) were as the follows:

a) Quantitative index

When the contractual payments are overdue for more than 30 days, the credit risk of the credit assets are considered to be significantly increased since the initial recognition.

b) Qualitative index

i. Changes in the current or predicted operating, financial, or economic conditions that are expected to cause a significant change in the ability of the borrower to perform its obligations.

ii. Actual or expected significant changes in borrower's operating results.

iii. The credit risk of other credit contracts of the same borrower has increased significantly.

iv. Individual credit assets, if the client did not suffer from financial difficulties at the time of the agreement can be included after assessment.

For the various types of credit assets of KGI Bank which are not be regarded as low credit risk, it can be assumed that the credit risk of such assets has not increased significantly since the initial recognition.

10) Definition of default and credit impaired financial assets

The definition of default of the financial assets of the KGI Bank is the same as that of the impaired credit assets. If one or more of the following conditions are met, KGI Bank determines that the credit asset has defaulted and the credit is impaired:

a) Quantitative index

i. When the borrower's overdue payment of the contract is more than 90 days.

ii. Changes in external rating of guarantor or issuer of the notes or bonds.

b) Qualitative index

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

i. Borrower has been bankrupt or may file a petition for bankruptcy or financial restructuring.

ii. Borrower's loan contract has been reclassified to nonperforming loans or has been written off as bad debts by the KGI Bank.

iii. Due to financial or contractual reasons related to the financial difficulties of the borrower, the creditor of the borrower gives the borrower concessions that would not have been considered or agreed (agreements).

iv. For cases involving the sale of non-performing loans and suits.

v. Payment by the bank to fulfill off-balance sheet financial contracts (e.g., guarantee advances).

The aforementioned definition of default and credit impairment applied to the credit assets held by KGI Bank is consistent with the definition of credit assets used for internal credit risk management purposes, and the relevant impairment assessment model is used.

The credit asset will be 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, 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 Year Ended December 31, 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	$ 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	3	(3)	-	-	-	-		-
Derecognizing financial assets during the current period	(33,804)	(56)	-	(45)	-	(33,905)		(33,905)
Purchased or originated new financial assets	53,009	80	-	16	-	53,105		53,105
The adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with nonperforming/nonaccrual loans							47,965	47,965
Effect of exchange rate changes and others	3,802	39	-	(10)	-	3,831		3,831
Balance at December 31, 2023	$ 86,033	$ 91	$ -	$ 2	$ -	$ 86,126	$ 154,967	$ 241,093

KGI Bank and subsidiaries had no significant subsidiaries had no significant increase in the expected credit loss of off-balance-sheet guarantees and loan commitments for the year ended December 31, 2023. The aforementioned provision on December 31, 2023 increased by $70,996 thousand from the beginning of the year.

For Year Ended December 31, 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	$ 102,916	$ 443	$ -	$ 448	$ -	$ 103,807	$ 231,078	$ 334,885
Changes due to financial instruments that have been identified at the beginning of the period:								
To lifetime ECL	(2)	2	-	-	-	-		-
From conversion to credit-impaired financial assets	-	-	-	-	-	-		-
To 12-month ECL	291	(159)	-	(132)	-	-		-
Derecognizing financial assets during the current period	(60,189)	(385)	-	(381)	-	(60,955)		(60,955)
Purchased or originated new financial assets	33,935	13	-	4	-	33,952		33,952
The adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with nonperforming/nonaccrual loans							(124,076)	(124,076)
Effect of exchange rate changes and others	(13,927)	116	-	102	-	(13,709)		(13,709)
Balance at December 31, 2022	$ 63,024	$ 30	$ -	$ 41	$ -	$ 63,095	$ 107,002	$ 170,097

KGI Bank and subsidiaries had no significant increase in the expected credit loss of off-balance-sheet guarantees and loan commitments for the year ended December 31, 2022.The aforementioned provision on December 31, 2022 decreased by $164,788 thousand from the beginning of the year.

16) A loss allowance for financial assets measured at FVTOCI

For the years ended December 31, 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 December 31, 2023 and 2022, loss allowance for debt instruments measured at FVTOCI due to the adjustment of the portfolio were $41,633 thousand and $33,240 thousand, respectively.

17) A loss allowance for financial assets measured at amortized cost

For the years ended December 31, 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 December 31, 2023 and 2022, the recognition of loss allowance were $5,489 thousand and $5,153 thousand, respectively.

18) Loss allowance for receivables

The reconciliation statement of loss allowance for receivables for the years ended December 31, 2023 and 2022 of the KGI Bank and subsidiaries were as follows:

For Year Ended December 31, 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	$ 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	(7,475)	7,857	-	(382)	-	-		-
From conversion to credit-impaired financial assets	(3,131)	(6,183)	-	9,314	-	-		-
To 12-month ECL	1,259	(1,107)	-	(152)	-	-		-
Derecognizing financial assets during the current period	(71,342)	(15,313)	-	(24,428)	-	(111,083)		(111,083)
Purchased or originated new financial assets	75,625	2,873	-	5,776	-	84,274		84,274
The adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with nonperforming/nonaccrual loans							(45,798)	(45,798)
Write-off	-	-	-	(36,356)	-	(36,356)		(36,356)
Recovery of written-off	-	-	-	5,881	-	5,881		5,881
Effect of exchange rate changes and others	7,560	16,513	-	35,454	-	59,527		59,527
Balance at December 31, 2023	$ 50,531	$ 28,486	$ -	$ 1,142,044	$ -	$ 1,221,061	$ 176,706	$ 1,397,767

For Year Ended December 31, 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	$ 48,561	$ 18,939	$ -	$ 1,061,897	$ -	$ 1,129,397	$ 194,566	$ 1,323,963
Changes due to financial instruments that have been identified at the beginning of the period:								
To lifetime ECL	(327)	1,882	-	(1,555)	-	-		-
From conversion to credit-impaired financial assets	(157)	(551)	-	708	-	-		-
To 12-month ECL	1,044	(748)	-	(296)	-	-		-
Derecognizing financial assets during the current period	(58,371)	(791)	-	(3,917)	-	(63,079)		(63,079)
Purchased or originated new financial assets	67,235	932	-	3,380	-	71,547		71,547
The adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with nonperforming/nonaccrual loans							27,938	27,938
Write-off	-	-	-	(1,225)	-	(1,225)		(1,225)
Recovery of written-off	-	-	-	8,024	-	8,024		8,024
Effect of exchange rate changes and others	(9,950)	4,183	-	79,921	-	74,154		74,154
Balance at December 31, 2022	$ 48,035	$ 23,846	$ -	$ 1,146,937	$ -	$ 1,218,818	$ 222,504	$ 1,441,322

Changes in total book values of receivables for the years ended December 31, 2023 and 2022 of KGI Bank and subsidiaries were as follows:

For Year Ended December 31, 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	$ 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	(307,710)	142,421	-	165,289	-	-
Purchased or originated new receivables	21,982,919	30,201	-	15,511	-	22,028,631
Write-off	-	-	-	(36,356)	-	(36,356)
Derecognition	(23,933,754)	(170,456)	-	(162,671)	-	(24,266,881)
Effect of exchange rate changes and others	(161,917)	(8)	-	912	-	(161,013)
Balance at December 31, 2023	$ 27,338,310	$ 283,579	$ -	$ 1,739,969	$ -	$ 29,361,858

For Year Ended December 31, 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	$ 26,298,634	$ 213,353	$ -	$ 1,630,372	$ -	$ 28,142,359
Conversion from individual financial instruments to lifetime ECL	-	-	-	-	-	-
Conversion from individual financial instruments to credit-impaired financial assets	-	-	-	-	-	-
Roll-out individual financial instruments from credit-impaired financial assets	-	-	-	-	-	-
Receivables based on collective assessment	(88,054)	65,451	-	22,603	-	-
Purchased or originated new receivables	25,142,563	13,171	-	11,479	-	25,167,213
Write-off	-	-	-	(1,225)	-	(1,225)
Derecognition	(22,947,167)	(53,241)	-	(30,752)	-	(23,031,160)
Effect of exchange rate changes and others	1,357,245	42,687	-	120,358	-	1,520,290
Balance at December 31, 2022	$ 29,763,221	$ 281,421	$ -	$ 1,752,835	$ -	$ 31,797,477

19) Loss allowance for discounts and loans

The reconciliation statement of allowance for bad debts of discounts and loans for the years ended December 31, 2023 and 2022 of the KGI Bank and subsidiaries were as follows:

For Year Ended December 31, 2023

	Stage 1	Stage 2		Stage 3		Impairment in Accordance With IFRS 9	The Adjustments Under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans	Total
		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	$ 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	(2,401)	8,053	-	(5,652)	-	-		-
From conversion to credit-impaired financial assets	(5,583)	(19,226)	-	24,809	-	-		-
To 12-month ECL	5,038	(2,751)	-	(2,287)	-	-		-
Derecognizing financial assets during the current period	(989,388)	(19,313)	-	(35,724)	-	(1,044,425)		(1,044,425)
Purchased or originated new financial assets	910,211	645	-	66	-	910,922		910,922
The adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with nonperforming/nonaccrual loans							(355,295)	(355,295)
Write-off	-	-	-	(924,654)	-	(924,654)		(924,654)
Recovery of written-off	-	-	-	770,967	-	770,967		770,967
Effect of exchange rate changes and others	169,074	101,651	-	346,327	-	617,052		617,052
Balance at December 31, 2023	$ 789,010	$ 168,283	$ -	$ 791,094	$ -	$ 1,748,387	$ 3,406,787	$ 5,155,174

For Year Ended December 31, 2022

	Stage 1	Stage 2		Stage 3		Impairment in Accordance With IFRS 9	The Adjustments Under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans	Total
		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	$ 856,760	$ 102,498	$ -	$ 499,580	$ -	$ 1,458,838	$ 3,415,417	$ 4,874,255
Changes due to financial instruments that have been identified at the beginning of the period:								
To lifetime ECL	(2,450)	13,890	-	(11,440)	-	-		-
From conversion to credit-impaired financial assets	(5,478)	(19,301)	-	24,779	-	-		-
To 12-month ECL	11,521	(2,583)	-	(8,938)	-	-		-
Derecognizing financial assets during the current period	(664,852)	(14,119)	-	(104,981)	-	(783,952)		(783,952)
Purchased or originated new financial assets	1,049,379	52,865	-	68	-	1,102,312		1,102,312
The adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with nonperforming/nonaccrual loans							346,665	346,665
Write-off	-	-	-	(453,270)	-	(453,270)		(453,270)
Recovery of written-off	-	-	-	676,735	-	676,735		676,735
Effect of exchange rate changes and others	(542,821)	(34,026)	-	(5,291)	-	(582,138)		(582,138)
Balance at December 31, 2022	$ 702,059	$ 99,224	$ -	$ 617,242	$ -	$ 1,418,525	$ 3,762,082	$ 5,180,607

Changes in total book values of discounts and loans for the years ended December 31, 2023 and 2022 of the KGI Bank and subsidiaries were as follows:

For Year Ended December 31, 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	$ 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	(1,578,452)	618,735	-	959,717	-	-
Purchased or originated new discounts and loans	529,875,162	7,831	-	448	-	529,883,441
Write-off	-	-	-	(924,654)	-	(924,654)
Derecognition	(526,461,714)	(390,759)	-	(132,726)	-	(526,985,199)
Effect of exchange rate changes and others	157,893	(3,953)	-	204,355	-	358,295
Balance at December 31, 2023	$ 397,443,558	$ 1,765,817	$ -	$ 2,928,147	$ -	$ 402,137,522

For Year Ended December 31, 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	$ 375,003,104	$ 1,441,474	$ -	$ 2,152,294	$ -	$ 378,596,872
Conversion from individual financial instruments to lifetime ECL	-	-	-	-	-	-
Conversion from individual financial instruments to credit-impaired financial assets	(127,836)	-	-	127,836	-	-
Roll-out individual financial instruments from credit-impaired financial assets	-	-	-	-	-	-
Discounts and loans based on collective assessment	(834,838)	339,060	-	495,778	-	-
Purchased or originated new discounts and loans	609,844,338	129,671	-	1,021	-	609,975,030
Write-off	-	-	-	(453,270)	-	(453,270)
Derecognition	(594,783,697)	(376,774)	-	(273,656)	-	(595,434,127)
Effect of exchange rate changes and others	6,866,302	532	-	254,300	-	7,121,134
Balance at December 31, 2022	$ 395,967,373	$ 1,533,963	$ -	$ 2,304,303	$ -	$ 399,805,639

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 accounts appointed by the futures companies when engaging in future trading. KGI Securities and subsidiaries regularly evaluate the financial, operating and credit risk status of financial institutions and futures companies, and control the credit risk with the results. The evaluated credit risk is under KGI Securities and subsidiaries' control.

b) Financial assets measured at fair value through profit or loss - current

KGI Securities holds the unsecured corporate bonds, convertible (exchangeable) corporate bonds and part of the CB Asset Swap. Issuers of unsecured corporate bonds are listed/OTC companies or financial institutions. Issuers of convertible (exchangeable) corporate bonds are listed/OTC companies in Taiwan and partial of them are secured by bank. In most other holdings, KGI Securities conducts CB asset swap and issues Credit Linked Note to transfer credit risk and lower the credit risk exposure of the issuer. Therefore, the credit risk of the issuer has been effective control.

c) Financial assets measured at fair value through other comprehensive income (excluding equity instrument investments)

KGI Securities and subsidiaries holds mainly the medium and long-term bond investment position. KGI Securities and subsidiaries pays attention to the credit rating of each investment and the financial status of the issuer (or guarantee institution) in order to minimize credit risk.

d) Bonds purchased under resell agreements

The counterparties with bonds purchased under resell agreements are mainly creditworthy financial institutions and companies. Because KGI Securities and subsidiaries holds bonds purchased under resell agreements as collateral, it can effectively reduce underlying exposure the counterparty's credit risk.

e) Receivables

Receivables mainly include margin loans receivable, trading securities receivable, futures commission merchant receivable and accounts receivable, etc. The main credit risk is receivable on margin loans and trading securities receivable of credit trading customers. KGI Securities and subsidiaries closely monitor market fluctuations and counterparties credit history, and enforce related control measures to minimize the credit risk.

f) Customer margin accounts

The exclusive account for depositing customer margin accounts is mainly opened in creditworthy banks, financial institutions and companies with investment grades, so there is no significant credit risk.

g) Stock borrowing collateral price and guarantee deposits - borrowed securities

When KGI Securities borrows securities from outside, they must deposit the guaranty fund into the financial institution designated by the other parties. Because KGI Securities holds the foregoing borrowed securities simultaneously, it can effectively reduce the risk of the counterparty's credit risk.

h) Other non-current assets

Other non-current assets are mainly operating guarantee deposits, clearing and settlement funds and guarantee deposits-out. KGI Securities and subsidiaries carefully evaluates the counterparty in accordance with the amount of deposit. The counterparties are a large number and the amount of each deposit is not high. The credit risk has been effectively dispersed, so the credit risk is very low.

5) Assessment of expected credit losses

a) Consideration of forward-looking information

KGI Securities and subsidiaries take forward-looking information into consideration when assessing whether there has been a significant increase in financial assets' credit risk after initial recognition and when measuring of expected credit losses.

Probability of default of debt instrument investment (except for at fair value through profit or loss) used by KGI Securities and subsidiaries is based on the probability of default contained forward-looking general economic information and regularly announced by international credit rating agencies.

Except for debt instrument investments, financial assets of KGI Securities and subsidiaries are analyzed using historical data to determine the economic factors that affect the expected credit losses of each asset portfolios, and supplemented by the best expectation announced by the government-affiliated institutions and academic research units. The best estimate of expected credit losses are reevaluate and revised on each financial reporting date.

b) Receivables and other financial assets

KGI Securities and domestic subsidiaries

KGI Securities and its domestic subsidiaries use simplified approach of IFRS 9 to measure the allowance losses by lifetime expected credit losses. The lifetime expected credit losses are based on historical records, current information, and relevant forward-looking information calculated by a regression model. For the fact that KGI Securities and domestic subsidiaries' historical records of credit losses indicate that there is no significant difference in the loss patterns of different customer groups, it is not measured in groups.

Overseas subsidiaries

The financial assets of overseas subsidiaries whose credit risk do not increase significantly after initial recognition are measured as 12-month expected credit losses. For financial assets whose credit risk has increased significantly after initial recognition, they are measured as lifetime expected credit losses. Customers' past default records, counterparty credit ratings, current information and relevant forward-looking information are take into consideration when assessing expected credit losses. For the fact that there is no significant difference in the loss patterns of different customer groups of overseas subsidiaries, it is not measured in groups.

c) Debt instrument investment (except at fair value through profit or loss)

The original purchase is based on the premise that the credit risk is low, it is assessed whether the credit risk is significantly increased 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 and lifetime, which collectively consider the loss given default (LGD), and is multiplied by exposure at default (EAD). KGI Securities 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 years ended December 31, 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 December 31, 2023 and 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 December 31, 2023 and 2022 were $45,542,812 thousand and $45,927,185 thousand, respectively, and allowance were $21,091 thousand and $20,697 thousand, respectively.

Accounts receivable and others

December 31, 2023

	Total Book Value	Less: Allowance Loss	Total
Cash and cash equivalents	$ 22,481,796	$ (527)	$ 22,481,269
Bonds purchased under resell agreement	13,142,593	(4)	13,142,589
Margin loans receivables	35,377,632	(11,626)	35,366,006
Trading securities receivables	15,688,314	(3,540)	15,684,774
Customer's margin accounts	53,729,685	(30)	53,729,655
Futures commission merchant receivable	115,172	(115,126)	46
Deposits required for securities borrowing	39,929,060	(2)	39,929,058
Accounts receivable	55,930,018	(6,603)	55,923,415
Other current assets	38,190,049	(8,946)	38,181,103
Other non-current assets	4,598,077	(1,044,139)	3,553,938
	$ 279,182,396	$ (1,190,543)	$ 277,991,853

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 agreement	8,487,954	(2)	8,487,952
Margin loans receivables	24,300,857	(2,306)	24,298,551
Trading securities receivables	9,217,552	(1,073)	9,216,479
Customer's margin accounts	58,940,082	(5,700)	58,934,382
Futures commission merchant receivable	134,148	(134,146)	2
Deposits required for securities borrowing	34,978,198	(4)	34,978,194
Accounts receivable	29,822,421	(2,205)	29,820,216
Other current assets	36,429,814	(13,279)	36,416,535
Other non-current assets	4,884,687	(881,966)	4,002,721
	$ 241,951,248	$ (1,041,808)	$ 240,909,440

2) Changes in allowance losses of KGI Securities and subsidiaries for the years ended December 31, 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)	454
Change in exchange rate and others	(60)
December 31, 2023	$ 21,091
January 1, 2022	$ 23,735
Addition (reversal)	(4,125)
Change in exchange rate and others	1,087
December 31, 2022	$ 20,697

The loss allowance of financial assets measured at fair value through other comprehensive income-debt instrument investments for the years ended December 31, 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)	962	106	163,651	11,289	176,008
Derecognizing financial assets during the current period	-	-	(19,619)	-	(19,619)
Write-off	-	-	(1,372)	-	(1,372)
Change in exchange rate and others	41	(281)	(6,041)	(1)	(6,282)
December 31, 2023	$ 9,805	$ 141	$ 1,164,686	$ 15,911	$ 1,190,543
January 1, 2022	$ 12,347	$ 645	$ 960,705	$ 4,682	$ 978,379
Addition (reversal)	(4,869)	(334)	64,780	(65)	59,512
Derecognizing financial assets during the current period	-	-	(1,657)	-	(1,657)
Write-off	-	-	(594)	-	(594)
Change in exchange rate and others	1,324	5	4,833	6	6,168
December 31, 2022	$ 8,802	$ 316	$ 1,028,067	$ 4,623	$ 1,041,808

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

CDIB Capital Group and subsidiaries

CDIB Capital Group and subsidiaries are exposed to credit risk due to default on contracts by counterparties. As of the balance sheet date, CDIB Capital Group and subsidiaries' maximum exposure to credit risk due to the counterparties' default on obligations is equal to the book value.

The maximum exposure to credit risk held by CDIB Capital Group and subsidiaries of the financial instruments is equal to the book value.

KGI 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 KGI Life Insurance result from operating and financing activities, which mainly include lending, investing in financial instruments and receivables.

   The departments of KGI 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, KGI Life Insurance's internal rating indicators, and etc. Also, KGI 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, KGI Life Insurance dispose those investments to reduce credit losses in appropriate time, such as there is a significant increase in credit risk. In addition, KGI 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, KGI Life Insurance also evaluates concentration risk based on issuer's region, industry and credit rating within portfolios.

Lending of KGI Life Insurance is determined by the factors that affect the risk based on the 5P principle which gives different weights according to the impact of the risk so as to calculate the credit score of each borrower. The credit score comprehensively measures the rationality of the purpose of the loan, the collateral area, value and number, the customer's credit report, historical interest payment record, financial status, debt repayment ability, and etc. Once a delay occurs, it is promptly collected in accordance with the procedures to avoid financial losses.

KGI Life Insurance assesses expected credit losses in accordance with IFRS 9, except for some of receivables, which allowance are measured by lifetime expected credit losses. The original purchase of the rest, which do not belong to debt instruments measured at fair value through profit or loss, is based on the premise of low credit risk and uses credit risk as the basis of the differentiation group. On each balance sheet date, assessing whether the credit risk is significantly increased after the initial recognition to determine the method of measuring the allowance loss. The main considerations for determining whether the credit risk has increased significantly include objective evidence such as the external credit rating and its degree of change, other market information related to the issuer which shows that its credit risk has increased significantly, etc. For the judgment of credit impairment, it refers to the default of contract, the overdue payment of interest or principal for holding debt instruments for more than 90 days, the happening of major financial difficulties, bankruptcy or financial reorganization of the issuer, or the combined effect of certain events that may have caused financial assets to become credit impaired. If the credit risk of a financial asset at the balance sheet date is low, it is assumed that the credit risk of the financial asset has not increased significantly since the initial recognition and the allowance loss is measured at the 12-month expected credit loss amount; For financial assets with a significant increase in credit risk or credit impairment since initial recognition and the allowance loss is measured at the amount of expected credit loss during the lifetime.

Expected credit losses will be measured by the probability of default (PD) of the issuer or the counterparty over the next 12 months and the lifetime, multiplied by the loss given default (LGD) and the exposure at default (EAD), and is considered by the impact of the time value of money. The expected credit losses for 12 months and duration is calculated, respectively.

Probability of default is the probability that the issuer or the counterparty will default, and the loss given default is the rate of loss caused by default by the issuer or counterparty. KGI 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.

KGI 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 KGI Life Insurance or deposit in the bank is listed in accordance with the regional distribution as follows:

December 31, 2023

Financial Assets	Taiwan	Asia	Europe	America	Global	Total
Cash and cash equivalents	$ 38,086,633	$ 2,553,958	$ 8,561,118	$ -	$ -	$ 49,201,709
Financial assets at fair value through profit or loss	27,278,093	7,482,077	9,520,667	2,410,792	-	46,691,629
Financial assets at fair value through other comprehensive income	2,040,432	5,553,064	9,141,914	29,393,351	-	46,128,761
Financial assets at amortized cost	143,666,302	432,965,972	365,207,805	648,007,796	4,336,448	1,594,184,323
Refundable deposits - bonds	7,338,773	-	-	159,346	-	7,498,119
	$ 218,410,233	$ 448,555,071	$ 392,431,504	$ 679,971,285	$ 4,336,448	$ 1,743,704,541
Proportion	12.53%	25.72%	22.51%	39.00%	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%

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

December 31, 2023

Location	Northern Areas: Taipei and Eastern Counties	Central Area: Taichung to Changhua and Nantou	Southern Area: Counties Below Tainan	Total
Secured loans	$ 86,383	$ 38,249	$ 47,836	$ 172,468
Overdue receivables	-	-	-	-
	$ 86,383	$ 38,249	$ 47,836	$ 172,468
Proportion	50.09%	22.18%	27.73%	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%

3) Disclosure of total book value and allowance loss for financial assets' expected credit loss

The reconciliation statement of loss allowance for financial assets measured at FVTOCI for the years ended December 31, 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	4,278	-	-	4,278
Change in model/risk parameters	-	-	-	-
Change in exchange rate and others	-	-	-	-
December 31, 2023	$ 4,278	$ -	$ -	$ 4,278

(Continued)

	12 Months Expected Credit Loss	Lifetime Expected Credit Loss (Credit Risk Significantly Increase)	Lifetime Expected Credit Loss (Credit Risk Has Been Impaired)	Impairment Recognized in Accordance with IFRS 9
January 1, 2022	$ 17,276	$ -	$ -	$ 17,276
Change due to financial assets recognized at the beginning of the period				
Change to 12 months expected credit loss	-	-	-	-
Change to duration expected credit loss	-	-	-	-
Change to credit impairment of financial assets	(706)	-	706	-
Disposal	(4,512)	-	(3)	(4,515)
Addition	287	-	8	295
Change in model/risk parameters	6,058	-	504,679	510,737
Change in exchange rate and others	2,007	-	73,973	75,980
Reclassification	(20,410)	-	(579,363)	(599,773)
December 31, 2022	$ -	$ -	$ -	$ -

(Concluded)

The reconciliation statement of loss allowance for financial assets measured at amortized cost for the years ended December 31, 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	-	-	-	-

(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	(4,325)	(5)	(4,931)	(9,261)
Addition	4,015	-	29	4,044
Change in model/risk parameters	1,199	(11,582)	49,404	39,021
Change in exchange rate and others	247	56	1,033	1,336
December 31, 2023	$ 223,423	$ 64,130	$ 1,175,793	$ 1,463,346
January 1, 2022	$ 101,776	$ 46,202	$ -	$ 147,978
Change due to financial assets recognized at the beginning of the period				
Change to 12 months expected credit loss	-	-	-	-
Change to duration expected credit loss	-	-	-	-
Change to credit impairment of financial assets	(786)	-	786	-
Disposal	(7,203)	(4)	(408)	(7,615)
Addition	26,538	-	17	26,555
Change in model/risk parameters	67,724	22,545	567,743	658,012
Change in exchange rate and others	13,828	6,918	(17,243)	3,503
Reclassification	20,410	-	579,363	599,773
December 31, 2022	$ 222,287	$ 75,661	$ 1,130,258	$ 1,428,206

(Concluded)

The reconciliation statement of other receivables related to financial asset measured at FVTCOI and financial assets measured at amortized cost for the years ended December 31, 2023 and 2022 were as follows:

	12 Months Expected Credit Loss	Lifetime Expected Credit Loss (Credit Risk Significantly Increase)	Lifetime Expected Credit Loss (Credit Risk Has Been Impaired)	Impairment Recognized in Accordance with IFRS 9
January 1, 2023	$ 2,108	$ 636	$ 669,151	$ 671,895
Change due to financial assets recognized at the beginning of the period				
Change to 12 months expected credit loss	-	-	-	-
Change to duration expected credit loss	-	-	-	-
Change to credit impairment of financial assets	-	-	-	-
Disposal	(56)	-	-	(56)
Addition	152	-	738,216	738,368
Change in model/risk parameters	21	(97)	-	(76)
Change in exchange rate and others	2	-	588	590
December 31, 2023	$ 2,227	$ 539	$ 1,407,955	$ 1,410,721
January 1, 2022	$ 1,152	$ 388	$ -	$ 1,540
Change due to financial assets recognized at the beginning of the period				
Change to 12 months expected credit loss	-	-	-	-
Change to duration expected credit loss	-	-	-	-
Change to credit impairment of financial assets	-	-	-	-
Disposal	(665)	(964)	-	(1,629)
Addition	895	-	108,430	109,325
Change in model/risk parameters	69	36	-	105
Change in exchange rate and others	657	1,176	560,721	562,554
December 31, 2022	$ 2,108	$ 636	$ 669,151	$ 671,895

For the years ended December 31, 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:

December 31, 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%-0.22%	2.26%-2.41%	5.57%-9.02%
Other receivables	0.00%-0.22%	2.26%-2.41%	100.00%

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%	100.00%

KGI Life Insurance has considered the impact of the war between Russia and Ukraine and has made appropriate provision for impairment. The company 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 years ended December 31, 2023 and 2022 are as follows:

	12 Months Expected Credit Loss	Lifetime Expected Credit Loss - Collective	Lifetime Expected Credit Loss - Individual	Impairment Recognized in Accordance with IFRS 9	Different of Impairment Recognized in Accordance with Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts by Insurance Enterprises	Total
January 1, 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	(1)	-	(173)	(174)	-	(174)
Impairment recognized in accordance with Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts by Insurance Enterprises	-	-	-	-	(1,220)	(1,220)
Change in exchange rate and others	(95)	(45)	(8)	(148)	-	(148)
December 31, 2023	$ 2	$ 101	$ 53	$ 156	$ 2,573	$ 2,729
January 1, 2022	$ 5	$ 193	$ 330	$ 528	$ 5,601	$ 6,129
Change due to financial assets recognized at the beginning of the period						
Change to duration expected credit loss	-	-	-	-	-	-
Change to 12 months expected credit loss	-	-	-	-	-	-
Disposal	-	-	-	-	-	-
Impairment recognized in accordance with Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts by Insurance Enterprises	-	-	-	-	(1,808)	(1,808)
Change in exchange rate and others	(1)	(47)	(2)	(50)	-	(50)
December 31, 2022	$ 4	$ 146	$ 328	$ 478	$ 3,793	$ 4,271

The allowance loss of KGI Life Insurance's accounts receivables arising from other transactions are measured by lifetime expected credit loss. Changes in allowance losses of receivables for the years ended December 31, 2023 and 2022 are as follows:

	Receivables	
	For the Year Ended December 31	
	2023	2022
January 1	$ 5,004	$ 4,571
Addition	1,283	433
December 31	$ 6,287	$ 5,004

4) The information on the total book value and credit risk ratings of financial assets

a) Financial assets at fair value through other comprehensive income, financial assets measured at amortized cost and related other receivables

December 31, 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	$ 46,271,401	$ -	$ -	$ 46,271,401
Financial assets measured at amortized cost	1,577,491,606	2,743,733	-	1,580,235,339
Other receivables	13,799,110	23,167	-	13,822,277
Non-investment grade				
Financial assets at fair value through other comprehensive income	-	-	-	-
Financial assets measured at amortized cost	6,879,509	-	16,030,940	22,910,449
Other receivables	138,213	-	1,407,956	1,546,169

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

Note 1: Including securities serving as collateral deposits.

Note 2: KGI Life Insurance's investment grade based on rating of the credit rating agencies: Investment grade means credit rating reaches at least BBB-granted by a credit rating agency; Non-investment grade means no credit rating or credit rating lower than BBB-granted by a credit rating agency.

b) Guarantee loans and related other receivables

December 31, 2023

Credit Risk Ratings	Measurement of Expected Credit Loss	Guarantee Loans	Other Receivables
Low credit risk	12 months expected credit loss	$ 174,363	$ 211
Credit risk significantly increase	Lifetime expected credit loss	-	-
Impairment	Lifetime expected credit loss	833	-
Total book value		$ 175,196	$ 211

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

c. Liquidity risk

KGI Bank and subsidiaries

1) The source and definition of liquidity risk

Liquidity risk of KGI Bank refers to the risks of bearing profit or capital loss because of the inability to obtain funds with reasonable price to meet the financial obligation with a reasonable time, such as early termination of deposits, deteriorating of the source and condition of financing from banks influenced by specific market, abnormal recover of funds due to default from borrowers, inability to liquidate financial instruments and early exertion of rights of rescission of interest sensitive product by the assured. The aforementioned situation may reduce cash source of loan, transactions and investment. In some extreme cases, the lack of liquidity may result in a decrease in the overall position of the balance sheet, sale of assets and failure to perform loan commitments.

2) Management policy of liquidity risk

KGI Bank's liquidity risk management uses gap limit management strategy, which is the net cumulative mismatch of inflows and outflows, and calculates the maximum cumulative cash outflow (MCO) to monitor the daily funding gap by each currency as a basis for controlling the liquidity risk. For Liquidity gap management, KGI Bank also actively deconcentrates funding sources, distributes the fund maturity date based on the gap report, disperses the call loans (lending) from counterparties and increases the renewal rate of enterprises' deposits to enhance the stability of the resources of funds.

3) Maturity analysis of financial assets and non-derivative financial liabilities held for liquidity risk management

a) Financial assets held for liquidity management

The KGI Bank holds cash and highly liquid and high-grade profit-generating assets to pay off obligations and meet any potential emergency funding needs in the market environment. The assets held for liquidity management include cash and cash equivalents, due from the Central Bank and call loans to banks, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, securities purchased under resell agreement, accounts receivable, and discounts and loans, etc.

b) Maturity analysis of non-derivative financial liabilities

The following tables show the cash outflows on the KGI Bank's non-derivative financial liabilities based on the remaining period from the balance sheet date to the maturity date of the contract. However, because the amounts disclosed were based on contractual cash flows, some of them will not match the amounts shown in the balance sheets.

Maturity analysis of KGI Bank's non-derivative financial liabilities in New Taiwan dollars

(In Thousands of New Taiwan Dollars)

December 31, 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	$ 3,623,296	$ -	$ -	$ 157,260	$ -	$ 3,780,556
Notes and bonds issued under repurchase agreement	8,698,692	-	-	-	-	8,698,692
Deposits and remittances	55,272,822	73,546,061	62,980,713	111,858,526	36,810,638	340,468,760
Loans payable	-	-	700,000	-	26,263,333	26,963,333
Other capital outflow on maturity	2,626,137	384,345	432,566	3,655,769	3,320,676	10,419,493
Total	$ 70,220,947	$ 73,930,406	$ 64,113,279	$ 115,671,555	$ 66,394,647	$ 390,330,834

(In Thousands of New Taiwan Dollars)

December 31, 2022	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	$ 23,296	$ -	$ -	$ 157,260	$ -	$ 180,556
Notes and bonds issued under repurchase agreement	5,499,171	1,304,476	-	-	-	6,803,647
Deposits and remittances	55,183,925	94,692,761	59,536,690	111,630,317	21,029,068	342,072,761
Loans payable	-	-	-	-	25,810,000	25,810,000
Other capital outflow on maturity	3,091,305	404,169	349,362	4,413,018	3,705,459	11,963,313
Total	$ 63,797,697	$ 96,401,406	$ 59,886,052	$ 116,200,595	$ 50,544,527	$ 386,830,277

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

(In Thousands of U.S. Dollars)

December 31, 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	$ 100,000	$ -	$ -	$ -	$ -	$ 100,000
Notes and bonds issued under repurchase agreement	298,098	-	587,875	-	-	885,973
Deposits and remittances	1,619,948	1,822,766	1,292,314	1,576,855	6,067	6,317,950
Other capital outflow on maturity	73,896	46,193	26,474	4,537	83,522	234,622
Total	$ 2,091,942	$ 1,868,959	$ 1,906,663	$ 1,581,392	$ 89,589	$ 7,538,545

(In Thousands of U.S. Dollars)

December 31, 2022	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	$ 229,000	$ 85,000	$ 70,000	$ -	$ -	$ 384,000
Notes and bonds issued under repurchase agreement	201,340	266,396	159,050	-	-	626,786
Deposits and remittances	1,767,522	2,444,006	479,484	1,201,085	296	5,892,393
Loans payable	-	-	-	-	359,176	359,176
Other capital outflow on maturity	56,412	38,959	14,457	1,411	145,061	256,300
Total	$ 2,254,274	$ 2,834,361	$ 722,991	$ 1,202,496	$ 504,533	$ 7,518,655

4) Maturity analysis of derivative financial instruments

The valuation of the maturity of the contracts is essential for presenting the financial instruments on the balance sheet. The amount disclosed in the balance sheet is prepared based on the cash flows of the contract. Thus, a part of the amount disclosed deviates from the balance sheet.

Maturity analysis of KGI Bank's derivative financial instruments in New Taiwan dollars

(In Thousands of New Taiwan Dollars)

December 31, 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	$ 247,346,473	$ 357,827,293	$ 197,160,030	$ 51,215,570	$ 4,457,110	$ 858,006,476
Cash inflow	223,894,441	329,846,705	202,847,428	43,550,175	3,559,260	803,698,009
Interest rate derivatives instruments						
Cash outflow	362,820	579,060	52,050	-	22,163,586	23,157,516
Cash inflow	260,457	529,826	42,797	1,857	-	834,937
Financial instruments for hedging						
Interest rate derivatives instruments						
Cash outflow	-	59,068	-	-	-	59,068
Cash inflow	-	80,853	3,896	39,914	-	124,663
Cash outflow subtotal	247,709,293	358,465,421	197,212,080	51,215,570	26,620,696	881,223,060
Cash inflow subtotal	224,154,898	330,457,384	202,894,121	43,591,946	3,559,260	804,657,609
Net cash flow	$ (23,554,395)	$ (28,008,037)	$ 5,682,041	$ (7,623,624)	$ (23,061,436)	$ (76,565,451)

(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)

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

(In Thousands of U.S. Dollars)

December 31, 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	$ 8,287,630	$ 11,254,792	$ 7,087,053	$ 1,788,597	$ 130,228	$ 28,548,300
Cash inflow	9,112,005	12,799,175	7,090,356	1,961,756	163,228	31,126,520
Interest rate derivatives instruments						
Cash outflow	17,563	30,352	14,445	20,658	459,669	542,687
Cash inflow	3,534	14,590	1,554	2,832	60	22,570
Others						
Cash outflow	1,054	-	-	-	-	1,054
Cash inflow	1,723	-	-	-	-	1,723
Financial instruments for hedging						
Interest rate derivatives instruments						
Cash outflow	1,307	3,923	6,711	8,396	-	20,337
Cash inflow	-	-	-	-	-	-
Cash outflow subtotal	8,307,554	11,289,067	7,108,209	1,817,651	589,897	29,112,378
Cash inflow subtotal	9,117,262	12,813,765	7,091,910	1,964,588	163,288	31,150,813
Net cash flow	$ 809,708	$ 1,524,698	$ (16,299)	$ 146,937	$ (426,609)	$ 2,038,435

(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

5) Maturity analysis of off-balance sheet items

The table below shows KGI Bank's maturity analysis of the off-balance sheet items based on the remaining time between the reporting date and the contractual period. For the issued financial guarantee contracts, the maximum guaranteed amount included in the guarantee may be required to be fulfilled in the earliest period.

December 31, 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	$ 10,934,968	$ 5,726,275	$ 3,386,863	$ 5,195,508	$ 18,493,768	$ 43,737,382

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

6) Disclosures required by the Regulations Governing the Preparation of Financial Reports by Public Banks

a) Maturity analysis of KGI Bank's assets and liabilities in New Taiwan dollars

(In Thousands of New Taiwan Dollars)

December 31, 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	$ 133,118,642	$ 226,712,408	$ 392,246,436	$ 241,311,512	$ 104,076,195	$ 232,406,638	$ 1,329,871,831
Main capital outflow on maturity	105,408,598	236,318,518	477,002,150	301,996,047	223,362,698	317,870,889	1,661,958,900
Gap	27,710,044	(9,606,110)	(84,755,714)	(60,684,535)	(119,286,503)	(85,464,251)	(332,087,069)

(In Thousands of New Taiwan Dollars)

December 31, 2022	0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Main capital inflow on maturity	$ 142,501,992	$ 131,664,686	$ 402,034,784	$ 186,744,048	$ 125,729,644	$ 214,791,860	$ 1,203,467,014
Main capital outflow on maturity	119,923,050	125,362,587	466,989,335	279,574,412	264,000,473	254,615,354	1,510,465,211
Gap	22,578,942	6,302,099	(64,954,551)	(92,830,364)	(138,270,829)	(39,823,494)	(306,998,197)

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

(In Thousands of U.S. Dollars)

December 31, 2023	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Main capital inflow on maturity	$ 10,135,095	$ 13,417,408	$ 7,363,731	$ 2,438,159	$ 3,435,506	$ 36,789,899
Main capital outflow on maturity	10,693,331	13,745,695	9,697,967	4,578,381	3,797,651	42,513,025
Gap	(558,236)	(328,287)	(2,334,236)	(2,140,222)	(362,145)	(5,723,126)

(In Thousands of U.S. Dollars)

December 31, 2022	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Main capital inflow on maturity	$ 7,639,447	$ 12,387,281	$ 6,562,140	$ 3,462,485	$ 3,510,437	$ 33,561,790
Main capital outflow on maturity	8,775,235	15,329,826	6,819,115	5,134,430	4,053,357	40,111,963
Gap	(1,135,788)	(2,942,545)	(256,975)	(1,671,945)	(542,920)	(6,550,173)

KGI Securities and subsidiaries

1) Cash flow analysis

Statement of Cash Flow Analysis for Financial Assets

(In Thousands of New Taiwan Dollars)

December 31, 2023	Collection Period					Total
	Spot	In 3 Months	3-12 Months	Over 1 Year - 5 Years	Over 5 Years	
Cash and cash equivalents	$ 10,037,260	$ 9,520,318	$ 2,923,691	$ -	$ -	$ 22,481,269
Financial assets measured at FVTPL - current	76,963,679	1,129,294	1,004,377	936,684	578,656	80,612,690
Financial assets measured at FVTOCI - current	27,599,150	3,722,283	1,964,654	-	-	33,286,087
Financial assets for hedging - current	-	5,844	24,409	89,245	120,396	239,894
Securities purchased under resell agreement	-	13,170,322	-	-	-	13,170,322
Receivables	47,576,229	20,235,975	39,192,357	25,767	-	107,030,328
Customer margin accounts	36,415,662	17,313,993	-	-	-	53,729,655
Stock borrowing collateral price and security lending deposits	830,337	6,787,630	32,435,987	-	-	40,053,954
Other current assets	35,637,707	1,623,967	908,831	10,598	-	38,181,103
Financial assets measured at FVTPL - non-current	-	-	-	729,806	3,269,791	3,999,597
Financial assets measured at FVTOCI - non-current	-	-	-	9,613,790	1,462,383	11,076,173
Amortised cost financial assets - non-current	-	-	-	148,736	-	148,736
Other non-current assets	1,000	7	-	45,837	3,416,562	3,463,406
Total	$ 235,061,024	$ 73,509,633	$ 78,454,306	$ 11,600,463	$ 8,847,788	$ 407,473,214
Percentage	57.69%	18.04%	19.25%	2.85%	2.17%	100.00%

Statement of Cash Flow Analysis for Financial Liabilities

(In Thousands of New Taiwan Dollars)

December 31, 2023	Payment Period					Total
	Spot	In 3 Months	3-12 Months	Over 1 Year - 5 Years	Over 5 Years	
Short-term borrowings	$ -	$ 17,638,644	$ -	$ -	$ -	$ 17,638,644
Commercial paper payable	-	16,090,485	9,960	-	-	16,100,445
Financial liabilities measured at FVTPL - current	7,846,978	5,767,223	5,733,971	6,542,240	2,920,190	28,810,602
Financial liabilities for hedging - current	-	(23,560)	(18,902)	120,117	27,536	105,191
Bonds issued under repurchase agreements	-	87,999,165	-	-	-	87,999,165
Payables	58,544,804	14,513,175	4,203,477	-	-	77,261,456
Guarantee deposits received from security lending	-	13,081,865	37,456,994	-	-	50,538,859
Futures customers' equity	36,010,210	15,444,771	-	-	-	51,454,981
Specialized, sub-account customers' equity	12,648,551	-	-	-	-	12,648,551
Amounts collected for others/other payables/other current liabilities	1,637,643	1,231,265	5,029,805	1,873	796	7,901,382
Other financial liabilities - current	-	1,056,144	785,763	1,086	1,992	1,844,985
Lease liabilities - current	-	93,196	270,171	-	-	363,367
Current portion of long-term liabilities	-	-	2,600,000	-	-	2,600,000
Bonds payable	-	-	-	6,300,000	-	6,300,000
Lease liabilities - non-current	-	-	-	784,968	47,709	832,677
Other non-current liabilities	-	-	-	523,765	74,574	598,339
Total	$ 116,688,186	$ 172,892,373	$ 56,071,239	$ 14,274,049	$ 3,072,797	$ 362,998,644
Percentage	32.15%	47.62%	15.45%	3.93%	0.85%	100.00%

Statement of Capital Liquidation Gap

(In Thousands of New Taiwan Dollars)

December 31, 2023	Collection and Payment Period					Total
	Spot	In 3 Months	3-12 Months	Over 1 Year - 5 Years	Over 5 Years	
Cash inflow	$ 235,061,024	$ 73,509,633	$ 78,454,306	$ 11,600,463	$ 8,847,788	$ 407,473,214
Cash outflow	116,688,186	172,892,373	56,071,239	14,274,049	3,072,797	362,998,644
Amount of cash flow gap	$ 118,372,838	$ (99,382,740)	$ 22,383,067	$ (2,673,586)	$ 5,774,991	$ 44,474,570

Statement of Cash Flow Analysis for Financial Assets

(In Thousands of New Taiwan Dollars)

December 31, 2022	Collection Period					Total
	Spot	In 3 Months	3-12 Months	Over 1 Year - 5 Years	Over 5 Years	
Cash and cash equivalents	$ 10,850,953	$ 23,445,044	$ 458,411	$ -	$ -	$ 34,754,408
Financial assets measured at FVTPL - current	69,213,161	1,207,480	1,047,450	1,252,606	63,636	72,784,333
Financial assets measured at FVTOCI - current	31,852,242	450,943	2,409,065	-	-	34,712,250
Financial assets for hedging - current	-	39,570	102,627	319,963	33,498	495,658
Securities purchased under resell agreement	-	8,494,878	-	-	-	8,494,878
Receivables	29,881,152	10,557,491	22,896,222	26,130	-	63,360,995
Customer margin accounts	30,700,515	28,233,867	-	-	-	58,934,382
Stock borrowing collateral price and security lending deposits	6,342,071	20,140,036	10,750,319	-	-	37,232,426
Other current assets	33,894,905	2,336,908	178,782	5,940	-	36,416,535
Financial assets measured at FVTPL - non-current	-	-	-	514,307	3,019,272	3,533,579
Financial assets measured at FVTOCI - non-current	-	-	-	7,466,430	1,226,458	8,692,888
Other non-current assets	-	-	1,200	131,981	3,670,730	3,803,911
Total	$ 212,734,999	$ 94,906,217	$ 37,844,076	$ 9,717,357	$ 8,013,594	$ 363,216,243
Percentage	58.57%	26.13%	10.42%	2.67%	2.21%	100.00%

Statement of Cash Flow Analysis for Financial Liabilities

(In Thousands of New Taiwan Dollars)

December 31, 2022	Payment Period					Total
	Spot	In 3 Months	3-12 Months	Over 1 Year - 5 Years	Over 5 Years	
Short-term borrowings	$ -	$ 13,229,271	$ -	$ -	$ -	$ 13,229,271
Commercial paper payable	-	12,169,751	-	-	-	12,169,751
Financial liabilities measured at FVTPL - current	12,846,344	5,624,841	4,765,228	13,390,083	2,899,697	39,526,193
Financial liabilities for hedging - current	-	(1,360)	7,830	26,201	17,636	50,307
Bonds issued under repurchase agreements	-	73,044,648	-	-	-	73,044,648
Payables	48,438,904	6,723,612	6,268,574	-	-	61,431,090
Guarantee deposits received from security lending	-	9,847,612	32,165,796	-	-	42,013,408
Futures customers’ equity	59,152,076	-	-	-	-	59,152,076
Specialized, sub-account customers’ equity	3,000,099	-	-	-	-	3,000,099
Amounts collected for others/other payables/other current liabilities	1,885,826	932,538	4,669,972	1,876	829	7,491,041
Other financial liabilities - current	-	1,458,840	1,373,978	525	2,410	2,835,753
Lease liabilities - current	-	122,724	361,831	-	-	484,555
Bonds payable	-	-	-	6,200,000	2,700,000	8,900,000
Lease liabilities - non-current	-	-	-	989,129	44,153	1,033,282
Other non-current liabilities	-	-	35	497,198	72,560	569,793
Total	$ 125,323,249	$ 123,152,477	$ 49,613,244	$ 21,105,012	$ 5,737,285	$ 324,931,267
Percentage	38.57%	37.90%	15.27%	6.49%	1.77%	100.00%

Statement of Capital Liquidation Gap

(In Thousands of New Taiwan Dollars)

December 31, 2022	Collection and Payment Period					Total
	Spot	In 3 Months	3-12 Months	Over 1 Year - 5 Years	Over 5 Years	
Cash inflow	$ 212,734,999	$ 94,906,217	$ 37,844,076	$ 9,717,357	$ 8,013,594	$ 363,216,243
Cash outflow	125,323,249	123,152,477	49,613,244	21,105,012	5,737,285	324,931,267
Amount of cash flow gap	$ 87,411,750	$ (28,246,260)	$ (11,769,168)	$ (11,387,655)	$ 2,276,309	$ 38,284,976

KGI Securities has established statement of capital liquidation gap to estimate how all financial assets and liabilities in future cash flows can affect KGI Securities and subsidiaries when it comes to fund dispatching. Cash flow gap statement from December 31, 2023 and 2022, show that the sums from deducting cash outflow from cash inflow are $44,474,570 thousand and $38,284,976 thousand, respectively, all indicating sufficient fund liquidity.

Although an analysis of funds gap shows that the cash outflow during partial periods. Net cash inflow calculated from net spot financial assets are sufficient to cover the net cash outflows generated from subsequent periods, an indicator of sufficient fund liquidity.

2) Control mechanism of capital liquidity risk

The independent fund-dispatching department established by KGI Securities takes into consideration the needs of net cash flow and their timings from various departments and predicts future cash flows based on the requests submitted by departments with a need for funds. The department has also established a simulation analysis mechanism for capital flows after considering short-term capital dispatching in Taiwan as well as international or cross-market transactions in order to better predict futures needs of funds and set up contingency measures.

KGI Securities also offers suggestions over a secure amount of reserve fund and reports it to the RMC. The department reviews the standard amount of reserve capital and will take the following action if available capitals are below 120% of the safe reserve amount:

a) Except all due payments and those whose use of capital cannot be restricted due to the nature of their business, all the requests for capitals from all business departments need to be approved by the fund-dispatching department in order to maintain a safe amount of reserve capital.

b) Fund-dispatching department will propose contingency measures to the RMC, which includes disposal of low yield or unnecessary assets, expanding repurchase agreements with the Central Bank of Taiwan, financing from securities finance corporations or exploring other fund-raising methods that will increase available funds to KGI Securities.

CDIB Capital Group and subsidiaries

The management of liquidity risk is aimed to deal with financing CDIB Capital Group's operations and mitigate the effects of fluctuations in cash flows by monitoring and maintaining a level of cash and cash equivalents. The management of CDIB Capital Group and its subsidiaries supervise the use of bank financing lines and ensure compliance with the terms of the loan contracts.

Bank borrowings is an important source of liquidity for CDIB Capital and its subsidiaries. For the unused financing amount of CDIB Capital and its subsidiaries, please refer to the table below:

	December 31	
Bank Financing	**2023**	**2022**
Unsecured bank overdraft		
Used amounts	$ 4,345,948	$ 3,940,762
Unused amounts	15,347,377	13,368,538
	$ 19,693,325	$ 17,309,300

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

1) Disposal of capital surplus should consider possible future capital requirements, diversification of capital sources and reasonable liquidity of liability structure.

2) Pursuant to liquidity risk control, CDIB Capital Group uses performance index of financial structure and dispatching of funds to set up a system to monitor daily funding gap.

As of December 31, 2023 and 2022, CDIB Capital Group's other financial liabilities are $0 thousand, and the rest of non-derivative financial liabilities are $7,301,161 thousand and $6,366,195 thousand, respectively, and are mainly current liabilities.

KGI Life Insurance

1) Liquidity risks are classified to "funding liquidity risk" and "market liquidity risk." "Funding liquidity risk" represents that KGI 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 KGI Life Insurance sells at loss to meet the demand for cash.

   KGI Life Insurance assesses the characteristics of business, monitors short-term cash flows, and constructs the completed mechanism of liquidity risk management. Furthermore, KGI 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 KGI Life Insurance in the long term illiquid environment still regularly operate to pay emergency and major funding requirements.

   KGI 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, KGI 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

      KGI 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 KGI Life Insurance is listed below and based on the residual term from the date of balance sheet to the maturity. The disclosed amount is in accordance with cash flows on contracts, so the partial disclosed items are not the same as related items in the balance sheet.

      Non-derivative financial instruments

	December 31, 2023			
	In 1 Year	**1-5 Years**	**Over 5 Years**	**Total**
Payables	$ 14,285,297	$ 20,903	$ -	$ 14,306,200
Bonds payable	-	-	20,000,000	20,000,000
Lease liabilities	147,991	396,225	3,627,254	4,171,470

	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

c) Maturity analysis of derivative financial liabilities

KGI Life Insurance operates derivatives including foreign exchange derivative instruments (such as currency forward contracts, foreign exchange forward).

KGI 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. KGI 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.

KGI Life Insurance's maturity structure of derivative financial liabilities is as follows:

	December 31, 2023				
	In 90 Days	**91-180 Days**	**181 Days-1 Year**	**Over 1 Year**	**Total**
Financial liabilities at fair value through profit or loss	$ 5,424,429	$ 141,855	$ 45,853	$ -	$ 5,612,137

	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

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 and response, risk reporting and contingency management processes.

3) The procedure of market risk measuring, monitoring, and reporting

The KGI Bank's market risk limits include position sensitivities, stop-loss limits, Value-at-Risk (VaR).

Risk factors analyzed through the KGI Bank's risk measurement systems are sufficient to determine all market risks of trading positions on balance sheet, including interest rates risk, foreign exchange risk, equity risk and commodity risk, as well as volatility risks which arise out of the option transactions.

The KGI Bank's market risk report includes profit or loss on trading positions, limits usage, stress testing, trading portfolio risk assessment, as well as significant exception if any.

The risk management unit of the KGI Bank independently performs daily market risk limit controls, and monthly reports to both the Risk Management Committee and Risk Management Committee of parent company, CDFH. Besides, the above reports are regularly presented to the Board for reference.

4) Mitigation of risks or hedging of market risk

The KGI Bank's market risk positions or hedging positions are marked to market on a daily base through techniques such as model evaluation. All market parameters are updated at least daily in accordance with changes in market conditions to conduct value assessment of products. Market Risk Limits are reviewed and controlled based on the revaluation results of traders' position risk value, position sensitivity and profit and loss figure on the daily basis.

5) Valuation techniques of market risk

The KGI Bank uses the VaR model and stress testing to evaluate the potential and extreme risk of trading portfolios. Through variations of the assumptions on market conditions, these techniques can be used to assess the market risk of positions held and the maximum expected loss.

VaR is calculated using a one-day time horizon with a 95% confidence level.

(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31, 2023			**For the Year Ended December 31, 2022**		
	Average	**Highest**	**Lowest**	**Average**	**Highest**	**Lowest**
Interest rate risk	$ 13,066	$ 41,141	$ 6,565	$ 46,303	$ 99,773	$ 8,226
Equity risk	4,816	14,619	155	7,427	31,542	-
Exchange rate risk	17,665	29,632	6,664	18,708	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 adjust the structure of assets and liabilities according to the report, lowering the amount of exposure. For risk monitoring, the asset and liability management system outputs an analysis report, which is provided to the interest rate risk execution unit and top management. If risk missing or excess of limit occurred from monitor, written notices will be passed to interest rate risk implementation units to adjust and improve the program reported to ALMCO.

8) The effect of interest rate benchmark reform

KGI Bank is exposed to USD LIBOR which is subject to interest rate benchmark reform. The exposures arise on derivatives and non-derivative financial assets and liabilities. SOFR (Secured Overnight Financing Rate) is expected to replace USD LIBOR. There are key differences between USD LIBOR and SOFR. USD LIBOR is "forward looking", which implies market expectation over future interest rates, and includes a credit spread over the risk-free rate. SOFR is currently a "backward-looking" rate, based on interest rates from actual transactions, and excludes a credit spread. To transition existing contracts and agreements that reference USD LIBOR to SOFR, adjustments for these differences might need to be applied to SOFR to enable the two benchmark rates to be economically equivalent.

KGI Bank has established a LIBOR conversion task force, is responsible for promoting cross-departmental conversion work, drafting conversion plans and time schedule planning, conducting impact assessments. This task force also focuses on product conversion business strategy adjustments, customer communication, system, operating process changes, evaluation, risk models, financial reports and tax implications. This task force reports to the Risk Management Committee and the Board of Directors on the implementation situation quarterly. 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)

	December 31, 2023		
	Foreign Currency	**Exchange Rate (Dollar)**	**New Taiwan Dollar**
Financial assets			
Monetary items			
USD	$ 5,649,095	30.74	$ 173,624,921
HKD	4,484,610	3.93	17,642,454
AUD	615,877	21.01	12,939,567
CNY	2,073,549	4.33	8,981,368
ZAR	4,779,130	1.66	7,928,576
JPY	22,592,142	0.22	4,911,532
EUR	134,594	34.03	4,580,229
GBP	40,631	39.20	1,592,738
SGD	18,345	23.32	427,812
Investments accounted for using the equity method			
CNY	1,793,443	4.33	7,768,118
Financial liabilities			
Monetary items			
USD	8,133,968	30.74	249,997,520
CNY	3,292,090	4.33	14,259,360
AUD	346,265	21.01	7,275,027
EUR	200,468	34.03	6,821,920
JPY	17,459,474	0.22	3,795,690
ZAR	2,024,312	1.66	3,358,334
HKD	131,698	3.93	518,100
SGD	9,130	23.32	212,908
GBP	4,049	39.20	158,726
NZD	5,821	19.50	113,503

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	December 31, 2022		
	Foreign Currency	**Exchange Rate (Dollar)**	**New Taiwan Dollar**
<u>Financial assets</u>			
Monetary items			
USD	$ 5,812,766	30.71	$ 178,498,426
HKD	4,399,814	3.94	17,326,468
CNY	1,824,189	4.41	8,040,659
ZAR	4,427,356	1.81	8,022,369
EUR	237,273	32.71	7,761,191
JPY	19,000,810	0.23	4,415,788
AUD	197,495	20.82	4,111,850
GBP	45,424	37.04	1,682,486
SGD	34,637	22.86	791,796
Investments accounted for using the equity method			
CNY	1,011,784	4.41	4,459,742
<u>Financial liabilities</u>			
Monetary items			
USD	8,043,773	30.71	247,008,179
CNY	2,616,391	4.41	11,532,527
EUR	163,842	32.71	5,359,259
ZAR	1,964,674	1.81	3,559,989
AUD	158,207	20.82	3,293,863
JPY	9,734,674	0.23	2,262,338
GBP	54,950	37.04	2,035,346
HKD	205,655	3.94	809,869
SGD	10,361	22.86	236,855
NZD	8,246	19.43	160,221

10) Disclosure required by the Regulations Governing the Preparation of Financial Reports by Public Banks.

a) Analysis of KGI Bank’s interest rate-sensitive assets and liabilities (New Taiwan dollars)

December 31, 2023

Item	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	$ 390,550,804	$ 24,309,505	$ 23,538,035	$ 58,366,114	$ 496,764,458
Interest rate-sensitive liabilities	171,144,839	173,806,630	24,177,668	28,960,613	398,089,750
Interest rate sensitivity gap	219,405,965	(149,497,125)	(639,633)	29,405,501	98,674,708
Net worth					68,697,998
Ratio of interest rate-sensitive assets to liabilities (%)					124.79
Ratio of interest rate-sensitive gap to net worth (%)					143.64

December 31, 2022

Item	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	$ 365,303,695	$ 24,613,450	$ 29,957,660	$ 58,889,544	$ 478,764,349
Interest rate-sensitive liabilities	190,244,449	148,686,716	26,256,552	27,361,742	392,549,459
Interest rate sensitivity gap	175,059,246	(124,073,266)	3,701,108	31,527,802	86,214,890
Net worth					61,085,508
Ratio of interest rate-sensitive assets to liabilities (%)					121.96
Ratio of interest rate-sensitive gap to net worth (%)					141.14

Note 1: The above amounts included only New Taiwan dollar amounts held by KGI Bank excluded contingent assets and contingent liabilities.

Note 2: Interest rate-sensitive assets and liabilities are interest-earning assets and interest-bearing liabilities with revenues or costs affected by interest rate changes.

Note 3: Interest rate sensitivity gap = Interest rate-sensitive assets - Interest rate-sensitive liabilities.

Note 4: Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets/Interest rate-sensitive liabilities (interest rate-sensitive assets and interest rate-sensitive liabilities in New Taiwan dollars).

b) Analysis of KGI Bank’s interest rate-sensitive assets and liabilities (U.S. dollars)

December 31, 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	$ 2,572,675	$ 175,878	$ 265,554	$ 2,299,422	$ 5,313,529
Interest rate-sensitive liabilities	5,056,942	1,833,842	892,415	6,067	7,789,266
Interest rate sensitivity gap	(2,484,267)	(1,657,964)	(626,861)	2,293,355	(2,475,737)
Net worth					16,942
Ratio of interest rate-sensitive assets to liabilities (%)					68.22
Ratio of interest rate-sensitive gap to net worth (%)					(14,613.01)

December 31, 2022

(In Thousands of U.S. Dollars, %)

Item	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	$ 2,914,753	$ 182,642	$ 99,304	$ 2,169,252	$ 5,365,951
Interest rate-sensitive liabilities	6,181,834	658,547	488,253	359,472	7,688,106
Interest rate sensitivity gap	(3,267,081)	(475,905)	(388,949)	1,809,780	(2,322,155)
Net worth					12,351
Ratio of interest rate-sensitive assets to liabilities (%)					69.80
Ratio of interest rate-sensitive gap to net worth (%)					(18,801.35)

Note 1: The above amounts included only U.S. dollars amounts held by KGI Bank, excluded contingent assets and contingent liabilities.

Note 2: Interest rate-sensitive assets and liabilities are interest-earning assets and interest-bearing liabilities with revenues or costs affected by interest rate changes.

Note 3: Interest rate sensitivity gap = Interest rate-sensitive assets - Interest rate-sensitive liabilities.

Note 4: Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets/Interest rate-sensitive liabilities (interest rate-sensitive assets and interest rate-sensitive liabilities in U.S. dollars).

KGI Securities and subsidiaries

Market risk is the risk of potential loss or change in valuation for securities or financial products that KGI Securities and subsidiaries hold due to the fluctuations of the market risk factors. Such factors include interest rates (including credit spread) and risk of equity securities and exchange rates and commodity risk.

KGI Securities and subsidiaries utilize risk factor sensitivity and value at risk to measure and contain market risks. KGI Securities and subsidiaries also holds regular stress test to help the management understand the estimated influence on the income of investment portfolio under potential extreme events or circumstances.

1) Risk factor sensitivity

Using product identification and analysis procedure held by KGI Securities, the corresponding market risk factor can be determined. Individual risk factor's entire exposure can be measured by observing how the value of a financial instrument changes as each risk factor changes. KGI Securities and subsidiaries monitor the following risk factor sensitivities:

a) Interest rate risk sensitivity: Measured by the change of present value of future cash flows of the measured holding with each yield curve or credit spread moved 0.01% horizontally.

b) Equity securities risk sensitivity: Measured by the change of the value of investment portfolio with the price of the underlying assets linked to the equity securities (as the potential loss amount given that the TAIEX and stock of respective companies drop 1%), which could divided into two types by distribution of financial instrument:

i. Equity delta: Measured by the change of present value of stock with the price of the underlying assets linked to the equity securities. (As the potential loss amount given that the TAIEX and stock of respective companies drop 1%).

ii. Debt delta: Measured by the change of present value of bond with the price of the underlying assets linked to the debt securities. (As the potential loss amount given that the beneficiary certificates and funds, included preferred stocks and bond ETF drop 1%).

c) Exchange rate risk sensitivity: Measured by the change of present values of corresponding holdings of currencies with exchange rate for each currency (as the potential loss amount given that the foreign currencies depreciate 1% against NTD).

d) Commodity risk sensitivity: Measured by the change of present values of corresponding holdings of currencies with commodity for each currency (as the potential loss amount given that commodity currencies depreciate 1% against NTD).

The risk sensitivities in the portfolio held by KGI Securities and subsidiaries are as follows:

Comparisons of Risk Sensitive Factors

(In Thousands of New Taiwan Dollars)

Risk Sensitivity	December 31, 2023	December 31, 2022
Interest rate risk	$ 6,641	$ 1,861
Equity securities risk		
Equity delta	5,479,505	4,433,631
Debt delta	(832,977)	6,245
Exchange rate risk	1,073,704	2,948,548
Commodity risk	(3,091)	5,969

2) Value at risk

Value at risk ("VAR") is a statistical measurement used to measure the maximum potential loss of a portfolio in a certain future time horizon and confidence level. KGI Securities and subsidiaries uses parametric in estimating a value at risk at 99% of confidence interval at duration of 1 day. This means that among 100 trading days, 1 trading day might see the loss of the positions exceeding the value at risk estimated the day before. KGI Securities and subsidiaries continue to conduct backtesting daily to ensure the effectiveness of the estimations made by the risk value model.

The comparison of risk value in the trading portfolio held by KGI Securities and subsidiaries were as follows:

	For the Year Ended December 31, 2023			December 31, 2023
	Average VAR	Minimum VAR	Maximum VAR	Ending VAR
Equity securities	$ 132,248	$ 76,283	$ 229,011	$ 119,611
Interest rate	128,317	27,672	249,078	140,214
Exchange rate	46,537	23,531	82,253	71,205
Commodity	18,132	150	39,766	11,586

	For the Year Ended December 31, 2022			December 31, 2022
	Average VAR	Minimum VAR	Maximum VAR	Ending VAR
Equity securities	$ 176,834	$ 92,083	$ 355,679	$ 179,623
Interest rate	181,662	109,009	247,993	166,268
Exchange rate	79,785	40,482	126,400	85,877
Commodity	3,893	141	15,100	1,184

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)

	December 31, 2023		
	Foreign Currency	**Exchange Rate (Dollar)**	**New Taiwan Dollar**
Financial assets			
Monetary items			
USD	$ 3,377,834	30.74	$ 103,805,241
EUR	502,731	34.03	17,107,841
HKD	337,680	3.93	1,326,923
JPY	5,271,627	0.22	1,145,084
CNY	46,258	4.33	200,354
AUD	7,813	21.01	164,154
ZAR	63,668	1.66	105,626
Nonmonetary items			
USD	1,944,146	30.74	59,751,690
CNY	948,079	4.33	4,106,510
EUR	3,630	34.03	123,528
Investments accounted for using the equity method			
USD	91,205	30.74	2,803,191
Financial liabilities			
Monetary items			
USD	5,601,009	30.74	172,134,529
EUR	504,768	34.03	17,177,139
HKD	308,668	3.93	1,212,789
JPY	5,056,938	0.22	1,098,412
AUD	5,641	21.01	118,524
Nonmonetary items			
USD	354,417	30.74	10,893,010

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	December 31, 2022		
	Foreign Currency	**Exchange Rate (Dollar)**	**New Taiwan Dollar**
<u>Financial assets</u>			
Monetary items			
USD	$ 3,541,362	30.71	$ 108,749,136
EUR	503,112	32.71	16,456,792
HKD	223,543	3.94	880,313
JPY	961,419	0.23	223,434
AUD	9,532	20.83	198,514
CNY	44,151	4.41	194,609
Nonmonetary items			
USD	1,996,658	30.71	61,311,957
CNY	950,455	4.41	4,189,417
Investments accounted for using the equity method			
USD	89,057	30.71	2,734,751
<u>Financial liabilities</u>			
Monetary items			
USD	5,420,728	30.71	166,460,683
EUR	500,656	32.71	16,376,474
HKD	181,974	3.94	716,614
JPY	787,748	0.23	183,073
AUD	7,212	20.83	150,205
Nonmonetary items			
USD	538,720	30.71	16,543,009

CDIB Capital Group and subsidiaries

Market risk is defined as an unfavorable change in financial market variables, (such as interest rates, exchange rates, stock prices and commodity prices) which may cause a potential loss on financial assets held for trading. Market risk as explained as follows:

1) Exchange rate risk

The financial assets and liabilities denominated in foreign currency and with material influence on CDIB Capital Group and subsidiaries were as follows:

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	December 31, 2023		
	Foreign Currency	**Exchange Rate (Dollar)**	**New Taiwan Dollar**
Financial assets			
Monetary items			
USD	$ 267,148	30.74	$ 8,210,796
CNY	315,435	4.33	1,366,276
KRW	22,249,692	0.02	527,674
AUD	10,445	21.01	219,440
Nonmonetary items			
USD	281,749	30.74	8,651,245
CNY	169,951	4.33	736,126
EUR	8,492	34.03	288,988
KRW	9,125,463	0.02	216,419
Investment accounted for using the equity method			
USD	62,690	30.74	1,926,781
CNY	439,088	4.33	1,901,690
Financial liabilities			
Monetary items			
USD	41,965	30.74	1,289,793

(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
Investment 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

Sensitivity analysis

The following table details CDIB Capital Group and subsidiaries' sensitivity to a 1% increase and decrease in New Taiwan dollars (the functional currency) against the relevant foreign currencies. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. A positive number below indicates a decrease (increase) in pre-tax profit (loss) associated with the New Taiwan dollar strengthening 1% against the relevant currency. For a 1% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit (loss), and the balances below would be negative.

	Impact on Profit or Loss For the Year Ended December 31	
	2023	**2022**
Monetary items		
USD	$ 69,210	$ 32,806
CNY	13,292	13,024
KRW	5,277	5,413
AUD	2,194	-

2) Interest rate risk

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

3) Other price risk

CDIB Capital Group and subsidiaries were exposed to equity price risk through its investments in principal investment business. CDIB Capital Group manages this exposure by setting risk acceptance limitation concerning industry, country, affiliated groups, and the same group.

If equity prices had been 1% higher/lower, the post-tax income for the years ended December 31, 2023 and 2022 would increase/decrease by $171,110 thousand and $154,079 thousand, respectively as a result of the changes in fair value of financial assets at fair value through profit or loss.

<u>KGI Life Insurance</u>

1) Market risk analysis

Market risk refers to financial assets and liabilities due to market risk factors volatility, making the change of the value to cause the risk of loss.

KGI 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

KGI 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. KGI Life primarily uses foreign exchange and foreign exchange derivatives to avoid exchange rate risks, and controls it in accordance with relevant laws and requirements for internal control.

3) Interest rate risk

Interest rate risk refers to the risk resulting from changes in market interest rates which causes fluctuations in the fair value of financial instruments. KGI 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

KGI 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. KGI 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 KGI 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. KGI 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

KGI 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.

KGI Life Insurance performs stress testing regularly by using “Simple Sensitivity” and “Scenario Analysis” methods. The test is capable of representing the position loss resulted from the movement of a specific risk factor under different kinds of historical scenarios:

a) Simple sensitivity

Simple Sensitivity measures the dollar amount change for the portfolio value from the movement of specific risk factors.

b) Scenario analysis

Scenario Analysis measures the dollar amount changes for the total value of investment positions if stress scenarios occur. The types of scenario include:

i. Historical scenario:

Adding fluctuating risk factors to a specific historical event, KGI 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:

KGI 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. KGI Life Insurance’s risk analysis, early warning, and business management are in accordance with the stress testing report.

Summary of Factor Sensitivity Analysis
December 31, 2023

Risk Factors	Changes (+/-)	Changes in Income	Changes in Equity
Equity risk (stock index)	+1%	$ -	$ 1,729,025
Interest rate risk (yield curve)	+1BP	-	(252,065)
Exchange risk (foreign exchange rate)	+1% (NTD for each currency appreciates 1%)	(2,948,656)	(918,611)

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)

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

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	December 31, 2023		
	Foreign Currency	**Exchange Rate (Dollar)**	**New Taiwan Dollar**
<u>Financial assets</u>			
Monetary items			
USD	$ 46,360,071	30.74	$ 1,424,876,796
AUD	5,851,455	21.00	122,870,020
Non-monetary items			
USD	1,933,365	30.74	59,421,973
<u>Financial labilities</u>			
Monetary items			
USD	237,747	30.74	7,307,158

(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

The above information is disclosed based on the carrying amount of the foreign currencies, which has been translated to functional currency.

e. Transfers of financial assets

KGI Bank and subsidiaries

Transferred financial assets not qualifying for full derecognition

Among daily operations of KGI Bank, most of the transactions of transferred financial assets not qualifying for full derecognition are debt securities under repurchase agreements. As KGI Bank's right to receive cash flows of the financial assets transferred to the counterparties and reflecting the obligation to repurchase the transferred financial assets for a fixed price at a future date, the transferred financial assets cannot be used, sold or pledged in the duration of the transaction. KGI Bank does not derecognize it entirely because KGI Bank remains exposed to interest rate risk and credit risk on these pledged instruments.

Related information of financial assets and liabilities not qualifying for full derecognition was listed below:

December 31, 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	$ 1,075,645	$ 927,945	$ 1,000,876	$ 927,945	$ 72,931
Financial assets at FVTPL	1,508,805	1,510,123	1,508,805	1,510,123	(1,318)
Financial assets at FVTOCI	42,234,199	40,142,911	42,234,199	40,142,911	2,091,288

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

KGI Securities and subsidiaries

1) Transferred financial assets not qualifying for full derecognition

Among daily operations of KGI Securities and subsidiaries, most of the transactions of transferred financial assets not qualifying for full derecognition are debt securities held by counterparties as collateral under repurchase agreements or equity securities lent under securities lending agreements. As the substance of these transactions is secured borrowing, securities that has transferred to counterparties during the transaction causes KGI Securities and subsidiaries' right to receive cash flows of the financial assets transferred to the counterparties; KGI Securities and subsidiaries only recognized related liabilities reflecting the obligation to repurchase the transferred financial assets at a fixed price in the future, and the transferred financial assets cannot be used, sold or pledged in the duration of the transaction. KGI Securities and subsidiaries do not derecognize it entirely because KGI Securities and subsidiaries remain exposed to interest rate risk, credit risk and market risk on these pledged instruments.

Related information of financial assets and liabilities not qualifying for full derecognition was listed below:

December 31, 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**	**Net Position of Fair Value**
Financial assets at FVTPL					
Transactions with agreements	$ 28,152,330	$ 27,529,289	$ 28,152,330	$ 27,529,289	$ 623,041
Financial assets at FVTOCI					
Transactions with agreements	29,901,195	27,651,012	29,901,195	27,651,012	2,250,183
Financial assets at amortized cost					
Transactions with agreements	4,772,444	4,457,915	4,772,444	4,457,915	314,529

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)

2) Transferred financial assets qualifying for full derecognition

KGI Securities uses convertible bonds acquired by an underwriter or dealer as the trading object of the asset swap transaction, then KGI Securities receives consideration by selling it, and exchange interests arise from convertible bonds for compensation interests according to the contracts, and has the right to redeem the bonds at any time before the maturity date. KGI Securities does not retain the control over the transferred assets and derecognizes them since counterparties have the ability to sell financial assets to third party and no restrictions will be made to counterparties. KGI Securities still retain the call option of the object, and the maximum exposure of the loss is the book value of the pledged instruments.

Related information of transferred financial assets and liabilities qualifying for full derecognition are as follows:

Period	Types of Continuing Involvement	Outflows of Repurchased Transferred (Derecognized) Financial Assets	Book Value of Continuing Involvement in the Balance Sheet	Fair Value of Continuing Involvement		Maximum of Loss Exposure
			Financial Assets at FVTPL	Assets	Liabilities	
December 31, 2023	Call option	$ 12,434,300	$ 2,504,819	$ 2,504,819	$ -	$ 2,504,819
December 31, 2022	Call option	11,593,500	1,383,072	1,383,072	-	1,383,072

The following table is repurchased transferred (derecognized) financial assets' undiscounted cash flow maturity analysis. Information of cash flow is disclosed according to the circumstances of every balance sheet day.

Period	Types of Continuing Involvement	Spot	3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
December 31, 2023	Call option	$ -	$ 934,500	$ 3,133,500	$ 8,366,300	$ -	$ 12,434,300
December 31, 2022	Call option	-	350,300	2,595,700	8,647,500	-	11,593,500

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
December 31, 2023	Call option	$ 159,316	$ (98,652)	$ 60,664
December 31, 2022	Call option	(28,703)	(663,738)	(692,441)

f. Offsetting financial assets and financial liabilities

KGI Bank and subsidiaries

KGI Bank and subsidiaries have enforceable master netting arrangements or similar agreements signed with counterparty, and the financial assets and financial liabilities can be offset when both sides of the transaction have decided to, but gross settlements if have not. One can choose net settlement if the other side of the transaction is in the breach of contract.

Related information of offsetting financial assets and financial liabilities were as follows:

December 31, 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	$ 42,097,729	$ -	$ 42,097,729	$ 42,097,729	$ -	$ -
Derivative instruments (Note 2)	30,011,713	-	30,011,713	8,646,423	2,566,513	18,798,777
Total	$ 72,109,442	$ -	$ 72,109,442	$ 50,744,152	$ 2,566,513	$ 18,798,777

December 31, 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	$ 42,580,979	$ -	$ 42,580,979	$ 42,580,979	$ -	$ -
Derivative instruments (Note 2)	29,931,131	-	29,931,131	8,646,423	2,947,399	18,337,309
Total	$ 72,512,110	$ -	$ 72,512,110	$ 51,227,402	$ 2,947,399	$ 18,337,309

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

Note 1: Financial instruments include master netting arrangements and non-cash collateral.

Note 2: Derivative instruments include hedging derivative financial.

<u>KGI Securities and subsidiaries</u>

KGI Securities and subsidiaries' transactions of derivative assets and liabilities do not correspond to the provisions of IAS, only in the circumstances of default, insolvency or bankruptcy will KGI Securities have the rights to offset derivative assets and liabilities.

KGI Securities and subsidiaries have signed securities repurchase contracts with counterparties, and the agreements stating that KGI Securities and subsidiaries to provide securities as collateral, meanwhile KGI Securities and subsidiaries signed securities resell contracts with counterparties and receive securities as collateral which do not recognized in the balance sheet. Such contracts do not correspond to the provisions of IAS and bear the right to offset only in the circumstances of default, insolvency or bankruptcy, therefore, related securities sell with repurchase agreements and securities purchased with resell agreement are presented in the balance sheet respectively.

Related information of offsetting financial assets and financial liabilities were as follows:

December 31, 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)	$ 5,870,737	$ -	$ 5,870,737	$ -	$ 1,014,109	$ 4,856,628
Securities purchased under resell agreements	13,142,589	-	13,142,589	13,142,589	-	-
Total	$ 19,013,326	$ -	$ 19,013,326	$ 13,142,589	$ 1,014,109	$ 4,856,628

December 31, 2023						
Financial Liabilities Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	**Gross Amounts of Recognized Financial Liabilities (a)**	**Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet (b)**	**Net Amounts of Financial Liabilities Presented in the Balance Sheet (c)=(a)-(b)**	**Amounts not Offset in the Balance Sheet (d)**		**Net Amount (e)=(c)-(d)**
				Financial Instruments (Note 1)	**Cash Collateral Pledged**	
Derivative financial instruments (Note 2)	$ 10,669,203	$ -	$ 10,669,203	$ -	$ 1,532,523	$ 9,136,680
Notes and bonds issued under repurchase agreements	87,713,610	-	87,713,610	87,713,610	-	-
Total	$ 98,382,813	$ -	$ 98,382,813	$ 87,713,610	$ 1,532,523	$ 9,136,680

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

Note 1: Financial instruments include master netting arrangements and non-cash collateral.

Note 2: Derivative instruments include hedging derivative financial.

KGI Life Insurance

KGI 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.

KGI Life Insurance may perform transactions not meeting the requirements of offsetting, but has enforceable master netting arrangement or other similar agreements with the counterparties. When both parties agree to settle in net amount, financial assets and financial liabilities could be offset and settled in net amount, and if not, in total amount. However, if any party in the transaction defaults, the other party can choose net settlement.

Related information about above offsetting financial assets and financial liabilities are as follows:

December 31, 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	$ 19,422,920	$ -	$ 19,422,920	$ 3,770,093	$ 8,383,839	$ 7,268,988

December 31, 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	$ 5,612,137	$ -	$ 5,612,137	$ 3,929,440	$ -	$ 1,682,697

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

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 of Financial Holding Companies".

c. Group's capital adequacy ratio (CAR)

(In Thousands of New Taiwan Dollars; %)

Items / Company	December 31, 2023		
	% of Ownership	**Group's Eligible Capital**	**Group's Legal Capital Demand**
The Corporation		$ 275,341,180	$ 321,109,843
KGI Bank	100%	79,563,894	57,175,261
KGI Securities	100%	29,749,765	15,337,317
CDIB Capital Group	100%	30,083,341	17,401,446
China Development Asset Management Corp.	100%	1,473,169	955,393
KGI Life Insurance	100%	165,709,467	97,484,094
KGI Securities Investment Trust	100%	561,381	345,243
Deduct items		346,379,327	319,738,518
Subtotal		236,102,870 (A)	190,070,079 (B)
Group's CAR (C)=(A)÷(B)			124.22 (C)

(In Thousands of New Taiwan Dollars; %)

Items / Company	December 31, 2022		
	% of Ownership	**Group's Eligible Capital**	**Group's Legal Capital Demand**
The Corporation		$ 226,608,400	$ 267,519,067
KGI Bank	100.00	73,472,607	54,364,514
KGI Securities	100.00	24,430,570	12,324,150
CDIB Capital Group	100.00	28,396,798	16,630,548
China Development Asset Management Corp.	100.00	1,641,235	975,280
KGI Life Insurance	100.00	126,366,619	90,127,694
Deduct items		286,719,870	266,062,665
Subtotal		190,196,359 (A)	175,878,588 (B)
Group's CAR (C)=(A)÷(B)			108.14 (C)

Note: Group's capital adequacy ratio = Group's eligible capital, net/Group's legal capital demand.

d. Financial holding companies' net eligible capital

(In Thousands of New Taiwan Dollars)

	December 31	
	2023	**2022**
Common stock	$ 168,339,806	$ 168,453,886
Capital instruments of comply with Tier 1 capital requirement	15,821,424	15,821,424
Other preferred stock and subordinated bonds	12,600,000	14,000,000
Capital surplus	33,588,602	33,626,805
Legal reserve	15,613,641	13,703,864
Special reserve	48,976,557	410,006
Retained earnings	19,775,079	50,476,328
Equity adjustment	(39,296,475)	(73,829,040)
Deduction: Capital items	(77,454)	(54,873)
	$ 275,341,180	$ 222,608,400

The Group's CARs were 124.22% and 108.14% as of December 31, 2023 and 2022, respectively. Since the Financial Holding Company Act and related regulations require, the Group's CAR should be at least 100%, the Group's CARs met its requirement.

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)

	December 31			December 31	
Trust Assets	**2023**	**2022**	**Trust Liabilities**	**2023**	**2022**
Bank deposits	$ 3,778,800	$ 2,582,693	Payables	$ 85,700	$ 86,309
Short-term investments			Payables on securities under custody	2,867,578	2,269,849
Funds	27,579,033	28,650,887	Other liabilities	46,923	73,015
Bonds	10,711,522	6,367,352	Trust capital	57,413,114	49,239,268
Common shares	141,482	174,413	Accumulated earnings	15,719	7,760
Structured notes	78,457	47,904			
Receivables	72	25,785			
Securities under custody	2,867,578	2,269,849			
Real estate					
Lands	14,234,149	10,522,529			
Buildings and facilities	16,426	12,094			
Intangible assets - surface right	984,534	984,534			
Other assets	36,981	38,161			
Total	$ 60,429,034	$ 51,676,201	Total	$ 60,429,034	$ 51,676,201

Income Statements of Trust Accounts

(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2023	**2022**
Trust income and gains		
Dividend income	$ 10,995	$ 11,045
Interest income	1,717,611	1,466,221
Rental income	27,038	26,809
Other income	3,783	6,126
Total trust income and gains	1,759,427	1,510,201
Trust expenses		
Properties transaction losses	(2,135,095)	(3,324,545)
Administrative expenses	(2,231)	(1,079)
Other expenses	(10,746)	(263,263)
Total trust expenses	(2,148,072)	(3,588,887)
Net income	$ (388,645)	$ (2,078,686)

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

Trust Property Accounts

(In Thousands of New Taiwan Dollars)

	December 31	
Investment Portfolio	**2023**	**2022**
Bank deposits	$ 3,778,800	$ 2,582,693
Short-term investments		
Funds	27,579,033	28,650,887
Bonds	10,711,522	6,367,352
Common shares	141,482	174,413
Structured notes	78,457	47,904
Securities under custody	2,867,578	2,269,849
Real estate		
Lands	14,234,149	10,522,529
Buildings and facilities	16,426	12,094
Intangible assets - surface right	984,534	984,534
Other assets	37,053	63,946
Total	$ 60,429,034	$ 51,676,201

b. The balance sheets and income statements of the trust accounts and trust property accounts of KGI Securities were as follows:

Balance Sheets of Trust Accounts

(In Thousands of New Taiwan Dollars)

Trust Assets	**December 31 2023**	**December 31 2022**	**Trust Liabilities**	**December 31 2023**	**December 31 2022**
Bank deposits	$ 2,912,774	$ 1,863,179	Payables	$ 200,636	$ 26,220
Financial assets			Taxes payable	77	246
Bonds	11,356,875	3,113,522	Trust capital	50,099,575	38,620,026
Common shares	15,374,518	11,471,886	Current profit and loss	3,529,082	(4,161,210)
Funds	19,679,943	16,642,614	Accumulated earnings	1,453,947	3,163,084
Short-term notes	-	601,877	Deferred carry forward	651	4,648
Structured notes	4,976,816	3,387,560	Other	(530,582)	(446,631)
Receivables	452,460	125,745			
Total	$ 54,753,386	$ 37,206,383	Total	$ 54,753,386	$ 37,206,383

Income Statements of Trust Accounts

(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31 2023	**For the Year Ended December 31 2022**
Trust income		
Interest income	$ 434,366	$ 92,649
Rent income	28,408	19,460
Dividend income	821,735	714,379
Realized gain profit from investment	906,127	913,741
Unrealized gain profit from investment	5,039,051	1,392,926
Other income	1,090,415	1,073,759
	8,320,102	4,206,914
Trust expenses		
Administrative expenses	4,159	3,696
Taxes	11,233	6,471
Service fee	52,336	64,940
Realized loss form investment	886,361	2,833,445
Unrealized loss from investment	2,898,065	4,714,318
Other expenses	938,866	745,254
	4,791,020	8,368,124
Income (loss) before income tax	3,529,082	(4,161,210)
Income tax expense	-	-
Profit (loss)	$ 3,529,082	$ (4,161,210)

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

Trust Property Accounts

(In Thousands of New Taiwan Dollars)

Investment Portfolio	December 31 2023	December 31 2022
Bank deposits	$ 2,912,774	$ 1,863,179
Financial assets		
Bonds	11,356,875	3,113,522
Stocks	15,374,518	11,471,886
Funds	19,679,943	16,642,614
Short-term notes	-	601,877
Structured notes	4,976,816	3,387,560
	$ 54,300,926	$ 37,080,638

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

Please refer to Table 9 (attached).

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

Please refer to Table 10 (attached).

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

a. Business or trading behaviors

Please 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

Please 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

Please 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	December 31, 2023 Formula	2023 %	December 31, 2022 Formula	2022 %	Standard	Meet Standard
17	Equities / Total liabilities minus customers' equity accounts	$2,229,746 / $114,785	=19.43	$2,214,152 / $685,835	=3.23	≧1	Yes
17	Current assets / Current liabilities	$2,783,912 / $114,785	=24.25	$3,522,812 / $685,835	=5.14	≧1	Yes
22	Equities / Capital stock	$2,229,746 / $400,000	=557.44%	$2,214,152 / $400,000	=553.54%	≧60% ≧40%	Yes
22	Adjusted net capital / Client and proprietary account	$1,950,528 / $204,319	=954.65%	$441,936 / $556,885	=79.36%	≧20% ≧15%	Yes

b. KGI Futures Corp.

Rule No.	Formula	December 31 2023 Formula	2023 %	2022 Formula	2022 %	Standard	Meet Standard
17	Equities / Total liabilities minus customers' equity accounts	$4,316,835 / $662,463	=6.52	$3,990,803 / $745,740	=5.35	≧1	Yes
17	Current assets / Current liabilities	$39,651,351 / $36,941,969	=1.07	$33,814,416 / $31,308,819	=1.08	≧1	Yes
22	Equities / Capital stock	$4,316,835 / $760,000	=568.00%	$3,990,803 / $760,000	=525.11%	≧60% ≧40%	Yes
22	Adjusted net capital / Client and proprietary account	$3,768,955 / $8,699,781	=43.32%	$3,507,227 / $6,384,208	=54.94%	≧20% ≧15%	Yes

62. DISCLOSURES REQUIRED BY THE FINANCIAL SUPERVISORY COMMISSION

KGI's investments in foreign enterprises are registered in a country whose securities and futures market regulators are not members of the International Organization of Securities Commissions (IOSCO), and these companies have no Multilateral Memorandum of Understanding (MMOU) members or didn't get the securities or futures licenses signed by the IOSCO. Thus, KGI disclose their foreign investees' business conditions and information on related-party transactions as follows:

a. Securities held:

KGI International Holdings Limited

(In U.S. Dollars)

	Number of Shares	Carrying Amount
Financial assets at FVTOCI - non-current		
Sogo Financial Group Inc.	62,611.55	$ -

b. Derivative financial products and sources of funds: None.

c. Asset management revenues, service and litigation matters: Note 48(c).

d. Balance sheet: Tables 13-1 to 13-2 (attached).

e. Income statement: Tables 14-1 to 14-2 (attached).

63. ADDITIONAL DISCLOSURES

a. and b. following are the additional disclosures required for the Group:

1) Financing provided: Not applicable to the Corporation, KGI Bank and KGI Life Insurance. For other subsidiaries' information: Please refer to Table 1 (attached).

2) Collaterals/guarantees provided: Not applicable to the Corporation, KGI Bank and KGI Life Insurance. For other subsidiaries' information: Please refer to Table 2 (attached).

3) Marketable securities held: Not applicable to the Corporation, KGI Bank, KGI Securities and partial subsidiaries and KGI Life Insurance. For other subsidiaries' information: Please refer to Table 3 (attached).

4) Marketable securities were acquired and disposed of, at cost or prices of at least NT$300 million or 10% of the issued capital (subsidiaries acquired and disposed of marketable securities, at cost or price of at least NT$300 million or 10% of the issued capital): Not applicable to KGI Securities and subsidiaries. For other subsidiaries' information please refer to Table 4 (attached).

5) Acquisition of individual real estate at cost of at least NT$300 million or 10% of the paid-in capital: For the Group's information: 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: Please refer to Table 6 (attached).

10) For related information on the subsidiaries' securitization products approved under the Regulation on Financial Asset Securitization: None.

11) Other significant transactions which may affect the decisions of financial statement users: None.

12) The information of investees: Please refer to Table 7 (attached).

13) Derivative transactions of the Group: Please refer to Notes 9, 50 and 52 of the consolidated financial statements.

c. Investments in mainland China: Please refer to Table 11 (attached).

d. Business relationships and significant transactions among the Group: Please refer to Table 12 (attached).

e. Information of major shareholders: None.

64. SEGMENT INFORMATION

The reportable segments of the Corporation are Commercial banking, Securities, Venture Capital and Insurance. Under the Banking Act of the Republic of China and relevant regulations, Commercial banking engaged in consumer banking, corporate banking and global market and financial institution. Under the Securities and Exchange Act and relevant regulations, Securities engaged in wealth management business, trading business and investment banking business. Venture Capital engaged in investment business directly. Insurance department operates life insurance business based on the provisions of the insurance law.

The accounting policies of the operating segments are the same as the Corporation's accounting policies described in Note 4. The Corporation uses income after tax as the measurement for segment profit and the basis of performance assessment. The net profit and income before income tax are composed of revenues and expenses directly attributable to an operating segment.

a. Segment revenues and results

Following were analysis of the Group's operating revenue and results by reportable segments:

	Commercial Banking	Securities	Venture Capital	Insurance	Other	Total
For the year ended December 31, 2023						
Interest profit (loss), net	$ 7,952,579	2,453,302	$ 275,786	$ 63,286,022	$ (676,114)	$ 73,291,575
Noninterest profits (loss) and gains, net	5,550,686	19,989,723	3,464,492	(59,110,609)	(3,633,820)	(33,739,528)
Net revenue (loss)	13,503,265	22,443,025	3,740,278	4,175,413	(4,309,934)	39,552,047
Reversal of allowance (allowance) for bad debts and losses on commitments and guarantees, net	(179,018)	(177,711)	(4,841)	260	-	(361,310)
Net change in reserve for insurance liabilities	-	-	-	12,962,007	-	12,962,007
Operating expenses	(6,751,110)	(14,473,359)	(1,511,149)	(6,283,523)	(2,556,721)	(31,575,862)
Net profit (loss) before income tax	6,573,137	7,791,955	2,224,288	10,854,157	(6,866,655)	20,576,882
Income tax benefit (expense)	(784,667)	(775,885)	(71,850)	(521,879)	525,518	(1,628,763)
Net profit (loss) for the year	$ 5,788,470	$ 7,016,070	$ 2,152,438	$ 10,332,278	$ (6,341,137)	$ 18,948,119
For the year ended December 31, 2022						
Interest profit (loss), net	$ 9,643,576	$ 2,604,358	$ 252,642	$ 58,995,337	$ (637,899)	$ 70,858,014
Noninterest profits (loss) and gains, net	3,429,423	13,807,792	569,460	8,774,600	(2,122,136)	24,459,139
Net revenue (loss)	13,072,999	16,412,150	822,102	67,769,937	(2,760,035)	95,317,153
Reversal of allowance (allowance) for bad debts and losses on commitments and guarantees, net	209,186	(64,044)	-	1,426	-	146,568
Net change in reserve for insurance liabilities	-	-	-	(44,989,888)	-	(44,989,888)
Operating expenses	(6,397,296)	(12,228,229)	(1,266,874)	(6,052,324)	(2,588,245)	(28,532,968)
Net profit (loss) before income tax	6,884,889	4,119,877	(444,772)	16,729,151	(5,348,280)	21,940,865
Income tax benefit (expense)	(636,692)	(824,507)	13,876	(3,356,655)	(747,700)	(5,551,678)
Net profit (loss) for the year	$ 6,248,197	$ 3,295,370	$ (430,896)	$ 13,372,496	$ (6,095,980)	$ 16,389,187

b. Geographical information

The Group's revenue from external customers by location of operations and information about its non-current assets by location of assets are detailed below:

	Revenue from External Customers	
	For the Year Ended December 31	
	2023	2022
Taiwan	$ 33,658,924	$ 92,496,781
Others	5,893,123	3,820,372
	$ 39,552,047	$ 95,317,153

c. Information about major customers

No single customer contributed 10% or more to the Group's revenue in 2023 and 2022.

TABLE 1

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

FINANCINGS PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

No.	Financier	Counter-party	Financial Statement Account	Related-party	Maximum Balance for the Period	Ending Balance	Actual Amount Drawn Down	Interest Rate	Nature of Financing Provided	Transaction Amount	Financing Reasons	Allowance for Bad Debt	Collateral		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	$ 1,536,750	$ 1,536,750	$ -	Floating	Short-term financing	$ -	Working capital	$ -	-	$ -	$ 17,774,942 (Note 1)	$ 17,774,942 (Note 1)
2	KGI Asia Limited	PT KGI Sekuritas Indonesia	Receivables, net	Yes	491,760	-	-	Floating	Short-term financing	-	Working capital	-	-	-	10,726,546 (Note 2)	10,726,546 (Note 2)
3	KGI International (Hong Kong) Limited	PT KGI Sekuritas Indonesia	Receivables, net	Yes	645,435	491,760	491,760	7.24%	Short-term financing	-	Working capital	-	-	-	6,375,791 (Note 3)	6,375,791 (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	-	-	-	89,679 (Note 4)	358,717 (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.

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

COLLATERALS/GUARANTEE PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

No.	Collaterals/Guarantee Provider	Counter-party		Limits on Each Counter-party's Collateral/ Guarantee Amounts	Maximum Balance for the Period	Ending Balance	Actual Amount Drawn Down	Carrying Value (as of Balance Sheet Date) of Properties Guaranteed by Collateral	Ratio of Accumulated Amount of Collateral to Net Asset Value of the Latest Financial Statement	Maximum Collateral/ Guarantee Amounts Allowable	Provision of Endorsements by Parent Company to Subsidiary	Provision of Endorsements by Subsidiary to Parent Company	Provision of Endorsements to the Company in Mainland China
		Name	Nature of Relationship										
1	KGI Securities Co., Ltd	KGI Securities (Singapore) Pte. Ltd.	Note 1	$ 5,748,366	$ 846,516	$ 846,516	$ 846,516	$ -	1.47%	$ 22,993,463 (Note 2)	No	No	No
2	KGI International Holdings Limited	KGI Asia Limited	Note 1	17,774,942	1,229,400	1,229,400	-	-	6.92%	17,774,942 (Note 3)	No	No	No
		KGI International Finance Limited	Note 1	17,774,942	614,700	614,700	-	-	3.46%	17,774,942 (Note 3)	No	No	No
		KGI Finance Limited	Note 1	17,774,942	76,838	76,838	-	-	0.43%	17,774,942 (Note 3)	No	No	No
		KGI International (Hong Kong) Limited	Note 1	17,774,942	1,930,743	1,930,148	-	-	10.86%	17,774,942 (Note 3)	No	No	No
		KGI Securities (Singapore) Pte. Ltd.	Note 1	17,774,942	2,766,150	2,766,150	-	-	15.56%	17,774,942 (Note 3)	No	No	No
		KGI Asia (Holdings) Pte. Limited	Note 1	17,774,942	4,153,201	4,144,328	2,623,435	-	23.32%	17,774,942 (Note 3)	No	No	No
3	CDIB Capital Group	CDIB Capital Investment I Limited	Note 1	7,543,394	1,620,950	1,536,750	-	-	5.20%	11,817,188 (Note 4)	No	No	No
		CDIB Global Markets Limited	Note 1	6,680,689	1,620,950	1,536,750	276,615	-	5.20%	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 provided should not exceed 40% of the guarantee provider's net asset value among recent financial report. CDIB Capital Group provided guarantees to CDIB Capital Investment I Limited and CDIB Global Market Limited by sharing credit lines, total NT$1,536,750 thousand.

TABLE 3

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars/Foreign Currencies)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	December 31, 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	$ 11,911	10.69	$ 11,911	
	Solar Fine Chemical Co., Ltd.	-	Financial assets at fair value through profit or loss	241,403	2,484	10.83	2,484	
	Dee Van Enterprise Co., Ltd.	-	Financial assets at fair value through profit or loss	4,225,979	62,881	6.04	62,881	
	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	25,699	8.40	25,699	
	AMIA Co.	-	Financial assets at fair value through profit or loss	6,000,000	157,200	8.58	157,200	
	Up Scientech Materials Corp.	-	Financial assets at fair value through profit or loss	4,186,209	81,530	6.97	81,530	
	Eastern Electronic Co., Ltd.	-	Financial assets at fair value through profit or loss	4,348,680	38,006	6.47	38,006	
	ASIA BEST LIFE CARE CO., LTD.	-	Financial assets at fair value through profit or loss	8,243,507	96,601	4.81	96,601	
	Taiwan Speciality Chemicals Corporation	-	Financial assets at fair value through profit or loss	2,598,638	225,406	1.88	225,406	
	Jochu Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	3,489,720	83,404	3.91	83,404	
	Kaohsiung Rapid Transit Corporation.	-	Financial assets at fair value through profit or loss	3,845,330	5,438	1.38	5,438	
	DragonJet Corporation	-	Financial assets at fair value through profit or loss	3,534,481	27,671	4.77	27,671	
	EVA Technologies Co., Ltd.	-	Financial assets at fair value through profit or loss	2,150,536	14,209	10.43	14,209	
	ASIA BEST HEALTHCARE CO., LTD.	-	Financial assets at fair value through profit or loss	12,612	1,043	4.72	1,043	
	Eden (Cayman) Biotech, Inc.	-	Financial assets at fair value through profit or loss	8,382,844	66,386	3.55	66,386	
	Eastern Power and Electric Company Limited	-	Financial assets at fair value through profit or loss	805,416	13,960	12.00	13,960	
	Pyxis Oncology Inc.	-	Financial assets at fair value through profit or loss	87,841	4,860	0.22	4,860	
	Chime Biologicis Limited	-	Financial assets at fair value through profit or loss	8,382,844	87,636	3.55	87,636	
	Beauty Essentials International Ltd.	-	Financial assets at fair value through profit or loss	86,503,067	105,549	8.04	105,549	
	United Renewable Energy Co., Ltd. - Private Placement	-	Financial assets at fair value through profit or loss	2,079,360	26,860	0.13	26,860	
	CDIB Capital Innovation Accelerator Ltd.	Associate	Financial assets at fair value through profit or loss	33,953,998	573,585	35.71	573,585	
	CDIB & Partners Investment Holding Corporation	Associate	Investments accounted for using the equity method	313,200,000	4,932,909	28.71	4,932,909	
	CDIB Capital Creative Industries Limited	Associate	Investments accounted for using the equity method	31,622,000	177,459	38.80	177,459	
	CDIB Capital Healthcare Ventures Limited	Associate	Investments accounted for using the equity method	8,633,571	418,911	21.86	418,911	
	CDIB Bio Science Ventures I, Inc.	Associate	Investments accounted for using the equity method	4,431,405	4,025	20.00	4,025	
	CDIB Capital Management Corporation	Subsidiary	Investments accounted for using the equity method	23,093,889	533,440	100.00	533,440	
	CDIB Venture Capital Corporation	Subsidiary	Investments accounted for using the equity method	535,493,708	6,214,155	100.00	6,214,155	
	CDIB Venture Capital (Hong Kong) Corporation Limited	Subsidiary	Investments accounted for using the equity method	925,000,000	3,580,486	100.00	3,580,486	
	CDIB Capital Investment II Limited	Subsidiary	Investments accounted for using the equity method	45,000,000	1,751,709	100.00	1,751,709	
	CDIB Global Markets Limited	Subsidiary	Investments accounted for using the equity method	339,392	6,680,689	100.00	6,680,689	
	CDIB Capital Investment I Limited	Subsidiary	Investments accounted for using the equity method	132,800,000	7,444,607	100.00	7,444,607	
	CDIB Capital International Corporation	Subsidiary	Investments accounted for using the equity method	4,700,000	435,162	100.00	435,612	
CDIB Capital Management Inc.	Stocks							
	EVA Technologies Co., Ltd.	-	Financial assets at fair value through profit or loss	297,623	1,966	1.44	1,966	
	CDIB Capital Innovation Advisors Corporation	Subsidiary	Investments accounted for using the equity method	1,200,000	13,245	60.00	13,245	
	CDIB Capital Creative Industries Limited	Associate	Investments accounted for using the equity method	815,002	19,166	1.00	19,166	
	CDIB Capital Healthcare Ventures Limited	Associate	Investments accounted for using the equity method	395,001	4,574	1.00	4,574	
	CDIB Private Equity (Hong Kong) Corporation Limited	Subsidiary	Investments accounted for using the equity method	51,900,000	347,322	100.00	347,322	
	Funds							
	CDIB Capital Growth Partners L.P.	Associate	Financial assets at fair value through profit or loss	-	46,849	-	46,849	
	CDIB Capital Healthcare Ventures II Limited Partnership	Associate	Financial assets at fair value through profit or loss	-	32,403	-	32,403	
	CDIB & Innolux Limited Partnership	Associate	Financial assets at fair value through profit or loss	-	13,954	-	13,954	
	CDIB-Mac Limited Partnership	Associate	Financial assets at fair value through profit or loss	-	2,676	-	2,676	

(Continued)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	December 31, 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$ 72,291	100.00	HK$ 72,291	
	CDIB Private Equity Management (Fujian) Enterprise (Limited Partnership)	Subsidiary	Investments accounted for using the equity method	-	HK$ 6,744	56.00	HK$ 6,744	
	CDIB Yida Private Equity Management (Kunshan) Enterprise (Limited Partnership)	Subsidiary	Investments accounted for using the equity method	-	HK$ 3,947	27.08	HK$ 3,947	
CDIB Private Equity (China) Corporation	Stocks							
	CDIB Private Equity (Fujian) Co., Ltd.	Subsidiary	Investments accounted for using the equity method	-	CNY 14,091	70.00	CNY 14,091	
	CDIB Yida Private Equity (Kunshan) Co., Ltd.	Subsidiary	Investments accounted for using the equity method	-	CNY 14,061	65.00	CNY 14,061	
	CDIB Private Equity (Kunshan) Corporation	Subsidiary	Investments accounted for using the equity method	-	CNY 5,191	100.00	CNY 5,191	
	CDIB Guoke Private Equity (Kunshan) Co., Ltd.	Subsidiary	Investments accounted for using the equity method	-	CNY 6,539	65.00	CNY 6,539	
CDIB Private Equity (Fujian) Co., Ltd.	Stocks							
	CDIB Private Equity Management (Fujian) Enterprise (Limited Partnership)	Subsidiary	Investments accounted for using the equity method	-	CNY 2,187	20.00	CNY 2,187	
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 7,720	58.33	CNY 7,720	
	Kunshan Yida Healthcare Private Equity Enterprise (Limited Partnership)	Associate	Financial assets at fair value through profit or loss	-	CNY 5,469	-	CNY 5,469	
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 11,738	-	CNY 11,738	
CDIB Private Equity Management (Fujian) Enterprise (Limited Partnership)	Funds							
	Kunshan Taiwan Business Development Investment Fund Partnership (Limited Partnership)	Associate	Financial assets at fair value through profit or loss	-	CNY 3,956	-	CNY 3,956	
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 4,779	-	CNY 4,779	
CDIB Venture Capital Corporation	Stocks							
	Azotek Co., Ltd.	-	Financial assets at fair value through profit or loss	989,400	14,252	1.62	14,252	
	ASIA BEST LIFE CARE CO., LTD.	-	Financial assets at fair value through profit or loss	8,243,507	96,601	4.81	96,601	
	WIADVANCE TECHNOLOGY CORPORATION	-	Financial assets at fair value through profit or loss	667,000	100,050	3.00	100,050	
	Changpin wind power Ltd.	-	Financial assets at fair value through profit or loss	4,200,000	105,945	17.50	105,945	
	Qian-Kun Energy 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	1,524,000	165,354	0.41	165,354	
	Fukuta 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	57,190	3.01	57,190	
	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	610,344	0.53	610,344	
	M2Communication, Inc.	-	Financial assets at fair value through profit or loss	162,815	1,546	1.63	1,546	
	Taiwan Speciality Chemicals Corporation	-	Financial assets at fair value through profit or loss	177,785	15,421	0.13	15,421	
	GSD Technologies Co., Ltd.	-	Financial assets at fair value through profit or loss	2,306,603	100,799	6.23	100,799	
	Apex Dynamics, Inc.	-	Financial assets at fair value through profit or loss	178,000	37,825	0.22	37,825	
	Yang Bao Enterprise Co., Ltd.	-	Financial assets at fair value through profit or loss	5,626,087	238,566	8.55	238,566	
	Taiwan Microloops Corp.	-	Financial assets at fair value through profit or loss	1,281,316	88,270	2.52	88,270	
	Poju International Co., Ltd.	-	Financial assets at fair value through profit or loss	2,666,000	53,841	5.68	53,841	
	Asia Best Healthcare Co., Ltd	-	Financial assets at fair value through profit or loss	12,612	1,043	4.72	1,043	
	Viscovery (Cayman) Holding Company Limited	-	Financial assets at fair value through profit or loss	195,317	900	2.68	900	
	KKday.com International Company Limited	-	Financial assets at fair value through profit or loss	3,000,000	25,078	0.93	25,078	
	Crescendo Lab	-	Financial assets at fair value through profit or loss	3,195	4,910	2.40	4,910	
	Apollomics, Inc.	-	Financial assets at fair value through profit or loss	419,338	12,437	0.48	12,437	
	Hartec Asia Pte. Ltd.	-	Financial assets at fair value through profit or loss	2,800,000	59,250	10.23	59,250	
	Achieve Made International Limited	-	Financial assets at fair value through profit or loss	98,355	6,605	3.30	6,605	
	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	90,375	40.74	90,375	
	4Gamers Entertainment Inc. - Preferred Stock	-	Financial assets at fair value through profit or loss	24,000	16,228	20.00	16,228	

(Continued)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Shares/Face Value/Units	Carrying Value	Percentage of Ownership (Note 2)	Fair Value	
CDIB Venture Capital Corporation	Stocks							
	Viscovery (Cayman) Holding Company Limited - Preferred Stock	-	Financial assets at fair value through profit or loss	304,878	$ 1,406	8.20	$ 1,406	
	Asia Parents Holdings Limited - Preferred Stock	-	Financial assets at fair value through profit or loss	248,889	17,212	14.74	17,212	
	Kneron Holding Corporation - Preferred Stock	-	Financial assets at fair value through profit or loss	1,391,752	285,206	2.90	285,206	
	Elixiron Immunotherapeutics (Cayman) Limited - Preferred Stock	-	Financial assets at fair value through profit or loss	4,559,686	104,617	26.09	104,617	
	Crescendo Lab - Preferred Stock	-	Financial assets at fair value through profit or loss	8,000	12,294	16.00	12,294	
	Zentera Systems, Inc. - Preferred Stock	-	Financial assets at fair value through profit or loss	1,324,503	28,056	39.35	28,056	
	FUNP Co., Ltd. - Preferred Stock	-	Financial assets at fair value through profit or loss	400,000	44,258	5.39	44,258	
	Achieve Made International Limited - Preferred Stock	-	Financial assets at fair value through profit or loss	168,138	11,292	6.67	11,292	
	PChome Online Inc. - Private Placement	-	Financial assets at fair value through profit or loss	1,875,293	73,397	1.30	73,397	
	United Renewable Energy Co., Ltd. - Private Placement	-	Financial assets at fair value through profit or loss	831,744	10,744	0.05	10,744	
	United Renewable Energy Co., Ltd. - Private Placement	-	Financial assets at fair value through profit or loss	2,056,941	26,570	0.13	26,570	
	KKday.com International Company Limited-Preferred Stock CC	-	Financial assets at fair value through profit or loss	813,859	6,803	0.08	6,803	
	Viscovery (Cayman) Holding Company Limited - Preferred Stock A	-	Financial assets at fair value through profit or loss	200,000	922	10.96	922	
	Elixiron Immunotherapeutics (Cayman) Limited - Preferred Stock A	-	Financial assets at fair value through profit or loss	2,679,133	61,470	13.03	61,470	
	AmazingTalker - Preferred Stock A	-	Financial assets at fair value through profit or loss	4,282,655	61,470	12.90	61,470	
	FunNow Ltd. - Preferred Stock A	-	Financial assets at fair value through profit or loss	1,851,840	79,000	20.00	79,000	
	4Gamers Entertainment Inc. - Preferred Stock B	-	Financial assets at fair value through profit or loss	8,727	5,901	4.80	5,901	
	KKday.com International Company Limited - Preferred Stock B	-	Financial assets at fair value through profit or loss	5,654,616	47,270	8.66	47,270	
	TXONE NETWORKS INC. - Preferred Stock B	-	Financial assets at fair value through profit or loss	545,454	92,205	3.71	92,205	
	Traveler Co., Ltd. - Preferred Stock B	-	Financial assets at fair value through profit or loss	32,077	49,570	10.85	49,570	
	FunNow Ltd. - Preferred Stock B	-	Financial assets at fair value through profit or loss	435,730	18,588	3.36	18,588	
	KKday.com International Company Limited - Preferred Stock C	-	Financial assets at fair value through profit or loss	7,655,502	63,996	2.31	63,996	
	Traveler Co., Ltd-Preferred Stock C	-	Financial assets at fair value through profit or loss	7,955	12,293	3.20	12,293	
	Fractyl Health, Inc.-Preferred Stock E	-	Financial assets at fair value through profit or loss	1,305,574	336,435	10.17	336,435	
	Achieve Made International Limited-Preferred Stock E	-	Financial assets at fair value through profit or loss	336,276	22,583	10.00	22,583	
	Viscovery (Cayman) Holding Company Limited -Preferred Stock AA	-	Financial assets at fair value through profit or loss	300,000	1,383	15.00	1,383	
	FunNow Ltd.-Preferred Stock BB	-	Financial assets at fair value through profit or loss	576,370	24,588	13.11	24,588	
	Kuo Heng Investment Holding Corp.	Associate	Investments accounted for using the equity method	5,000,000	4,754	14.29	4,754	
	Funds							
	CDIB Capital Growth Partners L.P.	Associate	Financial assets at fair value through profit or loss	-	1,151,509	-	1,151,509	
	CDIB Capital Healthcare Ventures II Limited Partnership	Associate	Financial assets at fair value through profit or loss	-	370,370	-	370,370	
	CDIB & Innolux Limited Partnership	Associate	Financial assets at fair value through profit or loss	-	393,786	-	393,786	
CDIB Venture Capital (Hong Kong) Corporation Limited	Funds							
	CDIB Private Equity (Fujian) Enterprise (Limited Partnership)	Associate	Investments accounted for using the equity method	-	HK$ 180,488	-	HK$ 180,488	
	CDIB Yida Private Equity (Kunshan) Enterprise (Limited Partnership)	Associate	Investments accounted for using the equity method	-	HK$ 286,694	-	HK$ 286,694	
	Kunshan Yida Healthcare Private Equity Enterprise (Limited Partnership)	Associate	Financial assets at fair value through profit or loss	-	HK$ 176,746	-	HK$ 176,746	
CDIB Capital Investment I Limited	Stocks							
	Best Inc.	-	Financial assets at fair value through profit or loss	75,000	US$ 191	0.38	US$ 191	
	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$ 71	12.50	US$ 71	
	Viking 3 Holdings Corporation - Preferred Stock	-	Financial assets at fair value through profit or loss	18,000,000	US$ 3,180	100.00	US$ 3,180	
	Rokid Corporation Ltd - Preferred Stock	-	Financial assets at fair value through profit or loss	615,642	US$ 6,351	0.78	US$ 6,351	
	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$ 651	100.00	US$ 651	
	SCBS 1 Holding Corporation	Subsidiary	Investments accounted for using the equity method	3,828	US$ 2,812	100.00	US$ 2,812	
	CDIB NY 5 LLC	Subsidiary	Investments accounted for using the equity method	-	US$ 14,649	-	US$ 14,649	
	Funds							
	KKR X-Ray Co-invest L.P.	-	Financial assets at fair value through profit or loss	-	US$ 5,054	-	US$ 5,054	
	KKR Talk Co-invest L.P.	-	Financial assets at fair value through profit or loss	-	US$ 31,768	-	US$ 31,768	
	CC KDC CO-INVEST L.P.	-	Financial assets at fair value through profit or loss	-	US$ 37,247	-	US$ 37,247	
	Alpine Investors Iceman CV-A, LP	-	Financial assets at fair value through profit or loss	-	US$ 1,388	-	US$ 1,388	
	Eve & Partners Limited Partnership	Associate	Financial assets at fair value through profit or loss	-	US$ 187	-	US$ 187	
	CDIB Capital Global Opportunities Fund L.P.	Associate	Financial assets at fair value through profit or loss	-	US$ 18,077	-	US$ 18,077	
	CDIB Capital Asia Partners L.P.	Associate	Investments accounted for using the equity method	-	US$ 62,690	-	US$ 62,690	

(Continued)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	December 31, 2023						Note
				Shares/Face Value/Units	Carrying Value		Percentage of Ownership (Note 2)	Fair Value		
CDIB Capital Investment I Limited	Corporate bond									
	Konew Capital International Limited	-	Financial assets at fair value through profit or loss	29,395,000	US$	28,648	-	US$	28,648	
	CDIB Real Estate Credit Ltd.	-	Amortised cost financial assets	22,277,744	US$	22,278	-	US$	22,278	
SCBS 1 Holding Corporation	Stocks									
	Simplify Compliance Holdings, LLC	-	Financial assets at fair value through profit or loss	2,833,333	US$	2,716	2.91	US$	2,716	
CDIB X Finance I Holding Limited	Corporate bond									
	Xian Group Limited	-	Amortised cost financial assets	5,000,000	US$	693	-	US$	693	
CDIB Capital Investment II Limited	Stocks									
	Great Rich Technologies Limited	-	Financial assets at fair value through profit or loss	1,660,000	US$	3,932	2.46	US$	3,932	
	Techmate Korea Daebu Co., Ltd.	-	Financial assets at fair value through profit or loss	45,600	US$	3,109	10.00	US$	3,109	
	Indostar Capital	-	Financial assets at fair value through profit or loss	631,701	US$	4,249	9.05	US$	4,249	
	NY4 Holdings Corporation - Preferred Stock	-	Financial assets at fair value through profit or loss	8,080,000	US$	9,654	100.00	US$	9,654	
	Indostar Everstone - Preferred Stock	-	Financial assets at fair value through profit or loss	860,332	US$	5,759	88.76	US$	5,759	
	CDIB TMK Finance Holding Limited	Subsidiary	Investments accounted for using the equity method	19,183	US$	21,541	100.00	US$	21,541	
CDIB TMK Finance Holding Limited	Corporate bond									
	Techmate Korea Daebu Co., Ltd.	-	Amortised cost financial assets	22,789,140,793	US$	17,168	-	US$	18,543	
CDIB Global Markets Limited	Stocks									
	Osaro, Inc.	-	Financial assets at fair value through profit or loss	51,095	US$	418	0.59	US$	418	
	Big Commerce Holdings, Inc.	-	Financial assets at fair value through profit or loss	30,361	US$	295	0.04	US$	295	
	Eventbrite, Inc.	-	Financial assets at fair value through profit or loss	24,904	US$	208	0.03	US$	208	
	ContextLogic, Inc.	-	Financial assets at fair value through profit or loss	3,240	US$	19	-	US$	19	
	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 A	-	Financial assets at fair value through profit or loss	588,739	US$	244	3.27	US$	244	
	Osaro, Inc.-Preferred stock BB	-	Financial assets at fair value through profit or loss	577,524	US$	558	3.16	US$	558	
	CDIB Pearl Holding Limited	Subsidiary	Investments accounted for using the equity method	34,000	US$	40,363	100.00	US$	40,363	
	Corporate bond									
	42Matraville Investment Trust	-	Amortised cost financial assets	10,625,714	US$	7,114	-	US$	7,023	
	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$	6,882	
	Weave Living Real Estate SG Limited	-	Amortised cost financial assets	540,067	US$	533	-	US$	540	
	Funds									
	Huaxing Capital Partners II LP	-	Financial assets at fair value through profit or loss	-	US$	3,578	-	US$	3,578	
	Alpha Intelligence Capital Fund II, SCSp, SICAV-RAIF	-	Financial assets at fair value through profit or loss	-	US$	3,491	-	US$	3,491	
	AIC Tahoe, Limited Partnership	Associate	Financial assets at fair value through profit or loss	-	US$	9,490	-	US$	9,490	
	Convertible (exchange) corporate bond									
	Amber Investment Partners Limited	Associate	Financial assets at fair value through profit or loss	-	US$	45,137	-	US$	45,137	
	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$	19,000	-	US$	19,000	
	CDIB Medtech Investment Partners Limited	Associate	Financial assets at fair value through profit or loss	-	US$	47,500	-	US$	47,500	
CDIB Pearl Holding Limited	Stocks									
	Udemy, Inc.	-	Financial assets at fair value through profit or loss	33	US$	-	-	US$	-	
	Funds									
	KKR Asian Fund III L.P.	-	Financial assets at fair value through profit or loss	-	US$	1,381	-	US$	1,381	
	Ardian Buyout Fund VII A S.L.P.	-	Financial assets at fair value through profit or loss	-	US$	3,138	-	US$	3,138	
	Permira VII L.P.1	-	Financial assets at fair value through profit or loss	-	US$	2,471	-	US$	2,471	
	Insight Partners (Cayman) XI, L.P.	-	Financial assets at fair value through profit or loss	-	US$	3,893	-	US$	3,893	
	TA XIII-B, L.P.	-	Financial assets at fair value through profit or loss	-	US$	2,973	-	US$	2,973	
	Warburg Pincus Global Growth, L.P.	-	Financial assets at fair value through profit or loss	-	US$	4,354	-	US$	4,354	

(Continued)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Shares/Face Value/Units	Carrying Value	Percentage of Ownership (Note 2)	Fair Value	
CDIB Pearl Holding Limited	Funds							
	EQT IX (No. 1) EUR SCSp	-	Financial assets at fair value through profit or loss	-	US$ 3,794	-	US$ 3,794	
	KKR European Fund V (USD) SCSp	-	Financial assets at fair value through profit or loss	-	US$ 2,361	-	US$ 2,361	
	Carlyle Partners VII, L.P.	-	Financial assets at fair value through profit or loss	-	US$ 4,204	-	US$ 4,204	
	KKR Health Care Strategic Growth Fund L.P.	-	Financial assets at fair value through profit or loss	-	US$ 1,494	-	US$ 1,494	
	Thoma Bravo Fund XIII-A, L.P.	-	Financial assets at fair value through profit or loss	-	US$ 3,408	-	US$ 3,408	
	The Veritas Capital Fund VII, L.P.	-	Financial assets at fair value through profit or loss	-	US$ 4,750	-	US$ 4,750	
CDIB Real Estate Credit Ltd	Corporate bonds							
	Sino Money Investments Limited	-	Amortised cost financial assets	4,986,569	US$ 7,589	-	US$ 4,987	
	StorHub Hong Kong I Limited	-	Amortised cost financial assets	1,291,923	US$ 1,266	-	US$ 1,292	
	StorHub Hong Kong IV Limited	-	Amortised cost financial assets	2,101,959	US$ 2,059	-	US$ 2,102	
	StorHub Hong Kong VI Limited	-	Amortised cost financial assets	5,477,324	US$ 5,365	-	US$ 5,477	
	StorHub Hong Kong V Ltd	-	Amortised cost financial assets	6,580,216	US$ 6,446	-	US$ 6,580	
	StorHub Hong Kong III Ltd	-	Amortised cost financial assets	2,235,102	US$ 2,189	-	US$ 2,235	
	StorHub Hong Kong VII Ltd	-	Amortised cost financial assets	4,127,132	US$ 4,043	-	US$ 4,127	
	Belcher I (BVI) Limited	-	Amortised cost financial assets	3,576,203	US$ 3,503	-	US$ 3,576	
	Belcher II (BVI) Limited	-	Amortised cost financial assets	1,493,073	US$ 1,463	-	US$ 1,493	
	Belcher III (BVI) Limited	-	Amortised cost financial assets	1,458,242	US$ 1,428	-	US$ 1,458	
CDIB Capital International Corporation	Stocks							
	CDIB Capital International (Hong Kong) Corporation Limited	Subsidiary	Investments accounted for using the equity method	15,400,000	US$ 7,589	100.00	US$ 7,589	
	CDIB Buyout Partners Limited	Subsidiary	Investments accounted for using the equity method	50,000	US$ 94	100.00	US$ 94	
	CDIB Capital International (USA) Corporation	Subsidiary	Investments accounted for using the equity method	8,000,000	US$ 3,360	100.00	US$ 3,360	
	CDIB Capital Asia Partners Limited	Subsidiary	Investments accounted for using the equity method	200	US$ 134	100.00	US$ 134	
	CDIB Intelligence Partners Limited	Subsidiary	Investments accounted for using the equity method	-	US$ -	100.00	US$ -	(Note 5)
	CDIB Asia Secured Credit 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$ (643)	100.00	US$ (643)	
China Development Asset Management Corp.	Stocks							
	IBF Securities Co., Ltd.	-	Financial assets at fair value through profit or loss	10,712,984	103,627	1.07	103,627	
	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	19,475	12.25	19,475	
CDIB Management Consulting Corp.	Stocks							
	CDC Finance & Leasing Corp.	Subsidiary	Investments accounted for using the equity method	76,704,787	916,040	100.00	916,040	
	CDIB International Leasing Corp.	Subsidiary	Investments accounted for using the equity method	-	155,428	100.00	155,428	
CDC Finance & Leasing Corp.	Stocks							
	Pacific Electric Wire and Cable Co., Ltd.	-	Financial assets at fair value through other comprehensive income	546,231	9,952	0.07	9,952	
Richpoint Company Limited	Stocks							
	KG Investments Holdings Limited	Subsidiary	Investments accounted for using the equity method	156,864,163	US$ 605,515	100.00	US$ 605,515	
KGI Venture Capital Co., Ltd.	Stocks							
	Young Shine Electric Co., Ltd.	-	Financial assets at fair value through profit or loss	557,000	46,120	2.77	46,120	
	Jia Wei Lifestyle Inc.	-	Financial assets at fair value through profit or loss	271,000	16,287	0.34	16,287	
	Yield Microelectronics Corp.	-	Financial assets at fair value through profit or loss	425,000	51,213	1.59	51,213	
	AMPAK Technology Inc.	-	Financial assets at fair value through profit or loss	225,000	27,000	0.34	27,000	
	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	
	etreego co., ltd.	-	Financial assets at fair value through profit or loss	8,539,344	162,248	3.23	162,248	
	Formosa Pharmaceutical, Inc.	-	Financial assets at fair value through profit or loss	50,000	2,499	0.04	2,499	
	Gingy Technology Inc.	-	Financial assets at fair value through profit or loss	43,775	91	0.60	91	
	Sustainable Development Co., Ltd.	-	Financial assets at fair value through profit or loss	961,930	46,596	2.45	46,596	
	Yongda Food Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	1,100,000	8,772	4.02	8,772	

(Continued)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Shares/Face Value/Units	Carrying Value	Percentage of Ownership (Note 2)	Fair Value	
KGI Venture Capital Co., Ltd.	Stocks							
	ChenFeng Optronics Corporation	-	Financial assets at fair value through profit or loss	2,984,842	$ 119,394	2.97	$ 119,394	
	Nfore Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	500,000	27,135	1.43	27,135	
	Rapidtek Technologies Inc.	-	Financial assets at fair value through profit or loss	129,571	13,184	0.43	13,184	
	Evergreen Aviation Technologies Corp.	-	Financial assets at fair value through profit or loss	190,600	20,680	0.05	20,680	
	Airoha Technology Corp.	-	Financial assets at fair value through profit or loss	49,000	28,273	0.03	28,273	
	Deluxe Technology Group Co., Ltd.	-	Financial assets at fair value through profit or loss	632,307	8,053	0.85	8,053	
	ITHCORPORATION	-	Financial assets at fair value through profit or loss	2,000,000	64,760	0.44	64,760	
	UNITRAVEL SERVICES CO., LTD.	-	Financial assets at fair value through profit or loss	100,000	9,709	0.50	9,709	
	JHU JIAN	-	Financial assets at fair value through profit or loss	199,000	32,507	0.46	32,507	
	Top Bright Holding Co., Ltd.	-	Financial assets at fair value through profit or loss	146,000	18,761	0.28	18,761	
KGI Securities Investment Trust Co., Ltd.	Stocks							
	FundRich Securities	-	Financial assets at fair value through other comprehensive income	227,406	3,247	0.38	3,247	
	Funds							
	KGI Victory Money Market Fund	Funds managed by KGI Securities Investment Trust	Financial assets at fair value through profit or loss	2,226,784	26,492	0.49	26,492	

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 December 31, 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 December 31, 2023.

(Concluded)

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 10% OF THE PAID-IN CAPITAL
(THE BANK'S SUBSIDIARIES AMOUNTING TO NT$300 MILLION OR 10% OF THE PAID-IN CAPITAL)
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars/Foreign Currencies)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal				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$ 40,363 (Note 1)	-	-	-	-	34,000	US$ 40,363
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$ 6,836	US$ 4,027	-	US$ 187
	Bonds CDIB Real Estate Credit Ltd.	Amortised cost financial assets	-	-	-	-	22,277,744	US$ 22,278	-	-	-	-	22,277,744	US$ 22,278
	Stocks CDIB NY 5 LLC	Investments accounted for using the equity method	-	-	-	-	-	US$ 14,649 (Note 2)	-	-	-	-	-	US$ 14,649
KGI Bank	Stocks Suyin KGI Consumer Finance Co., Ltd.	Investments accounted for using the equity method	-	-	-	4,459,742	-	3,308,376 (Note 3)	-	-	-	-	-	7,768,118

Note 1: The CDIB Pearl Holding Limited had increase its capital in cash by $34,000 thousand and an investment gain of $6,363 thousand.

Note 2: The CDIB NY 5 LLC had increase its capital in cash by $14,721 thousand and an investment loss of $72 thousand.

Note 3: The Suyin KGI Consumer Finance Co., Ltd. had increase its capital in cash by $2,806,103 thousand and an investment gain of $619,254 thousand. Increase of $2,623 thousand in capital surplus not subscribed in accordance with shareholding ratio and the exchange difference of $(119,604) thousand from the translation of the financial statements of the Company and its foreign operations.

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
DECEMBER 31, 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	$ 546,126 (Note 1)	-	$ -	-	$ -	$ -
	KGI Bank	Subsidiary	974,245 (Note 2)	-	-	-	-	-
	KGI Securities Co., Ltd.	Subsidiary	1,932,683 (Note 2)	-	-	-	-	-
KGI Life Insurance Co., Ltd.	The Corporation	The parent company	2,735,854 (Note 3)	-	-	-	155	-
	KGI Bank	Subsidiary of the parent company	1,292,134 (Note 4)	-	-	-	560,960	-
KGI International (Hong Kong) Limited	PT KGI Sekuritas Indonesia	Subsidiary of the parent company	491,760	-	-	-	491,760	-
	KGI Future (Hong Kong) Limited	Subsidiary of the parent company	308,701	-	-	-	308,701	-
	KGI Asia Limited	Subsidiary of the parent company	582,476	-	-	-	582,476	-
KGI Securities (Singapore) Pte. Ltd	KGI Securities (Thailand) Public Company Limited	Associate	452,051	-	-	-	452,051	-
	KGI Asia Limited	Subsidiary of the parent company	397,067	-	-	-	397,067	-
KGI Bank	KGI Securities Co., Ltd.	Subsidiary of the parent company	312,426	-	-	-	312,426	-

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

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

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

Note 4: Receivables from the collection and disbursement business (ACH) and other receivables, such as rent receivable from leased premises.

Note 5: The above companies which are the subsidiaries of the Corporation were eliminated from the consolidated financial statements.

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

SALES OF NPL FROM SUBSIDIARIES
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

1. Summary table of sales of distressed debt transactions

Transaction Date	Transaction Party	Content of Loans	Book Value	Amount	Disposal Gain (Loss)	Collateral Condition	The Relationship Between Transaction Party and Subsidiary
2023.11.22	A	Secured loan	$ -	$ 350	$ 350	None	None

2. Information on the sale of a single batch of NPL with an amount of more than NT$1 billion (excluding the sale and related parties): The Corporation and subsidiaries do not have this matter.

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEE
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company (Note 1)	Location	Main Business	Percentage of Ownership, End of Year	Carrying Value, End of Year (Note 3)	Investment Gain (Loss)	Consolidated Investment (Note 1)				Note
							Present Shares	Virtual Shares (Note 2)	Total		
									Shares	Percentage of Ownership	
The Corporation	CDIB Capital Group	Taipei City, Taiwan	Venture capital	100.00	$ 29,651,052	$ 2,152,652	2,041,115,913	-	2,041,115,913	100.00	
	KGI Securities	Taipei City, Taiwan	Financial service	100.00	54,860,629	7,062,853	1,817,478,544	-	1,817,478,544	100.00	
	KGI Bank	Taipei City, Taiwan	Commercial bank	100.00	70,288,514	5,289,481	4,606,162,291	-	4,606,162,291	100.00	
	China Development Asset Management Corp.	Taipei City, Taiwan	Trading and management of nonperforming loans of financial institution	100.00	1,473,169	79,530	113,360,000	-	113,360,000	100.00	
	KGI Life Insurance	Taipei City, Taiwan	Life insurance	100.00	162,903,772	6,760,938	4,920,653,131	-	4,920,653,131	100.00	
	KGI Securities Investment Trust Co., Ltd.	Taipei City, Taiwan	Securities investment and trusts	100.00	561,382	34,304	30,000,000	-	30,000,000	100.00	Note 3

Note 1: All present shares and virtual shares of investee company held by the Company, directors, supervisors, the Corporation's managers and affiliates should be included.

Note 2: a. The virtual shares are those shares obtained through a transfer, on the assumption of share transfer, from equity securities purchased or derivative instrument contracts signed and linked to investee company's equity based on agreed transaction terms and undertaking intention, and for the purpose of investing in company under the provisions of Article 36, Item 2 and Article 37 of the Company Act.

b. The equity securities mentioned above are specified as those securities under the provision of Article 11, Item 1 of the bylaws to the ROC Securities and Exchange Act, for example, convertible bond and warrant.

c. The derivative instrument contracts mentioned above are specified as those derivative instruments defined by the IFRS 9, for example, stock option.

Note 3: KGI Investment Trust Co., Ltd. was converted to the Company's direct ownership on July 1, 2023, after KGI Securities Co., Ltd. reduced its capital in-kind against its shares.

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

TABLE 8

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

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

Consolidated entities

Investor Company	Subsidiary	Main Business and Products	Percentage of Ownership		Note
			December 31, 2023	December 31, 2022	
The Corporation	CDIB Capital Group	Venture fund	100.00	100.00	
	KGI Securities Co., Ltd.	Financial service	100.00	100.00	
	KGI Bank	Commercial bank	100.00	100.00	
	China Development Asset Management Corp.	Trading and management of nonperforming loans of financial institutions	100.00	100.00	
	KGI Life Insurance Co., Ltd.	Life insurance	100.00	100.00	
	KGI Securities Investment Trust Co., Ltd.	Securities investment and trusts	100.00	-	(Note 1)
CDIB Capital Group	CDIB Capital Management Corporation	Management and consulting	100.00	100.00	
	CDIB Venture Capital Corporation	Venture fund	100.00	100.00	
	CDIB Venture Capital (Hong Kong) Corporation Limited	Venture fund	100.00	100.00	
	CDIB Global Markets Limited	Investment	100.00	100.00	
	CDIB Capital Investment I Limited	Investment	100.00	100.00	
	CDIB Capital Investment II Limited	Investment	100.00	100.00	
	CDIB Capital International Corporation	Private equity advisory service	100.00	100.00	
CDIB Capital International Corporation	CDIB Capital International (Hong Kong) Corporation Limited	Private equity advisory service	100.00	100.00	
	CDIB Capital International (USA) Corporation	Private equity advisory service	100.00	100.00	
	CDIB Capital Asia Partners Limited	Private equity advisory service	100.00	100.00	
	CDIB Intelligence Partners Limited	Private equity advisory service	100.00	100.00	(Note 2)
	CDIB Buyout Partners Limited	Private equity advisory service	100.00	100.00	
	CDIB Asia Secured Credit Opportunities GP Ltd.	Private equity advisory service	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	
	CDIB X Finance I Holding Limited	Investment	100.00	100.00	
	CDIB NY 5 LLC	Investment holdings	98.13	-	
CDIB Capital Investment II Limited	CDIB TMK Finance Holding Limited	Investment	100.00	100.00	
CDIB Global Markets Limited	CDIB Pearl Holding Limited	Investment	100.00	-	

(Continued)

Investor Company	Subsidiary	Main Business and Products	Percentage of Ownership		Note
			December 31, 2023	December 31, 2022	
CDIB Capital Management Corporation	CDIB Private Equity (Hong Kong) Corporation Limited	Management and consulting	100.00	100.00	
	CDIB Capital Innovation Advisors Corporation	Management and consulting	60.00	60.00	
CDIB Private Equity (Hong Kong) Corporation Limited	CDIB Yida Private Equity Management (Kunshan) Enterprise (Limited Partnership)	Fund management	27.08	27.08	
	CDIB Private Equity (China) Corporation	Management and consulting	100.00	100.00	
	CDIB Private Equity Management (Fujian) Enterprise (Limited Partnership)	Fund management	56.00	56.00	
CDIB Private Equity (China) Corporation	CDIB Yida Private Equity (Kunshan) Co., Ltd.	Fund management	65.00	65.00	
	CDIB Private Equity (Fujian) Co., Ltd.	Fund management	70.00	70.00	
	CDIB Private Equity (Kunshan) Corporation	Fund management	100.00	100.00	
	CDIB Guoke Private Equity (Kunshan) Co., Ltd.	Fund management	65.00	65.00	
CDIB Private Equity (Fujian) Co., Ltd.	CDIB Private Equity Management (Fujian) Enterprise (Limited Partnership)	Fund management	20.00	20.00	
CDIB Yida Private Equity (Kunshan) Co., Ltd.	CDIB Yida Private Equity Management (Kunshan) Enterprise (Limited Partnership)	Fund management	58.34	58.34	
KGI Securities Co., Ltd.	Richpoint Company Limited	Investment holdings	100.00	100.00	
	KGI Securities Investment Advisory Co., Ltd.	Security investment consulting	100.00	100.00	
	KGI Insurance Brokers Co., Ltd.	Life/property insurance brokers	100.00	100.00	
	KGI Venture Capital Co., Ltd.	Venture fund	100.00	100.00	
	KGI Securities Investment Trust Co., Ltd.	Securities investment and trusts	-	100.00	(Note 1)
	KGI Futures Co., Ltd.	Futures investment services	99.61	99.61	
KGI Futures Co., Ltd.	KGI Information Technology Co., Ltd.	Management and consulting software services, data processing digital information supply services	100.00	100.00	
Richpoint Company Limited	KG Investments Holdings Limited	Investment holdings	100.00	100.00	
KG Investments Holdings Limited	KGI International Holdings Limited	Investment holdings	100.00	100.00	
KGI International Holdings Limited	KGI Limited	Investment holdings	100.00	100.00	
	KGI International Limited	Investment holdings	100.00	100.00	
KGI Limited	KGI Futures (Hong Kong) Limited	Futures brokerage and settlement services	100.00	100.00	
	Global Treasure Investments Limited	Investment services	100.00	100.00	
	KGI Investments Management Limited	Insurance brokerage	100.00	100.00	
	KGI International Finance Limited	Investment and financing services	100.00	100.00	
	KGI Hong Kong Limited	Management and consulting	100.00	100.00	
	KGI Asia Limited	Securities investment	100.00	100.00	
	KGI Capital Asia Limited	Securities investment	100.00	100.00	
	KGI Asset Management Limited	Asset management	100.00	100.00	
	KGI Nominees (Hong Kong) Limited	Trust agent	100.00	100.00	

(Continued)

Investor Company	Subsidiary	Main Business and Products	Percentage of Ownership		Note
			December 31, 2023	December 31, 2022	
KGI International Limited	KGI Asia (Holdings) Pte. Ltd.	Investment holdings	100.00	100.00	
KGI Capital Asia Limited	KGI International (Hong Kong) Limited	Derivative product services	100.00	100.00	
	KGI Finance Limited	Investment and financing services	100.00	100.00	
	PT KGI Sekuritas Indonesia	Securities investment	99.00	99.00	
KGI Asia (Holdings) Pte. Ltd.	KGI Securities (Singapore) Pte. Ltd.	Securities and futures investment services	100.00	100.00	
KGI Bank	CDIB Management Consulting Corporation	Management and consulting	100.00	100.00	
CDIB Management Consulting Corporation	CDC Finance & Leasing Corp.	Leasing	100.00	100.00	
	CDIB International Leasing Corp.	Leasing	100.00	100.00	

Note 1: KGI Securities Investment Trust Co., Ltd. was converted to the Company's direct ownership on July 1, 2023, after KGI Securities Co., Ltd. reduced its capital in-kind against its 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 December 31, 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 December 31, 2023.

(Concluded)

TABLE 9

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

DECLARATION OF SUBSIDIARIES' CREDITS, ENDORSEMENTS OR OTHER TRANSACTIONS WITH THE SAME PERSON, RELATED PARTY OR AFFILIATE
DECEMBER 31, 2023
(In Millions of New Taiwan Dollars; %)

Counter-party	Total Amounts of Credits, Endorsements and Other Transactions	Ratio to Net Asset Value of the Corporation (%)
1. The same customer		
United States Department of the Treasury	$ 66,340	25.24
TSMC	40,528	15.42
BNP-PARIBAS SA	34,023	12.98
EMIRATES NBD BANK PJSC	33,609	12.95
Capital Investment Trust Corporation	31,819	12.79
AT&T Inc.	31,819	12.11
BARCLAYS PLC	30,739	11.70
Verizon Communications Inc.	30,364	11.55
BANK OF AMERICA CORP.	30,224	11.50
JPMORGAN CHASE & CO	29,768	11.33
Comcast Corporation	29,731	11.31
Cathay Securities Investment Trust	28,797	10.96
UNITED MEXICAN STATES	28,767	10.95
CITIGROUP INC.	28,427	10.82
DEUTSCHE BANK AG	28,409	10.81
Kingdom of Saudi Arabia	26,843	10.21
QNB Finance Ltd.	25,592	9.74
Natixis S.A.	24,245	9.22
Corporacion Nacional del Cobre de Chile	23,395	8.90
NOMURA INTL FUNDING PTE	22,830	8.69
SOCIETE GENERALE, PARIS, FRANCE	22,525	8.57
BANK OF NOVA SCOTIA, TORONTO, CANADA	22,437	8.54
WELLS FARGO AND COMPANY	22,153	8.43
Raytheon Technologies Corporation	21,550	8.20
ROYAL BANK OF CANADA, TORONTO, CANADA	21,406	8.14
Republic Of Indonesia	21,360	8.13
Intel Corp.	21,243	8.08
EDF	20,915	7.96
Comision Federal de Electricidad	20,086	7.64
ISHARES IBOXX INVESTMENT GRA	19,774	7.52
GOLDMAN SACHS GROUP INC.	19,537	7.43
HSBC HOLDINGS PLC	19,043	7.25
STANDARD CHARTERED PLC	18,236	6.94

(Continued)

Counter-party	Total Amounts of Credits, Endorsements and Other Transactions	Ratio to Net Asset Value of the Corporation (%)
Walt Disney Co	$ 17,571	6.69
Tencent Holdings Limited	17,221	6.55
Fubon Asset Management Co., Ltd.	17,220	6.55
Yuanta Securities Investment Trust Co., Ltd.	16,974	6.46
MALAYAN BANKING BERHAD (MAYBANK)	16,966	6.46
Anheuser-Busch InBev Worldwide Inc.	16,702	6.36
RUSSIAN FEDERATIO	16,310	6.21
NATIONAL AUSTRALIA BANK	15,698	5.97
Morgan Stanley	15,642	5.95
Petronas Capital Limited	15,407	5.86
REPUBLIC OF PERU	15,208	5.79
Oracle Corporation	14,974	5.70
UBS AG	14,897	5.67
ADCB Finance (Cayman) Limited	14,398	5.48
MUFG BANK LTD	14,234	5.42
FIRST ABU DHABI BANK PJS	13,776	5.24
Takeda Pharmaceutical Co Ltd	13,460	5.12
STATE OF QATAR	13,421	5.11
RELIANCE INDUSTRIES LIMITED	13,321	5.07
CREDIT AGRICOLE SA	12,735	4.85
Alibaba Group Holding Limited	12,638	4.81
Southern Copper Corporation	12,538	4.77
CVS Health Corp	12,294	4.68
COOPERATIEVE RABOBANK UA	12,233	4.65
CCB Life Insurance Co., Ltd.	12,031	4.58
Saudi Arabian Oil Company	11,902	4.53
Banco Santander SA	11,720	4.46
AMAZON.COM, INC.	11,196	4.26
United Microelectronics Corporation	11,056	4.21
E.SUN Commercial Bank, Ltd.	10,998	4.18
Fubon Financial Holding Co., Ltd.	10,943	4.16
Cathay Life Insurance Co., Ltd.	10,882	4.14
SUMITOMO MITSUI FINL GRP	10,714	4.08
COMMONWEALTH BANK OF AUSTRALIA SYDNEY (FOR HEAD OFFICE AND ALL AUSTRALIAN BRANCHES), AUSTRALIA	10,701	4.07
WESTPAC BANKING CORPORATION, SYDNEY, AUSTRALIA	10,627	4.04
HON HAI PRECISION INDUSTRY CO., LTD.	10,496	3.99
Morgan Stanley Finance LLC	10,450	3.98
PT Pertamina (Persero)	9,589	3.65
LOCKHEED MARTIN CORPORATION	9,489	3.61
Agricultural Bank of Taiwan	9,467	3.60
BPCE SA	8,938	3.40
APPLE INC	8,647	3.29
SANTANDER INTL PROD PLC	8,452	3.22
Taishin International Bank Co., Ltd.	8,426	3.21
CREDIT AGRICOLE CIB SA	8,407	3.20

(Continued)

Counter-party	Total Amounts of Credits, Endorsements and Other Transactions	Ratio to Net Asset Value of the Corporation (%)
Chailease Holding Co., Ltd.	$ 8,379	3.19
Fuh Hwa Securities Investment Trust Co., Ltd.	8,329	3.17
Taiwan Power Company	8,233	3.13
Bristol-Myers Squibb Co.	8,058	3.07
Suyin KGI Consumer Finance Co., Ltd.	7,768	2.96
Cathay Financial Holdings Co., Ltd.	7,755	2.95
KOMMUNALBANKEN AS	7,684	2.92
MEGA BILLS FINANCE CO., LTD	7,567	2.88
Taiwan Cement Corp.	7,531	2.87
CTBC Bank Co., Ltd.	7,500	2.85
ING GROUP NV	7,473	2.84
AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED, MELBOURNE, AUSTRALIA	7,322	2.79
MDGH - GMTN BV	7,112	2.71
GRUPO TELEVISA SAB	7,095	2.70
FedEx	7,072	2.69
BANK OF MONTREAL	7,069	2.69
TAIWAN MOBILE CO., LTD	6,944	2.64
Abu Dhabi Commercial Bank	6,885	2.62
FED REPUBLIC OF BRAZIL	6,699	2.55
LLOYDS BANKING GROUP PLC	6,437	2.45
ENTERPRISE PRODUCTS OPER	6,300	2.40
TRANSCANADA PIPELINES	6,291	2.39
ANHEUSER-BUSCH INBEV FIN	6,277	2.39
Perusahaan Listrik Negara PT	6,248	2.38
BANK SINOPAC CO., LTD.	6,231	2.37
Union Pacific Corp.	6,210	2.36
Federal Government of the United Arab Emirates	6,147	2.34
MANULIFE FINANCIAL CORP.	6,085	2.32
ASIA CEMENT CORPORATION	5,978	2.27
Taishin Financial Holding Co., Ltd.	5,785	2.20
FBS	5,758	2.19
CHAILEASE FINANCE CO., LTD.	5,726	2.18
Cathay United Bank Company Limited	5,688	2.16
The Export-Import Bank of the Republic of China	5,436	2.07
CHT	5,431	2.07
CITIC Limited	5,402	2.06
Far EasTone	5,340	2.03
Taipei Fubon Bank	5,282	2.01
Fox Corporation	5,261	2.00
PARAMOUNT GLOBAL INDUSTRIES LIMITED	5,218	1.99
SHIN KONG INVESTMENT TRUST CO., LTD	5,199	1.98
LB BADEN-WUERTTEMBERG	5,169	1.97
MediaTek Inc.	5,158	1.96

(Continued)

Counter-party	Total Amounts of Credits, Endorsements and Other Transactions	Ratio to Net Asset Value of the Corporation (%)
TELEFONICA EMISIONES SAU	$ 5,109	1.94
SINOPEC GRP DEV 2018	4,969	1.89
ABRDN PLC	4,913	1.87
Taishin Securities Investment Trust Co., Ltd.	4,865	1.85
ICBC	4,851	1.85
LLOYDS BANK PLC	4,844	1.84
CREDIT SUISSE AG LONDON	4,762	1.81
Mitsubishi UFJ Financial Group, Inc.	4,704	1.79
ABN AMRO BANK NV	4,616	1.76
PHOENIX LEAD LTD	4,613	1.76
CHINA CINDA FIN 2017 III	4,581	1.74
BLACKSTONE HOLDINGS FINA	4,574	1.74
First Financial Holding Co., Ltd.	4,547	1.73
TOTAL CAPITAL INTL SA	4,499	1.71
Bank of China Limited	4,326	1.65
Yuanta Securities Co., Ltd.	4,205	1.60
Fubon Life Insurance Co., Ltd.	4,135	1.57
ROMANIA	4,071	1.55
Formosa Chemicals & Fibre Corporation	4,070	1.55
NAN YA PLASTICS CORPORATION	4,041	1.54
HUA NAN COMMERCIAL BANK LTD.	3,969	1.51
Delta Electronics, Inc	3,923	1.49
HSBC (Taiwan)	3,911	1.49
Realtek Semiconductor Corp.	3,876	1.47
AIA GROUP LTD.	3,772	1.44
REPUBLIC OF PHILIPPINES	3,676	1.40
CTCI Development Corp.	3,672	1.40
Nan Shan Life Insurance Company, Ltd.	3,672	1.40
Mizuho Financial Group Inc.	3,626	1.38
China Construction Bank Corporation	3,559	1.35
Shell International Finance BV	3,523	1.34
MEGA INTERNATIONAL COMMERCIAL BANK CO., LTD.	3,510	1.34
REPUBLIC OF CHILE	3,484	1.33
Vanguard International Semiconductor Corporation	3,475	1.32
UNI-PRESIDENT ENTERPRISES CORP.	3,446	1.31
Chang Hwa Commercial Bank, Ltd.	3,430	1.31
SCSB	3,422	1.30
AMERICA MOVIL SAB DE CV	3,392	1.29
Macquarie Super Core Infrastructure	3,368	1.28
Hotai Finance Co., Ltd	3,336	1.27
QUALCOMM INC	3,328	1.27
BANQUE EUROPEAN D DIVERTISSEMENTS - BEI/EIB, LUXEMBOURG	3,321	1.26
FANNIE MAE	3,301	1.26

(Continued)

Counter-party	Total Amounts of Credits, Endorsements and Other Transactions	Ratio to Net Asset Value of the Corporation (%)
AIG Asia Pacific Insurance Pte. Ltd. TAIWAN BRANCH	$ 3,259	1.24
Mega Financial Holding Company Ltd	3,223	1.23
Hong Pu Real Estate Development Co., LTD.	3,218	1.22
HSBC BANK PLC	3,201	1.22
Invesco Ltd.	3,147	1.20
Brookfield Super-Core Infra NUS L.P	3,115	1.19
China Development Bank	3,102	1.18
Rogers Communications Inc.	3,079	1.17
FREDDIE MAC	3,074	1.17
AXA SA	3,074	1.17
Total	$ 1,955,105	743.99
2. The same group		
Lin Yuan Group	$ 59,495	22.64
Fubon Group	50,971	19.39
TSMC Group	45,543	17.33
HONG TAI Group	37,335	14.21
BNP Paribas Group	34,918	13.29
Investment Corp of Dubai	34,023	12.95
BPCE Group	33,182	12.63
AT&T Inc Group	31,819	12.11
JPMORGAN CHASE Group	31,249	11.89
Barclays Bank Group	30,739	11.70
CITI Group	30,502	11.61
Verizon Communications Inc Group	30,364	11.55
Bank of America Group	30,226	11.50
COMCAST Group	29,731	11.31
HSBC Group	29,425	11.20
Deutsche Bank Group	28,409	10.81
MORGAN STANLE Group	26,169	9.96
Qatar National Bank Group	25,592	9.74
Yuanta Group	24,779	9.43
NOMURA Group	24,173	9.20
Societe Generale Group	23,854	9.08
Codelco Group	23,395	8.90
Anheuser-Busch InBev Group	23,277	8.86
Far Eastern Group	22,840	8.69
BANK OF NOVA SCOTIA Group	22,437	8.54
Wells Fargo Bank Group	22,153	8.43
Goldman Sachs Group	21,957	8.35
Raytheon Company Group	21,550	8.20
Royal Bank of Canada Group	21,406	8.14
Abu Dhabi Commercial Bank Group	21,283	8.10
Intel Group	21,243	8.08
Crédit Agricole Group	21,142	8.04

(Continued)

Counter-party	Total Amounts of Credits, Endorsements and Other Transactions	Ratio to Net Asset Value of the Corporation (%)
EDF Group	$ 20,915	7.96
BLACKROCK Group	20,907	7.95
BANCO SANTANDER SA Group	20,172	7.68
COMISION FEDERAL DE ELEC Group	20,086	7.64
Taishin Group	19,852	7.55
Foxconn Technology Group	19,468	7.41
MUFG Group	18,938	7.21
Mega Financial Holding Group	18,362	6.99
Standard Chartered Group	18,236	6.94
The Walt Disney Company Group	17,571	6.69
Tencent Group	17,344	6.60
Malayan Banking Berhad Group	16,966	6.46
Chailease Group	16,197	6.16
UMC Group	16,158	6.15
National Australia Bank Group	15,698	5.97
RELIANCE INDUSTRIES LIMITED Group	15,663	5.96
China Construction Bank Group	15,590	5.93
UBS Group	15,568	5.92
PETRONAS Group	15,407	5.86
Oracle Group	14,974	5.70
YFY Group	14,938	5.68
Saudi Arabian Oil Co Group	14,741	5.61
E.SUN Financial Holding Group	14,125	5.37
CTBC Group	13,923	5.30
FAB Group	13,776	5.24
TAKEDA PHARMACEUTICAL Group	13,460	5.12
Alibaba Group	12,638	4.81
Mexico Group	12,538	4.77
CVS Health Corp Group	12,294	4.68
Rabobank Group	12,233	4.65
Shin Kong Group	11,803	4.49
LLOYDSBK Group	11,281	4.29
Amazon.com, Inc. Group	11,196	4.26
SUMITOMO MITSUI GROUP	10,854	4.13
Commonwealth Bank of Australia Group	10,701	4.07
Westpac Banking Group	10,627	4.04
PERTAMINA Group	9,589	3.65
Lockheed Martin International Group	9,489	3.61
APPLE INC Group	8,647	3.29
First Financial Holding Group	8,459	3.22
Ruentex Group	8,337	3.17
Fuh Hwa Securities Investment Trust Group	8,329	3.17
Bristol-Myers Squibb Group	8,058	3.07
ING Group	7,984	3.04
Yulon Group	7,941	3.02

(Continued)

Counter-party	Total Amounts of Credits, Endorsements and Other Transactions	Ratio to Net Asset Value of the Corporation (%)
Bank of Jiangsu Group	$ 7,768	2.96
Kongeriket Norge Group	7,684	2.92
Taiwan Cement Group	7,655	2.91
ANZ Group Holdings Ltd Group	7,322	2.79
China Citic Bank Corporation Limited Group	7,230	2.75
MAMOURA DIVERSIFIED GLOBAL HOLDING P.J.S.C. Group	7,112	2.71
GRUPO TELEVISA SAB Group	7,095	2.70
FedEx Group	7,072	2.69
Bank of Montreal Group	7,069	2.69
Formosa Plastic Group	6,994	2.66
Cheung Kong Holdings Group	6,981	2.66
Brookfield Asset Management Inc. Group	6,842	2.60
China Citic Bank Corporation Limited Group	6,557	2.49
Enterprise Products Partners L.P. Group	6,300	2.40
TC Energy Corporation Group	6,291	2.39
State Power Corporation of China Group	6,248	2.38
MACQUARIE Group	6,221	2.37
Union Pacific Corp	6,210	2.36
Manulife Financial Corporation - S Group	6,085	2.32
AU Optronics Group	5,880	2.24
China Cinda Group	5,810	2.21
Uni President Group	5,764	2.19
CHT Group	5,436	2.07
Fox Corporation Group	5,261	2.00
MediaTek Inc. Group	5,235	1.99
PFIZER LIMITED Group	5,222	1.99
Paramount Global Group	5,218	1.99
Gateway Real Estate Fund Group	5,187	1.97
Baden-Württemberg Group	5,169	1.97
Telefónica, S.A. Group	5,109	1.94
Formosa Chemicals and Fiber Group	5,070	1.93
ABRDN PLC Group	4,913	1.87
ICBC Group	4,851	1.85
Taiwan Cooperative Group	4,831	1.84
American International Group	4,796	1.82
Blackstone Group	4,774	1.82
CREDIT SUISSE Group	4,762	1.81
ABN AMRO GROUP Group	4,616	1.76
Total Corporation Group	4,499	1.71
SHANGHAI COMMERCIAL & SAVINGS BANK Group	4,377	1.67
Bank of China Limited Group	4,326	1.65
Walsin Group	4,278	1.63
Hua Nan Financial Holdings Group	4,178	1.59
NAN YA PLASTICS CORPORATION Group	4,129	1.57

(Continued)

Counter-party	Total Amounts of Credits, Endorsements and Other Transactions	Ratio to Net Asset Value of the Corporation (%)
Qsan Technology Group	$ 4,088	1.56
Weave Group	4,056	1.54
Delta Group	3,923	1.49
HOTAI Group	3,892	1.48
CTCI Group	3,855	1.47
WPG Holdings Group	3,803	1.45
AIA Group	3,772	1.44
Hyundai Motor Company Group	3,744	1.42
Foxlink Group	3,705	1.41
Mizuho Financial Group	3,626	1.38
Kingtown Group	3,568	1.36
Royal Dutch/Shell Group of Companies	3,523	1.34
Chang Hwa Commercial Bank Group	3,430	1.31
GlobiTech Group	3,401	1.29
America Movil S.A.B de C.V. Group	3,392	1.29
Qualcomm Group	3,328	1.27
LCY CHEMICAL Group	3,326	1.27
EUROPEAN INVESTMENT BANK Group	3,321	1.26
China Development Bank Group	3,317	1.26
Hong Pu Group	3,218	1.22
INVESCO Group	3,147	1.20
Rogers Communications Inc Group	3,079	1.17
AXA Group	3,074	1.17
Total	$ 1,903,229	724.22

(Concluded)

TABLE 10

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)

	December 31	
Assets	**2023**	**2022**
Cash and cash equivalents	$ 2,002,156	$ 4,081,769
Receivables, net	228,464	249,151
Current tax assets	4,173,995	3,791,497
Investments accounted for using the equity method, net	319,738,518	266,062,665
Other financial assets	300	300
Right-of-use assets, net	791,777	862,301
Property and equipment, net	276,339	285,578
Other assets, net	151,899	113,945
Total	$ 327,363,448	$ 275,447,206
Liabilities and Equity		
Liabilities		
Commercial paper payable, net	$ 9,899,637	$ 7,899,888
Payables	1,892,539	1,802,426
Current tax liabilities	3,400,058	2,867,858
Bonds payable	48,000,000	48,000,000
Other borrowings	500,000	5,299,852
Provisions	-	74
Lease liabilities	851,987	912,855
Other liabilities	593	980
Total liabilities	64,544,814	66,783,933
Equity		
Capital		
Common stock	168,345,806	168,453,886
Preferred stock	15,821,424	15,821,424
Share capital awaiting retirement	(6,000)	-
Capital surplus	33,588,602	33,626,805
Retained earnings		
Legal reserve	15,613,641	13,703,864
Special reserve	48,976,557	410,006
Unappropriated earnings	19,775,079	50,476,328
Other equity	(39,296,475)	(73,829,040)
Total equity	262,818,634	208,663,273
Total	$ 327,363,448	$ 275,447,206

(Continued)

2. Statements of comprehensive income

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

	For the Year Ended December 31	
	2023	**2022**
REVENUES		
Share of profit of subsidiaries, associates and joint ventures	$ 21,605,758	$ 19,810,740
Others	39,984	245,906
Total revenues	21,645,742	20,056,646
EXPENSES AND LOSSES		
Operating expenses	(1,886,472)	(1,922,503)
Others	(689,570)	(670,708)
Total expenses and losses	(2,576,042)	(2,593,211)
NET PROFIT BEFORE INCOME TAX	19,069,700	17,463,435
INCOME TAX EXPENSE	(127,000)	(1,097,806)
NET PROFIT FOR THE YEAR	18,942,700	16,365,629
OTHER COMPREHENSIVE INCOME (LOSS)		
Items that will not be reclassified subsequently to profit or loss, net of income tax		
Remeasurement of defined benefit plans	(72)	36,292
Share of the other comprehensive income of subsidiaries, associates and joint ventures	(972,498)	(11,105,054)
Income tax relating to the items that will not be reclassified subsequently to profit or loss	665,625	461,863
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	36,575,343	(76,674,920)
Income tax relating to the items that may be reclassified subsequently to profit or loss	(1,363,610)	3,215,829
Other comprehensive income (loss) for the year, net of income tax	34,904,788	(84,065,990)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	$ 53,847,488	$ (67,700,361)
BASIC EARNINGS PER SHARE	$1.13	$0.98
DILUTED EARNINGS PER SHARE	$1.13	$0.98

(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					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 Reclassified Using the Overlay Approach	Equity on Hedging Instruments	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 the 2021 earnings															
Legal reserve	-	-	-	-	-	3,668,049	-	(3,668,049)	-	-	-	-	-	-	-
Special reserve reversed	-	-	-	-	-	-	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)
Special reserve reversed	-	-	-	-	-	-	(11,794)	11,794	-	-	-	-	-	-	-
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	-	-	54,623	-	-	-	-	-	-	-	-	-	54,623
Net profit for the year ended December 31, 2022	-	-	-	-	-	-	-	16,365,629	-	-	-	-	-	-	16,365,629
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	-	-	418,390	4,009,738	(25,048,211)	(63,449,208)	3,301	-	-	(84,065,990)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	-	-	16,784,019	4,009,738	(25,048,211)	(63,449,208)	3,301	-	-	(67,700,361)
Retirement of treasury shares	(3,407,137)	(3,109,012)	-	-	(2,555,352)	-	-	-	-	-	-	-	-	9,071,501	-
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	-	-	4,978	-	-	-	-	1,132	-	-	-	-	6,110
Share-based payments	(35,575)	-	(31,175)	-	(24,924)	-	-	1,855	-	-	-	-	514,747	-	424,928
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	2,350,831	-	(2,350,831)	-	-	-	-	-
Net change in special reserve of subsidiaries	-	-	-	-	-	-	-	(50,734)	-	-	-	-	-	-	(50,734)
BALANCE AT DECEMBER 31, 2022	168,453,886	15,821,424	-	-	33,626,805	13,703,864	410,006	50,476,328	(1,116,811)	(13,728,907)	(58,042,885)	3,301	(943,738)	-	208,663,273
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)	-	-	-	-	-	-	-
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	-	-	19,329	-	-	-	-	-	-	-	-	-	19,329
Net profit for the year ended December 31, 2023	-	-	-	-	-	-	-	18,942,700	-	-	-	-	-	-	18,942,700
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	-	-	-	(96,729)	(247,893)	3,056,048	32,194,596	(1,234)	-	-	34,904,788
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	-	-	18,845,971	(247,893)	3,056,048	32,194,596	(1,234)	-	-	53,847,488
Share-based payments	(108,080)	-	-	(6,000)	(57,532)	-	-	11,409	-	-	-	-	490,814	-	330,611
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	959,766	-	(959,766)	-	-	-	-	-
Net change in special reserve of subsidiaries	-	-	-	-	-	-	-	(42,067)	-	-	-	-	-	-	(42,067)
BALANCE AT DECEMBER 31, 2023	$ 168,345,806	$ 15,821,424	$ -	$ (6,000)	$ 33,588,602	$ 15,613,641	$ 48,976,557	$ 19,775,079	$ (1,364,704)	$ (11,632,625)	$ (25,848,289)	$ 2,067	$ (452,924)	$ -	$ 262,818,634

(Continued)

4. Statements of cash flows

(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2023	**2022**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before income tax	$ 19,069,700	$ 17,463,435
Adjustments for:		
Depreciation and amortization expenses	130,640	120,265
Interest expense	678,344	635,141
Interest income	(30,535)	(44,355)
Share-based payment compensation cost	50,354	85,489
Share of loss of subsidiaries, associates and joint ventures	(21,379,758)	(19,560,510)
Changes in operating assets and liabilities		
Receivables	229,781	1,573,564
Other assets	(2,300)	(393)
Payables	84,487	(487,440)
Other liabilities	(532)	5,105
Interest paid	(678,083)	(638,826)
Interest received	30,603	42,568
Dividend received	2,854,875	22,543,359
Income tax paid	(186,459)	(1,192,952)
Net cash generated from operating activities	851,117	20,544,450
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from capital reduction of investments accounted for using equity method	-	4,897,759
Legal reserve be distributable as dividend shares by cash on investments accounted for using the equity method	-	735,698
Acquisition of property and equipment	(34,421)	(101,793)
Others	(43,988)	(42,716)
Net cash (used in) generated from investing activities	(78,409)	5,488,948
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in commercial paper payable	1,999,749	(7,899,171)
Increase (decrease) in other borrowings	(4,799,852)	1,399,998
Cash dividend paid	-	(16,851,631)
Others	(52,218)	(81,619)
Net cash used in financing activities	(2,852,321)	(23,432,423)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,079,613)	2,600,975
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	4,081,769	1,480,794
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 2,002,156	$ 4,081,769

(Continued)

KGI Bank

1. Condensed balance sheets

(In Thousands of New Taiwan Dollars)

	December 31	
	2023	**2022**
Cash and cash equivalents, due from the Central Bank and call loans to banks	$ 49,575,159	$ 67,379,108
Financial assets at fair value through profit or loss	42,955,118	34,166,455
Financial assets at fair value through other comprehensive income	133,337,278	140,676,945
Debt instruments measured at amortized cost	68,412,429	58,985,476
Financial assets for hedging	598,459	2,025,601
Securities purchased under resell agreements	42,097,729	15,467,689
Receivables, net	22,224,114	24,069,220
Discounts and loans, net	396,926,437	394,572,818
Investments accounted for using the equity method, net	9,707,896	6,154,507
Other financial assets, net	8,745,840	1,101,950
Property and equipment, net	5,160,635	5,370,333
Right-of-use assets, net	2,966,024	3,336,532
Investment property, net	1,746,097	1,597,700
Deferred tax assets	514,773	750,316
Other assets, net	5,230,544	8,362,768
Total assets	$ 790,198,532	$ 764,017,418
Deposits from the Central Bank and banks	$ 7,027,312	$ 11,972,428
Financial liabilities at fair value through profit or loss	29,320,808	35,628,311
Financial liabilities for hedging	610,323	526,268
Notes and bonds issued under repurchase agreements	42,580,979	28,360,984
Payables	7,762,608	9,957,913
Current tax liabilities	915,572	1,032,695
Deposits and remittances	558,509,663	543,754,213
Bank debentures payable	24,747,803	24,753,007
Principal received on structured notes	40,405,562	39,096,143
Provisions	363,837	290,085
Lease liabilities	3,131,049	3,492,459
Deferred tax liabilities	238,817	64,214
Other liabilities	5,365,041	3,623,247
Total liabilities	720,979,374	702,551,967
Common stock	46,061,623	46,061,623
Capital surplus	7,432,078	7,374,531
Retained earnings	19,289,870	13,791,237
Other equity	(3,564,413)	(5,761,940)
Total equity	69,219,158	61,465,451
Total liabilities and equity	$ 790,198,532	$ 764,017,418

(Continued)

2. Condensed statements of comprehensive income

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

	For the Year Ended December 31	
	2023	**2022**
Interest revenue	$ 23,111,185	$ 15,614,350
Interest expense	(15,567,154)	(6,245,876)
Interest profit, net	7,544,031	9,368,474
Noninterest profits and gains, net	5,859,460	3,706,415
Total net revenues	13,403,491	13,074,889
Reversal of allowance (allowance) for bad debts and losses on commitments and guarantees, net	(162,118)	183,253
Operating expenses	(7,076,962)	(6,642,962)
Net profit before income tax	6,164,411	6,615,180
Income tax expense	(769,080)	(615,170)
Net profit for the year	5,395,331	6,000,010
Other comprehensive income (loss) for the year, net of income tax	2,300,829	(7,013,041)
Total comprehensive income (loss) for the year	$ 7,696,160	$ (1,013,031)
Basic earnings per share	$1.17	$1.30

(Continued)

KGI Securities Co., Ltd.

1. Condensed balance sheets

(In Thousands of New Taiwan Dollars)

	December 31 2023	December 31 2022
Current assets	$ 262,149,935	$ 206,204,726
Noncurrent assets	38,246,547	37,079,534
Total assets	$ 300,396,482	$ 243,284,260
Current liabilities	$ 232,389,779	$ 178,811,122
Noncurrent liabilities	8,447,555	11,273,426
Total liabilities	240,837,334	190,084,548
Common stock	18,174,785	18,787,366
Capital surplus	7,355,031	7,207,268
Retained earnings	36,542,080	30,963,106
Other equity	(2,512,748)	(3,758,028)
Total equity	59,559,148	53,199,712
Total liabilities and equity	$ 300,396,482	$ 243,284,260

2. Condensed statements of comprehensive income

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

	For the Year Ended December 31 2023	For the Year Ended December 31 2022
Revenues	$ 20,537,628	$ 13,807,505
Costs and expenses	(16,298,279)	(11,441,704)
Profit from operations	4,239,349	2,365,801
Share of profit (loss) of subsidiaries, associates and joint ventures	2,204,362	1,015,437
Other income and loss	1,606,072	1,012,745
Total non-operating income or loss	3,810,434	2,028,182
Net profit before income tax	8,049,783	4,393,983
Income tax expense	(706,271)	(766,417)
Net profit for the year	7,343,512	3,627,566
Other comprehensive income (loss) for the year, net of income tax	1,149,920	(778,823)
Total comprehensive income (loss) for the year	$ 8,493,432	$ 2,848,743
Basic earnings per share	$3.97	$1.61

(Continued)

CDIB Capital Group

1. Condensed balance sheets

(In Thousands of New Taiwan Dollars)

	December 31	
	2023	**2022**
Current assets	$ 340,376	$ 619,714
Noncurrent assets	34,682,472	32,861,231
Total assets	$ 35,022,848	$ 33,480,945
Current liabilities	$ 4,387,538	$ 4,495,491
Noncurrent liabilities	551,969	588,656
Total liabilities	4,939,507	5,084,147
Common stock	20,411,159	20,411,159
Capital surplus	722,753	661,702
Retained earnings	8,295,313	7,157,398
Other equity	654,116	166,539
Total equity	30,083,341	28,396,798
Total liabilities and equity	$ 35,022,848	$ 33,480,945

2. Condensed statements of comprehensive income

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

	For the Year Ended December 31	
	2023	**2022**
Operating revenues	$ 2,793,179	$ (245,806)
Operating expense	(611,350)	(338,297)
Gross profit (loss)	2,181,829	(584,103)
Non-operating income and expenses	(2,661)	192,771
Profit (loss) from operations	2,179,168	(391,322)
Income tax benefit (expense)	(23,781)	70,996
Net profit (loss) for the year	2,155,387	(320,336)
Other comprehensive income (loss) for the year, net of income tax	407,912	1,464,425
Total comprehensive income (loss) for the year	$ 2,563,299	$ 1,144,089
Basic earnings (loss) per share	$1.06	$(0.16)

(Continued)

China Development Asset Management Corp.

1. Condensed balance sheets

(In Thousands of New Taiwan Dollars)

	December 31	
	2023	**2022**
Current assets	$ 303,357	$ 255,396
Noncurrent assets	1,608,103	1,695,262
Total assets	$ 1,911,460	$ 1,950,658
Current liabilities	$ 337,165	$ 200,748
Noncurrent liabilities	101,126	108,675
Total liabilities	438,291	309,423
Common stock	1,133,600	1,133,600
Capital surplus	139,538	139,538
Retained earnings	227,933	397,015
Other equity	(27,902)	(28,918)
Total equity	1,473,169	1,641,235
Total liabilities and equity	$ 1,911,460	$ 1,950,658

2. Condensed statements of comprehensive income

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

	For the Year Ended December 31	
	2023	**2022**
Revenues and gains	$ 211,664	$ 458,854
Expenses and losses	(111,506)	(143,496)
Net profit before income tax	100,158	315,358
Income tax expense	(20,627)	(39,496)
Net profit for the year	79,531	275,862
Other comprehensive income (loss) for the year, net of income tax	1,039	(1,745)
Total comprehensive income (loss) for the year	$ 80,570	$ 274,117
Basic earnings per share	$0.70	$2.43

(Continued)

KGI Life Insurance Co., Ltd.

1. Condensed balance sheets

(In Thousands of New Taiwan Dollars)

	December 31	
	2023	**2022**
Cash and cash equivalents	$ 49,203,474	$ 91,256,425
Receivables	22,786,016	18,163,747
Current tax assets	2,690,111	2,102,475
Financial assets at fair value through profit or loss	403,552,413	338,245,272
Financial assets at fair value through other comprehensive income	71,658,283	31,093,336
Financial assets measured at amortized cost	1,594,184,323	1,612,801,967
Investments accounted for using the equity method, net	2,118,503	1,981,685
Investment property	69,752,774	68,602,687
Loans	33,964,918	33,263,106
Reinsurance assets	1,011,096	1,016,200
Property and equipment	10,606,865	10,897,560
Right-of-use assets	4,899,638	5,004,930
Intangible assets	461,140	444,677
Deferred tax assets	17,773,544	16,725,649
Other assets	7,886,366	11,649,619
Separate account product assets	115,525,739	103,835,515
Total assets	$ 2,408,075,203	$ 2,347,084,850
Payables	$ 14,306,200	$ 12,152,682
Current tax liabilities	6,895	-
Financial liabilities at fair value through profit or loss	5,612,137	7,876,147
Bonds Payable	20,000,000	10,000,000
Lease liabilities	1,959,693	1,982,475
Insurance liabilities	2,071,434,364	2,082,571,357
Foreign exchange valuation reserve	9,768,788	10,886,927
Provisions	146,416	163,334
Deferred tax liabilities	11,980,157	8,918,167
Other liabilities	8,997,759	2,038,304
Separate account product liabilities	115,525,739	103,835,515
Total liabilities	2,259,738,148	2,240,424,908
Common stock	49,206,531	49,206,531
Capital surplus	7,414,749	7,336,659
Retained earnings	118,629,526	107,555,872
Other equity	(26,913,751)	(57,439,120)
Total equity	148,337,055	106,659,942
Total liabilities and equity	$ 2,408,075,203	$ 2,347,084,850

(Continued)

2. Condensed statements of comprehensive income

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

	For the Year Ended December 31	
	2023	**2022**
Operating revenues	$ 232,723,065	$ 239,765,499
Operating costs	(215,378,081)	(216,719,722)
Operating expenses	(6,651,379)	(6,519,551)
Profit from operations	10,693,605	16,526,226
Non-operating income and expenses	5,826	(10,552)
Income from continuing operations before income tax	10,699,431	16,515,674
Income tax expense	(521,879)	(3,356,655)
Net income	10,177,552	13,159,019
Other comprehensive income (loss) for the year, net of income tax	31,463,552	(79,070,158)
Total comprehensive income (loss) for the year	$ 41,641,104	$ (65,911,139)
Basic earnings per share	$2.07	$2.67

KGI Securities Investment Trust Co., Ltd.

1. Condensed balance sheets

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

	December 31	
	2023	**2022**
Current assets	$ 565,193	$ 541,837
Noncurrent assets	125,293	131,200
Total assets	$ 690,486	$ 673,037
Current liabilities	$ 128,694	$ 116,374
Noncurrent liabilities	410	-
Total liabilities	129,104	116,374
Common stock	300,000	300,000
Capital surplus	131,381	125,347
Retained earnings	129,028	130,569
Other equity	973	747
Total equity	561,382	556,663
Total liabilities and equity	$ 690,486	$ 673,037

2. Condensed statements of comprehensive income

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

	For the Year Ended December 31	
	2023	**2022**
Operating revenues	$ 672,886	$ 668,139
Operating expense	(571,861)	(554,465)
Profit from operations	101,025	113,674
Non-operating income and expenses	7,176	7,853
Income from continuing operations before income tax	108,201	121,527
Income tax expense	(21,260)	(23,576)
Net income	86,941	97,951
Other comprehensive income (loss) for the year, net of income tax	246	802
Total comprehensive income (loss) for the year	$ 87,187	$ 98,753
Basic earnings per share	$2.90	$3.27

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
DECEMBER 31, 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: Outflow	Investment Flows: Inflow	Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Note 2)	Carrying Value as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023
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),11)	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,10)	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	3,675	100	3,675	284,384	-
CDIB Private Equity (Fujian) Co., Ltd.	Fund management.	CNY 10,000 thousand	Note 4	-	-	-	-	1,679	70	1,175	61,032	-
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	(1,181)	70	(827)	33,160	-
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	(107,749)	-	(38,031)	730,740	-
CDIB Yida Private Equity (Kunshan) Co., Ltd.	Fund management.	CNY 7,000 thousand	Note 5	-	-	-	-	4,045	65	2,629	60,905	-
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	5,186	65	3,371	37,261	-
CDIB Yida Private Equity (Kushan) Enterprise (Limited Partnership)	Equity investment.	CNY 793,367 thousand	Note 1,b,5),6)	CNY 300,000 thousand	-	-	CNY 300,000 thousand	543,458	-	164,921	1,170,950	-
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	237,748	-	61,564	719,009	-
CDIB Private Equity (Kunshan) Corporation	Fund management.	CNY 10,000 thousand	Note 1,b,6)	-	-	-	-	(10,930)	100	(10,930)	22,483	-
CDIB Guoke Private Equity (Kunshan) Co., Ltd.	Fund management.	CNY 10,000 thousand	Note 1,b,6)	-	-	-	-	18	65	12	28,234	-

(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 December 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Note 2)	Carrying Value as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023
					Outflow	Inflow						
Kunshan Taiwanese Business Development Investment Fund Partnership (Limited Partnership)	Equity investment.	CNY 67,200 thousand	Note 1,b,6)	$ -	$ -	$ -	$ -	$ (3,236)	-	$ (193)	$ 17,136	$ -
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),12)	US$ 9,248 thousand	-	-	US$ 9,248 thousand	(Note 3)	5.46	-	299,947	-
Best Logistics Technology (China) Co., Ltd.	Business in research, development, technical services, computer information, network logistics technology and wholesale and retail of general labor supplies, household appliances and building materials.	US$ 183,000 thousand	Note 1,b, 3),8)	US$ 211 thousand	-	-	US$ 211 thousand	(Note 3)	-	-	6,669	-
Suyin KGI Consumer Finance Co., Ltd.	Consumer financial business.	CNY 4,200,000 thousand	Note 1,a	CNY 940,400 thousand	CNY 640,087 thousand	-	CNY 1,580,487 thousand	1,709,524	37.63	619,254 (Note 2 b)1)	7,768,118	-
CDIB International Leasing Corporation	Financial leasing and management business consulting.	CNY 187,750 thousand	Note 1,a	US$ 30,000 thousand	-	-	US$ 30,000 thousand	2,384	100.00	2,384 (Note 2 b)2)	155,428	-
CCB Life Insurance Company Limited	Life insurance.	CNY 7,120,461 thousand	Note 1,a	12,880,969	-	-	12,880,969	(17,924,554)	19.90	-	9,346,708	229,387
Changzhou Cheng Xing Environmental Protection Technology Co., Ltd.	Business in packaging technology development, and related transfer services consulting.	US$ 22,000 thousand	Note 1,b,9)	US$ 454 thousand	-	-	US$ 454 thousand	(Note 3)	0.82	-	2,185	-
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$ 6,500 thousand	Note 1,b,9)	US$ 120 thousand	-	-	US$ 120 thousand	(Note 3)	0.82	-	577	-
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,13)	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,13)	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, 14)	US$ 159 thousand	-	-	US$ 159 thousand	(Note 3)	2.90	-	4,390	-

(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 December 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Note 2)	Carrying Value as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023
					Outflow	Inflow						
Kunshan Beiju Machine Co., Ltd.	Business in welding fixture and fixture for inspection.	US$ 8,000 thousand	Note 1,b, 14)	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, 14)	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, 14)	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, 14)	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, 14)	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, 15)	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),10)	-	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),16)	-	US$ 5,000 thousand	-	US$ 5,000 thousand	(Note 3)	2.13	-	138,965	-
Hunan Xingsheng Optimal Network Technology Co., Ltd.	Network technology, development of credit management software.	CNY15,000,000 thousand	Note 1,b,3),17)	-	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),17)	-	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.	CNY28,800,000 thousand	Note 1,b,3),17)	-	US$ 2,375 thousand	-	US$ 2,375 thousand	(Note 3)	0.14	-	66,450	-

Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Limit on Investment
$26,948,076	$28,982,114	$157,691,180

(Continued)

Note 1: The investment types are as follows:

a. Direct investments.

b. Reinvested through a third area by:

1) Beauty Essentials International Ltd.
2) 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) Deluxe Technology Group Co., Ltd.
10) CDIB Capital Asia Partners L.P.
11) Great Team Backend Foundry, Inc.
12) Great Rich Technologies Limited.
13) Rokid Corporation Limited.
14) POJU (Cayman) International Co., Ltd.
15) Elixiron Immunotherapeutics (Cayman) Limited
16) Loopin Cayman Limited.
17) KKR X-Ray Co-invest L.P.

c. Other.

Note 2: In the column "Investment Gain"

a. If it is in preparation and there is no investment gain, it should state clearly.

b. Investment Gain recognition was based on the following and should state clearly.

1) Financial statements audited by an international CPA firm having a cooperative relation with CPA firms in the Republic of China;
2) Financial statements audited by the CPA firm of the parent company in Taiwan;
3) Other.

Note 3: Investee Company was not significantly influenced by the Company; therefore the Group cannot acquire the related financial information.

Note 4: In 2017, CDIB Private Equity (Fujian) Co., Ltd. was transferred and invested by CDIB Private Equity (China) Corporation.

Note 5: In 2017, CDIB Yida Private Equity (Kunshan) Co., Ltd. was transferred and invested by CDIB Private Equity (China) Corporation.

Note 6: Subsidiary of the Corporation formerly indirectly invested in GSD Industrial (China) Co., Ltd. through its subsidiary's investment in GSD Technologies Co., Ltd. has been listed on the Taiwan Stock Exchange on September 21, 2018, refer to its financial report for the information.

(Concluded)

TABLE 12

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

BUSINESS RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 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	$ 910,382	Note 4	0.02%
1	KGI Bank	The Corporation	2	Current tax liabilities	910,382	Note 4	0.02%
0	The Corporation	KGI Securities Co., Ltd.	1	Current tax assets	1,852,683	Note 4	0.05%
2	KGI Securities Co., Ltd.	The Corporation	2	Current tax liabilities	1,852,683	Note 4	0.05%
0	The Corporation	CDIB Capital Group	1	Current tax assets	546,126	Note 4	0.01%
3	CDIB Capital Group	The Corporation	2	Current tax liabilities	546,126	Note 4	0.01%
0	The Corporation	CDIB Capital Group	1	Current tax liabilities	219,957	Note 4	0.01%
3	CDIB Capital Group	The Corporation	2	Current tax assets	219,957	Note 4	0.01%
0	The Corporation	KGI Life Insurance Co., Ltd.	1	Current tax liabilities	2,683,885	Note 4	0.07%
4	KGI Life Insurance Co., Ltd.	The Corporation	2	Current tax assets	2,683,885	Note 4	0.07%
0	The Corporation	KGI Bank	1	Cash and cash equivalents	1,985,797	Note 4	0.05%
1	KGI Bank	The Corporation	2	Deposits and remittances	1,985,797	Note 4	0.05%
2	KGI Securities Co., Ltd.	KGI Bank	3	Other financial assets	2,055,257	Note 4	0.06%
2	KGI Securities Co., Ltd.	KGI Bank	3	Cash and cash equivalents	54,267	Note 4	0.00%
2	KGI Securities Co., Ltd.	KGI Bank	3	Other assets	14,287,057	Note 4	0.39%
1	KGI Bank	KGI Securities Co., Ltd.	3	Deposits and remittances	16,396,581	Note 4	0.45%
2	KGI Securities Co., Ltd.	KGI Bank	3	Other financial liabilities	367,749	Note 4	0.01%

(Continued)

No. (Note 1)	Trader Company	Related Party	Flow of Transactions (Note 2)	Financial Statement Accounts	Amounts	Trading Terms	Transaction Amount/Total Consolidated Revenue or Total Consolidated Assets (Note 3)
1	KGI Bank	KGI Securities Co., Ltd.	3	Cash and cash equivalents	$ 308,517	Note 4	0.01%
1	KGI Bank	KGI Securities Co., Ltd.	3	Financial assets at fair value through profit or loss	59,232	Note 4	0.00%
4	KGI Life Insurance Co., Ltd.	KGI Bank	3	Cash and cash equivalents	6,777,032	Note 4	0.19%
1	KGI Bank	KGI Life Insurance Co., Ltd.	3	Deposits and remittances	6,777,032	Note 4	0.19%
4	KGI Life Insurance Co., Ltd.	KGI Bank	3	Receivables, net	560,074	Note 4	0.02%
1	KGI Bank	KGI Life Insurance Co., Ltd.	3	Other liabilities	560,074	Note 4	0.02%
1	KGI Bank	KGI Life Insurance Co., Ltd.	3	Financial assets at fair value through profit or loss	178,375	Note 4	0.00%
4	KGI Life Insurance Co., Ltd.	KGI Bank	3	Financial liabilities at fair value through profit or loss	178,375	Note 4	0.00%
5	China Development Asset Management Corp.	KGI Bank	3	Cash and cash equivalents	300,943	Note 4	0.01%
1	KGI Bank	China Development Asset Management Corp.	3	Deposits and remittances	300,943	Note 4	0.01%
6	CDIB Capital Management Corporation	KGI Bank	3	Cash and cash equivalents	243,388	Note 4	0.01%
1	KGI Bank	CDIB Capital Management Corporation	3	Deposits and remittances	243,388	Note 4	0.01%
7	CDIB Capital International Corporation	KGI Bank	3	Cash and cash equivalents	789,715	Note 4	0.02%
1	KGI Bank	CDIB Capital International Corporation	3	Deposits and remittances	789,715	Note 4	0.02%
8	CDIB Venture Capital (Hong Kong) Corporation Limited	KGI Bank	3	Cash and cash equivalents	1,053,754	Note 4	0.03%
1	KGI Bank	CDIB Venture Capital (Hong Kong) Corporation Limited	3	Deposits and remittances	1,053,754	Note 4	0.03%
1	KGI Bank	KGI Securities Co., Ltd.	3	Receivables, net	312,426	Note 4	0.01%
2	KGI Securities Co., Ltd.	KGI Bank	3	Payables	312,426	Note 4	0.01%
9	KGI Futures Co., Ltd.	KGI Bank	3	Cash and cash equivalents	200,548	Note 4	0.01%
1	KGI Bank	KGI Futures Co., Ltd.	3	Deposits and remittances	200,548	Note 4	0.01%
25	CDIB Capital Investment II Limited	KGI Bank	3	Cash and cash equivalents	267,762	Note 4	0.01%

(Continued)

No. (Note 1)	Trader Company	Related Party	Flow of Transactions (Note 2)	Financial Statement Accounts	Amounts	Trading Terms	Transaction Amount/Total Consolidated Revenue or Total Consolidated Assets (Note 3)
1	KGI Bank	CDIB Capital Investment II Limited	3	Deposits and remittances	$ 267,762	Note 4	0.01%
26	CDIB TMK Finance Holding Limited	KGI Bank	3	Cash and cash equivalents	104,890	Note 4	0.01%
1	KGI Bank	CDIB TMK Finance Holding Limited	3	Deposits and remittances	104,890	Note 4	0.01%
4	KGI Life Insurance Co., Ltd.	KGI Bank	3	Gain or loss on investment property	180,988	Note 4	0.45%
1	KGI Bank	KGI Life Insurance Co., Ltd.	3	Operating expenses	180,988	Note 4	0.45%
1	KGI Bank	KGI Life Insurance Co., Ltd.	3	Service and commission, net - revenues	205,540	Note 4	0.52%
4	KGI Life Insurance Co., Ltd.	KGI Bank	3	Service and commission, net - expenses	205,540	Note 4	0.52%
2	KGI Securities Co., Ltd.	KGI Life Insurance Co., Ltd.	3	Service and commission, net - revenues	223,182	Note 4	0.57%
4	KGI Life Insurance Co., Ltd.	KGI Securities Co., Ltd.	3	Service and commission, net - expenses	223,182	Note 4	0.57%
2	KGI Securities Co., Ltd.	KGI Life Insurance Co., Ltd.	3	Interest revenues	130,995	Note 4	0.33%
4	KGI Life Insurance Co., Ltd.	KGI Securities Co., Ltd.	3	Interest expense	130,995	Note 4	0.33%
2	KGI Securities Co., Ltd.	KGI Futures Co., Ltd.	3	Cash and cash equivalents	257,362	Note 4	0.01%
9	KGI Futures Co., Ltd.	KGI Securities Co., Ltd.	3	Other financial liabilities	257,362	Note 4	0.01%
2	KGI Securities Co., Ltd.	KGI Futures Co., Ltd.	3	Financial assets at fair value through profit or loss	168,331	Note 4	0.00%
9	KGI Futures Co., Ltd.	KGI Securities Co., Ltd.	3	Other financial liabilities	168,331	Note 4	0.00%
9	KGI Futures Co., Ltd.	KGI Securities (Singapore) Pte. Ltd.	3	Other financial assets	684,891	Note 4	0.02%
10	KGI Securities (Singapore) Pte. Ltd.	KGI Futures Co., Ltd.	3	Other financial liabilities	684,891	Note 4	0.02%
9	KGI Futures Co., Ltd.	KGI Securities (Singapore) Pte. Ltd.	3	Cash and cash equivalents	119,531	Note 4	0.00%
10	KGI Securities (Singapore) Pte. Ltd.	KGI Securities Co., Ltd.	3	Other financial liabilities	119,531	Note 4	0.00%
9	KGI Futures Co., Ltd.	KGI Securities (Singapore) Pte. Ltd.	3	Financial assets at fair value through profit or loss	119,159	Note 4	0.00%
10	KGI Securities (Singapore) Pte. Ltd.	KGI Futures Co., Ltd.	3	Other financial liabilities	119,159	Note 4	0.00%
9	KGI Futures Co., Ltd.	KGI Securities (Singapore) Pte. Ltd.	3	Other financial liabilities	155,936	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)
10	KGI Securities (Singapore) Pte. Ltd.	KGI Futures Co., Ltd.	3	Other financial assets	$ 155,936	Note 4	0.00%
9	KGI Futures Co., Ltd.	KGI Futures (Hong Kong) Limited	3	Other financial assets	675,613	Note 4	0.02%
11	KGI Futures (Hong Kong) Limited	KGI Futures Co., Ltd.	3	Other financial liabilities	675,613	Note 4	0.02%
12	KGI Asia Limited	KGI Securities (Singapore) Pte. Ltd.	3	Other liabilities	320,012	Note 4	0.01%
10	KGI Securities (Singapore) Pte. Ltd.	KGI Asia Limited	3	Receivables, net	320,012	Note 4	0.01%
12	KGI Asia Limited	KGI International (Hong Kong) Limited	3	Payables	223,849	Note 4	0.01%
13	KGI International (Hong Kong) Limited	KGI Asia Limited	3	Receivables, net	223,849	Note 4	0.01%
12	KGI Asia Limited	KGI International (Hong Kong) Limited	3	Payables	358,627	Note 4	0.01%
13	KGI International (Hong Kong) Limited	KGI Asia Limited	3	Receivables, net	358,627	Note 4	0.01%
14	KGI Finance Limited	KGI International (Hong Kong) Limited	3	Cash and cash equivalents	553,065	Note 4	0.02%
15	KGI International Holdings Limited	KGI Finance Limited	3	Commercial paper payable, net	553,065	Note 4	0.02%
11	KGI Futures (Hong Kong) Limited	KGI Securities (Singapore) Pte. Ltd.	3	Other financial liabilities	811,222	Note 4	0.02%
10	KGI Securities (Singapore) Pte. Ltd.	KGI Futures (Hong Kong) Limited	3	Other financial assets	811,222	Note 4	0.02%
11	KGI Futures (Hong Kong) Limited	KGI International Holdings Limited	3	Cash and cash equivalents	891,049	Note 4	0.02%
15	KGI International Holdings Limited	KGI Futures (Hong Kong) Limited	3	Commercial paper payable, net	891,049	Note 4	0.02%
11	KGI Futures (Hong Kong) Limited	KGI International (Hong Kong) Limited	3	Other financial liabilities	308,701	Note 4	0.01%
13	KGI International (Hong Kong) Limited	KGI Futures (Hong Kong) Limited	3	Receivables, net	308,701	Note 4	0.01%
13	KGI International (Hong Kong) Limited	KGI International Holdings Limited	3	Cash and cash equivalents	4,393,793	Note 4	0.12%
15	KGI International Holdings Limited	KGI International (Hong Kong) Limited	3	Commercial paper payable, net	4,393,793	Note 4	0.12%
13	KGI International (Hong Kong) Limited	PT KGI Sekuritas Indonesia	3	Receivables, net	491,760	Note 4	0.01%
16	PT KGI Sekuritas Indonesia	KGI International (Hong Kong) Limited	3	Payable	491,760	Note 4	0.01%
13	KGI International (Hong Kong) Limited	KGI Securities (Singapore) Pte. Ltd.	3	Receivables, net	213,689	Note 4	0.01%

(Continued)

No. (Note 1)	Trader Company	Related Party	Flow of Transactions (Note 2)	Financial Statement Accounts	Amounts	Trading Terms	Transaction Amount/Total Consolidated Revenue or Total Consolidated Assets (Note 3)
10	KGI Securities (Singapore) Pte. Ltd.	KGI International (Hong Kong) Limited	3	Payable	$ 213,689	Note 4	0.01%
17	KGI International Finance Limited	KGI International Holdings Limited	3	Cash and cash equivalents	242,734	Note 4	0.01%
15	KGI International Holdings Limited	KGI International Finance Limited	3	Commercial paper payable, net	242,734	Note 4	0.01%
3	KGI Securities Co., Ltd.	KGI Futures Co., Ltd.	3	Service and commission, net - revenues	181,725	Note 4	0.46%
9	KGI Futures Co., Ltd.	KGI Securities Co., Ltd.	3	Service and commission, net - expenses	181,725	Note 4	0.46%
2	KGI Securities Co., Ltd.	KGI Insurance Brokers Co., Ltd.	3	Service and commission, net - revenues	160,081	Note 4	1.67%
22	KGI Insurance Brokers Co., Ltd.	KGI Securities Co., Ltd.	3	Service and commission, net - expenses	160,081	Note 4	1.67%
3	KGI Securities Co., Ltd.	KGI Securities Investment Advisory Co., Ltd.	3	Operating expenses	222,780	Note 4	0.57%
21	KGI Securities Investment Advisory Co., Ltd.	KGI Securities Co., Ltd.	3	Other noninterest profit and gains, net	222,780	Note 4	0.57%
18	KGI Hong Kong Limited	KGI Investments Management Limited	3	Other noninterest profit and gains, net	103,210	Note 4	0.26%
19	KGI Investments Management Limited	KGI Hong Kong Limited	3	Other noninterest profit and gains, net	103,210	Note 4	0.26%
18	KGI Hong Kong Limited	KGI Asia Limited	3	Other noninterest profit and gains, net	1,647,733	Note 4	4.18%
12	KGI Asia Limited	KGI Hong Kong Limited	3	Other noninterest profit and gains, net	1,647,733	Note 4	4.18%
18	KGI Hong Kong Limited	KGI Futures (Hong Kong) Limited	3	Other noninterest profit and gains, net	260,421	Note 4	0.66%
11	KGI Futures (Hong Kong) Limited	KGI Hong Kong Limited	3	Other noninterest profit and gains, net	260,421	Note 4	0.66%
18	KGI Hong Kong Limited	KGI International (Hong Kong) Limited	3	Other noninterest profit and gains, net	334,070	Note 4	0.85%
13	KGI International (Hong Kong) Limited	KGI Hong Kong Limited	3	Other noninterest profit and gains, net	334,070	Note 4	0.85%
13	KGI International (Hong Kong) Limited	KGI International Holdings Limited	3	Other noninterest profit and gains, net	164,388	Note 4	0.42%
15	KGI International Holdings Limited	KGI International (Hong Kong) Limited	3	Other noninterest profit and gains, net	164,388	Note 4	0.42%
24	CDIB Capital Investment I Limited	CDIB Real Estate Credit Ltd.	3	Financial assets measured at amortized cost	684,707	Note 4	0.01%
27	CDIB Real Estate Credit Ltd.	CDIB Capital Investment I Limited	3	Bonds payable	684,707	Note 4	0.01%

(Continued)

No. (Note 1)	Trader Company	Related Party	Flow of Transactions (Note 2)	Financial Statement Accounts	Amounts	Trading Terms	Transaction Amount/Total Consolidated Revenue or Total Consolidated Assets (Note 3)
7	CDIB Capital International Corporation	CDIB Global Markets Limited	3	Service and commission, net - revenues	$ 113,292	Note 4	0.29%
23	CDIB Global Markets Limited	CDIB Capital International Corporation	3	Operating expense	113,292	Note 4	0.29%
7	CDIB Capital International Corporation	CDIB Capital Investment I Limited	3	Service and commission, net - revenues	103,947	Note 4	0.26%
24	CDIB Capital Investment I Limited	CDIB Capital International Corporation	3	Operating expense	103,947	Note 4	0.26%
20	CDIB Capital International (Hong Kong) Corporation Limited	CDIB Capital International Corporation	3	Service and commission, net - revenues	300,549	Note 4	0.76%
7	CDIB Capital International Corporation	CDIB Capital International (Hong Kong) Corporation Limited	3	Operating expense	300,549	Note 4	0.76%

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)

KGI SECURITIES AND ITS SUBSIDIARIES

BALANCE SHEETS
DECEMBER 31, 2023
(Expressed in U.S. Dollars)

ASSETS	Richpoint Company Limited	KG Investments Holdings Limited	KGI International Holdings Limited	KGI Limited	KGI International Limited
CURRENT ASSETS					
Cash and cash equivalents	$ 18,371	$ 1	$ 57,484	$ 4,746	$ 431
Other current assets	755	-	11,068,501	-	1,008,706
Total current assets	19,126	1	11,125,985	4,746	1,009,137
NONCURRENT ASSETS					
Investments accounted for using the equity method	606,667,790	597,140,966	838,833,464	453,287,344	69,141,564
Total noncurrent assets	606,667,790	597,140,966	838,833,464	453,287,344	69,141,564
TOTAL	$ 606,686,916	$ 597,140,967	$ 849,959,449	$ 453,292,090	$ 70,150,701
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Short-term borrowings	$ 64,430,000	$ -	$ -	$ -	$ -
Commercial paper payable	-	-	217,370,424	-	-
Other payables	135,613	5,556,978	36,411,643	768	1,816
Total current liabilities	64,565,613	5,556,978	253,782,067	768	1,816
Total liabilities	64,565,613	5,556,978	253,782,067	768	1,816
EQUITY					
Common stock	92,872,376	156,864,163	209,248,261	389,239,174	81,511,717
Capital reserve	1,086,575	291,887	54,876,594	-	-
Special reserve	-	9,759,135	387,913	-	-
Retained earnings (accumulated deficit)	467,482,409	443,988,861	350,761,061	64,052,148	(11,362,832)
Other equity	(19,320,057)	(19,320,057)	(19,096,447)	-	-
Total equity	542,121,303	591,583,989	596,177,382	453,291,322	70,148,885
TOTAL	$ 606,686,916	$ 597,140,967	$ 849,959,449	$ 453,292,090	$ 70,150,701

KGI SECURITIES AND ITS SUBSIDIARIES

BALANCE SHEETS
DECEMBER 31, 2023
(Expressed in U.S. Dollars)

ASSETS	Global Treasure Investments Limited	KGI Hong Kong Limited	KGI Nominees (Hong Kong) Limited	KGI Asia (Holdings) Pte. Ltd.
CURRENT ASSETS				
Cash and cash equivalents	$ -	$ 731,208	$ -	$ 131,038
Prepayments	-	2,407,832	-	-
Other current assets	1	5,582,576	1	-
Total current assets	1	8,721,616	1	131,038
NONCURRENT ASSETS				
Investments accounted for using the equity method	-	-	-	172,887,621
Property and equipment	-	3,590,911	-	-
Right-of-use assets	-	16,865,273	-	-
Intangible assets	-	269,754	-	-
Other noncurrent assets	-	73,344	-	-
Total noncurrent assets	-	20,799,282	-	172,887,621
TOTAL	$ 1	$ 29,520,898	$ 1	$ 173,018,659
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings	$ -	$ -	$ -	$ 85,262,799
Lease liabilities - current	-	4,674,745	-	-
Other payable	-	13,163,213	-	437,064
Total current liabilities	-	17,837,958	-	85,699,863
NONCURRENT LIABILITIES				
Provisions - noncurrent	-	1,730,429	-	-
Lease liabilities - noncurrent	-	13,139,445	-	-
Deferred tax liabilities	-	293,854	-	-
Other noncurrent liabilities	-	-	-	-
Total noncurrent liabilities	-	15,163,728	-	-
Total liabilities	-	33,001,686	-	85,699,863
EQUITY				
Common stock	1	15,000	1	75,749,306
Capital reserve	-	272,691	-	-
Retained earnings (accumulated deficit)	-	(3,768,479)	-	9,155,476
Other equity	-	-	-	2,414,014
Total equity	1	(3,480,788)	1	87,318,796
TOTAL	$ 1	$ 29,520,898	$ 1	$ 173,018,659

TABLE 14-1

KGI SECURITIES AND ITS SUBSIDIARIES

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in U.S. Dollars)

	Richpoint Company Limited	KG Investments Holdings Limited	KGI International Holdings Limited	KGI Limited	KGI International Limited
REVENUES					
Other operating income	$ (1)	$ 140	$ 937	$ (3)	$ (34)
	(1)	140	937	(3)	(34)
COSTS AND EXPENSES					
Financial costs	(3,541,127)	-	(8,844,433)	-	-
Other operating expenses	(23,312)	(6,334)	(107,814)	(894)	(1,148)
Total costs and expenses	(3,564,439)	(6,334)	(8,952,247)	(894)	(1,148)
LOSS FROM OPERATIONS	(3,564,440)	(6,194)	(8,951,310)	(897)	(1,182)
SHARE OF PROFIT OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES	37,872,686	37,878,880	45,254,109	-	-
OTHER REVENUE AND EXPENSE	598	-	1,576,081	-	-
NON-OPERATING REVENUE AND EXPENSE	37,873,284	37,878,880	46,830,190	-	-
NET PROFIT (LOSS) FOR THE YEAR	34,308,844	37,872,686	37,878,880	(897)	(1,182)
OTHER COMPREHENSIVE INCOME (LOSSES)	4,390,634	4,390,634	4,390,634	-	-
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	$ 38,699,478	$ 42,263,320	$ 42,269,514	$ (897)	$ (1,182)

TABLE 14-2

KGI SECURITIES AND ITS SUBSIDIARIES

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in U.S. Dollars)

	Global Treasure Investments Limited	KGI Hong Kong Limited	KGI Nominees (Hong Kong) Limited	KGI Asia (Holdings) Pte. Ltd.
REVENUES				
Net profit of derivative instrument - counter	$ -	$ -	$ -	$ 13
Other operating income	-	192,944	-	(103,334)
Total revenues	-	192,944	-	(103,321)
COSTS AND EXPENSES				
Financial costs	-	(737,103)	-	(3,760,029)
Other operating expense	-	(33,104,179)	-	-
Employee benefits	-	(7,041,144)	-	-
Depreciation and amortization	-	(19,295,409)	-	-
Other operating expenses	-	(12,957,754)	-	(32,717)
Total costs and expenses	-	(73,135,589)	-	(3,792,746)
LOSS FROM OPERATIONS	-	(72,942,645)	-	(3,896,067)
OTHER REVENUE AND EXPENSE	-	75,327,113	-	7,504,632
NON-OPERATING REVENUE AND EXPENSE	-	75,327,113	-	7,504,632
NET PROFIT FOR THE YEAR BEFORE TAX	-	2,384,468	-	3,608,565
TAX EXPENSE	-	(439,862)	-	(800,726)
NET PROFIT FOR THE YEAR	-	1,944,606	-	2,807,839
OTHER COMPREHENSIVE INCOME (LOSSES)	-	-	-	1,410,054
TOTAL COMPREHENSIVE INCOME (LOSSES) FOR THE YEAR	$ -	$ 1,944,606	$ -	$ 4,217,893

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

CASH AND CASH EQUIVALENTS
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Description			Amount
Cash in banks	Checking deposits and demand deposits			$ 24,589,411
	Time deposits			24,497,929
				49,087,340
	Monetary items	Foreign currencies (dollar)	Exchange rate	
Deposit form other banks	USD	468,816	30.74	14,409,074
	JPY	10,241,447	0.22	2,226,491
	Others (Note 1)			1,021,836
				17,657,401
Others (Note 2)				6,120,032
				$ 72,864,773

Note 1: The amount of each product in others does not exceed 5% of the account balance.

Note 2: The amount of each item in others does not exceed 5% of the account balance.

STATEMENT 2

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

							Fair Value			
Financial Asset	**Description**	**Shares**	**Fair Value (Dollars)**	**Gross Amount**	**Interest Rate (%)**	**Acquisition Cost**	**Unit Price**	**Gross Amount**	**Changes in Fair Value Attributed to Changes in Credit Risk**	**Note**
Financial assets mandatorily classified as at FVTPL										
Stocks						$ 180,096,052		$ 178,320,310	$ -	
Mutual funds						193,092,527		176,664,526	-	
Operating securities								72,877,955	-	
Bank debentures						46,376,418		41,817,559	-	
Currency swap and forward exchange contracts								31,933,446	(2,852)	
Others (Note 1)								40,857,550	(5,619)	Note 2
								542,471,346	(8,471)	
Financial assets designated as at FVTPL										
Others (Note 1)								8,446,585	-	
								$ 550,917,931	$ (8,471)	

Note 1: The amount of each product in others does not exceed 5% of the account balance.

Note 2: For the information on pledged as collateral for the Group, please refer to Note 47.

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Financial Asset	Description	Shares	Fair Value (Dollars)	Gross Amount	Interest Rate (%)	Acquisition Cost	Allowance for Impairment Loss	Fair Value		Note
								Unit Price	Gross Amount	
Debt investment										
Corporate bonds						$ 88,645,826	$ (3,309,640)		$ 85,336,186	
Government bonds						74,847,504	(2,055,304)		72,792,200	Note 2
Bank debentures						55,841,874	(736,048)		55,105,826	
Negotiable certificates of deposit						2,435,000	(1,741)		2,433,259	Note 2
Others (Note 1)						3,430,174	(38,200)		3,391,974	
						225,200,378	(6,140,933)		219,059,445	
Equity instrument										
Common Stocks						21,638,181	(2,896,820)		18,741,361	
Preferred Stocks						11,768,802	(208,994)		11,559,808	
						33,406,983	(3,105,814)		30,301,169	
						$ 258,607,361	$ (9,246,747)		$ 249,360,614	

Note 1: The amount of each item in others does not exceed 5% of the account balance.

Note 2: For the information on pledged as collateral for the Group, please refer to Note 47.

STATEMENT 4

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

SECURITIES PURCHASED UNDER RESALE AGREEMENTS
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Face Value	Carrying Amount	Note
Corporate bonds	$ 35,206,595	$ 32,109,680	
Commercial papers	16,972,200	16,916,433	
Negotiable certificates of deposit	9,373,000	9,380,121	
Government bonds	6,845,831	6,742,654	
Bank debentures	3,551,586	3,032,570	
	$ 71,949,212	$ 68,181,458	

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

ACCOUNTS RECEIVABLE
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Amount	Allowance for Impairment Bad Debts	Net Value	Note
Receivable accounts for settlement	$ 44,497,583	$ (181,482)	$ 44,316,101	
Margin loans receivable, securities financing refundable deposits and deposits payable for securities financing	35,433,692	(11,626)	35,422,066	
Interest receivable	24,859,200	(1,577,950)	23,281,250	
Trading securities receivable	15,692,461	(3,540)	15,688,921	
Exchange clearing receivable	12,429,501	-	12,429,501	
Accounts receivable - forfeiting without recourse	10,262,998	(131,734)	10,131,264	
Others (Note)	16,622,205	(1,390,060)	15,232,145	
	$ 159,797,640	$ (3,296,392)	$ 156,501,248	

Note: The amount of each item in others does not exceed 5% of the account balance.

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

REINSURANCE ASSETS
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
1. Claims recoverable from reinsurers			
Individual health insurance		$ 526,090	
Individual life insurance		141,744	
Group insurance		81,427	
Investment-linked insurance		47,297	
Individual accident insurance		18,288	
		$ 814,846	
2. Due from reinsurers and ceding companies		$ 52,673	
3. Reinsurance reserve assets			
Ceded unearned premium reserve		$ 88,798	
Ceded reserve for claims		54,779	
		$ 143,577	

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

DEBT INVESTMENT MEASURED AT AMORTIZED COST
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Title	Description	Share	Fair Value (Dollars)	Gross Amount	Interest Rate (%)	Allowance for Impairment Loss	Unamortized Premium (Discount)	Carrying Amount	Note
Bank debentures				$ 1,690,287,673	0.00-8.43	$ (84,076)	$ (898,035,613)	$ 792,167,984	
Corporate bonds				536,614,824	0.00-9.00	(350,830)	30,800,091	567,064,085	
Government bonds				240,881,585	0.25-7.75	(1,203,812)	15,272,217	254,949,990	
Others (Note 1)				61,513,184	0.81-10.61	(2,372)	(177,071)	61,333,741	Note 2
				$ 2,529,297,266		$ (1,641,090)	$ (852,140,376)	1,675,515,800	
Less: Security deposit								(7,498,119)	
								$ 1,668,017,681	

Note 1: The amount of each item in others does not exceed 5% of the account balance.

Note 2: For the information on pledged as collateral for the Group, please refer to Note 47.

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

	Balance, January 1, 2023		Additions in Investment (Note 1)		Decrease in Investment (Note 2)		Balance, December 31, 2023			Market Value or Net Assets Value			
Investees	Shares (In Thousands)	Amount	Shares (In Thousands)	Amount	Shares (In Thousands)	Amount	Shares (In Thousands)	%	Amount	Unit Price (NT$)	Total Amount	Collateral	Note
Suyin KGI Consumer Finance Co., Ltd.	-	$ 4,459,742	-	$ 3,308,376	-	$ -	-	38	$ 7,768,118		$ 7,768,118	None	
CDIB & Partners Investment Holding Corporation	367,200	4,621,002	-	1,162,493	-	-	367,200	34	5,783,495	15.74	5,783,495	None	
KGI Securities (Thailand) Public Company Limited	696,614	2,734,751	-	68,440	-	-	696,614	35	2,803,191	4.02	2,803,191	None	
CDIB Capital Asia Partners L.P.	-	2,633,225	-	-	-	91,232	-		2,541,993		2,541,993	None	
Others (Note 3)		5,651,947		269,593		-			5,921,540		5,921,540		
		$ 20,100,667		$ 4,808,902		$ 91,232			$ 24,818,337		$ 24,818,337		

Note 1: The increase in the current year includes capital increase, investment income accounted for using equity method, capital surplus and unrealized gain on financial transactions.

Note 2: The decrease in the current year includes investment loss accounted for using equity method, capital surplus, unrealized loss on financial transactions and the distribution of cash dividends.

Note 3: The amount of each item in others does not exceed 5% of the account balance.

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

OTHER FINANCIAL ASSETS
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Separate-account insurance products		$ 115,525,739	
Guarantee deposits received on futures contracts			
Cash in banks		22,873,990	
Overseas guarantee deposits received on future contracts		19,377,139	
Settlement of futures clearing agency		8,392,358	
Others (Note 1)		1,264,843	
		51,908,330	
Others (Note 2)		10,541,268	
		$ 177,975,337	

Note 1: The amount of each product in others does not exceed 5% of the amount balance.

Note 2: The amount of each item in others does not exceed 5% of the account balance.

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

STATEMENT OF CHANGE IN RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Royalty - Surface Right	Buildings and Facilities	Land	Computer Equipment	Transportation Equipment	Other Equipment	Total	Remark
Cost								
Balance at January 1, 2023	$ 9,019,353	$ 4,260,325	$ 1,623,651	$ 269,359	$ 81,631	$ 63,725	$ 15,318,044	
Additions	-	293,938	198	9,647	16,029	339	320,151	
Deductions	-	(532,516)	(201)	(58,134)	(35,423)	(38,857)	(665,131)	
Reclassification	(13,593)	-	(8,577)	177	-	(177)	(22,170)	
Effects of exchange rate changes	-	4,470	-	(70)	(26)	-	4,374	
Balance at December 31, 2023	9,005,760	4,026,217	1,615,071	220,979	62,211	25,030	14,955,268	
Revaluation of lease liability								
Balance at January 1, 2023	-	33,227	(530,248)	-	-	-	(497,021)	
Additions	-	28,997	-	-	-	-	28,997	
Deductions	-	(32,357)	-	-	-	-	(32,357)	
Effects of exchange rate changes	-	(60)	-	-	-	-	(60)	
Balance at December 31, 2023	-	29,807	(530,248)	-	-	-	(500,441)	
Accumulated depreciation								
Balance at January 1, 2023	(431,186)	(1,503,160)	(54,329)	(133,463)	(40,775)	(34,810)	(2,197,723)	
Additions	(140,433)	(781,557)	(17,000)	(49,434)	(22,813)	(12,221)	(1,023,458)	
Deductions	-	496,303	201	58,159	30,604	38,639	623,906	
Reclassification	3,480	-	411	(62)	-	62	3,891	
Effects of exchange rate changes	-	(1,234)	-	7	19	-	(1,208)	
Balance at December 31, 2023	(568,139)	(1,789,648)	(70,717)	(124,793)	(32,965)	(8,330)	(2,594,592)	
Carrying amounts at December 31, 2023	$ 8,437,621	$ 2,266,376	$ 1,014,106	$ 96,186	$ 29,246	$ 16,700	$ 11,860,235	

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

COMMERCIAL PAPER PAYABLE
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Guarantee Agency	Contract Maturity Date	Interest Rate (%)	Amount: Issue Amount	Amount: Unamortized Discounts	Amount: Carrying Amount	Collateral Item	Carrying Value
CDFH								
Commercial paper payable	Non-guaranteed	2024/02/20	1.49-1.54	$ 2,600,000	$ (80)	$ 2,599,920	Non-collateral	$ -
Commercial paper payable	Non-guaranteed	2024/03/05	1.48-1.53	2,000,000	(85)	1,999,915	Non-collateral	-
Commercial paper payable	Non-guaranteed	2024/01/11	1.44-1.47	1,800,000	(35)	1,799,965	Non-collateral	-
Commercial paper payable	Non-guaranteed	2024/01/23	1.49-1.50	1,400,000	(29)	1,399,971	Non-collateral	-
Commercial paper payable	Non-guaranteed	2024/01/16	1.48	900,000	(21)	899,979	Non-collateral	-
Commercial paper payable	Non-guaranteed	2024/03/11	1.50	700,000	(105)	699,895	Non-collateral	-
Commercial paper payable	Non-guaranteed	2024/01/11	1.48	500,000	(8)	499,992	Non-collateral	-
				9,900,000	(363)	9,899,637		
China Development Asset Management Corp.								
Commercial paper payable	Grand Bills	2024/01/12	1.83	100,000	(55)	99,945	Non-collateral	-
Commercial paper payable	Taiwan Finance Corporation	2024/01/12	1.83	100,000	(55)	99,945	Non-collateral	-
				200,000	(110)	199,890		
KGI Securities and its subsidiaries								
Commercial paper payable	Non-guaranteed	2024/02/27	1.55-1.59	3,140,000	(2,722)	3,137,278	Non-collateral	-
Commercial paper payable	Non-guaranteed	2024/04/03	1.55-1.61	2,830,000	(4,940)	2,825,060	Non-collateral	-
Commercial paper payable	Non-guaranteed	2024/02/23	1.53-1.61	2,150,000	(3,097)	2,146,903	Non-collateral	-
Commercial paper payable	Non-guaranteed	2024/01/26	1.57-1.60	1,900,000	(1,370)	1,898,630	Non-collateral	-
Commercial paper payable	Non-guaranteed	2024/02/20	1.58-1.61	1,700,000	(1,221)	1,698,779	Non-collateral	-
Commercial paper payable	Non-guaranteed	2024/01/18	1.56-1.58	1,400,000	(587)	1,399,413	Non-collateral	-
Commercial paper payable	Non-guaranteed	2024/01/15	1.56-1.57	600,000	(308)	599,692	Non-collateral	-
Commercial paper payable	Non-guaranteed	2024/01/19	1.57-1.59	500,000	(347)	499,653	Non-collateral	-
Commercial paper payable	Non-guaranteed	2024/01/08	5.11-5.26	496,985	(1,213)	495,772	Non-collateral	-
Commercial paper payable	Non-guaranteed	2024/01/08	1.56	400,000	(120)	399,880	Non-collateral	-
Commercial paper payable	Non-guaranteed	2024/01/17	1.56-1.59	300,000	(173)	299,827	Non-collateral	-
Commercial paper payable	Non-guaranteed	2024/01/18	1.55-1.56	300,000	(192)	299,808	Non-collateral	-
Commercial paper payable	Non-guaranteed	2024/01/19	1.59	200,000	(157)	199,843	Non-collateral	-
Commercial paper payable	Non-guaranteed	2024/01/12	1.55	200,000	(93)	199,907	Non-collateral	-
				16,116,985	(16,540)	16,100,445		
China Development Capital and its subsidiaries								
Commercial paper payable	Dah Chung Bills Finance Corporation	2024/01/18	1.86	110,000	(8)	109,992	Non-collateral	-
Commercial paper payable	Mega Bills Finance Corporation	2024/01/18	1.85	110,000	(13)	109,987	Non-collateral	-
				220,000	(21)	219,979		

(Continued)

Item	Guarantee Agency	Contract Maturity Date	Interest Rate (%)	Amount			Collateral Item	Carrying Value
				Issue Amount	Unamortized Discounts	Carrying Amount		
KGI Bank and its subsidiaries								
Commercial paper payable	Non-guaranteed	2024/01/16	1.69-1.70	$ 500,000	$ (12)	$ 499,988	Non-collateral	$ -
Commercial paper payable	Non-guaranteed	2024/01/18	1.74-1.77	320,000	(25)	319,975	Non-collateral	-
Commercial paper payable	Non-guaranteed	2024/01/26	1.70	270,000	(20)	269,980	Non-collateral	-
Commercial paper payable	Non-guaranteed	2024/01/12	1.72-1.73	240,000	(9)	239,991	Non-collateral	-
Commercial paper payable	Non-guaranteed	2024/01/15	1.73	240,000	(15)	239,985	Non-collateral	-
Commercial paper payable	Non-guaranteed	2024/01/03	1.74	210,000	(2)	209,998	Non-collateral	-
Commercial paper payable	Non-guaranteed	2024/01/08	1.74-1.76	210,000	(6)	209,994	Non-collateral	-
Commercial paper payable	Non-guaranteed	2024/01/16	2.04	200,000	(5)	199,995	Non-collateral	-
Commercial paper payable	Dah Chung Bills Finance Corporation	2024/01/12	1.79-1.81	150,000	(9)	149,991	Non-collateral	-
Commercial paper payable	Taiwan Finance Corporation	2024/01/26	1.83	150,000	(35)	149,965	Non-collateral	-
Commercial paper payable	Ta Ching Bills Finance Corporation	2024/01/11	1.87	130,000	(12)	129,988	Non-collateral	-
Commercial paper payable	Mega Bills Finance Corporation	2024/01/04	1.85	100,000	(1)	99,999	Non-collateral	-
Commercial paper payable	China Bills Finance Corporation	2024/01/02	1.82	100,000	(1)	99,999	Non-collateral	-
Commercial paper payable	Taiwan Cooperative Bills Finance Corporation	2024/01/18	1.83	100,000	(6)	99,994	Non-collateral	-
Commercial paper payable	Non-guaranteed	2024/01/18	1.8	70,000	(5)	69,995	Non-collateral	-
Commercial paper payable	International Bills Finance Corporation	2024/01/19	1.85	50,000	(8)	49,992	Non-collateral	-
				3,040,000	(171)	3,039,829		
				$ 29,476,985	$ (17,205)	$ 29,459,780		

(Concluded)

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Financial Liabilities	Description	Share	Fair Value (Dollars)	Gross Amount	Interest Rate (%)	Fair Value		Changes in Fair Value Attributed to Changes in Credit Risk	Note
						Unit Price	Gross Amount		
Financial liabilities held for trading									
Currency swap and forward exchange contracts							$ 29,233,097	$ (2,756)	
Borrowed securities payable							7,522,875	-	
Option and futures contracts							6,328,889	(161)	
Interest rate swap contracts							3,781,998	(243)	
Structured products							3,098,050	-	
Non-delivery forward exchange contracts							1,337,537	-	
Others (Note)							3,240,406	(820)	
							54,542,852	(3,980)	
Financial liabilities designated as at FVTPL									
Structured products							7,937,195	(558)	
Others (Note)							1,063	-	
							7,938,258	(558)	
							$ 62,481,110	$ (4,538)	

Note: The amount of each product in others does not exceed 5% of the account balance.

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

NOTES AND BONDS ISSUED UNDER REPURCHASE AGREEMENTS
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Face Value	Carrying Amount	Note
Corporate bonds	$ 76,078,792	$ 70,489,928	
Bank debentures	34,501,080	30,835,269	
Government bonds	28,654,854	27,459,269	
Others	1,515,000	1,510,123	
	$ 140,749,726	$ 130,294,589	

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

PROVISION
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Beginning Balance	Changes	Other Changes	Ending Balance	Note
Insurance liabilities					
Reserve for life insurance liabilities	$ 2,044,981,576	$ (10,542,755)	$ 1,082,633	$ 2,035,521,454	Note 1
Premium deficiency reserve	1,991,327	(502,073)	3,899	1,493,153	Note 2
Special reserve	8,507,932	(1,274,575)	50,805	7,284,162	Note 3
Unearned premium reserve	5,099,222	677,075	(1)	5,776,296	Note 4
Reserve for claims	3,582,247	(320,247)	(15)	3,261,985	Note 5
Other reserve	18,409,053	(311,739)	-	18,097,314	
Foreign exchange valuation reserve	10,886,927	(1,118,139)	-	9,768,788	
Other (Note 6)	1,122,432	85,766	-	1,208,198	
	$ 2,094,580,716	$ (13,306,687)	$ 1,137,321	$ 2,082,411,350	

Note 1: Other changes include $1,062,157 thousands of losses on foreign exchanges, and $20,476 thousands of gains on reserve for life insurance - payables for the insured.

Note 2: Other changes include $3,899 thousands of losses on foreign exchanges.

Note 3: Other changes include gain on equity instruments dividend policy measured at FVTOCI transferred to unappropriated earnings and increase the amount of special reserve.

Note 4: Other changes include $1 thousand of gains on foreign exchanges.

Note 5: Other changes include $15 thousands of gains on foreign exchanges.

Note 6: The amount of each item in others does not exceed 5% of the account balance.

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

STATEMENT OF LEASE LIABILITIES
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Description	Lease Term	Discount Rate (%)	Amount	Note
Building and facilities	Mainly for the use of branches, parking spaces and offices	1 to 15 years	0.52-7.35	$ 2,341,710	
Land	For surface rights and building and land rights	70 years	1.61-3.50	1,562,137	
Computer equipment	For operation use	3 to 7 years	0.56-4.87	83,246	
Transportation equipment	For operation use	1 to 11 years	0.50-1.68	29,434	
Other equipment	For operation use	3 to 7 years	0.60-1.61	17,495	
				$ 4,034,022	

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

SHARE OF THE PROFIT (LOSS) OF ASSOCIATED AND JOINT VENTURES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Investees	Amount	Note
Share of the profit (loss) of associated and joint ventures		
Cdib & Partners Investment Holding Corporation	$ 635,060	
Suyin KGI Consumer Finance Co., Ltd.	619,254	
CDIB Capital Healthcare Ventures Limited	293,608	
KGI Securities (Thailand) Public Company Limited	272,155	
CDIB Yida Private Equity (Kunshan) Enterprise (Limited Partnership)	164,921	
CDIB Capital Healthcare Ventures II Limited Partnership	111,031	
Other (Note)	33,201	
Others	(153)	
	$ 2,129,077	

Note: The amount of each item in others does not exceed 5% of the account balance.

STATEMENT 17

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

REVERSAL (ALLOWANCE) FOR BAD DEBTS AND (LOSSES) ON COMMITMENT AND GUARANTEES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Allowance for bad debts - accounts receivable	$ (179,700)	
Allowance for bad debts - discounts and loans	(110,790)	
Allowance for bad debts - guarantee liabilities	(58,173)	
Allowance for loan commitments	(12,715)	
Others	68	
	$ (361,310)	

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

NET CHANGE IN INSURANCE LIABILITIES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Reserve for life insurance liabilities	$ 10,542,755	
Special reserve	1,274,575	
Premium deficiency reserve	502,073	
Reserve for claims	330,866	
Other reserve	311,738	
	$ 12,962,007	

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

EMPLOYEE BENEFITS EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Employee Benefits	Net Income and Gains Other Than Interest Income	Other Selling and Administrative Expense	Total	Note
Salaries and wages	$ 15,327,512	$ 3,923,573	$ -	$ 19,251,085	
Employee insurance	1,292,148	-	-	1,292,148	
Pension	756,248	-	-	756,248	
Remuneration of directors and supervisors	448,615	-	-	448,615	
Other employee benefits	1,155,306	-	-	1,155,306	
	$ 18,979,829	$ 3,923,573	$ -	$ 22,903,402	

Note:

1. As of December 31, 2023 and 2022, the number of employees in the Group were 13,406 and 13,693, including 35 and 36 directors who are not concurrently serving as employees, respectively.

2. The following additional information should be disclosed in the annual consolidated financial statements:

   a. As of December 31, 2023, the average employee benefits were $1,679 thousand. (Total employee benefits in 2023 - Total directors' remuneration/Number of employees in 2023 - Number of directors who are not concurrently serving as employees).

      As of December 31, 2022, the average employee benefits were $1,449 thousand. (Total employee benefits in 2022 - Total directors' remuneration/Number of employees in 2022 - Number of directors who are not concurrently serving as employees).

   b. As of December 31, 2023, the average salaries and wages were $1,440 thousand. (Total salaries and wages in 2023/Number of employees in 2023 - Number of directors who are not concurrently serving as employees).

      As of December 31, 2022, the average salaries and wages were $1,224 thousand. (Total salaries and wages in 2022/Number of employees in 2022 - Number of directors who are not concurrently serving as employees).

   c. Change in average salaries and wages adjustment 18% (The average salaries and wages in 2023 - The average salaries and wages in 2022/The average salaries and wages in 2022).

   d. As of December 31, 2023 and 2022, the Corporation set up the audit committee to replace the supervisory board.

(Continued)

e. In order to implement corporate governance and enhance the functions of the Company's Board of Directors and establish performance targets (KPIs) to enhance the efficiency of the Board's operations, the Board of Directors of the Company has passed the stipulation of the "Board Performance Evaluation Criteria", which requires that the Board of Directors of the Company shall perform an internal performance evaluation of the Board of Directors at least once a year, which will include the evaluation of the performance of the Board as a whole, individual Board members and functional committees, and that the external performance evaluation of the Board of Directors shall be performed by an external professional independent organization or external expert scholar at least once every three years to enhance the independence and efficiency of the Boards' performance evaluation. The Remuneration Committee and the board formulated the "Guidelines for Remunerations Payment to Directors and to Functional Committee Members The Company's directors' remuneration is taking into account each director's degree of participation in and contribution to the operation of the Company, the nature of his or her duties, future risks and other factors, as well as the results of a comprehensive assessment of the directors' individual performance.

The performance of the company's managers is not only related to financial indicators, but also related to some important indicators, such as the sustainable management, talent cultivation project, and etc.

The performance indicators of managers include the following:

- Financial indicators: Including business performance and cost control.

- Management indicators: Including statute compliance, information security, leadership management, and etc.

- Special indicators: Special contributions or influential events would be taken into consideration while evaluating performance and remuneration.

A manager's remuneration is determined by the individual's job function and work experience, with due consideration of the Company's financial performance, wage growth across the job market, price fluctuations, prospective risks, and other internal/external factors. Ultimately, it is the Company's goal to present remuneration packages relevant with job performance and competitive to talent recruiting.

(Concluded)

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

DEPRECIATION AND AMORTIZATION
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Intangible assets	$ 1,525,346	
Right-of-use assets	1,023,458	
Building and facilities	509,750	
Machinery and computer equipment	467,822	
Others (Note)	268,835	
	$ 3,795,211	

Note: The amount of each item in others does not exceed 5% of the account balance.