新光金控
Shin Kong Financial Holdings

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Shin Kong Financial Holding Co., Ltd.
2023 Annual Report

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GDR Listed Exchange: Luxembourg Stock Exchange

Method of inquiry: www.bourse.lu

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Chapter 1.Letter to Shareholders

I. Impact of External Competition, Regulation, and Overall Business Environment

In 2023, the ongoing Russia-Ukraine and Israeli-Palestinian conflicts continued to elevate geopolitical concerns, fueling global inflation and increasing volatility in financial markets. Many nations tightened monetary policy to gradually rein in inflation, but softening trade growth, declining consumption confidence, and other issues persisted. In January 2024, the World Bank forecast that the global economy would grow by 2.6% in 2023, slowing from the previous year's 3% gain. In Taiwan, domestic demand surged in 2023 as the country lifted COVID-19 restrictions. Economic growth momentum nevertheless slowed as weak global end-demand and industry chain inventory destocking, and conservative corporate investment posed headwinds for exports and investment. In February 2024, the Directorate General of Budget, Accounting and Statistics announced that Taiwan's economy grew by 1.31% in 2023, lower than previous year's 2.59%.

Looking ahead in 2024, global economic is projected to grow moderately. Central banks around the world are expected to follow divergent monetary tracks and markets are pricing in a start to US interest rate cuts. All eyes will be on whether the economy will land softly. In China, the recovery of domestic demand remains unclear as that the country struggles with structural problems in the real estate sector, youth unemployment, and other challenges to an economic turnaround. Overall, the outlook for financial markets will remain uncertain. Unresolved geopolitical risks may lead to supply chain disruptions and international trade sanctions that in turn could potentially impact prices and GDP, more so than other policy or economic risks. In addition, the increasing frequency of extreme weather events has put the global spotlight on climate change and prompted numerous countries to plan paths to net zero emissions. Both policy and industries will feel the impact of the continuous drive to enhance sustainable competitiveness. In Taiwan, the financial industry faces a changing business environment and competitive landscape in conjunction with the government's promotion of the

Green Finance Action Plan 3.0, digital and green transformation, as well as harmonizing operations with IFRS17 and ICS2.0. Corporate governance, information security, and protection of consumer rights are other issues that demand the industry's continued attention and response.

II. Date and Results of the Latest Credit Rating

Taiwan Ratings:

Rated Company	National Long-Term Rating	National Short-Term Rating	Outlook	Date
Shin Kong Financial Holding	twA	twA-1	negative	2024.03.07
Shin Kong Life Insurance	twA+	-	negative	2024.03.07
Shin Kong Bank	twA+	twA-1	negative	2024.03.07
MasterLink Securities	twA	twA-1	negative	2024.03.07

Fitch Ratings:

Rated Company	Financial strength rating	Outlook	Date
Shin Kong Life Insurance	A(twn)	Stable	2023.08.15

Standard & Poor's

Rated Company	National Long-Term Rating	National Short-Term Rating	Outlook	Date
Shin Kong Life Insurance	BBB-	-	negative	2024.03.07
Shin Kong Bank	BBB-	A-3	negative	2024.03.07

III. 2023 Business Results

In 2023, the global economy continued to struggle in the post-pandemic era as inflation and exchange rate volatility challenged growth and contributed to profit volatility in the financial sector. Shin Kong Financial Holding (SKFH) posted a consolidated after-tax loss of NT$7.324 billion, or NT$-0.48 per share, short of the company's target. This owed mainly to a loss at Shin Kong Life Insurance (SKL) resulting from sharply higher foreign exchange hedging cost as the Taiwan-US interest spread widened. Other SKFH subsidiaries performed steadily, with banking and securities subsidiaries posting second highest profits ever. SKFH ended the year with a consolidated shareholders' equity of NT$246.08 billion (NT$15.56 per share), 16.0% higher year-on-year (YoY). Consolidated total assets rose 2.1% YoY to NT$4.95 trillion, making SKFH the fifth-largest financial holding company in Taiwan ranked by assets.

SKL posted a consolidated after-tax loss of NT$17.108 billion, due mainly to higher foreign exchange hedging cost and below expectation financial income. The company's consolidated shareholders' equity ended the year at NT$158.47 billion, up 13.7% YoY. First year premium (FYP) and total premium were NT$38.859 billion and NT$167.513 billion, respectively. The company's product strategy focused on foreign currency, regular payment, and value-focused policy sales to reduce hedging cost and build contractual service margin (CSM). FYP from foreign currency policies reached NT$21.525 billion, accounting for 55.4% of all FYP. Since 2020, SKL has grown its CSM to its NT$30 billion target every year. In 2023, the company successfully issued 10-year term cumulative subordinated corporate bonds in an amount of NT$13 billion to improve its RBC ratio.

Shin Kong Bank (SKB) earned a consolidated after-tax profit of NT$6.791 billion, the second-highest level ever. Non-interest net revenue surged by 34.6%, with growth momentum coming from increased net fee income and higher revenue from financial markets. The bank continued to grow steadily, lifting consolidated total assets past NT$1.2 trillion. SKB also expanded its loan balance by 7.0% while sustaining a balanced focus on revenue and risk controls. Asset quality remained

robust, with a non-performing loan (NPL) ratio and coverage ratio of 0.12% and 1,107.13%, respectively.

A 26.8% surge in Taiwan's stock market index powered MasterLink Securities to its second-highest consolidated after-tax profit of NT$2.499 billion, soaring 589.8% from the year before. Growth momentum came mainly from brokerage services, with proprietary and bond operations also performing well. The company captured 3.43% of the brokerage spot market share, climbing one place up to the sixth position in the industry. In the margin loan sector, it ranked seventh with a 5.11% market share. The company also actively developed multiple profit sources. It commanded a 3.43% sub-brokerage market share, boosting its ranking from the 12th to the sixth place. In the wealth management sector, the company increased its average trust asset scale to NT$14.128 billion, up 14.5% YoY.

Other subsidiaries also continued to grow steadily: Shin Kong Investment Trust (SKIT) grew its average asset management scale and net income by 13.1% and 60.4% YoY, respectively. Shin Kong Property Insurance Agency increased premium income and net income by 3.9% and 2.3% YoY, respectively. Shin Kong Venture Capital outperformed on both financial income and investment performance, boosting net income by 51.1% YoY.

SKFH's strategy of "Driving Transformation through Digital Development" continued to reap results as the group grew its online customer base past three million (up 10% YoY). The adoption rate for key digital products and services rose to 80% (up 8% YoY), while process automation accounted for 93% of transactions (up 9% YoY). SKL processed 96.7% of all policy applications digitally, while SKB and MasterLink Securities digitally processed 89.4% and 83.3% of their transactions, respectively. Digital operations at SKFH and its subsidiaries earned more than 20 domestic and international awards, including: the sole financial institution in Asia to win the Globe Trotter Award of the Global Financial Innovation Network (GFIN) Greenwashing TechSprint, with guidance from the Financial Supervisory Commission. The group's AI legal compliance platform, which was established to strengthen internal supervision and management efficiency, earned

the Special Award for Digital Innovation in the IDC 2023 Future Enterprise Awards. SKFH and its subsidiaries made other considerable gains in digital development: (1) Establishment of a joint risk defense mechanism assisted by data sharing to track group-wide risk in real-time; (2) Integration of ecosystem partner resources to further tap synergies in technology research and development and establishment of a group digital talent development system, nurturing over 120 SPARK Hero digital seeds for SKFH and its subsidiaries; (3) First-time participation in the Administration for Digital Industries, Ministry of Digital Affairs' Digital Youth T Ambassador Program, sharing new trends and R&D experience through the "Shin Kong Digital Day: Digital Recycling, Ushering in a New AI Game" annual digital meeting; (4) Jointly hosting with subsidiaries the "Digital Star" annual innovation competition to showcase best practices in digital innovation at Shin Kong and continuously empower employees to accelerate transformation.

SKFH deployed integrated marketing mechanisms to optimize resource synergies across its subsidiaries, promoting focal cross-selling operations to deliver diversified and convenient financial services meeting customer needs. In a changing global economic environment, SKFH increased benefits from cross-selling and resource integration to NT$3.2 billion in 2023, up 20% YoY, taking full advantage of co-marketing synergies. Sales of insurance policies with a premium payment period of more than six years by SKB and sales of investment-linked trust discretionary policies by SKL and group sales of investment trust funds all grew at a double-digit pace. The share of premium from new life insurance policies sold through SKB rose from 35% to 58% of the total for all bancassurance channels. To continue cultivating customer value and focus on customer segmentation, SKFH utilized big data meta analysis to understand the potential financial needs and preferences of value-focused customers for more efficient customer segmentation.

SKFH continued to advocate "low carbon, innovation, and the common good" as its three major environmental, social and governance (ESG) sustainable values. The company strove to align with international corporate sustainable governance

and continuously improve its sustainability performance. SKFH was selected in the DJSI World Index for 3 consecutive years, ranked second globally in the Insurance Industry Group and first in Asia. The company was also initiated as a constituent stock in the DJSI Emerging Markets Index. In addition, the international sustainability rating agency S&P Global recognized SKFH among the top 5% of insurance companies worldwide for sustainability performance in its Sustainability Yearbook 2024. These honors attest to SKFH's emergence as a leader in international sustainable development.

SKFH and its subsidiary proactively adopted the United Nations Principles for Responsible Investment (PRI), Principles for Sustainable Insurance (PSI), Principles for Responsible Banking (PRB), and Equator Principles. The company promoted responsible investment, financing, and lending, as well as ESG financial products. Amid rising global attention to climate issues, SKFH signed a carbon reduction commitment and aligned carbon reduction targets with the Science Based Targets initiative (SBTi). In February 2024, the company officially passed the initiative's carbon reduction target review, affirming its determination to fight climate change. Furthermore, SKFH and its main subsidiaries published Task Force on Climate-Related Financial Disclosures (TCFD) reports aiming to effectively manage risks and seize opportunities related to climate change.

Apart from the climate issue, SKFH is deeply engaged in social and human rights issues. The company adheres to international human rights conventions and strictly abides Taiwan's labor laws. It is also committed to creating a diverse, equal, and inclusive workplace, as well as developing volunteerism, investing in inclusive finance, and promoting health and aging-friendly initiatives. As a result of these efforts, SKFH was selected for the Bloomberg Gender-Equality Index (GEI) and won numerous awards, including the Age-Friendly Leadership Award and Social Inclusion Leadership Award in the Taiwan Corporate Sustainability Awards (TCSA).

SKFH and its subsidiaries were also recognized for their business achievements: SKFH won top awards in the Taiwan Top 100 Sustainable Enterprise Award and

Global Corporate Sustainability Awards. SKL won the international Asia Responsible Entrepreneurship Awards and seven awards in the National Brand Yushan Award, as well as brought home seven top awards and recognition as an "Outstanding Financial Institution" for fair customer treatment in the Taiwan Corporate Sustainability Awards. SKB was re-selected as one of the "Best Companies to Work for in Asia." The bank also won 4 grand awards, including two awards in the product category of the National Brand Yushan Award, Taiwan Corporate Sustainability Awards and Taiwan Sustainability Action Awards. MasterLink Securities won Business Today's "Best Wealth Appreciation Award," Taiwan Sustainability Action Awards, and Taiwan Sustainable Investment Award. It also earned a third-consecutive top award for Best Research Report-Accurate Earnings Forecast Award in the Golden Glory Awards. SKIT earned six grand awards in the TFF-Bloomberg Best Fund Awards and three top awards in the Refinitiv Lipper Fund Awards Taiwan. These honors internationally recognize the outstanding performance of SKFH and its subsidiaries.

IV. Overview of 2024 Business Plan

SKFH's strategic focus in 2024 is rooted in "Driving Transformation, Ushering in a New Era Together." The company will adhere to prudent business principles, improve group-wide operating performance, strengthen capital utilization efficiency and risk management mechanisms, and pursue a management policy based on the following business plan:

- **Enhancing High-Value and New Profit Sources to Increase Earnings and Strengthen Capital Adequacy**

  1. SKFH's core business is to effectively manage subsidiaries and guide their strategic development to improve operating performance, maximize capital efficiency, and thereby increase overall profitability and strengthen

capital adequacy. SKFH will also help subsidiaries to enhance high-value and new business profit sources, expand the asset scale of its banking and securities subsidiaries, and supervise SKL's harmonization with the IFRS17 and ICS2.0 international standards to expand its business scope and depth and optimize subsidiaries' asset structures.

2. SKL will continue to emphasize value-focused products, promote the sales of protection products and foreign currency policies, build policy value, and reduce cost of liabilities. It will also focus on selling investment-linked policies, strengthening controls on risk and hedging cost, optimizing portfolio allocation, increasing qualified capital, and reducing risk-based capital to strengthen its RBC ratio and further align with international standards.

3. SKB will steadily grow its main core businesses while improving capital efficiency. It also aims to increase lending scale to stabilize interest income, as well as optimize its deposit structure to reduce funding costs and maintain good liquidity. The bank will strengthen non-interest income businesses and expand revenue sources, including fee income from wealth management business and income from financial market investments.

4. MasterLink Securities will strengthen customer service capacity and create a warm service brand; expand and diversify revenue sources and increase the level of service revenue; optimize digital promotion models and build customer brand recognition; adjust portfolio strategy to generate stable returns; enhance benefits of investment enterprises and expand profits in advantageous areas; and advance fair customer treatment and explore business opportunities for sustainable development.

- **Deepening Synergies from Joint Marketing with Strategic Products**

1. Continue to develop value-focused products to build insurance momentum

SKL provides coverage tailored to the life insurance needs of its customers at different stages of life. The company is focusing on inheritance policies offering high levels of inheritance and asset allocation protection. It is also using big data analysis to identify potential customers and provide comprehensive coverage for insurance needs. In addition, the company is driving sales momentum for high-value policies to accelerate the growth of SKFH's value-focused products.

2. Deepening banking and securities partnerships to enhance co-marketing benefits

The "OU Hao Fu Tou" service provides a convenient platform integrating the customer application process for online banking and securities account opening, while enabling cross-company customer management to deepen product penetration and improve operating results. The service not only meets personal financial needs, but also integrates banking and securities resources in corporate finance channels to further understand the overall financial needs of corporate clients, plan customized solutions, and enhance co-marketing benefits in corporate banking across the group.

3. Continuously improving product penetration to increase customer management benefits

SKFH is committed to providing comprehensive cross-selling products and services and optimizing processes with a data-driven approach to enhance the convenience and quality of the customer experience. The company also provides a full range of financial products to meet demand throughout the customer life cycle, enhance customer product penetration and transaction

stickiness across the group, develop channel value, and build cross-selling synergy.

- **Increasing Digital Revenue and Enhancing Digital Performance**

1. Customer-centric digital transformation strategy

SKFH will retain the core concept of customer-centricity and integrate digital channel resources across the group. The company will further develop collaboration across online and offline channels through an OMO (Online Merge Offline / Offline Merge Online) strategy to strengthen cross-company customer segmentation and diversion synergies, establish innovative business models, and become customers' most trusted digital finance brand.

2. Accelerating business innovation models with digital technology

In response to market trends and government policy, SKFH is deploying an AI development strategy and refining management mechanisms to further build synergies from digital technology advancement across the group. The company is expanding the resources of technology ecosystem partners and implementing these capabilities in real-world applications. This includes accelerating the integration of AI in operational processes, enhancing the benefits of data governance and utilization, and continuing to build the group's strengths in e-banking innovation.

3. Integrating Ecosystem Resources to Transform Digital Talent

SKFH is bringing together resources across industry, government and academic ecosystems to accelerate staff transformation and continue enhancing its digital talent development system. Through the Spark Hero project, internships, and the Digital Youth T Ambassador Program, the

company is building employees' technology skill, AI mindset, and digital literacy to establish overall digital resilience at Shin Kong.

- **Implementing Corporate Governance and Aligning with International Sustainability Trends**

  1. SKFH will continue to improve its corporate governance structure and raise its ranking by this metric. In addition to strengthening management in the areas of compliance and internal controls and audits, the company will focus on internalizing and implementing the principles and spirit of fair customer treatment through policy formulation and execution to increase customer trust in the Shin Kong brand and support the company's sound operations.

  2. Sustainable corporate development is a key element in modern enterprise management. In 2024, SKFH aims to retain its place among the constituent stocks of the Dow Jones Sustainability World Index (DJSI World). The company will actively improve ESG performance, as well as align with the Financial Supervisory Commission's "Green Finance Action Plan 3.0," "Sustainable Development Action Plan for Publicly Listed Companies," and other policies. It will also continue to implement carbon inventory and climate risk management, develop ESG investment and financing, strengthen information disclosure and training of sustainability talent, and incorporate DEI and human rights protection to enhance the company's sustainable competitiveness and bring value to the social environment.

V. Future Development Strategy

Looking to the future, SKFH will continue to pursue stable profits, foster business synergies, and develop innovative products. It will also actively promote digital

finance and expand its sustainable impact to implement the concept of sustainable operations. SKFH's medium to long-term development strategy will remain focused on progress in the following six directions. At the same time, it will develop specific operational plans to build up a foundation for sustainable operations:

- Enhance high-value and new business profit sources
- Expand business scale and optimize subsidiary asset structure
- Increase profits and strengthen capital adequacy
- Deepen synergies from joint marketing
- Increase digital revenue and enhance digital performance
- Implement corporate governance and promote sustainable operation

Chapter 2.Company Profile：

I. Date of Establishment:

Date of Establishment: February 19, 2002

II. Company History:

Shin Kong Financial Holding (SKFH) was founded in 2002 by Shin Kong Life (Taiwan's 2nd largest insurance company) and Powerworld Securities (later renamed Shin Kong Securities) through the conversion of shares. To expand in the financial industry and offer customers diversified financial services, Shin Kong Life Insurance Brokers was founded in 2003 to explore property insurance business, whereas New Light Asset Management was founded in 2004 to cultivate asset management business. SKFH continued searching for proper and complementary merger targets in the market. For instance, it acquired United-Credit Commercial Bank in 2004, and Makoto Bank in 2005, successfully integrating the two into Shin Kong Bank in six months. In 2006, SKFH acquired Shin Kong Investment Trust (SKIT) and integrated SKIT and New Light Asset Management within 3 months, successfully expanding the size and market share of the asset management market. To bolster in the securities industry, SKFH bought MasterLink Securities Corporation’s shares from the open market since 2006. Considering the efficiency of resource allocation, in 2009 SKFH decided to integrate Shin Kong Securities and MasterLink Securities Corporation through a share swap for the purpose of better capital utilization and resource integration. In 2011, SKFH strategically planned to expand the scope of the financial group by setting up Shin Kong Venture Capital(SKVC) and investing in the Shin Kong Leasing (Suzhou) Co., Ltd. Through this subsidiary, SKFH was able to expand into foreign markets and increase corporate profitability. In 2013, the Group undertook an organization restructuring, in that Shin Kong Bank Property Insurance Agency was merged into the Group and renamed Shin Kong Property Insurance Agency (SKPIA). In October 2018, SKFH acquired MasterLink Securities Corp. as a wholly-owned subsidiary through the conversion of shares.

SKFH provides a full range of financial products and services through its subsidiaries, e.g., life insurance, banking, securities, mutual funds, and insurance agency, among others, and it delivers these products and services through an extensive distribution network (including 372 outlets of SKL, 103 branches of SKB, and 43 branches of MLS) to 6 million customers.

To expand into foreign markets, SKL set up a joint venture insurance company in China and became one of its major shareholders.Shin Kong Bank has established its branch in Hong Kong, with the aim of serving overseas Taiwanese customers through its Hong Kong Branch. MasterLink has venture capital investment offices established in Tianjin,

China, that specializes in exploring potential investment opportunities and profit sources by leveraging MasterLink Venture Capital's extensive experience and political/commercial connection in China. SKVC invested in Shin Kong Leasing Corp., a wholly owned subsidiary with headquartered in Suzhou, through a third-place company, and established a branch in Dongguan, in the hope that Shin Kong Bank could enter the Chinese market to establish branches and sub-banks based on the operating experience of the leasing company. Shin Kong is integrating group strengths to jointly develop the ASEAN market. SKB and SKL have set up representative offices in Vietnam and Myanmar to collect information, manage local relationships, engage in bilateral economic and trade cooperation, and continue to serve Taiwanese companies worldwide with eyes on advancing its international business strategy.

For more than Six decades, Shin Kong group has been cultivating markets, accumulating experience, and building a reputation for excellence, and therefore has received popular recognition. Going forward, the Group will continue to provide the customers with the best services and serve as the industry-leading financial institution with sincerity.

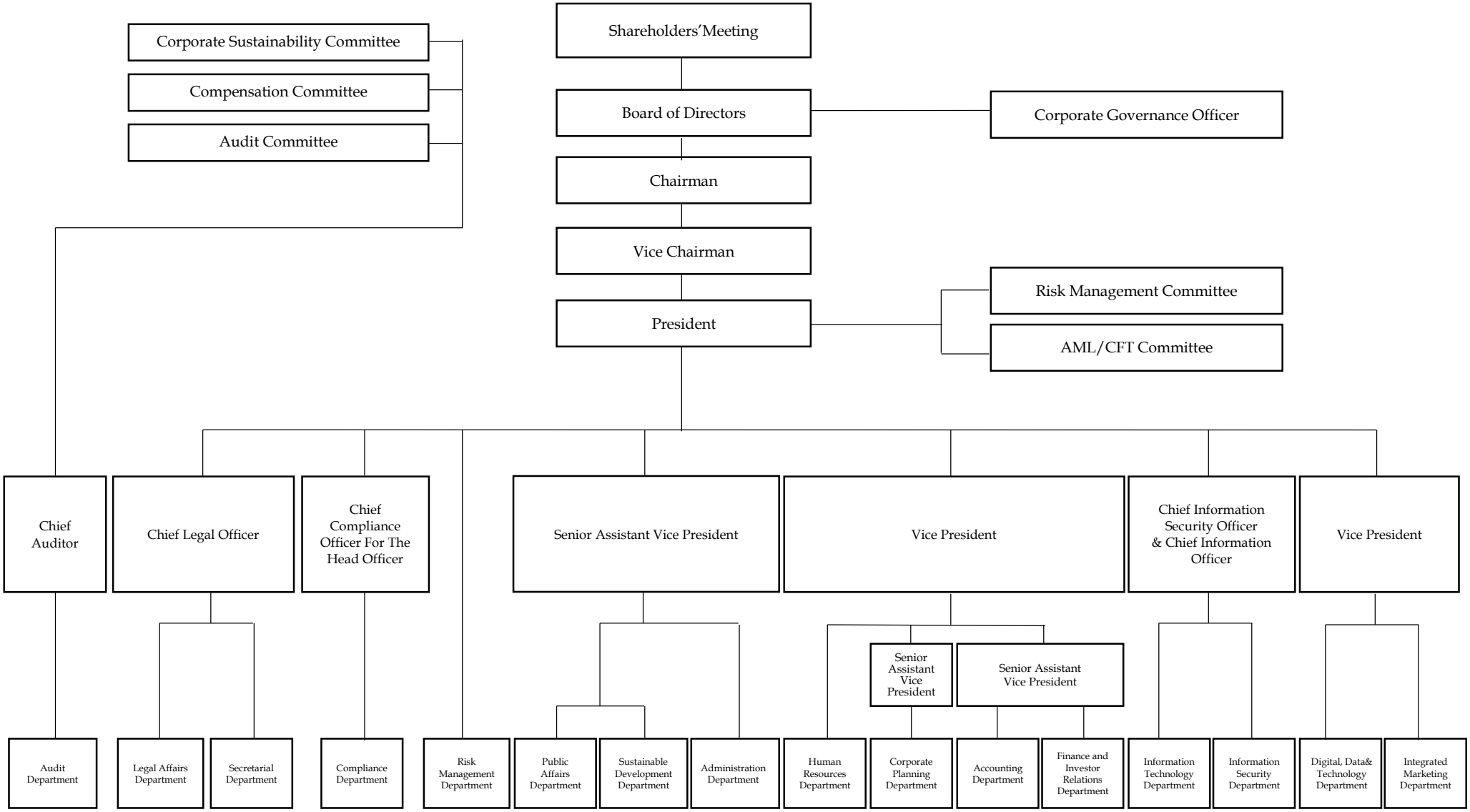
Chapter 3.Corporate Governance Report

I. Organization

(I)Organization Chart:

1. Organizational Structure

Date: April 16,2024



2. The Duties of the various departments are described below:

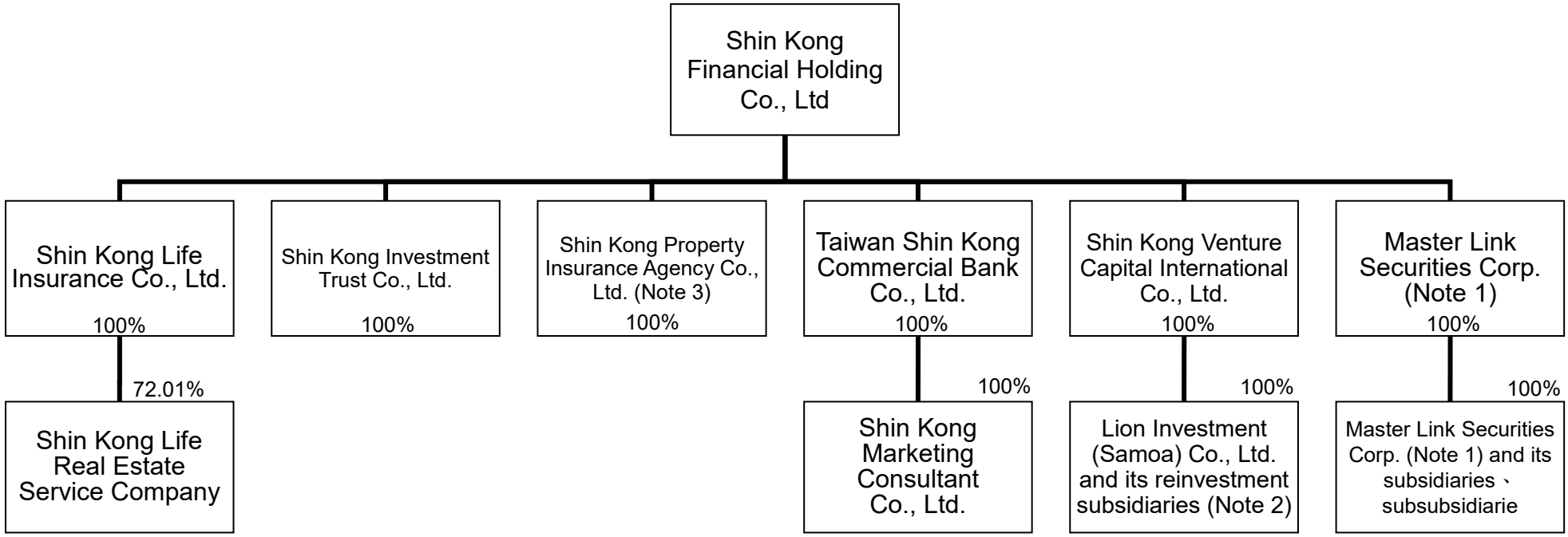
Name of Department	Duties
I. Corporate Planning Department	Responsible for strategy planning and tracking, promotion and integration of strategic projects among subsidiaries, planning and tracking of long-term equity investment (including acquisition) and the follow-up integration and strategic integration research.
II. Risk Management Department	Responsible for the formulation of risk management policy, planning and execution of risk management mechanism, identification, assessment, supervision, and reporting of overall operating risks, and the establishment and maintenance of the risk management system.
III. Public Affairs Department	Responsible for the management of brand and corporate identification system of SKFH and subsidiaries, maintaining public relations, external communications, media relations and crisis management, supervising annual events and advertising projects of SKFH and its subsidiaries, controlling the budget execution and assessing effect of the projects.
IV. Integrated Marketing Department	Responsible for promoting the cross-sale strategy and cross-sale business among subsidiaries; analyzing customer data and share of voice; formulating customer relation management strategy and conducting customer clustering management; formulating marketing communication strategy, as well as inspecting the execution performance of subsidiaries and supervising the execution of marketing communication of subsidiaries
V. Finance and Investor Relations Department	Responsible for capital planning and allocation for SKFH and its subsidiaries; financial performance management; briefing on credit ratings and revenue for investors; and, establishing a decent relationship with investors.
VI. Accounting Department	Responsible for the accounting treatment of SKFH and its subsidiaries and the compilation of financial statements, final accounts, and taxations.
VII. Human Resources Department	Responsible for the human resources management policy of SKFH and its subsidiaries regarding recruitment and employment, talent training and development, performance management, and remuneration and benefits; and, amendments to organizational charters and structure adjustment.
VIII. Administration Department	Oversees construction, general affairs, and procurement matters; responsible for the issuance and collection of external correspondences, safekeeping of securities, occupational safety and health, and establishment of operating procedures relating to the above.
IX. Information Technology Division	Oversees the integration and coordination of resources/information between the financial holding company and subsidiaries, as well as the planning, execution, maintenance, and operation of various systems, databases, and infrastructures within the financial group.

Name of Department	Duties
X. Compliance Department	Responsible for the planning, managing and execution of the compliance system and the anti-money-laundering (AML)/counter-terrorism financing (CFT) matters of SKFH and its subsidiaries.
XI. Audit Department	Responsible for auditing the internal control of SKFH and its subsidiaries and reviewing the audit plans and major defects and improvements indicated in the audit reports of subsidiaries.
XII. Legal Affairs Department	Responsible for research, countersignature, and consultation of legal issues; handling litigation and non-litigation cases; and, matters related to protection of intangible assets such as trademarks of SKFH and its subsidiaries.
XIII. Digital, Data & Technology Department	Responsible for SKFH and its subsidiaries' digital finance development strategies, data development planning and application (including customer segment analysis), technology research, development and application, etc.
XIV. Sustainable Development Department	Responsible for promoting SKFH's and its subsidiaries' sustainable development, filing sustainability reports for SKFH, disclosing ESG information, and the operation of the Corporate Sustainable Management Committee.
XV. Information Security Department	In charge of formulating and revising the information security policy, convening meetings of the information security committee, promoting information security as well as the education and training; managing information security incidents and planning the roadmap for information security architecture, as well as assisting the subsidiaries in reviewing the information security architecture, supervising the implementation of information security for each subsidiary, as well as assessing, communicating, and coordinating information security projects and matters across the subsidiaries.
XVI. Secretarial Department	Oversees the coordination, planning, and administration of matters relating to shareholders' meetings, board meetings, Audit Committee meetings, and subsidiary board meetings; handles appointment/reappointment of directors and supervisors for subsidiaries, preparation of annual report, shareholder services, and announcement/reporting of material information for the financial holding company and subsidiaries.

(II)Organizational chart:

1.The Controlling Company and Its Subordinate Companies

Date： December 31, 2023

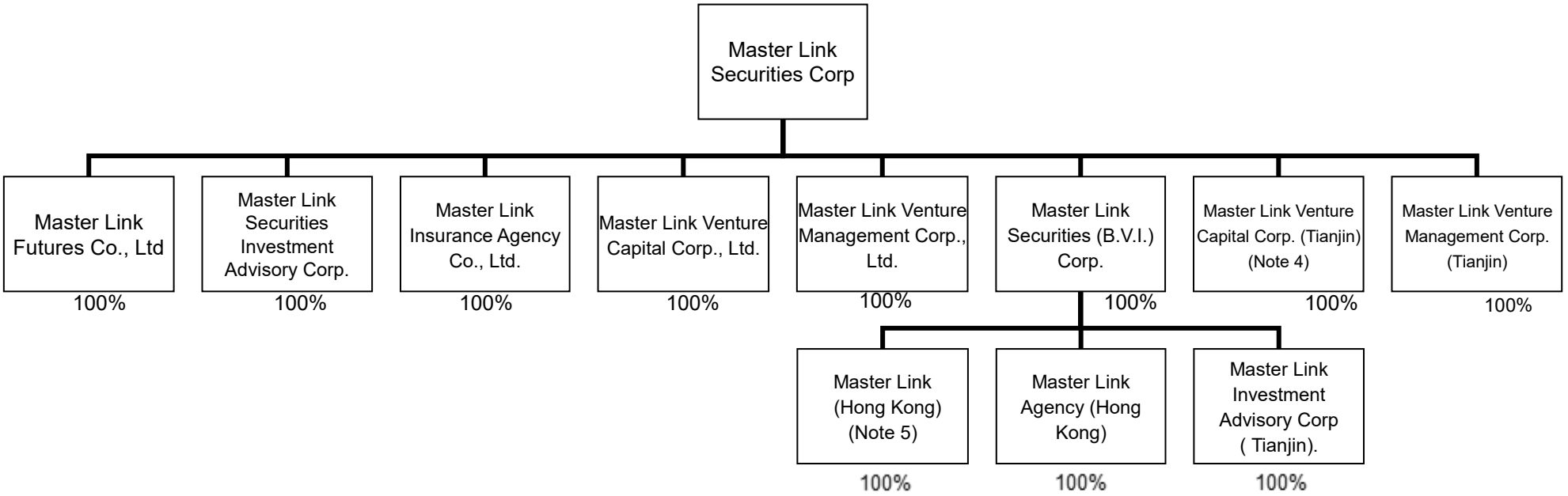


Note 1: The direct and indirect shareholding ratio of Master Link Securities Corp. to its subsidiaries and sub subsidiaries, please refer to the organizational chart of Master Link Securities.

Note 2: Shin Kong Leasing (Suzhou) Co., Ltd. was invested by Lion Investment (Samoa) Co., Ltd. with the shareholding ratio of 100%.

Note 3: Shin Kong Property Insurance Agency Co., Ltd was resolved to change the Chinese name of the company on

October 8, 2013.



Note 4: 90% shares of Master Link Venture Capital Corp. (Tianjin) is hold by Master Link Securities Corp., while 10% is held by Master Link Venture Capital Corp., Ltd.

Note 5: Direct and indirect holding are included.

2. Mutual investment companies: None.

3. Subordinate companies and subordinate companies: None.

(III)**Shareholding Percentage, Actual Amount of Investment and Cross-shareholding Between Parent and Subsidiary Companies:**

December 31, 2023

Investor Company	Name of Subsidiary	Amount invested (Thousand)	Shareholding
Shin Kong Financial Holding Co., Ltd.	Shin Kong Life Insurance Co., Ltd.	128,689,537	100%
Shin Kong Financial Holding Co., Ltd.	Taiwan Shin Kong Commercial Bank Co., Ltd.	35,244,980	100%
Shin Kong Financial Holding Co., Ltd.	Shin Kong Investment Trust Co., Ltd.	2,075,862	100%
Shin Kong Financial Holding Co., Ltd.	Shin Kong Venture Capital International Co., Ltd.	1,550,000	100%
Shin Kong Financial Holding Co., Ltd.	Shin Kong Property Insurance Agency Co., Ltd.	7,724	100%
Shin Kong Financial Holding Co., Ltd.	MasterLink Securities Corp.	19,223,684	100%
Shin Kong Life Insurance Co., Ltd.	Shin Kong Life Real Estate Service Company	352,641	72.01%
Taiwan Shin Kong Commercial Bank Co., Ltd.	Shin Kong Marketing Consultant Co., Ltd.	20,000	100%
MasterLink Securities Corp.	MasterLink Futures Co., Ltd.	710,308	100%
MasterLink Securities Corp.	Masterlink Securities Investment Advisory Corp.	302,163	100%
MasterLink Securities Corp.	Masterlink Securities (B.V.I.) Corp.	501,932	100%
MasterLink Securities Corp.	MasterLink Insurance Agency Co., Ltd.	5,000	100%
MasterLink Securities Corp.	MasterLink Venture Capital Corp., Ltd.	829,000	100%
MasterLink Securities Corp.	MasterLink Venture Management Corp., Ltd.	29,500	100%
Masterlink Securities (B.V.I.) Corp.	MasterLink (Hong Kong)	USD15,450	100%
Masterlink Securities (B.V.I.) Corp.	MasterLink Investment Advisory Corp. (Tianjin)	USD500	100%
Masterlink Securities (B.V.I.) Corp.	MasterLink Agency (Hong Kong)	HK15	100%
MasterLink Securities Corp.	MasterLink Venture Management Corp. (Tianjin)	50,450	100%
MasterLink Securities Corp.	MasterLink Venture Capital Corp. (Tianjin)(Note 1)	454,050	90%
Shin Kong Venture Capital International Co., Ltd.	Lion Investment (Samoa) Co., Ltd.	USD30,010	100%
Lion Investment (Samoa) Co., Ltd.	Shin Kong Leasing (Suzhou) Co., Ltd.	USD30,000	100%

§ Cross shareholding between parent company and its subsidiaries: None.

Note 1: MasterLink Securities Co., Ltd. holds 100% of shares of MasterLink Venture Capital Corp. (Tianjin), including 90% of directly owned shares and 10% of shares indirectly owned by the subsidiary MasterLink Venture Capital Corp., Ltd

II. Background Information of Directors, the President, Senior Vice Presidents, Vice Presidents, and Heads of Departments and Branch Offices

(I)Director:

April 16,2024

Title	Nationality or Place of Registration	Name	Gender Age	Date of election (appointment)	Term	Date First Elected	Shareholding when elected		Curren Shareholding		Shareholding By Spouse and Minor Children		Shareholding in the Name of Other Persons		Education and Work Experience	Position Concurrently Held in the Company or Other Companies	A Supervisor or Director Who are Spouses or Relative Within Second-Degree of Kinship			Remarks (Note 15)
							Number of Shares (Note16)	Percentage of Shareholding	Number of Shares (Note16)	Percentage of Shareholding	Number of Shares	Percentage of Shareholding	Number of Shares	Percentage of Shareholding			Title	Name	Relation-ship	
Chairman	R.O.C.	Hwai-Chou Chen	Male 71 or above	2023.06.09	3 years	2023.06.09	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Master of Economics, City University of New York, Brooklyn College	Note1	None	None	None	None
Vice Chairman	R.O.C.	Shin Po Co., Ltd	-	2023.06.09	3 years	2010.06.19	1,083,375 *13,065	0.01% *0.00%	1,083,375 *13,065	0.01% *0.00%	0	0.00%	0	0.00%	Master of Accountancy, Western Illinois University	Note2	None	None	None	None
		Representative: Tung-Ming Wu	Male 71 or above	2023.06.09	3 years	2001.12.14	12,507	0.00%	12,507	0.00%	0	0.00%	0	0.00%						
Director	R.O.C.	Shin Kong Wu Ho Su Culture and Education Foundation	-	2023.06.09	3 years	2005.06.10	104,876	0.00%	104,876	0.00%	0	0.00%	0	0.00%	MS in Health Policy and Management, College of Public Health, National Taiwan University; MBA, Columbia Business School, Columbia University	Note3	None	None	None	None
		Representative: Olivia Wu	Female 31~50	2023.06.09	3 years	2023.06.09	3,361,092 *35,292	0.02% *0.01%	3,361,092 *35,292	0.02% *0.01%	3,540 *41	0.00% *0.00%	0	0.00%						
Director	R.O.C.	Shin Kong Wu Ho Su Culture and Education Foundation	-	2023.06.09	3 years	2005.06.10	104,876	0.00%	104,876	0.00%	0	0.00%	0	0.00%	Executive Master of Business Administration, National Sun Yat-sen University	Note4	None	None	None	None
		Representative: Tseng-Chang Lee	Male 71 or above	2023.06.09	3 years	2021.01.25	7,434,274 *27,683	0.05% *0.01%	7,434,274 *27,683	0.05% *0.01%	1,145	0.00%	0	0.00%						
Director	R.O.C.	Shin Po Co., Ltd	-	2023.06.09	3 years	2021.06.19	1,083,375 *13,065	0.01% *0.00%	1,083,375 *13,065	0.01% *0.00%	0	0.00%	0	0.00%	MBA, Chaminade University of Honolulu	Note5	None	None	None	None
		Representative: Michael Hung	Male 51~70	2023.06.09	3 years	2001.12.14	86,363	0.00%	86,363	0.00%	0	0.00%	0	0.00%						
Director	R.O.C.	Shin Kong Mitsukoshi Department Store Co., Ltd.	-	2023.06.09	3 years	2005.06.10	547,000,815 *8,899,070	3.53% *3.00%	547,000,815 *8,899,070	3.53% *3.00%	0	0.00%	0	0.00%	Meiji University, Japan	Note6	None	None	None	None
		Representative: Hui-Min Lai	Female 51~70	2023.06.09	3 years	2023.06.09	0	0.00%	0	0.00%	0	0.00%	0	0.00%						

Title	Nationality or Place of Registration	Name	Gender Age	Date of election (appointment)	Term	Date First Elected	Shareholding when elected		Curren Shareholding		Shareholding By Spouse and Minor Children		Shareholding in the Name of Other Persons		Education and Work Experience	Position Concurrently Held in the Company or Other Companies	A Supervisor or Director Who are Spouses or Relative Within Second-Degree of Kinship			Remarks (Note 15)
							Number of Shares (Note16)	Percentage of Shareholding	Number of Shares (Note16)	Percentage of Shareholding	Number of Shares	Percentage of Shareholding	Number of Shares	Percentage of Shareholding			Title	Name	Relation-ship	
Director	R.O.C.	Shin Po Co., Ltd	-	2023.06.09	3 years	2020.06.19	1,083,375 *13,065	0.01% *0.00%	1,083,375 *13,065	0.01% *0.00%	0	0.00%	0	0.00%	Master of Computer Science, UCLA; Master of Science in Physics, University of Georgia, U.S.A.	Note7	None	None	None	None
		Representative: Tun-Jen Lin	Male 71 or above	2023.06.09	3 years	2023.06.09	0	0.00%	0	0.00%	112	0.00%	0	0.00%						
Director	R.O.C.	Shin Po Co., Ltd	-	2023.06.09	3 years	2020.06.19	1,083,375 *13,065	0.01% *0.00%	1,083,375 *13,065	0.01% *0.00%	0	0.00%	0	0.00%	MBA, George Washington University, Washington D.C., U.S.A.	Note8	None	None	None	None
		Representative: Mark Wei	Male 51~70	2023.06.09	3 years	202306.09	0	0.00%	0	0.00%	0	0.00%	0	0.00%						
Director	R.O.C.	Wu Chia Lu Insurance Culture and Education Foundation	-	2023.06.09	3 years	2001.12.14	8,798,316	0.06%	8,798,316	0.06%	0	0.00%	0	0.00%	MBA, University of Southern California, U.S.	Note9	None	None	None	None
		Representative: Benson Wu	Male 71 or above	2023.06.09	3 years	2012.02.14	2,112,986 *34,375	0.01% *0.01%	2,112,986 *34,375	0.01% *0.01%	0	0.00%	0	0.00%						
Director	R.O.C.	Tung Shing Investment Co., Ltd.	-	2023.06.09	3 years	2017.06.16	67,526,697 *213,427	0.44% *0.07%	67,526,697 *213,427	0.44% *0.07%	0	0.00%	0	0.00%	MBA, University of California, Los Angeles; Master of Architecture, University of Southern California.	Note10	None	None	None	None
		Representative: Hsin-Ta Wu	Male 51~70	2023.08.25	3 years	2019.08.27	0	0.00%	0	0.00%	2,822,640	0.02%	0	0.00%						
Director	R.O.C.	Shih-Mei Lin	Female 31~50	2023.06.09	3 years	2023.06.09	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Master of Laws, University College London, UK	Note11	None	None	None	None
Director	R.O.C.	Chun-Hong Chen	Male 51~70	2023.06.09	3 years	2023,06.09	1,369,634 *14,105	0.01% *0.00%	1,369,634 *14,105	0.01% *0.00%	0	0.00%	0	0.00%	Business Management, United States University	Note12	None	None	None	None
Independent Director	R.O.C.	Min-Chiu Chien	Female 51~70	2023.06.09	3 years	2023.06.09	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Soochow University Master of Accountancy	Note13	None	None	None	None
Independent Director	R.O.C.	Edgar Y. Chen	Male 51~70	2023.06.09	3 years	2023.06.09	0	0.00%	0	0.00%	5,339	0.00%	0	0.00%	Ph. D. in laws, National Taiwan	Note14	None	None	None	None

Title	Nationality or Place of Registration	Name	Gender Age	Date of election (appointment)	Term	Date First Elected	Shareholding when elected		Curren Shareholding		Shareholding By Spouse and Minor Children		Shareholding in the Name of Other Persons		Education and Work Experience	Position Concurrently Held in the Company or Other Companies	A Supervisor or Director Who are Spouses or Relative Within Second-Degree of Kinship			Remarks (Note 15)
							Number of Shares (Note16)	Percentage of Shareholding	Number of Shares (Note16)	Percentage of Shareholding	Number of Shares	Percentage of Shareholding	Number of Shares	Percentage of Shareholding			Title	Name	Relation-ship	
															University					
Independent Director	R.O.C.	Yung-Ming Shiu	Male 51~70	2023.06.09	3 years	2017.08.17	0	0.00%	0	0.00%	0	0.00%	0	0.00%	University of Edinburgh, UK Ph.D. in management	Note15	None	None	None	None

Note 1: Director Hwai-Chou Chen also serves as a director of Mr. Hsu Yuen-Dong and Madam Memorial Culture and Education Foundation, and as a director of Fong Yuan Education Foundation.

Note 2: Representative Tung-Ming Wu is concurrently an independent director of San Fu Chemical Co., Ltd., a director of Wang Tien Woolen Textile Co., Ltd., a director of Beitou Grand Hotel Co., Ltd., an independent director of Tairoun Products Co., Ltd., a supervisor of Yung-Kwang Co., Ltd., a supervisor of Shin Pei Corp., the chairman of Shin Ming Enterprise Co., Ltd., a supervisor of Shin Yun Enterprise Co., Ltd., the chairman of WeMo Corp., a director of ShinKong Synthetic Fibers Corp., a supervisor of Shin Kong Recreation Co. Ltd., a director of Shin Kong Ocean Enterprise Co., Ltd., the chairman of Hsing Li Enterprise Co., Ltd., the chairman of Swiss Hotel, the chairman of FUHBIC International Co., Ltd., and a director of ShinKong Co., Ltd. Representative Tung-Ming Wu didn't serve as a director of the Company between June 11, 2005 and June 15, 2017.

Note 3: Representative Olivia Wu concurrently serves as a director of the Chinese National Association of Industry and Commerce, Taiwan, a supervisor of the International Economic Cooperation Association of the R.O.C., a supervisor of Ru Ying Enterprise Co., Ltd., a supervisor of Shin Cheng Investment Co., Ltd., a director of Shin Shin Natural Gas Co., Ltd., a director of the Taiwan Institute for Sustainable Energy, a director of H Food and Beverage Management Consulting Co., Ltd., and a director of Ru Yuan Enterprise Co., Ltd.

Note 4: Representative Tseng-Chang Lee is concurrently a director of the Bankers Association of the Republic of China, a director of the Bankers Association of Taipei, a director of Suretyship Pingtung Hsin Chang Cooperative, a director of Shin Kong Bank Cultural & Educational Foundation.

Note 5: Representative Michael Hung is concurrently the vice chairman of Shin Kong Life Insurance Co., Ltd., a director of Mega Green Energy Co., Ltd., a director of Wang Tien Woolen Textile Co., Ltd., a director of Chia Tung Development Co., Ltd., a director of Yung-Kwang Co., Ltd, the chairman of Taipei City Hung Wan Chun Charity Foundation, the chairman of Taiwan Nature Conservation Foundation, a director of Shin Kong Chao Feng Co., Ltd., a supervisor of Shinkong Asset Management Co., Ltd., a director of Shing Kong LOHAS Co., Ltd., a director of NER Victory Co. Ltd., a director of Shin Shou Apartment Building Management & Maintenance Co., Ltd., a director of Jui Fang Agriculture Co., Ltd., a director of ShinKong Co., Ltd., a director of Yuan Ching Yeh Catering Co., Ltd., and the vice chairman of the Friends of Taipei Zoo Association. Representative Shih-Chi Hung didn't serve as the Company's director from June 11, 2005 ~ March 23, 2017 and June 16, 2017~ June 19, 2018.

Note 6: Representative Hui-Min Lai is concurrently a director of New Taroko Development Corp. Ltd., a supervisor of Fayaque Co., Ltd., a supervisor of Payeasy Digital Integration Co., Ltd., a supervisor of Shin Kong Mitsukoshi Start-up Investment Co., Ltd., a supervisor of Shin Kong Cinema Co., Ltd., and a director of ShinWay International Marketing Co., Ltd.

Note 7: Representative Tun-Jen Lin is concurrently a director of Wang Tien Woolen Textile Co., Ltd., a director of Shin Kong Co., Ltd., a director of NER Victory Co., Ltd., a director of Shin Kong Chao Feng Co., Ltd., the chairman of De-Shan Education Foundation, and a director of Cheng Yuan Investment Co., Ltd.

Note 8: Representative Mark Wei is concurrently the chairman of Shin Kong Life Insurance Co., Ltd., an independent director of Ainos Inc. , a director of Ascendo Biotechnology Co., Ltd. registered in the Cayman Islands, an independent director of Advanced Lithium Electrochemistry Co., Ltd. registered in the Cayman Islands, a director of Unitravel Services Co., Ltd., a director of Rong-Shing Cultural Foundation, a director of NCTU Spring Foundation, an independent director of Nuvoton Technology Corporation, a managing director of Sino-German Cultural & Economic Foundation , a supervisor of the Friends of Armed Forces Association, and the vice president of the Taiwan-Turkey Business Association.

Note 9: Representative Benson Wu is concurrently the a director of Shin Kong Life Insurance Co., Ltd., a director of Shin Kong Farm and Pasture Co., Ltd., a director of Shin Kong Recreation Co. Ltd., a director of FUHBIC International Corp., the chairman of Beitou Grand Hotel Co., Ltd., a supervisor of Luh Fwu Enterprise Co., Ltd., a director of SweetMe Hotspring Resort, the chairman of Wu Chia Lu Insurance Culture and Education Foundation, a director of Yung-Kwang Co., Ltd, a director of Chin Kuang-Fu Cultural & Educational Foundation, the chairman of Shin Kong Chao Feng Co., Ltd., a director of Shin Kong Real Estate Development Co.,

Ltd., a director of Yuan Hsing Chu Biotech Co., Ltd., the chairman of Tsui Yuan Co., Ltd., and the chairman of Chia Pang Investments Co., Ltd., and the chairman of Yun Shan Co., Ltd. Benson Wu didn't serve as the Company's director from November 5, 2012 to March 22, 2015.

Note 10: Representative Hsin-Ta Wu is concurrently a director of Shin Kong Life Insurance Co., Ltd., the chairman of Shin Kong Mitsukoshi Development Co. Ltd., a director of Fayaque Co., Ltd., a director of Hung Yueh International Co., Ltd., a director of Yueh Yang Enterprise Co., Ltd., a director of Hsing Li Enterprise Co., Ltd., a director of Hung Ta Management Consulting Co., Ltd., a director of Hsin Hung Enterprise Co., Ltd., a director of Shin Kong Farm and Pasture Co., Ltd., a director of Shin Kong Chao Feng Co., Ltd., a director of Wang Tien Woolen Textile Co., Ltd., a director of Yung-Kwang Co., Ltd, a director of ShinKong Co., Ltd., a director of Shin Kong Mitsukoshi Department Store Co., Ltd., a director of NER Victory Company Ltd., the chairman of New Life Apartment Building Management and Maintenance Co., Ltd., and a supervisor of Chao Feng Solar Power Co., Ltd. Hsin-Ta Wu didn't serve as the Company's director from April 25, 2023 to August 24, 2023.

Note 11: Director Shin-Mei Lin is concurrently the director of MasterLink Securities Corporation, an independent director of CyberTAN Technology Inc., the chairman of Sheaves of Grain Cultural Corporation, an independent director of Fortune Information Systems Corporation, an independent director of Taimide Technology Corporation, and the head of Dawning Law Office.

Note 12: Director Chun-Hong Chen concurrently holds the positions of the chairman of MasterLink Securities Corp., the chairman of the Taiwan Securities Association, a director of the Asia-Pacific Psycho-Oncology Exchange Foundation, an executive director of the Accounting Research & Development Foundation, a director of Mycenax Biotech Inc., a director of the Taiwan Clinical Oncology Research Foundation, a director of the Securities & Futures Institute, a supervisor of Kingbird Tech Co., Ltd., a director of Yeh Mi Investment Co. Ltd., a supervisor of Minoshin International Co., Ltd., a supervisor of the Taiwan Total Cancer Care Association, a supervisor of the Hope Foundation for Cancer Care, a supervisor of Growtrend Biomedical Co. Ltd., the chairman of MasterLink Venture Management Corp., Ltd., the chairman of MasterLink Venture Capital Corp., Ltd., a director of Chia Her Industrial Co., Ltd., a supervisor of Collins Energy Solutions Co., Ltd., a director of the Taipei Exchange., the chairman of MasterLink Futures Corp., the chairman of MasterLink Venture Capital Corp. (Tianjin), the chairman of MasterLink Venture Management Corp.(Tianjin), and a director of MasterLink Securities (BVI) Limited.

Note 13: Independent director Min-Chiu Chien is concurrently an independent director of Shin Kong Life Insurance Co., Ltd., a supervisor of Chi-Cheng Investment Co., Ltd., a supervisor of Coho Technology Co., Ltd., the head of Action & Co. CPA, an independent director of Hey Song Corp., a supervisor of CTBC Investments Co., Ltd., an independent director of Redwood Group Ltd. registered in the Cayman Islands, a director of Action Corporate Management Consulting Co., Ltd., and an independent

Note 14: Independent Director Edgar Y. Chen also serves as a partner at Tsar & Tsai Law Firm.

Note 15: Where the chairperson and the president or person of an equivalent post (the highest manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (such as increasing the seats of independent directors, and a majority of the directors are not concurrently an employee or manager of the Company).

Note 16: * denotes the number of shares of preferred shares.

Those data of directors having a concurrent job is as of March 31, 2024.

Table 1: Major shareholders of the institutional shareholders

February 29, 2024

Name of institutional shareholders	Major shareholders of the institutional shareholders
Shin Kong Wu Ho Su Culture and cation Foundation	Tung-Chin Wu (50%), Hsien-Hsien Hsu (50%)
Wu Chia Lu Insurance Culture and Education Foundation	Chia-Lu Wu(deceased) (60%), Benson Wu (6%), Chuan-Chuan Wu (6%), Ying-Ying Wu (6%), Ling-Ling Wu (6%), Chen-Chen Wu (6%), Chia Pang Investment Co., Ltd. (10%)
Shin Kong Mitsukoshi Department Store Co., Ltd.	Isetan Mitsukoshi Holding Ltd. (43.43%), Shin Kong Recreation Co., Ltd. (12.74%), Tung Shing InvestmentCo., Ltd. (5.98%), Taiwan Shin Kong Security Co., Ltd. (3.48%), ShinKong Textile Co., Ltd (3.31%), Liang Moo Co., Ltd (2.71%), Hong Tai Investment Co., Ltd (2.12%), Shin Kong Synthetic Fibers Co., Ltd (1.96%), Bai Shun Investment Co., Ltd (1.6%), Yi Kong Security Co., Ltd (1.19%)
Shin Po Co., Ltd	NER Victory Company Ltd.(100%)
Tung Shing Investment Co., Ltd.	Hsing Ji Investment Co., Ltd (18.77%), Hsing Yuan Investment Co., Ltd (18.77%), Hsin Yun Investment Co., Ltd (18.77%), Liang Moo Co., Ltd (11.78%), Xinxing Industrial Co., Ltd. (8.43%), Tung-Shing Wu (6.61%), Xinli Industrial Co., Ltd. (6.54%), Xincheng Industrial Co., Ltd. (6.54%), Hsin-Ta Wu (0.77%), Hsin-Yang Wu (0.77%), Hsin-Chang Wu (0.77%)

Table 2: Major shareholders of the institutional shareholders in Table 1

February 29, 2024

Name of institutional shareholders	Major shareholders of the institutional shareholders
Chia Pang Investment Co., Ltd.	Chao Pang Investment Co., Ltd. (15%), Chia Chuan Enterprise Co., Ltd. (15%), Chia Ying Enterprise Co., Ltd. (15%), Ko Chang Investment Co., Ltd. (15%), Cheng Ling Investment Co., Ltd. (15%), Tsui Yuan Investment Co., Ltd. (15%), Shin Kong Skyscraper Tourism Co., Ltd. (6.67%), Wu Chia Lu Insurance Culture and Education Foundation (3.33%)
Isetan Mitsukoshi Co., Ltd.	Isetan Mitsukoshi Holdings Ltd. (100%)
Shin Kong Textile Co., Ltd	Shin Kong Synthetic Fibers Co., Ltd (9.45%), Shin Kong Medical Foundation (6.99%), Ji Chen Co., Ltd (6.54%), Hong Pu Co., Ltd (4.68%), Lian Chuen Investment Co., Ltd. (4.54%), He Ruei Co., Ltd (3.99%), Chien Cheng Yi Co., Ltd (3.93%), Cheng Guang Co., Ltd (3.73%), Hua Chen Co., Ltd (3.56%), Mien Hao Co., Ltd (2.70%)
Liang Moo Co., Ltd	Tung Hsing Investment Co., Ltd. (69.50%), Xinli Industrial Co., Ltd.（7.68%）,Xincheng Industrial Co., Ltd.（7.68%）, Xinxing Industrial Co., Ltd.（7.68%）,Tung-Shing Wu (2.45%), Hsin-Ta Wu (1.32%), Hsin-Yang Wu (1.32%), Hsin-Chang Wu (1.32%)
Hong Tai Investment Co., Ltd.	Tung-Chin Wu (64%), Ying Ying Investment Co., Ltd (20%), Tung-Chuan Wu (2%), Tung-Sheng Wu (2%), Tung-Shing Wu(2%), Tung-Xian Wu (2%), Tung-Sheng Wu (2%), Mei-Fen Lu (2%), Hsin-Tung Wu (2%), Tung-Liang Wu (2%)
Shin Kong Recreation Co., Ltd.	Ruei Hsin Co., Ltd (28.72%), Yung-Kwang Co., Ltd (25.00%), Tung Xian Investment Co, Ltd (15.74%), Tung Hsing Investment Co., Ltd. (12.70%), Chia Pang Investment Co., Ltd (7.5%), Hong Hsin Co., Ltd (4.29%), Shin Kong Textile Co., Ltd (3.32%), Liang Moo Co., Ltd (1.28%), Chao Pang Investment Co., Ltd. (1.02%),Tung-Shing Wu (0.82%)
Taiwan Shin Kong Security Co., Ltd.	Sohgo Security Service Co., Ltd (9.23%), Chunghua Post Co., Ltd (4.6%),Tung-Chin Wu (4.50%), Shin Kong Medical Foundation (4.21%), Bo Ruei Co., Ltd (3.85%), Fubon Life Insurance Co., Ltd (3.80%), Shin Kong Life Insurance Co., Ltd. (2.81%), Shin Kong Life Insurance Employee Pension Fund Management Committee (1.99%), Tung Ying Investment Co., Ltd (1.75%), Standard Chartered iShare Emerging Markets ETF (1.64%)
Shin Kong Synthetic Fibers Corporation	Shin Sheng Investment Co., Ltd (5.27%), Shin Kong Co., Ltd (5.21%), Shin Kong Recreation Co., Ltd.(4.66%), Shin Kong Textile Co., Ltd (3.47%), Shin Kong Insurance Co., Ltd (3.04%), Ji Li En Investment Co., Ltd (2.36%), Toray Industrial Inc. (2.20%), Yuan Bao Co., Ltd (2.18%), Yi Guang Co., Ltd (2.07%), Ruei Hsin Co., Ltd (1.98%)
Bai Shun Investment Co., Ltd	The Great Taipei Gas Corporation (99.97%), Shin Kong Wu Ho-Su Culture and Education Foundation (0.03%)
Tung Shing Investment Co., Ltd.	Hsing Ji Investment Co., Ltd (18.77%), Hsing Yuan Investment Co., Ltd (18.77%), Hsin Yun Investment Co., Ltd (18.77%), Liang Moo Co., Ltd (11.78%), Xinxing Industrial Co., Ltd. (8.43%), Tung-Shing Wu (6.61%), Xinli Industrial Co., Ltd. (6.54%), Xincheng Industrial Co., Ltd(6.54%), Hsin-Ta Wu (0.77%), Hsin-Yang Wu (0.77%), Hsin-Chang Wu (0.77%)

Yi Kong Security Co., Ltd.	Taiwan Shin Kong Security Co., Ltd. (69%), Shin-Kong Life Real Estate Service Co., Ltd. (15.5%), Shin Kong Construction and Development Co., Ltd (15%), Shin Kong Wu Ho-Su Culture and Education Foundation (0.5%)
NER Victory Company Ltd.	Shin Cheng Investment Co., Ltd. (10.80%), Yi Guang Co., Ltd (10.37%), Shi-Jung Hong (7.17%), Lian Suei Co., Ltd (8.44%), Ji Chen Co., Ltd (7.92%), Hong Chi Co., Ltd (6.67%), Shin Kong International Investment Co., Ltd (7.03%), De Shan Foundation (6.56%), Jia Hao Co., Ltd (3.61%), Yi Huan Co., Ltd (3.61%)
Hsing Ji Investment Co., Ltd	Xincheng Industrial Co., Ltd(54.30%), Hsin-Chang Wu (12.75%), Tung-Shing Wu (26.29%), Xinli Industrial Co., Ltd(3.33%), Xinxing Industrial Co., Ltd(3.33%)
Hsing Yuan Investment Co., Ltd	Xinxing Industrial Co., Ltd(48.46%), Hsin-Ta Wu(9.42%), Tung-Shing Wu(26.29%), Yu-Fei Li(1.67%), Xinli Industrial Co., Ltd(3.33%), Xincheng Industrial Co., Ltd(3.33%), Chao-Yi Wu(2.5%), Chao-Hua Wu (2.5%), Chao-Hung Wu (2.5%)
Hsin Yun Investment Co., Ltd	Xinli Industrial Co., Ltd(48.96%), Hsin-Yang Wu (13.08%), Tung-Shing Wu (26.29%), Xinxing Industrial Co., Ltd (3.33%), Xincheng Industrial Co., Ltd(3.33%), Chao-Chieh Wu(2.5%), Chao-Ying Wu (2.5%)
Xinxing Industrial Co., Ltd	Hsin-Ta Wu (60.67%), Yin-Fang Wu Peng(27.17%), Yu-Fei Li(12.16%)
Xinli Industrial Co., Ltd	Hsin-Yang Wu (67.93%), Yin-Fang Wu Peng(30.21%), Li-Yu Chen(1.86%)
Xincheng Industrial Co., Ltd	Hsin-Chang Wu (65.27%), Yin-Fang Wu Peng(29.08%), Yi-Chen Lu(5.65%)

(II) Information about Directors

1. Information Disclosure on Directors' Professional Qualifications and Independent Directors' Independence

February 29, 2024

Critreia / Name & Title	Professional Qualifications and Experience	Independence Status	Number of Other Taiwan's Public Companies in Which the Individual Concurrently Serves as an Independent Director
Hwai-Chou Chen /Chairman	1.Experience: Held positions as the Chairman of Chang Hwa Commercial Bank, Ltd., General Manager of Taishin Financial Holding Co., Ltd., and Chief Financial Officer of Taiwan High Speed Rail Corporation. 2.Professional Qualifications: Possesses experience in finance, commerce, corporate affairs, and capabilities otherwise necessary for the business of the Company. 3.No condition defined in Article 30 of the Company Act has appeared.	1.Natural persons as Directors. 2.In accordance with the「Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies」promulgated by the Financial Supervisory Commission, the independence requirements listed have been verified and are in compliance with the relevant independence criteria.	0
Tung-Ming Wu /Director	1.Experience: Held positions as Chairman of FUHBIC Co., Ltd., Director of Shin Kong Life Insurance Co., Ltd., and Vice Chairman of Shin Kong Synthetic Fiber Corporation. 2.Professional Qualifications: Possesses experience in	1.Corporate Director respresentative of Shin Po Co., Ltd. 2.Serveing as a Director of the corporate shareholder ranked among the top five shareholders of the company. 3.The rest In accordance with the「Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies」	2

	commerce, accounting, information technology, and capabilities otherwise necessary for the business of the Company. 3.No condition defined in Article 30 of the Company Act has appeared.	promulgated by the Financial Supervisory Commission, the independence requirements listed have been verified and are in compliance with the relevant independence criteria.	
Olivia Wu /Director	1.Experience: Held positions as General Manager of Shin Kong Financial Holding Co., Ltd., Vice Chairman of Taiwan Shin Kong Commercial Bank Co., Ltd., and Independent Director of Dr. Wu Skincare Co., Ltd. 2.Professional Qualifications: Possesses experience in finance, commerce, corporate affairs, and capabilities otherwise necessary for the business of the Company. 3.No condition defined in Article 30 of the Company Act has appeared.	1.Corporate Director respresentative of Shin Kong Wu Ho Su Culture and Education Foundation. 2.A relative within the second degree of kinship of the manager of a related enterprise of the company. 3.The rest In accordance with the「Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies」promulgated by the Financial Supervisory Commission, the independence requirements listed have been verified and are in compliance with the relevant independence criteria.	0
Tseng-Chang Lee /Director	1.Experience: Held positions as Chairman of Taiwan Shin Kong Commercial Bank Co., Ltd., Chairman of Shin Fu Insurance Agency Co., Ltd., and Director of The Bankers Association of the Republic of China. 2.Professional Qualifications: Possesses experience in finance, commerce, and capabilities otherwise necessary for the business of the Company.	1.Corporate Director respresentative of Shin Kong Wu Ho Su Culture and Education Foundation. 2.The rest In accordance with the「Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies」promulgated by the Financial Supervisory Commission, the independence requirements listed have been verified and are in compliance with the relevant independence criteria.	0

	3.No condition defined in Article 30 of the Company Act has appeared.		
Hui-Min Lai /Director	1.Experience: Held positions as Deputy General Manager of the Finance Department, Business Division at Shin Kong Mitsukoshi Department Store Co., Ltd., Supervisor at PayEasy Digital Integration Co., Ltd., and Supervisor at Shin Kong Cinema Co., Ltd. 2.Professional Qualifications: Possesses experience in commerce, finance, information technology, and capabilities otherwise necessary for the business of the Company. 3.No condition defined in Article 30 of the Company Act has appeared.	1.Corporate Director respresentative of Shin Kong Mitsukoshi Department Store Co., Ltd. 2.Serveing as an employee of the corporate shareholder ranked among the top five shareholders of the company. 3.The rest In accordance with the「Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies」promulgated by the Financial Supervisory Commission, the independence requirements listed have been verified and are in compliance with the relevant independence criteria.	0
Tun-Jen Lin /Director	1.Experience: Held positions as Supervisor at Shin Kong Life Insurance Co., Ltd., Director at Chao Feng Solar Co. Ltd., and General Manager at Powerworld Securities Co., Ltd. 2.Professional Qualifications: Possesses experience in finance, commerce, insurance, and capabilities otherwise necessary for the business of the Company. 3.No condition defined in Article 30 of the Company Act has appeared.	1.Corporate Director respresentative of Shin Po Co., Ltd. 2.Serveing as a Director of the corporate shareholder ranked among the top five shareholders of the company. 3.The rest In accordance with the「Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies」promulgated by the Financial Supervisory Commission, the independence requirements listed have been verified and are in compliance with the relevant independence criteria.	0

Michael Hung /Director	1.Experience: Held positions as Director at Shin Kong Financial Holding Co., Ltd., Chairman at WS Management Co., Ltd., and Chairman at Chia Tung Development Co., Ltd. 2.Professional Qualifications: have work experience in the area of commerce, insurance, accounting, information technology, and otherwise necessary for the business of the Company. 3.No condition defined in Article 30 of the Company Act has appeared.	1.Corporate Director respresentative of Shin Po Co., Ltd. 2.Serveing as a Director of the corporate shareholder ranked among the top five shareholders of the company, also serveing as the Vice Chairman of a related company(100% subsidiary) of our company. 3.The rest In accordance with the「Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies」promulgated by the Financial Supervisory Commission, the independence requirements listed have been verified and are in compliance with the relevant independence criteria.	0
Hsin-Ta Wu /Director	1.Experience: Held positions as Director at Shin Kong Mitsukoshi Department Store Co., Ltd., Chairman at Shin Kong Mitsukoshi Development Co., Ltd., and Representative Director at Sky99 International (Hong Kong) Limited. 2.Professional Qualifications: have work experience in the area of commerce, insurance, and otherwise necessary for the business of the Company. 3.No condition defined in Article 30 of the Company Act has appeared.	1.Corporate Director respresentative of Tung Shing Investment Co., Ltd. 2.Serveing as a Director of the corporate shareholder ranked among the top five shareholders of the company, also serveing as the Director of a related company(100% subsidiary) of our company. 3.A relative within the second degree of kinship of the Director of a related enterprise of the company. 4.The rest In accordance with the「Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies」promulgated by the Financial Supervisory Commission, the independence requirements listed have been verified and are in compliance with the relevant independence criteria.	0
Mark Wei /Director	1. Experience: Held positions as Chairman of KGI Commercial Bank Co., Ltd., Chairman of AIG	1.Corporate Director respresentative of Shin Po Co., Ltd. 2.Also serveing as the Chairman of a related	3

	Taiwan Insurance Co., Ltd., Director-General of the Insurance Bureau at the Financial Supervisory Commission, Executive Yuan, and Head of the First Division (Securities Market Management) at the Securities and Futures Commission, Ministry of Finance. 2. Professional Qualifications: An instructor or higher in a department of finance,commerce and other academic department related to the business needs of the company in a public or private junior college, college, or university ; Possesses experience in finance, commerce, insurance, and capabilities otherwise necessary for the business of the Company. 3. No condition defined in Article 30 of the Company Act has appeared.	company(100% subsidiary) of our company. 3.The rest In accordance with the 「Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies」 promulgated by the Financial Supervisory Commission, the independence requirements listed have been verified and are in compliance with the relevant independence criteria.	
Benson Wu /Director	1.Experience: Held positions as Chairman and General Manager of Shin Kong Chao Feng Co., Ltd., Director of Shin Kong Life Insurance Co., Ltd., and Chairman of Pei-Tou Hotel Co., Ltd. 2.Professional Qualifications: have work experience in the area of	1.Corporate Director respresentative of Wu Chia Lu Insurance Culture and Education Foundation. 2.Also serveing as the irector of a related company(100% subsidiary) of our company. 3.The rest In accordance with the 「Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies」 promulgated by the Financial Supervisory	0

	commerce, insurance, and otherwise necessary for the business of the Company. 3.No condition defined in Article 30 of the Company Act has appeared.	Commission, the independence requirements listed have been verified and are in compliance with the relevant independence criteria.	
Shih-Mei Lin /Director	1.Experience: Held positions as Managing Attorney at Dawning Law Office, Independent Director at Fortune Information Systems Corp., and Independent Director at Taimede Co., Ltd. 2.Professional Qualifications: Possesses qualification to practice law；Possesses experience in legal matters, information technology, and capabilities otherwise necessary for the business of the Company. 3.No condition defined in Article 30 of the Company Act has appeared.	1.Natural persons as Directors. 2.Also serveing as the Director of a related company(100% subsidiary) of our company. 3.The rest In accordance with the「Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies」promulgated by the Financial Supervisory Commission, the independence requirements listed have been verified and are in compliance with the relevant independence criteria.	3
Chun-Hong Chen /Director	1.Experience: Held positions as Chairman of the Taiwan Securities Association, Chairman of MasterLink Securities Co., Ltd., and Chairman of MasterLink Venture Capital Corp., Ltd. 2.Professional Qualifications: Possesses experience in finance, commerce, corporate affairs, and capabilities otherwise necessary for the business of the Company. 3.No condition defined in Article 30 of	1.Natural persons as directors. 2.Also serveing as the Chairman of a related company(100% subsidiary) of our company. 3.The rest In accordance with the「Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies」promulgated by the Financial Supervisory Commission, the independence requirements listed have been verified and are in compliance with the relevant independence criteria.	0

	the Company Act has appeared.		
Min-Chiu Chien /Independent Director	1.Experience: Held positions as Managing Accountant at Action CPA Firm, Independent Director at Hey-Song Corporation, Independent Director at Redwood Group Limited, and Independent Director at Lian Fa International Dining Business Co., Ltd. 2.Professional Qualifications: Possesses the qualification of a CPA； An instructor or higher in a department of accounting and or other academic department related to the business needs of the Company in a public or private junior college, college, or university/Possesses experience in commerce, accounting, and capabilities otherwise necessary for the business of the Company 3.No condition defined in Article 30 of the Company Act has appeared.	1.In accordance with the company's articles of association and the corporate governance practice guidelines, Directors are elected through a nomination system. During the nomination and selection of board members, the company has obtained the relevant declarations, educational and work backgrounds, concurrent positions, and information tables of stakeholders and potential stakeholders from each director, to verify and confirm the independence of themselves, their spouses, and relatives within the third degree of kinship in relation to the company. 2.The company has also verified that the three listed independent directors meet the qualification requirements set forth in the 「Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies」 and Article 14-2 of the 「Securities and Exchange Act」 promulgated by the Financial Supervisory Commission, both prior to their election and during their tenure. Furthermore, the independent directors have been granted full power to participate in decision-making and express opinions as per Article 14-3 of the「Securities and Exchange Act」, enabling them to independently execute their duties.	3
Edgar Y. Chen /Independent Director	1.Experience: Held positions as Partner at Tsar & Tsai Law Firm, Chairman of the Taipei Bar Association, Judge at the Taipei District Court, and Prosecutor at the Taipei District Prosecutors Office. 2.Professional Qualifications: Possesses qualification to practice		0

	law ；An instructor or higher in a department of law and or other academic department related to the business needs of the Company in a public or private junior college, college, or university / Have work experience in the area of legal matters and otherwise necessary for the business of the Company. 3.No condition defined in Article 30 of the Company Act has appeared.		
Yung-Ming Shiu /Independent Director	1.Experience: Held positions as independent director of Shin Kong Life Insurance Co., Ltd., Professor at NCCU Department of Risk Management and Insurance, independent director of Taiwan Financial Holdings, independent director of Bank of Taiwan, and independent director of BankTaiwan LIFE INSURANCE. 2.Professional Qualifications: An instructor or higher in a department of finance, commerce, insurance, and/or other academic department related to the business needs of the Company in a public or private junior college, college, or university / Have work experience in the area of finance, commerce, insurance and capabilities otherwise		0

	necessary for the business of the Company. 3.No condition defined in Article 30 of the Company Act has appeared.		

Note:
The calculation method for the number of independent directors who concurrently serve as independent directors of other public companies is in accordance with the provisions of Article 4, item 2, of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies: Where an independent director of a financial holding company or of a TWSE listed or TPEx listed investment holding company concurrently serves as an independent director of more than one wholly owned subsidiary of that company, the number of such subsidiaries beyond one shall be included in the calculation of the number of subsidiaries at which the independent director concurrently serves under paragraph 1.

2. Diversity And Independence of The Board of Directors：

(1) Diversity of the Board of Directors:

The Company's Board of Directors members are diverse in areas such as age, industry experience, professional knowledge, and abilities. To strengthen corporate governance and promote the sound development of the composition and structure of the board of directors, Article 31 of the Company's "Corporate Governance Best Practice Principles" provides that diversity must be considered when formulating the composition of the board of directors, and an appropriate diversity policy must be formulated according to the Company's operations, operation types, and development needs such as: Basic conditions and values (such as gender, age, nationality, culture, etc.), professional knowledge and skills (professional background: law, accounting, industry, finance, marketing, or technology), industrial experience, etc. We will continue to increase the number of female directors in the future to implement gender equality and diversity on the board of directors, the proportion of female directors in this term's board of directors is a modest 26.6%. The Company values industry experience diversity in the composition of the board of directors. Board members must have experience in other diversified industries in addition to the financial industry. The relevant diversification implementation status is shown below (P.38). The Board diversity policy has been disclosed on the Company's

portal and the Market Observation Post System.

(2) Independence of the Board of Directors:

The current (8th) board of directors of the Company consists of 15 directors, including 12 directors (all non-executive directors, accounting for 80% of the total seats) and 3 independent directors (20% of the total seats). This configuration conforms to the Company's Articles of Association and Corporate Governance Best Practice Principles stipulations that the number of independent directors shall not be less than one-fifth of the number of directors. The independence of the Company's independent directors conforms to the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies in that none of the board members are spouses or relatives within the second degree of kinship, and there is no circumstance specified in Paragraphs 3 & 4, Article 26-3 of the Securities and Exchange Act.

Board Diversity Policy Implementation Status:

a.Professional Background

DiversityCore Competencies / Name of Director	Industry Experience								Professional Qualification				Professional capabilities				Industry Classification
	Gender	A Concurrent	Age			Consecutive Service Years as the Company's Director			Insurance	Banking	Securities	Asset Management	Accounting	Law	Information Technology	Risk Management/ Financial Management/ Actuary	GICS Level1
			31 to 50	51 to 70	71 or	Less than 3 years	3 To 9 years	9 years or above									
Hwai-Chou Chen	Male				V	V			V							V	Financials、Industrials
Tung-Ming Wu	Male				V		V		V				V		V		Materials、Industrials、Consumer Discretionary、Consumer Staples、Financials、Information Technology
Olivia Wu	Female		V			V				V						V	Financials
Tseng-Chang Lee	Male				V	V				V					V		Financials
Hui-Min Lai	Female			V		V										V	Consumer Discretionary
Tun-Jen Lin	Male				V	V					V				V		Financials、Utilities
Shih-Chi Hung	Male			V			V									V	Consumer Discretionary、Financials、Communication Services、Utilities
Hsin-Ta Wu	Male			V			V									V	Industrials、Consumer Discretionary、Financials
Mark Wei	Male			V		V			V	V	V				V	V	Financials、Consumer Discretionary、Information Technology
Benson Wu	Male				V		V								V		Financials、Utilities
Shih-Mei Lin	Female		V			V								V			Consumer Discretionary
Chun-Hung Chen	Male			V		V					V					V	Financials
Min-Chiu Chien	Female			V		V							V				Consumer Discretionary
Edgar Y. Chen	Male			V		V								V			Consumer Discretionary
Yung-Ming Shiu	Male			V			V		V							V	Financials

Note: All directors are nationals of the Republic of China, with no representation from socially disadvantaged groups.

b.Term:

Sequence	Title	Representative	Consecutive Years of Service*		Total Years of Service*	
			Years	Date Latest Elected	Years	Date First Elected
1	Chairman	Hwai-Chou Chen	0.56	2023.6.9	0.56	2023.6.9
2	Director	Tung-Ming Wu	6.55	2017.6.16	22.06	2001.12.14
3	Director	Olivia Wu	0.56	2023.6.9	16.57	2004.7.1
4	Director	Tseng-Chang Lee	2.93	2021.1.25	19.26	2004.9.30
5	Director	Hui-Min Lai	0.56	2023.6.9	0.56	2023.6.9
6	Director	Tun-Jen Lin	0.56	2023.6.9	0.56	2023.6.9
7	Director	Shih-Chi Hung	5.53	2018.6.20	21.30	2001.12.14
8	Director	Hsin-Ta Wu	0.35	2023.8.25	4.35	2019.8.27
9	Director	Mark Wei	0.56	2023.6.9	0.56	2023.6.9
10	Director	Benson Wu	8.78	2015.3.23	14.87	2008.10.3
11	Director	Shih-Mei Lin	0.56	2023.6.9	0.56	2023.6.9
12	Director	Chun-Hung Chen	0.56	2023.6.9	5.34	2018.8.31
13	Independent Director	Min-Chiu Chien	0.56	2023.6.9	0.56	2023.6.9
14	Independent Director	Edgar Y. Chen	0.56	2023.6.9	0.56	2023.6.9
15	Independent Director	Yung-Ming Shiu	3.53	2020.6.19	6.38	2017.8.17
Average			2.18	--	7.6	--

* Years of Service was calculated as of January 1, 2024.
* Total Years of Service: Calculated from December 14, 2001 when the promoter at the meeting elected the first Board members as required by Article 26 of the Financial Holding Company Act; however, the years of service for which he/she concurrently served SKFH and its subsidiaries was calculated only once.

(III)Information of President, Senior Vice President, Vice President, and Supervisor of all Departments and Branches

April 16, 2024

Title (Note 1)	Nationality	Name	Gender	Date of election (appointment)	Number of Shares		Shareholding under spouse or minor children		Shareholding in the Name of Other		Education and Work Experience (Note 2)	Positions Currently Held in Other Companies	Managers Who Are Spouses or Relative Within Second-Degree of Kinship			Remarks (Note 3)
					Number of Shares (Note 4)	Percentage of Shareholding	Number of Shares	Percentage of Shareholding	Number of Shares	Percentage of Shareholding			Title	Name	Relationship	
President	R.O.C.	Stephen Chen	Male	2023.08.11	0	0.00%	0	0.00%	0	0.00%	The University Of Bath, MBA Managing Director, Taipei Fubon Bank. President, Houshi Assets Management Company Limited	Chairman & president, Shin Kong Venture Capital International Co., Ltd.	None	None	None	None
Chief Auditor	R.O.C.	Kuei-Houng Tsai	Female	2023.11.01	3	0.00%	0	0.00%	0	0.00%	Feng Chia University, Graduate School of Insurance Research Bradley University, MBA Chief Auditor, Shin Kong Life Insurance Co., Ltd.	None	None	None	None	None
Chief Information Security Officer & Chief Information Officer	R.O.C.	Kuo-Ping Lin	Male	2023.09.01	322,283	0.00%	0	0.00%	0	0.00%	National Chengchi UniversityEMBA Chief Information Officer, Shin Kong Life Insurance Co., Ltd.	Chief Information Security Officer, Taiwan Shin Kong Commercial Bank Co., Ltd	None	None	None	None
Chief Legal officer	R.O.C.	Shiou-Yu Chang	Female	2023.07.08	0	0.00%	7,000 *130	0.00% *0.00%	0	0.00%	National Taiwan University, EMBA Division of Finance Director, Chang Hwa Commercial Bank, Ltd.	Director, Next Commercial Bank Co., Ltd.	None	None	None	None
Chief Compliance Officer	R.O.C.	Chi-Yao Lu	Male	2023.12.01	256,561	0.00%	0	0.00%	0	0.00%	Tunghai University, The College of Law Chief Legal officer, Shin Kong Life Insurance Co., Ltd.	None	None	None	None	None
Vice President	R.O.C.	Judy Lin	Female	2023.03.29	78,883	0.00%	0	0.00%	0	0.00%	Feng Chia University, Graduate School of Insurance Research Vice President, Shin Kong Bank	None	None	None	None	None

Title (Note 1)	Nationality	Name	Gender	Date of election (appointment)	Number of Shares		Shareholding under spouse or minor children		Shareholding in the Name of Other		Education and Work Experience (Note 2)	Positions Currently Held in Other Companies	Managers Who Are Spouses or Relative Within Second-Degree of Kinship			Remarks (Note 3)
					Number of Shares (Note 4)	Percentage of Shareholding	Number of Shares	Percentage of Shareholding	Number of Shares	Percentage of Shareholding			Title	Name	Relationship	
											Co., Ltd.					
Vice President	R.O.C.	Wayne Chang	Male	2020.09.30	118,000	0.00%	0	0.00%	0	0.00%	National Chiao Tung University MBA, Institute of Business and Management Senior Assistant Vice President, Shin Kong Financial Holding Co., Ltd. Senior Vice President, DBS Bank (Taiwan) Ltd.	None	None	None	None	None
Senior Assistant Vice President	R.O.C.	Yi-Tsuei Hsu	Female	2018.01.01	570,000 *10,000	0.00% *0.00%	0	0.00%	0	0.00%	National Chengchi University, Master of Business Administration Senior Assistant Vice President , Shin Kong Financial Holding Co., Ltd.	None	None	None	None	None
Senior Assistant Vice President	R.O.C.	Min-Chi Wu	Female	2022.01.01	692	0.00%	0	0.00%	0	0.00%	National Taiwan University, Graduate School of Finance Senior Assistant Vice President, Shin Kong Life Insurance Co., Ltd.	Supervisor, Shin Kong Venture Capital International Co., Ltd.; Director, Shin Kong Leasing (Suzhou) Co., Ltd. Supervisor, Shin Kong Property Insurance Agency Co., Ltd.	None	None	None	None
Senior Assistant Vice President	R.O.C.	Vicky Lu	Female	2019.01.01	10,788 *9,000	0.00% *0.00%	0	0.00%	0	0.00%	National Chung Cheng University, Department of Finance Assistant Vice President, Shin Kong Life Insurance Co., Ltd.	Supervisor, Shin Kong Investment Trust Co., Ltd	None	None	None	None
Senior Assistant Vice President	R.O.C.	Cheng-Wei Fang	Male	2022.01.01	200,000	0.00%	0	0.00%	0	0.00%	Ming Chuan University, Department of Information Management	None	None	None	None	None

Title (Note 1)	Nationality	Name	Gender	Date of election (appointment)	Number of Shares		Shareholding under spouse or minor children		Shareholding in the Name of Other		Education and Work Experience (Note 2)	Positions Currently Held in Other Companies	Managers Who Are Spouses or Relative Within Second-Degree of Kinship			Remarks (Note 3)
					Number of Shares (Note 4)	Percentage of Shareholding	Number of Shares	Percentage of Shareholding	Number of Shares	Percentage of Shareholding			Title	Name	Relationship	
											Assistant Vice President & F-ISAC Executive Secretary, Financial Information Service Co. ltd Assistant Vice President, CTBC Bank Co., Ltd.					
Assistant Vice President	R.O.C.	Da-Hsiang Lo	Male	2020.01.01	55,888 *5,000	0.00% *0.00%	0	0.00%	0	0.00%	Fu Jen Catholic University, Department of Law Assistant Vice President, Shin Kong Life Insurance Co., Ltd.	None	None	None	None	None
Assistant Vice President	R.O.C.	Chien-Cheng Ho	Male	2022.01.01	30,000	0.00%	0	0.00%	0	0.00%	Tunghai University, The College of Law Project Assistant Vice President, Shin Kong Life Insurance Co., Ltd.	None	None	None	None	None
Assistant Vice President	R.O.C.	Li-Jung Huang	Female	2022.04.01	18,000 *7,050	0.00% *0.00%	0	0.00%	0	0.00%	National Taipei University, Finance and Law School Project Assistant Vice President, Shin Kong Financial Holding Co., Ltd.	None	None	None	None	None
Assistant Vice President	R.O.C.	Chih- Wei Tsao	Male	2023.01.01	15,000	0.00%	0	0.00%	0	0.00%	Soochow University, Law School Project Assistant Vice President, Shin Kong Financial Holding Co., Ltd.	None	None	None	None	None
Assistant Vice President	R.O.C.	Hsin- Nan Li	Male	2023.01.01	130,641	0.00%	0	0.00%	0	0.00%	National Taiwan University, Institute of Epidemiology Manager, Shin Kong Life Insurance Co., Ltd.	None	None	None	None	None
Assistant Vice President	R.O.C.	Allen Li	Male	2023.06.01	2,516	0.00%	0	0.00%	0	0.00%	National Sun Yat-sen University Department of Business Administration Project Assistant Vice President,	None	None	None	None	None

Title (Note 1)	Nationality	Name	Gender	Date of election (appointment)	Number of Shares		Shareholding under spouse or minor children		Shareholding in the Name of Other		Education and Work Experience (Note 2)	Positions Currently Held in Other Companies	Managers Who Are Spouses or Relative Within Second-Degree of Kinship			Remarks (Note 3)
					Number of Shares (Note 4)	Percentage of Shareholding	Number of Shares	Percentage of Shareholding	Number of Shares	Percentage of Shareholding			Title	Name	Relationship	
											MasterLink Securities Corp.					
Assistant Vice President	R.O.C.	Kuang-Ti Sun	Male	2023.10.16	77,893 *2,000	0.00% *0.00%	6,146 *42	0.00% *0.00%	0	0.00%	National Taiwan University,Department of Economics Assistant Vice President, Shin Kong Life Insurance Co., Ltd.	None	None	None	None	None
Assistant Vice President	R.O.C.	Pei-Chun Lu	Female	2024.01.01	0 *6,000	0.00% *0.00%	0	0.00%	0	0.00%	National Central University, Department of Business Administration Project Assistant Vice President, Shin Kong Financial Holding Co., Ltd.	None	None	None	None	None
Assistant Vice President	R.O.C.	Chun-Ying Lin	Female	2024.03.01	3,480 *4,000	0.00% *0.00%	0	0.00%	0	0.00%	Fu Jen Catholic University, Department of Business Administration Project Assistant Vice President, Shin Kong Financial Holding Co., Ltd.	None	None	None	None	None

Note 1: Information of President, Senior Vice President, Vice President, supervisors of departments and branches, or any equivalent position thereof, shall be included regardless of the title.

Note 2: Experiences related to the current position. Where the personnel served in the certifying accounting firm or its affiliates in the period aforementioned, the title and job content shall be specified.

Note 3: Where the Chairperson of the Board and the President or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (such as increasing the seats of Independent Directors, and a majority of the Directors are not concurrently an employee or manager of the company).

Note 4:* denotes the number of shares of preferred shares.

(IV)The distribution of remuneration to Directors, President and Senior Vice Presidents and Employee Bonus in the Most Recent Fiscal Year:

1.Remuneration Paid to Directors and Independent Directors

Unit: NT$ thousands

Title	Name (Note 1)	Director Remuneration								Proportion of NIAT after summing the 4 items of A, B, C, and D (Note 10)		Remuneration for Concurrently Serving as An Employee								Total Remuneration (A, B, C, D, E, F, and G) Over NIAT (%) (Note 10)		Whether or Not Receiving Remuneration from the Parent Company, or from Re-invested Entities Other Than Subsidiaries (Note 11)
		Rewards (A) (Note 2)		Separation Pay and Pension (B)		Directors' Remuneration (C) (Note 3)		Business Allowance (D) (Note 4)				Salaries, Bonuses and Allowance (E) (Note 5)		Separation Pay and Pension (F)		Employees' Compensation (G) (Note 6)						
		The Company	All Companies Listed in the Consolidated Financial Statements (Note 7)	The Company	All Companies Listed in the Consolidated Financial Statements (Note 7)	The Company	All Companies Listed in the Consolidated Financial Statements (Note 7)	The Company	All Companies Listed in the Consolidated Financial Statements (Note 7)	The Company	All Companies Listed in the Consolidated Financial Statements	The Company	All Companies Listed in the Consolidated Financial Statements (Note 7)	The Company	All Companies Listed in the Consolidated Financial Statements (Note 7)	The Company		All Companies Listed in the Consolidated Financial Statements (Note 7)		The Company	All Companies Listed in the Consolidated Financial Statements	
																Cash	Stock	Cash	Stock			
Chairman	Hwai-Chou Chen（Note 10）	8,766	8,766	0	0	0	0	200	200	8,966 -0.12%	8,966 -0.12%	0	0	0	0	0	0	0	0	8,966 -0.12%	8,966 -0.12%	None
Chairman	Shin Kong Wu Ho Su Culture and Education Foundation Representative: Victor Hsu（Note 11）	7,845	7,845	0	0	0	0	129	129	7,974 -0.11%	7,974 -0.11%	0	0	0	0	0	0	0	0	7,974 -0.11%	7,974 -0.11%	None
Vice Chairman	Shin Po Co., Ltd Representative: Tung-Ming Wu（Note 12）	3,370	3,638	0	0	0	0	237	307	3,607 -0.05%	3,945 -0.05%	0	0	0	0	0	0	0	0	3,607 -0.05%	3,945 -0.05%	None
Director	Shin Kong Wu Ho Su Culture and Education Foundation Representative: Olivia Wu（Note 10）	882	882	0	0	0	0	45	45	927 -0.01%	927 -0.01%	0	0	0	0	0	0	0	0	927 -0.01%	927 -0.01%	None
Director	Shin Kong Wu Ho Su Culture and Education Foundation Representative: Tseng-Chang Lee	1,091	6,989	0	0	0	0	95	1,022	1,186 -0.02%	8,011 -0.11%	0	0	0	0	0	0	0	0	1,186 -0.02%	8,011 -0.11%	None
Director	Shin Kong Wu Tung Chin Foundation Representative: Te-Cheng, Chiu（Note 11）	105	3,354	0	0	0	0	50	120	155 -0.00%	3,474 -0.05%	0	0	0	0	0	0	0	0	155 -0.00%	3,474 -0.05%	None
Director	Shin Kong Mitsukoshi Department Store Co., Ltd. Tung Shing Investment Co., Ltd. Representative: Hsin-Ta Wu（Note 13）	88	1,147	0	0	0	0	60	213	148 -0.00%	1,360 -0.02%	0	0	0	0	0	0	0	0	148 -0.00%	1,360 -0.02%	None
Director	Tung Shing Investment Co., Ltd. Representative: Hsin-Chang Wu（Note 14）	121	941	0	0	0	0	20	237	141 -0.00%	1,178 -0.02%	0	0	0	0	0	0	0	0	141 -0.00%	1,178 -0.02%	None
Director	Shin Kong Mitsukoshi Department Store Co., Ltd. Representative: Hui-Min Lai (Note 10)	853	853	0	0	0	0	45	45	898 -0.01%	898 -0.01%	0	0	0	0	0	0	0	0	898 -0.01%	898 -0.01%	None

Title	Name (Note 1)	Director Remuneration								Proportion of NIAT after summing the 4 items of A, B, C, and D (Note 10)		Remuneration for Concurrently Serving as An Employee								Total Remuneration (A, B, C, D, E, F, and G) Over NIAT (%) (Note 10)		Whether or Not Receiving Remuneration from the Parent Company, or from Re-invested Entities Other Than Subsidiaries (Note 11)
		Rewards (A) (Note 2)		Separation Pay and Pension (B)		Directors' Remuneration (C) (Note 3)		Business Allowance (D) (Note 4)				Salaries, Bonuses and Allowance (E) (Note 5)		Separation Pay and Pension (F)		Employees' Compensation (G) (Note 6)						
		The Company	All Companies Listed in the Consolidated Financial Statements (Note 7)	The Company	All Companies Listed in the Consolidated Financial Statements (Note 7)	The Company	All Companies Listed in the Consolidated Financial Statements (Note 7)	The Company	All Companies Listed in the Consolidated Financial Statements (Note 7)	The Company	All Companies Listed in the Consolidated Financial Statements	The Company	All Companies Listed in the Consolidated Financial Statements (Note 7)	The Company	All Companies Listed in the Consolidated Financial Statements (Note 7)	The Company		All Companies Listed in the Consolidated Financial Statements (Note 7)		The Company	All Companies Listed in the Consolidated Financial Statements	
																Cash	Stock	Cash	Stock			
Director	Shin Kong Mitsukoshi Department Store Co., Ltd. Representative: Yun-Wan Yeh（Note 11）	133	133	0	0	0	0	183	183	316 -0.00%	316 -0.00%	0	0	0	0	0	0	0	0	316 -0.00%	316 -0.00%	None
Director	Shin Kong Mitsukoshi Department Store Co., Ltd. Representative: Chia-Hui Kuo（Note 15）	0	0	0	0	0	0	0	0	0 -0.00%	0 -0.00%	0	0	0	0	0	0	0	0	0 -0.00%	0 -0.00%	None
Director	Shin Chan Investment Co., Ltd. Representative: Hsin-Tung Wu（Note 11）	107	376	0	0	0	0	40	100	147 -0.00%	476 -0.01%	0	0	0	0	0	0	0	0	147 -0.00%	476 -0.01%	None
Director	Shin Po Co., Ltd Representative: Shih-Chi Hung	217	5,447	0	0	0	0	100	526	317 -0.00%	5,973 -0.08%	0	0	0	0	0	0	0	0	317 -0.00%	5,973 -0.08%	None
Director	Shin Po Co., Ltd Representative: Tun-Jen Lin（Note 10）	853	853	0	0	0	0	40	40	893 -0.01%	893 -0.01%	0	0	0	0	0	0	0	0	893 -0.01%	893 -0.01%	None
Director	Shin Po Co., Ltd Representative: Mark Wei（Note 10）	87	7,932	0	0	0	0	50	384	137 -0.00%	8,316 -0.11%	0	0	0	0	0	0	0	0	137 -0.00%	8,316 -0.11%	None
Director	Shin Po Co., Ltd Representative: Po-Han Lin（Note 11）	105	1,707	0	0	0	0	183	464	288 -0.00%	2,171 -0.03%	0	0	0	0	0	0	0	0	288 -0.00%	2,171 -0.03%	None
Director	Wu Chia Lu Insurance Culture and Education Foundation Representative: Benson Wu	200	1,259	0	0	0	0	242	375	442 -0.01%	1,634 -0.02%	0	0	0	0	0	0	0	0	442 -0.01%	1,634 -0.02%	None
Director	Chun-Hong Chen（Note 10）	0	22,595	0	0	0	0	40	1,249	40 -0.00%	23,844 -0.32%	0	0	0	0	0	0	0	0	40 -0.00%	23,844 -0.32%	None
Director	Shih-Mei Lin（Note 10）	208	946	0	0	0	0	50	124	258 -0.00%	1,070 -0.01%	0	0	0	0	0	0	0	0	258 -0.00%	1,070 -0.01%	None
Director	Chi-Ming Su（Note 11）	107	1,576	0	0	0	0	193	499	300 -0.00%	2,075 -0.03%	0	0	0	0	0	0	0	0	300 -0.00%	2,075 -0.03%	None
Director	Po-Cheng, Pan（Note 11）	105	8,965	0	0	0	0	50	1,198	155 -0.00%	10,163 -0.14%	0	0	0	0	0	0	0	0	155 -0.00%	10,163 -0.14%	None

Title	Name (Note 1)	Director Remuneration								Proportion of NIAT after summing the 4 items of A, B, C, and D (Note 10)		Remuneration for Concurrently Serving as An Employee								Total Remuneration (A, B, C, D, E, F, and G) Over NIAT (%) (Note 10)		Whether or Not Receiving Remuneration from the Parent Company, or from Re-invested Entities Other Than Subsidiaries (Note 11)
		Rewards (A) (Note 2)		Separation Pay and Pension (B)		Directors' Remuneration (C) (Note 3)		Business Allowance (D) (Note 4)				Salaries, Bonuses and Allowance (E) (Note 5)		Separation Pay and Pension (F)		Employees' Compensation (G) (Note 6)						
		The Company	All Companies Listed in the Consolidated Financial Statements (Note 7)	The Company	All Companies Listed in the Consolidated Financial Statements (Note 7)	The Company	All Companies Listed in the Consolidated Financial Statements (Note 7)	The Company	All Companies Listed in the Consolidated Financial Statements (Note 7)	The Company	All Companies Listed in the Consolidated Financial Statements	The Company	All Companies Listed in the Consolidated Financial Statements (Note 7)	The Company	All Companies Listed in the Consolidated Financial Statements (Note 7)	The Company		All Companies Listed in the Consolidated Financial Statements (Note 7)		The Company	All Companies Listed in the Consolidated Financial Statements	
																Cash	Stock	Cash	Stock			
Independent Director	Yung-Ming Shiu	2,610	4,336	0	0	0	0	242	375	2,852 -0.04%	4,711 -0.06%	0	0	0	0	0	0	0	0	2,852 -0.04%	4,711 -0.06%	None
Independent Director	Edgar Y. Chen（Note 10）	2,530	2,530	0	0	0	0	145	145	2,675 -0.04%	2,675 -0.04%	0	0	0	0	0	0	0	0	2,675 -0.04%	2,675 -0.04%	None
Independent Director	Min-Chiu Chien（Note 10）	900	2,530	0	0	0	0	190	354	1,090 -0.01%	2,884 -0.04%	0	0	0	0	0	0	0	0	1,090 -0.01%	2,884 -0.04%	None
Independent Director	Mei-Hwa,Lin（Note 11）	1,412	1,412	0	0	0	0	108	108	1,520 -0.02%	1,520 -0.02%	0	0	0	0	0	0	0	0	1,520 -0.02%	1,520 -0.02%	None
Independent Director	Chi-Ming,Wu（Note 11）	622	3,922	0	0	0	0	105	258	727 -0.01%	4,180 -0.06%	0	0	0	0	0	0	0	0	727 -0.01%	4,180 -0.06%	None

1. Please state the policy, system, standards and structure by which independent Directors' are paid their remuneration, and describe the correlation between the remuneration given and the assumed responsibilities, risks, invested time:
(1) The remuneration items for independent directors are divided into rewards and business allowance according to their nature.
(2) The remuneration of the independent directors of the Company is decided by the responsibilities, risks, invested time, and the common standard in the industry stipulated in Article 23.2 of the Company's regulations. Authorization is given to the board of directors to determine the fixed remuneration and the independent directors shall not participate in the company's surplus distribution. For those who serve as independent directors of any subsidiary, remuneration shall be issued according to the standard of the independent directors of the subsidiary. When the subsidiary's remuneration is lower than the standard of the Company, the difference will be supplemented by the Company.
(3) Business execution expenses are the related costs incurred by an independent director in the execution of the business, including attendance fees for the board of directors and functional committees.
2. In addition to the disclosure in the above table, was there any remuneration received by Directors of the Company from any of the companies listed in the financial statements for their rendering services (such as serving as consultants, a non-employee function) in the most recent year: None.

Note 1: The names of Directors shall be listed respectively (for institutional shareholders, the name of institutional shareholders and representatives shall be listed respectively), and the payment amount shall be disclosed in summary by Director and Independent Director.

Note 2: a.It refers to the rewards paid to Directors in the most recent year (including director salary, duty allowance, severance pay, bonuses, incentives, etc.).

b.This includes the Company's long-term incentive bonus awarded in FY22 and provisioned in FY23 (respectively during the longest performance period from FY23 to FY25 and expected to be unlocked and distributed in FY26) of NT$225 thousand. However, this excludes the long-term incentive bonus awarded and distributed in FY20, unlocked and distributed at NT$2,279 thousand, and offset at NT$5,754 thousand in FY23.

Note 3: It refers to the director compensation that was approved in the most recent year by the Board of Directors.

Note 4: It refers to the business allowance of Directors in the most recent year (including traveling expenses, special disbursements, subsidies, dorms, and provision of such tangible objects as company cars). If housing, vehicle or other means of transportation, or personal expense is provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments shall be disclosed. If a driver is provided, please annotate the compensation paid to such driver. However, such compensation shall not be included.

Note 5: a.It refers to the salary, allowance, severance pay, bonus, incentives, travel expenses, special disbursements, subsidies, dorms, and company cars provided to Directors who concurrently serves as an employee (e.g. President, Senior Vice President, other managers and employees). If housing, vehicle or other means of transportation, or personal expense is provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments shall be disclosed. If a driver is provided, please annotate the compensation paid to such driver. However, such compensation

shall not be included. Any compensations listed under IFRS 2 Share-Based Payment, including issuance of employee stock warrants, restricted stock awards, and subscription to issuance of common shares shall also be included in calculation of remuneration.

b.The total amounted of driver-related compensation paid by all the company's consolidated report is NT$3001 thousand. The company paid is NT$1091 thousand.

Note 6: It refer to the fact that the employee bonus amount to be distributed to Directors concurrently serving as employees (including President, Senior Vice President, other managers and employees) who receives employee bonus (including stock and cash) in the most recent year after approval by the Board of the most recent year shall be disclosed, and Appendix 1-3 shall be prepared.

Note 7: The total amount of remunerations paid to Directors of the Company by all companies (including the Company) in the consolidated financial statements shall be disclosed.

Note 8: Net profit after tax refers to the net profit after tax of the individual financial statements of the most recent year

Note 9: a.The remuneration amount received by Directors of the Company from invested entities other than subsidiaries shall be clearly filled in this column.

b.Where a director of the Company received remuneration from invested entities other than subsidiaries, such remuneration received shall be integrated in Column I of the Remuneration Range Table, and the name of the column shall be modified as “All Re-Invested Entities.”

c.Remuneration refers to the rewards, remuneration (including remuneration of employee, director, supervisor or manager) and business execution fees received by Directors of the Company who serve as the Directors, supervisors or managers of invested entities other than subsidiaries.

Note 10：Term of 2023: June 9 to December 31, 2023.

Note 11：Term of 2023: January 1, 2023~June 8, 2023.

Note 12：Term of 2023: January 1, 2023 ~ June 20, 2023 (director), June 21, 2023 ~ December 31, 2023 (vice chairman).

Note 13：Term of 2023: Serving as a director of Shin Kong Mitsukoshi Department Store Co., Ltd. from January 1, 2023, to April 24, 2023, and then as Director of Tung Shing Investment Co., Ltd. from August 25, 2023, to December 31, 2023.

Note 14：Term of 2023: June 9, 2023 ~ August 24, 2023.

Note 15：Term of 2023: April 25, 2023 ~ May 2, 2023.

＊The content of remuneration disclosed in this table is derived based on a concept different from the concept of income stipulated in the Income Tax Act. The purpose of the table is for the disclosure of information, instead of taxation.

2. Remuneration Paid to President and Vice Presidents

Unit: NT$ thousands

Title	Name (Note 1)	Salary (A) (Note 2)		Severance pay and pension (B)		Bonuses and Allowances (C) (Note 3)		Employee compensation (D) (Note 4)				Proportion of NIAT after summing the 4 items of A, B, C, and D (Note 8)		Whether or not receiving remuneration from parent company, or from invested entities other than subsidiaries (Note 9)
		The Company	All companies listed in the consolidated financial statements (Note 5)	The Company	All companies listed in the consolidated financial statements (Note 5)	The Company	All companies listed in the consolidated financial statements (Note 5)	The Company		All companies listed in the consolidated financial statements (Note 5)		The Company	All companies listed in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
President	Stephen Chen（Note 10）	3,465	3,465	52	52	2,280	2,968	0	0	12	0	5,796 -0.08%	6,497 -0.09%	None
President	Olivia Wu（Note 11）	4,240	4,240	387	387	1,072	1,072	0	0	0	0	5,699 -0.08%	5,699 -0.08%	None
Vice President	Judy Lin（Note 12）	1,734	3,238	45	99	1,171	2,924	0	0	110	0	2,950 -0.04%	6,371 -0.09%	None
Chief Information Security Officer & Chief Information Officer	K.T. Chang（Note 13）	0	3,722	0	96	0	1,939	0	0	146	0	0 -0.00%	5,902 -0.08%	None
Vice President	Wayne Chang	4,117	4,117	108	108	1,655	1,655	0	0	0	0	5,880 -0.08%	5,880 -0.08%	None
Vice President	Hung-Chieh Chang（Note 14）	14,016	21,832	683	715	6,011	9,734	0	0	0	0	20,709 -0.28%	32,281 -0.44%	None
Auditor	Kuei-Houng Tsai（Note 15）													
Chief Legal officer	William Chien（Note 16）													
Chief Legal officer	Shiou-Yu Chang（Note 17）													
Chief Compliance Officer	Chih-Kang Kuo（Note 18）													
Chief Compliance Officer	Chi-Yao Lu（Note 19）													
Vice President	Chin-Hui Chen（Note 20）													

Vice President	Stan Lee（Note 21）													
Chief Information Security Officer & Chief Information Officer	Kuo-Ping Lin（Note 22）													

§ Regardless of titles, compensations of employees with positions equivalent to President and Senior Vice Presidents (such as President, CEO, Director, etc.) shall be disclosed.

Remuneration Range Table

Range of Compensations Paid to Presidents and Senior Vice Presidents	Name of President and Senior Vice Presidents	
	The Company (Note 6)	All companies listed in this financial statement (Note 7) E
Under NT$1,000,000	Stan Lee、Kuei-Houng Tsai、Chi-Yao Lu	Stan Lee
NT$1,000,000(inclusive)~ NT$2,000,000(non-inclusive)	Kuo-Ping Lin	
NT$2,000,000 (inclusive)~ NT$3,500,000(non-inclusive)	William Chien、Shiou-Yu Chang	William Chien、Shiou-Yu Chang
NT$3,500,000 (inclusive)~ NT$5,000,000(non-inclusive)	Hung-Chieh Chang、Chih-Kang Kuo、Chin-Hui Chen	Hung-Chieh Chang、Chih-Kang Kuo、Chi-Yao Lu、Kuo-Ping Lin
NT$5,000,000 (inclusive)~ NT$10,000,000 (non-inclusive)		Kuei-Houng Tsai、Chin-Hui Chen
NT$10,000,000(inclusive)~ NT$15,000,000 (non-inclusive)		
NT$15,000,000(inclusive)~ NT$30,000,000(non-inclusive)		
NT$30,000,000(inclusive)~ NT$50,000,000(non-inclusive)		

NT$50,000,000(inclusive)~ NT$100,000,000 (non-inclusive)	_	
Over NT$100,000,000(inclusive)		
Total	9	9

Note 1: Names of the President and Senior Vice Presidents shall be listed separately and the amount of remuneration shall be disclosed in aggregate.

Note 2: This refers to salaries, allowances and severance pay of President and Senior Vice Presidents in the most recent fiscal year.

Note 3: a.This refers to bonuses, incentive pay, transport fee, special allowance, various subsidies, accommodation, vehicles, etc. provided to President and Senior Vice Presidents in the most recent fiscal year. If housing, vehicle or other means of transportation, or personal expense is provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments shall be disclosed. If a driver is provided, please annotate the compensation paid to such driver. However, such compensation shall not be included. Any compensations listed under IFRS 2 Share-Based Payment, including issuance of employee stock warrants, restricted stock awards, and subscription to issuance of common shares shall also be included in calculation of remuneration.

b,This includes the long-term incentive bonus of NT$1,506 thousand granted by the Company in FY22 and accrued in FY23 (separately over the longest performance period from FY23 to FY25 and expected to be unlocked and distributed in FY26). However, this excludes the unlocked and distributed amount of NT$3,149 thousand and the offset amount of NT$4,855 thousand as the long-term incentive bonus of FY20 granted and accrued in FY23.

c.The total amounted of driver-related compensation paid by all the company's consolidated report is NT$817 thousand.

Note 4: The employee compensation amount to be distributed to President and Senior Vice Presidents (including stock and cash. Where the amount is unable to be estimated, the distributable amount of the year shall be calculated based on the ratio of actual distribution amount of previous year) approved by the Board in the most recent year, and Appendix 1-3 shall be prepared.

Note 5: The total amount of remunerations paid to President and Senior Vice Presidents of the Company by all companies (including the Company) in the consolidated financial statements shall be disclosed.

Note 6: For the sum of various compensations paid to Presidents and Senior Vice Presidents by the Company, the name of each President and Senior Vice President shall be disclosed in the proper range.

Note 7: For the sum of various remuneration paid to the Company's President and Senior Vice Presidents by all consolidated entities (including the Company), the name of President and Senior Vice Presidents shall be disclosed in the proper range.

Note 8: Net profit after tax refers to the net profit after tax of the individual financial statements of the most recent year

Note 9: a.The remuneration amount received by President and Senior Vice Presidents of the Company from invested entities other than subsidiaries shall be clearly filled in this column. (fill “None” in the form if there is none)

b.Where the President and Senior Vice Presidents of the Company received remuneration from the parent company, or from invested entities other than subsidiaries, such remuneration received shall be integrated in Column E of the Remuneration Range Table, and the name of the column shall be modified as “Parent and All Invested Entities.”

c.Remuneration refers to the rewards, remuneration (including remuneration of employee, director, supervisor or manager) and business execution fees received by President and Senior Vice Presidents of the Company who serve as the Directors, supervisors or managers of the parent company, or of invested entities other than subsidiaries.

Note 10: Term of 2023: Served as the President of the company from July 8, 2023 to December 31, 2023.

Note 11: Term of 2023: Served as the President of the company from January 1, 2023 to June 9, 2023.

Note 12: Term of 2023: Served as the Vice President of the company from March 29, 2023 to December 31, 2023, Acting as President of the company from June 22, 2023 to July 7, 2023, served as the Vice President of Shin Kong Bank from January 1, 2023 to June 21, 2023.

Note 13: Term of 2023: Served as Chief Information Security Officer & Chief Information Officer of the company from January 1, 2023 to August 31, 2023, served as the Vice President of Shin Kong Bank from January 1, 2023 to November 19, 2023.
Note 14: Term of 2023: Served as the Auditor of the company from January 1, 2023 to December 7, 2023, served as the Vice President of the company from December 8, 2023 to December 31, 2023.
Note 15: Term of 2023: Served as the Vice President of the company from November 1, 2023 to December 7, 2023, served as the Auditor of the company from December 8, 2023 to December 31, 2023, served as the Vice President of Shin Kong Life Insurance from January 1, 2023 to October 31, 2023.
Note 16: Term of 2023: Served as the Chief Legal officer of the company from January 1, 2023 to June 30, 2023.
Note 17: Term of 2023: Served as the Chief Legal officer of the company from July 8, 2023 to December 31, 2023.
Note 18: Term of 2023: Served as the Chief Compliance Officer of the company from January 1, 2023 to November 30, 2023, served as the Vice President of Shin Kong Life Insurance from January 1, 2023 to November 30, 2023.
Note 19: Term of 2023: Served as the Chief Compliance Officer of the company from December 1, 2023 to December 31, 2023, served as the Vice President of Shin Kong Life Insurance from January 1, 2023 to November 30, 2023.
Note 20: Term of 2023: Served as the Vice President of the company from January 1, 2023 to October 15, 2023, served as the Vice President of Shin Kong Life Insurance from October 16, 2023 to December 30, 2023.
Note 21: Term of 2023: Served as the Vice President of the company from January 1, 2023 to March 19, 2023.
Note 22: Term of 2023: Served as Chief Information Security Officer & Chief Information Officer of the company from September 1, 2023 to December 31, 2023, served as the Vice President of Shin Kong Life Insurance from January 1, 2023 to August 31, 2023, served as the Vice President of Shin Kong Bank from November 20, 2023 to December 31, 2023

§The content of remuneration disclosed in this table is derived based on a concept different from the concept of income stipulated in the Income Tax Act. The purpose of the table is for the disclosure of information, instead of taxation.

3. Remuneration of the supervisor: None. (The Company replaces the role of supervisor with our Audit Committee)

4. Retired Directors and Presidents of the Company or affiliated companies serving as consultants: None.

5. The remuneration (names and remuneration methods individually disclosed) (Note 1) of the top five highest-paid executives of the financial holding company listed on TWSE or TPEx.

Unit: NT$ thousands

Title	Name	Salary (A) (Note 2)		Separation Pay and Pension (B)		Bonuses and Allowances (C) (Note 3)		Employee Compensation (D) (Note 4)				Proportion of NIAT after summing the 4 items of A, B, C, and D (Note 6)		Whether or Not Receiving Remuneration from the Parent Company, or from Re-invested Entities Other Than Subsidiaries (Note7)
		The Company	All Companies Listed in the Consolidated Financial Statements (Note 5)	The Company	All Companies Listed in the Consolidated Financial Statements (Note 5)	The Company	All Companies Listed in the Consolidated Financial Statements (Note 5)	The Company		All Companies Listed in the Consolidated Financial Statements (Note 5)		The Company	All Companies Listed in the Consolidated Financial Statements	
								Cash	Stock	Cash	Stock			
President	Stephen Chen (Note 13)	3,465	3,465	52	52	2,280	2,968	0	0	12	0	5,796 -0.08%	6,497 -0.09%	None
President	Olivia Wu (Note 13)	4,240	4,240	387	387	1,072	1,072	0	0	0	0	5,699 -0.08%	5,699 -0.08%	None
Vice President	Judy Lin (Note 13)	1,734	3,238	45	99	1,171	2,924	0	0	110	0	2,950 -0.04%	6,371 -0.09%	None
Chief Information Security Officer & Chief Information Officer	K.T. Chang (Note 13)	0	3,722	0	96	0	1,939	0	0	146	0	0 -0.00%	5,902 -0.08%	None
Vice President	Wayne Chang	4,117	4,117	108	108	1,655	1,655	0	0	0	0	5,880 -0.08%	5,880 -0.08%	None

Note 1: The so-called “Top five highest-paid executives” refers to the Company’s managers. As for the identification standard of the managers, it is handled according to the scope of application of “Managers” as stipulated by the Tai-Tsai-Cheng-San-Zhi Order No.0920001301 dated March 27, 2003 by the Securities and Futures Bureau under the Ministry of Finance. As for the calculation principle of the ” five highest-paid executives,” it is determined by the managers of the Company receiving the salary, separation pay and pension, bonuses and allowances, and the total amount of employee compensation from all companies listed in the consolidated financial statements (that is, the total of A+B+C+D), and it is determined by sorting out the top five with the highest remuneration. If the director also serves as an aforementioned supervisor, both this table and the above table (1-1) should be filled out.

Note 2: This refers to the salaries, allowances, and severance pay of the five highest-paid executives in the most recent fiscal year.

Note 3: a.This refers to the bonuses, incentive pay, transport fee, special allowance, various subsidies, accommodation, vehicles, etc. provided and other reward amounts for the five highest-paid executives in the most recent fiscal year. If housing, vehicle or other means of transportation, or personal expense is provided, the nature and cost of the asset, or the rent and fuel calculated based on the actual costs or the fair market value, and as well as other offerings, shall be disclosed. If a driver is provided, please annotate the compensation paid to such driver. However, such shall not be included in the compensation. The salary expenses recognized according to IFRS 2, Share-based Payment, including the acquisition of employee share options, restricted stock awards and participation in the subscription of shares with cash capital increase, should also be included in the remuneration.

b.This includes the long-term incentive bonus of NT$918 thousand granted by the Company in FY22 and provisioned in FY23 (respectively during the longest performance period from FY23 to FY25, expected to be unlocked and distributed in FY26). However, this excludes the amount of NT$2,790 thousand from the long-term incentive bonus granted and accrued in FY20 and unlocked and distributed in FY23, and the offset amount of NT$4,078 thousand.

Note 4: This refers to the employee compensation amount for the five highest-paid executives, approved by the board in the most recent fiscal year to be distributed (including stock and cash). If the amount is not to be estimated, the proposed distributable amount of the year shall be calculated based on the ratio of the actual distribution amount of the previous year, and Appendix 1-3 shall be prepared.

Note 5: The total amount of remunerations paid to the five highest-paid executives of the Company by all companies (including the Company) in the consolidated financial statements shall be disclosed.

Note 6: Net profit after tax refers to the net profit after tax of the individual financial statements of the most recent year

Note 7: a. This column should clarify the remuneration amount received by the five highest-paid executives of the Company from invested entities other than subsidiaries or the parent company (fill in “None” in the form if there is none).

b. Remuneration refers to the rewards, remuneration (including remuneration of employees, directors and supervisors) and business allowance received by the five highest-remunerated executives of the Company who serve as directors, supervisors or managers of invested enterprises other than subsidiaries or the parent company.

Note 8: Term of 2023: Served as the President of the company from July 8, 2023 to December 31, 2023.

Note 9: Term of 2023: Served as the President of the company from January 1, 2023 to June 9, 2023.

Note 10: Term of 2023: Served as the Vice President of the company from March 29, 2023 to December 31, 2023, Acting as President of the company from June 22, 2023 to July 7, 2023, served as the Vice President of Shin Kong Bank from January 1, 2023 to June 21, 2023.

Note 11: Term of 2023: Served as Chief Information Security Officer & Chief Information Officer of the company from January 1, 2023 to August 31, 2023, served as the Vice President of Shin Kong Bank from January 1, 2023 to November 19, 2023.

*The content of the remuneration disclosed in this table is different from the concept of income stipulated in the Income Tax Act. The purpose of the table is therefore for the disclosure of information, instead of taxation.

6. The names of managerial officers responsible for distributing employee compensation and the status of payments: None. (The Company reported net losses after taxes for FY23, and hence no distribution of employee compensation was made)

(V) Separately compare and describe total remuneration, as a percentage of net income stated in the parent company only financial reports or individual financial reports, as paid by this company and by each other company included in the consolidated financial statements during the past 2 fiscal years to directors, president, and vice president, and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure

1.Total remuneration, as a percentage of net income, paid in the past 2 fiscal years to directors, president, and vice president

For the year 2023, the Company and all other companies included in the consolidated financial statements paid a total of NT$77,239 thousand and NT$172,308 thousand as remuneration to the Directors, President, and Vice President, accounting for -1.04% and -2.33% of net income, respectively. For the year 2022, the Company and all other companies included in the consolidated financial statements paid a total of NT$79,552 thousand and NT$139,582 thousand as remuneration to the Directors, President, and Vice President, accounting for 3.81% and 6.69% of net income, respectively.

The decrease in remuneration in the second phase is mainly due to the after-tax loss of the Company in 2023.

2.The remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure.

(1) Independent Director

a. Remuneration of directors includes remuneration and business execution costs

b. The remuneration of independent directors is in accordance with Article 23 of the Company's articles of incorporation. The board of directors shall determine a fixed remuneration based on its responsibilities, risks, time spent and the usual level of the industry, and does not participate in the Company's surplus distribution.

c. Business execution expenses include related expenses incurred in the execution of the business, including expenses such as carriage fees for attending the meetings of the board of directors.

(2) Director

a. The remuneration items for directors are classified by nature into rewards, directors' remuneration, and business allowance.

b. The remuneration of directors is reviewed by the compensation committee in accordance with Article 23 of the Company's articles of incorporation. According to the authorization, the board of directors shall negotiate the remuneration of directors in accordance with its degree of participation in the Company's operations and contribution value, as well as industry standards. The changes in directors' rewards also take into consideration individual evaluations of items such as the directors' degree of

participation in the Company's operations, the directors' professionalism and ongoing learning, internal controls, grasp of the Company's objectives and tasks, and understanding of the directors' duties. The chairman and vice chairman effectively link personal annual performance bonuses with the Company's operating performance according to the annual performance bonus rules for senior executives, taking into account after-tax net profit, shareholders' equity, and the retention of top performers; digital banking / fair treatment of customers / clientele management / promotion of information security; and related indicators of corporate governance (such as the implementation of laws and regulations compliance and internal control system effectiveness, joining SBTi, and corporate sustainability (DJSI) evaluation results and other key performance indicators to achieve the purpose of linking performance and rewards). In addition, in order to create long-term value for the company, shareholders and employees, a link between bonuses and future risk control should be established according to the long-term incentive bonus rules and the long-term incentive bonus rules for senior executives and the stock trust reward plan, and set individual percentage standards to strengthen the link between long-term rewards and shareholder value.

c. Remuneration of directors according to Article 32 of the articles of incorporation:If the Company makes a profit during the year, no more than 0.5% of the profit may be allocated by the board of directors for remuneration of directors. The remuneration distribution proposal shall be submitted to the shareholders' meeting. When the Company has accumulated losses, it should reserve the amount to cover these losses in advance, and then allocate directors' remuneration based on the remaining balance according to the ratio induced in the prior section. The distribution ratio depends on the individual directors' participation in the Company's operations, their contribution value, and performance. The allocation will be carried out based on the weighted results of these ratios.
d. Business allowance includes the attendance fees for the board of directors and other various expenses required for the execution of the Company's business.

(2) Managers

a. The compensation items for managers are classified by nature into rewards, pensions, bonuses, and employees' compensation.
b. The policies, systems, standards and structure of the performance evaluation and salary remuneration of the Company's managers are reviewed by the remuneration committee and submitted to the board of directors for decision. The remuneration of managers is based on their professional qualifications, and with reference to the salary levels of the Company, the same trade or business, and the market. Performance of managers is evaluated in accordance with performance management

methods. When setting performance objectives, in addition to financial indicators, there are also non-financial indicators: retention of outstanding talents, digital banking, fair treatment of customers, customer management, effectiveness of information security promotion, and indicators related to corporate governance (such as the implementation of regulatory compliance internal control system effectiveness, joining SBTi, and DJSI evaluation results, among others).

At the same time, in order to implement the purpose of linking performance and rewards, and to encourage managers to pursue outstanding performance, personal annual performance bonuses are effectively linked with the Company's operating performance and personal performance in accordance with the annual performance bonus method. In order to create long-term value for the Company, shareholders and employees, senior managers establish a link between bonuses and future risks in accordance with the long-term incentive bonus method, managers encouraged and reward in accordance with the employee stock ownership trust. Remuneration of employees according to Article 32 of the Company's articles of incorporation: If the Company makes a profit during the year, it shall allocate more than one ten thousandth and less than five ten thousandth of profit for employee compensation, which may include employees of affiliated companies who meet certain conditions. The plan for the distribution of the remuneration of employees shall be submitted to the shareholders' meeting. If the Company has accumulated losses, it shall reserve the compensation amount in advance, and then allocate the balance in proportion to the preceding paragraph.

III. Corporate Governance:

(I)The state of operations of the board of directors:

THE 7th Session of the Board of Directors held 5 meetings in the latest period (January 1,2023~June 8,2023), and director attendance status is as follows:

Title	Name	Expected times of attendance (A)	Number of actual attendance (B)	Attendance by Proxy	Actual attendance rate [B / A] (%)	Remarks
Chairman	Shin Kong Wu Ho-Su Culture and Education Foundation Representative: Victor Hsu	5	5	0	100%	
Director	Shin Kong Wu Ho Su Culture and Education Foundation Representative: Tseng-Chang Lee	5	5	0	100%	
Director	Shin Kong Wu Tung Chin Foundation Representative: Te-Cheng Chiu	5	5	0	100%	
Director	Shin Kong Mitsukoshi Department Store Co., Ltd. Representative: Hsin-Ta Wu	3	3	0	100%	112.4.25 Reassigned
Director	Shin Kong Mitsukoshi Department Store Co., Ltd. Representative: Jia-Huei Guo	1	1	0	100%	112.4.25 Reassigned 112.5.3 resigned
Director	Shin Kong Mitsukoshi Department Store Co., Ltd. Representative: Yun-Wan Yeh	5	5	0	100%	
Director	Wu Chia Lu Insurance Culture and Education Foundation Representative: Benson Wu	5	5	0	100%	
Director	Shin Cheng Investment Co., Ltd. Representative: Hsin-Tung Wu	5	4	1	80%	
Director	Shin Po Co., Ltd Representative: Shih-Chi Hung	5	5	0	100%	
Director	Shin Po Co., Ltd Representative: Po-Han Lin	5	4	1	80%	
Director	Shin Po Co., Ltd Representative: Tung-Ming Wu	5	5	0	100%	
Director	Chi-Ming Su	5	5	0	100%	
Director	Po-Tseng Pan	5	5	0	100%	
Independent Director	Chi-Ming Wu	5	5	0	100%	
Independent Director	Yung-Ming Shiu	5	5	0	100%	
Independent Director	Mei-Hwa Lin	5	5	0	100%	

THE 8th Session of the Board of Directors held 10 meetings in the latest period (June 9,2023~December31,2023), and director attendance status is as follows:

Title	Name	Expected times of attendance (A)	Number of actual attendance (B)	Attendance by Proxy	Actual attendance rate [B / A] (%)	Remarks
Chairman	Hwai-Chou Chen	10	10	0	100%	112.6.9 elected
Vice Chairman	Shin Po Co., Ltd Representative: Tung-Ming Wu	10	10	0	100%	112.6.9 Reelected
Director	Shin Kong Wu Ho Su Culture and Education Foundation Representative: Olivia Wu	10	9	0	90%	112.6.9 elected
Director	hin Kong Wu Ho Su Culture and Education Foundation Representative: Tseng-Chang Lee	10	9	0	90%	112.6.9 Reelected
Director	Shin Kong Mitsukoshi Department Store Co., Ltd Representative: Hui-Min Lai	10	9	0	90%	112.6.9 elected
Director	Shin Po Co., Ltd Representative: Michael Hung	10	10	0	100%	112.6.9 Reelected
Director	Shin Po Co., Ltd Representative: Tun-Jen Lin	10	8	2	80%	112.6.9 elected
Director	Shin Po Co., Ltd Representative: Mark Wei	10	10	0	100%	112.6.9 elected
Director	Wu Chia Lu Insurance Culture and Education Foundation Representative: Benson Wu	10	10	0	100%	112.6.9 Reelected
Director	Tung Shing Investment Co., Ltd Representative: Hsin-Chang Wu	4	4	0	100%	112.6.9 elected 112.8.25 Reassigned
Director	Tung Shing Investment Co., Ltd Representative: Hsin-Ta Wu	6	6	0	100%	112.8.25 Delegated
Director	Chun-Hong Chen	10	8	1	80%	112.6.9 elected
Director	Shih-Mei Lin	10	10	0	100%	112.6.9 elected
Independent Director	Min-Chiu Chien	10	10	0	100%	112.6.9 elected
Independent Director	Edgar Y. Chen	10	10	0	100%	112.6.9 elected
Independent Director	Yung-Ming Shiu	10	10	0	100%	112.6.9 Reelected

The attendance of independent Directors of the Board in 2023

◎: attended in person ☆ proxy ttendance ＊: absent

Sequence / Independent Director	7-39	7-40	7-41	7-42	7-43	8-01	8-02	8-03	8-04	8-05	8-06	8-07	8-08	8-09	8-10
Yung-Ming Shiu	◎	◎	◎	◎	◎	◎	◎	◎	◎	◎	◎	◎	◎	◎	◎
Chi-Ming Wu	◎	◎	◎	◎	◎										
Mei-Hwa Lin	◎	◎	◎	◎	◎										
Min-Chiu Chien						◎	◎	◎	◎	◎	◎	◎	◎	◎	◎
Edgar Y. Chen						◎	◎	◎	◎	◎	◎	◎	◎	◎	◎

Other matters that shall be recorded:

I. Where the proceedings of the board meeting include one of the following circumstances, then describe the date, session, topic discussed, opinions of every Independent Director, and their handling by the Company:

(I) Matters set forth in Article 14-3 of Securities and Exchange Act: The Company establishes an Audit Committee, which is subject to the provisions set forth in Article 14-5 of the Securities and Exchange Act. As such, Article 14-3 of the same Act is not applicable. Please refer to the operation status of the Audit Committee for the matters set forth in Article 14-5 of the Securities and Exchange Act.

(II) In addition to the aforementioned matters, any other resolutions from the Board meetings where an Independent Director expressed a dissenting or qualified opinion that have been recorded or stated in writing:

a. "Election of company Chairman" was held during the 1st meeting of the 8th board of directors dated June 9, 2023. Independent Director Yung-Ming Shiu verbally expressed to abstain from voting, whereas the remaining 9 out of 10 directors present at the meeting voted with a raise of hands (the chair did not participate in the vote), and the motion was passed as proposed with the support of more than two-thirds of attending directors. (Company handling circumstances: The independent director abstains from the board and releases material information in accordance with regulations.)

b. During the 10th meeting of the 8th board of directors dated December 27, 2023, the board continued to discuss "The issuance of common shares for cash proposed at the 5th meeting of the 8 board of directors, and the timing and details of capital injection into the life insurance subsidiary." Independent Director Yung-Ming Shiu expressed support for this motion but had reservations about the final resolution, and recommended that the Company should devise a timeline for the cash issue as soon as possible. Director Olivia Wu and Director Tseng-Chang Lee expressed concurrence with the opinions of Independent Director Yung-Ming Shiu, whereas Director Tun-Jen Lin abstained due to absence, and the 11 remaining directors expressed support to the motion. (Company's response: An announcement of material information was made given that an independent director had expressed reservation during board of directors meeting.)

II. The execution of recusal of Directors on proposals featuring conflicts of interests shall specify the names of Directors, proposal content, reason of recusal, and status of voting participation:

Board of Directors Date / Sequence	Name of Director	Proposal Content	Reason for Recusal	Participation in Voting
January 13, 2023 The 39th meeting of the 7th Board	Director,Yung-Ming Shiu Independent Director,Chi-Ming Wu Independent Director,Mei-Hwa Lin	Compensation for Independent Directors of the Company	Being a party concerned, or a stakeholder with the proposals.	Not participated in discussions and voting
January 13, 2023 The 39th meeting of the 7th Board	Chairman,Victor Hsu Director,Hsin-Tung Wu	2022 performance bonus proposal for the Company's Chairman and President	Being a party concerned, or a stakeholder with the proposals.	Not participated in discussions and voting
January 13, 2023 The 39th meeting of the 7th Board	Chairman,Victor Hsu Director,Hsin-Tung Wu	Allocation of 2022 long-term incentives and release conditions for Chairman and President of the Company	Being a party concerned, or a stakeholder with the proposals.	Not participated in discussions and voting
January 13, 2023 The 39th meeting of the 7th Board	Chairman,Victor Hsu Director,Tung-Ming Wu Director,Po-Han Lin Director,Michael Hung Director,Yun-Wan Yeh Director,Hsin-Ta Wu Director,Benson Wu Director,Hsin-Tung Wu Director,Tseng-Chang Lee Director,Te-Cheng Chiu Director,Chi-Ming Su Director, Po-Tseng Pan	Spring festival bonus for Directors (excluding Independent Directors) of the Company for 2023	Being a party concerned, or a stakeholder with the proposals.	Not participated in discussions and voting
March 28, 2023 The 41th meeting of the 7th Board	Director,Hsin-Tung Wu	Distribution of employee compensation for 2022	Being a party concerned, or a stakeholder with the proposals.	Not participated in discussions and voting
March 28, 2023 The 41th meeting of the 7th Board	Chairman,Victor Hsu Director,Tseng-Chang Lee Director,Hsin-Tung Wu	Amendments to Annual Performance Bonus Payment Policy for Senior Executives of the Company	Being a party concerned, or a stakeholder with the proposals.	Not participated in discussions and voting
March 28, 2023 The 41th meeting of the 7th Board	Chairman,Victor Hsu Director,Tseng-Chang Lee Director,Hsin-Tung Wu	Amendments to the "Long-term Incentive Bonus for Senior Executives" of the Company.	Being a party concerned, or a stakeholder with the proposals.	Not participated in discussions and voting

Board of Directors Date / Sequence	Name of Director	Proposal Content	Reason for Recusal	Participation in Voting
March 28, 2023 The 41th meeting of the 7th Board	Chairman,Victor Hsu Director,Tseng-Chang Lee Director,Hsin-Tung Wu	Allocation of 2022 long-term incentives and release conditions for Chairman and President of the Company	Being a party concerned, or a stakeholder with the proposals.	Not participated in discussions and voting
March 28, 2023 The 41th meeting of the 7th Board	Chairman,Victor Hsu Director,Tung-Ming Wu Director,Po-Han Lin Director,Michael Hung Director,Yun-Wan Yeh Director,Hsin-Ta Wu Director,Benson Wu Director,Hsin-Tung Wu Director,Tseng-Chang Lee Director,Te-Cheng Chiu Director,Chi-Ming Su Director, Po-Tseng Pan	Distribution of director remuneration for 2022	Being a party concerned, or a stakeholder with the proposals.	Not participated in discussions and voting
May 23, 2023 The 43th meeting of the 7th Board	Chairman,Victor Hsu Director,Tseng-Chang Lee Director,Hsin-Tung Wu	Allocation of 2022 long-term incentives and release conditions for Chairman and President of the Company	Being a party concerned, or a stakeholder with the proposals.	Not participated in discussions and voting
May 23, 2023 The 43th meeting of the 7th Board	Chairman,Victor Hsu Director,Tseng-Chang Lee Director,Hsin-Tung Wu	Amendments to the "Long-term Incentive Bonus for Senior Executives" of the Company.	Being a party concerned, or a stakeholder with the proposals.	Not participated in discussions and voting
July 7, 2023 The 3th meeting of the 8th Board	Independent Director,Edgar Y. Chen Independent Director,Min-Chiu Chien Director,Yung-Ming Shiu	Compensation for Independent Directors of the Company	Being a party concerned, or a stakeholder with the proposals.	Not participated in discussions and voting
July 7, 2023 The 3th meeting of the 8th Board	Chairman,Hwai-Chou Chen Vice Chairman,Tung-Ming Wu Director,Olivia Wu Director,Tseng-Chang Lee Director,Hui-Min Lai Director,Tun-Jen Lin Director,Michael Hung Director,Hsin-Chang Wu Director,Mark Wei Director,Benson Wu Director,Shih-Mei Lin	Compensation for Directors of the Company	Being a party concerned, or a stakeholder with the proposals.	Not participated in discussions and voting

Board of Directors Date / Sequence	Name of Director	Proposal Content	Reason for Recusal	Participation in Voting
	Director,Chun-Hong Chen			
July 7, 2023 The 3th meeting of the 8th Board	Chairman,Hwai-Chou Chen	Compensation for Chairman of the Company	Being a party concerned, or a stakeholder with the proposals.	Not participated in discussions and voting
July 7, 2023 The 3th meeting of the 8th Board	Vice Chairman,Tung-Ming Wu	Compensation for Vice Chairman of the Company	Being a party concerned, or a stakeholder with the proposals.	Not participated in discussions and voting
August 4, 2023 The 4th meeting of the 8th Board	Vice Chairman,Tung-Ming Wu Director,Olivia Wu Director,Tseng-Chang Lee Director,Hui-Min Lai Director,Tun-Jen Lin Director,Michael Hung Director,Mark Wei Director,Benson Wu Director,Hsin-Chang Wu	Distribution of director remuneration for 2022	Being a party concerned, or a stakeholder with the proposals.	Not participated in discussions and voting
September 28, 2023 The 6th meeting of the 8th Board	Director,Mark Wei Director,Michael Hung Director,Benson Wu Director,Hsin-Ta Wu Independent Director,Min-Chiu Chien	The Company intends to lease part of the office premises in Shin Kong Life Tower from Shin Kong Life Insurance Co., Ltd. for business needs	Being a party concerned, or a stakeholder with the proposals.	Not participated in discussions and voting
November 28, 2023 The 8th meeting of the 8th Board	Director,Hsin-Ta Wu	The Company renews business credit card of its subsidiary Shin Kong Bank Co., Ltd	Being a party concerned, or a stakeholder with the proposals.	Not participated in discussions and voting
November 28, 2023 The 8th meeting of the 8th Board	Chairman,Hwai-Chou Chen Vice Chairman,Tung-Ming Wu	Planning for 2023 performance bonus of the Company	Being a party concerned, or a stakeholder with the proposals.	Not participated in discussions and voting

III. **A listed financial holding company should disclose information such as the evaluation interval, period, scope, method, and content of the Board's self (or peer) assessment. Please refer to the following table for the assessment of the Board:**

Type	Interval	Period	Scope	Method	Content
Internal Evaluation on the Performance of the Board and the Functional Committees	Performed once a year	January 1 to December 31, 2023	Including performance evaluation of the Board, individual Directors, and functional committees	The internal self-evaluation of the Board, the self-evaluation of Directors, and the self-evaluation of functional committees were all conducted in the form of questionnaires. Qualitative indicators are filled out by Directors or members of functional committees and all quantitative indicators are filled out by related meeting organization units.	(1) The performance evaluation of the Board includes 5 major aspects (18 qualitative indicators, 18 quantitative indicators, a total of 36 indicators, 2 of which are bonus / minus questions): Degree of participation in the Company's operations; Improvement in the decision quality of board; Composition and structure of the Board of Directors; Election and continuing education of Directors; Internal controls. (2) The performance evaluation items of Directors include 6 aspects (19 qualitative indicators, 6 quantitative indicators, and a total of 25 indicators): Grasp of the goals and missions of the Company; Recognition of the duties of Directors; Degree of participation in the Company's operations; Management of internal relations and communication; Professional and continuing education of Directors; Internal controls. (3) The performance evaluation of the functional committee includes five major aspects (11 qualitative indicators, 10 quantitative indicators, a total of 21 indicators): Degree of participation in the Company's operations; Recognition of the duties of the functional committee; Improvement in decision quality of the functional committee; Composition and election of the functional committee members; Internal controls.
External Evaluation on the Performance of the Board	Performs every three years	January 1 to December 31, 2023	Including performance evaluation of the Board, and individual Directors.	The evaluation work was entrusted to Taiwan Institute of Ethical Business and Forensics, who conducted their work by asking Directors to fill out a questionnaire and interview them.	The evaluation work comprises four dimensions (24 indicators): Board function, Board decision-making efficiency, Board’s valuation and supervision of internal control, and the Board’s attitude to sustainable management and corporate social responsibility.

Description:

（1） To implement corporate governance and improve the operation efficiency of the Board, the Board of the Company approved the “Regulations Governing Performance Assessment for the Board” on September 28, 2018 in accordance with Article 37 of Corporate Governance Best Practice Principles for TWSE / TPEx Listed Companies and template stipulated by the TWSE. External evaluation will be conducted at least once every three years. The Regulations was later amended on November 26, 2019 and renamed "Regulations on Board and Functional Committee Performance Evaluation", which not only includes functional committees in the evaluation, but also separates assessment items into qualitative and quantitative indicators. The former is to be filled in by Directors or committee members. The latter is uniformly filled in by the relevant meeting units; in addition, the evaluation levels have also been unified to five levels, namely "strongly agree", "agree", "neutral", "disagree", and "strongly disagree", so that the performance evaluation of the Board and functional committees is more specific and quantitative. Evaluation items are stated as follows: (1) The performance evaluation of the Board includes 5 major aspects (18 qualitative indicators, 18 quantitative indicators, a total of 36 indicators, 2 of which are bonus / minus questions): Degree of participation in the Company's operations; Improvement in the decision quality of board; Composition and structure of the Board of Directors; Election and continuing education of Directors; Internal controls. (2) The performance evaluation items of Directors include 6 aspects (19 qualitative indicators, 6 quantitative indicators, and a total of 25 indicators): Grasp of the goals and missions of the Company; Recognition of the duties of Directors; Degree of participation in the Company's operations; Management of internal relations and communication; Professional and continuing education of Directors; Internal controls. (3) The performance evaluation of the functional committee includes five major aspects (11 qualitative indicators, 10 quantitative indicators, a total of 21 indicators): Degree of participation in the Company's operations; Recognition of the duties of the functional committee; Improvement in decision quality of the functional committee; Composition and election of the functional committee members; Internal controls.

（2） Results of the Evaluation on the Performance of the Board and the Various Functional Committees

a. Period: January 1 to December 31, 2023.

b. Evaluation method: The internal self-evaluation of the Board, the self-evaluation of Directors, and the self-evaluation of functional committees were all conducted in the form of questionnaires. Qualitative indicators are filled out by Directors or members of functional committees and all quantitative indicators are filled out by related meeting organization units.

c. Execution unit:

(a)Internal Evaluation on the Performance of the Board: Board of Directors meeting unit (secretary of the Board).

(b)Internal performance evaluation of functional committees: The agenda working group of each functional committee (Audit Committee - Secretarial Department; Remuneration

Committee - Human Resources Department; Corporate Sustainability Committee - Sustainable Development Department)

d. Evaluation result:

Results of internal evaluation on the performance of the Board and various functional committees: The self-evaluation of the performance of the Board is rated 4.8 points; self-evaluation of the performance of individual Directors is rated 4.7 points, and self-evaluation of the average performance of functional committees is 4.9 points. Those grades fall into the "Excellent" category (5 to 4.6 points) as defined by the Company's Regulations on Board and Functional Committee Performance Evaluation. The evaluation results for each dimension are as follows:

(a)Board internal performance self-evaluation:

Evaluation category (indicator quantity as a percentage) (Note)	Score	Rating
A. Degree of participation in the Company's operations (26.5%)	4.6 points	Excellent
B. Improvement in the decision quality of board (32.4%)	4.6 points	Excellent
C. Composition and structure of the Board of Directors (8.8%)	4.9 points	Excellent
D. Election and continuing education of Directors (14.7%)	4.9 points	Excellent
E. Internal controls (17.6%)	4.9 points	Excellent
Comprehensive performance score (sum of scores for each item/number of items)	4.8 points	Excellent

Note: Excluding 2 bonus/minus questions.

(b)Self-evaluation of the performance of individual Directors:

Evaluation category (indicator quantity as a percentage)	Score	Rating
A. Grasp of the goals and missions of the Company (12%)	4.8 points	Excellent
B. Recognition of the duties of Directors (16%)	4.9 points	Excellent
C. Degree of participation in the Company's operations (32%)	4.4 points	Good
D. Management of internal relations and communication (8%)	4.7 points	Excellent
E. Professional and continuing education of Directors (20%)	4.9 points	Excellent
F. Internal controls (12%)	4.9 points	Excellent
Comprehensive performance score (sum of scores for each item/number of items)	4.7 points	Excellent

(c)Self-evaluation of the performance of functional committees:

Evaluation category (indicator quantity as a percentage)	Audit Committee	Remuneration Committee	Corporate Social Responsibility Committee	Average Score	Rating
A. Degree of participation in the Company's operations (19.0%)	5.0 points	5.0 points	4.8 points	4.9 points	Excellent
B. Recognition of the duties of the functional committee (33.3%)	4.9 points	4.9 points	4.8 points	4.9 points	Excellent
C. Improvement in decision quality of the functional committee (23.8%)	5.0 points	5.0 points	5.0 points	5.0 points	Excellent
D. Composition and election of the functional committee members (9.5%)	5.0 points	5.0 points	4.8 points	4.9 points	Excellent

Evaluation category (indicator quantity as a percentage)	Audit Committee	Remuneration Committee	Corporate Social Responsibility Committee	Average Score	Rating
E. Internal controls (14.3%)	4.8 points	N/A	N/A	4.8 points	Excellent
Comprehensive performance score (sum of scores for each item/number of items)	5.0 points	5.0 points	4.8 points	4.9 points	Excellent

(d)Overall review: In 2023, Evaluation on the Performance of the Board and the Various Functional Committees concluded an “Excellence” rating and the overall functioning of the Board and functional committees remains good. Below is an explanation to the low-scoring aspects, including the causes and improvements or suggested actions/solutions:

① Board internal performance assessment:

Average score for various aspects was between 4.6 and 4.9. For the aspect - "Improvement in the decision quality of the Board," the board scored only 2.0 on the quantitative indicator - "Discussions submitted by the Company to the Board of Directors for resolution were appropriate"; this was mainly due to the fact that a total of 95 proposals were discussed this year and 8 proposals were withdrawn. The Company should improve the quality of its proposals as well as the accompanying descriptions.

② Performance assessment of individual directors:

Individual directors scored an average of 4.4-4.9 points across various aspects. Score for the aspect - “Degree of participation in the Company's operations” was relatively low due to one particular quantitative indicator, namely “The Director does not serve concurrently as Director or Supervisor of multiple companies,” which averaged a score of only 2.8 points as 5 of the Company's directors assumed concurrent duties in 10 or more companies (representing 41% of board seats), 2 assumed concurrent duties in 6-7 companies (representing 17% of board seats), 3 assumed concurrent duties in 4-5 companies (representing 25% of board seats), and 2 assumed concurrent duties in 3 companies or less (representing 17% of board seats). Nonetheless, the number of companies in which the Company’s directors had served concurrent duties still complied with the limits specified in Corporate Governance Best Practice Principles for Financial Holding Companies and Regulations Governing Qualification Requirements for the Founder or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company. In addition, the board held a total of 15 meetings during the year, which was 375% the frequency stipulated by laws, and the directors averaged a 94% attendance rate. Given the level of directors' participation in the Company’s operations, the board was deemed able to function properly.

③ Assessment of functional committee performance:

Scores averaged 4.8-5.0 across various aspects, and there was no aspect that scored particularly low. The Company’s functional committee comprises the Audit Committee, Remuneration Committee, and Corporate Sustainability Committee, which separately scores 5.0 points, 5.0 points, and 4.8 points, suggesting an “Excellent” level of evaluation, as well as good functioning.

The results of the performance evaluation of the Board and functional committees of the Company in 2023 were completed at the end of December 2023, and the report was submitted to the Board in January 2024.

Board external performance assessment:

External evaluation on the performance of the Board for year 2023 was entrusted to "Taiwan Institute of Ethical Business." This institute and its experts have no business relationship with the Company and are independent. The institution conducted evaluations by means of questionnaire and on-site interviews. The evaluation covered four main aspects: Board function, Board decision-making efficiency, Board’s valuation and supervision of internal control, and the

Board’s attitude to sustainability management. Based on its observations, the institute offered a conclusion along with optimization advices and a formal evaluation report. The questionnaire was designed using assessment indicators for the four main aspects mentioned above, and was distributed to each director to gather opinions on how the board had functioned. The institute also interviewed directors using a series of open-ended questions to learn their thoughts and expectations about how the board should function, given the Company's distinctive characteristics. Based on the above assessments, the institute has provided the board of directors with objective recommendations on ways to optimize, for which the Company will explore and execute improvement measures accordingly to further enhance board function and strengthen corporate governance. The aforementioned external performance evaluation report was presented to the Board in January 2024. Recommendations for optimization:

Item No.	Recommendations of the evaluation report	The Company's Anticipated Improvement Measures
1	Enhance diversity of board members.	The Company will follow the institute's recommendations and take gender equality into consideration when nominating director candidates, so that diverse perspectives can be gathered from directors of different backgrounds to address financial inclusion, gender equality, and other sustainability-related issues.
2	Suggestion to increase the percentage of independent directors and evaluate suitable independent director candidates ahead of time.	The Company will follow the institute's recommendations and proceed in alignment with the timeline of FSC's "Corporate Governance 3.0 - Sustainable Development Roadmap" and in accordance with Paragraph 3, Article 4 of "Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers" by increasing the percentage of independent directors on board and evaluating suitable candidates ahead of time, and thereby enhance the board's supervisory function.
3	Suggestion to assemble a Nomination Committee and establish director nomination system for the entire group to help build up a talent base for potential directors.	The Company will follow the institute's recommendations and set up a Nomination Committee in alignment with the timeline of FSC's "Corporate Governance 3.0 - Sustainable Development Roadmap" to support election of company directors.
4	Encouragement for managers' accountability and enhancement of communication between the management team and directors beforehand.	The Company will follow the institute's recommendations and require managers and department heads to evaluate whether it is necessary to communicate with board members prior to a board meeting about the motions they are responsible for, so that motions can be discussed during board meetings with better focus.
5	Survey directors' needs for ongoing education and introduce a broader variety of courses.	The Company will follow the institute's recommendations and survey directors' needs for ongoing education while at the same time introduce a broader variety of courses that cover business activities of the financial holding company and subsidiaries as well as future industry trends, and thereby improve directors' understanding of the various industries the Company is involved in.

IV. The goal of enhancing functions of the Board of current year and previous year (i.e. establish Audit Committee and improve information transparency) and the description of implementation:

(1) The Company has 3 independent Directors in accordance with Article 14-2 of Securities and Exchange Act

(2) The Company has established an Audit Committee, which is composed of all independent Directors. The purpose of this Committee is to assist the Board in improving the performance of corporate governance. The members of the Committee have expertise in finance, risk management, accounting and financial management, and the exercise of their responsibilities has been well displayed.

(3) In order to improve corporate governance and strengthen the functions of the Board of Directors, the Company has set up the Remuneration Committee, composed of three Independent Directors of the Company to assist the Board of Directors in formulating and regularly reviewing the performance evaluation of Directors and managers, as well as the remuneration policies, systems, standards and structure. Also, the Company has set up own Corporate Sustainability Committee, composed of at least three Directors, more than half of whom are Independent Directors, to supervise and manage the overall corporate sustainability operations of the Company and its subsidiaries, and regularly report implementation results and advocacy results to the Board of Directors.

(4) Since June 1, 2009, the Company has insured “Liability Insurance for Director, Supervisors, and Important Employees” for liabilities when performing duties in the terms as Directors, supervisors and important employees of the Company and its subsidiaries. The Company also reviews the policy on a regular basis in order to lower the risks of Directors, supervisors, important employees and the Company and to establish optimized corporate governance mechanism.

(II)Operations of the Audit Committee:

The term of the 3rd Audit Committee: June 19, 2020 to June 8, 2023. In the most recent year (January 1, 2023 to June 8, 2023) the Audit Committee met 7 times (A), and the attendance of independent directors is as follows:

Title	Name	Number of actual attendance (B)	Attendance by Proxy	Percentage of actual attendance (B/A)(Note)	Remarks
Independent Director (Convener)	Yung-Ming Shiu	7	0	100%	-
Independent Director	Mei-Hwa Lin	7	0	100%	-
Independent Director	Chi-Ming Wu	7	0	100%	-

The term of the 4th Audit Committee: June 9, 2023 to June 8, 2026. In the most recent year (June 9, 2023 to December 31, 2023) the Audit Committee met 9 times (A), and the attendance of independent directors is as follows:

Title	Name	Number of actual attendance (B)	Attendance by Proxy	Percentage of actual attendance (B/A)(Note)	Remarks
Independent Director (Convener)	Min-Chiu Chien	8	1	89%	Newly-elected (Reelected on June 9, 2023)
Independent Director	Yen-Hsi Chen	9	0	100%	Newly-elected (Reelected on June 9, 2023)
Independent Director	Yung-Ming Shiu	9	0	100%	Reelected (Reelected on June 9, 2023)

The Audit Committee of the Company is composed of 3 Independent Directors. The purpose of this Committee is to assist the Board of the Company in performing the supervision on the quality and integrity in accounting, auditing, financial statement procedure and financial control. 16 meetings were held in 2023, and the issues considered by the Audit Committee mainly include:

1. Amend the internal control system of the Company in accordance with Article 14-1 of the Securities and Exchange Act.
2. Evaluation on the effectiveness of internal control system.
3. Formulate or amend the action procedure for the material financial business behaviors involving the acquisition or disposal of assets and engagement in derivative trading in accordance with Article 36-1 of the Securities and

Exchange Act.

4.Affair involving personal interests of directors.

5.Major asset or derivative transactions.

6.Offering, issuance or private placement of negotiable securities featuring equity.

7.Appointment, dismissal or remuneration to certifying CPA.

8.Annual financial statement and semiannual financial statement.

9.Other affairs specified by the Company or regulators.

● Review of financial statements

The Board prepared 2022 Business Report, Consolidated Financial Statements and Earnings Distribution Proposal of the Company. The Consolidated Financial Statements have been audited by CPA Wang-Seng Lin and Jr-Shian Ke of Deloitte & Touche Tohmatsu Limited, who issued an audit report. The Audit Committee reviewed the submitted Business Report, Consolidated Financial Statements, and earnings distributions proposal and believed them to be proper. The Audit Committee then approved the said documents and, as required, issued the Audit Committee Report on February 22, 2023 and submitted the same to the 2023 Shareholders' Meeting.

● Evaluate the effectiveness of internal control system

The Audit Committee assessed that the Bank had established internal control policies and exercised risk management in accordance with the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries." These policies and practices were also inspected by an independent Audit Division, reported regularly to the board of directors and supervisors, and an internal control system report for the current year has been issued. Except for the matters listed in the table attached to the internal control system statement, the various units were able to effectively implement internal control and legal compliance this year.

● Appointment of CPA

The Audit Committee is held responsible for supervising the independence of the accounting firm of CPAs to ensure the integrity of financial statement. CPAs shall be granted the approval by the Audit Committee before providing audit service.

To ensure the independence of accounting firm of CPAs, the Audit Committee carefully examines matters, including financial interests, financing and guarantee, close business relationship with the Company, hired by or serving positions of the Company, non-audit business, and other matters that may affect the independence of CPAs, in order to assess the independence of CPAs and their professional and competence based on their audit experience and seniority. The 51st session of the 3rd Audit Committee meeting dated March 24, 2023 and the 41st session of the 7th board of directors meeting dated March 28, 2023 have reviewed and found that both CPA Wang-Seng Lin and CPA Jr-Shian Ke of Deloitte & Touche meet the independence and

competency assessment standards, and are professionally competent to serve as the Company's financial and tax CPAs.

*Other matters that shall be recorded:

I. With regard to the implementation of the Audit Committee, if any of the following circumstances occur, the dates, terms of the meetings, contents of motions, contents of dissenting opinions, qualified opinions or material suggestions of the Independent Directors, the Audit Committee's resolutions, and the Company's handling of such resolutions shall be specified:

(I) Affairs listed in Article 14-5 of the Securities and Exchange Act and other resolutions passed by two-thirds of all Directors but without approval of the Audit Committee

Audit Committee Date/Sequence	**Content of Motion and Follow-up Actions**	**Resolutions passed by 2/3 of all Directors, but without approval of the Audit Committee.**
February 22, 2023 The 50th meeting of the 3rd term	Presentation of the Company's 2022 consolidated financial statements.	×
	Independent Directors' dissenting opinions, qualified opinions, or material suggestions: None.	
	Audit Committee Resolution: Approved as proposed.	
	The Company's reaction to the opinions of Audit Committee: Presented for review during the Board meeting on February 24, 2023, and approved as proposed.	
March 24, 2023 The 51st meeting of the 3rd term	1. "Assessment of the Effectiveness of Internal Control System" and "Declaration of Internal Control System" for 2022.	×
	2. The appointment of the CPA for the Company's financial statements and its auditing fees.	×
	3. In response to strategic development and operational growth, the Company plans to raise long-term capital.	×
	4. The Company's 6th domestic unsecured convertible corporate bond issue.	×
	Independent Directors' dissenting opinions, qualified opinions, or material suggestions: None.	
	Audit Committee Resolution: Approved as proposed.	
	The Company's reaction to the opinions of Audit Committee: Presented for review during the Board meeting on March 28, 2023, and approved as proposed.	
April 17, 2023 The 52nd meeting of the	1. Amend the Company's "Internal Control System".	×
	2. The Company's earnings distribution proposal and business report for 2022.	×

Audit Committee Date/Sequence	Content of Motion and Follow-up Actions	Resolutions passed by 2/3 of all Directors, but without approval of the Audit Committee.
3rd term	Independent Directors' dissenting opinions, qualified opinions, or material suggestions: None.	
	Audit Committee Resolution: Approved as proposed.	
	The Company's reaction to the opinions of Audit Committee: Presented for review during the Board meeting on April 25, 2023, and approved as proposed.	
May 19, 2023 The 54th meeting of the 3rd term	Presentation of the Company's 2023 first-quarter consolidated financial statements.	×
	Independent Directors' dissenting opinions, qualified opinions, or material suggestions: None.	
	Audit Committee Resolution: Approved as proposed.	
	The Company's reaction to the opinions of Audit Committee: Presented for review during the Board meeting on May 23, 2023, and approved as proposed.	
June 20, 2023 The 1st meeting of the 4th term	Proposal to authorize the Chairman for the signing of industry-academia collaboration and academic reward contract with National Chengchi University.	×
	Independent Directors' dissenting opinions, qualified opinions, or material suggestions: None.	
	Audit Committee Resolution: Independent Director Yung-Ming Shiu held stake in the motion and was required to recuse from discussion and voting. The motion was passed as proposed.	
	The Company's reaction to the opinions of Audit Committee: Presented for review during the Board meeting on June 21, 2023, and approved as proposed.	
June 21, 2023 The 2nd meeting of the 4th term	1. Appointment of members for the Company's 5th Remuneration Committee.	✓
	2. Appointment of members for the Company's 3rd Corporate Sustainability Committee.	✓
	3. Appointment of members for the 21st Board of Directors (including Independent Directors) for subsidiary - Shin Kong Life Insurance Co., Ltd.	×
	Independent Directors' dissenting opinions, qualified opinions, or material suggestions: Motions 1 to 2: All of the Independent Directors held stake in the motion and were required to recuse from discussion and voting. The motions were referred to the Board of Directors for deliberation. Motion 3: Independent Director Min-Chiu Chien held stake in the motion and was required to recuse from discussion and voting. The motion was passed	

Audit Committee Date/Sequence	Content of Motion and Follow-up Actions	Resolutions passed by 2/3 of all Directors, but without approval of the Audit Committee.
	as proposed.	
	The Company's reaction to the opinions of Audit Committee: Presented for review during the Board meeting on June 21, 2023, and approved as proposed.	
August 28, 2023 The 4th meeting of the 4th term	1. Cash issue of common shares by the Company.	×
	2. Presentation of the Company's 2023 second-quarter consolidated financial statements.	×
	Independent Directors' dissenting opinions, qualified opinions, or material suggestions: None.	
	Audit Committee Resolution: Motion 1: All attending committee members unanimously agreed that: the raise of capital was indeed necessary for the purpose of meeting capital adequacy requirements; however, with regards to the calculation of capital adequacy ratio for the life insurance subsidiary, the Company and the life insurance subsidiary should communicate with the authority about adding real estate gains reserve and mortality loss reserve into eligible capital before proceeding with further discussion. Proposal 2: Approved as proposed.	
	The Company's reaction to the opinions of Audit Committee: Presented for review during the Board meeting on August 28, 2023 Motion 1: All attending directors agreed that: the raise of capital was indeed necessary for the purpose of meeting capital adequacy requirements; however, with regards to the calculation of capital adequacy ratio for the life insurance subsidiary, the Company and the life insurance subsidiary should communicate with the authority about adding real estate gains reserve and mortality loss reserve into eligible capital before proceeding with further discussion. Proposal 2: Approved as proposed.	
September 27, 2023 The 5th meeting of the 4th term	The Company intends to lease part of the office premises in Shin Kong Life Tower from Shin Kong Life Insurance Co., Ltd. for business needs.	×
	Independent Directors' dissenting opinions, qualified opinions, or material suggestions: None.	
	Audit Committee Resolution: Independent Director Min-Chiu Chien held stake in the motion and was required to recuse from discussion and voting. The motion was passed as proposed.	
	The Company's reaction to the opinions of Audit Committee: Presented for review during the Board meeting on September 28, 2023, and approved as proposed.	

Audit Committee Date/Sequence	Content of Motion and Follow-up Actions	Resolutions passed by 2/3 of all Directors, but without approval of the Audit Committee.
October 30, 2023 The 6th meeting of the 4th term	1. Issuance of new shares for the conversion of the 6th domestic unsecured convertible corporate bonds issued in 2023.	×
	2. Changes to the Company's organization and personnel of assistant vice president grade and above (internal audit officer) for operational requirements.	×
	Independent Directors' dissenting opinions, qualified opinions, or material suggestions: None.	
	Audit Committee Resolution: Motion 1: Approved as proposed. Motion 2: Approved as amended.	
	The Company's reaction to the opinions of Audit Committee: Presented for review during the Board meeting on October 31, 2023, and approved as proposed.	
November 27, 2023 The 7th meeting of the 4th term	Presentation of the Company's 2023 third-quarter consolidated financial statements.	×
	Independent Directors' dissenting opinions, qualified opinions, or material suggestions: None.	
	Audit Committee Resolution: Approved as proposed.	
	The Company's reaction to the opinions of Audit Committee: Presented for review during the Board meeting on November 28, 2023, and approved as proposed.	
December 6, 2023 The 8th meeting of the 4th term	The Company's investment limit for the common shares of subsidiary - Shin Kong Life Insurance Co., Ltd. to be set at NT$1.5 billion.	×
	Independent Directors' dissenting opinions, qualified opinions, or material suggestions: None.	
	Audit Committee Resolution: Approved as proposed.	
	The Company's reaction to the opinions of Audit Committee: Presented for review during the Board meeting on December 6, 2023, and approved as proposed.	
December 26, 2023 The 9th meeting of the 4th term	Proposal of the Company’s 2024 internal audit plan.	×
	Independent Directors' dissenting opinions, qualified opinions, or material suggestions: None.	
	Audit Committee Resolution: Approved as proposed.	
	The Company's reaction to the opinions of Audit Committee: Presented for review during the Board meeting on December 27, 2023, and approved as proposed.	

II. The execution of recusal of independent Directors on proposals featuring conflict of interests shall specify the names of independent Directors, proposal content, reason of recusal, and status of voting participation:

Audit Committee Date / Sequence	Name of Director	Proposal Content	Reason for Recusal	Participation in Voting
June 20, 2023 The 1st meeting of the 4th term	Independent Director Yung-Ming Shiu	Proposal to authorize the Chairman for the signing of industry-academia collaboration and academic reward contract with National Chengchi University	Being a party concerned, or a stakeholder with the Independent Director.	Not participated in discussions and voting
June 21, 2023 The 2nd meeting of the 4th term	Independent Director Min-Chiu Chien Independent Director Yen-Hsi Chen Independent Director, Yung-Ming Shiu	Appointment of members for the Company's 5th Remuneration Committee	Being a party concerned, or a stakeholder with the Independent Director.	Not participated in discussions and voting
June 21, 2023 The 2nd meeting of the 4th term	Independent Director Min-Chiu Chien Independent Director Yen-Hsi Chen Independent Director, Yung-Ming Shiu	Appointment of members for the Company's 3rd Corporate Sustainability Committee	Being a party concerned, or a stakeholder with the Independent Director.	Not participated in discussions and voting
June 21, 2023 The 2nd meeting of the 4th term	Independent Director Min-Chiu Chien	Appointment of members for the 21st Board of Directors (including Independent Directors) for subsidiary - Shin Kong Life Insurance Co., Ltd.	Being a party concerned, or a stakeholder with the Independent Director.	Not participated in discussions and voting
September 27, 2023 The 5th meeting of the 4th term	Independent Director Min-Chiu Chien	The Company intends to lease part of the office premises in Shin Kong Life Tower from Shin Kong Life Insurance Co., Ltd. for business needs	Being a party concerned, or a stakeholder with the Independent Director.	Not participated in discussions and voting

(III) Supervisors' participation in Board meetings**:**

Supervisors' participation in Board meetings: The Company assembled the Audit Committee to replace supervisors on June 20, 2014.

(IV) Disclosures required under Corporate Governance Best-Practice Principles for Financial Holding Companies:

URL as follows : https://www.skfh.com.tw

(V) The state of the company's implementation of corporate governance, any variance from the Corporate Governance Best-Practice Principles for Financial Holding Companies, and the reason for any such variance:

Items Assessed	Implementation Status (Note 1)			Deviation from the Corporate Governance Best-Practice Principles for Financial Holding Companies, and the Reasons Therefor
	Yes	No	Summary Description	
I. Shareholding structure and shareholders' equity of financial holding companies			I.	
(I) Does the financial holding company establish internal operating procedures to handle shareholders' suggestions, doubts, and disputes and litigation matters with shareholders, and implement them accordingly?	V		(I) The Company keeps in place the spokesperson, the investor relations service window and the share agent and discloses the contact information on the Company's website. The shareholders can express opinions on the phone or by email. The Company also requires the corresponding responsible unit to properly deal with the suggestions, doubts, disputes, litigations and other affairs related to the shareholders.	No significant deviation was found.
(II) Does the financial holding company have a list of the major shareholders who actually control the financial holding company, as well as the list of the ultimate controllers of said major shareholders?	V		(II) The Company reports the major shareholders' shareholding changes every month, as required by the law, and checks whether the shareholding information is consistent with the information in the Shareholder Register at the book closure date, so as to keep track of the shareholding percentage of major shareholders all the time.	No significant deviation was found.
(III) Does the financial holding company establish a risk control mechanism and a	V		(III) 1. The Company has put in place the Risk Management Policy of Shin	No significant

Items Assessed	Implementation Status (Note 1)			Deviation from the Corporate Governance Best-Practice Principles for Financial Holding Companies, and the Reasons Therefor
	Yes	No	Summary Description	
firewall mechanism between herself and her affiliated companies, and implement them accordingly?			Kong Financial Holdings and the Regulations Governing Risk Management of Shin Kong Financial Holdings, two integrated documents by which subsidiaries are abided for consistency purposes, and in accordance with which relevant personnel implement risk control in the investment business and the loan business. 2.The Company focuses on integrated and strategic risk management. For instance, in order to grasp the risk management status and risk exposure, the Company has formulated regulations on controlling the compliance matters, separately taking care of departmental business needs and the various risk categories (such as credit risk, market risk, liquidity risk, large exposure, etc.). 3.Currently, transactions between the parent and its subsidiaries, which are considered transactions with stakeholders, are declared on the website of the competent authority at the stipulated time by consolidating the transaction details sent to the Company by the subsidiaries each quarter. Further, after having consolidated the said transaction details, the Company also examines whether there were any abnormal transactions so as to reduce the risks arising from transaction with stakeholders. At present, the Company and its subsidiaries have established an integrated stakeholder database; in addition, according to the "Self-Regulations Governing Transactions between Quasi-Stakeholders and Shin Kong Financial Holdings and its Subsidiaries", information about new quasi-stakeholders have been incorporated into the database for control purposes. Doing so also allows the various departments of the Company and its subsidiaries to inquire the information of stakeholders and quasi-stakeholders before conducting transactions with them, thereby achieving the goal of proper management.	deviation was found.

Items Assessed	Implementation Status (Note 1)			Deviation from the Corporate Governance Best-Practice Principles for Financial Holding Companies, and the Reasons Therefor
	Yes	No	Summary Description	
			4.To fully control the impact of emergency incidents that the Group will be facing, SKFH has established an emergency incidents reporting mechanism. Where an emergency incident occurs, subsidiaries will be immediately activated to summarize the total exposure position, which will then be submitted to the management for decision-making for the purpose of a swift response. 5.To fully achieve the function of a firewall, the Company has established various internal documents, e.g. Firewall Policy for Shin Kong Financial Holdings and its Subsidiaries, Common Declaration of Shin Kong Financial Holding Co., Ltd. and Subsidiaries on Confidentiality Measures for Customer Information, Regulations Governing Management of Joint Marketing by Shin Kong Financial Holdings and Its Subsidiaries, Joint Statement of Confidentiality Measures of Shin Kong Financial Holdings and Its Subsidiaries, Internal Operating Procedure for Transactions between Departments of Shin Kong Financial Holdings and Stakeholders, and Regulations Governing Transaction of Loans and Transactions Other than Loans between Departments of Shin Kong Financial Holdings and Stakeholders, among others.	
II. The composition and responsibilities of the Board (I) Does the board of directors have a diversity policy and specific management goals?	**V**		II. (I) The Company's Board of Directors members are diverse in areas such as age, industry experience, professional knowledge, and abilities. To strengthen corporate governance and promote the sound development of the composition and structure of the board of directors, Article 31 Item 2 of the Company's "Corporate Governance Best Practice Principles" provides that diversity must be considered when formulating the composition of the board of directors, and an appropriate diversity policy must be formulated according to the Company's operations, operation types, and development needs such as: Basic conditions and values (such as	No significant deviation was found

Items Assessed	Implementation Status (Note 1)			Deviation from the Corporate Governance Best-Practice Principles for Financial Holding Companies, and the Reasons Therefor
	Yes	No	Summary Description	
			gender, age, nationality, culture, etc.), professional knowledge and skills (professional background: law, accounting, industry, finance, marketing, or technology), professional skills, industrial experience, etc. Shin Kong Financial Holding also implements the diversity of the Board members, who are excellent candidates elected in consideration of different professional backgrounds, international foresight, leadership, industrial trend and different genders. Moreover, they are also capable of reviewing the proposals related to Environmental, Social and Governance. The current (8th) Board of Directors of the Company consists of 15 directors, including 12 directors (all of whom are the non-executive directors, accounting for 80% of the total seats) and 3 Independent Directors (accounting for 20% of the total seats). The members of the Board of Directors come from various fields such as finance, commerce, accounting, insurance, economy, risk management and law. With their rich financial experience and various industrial operation expertise, they can implement operation supervision and management, improve the enterprise operation system and protect the rights and interests of investors. In order to implement gender equality and diversification of Board members, female directors account for 26.6% of the Board members this year. The Company will continue to increase the number of female directors in the future. The Board of Directors consists of members with a range of ages, with the average age at 62 years. Among them, 4 directors are above 70 years old, 8 directors are between 50 to 70 years old, and 3 directors are under 50 years old. The company emphasizes the diversity of industry experience among its Board of Directors members. The goal is for each session of the Board to include at least one director with expertise in each of the major subsidiaries' sectors—insurance, banking, and securities. The current Board of Directors meets this diversity objective.	

Items Assessed	Implementation Status (Note 1)			Deviation from the Corporate Governance Best-Practice Principles for Financial Holding Companies, and the Reasons Therefor
	Yes	No	Summary Description	
(II) In addition to setting up a Remuneration Committee and an Audit Committee in accordance with law, does the financial holding company voluntarily establish other types of functional committees?	V		(II) In addition to the establishment of functional committees such as the Remuneration Committee and the Audit Committee as required by law, the Company also set up a Board-level Corporate Sustainability Committee to strengthen the spirit of sustainable development and corporate governance.	No significant deviation was found
(III) Does the financial holding company listed on TWSE or TPEx formulate evaluation regulations and methods to evaluate the Board's performance? Is the performance evaluation conducted annually and regularly? Are the results of the performance evaluation reported to the Board, and used as a reference for Directors' salary and remuneration, and nomination for reelection? (Note 2)	V		(III) To fulfill corporate governance and improve the Board's functions, the Company has, by reference to the template provided by TWSE and Article 37 of the Corporate Governance Best Practice Principles, formulated her "Regulations on Board and Functional Committee Performance Evaluation", which not only includes functional committees in the evaluation, but also separates assessment items into qualitative and quantitative indicators. The former is to be filled in by the Board members or committee members. The latter is uniformly filled in by the relevant meeting units; in addition, the evaluation levels have also been unified to five levels, namely "strongly agree", "agree", "neutral", "disagree", and "strongly disagree", so that the performance evaluation of the Board and functional committees is more specific and quantitative. Evaluation items are stated as follows: (1) The performance evaluation of the Board includes 5 major aspects : Participation level in the operation of the Company; Improving the decision-making quality of the Board; Composition and structure of the Board; Selection and continuous training of Directors and internal control; (2) The performance evaluation items of Directors include 6 aspects: mastery of company goals and tasks, awareness of Directors' duties, participation level in company operations, and management and communication of internal relationships, professional and continuous education of Directors, and internal control; and (3) The performance evaluation of the functional committee includes five major aspects: the degree of participation in the Company's operations, the cognition of the responsibilities of	No significant deviation was found

Items Assessed	Implementation Status (Note 1)			Deviation from the Corporate Governance Best-Practice Principles for Financial Holding Companies, and the Reasons Therefor
	Yes	No	Summary Description	
			the functional committee, the improvement of the quality of the functional committee's decision-making, composition of functional committees and selection of members, and internal control. Additionally, from 2018 onwards, the Company entrusts the performance evaluation work to a third party at least once every three years. In 2023, the Taiwan Institute of Ethical Business and Forensics was entrusted with the performance evaluation of the Board in order to optimize the corporate governance system. The results of the performance evaluation of the Board of the Company are reported to the Board Meetings, and are used as a reference for individual director's remuneration and nomination for reelection. The results of the self-evaluation of the Board and functional committees of the Company in 2023 were completed at the end of December 2023, and the report was submitted to the Board Meeting in January 2024. Internal performance evaluation for 2023: The self-evaluation of the performance of the Board is rated 4.8 points; self-evaluation of the performance of individual Directors is rated 4.7 points, and self-evaluation of the average performance of functional committees is 4.9 points. Those grades fall into the "Excellent" category (between 5 and 4.6 points) as defined by the Company's Regulations on Board and Functional Committee Performance Evaluation; External performance evaluation: By adhering to the advice prescribed on the report of Taiwan Institute of Ethical Business and Forensics so as to improve the Board efficiency. Relevant evaluation methods, implementation process and evaluation results be disclosed on the Company's website and the annual report.	
(IV) Does the financial holding company regularly assess the independence of its CPAs?	**V**		(IV) The company, adhering to the Corporate Governance Best Practice Principles for Financial Holding Companies and referencing Audit Quality Indicators (AQIs), conducts regular annual assessments of the independence and suitability of its	No significant deviation was found

Items Assessed	Implementation Status (Note 1)			Deviation from the Corporate Governance Best-Practice Principles for Financial Holding Companies, and the Reasons Therefor
	Yes	No	Summary Description	
			appointed certifying accountants. Following a review and approval by the Audit Committee on March 24 of 2023, the decision was subsequently ratified by the Board of Directors on March 28 of the same year. Items Assessed Include: 1. Independence Practice Statement presented by CPAs 2. Review CPA resumes 3. Confirm CPAs have not been disciplined or penalized by the regulatory authorities in the past five years. 4. Has no direct or significant indirect financial interest in the Company. 5. Has no financing or guarantee transactions with the Company. 6. Has no close commercial relationships with the Company. 7. CPAs and audit team members do not serve as directors, supervisors, managers, or employees with significant influence on the preparation of the financial statements of the Company. 8. The Company has not engaged the CPAs, their firm, or any affiliated entities to provide short-term staffing services. 9. Has not received gifts or special favors from the Company. 10. Has not provided non-assurance services that could affect independence. 11. Has not appointed the same certifying CPAs for a continuous period of seven years.	
III. Does the financial holding company set up qualified and appropriate number of personnel responsible for corporate governance matters, from whom an executive is designated (those matters include but not limited to providing Directors and Supervisors with the necessary information to perform their duties, assisting	**V**		III. . (I) The Company's Board of Directors approved the establishment of a Corporate Governance Executive position, effective from May 1, 2019. Subsequently, at the 8th session of the Board of Directors on July 7, 2023, it was approved that from July 8 of the same year, the position would be assumed by Chief Legal Officer Shiou-Yu Chang, who has over three years of experience in corporate governance-related affairs.	No significant deviation was found

Items Assessed	Implementation Status (Note 1)			Deviation from the Corporate Governance Best-Practice Principles for Financial Holding Companies, and the Reasons Therefor
	Yes	No	Summary Description	
Directors and supervisors in regulatory compliance, handling matters concerning Board Meetings and Shareholders' Meetings in accordance with law, and producing minutes thereof)?			(II) The main responsibilities of the Company's corporate governance executive include the follows: planning and promoting corporate governance matters; handling matters related to the Board Meetings and Shareholders' Meetings according to law, and producing the minutes thereof; assisting Directors in inauguration and continuing trainings; providing Directors with information regarding corporate operations; assisting directors in complying with laws and regulations; reporting to the Board of Directors on whether the qualifications of independent directors meet legal requirements; handling matters related to changes in directorship, among others. (III) Business highlights for 2022 performed by the corporate governance officer 1.Handle previous change registrations of the Company. 2.Continuously provided materials deemed necessary for the continuous education of members of Board, and hired external lectures to assist them to compete the courses. 3.Uniform assessment and purchase of the liability insurance for directors, supervisors and important employees. 4.Called for the convening of a communication meeting participated by CPAs, Independent Directors, and heads of the audit/finance/accounting departments, so as to implement the internal-audit and internal-control system. For meeting minutes, please refer to the Company’s website. 5.Formulated the Board Meetings’ agenda, and communicated them to Directors seven days prior to the convening of the meetings; convened meeting and provided meeting materials; reminded Directors of the issues that require their recusal due to conflict of interest; and, completed and transmitted Board Meetings minutes within 20 days after the meetings. 6.Handled the relevant matters of the Shareholders' Meeting according to law, and, in the case that the Articles of Association	

<table>
<tr><th rowspan="2">Items Assessed</th><th colspan="3">Implementation Status (Note 1)</th><th rowspan="2">Deviation from the Corporate Governance Best-Practice Principles for Financial Holding Companies, and the Reasons Therefor</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary Description</th></tr>
<tr><td></td><td></td><td></td><td>had been mended or Directors replaced, made the modification.
7.Conducted performance evaluation of the Board and the various functional committees in accordance with Article 37 of the Corporate Governance Best Practice Principles and the Company’s Regulations on Board and Functional Committee Performance Evaluation.
8.Handed Directors' requests; and, assisted Directors to perform their duties and thus enhanced the effectiveness of the Board.

(IV) The 2023 training program for the Company’s corporate governance officers
<table>
<tr><th>Sequence</th><th>Organizer</th><th>Course Title</th><th>Date</th><th>Hours (hr)</th></tr>
<tr><td>1</td><td>Securities & Futures Institute</td><td>Business Judgment Rule and Case Analysis</td><td>2023.07.28</td><td>3</td></tr>
<tr><td>2</td><td>Taiwan Academy of Banking and Finance</td><td>Principle of Fair Treatment and Implementation of the Ethical Corporate Management Principle</td><td>2023.08.07</td><td>3</td></tr>
<tr><td>3</td><td>Securities & Futures Institute</td><td>Evaluation on the Performance of the Board</td><td>2023.09.14</td><td>3</td></tr>
<tr><td>4</td><td>Taiwan Academy of Banking and Finance</td><td>Implementation of Integrity in Management,</td><td>2023.09.28</td><td>3</td></tr>
</table></td><td></td></tr>
</table>

Items Assessed	Implementation Status (Note 1)							Deviation from the Corporate Governance Best-Practice Principles for Financial Holding Companies, and the Reasons Therefor
	Yes	No	Summary Description					
					Fair Treatment, Financial Inclusiveness, and Trends in AML/CFT Supervision			
			5	Corporate Operating and Sustainable Development Association	Introduction to Disputes Over Board of Directors and Shareholders' Meeting Procedures in the Context of Corporate Control Battles through Recent Cases	2023.10.18	3	
			6	Taiwan Academy of Banking and Finance	Corporate Governance: Green Energy Innovative Business Models, Financial Technology and Information Security Risks, Gender Equality	2023.10.31	3	
			Total hours				18	

Items Assessed	Implementation Status (Note 1)			Deviation from the Corporate Governance Best-Practice Principles for Financial Holding Companies, and the Reasons Therefor
	Yes	No	Summary Description	
IV. Does the financial holding company establish communication channels with stakeholders (including but not limited to shareholders, employees, customers, etc.)? Does it have a stockholder zone on its website? Does it properly respond to the CSR issues that concern stakeholders?	V		IV. The Company and its subsidiaries are committed to providing sufficient information to customers, shareholders and relevant stakeholders, in that we have set up a "stakeholder" page on the website, providing an effective communication channel with customers, shareholders and relevant stakeholders. The responses of stakeholders have always been handled properly.	No significant deviation was found.
V. Information disclosure (I) Does the financial holding company set up a website to disclose information regarding finance, business and corporate governance?	V		V. (I) The Company has established an official website and disclosed related information in accordance with laws and regulations: The webpage of “About SKFH” discloses company profile and SKFH members; and “Investor Relations” provides information regarding investor activities, and business and financial information of the Company and its subsidiaries is uploaded to this webpage on a regular basis; “Corporate Governance” discloses the Company’s implementation of corporate governance, as well as the Company’s rules and regulations; what’s more, published the sustainability report in the “Corporate Sustainability” feature.	No significant deviation was found.
(II) Does the financial holding company adopt other disclosure methods (such as setting up an English-language website, designating a person to be exclusively responsible for the collection and disclosure of information about the financial holding company, implementing the spokesperson system, displaying the website of the financial holding company during the investor conference, etc.)?	V		(II) The Company has websites, both in the Chinese language and in the English language. By separation of powers and functions, a dedicated person is designated to collect and disclose information, and the Investor Relations team is responsible for responding to investors’ feedbacks.	No significant deviation was found.
(III) Does the financial holding company	V		(III) The Company announces and reports the annual financial	No significant

Items Assessed	Implementation Status (Note 1)			Deviation from the Corporate Governance Best-Practice Principles for Financial Holding Companies, and the Reasons Therefor
	Yes	No	Summary Description	
announce and declare the annual financial statements within the stipulated deadline in accordance with the relevant provisions of the Financial Holding Company Act and the Securities and Exchange Act? and, does it announce and declare the 1Q, 2Q, 3Q financial statements and operating results of each month prior to the stipulated deadline according to the same?			statements within two months after the end of the fiscal year; the 1Q, 2Q, 3Q financial statements prior to the required date; and operating results of each month on the required date; all are disclosed on the “Market Observation Post System”.	deviation was found.
VI. Does the financial holding company provide other significant information that is beneficial for understanding the operation of corporate governance (including but not limited to employee rights and interests, employee care, investor relations, rights and interests of stakeholders, training status of Directors and supervisors, implementation of risk management policy and risk measurement standards, implementation of customer policy, liability insurance for Directors and supervisors insured by the Company, donations to political parties, stakeholders, and charity groups, etc.)?	**V**		VI. (I) Employee rights and staff care: Please refer to “Chapter. V, IX, (I) Employee Benefits, Retirement System and Implementation, and the Agreements between Employer and Employees and Protection Measures for Employees’ Rights and Interests” in this annual report. (II) Investor relationship: Please refer to “I, (I) Has the financial holding company established internal operating procedures to handle shareholders’ suggestions, doubts, and disputes and litigation matters with shareholders, and implement them accordingly?” in this table. (III) Stakeholders: Please refer to “IV, Has the financial holding company established communication channels with stakeholders (including, but not limited to, shareholders, employees, customers, etc.)? Does it have a stockholder zone on its website? Has it properly responded to the CSR issues that concern stakeholders?” in this table. (IV) Director and supervisor in-service training status: Please refer to “Chapter. Ⅲ, Ⅲ, (Ⅴ) “Training courses attended by the Directors of the Company in 2023” in this annual report. (V) Implementation of risk management policy and risk measurement	No significant deviation was found.

Items Assessed	Implementation Status (Note 1)			Deviation from the Corporate Governance Best-Practice Principles for Financial Holding Companies, and the Reasons Therefor
	Yes	No	Summary Description	
			standards: When engaging in all businesses, the Company and its subsidiaries shall effectively identify measure, monitor and control all risks and shall control the possible risks within the acceptable level to reach the goal of reasonableness of risks and rewards. (VI) Purchase of liability insurance by the Company for Directors and supervisors: To optimize the corporate governance mechanism, consider the importance of Directors, supervisors and important employees when they perform duties, and lower risks born by the Directors, supervisors and the Company, the Company, after regular review and assessment, has insured proper “liability insurance for Directors, supervisors and important employees” for Directors, supervisors and important employees of the Company and all subsidiaries since June, 2009 annually. (VII) Implementation status of the Company's ethical management: Please refer to “Chapter Ⅲ, III, (VIII) Implementation of Ethical Management; Deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and the Reasons Therefor” in this annual report. (VIII) Company supervision on the Principle of Treating Clients Fairly: To implement the corporate culture of ethical management and fair treatment of customers and pay attention to and protect the rights and interests of financial consumers, the Company continues to supervise subsidiaries to beef up the Principles for Treating Customers Fairly and the evaluation mechanism thereof. Taking the life insurance, banking, and securities sectors and other subsidiaries as an example, they have already established relevant policies, strategies, and codes for compliance, which will then be incorporated into online education and training courses, to enhance all employees’ awareness and professional knowledge of legal compliance as well as fair and reasonable treatment of	

Items Assessed	Implementation Status (Note 1)			Deviation from the Corporate Governance Best-Practice Principles for Financial Holding Companies, and the Reasons Therefor
	Yes	No	Summary Description	
			financial consumers. (IX) Intellectual property rights management: The intellectual property achievements of the company and its subsidiaries are protected by trademark rights, patent rights, copyrights, and trade secrets according to their categories. They are also reflected in the labor contract, code of ethics, and other internal provisions, as well as business contracts with cooperative suppliers to stipulate the ownership of rights, non-infringement guarantee, confidentiality, and related liabilities for damage compensation in order to protect the Company's rights and interests. The Company has established an intangible asset management policy and continues to strengthen intellectual property rights protection by means of access control management, confidentiality preservation, and information security control mechanisms. In 2020, the Company introduced the Taiwan Intellectual Property Management System (TIPS) to integrate and optimize the Company's existing norms, formulate intellectual property management plans linked to operational goals, and disclose on the official website, we periodically reported the implementation status to the Board of Directors, passed the TIPS (Level A) certification in succession and complied with the corporate governance supervision indicators. (X) In order to implement the company's corporate governance and corporate social responsibility, the company has formulated "Regulations of Governing Donation". "No donations" were made to political parties or stakeholders in the most recent year. Please refer to the company's official website and sustainability report for information on donations to charity groups.	
VII. Please explain the improvements made in accordance with the Corporate Governance Evaluation results for the most recent year	**V**		The table below provides an explanation for the results of the Corporate Governance Evaluation for the most recent year, as well as improvement measures:	No significant deviation was found.

Items Assessed	Implementation Status (Note 1)			Deviation from the Corporate Governance Best-Practice Principles for Financial Holding Companies, and the Reasons Therefor
	Yes	No	Summary Description	
released by the Taiwan Stock Exchange's Corporate Governance Center, and provide the priorities and plans for improvement with items yet to be improved.				

The 10th Corporate Governance Evaluation for 2023 – Matters Improved, Matters To Be Improved and Improvement Measures

No.	Evaluation Indicator	Matters Improved	Matters To Be Improved and Improvement Measures
2.14	Has the company established any functional committees beyond the statutory requirements, such as a nomination committee, risk management committee, or sustainability committee, with no fewer than three members, more than half of whom are independent directors, and at least one member possessing the professional abilities required by the committee, and does it disclose their composition, responsibilities, and operational status?		Optimize the disclosure of information related to the functional committees on the website, annual report, and Market Observation Post system to meet the evaluation criteria.
3.1	Does the company handle the material information verification and disclosure procedures of listed companies without penalty of liquidated damages?	The Company has established the "Internal Material Information Processing and Prevention of Internal Transaction Management Procedures",to ensure that the announcement opreations of signicicant information by the company and its subsidiaries have a standard to follow.	

Note 1: Whether selecting "Yes" or "No" for the Current Implementation, a description shall be filled in the summary description column

Note 2. Please explain the deviation from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies, and the Reasons Therefor

Training courses attended by the Directors of the Company in 2023

Title	Name	Organizer	Course Title	Hours (hr)
Chairman	Hwai-Chou Chen	Chinese National Association of Industry and Commerce	2023 Taishin Net-Zero Electricity Summit	3
Chairman	Hwai-Chou Chen	Taiwan Academy of Banking and Finance	Implementation of Integrity in Management, Fair Treatment, Financial Inclusiveness, and Trends in AML/CFT Supervision	3
Chairman	Hwai-Chou Chen	Taiwan Academy of Banking and Finance	Corporate Governance: Green Energy Innovative Business Models, Financial Technology and Information Security Risks, Gender Equality	3
Chairman	Hwai-Chou Chen	Taiwan Insurance Institute	IFRS17 Management Issues and Practical Case Analyses	3
Chairman	Hwai-Chou Chen	Shin Kong Life Insurance Co., Ltd	Overview of Insurance Capital Standards (ICS)	1
Vice Chairman	Tung-Ming Wu	Taiwan Academy of Banking and Finance	Implementation of Integrity in Management, Fair Treatment, Financial Inclusiveness, and Trends in AML/CFT Supervision	3
Vice Chairman	Tung-Ming Wu	Taiwan Academy of Banking and Finance	Corporate Governance: Green Energy Innovative Business Models, Financial Technology and Information Security Risks, Gender Equality	3
Director	Olivia Wu	Taiwan Academy of Banking and Finance	Practical Responses of Board Members to the Wave of Information Technology	3
Director	Olivia Wu	Taiwan Academy of Banking and Finance	Practical Discussion on Commercial Litigation and Dispute Resolution	3
Director	Olivia Wu	Taiwan Academy of Banking and Finance	Implementation of Integrity in Management, Fair Treatment, Financial Inclusiveness, and Trends in AML/CFT Supervision	3
Director	Olivia Wu	Taiwan Academy of Banking and Finance	Corporate Governance: Green Energy Innovative Business Models, Financial Technology and Information Security Risks, Gender Equality	3
Director	Michael Hung	Taiwan Academy of Banking and Finance	Implementation of Integrity in Management, Fair Treatment, Financial Inclusiveness, and Trends in AML/CFT Supervision	3
Director	Michael Hung	Taiwan Academy of Banking and Finance	Corporate Governance: Green Energy Innovative Business Models, Financial Technology and Information Security Risks, Gender Equality	3
Director	Michael Hung	Taiwan Insurance Institute	IFRS17 Management Issues and Practical Case Analyses	3
Director	Michael Hung	Shin Kong Life Insurance	Risk-Oriented Audit System and Climate Change Risk	1

Title	Name	Organizer	Course Title	Hours (hr)
		Co., Ltd	Management	
Director	Michael Hung	Shin Kong Life Insurance Co., Ltd	Overview of Insurance Capital Standards (ICS)	1
Director	Tseng-Chang Lee	Taiwan Academy of Banking and Finance	Implementation of Integrity in Management, Fair Treatment, Financial Inclusiveness, and Trends in AML/CFT Supervision	3
Director	Tseng-Chang Lee	Taiwan Academy of Banking and Finance	Corporate Governance: Green Energy Innovative Business Models, Financial Technology and Information Security Risks, Gender Equality	3
Director	Tseng-Chang Lee	Shin Kong Life Insurance Co., Ltd	Risk-Oriented Audit System and Climate Change Risk Management	1
Director	Mark Wei	Taiwan Academy of Banking and Finance	Implementation of Integrity in Management, Fair Treatment, Financial Inclusiveness, and Trends in AML/CFT Supervision	3
Director	Mark Wei	Taiwan Corporate Governance Association	Global Political and Economic New Trends and Outlook - The Competition between China and the US and Cross-Strait Relations	3
Director	Mark Wei	Taiwan Corporate Governance Association	Understanding of Regulatory Supervision by Senior Executives of Listed Companies	3
Director	Mark Wei	Taiwan Insurance Institute	IFRS17 Management Issues and Practical Case Analyses	3
Director	Mark Wei	Shin Kong Life Insurance Co., Ltd	Risk-Oriented Audit System and Climate Change Risk Management	1
Director	Mark Wei	Shin Kong Life Insurance Co., Ltd	Overview of Insurance Capital Standards (ICS)	1
Director	Hsin-Ta Wu	Taiwan Academy of Banking and Finance	Implementation of Integrity in Management, Fair Treatment, Financial Inclusiveness, and Trends in AML/CFT Supervision	3
Director	Hsin-Ta Wu	Taiwan Academy of Banking and Finance	Corporate Governance: Green Energy Innovative Business Models, Financial Technology and Information Security Risks, Gender Equality	3
Director	Hsin-Ta Wu	Taiwan Corporate Governance Association	Emerging Trends in Corporate Governance Amidst the ESG Wave	3
Director	Hsin-Ta Wu	Taiwan Corporate Governance Association	Legal Risks and Responses in Corporate Investment and Financing	3
Director	Hsin-Ta Wu	Taiwan Corporate Governance Association	Trends in ESG and the Impact of the Pandemic Environment on Global and Taiwan's Tax System Reforms	3
Director	Hsin-Ta Wu	Taiwan Corporate	The Role of Directors and Compliance Responses to	3

Title	Name	Organizer	Course Title	Hours (hr)
		Governance Association	Management Rights Challenges under Corporate Governance 3.0	
Director	Hsin-Ta Wu	Taiwan Corporate Governance Association	Big Data Analysis and Fraud Detection	3
Director	Hsin-Ta Wu	Taiwan Corporate Governance Association	Corporate Financial Statement Fraud and Case Studies	3
Director	Hsin-Ta Wu	Taiwan Insurance Institute	IFRS17 Management Issues and Practical Case Analyses	3
Director	Hsin-Ta Wu	Shin Kong Life Insurance Co., Ltd	Risk-Oriented Audit System and Climate Change Risk Management	1
Director	Hsin-Ta Wu	Shin Kong Life Insurance Co., Ltd	Overview of Insurance Capital Standards (ICS)	1
Director	Hui-Min Lai	Taiwan Academy of Banking and Finance	Implementation of Integrity in Management, Fair Treatment, Financial Inclusiveness, and Trends in AML/CFT Supervision	3
Director	Hui-Min Lai	Taiwan Academy of Banking and Finance	Corporate Governance: Green Energy Innovative Business Models, Financial Technology and Information Security Risks, Gender Equality	3
Director	Hui-Min Lai	Taiwan Corporate Governance Association	Practical Compliance Work for Corporate Governance Officers	3
Director	Hui-Min Lai	Taiwan Insurance Institute	IFRS17 Management Issues and Practical Case Analyses	3
Director	Hui-Min Lai	Shin Kong Life Insurance Co., Ltd	Risk-Oriented Audit System and Climate Change Risk Management	1
Director	Chun-Hong Chen	Taiwan Securities Association	Enhancing Information Security Measures in the Financial Sector	3
Director	Chun-Hong Chen	Taiwan Securities Association	The New Era of Artificial Intelligence: Opportunities and Challenges for Taiwan	3
Director	Chun-Hong Chen	Taiwan Securities Association	ESG Investment Principles and Strategies	3
Director	Chun-Hong Chen	Taiwan Academy of Banking and Finance	Implementation of Integrity in Management, Fair Treatment, Financial Inclusiveness, and Trends in AML/CFT Supervision	3
Director	Chun-Hong Chen	Taiwan Academy of Banking and Finance	Corporate Governance: Green Energy Innovative Business Models, Financial Technology and Information Security Risks, Gender Equality	3
Director	Benson Wu	Taiwan Academy of Banking and Finance	Implementation of Integrity in Management, Fair Treatment, Financial Inclusiveness, and Trends in AML/CFT Supervision	3

Title	Name	Organizer	Course Title	Hours (hr)
Director	Benson Wu	Taiwan Academy of Banking and Finance	Corporate Governance: Green Energy Innovative Business Models, Financial Technology and Information Security Risks, Gender Equality	3
Director	Benson Wu	Taiwan Insurance Institute	IFRS17 Management Issues and Practical Case Analyses	3
Director	Benson Wu	Shin Kong Life Insurance Co., Ltd	Risk-Oriented Audit System and Climate Change Risk Management	1
Director	Benson Wu	Shin Kong Life Insurance Co., Ltd	Overview of Insurance Capital Standards (ICS)	1
Director	Shih-Mei Lin	Taiwan Academy of Banking and Finance	Implementation of Integrity in Management, Fair Treatment, Financial Inclusiveness, and Trends in AML/CFT Supervision	3
Director	Shih-Mei Lin	Taiwan Academy of Banking and Finance	Corporate Governance: Green Energy Innovative Business Models, Financial Technology and Information Security Risks, Gender Equality	3
Director	Shih-Mei Lin	Securities & Futures Institute	2023 Anti-Insider Trading Awareness Meeting	3
Director	Shih-Mei Lin	Taiwan Insurance Institute	IFRS17 Management Issues and Practical Case Analyses	3
Director	Shih-Mei Lin	Shin Kong Life Insurance Co., Ltd	Risk-Oriented Audit System and Climate Change Risk Management	1
Director	Shih-Mei Lin	Shin Kong Life Insurance Co., Ltd	Overview of Insurance Capital Standards (ICS)	1
Director	Tun-Jen Lin	Taiwan Academy of Banking and Finance	Implementation of Integrity in Management, Fair Treatment, Financial Inclusiveness, and Trends in AML/CFT Supervision	3
Director	Tun-Jen Lin	Taiwan Academy of Banking and Finance	Corporate Governance: Green Energy Innovative Business Models, Financial Technology and Information Security Risks, Gender Equality	3
Independent Director	Edgar Y. Chen	Taiwan Academy of Banking and Finance	Implementation of Integrity in Management, Fair Treatment, Financial Inclusiveness, and Trends in AML/CFT Supervision	3
Independent Director	Edgar Y. Chen	Taiwan Academy of Banking and Finance	Corporate Governance: Green Energy Innovative Business Models, Financial Technology and Information Security Risks, Gender Equality	3
Independent Director	Edgar Y. Chen	Taiwan Corporate Governance Association	Big Data Analysis and Fraud Detection	3
Independent Director	Edgar Y. Chen	Taiwan Insurance Institute	IFRS17 Management Issues and Practical Case Analyses	3

Title	Name	Organizer	Course Title	Hours (hr)
Independent Director	Edgar Y. Chen	Shin Kong Life Insurance Co., Ltd	Risk-Oriented Audit System and Climate Change Risk Management	1
Independent Director	Min-Chiu Chien	Taiwan Academy of Banking and Finance	Implementation of Integrity in Management, Fair Treatment, Financial Inclusiveness, and Trends in AML/CFT Supervision	3
Independent Director	Min-Chiu Chien	Taiwan Academy of Banking and Finance	Corporate Governance: Green Energy Innovative Business Models, Financial Technology and Information Security Risks, Gender Equality	3
Independent Director	Min-Chiu Chien	Shin Kong Life Insurance Co., Ltd	Risk-Oriented Audit System and Climate Change Risk Management	1
Independent Director	Min-Chiu Chien	Shin Kong Life Insurance Co., Ltd	Overview of Insurance Capital Standards (ICS)	1
Independent Director	Yung-Ming Shiu	Independent Director Association Taiwan	How the Board of Directors Can Construct Sustainable Governance Strategies	3
Independent Director	Yung-Ming Shiu	Taiwan Academy of Banking and Finance	Implementation of Integrity in Management, Fair Treatment, Financial Inclusiveness, and Trends in AML/CFT Supervision	3
Independent Director	Yung-Ming Shiu	Taiwan Academy of Banking and Finance	Corporate Governance: Green Energy Innovative Business Models, Financial Technology and Information Security Risks, Gender Equality	3
Independent Director	Yung-Ming Shiu	Taiwan Corporate Governance Association	How the Board of Directors Can Stipulate ESG Sustainable Governance Strategies	3
Independent Director	Yung-Ming Shiu	Taiwan Corporate Governance Association	Emerging Corporate Risks: Climate Change	3
Independent Director	Yung-Ming Shiu	Taiwan Corporate Governance Association	Corporate Carbon Rights and Carbon Asset Management in Response to the Global Carbon Trading Mechanism	3
Independent Director	Yung-Ming Shiu	Taiwan Insurance Institute	IFRS17 Management Issues and Practical Case Analyses	3
Independent Director	Yung-Ming Shiu	Shin Kong Life Insurance Co., Ltd	Risk-Oriented Audit System and Climate Change Risk Management	1
Independent Director	Yung-Ming Shiu	Securities & Futures Institute	Climate Change and Net Zero Emission Policies: Risks and Opportunities for Business Operations	3

(VI) Establishment of a Remuneration Committee:

1.Information About Members of the Remuneration Committee

February 29,2024

Criteria / Title (Note 1) / Name	Professional Qualification and Experience (Note 2)	Independence Status (Note 3)	Number of Other Taiwan's Public Companies in Which the Individual Concurrently Serves as an Independent Director
Independent Director (Convener) Min-Chiu Chien	1. Career Experience: Lead Accountant of Action & Co., CPA, Independent Director of Hey Song Corp., Independent Director of Redwood Group Ltd., and Independent Director of Lian Fa International Dining Business Corporation). 2. Professional Qualifications: An instructor or higher professional qualification in accounting and other academic fields related to the business needs of the company in a public or private junior college, college, or university; possess a professional public accountant qualification; have experience in business, accounting or any other professional field necessary for the business of the company. 3. No condition defined in Article 30 of the Company Act has appeared.	1. A natural-person, and his/her spouse, any relatives within the second degree of kinship are not directors, supervisors, or employees of the Company or its affiliates. 2. natural-person, and his/her spouse, or relatives within the second degree of kinship (or held by the person under other's name) do not hold more than 1% of the total issued shares of the Company or rank among the top ten natural person shareholders in shareholding. 3. Not a director, supervisor, or employee of a company that has a specific relationship with this Company. 4. Received no remuneration for providing business, legal, financial, accounting, and other services to this Company or its affiliates in the last two years.	3
Independent Director Yung-Ming Shiu	1. Career Experience: Independent Director of Shin Kong Life Insurance Co., Ltd., Professor at NCCU Department of Risk Management and Insurance, Independent Director of Taiwan Financial Holdings, Independent Director of Bank of Taiwan, and Independent Director of BankTaiwan LIFE INSURANCE. 2. Professional Qualifications: An instructor or higher professional qualification in finance, business, insurance and other academic fields related to the business needs of the company in a public or private junior college, college, or university; have experience in finance, business, insurance and or any other professional field necessary for the business of the	1. A natural-person, and his/her spouse, any relatives within the second degree of kinship are not directors, supervisors, or employees of the Company or its affiliates. 2. natural-person, and his/her spouse, or relatives within the second degree of kinship (or held by the person under other's name) do not hold more than 1% of the total issued shares of the Company or rank among the top ten natural person shareholders in shareholding. 3. Not a director, supervisor, or employee of a company that has a specific relationship with this Company. 4. Received no remuneration for providing business, legal, financial, accounting, and other services to this Company or its affiliates in the last two years.	0

Title (Note 1) / Criteria / Name		Professional Qualification and Experience (Note 2)	Independence Status (Note 3)	Number of Other Taiwan's Public Companies in Which the Individual Concurrently Serves as an Independent Director
		company. 3. No condition defined in Article 30 of the Company Act has appeared.		
Independent Director	Yen-Hsi Chen	1. Career Experience: Partner of Tsar & Tsai Law Firm, Chairperson of Taipei Bar Association, Judge at Taiwan Taipei District Court, and Prosecutor at Taiwan Taipei District Prosecutors Office. 2. Professional Qualifications: An instructor or higher professional qualification in legal and other academic fields related to the business needs of the company in a public or private junior college, college, or university; possess a professional public lawyer qualification; have experience in legal or any other professional field necessary for the business of the company. 3. No condition defined in Article 30 of the Company Act has appeared.	1. A natural-person, and his/her spouse, any relatives within the second degree of kinship are not directors, supervisors, or employees of the Company or its affiliates. 2. natural-person, and his/her spouse, or relatives within the second degree of kinship (or held by the person under other's name) do not hold more than 1% of the total issued shares of the Company or rank among the top ten natural person shareholders in shareholding. 3. Not a director, supervisor, or employee of a company that has a specific relationship with this Company. 4. Received no remuneration for providing business, legal, financial, accounting, and other services to this Company or its affiliates in the last two years.	0

2. Current Operation of the Remuneration Committee (January 1, 2023 to December 31, 2023)

(1)To perfect corporate governance and beef up the Board's functions, the Company established her Remuneration Committee on August 26, 2011. The committee is responsible for formulating the remuneration policy, system, standards and structure, regularly conducting the performance evaluation of Directors and managers, and regularly assessing and setting the remuneration therefor. The Remuneration Committee convenes meetings at least twice a year; in addition, provisional meetings may be convened at any time as necessary; what's more, the content of the committee's resolutions is submitted to the Board for discussion.

(2)The Company's Remuneration Committee comprises three members.

(3)The term of the 4th Remuneration Committee: From July 10, 2020 to June 8, 2023. The Remuneration Committee held 4 meetings in the most recent year (from January 1, 2023 to June 8, 2023), members' eligibility and their attendance status are as follows:

Title	Name	Expected times of attendance (A)	Number of actual attendance (B)	Attendance by Proxy	Percentage of actual attendance (%)(B/A)	Remarks
Convener	Mei-Hwa Lin	4	4	0	100%	
Member	Yung-Ming Shiu	4	4	0	100%	
Member	Chi-Ming Wu	4	4	0	100%	
Other matters that shall be recorded: I. Where the proceedings of the Board meeting include one of the following circumstances, then describe the date, session, topic discussed, opinions of every Independent Director, and their handling by the Company (in the case that the remuneration approved by the Board is greater than that approved by the Remuneration Committee, such a disparity shall be reasoned): None. II. If a member has a dissenting or qualified opinion, either recorded or expressed in written statement, on the resolutions of the Remuneration Committee, the date, session, content of proposal, opinion of all members and the handling of their opinions shall be stated: None.						

(4)The term of the 5th Remuneration Committee: From June 21, 2023 to June 8, 2026. The Remuneration Committee held 6 meetings in the most recent year (from June 21, 2023 to December 31, 2023), members' eligibility and their attendance status are as follows:

Title	Name	Expected times of attendance (A)	Number of actual attendance (B)	Attendance by Proxy	Percentage of actual attendance (%)(B/A)	Remarks
Convener	Min-Chiu Chien	6	5	1	83%	
Member	Yen-Hsi Chen	6	6	0	100%	
Member	Yung-Ming Shiu	6	6	0	100%	
Other matters that shall be recorded: I. Where the proceedings of the Board meeting include one of the following circumstances, then describe the date, session, topic discussed, opinions of every Independent Director, and their handling by the Company (in the case that the remuneration approved by the Board is greater than that approved by the Remuneration Committee, such a disparity shall be reasoned): None. II. If a member has a dissenting or qualified opinion, either recorded or expressed in written statement, on the resolutions of the Remuneration Committee, the date, session, content of proposal, opinion of all members and the handling of their opinions shall be stated: None.						

Note:

i. When a member of Remuneration Committee resign (s) before the end of the year, specify the date of resignation in the remark column. The actual attendance rate (%) of such a member shall be calculated using the number of the Remuneration Committee meetings and the numbers of actual attendance during the term of service.

II. When election of members of the Remuneration Committee is held before the end of the year, list the names of both the incoming and outgoing members in the remark column with annotations specifying whether the they are outgoing, incoming or re-elected, as well as the date of the election. The actual attendance rate (%) shall be calculated based on the number of meetings held during the member's term in the Remuneration Committee and the number of actual attendance of this member.

(5)Implementation Results of the Remuneration Committee

A total of 10 meetings were held in 2023 by the Remuneration Committee. Stated below are the important proposals and implementation results:

Remuneration Committee	Content of Motion and Follow-up Actions	Resolution Result	The Company's Reaction to the Opinions of Members of the Remuneration Committee
The 24th meeting of the 4th term dated January 10, 2023	1. Spring Festival bonus for Directors (excluding Independent Directors) of the Company for 2023 2. The 2022 performance bonus proposal for the Company's Chairman and President 3. The 2022 performance bonus proposal for the Company's 1st Level Supervisor and Department Supervisor 4. The 2022 long-term incentives and release conditions for the Company's senior management 5. Allocation of 2022 long-term incentives for Chairman and President of the Company 6. Allocation of 2022 long-term incentives for 1st Level Supervisor of the Company 7. To adjust the compensation paid to managers of the Company	Passed with unanimous approval by all members	1. Submitted for review at the Board meeting dated January 13, 2023 2. To withdraw 2022 long-term incentives and release conditions for the Chairman, President, and Senior Management for further discussion between the Compensation Committee and the Board of Directors 3. The rest of the motion was passed with unanimous approval by all attending Directors
The 25th meeting of the 4th term dated March 21, 2023	1. Distribution of employee compensation for 2022 2. Distribution of director remuneration for 2022 3. Amendments to Annual Performance Bonus Payment Policy for Senior Executives of the Company 4. Amendments to the "Long-term Incentive Bonus for Senior Executives" of the Company.	1. Amendments to the Annual Performance Bonus Payment Policy for Senior Executives shall be reviewed, revised, and re-submitted on a later day 2. The rest of the motion was passed with unanimous approval by all members of the committee	1. Submitted for review at the Board meeting dated March 28, 2023 2. To withdraw amendments to Annual Performance Bonus Payment Policy for Senior Executives 3. To postpone discussion of amendments to Long-term Incentive Bonus for Senior Executives 4. The rest of the motion was passed with unanimous approval by all attending Directors
The 26th meeting of the 4th term dated April 21, 2023	1.To adjust the compensation paid to managers of the Company	Passed with unanimous approval by all members	1. Submitted for review at the Board meeting dated April 25, 2023 2. Passed with

Remuneration Committee	Content of Motion and Follow-up Actions	Resolution Result	The Company's Reaction to the Opinions of Members of the Remuneration Committee
			unanimous approval by all attending Directors
The 27th meeting of the 4th term dated May 16, 2023	1. Allocation of 2022 long-term incentives for Chairman and President of the Company 2. Allocation of 2022 long-term incentives for 1st Level Supervisor of the Company	Passed with unanimous approval by all members	1. Submitted for review at the Board meeting dated May 23, 2023 2. Passed with unanimous approval by all attending Directors 3. To withdraw amendments to Long-term Incentive Bonus for Senior Executives
The 1st meeting of the 5th term dated June 29, 2023	1. Compensation for the newly hired President of the Company 2. Compensation for the newly hired managers of the Company 3. Compensation for Chairman of the Company 4. Compensation for Vice Chairman of the Company 5. Compensation for acting President of the Company 6. Compensation for Directors of the Company	Passed with unanimous approval by all members	1. Submitted for review at the Board meeting dated July 7, 2023 2. Passed with unanimous approval by all attending Directors
The 2nd meeting of the 5th term dated July 20, 2023	1. Distribution of director remuneration for 2022 2. To adjust the compensation paid to managers of the Company	Passed with unanimous approval by all members	1. Submitted for review at the Board meeting dated August 4, 2023 2. Passed with unanimous approval by all attending Directors
The 3rd meeting of the 5th term dated August 25, 2023	1. Compensation for the newly hired managers of the Company	Passed with unanimous approval by all members	1. Submitted for review at the Board meeting dated August 28, 2023 2. Passed with unanimous approval by all attending Directors
The 4th meeting of the 5th term dated October 30, 2023	1. Compensation for managers of the Company	Passed with unanimous approval by all members	1. Submitted for review at the Board meeting dated October 31, 2023 2. Passed with unanimous approval by all attending Directors

Remuneration Committee	Content of Motion and Follow-up Actions	Resolution Result	The Company's Reaction to the Opinions of Members of the Remuneration Committee
The 5th meeting of the 5th term dated November 27, 2023	1. Compensation for managers of the Company 2. Planning for 2023 performance bonus of the Company	Passed with unanimous approval by all members	1. Submitted for review at the Board meeting dated November 28, 2023 2. Passed with unanimous approval by all attending Directors
The 6th meeting of the 5th term dated December 26, 2023	1. Compensation for managers of the Company	Passed with unanimous approval by all members	1. Submitted for review at the Board meeting dated December 27, 2023 2. Passed with unanimous approval by all attending Directors

(VII) Implementation of Sustainable Development; Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the Reasons Therefor

1. Implementation of Sustainable Development

Promotion Item	Current Implementation (Note 1)			Deviation and Causes of Deviation from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary Description	
I. Does the Company formulate exclusively (or concurrently) dedicated units to implement sustainable development governance structure, and does the Board appoint executive-level positions with responsibility for sustainable development governance, and status of the Board's supervision?	V		I. In order to strengthen the sustainable development of ESG, the Company established the CSR Committee in 2017, and promoted it to be a Board-level functional committee in 2018. In December 2020, the CSR Committee was renamed "SKFH Corporate Sustainability Committee," which is responsible for supervision and management of the sustainable operation of the Company and its subsidiaries, and for reporting the implementation and performance of sustainable operation to the Board on a regular basis. Besides, to fully implement sustainable development and operation, the Company established the dedicated unit "Sustainable Development Department" in 2021. The Company's third Corporate Social Responsibility Committee consists of three members whose terms of service are from June 21, 2023 to June 8, 2026. All three members are Independent Directors of the Company, namely Independent Director Edgar Y.Chen, Independent Director Min-Chiu Chien, and Independent Director Yung-Ming Shiu, with Independent Director Edgar Y.Chen serving as the chairperson. Edgar Y.Chen, a practicing lawyer in Taiwan, once served as a judge at the Taipei District Court and as a prosecutor at the Prosecutors Office. With his excellent legal literacy and practical experience, Director Edgar Y.Chen can integrate professional legal knowledge into sustainability topics that may affect public welfare, introduce social responsibilities to legal or self-regulatory norms, and strengthen corporate governance and improve sustainable development. On the other hand, Independent Director Min-Chiu Chien is a practicing Certified Public Accountant in Taiwan. In addition to providing risk assessment based on her accounting expertise to help enterprises predict and respond to economic uncertainties, Director Min-Chiu Chien assists enterprises in evaluating opportunities for sustainable investments, and ensures that Company's investments align with its values and long-term goals. In addition, Commissioner Yung-Ming Shiu is not only a distinguished professor at the Department of Risk Management and Insurance at National Chengchi University, but also serves as the deputy chairperson and the executive director of the Climate-Related Financial Disclosure Assessment Group at the Center for Business Sustainability, National Chengchi University. With extensive experience in risk management and the	No significant deviation was found

<table>
<tr><th rowspan="2">Promotion Item</th><th colspan="3">Current Implementation (Note 1)</th><th rowspan="2">Deviation and Causes of Deviation from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary Description</th></tr>
<tr><td></td><td></td><td></td><td>impacts of climate change on corporations, Hsu can undoubtedly provide comprehensive advice on climate-related disclosures to the Company.
The responsibilities of the Company's "Corporate Social Responsibility Committee" include "implementing corporate social responsibility and sustainable operation concepts," "supervising the effectiveness of sustainable operations and related matters," "reviewing sustainability development policies and codes," and "handling sustainable operation matters assigned by the Company's Board of Directors."
The Company's "Corporate Social Responsibility Committee" has a management committee in charge of planning and promoting corporate sustainability related matters under its command. The convener of the management committee is the President of the Company, and the members of the management committee are the presidents of subsidiaries. The management committee has 6 executive groups: "Executive Secretariat," and "Sustainable Finance Group," "Corporate Governance Group," "Customer Care Group," "Employee Relations Group," "Environmental Protection Group," "Social Participation Group." They are responsible for the planning, coordination, and execution of all sustainable operation aspects for the Company.
Operations of the "Corporate Social Responsibility Committee": The 3rd Corporate Sustainability Committee held a total of two meetings in 2023 with an overall attendance rate of 100%. The committee submitted relevant proposals to the Board of Directors on August 30, 2023 and December 27, 2023. The Board of Directors' supervision over sustainability efforts is explained below.
<table>
<tr><th>Sustainable aspect</th><th>Important Topics</th><th>Supervisory content</th></tr>
<tr><td>Environment</td><td>Signed to join SBTi; publication of (TCFD) report</td><td>The Company responded to the net zero trend and made an unwavering decision to promote sustainable finance by signing a formal commitment to the Science Based Targets initiative (SBTi), and passed carbon reduction target review later in February 2024.
To enhance the Group's climate resilience, Task Force on Climate-</td></tr>
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</td><td></td></tr>
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Promotion Item	Current Implementation (Note 1)							Deviation and Causes of Deviation from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary Description					
						Related Financial Disclosures (TCFD), in accordance with the Financial Stability Board (FSB) Guidelines, this report regularly examines and presents the resilience and risk opportunities of companies facing the challenges of climate change, with a view to further reducing the operational impact of disasters.		
				Society	Stakeholder communication; talent retention and development; financial inclusion policy	Identify stakeholders with regard to the groups that the business of each subsidiary may contact, affect or impact, and regularly review the communication channels, frequency and issues of concern for each stakeholder. Develop long-term incentive measures and reward plans, implement performance management, improve employee engagement and centripetal force, and maintain the retention rate of outstanding talents. SKFH is dedicated to promoting financial inclusion. In addition to supporting financial inclusion initiatives of the World Bank, The Group of Twenty (G20), and Asia-Pacific Economic Cooperation (APEC), the Company also responds to the United Nation's sustainable development goals (SDGs) by offering a diverse range		

Promotion Item	Current Implementation (Note 1)							Deviation and Causes of Deviation from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary Description					
						of innovative products and services to micro-enterprises, the financially challenged, women, elders, residents in remote locations, and people in need of education resources. SKFH develops financial instruments for different customer groups and markets them in a way that meets customers' financial needs. SKFH has also implemented robust training programs and systems for handling consumers' disputes to ensure effective protection of customers' rights and interests.		
				Governance	Sustainable financial policy and integrity management implementation situation	SKFH incorporates ESG-related issues into its investment/financing analysis and decision-making process to ensure thorough examination of ESG risks. Action plans such as "engagement policy," "voting policy," and "high emission industry guidelines" have been implemented to support ESG decisions. The Company has formulated the "Ethical Business Policy and Code," the "Ethical Business Procedures and Conduct Guide" and the "Code of Ethical Conduct." The key tasks for 2023 include: Strengthen corporate governance and the functions of the board of directors, implement law		

Promotion Item	Current Implementation (Note 1)			Deviation and Causes of Deviation from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary Description	
			compliance and internal control and audit system, practice corporate integrity management philosophy, domestic corporate governance laws and policies research.	
II. Does the Company conduct risk assessments on the environmental, social and corporate governance issues associated with the Company's operations in accordance with the principle of materiality, and formulate relevant risk management policies or strategies? (Note 2)	**V**		II. The Company has conducted risk assessments on environmental, social, and corporate governance issues related to the Company's operations according to the reporting principle of materiality, and taking into consideration of sustainability context, stakeholder inclusiveness and completeness under GRI. The scope of assessment covers SKFH and all of its subsidiaries. The Company has referenced international sustainable development trends and the latest laws and regulations to collect and identify material issues. We identified risks and ranked the degree of impact for risks in each material issue faced by the Company and report to the executives to confirm. In the evaluation result, 18 material issues including the risks of climate change actions, innovative and digital finance, talent cultivation and development have been analyzed. For details: https://csr.skfh.com.tw/zh/sustainability/materiality Significant risk management policies or strategies are formulated for all the important ESG issues.	No significant deviation was found
III. Environmental issues (I) Does the Company establish an environmental management system deemed proper to its industry's characteristics?	**V**		III. (I) 1. The Company has been concerned about and invested in environmental sustainability actions. We formulated the "Environmental Protection Management Policy" in 2018 to establish appropriate environmental management measures. The Company's Corporate Sustainability Committee has an "Environmental Protection Group," responsible for formulating policies and managing performance in this regard, and set quarterly tracks to review the target and its achievement. 2. In 2022, the Company formally disclosed the Environmental Protection Commitment, whereby the Company will introduce and establish various international management systems, develop and design environment-friendly products and services to minimize the environmental impacts of operating activities. 3. Based on our industry characteristics, the Company and its subsidiaries have	No significant deviation was found

Promotion Item	Current Implementation (Note 1)			Deviation and Causes of Deviation from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary Description	
			introduced environmental management systems such as: ISO 50001 Energy Management System, ISO 14001 Environmental Management System, ISO 14064-1 Greenhouse Gas Inventory, ISO 14046 Water Footprint Verification, ISO 14067 Carbon Footprint Verification, ISO 20400 Sustainable Procurement-Guidance, and PAS 2060 Carbon Neutrality. Among them, the Company and its subsidiaries have all completed the third party verification of new version 14064-1:2018 Greenhouse Gas (GHG) across its all operational sites. By such an overall monitoring measure, the Company continues to improve the environmental performance. 4. With the objective of implementing the "Green Workplace," we take spontaneous actions, measured and improved plans to increase the energy efficiency, reduce the consumption of energies and resources, and practice the environment-friendly responsibility hands in hands with customers and suppliers. 5. The Company and its subsidiaries conduct greenhouse gas checks annually, track the results of emission reduction, and disclose them to the public in a sustainability report and on the Company's website. (https://csr.skfh.com.tw/zh/report)	
(II) Is the Company committed to improving utilization efficiency of energy and using recycled materials with low environmental impact?	**V**		(II) Devoted to increasing the environmental efficiency, the Company and subsidiaries keep in place sound environmental management measures and mechanisms to reduce the consumption of energies and resources in daily operation and are keen to implement various improvement plans. For example, we replace and first use energy-saving lights, eliminate energy-consuming devices and old air-conditioning facilities, set the air-conditioner temperature above 26 degrees Celsius, maintain business vehicles on a regular basis and eliminate fuel vehicles year by year. 1. Measures of energy conservation The Company and subsidiaries applied to join SBTi in 2023, at which time they designated 2022 as the baseyear for carbon reduction target, and set goals to reduce carbon emission by 42% across Scope 1 and Scope 2 by 2030. Some of the power conservation programs executed by the Company and subsidiaries in 2023 included: improvement of administrative procedures, replacement of lighting fixtures, improvement of energy efficiency in air conditioning equipment, and inter-branch energy conservation competitions. Total power savings were calculated at least 1,611,707.22kWh. 2. Use of Renewable Energy In response to the Company’s participation in the SBTi, the Company signed a	No significant deviation was found

Promotion Item	Current Implementation (Note 1)			Deviation and Causes of Deviation from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary Description	
			green power transfer contract with renewable energy providers to increase the use of renewable energy. It purchases green power based on the “all-in-one electricity certificate,” which directly offsets power consumption on TaiPower’s bills, thereby substantially reducing carbon emissions. Starting in 2023, the Company has transferred green power to its own buildings. Including the On-site renewable energy of 12,500 kWh by Liou Jia Branch of Shin Kong Bank, the Company has used 953,500 kWh of green electricity in total, which is equivalent to reducing 465.77 metric tons of Co2. 3. Building a Green Office (1) Joined the Taiwan Alliance for Net Zero Emissions in 2021 and promoted Net Zero 2030/2050 in Taiwan. The Company obtained the Green Label from the Taiwan Alliance for Net Zero Emissions in 2023, while aiming to achieve 100% carbon neutrality in all office locations by 2030. (2) By adopting five non-heating photocopiers in our office in 2022, we may reduce carbon emissions by 1.0 tons per year, whilst improving the work environment for our colleagues. (3) Actions have been taken to reduce vehicle fuel consumption by gradually replacing old, high fuel-consuming vehicles with energy-efficient models, thereby reducing GHG emissions caused by use of fuels. Additionally, as of 2023, Shin Kong Financial Holding and its subsidiaries had replaced a total of 14 company vehicles with hybrid ones, resulting in an estimated carbon reduction of approximately 80 metric tons. (4) By leveraging innovation and e-processes, administrative efficiency has been greatly enhanced. Through digital administrative processes and services, a total of 43,008,900 pieces of paper were saved in 2023, reducing carbon emissions by 292.39 tons. (5) From 2016 to 2023, Shin Kong Life Insurance has been successively awarded the Green Purchase Award for Enterprises and Private Groups from the Ministry of Environment and the Department of Environmental Protection, Taipei City Government.	
(III) Does the Company assess the potential risks and opportunities brought by climate changes, both for	**V**		(III) Following the framework of the Task Force on Climate-Related Financial Disclosure (TCFD), the Company has established the climate governance architecture at the Board level, identified the physical and transitional risks related to the climate in the short, middle and long terms, and applied the scenario analysis to measure the	No significant deviation was found

<table>
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<tr><th>Yes</th><th>No</th><th>Summary Description</th></tr>
<tr><td>now and in the future, and take response measures to cope with?</td><td></td><td></td><td>potential financial impacts of the climate on the operating locations, upper reach and lower reach of the Company. Moreover, the Company has actively responded to the climate change, and identified the climate investment trend and market opportunity. The Company has also reinforced the transparency and stakeholder engagement and stayed dedicated to low carbon transition. Please see the 2022 Climate-related Financial Disclosure Report of Shin Kong Financial Holding for other details, such as scenario analysis and financial impact.
https://csr.skfh.com.tw/files/2022TCFDReport_CN.pdf</td><td></td></tr>
<tr><td>(IV) Does the Company conduct statistics on the greenhouse gas emissions, water consumption, and total weight of waste for the past two years, and correspondingly formulate policies for greenhouse gas reduction, water use reduction, or other waste management?</td><td>V</td><td></td><td>(IV) The Company's statistics on energy and electricity usage, greenhouse gas emissions, water consumption and total weight of waste in the past 2 years are listed below, which have been verified by a third-party verification company. The certificate is listed in the appendix of SKFH's sustainability report:
<table>
<tr><th colspan="2">Item</th><th>2022</th><th>2023</th></tr>
<tr><td colspan="2">Energy consumption (GJ)</td><td>203,121.98</td><td>192,191.80</td></tr>
<tr><td colspan="2">Non-renewable electricity consumption (kWh)</td><td>55,425,652.12</td><td>51,001,746.29</td></tr>
<tr><td rowspan="3">Use of renewable energy (kWh)</td><td>On-site renewable energy</td><td>5,545</td><td>12,520</td></tr>
<tr><td>Outsourcing green electricity</td><td>0</td><td>940,953</td></tr>
<tr><td>Total</td><td>0</td><td>953,473</td></tr>
<tr><td rowspan="5">GHG emissions （t-CO_2e）</td><td>Scope 1</td><td>3,279.70</td><td>3,479.89</td></tr>
<tr><td>Scope 2</td><td>28,211.66</td><td>25,183.23</td></tr>
<tr><td>Scope 1 + Scope 2</td><td>31,491.36</td><td>28,663.11</td></tr>
<tr><td>GHG emissions per capita</td><td>2.036</td><td>1.91</td></tr>
<tr><td>Scope 3 (Exclude category 15)</td><td>4,960.99</td><td>5,809.19</td></tr>
<tr><td rowspan="2">Carbon Intensity (metric tons</td><td>Scope 1</td><td>0.03</td><td>0.14</td></tr>
<tr><td>Scope 2</td><td>0.28</td><td>0.99</td></tr>
</table></td><td>No significant deviation was found</td></tr>
</table>

Promotion Item	Current Implementation (Note 1)			Deviation and Causes of Deviation from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary Description	

CO2e/NT$ million)	Scope 3(excluded Category 15)	0.05	0.23
Water usage (m^3)	Total annual water intake	380,424.20	411,709.49
	water consumption per capita	24.59	27.34
Total waste volume (MT)	Volume of resources recycled	590.02	350.05
	Volume of general waste processed	1,799.88	1,376.61
	Total annual waste	2,389.90	1,726.65
	Waste per capita	0.12	0.09

1. The Company and its subsidiaries have been conducting GHG verification since 2016. Since 2019, we have been performing the GHG verification across our operating locations (including overseas sites of Shin Kong Life Insurance), and conducting Scope 3 GHG inventory. In 2021, the Company became one of the founding members of Taiwan Alliance for Net Zero Emission. In 2022, applied for the green label certificate to the association based on the net zero emission and reduction plan, and declared that the Company and its subsidiaries will all work hard to deliver the net zero emission by 2050.
2. The Company and its subsidiaries initially set 2019 as the baseline year, aiming to reduce the total greenhouse gas emissions (Scope 1 and 2), electricity consumption, total water consumption, and per capita waste generation by 12% by 2025. However, after applying to join SBTi in 2023, the goals were revised. It set 2022 as the baseyear to reduce the total carbon emissions of Scope 1 and 2 by 42% by 2030. For the year 2023, Shin Kong Financial Holding and its subsidiaries achieved a 8.98% decrease in its GHG emissions compared to 2022. The waste generated per employee and water consumption decreased by 56.44% and increased by 9.26% respectively compared to the year 2019.(Due to the greenhouse gas emissions assurance still in progress, the GHG emissions and density in 2023 are currently estimated. Relevant data will be disclosed in the Sustainability Report once assured.)
3. The Company has long implemented green actions, through systematic

Promotion Item	Current Implementation (Note 1)			Deviation and Causes of Deviation from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary Description	
			management and equipment replacement, the Company has promoted energy conservation and carbon reduction, reduced water consumption and waste reduction to improve the efficiency of various energy sources and resources in the office building. In 2023, the strategies implemented are as follows: （1）Replace energy-saving lighting fixtures （2）Eliminate old and traditional air-conditioners （3）Replace diesel/gasoline company vehicles with hybrid ones （4）Build renewable energy facilities and use green power （5）Promote energy conservation at server rooms （6）Organized energy conservation competitions （7）Branch Consolidation （8）Gradually replace water-saving devices （9）Implement resource recycling and reusing 4. The company has introduced an internal carbon pricing mechanism in 2021, using a shadow price model to assist our subsidiaries in achieving carbon reduction through implementing energy-saving projects, using green energy, or purchasing renewable energy certificates, and other means to achieve comprehensive carbon reduction effects.	
IV. Social issues (I) Does the Company set up management policy and procedures according to related laws and regulation and the International Bill of Human Rights?	**V**		IV. (I) Dedicated to protecting the basic human rights of employees, the Company follows the International Bill of Human Rights of the United Nations, strictly observes local laws of Taiwan, and creates a workplace that values personal dignity and value. The Company has formulated "Shin Kong Financial Holding Co., Ltd. Human Rights Commitment" to protect the basic human rights of all colleagues, customers, suppliers, and stakeholders, and announced that the Company and its subsidiaries will jointly abide by it. The Company has established a set of human rights due diligence procedures to collect potential and possible human rights issues from all aspects of the operations, and to identify groups and stakeholders in the Company's value chain that may be impacted. The Company has also worked with relevant units to assess each issue's "possibility of occurrence" and "severity of impact on the value chain." For issues with higher probability of occurrence and more severe impact on the organization, SKFH shall assign related units to conduct regular risk assessments remediation and mitigation plans to manage and reduce the identified risks. Current	No significant deviation was found

Promotion Item	Current Implementation (Note 1)			Deviation and Causes of Deviation from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary Description	
			human rights commitments and strategies are regularly reviewed and revised to conform to law and generally accepted moral standards.	
(II) Does the Company formulate and implement reasonable employee welfare measures (including compensation, days-off, and other benefits), and appropriately mirror the operating performance or results in employee compensation?	V		(II) The Company and its subsidiaries are committed to creating a happy workplace for employees, and our various employee welfare measures are superior to those stipulated by the current decree, including employee preferential interest rate on deposit and loan, leave allowance system, insurance discount, health care, on-demand learning, convenient services for daily-life, promotion of employee relationship, marriage and childbirth subsidies, and employee stock ownership trust plan. Attentive to the career diversity, the Company has set up the Gender Equality Committee to assume the exclusive responsibility of establishing a diversified, equal and inclusive (DE&I) working environment, and pursued the objective to increase the proportion of female executives year by year. In 2023, female employees of the Company and subsidiaries accounted for 72.0% of total employees, and female senior executives accounted for 27.3%. At the same time, the Company has devised a sound and competitive compensation system, which lays emphasis to salary differentiation according to duties assumed, performance and capabilities of different levels. The Company has established "Regulations on Employee Performance Management" and "Regulations on Granting of Employee Performance Bonus" to connect performance to reward. Moreover, we annually review employee's salaries according to their performance, and appropriately reflect the operating performance or results in employee compensation. Meanwhile, we have established a employee subscription plan for shares issued by cash capital increase and let participating employees share the result of the performance of Company's operation, so as to enable a mutual growth of employees and the Company.	No significant deviation was found
(III) Does the Company provide a safe and healthy workplace for employees and regularly provide safety and health education for employees?	V		(III) The Company and subsidiaries carry out the "Healthy Workplace" concept, reinforce the healthy atmosphere and safeguard all employees with a safe and healthy working environment. Every year, we regularly test offices for carbon dioxide concentration, lighting, drinking water quality, and presence of Legionellae in cooling tower. We also set up a health center and nursery room, provide health examination for internal employees, hire professional and qualified registered nurse to serve as health management specialists in the building, and deliver such services as regular professional physician residence, pharmaceutic consulting, psychological	No significant deviation was found

Promotion Item	Current Implementation (Note 1)			Deviation and Causes of Deviation from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary Description	
			consulting, physical/functional therapist and visually impaired massager. The Company and subsidiaries enhance employees' attention to and awareness of occupational safety and health through the occupational safety & health education, training and communication, including fire safety officers, safety & health, disaster prevention drill in the building, hazardous substance management in the building, and environmental safety management. Shin Kong Life Insurance first adopted ISO 45001 - Occupational Health and Safety Management System in 2018; its certification was renewed in 2023, at which time the subsidiary also attained certification for Taiwan Occupational Safety and Health Management System (TOSHMS). The scope of the above systems has been expanded to cover the entire workplace and contractors so that employees and contractors may have a safe and reliable place to work in, and thereby minimize the chances of accident in illness. In 2023, the Company and subsidiaries incurred 15 occupational disaster events, involving a total of 15 employees and representing 0.18% of total employees. Occupational disasters of the Company mainly include commutation disaster and traffic accidents that happen during business travels. To alleviate the related risk, the Company has strengthened the communication of traffic safety precautions among employees to reduce the incidence of traffic accidents. The Company and its subsidiaries had no fire incidents in 2023. The number of fire accidents, the number of deaths/injuries, and the percentage of casualties among total employees were all 0 in that year. The Company and its subsidiaries value fire safety and have established a fire management group. We hold fire drills, building evacuation drills and relevant training annually to enhance fire safety awareness and strengthen fire and disaster prevention capabilities. Moreover, we regularly carry out operations related to the Certification and Declaration of Public Safety Inspection for Buildings and the Maintenance and Declaration of Fire Safety Equipment, and make repairs and adjustments according to the corresponding deficiencies found in the inspections to prevent fires and to maintain public safety.	
(IV) Does the Company establish an effective career development training program for employees?	**V**		(IV) The Company views employees as our important assets. We use "Comprehensive Training for New Employees," "Improvement on Professional Function," "Digital Talent Cultivation," "Encourage Self-Learning," and "Passing Successful Experience" as the 5 main axes of training. We implement the internal rotation, leadership echelon development and other functional training projects to reinforce	No significant deviation was found

Promotion Item	Current Implementation (Note 1)			Deviation and Causes of Deviation from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary Description	
			the professional core capabilities of employees. The Company also keeps in place a sound training plan for new employees to help them integrate into the new environment. With respect to professional training, we have implemented the "SPARK Heroes" digital technology talent academy for the 3rd consecutive year, and focused the talent cultivation platform of the Company on digital AI technology, data and other financial technology fields so that the members will become key talents of the Group with both practical experience and technological know-how. SKFH has implemented SPARK Heroes, a digital talent training program, as a means to enforce " Driving transition through digital roots." In an attempt to encourage department Heroes for taking part in digital transformation, improving operational efficiency, contributing innovative ideas to the digital transformation and empowerment of their respective departments, and building a culture of transformation, SKFH organized "Shin Kong Financial Holding SPARK Heroes Digital Competition" and introduced a number of digital optimization/transformation projects that aimed to improve and optimize operational efficiency across departments during the year. The Company also encourages all employees to take part in training courses organized by external professional institutions, and introduces learning incentives and subsidies to support talents who seek to outgrow their limits and engage in diversified learning. With regards to the key issues concerning business operation, we organize workshops, provide an online learning platform, and introduce self-learning projects among other study plans while at the same time inspire employees to reach their growth potentials by learning independently and thinking creatively .	
(V) For customer health and safety, customer privacy, marketing and labeling and other issues in relation to products and services provided, does the Company comply with relevant regulations and international standards, and devise relevant consumer or customer protection policies and complaint procedures?	**V**		(V) The Company formulates fair customer-treating policies and principles in accordance with the FSC's "Principles for Financial Service Industries to Treat Clients Fairly" so as to fulfill the principles of fairness, reasonableness, equality, reciprocity, good faith, due care and fiduciary duty; the Company and subsidiaries also value and protect customers' interests. The content of marketing and labeling information of goods and services complies with required disclosures. We have also formulated the "Personal Data Management Policy," "Guideline of Shin Kong Financial Holding and its Subsidiaries to Privacy Protection Statement," "Business Marketing Regulations," "Regulations Governing Management of Joint Marketing by Shin Kong Financial Holding Co., Ltd and Its Subsidiaries," "Internal Operating Procedures for Advertisement, Business Solicitation, and Promotional Activities of Shin Kong Financial Holding Co., Ltd and Its Subsidiaries," and "Consumer Dispute	No significant deviation was found

Promotion Item	Current Implementation (Note 1)			Deviation and Causes of Deviation from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary Description	
			Resolution Procedures" to regulate the use of marketing materials, so as to provide clear information of products and avoid the risks of unfairness or misleading customers in the sale of financial products. Our subsidiary has also obtained ISO 27001 information security management system certification and BS 10012 personal information management system certification to ensure the protection of customer privacy. The Company's subsidiaries have multiple channels such as 0800 customer service hotline and complaint mailbox, and a grievance mechanism, so as to protect customers' rights. The subsidiary Shin Kong Life Insurance introduced ISO 10002 Customer Satisfaction and Complaints Handling in 2017, and further obtained the new verification of ISO 10002:2018 Quality Management - Customer Satisfaction - Guidelines for Complaints Handling in Organizations in 2020, becoming the first certified financial company in Taiwan.	
(VI) Does the Company formulate supplier management policies that require suppliers to follow relevant regulations on environmental protection, occupational safety and health, or labor rights? If yes, how well are they implemented?	**V**		(VI) The Company and its subsidiaries have established "Supplier Management Regulations," which have been implemented since 2015. Such regulations require that suppliers work together with the Company on business ethics, care of employee health and safety, human rights, and environmental protection to jointly fulfill corporate responsibilities. Shin Kong Bank even completed the adoption of "ISO 20400 - Sustainable Procurement-Guidance" in 2022. 1. The Company also requires business partners to sign a Supplier Commitment. In 2023, the Company and subsidiaries had 100% of new suppliers signed the Supplier Commitment, and 100% of their key suppliers completed supplier risk assessment. 2. In 2023, Shin Kong Life Insurance completed the establishment of the ISO 45001 and TOSHMS - Occupational Safety and Health Management System, modified its Supplier Management Regulations, and updated its Supply Chain Commitment, with the addition of terms related to occupational safety and health.	No significant deviation was found

Promotion Item	Current Implementation (Note 1)			Deviation and Causes of Deviation from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary Description	
V. Does the Company refer to the internationally accepted guidelines for the preparation of sustainability reports that disclose the Company's non-financial information? Does the said report obtain the assurance or guarantee opinion of the third-party verification unit?	V		V. The Company's "2023 SKFH Sustainability Report" (Shin Kong Financial Holding Sustainability Report) was prepared in accordance with the GRI (Global Reporting Initiatives) Standards, GRI G4 Financial Services Sector Disclosures, United Nation's Sustainable Development Goals (SDGs), standards of the Sustainability Accounting Standards Board (SASB) (for insurance and commercial bank industries), and the United Nations Global Compact. Our Sustainability Report clearly discloses our sustainability implementation and results, and is backed by AA1000AS v3 Type 2 Moderate Assurance Opinion Statement from SGS Taiwan Ltd. At the same time, the Company assigns accounting firm to perform independent limited assurance of its sustainability performance in accordance with Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies and the Assurance Standards Circular No. 3000 - "Assurance Engagements other than Audits or Reviews of Historical Financial Information" issued by the Accounting Research and Development Foundation.	No significant deviation was found

VI. If the Company has established the sustainable development principles based on the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies," please describe any discrepancy between the principles and their implementation: No significant deviation was found.

To promote corporate sustainability, the Company has referenced the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" to formulate the "Sustainable Development Standard." The goal is to fulfill the principles for corporate governance, develop a sustainable environment, maintain social welfare, and enhance the disclosure of corporate social responsibility in order to incorporate the concept of sustainable management into the Company's daily operations. Our implementation does not have a significant deviation from the principles.

VII. Other information useful to the understanding of sustainable practice:

To achieve corporate sustainability, Shin Kong Financial Holding has responded to the United Nations Sustainable Development Goals (SDGs), designated care for life as the starting point and provided financial products that are friendly to the world's environment, all corners of the society and all stages of life. We promote sustainable financing practices together with stakeholders and exert sustainability influence as a corporation with the vision of "becoming the trusted financial partner" to the public.

Key performances in 2023:

- Shin Kong Financial Holding 's (SKFH) sustainability efforts have been well-recognized throughout the world. In addition to being selected a composition of Dow Jones Sustainability Index (DJSI World) for 3 consecutive years, the Company also claimed the 2nd place worldwide and the 1st place in Asia in the Insurance Division, and was selected as a composition of "DJSI Emerging Markets" for the first time during the year.
- SKFH continued to publish TCFD (Task Force on Climate-Related Financial Disclosures) Report, which discloses the financial impacts of climate change on the Company so that the organization may strengthen adaptation to extreme climate and reduce potential operational impact of disasters.
- SKFH was rated "B" by the international nonprofit organization Carbon Disclosure Project.
- SKFH won recognitions in the world for creating a friendly and inclusive workplace, and was included in Bloomberg's Gender-Equality Index in 2023.

Promotion Item	Current Implementation (Note 1)			Deviation and Causes of Deviation from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary Description	
●SKFH participated in the competition of Global Financial Innovation Network (GFIN), and won "The Globe Trotter" award for its "Anti-Greenwashing genie" solution, making it the only financial institution in Asia to win this award. ●SKFH won "Special Award for Digital Innovation" during the IDC Future Enterprise Award. ●SKFH was named "Best in Future of Digital Innovation in Taiwan" by World Economic Magazine. ●SKFH won "Top 100 Sustainable Taiwanese Companies Award" and platinum award for "Corporate Sustainability Reports Awards - Finance & Insurance" during the Taiwan Corporate Sustainability Awards. ●SKFH won "Best Practice - Honorable Mention" and "Sustainability Reporting - Bronze" during the Global Corporate Sustainability Awards. ●SKFH won "Commonwealth Sustainable Corporate Citizen Top 100" and "Commonwealth Talent Sustainability Award." ●SKFH won the "Green Label" granted by the Taiwan Alliance for Net Zero Emission. ●Shin Kong Life Insurance (SKL) won "Social Empowerment Award" from Enterprise Asia for its "Happy Dining Table in Shin Kong One Mu Field" project. ●SKL won "Organization and Culture," "Product," and "Service and Solution" during the 2023 International Innovation Awards, setting record for the best performance in financial industry's history. ●SKL won a total of seven major awards including "National Best Product - First Prize" and "Most Popular Brand" during the National Brand Yushan Award. ●SKL won "Most Innovative Insurance FinTech Application" in Wealth Magazine's Taiwan Financial Award and "Digital Services Award" in Commercial Times' Digital Financial Award. ●SKL participated in the "2023 Customer Service Excellence Awards" (CSEA) and won five major awards including "Best Customer Service," "Best Application of AI Customer Service System," and "Best Integrated Marketing" in the Enterprise category, "Best Customer Service Team" in the Group category, and "Best Customer Service Training" in the Individual category, making it the biggest winner among life insurance enterprises. ●SKL participated in Excellent Magazine's 2023 Excellence Insurance Evaluation, and won "Excellence in Claims Services," "Excellence in Digital Banking," and "Excellence in Social Charity." ●SKL won "Top 100 Sustainable Taiwanese Companies Award," "Corporate Sustainability Reports Awards - Finance and Insurance - Gold," "Climate Leadership Award," "Social Inclusion Leadership Award," "Workplace Wellbeing Leadership Award," "Aging-Friendly Leadership Award," and "Talent Development Leadership Award" during Taiwan Corporate Sustainability Awards. ●SKL received the Gold Award for its "Happy Dining Table in Shin Kong One Mu Field (SDG03)" project and the Silver Award for its "Self-service Digital Insurance Technology (SDG08)" during Taiwan Sustainability Action Awards. ●SKL won Corporate Sustainability Division Special Award for its "Happy Dining Table in Shin Kong One Mu Field" project during the 7th PwC Sustainability Impact Awards. ●Customer service counter of New Taipei City Branch received ISO 14067 - carbon footprint certification for the products and services provided over counter, making it the business location with the lowest carbon footprint across the entire insurance industry. ●SKL received "Award of Excellence" for fair customer treatment during FSC's Fair Customer Treatment Evaluation. ●SKL was highly acknowledged in terms of four indicators, including "Best Awareness," "Best Salespeople," "Best Claim Settlement Service," and "Most Recommended" at the Insurance Quality Awards. ●SKL won "3rd Place in the Insurance Division," the "Good Performance Award," and the "Mental & Physical Disorder Care Award" for micro insurance during the insurance competition organized by the FSC as well as the "Good Performance Award" during the Elderly Insurance Competition.				

Promotion Item	Current Implementation (Note 1)			Deviation and Causes of Deviation from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary Description	
●SKL participated in the 2023 Taiwan Real Estate Excellence Awards, and won "Award of Excellence" and "Gold Award" in the Best Planning and Design Category. ●SKL won "Excellence in Public Care," "Excellence in Talent Training," and "Excellence in Information Application" during Taiwan Insurance Excellence Award. ●SKL won the "Digital Service Award" during the Commercial Times Digital Financial Award. ●SKL won "Procurement First Award" in Buying Power - Social Innovation Product and Service Procurement Awards organized by the Small and Medium Enterprise Administration of the Ministry of Economic Affairs. ●SKL participated in the China Times Financial Services Awards and won the "Corporate Social Responsibility Award." ●SKL participated in "The Reader's Digest Trusted Brand Survey" and won the "Trusted Brand Award - Gold" for 8 consecutive years. ●SKL won "Most Innovative Insurance FinTech Application" in Wealth Magazine's 2023 Taiwan Financial Award. ●SKL won the "Excellent Employer Award" during the Labor Safety Awards organized by Taipei City Government Department of Labor. ●SKL won "Best Brand of the Year," "Best Advertiser of the Year- Social Innovation Award," and "Best Brand Manager of the Year" during 2023 Agency & Advertiser of the Year. ●SKL won "Best Social Responsibility Award," "Best Product Creativity Award," "Best Insurance Professional Award," "Best Contributions Award for Insurance Education," and "Most Popular Insurance Company - 1st Place" during the Faith, Hope & Love Awards of Insurance. ●Shin Kong Bank (SKB) received Asia's Best Employer Award from HR Asia for the 2nd consecutive year. ●SKB won "Best AI Technology Implementation in Taiwan" from The Asian Banker. ●SKB won "Best Wealth Manager, Taiwan" from The Asset. ●SKB won Silver Award for "Diverse Financial Education and Empathic Thinking (SDG04)" and Silver Award for "Leading Brand in Green Finance (SDG08)" during Taiwan Sustainability Action Award. ●SKB won "Corporate Sustainability Reports Awards - Finance and Insurance - Silver" and "Aging-Friendly Leadership Award" during Taiwan Corporate Sustainability Award. ●SKB won "Procurement Third Award" and "Social Inclusion Special Award" in Buying Power - Social Innovation Product and Service Procurement Awards organized by the Small and Medium Enterprise Administration of the Ministry of Economic Affairs. ●SKB participated in the "2023 Customer Service Excellence Awards" (CSEA) and won "Best Online Customer Service" in the Group category. ●SKB won Corporate Sustainability Division Special Award for its "Power of Empathy" project during the 7th PwC Sustainability Impact Awards. ●SKB won Best Product Award during the National Brand Yushan Award for its "OU Bank" and "AI Quick Screening Bot." ●SKB won "Best Social Inclusion Award" and "Best Customer Recommendation Award" in Excellent Bank Rating. ●SKB won "Best Customer Recommendation Award" and "Best Printed Marketing Award" in Wealth Magazine's Wealth Management Award. ●SKB won "Elders Friendly Award" in China Times Financial Services Awards. ●MasterLink Securities(MLS) won silver award for its "Sustainable Investment Portfolio Hedging Strategy" and bronze award for its "Follow Me - Sustainable Investment Strategy" in Taiwan Sustainable Investment Awards-ESG Innovation. ●MLS won gold award for its "MasterLink Post-pandemic Segment Financial Education (SDG04)" project in Taiwan Sustainability Action Awards. ●MLS was certified for "Web Content Accessibility Guidelines Level AAA," the highest level, for its fair customer treatment practices, and was the first securities firm in Taiwan to attain this highest level of certification.				

Promotion Item	Current Implementation (Note 1)			Deviation and Causes of Deviation from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary Description	
●MLS received Taipei City Workplace Gender Equality Certification and was awarded the highest "Outstanding" rating under the "Nursery Room Rating, Certification, and Evaluation System;" furthermore, it received "Taipei City Certification for Middle-age and Elder Friendly Business" and was awarded "Preferred Employer - Silver" for two consecutive years. ●MLS won "Best AI Advisor Award" and "Best Social Efforts Award" during the Excellence Securities Evaluation. ●MLS won "Best Customer Recommendation Award," "Best Charity Efforts Award," and "Best Video Marketing Award" in Wealth Magazine's Wealth Management Award. ●MLS ranked 1st place in Best Research Report - Accurate Earnings Prediction for the 3rd consecutive year during the Jinyao Award. ●MLS won "Best Wealth Accumulation Award" in Business Today's Best Wealth Management of Banks and Securities. ●MLS won "Quality Award - Gold" during the Commercial Times Digital Financial Award. ●MLS once again won the Best Wealth Management & Trust Innovation Award for Securities Companies in the Diversified Trust Innovation Award of the 2023 Trust Award. In the future, the Company will, guided by the sustainable values of "Low Carbon, Innovation and Mutual Benefit," reinforce the corporate governance and honest operation and continuously optimize products and digital platforms to provide more friendly financial services to a broad customer base. At the same time, the Company will utilize the core capabilities of subsidiaries to practice the sustainable finance concept, implant the strategies and thoughts of environment, society and governance into investment, financing, loan, insurance, asset management and other financial operation activities, and exert the influences of the financial industry. We will join forces with stakeholders to develop new-generation talents, uphold the spirit of "Our Light and Heart Are Always with You," create the best values for all stakeholders and realize the vision of corporate sustainability.				

Note 1: If current implementation is specified "Yes," please explain the major policies, strategies, and measures adopted and the status of their implementation. If Current implementation is specified "No," please explain the deviations and the reasons in the "Deviation and causes of deviation from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies," and explain any policy, strategy, and measure planned for the future. However, for items 1 and 2, TWSE/TPEX listed companies are required to provide detailed descriptions of their governance and supervisory framework on sustainable development including but not limited to management policies, strategies, goals, and review systems. In addition, companies shall describe their risk management policies or strategies for operations-related environmental, social, and corporate governance issue, and their assessment status.

Note 2: Financial Holding Companies that are not listed in the TWSE/GTSM do not have to fill in “Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and the Reasons.”

Note 3: Materiality principle refers to environmental, social, and corporate governance issues that are of material impact to the Company's investors and stakeholders.

Note 4: Regarding the method of disclosure, please refer to the best practice examples presented on the website of Taiwan Stock Exchange Corporate Governance Center.

2. Climate-related actions

Item	Current progress
I. Describe how the board of directors and the management exercise supervision and governance over climate-related risks and opportunities.	SKFH has developed a comprehensive climate governance framework. The board of directors is the ultimate decision maker for issues concerning climate risk governance; and a functional committee (the Corporate Sustainability Committee) has been assembled under the board to oversee strategy execution, risks, and opportunities associated with climate issues. The Corporate Sustainability Committee is consisted entirely of directors. For sound execution of climate risk governance, the Corporate Sustainability Committee has assembled a Corporate Sustainability Management Sub-committee that works with the Risk Management Committee to manage climate-related risks and opportunities and devise climate risk management strategies for the entire company. The President of SKFH serves as convener for both committees, whereas committee members are taken up by presidents of various subsidiaries. The Sustainable Development Department and the Risk Management Department work together to carry out various tasks, set goals for climate change risks and opportunities, and regularly examine the progress of climate goals. By having subsidiaries actively involved in the issue, SKFH hopes to effectively control climate risks that its business activities may be prone to, and thereby minimize the potential impact of climate risks for the protection of shareholder value and strengthening of climate resilience.
II. Describe how the climate risks and opportunities identified affect the entity's businesses, strategies, and financial position (short-term, medium-term, and long-term).	● Climate risk - physical risk (immediate and long-term): The impact is long-term and mainly affects business premise, the underlying asset of an investment, and loan collateral, which may result in loss of revenues and asset book value. Furthermore, extremely high temperatures may disrupt the Company's operations, discontinue financial service to consumers, cause heat-related illnesses to employees, or increase mortality or sickness rate to the point that incurs additional payouts for life insurance claims. Response strategies: Using scenarios RCP 2.6 and RCP 8.5, the Company calculated climate value-at-risk (MVaR) and failure probability (FP), and evaluated financial impacts as well as areas of potential exposure based on the results. The Company switched to leasing some of its equipment to transfer risk of property loss, and has implemented a business continuity management system (BCMS). The impact of rising temperatures on life insurance claims is also being evaluated on an ongoing basis. ● Climate risk - transition risk (technology, market, reputation, policy, and regulation): The impact is short to medium term, with regulatory changes being the most significant as increased cost of low-carbon transformation or obsolescence of a particular asset may result in the impairment of an investment or loan. Furthermore, failure to take pro-active sustainability actions may cause resentment among investors and negatively affect source of capital. Response strategies: Taking the approach of NGFS, the Company used two scenarios: 1. maintaining the current climate policy, and 2. net zero emission 2050 to evaluate the financial impact and possible downgrading for a given investee when undergoing transformation. Through stress testing, the Company evaluates the financial impacts of its market and credit risk exposures. To minimize climate impacts on the investment/loan portfolio, the Company has incorporated ESG factors into its decision-making process and actively communicates with investees/borrowers to undergo low-carbon transformation. The Company also takes the initiative to take part in sustainability-related initiatives and ratings around the world, replace energy-intensive equipment, and increase the percentage of green power used. ● Climate opportunities: 1. Market - low-carbon investment

As the market transitions into a low-carbon economy over the short term, investing into green and environment-friendly industries may produce attractive gains. By facilitating the development of green financial products, there is potential to explore broader opportunities and satisfy customers' needs in a way that translates into improved revenues.

2. Energy efficiency - energy-saving project
   Digitalization of the administrative process, use of energy-saving equipment, and construction of green building may reduce operating costs in the short term.
3. Products and services - digital finance, insurance products
   Development of digital finance, low-carbon insurance services, and climate insurance products over the short-term and medium-term may help improve operating efficiency and customer satisfaction, capitalize on niche demands, reduce costs, and increase revenues.

III. State the financial impacts of extreme weather events and transition actions.

● Physical risk - extreme weather event

After taking into consideration the impacts of various types of climate change risks and associated disasters, such as surface water flood, land subsidence, river flood, coastal flood, wildfire, extreme high temperature, extreme gust etc. the Company developed its own climate model and used it to analyze how the different forms of disaster may affect physical assets in the future.

Subsidiary	Climate scenario	Asset category	Financial impact of climate scenario
Shin Kong Life Insurance (SKL)	RCP 2.6	Business premises and investment properties	With a 0.42% maximum climate value-at-risk in 2100, the financial impact is approximately NT$300 million and is not considered significant. Land subsidence caused by drought is deemed to be the most impactful physical risk on asset value.
	RCP 8.5		With a 0.55% maximum climate value-at-risk in 2100, the financial impact is approximately NT$400 million and is not considered significant. Land subsidence caused by drought is deemed to be the most impactful physical risk on asset value.
Shin Kong Bank (SKB)	RCP 2.6	Business premises	The amount of asset impairment is estimated at NT$18.03 million in 2100; one business premise will be located in climate-sensitive region.
	RCP 8.5		The amount of asset impairment is estimated at NT$22.28 million in 2100; six business premise will be located in climate-sensitive region.
MasterLink Securities	RCP 2.6 RCP 8.5	Business premises (Flood susceptibility analysis)	At the end of 2023, the Company evaluated all 44-business premises nationwide using physical risk scenarios and found that 2 business premises were located in areas of high flood risk. However, the 2-business premises were both located in metropolitan areas (Taipei City and New Taipei City) with robust flood prevention facilities and were not owned by the Company; one of which was even on a higher floor. For these reasons, the flood risk is considered to be of low financial impact and has not affected the Company in any way.

		Investment positions	The only 1 investment was located in an area of high flood risk and maximum possible losses were estimated at 0.33% of net worth as of the end of 2023. The financial impact would not exceed NT$100 million and was considered small and has not affected the Company in any significant way.

- Transition risk

To evaluate and measure the possible risks that businesses may encounter while transitioning into low-carbon economy, the Company adopted the international data published by "Network for Greening the Financial System" (NGFS), an organization comprising world's major central banks and financial supervisory authorities, and selected scenarios: "Current policies," "Delayed transition," "Nationally Determined Contributions (NDCs)," and "Net Zero 2050" that were generated from the parameter models released by NGFS Scenario Explorer to estimate how the financial indicators may be impacted under various transition scenarios.

Subsidiary	Asset category	Climate scenario	Financial impact of climate scenario
Shin Kong Life Insurance (SKL)	Bond investment Long-term corporate finance	Current Policies	The expected credit loss of bond investment increases by 0.64%
		NDCs	The expected credit loss of bond investment increases by 0.63%
		Delayed transition	The expected credit loss of bond investment increases by 0.64%
		Net Zero 2050	The expected credit loss of bond investment increases by 1.88%
	Bond investment	Current Policies	Loss accounted for 0.16% of the bond position at the end of 2023
		NDCs	Loss accounted for 0.13% of the bond position at the end of 2023
		Delayed transition	Loss accounted for 0.16% of the bond position at the end of 2023
		Net Zero 2050	Loss accounted for 0.22% of the bond position at the end of 2023
	Stock investment	Current Policies	Loss accounted for 0.23% of the stock position at the end of 2023
		NDCs	Loss accounted for 0.22% of the stock position at the end of 2023
		Delayed transition	Loss accounted for 0.22% of the stock position at the end of 2023
		Net Zero 2050	Loss accounted for 0.48% of the stock position at the end of 2023
Shin Kong Bank (SKB)	Credit •High carbon emission industry	Current Policies	Assuming that 2 of the high carbon emission borrowers monitored by the local Environmental Protection Administration is downgraded by 1 notch in 2050, expected losses from additional credit risk exposure would increase by approximately NT$349 thousand.
		Net Zero 2050	Assuming that 5 of the high carbon emission borrowers monitored by the local Environmental Protection Administration is downgraded by 1 notch while 2 of the borrowers is downgraded by 2 notches, 4 of the borrowers is downgraded by 3 notches and 3 of the borrowers is downgraded by 4 notches in 2050, expected losses from additional credit risk exposure would increase by approximately NT$3,976 thousand.
	Domestic credit	Delayed transition	Expected losses account for 64.4% of pre-tax profit and 7.2% of net worth in 2030
			Expected losses account for 70.4% of pre-tax profit and 7.8% of net worth in 2050
		Net Zero 2050	Expected losses account for 56% of pre-tax profit and 6.2% of net worth in 2030

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<tr><td></td><td></td><td></td><td>Expected losses account for 66.1% of pre-tax profit and 7.3% of net worth in 2050</td></tr>
<tr><td rowspan="8">MasterLink Securities</td><td rowspan="8">Investment positions</td><td rowspan="2">Current Policies</td><td>Potential expected losses in 2030 account for approximately 0.01% of the Company's 2023 year-end net worth</td></tr>
<tr><td>Potential expected losses in 2050 account for approximately 0.03% of the Company's 2023 year-end net worth</td></tr>
<tr><td rowspan="2">Delayed transition</td><td>Potential expected losses in 2030 account for approximately 0.32% of the Company's 2023 year-end net worth</td></tr>
<tr><td>Potential expected losses in 2050 account for approximately 1.07% of the Company's 2023 year-end net worth</td></tr>
<tr><td rowspan="2">Net Zero 2050</td><td>Potential expected losses in 2030 account for approximately 8.60% of the Company's 2023 year-end net worth</td></tr>
<tr><td>Potential expected losses in 2050 account for approximately 8.80% of the Company's 2023 year-end net worth</td></tr>
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<tr><td>IV. Describe the procedures undertaken to identify, evaluate, and manage climate risks, and how they are integrated into the risk management system.</td><td>SKFH has incorporated climate risk management and execution guidelines into the group's "sustainable finance policy" and "risk management policy." Continue to improve the interaction between various risk management aspects of the financial industry and climate change risks, update and revise the group's sustainable financial policies and various risk management measures; accountable units have been designated, whereas risk identification, risk measurement, and supervision/control systems have been implemented to strengthen management of climate-related risks. Based on the nature of the group's businesses, SKFH has created a climate risk and opportunity questionnaire and taken the internal expert approach to identify climate-related risks and opportunities that are relevant to the group. For areas of significant concern, the Company evaluates the scope and extent of impact that each climate risk factor has on the group's businesses. A set of "High Carbon Emission Industry Management Guidelines" and "Low-carbon Investment Goals" have been established to help subsidiaries control climate risk for their investment or loan portfolios. Through monitoring of high carbon emission industries to effectively achieve financial decarbonization goals.</td></tr>
<tr><td>V. Where scenario analysis is used to evaluate resilience to climate change risk, describe the underlying scenarios, parameters, assumptions, factors, and key financial impacts.</td><td>Below is a description of the scenarios used for evaluating physical risk and transition risk. The major financial impacts have been explained in section "3. State the financial impacts of extreme weather events and transition actions."
<table>
<tr><th>Risk category</th><th>Scope of analysis</th><th>Climate scenario</th></tr>
<tr><td rowspan="2">Physical risk</td><td rowspan="2">•Business premises
•Investment/loan portfolios</td><td>RCP 2.6</td></tr>
<tr><td>RCP 8.5</td></tr>
<tr><td rowspan="4">Transition risk</td><td rowspan="4">Investment/loan portfolios</td><td>Current Policies</td></tr>
<tr><td>NDCs</td></tr>
<tr><td>Delayed Transition</td></tr>
<tr><td>Net Zero 2050</td></tr>
</table>
</td></tr>
<tr><td>VI. Where transition plans have been made to manage climate risks, explain plan details and the indicators and goals used for the identification and</td><td>Based on the outcomes of scenario analysis on physical risks and transition risks, the Company is able to evaluate financial impacts on its real estate properties and investment portfolios, and devise responses accordingly. Outcomes of the evaluation are linked to the climate change data bank for the identification of climate risks and opportunities. With regards to physical risks, any risk factor of significant impact that the Company has identified through evaluation is responded with appropriate measures; for example, the Land Subsidence Monitoring System maintained by the Water Resources Agency,</td></tr>
</table>

management of physical risks and transition risks.

Ministry of Economic Affairs, is being used to monitor land subsidence in areas where real estate properties are located. As for transition risks, the Company adopts the SBTi approach to set carbon reduction goals and manage high carbon emission industries.

Strategic value	Indicator	Short-term	Medium/long-term goals
Carbon reduction at business premises	GHG emission (Scope 1, Scope 2)	Water usage and waste volume per employee to reduce 2% yearly by 2025	• The head office and all offices to achieve 100% carbon neutrality by 2030 • Set carbon reduction goals according to SKFH's SBTi initiative
Decarbonization of investment/loan portfolio	Investment/loan portfolios Carbon emission	• Complete survey of carbon emission (tCO_2e) and emission intensity (tCO_2e/TWDMM, Revenue) according to SKFH's SBT goals and using the PCAF methodology; measure the exposure and amount of high carbon emission assets within the investment/loan portfolio • Engage with investees and borrowers through questionnaires, telephone interviews, personal visits, participation in annual general meetings, and exercise of voting rights, etc., so that the engaged companies can understand the importance of setting carbon emission reduction target and take climate-related actions to achieve transitions	• Set carbon emission goals and devise reduction strategies according to SKFH's SBTi initiative • Establish a schedule for the phase-out of thermal coal and unconventional oil and gas-related industries to SKFH's sustainable finance policy

VII. Where internal carbon pricing is used as planning tool, explain the pricing basis.

SKFH introduced "Internal Carbon Pricing (ICP)" in 2021 as a way to raise employees' energy conservation awareness, increase energy efficiency, and more effectively manage emission risks through "internalization of external costs." The ICP mainly targets Scope 1 and Scope 2 GHG emission. Using the internal fee model, the Company helps subsidiaries evaluate

	the effectiveness of energy conservation and carbon reduction plans. The Company identifies emission hotspots, and takes actions such as energy conservation, use of green energy sources, or purchase of renewable energy certificates to transform into a low-carbon business. In the future, SKFH will continue to analyze ICP of financial peers, keep track of carbon price movements locally and abroad, apply science-based reduction method, and make rolling adjustments to meet the world's net zero emission standards.
VIII. If climate-related targets have been implemented, explain the activities covered, the scope of greenhouse gas emission, any timeline planned, and the progress made each year. Where carbon offset or renewable energy certificate (REC) is used to accomplish the above targets, explain the source and quantity of carbon credit or the quantity of REC.	● Climate-related targets and timelines The Company and its subsidiaries applied to join SBTi in 2023, at which time they designated 2022 as the base year and set targets to reduce carbon emission by 42% across Scope 1 and Scope 2 by 2030. ● GHG emission scope and coverage Greenhouse gas emission covers Scope 1, Scope 2, and Scope 3 (including purchase of products/services, fuel and energy-related activities, treatment of waste produced from operations, business travel, downstream transportation and delivery etc.) and applies to SKFH, SKL, SKB, MLS, SKIT, SKPIA and SKVC. ● Progress of greenhouse gas reduction – 2023 The GHG emissions in 2023 decreased by 8.98% compared to the SBT reduction base year of 2022. ● Use of renewable energy and carbon credit 1. The Company and its subsidiaries purchased 940,900 kWh of renewable energy and generated and utilized 12,500 kWh of self-generated energy in 2023. 2. SKB purchased 29 tons of carbon credit from the carbon trading platform - Gold Standard to offset carbon emission, and obtained PAS2060:2014 carbon neutrality statement that made zero-carbon credit card a reality.
IX. GHG survey and assurance, reduction targets, strategies, and actions (explained in Charts 1-1 and 1-2).	See the following chart.

1-1 GHG survey and assurance in the last two years

1-1-1 GHG survey information

Explain GHG emission (metric tons CO2e) and intensity (metric tons CO2e/NT$ million) and data coverage.

GHG emission (metric tons CO2e) and intensity (metric tons CO2e/NT$ million) for the Company and subsidiaries in the last two years and data coverage:

Item	2022		2023 (Note1)		Data coverage
	Emission (metric tons CO2e)	Intensity (metric tons CO2e/NT$ million)	Emission (metric tons CO2e)	Intensity (metric tons CO2e/NT$ million)	
Scope 1	3,279.60	0.03	3,479.89	0.14	SKFH, SKL, SKB, MLS, SKIT, SKPIA, and SKVC(2023)
Scope 2	28,211.66	0.28	25,183.23	0.99	SKFH, SKL, SKB, MLS, SKIT, SKPIA, and SKVC(2023)

Scope 3 (excluded Category 15)	4,960.99	0.05	5,809.19	0.23	SKFH, SKL, SKB, MLS, SKIT, SKPIA, and SKVC(2023)

Note 1: As the complete GHG assurance information has not yet been obtained, the GHG emissions and intensity in 2023 are currently estimated. Relevant data will be disclosed in the Sustainability Report once assured.
Note 2: Direct emissions (scope 1, i.e., emissions directly from sources owned or controlled by the Company), indirect energy emissions (scope 2, i.e., indirect greenhouse gas emissions from electricity, heat, or steam) and other indirect emissions (scope 3, i.e., emissions from company activities that are not indirect energy emissions, but originate from sources owned or controlled by other companies).
Note 3: The data coverage scope for direct emissions and indirect energy emissions shall comply with the schedule prescribed in the order issued under Article 10, paragraph 2 of the Regulations. Other indirect emissions information may be voluntarily disclosed.
Note 4: Greenhouse gas inventory standards: Greenhouse Gas Protocol (GHG Protocol) or ISO 14064-1 issued by the International Organization for Standardization (ISO).
Note 5: The intensity of greenhouse gas emissions may be calculated per unit of product/service or revenue, but at least the data calculated in terms of revenue (NT$1 million) shall be disclosed.

1-1-2 Greenhouse gas assurance

Explain any assurance obtained in the two years preceding the publication date of annual report, including the scope of assurance, the assurer, assurance standards, and assurance opinions.

Below is an explanation of greenhouse gas assurance obtained by the Company and subsidiaries in the last two years:

Item	2022		2023 (Note 1)	
	Scope of assurance and assurer	**Assurance standard and opinion**	**Scope of assurance and assurer**	**Assurance standard and opinion**
Scope 1 Scope 2 Scope 3	● SKFH, MLS, SKIT, and SKPIA：Bureau Veritas Certification (Taiwan) Co., Ltd. (BV) ● SKL and SKB：SGS Taiwan	BV and SGS were engaged to conduct reasonable assurance in accordance with ISO 14064-1:2018	● SKFH, MLS, SKIT, SKPIA, and SKVC：Bureau Veritas Certification (Taiwan) Co., Ltd. (BV) ● SKL：DNV Business Assurance Co., Ltd. (DNV) ● SKB：SGS Taiwan	BV, DNV, and SGS were engaged to conduct reasonable assurance in accordance with ISO 14064-1:2018

Note 1: As the complete GHG assurance information has not yet been obtained, the complete assurance information for 2023 will be disclosed in the Sustainability Report.
Note 2: This information shall be disclosed in compliance with the schedule prescribed in the order issued under Article 10, paragraph 2 of the Regulations. If the Company has not obtained a complete greenhouse gas assurance opinion by the date of printing of the annual report, it shall note that “Complete assurance information will be disclosed in the sustainability report.” If the Company does not prepare a sustainability report, it shall note that “Complete assurance information will be disclosed on the Market Observation Post System (MOPS),” and shall disclose the complete assurance information in the annual report of the following fiscal year.
Note 3: The assurance institutions shall meet the directions regarding assurance of sustainability reports prescribed by the TWSE and the TPEx.
Note 4: When preparing the disclosure content, the Company may refer to the best practice reference examples on the TWSE Corporate Governance Center website.

1-2 GHG reduction targets, strategies, and action plans

Explain the base year for GHG reduction, the relevant data, reduction targets, strategies, action plans, and the attainment progress.

The Company and subsidiaries have designated 2022 as the base year and set targets to reduce carbon emission by 42% across Scope 1 and Scope 2 by 2030.

Item	Base year (2022) Emission volume (metric tons CO_2e)	Reduction target	Strategies and action plans	2023 Reduction target Progress (Note 1)
Scope 1	3,279.60	To reduce carbon emission by 42% across Scope 1 and Scope 2 by 2030.	● Company vehicles for senior managers were switched from gasoline cars to hybrid cars for reduction in the use of fossil fuel	● Total GHG emissions of the Company and subsidiaries were 8.98% lower compared to 2022 ● 940,900 kWh of green power was purchased in 2023
Scope 2	28,211.66		● Administrative practices and competitions were introduced to encourage voluntary energy conservation among employees and reduce power consumption of the office environment ● Replaced outdated lighting equipment with LED alternatives; increased energy efficiency of air conditioning equipment and optimized the energy management system ● Made plans to construct self-utilized renewable energy plant ● Purchase green power positively	

Note 1: As the complete GHG assurance information has not yet been obtained, the completion status of the reduction targets in 2023 is currently estimated. Relevant information will be disclosed in the Sustainability Report.

Note 2: This information shall be disclosed in compliance with the schedule prescribed in the order issued under Article 10, paragraph 2 of the Regulations.

Note 3: The base year shall be the fiscal year in which the greenhouse gas inventory is completed based on the consolidated financial reporting boundary. For example, under the order issued under Article 10, paragraph 2 of the Regulations, a company with capital of NT$10 billion shall complete the inventory for its fiscal 2024 annual consolidated financial report in 2025, so the base year will be 2024. If a company has disclosed its inventory in its consolidated financial report in an earlier year, it may take the earlier fiscal year as its base year. Also, the data for the base year may be calculated based on a single fiscal year or the average of multiple fiscal years.

Note 4: When preparing the disclosure content, the Company may refer to the best practice reference examples on the TWSE Corporate Governance Center website.

(VIII) Implementation of Ethical Management; Deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and the Reasons Therefor

Items Assessed	Current Implementation (Note 1)			Deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and the Reasons Therefor (Note 2)
	Yes	No	Summary Description	
I. Formulate policies and plans for ethical corporate management				
(I) Does the Company declare its ethical corporate management policies and procedures in its guidelines and external documents, and do the Board of Directors and senior management work proactively to implement their commitment to those management policies?	V		(I) To establish a corporate culture of ethical management and sound development, the Company referred to the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and through a Board resolution dated January 21, 2022, the Company amended the "Ethical Corporate Management Policy and Best Practice Principles " and the "Procedures for Ethical Management and Guidelines for Conduct ", reported to Shareholders' Meeting, and disclosed on the Company's website and the Market Observation Post System, stating the commitment of the Board of Directors and senior management to implementation. The Company also signed the Statement of Compliance to Ethical Management as a commitment to comply with relevant regulations. Promise to abide by the provisions related to the honest business policy and implement the honest supervision	No significant deviation was found.
(II) Does the Company establish an assessment mechanism for the risk of unethical conducts, and regularly analyze and assess business activities with high risks of unethical conducts, and formulates a plan accordingly to curb such occurrence, and such a plan contains countermeasures for all the circumstances described in Paragraph 2 of Article 7 of the "Ethical Corporate	V		(II) According to the Company's "Ethical Corporate Management Policy and Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct", the Company establishes a risk assessment mechanism on unethical conducts, and regularly reviews, analyzes, and assesses the business activities that have higher unethical risks. Prevention measures against business activities that are possibly at a higher risk of being involved in unethical conducts within the business scope of the Company: The Company does not directly or indirectly offer , promise to offer, request or accept any improper benefits in whatever form; does not provide illegal political donations; does not conduct	No significant deviation was found.

	Management Best Practice Principles for TWSE/TPEx Listed Companies”?			bribery in the form of charity donation or sponsorship; does not directly or indirectly offer or accept any unreasonable presents, or hospitality ,or other improper benefits; does not use, disclose dispose, damage or conduct other behaviors that infringe intellectual property rights. For donation behaviors, the Company stipulates “Regulations Governing Donation Management,” which provides that donations shall be conducted after approvals following stipulated procedures. In addition, the Company also stipulates “Regulations Governing Intangible Assets Management” to prevent the intellectual property rights, such as trademarks, of the Company from infringement.	
(III)	Does the Company establish policies to prevent unethical conduct, with clear statements regarding relevant procedures, conduct guidelines, punishments for violation, and rules for appeal, and does the company implement, review and adjust them accordingly?	**V**		(III) According to the Company's "Ethical Corporate Management Policy and Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct," the Company’s responsible person and employees are prohibited from conducting unethical conducts in the course of doing business. In addition, the Company has also established its "Code of Ethical Conduct" and "Supplier Management Regulations" and issued an "Anti-corruption and Anti-bribery Statement," which not only require employees to treat counterparties in a fair way and prohibit them from manipulating, concealing, or abusing exclusive information, or misstating material facts, or engaging in any conducts that are in violation against fair trade, but also require suppliers and their employees to do business in an ethical manner and abstain themselves from inappropriate conflict of interests, such as giving bribes, taking bribes, or conducting fraudulence. All relevant rules are examined on a regular basis. The Company also regularly amends related provisions. In addition, the Company encourages employees to report any unethical or unlawful conducts; the responsible units will exercise due diligence in protecting the whistleblower’s identity and keeping the inquiry secrete, less he or she be intimidated; and, if the reporting of violation is affirmed, it is handled in accordance with the Company’s work rules, and linked it with employees’ performances.	No significant deviation was found.

II.	Implementation of ethical corporate management				
(I)	Does the Company evaluate the integrity records of counterparties and stipulate ethical conduct clauses in contracts signed with counterparties?	**V**		(I) In accordance with the “Ethical Corporate Management Policy and Best Practice Principles” of the Company, the Company shall engage in business activities with fair and ethical methods. Prior to having any business corresponding, the Company shall take the legitimacy of the counterparties and whether they are involved in unethical conducts into consideration. The Company shall avoid transactions with counterparties involving in unethical conducts. When signing contracts with counter parties, the content of the contracts shall include clauses that the Company may terminate or cancel the contracts where the counter parties are involved in unethical conducts.	No significant deviation was found.
(II)	Does the Company establish a Responsible ethical corporate management unit under the Board of Directors that reports the execution of the ethical corporate management policy and safeguard measures against unethical conduct to the Board of Directors on a regular basis (at least annually)?	**V**		(II) 1. The Corporate Sustainability Committee under the Board of Directors is responsible for promoting corporate ethical management policy. Aside from holding regular meetings, the Committee reports to the Board of Directors annually on ethical management policy, precautionary measures, and supervision of implementation. The latest report date was December 27, 2023. 2. Implementation: The responsible unit for promoting corporate ethical management strives to protect shareholder equity and implement compliance, risk management, internal control system, and investor communication. In addition, a set of "Regulations on Board and Functional Committee Performance Evaluation" has been established to improve performance of the Board of Directors and various functional committees, thereby facilitating a good rating in the TWSE Corporate Governance Evaluation. In addition to obtaining an "Excellent" rating in this year's internal performance evaluation, the Company also engaged Taiwan Institute of Ethical Business and Forensics to conduct Board external performance evaluation, which happens once every 3 years. In addition to organizing integrity-related training courses such as "Business Integrity, Fair Customer Treatment, Financial Inclusion, and AML/CFT Supervisory Trends," "Innovative Green Energy Business Model,	No significant deviation was found.

				Financial Technology, Cybersecurity Risk, and Gender Equality," "Risk-driven Audit System and Climate Change Control," "Overview of Insurance Capital Standard (ICS)," and "IFRS17 Management Issues and Case Studies," the Company also promotes awareness on regulations and rules that are relevant to employees. 3. Future work plan: The Company actively protects shareholders' equity and treats shareholders equally, strengthens structure and operation of Board, improve information transparency, and implements CSR, and optimize the Company's grades in the TWSE Corporate Governance Evaluation. Also, the Company will continue to hold internal and external courses to improve the implementation of ethical management.	
(III)	Does the Company stipulate conflict-of-interest prevention policy, provide proper complaint channels and firmly implement the policy?	**V**		(III) The Company's "Corporate Governance Best Practice Principles" strictly prohibit inappropriate interest exchange among stakeholders; the "Ethical Corporate Management Policy and Principles" and "Corporate Governance Best Practice Principles" also provide that Directors of the Company shall specify the important content of their interest relations for the issues to be discussed in the Board' meeting where the Directors or the corporation they represent have conflict of interests. Where the interest relations will damage the interest of the Company, these Directors shall not participate in the discussion and voting and shall recuse themselves from discussion and voting and shall not exercise voting rights on behalf of other Directors. Directors shall maintain self-discipline and shall not improperly support each other. Personnel of the Company shall not acquire improper benefits for himself/herself, spouse, children or other person through his/her position or influence in the Company. The Company also establishes complaint/report email as the complaint channel.	No significant deviation was found.
(IV)	Does the Company establish effective accounting and internal control system for the implementation of ethical corporate management? Does the internal audit unit devise an audit plan	**V**		(IV) The Company has established an effective accounting system and an effective internal control system. The internal audit units under the Board have formulated audit plans for the assessed risks of unethical conducts, checked their compliance, and complied an audit report based on the audit findings, and may assign CPAs to conduct the audit work;	No significant deviation was found.

	based on the results of risk assessment of unethical conduct, and audit the implementation of safeguard measures against unethical conduct? Or does it entrust CPAs to perform audits?			once deficiency is found, it is immediately reported to the senior management and the Responsible unit for ethical corporate management, and then reported to the Board of Directors.	
(V)	Does the Company hold internal and external educational trainings on ethical corporate management on a regular basis?	**V**		(V) The Company hosted a number of workshops to reinforce awareness and execution of corporate governance and business integrity-related issues among the board of directors and senior executives in 2023, including: "Risk-driven Audit System and Climate Change Control" on August 22, "Overview of Insurance Capital Standard (ICS)" on September 20, "Business Integrity, Fair Customer Treatment, Financial Inclusion, and AML/CFT Supervisory Trends" on September 28, "Innovative Green Energy Business Model, Financial Technology, Cybersecurity Risk, and Gender Equality" on October 31, and "IFRS17 Management Issues and Case Studies" on November 20, which were organized in joint effort with Taiwan Academy of Banking and Finance, Taiwan Insurance Institute, and subsidiary - Shin Kong Life Insurance Co., Ltd. Through these courses, SKFH hopes to develop strong awareness and culture on corporate governance, sustainable management, risk control, business integrity, gender equality, AML/CFT, compliance, fair customer treatment, and financial inclusion among its subsidiaries. At the same time, to implement the integrity policy, the Company organized internal and external education and training events related to business integrity in 2023 (including integrity awareness on: important categories of dishonest behaviors, ethical conducts and reporting by insiders/outsiders, anti-money laundering, anti-terrorist financing, anti-corruption, interaction with controlling shareholders, compliance of stakeholder transactions and personal data protection, handling of material information, insider trading prevention, equity transaction by insiders, compliance with intellectual property rights laws, cybersecurity awareness, fair customer treatment, inclusive financial services, human rights commitment, prohibition against workplace discrimination, (sexual) harassment, and violation, CPRD, workplace diversity and gender equality,	No significant deviation was found.

			sustainable management, and ESG-related issues). These events received 2,204 enrollments and delivered 1,523 man-hours of training in total.	
III. Operation of reporting system of the Company (I) Does the Company stipulate solid reporting and reward system, establish convenient reporting channels and assign associated personnel for the reported personnel?	**V**		(I) The Company has stipulated "Regulations Governing Reporting Disposition for Internal and External Personnel" on November 14, 2016. Such regulations were amended for several times, and the latest amendment was made on November 22, 2022 by resolution of the Board. The Company's current whistleblowing regulations specifies the whistleblowing channels (Article 4), the whistleblowing responsible unit (Article 2), and the reward system (Article 13). The whistleblowing regulations have been disclosed on the Company's website.	No significant deviation was found.
(II) Does the Company stipulate standard operation procedures for investigations of reporting cases and related confidentiality mechanism?	**V**		(II) The company's whistleblowing regulations specify the standard operating procedures for acceptance of whistleblowing (Articles 7-9), measures to be taken after the investigation (Article 10), and confidentiality mechanisms (Article 11).	No significant deviation was found.
(III) Does the Company adopt protection measures that protect whistle blowers from mistreatments resulted from reporting?	**V**		(III) Subparagraph 2, Paragraph 1, Article 11 of "Regulations Governing Reporting Disposition for Internal and External Personnel" of the Company provides that the Company shall not dismiss, discharge, downgrade, cut pays, damage rights and interests granted by laws and regulations, contracts, or customs or impose other unfavorable disciplines upon whistle blowers for cases reported.	No significant deviation was found.
IV. Enhancing Information Disclosure Does the Company disclose the content of Ethical Management Best Practice Principles and promotion performance on its website and MOPS?	**V**		(I) Ethical corporate management information is disclosed on the website of the Company and MOPS	No significant deviation was found.
			(II) Designated personnel are responsible for collecting, disclosing and updating website information on a regular basis.	No significant deviation was found.
V. Where the Company stipulates its own Ethical Corporate Management Best Practice Principles in accordance with "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies," please describe deviations between its operation and its				

Principles: No significant deviation.
VI. Other material information that is beneficial for understanding the operation of ethical corporate management of the Company (such as the amendment of its Ethical Corporate Management Best Practice Principles): The Company also stipulates “Ethical Guidelines,” “Anti-corruption Policy” and “Guidelines for Supplier Management” to implement the corporate culture of ethical corporate management and sound development of the Company.

Note 1: Whether selecting “Yes” or “No” for the Current Implementation, a description shall be filled in the summary description column

Note 2: A non-TWSE/TPEx listed financial holding company is not required to fill in the column of “Deviations from “Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies” and the Reasons Therefor”.

(IX) Where the Company stipulates corporate governance guidelines and related regulations, the inquiry methods shall be disclosed:

The Company stipulates corporate governance regulations. Please visit the website of the Company or MOPS for related contents.

(X) Any other material information that would afford a better understanding of the status of the company's implementation of corporate governance:

1. Training for managers of the Company:

Title	Name	Training courses	Training Hours
President (Note 1)	Olivia Wu	2023 "Education and Training of Directors, Supervisors and Senior Executives of Shin Kong Financial Holding and Its Subsidiaries"_Lectures on Corporate Governance- Corporate Sustainability (corporate sustainability, cybersecurity, and gender equity)	3
		2023 "Education and Training of Directors, Supervisors and Senior Executives of Shin Kong Financial Holding and Its Subsidiaries"_Implementation of Integrity Management, Fair Hospitality and Financial Friendliness & AML/CFT Trends in AML/CFT	3
		Shin Kong Financial Holding 2023 Compliance Manager Education and Training (including managerial trainees)	3.5
		Board of Director Measures amidst Information Technology Waves	3
President (Note 2)	Stephen Chen	2023 "Education and Training of Directors, Supervisors and Senior Executives of Shin Kong Financial Holding and Its Subsidiaries"_ Lectures on Corporate Governance- Corporate Sustainability (corporate sustainability, cybersecurity, and gender equity)	3
		2023 "Education and Training of Directors, Supervisors and Senior Executives of Shin Kong Financial Holding and Its Subsidiaries"_ Implementation of Integrity Management, Fair Hospitality and Financial Friendliness & AML/CFT Trends in AML/CFT	3
		Annual Shin Kong Financial Holding compliance education and training (Compliance, anti-money laundering and counter-terrorism financing, anti-corruption, insider trading, corporate governance, cyber security, personal data protection, sexual harassment prevention/gender equity)	12.28
Senior Vice President (Note 3)	Evan Chang	2023 "Education and Training of Directors, Supervisors and Senior Executives of Shin Kong Financial Holding and Its Subsidiaries"_ Lectures on Corporate Governance- Corporate Sustainability (corporate sustainability, cybersecurity, and gender equity)	3
		2023 "Education and Training of Directors, Supervisors and Senior Executives of Shin Kong Financial Holding and Its Subsidiaries"_ Implementation of Integrity Management, Fair Hospitality and Financial Friendliness & AML/CFT Trends in AML/CFT	3
		Financial Business Seminar for Auditors	15
Chief Audit Officer (Senior Vice President) (Note 4)	Kuei-Hung Tsai	Analysis Workshop on Penalties Imposed by Competent Authorities- Execution of Compliance, Tracking, and Reviews of the Internal Control and Audit System in Financial Holdings and the Banking Industry	3
		Audit Supervisor Workshop	13
Chief Legal Officer (Note 5)	William Chien	Advanced Practice Seminar for (Independent) Directors and Supervisors and Corporate Governance Executives - the 2030/2050 Green Industrial Revolution	3
		Introduction to the Disputes over Company Management and the Commercial Case Adjudication Act	3
		Business Judgment Rules and Case Analysis	3

Title	Name	Training courses	Training Hours
		Shin Kong Financial Holding 2023 Compliance Manager Education and Training (including managerial trainees)	3.5
		2023 Training on the Rights of Elderly Customers in Insurance	2
Chief Legal Officer (Note 6)	Hsiu-Yu Chang	2023 "Education and Training of Directors, Supervisors and Senior Executives of Shin Kong Financial Holding and Its Subsidiaries"_ Lectures on Corporate Governance- Corporate Sustainability (corporate sustainability, cybersecurity, and gender equity)	3
		2023 "Education and Training of Directors, Supervisors and Senior Executives of Shin Kong Financial Holding and Its Subsidiaries"_ Implementation of Integrity Management, Fair Hospitality and Financial Friendliness & AML/CFT Trends in AML/CFT	3
		Annual Shin Kong Financial Holding compliance education and training (Compliance, anti-money laundering and counter-terrorism financing, anti-corruption, insider trading, corporate governance, cyber security, personal data protection, sexual harassment prevention/gender equity)	12.28
		Introduction to Recent Disputes over Board of Director and Shareholder Meeting Procedures under Ownership Fights	3
		Advanced Practice Seminar for (Independent) Directors and Supervisors and Corporate Governance Executives -Introduction and Case Analysis of Short-term Trading by Company Insiders	3
		Advanced Practice Seminar for (Independent) Directors and Supervisors and Corporate Governance Executives -Performance evaluation of directors	3
Senior Vice President (Note 7)	Stan Lee	2023 Training on the Rights of Elderly Customers in Insurance	2
Senior Vice President (Note 8)	Judy Lin	2023 "Education and Training of Directors, Supervisors and Senior Executives of Shin Kong Financial Holding and Its Subsidiaries"_ Lectures on Corporate Governance- Corporate Sustainability (corporate sustainability, cybersecurity, and gender equity)	3
		2023 "Education and Training of Directors, Supervisors and Senior Executives of Shin Kong Financial Holding and Its Subsidiaries"_ Implementation of Integrity Management, Fair Hospitality and Financial Friendliness & AML/CFT Trends in AML/CFT	3
		Annual Shin Kong Financial Holding compliance education and training (Compliance, anti-money laundering and counter-terrorism financing, anti-corruption, insider trading, corporate governance, cyber security, personal data protection, sexual harassment prevention/gender equity)	12.28
		Shin Kong Financial Holding 2023 Compliance Manager Education and Training (including managerial trainees)	3.5
Senior Vice President	Wei-Hsiung Chang	2023 "Education and Training of Directors, Supervisors and Senior Executives of Shin Kong Financial Holding and Its Subsidiaries"_Lectures on Corporate Governance- Corporate Sustainability (corporate sustainability, cybersecurity, and gender equity)	3
		2023 "Education and Training of Directors, Supervisors and Senior Executives of Shin Kong Financial Holding and Its Subsidiaries"_ Implementation of Integrity Management, Fair Hospitality and Financial Friendliness & AML/CFT Trends in AML/CFT	3
		Annual Shin Kong Financial Holding compliance education and training (Compliance, anti-money laundering and	12.28

Title	Name	Training courses	Training Hours
		counter-terrorism financing, anti-corruption, insider trading, corporate governance, cyber security, personal data protection, sexual harassment prevention/gender equity)	
		Shin Kong Financial Holding 2023 Compliance Manager Education and Training (including managerial trainees)	3.5
Senior Vice President (Note 9)	Chin-Hui Chen	2023 Training on the Rights of Elderly Customers in Insurance	2
		2023 "Education and Training of Directors, Supervisors and Senior Executives of Shin Kong Financial Holding and Its Subsidiaries"_ Implementation of Integrity Management, Fair Hospitality and Financial Friendliness & AML/CFT Trends in AML/CFT	3
		Annual Shin Kong Financial Holding compliance education and training (Compliance, anti-money laundering and counter-terrorism financing, anti-corruption, insider trading, corporate governance, cyber security, personal data protection, sexual harassment prevention/gender equity)	12.28
		Shin Kong Financial Holding 2023 Compliance Manager Education and Training (including managerial trainees)	3.5
Chief Compliance Officer of the Head Office (Note 10)	Chih-Kang Guo	2023 "Education and Training of Directors, Supervisors and Senior Executives of Shin Kong Financial Holding and Its Subsidiaries"_ Lectures on Corporate Governance- Corporate Sustainability (corporate sustainability, cybersecurity, and gender equity)	3
		2023 "Education and Training of Directors, Supervisors and Senior Executives of Shin Kong Financial Holding and Its Subsidiaries"_ Implementation of Integrity Management, Fair Hospitality and Financial Friendliness & AML/CFT Trends in AML/CFT	3
		On-the-job study for compliance personnel (323th)	15
		Annual Shin Kong Financial Holding compliance education and training (Compliance, anti-money laundering and counter-terrorism financing, anti-corruption, insider trading, corporate governance, cyber security, personal data protection, sexual harassment prevention/gender equity)	12.28
		Shin Kong Financial Holding 2023 Compliance Manager Education and Training (including managerial trainees)	3.5
Chief Information Security Officer and Chief Information Officer (Note 11)	K.T. Chang	Shin Kong Financial Holding 2023 Compliance Manager Education and Training (including managerial trainees)	3.5
Chief Information Security Officer and Chief Information Officer (Note 12)	Kuo-Pin Lin	2023 "Education and Training of Directors, Supervisors and Senior Executives of Shin Kong Financial Holding and Its Subsidiaries"_ Lectures on Corporate Governance- Corporate Sustainability (corporate sustainability, cybersecurity, and gender equity)	3
		2023 "Education and Training of Directors, Supervisors and Senior Executives of Shin Kong Financial Holding and Its Subsidiaries"_ Implementation of Integrity Management, Fair Hospitality and Financial Friendliness & AML/CFT Trends in AML/CFT	3
		Annual Shin Kong Financial Holding compliance education and training (Compliance, anti-money laundering and counter-terrorism financing, anti-corruption, insider trading, corporate governance, cyber security, personal	12.28

Title	Name	Training courses	Training Hours
		data protection, sexual harassment prevention/gender equity)	
Senior Vice President	I-Tsui Hsu	2023 "Education and Training of Directors, Supervisors and Senior Executives of Shin Kong Financial Holding and Its Subsidiaries"_ Lectures on Corporate Governance- Corporate Sustainability (corporate sustainability, cybersecurity, and gender equity)	3
		2023 "Education and Training of Directors, Supervisors and Senior Executives of Shin Kong Financial Holding and Its Subsidiaries"_ Implementation of Integrity Management, Fair Hospitality and Financial Friendliness & AML/CFT Trends in AML/CFT	3
		Annual Shin Kong Financial Holding compliance education and training (Compliance, anti-money laundering and counter-terrorism financing, anti-corruption, insider trading, corporate governance, cyber security, personal data protection, sexual harassment prevention/gender equity)	12.28
		Shin Kong Financial Holding 2023 Compliance Manager Education and Training (including managerial trainees)	3.5
Vice President	Min-Chi Wu	2023 Training on the Rights of Elderly Customers in Insurance	2
		2023 "Education and Training of Directors, Supervisors and Senior Executives of Shin Kong Financial Holding and Its Subsidiaries"_ Lectures on Corporate Governance- Corporate Sustainability (corporate sustainability, cybersecurity, and gender equity)	3
		Annual Shin Kong Financial Holding compliance education and training (Compliance, anti-money laundering and counter-terrorism financing, anti-corruption, insider trading, corporate governance, cyber security, personal data protection, sexual harassment prevention/gender equity)	12.28
		Shin Kong Financial Holding 2023 Compliance Manager Education and Training (including managerial trainees)	3.5
Vice President	Vicky Lu	2023 "Education and Training of Directors, Supervisors and Senior Executives of Shin Kong Financial Holding and Its Subsidiaries"_ Lectures on Corporate Governance- Corporate Sustainability (corporate sustainability, cybersecurity, and gender equity)	3
		Annual Shin Kong Financial Holding compliance education and training (Compliance, anti-money laundering and counter-terrorism financing, anti-corruption, insider trading, corporate governance, cyber security, personal data protection, sexual harassment prevention/gender equity)	12.28
		Shin Kong Financial Holding 2023 Compliance Manager Education and Training (including managerial trainees)	3.5
		Continued educational courses for accounting supervisors	12
		Seminars on IFRS 17 tax-related issues	3
		2023 Training on the Rights of Elderly Customers in Insurance	2

Note 1：President Olivia Wu resigned on June 9, 2023.
Note 2：President Stephen Chen took office on July 8, 2023.
Note 3：Senior Vice President Evan Chang took a leave of absence from January 1, 2024.
Note 4：Chief Audit Officer Kuei-Hung Tsai took office on November 1, 2023.
Note 5：Chief Legal Officer William Chien resigned on July 1, 2023.
Note 6：Chief Legal Officer Hsiu-Yu Chang took office on July 8, 2023

Note 7：Senior Vice President Stan Lee resigned on March 20, 2023.
Note 8：Senior Vice President Judy Lin took office on March 29, 2023
Note 9：Senior Vice President Chin-Hui Chen served from January 1, 2023 to October 15, 2023；Started working for Shin Kong Life Insurance from October 16, 2023
Note 10：Senior Vice President Chih-Kang Guo served from January 1, 2023 to November 30, 2023；Starting from December 1, 2023, temporarily transferred to Shin Kong Life Insurance
Note 11：Senior Vice President K.T. Chang served from January 1, 2023 to August 31, 2023；Started working for Shin Kong Bank from September 1, 2023
Note 12：Senior Vice President Kuo-Pin Lin took office on September 1, 2023

2. Procedure for the operation of internal material information of the Company:

(1) In order to establish a good internal material information processing and disclosure mechanism of the company, avoid improper information leakage, ensure the consistency and correctness of information published to the outside world, and strengthen the prevention of internal trading, the "Taiwan Stock Exchange Co., LTD. 's Verification and Disclosure of Material Information of listed Companies" is hereby referred to. Set up "Management procedures for Major Information processing and internal transaction Prevention of Shin Kong Financial Holding Co., Ltd.", and reveal the former disclosure methods on the company website rules and regulations section for all employees to follow.

(2) The Company stipulates “SKFH Crisis Reporting Regulations,” and its subsidiaries also stipulate these regulations. Where material information occurs internally in the Company, each designated contact windows shall report the information within the provided time limit in accordance with the operation procedure of these regulations, and the emergency response team shall actively convene meetings and produce solid response plan for decision-makers as reference. The operation process of the above Reporting Regulations are disclosed on the internal website and in the annual report of the Company.

(XI) Implementation of Internal Control System:

1. Statement of Internal Control System

Statement of Internal Control System

Date: March 29, 2024

To: Financial Supervisory Commission

On behalf of Shin Kong Financial Holding Co., Ltd. (the "Company"), we hereby declare that from January 1 to December 31, 2023, the Company has duly complied with the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries" in the establishment of a system of internal control and the implementation of risk management procedures. The Company was audited by an independent auditing department, and the auditing reports had been submitted to the Company's Board of Directors and the Audit Committee periodically by the independent auditing department.

Upon prudent evaluation, the Company hereby confirms that, other than the items in the enclosed chart, each of the Company's units has effectively performed its internal control and legal compliance duties. This statement will become one of the major parts of the Company's Annual Report and prospectus to be disclosed to the public. If the above publicly disclosed statement constitutes any falsehood, omission or other illegality, it will incur legal responsibility under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

Sincerely yours,

Chairman Hwai-chou Chen

President En-Kuang Chen

Chief Auditor Kuei-Houng Tsai

Head Office Compliance Officer Chi-Yao Lu

Shin Kong Financial Holding Co., Ltd.
The Enhancement Items and Improvement Plan for Internal Control System
(Base date: December 31, 2023)

Enhancement Items	Improvement Measures	Expected Completion Time
Subsidiary I. Shin Kong Life Insurance Co., Ltd.		
1. The Company has deficiencies in handling real estate investment and development projects: (1) The real estate investment case is inconsistent with the investment and development plan originally submitted to the board of directors, it has not been submitted to the board of directors again, and the plan has not been approved by the board of directors; construction works that required additional budget were executed before seeking approval; and the Company did not retain relevant records on the land development proposal and budget documents submitted to the Board of Directors during the inspection period,document management was inappropriate. (2) Investment real estates were leased without adequate assessment on the reasonableness of rent. Note: On April 21, 2023, the Company was fined NT$600,000 by the competent authority.	1. (1) The Company has implemented controls over real estate development projects and board reporting rules so that information such as development progress, budget, major changes etc. are reported in Board of Directors meetings. Standard operating procedures on the execution of emergency works and document management have also been introduced to guide compliance. (2) The rent negotiation conditions have been set, reference should be made to the valuation report and the actual rent price recorded. The relevant leasing conditions should be in line with the market rent conditions. If they are inconsistent with the investigated leasing prices, the necessity and rationality should be explained.	Improved.
2. The control mechanism on "whether customers had purchased new insurance policy with proceeds sourced from borrowing, policy loan, or termination of old policy undertaken within the three months before and after purchase" found instances where salesperson offered to sell insurance products within the three months before/after submitting loan application for the same customers, and that the salesperson were rewarded for offering loans to such customers. Note: On April 21, 2023, the Company was fined NT$600,000 by the competent authority.	2. The remuneration payment and control process for salesperson who recommend customers to apply for loans has been reviewed, and completed system amendments and claimed back rewards on the above cases.	Improved.
3. The Company handled complaints from the public about salesperson solicits operations, and there are deficiencies: (1) The Company did not fully understand the bank channel solicitation complaint case and simply used the channel letter to confirm that there was no improper solicitation and failed to fulfill his investigation responsibilities. (2) The public complained that salesperson attempted to sell multiple investment policies to an illiterate customer, and the content of the	3. Dedicated forms such as channel solicitation and service process reports and new contract solicitation disputes and contract cancellation and refund handling procedures have been amended, and issued to inform all complaint handling personnel; in addition, for elderly complaint cases will have to be circulated to the underwriting unit and described the underwriting	Improved.

Enhancement Items	Improvement Measures	Expected Completion Time
suitability analysis form filled out by the salesperson on behalf of the customer was inconsistent with the facts. The Company did not understand the suitability of the insurance product and failed to verify the suitability of the business solicitation process; insurance agents and brokers solicited disputes, and the Company asked the policyholder to clarify the contact with insurance agents and brokers, but did not implement the verification; the solicitation of insurance did not obtain the policyholder 's personal signature of the application documents, resulting in a refund of the premium paid by the policyholder; the Company simply made claims against the insurance agents and brokers involved according to contract terms without assessing the amount of losses and failure to clarify whether the case of policyholder's complaint was solicited in the name of another person, and failure to fully investigate the dispute, which was not conducive to the quality control of the channel solicitation. Note: On April 21, 2023, the Company was fined NT$600,000 by the competent authority.	assessment to facilitate the review of the causes of occurrence and the development of improvement measures and complete the formulation of relevant specifications and operating procedures for loss recovery.	
4. The Company has deficiencies in the Company's equity investment operations: (1) The manager had placed trade orders earlier than the investment decision report was approved,and the track of the approval time of the investment decision report is not fully retained. (2) With regards to the prevention of conflicting interests in domestic equity, the Company failed to conduct a conflict of interest checks for the personnel who declared equity transactions in accordance with regulations; prior to employees' resignations, the Company did not retrieve transaction data from TWSE, TPEX,TDCC to check for conflict of interest. Note: On April 21, 2023, the Company was fined NT$600,000 by the competent authority.	4. (1) The Company has introduced new control mechanisms and amended standard operating procedures to ensure proper keeping of data trail on order placement and time of approval. (2) A conflict of interest checking and reporting system has been enforced to include personnel that previously were not included in the check; all personnel involved in equity trading will be required to provide transaction data and subjected to conflict of interest checks before resignation.	Improved.
5. When assessing the suitability of investment-linked insurance products for elderly customers, a salesperson was found to have falsely completed the insurance assessment worksheet for an elderly, illiterate applicant. According to the assessment outcome, the salesperson considered the applicant "Able to discern insurance terms that are disadvantageous, comprehends suitability of the insurance product purchased, and possesses adequate cognitive function"; however, a retrieval of the post-sale	5. The Company has amended underwriting rules for purchases of investment-linked flexible premium products by elderly customers, and made internal announcements on the common signs of medium or high dispute risk when underwriting insurance coverage. Meanwhile, new lateral communication channels have been introduced so that abnormal findings in a call visit can	Improved.

Enhancement Items	Improvement Measures	Expected Completion Time
call visit conducted before underwriting found that the customer had inadequate understanding of the rights as a policyholder, which was different from the outcome of the assessment worksheet. The call visits for elderly customers were being performed only as a formality, and product suitability assessments were not properly carried out to determine whether a product fits in the overall needs of a customer. Note: On September 13, 2023, the Company was fined NT$1,200,000 by the competent authority.	be communicated to the underwriting officer to strengthen the assessment of suitability of policyholders' products.	
Subsidiary II. Taiwan Shin Kong Commercial Bank Co., Ltd.		
1. The Bank exhibited defects that violated the Money Laundering Control Act when handling mortgage applications from natural persons. Note: On March 31, 2023, the Company was fined NT$1,500,000 by the competent authority.	(1) This case has been comprehensively reviewed, and improvement measures for the non-conformities have been provided and reported to the Board. (2) The Bank has punished those violators.	Improved.
2. Wealth Management Manager of a branch was found to have kept customer's online banking account number and password, without authorization set his own account in another bank as the customer's agreed online banking account, altered the customer's passbook transaction details, misappropriated customer funds and had a borrowing and lending relationship with customers,, which violated the bank's deposit and remittance operations and "Prohibited Matters for Employees".	(1) This case has been reviewed, and improvement measures for the non-conformities have been provided and reported to the Board. (2) The Bank has punished those violators.	Improved.
3. Wealth management staff of a branch was found to have kept blank forms signed by customers and customers' online banking account number and password. These practices were in violation of the Bank's "Prohibited Matters for Employees."	The Bank has included this in its internal training sessions. The Bank has also strengthened its training sessions, and punished those violators.	Improved.
4. Wealth Management Manager of a branch was found to have made his personal accounts and passwords available for use by subordinates and failed to care for elderly customers that suffered large losses, which violated the Bank's "Prohibited Matters for Employees" and constituted negligence of supervisory duties.	The Bank has included this in its internal training sessions. The Bank has also strengthened its training sessions, and punished those violators.	Improved.
5. The Bank's consumer finance sales staff of a branch was found to have neglected the verification process when handling credit cases and failed to witness customer's signature, which violated the Bank's credit assessment guidelines and "Prohibited Matters for Employees."	The Bank has included this in its internal training sessions. The Bank has also strengthened its training sessions, and punished those violators.	Improved.
6. The Bank's consumer finance sales staff of a branch was found to have accepted cases referred by loan agents and had a borrowing and	The Bank has included this in its internal training sessions. The Bank has also strengthened its training	Improved.

Enhancement Items	Improvement Measures	Expected Completion Time
lending relationship with customers, which violated the Bank's "Prohibited Matters for Employees."	sessions, and punished those violators.	
7. Providing virtual account collection services to high-risk customers such as e-commerce online shopping platforms and third-party payment service, without considering and adopting sufficient strengthened control measures based on transaction types, the actual collection needs, and nature of business, and without establishing complete abnormal transaction verification report.	(1) Policy aspect The Bank has amended the "Applicant eligibility" of its " Key points of the operation of the all-round collection and write-off system " and added the implementation method of checking the "Scope of Use of Collection". Meanwhile, additional fields have been added to the "Estimated collection status" section of the checklists for new business relationships and regular/unscheduled audits to facilitate checks for enhanced control measures. All of the above changes were completed on September 22, 2023. (2) System aspect (2.1) Added and enhanced control functions were introduced, including: virtual account payment limit check (completed on July 8, 2023), prohibition against repeated deduction of the same virtual account (completed on October 6, 2023), and virtual account payment expiry check (completed on December 22, 2023) (2.2) Abnormal transaction monitoring reports are added, including:repeated payments using the same virtual account, payments above a certain amount using virtual account, confirm whether the actual payment received by the customer is consistent with the estimated collection items requested, and regular reports of virtual accounts that has not been trading for a long time. All of the above changes were completed on December 30, 2023.	Improved.
Subsidiary III.Master Link Securities Corp.		
1. An audit conducted by Taiwan Futures Exchange found that the account opening officer of Xinzhuang Branch did not file documents (including the mandate contract) for the new	(1) To prevent similar acts of negligence in the filing of account-opening documents, the Company has instructed the handling officer	Improved.

Enhancement Items	Improvement Measures	Expected Completion Time
foreign futures trading account opened by trader **-Yuan Hsieh on October 30, 2017 in a manner that is correct and free of omissions. Note: On July 20, 2023, the Company received an order of correction from the competent authority.	to duly observe internal rules, handle customers' futures mandate contracts with care, print out "Customer Listing" for domestic and foreign futures trading accounts, and verify details while retaining relevant reports for enhanced document filing and verification. (2) Meanwhile, strengthen education and training on account opening procedures and review operations. (3) Account opening officer ○-Yu Tai was issued a warning.	
2. (Subsidiary MasterLink Futures Co., Ltd.) An audit conducted by Taiwan Futures Exchange found that MasterLink Futures did not duly perform the necessary verifications when opening the above foreign futures account for trader **-Yuan Hsieh on November 1, 2017, which resulted in the incorrect filing of information for the foreign futures customer. Note: On July 20, 2023, the Company received an order of correction from the competent authority.	(1) To prevent further omission of bank account linkage for foreign futures trading accounts, the Company has begun checking "Customer Listing" for all foreign futures accounts opened with futures introducing brokers since November 15, 2022. (2) The Company has strengthened the education and training on account opening procedures and review operations. (3) Account opening officer ○-Chin Chang, was issued a warning.	Improved.
3. The Company purchased NT$7,517 thousand of winter uniforms in 2021, and the winning bidder is SHINKONG CO., LTD., a counterparty regulated under Subparagraph 2, Paragraph 1, Article 45 of the Financial Holding Company Act at the time, whereas the transaction itself involved signing of an agreement and payment of monetary consideration, as mentioned in Subparagraph 4, Paragraph 2 of the same Article. However, the transaction was executed without passing by a resolution of the Board of Directors where more than two-thirds of directors were present, and without the support of more than three-quarters of the directors present at that meeting.	(1) Any data on stakeholders received from the financial holding parent will be updated to the "Related Parties System" immediately. (2) The procurement system, additional checks will be made to see if procurement cases exceeding NT$5,000,000 for related party transaction when processing "Procurement request." If it is a related party transaction, the operation will be stopped. (3) Amendments have been made to the "Checklist for transactions other than credit extension with Stakeholders and Quasi-stakeholders"; the details, nature, and amount of related party transaction are being checked by the procurement handler. Any transactions that cannot be executed by the management under the blanket authorization of the Board of Directors will be subject to the Board's major resolution before execution. Non-	Improved.

Enhancement Items	Improvement Measures	Expected Completion Time
Note: On September 06, 2023, the Company was fined NT$2,000,000 by the competent authority.	related party transactions and related party transactions that are covered by the board's blanket authorization will be carried out according to the procurement policy.	
4. (1) On September 5, 2023, the Company filed an out-trade report that specified "incorrect securities name" as the reason, when in fact the out-trade had occurred while the outsourcing vendor was performing system maintenance and testing, and did not separate the test environment from the production environment, which resulted in testing data being entered into the production environment. (2) The system that the outsourcing vendor was granted access to did not separate the test environment from the production environment, which resulted in the outsourcing vendor having switched from the test environment to the production environment. (3) The outsourcing vendor accessed the system using a remote connection method that did not employ multi-factor authentication. (4) After the outsourcing vendor had completed system maintenance over remote connection, the Company did not disconnect the IP and recover access rights of the user account.	(1) Out-trades are being reported with correct specification of the underlying reason. (2) Outsourcing vendors' connections are being controlled and separated between test environment and production environment. (3) Amendments have been made to the outsourcing vendors' remote connection process; outsourcing vendors are now required to notify the Company's system administrator via OTP and e-mail, who will then grant login access to them. (4) Outsourcing vendors' remote login is being confined to a specific timeframe; inactivity or log-out will result in disconnection and recovery of access rights.	Improved.
5. (1) To prevent conflict of interest in insiders' securities transactions, the Company compares the transactions details undertaken by an insider to the transactions details entrusted by key customers that the insider has access and knowledge of, and not all customers that the insider has access and knowledge of. (2) Firewall log for the four-in-one network was not kept for 3 years. (3) Some user accounts on the system server did not have password changed every 3 months. (4) One of the PCs was found to have connected to the Internet using a combination of smartphone and USB WiFi without supervisor's approval. (5) Some PCs terminals did not have antivirus software installed. (6) The information of investors who did not	(1) Insiders' transactions are now being compared to the transactions of all customers that each insider has access and knowledge of. (2) Firewall access logs are being kept for at least three years as required by policy. (3) System server user accounts and passwords are being updated within the specified period. (4) Uses of networking resources and equipment are now subject to prior approval. (5) The Company's PCs have had antivirus software installed and the virus code and program updated in a timely manner. (6) Data from online account opening is	Improved. Improved. Improved. Improved. Improved. Improved.

Enhancement Items	Improvement Measures	Expected Completion Time
complete account opening online was not deleted after 60 days.	being checked on a daily basis, and will be deleted if information is not furnished in full after 60 days.	
(7) The Company still uses network equipment that has reached end-of-support (EOS), but does not evaluate the impact or devise response measures.	(7) The Company has assessed the impact of using EOS equipment and executed response measures. Improvements are expected to be completed according to the prescribed timeline. Capacity of network equipment is being examined regularly, whereas the impact of EOS equipment and response measures are being evaluated on an ongoing basis.	Improvement is expected at the end of April 2024.
(8) Some system servers did not have security patches applied regularly or in a timely manner.	(8) The Company has patched up security weaknesses of the mentioned servers, and devised responses for these weaknesses according to policy.	Improved.
(9) Remote system access of resigned employees was not removed in a timely manner.	(9) Employees' access are being deleted immediately upon resignation.	Improved.
(10) The Company did not have mechanisms in place to detect unauthorized webpage and program changes for the official website (including WEB online trading), APP, and AP systems.	(10) Plans have been made to implement programs for detecting unauthorized changes for the official website (including WEB online trading), APP, and AP systems. Improvements are expected to be completed according to the prescribed timeline.	Improvement is expected at the end of June 2024.
(11) Some system servers make use of administrator account, but no record is kept on the request and approved use of such account.	(11) Uses of the administrator account are now subject to approval with records kept on file.	Improved.

2. Where a company is required to entrust CPAs to carry out a special audit of the internal control system by competent authority, the CPA audit report shall be disclosed: None.

(XII) Disciplinary actions received in the past 2 years due to violation of laws and major defects and improvement shall be disclosed in accordance with the following principles:

Item	Cause and Amount	Improvement Measures
(I) The Company's representative or employee has been prosecuted by the prosecutor due to crime committed in business.	None	
(II) Violations of laws and regulations fined by the Financial Supervisory Commission R.O.C. Taiwan (FSC)	Shin Kong Life Insurance (SKL): I. The spirit and principles of corporate governance were not complied when Mr. Wu, who was suspended for his duties as the Chairman of the Board of Directors, was involved in the management of the Company. This incident was not favorable to the protection of the Company's assets. The Company failed to conduct risk assessment and establish a proper firewall mechanism for transactions between him and his investment business or interested parties. The Company failed to implement the internal control system and made proper management, such as not distinguishing the private and the Company's in terms of managing the Shin Kong Banqiao Jasper Building and the transactions between Mr. Wu and the Company's related companies , improper use of the Company's resources, and poor internal control over the management of real estate leasing. On March 10, 2022, the Company was fined NT$3 million and received an order of correction by the competent authority. The monthly salary of the Chairman was reduced by 30% for a duration of 3 months.	Shin Kong Life Insurance (SKL): I. The Company has recovered relevant fees and established a mechanism for checking the reasonableness of expense write-offs. For the real estate business, we strengthened the management and audit of outsourced vendors and established an operating procedure for information completeness proposed by the Board of Directors. A checklist has been revised for stakeholder transactions to strengthen the check mechanism for transaction conditions and comparative bases; the management and stakeholder leasing conditions of the Shin Kong Banqiao Jasper Building will be reviewed and monitored in accordance with the contract and the Company's internal regulations. Additionally, in response to the opinions expressed in correspondence from the regulatory authorities, the company has revised its Operating procedure for Interaction Mechanisms with Shareholders Possessing Controlling Power and internal regulations concerning matters that related parties must adhere to when participating in significant company meetings.
	II. In 2009 and 2010, the Company acquired 12 real estate investment cases, including Lot 848 in Nanhai Section 3, Zhongzheng District, Taipei City, and did not follow the reported schedule to develop the land, resulting in	II. The project was carried out in accordance with the estimated sales schedule agreed by the competent authority, and the current year's sales target had been achieved as of the end of 2022, and the progress was

	failure to meet the standard of immediate utilization and income. On July 6, 2022, the Company was fined NT$1 million by the competent authority.	reported to the board of directors and reported to the competent authority on a quarterly basis.
	III. In the solicitation and underwriting operations, some salesperson failed to meet with the policyholders to witness their signatures in person, and failed to implement the procedures of requiring the salesperson to fill out the solicit report honestly and to confirm the identity of the insured and the insured's identity and consent; in the underwriting operations, the company returned the policy after the initial examination and found that the signatures were incomplete, but then proceeded to build the underwriting file without completing the examination process. On July 13, 2022, the Company was fined NT$600,000 and received an order of correction by the competent authority.	III. In addition to the underwriting process, the Company has established a control mechanism and added a tracking mechanism for the filing of travel insurance policies and completed education and promotion.
	IV. The land on Sanchong Section, Sanchong District, New Taipei City was purchased and acquired during 2014 and 2015. However, the Company failed to control the development schedule properly, comply with immediate utilization with profitability standard. On July 18, 2022, the Company was fined NT$1 million by the competent authority.	IV. The control mechanism for real estate investment and real estate development cases were established. The case has been leased out, but the legal rate of return has not been reached due to the interest rate increase factor, and the Company has submitted a report and received approval from the regulatory authorities to extend the immediate utilization deadline. Following the approval from the regulatory authorities, the Company will carry out quarterly targeted audits to examine the subsequent revenue conditions.
	V. On 2020.07.24,The Board of Directors' meeting approved the compensation of directors, which was not agreed upon in accordance with the Articles of Incorporation, and the performance bonus for the resident directors was approved by the Chairman of the Board of Directors with the authorization of the Board of	V. The Company has submitted the proposal for establishing operating procedures of Directors' remuneration to the Board of Directors and improved the information for the proposal. Additionally, the Company has appointed an external consultant to review the rights,

	Directors, which was not in accordance with the Articles of Incorporation, and the resolution of the Board of Directors was not followed. On September 7, 2022, the Company was fined NT$600,000 by the competent authority.	responsibilities and remuneration of directors and resident directors..The Company has amended its articles of association to eliminate the position of resident director.
	VI. The managerial officers worked concurrently on the duties of stakeholders. The Company did not clearly state their duties nor establish an appropriate mechanism for the conflict of interest. After the managerial officer, who transferred an affiliate, returned, the managerial officer still assisted the such affiliate and did not clearly delineate duties between the Company and the affiliate. On September 7, 2022, the Company was fined NT$600,000 by the competent authority.	VI. The Company has established standard operating procedures for “Board of Directors' Proposals for Manager's Concurrent Interested Party Positions” and have included in the proposals the duties and responsibilities of the concurrent positions and the conflict of interest situations.
	VII. In the meeting held on 2021.01.29, the Board of Directors approved that the targets of the performance bonus for 2020 include senior executives who were not in employment on the date of payment, which violated Company's internal regulations and the restriction of the fine notification on 2020.09.16. On September 7, 2022, the Company was fined NT$1.2 million by the competent authority.	VII. The “Regulations Governing Performance Bonus for Senior Executives” and the “Regulations Governing Long-term Incentive Bonus for Senior Executives” had been revised and submitted to the Board of Directors for approval to regulate the targets and recognition criteria. The Senior Executive in this case had remitted such performance bonus.
	VIII. The Company has not established control principles and procedures for the hosting of other legal personal hosts or for access to the intranet by non-company personnel, and the firewall settings related to the data exchange platform are too lenient. On September 7, 2022, the Company was fined NT$600,000 by the competent authority.	VIII. Regarding information managing procedures, the Company has established the “Regulations Governing the Compliance with Information Security and Outsourced Personnel ”of the escrow business. Moreover, the Company has also established firewall rules to restrict the access of external personnel such as outsourced vendors, Additionally, agreements concerning custodial services have been completed with the relevant legal entities.

	IX. The date of the reclassification of the Company's financial assets was determined by the Securities and Futures Bureau to be 2022.09.30, but the announcement was made by SKFH on behalf of the Company as late as 2022.10.28, and the announcement was not reported within two days from the date of occurrence of the fact. On December 20, 2022, the Company was fined NT$720,000 as a penalty on the person responsible for the misconduct by the competent authority.	IX. The Company has introduced a new standard operating procedure for the reclassification of the Company's financial assets, which specifies that if there is a need to release material information and press releases, they should be disclosed according to the TWSE.'s Verification and Disclosure of Material Information of Listed Companies and the Securities and Exchange Act scheduling requirements for announcements.
	X. Issues regarding the Company's real estate investment and development projects: 1. Real estate investment cases that did not align with the original investment and development plans proposed to the Board of Directors were not re-submitted for board approval, leading to instances where actions were taken without following the approved plans; There were additions to project budgets where work commenced before obtaining approval; During the inspection period, the Company was requested to provide the Board of Directors with land construction and development plans and budgets, but it was indicated that no relevant records were kept, pointing to inadequate document management. 2. Regarding the leasing of investment properties, there was a failure to obtain sufficient information to assess the reasonableness of the rent. On April 21, 2023, the Company was fined NT$600,000 by the competent authority.	X. 1. The Company has established control and reporting standards for real estate development projects, committing to regularly report to the Board of Directors on development progress, budget, and significant changes to plans. Additionally, standard operating procedures for emergency construction work and document management in development projects have been established for compliance. 2. Conditions for negotiating rent have been set, requiring reference to appraisal reports and actual registered rental rates to ensure lease terms are in line with market rental rates. If there is a discrepancy with surveyed rental market rates, the necessity and reasonableness must be explained.
	XI. The Company has implemented control mechanisms to verify whether the source of funds for	XI. The Company has reviewed and adjusted the compensation distribution and control processes for

	purchasing new policies involves loans, policy loans, or the termination of old policies within three months before and after the customer's insurance application. For salesperson soliciting insurance products to the same customer within three months before and after the loan application date, there were instances of compensation for encouraging clients to apply for loans. On April 21, 2023, the Company was fined NT$600,000 by the competent authority.	salespersons who encourage clients to apply for loans, with system corrections made and inappropriate incentive compensations reclaimed.
	XII. Inadequacies in the Company's handling of public complaints regarding solicitation practices by salesperson: 1. There was insufficient understanding of complaints against bank channel solicitations, with decisions made based on channel responses without thorough investigation. 2. Complaints were filed against - salesperson for selling multiple investment-type policies to illiterate policyholders and inaccurately filling out suitability analysis forms on their behalf. The Company failed to assess the suitability of policies for customers, did not verify the appropriateness of the solicitation process, and, in cases of disputes over solicitation through insurance broker channels, advised policyholders to clarify matters directly with the channels without conducting proper verification; There were instances of insurance solicitation without obtaining the insured's handwritten signature on application documents, leading to refunds of premiums paid by the insured. The Company did not assess the financial loss nor seek compensation from the relevant insurance broker channels according to the contract. It also failed to investigate complaints thoroughly to determine if there were instances of	XII. The Company has revised and issued notifications to all complaint handling personnel regarding specialized forms and reports for channel solicitation and service processes, as well as new procedures for handling contract disputes and fee refunds. Additionally, for complaints from elderly individuals, joint meetings with the underwriting unit are required to outline the underwriting assessment, facilitating the review of causes and formulation of improvement measures. The Company has also established related standards and procedures for pursuing compensation for losses.

	nominal solicitation, adversely affecting the quality control of channel solicitations. On April 21, 2023, the Company was fined NT$600,000 by the competent authority.	
	XIII. Issues regarding the Company's equity investment procedures: 1. Managers made orders before the investment decision report was finalized, and there was a failure to fully retain the approval time trajectory of the investment decision report. 2. In handling conflicts of interest for domestic equity products, the Company did not comply with regulations to conduct conflict of interest checks for declared equity trading personnel, nor did it consult trade data from institutions such as the TWSE TPEX,TDCC before personnel departure to verify any conflicts of interest. On April 21, 2023, the Company was fined NT$600,000 by the competent authority.	XIII. 1. Control mechanisms and revisions to standard operating procedures have been added to preserve the order process and approval time trajectory. 2. An interest conflict check and reporting mechanism have been introduced, incorporating previously unchecked personnel into the regulation. Additional provisions require equity trading personnel to provide trade data before departure and conduct a conflict of interest check as per the new operational standards.
	XIV. The Company conducts suitability assessments for elderly investors regarding i investment-linked insurance products. Salespersons soliciting illiterate elderly policyholders failed to accurately complete the elderly insurance assessment scale; the assessment results indicated that the salespersons believed the policyholders had the capacity to recognize adverse insurance rights and understood the suitability of the insurance product content, deeming their cognitive abilities sufficient. However, upon reviewing the sales and pre-underwriting phone interviews, it was revealed that the customers' understanding of their insurance rights was inadequate, inconsistent with the assessment scale results. The Company's elderly care call operation was merely formalistic and failed to effectively implement a comprehensive suitability assessment for policyholders, leaving the suitability and	XIV.The Company has revised the underwriting regulations and issued announcements regarding insurance products designed for the elderly, featuring investment flexibility and flexible payment options. The Company also addressed contentious high-risk cases in underwriting practices. Additionally, the Company implemented a new mechanism for lateral communication during phone inquiries to provide feedback on abnormal patterns observed during underwriting calls. This is aimed at enhancing the evaluation of product suitability for policyholders.

	needs of the product for the policyholders unverified. On September 13, 2023, the Company was fined NT$1.2 million by the competent authority.	
	Shin Kong Bank (SKB):	Shin Kong Bank (SKB):
	I. Former bank staff ○-Chun Tsai inquired about the customer's personal information through the computer system, photographed it, and sent it to a third party. On October 12, 2022, the Company was fined NT$50,000 by the competent authority.	I. 1. To strengthen the employees' compliance concept and implementation, the Risk Management Department has offered the annual "Personal Data Protection Education and Training Course" to reinforce each unit's relevant personal information protection regulations. 2. For employees (not limited to current employees) who illegally use the Bank's personal information, the Bank shall pursue criminal liability actions and adopt a strict punishment system to reduce the risks of violations.
	II. The Bank has experienced non-compliance with Anti-Money Laundering regulations in its operations for natural person home loans. On March 31, 2023, the Company was fined NT$1.5 million by the competent authority.	II. 1. The Bank has introduced a mechanism for collecting a watchlist and established a database for Qualified Real Estate Brokers. It has set regulations to prevent involvement with companies and individuals related to Billion Housing and Jiang Ma Group as guarantors, providers of collateral, referrers, and real estate agents, or in cases associated with companies where the guarantor is employed. 2. The Bank has created a monitoring report to review the relevance and rationality of such transactions. If anomalies are detected, they should be added to the watchlist. 3. Regarding abnormal transaction types, the Bank has developed the Natural Person Home Loan Customer Automatic Withholding Account Abnormal Transaction Check Sheet (monthly report) to enable the home loan management unit to conduct investigations.

	III. The Bank has addressed deficiencies related to the former wealth management manager Huang, misappropriating client funds and engaging in improper financial transactions with clients. On January 12, 2024, the Company was fined NT$8 million by the competent authority.	III. 1. Starting from November 20, 2023, if only one bank staff member processes non-counter deposit and remittance services, it must be handled by staff not in the wealth management department. Additionally, before undertaking a case, the responsible officer must verify the customer's identity and confirm the details of the transaction over the phone. If two bank staff members are involved in processing, one of them must be from outside the wealth management department. Services involving changes to seals and stamps, applications for internet banking and mobile banking (including password resets), modifications to various transfer functions, and changes to designated incoming account numbers must not be provided by wealth management personnel. When two staff members process non-counter deposit and remittance services, recording the phone verification is not required. However, for non-counter applications from customers aged 65 and over, phone verification is mandatory for all cases. 2. The Bank has established a Security Maintenance Operation Standard, which mandates operational departments to strictly control the entry of non-staff members to ensure a secure environment. 3. To enhance the monitoring of significant fund reductions and short-term trading activities among elderly clients, the Bank has revised its Wealth Management Business Client Asset Review and Risk Pattern Monitoring Operation Guidelines. These guidelines stipulate that if elderly clients aged 65 and above appear on the Short-term Fund Trading

		Control Report or AUM Monitoring Report, the manager responsible for reviewing these reports must conduct a verification with the client personally via recorded phone call and retain the recording number. This measure was announced on March 31, 2023, and implemented on April 6, 2023. 4. The Bank has explicitly defined that customers can request to autonomously follow their account manager through rotations. It appears that Huang has circumvented the Bank's management measures for customer continuity under the same account manager through formal non-assignment as the original financial consultant and not transferring customers to the branch he oversees, thereby avoiding the Bank's regulations on customer rotation and continuous service by the same account manager. It has been explained in meetings that when rotating account managers continue to serve original customers, the original branch's account manager must accompany them. If there are any abnormal interactions between the original account manager and the customers, it must be reported immediately. The regulations have been amended to state that account managers who have been transferred are not allowed to serve their original managed customers. Violations of these regulations will be reported for disciplinary actions according to the Bank's Regulations on Employee Reward and Disciplinary Measures.
	MasterLink Securities	MasterLink Securities
	I. 1. The former salesperson, Mr. Huang, is responsible for handling clients' discretionary orders to buy and sell	I. 1. The Company requires that the staff of the Trustee shall not accept clients' discretionary orders for

	securities and for holding money and seals on behalf of clients. 2. The Company does not strictly control and keep the account opening contracts, and as a result, there are uncompleted account opening contracts and personal profile of the public left outside the company. 3. Failure to send staff to investigate customer complaints in accordance with regulations and to keep reports on the handling of such cases. On October 5, 2022, the Company was fined NT$240,000, and received an order of correction by the competent authority.	securities trading and shall not hold money or seals on behalf of clients. 2. The Company requested the branch to control account opening contracts and data vigorously and keep them in a safe place properly. 3. When accepting customer complaint or report, the Branch should handle such matter in accordance with our Handling Procedures and keep the relevant reports.
	II. The Company did not check more than 9 accounts with the same agent as other clients in accordance with the “Money Laundering and FCPA Customer Risk Assessment Form”, resulting in underestimation of customer risk. On December 7, 2022, the Company was fined NT$240,000 and received an order of correction by the competent authority.	II. When customers added a new agent, agent information should be checked by the branch personnel through the account opening information. If such customer had the same agent with other customer and had over 9 accounts, then the salsesperson should re-access the customers’ risk level.
	III. (Subsidiary MasterLink Futures Co., Ltd.) When accepting customer-entrusted position dismantling, combination, buying, and selling operations during the after-hours trading sessions in September 2020; there was no mechanism for checking the remaining combinable positions, resulting in no corresponding position after the original closing order was completed. There also may be insufficient margin when the position changes to a new position after the transaction. On October 24, 2022, the Company was fined NT$240,000 by the competent authority.	III. The Company found the abnormal trading behavior of trader; hence, we suspended Liu, ○○'s online and new position trading and optimized the system to label the entrusted the buy order corresponding to the sell option to close the position. The Company has adjusted the checking mechanism for security deposits.
	IV. 1. The Company's internal officers have opened accounts for trading securities and have not canceled their internal officers' accounts when their children reach the	IV. 1. Regularly check the internal personnel account operation every month, and request the branch to notify the internal personnel who have not opened internal

		age of majority, or have not distinguished their accounts with a dedicated account (98*), and the employees have opened accounts with other securities firms.	personnel account or lost internal personnel status and have not canceled the internal personnel account to make corrections. If our employee is found to have an account at other securities firm, he or she should be requested to cancel the account within a time limit.
	2.	In the event that the amount of securities entrusted to be traded exceeds the approved maximum daily trading amount or investment capacity, the customer may be subject to the manager's approval without the credit review process.	2. The Manager shall confirm that the client has provided the appropriate financial resources before the branch staff may proceed with the transmission of the mandate if the mandate has been effectively controlled and exceeds the investment capacity.
	3.	Sales staff use the company's internal network address (IP) to execute orders to buy and sell securities for customers.	3. “The list of IP address matches between the investor and our internal staff” printed daily should be revised and checked for trading compliance.
	4.	For customers who participate in the public subscription by placing electronic orders with the same network address (IP).The Company does not conduct any verification of the use or fraudulent use of the name of another person by the subscriber for the IPO and SPO underwriting cases.	4. The branch office performs the required verification operations and keeps records in accordance with the “Control and Audit Form for the Purchase of 9 or More Shares of the Same IP”.
	5.	The Company's anti-money laundering and anti-finance and terrorism operations fail to perform risk-level checks and transaction audits on existing customers who are on the Group's joint prevention list provided by the parent company of the financial holding company for political office holders (PEP) or negative news (NN).	5. The system reveals ID matching data, and the salesperson will verify the identity of the client as a person with important political duties (including family members and closely related persons) or a special and important case that is reported on TV, newspapers and magazines, or the Internet and other media in real time, and perform evaluation operations accordingly.
	6.	When monitoring the procedures for Anti-Mmoney laundering and Combating the financing of terrorism, the Company did not conduct identity checks and risk assessment in case of an existing client who wanted to create a new business brokerage credit account. In	6. When a customer added a new credit account, the entrusted salesperson should complete identity checks and risk assessment procedures. The Company generates the “AML/CFT Periodic Review Alert and Overdue Case Form” on a monthly basis to follow up

	addition, there were cases in which the risk assessment on the clients with general risk level were not completed before the deadline. On February 9, 2023, the Company was fined NT$480,000 and received an order of correction by the competent authority.	with our salesperson to complete the review by the required deadline.
	V. The Bank processed the 2021 fiscal year's purchase of winter uniforms, totaling NT$7.517 million, with the winning bidder being Shinkong Co., Ltd. At that time, the company was a transaction subject under Article 45, Paragraph 1, Subparagraph 2 of the Financial Holding Company Act, and the transaction was made under Subparagraph 4 of the same paragraph as a contract involving the payment of money, without the approval of two-thirds of the directors present at the Board of Directors meeting and a three-fourths majority of those present. On September 6, 2023, the Company was fined NT$2 million by the competent authority.	V. 1. The Bank has updated the Related Party System database upon receiving data on stakeholders from the parent financial holding company. 2. For purchases exceeding NT$5 million, an additional check has been implemented in the processing of the Procurement Application Form on the Procurement System to determine if the transaction involves a related party. If a related party is invovled, operations are halted. 3. Amendments have been made to the Checklist for Transactions Other Than Credit Transactions with Stakeholders and Quasi-stakeholders to ensure that transactions with related parties and quasi-related parties other than for credit transactions are checked by the procurement officer for transaction items, nature, and amounts. Transactions not broadly authorized by the Board within the scope of business operations require prior substantive resolutions by the Board before proceeding with procurement operations. If the transaction does not involve related parties, or if it involves related parties but falls within the scope of general authorization by the Board of Directors, then it shall be conducted in accordance with procurement management regulations.
	VI. 1. During the inspection period, the branch manager and the head of the sales department at the time, Yu XX, were found	VI. 1. Managers and employees are prohibited from engaging in loan transactions with customers,

	to have engaged in unauthorized activities, including lending money to customers and acting as a mediator for loan transactions, as well as improperly holding onto customers' seals or passbooks. 2. The sales staff member, Li XX, was found to have engaged in unauthorized activities, including lending money to customers, holding onto customers' seals or passbooks on their behalf, and conducting securities transactions for clients without a proper authorization letter. On February 26, 2024, the Company was fined NT$480,000 and received an order of correction by the competent authority. Additionally, the manager for four months and the associated person for three months were suspended the business execution.	acting as intermediaries for loans or securities, and from holding securities, funds, seals, or passbooks on behalf of customers. 2. Employees accepting customer orders for buying and selling must not handle purchases, sales, or delivery of securities by anyone other than the customer or by agents without a proper authorization letter from the customer. 3. Branch managers and employees should carry out their duties in accordance with the company's internal control systems and legal regulations and enhance their education and training.
(III) Misconducts received an order of correction from the Financial Supervisory Commission.	Shin Kong Life Insurance (SKL): I. The Board of Directors and the Real Estate Planning Committee considered and approved the building tender offer, and there were deficiencies in the consideration of the real estate risk management. 1. The real estate has been in use for many years, and the acquisition did not include an assessment of the future maintenance costs associated with the purchase in the stress test. 2. Bidding at a higher appraised amount did not include the risk of immediate impairment in the future. 3. The Board of Directors did not explicitly authorize a reasonable range of transaction amounts in advance for investment in real estate transactions. On September 7, 2022, the Company received an order of correction by the competent authority.	Shin Kong Life Insurance (SKL): I. A control mechanism for asset allocation management, pre-investment risk analysis and price reasonableness assessment has been established, and tracking of subsequent investment cases has been listed.
	II. The following relevant management control mechanisms for information security were not handled properly. 1. For the computers without USB read/write access, users	II. Vulnerability patches have been completed, and PC versions are regularly scheduled for inspection; development and maintenance staff privileges have been set and divided

	able to transfer image files without personal information to Samsung smart phones, transfer files in specific formats (.7z or .zip) to USB or upload such files to webpages, or upload large amount of personal data exceeding the threshold. All these access mentioned above were not blocked. 2. The new data warehouse was managed and updated by the programmers in the Digital Information Department without mutual restraint in program changes. The data processing platform is also maintained by the programmers of such Department. There were management deficiencies such as poor user privilege management, storing the connection account name and password with clear text, and not keeping the connection traces centrally. On September 7, 2022, the Company received an order of correction by the competent authority.	in accordance with the principle of traction, connection accounts have been encrypted and stored, and connection traces have been centrally controlled.
	III. External email control was not properly handled in the following points done: 1. Emails containing personal information are sent to colleagues or to external email addresses used by the correspondence channel without confirming the appropriateness and keeping evaluation records, and no control mechanism has been established for the recipients of the emails. 2. For emails that are blocked by personal data filtering and reviewed and released, no post-checking mechanism is established to verify the appropriateness of the target and content. On September 7, 2022, the Company received an order of correction by the competent authority.	III. The Company has completed the outgoing email white-list application mechanism, outgoing email exception confirmation mechanism and outgoing email with personal information review mechanism, and set them to be followed in internal regulation.
	IV. The business partner relationship management system has the function of providing the company's channel service employees to download files externally, but	IV. We have removed the permission for our channel service colleagues to download files from external websites and limited the scope of PRM downloads.

	no control mechanism has been established, and the employees have not confirmed the appropriateness of the files downloaded externally and kept the evaluation records. On September 7, 2022, the Company received an order of correction to improve its conduct within one month by the competent authority.	
	MasterLink Securities:	MasterLink Securities:
	I. During an audit, the Taiwan Futures Exchange discovered that on October 30, 2017, the account opening registration staff at the Xinzhuang branch failed to accurately and completely file and manage the information for the client, Xie X Yuan's, overseas futures account opening, in accordance with the new account customer's entrusted contract and other documents. On July 20, 2023, the Company received an order of correction by the competent authority.	I. 1. To prevent recurrence of account opening and filing oversights, handling staff are required to strictly adhere to company regulations, properly process customer futures entrusted contracts, and other related operations. Additionally, they must print and verify Client Lists for both domestic and overseas futures, as well as retain these reports, to reinforce the implementation of filing and verification procedures. 2. Furthermore, education and training on account opening procedures and review processes have been strengthened. 3. The account registration staff member, ○-Yu Tai, has been issued a warning.
	II. (Subsidiary MasterLink Futures Co., Ltd.) The Taiwan Futures Exchange's audit found that on November 1, 2017, Masterlink Futures did not implement the necessary review process when opening an overseas futures account for the trader Xie X Yuan, resulting in the incorrect filing and management of the overseas futures customer's information. On July 20, 2023, the Company received an order of correction by the competent authority.	II. 1. To prevent future omissions in filing foreign designated deposit bank accounts, starting from November 15, 2022, the futures transaction assistants have been reviewing the Client Lists for overseas accounts. 2. Education and training on account opening procedures and audit operations have been strengthened. 3. The account handling staff member, ○-Chin Chang, has been issued a warning.
	III. On February 24, 2023, August 18, 2023, and August 19, 2023, the salesperson Wu Wen-Yuan provided customers with futures trading advice via Line groups.	III. 1. Wu deleted the Line groups. 2. Salesperson must submit an application to the company before engaging in advertising and promotion,

	On January 5, 2024, the Company received an order of correction and suspended the futures business execution of the associated person for one month by the competent authority.	and they are prohibited from providing trading advice.
(IV) Disciplinary action set forth in Paragraph 1, Article 54 of Financial Holding Company Act by FSC:	Shin Kong Financial Holding (SKFH): I. The deficiencies that occurred with poor management: 1. Violation of corporate governance principles and failure to fulfill legal obligations of managing subsidiaries, which may hinder sound operations of Shin Kong Group. 2. Chairman, Hsu,○, failed to fulfill the responsibilities of supervision and management. On March 10, 2022, the Company received an order of correction by the competent authority, and the Chairman was suspended from his directors' duties for 3 months.	Shin Kong Financial Holding (SKFH): I. 1. The Company amended its "Corporate Governance Best Practice Principles". 2. Specific measures to strengthen the corporate governance of the Shin Kong Group are as follows: 2-1 Strengthen personnel education and advocacy. 2-2 Improve legal compliance and corporate governance awareness. 2-3 Embed internal audit check items. 2-4 Embed self-checking items.
(V) The punishment against the Company's internal personnel for violating the regulations of the internal control system; the results of the punishment may have a significant impact on shareholders' rights or the price of securities, or meet our provisions of article 2 of the implementation instructions for public disclosure of major penalty measures for violation of financial laws and regulations.	None.	
(VI) Where the individual or total actual loss exceeding NT$ 50 million due to personnel malpractice, material incidents (frauds, theft, misappropriating or embezzling assets, fake tradings,	None.	

counterfeiting vouchers and securities, receiving kickback, loss resulted from natural disasters, loss resulted from external forces, hacking and data theft, leaking business secrets and customer data) or security incidents occurred due to the non-compliance of Regulations Governing the Security Maintenance and Administration of Financial Institutions, the nature and loss amount shall be disclosed:		
(VII) Other matters required to be disclosed by FSC:	None.	

(XIII) Important resolutions of the shareholders' meeting and Board' meeting in the most recent year:

1.Important resolutions of Board in the most recent year, up to the publication date of this annual report

Date of Meeting	Summary of Important Proposals	Resolution Result	Current implementation
2023.5.23	The Company plans to renew the liability insurance for directors' and officers' liability insurance	All attending Directors agreed to approve the proposal with unanimous consent	Abode by the resolution to renew the liability insurance for Directors, supervisors and important employees
2023.6.09	The voting of the Company's chairman	On this matter, with the attendance of more than two-thirds of the directors, the majority of the attending directors consented	The resolution has been followed and the changes have been registered
2023.8.28	The Company carried out issuance of common shares for cash capital increase	The increase in capital was indeed necessary for meeting capital adequacy requirements; however, with regards to the calculation of capital adequacy ratio for the life insurance subsidiary, the Company and the life insurance subsidiary should communicate with the authority about adding the gains on real estate and the reserve for the offset of differences in mortality and interest rates to eligible capital before proceeding with further discussions.	Enforced as resolved
2023.10.30	Issuance of new shares for the conversion of the 6th domestic unsecured convertible corporate bonds in 2023	All attending Directors agreed to approve the proposal with unanimous consent	Enforced as resolved
2023.12.06	The Company's investment limit for the common shares of its subsidiary - Shin Kong Life Insurance Co., Ltd.	All attending Directors agreed to approve the proposal with unanimous consent	Enforced as resolved

Date of Meeting	Summary of Important Proposals	Resolution Result	Current implementation
	would be set at NT$1.5 billion		
2023.12.27	The board continued to discuss the issuance of common shares for the increase in cash capital proposed at the 5th meeting of the 8th board of directors, and planned a specific schedule and related projects for the capital increase of the life insurance subsidiary	(1) The increase in cash capital was indeed necessary for meeting capital adequacy requirements. (2) However, from the discussions of this proposal, it was learned that the RBC gap in life insurance could be met with just an addition of NT$7 billion. (3) The Company previously strove to include the reserve for the offset of differences in mortality and interest rates and the gains on real estate in the RBC calculation; however, the Financial Supervisory Commission responded with a letter stating difficulty in agreeing to the request. (4) To effectively address the actual capital gap of life insurance and comply with the legal requirements of the capital adequacy ratio, the Finance and Investor Relations Department was asked to engage an external consulting firm for a financial diagnosis at the Company. The consultant will help assess if there are any other viable self-rescue plans, conduct an on-site audit for a period of three months, and	Enforced as resolved

Date of Meeting	Summary of Important Proposals	Resolution Result	Current implementation
		submit the suggested plan to the board of directors for discussion upon completion. Meanwhile, the Company will continue to communicate with the competent authority for supervisory forbearance.	
2024.2.19	On subsidiary Shin Kong Life Insurance's Capital Adequacy Enhancement Plan as of the end of June 2024, the proposal outlines a capital increase plan and schedule for 1H24	On this matter, the chairman sought the consent of the majority of the attending directors, and they subsequently approved	Enforced as resolved
2024.2.29	Final account of the Company's consolidated financial statements for the year 2023	All attending Directors agreed to approve the proposal with unanimous consent	Submitted to the 2024 Shareholders' Meeting for approval
2024.2.29	Convened the Company's 2024 Shareholders Meeting	All attending Directors agreed to approve the proposal with unanimous consent	Abode by the resolution and announced the convening of Shareholders' Meeting on June 14, 2024
2024.2.29	The Company's investment limit for the common shares of subsidiary - Shin Kong Life Insurance Co., Ltd. was set at NT$7 billion	All attending Directors agreed to approve the proposal with unanimous consent	Enforced as resolved
2024.3.29	The Company's 2023 deficit compensation proposal and business report	All attending Directors agreed to approve the proposal with unanimous consent	Submitted to the 2024 Shareholders' Meeting for approval
2024.3.29	Amendment to the Election Procedure for Directors of the Company	All attending Directors agreed to approve the proposal with unanimous consent	Submitted to the 2024 Shareholders' Meeting for discussion
2024.4.26	Amendment to the Company's Articles of Association	All attending Directors agreed to approve the proposal with unanimous consent	Submitted to the 2024 Shareholders' Meeting for discussion
2024.4.26	In response to strategic development and operational growth, the	All attending Directors agreed to approve the proposal with unanimous	Submitted to the 2024 Shareholders' Meeting for discussion

Date of Meeting	Summary of Important Proposals	Resolution Result	Current implementation
	Company plans to raise long-term capital	consent	
2024.4.26	The feasibility of merging to address the RBC issues of Shin Kong Life Insurance will be studied in the near future, so as to facilitate smooth alignment with the ICS by 2026 to reverse operational difficulties. The rights of policyholders, employees, shareholders, and the Company itself are also safeguarded. The business scale will also be expanded while laying a cornerstone for the development of the financial sector in Taiwan.	On this matter, the chairman sought the consent of the majority of the attending directors, and they subsequently approved	Enforced as resolved

2.Important resolutions of Shareholders' Meeting in the most recent year, up to the publication date of this annual report

Date of Meeting	Summary of Important Proposals	Resolution Result	Current implementation
2023.6.9	Acknowledgment of the Company's 2022 final account statements	Approved through voting	Abode by the resolution and made an announcement.
	Acknowledgment of the Company's 2022 earnings distribution proposal	Approved through voting	Abode by the resolution and made an announcement.
	In response to strategic development and operational growth, the Company planned the case of raising long-term capital	Approved through voting	Taking into account the volatility of the financial market and strategic planning, the sixth domestic unsecured convertible corporate bonds were issued in the first half of 2023 ahead of schedule, but there would

			be no cash capital increase
	Election of the 8th Directors (including Independent Directors) of the Company	The 8th board of directors (including independent directors) with a total of 15 seats had been legally elected and announced	The term of the 8th board of directors starts from June 9, 2023, to June 8, 2026. Julius Chen was elected as the chairman by the newly-elected directors. And on July 11, 2023, the application for change of registration was submitted to the Ministry of Economic Affairs and announced on the Company's website.

(XIV) Important resolutions passed by the Board' meeting that Directors or supervisors have a dissenting or qualified opinion which is recorded or stated in a written statement in the most recent year, up to the publication date of this annual report:

1. The election of the Company's chairman was held during the 1st meeting of the 8th board of directors dated June 9, 2023. Independent Director Yung-Ming Shiu verbally expressed to abstain from voting, whereas the remaining 9 out of 10 directors present at the meeting voted with a raise of hands (the chair did not participate in the vote), and the motion was passed as proposed with the support of more than two-thirds of the attending directors.
2. On the 9th item of the 8th session of the 10th board of directors meeting on December 27th, 2023, "continuation of the discussion on the agenda item from the 5th session of the 8th board of directors meeting regarding 'The Company's Cash Increase and Issuance of Common Stocks,' and drafting the specific schedule and related plans for the increase of capital of the life insurance subsidiary of the Company," the directors (including independent directors) holding reservations after the discussion are as follows:
   (1) Independent director Yung-Ming Shiu: Agreed with the proposal content but expressed concerns about the resolution. Suggested the Company to draft a timetable for cash capital increase.
   (2) Director Tseng-Chang Lee: Agreed with independent director Yung-Ming Shiu.
   (3) Director Olivia Wu: Agreed with independent director Yung-Ming Shiu.
   Director Lin Tun-jen abstained from voting due to absence, while the remaining 11 directors expressed their agreement. The chairman sought the consent of the majority of the attending directors, and the motion was passed.

3. On the 2nd item of the 12th session of the 8th board of directors meeting on February 19th, 2024, "proposing the plan and timetable for the Company's 1H24 capital increase for the 'Capital Adequacy Ratio Improvement Plan by the End of 2024,'" the directors

(including independent directors) holding reservations after the discussion are as follows:

(1) Independent director Yung-Ming Shiu: Agreed to increase capital for subsidiary Shin Kong Life Insurance from Shin Kong Financial Holding. However, expressed reservations regarding the company's current capital increase plan, which includes the issuance of subordinated debt by the subsidiaries and using the surplus from the banking and securities subsidiaries for capital increase. Detailed reasons can be found in the material information disclosed by Shin Kong Financial Holding on February 19, 2024 titled "Subject: Announcement of the Reservation of Opinion Expressed by Independent Director Yung-Ming Shiu on Item 2 of the 12th Session of the 8th Board of Directors Meeting."

(2) Director Tseng-Chang Lee: Held the same opinion as independent director Yung-Ming Shiu.

(3) Director Olivia Wu: Held the same opinion as independent director Yung-Ming Shiu.

The other 12 directors expressed agreement. On this matter, the chairman sought the consent of the majority of the attending directors, and they subsequently approved.

4. On the 10th item of the 16th session of the 8th board of directors meeting on April 26, 2024 discussed "continuation of researching the feasibility of merger, resolving the RBC issue of Shin Kong Life Insurance to facilitate its smooth transition to ICS by 2026 to reverse operational difficulties, safeguarding the interests of policyholders, employees, shareholders, and the Company, and enhancing business scale and laying the foundation for Taiwan's financial development," the directors (including independent directors) holding reservations after the discussion are as follows:

   (1) Director Yung-Ming Shiu: Proposing to continue studying the merger with specific companies as outlined at this time may not be helpful but could even be detrimental to the previously approved agenda by the board of directors regarding the issuance of common stocks for cash capital increase. This could significantly increase the difficulty for the Company to complete the increase. The board of directors may risk violating the principles of business judgment and general trade norms. Detailed reasons can be found in the material information disclosed by Shin Kong Financial Holding Co., Ltd. on April 26, 2024 titled "Subject: Announcement of the Reservation Expressed by Independent Director Yung-Ming Shiu on Item 10 of the 16th Session of the 8th Board of Directors Meeting."

   (2) Director Tseng-Chang Lee: The case took place at the wrong time.

   (3) Director Olivia Wu: Agreed with independent director Yung-Ming Shiu.

   (4) Director Hui-Min Lai: Expressed agreement with continued research of the feasibility of the merger, but suggested prioritizing the research on specific companies,

since this appears to be inconsistent and discordant with the Company's internal procedures.

The other 11 directors expressed agreement. On this matter, the chairman sought the consent of the majority of the attending directors, and they subsequently approved.

(XV) Summary of the resignation and dismissal of persons related to financial reports (including the chairman of the board, general manager, financial officer, accounting officer, internal audit officer and corporate governance officer) in the most recent year and as of the publication date of the annual report:

February 29, 2024

Title	Name	Date on board	Date departed	Reasons for resignation or discharge
Chairman	Victor Hsu	2020.08.21	2023.06.09	Term Expired
Financial Officer	Stan Lee	2021.04.05	2023.03.20	Resigned
President	Olivia Wu	2020.08.19	2023.06.09	Resigned
Corporate Governance Officer	William Chien	2022.04.01	2023.07.01	Resigned
Chief Auditor	Evan Chang	2017.11.01	2023.12.08	Job Adjustment

Note: The relevant persons of the Company refer to the chairman of the board, the general manager, the financial director, the accounting director, the internal audit director, the corporate governance director, etc.

IV. Professional Fees to the CPA Informationo

(I)Professional Fees to the CPA Information

Unit: NT$ thousands

Name of accounting firm	CPA name	CPA Audit Period	Audit fee	Non-audit fee	Total	Remarks
Deloitte & Touche	Wang-Seng Lin	2023.01.01 ~ 2023.12.31	6,700	680	7,380	I. Non-audit fee details: Fees for tax attestation services in 2023:NT$ 500 thousand Fees for business registration in 2023: NT$ 90 thousand Fees for CB services in 2023: NT$50 thousand Fees for capital verification report in 2023: NT$ 40 thousand
	Jr-Shian Ke	2023.01.01 ~ 2023.12.31				

Note: When the Company changed CPA or accounting firm, the audit period shall be listed, the reason for change shall be specified in the remark column, and the audit and non-audit public fee payment information shall be sequentially disclosed. Notes describing the content of services for non-audit public fees must be provided.

(II)Change of the accounting firm and the audit remuneration paid in the year of change is less than the audit remuneration paid before the change: None.

(III) Audit remuneration reduced by 10% or more compared to previous year: None.

V. Replacement of CPAs: None.

VI. Company Chairmen, President, or Any Managerial Officer in Charge of Finance or Accounting Matters in the Most Recent Fiscal Year Holding a Position at the Company's CPA Accounting Firm or at an Affiliated Enterprise of Such Accounting Firm: None.

VII. Changes in Equity Transfer and Pledged Equity of Directors or Managerial Officers, and Those Required to Make a Declaration of Shareholding Changes by Article 11 of the "Regulations Governing A Same Person or A Same Related Party Having Held the Equity of A Same Financial Holding Corporation with Voting Power Exceeding the Specified Ratio"

(I) Changes in the equity of Directors and Managers

Unit: Shares

Title	Name	2023 (Note 1、2)		The year till April 16, 2024 (Note 1、2)	
		Increase (decrease) in shares held	Increase (decrease) in the number of shares pledged	Increase (decrease) in shares held	Increase (decrease) in the number of shares pledged
Chairman	Hwai-Chou Chen	0	0	0	0
Director	Shin Po Co., Ltd	0	0	0	0
Director	Shin Kong Wu Ho Su Culture and Education Foundation	0	0	0	0
Director	Shin Kong Mitsukoshi Department Store Co., Ltd.	0	0	0	0
Director	Wu Chia Lu Insurance Culture and Education Foundation	0	0	0	0
Director	Tung Shing Investment Co., Ltd.	0	0	0	0
Director	Shih-Mei Lin	0	0	0	0
Director	Chun-Hong Chen	0	0	0	0
Independent Director	Min-Chiu Chien	0	0	0	0
Independent Director	Edgar Y. Chen	0	0	0	0
Independent Director	Yung-Ming Shiu	0	0	0	0
President	Stephen Chen	0	0	0	0
Chief Auditor	Kuei-Houng Tsai	0	0	0	0
Chief Information Security Officer & Chief Information Officer	Kuo-Ping Lin	0	0	0	0

Title	Name	2023 (Note 1、2)		The year till April 16, 2024 (Note 1、2)	
		Increase (decrease) in shares held	Increase (decrease) in the number of shares pledged	Increase (decrease) in shares held	Increase (decrease) in the number of shares pledged
Chief Legal officer	Shiou-Yu Chang	0	0	0	0
Chief Compliance Officer	Chi-Yao Lu	0	0	0	0
Vice President	Judy Lin	0	0	0	0
Vice President	Wayne Chang	0	0	0	0
Senior Assistant Vice President	Yi-Tsuei Hsu	0	0	0	0
Senior Assistant Vice President	Min-Chi Wu	0	0	0	0
Senior Assistant Vice President	Vicky Lu	0	0	0	0
Senior Assistant Vice President	Cheng-Wei Fang	30,000	0	100,000	0
Assistant Vice President	Da-Hsiang Lo	0	0	0	0
Assistant Vice President	Chien-Cheng Ho	0	0	0	0
Assistant Vice President	Li-Jung Huang	0	0	0	0
Assistant Vice President	Chih- Wei Tsao	0	0	0	0
Assistant Vice President	Hsin- Nan Li	0	0	0	0
Assistant Vice President	Allen Li	0	0	0	0
Assistant Vice President	Kuang-Ti Sun	0	0	0	0
Assistant Vice President (Note 3)	Pei-Chun Lu	-	-	0	0
Assistant Vice President (Note 4)	Chun-Ying Lin	-	-	0	0

Note 1: * denotes preferred shares.

Note 2: This table only states the changes in share transfer and share pledges on and after the elected (inaugurated) date.

Note 3：Stephen Chen was hired since July 8, 2023，and was hired as the Company's president on July 11, 2023.

Note 4：Kuei-Houng Tsai was hired as the Company's Vice President on November 1,2023，and was hired as the Company's Chief Auditor on December 8,2023.

Note 5：Kuo-Ping Lin was hired as the Company's Chief Information Security Officer & Chief Information Officer on September 1, 2023.
Note 6：Shiou-Yu Chang was hired as the Company's Chief Legal officer on July 8, 2023.
Note 7：Chi-Yao Lu was hired as the Company's Chief Compliance Officer on December 1, 2023.
Note 8：Judy Lin was hired as the Company's Vice President on March 29, 2023.
Note 9：Allen Li was hired as the Company's Assistant Vice President on June 1, 2023.
Note 10：Kuang-Ti Sun was hired as the Company's Assistant Vice President on October 16, 2023.
Note 11：Pei-Chun Lu was hired as the Company's Assistant Vice President on January 1, 2024.
Note 12：Chun-Ying Lin was hired as the Company's Assistant Vice President on January 1, 2024.

(II)Shareholding Changes of Those Who Are Required to Declare Their Shareholdings By Article 11 of the “Regulations Governing A Same Person or A Same Related Party Having Held the Equity of A Same Financial Holding Corporation with Voting Power Exceeding the Specified Ratio”

Title	Name	2023		The year till April 16, 2024	
		Increase (decrease) in shares held	Increase (decrease) in the number of shares pledged	Increase (decrease) in shares held	Increase (decrease) in the number of shares pledged
A Same Person or A Same Related Party	Ju-Yueh Wu	0	0	0	0
A Same Person or A Same Related Party	Hsin-Tung Wu	0	0	0	0
A Same Person or A Same Related Party	Tung-Chin Wu	0	0	0	0
A Same Person or A Same Related Party	Hsien-Hsien Hsu	0	0	0	0
A Same Person or A Same Related Party	Hsin-Ying Wu	(419,000)	0	0	0
A Same Person or A Same Related Party	Olivia Wu	2,849,141	0	0	0
A Same Person or A Same Related Party	Kuei-Lan Wu	0	0	0	0
A Same Person or A Same Related Party	Tian-An Hsu	0	0	0	0
A Same Person or A Same Related Party	Ting-Yu Hsu	0	0	0	0
A Same Person or A Same Related Party	Ting-Hsuang Hsu	0	0	0	0
Major Shareholder and A Same Person or A Same Related Party	NER Victory Company Ltd.	0	19,000,000	0	0
	Shin Kong Hospital	(27,260,000)	0	0	0
	ShinKong Co., Ltd.	0	100,000,000	0	0
	Shin Kong Synthetic Fibers Corporation	0	0	0	0
A Same Person or A Same Related Party	Shin Kong Health Management Co., Ltd.	0	0	0	0
A Same Person or A	Hung Tai Investment	0	0	0	0

Title	Name	2023		The year till April 16, 2024	
		Increase (decrease) in shares held	Increase (decrease) in the number of shares pledged	Increase (decrease) in shares held	Increase (decrease) in the number of shares pledged
Same Related Party	Co., Ltd.				
A Same Person or A Same Related Party	Tung Yin Investment Co., Ltd.	0	0	0	0
A Same Person or A Same Related Party	Shin Kong Wu Foundation	0	0	0	0
A Same Person or A Same Related Party	Shin Kong Ton Shin Yuan Health Sciences Foundation	0	0	0	0
A Same Person or A Same Related Party	Shin Kong Wu Tung Chin Foundation	0	0	0	0
A Same Person or A Same Related Party	Shin Kong Wu Ho Su Culture and Education Foundation	0	0	0	0
A Same Person or A Same Related Party	Chin Shan Investment Co., Ltd.	0	0	0	0
A Same Person or A Same Related Party	Hsien Ta Co., Ltd.	0	0	0	0
A Same Person or A Same Related Party	Shin Kong Recreation Co. Ltd.	0	0	0	0
A Same Person or A Same Related Party	Shin Kong Real Estate Development Co., Ltd.	12,653,000	0	0	0
A Same Person or A Same Related Party	Shin Kong Ocean Enterprise Co,. Ltd.	0	0	0	0
A Same Person or A Same Related Party	Shin Kong Farm and Pasture Co., Ltd.	(4,000)	0	0	0
A Same Person or A Same Related Party	Shin Kong Shien Ya International CO.,LTD	0	0	0	0
A Same Person or A Same Related Party	Ruei Jin Co., Ltd.	(2,900,000)	0	0	0
A Same Person or A Same Related Party	Ruei Hsin Co., Ltd.	0	0	0	0
A Same Person or A Same Related Party	An Lung Co., Ltd.	0	0	0	0
A Same Person or A Same Related Party	Ying Ying Investment Co., Ltd.	0	3,400,0000	0	0
A Same Person or A Same Related Party	Hong Hsin Construction Co., Ltd.	9,046,000	0	0	0
A Same Person or A Same Related Party	Ju Ying Co., Ltd.	0	0	0	0
A Same Person or A Same Related Party	Yung-Kwang Co., Ltd	0	0	0	0
A Same Person or A Same Related Party	Te Fu Culture and Education Foundation	0	0	0	0
A Same Person or A Same Related Party	Shin Kong Chao Feng Co., Ltd.	0	0	0	0
A Same Person or A Same Related Party	Shing Kong LOHAS Co., Ltd.	300,000	0	4,228,000	0
A Same Person or A Same Related Party	Kai Hsien Co., Ltd.	0	0	0	0

Title	Name	2023		The year till April 16, 2024	
		Increase (decrease) in shares held	Increase (decrease) in the number of shares pledged	Increase (decrease) in shares held	Increase (decrease) in the number of shares pledged
A Same Person or A Same Related Party	Shin Cheng Investment Co., Ltd.	0	0	0	0
A Same Person or A Same Related Party	Chen Mao Co., Ltd.	0	0	0	0
A Same Person or A Same Related Party	Chen Sheng Co., Ltd.	0	0	0	0
A Same Person or A Same Related Party	Konig Foods Co., Ltd.	0	0	0	0
A Same Person or A Same Related Party	Mao Chen Co., Ltd.	0	0	0	0
A Same Person or A Same Related Party	Kai Da Co., Ltd.	0	0	0	0
A Same Person or A Same Related Party	Taiwan Shin Kong Security Co., Ltd.	0	0	0	0
A Same Person or A Same Related Party	The Great Taipei Gas Corporation	0	0	0	0
A Same Person or A Same Related Party	Hui He Co., Ltd.	0	0	0	0
A Same Person or A Same Related Party	Yu Tsun Investment Co., Ltd.	0	0	0	0
A Same Person or A Same Related Party	He Ruei Co., Ltd	0	0	0	0
A Same Person or A Same Related Party	Hong Hsin Co., Ltd	0	0	0	0

(III)Information on equity transfer: None.

(IV)Equity pledged: None.

VIII.Relationship Among the Company's Ten Largest Shareholders

Name (Note 1)	Shares Held by Themselves		Shares Held under Spouse or Minor Children		Shares Held in the Name of Other Persons		Name and Relationship Among the Company's Ten Largest Shareholders of Whom One Is A Related Party, A Spouse or A Relative Within the Second Degree of Kinship of Another(Note 3)		Remarks
	Number of Shares	Shareholding (%)	Number of Shares	Shareholding (%)	Number of Shares	Shareholding (%)	Name	Relationship	
Shin Kong Wu Ho-Su Memorial Hospital	569,987	3.61%	0	0%	0	0%	ShinKong Synthetic Fibers Corporation Shin Kong Mitsukoshi Department Store Co., Ltd.	Chairmen of both companies are brothers.	
Representative: Tung-Chin Wu	43,809	0.28%	10	0%	0	0%			
Shin Kong Mitsukoshi Department Store Co., Ltd.	555,900	3.52%	0	0%	0	0%	Shinkong Synthetic Fibers Corporation Shin Kong Wu Ho Su Memorial Hospital	Chairmen are the same person Chairmen of both companies are brothers.	
Representative: Tung-Sheng Wu	0	0.00%	8,786	0.06%	0	0%			
NER Victory Company Ltd.	475,184	3.01%	0	0%	0	0%	Taiwan Shin Kong Co., Ltd.	Chairmen are the same person	
Representative: Hsueh-Fen Peng	106	0.00%	0	0%	0	0%			
Taiwan Shin Kong Co., Ltd.	241,335	1.53%	0	0%	0	0%	NER Victory Company Ltd.	Chairmen are the same person	
Representative: Hsueh-Fen Peng	106	0.00%	0	0%	0	0%			
Prosperity Tieh Enterprise Co., LTD.	200,000	1.27%	0	0%	0	0%	None	None	
Representative: Kao-Huang Lin	61,191	0.39%	0	0%	0	0%			

JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds	179,518	1.14%	0	0%	0	0%	None	None	
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund , a series of Vanguard Star Funds	175,416	1.11%	0	0%	0	0%	None	None	
Shinkong Synthetic Fibers Corporation	172,550	1.09%	0	0%	0	0%	Shin Kong Wu Ho Su Memorial Hospital Shin Kong Mitsukoshi Department Store Co., Ltd.	Chairmen of both companies are brothers. Chairmen are the same person	
Representative: Tung-Sheng Wu	0	0%	8,786	0.06%	0	0%			
Chia Pang Investment Co., Ltd.	129,320	0.82%	0	0%	0	0%	None	None	
Representative: Benson Wu	2,147	0.01%	0	0%	0	0%			
Shin Kong Life Insurance Employee Pension Fund Management Committee	126,199	0.80%	0	0%	0	0%	None	None	

Unit: Thousand shares

Note 1: Top 10 shareholders shall be listed. For juristic person shareholders, the name of the juristic person and representative shall be listed respectively.

Note 2: The calculation of shareholding ratio is based on the ratio of shares held in the name of the person, spouse, minor children or in other's names.

Note 3: The relations among the aforementioned shareholders, including juristic and natural person, shall be disclosed in accordance with Regulations Governing the Preparation of Financial Reports by Financial Holding Companies.

Note 4: The calculation of the number of shares held and the shareholding ratio includes common shares, preferred shares A, and preferred shares B.

IX. Total Number of Shares and Total Equity Stake Held in any Single Enterprise by the Company, Its Directors and Supervisors, Managers, and Any Companies Controlled Either Directly or Indirectly by the Company

Unit: thousand shares; %; USD/NTD thousand

Invested enterprises	Invested by the Company		Investment by directors, supervisors, managers and directly or indirectly controlled enterprise.		General investment	
	Number of Shares	Shareholding %	Number of Shares	Shareholding %	Number of Shares	Shareholding %
Shin Kong Life Insurance Co., Ltd.	7,438,745	100%	0	0%	7,438,745	100%
Taiwan Shin Kong Commercial Bank Co., Ltd.	4,981,533	100%	0	0%	4,981,533	100%
Shin Kong Investment Trust Co., Ltd.	40,000	100%	0	0%	40,000	100%
Shin Kong Venture Capital International Co., Ltd.	164,302	100%	0	0%	164,302	100%
Shin Kong Property Insurance Agency Co., Ltd.	1,000	100%	0	0%	1,000	100%
MasterLink Securities Crop.	1,609,610	100%	0	0%	1,609,610	100%
Shin Kong Life Real Estate Service Company	0	0%	36,007	72.01%	36,007	72.01%
Shin Kong Marketing Consultant Co., Ltd	0	0%	10,000	100%	10,000	100%
MasterLink Securities Investment Advisory Corp.	0	0%	30,000	100%	30,000	100%
MasterLink Futures Co., Ltd	0	0%	70,000	100%	70,000	100%
Masterlink Securities (B.V.I.) Corp.	0	0%	17	100%	17	100%
MasterLink Insurance Agency Co., Ltd	0	0%	500	100%	500	100%
MasterLink Venture Capital Corp., Ltd.	0	0%	82,900	100%	82,900	100%
MasterLink Venture Management Corp., Ltd.	0	0%	2,950	100%	2,950	100%
MasterLink (Hong Kong)	0	0%	12,000	100%	12,000	100%
MasterLink Investment Advisory Corp. (Tianjin)	0	0%	USD500 (Note 1)	100%	USD500 (Note 1)	100%
MasterLink Agency (Hong Kong)	0	0%	1.5	100%	1.5	100%
MasterLink Venture Management Corp.(Tianjin)	0	0%	50,450 (Note 1)	100%	50,450 (Note 1)	100%
MasterLink Venture Capital Corp. (Tianjin)	0	0%	504,500 (Note 1)	100%	504,500 (Note 1)	100%
Lion Investment (Samoa)Co., Ltd.	0	0%	USD30,010 (Note 1)	100%	USD30,010 (Note 1)	100%
Shin Kong Leasing (Suzhou) Co.,Ltd.	0	0%	USD30,000 (Note 1)	100%	USD30,000 (Note 1)	100%

Note 1: It is the paid-in capital.

Chapter 4 Capital Overview

I. Capital & Shares

(I) Share capital formation process

Year Month	Issue Price	Authorized Capital		Paid-in Capital		Notes		
		Number of Shares	Amount	Number of Shares	Amount	Sources of Share Capital	Capital Increased by Assets Other Than Cash	Others
2001.12	10	5,000,000,000	50,000,000,000	2,427,015,350	24,270,153,500	Share Conversion and Listed on TWSE		Note 1
2003.12	10	5,000,000,000	50,000,000,000	2,377,155,350	23,771,553,500	Treasury stock capital reduction		Note 2
2004.03	10	5,000,000,000	50,000,000,000	2,366,788,350	23,667,883,500	Treasury stock capital reduction		Note 3
2004.05	10	5,000,000,000	50,000,000,000	2,406,324,906	24,063,249,060	CB conversion in Q1 of 2004		Note 4
2004.06	10	5,000,000,000	50,000,000,000	2,525,168,688	25,251,686,880	CB conversion in Q2 of 2004		Note 5
2004.07	10	5,000,000,000	50,000,000,000	2,707,175,464	27,071,754,640	Capitalization of retained earnings in 2004		Note 5
2004.09	10	5,000,000,000	50,000,000,000	2,915,679,737	29,156,797,370	Merged Shin Kong Bank		Note 6
2004.09	10	5,000,000,000	50,000,000,000	2,948,016,342	29,480,163,420	CB conversion in Q3 of 2004		Note 7
2005.02	10	5,000,000,000	50,000,000,000	2,972,912,134	29,729,121,340	CB conversion in Q4 of 2004		Note 8
2005.03	10	5,000,000,000	50,000,000,000	3,181,245,467	31,812,454,670	Cash capital increase in 2004		Note 9
2005.04	10	5,000,000,000	50,000,000,000	3,204,202,272	32,042,022,720	CB conversion in Q1 of 2005		Note 10
2005.08	10	5,000,000,000	50,000,000,000	3,412,475,420	34,124,754,200	Capitalization of retained earnings in 2005		Note 11
2005.10	10	5,000,000,000	50,000,000,000	4,074,325,321	40,743,253,210	Merged Macoto Bank		Note 12
2005.11	10	5,000,000,000	50,000,000,000	4,074,373,901	40,743,739,010	ECB conversion in Q3 of 2005		Note 13
2006.08	10	5,000,000,000	50,000,000,000	4,110,642,351	41,106,423,510	ECB conversion in Q2 of 2006		Note 14
2006.08	10	5,000,000,000	50,000,000,000	4,374,826,654	43,748,266,540	Capitalization of retained earnings in 2006		Note 15
2006.10	10	8,000,000,000	80,000,000,000	4,613,490,138	46,134,901,380	Cash capital increase by private placement		Note 16
2006.11	10	8,000,000,000	80,000,000,000	4,689,578,183	46,895,781,830	ECB conversion in Q3 of 2006		Note 17
2007.02	10	8,000,000,000	80,000,000,000	4,699,641,861	46,996,418,610	ECB conversion in Q4 of 2006		Note 18
2007.06	10	8,000,000,000	80,000,000,000	4,729,548,692	47,295,486,920	ECB conversion in Q1 of 2007		Note 19
2007.08	10	8,000,000,000	80,000,000,000	4,759,901,866	47,599,018,660	ECB conversion in Q2 of 2007		Note 20
2007.09	10	8,000,000,000	80,000,000,000	4,901,788,326	49,017,883,260	Capitalization of retained earnings in 2007		Note 21
2007.11	10	8,000,000,000	80,000,000,000	5,025,372,512	50,253,725,120	ECB conversion in Q3 of 2007		Note 22
2008.04	10	8,000,000,000	80,000,000,000	5,393,793,564	53,937,935,640	Cash capital increase in 2007		Note 23
2008.05	10	8,000,000,000	80,000,000,000	5,393,863,605	53,938,636,050	ECB conversion in Q1 of 2008		Note 24
2008.08	10	8,000,000,000	80,000,000,000	5,661,619,283	56,616,192,830	Capitalization of retained earnings in 2008		Note 25
2008.11	10	8,000,000,000	80,000,000,000	6,254,186,644	62,541,866,440	Cash capital increase in 2008		Note 26
2009.01	10	8,000,000,000	80,000,000,000	6,246,906,644	62,469,066,440	4th treasury stock untransferred capital reduction		Note 27

Year Month	Issue Price	Authorized Capital		Paid-in Capital		Notes		
		Number of Shares	Amount	Number of Shares	Amount	Sources of Share Capital	Capital Increased by Assets Other Than Cash	Others
2009.08	10	8,000,000,000	80,000,000,000	7,367,787,644	73,677,876,440	The 1st Cash capital increase in 2009		Note 28
2009.12	10	10,000,000,000	100,000,000,000	7,867,787,644	78,677,876,440	The 2nd Cash capital increase in 2009		Note 29
2010.11	10	10,000,000,000	100,000,000,000	7,836,387,644	78,363,876,440	5th treasury stock untransferred capital reduction		Note 30
2010.12	10	10,000,000,000	100,000,000,000	8,436,387,644	84,363,876,440	Cash capital increase in 2010		Note 31
2013.07	10	10,000,000,000	100,000,000,000	9,086,387,644	90,863,876,440	Cash capital increase in 2013		Note 32
2013.09	10	10,000,000,000	100,000,000,000	9,324,820,978	93,248,209,780	Capitalization of retained earnings in 2013		Note 33
2014.03	10	10,000,000,000	100,000,000,000	9,328,817,040	93,288,170,400	CB conversion		Note 34
2014.09	10	10,000,000,000	100,000,000,000	9,834,753,924	98,347,539,240	Capitalization of retained earnings in 2014		Note 35
2015.09	10	12,000,000,000	120,000,000,000	10,228,144,081	102,281,440,810	Capitalization of retained earnings in 2015		Note 36
2018.03	10	12,000,000,000	120,000,000,000	10,241,030,326	102,410,303,260	CB conversion in Q4 of 2017		Note 37
2018.05	10	12,000,000,000	120,000,000,000	10,641,234,029	106,412,340,290	CB conversion in Q1 of 2018		Note 38
2018.08	10	12,000,000,000	120,000,000,000	10,887,260,846	108,872,608,460	CB conversion in Q2 of 2018		Note 39
2018.09	10	12,000,000,000	120,000,000,000	10,964,072,111	109,640,721,110	CB conversion in Q3 of 2018		Note 40
2018.10	10	13,500,000,000	135,000,000,000	12,027,815,940	120,278,159,400	Merged MasterLink Securities		Note 41
2018.10	10	13,500,000,000	135,000,000,000	12,185,505,712	121,855,057,120	Capitalization of retained earnings in 2018		Note 42
2019.02	10	13,500,000,000	135,000,000,000	12,260,394,063	122,603,940,630	CB conversion in Q4 of 2018		Note 43
2019.10	10	14,500,000,000	145,000,000,000	12,675,394,063	126,753,940,630	Cash capital increase in 2019		Note 44
2020.05	10	14,500,000,000	145,000,000,000	13,095,394,063	130,953,940,630	Cash capital increase in 2020		Note 45
2021.06	10	16,500,000,000	165,000,000,000	13,317,394,063	133,173,940,630	Cash capital increase in 2020		Note 46
2021.09	10	16,500,000,000	165,000,000,000	14,317,394,063	143,173,940,630	Cash capital increase in 2021		Note 47
2021.12	10	16,500,000,000	165,000,000,000	14,338,772,050	143,387,720,500	CB conversion in Q3 of 2021		Note 48
2022.02	10	16,500,000,000	165,000,000,000	14,442,964,885	144,429,648,850	CB conversion in Q4 of 2021		Note 49
2022.05	10	18,500,000,000	185,000,000,000	15,784,618,243	157,846,182,430	CB conversion in Q1 of 2022 GDR Cash capital increase		Note 50
2023.11	10	18,500,000,000	185,000,000,000	15,784,629,042	157,846,290,420	CB conversion in Q3 of 2023		Note 51

Note 1: In 2001, the Ministry of Finance approved to transfer share capital of Shin Kong Life and Shin Kong Securities to common shares of Shin Kong Financial Holdings by Letter No. Bao-Hsien-Shi-Tai-Tsai-Bao-Zhi-090072146.

Note 2: In 2003, the Ministry of Finance approved Shin Kong Financial Holdings to repurchase treasury stocks and reduced capital by NT$498,600,000 by Letter No. Bao-Hsien-Shi-Tai-Tsai-Bao-Zhi-0920712559.

Note 3: In 2004, the Ministry of Finance approved Shin Kong Financial Holdings to repurchase treasury stocks and reduced capital by NT$103,670,000 by Letter No. Bao-Hsien-Shi-Tai-Tsai-Bao-Zhi-0930701481.

Note 4: In 2004, the Ministry of Finance approved the Q1 CB conversion of NT$395,365,560 by Letter No.Bao-Hsien-Shi-Tai-Tsai-Bao-Zhi-0930026801.

Note 5: In 2004, the FSC of Executive Yuan approved Q2 CB conversion of NT$1,118,437,820 and capitalization of retained earnings of NT$1,820,067,760 by Letter No. Jin-Guan-Yin (6)-Zhi-0938011646

Note 6: Department of Commerce of the Ministry of Economic Affairs approved the merge of Comerica Incorporated with NT$2,085,042,730 by Letter No. Jing-Sho-Shang-Zhi-09301185990 dated September 30, 2004.

Note 7: Department of Commerce of the Ministry of Economic Affairs approved the Q3 CB conversion of NT$323,366,050 by Letter No. Jing-Sho-Shang-Zhi-09301217850 dated 2004.11.22.

Note 8: Department of Commerce of the Ministry of Economic Affairs approved the Q4 CB conversion of NT$248,957,920 by Letter No. Jing-Sho-Shang-Zhi-09401020800 dated 2005.02.05.

Note 9: Department of Commerce of the Ministry of Economic Affairs approved the capital increased by cash of NT$2,083,333,330 by Jing-Sho-Shang-Zhi Letter No. 09401048680 dated 2005.03.25.

Note 10: Department of Commerce of the Ministry of Economic Affairs approved the Q1 CB conversion of NT$229,568,050 by Letter No. Jing-Sho-Shang-Zhi-09401061270 dated 2005.04.19.

Note 11: Department of Commerce of the Ministry of Economic Affairs approved the capitalization of retained earnings of NT$2,082,731,480 in 2005 by Letter No. Jing-Sho-Shang-Zhi-09401169720 dated 2005.08.29.
Note 12: Department of Commerce of the Ministry of Economic Affairs approved the merge of Makoto Bank with NT$6,618,499,010 by Letter No. Jing-Sho-Shang-Zhi-09401178350 dated 2005.10.03.
Note 13: Department of Commerce of the Ministry of Economic Affairs approved the Q3 ECB conversion of NT$485,800 by Letter No. Jing-Sho-Shang-Zhi-09401221480 dated 2005.11.04.
Note 14: Department of Commerce of the Ministry of Economic Affairs approved the Q2 ECB conversion of NT$362,684,500 by Letter No. Jing-Sho-Shang-Zhi-09501190920 dated 2006.08.25.
Note 15: Department of Commerce of the Ministry of Economic Affairs approved the capitalization of retained earnings of NT$2,641,843,030 in 2006 by Letter No. Jing-Sho-Shang-Zhi-09501190920 dated 2006.08.25.
Note 16: Department of Commerce of the Ministry of Economic Affairs approved the private placement for NT$2,386,634,840 by Letter No. Jing-Sho-Shang-Zhi-09501246400 dated 2006.10.31.
Note 17: Department of Commerce of the Ministry of Economic Affairs approved the Q3 ECB conversion of NT$760,880,450 by Letter No. Jing-Sho-Shang-Zhi-09501252760 dated 2006.11.09.
Note 18: Department of Commerce of the Ministry of Economic Affairs approved the Q4 ECB conversion of NT$100,636,780 by Letter No. Jing-Sho-Shang-Zhi-09601035870 dated 2007.02.15.
Note 19: Department of Commerce of the Ministry of Economic Affairs approved the Q1 ECB conversion of NT$299,068,310 by Letter No. Jing-Sho-Shang-Zhi-09601122300 dated 2007.06.04.
Note 20: Department of Commerce of the Ministry of Economic Affairs approved the Q2 ECB conversion of NT$303,531,740 by Letter No. Jing-Sho-Shang-Zhi-09601188900 dated 2007.08.10.
Note 21: Department of Commerce of the Ministry of Economic Affairs approved the capitalization of retained earnings of NT$1,418,864,600 in 2007 by Letter No. Jing-Sho-Shang-Zhi-09601230000 dated 2007.09.19.
Note 22: Department of Commerce of the Ministry of Economic Affairs approved the Q3 ECB conversion of NT$1,235,841,860 by Letter No. Jing-Sho-Shang-Zhi-09601267690 dated 2007.11.01.
Note 23: Department of Commerce of the Ministry of Economic Affairs approved the issuance of common shares for NT$3,684,210,520 by Letter No. Jing-Sho-Shang-Zhi-09701099570 dated 2008.04.25.
Note 24: Department of Commerce of the Ministry of Economic Affairs approved the Q1 CB conversion of NT$700,410 by Letter No. Jing-Sho-Shang-Zhi-09701103840 dated 2008.05.05.
Note 25: Department of Commerce of the Ministry of Economic Affairs approved the capitalization of retained earnings of NT$2,677,556,780 in 2008 by Letter No. Jing-Sho-Shang-Zhi-09701236750 dated 2008.09.22.
Note 26: Department of Commerce of the Ministry of Economic Affairs approved the private placement for NT$5,925,673,610 by Letter No. Jing-Sho-Shang-Zhi-09801008380 dated 2009.01.17.
Note 27: Department of Commerce of the Ministry of Economic Affairs approved Shin Kong Financial Holdings to repurchase treasury stocks and reduce capital by NT$72,800,000 by Letter No. Jing-Sho-Shang-Zhi-09801014670 dated 2009.01.22.
Note 28: Department of Commerce of the Ministry of Economic Affairs approved the issuance of GDR for NT$11,208,810,000 by Letter No. Jing-Sho-Shang-Zhi-09801184860 dated 2009.08.18.
Note 29: Department of Commerce of the Ministry of Economic Affairs approved the issuance of common shares for NT$5,000,000,000 by Letter No. Jing-Sho-Shang-Zhi-09801297290 dated 2009.12.29.
Note 30: Department of Commerce of the Ministry of Economic Affairs approved Shin Kong Financial Holdings to repurchase treasury stocks and reduce capital by NT$314,000,000 by Letter No. Jing-Sho-Shang-Zhi-09901264420 dated 2010.11.25
Note 31: Department of Commerce of the Ministry of Economic Affairs approved the issuance of common shares for NT$6,000,000,000 by Letter No. Jing-Sho-Shang-Zhi-09901281010 dated 2010.12.21.
Note 32: Department of Commerce of the Ministry of Economic Affairs approved the issuance of common shares for NT$6,500,000,000 by Letter No. Jing-Sho-Shang-Zhi-10201143700 dated 2013.07.18.
Note 33: Department of Commerce of the Ministry of Economic Affairs approved the capitalization of retained earnings of NT$2,384,333,340 by Letter No. Jing-Sho-Shang-Zhi Letter No. 10201196790 dated 2013.09.25.
Note 34: Department of Commerce of the Ministry of Economic Affairs approved the Q4 CB conversion of NT$39,960,620 by Letter No. Jing-Sho-Shang-Zhi-10301021320 dated 2014.02.07.
Note 35: Department of Commerce of the Ministry of Economic Affairs approved the capitalization of retained earnings of NT5,059,368,840 by Letter No. Jing-Sho-Shang-Zhi-10301211730 dated 2014.10.08.
Note 36: Department of Commerce of the Ministry of Economic Affairs approved the capitalization of retained earnings of NT$3,933,901,570 by Letter No. Jing-Sho-Shang-Zhi-10401187580 dated 2015.09.04.
Note 37: Department of Commerce of the Ministry of Economic Affairs approved the Q4 CB conversion of NT$128,862,450 by Letter No. Jing-Sho-Shang-Zhi-10701019370 dated 2018.03.09.
Note 38: Department of Commerce of the Ministry of Economic Affairs approved the Q1 CB conversion of NT$4,002,037,030 by Letter No. Jing-Sho-Shang-Zhi-10701051920 dated 2018.5.16.
Note 39: Department of Commerce of the Ministry of Economic Affairs approved the Q2 CB conversion of NT$2,460,268,170 by Letter No. Jing-Sho-Shang-Zhi-10701100400 dated 2018.8.22.
Note 40: Department of Commerce of the Ministry of Economic Affairs approved the Q3 CB conversion of NT$768,112,650 by Letter No. Jing-Sho-Shang-Zhi-10701116110 dated 2018.9.6.
Note 41: Department of Commerce of the Ministry of Economic Affairs approved the merge of MasterLink Securities with

NT$10,637,438,290 by Letter No. Jing-Sho-Shang-Zhi-10701117720 dated 2018.10.01.

Note 42: Department of Commerce of the Ministry of Economic Affairs approved the capitalization of retained earnings of NT$1,576,897,720 by Letter No. Jing-Sho-Shang-Zhi-10701127510 dated 2018.10.11.

Note 43: Department of Commerce of the Ministry of Economic Affairs approved the Q4 CB conversion of NT$748,883,510 by Letter No. Jing-Sho-Shang-Zhi-10801016450 dated 2019.2.21.

Note 44: Department of Commerce of the Ministry of Economic Affairs approved the issuance of common shares for NT$4,150,000,000 by Letter No. Jing-Sho-Shang-Zhi-10801140280 dated 2019.10.09.

Note 45: Department of Commerce of the Ministry of Economic Affairs approved the issuance of common shares for NT$4,200,000,000 by Letter No. Jing-Sho-Shang-Zhi-10901085700 dated 2020.5.28.

Note 46: Department of Commerce of the Ministry of Economic Affairs approved the issuance of common shares for NT$2,220,000,000 by Letter No. Jing-Sho-Shang-Zhi-10901177350 dated 2021.6.24.

Note 47: Department of Commerce of the Ministry of Economic Affairs approved the issuance of common shares for NT$10,000,000,000 by Letter No. Jing-Sho-Shang-Zhi-11001161570 dated 2021.9.11.

Note 48: Department of Commerce of the Ministry of Economic Affairs approved the Q3 CB conversion of NT$213,779,870 by Letter No. Jing-Sho-Shang-Zhi-11001210690 dated 2021.12.1.

Note 49: Department of Commerce of the Ministry of Economic Affairs approved the Q4 CB conversion of NT$1,041,928,350 by Letter No. Jing-Sho-Shang-Zhi-11101016560 dated 2022.2.7.

Note 50: Department of Commerce of the Ministry of Economic Affairs approved the Q1 CB conversion of NT$ 646,143,580, and GDR capital increased by cash of NT$12,770,390,000 by Letter No. Jing-Sho-Shang-Zhi-11101076990 dated 2022.5.26.

Note 51: rtment of Commerce of the Ministry of Economic Affairs approved the Q3 CB conversion of NT$107,990 by Letter No. Jing-Sho-Shang-Zhi-11230214750 dated 2023.11.15.

(II)Source of Share Capital:

April 16,2024

Share Type	Authorized Capital			Notes
	Outstanding Shares	Unissued Shares	Total	
Common Shares	15,487,629,042	2,715,370,958	18,500,000,000	Listed Company stock
Preferred shares A	75,000,000			
Preferred shares B	222,000,000			

(III)Shelf Registration: None.

(IV) Shareholder Structure:

Common Shares

April 16,2024

Shareholder Structure / Quantity	Government Agencies	Financial Institutions	Other Institutional Investor	Individuals	Foreign institutions and foreigners	Total
Number	5	2	1,550	524,203	831	526,591
Number of Shares Held	829,477	2,311,640	4,695,258,390	8,293,369,589	2,495,859,946	15,487,629,042
Shareholding	0.01%	0.01%	30.31%	53.55%	16.12%	100%

Preferred Shares A

April 16,2024

Shareholder Structure / Quantity	Government Agencies	Financial Institutions	Other Institutional Investor	Individuals	Foreign institutions and foreigners	Total
Number	0	0	125	22,751	17	22,893
Number of Shares Held	0	0	34,470,918	40,485,039	44,043	75,000,000
Shareholding	0%	0%	45.96%	53.98%	0.06%	100%

Preferred Shares B

April 16,2024

Shareholder Structure / Quantity	Government Agencies	Financial Institutions	Other Institutional Investor	Individuals	Foreign institutions and foreigners	Total
Number	0	3	173	27,772	12	27,960
Number of Shares Held	0	22,658,000	132,615,201	66,639,141	87,658	222,000,000
Shareholding	0%	10.21%	59.73%	30.02%	0.04%	100%

(V)Ownership Dispersal

Common Shares

Face value of NT$10 per share / April 16,2024

Shareholding Range	Number of Shareholders	Number of Shares Held	Shareholding
1 to 999	179,403	43,225,394	0.28%
1,000 to 5,000	177,862	434,864,720	2.81%
5,001 to 10,000	60,991	479,937,046	3.10%
10,001 to 15,000	27,318	339,128,422	2.19%
15,001 to 20,000	18,214	335,679,553	2.17%
20,001 to 30,000	18,982	479,294,575	3.09%
30,001 to 40,000	9,772	345,515,263	2.23%
40,001 to 50,000	7,102	329,176,179	2.12%
50,001 to 100,000	13,707	987,517,730	6.37%
100,001 to 200,000	7,036	981,002,357	6.33%
200,001 to 400,000	3,224	891,941,317	5.76%
400,001 to 600,000	1,084	533,755,554	3.45%
600,001 to 800,000	482	334,604,024	2.16%
800,001 to 1,000,000	322	292,761,286	1.90%
1,000,001 or more	1,092	8,679,225,622	56.04%
Total	526,591	15,487,629,042	100%

Preferred Shares A

Face value of NT$10 per share / April 16,2024

Shareholding Range	Number of Shareholders	Number of Shares Held	Shareholding
1 to 999	17,776	1,426,603	1.90%
1,000 to 5,000	3,907	6,529,337	8.71%
5,001 to 10,000	450	3,546,495	4.72%
10,001 to 15,000	258	3,106,667	4.14%
15,001 to 20,000	101	1,823,448	2.43%
20,001 to 30,000	117	2,850,449	3.80%
30,001 to 40,000	61	2,168,472	2.89%
40,001 to 50,000	54	2,465,063	3.29%
50,001 to 100,000	76	5,401,665	7.20%
100,001 to 200,000	43	5,787,162	7.72%
200,001 to 400,000	31	8,617,895	11.49%
400,001 to 600,000	9	4,511,357	6.02%
600,001 to 800,000	2	1,500,000	2.00%
800,001 to 1,000,000	-	-	-
1,000,001 or more	8	25,265,387	33.69%
Total	22,893	75,000,000	100%

Preferred Shares B

Face value of NT$10 per share / April 16,2024

Shareholding Range	Number of Shareholders	Number of Shares Held	Shareholding
1 to 999	17,694	1,664,243	0.75%
1,000 to 5,000	8,548	12,651,505	5.70%
5,001 to 10,000	655	5,097,178	2.30%
10,001 to 15,000	345	4,170,618	1.88%
15,001 to 20,000	133	2,434,704	1.09%
20,001 to 30,000	156	3,923,305	1.77%
30,001 to 40,000	82	2,913,277	1.31%
40,001 to 50,000	64	2,935,209	1.32%
50,001 to 100,000	125	9,051,689	4.08%
100,001 to 200,000	58	8,306,842	3.74%
200,001 to 400,000	38	10,238,816	4.61%
400,001 to 600,000	16	7,875,061	3.55%
600,001 to 800,000	8	5,246,185	2.36%
800,001 to 1,000,000	4	3,599,000	1.62%
1,000,001 or more	34	141,892,368	63.92%
Total	27,960	222,000,000	100%

(VI) List of Major Shareholders

Unit: Shares; April 16,2024

Shares / Name of Major Shareholder	Number of Shares Held	Shareholding (%)
Shin Kong Wu Ho-Su Memorial Hospital	569,986,994	3.61%
Shin Kong Mitsukoshi Department Store Co., Ltd.	555,899,885	3.52%
NER Victory Company Ltd.	475,184,456	3.01%
Shinkong Co., Ltd.	241,334,634	1.53%
Prosperity Tieh Enterprise Co., LTD.	200,000,000	1.27%
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds	179,518,288	1.14%
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund , a series of Vanguard Star Funds	175,416,405	1.11%
Shinkong Synthetic Fibers Corporation	172,550,238	1.09%
Chia Pang Investment Co., Ltd.	129,319,855	0.82%
Shin Kong Life Insurance Employee Pension Fund Management Committee	126,198,624	0.80%

Note 1: The top 10 shareholders listed in this Table refer to the 10 shareholders who are holding the largest number of shares.

Note 2: The calculation of the number of shares held and the shareholding ratio includes common shares, Class A preferred shares, and Class B preferred shares.

(VII)The Market Price, Book Value, Earnings, and Dividends Per Share and Related Data in the Two Most Recent Years:

Item \ Year			2022	2023	Year-to-date Through February 29, 2024 (Note 8)
Market Price Per Share (Note 1)	Highest		12.15	10.05	8.92
	Lowest		7.71	7.94	8.21
	Average		9.34	8.90	8.53
Book Value Per Share (Note 2)	Before Distribution		13.41	15.56	15.69
	After Distribution		13.41	(Note 9)	N/A
Earnings Per Share	Weighted Average Number of Shares (Thousand Shares)		15,086,800	15,487,622	15,487,629
	Earnings Per Share (Note 3)		0.10	(0.48)	(0.06)
Dividends Per Share	Cash Dividends		0.00	(Note 9)	N/A
	Gratuitous Stock Distribution	Stock Dividends from Retained Earnings	0.00	(Note 9)	N/A
		Stock Dividends from Capital Surplus	0.00	(Note 9)	N/A
	Accumulated Unpaid Dividends (Note 4)		0.00	0.00	N/A
Return on Investments	Price-earnings Ratio (Note 5)		93.40	(18.54)	N/A
	Price-dividend Ratio (Note 6)		0.00	(Note 9)	N/A
	Dividend Yield (Note 7)		0.00	(Note 9)	N/A

*If shares are distributed in connection with a capital increase out of earnings or capital reserve, further disclose information on market prices and cash dividends retroactively adjusted based on the number of shares after distribution.

Note 1: List the highest and lowest market prices over the years and calculate the average market price of respective years according to each year's trading value and volume.

Note 2: This should be filled out based on the number of shares issued by the end of the year and the earnings distribution as resolved by the Shareholders' Meeting next year.

Note 3: If there are any retroactive adjustments needed due to gratuitous stock distribution, earnings per share before and after the adjustment should be listed.

Note 4: If the conditions attached to the equity securities issued allow unpaid dividends to be accumulated to the subsequent years in which there is profit, the Company shall disclose the accumulated unpaid dividends respectively up to that year.

Note 5: P/E Ratio = Average closing price for each share in the year/earnings per share

Note 6: P/D Ratio = Average closing price for each share for the year/cash dividend per share

Note 7: Dividend yield = cash dividend per share / average closing price per share in the current year.

Note 8: The current year data should be updated to the date of publication of the annual report.

Note 9: The loss appropriation for 2023 has not been resolved by the Shareholders' Meeting.

(VIII)Dividend Policy of the Company and Implementation:

1. The earnings posted on the Company's annual final accounts, if any, shall be used in the following order of priority: (1) pay tax obligations; (2) make up accumulated deficits; (3) set aside legal reserves until it reaches the Company’s paid-in capital; (4) provide or reverse special reserves as required by law and may distribute dividends for preferred shares; and, (5) the remaining earnings, if any, plus accumulated undistributed earnings, shall be the distributable earnings, and used to pay bonus or dividends to shareholders after being proposed by the Board of Directors and resolved by the Shareholders' Meeting.
   To continue to expand and profit, the Company has adopted a residual dividend policy in line with its capital needs and long-term financial planning. However, the dividend distribution for common shares shall not be less than 20% of the distributable earnings attributable to the current year, and the cash dividends shall not be less than 10% of the total dividend distribution for the year.
   The distributable earnings attributable to the current year as stated in the preceding paragraph mean the distributable earnings stated in paragraph 1 less the undistributed earnings of the previous years and the reversed special reserve as required by law.
2. The proposal of dividend distribution in this Shareholders' Meeting:
   There’s no dividends available for distribution on 2023 and the loss off-setting proposal was approved by the Board of Directors on March 29, 2024.

(IX)The Impact of Gratuitous Stock Distribution Proposed In This Shareholders' Meeting On the Business Performance And EPS Of The Company:

Not applicable, because there’s no gratuitous stock distribution in 2023

(X)Employee and Director Remuneration:

1. The percentage or range of employee and director remuneration stipulated in Articles of Association:
   According to Article 32 of Articles of Association, If the Company recorded profit for the respective year, no less than 0.01% but no more than 0.05% of the Company’s profit of such year shall be reserved for employees’ compensation. Employees of affiliated companies who meet certain qualifications may also be included in the distribution. The company may reserve no more than 0.5% of the amount of the abovementioned profit of the Company for directors’ remuneration by the resolution of the Board of Directors.
2. The accounting treatment for differences between the actual distributed amount and the basis for estimation of employee and directors’ remuneration and for calculation

of shares of stock bonus:

The estimation of employee and director remuneration payable is based on the possible distribution amount in accordance with the Articles of Association and past experience, calculated based on the net profit before tax (i.e. the amount before deducting employee and directors' remuneration).

Where there is a significant change in the distribution amount resolved by the Board of Directors after the end of the fiscal year, such change is adjusted to the original recognized annual expenses. Where the amount is still in change until the resolution date of the Shareholders' Meeting, the change shall be handled in accordance with the Accounting Treatment for Changes in Accounting Estimates and the amount shall be entered into account as profit or loss in the year of resolution by the Shareholders' Meeting.

3. Information of proposed distribution of employee and director remuneration approved by the Board of Directors:
   (1) The amount of remuneration for employees and directors: No employee and directors' remuneration were allotted in 2023
   (2) The ratio of number of shares to be distributed as employee remuneration to the capitalization from retained earnings: None.
4. The actual distribution of remuneration for employees, directors, and supervisors of the previous year:

   In 2023, the Company distributed the 2022 earnings of NT$820,000 to employees and earnings of NT$7,100,000 to directors. The actual distribution amount of remuneration are the same as proposed and resolved by the Board of Directors.

(XI) Shares Repurchased by the Financial Holding Company:
1. Shares Having Been Repurchased by the Financial Holding Company: None.
2. Shares Under the Repurchase Process by the Financial Holding Company: None.

II.Corporate Bonds (Including Offshore Corporate Bonds):

Corporate Bonds

Type of Corporate Bond		The first issuance of unsecured corporate bond in 2020	The first issuance of unsecured corporate bond in 2022	6th domestic unsecured convertible corporate bond
Date of issuance (placement)		May 27, 2020	April 12, 2022	May 12, 2023
Face value		NT$1 million	NT$1 million	NT$100 thousand
Place of issuance and transaction		Taiwan	Taiwan	Taiwan
Issue Price		At face value on the date of issuance	At face value on the date of issuance	At 100.0% of face value on the date of issuance
Total amount		NT$3 billion	NT$5 billion	NT$4.9993 billion
Interest Rate		Coupon rate: 0.82%	Coupon rate: 0.90%	Coupon rate: 0%
Issue Period		5 years Maturity date: May 27, 2025	5 years Maturity date: April 12, 2027	5 years Maturity date: May 12, 2028
Seniority		Senior	Senior	Senior
Guarantee Agency		None	None	None
Trustee		Yuanta Commercial Bank	Yuanta Commercial Bank	Yuanta Commercial Bank
Underwriter		MasterLink Securities	MasterLink Securities	Yuanta Securities
Certified Lawyer		Dragon Law Firm Wu-Jung Chou, Attorney	Dragon Law Firm Wu-Jung Chou, Attorney	Dragon Law Firm Yu-Ting Liu, Attorney
Certifying accountant		Deloitte Touche Tohmatsu Limited Wang-Seng Lin, Kwan-Chung Lai	Deloitte Touche Tohmatsu Limited Wang-Seng Lin, Jr-Shian ke	Deloitte Touche Tohmatsu Limited Wang-Seng Lin, Jr-Shian ke
Method of repayment		Bullet repayment at maturity	Bullet repayment at maturity	Note 3
Outstanding Principal Balance		NT$3 billion	NT$5 billion	NT4,999,200 thousand
Terms and conditions for early redemption or repayment		None	None	Note 3
Restrictive clauses		None	None	None
Whether regarded as eligible capital		No	No	No
Name of credit rating agency, rating date and corporate bond ratings		Rating agency: Taiwan Ratings Corp. Issuer rating: twA+ Date of rating: May 29, 2019	Rating agency: Taiwan Ratings Corp. Issuer rating: twA+ Date of rating: May 27, 2021	None
Other Rights	Amount of common shares, global depository receipts, or other securities converted (swaped or subscribed)	N/A	N/A	NT$100 thousand
	Issuance and conversion (swap or subscription) methods	Note 2	Note 3	Note 3
Issuance conditions, and regulations on issuance, conversion, swap, or subscription, and their impact on equity dilution and shareholders' equity		N/A	N/A	If all outstanding convertible bonds were converted to common shares, calculated at the current conversion price of NT$ 9.26 on May 12, 2023, the number of common shares will increase by 539,870,410 shares, accounting for 3.49% of total issued shares. As such, there is no significant dilution of equity and the impact on existing shareholders' equity is limited.
Depository Institution of the Underlying Shares		None	None	None

Note 1: For details, please refer to the issuance terms for the Company's 2020 the first unsecured ordinary corporate

bond.

Note 2: For details, please check the issuance measures for the Company's first uncovered ordinary corporate bonds in 2022.

Note 3: For details, please refer to the issuance and conversion terms for the Company's 6th domestic unsecured convertible bond.

1. Corporate bonds maturing within one year: None.

2. Issuance of corporate bonds that are convertible into common shares, global depository receipts or other securities:

Information of the convertible corporate bonds

Type of Corporate Bond		6th domestic unsecured convertible corporate bond	
Item \ Year		2023	Year-to-date through February 29, 2024
Market price of the convertible corporate bond	Highest	NTD 109.25	NTD 104.00
	Lowest	NTD 98.65	NTD 102.10
	Average	NTD 104.5997	NTD 102.7429
Conversion price		NTD 9.26	NTD 9.26
Issuance (placement) date and conversion price at the time of issuance		Date of issuance: 2023/05/12 Conversion price at time of issuance: NTD 9.26	
Method of fulfilling conversion obligation		Issuance of new shares	

3. Issuance of exchangeable corporate bonds: None.

4. Offering and issuance of ordinary corporate bonds via shelf registration: None.

5. Issuance of corporate bonds with warrants: None.

6. Private placement of corporate bonds: None.

III.Issuance of Preferred Shares:

Item \ Date of issuance (placement)		September 27, 2019 SKFH Preferred Shares A
Face value		NT$10
Issue Price		NT$45 per share
Number of Shares		75,000 thousand shares
Total amount		NT$3,375,000 thousand
Rights and Obligations	Distribution of dividends and bonuses	1. Preferred Shares A bears an annual interest rate at 3.80% (seven-year IRS interest rate 0.72% + 3.08%), calculated at the issue price per share. The seven-year IRS rate will be reset on the next business day after the seventh year from the issue date and every seven years thereafter. The record date for pricing is one business day prior to the pricing date and the record date for reset is two business days prior to the interest rate reset date. The IRS rate is the arithmetic mean of 7-year IRS rates appearing on Reuters pages ”TAIFXIRS” and ”COSMOS3” at 11:00 a.m. (Taipei time) on

Item \ Date of issuance (placement)		September 27, 2019 SKFH Preferred Shares A
		the relevant record date. If such rate cannot be obtained, the Company will determine the rate based on reasonable market price with good faith. 2. Except for the circumstances stated in 4. below, cash dividends will be paid annually. Once the Company's audited financial statements have been recognized at the Shareholders' Meetings, the Board of Directors shall be authorized to set the record date for the distribution of the payable preferred share dividends for the previous year. Dividend distributions in issuance and redemption years shall be calculated based on the actual number of days the preferred shares remained outstanding in that year. 3. If the Company posts earnings in its final accounts, in accordance with applicable laws, it shall first be used for payment of tax obligations and making up of losses, then set aside as legal reserve and allocated or reversed to the special reserve fund. The remaining earnings, if any, may first be used to distribute preferred share dividends of the year. 4. The Company has sole discretion on the distribution of preferred share A dividends. If no earnings are posted in the final accounts or earnings posted are insufficient to distribute preferred share A dividends, or if a preferred share A dividend distribution will cause the Company' s capital adequacy ratio to fall below the minimum requirement stipulated by the law or the competent authorities, or based on other necessary considerations, the Company may resolve not to distribute preferred share A dividends without it being deemed as an event of default. The undistributed dividends or the deficit of dividends will not be accumulated for deferred payment in the subsequent years where there are earnings. 5. Shareholders of preferred share A shall not participate in the distribution of cash and stock dividends of the common shares derived from earnings or capital reserve.
	Distribution of residual property	Holders of preferred share A have priority over common shareholders for distribution of the Company' s residual property. All holders of preferred share A rank pari passu for repayment, but such is capped at the issuance price.
	Exercise of voting rights	Holders of preferred share A have no right to vote or elect, but may be entitled to be elected as directors at Shareholders' Meeting. They have the right to vote at preferred shareholders' meeting and at shareholders' meeting where items on the agenda would affect rights and obligations of preferred shareholders.
	Others	1. Holders of preferred share A have the same pre-emptive right as common shareholders for newly issued shares.

Item \ Date of issuance (placement)		September 27, 2019 SKFH Preferred Shares A	
		2. Distributions of preferred share A dividends shall be in the order in which the preferred shares are issued.	
Outstanding preferred shares	Number of shares redeemed or converted	0 share(s)	
	Balance of shares not recovered or converted	NT$3,375,000 thousand	
	Provisions for redemption or conversion	1. Preferred shares A may not be converted to common shares. Holders of preferred share A have no right to request the Company to redeem the preferred shares they hold. 2. Preferred shares A have no maturity date, though the Company may redeem all or a part of the outstanding issued preferred shares A at any time after seventh anniversary of the preferred shares A issuance date. Unredeemed preferred shares A continue to carry rights and obligations of the issuance conditions set forth under this article. In the year of a redemption of preferred shares A, if the Company resolves to distribute dividends, dividends to be distributed up to the redemption date shall be calculated by the actual number of outstanding days of the year.	
Market Price per Share	2023	Highest	NTD 37.35
		Lowest	NTD 28.65
		Average	NTD 32.28
	Year-to-date through February 29, 2024	Highest	NTD 28.65
		Lowest	NTD 26.00
		Average	NTD 27.66
Other rights	Amount converted and subscribed as of the date of publication of this Annual Report	N/A	
	Issuance and conversion or subscription method	Please refer to the Company's Articles of Association	
Impact of conditions of issuance on the rights and interests of preferred shareholders and possible dilution of shareholders' equity and impact on existing shareholders' equity		None	

With the reference date on September 27, 2019, the Company had a cash capital increase by means of preferred shares A, which were ready for issuing and listing on November 8, 2019.

Item \ Date of issuance (placement)		Balance at September 1, 2020 SKFH Preferred Shares B
Face value		NT$10
Issued Price		NT$45 per share
Number of Shares		222,000 thousand shares
Total amount		NT$9,990,000 thousand
Rights and Obligations	Distribution of dividends and bonuses	1. Preferred Shares B bears an annual interest rate at 4.00% (seven-year IRS interest rate 0.68% + 3.32%), calculated at the issue price per share. The seven-year IRS rate will be reset on the next business day after the seventh year from the issue date and every seven years thereafter. The record date for pricing is one business day prior to the pricing date and the record date for reset is two business days prior to the interest rate reset date. The IRS rate is the arithmetic mean of 7-year IRS rates appearing on Reuters pages ”TAIFXIRS” and ”COSMOS3” at 11:00 a.m. (Taipei time) on the relevant record date. If such rate cannot be obtained, the Company will determine the rate based on reasonable market price with good faith. 2. Except for the circumstances stated in 4. below, cash dividends will be paid annually. Once the Company's audited financial statements have been recognized at the Shareholders’ Meetings, the Board of Directors shall be authorized to set the record date for the distribution of the payable preferred share dividends for the previous year. Dividend distributions in issuance and redemption years shall be calculated based on the actual number of days the preferred shares remained outstanding in that year. 3. If the Company posts earnings in its final accounts, in accordance with applicable laws, it shall first be used for payment of tax obligations and making up of losses, then set aside as legal reserve and allocated or reversed to the special reserve fund. The remaining earnings, if any, may first be used to distribute preferred share dividends of the year. 4. The Company has sole discretion on the distribution of preferred share B dividends. If no earnings are posted in the final accounts or earnings posted are insufficient to distribute preferred share B dividends, or if a preferred share A dividend distribution will cause the Company' s capital adequacy ratio to fall below the minimum requirement stipulated by the law or the competent authorities, or based on other necessary considerations, the Company may resolve not to distribute preferred share B dividends without it being deemed as an event of default. The undistributed dividends or the deficit of dividends will not be accumulated for deferred payment in the subsequent years

Item \ Date of issuance (placement)		Balance at September 1, 2020 SKFH Preferred Shares B	
		where there are earnings. 5. Shareholders of preferred share B shall not participate in the distribution of cash and stock dividends of the common shares derived from earnings or capital reserve.	
	Distribution of residual property	Holders of preferred share B have priority over common shareholders for distribution of the Company' s residual property. All holders of preferred share A rank pari passu for repayment, but such is capped at the issuance price.	
	Exercise of voting rights	Holders of preferred share B have no right to vote or elect, but may be entitled to be elected as directors at Shareholders' Meeting. They have the right to vote at preferred shares B shareholders' meeting and at shareholders' meeting where items on the agenda would affect rights and obligations of preferred shares B shareholders.	
	Others	1. Holders of preferred share B have the same pre-emptive right as common shareholders for newly issued shares. 2. Distributions of preferred share B dividends shall be in the order in which the preferred shares are issued.	
Outstanding preferred shares	Number of shares redeemed or converted	0 share(s)	
	Balance of shares not recovered or converted	NT$9,990,000 thousand	
	Provisions for redemption or conversion	1. Preferred shares B may not be converted to common shares. Holders of preferred share B have no right to request the Company to redeem the preferred shares they hold. 2. Preferred shares B have no maturity date, though the Company may redeem all or a part of the outstanding issued preferred shares B at any time after seventh anniversary of the preferred shares B issuance date. Unredeemed preferred shares B continue to carry rights and obligations of the issuance conditions set forth under this article. In the year of a redemption of preferred shares B, if the Company resolves to distribute dividends, dividends to be distributed up to the redemption date shall be calculated by the actual number of outstanding days of the year.	
Market Price per Share	2023	Highest	NTD 36.45
		Lowest	NTD 28.65
		Average	NTD 32.23
	Year-to-date through February 29, 2024	Highest	NTD 28.65
		Lowest	NTD 26.00
		Average	NTD 27.74
Other rights	Amount converted and subscribed as of the date	N/A	

Item \ Date of issuance (placement)		Balance at September 1, 2020 SKFH Preferred Shares B
	of publication of this Annual Report	
	Issuance and conversion or subscription method	Please refer to the Company's Articles of Association
Impact of conditions of issuance on the rights and interests of preferred shareholders and possible dilution of shareholders' equity and impact on existing shareholders' equity		None

IV.Private Placement of Corporate Bonds: None.

V.Issuance of Global Depository Receipts:

Global Depository Receipts(GDR)

Item \ Date of issuance	July 27, 2009 Initial issue	April 22, 2022 Additional issuance
Date of issuance (placement)	July 27, 2009	April 22, 2022
Place of issuance and transaction	Place of issuance: Europe, Asia, USA Place of trading: Luxembourg Stock Exchange	Place of issuance: Europe, Asia, USA Place of trading: Luxembourg Stock Exchange
Total Amount Issued	US$375,004,080	US$400,328,000
Issue Price Per Unit	US$8.91 per share	US$8.15 per share
Total Number of Units Issued	42,088,000 units	49,120,000 units
The source of securities represented	Issuing new common shares of the Company	Issuing new common shares of the Company
Number of securities represented	1,052,200,000 shares	1,228,000,000 shares
The rights and obligations of holders of depositary receipts	Same as common shareholders	Same as common shareholders
Trustee	CitiBank	CitiBank
Depository institutions	CitiBank	CitiBank
Custodian	Citibank Taiwan	Citibank Taiwan
Unredeemed balance (Note 1)	11,558 units	
Allocation of expenses incurred at issuance and over the duration	Borne by the Company	Borne by the Company
Key covenants of the depository and custodian contracts	GDR holders are subject to comply with laws of the R.O.C and rights and obligations stated in the depository agreement.	GDR holders are subject to comply with laws of the R.O.C and rights and obligations stated in the depository agreement.

Item \ Date of issuance			July 27, 2009 Initial issue	April 22, 2022 Additional issuance
			Rights and obligations between the depository and the custodian have been outlined in the custodian agreement	Rights and obligations between the depository and the custodian have been outlined in the custodian agreement
Market price per unit	2023 (Note 2)	Highest	US$7.80	
		Lowest	US$6.55	
		Average	US$7.135	
	Year-to-date February 29, 2024 (Note 2)	Highest	US$7.20	
		Lowest	US$6.55	
		Average	US$6.826	

Note 1: Unredeemed balances have been calculated up till February 29, 2024

Note 2: Information is sourced from Bloomberg.

VI.Employee Stock Warrants: None.

VII.Restricted Stock Awards: None.

VIII.M&A or Transfer of Shares of Other Financial Institutions:

1. CPA opinions on share swap ratios of financial institution M&A or transfer of shares in the last year: None.

2. (1) Disclosure of information on the M&A or transfer of shares of other financial institutions in the most recent five fiscal years:

   No such circumstance between 2019 and 2023.

   (2) If the Company has issued new shares for the M&A or transfer of shares of another financial institution, the annual report shall include an evaluation opinion prepared by the managing underwriter: Not applicable.

3. Fundamental information of any financial institution that the board of directors had resolved to merge or acquire or transfer shares through new share issuance in the most recent financial year up till the publication date of this Annual Report, as well as the implementation status: None.

   In addition, the implementation of undergoing M&A or transfer of shares of other financial institutions through issuance of common shares shall be disclosed, so is the impact on shareholders' equity: None.

IX.Capital Plan And Utilization

Issuance of common shares by cash capital increase in 2021

1.Content of the plan:

(1) Approval date by the competent authority and approval documentation: Letter Jin-Guan-Zheng-Fa-Zi No. 1100347740 dated July 5, 2021.

(2) Total funds required for this plan: NT$8,200,000 thousand.

(3) Sources of funds: In 2021, the Company issued 1,000,000 thousand common shares at NT$8.2 (the same below) per share, raising NT$8,200,000 thousand.

2.Current implementation:

(1)Scheduled plan progress:

Unit: NT$ thousands

Plan items	Anticipated completion date	Total capital needed	Expected progress of capital utilization
			Third quarter of 2021
Reinvested in 100% owned subsidiary - Shin Kong Life Insurance	Third quarter of 2021	8,200,000	8,200,000
Expected benefits of such capital utilization	1. Enrich the Company's eligible capital and increase the capital adequacy ratio (CAR) of the Financial Holding Group: If calculated on the basis of the group's capital adequacy ratio on December 31, 2020, assuming other conditions remain unchanged, CAR can increase by approximately 1.85%. 2. Reinvest in subsidiary Shin Kong Life Insurance to increase its Risk-Based Capital (RBC): If calculated on the basis of RBC on December 31, 2020 and assuming other conditions remain unchanged, the RBC of Shin Kong Life Insurance can increase by approximately 10.83%. 3. SKL's pre-tax profits for 2021 will increase by NT$14,965 thousand [(NT$8,200,000 thousand * rate of return of 0.73%×0.25)].		

(2)Plan implementation status:

On September 27, 2021, the Company completed its issuance of common shares through cash capital increase of 2021, raising NT$8,200,000 thousand, which was fully used to reinvest in the ordinary shares of the wholly owned subsidiary Shin Kong Life Insurance on September 23, 2021. Hence, the project was carried out well as scheduled. The implementation of the relevant capital utilization plan is as follows:

Plan items	Implementation status		Third quarter of 2021
Reinvested in 100% owned subsidiary - Shin Kong Life Insurance	**Used amount (NT$ thousands)**	**Expected**	8,200,000
		Actual	8,200,000
	Implementation Progress (%)	**Expected**	100
		Actual	100

(3)Evaluation of actual benefits generated

Item	Anticipated benefits	Actual benefits
Reinvested in 100% owned subsidiary - Shin Kong Life Insurance	1. Enrich the Company's eligible capital and increase the capital adequacy ratio (CAR) of the Financial Holding Group: If calculated on the basis of the group's capital adequacy ratio on December 31, 2020, assuming other conditions remain unchanged, CAR can increase by approximately 1.85%. 2. Reinvest in subsidiary Shin Kong Life Insurance to increase its Risk-Based Capital (RBC): If calculated on the basis of RBC on December 31, 2020 and assuming other conditions remain unchanged, the RBC of Shin Kong Life Insurance can increase by approximately 10.83%. 3. SKL's pre-tax profits for 2021 will increase by NT$14,965 thousand [(NT$8,200,000 thousand * rate of return of 0.73%×0.25)].	1. SKFH's Capital Adequacy Ratio (CAR) on December 31, 2020 was 113.70%, and after the fund raising was completed, the indicator fell 1.02% to 112.68% on December 31, 2021. 2. The Risk-Based Capital (RBC) of the subsidiary Shin Kong Life Insurance on December 31, 2020 was 212.62%, and after the reinvestment was completed, the ratio grew 17.45% to 230.07% on December 31, 2021. 3. The pre-tax profit for 2021 was NT$7,159,800 thousand, an increase of NT$6,828,894 thousand from 2020.

(4)Reason for failing to achieve estimated profits, and impact on shareholders' equity

The cash capital increase of the Company in 2021 was fully reinvested in Shin Kong Life Insurance. At the end of December 2021, the capital adequacy ratio of the Company was 112.68% after the fund raising, a decrease of 1.02% from at the end of December 2020. Compared with the expected increase of 1.85%, the investment failed to achieve the expected benefit, mainly due to the decrease of capital adequacy ratio of Shin Kong Bank, which declined from 16.87% at the end of 2020 to 14.82% at the end of 2021 due to the increase of credit risk assets.

On the whole, this cash capital increase by NT$8,200,000 thousand was fully invested in Shin Kong Life Insurance, which has strengthened its capital adequacy ratio, increased its pre-tax profit for 2021, and achieved the expected benefits. However, the capital adequacy ratio of the Company failed to meet the expected benefits because of Shin Kong Bank.

In 2022, issued new shares through cash capital increase to participate in the issuance of overseas depositary receipts and cash capital increase

1. Content of the plan:
   (1)Approval date by the competent authority and approval documentation: Letter Jin-Guan-Zheng-Fa-Zi No. 1110335272 dated March 31, 2022.
   (2)Total funds required for this plan: NT$12,165,636 thousand.
   (3)Sources of funds: In 2022, the Company handled the cash capital increase and issued new shares to participate in the issuance of overseas depositary receipts and cash capital increase, offered 1,277,039 thousand common shares at NT$ 9.52 per share (the same below), and raised a total of NT$12,165,636 thousand.
2. Current implementation:
   (1)Scheduled plan progress:

Unit: NT$ thousands

Plan items	Anticipated completion date	Total capital needed	Expected progress of capital utilization
			Second quarter of 2022
Reinvested in 100% owned subsidiary - Shin Kong Life Insurance	Second quarter of 2022	9,243,336	9,243,336
Reinvested in 100% owned subsidiary - Shin Kong Bank	Second quarter of 2022	2,922,300	2,922,300
Expected benefits of such capital utilization	1.Enrich the Company's eligible capital and increase the capital adequacy ratio (CAR) of the Financial Holding Group: If calculated on the basis of the group's capital adequacy ratio on December 31, 2021 and assuming other conditions remain unchanged, the CAR can increase by approximately 5.07%. 2.Reinvest in subsidiary Shin Kong Life Insurance to increase its Risk-Based Capital (RBC): If calculated on the basis of capital adequacy ratio on December 31, 2021 and assuming other conditions remain unchanged, the RBC of Shin Kong Life Insurance can increase by approximately 11.67 %. 3.Reinvest in the subsidiary Shin Kong Bank (SKB) to increase its Bank of International Settlement (BIS) capital adequacy ratio: If calculated on the basis of capital adequacy ratio on December 31, 2021 and assuming other conditions remain unchanged, the BIS of Shin Kong Bank can increase by approximately 0.45%. 4.SKL's pre-tax profits for 2022 will increase by NT$85,501 thousand [(NT$9,243,336 thousand * rate of return of 1.85%×0.5)], while that of SKB for 2022 will increase by NT$13,150 thousand] NT$2,922,300 thousand * rate of return of 0.90%×0.5].		

(2)Plan implementation status:

The Company completed its issuance of common shares through cash capital increase to participate in the issuance of depositary receipts and cash capital increase in 2022, completed the fund raising on April 22, 2022, raising NT$12,165,636 thousand (the same below) in total, which was fully used to reinvest in the ordinary shares of the wholly owned subsidiary Shin Kong Life Insurance and Shin Kong Bank on June on June 27, 2022. Hence, the project was carried out well as scheduled. The implementation of the relevant capital utilization plan is as follows:

Plan items	Implementation status		Second quarter of 2022
Reinvested in 100% owned subsidiary - Shin Kong Life Insurance	**Used amount (NT$ thousands)**	**Expected**	9,243,336
		Actual	9,243,336
	Implementation Progress (%)	**Expected**	100
		Actual	100
Reinvested in 100% owned subsidiary - Shin Kong Bank	**Used amount (NT$ thousands)**	**Expected**	2,922,300
		Actual	2,922,300
	Implementation Progress (%)	**Expected**	100
		Actual	100

(3)Evaluation of actual benefits generated

Item	Anticipated benefits	Actual benefits
Reinvested in 100% owned subsidiary - Shin Kong Life Insurance and Shin Kong Bank	1. Enrich the Company's eligible capital and increase the capital adequacy ratio (CAR) of the Financial Holding Group: If calculated on the basis of the group's capital adequacy ratio on December 31, 2021 and assuming other conditions remain unchanged, the CAR can increase by approximately 5.07%. 2. Reinvest in subsidiary Shin Kong Life Insurance to increase its Risk-Based Capital (RBC): If calculated on the basis of capital adequacy ratio on December 31, 2021 and assuming other conditions remain unchanged, the RBC of Shin Kong Life Insurance can increase by approximately 11.67 %.	1.SKFH’s Capital Adequacy Ratio (CAR) on December 31, 2021 was 112.68%, and after the fund raising was completed, the indicator fell 5.14% to 107.54% on December 31, 2022. 2.The Risk-Based Capital (RBC) of the subsidiary Shin Kong Life Insurance on December 31, 2021 was 230.07%, and after the reinvestment was completed, the ratio fell 16.43% to 213.60% on December 31, 2022. 3.The Risk-Based Capital (BIS) of the subsidiary Shin Kong Bank on December 31, 2021 was 14.82%, and after the fundraising was completed, the BIS fell 0.44% to 14.38% on December 31, 2022.

	3. Reinvest in the subsidiary Shin Kong Bank (SKB) to increase its Bank of International Settlement (BIS) capital adequacy ratio: If calculated on the basis of capital adequacy ratio on December 31, 2021 and assuming other conditions remain unchanged, the BIS of Shin Kong Bank can increase by approximately 0.45%. 4. SKL's pre-tax profits for 2022 will increase by NT$85,501 thousand [(NT$9,243,336 thousand * rate of return of 1.85%×0.5)], while that of SKB for 2022 will increase by NT$13,150 thousand] NT$2,922,300 thousand * rate of return of 0.90%×0.5].	4.The pre-tax net loss of Shin Kong Life Insurance fell by NT$11,299,159 thousand from 2021 to NT$4,139,359 thousand in 2022, while that of Shin Kong Bank grew by NT$843,744 thousand from 2021 to NT$8,292,830 thousand in 2022.

(4)Reason for failing to achieve estimated profits, and impact on shareholders' equity

This reinvestment in Shin Kong Life Insurance is expected to increase its RBC by 11.67% but the indicator has actually decrease by 16.43% without considering the influence of market changes, laws and regulations. The main reason is that the interest rate increase in the United States and geopolitical influences such as the Russian-Ukrainian war have resulted in the great fluctuation of stock and bond markets, the decrease in capital gains and the increase in real estate evaluation losses. In addition, the expected credit loss reserves were accrued for the emerging markets and Russian debts, which has caused made Shin Kong Life Insurance to suffer a pre-tax net loss and resulted in a decrease in shareholders' equities. Moreover, the regulators specify that the C3 interest rate risk of the RBC should be increased year by year (0.6 in 2021 and 0.8 in 2022) to accelerate the compliance with the ICS, which has greatly increased the risk assets and reduced the RBC.

Shin Kong Life Insurance was formerly expected to increase the pre-tax profit by NT$85,501 thousand in 2022 based on the annual rate of returns at 1.85%. However, Shin Kong Life Insurance presented a pre-tax net loss of NT$4,139,359 thousand in 2022. The main reason is that the interest rate increase in the United States and geopolitical influences such as the Russian-Ukrainian war have resulted in the great fluctuation of stock and bond markets, the decrease in capital gains and the increase in real estate evaluation losses. In addition, the expected credit loss reserves were accrued for the emerging

markets and Russian debts.

This reinvestment in Shin Kong Bank was originally expected to increase its BIS by 0.45%, but has actually reduced the indicator by 0.44%. This is principally attributable to the interest rate hikes in Taiwan and the United States, the increase in bond yields and the increase in the loss of debt instruments measured at fair value through other comprehensive gains and losses under the shareholders' equity, which has led to the decrease in shareholders' equity and the decrease in BIS.

Shin Kong Bank was originally expected to increase its pre-tax profit by NT$13,150 thousand in 2022 based on the annual rate of return at 0.90%. In 2022, due to the interest rate hikes by the central banks of the United States and Taiwan, the deposit spread rose. Moreover, Shin Kong Bank recorded good credit asset quality and reduced the bad debt reserve, so the pre-tax profit in 2022 rose by NT$843,744 thousand.

Overall, the Company has completed the plan to conduct the cash capital increase, participate in the issuance of overseas depository receipts and cash capital increase by NT$12,165,636, reinvest all the proceeds in the subsidiaries Shin Kong Life Insurance and Shin Kong Bank to increase the capital adequacy ratios of the Company and subsidiaries as scheduled. However, in 2022, the interest rate hikes by the national governments in response to the sharp inflation rise as a result of the Russia-Ukraine war and other geopolitical risk factors led to broader fluctuation of stock and bonds markets and reduced the capital gains. Moreover, the Company accrued the expected credit loss reserve against Russian bonds. As a result, the Company failed to achieve the overall expected pre-tax profit in 2022, and thus failed to meet the capital adequacy ratios of the Company and subsidiaries. However, the Company has completed the fund raising project as scheduled in order to enhance its own capital and strengthen its financial structure. The Company has failed to achieve the expected benefits due to the above factors, which has affected shareholders' equities, but the Company will pay more attention to the asset and liability risk control, pay close attention to the development of the global capital market and take necessary risk avoidance measures. It is reasonable to take measures after evaluation.

Issuance of the 6th domestic unsecured convertible corporate bond in 2023

1.Content of the plan:

(1) Approval date by the competent authority and approval documentation: Letter Jin-Guan-Zheng-Fa-Zi No. 1120338941 dated April 26, 2023.

(2) Total funds required for this plan: NT$4,999,300 thousand.

(3) Sources of funds: 49,993 lots of the 6th domestic unsecured convertible corporate bond, issued at a face value of NT$100,000 each with 0% coupon rate over a period of 5 years for a sum of NT$4,999,300 thousand. Any shortfall after the corporate bond issue will be met with bank loans or other means of financing.

2.Current implementation:

(1)Scheduled plan progress:

Unit: NT$ thousands

Plan items	Anticipated completion date	Total capital needed	Expected progress of capital utilization
			Fourth **quarter of 2023**
Repaid the 5th domestic unsecured convertible corporate bond	Fourth quarter of 2023	4,999,300	4,999,300
Expected benefits of such capital utilization	1. The purpose for raising capital was to repay the 5th domestic unsecured convertible corporate bond issue upon maturity. 2. The 6th domestic unsecured corporate bond was issued with a coupon rate of 0%; using the current medium-term bank borrowing rate of 2%, this corporate bond issue was estimated to save NT$3,835 thousand in interest expenses in 2023, and NT$99,986 thousand yearly from 2024 onwards.		

(2)Plan implementation status:

Issuance of the Company's 6th (2023) domestic unsecured convertible corporate bond was completed on May 12, 2023. The entirety of the NT$4,999,300 thousand raised from bond issuance was used to repay the 5th domestic unsecured convertible corporate bond in 2023 Q4, hence the use of capital was considered to have been completed according to plan. Implementation of the capital plan is explained as follows:

Plan items	Implementation status		Fourth quarter of 2023
Repaid the 5th domestic unsecured convertible corporate bond	Used amount (NT$ thousands)	Expected	4,999,300
		Actual	4,999,300
	Implementation Progress (%)	Expected	100
		Actual	100

(3)Evaluation of actual benefits generated

Item	Anticipated benefits	Actual benefits
Repaid the 5th domestic unsecured convertible corporate bond	1. The purpose for raising capital was to repay the 5th domestic unsecured convertible corporate bond issue upon maturity. 2. The 6th domestic unsecured corporate bond was issued with a coupon rate of 0%; using the current medium-term bank borrowing rate of 2%, this corporate bond issue was estimated to save NT$3,835 thousand in interest expenses in 2023, and NT$99,986 thousand yearly from 2024 onwards.	1. The Company repaid the 5th domestic unsecured convertible corporate bond using the newly raised capital as it matured in 2023 Q4. 2. Interest expenses totaled NT$223,893 thousand in 2023, up NT$70,285 thousand from 2022.

(4)Reason for failing to achieve the expected benefits, and impact on shareholders' equity

Capital raised from the 6th domestic unsecured convertible corporate bond issue in 2023 was used to repay the 5th domestic unsecured convertible corporate bond. Interest expenses for 2023 totaled NT$223,893 thousand, which was NT$70,285 thousand higher compared to 2022 and fell short of the NT$3,835 thousand saving that the Company had initially expected; this was mainly due to the Central Bank having raised interest rate by 0.125% in 2023 Q1. Nevertheless, the convertible corporate bond still makes a favorable source of long-term capital considering its 0% coupon rate and immunity against future rate hikes and funding risks.

Overall, this issue of convertible corporate bonds was used to repay the 5th domestic unsecured convertible corporate bond, and has been completed according to schedule without actual cash outlay. As per evaluation, this measure was deemed appropriate for the given purpose.

Chapter5.Business Overview

I. Business Overview

SKFH

(I)Scope of Business:

1.Main business:

The Company's businesses fall under H801011 Financial Holding Companies.

SKFH's business scope includes the following:

(1) Invest in businesses permitted by the Financial Holding Company Act.

(2) Management of the invested business in the preceding paragraph.

The Company specializes in investment. As such, the total amount of investment in other businesses is not subject to the limit of 40% of the paid-in capital stipulated in Article 13 of the Company Act.

2.Weight of business activities

Annual revenues		2023(Audited Amount)	
		Amount (NT$ thousands)	Percentage (%)(Note)
Investment gains recognized using the equity method	Shin Kong Life Insurance Co., Ltd.	-17,281,890	-
	Taiwan Shin Kong Commercial Bank Co., Ltd.	6,789,476	-
	Shin Kong Investment Trust Co., Ltd.	69,862	-
	Shin Kong Venture Capital International Co., Ltd.	111,692	-
	Shin Kong Property Insurance Agency Co., Ltd.	79,989	-
	MasterLink Securities Corp.	2,499,578	-
	Subtotal	-7,731,293	-
Other gains		218,803	
Other expenses and losses		-684,301	
Total		-8,196,791	

Note：Annual arnings are negative, hence the percentage is not applicable.

3. New products and services planned for the future

The main business of the Company is investment and management of investees. For information of the development of new financial products and services, please refer to the following parts of the subsidiaries.

(II)Business Plans for the Current Year:

With "Driving Transformation, Ushering in a New Era Together." being the main strategy for 2024, SKFH will uphold the principle of robust operation to improve the operating performance

of SKFH and its subsidiaries, enhance capital utilization efficiency, and tighten risk management. The plans below, along with business objectives, have been devised to serve as operational guidelines:

1.Explore high value-adding and new profit sources for improved profitability and capital adequacy.

(1) SKFH's core business is to effectively manage and supervise its subsidiaries and guide their strategic development to achieve optimal operating performance, capital efficiency, profitability, and capital adequacy. Meanwhile, SKFH helps subsidiaries explore high value-adding and new profit sources, assists banking and securities subsidiaries in growing asset size, and supervises the life insurance subsidiary in transitioning into IFRS17 and ICS2.0. Overall, the financial holding company brings breadth and depth to the business activities of its subsidiaries, and contributes to the optimization of their asset structures.

(2) SKL will pay attention to value-focused products, promote the sales of protection products and foreign currency policies, build policy value, and reduce cost of liabilities while attaching importance to the sales of investment-oriented products. It will strengthen risk management, optimize its investment portfolio, and control foreign exchange hedging costs. It will also increase eligible capital and reduce risk-based capital to boost its capital adequacy ratio and meet international standards.

(3) SKB will maintain prudent growth of its core operations and set the objective to grow loan size and build a strong foundation for continuous growth in interest income. Meanwhile, it will optimize the deposit structure to reduce funding cost and maintain good liquidity. The bank will also expand sources of non-interest revenue, including fee income from wealth management service and income from treasury investments.

(4) As for MasterLink Securities, more attention will be directed toward building a service-oriented brand with enhanced customer service capacity, exploring diverse income sources, increasing service revenues, making optimal use of digital tools, earning brand recognition, adjusting trade strategies, building a portfolio capable of generating consistent returns, increasing profit contribution from the investment business, implementing fair customer treatment, and identifying sustainable business opportunities.

2.Maximize cross-selling synergy through strategic products

(1) Emphasize on the sale of value-based insurance products

In addition to providing customers with suitable insurance products for the different stages of their lives, SKL will also focus on offering high protection products as a solution to customers' wealth transfer and asset allocation needs. Using big data analysis, the subsidiary will strive to explore customers with potential needs for insurance coverage and try to meet their needs in every way possible. Meanwhile, through high-value insurance selling, SKFH looks forward to increasing the growth of value-based products throughout the financial group.

(2) Strengthened collaboration between banking and securities subsidiaries for more effective cross-selling

"OU Investment" combines the account-opening functions of the banking and securities subsidiaries, and provides customers with an all-in-one application process while allowing group members to co-manage the customer base for deeper product penetration and improved business performance. Aside from consumer banking, the integration of resources between the banking and securities subsidiaries also benefits corporate banking customers, as the financial group may gain a more in-depth understanding of customers' needs and develop customized solutions that achieve optimal cross-selling performance.

(3) Increase product penetration and for improved revenue contribution

SKFH is dedicated to providing complete range of products and services through cross-selling, and adopts a data-driven approach to optimize processes for more streamlined and better customer experience. The organization strives to satisfy customers' diverse needs for financial products at various stages in life, and aims to increase product penetration and strengthen attachment across customer's group members by leveraging the channel and cross-selling advantages of a financial group.

3. Increase revenues from digital services with enhanced digital capacity

(1) Customer-centric digital transformation strategy

SKFH continues to adopt a customer-centric philosophy and takes the initiative to integrate digital channels throughout the group. SKFH will further develop collaboration across online and offline channels through an OMO(Online merge Offline/Offline merge Online) strategy to strengthen cross-company customer segmentation and diversion synergies, and introduce an innovative business model that makes it the most trusted digital finance brand.

(2) Innovative business models inspired by digital technology

As a response to market trends and government policies, SKFH will be developing AI applications at the group level and using them to fine-tune management. Meanwhile, resources will be committed persistently into developing digital technologies, expanding the technology ecosystem, and implementing technologies in real applications. AI will be introduced into business processes at a faster rate, and with more rigorous data governance, SKFH looks forward to maximizing digital financial innovations within the group.

(3) Leveraging resources of the ecosystem for group-wide digital talent transformation

By drawing resources from the industry, the public sector, and the academia, SKFH aims to further improve its digital talent training system for a total workforce transformation. SPARK Hero, internship, and the Youth Digital T-ambassador Program are some of the ways that SKFH has adopted to help employees develop the technological skills, AI mindset, and digital literacy needed to strengthen overall digital resilience.

4. Enforcing corporate governance and connecting with world's sustainability trends

(1) SKFH will continue improving its corporate governance framework to raise the ranking of corporate governance evaluation. In addition to strengthening legal compliance, internal control and audit results, the Company will also focus on promoting fair customer treatment principles while at the same time internalize and adopt the spirit of fair customer treatment. These actions can be helpful to further build customer trust in the brand and will prove beneficial to sound business operations.

(2) Sustainable corporate development is an important topic in modern business management. In 2024, SKFH aims to remain a composition of Dow Jones Sustainability Indices (DJSI), particularly DJSI World, and will actively improve ESG performance and support FSC's “Green Finance Action Plan 3.0” as well as "Sustainability Development Roadmap for TWSE/TPEX Listed Companies." More efforts will be committed into carbon survey, climate risk management, exploring ESG investment/financing opportunities, enhancing information disclosure, training of sustainability talents, and upholding diversity, equality, inclusion, as well as human rights protection. While raising sustainability competitiveness, SKFH also looks forward to bringing values to the society and the environment.

(3) Industry overview

There are a total of 15 financial holding companies in Taiwan, and most of which are centered on banking, insurance and securities services. Over-crowding and homogeneity of financial institutions have significantly increased competition within the financial industry. In terms of profitability, the global economy entered the stage of post-pandemic recovery, but the unstable geopolitical situation and rising inflation have triggered a global interest rate hike and more drastic fluctuation of exchange rate together with the violent financial market fluctuation, which has affected profit stability of the financial industry. Coupled with stricter local and international regulations and standards regarding anti-money laundering, counter terrorism financing, personal data protection, FATCA/CRS, and increase in cybersecurity cost, profit growth was constrained as a result.

Financial industry in Taiwan will face many challenges in the future, e.g., the insurance industry has to prepare to adopt such international standards as IFRS 17 and ICS (Insurance Capital Standards); the competent authority emphasizes risk and behavior management, demands implementation of the principle of treating customers fairly, and strengthens its supervision efficiency to improve the resilience of the financial industry; and three internet-only banks begin operation and intensify the competition in the saturated market. In addition, requirements will continue to raise from the universal values of environmental, social, and governance (ESG), allowing the financial industry to put green transformation into action.

The financial industry must sharpen its competitive edge by integrating innovation and digital finance to provide customers with quality products and service experience, and by enforcing risk management and ESG to create sustainable values.

（IV）Research and development:

（IV）Research and development

SKFH and its subsidiaries are constantly committed to upgrading information systems and developing new financial products in order to adapt to the rapid changes in local and foreign financial markets, while at the same time enhance our market competitiveness, service quality and maximize shareholder value. In the future, SKFH will continue exploring new business plans under rigorous risk management and aim to improve performance of the financial group as a whole.

1. Research and Development Expenses and Results in the Past Two Years

（1）Research and Development Expenses in the Past Two Years

Unit: NTD thousands

Year	2022	2023	2024 (estimated)
Amount	665,363	697,653	298,130

（2）Research and Development Results in the Past Two Years

Shin Kong Life Insurance (SKL)

- SKL joined the Insurance Passbook Platform, the first insurance passbook platform in the industry that provides authentication and certification service for various insurance policies. It was established by the Life Insurance Association in collaboration with 21 life insurers, Chunghwa Telecom, TAIWAN-CA Inc. and other companies under the guidance of the FSC, and was officially launched in June 2022. The platform creates insurance passbooks by leveraging the prevailing insurance technology and the availability of a shared platform. The Life Insurance Association acts as a third-party certification agency. People can use the electronic policy certification and deposit mechanism to verify and deposit electronic policies and electronic policy terms based on the blockchain record history. People can check whether the policies have been verified and deposited through the insurance passbook. In case of any insurance dispute, the third-party agency can also provide the policy contents as the evidence certificate to ensure their protection contents.
- Financial technologies were used to improve policyholders' experience and to increase the level of digitalization, intelligence, and automation in claims services. Mobile e-Claims was first introduced in 2020 and had achieved 80% utilization rate by July 2023. In 2021, SKL joined Life Insurance Association's claims alliance chain and medical insurance E-Claims, and contributed MID (Mobile ID) technology to help simplify the claims process, thereby allowing policyholders to request for claims online "with just one click." In 2022, SKL became the first private institution in the life insurance industry to connect to National Development Council's (MyData) platform. Policyholders who have applied for digital claims service may simply authorize the use of personal data online to waive the need to submit hard copy

documents. The improved convenience in claims earned SKL the award of "Excellence in Claims Services" in 2023.

- "Digital-driven Transformation" as the long-term objective:
  a. A wide variety of identity verification channels have been created for users to apply for online membership. By adopting FIDO authentication, SKL became the first insurance company to incorporate "Mobile Identification Service," which allows customers to complete identity verification using only a smartphone without having to visit branch in person or use a card reader. Once identity has been verified, the user's account will be bound to a single mobile device, thereby allowing the user to draw policy loan and amend contact details online using fingerprint or facial recognition. Policyholders who add SKL's official account to their contact list may receive notifications and updates on insurance application, benefit payment, policy loan, and change of contract term. Through these measures, SKL aims to provide total green financial services with "zero contact, zero lag, and zero distance."
  b. Services of SKL's LINE account have evolved from the simple concept of "pocket service center" to that of a "Smart Insurance Cabinet." It now offers more than 30 policyholder services and personalized push messages and has accumulated 4.56 million followers, making it the largest financial LINE account in Taiwan.
  c. Digital tools are being used to train sales representatives and help them improve professionalism as well as sales efficiency. By eliminating the need for hard copy documents, the digital tools helped SKL save more than 16 million sheets of paper and reduce carbon emission by at least 110 metric tons, for which SKL was awarded "Excellence in Digital Banking" in 2023.
  d. Through a collaboration with the Canadian platform - Lydia AI, SKL launched an "AI Health" APP that consumers may use to evaluate their "Health Scores." Users simply have to authorize linkage of My Health Bank data and the phone's step tracker with the "AI Health" APP to have AI analyze and generate their "Health Scores" along with personalized risk assessment report and disease risks. The APP can even estimate non-subsidized amount of medical expenses. Through these reports, SKL encourages users to develop health-promoting habits and helps insurance sales representatives recommend insurance products that more precisely meet users' needs. For example, policyholders who have low Health Score generated from the "AI Health" APP may be introduced to insurance products that emphasize on medical protection, whereas those with high Health Score may be introduced to insurance products that offer spillover benefits. This in turn reduces claim rate, chance of disease, and amount of premiums to everyone's benefit
  e. In 2018, SKL established "LIFE Lab.," a new form of insurance experience store that combines SKL's multiple advantages including insurance expertise,

innovative financial technology, and nationwide service locations to bring customers diverse, friendly, and disruption-free service experience from insurance application to claims. SKL has made plans to adopt "Self-service Digital Insurance Technology" and introduce a range of innovative digital tools including "Intelligent Policy Health Diagnosis System" and Policy Advisor that combine the Online Store, optical character recognition (OCR), and natural language processing (NLP) to make insurance consultation more approachable to the masses. Through OMO (Online merge Offline/Offline merge Online) integration of insurance services, the company aims to convey timely and correct insurance knowledge to the general public, and has so far helped nearly 430,000 people learn their protection needs and made insurance services accessible to more people, for which it received "Silver Award for SDG 8 - Decent work and economic growth." The introduction of "Intelligent Policy Health Diagnosis System" and the "new contract underwriting notification" that came with the latest upgrade allow policyholders to quickly complete policy review and receive real-time updates on their applications. The use of digital and intelligent notification also ensures correct delivery of important policy notice.

- The following actions have been taken to enforce fair customer treatment and financial inclusion for elders, people with disability, and young adults:

a. Considering that Taiwan is progressing into the state of super-aged society in 2025, the company will commit more resources into improving the digital infrastructure and the inclusivity of its financial services. In an attempt to prevent elders from falling victim to scams, the company hosted a series of seminars nationwide that aimed to raise the public's awareness on digital tools, scam prevention, and the appropriate actions. Using internal big data, the company has developed probe tags for its Customer Information System (CISPT) that counter staff and 0800 service personnel may use to probe into the obstacles that customers might encounter, and provide care and guidance where necessary. For example: whenever an elderly policyholder requests to surrender or draw loan on insurance policy, the system will prompt the employee to investigate whether the customer has fallen victim to a scam, and this feature has been awarded two utility model patents from the Intellectual Property Bureau.

b. Meanwhile, the company is making its business environment more friendly to elders with the introduction of "digital signature panel" for all over-counter services nationwide. This allows the counter staff to better understand customers' needs and generate image files for their application, which can then be enlarged, highlighted, and signed on the digital display. The solution not only gives elderly customers greater convenience when accessing financial services, but also conforms with the company's business philosophy toward

green finance and corporate sustainability.

c. Green services are being introduced as a way to reduce carbon emission. In addition to training sales representatives and using digital tools to improve professionalism and efficiency, the company also encourages policyholders to sign up for online membership and switch to e-bill payment, auto-debit, and e-documents for greater convenience. With a smartphone in hand, users can simply tap open LINE and scan QR code at a convenience store to complete the payment. By promoting the use of digital tools, the company aims to help policyholders develop familiarity with the latest insurance technology and thereby narrow the discrepancy in service quality between urban and suburban areas.

d. SKL actively engages non-profit organizations for people with disability to alleviate the inconvenience they encounter when accessing financial service, particularly the visually impaired. In a collaboration with Tamkang University Center of Resources for the Visually Impaired, the company organized a series of training on how to deliver services that are friendly to the visually impaired. Through empathic thinking, employees were invited to experience for themselves the lives of the visually impaired, how distant they are from modern technology, their most pressing needs, and ways to help them develop knowledge. SKL also made arrangements to have visually impaired people personally take part in the financial service process and provide feedbacks for adjustments. At SKL, we are committed to developing customized, friendly, and implementable services for the visually impaired and bringing policyholders a financial service environment that is equally accessible and friendly to all users.

e. Version 2.0 of the AI smart customer service - "Shinee" has been introduced to greatly improve the recognition accuracy for customers' queries. For people with hearing/speech disorder, the company launched an "Online Hand Signal Interpretation Platform" that allows customers to seek help from their service officers in connecting with a professional hand signal interpreter using just a smartphone or tablet, so that information can be communicated smoothly free of obstacles to people with hearing/speech disorder.

- SKL had completed the phase I introduction of the Business Process Management (BPM), and achieved shortened automation time, flexible support for different departments, balanced work load, accurate and rapid processing, timely procedural correction, and increased satisfaction from employees, organizations and customers involved in the new contract process in 2020. In 2021, the company started to introduce the second stage of the contract change and claim settlement process. It is expected that after the system launch, the contract change and claim settlement process can be driven by the process engine to shorten the learning curve of the operators and simplify the process.
- SKL has abided by the overall planning of SKFH, and followed the RPA (Robotic

Process Automation) development plan, which will reduce repetitive manual processes, increase the accuracy of the tasks performed, and reduce operational risks. In 2021, the company made plans to apply the system to confirm fuzzy matches of the AML list, perform semiautomatic information security analysis, and automatically conduct reoccurring and complex information security operations. This will increase the working efficiency of the information security team, allow more efficient use of information, and thus reinforce the resilience of information security. The company plans to develop more applications for more administrative procedures in order to enhance operational efficiency and improve accuracy at various process checkpoints.

Shin Kong Bank (SKB)

- Update of the credit card system: (1) Information aspect - the outdated development tools were replaced with next-generation system to support future expansions. (2) Business aspect - new functions such as generation of marketing leads, credit card spending inquiry etc. were added to improve the effectiveness of marketing campaigns and work efficiency.
- The bank has developed a credit card maintenance and monitoring platform with a real-time visual dashboard, which shows the volume of transactions authorized by channels, transaction OTP volume and other monitoring indicators to help identify anomalies through real-time, automatic early warning, thereby ensuring the service maintenance rate of the credit card system and protecting the rights and interests of customers.
- An integrated treasury transaction platform was created for the Hong Kong Branch to help develop automated processes, complete transaction features, optimize profit management, and improve performance as well as management efficiency.
- Highlights of the new mobile banking system: (1) Friendly - graphical presentation of asset information with simplified interface for easy browsing. (2) Fast - Features such as Deep link and SSO have been developed to allow intuitive controls and lessen the number of clicks. (3) Secure - Multi-factor authentication (Mobile ID, FIDO) has been incorporated to ensure transaction security.
- A new customer complaint system has been developed along with automated and paperless processes, whereas an acting duty system is being enforced to shorten case turnaround time. Furthermore, an automated fair customer treatment review and tracking function has been incorporated to enforce the Bank's fair customer treatment policy.
- Numerous payment methods have been made available for auto loan; the Auto Loan Center may now serve as a collection/payment agent for personal property security registration levy, whereas customers are able to repay loans through a variety of channels, such as ATM transfer, online banking, virtual account etc.
- Upgrade of telemarketing system: By integrating WebCall, IVR, and voice recording functions, callers who have been put on hold may be directed to IVR or webpage

where they can leave message to have telemarketers return call. The newly integrated voice recording system even allows managers to retrieve voice recordings directly from the telemarketing system to check service quality and add remarks where appropriate.

- Optimization of the personal loan process: By incorporating a multitude of automated processes such as calculation, data inquiry/interpretation, report generation, case closure etc., the Bank is able to reduce the amount of time taken for manual process and quickly respond to customers' borrowing needs.
- Enhancement of branch network infrastructures: The improvements eliminated the risk of malfunction in a single equipment, and therefore ensures continuity of branch service. The router has been upgraded to support higher bandwidth, and routers that no longer have software and hardware support have been eliminated for compliance with the authority's requirements.
- Optimization of mobile office: The mobile office has had computing resources expanded, and is progressively introducing a zero trust network for enhanced cybersecurity protection.
- Construction of test cloud featuring hyper-converged infrastructure ((HCI): By capitalizing on HCI's advantages such as quick deployment, expandability, and ease of management, the Bank is able to complete construction of the basic environment in the shortest time, and expand resources depending on changes in the application environment for more precise cost control.

MasterLink Securities

- Introduction of banking and securities online account opening functions to OU Investment

  The system now allows customers to open "new securities + banking" accounts online at the same time, which helps refer customers between the two business segments. With seamless banking-securities account opening, customers are no longer required to submit duplicate information for separate applications, but instead can have multiple accounts opened and reviewed simultaneously to save time.
- MasterLink Securities - MasterLink Securities Special APP (Securities)

  The OU Investment APP boasts an intuitive interface and supports multiple personalized settings. Functions including quotation, trading, account management, and after-hour information have all been upgraded to make OU Investment the preferred APP for investors. By adopting an agile development approach, it took only 8 months to complete and launch the system into production (whereas peers take about 2 years to complete).

  Highlights of the OU Investment APP: Mainly targets the young population.

  a. Integrated homepage: Account overview, commonly used functions, thematic investment, news, and campaign information are all integrated in a single page.
  b. Total upgrade of the stock savings platform: By combining cloud conditional orders, personalized stock saving guide, stock selection strategies, and the

marked-to-market system, the platform generates stock themes and recommends them to investors.

c. Intuitive order placement: One tap to switch between whole/odd lot orders, proprietary quotation system, estimation of transaction amount, and trade limit and balance inquiry all presented in the order placement page.

d. Account overview: Comprehensive view of account details, including graphical presentation of holding position and classification of gains/losses on mobile device.

e. AI-assisted trend analysis: Uses AI algorithm to predict movements of individual stocks, so that portfolio strategies can be adjusted to increase chances of winning.

- Online automated application for order placement via securities API

  Through a simple and intuitive process, users are able to request, validate, and activate the quotation and trading API. The API opens up a number of functions such as online order placement, validation of investment strategy, matchmaking simulation etc. as well as possibilities for future services. By introducing online signature and certification to the API application section, the company makes it easier for customers to sign documents without the need for hard copies, thereby giving them the motivation to act. Meanwhile, the creation of a simulated exchange helps customers develop and test their strategies under different scenarios.

- Implementation of automatic machine learning (Auto ML)

  An Auto ML platform has been implemented in line with SKFH's plans, and the company is taking actions to develop its own AI modeling capabilities and explore applicable scenarios. The company has completed data validation for the "Limit Adjustment AI Model," and an API for "Limit Adjustment AI Model" has been developed and provided for use with the sales platform. By taking into consideration customers' characteristics, background information, market data, data shared by subsidiaries, and behavior tracking data, the company is able to generate leads on potentially active customers and target them with precision marketing for increased account activities.

- Capacity expansion and performance improvement of the IBM-AS400 platform for sub-brokerage/wealth management/trust services of the Brokerage Department

  Following the introduction and promotion of sub-brokerage services by the Brokerage Department, the company has completed segregated sub-brokerage from the wealth management service so that they do not compete for system resources and therefore ensures improvement in operating efficiency. The existing equipment reached EOM in 2019, and has since been used as backup to provide real-time support the current system. The new system introduced assistive monitoring and LOG analysis tools to enhance regular maintenance.

- Regular investment of U.S. stocks via sub-brokerage

  This function increases customers' willingness to place "fragmented orders," and MasterLink was the first securities firm in Taiwan to cooperate with overseas partner

- POEMS for the placement of "fragmented sell" orders directly online.

- Introduction of cloud conditional order - day-trade conditional order
  The cloud conditional order function has been enhanced to serve as an assistive tool for day-trading, which helps increase trade volume and competitiveness among peers. By linking a number of electronic trading platforms, customers are able to place day-trade conditional orders with customizable entry/exit conditions; the system then monitors the triggering of condition and places orders automatically without further instruction from customers.
- Compliance management system
  In alignment with SKFH's adoption of RegTech AI and its 3-year strategic goal, the company has proposed the development of a compliance management system to ensure more timely and effective satisfaction of compliance requirements and to minimize compliance risks as well as costs.
  a. Through digitalization of hard copy-based processes, the company is able to achieve paperless management and reduce the use of paper while making data easier to store.
  b. Through digitalization of operating procedures, the system is able to maintain complete trail of sign-offs and approvals to meet audit requirements.
  c. A regulation database has been created to more quickly reflect changes in law, which in turn lowers potential compliance risks and improves compliance performance.
  d. AI technology is being used to automatically identify changes in laws and update the regulation database. This greatly reduces manpower, time, and cost requirements while at the same time improves compliance efficiency.
- Construction of a new stock deposit platform
  New stock savings platform with enhanced functions for the Taiwan equity market - the platform now gives people with small capital the ability to place odd lot conditional orders during and after trading hours as a way to build up position in stocks and ETFs. The one-year limit on odd-lot orders has been removed, so that small-cap investors need not renew orders upon expiry. Other newly added functions include: the MasterLink stock selection list, personalized stock saving recommendation, multi-selection of stock savings date, extension of time horizon for trial calculation of returns to 3 years, and use of big data for predicting deal probability for a given price.
- MasterLink Securities - Electronic service for OTC products
  This project integrates multiple processes including: account opening for derivative trading account, centralized credit assessment/review, document sign-off, electronic storage of forms and reports, account opening appointment, online change of customer data, and annual online KYC. Completion of this project will enable MasterLink Securities to provide next level of CBAS online trading service for OTC products.

- The RPA project completed automation of 14 processes in total
  a.9 settlement processes: verification of settlement proceeds, verification of IPO tender proceeds, verification of emerging stock board proceeds, checking of warrant details, consolidation of foreign currency data for Asian stocks, checking of foreign currency filing, consolidation and checking of proprietary trading accounts, checking of stock/cash dividends, and consolidation of foreign currency data for European/U.S. stocks.
  b.1 futures process: automation of traders' historical inquiry.
  c.4 investment consulting processes: automated checking of SKB stakeholders for discretionary investment service, generation of idle capital report for insurance/banking accounts under discretionary investment, notice for return of earmarked securities/proceeds for controlled stocks under discretionary investment, and delivery of earmarked securities/proceeds for controlled stocks under discretionary investment.
- Information infrastructure construction
  a. Backup equipment expansion, complete data storage policy; gradually complete the storage of data in different places and simplify the tape backup policy.
  b. Expanding the VM host group equipment can save room space and improve resource utilization. The system can be flexibly configured to meet new or temporary needs, and the complete snapshot of the virtual machine is helpful to quickly restore the system when it is abnormal.
  c. Construction of virtual environment for information system development and testing
  d. The increase of DNS system equipment strengthens the ability to resist hacker attacks and improves the stability of transactions.
     (a) Performance: 10000 QPS increased to 60000 QPS.
     (b) High availability: Monitoring with a unified management interface; automatically switched in the case of anomaly.
     (c) Cybersecurity: Includes DNS vulnerability defense/DNS protocol testing/DDoS defense; minimizes chances of service disruption in the event of an attack.
     (d) Audit: Amended records including information relating to people/occurrence/time/location/property etc.
     (e) Administration: Different administrators may adjust access rights within the scope of authorization to divide responsibilities. The use of a uniform administration interface reduces chances of error.
  e. Using Chunghwa Telecom IDC's abundant network energy and security protection assistance, it not only has the advantage of flexible bandwidth in the face of transaction overload, but also provides the effect of anti-blocking and filtering in the face of hacker DDOS and library collision attacks, and can also

meet customer needs in the speed of connecting all data points or serving users in Taiwan. Therefore, in line with the business and the planned 3-year growth, 9 cabinets are added to the IDC computer room and connected in series with the original computer room cabinets to ensure system efficiency.

Shin Kong Investment Trust (SKIT)

- SKIT completed the technology transfer of core system manufacturers.
- SKIT - Account opening ID verification and authorization
- SKIT completed the introduction of Solarwinds information environment monitoring system.
- SKIT completed the import of PAM privilege management system.
- SKIT completed the construction of electronic order placement system for overseas stocks traded through the Bloomberg FIX network.
- SKIT established an official account of Line@ to provide real-time investment information for Line users.
- SKIT completed the import of web application firewall (WAF).
- SKIT completed the introduction of endpoint detection and response (EDR) for PC terminals.
- SKIT completed the construction of investment/trade assistance system.
- SKIT created an FB fan club to share investment information and interact with users.

2. Future R&D Plans and Progress

Unit: NTD thousands

Future Research and Development Plans and Progress	Current progress	Estimated expense	Estimated completion time	Key factors affecting the success of future R&D
SKL - IFRS 17 adjustment	Ongoing	49,250 Entire project	January 2026	Outline of system functionality, clarity of project goal, and change of project members. Note: The expected completion time will be adjusted in a rolling manner in line with the transition schedule of the Insurance Bureau.
SKL - Implementation of BPM System for Contract	Ongoing	22,009	December 2024	Modification of administrative process and policy procedures.

Future Research and Development Plans and Progress	Current progress	Estimated expense	Estimated completion time	Key factors affecting the success of future R&D
Amendment and Claims				
SKL - Core system rebuild	Ongoing	23,098	July 2024	Outline of system functionality, clarity of project goal, and change of project members.
SKL - Speech Recognition Engine System	Ongoing	4,750	August 2024	Technology introduction and process modification
SKL - Establishment of remote service platform	Ongoing	9,998	September 2025	Technology introduction and process modification
Reconstruction of off-site backup center	Ongoing	91,090	July 2025	Outline of system functionality and project goals.
SKL - Establishment of a marketing and sales reform system	Ongoing	homemade	Continue	Clear requirements, sales support, and clear project objectives.
SKL - Robotic Administrative Process Automation (RPA related applications)	Ongoing	homemade	Continue	Process transformation and optimal utilization of resources.
SKL - E Insurance Identity Identification and Remote Insurance Project	Internal assessment	17,085	Under assessment	Selection of technology and assessing users' adaptability towards new technologies and applications
SKL - Renewal of conventional	Internal assessment	homemade	Under assessment	Clear requirements, business support, and

Future Research and Development Plans and Progress	Current progress	Estimated expense	Estimated completion time	Key factors affecting the success of future R&D
product recommendation form				complete and accurate tests.
SKB - Core system upgrade	Ongoing	179,000	December 2028	Clear requirements, business support, and complete and accurate tests.
SKB - MLOPs model training and inference platform	Ongoing	2,200	December 2024	Clear requirements, business support, and complete and accurate tests.
SKB - Machine learning as a service (MLaaS)	Ongoing	2,660	December 2024	Clear requirements, business support, and complete and accurate tests.
SKB - Expansion of the bank-wide acting duty system	Ongoing	1,000	December 2024	Clear requirements, business support, and complete and accurate tests.
SKB - Issuance of ESG virtual card	Planning in progress	3,700	December 2024	Clear requirements, business support, and complete and accurate tests.
SKB - Development of trust system	Ongoing	6,000	December 2024	Clear requirements, business support, and complete and accurate tests.
SKB - Hong Kong Branch E-LOAN system	Ongoing	970	December 2024	Clear requirements, business support, and complete and accurate tests.
SKB - Optimization of mobile banking	Ongoing	3,400	December 2024	Clear requirements, business support, and complete and accurate

Future Research and Development Plans and Progress	Current progress	Estimated expense	Estimated completion time	Key factors affecting the success of future R&D
				tests.
SKB - Development of online service system	Ongoing	3,840	December 2024	Clear requirements, business support, and complete and accurate tests.
MasterLink Securities - Replacement of NBU at the Great Taipei Gas server room	Internal assessment	5,200	June 2024	Replacement and construction of information infrastructure equipment
MasterLink Securities - Paperless account system	Internal assessment	4,780	July 2024	Clear requirements, support from information providers, and complete and accurate tests operation
MasterLink Securities - Replacement of DMZ backbone switch and edge switch at Great Taipei Gas	Internal assessment	2,398	July 2024	Replacement and construction of information infrastructure equipment
MasterLink Securities - Expansion of STORGE at Banqiao server room	Internal assessment	5,200	July 2024	Replacement and construction of information infrastructure equipment
MasterLink Securities - Banking-securities online account opening for Next Bank	Internal assessment	1,600	July 2024	Clear requirements, support from information providers, and complete and accurate tests operation

Future Research and Development Plans and Progress	Current progress	Estimated expense	Estimated completion time	Key factors affecting the success of future R&D
MasterLink Securities - Phase 2 construction of the "MasterLink Stock Saving Platform"	Internal assessment	2,200	September 2024	Clear requirements, support from information providers, and complete and accurate tests operation
MasterLink Securities - Personal data detection and management for FILE SERVER	Internal assessment	3,200	September 2024	Replacement and construction of information infrastructure equipment
MasterLink Securities - Off-site backup for Mobile Expert APP	Internal assessment	3,700	October 2024	Clear requirements, support from information providers, and complete and accurate tests operation
MasterLink Securities - SERVER monitoring and administration	Internal assessment	2,400	October 2024	Replacement and construction of information infrastructure equipment
MasterLink Securities - Development and implementation of OU Investment APP	Internal assessment	8,500	November 2024	Clear requirements, support from information providers, and complete and accurate tests operation
MasterLink Securities - Version update for "cloud conditional order"	Internal assessment	4,500	November 2024	Clear requirements, support from information providers, and complete and accurate tests operation

Future Research and Development Plans and Progress	Current progress	Estimated expense	Estimated completion time	Key factors affecting the success of future R&D
MasterLink Securities - "Development of "Mobile e-Statement System"	Internal assessment	6,500	November 2024	Clear requirements, support from information providers, and complete and accurate tests operation
MasterLink Securities - Firewall for web-based applications	Internal assessment	3,500	November 2024	Replacement and construction of information infrastructure equipment
Development of foreign futures support for OU Investment APP	Internal assessment	2,550	December 2024	Clear requirements, support from information providers, and complete and accurate tests operation
MasterLink Securities - Expansion of defense against advanced persistent threat (APT)	Internal assessment	3,200	December 2024	Replacement and construction of information infrastructure equipment
MasterLink Securities - Management of SERVER privileged account	Internal assessment	6,700	December 2024	Replacement and construction of information infrastructure equipment
MasterLink Securities - Banqiao VM Entity Host Expansion	Internal assessment	8,450	December 2024	Replacement and construction of information infrastructure equipment

Future Research and Development Plans and Progress	Current progress	Estimated expense	Estimated completion time	Key factors affecting the success of future R&D
MasterLink Securities - Expansion of EDR service	Internal assessment	2,200	December 2024	Replacement and construction of information infrastructure equipment
Development of configuration management tools	Internal assessment	3,200	December 2024	Replacement and construction of information infrastructure equipment
SKIT - electronic order placement system for overseas bonds traded through the Bloomberg FIX network.	Ongoing	1,000	February 2024	Increase the convenience and system integration of overseas order placement.
SKIT - Construction of an electronic form system	Ongoing	600	December 2024	A clear users' need for procedure planning and improvement.

（V）Long and short-term business plans

1. Short-term plan

With "Driving Transformation, Ushering in a New Era Together." being the main strategy, SKFH will uphold the principle of robust operation to improve the operating performance of SKFH and its subsidiaries, enhance capital utilization efficiency, and tighten risk management. The plans below have been devised to serve as operational guidelines:

(1) Explore high value-adding and new profit sources for improved profitability and capital adequacy
(2) Maximize cross-selling synergy through strategic products
(3) Increase revenues from digital services with enhanced digital capacity
(4) Enforcing corporate governance and connecting with world's sustainability trends

2. Long-term Plan

Besides pursuing profit stability, creating synergies, and developing innovative products, SKFH will also aim to develop digital banking solutions and exert sustainable influence in a way that aligns with its sustainability philosophy in the future. Medium to long-term

development strategy will remain focused on progress in the following six directions. At the same time, it will develop specific operational plans to build up a foundation for sustainable operations:

(1) Explore high value-adding and new profit sources
(2) Expand business size and optimize asset structure across subsidiaries
(3) Increase profits and enhance capital adequacy
(4) Maximize cross-selling synergy
(5) Increase revenues from digital services with enhanced digital capacity
(6) Implement corporate governance and promote sustainability

Shin Kong Life Insurance (SKL)

(I)Scope of Business:

1. Main business:

Shin Kong Life (SKL) is a life insurance service provider. It offers the following products and services:

(1)General life insurance and health insurance: The types of products offered include life insurance, endowment insurance, long-term care insurance, health insurance, mortgage life insurance, online insurance products, and policy insurance products, such as small amount whole life insurance, spillover-effect health insurance, in-kind payment insurance, and online insurance products that are exclusive to the FundRich Good Retirement Preparation Platform. The names of best-selling products are as follows

General life insurance	
Product Type	**Product Name**
Life Insurance	Shin Kong Life Hao-Shih-Kuang Term Life Shin Kong Life PING CHUN Term Life SKL Go Pu-Hui new term insurance SKL Yi-Chia-Pao Term Life
Endowment insurance	SKL Wu-Li-Fu-Tsu Whole Life Endowment SKL Hao-Li-Lai Whole Life Endowment
Mortgage life insurance	Shin Kong Life Hsin-Hao-Chia-Tai Term Life
Long-term care insurance	Shin Kong Life Chang-Jau-Jeou-Jeou A type Long Term Care Whole Life Insurance. Shin Kong Life Chang-Jau-Jeou-Jeou B type Long Term Care Whole Life Health Insurance. Shin Kong Life Chang-Jau-Hsin-An Long Term Care Whole Life Health Insurance.

	SKL Chang-Chao-Tseng-An Long-term Care Whole Life SKL Chang-Chao-Tseng-An Type B Long-term Care Whole Life Health Insurance SKL Hao-Shih-Kuang Long-term Care Term Health Insurance
Health Insurance	SKL Yi-Chi-Yuan-Chi Whole Life Medical Health Insurance SKL Hsiang-An-Hsin-Ka Critical Illness Term Insurance Shin Kong Life Jhen-Ai-Sing-Fu Critical Illness and Specific Injury Health Insurance. SKL Chuan-Hsin-Wei-Nin Specific Critical Illness Term Insurance SKL Chen-Ai-Chien-Kang Cancer Protection Whole Life SKL Hao-Shih-Kuang Hospitalization Term Health Insurance SKL Huo-Li-Chien-Kang Hospitalization Whole Life Health Insurance (New) SKL Huo-Li-An-Hsin- Surgery Whole Life Health Insurance (New)
Online insurance	Shin Kong Life My Way Term Life SKL My New Way Term Life SKL New Health Insurance SKL My Love Micro Term Life SKL Shiny Health Hospitalization Term Health Insurance
Small Amount Whole Life Insurance	Shin Kong Life Song-Ai-Sin Small Amount Whole Life Insurance
Spillover mechanism	Shin Kong Life Chang-Chao-Hsin-An Long Term Care Health Promotion and Reward Add-on Clause SKL Go Pu-Hui new Health Promotion and Reward Add-on Shin Kong Life Hao-Shih-Kuang Term Life Health Promotion and Reward Add-on Clause SKL Hao-Shih-Kuang Long-term Care Health Promotion and Reward Add-on
In-kind Payment	Shin Kong Life In-kind Life Insurance (in-kind

Insurance	payment insurance policy)
FundRich Good Retirement Preparation Platform exclusive online insurance product	SKL My Light 5 Term Life Insurance SKL My Light 20 Term Life Insurance SKL My Love Micro Term Life SKL Health PLUS+ One Year Critical Illness Health Insurance (Type A) Shin Kong Life Health PLUS+20 Periodic Health Insurance for Major Diseases (A)

(2)Group insurance: The types of products offered include group term life insurance, group AD&D, group accident microinsurance, group health insurance, and group LTC insurance. The best-selling products are as follows

Group insurance	
Product Type	**Product Name**
Group Term Life	Shin Kong Life New Group Term Life
Group AD&D	Shin Kong Life Group AD&D
Group Accident Microinsurance	Shin Kong Life Group Accident Microinsurance
Group Health Insurance	Shin Kong Life Group Medical Shin Kong Life Fun-Shin Group Medical
Group LTC Insurance	Shin Kong Life Guan-Huai-Jeou-Jeou Long Term Care Group Medical Insurance

(3)Accident insurance: The types of products offered include accident insurance, accident microinsurance, online accident insurance, and online travel insurance. The best-selling products are as follows:

Accident Insurance	
Product Type	**Product Name**
Accident Insurance	SKL Huo-Li Go Accident Insurance Shin Kong Life Accident Microinsurance Shin Kong Life Surgery Accident Insurance Shin Kong Life Pao-Pei-Ping-An Accident Insurance
Accident Microinsurance	Shin Kong Life Ji-Ti-Tou-Bao-Xing Accident Microinsurance Shin Kong Life Accident Microinsurance
Online Accident Insurance	Shin Kong Life i-Ping-An Accident Insurance Shin Kong Life i-well Accident Insurance

Accident Insurance	
Product Type	**Product Name**
	Shin Kong Life i-can Accident Insurance
Online Travel Insurance	Shin Kong Life Enjoy Life Travel Insurance

(4)Variable-interest Life Insurance and Universal Insurance: the types of products offered include protection type, increment type, and endowment type life insurance, denominated mainly in USD and NTD. There is also NTD variable-interest annuity, and products that are exclusive for special channels such as online insurance and OIU. The best-selling products are as follows:

Variable-interest insurance	
Product Type	**Product Name**
Whole Life Insurance (NTD)	SKL Yong-Kang-Chuan-Chia Variable-interest Whole Life (Regular benefits) SKL Chin-Hao-Chia Variable-interest Whole Life (Regular benefits) Shin Kong LifeShin-Shin-Fu-Kuei Interest Sensitive Whole Life Insurance (Regular Benefits)
Whole Life Insurance (USD)	SKL Mei-Man-Chuan-Fu Foreign Currency Variable-interest Whole Life (Regular benefits) SKL Mei-Tian-Chuan-Fu Foreign Currency Variable-interest Whole Life (Regular benefits) SKL Mei-Mei-Chuan-Chia Foreign Currency Variable-interest Whole Life (Regular benefits) SKL Teng-Fu-Chuan-Chia Foreign Currency Variable-interest Whole Life (Regular benefits) SKL Hsin-Fu-Chuan-Chia Foreign Currency Variable-interest Whole Life (Regular benefits) SKL Mei-Tian-Pao Foreign Currency Variable-interest Whole Life (Regular benefits) SKL Mei-Tian-Chuan-Chia Foreign Currency Variable-interest Whole Life (Regular benefits) SKL Mei-Tuo-Pao Foreign Currency Variable-interest Whole Life (Regular benefits) SKL Mei-Tuo-Chuan-Chia Foreign Currency Variable-interest Whole Life (Regular benefits)
Increment	SKL Shang-Hao-Chia Variable-interest Whole Life

Whole Life Insurance (NTD)	(Regular benefits) SKL Tseng-Hao-Tsuan Foreign Currency Variable-interest Whole Life (Regular benefits)
Foreign currency increment type	SKL Mei-Fu-Chang-Hung Foreign Currency Variable-interest Whole Life (Regular benefits) SKL Mei-Tian-Fu-Kuei Foreign Currency Variable-interest Whole Life (Regular benefits) SKL Ao-Fu-Tuo-Hsi Foreign Currency Variable-interest Whole Life (Regular benefits) SKL Ao-Fu-Li Foreign Currency Variable-interest Whole Life (Regular benefits) SKL Ta-Hao-Mei Foreign Currency Variable-interest Whole Life (Regular benefits) SKL Mei-Tian-Hao-Yun Foreign Currency Variable-interest Whole Life (Regular benefits) SKL Mei-Hsin-Fu-Kuei Foreign Currency Variable-interest Whole Life (Regular benefits)
Endowment (NTD)	Shin Kong Life Shin-Li- Hsiang-Tui Interest Sensitive Endowment Shin Kong Life HSIN-LI-CHEN-TSUAN Variable-interest Endowment
Endowment (USD)	SKL Mei-Li-Hsiang-Tui Foreign Currency Variable-interest Whole Life Endowment SKL Tseng-Mei-Nian-Nian Foreign Currency Variable-interest Whole Life Endowment Shin Kong Life Mei-Li-Hao-Zuan Foreign Currency Interest Sensitive Endowment Life Insurance
Taiwan dollar interest sensitive annuity	Shin Kong Life Hsin-Hsiang-Nien-Nien Interest Sensitive Annuity (Type B)
Online insurance	Shin Kong Life Up Cash Interest Sensitive Annuity (Type B) Shin Kong Life EZ Cash Interest Sensitive Annuity (Type B)
Universal insurance	
Product Type	**Product Name**
OIU Insurance	Shin Kong Life USD All-Purpose Universal Life (OIU) SKL Chih-Fu-Chuan-Chia Foreign Currency Variable-interest Whole Life (Regular benefits) (OIU)

(5)Investment-linked insurance: the types of products offered include life insurance and annuity. The linked investments include investment management accounts, mutual funds, and target date funds. The special sales channel includes online insurance application. The best-selling products are as follows:

Investment-linked insurance	
Product Type	**Product Name**
Discretionary Investment-oriented	SKL New Wan-Mei-Ying-Chia Foreign Currency Variable Coverage Annuity/Universal Life SKL New Wei-Li-Ying-Chia Foreign Currency Variable Coverage Annuity/Universal Life SKL New Ta-Ying-Chia Foreign Currency Variable Coverage Annuity/Universal Life
Linking mutual funds and investment managers	SKL Feng-Li-Ying-Chia Foreign Currency Variable Coverage Annuity/Universal Life
Target Date Fund linked	Shin Kong Life Retirement Variable Annuity Insurance
Linked Fund (Online Insurance Application)	Shin Kong Life In Cash Variable Annuity Insurance

(6)Riders, add-on clause and endorsement clause: The types of products cover health insurance (waiver of premiums, long-term care, hospitalization, surgery, reimbursement, critical illness, critical injury, cancer, etc.), accident insurance (accident reimbursement, accident hospitalization, accident disability, online insurance, etc.), travel insurance, investment targets, rider extension and other remarks. The best-selling products are as follows:

Riders, add-on clause and endorsement clause		
Product Type		**Product Name**
Health Insurance	Waiver of Premium	Shin Kong Life Hsin-An Waiver of Premium Rider SKL USD Policy Applicant Premium Waiver Rider SKL Hao-Mei USD Applicant Premium Waiver Rider Shin Kong Life New Applicant Waiver of Premium Rider (New Def.)

Riders, add-on clause and endorsement clause		
Product Type		**Product Name**
		SKL Huo-Mian-Tuo-Tuo Health Insurance Premium Waiver Rider (new definition)
	Long-Term Care	SKL One-time Hsi-An Long-term Care Lifetime Health Insurance Rider
	Hospitalization	Shin Kong Life Hospitalization Insurance Rider (type A)(new edition) Shin Kong Life Hao-An-Hsin Term Health Insurance Rider
	Surgical	Shin Kong Life An-Sin-Pei Specific Disposal Whole Life Health Insurance Rider Shin Kong Life 1-year Surgical Rider SKL Hao-Shih-Kuang Surgery Term Health Insurance Rider Shin Kong Life Chao-An-Hsin 1-year Surgical Rider
	Reimbursement	Shin Kong Life Ho-Hu-An-Hsin Reimbursement Benefits Rider SKL Hao-Shih-Kuang Reimbursement Type Medical Term Health Insurance Rider Shin Kong Life Tseng-An-Hsin deductible Reimbursement Benefits Rider
	Critical Illness	Shin Kong Life Hsiang-Fu-An-Kang Critical Illness Whole Life Insurance Rider (Type B)
	Critical Injury	SKL Yi-Ka-Shun-Hsin 1-year Critical Injury/Illness Health Insurance Rider SKL Ease Card USD 1-Year Critical Illness Health Insurance Rider
	Cancer	Shin Kong Life 1-year Cancer Protection Rider - New SKL Chen-Ai-Yu-Shou Whole Life Cancer Protection Rider
Accident Insurance	Accident Reimbursement	SKL New Accident and Medical Rider
	Accident Hospitalization	Shin Kong Life Accident Hospitalization Rider (New Def.)

Riders, add-on clause and endorsement clause		
Product Type		**Product Name**
	Accident Disability	Shin Kong Life One-year Accident and Travel Insurance Rider Shin Kong Life Ta-An-An Accident Insurance SKL Shou-Hu-Chiu-Chiu 1-year Accident Insurance Rider
Travel insurance		Shin Kong Life Enjoy Life MR Shin Kong Life Enjoy Life OHS SKL Ho-Hu-Nin Accident Medical Insurance Add-on
Investment Targets		SKL Investment Management Account Investable Assets Remark [Type F] SKL Investment Management Account Investable Assets Remark [Type G] SKL Mutual Fund Investable Assets Remark [Type E] Shin Kong Life Monetary Funds Investment Targets Endorsement Shin Kong Life Target Date Funds Investment Targets Endorsement SKL Class B Investable Assets Remark [Type A]
Rider Renewal Endorsement		Shin Kong Life Rider Renewal Endorsement Shin Kong Life Long Term Rider Renewal Endorsement
Endorsement		Shin Kong Life Insurance Loan Interest Rate Endorsement SKL Debt Beneficiary Designation and Debt Disposal Remark

Time of record: January 1, 2024

2. Weight of business activities

Unit: NT$ thousands; %

Item	2023 premium revenues	Percentage
Personal life insurance	113,436,830	67.72%
Personal health insurance	33,762,735	20.16%
Personal accident insurance	6,864,004	4.10%
Annuity insurance	10,508,005	6.27%

Group insurance	2,941,112	1.76%
Total premium revenues	167,512,686	100.00%

Note: The discrepancy is caused by rounding error.

1.New Financial Products and Services Planned for the Future

Looking forward to 2024, SKL will continue to provide innovative products and promote value-based insurance policies in response to customer needs, market development, and law changes, and realize user-friendly finance, implement fair customer thinking, support the government's ESG policies, and improve inclusive finance.

(1)In response to ongoing market and economic changes, the company aims not only to promote the existing product lines but will also develop domestic and foreign currency strategic products to drive sales support organizational development, and meet customers' needs for protection, retirement planning, and wealth transfer.

(2)Continue to develop value-oriented products, strengthen the sale of protection, health insurance, accident insurance, and riders, and guide distribution channels toward the development of medium-and long-term products through product term or structure design, enhance contract value, and stack CSM (Contractual Service Margin), so as to be in line with IFRS17 in the future.

(3)Continue sale of investment-linked products for consistent expense margin gains; make ongoing optimizations to the marketing interface and insurance application procedures to meet product sale requirements; explore link to new investments and collaboration with different investment trust enterprises as well as banks.

(4)In response to the extension of the average life expectancy of Taiwan’s people in the elderly society, we will continue to deepen the long-term care market, combine spillover features, offer diversified long-term care insurance and themed health insurance as the two main categories, and encourage policyholders to implement self-health management and promote health insurance sales.

(5)Support the government's ongoing ESG and sustainability policies by introducing ESG-linked insurance products as well as basic protection products for the masses, and thereby promote financial inclusion and fair customer treatment.

(6)SKL Line Official Account: In the post-epidemic era, the way of communication and cooperation between enterprises has been completely changed, and zero contact has become a new financial life. In response to the changing times and the method of communication, SKL became the first life insurance company to use the official LINE account as a "pocket service center" for consumers. Policyholders simply have to bind their member data to access as many as 32 personalized services. Not only is this feature popular among young people, elderly users, too find them easy to use. Utilization of this feature increased by 1.6 times year-on-year to cover 60% of total policyholders. Through various marketing activities such as reward points and interactive lucky draw, SKL was able to strengthen brand identity and build a group of loyal fans. SKL was able to accumulate followers quickly above 4.57 million in four years, ranking first in the

industry, which earned the recognition of "National Brand Yushan Award-Best Popular Brand Award" in 2022. According to the statistical survey, more than 86% of the bound customers give the official account of LINE a satisfaction of 5 stars! The company also won "Brand Manager of the Year" in "2023 Agency & Advertiser of the Year," which commended the innovation and inclusivity of SKL's digital brand.

(7)Digital self-service:

a. In 2019, policyholders could activate their member account by using the Internet bank, chip ATM card, or their Citizen Digital Certificate, and can experience the convenience of having their ID verified using a mobile phone. They could do so in 2020 at any Family Mart simply by using SKB's "Quick ID Verification" app.

b. In addition to the self-modification by online members, change of contact information, simple policy modifications, policy loan applications and claim request-related features, we have also introduced the coverage review feature to so that policyholders may have an overview of their existing coverage and compare with peers to facilitate better reference and evaluation when planning new insurance coverage.

c. In 2021, the epidemic entered a severe stage. Shin Kong Life Insurance laid out in advance to build the digital epidemic prevention power of policyholders with insurance technology, so that policyholders can use safe and secure insurance services without going out, with one machine at hand at any time. The company is the first to launch the "LINE notification message" and online policy repayment function, which allows customers to check the repayment account number and real-time withholding of the national payment network account online, greatly improving the convenience of repayment. New claim- and payment-related services such as trial calculation for medical claims and trial calculation for surrender sum were also introduced in 2022 to make SKL's "pocket service center" more complete and useful to policyholders. In 2023, SKL became the first life insurance company to adopt FIDO authentication (Fast Identity Online) and replace passwords with biometrics. Simply by binding account to a mobile device, users are able to log in and trade using just fingerprint or facial recognition without having to memorize the password! This approach not only offers higher level of security over conventional passwords, but also gives customers of all ages a quick and secure way to access insurance services online, which contributes to Shin Kong's financial inclusion movement.

d. Online insurance application: The company first introduced online insurance application service back in 2015, and has since expanded its product lines to cover 5 main categories, including travel insurance, medical insurance, accident insurance, term life, and annuity insurance. Users can simply log in at any time to make trial calculations and purchase insurance coverage to

make up for protection gaps. The company also cooperated with e-Insure to begin online sale of term life insurance in January 2023, thereby making e-Insure the first non-bank insurance broker in Taiwan to sell life insurance products online. In November 2023, the company launched "Shiny Health Hospitalization Term Health Insurance," the first medical insurance policy in the industry to offer five major hospitalization benefits, including low premium rate of just NT$620 a year for males aged 18 and above, which provides basic coverage even for those who are tight on budget!

(8) InsurTech development platform:

a. Claims/conservation alliance chain: In order to improve the convenience of insurance services, the Company employs the safe and convenient blockchain technology. In doing so, the insured only need to apply for contract change/claims at any insurance company by consenting to have the company push through the "Insurance Industry Blockchain Alliance Technology Sharing Platform" to other insured insurance companies, eliminating the inconvenience of the insured having to apply for contract changes/claims to different companies. In 2023, the claims alliance chain switched to digital identify authentication 2.0, which allows policyholders to authorize and complete claims request and forward consent to the claims alliance chain with just a single tap. This reduces the use of paper and contributes to the organization's energy/carbon reduction and ESG goals.

b. Policy authentication: In addition to having "electronic policy" and "electronic policy terms” authenticated and stored through a third-party certification agency, the company has also been authenticating and storing "hard-copy policies” since December 21, 2022, so that eventually all policies of SKL, whether in electronic or hard copy form, will be authenticated and stored on file. SKL promotes digital service as the primary way of protecting consumers' interests and enforcing fair customer treatment.

c. Medical Pass: Starting 2021, policyholders only need to submit a claim application to an insurance company where insurance was purchased and agree to send notification to other insurance companies participating in the claims alliance chain via the "Insurance Technology Application Sharing Platform" about such claim application to apply for the claim. Policyholders can also use the "Claims Medical Pass" application method to authorize hospitals to send the medical bills to designated insurance companies via a shared platform using the insurance technology to achieve the one-stop claim application process.

(9)Mobile e-Insurance: Create a digital policy service process and enable salespeople to assist customers with an insurance application, policy information change, claims application, payment processing using an iPad. The goal is to meet the customers’ demands, reduce incoming costs, and simplify processes. Enable digital mobile

services to become an indispensable and powerful support for the business marketing force.

(10)NPS and customer experience project: The experience project won the "TCSA Taiwan Corporate Sustainability Award-Creative Communication Award" in 2019 and was highly recognized by customers, home and abroad alike. We will continue to optimize the over-the-counter procedures and improve the user experience.

(11)Customer Information System (CIS):

Starting from the customer's perspective and driven by the mission to improve customer service experience, the company has collected relevant system data within the company since 2019, and launched the "CIS" system in 2021 that provides customers a uniform view along with data query services at various contact points in history, so as to improve problem-solving efficiency at counter and the customer service center (0800) and further improve the customer service experience. The company also supports the FSC's "Friendly Financial Innovation" policy and observes "Fair Treatment Guidelines for Underprivileged Customers" published by UK's Financial Conduct Authority (FCA), and used internal big data to develop 6 tags for identifying underprivileged customers. By generating a "customer profile overview," frontline service personnel are able to provide special care for customers in need ahead of time, whereas the system also provides personalized recommendations. As of the end of 2023, the function had been awarded 2 utility model patents and delivered 90,000 special assistance to underprivileged customers in the year 2023.

(II) Business Plans for the Current Year:

1. Continue developing products that offer high value; promote investment-linked products and develop strategic products as sales drivers; support organizational development in a way that caters for both the quality and size of premium revenues; and build strong CSM for the adoption of IFRS 17 and ICS 2.0.
   (1) Return to the essence of insurance, and in response to annual adjustments of the liability reserve interest rate and market fluctuation, the company will gradually revise and promote high-value products, in the hope of improving contract value and building up fundamental interests.
      a. Continue development of variable-interest insurance products that offer protection and wealth transfer features.
      b. Continue introducing strategic products as a means to drive sales and support organizational development, while at the same time offer customized products for external sales channels and facilitate channel collaboration.
      c. Continue to develop all kinds of health insurance and injury insurance products, including multiple payments for major injuries, various hospitalization, medical treatment, disposal or accidental injuries.
      d. Continue to develop investment-linked products that offer distinctive feature, exposure to new investments, or meet the needs of specific channels.

(2) Fulfill corporate social responsibilities and continually assist the public in planning for retirement, healthcare, and long-term care.

a. Continue to develop various types of annuity insurance that combine protection and repayment insurance or have retirement planning functions.
b. Continue to develop the exclusive network insurance products of FundRich's retirement preparation platform.
c. Develop long-term care insurance products
d. Continue to develop various types of goods that meet ESG issues or match spillover mechanisms.

2.Optimization of organizational health:

In 2023, we continued to expand the scale of recruitment, and organized various recruitment campaigns as well as incentives to strengthen recruitment awareness across all personnel so that we may recruit the right talents needed to support organizational growth and a business strategy that caters for quality and quantity.
With regards to the sales recruitment campaign: By the end of 2023, 3,681 people had been recruited through the "Young Management Program," whereas 1,325 people had been recruited through the "New Talent Management Trainee Program."
Through execution of the "Young Management Program" and "New Talent Management Trainee Program," the company has been able to identify and train key talents with precision, and build a young yet highly professional team.
In response to industry competition and changes in the environment and socio-demographics, the company started a marketing and sales system in 2024 that aims to broaden the existing sales channels for improved competitive advantage.
Since 2024, the company has been adopting strategies to "drive organizational reform and build a highly efficient team," and it implements these strategies on four main aspects:

(1) Policy: Resource re-allocation for higher production capacity and return
(2) Managers: Recruit talents for improved management capacity
(3) Products: Focus on value-oriented products and connect with international systems
(4) Organization: Achieve organizational growth through sales drive

In an attempt to meet organizational development goals, the company has been implementing an effective sales representative training system that leverages employees' successful experience, including the "Elite Program," the "Internship Recruitment Program," and the "Top Sales Apprentice Program." The actual practices and goals of individual department are reviewed regularly, and the company supports their efforts by providing recruitment/training resources with the hope to persistently expand the organization.

3. Enhancement of efficiency of capital utilization:

Professional institutions such as IMF have predicted a growth in global trade volume

this year that will benefit Taiwan's exports and private investments. The domestic labor market remained stable, meaning that private consumption should continue to be strong. Overall, 2024 is expected to be the year of recovery for Taiwan, for which major institutions local and abroad have predicted a growth rate of more than 3% and inflation rate below the central bank's 2% target for the year.

The U.S. Fed is expected to discontinue the rate hike in 2024 after raising the policy rate to 5.25%-5.50%. Meanwhile, economic growth and employment should weaken as a result of the high policy rates; coupled with the relief of inflationary pressure, the Fed may even start cutting policy rates in the first half of this year. Given the FOMC's economic forecast as of December 2023, there may be room for 75 bps of rate cut in 2024. To further improve capital efficiency, SKL shall continue adhering to its robust and visionary investment principles as described below:

(1) Adopt agile management of risky assets for capital gains:
As inflationary pressure tapers off, central banks should cease further rate hikes and may even cut rates to prevent loss of growth momentum. In light of this general shift toward expansionary monetary policy across central banks around the world, the stock market should continue to produce gains, and investors are likely to focus on large-cap stocks and ETFs. With respect to foreign currency hedging, the company will flexibly adjust the percentage of foreign currency positions that require hedging depending on the prevailing market circumstances, and thereby reduce long-term hedging costs.

(2) Purchase domestic and foreign fixed income assets for consistent fixed income:
Annual asset allocation will be done and adjusted in accordance with the annual asset allocation plan, with due care to investment gains and risk control. Foreign investment ratio is currently capped at 39%. With new foreign currency policies sold in the future, we will allocate capital to domestic and foreign fixed income assets for maximum efficiency.

(3) Purchase low-volatility and high-yield stocks for consistent cash dividend income:
Constant purchase of low-volatility and high-yield bond-like stock not only entitles stable cash dividends, but also makes reasonable and stable capital gains through low-volatility stocks.

(4) The company will adopt the following strategies in response to the Fed's cessation of further rate hikes and the market's expectation for rate cuts.
a. Purchase high-quality bonds to maintain long-term, stable, and fixed income.
b. Allocate capital into high-prospect and high-growth stocks, low-volatility and high-yield stocks as well as ETFs for capital gain and regular income.
c. Adjust foreign equity position flexibly and shift towards U.S. blue chips, index ETFs and industrial ETFs.

(5) Optimize the existing real estate property portfolio for improved return, and continually evaluate and acquire commercial properties in prime locations and emerging markets that offer potentials for revenue and value gains:

a. The Company generated NT$[4.740] billion of rental income in 2023, whereas the fair value of investment properties was reported at NT$[207.540] billion.
b. The company currently has 6 real estate properties under development nation-wide; they are expected to be completed from 2025 onwards, and will be immediately available for utilization and revenue generation.
c. Review existing development projects, lower development costs, monitor existing assets, and make rolling adjustments. The company will also examine the condition and quality of real estate properties nationwide, and adopt a tier-based management approach while taking actions to optimize property management, renovate old buildings, and renew software/hardware for improved yield.
d. Prioritize rectification efforts toward assets that are not immediately available for utilization; make early plans about product position, future use, or leasing and complete according to schedule to lower investment risks.
e. Progressively adopt IFRS17 and ICS; review asset allocation and the estimated yields, while making adjustments to medium- and long-term investments according to market trends. Through cross-industry alliance, the company not only draws competitive advantage from business partners such as retailers and hotel operators, but will also expand the current investment/business model in ways that increase returns.
f. Through real estate investment, the company hopes to connect with locals and explore prospects, trends as well as environment-friendly practices that would contribute to Shin Kong's brand reputation. Meanwhile, the company will shoulder its sustainability and social responsibilities and contribute to the prosperity of the locations where it invests.

4. Enhance risk management system:

(1)Risk culture:

a.To further enhance risk management, Shin Kong Life will have its Risk Management Committee brief the Board of Directors on risk overviews on a quarterly basis, and take initiative towards improving various risk indicators so that the Directors may have more complete control over the Company's risk exposures and management practices.

b.To ensure full-scale implementation of risk management culture and make each department responsible for managing risks arising from their day-to-day business activities, Shin Kong Life will be assigning dedicated personnel in all business units to oversee risk management affairs, so as to involve everyone in risk management from the Board of Directors to front-line business units.

(2)System enhancement:

The Company had applied IFRS9 and completed the development of an expected credit loss system which calculates expected credit losses on a monthly basis in

accordance with the new accounting standards.

(3)Control mechanism:

The company continued making amendments to many of its risk management guidelines and policies in 2023 to accommodate market changes and regulatory amendments. The following is a list of major amendments made and the control measures taken:

a. Enhanced risk control over fixed income assets. Amendments have been made to domestic and offshore bond risk control policies, particularly with regards to: the issuance of subordinated bonds in foreign countries and the Mainland area for compliance with Basel III; differentiated limit management; refined control over capital instruments such as TLAC; and review criteria and response measures for major credit risk events. These amendments combined with tightened control over high-risk industries should strengthen the intensity of existing risk monitoring and control efforts.

b. Strengthened the risk control of equity assets, revised the risk control measures for domestic and foreign stocks and mutual funds, introduced regular inspection over exceptional limits approved by the mutual funds investment review committees, added investment provisions and controls for alternative funds, and improved the risk monitoring mechanism with tightened control.

c. Introduced major risk categories to the risk management policy: To better support risk management practices, the company escalated 7 risks to the major category and devised separate management systems to further complete the risk management profile.

d. Improved disclosure of climate change risk: The company's TCFD disclosures have been validated by SGS, for which an independent "TCFD Report" has been issued. The company also actively takes part in evaluations and competitions, such as: the Sustainable Finance Evaluation in which the company attained full score in the TCFD section; and the 16th (2023) "Taiwan Corporate Sustainability Awards (TCSA)" where it claimed the Climate Leadership Award.

e. Strengthen the mechanism of continuous operation management: The Company has established the mechanism of continuous operation management, and obtained the international standard of "ISO 22301 Business Continuity Management System (BCMS)" from British Standards Institute (BSI). Continuously improve the mechanism and strengthen its effectiveness through drills.

(4)Performance assessment: The Company established performance assessment and reward policies for all product categories as part of its goal towards Risk-adjusted Performance Measure (RAPM). This new performance assessment encourages

employees to aim for balanced risk and return in their business activities.

(III) Industry Overview:

Taiwan Life Insurance and Central Trust of China were the only state-owned enterprises that provided life insurance service in Taiwan after the Second World War. In 1962, the government permitted the establishment of private insurance companies as a means to provide social security, given the nation's prospering economy, increased income and stable price levels. A total of 7 private life insurance companies have been founded since then, but Kuo Kuang Life Insurance was ordered to shut down in April 1970 due to poor management, and its remaining long-term obligations were assumed by other participants. In 1987, the government opened the local insurance market to U.S. service providers and permitted U.S. property insurance and life insurance companies to establish branches in Taiwan. In 1993, the government permitted local residents to open insurance companies and later allowed all foreign insurance service providers to set up branches in Taiwan since 1994. As of January 2024, there were a total of 21 life insurance companies operating in Taiwan, of which 19 were local companies and 2 were Taiwanese branches of foreign companies. Names of life insurance companies:

Member life insurance companies

Company name			
Bank Taiwan Life Insurance	Shin Kong Life Insurance (SKL)	Chunghwa Post	Chubb Life Insurance
Taiwan Life Insurance	Fubon Life Insurance	Taishin Life Insurance	AIA
PCA Life Assurance	Mercuries Life Insurance	TransGlobe Life Insurance	BNP Paribas Cardif
Cathay Life Insurance	Farglory Life	Yuanta Life	
KGI Life Insurance	Hontai Life Insurance	First-Life Insurance	
Nanshan Life Insurance	Allianz Taiwan Life Insurance	TCB Life	

Source: Life Insurance Association (website: www.lia-roc.org.tw), inquiry as of January 2024.

(IV) Research and Development:

1.Research Results in the Past Two Years

(1) Leverage Technology to Improve Service Efficiency

a. Mobile e-Insurance: Essentially referring to the use of tablet PCs to provide timely insurance service for customers. Sales representatives may load customers' data from the mobile tablet and into the policies or conservation documents, which saves customers the time taken to complete application forms. Combined with an online real-time checking system, the Company has been able to improve the efficiency of insurance underwriting. Utilization of Mobile e-Insurance reached 96.7% in 2023

b. Mobile e-Modification: This system enables service personnel to modify and reinstate policies using tablet PC. Customers simply need to confirm policy changes with a service personnel using tablet PC to have the modified details transmitted back to the service center for review. Once the modifications have been approved, a notice of policy change will be mailed to the policyholder. The usage rate of Mobile e-Modification was 73.1% in 2023.

c. Mobile e-Claims: This system enables sales representatives to process customers' claim requests over tablet PC instead of printed application. The ability to input data and transmit images and files directly into system shortens the time taken to approve and pay claims, which improves the convenience and quality of services offered to customers. In 2023, the proportion of Mobile e-Claims reached 82%.

d. e-Agent: SKL launched “e-Agent”, a salesperson information hub that features indicators of transaction of the various digital service. Based on e-Agent indicators, SKL’s administrative units organized project advocacy activities and project workshops to help sales peers to sharpen their edge and improve their weakness, so that they can adapt to the Fintech era.

e. Digital policies and digitalized terms and conditions: For the purpose of providing customers with more choices in the policy types of life insurance, accidental insurance and travel safety insurance. The policy terms have been developed electronically in 2020. The policyholders can read the policy terms by scanning the QR Code. Through multiple ways, more than 52,000 electronic insurance policies were issued in 2022, and more than 193,000 electronic insurance policies were issued in 2023, which truly achieved the benefits of speed, safety, convenience and environmental protection.

f. Electronic documents: In actively responding to the United Nations Sustainable Development Goal SDGs12 to reduce natural resource consumption and enable policyholders to receive policy notifications immediately, we have changed notification by paper to viewing notification in electronic form. Under the promotion of all SKL employees, a total of 2.42 million electronic documents (emails and text messages) were accumulated by the end of 2023, which accounted for 80.3% of all valid contracts.

g. Mobile Payment (LINE): As a support for the government's efforts toward a

cashless society, the Company created a “Members Online Pay Zone” and LINE Official Account as a convenient, safe, and premium means of payment for customers. Customers can pay through the nation-wide payment network, by swiping credit card online, or by opening the Family Mart payment code; all of which improve the customer service quality. Looking at the figures, the proportion of payment through official accounts has exceeded half. It is obvious that in the era of one mobile phone, mobile payment has changed from a technological trend to a real daily life.

In response to the trend of digital services, Shin Kong Life Insurance keeps pace with the times. In addition to the original official accounts of Shin Kong Life Insurance, APP, Line and intelligent payment machines, in order to improve the service quality and payment convenience, and further enhance the customer's digital service experience, in 2022, Shin Kong Life Insurance established the "Shin Kong Life Insurance eFCS Payment Platform" together with Taiwan Clearing House and Shin Kong Bank, and launched eFCS scanning code payment and eFCS instant payment service.

After receiving the notice of self-payment, the insured can open the mobile bank or electronic payment APP and scan the three-stage barcode on the notice to complete the payment; You can also log in to the clearing house’s electricity branch APP anytime and anywhere, check and pay the premium payable in real time, and complete the payment on the mobile device.

Since the launch of these new services at the end of December, 2022, nearly 500 insured people have experienced and completed the payment. In the future, Shin Kong Life Insurance and Taiwan Clearing House will continue to explore and invite various electronic payment providers and financial institutions to join the service, and gradually expand the service channels, increase the utilization rate, and improve the more convenient and better payment methods for all policyholders.

h. Promote customer self-service and improve adhesive capacity: SKL has launched numerous innovative applications that are first among peers through LINE official accounts. They include connecting customers and company systems using pioneering application programming interface (API) to provide personalized mobile insurance services, launching the digital agent character "Lumia" to provide a warm service experience, and communicating with customers to introduce various online services. Lumia is an alien who landed on the earth and wants to add LINE of people of earth to bring them all kinds of gifts from the universe. Lumia also uses role-play in the posts to exert a playful and lively personality, get close to the users’ habits, and enhance brand recognition. Lucky draws are also held from time to time to reward fans, and in-depth questionnaires are conducted to increase the public’s favorable impression. The official account launches new gathering activities every

quarter. The innovative marketing content not only won numerous awards for Shin Kong Life Insurance, but also attracted consumers' favor.

i. SKL LINE Official Account's Diversified Services: With the development of financial innovation and technology, providing diversified, convenient and low-cost financial services to customers, implementing all-channel financial friendliness, achieving substantive fairness and improving fair hospitality, the official account of LINE plays a key role in this plan, not only to achieve "marketing communication" but also to provide "transaction services". The official account of Shin Kong Life Insurance LINE not only has practical services, such as policy inquiry, policy data change, policy borrowing/repayment, claim settlement, payment, etc., but also through the "LINE notification message", customers can receive notification of transaction results through the official account, such as insurance payment, policy loan remittance and new contract underwriting notification, so that the insured can grasp the progress of the application case in real time, and the intimate user experience also greatly increases the trust of the insured, which is attracted by PNP diversion spillover. Because of making full use of the popularity and adhesion of LINE to improve the accessibility and usability of financial services, this innovative service was awarded a new design by the Intellectual Property Bureau of the Ministry of Economic Affairs.

j. Intelligent address correction engine: In view of the fact that in practice, when the new contract is submitted and the contract is changed, the address does not exist or the relevant notice cannot be delivered reliably because of the error in filling/filing; In order to ensure the customer's right to improve the accuracy of the insured address data and strengthen the data quality of communication data management for subsequent application or analysis, an "intelligent address correction" mechanism was established.

   The project is divided into two stages: development of the intelligent address correction engine and business import application. The correction engine was completed on June 30, 2022, and the business import application was launched on July 4, 2022. It can check whether the input address exists in the household registration number of the Ministry of the Interior and whether it is the latest address, and provide the suggested address tip so that customers can check the address at the first time and use the correct address to build the file when underwriting new contracts and changing the policy contract.

   At the same time, it also applies for a new patent for the application of "intelligent address correction project system" in insurance operation.

k. My data: Shin Kong Life attaches great importance to fair hospitality and refined customer service. In order to reduce the burden of preparing various supporting documents for people to apply for insurance claims service, Shin Kong Life is the first life insurance claims service to connect with the platform

of My Data of National Development Council. When policyholders apply for digital claims service in official website member area, they can operate My Data on the application page, provide proof of kinship or household data, etc., and get convenient financial services without applying for paper supporting documents.

l. Policy review: To help customers cover their protection gaps, Shin Kong moved ahead of peers and introduced an updated version of its "Intelligent Policy Health Diagnosis System" in July 2022 that combines new technologies such as OCR and NLP to replace manual input and filing. Customers can simply take a picture of the policy terms underwritten by any company to have AI produce a protection map that is exclusive to them. This comprehensive overview allows customers to quickly identify any protection gap as well as the types of coverage needed. It not only brings customers a fresh insurance service experience, but also cuts down on paper waste, caters for personal data protection, and supports Shin Kong's efforts in protecting the environment.

m. FIDO authentication: Increasing popularity of digital financial services in recent years has moved much of the transaction activities online. In light of this trend, SKL became the first life insurance company to adopt FIDO authentication (Fast Identity Online), using biometrics to replace passwords. By eliminating the need to collect users' personal data, FIDO offers better protection for users' privacy. Simply by binding account to a mobile device, users are able to log in and trade using just fingerprint or facial recognition without having to memorize the password! This service was introduced in response to the FSC's FIDO initiatives and in connection with the nation's digital financial development policies. The approach not only offers higher level of security over conventional passwords, but also gives customers of all ages a quick and secure way to access insurance services online, which contributes to Shin Kong's financial inclusion movement.

(2) Expansion and diversification of marketing channels:

SKL focuses on promoting the sale of strategic products as a means to stack CSM and increase channel value. The company also takes persistent actions to strengthen strategic alliance; both the bancassurance and conventional insurance brokerage and agency channels have found suitable partners to work with through strategic alliance, and are able to secure premium revenues and market share as a result. Furthermore, by introducing digital solutions into marketing and services, the company is able to improve the quality of services rendered and create a cycle of productive cooperation. In 2023, the amount of first-year premiums (FYP) generated through bancassurance totaled NT$7.75 billion, whereas FYPs generated through the conventional insurance brokerage and agency channels totaled NT$2.06 billion. We continue to strengthen cooperation with channel partners and actively form strategic alliances.

(3) Sale of new products:

In 2022, taking advantage of the victory, the external "Food Safety Policy" was launched to strengthen the protection of the digestive system of the insured, and to continue the public welfare concept of "Happy Dining Table in Shin Kong One Mu Field". Through the sale of the policy, it donated to the Taiwan Food Bank Federation, and called on small farmers to play their green love and participate in the food bank renewal plan, so that every household could enjoy the happiness on the dining table. Other than receiving the Annual Innovative Design Prize from the 18th Golden Torch Award and the Best Product Creativity Prize from the 25th Faith, Hope, & Love Awards of Insurance, Shin Kong Life Insurance also garnered the Best Product Prize from the 20th National Brand Yushan Award. In total, seven prizes were acquired, demonstrating Shin Kong Life Insurance’s achievement in ESG advocacy.

2. Future Research and Development Plans and Progress

(1) Enhance Risk Management:

Shin Kong Life will continue refinement and promotion of the 4 pillars of risk management, and further enhance and enforce the Company's risk management system.

a. Advocate risk management culture:

To establish a proper risk management culture, Shin Kong Life will be escalating risk management issues to a strategic level and enforcing risk management practices at all levels of the organization by assigning risk management officers. The board of directors and senior managers will be briefed regularly on the importance of risk management to establish accountability, whereas employees will be subjected to enhanced training to develop the proper risk awareness.

b. Robust risk management:

(a) Apart from regular review and revision of risk management policies, SKL will continually refine the calculation of VaR and optimize the methodology adopted for determining the risk limits, so as to better implement risk management. We have enhanced controls over risk appetite and limits by imposing tiers on excess risk exposure and devising response actions.

(b) In light of the new risk issues given rise by climate change, the company continues to enforce the TCFD framework (covering governance, strategies, risk management, and indicators and goals), and discloses climate-related risks and opportunities in the sustainability report while at the same time prepares independent TCFD reports.

(c) The company regularly identifies and evaluates the risks associated with various threats that are relevant to its operations. For the protection of customers' and stakeholders' interests and for the continuity of business operations, the company not only established a business continuity management (BCM) system that has been validated according to the ISO

22301 standards, but also makes continuous improvements to the system to prevent business disruption and improve its ability to respond to major events and recover quickly.

(d) In terms of integrity risk management, the company continually refines its system for assessing risk of dishonesty, and conducts regular reviews on whether adjustments should be made to the patterns of dishonest conduct according to the authority's latest instructions or regulatory changes (e.g.: financial inspection opinions, Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies). Business activities of high risk of dishonesty are evaluated on a regular basis, whereas carbon reduction plans have been devised and are being followed up.

c. Implementation of risk assessment tools:

SKL makes constant improvements to the techniques it adopts to value financial products of high complexity or are without open market quotations, and thereby ensure compliance with IFRS9 requirements. SKL also conducts ongoing research and analysis on ALGO-based calculations for value-at-risk (VaR). Further upgrade will be made to the ALGO system to refine internal models and enhance personnel training to facilitate better control of market risk.

d. Establishment of a risk-adjusted performance system:

The Company is progressively adopting risk-adjusted performance measurement (RAPM) to reward employees' long-term performance, following the latest amendments to “Risk Management Best Practice for Insurance Businesses.”

(2)New product R&D:

SKL will continue to develop new protection-based products with high contract value and adopt differentiated designs to highlight product features and added value to improve insurance protection for the people in response to the customers’ demands, market development, and legal changes.

In response to the aging society, we will continue to deepen the long-term care market, adapt to social trends and timely needs, and combine the concept of corporate social responsibility to develop insurance products and services that meet the needs of policyholders, such as new medical insurance, new long-term insurance, new spillover additional terms and related agreements.

As for the investment-oriented commodities, we will continue to optimize the system and develop the commodity structure that meets the demand, seek reliable partners, expand existing investment accounts, continue to pay attention to the development of goods with guaranteed payment, and study new investment targets to improve the commodity line and meet the differentiated investment allocation needs of policyholders.

(3) Improve cross-sale synergy:

By enforcing the "grand wealth management" concept and fully leveraging the advantage of a financial group, our subsidiaries will work together toward providing

one-stop financial services of life/non-life insurance, banking, and securities. Through the use of digital tools, the company offers customers one-stop access to a wide range of products and services, which not only improves overall experience but also promotes a professional image and creates added values.

a. SKB - Credit Card Promotion

The company has been assisting SKB in the promotion of credit card service since 2004. By 2023, SKL had made successful referrals to SKB that resulted in the issuance of approximate 494,000 credit cards.

b. SKB - OU digital account

The company has been assisting with the promotion of SKB's OU digital account since 2021 as an easier way for customers to open accounts. The ability to use digital authorization in place of printed documents significantly shortens the time taken to underwrite insurance policies. A cumulative total of 27,053 accounts have been opened through referral over the last 3 years.

c. SKIT - Quasi-Discretionary Investment Accounts

In an attempt to raise familiarity with insurance products and the underlying investments across the sales channel, the company not only organizes general training programs but also invites seasoned sales people to share experience on livestreams. SKIT account managers are invited to provide explanations on the performance of the quasi-discretionary investment accounts they manage as well as market trends on a monthly basis. In 2023, SKIT had NT$11.9 billion of assets under management in quasi-discretionary investment accounts that were linked to insurance policies.

d. SKPIA - Property Insurance Sales

The company has been cooperating with Shin Kong Insurance Brokers on the sale of non-life insurance products since 2003, thereby giving sales representatives the ability to sell both life and non-life insurance products for broader market coverage and customer reach. Following a change of corporate policies, the company turned to SKPIA in 2014, and generated more than NT$2.33 billion in premium revenues from non-life insurance policies in 2023.

(V) Long and short-term business plans:

SKL will continue to adjust the product structure in order to meet the international system requirements (i.e., International Accounting Standard IFRS17 and International Insurance Capital Standard ICS 2.0), and focus on commodities with high contractual service margin (CSM). In 2023, more emphasis will be directed toward strategic products for increased contract value.

The short-term business development strategy will primarily focus on "sale of strategic products, increase of contract value, driving organizational reform, and building a highly efficient team."

1. Performance development plan:

(1) Increase first-year premiums
(2) Promote value-oriented products
(3) Continue sale of investment-linked products

By selling high-CSM products, variable-interest NTD/foreign currency denominated products, and investment-linked policies to target customers, the company gains insight into customers' needs and strengthens their attachment to digital tools, which the company aims to develop as a critical means for reaching active customers and building customer relationship.

2. Organizational development plan:
(1) Sales team reform
(2) Increase of recruitment capacity
(3) Enhance retention of new talents

A new director position has been added to the marketing system, whereas supporting policies have been implemented to encourage employees to form teams within the organization and manage them like their own businesses. A broad variety of recruitment campaigns is being launched to attract talents, and innovative digital services are being incorporated to optimize campaign reach, productivity, and employee retention. As for long-term business plan, the company aims to maintain consistent profit growth, stack CSM, adopt international standards such as IFRS17 and ICS, expand overseas markets, and build reputation as a trusted life insurance brand.

Shin Kong Bank (SKB)

(I) Scope of Business:

1.Main Business

- Deposits and transfers

  Accept all kinds of deposits, including: check deposits, demand deposits, time deposits and savings deposits; provide domestic remittance; handle agency services approved by the competent authority.

- Corporate Finance

  Provide short-, medium- and long-term lending such as business loans, secured loans, account receivable financing and import and export trade financing, and handle domestic and foreign guarantee services.

- Consumer banking

  Provide consumer-financing services: including unsecured loans, auto loans, mortgage loan, and other related short-, medium- and long-term loan services.

- Wealth Management

  Provide domestic and foreign financial services, such as mutual funds, bonds, ETFs, insurance, and derivatives; and wealth management business approved by the central competent authority.

- Digital Banking

  Process planning, innovation, research and development, operation and marketing

of personal digital financial products, including: personal online banking, mobile banking, mobile payment, and third-party payment. Operation, maintenance, promotion horizontal alliance and strategic alliance of digital financial products for institutions, including: corporate online banking, collection and payment of corporate financial products on behalf of corporations, and cross-border payment business.

- Credit Card

  Handle credit card business, card issuance, authorized transactions and clearing, acquiring services for contracted stores, and other credit card related services.

- Trust

  The trust business of the Trust department of the Head Office approved by the competent authority includes: money, money obligations and their collateral rights, securities, movable property, real estate, and superficies, etc.

- Financial market

  Proprietary trading and securities investment include: government bonds, short-term bills, corporate bonds, financial bonds, and company stocks.

- Offshore banking units

  Handle foreign currency cash, traveler's checks, import and export foreign exchange, general remittances, foreign currency deposits, foreign currency loans, and foreign currency payment guarantees.

2.Weight of business activities

Weight of business activities of SKB in the latest three years

Unit: NT$ thousands; %

Item/Year	2021		2022		2023	
	Net income	Percentage	Net income	Percentage	Net income	Percentage
Net interest revenue	12,603,115	68.02	13,711,580	72.41	12,966,925	64.83
Net commission revenue	3,470,350	18.73	3,215,758	16.98	3,539,465	17.69
Net gain on investment of financial instruments	1,434,793	7.74	480,389	2.53	2,291,975	11.46
Other net revenue	1,020,823	5.51	1,529,223	8.08	1,204,504	6.02
Total	18,529,081	100.00	18,936,950	100.00	20,002,869	100.00

3.New financial products and services planned for the future

(1) Improvement of digital service experience and sales efficiency

The Bank values customer experience and gathers feedbacks and data at the front end to support persistent enhancements to the digital service experience. A newly upgraded mobile banking APP will be introduced to satisfy customers' needs from retail spending, loan, investment to bill payment and to improve the efficiency of sales efforts.

(2) Transaction acquisition service with diverse collection and payment features

Having observed merchants' needs, the company will provide SMEs with integrated transaction services that incorporate a wide variety of payment tools. In doing so, the

bank aims to secure corporate cash flow, customer relations, source of deposit, and fee revenues.

(3) Connecting group resources and expanding digital service scenarios

Using OU digital account at the core, SKB will connect other products offered by subsidiaries of SKFH and explore opportunities for cross-industry collaboration to broaden the scope of digital financial service and cater for more digital applications and scenarios that are relevant to customers.

(II) Operational plans for the year

1.Strategic Goals

(1) Adjust deposit structure for consistent improvement in profitability.
(2) Optimize deposit structure, steadily increase deposit level.
(3) Optimize profit structure and increase contribution of non-interest revenues.
(4) Escalate digital development, strengthen cross-selling within the geoup.
(5) Enhance talent recruitment and training.
(6) Adhere to legal compliance and risk control,implement fair treatment of customers.
(7) Promote net zero transformation and contribute to sustainability.

2.Operational plans for the year

(1) Savings business

- Use deposit account combined with electricity account transaction to provide deposit discount, and continue to promote the exclusive discount of OU digital deposit to obtain young customers; new customers urge to increase product holdings, improve adhesion, increase new customers and deposit collection, and create opportunities for financial management, promotion and reinvestment.
- Continuously optimize and develop foreign currency exchange and deposit modules to provide customers with diversified exchange and deposit services; According to the trend of market exchange rate, plan deposit or exchange preferential items to achieve cost control and market competition at the same time; In line with the comprehensive consideration of the capital rhythm and the bank's capital demand, the preferential project of NT/foreign currency live fixed deposit was launched to simultaneously increase the deposit amount and live deposit ratio.
- Provide customized product preferential integration scheme according to the characteristics of high-quality salary transfer companies, and strengthen the relationship with salary transfer companies; Deepen the operation of high-paid customers, maintain and upgrade the current AUM through the use of account promotion or preferential deposit items, and then promote the bank to become a high-asset customer base.
- Develop local business relationship through branches; expand the customer base of small and medium-sized enterprises; raise market competitiveness and market share of the bank; optimize the deposit structure; and continuously reduce deposit costs.
- Strengthen relationship with customers; promote new and sustained business dealings

with existing customers; and engage customers in productive interaction that grows the deposit service.

- By providing preferential rates for demand deposit projects, the Bank will attract new fund, build up a sound pool of demand deposits, and raise the Bank’s deposit composition ratio.
- Promote the OU [Account Pass] as a convenient online account opening tool for increasing securities transactions; aim to accumulate customers quickly and increase the level of demand deposits in securities accounts.

(2) Corporate banking

- Enhance the efficiency and quality of service to existing customers while taking into consideration the local characteristics; and increase the number of full-function branches from the current 42.
- Promote SKB's "Privileged Loan" program and solicit corporate banking customers of good quality from a diversity of industries to optimize use of capital and diversify credit risks.
- Utilize the SME credit guarantee fund to mitigate credit risks and optimize use of capital; focus on business clusters and have branches develop relationship with local SMEs as well as their upstream/downstream partners; strengthen customers' attachment and broaden the scope of products sold.
- Offer complete range of corporate banking services; increase the diversity of business dealings, establish thorough understanding of customers' assets, promote self-repaying loans, gain control over sources of repayment, and strive to minimize credit risks while increasing revenues.
- Focus on lead-arranging syndicated loan cases that offer good revenue potentials and strong credit standing; capitalize on the refinancing of existing lead-arranged cases; explore opportunities to restructure debts of existing customers into syndicated loans; monitor syndicated loans that the Bank is a participating lender of and strive to lead-arrange in refinancing. In the future, we can take the joint loan sponsorship as a stepping stone to open an opportunity to borrow credit cases from high-quality customers at home and abroad, enhance business opportunities such as accounts receivable and trade financing, and increase credit and fee income.
- Support the sustainable development of enterprises, assist customers to invest in green projects with green credit, encourage industries to pursue sustainable development and achieve carbon reduction goals, and give play to the role and function of the financial system in promoting the sustainable development of the whole society.

(3) Consumer banking

- Optimization and reform of operating procedures Improve production capacity and service quality: The Bank will leverage technology to optimize procedures and data; continue to offer the online one-stop service of application, identity verification, and automatic disbursement of funds to substitute automatic equipment for manpower and improve sales representatives’ efficiency; use big data analysis to construct a

prediction model that generates a marketing leads to increase customers' holding of the Bank’s products; provide digital services at each physical branch to enhance the business relationship with customers; and leverage the Bank’s quality services to upscale the consumer banking business.

- Emphasis on "customer experience" Delivery of disruption-free digital experience: The Bank will center itself on customer experience and continue to optimize and improve key business operating procedures; expand the digital loan application platform; improve products, marketing and procedures by repackaging consumer banking products; enhance service efficiency through introduction of digital platforms in response to the rapid development of digital trend and fintech ; and actively develop new business models to cater for more customer consumption scenarios, satisfy customers’ real time capital needs, and expand coverage of consumer banking products, so as to provide quality, convenient, and suitable financial services.
- Consistent growth of automobile loan Sourcing of car purchases: The Bank will mainly develop domestic used car loans business and parallel imported cars loans business to expand portfolio in a steady manner before actively engaging in new car loan business. Meanwhile, the Bank will control business cost and lower non-performing loans and, through such a robust management approach that earns income while saving costs, maximize the Bank’s profits
- Mortgage as a gateway product Progressive expansion to other products: The limited resources will be allocated to key customers for optimal joint marketing yield; furthermore, the Bank will offer mortgage as a gateway product to open up demand for other offerings.
- The Bank will aim to offer mortgage service to non-home owners at more favorable LTV. To cater for capital adequacy ratio and credit quality, the Bank adjusts its lending policies in a timely manner in accordance with the changes in relevant laws and regulations, internal policies, and the condition of the real estate market.
- The Bank will review application cases in a more rigorous manner, enhance lending risk management, assess the source and capability of repayment made by borrowers, and select quality customers, so as to lower overdue loans. Also, through the credit scorecard system, the Bank will achieve consistent risk management, and thus improve the quality and quantity of business and enhance the quality of the lending business as a whole.

(4) Wealth management service

- Timely adjustment of product portfolio: More attention will be directed to adjusting debt and equity allocations in line with changes in the financial environment, and providing investment services for different customer groups. The Bank will aim to increase penetration rate across all product categories in response to upgrades of the wealth management service, and shift focus toward wealth transfer and retirement planning in light of changes in the insurance business environment while introducing a broader variety of insurance products to meet customers' needs.

- Customer segmentation and relationship management: The Bank will first segment customers by a number of dimensions such as asset size, contribution, attachment etc. and then offer appropriate privileges and benefits to uncover customers' potential needs. For wealth management customers, the Bank aims to strength attachment by increasing the number of products owned. For high net worth customers, the Bank plans to strengthen relationship by offering higher rewards and more diverse privileges. Lastly, the wealth management credit program will be redesigned to meet the needs of different customers and increase loyalty overall.
- Sales management system: The performance management system will be further optimized to include functions such as SFA travel log, JCIC online check etc. for improved management efficiency. With regards to system control, a new function will be introduced to check for free-look period. For elderly customers, a trade order checking mechanism will be implemented to protect the underprivileged. Improve recruitment and management skills, carry out systematic management training in a quantitative and functional way, and improve the management ability of financial management grades, enhance professional skills and management ability of finance grade.
- Construction of a digital platform: The Bank will adhere to its experience-centric approach and make persistent optimizations to various trading systems for improved efficiency. Functions such as fund subscription, conversion, and redemption will be activated on invest Qegoo. The task-oriented system and project Wealth Management Encyclopedia will be commissioned to broaden the scope and raise the quality of customer service. The phone order placement procedures will be optimized for the benefit of elderly customers to reduce the digital divide and enforce fair customer treatment.

(5) Digital Banking

- Improve product design and support frontline sales: Continue to optimize digital products and services with customer experience as the core and technology as the accelerator. Adopt the mobile-first strategy to strengthen the mobile banking user experience. Meet the customers' needs of inquiry, payment, wealth management, and discount for customers' daily living anytime, anywhere to create a sincere and precise digital finance atmosphere. Through data analysis and experimentation, the Bank will continue making improvements to disruptions in customers' experience and aim to increase the frequency and size of applications. By gathering opinions and feedbacks through frontline branches, the Bank hopes to address customers' needs and provide branches with the digital products/services needed to accomplish sales targets.
- Increased sales efficiency through digital innovation: Continue introducing innovative experience and efficiency improvements with each iteration of digital product. The website and mobile banking APP have undergone a total revamp this year, during which the Bank designed and developed every feature of the APP, using new graphical interfaces to present asset information. Commonly used functions have been grouped

together for easy access, and the use of a new information architecture makes browsing faster and smoother. Fido Alliance's biometrics and convenient features such as smartphone link for quick login have also been incorporated. Combined with the use of Deep Link and SSO (Single Sign-On), customers are able to access different platforms quickly and securely, which ensures improved and undisrupted service experience.

- Develop and deepen cross-industry alliance: In response to the wave of digital electronic payment, we will actively cooperate with electronic payment institutions in an all-round way, provide complete payment services, organize marketing campaigns that are relevant to customers' lives, and meet consumers' banking needs in various scenarios of life.
- Integrate Group resources to exert Group synergy: With the OU digital deposit account at the core, it will be linked with products of subsidiaries to create a multi-function account that customers may use to hold products of virtually any product line, thereby increasing product ownership. The account allows products to be packaged for different privileges, which enhances the marketing effect and increases customers' holding of products offered by subsidiaries of the financial group. For example: The Bank cooperated with MasterLink Securities and launched OU Investment, a one-stop account opening service aimed to improve user experience and efficiency; and cooperation with SKL for instant payment of policy claims and policy loans for improved service efficiency and lower operating costs.
- Improve satisfaction of digital customers: To implement customer relations management (CRM), the Bank commissions a third-party to do a market survey every year, and listens to customers’ needs and feelings via seminars and by distributing questionnaires that focus on several areas such as digital platform experience, customer group management, and marketing strategy. This year, the Bank conducted user survey on the new mobile banking APP, and learned customers' real feedbacks to be taken into consideration for future iterations and optimizations.
- Digital transformation and talent deployment: Accelerate the training and deployment of key talents in product management, digital marketing, experience design, data analysis, digital technology, etc., to improve the quality and quantity of digital talents.

(6) Credit card service

- Enhance product features and distinction: Based on observation of current market trends, the Bank will determine the attributes and positioning of each product and market them to the appropriate customer segments; through collaboration with sales channels, the Bank aims to recruit new sales representatives to strengthen its sales team and generate value from customer relationship management.
- Customer solicitation through digital media: In addition to the use of conventional branches and sales promoters, the Bank will also attempt to source customers through digital media, and target a more diverse range of young, tech-savvy customers to complement the existing credit card customer base.

- Multi-win through bilateral cross-selling: The Bank will search deposit holders for potential high revenue contributors, and build relationship using self-media. Through integration of resources within SKFH, the Bank aims to strengthen customers' attachment and stimulate credit card usage as ways to increase customers' contribution.

（7）Trusts

- Real Estate Trust: Providing construction loans to a development-type construction project that entrusted the construction does satisfy market demand, in that it can lower credit risks and provide enhanced guarantee to all parties concerned. The Bank will uphold the principle of providing land and construction loans with the underlying assets entrusted. In addition, in response to the government's policy, the Bank will provide loans to projects concerning urban renewal and construction of dangerous and old buildings, with the underlying property entrusted. Doing so not only increases the Bank's trust fee income, financing interest income, and deposits, but also makes trust the best protection platform and thus maximizes the Bank's revenue.
- Advance receipt trust: This trust service aims to assist businesses with the issuance of vouchers (including e-vouchers and stored value cards); it manages advance receipts according to regulations, and in doing so protects consumers when purchasing deferred consumer products and generates trust income for the Bank.
- Real estate transaction trust: This is already a highly demanded, matured, and competitive service; to improve competitiveness, the Bank will be developing its own information system to handle everything from case acquisition, price negotiation to approval, and leverage the enhanced system functions and capacity to improve the efficiency of its sales efforts.
- Nursing and Insurance Benefits Trust: In response to the authorities' promotion of the Trust 2.0 policy, we planned and launched the trust business of "Shin Kong Booking the Future with You", including the trust business of support and insurance benefits. The purpose of the project trust is mainly to provide the actual support needs of the elderly or the disabled, and to plan standardized processes, information systems and finalized contracts, so as to facilitate the branch to promote the project business and enhance the bank's public welfare image.
- Employee Stock Ownership Trust: To support the competent authority's promotion of Trust 2.0, the Bank not only assists the Group in conducting employee stock ownership trust, but also will expand this trust service in order to conform to the competent authority's requirement of employee retirement plan promotion and trust business development.
- Custodian: Take advantage of the comprehensive effect of financial control to undertake the custody business of investment-type insurance products of Shin Kong Life Insurance, the discretionary investment custody business, and the custody business of central registration in the bond clearing bank; MasterLink Investment takes into account the discretionary investment custody business referred by Shin Kong

Investment Trust; Foreign custody business referred by MasterLink Securities. And actively cooperate with external channels, strive for discretionary investment custody and central login bond clearing bank business, in order to expand the source of profits.

(III) Industry overview

The global economy had been presented with challenges one after another in 2023. From the high interest rate-induced illiquidity and bankruptcy of Credit Suisse and U.S. regional banks in the beginning of the year to the escalation of China-US tech war, the Israel-Palestine conflict, and the attack on Red Sea ships by Houthis in Yemen, these geopolitical conflicts had severely disrupted the global supply chain, bringing more uncertainties to an economy that was already plagued by worldwide inflation. Fortunately, market supply and demand returned to equilibrium over time, and the U.S. started to see inflation lessen since November. Nevertheless, the U.S. still increased federal funds rate 4 times during the year to 5.25%-5.5%. The Director-General of Budget, Accounting and Statistics (DGBAS) concluded Taiwan's full-year inflation rate for 2023 at 2.5%, the 2nd highest in 15 years and was lower only to the 2.95% recorded in 2022. After taking into consideration the current state of local and foreign economies, the central bank of Taiwan raised interest rate by half a notch, increasing the rediscount rate from 1.75% to 1.875%, and expected to hold interest rates stable throughout 2024 as global inflationary pressure lessened further. Overall, DGBAS announced Taiwan's 2023 economic growth at 1.31%, and forecast a 3.43% growth for 2024 in light of recovering consumptions locally and abroad.

While the global economy is likely to recover from a period of high interest rate in 2024 as inflation tapers off, with major central banks all hinting future rate cuts including 3 to 4 notches from the U.S. Fed, the extent of rate cuts will still be determined by economic data. Furthermore, the aftermath of a sudden tightening of monetary policy in the last two years and ongoing geopolitical conflicts will still have lasting impacts on the growth of the global economy next year. In Taiwan, economic drivers are expected to shift from the service industry to consumer electronics. As inventory levels reduce across the electronics industry and new technologies emerge from AI applications, Taiwan should expect export recovery in the next year and see economic indicators improve starting from the second half of the year.

(IV) Research and development

(1) With the launch of OU Diandian card in 2022, the Bank became the first domestic company to take part in Mastercard's "Carbon Calculator and Global Tree Restoration Program" and in Priceless Planet Coalition's international tree plantation movement. Through the mobile banking APP, credit card holders are informed of the carbon footprint of their purchases charged to credit card, so that trees can be planted to offset the carbon emission given rise by credit card spending. Today, the Bank has surpassed its goals and planted 5,000 trees as a contribution to the sustainability of the environment.

(2) Driven by the dedication to providing more friendly financing for domestic micro enterprises, the Bank launched "OU micro-enterprise loan 2.0" in December 2022 with

additional digital service features that aimed to deliver mutual benefits for businesses and the society. Through consolidation of application forms, the Bank greatly reduces use of paper while at the same time improves efficiency, minimizes omission, and shortens the time spent on checking; with the introduction of a digital, AI-assisted credit assessment process, the Bank eliminated manual tasks and saved time on checking for errors and duplicate calculations; lastly, a cloud-based AI quick-screening platform was created to perform preliminary assessments on customers and thereby minimize solicitation efforts and operating costs on non-viable cases.

(3) Following the launch of "Personal Loan Quick Screening Bot" in December 2022, the Bank realized its vision of embedding AI into personal loan application for improved efficiency. By having the bot assume the role of "virtual AO," customers can get a quick idea of their credit standing and receive the assistance they need on loan application, thereby improving the quality and volume of SKB's personal loan service.

(4) The mobile banking APP underwent a total revamp in 2023, during which the Bank designed and developed every feature of the APP, changing the trading process from a function-driven to an experience-driven approach that emphasizes on users' experience. The APP boasts new interface, user-friendliness, security, speed, and use of new technologies including multi-factor authentication to bring customers improved experience, security, and uninterrupted service.

2. R&D results and newly launched businesses in the last two years

(1) Credit card service

2022

a.Strengthen the differentiation and digitalization of the main card products, and improve the consumption frequency and loyalty by combining payment tools of FamilyMart and PX Mart.

b.We will issue OU Diandian card to develop a carbon-reducing tree planting plan, and through combining digital deposit accounts, bidding through pure digital channels, and encouraging deep cooperation between electronic bills and online shopping channels, we will effectively acquire digital young customers and enhance the competitiveness of digital brands.

c.Optimize the digital application input channel, and the identity certificate provided by "one-click card processing" will be automatically brought into the application field by using the image recognition system, and the efficiency of card processing will be further improved.

d.Through the application programming interface, the financial information of customers of Xinshou and Master link securities, a subsidiary of Financial Control, was connected in series, which optimized the speed of financial review, facilitated the bidding efficiency of financial control customers and responded to the inclusive finance action.

2023

a.The Bank repackaged its ESG platinum card and completed the carbon footprint certification and the purchase of carbon credits needed to make it the Bank's first zero-

carbon credit card. It is also the only credit card that is applied through digital channel, encourages use of e-statement, links to specific electronic payment tools, and offers rewards on green purchases. The card is being marketed in conjunction with the OU digital deposit account to customers who value digitalization and ESG issues, and has the potential to promote the Bank's image as a sustainable brand and improve digital competitiveness.

b.Strengthen cooperation with Shin Kong Mitsukoshi Departmental Store; appeal to young and mature female customers through issues such as "seasonal sale" + "women" + "digital"; promote cards to deposit account holders and external customers, and aim to increase the sales drive and active card rate for the Shin Kong Mitsukoshi co-brand card.

c. Using data analysis, the Bank assigns tags to various customer groups based on level of contribution. These tags are useful in card activation campaigns and customer retention strategies, for they can precisely identify customers' attributes, spending power, and spending pattern, so that segmentation and differentiation can be applied to activate card usage, retain customers, and generate revenues.

（2）Digital Banking

2022

a. To implement customer relations management (CRM), the Bank commissions a third-party to do a market survey every year, listening to customers’ needs and feelings via holding seminars and distributing questionnaires that focus on several areas such as digital platform experience, customer group management, and marketing strategy.

b. We launched the Diandian Card, integrated the process of opening an account and handling the card, and linked the OU digital account to meet the needs of customers such as consumption payment, automatic withholding and high feedback at one time.

c. Starting from digital advertising, mastering the customer's digital trajectory is the key to provide more accurate demand services, and then integrating digital advertising development towards the whole bank to achieve digital warfare.

d. Won the German IF Design Award, winning the user interface category, and committed to creating digital products with customer experience as the core.

e. There are four accounts in the OU digital securities account, and customers can hold four types of accounts at the same time in one application, and enjoy the securities delivery and consumption financing benefits.

f. With the introduction of OU bank, customers are not allowed to go out, and online single process can complete credit application and digital account opening at the same time, and then the funds can be allocated through APP guarantee, making it the first bank in the market to provide the third type of digital account allocation service.

g. He was awarded the Taiwan Province Sustainability Award-Sustainable City Similar Award for "OU Diandian Card Decreasing Carbon Tree Planting". Through customers' daily card consumption behavior, he aroused customers' awareness of carbon footprint and environmental protection, and strived to create a new financial service experience

of "smart consumption and innovative carbon reduction" for customers, hoping to work together with customers for environmental sustainability.

h. Optimize OU Micro-enterprise Loan 2.0, provide a cloud AI screening trial platform with interactive services, predict customer profiles in advance, and give appropriate loan schemes, which reflects the convenience of O2O integration, enhances customer experience and increases cooperation momentum.

2023

a.The Bank commissions a third-party to conduct market surveys, track digital trends and performances of peer leaders, and gather customers' needs and feelings via holding seminars and distributing questionnaires that focus on several areas such as digital platform experience, customer group management, marketing strategy, and key digital indicators.

b.The website and mobile banking APP have undergone a total revamp, during which the Bank designed and developed every feature of the APP, using new graphical interfaces to present asset information while incorporating Fido Alliance's biometrics and convenient features such as smartphone link for quick login. Combined with the use of Deep Link and SSO (Single Sign-On), customers are able to access different platforms quickly and securely, which ensures improved and undisrupted service experience.

c.The digital brand - OMNI-U was named WINNER of Asia Design Prize, whereas the new website and APP received a number of international awards including MUSE Design Awards - Gold, London Design Awards - Gold, and NY Product Design Awards - Silver. These awards are indicative of the Bank's dedication to creating digital solutions centered around customers' experience.

d.Through a collaboration with MasterLink Securities, the Bank launched OU Investment, a one-stop account opening service for securities and banking accounts that aims to improve user experience and efficiency.

e.Through cooperation with SKL, another subsidiary of SKFH, the Bank introduced instant payment of policy claims and policy loans via eACH for improved service efficiency and lower operating costs.

f.AI-embedded tools have been developed to help frontline sales representatives improve the efficiency of their business promotion efforts; the introduction of AI OCR, for example, shortens the time taken on manual review of online applications, and increases processing efficiency as well as approval rate.

3. Future research and development plans

(1) "Hong Kong Branch Financial Transaction Integration Platform Project": With a focus on foreign currency products, the head office oversaw project management and assisted Hong Kong Branch in the integration of front, middle, and back-office operations and the development of complete risk management mechanisms. At the same time, the head office also introduced the Straight-Through Process (STP) into foreign currency service, which connects with the foreign currency electronic platform and transfers trade

instructions directly to the Bank's internal limit management system, thereby shorten the time taken for the Bank to confirm position and facilitate real-time, intraday control of daily position limits. This project has commenced development since March 2022 and is expected to take 18 months to complete, for which the Bank has budgeted for the necessary expenses.

(2) The Automation of Daily Stock and Debt Transactions Management Project: Self-built for the Bank, it adopts the interface of various product system data and market data sources, and uses the existing financial transaction integration platform to automate the production of daily management reports and checks on any deviation from the market price. The Bank also made plans to development the RAROC calculation engine, which commenced in the 2nd quarter of 2022 and was completed at the end of 2023, and will be applied to annual budgeting, limit assignment, and measurement of risk appetite. The project is expected to enter phase 2 in 2024, which will involve a construction of terminal at Hong Kong Branch that not only integrates management reporting needs of the front and middle offices, but also supports routine operating procedures and risk management functions.

(3) New market risk capital rules: In response to the simplified approach and the new standardized approach for market risk capital of the Basel III Accord that will be effected in 2025, the Bank has collaborated with its IT partner to develop a proprietary calculation model that supports capital planning and calculation and meets supervisory requirements.

(4) Phase 2 of the task-oriented system: Phase 1 of the task-oriented system was commissioned at the end of November 2023; for phase 2, a financial advisory management system offering flexible task configurations and customer team management functions will be developed to complement the customer management process.

(5) Phase 2 of invest Qegoo: Phase 1 functions such as fund subscription, conversion, and redemption were launched into production in mid-September 2022; for phase 2, the Bank plans to introduce new functions relating to offshore bond subscription and redemption and expand the scope of products traded online so that customers may enjoy quick order placement and shortened trade turnaround time with simplified transaction processes.

(6) Phase 2 of phone order placement: In Phase 1, customers are able to place fund orders via telephone in a tri-party teleconference; in Phase 2, customers will be able to place orders with the service officer directly over the hotline without the need to involve the financial advisor. This service caters for those who are unfamiliar with the digital channel, and conforms with the fair customer treatment spirit.

(7) Development of AI wealth management assistant: By combining AI with language model, the assistant provides financial advisors with the automated tools they need to quickly and accurately search for solutions, and therefore shortens the consultation time and improves efficiency as well as satisfaction for the wealth management team.

(8) The amount of budget committed into the digital banking program has been growing in double digits annually over the last two years. Aside from making persistent enhancements in areas such as digital product, service process, sales efficiency, strategic

alliance, and digital transformation of local branches, the Bank also provides digital sales assistants to support its sales team, and makes use to digital technologies to help branches profit.

(V) Long and short-term business plans

1. Short-term goals

(1) Corporate banking

- Offer complete range of corporate banking products and services; grow relationship with existing customers, provide differentiated services and product planning according to customer groups, and strengthen the review of customer business strategies to enhance overall revenue.
- Strengthen customer relationship management and expand the customer base; diversify concentration to any single industry or customer; identify sources of risk; and ensure consistent increase in revenues.
- Actively strive for opportunities to lead-arrange syndicated loans for high-quality customers locally and abroad; aim to grow loan portfolio and increase service fee income.
- Implement the green finance 3.0 policy of the FSC, continuously promote renewable and green energy financing, and introduce digital tools to improve customer adhesion.

(2) Consumer banking

- Explore the customer's mortgage demand and lending service, provide young people with housing purchase and high asset potential customers' capital demand, and cooperate with relevant government control measures to stabilize the mortgage market share and asset quality.
- Diversified digital import channels are matched with diversified credit product sales, and the list of high-quality enterprise employees and business opportunities in the bank is developed to improve the quality and quantity of customers, while continuously innovating credit products, and implementing relevant plans for promoting ESG in inclusive finance.

(3) Wealth management service

- Continue to tap into high-potential customers, increase the number of high net worth customers, and actively expand the scale of customer assets.
- Recruit talents through a wide range of programs and channels; provide internal employees and top-performing financial advisors with well-defined career plans and promotion paths; build a professional team that emphasizes on results and average productivity per person.
- Observe trends of the global financial market and adopt optimized wealth management services that progress with time; strive to introduce a broader range of innovative products, improve employees' financial expertise, integrate resources, and create synergies that drive the growth of wealth management service.

(4) Digital Banking

- Support branches in sourcing customers with digital solutions: The digital channel allows to open multiple accounts at the same time, which helps increase the number of product lines owned by customers and generate revenues. The digital deposit account can be used to cross-sell multiple products that increase customers' account utilization rate. Persistent efforts will be made to explore customers over the digital channels; cross-industry alliances will be formed with third parties to bring digital services to the locals to improve customer satisfaction, create account usage scenarios, and strengthen customer loyalty. Leverage digital resources in ways that promote use of digital channel among customers, and at the same time reduce manual and outsourced tasks at branches.
- Enhancement of digital customer relationship management: Through optimization of digital products and digital platforms and by adopting digital marketing and social network practices, the Bank aims to meet customers' financial needs, generate revenues, and assist branches in improving operating efficiency. More attention will be directed toward enhancing life cycle management of digital customers, raising customers' brand loyalty, and meeting customers' needs for fast, convenient, and secure digital services.
- Data first, experience first and agility as the core: The Bank will increase customer retention and the its revenue by activating customers through social media marketing, and by applying data analysis for precision marketing.
- Adoption of new technologies: AI-embedded tools will be developed to help frontline sales representatives improve the efficiency of business promotion efforts and generate higher revenues, whereas other new technologies will also be adopted to increase sales and operating efficiency.

(5) Credit card service

- Resources will be allocated to grow banking customers with a particular focus on high net worth, high potential, and young groups. Using data analysis, the Bank will identify the products in need and market them to increase both the breadth and depth of products owned by customers for stronger attachment.
- Using resources of the financial group, the Bank will aim to cross-sell cards through other group members and acquire transactions from partnered merchants. For customers of business partners, the Bank will design cards with exclusive privileges for new holders that effectively integrate resources and financial services for optimal yield.
- Enhance co-brand association for deeper penetration of customer groups; work with co-brand partners on broadening the consumption scenario and introducing enticing rewards; use co-branding as a means to increase card application, card usage, and transaction acquisition for overall improvement in terms of card sales and active card rate.

(6) Trust service

- The Bank is dedicated to promoting real estate trusts, old and unsafe building

reconstruction financing trusts, advance receipt trusts (including e-commerce platforms), consideration trusts (including equity trading), employee stock ownership trusts, foreign currency trusts and other trust services.

- Awareness campaigns and training programs will be organized for internal sales units and employees of various duties to improve professional knowledge in trust service, which helps identify potential customers.
- In response to the Trust 2.0 policy, we have integrated the Bank's financial management and corporate financial resources to promote the nursing, insurance fund trust, and employee stock ownership trust businesses to meet the customers' diversified demands.
- The Bank will leverage SKFH synergy to act as a custodian bank for the funds raised by investment trust companies, and a clearing bank for book-entry central government bonds.

2. Midterm and Long-term Goals

(1) Corporate banking

- We will continue to explore overseas markets, carefully select the best loans for international lending, and continue to strengthen the cooperative relationship with overseas branches, expand the asset scale and increase overseas income.
- The Bank will continually reduce the percentage of FI deposits, optimize deposit and lending structure, control costs, widen spreads, and increase service fee income.
- Introduce the principle of ESG credit. First, bring the cases that conform to the Equator Principle and ESG credit into the credit process for review and effective control, and implement ESG and sustainable finance.
- It is forbidden to undertake highly controversial industries, carefully evaluate high-risk and high-carbon industries, actively promote ESG credit, and participate in sustainable industries and sustainable linked loans.
- Through integration and division of responsibilities between front and back offices, we will aim to increase the momentum of our business promotion efforts, and build closer business relationship with customers through cross-selling.

(2) Wealth management service

- Observe trends of the global financial market, increase the diversity of products offered, make persistent enhancements to the professionalism of the sales team, and develop the digital platform; integrate digital and physical channels into delivering all-round customer service.
- The Bank will continue to develop market-competitive financial products, make good use of integrated marketing to expand synergy, expand operation scale to satisfy the needs of different customer segments; and, provide asset allocation planning service that are comprehensive and professional.
- In light of the aging demographics and low fertility rate, the Bank will train family trust planners and offer extensive trust services to help family businesses achieve continuity and wealth transfer.

- The Bank will continue to train Certified Financial Planners (CFP) to offer customers the professional perspective along with more comprehensive wealth planning that satisfy their needs.

(3) Digital Banking

- Increasing active account rate among digital channel customers: By placing emphasis on the management of digital channels, the Bank hopes to bring new customers into branches and increase the level of product penetration. Through digital marketing, cross-industry collaboration, and resource exchange, the Bank aims to provide customers with the incentives to use digital services and will make ongoing optimizations based on customers' opinions.
- Alignment with leading financial peers: By engaging a third-party institution, the Bank will keep track of the digital performance of the industry's leading financial peers and monitor key indicators such as: percentage of digital activities, level of digital interactions, performance of digital sales channels etc. Furthermore, the Bank will continually aim to outperform itself and strengthen relationship with digital customers.

(4) Credit card service

- Apply data analysis on credit card customers; obtain and make effective use of data; adopt a differentiated product development approach and satisfy customers' needs for payment-related financial products to secure customers' spending; explore new credit card customers and cross-sell other banking products to increase revenue contribute.
- Explore high quality merchants for transaction acquisition, particularly those that deal mainly in cash; support the form of electronic payment used in the given scenario to help merchants go cashless and adopt diverse payment tools; expand transaction acquisition to cash flow management service and strengthen business relationship with merchants.
- Continue introducing optimizations and automations to the credit card application process; improve functions and performance of the digital service system; and simplify manual processes for lower operating cost and improved satisfaction among credit card users.

(5) Trust service

- The Bank will integrate external channels; enhance co-operation with finance peers and increase the number of co-operation with external channels; and increase sources of trust cases, so as to raise revenues.
- Enhance training for business personnel of branch units, so that they possess the expertise to develop, negotiate, sign a contract, and protect customers on his/her own, and thereby achieve the goal that every business personnel understand trust, and has the ability to undertake trust business.
- The Bank will continue to optimize the functions of computer systems for the trust and custody business, and upscale trust and custody business assets.

MasterLink Securities

(I) Scope of Business:

1. Main Business:

- Securities underwriting
- Proprietary trading of securities listed on Taiwan Stock Exchange (TWSE)
- Consigned trading of securities over TWSE
- Proprietary trading of securities over Taipei Exchange (TPEx)
- Consigned trading of securities over TPEx
- Securities administration agency service
- Margin trading and short sale service
- Introducing brokerage for futures trading
- Consigned trading of foreign securities
- Proprietary futures trading
- Wealth management service
- Brokerage and proprietary trading of short-term bills
- Management of customers' securities settlement proceeds
- Sourcing and utilization of securities lending/borrowing proceeds
- Lending and borrowing of securities
- Offshore securities service
- Securities-related foreign currency service
- Equity crowdfunding
- Other securities related businesses approved by the competent authorities

MasterLink Securities also conducts various businesses through reinvestment, and the scope of business services is as follows:

- Futures brokerage service
- Proprietary futures trading.
- Futures consultancy service
- Futures management service
- Other futures related businesses approved by the competent authorities.
- Securities investment consultancy service
- Discretionary investment services
- Asset management service.
- Venture capital investment.
- Venture capital investment, management and consultancy service
- Insurance agency service.
- Investment advisory and business advisory service.

2. Weight of business activities

Unit: NTD thousands

Item	2023	Percentage (%)
Brokerage (Note 1)	5,175,303	58.89
Proprietary Trading (Note 2)	3,263,508	37.14

Item	2023	Percentage (%)
Underwriting (Note 3)	347,024	3.95
Others (Note 4)	1,703	0.02
Total	8,787,538	100

Note 1: Includes wealth management.

Note 2: Includes bonds and new financial products.

Note 3: Includes stock agency service.

Note 4: Includes services of the Administration Department.

3. New products and services planned for the future

(1) Risk control processes and trading systems will be developed for sub-brokerage financing, whereas new services and products will be introduced in line with deregulations from the authority.

(2) The "Wealth Management App" will be upgraded with the function to transact offshore bonds in small sum along with many bond selection features. Investors will be able to purchase with as little as US$10,000.

(3) An online trading platform that incorporates functions such as market news, transaction, account management, and reminder will be created for OTC products. It will serve as a new channel for online transaction of financial derivatives.

(4) In light of Taiwan Futures Exchange's new customized product platform, the company will launch new products to meet the hedging needs of institutional customers.

(5) For companies that issue new shares for cash, the company will offer financing for employees and existing shareholders of the respective companies to subscribe to the cash issue, thereby helping businesses raise capital within a shorter time while increasing service value and revenues for the company.

(6) Mobile e-statements will be introduced to complement the e-document service.

(II) Operational plans for the year

Summary of key operational plans for 2024:

1.Increase customer service capacity and build a service-oriented brand image

(1) Deliver attentive services and make use of differentiation tools to implement tiered services; focus on customers who have the quantitative trading needs and build reputation on professionalism.

(2) Broaden collaboration with investment trust enterprises and continue seeking strategic partners to develop a customer referral model that benefits all parties involved and expands the MasterLink ecosystem.

2.Expand diversified income business and raise service income level.

(1) Grow sub-brokerage and wealth management services; increase the size of securities lending and explore diverse income sources.

(2) Grow underwriting cases in balanced quality and quantity; aim to build relationship with core customers and capitalize on business opportunities arising from customers' groups.

3.Optimize the digital promotion model and build customers' brand identification

(1) Continue expanding the types of accounts that can be opened online; optimize digital services and launch digital platforms with distinctive features that offer optimal customer experience and retain customers.

(2) Make use of data analysis to identify customers' needs and increase the effectiveness of precision marketing; develop MasterLink's distinctive brand values by leveraging social media interactions and media influence.

4.Adjust Position Trading Strategy to Construct a Stable Return Position

(1) With regards to equity trading, the company aims to deliver absolute return by adopting an agile FVOCI adjustment strategy; as for bonds, the company seeks to build positions where appropriate to improve profitability.

(2) Introduce CBAS online trading; expand the ETF service platform; optimize product platform functions; and issue differentiated options for consistent increase in revenues.

5.Strengthen the benefit of investment and expand business profit.

(1) Present investment research in video form for broadened influence; aim to increase the size of assets under discretionary investment management through word of mouth and the launch of ESG discretionary investment solutions.

(2) Make persistent optimizations to the futures system and to platform stability; increase customer account activities and cash margin levels; and improve the proprietary trading strategy in a way that improves performance and profit stability.

6.Enforce fair customer treatment practices and explore sustainability-related opportunities

(1) Develop and promote awareness for sustainability and fair customer treatment culture; execute sustainability-related actions through the Corporate Sustainability Committee and deliver sustainable finance indicators.

(2) Raise the sales team's attention to ESG issues and actively empower shareholders while at the same time expand inclusivity of financial services to cater for the underprivileged.

(III) Industry overview

1.Current state and prospects of the securities industry:

According to the 2023 data published by the Securities and Futures Bureau, there were a total of 102 securities company head offices and 828 branches nationwide. Both the number of head offices and branches had decreased from the previous year mainly due to the merger between Fubon Securities and Jih Sun Securities and the takeover of small, specialized brokerage firms in 2023. The securities industry is starting to divert into two different business models: the electronic broker; and the integrated broker characterized by wide branch coverage and complete product/service range. In the future, the competitiveness of the

securities industry will be largely determined by whether the participants are able to combine and create synergies from consolidation.

Taiwan Futures Exchange continued to introduce new products and transaction/settlement systems in 2023 in an attempt to provide investors with a better trading environment and increase market activities. With respect to new products, the listing of PHLX Semiconductor index futures on December 18, 2023 gives investors additional exposure to the world's leading tech stocks. In January 2024, Taiwan Futures Exchange launched its flexible contract trading platform, and one of the first instruments to be listed for trading were flexible Mini TAIEX futures, which gives investors the option to configure contract specifications.

With the rapid development of financial innovation technology and the rise of young investors, digital services are more important. Therefore, upgrading the digital environment and optimizing the electronic platform are the primary priorities. Major securities firms actively develop new service horizons, build a digital financial life network for investors, and expand their business scope and customer base. How to create differences and uniqueness and establish a new business model in the future is the key point to strengthen competitiveness.

In recent years, countries around the world have been actively exploring ways to promote sustainable development of the society, and it was this movement that prompted the FSC to announce and amend policies such as "Green Finance Action Plan 3.0," "Principle for Financial Service Industries to Treat Clients Fairly," and "Corporate Governance 3.0 - Sustainable Development Roadmap." Having recognized how the securities industry is influential to the capital market, the FSC announced its " Transition Strategies of Sustainable Development for Securities and Futures Sectors" in 2022 to guide industry participants toward adopting sustainable practices, which the securities industry responded and supported with transformation plans. Pursuing growth in a sustainable manner has thus become an important challenge for the securities industry.

Number of Securities and Futures Service Providers in the Past Three Years

Year	Total Number of Securities Firms		Brokerage firms	Proprietary traders	Underwriters	Investment trust	Investment consultancy	Futures commission merchants	Futures consultancy
	Head office	Branch							
110	105	849	70	74	58	39	86	15	30
111	104	850	68	74	59	38	85	15	33
112	102	828	67	74	57	38	87	15	32

●Source: Website of Securities and Futures Bureau, Financial Supervisory Commission

1.Business Development Trends and Market Competition:

(1) Brokerage

The Taiwan equity market saw trade volumes recover to an average of NT$359 billion per day in 2023, the 2nd highest in history, due to the rise of AI technology, the ending of

rate hikes, the soft landing of the U.S. economy, the presidential election, and inflow of capital. As a result, the industry posted profits from brokerage service overall. The outbreak of COVID-19 in 2020 not only sped up adoption of digital technologies among securities firms, but also brought in young investors. Young investors continued to account for an increasing percentage of new accounts opened. With people aged 40 and below representing 42.51% of new accounts opened, the market is seeing a shift of investor demographic to the younger end. Combined with the new functions introduced through trading APPs, it is increasingly important for the securities industry to undergo some form of digital innovation. Furthermore, given the increasing amount of capital being committed into small-sum investments such as regular saving plans andodd-lot trades,these small-cap investors may become a major contributor to the brokerage service in the future.

(2) Underwriting

Weakened global end-user demand in 2023 had resulted in slower inventory turnover, whereas macroeconomic factors such as inflation hindered growth of the global economy. Although Taiwan reported consecutive declines in export performance, revenues and profits were relatively stable across TWSE and TPEx listed companies. 42 newly listed TWSE/TPEx companies made initial public offerings for a total of NT$33.37 billion in 2023, whereas 47 newly listed TWSE/TPEx companies made initial public offerings for a total of NT$33.48 billion in 2022, representing a 10.64% decrease in company count and a 0.33% decrease in the amount of capital raised. 194 companies made cash issues for a sum of NT$116.03 billion in 2023, whereas 183 companies made cash issues for a sum of NT$101.76 billion in 2022, representing a 6.01% increase in case count and a 14.02% increase in the amount of capital raised.

(3) Proprietary Trading

The global equity market turned bearish in 2022 as a result of worldwide inflation, war, and tightening of money supply, and it was not until 2023 when global markets once again turned bullish, indicating the possibility of a soft landing and well-controlled inflation in the future. All three major indices of the U.S. stock market made significant gains, and among which, the tech stocks showed highest sensitivity to economic cycle and rate hikes. Overall, Dow Jones Industrial Average gained 19.7% in 2023, whereas S&P500 gained 26.0%, Nasdaq gained 43.4%, and TAIEX gained 26.8% for the year. The bond market, on the other hand, turned bullish alongside the equity market in the third quarter of 2023 when rate hikes ceased. However, given that the economy is currently undergoing mild recovery and that the gains in 2023 had raised the basis of comparison, bond prices are expected to fluctuate within a relatively high range throughout 2024 with little room for gains.

(4) Bond

2023 was the year when the world came out of the COVID-19 pandemic. In light of how inflation had gone rampage, central banks around the world took drastic measures to tighten money supply, forcing banks to tighten lending practices in an attempt to undo the

excess liquidity that had built up over the course of the pandemic and the Russia-Ukraine war.

With regards to the U.S. bond market, the Fed's aggressive rate hikes had tightened lending across banks, which in turn limited corporate investments and consumption. Meanwhile, the market was so concerned with inflation data that U.S. bond yields began to fluctuate. Yields of 10-year government bond had once risen to 5% in early Q4 when the market gave up on the hope of a rate cut in the near future. However, as data showed signs of U.S. inflation being under control, bond yields stabilized and began dropping to as low as 3.7944%.

The Taiwan bond market moved largely in line with U.S. bonds, but with relatively mild inflationary pressure. The 0.125 percentage point increase of rediscount rate in Taiwan in 2023 signified the end of the rate hike cycle. Bond prices were relatively stable compared to U.S. bonds due to concentrated ownership. Yields of Taiwan bonds peaked in October before falling in line with U.S. bonds by approximately 13 basis points to as low as 1.195%.

2024 is expected to be the year when rate cuts begin for most parts of the world, which should benefit fixed income instruments in Taiwan and the U.S. However, bond prices should exhibit somewhat drastic volatility as the market is uncertain about the timing of rate cuts, and the new hedging channel may be required.

(5) New Financial Products

In mid-2023, at a time when the market reached a consensus that the FED had raised interest rate for the last time and when prospects of AI began to unfold, option investors started to take a stronger interest in the market compared to the first half. As subsequent economic data supported the market's expectation of the FED beginning its rate cuts in mid-2024, the stock market, too, saw the return of investors once again. Overall, trade volume of the options market was noticeably higher in the second half of 2023 compared to the first half. Except for stocks of specific industries that exhibited significant gains, volatility was considered stable across the market and industries overall in 2023. As options market makers reported profits, they issued more options to the market to stay competitive, and the movement was more prevalent in large securities firms, indicating the need to compete in size. Following the implementation of tax cuts for options hedging on November 10, 2023, the high hedging costs was finally granted relief. We may see options issuers competing to offer better quotes and spreads, or even increase the number of issues in the future. This would benefit option investors either way, and the options market is likely to see more active transactions and increases in trade volume.

(6) Futures Proprietary Trading

In light of the ongoing Russia-Ukraine war, the market's expectation for the FED to cease rate hike and begin cutting rates in 2024, and the presidential elections that are taking place in Taiwan and the United States, we should see a rise in the implied volatility. However, the market has matured to the point that trends and volatility are changing more rapidly than ever, meaning that the ability to flexibly adjust strategies is key to maintaining

profits. It was difficult to profit from futures and options trading under the previous time horizon, and the only ways to improve success rate are to either shorten the time horizon and switch to high-frequency trading or invest over a longer horizon based on fundamentals. Furthermore, the company will be adopting a risk-taking strategy that combines different sources of income to produce the optimal risk-reward profile, and incorporating multiple strategies at the same time for risk-smoothing and to widen risk tolerance for individual strategies. In terms of information technology, the company aims to enhance the capacity of system hardware and software in order to compete for speed and efficiency.

(7) Wealth management service

Securities firms have been active in the development of wealth management service in recent years. In 2023, the size of assets held in trust by securities firms reached NT$241.8 billion, up 11% from the NT$217.2 billion in 2022; customer count totaled 1.069 million, surpassing the one-million mark and representing a 18% yearly increase; and wealth management trust income amounted to NT$1.332 billion, up 24% year-on-year. Overall, securities firms have been able to grow the size of assets under trust consistently over time. Furthermore, the authority gave securities firms the permission to provide total financial planning and to execute plans or carry out asset allocations in 2022; securities firms that are eligible to conduct concurrent trust service have since begun seeking approval in order to provide investors with more comprehensive range of asset allocation service.

(8) Main business activities of key investees (including MasterLink Futures and MasterLink Investment Consultancy):

a.Futures Brokerage Services

2023 had been a year of drastic volatility for global financial markets due to political and economic interferences, which also affected Taiwan's stock market. Trade volume of TAIEX futures declined by 20% in 2023 compared to the previous year, but the futures market stayed relatively active as investors continued using futures as a hedging tool. More than 300 million contracts were traded through Taiwan Futures Exchange in 2023, making it the 4th consecutive year in which trade volume has exceeded 300 million contracts. Overseas futures, too, were affected by the ups and downs of European and U.S. markets, giving rise to hedging needs. Owing to the close association between the night session and overseas markets, more than 40 million overseas futures contracts were traded locally in 2023, indicating no significant loss of market interest. The Chicago Mercantile Exchange (CME) has become more proactive at introducing miniaturized instruments given how popular they became in recent years. These miniaturized instruments involve low entry barrier and are useful to investors whether for performance enhancement or hedging. Not only that, they also provide futures commission merchants with the means to expand overseas futures brokerage and diversify profit sources.

b.Investment Consulting Business

As of the end of December 2023, there were 87 securities investment consulting firms in total, which was 1 more compared to the previous year. With regards to the nature of business activities, they provide securities-related investment consultation service according to laws, which covers domestic and foreign securities and futures. Depending on the advantages of individual firms they may adopt one of two business models: The first is to "recruit members" and provide them with buy/sell advices; the second is to produce research reports on macroeconomics, industries, and individual companies primarily for customers of, and as an investee of, a large securities firm. Either way, they exist to enhance investors' understanding of the fundamentals of individual companies.

c.Discretionary Business

As of the end of 2023, there were a total of 901 active discretionary investment contracts (mandates) with nearly NT$3 trillion of net asset value under management, which was 38 contracts and 17% more net asset value compared to the previous year, and was largely in line with the current growth curve. Of all the industry participants that provide discretionary investment service, investment trust enterprises accounted for 97% of net asset value under management, whereas investment consulting enterprises accounted for the remaining 3%. This significant discrepancy in net asset value has been the norm for many years, and is mainly attributed to the fact that investment consulting companies serve mostly natural-person customers, whose contract values are far lower compared to the institutional customers served by investment trust enterprises. A further analysis of discretionary investment service showed a total of 20 investment consulting enterprises having provided this service at the end of 2023; in terms of contract count, 80% of which were natural persons, 12% were institutional customers, and 8% were investment-linked insurance policies; in terms of net asset value, natural persons only accounted for 7%, whereas institutional customers accounted for 54% and investment-linked insurance policies accounted for 39%. It is apparent that investment consulting enterprises are somewhat competitive among natural persons, and those that are able to grow the size of net asset values under management progressively over time may have a chance to expand discretionary investment service to institutional customers.

(IV) Research and Development:

1. Research and Development Expense in the Past Three Years

Year	R&D budget (NTD thousand)	As a percentage of operating revenue (%)
2021	186,060 thousand	1.76%
2022	128,711 thousand	2.49%
2023	163,814 thousand	1.86%

Note:The Company expects to incur approximately NT$139 million of expenses on research and development of new financial products, models, information platforms and related hardware and software in 2024.

2. Technologies or products successfully developed

Information systems completed in 2023:

Self-developed systems	Launch time
Bank-securities integrated online account opening (development of OU Investment project)	2023.02.14
Capacity expansion and performance improvement of the IBM-AS400 platform for sub-brokerage/wealth management/trust services	2023.02.15
Development of quick order placement function for "Mobile Expert APP"	2023.02.24
SCSGW intermediary platform	2023.03.30
Implementation of automatic machine learning (Auto ML)	2023.03.31
Regular investment of U.S. stocks via sub-brokerage (phase 2)	2023.04.17
Update of source code checking software	2023.04.28
Compliance management system	2023.05.26
API online automatic bidding area for ordering	2023.05.31
Expansion of NBU backup server at Dunnan Branch	2023.05.31
Replacement of external DNS server	2023.05.31
Introduction of "U.S. Stock Real-time Quote" to the Cloud Accounts Center	2023.05.31
Introduction of cloud conditional order - day-trade conditional order	2023.05.31
Development of business process management (BPM) system	2023.06.19
Establishment of gateway block against target attack	2023.06.20
Planning for paperless futures multi-account opening over securities counter	2023.06.30
Upgrade of Line account functions	2023.07.04
Electronic service for OTC products	2023.07.31
Intelligent customer service system expansion (hardware)	2023.07.31
Development of CQG data source and trade line	2023.09.12

Self-developed systems	Launch time
service	
"Online Account Opening" (3 accounts in 1 application)	2023.09.20
Replacement of electronic transaction firewall at Dunnan Branch	2023.09.30
MasterLink Special APP (securities)	2023.10.31
SYSTEX CTOR trade report system	2023.10.31
Construction of a new stock deposit platform	2023.11.10
Digital office project	2023.11.30
New system of Taiwan Futures Exchange for the second half of 2023	2023.12.18
Replacement of overseas securities closing price & Corporate Action for sub-brokerage service	2023.12.31

3. R&D Plans for the Future

R&D Investments, Plans and Progress in the Upcoming Year

R&D Plans in the Past Year	Current progress	Additional R&D expenses required	Time expected to complete mass-production	Key factors affecting the success of future R&D
OU Investment APP	5%	About 11.05 million	2024.11	Newly planned functions include: 1. Quotation, trading, and account inquiry for domestic futures, options, and foreign futures. 2. Quick trade for securities and futures. 3. Innovative features and functions.
Version update for "cloud conditional order"	5%	About 4 million	2024.11	The new UI/UX for the cloud conditional order system introduced a technical indicator-based marking-to-market function that raises the competitiveness of cloud conditional orders. Conditional order functions can also be integrated with multiple platforms through the use of API.
Development of "Mobile e-statement System"	5%	About 6 million	2024.11	1. Provides a wide range of e-statement and e-document services with optimized mobile UI/UX for improved customer experience. 2. Integrates the electronic trading system, thereby allowing customers to inquire at any time without installing additional software. 3. Saves encryption, decryption, and transmission expenses of charged by third-party business parter. 4. Obtains remarketing and optimized data.

(V) Short and Long Term Business Development Plans:

The Company will aim to utilize advantages of its existing channels to explore potential values and create synergies for the group in a safe, legal and profitable manner, and thereby contribute to the profitability of the entire financial group. Major Long-term and Short-term Business Plans as follows:

1. Long-term Business Plans

   The company takes the long-term development strategy of improving operating efficiency, expanding market profit sources, optimizing digital experience, stabilizing investment income, and promoting ESG development.

2. Short-term Business Plans

(1) Increase customer service capacity and build a service-oriented brand image

- ●Implement tiered services and build a service-oriented brand image
- ●Train a team of elites that is competent at expanding the size of customers who have the quantitative trading needs
- ●Form strategic alliances and work with business partners in a mutually beneficial manner
- ●Leverage the group's cross-selling advantage by referring active customers

(2) Expand diversified income business and raise service income level.

- ●Grow sub-brokerage and wealth management services, and increase revenues from securities lending
- ●Source cases from potential industries and strive to extend service to customers' group members
- ●Leverage group resources for improved underwriting capacity

(3) Optimize the digital promotion model and build customers' brand identification

- ●Expand the types of accounts that can be opened online and optimize the digital platform with distinctive features
- ●Identify customers' needs through data analysis and increase the effectiveness of precision marketing
- ●Increase MasterLink's brand value through social media interactions

(4) Adjust position trading strategy to construct a stable return position

- ●Capitalize on the business opportunities of interest rate cut and refine existing trade strategies
- ●Make complementary allocation of stocks and debts to increase the stability of income from holding positions
- ●Optimize product platform functions and widen the differentiation of options issued

(5) Strengthen the benefit of investment and expand business profit.

- ●Grow the size of assets under discretionary investment and research for digital transformation
- ●Grow the size of futures brokerage and optimize returns on proprietary trading

(6) Enforce fair customer treatment practices and explore sustainability-related opportunities

- ●Build a culture of sustainability and fairness, and raise directors' sustainability awareness
- ●Empower shareholders and promote inclusive finance education

Shin Kong Investment Trust (SKIT):

(I) Scope of Business:

1. Main Business:
   (1) Securities investment trust service
   (2) Discretionary investment services

(3)Securities investment consultancy service
(4)Sale and sole agent of offshore fund
(5)Futures trust business
(6)Other business approved by the authority

2.Weight of Business Activities

Unit: NT$ thousands

Item/Year	2023	
	Operating revenue	Percentage
Management fee income	357,795	98.38%
Commission income	5,133	1.41%
Consulting fee income	771	0.21%
Total	363,699	100.00%

3. New products and services planned for the future

(1) The company will continue targeting publicly offered funds, ETFs, and discretionary investment accounts for growth, and will fully support the group's efficiency improvement initiatives. Through collaboration with channel partners and by identifying customers' needs, the company will focus on providing products that are highly receptive to the market and related asset allocation solutions.

(2) ETF product lines will be expanded to cover not only ETFs of popular stocks, but also new bond ETFs.

(3) Ongoing optimizations will be made to the way internal channels cooperate, so that each subsidiary can better contribute its advantage, and that the investment trust enterprise can focus on its specialty of providing more investment-related information and more diverse range of investment products. Furthermore, the company will organize various campaigns and explore ways to integrate with the group's abundant resources to create an all-round investment or retirement planning platform.

(4) Increase the number of channel partners, and expand the customer base in a diversified way, so as to increase the Publicly Offered Fund sales and ETF cross-selling opportunities, and then accumulate the number of customers and the overall asset management scale.

(II) Operational plans for the year

Looking forward to 2024, SKIT will continue to adhere to its principle of "stabilizing investment performance and persistent growth" as the main theme, and strive to strengthen profit-making capacity so as to facilitate the steady growth of the company's earnings.

1. Through close monitoring of the equity and debt markets, SKIT will focus on developing equity ETFs and mutual funds that are capable of delivering consistent performance, and strive to deliver fund performance according to the 4-4-3-3 rule for consistent growth in terms of assets under management. Meanwhile, attention will also be directed toward the control of investment risks.

2. Strengthen collaboration with fund custodian banks, including state-owned and private banks, to create collaborative opportunities for new funds as well as sales opportunities for existing funds.
3. Raise the intensity of digital marketing efforts to appeal to the younger audience, and aim to increase the number of product beneficiaries.
4. Continue working with life insurance companies for the promotion of discretionary investment-oriented insurance products, and therefore increase the size of assets under discretionary management

(III) Industry overview

As at the end of 2023, the 38 domestic investment trust companies had NT$9,655.4 billion of assets under management, including NT$6,736.1 billion from publicly offered funds, NT$32.6 billion from private equity funds, and NT$2,886.7 billion from discretionary investment arrangements (including consultancy contracts that empower consultants to decide on the use of customers' assets). The total size of assets under management had increased by NT$2,169.6 billion or 29% from the NT$7,485.8 billion at the end of 2022. The 38 investment trust companies publicly issued 1,032 funds in total, and 26 of which were offered by SKIT, representing a size of approximately NT$68.4 billion and a market share of 1.02%.

(IV) Research and development

1. Capitalize on investment cyclicality as a way to improve investment performance.
2. Promote equity ETF as a means to attract investors.
3. Target young customers and intensify digital marketing efforts as a way to improve sale of fund products.
4. On the basis of the group’s cross-selling plan,SKIT will understand the general investment public’s needs and introduce products that accord with market trends, and in doing so upscale the assets under management (AUM).

(V) Long and short-term business plans

1. Short- and Medium-term Business Plan
   (1) Maintain consistent performance and enhance competitiveness; improve asset management capacity and create group synergy.
   (2) Optimize the company's role as product and service provider; satisfy customers' asset allocation needs; and drive growth of fund size.
   (3) Commit resources into high-quality funds of good market potential and strengthen SKIT's brand image.
   (4) Implement the cross-selling plan of SKFH, and improve the performance of all discretionary investment accounts.

2. Long-term Business Plans
   (1) Create the value for assets held in trust assets through steady performance; establish brand foundation, strengthen brand style, achieve optimal visibility in the

market, and effectively strengthen market competitiveness; deliver fund performance by following the 4-4-3-3 rule.

(2) Advocate regular investment plans and ETF savings to appeal to the young audience; earn recognition from small-cap investors, promote early commitment to investment and saving, and establish SKIT as the preferred investment partner.

Shin Kong Property Insurance Agency Co., Ltd. (SKPIA)

(I) Scope of Business:

1. Main Business:
Mainly a property insurance agency.

2.Weight of Business Activities

Unit: NT$ thousands; %

Item/Year	2023	
	Premium revenues	Percentage
Automobile insurance	2,027,721	82.0
Fire insurance	178,814	7.2
Other insurance	267,148	10.8
Total premium revenues	2,473,683	100.00

3. New products and services planned for the future

Automobile insurance has been the main business activity for SKPIA. In an attempt to grow non-automobile services, the company has designed product packages that are suitable for small stores, which makes it more convenient for customers to apply for insurance. In addition, SKPIA has purchased new computer equipment to improve the efficiency of the operating system, and plans to build a mobile insurance system, so that salesmen can make product planning and quotation for customers in real time, thereby improve service quality and market competitiveness.

(II) Operational plans for the year

The operation of SKPIA in 2023 maintained a steady growth, with operating revenue reaching NT$478.38 million, earnings after tax reaching NT$79.91 million, EPS reaching NT$79.91, and return on equity reaching 72.21%. Premium revenues totaled NT$2.473 billion; 82.0% of which were attributed to automobile insurance while fire insurance accounted for 7.2%.

SKPIA will focus on building a new core system in 2024 to improve administration efficiency, and aims to cooperate with multiple life insurance companies to broaden product diversity. In addition to automobile insurance, the company will also take the initiative to grow non-

automobile services for total improvement in business volume. Business plans are detailed below:

1. Create a new core system for improved administrative efficiency
(1) The existing core system is too outdated to support the company's business volume, and a new core system will be created to support the company's ever-expanding business volume.
(2) The existing core system could only be connected to one non-life insurance company, and given the company's plan to collaborate with multiple non-life insurance companies, the new core system has been designed to connect multiple non-life insurance companies at the same time.

2. Actively coach the exam photos and improve the passing rate.
(1) Compile a simplified version of the teaching material, save the time of the salesman who takes the exam, and improve the passing rate with the help of online learning system.
(2) Start classes regularly according to the test schedule, and coach life salesmen to obtain property insurance licenses to improve performance and production energy.

3. Expand non-automobile service as new business driver
(1) SKL already offers group accident insurance to institutional customers; by providing training related to corporate group insurance, the company is able to serve existing institutional customers while at the same time explore new institutional customers.
(2) By offering packaged products to DM-type stores through other channels, the company is able to serve small-size merchants quickly and precisely.

4. An open non-life insurance company with diverse products
(1) The Company will cooperate with multiple life insurance companies at the same time to avoid being limited in service and product offerings.
(2) Broaden product variety for improved market competitive advantage.

5. Train part-time lecturers and upgrade education and training.
(1) Trained as a part-time lecturer, serving as a promoter of property insurance business in various places.
(2) Recruit part-time instructors to expand the instructor team.

6. Auto insurance consultation center, strengthen logistics service
Shin Kong Property Insurance Agency set up an "automobile insurance consulting service center" to hire experienced professionals to provide consulting services for channel salesmen as a strong backing for attracting business.

(III) Industry overview

Taiwan is over-crowded with insurance brokers and agencies. There were 727 participants at the end of 2022 (including 192 non-life insurance agencies, 60 life insurance agencies, 30

agencies engaged in both life insurance and non-life insurance, and 445 insurance brokers; the statistics include natural persons and corporate entities) that contributed NT$61.5 billion of written premiums on non-life insurance policies, representing 27.82% of total premiums in Taiwan's non-life insurance market. This significance indicates insurance agency/brokerage as a highly competitive yet attractive business.

Premium revenues from non-life insurance between January and October 2023 totaled NT$205.4 billion, an increase over the NT$221.2 billion reported for 2022. Among them, automobile insurance (including arbitrary automobile insurance and compulsory automobile and motorcycle liability insurance) premiums accounted for 49.99% of the total direct charge premiums, followed by other property insurances at 27.57%(including engineering insurance, liability insurance, Credit and Guarantee Insurance, Personal Injury Insurance, Health Insurance and other) and the rest were fire insurance (including residential earthquake insurance) at 17.49%, marine insurance at 4.48% and aviation insurance at 0.45%.

Statistics have indicated an increasing demand for insurance brokers and agencies due to consumers' rising protection awareness, increasing demand for consultative service, and ongoing deregulation of the insurance market. However, this demand also invites competition.

(IV) Research and development

Looking forward into the future, SKPIA will continue to develop new type of products and new education and training patterns, and improve the professional capacity of the business staff in various subsidiaries of SKFH, as well as assisting their career development.

In the upcoming year, SKPIA will also strive to deliver its best performance and maximize the synergy of resource sharing and integrated marketing within the financial group.

(V) Long and short-term business plans

1. Short-term plan:

Create a new core system for improved administrative efficiency. The company will continue growing its existing automobile insurance service, while at the same time take the initiative to grow non-automobile services for total improvement in business volume.

The company will aim to increase the number of registered sales representatives, train part-time instructors, and support these efforts with sales campaigns and incentives to improve competitiveness of its sales team.

2. Long-term plan:

(1) Cooperate with multiple non-life insurance companies, and explore new channels outside the financial group to broaden business reach.

(2) Continue development of new products to grasp new opportunities in the market.

Shin Kong Venture Capital (SKVC)

(I) Business Activities:

1. Main Business:

(1) The Company founded “Shin Kong Leasing (Suzhou) Corp.” and assisted in the subsidiary's growth.

(2) The Company invests in companies with promising prospects or potentials, and profits from such investments.

2. Weight of Business Activities

Revenue percentage of Shin Kong Venture Capital in the last two years

Unit: NT$ thousands; %

Item/Year	2022		2023	
	Operating revenue	Percentage	Operating revenue	Percentage
Investment income accounted for using equity method	49,737	44.14	64,432	48.53
Interest and dividend revenue	24,190	21.47	24,842	18.71
Other revenue	38,765	34.40	43,487	32.76
Total	112,692	100.00	132,761	100.00

(II) Operational plans for the year

1. Looking at the industrial trend and extending the scope of investment

In order to gradually expand the scale of venture capital, adjust the investment portfolio, and continuously lay out investment targets with growth potential, so as to enhance the investment income of venture capital. Investments will focus on emerging industries that offer growth prospects, such as high-end technology and artificial intelligence, digital transformation and information security protection, circular economy and bio-medicine, and the technologies needed for the financial group to undergo digital transformation. Areas of particular focus will include AI, sustainable and responsible investment, bio-medicine, ESG, and sustainable development. In addition, we will cooperate with international venture capital funds and private equity funds to extend investment to foreign startup businesses.

2. Build high-quality assets, and the business grows steadily

Shin Kong Leasing's target customers are small and medium-sized enterprises in East China and South China, taking risk control as the highest principle, steadily building and improving business momentum, and intensively cultivating regions, industries and customers. In response to the slowdown in the growth of the Mainland economy, the company will shift its attention to industries involved in the production of living necessities and environmental

protection equipment that are less affected by economic cycles in 2024. The company will also seek to broaden the number of industries and the size of business activities, while at the same time train talents and adjust HR strategies to support organizational growth and new branch establishments. In addition, we will continue to strengthen risk control, improve the professionalism and efficiency of business audit, reduce the occurrence of default cases, and actively carry out legal enforcement of bad cases and creditor's rights negotiation to effectively recover creditor's rights.

(III) Industry overview

According to the statistics published by Taiwan Venture Capital Association (TVCA), Taiwan had 303 local venture capital investment companies (excluding limited partnerships) at the end of June 2023, which was 11 more compared to the end of August 2022 and indicated more active investment activities than ever before.

Furthermore, according to Taiwan Venture Investment Trends Annual Report 2022 published by Taiwan Institute of Economic Research, there were a total of 2,373 early investments in Taiwan between 2015 and the first quarter of 2022, with transaction sum amounting to US$8.35 billion. The number of new early investments peaked at 433 in 2019 and had since declined in 2020 and 2021, down to only 353 cases in 2021; however, the size of which has increased significantly from US$0.79 billion in 2019, US$1.27 billion in 2020 to US$2.35 billion in 2021, representing an annual growth rate of 84.7%. 74 early investments with a sum of US$0.61 billion were made in the first quarter of 2022. If we narrow down to businesses that were incorporated after 2010, the number and amount of venture investments between 2019 and 2021 exhibited a trend similar to the early investments described above, with 370 cases (US$0.72 billion) in 2019, 350 cases (US$1.02 billion) in 2020, and 326 cases (US$1.91 billion) in 2021; the amount of transaction as a percentage to early investments were 91%, 80%, and 81% for the respective years. 69 transactions with a total of US$0.49 billion were completed in the first quarter of 2022.

With regards to the areas of investment, venture capital investors generally favored: innovative services with viable solution, healthcare and blockchain of high professional background, and energy industry with ESG theme. In the energy industry, investors prefer businesses that are able to benefit from the government's green energy technology innovation support program. This program introduces three major visions: "green energy-driven," "industry development," and "technology innovation" and proposes four main themes, namely "energy generation, energy storage, energy conservation, and system integration," through which the government hopes to further increase renewable energy capacity by 2025. The government also announced its roadmap for 2050 net zero in March 2022, which not only outlined solar power and offshore wind power as the main sources of green energy, but also set goals to have renewable energy account for 60%-70% of total power generation by 2050. With this policy in place, the green energy industry may exhibit significant growth over the next 3 years. The introduction of ChatGPT at the end of 2022 has had a profound impact on the world, and made

AI-related startups the center of attention for many venture capitalists.

(IV) Research and development

The Company will pay close attention to the development of the start-up industry and explore potential investment opportunities by participating in the start-up ecosystem and investing in private equity funds, venture capital funds, etc. The Company will also leverage resources of the financial holding group and explore opportunities for start-ups investees to engage affiliated subsidiaries in business collaborations for increased profitability.

(V) Long and short-term business plans

1. Short-term plan

(1) Focus on investments that offer growth potential; escalate the intensity of industry research, investment assessment, post-investment management, and risk management and adjust portfolios as deemed appropriate; direct attention to viable and under-valued companies on the Emerging Stock Board, TWSE, and TPEx and make ongoing optimizations to the investment portfolio.

(2) Supervise over business activities of the leasing subsidiary to tighten the control of asset quality and take consistent steps toward achieving profit.

2. Long-term Plan

(1) Target the 9 trending industries and look for new startups that offer innovative and viable technologies, ideas, business models etc.; associate the technologies needed for the financial holding company to undergo digital transformation with international venture capital funds (VC Funds) and private equity funds (PE Funds), and invest accordingly.

(2) Shin Kong Leasing will develop regional centers with its operating bases in East China and South China, establish a high-yield customer base, develop new industries (such as construction machinery and environmental protection equipment) according to market demand, and increase business sources. Shin Kong Leasing will escalate the intensity of its recruitment efforts to build a stronger sales force/production line/risk control personnel and support their sales efforts through enhanced training in order to cultivate talents and prop up business momentum. Also, the Company aims to raise business momentum and employees' retention rate and enforce the performance evaluation system to reserve talents for business development in the future.

II. Cross-selling and joint marketing:

SKFH actively supports the development of a joint marketing platform and adopts a data-driven approach to uncover customers' needs. SKFH also offers strategic products to meet customers' needs at various stages in life, and strives to create synergies through cross-selling between subsidiaries.

Even though performance of the global economy was hindered by political and economic factors such as geopolitics, inflation, and rate hikes in 2023, SKFH still reported a 20% increase in cross-selling to a sum of NT$3.2 billion, which affirms subsidiaries as productive channels and shows their ability to respond quickly to market changes and customers' needs.

Of all the cross-selling and business referrals that had taken place within the financial group in 2023, the bancassurance channel delivered the highest growth, as the percentage of first-year premiums on life insurance policies sold through SKB had increased from 35% to 58% of total life insurance policies, and the amount of premiums collected on policies sold through SKB with tenor of 6 years or longer had also increased by 38%. Meanwhile, SKL and MasterLink Securities contributed 33% of new credit cards approved by SKB; SKL and SKB contributed 45% of new securities trading accounts opened at MasterLink Securities; SKL reported a 60% growth in investment-linked insurance policies that are linked to SKIT's discretionary accounts; and SKB and MasterLink Securities helped sell SKIT's funds to a 36% growth. The insurance, banking, and securities subsidiaries have played a critical role in cross-selling, and each subsidiary has contributed its own product and channel advantage to grow business for the entire group.

2024 should present even more challenges given the uncertainties of the global economy and tightening regulations. SKFH will continue adhering to its a customer-centric philosophy and adopt a sales strategy that focuses on offering high value-adding products that fully satisfy customers' insurance needs. In addition, the Company will strengthen the collaboration between SKB and MasterLink Securities to further improve product penetration and customers' attachment, thereby increase customers' revenue contribution and maximize cross-selling synergy.

III. Market and Business Overview:

SKFH

(I)Locations where products (services) are mainly sold (provided):

The Company sells (provides) products (services) mainly in Taiwan.

(II)Future market supply and demand:

On the supply side, there are currently too many financial institutions in Taiwan, which will intensify competition after internet-only banks joined the market. To meet customers' one-stop shopping needs, SKFH provides customers with diversified financial services and products through the integration of its subsidiaries, and supports the financial technology-related policies promoted by the competent authority, hoping to establish a friendly digital ecosystem. SKFH also seeks to provide customers with excellent experience from convenient applications in different scenarios, meet and solve customer pain points, deepen customer base and brand value, and lay the foundation for sustainable operation.

On the demand side, in response to the advent of an aging society and a declining birthrate, consumers' demand for financial products and services such as retirement wealth management, insurance planning, and property trust is increasing; coupled with popularization of mobile devices and advance of internet technology and data analysis, we have devised differentiated financial products and digital service. SKFH will continue to innovate on financial services, satisfy the needs of the general public and the enterprises of different type, and include digital transition in our development strategy.

(III)Operational Objectives:

1. Enhance High-Value and New Business Profit Sources: Assisting subsidiaries in boosting high-value and new types of business revenue sources to increase the breadth and depth of business operations.
2. Expand Business Size and Optimize Asset Structure Across Subsidiaries: Expand assets of bank and securities subsidiaries, aiming

to improve the financial holding company's asset structure.

3. Increase Profits, Strengthen Capital Adequacy: Supervise subsidiaries to stabilize profits, enhancing operational performance and capital efficiency.

4. Deepen Cross-Selling Synergies: Optimize cross-subsidiary channel resources for shared customer management, boosting customer engagement efficiency.

5. Increase Digital Revenues, Strengthen Digital Performance: Enhance digital customer engagement and apply new technologies to improve operational efficiency, aiming for growth in digital scale benefits and innovation in digital finance.

6. Implement Corporate Governance, Promote Sustainable Management: Continuously refine corporate governance and ensure business compliance, actively engage in ESG assessments to align with global sustainability trends, and enhance sustainable competitive edge.

(IV)Opportunities and threats:

1. Opportunities

(1)Capital and resource integration within SKFH ensure efficient capital utilization and increase cross-selling synergy.

(2)SKFH offer a comprehensive range of financial products that fit the customers' needs through its subsidiaries, and has the advantage to provide customers with one-stop shopping experience.

(3) Subsidiaries have service locations deployed throughout Taiwan, which provide a strong foundation for penetrating the local market.

(4) The development of AI and data application will facilitate the Company's provision of a more convenient user experience and more precise financial services.

2. Threats

(1)Due to the interactive effects of geopolitical factors, inflation-triggered interest rate hikes, and exchange rate fluctuations, there has been an increase in the uncertainty of business operations.

(2) The challenges of information system integration and information security brought by digital transformation.

(3) Tightening compliance requirements local and abroad present additional cost to financial institutions.

Shin Kong Life Insurance (SKL)

(I)Locations where products (services) are mainly sold (provided):

The Company sells (provides) products (services) mainly in Taiwan.

(II)Future market supply and demand:

On the supply side, the competent authorities have issued the product regulations and reinforced supervision in recent years. To echo this trend, the payment period has been continuously adjusted towards the medium and long term, and the commodity structure has gradually returned to the essence of insurance. Regulatory authorities are promoting inclusive finance and senior-friendly financial policies, advocating for corporate social responsibility, and encouraging the development of spill-over insurance policies. These initiatives are conducive to product innovation and competitive advantage creation. Moreover, mobile technology and big data analytics can be utilized to develop new types of products with spill-over effects or to design enhanced protection products for existing customers.

From the demand perspective, over the past year, the Federal Reserve has rapidly increased interest rates to combat inflation. Furthermore, regulatory authorities announced at the end of November 2023 that starting from January 2024, the reserve interest rates for US dollar, New Taiwan dollar, and Australian dollar life insurance products will be raised. In response to the interest rate increase of the liability reserve, the Company will gradually revise the insurance products or launch new products to reflect the expectations of the policyholders for premium adjustment. Amid the complexity and variability of international relations and ongoing political and economic tensions, the US dollar remains a strong currency in the financial market, with a fundamental demand for dollar-denominated policies expected to persist. Moreover, although the COVID-19 pandemic has subsided and related control measures have been relaxed, the extended impact of the pandemic over three years has heightened public awareness of health risks. This shift is conducive to promoting medical insurance and increasing life insurance coverage. With the average lifespan extending, Taiwan is set to enter a super-aged society by 2025, inevitably leading to a growing demand for retirement financial planning, wealth inheritance, medical care, and long-term care. This trend favors the continuous development of diversified products and the creation of

products tailored to specific demographic groups to meet their needs.

(III)Operational Objectives

1.Ensure Revenue Target Achievement while also Maintaining Proper Capital Levels
2.Improve Business Organization Productivity and Channel Worth
3.Keep Outstanding Customer Experience and Continue Fair Hospitality
4.Aligning with IFRS 17 and ICS to develop the most suitable strategies is essential for promoting stable development.
5.Implement Corporate Governance and Promote Sustainability

(IV)Opportunities and Threats in Future Development:

Due to the rapid changes in various factors such as economy and technology has increased consumers' demand for insurance protection, long-term savings and asset management. Meanwhile, other factors such as low fertility, aging society, digital banking, etc. also have an effect on the market. Future market opportunities and threats are as follows:

1.Opportunities

(1) Longer life expectancy in an aging society and the gradually accepted concept of self-contribution to retirement funds will increase the demand of senior citizens for retirement wealth management, asset inheritance, and medical care products.
(2) Return product design and business promotion back to the essence of insurance promotion, which is conducive to the Company's basic benefit accumulation, stable financial structure, and sustainable operations.
(3) The authority has also relaxed its definition of new life insurance products and shortened the time for reviewing innovative products as a means to encourage product innovation. This support should speed up product development and encourage further innovation, increase product diversification in the market, and provide insurance options for policyholders.
(4) The authority has been active in providing support and making deregulations in response to new financial technologies. Encouragements on digital product and service innovations help create business opportunities and improve service efficiency.
(5) The ten principles of treating customers fairly as prescribed by the

Company are: Principle of Fair and Good Faith Upon Entering into Agreements, Principle of Due Care and Fiduciary Duty, Principle of True Advertisement and Solicitation, Principle of Suitability of Products or Services, Principle of Informing and Disclosing, Principle of Balance between Remuneration and Performance, Principle of Complaints Protection and Principle of the Professionality of Business People, Principle of Amicable Service and Principle of Honest Operation. Based on these ten principles, the Company has formulated its own strategy and corporate culture of treating customers fairly, improved staff's awareness of financial consumer protection and related compliance, so as to win customers' confidence. In 2023, the Company was recognized by the regulatory authority as a top-performing life insurance company within the top 25%, reflecting our commitment to innovation, service, integrity, and giving back. We continue to develop products and services tailored for financially vulnerable consumers (the elderly, individuals with disabilities, and the younger demographic), upholding the principle of fair treatment.

(6) The Company is dedicated to implementing and enhancing anti-money laundering (AML) measures. We have been integrating digital financial innovations, such as RPA (Robotic Process Automation), to help consolidate internal and external resources. Part of this initiative includes the development of an Automated Data Capture Integration System, which led to the Company securing a new domestic patent in October 2023. This use of technology aids in optimizing AML and counter-terrorism financing operations, preventing the laundering of illegal proceeds through our operations and safeguarding the financial security of the public. Throughout 2023, the Company also continued its customer data cleanup incentive project, improving the collection of comprehensive customer information. This enhances the accuracy and effectiveness of assessments of customers' risk of money laundering.

(7) Fintech development roadmap: Cooperate with government policies, actively invest in financial friendly services and practice inclusive finance to establish corporate financial resilience. With the development of industrial competition, the Company will continue to expand and activate digital assets, provide operational support and

improve user experience with the light journey service design. Also, we will promote customers to obtain efficient and high-quality services, and construct the insurance service process optimization and project with high accessibility, high usability and high sustainability.

2.Threats

(1) Following consecutive interest rate hikes in the United States, which have maintained high levels, the persistent interest rate differential between the US and Taiwan has led to increased hedging costs for the New Taiwan Dollar, thereby complicating foreign exchange hedging operations.

(2) Bank savings deposit rates continue to remain relatively high, positioning the life insurance industry in a scenario of negative intermediation. Policyholders are inclined to surrender old policies temporarily shifting to fixed assets for parking funds. Furthermore, inflation has gradually impacted the livelihoods and activities of industries, posing short-term challenges to insurance sales.

(3) In response to the transition to international standards (i.e., International Financial Reporting Standards IFRS 17 and Insurance Capital Society ICS 2.0), the adjustment of the operation strategy, the accounting and actuarial processing, asset allocation, legal compliance, risk control, and other operations are all challenging.

◎Response Measures

(1) Increase the flexibility of using a basket of currency tools; adjust foreign exchange hedging allocations flexibly in response to the international US dollar trends and changes in hedging cost rates.

(2) In face of the interest rate fluctuation in the external market, the Company should focus on the protection and added values of insurance, and continue to launch differentiated guaranteed insurance, long-term care products or medical products to meet the diverse needs of retirement financing, medical care and long-term care. Moreover, we will apply the insurance technology to develop innovative spillover policies, or introduce new thematic products that meet the needs after analyzing customer groups. In response to IFRS 17 and the corresponding ICS 2.0, there will be

ongoing efforts to develop both local and foreign currency insurance policies, focusing on sales of products with high protection components, such as life insurance, wealth inheritance products, health insurance, and riders, preparing for alignment with these standards. The product strategy will return to the essence of insurance, increasing the proportion of medium and long-term premium products to improve the product structure. Additionally, the application of financial technology (for example, upgrading to digital insurance applications or promoting remote insurance applications) will be leveraged to enhance the added value and practicality of products, driving transformation in products, marketing, and customer demographics.

Taiwan Shin Kong Commercial Bank

(I) Locations Where Products (Services) Are Mainly Sold (Provided)

1. Markets areas

Currently, Shin Kong Bank operates 103 branches in Taiwan and established a branch in Hong Kong in May 2011. This branch serves as a platform for servicing overseas customers, meeting their needs for overseas deposits and loans, fund allocation, and wealth management. It also expands the bank's international syndicated loan business. Additionally, Shin Kong Bank has representative offices in both Vietnam and Myanmar.

2. Target markets

The Bank will aim to achieve the following goals in support of the group's operating strategies:

(1) Enhance the functionality of digital technology in financial services by introducing AI-assisted tools to identify and meet the diverse digital financial service needs of customers. Address digital process pain points to effectively boost business efficiency.

(2) Focusing on the OMNI-U digital deposit account as the core, continue to expand the number of effective digital users. Pair this with a diverse digital development strategy to broaden the digital customer base while firmly establishing a foothold among younger demographics. The mobile banking app integrates credit card services and a one-stop loan process. With strict control over the quality of credit assets, actively pursue high-quality customers to increase the bank's substantial

revenue.

(3) Exert the synergy from intra-group integrated marketing, support growth of banking business, expand scale and provide more comprehensive financial service.

(II) Future Market Supply and Demand

1. Supply

At the end of 2023, the balance of all bank deposits was NT$ 48,568.9 billion, an increase of 6.2% compared to the same period in 2022.

2. Demand

In 2023, major countries around the world continued with tightening policies. Although inflation rates have shown signs of cooling, interest rates remain high. The ongoing rise in geopolitical conflicts and risks, along with an increase in international trade protectionism and many other uncertainties, have led international institutions to generally forecast that the global economy will maintain slow growth in 2024 and is expected to experience a soft landing. According to the World Bank's Global Economic Prospects report, the global economic growth recovery in 2024 is still expected to be slow, with an economic growth rate of 2.4%. The Directorate-General of Budget, Accounting and Statistics of the Executive Yuan estimates that the domestic economic growth rate for 2024 will be about 3.43%, an increase from 2023, with an average GDP per capita of USD 33,783.

3. Growth Prospects

Looking into 2024, the global economic growth is not expected to change significantly compared to 2023, but more forecasts suggest a continuation of the slowing growth trend. This is primarily due to the cumulative effect of monetary tightening by major central banks, geopolitical tensions, supply chain fragmentation, and the transition to address climate risks. Domestically, as the global economy undergoes inventory adjustments, Taiwan's exports and investment momentum are expected to warm up with the normalization of global goods trade recovery. Driven by external demand, adjustments to the basic wage, civil servant, military, and teacher salaries, and an increase in the basic cost of living deduction for comprehensive income tax, the disposable income of the public is expected to rise. Consequently, domestic private consumption is anticipated to benefit and continue expanding. In 2024, as global inflation is expected to ease and central banks around the world gradually conclude their interest rate hiking cycles, coupled with the

anticipation that firms' inventories should have been appropriately adjusted in the first half of the year, deferred investments are expected to be stimulated. This is supported by the demand for stocking up on consumer electronics and the continuous expansion of new technology applications, likely aiding in the gradual recovery of Taiwan's export performance as the manufacturing industry's outlook improves. Moreover, with the inflation crisis appearing to ease towards the end of 2023, 2024 is expected to become more stable. However, the Consumer Price Index remains significantly higher than pre-pandemic levels. Uncertainties such as geopolitical risks, post-pandemic labor shortages, and climate risks will continue to add to the volatility of raw material and commodity prices, making it difficult for manufacturers to predict future trends and continuing to affect the pace of global economic recovery.

(III) Business Objectives

Faced with financial markets at present and in the future, the Bank will formulate more active development strategies:

1. Adjust Loan Structure for Profit Growth, Strategically Modify the Loan Portfolio to Securely Improve Earnings
2. Optimize Deposit Structure to Increase Levels, Refine the Deposit Composition to Steadily Raise Deposit Levels
3. Enhance Profit Structure for Non-Interest Income Contribution, Improve the Profit Architecture to Boost the Share of Non-Interest Income
4. Deepen Digital Evolution to Reinforce Cross-Selling, Advance Digital Development to Enhance Cross-Selling Capabilities across the Group
5. Strengthen Talent Recruitment and Training, Focus on Attracting Talent and Advancing Staff Training Programs
6. Adhere to Compliance and Risk Control, Ensuring Fair Treatment
7. Promote Net-Zero Transition for Sustainable Development, Drive the Transition Towards Net-Zero Emissions to Foster a Sustainable Future

(IV)Opportunities and Threats in Future Development:

1.Competitive niche

(1) The fact that the Bank’s branches are widely distributed, mainly located in the Greater Taipei Area where economic activities are very dynamic, justifies a competitive edge for business expansion. With the integration efforts made by SKFH, the Bank is capable of offering customers more diversified financial services, e.g. a portfolio made of insurance, stocks, credit cards, funds, and bonds, which not only meet investors’ needs, but also provides them with one-stop shopping service. Moreover, by utilizing SKFH’s resources, the Bank has improved the efficiency of cross-selling and showcased the benefits of economies of scale and, by mobilizing the quality talent pool, the Bank has enhanced the ability to innovate financially and to research and develop, constantly raising Shin Kong Bank’s competitive niche.

(2) The bank operates 104 branches domestically and internationally, facilitating deep local engagement. By integrating digital and physical branches, it creates an omni-channel service model, offering high-quality integrated virtual and physical services. This extends the service reach to geographically based small and medium-sized enterprises, improving service satisfaction for diverse customer groups and expanding the bank’s revenue network.

2. Opportunities

(3) The government's extension of the three major investment programs in Taiwan has led to a total investment exceeding NT$2.1 trillion. This is expected to continue driving Taiwanese businesses and foreign capital back to Taiwan, encouraging small and medium-sized enterprises to stay rooted in Taiwan, and promoting the domestic industry's upgrade and transformation. It benefits the Bank in expanding corporate finance and wealth management services, further fostering domestic economic development.

(4) Post-pandemic, customers' acceptance of digital finance and demand for contactless services have significantly increased. Additionally, the research and application of emerging technologies such as artificial intelligence and big data, through integrating products, technology, and services, are conducive to expanding the scope of financial services and enhancing customer service experience.

3. Threats

(5) In response to the inflation crisis, the US Federal Reserve significantly raised interest rates multiple times from 2022 to the first half of 2023. The market is expected to remain in a high-interest-rate environment until price stability is re-established. The interest rate hikes have led to a global slowdown in consumer demand, resulting in delayed domestic private investment intentions and sluggish export growth. How the lending business can continue to expand under the shadow of an economic recession presents a challenge.

(6) Affected by the US-China technology war, geopolitical tensions, and ongoing military conflicts, there have been fluctuations in the prices of bulk commodities and an intensification of economic disparities. The global economy is in the process of reshaping supply chain patterns, impacting and testing the strategic resilience and risk management capabilities of various industries. Identifying risks while maintaining stable profits in the banking sector's lending and investment operations has become a significant challenge.

4. Response measures

The Bank’s operating strategies will focus on the following areas: 1. Adjust Loan Structure for Profit Growth, Strategically Modify the Loan Portfolio to Securely Improve Earnings 2. Optimize Deposit Structure to Increase Levels, Refine the Deposit Composition to Steadily Raise Deposit Levels 3. Enhance Profit Structure for Non-Interest Income Contribution, Improve the Profit Architecture to Boost the Share of Non-Interest Income 4. Deepen Digital Evolution to Reinforce Cross-Selling, Advance Digital Development to Enhance Cross-Selling Capabilities across the Group 5. Strengthen Talent Recruitment and Training, Focus on Attracting Talent and Advancing Staff Training Programs 6. Adhere to Compliance and Risk Control, Ensuring Fair Treatment 7. Promote Net-Zero Transition for Sustainable Development, Drive the Transition Towards Net-Zero Emissions to Foster a Sustainable Future the Bank will actively expand business under affordable risks and, through the integration of group resources, maximize the performance and provide a full range of financial services beyond customer expectation to achieve a win-win situation for the Bank and customers.

MasterLink Securities

(I) Locations Where Products (Services) Are Mainly Sold (Provided)

MasterLink Securities Corporation provides products and services mainly in Taiwan; it also provides products and services through domestic and overseas investees.

(II) Future Market Supply and Demand

1. Supply

According to the Taiwan Securities Association, the volume of re-entrusted transactions reached NT$4.48 trillion in 2023, a 21% increase from the previous year. Specifically, the number of investors trading foreign securities through regular savings plans and fixed-share trading plans reached 168,000 accounts, with the cumulative transaction amount reaching NT$17.4 billion. These figures represent significant year-over-year growths of 80% and 90%, respectively, indicating a diversification in the investment methods of Taiwanese people. There's a growing interest in overseas asset allocation and wealth management. In light of this, regulatory authorities are planning to allow brokerage firms to offer foreign currency financing services for the trading of foreign securities and continue to open up innovative products and trading mechanisms. This aims to provide customers with comprehensive asset allocation services to meet a variety of financial management needs.

To support the development of core strategic industries and other innovative sectors, regulatory authorities are planning to integrate the emerging stock market's general board and the strategic new board, opening up a simplified public offering mechanism for all emerging stock companies. In terms of trading systems, restrictions on trading counterparts were relaxed in 2023, allowing general investors to participate. Moreover, it's assessed that from 2024, credit transactions, securities lending, and funds lending will be included in the scope of eligible transactions, effectively concentrating resources to foster small and medium-sized enterprises entering the emerging stock market.

Regarding futures trading, in January 2024, the Taiwan Futures Exchange will for the first time allow the listing of customized Taiwan Index Futures options. The product contracts may extend to individual stocks in the future, which will help increase trading flexibility for investors and futures merchants and meet their transaction needs.

2. Demand

The interest rate hikes in the United States have spurred an investment wave, driving sub-brokerage transaction volumes to new peaks and significantly heightening investors' attention to the overseas re-entrusted market. Sub-brokerage stocks, bonds, and ETFs have all seen simultaneous growth. Amid high interest rates and expectations of rate cuts, the annual increase in overseas bond sub-brokerage transaction amounts exceeded NT$300 billion, marking the highest growth rate.

In recent years, the Financial Supervisory Commission has actively promoted inclusive finance, with financial institutions continually implementing various measures to bridge the digital divide for the elderly and those with disabilities. They also remind the younger demographic to be aware of various investment risks and to implement measures protecting the rights and interests of young people, thereby creating a friendly financial investment environment. With the advancement of financial technology, investing through digital platforms has become increasingly common, raising investors' demands for the convenience, stability, and information security of digital transaction tools. Financial service industries and startups are leveraging technology to innovate and provide a wide array of financial services and products. This approach has narrowed the gap with investors, offering them more investment options. Meanwhile, the development of various information security systems and preventative measures continues, aiming to achieve the goals of implementing inclusive finance and ensuring fair treatment for all.

3. Growth Prospects

In the stock market, benefiting from a gradual global economic recovery and domestic growth driving demand for end products, industry revenues have shown upward momentum, leading to an improved outlook for the stock market. The narrowing interest rate differential between the US and Taiwan has also encouraged continuous inflow of foreign capital, creating new trading dynamics. Furthermore, driven by the AI wave, along with the end of interest rate hikes and the decline in bond yields, technology stocks have been revalued, bolstering investment confidence. This is favorable for the development of the technology sector, attracting investor funds, and injecting new liquidity into the Taiwanese stock market.

In the futures market, amidst global financial market volatility, investors' demand for "risk management" in derivative financial instruments such as

futures and options has significantly increased. The futures market continues to play an essential role in hedging transactions and stabilizing financial markets. Currently, the proportion of nighttime futures trading has risen to over 30%, aligning more closely with international standards. With future developments in futures contracts becoming smaller in size, more diversified, and customized, these changes will better meet investors' needs and bring growth momentum to the futures market.

(III) Business Objectives

1. Improve operational efficiency.

2.Expand market profits.

3.Optimize Digital Experience.

4.Stabilize Investment Profit.

5.Promote ESG development

(IV) Opportunities and Threats in Future Development

1. Opportunities
   (1) The structure of the trading market is getting younger and younger, the petty bourgeoisie regularly “saves petty shares", and the accumulating many investment funds will become a potential strength in the future and inject new kinetic energy into the stock market.
   (2) Securities firms continue to progress towards digital transformation, simplifying manual processes such as account opening and data changes through various online services, enhancing convenience for their clients.
   (3) Taiwan's technology industry chain is comprehensive and holds a pivotal position, contributing to the continual growth opportunities in the capital market.
   (4) Under the premise of controllable risks, regulatory authorities are gradually liberalizing business operations and deregulating, continuing to promote crucial infrastructure for the stable development of the securities market.

2. Threats
   (1) The securities industry is vulnerable to changes in the market climate and laws, with increasingly rigorous regulation, securities firms should

closely observe the environment changes, actively seek new customers and the blue ocean market, and expand their scale and business scope.

(2) In face of the coming wave of digital transformation, securities firms must pay a lot of costs and resources and strengthen information security protection and develop diversified wealth management products to provide investors with safe, fast and all-round financial services.

(3) The low price competition in the market is fierce, which will threaten the stable income when the fee income is still the main source of income for securities firms.

(4) Geopolitical frictions leading to global divisions will diminish the efficiency and effectiveness of production and resource allocation for Taiwan's domestic enterprises, complicating the investment environment.

(5) Operational demands for sustainable development will, in the short term, increase the cost of business promotion and affect operational strategies.

Shin Kong Investment Trust (SKIT):

(I) Locations where products (services) are mainly sold (provided):

The Company sells (provides) products (services) mainly in Taiwan.

By managing the direct sales teams of various subsidiaries of the financial holding company such as life insurance, banking, securities and investment trust, as well as external quality channels such as banks or securities firms, SKIT expands the fund sales business, promote the long-term and mutually beneficial relationship, and establish a good interactive mechanism and the foundation of mutual trust, thereby facilitating the establishment of a strong marketing scope.

(II) Future Market Supply and Demand

1. Taiwan: With inventories at low levels, the economy is waiting for a further rebound in orders for a gradual recovery, with capital focusing on a few themes. Given the resilience of the economy, applications of emerging technologies like AI are expected to develop smoothly, and a gradual economic recovery is anticipated in 2024.
2. United States: The market has seen much volatility after significant gains,

with large technology companies remaining the preferred choice on the trading floor.

(1) The service sector is facing a slowdown, expected to further pressure the labor market, with economic growth continuing to decelerate. However, capital will still focus on the next wave of productivity innovation.

(2) The labor market continues to show resilience, indicating a high chance of a soft economic landing. Currently, non-farm employment remains at a neutral level, with no tightness observed. The downward wage trend remains unchanged, contributing to a continued decline in core inflation. The slowing trend in the job market remains unchanged, aiding in future inflation slowdown.

(3) The market in Q4 2023 reacted early to expectations of rate cuts, with government bond yields rapidly declining at one point. Short-term fluctuations in bond yields have been influenced by inflation noise and resilient employment data. However, the inflation downward trend is clear, and the job market is expected to weaken alongside a slowdown in the service sector. The Federal Reserve's path to cutting rates in 2024 remains relatively clear, and short-term increases in interest rates instead create opportunities for strategic positioning.

3. China: The pace of economic recovery remains slow, with deflation warnings prompting authorities to further introduce policies for stable growth.

   The year-over-year growth rate of imports and exports shows a modest increase, providing some support for the economy. However, the overall economy is still weak, recovering slowly from its low point. The risk of deflation has not been fully eliminated, awaiting further stimulation from new government policies. The key in 2024 lies in the restoration of confidence, as people have yet to fully overcome the fear induced by the pandemic impact.

(III) Business Objectives

Shin Kong Investment Trust is committed to diligently managing every dollar of investors, a stance we steadfastly maintain.

By strengthening channel partnerships and optimizing interactions with institutional clients, we aim to increase our overall assets under management and profitability.

Additionally, we seize opportunities that align product launches with market

demand, differentiating operational models between direct sales and various distribution channels (banks, securities, and life insurance). This approach is primarily to enhance our understanding of each partnership, deepening the product mix requirements at different stages across channels, thereby creating new opportunities for fund collaboration and specialized sales projects for existing funds. Through emphasizing improved service quality and risk management, we continuously meet the diverse financial management needs of our clients. In addition, with the improvement of the digital marketing model, SKIT will progressively establish its brand image in the investment market and allow the investment public to experience our dedication and expertise in asset management.

(IV)Opportunities and Threats in Future Development:

1. Opportunities

(1)SKIT has SKFH's strong resource backing, and has integrated cooperation opportunities among subsidiaries under the cooperation model of managing discretionary investment accounts.

(2)Our stable investment performance and excellent investment team, as well as the diverse active and passive product lines can create a market visibility and capable of attracting large institutional investors or individual investors in the market.

(3)As the theme of retirement is growing, and young people attach importance to wealth management, we can carry out regular fixed investment through diversified digital marketing or channels.

2. Threats

(1)The threat from alternatives: With the continuous launch of financial products, new financial products with strong competitiveness have relatively reduced the investment demand for the fund and eroded the niche of fund products.

(2)Tightening AML and data security requirements cause an increase in operating costs.

Shin Kong Property Insurance Agency Co., Ltd.

(I) Locations where products (services) are mainly sold (provided):

The Company sells (provides) products (services) mainly in Taiwan.

(II) Future Market Supply and Demand:

The general public has become more aware towards property safety, liability and protection due to changes in the economic environment. Under the prevailing market, insurance products are sold solely based on consumers' needs, and it is now a dominant trend for service providers to introduce insurance products that are tailored to customers' needs. Meanwhile, the market is seeing an increasing number of registered insurance agents. For this reason, SKPIA considers its prospects favorable despite operating in a highly competitive industry. Statistics concerning the insurance agency business is presented below:

Unit: NT$ thousands

Year	Number of participants				Number of registered insurance representatives			Written premiums			Market share %	
	Total	Property insurance	Life insurance	Both Property Insurance and Life Insurance	Total	Property insurance	Life insurance	Total	Property insurance	Life insurance	Property insurance	Life insurance
100	316	207	109		81,890	35,924	45,966	329,980,977	26,938,437	303,042,540	23.83	13.79
101	323	212	111		92,237	35,398	56,839	365,548,568	29,743,179	335,805,389	24.69	13.55
102	312	207	105		99,564	43,489	56,075	369,491,298	32,302,601	337,188,697	25.86	13.05
103	312	209	103		112,783	53,894	58,889	369,679,076	37,185,617	332,493,459	28.12	12.00
104	306	202	104		102,620	48,677	53,943	391,946,421	39,846,078	352,100,343	29.27	12.03
105	300	201	99		101,674	53,478	48,196	762,560,257	45,944,720	716,615,537	31.48	22.87
106	291	199	92		78,254	48,968	29,286	860,981,786	49,282,129	811,699,657	31.44	23.73
107	277	193	84		67,687	47,246	20,441	1,038,505,915	50,932,730	987,573,185	30.75	28.12
108	298	195	76	27	187,698	104,995	82,703	1,037,312,059	53,043,505	984,268,554	29.95	28.39
109	292	194	70	28	185,920	102,284	83,636	961,495,748	56,406,793	905,088,955	29.99	28.61
110	282	190	65	27	176,968	96,403	80,565	1,079,079,400	59,792,860	1,019,286,540	28.82	34.31
111	282	192	60	30	171,240	93,206	78,034	836,843,743	61,535,301	775,308,442	27.82	33.21

Source: The latest information from Taiwan Insurance Institute (2023.12.26)

Note: The participant count includes individuals and corporate entities

(III) Operational Objectives:

Through close cooperation with property insurance companies, SKPIA aims to provide trainings and professional services to sales representatives of SKFH channels (Shin Kong Life, Shin Kong Bank, MasterLink Securities) to enhance their professional capabilities, create opportunities for them to contact customers, and assist their career development.

SKPIA's short-term objectives target automobile insurance (including mandatory and optional coverage for cars and motorcycles) and fire insurance. Consideration for the above decision is described as follows:

1. Customers in general own a car and a house and thus have higher demand for automobile insurance and fire insurance.
2. Providing customers with auto insurance and fire insurance services are compatible with the job of sales representatives at each channel.

(IV) Opportunities and Threats in Future Development:

1. Opportunities

(1) Providing customers with property insurance services by utilizing organization and manpower of each SKFH channel not only offers customers more complete insurance planning, but also further promotes the development of their own businesses, and in doing so achieves the cross-selling synergy of SKFH.

(2) Each SKFH channel's nation-wide service offices and customers' increasing demand for property insurance work in favor of business growth.

2.Threats

There are already a great number of insurance brokers and agencies operating in Taiwan, and launch of online insurance services by insurance companies will inevitably impact insurance brokers and agencies. New regulations such as Personal Information Protection Act and Money Laundering Control Act impose additional legal requirements that will push up the operating costs and slash profits of insurance brokers and agencies because they have to establish additional systems to comply with those requirements.

Shin Kong Venture Capital (SKVC)

(I)Locations where products (services) are mainly sold (provided) and Future Market Supply and Demand

1.Taiwan’s start-ups have developed vigorously in recent years and have repeatedly achieved good results in the international arena. According to the Global Competitiveness Reports published by the World Economic Forum (WEF) in 2018 and 2019, Taiwan ranked first in Asia-Pacific for “innovation capability” for two consecutive years, the fourth in the world (after Germany, the United States, and Switzerland), and is regarded as a "super innovator", showing that Taiwan continues to receive international recognition. In recent years, the government has also actively promoted innovation and entrepreneurship. Innovation and entrepreneurship is one of the two major axes of the Asian Silicon Valley Project. Since the implementation in 2016, the project has promoted the vigorous development of Taiwan's new ecosystem, such as attracting internationally renowned accelerators (Techstars and SparkLabs), venture capital (500, Draper and Infinity) to Taiwan, and building international settlements such as Taiwan Tech Arena (TTA) and Linkou New Park.According to statistics from the Taiwan Institute of Economic Research, in 2021, Taiwanese startups received investment amounting to 1.91 billion USD, an 88% increase from 1.02 billion USD in 2020. The growth continued into 2022 with investments reaching 2.22 billion USD, and it is further estimated that in 2023, a new high of 2.42 billion USD will be achieved. The growth trend is quite clear.

2. Shin Kong Leasing has set up business bases in Suzhou and Dongguan, located in the Yangtze River Delta Region and the Pearl River Delta Region, which are the most economically prosperous regions in China. The Company has defined risk control as the highest principle in business, steadily built and enhanced business momentum, intensively cultivated regions, industries and customers, and develops domestic demand and local characteristic industries. Due to its small size and insufficient presence, it faces some competitive disadvantages in its business operations. Moving forward, while steadily expanding its business, seeking the right opportunities to increase operational bases will be crucial for growth.

(II) perational Objectives

1. Shin Kong Venture Capital's development strategy involves gradually expanding its venture capital scale and investing in targets with growth potential, including early-stage and pre-IPO startups. Through strategic allocation of investments at various stages and timely adjustments, the goal is to enhance the investment returns of venture capital. The investment focus is on high-end technology and artificial intelligence, digital transformation, cybersecurity protection, the circular economy, biotechnology, and healthcare industries that show development trends. In line with the digital transformation needs of the financial holding, the focus will be on artificial intelligence, sustainable responsible investment, biotechnology, healthcare, and other related targets, with attention to ESG and sustainable development aspects. Additionally, collaboration with international venture capital funds and private equity funds will be sought to participate in investments in global startups.

2. Shin Kong Leasing will continue to expand its business base, increase its credit assets and improve its business promotion efficiency. Refine and continually enhance the information system infrastructure to streamline the credit approval process for increased efficiency, manage case quality, and improve case profitability, aiming for a stable improvement in both quality and quantity. HR strategies should align with organizational development, employing diverse recruitment channels, conducting industry reviews, and cultivating key talents. Reviewing and adjusting employee performance management and development systems is essential to reserve human resources for future organizational expansion and the establishment of new bases.

(III) Opportunities and Threats in Future Development

1. Opportunities

(1) The development of emerging technology applications such as flexible batteries, generative AI, sustainable aviation fuels, wearable plant sensors, and AI-assisted medical treatments is driving the vigorous growth of various industries. Coupled with the government's active promotion of industrial innovation and upgrading, the continuous expansion of innovation hubs, support for startups, and increased venture capital investment opportunities are being pursued.

(2) The Chinese Mainland will promote the transformation and upgrade of enterprises, promote the equipment upgrade and replacement at small

and medium-sized enterprises, and provide financing support for them through financial leasing in this regard.

(3) The banking industry in China has long neglected small and medium-sized enterprises, making it challenging for these businesses to find financing channels. Although financial leasing companies have joined the competition and aggressively competed on price, their relatively weaker risk management capabilities mean there is still room for development in the financing leasing sector.

2. Threats

(1) Taiwanese startups generally lack experience in global markets, which limits the variety and scope of their business activities. Due to the increase of innovative competitions in recent years, many innovators have become too invested in winning competitions that diverted their attention from growing their business. Furthermore, new startups have the tendency of being overestimated.

(2) China still lacks reliable disclosure of business credit information, which makes borrower credit assessment rather difficult. Furthermore, interpretation of laws and enforcement standards tends to differ from location to location, which often results in time-consuming litigations when collecting debt across different regions. Employees of the financial leasing business are expected to possess financial and equipment knowledge at the same time. The continuous participation of new financial leasing companies has resulted in hard talent recruitment and a high turnover rate.

(3) Taiwanese leasing companies find it challenging to obtain credit lines from local banks in China and currently rely heavily on credit lines provided by Taiwanese banks' branches in China (domestic debt) and by banks in Taiwan for use in China (foreign debt). Recently, due to Taiwan's regulatory control over exposure amounts to China, the difficulty of applying for credit lines has increased, which may impact future business expansion.

IV. Employee Profiles

(I) SKFH

1. Analysis on Employees of the Most Recent Two Years

Year		2022	2023	February 29, 2024
Number of employees	Head office	110	113	115
	Branch unit	0	0	0
	Total	110	113	115
Average age		42.11	43.88	43.67
Average years of services		11.85	12.48	12.45
Education spread ratio(%)	Doctoral degree	0.91	0.89	0.87
	Master degree	48.18	50.44	50.43
	College degree	50.00	46.90	46.96
	High school degree	0.91	1.77	1.74
	Below high school	0.00	0.00	0.00
Professional certificates held by employees	Corporate Sustainability Management	0	6	7
	U.S. Fellow Society of Actuaries (FSA)	1	0	0
	U.S. CPA	1	1	1
	Certified Public Accountant	2	2	2
	Lawyer(s)	3	2	2
	Underwriter Qualification Exam	1	5	5
	Claims Personnel Qualification Exam	2	4	4
	Administration Personnel for Life Insurance	6	5	5
	Fellow of Life Management Institute (FLMI)	6	8	8
	Certified Internal Auditors (CIA)	4	4	4
	Certified Financial Analyst (CFA)	1	0	0
	Certified Information Systems Auditor (CISA)	1	1	1
	Certified Financial Planner (CFP)	2	5	5
	Certified Anti-Money Laundering Specialist (CAMS)	2	1	1
	Certified Information Systems Security Professional (CISSP)	2	1	1
	Lead Auditor of Information Security Management Systems (ISO 27001)	3	1	1
	EC-Council Ethical Hacking	2	1	1
	Certified Securities Investment Analyst	3	4	4
	Internal Auditor	4	5	5
	Proficiency Ability Test for Basic Bank Lending Personnel	9	9	9
	Professional Capacity Test for Basic Foreign Exchange Personnel	4	7	7
	Proficiency Test for Financial Planner	11	12	12
	Proficiency Test for Trust Operations Personnel	29	31	31

	Senior Securities Specialist	11	10	10
	Securities Specialist	9	11	11
	Proficiency Test for Investment Trust and Venture Capital Operations Personnel	10	10	10
	Futures Specialist	4	6	6
	Proficiency Test for Stock Affairs	2	4	4
	Proficiency Test for Bonds	2	3	3
	Life Insurance Agent	1	1	1
	Property insurance agency	2	1	1
	Real Estate Agent	1	0	0
	Personal Insurance Representative	30	32	32
	Property insurance representative	23	27	27
	Qualification Test for Investment-linked Product Representative	14	21	21
	Test for Non-Investment Linked Insurance Product Paid in Foreign Currency	17	23	23
	Basic Capacity Test for Corporate Internal Control	3	3	3
	Test for Internal Control and Internal Audit of Banks	25	23	23
	Corporate Risk Manager	1	0	0
	Bookkeeper	1	1	1
	Software Engineering Technician	2	2	2

2. Licenses Acquired by Personnel Related to Financial Information Transparency:

Nature	Number	License	Number of License
Finance and Accounting Personnel	22	Certified Public Accountant	1
		Bookkeeper	1
Internal Auditor	9	Certified Public Accountant	1
		U.S. CPA	1
		Internal Auditor	5
		Test for Internal Control and Internal Audit of Banks	2
		Certified Internal Auditors (CIA)	4
		Certified Information Systems Auditor (CISA)	1

3. Employee Education and Training

In addition to actively encouraging employees to participate in training courses held by external financial institutions and other professional training institutions, the Company also cooperates with subsidiaries and stipulates internal training courses and online learning courses for the education of employees in order to improve their professional capacity. The long-term goal is to improve productivity and efficiency and the overall competitiveness of the Company. The employee educational training courses and statement of training expenses in 2023 is shown in the table below:

Item	Number of trainees
Professional Technology	2,399
Audit, Compliance, Risk Control, Information Security	246
Amount of expenditure in 2023	NT$ 2,395,799

(II) Shin Kong Life Insurance (SKL):

Year			2022	2023	February 29, 2024
Number of employees	Head office		1,801	1,807	1,819
	Branch unit		7,960	7,563	7,378
	Total		9,761	9,370	9,197
Average age			43.3	43.5	43.6
Average years of services			8.7	8.8	8.7
Education spread ratio(%)	Doctoral degree		0.04	0.04	0.03
	Master degree		7.56	8.04	8.12
	College degree		53.69	54.69	54.72
	High school degree		35.26	34.32	34.31
	Below high school		3.45	2.91	2.82
Professional certificates held by employees	Actuary		3	5	5
	Fellow Society of Actuaries (FSA)		6	9	9
	Associate of SoA (ASA)		17	16	17
	Certified Financial Analyst (CFA)	Official	13	11	11
		Level 3	1	1	1
		Level 2	6	6	6
		Level 1	12	9	9
	Securities Investment Analyst		41	35	35
	Futures Trading Analyst		2	3	3
	Financial Risk Manager (FRM)		15	15	15
	Certified Public Accountant		8	5	5
	Lawyer(s)		10	7	7
	Architect		1	3	3
	Real Estate Appraiser		1	1	1
	Certified Commercial Investment Member (CCIM)		2	2	2
	Certified Financial Planner (CFP)		39	40	40
	Certified Internal Auditors (CIA)		6	6	6
	Internal Auditor		6	5	5
	Certified Information Systems Auditor (CISA)		6	6	6
	Insurance Assessor for Life Insurance		290	292	292
	Certified Life Underwriter (CLU)		1	1	1

Year		2022	2023	February 29, 2024
	Claim Adjuster for Life Insurance	275	271	271
	Administration Personnel for Life Insurance	80	80	80
	Fellow of Life Management Institute (FLMI)	87	78	78
	Life Insurance Agent	14	13	13
	Life insurance broker	140	128	128
	Property insurance agency	9	8	8
	Property insurance broker	6	5	5
	Project Management Professional (PMP)	29	29	29
	Corporate Risk Manager	2	2	2
	Personal risk manager	3	2	2
	Associate, Customer Service program (ACS)	5	5	5
	Proficiency Ability Test for Basic Bank Lending Personnel	100	94	94
	Proficiency Test for Financial Planner	178	163	163
	Proficiency Test for Trust Operation Personnel	372	342	342
	Test for Internal Control and Internal Audit of Banks	155	142	142
	Professional Capacity Test for Basic Foreign Exchange Personnel	17	15	15
	Senior Securities Specialist	107	101	101
	Securities Specialist	91	86	86
	Investment Trust and Consulting Representative	92	86	86
	Futures Specialist	67	67	67
	Bill Finance Specialist	7	5	5
	Stock affairs specialist exam	5	5	5
	Professional Capacity Test for Bond Specialist	28	27	27
	Professional capacity test for foreign exchange	2	2	2
	Professional capacity test for debt collector	9	8	8
	Professional capacity test for basic asset securitization	13	12	12
	IBM Certified Database Associate	1	1	1
	IBM Certified Database Administrator	1	1	1
	Sun Certified Programmer for Java (SCJP)	4	4	4
	Sun Certified Web Component (SCWCD)	2	2	2
	Information Service Manager (ITIL V3 Foundation)	4	4	4
	CompTIA Project+ Certification	4	4	4
	Lead Inspector for IT Safety Management (ISO 27,001)	18	19	19
	Employee Remuneration Manager	10	8	8
	Performance Manager	9	9	9
	Personnel Recruit Manager (Talent Recruitment and Retaining Manager)	4	3	3

Year		2022	2023	February 29, 2024
	Willis Towers Watson global grading certification (Grading Specialist (Willis Towers Watson Global grading System GGS))	11	11	11
	Training Development Manager (Talent Development Manager)	17	16	16
	Competency Manager	5	4	4
	Labor Laws and Regulations Manager	8	8	8
	Strategic HR Manager (HR Strategic Partner Certification)	3	3	3
	CARDSORT Competency Analyst	4	4	4
	Labor and Health Insurance and Labor Standards Act Specialist	24	24	24
	Employee Relations Manager	3	3	3
	HR Costs Manager	2	2	2
	Basic Capacity Test for Corporate Internal Control	43	42	42

(III) Shin Kong Bank (SKB)

Year		2022	2023	February 29, 2024
Number of employees	Head office	1,623	1,504	1,444
	Branch unit	2,178	2,379	2,370
	Total	3,852	3,883	3,814
Average age		42.22	42.63	42.85
Average years of services		11.31	11.29	11.54
Education spread ratio(%)	Doctoral degree	0.10	0.13	0.16
	Master degree	14.93	15.34	15.21
	College degree	79.39	78.65	79.18
	High school degree	5.50	5.79	5.37
	Below high school	0.08	0.09	0.08
Professional certificates held by employees	Certified Internal Auditors (CIA)	1	1	1
	Financial Risk Manager (FRM)	8	6	6
	Certified Financial Analyst (CFA)－Level 1	2	0	0
	Certified Anti-Money Laundering Specialist (CAMS)	70	63	63
	Certified Financial Planner (CFP)	32	38	36
	Passing Certificate of AFP General Subjects	31	33	31
	The Bar Certification and License	3	1	1
	CPA Certification and License	2	3	3
	Financial Management Associate (FMA) Certification	1	52	52
	Financial Management Associate Plus (FMA+) Certification	5	35	485
	Certified Scrum Master (CSM)	49	3	2

Year		2022	2023	February 29, 2024
	CSPO (Certified Scrum Product Owner) Scrum Master Certification	20	2	2
	Financial Technology Knowledge Verification Test	261	387	380
	Test for Internal Control and Internal Audit of Banks Qualification Certificate	3,300	3,272	3,228
	Qualification Certificate of Professional Capacity Test for Basic Foreign Exchange Personnel	602	610	603
	Qualification Certificate of Professional Capacity Test for Basic Credit Personnel	1,204	1,215	1,225
	Professional Capacity Test for Advanced Credit Personnel	21	21	21
	Proficiency Test for Trust Operation Personnel	2,549	2,544	2,540
	Qualification Certificate of Proficiency Test for Financial Planner	434	413	411
	Structured/Derivative Financial Product Sales Staff Qualification Test	1,285	1,271	1,322
	Qualification Certificate for Life Insurance Broker	3	2	2
	Qualification Certificate for Life Insurance Agent	5	6	6
	Qualification Certificate of Personal Insurance Representative Test	2,755	2,739	2,733
	Non-investment-oriented Personal Insurance Eligibility and Payment of Foreign Currency Licenses	1,664	1,655	1,642
	Qualification Test for Investment-linked Product Representative Qualification Certificate	1,435	1,423	1,408
	Qualification Certificate for Property Insurance Broker	2	3	3
	Property insurance representative	210	1,951	1,935
	Qualification Certificate of Proficiency Test for Bond Specialist	27	22	24
	Securities Investment Analyst Professional Subjects Certificate of Test Qualification	15	12	12
	English Proficiency Certificates (IELTS, TOEFL, TOEIC)	1,427	1,442	1,308

(IV) MasterLink Securities

Year		2022	2023	February 29, 2024
Number of employees	Head office	702	646	655
	Branch unit	1,053	1,063	1,058
	Total	1,755	1,709	1,713
Average age		46.31	47.19	47.18

Year		2022	2023	February 29, 2024
Average years of services		13.87	14.37	14.45
Education spread ratio(%)	Doctoral degree	0.17	0.12	0.12
	Master degree	14.13	14.39	14.19
	College degree	70.48	70.98	70.93
	High school degree	15.16	14.51	14.77
	Below high school	0.06	0	0
Professional certificates held by employees	Senior Securities Specialist	917	980	980
	Securities Specialist	1,088	1,053	1,049
	Investment Trust and Consulting Representative	397	388	387
	Futures Specialist	1,165	1,141	1,139
	Securities firms handling margin purchases and short sales of securities	406	408	408
	Internal audit of securities firms	136	134	133
	Trust Representative	894	891	893
	Wealth Management Representative	999	997	999
	Certified Securities Investment Analyst	26	25	25
	Personal Insurance Representative	1,082	1,048	1,046
	Property insurance representative	916	898	898
	Investment-linked product representative	733	708	707
	Bill Finance Specialist	30	29	29
	Stock affairs specialist exam	65	64	65
	Professional Capacity Test for Bond Specialist	17	16	16

(V) Shin Kong Investment Trust (SKIT):

Year		2022	2023	February 29, 2024
Number of employees	Head office	95	93	90
	Branch unit	10	7	7
	Total	105	100	97
Average age		40.52	41.70	42.51
Average years of services		7.24	7.63	7.95
Education spread ratio(%)	Doctoral degree	7.63	0	0
	Master degree	31.43	29	30.93
	College degree	67.62	70	68.04
	High school degree	0.95	1	1.03
	Below high school	0	0	0

Year			2022	2023	February 29, 2024
Professional certificates held by employees	Certified Financial Analyst (CFA)	Level 1	1	1	2
		Level 2	1	1	1
	Proficiency Test for Financial Planner		11	7	7
	Senior Securities Specialist		42	38	38
	Securities Specialist		21	24	23
	Investment Trust and Consulting Representative		45	42	42
	Futures Specialist		36	41	42
	Proficiency Test for Bonds		2	3	3
	Personal Insurance Representative		36	36	35
	Investment-linked product representative		8	9	8
	Bank internal control personnel		9	9	9
	Basic Bank Lending Personnel		4	7	7
	Property Insurance Representative		12	12	11
	Trust Representative		59	56	53
	Securities Investment Analyst		9	9	9
	Futures Trading Analyst		3	3	3

(VI) Shin Kong Property Insurance Agency Co., Ltd.

Year		2022	2023	February 29, 2024
Number of employees	Head office	13	13	13
	Branch unit	0	0	0
	Total	13	13	13
Average age		44.15	44.54	44.71
Average years of services		15.54	14.17	14.34
Education spread ratio(%)	Doctoral degree	7.69	7.69	7.69
	Master degree	23.08	23.08	23.08
	College degree	69.23	69.23	69.23
	High school degree	0	0	0
	Below high school	0	0	0
Professional certificates held by employees	Qualification exam for assessors (property insurance)	1	1	1
	Qualification exam for claims personnel (property management)	1	1	1
	Property insurance agency	2	2	2
	Property insurance agency	5	5	5

(VII) Shin Kong Venture Capital (SKVC)

Year		2022	2023	February 29, 2024
Number of employees	Head office	5	4	4
	Branch unit	0	0	0
	Total	5	4	4
Average age		45.60	40.50	40.75
Average years of services		15.30	4.06	4.23
Education spread ratio(%)	Doctoral degree	0	0	0
	Master degree	40	50	50
	College degree	60	50	50
	High school degree	0	0	0
	Below high school	0	0	0
Professional certificates held by employees	Proficiency Test for Financial Planner	1	1	1
	Securities specialist	2	2	2
	Senior Securities Specialist	4	2	2
	Proficiency Test for Trust Operations Personnel	1	2	2
	Stock affairs specialist exam	0	1	1
	Professional Capacity Test for Bond Specialist	0	1	1
	Basic Capacity Test for Corporate Internal Control	0	1	1
	Internal Auditor	0	1	1
	Basic Capacity Test for Corporate Governance	0	1	1
	Test for Internal Control and Internal Audit of Banks	1	1	1
	Personnel of Securities Firms Handling Margin Purchases and Short Sales of Securities	1	0	0
	Investment Trust and Consulting Representative	2	2	2
	Securities Investment Analyst	1	1	1
	Futures Specialist	1	0	0
	Financial market and professional ethics	2	1	1
	Personal Insurance Representative	2	1	1
	Property Insurance Representative	0	1	1

V.Corporate Social Responsibility and Ethical Conducts:

Shin Kong Financial Holding (SKFH) is committed to the company ethos of "taken from the society and give back to the society," where "low carbon," "innovation," and "common good" are core values to the corporate sustainability strategies. To exert the spirit of corporate sustainability, we have incorporated environmental, social, and governance strategies into insurance, investment and financing, asset management, and various other financial operations. We have also engaged investors, promoted responsible finance, focused on climate change issues, and partnered with clients, business partners, and many other stakeholders to make sustainable development a critical mission of the Group.

To ensure the fulfillment of corporate social responsibilities and sustainable operation, the Company has assembled a "Corporate Sustainability Committee" that specializes in executing projects in relation to the corporate governance, economic, environmental, and social aspects, and supervising the performance of such projects. The Company has also established the "Sustainable Development Policy" and "Sustainable Development Best Practice Principles" to incorporate sustainability values into its daily operations.

In order to guide the behavior of the Company's personnel to comply with ethical standards, and to enable the Company's stakeholders more aware of the Company's ethical standards, the Company formulated the "Code of Ethics" in 2005 and revised certain provisions in 2022. This Code requires the personnel to carry out faithful and ethical behaviors, including upholding the principles of equal employment and non-discrimination, creating a healthy and safe working environment, as well as treating stakeholders fairly, avoiding conflicts of interest, and refraining themselves from bribing, profiting themselves, or any conduct prohibited by laws and regulations. The Company also encourages personnel to report any illegal acts or violation of this Code, and to hold the violators accountable or take appropriate legal measures based on the violations.

SKFH has made long-term contributions to charity and activities in the public interest, focusing on the United Nations Sustainable Development Goals (SDGs) and social needs. It has set five main charity axes of "Health Promotion," "Care for the Disadvantaged," "Financial Education," "Coexistence with the Environment," and "Community Engagement." The goal is to integrate the resources of its subsidiaries, foundations, and affiliated enterprise, practice and exert corporate sustainable values through practical actions, and promote the positive development of the society. By exerting our influences, we aim to contribute to Taiwan's sustainable development, make policies and propositions more complete, create maximum value for all stakeholders, become a benchmark enterprise for sustainable development in Taiwan, and fulfill the vision of sustainable enterprise management.

(I)Health Promotion

SKFH is committed to advocating for dementia, serious illnesses and injuries, and disease prevention. We aim to stress the importance of health by introducing cancer, critical illnesses and injuries to people through events such as cancer prevention seminars, blood donation activities and thyroid lectures, while sharing the concept of "prevention is better

than cure." In order to raise people’s awareness for health, we have especially shed light on women’s health for long, and held "Healthy Kitchen" activities to spread ideas related to women’s health. In 2023, about NT$6.58 million were invested in relevant health promotion activities and about 320 thousand people have been benefited.

(II)Care for the Disadvantaged

SKFH aspires to fulfill its corporate social responsibility by utilizing core competencies. We offer inclusive financial products such as micro-insurance, small-amount whole life insurance, microloans, and micro-financial management. We have also developed a variety of digital banking services. In addition to caring for families with members of physical and mental disabilities, we enable people in remote areas to obtain financial products and services. In our mission to care for disadvantaged children, we discovered that financial instability in a family can affect a child's physical and mental development, as well as academic achievements. Therefore, we are dedicated to children’s education and companionship. In 2023, we have donated approximately NT$23.64 million to charitable activities, and about 117 thousand people have been benefited.

(III)Financial Education

SKFH values the cultivation of youth. Every year, through campus recruitment, scholarships, internships, industry-academic cooperation, financial management competition, as well as other projects, we have provided learning resources for young students for them to strengthen their practical experience in the financial industry to enhance their competitiveness in the workplace. Moreover, we utilized our financial expertise to hold financial management and public welfare seminars to help people establish correct financial management concepts. In 2023, we have invested approximately NT$36.05 million to hold financial education activities, and about 246 thousand people have been benefited.

(IV)Coexistence with the Environment

SKFH knows well how disastrous climate change is to the global ecosystem and biodiversity, as well as the profound impacts it has on life, evolution, society, education, and culture. We respond to species conservation and environmental initiatives, and organize a range of events such as coastal cleanup, ocean cleanup, and habitat conservation to prevent loss of biodiversity. At the same time, we promote sustainable use of marine and terrestrial ecosystems. In 2023, we have invested NT$8.24 million in coexistence with the environment activities, and about 710 thousand people have been benefited.

(V)Community Engagement

SKFH has been deeply engaged in the local markets for 60 years, maintaining local cultural heritage by sponsoring and co-organizing local cultural events. Over the years, to encourage the public to take part in cultural and artistic activities and cultivate healthy

hobbies in their free time, we have held numerous leisure sports events for players in various fields to express their talent. In recent years, we have begun to bring our experience and resources to remote areas, in an attempt to narrow the urban-suburban divide, foster global visions, and live a sustainable life together. In 2023, we have invested approximately NT$19.78 million in community engagement activities, and about 5.161 million people have been benefited.

SKFH's sustainability performance had been favorably recognized locally and abroad in 2023. In addition to being selected as a composition of Dow Jones Sustainability Indices (DJSI World) for 3 consecutive years, SKFH also claimed the 2nd place worldwide and the 1st place in Asia in the Insurance Division, and was selected as a composition of "DJSI Emerging Markets." Together, SKFH and subsidiaries won a total of 21 major awards during the year, including: "Taiwan Hundred Sustainability Model Enterprises Award," "Taiwan Sustainable Investment Award," "Taiwan Sustainability Action Award," "Platinum Award for Enterprise Sustainability Report," and ranked top 20% in the corporate governance rating of Taiwan Stock Exchange Corporation. SKFH also published a TCFD report that states its support to the net zero trend and resolve at promoting sustainable finance. In December 2022, the Company signed a formal commitment to the Science Based Targets initiative (SBTi) and was granted the final approval later in February 2024. By enforcing a group-wide carbon reduction plan, SKFH continues to progress in the field of corporate sustainability.

For other related corporate social responsibility and ethical conduct of the Company in the year of 2023, please refer to Chapter 3-(III)-5, Chapter 3-(III)-7 and Chapter 3-(III)-8 of this annual report.

VI. Number of Full-time Non-Managerial Employees, Their Average Salary, Their Median Salary, and Comparative Information of the Three Indicators to the Previous Year

Item	2022	2023
Number of Full-time Non-Managerial Employees	7,881	7,780
Average Salary of Full-time Non-Managerial Employees (NT$ thousands)	1,036	1,146
Median Salary of Full-time Non-Managerial Employees (NT$ thousands)	872	947

Note: For definition of “Full-time Employees”, please refer to the definition given in the “Salary Information of Full-time Non-Managerial Employees” under the “Corporate Governance” section on the Market Observation Post System.

VII.Information Equipment:

(I) Shin Kong Financial Holding (SKFH):

1.Key information system and related software and hardware

（1） SKFH's official website, talent recruitment network and corporate sustainability website are established on an HPE server.

（2） The operational systems of SKFH, including the general affairs system, consolidated accounting system, and accounting system, are established on HPE server hosts.

（3） The systems for digital banking development, including data analysis and AI technology applications, are deployed on HPE and DELL server hosts.

（4） SKFH uses EMC disk-array storage system to store its data.

（5） The market risk management system is established on a Sun server, and is physically segregated between a development, testing and production environment. It is used to monitor investment positions of various subsidiaries at appropriate security layers for timely and effective management of market risk. The system performs sensitivity analysis and stress test, and issues alerts that subsidiaries may use as reference in their business activities. The system also enhances integration of risk management processes into an effective system, and supports gathering of market risk management information to facilitate efficient decision-making and new product development.

2. Emergency backup mechanism

By implementing systems and services such as data protection, fast recovery, and magnetic tape backup, the Company is able to ensure fast recovery of system servers and data, and thereby minimize risks and losses in the event of accident or disaster. In addition to establishing standardized backup procedures, processes such as system recovery and alternative server support are rehearsed on a regular basis.

3. Future Related Plans

(1) SKFH will assist subsidiaries to continue to pay attention to the development of financial technology, integrate resources to invest in key fintech application research, and assist business units to increase the growth of business productivity by using innovative digital financial services, and to enhance customer experiences and customer satisfaction.

(2) Continuing assistance is provided to SKFH's data analysis team in the importation of required data and security management. By leveraging data analysis and applications, SKFH develops customer segmentation models. These models support its subsidiaries in achieving cross-selling synergies, thereby maximizing the effectiveness of integrated marketing strategies.

This approach significantly enhances the efficiency of cross-selling operations and decision-making processes.

(3) In the face of the various complex effects that accompany the introduction of new technologies and the development of innovative service models, we will provide a stable and safe environment and continuously reinforce the information security environment in support of the Information Security Department.

(4) Ongoing efforts are focused on developing computer rooms with high stability and enhanced security measures, ensuring the delivery of consistent, 24/7 uninterrupted services to customers.

(II) Shin Kong Life Insurance (SKL):

1. Key information system and related software and hardware

(1) The life insurance core system runs on an IBM Power 980 server, whereas the software is developed using Oracle's ADF J2EE Framework, Spring Framework, Java and PLSQL; the database used is an Oracle-based relational database.

(2) The Company's intranet and Internet websites have been developed based on Microsoft Net Framework and T-SQL (Transact-SQL). The database is a relational database built based on SQL Server. System operation, testing, development and backup all run on Microsoft's environment.

(3) The sales representative assistance system is developed based on Microsoft .Net Framework. The database is built based on SQL Server Net framework is developed using SQL Server database.

(4) The online insurance application system is developed based on Microsoft .Net Framework. The database is built based on SQL Server Net framework is developed using SQL Server database.

(5) The lending system utilizes IBM AS/400 hosts and is developed using Lansa technology.

(6) The fee and movable property systems run on IBM Power 980 server and utilize Oracle-based database. The fee system is developed based on Java whereas the movable property system is developed based on Microsoft .Net Framework.

(7) The investment system runs on standalone server group, network equipment and leased line. The system is developed using .Net Framework, and the database is a Microsoft SQL Server .

(8) The digital policy creation system is established on a Windows server, and is developed using PrintSoft.

(9) The backup system runs Veritas Net Backup service and features Veritas AIR technology. It uses the fiber optic network to backup data to the off-site support center.

2. Emergency Support and Backup Mechanism

The emergency backup mechanism comprises same-site backup and off-site backup. Off-site backup includes important information systems such as life insurance core system, sales representative assistance system, lending system, and the imaging system. Data synchronization is done between the Information Center and the off-site backup location. Disasters, if any, will activate the off-site backup mechanism. In addition, an off-site backup drill is arranged every year to simulate and verify if the mechanism is capable of allowing continued operation of the Company when a disaster occurs. The backup mechanism is built with a backup management system to provide complete backup protection for important information files, and the backup data is also synchronized to the off-site backup center through the optical fiber network to reduce the risk of catastrophic events.

3. Future Related Plans

(1) The Company will initiate a core system re-invention program to create a more robust, flexible and high-performing system that satisfies the following goals:

a. Flexible structure with digital process - shortens development duration and ensures quick launch of innovative products
   - Achieving work division for overall reduction in personnel cost

b. Mainstream technology and efficient management
   - Adopting a mainstream structure and JAVA-based platform makes employee training and recruitment easier
   - Increasing system processing capacity and management efficiency

c. Mobile service and globalized applications
   - Support mobile service, commercial intelligence and big data application
   - Support for multiple languages, currencies and overseas development

(2) SKL has shortened automation time, provided flexible support for different departments to balance work load, accurately, rapidly, and timely corrected procedures, and increased satisfaction from employees, organizations and customers involved in the process. SKL plan to introduce the Business Process Management (BPM) project.

(3) Aligned with the overall strategic planning of SKFH, the implementation of Robotic Process Automation (RPA) initiatives is aimed at reducing manual repetitive tasks, enhancing operational accuracy, and minimizing operational risks. This approach facilitates the ongoing introduction of broader process application scenarios.

(4) We will build the Administrative Center/Service Center to realize the digital contract change processing at the counter, reduce the time policyholders will take to fill the contract change application and shorten their time to wait in queue on the site. Further developments include the establishment of a remote service platform, allowing customers to access services without

geographical constraints. This enhances the flexibility of manpower utilization at administrative and service centers while ensuring that service interactions are recorded in both audio and video to protect the rights and interests of both parties.

(5) We will continue to implement the project to introduce the data quality system, clear data as planned, conduct the data traceability and data impact analysis to draw a global picture of the upstream and downstream of data. Moreover, we will enhance the integrity of information governance and refine the data governance blueprint.

(6) The establishment and integration of a more accurate voice recognition engine, combined with a new CTI system, enhances the quality of conversational data. This advancement facilitates the provision of extended applications for future scenarios, such as voice interactions in quality assurance for the elderly.

(7) Carry out the integration and improve the efficiency of the loan system; let the existing three subsystems be centrally managed on the same platform in the future. Doing so would meet the needs of internal audit and internal control, and can save the system maintenance manpower.

(8) In order to meet the requirements of the Insurance Bureau for the transition to IFRS17, the accounting information system was built. Through the introduction of internationally mature software packages and experienced consultant companies, the company's accounting process was reorganized to reduce manual aggregation and double-check. The system is also capable of speeding up the accounting process while improving the quality, and enabling different account to cross-examine each other, so as to ensure the consistency and accuracy of financial information.

(9) In response to the business restructuring plan, it is essential to swiftly and accurately modify the corresponding systems in accordance with the relevant restructuring processes and regulations.

(10) In support of the business continuity plan and business expansion, we will enhance the disaster recovery capacity of key systems, reduce the system interruption and data loss risk and increase the service stability of the system. We will also refine the intercity backup mechanism for key systems.

（III）Taiwan Shin Kong Commercial Bank

1.Key Information System and Related Software and Hardware

The core banking system utilizes two Unix-based hosts in a clustered (CLUSTER) architecture as the formal operational environment. Additionally, Unix-based hosts are set up for use as testing, development, and backup environments. The bank's database is an Oracle-based relational database. It uses TPE II as the trading platform for NTD transactions, and Top Tools as the trading platform for foreign

currency transactions. The trust service platform runs on an AS server. The banking center connects to the branch network and peripheral systems (including voice banking, Internet banking, foreign currency, ATM and other applications) all using standardized TCP/IP protocol. Branch terminals run on virtual, centralized Windows servers and Browser-based environment. Offshore branch systems run on Window servers and Browser-based environment. The GEB uses IBM as the main, testing, development and backup servers. We will adopt the Linux server as the operation, test, development and backup host for the credit card system.

2. Emergency Backup Mechanism

Taiwan Shin Kong Commercial Bank adopts two types of alternative server support: same-site and off-site. Same-site support features two servers in a HA structure. For off-site support, the Bank has signed a service agreement with Chunghwa Telecom's Data Communications Branch to establish an off-site system exclusively at Chunghwa Telecom's Zhongli Renmei Server Room. Off-site support drill is organized every year to ensure continuity of the information system. To ensure that systems can be recovered in the shortest time possible in the event of a disaster, data is synchronized between the main server and the off-site server.

3.Future Related Plans

(1) Designing a flexible information architecture that leverages the benefits of a streamlined core surrounded by a wide range of peripherals. This approach ensures a balance between internal stability and external agility, positioning the system to seamlessly adapt to the evolving landscape of intelligent, cross-industry integration in the financial ecosystem.

(2) Refining the data governance framework, which involves setting up a Metadata management platform, implementing standardized data cleansing operations, establishing data usage policies and procedures, and continuously monitoring their execution. This approach aims to enhance data quality and data protection mechanisms, ultimately leveraging data assets to generate additional value for the business.

(3) The establishment of a Machine Learning as a Service (MLaaS) platform, leveraging a centralized, unified data platform as the foundational base for developing models. Diverging from traditional business database structures, the MLaaS platform consolidates various data sources to construct a unified customer view database. It integrates data preparation through to model deployment within the MLaaS platform, accelerating the consistency of model development, management, deployment, and monitoring. By leveraging the agility, assetization, and optimization features of MLaaS, machine learning models and decisions tailored to key business areas such as risk and marketing are developed. Through machine learning automation

mechanisms, the objective of operationalizing data (Data Operations) is achieved.

(4) Joining the Eagle Eye Anti-Fraud Alliance, artificial intelligence technology is implemented to develop the Eagle Eye model with dynamic transaction risk parameters. This enhances the efficiency and accuracy of suspicious account identification, improves the ability to detect and prevent fraud, and strengthens the outcomes of fraud interception.

(5) Creating a comprehensive bank-wide agency platform, process automation is utilized to reduce manual operation time, enhancing business momentum and efficiency with the goal of increasing fee-based income and the volume of demand deposits.

(6) Developing a virtual credit card system facilitates customers in swiftly obtaining card numbers, catering to their diverse payment needs across various platforms, while also reducing carbon emissions in line with the principles of ESG sustainability.

(7) Establishing systems for composite products and proprietary bonds to meet the diversified financial needs of individual and corporate clients. Beyond creating wealth opportunities for clients, SKFH remains committed to risk management. Efforts will continue to refine the credit risk management system and systems related to the provisioning of market risk capital. This aims to strengthen SKFH's risk management framework, ensuring a robust stance against market fluctuations.

(8) The development of the E-LOAN credit approval system for the Hong Kong branch offers efficient document review and loan process management. It ensures complete control and tracking of loan case statuses, fortifying overseas credit risk control, enhancing post-lending management operations, and safeguarding the bank's interests.

(9) Provide cash flow equipment and services tailored to various scenarios, leveraging automated devices (such as cash deposit machines and ATMs) complemented with APIs, cryptographic operations, and other digital tools. This approach assists corporate banking clients in accessing fast and secure cash flow services, moreover, this approach links and analyzes market data across different scenarios, enabling the capture of operational opportunities to create profit.

(10) Consolidate mobile banking and credit card apps, focusing on enhancing UI and UX design to enrich the customer experience and cater to personalized financial needs. SKFH aims to broaden its digital banking services to encompass a holistic user experience, enabling account holders and card members in the future to apply for cards, open accounts, and manage their finances all within the mobile banking platform, thus offering a seamless, one-stop financial service experience.

(11) The official online service platform plans to separately implement software certificates (C3) and AI-OCR identity verification technology. Integrate Software certificates (C3) into the online loan application process, facilitating the retrieval of data from public agencies via the Joint Credit Information Center. This removes the requirement for customers to submit financial proof documents, streamlining the process to offer a frictionless online loan application journey. Furthermore, to address abnormal patterns in digital accounts, the employment of AI-OCR technology can aid in recognizing distinctive characteristics, thereby improving the precision of verification processes to mitigate the risk of fraudulent activities.

(12) SKFH is committed to implementing information governance by adopting next-generation governance practices. This initiative aims to optimize existing control measures to meet both internal and external audit requirements. SKFH is developing an agile approach to operations and maintenance, leveraging diverse monitoring tools to immediately track and assess the performance of all hardware and software across front, middle, and back-office systems. This strategy incorporates predictive alert mechanisms to minimize the incidence rate of disruptions, thereby ensuring the maintenance rate of system services.

(13) SKFH is enhancing its information infrastructure, which includes improving the reliability of network connectivity, adopting next-generation software-defined networking architectures, implementing intelligent traffic management, and upgrading storage devices and other hardware facilities. Additionally, considering major public cloud vendors have built local computer rooms in Taiwan, we will assess and use the mixed architecture and related management mechanisms based on the multiple cloud environment.

(IV) MasterLink Securities:

1. Key information system and related hardware

(1)The core business is carried out using Tandem (Non-STOP) server.

a. Of the two securities brokerage account servers placed at different sites, the NS7X3 brokerage account server was the main server, and the NS2004 server served as a backup. Again, they were placed at two separate sites. in addition, another two servers are for testing purposes.

b. Proprietary securities/futures trading share the use of 1 Tandem (Non-STOP) server (NS2004).

c. The futures subsidiary operates one Tandem (Non-STOP) server (NS72) and is backed up by the proprietary futures trading server mentioned above.

(2)The share service agency system, overseas equity sub-brokerage system and wealth management/trust system all run on IBM AS400.

(3)The e-commerce mid-office system runs on ORACLE SUN(T7) and uses Pure Storage(M20) for storage. Its database is primarily SYBASE. Front-end electronic trading systems (i.e. securities, futures, sub-brokerage, wealth management, options etc.) are mostly Windows-based servers; they run on HP 380G9 and EMC Storage in a VM environment and utilize Splunk for data analysis and monitoring. OOBS (SYSTEX) is being used for remote equipment monitoring.

(4)The options market-making system/futures hedging system primarily runs on HP machine and is connected with Taipei Futures Exchange.

(5)The SFA system runs on HP machine and features a Weblogic platform and MS SQL database.

(6)The data warehouse system uses SAP IQ V16.1 for transaction data recording. Its database is primarily SYBASE and utilizes Informatica ETL.

(7)The company adopts VM technology (a total of five units in three computer rooms) for flexible allocation of system resources.

(8)The Company uses external storage devices (6 external EMC Storage units and 3 PURE Storage units) to provide stable and safe storage space for transaction-related or key system data.

2.Emergency Backup Mechanism

(1)The securities service operates on 2 Tandem machines at different sites that provide backup for each other through remote connection.

(2)The futures service operates on Tandem machine and is backed up by the proprietary trading Tandem server located at a different site.

(3)Sub-brokerage and wealth management systems share one server (AS400) and utilize same-site backup support in an A/S structure.

(4)The e-commerce mid-office system connects to F5 Load Balance and utilizes HA backup support.

(5)The Company currently places different servers at Dunnan, The Great Taipei Gas Corporation, and Banqiao server rooms. It plans to establish electronic trading servers (including securities Tandem servers) at Banqiao and The Great Taipei Gas Corporation by 2024 using a dual-center A/S structure.

(6)The Company holds two server room emergency drills (including one DDOS drill) per year to ensure employees' emergency response capabilities.

(7)Securities, futures, proprietary trading and share service agency systems are subject to one backup data recovery test per year. Net Backup (NBU) is subjected to recovery test once every six months. The company also accommodates TWSE and Taiwan Futures Exchange in random drills.

3. Future Related Plans

(1) Updating and Replacing Foundational Infrastructure: Expanding storage and backup facilities, adding DNS servers, transaction firewalls, and VM hosts. The initiative includes replacing the EOS proprietary TANDEM accounting hosts,

as well as EOS's core and edge switches, to ensure the quality of data storage services and enhance the stability and efficiency of system services.

(2) Reinforcing Information Service Security Management: Implementing configuration management tools, complemented by straightforward asset management tools for regular and real-time checks and monitoring of asset configurations for compliance and changes, ensuring adherence to regulatory and security requirements.

(V) Shin Kong Investment Trust (SKIT):

1. Key Information System and Related Software and Hardware

(1) We will adopt the Microsoft operating environment system for the domestic fund accounting system and the fund & ETF business system based on the N-Tier architecture and the .NET C# technology, and the system will be operated and maintained by the information technology department of the Company.

(2) The offshore fund management system handles processes for offshore fund distributor and selling institution. The system runs on Microsoft operating environment; the system adopts the N-Tier structure, is managed using NET C#.

(3) The Company uses the Microsoft operating system environment to develop the official website, the exclusive ETF website, the electronic trading website, the online account opening website and the customer service system, which are developed and managed by the Company itself with the .NET C# MVC and the RWD webpage technologies.

(4) The order placement system employs an investment transaction support management system, which communicates with partnered securities firms through dedicated transmission lines for transaction/consignment orders and trade confirmation statements, operating on a Microsoft operating system. In February 2016, the Company switched its trade network from FTNET to FIXNET to facilitate electronic transactions with a larger number of securities firms and to shorten the time taken on order placement and deal reporting. This switch also reduced the number of manual processes. In December 2019, SKIT established Bloomberg Fix, an electronic trading means, to transact with securities firms for overseas stocks.

(5) Security server of the digital certification subsidiary has been upgraded to enhance transaction security and is now fully integrated with systems of all affiliated subsidiaries. The security server runs on Microsoft operating environment.

(6) Database, program and files of all key systems have been covered by the integrated cyclical backup system.

(7) A server host virtualization architecture has been established, enhancing

hardware performance management, saving on energy consumption, and reducing the need for data center space.

2. Emergency Backup Mechanism

(1) Both the information management system and database are being supported with alternative servers located at the server room. Off-site support arrangement has also been made.

(2) The company has established its server at Great Taipei Gas Corporation's IDC server room, which is being protected by 24-hour shift access control, surveillance monitoring, air conditioning, UPS, and fire protection. The server room features automatic environment monitoring to ensure normal functioning at all times. The intranet connects to the server room using dual-circuit fiber optic network.

(3) The Internet connection features multi-line backup and load balancing. A Load Balance Gateway with flow monitoring and bandwidth restriction functions has been installed. The gateway provides backup for external connections and has the ability to automatically adjust bandwidth in real-time.

(4) A remote-control system has been implemented, so that if the office premise encounters any occurrence that requires quarantine, employees can be authorized immediately to operate the system remotely from the off-site.

3. Future Related Plans

(1) The Company will continue planning implementation of information security systems to ensure the security of data operations and minimize risk of personal data leakage.

(2) The Company will adopt new server virtualization and deploy new applications under the new structure for benefits such as avoidance of hardware risk, performance management, energy conservation and less server room space. Server virtualization technology will also be used to enhance off-site support and minimize impact on operations should disaster occur.

(3) Applications of AI Financial Technology

(4) The Company will seek cross-industry alliance for technical learning and project collaboration.

(5) The Company will continuously reinforce the capacity to protect the information security.

(6) The Company will participate in the digital finance-related development projects of the Group.

VIII.Information and Communication Security Management

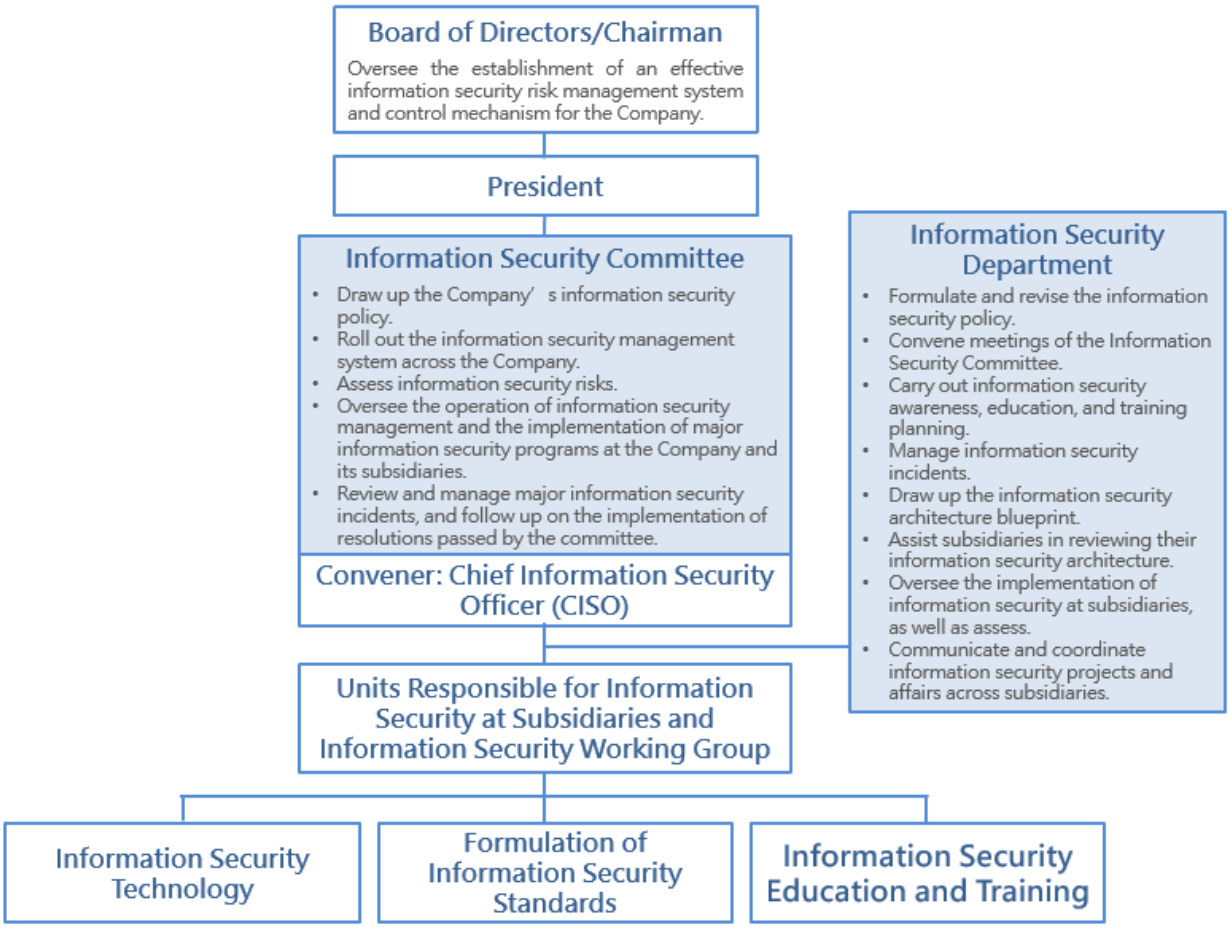
(I) Information Security Policy

Shin Kong Financial Holdings (SKFH) has formulated an Information Security Policy (publicly disclosed on its official website) and announced it to all employees for implementation. SKFH and its subsidiaries are required to comply with this policy consistently. The formulation of the Information Security Policy declares the commitment of management to support information security, in order to reduce the possible impacts of any information security incident while protecting the rights and interests of the Company and its customers.

In addition to keeping in place the information security policy, the major subsidiaries shall, in accordance with provisions, submit an annual overall implementation report on information security to the Board of Directors every year. We also carry out the requirement that the Board of Directors and the Senior Management should participate in the review of the information security strategy and information security governance to keep the related information security work consistent with the business development objectives.

(II) Information Security Governance Framework

In line with the information security action plan promoted by the financial competent authority, the Company has continued to established an information security unit at department level - Information Security Department, designate the Chief Information Security Officer, and set up the Information Security Committee to complete the security governance structure.



1.Board of Directors: Supervise the Company to establish an effective information security risk management system and control mechanism.

2.Information Security Committee: The Information Security Committee holds a meeting every quarter, and the Information Security Officer of SKFH acts as the convener. The members of the committee include the first-level officers of SKFH and its subsidiaries who oversee the information security and the managers of the information security functions (departments). Main Responsibilities: Responsible for SKFH Information Security Policy proposals, promote the information security management system, assess information security risks, supervise the information security management and operation as well as the implementation of important information security plans, review and manage material incidents in information security, and track the implementation of the committee's resolutions.

3.Chief Information Security Officer: The major responsibilities include submitting regular reports to and being responsible to the operation level, undertaking policy implementation and resources allocation, assessing the information security situation, incorporating the information security risk into the business decision factors and promoting the organizational culture that pays attention to information security.

4.Information Security Department: The main responsibilities include information the formulation and revision of security policy, convene information security committee meetings, the promotion of information security well as education and training planning, information security incident management, plan the roadmap for information security architecture, assist the subsidiaries in reviewing the information security structure, and supervise the information security implementation of each subsidiary as well as the evaluation, communication, and coordination of cross-subsidiary information security projects and affairs.

(III) Information Security Specific Management Plan and Preventive Measures

SKFH and its subsidiaries incorporate information security management into the corporate governance framework, thereby enabling the management to develop security management visions and strategies on an organizational level and implement it across SKFH and its subsidiaries. Besides, we devise sound information security plans in five dimensions, including “defending the enemy outside at multiple levels”, “defeating the enemy at multiple breaking points”, “real-time surveillance and response”, “effective recovery within time limit” and “governance verification plus joint defense”, and supervise the subsidiaries and joint defense in every aspect:

1.Governance: Achieve the information security governance maturity required to cope with the inherent risk and conduct the corporate governance

(1) SKFH and its subsidiaries have established the maturity assessment mechanism for information security featuring repeatable operation and continuous measurement so that all companies can develop short, medium and long-term information security reinforcement plans addressing the acceptable inherent

information security risk based on the industry standard and the required network security maturity. Moreover, we adopt improvements on an ongoing basis through continuous optimization.

2.Operation: We define vulnerability management indicators for information security oriented to regulatory verification and pay attention to legal risk and compliance risk control

(1) We conduct comprehensive security assessments when adopting new financial technologies in order to ascertain risks and the preparedness of existing controls and formulate information security control plans such as personal information protection, information system control operations, and information and communication security audit plans.

(2) Perform the information security assessment focusing on: Review of the information architecture, review of network activities, network equipment, servers, terminals and other equipment, website security, security setting review, e-mail social engineering drills and other operations.

3.Joint defense: We prefer prevention before occurrence, curb erroneous ideas before the onset, seek to reduce the damage and build the joint information security and defense system to support business development

(1) We continuously devise and build a security threat analysis and alert system capable of sharing intelligence (including current and historical data, report and information relevant to security incidents) in real-time among SKFH, its subsidiaries, and external institutions, and thereby performing information security management, including real-time surveillance and response.In alignment with the national strategy that underscores cybersecurity as a component of national security, and to amplify the synergies and depth of defense in cyber defense collaborations, SKFH formalized a partnership with the Ministry of Justice Investigation Bureau in April of 2023. This alliance seeks to proactively bolster the cybersecurity resilience of SKFH and its subsidiaries. Through a comprehensive strategy encompassing the exchange of threat intelligence, detailed analyses and proactive tracking of attack behaviors, and expertise in digital forensic science, SKFH aims to significantly advance its protective measures. This effort underscores SKFH's unwavering dedication to safeguarding client assets and securing the digital financial transaction ecosystem.

(2) We have responded to the Information Security Action Plan, cooperated to establish the general monitoring rule, configuration benchmark and monitoring rule and reinforced the early detection, traceability and counterstrike against attack threats.

(3) We have enhanced response to information security incidents, developed reporting procedures and responses toward information security incidents and performed the drill operation. We have improved employees' abilities to react, coordinated and communicated during crisis, thereby avoiding or minimizing damages in an

information security incident.

4. General: We have coordinated and established the general standard for information security systems to early respond to the risk of the end-of-support (EOS) software and hardware against the information security environment, and increased the common or group purchase opportunity to upscale SKFH's comprehensive effect in personnel exchange and resource utilization.
5. Talent: We have established the information security position and function map to upgrade the efficiency and exchange and achieve the mutual understanding.

(IV) Information and Communication Security Organization and Human Resources

SKFH and its main subsidiaries have invested in the following information and communication security organization and human resources:

Company	Establish Dedicated Unit	Staffing
Shin Kong Financial Holding	Information Security Department	4
Shin Kong Life Insurance	Information Security Department	13
Shin Kong Bank	Information Security Department	12
MasterLink Securities	Information Security Management Group	4
Shin Kong Investment Trust	Information Security Department	1

(V) Losses, Possible Impacts Suffered From and Response Measures for Material Incidents in Information and Community Security

SKFH and its subsidiaries have no major information security incident in 2022 that resulted in losses.

IX.Labor Relations:

(I) Employee Benefits, Retirement System and Implementation, and the Agreements between Employer and Employees and Protection Measures for Employees' Rights and Interests:

1. Employee compensation

In accordance with the Articles of Association, the description for employee compensation is as follows:

If the Company recorded profits for the respective year, no less than 0.01% but no more than 0.05%of the Company's profit of such year shall be reserved for employees' compensation. Employees of affiliated companies who meet certain qualifications may also be included in the distribution. Employee compensation distribution shall be proposed to the shareholders' meeting.

Where the Company has accumulated deficits, it shall first reserve the amount needed to make up the losses before utilizing the remaining amount of the profit for employees' compensation and directors' remuneration at the ratio.

2.Benefits

(1) Insurance benefits: Provide fully subsidized life insurance and accident insurance to employees; fully subsidize the purchase of accident insurance, travel insurance and other protection for employees holding specific positions and overseas personnel; provide preferential rates or subsidies for employees and dependents to insure various group insurances (life insurance, accident insurance, medical insurance, cancer prevention insurance, and long-term care insurance, retirement planning insurance); And employees who have children who are insured for hospitalization, regardless of the number of children insured, will be charged of the fees of one child.

(2) Health care benefits: SKFH provides employee with health checkups and health risk assessment; medical consultations provided on-site by special physician and nurse regularly; health promotion activities and health care guidance and consultation; ergonomic hazards prevention plan; abnormal workload-triggered diseases prevention plan; illegal infringement prevention plan; maternal health protection program; subsidy for hospitalization due to disaster incidents; medical treatment discount/hospitalization discounts; health lectures; CPR training, as well as anti-epidemic care such as setting rapid screening rooms, setting dry cleaners, and measuring body temperature, and providing masks and other anti-epidemic items; in addition, SKFH also provides employee dependents with health checkups at designated hospitals at an discounted price entitled to an employee, as well as 15% hospitalization discounts. In order to actively promote employees to develop good leisure fitness habits, the employee welfare committee also subsidizes a number of clubs to encourage employees to exercise regularly and promote work-life balance.

(3) Life benefits: SKFH provides wedding and funeral subsidies, employee restaurants, bargain group purchase networks, contracted laundry services, welfare club sales, affiliated enterprise resource sharing, discounts at contract stores, domestic restaurants, language institutions, discount for pre-need funeral contracts and funeral services; SKFH also provides birthday gifts, Spring Festival gifts, Dragon Boat Festival gifts and Mid-Autumn Festival gifts, as well as subsidies for the purchase of tablet computer and laptops.

(4) Employee relationship promotion benefits: To thank employees for their efforts and enhance the relationship among colleagues, SKFH promotes employee relationships and secures recognition by employee dependents. This includes a year-end party and lucky draw plans, travel subsidies, group recreation subsidies, and other employee benefits. SKFH also organizes employee family days, company fairs, movie appreciation, and hiking activities to consolidate family values and promote friendship and exchange among colleagues and dependents.

(5) Marriage and paternal benefits: Care for employees, and actively protect their work rights and opportunities, in addition to providing maternity leave and pay suspension system according to relevant laws, but also provide maternity leave, paternity examination and paternity leave better than the number of days prescribed by law, marriage subsidy, maternity subsidy, child rearing subsidy within 3 years old; Caring for the maternal needs of colleagues, working with professional physicians and health managers to jointly conduct health risk assessment for colleagues during pregnancy and after delivery, and provide mother bag to encourage pregnant colleagues to actively accept the care of "maternal health protection"; To support new mothers in the workplace with practical actions, such as setting up nursing rooms, allowing colleagues to breastfeed their children during attendance hours, adjusting child-rearing hours, and providing corporate preferential care for children in nursery institutions.

(6) Promote the flextime system: To assist employees to balance work and family life, SKFH plans a flextime system, which comprise three shifts and provide regular home-based options, allowing staff to adjust the working hours flexibly and supporting them to strike a balance between work and family through practical actions.

(7) Employee Stock Ownership Trust: In order to enhance employee welfare and cohesion to achieve the goal of corporate talent motivation and retention, by contributing an equivalent amount, we encourage employees to invest in our stocks on dollar-cost averaging basis, and in doing so share business results and value growth with them.

(8) Promote gender equality in the workplace and create a friendly and inclusive workplace environment: SKFH adheres to the corporate culture and core values of "people-oriented", supports employees' career empowerment and development for a long time, and actively implements the policy of practical equality. Establish a gender

equality promotion committee to promote and coordinate the gender equality policies of SKFH and its subsidiaries, and create a gender-friendly corporate culture and environment with diverse respect, inclusive support and appropriate development, so as to enhance employee identity and corporate operating value; A simultaneous commitment to gender equality in inclusive financial services, the promotion of financial literacy, and the substantive development of overall social initiatives and support activities towards sustainable financial goals of gender equality.

3. Retirement system

SKFH and subsidiaries have established employee retirement regulations, of which the pension standards are in line with the relevant regulations of the Labor Standards Act and Labor Pension Act; as well as indemnities regulations, according to which Indemnities will be paid for employees while still in service to SKFH or subsidiaries.

4. Excellent employer-employee communication environment, multiple communication channels between employer and employees:

(1) To protect and ensure the rights and interests of employees, the Company establishes an Email exclusive for employee communication, in which designated personnel will handle complaints and opinions from employees.

(2) To coordinate employer-employee relationship and promote collaboration between employer and employee, the Company holds employer-employee meeting on a regular basis, and the meeting is composed of employee representatives elected by employees and employer representatives, who are familiar with businesses and employee status, designated by the Company.

(3) SKFH and its subsidiaries conduct employee engagement surveys every two years, listening to employees while providing them with opinions on the improvement direction, so as to increase their sense of identity.

(II) Damage resulted from employer-employee disputes in the most recent financial year up till the publication date of this annual report and disclose the current and future estimated amount and response measures; where the amount cannot be reasonably estimated, the fact hindering the estimation shall be described: None

(III) Code of Ethical Conduct:

The Company stipulates work rules, code of Ethical Conduct and Ethical Corporate Management Policy and Best Practice Principles that provide guidelines for employees to comply with and serve as the standards for daily business operation. The aforementioned provisions are disclosed in internal public website of the Company for reference of all employees anytime. A summary of the Ethical Corporate Management Policy and Best Practice Principles and work rules is as follows:

1. Implement Ethical Corporate Management Policy and Best Practice Principles with the precondition of complying with the Financial Holding Company Act, the Company Act, the Securities and Exchange Act, the Business Entity Accounting Act, the Political Donation

Act, the Anti-Corruption Act, the Government Procurement Act, the Act on Recusal of Public Servants Due to Conflicts of Interest, regulations governing TWSE/TPEx listed companies, and other laws and regulations governing business practices.

2. Comply with the Ethical Corporate Management Policy and Best Practice Principles and implement it in internal management and external business activities.
3. Commercial activities should be conducted in a fair and faithful manner.
4. When performing duties, refrain from directly or indirectly provide, promise, request or accept any form of improper benefits from/to customers, agents, contractors, suppliers, public officials or other interested parties.
5. The direct or indirect provision of donations to political parties or organizations or individuals involved in political activities shall comply with the Political Donations Act and relevant internal operating procedures of the company, and shall not be used to seek commercial interests or trading advantages.
6. Charitable donations or sponsorships shall comply with relevant laws and regulations and internal operating procedures, and shall not be a disguised bribing.
7. Directly or indirectly offer or accept any unreasonable presents, hospitality or other improper benefits to establish business relationship or influence commercial transactions is prohibited.
8. Shall observe applicable laws and regulations, the company's internal operational procedures, and contractual provisions concerning intellectual property, and may not use, disclose, dispose, or damage intellectual property or otherwise infringe intellectual property rights without the prior consent of the intellectual property rights holder.
9. Shall faithfully follow the confidentiality regulations of the company and shall not disclose to any other party any business secrets of the company of which they have learned, nor shall they inquire about or collect any business secrets of the company unrelated to their individual duties.
10. Shall adhere to the provisions of the Securities and Exchange Act, and may not take advantage of undisclosed information of which they have learned to engage in insider trading. Personnel are also prohibited from divulging undisclosed information to others, in order to prevent anyone from using such information to engage in insider trading.
11. Shall not acquire improper benefits for himself/herself, spouse, children or other person through his/her position or influence in the company.
12. Shall exercise the due care of a good administrator to urge the Company to prevent unethical conducts.
13. Shall comply with laws, regulations, and all Articles and orders of the Company and shall serve the company based on the spirit of fair, honest, integrity, smart, hard-working, care, humble and peaceful and with the attitude of generous, enthusiastic, polite and efficient

14.When engaging in affairs of the Company, employees, unless approved, shall not misuse the name of the Company.

15.Shall not read account statement, cards, documents, letters and telegrams that are not within their duties and shall not bring the Articles, Regulations, and account statements of the Company outside of the office or for others to read without receiving supervisor's approval in advance.

16.Shall keep confidentiality of secrets of the Company and customer data without leaking them. The same shall apply when an employee leaves the company.

17.Shall not bring contrabands or hazardous items into office and shall not smoke or place inflammables in non-smoking areas.

18.Shall firmly understand the policy of anti-sexual harassment of the Company and shall comply with the regulations. Sexual harassment behaviors are not allowed.

(IV) Working Environment and Employee Safety Protection Measures:

Type	Item	Content description
Employee safety	Office Building Management and Maintenance	1. implement maintenance programs for electricity, fire, water, air, and cleaning facilities 2. Sign contracts with security and management service companies who provide 24hr strict access control, security service and professional management service.
	Disaster prevention measures and responses	1. The Company stipulates "Regulations Governing Disaster Prevention Measures and Responses," designates employees to participate in professional certification study, and holds disaster prevention drills on a regular basis. 2. The Office is a super skyscraper. In addition to forming joint prevention task force, the Company also integrates resources of fire competency and holds disaster drills. 3. The Company has established plans to respond to emergency epidemic and has devised an organization structure, which is responsible for coordinating the planning and execution of all emergency response measures, assigning related units to deliver resources necessary to contain the epidemic, instructing SKFH and subsidiaries on epidemic prevention work, and supervising the epidemic response measures.
Employee insurance	Social insurance	The Company insures labor insurance (including occupational injury insurance)and national health insurance for employees
	Group insurance	the Company provides fully subsidized life insurance, accident insurance, and preferential rates for new group regular insurance, group cancer health insurance, protection group health insurance, group injury insurance, major illness insurance, Guan Huai Jeou Jeou long-term care insurance, daily hospitalization claims, and subsidies for retirement planning insurance, so as to offer the maximum coverage for employees' families.
	Business travel insurance	Personnel stationed overseas or sent to overseas for business purpose will be insured with travel insurance (adding medical protection) by the Company
Health	Health examination	SKFH and subsidiaries provide a variety of health checks items that are superior to statutory ones; assess employees health checkup and the risks of health checkup; and conduct health tracking care and annual health posture management activities.

Type	Item	Content description
	Medical care	SKFH provides regular medical consultation with physicians and nurses; handle health promotion activities, health care guidance and consultation; ergonomic hazards prevention plan; abnormal workload-triggered diseases prevention plan; illegal infringement prevention plan, and maternal health protection programs.
	Others	SKFH provides employee with subsidy for hospitalization due to disaster incidents, medical treatment discount/hospitalization discounts, health lectures, CPR training, as well as anti-epidemic care such as setting rapid screening rooms, dry cleaners, and measuring body temperature, and provides masks and other anti-epidemic items; in addition, the subsidiary of SKFH also provides employee dependents with health checkups at designated hospitals at an discounted price entitled to an employee, as well as 15% hospitalization discounts. In order to actively promote employees to develop good and leisure fitness habits, the employee welfare committee also subsidizes a number of clubs to encourage employees to exercise regularly and promote work-life balance.
Mental health	Employee Assistance Programs, EAP	We provide employee assistance programs, entrust professional institutions to consult employees on psychological, legal, managerial matters, so as to balance their body and minds, caring for them both in their family and in the workplace.
	Diversity and Equity (Anti-discrimination)	Establish the "Declaration on Prohibition of Discrimination, Harassment, and Unlawful Infringement in the Workplace" to protect all employees from discrimination due to factors such as gender and sexual orientation in the work environment. Every year, diversity and equity education is provided to employees through regular training programs, and the program information is revealed in the announcement section.
	Sexual harassment prevention	We have established complaint regulations and disciplinary provisions, which are disclosed on the announcement bulletin board.
	Training	Annual compliance courses include courses of rejecting workplace sexual harassment, Create a gender equality environment in the workplace, pressure (emotion) management, communication skill, and creative thinking and Without conscious bias to adjust and enhance mental knowledge and capacity for employees.

(V) Collective bargaining agreement: None (The Company has not established a labor union, and therefore no collective bargaining agreement has been signed)

X. Major Contracts

Shin Kong Life Insurance Co., Ltd

Contract nature	Parties	Contract start / end date	Main Activity	Restrictive clauses
Main reinsurer reinsurance contract	Munich Reinsurance Company	Since November 19, 1965	Reinsurance of life insurance, health insurance, and injury insurance	None
	Central Reinsurance Corporation	Since October 31, 1968	Reinsurance of life insurance, health insurance, (catastrophe) excess loss	
	Reinsurance Group of America	Since October 11, 1999	Reinsurance of life insurance, health insurance, and injury insurance	
	Cologne Reinsurance Company	Since September 1, 2000	Reinsurance of life insurance, and health insurance.	
	Hannover Reinsurance Company	Since December 1, 2014	Reinsurance of life insurance, health insurance	

Note: Data as of December 31,2023

Shin Kong Investment Trust Co., Ltd.

Contract nature	Parties	Contract start/ end date	Main Activity	Restrictive clauses
Fund trust Contract	Taiwan Cooperative Bank Co., Ltd.	Since April 15, 1993	Shin Kong Fu-Kuei Fund	None
	Taishin International Bank Co., Ltd.	Since September 3, 1996	Shin Kong Chi-Shin Fund	
	Taishin International Bank Co., Ltd.	Since March 4, 1998	Shin Kong Innovative Technology Fund	
	Bank SinoPac Company Limited	Since October 28, 1998	Shin Kong OTC Market Fund	
	Sunny Bank Ltd	Since May 10,2002	Shin Kong Great China Fund	
	Taiwan Business Bank Ltd.	Since April 20, 2009	Shin Kong China Growth Fund	
	Taichung Commercial Bank Co., Ltd	Since May 21, 2014	Shin Kong AUD 10-Years Principal Protected Fund	
	Chang Hwa Commercial Bank Ltd.	Since October 9, 2014	Shin Kong Global Biotech &Health Care Fund	
	The Shanghai Commercial & Savings Bank Ltd.	Since September 9, 2015	Shin Kong US Harvest Balanced Fund	
	Taishin International Bank Co., Ltd.	Since August 31, 2016	Shin Kong Global Bond Fund	
	Sunny Bank Ltd	Since September 28, 2017	Shin Kong 6-Year Maturity Global Emerging Markets Bond Fund	

Contract nature	Parties	Contract start/ end date	Main Activity	Restrictive clauses
Fund trust Contract	The Shanghai Commercial & Savings Bank Ltd.	Since August 1, 2018	Shin Kong Global AI New Industry Fund	None
	First Commercial Bank Ltd.	Since January 17, 2019	Shin Kong Select Umbrella Fund - Shin Kong US Treasury 1-3 Year Bond ETF	
	Taishin International Bank Co., Ltd.	Since January 25, 2019	Shin Kong FTSE 15+ Years Investment Grade USD Corporate Bond ETF	
	Taiwan Business Bank Ltd.	Since March 27, 2019	Shin Kong 15 Years USD Banking Bond ETF	
	Taishin International Bank Co., Ltd.	Since June 25 , 2019	Shin Kong Supreme Umbrella Fund - Shin Kong Global Preferred Stock Income Fund	
	Taishin International Bank Co., Ltd.	Since October 23, 2019	Shin Kong Premium Umbrella Fund - Shin Kong ICE 15 Year US Telecommunications Index ETF	
	Taiwan Cooperative Bank Co., Ltd.	Since December 5, 2019	Shin Kong Emerging Wealthy Nations Bond Fund	
	The Shanghai Commercial & Savings Bank Ltd.	Since March 27, 2020	Shin Kong Global Cocoon Business Fund	
	The Shanghai Commercial & Savings Bank Ltd.	Since October 21, 2020	Shin Kong Hang Seng TECH Index Fund	
	Taichung Commercial Bank Co., Ltd	Since February 1, 2021	Shin Kong Environmental Sustainability Bond Fund	
	Taiwan Cooperative Bank Co., Ltd.	Since December 7, 2021 (Established on February 23, 2022)	Shin Kong TIP Taiwan Semiconductor 30 ETF	
	Taiwan Business Bank Ltd.	Since April 8, 2022	Shin Kong Taiwan High Dividend Fund	
	Chang Hwa Commercial Bank Ltd.	Since December 15 , 2022 (Established on March 31, 2023)	Shin Kong S&P Electric Vehicles ETF	
	Taishin International Bank Co., Ltd.	Since October 26 , 2022 (Established on May 1, 2023)	Shin Kong Global Multi Asset Fund	
	Taichung Commercial Bank Co., Ltd	Since March 6, 2023	Shin Kong 4-Year Maturity U.S. Investment Grade Bond Fund	

Note: Data as of December 31,2023

Chapter 6. Financial Overview:

I. Condensed Balance Sheets and Statements of Comprehensive Income for the Past 5 Years

SKFH and Its Subsidiaries' Condensed Consolidated Balance Sheet

Unit: NTD thousands

Item \ Year		Financial information between 2019 and 2023 (Note 1)					Year-to-date through February 29, 2024
		2019 (after restatement) (Note 5)	2020	2021	2022	2023	
Cash and cash equivalents, due from Central Bank and other banks		253,699,451	178,644,769	153,601,213	161,215,127	168,475,656	(Note 2)
Financial assets at fair value through profit or loss		476,321,145	588,108,652	531,997,353	399,448,996	441,196,868	
Financial assets at fair value through other comprehensive income		349,069,530	468,434,675	469,724,430	344,283,669	321,405,323	
Financial assets at amortized cost		1,802,686,194	1,886,318,420	2,200,258,070	2,580,982,063	2,558,119,335	
Derivative financial assets for hedging		-	-	-	-	-	
Notes and bonds purchased under resale agreements		10,736,713	22,546,037	6,947,940	6,017,665	17,707,685	
Accounts receivable		72,698,862	89,644,281	89,059,843	72,658,678	97,194,147	
Current tax assets		1,296,063	943,931	563,416	625,425	901,837	
Noncurrent assets classified as held for sale, net		0	0	9,298,033	9,588,103	8,468,595	
Loans, net		754,966,218	793,218,918	863,498,795	902,588,431	958,211,816	
Reinsurance contract assets		-	-	-	-	-	
Investments accounted for using the equity method		422,990	1,239,964	2,619,387	2,602,166	2,757,344	
Restricted assets		-	-	-	-	-	
Other financial assets, net		48,318,581	49,436,984	51,457,856	49,464,481	60,606,839	
Right-or-use assets, net		5,168,346	4,742,815	4,918,492	4,660,954	4,428,974	
Investment properties, net		176,510,411	180,511,091	182,591,193	184,130,015	191,823,609	
Property and equipment, net		32,032,794	33,010,092	40,079,679	40,024,404	39,598,442	
Intangible assets, net		3,019,275	3,096,982	3,423,725	3,547,115	3,858,111	
Deferred income tax assets, net		17,218,974	27,048,249	35,046,207	38,641,123	44,114,442	
Other assets		25,648,172	30,177,936	40,177,255	50,220,833	34,625,168	
Total assets		4,029,813,719	4,357,123,796	4,685,262,887	4,850,699,248	4,953,494,191	
Due to Central Bank and other banks		8,493,819	4,648,555	5,596,682	323,880	845,250	
Due to the Central Bank and banks		-	267,740	225,050	-	-	
Financial liabilities at fair value through profit or loss		5,503,637	9,578,105	10,982,773	51,259,977	19,530,993	
Derivative financial liabilities for hedging		-	-	-	-	-	
Notes and bonds issued under repurchase agreements		40,823,365	39,285,610	36,292,348	26,565,968	44,603,157	
Commercial papers issued		0	2,399,935	11,005,698	1,997,456	12,736,977	
Accounts payable		35,935,308	50,011,887	49,120,169	32,930,649	43,755,954	
Current tax liabilities		142,762	1,532,210	2,118,563	1,114,945	640,871	
Liabilities directly related to assets held for sale		-	-	-	-	-	
Deposits and remittances		772,279,330	839,810,153	992,399,851	1,043,426,815	1,057,356,014	
Bonds payable		60,762,248	65,828,072	64,406,761	63,750,689	77,852,943	
Other loans		1,176,770	3,332,033	783,962	3,324,591	2,221,898	
Preferred stock liabilities		-	-	-	-	-	
Provisions		2,767,660,120	2,995,082,979	3,137,944,413	3,294,706,402	3,290,657,708	
Miscellaneous financial liabilities		58,568,416	59,019,711	71,079,996	80,817,076	105,086,974	
Lease liabilities		7,036,559	6,820,371	7,534,691	11,605,381	10,650,474	
Deferred tax liabilities		11,200,958	10,382,944	10,947,480	10,821,321	16,696,064	
Other liabilities		22,307,735	27,544,633	21,442,073	15,924,396	24,778,608	
Total liabilities	Before Distribution	3,791,891,027	4,115,544,938	4,421,880,510	4,638,569,546	4,707,413,885	
	After Distribution	3,796,964,917	4,121,016,388	4,428,608,360	4,638,569,546	(Note 4)	
Equity attributable to the owner of the Company		237,520,940	241,180,784	262,969,964	211,721,061	245,647,325	
Share Capital	Before Distribution	126,753,941	133,173,941	144,429,649	157,846,182	157,846,290	
	After Distribution	126,753,941	133,173,941	144,429,649	157,846,182	(Note4)	
Capital surplus		13,655,226	20,502,607	19,136,235	18,276,795	18,623,914	
Retained earnings	Before Distribution	85,387,853	81,023,347	98,335,983	93,494,307	88,800,916	
	After Distribution	80,313,963	75,551,897	91,608,133	93,494,307	(Note 4)	
Other equity		12,125,766	6,595,942	1,068,097	(57,896,223)	(19,623,795)	
Treasury shares		(401,846)	(115,053)	-	-	-	
Non-controlling interests		401,752	398,074	412,413	408,641	432,981	
Total equity	Before Distribution	237,922,692	241,578,858	263,382,377	212,129,702	246,080,306	
	After Distribution	232,848,802	236,107,408	256,654,527	212,129,702	(Note 4)	

Note 1: Financial information of each year has been audited and certified by CPAs.

Note 2: As of the publication date of the annual report, no financial information of 2024 has been reviewed by CPAs.

Note 3: Asset revaluation was not conducted in that year.

Note 4: The loss appropriation for 2023 has not yet been resolved by the Shareholders' Meeting.

Note 5: Starting from 2020, the Company measured the subsequent value of investment property at fair value; as so, the Company retrospectively restated the affected items on the 2019 financial statements.

SKFH Condensed Balance Sheet

Unit: NTD thousands

Item \ Year		Financial information between 2019 and 2023 (Note 1)					Year-to-date through February 29, 2024
		2019 (after restatement) (Note 5)	2020	2021	2022	2023	
Cash and cash equivalents, due from Central Bank and other banks		4,878,314	2,048,914	1,517,274	2,828,615	2,597,680	(Note 2)
Financial assets at fair value through profit or loss		-	-	1,602	-	-	
Financial assets at fair value through other comprehensive income		-	-	-	-	-	
Financial assets at amortized cost		-	1,003,780	969,150	1,123,913	351,762	
Derivative financial assets for hedging		-	-	-	-	-	
Notes and bonds purchased under resale agreements		-	-	-	-	-	
Accounts receivable		-	-	-	-	-	
Current tax assets		1,296,305	943,770	563,848	581,338	859,252	
Noncurrent assets classified as held for sale, net		-	-	-	-	-	
Loans, net		-	-	-	-	-	
Reinsurance contract assets		-	-	-	-	-	
Investments accounted for using the equity method		250,103,083	256,469,931	279,865,746	230,267,785	264,614,525	
Restricted assets		-	-	-	-	-	
Other financial assets, net		3,568	3,109	2,955	5,816	7,492	
Right-or-use assets, net		17,609	48,642	112,107	92,328	68,597	
Investment properties, net		-	-	-	-	-	
Property and equipment, net		7,407	13,298	21,172	37,151	31,207	
Intangible assets, net		54	1,333	22,840	14,113	15,181	
Deferred income tax assets, net		-	-	-	-	-	
Other assets		889,503	422,516	932,382	1,286,777	1,128,953	
Total assets		257,195,843	260,955,293	284,009,076	236,237,836	269,674,649	
Due to Central Bank and other banks		-	-	-	-	-	
Due to the Central Bank and banks		-	-	-	-	-	
Financial liabilities at fair value through profit or loss		17,200	7,699	-	-	33,995	
Derivative financial liabilities for hedging		-	-	-	-	-	
Notes and bonds issued under repurchase agreements		-	-	-	-	-	
Commercial papers issued		-	-	1,199,484	1,397,537	1,495,821	
Accounts payable		5,320,489	3,942,476	4,280,605	7,072,260	9,259,151	
Current tax liabilities		-	1,388,147	1,979,658	931,588	350,072	
Liabilities directly related to assets held for sale		-	-	-	-	-	
Deposits and remittances		-	-	-	-	-	
Bonds payable		14,262,247	14,328,072	13,406,761	12,950,689	12,652,943	
Other loans		-	-	-	2,000,000	100,000	
Preferred stock liabilities		-	-	-	-	-	
Provisions		-	-	-	-	-	
Miscellaneous financial liabilities		-	-	-	-	-	
Lease liabilities		17,701	50,206	114,280	94,903	70,609	
Deferred tax liabilities		-	-	-	-	-	
Other liabilities		57,266	57,909	58,324	69,798	64,733	
Total liabilities	Before Distribution	19,674,903	19,774,509	21,039,112	24,516,775	24,027,324	
	After Distribution	24,748,793	25,245,959	27,766,962	24,516,775	（Note 4）	

Item \ Year		Financial information between 2019 and 2023 (Note 1)					Year-to-date through February 29, 2024
		2019 (after restatement) (Note 5)	2020	2021	2022	2023	
Equity attributable to the owner of the Company		237,520,940	241,180,784	262,969,964	211,721,061	245,647,325	(Note2)
Share Capital	Before Distribution	126,753,941	133,173,941	144,429,649	157,846,182	157,846,290	
	After Distribution	126,753,941	133,173,941	144,429,649	157,846,182	（Note 4）	
Capital surplus		13,655,226	20,502,607	19,136,235	18,276,795	18,623,914	
Retained earnings	Before Distribution	85,387,853	81,023,347	98,335,983	93,494,307	88,800,916	
	After Distribution	80,313,963	75,551,897	91,608,133	93,494,307	（Note 4）	
Other equity		12,125,766	6,595,942	1,068,097	(57,896,223)	(19,623,795)	
Treasury shares		(401,846)	(115,053)	-	-	-	
Total equity	Before Distribution	237,520,940	241,180,784	262,969,964	211,721,061	245,647,325	
	After Distribution	232,447,050	235,709,334	256,242,114	211,721,061	（Note 4）	

Note 1: Financial information of each year has been audited and certified by CPAs.

Note 2: As of the publication date of the annual report, no financial information of 2024 has been reviewed by CPAs.

Note 3: Asset revaluation was not conducted in that year.

Note 4: The loss appropriation for 2023 has not yet been resolved by the Shareholders' Meeting.

Note 5: Starting from 2020, the Company measured the subsequent value of investment property at fair value; as so, the Company retrospectively restated the affected items on the 2019 financial statements.

SKFH and Its Subsidiaries'Condensed Consolidated Statement of Comprehensive Income

Unit: NTD thousands

Item \ Year	Financial information between 2019 and 2023 (Note 1)					Year-to-date through February 29, 2024
	2019 (after restatement) (Note 3)	2020	2021	2022	2023	
Interest income	112,980,638	106,593,007	108,110,074	120,790,174	131,452,391	(Note2)
Less: interest expense	(7,778,867)	(6,307,389)	(5,132,494)	(8,814,462)	(17,615,308)	
Net interest income	105,201,771	100,285,618	102,977,580	111,975,712	113,837,083	
Net income and gains other than interest income	174,043,255	167,851,531	113,534,566	(11,067,996)	(88,431,699)	
Profit from operations	279,245,026	268,137,149	216,512,146	100,907,716	25,405,384	
Provision for bad debt expenses, commitments, and guarantee liabilities	(476,752)	(1,433,375)	(1,483,593)	(1,188,108)	(1,326,018)	
Net changes in insurance liability reserves	(234,264,063)	(231,247,233)	(167,175,943)	(67,885,956)	(7,277,069)	
Operating expenses	(25,874,694)	(26,964,490)	(29,410,903)	(27,128,412)	(29,510,045)	
Consolidated (loss) income before income tax	18,629,517	8,492,051	18,441,707	4,705,240	(12,707,748)	
Income tax benefit (expense)	1,271,765	5,967,208	4,288,783	(2,536,552)	5,383,443	
Current net profit after tax from continuing operations	19,901,282	14,459,259	22,730,490	2,168,688	(7,324,305)	
Income (loss) from discontinued operations						
Consolidated net income	19,901,282	14,459,259	22,730,490	2,168,688	(7,324,305)	
Other comprehensive income (loss)						
Total other comprehensive income (loss), net of income tax	30,341,156	(7,160,756)	(5,366,032)	(59,180,711)	41,028,553	
Total comprehensive income	50,242,438	7,298,503	17,364,458	(57,012,023)	33,704,248	
Income attributable to owners of the Company	19,833,125	14,385,587	22,652,742	2,086,636	(7,409,239)	
Income attributable to non-controlling interests	68,157	73,672	77,748	82,052	84,934	
Total comprehensive income attributable to owners of the Company	50,179,882	7,232,559	17,281,154	(57,078,146)	33,602,946	
Total comprehensive income attributable to non-controlling interest	62,556	65,944	83,304	66,123	101,302	
Earnings Per Share	1.61	1.12	1.67	0.10	(0.48)	

Note 1: Financial information of each year has been audited and certified by CPAs.

Note 2: As of the publication date of the annual report, no financial information of 2024 has been reviewed by CPAs.

Note 3: Starting from 2020, the Company measured the subsequent value of investment property at fair value; as so, the Company retrospectively restated the affected items on the 2019 financial statements.

SKFH Condensed Statement of Comprehensive Income

Unit: NTD thousands

Item \ Year	Financial information between 2019 and 2023 (Note 1)					Year-to-date through February 29, 2024
	2019 (after restatement) (Note 3)	2020	2021	2022	2023	
Shares of profit or loss of subsidiaries accounted for using equity method	19,694,087	14,934,265	23,179,474	2,554,458	(7,731,293)	(Note 2)
Other income	65,600	59,605	24,441	390,285	218,803	
Operating expenses	(377,139)	(431,405)	(530,890)	(407,263)	(408,218)	
Other expenses and losses	(170,472)	(216,712)	(184,372)	(164,634)	(276,083)	
Income before tax	19,212,076	14,345,753	22,488,653	2,372,846	(8,196,791)	
Income tax benefit (expenses)	621,049	39,834	164,089	(286,210)	787,552	
Net income	19,833,125	14,385,587	22,652,742	2,086,636	(7,409,239)	
Other comprehensive income	30,346,757	(7,153,028)	(5,371,588)	(59,164,782)	41,012,185	
Total comprehensive income	50,179,882	7,232,559	17,281,154	(57,078,146)	33,602,946	
Earnings Per Share	1.61	1.12	1.67	0.10	(0.48)	

Note 1: Financial information of each year has been audited and certified by CPAs.

Note 2: As of the publication date of the annual report, no financial information of 2024 has been reviewed by CPAs.

Note 3: Starting from 2020, the Company measured the subsequent value of investment property at fair value; as so, the Company retrospectively restated the affected items on the 2019 financial statements.

Names of Certifying CPA and Their Audit (Review) Opinions in the Past 5 Years

Year	2019	2020	2021	2022	2023
Certified Certified Public Accountant	Wang-Seng Lin Kwan-Chung Lai	Wang-Seng Lin Kwan-Chung Lai	Wang-Seng Lin Jr-Shian Ke	Wang-Seng Lin Jr-Shian Ke	Wang-Seng Lin Jr-Shian Ke
Audit (review) opinion	Audit Report with unqualified opinion	Unqualified opinion plus Emphasis of Matter paragraph (Note 2)	Audit Report with unqualified opinion	Audit Report with unqualified opinion	Audit Report with unqualified opinion

Note 1: Shin Kong Financial Holdings is covered by the revised Regulations Governing the Preparation of Financial Reports by Financial Holding Companies 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 starting from 2018. As a result of the retrospective application of the aforesaid standard, the affected financial statement line items in the consolidated financial statements in respect of the previous periods have not been restated. Our opinion is not modified in respect of this matter.

Note 2: Shin Kong Financial Holdings has changed its accounting policies for investment properties effective January 1, 2020, and subsequently measured investment properties using the fair value model. As a result of the retrospective application of accounting policy, the consolidated financial statements as of and for the year ended December 31, 2019, the consolidated balance sheet as of December 31, 2019 and January 1, 2019 have been restated. Our opinion is not modified in respect of this matter.

II. Financial Analyses for the Past Five Fiscal Years

Financial analysis

Analysis items (Note 3) \ Year (Note 1)		Financial information between 2019 and 2023					Year-to-date through February 29, 2024
		2019 (after restatement) (Note 6)	2020	2021	2022	2023	
Operating ability	Total assets turnover (times)	0.07	0.06	0.05	0.02	0.01	(Note 2)
	Loan-to-deposit ratio of subsidiary banks	74.22	71.73	68.91	70.22	73.58	
	Non-performing loans ratio of subsidiary banks	0.20	0.19	0.16	0.12	0.12	
	Non-performing loan ratio of subsidiary bills and finance companies	N/A	N/A	N/A	N/A	N/A	
	Employee average income	16,038.43	15,602.98	12,899.14	6,203.60	1,606.51	
	Employee average profit	1,143.03	841.39	1,354.21	133.33	(463.15)	
Profitability	Return on assets (%)	0.51	0.34	0.50	0.05	(0.15)	
	Return on equity (%)	9.44	6.03	9.00	0.91	(3.20)	
	Net profit margin (%)	7.13	5.39	10.50	2.15	(28.83)	
	EPS (NT$)	1.61	1.12	1.67	0.10	(0.48)	
Financial structure (%)	Debt to total assets	94.10	94.46	94.38	95.63	95.03	
	Debt to equity ratio	1,593.75	1,703.60	1,678.88	2,186.67	1,912.96	
	Double leverage ratio of financial holding company	105.30	106.34	106.42	108.76	107.72	
	The financial ratio of financial holding company in accordance with Article 41 of the Act	N/A	N/A	N/A	N/A	N/A	
Leverage degree	Degree of operating leverage	13.60	28.40	10.15	15.68	0.32	
	Financial leverage degree of financial holding company	1.42	1.74	1.28	2.87	(0.39)	
Growth rate	Asset growth rate	10.45	8.12	7.53	3.53	2.12	
	Profit growth rate	68.83	(54.42)	117.16	(74.49)	(370.08)	
Cash Flow	Cash flow ratio	272.85%	(Note 5)	(Note 5)	32.17%	(Note 5)	
	Cash flow adequacy ratio	94.82%	(Note 5)	(Note 5)	44.72%	56.54%	
	Cash flow satisfaction ratio	(Note 5)	1,446.17	77.03	(Note 5)	(Note 5)	
Operating scale	Asset market share	6.62	6.62	6.60	6.56	6.35	
	Equity market share	4.39	4.93	5.02	5.07	4.86	
	Deposit market share of subsidiary bank	1.90	1.94	2.07	1.96	1.91	
	Loan market share of subsidiary bank	1.91	1.95	2.02	1.94	2.00	

Analysis items (Note 3) \ Year (Note 1)		Financial information between 2019 and 2023					Year-to-date through February 29, 2024
		2019 (after restatement) (Note 6)	2020	2021	2022	2023	
Capital adequacy ratio (%) of subsidiaries calculated in accordance with the capital adequacy applicable to each industry.	Shin Kong Life Insurance Co., Ltd.	220.76	212.62	230.07	213.64	176.37	(Note 2)
	Taiwan Shin Kong Commercial Bank Co., Ltd.	14.41	16.87	14.82	14.38	15.45	(Note 2)
	MasterLink Securities Corporation	371.94	346.80	377.57	423.52	329.07	(Note 2)
	Shin Kong Investment Trust Co., Ltd.	84.48	85.85	76.30	81.80	82.67	(Note 2)
	Shin Kong Venture Capital International Co., Ltd.	99.50	90.28	90.29	86.31	85.75	(Note 2)
	Shin Kong Property Insurance Agency Co., Ltd.	54.04	62.37	61.62	59.12	58.45	(Note 2)
Eligible capital of each subsidiary (in thousands)	Shin Kong Life Insurance Co., Ltd.	160,234,589	160,930,267	182,121,851	176,652,598	162,127,490	(Note 2)
	Taiwan Shin Kong Commercial Bank Co., Ltd.	85,490,228	94,707,374	95,436,685	91,779,483	103,568,279	(Note 2)
	MasterLink Securities Corporation	18,239,265	19,391,853	21,797,283	18,904,283	22,525,918	(Note 2)
	Shin Kong Investment Trust Co., Ltd.	664,328	684,741	711,942	716,518	752,878	(Note 2)
	Shin Kong Venture Capital International Co., Ltd.	1,496,889	1,475,939	1,515,442	1,656,245	1,849,677	(Note 2)
	Shin Kong Property Insurance Agency Co., Ltd.	93,419	101,881	101,397	109,704	111,611	(Note 2)
Net eligible capital of the Group		241,098,164	251,844,548	268,214,354	261,457,418	268,421,674	(Note 2)
Statuary capital requirement of each subsidiary (in NTD thousands)	Shin Kong Life Insurance Co., Ltd.	145,163,540	151,379,718	158,320,034	165,373,724	183,844,916	(Note 2)
	Taiwan Shin Kong Commercial Bank Co., Ltd.	62,285,634	58,942,084	67,622,862	67,033,644	70,370,312	(Note 2)
	MasterLink Securities Corporation	7,355,823	8,387,442	8,659,662	6,695,464	10,268,130	(Note 2)
	Shin Kong Investment Trust Co., Ltd.	393,168	398,804	466,543	437,971	455,365	(Note 2)
	Shin Kong Venture Capital International Co., Ltd.	752,201	817,393	839,248	959,515	1,078,530	(Note 2)
	Shin Kong Property Insurance Agency Co., Ltd.	86,435	81,681	82,275	92,785	95,477	(Note 2)
Total statuary capital requirement of the Group		424,432,139	477,961,319	517,895,728	473,397,930	532,308,262	(Note 2)
Capital adequacy ratio of the Group (%)		111.13%	113.70%	112.68%	107.54%	100.27%	(Note 2)
The financial holding company shall, in accordance with Article 46 of the Act, disclose the total amount (NT$ million) or ratio of lendings, endorsement or other transactions between all subsidiaries and the same person, same related party or the same affiliated company.		4,101,926	4,614,391	5,108,181	5,404,950	5,362,481	(Note 2)

Note 1: The year without CPA certification must be indicated.

Note 2: As of the publication date of the annual report, no financial information of 2024 has been reviewed by CPAs.

Note 3: The following calculation formula should be listed at the end of the annual report:

1. Business Capacity
   （1）Total asset turnover ratio = net revenue / average total assets
   （2）Deposit-to-loan ratio of subsidiary bank = total loan amount / total deposit amount of the subsidiary bank
   （3）Non-performing loan ratio of subsidiary bank = total non-performing loan amount / total loan amount of subsidiary bank
   （4）Amount of average revenue per employee = net revenue / total number of employees
   （5）Amount of average profit per employee = net profit / total number of employees
2. Profitability
   （1）Return on assets = [net profit + interest expenses x (1-tax rate)] / average total assets

（2）Return on equity = net profit / average net equity
（3）Profit margin = net profit / net revenue
（4）Earnings per share = (income attributed to owners of parent – dividends of preferred shares) / weighted average shares issued (Note 4)

3. Financial structure
   （1）Liability to asset ratio = total liabilities / total assets
   （2）Liability to net worth ratio = total liabilities / net equities
   （3）Double leverage ratio of financial holding company = equity investments engaged in accordance with Paragraph 2, Article 36 and Article 37 of the Act / net worth
4. Leverage degree:
   （1）Operating leverage = (net revenue – variable expenses) / income before tax
   （2）Financial leverage of financial holding company = (income before tax + interest expense) / income before tax
5. Growth rate:
   （1）Asset growth rate = (total assets of the year – total assets of the previous year) / total assets of the previous year
   （2）Profit growth rate = (income before tax of the year – income before tax of the previous year) /income before tax of the previous year
6. Cash flow
   （1）Cash flow ratio = net cash flow from operating activities / (interbank lending and overdraft + commercial paper issued+financial liabilities at fair value through profit or loss + securities sold under repurchase agreements + payables with maturity within 1 year).
   （2）Net cash flow adequacy ratio = net cash flow from operating activities in the past 5 years / (capital expenditure + cash dividends) in the past 5 years).
   （3）Cash flow satisfaction ratio = net cash flow from operating activities / net cash flow from investment activities
7. Operating scale
   （1）Asset market share = total assets / total asset of all entities of the financial holding company
   （2）Net worth market share = net worth / total net worth of all entities of the financial holding company
   （3）Market share of deposit of subsidiary banks = total deposits / total deposits of all financial institutions engaging in deposit and loan business
   （4）Market share of loan of subsidiary banks = total loans / total loans of all financial institutions engaging in deposit and loan business
8. Capital adequacy
   （1）Net eligible capital of the Group = eligible capital of financial holding company + (shareholding ratio of financial holding company x eligible capital of all subsidiaries) –deduction items under requirement
   （2）Total statuary capital requirement of the Group = statuary capital requirement of financial holding company + shareholding ratio of financial holding company x statuary capital requirement of all subsidiaries
   （3）Capital adequacy ratio of the Group = net eligible capital of the Group / statuary capital requirement of the Group

Note 4: Please pay special attention to the following matters when assessing the preceding calculation formula of earnings per share:

1. The basis should be the weighted average number of common shares instead of the number of outstanding shares at the end of the year.
2. In case of cash capital increase or treasury stock trading, consider the circulation period and calculate the weighted average number of shares.
3. In case of surplus transfer to capital increase or capital reserve transfer to capital increase, retrospective adjustments should be made according to the ratio of capital increase when calculating calculating earnings per share for the previous year and the previous six-month, and the capital increase issuance period need not be considered.
4. If the special shares are non-convertible cumulative special shares, the dividends for the current year (whether issued or not) shall be deducted from the after-tax net profit, or the net loss after-tax should be increased. If the special stock is non-cumulative and if there is after-tax net profit, the dividend of the special stock shall be deducted from the after-tax net profit. No adjustment is necessary if there is a loss.

Note 5: The ratio is not disclosed since the net cash flow ratio is negative.

Note 6: Starting from 2020, the Company measured the subsequent value of investment property at fair value; as so, the Company retrospectively restated the affected items on the 2019 financial statements.

III. Audit Committee's Review Report on the Most Recent Fiscal Year's Financial Statement

Audit report from the audit committee

The Board of Directors prepared 2023 Business Report, Consolidated Financial Statements and Deficit Compensation of the Company. The Consolidated Financial Statements have been audited by CPA Wang-Seng Lin and Jr-Shian Ke from Deloitte Taiwan, who issued an audit report. After reviewing the proposal of the aforementioned Business Report, Consolidated Financial Statement, and Deficit Compensation, these aforementioned financial statements and documents are fairly presented as stated. Therefore, we submit the report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act for your approval.

Shin Kong Financial Holding Co., Ltd.

Convener of Audit Committee: CHIEN MIN CHIU

Chien, Min-chi

March 29, 2024

IV. Consolidated Financial Statements of the Most Recent Year That Have Been Attested by CPAs:

Please refer to Page 399

V. In the Most Recent Fiscal Year and Up to the Date of Publication of the Annual Report, Any Financial Difficulties Experienced by the Company or Its Affiliates and How Said Difficulties Will Affect the Company's Financial Situation: None.

Chapter 7. Review and Analysis of the Financial Position and Financial Performance, and Risk Management

I. Financial Position

Unit: NTD thousands

Item \ Year	2023	2022	Increase (decrease) amount	Change by percentage (%)
Cash and cash equivalents	2,597,680	2,828,615	(230,935)	(8.16)
Current tax assets	859,252	581,338	277,914	47.81
Financial assets at fair value through profit or loss	0	0	0	0
Miscellaneous financial assets	359,254	1,129,729	(770,475)	(68.20)
Investment accounted for using the equity method	264,614,525	230,267,785	34,346,740	14.92
Property and equipment, net	31,207	37,151	(5,944)	(16.00)
Other assets	1,212,731	1,393,218	(180,487)	(12.95)
Total assets	269,674,649	236,237,836	33,436,813	14.15
Financial liabilities at fair value through profit or loss	33,995	0	33,995	100.00
Short-term loans	100,000	2,000,000	(1,900,000)	(95.00)
Accounts payable	10,754,972	8,469,797	2,285,175	26.98
Bonds payable	12,652,943	12,950,689	(297,746)	(2.30)
Long-term loans	0	0	0	0
Other liabilities	485,414	1,096,289	(610,875)	(55.72)
Total liabilities	24,027,324	24,516,775	(489,451)	(2.00)
Share Capital	157,846,290	157,846,182	108	0.00
Capital surplus	18,623,914	18,276,795	347,119	1.90
Retained earnings	88,800,916	93,494,307	(4,693,391)	(5.02)
Other equity	(19,623,795)	(57,896,223)	38,272,428	(66.11)
Treasury shares	0	0	0	0
Total equity	245,647,325	211,721,061	33,926,264	16.02

Description of the analysis on the variation ratio:

1. Current tax assets: Due to the increase in the tax amount withheld by the subsidiary.
2. Miscellaneous financial assets: Due to the decrease in time deposits with original maturities of more than 3 months.
3. Financial liabilities at fair value through profit or loss: Due to the issuance of unsecured convertible bonds.
4. Short-term loans: Due to decreased working capital requirements.
5. Accounts payable: Due to the appropriation of inter-subsidiary use loss deduction to offset the increase of income tax payable for linked-tax.
6. Other liabilities: Due to the decrease in taxable income in the period.
7. Other equity: Due to increased revaluation gain of financial assets.

II. Financial Performance

Unit: NTD thousands

Item \ Year	2023	2022	Increase (decrease) amount	variation ratio (%)
Shares of profit or loss of subsidiaries accounted for using equity method	(7,731,293)	2,554,458	(10,285,751)	(402.66)
Other income	218,803	390,285	(171,482)	(43.94)
Operating expenses	(408,218)	(407,263)	955	0.23
Other expenses and losses	(276,083)	(164,634)	111,449	67.70
Income before tax	(8,196,791)	2,372,846	(10,569,637)	(445.44)
Income tax benefit (expenses)	787,552	(286,210)	1,073,762	375.17
Net income	(7,409,239)	2,086,636	(9,495,875)	(455.08)
Other comprehensive income	41,012,185	(59,164,782)	100,176,967	(169.32)
Total comprehensive income	33,602,946	57,078,146	(23,475,200)	(41.13)

Description of the analysis on the variation ratio:

1. Shares of profit or loss of subsidiaries accounted for using equity method: Due to the profit of subsidiaries is less than that of the previous year.
2. Other income: Due to decreased foreign exchange gain.
3. Other expenses and losses: Due to increased interest expense
4. Income before tax: Mainly due to the above-mentioned reasons.
5. Income tax benefit (expenses): Due to the overestimation of tax expenses in previous years.
6. Net income: Mainly due to the above-mentioned reasons.
7. Other comprehensive income: Mainly due to increased revaluation gain of financial assets.
8. Total comprehensive income: Mainly due to the above-mentioned reasons.

III.Cash Flow:

(I) Liquidity Analysis for the Past 2 Years:

Item \ Year	2023	2022	Increase ratio
Cash flow ratio	Note	32.17	-
Cash flow adequacy ratio	56.54	44.72	11.82
Cash flow satisfaction ratio	Note	Note	-
Description of the analysis on the variation ratio: Note: The ratio is not disclosed since the cash flow ratio and cash flow satisfaction ratio are negative. 1. The difference in the cash flow adequacy ratio between the two periods is mainly due to an increase in net cash flows from operating activities over the past five years.			

(II) Liquidity Analysis for the Following Year:

Unit: NTD thousands

Cash balance at the beginning of the period	Estimated annual net cash flow from operating activities	Estimated annual cash outflow	Estimated surplus (insufficient) cash amount	Remedy measures for estimated insufficient cash	
(1)	(2)	(3)	(1)+(2)-(3)	Investment plan	Financing plan
2,850,584	8,282,000	7,801,000	3,331,584	-	-

Note 1: Including “Time deposits with original maturities of more than 3 months” but excluding “Restricted time deposits - guarantee deposits paid.”

IV. Impact of Material Capital Expenditure on Financial Activity in the Most Recent Year: None

V. The Company's Reinvestment Policy for the Most Recent Fiscal Year on Investments in Other Companies, the Main Reasons for Profit/Losses Resulting Therefrom and Plans for Improvement, and Investment Plans for the Coming Fiscal -Year

(I) Reinvestment Policy:

The Company makes investments and manages investees in accordance with the Financial Holding Company Act and ensures proper functioning of the operation of subsidiaries. The Company expands scale and scope of business by complying with regulations of the competent authority, observing market trends, and assessing the return rate and strategy value of each reinvestment opportunity; doing so also helps integrate marketing benefits among subsidiaries, in the hope to improve the Company’s profitability and shareholders' equity.

(II) Main Reasons for Profits/Losses Resulting Therefrom and Plans for Improvement

For 2023, SKFH reported consolidated net loss of NT$7.324 billion and losses per share of NT$0.48 for the year. This performance was mainly attributed to the life insurance subsidiary having suffered losses from the significant increase in exchange hedging costs as interest rate differences between NTD and USD widened. Meanwhile, other subsidiaries performed consistently, with the banking and securities subsidiaries having reported close to record-high profits.
Shin Kong Life Insurance experienced a consolidated net loss of NT$17.108 billion, attributed mainly to the escalated costs in foreign exchange hedging and the failure of financial incomes to meet anticipated targets. In response, strategic measures will be implemented to escalate the sales of foreign currency-denominated policies, aiming to curtail hedging costs. Additionally, there will be a dynamic reallocation of the investment portfolio between equities and bonds, with the objective of increasing opportunities for realizing capital gains. Shin Kong Bank (SKB) reported consolidated net income of NT$6.791 billion, the second highest in history, including a 34.6% increase in non-interest net revenues. The growth mainly attributed to higher net fee income and higher financial market gains. Owing to a 26.8% gain in Taiwan's equity market, MasterLink Securities reported consolidated net income of NT$2.499 billion, the second highest in history and representing a 589.8% increase from the previous year. The growth was mainly attributed to brokerage service, whereas the proprietary trading and bond departments also delivered strong performance.

(III) Investment Plans for the Coming Year:

Under the premise of compliance with laws and regulations, SKFH will seek investment opportunities that best complement SKFH and thus improve synergy, so as to provide all-round financial services while raising the profitability and active customers, thereby creating stable return for shareholders.

VI. Risk Management:

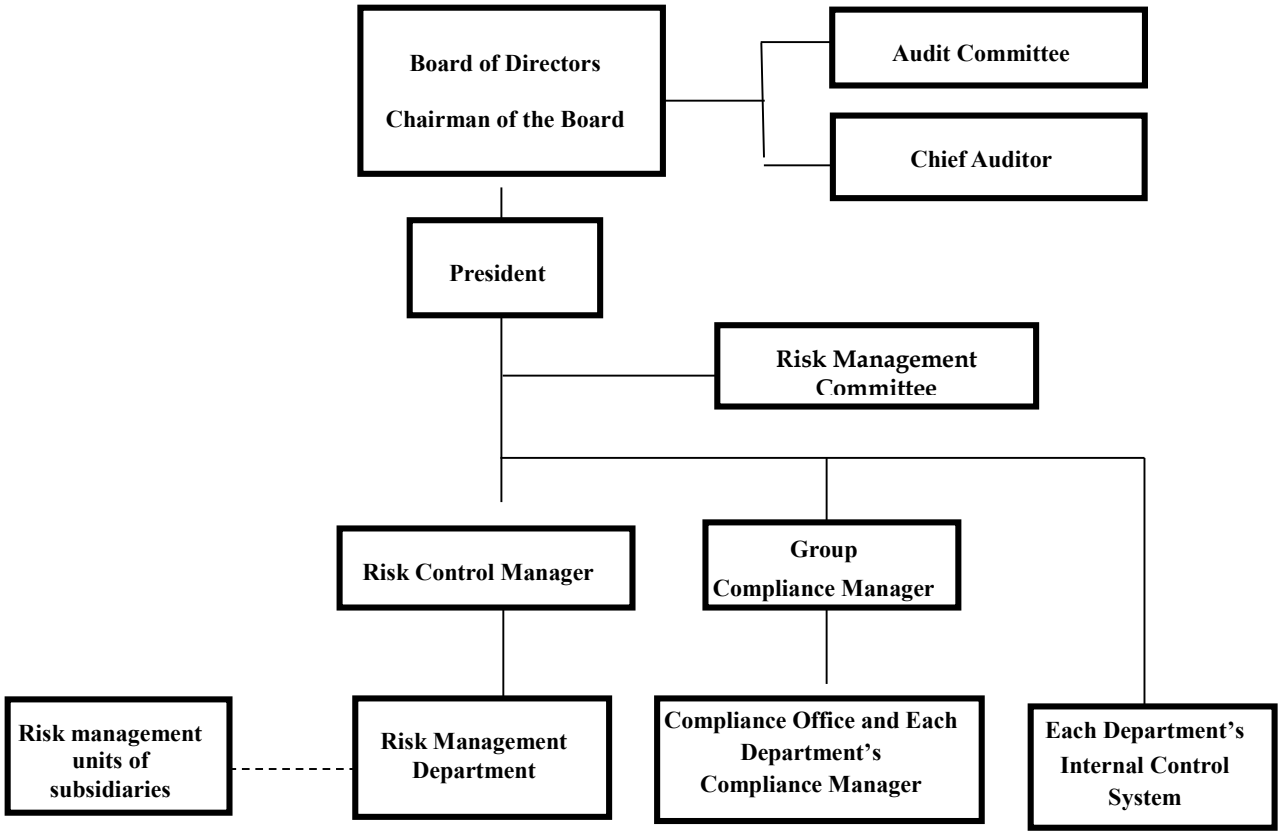
The concept of SKFH risk management is to maximize profits under acceptable risks. For the implementation of this concept, the Company establishes a solid and effective risk management mechanism to continue to create values for shareholders and customers. The Company manages subsidiaries mainly in three respects: supervision, integration, and planning. Practically, the Company implements management and communication via each subsidiary's risk management unit.

(I) Organizational Structure and Policy on SKFH and Its Subsidiaries' Risk Management

SKFH

1. Risk Management Organizational Structure:

The Company establishes Risk Management Committee to implement risk control business and establishes a dedicated Risk Management Department to be in charge of the risk control of the Group. The organizational structure is as follows:



2. Risk Management Policy

(1) Management Policy

The risk management of the Company and its subsidiaries is at a strategic position, and risks are taken into consideration when forming related decisions. The Company identifies, measures, monitors and reports risks through qualitative or quantitative management methods and keeps the possible risks from operating activities within an acceptable range in order to pursue a steady operating policy and uphold the spirit of consistent execution.

(2)Responsible Units

To effectively operate and implement the risk management business, the Company has established the Risk Management Committee, Risk Management Department and other risk management units:

a. Board of Directors: The Board of Directors of the Company is the highest decision-making unit of risk management, which undertakes the final accountability of risk management operation.
b. Audit Committee: The Audit Committee of the Company monitors the effectiveness of overall risk control of the Company according to its organizational charters.
c. Risk management Committee: The Company establishes the Risk Management Committee to execute risk control. This Committee holds meetings every quarter on a regular basis. The Committee discloses the risk exposure level of the Group and inspects the risk control execution result through risk summaries submitted by committee members and forms the overall risk control strategy of the Company.
d. Risk Management Department: The Company establishes the Risk Management Department to be responsible for the collection, analysis and reporting of risk management of the Group, and for monitoring the execution of risk management mechanism of subsidiaries; the Risk Management Department is also the execution unit of decisions made by the Risk Management Committee, responsible for enforcing the consensus and decisions of the Risk Management Committee.

Each subsidiary, based on organization scale and industry regulations, establishes an independent risk management unit or designates dedicated personnel to manage risks daily.

(3) Risk Management Report

The Risk Management Department of the Company or risk management unit or personnel of subsidiaries, based on their responsibilities, submit risk management reports to management of all levels on a regular or irregular basis; they also prepare assessment report on overall risks on a quarterly basis and submit the report to the Audit Committee and the Board of Directors, and in doing so allows the top management to understand the risks facing the Company and make decisions accordingly.

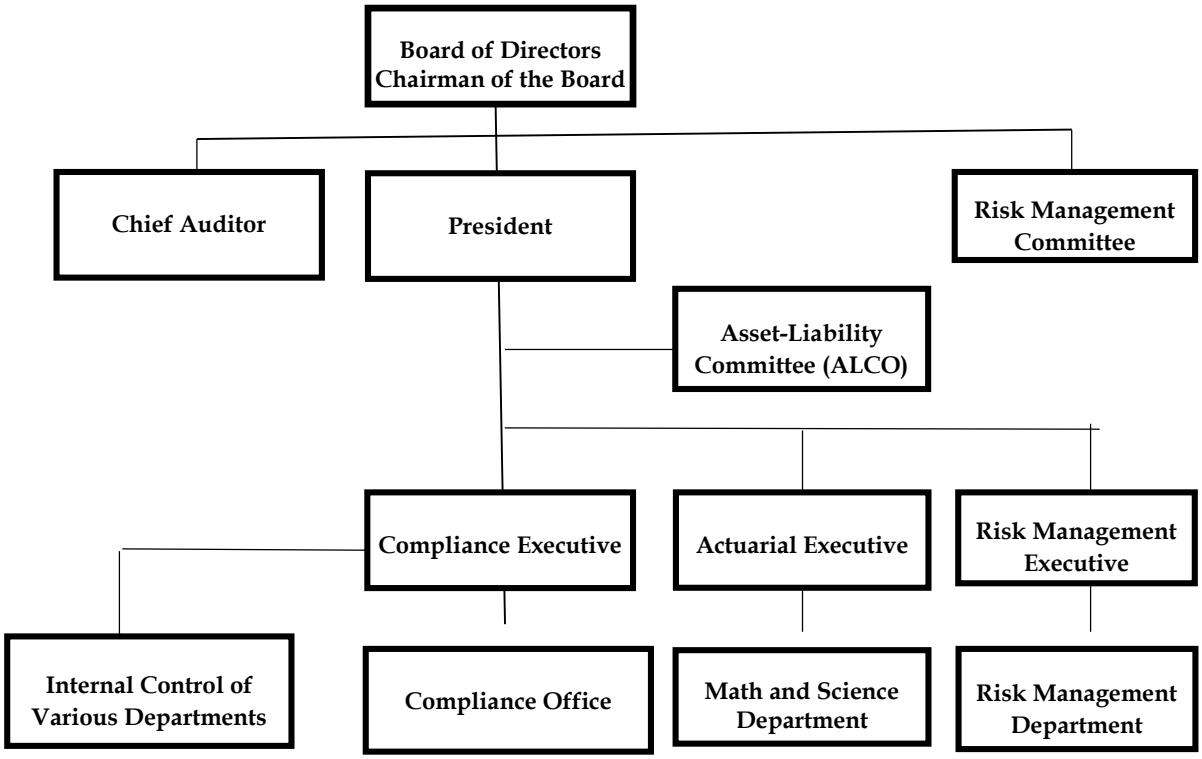
In order to lower the impact of major contingencies on the Company and its subsidiaries, SKFH establishes an emergency reporting mechanism that clearly regulates reporting of major contingencies and response procedures. When a contingency occurs, the mechanism immediately reports it to the management for them to response, and in doing so achieves risk warnings and lowers losses, thereby fulfilling the risk control objectives.

(4)Performance evaluation

The Company and subsidiaries are subject to a risk-adjusted reward system to balance risk and rewards, i.e., rewards are awarded by considering the maturity of risk culture and risk measurement of the Company and its subsidiaries, their business nature, practical needs, and past performance records as opposed to short-term incentives such as bonus.

Shin Kong Life Insurance

1.Risk Management Organizational Structure:



Responsibilities of risk management units:

(1)Chief Auditor: It is under the Board of Directors. The Audit office under which is responsible for the internal audit on units of the Company and its subsidiaries and presenting audit report, reviewing self-audit conducted by all units, performance assessment on internal control conducted by all units, tracking and reviewing of audit opinions or defects proposed by competent authority and by internal or external auditors, reporting audit operation to competent authority, and serving as the contact window of external audits.

(2)Risk Management Committee: Assess and monitor the risk-bearing capacity of the Company, current status of risks borne, and determines risk response strategy in order to promote sound operation and development of the Company.

(3)Asset-Liability Committee (ALCO): In charge of the Company's risk management via Asset Liability Matching (ALM), annual asset allocation plan, asset allocation plan for new products, financial/business plans related to

IFRS 17, and regularly review plans and risks related to asset and liability management to optimize the Company's asset and liability management mechanism.

(4) Risk Management Department: Responsible for market risk, credit risk, and operational risk of the Company and conduct risk identification, risk assessment and establish risk management mechanism.

(5) Math and Science Department: Responsible for researching and introduction of IFRSs and the new generation of solvency systems for the insurance industry, arrangement of Asset-Liability Committee (ALCO) meetings and the International Financial Reporting Standards 17 (IFRS 17) and Insurance Capital Standard (ICS) Convergence Management Committee, consolidation of the annual actuary report, valuation of the Company's implied value and new contract value, calculation of various provisions, construction of actuarial models and assumptions, and planning and execution of reinsurance affairs.

(6) Compliance Office: Responsible for planning, management and execution of compliance system of the Company, stipulating annual compliance plans, managing the amendments to insurance laws and regulations, supervising units on self-assessment of compliance, and conducting legal training and business promotion for personnel of all units.

2.Risk Management Policy:

(1)Objectives

Establish the risk management system, risk management organizational structure and risk control mechanism of the Company in order to protect company asset, ensure capital adequacy, increase values of shareholders, and comply with laws and regulations, as well as promoting the sound operation and development of the Company under the premises of balance between risks and rewards.

(2)Strategy

The risk management of the Company is at a strategic position, and risks are taken into consideration when forming related decisions. The Company identifies, measures, monitors and responds to risks through qualitative or quantitative management methods and maintains the possible risks from operating activities within a acceptable range in order to seek steady operating policy and uphold the spirit of consistent execution.

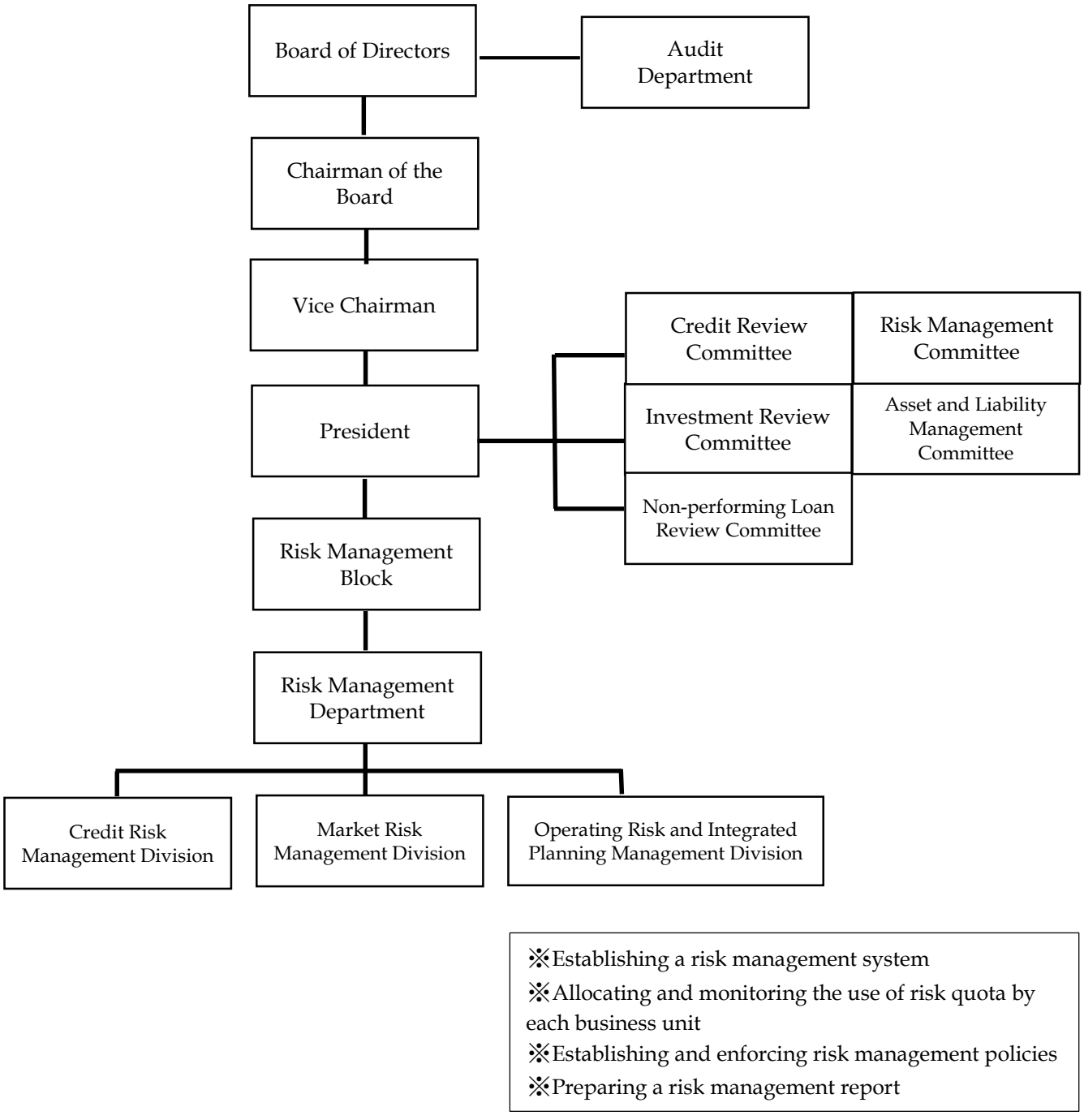
(3)Organization and Responsibilities

To effectively plan, monitor, and implement risk management, the Company establish a Risk Management Committee under the Board of Directors, a Risk Management Department independent from other business units, and other risk management units, as well as establishing the position of Chief Risk Officer. To emphasize the independence of Risk Management Committee, an independent

director serves as the convenor of the committee, and members are composed of independent directors and top management from major business areas. The committee submits overall risk management report on a regular basis and reports to the Board of Directors on risk management implementation.

Taiwan Shin Kong Commercial Bank

1.Risk Management Organizational Structure:



2.Risk management policy:

(1)Management strategy

a. Risk management shall be complied with by the Board of Directors, managements of all levels and all employees in order to protect the rights and interests of investors and customers and ensure the compliance of laws and regulations.

b. They include: (a) stipulate risk management guidelines and goals and establish process for risk confirmation, quantification, reporting and warning.

c. Institutionalize and document risk management operation and stipulate SOP and regulations in accordance with this policy.

d. Establish risk management organizations, stipulate that risk management unit is an independent risk management unit, responsible for risk control of the bank, report of risk control implementation on a regular basis, and completing the “Risk management information” as required by this policy, and

e. Stipulate capital adequacy management, risk tolerance and response strategy for management level to achieve the goal of risk management.

(2)Management objectives:

a. Establish an organization culture that the Bank as a whole recognizes and complies with the risk management mechanism.

b. Effectively manage the risk borne by the bank.

c. Maintain the balance between the risks borne and rewards, and,

d. Maintain adequate capital.

(3)Organization and responsibility:

a. The Board of Directors of the Bank is the highest decision-making unit of risk management, and liable for the final accountability for establishing risk management systems for of all risks and ensuring the effective operation.

b. Risk management committee is a staff unit of the Board of Directors and President, responsible for examining the performance of risk management of the Bank.

c. Risk management unit is an independent risk management unit, responsible for risk control of the bank, report of risk control implementation on a regular basis, and completing the “Risk management information” as required by this policy.

d. Each business responsible unit shall be in charge of monitoring, measuring and assessment of daily risks and submit information of risk exposure and risks in accordance with related regulations, as well as ensure that the associated businesses are effectively executed within the risk limit and according to the internal control procedure.

e. Each operation shall execute the internal control and risk control of all business in accordance with the regulations and guidelines stipulated by all business responsible units and shall report related information and provide written statements on a regular basis.

MasterLink Securities

1.Risk Management Organizational Structure:

(1)Risk Management Organization:

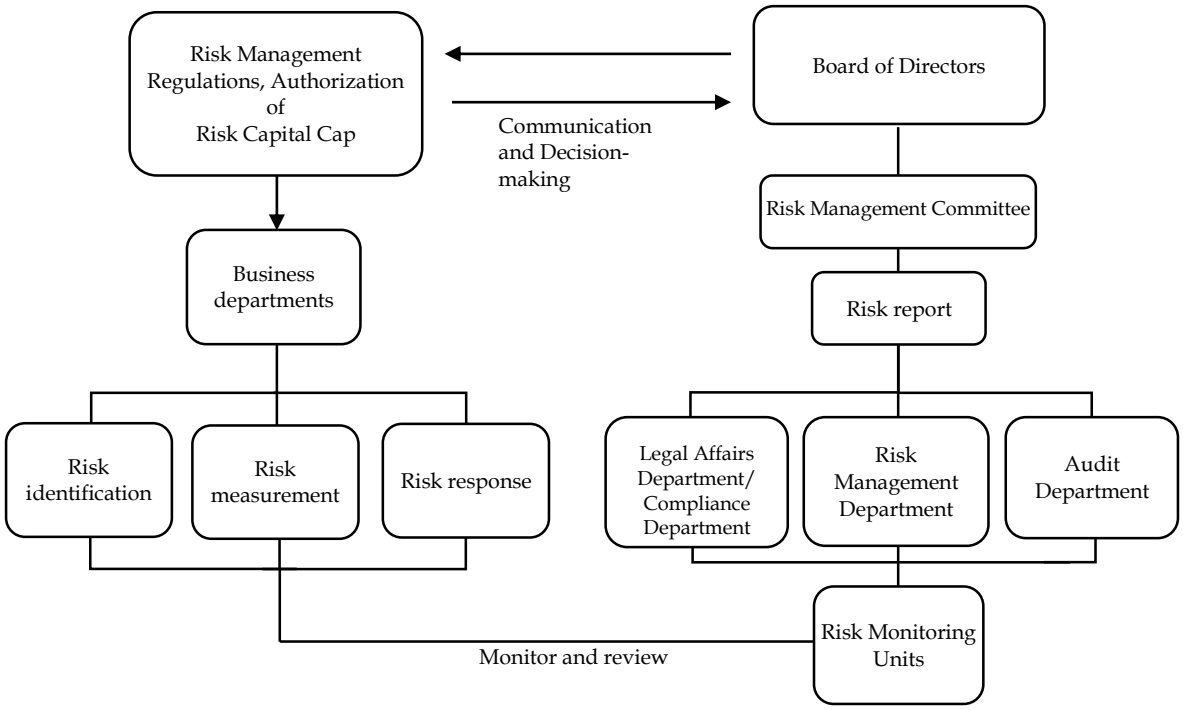
a. Risk management organizations: Board of Directors, Risk Management Committee, Risk Management Department, business departments and other departments (Legal Affairs Department, Compliance Department, and Audit Department), are responsible for monitoring, planning and execution.

b. The Risk Management Committee under the Board of Directors of the Company is responsible for planning and monitoring the effectiveness of risk management of the Company. The committee shall at least convene a meeting quarterly.

c. Risk Management Department under the Chairman of the Board is responsible for the measurement and monitoring of company risks.

(2) Risk Management Structure:

The risk management structure of the company is as follows:



2.Risk management policy

(1) The policy is to actively engage in all businesses and increase the quality and quantity of income under acceptable risk level.

(2) The policy is also to strengthen the width and depth of risk control. The network of risk control is composed of 9 major risks and 3-level risk control structure along with self-evaluation self-discipline to ensure the compliance of 9 major risks and implement institutionalization, computerization and discipline.

(3) Business department shall conduct effective control of the risks associated with system, events, market, credit, liquidity, models, laws and regulations, operation, policy and other risks (such as climate and reputation risk) that will be encountered when conducting various businesses, and the risk monitor unit shall continue to

monitor and respond to the risks of operating activities; and, Audit Department shall conduct solid audit, so as to respond to risks.

Shin Kong Investment Trust (SKIT)

1.Risk Management Organizational Structure:

(1) Risk Management Committee: The Risk Management Committee under the Board of Directors is established to evaluate and monitor the risk bearing ability, status of risks borne, risk response strategy and related control and execution effect on a regular basis. The committee is composed of more than 5 members, who are directors and managerial officers appointed by the Chairman. The committee convenes a meeting every month, and additional meetings may be convened in case of emergency.

(2) Audit Department: Execute the regular internal audit on the Board of Directors, SKFH, competent authority and improvement tracking of defects spotted after audit, and improve operation efficiency of the company; ensure the correctness of financial statements, compliance with company policies and laws and regulations, and protect the safety of company and customer assets; ensure the effective execution of internal control system of all departments; assist in the internal management of all departments, provide improvement advices to management level, and lower the overall operating risks of the company.

(3)Risk Management Department: It is the execution unit of risk management matters, and a supervisor is appointed to be responsible for the monitoring, measurement, and assessment of daily risks. This department is independent from business units and trading activities to perform duties. This department establishes risk limit, stipulates authority of trading or authorization, and analyzes and assesses risk

change based on the business nature and laws and regulations, and establishes risk indicators and warning mechanism. Risk Management Department may prepare a risk management report based on the business nature and in accordance with laws and regulations, and submit the same to an appropriate management level.

(4) Compliance Department: Responsible for planning and promotion of compliance system; stipulate assessment content and procedures of compliance; implementing compliance training; providing compliance consulting, coordination and communication channel; ensuring the operation and regulations are updated promptly, and reviewing contracts. This department is directly under the President.

2.Risk Management Policy:

(1) Purpose: Establish the risk management system, risk management organizational structure and risk control mechanism of the Company in order to protect assets of the Company and customers, increase values for shareholders, maximize benefits for customers, and comply with laws and regulations, as well promoting the sound operation and development of the Company under the premises of balance between risks and rewards.

(2) Principle: The risk management of the Company is at a strategic position, and risks are taken into consideration when forming related decisions. The Company identifies, measures, monitors and reports risks through qualitative or quantitative management methods and maintains the possible risks from operating activities within a acceptable range in order to pursue steady operating policy and uphold the spirit of consistent execution.

(II)Risk measurement and control methods and quantitative information of risk exposure of SKFH and its subsidiaries

SKFH has promulgated the “Risk Management Policy” to serve as the top guiding principle for SKFH and its subsidiaries' risk management. The Company’s risks mainly comprise credit risk, market risk, operational risk, liquidity risk, concentration risk, capital adequacy risk, and emerging risks. The risk management department of each subsidiary has also promulgated their own risk management guidelines based on the Company’s “Risk Management Policy” and compiled and reported the monitoring indicators so as to implement the warning and stop-loss mechanism.

The emerging risks identified by the company include business structural transition risk and risk of complex challenges to global security. The impacts and response measures are described as follows:

Description of Risks	Potential Operational Impacts	Mitigation Plans
Various emerging technologies are driving the transition of business models, streamlining repetitive tasks, and making processes and systems faster, cheaper, and less error-prone. However, the continuous development of digital technologies accelerates the substantial growth of virtual micro-enterprises and the participation of numerous non-traditional financial players in the market. This decentralization of the industry value chain alters consumer habits and expectations, reshaping the overall business structure. Dependence on generative AI technology applications may enable deepfakes or misinformation to replace the necessary facts for making correct business decisions, thus affecting company operations and investment judgments.	■Increased costs for technology updates and research and development: The participation of non-traditional financial players in the financial market will increase the costs for SKFH in terms of digital technology updates and research and development. ■Impact of customer loss on profitability: Failure to adapt to evolving market conditions and engage in collaborations with non-traditional financial entities or dynamically adjusting service and product structures may result in individual or corporate clients shifting their financial transactions to entities with higher financial technology capabilities. This could lead to the loss of customer relationships for SKFH and impact profitability. ■Legal liability for AI decision failures: As financial market trading strategies increasingly rely on AI-executed decisions and machine learning dynamic adjustment models, the legal responsibility for AI decision failures remains unclear. This ambiguity may subject SKFH to complex legal liability and regulatory issues.	■Prioritize investments in innovative startups or traditional enterprises capable of digital transformation and strengthen post-investment management. ■Leverage SKFH's digital technology advantages to provide products and services closely aligned with customer needs and develop new forms of digital marketing tailored to changing business models. ■Diversify business operations to mitigate the impact of reliance on a single business. ■Enhance risk management mechanisms. ■Regularly monitor the operation of AI systems. ■Pay close attention to legislative dynamics from the competent authority and adhere to relevant regulations.
From geopolitical power struggles among international superpowers to regional conflicts, cyber warfare, and trade wars in the economic domain, and even space warfare, global security faces a myriad of complex challenges encompassing various purposes, scales, levels, and methods. Apart from traditional military conflicts, geopolitical tensions indirectly contribute to the fragmentation of financial markets, hindering the global flow of capital, strategic resources, and essential raw materials, and extending to restrictions on the mobility of talent, information, and professional expertise. Extreme	■Economic turbulence eroding Group profitability: A global economic collapse increases market risks for investments in stocks, bonds, or other financial products, leading to a rapid decline in security prices due to deteriorating fundamentals. As of the end of 2023, SKFH's exposure to emerging markets accounted for 28% of its foreign exposure. However, emerging markets have a lower tolerance for significant economic volatility, thus directly eroding the Group's profitability. ■Risk of asset value decline and business operations disruption: Various types of attacks on SKFH itself or its	■Pay close attention to political and economic situations and continuously conduct scenario analysis. ■Establish country risk score levels and limits and review credit ratings, economic indicators and operational risk statuses of different countries at regular intervals to assess whether the risk levels of certain countries are appropriate and avoid the excessive concentration of assets. ■Implement portfolio diversification strategies to reduce exposure to individual risks. ■Support and guide customers in appropriate transitions,

Description of Risks	Potential Operational Impacts	Mitigation Plans
phenomena such as hyperinflation and deflation represent two extremes of economic imbalance, both of which severely disrupt the economic system. Given the vulnerability of financial markets and the interdependence of the global economy, any economic issues in one country can swiftly spread to a global scale. All the aforementioned risk descriptions have the potential to lead to security issues in military, economic, and information domains, adversely affecting business operations.	clients may result in significant damage to asset values and pose a risk of business operations disruption. ■Global security concerns triggering economic instability and impacting Group profitability: Severe conflicts disrupt global supply chains and capital flows, leading to significant volatility in financial markets. Without enhanced risk management measures, this could affect the overall profitability of Shin Kong Group, resulting in: **1.** Economic recession, leading to a substantial increase in various financial risks. **2.** Decline in consumer investment confidence, reducing clients' willingness to invest. **3.** Increased difficulty in selecting investment targets. **4.** Increased credit or country risk in high-risk areas, triggering the Group's impairment assessment mechanism.	aligning with customers to respond to global supply chain restructuring by relocating production bases or establishing backup production facilities. ■Closely monitor policy changes from regulatory authorities and adjust business models and operational strategies in a timely manner.

Shin Kong Life Insurance

1. Risk management strategy

(1) Strengthen risk governance of the company:

All decisions shall be made after risk assessment and discrete consideration in order to maximize overall profits within the acceptable risks.

(2) Pursue a steady asset allocation policy:

The Company matches its asset allocation policy with its liabilities to formulate a reasonable annual budget for asset allocation, which features a strategic adjustment in accordance with the target range of the respective monthly plan.

(3) Establish complete risk control mechanism:

The Company continues to strengthen mechanism and regulations for risk control for all assets as well as performs effective control over the market, credit and operational risks.

(4) Integrated risk measurement information system:

The Company has established SS&C Algorithmics(ALGO) market risk management system and continued to research and analyze models adopted by ALGO value at risk and strengthen the research and application of back testings in order to refine the correctness and applicability of statements.

(5) Uphold the spirit of consistent execution:

Firmly implement the risk management policy and risk management mechanism of the Company to display the function of risk management and ensure the sustainable operation of the Company

2. According to the aforementioned risk management strategy, the concrete practice is the establishment of 4 major pillars of risk management – Risk management culture, risk management mechanism, risk measurement tools and risk performance system.

(1) Risk management culture:

The Company truly acknowledges that the promotion of risk management culture is a constant process. Therefore, the company actively establishes the risk management atmosphere from top to bottom and strengthen acknowledgement and support of high-ranking management level in order to show that risk management is more than just the responsibilities of the risk management unit and to further implement the accountability culture of all units.

(2) Risk management mechanism:

a. We have strengthened risk control regulations and mechanism and establish procedure for crisis management, clearly specify reports, disposition procedures and level of risks in order to promptly and effectively control risks and strengthen the disclosure of risk information of the Company.

b. For the risk control for domestic stocks, in addition to monitoring the overall income on a daily basis, the Company divides domestic stocks into 4 types and conduct control based on their fundamentals, stability and investment purpose after taking the nature of long-term steady operation of life insurance. In addition, the company embraces the practical needs for a stop-loss mechanism for domestic and foreign stocks. We will regularly review the authorized limit mechanism of the Investment Review Committee and enhance the review of transactions and investment quota systems. Also, in consideration that the insurance industry is rich a foreign assets and volatile exchange markets in recent years, the Company keeps enhancing disclosure and monitoring of foreign exchanges, and conducts research into relevant issues so as to effectively control risks.

c. We will reinforce the risk control over fixed-yield assets, risk management for unlisted equity assets, and revise the risk management methods for domestic and foreign bonds. This includes measures for foreign and China subordinated bonds issued under Basel III capital requirements, strengthening differentiated management limits, refining control mechanisms for capital instruments like TLAC, and enhancing the review threshold and response measures for significant credit risk events. Expand the scope of high-risk industry control and strengthen control mechanisms and improve the risk monitoring mechanism and strengthen control.

d. The Company has established the corresponding risk control mechanisms to address various emerging risks.

(a) Climate change risk: The Company has established a "Task Force on Climate-related Financial Disclosures (TCFD)" mechanism, covering governance, strategy, risk management, metrics, and targets. It integrates the management of climate-related risks and opportunities into the sustainability report, with the TCFD content verified by SGS for disclosure level and has issued an independent TCFD) Report. Additionally, the company actively participates in evaluations and competitions, achieving full marks in the TCFD section of the Sustainable Finance Evaluation and winning the Climate Leadership Award at the 16th TCSA Taiwan Corporate Sustainability Awards in 2023. The company will continue to disclose its management practices;

(b) Business interruption risk: The Company has established the business continuity management mechanism, and passed the certification in accordance with the international standard of "ISO 22301 Business Continuity Management System (BCMS)" from the British Standards Institute (BSI). The Company has continuously refine the mechanism and enhance the breadth and depth of drills to resist the crisis of business interruption and improve its ability to respond to major events and recover quickly.

(3) Risk measurement tools:

a. Continue to research and analyze SS&C Algorithmics(ALGO) models that measure Value at Risk (VaR) and subsequently upgrade the ALGO system to refine internal models and strengthen personnel training to better control the market risks.

b. The Company continues to strengthen the measurement tools for credit risks and operational risks in order to achieve the goal of perfecting all internal risk models.

c. The Company had applied IFRS9 and completed the development of an expected credit loss system which calculates expected credit losses on a monthly basis in accordance with the new accounting standards.

(4) System risk:

Continuously adhering to the spirit of Risk-adjusted Performance Measure (RAPM) for ongoing improvement, in which the long-term performance is regarded as the basis of rewards. The Company will continue or gradually introduce risk performance system to establish risk performance system with balance between risks and rewards.

3. Scope and features of risk measurements:

(1) Market Risk

The control principles for market risk of the Company are as follows:

a. Overall portfolio:

(a) Setting market risk limit:

Risk management department updates risk limit annually, submits it to the risk management committee for review and implements it after the approval by the Board of Directors. The related regulations are conducted in accordance with “Regulations Governing Risk Appetite and Risk Limit Management.”

(b) VaR model and management:

Calculate VaR on a regular basis and conduct monitoring and prepare risk report on a regular basis in order to control the market risk of asset position. Conduct backtesting on VaR model on a regular basis to inspect whether the model can effectively estimate the maximum possible loss.

b. Single asset:

In addition to the limit control based on the total VaR for the investment position, the Company also stipulates risk control regulations for individual products to control risks. The control factors include quantitative indicators: investment amount, stop-loss warning, concentration and liquidity.

(2) Credit Risk

The control principles for credit risk of the Company are as follows:

a. Overall portfolio: Adopts expected credit loss (ECL) internal model to measure the credit risk of the overall portfolio.

ECL=EAD×PD×LGD

EAD：Exposure at Default

PD：Probability of Default

LGD：Loss Given Default

b. Single asset:

(a) Credit rating: Adopt the credit rating by S&P, Moody's or Fitch as the basic credit risk measurement indicator.

(b) Credit risk measurement indicators: All qualitative or quantitative credit risk indicators, such as CDS Spread, ratio of tier 1 capital, and capital adequacy.

(c) Concentration risk: Calculate the credit risk exposure amount of the same counterparty, credit risk exposure amount of single country, area and industry, and the risk exposure limit for a single target.

(3) Operational risk

The control principles for operational risk of the Company are as follows:

a. The Company has comprehensive business responsibilities and internal control system. Units conduct regular or special internal audit on associated businesses; the Company conducts self-assessment of compliance matters in accordance with compliance project and entrusts CPAs to annually conduct audit on internal control system in accordance with laws. In addition, the Company control the possible operational risk through the monitoring by risk management unit and the compliance promotion by compliance officer.

b. For operational risk control mechanism, the Company comprehensively established key risk indicator (KRI) and set operational risk limit to effectively identify, assess, monitor and control possible operational risk.

c. For responses to significant emergency incidents, the Company stipulated response measures for operating crisis, regulations governing emergencies, and guidelines for emergency disasters to promptly respond to emergency disasters, hoping to display the effect of risk warning and urge operating management levels to adopt proper response measures that may reduce company losses, safeguard rights and interests of clients, and ensure the normal operation for the Company.

4. Risk management methods and quantitative information of risk exposure:

(1) Asset risk

a. Stipulate total capital amount of asset risk in accordance with annual asset allocation plan and evaluate whether the capital adequacy ratio complies with laws and regulations.

b. Evaluate the changes of total capital amount of asset risks on a monthly

basis to control asset risk.

c. The Company evaluates impacts of all significant investments on capital adequacy ratio to ensure the capital adequacy of the Company.

(2) Insurance risk

a. Stipulate guidelines for insurance undertaking and reviews as the compliance basis for screening customers.

b. Transfer risks through proper reinsurance.

c. Randomly inspect the new insurance contracts without health examination and request customers to conduct supplementary health examination in order to reduce the insurance risk resulting from covering up information.

(3) Interest rate risk

a. Before the pricing of new products, the Company must conduct simulative analysis of asset allocation plan in order to evaluate the appropriation of estimate interest rate of policies and further achieve the management goal that asset and liabilities may cope with each other.

b. Establish a strong risk and investment analysis team, improve the analysis quality on macroeconomics, industry and individual stocks to construct the most suitable strategic asset allocation and further increase the overall return on investments to reduce the interest rate risk.

(4) Other risks

The Company stipulates “Responsibilities for Businesses of Departments,” which clearly specifies the responsible units of all operations and the authorization and responsibilities of supervisors of all levels. To improve business management performance of all units and strengthen internal control function, each unit shall conduct annual self-audit project in accordance with “Regulations Governing Self-Audit of Shin Kong Life.”

In face of the climate change risk, the Company has established the TCFD (Task Force on Climate-related Financial Disclosures (TCFD)) mechanism and assessed the impact of the risk on the Company through the greenhouse gas inventory, scenario analysis, stress test or other quantitative methods.

In face of the business interruption risk, the Company has established the business continuity management (BCM) system, and passed the certification in accordance with the international standard of "ISO 22301 Business Continuity Management System (BCMS)" from the British Standards Institute (BSI). Through the quantitative risk assessment, the Company has identified the major threats against operation and established a business continuity management (BCP) system in order to protect the interests of customers and all stakeholders

in the Company's sustainable operation.

To strengthen risk management in ethical business practices, the company has established a mechanism for assessing the risk of unethical behavior, using quantitative methods to regularly evaluate business activities within the operational scope that have a higher risk of unethical behavior, and devising related mitigation plans.

Taiwan Shin Kong Commercial Bank

1. Scope and features of risk report and measurement system

(1) Credit Risk

a. The risk management department of the Bank submits the credit risk management analysis statement, such as risk management monthly report and risk evaluation report, to high-ranking management level on a regular basis. The scope covers asset quality, grading card warnings, concentration risk. In addition, the department also monitors the grading card of the Bank on a regular basis and propose monitoring report to business management unit, so that the unit can promptly reflect risk and adjust lending strategy.

b. The Bank stipulates operation mechanism for “stress test” in accordance with regulations by the competent authority, inspects credit risk tolerance ability under pressure on a regular basis, analyzes reports and submit them to high-ranking management level for measurement of credit risk management.

c. The Bank gradually introduces quantitative model for credit risk to assist in risk identification and measurement. The development of grading models for business finance loans, small and medium-sized enterprise (SME) finance loans and consumer finance loans such as credit loans, mortgages, car loans, micro-loan businesses and credit card business has been completed.

d. Through the establishment of aforementioned quantitative models and the running of related system, the Bank conducts credit risk level measurement by adopting indicators like PD and risk level for business with complete models and online system. Doing so allows the Bank to conduct risk management through standardization and sophistication.

e. In addition to risk measurement system, the structure of risk management mechanism of the Bank is: independent review mechanism, management regulation mechanism, second-review mechanism, and audit mechanism to effectively execute risk management.

(2) Market Risk

a. Market risk management unit submits market risk management report, including market risk control daily statement and market risk monthly report, to high-ranking management level on a regular basis, which allows them to understand the risk exposure status and serves as the reference in decision-making.

b. Market risk management unit is responsible for monitoring trading book and

the Bank's account book regarding the position limit, income limit, value at risk limit, and executes stop-loss warning mechanism of the Bank to comply with the market risk limit set every year and market risk policy.

c. Execute backtesting on a regular basis to monitor model risks.

d. The Bank stipulates operation mechanism for "stress test" in accordance with regulations by competent authority, inspects credit risk tolerance ability under pressure on a regular basis, analyzes reports and submit them to high-ranking management level for measurement of market risk management.

(3) Operational risk

The operational risk management unit of the Bank submits operational risk management monthly reports, including operational risks events, key risk indicator, business procedures, and the implementation and monitoring of self-assessment on risk control of operating units, to high-ranking management level on a regular basis.

(4) Banking book interest rate risk

a. Risk management unit discloses interest rate quantitative indicator and stress test warning limit indicator in the risk management report on a daily basis, and the scope includes analysis on impact of net interest income and analysis on impact of economic value. Monitor the interest rate risk of bonds position of banking book on a daily basis, disclose income, capital costs, DV01 and value at risk to comply with the risk management policy.

b. Asset-Liability Committee (ALCO) inspects the implementation of banking book interest rate management and submits the resolution to the board of directors. All business units conduct interest rate risk management in accordance with the resolution by the Asset-Liability Committee.

c. ALM database integrated fructus asset and liability positions of the Bank, which strengthen the analysis on the risk source of banking book interest rate through dedicated product classification.

(5) Liquidity risks

a. Trading unit reports the capital liquidity to management level on a regular basis; where the liquidity reaches indicator limit, the unit will report to the Asset-Liability Committee (ALCO) and draft solutions based on the capital liquidity status. The President will then convene an interim ALCO meeting and make resolutions.

b. Risk management unit inspects, analyzes, measures and monitors liquidity risk, analyzes the reason of changes of indicators and risk source, and reports to the high-ranking management level on a regular basis. The content includes liquidity reserve ratio, loan-to-deposit ratio, short-term liquidity gap, net stable capital ratio, liquidity coverage ratio, and deposit concentration indicator.

c. In addition to preparing statements, the Bank also conducts liquidity stress

test and submit the calculation result to the ALCO, Risk Management Committee, and Board of Directors on a regular basis. The Financial Market Department stipulates liquidity financial asset management calculation, plans liquidity provision, allocation ratio of high-liquidity assets, and plans the disposition order when encountering liquidity crisis.

d. The Bank's ALM project system covers deposits, loans, financial transactions, fund procurement, and estimation of major large-sum current cash flow, such as cash flow allocation of distribution of loan amount and capital expenditure. The system also introduces parameters of related models, including the core deposit ratio of deposits without maturity estimated based on the historical data of the Bank and the advance repayment rate of mortgages and loans, in order to strengthen the liquidity risk management mechanism.

2. Hedging and risk mitigation policy and strategy and process of monitoring the continuous effectiveness of hedging and reduction instruments.

(1) Credit Risk

The hedging policy for credit risk of the Bank is as follows:

a. Conduct credit check review prudently based on the nature of counterparty.

b. As for concentration risk, the Bank stipulates limits respectively for the same juristic person, same affiliated company, the same group corporation and industries, collaterals, and countries in order to monitor and spread risks on a regular basis.

c. Collect proper collaterals based on the risk and business nature of counterparty

d. In principle, the absorbed short-term capital is used for short-term loans, and the mid- and long-term capital is used for mid- and long-term loans.

e. Inspect and adjust the risk exposure of large-sum loan debtors and group corporation to prevent the over concentration of credit risks.

(2) Market Risk

The market risk of the Bank specifies the investment target and available hedging instruments based on the transaction purpose and limits of the trading book and the banking book. Such specification shall be reviewed by the Board of Directors every year before implementation.

Trading unit may stipulate trading strategy for individual portfolio to define the trading targets and risk mitigation tools. Market risk management unit monitors each portfolio, ensures that they don't exceed authorized limit, and confirms that the loss after hedging does not exceed stop-loss limit in order to control the Bank's market risk within the acceptable level.

(3) Operational risk

The hedging policy for operational risk of the Bank is as follows:

a. Mitigation the operational risk out of internal operation negligence or frauds through insuring banking comprehensive insurance.

b. Outsourced operations are conducted in accordance with the Company's Regulation on Internal Operating System and Procedures for Outsource or Operation aimed at preventing operational risks arising from outsourcing.

(4) Banking book interest rate risk

Manage the banking book interest rate in accordance with the risk response strategy of risk management policy, including regulations governing risk avoidance, risk transfer or mitigation, risk reduction or control. The overall banking book interest rate risk hedging/mitigation strategy shall be executed after the assessment on the overall banking book position by the Asset-Liability Committee for determination of hedging tools and transaction amount. Where hedging trading is conducted, the risk management unit shall assess the hedging effectiveness on a regular basis.

(5) Liquidity risks

In response to the liquidity crisis, such as abnormal withdrawals of deposits, large-sum outflow of funds, or other severe liquidity insufficiency, the Bank stipulated response plan for liquidity crisis to cover capital gap, reduce liquidity risk and maintain the normal operation of the Bank. The Bank adopts centralized management for the funds through the fund procurement unit.

3. Management methods for all kinds of risks:

(1) Credit risk management method

Risk limit and regulations are stipulated as the credit risk measurement standards based on the business nature, counterparty, type of collaterals, borrowers' financial/operating/repaying ability/credit status and by country, customer, related account, group corporation, industry and specific collateral type. Except for collateral which are assessed and monitored on a monthly basis, the rest are assessed and monitored on a daily basis.

(2) Market risk management method

Stipulate risk limit, trading or authorization amount, warning and stop-loss mechanism, and application and control over hedging strategy and tools as the market risk measurement standards based on trading natures and taking into account of market risk factors.

(3) Operational risk management method

Stipulate the operational risk management regulations of the Bank, introduce operational risk management methodology and tools, establish operational risk management structure, and use tools of collection for data of losses, self-assessment on risk control over business procedure, self-assessment on risk control for operating units and key risk indicators in order to effectively identify, assess, monitor, report, control and offset the operational risk of the Bank.

(4) Banking book interest rate risk

Measure the impacts on the net interest revenue and economic value of the Bank's asset's liability positions due to changes in the market interest rate, and establish the relevant management indicators and standards to maintain the

adequate ratio and terms for matching. Currently, they are controlled each day and reported to the Asset and Liability Management Committee regularly.

(5) Liquidity risk management method

The principle of liquidity management of the Bank is to establish sound liquidity risk management mechanism based on the business scale and feature, asset and liability structure, fund procurement principle and diversity of source of funds in order to maintain sufficient liquidity and ensure there are sufficient funds under daily and specific pressure scenario to fulfill the obligation of payment.

The Bank establishes proper internal control management system, and sets up the liquidity position limit and its warning point of each period on a regular basis according to the entire Bank's operation strategy and business scale. The Company monitors factors that are harmful for the liquidity at all times, and stipulates the disposition procedures and reporting mechanism for over-limit and exceptional situations, as well as prudently ensures the control over the operational risk of the Bank, maintaining proper liquidity, and strengthening emergency response ability. The Bank controls liquidity risk on a regular basis and conducts independent inspection on the liquidity risk management procedure and assesses the effectiveness of risk management on a regular basis.

4. Quantitative information on exposure to the various risks

(1) Credit risk quantitative information:

Risk exposure amount and capital requirement after risk mitigation of credit risk standard approach

Unit: NTD thousands/ 2023.12.31

Item	Risk exposure amount after risk mitigation	Capital requirement
Sovereign state	161,429,120	39,572
non-central government public sector	26,414,630	1,056,585
Banks [including multilateral development banks (MDB) and central counterparty (CCP)]	126,653,615	3,630,762
Corporation (including securities and insurance companies)	184,718,708	12,065,393
Retail claims	70,222,968	3,935,515
Exposure to real estates	603,236,351	28,415,273
Equity securities investment	5,661,627	479,888
Equity securities investment by funds and venture capital businesses	-	-
Other assets	19,974,830	1,082,126
Total	1,198,311,849	50,705,114

Note: This is the amount on the audited parent-company-only financial statements.

(2) Market risk quantitative information:

Unit: NTD thousands/ 2023.12.31

Risk type	Capital requirement
Interest rate risk	241,988
Equity and securities risk	22,554
Foreign exchange risk	25,437
Product risk	-
Options (accounted for using the simplified approach)	15,846
Total	305,825

Note: This is the amount on the audited parent-company-only financial statements.

(3) Operational risk quantitative information:

Unit: NTD thousands/ 2023.12.31

Year	Gross profit	Capital requirement
2021	16,957,595	
2022	18,458,357	
2023	19,096,602	
Total	54,512,554	2,450,246

Note: This is the amount on the audited parent-company-only financial statements.

(4) Liquidity risk quantitative information:

NTD maturity structure analysis table

Unit: NTD thousands/ 2023.12.31

	Total	Amount in the remaining period to maturity				
		0-30 days	31-90 days	91-180 days	180 days – 1 year	More than 1 year
Major maturity funds inflow	1,095,389,410	203,564,463	92,156,586	61,370,122	54,830,162	683,468,077
Major maturity funds outflow	1,234,913,662	167,701,688	224,377,298	142,338,372	301,183,440	399,312,864
Interval gap	-139,524,253	35,862,775	-132,220,713	-80,968,250	-246,353,279	284,155,214

Note: This table only includes the NTD (not including foreign currencies) amount of the Head Office and DBU.

USD maturity structure analysis table

Unit: USD thousands/ 2023.12.31

	Total	Amount in the remaining period to maturity				
		0-30 days	31-90 days	91-180 days	180 days – 1 year	More than 1 year
Major maturity funds inflow	10,364,310	3,952,898	1,958,989	576,817	712,752	3,162,854
Major maturity funds outflow	12,102,956	3,695,967	4,086,195	1,399,093	1,708,255	1,213,447
Interval gap	-1,738,647	256,931	-2,127,205	-822,276	-995,503	1,949,407

Note: This table includes the total amount of foreign currencies of DBU and amount of OBU.

MasterLink Securities

1.Scope and features of risk report and measurement system

(1) Scope and feature of risk report:

a. Risk Management Department monitors the risk exposure of the Company as a whole and each business department, realizes the risk response measures of businesses, prepares “risk management statement,” “risk management daily statement” and “inspection report” on a daily basis, and report the risk management implementation to the Board of Directors every month and to Risk Management Committee on a quarterly basis.

b. The capital adequacy ratio is as follows:

Since June 2012, the Company has development and established new capital adequacy ratio system and has calculated and reported capital adequacy ratio with Delta-plus approach since July 2012.

(a)Capital adequacy ratio in 2023:

Date	2023.12.31	Average value	Maximum value	Minimum value
Capital adequacy ratio	324.14%	331.68%	373.78%	294.09%

(b)Operating risk cash equivalent amount:

December 31, 2023

Item	Overall risk equivalent (Unit: thousands)
Market Risk	1,365,101
Credit Risk	4,358,026
Operational risk	1,122,294
Total operating risk	6,845,421

(2) Scope and feature of risk measurement:

Risk management information system includes risk management application system and measurement system, and the features are as follows:

a.Risk identification:

(a)Governing risk factors concerning laws and regulations, market, liquidity, and credit.

(b)Credit rating inquiry system: credit disclosure module (such as KMV and Z-Score rating, external TCRI credit rating) and PD.

b. Risk measurement: Taking the value-at-risk as the basis of market risk quantification and using the parametric method (variance-covariance method) to calculate the VaR of 1 day within the 99% confidence interval.

(a)Disclose the VaR of the Company calculated by the internal model approach, as well as such VaR by product type, by department, by factor, by strategy and by trader.

(b)Conduct backtesting and stress test (hypothetical situation, historical situation and sensitivity analysis) on a regular basis.

c. Risk monitoring: Conduct intraday real-time monitor on products, such as stocks, call (put) warrants, futures, options, and convertible (exchangeable) bonds and conduct after-hour monitoring on stocks, call (put) warrants, futures, options, and convertible (exchangeable) bonds, government bonds, corporate bonds, derivatives, and structural products.

d. Model risk management: Model verification, model component, and storage of verification documents and files.

2.Hedging and risk mitigation policy and strategy and process of monitoring the continuous effectiveness of hedging and reduction instruments.

Before undertaking businesses, business departments must have in-depth understanding of the business nature and must identify risks as well as stipulate risk management guidelines. Business departments shall not undertake the business before the risk management guidelines are approved. The content of the aforementioned guidelines shall include risk monitoring, hedging methods, and risk monitoring operation procedures, and the business department shall continue to monitor risks. By taking the market risk as the example, the risk monitoring items include authorization amount, risk tolerance, unrealized loss, stop-loss point, VaR limit, Greeks control, and hedging strategy. The policy of hedging and risk mitigation of the Company is as follows:

Risk level / probability of occurrence	**Highly probable**	**Lowly probable**
High risk	Risk Aversion (e.g. reject the business)	Risk Transfer or Mitigation (e.g. hedging or swap)
Low risk	Risk Control (e.g. impose a risk limit)	Risk Assumption (bearing the risk as the loss amount is low and the probability of occurrence is low)

3.Impacts of risks and our response measures

(1) System and event risk:

System and event risk refer to significant natural disasters and accidents that have impact on the operating order of the normal business of the Company or that cause losses.

The Company stipulates “Crisis disposition procedure” to promptly handle

significant natural disasters and accidents and maintain the normal operating order.

(2) Legal risk:

The Legal risk refer to the possible losses caused by incompliance with government laws and regulations and by the invalid contracts resulted from the fact that the contracts do not contain legal effect, arrogation, clause negligence, or incomplete regulations.

The Legal Affairs Department is responsible for reviewing contracts or documents involving the Company's interest, and handling the Company's litigation and non-litigation matters.

The Compliance Department is responsible for publicity and consultation of laws and regulations, ensuring compliance of operation with laws and regulations, and supervising the compliance of each DBU and OBU.

(3) Liquidity risk:

Liquidity risk includes market liquidity risk and capital liquidity risk. Market liquidity risk refers to the risk of significant changes of market price caused by insufficient market depth or market disorder when disposing or offsetting positions; capital liquidity risk refers to the risk of inability to fulfill delivery obligation or contractual liability caused by insufficient capital or inability to realize assets.

a. In response to the market liquidity risk management, the company stipulates liquidity risk management mechanism in guidelines of risk management of businesses, which takes consideration of the concentration of positions held and the general situation of market trading volume into requiring that the position held shall not exceed certain ratio of the market average trading volume.
b. In response to the capital liquidity risk management, in addition to control the cash flow of the company every day, the company also stipulates financial indicators, such as borrowing stability, borrowing liquidity, emergency liquidity provision indicator.

(4) Market risk:

Market risk refers to the losses caused by the market price fluctuation (including stock price, interest rate and exchange rate).

a. To avoid the risk arising from market price fluctuation, the Company sets authorization limit, loss warning, risk tolerance, stop-loss limit, risk indicator limit (e.g. Greeks, DV01), VaR control, market VaR limit and market risk stress test limit for single positions and overall position based on the natures

of different products.

b. As for the VaR model, the company uses the parameter method (variance-covariance method) to calculate the VaR of 1 day within the 99% confidence interval, and conducts back testing and stress test on a regular basis to ensure the validity of VaR model.

c. The company conducts stress test through hypothetical situation, historical situation and sensitivity analysis to measure the impact of significant abnormal market change on the change of portfolio value.

(5) Model risk:

Model risk refers to the valuation deviation caused by using improper models, parameters or hypothesis.

To maintain the operation and management of models, strengthen risk management on derivatives, and lower the model risk resulted from using inappropriate model, parameters or valuation, the company stipulates the operation procedures for model development, verification, custody and variation and conducts pricing verification before launch, post-transaction confirmation, valuation verification by the end of every month, maturity and withdrawal income verification.

(6) Credit risk:

Credit risk refers to the financial and business loss of the company resulted from the counterparty (including securities issuers, counterparty of a contract or debtor) not able to fulfill contractual liability

To ensure the integrity of credit risk management, the company stipulates credit risk management procedures for hierarchy authorization, reporting process, monitor and exception management of use of limits. The company provides different transaction amount to different counterparty or different credit rating of issuers, reviews the credit ratings and exposure to counterparties or issuers on a regular basis, and has developed credit risk PD forecast model (such as KMV and Z-score)

(7) Operational risk:

Operational risk refers to the direct or indirect loss caused by the error of internal operation, personnel or system, or caused by external events.

Operations shall comply with the operational procedure and control key points of internal control system, and Audit Department stipulates guidelines for internal audit in accordance with the system and conducts regular and irregular audits.

(8) System risk:

System risk refers to that system defects make company management system

unable to cope with the operation and thus obstructing the achievement of goals, that the system does not guarantee smooth execution of corporate governance and business, that the system does not clearly regulate the responsibilities of the organization or personnel, and that the system does not cope with the amendments to laws and regulations or company policy.

For effective risk control, business departments shall stipulate and comply with the system when the business or regulations are amended, and the Risk Management Department, Compliance Department, and Audit Department shall conduct monitoring in order to implement the control mechanism.

(9) Other risks:

a. Climate Risk

Climate risk means the transformation risk that is related to the low carbon transformation due to the climate change and may affect the Company's finance, strategy, operation, products and reputation as well as the physical risk that the climate change causes an extreme climate and affects the finance and operation of the Company.

In accordance with the Code of Risk Management Practices for Securities Companies, the Company will gradually include the risk in the related control mechanism and perform the regular disclosure in accordance with the law. To identify climate risks and enhance the company's operational resilience, a Climate Risk Task Force has been established under the Corporate Sustainability Committee to address mitigation and adaptation to climate change risks. Following the TCFD framework and the Code of Risk Management Practices for Securities Companies, the task force identifies, evaluates business climate risks and opportunities, and assesses the financial impacts caused by climate change. The Measures for Climate Risk Management clearly define the organizational responsibilities for climate risk management and a three-tiered risk division structure, implementing a three-lines-of-defense mechanism to supervise, plan, and execute climate risk management affairs, ensuring the effective operation of the risk management mechanism.

b. Reputation Risk

Reputation risk refers to the risk of loss resulting from negative publicity related to a company's operations, regardless of whether the issues are true, which could lead to a reduction in the customer base, decreased revenue, the necessity to bear substantial legal costs, or other potential losses.

The Company has established a Crisis Disposition Procedures designed to swiftly address reputation risk events caused by severe negative news, aiming to reduce the risk of potential losses to the company.

Shin Kong Investment Trust (SKIT)

1. Strategy and process:

   The risk control strategy is to identify, analyse, diverse, and monitor risks in accordance with the “SKIT Risk Management Policy”. The procedure for which comprises daily monitoring, provision of monthly risk management indicator report, so that executive the responsible unit can timely grasp the risk situation. Supervisors of each department regularly conducts an assessment as to whether the internal control system, the design of various regulations, and the implementation performance align with the risk management goals.

2. Scope and features of risk report and measurement system

   The Risk Management Department regularly reports risk indicators and the compliance status, handling and improvement method of violations in the meeting convened monthly by Risk Management Committee and reports to the Chairman. The measurement scope and key of risk indicators are managing the market risk, liquidity risk, credit risk, and legal risk of assets. It features monitoring on a daily basis, saving inspection tracks of indicators for trend forecast and preventing risks from occurring in the future.

   (1) Market Risk

   The Company shall take market risk factors into account, establish integrated or individual asset risk measurement tools, and stipulate risk control regulations, risk limit, transaction or authorization amount and other regulations in accordance with laws and regulations by competent authority or business nature.

   (2) Credit Risk

   The Company shall comprehensively take the financial, operation, solvency, credit status, whether or not providing collaterals, or external credit ratings of counterparties or debtors into account in accordance with the laws and regulations by competent authority or business nature.

   (3) Liquidity risks

   The Company shall stipulate liquidity risk management measures for capitals and market liquidity risk in accordance with the laws and regulations by competent authority or business nature and propose emergency response measures based on actual demand.

   (4) Operational risk

   The Company shall specify operation procedures, segregation of responsibilities, and other regulations in the operational regulations for businesses in accordance with the laws and regulations by competent authority or business nature in order

to prevent operational negligence or frauds

(5) Legal Risk

Legal risk refers to the risk of possible losses of the Company resulted from signing contracts, litigations, amendments to laws and regulations, or other incompliances. The Company shall comply with laws and regulations by competent authority and stipulate regulations based on business demand. The Company shall stipulate any relevant regulations based on the business needs, and in accordance with laws and regulations of the competent authority.

(6) Information security risks

The Company shall stipulate “Information security policy” and other regulations for information security risk in accordance with laws and regulations or business demand in order to ensure the information confidentiality, integrity and availability.

(7) Management of other risks

The Company will, depend on actual needs, devise related management procedures addressing the operation risks other than those said above due to the business nature (such as climate change risk and other emerging risks with potential impact) in accordance with legal provisions or business needs.

3. Self-assessment on risks:

Departments of the Company shall assess the current potential risks and disposal measures within the scope of business responsibilities and submit it to the risk management office based on the required methods on a regular basis. The Risk Management Department shall collect the reports and submit them to Risk Management Department for discussion.

4. Assessment of adequacy of investment targets, and risks borne by investment position

(1) Where the company uses funds or discretionary accounts to invest in domestic stocks of TWSE/TPEx listed companies and emerging stocks, the company shall inspect the position risk within the investment scope and appropriateness of investment target at least once every quarter.

(2) Risk Management Department stipulates “Working Procedure for Regular Review of Major Stock Investment Asset Pool” for the assessment items on the appropriateness of investment targets and shall submit the Regulations to Chairman for approval before implementation.

5. Risk management methods and risk exposure quantitative information

(1) Asset risk: According to Article 12 of the Regulations Governing Securities Investment Trust Enterprises, the capital of the Company may not be loaned to

others, used to purchase real estate unconnected with the company's business operations, or transferred for other uses. The Company's capital not required for business operations shall be restricted to use in the following:

a. Deposit in domestic banks.
b. Purchase of domestic government bonds or financial bonds.
c. Purchase of domestic treasury bills, negotiable certificates of deposit, or commercial bills.
d. Purchase, in a specified ratio, of securities investment trust fund beneficial interest certificates that meet the conditions of FSC regulations.
e. Other uses approved by the Financial Supervisory Commission (FSC).

Except where it complies with the provisions of Article 16, paragraph 1 of the Company Act and has received FSC approval, a securities investment trust enterprise may not provide guarantees, endorse negotiable instruments, or provide assets for use as collateral by others.

In accordance with the 2023 financial statements, the Company did not invest in government bonds and financial bonds. The asset allocation of the Company mainly focuses on the domestic certificates of deposits and beneficial certificates of securities investment trust funds.

(2) Counterparty risk: The counterparties are mainly financial institutions with certain credit ratings or above, and the Company updates the assessment result on a regular basis to reduce this risk.

(3) Interest rate risk: The Company studies interest rate level and predict the future trend to spread the short-term certificate of deposits and planning to other money market instruments to transfer risks. Currently the position of certificate of deposits is NT$601 million, and the interest rate risk is low.

(4) Liquidity risk: Currently the liquidity of certificate of deposits is high. Based on the business nature and business plan, the cash outflow required for monthly operation of the Company is less than the monthly cash inflow amount, and the possibility of major operating capital outflow is low. Therefore, the liquidity risk is low. The liquid assets in the 2023 financial statements of the Company accounted for 75% of total assets.

(5) Operational risk: The Company designs management regulations and control system to effectively reduce the occurrence of operational risks.

Supervisors of departments are the first-line supervisors of risk management within their business scope. The Audit Department assesses the effectiveness of risk management of departments and will propose reports for improvement measures and tracking when abnormal situation occurs.

(6) Legal risk: The Company strictly prohibits violations of laws and regulations and strictly reviews contracts before signing business contracts. Any risky clauses are strictly prohibited.

Shin Kong Property Insurance Agency Co., Ltd.

1. Establishment of firewall: Protect customer information from leaking.
2. Underwriting risk: Currently the Company only undertakes products of Shin Kong Property Insurance, and underwriting risks are borne by Shin Kong Property Insurance.

Shin Kong Venture Capital

1. Establishment of stakeholder data: The Company firmly implements regulations governing stakeholder transactions provided in Article 44 and Article 45 of the Financial Holding Company Act that investigate stakeholder data every 6 months and update the stakeholder data in the system of stakeholder of SKFH in order to ensure the transactions between the Company and stakeholders do not compromise the operational safety and stability of the Company.
2. Credit risk: The Company establishes loan control measures on debtors of financing and leasing subsidiaries, prepares investment risk management statement on a monthly basis, and submits the statement to high-ranking management level for review. The financing and leasing subsidiaries submit the operating status and risk exposure status to the Board of Directors of SKFH quarterly and review the operating mode on a regular basis in order to strengthen the supervision of financing and leasing subsidiaries in Mainland China.

(III) Financial impacts and response measures in the event of changes in local and foreign regulations:

Impacts in the event of changes	In domestic and overseas important policies and law amendments on the financial business of the financial holding company	Response measures
In an attempt to promote sustainability disclosure within the financial industry, the authority made amendments to "Regulations Governing Information to Be Published in Annual Reports of Financial Holding Companies" on February 24, 2023 with	1. According to the "Regulations Governing Information to Be Published in Annual Reports of Financial Holding Companies," the scope of information to be disclosed includes the board of directors' and the management's supervision over	1. The Company has established the Corporate Social Responsibility Committee as a functional committee under the board of directors to oversee this issue. 2. The Company has

Impacts in the event of changes	In domestic and overseas important policies and law amendments on the financial business of the financial holding company	Response measures
particular regards to enhanced disclosure of climate change-related issues, which have been scheduled for implementation on January 1, 2024.	climate-related risks, the climate risks and opportunities identified, and their impacts on the business, strategies, and financial performance of the business. 2. Through the items to be disclosed, an impact assessment for the financial business of the Company on climate change is conducted. The quantitative results are in the following section of the annual report, Chapter 3- III-(VII)-2. Climate-related Information.	established the Sustainable Finance Policy, Risk Management Policy, and Greenhouse Gas Reduction and Carbon Pricing Management Measures to identify, evaluate, monitor, and manage the short, medium, and long-term impacts of climate risks.
In an attempt to promote inclusive finance, lessen wealth inequality, enforce social fairness, and achieve inclusive growth, the authority has been encouraging financial institutions to introduce diverse financial products and services that are tailored to the needs of minorities and underprivileged individuals. New policies such as "Establishment of Financial Inclusion Assessment Indicators" and "Incentives for Branch Establishment and Service Availability in Underbanked Areas" have thus been introduced to accomplish this goal.	In addition to high-performing and top-contributing customers, financial institutions are also expected to provide diverse range of financial products and services that are tailored to the needs of different groups of people. For this reason, it was necessary for the Company to adjust the group product strategy and explore appropriate ways to serve underprivileged customers and make financial products and services more accessible to them.	The board of directors passed the "Financial Inclusion Policy" in May 2023. Meanwhile, subsidiaries are being supervised to provide suitable products and services to micro-enterprises, the financially challenged, elders and people with disabilities, young adults, females, disaster victims, residents in remote areas, and people who lack access to educational resources, and their performances with respect to financial inclusion are being tracked using both financial and non-financial indicators.

(IV) Financial impacts and response measures in the event of technological or industrial change

Faced with the revolution of the times, financial technology will be the critical factor that dictates success in the financial industry. Only through ongoing innovation may industry participants continue to adapt to the world's rapidly changing environment. To respond to the rapid development of fintech, SKFH will assist subsidiaries to continue to pay attention to the development of financial technology, integrate resources to invest in key fintech application research, so as to use innovate digital financial services to increase transaction volume by digital means and grow customers. The initiatives delineated are as follows: Augment operational efficacy and fortify competitive positioning through the implementation of process automation and the refinement of operational methodologies; Enhance the proficiency of financial services by leveraging advanced developments in big data analytics and artificial intelligence; Acquire a comprehensive understanding of customer dynamics and insights into consumer behavior through meticulous analysis of voluminous datasets, thus ensuring a precise alignment of financial services with customer requirements; Respond to shifts in market trends and capitalize on technological advancements to innovate sales channels, scenarios, and business models, thereby augmenting the accessibility and convenience of financial services for our clientele. These measures are directed towards bolstering digital client acquisition and enhancing revenue generation capabilities.

(V) Impact and response measures for the change of images by the Company and its subsidiaries

The Company and its subsidiaries and affiliate companies have good images, in that they have been sponsoring charity for a long period of time, as well as their long-term commitment to our customers, upholding the operating principle of giving back to the society, developing creative charity programs, constant involvement in charity events, caring the health and safety of people, responding to ecological environmental protection, passing cultural education, sponsoring young students, supporting minors and residents in remote areas, and cultivation in local communities. In addition to media monitoring, the Company also established media news reporting and disposition procedure to respond and promptly dispose events that may affect corporate image.

(VI) Potential effects and risks associated with mergers and acquisitions and response measures

1. Expected benefits of mergers and acquisitions
   (1) Expansion of operating scale and scope and increase of market share by increasing business locations and winning new customers.
   (2) Improved synergy effect through integrated marketing within the Group, and increase return on equity.
   (3) One-stop shopping service for customers having diversified needs.
   (4) Economy of scale for lower operating costs.
   (5) Diversified business operations and revenue sources to lower the business concentration risk.
   (6) Develop foreign market when the acquired company is a foreign company or has a foreign operation.
2. Possible risks
   (1) Risks before M&A: Information asymmetry, policy/regulation risk, cross-border legal risk, return risk, etc.
   (2) Risks during M&A: Risk of higher-than-usual acquisition price, and funding price.
   (3) Risks after M&A: Risks from business integration (personnel assignment, organizational structure, corporate culture, operation and administration), asset and liability, and changes in industry environment.
3. Response measures

   The Company is rich in knowledge and experience of M&A, in that it values risk control and capital efficiency when assessing relevant cases. The company to be merged is prudently selected and analyzed of its financial position, with the help of hiring of external professionals, e.g., financial advisors, certified lawyers, and CPAs who conduct on-site audit and price evaluation in the hope to appropriately control M&A risks.

   After the M&A, the Group shall formulate a complete set of plans, as well as complementary plans, to integrate the various systems of the acquired entity, namely, personnel assignment, organizational structure, corporate culture, and operation and administration, so as to minimize wastage and generate synergy in the shortest time possible.

(VII) Risks of concentrated business and response measures

The Company has extensive presence in the financial industry. Its subsidiaries cover a broad range of financial activities from life insurance, banking, securities, futures, investment trust, investment consulting, insurance agency to venture capital investment, and are therefore capable of providing customers with a wide range of products and services. Aside from presence in domestic markets, the Company also actively develops overseas markets, and serves more than 6 million customers in Taiwan, China, and Hong Kong. As such, the Company is able to minimize concentration risks through diversified industry exposure and the vast number of customers located locally and abroad.

(VIII) Impacts and risks associated with a major transfer of shareholding by directors, supervisors, or shareholders with more than 1% ownership interest: None.

(IX) Impacts and risks associated with a change of management power
The Company's business strategies are sustainable and there has been no change of management power so far.

(X) Litigation and non-contentious cases: None.

(XI) Information security risks:

The Company is facing two critical information security risks, namely operation interruption caused by damage to vital information security system, and shock to the original information security system brought about by introduction of new fintech and innovative service models. Impacts and responses are stated as follows:

Description of Risks	Impact of Risks	Mitigation Actions
Risk of business interruption caused by damage to the information system: Nowadays computer virus and hacking are capable of inflicting large-scale damage to the information system; also, natural or man-made disasters can damage the hardware of server room, and incur the risk of business interruption.	The Company has digitalized all operations; all units, including the front-line business units, the second-line risk management units, and supporting units such as basic operation and administrative support, are highly dependent on the information system. Therefore, any damage to the information system will incur operational interruption. Damage to the information system will impact the Company's financial procedures, financial transaction procedures, and customer service procedures, which in turn will reduce the Company's revenue or customers' satisfaction, or even incur a penalty imposed by the competent authority for delay in providing financial services.	To facilitate rapid recovery and minimize possible losses in the event of a system damage, the Company has assigned business units to help identify risks associated with key procedures and information systems, and evaluate the significance of business functions as well as impacts from a financial, regulatory and customer perspective. From the above assessments, the Company is able to conclude a risk grade and plan appropriate improvements to existing software, hardware and operating procedures. Information systems used by the financial holding company and its subsidiaries are being supported by off-site backup and support systems, which have been established based on level of risk exposure to prevent service disruption. Simulations, tests and drills are being held to ensure proper functioning of the information system and protection of data held on hand. These exercises not only help avoid unexpected

Description of Risks	Impact of Risks	Mitigation Actions
		system disruption caused by natural disasters and human errors, but also ensure that recoveries are completed within the expected timeframe.
The Company plans to introduce the development of new FinTech (such as mobile devices, robotic process automation (RPA), and Agile) and the development of innovative service models, in order to improve customers' experience of financial services, while generating synergies via subsidiaries of the SKFH by cross-industry integrations to create business opportunities. While introducing new FinTech and integrate the subsidiaries' financial services, the differences in information security protection and conditions of threats for each subsidiary, and the new types of information security threats accompanying new FinTech would complicate existing information security management, control, and protection systems, and also cause breaches to the governance, access, environmental control, and infrastructure aspects of the Company's existing information security management system.	Businesses using FinTech often involve massive amounts of funds FinTech businesses involves massive amounts of funds, and thus it requires a higher level of information security protection than other industries. The incorporation of new FinTech and development of innovative services pose new challenges for technologies and regulations. An information security incident may cause leaks of customer data, leaks of company confidential information, and losses to the Company's finance and reputation, over even may incur penalties from the competent authority for violation of information security regulations.	Faced with rapidly evolving FinTech, the Company has strictly complied with the competent authority's "Financial Security Action Plan" in order to provide more convenient financial services and continued to promote the following information security actions to reduce the expected impacts brought by technology applications effectively: (1) A financial holding-level information security committee has been established and is linked to the subsidiaries' information security committee to incorporate information security management into the corporate governance framework, thereby enabling the management to develop security management visions and strategies on an organizational level, and promote it to SKFH and its subsidiaries. (2) Enforce information security from a "risk management" perspective, adopt the CyberSecurity Assessment Tool (CAT) assessment framework of the "Federal Financial Institutions Examination Council" (FFIEC), regularly assess the level of maturity for information security governance, and form a continuous improvement and strengthening

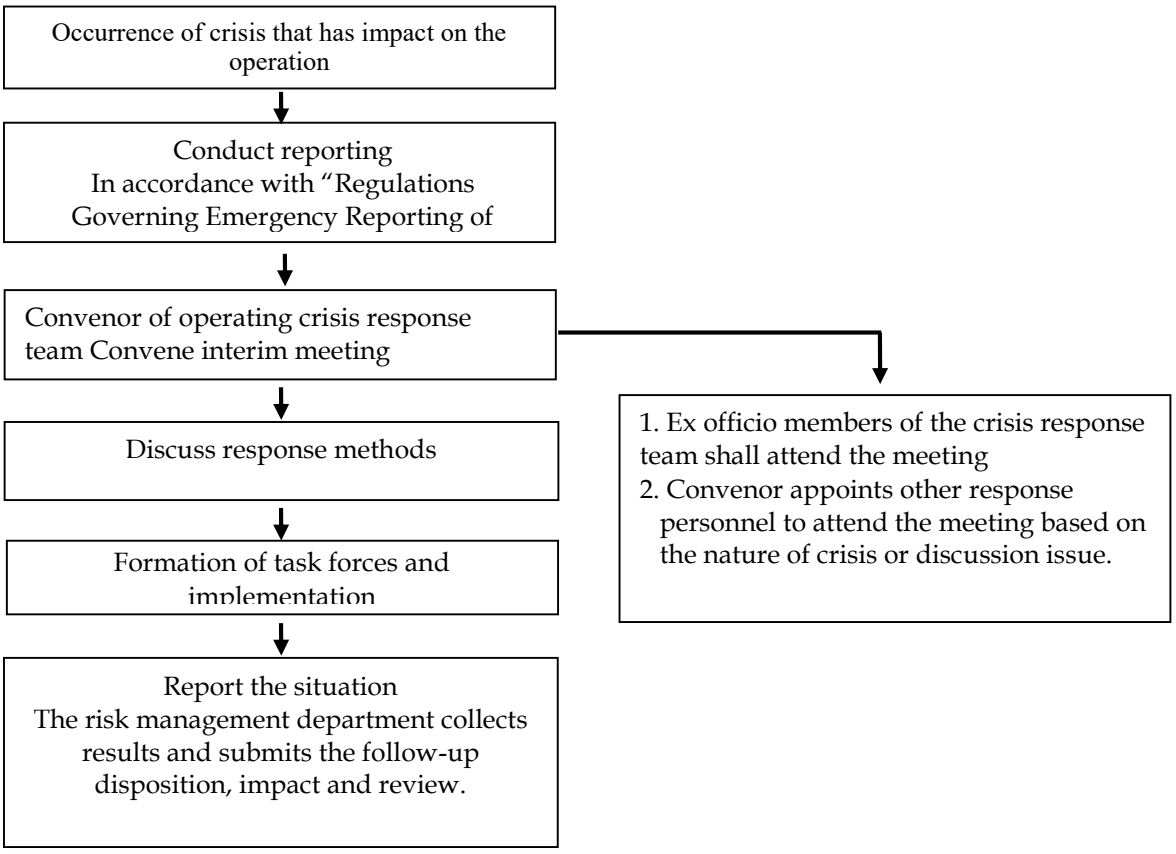
Description of Risks	Impact of Risks	Mitigation Actions
		management cycle via information security risk tolerance assessment. (3) Conduct comprehensive security assessments when adopting new financial technologies in order to ascertain risks and the preparedness of existing controls. Formulate information security management plans including personal information protection, information system security management, and information and communication security audit plans. The Company will introduce an external service (Internet Facing)real-time information security detection mechanism(Breach and Attack Simulation [BAS]) to promptly fix the vulnerabilities of the information environment as observed from the attacker's perspective. (4) SKFH and its subsidiaries have joined the "Federal Financial Institutions Examination Council (FISAC)" and shared information security threat information with the existing professional external information security providers in real-time to construct an early warning network, implement real-time detection and response, and adopt other information security and joint defense measures. (5) Enhance response to information security

Description of Risks	Impact of Risks	Mitigation Actions
		incidents. Develop reporting procedures and responses toward information security incidents, and improving employees' abilities to react, coordinate and communicate during crisis, thereby avoid or minimize damage in an information security incident. (6) Continue to establish joint defense systems between SKFH and their subsidiaries and use drills, training, or license acquisition to improve information security awareness and cultivate the capacity of information security talents.

VII.Crisis Management and Response Mechanism

In response to emergencies that have potential impact on the normal operation, the Company shall initiate reporting mechanism and adopt disposition measure in accordance with “Regulations Governing Emergency Reporting of SKFH” stipulated by the Company. When necessary, SKFH shall immediately initiate crisis reporting mechanism. The emergency response team shall actively convene interim emergency meeting in accordance with “Regulations Governing Operating Crisis Response of SKFH.” Subsidiaries reports the possible aspects that are possibly under impact and submits a solid response plan, and the Risk Management Department of SKFH submits information of incident disposition, impact and review to decision makers for reference. Afterwards, related units submit improvement reports that are submitted by the Risk Management Department to the Risk Management Committee and to the Board of Directors for reference.

The flow chart of response measures for operating crisis of the Company is as follows:



VIII. Other Important Matters: None

Chapter 8. Special Disclosures

I. Information on the Company's Affiliates

(I) Consolidated Business Report of Affiliated Companies:

Please refer to Page 692

(II)Consolidated Financial Statements of Affiliated Companies:

Please refer to Page 399

II. Private Placement of Securities, the Date and Amount of Private Placement Approved by the Shareholders' Meeting or Board of Directors Meeting That Shall Be Disclosed, the Base and Reasonableness of the Set Price, the Selection of Specific Person, and the Necessity of Private Placement in the Previous Year, Up Until the Publication Date of This Annual Report:

None.

III. Holding or Disposal of Shares in the Company by the Company's Subsidiaries During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report:

Name of Subsidiary	Paid-in capital	Sources of funds	Shareholding ratio of the Company	Date of acquisition or disposal	Number of shares acquired and the amount	Number of shares disposed and the amount	Investment profit or loss	Number of shares held and amount as of the publish date of this annual report	Pledging status
MasterLink Securities	NT$16,096,099 thousand	Own funds	100%	October 1, 2018	20,205,147 shares NT$227,793 thousand	-	-		-
				September 25, 2020		1,250,000 shares NT$14,093 thousand	NT$-4,296 thousand		
				September 28, 2020		1,250,000 shares NT$14,093 thousand	NT$-4,169 thousand		
				September 29, 2020		1,250,000 shares NT$14,093 thousand	NT$-4,062 thousand		
				September 30, 2020		1,250,000 shares NT$14,093 thousand	NT$-4,030 thousand		
				December 9, 2020		1,000,000 shares NT$11,274 thousand	NT$-2,823 thousand		
				December 10, 2020		1,000,000 shares NT$11,274 thousand	NT$-2,823 thousand		
				December 11, 2020		1,000,000 shares NT$11,274 thousand	NT$-2,823 thousand		
				December 14, 2020		1,250,000 shares NT$14,093 thousand	NT$-3,516 thousand		

				December 16, 2020		750,000 shares NT$8,456 thousand	NT$-2,155 thousand		
				March 11, 2021		1,000,147 Shares NT11,276 thousand	NT$-2,414 thousand		
				March 12, 2021		1,000,000 Shares NT11,274 thousand	NT$-2,484 thousand		
				March 15, 2021		1,000,000 Shares NT11,274 thousand	NT$-2,357 thousand		
				March 16, 2021		1,000,000 Shares NT11,274 thousand	NT$-2,414 thousand		
				March 18, 2021		2,000,000 Shares NT22,548 thousand	NT$-4,988 thousand		
				March 19, 2021		1,000,000 Shares NT11,274 thousand	NT$-2,609 thousand		
				March 22, 2021		1,000,000 Shares NT11,274 thousand	NT$-2,644 thousand		
				March 23, 2021		1,000,000 Shares NT11,274 thousand	NT$-2,584 thousand		
				March 24, 2021		1,205,000 Shares NT13,585 thousand	NT$-3,106 thousand		
				In this year as of the publication date of this annual report	-	-	-	0 shares NT$ 0	-

IV. Other Supplementary Information:

(I) 2023 operating indicators of the Company and its subsidiaries:

Unit: NT$ thousands; %

Item \ Company	SKFH	Shin Kong Life Insurance	Shin Kong Investment Trust	Taiwan Shin Kong Commercial Bank	Shin Kong Venture Capital	Shin Kong Property Insurance Agency Co., Ltd.	MasterLink Securities
Net income after tax	(7,409,239)	(17,192,701)	69,278	6,791,448	111,692	79,907	2,498,923
Basic EPS (NT$)	(0.48)	(2.33)	1.73	1.36	0.68	79.91	1.55
Non-performing loan ratio (%)	N/A	0.04 (Note1)	N/A	0.12 (Note 2)	N/A	N/A	N/A
NPL coverage ratio (%)	N/A	3,218.89	N/A	1107.13 (Note 2)	N/A	N/A	N/A
Capital adequacy ratio (%)	100.27	176.37	82.67	15.45	85.75	58.45	329.07
Double leverage ratio (%)	107.72	N/A	N/A	N/A	N/A	N/A	N/A
Return on assets (%)	(0.15)	(0.48)	7.66	0.55	5.48	42.44	2.17
Return on equity (%)	(3.20)	(11.58)	9.43	9.81	6.37	72.21	8.91

Note 1:It does not include policy loans. Note 2: It is a loan business, excluding credit card business.

Note 3: Capital adequacy ratio is the key performance indicator of the Company.

Chapter 9. Situations Listed in Subparagraph 2, Paragraph 2, Article 36 of the Securities and Exchange Act Which Might Materially Affect Shareholders' Equity or the Price of the Company's Securities Occurring During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report: None.

Shin Kong Financial Holding Co., Ltd. and Subsidiaries

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

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of Shin Kong Financial Holding Co., Ltd. and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2023 and 2022, and 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 ended December 31, 2023 and 2022, in accordance with the Regulations Governing the Preparation of Financial Statements by Financial Holding Companies, Regulations Governing the Preparation of Financial Statements by Insurance Companies, Guidelines Governing the Preparation of Financial Statements by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, Guidelines Governing the Preparation of Financial Reports by Public Banks 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 Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 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.

Key audit matters for the Group's consolidated financial statements for the year ended December 31, 2023 are stated as follows:

Valuation of Reserve for Life Insurance Liability and Liability Adequacy Test

The description of the key audit matter:

As described in Note 32a(3) to the accompanying consolidated financial statements, the reserve for life insurance liability amounted to $3,254,410,930 thousand, 69% of the total consolidated liabilities. Note 32a also describes the exemption from a reserve for liability adequacy after testing and evaluation by management.

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

Refer to Notes 4p(3), 4p(6), 4q, 5a and 32 to the accompanying consolidated financial statements for details on the related information, accounting policies, accounting estimate and assumption uncertainty for the reserve for life insurance liability and the reserve for the liability adequacy test.

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

The corresponding audit procedures were as follows:

1. We understand the internal controls related to management's estimation of the reserves for life insurance liability and for the liability adequacy test as well as evaluate the operating effectiveness of these internal controls.

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

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

    a. Our actuarial specialist randomly samples the insurance products of Shin Kong Life Insurance Co., Ltd. to examine whether the calculations of the reserve for life insurance liability were made in accordance with the regulations.

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

c. Our actuarial specialist performed profiling tests focused on long term insurance policies to identify any abnormal situations with recognized amounts of reserve of life insurance liability on single insurance policies as of December 31, 2023.

d. Our actuarial specialist used the previously recognized amounts of the reserve for life insurance liability taking into consideration the business development for the year ended December 31, 2023, and performed a ratio analysis of the reasonableness of the reserve for life insurance liability to estimate the overall recognized amount of reserve for life insurance liability.

4. Our actuarial specialist performed the following procedures, and we compared the results with the actuarial report published by the Group's contracted actuary in order to evaluate the rationality of discount rate for future years regarding the recognition of the reserve for liability adequacy test applied by management. The main audit procedures are described as follows:

   a. Our actuarial specialist focused on the tests of selected insurance policies provided by Shin Kong Life Insurance Co., Ltd. for our audit in order to examine whether the assumptions were consistent with regulations and the important built-in assumptions with the actuarial tools.

   b. Our actuarial specialist focused on the tests of selected insurance policies in order to evaluate the discount rates for the future years applied by Shin Kong Life Insurance Co., Ltd. for the reserve for liability adequacy test, and we performed individual recalculations.

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

Valuation of Non-derivative Financial Instruments at Fair Value through Profit or Loss or Other Comprehensive Income by Valuation Models with No Quoted Price in Active Markets

The description of the key audit matter is as follows:

On December 31, 2023, Shin Kong Life Insurance Co., Ltd. held non-derivative financial instruments at fair value through profit or loss or other comprehensive income through valuation models with no quoted price in active markets. The amount of the financial instruments that were classified as Level 2 and Level 3 financial assets, amounted to $41,382,189 thousand or 5% of the total financial assets at fair value through profit or loss or other comprehensive income. The financial instruments at fair value through profit or loss or other comprehensive income by valuation models with no quoted price in active markets were mainly stocks and bond investments. For the above financial instruments, the management of Shin Kong Life Insurance Co., Ltd. applied valuation models to determine their fair values.

Refer to Notes 4m, 5b, 8, 9, and 51b to the accompanying consolidated financial statements for details on the relevant information, accounting policies, accounting estimate, and assumption uncertainty for the valuation of non-derivative financial instruments at fair value through profit or loss or other comprehensive income by valuation models with no quoted price in active markets.

The valuation models of the non-derivative financial instruments at fair value through profit or loss or other comprehensive income is selected based on the rules and practical experience of IFRS 13 and Evaluation Standards 12 “Evaluation of Financial Instruments” by Accounting Research and Development Foundation, included the adjusted observable and unobservable inputs. The selection of the valuation models, as mentioned, and the inputs were involved in the critical judgments and estimations from management. Therefore, the valuation of the above-mentioned financial instruments was considered to be a key audit matter.

The corresponding audit procedures were as follows:

1. We understood the internal controls related to management’s valuation of the non-derivative financial instruments at fair value through profit or loss or other comprehensive income by valuation models with no quoted price in active markets as well as evaluated the design of the internal controls.

2. Through sampling the investment targets of the Level 2 and Level 3 non-derivative financial instruments at fair value through profit or loss or other comprehensive income by valuation models, we evaluated whether the valuation model and inputs adopted by management were reasonable, and recalculated the results to evaluate whether the carrying amounts are reasonable.

Expected Credit Loss Valuation of Discounts and Loans

The description of the key audit matter:

Shin Kong Commercial Bank Co., Ltd., the subsidiary of Shin Kong Financial Holding Co., Ltd., had discounts and loans that amounted to $795,749,611 thousand, representing 16% of the consolidated total assets on December 31, 2023. The loans are material to the financial statements as a whole, and the measurement of expected credit losses of loans and overdue loans involves various financial factors, such as the probability of default and loss given default and must follow the relevant laws and regulations; therefore, the expected credit loss of discounts and loans was deemed a key audit matter.

Refer to Notes 4m, 5c and 15 to the accompanying consolidated financial statements for details on the related information, accounting policies, accounting estimates, and assumption uncertainty for the estimations of the expected credit losses of discounts and loans.

The corresponding audit procedures were as follows:

1. We obtained an understanding of and tested the internal controls related to the expected credit losses of discounts and loans of Shin Kong Commercial Bank Co., Ltd.

2. We sampled the discounts and loans of Shin Kong Commercial Bank Co., Ltd. with significant expected credit losses. We evaluated and confirmed that the value of collateral used for the expected credit loss estimations was reasonable for the individual expected credit loss assessment.

3. We focused on the expected credit loss of discounts and loans of Shin Kong Commercial Bank Co., Ltd. as a whole. We obtained an understanding and tested the classification of loans and the important inputs of impairment models (risk of default and expected loss rate). We also evaluated the rationality of the expected credit loss used to conform with the current experience and economic situation.

4. We recalculated the amount to determine whether the recognized amount meets the requirements of the relevant laws and regulations of the competent authority.

Assessment of the Fair Values of Investment Properties

The description of the key audit matter:

The investment properties of Shin Kong Financial Holding Co., Ltd. are measured at their fair values. To support the management in making reasonable estimates, Shin Kong Financial Holding Co., Ltd. used the fair values assessed by external independent appraisers. As the appraisal method and parameters used in the assessment of investment properties' fair values involve significant judgments and estimates, we deemed the assessment of the fair values of investment properties a key audit matter. For the accounting policies, accounting estimates, assumption uncertainty and relevant disclosure information on the assessment of fair value of investment properties, refer to Notes 4h, 5b and 18 to the accompanying consolidated financial statements.

The corresponding audit procedures were as follows:

1. We evaluated the professional capability, competence and objectivity of the real estate appraisers of United Appraisers Firm and verified their qualifications.

2. We appointed an internal valuation specialist to evaluate the reasonableness of the appraisal reports, including the appraisal methods, main parameters and discount rate.

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 Statements by Financial Holding Companies, Regulations Governing the Preparation of Financial Statements by Insurance Companies, Guidelines Governing the Preparation of Financial Statements by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, and Guidelines Governing the Preparation of Financial Reports by Public Banks 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 (including the financial reporting process), 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 Wang-Seng Lin and Jr-Shian Ke.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 29, 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.

SHIN KONG FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

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

ASSETS	2023 Amount	2023 %	2022 Amount	2022 %
CASH AND CASH EQUIVALENTS (Notes 4, 6 and 40)	$ 96,287,188	2	$ 99,630,609	2
DUE FROM CENTRAL BANK AND OTHER BANKS (Notes 4 and 7)	72,188,468	1	61,584,518	1
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8 and 51)	441,196,868	9	399,448,996	8
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 4, 9, 41 and 51)	321,405,323	7	344,283,669	7
FINANCIAL ASSETS AT AMORTIZED COST (Notes 4, 10, 41 and 51)	2,558,119,335	52	2,580,982,063	53
NOTES AND BONDS PURCHASED UNDER RESALE AGREEMENTS (Notes 4, 12 and 40)	17,707,685	-	6,017,665	-
ACCOUNTS RECEIVABLE (Notes 4, 13 and 15)	97,194,147	2	72,658,678	2
CURRENT TAX ASSETS (Notes 4 and 39)	901,837	-	625,425	-
NONCURRENT ASSETS CLASSIFIED AS HELD FOR SALE (Notes 4 and 14)	8,468,595	-	9,588,103	-
LOANS, NET (Notes 4, 15 and 40)	958,211,816	19	902,588,431	19
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Notes 4 and 17)	2,757,344	-	2,602,166	-
ASSET ON INSURANCE PRODUCTS - SEPARATE ACCOUNTS (Notes 4 and 30)	51,870,326	1	38,541,123	1
MISCELLANEOUS FINANCIAL ASSETS	8,736,513	-	10,923,358	-
INVESTMENT PROPERTIES, NET (Notes 4, 18 and 41)	191,823,609	4	184,130,015	4
PROPERTY AND EQUIPMENT (Notes 4, 19 and 41)	39,598,442	1	40,024,404	1
RIGHT-OF-USE ASSETS (Notes 4 and 20)	4,428,974	-	4,660,954	-
INTANGIBLE ASSETS, NET (Notes 4 and 21)	3,858,111	-	3,547,115	-
DEFERRED INCOME TAX ASSETS (Notes 4 and 39)	44,114,442	1	38,641,123	1
OTHER ASSETS (Notes 4, 22, 40 and 41)	34,625,168	1	50,220,833	1
TOTAL	$ 4,953,494,191	100	$ 4,850,699,248	100
LIABILITIES AND EQUITY				
DUE TO CENTRAL BANK AND OTHER BANKS (Note 23)	$ 845,250	-	$ 323,880	-
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4 and 8)	19,530,993	-	51,259,977	1
NOTES AND BONDS ISSUED UNDER REPURCHASE AGREEMENTS (Notes 4, 24 and 40)	44,603,157	1	26,565,968	1
COMMERCIAL PAPERS ISSUED, NET (Note 25)	12,736,977	-	1,997,456	-
ACCRUED EXPENSES	9,465,656	-	7,652,500	-
BONDS PAYABLE - CURRENT PORTION (Note 27)	2,500,000	-	5,750,689	-
OTHER PAYABLES (Note 31)	34,290,298	1	25,278,149	1
CURRENT TAX LIABILITIES (Notes 4 and 39)	640,871	-	1,114,945	-
DEPOSITS AND REMITTANCES (Notes 26 and 40)	1,057,356,014	21	1,043,426,815	22
BONDS PAYABLE (Notes 4 and 27)	75,352,943	2	58,000,000	1
OTHER LOANS (Note 28)	2,221,898	-	3,324,591	-
PROVISIONS				
Insurance liability reserves (Notes 4 and 32)	3,289,100,458	67	3,293,296,880	68
Reserve for employee benefits (Notes 4 and 29)	579,287	-	549,718	-
Other reserves	977,963	-	859,804	-
LIABILITIES ON INSURANCE PRODUCTS - SEPARATE ACCOUNTS (Notes 4 and 30)	51,870,326	1	38,541,123	1
MISCELLANEOUS FINANCIAL LIABILITIES	53,216,648	1	42,275,953	1
LEASE LIABILITIES (Notes 4, 20 and 40)	10,650,474	-	11,605,381	-
DEFERRED TAX LIABILITIES (Notes 4 and 39)	16,696,064	-	10,821,321	-
OTHER ADVANCE RECEIPTS	2,066,846	-	1,613,627	-
OTHER LIABILITIES	22,711,762	1	14,310,769	-
Total liabilities	4,707,413,885	95	4,638,569,546	96
EQUITY ATTRIBUTABLE TO THE OWNER OF THE COMPANY (Note 33)				
Share capital				
Ordinary shares	154,876,290	3	154,876,182	3
Preference shares	2,970,000	-	2,970,000	-
Capital surplus	18,623,914	-	18,276,795	-
Retained earnings				
Legal reserve	10,322,728	-	10,079,100	-
Special reserve	83,171,578	2	42,221,858	1
Unappropriated retained earnings	(4,693,390)	-	41,193,349	1
Other equity				
Exchange differences on translating the financial statements of foreign operations	(67,173)	-	(40,301)	-
Gains on hedging instruments	2,067	-	3,301	-
Unrealized gain (loss) on investments in equity instruments designated as at fair value through other comprehensive income	6,505,884	-	(4,539,568)	-
Unrealized loss on investments in debt instruments at fair value through other comprehensive income	(10,709,016)	-	(14,319,774)	-
Gains on property revaluation	5,049,020	-	4,101,387	-
Reclassified to other comprehensive income based on the overlay approach	(20,404,577)	-	(43,101,268)	(1)
Total equity attributable to owner of the Company	245,647,325	5	211,721,061	4
NON-CONTROLLING INTERESTS (Notes 16 and 33)	432,981	-	408,641	-
Total equity	246,080,306	5	212,129,702	4
TOTAL	$ 4,953,494,191	100	$ 4,850,699,248	100

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

SHIN KONG FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

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

	2023		2022		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
INTEREST INCOME (Notes 37 and 40)	$ 131,452,391	517	$ 120,790,174	120	9
INTEREST EXPENSE (Note 40)	(17,615,308)	(69)	(8,814,462)	(9)	100
NET INTEREST INCOME	113,837,083	448	111,975,712	111	2
NET INCOME AND GAINS OTHER THAN INTEREST INCOME					
Net processing fee and commission fee (Notes 4, 30, 35 and 40)	2,761,411	11	1,659,462	2	66
Net loss from the life insurance business (Notes 32 and 36)	(80,527,224)	(317)	(50,779,868)	(50)	59
Loss on financial assets and liabilities at fair value through profit or loss (Notes 8 and 37)	(2,535,248)	(10)	(182,067,993)	(181)	(99)
Realized gain on financial assets at fair value through other comprehensive income (Note 37)	7,074,791	28	6,075,957	6	16
Net (loss) gain on derecognition of financial assets at amortized cost (Note 37)	(3,555,020)	(14)	6,759,503	7	(153)
Share of loss of associates accounted for using the equity method (Note 17)	(184,022)	(1)	(283,838)	-	(35)
(Loss) gain on reclassification based on overlay approach (Note 8)	(26,354,998)	(104)	50,580,033	50	(152)
Gain (loss) on investment properties (Notes 37 and 40)	9,478,600	37	(1,474,359)	(2)	743
Foreign exchange gain or loss (Note 8)	4,022,221	16	163,305,691	162	(98)
Reversals of impairment losses (impairment losses) recognized on assets (Note 37)	708,824	3	(5,597,869)	(6)	113
Gain from bargain purchases on acquisition (Note 17)	16,818	-	-	-	-
Other investment loss, net	(274,886)	(1)	(291,980)	-	(6)
Other miscellaneous income, net (Note 40)	937,034	4	1,047,265	1	(11)

(Continued)

SHIN KONG FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

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

	2023		2022		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
PROFIT FROM OPERATIONS	$ 25,405,384	100	$ 100,907,716	100	(75)
NET CHANGES IN INSURANCE LIABILITY RESERVES (Note 32)	(7,277,069)	(29)	(67,885,956)	(67)	(89)
PROVISION FOR BAD DEBT EXPENSES (Note 15)	(1,326,018)	(5)	(1,188,108)	(1)	12
OPERATING EXPENSES (Notes 38 and 40)					
Employee benefit expenses	(16,783,735)	(66)	(15,462,382)	(15)	9
Depreciation and amortization expenses	(2,224,454)	(9)	(2,173,459)	(2)	2
Other selling and administrative expenses	(10,501,856)	(41)	(9,492,571)	(10)	11
Total operating expenses	(29,510,045)	(116)	(27,128,412)	(27)	9
CONSOLIDATED (LOSS) INCOME BEFORE INCOME TAX	(12,707,748)	(50)	4,705,240	5	(370)
INCOME TAX BENEFIT (EXPENSE) (Notes 4 and 39)	5,383,443	21	(2,536,552)	(3)	312
CONSOLIDATED NET (LOSS) INCOME	(7,324,305)	(29)	2,168,688	2	(438)
OTHER COMPREHENSIVE INCOME (LOSS)					
Items that will not be reclassified subsequently to profit or loss:					
Gains on property revaluation	1,165,042	5	1,760,992	2	(34)
(Losses) gains on remeasurement of defined benefit plans	(78,261)	-	370,974	-	(121)

(Continued)

SHIN KONG FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

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

	2023		2022		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
Unrealized gain (loss) on investments in equity instruments designated as at fair value through other comprehensive income	$ 15,363,314	60	$ (12,287,062)	(12)	225
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 39)	(1,700,885)	(7)	945,863	1	(280)
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translating the financial statements of foreign operations	(26,872)	-	290,362	-	(109)
Unrealized gain (loss) on investments in debt instruments at fair value through other comprehensive income	3,547,060	14	(4,242,663)	(4)	184
Reclassification to other comprehensive income (loss) based on the overlay approach	26,354,998	104	(50,580,033)	(50)	152
Share of the other comprehensive income (loss) of associates and joint ventures accounted for using the equity method	63,374	-	(10,343)	-	713
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 39)	(3,659,217)	(14)	4,571,199	5	(180)
Total other comprehensive income (loss), net of income tax	41,028,553	162	(59,180,711)	(58)	169
TOTAL COMPREHENSIVE INCOME (LOSS)	$ 33,704,248	133	$ (57,012,023)	(56)	159

(Continued)

SHIN KONG FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

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

	2023		2022		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
(LOSS) INCOME ATTRIBUTABLE TO:					
Owner of the Company	$ (7,409,239)	(29)	$ 2,086,636	2	(455)
Non-controlling interests	84,934	-	82,052	-	4
	$ (7,324,305)	(29)	$ 2,168,688	2	(438)
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:					
Owner of the Company	$ 33,602,946	132	$ (57,078,146)	(56)	159
Non-controlling interests	101,302	1	66,123	-	53
	$ 33,704,248	133	$ (57,012,023)	(56)	159
(LOSS) EARNINGS PER SHARE (Note 34)					
Basic	$(0.48)		$0.10		
Diluted	$(0.48)		$0.10		

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

SHIN KONG FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

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

	Equity Attributable to Owner of the Company														
								Other Equity							
	Share Capital				Retained Earnings										
	Ordinary Shares	Preference Shares	Capital Collected in Advance	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operation	Unrealized (Loss) Gain on Financial Assets at Fair Value Through Other Comprehensive Income	Gain (Loss) on Hedging Instruments	Other Comprehensive Income (Loss) on Reclassification Based on the Overlay Approach	Gains on Property Revaluation	Total Equity Attributable to the Owner of the Company	Non-controlling Interests	Total
BALANCE, JANUARY 1, 2022	$ 140,417,721	$ 2,970,000	$ 1,041,928	$ 19,136,235	$ 7,800,692	$ 40,713,804	$ 49,821,487	$ (330,663)	$ (2,451,004)	$ -	$ 1,176,936	$ 2,672,828	$ 262,969,964	$ 412,413	$ 263,382,377
Special reserve appropriated under Rule No. 10310000140 issued by the FSC	-	-	-	-	-	1,533,200	(1,533,200)	-	-	-	-	-	-	-	-
Appropriation of 2021 earnings															
Legal reserve appropriated	-	-	-	-	2,278,408	-	(2,278,408)	-	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	-	-	(25,146)	25,146	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	-	(6,200,000)	-	-	-	-	-	(6,200,000)	-	(6,200,000)
Cash dividends of preference share	-	-	-	-	-	-	(527,850)	-	-	-	-	-	(527,850)	-	(527,850)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(69,965)	(69,965)
Issuance of ordinary shares for cash	12,770,390	-	-	(760,772)	-	-	-	-	-	-	-	-	12,009,618	-	12,009,618
Convertible bonds converted to ordinary shares	1,688,071	-	(1,041,928)	(139,667)	-	-	-	-	-	-	-	-	506,476	-	506,476
Share-based payments	-	-	-	40,632	-	-	-	-	-	-	-	-	40,632	70	40,702
Overdue dividends unclaimed by subsidiaries	-	-	-	367	-	-	-	-	-	-	-	-	367	-	367
Net income for the year ended December 31, 2022	-	-	-	-	-	-	2,086,636	-	-	-	-	-	2,086,636	82,052	2,168,688
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	-	294,597	290,362	(16,974,214)	3,301	(44,278,204)	1,499,376	(59,164,782)	(15,929)	(59,180,711)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	-	2,381,233	290,362	(16,974,214)	3,301	(44,278,204)	1,499,376	(57,078,146)	66,123	(57,012,023)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	(565,876)	-	565,876	-	-	-	-	-	-
Proceeds from disposal of investment properties	-	-	-	-	-	-	70,817	-	-	-	-	(70,817)	-	-	-
BALANCE, DECEMBER 31, 2022	154,876,182	2,970,000	-	18,276,795	10,079,100	42,221,858	41,193,349	(40,301)	(18,859,342)	3,301	(43,101,268)	4,101,387	211,721,061	408,641	212,129,702
Special reserve reversed under Rule No. 10310000140 issued by the FSC	-	-	-	-	-	(4,829,745)	4,829,745	-	-	-	-	-	-	-	-
Special reserve reversed under Rule No. 1010012865 issued by the FSC	-	-	-	-	-	(532,380)	532,380	-	-	-	-	-	-	-	-
Appropriation of 2022 earnings															
Legal reserve appropriated	-	-	-	-	243,628	-	(243,628)	-	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	-	-	46,311,845	(46,311,845)	-	-	-	-	-	-	-	-
Equity component of convertible bonds issued by the Company	-	-	-	346,377	-	-	-	-	-	-	-	-	346,377	-	346,377
Cash dividends of subsidiaries' ordinary shares	-	-	-	-	-	-	-	-	-	-	-	-	-	(76,962)	(76,962)
Convertible bonds converted to ordinary share	108	-	-	(15)	-	-	-	-	-	-	-	-	93	-	93
Overdue dividends unclaimed by subsidiaries	-	-	-	757	-	-	-	-	-	-	-	-	757	-	757
Net (loss) income for the year ended December 31, 2023	-	-	-	-	-	-	(7,409,239)	-	-	-	-	-	(7,409,239)	84,934	(7,324,305)
Other comprehensive (loss) income for the year ended December 31, 2023, net of income ta	-	-	-	-	-	-	(62,490)	(26,872)	17,449,628	(1,234)	22,696,691	956,462	41,012,185	16,368	41,028,553
Total comprehensive (loss) income for the year ended December 31, 2023	-	-	-	-	-	-	(7,471,729)	(26,872)	17,449,628	(1,234)	22,696,691	956,462	33,602,946	101,302	33,704,248
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	2,793,418	-	(2,793,418)	-	-	-	-	-	-
Disposal of investments in equity instruments designated as at fair value through other comprehensive income from participating policy transfer in special reserves	-	-	-	-	-	-	(23,909)	-	-	-	-	-	(23,909)	-	(23,909)
Proceeds from disposal of investment properties	-	-	-	-	-	-	8,829	-	-	-	-	(8,829)	-	-	-
BALANCE, DECEMBER 31, 2023	$ 154,876,290	$ 2,970,000	$ -	$ 18,623,914	$ 10,322,728	$ 83,171,578	$ (4,693,390)	$ (67,173)	$ (4,203,132)	$ 2,067	$ (20,404,577)	$ 5,049,020	$ 245,647,325	$ 432,981	$ 246,080,306

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

SHIN KONG FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

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

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Consolidated (loss) income before income tax	$ (12,707,748)	$ 4,705,240
Adjustments for:		
Depreciation expenses	1,705,083	1,666,442
Amortization expenses	519,371	507,017
Provision for bad debt expense	1,326,018	1,188,108
Loss on financial assets and liabilities at fair value through profit or loss	2,535,248	182,067,993
Interest expense	17,615,308	8,814,462
Interest income	(131,452,391)	(120,790,174)
Dividend income	(17,222,302)	(16,072,749)
Changes in insurance liability reserve	(4,291,072)	156,923,786
Compensation cost of share-based payments	-	40,702
Loss of associates and joint ventures accounted for using the equity method	184,022	283,838
Loss (gain) on reclassification of overlay approach	26,354,998	(50,580,033)
Gain on disposal of property and equipment	(145,895)	(110,304)
Gain (loss) on disposal of investment property	(40,548)	306,015
Gain on disposal of assets classified as held for sale	(45,625)	(80,999)
Loss (gain) on sale of investments	3,518,713	(5,750,249)
(Reversal of impairment loss on financial assets) impairment loss on financial assets	(708,824)	5,575,287
Impairment loss on non-financial assets	-	22,582
(Gain) loss on fair value adjustment of investment property	(4,875,927)	6,259,589
Loss (gain) on lease modification	114	(7,919)
Gain on fair value adjustment of assets classified as held for sale	(161,196)	(869,479)
Gain from bargain purchases on acquisition	(16,818)	-
Net changes in operating assets and liabilities		
Increase in due from the Central Bank and other banks	(713,955)	(2,351,918)
Decrease in financial assets at fair value through profit or loss	51,719,849	115,943,264
Decrease (increase) in financial assets at fair value through other comprehensive income	41,622,973	(28,371,622)
Decrease (increase) in investment in debt instruments at amortized cost	50,561,024	(226,112,880)
(Increase) decrease in notes and bonds purchased under resale agreements	(11,090,020)	930,275
(Increase) decrease in receivables	(24,233,539)	18,907,759
Increase in loans	(56,401,455)	(39,816,003)
Decrease (increase) in other financial assets	2,184,107	(1,145,851)
Decrease in other assets	1,724,358	7,785,639
Increase (decrease) in due to Central Bank and other banks	521,370	(5,272,802)
Decrease in financial liabilities at fair value through profit or loss	(127,764,604)	(125,168,672)
Increase (decrease) in payables	11,138,695	(16,356,207)
Increase in other financial liabilities	10,940,695	12,878,057
Increase (decrease) in other liabilities	141,559	(9,795,386)

(Continued)

SHIN KONG FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

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

	2023	2022
Increase in deposits and remittances	$ 13,929,199	$ 51,026,964
Decrease in reserve for employee benefits	(48,692)	(157,515)
Cash used in operations	(153,677,907)	(72,977,743)
Interests received	106,128,254	94,751,058
Dividends received	17,200,775	15,875,518
Interests paid	(17,365,974)	(8,212,243)
Income tax paid	(336,031)	(1,803,595)
Net cash flows (used in) generated from operating activities	(48,050,883)	27,632,995
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investments accounted for using equity method	(320,000)	(271,200)
Proceeds from capital reduction of associates	50,100	-
Proceeds from disposal of assets classified as held for sale	1,132,096	660,408
Acquisition of property and equipment	(1,122,390)	(1,334,698)
Proceeds from disposal of property and equipment	234,187	174,892
Increase in guarantee deposits paid	-	(11,190,612)
Decrease in guarantee deposits paid	7,835,382	-
Acquisition of intangible assets	(395,906)	(349,494)
Acquisition of use-of-right assets	-	(1,117,012)
Acquisition of investment properties	(1,512,572)	(542,266)
Proceeds from disposal of investment properties	111,984	320,693
Increase in other assets	(87,365)	(171,667)
Net cash flows generated from (used in) investing activities	5,925,516	(13,820,956)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in commercial papers payable	-	2,538,378
Decrease in commercial papers payable	(3,102,693)	-
Proceeds from long-term borrowings	2,000,000	-
Decrease in due to the Central Bank and banks	-	(225,050)
Increase in commercial papers issued	10,737,805	-
Decrease in commercial papers issued	-	(9,010,761)
Proceeds from issuing bonds	17,999,300	5,000,000
Repayments of bonds payable	(4,999,300)	(5,000,100)
Proceeds from issuing bank notes payable	2,200,000	2,800,000
Repayments of bank notes payable	(800,000)	(3,000,000)
Increase in notes and bonds issued under repurchase agreements	18,037,189	-
Decrease in notes and bonds issued under repurchase agreements	-	(9,726,380)
Increase in guarantee deposits received	8,760,101	4,289,742
Repayments of leased liabilities	(1,725,682)	(1,452,700)
Cash dividends paid	-	(6,727,850)
Proceeds from issuing shares	-	12,009,618
Change in non-controlling interests - cash dividends	(76,962)	(69,965)
Net cash flows generated from (used in) financing activities	49,029,758	(8,575,068)

(Continued)

SHIN KONG FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

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

	2023	2022
EFFECT OF EXCHANGE RATE CHANGES	$ 242,183	$ 25,025
NET INCREASE IN CASH AND CASH EQUIVALENTS	7,146,574	5,261,996
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	132,628,320	127,366,324
CASH AND CASH EQUIVALENTS, END OF THE YEAR	$ 139,774,894	$ 132,628,320

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

	December 31	
	2023	2022
Cash and cash equivalents reported in consolidated balance sheets	$ 96,287,188	$ 99,630,609
Due from Central Bank and other banks qualified for cash and cash equivalents under the definition of IAS 7	42,887,706	32,997,711
Notes and bonds purchased under resale agreements qualified for cash and cash equivalents under the definition of IAS 7	600,000	-
Cash and cash equivalents at the end of the year	$ 139,774,894	$ 132,628,320

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

1. GENERAL INFORMATION

Shin Kong Financial Holding Co., Ltd. (the "Company" or SKFHC) is a financial holding company established by Shin Kong Life Insurance Co., Ltd. (SKLIC) and Shin Kong Securities Co., Ltd. (SKSC, originally named Li Shih Securities Co., Ltd.) through a share swap and the Company's shares have been listed on the Taiwan Stock Exchange (TWSE) since February 19, 2002. The Company is mainly engaged in managing its subsidiaries and investing in businesses approved by the relevant authorities. The Company and its subsidiaries are collectively referred to as the "Group".

To expand the area and scale of operations and utilize the comprehensive operational efficiency and competitiveness of financial institutions, the Company issued 208,504 thousand shares to acquire Taiwan Shin Kong Commercial Bank Co., Ltd. (TSKCB, formerly known as United-Credit 46 Commercial Bank Co., Ltd.) as a wholly owned subsidiary.

The Company issued 661,850 thousand shares to acquire 100% equity interest of Macoto Bank Co., Ltd. (Macoto Bank) on October 3, 2005 through a share swap. On December 31, 2005, Macoto Bank merged with TSKCB and Macoto Bank was the surviving company. At the same time, Macoto Bank was renamed as TSKCB.

To expand the scale of asset management and enhance the synergy of channel integration and resource sharing, the Company purchased 100% of the shares of Shin Kong Investment Trust Co., Ltd. (SKITC) in July 2006.

To utilize the comprehensive operational efficiency and competitiveness of financial institutions, the Company issued 1,063,744 thousand shares and gave such shares to the shareholders of MasterLink Securities Co., Ltd., which serves as payment for the shares of MasterLink Securities Co., Ltd. that are not owned by the Company, after which MasterLink Securities Co., Ltd. became a wholly owned subsidiary of the Company.

SKLIC was established in July 1963 and its shares were listed on the TWSE in December 1993. SKLIC is mainly engaged in the business of life insurance, including individual and group life, accident, health, and so on. SKLIC's headquarters are located in Taipei City, with 23 branch offices throughout Taiwan.

TSKCB was approved as a commercial bank by the Ministry of Finance on September 23, 1996 under Letter Tai-Tsai-Rong No. 85546025. TSKCB acquired its company license from the Ministry of Economic Affairs on December 31, 1996 and operating permit from the Ministry of Finance on January 1, 1997. TSKCB is engaged in the banking business approved by the Banking Act of the Republic of China (ROC) and other services approved by the relevant authorities, and it had 103 branches (including the business department) as of December 31, 2023, including the trust departments, foreign exchange transaction department, and an offshore banking branch in Taiwan.

MasterLink Securities Corp. (MLSC) was established by the approval of the Ministry of Economic Affairs on March 23, 1989 and started operations on May 29, 1989, and its shares have been listed on the TWSE since September 16, 2002. MLSC is mainly engaged in securities brokering, underwriting, processing of share registration matters, futures brokering, futures dealing services, security transfer services and other services approved by the authorities. As of December 31, 2023, MLSC had 43 branches.

On September 24, 2009, the board of directors resolved on behalf of the shareholders the dissolution date of SKSC as of January 5, 2010. On March 12, 2020, the liquidation procedures of SKSC were completed.

SKITC is mainly engaged in negotiable securities investment trust, securities and investment advisory business, carte blanche investment, concurrent future trust business and other services approved by the Securities and Futures Bureau of the Financial Supervisory Commission (FSC). On October 9, 2006, SKITC merged with New Light Asset Management Co., Ltd., and SKITC was the surviving company.

Shin Kong Venture Capital International Co., Ltd. (SKVIC) was established on April 20, 2011. SKVIC is mainly engaged in the venture capital business. SKVIC established Lion Investment (Samoa) Co., Ltd. on May 11, 2011.

Shin Kong Property Insurance Agency Co., Ltd. (SKPIAC) is engaged in the business of property and casualty insurance.

Shin Kong Life Real Estate Service Company (SKLRESC) was established on July 12, 1988 and obtained operating permit on August 17, 1988. SKLRESC is mainly engaged in management services, sanitary services, repair and maintenance of utilities equipment, commerce and installation of water-proof, burglarproof, and fire alarm equipment, commerce and installation of car parking equipment, operation of parking lots, housing brokerage, and real estate business management.

Shin Kong Marketing Consultant Co., Ltd. (SKMC) is mainly engaged in consulting services for loan market, investment advisory, credit services, human resource allocation, agency services, data processing services, information software services, electronic information supply services, general advertising services and non-store retailing.

Shin Kong Leasing (Suzhou) Co., Ltd. (SKLSC) was established on September 15, 2011. SKLSC is mainly engaged in the financial leasing business.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on February 29, 2024.

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

a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRS Accounting Standards") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

Amendments to IAS 12 "International Tax Reform - Pillar Two Model Rules"

The amendments introduce a temporary exception to the requirements in IAS 12 by stipulating that the Group should neither recognize nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. The amendments also require the Group to disclose that it has applied the exception and separately disclose its current tax expense (income) related to Pillar Two income taxes. In addition, for periods in which Pillar Two legislation is enacted or substantively enacted but not yet in effect, the Group should disclose qualitative and quantitative information that helps users of financial statements understand the Group's exposure to Pillar Two income taxes. The requirement that the Group apply the exception and the requirement to disclose that fact are applied immediately and retrospectively upon issuance of the amendments. The remaining disclosure requirements apply for annual reporting periods beginning on or after January 1, 2023, but not for any interim period ending on or before December 31, 2023.

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have 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 (Note 1)
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"	January 1, 2024 (Note 3)

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

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

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

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of other standards and interpretations will not have a material impact on the Group's 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 stipulate that, when the Group sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when the Group loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

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

2) IFRS 17 “Insurance Contracts”

IFRS 17 sets out the accounting standards for insurance contracts that will supersede IFRS 4. The main standards and relevant amendments of IFRS 17 are as follows:

Level of aggregation

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

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

b) A group of contracts that at initial recognition that has no significant possibility of becoming onerous;

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

The Group is not permitted to include contracts issued more than one year apart in the same group.

Recognition

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

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

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

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

Measurement

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

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

b) Any cash flows arising from the contracts in the group at that date.

c) The derecognition at the initial recognition date of the following:

   i. Any assets or liabilities recognized for acquisition of cash flows from insurance; and

   ii. All other assets or liabilities previously recognized for cash flows related to the group of contracts.

Subsequent measurement

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

Onerous contracts

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

Premium allocation approach

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

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

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

At the inception of the group, if the Group expects significant variances in the fulfilment cash flows during the period before a claim is incurred, such contracts are not eligible for the application of the PAA.

When using the PAA, the liability for remaining coverage shall be initially recognized as the premiums:

a) Received at initial recognition;

b) Minus any insurance acquisition cash flows at that date;

c) The derecognition at the initial recognition date of the following:

    i. Any assets or liabilities recognized for acquisition of cash flows from insurance; and

    ii. All other assets or liabilities previously recognized for cash flows related to the group of contracts.

Subsequently the carrying amount of the liability is the carrying amount at the start of the reporting period plus the premiums received in the period, minus insurance acquisition cash flows, plus amortization of acquisition cash flows, minus the amount recognized as insurance revenue for service provided in that period, and minus all investment components paid or transferred to the liability for incurred claims.

Investment contracts with discretionary participation features

An investment contract with discretionary participation features is a financial instrument and it does not include a transfer of significant insurance risk. It is in the scope of the standard only if the issuer also issues insurance contracts. The requirements of the standard are modified for such investment contracts.

Modification and derecognition

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

The Group shall derecognize an insurance contract when it is extinguished, or if any of the conditions of a substantive modification of an insurance contract are met.

Transition

The Group shall apply the standard 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 only needs to use available information without undue cost or effort. The Group shall apply fair value approach if reasonable and supportable information is unavailable.

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

Redesignation of financial assets

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

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

3) Amendments to IAS 21 "Lack of Exchangeability"

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

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial Statements by Insurance Companies, Guidelines Governing the Preparation of Financial Reports by Public Banks, Guidelines Governing the Preparation of Financial Statements by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants 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 which are measured at fair value, investment properties, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

a. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

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

c. Level 3 inputs are unobservable inputs for the asset or liability.

Classification of Current and Non-current Assets and Liabilities

The assets and liabilities in the consolidated financial statements are classified according to the nature of each account and stated in the order of their liquidity rather than divided into current or noncurrent accounts.

Basis of Consolidation

Principles for preparing consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company. Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition up to the effective date of disposal, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

See Note 16 to consolidated financial statements and Table 3 following these notes for the detailed information of subsidiaries, including the percentage of ownership and main business.

Foreign Currencies

In preparing the financial statements of each individual entity in the Group, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

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

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 period 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.

Non-monetary 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 foreign operations (including of the subsidiaries, associates, joint ventures, branches or operations in other countries that use currencies used different the Company) 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 period. Exchange differences arising are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Company's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Company 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.

Investment in Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. The Group uses the equity method to account for its investments in associate.

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

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 or a joint venture 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. 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 the 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 deducted from 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 its investment ceases to be an associate or a 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 or 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 or joint venture. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

When an entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group' consolidated financial statements only to the extent of the Group's interests as unrelated party of the associate.

Property and Equipment

Property and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Properties and equipment in the course of construction are measured at cost less any recognized impairment loss. Before that asset reaches its intended use are measured at the lower of cost or net realizable value, are recognized in profit or loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Except for freehold land which is not depreciated, the 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 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 rental 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. Investment properties acquired through leases 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.

From January 1, 2020 all investment properties are subsequently measured using the fair value model. Changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

Investment properties under construction, of which the fair value is not reliably measurable, are measured at cost less accumulated impairment loss until such time as either the fair value becomes reliably measurable or construction is completed (whichever comes earlier).

For a transfer of classification from investment properties to property and equipment, the deemed cost of an item of property for subsequent accounting is its fair value.

For a transfer of classification from property, equipment and right-of-use assets to investment properties, any difference between the fair value of an item of property at the transfer date and its previous carrying amount is recognized in other comprehensive income and accumulated in gain on property revaluation under other equity that will be transferred directly to retained earnings when the asset is derecognized.

The sale of land or houses is not part of the normal business activities of the Group. The houses acquired in exchange for land in accordance with the joint construction contract are classified as investment properties, and the exchange gains and losses are not recognized at the time of exchange; when they meet the conditions for classification as pending sale under IFRS 5, they are classified as assets for sale.

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.

Goodwill

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

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

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

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

Intangible Assets

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. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. 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. Any changes in estimates are accounted for on a prospective basis.

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 Investment Properties (Measured at Cost Less Accumulated Depreciation and Accumulated Impairment Loss), Property, Equipment, Right-of-use Assets, Tangible and Intangible Assets Other Than Goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its investment properties (measured at cost less accumulated depreciation and accumulated impairment loss) property, equipment, right-of-use asset and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. If the Corporate assets can be allocated to the individual cash-generating units, allocated on a reasonable and consistent basis; otherwise, allocated to the smallest group of cash-generating units.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

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

Assets Held for Sale

Assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. To meet the criteria for the sale being highly probable, the appropriate level of management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Recognition of depreciation of those assets would cease.

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

a. Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

1) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost, investments in debt instruments measured at fair value through other comprehensive income, and investments in equity instruments measured at fair value through other comprehensive income.

a) Financial assets at FVTPL

A financial assets is classified as at FVTPL when such a financial asset is mandatorily classified or designated as at FVTPL. Financial assets 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 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, and any dividends, interest earned and remeasurement gains or losses on such financial assets are recognized in other gains or loss. Fair value is determined in the manner described in Note 51.

Overlay approach

In order to reduce the accounting mismatch when IFRS 9 is applied on a date earlier than IFRS 17, the Group chose to adopt the overlay approach from IFRS 4 and reclassified the fair value changes of FVTPL from profit or loss to other comprehensive income. Disposal gains and losses are still expressed in profit or loss.

Financial assets using the overlay method must meet the following conditions at the same time:

i. Holding is related to IFRS 4

ii. Under IFRS 9, the holding is measured at fair value through profit or loss but under IAS 39, the holding is not measured at a fair value through profit and loss; and

iii. Initial application of IFRS 9, designated the use of the overlay approach; new assets designated or meet the conditions.

b) Financial assets at amortized cost

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

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

ii. 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, including cash and cash equivalents, trade receivables at amortized cost and loans, net, 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:

i. 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

ii. Financial asset that is not credit impaired on purchase or origination but has 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.

A financial asset is credit impaired when one or more of the following events have occurred:

i. Significant financial difficulty of the issuer or the borrower;

ii. Breach of contract, such as a default;

iii. It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv. The disappearance of an active market for that financial asset because of financial difficulties.

The Group classifies time deposits that can be converted into cash at any time within 12 months of the contract period and with low risk of value changes as cash equivalents. Cash equivalents include time deposits and notes and bonds purchased under resale agreements with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

c) Investments in debt instruments at FVTOCI

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

i. 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

ii. 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.

d) 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.

2) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables), investments in debt instruments that are measured at FVTOCI, lease receivables, as well as contract assets.

The Group always recognizes lifetime expected credit losses (i.e. ECLs) for trade receivables, lease receivables and contract assets. For all other 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 impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

SKLIC evaluates the collectability of credit assets based on the financial conditions of the borrowers and the payments of principal or interests as well as the values of specific loan collateral assessed by the Company according to the conditions of the collaterals and the length of time overdue, in accordance with Regulation Governing the Procedures for Insurance Companies to Evaluates Assets and Deal with Nonperforming/Non-accrual Loans.

Credit assets are classified into five categories as normal (category 1), those require special mention (category 2), substandard (category 3), doubtful (category 4), and losses (category 5), and the amount of the allowance for bad debts shall not be less than the requirements in the following paragraphs:

a) Sum of credit assets of category 1 after deducting life insurance loans, 0.5% of advance premium payment and loans to government institutions, 2% of balance of credit assets of category 2, 10% of balance of credit assets of category 3, 50% of balance of credit assets of category 4, and balance of credit assets of category 5.

b) Sum of 1% of credit assets of category 1 to category 5 after deducting life insurance loans, advance premium payment, and balance of loans to government institutions.

c) The total amounts of overdue loans and collections were reasonably assessed to be unsecured.

In addition to the aforementioned assessment, and in accordance with the FSC letter No. 10402506096, in order to strengthen the insurance industry's ability to bear the losses of certain loan assets, the allowance for bad debts should be at least 1.5%. Allowance for doubtful accounts estimated under the FSC regulations or the expected credit loss assessment results, whichever is higher, is recognized as the amount of allowance for losses.

TSKCB evaluate the collectability of credit assets based on the financial conditions of the borrowers and the payments of principal or interests as well as the values of specific loan collateral assessed by the companies according to the conditions of the collaterals and the length of time overdue Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/Non-accrual Loans issued by the FSC.

TSKCB provides allowance of doubtful accounts at least 1% of total loans according to the Rule No. 10010006830 issued by the Bank Bureau. The allowance of doubtful accounts for property loan should be reserved at least 1.5% according to Rule No. 10300329440 issued by the Bank Bureau. In addition, the FSC requires banks to make at least 1.5% of allowance for bad debts for credit assets of category 1 credit to mainland China (including short-term financing for trade) and for balance of category 1 of residential purchase plus renovation loan and construction loan. Allowance for doubtful accounts estimated under the rules of the Bank Bureau or the expected credit loss assessment results, whichever is higher, is recognized as the amount of allowance for losses.

Credit assets deemed uncollectible are written off after the approval of the board of directors.

3) Derecognition of financial assets

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

On derecognition of a financial asset 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.

4) Offset of financial instruments

Financial assets and financial liabilities can be offset and expressed as a net amount in the consolidated balance sheet only when the following conditions meet at the same time:

a) There is currently a legally enforceable right to offset the recognized amounts,

b) When the intention is to settle on a net basis, or to realize assets and repay liabilities at the same time.

b. Equity instruments

Debt and equity instruments issued by an entity 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 an entity are recognized at the proceeds received, net of direct issue costs.

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

c. Financial liabilities

1) Subsequent measurement

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

a) Financial liabilities at FVTPL

Financial liabilities are classified as at fair value through profit or loss when the financial liability is either held for trading or it is designated as at fair value through profit or loss.

Financial liabilities at fair value through profit or loss are stated 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 does not incorporate any interest or dividend paid on the financial liability.

A financial liability may be designated as at fair value through profit or loss upon initial recognition when doing so results in more relevant information and if:

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

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

iii. The contract contains one or more embedded derivatives so that the entire combined contract (asset or liability) can be designated as at fair value through profit or loss.

For a financial liability designated as at fair value through profit or loss, the amount of changes in fair value attributable to changes in the credit risk of the liability is presented in other comprehensive income and will not be subsequently reclassified to profit or loss. The remaining amount of changes in the fair value of that liability which does not incorporate any interest or dividends paid on the financial liability is presented in profit or loss. The gain or loss accumulated in other comprehensive income will be transferred to retained earnings when the financial liability is derecognized. If this accounting treatment related to credit risk would create or enlarge an accounting mismatch, all changes in fair value of the liability are presented in profit or loss. Fair value is determined in the manner described in Note 51.

b) Financial guarantee contracts

Financial guarantee contracts issued by the Group, if not designated as at FVTPL, are subsequently measured at the higher of:

i. The amount of the loss allowance reflecting expected credit losses; and

ii. The amount initially recognized less, where appropriate, the cumulative amount of income recognized in accordance with the revenue recognition policies.

2) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

d. Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and foreign exchange options.

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

Derivatives embedded in hybrid contracts that contain financial asset host that is within the scope of IFRS 9 “Financial instruments” 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 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.

e. Convertible bonds

The component parts of compound instruments (convertible bonds) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognized in equity will be transferred to capital surplus - share premium. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - share premium.

Transaction costs that relate to the issuance of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

Margin Trading, Short Sale and Re-financing for Security Business

The Group recognizes margin loans receivable while providing financing to investors. Margin loans made by the Group are collateralized by securities purchased using the margin loans. These collateralized securities are only recorded in memorandum instead of statutory accounts. After the security investors settle the margin loan, these pledged securities are returned to investors.

If there is a need for funds while the Group providing financing to investors, it will transfer the borrowing money from the other securities lenders, and recognize refinancing collateral payable. Refinancing collateral payable made by the Group are collateralized by securities purchased using the refinancing collateral payable.

Margin loans receivable will be reclassified to overdue receivables when the investors' margin ratio is lower than the prescribed rate and the balance of margin loans has not been repaid within the time limit. If the securities purchased using the margin loans cannot be sold, the margin loans will be reclassified to other receivables or overdue receivables.

The Group receives deposits from security investors for providing short sale services to investors. The deposits are recorded as deposits on short sale transactions. The lending of securities to clients as short sale are recorded in memorandum. The amounts collected from short selling of securities (net of brokerage fee, handling fee and securities transaction tax) are kept by the Group as collateral and recorded as payable for short sale transactions. The deposits and payable for short sale are returned to security investors after investors settle the short sale transactions.

The Group borrows securities from other securities lenders when the Group does not have sufficient securities to conduct securities trading, for which the deposits paid are recorded as refinancing margins, and the related amounts for sales of borrowed securities collected from clients are collateralized to the securities lenders and recorded as refinancing deposits receivable.

The Group recorded the receivables from security investors in the security business as accounts receivable, and recorded receivables from money lending - any use as receivable of money lending - any use with allowance for doubtful accounts based on their collectability on the balance sheet date. The collaterals received in the security business are recorded in the memorandum. The fee income collected from customers is recorded as handling fee revenue.

The securities collateral received in the security business are only recorded in memorandum instead of statutory accounts; cash collaterals are recorded as securities lending refundable deposits. The security deposit pay to TWSE for borrows securities are recorded as security borrowing margin. The deposits for securities financing paid for securities borrowing due to the need to issue warrants and the need to hedge the trading of options are recorded as security borrowing collateral price. And the security deposit are recorded as security borrowing margin.

Securities lending refundable deposits and borrowing margin are paid or returned when the securities were returned. The proceeds from security lending and processing fee are recorded as security lending income.

Separate Accounts

The Group sells investment type insurance policies. The insurance premiums paid by policyholders, net of several expenses of the insurance companies, according to agreed terms are invested in separate accounts at allocation agreed with or directed by the policyholders. The value of the separate-account assets on the valuation date is measured in accordance with the related regulations and model of accounting policy for life insurance industry.

The assets and liabilities of separate accounts, which are generated either from insurance contracts or from insurance contracts with features of financial instrument, are recorded in assets on insurance products - separate accounts and liabilities on insurance products - separate accounts. As for the revenues and expenses of separate accounts, which represent income and expenses, pursuant to IFRS 4 “Insurance Contracts”, are recorded in income on insurance products - separate accounts and disbursements on insurance products - separate accounts.

Insurance Liability Reserves

SKLIC provides reserve for insurance products and financial instruments with discretionary participation features pursuant to the Regulations Governing Calculation of Various Reserves for Operations, which are attested by actuaries accredited by the FSC. Except that the provision for short-term group insurance should be based on premium income received according to Tai-Tsai-Bao No. 852367814, other provision methodology is stated as follows:

a. Reserve for unearned premiums

   Reserve for unearned premiums of effective policies with a term less than one year and of accident insurance with a term exceeding one year is provided by policy type according to the risk for the remaining policy period.

b. Reserve for claim payments

   Reserve for claim payments is for claims which are reported but not yet paid and incurred but not yet reported. Reserve for claim payments reported but not yet paid is provided by case based on actual data. Reserve for claim payments incurred but not yet reported is provided as follows:

   1) Health insurance and life insurance with a term less than one year is provided by insurance based on past claims experience and expenses in accordance with actuarial principle, such as loss triangle; and

   2) Accident insurance is provided by insurance based on past claims experience and expenses in accordance with actuarial principle, such as loss triangle.

c. Reserve for life insurance liability

Reserve for life insurance liability is provided according to modified standards stated by Article 12 of the Regulations Governing Calculation of Various Reserves for Operations and other calculation descriptions of insurance product reported to and approved by authorities, based on the mortality table and projected interest rate in effect at the time when each insurance product is reported to and approved by the authorities.

For the effective policies whose policy dividends are applicable to the dividends formula of Tai-Tsai-Bao No. 800484251, the amount of decrease in dividends due to the netting-off of gain and loss from mortality margin and from interest margin in the current period should be provided in the reserve for life insurance liability of long-term effective policies.

If the investment properties are recognized under the fair value model, the subsequent measurement of insurance liabilities shall be evaluated in accordance with the fair value evaluation conditions of the liabilities designated by the FSC each year. If the fair value of insurance liabilities exceeds the amount recognized in the account, a reinforcement plan shall be submitted. If the reinforcement plan includes a reserve amount, the increased amount shall be included in the liability reserve and the retained earnings shall be reduced. SKLIC has changed the accounting policy for subsequent measurement of investment properties from the cost model to the fair value model since 2020. For information on insurance liabilities assessed in accordance with regulations, please refer to Note 32.

d. Special reserve for life insurance

The Group sells participating life insurance. According to related regulations, at annual closing, special reserve for participating policy dividends should be provided according to income before tax of participating life insurance business each year, which is calculated based on Expenses and Revenues Allocation Principles of Participating and Nonparticipating Life Insurance reported to authorities, and should be reversed on declaration date. If the balance of special reserve for participating policy dividends is negative, special reserve for dividend risks should be provided in equal amount.

SKLIC measured investment properties at fair value according to Article 32 of Regulations Governing the Preparation of Financial Statements by Insurance Companies, and the surplus should be first offset by the negative effect of other accounts due to first-time adoption of IFRSs and then provided as a special reserve for insurance liabilities as of the date of transition to IFRSs. Please refer to Note 32.

e. Reserve for insufficient premiums

New life insurance, health insurance and annuity policies written since 2001, with terms exceeding one year and with premiums lower than the corresponding liability reserve required by regulations, are subject to reserve for insufficient premiums, and the amount by which the premium falls short of the liability reserve is provided as reserve for insufficient premiums.

In addition, valid contract that has not yet expired for a period of less than 1 year and for injury insurance with an insurance period of more than one year, the indemnity and expenses that may occur in the future should be assessed. If the assessed amount exceeds the reserve for unearned premiums recognized and premiums income in the future, the difference should be recognized in the reserve for insufficient premiums by each insurance category.

f. Liability adequacy reserve

Liability adequacy reserve is based on the result of liability adequacy test according to IFRS 4.

g. Reserve for changes in foreign exchange valuation

The reserve for changes in foreign exchange valuation is provided for by life insurance companies to manage the foreign exchange risk, lower cost and strengthen solvency. SKLIC provides this reserve according to Article 23-1 of Regulations Governing Calculation of Various Reserves for Operations for its foreign investment assets.

Liability Adequacy Test

Liability adequacy test is performed in accordance with IFRS 4. The adequacy test of insurance liabilities is applied to recognize insurance liabilities based on current estimates of future cash flows from insurance policies. If the insurance liabilities are insufficient, the deficiency should be recognized as liability adequacy reserve.

Customers' Margin Accounts and Futures Customers' Equity

Customers' margin accounts

The Group receiving margin deposits from customers for futures transactions as requirements is in accordance with the regulations. Customers' margin account balances are calculated daily by marking to market the open positions of each customer and determining the required margin levels, recognized as current assets in the balance sheet.

Futures customers' equity

Margin deposits received from customers for futures transactions and futures customers' equity are calculated daily by marking to market, and recognized as current liabilities in the balance sheet. Futures customers' equity cannot be offset unless these accounts pertain to the same customers. The debit balance of "futures customers' equity", which results from losses on futures transactions in excess of the margin deposits, is recorded as "futures commission merchant receivable".

Revenue Recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

a. Interest income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

b. Service fee and commission income

The transaction price of service fee revenue and expense which are generated from loans and other services will be allocated to performance obligations when the performance obligations are identified from customer contracts by the Group, and revenue will be recognized when all the performance obligations have been fulfilled. For contracts where the difference in timing between the service rendered and receipt of payment is within a year, the transaction price will not be adjusted.

c. Brokerage, underwriting, registrar and consulting revenue

These kinds of services belong to stand-alone pricing or negotiation services. The Group provide services based on number of times services are provided and recognizes revenue when performance obligations are satisfied at some point in time.

Classification of Insurance Products

An insurance contract is a contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. The Group identifies significant insurance risk as significant extra payments incurred only if there is an insured event, and excluding the circumstances without commercial substance (that is, the economic effect is small).

Insurance contract with the nature of financial instruments is a contract that makes the contract issuer exposed to financial risk and without significant insurance risk. Financial risk is the risk that one or multiple interest rates, the price of financial instruments, commodity price, exchange rate, price index, insurance premium index, credit ratings, credit index or other variables (if it is a non-financial variable, it has to be non-specific to both parties) will change in the future.

The policy that initially met the definition of insurance contract remains an insurance contract until all of the rights and obligations expire, even though the insurance risk has been significantly reduced through the duration of insurance. However, if significant insurance risk of the insurance contract with the nature of financial instruments is transferred to the Group afterwards, it shall be reclassified into insurance contract.

Insurance contracts whether or not with the nature of financial instruments can also be classified as whether or not with discretionary participation feature. Discretionary participation feature is a contractual right to receive, as a supplement to guaranteed benefits, additional benefits:

a. That is likely to be a significant portion of the total contractual benefits;

b. Whose amount or timing is contractually at the discretion of the issuer; and

c. That is contractually based on:

    1) The performance of a specified pool of contracts or a specified type of contract;
    2) Realized and/or unrealized investment returns on a specified assets held by the Group; or
    3) The profit or loss of the Group, fund or other entity that issues the contract.

An embedded derivative shall be separated from its host contract and accounted for as a derivative when (1) the economic risks and characteristics of the embedded derivative are not closely related to those of the host contract; (2) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and (3) the entire instrument is not measured at fair value with changes in fair value recognized in the income statement.

Reinsurance

In order to limit potential losses from certain risk events, the Group enters into reinsurance agreements with the reinsurers according to its business needs and related insurance regulations. The Group cannot refuse to perform the obligations to the insured on the ground the reinsurers has failed to fulfill their obligations.

The Group's rights to the reinsurers, including reinsurance assets, claims recovered from reinsurers, and net due from reinsurers and ceding companies, are required to be tested for impairment on a regular basis. An impairment loss is recognized when there is objective evidence that an event happens after initial recognition causing the Group to be unable to collect receivables as stated in contract and the irrecoverable amount can be reliably measured. The difference between the recoverable amount and the book value of the underlying right is recognized as an impairment loss.

The reinsurance contract is classified by whether or not the Group transfers significant insurance risk to the reinsurers. If significant insurance risk is not transferred, the contract should apply deposit accounting.

For the reinsurance contract with significant insurance risk transferred, if the Group can evaluate the deposit component individually, the insurance component and the deposit component are unbundled separately. That is, the difference between the contract consideration the Group receives or pays and the amount of the insurance component is recognized as financial liabilities or assets instead of revenues or expenses. The financial assets or liabilities are recognized and measured at fair value, which is based on the discounted value of future cash flows.

Leases

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

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.

When the Group subleases a right-of-use asset, the sublease is classified by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. However, if the head lease is a short-term lease that the Group, as a lessee, has accounted for applying recognition exemption, the sublease is classified as an operating lease.

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

For a lease modification that is not accounted for as a separate lease, if the lease would have been classified as an operating lease had the modification been in effect at the inception date, the Group accounts for the lease modification as a new lease and measures the carrying amount of the underlying asset as the finance lease receivables immediately before the effective date of the lease modification. Other lease modifications are accounted for by adjusting the finance lease receivables in accordance with IFRS 9.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms. Lease modification that resulted from a negotiation with a lessee is accounted for as a new lease from the effective date of modification.

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

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

b. The Group as lessee

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

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets, except for those that meet the definition of investment properties. With respect to the recognition and measurement of right-of-use assets that meet the definition of investment properties, refer to Note 4 (investment properties) for the accounting policies for investment properties.

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

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, 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. For a lease modification that is not accounted for as a separate lease, the Group accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the consolidated balance sheets.

The Group and the lessor made a rent reduction as a direct consequence of the Covid-19 to change the lease payments originally due by December 31, 2022, that results in the revised consideration for the lease substantially less than the consideration for the lease immediately preceding the change. There is no change to other terms and conditions. The Group elects to apply the practical expedient to lease contracts, and therefore, does not assess whether the rent reduction 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 reduction occurs, and makes a corresponding adjustment to the lease liability. For other rent reduction with no practical expedient applied, the Group still has to assess whether to account for the rent reduction as lease modifications.

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

Employee Benefits

a. Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

b. Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered services 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 and the return on plan assets, 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 plan or reductions in future contributions to the plan.

c. Other long-term employee benefits

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

d. Termination benefits

A liability for a termination benefit is recognized at the earlier of when the Group can no longer withdraw the offer of the termination benefit and when the Group recognizes any related restructuring costs.

Share-based Payment Arrangements

- Equity-settled share-based payment arrangements granted to employees and others providing similar services

  The fair value at the grant date of the equity-settled share-based payment is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. It is recognized as an expense in full at the grant date if vested immediately.

  At the end of each reporting period, the Group revises its estimate of the number of equity instruments that are expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - employee share options.

Taxation

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

a. Current tax

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

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

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

b. Deferred tax

   Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. 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-forwards and unused tax credits for purchases of machinery, equipment and technology, research and development expenditures, and personnel training expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

   Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint arrangements, 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 recognized only 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 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 expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. If investment properties measured using the fair value model are non-depreciable assets, or are held under a business model whose objective is not to consume substantially all of the economic benefits embodied in the assets over time, the carrying amounts of such assets are presumed to be recovered entirely through sale.

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

c. Current and deferred taxes for the year

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

The Company and its subsidiaries which the Company holds more than 90% of the outstanding shares adopted the accounting treatment of the consolidated income tax return. The difference in current income tax and deferred income tax between the consolidated income tax return and the sum of income tax of the subsidiaries included in the consolidated tax returns is considered as the Company's income tax adjustment. Any distribution of cash payments and receipts among the consolidated group members is recorded as a receivable or payable.

Securities Purchased/Sold Under Resale/Repurchase Agreements

Securities purchased under resale agreements and securities sold under repurchase agreements are generally treated as collateralized financing transactions. Interest earned on resale agreements or interest incurred on repurchase agreements is recognized as interest revenue or interest expense over the life of each agreement.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

When developing material accounting estimates, the Group considers the economic implications of the economic environment implications of the military conflict between Russia and Ukraine and related international sanctions, inflation and interest rate fluctuations when making its critical accounting estimates on cash flows, growth rates, discount rates, profitabilities, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

a. Valuation of reserve for life insurance liability and liability adequacy test

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

The management examines these estimates continuously and made adjustments when necessary, but actual results may differ from these estimates.

b. Valuation of investment properties and financial instruments at fair value through profit or loss or other comprehensive income by valuation models with no quoted price in active markets

Where some of the Group's assets measured at fair value have no quoted prices in active markets, the Group determines the appropriate valuation techniques for the fair value measurements and whether to engage third-party qualified valuers according to relevant regulations or judgments.

Where Level 1 inputs are not available, the Group and real estate appraiser will engage valuers to determine the appropriate inputs by referring to the analyses of the financial status and operating results of the investee, the latest transaction price, the quotation of the same equity instrument in the inactive market, the quotation of similar instruments in the active market, the evaluation multiplier of comparable companies, the interest rate of the bond market, the existing lease contracts and neighboring rent prices. If the actual changes of inputs in the future differ from expectation, the fair value might vary accordingly. The Group and real estate appraiser updates inputs every quarter to confirm the appropriateness of the fair value measurement.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities is disclosed in Notes 18 and 51.

c. Estimated impairment of financial assets

The provision for impairment of notes discounted and loans, trade receivables, investments in debt instruments, and financial guarantee contracts is based on assumptions about risk of default and expected loss rates. The Group uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Group's historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. For details of the key assumptions and inputs used, see Note 51. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Cash on hand	$ 5,520,454	$ 7,113,501
Checking accounts and demand deposits	44,582,957	77,666,121
Time deposits with original maturities not exceeding three months	42,155,514	10,385,024
Checks for clearing	2,143,877	2,138,458
Cash equivalents	1,884,386	2,327,505
	$ 96,287,188	$ 99,630,609

The interest rate intervals of time deposits with original maturities not exceeding three months at the end of the reporting period were as follows:

	December 31	
	2023	2022
Time deposits (domestic and foreign)	1.30%-5.94%	0.32%-4.95%

7. DUE FROM CENTRAL BANK AND OTHER BANKS

	December 31	
	2023	2022
Checking account reserve	$ 16,747,688	$ 15,804,560
Demand account reserve	29,300,762	28,586,807
Inter-bank clearing account	4,000,587	4,000,643
Foreign currency deposit reserve	179,800	193,460
Due from banks	21,959,631	12,999,048
	$ 72,188,468	$ 61,584,518

The deposit reserves, which are calculated by multiplying the average monthly balances of all deposit accounts by the legally required ratio, are kept in the Central Bank of China. Among the above reserves, the demand account reserve can be used only for the monthly adjustment of the deposit reserve, and other reserves can be used any time.

8. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2023	2022
Financial assets mandatorily measured at FVTPL		
Domestic investments		
Listed shares and emerging market shares	$ 92,058,708	$ 75,279,703
Unlisted shares	439,428	447,594
Beneficiary certificates	124,182,449	105,358,112
Corporate bonds and bank debentures	50,156,904	44,118,023
Government bonds	4,151,321	993,087
Commercial paper	4,514,358	5,783,539
Negotiable time deposits	67,796,112	81,841,730
Currency options	200,166	236,045
Currency swap contracts	17,549,150	2,373,727
Asset swap options	3,117,298	1,700,188
Equity swap contracts	1,042	14,470
Short-term notes	896,218	896,859
Others	137,650	203,239
	365,200,804	319,246,316

(Continued)

	December 31	
	2023	2022
Foreign investments		
Listed shares	$ 3,756,470	$ 3,489,663
Beneficiary certificates	35,016,317	44,546,482
Bonds	18,952,636	16,552,043
Call options - futures	57	-
Foreign exchange forward contracts	13,598,206	10,724,393
Interest rate swap contracts	4,672,378	4,890,099
	75,996,064	80,202,680
	$ 441,196,868	$ 399,448,996
Financial liabilities measured at FVTPL		
Domestic investments		
Currency swap contracts	$ 3,468,284	$ 32,222,824
Currency options	203,702	236,047
Asset swap options	4,450,553	2,314,050
Borrowed securities payable - non-hedge	681,977	797,649
Borrowed securities payable - hedge	1,018,360	2,861,101
Interest rate swap contracts	4,552,096	4,436,216
Equity swap contracts	1,042	14,471
Share warrants liabilities, net	573,348	256,822
Short options liabilities - futures	7,829	7,032
Asset swap IRS contract value	693,185	674,671
Others	1,036,339	685,810
	16,686,715	44,506,693
Foreign investments		
Foreign exchange forward contracts	557,889	3,569,893
	$ 17,244,604	$ 48,076,586
Financial liabilities designated as at FVTPL		
Structured instrument notes - credit-linked	$ 2,286,389	$ 3,183,391

(Concluded)

a. As of December 31, 2023, SKLIC had committed amounts of private equity fund and infrastructure fund of $12,089,785 thousand and $3,538,428 thousand, respectively. The amounts transferred out were $10,604,570 thousand and $3,387,220 thousand, respectively, and were recorded as domestic beneficiary certificates and foreign beneficiary certificates, respectively.

b. At the end of the reporting period, SKLIC's outstanding derivative instruments contracts (notional amount) were as follows:

	December 31	
	2023	2022
Currency swap contracts	US$ 21,355,000 thousand	US$ 21,973,000 thousand
Foreign exchange forward contracts	US$ 23,190,000 thousand	US$ 22,670,000 thousand

SKLIC entered into derivative instruments during the years ended December 31, 2023 and 2022 to manage exposure to exchange rate and interest rate fluctuations. The financial risk management objective of SKLIC is to minimize risks due to changes in fair value or cash flows. SKLIC did not adopt hedge accounting for derivative instruments.

c. SKLIC entered into trust agreements with Mega International Commercial Bank to invest in foreign securities in a prescribed manner. Furthermore, SKLIC reached a discretionary investment agreement with Asset Management One Hong Kong Ltd. ("AMO"), JP Morgan Asset Management Co., Ltd., Goldman Sachs Assets Management Co., Ltd., BlackRock Assets Management Co., Ltd., Shin Kong Investment Trust Co., Ltd., Fuh Hwa Securities Investment Trust Co., Ltd., and MasterLink Securities Investment Advisory Co., Ltd. consigning these companies to invest in foreign securities.

As of December 31, 2023, the summary of the above-mentioned transactions was as follows:

	Consigning Amount	Advanced to Consignee (Note 1)
Mega International Commercial Bank	US$2 billion	NT$ 548,148 thousand
AMO		NT$ 1,300 thousand (Note 3)
JP Morgan Asset Management Co., Ltd.		NT$ 27,597 thousand (Note 2)
BlackRock Assets Management Co., Ltd.	US$0.1 billion	NT$ 2,287,636 thousand
Shin Kong Investment Trust Co., Ltd.	NT$1.2 billion	NT$ 1,400,271 thousand
Fuh Hwa Securities Investment Trust Co., Ltd.	NT$1.5 billion	NT$ 1,997,684 thousand
MasterLink Securities Investment Advisory Co., Ltd.	NT$1.7 billion	NT$ 2,007,514 thousand

Note 1: The entrusted transactions include financial assets designated at FVTPL and financial assets measured at amortized cost.

Note 2: SKLIC terminated the discretionary investment agreement with JP Morgan Asset Management Co., Ltd. on March 16, 2016. As of December 31, 2023, the discretionary assets had not been settled.

Note 3: SKLIC terminated the AMO discretionary investment agreement on May 21, 2020, and the amount listed is the unsettled balance of the discretionary investment agreement as of December 31, 2023.

d. SKLIC's settled loss, revaluation gain (loss), foreign currency assets exchange gain (loss), and net changes of reserve for changes in foreign exchange valuation in relation to currency derivatives were as follows:

	For the Year Ended December 31	
	2023	2022
Currency derivatives		
Settled gain (loss)	$(101,913,572)	$(114,414,623)
Revaluation loss	50,649,918	(28,785,183)
Foreign currency assets exchange gain	2,962,528	161,454,678
Net changes of reserve for changes in foreign exchange valuation	14,122,918	(24,642,188)
	$ (34,178,208)	$ (6,387,316)

e. Upon the application of IFRS 9 on January 1, 2018, the Group adopted at the same time the overlay approach of IFRS 4 "Insurance Contracts" for the presentation of profit or loss of designated financial assets.

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

	December 31	
	2023	**2022**
Financial assets at fair value through profit or loss		
Domestic listed shares	$ 80,967,140	$ 69,402,753
Domestic unlisted shares	168,000	166,500
Foreign shares	3,431,786	3,489,663
Domestic beneficiary certificates	113,023,348	101,525,552
Foreign beneficiary certificates	31,884,901	41,828,045
Domestic bank debentures	19,059,170	19,150,199
Foreign bank debentures	7,977,311	8,067,852

For the years ended December 31, 2023 and 2022, the amounts due to reclassification of profit or loss of financial assets (that adopted the overlay approach) reclassified to other comprehensive income were as follows:

	For the Year Ended December 31	
	2023	**2022**
Gain under IAS 39	$ 17,873,194	$ 14,266,499
(Gain) loss under IFRS 9	(44,228,192)	36,313,534
(Loss) gain on reclassified based on the overlay approach	$ (26,354,998)	$ 50,580,033

For the years ended December 31, 2023 and 2022, under adjustments based on the overlay approach were reduction of loss on assets at FVTPL from $2,535,248 thousand and $182,067,993 thousand to $28,890,246 thousand and $131,487,960 thousand, respectively.

f. TSKCB entered into derivative instrument transactions in order to meet customer needs and for managing its foreign currency demand and risk control.

g. MLSC entered into derivative instrument transactions with centralized market participants, hence, its liquidity risk is not high.

h. As of December 31, 2023 and 2022, the Group's outstanding derivative contracts were summarized (notional amount) as follows:

	(In Thousands)
December 31, 2023	**Contract Amount (Notional Amount)**
Foreign exchange forward contracts	US$ 23,190,000
	NT$ 38,535,320
Currency swap contracts	US$ 21,355,000
	NT$ 221,906,719
Interest rate swap contracts value	NT$ 21,900,000
Equity swap contracts	NT$ 32,370
Currency options	NT$ 2,146,536
Asset swap options	NT$ 41,932,300
Interest rate swap contracts	NT$ 170,785,654
Short options liabilities - futures	NT$ 9,122
Structured instrument	NT$ 11,995,752
Structured instrument notes - credit linked	NT$ 2,276,700
Call options - futures	NT$ 3,396
	US$ 18
Exchange rate derivatives	US$ 34,800
	JY$ 47,000
	CN$ 16,500
	HK$ 10,000
	EU$ 165
Share index futures contracts	NT$ 2,031,452

	(In Thousands)
December 31, 2022	**Contract Amount (Notional Amount)**
Foreign exchange forward contracts	US$ 22,670,000
	NT$ 16,707,008
Currency swap contracts	US$ 21,697,000
	NT$ 153,589,320
Interest rate swap contracts value	NT$ 10,800,000
Equity swap contracts	NT$ 592,441
Currency options	NT$ 2,588,165
Asset swap options	NT$ 18,215,000
Interest rate swap contracts	NT$ 122,512,719
Put options liabilities - futures	NT$ 7,342
Structured instrument notes - credit linked	NT$ 3,176,400
Call options - futures	NT$ 1,273
Exchange rate derivatives	US$ 30,600
Share index futures contracts	NT$ 1,542,764
Futures	NT$ 87,852

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2023	2022
Investments in equity instruments at FVTOCI	$ 121,612,214	$ 143,748,260
Investments in debt instruments at FVTOCI	205,323,109	206,068,609
Less: Security for deposits paid (Note 22)	(5,530,000)	(5,533,200)
	$ 321,405,323	$ 344,283,669

a. Investments in equity instruments at FVTOCI

	December 31	
	2023	2022
Domestic investments		
Listed shares and emerging market shares	$ 81,445,744	$ 106,908,338
Unlisted shares	8,052,832	6,361,790
Preference shares	31,808,577	30,306,435
Real estate investment trust	299,689	163,702
	121,606,842	143,740,265
Foreign investments		
Ordinary shares	5,372	7,995
	$ 121,612,214	$ 143,748,260

These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

For the years ended December 31, 2023 and 2022, the Group sold its shares in order to manage credit concentration risk. The sold shares had a fair value of $62,797,927 thousand and $35,564,725 thousand and the Group transferred a gain of $2,793,418 thousand and a loss of $565,876 thousand from other equity to retained earnings, respectively.

Dividend income recognized on investments in equity instruments at FVTOCI for the years ended December 31, 2023 and 2022 was $7,038,484 thousand and $7,085,211 thousand, respectively. Those related to investments derecognized for the years ended December 31, 2023 and 2022 were $2,302,652 thousand and $1,038,065 thousand, respectively, and those related to investments held for the years ended December 31, 2023 and 2022 were $4,735,832 thousand and $6,047,146 thousand, respectively.

b. Investments in debt instruments at FVTOCI

	December 31	
	2023	2022
Domestic investments		
Corporate bonds	$ 61,190,749	$ 60,225,259
Government bonds	77,273,618	79,718,289
Less: Security for deposits paid (Note 22)	(5,530,000)	(5,533,200)
	132,934,367	134,410,348

(Continued)

	December 31	
	2023	2022
Foreign investments		
Government bonds	$ 12,102,182	$ 11,326,189
Corporate bonds	54,756,560	54,798,872
	66,858,742	66,125,061
	$ 199,793,109	$ 200,535,409

(Concluded)

1) Refer to Note 11 for information relating to their credit risk management and impairment.

2) Refer to Note 41 for information relating to investments in debt instruments at FVTOCI pledged as security.

3) On September 30, 2022, Shin Kong Life Insurance Co., Ltd. decided to change its business model for managing some debt instruments measured at fair value through other comprehensive income, and reclassified them to financial assets at amortized cost, with a reclassification date on October 1, 2022; refer to Note 51.

10. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2023	2022
Domestic investments		
Government bonds	$ 55,311,306	$ 55,300,707
Corporate bonds	172,017,920	163,324,580
Structured instrument	34,000,000	34,000,000
Time deposits with original maturities of more than 3 months	5,098,042	2,675,575
Negotiable time deposits	10,100,000	8,500,000
Less: Security deposits paid	(11,942,432)	(11,933,000)
	264,584,836	251,867,862
Foreign investments		
Overseas bonds	1,446,556,949	1,510,101,304
Overseas mortgage-backed bonds	6,373,488	6,386,784
Overseas callable bonds	846,493,377	825,272,361
Time deposits with original maturities of more than 3 months	351,762	307,080
Less: Security deposits paid	(144,597)	(6,151,986)
	2,299,630,979	2,335,915,543
Less: Allowance for impairment loss	(6,096,480)	(6,801,342)
	$ 2,558,119,335	$ 2,580,982,063

a. For the years ended December 31, 2023 and 2022, the Group sold part of its debt instruments which were not significant individually or as a whole. The bonds sold had a fair value of $87,292,809 thousand and $101,301,802 thousand and the Group recognized (loss) gain on disposal of $(3,556,213) thousand and $6,464,056 thousand, respectively. For the years ended December 31, 2023 and 2022, derecognition of debt instruments due to redemption or repayment had a fair value of $18,235,339 thousand and $61,060,406 thousand, respectively, and the Group recognized a gain of $1,193 thousand and $295,447 thousand, respectively.

b. The interest rate ranges for time deposits with original maturities of more than 3 months were approximately 0.48%-5.84% and 0.16%-5.10% per annum as of December 31, 2023 and 2022, respectively.

c. Refer to Note 11 for information relating to their credit risk management and impairment.

d. Refer to Note 41 for information relating to investments in financial assets at amortized cost pledged as security.

e. On September 30, 2022, Shin Kong Life Insurance Co., Ltd. decided to change its business model for managing some debt instruments measured at fair value through other comprehensive income, and reclassified them to financial assets at amortized cost, with a reclassification date on October 1, 2022; refer to Note 51.

11. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

December 31, 2023

	At FVTOCI	At Amortized Cost		Total
Gross carrying amount	$ 216,415,338	$ 2,570,853,040	Note	$ 2,787,268,378
Less: Allowance for impairment loss	(42,647)	(6,096,480)		(6,139,127)
Amortized cost	216,372,691	$ 2,564,756,560		2,781,129,251
Adjustment to fair value	(11,049,582)			(11,049,582)
	$ 205,323,109			$ 2,770,079,669

Note: The amount of debt instruments designated at FVTOCI included security deposits paid of $5,530,000 thousand. The amount of debt instruments at amortized cost included security deposits paid of $12,087,029 thousand, excluding time deposits with original maturities of more than 3 months of $5,449,804 thousand.

December 31, 2022

	At FVTOCI	At Amortized Cost		Total
Gross carrying amount	$ 220,709,668	$ 2,602,885,736	Note	$ 2,823,595,404
Less: Allowance for impairment loss	(44,410)	(6,801,342)		(6,845,752)
Amortized cost	220,665,258	$ 2,596,084,394		2,816,749,652
Adjustment to fair value	(14,596,649)			(14,596,649)
	$ 206,068,609			$ 2,802,153,003

Note: The amount of debt instruments designated at FVTOCI included security deposits paid of $5,533,200 thousand. The amount of debt instruments at amortized cost included security deposits paid of $18,084,986 thousand, excluding time deposits with original maturities of more than 3 months of $2,982,655 thousand.

The Group only invests in debt instruments that are rated the equivalent of investment grade or higher and have low credit risk for the purpose of impairment assessment. The credit rating information is supplied by independent rating agencies. The Group's exposure and the external credit ratings are continuously monitored. The Group also reviews changes in bond yields and other public information and makes an assessment whether there has been a significant increase in credit risk since the last period to the reporting date.

The Group considers the historical default rates of each credit rating supplied by external rating agencies, the current financial condition of debtors, and industry forecast to estimate 12-month or lifetime expected credit losses. The Group's current credit risk grading framework comprises the following categories:

December 31, 2023

Category	Gross Carrying Amount at December 31, 2023 Description	Basis for Recognizing Expected Credit Losses	Expected Loss Rate	Gross Carrying Amount
Performing	The counterparty has a low risk of default and a strong capacity to meet contractual cash flows	12m ECLs	0.00%-1.52%	$ 2,739,038,668
Doubtful	There has been a significant increase in credit risk since initial recognition	Lifetime ECLs - not credit impaired	7.25%-19.00%	15,338,085
In default	There is evidence indicating the asset is credit impaired	Lifetime ECLs - credit impaired	10.50%	32,891,625
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off	-	-

December 31, 2022

Category	Gross Carrying Amount at December 31, 2022 Description	Basis for Recognizing Expected Credit Losses	Expected Loss Rate	Gross Carrying Amount
Performing	The counterparty has a low risk of default and a strong capacity to meet contractual cash flows	12m ECLs	0.00%-1.51%	$ 2,759,828,897
Doubtful	There has been a significant increase in credit risk since initial recognition	Lifetime ECLs - not credit impaired	3.36%-18.19%	30,701,716
In default	There is evidence indicating the asset is credit impaired	Lifetime ECLs - credit impaired	10.50%	33,064,791
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off	-	-

The movements of the allowance for impairment loss of investments in debt instruments and structured instruments at amortized cost were as follows:

	Credit Rating		
Allowance for Impairment Loss	**Performing (12-month ECLs)**	**Doubtful (Lifetime ECLs - Not Credit-impaired)**	**In Default (Lifetime ECLs - Credit-impaired)**
Balance at January 1, 2023	$ 931,397	$ 2,496,127	$ 3,607,944
Transfers			
From performing to doubtful	-	-	-
From performing to in default	-	-	-
From doubtful to performing	35,017	(968,068)	-
From in default to write-off	-	-	-
New financial assets purchased	24,198	-	-
Derecognition	(74,072)	-	-
Change in model or risk parameters	104,991	156,337	160,533
Change in exchange rates or others	119,511	(100,436)	(18,062)
Balance at December 31, 2023	$ 1,141,042	$ 1,583,960	$ 3,750,415
Balance at January 1, 2022	$ 821,935	$ 207,078	$ -
Transfers			
From performing to doubtful	(71,689)	1,961,631	-
From performing to in default	(213)	-	3,607,944
From doubtful to in default	-	-	-
From in default to write-off	-	-	-
New financial assets purchased	76,521	-	-
Derecognition	(64,237)	-	-
Change in model or risk parameters	34,290	207,819	-
Change in exchange rates or others	134,789	119,599	-
Balance at December 31, 2022	$ 931,396	$ 2,496,127	$ 3,607,944

The balance of allowance for impairment loss on December 31, 2023 and 2022 included allowance for impairment of interest receivables of $336,290 thousand and $189,715 thousand, respectively.

12. NOTES AND BONDS PURCHASED UNDER RESALE AGREEMENTS

	December 31	
	2023	**2022**
Investment amount	$ 17,707,685	$ 6,017,665
Interest rate	1.00%-1.50%	0.70%-1.40%

13. ACCOUNTS RECEIVABLE, NET

	December 31	
	2023	2022
Notes receivable	$ 52,522	$ 69,680
Accounts receivable	14,559,227	11,125,824
Interest receivable	29,575,609	28,545,423
Forward contracts receivable	101,833	22,868
Bank acceptance receivables	172,942	555,433
Receivables of transactions on securities	6,739,614	254,078
Receivables of margin trading	21,446,199	15,802,689
Trade receivables	20,493,048	12,391,074
Earned revenue receivable	1,505,666	1,507,817
Others	4,055,191	4,667,903
	98,701,851	74,942,789
Less: Allowance for impairment loss (Note 15)	(1,507,704)	(2,284,111)
	$ 97,194,147	$ 72,658,678

The Group recorded part of the allowance for impairment loss of accounts receivable by the simplified approach under IFRS 9, which considered the historical experience of credit loss in the past three years, current financial position and industrial economic situation. The Group evaluated the past information and concluded that there was no significant difference between the economic situation of the past, the current and the future. As result of the evaluation, the Group used the historical average rate of expected credit loss to calculate the expected credit loss.

If there is evidence showing that a counterparty suffered a huge financial crisis and the Group is not able to predict the recoverable amount, the Group should write-off the related accounts receivable, take recourse and record the related recovered amount in profit or loss.

Movements of the allowance for receivables, net and other financial assets

For the year ended December 31, 2023

Allowance for Receivables	12-month ECLs	Lifetime ECLs	Lifetime ECLs (Individual)	Lifetime ECLs (Credit-impaired Financial Assets)	Lifetime ECLs (Credit-impaired Financial Assets Purchased)	Accumulated Amount under IFRS 9	Difference Between IFRS 9 and Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
Balance at January 1, 2023	$ 113,263	$ 45,657	$ -	$ 1,895,031	$ -	$ 2,053,951	$ 141,405	$ 2,195,356
Transfers								
To lifetime ECLs	(350)	8,561	-	(9,498)	-	(1,287)	-	(1,287)
To credit-impaired financial assets	(41)	(449)	-	24,828	-	24,338	-	24,338
To 12-month ECLs	174	(2,521)	-	(142)	-	(2,489)	-	(2,489)
Derecognition of financial assets	(12,525)	(2,978)	-	(67,015)	-	(82,518)	-	(82,518)
New financial assets purchased	7,791	(15,914)	-	88,859	-	80,736	-	80,736
Difference between IFRS 9 and Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	-	-	-	-	-	-	55,836	55,836
Write-offs	-	-	-	(1,329,681)	-	(1,329,681)	-	(1,329,681)
Withdrawal after write-offs	-	-	-	117,526	-	117,526	-	117,526
Exchange rate or other changes	(697)	(2,817)	-	207,760	-	204,246	-	204,246
Balance at December 31, 2023	$ 107,615	$ 29,539	$ -	$ 927,668	$ -	$ 1,064,822	$ 197,241	$ 1,262,063

For the year ended December 31, 2022

Allowance for Receivables	12-month ECLs	Lifetime ECLs	Lifetime ECLs (Individual)	Lifetime ECLs (Credit-impaired Financial Assets)	Lifetime ECLs (Credit-impaired Financial Assets Purchased)	Accumulated Amount under IFRS 9	Difference Between IFRS 9 and Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
Balance at January 1, 2022	$ 118,388	$ 91,356	$ -	$ 1,839,138	$ -	$ 2,048,882	$ 84,186	$ 2,133,068
Transfers								
To lifetime ECLs	(291)	7,018	-	(12,271)	-	(5,544)	-	(5,544)
To credit-impaired financial assets	(28)	(350)	-	21,852	-	21,474	-	21,474
To 12-month ECLs	173	(2,665)	-	(219)	-	(2,711)	-	(2,711)
Derecognition of financial assets	(15,057)	(3,430)	-	(57,830)	-	(76,317)	-	(76,317)
New financial assets purchased	9,282	(41,702)	-	158,090	-	125,670	-	125,670
Difference between IFRS 9 and Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	-	-	-	-	-	-	57,219	57,219
Write-offs	-	-	-	(227,522)	-	(227,522)	-	(227,522)
Withdrawal after write-offs	-	-	-	99,245	-	99,245	-	99,245
Exchange rate or other changes	797	(4,570)	-	74,547	-	70,774	-	70,774
Balance at December 31, 2022	$ 113,264	$ 45,657	$ -	$ 1,895,030	$ -	$ 2,053,951	$ 141,405	$ 2,195,356

The allowance at December 31, 2023 and 2022 listed above excluded the allowance for interest receivables of $336,290 thousand and $189,715 thousand and allowance for accounts receivable upon the application of the simplified approach under IFRS 9 of $2,301 thousand and $2,065 thousand, but included the allowance for other assets - non-accrual loans of $92,950 thousand and $103,025 thousand, respectively.

14. ASSETS CLASSIFIED AS HELD FOR SALE

	Land and Buildings	
	December 31	
	2023	2022
Cost	$ 7,596,863	$ 8,773,480
Add: Fair value adjustment	871,732	814,623
	$ 8,468,595	$ 9,588,103

SKLIC sold 11 unit and 7 unit of President Jasper villa, Taipei City in the years ended December 31, 2023 and 2022, respectively. Refer to Note 37.

15. LOANS, NET

	December 31	
	2023	2022
Policy loans	$ 95,580,698	$ 96,675,668
Premium loans	9,765,592	9,846,910
Loans	863,617,805	806,247,126
Overdue loans	482,708	578,774
	969,446,803	913,348,478
Allowance for impairment loss	(11,234,987)	(10,760,047)
	$ 958,211,816	$ 902,588,431

Movements in the allowance for impairment loss recognized on loans and overdue loans, and accounts receivable and other financial assets were as follows:

	For the Year Ended December 31, 2023		
	Loans and Overdue Loans	Accounts Receivable and Other Assets	Total
Balance, January 1, 2023	$ 10,760,047	$ 2,387,136	$ 13,147,183
Impairment losses recognized	777,917	429,880	1,207,797
Written off as uncollectible	(1,214,840)	(1,329,681)	(2,544,521)
Amounts recovered from prior years' write-off	911,710	117,527	1,029,237
Net exchange differences	153	(4,208)	(4,055)
Balance, December 31, 2023	$ 11,234,987	$ 1,600,654	$ 12,835,641

	For the Year Ended December 31, 2022		
	Loans and Overdue Loans	Accounts Receivable and Other Assets	Total
Balance, January 1, 2022	$ 10,037,086	$ 2,147,177	$ 12,184,263
Impairment losses recognized	679,190	196,737	875,927
Written off as uncollectible	(972,770)	(227,522)	(1,200,292)
Amounts recovered from prior years' write-off	969,364	99,246	1,068,610
Net exchange differences	47,177	171,498	218,675
Balance, December 31, 2022	$ 10,760,047	$ 2,387,136	$ 13,147,183

Movements of the allowance for loans, net

For the year ended December 31, 2023

Allowance for Discounts and Loans, Net	12-month ECLs	Lifetime ECLs	Lifetime ECLs (Individual)	Lifetime ECLs (Credit-impaired Financial Assets)	Lifetime ECLs (Credit-impaired Financial Assets Purchased)	Accumulated Amount under IFRS 9	Difference Between IFRS 9 and Regulations Governing the Procedures for Insurance Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Difference Between IFRS 9 and Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
Balance at January 1, 2023	$ 1,941,106	$ 1,574,719	$ -	$ 1,608,635	$ -	$ 5,124,460	$ 569,214	$ 5,066,373	$ 10,760,047
Transfers									
To lifetime ECLs	(26,297)	415,399	-	(17,931)	-	371,171	-	-	371,171
To credit-impaired financial assets	(732)	(12,427)	-	183,269	-	170,110	-	-	170,110
To 12-month ECLs	22,233	(301,779)	-	(8,425)	-	(287,971)	-	-	(287,971)
Derecognition of financial assets	(1,021,572)	(696,105)	-	(200,649)	-	(1,918,326)	-	-	(1,918,326)
New financial assets purchased	1,228,366	636,740	-	134,167	-	1,999,273	-	-	1,999,273
Difference between IFRS 9 and Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	-	-	-	-	-	-	40,135	700,000	740,135
Write-offs	(507)	(14,737)	-	(1,199,596)	-	(1,214,840)	-	-	(1,214,840)
Withdrawal after write-offs	-	-	-	911,710	-	911,710	-	-	911,710
Other changes	(87,588)	(107,055)	-	(101,679)	-	(296,322)	-	-	(296,322)
Balance at December 31, 2023	$ 2,055,009	$ 1,494,755	$ -	$ 1,309,501	$ -	$ 4,859,265	$ 609,349	$ 5,766,373	$ 11,234,987

For the year ended December 31, 2022

Allowance for Discounts and Loans, Net	12-month ECLs	Lifetime ECLs	Lifetime ECLs (Individual)	Lifetime ECLs (Credit-impaired Financial Assets)	Lifetime ECLs (Credit-impaired Financial Assets Purchased)	Accumulated Amount under IFRS 9	Difference Between IFRS 9 and Regulations Governing the Procedures for Insurance Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Difference Between IFRS 9 and Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
Balance at January 1, 2022	$ 1,750,168	$ 1,484,531	$ -	$ 1,886,823	$ -	$ 5,121,522	$ 562,123	$ 4,353,441	$ 10,037,086
Transfers							-		
To lifetime ECLs	(38,767)	523,930	-	(17,511)	-	467,652	-	-	467,652
To credit-impaired financial assets	(1,287)	(5,193)	-	181,817	-	175,337	-	-	175,337
To 12-month ECLs	17,972	(292,275)	-	(7,326)	-	(281,629)	-	-	(281,629)
Derecognition of financial assets	(985,268)	(661,183)	-	(272,788)	-	(1,919,239)	-	-	(1,919,239)
New financial assets purchased	1,206,238	590,696	-	31,001	-	1,827,935	-	-	1,827,935
Difference between IFRS 9 and Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	-	-	-	-	-	-	7,091	712,932	720,023
Write-offs	(206)	(8,464)	-	(964,100)	-	(972,770)	-	-	(972,770)
Withdrawal after write-offs	-	-	-	969,364	-	969,364	-	-	969,364
Other changes	(7,744)	(57,323)	-	(198,645)	-	(263,712)	-	-	(263,712)
Balance at December 31, 2022	$ 1,941,106	$ 1,574,719	$ -	$ 1,608,635	$ -	$ 5,124,460	$ 569,214	$ 5,066,373	$ 10,760,047

16. SUBSIDIARIES

a. Subsidiaries and joint ventures included in the consolidated financial statements

Investor	Investee	Main Business	% of Ownership December 31 2023	% of Ownership December 31 2022
SKFHC	SKLIC	Insurance	100.00	100.00
	TSKCB	Banking	100.00	100.00
	SKITC	Investment trust	100.00	100.00
	SKVIC	Venture capital	100.00	100.00
	SKPIAC	Property insurance agency	100.00	100.00
	MLSC	Securities	100.00	100.00
SKLIC	SKLRESC	Building management	72.01	72.01
TSKCB	SFIAC (Note 1)	Life insurance agency	-	-
	SKMC	Promotion marketing	100.00	100.00
MLSC	MasterLink Futures Co., Ltd.	Futures brokerage and trading	100.00	100.00
	MasterLink Venture Management Corp., Ltd.	Management consulting	100.00	100.00
	MasterLink Venture Capital Corp., Ltd.	Venture capital, operations such as investing, transferring, reinvesting and management entrusted to professional venture investment management institutes	100.00	100.00
	MasterLink Securities Investment Advisory Corp.	Research and analysis about securities investment, publication of investment research reports, securities investment consulting services and discretionary investment services	100.00	100.00
	MasterLink Securities (B.V.I.) Corporation (MLSBC)	1. Southeast Asia investment transfer service of securities 2. Other approved securities investment	100.00	100.00
	MasterLink Insurance Agency Co., Ltd.	Life insurance agency	100.00	100.00
	MasterLink Venture Management Corporation (Tianjin)	Management consulting	100.00	100.00
	MasterLink Venture Capital Corporation (Tianjin)	Venture capital	100.00 (Note 2)	100.00 (Note 2)
MLSBC	MasterLink (Hong Kong) (Note 3)	Consulting services, industry report and research	100.00	100.00
	MasterLink Investment Advisory Corporation (Tianjin)	Securities investment consulting and training services	100.00	100.00
	MasterLink Agency (Hong Kong) (Note 3)	Agency of securities	100.00	100.00
SKVIC	Lion Investment (Samoa) Co., Ltd.	Reinvestment	100.00	100.00
Lion Investment (Samoa) Co., Ltd.	SKLSC	Financial lease	100.00	100.00

Note 1: On September 14, 2022, the board of directors of TSKCB resolved to merge with SKLIAC in order to integrate the resources, strengthen management and business synergy. The effective date of this merger was December 30, 2022.

Note 2: The ownership percentage includes the indirect equity interest owned by MasterLink Venture Capital Corp. Ltd. and a subsidiary of MLSC.

Note 3: On February 23, 2023, the board of directors of MLSC resolved to dissolve MasterLink (Hong Kong) and MasterLink agency (Hong Kong) and approved the dissolution under Rule No. 1120335037 issued by the FSC on March 23, 2023. As of December 31, 2023, the process of dissolution has not been done yet.

b. All of the subsidiaries are included in the consolidated financial statements.

17. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31			
	2023		2022	
	Carrying Value	% of Ownership and Voting Rights	Carrying Value	% of Ownership and Voting Rights
Associates that are not individually material				
DingCheng Life Insurance Co.	$ -	25.00	$ 157,398	25.00
Century Biotech Development Corporation	586,470	24.00	596,437	24.00
Jih-yao Energy Co., Ltd.	108,917	35.00	107,965	35.00
LeadsunFox Greenergy Investment Co., Ltd.	581,860	28.33	537,531	28.33
Xinhe Energy Development Co., Ltd.	396,073	25.00	414,114	25.00
Xinding No.1 Energy Co., Ltd.	249,600	25.00	124,810	25.00
Taipan Solar Co., Ltd.	428,724	30.00	481,300	30.00
Juxin Energy Co., Ltd.	188,129	25.00	182,611	25.00
GIGA solar materials Co.	217,571	12.26	-	-
	$ 2,757,344		$ 2,602,166	

On June 13, 2023, SKLIC bought 19,500 thousand ordinary shares of Whole Max Green Power Co., Ltd. for $195,000 thousand. After subscription of the shares, the shareholding ratio became 12.26%. SKLIC can assign one of five members of the board of directors of Wholex Max Green Power Co., Ltd. Therefore, SKLIC has a significant influence on the investee. The gain on bargain purchase generated by SKLIC from Wholex Max Green Power Co., Ltd. is $16,818 thousand, which is the difference between the transfer consideration and the fair value of the identifiable net assets and will be recorded in 2023.

On February 24, 2023, SKLIC bought 12,500 thousand ordinary shares of Xinding No.1 Energy Co., Ltd. for $125,000 thousand. After subscription of the shares, the shareholding ratio was 25%.

On November 3, 2022, SKLIC bought 1,980 thousand ordinary shares of Taipan Solar Co., Ltd. for $19,800 thousand. After subscription of the shares, the shareholding ratio was 30%.

On August 3, 2022, SKLIC bought 7,140 thousand ordinary shares of LeadsunFox Greenergy Investment Co., Ltd. for $71,400 thousand. After subscription of the shares, the shareholding ratio was 28.33%.

On March 30, 2022, SKLIC bought 18,000 thousand ordinary shares of Juxin Energy Co., Ltd. for $180,000 thousand. After subscription of the shares, the shareholding ratio was 26.32%, and SKLIC had significant influence on the investee. SKLIC subscribed for the additional new shares at a percentage different from its existing ownership percentage on April 13, 2022, resulting in a reduction of its equity interests to 25%.

On May 22, 2020, SKLIC's board of directors resolved to participate in DingCheng Life Insurance Company's capital increase project through the issuance of shares, with a total amount of CNY187,500 thousand, and signed the share transfer agreement with a China company to sell all of DingCheng Life Insurance Company's shares. SKLIC collected a deposit in the amount of CNY187,500 thousand which was recorded as deposits received. On September 2, 2020, SKLIC remitted capital increase of NT$807,188 thousand (CNY187,500 thousand) to DingCheng Life Insurance Company's capital increase account and waiting for China Banking and Insurance Regulatory Commission's approval. The capital increase account was recorded as advance investment. In January 2021, the supervisory authority of DingCheng Life Insurance Company's capital increase case was changed from the China Banking and Insurance Regulatory Commission to the Beijing Regulatory Bureau of the China Banking and Insurance Regulatory Commission. The withdrawal of the capital increase was approved by the board of directors of Dingcheng Life Insurance Company on June 30, 2021, and the capital was remitted on August 16, 2021. SKLIC's board of directors approved the withdrawal of the capital increase and the sale of all the shares of Dingcheng Life Insurance Company on June 29, 2021 and signed a sales agreement and its supplementary agreement with Hongdou Group Co., Ltd. on June 30, 2021. The price of the sales agreement is CNY462,500 thousand, and it was also agreed that SLKIC will no longer participate in the capital increase plan of Dingcheng Life Insurance Company. The share transfer is also subject to approval by the Beijing Regulatory Bureau of the China Banking and Insurance Regulatory Commission in May 2023.

The summarized financial information below represents amounts shown in the associates' financial statements prepared in accordance with IFRS Accounting Standards adjusted by the Group for equity accounting purposes.

DingCheng Life Insurance Co.

	For the Year Ended December 31	
	2023	**2022**
The Group's share of:		
Loss from continuing operations for the year	$ (221,829)	$ (325,108)
Other comprehensive (loss) income	64,431	(5,329)
Total comprehensive income for the year	$ (157,398)	$ (330,437)

Century Biotech Development Corporation

	For the Year Ended December 31	
	2023	**2022**
The Group's share of:		
Loss from continuing operations for the year	$ (9,967)	$ (2,784)
Other comprehensive (loss) income	-	-
Total comprehensive income for the year	$ (9,967)	$ (2,784)

Jih-yao Energy Co., Ltd.

	For the Year Ended December 31	
	2023	2022
The Group's share of:		
Profit from continuing operations for the year	$ 3,434	$ 2,758
Other comprehensive (loss) income	-	-
Total comprehensive income for the period	$ 3,434	$ 2,758

LeadsunFox Greenergy Investment Co., Ltd.

	For the Year Ended December 31	
	2023	2022
The Group's share of:		
Profit from continuing operations for the year	$ 44,329	$ 37,865
Other comprehensive (loss) income	-	-
Total comprehensive income for the period	$ 44,329	$ 37,865

Xinhe Energy Development Corporation

	For the Year Ended December 31	
	2023	2022
The Group's share of:		
Loss from continuing operations	$ (18,041)	$ (5,901)
Other comprehensive (loss) income	-	-
Total comprehensive loss for the year	$ (18,041)	$ (5,901)

Xinding No.1 Energy Co., Ltd.

	For the Year Ended December 31	
	2023	2022
The Group's share of:		
Loss from continuing operations for the year	$ (210)	$ (234)
Other comprehensive (loss) income	-	-
Total comprehensive loss for the year	$ (210)	$ (234)

Taipan Solar Co., Ltd.

	For the Year Ended December 31	
	2023	2022
The Group's share of:		
Profit from continuing operations for the year	$ 4,652	$ 6,955
Other comprehensive (loss) income	(1,234)	3,301
Total comprehensive income for the year	$ 3,418	$ 10,256

Juxin Energy Co., Ltd.

	For the Year Ended December 31	
	2023	2022
The Group's share of:		
Profit from continuing operations for the year	$ 7,857	$ 2,611
Other comprehensive (loss) income	-	-
Total comprehensive income for the year	$ 7,857	$ 2,611

GIGA solar materials Corp.

	For the Year Ended December 31	
	2023	2022
The Group's share of:		
Profit from continuing operations for the year	$ 5,753	$ -
Other comprehensive (loss) income	-	-
Total comprehensive income for the year	$ 5,753	$ -

The Group stops recognizing further share of losses accounted for using the equity method for DingCheng Life Insurance Co. The Group considers only the carrying amount of investments accounted for using the equity method when recognizing losses. The total unrecognized losses for the period excerpted from associate's report is as follows:

	For the Year Ended December 31	
	2023	2022
Current amount	$ (26,816)	$ -

As of December 31, 2023, the accumulated unrecognized loss for the associate is $26,816 thousand.

18. INVESTMENT PROPERTIES

	Land	Buildings and Building Facilities	Prepayments for Buildings and Constructions in Progress	Right-of-use Assets	Total
December 31, 2023					
Measured at fair value	$ 118,712,938	$ 50,896,356	$ 25,916	$ 10,851,713	$ 180,486,923
Measured at cost	-	-	2,932,238	8,404,448	11,336,686
	$ 118,712,938	$ 50,896,356	$ 2,958,154	$ 19,256,161	$ 191,823,609
December 31, 2022					
Measured at fair value	$ 113,289,125	$ 50,054,927	$ 15,513	$ 11,004,189	$ 174,363,754
Measured at cost	-	-	1,196,499	8,569,762	9,766,261
	$ 113,289,125	$ 50,054,927	$ 1,212,012	$ 19,573,951	$ 184,130,015

The right-of-use assets in investment properties refer to part of the superficies rights and buildings obtained by the Group for sublease under operating leases. The relevant right-of-use assets are listed in investment properties. Refer to Note 20(c) for the related items.

SKLIC sold 1 unit of Qiyan Jasper, 1 unit of Minsheng Plaza, part of the Muzha Building land and part of the Changhua Building land for the year ended December 31, 2023, refer to Note 37.

SKLIC sold Yingge Building, Baiyun Villa, part of Changhua Building Land, Yangde condominium, Rueian Jasper Villa and demolished Nandong Building during the year ended December 31, 2022. Refer to Note 37.

The maturity analysis of lease payments receivable under operating leases of investment properties on December 31, 2023 and 2022 was as follows:

	December 31	
	2023	2022
Year 1	$ 3,969,754	$ 3,878,642
Year 2	3,341,508	3,200,561
Year 3	2,909,966	2,782,215
Year 4	2,358,163	2,389,668
Year 5	1,381,946	1,904,972
Year 5 onwards	4,212,037	4,830,416
	$ 18,173,374	$ 18,986,474

a. Investment properties measured at fair value

	Land	Buildings and Building Facilities	Prepayments for Buildings and Constructions in Progress	Right-of-use Assets	Total
Balance at January 1, 2023	$ 113,289,125	$ 50,054,927	$ 15,513	$ 11,004,189	$ 174,363,754
Additions	-	13,059	17,457	-	30,516
Disposals	(66,415)	(5,021)	-	-	(71,436)
Decrease	-	(10,343)	-	(377)	(10,720)
Transferred from property and equipment	1,609,595	403,439	-	-	2,013,034
Transferred to property and equipment	(520,723)	(216,922)	(255)	-	(737,900)
Transferred to right-of-use assets	-	-	-	23,748	23,748
Other reclassifications	-	6,799	(6,799)	-	-
Gain or (loss) on changes in fair value of investment properties	4,401,356	650,418	-	(175,847)	4,875,927
Balance at December 31, 2023	$ 118,712,938	$ 50,896,356	$ 25,916	$ 10,851,713	$ 180,486,923
Balance at January 1, 2022	$ 113,606,410	$ 53,278,018	$ 28,198	$ 11,998,169	$ 178,910,795
Additions	-	292,901	1,756	58,395	353,052
Disposals	(53,559)	(534,298)	-	-	(587,857)
Decrease	-	-	-	(11,379)	(11,379)
Transferred from property and equipment	2,698,335	920,127	223	-	3,618,685
Transferred to property and equipment	(996,834)	(666,775)	-	-	(1,663,609)
Transferred from right-of-use assets	-	-	-	107,584	107,584
Transferred to right-of-use assets	-	-	-	(91,016)	(91,016)
Other reclassifications	-	1,752	(14,664)	-	(12,912)
Loss on changes in fair value of investment properties	(1,965,227)	(3,236,798)	-	(1,057,564)	(6,259,589)
Balance at December 31, 2022	$ 113,289,125	$ 50,054,927	$ 15,513	$ 11,004,189	$ 174,363,754

1) SKLIC and its subsidiaries

Valuation of the investment properties of SKLIC had been performed by the following appraisers of the joint appraisal firms meeting the requirements of Article No. 9 of the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises for real estate appraisers, with valuation dates on December 31, 2023 and 2022.

Name of Appraisal Firm	December 31	
	2023	2022
DTZ Real Estate Appraiser Firm	Chunchun Hu; Jiahe Tsai; Changda Yang; Genyuan Li; John Bareham	Chunchun Hu; Jiahe Tsai; Changda Yang; Genyuan Li; John Bareham
Savills plc Real Estate Appraiser Firm	Hongkai Zhang; Yufen Ye; Yizhi Zhang; Shiyu Ye	Hongkai Zhang; Yufen Ye; Yizhi Zhang; Shiyu Ye
REPro Knight Frank Real Estate Appraiser Firm	Yuhsiang Tsai; Shangyi Shin	Yuhsiang Tsai; Hongxu Wu; Shangyi Shin
Great Eastern Real Estate Joint Appraisers Firm	Zhiming Zhang; Shuyuan Jian; Hansheng Yuan	Zhiming Zhang; Shuyuan Jian; Hansheng Yuan
Shang-shang Real Estate Joint Appraisers Firm	Hongyuan Wang; Jianhao Huang; Weizhi Wang	Hongyuan Wang; Jianhao Huang
CCIS Real Estate Joint Appraisers Firm	Zhihao Wu; Weiyu Li	Zhihao Wu; Weiyu Li
Elite Real Estate Joint Appraisers Firm	Yulin Chen; Yihui Luo; Xiuying Zhan	Yulin Chen; Yihui Luo
Euro-Asia Real Estate Joint Appraiser Firm	Zongting Xie; Shihyuan Jhou; Xiufen Zeng	Zongting Xie; Shihyuan Jhou
Sinyi Real Estate Joint Appraiser Firm	Weixin Chi; Wenzhe Tsai; Liangan Ji; Shiming Wang	Weixin Chi; Wenzhe Tsai; Liangan Ji; Shiming Wang
Colliers International CBRE	Jonathan White; Gemma Waston; Fuxue Shi; Zhijia Zhang	Jonathan White; Stuart Rushworth; Fuxue Shi; Zhiwei Li

The fair value is determined by the lower of fair value evaluation method stipulated by the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises and the normal market value. The fair value evaluation methods stipulated in the Regulations Governing the Preparation of Financial Statements by Insurance Companies are the discounted cash flow analysis method of the income approach and the cost approach. The normal market value is supported by observable evidence in the market. The main appraisal approaches applied include the sales comparison approach, income approach - direct capitalization method, income approach - discounted cash flow analysis method, cost approach and the method of land development analysis. Commercial office buildings and residences are mainly valued by the sales comparison approach and income approach because of the market liquidity and comparable sales and rental cases in the neighboring areas. Hotels, department stores and marketplaces are mainly valued by the income approach - direct capitalization method and income approach - discounted cash flow analysis method because of the stable rental income in the long term. The second type of residential area, the third type of residential area and buildings have exceeded the residential areas that can be developed on land, and because the buildings have exceeded the economic and durable years, and the market has fewer homogeneous products, the buildings on the ground are not the most effective. Therefore, their fair values are determined by the method of land development analysis and comparison approach.

The main inputs used in the valuation are listed below. As the direct capitalization rates, the discount rates and overall capital interest rates (land developing analysis approach) decrease, the fair value will increase.

	December 31,	
Name of Appraisal Firm	**2023**	**2022**
Direct capitalization rates, net	0.28%-5.11%	0.60%-6.60%
Discount rates	2.44%-6.43%	2.35%-5.60%
Overall capital interest rates (land developing analysis approach)	1.79%-7.94%	1.38%-6.70%

For the targets measured using the discounted cash flow analysis method of the income approach, their cash flow shall be valued on the basis of the existing lease. The expected future cash outflows from investment properties included land value tax, property tax, insurance premium and maintenance costs. These expenditures were based on the actual payments, taking into account the future adjustments to the government-announced land value, the tax rate promulgated under the Housing Tax Act, building and construction expense and estimation of price change. If there is an end-of-period value, the present value of the end-of-period value may be added. Their discount rate shall be determined using the risk premium approach only, with the calculation based on a certain interest rate, plus an estimate based on the individual characteristics of the investment property. The term “based on a certain interest rate” means the interest rate may not be lower than the floating interest rate offered by the Chunghwa Post Co., Ltd. For a 2-year time deposit of a small amount, plus 1.25 percentage points.

External appraisers use the market extraction method, search several comparable properties which are identical with or similar to the target property, and consider the liquidity risk and risk premium when disposed of in the future when deciding the direct capitalization rate and the discount rate.

The fair value of right-of-use assets is determined by adding back the amount of lease liabilities already recognized to the valuation result that reflects the expected lease income after deduction of expected payments.

2) TSKCB and its subsidiaries

Valuation of the investment property of TSKCB had been performed by the appraiser Hong-yuan Wang, Jian-hao Huang and Wei-zhi Wang of Shang-shang Real Estate Appraiser Firm in Taiwan in accordance with the rules for assessment of fair value on a recurring basis of the Technical Rules for Real Estate Valuation with valuation dates on December 31, 2023 and 2022, respectively.

As office buildings have market liquidity and their rent levels are similar to comparable properties in neighboring areas, their fair values have been mainly determined using the comparison approach and income approach.

Net rental income is based on current market practices, assuming an annual rent increase of between 0% to 1.5% when extrapolating the total income of the underlying property, excluding losses as a result of idle and other reasons and related operations costs.

According to the R.O.C. Real Estate Appraisers Association Gazette No. 5, the house tax is determined based on the reference table of current house values assessed for each city/county to estimate the total current house value assessed. House tax is calculated based on the tax rates stipulated in the House Tax Act and the actual payment data provided by the Group.

Land value tax is based on the changes in the announced land values of the underlying property in the past years and the actual payment data provided by the Group, to further extrapolate the announced land value in the future.

In accordance with the R.O.C. Real Estate Appraisers Association Gazette No. 5, the replacement allowance for significant renovation costs is calculated based on 0.5% to 1.5% of construction costs and is amortized over its estimated useful life of 20 years.

The main inputs used are as follows. If the direct capitalization rate or the overall capital interest rate decreases, the fair value will increase.

	December 31	
	2023	**2022**
Direct capitalization rate	1.80%-3.73%	1.80%-3.73%
Overall capital interest rate	1.77%-3.14%	1.71%-2.85%

The second type of residential area, the third type of residential area and buildings have exceeded the residential areas that can be developed on land, and because the buildings have exceeded the economic and durable years, and the market has fewer homogeneous products, the buildings on the ground are not the most effective basis of valuation. Therefore, their fair values are determined by the method of land development analysis and comparison approach. The important assumptions are as follows. If estimated total sales increase, rate of return or overall capital interest rate decreases, the fair value will increase.

	December 31	
	2023	**2022**
Estimated total sales	$ 1,246,000	$ 1,229,576
Rate of return	12%-14%	12%-14%
Overall capital interest rate	2.76%-4.02%	2.52%-3.88%

All investment properties owned by TSKCB are leased out under operating leases, and the lease term is 5 to 10 years. At the end of the lease period, the lessee has no preferential rights to purchase the properties.

As of December 31, 2023 and 2022, the guarantee deposits received by TSKCB due to operating lease contracts both were $2,891 thousand.

3) MLSC and its subsidiaries

The valuation of the investment property of MLSC had been performed by appraiser Shang-hong Yang of Zhan-Mao Real Estate Appraisers Firm, licensed R.O.C. real estate appraisers, with valuation dates on December 31, 2023 and 2022, respectively.

The fair value of investment properties was measured using the income approach. The significant assumptions used are as follows. An increase in estimated future net cash inflows or a decrease in discount rates would result in an increase in the fair value.

	December 31	
	2023	**2022**
Expected future cash inflows	$ 75,433	$ 72,259
Expected future cash outflows	(15,965)	(15,912)
Expected future cash inflows, net	$ 59,468	$ 56,347
Discount rates	1.595%-2.895%	1.520%-2.720%

The market rentals in the area where the investment property is located were between $0.4 thousand and $1.5 thousand and $0.3 thousand and $1.5 thousand per ping (i.e., per 3.3 square meters), respectively. The market rentals for comparable properties were between $0.4 thousand and $1.7 thousand and $0.4 thousand and $1.4 thousand per ping (i.e., per 3.3 square meters), respectively.

All investment properties had been leased out under operating leases. The rental income generated for the years ended December 31, 2023 and 2022 was $6,146 thousand and $6,668 thousand, respectively.

The expected future cash inflows generated by investment properties include rental income, interest income on rental deposits and disposal value. The rental income was extrapolated using the MLSC's current lease contract and the average rental of the market, taking into account the annual rental growth rate; the income analysis covers a 10-year period, the interest income on rental deposits was extrapolated using the fixed deposit interest rate for a 1-year period; the disposal value was determined using the direct capitalization method under the income approach. The expected future cash outflows incurred by investment properties include land value taxes, house taxes, insurance premiums and maintenance costs. These expenditures were extrapolated on the basis of the current level of expenditures, taking into account the future adjustments to the government-announced land value, the tax rate promulgated under the House Tax Act and construction expenses.

The discount rate was determined using the interest rate for a 2-year time deposits as posted by Chunghwa Post Co., Ltd., plus 0.75%, and any asset-specific risk premiums between (0.75%) to 0.55% and (0.70%) to 0.50%, respectively.

4) The movements in the fair value of investment properties within Level 3 of the hierarchy

The Group measured investment properties subsequently using the fair value model. The movements in the fair value of investment properties within Level 3 of the hierarchy were as follows:

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ 174,363,754	$ 178,910,795
Recognized in profit or loss gain arising from the change in fair value of investment properties	4,875,927	(6,259,589)
Acquisitions	30,516	294,657
Decrease	(10,343)	-
Sales	(71,436)	(587,857)
Transferred from property and equipment	2,013,034	3,618,685
Transferred to property and equipment	(737,900)	(1,663,609)
Transferred from right-of-use assets	23,748	107,584
Transferred to right-of-use assets	-	(91,016)
Modification of lease agreement of right-of-use assets	(377)	47,016
Transferred from investment properties measured at cost	-	(12,912)
Balance at December 31	$ 180,486,923	$ 174,363,754

b. Investment properties measured at cost

	Land	Prepayments for Buildings and Constructions in Progress	Right-of-use Assets	Total
Cost				
Balance, January 1, 2023	$ -	$ 1,196,499	$ 8,832,921	$ 10,029,420
Additions	-	1,737,454	-	1,737,454
Transferred to property and equipment	-	(1,715)	-	(1,715)
Balance, December 31, 2023	-	2,932,238	8,832,921	11,765,159
Accumulated depreciation				
Balance, January 1, 2023	-	-	263,159	263,159
Depreciation expense	-	-	165,314	165,314
Balance, December 31, 2023	-	-	428,473	428,473
Accumulated impairment				
Balance, January 1, 2023	-	-	-	-
Balance, December 31, 2023	-	-	-	-
Carrying amount at December 31, 2023	$ -	$ 2,932,238	$ 8,404,448	$ 11,336,686

(Continued)

	Land	Prepayments for Buildings and Constructions in Progress	Right-of-use Assets	Total
Cost				
Balance, January 1, 2022	$ 64,512	$ 780,744	$ 2,968,728	$ 3,813,984
Additions	238	402,843	5,864,798	6,267,879
Decrease	-	-	(605)	(605)
Disposals	(64,750)	-	-	(64,750)
Other reclassifications	-	12,912	-	12,912
Balance, December 31, 2022	-	1,196,499	8,832,921	10,029,420
Accumulated depreciation				
Balance, January 1, 2022	-	-	107,687	107,687
Depreciation expense	-	-	155,472	155,472
Balance, December 31, 2022	-	-	263,159	263,159
Accumulated impairment				
Balance, January 1, 2022	25,899	-	-	25,899
Disposals	(25,899)	-	-	(25,899)
Balance, December 31, 2022	-	-	-	-
Carrying amount at December 31, 2022	$ -	$ 1,196,499	$ 8,569,762	$ 9,766,261

(Concluded)

1) The Group's investment properties measured at cost were not available for use during construction, or the target could not be valued using the cost model in accordance with the financial report preparation standards of the insurance industry, so the fair value could not be determined reliably. Investment properties measured at cost will be measured at fair value at the earlier of when their fair values can be determined reliably or when construction has been completed.

2) The depreciation expense of the investment properties - right-of-use assets for the years ended December 31, 2023 and 2022 were amounted to $165,314 thousand and $155,472 thousand, respectively, capitalized into investment properties - prepaid building and construction costs.

3) All of the Group's investment properties are held under freehold interests. The investment properties held by the Group are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	45-62 years
Building facilities	
Elevators	20-25 years
Exterior walls	25-30 years
Air conditioning units	18-25 years
Extinguishing equipment	20-25 years
Others	3-25 years
Right-of-use assets	35-139 years

4) Refer to Note 41 for information of investment properties pledged as security.

5) As of December 31, 2023, the ownership of the foreign investment properties, held in name of the Group, was unrestricted.

19. PROPERTY AND EQUIPMENT

	Land	Buildings and Facilities	Transportation Equipment	Other Equipment	Construction in Progress	Total
Cost						
Balance, January 1, 2023	$ 26,669,005	$ 17,484,315	$ 61,343	$ 5,899,033	$ 490,532	$ 50,604,228
Additions	-	151,457	18,446	496,489	461,933	1,128,325
Disposals	(81,890)	(1,630)	(7,062)	(296,103)	-	(386,685)
Transferred from investment properties	520,723	216,922	-	-	1,970	739,615
Transferred to investment properties	(579,544)	(478,402)	-	-	-	(1,057,946)
Other reclassifications	1,261	153,496	-	47,636	(451,128)	(248,735)
Net exchange differences	-	-	-	(323)	10	(313)
Balance, December 31, 2023	26,529,555	17,526,158	72,727	6,146,732	503,317	50,778,489
Accumulated depreciation						
Balance, January 1, 2023	-	6,177,684	25,591	3,966,315	-	10,169,590
Depreciation expense	-	441,391	9,222	603,340	-	1,053,953
Disposals	-	(1,630)	(5,006)	(291,757)	-	(298,393)
Transferred from investment properties	-	-	-	-	-	-
Transferred to investment properties	-	(204,010)	-	-	-	(204,010)
Other changes	-	49,144	-	-	-	49,144
Net exchange differences	-	-	-	(471)	-	(471)
Balance, December 31, 2023	-	6,462,579	29,807	4,277,427	-	10,769,813
Accumulated impairment						
Balance, January 1, 2023	394,664	15,570	-	-	-	410,234
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Transferred from investment properties	-	-	-	-	-	-
Transferred to investment properties	-	-	-	-	-	-
Balance, December 31, 2023	394,664	15,570	-	-	-	410,234
Carrying amount, at December 31, 2023	$ 26,134,891	$ 11,048,009	$ 42,920	$ 1,869,305	$ 503,317	$ 39,598,442
Cost						
Balance, January 1, 2022	$ 27,130,969	$ 17,317,079	$ 69,838	$ 6,544,212	$ 311,741	$ 51,373,839
Additions	-	453,285	9,573	557,364	322,288	1,342,510
Disposals	(29,692)	(234,492)	(16,854)	(1,258,916)	-	(1,539,954)
Transferred from investment properties	996,834	666,775	-	-	-	1,663,609
Transferred to investment properties	(1,429,106)	(718,797)	-	-	(223)	(2,148,126)
Other reclassifications	-	465	(1,214)	48,229	(143,265)	(95,785)
Net exchange differences	-	-	-	8,144	(9)	8,135
Balance, December 31, 2022	26,669,005	17,484,315	61,343	5,899,033	490,532	50,604,228

(Continued)

	Land	Buildings and Facilities	Transportation Equipment	Other Equipment	Construction in Progress	Total
Accumulated depreciation						
Balance, January 1, 2022	$ -	$ 6,205,317	$ 30,302	$ 4,648,307	$ -	$ 10,883,926
Depreciation expense	-	415,738	9,303	570,997	-	996,038
Disposals	-	(204,402)	(13,205)	(1,257,758)	-	(1,475,365)
Transferred from investment properties	-	-	-	-	-	-
Transferred to investment properties	-	(238,969)	-	-	-	(238,969)
Other reclassifications	-	-	(809)	(607)	-	(1,416)
Net exchange differences	-	-	-	5,376	-	5,376
Balance, December 31, 2022	-	6,177,684	25,591	3,966,315	-	10,169,590
Accumulated impairment						
Balance, January 1, 2022	394,664	15,570	-	-	-	410,234
Additions	22,582	-	-	-	-	22,582
Disposals	-	-	-	-	-	-
Transferred from investment properties	-	-	-	-	-	-
Transferred to investment properties	(22,582)	-	-	-	-	(22,582)
Balance, December 31, 2022	394,664	15,570	-	-	-	410,234
Carrying amount, at December 31, 2022	$ 26,274,341	$ 11,291,061	$ 35,752	$ 1,932,718	$ 490,532	$ 40,024,404

(Concluded)

a. Property and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	6-62 years
Building facilities	
Elevators	20-25 years
Exterior walls	25-30 years
Air conditioning units	18-25 years
Extinguishing equipment	20-25 years
Others	2-25 years
Transportation equipment	2-7 years
Other equipment	
Dynamos	18-20 years
Air conditioning units	10-20 years
Others	2-10 years

b. Refer to Note 41 for information of property and equipment pledged as security.

20. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
Carrying amount		
Land and buildings	$ 4,309,849	$ 4,517,428
Others	119,125	143,526
	$ 4,428,974	$ 4,660,954

	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	$ 484,821	$ 442,821
Disposals right-of-use assets	$ (32,987)	$ (58,764)
Right-of-use assets reclassified to investment properties	$ (17,804)	$ (78,702)
Investment properties reclassified to right-of-use assets	$ -	$ 91,016
Depreciation charge for right-of-use assets		
Aboveground rights	$ (39,471)	$ (61,430)
Land and buildings	(560,772)	(568,103)
Others	(55,801)	(45,783)
	$ (656,044)	$ (675,316)
Income from the subleasing of right-of-use assets (presented in other income)	$ 1,345,006	$ 1,217,792

The depreciation expense of the right-of-use assets aboveground rights for land and buildings for the years ended December 31, 2023 and 2022 were $39,471 thousand and $61,430 thousand, of which $4,914 thousand and $4,912 thousand were respectively capitalized into property and equipment - construction-in-progress.

The Group subleased part of its leasehold superficies and buildings under operating leases. The related right-of-use assets are presented as investment properties (as set out in Note 18). The amounts disclosed above with respect to the right-of-use assets do not include right-of-use assets that meet the definition of investment properties.

b. Lease liabilities

	December 31	
	2023	2022
Carrying amount	$ 10,650,474	$ 11,605,381
Superficies	2.30%-4.58%	2.30%-4.58%
Land and buildings	0.75%-6.18%	0.75%-5.66%
Others	0.75%-5.66%	0.75%-5.66%

c. Material lease-in activities and terms

1) The Group adopted the amendment to IFRS 16 “Covid-19 - Related Rent Concessions” for lease contracts subsidized by the government and with respect to rent concessions negotiated with the lessor as a direct consequence of the COVID-19. For the year ended December 31, 2022, the amount of rent reduction was $76,752 thousand recorded as other miscellaneous income, net.

2) The superficies leased by the Group include the following items:

a) The Group purchased the superficies right of A12 in Xinyi Dist. by tender from Taipei City Government in November 2003; the right is for 50 years to December 2053.

b) The Group purchased the superficies right of Xinban Section in Banqiao Dist. from Taiwan Tobacco & Liquor Corporation in June 2013; the right is for 50 years to June 2063.

c) The Group purchased the superficies right of Dalong Section in Datong Dist. from CPC Corporation, Taiwan in October 2013; the right is for 50 years to October 2063.

d) The Group purchased the superficies right of Nangang Business Section by tender from Taipei City Government in March 2014; the right is for 60 years to March 2074.

e) The Group purchased the superficies right of Wenhua Section in Banqiao Dist. from CPC Corporation, Taiwan in October 2014; the right is for 50 years to October 2064.

f) The Group purchased the superficies right of London City in United Kingdom from Gracechurch Street No. 1 Limited, the right is for 141 years and ten months to October 2157.

g) The Group purchased the superficies right of Chenggong Section in Zongzheng Dist. from Northern Region Branch, National Property Administration, MOF in June 2018; the right is for 70 years to June 2088.

h) The Group purchased the superficies right of Nangang bus station from Taipei city government in December 2020; the right is for 50 years to December 2070.

i) The Group purchased the superficies right of Qianjin District from Kaohsiung city government in March 2021; the right is for 70 years to April 2091.

j) The Group purchased the superficies right of Beitou District from the Taipei city government in February 2022; the right is for 50 years to February 2072.

d. Subleases

Refer to Note 18 for the details on subleases.

e. Other lease information

	For the Year Ended December 31	
	2023	2022
Expenses relating to short-term leases	$ 198,093	$ 185,554
Expenses relating to low-value asset leases	$ 7,916	$ 7,593
Expenses relating to variable lease payments not included in the measurement of lease liabilities	$ 13,809	$ -
Total cash outflow for leases	$ 1,945,500	$ 1,645,847

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

21. INTANGIBLE ASSETS, NET

	December 31	
	2023	2022
Goodwill	$ 2,884,640	$ 2,884,640
Accumulated impairment	(549,594)	(549,594)
	2,335,046	2,335,046
Computer software	1,359,747	1,094,258
Franchise	163,318	117,811
	$ 3,858,111	$ 3,547,115

a. The acquisitions and changes in goodwill are summarized as follows:

1) TSKCB recognized as goodwill the excess of purchase price over net asset from acquisition of other financial institutions. As of December 31, 2023, the carrying amount of the goodwill was $1,243,924 thousand.

2) The Group acquired 100% equity interest of SKITC in 2006. The excess of purchase price over net asset, amounting to $1,478,750 thousand, was recognized as goodwill.

3) The Group progressively acquired 25.32% equity interest of MLSC since 2007. The excess of purchase price over net asset, amounting to $161,966 thousand, was recognized as goodwill.

4) As of December 31, 2023, the Group's accumulated impairment loss was $549,594 thousand.

5) After evaluation by the Group, no indications of impairment of goodwill was found for the years ended December 31, 2023 and 2022.

b. Movements in computer software were as follows:

	For the Year Ended December 31, 2023			
	Computer Software	Prepaid Computer Software	Franchise	Total
Balance, January 1	$ 977,287	$ 116,971	$ 117,811	$ 1,212,069
Additions	298,158	55,284	45,507	398,949
Amortization	(388,879)	-	-	(388,879)
Net exchange differences	(145)	-	-	(145)
Reclassification	326,683	(25,612)	-	301,071
Balance, December 31	$ 1,213,104	$ 146,643	$ 163,318	$ 1,523,065

	For the Year Ended December 31, 2022			
	Computer Software	Prepaid Computer Software	Franchise	Total
Balance, January 1	$ 909,801	$ 68,194	$ 110,684	$ 1,088,679
Additions	253,240	92,308	7,127	352,675
Amortization	(341,064)	-	-	(341,064)
Net exchange differences	2,123	-	-	2,123
Reclassification	153,187	(43,531)	-	109,656
Balance, December 31	$ 977,287	$ 116,971	$ 117,811	$ 1,212,069

SKLIC signed a Build-Operate-Transfer (BOT) investment contract with Taipei City Government for Taipei Nangang Bus Station. The contract enabled SKLIC to obtain aboveground right of Nangang Bus Station, malls and office buildings, as well as the franchise for construction and operation, and an investment execution plan has been submitted to Taipei City Government in January 2021. Franchise of Nangang Bus Station (main business part) is recorded as franchise under intangible assets; Franchise of malls and office buildings (subsidiary business part) is recorded as right-of-use under investment properties.

As of December 31, 2023, the Group has paid development royalties and processing fees in accordance with the investment contract for a total of $307,990 thousand.

The interest expense from amortization was $3,043 thousand and $2,925 thousand for the years ended December 31, 2023 and 2022. which was capitalized into intangible assets - franchise.

Intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer software	1 to 15 years
Franchise	45 years

22. OTHER ASSETS

	December 31	
	2023	2022
Prepaid expenses	$ 473,257	$ 403,883
Insurance Industry Stability Fund	7,369,249	7,025,197
Less: Reserve for Insurance Industry Stability Fund	(7,369,249)	(7,025,197)
Guarantee deposits paid (Note 41)	25,174,806	39,010,777
Restricted assets - time deposit and compensation deposit (Note 41)	1,266,030	1,293,612
Deferred expenses	594,775	593,873
Overdue receivable	92,950	103,025
Less: Allowance for impairment loss (Note 15)	(92,950)	(103,025)
Reinsurance assets	980,845	843,259
Receivable for underwriting of securities	62,509	482,604
Prepayment for investments accounted for using the equity method	35,915	38,042
Net defined benefit assets (Note 29)	4,928,091	4,656,283
Prepayment for equipment	16,160	33,825
Others	1,092,780	2,864,675
	$ 34,625,168	$ 50,220,833

a. Under Tai-Tsai-Bao No. 811769212 issued by the Ministry of Finance on December 31, 1992, one thousandth (1/1000) of premiums should be contributed to the Insurance Industry Stability Fund starting from January 1, 1993. According to “the standard of Life and Property Insurance Stabilization Fund”, starting from July 1, 2014, the contribution to the Insurance Industry Stability Fund of Life Insurance Enterprises should be based on the premium income and contribution rate calculated using the difference between capital adequacy ratio and management performance rating indicator. The credit account, reserve for Insurance Industry Stability Fund, is a contra account of the Insurance Industry Stability Fund.

b. Guarantee deposits paid comprised:

	December 31	
	2023	2022
Insurance operation guarantee deposit	$ 11,110,000	$ 11,100,000
Deposit for foreign currencies	3,377,131	3,386,330
Bank operation guarantee deposit	244,672	279,205
Deposit for futures and options trading	247,958	276,374
Deposit for derivatives trading	158,735	12,694,940
Securities operation guarantee deposit	930,000	940,000
Clearing and settlement fund	240,342	242,628
Security lending guarantee deposits	2,187,981	3,434,392
Other guarantee deposits	6,677,987	6,656,908
	$ 25,174,806	$ 39,010,777

1) Based on Article 141 of the Insurance Law, insurance operation guarantee deposit should be deposited in the Central Bank equal to 15% of an insurance company' paid-in capital. Article 142 of the same law further stipulates that this deposit can only be refunded if the insurance company ceases its business operations and completes the required liquidation process. As of December 31, 2023 and 2022, SKLIC deposited government bonds to the special treasury account as operating guarantee deposit.

2) TSKCB provided bank operation guarantee deposit and deposit for foreign currencies according to related laws and agreed percentage of fair values of contracts as performance bonds when engaged in derivative transactions.

3) When engaged in futures transactions, both the buyer and seller should provide guarantee deposits based on the value of the contract for performance in the future or for principal loss in liquidation.

4) Based on the Securities and Exchange Act, MLSC provided operating guarantee deposit and settlement fund. Based on the Securities and Exchange Act and Rules Governing Securities Firms, SKITC provided operating guarantee deposit.

5) To meet the requirement of deposit for non-central liquidation derivatives issued by Basel Committee on Banking Supervision and International Organization of Securities Commissions, the SKLIC provided bank deposits in the amount of $158,735 thousand and $12,694,940 thousand as of December 31, 2023 and 2022, as the deposit for currency derivatives trading.

23. DUE TO CENTRAL BANK AND OTHER BANKS

	December 31	
	2023	**2022**
Call loans from banks	$ 461,025	$ -
Due to Chunghwa Post Co., Ltd.	313,602	313,602
Due to banks	70,623	10,278
	$ 845,250	$ 323,880

24. FINANCED TO CENTRAL BANK AND OTHER BANKS

	December 31	
	2023	**2022**
Re-financed to Central Bank	$ 44,603,157	$ 26,565,968
Re-financed to Central Bank rate	0.97%-5.78%	0.70%-4.70%

25. COMMERCIAL PAPER PAYABLE

	December 31	
	2023	2022
Nominal amount	$ 12,750,000	$ 2,000,000
Less: Discount amount	(13,023)	(2,544)
	$ 12,736,977	$ 1,997,456
Interest rate	1.578%-1.798%	1.418%-1.700%

As of December 31, 2023, the Group's outstanding short-term bills payable were as follows:

December 31, 2023

Guarantee or Acceptance Agency	Denomination	Discount Amount	Carrying Amount	Interest Rate	Collateral
Commercial papers issued					
China Bills Finance Corporation	$ 3,200,000	$ (3,942)	$ 3,196,058	1.598%-1.698%	-
Grand Commercial Bank	1,000,000	(1,033)	998,967	1.578%-1.688%	-
Mega Bills Finance Corporation	1,800,000	(3,454)	1,796,546	1.598%-1.630%	-
Taipei Fubon Commercial Bank Corporation	1,400,000	(1,210)	1,398,790	1.598%	-
Yuanta Commercial Bank Co., Ltd.	1,950,000	(849)	1,949,151	1.598%-1.648%	-
Union Bank of Taiwan	200,000	(468)	199,532	1.688%	-
Sunny Bank Ltd.	600,000	(139)	599,861	1.578%-1.628%	-
International Bills Finance Corporation	550,000	(459)	549,541	1.618%-1.798%	-
Taishin International Bank Co., Ltd.	100,000	(66)	99,934	1.648%	-
Ta Ching Bills Finance Corporation	600,000	(980)	599,020	1.608%-1.688%	-
Dah Chung Bills Finance Corp.	400,000	(17)	399,983	1.578%	-
KGI Commercial Bank Co., Ltd.	300,000	(88)	299,912	1.628%	-
CTBC Bank Co., Ltd.	150,000	(57)	149,943	1.628%	-
Taiwan Cooperative Bills Financial Corporation	500,000	(261)	499,739	1.618%-1.648%	-
	$ 12,750,000	$ (13,023)	$ 12,736,977		

As of December 31, 2022, the Group's outstanding short-term bills payable were as follows:

December 31, 2022

Guarantee or Acceptance Agency	Denomination	Discount Amount	Carrying Amount	Interest Rate	Collateral
Commercial papers issued					
China Bills Finance Corporation	$ 600,000	$ (544)	$ 599,456	1.418%-1.550%	-
Mega Bills Finance Corporation	800,000	(1,453)	798,547	1.700%	-
International Bills Finance Corporation	300,000	(513)	299,487	1.600%	-
Union Bank of Taiwan	300,000	(34)	299,966	1.468%	-
	$ 2,000,000	$ (2,544)	$ 1,997,456		

26. DEPOSITS AND REMITTANCES

	December 31	
	2023	2022
Savings account deposits	$ 496,453,655	$ 448,743,630
Time deposits	368,634,600	374,163,870
Demand deposits	165,398,682	181,507,660
Checking account deposits	8,082,682	8,219,594
Negotiable time deposits	18,696,100	30,663,300
Remittances outstanding	90,295	128,761
	$ 1,057,356,014	$ 1,043,426,815

27. BONDS PAYABLE

	December 31	
	2023	2022
Debentures payable	$ 28,200,000	$ 26,800,000
Bonds payable	49,652,943	36,950,689
	77,852,943	63,750,689
Less: Portion due within a year	(2,500,000)	(5,750,689)
	$ 75,352,943	$ 58,000,000

a. Debentures payable

	December 31	
	2023	2022
First financial debentures		
First subordinated debenture of 2021	$ 1,000,000	$ 1,000,000
Secondary financial debentures		
Second subordinated debenture of 2014	2,500,000	2,500,000
First subordinated debenture of 2016	2,200,000	3,000,000
First subordinated debenture of 2018	2,500,000	2,500,000
Second subordinated debenture of 2018	2,500,000	2,500,000
First subordinated debenture of 2019	4,500,000	4,500,000
First subordinated debenture of 2020	3,000,000	3,000,000
Second subordinated debenture of 2020	3,000,000	3,000,000
Third subordinated debenture of 2020	2,000,000	2,000,000
First subordinated debenture of 2022	2,800,000	2,800,000
First subordinated debenture of 2023	2,200,000	-
	28,200,000	26,800,000
Less: Portion due within a year	(2,500,000)	(800,000)
	$ 25,700,000	$ 26,000,000

1) TSKCB issued the second subordinated financial debenture on December 15, 2014, which was approved on April 30, 2014 under Rule No. 10300114440 issued by the Banking Bureau of the FSC. Details of the financial debenture issuance are summarized as follows:

a) Total approved principal: $5,000,000 thousand.

b) Principal issued: $2,500,000 thousand.

c) Denomination: $10,000 thousand, issued at par.

d) Period: 10 years, with maturity on December 15, 2024.

e) Nominal interest rate: Fixed interest rate of 2.10%.

f) Repayment: Full repayment is due on the maturity date.

g) The interest is payable annually from the issue date.

2) TSKCB issued its first subordinated financial debenture on January 29, 2016, which was approved on December 22, 2015 under Rule No. 10400308600 issued by the Banking Bureau of the FSC. Details of the financial debenture issuance are summarized as follows:

a) Total approved principal: $3,000,000 thousand.

b) Principal issued: $3,000,000 thousand.

c) Denomination: $10,000 thousand, issued at par.

d) Period: Debenture I - 7 years, with maturity on January 29, 2023. Debenture II - 10 years, with maturity on January 29, 2026.

e) Nominal interest rate: Debenture I - $800,000 thousand at fixed interest rate of 1.60%. Debenture II - $2,200,000 thousand at fixed interest rate of 1.80%.

f) Repayment: Full repayment is due on the maturity date.

g) The interest is payable annually from the issue date.

3) TSKCB issued its first non-cumulative subordinated financial debenture on March 30, 2018, which was approved under Rule No. 10600186530 issued by the Banking Bureau of the FSC on August 7, 2017. Details of the financial debenture issuance are summarized as follows:

a) Approved principal for issue: $2,500,000 thousand.

b) Principal issued: $2,500,000 thousand.

c) Denomination: $10,000 thousand, issued at par.

d) Period: No due date.

e) Nominal interest rate: Fixed interest rate of 3.40%.

f) Early redemption rights: After 5 years and 3 months from the issue date, if the Bank’s capital adequacy ratio after redemption meets the minimum requirement of the authorities and the authorities approve the application of the Bank, the Bank may redeem the debentures in advance at face value plus interest accrued.

g) The interest is payable annually from the issue date.

4) TSKCB issued its second subordinated financial debenture on June 28, 2018, which was approved under Rule No. 10600186530 issued by the Banking Bureau of the FSC on August 7, 2017. Details of the financial debenture issuance are summarized as follows:

   a) Approved principal for issue: $2,500,000 thousand.

   b) Principal issued: $2,500,000 thousand.

   c) Denomination: $10,000 thousand, issued at par.

   d) Period: 10 years, maturity on June 28, 2028.

   e) Nominal interest rate: Fixed interest rate of 1.62%.

   f) Repayment: The financial debenture will be repaid in full on the maturity date.

   g) The interest is payable annually from the issue date.

5) TSKCB issued its first non-cumulative subordinated financial debenture on June 21, 2019, which was approved under Rule No. 10802068560 issued by the Banking Bureau of the FSC on May 1, 2019. Details of the financial debenture issuance are summarized as follows:

   a) Approved principal for issue: $6,500,000 thousand.

   b) Principal issued: $4,500,000 thousand.

   c) Denomination: $10,000 thousand, issued at par.

   d) Period: No due date.

   e) Nominal interest rate: Fixed interest rate of 2.20%.

   f) Early redemption rights: After 5 years and 3 months from the issue date, if the Bank's capital adequacy ratio after redemption meets the minimum requirement of the authorities and the authorities approve the application of the Bank, the Bank may redeem the debentures in advance.

   g) The interest is payable annually from the issue date.

6) TSKCB issued its first non-cumulative subordinated financial debenture on June 23, 2020, which was approved under Rule No. 1090209311 issued by the Banking Bureau of the FSC on April 30, 2020. Details of the financial debenture issuance are summarized as follows:

   a) Approved principal for issue: $3,000,000 thousand.

   b) Principal issued: $3,000,000 thousand.

   c) Denomination: $10,000 thousand, issued at par.

   d) Period: No due date.

   e) Nominal interest rate: Fixed interest rate of 1.70%.

f) Early redemption rights: After 5 years and 3 months from the issue date, if the Bank's capital adequacy ratio after redemption meets the minimum requirement of the authorities and the authorities approve the application of the Bank, the Bank may redeem the debentures in advance at face value plus interest accrued.

g) The interest is payable annually from the issue date.

7) TSKCB issued its second non-cumulative subordinated financial debenture on December 16, 2020, which was approved under Rule No. 1090228036 issued by the Banking Bureau of the FSC on October 28, 2020. Details of the financial debenture issuance are summarized as follows:

a) Approved principal for issue: $5,000,000 thousand.

b) Principal issued: $3,000,000 thousand.

c) Denomination: $10,000 thousand, issued at par.

d) Period: No due date.

e) Nominal interest rate: Fixed interest rate of 1.70%.

f) Early redemption rights: After 5 years and 3 months from the issue date, if the Bank's capital adequacy ratio after redemption meets the minimum requirement of the authorities and the authorities approve the application of the Bank, the Bank may redeem the debentures in advance at face value plus interest accrued.

g) The interest is payable annually from the issue date.

8) TSKCB issued its third non-cumulative subordinated financial debenture on December 23, 2020, which was approved under Rule No. 1090228036 issued by the Banking Bureau of the FSC on October 28, 2020. Details of the financial debenture issuance are summarized as follows:

a) Approved principal for issue: $5,000,000 thousand.

b) Principal issued: $2,000,000 thousand.

c) Denomination: $10,000 thousand, issued at par.

d) Period: 10 years, with maturity on December 23, 2030.

e) Nominal interest rate: Fixed interest rate of 0.75%.

f) Repayment: The financial debenture will be repaid in full on the maturity date.

g) The interest is payable annually from the issue date.

9) TSKCB issued its first non-cumulative subordinated financial debenture on June 23, 2021, which was approved under Rule No. 1100209942 issued by the Banking Bureau of the FSC on May 6, 2021. Details of the financial debenture issuance are summarized as follows:

a) Approved principal for issue: $1,000,000 thousand.

b) Principal issued: $1,000,000 thousand.

c) Denomination: $10,000 thousand, issued at par.

d) Period: 5 years, with maturity on June 23, 2026.

e) Nominal interest rate: Fixed interest rate of 0.50%.

f) Repayment: The financial debenture will be repaid in full on the maturity date.

g) The interest is paid annually from the issue date.

10) TSKCB issued its first non-cumulative subordinated financial debenture on July 27, 2022, which were approved under Rule No. 1110211371 issued by the Banking Bureau of the FSC on May 24, 2022. Details of the financial debenture issuance are summarized as follows:

a) Approved principal for issue: $5,000,000 thousand.

b) Principal issued: $2,800,000 thousand.

c) Denomination: $10,000 thousand, issued at par.

d) Period: No due date.

e) Nominal interest rate: Fixed interest rate of 3.50%.

f) Early redemption rights: After 5 years and 3 months from the issue date, if the Bank's capital adequacy ratio after redemption meets the minimum requirement of the authorities and the authorities approve the application of the Bank, the Bank may redeem the debentures in advance at face value plus interest accrued.

g) The interest is paid annually from the issue date.

11) TSKCB issued its first non-cumulative subordinated financial debenture on April 17, 2023, which were approved under Rule No. 1110211371 issued by the Banking Bureau of the FSC on May 24, 2022. Details of the financial debenture issuance are summarized as follows:

a) Approved principal for issue: $5,000,000 thousand.

b) Principal issued: $2,200,000 thousand.

c) Denomination: $10,000 thousand, issued at par.

d) Period: No due date.

e) Nominal interest rate: Fixed interest rate of 4.00%.

f) Early redemption rights: After 5 years and 3 months from the issue date, if the Bank's capital adequacy ratio after redemption meets the minimum requirement of the authorities and the authorities approve the application of the Bank, the Bank may redeem the debentures in advance at face value plus interest accrued.

g) The interest is paid annually from the issue date.

b. Bonds payable

	December 31	
	2023	2022
Domestic cumulative subordinated corporate bond of 2012 without maturity date - first issue	$ 5,000,000	$ 5,000,000
Domestic cumulative subordinated corporate bond of 2016 without maturity date - first issue	13,000,000	13,000,000
Domestic cumulative subordinated corporate bond of 2018 without maturity date - first issue	6,000,000	6,000,000
Domestic unsecured cumulative subordinated corporate bond of 2023 - first issue	13,000,000	-
Domestic unsecured convertible bond - fifth issue	-	4,999,300
Domestic unsecured convertible bond - sixth issue	4,999,200	-
Domestic unsecured corporate bond of 2020 - first issue	3,000,000	3,000,000
Domestic unsecured corporate bond of 2022 - first issue	5,000,000	5,000,000
	49,999,200	36,999,300
Less: Unamortized discount on domestic unsecured convertible bond - fifth issue	-	(48,611)
Unamortized discount on domestic unsecured convertible bond - sixth issue	(346,257)	-
Due in one year	-	(4,950,689)
	$ 49,652,943	$ 32,000,000

1) SKLIC issued its first domestic cumulative subordinated corporate bond without maturity on December 10, 2012 which was approved under Rule No. 10102908010 issued by the Insurance Bureau of the FSC and Rule No. 1010051395 issued by the FSC. Details of the bond payable issuance are summarized as follows:

   a) Principal issued: $5,000,000 thousand.

   b) Denomination and issue price: $1,000 thousand each, issued at par.

   c) Period: Without maturity date.

   d) Nominal interest rate: There is a fixed interest rate of 3.35% from the issue date to the tenth year; if not redeemed by the Company, the fixed interest rate will be adjusted to 4.35% on the day following the bond's issue date to the tenth year.

   e) The interest is paid annually from the issue date.

   f) Early redemption right: Within 10 years from the issue date, at which time the condition of expiry is met, if SKLIC's Capital Adequacy Ratio after redemption is two times more than the minimum Capital Adequacy Ratio required by the authorities' regulation, SKLIC is able to proceed with early redemption of each bond at par value plus accrued interest after the approval by the relevant authorities. SKLIC can redeem such bonds quarterly.

   g) Bonds form: Incorporeally issued.

2) SKLIC issued its first domestic cumulative subordinate corporate bond without maturity on October 31, 2016 which was approved under Rule No. 10502911780 issued by the Insurance Bureau of the FSC and Rule No. 10500291131 issued by the Taipei Exchange. Details of the bond payable issuance are summarized as follows:

   a) Principal issued: $13,000,000 thousand.

   b) Denomination and issue price: $1,000 thousand each, issued at par.

   c) Period: Without maturity date.

   d) Early redemption right: Within 10 years from the issue date, at which time the condition of expiry is met, if SKLIC's Capital Adequacy Ratio after redemption is two times more than the minimum Capital Adequacy Ratio required by the authorities' regulation, SKLIC is able to proceed with early redemption of each bond at par value plus accrued interest after the approval by the relevant authorities.

   e) Nominal interest rate: There is a fixed interest rate of 3.80% from the issue date to the tenth year; if not redeemed by the Company, 1% will be added to the fixed interest rate on the day following the bond's issue date to the tenth year.

   f) The interest is paid annually from the issue date.

   g) Bonds form: Incorporeally issued.

3) SKLIC issued its first domestic cumulative subordinate corporate bond without maturity on June 29, 2018, which was approved under Rule No. 10704276590 issued by the Insurance Bureau of the FSC and Rule No. 10700153821 issued by the Taipei Exchange. Details of the bond payable issuance are summarized as follows:

   a) Principal issued: $6,000,000 thousand.

   b) Denomination and issue price: $1,000 thousand each, issued at par.

   c) Period: Without maturity date.

   d) Early redemption rights: Within 10 years from the issue date, at which time the conditions of expiry are met, if SKLIC's Capital Adequacy Ratio after redemption is two times more than the minimum Capital Adequacy Ratio required by the authorities, SKLIC can proceed with early redemption of each bond at par value plus accrued interest after approval by the relevant authorities.

   e) Nominal interest rate: There is a fixed interest rate of 3.50% from the issue date to the tenth year; if not redeemed by the Company, 1% will be added to the fixed interest rate on the day following the bond's issue date to the tenth year.

   f) The interest is paid annually from the issue date.

   g) Bond format: Incorporeally issued.

4) The Company issued its fifth domestic unsecured convertible bonds on December 17, 2018, which was approved under Rule No. 1070342950 issued by the FSC. Details of the bond payable issuance are summarized as follows:

   a) Principal issued: $5,000,000 thousand.

b) Denomination and issue price: $100 thousand each, issued at 100.1% of par.

c) Nominal interest rate: 0%.

d) Period: 5 years, from December 17, 2018 to December 17, 2023.

e) Redemption at the Company's option:

i. Redemption at maturity:

Unless previously redeemed, converted, or canceled, SKFHC will redeem each bond at par value.

ii. Redemption before maturity:

At any time after three months of the issue date until the 40th day before the maturity date, the Company may redeem all the bonds at par value if the closing price for 30 consecutive trading days exceeds 30% of the conversion price.

At any time after three months of the issue date until the 40th day before the maturity date, the Company may redeem all the bonds at par value if the unredeemed bonds are less than $500,000 thousand (10% of original principal issued).

f) Redemption at the bondholders' option:

The bondholders may request SKFHC to redeem their bonds at par value in cash after three years from the issue date.

g) Conversion method:

i. Conversion period:

Any time after three months of the issue date until the maturity date.

ii. Conversion price:

The conversion premium rate is 110% multiplied by the standard price, which is the simple arithmetic average calculated at the closing price of one, three or five business days before the date of deciding the conversion price. The conversion price was NT$11.06 per share.

iii. Adjustment to conversion price:

i) The conversion price is adjusted in accordance with the rules of anti-dilution (ex-right, ex-dividend and ordinary shares issued for cash, etc.).

ii) The conversion price is revised downwards when SKFHC carries out the offering, issuing, or private placement of securities with the option for conversion of ordinary shares or warranty or grants entitlement to ordinary shares (not for capital increase for cash); the conversion price is not adjusted upwards. As of December 31, 2022, the bond conversion price was NT$9.27 per share, respectively.

h) SKFHC separated the conversion, put and call options from the host liabilities and recorded them as equity (refer to Note 33 for the details) and liability components. The components were recognized as embedded derivatives and non-derivative liabilities. As of December 31, 2022, the fair value of the embedded derivatives was $0 thousand and the net value of non-derivative bonds payable, which was measured at amortized cost, was $4,950,689 thousand.

i) For the years ended December 31, 2022, SKFHC recognized the amortization of discount on bonds of $50,052 thousand and the valuation loss of $1,500 thousand on financial assets under interest expense and valuation gains or losses on financial assets and liabilities at FVTPL for the issued fifth unsecured convertible bonds.

5) The Company issued its sixth domestic unsecured convertible bonds on May 12, 2023, which was approved under Rule No. 1120338941 issued by the FSC. Details of the bond payable issuance are summarized as follows:

a) Principal issued: $4,999,300 thousand.

b) Denomination and issue price: $100 thousand each, issued at 100% of par.

c) Nominal interest rate: 0%.

d) Period: 5 years, from May 12, 2023 to May 12, 2028.

e) Redemption at the Company's option:

i. Redemption at maturity:

Unless previously redeemed, converted, or canceled, SKFHC will redeem each bond at par value.

ii. Redemption before maturity:

At any time after three months of the issue date until the 40th day before the maturity date, the Company may redeem all the bonds at par value if the closing price for 30 consecutive trading days exceeds 30% of the conversion price.

At any time after three months of the issue date until the 40th day before the maturity date, the Company may redeem all the bonds at par value if the unredeemed bonds are less than $499,930 thousand (10% of original principal issued).

f) Redemption at the bondholders' option:

The bondholders may request SKFHC to redeem their bonds at par value in cash after three years from the issue date.

g) Conversion method:

i. Conversion period:

Any time after three months of the issue date until the maturity date.

ii. Conversion price:

The conversion premium rate is 110% multiplied by the standard price, which is the simple arithmetic average calculated at the closing price of one, three or five business days before the date of deciding the conversion price. The conversion price was NT$9.26 per share.

iii. Adjustment to conversion price:

i) The conversion price is adjusted in accordance with the rules of anti-dilution (ex-right, ex-dividend and ordinary shares issued for cash, etc.).

ii) The conversion price is revised downwards when SKFHC carries out the offering, issuing, or private placement of securities with the option for conversion of ordinary shares or warranty or grants entitlement to ordinary shares (not for capital increase for cash); the conversion price is not adjusted upwards. As of December 31, 2023, the bond conversion price was NT$9.26 per share, respectively.

h) SKFHC separated the conversion, put and call options from the host liabilities and recorded them as equity (refer to Note 33 for the details) and liability components. The components were recognized as embedded derivatives and non-derivative liabilities. As of December 31, 2023, the fair value of the embedded derivatives was $(33,995) thousand and the net value of non-derivative bonds payable, which was measured at amortized cost, was $4,652,943 thousand.

i) For the year ended December 31, 2023, SKFHC recognized the amortization of discount on bonds of $48,606 thousand and the valuation gain of $14,498 thousand on financial liabilities under interest expense and valuation gains or losses on financial assets and liabilities at FVTPL for the issued sixth unsecured convertible bonds.

j) As of December 31, 2023, the sixth domestic unsecured convertible bonds issued by SKFHC had been converted to $107 thousand.

6) SKFHC issued the first domestic unsecured corporate bonds on May 27, 2020, which was approved by Rule No. 10900043761 issued by the FSC. Details of the bond payable issuance were summarized as follows:

a) Principal issued: $3,000,000 thousand.

b) Denomination and issue price: $1,000 thousand each, issued at par.

c) Period: 5 years, from May 27, 2020 to May 26, 2025.

d) Repayment: On maturity.

e) Nominal interest rate: 0.82%.

f) Interest is paid annually from the issue date.

g) Bonds form: Incorporeally issued.

7) SKLIC issued its first unsecured corporate bonds on April 12, 2022, which approved by No. 11100012571 of Taipei Exchange. Key terms and conditions are as follows:

a) Issue amount: Total issue amount of $5,000,000 thousand.

b) Principal amount and issue price: The face value is $1,000 thousand each, and is issued at par.

c) Years to maturity: Five-year term, from April 12, 2022 to April 12, 2027.

d) Repayment term: The bonds are redeemed at the maturity date.

e) Coupon rate: 0.90%

f) Terms of interest payments: The interest payments are calculated and paid at coupon rate every year from the issue date.

g) Form of bonds: Book-entry securities.

8) SKLIC issued its first domestic unsecured cumulative subordinate corporate bond on October 26, 2023 which was approved under Rule No. 1120435047 issued by the Insurance Bureau of the FSC and Rule No. 11200101411 issued by the Taipei Exchange. Details of the bond payable issuance are summarized as follows:

a) Principal issued: $13,000,000 thousand.

b) Denomination and issue price: $1,000 thousand each, issued at par.

c) Years to maturity: Ten-year term, from October 26, 2023 to October 26, 2033.

d) Repayment term: The bonds are redeemed at the maturity date.

e) Coupon rate: 4.00%.

f) The interest is paid annually from the issue date.

g) Bonds form: Incorporeally issued.

28. OTHER LOANS

	December 31			
	2023		2022	
	Interest Rate %	Ending Balance	Interest Rate %	Ending Balance
Unsecured loans	1.72-5.88	$ 2,041,898	1.50-5.23	$ 3,324,591
Secured loans	1.73	180,000		-
		$ 2,221,898		$ 3,324,591

As of December 31, 2022, the Company provided 42,000 thousand shares of SKLIC for credit line. SKFHC declared the cancellation of all amounts of guaranteed loans on June 2, 2023.

Refer to Note 41 for information on pledged assets.

29. PROVISIONS

	December 31	
	2023	2022
Net defined benefit liabilities	$ 474,668	$ 418,307
Other employee benefit liabilities	104,619	131,411
	$ 579,287	$ 549,718

The retirement expense recognized under defined benefit plans is calculated using the determined discount rates as of December 31, 2023 and 2022 and are as follows:

	For the Year Ended December 31	
	2023	2022
Employee benefits expense	$ (36,402)	$ 17,138

a. Defined contribution plans

The Company and its domestic subsidiaries adopted a pension plan under the Labor Pension Act LPA, which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employees of subsidiaries in China are members of a state-managed retirement benefit plan operated by the government of China. The subsidiary is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

b. Defined benefit plans

The defined benefit plan adopted by the Group in accordance with the Labor Standards Law is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Group contributes proportional amount of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Group has no right to influence the investment policy and strategy. Also, SKLIC contributes another account for pension fund, and established the Committee of Pension Trust Fund to manage said it.

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	$ 5,730,411	$ 6,053,964
Fair value of plan assets	(10,183,834)	(10,291,940)
Net defined benefit (assets) liabilities	$ (4,453,423)	$ (4,237,976)
Defined benefit assets (Note 22)	$ 4,928,091	$ 4,656,283
Defined benefit liabilities	$ 474,668	$ 418,307

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

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2022	$ 7,275,137	$ (10,395,684)	$ (3,120,547)
Service cost			
Current service cost	48,068	-	48,068
Past service cost	-	-	-
Net interest expense (income)	51,430	(82,360)	(30,930)
Recognized in profit or loss	99,498	(82,360)	17,138
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	80,180	80,180
Actuarial loss - changes in demographic assumptions	32,346	-	32,346
Actuarial loss - changes in financial assumptions	(360,861)	-	(360,861)
Actuarial loss - experience adjustments	(122,639)	-	(122,639)
Recognized in other comprehensive income	(451,154)	80,180	(370,974)
Contributions from the employer	-	(752,609)	(752,609)
Benefits paid	(862,679)	858,533	(4,146)
Others	(6,838)	-	(6,838)
Balance at December 31, 2022	6,053,964	(10,291,940)	(4,237,976)
Service cost			
Current service cost	39,564	-	39,564
Past service cost	5,053	-	5,053
Net interest expense (income)	104,073	(185,092)	(81,019)
Recognized in profit or loss	148,690	(185,092)	(36,402)
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(106,616)	(106,616)
Actuarial loss - changes in demographic assumptions	(333)	-	(333)
Actuarial loss - changes in financial assumptions	83,562	-	83,562
Actuarial loss - experience adjustments	101,648	-	101,648
Recognized in other comprehensive income	184,877	(106,616)	78,261
Contributions from the employer	-	(245,452)	(245,452)
Benefits paid	(655,836)	649,520	(6,316)
Others	(1,284)	(4,254)	(5,538)
Balance at December 31, 2023	$ 5,730,411	$ (10,183,834)	$ (4,453,423)

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 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.

4) Changes in demographic assumptions risk: The present value of the defined benefit obligation is calculated by reference to the turnover rate of plan participants. As such, a decrease in the turnover rate 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:

Measurement Date	**Discount Rate**	**Expected Rate of Salary Increase**
December 31, 2023		
SKLIC	1.84%	1.39%-3.18%
SKLRESC	1.25%	2.00%
SKITC	1.30%	2.75%
MLSC	1.21%	1.50%
TSKCB	1.25%	3.00%
SKMC	1.13%	2.25%
December 31, 2022		
SKLIC	1.91%	0.40%-3.20%
SKLRESC	1.38%	2.00%
SKITC	1.40%	2.75%
MLSC	1.40%	1.50%
TSKCB	1.50%	3.00%
SKMC	1.13%	2.25%

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

	December 31	
	2023	**2022**
Discount rate(s)		
0.5% increase	$ (190,099)	$ (204,380)
0.5% decrease	$ 200,781	$ 216,152
Expected rate(s) of salary increase		
0.5% increase	$ 201,242	$ 217,543
0.5% decrease	$ (192,430)	$ (207,743)

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	$ 142,115	$ 151,787
The average duration of the defined benefit obligation	1-10 years	1-11 years

Shares and bonds of the consolidated entities, affiliates, and related parties held by the pension trust fund in the custody of the Committee of Pension Trust Funds were summarized as follows:

Unit: Share/Units

Name	Category	December 31 2023	December 31 2022
Shares			
SKFHC	Listed shares	104,495,260	104,495,260
SKFHC	Preference Shares A	391,000	391,000
SKFHC	Preference Shares B	21,312,364	21,312,364
Taiwan Shin Kong Security Co., Ltd.	Listed shares	7,720,001	7,720,001
Shinhai Gas Corporation	Listed shares	3,404,636	3,404,636
		137,323,261	137,323,261
Beneficiary certificates			
SKITC	Shin Kong Fu-Kuei Fund	865,423	865,423
SKITC	Shin Kong Innovative Technology Fund	908,258	1,816,515
SKITC	Shin Kong Chi-Shin Money Market Fund	6,305,011	15,994,165
SKITC	Shin Kong TIP Taiwan Semiconductor 30 ETF	1,900,000	3,400,000
SKITC	Shin Kong's four-year investment in U.S. Equity Fund	3,000,000	-
SKITC	Shin Kong Global Multi Asset Fund	2,944,959	-
		15,923,651	22,076,103
Corporate bonds			
SKLIC	Cumulative subordinate corporate bond of 2012 without maturity date	130 units	130 units
SKLIC	Cumulative subordinate corporate bond of 2016 without maturity date	700 units	700 units
SKLIC	Cumulative subordinate corporate bond of 2018 without maturity date	300 units	300 units

30. INSURANCE PRODUCTS - SEPARATE ACCOUNTS

The related account balances are summarized as follows:

	December 31	
	2023	2022
Separate account assets		
Beneficiary certificates	$ 51,770,999	$ 36,872,642
Bonds	78	1,446,122
Accounts receivable	69,375	184,375
Bank deposits	29,874	37,984
	$ 51,870,326	$ 38,541,123
Separate account liabilities		
Reserves	$ 32,727,912	$ 30,331,081
Accounts payable	36,860	55,000
Investment contracts	19,105,554	8,155,042
	$ 51,870,326	$ 38,541,123

	For the Year Ended December 31	
	2023	2022
Income on insurance products - separate-accounts		
Premium income	$ 4,035,200	$ 4,888,377
Gain and loss on fair value change of financial assets and liabilities designated as at FVTPL	3,746,751	(6,925,118)
Exchange gain and loss	36,236	2,402,561
Interest income and fund distributions	904,273	927,397
Other gains	24,221	8,069
	$ 8,746,681	$ 1,301,286
Disbursement on insurance products - separate-account		
Insurance claims and payment	$ 1,084,935	$ 1,285,227
Cash surrender value	4,048,847	5,720,478
Net change in insurance reserves - insurance contract	2,390,128	(6,934,183)
Payment of maintenance fee	1,222,771	1,229,764
	$ 8,746,681	$ 1,301,286

For the years ended December 31, 2023 and 2022, SKLIC managed separate-accounts and received sales rebates of $63,275 thousand and $66,327 thousand from dealers, respectively, as processing fee income and commission income.

31. OTHER PAYABLES

	December 31	
	2023	2022
Payable of transactions on securities	$ 222,099	$ 311,389
Forward contracts payable	6,635	5,200
Settlement accounts payable	24,455,421	13,893,104
Payable of check clearing	2,143,877	2,138,459
Bank acceptance bill	172,942	555,433
Trust fund payable	74,425	47,948
Interest and dividend payable	5,606	5,596
Payable for short-sale transactions	1,499,965	2,060,630
Payable for insurance payment	195,240	216,928
Collection payable	450,521	575,239
Commissions payable	597,583	529,193
Other payable - franchise	81,285	78,853
Others	4,384,699	4,860,177
	$ 34,290,298	$ 25,278,149

32. INSURANCE LIABILITY RESERVES

	December 31	
	2023	2022
Reserve for unearned premiums	$ 10,963,732	$ 9,960,801
Reserve for claim payments	4,042,526	3,574,186
Reserve for life insurance liability	3,254,410,930	3,245,279,730
Special reserve for life insurance	5,339,027	5,704,354
Reserve for insufficient premiums	1,054,695	1,415,228
Reserve for insurance contract with the nature of financial products	70,849	20,964
Reserve for change in foreign exchange valuation (Note 49)	13,218,699	27,341,617
	$ 3,289,100,458	$ 3,293,296,880

Net changes of insurance liability reserves were as follows:

	For the Year Ended December 31	
	2023	2022
Provision of reserve for life insurance liability	$ (7,511,174)	$ (67,876,603)
Recovery of special reserve for life insurance	389,236	(119,918)
Recovery of reserve for claim payments	(468,466)	(262,356)
Recovery of reserve for insufficient premiums	363,415	386,666
Provision for insurance contract with the nature of financial products	(50,080)	(13,745)
	(7,277,069)	(67,885,956)
Provision of reserve for unearned premiums (Note 36)	(1,103,003)	(239,548)
(Provision) recovery of reserve for change in foreign exchange valuation (Note 36)	14,122,918	(24,642,188)
	$ 5,742,846	$ (92,767,692)

a. Insurance liabilities for insurance contracts and financial instruments with discretionary participation feature

As of December 31, 2023 and 2022, each category and movements of reserve for insurance contracts and financial instruments with discretionary participation feature of the Group were as follows:

1) Reserve for unearned premiums

	December 31					
	2023			2022		
	Insurance Contracts	Financial Instruments with Discretionary Participation Feature	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Feature	Total
Individual life insurance	$ 473	$ 8	$ 481	$ 626	$ 3	$ 629
Individual accident insurance	4,700,320	-	4,700,320	4,093,830	-	4,093,830
Individual health insurance	4,628,086	-	4,628,086	4,458,615	-	4,458,615
Group insurance	1,594,060	-	1,594,060	1,365,165	-	1,365,165
Investment type insurance	40,785	-	40,785	42,562	-	42,562
	10,963,724	8	10,963,732	9,960,798	3	9,960,801
Less: Ceded reserve for unearned premiums						
Individual life insurance	35,715	-	35,715	52,485	-	52,485
Individual accident insurance	2,586	-	2,586	2,958	-	2,958
Individual health insurance	97,258	-	97,258	180,304	-	180,304
Investment type insurance	165	-	165	-	-	-
Investment type insurance	66	-	66	77	-	77
	135,790	-	135,790	235,824	-	235,824
	$ 10,827,934	$ 8	$ 10,827,942	$ 9,724,974	$ 3	$ 9,724,977

Movements in reserve for unearned premiums were as follows:

	For the Year Ended December 31					
	2023			2022		
	Insurance Contracts	Financial Instruments with Discretionary Participation Feature	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Feature	Total
Balance, January 1	$ 9,960,798	$ 3	$ 9,960,801	$ 9,662,471	$ 5	$ 9,662,476
Provision	12,987,727	42	12,987,769	11,561,453	13	11,561,466
Recovery	(11,984,801)	(37)	(11,984,838)	(11,263,126)	(15)	(11,263,141)
Balance, December 31	10,963,724	8	10,963,732	9,960,798	3	9,960,801
Less: Ceded reserve for unearned premiums						
Balance, January 1, net	235,824	-	235,824	176,684	-	176,684
Increase	660,846	-	660,846	729,521	-	729,521
Decrease	(760,918)	-	(760,918)	(670,744)	-	(670,744)
Net exchange differences	38	-	38	363	-	363
Balance, December 31	135,790	-	135,790	235,824	-	235,824
Balance, December 31, net	$ 10,827,934	$ 8	$ 10,827,942	$ 9,724,974	$ 3	$ 9,724,977

2) Reserve for claim payments

	December 31					
	2023			2022		
	Insurance Contracts	Financial Instruments with Discretionary Participation Feature	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Feature	Total
Individual life insurance						
Reported but not paid	$ 239,580	$ -	$ 239,580	$ 326,853	$ -	$ 326,853
Incurred but not reported	5,254	3	5,257	5,372	1	5,373
Individual accident insurance						
Reported but not paid	111,142	-	111,142	99,732	-	99,732
Incurred but not reported	1,132,924	-	1,132,924	1,041,746	-	1,041,746
Individual health insurance						
Reported but not paid	96,782	-	96,782	69,075	-	69,075
Incurred but not reported	1,625,844	-	1,625,844	1,396,232	-	1,396,232
Group insurance						
Reported but not paid	39,636	-	39,636	13,752	-	13,752
Incurred but not reported	735,837	-	735,837	569,912	-	569,912
Investment type insurance						
Reported but not paid	55,524	-	55,524	51,511	-	51,511
	4,042,523	3	4,042,526	3,574,185	1	3,574,186
Less: Ceded reserve for claim payments	-	-	-	-	-	-
	$ 4,042,523	$ 3	$ 4,042,526	$ 3,574,185	$ 1	$ 3,574,186

Movements in reserve for claim payments were as follows:

	For the Year Ended December 31					
	2023			2022		
	Insurance Contracts	Financial Instruments with Discretionary Participation Feature	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Feature	Total
Balance, January 1	$ 3,574,185	$ 1	$ 3,574,186	$ 3,305,802	$ 2	$ 3,305,804
Provision	4,939,562	2,930	4,942,492	4,270,237	2,936	4,273,173
Recovery	(4,471,098)	(2,928)	(4,474,026)	(4,007,880)	(2,937)	(4,010,817)
Net exchange differences	(126)	-	(126)	6,026	-	6,026
Balance, December 31	4,042,523	3	4,042,526	3,574,185	1	3,574,186
Less: Ceded reserve for claim payments	-	-	-	-	-	-
Balance, December 31, net	$ 4,042,523	$ 3	$ 4,042,526	$ 3,574,185	$ 1	$ 3,574,186

3) Reserve for life insurance liability

	December 31					
	2023			2022		
	Insurance Contracts	Financial Instruments with Discretionary Participation Feature	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Feature	Total
Life insurance	$ 2,892,689,067	$ 4,518,837	$ 2,897,207,904	$ 2,903,160,833	$ 4,654,503	$ 2,907,815,336
Health insurance	327,873,705	-	327,873,705	305,988,091	-	305,988,091
Annuity insurance	318,199	16,131,255	16,449,454	339,156	18,318,878	18,658,034
Investment type insurance	28,924	-	28,924	25,169	-	25,169
	3,220,909,895	20,650,092	3,241,559,987	3,209,513,249	22,973,381	3,232,486,630
Less: Ceded reserve for life insurance liability	-	-	-	-	-	-
	$ 3,220,909,895	$ 20,650,092	$ 3,241,559,987	$ 3,209,513,249	$ 22,973,381	$ 3,232,486,630

Reserve for life insurance liability plus "Reserve for life insurance - pending payments to insured" were $3,254,410,930 thousand and $3,245,279,730 thousand on December 31, 2023 and 2022, respectively.

Movements in reserve for life insurance liability were as follows:

	For the Year Ended December 31					
	2023			2022		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Balance, January 1	$ 3,209,513,249	$ 22,973,381	$ 3,232,486,630	$ 3,073,988,043	$ 26,572,602	$ 3,100,560,645
Provision	217,095,111	534,067	217,629,178	238,949,878	614,354	239,564,232
Recovery	(207,260,648)	(2,857,356)	(210,118,004)	(167,474,054)	(4,213,575)	(171,687,629)
Net exchange differences	1,562,183	-	1,562,183	64,049,382	-	64,049,382
Balance, December 31	3,220,909,895	20,650,092	3,241,559,987	3,209,513,249	22,973,381	3,232,486,630
Less: Ceded reserve for life insurance liability	-	-	-	-	-	-
Balance, December 31, net	$ 3,220,909,895	$ 20,650,092	$ 3,241,559,987	$ 3,209,513,249	$ 22,973,381	$ 3,232,486,630

Reserve for life insurance liability plus "Reserve for life insurance - pending payments to insured" were $3,254,410,930 thousand and $3,245,279,730 thousand for the years ended December 31, 2023 and 2022, respectively.

In order to conform to IFRS 17 and stabilize its financial structure, the Group starts calculating and recognizing the reserve for life insurance liabilities from the end of 2020 based on Article No. 9 of the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, Rule No. 1090420964 and Rule No. 1090423011 issued by the FSC. According to Rule No. 10904917647 issued by the FSC, the amount measured by the special reserve appropriated following adoption of the fair value model for investment properties is recovered and the retained earnings is increased, and the reserve for life insurance liability is recognized. This accounting treatment does not affect the distribution of surplus and undistributed surplus. The Group estimated that the reserve for life insurance liability at the end of 2020 would be about NT$12 billion, but will continue to be adjusted in accordance with the regulatory standards of the authorities and the Company's strategic assessment. Subsequent assessment of the amount is based on estimates made based on current information, and its assessment methods involve a number of important assumptions, which may be adjusted due to uncertainties such as the Company's actual experience and the market environment, which may change the assessment results.

4) Special reserve for life insurance

	December 31					
	2023			2022		
	Insurance Contracts	Effect of Transition to IFRSs	Total	Insurance Contracts	Effect of Transition to IFRSs	Total
Reserve for participating policy dividends	$ 1,364,067	$ -	$ 1,364,067	$ 1,729,394	$ -	$ 1,729,394
Surplus of fair value measurement of investment properties offset by the negative effect of transition to IFRSs	-	3,974,960	3,974,960	-	3,974,960	3,974,960
	$ 1,364,067	$ 3,974,960	$ 5,339,027	$ 1,729,394	$ 3,974,960	$ 5,704,354

Movements in special reserve for life insurance were as follows:

	For the Year Ended December 31					
	2023			2022		
	Insurance Contracts	Surplus of Fair Value Measurement of Investment Properties Offset by the Negative Effect of Transition to IFRSs	Total	Insurance Contracts	Surplus of Fair Value Measurement of Investment Properties Offset by the Negative Effect of Transition to IFRSs	Total
Balance, January 1	$ 1,729,394	$ 3,974,960	$ 5,704,354	$ 1,609,476	$ 3,974,960	$ 5,584,436
Provision of reserve for participating policy dividends	304,465	-	304,465	680,011	-	680,011
Recovery of reserve for participating policy dividends	(693,701)	-	(693,701)	(560,093)	-	(560,093)
Disposal of participating insurance policies through equity instruments measured by fair value in other comprehensive profit and loss	23,909	-	23,909	-	-	-
Balance, December 31	$ 1,364,067	$ 3,974,960	$ 5,339,027	$ 1,729,394	$ 3,974,960	$ 5,704,354

Note: The Group did not provide a special reserve for financial instruments with discretionary participation features.

5) Reserve for insufficient premiums

	December 31					
	2023			2022		
	Insurance Contracts	Financial Instruments with Discretionary Participation Feature	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Feature	Total
Individual life insurance	$ 906,153	$ -	$ 906,153	$ 1,279,738	$ -	$ 1,279,738
Individual health insurance	148,542	-	148,542	135,490	-	135,490
	1,054,695	-	1,054,695	1,415,228	-	1,415,228
Less: Ceded reserve for insufficient premiums	-	-	-	-	-	-
	$ 1,054,695	$ -	$ 1,054,695	$ 1,415,228	$ -	$ 1,415,228

Movements in reserve for insufficient premiums were as follows:

	For the Year Ended December 31					
	2023			2022		
	Insurance Contracts	Financial Instruments with Discretionary Participation Feature	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Feature	Total
Balance, January 1	$ 1,415,228	$ -	$ 1,415,228	$ 1,742,571	$ -	$ 1,742,571
Provision	100,748	-	100,748	131,329	-	131,329
Recovery	(464,163)	-	(464,163)	(517,995)	-	(517,995)
Net exchange differences	2,882	-	2,882	59,323	-	59,323
Balance, December 31	1,054,695	-	1,054,695	1,415,228	-	1,415,228
Less: Ceded reserve for insufficient premiums	-	-	-	-	-	-
Balance, December 31, net	$ 1,054,695	$ -	$ 1,054,695	$ 1,415,228	$ -	$ 1,415,228

6) Reserve for liability adequacy

	Insurance Contracts and Financial Instruments with Discretionary Participation Feature	
	December 31	
	2023	2022
Reserve for life insurance	$ 3,254,410,930	$ 3,245,279,730
Reserve for unearned premiums	10,963,732	9,960,801
Reserve for claim payments	4,042,526	3,574,186
Reserve for insufficient premiums	1,054,695	1,415,228
Special reserve for life insurance	6,859,980	7,225,307
	3,277,331,863	3,267,455,252
Less: Intangible assets	-	-
Book value of insurance obligation	$ 3,277,331,863	$ 3,267,455,252
Current estimates of cash flows	$ 2,974,110,546	$ 3,014,348,733
Balance of reserve for liability adequacy	$ -	$ -

As of December 31, 2023 and 2022, the Group was not required to provide reserve for liability adequacy after evaluation.

Method used in the liability adequacy test is shown as follows:

	December 31, 2023 and 2022
Test method	Total premium measurement method
Test groups	All insurance contracts as a whole
Assumptions	The assumption of discount rate of every year was based on the best estimate scenario as well as the rate of return on investment with current information

7) Reserve for insurance contract with the nature of financial products

The Group issued financial instruments with discretionary participation feature and appropriated reserve for insurance contract with the nature of financial products. As of December 31, 2023 and 2022, the balance and movements were as follows:

	December 31	
	2023	2022
Investment linked product	$ 70,849	$ 20,964

	For the Year Ended December 31	
	2023	2022
Balance, January 1	$ 20,964	$ 6,986
Provision	50,080	13,745
Net exchange differences	(195)	233
Balance, December 31	$ 70,849	$ 20,964

b. Net insurance premium income

	For the Year Ended December 31					
	2023			2022		
	Insurance Contracts	Financial Instruments with Discretionary Participation Feature	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Feature	Total
Gross written premiums	$ 153,804,538	$ 178,205	$ 153,982,743	$ 179,997,807	$ 205,841	$ 180,203,648
Reinsurance premiums	-	-	-	-	-	-
Total insurance income	153,804,538	178,205	153,982,743	179,997,807	205,841	180,203,648
Less: Reinsurance expenses	(1,795,941)	-	(1,795,941)	(1,736,069)	-	(1,736,069)
Net changes in reserve for unearned premiums	(1,102,998)	(5)	(1,103,003)	(239,550)	2	(239,548)
Net insurance premium income	$ 150,905,599	$ 178,200	$ 151,083,799	$ 178,022,188	$ 205,843	$ 178,228,031

c. Net insurance benefits and claims:

	For the Year Ended December 31					
	2023			2022		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Gross written insurance benefits and claims	$ 243,241,472	$ 3,004,256	$ 246,245,728	$ 200,547,456	$ 4,240,220	$ 204,787,676
Reinsurance claims	-	-	-	-	-	-
Insurance benefits and claims	$ 243,241,472	$ 3,004,256	$ 246,245,728	200,547,456	4,240,220	204,787,676
Less: Claims recovered from reinsurers	(863,013)	-	(863,013)	(811,008)	-	(811,008)
Net insurance benefits and claims	$ 242,378,459	$ 3,004,256	$ 245,382,715	$ 199,736,448	$ 4,240,220	$ 203,976,668

33. EQUITY

a. Share capital

	December 31	
	2023	2022
Shares authorized (in thousands of shares)	18,500,000	18,500,000
Shares authorized (in thousands)	$ 185,000,000	$ 185,000,000
Shares issued and fully paid (in thousands of shares)		
Ordinary shares	15,487,629	15,487,618
Preference shares	297,000	297,000
	15,784,629	15,784,618
Shares issued (in thousands)	$ 157,846,290	$ 157,846,182

Fully paid ordinary shares, which have a par value of $10, carry one vote per share and carry a right to dividends.

The bondholders of the convertible bonds issued by the Group requested the Group to convert their bonds to 11 thousand units and 64,614 thousand units of ordinary shares, respectively, as of December 31, 2023 and 2022.

Issuance of global depositary receipts

The Group issued 42,088 thousand units of Global Depositary Receipts (GDRs) in the amount of 1,052,200 thousand ordinary shares, where each GDR unit is equal to 25 ordinary shares. On February 25, 2022, the board of directors resolved to issue ordinary shares for cash to participate in the issuance of global depositary receipts. On April 22, 2022, the Group issued 49,120 thousand units of global depositary receipts on the Luxembourg Stock Exchange, with 25 shares of the Group's ordinary shares per unit, for a total of 1,228,000 thousand shares of ordinary shares at $8.15 per unit amounting to a total of US$400,328 thousand. Employees subscribed for 49,039 thousand shares of ordinary shares at a price of $9.52 per share. As of December 31, 2023, the outstanding GDRs were 12 thousand units, equal to 289 thousand ordinary shares.

Issuance of Series A Preference Shares

1) The board of directors had approved the issuance of Series A Preference Shares on July 16, 2019. The Company issued 75,000 thousand preference shares with a par value of $10 per share issued at $45 per share. The capital injection was approved by the FSC on August 13, 2019. The subscription date was September 27, 2019. All issued shares were registered and recognized as equity. The rights and obligations of Series A Preference Shares issuance are listed as follows:

   a) 3.8% per annum for Series A Preference Shares (7-year IRS 0.72%+3.08%) calculated pursuant to issue price per share. Interest rate per annum will be reset on the day after the 7th anniversary of the issue date ("Issue Date") and the day after each subsequent 7-year period hereafter. The pricing base date shall be the previous 1 business day for financial institutions in Taipei. Record date for interest reset shall be the previous 2 business day for financial institutions in Taipei. The 7-year IRS rate shall be the arithmetic mean of 7-year IRS quotations as published by Reuters, PYTWDFIX and COSMOS3 at 11:00 a.m. of the day of the pricing base date and reset record date (must be a business day for Taipei's financial institutions). If the above quotations cannot be obtained on reset record date, interest rate shall be decided by the issuer in good faith and taken into account of reasonable market rate.

   b) The Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside a legal reserve, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit shall be first be distributed as preference shares dividend.

   c) The Company has sole discretion to distribute dividend of the Preference Shares, including its discretion to not declare dividends when no profit is recorded, or insufficient profit is recorded for Preference Share dividends, or preference shares dividend distribution would render the Company's RBC ratio below the level required by law or competent authorities. The Company's cancellation of preference shares dividend distribution shall not be deemed an event of default. The Series A Preference Shares which were issued this time are non-cumulative. Undeclared or under-declared dividends are not cumulative, and are not paid in subsequent years with profit.

   d) Cannot participate in distribution of cash or share dividends to holders of ordinary shares from profit or additional paid-in capital.

   e) Holders of Series A Preference Shares shall have the same priority as holders of all subsequently issued Preference share in liquidation, which are prior to holders of ordinary shares but subordinated to general creditors, to the extent of the issuance amount.

   f) Holders of Series A Preference Shares have no voting right at the annual shareholders meeting, and cannot elect directors, but can be elected as directors. However, holders of Series A Preference Shares have voting rights at shareholders meeting of Preference Shares, and at annual shareholders meeting on items relating to rights of Preference Shares holders.

g) Holders of Series A Preference Shares cannot convert said preference shares to ordinary shares, and have no right to request the Company for redemption of Series A Preference Shares.

h) Through issuance of perpetual preference shares, on the day after the 7th anniversary of the Issue Date, the Company may redeem all or part of outstanding Preference Shares at issue price.

2) The board of directors had approved the issuance of Series B Preference Shares on February 25, 2020. The Company issued 222,000 thousand preference shares with a par value of $10 per share issued at $45 per share. The capital injection was approved by the FSC on March 20, 2020. The subscription date was September 1, 2020. All issued shares were registered and recognized as equity. The rights and obligations of Series B Preference Shares Issuance are listed as follows:

a) A 4.0% per annum for Series B Preference Shares (7-year IRS 0.68%+3.32%) was calculated pursuant to issue price per share. Interest rate per annum will be reset on the day after the 7th anniversary of the issue date ("Issue Date") and the day after each subsequent 7-year period hereafter. The pricing base date shall be the previous 1 business day for financial institutions in Taipei. The record date for interest reset shall be the previous 2 business days for financial institutions in Taipei. The 7-year IRS rate shall be the arithmetic mean of 7-year IRS quotations as published by Reuters, PYTWDFIX and COSMOS3 at 11:00 a.m. of the day of the pricing base date and reset record date (must be a business day for Taipei's financial institutions). If the above quotations cannot be obtained on reset record date, interest rate shall be decided by the issuer in good faith and taken into account of reasonable market rate.

b) Dividends for Series A Preference Shares are distributed once a year in cash. After shareholders' approval of the issuer's financial statements at its annual shareholders' meeting, the board of directors may set the record date for distribution of available dividends from the previous year. Dividend distribution for the years of issuance and redemption shall be calculated pursuant to the actual issued days of the given year.

c) Where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside a legal reserve, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit shall be first distributed as preference share dividend.

d) The Company has sole discretion to distribute dividends of the preference shares, including its discretion to not declare dividends when no profit is recorded, or insufficient profit is recorded for preference share dividends, or preference share dividend distribution would render the Company's RBC ratio below the level required by law or competent authorities. The Company's cancellation of preference share dividend distribution shall not be deemed an event of default. The Series B Preference Shares which were issued this time are non-cumulative. Undeclared or under-declared dividends are not cumulative and are not paid in subsequent years with profit.

e) Cannot participate in distribution of cash or share dividends to holders of ordinary shares from profit or additional paid-in capital.

f) Holders of Series B Preference Shares shall have the same priority as holders of all subsequently issued preference share in liquidation, which are prior to holders of ordinary shares but subordinated to general creditors, to the extent of the issuance amount.

g) Holders of Series B Preference Shares have no voting rights at the annual shareholders' meeting, and cannot elect directors, but can be elected as directors. However, holders of Series B Preference Shares have voting rights at shareholders' meeting of preference shares, and at annual shareholders' meeting on items relating to rights of preference shareholders.

h) Holders of Series B Preference Shares cannot convert the said preference shares to ordinary shares and have no right to request the Company for redemption of Series B Preference Shares.

i) Through issuance of perpetual preference shares, on the day after the 7th anniversary of the Issue Date, the Company may redeem all or part of outstanding preference shares at issue price. In the year when Series B Preference Shares is withdrawn, if the Company's shareholders resolved in the shareholders' meeting to issue dividends, the dividends that shall be paid up to the date of recovery are calculated based on the actual number of days from the issuance year.

j) When the Company issues new shares by increasing capital in cash, shareholders of Series B Preference Shares and ordinary shareholders have the same preference for new shares.

k) When dividends of Series B Preference Shares are distributed, the order of distribution shall be determined in accordance with the order in which the special shares are issued.

b. Capital surplus

1) Capital surplus comprised:

	December 31	
	2023	**2022**
Additional paid-in capital	$ 12,340,932	$ 12,340,940
Conversion option of convertible bonds	889,506	543,137
The difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	4,583,363	4,583,363
Others	810,113	809,355
	$ 18,623,914	$ 18,276,795

2) The source and utilization of additional paid-in capital were summarized as follows:

	December 31	
	2023	**2022**
From subsidiaries		
Capital surplus	$ 42,260	$ 42,260
Legal reserve	5,407,818	5,407,818
Special reserve	2,134,509	2,134,509
Retained earnings	1,207,446	1,207,446
	8,792,033	8,792,033
Total share capital of subsidiaries exceeding the Company's paid-in capital	2,584,153	2,584,153
	11,376,186	11,376,186
Changes after establishment of the Company		
Changes in long-term equity investments	(276,912)	(276,912)
Conversion of convertible bonds	7,062,642	7,062,650
Issuance of new shares and share conversions	25,907,319	25,907,319
Employee share options	1,136,385	1,136,385
Distribution of cash dividends	(2,445,185)	(2,445,185)
Retirement of treasury shares	(128,277)	(128,277)
Offset of accumulated deficit	(30,291,226)	(30,291,226)
	964,746	964,754
	$ 12,340,932	$ 12,340,940

3) The capital surplus recorded during the conversion of financial institution may be distributed as cash dividends according to the fourth paragraph of Article 47 of Financial Holding Company Act and other related requirements if not restricted by other regulations or may be transferred to capital in the year of conversion with the proportion of the transfer not limited by Article 72-1 of Regulations Governing the Offering and Issuance of Securities by Securities Issuers. The unrestricted retained earnings of the financial institution presents the remaining balance after the appropriation of legal reserve or special reserve as required by law.

c. Retained earnings and dividend policy

Under the dividends policy as set forth in the amended Articles, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside a legal reserve until the legal reserve equals the Company's paid-in capital, setting aside or reversing a special reserve in accordance with the laws and regulations, distribution of preference share dividends, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors and supervisors before and after amendment, refer to Note 38 (a) employee benefits expense.

In order for the Company to continue to expand its scale and increase profitability in line with its long-term financial strategy and future demand for capital, the Company adopted a dividend policy in framing a proposal for the distribution of annual earnings for the purpose of sustainable development, whereby ordinary share dividends, if declared, shall exceed 20% of distributable earnings for the year, and exceed 10% of the total dividends declared for the year.

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

The appropriations of earnings for 2022 and 2021 resolved in the shareholders' meetings on June 9, 2023 and May 27, 2022, respectively, were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2022	2021
Legal reserve	$ 243,628	$ 2,278,408
Special reserve (reversal) appropriated following adoption of fair value model to measure investment properties	(5,362,125)	1,533,200
Appropriated (reversal) of special reserve	46,311,845	(25,146)
Cash dividends	-	6,200,000
Share dividends	-	527,850

d. Special reserve comprised:

	December 31	
	2023	2022
Transferred special reserve from reserve for trading default and for trading loss (1)	$ 156,585	$ 156,585
Special reserve reclassified from liability (2)	3,377,273	3,377,273
Special reserve appropriated following first-time adoption of IFRSs (3)	4,235,624	4,768,004
Special reserve appropriated following adoption of fair value model to measure investment properties (4)	29,090,251	33,919,996
Special reserve appropriated following the difference between the book value and the market value of parent company's shares owned by subsidiary (5)	46,311,845	-
	$ 83,171,578	$ 42,221,858

1) Under Rule No. 10010000440, No. 09900738571 and No. 10000002891 issued by the FSC, the reserve for trading default and reserve for trading loss that had been provided before December 31, 2010 should be transferred to special reserve under shareholders' equity. TSKCB and MLSC transferred to special reserve $60,508 thousand (reserve for trading loss $72,902 thousand net of deferred tax asset $12,394 thousand and $291,852 thousand (reserve for trading default $282,811 thousand and reserve for trading loss $57,118 thousand net of deferred tax asset $48,077 thousand, respectively. The special reserve can be used only to offset a deficit or, when it has reached the amount of paid-in capital, up to 50% thereof may be transferred to paid-in capital. Under Rule No. 11202709871 issued by the FSC, the reserve for trading default and reserve for trading loss that had been provided should be transferred to a special reserve under shareholders' equity. A special reserve is required to be set off against the net decrease in other equity recorded in the current period.

2) According to the revised Regulations Governing Calculation of Various Reserves for Operations on February 7, 2012, SKLIC transferred the balance of special reserve for catastrophe and for contingent claim, net of tax, from liability to special reserve.

3) Special reserves appropriated following first-time adoption of IFRSs

   For the first-time adoption of IFRSs, 2013, the Company appropriated to special reserve the amounts that were the same as the unrealized revaluation increment, $4,812,157 thousand, cumulative translation differences, $124,142 thousand, and the increment of $20,398 thousand according to article No. 32 under Regulations Governing the Preparation of Financial Statements by Insurance Companies.

   Investment properties have been disposed of and the related special reserve had been reversed; thus, cumulative balance of special reserve was $721,073 thousand as of December 31, 2023.

4) Under Rule No. 10310000140 issued by the FSC, when first adopting the fair value model to measure investment properties, the Company should appropriate the same amount of special reserve as the increase of retained earnings due to the adoption of fair value model. Any special reserve appropriated may be reversed when the value of investment properties decreases or when they are disposed.

Under Rule No. 10904917647 issued by the FSC, SKLIC should appropriate the special surplus based on "subsequent measurement of the net after-tax impact of the first use of the fair value model" and the "net after-tax accumulated value-added benefits of changes in fair value in subsequent periods" as special surplus reserves for investment properties. The above-mentioned special surplus reserve can only be used as a follow-up supplement to a valid contract in accordance with IFRS 17 "Insurance Contracts", the fair value assessment of the effective insurance contract liabilities of the life insurance industry, and other evaluation methods specified by the FSC, to make up for insurance contract liabilities.

If there is a special surplus reserve listed in accordance with the aforementioned regulations to make up for the insurance contract liabilities upon subsequent disposal of the investment properties, the reserve can be reversed by the ratio of the original special surplus reserve, after being approved by the FSC.

5) Under Rule No. 1090150022 issued by the FSC, additional special reserves should be appropriated for the amount equal to the difference between net debit balance reserves and the special reserves appropriated on the first-time adoption of IFRSs. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and is thereafter distributed.

e. Other equity

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

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ (18,859,342)	$ (2,451,004)
Recognized for the year		
Unrealized gain (loss) - debt instruments	3,587,604	(5,229,619)
Unrealized gain (loss) - equity instruments	15,342,706	(12,264,156)
Income tax related to financial assets at FVTOCI	(1,507,855)	(267,778)
Net remeasurement of loss allowance	(4,237)	(22,298)
Share from joint ventures accounted for using the equity method	64,608	(13,644)
Reclassification adjustment		
Disposal of investments in debt instruments	(36,307)	1,009,254
Income tax related to disposal of investments in debt instruments	3,109	(185,973)
Other comprehensive income recognized for the period	17,449,628	(16,974,214)
Cumulative unrealized (loss) gain of equity instruments transferred to retained earnings due to disposal	(3,130,515)	532,857
Income tax related to disposal of investments in equity instruments	337,097	33,019
Balance at December 31	$ (4,203,132)	$ (18,859,342)

2) Gain on hedging instruments

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ 3,301	$ -
Recognized for the year		
Share from associates and joint ventures accounted for using the equity method	(1,234)	3,301
Other comprehensive income recognized for the period	(1,234)	3,301
Balance at December 31	$ 2,067	$ 3,301

3) Gains on property revaluation

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ 4,101,387	$ 2,672,828
Gains on property revaluation	1,165,042	1,760,992
Income taxes related to gains on property revaluation	(208,580)	(261,616)
Other comprehensive income recognized for the period	956,462	1,499,376
Transferred to retained earnings	(8,829)	(70,817)
Balance at December 31	$ 5,049,020	$ 4,101,387

f. Non-controlling interests

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ 408,641	$ 412,413
Attributable to non-controlling interests:		
Share of profit for the year	84,934	82,052
Unrealized gain or loss on financial assets at fair value through other comprehensive income	20,608	(22,906)
Income tax relating to unrealized gains and losses on financial assets at fair value through other comprehensive income	(4,122)	4,795
Remeasurement of defined benefit plan	(148)	2,727
Income tax related to remeasurement of defined benefit plan	30	(545)
Cash dividends of non-controlling interests	(76,962)	(69,965)
Share-based payment of transactions	-	70
Balance at December 31	$ 432,981	$ 408,641

34. EARNINGS (LOSS) PER SHARE

Unit: Per Share

	For the Year Ended December 31	
	2023	2022
Basic (loss) EPS	$ (0.48)	$ 0.10
Diluted (loss) EPS	$ (0.48)	$ 0.10

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

Net Profit (Loss) for the Year

	For the Year Ended December 31	
	2023	**2022**
(Loss) profit for the year attributable to owners of the Company	$ (7,409,239)	$ 2,086,636
Less: Dividends on preference shares	-	527,850
(Loss) earnings used in the computation of basic (loss) earnings per share	(7,409,239)	1,558,786
(Loss) earnings used in the computation of basic (loss) earnings per share		
Convertible bonds	-	-
(Loss) earnings used in the computation of diluted earnings per share	$ (7,409,239)	$ 1,558,786

Weighted average number of ordinary shares outstanding (in thousands of shares):

	For the Year Ended December 31	
	2023	**2022**
Weighted average number of ordinary shares used in the computation of basic (loss) earnings per share	15,487,622	15,086,800
Effect of potentially dilutive ordinary shares:		
Convertible bonds	-	-
Employees' compensation	-	204
Weighted average number of ordinary shares used in the computation of diluted (loss) earnings per share	15,487,622	15,087,004

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

If the outstanding convertible bonds issued by the Company are converted to ordinary shares, they are anti-dilutive and excluded from the computation of diluted earnings per share.

35. NET PROCESSING FEE AND COMMISSION (LOSS) INCOME

	For the Year Ended December 31	
	2023	**2022**
Processing fee and commission income		
Processing fee income	$ 9,456,757	$ 8,243,895
Commission income	360,461	384,784
	9,817,218	8,628,679
Processing fee and commission expense		
Commission expense	(4,964,261)	(5,233,026)
Processing fee expense	(2,091,546)	(1,736,191)
	(7,055,807)	(6,969,217)
	$ 2,761,411	$ 1,659,462

36. NET INCOME FROM LIFE INSURANCE BUSINESS

	For the Year Ended December 31	
	2023	2022
Income from life insurance business		
Gross written premiums	$ 153,982,743	$ 180,203,648
Reinsurance premiums	-	-
Total insurance income	153,982,743	180,203,648
Less: Reinsurance expenses	(1,795,941)	(1,736,069)
Net changes in reserve for unearned premiums	(1,103,003)	(239,548)
Net insurance premium income	151,083,799	178,228,031
Changes in reserve for changes in foreign exchange valuation	14,122,918	(24,642,188)
Income on insurance products - separate-accounts (Note 30)	8,746,681	1,301,286
	173,953,398	154,887,129
Expenses on life insurance business		
Insurance benefits and claims	246,245,728	204,787,676
Less: Benefits and claims recovered from reinsurers	(863,013)	(811,008)
Net insurance benefits and claims	245,382,715	203,976,668
Acquisition expenses	7,219	6,328
Insurance Industry Stability Fund	344,007	382,715
Disbursement on insurance products - separate-account (Note 30)	8,746,681	1,301,286
	254,480,622	205,666,997
	$ (80,527,224)	$ (50,779,868)

37. NET GAIN ON INVESTMENTS

	For the Year Ended December 31	
	2023	2022
Interest income		
Cash in bank	$ 1,467,890	$ 751,925
Financial instruments at FVTPL	1,574,301	1,420,933
Financial instruments at FVTOCI	3,279,657	4,950,512
Financial assets at amortized cost	92,378,877	87,812,001
Loans	29,719,495	23,670,482
Others	3,032,171	2,184,321
	$ 131,452,391	$ 120,790,174
Loss on financial assets and liabilities at FVTPL		
Gain (loss) on changes in fair value	$ 78,864,505	$ (80,615,810)
Dividend income	9,733,209	8,415,827
Gain on disposal of investments		
Non-derivative instruments	12,515,411	3,513,508
Derivative instruments	(104,098,982)	(113,953,229)
Distributions from foreign investments	450,609	571,711
	$ (2,535,248)	$(182,067,993)

(Continued)

	For the Year Ended December 31	
	2023	2022
Realized gain on investments in equity instruments at fair value through other comprehensive income		
Dividend revenue	$ 7,038,484	$ 7,085,211
Gain on investments in debt instruments at fair value through other comprehensive income		
Gain on disposal of investments	$ 36,307	$ (1,009,254)
(Loss) gain on financial assets at amortized cost		
(Loss) gain on disposal of investments	$ (3,555,020)	$ 6,759,503
Gain (loss) on investment properties		
Gain on investment properties revaluation	$ 4,875,927	$ (6,259,589)
Rental income (Note 40)	4,355,304	4,140,767
Gain (loss) on disposal of investment properties	86,173	(225,016)
Gain on assets classified as held for sale revaluation	161,196	869,479
	$ 9,478,600	$ (1,474,359)
Reversals of impairment losses (impairment losses) recognized		
Investments in debt instruments at fair value through other comprehensive income	$ 1,997	$ 37,582
Financial assets at amortized cost	706,827	(5,612,869)
Property and equipment (including use-of-right assets)	-	(22,582)
	$ 708,824	$ (5,597,869)

(Concluded)

For the year ended December 31, 2023, SKLIC sold 11 units of President Jasper Villa, 1 unit of Qiyan Jasper, 1 unit of Minsheng Plaza, part of Muzha Building land and part of Changhua Building land at the net sales amount of $1,244,080 thousand (total price of $1,284,459 thousand minus other taxes and costs of $40,379 thousand). After deducting the carrying amount of $1,157,907 thousand, the gain on disposal was $86,173 thousand, which was recorded under the gain or loss on investment properties.

For the year ended December 31, 2022, SKLIC sold 7 units of President Jasper Villa, Yingge Building, Baiyun Villa, Nandong Building, part of Changhua Building land, Yangde condominium and Rueian Jasper Villa at the net sales amount of $981,101 thousand (total price of $1,011,056 thousand minus other taxes and costs of $29,955 thousand). After deducting the carrying amount of $1,206,117 thousand, the loss on disposal was $225,016 thousand, which was recorded under the gain or loss on investment properties.

38. NET PROFIT FROM CONTINUING OPERATIONS

a. Employee benefits expense

	For the Year Ended December 31	
	2023	2022
Short-term benefits		
Salary	$ 17,338,049	$ 15,781,533
Labor and health insurance	1,309,697	1,349,148
Termination benefits	586,398	634,653
Other employee benefits	561,313	509,126
Share-based payments	-	40,702
Remuneration of directors and supervisors	136,563	117,191
Total employee benefits expense	$ 19,932,020	$ 18,432,353
An analysis of employee benefits expense by function		
Profit from operations	$ 3,148,285	$ 2,969,971
Operating expenses	16,783,735	15,462,382
	$ 19,932,020	$ 18,432,353

According to the amended Articles of Incorporation of the Company, if there is a profit in the current year the Company should compensation of employees at rates no less than 0.01% and no higher than 0.05%, and the remuneration of directors and supervisors at no higher than 0.5%, of net profit before income tax. However, the Company has to first cover accumulated losses, if any. The bonuses to employees and remuneration of directors and supervisors for the years ended December 31, 2023 and 2022, were as follows:

Accrual rate

	For the Year Ended December 31	
	2023	2022
Employees' compensation	-	0.03%
Remuneration of directors	-	0.29%

	For the Year Ended December 31	
	2023	2022
	Cash Dividends	Cash Dividends
Bonuses paid to employees	$ -	$ 820
Remuneration of directors	-	7,100

If there is a change in the proposed amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in accounting estimate.

The compensation of employees and remuneration of directors for the years 2022 and 2021 was resolved by the Company's board of directors on March 28, 2023 and February 25, 2022, respectively, were as follows:

	For the Year Ended December 31	
	2022	2021
	Cash Dividends	Cash Dividends
Bonuses to employees	$ 820	$ 7,500
Remuneration of directors	7,100	65,100

There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2022 and 2021.

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

b. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
Property and equipment	$ 1,053,953	$ 996,038
Right-of-use assets	651,130	670,404
Intangible assets	388,879	341,064
Other assets	130,492	165,953
	$ 2,224,454	$ 2,173,459
An analysis of depreciation by function		
Operating expenses	$ 1,705,083	$ 1,666,442
An analysis of amortization by function		
Operating expenses	$ 519,371	$ 507,017

c. Direct operating expenses from investment properties (accounted for other selling and administrative expense)

	For the Year Ended December 31	
	2023	2022
Direct operating expenses from investment properties generating rental income	$ 1,231,790	$ 1,325,257
Direct operating expenses from investment properties not generating rental income	16,722	28,883
	$ 1,248,512	$ 1,354,140

39. INCOME TAX

a. Income tax recognized in profit (loss)

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

	For the Year Ended December 31	
	2023	2022
Current tax		
In respect of the current year	$ (305,943)	$ (347,201)
Income tax on unappropriated earnings	(7)	(584,090)
Adjustments for prior periods	779,178	228,436
Land value increment tax	(47,790)	(35,124)
Deferred tax		
In respect of the current year	4,958,005	(1,798,573)
Income tax benefit (expense) recognized in profit or loss	$ 5,383,443	$ (2,536,552)

A reconciliation of accounting profit and income tax benefit (expenses) is as follows:

	For the Year Ended December 31	
	2023	2022
(Loss) profit before tax from continuing operations	$ (12,707,748)	$ 4,705,240
Income tax benefit (expense) calculated at the statutory rate	$ 2,541,552	$ (941,046)
Gain (loss) on disposal of equity instruments at fair value through other comprehensive income	(337,097)	(33,019)
Nondeductible expenses in determining taxable income	619,737	(240,319)
Tax-exempt income	4,469,342	2,715,631
Unrecognized deductible temporary differences	77,583	(1,196,247)
Unrecognized loss carryforwards	(4,265,127)	(3,934,756)
Additional income tax under the Alternative Minimum Tax Act	1,754,846	1,778,417
Income tax on unappropriated earnings	(7)	(584,090)
Withholding tax on foreign income without tax deduction	(170,006)	(250,254)
Land value increment tax	(47,790)	(35,124)
Effect of different tax rate of group entities operating in other jurisdictions	(6,393)	(10,816)
Adjustments for prior years' tax	779,178	228,436
Others	(32,375)	(33,365)
Income tax benefit (expense) recognized in profit or loss	$ 5,383,443	$ (2,536,552)

The applicable tax rate used above is the corporate tax rate of 20% payable by the Group in the ROC. If the alternative minimum tax calculated based on the alternative minimum tax rate of 12% is higher than the general income tax, additional income tax shall be paid on the difference between the alternative minimum tax and the general income tax. Tax rate used by subsidiaries in China is 25%. Tax rates used by other entities of the Group operating in other jurisdictions are based on the tax laws in those jurisdictions.

b. Income tax recognized directly in equity

	For the Year Ended December 31	
	2023	2022
Current tax		
Recognized in other comprehensive income:		
Disposal of investments in equity instruments designated as at FVTOCI	$ (337,097)	$ (33,019)
Deferred tax		
Disposal of investments in equity instruments designated as at FVTOCI	337,097	33,019
Total income tax recognized directly in equity	$ -	$ -

c. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2023	2022
Deferred tax		
Recognized in other comprehensive income:		
Remeasurement of the defined benefit plan	$ 15,653	$ (74,196)
Unrealized gain on financial assets at fair value through other comprehensive income	(1,511,977)	(262,982)
Gains on property revaluation	(208,580)	(261,616)
Arising on income and expenses reclassified from equity to profit or loss:		
On disposal of investments in debt instruments at fair value through other comprehensive income	3,109	(185,973)
Other comprehensive income based on reclassification using the overlay approach	(3,658,307)	6,301,829
Income tax (expense) benefit recognized in other comprehensive income	$ (5,360,102)	$ 5,517,062

d. Current tax assets and liabilities

	For the Year Ended December 31	
	2023	2022
Current tax assets		
Tax refund receivable	$ 901,837	$ 625,425
Current tax liabilities		
Income tax payable	$ 640,871	$ 1,114,945

e. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2023

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Others	Closing Balance
Deferred tax assets					
Temporary differences					
Differences in depreciation of properties	$ 283,727	$ 3,398	$ -	$ -	$ 287,125
Fair value of investment properties	15,321	1,952	-	-	17,273
Defined benefit obligation	82,905	(4,412)	16,524	-	95,017
Unrealized gain on financial assets	5,090,248	(4,890,190)	-	-	200,058
Unrealized gain on financial assets at fair value through other comprehensive income	7,019,013	-	(5,167,174)	155,239	2,007,078
Doubtful account	622,934	7,216	-	-	630,150
Others	236,043	(256,721)	-	182,531	161,853
Tax losses	25,290,932	15,762,053	-	(337,097)	40,715,888
	$ 38,641,123	$ 10,623,296	$ (5,150,650)	$ 673	$ 44,114,442
Deferred tax liabilities					
Temporary differences					
Fair value of investment properties	$ 6,635,866	$ 317,478	$ 208,580	$ -	$ 7,161,924
Defined benefits plan	736,171	53,490	872	-	790,533
Amortization of goodwill	257,516	-	-	-	257,516
Unrealized gain on financial assets	282,235	5,312,255	-	-	5,594,490
Others	18,812	-	-	-	18,812
Reserve for land value increment tax	2,890,721	(17,932)	-	-	2,872,789
	$ 10,821,321	$ 5,665,291	$ 209,452	$ -	$ 16,696,064

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Others	Closing Balance
Deferred tax assets					
Temporary differences					
Differences in depreciation of properties	$ 280,394	$ 3,333	$ -	$ -	$ 283,727
Fair value of investment properties	13,282	2,039	-	-	15,321
Defined benefit obligation	174,858	(39,784)	(52,169)	-	82,905
Unrealized gain on financial assets	31,555,267	(26,465,019)	-	-	5,090,248
Unrealized gain on financial assets at fair value through other comprehensive income	1,133,120	-	5,852,874	33,019	7,019,013
Doubtful account	582,529	40,405	-	-	622,934
Others	60,396	173,061	-	2,586	236,043
Tax losses	1,246,361	24,077,590	-	(33,019)	25,290,932
	$ 35,046,207	$ (2,208,375)	$ 5,800,705	$ 2,586	$ 38,641,123
Deferred tax liabilities					
Temporary differences					
Fair value of investment properties	$ 7,045,065	$ (670,815)	$ 261,616	$ -	$ 6,635,866
Defined benefits plan	604,637	109,507	22,027	-	736,171
Amortization of goodwill	257,517	-	-	-	257,517
Unrealized gain on financial assets	119,131	163,104	-	-	282,235
Others	18,811	-	-	-	18,811
Reserve for land value increment tax	2,902,319	(11,598)	-	-	2,890,721
	$ 10,947,480	$ (409,802)	$ 283,643	$ -	$ 10,821,321

f. Deductible temporary differences, unused loss carryforwards and unused investment credits for which no deferred tax assets have been recognized in the consolidated balance sheets

	For the Year Ended December 31	
	2023	2022
Loss carryforwards	$ 10,399,370	$ 10,266,720
Impairment losses on assets	$ 6,182,316	$ 6,749,127

g. Information about unused loss carryforwards

Loss carryforwards as of December 31, 2022 comprised:

Unused Amount	Expiry Year
$ 15,035,176	2028
121,651,997	2032
77,291,631	2033
$ 213,978,804	

h. Income tax assessments

The income tax returns of the Group assessed by the tax authorities were as follows:

	Year of Assessment
SKFHC	2018
SKLIC	2018
TSKCB	2018
SKIB	2018
SKITC	2018
SKVC	2018
MLSC	2017

The consolidated income tax returns of the Company and its subsidiaries which adopted consolidated income tax through 2017 were assessed by the tax authority on November 13, 2023.

MLSC's income tax returns in 2014 and 2017 have been assessed by the tax authority. The tax authorities considered that the net loss of warrants shall not be recognized as a deduction of the alternative minimum tax, but shall be re-calculated and approved for supplementary tax.

MLSC did not agree with the assessments of the taxes in 2014 and 2017, and had filed an appeal for administrative remedy within the legal time limit.

The above total taxes payable of MLSC was $51,294 thousand, and had been paid in full.

i. Pillar Two income tax legislation

The government of Hong Kong, where overseas branches of bank subsidiaries are incorporated, enacted the Pillar Two income tax legislation effective from 2025. Since the Pillar Two income tax legislation was not effective at the reporting date, the Group has no related current tax exposure.

40. RELATED-PARTY TRANSACTIONS

a. The related parties and their relationships with the Group are as follows:

Related Party	Relationship
Chan, Wai Chau and other directors	Key management personnel
Ding Cheng Life Insurance Co.	Associate
Century Biotech Development Corporation	Associate
Xinhe Energy	Associate
GICA Solar materials Corp.	Associate
LeadsunFox Greenergy Investment Co., Ltd.	Associate
Jih-yao Energy Co., Ltd.	Associate
Taipan Solar Co., Ltd.	Associate
Juxin Energy Company	Associate
Xinding No.1 Energy Company	Associate
Shin Natural Gas Co., Ltd.	Other related party
Taiwan Institute for Sustainable Energy	Other related party
Shin Kong Wu Ho-Su Cultural Foundation	Other related party
Shin Kong Memorial Hospital	Other related party
Shin Kong Life Scholarship Foundation	Other related party
Shin Kong the Wu's Foundation	Other related party
Shin Kong Life Charity Foundation	Other related party
Shin Kong Wu Ho-Su First Aid Foundation	Other related party
Wu Tung-Chin Charity Foundation	Other related party
Jinguang Industrial Company	Other related party
Shin Kong Ton Shin Yuan Health Sciences Foundation	Other related party
Skin Kong Lohas Co., Ltd.	Other related party
Shin Lung Natural Gas Co.	Other related party
Chi-Ye Chemical Engineering Co., Ltd.	Other related party
Tong Shan Investment Co., Ltd.	Other related party
The Great Taipei Gas Corp.	Other related party
Great Taipei Broadband Co., Ltd.	Other related party
Sian Shun Enterprise Co.	Other related party
Yung Kwang Co., Ltd.	Other related party
Wang Tien Woolen Textile Co., Ltd.	Other related party
SHINKONGCO., LTD.	Other related party
Shin Sheng Co., Ltd.	Other related party
Chin Shan Investment Co., Ltd.	Other related party
Shin Kong Mitsukoshi Department Store Co., Ltd.	Other related party
Hong Tai Electric Industrial Co., Ltd.	Other related party
Gui Yuan Investment Co., Ltd.	Other related party
Shin Kong Lease Co., Ltd.	Other related party
Soochow University	Other related party
Shin Cheng Investment Co., Ltd.	Other related party
Shin Kong Construction and Development Co., Ltd.	Other related party
Shin Kong Farm Co., Ltd.	Other related party
Shin Kong Hae Yang Co., Ltd.	Other related party
Ruey-Chin Enterprise Co., Ltd.	Other related party
Dong Tian Investment Corp.	Other related party
Tong Yin Investment Co.	Other related party
Rue-Ying Enterprise Co., Ltd.	Other related party
Pon Jin Corp.	Other related party
Pon Da Corp.	Other related party

(Continued)

Related Party	Relationship
Shin Kong Shien Ya International Co., Ltd.	Other related party
Chenmao Co.	Other related party
Xian Da Co., Ltd.	Other related party
Ying Investment Co., Ltd.	Other related party
Shin Kong Medical Club	Other related party
Shin Kong Recreation Co., Ltd.	Other related party
Yuan Zhen Co., Ltd.	Other related party
Yuan Ding Investment Co.	Other related party
Yong Chen Investment Co.	Other related party
Taiwan Shin Kong Security Co., Ltd.	Other related party
ShinSoft Co., Ltd.	Other related party
Hsin-Pao Investment Co., Ltd.	Other related party
Yi Kong Building Management Service Co., Ltd.	Other related party
Taiwan Security Co., Ltd.	Other related party
Shin Kong Asset Management Company	Other related party
Maochen Co.	Other related party
Shin Kong Security Welfare Foundation	Other related party
New Light International Co., Ltd.	Other related party
Seed Studio Co., Ltd.	Other related party
Shin Kong Communication Co., Ltd.	Other related party
Shinhai Gas Corporation	Other related party
Chen Sheng Industrial Co.	Other related party
Shin Investment Co., Ltd.	Other related party
Shin-Po Life Care Co., Ltd.	Other related party
Shin-PoLeasing Co., Ltd.	Other related party
Tai-po service technology Co., Ltd.	Other related party
Hsin-Pao Technology Co., Ltd.	Other related party
Shin Kong Optical Networking Co., Ltd.	Other related party
New group electronics Co., Ltd.	Other related party
Yi Kong Security Co., Ltd.	Other related party
Lian-an Service Co., Ltd.	Other related party
Taiwan Shin Kong Security Foundation for Arts and Culture	Other related party
Hua Nan Financial Holding Co., Ltd.	Other related party
Hua Nan Commercial Bank Co., Ltd.	Other related party
Hua Nan Investment Trust Co., Ltd.	Other related party
Hua Nan Securities Co., Ltd.	Other related party
SHINWAY INTERNATIONAL MARKETINGCO., LTD	Other related party
U-TC TECHNOLOGY CO., LTD.	Other related party
Tokuyama Taiwan Corporation.	Other related party
SwissôtelHotels & Resorts	Other related party
BENTRONIC COMPONENTS INC.	Other related party
Taiwan Fuhbic Corp.	Other related party
WeMo Corp.	Other related party
Hsin Ming Enterprise Co., Ltd.	Other related party
Shin Kong Synthetic Fiber Corp.	Other related party
Sin-Pei Co., Ltd.	Other related party
Dah-Yu Mee Company	Other related party
Ruey-Fang Farm Company	Other related party
Gentle Development Company	Other related party
Yuan Qing Ye Catering Co.	Other related party
Chuan Wen International Co., Ltd.	Other related party
Xinpei International Co., Ltd.	Other related party

(Continued)

Related Party	Relationship
Wen Shih Consulting Company Co., Ltd.	Other related party
Hung-Qi Co.	Other related party
PQ INTERNATIONAL Ltd.	Other related party
UNITRAVEL SERVICES CO., LTD.	Other related party
ASCENDOBIO TECHNOLOGY, INC	Other related party
Shin Kong Cinemas Co., Ltd.	Other related party
Taroko Development Co., Ltd.	Other related party
Fayaque Co.	Other related party
Shinkong Mitsukoshi Development Co., Ltd.	Other related party
Yue Yanghing yip company	Other related party
HERALD HOLDINGS LIMITED	Other related party
HongYue International Co.	Other related party
Xinghong Industrial Company	Other related party
Hongda Management Consultants	Other related party
DongxingSecurities Co., Ltd.	Other related party
Gleaners Culture Company	Other related party
CHENGLI LAW OFFICE	Other related party
Taipei Wujialu Insurance Culture and Education Foundation	Other related party
Shin Kong Chao-Feng Co., Ltd.	Other related party
Jia bang Investment Co., Ltd.	Other related party
Pei-Tou Hotel Co., Ltd.	Other related party
Cui yuan Co., Ltd.	Other related party
Yun Shan Technology Corp.	Other related party
Shumei Hot Spring Bathroom Enterprise Co., Ltd.	Other related party
Yuanxing Biotechnology Company	Other related party
ChaoBan Investment Co., Ltd.	Other related party
Tsui Yuan Investment Co., Ltd.	Other related party
Chia-Yin Enterprise Co., Ltd.	Other related party
Pak Chang Investment Company	Other related party
Hsin Hsien Industrial Co.	Other related party
Pan Asian Plastics Co.	Other related party
Shin Kong International Leasing Corp.	Other related party
Shin Kong Materials Technology Co., Ltd.	Other related party
Ubright Optronics Co., Ltd.	Other related party
Ruey-Shin Enterprise Co., Ltd.	Other related party
Kim Kwangfu Cultural and Educational Foundation	Other related party
Shin Kong Fire & Marine Insurance Co., Ltd.	Other related party
Tung Sheng Media Co., Ltd.	Other related party
TacBright Optronics Co., Ltd.	Other related party
Shin-bo Co., Ltd.	Other related party
Shin Kong Spinning Co., Ltd.	Other related party
Shin Kong Bank Cultural and Educational Foundation	Other related party
KueiHsin Enterprise Co., Ltd.	Other related party
HSBC Investment Co., Ltd.	Other related party
Hsin Hsen Construction Co., Ltd.	Other related party
Taishin Financial Holding Co., Ltd.	Other related party
Taishin International Bank Co., Ltd.	Other related party
Taishin Securities Co., Ltd.	Other related party
Taishin Investment Trust Co., Ltd.	Other related party
Taishin Holdings Insurance Brokers Co., Ltd.	Other related party
Taishin Asset Management Co., Ltd.	Other related party
Taiwan LifeInsurance Co., Ltd.	Other related party

(Continued)

Related Party	Relationship
Taishin Securities Investment Advisory CO., Ltd	Other related party
Taishin VentureCapital Firm	Other related party
TAISHIN LEASING & FINANCING CO., LTD.	Other related party
The Foundation for Excellent Journalism Award	Other related party
Hung Shin Enterprise Co., Ltd.	Other related party
Hung Shin Enterprise Co., Ltd.	Other related party
Formosan ChemicalInd Co., Ltd.	Other related party
Jaspervilla Co., Ltd.	Other related party
Shin Kong Jasper Fitness Co., Ltd. 7	Other related party
Northeast Corner Recreation Co., Ltd.	Other related party
Grand Fortune Securities Co., Ltd.	Other related party
Xinxin Health Management Consulting Company	Other related party
Silver Kitchen Co., Ltd.	Other related party
Kunsheng Solar Photoelectric Co., Ltd.	Other related party
Taiwan Nature Conservation Foundation	Other related party
Top Taiwan Financial Consulting Co., Ltd.	Other related party (excluded since June 9, 2023)
Top Taiwan Venture Capital Co., Ltd.	Other related party (excluded since June 9, 2023)
Top Taiwan Venture Capital Co., Ltd.	Other related party (excluded since June 9, 2023)
Taiwan Artificial Intelligence Academy Foundation	Other related party (excluded since June 9, 2023)
Others	The directors (including independent directors) of other companies and the directors (including independent directors) of the Company or the directors (including independent directors) of subsidiaries are the same person or have a spouse or second degree of kinship.

(Concluded)

Note: The Company classified the above relationship into five categories: (1) joint venture (2) associate, (3) key management personnel, (4) others. This classification is the basis for disclosure of transactions with related parties.

b. Except for significant intra-group transactions that have been eliminated on consolidation and are not disclosed in this note, significant transactions with related parties were as follows:

1) Deposits

Deposits (recognized as cash and cash equivalents)

	December 31			
	2023		2022	
	Amount	%	Amount	%
Other related party				
Taishin International Bank	$ 101,882	-	$ 97,752	-
Hua Nan Bank	81,750	-	90,624	-
	$ 183,632	-	$ 188,376	-

Time deposits with original maturities exceeding three months (recognized as financial assets measured at amortized cost)

	December 31			
	2023		2022	
	Amount	%	Amount	%
Other related party				
Taishin International Bank	$ -	-	$ 5,960	-

Restricted pledged assets (accounted for as other assets)

	December 31			
	2023		2022	
	Amount	%	Amount	%
Other related party				
Hua Nan Bank	$ 95,000	-	$ 95,000	-

The deposits above referred to the amount of bank deposit adjusted for in-transit deposits and undiscounted checks. The terms and conditions of the above deposits to related parties were not significantly different from that of unrelated parties.

2) Customers' margin accounts

	December 31	
	2023	2022
Other related party		
Hua Nan Bank	$ 103,199	$ 2,466
Taishin International Bank	197,613	183,708
	$ 300,812	$ 186,174

3) Secured loans

a) Secured loans of related parties due to SKLIC were as follows:

Loans

	December 31		Interest Income	
Year	Amount	%	Amount	%
2023	$ 50,639	-	$ 1,184	-
2022	63,044	-	1,117	-

For the Year Ended December 31, 2023								
Classification	Name	Highest Balance	Period-End Balance	Status		Content of Guarantee	Interest Revenue	Difference of Terms with Third Party
				Loans	Nonperforming Loans			
Other loans	Other related party	$ 57,370	$ 50,639	$ 50,639	$ -	Real estate	$ 1,184	None

For the Year Ended December 31, 2022								
Classification	Name	Highest Balance	Period-End Balance	Status		Content of Guarantee	Interest Revenue	Difference of Terms with Third Party
				Loans	Nonperforming Loans			
Other loans	Other related party	$ 72,204	$ 63,044	$ 63,044	$ -	Real estate	$ 1,117	None

The terms and conditions of the above secured loans to related parties were not significantly different from that of unrelated parties.

b) Secured loans of related parties due from TSKCB were as follows:

Loans

Year	December 31 Amount	%	Interest Income Amount	%
2023	$ 2,942,320	-	$ 63,433	-
2022	2,934,346	-	38,212	-

For the Year Ended December 31, 2023								
Classification	Number or Name	Highest Balance	Period-End Balance	Status		Content of Guarantee	Interest Revenue	Difference of Terms with Third Party
				Loans	Nonperforming Loans			
Employee consumption loans	19	$ 14,027	$ 10,140	$ 10,140	$ -	Vehicles	$ 181	None
Residential mortgage loans	89	745,934	637,854	637,854	-	Real estate	12,490	None
Other loans	Associate							
	Century Biotech Development Corporation	78,400	78,400	78,400	-	None	1,476	None
	Other related party							
	Shin Kong Chao Feng	800,000	785,000	785,000	-	Real estate	18,852	None
	FORMOSAN CHEMICAL IND.	153,550	153,550	153,550	-	Public traded shares	1,010	None
	Wen Shih Consulting Company Co., Ltd.	183,000	179,300	179,300	-	Real estate public traded shares	3,613	None
	Hong-Qi Co., Ltd.	262,900	259,400	259,400	-	Real estate public traded shares	5,032	None
	ChiaBan Investment Co., Ltd.	330,000	290,000	290,000	-	Real estate	7,251	None
	Ruey-Fang Farm Company	56,850	45,350	45,350	-	Public traded shares	944	None
	Shin Kong Spinning Co., Ltd.	210,000	-	-	-	Public traded shares	278	None
	Taiwan Shin Kong Security Co., Ltd.	90,000	-	-	-	Real estate	303	None
	YUAN JEN ENTERPRISES CO., LTD.	311,000	116,000	116,000	-	Real estate public traded shares	3,508	None
	Others	498,395	387,326	387,326	-	Real estate	8,495	None

For the Year Ended December 31, 2022								
Classification	Number or Name	Highest Balance	Period-End Balance	Status		Content of Guarantee	Interest Revenue	Difference of Terms with Third Party
				Loans	Nonperforming Loans			
Employee consumption loans	19	$ 12,759	$ 8,212	$ 8,212	$ -	None	$ 186	None
Residential mortgage loans	82	647,036	563,511	563,511	-	Real estate	8,131	None
Other loans	Other related party				-			
	Yuan Ding Investment Co.	120,000	40,000	40,000	-	Public traded shares	1,354	None
	Shin Kong Chao Feng	790,000	790,000	790,000	-	Real estate	13,043	None
	Gentle Development Company	52,200	25,500	25,500	-	Public traded shares	490	None
	Wen Shih Consulting Company Co., Ltd.	181,700	163,800	163,800	-	Real estate, public traded shares	2,225	None
	Hong-Qi Co., Ltd.	265,600	227,400	227,400	-	Real estate, public traded shares	3,027	None
	ChiaBan Investment Co., Ltd.	330,000	330,000	330,000	-	Real estate	3,655	None
	Ruey-Fang Farm Company	63,150	41,350	41,350	-	Public traded shares	622	None
	Shin Kong Spinning Co., Ltd.	280,000	200,000	200,000	-	Public traded shares	1,092	None
	Taiwan Shin Kong Security Co., Ltd.	60,000	-	-	-	Real estate	54	None
	YUAN JEN ENTERPRISES CO., LTD.	217,000	217,000	217,000	-	Real estate, public traded shares	227	None
	Others	392,755	327,573	327,573	-	Real estate	4,106	None

According to Articles 32 and 33 of the Banking Act, unsecured credit cannot be extended to any interested party except consumer loans and loans extended to the government and secured credit to an interested party shall be fully secured, of which the terms shall not be more favorable than those terms offered to a customer in the same category.

Guarantee

	For the Year Ended December 31, 2023				
Related Party	Highest Balance	Period-end Balance	Guarantee Reserve Balance	Interest Rate (%)	Content of Guarantee
Other related party					
Jaspervilla Co., Ltd.	$ 44,868	$ -	$ -	0.95	Deposits
CenturyBiotech Development Corporation	9,946	7,500	75	0.60	None
Yuan Jen Enterprises Co., Ltd.	140,000	60,000	600	0.50	Real estate listed securities
		$ 67,500			

	For the Year Ended December 31, 2022				
Related Party	Highest Balance	Period-end Balance	Guarantee Reserve Balance	Interest Rate (%)	Content of Guarantee
Other related party					
Jaspervilla Co., Ltd.	$ 44,868	$ 44,868	$ 449	0.95	Deposits
Yuan Jen Enterprises Co., Ltd.	280,000	105,000	1,050	0.50	Real estate, listed securities
		$ 149,868			

4) Deposits

	For the Year Ended December 31, 2023		
Related Party	Period-end Balance	Interest Rate	Interest Income
Other related party			
Shin Kong Fire & Marine Insurance Company	$ 1,925,074	0%-1.58%	$ 15,894
Great Taipei Broadband Co., Ltd.	233,035	0%-1.40%	2,130
Shinsoft Co., Ltd.	163,926	0%-1.17%	793
New Light International Co., Ltd.	83,505	0%-1.17%	444
Northeast Corner Recreation Co., Ltd.	117,457	0%-1.17%	582
Shin Kong Mitsukoshi Department Store Co., Ltd.	989,042	0%-1.37%	15,564
Ruey-Shin Enterprise Co., Ltd.	347,316	0%-1.40%	2,673
Shin Kong Synthetic Fiber Corp.	228,421	0%-1.35%	713
The Great Taipei Gas Corp.	1,067,892	0%-1.45%	11,745
Shin Kong Memorial Hospital	522,878	0%-1.35%	3,518
Shin Kong Life Charity Foundation	79,580	0%-1.51%	648
Shin Kong Wu Ho-Su Cultural Foundation	126,913	0%-1.63%	1,665
Wu Tung-Chin Charity Foundation	88,775	0%-1.63%	1,131
Yi Kong Security Co., Ltd.	350,840	0%-1.34%	1,382
Yi Kong Building Management Service Co., Ltd.	129,219	0%-0.53%	433
Shinhai Gas Corporation	936,416	0%-1.55%	10,735
Shin Kong Asset Management Company	463,093	0%-1.45%	7,824

(Continued)

Related Party	For the Year Ended December 31, 2023 Period-end Balance	Interest Rate	Interest Income
Tong Shan Investment Co., Ltd.	$ 325,544	0%-1.40%	$ 2,713
Taiwan Shin Kong Security Foundation for Arts and Culture	51,844	0.40%-1.33%	533
Hong Tai Electric Industrial Co., Ltd.	243,173	0%-1.58%	457
Hsin-Pao Investment Co., Ltd.	207,739	0.40%-1.40%	1,068
Shin Kong Spinning Co., Ltd.	179,756	0%-1.58%	432
Shin Kong the Wu's Foundation	63,982	0%-1.63%	744
Shin Kong Hae Yang Co., Ltd.	75,179	0%-0.53%	341
Taiwan Security Co., Ltd.	151,558	0%-0.53%	546
ChiaBan Investment Co., Ltd.	143,049	0.01%-1.35%	13
Shin Cheng Investment Co., Ltd.	69,633	0%-0.53%	216
Taiwan Institute for Sustainable Energy	136,754	0%-1.63%	1,166
Tai-po service technology Co., Ltd.	106,734	0%-1.34%	976
Jinguang Industrial Company	133,443	0.53%	767
Ubright Optronics Co., Ltd.	117,300	0%-1.58%	1,317
Chi-Ye Chemical Engineering Co., Ltd.	106,222	0%-1.18%	1,301
Jasper villa Co., Ltd.	126,708	0%-1.58%	1,122
Shin Natural Gas Co., Ltd.	78,737	0%-1.35%	194
Taiwan Shin Kong Health Management Co	52,543	0%-1.35%	257
Tong Yin Investment Co.	52,200	0%-1.45%	199
Shin Kong Wu Ho-Su Cultural Foundation	50,126	0%-1.63%	669
Mega Green Energy Corporation	50,000	0.53%-1.34%	56
Others	1,742,858		34,294
	$ 12,118,464		$ 127,255

(Concluded)

Related Party	For the Year Ended December 31, 2022 Period-end Balance	Interest Rate	Interest Income
Other related party			
Shin Kong Fire & Marine Insurance Company	$ 1,404,457	0%-1.50%	$ 5,079
Great Taipei Broadband Co., Ltd.	220,101	0%-1.35%	880
Shinsoft Co., Ltd.	246,862	0%-1.04%	294
New Light International Co., Ltd.	69,936	0%-0.40%	167
Northeast Corner Recreation Co., Ltd.	100,855	0%-0.40%	131
Jaspervilla Co., Ltd.	100,023	0%-1.44%	359
Ruey-Shin Enterprise Co., Ltd.	174,567	0%-1.30%	496
Shin Kong Synthetic Fiber Corp.	358,431	0%-1.05%	326
The Great Taipei Gas Corp.	891,109	0%-1.45%	4,771
Shin Kong Memorial Hospital	689,350	0%-1.05%	987
Shin Kong Life Charity Foundation	73,754	0%-0.40%	117
Shin Kong Wu Ho-Su Cultural Foundation	127,853	0%-1.47%	996
Wu Tung-Chin Charity Foundation	85,128	0%-1.38%	730

(Continued)

Related Party	For the Year Ended December 31, 2022 Period-end Balance	Interest Rate	Interest Income
Yi Kong Security Co., Ltd.	$ 318,399	0%-0.40%	$ 367
Yi Kong Building Management Service Co., Ltd.	126,619	0%-0.40%	127
Top Taiwan Venture Capital Co., Ltd.	399,125	0.03%-1.50%	1,248
Top Taiwan Financial Consulting Co., Ltd.	109,920	0%-0.40%	131
Top Taiwan Venture Capital Co., Ltd.	135,837	0.03%-0.40%	113
Taiwan Shin Kong Security Foundation for Arts and Culture	51,301	0.03%-0.55%	179
Top Taiwan XIV Venture Capital Co., Ltd.	924,255	0.15%-1.50%	2,915
Hsin-Pao Investment Co., Ltd.	122,580	0.03%-0.40%	154
Shin Kong Spinning Co., Ltd.	132,360	0%-1.14%	127
Shin Kong the Wu's Foundation	68,698	0%-1.50%	372
Shin Kong Hae Yang Co., Ltd.	68,599	0%-0.40%	70
Taiwan Security Co., Ltd.	68,353	0%-0.40%	42
Top Taiwan Ix Venture Capital Co., Ltd.	66,699	0.03%-1.05%	75
Shin Cheng Investment Co., Ltd.	62,459	0%-0.40%	66
Top Taiwan XII Venture Capital Co., Ltd.	52,196	0.03%-0.40%	80
Tai-po service technology Co., Ltd.	90,029	0%-0.40%	44
WeMo Corp.	87,325	0%-1.05%	35
Others	2,037,503		15,675
	$ 9,464,683		$ 37,153

(Concluded)

The transaction terms with related parties do not significantly differ from those with usual customers except for the 6.61% and 6.36% interest rate on the employee deposits for December 31, 2023 and 2022, respectively.

5) Lease arrangements

a) Acquisitions of right-of-use assets

	For the Year Ended December 31 2023	2022
Other related party		
The Great Taipei Gas Corp.	$ 46,801	$ -
HSBC Investment Co., Ltd.	7,029	-
	$ 53,830	$ -

b) Lease liabilities

	December 31	
	2023	2022
Other related party		
The Great Taipei Gas Corp.	$ 382,959	$ 451,851
Shin Kong Spinning Co., Ltd.	13,547	15,609
Shin Kong Synthetic Fiber Corp.	3,508	4,041
HSBC Investment Co., Ltd.	4,729	-
Others	1,543	1,995
	$ 406,286	$ 473,496

c) Interest expense

	For the Year Ended December 31	
	2023	2022
Other related party	$ 9,862	$ 11,368

d) Depreciation expense

	For the Year Ended December 31	
	2023	2022
Other related party	$ 122,288	$ 121,745

e) Lease expense

	For the Year Ended December 31	
	2023	2022
Other related party	$ 11,693	$ 11,214

As of December 31, 2023 and 2022, the deposits paid for leasing and building management to related parties were as follow:

	December 31	
	2023	2022
Other related party	$ 41,361	$ 41,251

The above listed refundable deposits are the security deposits paid for the lease of operating premises. The deposits will be refunded without interest at the end of the lease terms when the lease targets are returned.

6) Lease of investment properties to related parties

Operating lease/sublease

a) Rentals receivable from related parties were as follows:

	December 31	
	2023	2022
Other related party	$ 12,429	$ 4,189

b) Future lease payment receivables are as follows:

	December 31	
	2023	2022
Other related party		
Shin Kong Mitsukoshi Department Store Co., Ltd.	$ 1,843,810	$ 2,765,714
Jaspervilla Co., Ltd.	512,133	544,216
Others	868,234	925,814
	$ 3,224,177	$ 4,235,744

c) Rentals received for the leasing of investment properties to related parties were as follows:

	For the Year Ended December 31			
	2023		2022	
	Amount	%	Amount	%
Other related party				
Shin Kong Mitsukoshi Department Store Co., Ltd.	$ 469,333	11	$ 502,857	12
Shin Kong Wu Ho-Su Memorial Hospital	37,324	1	52,917	1
Others	216,503	5	217,075	6
	$ 723,160	17	$ 772,849	19

d) All the terms of the lease transactions with related parties were not significantly different from that of general transactions. The above rentals received excluded VAT.

e) As of December 31, 2023 and 2022, deposits received for the lease of properties to related parties were as follows:

	December 31	
	2023	2022
Other related party	$ 48,438	$ 40,532

7) Other miscellaneous income (loss)

	For the Year Ended December 31			
	2023		2022	
	Other Operating Revenue	Building Management Cost	Other Operating Revenue	Building Management Cost
Other related party	$ 195,546	$ 151,116	$ 203,183	$ 155,030

8) Commission expense

	For the Year Ended December 31	
	2023	2022
Other related party		
Taishin International Bank Co., Ltd.	$ 23,786	$ 56,914
Hua Nan Commercial Bank Co., Ltd.	10,977	80,493
Shin Kong Fire & Marine Insurance Company	723	478
	$ 35,486	$ 137,885

9) Processing fee income

	For the Year Ended December 31	
	2023	2022
Other related party		
Shin Kong Fire & Marine Insurance Company	$ 510,098	$ 482,648
Shin Kong Mitsukoshi Department Store Co., Ltd.	12,541	10,529
Shin Kong Memorial Hospital	10,138	8,695
Taiwan Shin Kong Security Co., Ltd.	7,626	4,361
Others	12,248	5,119
	$ 552,651	$ 511,352

10) Processing fee expense

	For the Year Ended December 31	
	2023	2022
Other related party		
Taishin International Bank Co., Ltd.	$ 33,301	$ 42,051
Shin Kong Mitsukoshi Department Store Co., Ltd.	12,037	9,931
Shin Kong Fire & Marine Insurance Company	6,100	5,700
Others	2,844	1,729
	$ 54,282	$ 59,411

11) Operating expenses

a) Building management expense and cleaning fee

	For the Year Ended December 31	
	2023	2022
Other related party		
Yi Kong Building Management Service Co., Ltd.	$ 9,998	$ 9,960

b) Insurance expense

	For the Year Ended December 31	
	2023	2022
Other related party		
Shin Kong Fire & Marine Insurance Co., Ltd.	$ 56,040	$ 56,575

c) Postage expense

	For the Year Ended December 31	
	2023	2022
Other related party		
Great Taipei Broadband Co., Ltd.	$ 42,822	$ 43,128
Others	460	154
	$ 43,282	$ 43,282

d) Professional service expense

	For the Year Ended December 31	
	2023	2022
Other related party		
Jaspervilla Co., Ltd.	$ 72,589	$ 67,863
Taiwan Shin Kong Security Co., Ltd.	65,662	69,789
Yi Kong Security Co., Ltd.	54,655	55,904
Others	26,793	28,588
	$ 219,699	$ 222,144

e) Donation expense

	For the Year Ended December 31	
	2023	2022
Other related party		
Shin Kong Life Charity Foundation	$ 14,000	$ 8,850

The Group donated $14,000 thousand, $7,000 thousand and $1,850 thousand to Shin Kong Life Charitable Foundation, which was approved by the board of directors on May 23, 2023, May 20, 2022 and June 29, 2022, respectively.

The Group donated $300 thousand and $2,000 thousand to Taiwan Nature Conservation foundation, which was approved by the board of directors on September 18, 2023 and November 1, 2023, respectively.

The Group received letter from Taiwan Nature Conservation Foundation on November 20, 2023 to cancel the payment of donation due to re-adjustment in working plan.

f) Other expenses

	For the Year Ended December 31	
	2023	2022
Other related party	$ 96,704	$ 86,833

12) Beneficiary certificates

	December 31	
	2023	2022
Other related party		
Taishin Investment Trust Co., Ltd.	$ 1,454,523	$ 1,464,960
Hua Nan Investment Trust Co., Ltd.	761,427	15,075
	$ 2,215,950	$ 1,480,035

The Group acquired and disposed of several mutual funds from Taishin Investment Trust Co., Ltd. and Hua Nan Investment Trust Co., Ltd. for the years ended December 31, 2023 and 2022; the mutual funds were as follows:

	For the Year Ended December 31			
	2023		2022	
	Purchase	Sale	Purchase	Sale
Other related party				
Taishin Securities Co., Ltd.	$ 40,000	$ 106,430	$ 558,240	$ 1,590,632
Hua Nan Securities Co., Ltd.	2,098,000	1,360,449	1,115,000	1,332,861
	$ 2,138,000	$ 1,466,879	$ 1,673,240	$ 2,923,493

13) Outright purchase

	For the Year Ended December 31			
	2023		2022	
	Par Value	Trading Value	Par Value	Trading Value
Other related party				
Taishin International Bank	$ 2,000,000	$ 2,073,277	$ 1,600,000	$ 1,606,897
Hua Nan Securities Co., Ltd.	610,000	615,188	700,000	698,441
Grand Fortune Securities Co., Ltd.	-	-	100,000	100,144
	$ 2,610,000	$ 2,688,465	$ 2,400,000	$ 2,405,482

14) Outright sale

	For the Year Ended December 31			
	2023		2022	
	Par Value	Trading Value	Par Value	Trading Value
Other related party				
Taishin International Bank	$ 4,450,000	$ 4,471,461	$ 1,300,000	$ 1,315,821
Hua Nan Securities Co., Ltd.	650,000	686,853	400,000	398,632
	$ 5,100,000	$ 5,158,314	$ 1,700,000	$ 1,714,453

The outright purchase and sale of bonds will be traded at normal prices, that is, the interest rate is based on the prevailing market interest rate.

15) Securities processing fees and other expenses

The amount of transaction fee paid for the trading of securities by the Group and the related party is as follows:

	For the Year Ended December 31	
	2023	2022
Other related party		
Taishin Securities Co., Ltd.	$ 2,973	$ 1,456
Hua Nan Securities Co., Ltd.	3,771	3,242
	$ 6,744	$ 4,698

16) Securities lending

The amounts of securities lending income and securities borrowing fees generated from the securities lending transactions between the Group and the related parties were as follows:

	For the Year Ended December 31			
	2023		2022	
	Lending	Borrowings	Lending	Borrowings
Other related party				
Taishin International Bank	$ -	$ -	$ 783	$ -
Hua Nan Securities Co., Ltd.	-	-	1,289	-
	$ -	$ -	$ 2,072	$ -

17) Prepaid expenses

	December 31	
	2023	2022
Other related party		
Shin Kong Co., Ltd.	$ 17,630	$ 5,114
Shin Kong Mitsukoshi Department Store Co., Ltd.	6,196	11,187
Taiwan Shin Kong Security Co., Ltd.	4,640	4,722
Others	409	776
	$ 28,875	$ 21,799

On December 31, 2023 and 2022, prepaid expenses to Shin Kong Fire & Marine Insurance Co., Ltd., Shin Kong Mitsukoshi Department Store Co., Ltd., Taiwan Shin Kong Security Co. are mainly prepaid repair expenses, prepaid rent, prepaid insurance expenses and prepaid other expenses.

18) Acquisition of property, plant and equipment

	For the Year Ended December 31	
	2023	2022
Other related party		
Taiwan Shin Kong Security Co., Ltd.	$ 21,785	$ 38,062
Others	-	3,217
	$ 21,785	$ 41,279

The price that Group purchases cash machines, cameras, surveillance equipment and software from Taiwan Shin Kong Security Co., Ltd., purchases purchase equipment from Shih Soft Co., Ltd. is determined by merchant price comparison.

19) Other receivables

	December 31	
	2023	2022
Other related party		
Taishin International Bank Co., Ltd.	$ 140	$ 91
Hua Nan Commercial Bank Co., Ltd.	166	75
	$ 306	$ 166

20) Commercial paper payable

	December 31, 2023
Other related party	
Taishin International Bank Co., Ltd.	$ 99,934

On December 31, 2022: None.

21) Convertible bond

	December 31, 2023	
	Number of Shares (In Thousands)	Amounts
Other related party		
Taishin Financial Holding Co., Ltd.	55	$ 5,707

	December 31, 2022	
	Number of Shares (In Thousands)	Amounts
Other related party		
Taishin Financial Holding Co., Ltd.	1,924	$ 204,348

22) Loan guarantees provided by directors of SKFHC and TSKCB

		For the Year Ended December 31, 2023	
	Loan Account	Highest Balance	Ending Balance
Key management personnel			
Wu, Ben-Sen	ChaoBan Investment Co., Ltd.	$ 330,000	$ 290,000
Hung, Shin-chi	Chuan Wen International Co., Ltd.	13,000	-
Hung, Shin-chi	Sinpei Co., Ltd.	31,700	13,000
		$ 374,700	$ 303,000

		For the Year Ended December 31, 2022	
	Loan Account	Highest Balance	Ending Balance
Key management personnel			
Wu, Ben-Sen	ChiaBan Investment Co., Ltd.	$ 330,000	$ 330,000
Wu, Ben-Sen	ChaoBan Investment Co Ltd.	104	-
Hung, Shin-chi	Chuan Wen International Co., Ltd.	24,000	10,000
Hung, Shin-chi	Sinpei Co., Ltd.	54,000	14,700
		$ 408,104	$ 354,700

c. Compensation of key management personnel

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	$ 504,619	$ 543,699
Post-employment benefits	5,879	6,463
Other long-term employee benefits	41,012	17,950
Share-based payments	-	2,280
	$ 551,510	$ 570,392

The remuneration of directors and key executives was determined based on the performance of individuals and market trends.

41. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

Financial Statement Account	Pledged Assets	December 31 2023	December 31 2022
Financial assets at fair value through other comprehensive income (including guarantee deposits paid)	Government bonds	$ 5,530,000	$ 5,533,200
Financial assets at amortized cost (including guarantee deposits paid)	Government bonds	12,081,029	18,078,986
Property and equipment	Land and buildings	1,554,267	1,564,903
Investment properties	Land and buildings	211,461	202,108
Miscellaneous assets, others	Guarantee deposits	930,000	940,000
Miscellaneous assets, others	Restricted assets - time deposits and compensative deposits	1,266,030	1,293,612

42. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

a. As of December 31, 2023, SKLIC had 17 open purchase contracts and construction contracts signed for investment properties; the contract price payables in the future was as follows:

	Amount
2024-2028	$ 12,916,532

b. As of December 31, 2023 and 2022, TSKCB had the following commitments and contingent liabilities:

	December 31 2023	December 31 2022
Guarantees	$ 23,765,579	$ 20,240,879
Letters of credit	3,225,711	3,181,139
Trust liabilities	194,664,688	191,542,258
Loan commitments (excluding credit card)	274,688,293	251,710,215
Loan commitments - credit card	1,778,123	1,854,431

c. According to Article 17 of the implementation rules of Trust Law, TSKCB disclosed its balance sheet, income statement of trust account and asset items as follows:

Trust Balance Sheet

	December 31	
Trust Assets	**2023**	**2022**
Cash in banks	$ 4,101,733	$ 3,923,871
Short-term investments		
Mutual fund	66,979,066	69,667,531
Bond investments	40,876,517	37,965,929
Share investments	839,484	723,763
Securities under custody		
Securities under custody	33,017,185	32,174,330
Real estate		
Land	39,233,687	39,373,359
Buildings	6,906	6,906
Construction in process	9,610,110	7,706,569
	$ 194,664,688	$ 191,542,258
Trust Liabilities		
Securities under custody payable		
Securities under custody payable	$ 33,017,185	$ 32,174,330
Trust capital		
Trust by cash	111,365,307	110,644,663
Trust by real estate	50,679,645	49,126,758
Reserve and accumulated deficit		
Accumulated (deficit) earnings	(1,716,218)	1,678,713
Exchange (losses) gains	(221)	89
Net (loss) income	1,318,990	(2,082,295)
	$ 194,664,688	$ 191,542,258

Trust Account Income Statement

	For the Year Ended December 31	
	2023	**2022**
Trust income		
Interest revenue	$ 12,868	$ 4,611
Dividend income from preference shares	2,619,804	2,804,424
Dividend income from ordinary shares	-	25,017
Gain on disposal of assets	1,013,179	862,555
Realized capital gain	1,730,281	1,695,186
	5,376,132	5,391,793
Trust expense		
Management fee	(66,613)	(96,443)
Processing expense	(277)	(430)
Loss on disposal of assets	(3,989,103)	(7,376,657)
Other expenses	(253)	(271)
	(4,056,246)	(7,473,801)
Income before tax	1,319,886	(2,082,008)
Income tax expense	(896)	(287)
Net income	$ 1,318,990	$ (2,082,295)

Trust Assets

	December 31	
Trust Assets	**2023**	**2022**
Cash in banks	$ 4,101,733	$ 3,923,871
Short-term investments		
Mutual fund	66,979,066	69,667,531
Bond investments	40,876,517	37,965,929
Ordinary share investments	839,484	723,763
Securities under custody		
Securities under custody	33,017,185	32,174,330
Real estate		
Land	39,233,687	39,373,359
Buildings	6,906	6,906
Construction in process	9,610,110	7,706,569
	$ 194,664,688	$ 191,542,258

d. As of December 31, 2023, MLSC and its subsidiaries had the following commitments and contingent liabilities:

1) AS of December 31, 2023, prepaid equipment expense of MLSC was $14,249 thousand, and contract amounted to $29,126 thousand in total.

2) As of December 31, 2023, the details of MLSC commitment to underwriting securities were as follows:

Company	Type of Securities	Units	Price Per Unit (In Dollars)	Underwritten Amount (In Thousands of Dollars)
CSBC Corp., Taiwan	SPO - Participant Bank	149,000	$ 17.5	$ 2,608

43. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

SKFH's board of directors resolved on February 29, 2024, to approve the maximum amount of investment in the common stock of its subsidiary, SKLIC, of $7,000,000 thousand.

SKLIC's total capital adequacy ratio improvement plan was approved by the board of directors on February 17, 2024, and the total capital adequacy ratio improvement plan was submitted to the FSC on February 22, 2024, please refer to Note 54(c).

SKLIC's board of directors approved on February 17, 2024, the proposed issuance of 10-year cumulative subordinated common bonds of up to $8,000,000 thousand and the proposed issuance of common shares of up to $1,500,000 thousand by means of a private placement for cash capital increase. Meanwhile, on July 27, 2023, the board of directors approved the issuance of common stock in the amount of $5,500,000 thousand by private placement, and the total amount of the proposed cash capital increase is $7,000,000 thousand.

44. INFORMATION ON BUSINESS SEGMENTS

For the year ended December 31, 2023

Item \ Segment	Insurance	Securities	Banking	Others	Combined
Net interest income	$ 99,691,221	$ 706,375	$ 13,483,463	$ (43,976)	$ 113,837,083
Net income and gains other than interest income	(101,617,219)	6,826,341	5,412,205	946,974	(88,431,699)
Profit from operations	(1,925,998)	7,532,716	18,895,668	902,998	25,405,384
Net changes in insurance liability reserves	(7,277,069)	-	-	-	(7,277,069)
Bad debt (expense) income	(222,295)	(221)	(1,112,439)	8,937	(1,326,018)
Operating expenses	(13,204,793)	(4,669,160)	(10,176,416)	(1,459,676)	(29,510,045)
Consolidated income (loss) before income tax	(22,630,155)	2,863,335	7,606,813	(547,741)	(12,707,748)
Income tax benefit (expense)	6,590,138	(342,956)	(1,546,617)	682,878	5,383,443
Consolidated net income (loss)	(16,040,017)	2,520,379	6,060,196	135,137	(7,324,305)

For the year ended December 31, 2022

Item \ Segment	Insurance	Securities	Banking	Others	Combined
Net interest income	$ 96,913,327	$ 988,436	$ 14,082,196	$ (8,247)	$ 111,975,712
Net income and gains other than interest income	(19,511,921)	3,516,738	3,750,956	1,176,231	(11,067,996)
Profit from operations	77,401,406	4,505,174	17,833,152	1,167,984	100,907,716
Net changes in insurance liability reserves	(67,885,956)	-	-	-	(67,885,956)
Bad debt (expense) income	(334,107)	22,004	(869,657)	(6,348)	(1,188,108)
Operating expenses	(12,467,219)	(3,848,096)	(9,409,296)	(1,403,801)	(27,128,412)
Consolidated income (loss) before income tax	(3,285,876)	679,082	7,554,199	(242,165)	4,705,240
Income tax benefit (expense)	(595,224)	(106,781)	(1,431,173)	(403,374)	(2,536,552)
Consolidated net income (loss)	(3,881,100)	572,301	6,123,026	(645,539)	2,168,688

Note: The transactions between SKFHC and its subsidiaries were eliminated from the above table.

45. FINANCIAL STATEMENTS OF SHIN KONG FINANCIAL HOLDING CO., LTD. AND CONDENSED FINANCIAL STATEMENTS OF SUBSIDIARIES

a. Financial statements of the Company

Shin Kong Financial Holding Co., Ltd.

Balance Sheets
(In Thousands of New Taiwan Dollars)

	December 31	
ASSETS	**2023**	**2022**
CASH AND CASH EQUIVALENTS	$ 2,597,680	$ 2,828,615
CURRENT TAX ASSETS	859,252	581,338
FINANCIAL ASSETS AT AMORTIZED COST	351,762	1,123,913
OTHER FINANCIAL ASSETS	7,492	5,816
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD	264,614,525	230,267,785
PROPERTY AND EQUIPMENT, NET	31,207	37,151
RIGHT-OF-USE ASSETS	68,597	92,328
INTANGIBLE ASSETS, NET	15,181	14,113
OTHER ASSETS	1,128,953	1,286,777
TOTAL	$ 269,674,649	$ 236,237,836

	December 31	
LIABILITIES AND EQUITY	**2023**	**2022**
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	$ 33,995	$ -
SHORT-TERM LOAN	100,000	2,000,000
COMMERCIAL PAPERS ISSUED	1,495,821	1,397,537
ACCRUED EXPENSE	161,976	199,723
CURRENT TAX LIABILITIES	350,072	931,588
OTHER PAYABLES	9,097,175	6,872,537
BONDS PAYABLE	12,652,943	12,950,689
LEASE LIABILITIES	70,609	94,903
OTHER LIABILITIES	64,733	69,798
Total liabilities	24,027,324	24,516,775
EQUITY		
Ordinary shares	154,876,290	154,876,182
Preference shares	2,970,000	2,970,000
Capital surplus	18,623,914	18,276,795
Retained earnings		
Legal reserve	10,322,728	10,079,100
Special reserve	83,171,578	42,221,858
Unappropriated retained earnings	(4,693,390)	41,193,349
Other equity		
Exchange differences on translating the financial statements of foreign operations	(67,173)	(40,301)
Loss on hedging instruments	2,067	3,301
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	6,505,884	(4,539,568)
Unrealized loss on investments in debt instruments at fair value through other comprehensive income	(10,709,016)	(14,319,774)
Gains on property revaluation	5,049,020	4,101,387
Other comprehensive income reclassified using the overlay approach	(20,404,577)	(43,101,268)
Total equity	245,647,325	211,721,061
TOTAL	$ 269,674,649	$ 236,237,836

Shin Kong Financial Holding Co., Ltd.

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

	For the Year Ended December 31	
	2023	**2022**
REVENUE		
Share of profit or loss from subsidiaries accounted for using the equity method	$ (7,731,293)	$ 2,554,458
Other income	218,803	390,285
Total revenue	(7,512,490)	2,944,743
EXPENSES AND LOSSES		
Operating expenses	(408,218)	(407,263)
Interest expense	(223,893)	(153,609)
Other expenses and losses	(52,190)	(11,025)
Total expenses and losses	(684,301)	(571,897)
(LOSS) INCOME BEFORE TAX	(8,196,791)	2,372,846
INCOME TAX BENEFIT (EXPENSES)	787,552	(286,210)
NET (LOSS) INCOME	(7,409,239)	2,086,636
OTHER COMPREHENSIVE INCOME		
Share of other comprehensive income of subsidiaries accounted for using the equity method	41,012,185	(59,164,782)
TOTAL COMPREHENSIVE INCOME	$ 33,602,946	$ (57,078,146)
(LOSS) EARNINGS PER SHARE		
Basic	$(0.48)	$0.10
Diluted	$(0.48)	$0.10

Shin Kong Financial Holding Co., Ltd.

Statements of Changes in Equity
(In Thousands of New Taiwan Dollars)

					Retained Earnings			Other Equity					
	Share Capital Ordinary Shares	Preferred Shares	Capital Collected in Advance	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain on Financial Assets at Fair Value Through Other Comprehensive Income	Other Comprehensive Income on Reclassification of Overlay Approach	Gains on Hedging Instruments	Gains on Property Revaluation	Total
BALANCE, JANUARY 1, 2022	$ 140,417,721	$ 2,970,000	$ 1,041,928	$ 19,136,235	$ 7,800,692	$ 40,713,804	$ 49,821,487	$ (330,663)	$ (2,451,004)	$ 1,176,936	$ -	$ 2,672,828	$ 262,969,964
Special reserve appropriated under Rule No. 10310000140 issued by the FSC	-	-	-	-	-	1,533,200	(1,533,200)	-	-	-	-	-	-
Appropriation of 2021 earnings													
Legal reserve appropriated	-	-	-	-	2,278,408	-	(2,278,408)	-	-	-	-	-	-
Special reserve appropriated	-	-	-	-	-	(25,146)	25,146	-	-	-	-	-	-
Reversal of special reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	-	(6,200,000)	-	-	-	-	-	(6,200,000)
Cash dividends of preference share	-	-	-	-	-	-	(527,850)	-	-	-	-	-	(527,850)
Issue of shares	12,770,390	-	-	(760,772)	-	-	-	-	-	-	-	-	12,009,618
Convertible bonds converted to ordinary shares	1,688,071	-	(1,041,928)	(139,667)	-	-	-	-	-	-	-	-	506,476
Share-based payments	-	-	-	40,632	-	-	-	-	-	-	-	-	40,632
Overdue dividends	-	-	-	367	-	-	-	-	-	-	-	-	367
Net income for the year ended December 31, 2022	-	-	-	-	-	-	2,086,636	-	-	-	-	-	2,086,636
Other comprehensive (loss) income for the year ended December 31, 2022	-	-	-	-	-	-	294,597	290,362	(16,974,214)	(44,278,204)	3,301	1,499,376	(59,164,782)
Total comprehensive (loss) income for the year ended December 31, 2022	-	-	-	-	-	-	2,381,233	290,362	(16,974,214)	(44,278,204)	3,301	1,499,376	(57,078,146)
Gain on disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	(565,876)	-	565,876	-	-	-	-
Disposal of investment properties	-	-	-	-	-	-	70,817	-	-	-	-	(70,817)	-
BALANCE, DECEMBER 31, 2022	154,876,182	2,970,000	-	18,276,795	10,079,100	42,221,858	41,193,349	(40,301)	(18,859,342)	(43,101,268)	3,301	4,101,387	211,721,061
Special reserve appropriated under Rule No. 10310000140 issued by the FSC	-	-	-	-	-	(4,829,745)	4,829,745	-	-	-	-	-	-
Reversal of special reserve reversed under Rule No. 1100208161 and No. 1090150022 issued by the FSC	-	-	-	-	-	(532,380)	532,380	-	-	-	-	-	-
Appropriation of 2022 earnings													
Legal reserve appropriated	-	-	-	-	243,628	-	(243,628)	-	-	-	-	-	-
Special reserve appropriated	-	-	-	-	-	46,311,845	(46,311,845)	-	-	-	-	-	-
Equity component of convertible bonds issued by the Company	-	-	-	346,377	-	-	-	-	-	-	-	--	346,377
Convertible bonds converted to ordinary shares	108	-	--	(15)	-	-	-	-	-	-	-	-	93
Overdue dividends unclaimed by subsidiaries	-	-	-	757	-	-		-	-	-	-	-	757
Net loss for the year ended December 31, 2023	-	-	-	-	-	-	(7,409,239)	-	-	-	-	-	(7,409,239)
Other comprehensive (loss) income for the year ended December 31, 2023	-	-	-	-	-	-	(62,490)	(26,872)	17,449,628	22,696,691	(1,234)	956,462	41,012,185
Total comprehensive (loss) income for the year ended December 31, 2023	-	-	-	-	-	-	(7,471,729)	(26,872)	17,449,628	22,696,691	(1,234)	956,462	33,602,946
Gain on disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	2,793,418	-	(2,793,418)	-	-	-	-
Disposal of investments in equity instruments designated as at fair value through other comprehensive income from participating policy transfer in special reserves	-	-	-	-	-	-	(23,909)	-	-	-	-	-	(23,909)
Proceeds from disposal of investment properties	-	-	-	-	-	-	8,829	-	-	-	-	(8,829)	-
BALANCE, DECEMBER 31, 2023	$ 154,876,290	$ 2,970,000	$ -	$ 18,623,914	$ 10,322,728	$ 83,171,578	$ (4,693,390)	$ (67,173)	$ (4,203,132)	$ (20,404,577)	$ 2,067	$ 5,049,020	$ 245,647,325

Shin Kong Financial Holding Co., Ltd.

Statements of Cash Flows
(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2023	**2022**
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) income before income tax	$ (8,196,791)	$ 2,372,846
Depreciation expenses and amortization expense	52,137	44,398
(Gains) loss on financial assets and liabilities at fair value through profit or loss	(14,498)	1,551
Compensation cost of share-based payment	-	863
Gain on disposal and scrap of property, plant and equipment	(325)	(798)
Gain on lease modifications	(3)	(3)
Share of profit of subsidiaries	7,731,293	(2,554,458)
Interest income	(145,679)	(55,770)
Interest expense	223,893	153,609
Net changes in operating assets and liabilities		
Debt investment at amortized cost	772,151	(154,763)
Other assets	1,558,386	1,145,705
Accrued expenses	(34,952)	(74,889)
Other payables	(8,000)	819,240
Other liabilities	(5,065)	11,474
Cash generated from operations	1,932,547	1,709,005
Interests received	144,003	52,909
Dividends received	411,000	5,367,000
Interest paid	(127,067)	(112,092)
Income tax received (paid)	756,981	(785,469)
Net cash generated from operating activities	3,117,464	6,231,353
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investments accounted for using equity method	(1,500,000)	(12,339,227)
Payments of property, plant and equipment	(7,626)	(22,752)
Proceeds from sale of property, plant and equipment	1,344	1,600
Net increase (decrease) in deferred charges	(928)	-
Payments of intangible assets	(4,080)	(4,127)
Net cash used in investing activities	(1,511,290)	(12,364,506)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuing bonds	4,999,300	5,000,000
Repayments of bonds payable	(4,999,300)	(5,000,100)
Cash dividends paid	-	(6,727,850)
Increase in short-term borrowings	-	1,997,749
Decrease in short-term borrowings	(1,900,000)	-
Increase in commercial papers payable	96,568	195,534
Payments of lease liabilities	(33,677)	(30,457)
Proceeds of issuing shares	-	12,009,618
Net cash (used in) generated from financing activities	(1,837,109)	7,444,494
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(230,935)	1,311,341
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,828,615	1,517,274
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 2,597,680	$ 2,828,615

b. Condensed balance sheets and statements of comprehensive income of subsidiaries

1) Condensed balance sheets:

Shin Kong Life Insurance Company

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

ASSETS	December 31 2023	December 31 2022
Assets		
Cash and cash equivalents	$ 99,134,585	$ 71,842,078
Accounts receivable	34,206,496	27,698,821
Current tax assets	9,084,906	6,848,517
Assets held for sale	8,468,595	9,588,103
Investments	3,291,528,237	3,310,642,083
Reinsurance assets	980,845	843,259
Right-of-use assets	1,902,674	1,974,900
Property and equipment	28,635,720	28,804,440
Intangible assets	603,908	589,522
Deferred tax assets	43,089,953	37,433,077
Other assets	18,018,056	30,299,785
Assets on insurance products - separate-accounts	51,870,326	38,541,123
Total	$ 3,587,524,301	$ 3,565,105,708

LIABILITIES AND EQUITY	December 31 2023	December 31 2022
Liabilities		
Payables	$ 6,481,229	$ 6,448,977
Financial liabilities	38,312,272	58,487,017
Lease liabilities	8,894,954	9,682,085
Reserves	13,263,587	27,407,043
Deferred tax liabilities	16,536,765	10,575,830
Insurance liabilities	3,277,483,556	3,267,606,945
Provisions for insurance contracts with the nature of financial instruments	70,849	20,964
Other liabilities	16,573,725	7,312,627
Liabilities on insurance products - separate-account	51,870,326	38,541,123
Total liabilities	3,429,487,263	3,426,082,611
Equity		
Ordinary shares	74,387,451	73,720,784
Capital surplus	23,106,794	22,273,461
Retained earnings	74,828,015	89,568,975
Other equity	(14,285,222)	(46,540,123)
Total equity	158,037,038	139,023,097
Total	$ 3,587,524,301	$ 3,565,105,708

Taiwan Shin Kong Commercial Bank Co., Ltd.

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

ASSETS	December 31 2023	December 31 2022 (Restated)
Assets		
Cash and cash equivalents	$ 37,205,012	$ 47,117,767
Due from Central Bank of China and other banks	72,188,468	61,584,518
Financial assets at fair value through profit or loss	88,945,781	102,836,659
Financial assets at fair value through other comprehensive income	180,811,638	182,417,824
Investments in debt instruments at amortized cost	60,456,592	44,270,051
Notes and bonds purchased under resale agreements	600,000	-
Accounts receivable	13,454,378	13,932,472
Loans, net	795,749,611	743,341,305
Investments accounted for using the equity method	224,652	158,569
Property and equipment	5,760,452	5,872,624
Right-of-use assets	2,538,507	2,834,668
Investment properties	887,171	876,382
Intangible assets	1,943,144	1,657,563
Deferred tax assets	786,647	754,561
Other assets	4,202,554	4,248,096
Total	$ 1,265,754,607	$ 1,211,903,059

LIABILITIES AND EQUITY	December 31 2023	December 31 2022 (Restated)
Liabilities		
Deposits from Central Bank and other banks	$ 845,250	$ 323,880
Financial liabilities at fair value through profit or loss	7,382,575	6,560,818
Notes and bonds issued under repurchase agreements	9,517,255	6,234,281
Accounts payable	9,270,722	8,119,363
Current tax liabilities	1,072,424	1,124,403
Deposits and remittances	1,095,645,045	1,072,793,931
Debentures payable	28,200,000	26,800,000
Miscellaneous financial liabilities	32,570,941	20,316,450
Lease liabilities	2,674,956	2,981,381
Other liabilities	3,657,985	3,040,584
Total liabilities	1,190,837,153	1,148,295,091
Equity		
Ordinary shares	49,815,329	49,815,329
Capital surplus	2,610,121	2,610,121
Retained earnings	31,411,981	24,666,230
Other equity	(8,919,977)	(13,483,712)
Total equity	74,917,454	63,607,968
Total	$ 1,265,754,607	$ 1,211,903,059

Shin Kong Investment Trust Co., Ltd.

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

	December 31			December 31	
ASSETS	**2023**	**2022**	**LIABILITIES AND EQUITY**	**2023**	**2022**
Assets			Liabilities		
Current assets	$ 689,031	$ 635,779	Total liabilities	$ 167,068	$ 172,391
Property and equipment	18,222	21,002			
Right-of-use assets	85,393	98,252	Equity		
Intangible assets	17,508	23,552			
Other assets	109,792	110,323	Ordinary shares	400,000	400,000
			Capital surplus	125,272	125,272
			Retained earnings	227,465	191,339
			Other equity	141	(94)
			Total equity	752,878	716,517
Total	$ 919,946	$ 888,908	Total	$ 919,946	$ 888,908

MasterLink Securities Co., Ltd.

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

	December 31			December 31	
ASSETS	**2023**	**2022**	**LIABILITIES AND EQUITY**	**2023**	**2022**
Assets			Liabilities		
Current assets	$ 123,886,199	$ 84,234,827	Current liabilities	$ 104,665,249	$ 67,997,980
Non-current assets	11,253,575	10,436,116	Other liabilities	590,277	670,170
			Total liabilities	105,255,526	68,668,150
			Equity		
			Ordinary shares	16,096,099	16,096,099
			Capital surplus	55,571	54,814
			Retained earnings	10,764,269	8,279,008
			Other equity	2,968,309	1,572,872
			Total equity	29,884,248	26,002,793
Total	$ 135,139,774	$ 94,670,943	Total	$ 135,139,774	$ 94,670,943

Shin Kong Venture Capital International Co., Ltd.

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

ASSETS	December 31 2023	December 31 2022	LIABILITIES AND EQUITY	December 31 2023	December 31 2022
Assets			Liabilities		
Current assets	$ 725,875	$ 560,602	Total liabilities	$ 307,381	$ 262,784
Investments accounted for using the equity method	931,936	885,395			
Other assets	499,248	473,032	Equity		
			Ordinary shares	1,643,020	1,576,488
			Capital surplus	573	573
			Unappropriated retained earnings	145,356	85,405
			Other equity	60,729	(6,221)
			Total equity	1,849,678	1,656,245
Total	$ 2,157,059	$ 1,919,029	Total	$ 2,157,059	$ 1,919,029

Shin Kong Property Insurance Agency Co., Ltd.

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

ASSETS	December 31 2023	December 31 2022	LIABILITIES AND EQUITY	December 31 2023	December 31 2022
Assets			Liabilities		
Current assets	$ 172,728	$ 166,306	Total liabilities	$ 79,343	$ 75,866
Property and equipment	1,510	990			
Intangible assets	700	240	Equity		
Other assets	16,016	18,034			
			Ordinary shares	10,000	10,000
			Capital surplus	703	703
			Legal reserve	12,355	12,355
			Unappropriated retained earnings	88,553	86,646
			Total equity	111,611	109,704
Total	$ 190,954	$ 185,570	Total	$ 190,954	$ 185,570

2) Condensed statements of operations of subsidiaries

Shin Kong Life Insurance Company

Condensed Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars, Except Losses Per Share)

	For the Year Ended December 31	
	2023	**2022**
Operating revenue	$ 259,429,519	$ 289,809,583
Operating costs	(269,504,827)	(281,200,248)
Operating expenses	(14,037,698)	(13,234,762)
Operating loss	(24,113,006)	(4,625,427)
Net non-operating income and expense	352,081	348,152
Loss before income tax	(23,760,925)	(4,277,275)
Income tax (expense) benefit	6,568,224	(594,839)
Net loss	(17,192,701)	(4,872,114)
Other comprehensive loss	34,730,551	(46,277,812)
Total comprehensive income (loss)	$ 17,537,850	$ (51,149,926)
Losses per share		
Basic	$(2.33)	$(0.68)

Taiwan Shin Kong Commercial Bank Co., Ltd.

Condensed Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31	
	2023	**2022 (Restated)**
Net interest income	$ 12,965,264	$ 13,710,839
Net income and gains other than interest income	6,931,540	5,150,000
Profit from operations	19,896,804	18,860,839
Provision for bad-debt expenses	(1,119,848)	(876,179)
Operating expenses	(10,460,978)	(9,695,749)
Income before income tax	8,315,978	8,288,911
Income tax expense	(1,524,530)	(1,427,254)
Net income	6,791,448	6,861,657
Other comprehensive income (loss)	4,518,038	(12,883,556)
Total comprehensive income (loss)	$ 11,309,486	$ (6,021,899)
Earnings per share		
Basic	$1.36	$1.41

Shin Kong Investment Trust Co., Ltd.

Condensed Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31	
	2023	**2022**
Operating revenue	$ 363,699	$ 324,456
Operating expenses	(285,308)	(264,236)
Operating income	78,391	60,220
Non-operating income and expense	8,106	(3,769)
Income before tax	86,497	56,451
Income tax expense	(17,219)	(13,263)
Net income	69,278	43,188
Other comprehensive loss	81	3,262
Total comprehensive income	$ 69,359	$ 46,450
Earnings per share		
Basic	$1.73	$1.08

MasterLink Securities Co., Ltd.

Condensed Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31	
	2023	**2022**
Revenue	$ 8,216,217	$ 4,547,232
Cost	(6,062,574)	(4,498,710)
Operating income	2,153,643	48,522
Other income and losses	644,796	395,956
Net income before tax	2,798,439	444,478
Income tax expense	(299,516)	(82,204)
Net income	2,498,923	362,274
Other comprehensive income	1,681,775	(609,186)
Total comprehensive income	$ 4,180,698	$ (246,912)
Earnings per share		
Basic	$1.55	$0.23

Shin Kong Venture Capital International Co., Ltd.

Condensed Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31	
	2023	**2022**
Revenue	$ 132,761	$ 112,692
Costs	(20,616)	(38,511)
Net income before tax	112,145	74,181
Income tax expense	(453)	(248)
Net income	111,692	73,933
Other comprehensive income (loss)	81,740	66,855
Total comprehensive income (loss)	$ 193,432	$ 140,788
Earnings per share		
Basic	$0.68	$0.47

Shin Kong Property Insurance Agency Co., Ltd.

Condensed Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31	
	2023	**2022**
Operating revenue	$ 478,384	$ 448,894
Operating costs and expenses	(379,033)	(351,339)
Operating income	99,351	97,555
Non-operating income	541	123
Net income before tax	99,892	97,678
Income tax expense	(19,985)	(19,538)
Net income	79,907	78,140
Other comprehensive income	-	-
Total comprehensive income	$ 79,907	$ 78,140
Earnings per share		
Basic	$79.91	$78.14

The above condensed balance sheets and statements of comprehensive income of subsidiaries were reviewed by auditors in accordance with auditing standards generally accepted in the ROC.

3) Business or transaction activities, joint business promotion activities, interactive use of information, or sharing of business equipment or premises with various subsidiaries of financial holding companies, and the method of apportioning revenue, costs, expenses, and profits and losses

a) Please refer to Table 7 for the major business or transactions between SKFH and its subsidiaries.

b) Joint business promotion activities

In order to provide customers with diversified and convenient financial services to meet their needs, further improve the performance of each subsidiaries, and create the best synergy, SKFH and its subsidiaries actively use the resources of each subsidiary to integrate the marketing mechanism through financial holdings, assist each in the cross-selling business, and fully demonstrate the advantages of complementary channels.

c) Interactive use of information

In accordance with the "Financial Holding Company Act", "Administrative Measures for Joint Marketing Between Subsidiaries of Financial Holding Companies", "Data Sharing Guidelines Between Financial Institutions", "SKFHC's Data Sharing Policy", "Management of Data Transmission, Analysis or Utilization of SKFHC and its Subsidiaries", "Personal Data Protection Act" and relevant letters and orders issued by the Financial Supervisory Commission, the Company and its subsidiaries that conduct joint marketing or data sharing, and subsidiaries of mutual use have signed the "Customer Information Confidentiality Agreement" and "Customer Information Confidentiality Measures Joint Statement", "Data Sharing and Customer Data Use Agreement" and "SKFHC's Privacy Statement" to maintain the confidentiality of customer information or limit its use, and provide a customer exit mechanism in a legal and safe environment.

d) Sharing of business equipment or premises

In order to provide the most suitable products and one-stop shopping services, and to conduct joint marketing business within the scope approved by laws and regulations, customers can conduct related businesses at the business offices of Shin Kong Bank and Yuanfu Securities, the Company's subsidiaries.

e) The method of apportioning revenue, costs, expenses, and profits and losses

In order to expand the economic scale and utilize the benefits of the Group's resources, SKFHC and its subsidiaries will jointly promote the business or share part of the business equipment and premises. Their income and expense allocation methods are directly attributable to the subsidiaries according to the nature of the business, or appropriately apportioned to the respective companies.

4) Capital adequacy information specified in the Regulations Governing the Preparation of Financial Statements by Financial Holding Companies:

a) SKFHC's group capital adequacy ratio as of December 31, 2023:

Unit: In Thousands of New Taiwan Dollars; %

Item / Company	% Owned by SKFHC	Qualified Capital	Statutory Capital
Financial holding company		$ 245,625,140	$ 266,195,532
Banking subsidiary	100	103,568,279	70,370,312
Bills finance subsidiary	-	-	-
Security subsidiary	100	22,525,918	10,268,130
Insurance subsidiary	100	162,127,490	183,844,916
Trust subsidiary	-	-	-
Futures subsidiary	-	-	-
Venture capital subsidiary	100	1,849,677	1,078,530
Others	100	864,489	550,842
Deduction		268,139,319	264,614,525
Total		(A) 268,421,674	(B) 267,693,737
Group capital adequacy ratio (C)=(A)÷(B)			(C) 100.27%

For information on the Group's total capital adequacy, please refer to Note 54(c).

b) SKFHC's eligible capital as of December 31, 2023:

Unit: In Thousands of New Taiwan Dollars

Items		Amount
Ordinary shares		$ 154,876,290
Ordinary shares advance receipt		-
Capital surplus		18,623,914
Legal reserve		10,322,728
Special reserve		83,171,578
Accumulated earnings		(4,693,390)
Equity adjustments		(19,623,795)
Preference shares	According to Tier 1 capital rules and quota	2,970,000
	Other preference shares	-
Subordinated debt	According to Tier 1 capital rules and quota	-
	Other subordinated debt	-
Less goodwill		15,181
Less deferred assets		7,004
Less treasury shares		-
Total eligible capital		245,625,140

46. ASSET QUALITY OF TSKCB - NONPERFORMING LOAN AND OVERDUE ACCOUNTS

a. Asset quality

Affair / Item			December 31, 2023				
			Nonperforming Loans (Note 1)	Total Loan	NPL Ratio (Note 2)	Loan Loss Reserve	Coverage Ratio (Note 3)
Business finance	Secured		$ 206,666	$ 191,202,490	0.11%	$ 1,941,744	939.56%
	Unsecured		296,806	168,035,682	0.18%	1,993,404	671.62%
Consumer finance	Mortgage (Note 4)		80,313	210,498,013	0.04%	3,255,288	4,053.26%
	Cash card		-	215	-	201	-
	Micro credit (Note 5)		205,364	47,376,294	0.43%	1,193,732	581.28%
	Other (Note 6)	Secured	150,169	187,855,900	0.08%	2,021,688	1,346.27%
		Unsecured	2,289	988,180	0.23%	18,792	821.11%
Loans			941,607	805,956,774	0.12%	10,424,849	1,107.13%

Category / Items	December 31, 2023				
	Overdue Receivable	Accounts Receivable	Delinquency Ratio	Allowance for Credit Losses	Coverage Ratio
Credit card	$ 15,423	$ 8,736,359	0.18%	$ 177,824	1,152.99%
Accounts receivable without recourse (Note 7)	-	770,284	-	20,040	-

Affair / Item			December 31, 2022				
			Nonperforming Loans (Note 1)	Total Loan	NPL Ratio (Note 2)	Loan Loss Reserve	Coverage Ratio (Note 3)
Business finance	Secured		$ 139,829	$ 179,339,589	0.08%	$ 1,957,441	1,399.88%
	Unsecured		408,553	160,056,361	0.26%	2,380,733	582.72%
Consumer finance	Mortgage (Note 4)		131,166	198,951,843	0.07%	3,047,653	2,323.51%
	Cash card		-	303	-	279	-
	Micro credit (Note 5)		72,289	40,257,821	0.18%	797,948	1,103.82%
	Other (Note 6)	Secured	164,905	173,521,379	0.10%	1,821,261	1,104.43%
		Unsecured	2,510	1,051,916	0.24%	15,379	612.59%
Loans			919,252	753,179,212	0.12%	10,020,694	1,090.09%

Category / Items	December 31, 2022				
	Overdue Receivable	Accounts Receivable	Delinquency Ratio	Allowance for Credit Losses	Coverage Ratio
Credit card	$ 13,703	$ 8,383,372	0.16%	$ 160,482	1,171.18%
Accounts receivable without recourse (Note 7)	-	1,499,403	-	24,324	-

Non-reportable overdue loans and receivable

	December 31, 2023		December 31, 2022	
	Non-reportable NPL Balance	Non-reportable Overdue Receivable Balance	Non-reportable NPL Balance	Non-reportable Overdue Receivable Balance
Non-reportable amount upon performance of debt negotiation program (Note 8)	$ 1,730	$ 43,560	$ 2,783	$ 57,342
Amount received from performance of debt negotiation program (Note 9)	141,449	180,776	127,223	200,808
Total	143,179	224,336	130,006	258,150

Note 1: The amount recognized as non-performing loans (NPLs) is in compliance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/Non-accrual Loans". Non-performing credit loans represent the amounts of non-performing loans reported to the FSC, as required by the FSC in its letter dated July 6, 2005 (Ref. No. 094400378).

Note 2: Nonperforming loan ratio = Nonperforming loans ÷ Outstanding loan balance; Nonperforming credit loan ratio = Nonperforming loans ÷ Accounts receivable balance.

Note 3: Allowance for loans ratio = Allowance for doubtful loans ÷ Overdue loans; Allowance for credit card ratio = Allowance for doubtful credit card ÷ Overdue loans.

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

Note 5: Micro credit is covered by the FSC pronouncement dated December 19, 2005 (Ref 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 credit cards.

Note 7: As required by the FSC in its letter dated July 19, 2005 (Ref No. 094000494), provision for bad debt is recognized once no compensation is made by a factor or insurance company for accounts receivable factored without recourse.

Note 8: Accounts under "loans not required to be classified as NPL upon performance of a debt negotiation program" and "accounts receivable not required to be classified as overdue receivable upon debt negotiation program" were processed according the FSC pronouncement dated April 25, 2006 (Ref No. 09510001270).

Note 9: Accounts under "loans not required to be classified as NPL upon performance of a debt discharge program and rehabilitation program" and "accounts receivable not required to be classified as overdue receivable upon debt discharge program and rehabilitation program" were processed according the FSC pronouncement dated September 15, 2008 (Ref No. 09700318940), and dated September 20, 2016 (Ref No. 10500134790).

b. Concentration of credit extensions

(**In Thousands of New Taiwan Dollars, %**)

December 31, 2023			
Ranking (Note 1)	**Group Business Name (Note 2)**	**Amount (Note 3)**	**Percentage of Net Worth (%)**
1	Group A (016811 real estate activities for sale and rental with own or leased property)	$ 5,489,912	7.33
2	Group B (016011 real estate activities for sale and rental with own or leased property)	4,947,000	6.60
3	Group C (016700 real estate activities for sale and rental with own or leased property)	4,457,670	5.95
4	Group D (012630 manufacture of bare printed circuit boards)	3,910,927	5.22
5	Group E (016700 real estate activities for sale and rental with own or leased property)	3,595,675	4.80
6	Group F (016811 real estate activities for sale and rental with own or leased property)	3,592,219	4.79
7	Group G (011151 manufacture of made-up textile articles)	3,464,888	4.62
8	Group H (011810 chemical raw material manufacturing	3,417,559	4.56
9	Group I (016499 other financial service activities not elsewhere classified)	3,170,000	4.23
10	Group J (012630 manufacture of bare printed circuit boards)	3,136,470	4.19

(**In Thousands of New Taiwan Dollars, %)**

December 31, 2022			
Ranking (Note 1)	**Group Business Name (Note 2)**	**Amount (Note 3)**	**Percentage of Net Worth (%)**
1	Group B (016811 real estate lease activities)	$ 4,786,400	7.52
2	Group K (016102 wireless telecommunications business)	4,660,152	7.33
3	Group A (016811 real estate lease activities)	4,573,385	7.19
4	Group C (016700 real estate development activities)	4,294,170	6.75
5	Group H (011810 chemical raw materials manufacturing)	3,427,885	5.39
6	Group E (016700 real estate development activities)	3,347,540	5.26
7	Group I (016499 other financial service activities not elsewhere classified)	3,235,000	5.09
8	Group F (016811 real estate lease activities)	3,068,583	4.82
9	Group L (016700 real estate development activities)	2,698,202	4.24
10	Group M (016491 financial lease activities)	2,690,603	4.23

Note 1: The ranking is arranged in descending order of outstanding loan balance, excluding all the government entities and nation-owned enterprises. If the borrower is a member company of a group then the disclosed amount will be the total granted loan amount of that entire group.

Note 2: According to Article 6 of the "Supplementary Provisions to the Stock Exchange Corporation Criteria for the Review of Securities Listings", "Group" refers to the entity that has a controlling or subordinated relationship with the counterparty that obtained loans from the bank.

Note 3: Credit balance means the sum of all the loan (including import bill negotiated, discounted export bills negotiated, overdrafts, short-term secured and unsecured loans, marginal receivables, medium-term secured and unsecured loans, long-term secured and unsecured loans and overdue receivables), exchange bills negotiated, accounts receivable factored without recourse, acceptances receivable, and guarantees issued.

c. Interest rate sensitivity information

Analysis of Assets and Liabilities Sensitivity (N.T. Dollars)

(In Thousands of New Taiwan Dollars; %)

Item	**December 31, 2023**				
	1-90 Days	**91-180 Days**	**181 Days - 1 Year**	**More than 1 Year**	**Total**
Interest-sensitive assets	$ 760,428,999	$ 22,197,102	$ 18,476,545	$ 209,002,491	$ 1,010,105,137
Interest-sensitive liabilities	301,043,996	450,014,519	149,668,476	29,765,676	930,492,667
Interest-sensitive gap	459,385,003	(427,817,417)	(131,191,931)	179,236,815	79,612,470
Net equity					74,917,454
Ratio of interest-sensitive assets to liabilities					108.56
Ratio of interest sensitivity gap to net equity					106.27

(In Thousands of New Taiwan Dollars; %)

Item	**December 31, 2022**				
	1-90 Days	**91-180 Days**	**181 Days - 1 Year**	**More than 1 Year**	**Total**
Interest-sensitive assets	$ 680,729,558	$ 19,815,641	$ 29,925,962	$ 235,714,298	$ 966,185,459
Interest-sensitive liabilities	325,788,579	419,028,970	101,665,622	28,053,817	874,536,988
Interest-sensitive gap	354,940,979	(399,213,329)	(71,739,660)	207,660,481	91,648,471
Net equity					63,607,968
Ratio of interest-sensitive assets to liabilities					110.48
Ratio of interest sensitivity gap to net equity					144.08

Note 1: The above amounts included only New Taiwan dollar amounts held by the head office and branches of the bank (i.e., excluding foreign currency).

Note 2: Interest rate-sensitive assets and liabilities mean the revenue or costs of interest-earning assets and interest-bearing liabilities 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 (in New Taiwan dollars).

Analysis of Assets and Liabilities Sensitivity (U.S. Dollars)

(In Thousands of U.S. Dollars; %)

Item	December 31, 2023				
	1-90 Days	91-180 Days	181 Days - 1 Year	More than 1 Year	Total
Interest-sensitive assets	$ 3,131,613	$ 238,053	$ 94,664	$ 1,781,271	$ 5,245,601
Interest-sensitive liabilities	4,302,825	594,412	442,593	7,749	5,347,579
Interest-sensitive gap	(1,171,212)	(356,359)	(347,929)	1,773,522	(101,978)
Net equity					2,437,529
Ratio of interest-sensitive assets to liabilities					98.09
Ratio of interest sensitivity gap to net equity					(4.18)

(In Thousands of U.S. Dollars; %)

Item	December 31, 2022				
	1-90 Days	91-180 Days	181 Days - 1 Year	More than 1 Year	Total
Interest-sensitive assets	$ 3,121,279	$ 120,053	$ 92,752	$ 1,638,610	$ 4,972,694
Interest-sensitive liabilities	5,102,101	436,760	527,267	11,763	6,077,891
Interest-sensitive gap	(1,980,822)	(316,707)	(434,515)	1,626,847	(1,105,197)
Net equity					2,071,381
Ratio of interest-sensitive assets to liabilities					81.82
Ratio of interest sensitivity gap to net equity					(53.36)

Note 1: The above amounts included only U.S. dollar amounts held by the head office, domestic branches, OBU and overseas branches of the bank and excluded contingent assets and contingent liabilities.

Note 2: Interest rate-sensitive assets and liabilities mean the revenue or costs of interest-earning assets and interest-bearing liabilities 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 (in U.S. dollars).

d. Profitability

Items		December 31, 2023	December 31, 2022
Return on assets	Before tax	0.67	0.69
	After tax	0.55	0.58
Return on equity	Before tax	12.01	12.46
	After tax	9.81	10.31
Profit margin		34.13	36.38

Note 1: Return on assets = Income before (after) tax/Average total assets.

Note 2: Return on equity = Income after tax/Average equity.

Note 3: Profit margin = Income after tax/Net income.

Note 4: Income before (after) tax is the income accumulated from the beginning of the year to the end of the period.

e. Maturity analysis of assets and liabilities

Maturity Analysis of Assets and Liabilities (N.T. Dollars)

(In Thousands of New Taiwan Dollars)

	Total	Amount Due to December 31, 2023					
		1-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	More than 1 Year
Main capital inflow on maturity	$ 1,097,604,784	$ 143,320,407	$ 68,218,263	$ 88,331,964	$ 66,609,185	$ 62,786,282	$ 668,338,683
Main capital outflow on maturity	1,314,139,956	55,228,906	123,538,171	169,278,763	150,392,726	333,427,106	482,274,284
Gap	(216,535,172)	88,091,501	(55,319,908)	(80,946,799)	(83,783,541)	(270,640,824)	186,064,399

(In Thousands of New Taiwan Dollars)

	Total	Amount Due to December 31, 2022					
		1-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	More than 1 Year
Main capital inflow on maturity	$ 1,046,255,399	$ 152,079,652	$ 47,627,910	$ 106,371,836	$ 48,828,161	$ 67,899,103	$ 623,448,737
Main capital outflow on maturity	1,246,877,535	71,871,470	113,091,915	200,498,080	150,891,253	292,282,466	418,242,351
Gap	(200,622,136)	80,208,182	(65,464,005)	(94,126,244)	(102,063,092)	(224,383,363)	205,206,386

Note: The above amounts included only New Taiwan dollar amounts held by the head office and domestic branches of the bank (i.e., excluding foreign currency).

Maturity Analysis of Assets and Liabilities (U.S. Dollars)

(In Thousands of U.S. Dollars)

	Total	Amount Due to December 31, 2023				
		1-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	More than 1 Year
Main capital inflow on maturity	$ 10,402,858	$ 4,070,211	$ 1,880,910	$ 567,961	$ 703,031	$ 3,180,745
Main capital outflow on maturity	12,134,494	3,753,024	3,332,719	1,449,170	1,861,177	1,738,404
Gap	(1,731,636)	317,187	(1,451,809)	(881,209)	(1,158,146)	1,442,341

(In Thousands of U.S. Dollars)

	Total	Amount Due to December 31, 2022				
		1-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	More than 1 Year
Main capital inflow on maturity	$ 9,245,671	$ 3,277,255	$ 1,779,921	$ 441,743	$ 570,144	$ 3,176,608
Main capital outflow on maturity	10,968,918	3,345,531	2,448,836	1,512,859	1,875,983	1,785,709
Gap	(1,723,247)	(68,276)	(668,915)	(1,071,116)	(1,305,839)	1,390,899

Note 1: The above amounts included only U.S. dollars amounts held by the head office, domestic branches, OBU and overseas branches of the bank and accounted on book value.

Note 2: The oversea assets to total assets more than 10% will be reported as supplementary disclosure.

47. THE PROFITABILITY OF THE COMPANY, THE GROUP AND THE INVESTEES

Unit: %

For the Year Ended December 31, 2023	Return on Assets		Return on Equity		Net Income Ratio
	Before Tax	After Tax	Before Tax	After Tax	
The Group	(0.26)	(0.15)	(5.55)	(3.20)	(28.83)
The Company	(3.24)	(2.93)	(3.58)	(3.24)	-
SKLIC	(0.66)	(0.48)	(16.00)	(11.58)	-
TSKCB	0.67	0.55	12.01	9.81	34.13
MLSC	2.44	2.17	10.01	8.91	33.99

Unit: %

For the Year Ended December 31, 2022	Return on Assets		Return on Equity		Net Income Ratio
	Before Tax	After Tax	Before Tax	After Tax	
The Group	0.10	0.05	1.98	0.91	2.15
The Company	0.91	0.80	1.00	0.88	75.06
SKLIC	(0.12)	(0.14)	(2.67)	(3.05)	(6.34)
TSKCB	0.69	0.58	12.46	10.31	36.38
MLSC	0.38	0.31	1.63	1.32	8.60

Note: Net income ratio = Net income/Net revenue.

48. EXCHANGE RATE INFORMATION OF FOREIGN-CURRENCY DENOMINATED FINANCIAL ASSETS AND LIABILITIES

The following information was aggregated by the foreign currencies other than functional currencies of the Group entities and the exchange rates between foreign currencies and the respective functional currencies were as follows:

	December 31, 2023		
	Foreign Currency	Exchange Rate	New Taiwan Dollars
Financial assets			
Monetary items			
USD	$ 78,340,027	30.7350	$ 2,407,780,730
AUD	4,669,001	19.5751	91,396,262
CNH	4,168,166	4.2049	17,526,552
HKD	2,076,361	3.9276	8,155,105
JPY	30,224,885	0.2058	6,221,282
CNY	181,795	4.2081	765,009
GBP	3,025	37.3553	113,000
EUR	632	32.2994	20,399

(Continued)

	December 31, 2023		
	Foreign Currency	Exchange Rate	New Taiwan Dollars
Non-monetary items			
USD	$ 3,006,259	30.7350	$ 92,397,370
HKD	2,592,084	3.9276	10,180,656
CNH	1,942,546	4.2049	8,168,133
EUR	156,483	32.2994	5,054,309
CNY	107,718	4.2081	453,286
ZAR	225,722	1.6010	361,375
AUD	9,312	19.5751	182,284
JPY	51,238	0.2058	10,546
Financial liabilities			
Monetary items			
USD	5,847,640	30.7350	179,727,200
CNH	2,012,693	4.2049	8,463,091
HKD	1,953,259	3.9276	7,671,610
JPY	28,388,065	0.2058	5,843,204
AUD	197,622	19.5751	3,868,475
CNY	123,174	4.2081	518,326
EUR	559	32.2994	18,055
Non-monetary items			
USD	846,007	30.7350	26,002,025
HKD	2,278,676	3.9276	8,949,716
CNH	1,734,551	4.2049	7,293,543
ZAR	225,762	1.6010	361,439
AUD	13,257	19.5751	259,507
CNY	164	4.2081	690

(Concluded)

	December 31, 2022		
	Foreign Currency	Exchange Rate	New Taiwan Dollars
Financial assets			
Monetary items			
USD	$ 78,825,203	30.7080	$ 2,420,564,321
AUD	4,886,908	20.8262	101,775,555
CNH	12,100,656	4.4078	53,337,583
HKD	2,050,637	3.9383	8,076,099
ZAR	2,835,708	1.8117	5,137,581
CNY	1,154,801	4.4164	5,100,044
JPY	19,848,177	0.2324	4,613,039
KRW	19,688,633	0.0244	479,503
NZD	22,216	19.4320	431,702

(Continued)

	December 31, 2022		
	Foreign Currency	Exchange Rate	New Taiwan Dollars
Non-monetary items			
USD	$ 2,298,165	30.7080	$ 70,572,051
EUR	165,478	32.7102	5,412,812
HKD	702,055	3.9383	2,764,929
AUD	73,389	20.8262	1,528,411
ZAR	274,735	1.8117	497,750
CNY	92,936	4.4164	410,441
CNH	63,821	4.4078	281,312
JPY	129,303	0.2324	30,052
Equity investments			
CNY	35,640	4.4164	157,398
Financial liabilities			
Monetary items			
USD	6,252,894	30.7080	192,013,854
CNH	2,844,628	4.4078	12,538,625
HKD	2,540,936	3.9383	10,007,062
JPY	19,636,815	0.2324	4,563,915
AUD	193,732	20.8262	4,034,695
CNY	146,443	4.4164	646,748
EUR	1,388	32.7102	45,402
Non-monetary items			
USD	1,389,391	30.7080	42,665,419
AUD	33,296	20.8262	693,248
ZAR	274,753	1.8117	497,783
CNH	62,223	4.4078	274,268
CNY	949	4.4164	4,191

(Concluded)

49. OTHERS

a. SKLIC's hedging strategies and exposure situation:

1) Simulation scenario and countermeasures in the event of significant fluctuations in the foreign exchange market

When special or significant events happen to the macroeconomic environment such as the September 11 terrorist attack in the U.S., the September 21 earthquake in Taiwan, the United Kingdom leaving the European Union, COVID-19, Russia and-Ukraine war, or the exchange rate of the N.T. dollar against the U.S. dollar fluctuates over a pre-determined level, an emergency meeting will be held to discuss corresponding measures.

2) Foreign exchange hedging strategy

SKLIC mainly uses traditional hedging instruments. The investment department evaluates various factors such as market liquidity, hedging cost, and investing environment, then chooses the hedging instruments with the optimal long-term cost efficiency, and executes foreign exchange hedges according to approved intervals and targets.

3) SKLIC's control mechanism of foreign exchange risk

a) Control of hedging ratio on foreign exchange

The risk management department periodically monitors whether the hedging ratio on foreign exchange satisfies the standards.

b) Control of value-at-risk of foreign exchange exposure

The risk management department calculates value-at-risk of foreign exchange exposure every week and evaluates the market risk of foreign exchange exposure to forecast the possible losses from foreign exchange exposure due to changes in foreign exchange rates in certain periods and confidence intervals. When value-at-risk of foreign exchange exposure exceeds the limit, the risk management department will issue warning notice or hold emergency meetings to discuss corresponding measures.

c) Control of foreign exchange gains or losses

The risk management department monitors foreign exchange gains or losses of the foreign investment position every day. When losses exceed a certain level, the risk management department will issue warning notice or hold emergency meetings to discuss corresponding measures.

d) Control of reserve for changes in foreign exchange valuation

SKLIC takes the ratio of the reserve for changes in foreign exchange valuation as the warning criteria according to the competent authority. When the warning criteria fall below a certain ratio, the risk management department will issue a warning notice or hold emergency meetings to discuss the corresponding measures.

e) Foreign exchange hedging instruments

SKLIC mainly uses traditional hedging instruments. The investment department evaluates various factors such as market liquidity, hedging cost, and investing environment and chooses the hedging instruments with the optimal long-term cost efficiency.

b. Movements in reserve for changes in foreign exchange valuation:

	For the Year Ended December 31	
	2023	**2022**
Balance at January 1	$ 27,341,617	$ 2,699,429
Provision		
Compulsory provision	3,337,999	2,450,052
Additional provision	8,090,423	36,225,253
	11,428,422	38,675,305
Reversal	(25,551,340)	(14,033,117)
Balance at December 31	$ 13,218,699	$ 27,341,617

c. Effect of reserve for changes in foreign exchange valuation:

For the year ended December 31, 2023

Affected Accounts	Amounts If Not Applied	Amounts If Applied	Effects
Profit attributable to owner of the Company	$ (18,707,573)	$ (7,409,239)	$ 11,298,334
Earnings per share	(1.21)	(0.48)	0.73
Reserve for changes in foreign exchange valuation	-	13,218,699	13,218,699
Equity attributable to owner of the Company	253,330,287	245,647,325	(7,682,962)

For the year ended December 31, 2022

Affected Accounts	Amounts If Not Applied	Amounts If Applied	Effects
Profit attributable to owner of the Company	$ 21,800,386	$ 2,086,636	$ (19,713,750)
Earnings per share	1.41	0.10	(1.31)
Reserve for changes in foreign exchange valuation	-	27,341,617	27,341,617
Equity attributable to owner of the Company	230,702,357	211,721,061	(18,981,296)

Profit if not applied with reserve for change in foreign exchange valuation: Profit if applied with reserve for changes in foreign exchange valuation ± (Net changes in reserve for changes in foreign exchange valuation) × 80%, for the years ended December 31, 2023 and 2022.

50. SUPPLEMENTAL DISCLOSURES

a. Information about significant transactions:

Code	Description	Explanation
1	Accumulated purchases and sales balance of specific investee's marketable securities over $300 million or 10% of the paid-in capital	None
2	Acquisition or disposal of individual real estate at prices over $300 million or 10% of the paid-in capital	Table 1
3	Discount on processing fee the transactions with related parties over $5 million	None
4	Receivables from related parties over $300 million or 10% of the paid-in capital	None
5	Disposal of nonperforming loans by subsidiaries	None
6	Related information of financial assets securitization or real estate securitization by subsidiaries	None
7	Other significant transactions which may affect the decisions of users of the financial statements	None

b. Information of investees

Code	Description	Explanation
1	Information regarding investee companies and percentage of ownership	Table 3
2	Acquisition and disposal of real estate at prices over $300 million or 20% of the paid-in capital	Tables 1
3	Discount on processing fee for transactions with related parties over $5 million	None
4	Receivables from related parties over $300 million or 10% of the paid-in capital	None
5	Disposal of nonperforming loans by investees	None
6	Related information of financial assets securitization or real estate securitization by investees	None
7	Other significant transactions which may affect the decisions of users of the financial statements	None
8	Financing provided to others	Note
9	Endorsements/guarantees provided	Table 2
10	Marketable securities held as of December 31, 2023	Table 4 and Note
11	Marketable securities acquired or disposed of at costs or prices over $300 million or 10% of the paid-in capital	None
12	Derivative transactions	Notes 8 and 51

Note: Disclosure requirement is not applicable to SKLIC, TSKCB and MLSC.

c. Investments in mainland China

Code	Description	Explanation
1	Name of companies, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income, carrying amount of the investment, repatriation of investment income, and limit of investment in investee in the mainland China area.	Table 6
2	Significant transaction elements like price, disbursement condition and unrealizable income generated directly or indirectly through a third area, by investee in mainland China.	None
3	Notes, endorsements and collateral provided directly or indirectly through an investee in a third area in mainland China.	None
4	Capital financing directly or indirectly through an investee in a third area in mainland China.	None
5	Other significant transactions which may affect the decisions of users of the financial statements	None

d. The important intercompany transactions among the Group are disclosed in Table 7 following the Notes to Consolidated Financial Statements.

e. For the names, number of shares held and shareholding proportions of shareholders with a stake of 5% or greater in the Company, refer to Table 8.

51. FINANCIAL INSTRUMENTS

Fair Value of Financial Instruments

a. Fair value of financial instruments not measured at fair value

Except as detailed in the following table, the financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values or their fair values cannot be reliably measured.

Fair value hierarchy presented above were as below:

December 31, 2023

		Fair Values			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets at amortized cost	$ 2,558,119,335	$ 312,132,489	$ 1,040,332,740	$ 679,827,805	$ 2,032,293,034
Refundable deposits	25,174,806	-	24,481,645	-	24,481,645
Financial liabilities					
Financial liabilities at amortized cost - debentures payable	28,200,000	-	28,055,792	-	28,055,792
Deposits received	22,380,642	-	22,338,581	-	22,338,581

December 31, 2022

		Fair Values			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets at amortized cost	$ 2,580,982,063	$ 358,459,910	$ 981,114,119	$ 663,317,982	$ 2,002,892,011
Refundable deposits	39,010,777	-	36,344,977	-	36,344,977
Financial liabilities					
Financial liabilities at amortized cost - debentures payable	26,800,000	-	26,591,201	-	26,591,201
Deposits received	13,620,541	-	13,583,063	-	13,583,063

The fair values of the financial assets and financial liabilities included in the Level 2 and Level 3 categories above have been determined using discounted cash flow analysis, market quotes from providers such as TPEX, Bloomberg or other recognized markets, or the theoretical price calculated by the Yield book system or Bloomberg, with the most significant unobservable input being the discount rate that reflects the credit risk of counterparties.

b. Fair value of financial instruments that are measured at fair value.

1) Fair value hierarchy

Item	December 31, 2023 Total	Level 1	Level 2	Level 3
Non-derivatives				
Assets				
Financial assets at FVTPL				
Share investments	$ 96,254,606	$ 95,816,617	$ -	$ 437,989
Debt investments	73,260,861	30,406,891	29,591,899	13,262,071
Others	232,405,454	212,810,605	19,531,502	63,347
Financial assets at FVTOCI				
Share investments	121,312,525	113,197,494	-	8,115,031
Debt investments	199,793,109	78,648,898	121,144,211	-
Others	299,689	299,689	-	-
Liabilities				
Financial liabilities at FVTPL				
Others	1,700,337	1,700,337	-	-
Derivatives				
Assets				
Financial assets at FVTPL	39,275,947	3,355	39,272,592	-
Liabilities				
Financial liabilities at FVTPL	17,830,656	581,713	17,248,943	-

Item	December 31, 2022 Total	Level 1	Level 2	Level 3
Non-derivatives				
Assets				
Financial assets at FVTPL				
Share investments	$ 79,216,960	$ 78,770,805	$ -	$ 446,155
Debt investments	61,663,153	14,198,699	38,023,254	9,441,200
Others	238,426,722	219,525,900	18,900,822	-
Financial assets at FVTOCI				
Share investments	143,584,558	137,193,938	-	6,390,620
Debt investments	200,535,409	77,651,545	122,883,864	-
Others	163,702	163,702	-	-
Liabilities				
Financial liabilities at FVTPL				
Others	3,658,750	3,658,750	-	-
Derivatives				
Assets				
Financial assets at FVTPL	20,142,161	22,057	20,120,104	-
Liabilities				
Financial liabilities at FVTPL	47,601,227	264,299	47,336,928	-

Note: As of December 31, 2023 and 2022, the non-derivative financial instruments held by SKLIC which have no open quotes in active markets, whose fair values are self-assessed using the valuation model and are classified as Level 2 and Level 3 amounted to $41,675,202 thousand and $41,939,848 thousand, respectively.

The transfers between Levels 1 and 2 were as follows:

December 31, 2023

Item	Products	The Amount Transferred from Levels 1 to 2	The Amount Transferred from Levels 2 to 1
Financial assets at FVTPL	Corporate bonds	$ 7,150,000	$ 24,020,000

December 31, 2022

Item	Products	The Amount Transferred from Levels 1 to 2	The Amount Transferred from Levels 2 to 1
Financial assets at FVTPL	Government bonds	$ 20,000	$ 70,000
	Corporate bonds	4,074,415	4,600,000
		$ 4,094,415	$ 4,670,000
Financial liabilities at FVTPL	Public debt - bonds that should be covered back	$ -	$ 1,150,000

The central government bonds, corporate bonds, and beneficiary certificates, which are held by the Group, are not debt securities and beneficiary certificates in the active market; thus, the amount of those assets were transferred from Level 1 to Level 2. Resulting from increasing liquidity of the corporate bonds market, the amount of the assets from Level 2 were transferred to Level 1.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2023

Item	January 1, 2023	Evaluation Profit or Loss		Increase in Current Year		Decrease in Current Year		December 31, 2023
		Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Purchase or Issuance	Transferred to Level 3	Sale, Disposal or Settlement	Transferred from Level 3	
Non-derivatives								
Financial assets at fair value through profit or loss	$ 9,887,355	$ (116,634)	$ -	$ 302,718	$ 4,436,276	$ (646,324)	$ (99,984)	$ 13,763,407
Financial assets at fair value through other comprehensive income	6,390,620	-	1,722,759	-	82,221	(80,569)	-	8,115,031
Total	$ 16,277,975	$ (116,634)	$ 1,722,759	$ 302,718	$ 4,518,497	$ (726,893)	$ (99,984)	$ 21,878,438

For the year ended December 31, 2022

Item	January 1, 2022	Evaluation Profit or Loss		Increase in Current Year		Decrease in Current Year		December 31, 2022
		Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Purchase or Issuance	Transferred to Level 3	Sale, Disposal or Settlement	Transferred from Level 3	
Non-derivatives								
Financial assets at fair value through profit or loss	$ 10,270,640	$ (2,333,232)	$ -	$ 1,403,901	$ 801,024	$ (161,788)	$ (93,190)	$ 9,887,355
Financial assets at fair value through other comprehensive income	7,169,387	-	(679,909)	19,999	100,133	(211,156)	(7,834)	6,390,620
Total	$ 17,440,027	$ (2,333,232)	$ (679,909)	$ 1,423,900	$ 901,157	$ (372,944)	$ (101,024)	$ 16,277,975

For the year ended December 31, 2023, part of financial assets measured at fair value through profit or loss were transferred from Level 3 to Level 1 with an amount of $99,984 thousand.

For the year ended December 31, 2023, part of domestic financial debts measured at fair value through profit or loss were adjusted to the Yield Book due to the lack of observable inputs required for the discounted cash flow method. To ensure the valuation technique can accurately reflect current market conditions, the amount transferred from Level 2 to Level 3 was $4,436,276 thousand.

For the year ended December 31, 2023, part of financial assets measured at fair value through other comprehensive income was adjusted to be valued by the market multiplier method because it no longer has an active market. To ensure the valuation technique can accurately reflect current market conditions, the amount transferred from Level 1 to Level 3 was $82,221 thousand.

For the year ended December 31, 2022, part of domestic financial debts measured at fair value through profit or loss were adjusted to the Yield Book due to the lack of observable inputs required for the discounted cash flow method. To ensure the valuation technique can accurately reflect current market conditions, the amount transferred from Level 2 to Level 3 was $801,024 thousand. Part of financial assets measured at fair value through profit or loss were transferred from Level 3 to Level 1 because they were listed on the Emerging Stock Exchange and the transactions were active, and the amount transferred was $93,190 thousand.

For the year ended December 31, 2022, part of financial assets measured at fair value through other comprehensive income were transferred from Level 3 to Level 1 with an amount of $7,834 thousand because they were listed on the Emerging Stock Exchange and the transactions were active. Part of domestic financial debts measured at fair value through other comprehensive income were adjusted to the Bloomberg model due to the lack of publicly available quotation information. To ensure the valuation technique can accurately reflect current market conditions, the amount transferred from Level 2 to Level 3 was $100,133 thousand.

The total gains or losses for the year ended December 31, 2023 included an unrealized (loss) gain on financial assets at FVTPL and FVOCI of $(116,634) thousand and $1,722,759 thousand which were measured at fair value based on Level 3 fair value measurement at the end of the reporting period.

The total gains or losses for the year ended December 31, 2022, included an unrealized (loss) gain on financial assets at FVTPL and FVOCI of $2,333,232 thousand and $679,909 thousand which were measured at fair value based on Level 3 fair value measurement at the end of the reporting period.

3) Valuation techniques and inputs applied for the purpose of Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Non-derivatives	
Bill investments, treasury bills	Discounted cash flow: Future cash flows are discounted based on credit spread and market interest rate.
Bond investments	Market evaluation. Market quotes provided and notional amount of the contract by Bloomberg are used for bond evaluations.
	Discounted cash flow. Discount on bond credit spreads and market interest rates. Market quotes from providers such as TPEX, Bloomberg or other recognized markets.

(Continued)

Financial Instruments	Valuation Techniques and Inputs
Foreign listed shares	Market quotes from providers such as Bloomberg.
Structured notes	Counterparty evaluation. According to the Yield Book, Bloomberg evaluation or other valuation methods that are consistent with academic and market practice.
Domestic and foreign beneficiary certificates	Quoted price in non-active market.
Derivatives	
Options contracts	Model evaluation. The execution price, the maturity date and the market volatility, interest rate and exchange rate set by the contract are used as evaluation parameters. The model with closed solution is then used for evaluation.
Foreign exchange swap contracts and foreign exchange forward contracts	Evaluation of forward exchange at market price: Forward exchange is evaluated and calculated in accordance with notional amounts, contract forward rate and market forward rate.
	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, repricing rate, discounted at a rate that reflects the credit risk of various counterparties.
Interest rate swap contracts	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Asset swap contracts	Convertible corporate bond closing price on the day minus bond value. The pure bond value is discounted by the cash flow provided by the convertible corporate bonds in accordance with Taiwan Bills Index Rate (TAIBIR).
Cross-currency forward contracts	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, repricing rate, discounted at a rate that reflects the credit risk of various counterparties.
Equity exchange contract	Counterparty evaluation. According to the Yield Book, Bloomberg evaluation or other valuation methods that are consistent with academic and market practice.
Credit-linked lending	Combined with cross-currency forward (CCS+) bonds. Discounted cash flow. Discounted future cash flows estimated based on repricing rate and exchange rate. The discount rate considered risk premium of counterparty.

(Concluded)

4) Valuation techniques and inputs applied for the purpose of Level 3 fair value measurement

SKLIC and its subsidiaries

Financial Instruments	Valuation Techniques and Inputs
Unlisted shares	Discounted cash flow approach: The company's free cash flow model is used as the evaluation method, and the significant unobservable input values are net income growth rate, cost of equity capital and discount for lack of marketability.
	Net asset method: The company's net value is used as the fair value, and the significant unobservable input value is the discount for lack of marketability.
	Equity adjustment approach: The fair value is adjusted according to the company's net value, and the significant unobservable input values are discount for lack of marketability and discount for minority interest.
	Market multiple approach: Evaluate the fair value of the target according to the transaction price of the shares of comparable peers in the active market, the corresponding market multiplier and the discount rate. Significant unobservable input values are price-book ratio, price-sales revenue ratio, price-EBIT ratio, price-EBITDA ratio, price-earnings ratio, and discount for lack of marketability.
Mortgage Backed Securities (MBS), Callable Financial Debentures and International Callable Financial Debentures	The theoretical price calculated by the Yield book system is used in a prepayment model and/or interest rate model to calculate and discount the cash flow. The significant unobservable input value is the option adjusted spread.
Domestic Financial Debentures	The theoretical price calculated by the Bloomberg OAS1 model. The significant unobservable input value is the option adjusted spread.
	The theoretical price calculated by the Yield Book. Cash flows are calculated and discounted using advance repayment models and/or interest rate models as a valuation method. The significant unobservable input value is the option adjusted spread.
Domestic beneficiary certificates	Equity adjustment approach: The fair value is adjusted according to the company's net value, and the significant unobservable input values are discount for lack of marketability and discount for minority interest.

The valuation data for assets measured at fair value based on Level 3 of SKLIC and its subsidiaries comes from an independent system or the financial report of the subject, and is re-evaluated and updated on each reporting date based on the data source to ensure that the valuation results are reasonable. Depending on the method used, the significant unobservable parameters used are shown in the following table.

	December 31	
	2023	**2022**
Net income growth rate	2.88%-3.15%	1.48%-13.02%
Cost of equity capital	4.37%	4.93%
Price-book ratio	0.44-3.08	0.94-3.06
Discount for lack of marketability	0%-30%	20%-30%
Discount for minority interest	20%-35%	20%-35%
Price-sales revenue ratio	0.94-4.33	0.99-4.45
Price-EBIT ratio	17.43	15.19
Price-EBITDA ratio	5.56-17.43	6.77-15.19
Price-earnings ratio	11.04-15.47	8.84-12.08
Option adjusted spread	0-76bps	0-61bps

In order to reflect the influence of significant unobservable inputs, assuming all other variables were held constant, the market value would increase (decrease) as follows:

December 31, 2023

Risk Factors	**Difference (+/-)**	**Effective Value**
Net income growth rate	-10%	$ (95,184)
Cost of equity capital	+10%	(151,858)
Price-book ratio	-10%	(17,174)
Discount for lack of marketability	+10%	(157,329)
Discount for minority interest	+10%	(10,660)
Price-sales revenue ratio	-10%	(21,679)
Price-EBIT ratio	-10%	(3,203)
Price-EBITDA ratio	-10%	(7,034)
Price-earnings ratio	-10%	(7,188)
Option adjusted spread	+50bps	(654,782)

December 31, 2022

Risk Factors	**Difference (+/-)**	**Effective Value**
Net income growth rate	-10%	$ (87,177)
Cost of equity capital	+10%	(127,382)
Price-book ratio	-10%	(19,286)
Discount for lack of marketability	+10%	(138,119)
Discount for minority interest	+10%	(9,058)
Price-sales revenue ratio	-10%	(17,841)
Price-EBIT ratio	-10%	(2,691)
Price-EBITDA ratio	-10%	(6,632)
Price-earnings ratio	-10%	(5,259)
Option adjusted spread	+50bps	(450,138)

TSKCB and its subsidiaries

a) Valuation techniques and inputs applied for Level 3 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Unlisted equity securities - ROC	Net assets. Based on the company's net worth as the fair value.
	Market multiple. Considering the comparable transaction price of the shares in the active market, the corresponding net value multiplier and the liquidity discount ratio 30% is used to evaluate the fair value.

b) Sensitivity analysis of fair value hierarchy classified as Level 3 fair value measurement

The fair value measurement of financial instruments is reasonable, although the use of different valuation models or parameters may lead to different results. For financial instruments classified as Level 3, if the liquidity discount ratio changes by 10%, the effects on profit or loss or other comprehensive income for the current period are as follows:

	Changes in Fair Value Are Reflected in Other Comprehensive Income for the Current Period	
December 31, 2023	**Favorable Changes**	**Adverse Changes**
Fair value through other comprehensive income		
Share investments	$ 34,450	$ (34,450)

	Changes in Fair Value Are Reflected in Other Comprehensive Income for the Current Period	
December 31, 2022	**Favorable Changes**	**Adverse Changes**
Fair value through other comprehensive income		
Share investments	$ 27,354	$ (27,354)

The favorable and unfavorable changes of TSKCB and its subsidiaries refer to the fluctuation of fair value, and the fair value refers to the calculation of the technical calculation based on the unobservable input parameters of different degrees. If the fair value of a financial instrument is affected by more than one input parameter, the above table only reflects the impact of changes in a single input parameter, and does not take into account the correlation and variability between input parameters.

MLSC and its subsidiaries

a) Valuation techniques and inputs applied for Level 3 fair value measurement

The major unobservable inputs applied for fair value measurement of the assets at fair value on a recurring basis classified as Level 3 held by MLSC and its subsidiaries were as follows:

December 31, 2023	Valuation Techniques	Major Unobservable Inputs	Quantitative Indicators	Relationship Between Inputs and Fair Value	Relationship Between Inputs and Value of Sensitivity Analysis Related to Fair Value
Financial assets					
Equity instruments in financial assets at FVTPL					
Share investments	Market approach/ external price approach	Lack of liquidity reduction	30%	The higher the reduction, the lower the fair value	When the percentage of reduction increases/decreases 1%, the profit of loss of the Group would decrease/increase $1,607 thousand.
Financial assets at FVOCI					
Share investments	Market approach/ net adjustment approach	Lack of liquidity reduction	30%	The higher the reduction, the lower the fair value	When the percentage of reduction increases/decreases 1%, the profit of loss of the Group would decrease/increase $53,879 thousand.
		Minority interest reduction	20%		

December 31, 2022	Valuation Techniques	Major Unobservable Inputs	Quantitative Indicators	Relationship Between Inputs and Fair Value	Relationship Between Inputs and Value of Sensitivity Analysis Related to Fair Value
Financial assets					
Equity instruments in financial assets at FVTPL					
Share investments	Market approach/ external price approach	Lack of liquidity reduction	30%	The higher the reduction, the lower the fair value	When the percentage of reduction increases/decreases 1%, the profit of loss of the Group would decrease/increase $218 thousand.
Financial assets at FVOCI					
Share investments	Market approach/ net adjustment approach	Lack of liquidity reduction	30%	The higher the reduction, the lower the fair value	When the percentage of reduction increases/decreases 1%, the profit of loss of the Group would decrease/increase $37,453 thousand.
		Minority interest reduction	20%		

b) Valuation procedures for Level 3 fair value measurement

The risk management office is responsible for verification of the fair value with independent sources of information to ensure that the valuation results would be similar to the market, to ensure the sources of information would be independent, reliable, consistent with other resources and representable for the executable price, and to confirm the reasonableness of the valuation results by analyzing changes in assets and liabilities which should be remeasured or reevaluated in accordance with the Group's accounting policies on every financial statement reporting date.

SKVIC

Valuation techniques and inputs applied for Level 3 fair value measurement.

Financial Instrument	Valuation Techniques and Inputs
Unlisted equity securities	Net asset approach. Fair value is based on the Company's net worth.
	Discounted cash flow approach. Based on observable cash dividends and parameters in the market, they are discounted using the discounted cash flow approach and the relevant parameters are considered during valuation.
	Market multiple approach. Considering the comparable transaction price of the share in the active market, the corresponding net value multiplier and the liquidity discount ratio is used to evaluate the fair value.

Because there is no public quotation in the active market, the measurement of SKVIC's equity instrument investment classified as Level 3 fair value measurement refers to the valuations widely used by market participants, the net asset value of the investment target and the quotation of the counterparty. Because it is difficult to fully know the relationship between the significant unobservable input value and the fair value, the quantitative information is not disclosed.

SKVIC considers the characteristics of investment targets and market price information, and the valuation method was the net adjustment approach and the market approach. The valuation is adjusted after considering discount for lack of marketability and discount for minority interest to reflect the operating characteristics of the investment target and the true value of the equity.

c. Categories of financial instruments

	December 31	
	2023	2022
Financial assets		
Fair value through profit or loss	$ 441,196,868	$ 399,448,996
Financial assets at fair value through other comprehensive income		
Equity instruments	121,612,214	143,748,260
Debt instruments	199,793,109	200,535,409
	321,405,323	344,283,669
Amortized cost		
Cash and cash equivalents	96,287,188	99,630,609
Due from Central Bank and other bank	72,188,468	61,584,518
Financial assets at amortized cost	2,558,119,335	2,580,982,063
Bond issued under repurchase agreement	17,707,685	6,017,665
Loans, net	958,211,816	902,588,431
Accounts receivable	97,194,147	72,658,678
Miscellaneous financial assets	8,736,513	10,923,358
Refundable deposits	25,174,806	39,010,777
	3,833,619,958	3,773,396,099

(Continued)

	December 31	
	2023	2022
Financial liabilities		
Fair value through profit or loss	$ 19,530,993	$ 51,259,977
Amortized cost		
Commercial paper payable, net	12,736,977	1,997,456
Due from Central Bank and other bank	845,250	323,880
Bond issued under repurchase agreement	44,603,157	26,565,968
Bonds payable	77,852,943	63,750,689
Other loans	2,221,898	3,324,591
Accrued expense	9,465,656	7,652,500
Other payable	34,290,298	25,278,149
Deposits and remittances	1,057,356,014	1,043,426,815
Deposits received	22,380,642	13,620,541
	1,261,752,835	1,185,940,589

(Concluded)

d. Financial risk management objectives and policies

1) SKFHC's financial risk information

- Market risk

The Group formulated the "Risk Management Policy" as the highest guiding principle for the risk management of the Group and its subsidiaries. The Group's main sources of risk can be summarized into categories such as credit risk, market risk, operational risk, liquidity risk, concentration of risk, and capital adequacy. The risk management department of each subsidiary that is based on its laws and regulations or business attributes formulates various risk management standards in accordance with the risk management policy set by the Group, and regularly compiles and reports monitoring indicators, and then indeed implements early warning and stop-loss mechanisms.

The Group established the position of chief risk-management officer to execute the Group's risk management policy and integrate the Group's risk management resources to increase the efficiency. The chief risk-management officer prepares a management report to the board of directors periodically to enable them to understand the Group's circumstances of risk management.

To execute risk management, the Group established risk-management committee, as well as convened meetings quarterly to understand the overall report of its subsidiaries and the modified acts and related current news made by the risk-management department. The committee makes its consensus and policy for the risk exposure of subsidiaries, and the risk-management department will transact it.

The risk-management department of the Company is in charge of the Group's risk control and executes varied risk management mechanism in accordance with the regulations. Risk-management department is also the executive organization to implement the risk-management committee's consensus and policy.

The Group firmly believes that the key factor of building risk-management culture and popularizing risk-management system is from the support of administrators. Therefore, the risk-management committee is composed of high-level managers of subsidiaries to make the risk exposures known by the administrators.

2) Financial risk management objectives and policies of SKLIC

SKLIC's major financial instruments include equity and debt investments, derivatives, accounts receivable, accounts payable and bonds payable. SKLIC's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the SKLIC through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

SKLIC sought to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives was governed by SKLIC's policies approved by the board of directors, which provided written principles on foreign exchange risk, interest rate risk, credit risk and the use of financial derivatives.

The corporate treasury function reports quarterly to SKLIC's risk management committee which reports to the board of directors; the risk management committee is an independent body that monitors risks and policies implemented to mitigate risk exposures.

a) Market risk

SKLIC and its subsidiaries' activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (iii) below), interest rates (see (iv) below) and price fluctuations (see (v) below). SKLIC and its subsidiaries entered into a variety of derivative financial instruments to manage its exposure to foreign currency risk, interest rate risk and risk of price fluctuation, including:

- Forward foreign exchange contracts and interest rate swap to hedge the exchange rate risk arising on foreign currency assets and liabilities; and

- Index futures and options to mitigate the price fluctuation of equity securities.

There had been no change to SKLIC's exposure to market risks or the manner in which these risks were managed and measured.

Market risk exposures were measured using value-at-risk (VaR) and stress test and were supplemented by sensitivity analysis.

i. Value at Risk (VaR) analysis

The VaR measures the potential loss that would result from market risks on investment portfolio in a given holding period for a specified confidence level. SKLIC adopts two-week 99% VaR number as measures indicators.

ii. Stress test

Besides the module of VaR, the Group adopted stress test periodically to measure potential risk of an extremely extraordinary event.

The investment positions were measured using stress test by simple sensitivity analysis and scenario analysis. This test covered position losses caused by changes in risk factors in various historical scenarios.

Simple sensitivity

Simple sensitivity is a method to measure the changes in value of investment portfolio would result from changes in specific risk factors.

Scenario analysis

Scenario analysis is a method to measure the changes in value of an investment portfolio in a stressful event, of which two methods are as follows:

- Historical scenario

  Historical scenario involves selection of a prior period of a historical event, taking of the fluctuations of risk factors into consideration and calculation of the losses of the investment portfolio that would occur for an event.

- Hypothetical scenario

  Hypothetical scenario involves setting of assumptions for possible extreme market variations in the future based on reasonable expectation, taking of the fluctuations in risk factors into consideration and calculation of the loss of the investment portfolio that would occurred for an event.

  The corporate treasury function regularly reports historical scenario and hypothetical scenario to SKLIC's risk management committee as the basis of risk analysis, risk early - warning system and operation management.

Stress Test Table
For the Year Ended December 31, 2023

(In Thousands of New Taiwan Dollars)

Risk Factors	Exchange Difference (+/-)	Effective Value
Equity risk (share index)	-10%	$ (20,101,157)
Interest risk (yield curve)	+20bps	(508,513)
Foreign currency risk (foreign exchange)	N.T. dollar devalued $1 against U.S. dollar	(16,823,421)
Commodity risk (commodity price)	-10%	-

Note: Equity risk is tested using stocks and funds (excluding currency and bond funds).

Stress Test Table
For the Year Ended December 31, 2022

(In Thousands of New Taiwan Dollars)

Risk Factors	Exchange Difference (+/-)	Effective Value
Equity risk (share index)	-10%	$ (15,967,421)
Interest risk (yield curve)	+20bps	(541,090)
Foreign currency risk (foreign exchange)	N.T. dollar devalued $1 against U.S. dollar	(13,716,488)
Commodity risk (commodity price)	-10%	-

Note: Equity risk is tested using stocks and funds (excluding currency and bond funds).

iii. Foreign currency risk

SKLIC and its subsidiaries managed exchange rate exposures according to the policy for managing by forward foreign exchange contracts and foreign exchange swap contracts.

The carrying amounts of SKLIC and its subsidiaries' foreign currency denominated monetary assets and monetary liabilities as well as non-monetary assets and liabilities at the end of the reporting period were as follows:

December 31, 2023

	Foreign Currency	Exchange Rate	N.T. Dollars
Financial assets			
Monetary items			
USD	$ 72,727,472	30.7350	$ 2,235,278,859
AUD	4,379,338	21.0012	91,971,470
CNH	2,459,257	4.3309	10,650,761
CNY	50,586	4.3318	219,126
GBP	3,025	39.1779	118,516
NZD	260	19.4952	5,076
Non-monetary items			
USD	2,001,769	30.7350	61,524,364
EUR	156,483	34.0114	5,322,202
AUD	3,936	21.0012	82,654
JPY	51,238	0.2173	11,136
CNH	2,077	4.3309	8,995
HKD	52	3.9339	206
Financial liabilities			
Non-monetary items			
USD	42,696	30.7350	1,312,272

December 31, 2022

	Foreign Currency	Exchange Rate	N.T. Dollars
Financial assets			
Monetary items			
USD	$ 73,406,009	30.7080	$ 2,254,151,716
AUD	4,886,904	20.8262	101,775,479
CNH	8,987,582	4.4078	39,615,694
CNY	984,475	4.4164	4,347,819
KRW	19,688,633	0.0244	479,503
NZD	22,216	19.4320	431,708

(Continued)

	Foreign Currency	Exchange Rate	N.T. Dollars
Non-monetary items			
USD	$ 1,972,526	30.7080	$ 60,572,334
EUR	165,478	32.7102	5,412,822
AUD	65,455	20.8262	1,363,174
JPY	129,303	0.2324	30,052
CNH	1,552	4.4078	6,841
HKD	166	3.9383	652
Equity investments			
CNY	35,640	4.4164	157,398
Financial liabilities			
Monetary items			
USD	7,029	30.7080	215,854
EUR	598	32.7102	19,554
Non-monetary items			
USD	1,123,063	30.7080	34,487,017

(Concluded)

As of December 31, 2023 and 2022, SKLIC and its subsidiaries used foreign exchange forward contracts and foreign exchange swap contracts to mitigate exchange rate exposure, whose total nominal principal amounted to $1,369,090,575 thousand and $1,370,897,244 thousand, respectively. SKLIC negotiated the terms of the hedge derivatives to match the terms of the hedged item to maximize hedge effectiveness.

Sensitivity analysis

SKLIC and its subsidiaries are mainly exposed to the USD.

The following table details SKLIC's sensitivity to a 1% increase and decrease in the New Taiwan dollar (the functional currency) against the USD. The sensitivity rate of 1% is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items and foreign currency forward contracts designated as cash flow hedges, and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. A positive number below indicates an increase in profit before tax associated with the New Taiwan dollar strengthening 1% against the USD. For a 1% weakening of the New Taiwan dollar against the USD, there would be an equal and opposite impact on profit before tax and the balances below would be negative.

	USD Impact	
	For the Year Ended December 31	
	2023	2022
Profit or loss	$ 5,170,679	$ 4,212,059

The impacts in the table above were net effects of exchange fluctuation risk by considering the foreign currency monetary assets and related hedging financial derivative instruments.

iv. Interest rate risk

SKLIC and its subsidiaries were exposed to interest rate risk because of investments in both of fixed-rate financial assets and floating-rate financial assets. SKLIC and its subsidiaries managed the risk by maintaining an appropriate mix of fixed and floating rate borrowings. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied.

The carrying amount of SKLIC and its subsidiaries financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2023	**2022**
Fair value interest rate risk		
Financial assets	$ 2,514,976,239	$ 2,552,941,956
Cash flow interest rate risk		
Financial assets	43,972,387	58,354,076

Sensitivity analysis

The sensitivity analyses below were determined based on SKLIC's exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A one basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

A positive number below indicates an increase in income before tax and pre-tax other comprehensive income associated with 1 basis point decrease in interest rate. If interest rates had been 1 basis point higher, there would be an equal and opposite impact on income before tax and pre-tax other comprehensive income and the balance below would be negative.

	USD Impact	
	For the Year Ended December 31	
	2023	**2022**
Income before tax	$ 11,181	$ 9,912
Pre-tax other comprehensive profit or loss	14,244	17,142

The changes in the fair value of debt instruments at fair value through profit or loss and at fair value through other comprehensive income were the main reasons for the changes in pre-tax profit or loss and pre-tax other comprehensive profit or loss.

v. Other price risk

SKLIC and its subsidiaries were exposed to equity price risk through investments in listed equity securities. Equity investments are held for strategic purpose associated with the assets and liability management rather than trading purposes. SKLIC and its subsidiaries' equity price risk was mainly concentrated on equity instruments operating in the electronics industry (including the telecommunication) sector quoted on the Taiwan Stock Exchange. In addition, SKLIC and its subsidiaries had appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

A positive number below indicated an increase in income before tax, pre-tax other comprehensive income due to the changes in the fair value of held-for-trading investments and the changes in fair value of available-for-sale shares associated with 1% increase in equity securities and beneficiary certificate prices. If equity securities and beneficiary certificate prices had been 1% lower, there would be an equal and opposite impact on income before tax, pre-tax other comprehensive income due to the changes in the fair value of held-for-trading investments and changes in fair value of available-for-sale shares.

	Effects	
	For the Year Ended December 31	
	2023	2022
Income before tax	$ 59,251	$ 42,900
Pre-tax other comprehensive income	3,404,833	3,525,481

b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to SKLIC and its subsidiaries. As of the end of the reporting period, the maximum exposure to credit risk which will cause a financial loss to SKLIC and its subsidiaries due to failure of counterparties to discharge an obligation could equal the carrying amount of the respective recognized financial assets as stated in the balance sheets.

SKLIC and its subsidiaries' investment objects are spread in various industry sectors and geographical locations. Ongoing credit evaluation is performed on financial condition of investment object and credit risk exposure is controlled under risk management strategy.

Apart from Citibank and JP Morgan the largest customers, SKLIC and its subsidiaries did not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. SKLIC and its subsidiaries define counterparties as having similar characteristics if they are related entities. Concentration of credit risk related to Citibank and JP Morgan did not exceed 3% of capital employed at any time, for the years ended December 31, 2023 and 2022. Concentration of credit risk to any other counterparty did not exceed 3% of capital employed at any time for the years ended December 31, 2023 and 2022.

SKLIC and its subsidiaries' concentration of credit risk by geographical locations was mainly in US, which accounted for 32,60% and 31.70% of the total foreign investments as of December 31, 2023 and 2022, respectively.

SKLIC and its subsidiaries' concentration of credit risk of 10.23% and 10.18% in total transaction amounts as of December 31, 2023 and 2022, respectively, was related to SKLIC and its subsidiaries' five largest customers.

The credit risks of SKLIC resulted from financial instrument transactions in operating activities, including debt investment and loan. The possibility of large losses to investment portfolio caused by a single event of credit risk due to significant concentration was lowered by regular statistics and monitoring of concentrations as follows:

i. The amount of exposure to credit risk - industry sector

December 31, 2023

	Government	Finance	Energy	Commodity	Industry	MSCI	CPI	Technology	Telecommunication	Public Utility	Total
Financial assets at fair value through profit or loss	$ 15	$ 27,113,751	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 27,113,766
Financial assets at fair value through other comprehensive income	7,006,205	11,270,353	-	-	-	-	-	-	-	3,406,319	21,682,877
Financial assets at amortized cost	618,397,255	1,139,751,136	127,208,685	69,412,540	31,852,456	29,745,148	119,505,074	69,359,404	190,446,297	114,473,988	2,510,151,983
Total	625,403,475	1,178,135,240	127,208,685	69,412,540	31,852,456	29,745,148	119,505,074	69,359,404	190,446,297	117,880,307	2,558,948,626
% of total	24.44%	46.04%	4.97%	2.71%	1.24%	1.16%	4.67%	2.71%	7.44%	4.62%	100.00%

December 31, 2022

	Government	Finance	Energy	Commodity	Industry	MSCI	CPI	Technology	Telecommunication	Public Utility	Total
Financial assets at fair value through profit or loss	$ -	$ 28,020,745	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 28,020,745
Financial assets at fair value through other comprehensive income	6,979,722	11,861,395	1,180,959	-	-	-	-	-	-	4,875,920	24,897,996
Financial assets at amortized cost	634,218,950	1,169,364,324	129,378,014	69,159,445	32,072,409	29,348,370	120,092,417	65,199,283	191,532,843	118,011,236	2,558,377,291
Total	641,198,672	1,209,246,464	130,558,973	69,159,445	32,072,409	29,348,370	120,092,417	65,199,283	191,532,843	122,887,156	2,611,296,032
% of total	24.55%	46.31%	5.00%	2.65%	1.23%	1.12%	4.60%	2.50%	7.33%	4.71%	100.00%

ii. The amount of exposure to credit risk - geographical location

December 31, 2023

Financial Assets	Taiwan	North America	Eurozone	Non-EU Europe	Asia	Latin America	Middle East/Africa	Global	Total
Financial assets at fair value through profit or loss	$ 27,036,481	$ 77,285	$ -	$ -	$ -	$ -	$ -	$ -	$ 27,113,766
Financial assets at fair value through other comprehensive income	21,682,877	-	-	-	-	-	-	-	21,682,877
Financial assets at amortized cost	245,664,895	1,095,673,719	231,285,621	315,280,983	233,100,178	126,766,377	262,380,210	-	2,510,151,983
Total	294,384,253	1,095,751,004	231,285,621	315,280,983	233,100,178	126,766,377	262,380,210	-	2,558,948,626
% of total	11.50%	42.82%	9.04%	12.32%	9.11%	4.96%	10.25%	-	100.00%

December 31, 2022

Financial Assets	Taiwan	North America	Eurozone	Non-EU Europe	Asia	Latin America	Middle East/Africa	Global	Total
Financial assets at fair value through profit or loss	$ 27,218,050	$ 573,012	$ -	$ -	$ 229,683	$ -	$ -	$ -	$ 28,020,745
Financial assets at fair value through other comprehensive income	22,192,627	-	-	-	2,705,369	-	-	-	24,897,996
Financial assets at amortized cost	246,264,405	1,061,552,258	249,088,145	329,002,054	238,614,002	157,922,854	275,933,573	-	2,558,377,291
Total	295,675,082	1,062,125,270	249,088,145	329,002,054	241,549,054	157,922,854	275,933,573	-	2,611,296,032
% of total	11.32%	40.67%	9.54%	12.60%	9.25%	6.05%	10.57%	-	100.00%

Regarding credit quality, SKLIC and its subsidiaries regularly tracked credit ratings by each credit rating agency for normal assets that were neither past due nor impaired, which were classified into low credit risk, medium credit risk and high credit risk according to their credit ratings. The definition of each level of risk is as follows:

Low credit risk

Refers to a company which has a robust ability to fulfill its contract commitments, even when there are negative news or unfavorable economic terms, the company is still in a good financial position to manage adverse situations.

Medium credit risk

Refers to a company which has a lower ability to fulfill its contract commitments, and various negative news or unfavorable economic terms may weaken its financial position, which in turn would raise doubts about its impairment of assets or cause a loss to SKLIC and its subsidiaries.

High credit risk

Refers to a company with a weak ability to fulfill its contract commitments and which is dependent on the business environment, and various negative news or unfavorable economic conditions would lower its ability and willingness to fulfill its obligations.

Impaired

Refers to a company which has failed to fulfill its obligations in accordance with the contract, and SKLIC and its subsidiaries estimated the standard of impairment based on the potential loss.

SKLIC recognized impairment losses regarding each financial asset in accordance with IFRSs, and under the principle of conservative estimates, the amount after impairment losses have been recognized can appropriately reflect the current value. Information on credit quality is disclosed as follows:

Credit Quality of Financial Asset Analysis

December 31, 2023

	Stage 1				Stage 2				Stage 3			Allowance for Losses	Total
	Low Credit Risk	Medium Credit Risk	High Credit Risk	Total	Low Credit Risk	Medium Credit Risk	High Credit Risk	Total	Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets	Total		
Financial assets at fair value through other comprehensive income	$ 21,682,877	$ -	$ -	$ 21,682,877	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 21,682,877
Financial assets at amortized cost	2,419,271,243	9,737,379	32,913,651	2,461,922,273	-	-	15,338,085	15,338,085	32,891,625	-	32,891,625	(6,082,226)	2,504,069,757
Total	2,440,954,120	9,737,379	32,913,651	2,483,605,150	-	-	15,338,085	15,338,085	32,891,625	-	32,891,625	(6,082,226)	2,525,752,634
% of total	96.64%	0.39%	1.30%	98.33%	-	-	0.61%	0.61%	1.30%	-	1.30%	(0.24%)	100.00%

December 31, 2022

	Stage 1				Stage 2				Stage 3			Allowance for Losses	Total
	Low Credit Risk	Medium Credit Risk	High Credit Risk	Total	Low Credit Risk	Medium Credit Risk	High Credit Risk	Total	Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets	Total		
Financial assets at fair value through other comprehensive income	$ 24,897,996	$ -	$ -	$ 24,897,996	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 24,897,996
Financial assets at amortized cost	2,458,118,072	3,486,332	33,006,380	2,494,610,784	-	6,322,877	24,639,954	30,962,831	32,803,676	-	32,803,676	(6,793,424)	2,551,583,867
Total	2,483,016,068	3,486,332	33,006,380	2,519,508,780	-	6,322,877	24,639,954	30,962,831	32,803,676	-	32,803,676	(6,793,424)	2,576,481,863
% of total	96.37%	0.14%	1.28%	97.79%	-	0.25%	0.95%	1.20%	1.27%	-	1.27%	(0.26%)	100.00%

Note 1: Normal assets and impaired items included debt instruments but excluded funds and shares. The amounts of impaired items were the gross amounts of impaired assets (before net of accumulated impairment).

Note 2: The credit rating for normal assets was simultaneously considered all the ratings declared by S&P, Moody's, Fitch and Taiwan Rating, and was chosen by the middle of the first three ratings or the lower of two ratings.

Note 3: Lower credit risk means that the credit rating is BBB or above.

Note 4: Medium credit risk means that credit rating is between BBB- or below and BB+ or above.

Note 5: High credit risk means that credit rating is below BB or no credit rating.

Loan Arrangements by Geographical Location
(Excluding Policy Loans and Premium Loans)

December 31, 2023

	Northern Region	Central Region	Southern Region	Eastern Region	Total
Secured loans	$ 30,130,209	$ 10,579,266	$ 17,010,629	$ 202,332	$ 57,922,436
Overdue loans	3,076	150	391	-	3,617
Total	30,133,285	10,579,416	17,011,020	202,332	57,926,053
% of total	52.02%	18.26%	29.37%	0.35%	100.00%

December 31, 2022

	Northern Region	Central Region	Southern Region	Eastern Region	Total
Secured loans	$ 31,577,916	$ 7,659,294	$ 13,948,025	$ 249,608	$ 53,434,843
Overdue loans	28,401	181	476	-	29,058
Total	31,606,317	7,659,475	13,948,501	249,608	53,463,901
% of total	59.12%	14.32%	26.09%	0.47%	100.00%

c) Liquidity risk

SKLIC and its subsidiaries had sufficient working capital to meet financial commitment; therefore, there was no liquidity risk due to the shortage of capital in response to performing contract obligations.

Majority of debt investments and shares of SKLIC and its subsidiaries have active market and, therefore, are expected to be easily disposed in markets rapidly at the price near fair values. The foreign exchange forward contracts and currency swap contracts SKLIC and its subsidiaries entered into were fixed and for hedging, and these contracts were to be settled in net or gross and did not require huge cash position, resulting in no material cash flow risk.

Liquidity and interest rate risk tables

The following table details the SKLIC and its subsidiaries' remaining contractual maturity for non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which SKLIC and its subsidiaries can be required to pay. The tables included both interest and principal cash flows.

December 31, 2023

	On Demand or Less than 3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities				
Non-interest bearing	$ 5,263,480	$ 628,238	$ 570,325	$ 168,724
Fixed interest rate liabilities	-	1,441,500	28,343,000	15,600,000
Reserve for outstanding loss	279,416	82,047	109,746	75,183
Lease liabilities	168,720	901,238	2,866,222	9,807,775

December 31, 2022

	On Demand or Less than 3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities				
Non-interest bearing	$ 5,474,254	$ 347,200	$ 600,005	$ 170,417
Fixed interest rate liabilities	-	5,921,500	15,322,000	6,210,000
Reserve for outstanding loss	279,884	108,856	117,293	58,850
Lease liabilities	276,762	931,468	3,545,128	10,074,969

The following table details SKLIC and its subsidiaries' expected maturity for some of non-derivative financial assets. The tables below had been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand SKLIC and its subsidiaries' liquidity risk management as the liquidity is managed on a net asset and liability basis.

December 31, 2023

	On Demand or Less than 3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-derivative financial assets				
Domestic	$ 1,371,933	$ 2,626,844	$ 129,869,104	$ 156,774,437
Foreign	15,549,193	50,920,035	295,061,525	4,978,010,307

December 31, 2022

	On Demand or Less than 3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-derivative financial assets				
Domestic	$ 289,008	$ 2,942,706	$ 85,773,854	$ 200,535,153
Foreign	17,392,216	48,497,120	327,951,577	4,981,257,864

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities were subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

The following table detailed SKLIC and its subsidiaries' liquidity analysis for derivative financial instruments. The table was based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves at the end of the reporting period.

December 31, 2023

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Net settled					
Foreign exchange forward contracts	$ 5,048,794	$ 5,176,585	$ 2,102,621	$ -	$ -
Gross settled					
Exchange rate swaps					
Inflows	$ 4,273,240	$ 9,350,229	$ 1,695,721	$ -	$ -
Outflows	(406,086)	(668,528)	(19,971)	-	-
Foreign exchange forward contracts					
Inflows	1,030,266	-	-	-	-
Outflows	(10,288)	-	-	-	-
	$ 4,887,132	$ 8,681,701	$ 1,675,750	$ -	$ -

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Net settled					
Foreign exchange forward contracts	$ 2,902,079	$ 4,192,789	$ (398,651)	$ -	$ -
Gross settled					
Exchange rate swaps					
Inflows	$ 16,375	$ 12,582	$ 779,759	$ -	$ -
Outflows	(2,150,553)	(9,232,227)	(19,201,143)	(409,129)	-
Foreign exchange forward contracts					
Inflows	412,604	9,740	-	-	-
Outflows	(11,560)	-	-	-	-
	$ (1,733,134)	$ (9,209,905)	$(18,421,384)	$ (409,129)	$ -

d) Transfer of financial assets

The transferred financial assets of SKLIC and its subsidiaries are mainly securities under repurchase agreements or equity securities under lending agreements. SKLIC and its subsidiaries cannot sell or pledge these transferred financial assets during the valid transaction period. Therefore, SKLIC and its subsidiaries do not completely derecognize the transferred assets. The table below discloses the information of financial assets that are not completely derecognized and the associated financial liabilities.

December 31, 2022

Type of Financial Assets	Carrying Amount of the Transferred Financial Assets	Carrying Amount of Relevant Financial Liabilities	Fair Value of the Transferred Financial Assets	Fair Value of Relevant Financial Liabilities	Fair Value Net Position
Security lending agreements - financial assets at FVTPL	$ 15,498	$ -	$ 15,498	$ -	$ 15,498
Security lending agreements - financial assets at FVTOCI	118,650	-	118,650	-	118,650

e) Offsetting financial assets and financial liabilities

The derivatives held by SKLIC and its subsidiaries did not meet the offsetting criteria pursuant to IFRS, but was covered by enforceable master netting arrangements or similar agreements signed with counterparties. Derivatives under enforceable master netting arrangements or similar agreements can be settled on a net basis of financial assets and financial liabilities if two parties decide to settle on net basis, or if not, settle on gross basis. If one party defaults, the other party can choose to settle on net basis.

The tables below present the information on financial assets and financial liabilities that have been offset.

December 31, 2023

Financial Assets That Have Been Offset or That Are Covered by Enforceable Master Netting Arrangements or Similar Agreements						
Financial Assets	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)	Related Amounts Not Offset in the Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments (Note)	Cash Collateral Received	
Derivative	$ 28,884,855	$ -	$ 28,884,855	$ -	$ 13,576,857	$ 15,307,998

Financial Liabilities That Have Been Offset or That Are Covered by Enforceable Master Netting Arrangements or Similar Agreements						
Financial Liabilities	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)	Related Amounts Not Offset in the Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments (Note)	Cash Collateral Received	
Derivative	$ 1,312,272	$ -	$ 1,312,272	$ 144,597	$ 14,138	$ 1,153,537

Note: Included master netting arrangements and non-cash financial collateral.

December 31, 2022

Financial Assets That Have Been Offset or That Are Covered by Enforceable Master Netting Arrangements or Similar Agreements						
Financial Assets	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)	Related Amounts Not Offset in the Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments (Note)	Cash Collateral Received	
Derivative	$ 11,409,682	$ -	$ 11,409,682	$ -	$ 4,702,623	$ 6,707,059

Financial Liabilities That Have Been Offset or That Are Covered by Enforceable Master Netting Arrangements or Similar Agreements						
Financial Liabilities	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)	Related Amounts Not Offset in the Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments (Note)	Cash Collateral Received	
Derivative	$ 34,487,017	$ -	$ 34,487,017	$ 6,151,986	$ 6,542,954	$ 21,792,077

Note: Included master netting arrangements and non-cash financial collateral.

f) Structured entities

i. Merged companies held the equity of the following non-controlling structured entities. Merged companies did not provide financial or other support to these structured entities, and the maximum risk amount for these entities is the book value of assets held by SKLIC and its subsidiaries:

The Type of Structured Units	Nature and Purpose	Equity Held by SKLIC
Private equity investment	Invest in private funds issued by external third-party fund companies in order to obtain investment benefits.	Invest in units or limited partnership interests issued by the fund.
Asset securitization commodity	Invest in asset securitization commodities in order to obtain investment benefits.	Invest in asset-based securities issued by these entities.

ii. As of December 31, 2023 and 2022, the book value of assets related to the equity of non-controlling structured entities is as follows:

	December 31, 2023	
	Private Equity Investment	Asset Securitization Commodity
Financial assets at fair value through profit or loss	$ 16,394,948	$ 904,928
Financial assets at amortized cost	-	6,373,488
	$ 16,394,948	$ 7,278,416

	December 31, 2022	
	Private Equity Investment	Asset Securitization Commodity
Financial assets at fair value through profit or loss	$ 15,770,971	$ 2,189,038
Financial assets at amortized cost	-	6,386,784
	$ 15,770,971	$ 8,575,822

g) Reclassifications

Due to the drastic changes in the global economy and the global financial turmoil since 2022, especially from late August to the end of September, the stock, bond, and foreign exchange markets experienced rare and drastic changes across the board, and with the sharp rise in interest rates, the increase is already extreme as defined by international insurance capital standards. Therefore, based on the results of the changes in the external financial environment, SKLIC decided to adjust its investment strategy, performance evaluation and risk management before September 30, 2022, and decided to change its business model for managing some debt instruments measured at fair value through other comprehensive income in accordance with paragraph 4.4.1 of IFRS 9 on September 30, 2022. The debt instruments at fair value through other comprehensive income were reclassified to debt instruments measured at amortized cost. The reclassification was deferred from the date of reclassification in accordance with paragraph 5.6.1 of IFRS 9, the first day of the next reporting period (October 1, 2022), and the reclassification resulted in an increase in other equity of $38,579,946 thousand, financial assets measured at amortized cost was $137,068,479 thousand as of October 1, 2022. The decrease in financial assets at fair value through other comprehensive income was $88,814,557 thousand and the decrease in deferred income tax assets was $9,673,976 thousand.

As of December 31, 2022, the fair value of the reclassified financial assets that have not been derecognized was $86,586,942 thousand, and if they had not been reclassified as of October 1, 2022, the other equity was $(36,571,793) thousand as of December 31, 2022.

As of December 31, 2023, the fair value of the reclassified financial assets that have not been derecognized was $88,839,080 thousand.

3) Financial risk information of TSKCB

The risk management objectives of TSKCB are business performance objectives, overall risk appetite and external legal restrictions in order to achieve the goal of balancing risk and reward. The main risks faced by TSKCB and its subsidiaries' operations include various credit risks, market risks (including interest rates, exchange rates, equity securities) and liquidity risks of on- and off-balance sheet businesses.

TSKCB and its subsidiaries have formulated a relevant risk management policy, which has been approved by the board of directors to effectively identify, measure, monitor and control credit risk, market risk and liquidity risk.

a) Market risk

The financial instruments held or issued by TSKCB and its subsidiaries are affected by market risk factors such as interest rate (including credit risk spread), exchange rate, securities' price, product price and its volatility, interaction correlation and market liquidity that had an adverse impact on surplus, capital, value or operating capacity.

The market risk comes from the trading book and the bank book portfolio. The trading book portfolio refers to various financial products (including commodities) transactions that are undertaken for the purpose of the transaction, or those who intend to make profits from short-term price fluctuations, such as self-operated business, market-making transactions, etc. A bank book portfolio was established for long-lasting purposes and not for the purpose of earning capital gains.

i. Market risk management policy

i) Identifying market risk

The risk management unit shall clearly identify the source of the market risk of each type of transaction before the transaction is undertaken, and shall be stated in the relevant product guidelines document, and the market risk management unit shall independently perform the identification procedure.

ii) Measuring market risk

Market risk management units use appropriate and consistent measurement methods to cover key sources of risk based on business characteristics and sources of risk. Risk measurement is closely integrated with daily risk management and serves as a reference for planning, monitoring and controlling market risk conditions.

The evaluation method and market price information shall be determined by the market risk management unit to calculate the profit and loss, risk factor sensitivity, risk value and stress test.

iii) Monitoring

Market risk authority is a tool used to authorize and monitor the market risk assumed by TSKCB and its subsidiaries to ensure that market risk is in line with TSKCB and its subsidiaries' risk appetite. The establishment of authorization, approval, exception and overpass shall be subject to the relevant regulations of market risk management.

iv) Reporting

The market risk report is a risk communication tool. The market risk management unit reports risk management information to senior managers on a daily basis, and regularly reports the overall market risk status of TSKCB and its subsidiaries to the senior management and the board of directors. The risk strategy will be adjusted based on the market risk report.

ii. Market risk measurement

The board of directors determines the capital adequacy ratio and annual earnings target annually, and the expectation of market volatility to measure whether the risk and remuneration ratio is acceptable, and whether the risk assumed is in line with company's risk appetite. Besides, the board of directors approve the market risk operation authority that all transactions made by the trading unit are conducted within the approved guidelines. TSKCB and its subsidiaries use market risk factor sensitivity as a tool of market risk control.

i) Market risk management of trading book

Market risk sensitivity refers to the change in value of a unit due to a change in a specific market risk factor. Market risk factors are divided into interest rates, exchange rates, and prices of equity securities. TSKCB and its subsidiaries disclose the market risk arising from the trading positions of TSKCB and its subsidiaries by market risk sensitivity.

Risk factor sensitivity

- Foreign exchange rate factor sensitivity, FX Delta

  The net amount of the risk component of each currency at the balance sheet date, that is, the change in the present value of the currency when the change in the exchange rate of each currency is increased by 1%. The exchange rate risk component stated in the following table is not only directly generated from the foreign exchange derivative commodity, but also integrated into the spot foreign exchange trading position for the purpose of hedging and the spot location of each foreign currency.

- Interest rate factor sensitivity

  When the interest rate term structure of each evaluation yield curve moves up by 0.01% (1 basis point), the relative impact on the present value of future cash flows of interest rate spot trading positions and interest rate derivative commodity trading positions (DV01 or PVBP) will be made.

- Factor sensitivity of equity securities

  The impact of changes in the value of the commodity portion when the spot price of the equity securities changes by 1%. Equity securities held by TSKCB and its subsidiaries include shares, ETFs, etc.

Market Risk	Currency	December 31 2023	December 31 2022
Foreign exchange rate factor sensitivity (exchange rate increase by 1%)	EUR	$ 167	$ 58
	JPY	(54)	12
	USD	4	(105)
	Other (Note)	(117)	(49)
Interest rate factor sensitivity DV01 (+1bp)	NTD	105	509
	USD	(378)	(405)
	AUD	22	1
	ZAR	(10)	(7)
	HKD	(14)	-
	Other (Note)	31	11
Equity securities factor sensitivity (share price increase 1%)	NTD	1,410	-

Note: Other foreign currency is refers to NTD.

Stress testing

Set extreme risk events or situations to make a significant change at a specific or a range of risk factors, volatility, or correlations to measure the potential significant impact on a portfolio or location. This is the way to redeem the risk values which cannot measure the tail risk.

ii) Interest rate risk of banking book, IRRBB

The interest rate risk source of the bank book includes the interest rate risk arising from the transactions of the business units, such as deposits and lending transactions, as well as the debts held by the business units which manage the liquidity risk of TSKCB and its subsidiaries, the spot parts of the tickets and their hedging position. The interest rate risk position is transferred to the centralized management of the bank book management unit under the Bank's internal transfer pricing system (Fund Transfer Pricing, FTP). The risk management unit prepares risk reports regularly which includes interest rate sensitivity analysis, stress test results and limit usage analysis, and then reports to the asset and liability management committee and the board of directors. Management tools set are as below.

Repricing gap report

Measures the amount and the duration of re-pricing assets and liabilities at each point in time to understand the allocation of interest rate risk.

Risk sensitivity of interest rate

- Mismatch risk of asset liability interest rate

  The impact of a benchmark (0.01%) of interest rate changes on future net interest income is shown by 1 bp Δ NII. The net interest income (1bp Δ NII) analysis focuses on changes in interest payments over the next year.

- Financial instruments interest rate risk

  The DV01 measures the impact of a basis point of interest rate changes on the value of the site, and evaluates the market value of financial products to ensure that their impact on earnings or shareholders' equity is in line with risk appetite of TSKCB and its subsidiaries.

Stress testing

Evaluates the impact of the overall bank book position on the net economic value, in the context of large changes in interest rates. And compares the results with the capital to examine the allowable risk.

iii) Bank book equity securities risk

Bank Book Equity Securities Risk Definition refers to the impact of changes in the value of the commodity portion when the spot price of the equity securities for non-trading purposes changes by 1%. The market value of the financial product is evaluated to ensure its impact on earnings or shareholders' equity conforms to TSKCB and its subsidiaries risk appetite.

		December 31	
Market Risk	**Currency**	**2023**	**2022**
Interest rate factor sensitivity DV01 (+1bp)	NTD	$(63,708)	$(74,363)
	USD	(24,258)	(25,563)
	AUD	(1,252)	(1,375)
	ZAR	(723)	(1,017)
	Other (Note)	(585)	(1,040)
Equity securities factor sensitivity (share price increase 1%)	NTD	57,367	29,850

Note: Other foreign currency refers to NTD.

iii. Effect of interest rate benchmark reform

TSKCB and its subsidiaries are exposed to USD LIBOR which is subject to interest rate benchmark reform. The exposures arise on loans, financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, and financial assets at amortized cost. 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.

The Group has completed the USD LIBOR transition task force for the project plan, and financial instruments affected by changes in interest rate indicators, which have been converted to other alternative interest rate quotes.

b) Credit risk

Credit risk may be caused by counterparties' failure to perform their obligations associated with financial assets held by TSKCB and its subsidiaries. TSKCB and its subsidiaries follow a strict credit policy to assess and approve all credit lines and guarantees. The secured loans constituted 73.15% of the total loans on December 31, 2023. The percentage of guarantees and issuance of letters of credit secured by collateral were 21.64%. The collateral for loans, financing guarantees and letters of credit guarantees are cash, inventories, securities, plants and other assets. If the customers default on their loans, TSKCB and its subsidiaries will execute its rights on the collateral in accordance with the terms of the contracts.

In order to ensure that the credit risk control is within the tolerable range, TSKCB and its subsidiaries have relevant risk management policies, and has relevant business management methods or operation points and risk management mechanisms for the goods provided and the business it performs.

i. Credit risk management program

The measurement and management of credit risks from TSKCB and its subsidiaries' main businesses are as follows:

i) Loans business

TSKCB and its subsidiaries adopt the 12-month ECLs model to evaluate the loss allowance of financial instruments whose credit risk do not increase significantly since initial recognition and adopts the lifetime ECLs model to evaluate the loss allowance of financial instruments whose credit risk has increased significantly since initial recognition or that are credit impaired. The credit quality of the bank that determines the discount and loan is as follows:

Assessment of credit risk that has increased significantly since initial recognition

TSKCB and its subsidiaries assess the change in the probability of default of loans during the lifetime on each reporting date to determine if the credit risk has increased significantly since initial recognition. In order to make this assessment, TSKCB and its subsidiaries take into consideration the reasonable and supportable information that credit risk has increased significantly since initial recognition (including forward-looking information). The main considerations include:

Quantitative indicators

- Changes in external TCRI credit ratings

  The TCRI rating of the listed cabinet company corresponding to the external rating has been reduced from the investment grade to the non-investment grade, that is, the credit risk has significantly increased since initial recognition.

- Information on overdue status

  When the contract amount is overdue for more than one month, it is determined that the credit risk of the financial asset has increased significantly since initial recognition.

Qualitative indicators

- Significant changes in actual or expected results of the debtor's operations.
- Unfavorable changes in current or projected operating, financial or economic conditions that are expected to result in significant changes in the ability of the debtor to perform its debt obligations.
- The credit risk of other financial instruments of the same debtor has increased significantly.

Definition of default and credit impairment of financial assets

The definition of financial asset default is the same as that of financial asset credit impairment. If one or more of the following conditions are met, TSKCB and its subsidiaries determine that the financial asset has defaulted and is credit impaired:

Quantitative indicators

- When the contract amount is overdue for a certain number of days.
- The credit amount of the debtor has been regarded as a delinquent loan.

Qualitative indicators

If there is evidence that the borrower will not be able to pay the amount in the contract, or that the borrower has significant financial difficulties, such as:

- The debtor has gone bankrupt or may have called for bankruptcy or financial restructuring.
- Due to the economic or contractual reasons associated with the debtor's financial difficulties, TSKCB and its subsidiaries give the borrower an unconfirmed concession and report the overdue loan.
- It is known from external information that the debtor has experienced financial difficulties and needs to bargain with TSKCB and its subsidiaries.
- The debtor is clearly insolvent.

Evaluation of expected credit losses

TSKCB and its subsidiaries classify the loans into the following categories according to the characteristics of the loans:

Group	Evaluation	Classification		Application
1	Combined classification	Corporate finance	Sufficient collateral	Loan case other than Group 2
			Non-sufficient collateral or	
		Consumer finance	Fiduciary loan	
			Auto loan	
			Mortgage	
			Credit card	
2	Case evaluation	Corporate finance	Special collaterals	Note
		Consumer finance		

Note: Loans are classified as Group 2 if they obtain special collateral. Group 2 is assessed on the basis of a significant increase in credit risk or default and credit impairment, and the rest is assessed in accordance with Group 1.

For the classification criteria of loans, the expected credit losses are assessed at each stage of each portfolio classification:

Impairment for expected credit loss (Probability of Default (PD) × Loss Given Default (LGD) × Exposure at default (EAD)), the application of PD is described as follows:

- Stage 1: TSKCB and its subsidiaries evaluate the loss allowance of financial assets, which credit risk did not significantly increase after initial recognition, based on 12 months PD to evaluate expected credit losses.

- Stage 2: TSKCB and its subsidiaries evaluate the loss allowance of financial assets, which credit risk significantly increased after initial recognition, based on lifetime expected credit losses, and calculates PD at each lifetime. If the cash flow of the contract in the future period (i.e., the default exposure amount of each period) can be assessed, the cash flow method is used to assess the expected credit losses. If the cash flow of each period cannot be assessed, then the expected credit losses are calculated using the current mark-to-market method.

- Stage 3: TSKCB and its subsidiaries evaluate the loss allowance of financial assets, which credit risk will be regarded as default, and the probability of default is regarded as 100%. PD at each lifetime will not be considered. Recoverable amount will be applied to assess expected credit losses.

Consideration of forward - looking estimate

In considering the expected credit losses, TSKCB and its subsidiaries use forward-looking economic factors that affect credit risk and expected credit losses to take forward-looking information into consideration. Forward-looking information is based on the Taiwan National Development Council's regular promulgation of the "Benefit Strategy Signal" of Taiwan's overall prosperity indicators as indicators, which are divided into the boom expansion period, contraction period and flat period. TSKCB and its subsidiaries judge the economic situation to adjust the default probability every quarter, and then incorporates into the overall expected credit loss assessment.

ii) Debt instrument investments

In order to reduce the credit risk of debt instrument investments, TSKCB and its subsidiaries' management team assigned a dedicated team to establish a credit rating database to assess the default risk of debt instrument investments. In addition to the information on the evaluation of the independent rating agencies, the credit rating information is also given appropriate internal ratings from the publicly available financial information for projects without external rating information.

TSKCB and its subsidiaries consider the historical default loss rate provided by the external rating agencies and the current financial status of the debtor to calculate 12 month and lifetime ECLs of financing commitments in debt instrument investments.

Expected credit losses are recognized on the securities held by TSKCB and its subsidiaries according to the expected credit losses and lifetime ECLs of financing commitments. The credit quality of TSKCB and its subsidiaries' judgment securities is as follows:

Assessment of credit risk that has increased significantly since initial recognition

TSKCB and its subsidiaries assess the change in the probability of default of debt instrument investment during the lifetime on each reporting date to determine if the credit risk has increased significantly since the initial recognition. In order to make this assessment, TSKCB and its subsidiaries considerations show the reasonable and supportable information that the credit risk has increased significantly since the initial recognition. The main considerations include:

Quantitative indicators

- Debt instrument investments on the initial recognition date, of which the issuer's credit rating is below non-investment grade and the credit rating of the investments from the reporting date has not changed.

- When the issuer's credit rating is non-investment grade, the reported daily credit rating is reduced to a certain extent.

Quantitative indicators

- The credit rating of the issuer indicates that its credit risk has increased significantly.

- The fair value of the debt instrument investment was significantly adversely changed on the reporting date.

Definition of default and credit impaired financial assets

If the debt instrument investment meets one or more of the following conditions, the financial asset is determined to have defaulted and credit impaired.

Qualitative indicators

- Debt instrument investment is a credit impaired bond when purchased.

- The credit rating of the issuer or debt instrument investment is at a default level on the reporting date.

Quantitative indicators

- The issuer modifies the issue conditions of the debt instrument investment due to financial difficulties or fails to pay the principal or interest according to the conditions of the issue.

- The issuer or the guarantee institution has ceased operations, applied for reorganization, bankruptcy, dissolution, and sale of major assets that have a significant impact on TSKCB and its subsidiaries continued operations.

Measurement of expected credit losses

- Debt instrument investment is classified in a group with similar type, TSKCB and its subsidiaries then assess expected credit loss at each group by IFRS 9 impairment evaluation guide.

- Comparing the risk of default on the debt instrument on the reporting date with the default risk at the time of initial recognition, and considering the reasonable and corroborative information showing a significant increase in credit risk since initial recognition, to determine whether the financial instrument's credit risk since initial recognition has increased significantly.

  - TSKCB and its subsidiaries evaluate the loss allowance of financial assets, which credit risk did not significantly increase after initial recognition, based on 12-month PD to evaluate expected credit losses.

  - TSKCB and its subsidiaries evaluate the loss allowance of financial assets, which credit risk significantly increased after initial recognition, based on lifetime expected credit losses, and calculates PD at each lifetime. If the cash flow of the contract in the future period (i.e., the default exposure amount of each period) can be assessed, the cash flow method is used to assess the expected credit losses. If the cash flow of each period cannot be assessed, then the expected credit losses are calculated using the current mark-to-market method.

  - TSKCB and its subsidiaries evaluate the loss allowance of financial assets, which credit risk will be regarded as default, and the probability of default is regarded as 100%. PD at each lifetime will not be considered. Recoverable amount will be applied to assess expected credit losses.

  - Debt instrument investments' default probability is based on the value published by external credit rating agencies, and imply the possibility of future market fluctuations.

ii. Credit risk hedging or mitigation policies

i) Collateral

TSKCB and its subsidiaries have a series of measures for credit granting to reduce credit risks. One of the procedures is requesting collateral from the borrowers. To secure the loans, TSKCB and its subsidiaries manage and assess the collaterals following the procedures that suggest the scope of collateralization and valuation of collaterals and the process of disposal. In credit contracts, TSKCB and its subsidiaries stipulate the security mechanism for loans and the conditions and terms for collaterals and offsetting to state clearly that TSKCB and its subsidiaries reserve the right to reduce granted limit, to reduce the repayment period, to demand immediate settlement or to offset the debt of the borrowers with their deposits in the Bank in order to reduce the credit risks.

The requirements for collateral for other non-credit businesses depend on the nature of the financial instruments. Asset-backed securities and similar financial instruments are required to provide a pool of underlying financial assets as collateral.

TSKCB and its subsidiaries observe the value of the collateral of the financial instrument and considers the financial assets that are credit impaired. On December 31, 2023, the credit impaired financial assets and the value of collateral to mitigate potential losses were as follows:

	Total Book Value	Allowance for Impairment	Exposure (Amortized Cost)	Fair Value of Collateral
Credit-impaired financial assets				
Discounts and loans	$ 4,275,113	$ (1,304,507)	$ 2,970,606	$ 2,970,606
Receivable				
Credit card	39,572	(26,989)	12,583	-
Others	806,852	(653,901)	152,951	7,000
Other financial assets	10,247	(7,588)	2,659	2,659
	$ 5,131,784	$ (1,992,985)	$ 3,138,799	$ 2,980,265

The collateral is land and buildings obtained by TCSKB and its subsidiaries that have been written off and recognized as foreclosed collateral (Note 19) as of December 31, 2023. The collateral is classified as other assets in the balance sheet and will be sold when it is available for sale. The difference between the price and the carrying amount is recognized as a net gain (loss) on the sale of foreclosed collateral under net income.

ii) Credit risk concentration limits and control

To avoid over concentration of credit risk, TSKCB and its subsidiaries have included credit limits for the same person (entity) and for the same related-party corporation (group) based on the credit risk arising from loans, securities investment and derivatives transactions.

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

In addition, to manage the concentration risk on the financial assets, TSKCB and its subsidiaries have set credit limits by industry, conglomerate, country and transactions collateralized by shares, and integrated within one system to supervise concentration of credit risk in these categories. TSKCB and its subsidiaries monitor concentration of each asset and control various types of credit risk concentration in a single transaction counterparty, group, associate, industry or nation.

iii) Other credit enhancements

To reduce credit risk, TSKCB and its subsidiaries stipulate in its credit contracts the terms for offsetting to state clearly that TSKCB and its subsidiaries reserve the right to offset the borrowers' debt against their deposits in TSKCB and its subsidiaries.

iii. Objects of assessing credit risks include positive fair value of contracts on balance sheet and off-balance sheet commitments. Maximum exposure to credit risk of all financial instruments is the same as book value.

i) Items excluded

Financial Instrument	December 31 2023	December 31 2022
Guarantees	$ 23,765,579	$ 20,240,879
Letters of credit	3,225,711	3,181,139
Loan commitments (excluding credit card)	274,688,293	251,710,215
Loan commitments - credit card	1,778,123	1,854,431

ii) Risk concentration

When the counterparty to the financial instruments consist of a single individual, or a group of entities with similar commercial activities, they may have similar abilities to fulfill their credit obligations. Such situation does not apply to TSKCB and its subsidiaries. TSKCB and its subsidiaries' credit exposure related to loans on December 31, 2023 was classified as follows:

Industry	Contract Amount	Maximum Exposure of Credit Risk
Individuals	$ 513,713,503	$ 513,713,503
Finance and insurance	630,327,269	630,327,269
Manufacturing	112,521,405	112,521,405
Real estate and leasing	78,506,388	78,506,388
Wholesale and retail	35,881,914	35,881,914
Servicing	11,828,282	11,828,282
Utilities	32,426,342	32,426,342
Warehouse and transportation	4,786,166	4,786,166
Others	36,833,025	36,833,025
	$ 1,456,824,294	$ 1,456,824,294

Region	Contract Amount	Maximum Exposure of Credit Risk
Domestic	$ 1,181,448,102	$ 1,181,448,102
North America	50,523,931	50,523,931
Europe	107,863,764	107,863,764
Asia	96,010,022	96,010,022
Oceania	17,706,783	17,706,783
Africa	3,271,692	3,271,692
	$ 1,456,824,294	$ 1,456,824,294

iv. Credit quality of financial assets and non-performing impairment analysis

Part of the financial assets held by TSKCB and its subsidiaries, such as cash and cash equivalents, financial assets at fair value through profit or loss are exposed to low credit risk because the counterparties have rather high credit ratings. Except for those mentioned above, the credit qualities of TSKCB and its subsidiaries' remaining financial assets were analyzed as follows:

i) Credit quality analysis of loans and receivables (including delinquent loans reclassified from other items)

December 31, 2023

	Notes Discounted and Loans				
	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Difference in Impairment Loss under Regulations	Total
Category					
Consumer loans	$ 428,625,673	$ 15,157,538	$ 2,935,391	$ -	$ 446,718,602
Enterprise loans	334,910,614	23,205,522	1,339,722	-	359,455,858
Total book value	763,536,287	38,363,060	4,275,113	-	806,174,460
Allowance for impairment loss	(1,865,650)	(1,488,319)	(1,304,507)	-	(4,658,476)
Difference in impairment loss under regulations	-	-	-	(5,766,373)	(5,766,373)
	$ 761,670,637	$ 36,874,741	$ 2,970,606	$ (5,766,373)	$ 795,749,611

	Receivables and Other Financial Assets				
	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Difference in Impairment Loss under Regulations	Total
Category					
Credit card	$ 8,159,205	$ 521,029	$ 39,572	$ -	$ 8,719,806
Others	111,120,227	80,865	817,099	-	112,018,191
Total book value	119,279,432	601,894	856,671	-	120,737,997
Allowance for impairment loss	(25,035)	(29,039)	(688,478)	-	(742,552)
Difference in impairment loss under regulations	-	-	-	(197,241)	(197,241)
	$ 119,254,397	$ 572,855	$ 168,193	$ (197,241)	$ 119,798,204

	Loan Commitments				
	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Difference in Impairment Loss under Regulations	Total
Category					
Guarantees	$ 23,765,579	$ -	$ -	$ -	$ 23,765,579
Letters of credit	3,223,527	2,184	-	-	3,225,711
Others	1,773,802	115,693	-	-	1,889,495
Total book value	28,762,908	117,877	-	-	28,880,785
Allowance for impairment loss	(86,422)	(1,793)	-	-	(88,215)
Difference in impairment loss under regulations	-	-	-	(871,462)	(871,462)
	$ 28,676,486	$ 116,084	$ -	$ (871,462)	$ 27,921,108

December 31, 2022

	Notes Discounted and Loans				
	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Difference in Impairment Loss under Regulations	Total
Category					
Consumer loans	$ 394,329,200	$ 16,077,509	$ 3,384,792	$ -	$ 413,791,501
Enterprise loans	313,340,250	24,271,113	1,959,135	-	339,570,498
Total book value	707,669,450	40,348,622	5,343,927	-	753,361,999
Allowance for impairment loss	(1,791,330)	(1,563,624)	(1,599,367)	-	(4,954,321)
Difference in impairment loss under regulations	-	-	-	(5,066,373)	(5,066,373)
	$ 705,878,120	$ 38,784,998	$ 3,744,560	$ (5,066,373)	$ 743,341,305

	Receivables and Other Financial Assets				
	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Difference in Impairment Loss under Regulations	Total
Category					
Credit card	$ 7,816,352	$ 519,339	$ 34,070	$ -	$ 8,369,761
Others	108,706,189	63,281	2,031,402	-	110,800,872
Total book value	116,522,541	582,620	2,065,472	-	119,170,633
Allowance for impairment loss	(34,727)	(28,749)	(1,630,011)	-	(1,693,487)
Difference in impairment loss under regulations	-	-	-	(141,405)	(141,405)
	$ 116,487,814	$ 553,871	$ 435,461	$ (141,405)	$ 117,335,741

	Loan Commitments				
	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Difference in Impairment Loss under Regulations	Total
Category					
Guarantees	$ 20,240,879	$ -	$ -	$ -	$ 20,240,879
Letters of credit	3,161,933	19,206	-	-	3,181,139
Others	2,423,530	145,096	-	-	2,568,626
Total book value	25,826,342	164,302	-	-	25,990,644
Allowance for impairment loss	(74,889)	(3,047)	-	-	(77,936)
Difference in impairment loss under regulations	-	-	-	(767,619)	(767,619)
	$ 25,751,453	$ 161,255	$ -	$ (767,619)	$ 25,145,089

ii) Credit quality analysis of share investments

Credit quality analysis of debt instruments

The breakdown below shows the debt instruments classified as FVTPL, FVTOCI and financial assets at amortized cost.

December 31, 2023

	Financial Assets at Fair Value Through Other Comprehensive Income	Financial Assets at Amortized Cost
Total book value	$ 185,170,745	$ 60,470,583
Allowance loss	(36,020)	(13,991)
Amortized cost	185,134,725	60,456,592
Fair value adjustment	(10,059,751)	-
	$ 175,074,974	$ 60,456,592

December 31, 2022

	Financial Assets at Fair Value Through Other Comprehensive Income	Financial Assets at Amortized Cost
Total book value	$ 192,992,432	$ 44,277,968
Allowance loss	(38,820)	(7,917)
Amortized cost	192,953,612	44,270,051
Fair value adjustment	(13,520,801)	-
	$ 179,432,811	$ 44,270,051

The total book value of the current credit risk rating mechanism of TSKCB and its subsidiaries and the investments in debt instruments of each credit rating are as follows:

December 31, 2023

Credit Rating	Definition	Recognition Basis	Expected Credit Loss	Total Book Value
Normal (Stage 1)	The debtor has a low credit risk and is fully capable of paying off contractual cash flows	12-month expected credit losses	0.00%-0.33%	$ 245,641,328
Abnormal (Stage 2)	Credit risk has increased significantly since initial recognition	Lifetime expected credit losses (not credit impaired)		
Default (Stage 3)	There is evidence that credit is impaired.	Lifetime expected credit (credit impaired)		

December 31, 2022

Credit Rating	Definition	Recognition Basis	Expected Credit Loss	Total Book Value
Normal (Stage 1)	The debtor has a low credit risk and is fully capable of paying off contractual cash flows	12-month expected credit losses	0.00%-0.33%	$ 237,270,400
Abnormal (Stage 2)	Credit risk has increased significantly since initial recognition	Lifetime expected credit losses (not credit impaired)		-
Default (Stage 3)	There is evidence that credit is impaired.	Lifetime expected credit (credit impaired)		-

Credit quality analysis of debt instruments is as follows:

December 31, 2023

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Difference in Impairment Loss under Regulations	Total
Category					
Domestic bonds					
Investment grade	$ 151,995,259	$ -	$ -	$ -	$ 151,995,259
Non-investment grade	148,592	-	-	-	148,592
Foreign bonds					
Investment grade	83,437,726	-	-	-	83,437,726
Total book value	235,581,577	-	-	-	235,581,577
Allowance for impairment loss	(50,011)	-	-	-	(50,011)
Difference in impairment loss under regulations	-	-	-	-	-
	$ 235,531,566	$ -	$ -	$ -	$ 235,531,566

December 31, 2022

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Difference in Impairment Loss under Regulations	Total
Category					
Domestic bonds					
Investment grade	$ 150,854,742	$ -	$ -	$ -	$ 150,854,742
Non-investment grade	146,938	-	-	-	146,938
Foreign bonds					
Investment grade	72,747,919	-	-	-	72,747,919
Total book value	223,749,599	-	-	-	223,749,599
Allowance for impairment loss	(46,737)	-	-	-	(46,737)
Difference in impairment loss under regulations	-	-	-	-	-
	$ 223,702,862	$ -	$ -	$ -	$ 223,702,862

With respect to debt instrument investments at FVTOCI and at amortized cost invested by TSKCB and its subsidiaries, the information of changes in allowance is summarized as follows:

For the year ended December 31, 2023

The Allowance Information Summarized According to the Credit Risk Rating	Credit Rating		
	Normal (12-month Expected Credit Losses)	Abnormal (Lifetime ECLs and Not Credit Impaired)	Default (Lifetime ECLs and Credit Impaired)
Balance, beginning of year	$ 46,737	$ -	$ -
Change in credit rating			
Normal turned to abnormal	-	-	-
Abnormal turned to default	-	-	-
Default turned to charge off	-	-	-
Purchase of new debt instruments	7,673	-	-
Disposal	(4,387)	-	-
Model/risk parameter changes	-	-	-
Exchange rate and other changes	(12)	-	-
Allowance loss, end of year	$ 50,011	$ -	$ -

For the year ended December 31, 2022

The Allowance Information Summarized According to the Credit Risk Rating	Credit Rating		
	Normal (12-month Expected Credit Losses)	Abnormal (Lifetime ECLs and Not Credit Impaired)	Default (Lifetime ECLs and Credit Impaired)
Balance, beginning of year	$ 54,283	$ -	$ -
Change in credit rating			
Normal turned to abnormal	-	-	-
Abnormal turned to default	-	-	-
Default turned to charge off	-	-	-
Purchase of new debt instruments	8,928	-	-
Disposal	(15,688)	-	-
Model/risk parameter changes	-	-	-
Exchange rate and other changes	(786)	-	-
Allowance loss, end of year	$ 46,737	$ -	$ -

c) Liquidity risk

Ratios of liquidity reserves of the TSKCB and its subsidiaries were 22% and 27% on December 31, 2023 and 2022, respectively.

Liquidity risk means the risk that TSKCB and its subsidiaries could not provide enough capital to deal with either the increase in assets or payment of obligation upon maturity. TSKCB and its subsidiaries classifies the factor into the following classification according to the cause of the risk:

i. Founding liquidity risk

   Refers to the risk that TSKCB and its subsidiaries will be unable to monetize assets or obtain sufficient funds for dealing with the payment of obligation upon maturity.

ii. Market liquidity risk

   Refers to the lack of market depth or presence of market disorder, which causes TSKCB and its subsidiaries to face the risk of a significant decline in market prices when selling or offsetting the positions. Especially when market liquidity freezes, it is very likely that actual losses will be much greater than expected losses.

Management purpose and principle of liquidity risk

If the elimination of liquidity risks is relatively costly, the purpose of liquidity management is to achieve a balance between surplus and risk within a tolerable range. TSKCB and its subsidiaries clearly defined the rights and responsibilities of each unit in accordance with relevant regulations on liquidity risk management, and through the procedures of identification, measurement, monitoring, and reporting as a mechanism for the liquidity risk management of TSKCB and its subsidiaries. The principles of management of liquidity risk for TSKCB and its subsidiaries are as follows:

i. Principle of diversification

   TSKCB and its subsidiaries should avoid excessive concentration of funds on the same maturity date, scheduling tool, region, and source of funds or counterparties.

ii. Principle of stability

   TSKCB and its subsidiaries should develop a strategy to obtain stable funding.

iii. Market liquidity

   Each book value of assets should maintain proper market liquidity as the positions of market liquidity will indirectly affect the funding liquidity.

iv. Matching of the expiry date of assets and liabilities

   Set the relevant indicators for monitoring the suitability of short-term and long-term objectives.

v. Management of financing source

   Reduce reliance on unstable financing sources such as large deposits and interbank lending.

vi. Management of financing needs

   Control of payment commitments derived from loans business.

Measurement of liquidity risk

TSKCB and its subsidiaries formulate liquidity management indicators and management mechanisms for each major currency, mainly covering the following:

i. Current ratio
ii. Analysis of funding gap
iii. Structure of asset and liability
iv. Concentration of funding sources

In addition, TSKCB and its subsidiaries standardize management principles for fund requirements of off-balance-sheet transactions, large-capital notification mechanisms, early warning mechanisms, and formulate emergency plans for liquidity risks and liquid assets for financial asset positions held by TSKCB and its subsidiaries, as well as set allocation proportion and order of disposal according to liquidity attributes.

Stress testing

The stress test of liquidity risk is used to detect the ability of TSKCB and its subsidiaries to meet the funding gap under extreme adverse market conditions to ensure that TSKCB and its subsidiaries can withstand sudden events. The survival horizon and stress scenario of TSKCB and its subsidiaries' stress test contain at least:

i. General market pressure scenarios
ii. Possible stress situations unique to the TSKCB and its subsidiaries

Further, TSKCB and its subsidiaries are to estimate the remaining funds during the survival horizon in each stress situation. If there is a negative funding gap or a significant liquidity slowdown during the survival horizon, it should be investigated in a timely manner, including capital injection and other means to increase the cash flow coverage ratio.

The maturity analysis of non-derivative financial liabilities

The analysis of cash outflows of non-derivative financial liabilities was presented by the residual maturities as of the balance sheet dates. Since the amounts of cash outflows were based on contractual cash flows, certain items may not correspond to related amounts in the consolidated balance sheets.

December 31, 2023	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Due to the Central Bank and other banks	$ 288,901	$ 254,130	$ 223,521	$ 78,169	$ 529	$ 845,250
Notes and bonds issued under repurchase agreements	2,329,304	7,311,369	-	-	-	9,640,673
Payables	6,761,569	694,712	1,044,604	675,162	269,334	9,445,381
Deposits and remittances	224,063,672	153,936,791	116,859,036	245,164,829	355,348,596	1,095,372,924
Bank debentures	-	-	-	2,500,000	25,700,000	28,200,000
Lease liability	50,928	105,175	156,176	319,265	2,151,651	2,783,195
Other items of cash outflow on maturity	2,039,288	2,293,265	3,345,005	4,281,426	22,852,863	34,811,847

December 31, 2022	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Due to the Central Bank and other banks	$ 33,897	$ 18,088	$ 193,508	$ 78,152	$ 235	$ 323,880
Notes and bonds issued under repurchase agreements	6,307,060	-	-	-	-	6,307,060
Payables	5,927,402	606,651	914,305	427,644	410,432	8,286,434
Deposits and remittances	256,102,537	172,043,288	112,009,163	212,391,802	320,061,374	1,072,608,164
Bank debentures	800,000	-	-	-	26,000,000	26,800,000
Lease liability	48,404	101,473	161,238	340,093	2,968,953	3,620,161
Other items of cash outflow on maturity	1,825,727	1,231,091	1,759,144	2,064,654	15,176,744	22,057,360

The maturity analysis of derivative financial liabilities

i. Derivative instruments that settle on a net basis

The derivative instruments that settle on a net basis include:

Foreign exchange derivatives: Interest Rate Swap (IRS), Non Principal Delivery Forward Contract (NDF).

The basic element to realize the derivative financial instruments shown in the consolidated balance sheets is to assess the maturities of contracts. Since the amounts in the maturity analyses of derivative financial liabilities were based on contractual cash flows, certain items may not correspond to related amounts in the consolidated balance sheets. The maturity analysis of derivative financial liabilities was as follows:

(In Thousands of New Taiwan Dollars)

Financial Instruments Item	December 31, 2023					
	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial liabilities at fair value through profit or loss						
Foreign currency derivative	$ (86,208)	$ (161,357)	$ (211,859)	$ (272,988)	$ (1,549,265)	$ (2,281,677)

(In Thousands of New Taiwan Dollars)

Financial Instruments Item	December 31, 2022					
	0-30 Days	31-90 Days	91-180 Days	181 Days- 1 Year	Over 1 Year	Total
Derivative financial liabilities at fair value through profit or loss						
Foreign currency derivative	$ (146,248)	$ (150,122)	$ (156,193)	$ (281,991)	$ (1,769,424)	$ (2,503,978)

ii. Derivative instruments that settle on a gross basis

The derivative instruments that settle on a gross basis include:

Foreign exchange derivative: Currency options, foreign exchange forward contracts, foreign exchange contract, cross currency swap and foreign exchange options.

TSKCB and its subsidiaries conducted maturity analysis of off-balance sheet items based on the residual maturities as of the balance sheet dates. For the financial guarantee contracts issued, the maximum amounts of the guarantees are included in the earliest periods that the guarantee obligation might have been required to be fulfilled. The amounts used in the maturity analysis of off-balance sheet items are based on contractual cash flows, so some of these amounts may not correspond to those shown in the balance sheets.

Item	December 31, 2023					
	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Foreign currency derivative instruments						
Outflows	$ 70,160,151	$ 52,942,311	$ 10,028,965	$ 7,239,394	$ -	$ 140,370,821
Inflows	69,062,308	51,847,920	9,881,925	7,186,257	-	137,978,410
Net flows	$ (1,097,843)	$ (1,094,391)	$ (147,040)	$ (53,137)	$ -	$ (2,392,411)

Item	December 31, 2022					
	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Foreign currency derivative instruments						
Outflows	$ 24,310,087	$ 23,175,531	$ 9,068,388	$ 7,634,952	$ 210,732	$ 64,399,690
Inflows	23,879,458	22,445,946	8,545,079	7,175,810	212,018	62,258,311
Net flows	$ (430,629)	$ (729,585)	$ (523,309)	$ (459,142)	$ 1,286	$ (2,141,379)

d) The maturity analysis of off-balance sheet items

The analysis of maturities of off-balance sheet items was based on the residual maturities as of the consolidated balance sheet dates. For the financial guarantee contracts issued, the maximum amounts of the guarantees were included in the earliest periods when the guarantees were required to be performed. The amounts in the maturity analysis of off-balance sheet items were based on contractual cash flows, certain items may not correspond to related amounts shown in the consolidated balance sheets.

Item	December 31, 2023					
	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Developed and irrevocable loan commitments	$ -	$ -	$ -	$ -	$ 111,372	$ 111,372
Irrevocable credit	11	3	-	-	1,778,109	1,778,123
Letters of credit	720,552	1,832,356	579,965	92,838	-	3,225,711
Guarantees	5,612,497	4,905,227	1,706,492	2,959,785	8,581,578	23,765,579
Total	$ 6,333,060	$ 6,737,586	$ 2,286,457	$ 3,052,623	$ 10,471,059	$ 28,880,785

Item	December 31, 2022					
	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Developed and irrevocable loan commitments	$ -	$ -	$ 254,110	$ 307,080	$ 153,005	$ 714,195
Irrevocable credit	266	592	64,768	166,645	1,622,160	1,854,431
Letters of credit	1,271,683	1,459,817	255,802	193,837	-	3,181,139
Guarantees	3,394,784	4,433,188	787,661	3,390,497	8,234,749	20,240,879
Total	$ 4,666,733	$ 5,893,597	$ 1,362,341	$ 4,058,059	$ 10,009,914	$ 25,990,644

e) Cash flow interest rate risk

The floating-rate assets/liabilities held by TSKCB and its subsidiaries may take risks of future cash inflow/outflow. TSKCB and its subsidiaries mitigate the cash outflow risks by controlling the interest sensitivity gap.

f) Offsetting financial assets and financial liabilities

TSKCB and its subsidiaries were not eligible to present certain financial assets and financial liabilities on a net basis on the balance sheet since the offsetting criteria of financial instruments under IAS No. 32, paragraph 42 were not met. TSKCB and its subsidiaries did not meet the offsetting criteria pursuant to IAS but had enforceable master netting arrangements or similar agreements signed with counterparties. Thus, financial instruments under above agreements can be settled on a net basis of financial assets and financial liabilities if two parties decide to settle on net basis, or if not, settle in gross basis. If one party defaults, the other party can choose to settle on net basis.

The tables below present the information on financial assets and financial liabilities that have been offset.

December 31, 2023						
Financial Assets That Have Been Offset or That Are Covered By Enforceable Master Netting Arrangements or Similar Agreements						
Financial Assets	**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)**	**Related Amounts Not Offset in the Balance Sheet (d)**		**Net (e)=(c)-(d)**
				Financial Instruments (Note)	**Cash Collateral Received**	
Derivatives	$ 7,136,087	$ -	$ 7,136,087	$ -	$ 1,068,889	$ 6,067,198
Resale agreements and loan of securities	600,000	-	600,000	600,000	-	-

December 31, 2023						
Financial Liabilities That Have Been Offset or That Are Covered By Enforceable Master Netting Arrangements or Similar Agreements						
Financial Liabilities	**Gross Amounts of Recognized Financial Assets (a)**	**Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet (b)**	**Net Amounts of Financial Assets Presented in the Balance Sheet (c)=(a)-(b)**	**Related Amounts Not Offset in the Balance Sheet (d)**		**Net (e)=(c)-(d)**
				Financial Instruments (Note)	**Cash Collateral Received**	
Derivatives	$ 7,382,575	$ -	$ 7,382,575	$ -	$ 3,377,131	$ 4,005,444
Repurchase agreements and loan of securities	9,517,255	-	9,517,255	9,517,255	-	-

December 31, 2022						
Financial Assets That Have Been Offset or That Are Covered By Enforceable Master Netting Arrangements or Similar Agreements						
Financial Assets	**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)**	**Related Amounts Not Offset in the Balance Sheet (d)**		**Net (e)=(c)-(d)**
				Financial Instruments (Note)	**Cash Collateral Received**	
Derivatives	$ 7,515,910	$ -	$ 7,515,910	$ -	$ 752,246	$ 6,763,664

December 31, 2022						
Financial Liabilities That Have Been Offset or That Are Covered By Enforceable Master Netting Arrangements or Similar Agreements						
Financial Liabilities	**Gross Amounts of Recognized Financial Assets (a)**	**Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet (b)**	**Net Amounts of Financial Assets Presented in the Balance Sheet (c)=(a)-(b)**	**Related Amounts Not Offset in the Balance Sheet (d)**		**Net (e)=(c)-(d)**
				Financial Instruments (Note)	**Cash Collateral Received**	
Derivatives	$ 6,560,818	$ -	$ 6,560,818	$ -	$ 3,386,330	$ 3,174,488
Repurchase agreements and loan of securities	6,234,281	-	6,234,281	6,234,281	-	-

Note: Included master netting arrangement and non-cash financial collateral.

4) TSKCB and its subsidiaries' hedging strategy

The risk control activities and hedging strategy of TSKCB and its subsidiaries are affected by the client-service-driven banking industry and the regulatory environment; to fulfill its objectives, an overall risk management and control system was adopted to identify, evaluate, and control all risks.

The objective of market risk management of TSKCB and its subsidiaries is to achieve optimal risk position, maintain adequate liquidity position, and manage all market risk by considering the economic environment, competition, market risk, and impact on net interest income. In order to achieve this goal, TSKCB and its subsidiaries hedging activities concentrate on two main control factors: Net future cash flow and market risk.

TSKCB and its subsidiaries use two types of hedging relationship to manage the two factors: Cash flow hedge and fair value hedge. Cash flow hedge is used to avoid interest rate risk, and fair value hedge is used to reduce market value risk.

Fair value hedge involves transfer of fixed income or structured transaction to floating income. TSKCB and its subsidiaries use fair value hedge to transfer non-monetary-linked bonds to become monetary-linked bonds following the current policy. TSKCB and its subsidiaries set up the strategy of fair value hedge of interest rate exposure to hedge certain loans, deposits, and fixed interest or structured liabilities. TSKCB and its subsidiaries primarily use interest rate swaps to hedge fair value risk. In addition, cross-currency swaps, swap options, interest rate caps and floors, and other derivatives may be used as hedging instruments.

Two main goals of TSKCB and its subsidiaries' cash flow hedge are: (1) transferring monetary-linked transaction to become fixed interest transaction to minimize interest rate risk, and (2) avoiding exchange rate risk arising from forecast transaction. TSKCB and its subsidiaries primarily use interest swap as a cash flow hedging instrument, and forward exchange contract to avoid risk arising from exchange rate. In addition, cross-currency swaps, swap options, interest rate caps and floors, and other derivatives may be used as cash flow hedging instruments.

5) Financial risk information of SKITC

a) Market risk

The main financial risks SKITC are exposed to are the risk of changes in foreign currency exchange rates (see (i) below) and the risk of changes in interest rates (see (ii) below).

There had been no change to SKITC's exposure to market risks or the manner in which these risks were managed and measured.

Value at Risk (VaR) analysis

The VaR estimates the potential loss of profit before tax over a given holding period for a specified confidence level. The VaR analysis method is a statistical method based on probability, which considers volatility and the effect of risk diversification achieved by offsetting financial instrument and the correlation between products and the market. The Company calculates the VaR for one day at 99% confidence level, which means that there is a 99% chance that daily losses due to market risk will not exceed the reported risk value.

Stress test - historical scenario analysis

Besides the module of VaR, the Company adopted stress test periodically to measure potential risk of an extremely extraordinary event.

Historical scenario analysis is performed by selecting a prior period of a historical event, taking the fluctuations of risk factors into consideration and calculating the losses of the investment portfolio occurred for the event.

i. Foreign currency risk

SKITC had service revenue denominated in foreign currencies and consulting fees paid to overseas entities, and, therefore, SKITC exposed to foreign currency risk.

The carrying amounts of SKLITC's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period were as follows:

	December 31, 2023 (Foreign Currency)	December 31, 2023 (Functional Currency)	December 31, 2022 (Functional Currency)
Assets			
USD	$ 288	$ 8,839	$ 15,464
EUR	24	801	770
CNH	1,857	8,041	10,388
AUD	4	85	83
Liabilities			
USD	8	231	230

Sensitivity analysis

SKITC was mainly exposed to the USD, EUR and CNY.

The following table details SKITC's sensitivity to a 1% increase and decrease in the New Taiwan dollar (the functional currency) against the relevant foreign currencies. 1% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items and foreign currency forward contracts designated as cash flow hedges, and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. A positive number below indicates an increase in post-tax net income 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 net income and the balances below would be negative.

	USD Impact		AUD Impact		CNY Impact	
	For the Year Ended December 31		For the Year Ended December 31		For the Year Ended December 31	
	2023	2022	2023	2022	2023	2022
Profit or loss	$ 69	$ 122	$ 6	$ 6	$ 64	$ 83

ii. Interest rate risk

The carrying amounts of SKITC's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows.

	December 31	
	2023	**2022**
Fair value interest rate risk		
Financial assets	$ 701,300	$ 585,015
Financial liabilities	92,562	104,838

Sensitivity analysis

SKITC's exposure to fair value interest rate risk for financial assets mainly concentrated on time deposits (including those with maturity more than 3 months) operating deposits and after deposits. Financial liabilities are mainly concentrated on lease liability. Since the interest rates of these financial assets were fixed as undertaking and were not affected by changes in interest rates, these financial assets were not included in the sensitivity analysis.

b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to SKITC. As of the end of the reporting period, SKITC's maximum exposure to credit risk which will cause a financial loss to SKITC due to the failure of counterparties to discharge their obligations is mainly equal to the carrying amount of the respective recognized financial assets as stated in the balance sheets.

SKITC adopted a policy of only dealing with creditworthy counterparties and supervising credit risk exposure and credit ratings, where appropriate, as a means of mitigating the risk of financial loss from defaults. Further, SKITC's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

SKITC's management income was based on the funds SKITC managed, calculated and accumulated according to their net asset values, and received monthly. SKITC did not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. When the counterparty of consulting income was a related party, SKITC identified it as a counterparty having similar characteristics.

c) Liquidity risk

SKITC manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deems adequate to finance the SKITC's operations and mitigate the effects of fluctuations in cash flow. SKITC's operating funds are deemed sufficient to meet the cash flow demand, therefore, liquidity risk is not considered to be significant.

6) MLSC's financial risk information

a) Financial risk management objectives and policies

i. Risk management policies

Under an acceptable risk level, MLSC and its subsidiaries progressively engaged in several businesses and enhanced the quality and quantity of revenue.

For establishing the width and depth of risk management, the width was based on nine major risks developed into a three-level risk-control structure, and the depth was built up through self-evaluation and monitoring to ensure management of the nine major risks and to pursue systematization, computerization, and disciplines.

Business departments should effectively control their involved risks for event, regulation, liquidity, market, model, credit, operation, systems and others (e.g. Climate and Reputation). Risk-monitoring units should continuously monitor business activities and make timely feedback, and the auditing office should perform audits responsive to the risks.

ii. Risk management system

MLSC and its subsidiaries aggregated risk management policies, structure and segregation of duties of risk management organization and risk control procedures into "Risk Managements Requirements." The requirements, which was drafted by Risk Management Office and approved by the board of directors, is the foundation for MLSC and its subsidiaries' risk management and regulation of MLSC and its subsidiaries' significant risk management items, such as risk management organizations and duties, risk management policies, and control procedures.

The risk management system of MLSC and its subsidiaries covered all kinds of risks faced in operating process, including risks for event, market, credit, liquidity, model, regulation, operation, system and others (e.g. Climate and Reputation), risk-monitoring units should continuously monitor business activities and make timely feedback, and auditing office should perform audits responsive to the risks.

iii. Risk management organizations

i) Risk management organizations included the board of directors, Risk Management Committee, risk management office, business departments and other relevant departments (Legal Office, Compliance Office, Auditing Office), and were responsible for monitoring, planning and performing.

ii) MLSC and its subsidiaries set up Risk Management Committee, which is under the board of directors and responsible for planning risk management and monitoring its effectiveness, and the committee holds meeting at least quarterly.

iii) Risk Management Office was responsible for evaluating risks and monitoring the performing of affairs and subordinate to chairman.

iv. Risk control procedures

Risk control procedures of MLSC and its subsidiaries included risk identification, risk evaluation, monitoring of risk, reporting of risk and response to risk. The impacts and responses to all kinds of risks are as follows:

i) Event risk management

To avoid the situations that major natural disasters and accidents result in obstacles to the order of normal business operation or losses, MLSC and its subsidiaries established "Crisis Management Procedures" to rapidly respond to major natural disasters and accidents and to maintain the order of normal business operation.

ii) Regulation risk management

To avoid the situations that government regulations and contracts are not complied due to null contracts, exceeding authority, omission of conditions, incomprehensive requirements, and etc. and losses incurred.

Legal office is responsible for the review of contracts or other documents related to the Company's profit, and handles suspected non-litigations and lawsuits of MLSC and its subsidiaries.

Compliance office is responsible for the propaganda and consultation of laws and regulations, while confirming that the operations are in compliance with the laws, and supervising the units and branches for compliance with the laws.

iii) Liquidity risk management

- To respond to market liquidity risk and significant changes in market prices when processing or offsetting positions due to insufficient depth or disorder of market, MLSC and its subsidiaries established liquidity risk management procedures with detailed requirement of risk management for each business to control the risk by limiting holding positions under a certain percentage of average trade value after considering the concentration of holding positions and market trades.

- To respond to capital liquidity risk due to settlement obligation or contract responsibility not performed caused by failing to acquire sufficient funds or to realize assets, MLSC and its subsidiaries control cash flows every day as well as established several financial targets, such as loan stability target, and loan liquidity target, and emergency liquidity provision.

iv) Market risk management

- To avoid losses due to fluctuations of market prices, including share prices, interest rates, and foreign exchange rates, the authorized limits, pre-warning of losses, risk appetite, stop loss limit, risk indicator limit (such as Greeks and DV01), risk values, market risk limit and limit for stress test of market risk are established for an individual position and overall positions according to the properties of different commodities.

- For the model of risk value measurement, MLSC and its subsidiaries adopted variance-covariance method to calculate the VaR for one day at 99% confidence level, and performed retrospective testing periodically to ensure the effectiveness of the model.

- To evaluate the impact to value of investment portfolio due to abnormal significant market changes, stress test is performed by hypothetical scenario, historical scenario, and sensitivity analysis.

v) Model risk management

To maintain the operation and management of model, strengthen the risk management of derivative instruments, and lower the model risk that results from inappropriate assumptions of model, inputs, or evaluation, MLSC and its subsidiaries established operating procedures for model development, verification, custody, and modifications and validated prices before issue, confirmed after transactions, checked monthly evaluation, and verified gain or loss upon maturity and early termination to avoid model risk.

vi) Credit risk management

To avoid the financial and business losses because counterparties, including issuers of securities, counterparties of contracts, and debtors, were unable to perform contract obligations, MLSC and its subsidiaries established procedures for authorizations, notifications, monitoring of limits, and exception management, set up lines of credit according to counterparties and their credit ratings by different levels, examined the credit ratings and exposures of counterparties and issuers, and developed forecasting models for credit defaults, such as KMV and Z-score.

vii) Operation risk management

To avoid losses directly or indirectly caused by lapses in internal process, personnel, or system, or external events, each operation of MLSC and its subsidiaries is performed in conformity with procedures and control points of internal control and audited regularly or irregularly by Auditing Office according to internal audit implementation rules.

viii) System risk management

To avoid the situations that management systems cannot work due to system gaps resulting in obstacles to achievement of target, systems cannot ensure that company governance and business are performed properly, or organizations are regulated precisely, or authority or systems are not modified to keep up with changes in laws and regulations or company policies, the business departments set up and follow the rules for business or the regulations, and monitored by the risk management office, Compliance Office, and Auditing Office to implement system risk management.

ix) Other risk management

- Climate

  In order to minimize the negative impacts on MLSC's finances, strategy, operations, products and reputation associated with climate change related to the low carbon transition and extreme weather, MLSC has gradually incorporated relevant controls.

  In order to effectively identify climate risks and increase the resilience of MLSC 's operations, a Climate Risk Program has been set up under the Corporate Sustainability Committee responsible for mitigating and adapting to climate change risks. The Group follows the framework of TCFD and the requirements of the "Risk Management Best-Practice Principles for Futures Commission Merchants" to identify and assess the climate risks and opportunities of each business and to evaluate the financial impacts caused by climate change based on the identified results. The Group has set out the responsibilities of the climate risk management organization and the three-tiered structure of risk division in the "Regulations on Climate Risk Management" and has put in place a three-tiered mechanism of defense to oversee, plan, and implement the climate risk management to ensure the effective operation of the risk management mechanism.

- Reputation

  To avoid the risk that negative matters concerning MLSC 's operations, whether true or not, could result in a reduction of MLSC's customer base, a decrease in revenue, the incurring of substantial litigation costs, or other possible losses. The Group has established a “Crisis Management Procedure” to promptly deal with incidents of reputational risk caused by serious negative news in order to minimize the risk of possible loss to MLSC.

b) Market risk

Market risk is the risk that losses would occur to investment portfolio of MLSC and its subsidiaries due to changes in risk factors, such as market price, interest rate and foreign exchange rate. MLSC and its subsidiaries adopted market risk management tools, such as sensitivity test, Value-at-Risk and stress test, to calculate quantitative information of each kind of financial instruments every day in order to realize the exposures to market risks of the whole company and completely and efficaciously identify, evaluate, monitor and control market risk.

i. Sensitivity analysis

Sensitivity analysis is a measure of how investment portfolio will fluctuate as risk factors change, such as share price, interest rate and volatility. Risk factors can be divided into equity type and interest rate type according to their nature. MLSC and its subsidiaries used the following sensitivity tests to evaluate and monitor exposures to such risks:

Equity type

i) Delta: The impact to price of commodity as a result of one unit changes in target price.

ii) Gamma: The impact to Delta of commodity as a result of one unit changes in target price.

iii) Theta: The impact to price of commodity as a result of one unit changes in maturity.

iv) Rho: The impact to price of commodity as a result of one unit changes in market interest rate.

Interest rate type

i) Price Value of Basic Point (PVBP): The impact to price of commodity as a result of 1BP (0.01%) change in interest rate.

ii) Convexity: The impact of PVBP (or DV01) of commodity as a result of 1BP change in interest rate.

ii. Value-at-Risk

Value-at-Risk is a quantitative presentation of risk to measure the maximum losses to investment portfolio during a specific interval at a certain confidence level due to the worst event occurring in the market. MLSC and its subsidiaries calculate Value-at-Risk for next one day at 99% confidence level.

To effectively measure the maximum potential losses of financial instruments and investment portfolios and use these data in market risk management, MLSC and its subsidiaries continuously perform model verification and periodic retrospective test to validate the accuracy of quantitative model, ensuring the soundness, reasonableness, and completeness of the model.

VaR Statistic for One-day Operating Activities

December 31, 2023	**Amount**
End of the year	$ 111,664
Average	129,109
Lowest	77,675
Highest	168,671

December 31, 2022	**Amount**
End of the year	$ 85,172
Average	98,175
Lowest	69,691
Highest	127,900

VaR Statistics for Risk Factors of Operating Activities

	Equity	**Interest Rate**	**Foreign Exchange Rate**	**Total**
December 31, 2023	$ 68,224	$ 55,532	$ 8,629	$ 111,664
Average	88,809	59,044	4,665	129,109
Lowest	54,649	42,629	954	77,675
Highest	118,866	86,705	9,611	168,671
December 31, 2022	55,476	39,394	11,511	85,172
Average	66,650	46,941	8,114	98,175
Lowest	47,548	33,152	2,969	69,691
Highest	102,373	59,265	16,412	127,900

iii. Stress test

Value-at-Risk is an estimate of maximum losses at a specific confidence level, but it cannot forecast the potential risk exposure of all investment portfolios as a result of an extraordinary change in financial market; therefore, MLSC and its subsidiaries evaluated the losses of all investment portfolios at extraordinary scenarios through stress test. For the basis of risk analysis, risk pre-warning, and business management, MLSC and its subsidiaries periodically summarize results of sensitivity test, hypothetical scenario and historical scenario as a stress test report as follows:

Historical scenario

How the values of investment portfolio would fluctuate was evaluated according to variations of risk factors during specific extraordinary events in the past financial markets, including 921 earthquake, 911 terrorist attack, 319 shooting, 915 Lehman financial crisis, 311 Japan earthquake, tsunami and 806 S&P's downgrade of U.S. Treasuries, 1011 US shares plunged due to US-China trade war and COVID-19.

Hypothetical scenario

The variations of the values of investment portfolio were evaluated under specific stress events for extreme measurement assumptions, including 50 bps increase in yield curve, 15% decrease in share index, 30% decrease in share index, 15% increase in a share market index change in volatility and 5% appreciate in NTD.

Sensitivity analysis

Sensitivity test is a measure of how investment portfolio fluctuates as a result of changes in specific risk factors. The changes in values of investment portfolios were evaluated in various scenarios of equity type and interest rate type, of which the scenarios were set with the following TAIEX and government bond yield rate: In order to have comprehensive scenario covered by each risk factor, the measurement of Vega risk (a share market index change in volatility) combined with foreign exchange risk (depreciation/appreciation in NTD) is added into risk categories since second quarter in 2015.

Type	Factors	Scenario Contents						
Equity	TAIEX (%)	(30)	(20)	(10)	-	10	20	30
Interest rate	Government bond yield rate (bps)	-	50	25	-	(25)	(50)	-

Stress Test Table

December 31, 2023			
Risk Factors	**Risk Price**	**Difference**	**Profit or Loss on Investment Positions**
Equity risk	Share index	-30%	$ (2,456,887)
Interest risk	Yield curve	+50bps	(528,800)
Vega risk	A share market index change in volatility	+15%	(270,408)
Foreign exchange risk	Foreign exchange rate	+5%	(2,032)

December 31, 2022			
Risk Factors	**Risk Price**	**Difference**	**Profit or Loss on Investment Positions**
Equity risk	Share index	-30%	$ (695,623)
Interest risk	Yield curve	+50bps	(200,649)
Vega risk	A share market index change in volatility	+15%	(190,696)
Foreign exchange risk	Foreign exchange rate	+5%	(38,496)

c) Credit risk management

i. Credit risk management system

To avoid financial and business loss because counterparties, including issuers of securities and counterparties of contracts and debtors, were unable to perform contract obligations, MLSC and its subsidiaries established procedures for authorizations, notifications, monitoring of limits and exception management in rules of risk management, ensuring the completeness of credit risk management system, and measuring and monitoring of credit risk limits in daily reports as implementation of control system of credit risk management. The credit risk management system is as follows:

i) Authorization and notification

The authorization and notification for credit risk of each business were regulated in the rules of business risk management for business departments to comply and implement control.

ii) Credit assessment before the transaction

To control credit risk, credit of counterparties should be cautiously assessed before closing transaction and compliance of transactions should be monitored.

iii) Credit level management

To control credit risk, MLSC and its subsidiaries established rules of credit level management for counterparties with different credit levels and the rules of business risk management for business departments required to set up lines of credit and control by different levels.

iv) Credit monitoring after the transaction

Credits of the counterparties of positions are periodically examined after transaction and the rules of credit monitoring are established for credit risk control, periodical assessment and monitoring. Business department issued evaluations on credit levels of counterparties for juristic-person clients every month, which are reviewed by the management of departments and preserved by the risk management office.

v) Quantitative measurement techniques for credit risk

The quantitative measurement techniques for credit risk are divided into counterparties and transaction objects as follows:

- Counterparties: Risk exposure limits are evaluated at different levels by industry or by TCRI rating, and the credit risk exposures are monitored and examined against limits every day.

- Transaction objects: To evaluate the credit risk of transaction objects, besides TCRI rating and Z-Score model, KMV credit module was developed to calculate the possibility of default according to daily share price information and credit levels are compared with TCRI ratings and divided into levels to minimize Type I error and Type II error.

- KMV model

  MLSC and its subsidiaries developed KMV model as internal rating module for listed shares and emerging shares, which produced the distance of default (DD) and possibility of default (PD), and, according to the actual defaults of listed companies and emerging share companies in Taiwan, they formulated the table of possibilities of default for the securities issued by listed companies and emerging share companies, including shares, corporate bonds and convertible bonds as the criteria to convert KMV model possibilities of default and internal credit ratings. Possibilities of default and credit ratings of listed companies and emerging market companies are summarized in Risk Management Information System (Risk MIS) as a reference of credit for investing and controlling margin loan and share loan.

- Z-Score and TCRI

  Introduction of Altman Z-Score and TCRI in Taiwan Economic Journal and development of examination criteria for credit risk levels helped identify the credit risk levels of investment object and monitor the changes in credit risk.

ii. Credit risk for financial instruments

MLSC and its subsidiaries held financial assets with potential credit risk, including cash in banks, debt securities, over-the-counter derivatives, bonds and notes purchased under resale agreements, margin loans and short sales, guarantee deposits, deposits for futures, other deposits and accounts receivable.

i) Cash and cash equivalents

Cash and cash equivalents include time deposits, demand deposits, checking accounts and commercial papers, and MLSC and its subsidiaries engaged in these transactions with domestic financial institutions.

ii) Financial assets at FVTPL - current

- Debt securities

  Debt securities include bonds, convertible bonds and bond funds.

  - Domestic bonds

    Domestic bonds held by MLSC and its subsidiaries primarily comprised of domestic government bonds (central and local) and corporate bonds (including bank debentures and international bonds), and the corporate bonds were grouped and managed by secured and unsecured bonds. Of all secured and unsecured corporate bonds, the issuers ratings were twBBB or above, and holding positions with ratings twA- or below should not exceed 20% of total authorized limits. Therefore, the credit risk of bonds was not material.

  - Foreign bonds

    Foreign bonds held by MLSC and its subsidiaries primarily comprised foreign government bonds and corporate bonds (including bank debentures and other bonds). The issuers' ratings of the bonds were required to be above a certain standard, and bonds with no ratings or that were below the standard should not exceed 10% of total equity.

- Convertible bonds

  Convertible bonds held by MLSC and its subsidiaries were primarily issued by domestic legal entities and grouped and managed by secured and unsecured convertible bonds. For convertible bonds, the issuers ratings were twBBB or above; for unsecured convertible bonds, the issuers' ratings should be twBBB- or above, and credit linked note and assets swap were issued to transfer the credit risks to external investors and lower the retained credit risks from issuers.

- Bond funds

  Bond funds held by MLSC and its subsidiaries were primarily money market funds and were not material to total bonds.

- Over-the-counter (OTC) derivatives

  Before transaction of OTC derivatives, MLSC and its subsidiaries should sign ISDA contracts with legal entity counterparties as agreements of such transactions for both parties, and the agreements are the main contract for each OTC derivative transaction. If any party defaults or early terminates contract, all covered open interest should be closed-out-netting under the requirements of the agreements.

  OTC derivatives engaged by MLSC and its subsidiaries included interest rate swap, bond option, asset swap of convertible bonds, structured instrument, share option and foreign exchange forward, and the primary counterparties were domestic institutions.

- Deposits for futures

  When engaged in futures in secondary markets, MLSC and its subsidiaries should provide deposits to margin accounts appointed by futures companies as guarantee funds for performing contract obligations. These transactions are mainly processed by MLSC's subsidiaries, and, accordingly, such credit risks were low.

- Bonds purchased under resale agreements

  When engaged in bonds or notes purchased under resale agreements, MLSC and its subsidiaries should agree the amounts, interests and periods of the transactions, and provide agreed amounts to counterparties, which are guaranteed by the target bonds or notes, and credit risk on counterparties could be lowered effectively. The bonds or notes are sold back to the counterparties upon maturity at agreed prices, and MLSC and its subsidiaries assume the credit risks during the transactions.

- Margin loans and short sales

  For margin loans and short sales, MLSC and its subsidiaries assume credit risks from counterparties; such risks exist in both transactions. Credit risks from counterparties could be lowered by obtaining collaterals and were not material because the counterparties were financial institutions with high credit ratings.

- Other current assets

  Other current assets represented cash provided by MLSC and its subsidiaries as collaterals or for restricted purposes, whose custodians were domestic financial institutions with high credit ratings.

- Financial assets at fair value through other comprehensive income

  Financial assets at fair value through other comprehensive income held by MLSC and its subsidiaries were mainly and listed shares, domestic corporate bonds, foreign government bonds, foreign corporate bonds and domestic unlisted shares.

- Other deposits

  Other deposits were mainly operation guarantee deposits, clearing and settlement fund and other guarantee deposits. Operation guarantee deposits are kept in domestic bank with high credit ratings, and clearing and settlement fund is provided to Taiwan Stock Exchange for use when one of market transaction counterparties do not perform delivery or payment of obligation; the credit risks from these deposits' custodians are not material; other guarantee deposits represented cash or other assets provided as guarantee, which were deposited to large number of entities with insignificant amounts, and, accordingly, the credit risks were diversified and no significant exposure to credit risk existed.

iii. Measurement of expected credit losses

i) Assessment of credit risk that has increased significantly since initial recognition

- MLSC assess the change in the probability of default of every financial instruments which applied IFRS 9 impairment requirements on each reporting date to determine if the credit risk has increased significantly since initial recognition. In order to make this assessment, MLSC take into consideration the reasonable and supportable information that credit risk has increased significantly since initial recognition (including forward-looking information). The main considerations include: Internal/external credit rating, information on overdue status, credit spread, and other market information related to the borrower, issuer or counterparty, credit risk of other financial instruments from the same borrower has increased significantly, etc.

- Low credit risk: If the credit risk of a financial instrument at the reporting date is low, it can be assumed that the credit risk of the financial instrument has not increased significantly since the initial recognition date.

ii) Definition of default and credit impairment of financial assets

- The definition of financial asset default is the same as that of financial asset credit impairment. If one or more of the following conditions are met, MLSC determine that the financial asset has defaulted and is credit impaired:

  - Quantitative indicators: When trade receivables fail to fulfill delivery obligations or other overdue receivables for more than 90 days. MLSC and its subsidiaries determine that the financial instruments has defaulted and is credit impaired

  - Qualitative indicators: If there is evidence that the issuer or counterparty will not be able to repay the contract, or that the issuer or counterparty has significant financial difficulties, such as:

    a) The issuer or counterparty has gone bankrupt or may have called for bankruptcy or financial restructuring.

b) Other financial instrument contracts of the issuer or counterparty have defaulted.

c) The active market for the financial asset has disappeared due to the financial difficulties of the issuer or counterparty.

d) Purchase or initiate financial assets at a significant discount reflecting credit losses that have occurred.

- The definitions of default and credit impairment apply to all financial assets held by MLSC and are consistent with the internal credit risk management, and will be applied simultaneously through internal and external rating related impairment assessment models.

- If a financial asset no longer meets the definition of default and credit impairment for six months, it is determined to be out of default and is no longer considered a financial asset that has defaulted and credit impairment.

iii) Measurement of expected credit losses

- Methods and assumptions

MLSC have measured the allowance loss of financial instruments in which credit risk has not increased significantly since the original recognition according to the expected credit loss for the 12 months, financial instruments whose credit risk has significantly increased or the credit has been impaired since the original recognition, and receivables that are measured based on the expected credit losses during the lifetime.

To measure the expected credit losses, MLSC consider the Probability of default ("PD") of the financial asset or issuer or counterparty in the next 12 months or over its lifetime, which is included in the Loss given default ("LGD") which is then multiplied by the Exposure at default ("EAD"), taking into consideration the impact of the time value of the currency when calculating the 12 months and lifetime expected credit loss.

MLSC measure EAD by the amortized cost of financial assets.

There were no significant changes in the estimation techniques or significant assumptions used to assess expected credit losses as of December 31, 2023.

- Consideration of forward-looking information

MLSC take forward-looking information into consideration when determining whether the credit risk of a financial asset has increased significantly since its original recognition and when measuring expected credit losses.

The PD and LGD which MLSC used to measure the expected credit losses include forward-looking overall economic information released regularly by international credit rating agencies (S&P and Moody's) after readjusting forward-looking factors such as economic growth predictability for the probability of default and loss rate.

- The expected credit losses of accounts receivable of MLSC were measured based on the lifetime expected credit losses. The explanations for assessing allowance losses on December 31, 2023 are as follows:

  Historical experience of credit losses of accounts receivable showed that there was no significant difference between different customer groups. Therefore, the customer group was not further distinguished during the evaluation, and the allowance loss was measured by the expected credit loss rate of receivables from 0.000064% to 0.04653%.

iv. Management of credit risk quality by levels

Internal credit ratings evaluated by MLSC and its subsidiaries were classified into low credit risk, medium credit risk, high credit risk and default (impaired), explained as follows:

i) Low credit risk: Entities have adequate capacity to meet financial commitments; even if facing significant uncertainties or adverse conditions, they still have stable capacity to deal with the creditor.

ii) Medium credit risk: Entities have moderate capacity to meet financial commitments; adverse economic conditions or changes in environments may weaken their capacity to meet financial commitments.

iii) High credit risk: Entities have weak capacity to meet financial commitments; exposure to long-term significant uncertain factors or adverse business, financial or economic conditions may weaken their capacity to meet financial commitments.

iv) Default (impaired): Entities that have no capacity to meet financial commitments in current situations or did not fulfill contract obligations and potential losses were estimated according to exposure.

As shown in the table below, MLSC's internal credit risk rating and external credit rating have no direct correlation, and are only used to express the similarity between "internal credit risk rating and external credit rating"

The internal and external credit ratings are presented in the following table:

Internal Credit Risk Level	Credit Rating from Taiwan	TCRI Indicator of Taiwan Economic Journal
Low credit risk	twAAA - twA-	1-4
Medium credit risk	twBBB+ - twBBB-	5-6
High credit risk	twBB+ - twC and without rating	7-9 and without TCRI
Default (impaired)	D	D

d) Liquidity management

MLSC and its subsidiaries managed capital by the use of bank loans, bonds purchased under resale agreements, and bills to achieve a flexible use of capital and capital stability. The derivatives engaged in by MLSC and its subsidiaries were traded in secondary markets and did not result in a material risk; the liquidity risk from OTC derivatives were under control since MLSC and its subsidiaries were the main market players.

The maturity analysis of financial liabilities was as follows:

December 31, 2023

	Payment Term					
	Within 1 Month	1-3 Months	3-12 Months	1-5 Years	More than 5 Years	Total
Short-term borrowings	$ 280,000	$ -	$ -	$ -	$ -	$ 280,000
Commercial papers issued	11,250,000	-	-	-	-	11,250,000
Bonds issued under repurchase agreements	27,403,543	1,070,404	7,192,145	-	-	35,666,092
Bills issued under repurchase agreements	896,997	-	-	-	-	896,997
Financial liabilities at FVTPL	319,229	497,957	4,964,960	5,020,005	-	10,802,151
Non-derivative financial liabilities	-	-	1,700,337	-	-	1,700,337
Derivative financial liabilities	319,229	497,957	3,264,623	5,019,469	-	9,101,278
Others	-	-	-	536	-	536
Deposits received for securities loan	-	-	1,326,716	-	-	1,326,716
Guarantee payable for securities loans	-	-	1,499,965	-	-	1,499,965
Deposits for securities borrowing	-	-	4,649,855	-	-	4,649,855
Notes/accounts payable	24,612,251	2,492	86,875	-	-	24,701,618
Other financial liabilities - current	7,888,969	4,049,258	-	-	-	11,938,227
Lease liabilities - current	11,059	18,134	94,083	189,383	-	312,659
Others	157,475	367	137,078	-	-	294,920
	$ 72,819,523	$ 5,638,612	$ 19,951,677	$ 5,209,388	$ -	$ 103,619,200

December 31, 2022

	Payment Term					
	Within 1 Month	1-3 Months	3-12 Months	1-5 Years	More than 5 Years	Total
Commercial papers issued	$ 600,000	$ -	$ -	$ -	$ -	$ 600,000
Bonds issued under repurchase agreements	14,416,552	1,437,930	3,663,085	-	-	19,517,567
Bills issued under repurchase agreements	897,969	-	-	-	-	897,969
Financial liabilities at FVTPL	156,144	540,888	6,101,837	4,121,442	-	10,920,311
Non-derivative financial liabilities	-	-	3,658,750	-	-	3,658,750
Derivative financial liabilities	156,144	540,888	2,443,087	4,120,997	-	7,261,116
Others	-	-	-	445	-	445
Deposits received for securities loan	-	-	2,333,348	-	-	2,333,348
Guarantee payable for securities loans	-	-	2,060,630	-	-	2,060,630
Deposits for securities borrowing	-	-	4,134,357	-	-	4,134,357
Notes/accounts payable	14,803,166	965	7,168	-	-	14,811,299
Other financial liabilities - current	7,996,208	2,606,830	482,619	-	-	11,085,657
Lease liabilities - current	10,487	23,524	102,715	221,164	4,966	362,856
Others	538,105	370	116,749	-	-	655,224
	$ 39,418,631	$ 4,610,507	$ 19,002,508	$ 4,342,606	$ 4,966	$ 67,379,218

Note: The figures in the above table are expressed using the undiscounted total cash flow.

e) Transfers of financial assets

i. Derecognition of a financial asset other than in its entirety

The transferred financial assets of MLSC and its subsidiary, which were not eligible to derecognition in its entirety, were mainly the debt securities that were available for counterparties as pledges under repurchase agreements and the equity securities that were lent under security lending agreement. The transaction in fact is secured pledge loans, the related liability occurs since MLSC and its subsidiary have responsibility to buyback transferred financial asset at the fixed price in the future. For this type of transactions, MLSC and its subsidiaries cannot use, sell or pledge transferred financial assets within the valid period, but is exposed to interest risk and credit risk; thus transferred financial assets are not derecognized in entirety.

Financial assets that are not derecognized in entirety and the related financial liabilities were as follows:

As of December 31, 2023					
Category of Financial Asset	**Carrying Amount of Transferred Financial Asset**	**Carrying Amount of Related Financial Liability**	**Fair Value of Transferred Financial Asset**	**Fair Value of Related Financial Liability**	**Fair Value of Net Positions**
Financial assets at fair value through profit or loss					
Repurchase agreements	$ 35,178,022	$ 35,249,164	$ 35,178,022	$ 35,249,164	$ (71,142)

As of December 31, 2022					
Category of Financial Asset	**Carrying Amount of Transferred Financial Asset**	**Carrying Amount of Related Financial Liability**	**Fair Value of Transferred Financial Asset**	**Fair Value of Related Financial Liability**	**Fair Value of Net Positions**
Financial assets at fair value through profit or loss					
Repurchase agreements	$ 19,062,941	$ 19,434,250	$ 19,062,941	$ 19,434,250	$ (371,309)

ii. Derecognition of a transferred financial asset in its entirety

MLSC and its subsidiaries entered into Asset Swap, and its trading purpose was to sell the convertible corporate bonds that were acquired through brokering or underwriting. Payments were received when selling to counterparties and during the contract period, the seller exchanged agreed interests with counterparties for fixed coupons and interest compensation while retaining the right to buy back convertible corporate bonds from counterparties at any time before contractual maturities. Transferred financial assets were derecognized as MLSC and its subsidiaries lost control over them since the counterparties had the right to sell their financial assets to third parties without having additional restrictions. However, MLSC and its subsidiaries still had the right to buy back the transferred asset. The maximum exposure to loss would be the carrying amount. Transferred assets and the related financial liabilities under the criteria for derecognition in entirety were analyzed as follows:

As of December 31, 2023					
Type of Continuing Involvement	**Cash Outflows to Repurchase Transferred (Derecognized) Financial Assets**	**Carrying Amount of Continuing Involvement in the Balance Sheet**	**Fair Value of Continuing Involvement**		**Maximum Exposure to Loss**
		Financial Assets at Fair Value Through Profit or Loss	**Assets**	**Liabilities**	
Purchased call options	$ 16,466,200	$ 3,028,024	$ 3,028,024	$ -	$ 3,028,024

As of December 31, 2022					
Type of Continuing Involvement	Cash Outflows to Repurchase Transferred (Derecognized) Financial Assets	Carrying Amount of Continuing Involvement in the Balance Sheet	Fair Value of Continuing Involvement		Maximum Exposure to Loss
		Financial Assets at Fair Value Through Profit or Loss	Assets	Liabilities	
Purchased call options	$ 18,215,000	$ 1,654,943	$ 1,654,943	$ -	$ 1,654,943

The table below had been drawn up based on the undiscounted cash flows of financial assets to be transferred (derecognized) upon buy-back on maturity. The information of cash flows is disclosed according to expected maturity from end of reporting period.

As of December 31, 2023							
Type of Continuing Involvement	Less than 1 Month	1-3 Months	3-6 Months	6 Months-1 Year	1-3 Years	More than 3 Years	Total
Purchased call options	$ 238,100	$ 389,200	$ 1,730,500	$ 3,260,300	$ 10,848,100	$ -	$ 16,466,200

As of December 31, 2022							
Type of Continuing Involvement	Less than 1 Month	1-3 Months	3-6 Months	6 Months-1 Year	1-3 Years	More than 3 Years	Total
Purchased call options	$ 443,900	$ 548,100	$ 1,035,900	$ 2,204,900	$ 13,910,900	$ 71,300	$ 18,215,000

The table below had been drawn up based on gain or loss recognized on transfer date as well as income and expenses from continuing involvement recognized in the current period and recognized cumulatively by type of continuing involvement - purchased call options.

As of December 31, 2023			
Type of Continuing Involvement	Gain or Loss Recognized at Transfer Date	Gain/(Loss) from Continuing Involvement Recognized in the Current Period	Gain/(Loss) from Continuing Involvement Recognized Cumulatively
Purchased call options	$ 4,568	$ 628,176	$ 632,744

As of December 31, 2022			
Type of Continuing Involvement	Gain or Loss Recognized at Transfer Date	Gain/(Loss) from Continuing Involvement Recognized in the Current Period	Gain/(Loss) from Continuing Involvement Recognized Cumulatively
Purchased call options	$ (34,555)	$ (948,325)	$ (982,880)

f) Offsetting financial assets and financial liabilities

The derivatives and bonds issued under repurchase agreements of MLSC and its subsidiaries did not meet the offsetting criteria pursuant to IFRS, but was covered by enforceable master netting arrangements or similar agreements signed with counterparties. Derivatives under enforceable master netting arrangements or similar agreements can be settled on a net basis of financial assets and financial liabilities if two parties decide to settle on net basis, or if not, settle on gross basis. If one party defaults, the other party can choose to settle on net basis.

The tables below present the information on financial assets and financial liabilities that have been offset.

As of December 31, 2023

Financial Assets That Have Been Offset or That Are Covered by Enforceable Master Netting Arrangements or Similar Agreements						
Financial Assets	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)	Related Amounts Not Offset in the Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments (Note)	Cash Collateral Received	
Derivatives	$ 128,429	$ -	$ 128,429	$ -	$ -	$ 128,429
Repurchase agreements	2,101,225	-	2,101,225	-	-	2,101,225
Total	$ 2,229,654	$ -	$ 2,229,654	$ -	$ -	$ 2,229,654

Note: Included master netting arrangements and non-cash financial collateral.

Financial Liabilities That Have Been Offset or That Are Covered By Enforceable Master Netting Arrangements or Similar Agreements						
Financial Liabilities	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)	Related Amounts Not Offset in the Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments (Note)	Cash Collateral Received	
Derivatives	$ 440,576	$ -	$ 440,576	$ -	$ -	$ 440,576
Repurchase agreements	35,249,164	-	35,249,164	-	-	35,249,164
Total	$ 35,689,740	$ -	$ 35,689,740	$ -	$ -	$ 35,689,740

Note: Included master netting arrangements and non-cash financial collateral.

As of December 31, 2022

Financial Assets That Have Been Offset or That Are Covered by Enforceable Master Netting Arrangements or Similar Agreements						
Financial Assets	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)	Related Amounts Not Offset in the Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments (Note)	Cash Collateral Received	
Derivatives	$ 199,129	$ -	$ 199,129	$ -	$ -	$ 199,129
Repurchase agreements	330,000	-	330,000	-	-	330,000
Total	$ 529,129	$ -	$ 529,129	$ -	$ -	$ 529,129

Financial Liabilities That Have Been Offset or That Are Covered By Enforceable Master Netting Arrangements or Similar Agreements						
Financial Liabilities	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)	Related Amounts Not Offset in the Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments (Note)	Cash Collateral Received	
Derivatives	$ 744,983	$ -	$ 744,983	$ -	$ -	$ 744,983
Repurchase agreements	19,434,250	-	19,434,250	-	-	19,434,250
Total	$ 20,179,233	$ -	$ 20,179,233	$ -	$ -	$ 20,179,233

Note: Included master netting arrangements and non-cash financial collateral.

7) The property and coverage of risk of insurance contract:

a) Risk management

i. The policies of risk management

According to related laws and business needs, SKLIC's board of directors passed a resolution of "SKLIC's risk management policies", which clearly regulated the objectives and strategies of risk management, risk appetite and limit, the organization and responsibility of risk management, and the category and management of business management risk.

ii. The objectives of risk management

The objectives of SKLIC's risk management are to protect assets, ensure the adequacy of risk-based capital (RBC), increase shareholder's value and conform with related laws, and under the premise of the balance between risk and return, to promote the sound operation and development.

iii. The principles of risk management

SKLIC manages risks strategically. When making decisions, SKLIC takes risks into consideration, and through qualitative and quantitative management, carries out risk identification, evaluation, response, monitoring and controlling, keeping every risk it might encounter in operating activities endurable, in order to pursue stable operating policies and persist in the spirit of thorough implementation.

iv. Organization and responsibility

In order to effectively plan, supervise and implement risk management, SKLIC established "Risk Management Committee" under the board of directors and related units independent to business units. The risk management levels and responsibilities are as follows:

- The board of directors approves risk management policies.
- Audit committee controls the existing or potential risk.
- Risk Management Committee regularly evaluates risk tolerance.
- Risk management related units analyze and evaluate the change of risks.
- Business units implement risk management activities within the scope of jurisdiction.

v. The category and management of business operating risk

SKLIC's business operating risks include insurance risk, market risk, credit risk, liquidity risk, concentration risk, operation risk, information security risk, asset - liability matching risk and other risks which are included in the resolutions of SKFHC's Risk Management Committee or SKLIC's board of directors. In consideration of abovementioned business management risk, SKLIC complies with laws and regulations, builds adequate management system, and strictly implements policies.

b) Insurance risk information

i. Sensitivity of insurance risk

SKLIC's sensitivity analysis of insurance risk is based on the effect of individual changes in current year's financial revenue, operating expenses, insurance payments related to death or morbidity and termination fees (assuming other assumptions unchanged) on net income before tax and shareholder's equity. The assumptions are illustrated as follows:

- Financial revenues include gains from lease of real estate, dividends and bonuses from financial assets and interest from fund application.
- Operating expenses include selling and administrative expenses and staff training expenses.
- Insurance payments related to death or morbidity are payments occurring due to insurance business and the insured's death or morbidity.
- Termination fees are refunds due to termination or invalidity of insurance contracts.

The Effects of Changes in Sensitivity Factors on Income Before Tax and Shareholder's Equity

	For the Year Ended December 31, 2023		
	Changes in Assumptions	**Changes in Income Before Tax**	**Changes in Shareholder's Equity**
Financial revenue	Decrease 5%	$ (5,998,956)	$ (4,799,165)
Operating expenses	Increase 5%	(1,064,662)	(851,729)
Insurance payments related to death or morbidity	Increase 5%	(1,607,258)	(1,285,807)
Termination fees	Increase 5%	83,516	66,813

Note: The abovementioned assumption factors and analysis are based on SKLIC and its subsidiaries' financial information for the year ended December 31, 2023.

Supplemental:

- The result is not linear; therefore, it is unable to estimate the extent of influence by interpolation method or extrapolation method.
- Assumption factors may not change and there may be correlation between different changes.
- Sensitivity analysis will not take into consideration the factors and effects that market changes have on business, such as buying or selling positions, changing asset allocation and adjustment to declared interest of insurance contracts.
- The calculation of changes in shareholder's equity is based on the amount net of income tax.

ii. The illustration of insurance risk concentration

SKLIC's main insurance products are life insurance, annuity insurance, accident insurance and health insurance, and the business is mainly in the Republic of China. Also, there is no significant difference in insurance contracts between different regions.

SKLIC's premium income is mainly from individual life insurance, individual health insurance and individual insurance (included Interest Sensitive Annuity) in the order. The insurance payments are mainly for endowment payments, refund benefit payments, termination fees and health benefits.

According to Regulations Governing Calculation of Various Reserve for Operations, due to heavy reparations when there are catastrophes and in order to deal with unusual changes in loss rate of different insurance and insurance payments, SKLIC provides special reserve for catastrophe and for contingent claim. The aforementioned catastrophe is one the government declared as a severe disaster, and the cumulative net indemnities of all the insurance products for an individual company are up to $30 million and the cumulative indemnities for all the life insurance companies are up to $1 billion.

The provision above for special reserve for catastrophe and for contingent claim is recognized, net of tax as special reserve under shareholder's equity.

iii. Claims development

SKLIC provided reserve for claims, whether or not it is reported, for projected future payments and related costs. The provision for reserves is highly complicated since there are many uncertain causes, estimation and judgment. Some claim reports may be delayed to SKLIC, and the estimation is related to past claim experiences and subjective judgment when estimating possible payments for the claims not yet reported. The claim reserve per book is estimated on the basis of available information at present. Therefore, it is unable to make sure the claim reserve on the date of balance sheet is equal to the actual payments, which will deviate from original estimation as the claim goes on.

The following tables show the claims development. Every accident year means the year the accident happens, the horizontal axis is the year of development, and every amount is the cumulative payment incurring for every accident year at the end of the year. The cumulative payments include the corresponding accumulated claims and payments and claims filed but not yet paid, which illustrates how SKLIC estimates payments for every accident year as time passes. The conditions and trends that influence SKLIC's reserve provision may not be the same when claims develop. Therefore, the projected payments may not actually happen.

- Claims development of direct business

Accident Year	Development Trend of Direct Business Indemnities					Claim Reserve
	1	2	3	4	5	
2019	11,786,914	14,205,269	14,347,045	14,370,841	14,379,938	
2020	11,783,116	14,161,292	14,359,482	14,399,860		
2021	11,459,775	13,865,668	14,065,816			
2022	12,414,515	15,337,966				
2023	13,751,413					

Claim reserve for unreported and unpaid claims	$ 3,494,605
Add: Claim reserve for unreported which provided by other regulation	5,257
Add: Reported but unpaid claims	542,664
Claim reserve, balance	$ 4,042,526

- Claims development of retained business

Accident Year	Development Trend of Direct Business Indemnities					Claim Reserve
	1	2	3	4	5	
2019	11,729,377	14,147,594	14,289,018	14,312,811	14,321,909	
2020	11,719,369	14,096,901	14,294,754	14,335,131		
2021	11,407,026	13,810,687	14,005,796			
2022	12,330,498	15,253,580				
2023	13,668,794					

Claim reserve for unreported and unpaid claims	$ 3,485,009
Add: Claim reserve for unreported which provided by other regulation	5,257
Add: Reported but unpaid claims	542,664
Claim reserve, balance	$ 4,032,930

c) The credit risk, liquidity risk and market risk of insurance contracts

i. Credit risk

SKLIC enacted its Credit Risk Management Policies and established risk limit and required regular credit examination to control credit risks of investment objectives and counterparties. Undertaking large insurance risks is the core business of the insurance industry, and SKLIC's business scale is large enough to undertake considerable insurance risks. However, if certain risks are over concentrated or significantly uncertain, reinsurance will be used to decentralize risks and reinsurance companies' credit ratings should meet the related regulations. Therefore, compared to retained risk, SKLIC's reinsurance risk is not significant.

ii. Liquidity risk

SKLIC enacted its Liquidity Risk Control and Management Policies as the basis of controlling and managing fund liquidity risk and market liquidity risk. Also, SKLIC makes use of asset and liability matching model to project future assets and liabilities' cash flows, to ensure there are enough cash flows to satisfy project liability obligations, as the basis of a long-term controlling and managing measures of liquidity risk. Besides, based on the regulation of reserve provision, the book value of all contracts is higher than surrender value. Therefore, the liquidity risk from contract termination is not significant. In consideration of materiality principle, there will be no cash flow analysis disclosure on maturity date when policyholders execute options to lapse.

iii. Market risk

According to the Regulations Governing Calculation of Various Reserves for Operations and other rulings promulgated by regulators, SKLIC calculates and provides various reserves for life insurance liabilities of insurance products based on projected interest rate and undertaking rate regulated by regulatory authorities. Since projected interest rate is determined when selling insurance products, it will not fluctuate as market interest rate does. Regulatory authorities considered a long-term level when it regulated the interest rate, which will not change with present market risk variables in the same time, same way or at the same amount. If the result of liability adequacy test is inadequate, the insufficient amount should be provided as liability adequacy reserve. Otherwise, reasonably possible changes in market risks would not influence SKLIC's amount of liabilities of insurance products.

In addition, for the calculation of reserve for life insurance liability, it is not likely that regulatory authorities will change the projected interest rate from fixed interest rate to floating rate fluctuating with market interest rate. Therefore, it is unlikely that market risk will, through liabilities of insurance products, have a significant effect on net income.

52. SHARE-BASED PAYMENT ARRANGEMENT

SKFHC retains 10% of shares as provision for subscription by qualified employees when there is issuance of ordinary shares for cash to participate in issuance of depositary receipts. On April 19, 2022, qualified employees were granted 49,039 thousand options. Each option entitles the holder with the right to subscribe for one ordinary share of the Company. The options were granted at market price of $10.35 on the grant date. The options were granted at an exercise price of $9.52. The options were granted at a fair value of $0.83.

The fees recognized by the Group for the employee share-based payment plan are as follows:

	For the Year Ended December 31	
	2023	2022
Fees recognized for share-based payment transactions (all equity-settled share-based payment transactions)	$ -	$ 40,702

53. CASH FLOW INFORMATION

For the year ended December 31, 2023

			Non-cash Changes					
	Opening Balance	Cash Flows	New Leases	Acquired or Disposed Subsidiaries	Convertible Bonds Converted to Ordinary Shares	Fair Value Adjustments	Others	Closing Balance
Commercial paper payable	$ 1,997,456	$ 10,737,805	$ -	$ -	$ -	$ -	$ 1,716	$ 12,736,977
Bonds payable	63,750,689	14,400,000	-	-	(394,963)	-	97,217	77,852,943
Lease liabilities	11,605,381	(1,725,682)	532,567	-	-	-	238,208	10,650,474
	$ 77,353,526	$ 23,412,123	$ 532,567	$ -	$ (394,963)	$ -	$ 337,141	$ 101,240,394

For the year ended December 31, 2022

			Non-cash Changes					
	Opening Balance	Cash Flows	New Leases	Acquired or Disposed Subsidiaries	Convertible Bonds Converted to Ordinary Shares	Fair Value Adjustments	Others	Closing Balance
Commercial paper payable	$ 11,005,698	($9,010,761)	$ -	$ -	$ -	$ -	$ 2,519	$ 1,997,456
Bonds payable	64,406,761	(200,100)	-	-	(506,527)	-	50,555	63,750,689
Lease liabilities	7,534,691	(1,452,700)	5,178,254	-	-	-	345,136	11,605,381
	$ 82,947,150	$ (10,663,561)	$ 5,178,254	$ -	$ (506,527)	$ -	$ 398,210	$ 77,353,526

54. CAPITAL MANAGEMENT

a. Management objectives of capital adequacy

The Company manages the Group's owned capital to meet the requirements of regulations and achieve the minimum required Group capital adequacy ratio as the basis objective of capital management.

To ensure the Company owns sufficient capital to assume risks, the Company evaluates the risks according to the portfolio amount and characteristics. The Group's risk on capital is calculated according to requirements regulated by authorities.

b. Management procedures for capital adequacy

The Group's capital adequacy is summarized, calculated and controlled by the Company's Risk Management Department and reported to Risk Management Committee and board of directors quarterly in compliance with requirements of authorities and internal regulations, and delivered to authorities half-yearly.

The key points of management procedures for the Group's capital adequacy are as follows:

1) Calculations and control procedures should be in accordance with the Regulations Governing the Consolidated Capital Adequacy of Financial Holding Companies and the Regulations Governing the Capital Adequacy of SKFHC.

2) The Company sets the annual control objective of capital adequacy for the Group and primary subsidiaries at the beginning of the year, and reported to and approved by Risk Management Committee and board of directors, and responsible units manage capital adequacy periodically to comply with legal requirements and internal target.

3) The Company sets pre-warning value for above control objectives. When capital adequacy ratio decreases to pre-warning value, responsible units issues warning notice to require related units to propose corresponding improvement plan and perform these procedures.

c. Capital adequacy ratio as of December 31, 2023

The Group's audited capital adequacy ratio as of December 31, 2023 was 100.27%, which complied with authorities' requirements and internal control objectives.

Based on the capital adequacy ratio and net worth ratio calculated under the "Regulations Governing Capital Adequacy of Insurance Companies", SKLIC classifies the insurance industry's capital as adequate, undercapitalized, significantly undercapitalized, and severely undercapitalized. If an insurance of the Company's capital is classified as undercapitalized, significantly undercapitalized, or severely undercapitalized, the insurance the Company cannot distribute its earnings, buy back its shares, or return its shares by means other than stock dividends or transfer the shares to the members for subscription, and the competent authority shall take relevant measures in accordance with the provisions of Article 143-6 of the Insurance Act.

SKLIC's capital adequacy ratios as of the end of 2022 and 2021 were both over 200% and its net worth ratios were both over 3%, in compliance with legal requirements. In the past two years, the impact of the lift rates, Russo-Ukrainian war and inflationary factors adversely affected after-tax income and retained earnings, and the widening of the Taiwan-U.S. interest rate spread increased the cost of foreign exchange hedging, resulting in a decline in the amount of capital owned by SKLIC. In addition, the revision of the interest rate risk accrual method by the competent authority resulted in an increase in risk capital so that SKLIC's capital adequacy ratio as of the end of June 2023 and the year end of 2023 did not reach the capital adequacy level stipulated by the law, but the net worth ratio still reaches more than 3%, and the capital level is undercapitalized.

According to Article 143-6 of the Insurance Act, the competent authority shall adopt any or all the following measures, subject to the grading of an insurance enterprise's capital:

1) In order for the insurance enterprise and its responsible person to put forward a plan for capital increase or another corrective action plan for finance or business within the specified period; where the insurance enterprise fails to submit the same plan within the specific period or fails to implement the plan, the competent authority may take supervision measures against the capital adequacy ratio;

2) For the insurance enterprise to cease selling insurance products or restrict it to launching new insurance products;

3) To restrict the scope of fund utilization;

4) To restrict the remuneration, bonus, stock options, or other payments of similar properties to the responsible person of the insurance enterprise;

5) To take other necessary measures.

On January 22, 2024, the FSC issued an official letter requesting SKLIC to submit, within one month, a complete and specific capital increase plan that can ensure that SKLIC's capital adequacy ratio at the end of June 2024, complying with the requirements of the Act, as well as a clear timetable for the capital increase in the case that SKLIC's capital adequacy ratio as of the end of 2023 did not meet the statutory standards.

The above issues shall be submitted to the boards of directors of SKLIC and its parent company for discussion. SKLIC's capital adequacy ratio enhancement plan was approved by the board of directors on February 17, 2024, and the capital adequacy ratio enhancement plan was submitted to the FSC on February 22, 2024, and the plan was approved by the board of directors on February 22, 2024 and was submitted to the FSC on February 22, 2024.

SKLIC plans to increase its own capital through capital adequacy improvement plans based on long-term stable operation and protection of policyholders' rights and interests. These include capital increase plans for cash capital increase of the parent company and issuance of capitalized bonds, as well as financial and business improvement plans to increase recurring revenues, increase capital gains, reduce hedging costs, increase real estate income and austere expenses, in order to achieve the goal of increasing the capital adequacy ratio to the level of capital adequacy required by the law. The goal is to increase the capital adequacy ratio to the capital adequacy level required by law.

SKLIC has issued domestic 1-year unsecured cumulative subordinated common bonds amounting to $13,000,000 thousand for the year ended 2023 on October 26, 2023, and common shares amounting to $1,500,000 thousand for the completion of a private placement of cash capital increase on December 29, 2023, respectively.

SKLIC's board of directors approved on February 17, 2024, the proposed issuance of 10-year cumulative subordinated common bonds of up to $8,000,000 thousand and the proposed issuance of common shares of up to $1,500,000 thousand by means of a private placement for cash capital increase. Meanwhile, on July 27, 2023, the board of directors approved the issuance of common stock in the amount of $5,500,000 thousand by private placement, and the total amount of the proposed cash capital increase is $7,000,000 thousand.

55. FINANCIAL INFORMATION ON OPERATING SEGMENTS

a. General information on operating segments:

Information reported to the chief operating decision maker for the purpose of assessment of segment performance focuses on the nature of business operations and are divided into four reportable segments, including the insurance segment, bank segment, securities segment and others. The accounting policies are the same as the summary of significant accounting policies in Note 4. The Group’s segment profits are evaluated based on operating profits before tax, excluding extraordinary gain or loss.

b. The Group’s reportable profit by segment for the years ended December 31, 2023 and 2022 is as follows:

	For the Year Ended December 31, 2023					
	Insurance Segment	Bank Segment	Securities Segment	Others	Elimination Between Segments	Total
Total net profit of reportable segments	$ (2,265,960)	$ 20,002,869	$ 7,756,279	$ 1,067,441	$ (951,084)	$ 25,609,545
Reportable segment profit	$ (23,619,634)	$ 8,338,065	$ 2,841,879	$ 308,421		$ (12,131,269)

	For the Year Ended December 31, 2022					
	Insurance Segment	Bank Segment	Securities Segment	Others	Elimination Between Segments	Total
Total net profit of reportable segments	$ 77,101,281	$ 18,936,950	$ 4,552,696	$ 971,172	$ (824,996)	$ 100,737,103
Reportable segment profit	$ (4,139,359)	$ 8,292,830	$ 469,054	$ 243,335		$ 4,865,860

c. The reconciliation of segment revenues, profits, assets and liabilities:

	For the Year Ended December 31	
	2023	2022
Total net profit of reportable segments	$ 25,609,545	$ 100,737,103
Other net loss	(57,280)	225,651
Elimination between segments	(146,881)	(55,038)
Total net profit	$ 25,405,384	$ 100,907,716
Total reportable segment profit (loss) before tax	$ (12,131,269)	$ 4,865,860
Other loss	(576,479)	(160,620)
Total net profit before tax	$ (12,707,748)	$ 4,705,240

	December 31, 2023					
	Insurance Segment	Bank Segment	Securities Segment	Others	Elimination Between Segments	Total
Total reportable segment assets	$ 3,586,564,935	$ 1,265,678,735	$ 143,736,372	$ 4,914,143	$ (47,930,331)	$ 4,952,963,854
Non-allocable items						
Other assets	-	-	-	-	-	4,223,895
Elimination between segments	-	-	-	-	-	(3,693,558)
Total assets	$ 3,586,564,935	$ 1,265,678,735	$ 143,736,372	$ 4,914,143	$ (47,930,331)	$ 4,953,494,191
Total reportable segment liabilities	$ 3,428,094,916	$ 1,190,761,281	$ 113,852,124	$ 2,199,977	$ (42,368,186)	$ 4,692,540,112
Non-allocable items						
Other liabilities	-	-	-	-	-	24,027,324
Elimination between segments	-	-	-	-	-	(9,153,551)
Total liabilities	$ 3,428,094,916	$ 1,190,761,281	$ 113,852,124	$ 2,199,977	$ (42,368,186)	$ 4,707,413,885

	December 31, 2022					
	Insurance Segment	Bank Segment	Securities Segment	Others	Elimination Between Segments	Total
Total reportable segment assets	$ 3,564,142,779	$ 1,211,894,277	$ 105,842,991	$ 4,144,525	$ (35,278,771)	$ 4,850,745,801
Non-allocable items						
Other assets	-	-	-	-	-	4,590,785
Elimination between segments	-	-	-	-	-	(4,637,338)
Total assets	$ 3,564,142,779	$ 1,211,894,277	$ 105,842,991	$ 4,144,525	$ (35,278,771)	$ 4,850,699,248
Total reportable segment liabilities	$ 3,424,711,041	$ 1,148,286,309	$ 79,840,198	$ 1,662,058	$ (33,504,794)	$ 4,620,994,812
Non-allocable items						
Other liabilities	-	-	-	-	-	24,516,775
Elimination between segments	-	-	-	-	-	(6,942,041)
Total liabilities	$ 3,424,711,041	$ 1,148,286,309	$ 79,840,198	$ 1,662,058	$ (33,504,794)	$ 4,638,569,546

56. NOTES DISCLOSED AS REQUIRED BY THE CONSOLIDATED REPORT ON OPERATIONS AND THE STANDARDS GOVERNING THE COMPILATION OF THE REPORT ON AFFILIATION AND OF THE CONSOLIDATED FINANCIAL STATEMENTS OF RELATED CORPORATIONS

a. Summary of subsidiaries: Refer to Notes 1 and 16.

b. Changes in the subsidiaries in the consolidated financial statements for this period: Refer to Notes 1 and 16.

c. Subsidiaries excluded from the consolidated financial statements for this period: None.

d. Adjustments and provisions dealing with different accounting fiscal years between the subsidiary and the controlling company: None.

e. Adjustments and provisions dealing with different accounting policies between the subsidiary and the controlling company: None.

f. Particular risks for the operation of foreign subsidiaries: None.

g. Legal or contractual limitations imposed on the distribution of retained earnings of various affiliates:

1) SKLIC

Based on the Company Act of the ROC and the Articles of Incorporation of SKLIC, SKLIC's annual earnings, net of tax and any deficit, should be appropriated in the following order:

a) A legal reserve and, if required, a special reserve based on relevant regulations;

b) Annual dividends to SKLIC's Classes A and B preference shareholders.

The board of directors prepares an earnings distribution plan based on the residual distributable earnings and submits the plan to annual regular meeting of shareholders for approval.

According to Rule No. 10202501992 issued by the FSC on February 28, 2013, except for the appropriation of preference share liability, insurance companies that tended to appropriate earning by cash dividends declaration shall first notify their decision to the FSC. The agency would comprehensively examine their financial condition.

Further, based on Rule No. 910074195 issued by the Department of Insurance on December 30, 2002, any special revenue arising from the contingent claim reserves is in excess of 30%. The excess amount shall be handled in accordance with the recovery regulations. The competent authority shall designate or restrict the use of the recovered amount based on the needs of the stable development of the insurance industry.

2) TSKCB

TSKCB's Articles of Incorporation provide that TSKCB's annual earnings shall be appropriated in the following order:

a) Payment of taxes;

b) Offset accumulated deficit, if any;

c) 30% thereafter, if any, as legal reserve;

d) Provision or reversal of special reserve, according to Securities and Exchange Act and authority's regulations;

e) The board of directors prepares an earnings distribution plan based on the residual distributable earnings and submits the plan to annual regular meeting of stockholders for approval.

The appropriation of item (d) will be proposed and approved by the board of directors. However, the reversed amount distributed as employees' compensation in the past year should not be included.

The maximum of cash dividends should not exceed 15% of the amount of capital until reserve equals to the amount of capital. Cash or assets distribution should be restricted if the capital adequacy ratio doesn't reach the authority's requirement.

3) MLSC

MLSC's Articles of Incorporation provide that MLSC's annual earnings shall be appropriated in the following order:

a) Payment of taxes;

b) Offset accumulated deficit, if any;

c) 10% thereafter, if any, as legal reserve;

d) Provision or reversal of special reserve, according to Securities and Exchange Act and authority's regulations.

e) The board of directors prepares an earnings distribution plan based on the residual distributable earnings and submits the plan to annual regular meeting of shareholders for approval.

h. Amortization method and period of consolidated debits (credits): None

i. Individual disclosure items (subsidiaries with total assets and operating income exceeding 10% of those of the parent company)

1) Eliminated transactions: See Table 7.

2) Capital financing: Not applicable.

3) Endorsement/guarantee: None.

4) Derivative financial instruments: Notes 8 and 51.

5) Major contingent events: Note 42.

6) Major subsequent events: Note 43.

7) Holding of securities and marketable securities

(In Thousands of New Taiwan Dollars, Except for Number of Shares)

Holding Company	Type/Name	Quantity	Cost	Market Price/ Net Worth	Ownership Interest	Collateral	Highest Number of Shares Held During the Period
Shin Kong Holding Co., Ltd.	Common stock:						
	SKLIC	7,438,745	128,689,537	155,924,033	100		7,438,745
	TSKCB	4,981,533	35,244,980	74,990,111	100		4,981,533
	MLSC	1,609,610	19,223,684	30,049,761	100		1,609,610
	SKITC	40,000	2,075,862	1,689,172	100		40,000
	SKVIC	164,302	1,550,000	1,849,680	100		164,302
	SKPIA	1,000	7,724	111,768	100		1,000

Note: No additional disclosure is required for insurance, banking, and securities subsidiaries.

j. Others: None.

SHIN KONG FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

DISPOSAL OF INDIVIDUAL REAL ESTATE AT PRICES OF AT LEAST $300 MILLION OR 10% OF ISSUED SHARE CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Seller	Property	Event Date	Original Acquisition Date	Carrying Amount	Transaction Amount	Collection	Gain on Disposal (Note)	Counterparty	Relationship	Purpose of Disposal	Price Reference	Other Terms
SKLIC	No. 35, 41, 45, Sec. 3, Chongqing S. Rd., Zhongzheng Dist., Taipei City President Jessburg A1 7F, A1 12F, A1 13F, A1 18F, A1 20F, A3 7F, A3 9F, A3 10F, A3 12F, A3 13F, B1 3F, B1 17F	2023.3.16-2023.11.2	2009.10.1-2014.8.29	$ 1,290,786	$ 1,394,090	Collected $1,111,510	$ 45,625	Foley Construction Co., Ltd., Josun Asset Management Consultants Co., Ltd. and natural persons (total of 12 persons including Jun, Xu)	None	Investment	Appraisers' report and sales price	
	Land numbers 502-2, 509, 511, 512, 513, 515-2, 516, 517-2 of the fourth section of Huaxing Section, Wenshan District, Taipei City	2023.9.6	1987.6.22	102,322	235,889	Collected	131,872	Guanqi Construction Co., Ltd.	None	Investment	Appraisers' report and sales price	

Note: Gain (loss) on disposal is net of necessary transaction costs, including 2 units on the 2nd floor of A1 and the 18th floor of A2 for which contracts were been sold in 2022 and transfer completed in the 1st quarter of 2023. As of December 31, 2023, 4 units of the President Jasper villa had been sold but transfer had not been completed.

SHIN KONG FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No.	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note 2)	Maximum Balance for the Year	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity Per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable (Note 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Company	Nature of Relationship										
1	SKVIC	SKLSC	Subsidiaries directly held over 50% equity	$ 7,398,712	$ 2,481,499	$ 2,481,499	$ 1,098,151	$ -	134.16	$ 9,248,390	Yes	No	Yes
2	MLSC	Muster Link (Hong Kong)	Subsidiaries directly held over 50% equity	5,976,850	600,000	600,000	-	-	-	11,953,699	Yes	No	No

Note 1: Parent company is number 0; subsidiaries are sequentially numbered starting from 1.

Note 2: Limits on endorsement/guarantee amount provided to each guaranteed party, except for the subsidiaries whose voting right were 100% directly or indirectly owned by SKVIC. If the subsidiaries were set up in China, the limit on endorsement/guarantee amount is four times of the net value of SKVIC.

Note 3: Maximum endorsement/guarantee amount allowable: Not greater than five times the net value of SKVIC on December 31, 2023; $1,849,678 × 5 = $9,248,390; Not more than 40% of the net value of MLSC as of December 31, 2023: $29,884,248 × 40% = $11,953,699.

SHIN KONG FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

INFORMATION REGARDING INVESTEE COMPANIES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investor Company	Name of Investee (Note 1)	Location	Principal Business Activity	Ownership Interest (%), End of Period	Carrying Amount, End of Period	Investment Gain (Loss) (Note 4)	Number of Shares Held by the Company and Related Parties (Note 1)				Remarks
							Number of Shares	Potential Number of Shares (Note 2)	Number of Shares	Ownership Interest (%)	
SKFHC	SKLIC	No. 66, Chung Hsiao West Road, Sec. 1, Taipei	Insurance	100.00	$ 155,924,033	$ (17,281,890)	7,438,745	-	7,438,745	100.00	Note 3
	TSKCB	No. 32, 3F, 4F, 5F, 10F,19F, 20F, 21F, 4-1F, 5-1F, 9-1F, No. 36, 1F,3F, 4F, 5F, 10F,19F, 20F, 21F, 9-1F, 14-1F, Songren Road, Taipei	Banking	100.00	74,990,111	6,789,476	4,981,533	-	4,981,533	100.00	Note 3
	MLSC	1-3F. No. 209, Fuxing South Road, Sec. 1, Taipei	Security brokerage, dealing and underwriting	100.00	30,049,761	2,499,578	1,609,610	-	1,609,610	100.00	Note 3
	SKITC	F-11, No. 167, Nan Chin East Road, Sec. 2, Taipei	Entrusted investments	100.00	1,689,172	69,862	40,000	-	40,000	100.00	Note 3
	SKVIC	F-38. No. 66, Chung Hsiao West Road, Sec. 1, Taipei	Venture capital	100.00	1,849,680	111,692	164,302	-	164,302	100.00	Note 3
	SKPIA	F-31. No. 66, Chung Hsiao West Road, Sec. 1, Taipei	Property insurance agency	100.00	111,768	79,989	1,000	-	1,000	100.00	Note 3

Note 1: All the owned shares and potential shares of investee company held by the Company, director, supervisors, general manager, vice general manager, and its related parties defined under the Company Act are included.

Note 2: a. The potential 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 ROC Company Law.

b. The equity securities mentioned above are referred to as the securities regulated by of Article 11, Item 1 of Securities and Exchange Act Enforcement Rules, for example, convertible bond and warrant.

c. The derivative instrument contracts mentioned above are specified as those derivative instruments defined by IAS 39, for example, stock option.

Note 3: The carrying amount and investment gain (loss) have been eliminated for the consolidation purpose.

Note 4: Investment income recognized under equity method adjust to subsidiaries' profit before income tax:

	Investment Income Recognized under Equity Method	Adjustment of IFRS 16	Adjustment of PPE	Unrealized Gains and Losses of the Group Transactions	Subsidiaries' Profit before Income Tax
SKLIC	$ (17,281,890)	$ 556	$ 88,633	$ -	$ (17,192,701)
TSKCB	6,789,476	1,972	-	-	6,791,448
MLSC	2,499,578	(655)	-	-	2,498,923
SKITC	69,862	(584)	-	-	69,278
SKVIC	111,692	-	-	-	111,692
SKPIA	79,989	(82)	-	-	79,907

SHIN KONG FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Except for Number of Shares)

Holding Company	Type and Name of Marketable Securities	Issuer's Relationship to the Holding Company	Financial Statement Account	End of December 31, 2023				Note
				Units/Shares ('000)	Carrying Value	Ownership Interest (%)	Market Price	
SKLRESC	Listed shares							
	The Great Taipei Gas Corp.	Affiliate	Financial assets at fair value through other comprehensive income	11,699	$ 382,568	2.27	$ 382,568	
	Taiwan Shin Kong Security Co., Ltd.	Affiliate	Financial assets at fair value through other comprehensive income	3,450	139,220	0.89	139,220	
	Shin Kong Spinning Co., Ltd.	Affiliate	Financial assets at fair value through other comprehensive income	643	30,799	0.21	30,799	
	Shin Kong Fire & Marine Insurance Co., Ltd.	Affiliate	Financial assets at fair value through other comprehensive income	778	52,982	0.25	52,982	
	Unlisted shares							
	Yi Kong Security	Affiliate	Financial assets at fair value through other comprehensive income	5,607	247,681	15.50	247,681	
	Lian-An Serve	Affiliate	Financial assets at fair value through other comprehensive income	5	90	0.20	90	
	Great Taipei Broadband Co., Ltd.	Affiliate	Financial assets at fair value through other comprehensive income	10,000	43,507	6.67	43,507	
	Yu Chi Venture Capital	None	Financial assets at fair value through other comprehensive income	188	1,735	2.50	1,735	
	Beneficial certificates							
	Allianz Global Investors Taiwan Money Market Fund	None	Financial assets at fair value through profit or loss	10,101	130,195	0.62	130,195	
	First Gold Taiwan Money Market Fund	None	Financial assets at fair value through profit or loss	6,366	100,198	0.15	100,198	
	Jih-Sun Money Market Fund	None	Financial assets at fair value through profit or loss	6,566	100,167	0.25	100,167	
	Yuanta U.S. Treasury 1-3 Year Bond ETF	None	Financial assets at fair value through profit or loss	1,000	30,590	0.77	30,590	
	Bonds							
	Mercuries Life Insurance Co., Ltd.	None	Financial assets at amortized cost	-	40,000	-	40,000	
SKSIC	Unlisted shares							
	Victor Taichung Machinery Works Co., Ltd.	None	Financial assets at fair value through profit or loss	0.074	995	-	995	
	FundRich	None	Financial assets at fair value through other comprehensive income	294	3,415	-	3,415	

(Continued)

Holding Company	Type and Name of Marketable Securities	Issuer's Relationship to the Holding Company	Financial Statement Account	End of December 31, 2023				Note
				Units/Shares ('000)	Carrying Value	Ownership Interest (%)	Market Price	
SKVIC	Listed shares							
	Hotai Finance Co., Ltd.	None	Financial assets at fair value through profit or loss	297	$ 38,029	-	$ 38,029	
	The Shanghai Commercial & Savings Bank, Ltd.	None	Financial assets at fair value through other comprehensive income	635	29,717	-	29,717	
	WPG Holdings Limited	None	Financial assets at fair value through other comprehensive income	598	28,106	-	28,106	
	Evergreen Steel Corp.	None	Financial assets at fair value through other comprehensive income	555	57,720	-	57,720	
	Yuen Foong Yu Consumer Product Co., Ltd.	None	Financial assets at fair value through other comprehensive income	180	7,632	-	7,632	
	OTC shares							
	Zimmite	None	Financial assets at fair value through profit or loss	611	38,090	-	38,090	
	Value Values Co., Ltd.	None	Financial assets at fair value through other comprehensive income	37	3,415	-	3,415	
	Emerging market shares							
	Chyunn Environment Corp.	None	Financial assets at fair value through profit or loss	902	41,375	-	41,375	
	Techzone Technology Materials Co., Ltd.	None	Financial assets at fair value through profit or loss	909	53,440	-	53,440	
	Phoenix Pioneer technology Co., Ltd.	None	Financial assets at fair value through profit or loss	1,778	31,951	-	31,951	
	Alar Pharmaceuticals Inc.	None	Financial assets at fair value through other comprehensive income	947	194,637	-	194,637	
	TECO Electric & Machinery Co., Ltd.	None	Financial assets at fair value through other comprehensive income	504	14,263	-	14,263	
	Domestic unlisted shares							
	Taiya Renewable Energy Co., Ltd.	None	Financial assets at fair value through profit or loss	600	30,000	-	30,000	
	Daheng	None	Financial assets at fair value through profit or loss	1,250	22,500	-	22,500	
	Eco Energy Corporation	None	Financial assets at fair value through profit or loss	857	29,995	-	29,995	
	Tiantai II Optoelectronics Co., Ltd.	None	Financial assets at fair value through other comprehensive income	1,369	27,814	-	27,814	
	Aulisa Medical USA, Inc.	None	Financial assets at fair value through other comprehensive income	309	9,990	-	9,990	
	Sounds Great Co., Ltd.	None	Financial assets at fair value through other comprehensive income	7,450	3,158	-	3,158	
	Lightning Speed Co., Ltd.	None	Financial assets at fair value through other comprehensive income	1,670	-	-	-	
	Puhui Financial Technology Co., Ltd.	None	Financial assets at fair value through other comprehensive income	230	8,756	-	8,756	
	Foreign venture capital							
	Mesh	None	Financial assets at fair value through other comprehensive income	-	5,372	-	5,372	

(Continued)

Holding Company	Type and Name of Marketable Securities	Issuer's Relationship to the Holding Company	Financial Statement Account	End of December 31, 2023				Note
				Units/Shares ('000)	Carrying Value	Ownership Interest (%)	Market Price	
	Beneficial certificates							
	Andra Capital Fund L.P	None	Financial assets at fair value through profit or loss	-	$ 102,226	-	$ 102,226	
	Pacific 8 Ventures FundII L.P	None	Financial assets at fair value through profit or loss	-	33,591	-	33,591	
	Leadsun Transition Fund	None	Financial assets at fair value through profit or loss	-	100,521	-	100,521	
	Bonds							
	Mercuries Life Insurance Co., Ltd.	None	Financial assets at amortized cost	-	231,527	-	231,527	
MasterLink Venture Capital Corp., Ltd.	Listed shares							
	Tanvex BioPharma, Inc.	None	Financial assets at fair value through profit or loss	553	35,998	-	35,998	
	Luo Lih-Fen Holding Co., Ltd.	None	Financial assets at fair value through profit or loss	165	10,280	-	10,280	
	OTC shares							
	OBI Pharma, Inc.	None	Financial assets at fair value through profit or loss	132	9,129	-	9,129	
	Emerging market shares							
	TacBright Optronics Corp.	None	Financial assets at fair value through profit or loss	3,300	13,233	-	13,233	
	Allied Biotech Corp.	None	Financial assets at fair value through profit or loss	940	15,538	-	15,538	
	Unlisted shares							
	Long Diann Marine Biotechnology Co., Ltd.	None	Financial assets at fair value through profit or loss	255	2,143	-	2,143	
	Amaran Biotechnology Inc.	None	Financial assets at fair value through profit or loss	292	5,300	-	5,300	
	Minima Technology Co., Ltd.	None	Financial assets at fair value through profit or loss	1,290	19,497	-	19,497	
	Excelsius Medical Co., Ltd.	None	Financial assets at fair value through profit or loss	528	-	-	-	
	Sing Ge Biotechnology Co., Ltd.	None	Financial assets at fair value through profit or loss	2,950	44,791	-	44,791	
	Grow Trend Biomedical Co., Ltd.	None	Financial assets at fair value through profit or loss	1,004	10,044	-	10,044	
	Lattice Energy Technology Corporation	None	Financial assets at fair value through profit or loss	2,300	9,483	-	9,483	
	Image Match Design Inc.	None	Financial assets at fair value through profit or loss	200	5,922	-	5,922	
	Bright Ideas for Life Co., Ltd.	None	Financial assets at fair value through profit or loss	1,000	-	-	-	
	NanoMed	None	Financial assets at fair value through profit or loss	146	-	-	-	
	Yijin Technology Corp. Ltd.	None	Financial assets at fair value through profit or loss	650	5,989	-	5,989	
	Taiwan Advanced Systems Corp.	None	Financial assets at fair value through profit or loss	1,600	16,000	-	16,000	
	Krisan Biotech Co., Ltd.	None	Financial assets at fair value through profit or loss	1,450	67,329	-	67,329	
	MIGO CORP.	None	Financial assets at fair value through other comprehensive income	2,301	-	-	-	
	Revlis Biotech Co., Ltd.	None	Financial assets at fair value through other comprehensive income	3,114	8,472	-	8,472	

(Concluded)

TABLE 5

SHIN KONG FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

PUBLIC ANNOUNCEMENTS IN COMPLIANCE WITH ARTICLE 46 OF THE FINANCIAL HOLDING COMPANY ACT
DECEMBER 31, 2023
(In Millions of New Taiwan Dollars, Unless Specified Otherwise)

Name	Amount of Credit, Endorsement or Other Transactions	Percentage to the Financial Holding Company's Net Worth
1. The same natural person or juridical person		
Central Government Development Bonds	$ 136,736	55.66
United States of America	99,362	40.45
United Mexican States	94,242	38.36
Citigroup Inc.	89,267	36.34
JPMorgan Chase & Co.	84,014	34.20
Kingdom of Saudi Arabia	83,866	34.14
Central Bank of the Republic of China Department of Banking	74,896	30.49
Taiwan Semiconductor Manufacturing Co., Ltd.	69,097	28.13
Bank of Nova Scotia	65,133	26.51
Morgan Stanley	63,758	25.96
Barclays Bank PLC	59,983	24.42
Republic of Indonesia	58,774	23.93
HSBC Holdings PLC	54,084	22.02
AT&T Inc.	51,810	21.09
The Goldman Sachs Group, Inc.	49,573	20.18
Verizon Communications Inc.	45,124	18.37
Chunghwa Telecom Co., Ltd.	44,876	18.27
Bank BNP Paribas	43,909	17.87
Bank of America	43,776	17.82
Lloyds Bank PLC	42,896	17.46
Taiwan Power Company	42,132	17.15
Electricite de France SA	42,055	17.12
Abu Dhabi Commercial Bank PJSC	41,080	16.72
Bank of Montreal	38,757	15.78
Standard Chartered Group	36,745	14.96
Republic of Peru	34,928	14.22
Barclays Group	33,785	13.75
Deutsche Bank	33,775	13.75
Capital Investment Trust Corporation	32,243	13.13
Codelco Inc.	31,660	12.89
United Arab Emirates	31,350	12.76
Russian Federation	29,206	11.89
Nomura International Funding Pte Ltd.	28,916	11.77
Italian Republic	27,783	11.31
Hon Hai Precision Industry Co., Ltd.	26,228	10.68

(Continued)

Name	Amount of Credit, Endorsement or Other Transactions	Percentage to the Financial Holding Company's Net Worth
Republic of Chile	$ 26,109	10.63
Tencent Holdings Limited	25,677	10.45
First Bank of Adu Dhabi	23,532	9.58
Saudi Arabian Oil Company	22,970	9.35
Southern Copper Corp	22,178	9.03
Cathay Financial Holding Co., Ltd.	21,469	8.74
First Commercial Bank Co., Ltd.	20,471	8.33
Natixis SA	20,465	8.33
Taiwan Mobile Co., Ltd.	20,407	8.31
The Walt Disney Company	20,025	8.15
TransCanada Corporation	19,674	8.01
Commonwealth Bank of Australia	19,217	7.82
KGI Investment Trust Co., Ltd.	18,505	7.53
Fubon Financial Holding Co., Ltd.	18,481	7.52
Federative Republic of Brazil	17,952	7.31
State of Israel	17,215	7.01
Malayan Banking Berhad	17,128	6.97
Societe Generale SA	16,888	6.87
CTBC Securities Investment Service Co., Ltd.	16,636	6.77
Suncor Energy Inc	16,426	6.69
Republic of South Africa	15,999	6.51
Credit Agricole Corporate and Investment Bank	15,739	6.41
Far Eastone Telecommunication Co., Ltd.	15,639	6.37
MUFG Bank Ltd.	15,596	6.35
CPC Corporation, Taiwan	15,324	6.24
Comcast Corporation	15,093	6.14
Halliburton Company	14,930	6.08
Wells Fargo Bank	14,774	6.01
Gilead Sciences, Inc.	14,195	5.78
Federal Power Commission	13,960	5.68
UBS AG	13,883	5.65
Fubon Asset Management Company Limited	13,654	5.56
Yuanta Securities Invesment Trust Co., Ltd.	13,618	5.54
Elevance Health, Inc.	13,152	5.35
Unitedhealth Group Inc.	13,097	5.33
The Kroger Company	12,765	5.20
Southern Co	12,742	5.19
Royal Bank of Canada	12,621	5.14
Cathay Securities Investment Trust Co., Ltd.	12,111	4.93
Qatar National Bank	11,936	4.86
Group Televisa	11,632	4.74
Virginia Electric & Electric Company	11,597	4.72
UBS Group AG	11,346	4.62
Far Easton New Century Corporation	11,289	4.60
Anheuser-Busch InBev	11,217	4.57
Biogenetics, Inc	10,873	4.43

(Continued)

Name	Amount of Credit, Endorsement or Other Transactions	Percentage to the Financial Holding Company's Net Worth
CVS Health Corporation	$ 10,829	4.41
Phillips 66	10,524	4.28
Westpac	10,478	4.27
CTBC Financial Holding Co., Ltd.	10,433	4.25
Republic of Turkey	10,329	4.20
Burlington Northern Santa Fe LLC	10,082	4.10
National Australia Bank	9,896	4.03
Republic of The Philippines	9,801	3.99
KGI Bank Co., Ltd.	9,724	3.96
CTBC Bank Co., Ltd.	9,580	3.90
Metro Passenger Transportation LLC	9,439	3.84
Coca-Cola Co.	9,421	3.84
E.SUN Commercial Bank Ltd.l	8,313	3.38
eBay Inc.	8,243	3.36
Wah Ping Investment Ltd.	8,063	3.28
Far Eastern International Bank Co., Ltd.	7,945	3.23
Qatar	7,924	3.23
United Microelectronics Corporation	7,859	3.20
MDGH GMTN RSC Ltd	7,684	3.13
Reliance Industries Limited	7,583	3.09
Export-Import Bank of the Republic of China	7,446	3.03
Bank SinoPac Co., Ltd.	7,375	3.00
BPCE LLC	6,998	2.85
Chailease Finance Co., Ltd.	6,916	2.82
Cathay United Bank	6,663	2.71
People's Republic of China	6,562	2.67
Cooperatieve Rabobank U.A.	6,482	2.64
Vodafone Group plc	6,282	2.56
Ford Motor Company	6,249	2.54
Core Pacific Development Corporation	5,984	2.44
Mega Bills Financial Holding Company Limited	5,929	2.41
Cathay Life Insurance Co., Ltd.	5,559	2.26
Amgen Inc.	5,526	2.25
Fomento Economico Mexicano SAB de CV	5,490	2.23
Nan Ya Plastics Corporation	5,470	2.23
Amazon.com, Inc.	5,304	2.16
Taipei Fubon Commercial Bank Co., Ltd.	5,271	2.15
Fubon Life Insurance Co., Ltd.	5,211	2.12
The Shanghai Company & Saving Bank, Ltd.	5,149	2.10
Credit Suisse Group AG	5,101	2.08
United Overseas Bank	5,028	2.05
Metropolitan Transportation Authority	4,955	2.02
Manulife Financial Corporation	4,916	2.00
Quanta Computer Inc.	4,851	1.97
Conocophillips Company	4,773	1.94
Alibaba Group Holding Ltd	4,727	1.92

(Continued)

Name	Amount of Credit, Endorsement or Other Transactions	Percentage to the Financial Holding Company's Net Worth
Apple Inc.	$ 4,712	1.92
BP P.L.C.	4,688	1.91
Macquarie Group	4,653	1.89
Uni-President Enterprises Corp.	4,601	1.87
Johnson & Johnson	4,535	1.85
Media Tek Inc.	4,459	1.82
Delta Electronics, Inc.	4,456	1.81
Agricultural Bank of Taiwan	4,389	1.79
HSBC France SA	4,354	1.77
China Development Financial Holding Corporation	4,303	1.75
Formosa Chemicals And Fibre Corporation	4,222	1.72
Pegatron Corporation	4,188	1.70
Constellation Electricity GRP	4,170	1.70
Fannie Mae	4,154	1.69
YUANTA COMMERCIAL BANK COMPANY	4,014	1.63
Lobor Retirement Reserve Fund	4,006	1.63
Intel	3,992	1.63
Bell Canada	3,985	1.62
Walmart Inc.	3,923	1.60
Asia Cement Corporation	3,830	1.56
Sociedad Quimica Y Minera de Chile S.A.	3,823	1.56
Sumitomo Mitsui Financial Group	3,764	1.53
Yuanta Financial Holding Co., Ltd.	3,725	1.52
China Steel Corporation	3,611	1.47
Fuh Hwa Securities Investment Trust Co., Ltd.	3,584	1.46
State of California	3,549	1.44
SPDR Dow Jones Industrial Average ETF Trust	3,487	1.42
United Parcel Service, Inc.	3,403	1.39
Vanguard S&P 500 ETF	3,381	1.38
Newedge Group	3,330	1.36
China Bills Finance Corporation	3,319	1.35
Taiwan Cooperative Financial Holding Co., Ltd.	3,288	1.34
CPC Corporation, Taiwan	3,182	1.30
Taipei Financial Building Corporation	3,068	1.25
HSBC (Taiwan) Commercial Bank Ltd.	3,048	1.24
TSMC Global Ltd.	3,033	1.23
SinoPac Securities Investment Trust Co., Ltd.	3,030	1.23
Uni-Poly Construction Co.	3,020	1.23
Shin Kong Investment Trust Co., Ltd.	3,018	1.23
Total	3,099,690	1,261.85
2. The same related party		
Lai,OO	5,284	2.15
JHENG,OO	3,293	1.34
CHUNG,OO	3,136	1.28
Chen,OO	3,108	1.27
WU,OO	3,107	1.26
Total	17,928	7.30

(Continued)

Name	Amount of Credit, Endorsement or Other Transactions	Percentage to the Financial Holding Company's Net Worth
3. The same affiliate		
Republic of China government	$ 219,077	89.18
United States of America and state-owned enterprise	111,614	45.44
United Mexican States and state-owned enterprise	108,201	44.05
Kingdom of Saudi Arabia and state-owned enterprise	106,836	43.49
Barclays PLC and affiliates	93,768	38.17
Citigroup Inc. and affiliates	91,192	37.12
JPMorgan Chase & Co. and affiliates	87,651	35.68
Taiwan Semiconductor Manufacturing Co., Ltd. and affiliates	73,927	30.09
United Arab Emirates and state-owned enterprise	73,261	29.82
Republic of Chile and state-owned enterprise	67,207	27.36
Morgan Stanley and affiliates	64,228	26.15
HSBC Holdings Plc and affiliates	63,882	26.01
Fubon Financial Holding Co., Ltd. and affiliates	63,524	25.86
Republic of Indonesia and state-owned enterprise	59,819	24.35
Goldman Sachs Group Inc. and affiliates	50,061	20.38
CTBC Financial Holding Co., Ltd.	47,520	19.34
Cathay Financial Holding Co., Ltd. and affiliates	46,433	18.90
Chunghwa Telecom Co., Ltd. and affiliates	45,488	18.52
BNP Paribas SA and affiliates	44,788	18.23
Bank of America Corp, and affiliates	43,829	17.84
Far Easton New Century Corp. and affiliates	41,712	16.98
Standard Chartered PLC and affiliates	38,669	15.74
China Development Financial Holding Co., Ltd. and affiliates	34,374	13.99
Capital Investment Trust Corp. and affiliates	33,462	13.62
UBS Group AG and affiliates	32,369	13.18
Russian Federation and state-owned enterprise	29,438	11.98
Hon Hai Precision Industry Co., Ltd. and affiliates	29,244	11.90
Nomura Holdings Inc. and affiliates	28,949	11.78
Groupe BPCE and affiliates	27,474	11.18
First Financial Holding Co., Ltd. and affiliates	21,690	8.83
Yuanta Financial Holding Co., Ltd. and affiliates	21,401	8.71
State of Qatar and state-owned enterprise	20,474	8.33
Commonwealth Bank of Australia affiliates	19,664	8.00
Societe Generale and SA affiliates	19,423	7.91
Credit Agricole Group and affiliates	19,069	7.76
Mitsubishi UFJ Financial Group and affiliatesa	17,452	7.10
Wells Fargo & Co affiliates	14,928	6.08
Formosa Plastics Corporation and affiliates	13,337	5.43
United Microelectronics Corporation and affiliates	13,112	5.34
People's Republic of China and state-owned enterprise	12,934	5.27
Yong Feng Yu and affiliates	12,755	5.19
National Australia Bank Ltd. and affiliates	11,174	4.55
Mega Financial Holding Co., Ltd. and affiliates	11,167	4.55
Berkshire Hathaway Inc. and affiliates	10,909	4.44
Emirate of Abu Dhabi United Ar and affiliates	9,773	3.98

(Continued)

Name	Amount of Credit, Endorsement or Other Transactions	Percentage to the Financial Holding Company's Net Worth
E.SUN Financial Holding Co., Ltd. and affiliates	$ 9,113	3.71
SKFH and affiliates	8,079	3.29
State Street Corp and affiliates	8,057	3.28
Taiwan Cooperative Financial Holding Co., Ltd. and affiliates	6,872	2.80
CHINA PETROCHEMICAL DEVELOPMENT CORPORATION and affiliates	6,491	2.64
Uni-President Enterprises Corporation and affiliates	5,838	2.38
Macquarie Group Ltd and affiliates	5,791	2.36
Vanguard Group Inc/The and affiliates	5,737	2.34
ASUSTeK Computer Inc. and affiliates	5,586	2.27
Enbridge Inc. and affiliates	5,482	2.23
Republic of Korea and state-owned enterprise	5,342	2.17
Sumitomo Mitsui Financial Grou and affiliates	4,993	2.03
Quanta Computer Inc. and affiliates	4,904	2.00
Delta Electronics, Inc. and affiliates	4,899	1.99
Mercuries & Associates Holding, Ltd. and affiliates	4,359	1.77
A.G.V. Products Corporation and affiliates	4,257	1.73
ASE Holdings and affiliates	3,974	1.62
Taiwan Financial Holdings Co., Ltd and affiliates	3,968	1.62
China Steel Corporation and affiliates	3,939	1.60
Walsin Lihwa Corporation and affiliates	3,723	1.52
ANZ Group Holdings Ltd and affiliates	3,667	1.49
Kingdom of Thailand and state-owned enterprise	3,611	1.47
JSL CONSTRUCTION & DEVELOPMENT CO., LTD. and affiliates	3,537	1.44
Yulon Motor Co., Ltd. and affiliates	3,218	1.31
San yang industry co. ltd and affiliates	3,099	1.26
Republic of Singapore and state-owned enterprise[	3,044	1.24
Sumitomo Mitsui Trust Holdings and affiliates	3,017	1.23
TSRC Corporation and affiliates	3,008	1.22
Total	2,244,864	913.86

(Concluded)

SHIN KONG FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. SKLIC

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital (CNY in Thousand)	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Investee Company's Earnings (Losses)	Percentage of Ownership (%)	Equity in the Earnings (Losses)	Carrying Value as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023
					Outflow	Inflow						
DingCheng Life Insurance Co.	Insurance	$ 5,544,400 (CNY 1,250,000)	Invest China directly	$ 1,386,100	$ -	$ -	$ 1,386,100	$ (980,183)	25	$ (221,829)	$ -	$ 1,688,029

Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Limit on Investment
$1,386,100	$337,721 (US$12,642 thousand)	$94,822,223

Note 1: SKLIC was approved by the Ministry of Finance and Ministry of Economic Affairs Investment Commission to establish an insurance company in mainland China in its letter in 2003. SKLIC obtained the approval of the China Insurance Regulatory Commission (Ref. No. (96) Bao-Jian-Guo-Ji No. 1254), and SKLIC and HNA Group prepared to establish the Chinese and foreign joint venture life insurance company. SKLIC remitted the investment fund amount of CNY250,000 thousand, or the equivalent of US$36,150 thousand, on June 6, 2008. SKHLIC started operation on April 27, 2009. SKLIC applied to increase its investment in mainland China by CNY187,500 thousand, or the equivalent of US$28,310 thousand. This investment was approved by the Investment Commission, MOEA on September 25, 2018. The application for repatriation of CNY350,000 thousand (US$51,818 thousand) which was raised by SKLIC from selling partial shares of SKHLIC had been reported to Investment Commission, MOEA on February 18, 2019. SKLIC applied to increase its investment in mainland China by CNY187,500 thousand, or the equivalent of US$26,865 thousand. This investment was approved by the Investment Commission, MOEA on August 24, 2020. The aforementioned capital increase account was remitted on August 16, 2021. This investment was approved by the Investment Commission, MOEA on September 10, 2021.

Note 2: Accumulated outflow of investment from Taiwan and current investment inflow were the original investment amount.

Note 3: SKLIC obtained approval from the China Insurance Regulatory Commission to increase and transfer the capital of SKHLIC on September 29, 2018. SKLIC transferred $838,125 thousand (CNY187,500 thousand) to the capital account held by SKHLIC as well as recognized a gain on disposal of investments of $1,688,029 thousand as other gain or loss on investments in 2018. SKLIC reclassified 25% of their ownership for sale to assets classified as held for sale in the amount of $6,130 thousand. After the capital of SKHLIC had been transferred, SKLIC derecognized assets classified as held for sale and equity related to assets classified as held for sale.

Note 4: On April 3, 2019, SKHLIC obtained the approval from the China Banking and Insurance Regulatory Commission to change its name to DingCheng Life Insurance Company.

Note 5: SKLIC remitted a capital increase of $807,188 thousand (CNY187,500 thousand) to DingCheng Life Insurance Company's capital increase account and is waiting for China Banking and Insurance Regulatory Commission's approval. The capital increase account was recorded as advance investment. Refer to Note 22. In January 2021, the supervisory authority of DingCheng Life Insurance Company's capital increase case was changed from the China Banking and Insurance Regulatory Commission to the Beijing Regulatory Bureau of the China Banking and Insurance Regulatory Commission. The capital increase was approved and terminated by the board of directors of Dingcheng Life Insurance on June 30, 2022, and the capital increase was remitted on August 16, 2021. SKLIC's board of directors approved the withdrawal of the capital increase and the sale of all shares of Dingcheng Life on June 29, 2021 and signed a sales agreement with Hongdou Group Co., Ltd. on June 30, 2022. The price of sales is CNY462,500 thousand and it is also agreed that SLKIC will no longer participate in the capital increase plan of Dingcheng Life. the transfer of the equity interest is subject to the approval of the Beijing Supervision Bureau of the China Banking and Insurance Regulatory Commission since May 23.

Note 6: Shenzhen Bolin Asset Management Co., Ltd. and Shenzhen Guo Zhan Investment Development Co., Ltd., shareholders of DingCheng Life Insurance Company, donated CNY450,000 thousand and CNY50,000 thousand to Dingcheng Life Insurance Company on March 16, 2021, respectively. The total donation is CNY500,000 thousand and gratuitously. Dingcheng Life Insurance Company has no obligation to repay the funds, and has no effect on the shareholding ratio of SKLIC and all other shareholders. It is used to improve the company's solvency ratio to support the Company business development. The donation is recorded under capital surplus of Dingcheng Life Insurance Company, and SKLIC recognized the total amount $543,285 thousand as capital surplus - others according to the shareholding ratio.

Note 7: Location: Beijing, China.

(Continued)

Note 8: Status of capital funds and related income: As of December 31, 2023, Ding Cheng Life Insurance Company's capital funds, which were deposited in banks or were invested in securities and policy loans, totaled $23,878,713 thousand, and the investment income for the year ended December 31, 2023 was $659,918 thousand.

Note 9: Provision methodology and balances of insurance liability reserves:

	December 31, 2023
Reserve for unearned premiums	$ 392
Reserve for claim payments	359
Reserve for life insurance liability	23,615,616
	$ 23,616,367

a. Reserve for unearned premiums for short-term insurance universal insurance and for risk premiums with individual terms of less than one year is provided by policy type in accordance with the risk for the remaining policy period.

b. Reserve for claim payments is provided by insurance based on past claims experience and expenses in accordance with actuarial principle, and reserve for claim payments reported but not yet paid is provided by case based on actual data.

c. Reserve for life insurance liability is provided according to modified standards stated by the Regulations Governing Calculation of Various Reserves for Operations. The calculation uses mortality table and projected interest rate of reserve regulations in China.

Note 10: Percentage of the Company's insurance income: 8.19%.

Note 11: Percentage of the Company's insurance benefits and claims: 0.19%.

2. SKVIC

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Investee Company's Earnings (Losses)	Percentage of Ownership (%)	Equity in the Earnings (Losses)	Carrying Value as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023
					Outflow	Inflow						
SKLSC	Financial leasing	$ 909,540 (US$ 30,000)	Note	$ 909,540 (US$ 30,000)	$ -	$ -	$ 909,540 (US$ 30,000)	$ 64,269	100	$ 64,269	$ 926,743	N/A

Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Limit on Investment
$909,540 (US$30,000)	$909,540 (US$30,000)	$1,109,806

Note: The investment was approved by the Investment Commission, MOEA (Ref. No. (100) No. 10000274430) on August 3, 2011. SKVIC established Lion Investment (Samoa) Co., Ltd. - SKLSC which was approved on September 15, 2011, and the main business was financial leasing.

(Continued)

3. MLSC

Investee Company	Main Businesses and Products	Reference Number and the Date of Approval Letter Issued by FSC	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Investee Company's Earnings (Losses)	Percentage of Ownership (%)	Equity in the Earnings (Losses)	Carrying Value as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023
						Outflow	Inflow						
Shanghai MasterLink Investment Advisory Corp. (Tianjin)	Securities investment consulting and training services	No.1050011978 issued by the FSC on April 14, 2016	$ 13,774	(Note 1)	$ 13,774	$ -	$ -	$ 13,774	$ 181	100	$ 181	$ 26,248	$ -
MasterLink Venture Management Corp. (Tianjin)	Management consulting, investment consulting	No.1030048649 issued by the FSC on December 10, 2014	50,450	(Note 2)	50,450	-	-	50,450	6,731	100	6,731	79,792	-
MasterLink Venture Capital Corp. (Tianjin)	Venture capital consulting and management	No.1030048647 issued by the FSC on December 10, 2014	504,500	(Note 3)	504,500	-	-	504,500	1,053	100	1,053	425,009	-

Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Limit on Investment
$568,724	$568,724	$17,930,549

Note 1: The investment was approved by the board of directors of MLSC and by the Investment Commission, MOEA (Ref. No. (85) No. 85020739) on December 30, 1996. MLSC established MasterLink Securities (B.V.I.) - MasterLink Investment Advisory Corp. which was approved on May 30, 1997, and the main business was securities investment consulting and training services. MLSC's name was altered to Shanghai MasterLink Investment Advisory Corp. through the MOEA on June 27, 1997, and it was approved by the MOEA which increased its authorized paid-in capital to US$500 thousand on July 10, 1997. Shanghai MasterLink Investment Advisory Corp.'s name was altered to Shanghai MasterLink Investment Advisory Corp. (Tianjin), which was approved by Rule No. 1050011978 issued by the FSC on April 14, 2016.

Note 2: Directly investing in China was approved by the board of directors of MLSC and by the Investment Commission, MOEA (No. 10300317070) on December 29, 2014. The operation license was acquired on February 15, 2015.

Note 3: Directly investing in China was approved by the board of directors of MLSC and by the Investment Commission, MOEA (No. 10300317060) on January 6, 2015. The operation license was acquired on February 15, 2015.

(Concluded)

SHIN KONG FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Ref. No. (Note 1)	Name of Company	Name of Counterparty	Relationship (Note 2)	Transactions (Note 5)			
				Account	Amount	Terms	% of Total Consolidated Operating Income or Total Consolidated Assets (Note 3)
0	SKFHC	TSKCB	a	Cash and cash equivalents	$ 2,504,234	Note 4	-
		SKLIC	a	Income tax payable for linked-tax	9,084,906	Note 4	-
		TSKCB	a	Income tax receivable for linked-tax	901,936	Note 4	-
		TSKCB	a	Interest income	127,149	Note 4	1
		MLSC	a	Income tax receivable for linked-tax	167,884	Note 4	-
1	SKLIC	SKLRESC	c	Management expenses	494,189	Note 4	2
		TSKCB	c	Cash and cash equivalents	31,638,397	Note 4	1
		TSKCB	c	Interest income	294,012	Note 4	1
		TSKCB	c	Rental income	268,281	Note 4	1
		TSKCB	c	Commission expense	1,106,363	Note 4	4
		MLSC	c	Bond issued under repurchase agreements	1,060,000	Note 4	-
2	TSKCB	SKLIC	c	Processing fee income	1,422,037	Note 4	6
		SKLIC	c	Accounts receivable	109,090	Note 4	-
		SKITC	c	Deposits and remittances	102,235	Note 4	-
		MLSC	c	Deposits and remittances	3,658,175	Note 4	-
		MasterLink Futures Co., Ltd.	c	Deposits and remittances	1,311,420	Note 4	-
		MasterLink Securities Investments Advisory Corp.	c	Deposits and remittances	103,062	Note 4	-
		SKMC	c	Deposits and remittances	272,669	Note 4	-
		SKLRESC	c	Deposits and remittances	141,840	Note 4	-
3	MLSC	SKLIC	c	Processing fee income	121,126	Note 4	-
		TSKCB	c	Other miscellaneous income, net	170,931	Note 4	1
		MasterLink Futures Co., Ltd.	c	Deposits for futures	189,620	Note 4	-
		MasterLink Futures Co., Ltd.	c	Excess margin	671,650	Note 4	-

Note 1: Parent company is number 0; subsidiaries are sequentially numbered starting from 1.

Note 2: Categories of relationship:

a. Parent company to subsidiary.
b. Subsidiary to parent company.
c. Between subsidiaries.

(Continued)

Note 3: Percentage of transaction amount to total consolidated operating income and assets is calculated as follows:

For balance sheet accounts: Transaction amount ÷ Total consolidated assets
For income statement accounts: Accumulated transaction amount ÷ Total consolidated profit from operations.

Note 4: Terms and conditions of related party transactions are made on arm's length basis.

Note 5: Minimum transaction amount of $100 million.

(Concluded)

TABLE 8

SHIN KONG FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

INFORMATION ON MAJOR SHAREHOLDERS
DECEMBER 31, 2023

Name of Shareholder	Shares	
	Total Shares Owned (In Thousands)	Ownership Percentage
None	-	-

Note 1: The table above discloses information on major shareholders whose shareholdings of ordinary and preference shares are at least 5% of the Company's total shares, as calculated by the Taiwan Depository & Clearing Corporation based on the number of dematerialized shares (including treasury shares) which have been registered and delivered on the last working day of the current quarter. The number of shares recorded in the Company's consolidated financial statements may be different from the number of dematerialized shares which have completed registration and delivery due to differences in the basis of preparation and calculation.

Note 2: If a shareholder holds its shares by trust, the information is individually presented in the above disclosures by the trustee who opened the trust account. As for the handling of insider shareholding declaration for shareholders holding more than 10% of the Company's shares in accordance with the Securities and Exchange Act, the number of shares held includes those held by trust in which the shareholder has the power to decide the allocation of trust assets. For more information regarding insider shareholding declaration, please refer to the Market Observation Post System website.

SHIN KONG FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CASH AND CASH EQUIVALENTS
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Shipments (In Thousand Pieces)	Amount
Cash and cash equivalents		$ 5,520,454
Checking accounts and demand deposits	Including (US$1,188,851 thousand @30.7350; JPY1,527,914 thousand @0.2173; HK$39,193 thousand @3.9339; EUR5,234 thousand @34.0114; CNY56,562 thousand @4.3318; CNH273,202 thousand @4.3309; AUD22,913 thousand @21.0012) etc.	44,582,957
Time deposits with original maturities of less than three months	Including (US$779,980 thousand @30.7350;HK$7,000 thousand @3.9339; CNY46,000 thousand @4.3318; maturity dates are during 2024.01.02-2024.03.27, interest rates are from 1.30%-5.94%)	42,155,514
Checks for clearing		2,143,877
Cash equivalents	Conditionally traded notes and futures overdraft guarantees	1,884,386
		$ 96,287,188

SHIN KONG FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Financial Asset and Holder	Description	Shares (Thousands)	Fair Value (Dollars)	Gross Amount	Interest Rate (%)	Acquisition Cost	Fair Value		Changes in Fair Value Attributed to Changes in Credit Risk
							Unit Price/ Bond Price	Gross Amount	
Listed shares and emerging market shares									
SKLIC									
TSMC		54,715	10	$ 547,150		$ 30,899,439	593	$ 32,445,995	$ -
Others (Note)		573,860	10	5,738,600		49,403,518	15.55-3,275	51,620,762	-
TSKCB									
Others (Note)		1,062	10	10,620		135,307	45.75-1,740	140,967	
MLSC									-
Others (Note)		20,639	10	206,390		7,418,415	1.65-3,275	7,648,100	-
SKIVC									
Others (Note)		4,497	10	44,970		160,827	17.97-128	202,884	-
				6,547,730		88,017,506		92,058,708	-
Unlisted shares									
SKLIC									
Others (Note)		30,000	10	300,000		300,000	5.60	168,000	-
MLSC									
Others (Note)		13,809	10	138,090		360,378	46.43	187,938	-
SKITC									
Others (Note)		-	10	-		1,546	13,452.09	995	-
SKIVC									
Others (Note)		2,707	10	27,070		82,495	18-50	82,495	-
				465,160		744,419		439,428	-
Beneficiary certificates									
SKLIC									
Others (Note)		3,781,155	10-60	101,218,867		152,325,573	5.02-288,975,320	121,095,558	-
MLSC									
Others (Note)		165,127	10-10.48	1,156,886		3,117,022	8.03-359.89	2,986,370	-
SKIVC									
Others (Note)		-	10	-		42,915	52.77	100,521	-
				102,375,753		155,485,510		124,182,449	-
Corporate bonds and bank debentures									
SKLIC									
Others (Note)		191,100	100,000	19,110,000	1.40-4.10	19,110,000	94.46-101.26	19,059,170	-
TSKCB									
Others (Note)		17,000	100,000	1,700,000	0.83-0.95	1,700,000		1,697,994	-
MLSC									
Others (Note)		198,345	100,000	19,834,535		29,505,404		29,399,740	-
				40,644,535		50,315,404		50,156,904	-
Government bonds									
TSKCB									
Others (Note)		-		-		1,702,279		1,701,331	-
MLSC									
Others (Note)		-		-		2,399,328		2,449,990	-
				-		4,101,607		4,151,321	-

(Continued)

Financial Asset and Holder	Description	Shares (Thousands)	Fair Value (Dollars)	Gross Amount	Interest Rate (%)	Acquisition Cost	Fair Value		Changes in Fair Value Attributed to Changes in Credit Risk
							Unit Price/ Bond Price	Gross Amount	
Derivative instrument									
SKLIC									
Others (Note)		-		$ -		$ -		$ 15,319,190	$ -
TSKCB									
Others (Note)		-		-		-		2,431,168	-
MLSC									
Others (Note)		-		-		-		3,254,948	-
				-		-		21,005,306	-
Short-term bills									
TSKCB									
Negotiable time deposits		6,780,000	10	67,800,000	1.09-1.58	67,800,547		67,796,112	-
Commercial paper		452,100	10	4,521,000	1.40-1.55	4,514,148		4,514,358	-
				72,321,000		72,314,695		72,310,470	-
Lending securities									
MLSC									
Others (Note)		-		-		895,961		896,218	-
Foreign investments									
SKLIC									
Beneficiary certificates		-		-		28,886,649		34,620,844	-
Others (Note)		-		-		11,737,333		25,052,047	-
TSKCB									
Others (Note)		-		-	0.25-7.74	6,355,452		10,663,851	-
MLSC									
Others		-		-		5,791,036		5,523,505	-
SKIVC									
Others (Note)		-		-		152,161		135,817	-
				-		52,922,631		75,996,064	-
				$ 222,354,178		$ 424,797,733		$ 441,196,868	$ -

Note: Individual balances is less than 5% of the total balance.

(Concluded)

SHIN KONG FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

FINANCIAL ASSETS AT FAIR VALUE OTHER COMPREHENSIVE INCOME
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Financial Asset and Its Holder	Description	Shares (Thousands)	Fair Value (Dollars)	Gross Amount	Interest Rate (%)	Acquisition Cost	Allowance for Impairment Loss	Fair Value	
								Unit Price/ Bond Price	Gross Amount
Listed shares and emerging market shares									
SKLIC									
CHT		328,216	10	$ 3,282,162		$ 36,304,581	$ -	120.00	$ 39,385,942
TWM		193,528	10	1,935,280		21,023,333	-	98.60	19,081,861
Others (Note)		249,289	10	2,492,894		15,603,037	-	21.80-182.50	17,228,261
TSKCB									
Others (Note)		33,705	10	337,048		3,982,180	-	19.70-2,870	4,633,133
MLSC									
Others (Note)		14,488	10	144,880		657,620	-	18-517	781,057
SKIVC									
Others (Note)		3,547	10	35,470		132,042	-	28.30-205	335,490
				8,227,734		77,702,793	-		81,445,744
Unlisted shares									
SKLIC									
Others (Note)		236,907	10	2,369,074		3,240,557	-	0-108.92	3,503,701
TSKCB									
Others (Note)		32,409	9.17-15.70	381,201		381,201	-	4.86-70.56	803,842
MLSC									
Others (Note)		25,725	10	257,250		478,027	-	0.17-195.02	3,692,155
SKIVC									
Others (Note)		11,259	10	112,590		94,663	-	0-38.03	49,718
SKITC									
Others (Note)		294	10	2,940		3,274	-	11.61	3,416
				3,123,055		4,197,722	-		8,052,832
Preference shares									
SKLIC									
Others (Note)		573,275	1-10	5,316,047		32,134,914	-	0.39-97.90	31,808,577

(Continued)

Financial Asset and Its Holder	Description	Shares (Thousands)	Fair Value (Dollars)	Gross Amount	Interest Rate (%)	Acquisition Cost	Allowance for Impairment Loss	Fair Value	
								Unit Price/ Bond Price	Gross Amount
Government bonds									
SKLIC									
Others (Note)		80,330	100,000	$ 8,033,000	0.13-3.63	$ 8,075,817	$ -	74.26-117.48	$ 7,006,205
TSKCB									
Others (Note)		721,907	100,000	72,190,700	0.25-3	72,896,218	-	85.33-110.09	70,267,413
				80,223,700		80,972,035	-		77,273,618
Less: Guarantee deposits paid									
TSKCB									
Others (Note)				(5,530,000)		-	-		(5,530,000)
Corporate bonds and bank debentures									
SKLIC									
Others (Note)		143,900	100,000	14,390,000	0.45-3.30	14,390,836	(4,153)	92.11-104.88	14,676,672
MLSC									
Others (Note)		44,500	100,000	4,450,000	1.45-1.85	4,450,000	(1,914)	99.47-100.57	4,439,444
TSKCB									
Others (Note)		431,700	100,000	43,170,000	0.43-2.15	43,203,133	(20,937)	93.51-101.97	42,074,633
				62,010,000		62,043,969	(27,004)		61,190,749
Real Estate Investment Trusts									
TSKCB									
Others (Note)		19,760	10	197,600		330,081	-	13.20-16.98	299,689
Foreign investments									
TSKCB									
Bonds		2,240	30,735,000	68,857,770	0-10.04	69,071,393	(15,083)	64.89-103.71	62,732,928
MLSC									
Bonds		4,452,225		4,452,225	0.5-4.70	4,327,940	(560)		4,125,814
SKIVC									
Stocks		-		-		9,980	-		5,372
		73,309,995		73,309,995		73,409,313	(15,643)		66,864,114
				$ 226,878,131		$ 330,790,827	$ (42,647)		$ 321,405,323

Note: Individual balances is less than 5% of the total balance.

(Concluded)

SHIN KONG FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

NOTES AND BONDS PURCHASED UNDER RESALE AGREEMENTS
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Title	Item	Face Value	Carrying Amount
SKLIC			
	Others (Note)	$ 14,502,900	$ 14,515,483
SKLRESC			
	Others (Note)	392,120	392,120
SKFHC			
	Others (Note)	99,000	98,857
MLSC			
	97 Central Government Construction Public Bonds A5	1,000,000	1,001,225
	Others (Note)	1,100,000	1,100,000
TSKCB			
	Others (Note)	600,000	600,000
		$ 17,694,020	$ 17,707,685

Note: Individual balances is less than 5% of the total balance.

SHIN KONG FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

ACCOUNTS RECEIVABLE
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Amount	Allowance for Impairment Loss	Net Value
Notes receivable	$ 52,522	$ (32,231)	$ 20,291
Accounts receivable	14,559,227	(270,887)	14,288,340
Forward contracts receivable	101,833	-	101,833
Bank acceptance receivables	172,942	(19,435)	153,507
Interest receivables	29,575,609	(336,290)	29,239,319
Receivables transaction on securities	6,739,614	-	6,739,614
Receivables of margin trading	21,446,199	(54,528)	21,391,671
Receivables of trade	20,493,048	-	20,493,048
Earned revenue receivables	1,505,666	(1,181)	1,504,485
Others (Note)	4,055,191	(793,152)	3,262,039
	$ 98,701,851	$ (1,507,704)	$ 97,194,147

Note: Individual balances is less than 5% of the total balance.

SHIN KONG FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

LOANS
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Amount	Allowance for Impairment Loss	Net Value
Policy loans	$ 95,580,698	$ -	$ 95,580,698
Premium loans	9,765,592	-	9,765,592
Loans	863,402,337	(10,754,497)	852,647,840
Overdue loans	480,490	(480,490)	-
Add: Premium on loans	217,686	-	217,686
	$ 969,446,803	$ (11,234,987)	$ 958,211,816

SHIN KONG FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Title	Description	Share	Fair Value (Dollars)	Gross Amount	Interest Rate (%)	Allowance for Impairment Loss	Unamortized Premium (Discount)	Carrying Amount	Note
Government bonds									
SKLIC									
Others (Note)		445,000	100,000	$ 44,500,000	0.25-3.63	$ -	$ 2,398,465	$ 46,898,757	
TSKCB									
Others (Note)		79,500	100,000	7,950,000	0.13-3.88	-	460,547	8,410,547	
SKPIAC									
Others (Note)		20	100,000	2,000	1.63	-	2	2,002	
				52,452,000		-	2,859,014	55,311,306	
Corporate bonds and bank debentures									
SKLIC									
Others (Note)		1,504,900	100,000	150,490,000	0.35-3.90	(41,619)	29,419	150,477,800	
TSKCB									
Others (Note)		17,730	1,000-10,000	21,240,000	0.48-2.03	(10,801)	30,321	21,259,520	
SKIVC									
Others (Note)		2,320	100,000	232,000	4.00	(263)	(210)	227,917	
				171,962,000		(52,683)	59,530	171,965,237	
Time deposits with original maturities of more than three months									
SKFHC									
Others (Note)		-		6,000	0.75	-	-	6,000	
SKLIC									
Others (Note)		-		3,384,032	1.20-1.56	-	-	3,384,032	
MLSC									
Others (Note)		-		1,144,610	0.48-2.50	-	-	1,144,610	
SKIVC									
Others (Note)		-		30,000	1.60	-	-	30,000	
SKITC									
Others (Note)		-		601,300	0.49-1.58	-	-	533,400	
				5,165,942		-	-	5,098,042	
Structured instrument notes									
SKLIC									
Others (Note)		-		34,000,000	0.62-1.72	(12,496)	-	33,987,504	
Less: Guarantee deposits paid									
SKFHC									
Others (Note)		-		(6,000)		-	-	(6,000)	
SKLIC									
Others (Note)		-		(11,934,432)		-	-	(11,934,432)	
SKPIAC									
Others (Note)		-		(2,000)		-	-	(2,000)	
				(11,942,432)		-	-	(11,942,432)	

(Continued)

Title	Description	Share	Fair Value (Dollars)	Gross Amount	Interest Rate (%)	Allowance for Impairment Loss	Unamortized Premium (Discount)	Carrying Amount	Note
Negotiable certificate of deposit									
TSKCB									
Others (Note)		-		$ 10,100,000	1.16-1.45	$ -	$ -	$ 10,100,000	
Foreign investments									
SKFHC									
Others (Note)		-		351,762	5.84	-	-	351,762	
SKLIC									
Bonds		-		1,283,511,632		(5,788,475)	142,355,602	1,420,078,759	
Callable bonds		-		717,920,685		(239,636)	128,572,692	846,253,741	
Others (Note)		-		6,419,675		-	(46,187)	6,373,488	
TSKCB									
Bonds		-		20,806,124	0.13-10.00	(3,190)	(116,409)	20,686,525	
Less: Guarantee deposits paid									
SKLIC		-		(144,597)		-	-	(144,597)	
				2,028,865,281		$ (6,031,301)	270,765,698	2,293,599,678	
				$ 2,290,602,791		$ (6,096,480)	$ 273,684,242	$ 2,558,119,335	

Note: Individual balances is less than 5% of the total balance.

(Concluded)

SHIN KONG FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

INVESTMENT ACCOUNTED FOR USING EQUITY METHOD
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars and Shares)

Title	January 1, 2023		Increase in Current Year		(Loss) Gain on Investment	Decrease in Current Year		December 31, 2023			Fair Value or Carrying Amount		Guarantee, Pledge or Lending
	Number of Shares	Amount	Number of Shares	Amount		Number of Shares	Amount	Number of Shares	Ownership Interest (%)	Amount	Unit Price	Gross Amount	
DingCheng Life Insurance Co. (Note 1)	-	$ 157,398	-	$ 64,431	$ (221,829)	-	$ -	-	25.00	$ -	-	$ -	None
Century Biotech Development Co.	60,000	596,437	-	-	(9,967)	-	-	60,000	24.00	586,470	-	586,470	None
Jih-yao Energy Co., Ltd. (Note 2)	10,500	107,965	-	-	3,434	-	2,482	10,500	35.00	108,917	-	108,917	None
LeadsunFox Greenergy Investment Co., Ltd.	49,938	537,531	3,196	-	44,329	-	-	53,134	28.33	581,860	-	581,860	None
Xinhe Energy Development Co., Ltd.	42,125	414,114	-	-	(18,041)	-	-	42,125	25.00	396,073	-	396,073	None
Xinding No. 1 Energy Co., Ltd. (Note 3)	12,500	124,810	12,500	125,000	(210)	-	-	25,000	25.00	249,600	-	249,600	None
Taipan Solar Co., Ltd. (Note 4)	47,130	481,300	-	-	4,652	5,010	57,228	42,120	30.00	428,724	-	428,724	None
Juxin Energy Co., Ltd. (Note 5)	18,000	182,611	-	-	7,857	-	2,339	18,000	25.00	188,129	-	188,129	None
GIGA solar materials Co. (Note 6)	-	-	19,500	211,818	5,753	-	-	19,500	12.26	217,571	-	217,571	None
		$ 2,602,166		$ 401,249	$ (184,022)		$ 62,049			$ 2,757,344		$ 2,757,344	

Note 1: The increase in the current year is due to increase adjustment of $63,431 thousand in carrying amount.

Note 2: The decrease in the current year is due to the receiving of cash dividends with an amount of $2,482 thousand.

Note 3: The increase in the current year is due to the subscription of common shares of Xinding No. 1 Energy Co., Ltd., with an investment amount of $125,000 thousand.

Note 4: The decrease in the current year is due to decrease adjustment of $1,234 thousand in carrying amount, the receiving of cash dividends with an amount of $5,894 thousand and capital reduction and return of stock $50,100 thousand.

Note 5: The decrease in the current year is due to the receiving of cash dividends with an amount of $2,339 thousand.

Note 6: The increase in the current year is due to subscription of common shares of GIGA Solar Materials Co. with an investment amount of $195,000 thousand and the gain recognized in bargain purchase transaction was $16,818 thousand.

SHIN KONG FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

MISCELLANEOUS FINANCIAL ASSETS
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Title	Description	Amount	Note
Customer's margin accounts		$ 8,456,073	
Others (Note)		280,440	
		$ 8,736,513	

Note: Individual balance is less than 5% of the total balance.

SHIN KONG FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

RIGHT-OF-USE ASSETS
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	January 1, 2023	Increase in Current Year	Decrease in Current Year	Reclassification	December 31, 2023	Note
Land and building	$ 6,468,578	$ 410,138	$ 233,431	$ (19,809)	$ 6,625,476	
Others	214,322	34,040	36,412	-	211,950	
	$ 6,682,900	$ 444,178	$ 269,843	$ (19,809)	$ 6,837,426	

SHIN KONG FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

ACCUMULATED DEPRECIATION OF RIGHT-OF-USE ASSETS
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	January 1, 2023	Increase in Current Year	Decrease in Current Year	Reclassification	December 31, 2023	Note
Land and building	$ 1,951,150	$ 600,242	$ 233,760	$ (2,005)	$ 2,315,627	
Others	70,796	55,851	33,822	-	92,825	
	$ 2,021,946	$ 656,093	$ 267,582	$ (2,005)	$ 2,408,452	

SHIN KONG FINANCIAL HOLDING CO., LTD. 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 and Its Holder	Description	Share	Fair Value (Dollars)	Gross Amount	Interest Rate (%)	Acquisition Cost	Fair Value	
							Unit Price/ Bond Price	Gross Amount
Domestic investments								
SKLIC								
Currency swap contracts				$ -		$ -		$ 1,094,585
TSKCB								
Currency swap contracts				-		-		2,373,699
Interest rate swap contracts				-		-		4,463,930
Currency options				-		-		203,702
Equity swap contracts				-		-		1,042
SKFHC								
Currency options				-		-		33,995
MLSC								
Interest rate swap contracts				-		-		88,166
Asset swap IRS contracts value				-		-		693,185
Stock index futures contracts				-		-		956,700
Share warrants liabilities, net				-		-		573,348
Short options liabilities - futures				-		-		7,829
Asset swap options				-		-		4,450,553
Borrowed securities payable - hedge				-		-		1,018,360
Borrowed securities payable - non-hedge				-		-		681,977
Others (Note)				-		-		45,644
								16,686,715
Foreign investments								
SKLIC								
Foreign exchange forward contracts				-		-		217,687
TSKCB								
Foreign exchange forward contracts				-		-		340,202
								557,889
Financial liabilities designated as at FVTPL								
MLSC								
Structured investment notes - credit-linked				-		-		2,286,389
								$ 19,530,993

Note: Individual balances is less than 5% of the total balance.

SHIN KONG FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

NOTES AND BONDS ISSUED UNDER REPURCHASE AGREEMENTS
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Title	Face Value	Carrying Amount
TSKCB		
Foreign bonds	$ 9,517,255	$ 9,517,255
MLSC		
Others (Note)	35,917,220	35,085,902
	$ 45,434,475	$ 44,603,157

Note: Individual balances is less than 5% of the total balance.

SHIN KONG FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

DEPOSITS AND REMITTANCES
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Saving account deposits	Demand savings deposits	$ 294,464,195
	Round-amount savings deposits	52,878,299
	Withdrawals of interest savings deposits	148,948,940
	Others (Note)	162,221
Time deposits	Time deposits	250,325,007
	Time deposits FOREX	118,309,593
Demand deposits	Demand deposits	97,786,489
	Demand deposits FOREX	67,148,614
	Others (Note)	463,579
Checking account deposits	Checking account deposits	5,899,394
	Others (Note)	2,183,288
Negotiable time deposits		18,696,100
Due from banks		90,295
		$ 1,057,356,014

Note: Individual balances is less than 5% of the total balance.

SHIN KONG FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

BONDS PAYABLE
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Title	Terms			Bonds		Carrying Amount
	Issued Date	Maturity Date	Rate	Category	Face Value	
Secondary financial debenture of 2014 - second issue	103.12.15	113.12.15	Fixed interest rate of 2.10%	Subordinate		$ 2,500,000
Secondary financial debenture of 2016 - first issue	105.01.29	115.01.29	Fixed interest rate of 1.80%			2,200,000
Non-cumulative secondary financial debenture of 2018 without maturity - first issue	107.03.30	None	Fixed interest rate of 3.40%	Subordinate		2,500,000
Secondary financial debenture of 2018 - second issue	107.06.28	117.06.28	Fixed interest rate of 1.62%	Subordinate		2,500,000
Non-cumulative secondary financial debenture of 2019 without maturity - first issue	108.06.21	None	Fixed interest rate of 2.20%	Subordinate		4,500,000
Non-cumulative secondary financial debenture of 2020 without maturity - first issue	109.06.23	None	Fixed interest rate of 1.70%	Subordinate		3,000,000
Non-cumulative secondary financial debenture of 2020 without maturity - second issue	109.12.16	None	Fixed interest rate of 1.70%	Subordinate		3,000,000
Non-cumulative secondary financial debenture of 2020 without maturity - third issue	109.12.23	119.12.23	Fixed interest rate of 0.75%	Subordinate		2,000,000
Non-cumulative subordinated financial debenture of 2021 first issue	110.06.23	115.06.23	Fixed interest rate of 0.50%	Subordinate		1,000,000
Non-cumulative secondary financial debenture of 2022 without maturity - first issue	111.07.27	None	Fixed interest rate of 3.50%	Subordinate		2,800,000
Non-cumulative secondary financial debenture of 2023 without maturity - first issue	112.04.17	None	Fixed interest rate of 4.00%	Subordinate		2,200,000
Domestic cumulative secondary bond of 2012 without maturity - first issue	101.12.10	None	Fixed interest rate of 4.35%	Subordinate		5,000,000
Domestic cumulative secondary bond of 2016 - without maturity - first issue	105.10.31	None	Fixed interest rate of 3.80%	Subordinate		13,000,000
Domestic cumulative secondary bond of 2018 - without maturity - first issue	107.06.29	None	Fixed interest rate of 3.50%	Subordinate		6,000,000
Unsecured domestic cumulative secondary bond of 2023 - first issue	112.10.26	122.10.26	Fixed interest rate of 4.00%	Subordinate		13,000,000
Domestic unsecured convertible bond of - sixth issue	112.05.12	117.05.12	Fixed interest rate of 0%	Convertible bonds		4,652,943
Unsecured corporate bond of 2020 - first issue	109.05.27	114.05.26	Fixed interest rate of 0.82%	Corporate bonds		3,000,000
Unsecured corporate bond of 2022 - first issue	111.04.12	116.04.12	Fixed interest rate of 0.90%	Corporate bonds		5,000,000
						$ 77,852,943

SHIN KONG FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

INSURANCE LIABILITY RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Title	Balance (January 1, 2023)	Net Changes in the Current Period	Other Changes	Balance (December 31, 2023)
Reserve for unearned premiums				
Total				
Individual life insurance	$ 629	$ (148)	$ -	$ 481
Individual accident insurance	4,093,830	606,490	-	4,700,320
Individual health insurance	4,458,615	169,471	-	4,628,086
Group insurance	1,365,165	228,895	-	1,594,060
Investment type insurance	42,562	(1,777)	-	40,785
	9,960,801	1,002,931	-	10,963,732
Ceded reserve:				
Individual life insurance	52,485	(16,805)	35	35,715
Individual accident insurance	2,958	(372)	-	2,586
Individual health insurance	180,304	(83,049)	3	97,258
Group insurance	-	165	-	165
Investment type insurance	77	(11)	-	66
	235,824	(100,072)	38	135,790
	$ 9,724,977	$ 1,103,003	$ (38)	$ 10,827,942
Reserve for claim payments				
Total				
Individual life insurance	$ 332,226	$ (87,263)	$ (126)	$ 244,837
Individual accident insurance	1,141,478	102,588	-	1,244,066
Individual health insurance	1,465,307	257,319	-	1,722,626
Group insurance	583,664	191,809	-	775,473
Investment type insurance	51,511	4,013	-	55,524
	3,574,186	468,466	(126)	4,042,526
Ceded reserve:	-	-	-	-
	$ 3,574,186	$ 468,466	$ (126)	$ 4,042,526
Reserve for life insurance liability				
Total				
Life insurance	$ 2,907,815,336	$ (12,168,345)	$ 1,560,913	$ 2,897,207,904
Health insurance	305,988,091	21,884,344	1,270	327,873,705
Annuity insurance	18,658,034	(2,208,580)	-	16,449,454
Investment type insurance	25,169	3,755	-	28,924
	3,232,486,630	7,511,174	1,562,183	3,241,559,987
Ceded reserve:	-	-	-	-
	$ 3,232,486,630	$ 7,511,174	$ 1,562,183	$ 3,241,559,987

(Continued)

Title	Balance (January 1, 2023)	Net Changes in the Current Period	Other Changes	Balance (December 31, 2023)
Reserve for life insurance liability plus "Reserve for life insurance-pending payments to insured" was $3,254,410,930 thousand at December 31, 2023				
Special reserve for life insurance				
Reserve for participating policy dividends	$ 1,729,394	$ (389,236)	$ 23,909	$ 1,364,067
Surplus of fair value measurement of investment properties offset by the negative effect of transition to IFRSs	3,974,960	-	-	3,974,960
	$ 5,704,354	$ (389,236)	$ 23,909	$ 5,339,027
Reserve for insufficient premiums				
Total				
Individual life insurance	$ 1,279,738	$ (376,467)	$ 2,882	$ 906,153
Individual health insurance	135,490	13,052	-	148,542
	1,415,228	(363,415)	2,882	1,054,695
Ceded reserve:	-	-	-	-
	$ 1,415,228	$ (363,415)	$ 2,882	$ 1,054,695
Reserve for insurance contract with the nature of financial products	$ 20,964	$ 50,080	$ (195)	$ 70,849
Reserve for changes in foreign exchange valuation	$ 27,341,617	$ (14,122,918)	$ -	$ 13,218,699

(Concluded)

SHIN KONG FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

LEASE LIABILITIES
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Description	Rental Period	Discount Rate	Amount	Note
Land and building	Land, superficies and building	2003.12.04-2157.10.11	0.75%-6.18%	$ 10,350,055	
Others	Transportation equipment	2017.03.24-2028.10.18	0.75%-5.66%	300,419	
				$ 10,650,474	

SHIN KONG FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

MISCELLANEOUS FINANCIAL LIABILITIES
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Title	Description	Amount	Note
Principal value of structured instrument notes		$ 44,509,168	
Futures customers' equity		8,444,547	
Others (Note)		262,933	
		$ 53,216,648	

Note: Individual balance is less than 5% of the total balance.

SHIN KONG FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

OTHER LIABILITIES
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Title	Amount	Note
Guarantee deposits received	$ 22,380,642	
Others (Note)	331,120	
	$ 22,711,762	

Note: Individual balance is less than 5% of the total balance.

SHIN KONG FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

INTEREST INCOME
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Amount
Government bonds	$ 1,143,234
Foreign bonds	92,865,833
Loans	24,598,339
Life Insurance loans	5,121,156
Bond investment	2,666,084
Due from Central Bank of China and other banks	1,337,685
Others (Note)	3,720,060
	$ 131,452,391

Note: Individual balances is less than 5% of the total balance.

SHIN KONG FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

INTEREST EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Amount
Deposits	$ 14,057,972
Corporate bonds and bank debentures	1,989,879
Bonds issued under repurchase agreements	742,901
Others (Note)	824,556
	$ 17,615,308

Note: Individual balances is less than 5% of the total balance.

SHIN KONG FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

NET PROCESSING FEE AND COMMISSION INCOME
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Amount
Processing fee income	
Commission	$ 360,461
Banks and issuance	33,705
Credit cards	1,220,497
Processing fee	56,231
Brokerage revenue	3,737,422
Bank fund	861,999
Granting of credit	861,817
Insurance	1,286,252
Others	1,398,834
	9,817,218
Processing fee expense	
Acquisition commission	4,964,261
Credit cards	1,189,429
Others	902,117
	7,055,807
	$ 2,761,411

SHIN KONG FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

GAIN (LOSS) ON FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Title	Description	Amount
Equity	Gain (loss) on changes in fair value	$ 28,386,996
	Gain (loss) on disposal	12,245,130
	Dividend income	9,733,209
	Distributions from foreign investments	450,609
Debt	Gain (loss) on changes in fair value	426,899
	Gain (loss) on disposal	270,281
Derivative instruments	Gain (loss) on changes in fair value	50,050,610
	Gain (loss) on disposal	(104,098,982)
		$ (2,535,248)

STATEMENT 24

SHIN KONG FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

FOREIGN EXCHANGE GAINS OR LOSS
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Title	Amount	Note
Foreign exchange gains	$ 23,834,894	
Foreign exchange losses	(19,812,673)	
	$ 4,022,221	

SHIN KONG FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

(REVERSAL OF) IMPAIRMENT LOSS RECOGNIZED ON ASSETS
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Title	Amount of Impairment Loss	Gain on Reversal of Impairment Loss	Note
Financial assets at fair value through other comprehensive income	$ (2,472)	$ 4,470	
Financial assets at amortized costs	(6,316)	713,142	
	$ (8,788)	$ 717,612	

Note: Individual balances is less than 5% of the total balance.

SHIN KONG FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

OTHER MISCELLANEOUS INCOME, NET
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Title	Amount	Note
Management income	$ 389,022	
Recovery of bad and overdue debts	61,817	
Gain on disposal of assets	150,007	
Others (Note)	336,188	
	$ 937,034	

Note: Individual balance is less than 5% of the total balance.

SHIN KONG FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

BAD DEBT EXPENSES, PROVISION OF LIABILITY RESERVE
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Title	Amount	Note
Provision for doubtful account	$ 1,326,018	

SHIN KONG FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

EMPLOYEE BENEFITS EXPENSE
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
Employee benefits expense					
Salary	$ 14,189,764	$ 3,148,285	$ -	$ 17,338,049	
Labor and health insurance	1,309,697	-	-	1,309,697	
Termination benefits	586,398	-	-	586,398	
Remuneration of directors and supervisors	136,563	-	53	136,616	
Other employee benefits	561,313	-	35,452	596,765	
	$ 16,783,735	$ 3,148,285	$ 35,505	$ 19,967,525	

Note:

1. For the years ended December 31, 2023 and 2022, the number of employees in the Group was 15,878 and 16,332, respectively, including 64 and 66 directors who are not concurrently serving as employees, respectively.

2. During 2023 and 2022, the average expense of employee benefits was $1,252 thousand and $1,126 thousand, respectively.

3. During 2023 and 2022, the average salary was $1,096 thousand and $970 thousand, respectively.

4. The change in average salary between 2023 and 2022 was 13.00%.

5. During 2023 and 2022, the supervisors' remuneration was $596 thousand and $467 thousand, respectively.

6. Salary policy

   a. Directors

      1) Remuneration of directors includes remuneration, director's repayment and business execution costs.

      2) Remuneration of directors is in accordance with Article 23 of the Company's articles of incorporation. According to the authorization, the board of directors shall negotiate the remuneration of directors in accordance with its degree of participation in the Company's operations and contribution value and the usual level of the industry.

(Continued)

3) Remuneration of directors according to Article 32 of the articles of incorporation: If the Company makes a profit during the year, no more than 0.5% of the profit may be allocated by the board of directors for remuneration of directors. The remuneration distribution proposal shall be submitted to the shareholders' meeting. If the Company has accumulated losses, it shall reserve the amount of compensation in advance, and then allocate the remuneration to the directors based on the proportion of the preceding paragraph. Remuneration of directors shall be collected by corporate directors.

4) Business execution expenses include related expenses incurred in the execution of the business, including expenses such as carriage fees for attending the meetings of the board of directors.

b. Independent directors

1) Remuneration of directors includes remuneration and business execution costs.

2) The remuneration of independent directors is in accordance with Article 23 of the Company's articles of incorporation. The board of directors shall determine a fixed remuneration based on its responsibilities, risks, time spent and the usual level of the industry, and does not participate in the Company's surplus distribution.

3) Business execution expenses include related expenses incurred in the execution of the business, including expenses such as carriage fees for attending the meetings of the board of directors.

c. Managers

1) Remuneration of managers includes remuneration, pension, bonus, and salary.

2) The policies, systems, standards and structure of the performance evaluation and salary remuneration of the Company's managers are reviewed by the remuneration committee and submitted to the board of directors for decision. The remuneration of managers is based on their professional qualifications, and with reference to the salary levels of the Company, the same trade or business, and the market. Performance of managers is evaluated in accordance with performance management methods. When setting performance targets, in addition to financial indicators, they also include indicators related to corporate governance, such as internal control and compliance with laws and regulations, corporate governance evaluation rankings, and corporate social responsibility's key projects, etc. At the same time, in order to implement the purpose of linking performance and rewards, and to encourage managers to pursue outstanding performance, personal annual performance bonuses are effectively linked with the Company's operating performance and personal performance in accordance with the annual performance bonus method. In order to create long-term value for the Company, shareholders and employees, senior managers establish a link between bonuses and future risks in accordance with the long-term incentive bonus method, managers encouraged and reward in accordance with the employee stock ownership trust. Remuneration of employees according to Article 32 of the Company's articles of incorporation: If the Company makes a profit during the year, it shall allocate more than one ten thousandth and less than five ten thousandth of profit for employee compensation, which may include employees of affiliated companies who meet certain conditions. The plan for the distribution of the remuneration of employees shall be submitted to the shareholders' meeting. If the Company has accumulated losses, it shall reserve the compensation amount in advance, and then allocate the balance in proportion to the preceding paragraph.

(Continued)

d. Employees

1) Compensation of employees includes salary, pension, bonus and employee compensation.

2) The salary of employees is based on their professional qualifications, responsibilities, Company's operating performance and personal performance, while taking into account factors such as the level of salaries payment in the market, providing a competitive salary level to achieve the goal of attracting and retaining talents. Performance of employees is evaluated in accordance with performance management methods. When setting performance targets, in addition to financial indicators, it also includes indicators related to corporate governance, such as internal control and compliance with laws and regulations, corporate governance evaluation rankings, and corporate social responsibility's key projects, etc. At the same time, in order to implement the purpose of linking performance and rewards, and to encourage colleagues to pursue excellent performance, according to the annual performance bonus method, the personal annual performance bonus is effectively linked to the Company's operating performance and personal performance. In order to promote the benefits of employees and the business sustainable development, also to unite the staff's centripetal force, expand the operation of the integrated effect and enhance the shareholders' rights, and to create long-term value of the Company, shareholders and employees, we encourage our employees to hold the Company's shares in accordance with the business sustainable development and enjoy the achievements of the management. Compensation of employees according to Article 32 of the Company's articles of incorporation: If the Company makes a profit during the year, it shall allocate more than one ten thousandth and less than five ten thousandth of profit for compensation of employees, which may include employees of affiliated companies who meet certain conditions. The plan for the distribution of the compensation of employees shall be submitted to the shareholders' meeting. If the Company has accumulated losses, it shall reserve the compensation amount in advance, and then allocate the balance in proportion to the preceding paragraph.

7. Net income and gains other than interest income is mainly the commission fee of the consolidated company salesperson.

(Concluded)

SHIN KONG FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

OTHER SELLING AND ADMINISTRATIVE EXPENSES
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Title	Amount	Note
Tax	$ 3,082,240	
Insurance expenses	1,122,177	
Professional service expenses	966,536	
Repayment expenses	731,080	
Others (Note)	4,599,823	
	$ 10,501,856	

Note: Individual balance is less than 5% of the total balance.

Shin Kong Financial Holding Co., Ltd.

Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises for the Year Ended December 31,2023

Shin Kong Financial Holding Co., Ltd.

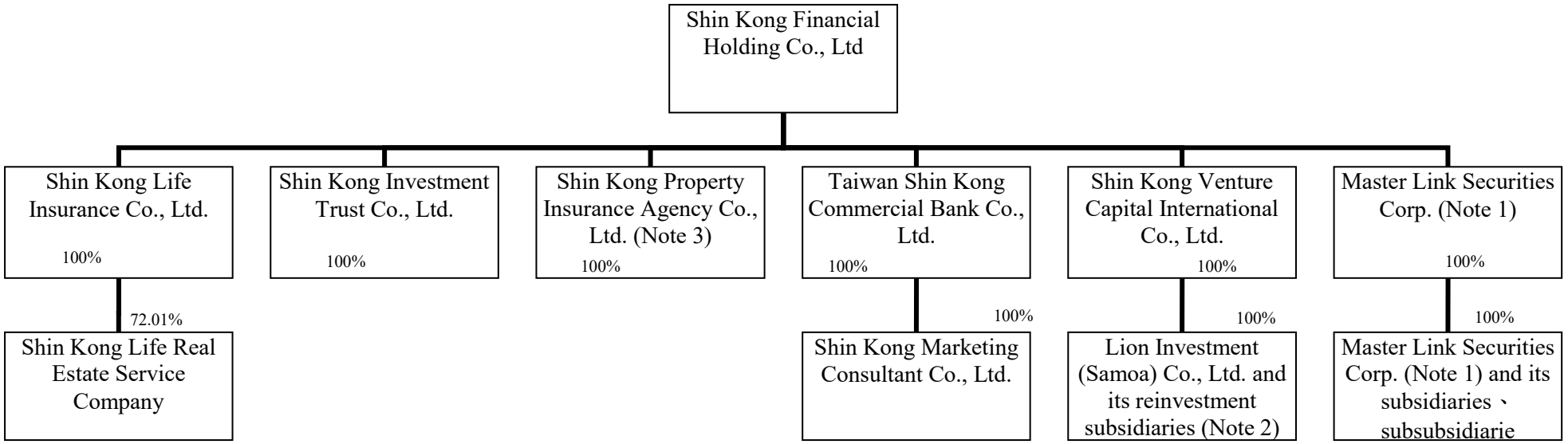
The Consolidated Business Report of Affiliated Enterprises for the Year Ended December 31,2023

1. The Consolidated Business Report of Affiliates

a. The Organizational Chart of Shin Kong Financial Holding Co., Ltd. affiliates

Date:2023/12/31

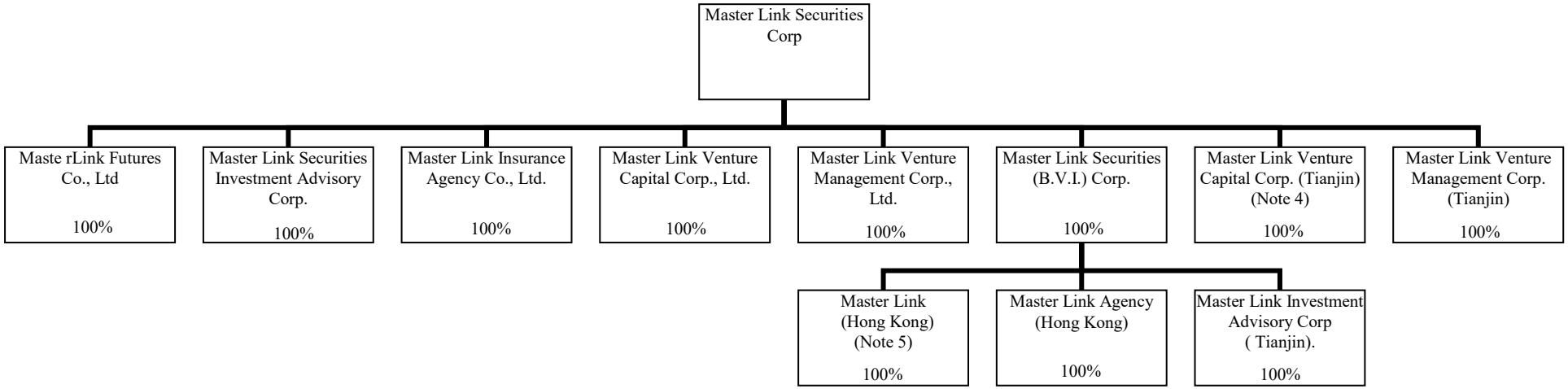
1). The controlling company and its subordinate companies



Note 1: The direct and indirect shareholding ratio of Master Link Securities Corp. to its subsidiaries and sub subsidiaries, please refer to the organizational chart of Master Link Securities.

Note 2: Shin Kong Leasing (Suzhou) Co., Ltd. was invested by Lion Investment (Samoa) Co., Ltd. with the shareholding ratio of 100%.

Note 3: Shin Kong Property Insurance Agency Co., Ltd was resolved to change the Chinese name of the company on October, 8, 2013.



Note 4: 90% shares of Master Link Venture Capital Corp. (Tianjin) is hold by Master Link Securities Corp , while 10% is held by Master Link Venture Capital Corp., Ltd.

Note 5: Direct and indirect holding are included.

2). Mutual investment companies : None.

3). Subordinate companies and subordinate companies : None.

b. The basic information of Affiliated Enterprises

(In thousands of New Taiwan Dollars)

Company	Date of Incorporation	Address	Total Amount of Paid –in Capital	Main Businesses and Products
Controlling Company				
Shin Kong Financial Holding Co., Ltd.	2002.02.19	31F., No. 66, Sec. 1, Zhongxiao W. Rd., Zhongzheng Dist., Taipei City 100, Taiwan (R.O.C.)	157,846,290	Managing its subsidiaries and investing in business
Subsidiaries Companies				
Shin Kong Life Insurance Co., Ltd.	1963.07.27	No. 66, Sec. 1, Zhongxiao W. Rd., Zhongzheng Dist., Taipei City 100, Taiwan (R.O.C.)	74,387,451	Life insurance
Shin Kong Investment Trust Co., Ltd.	1992.09.19	9F、11F., No. 167, Sec. 2, Nanjing E. Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	400,000	Securities investment trust
Taiwan Shin Kong Commercial Bank Co., Ltd.	1997.01.01	3F、4F、4F-1、5F、5F-1、9F-1、10F、19F、20F、21F, No.32 and 1F、3F、4F、5F、9F-1、10F、14F-1、19F、20F、21F, No.36, Songren Rd., Xinyi Dist., Taipei City, Taiwan (R.O.C.)	49,815,329	Banking
Master Link Securities Corp.	1989.03.23	1~3F., No. 209, Sec. 1, Fuxing S. Rd., Da'an Dist., Taipei City 106, Taiwan (R.O.C.)	16,096,099	Securities brokering, trading and futures trading
Shin Kong Venture Capital International Co., Ltd.	2011.04.20	38F., No. 66, Sec. 1, Zhongxiao W. Rd., Zhongzheng Dist., Taipei City 100, Taiwan (R.O.C.)	1,643,020	Venture capital
Shin Kong Property Insurance Agency Co., Ltd.	2000.01.11	31F., No. 66, Sec. 1, Zhongxiao W. Rd., Zhongzheng Dist., Taipei City 100, Taiwan (R.O.C.)	10,000	Property insurance agency
Lion Investment (Samoa) Co., Ltd.	2011.05.11	Portcullis Trustnet Chambers, P. O. Box 1225, Apia, Samoa	USD$ 30,010 thousands	Reinvesting
Shin Kong Leasing (Suzhou) Co., Ltd.	2011.09.15	RM 801, Genway Building, No.188 Wangdun Rd., Suzhou Industrial Park, Jiangsu, China	USD$ 30,000 thousands	Financial leasing

Company	Date of Incorporation	Address	Total Amount of Paid –in Capital	Main Businesses and Products
Shin Kong Life Real Estate Service Company	1988.07.12	18F., No. 66, Sec. 1, Zhongxiao W. Rd., Zhongzheng Dist., Taipei City 100, Taiwan (R.O.C.)	500,000	Building management
Shin Kong Marketing Consultant Co., Ltd.	2002.08.15	7F., No. 99, Sec. 1, Xinsheng S. Rd., Da'an Dist., Taipei City 106, Taiwan (R.O.C.)	100,000	Consulting services for loan market and investment advisory
Master Link Futures Co., Ltd.	1996.09.04	3F., No. 8, Sec. 5, Xinyi Rd., Xinyi Dist., Taipei City 110, Taiwan (R.O.C.)	700,000	Futures brokerage and trading
Master Link Securities Investment Advisory Corp.	1999.04.29	19F., No. 97, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City 106, Taiwan (R.O.C.)	300,000	Research and analysis about securities investment
Master Link Insurance Agency Co., Ltd.	2003.04.15	11F., No. 99, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City 106, Taiwan (R.O.C.)	5,000	Life insurance agency
Master Link Venture Capital Corp., Ltd.	2012.10.03	6F., No. 99, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City 106, Taiwan (R.O.C.)	829,000	Venture capital
Master Link Venture Management Corp., Ltd.	2012.10.02	6F., No. 99, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City 106, Taiwan (R.O.C.)	29,500	Management consulting
Master Link Securities (B.V.I.) Corp.	1996.09.01	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	USD$ 17,000 thousands	Southeast Asia investment transfer service of securities
Master Link (Hong Kong)	1994.09.01	RM 2601-2603, 26F, Strand 50, 50 Bonham Strand East, Sheung Wan, Hong Kong	HKD$ 120,000 thousands	Consulting services, industry report and research
Master Link Agency (Hong Kong)	1996.09.01	RM 2601-2603, 26F, Strand 50, 50 Bonham Strand East, Sheung Wan, Hong Kong	HKD$ 15 thousands	Securities agency
Master Link Investment Advisory Corp. (Tianjin)	1997.05.30	1-2402 R2402，Building 1, ,Zhonghui Xiyuan Plaza ,Central Business District ,Tianjin Binhai New District	CNY$ 4,150 thousands	Investment consulting and training services
Master Link Venture Capital Corp. (Tianjin)	2015.02.15	1-2105-2, Lvcheng Blue Plaza, Central Business District, Binhai New District, Tianjin	CNY$ 100,000 thousands	Venture capital

Company	Date of Incorporation	Address	Total Amount of Paid –in Capital	Main Businesses and Products
Master Link Venture Management Corp. (Tianjin)	2015.02.15	1-2105-1, Lvcheng Blue Plaza, Central Business District, Binhai New District, Tianjin	CNY$ 10,000 thousands	Management consulting

c. The information for company presumption of a relationship of control or subordination: None

d. The industries covered by the business operated by the affiliates overall and description of the division of work among such affiliates：

1)The business of the whole affiliated enterprises covers following industries:

a) The venture business under the Financial Holding Company Act
b) Personal insurance
c) Underwriting, proprietary trading or brokerage trading of securities
d) Insurance brokerage
e) Securities investment trust
f) Bank
g) Venture capital
h) Finance lease
i) Reinvestment
j) Condominium management
k) Property and personal insurance agency
l) Credit information service and account receivable purchase business

Please reference to "b. The basic information of Affiliated Enterprises" for more information about Main Businesses and Products of company.

2)The work division of the whole affiliated enterprises:

a) Shin Kong Life Insurance Co., Ltd.'s operations are personal insurance and to provide personal , health and accident insurance for domestic and overseas individuals and groups and so on, offering the related insurance service of the whole corporation to Shin Kong Financial Holding Co., Ltd.
b) Master Link securities Corp.'s operations are underwriting, proprietary trading or brokerage trading of securities, offering stock agencies and underwriting of the whole corporation to Shin Kong Financial Holding Co., Ltd. with the concept of work division.
c) Shin Kong Investment Trust Co., Ltd.'s main operation is the issuance of beneficiary certificates to raise securities investment trust fund. It also markets its trust fund through Shin Kong Commercial Bank Co., Ltd. besides offering the related investment fund service of the whole corporation to Shin Kong Financial Holding Co., Ltd.
d) Taiwan Shin Kong Commercial Bank Co., Ltd. providing corporate financial services such as corporate deposits, credits, etc. to Shin Kong Financial Holding Co., Ltd. primarily operates the related business of commercial bank.
e) Shin Kong Venture Capital primarily operates venture capital, and now it completes reinvestment and sets up the subsidiary, Lion Investment (Samoa) Co., Ltd.
f) Shin Kong Property Insurance Agency Co., Ltd. mainly provides cross-marketing service of related insurance agency.
g) Lion Investment (Samoa) Co., Ltd.'s main operation is reinvestment, and now it completes reinvestment and sets up the subsidiary, Shin Kong Leasing (Suzhou) Co., Ltd.
h) Shin Kong Leasing (Suzhou) Co., Ltd. primarily operates financial leasing business.
i) Shin Kong Life Real Estate Service Co., Ltd. primarily operates the business of building management, offering building management of rental real estate to Shin Kong Life Insurance Co., Ltd.
j) Shin Kong Marketing Corporation offers credit information services and account receivable purchase and return business with its concept of work division of the whole corporate cross-market.

k) Master Link Futures Corporation's main operations include domestic and foreign futures brokerage and proprietary trading.
l) Master Link Securities Investment Advisory Corp.'s main businesses are domestic and overseas economic research, capital market analysis and forecast, industrial research and forecast, company research & investment valuation and publication of research report and so on, offering the analysis of the securities investment of the whole corporation and discretionary investments in securities and futures to Shin Kong Life Insurance Co., Ltd.
m) Master Link Insurance Agency Co., Ltd primarily offers personal insurance brokerage, personal insurance advisory and planning, and so forth.
n) Master Link Venture Capital Corporation. Ltd.'s main operations are direct investment on corporate stock share, providing investees with business and management consultancy and other business approved by authorities.
o) Master Link Venture Management Corporation. Ltd.'s main operations are providing the venture capital with investment and management consultancy and other business approved by authorities.
p) Master Link Securities (B.V.I.) Corp. primarily operates the reinvestment of the related business of securities and finance of Southeast Asia, and now it completes reinvestment and sets up the subsidiaries, Master Link Securities (HK) Co., Ltd., Master Link Agency (HK) Co., Ltd. and Master Link Investment Advisory Corp Tianjin.
q) Master Link Securities (HK) Co., Ltd.'s main operations are securities brokerage, proprietary equity trading, wealth management and asset management service.
r) Master Link Agency (HK) Co., Ltd offers securities agent service.
s) Master Link Investment Advisory Corp. Tianjin's main operations are investment advisory service.
t) Master Link Venture Capital Corp. Tianjin's main operations are providing investees with business and management consultancy.
u) Master Link Venture Management Corp. Tianjin's main operations are providing the venture capital with investment and management consultancy.

e. The directors、supervisors and general manager of various affiliates

(In thousands of New Taiwan Dollars)；share；%

Company	Title	Name or Representative	Holding share or Amount of capital contribution(Note1)		
			Share or Amount of capital contribution		Holding share or proportion of capital contribution
Controlling Company Shin Kong Financial Holding Co., Ltd.	Chairman	Chen, Hwai-Chou	Ordinary shares	-	-
	Director	Wu, Hsin-Ju (Representative of Shin Kong Wu Ho-Su Culture and Education foundation)	Ordinary shares	104,876	-
	Director	Lee, Tseng-Chang (Representative of Shin Kong Wu Ho-Su Culture and Education foundation)	Ordinary shares	104,876	-
	Director	Wu, Ben-Son (Representative of Wu Chia Lu Insurance Culture and Education Foundation)	Ordinary shares	8,798,316	0.06%
	Director	Lai, Hui-Min (Representative of Shin Kong Mitsukoshi Department Store Co., Ltd.)	Ordinary shares	547,000,815	3.53%
			Preference shares	8,899,070	3.00%
	Director	Lin, Tun-Jen (Representative of Xin-bai Co., Ltd.)	Ordinary shares	1,083,375	0.01%
			Preference shares	13,065	-
	Director	Hung, Shi-Qi (Representative of Xin-bai Co., Ltd.)	Ordinary shares	1,083,375	0.01%
			Preference shares	13,065	-
	Director	Wu, Dong-Ming (Representative of Xin-bai Co., Ltd.)	Ordinary shares	1,083,375	0.01%
			Preference shares	13,065	-
	Director	Wei, Mark (Representative of Xin-bai Co., Ltd.)	Ordinary shares	1,083,375	0.01%
			Preference shares	13,065	-
	Director	Wu, Hsin-Ta (Representative of Tung Shing Investment Co., Ltd.)	Ordinary shares	67,526,697	0.44%
			Preference shares	213,427	0.07%
	Director	Lin, Shih-Mei	Ordinary shares	-	-
	Director	Chen, Chun-Hong	Ordinary shares	1,369,634	0.01%
			Preference shares	14,105	-
	Independent director	Chen, Edgar Y.	Ordinary shares	-	-
	Independent director	Chien, Min-Chiu	Ordinary shares	-	-
	Independent director	Shiu, Yong-Ming	Ordinary shares	-	-
	General manager	Chen, En-Kuang	Ordinary shares	-	-

Company	Title	Name or Representative	Holding share or Amount of capital contribution(Note1)	
			Share or Amount of capital contribution	Holding share or proportion of capital contribution
Subsidiaries Companies				
Shin Kong Life Insurance Co., Ltd.	Chairman	Wei, Mark (Representative of Shin Kong Financial Holding Co., Ltd.)	7,438,745,106	100.00%
(Note 2)	Vice Chairman	Hung, Shi-Qi (Representative of Shin Kong Financial Holding Co., Ltd.)	7,438,745,106	100.00%
	Director and General manager	Huang, Min-Yi (Representative of Shin Kong Financial Holding Co., Ltd.)	7,438,745,106	100.00%
	Director	Wu, Hsing-En (Representative of Shin Kong Financial Holding Co., Ltd.)	7,438,745,106	100.00%
	Director	Tsai, Hsiung-Chi (Representative of Shin Kong Financial Holding Co., Ltd.)	7,438,745,106	100.00%
	Director	Chen, David Ting (Representative of Shin Kong Financial Holding Co., Ltd.)	7,438,745,106	100.00%
	Director	Wu,Min-Wei (Representative of Shin Kong Financial Holding Co., Ltd.)	7,438,745,106	100.00%
	Director	Hung, Shih-Chun (Representative of Shin Kong Financial Holding Co., Ltd.)	7,438,745,106	100.00%
	Director	Huang, Hsin-Chang (Representative of Shin Kong Financial Holding Co., Ltd.)	7,438,745,106	100.00%
	Director	Wu, Hsin-Ta (Representative of Shin Kong Financial Holding Co., Ltd.)	7,438,745,106	100.00%
	Director	Cheng, Shi-Fei (Representative of Shin Kong Financial Holding Co., Ltd.)	7,438,745,106	100.00%
	Director	Wu, Ben-Son (Representative of Shin Kong Financial Holding Co., Ltd.)	7,438,745,106	100.00%
	Independent director	Ho, Hong-Nerng (Representative of Shin Kong Financial Holding Co., Ltd.)	7,438,745,106	100.00%
	Independent director	Chien, Min-Chiu (Representative of Shin Kong Financial Holding Co., Ltd.)	7,438,745,106	100.00%
	Independent director	Chang, Jung-Feng (Representative of Shin Kong Financial Holding Co., Ltd.)	7,438,745,106	100.00%
Shin Kong Investment Trust Co., Ltd.	Chairman	Liu, Kun-Hsi (Representative of Shin Kong Financial Holding Co., Ltd.)	40,000,000	100.00%
	Director and General manager	Chen Wen-Xiong (Representative of Shin Kong Financial Holding Co., Ltd.)	40,000,000	100.00%
	Director	Zhao, Yong-Hong (Representative of Shin Kong Financial Holding Co., Ltd.)	40,000,000	100.00%
	Director	Liu, Hsien-Chi (Representative of Shin Kong Financial Holding Co., Ltd.)	40,000,000	100.00%
	Director	Lin Yu-Fa (Representative of Shin Kong Financial Holding Co., Ltd.)	40,000,000	100.00%
	Supervisor	Chen, Chien-Jen (Representative of Shin Kong Financial Holding Co., Ltd.)	40,000,000	100.00%
	Supervisor	Lu, Ya-Ru (Representative of Shin Kong Financial Holding Co., Ltd.)	40,000,000	100.00%
	General manager	Chen Wen-Xiong	-	-

Company	Title	Name or Representative	Holding share or Amount of capital contribution(Note1)	
			Share or Amount of capital contribution	Holding share or proportion of capital contribution
Taiwan Shin Kong Commercial Bank Co., Ltd.	Chairman	Lai, Chin-Yuan (Representative of Shin Kong Financial Holding Co., Ltd.)	4,981,532,944	100.00%
	Director	Huang, Ching-Tai (Representative of Shin Kong Financial Holding Co., Ltd.)	4,981,532,944	100.00%
	Director	Wu, Xin-Chang (Representative of Shin Kong Financial Holding Co., Ltd.)	4,981,532,944	100.00%
	Director	Wang ,Yu-Yuan (Representative of Shin Kong Financial Holding Co., Ltd.)	4,981,532,944	100.00%
	Director	Chai, Shang-Ming (Representative of Shin Kong Financial Holding Co., Ltd.)	4,981,532,944	100.00%
	Director and General manager	Lee, Cheng-Kuo (Representative of Shin Kong Financial Holding Co., Ltd.)	4,981,532,944	100.00%
	Independent director	Tsay, Yang-Tzong (Representative of Shin Kong Financial Holding Co., Ltd.)	4,981,532,944	100.00%
	Independent director	Suen, Chih-Jong (Representative of Shin Kong Financial Holding Co., Ltd.)	4,981,532,944	100.00%
	Independent director	Chen, Shou-Huang (Representative of Shin Kong Financial Holding Co., Ltd.)	4,981,532,944	100.00%
Master Link Securities Corp.	Chairman	Chen, Chun-Hong (Representative of Shin Kong Financial Holding Co., Ltd.)	1,609,609,856	100.00%
	Director	Su, Che-Sheng (Representative of Shin Kong Financial Holding Co., Ltd.)	1,609,609,856	100.00%
	Director	Richard Chang (Representative of Shin Kong Financial Holding Co., Ltd.)	1,609,609,856	100.00%
	Director	Wu, Ya-Chiang (Representative of Shin Kong Financial Holding Co., Ltd.)	1,609,609,856	100.00%
	Director	Lin, Shih-Mei (Representative of Shin Kong Financial Holding Co., Ltd.)	1,609,609,856	100.00%
	Director	Chang, Ching-Fa (Representative of Shin Kong Financial Holding Co., Ltd.)	1,609,609,856	100.00%
	Independent director	Hsieh, Tsay-Chuan (Representative of Shin Kong Financial Holding Co., Ltd.)	1,609,609,856	100.00%
	Independent director	Wang, Tian-Sheng (Representative of Shin Kong Financial Holding Co., Ltd.)	1,609,609,856	100.00%
	Independent director	Liang, Wen-Jing (Representative of Shin Kong Financial Holding Co., Ltd.)	1,609,609,856	100.00%
	General manager	Chang, Ching-Fa	-	-

Company	Title	Name or Representative	Holding share or Amount of capital contribution(Note1)	
			Share or Amount of capital contribution	Holding share or proportion of capital contribution
Shin Kong Property Insurance Agency Co., Ltd.	Chairman	Huang, Ming-Jeng (Representative of Shin Kong Financial Holding Co., Ltd.)	1,000,000	100.00%
	Director	Wen, Ying-Tsung (Representative of Shin Kong Financial Holding Co., Ltd.)	1,000,000	100.00%
	Director	Yang, Chih-Neng (Representative of Shin Kong Financial Holding Co., Ltd.)	1,000,000	100.00%
	Director	Chen, Ku-Yang (Representative of Shin Kong Financial Holding Co., Ltd.)	1,000,000	100.00%
	Director	Chung, Chun-Hao (Representative of Shin Kong Financial Holding Co., Ltd.)	1,000,000	100.00%
	Supervisor	Wu, Min-Chi (Representative of Shin Kong Financial Holding Co., Ltd.)	1,000,000	100.00%
	Supervisor	Shih, Yi-Chang (Representative of Shin Kong Financial Holding Co., Ltd.)	1,000,000	100.00%
	General Manager	Lin, Jung-Tai	-	-
Shin Kong Venture Capital International Co., Ltd.	Chairman	Chen, En-Kuang (Representative of Shin Kong Financial Holding Co., Ltd.)	164,301,960	100.00%
	Director	Hung, Shih-Chun (Representative of Shin Kong Financial Holding Co., Ltd.)	164,301,960	100.00%
	Director	Chiu, Bo-Yang (Representative of Shin Kong Financial Holding Co., Ltd.)	164,301,960	100.00%
	Supervisor	Wu, Min-Chi (Representative of Shin Kong Financial Holding Co., Ltd.)	164,301,960	100.00%
	Supervisor	Chuang, Shu-Chen (Representative of Shin Kong Financial Holding Co., Ltd.)	164,301,960	100.00%
Lion Investment (Samoa) Co., Ltd.	Director	Chen, En-Kuang (Representative of Shin Kong Venture Capital International Co., Ltd.)	USD$ 30,010 thousands	100.00%
	Director	Hsieh, Yi-Chung (Representative of Shin Kong Venture Capital International Co., Ltd.)	USD$ 30,010 thousands	100.00%
	Director	Zhao, Yong-Hong (Representative of Shin Kong Venture Capital International Co., Ltd.)	USD$ 30,010 thousands	100.00%
Shin Kong Leasing (Suzhou) Co., Ltd. (Note 3)	Chairman	Chiu, Bo-Yang (Representative of Lion Investment (Samoa) Co., Ltd.)	USD$ 30,000 thousands	100.00%
	Director	Lin, Tsang-Hai (Representative of Lion Investment (Samoa) Co., Ltd.)	USD$ 30,000 thousands	100.00%
	Director	Wu, Min-Chi (Representative of Lion Investment (Samoa) Co., Ltd.)	USD$ 30,000 thousands	100.00%
	Supervisor	Shih, Yi-Chang (Representative of Lion Investment (Samoa) Co., Ltd.)	USD$ 30,000 thousands	100.00%

Company	Title	Name or Representative	Holding share or Amount of capital contribution(Note1)	
			Share or Amount of capital contribution	Holding share or proportion of capital contribution
Shin Kong Life Real Estate Service Company	Chairman	Wu, Hsin-Ta (Representative of Shin Kong Life Insurance Co., Ltd.)	36,006,948	72.01%
	Director	Hung, Shi-Qi (Representative of Shin Kong Life Insurance Co., Ltd.)	36,006,948	72.01%
	Director	Chen, Chih-Kuei (Representative of Shin Kong Life Insurance Co., Ltd.)	36,006,948	72.01%
	Director	Shou, Yi-Hsiang (Representative of Shin Kong Life Insurance Co., Ltd.)	36,006,948	72.01%
	Director	Lin, Bo-Feng (Representative of Shin Kong Medical Foundation)	4,391,064	8.78%
	Supervisor	Lin,Wen-Hwa (Representative of Taiwan Security Co., Ltd.)	1,500,000	3.00%
	Supervisor	Wu, Xin-Dong (Representative of ShinSoft Co., Ltd.)	1,500,000	3.00%
	Supervisor	Huang, Chun-Ming (Representative of Shin-Po Investment Co., Ltd.)	1,200,000	2.40%
	General manager	Tsai, Chao-Feng	-	-
Shin Kong Marketing Consultant Co., Ltd.	Chairman	Huang, Ching-Tai (Representative of Taiwan Shin Kong Commercial Bank Co., Ltd.)	10,000,000	100.00%
	Director	Lin, Chun-Chen (Representative of Taiwan Shin Kong Commercial Bank Co., Ltd.)	10,000,000	100.00%
	Director	Yang, Chih-Neng (Representative of Taiwan Shin Kong Commercial Bank Co., Ltd.)	10,000,000	100.00%
	Supervisor	Chiu, Bo-Yang (Representative of Taiwan Shin Kong Commercial Bank Co., Ltd.)	10,000,000	100.00%
	General manager	Lin, Zong-Yi	-	-
Master Link Futures Co., Ltd.	Chairman	Chen, Chun-Hong (Representative of Master Link Securities Corp.)	70,000,000	100.00%
	Director and General manager	Huang, Cheng-Hsiung (Representative of Master Link Securities Corp.)	70,000,000	100.00%
	Director	Chen, Shiu-Hua (Representative of Master Link Securities Corp.)	70,000,000	100.00%
	Supervisor	Shih, Yi-Chang (Representative of Master Link Securities Corp.)	70,000,000	100.00%
Master Link Securities Investment Advisory Corp.	Chairman and General manager	Cheng, Wen-Hsien (Representative of Master Link Securities Corp.)	30,000,000	100.00%
	Director	Wang, Hsiu-Chuan (Representative of Master Link Securities Corp.)	30,000,000	100.00%
	Director	Chang, Hsin-Hui (Representative of Master Link Securities Corp.)	30,000,000	100.00%
	Supervisor	Hsieh, Jeng-Jer (Representative of Master Link Securities Corp.)	30,000,000	100.00%

Company	Title	Name or Representative	Holding share or Amount of capital contribution(Note1)	
			Share or Amount of capital contribution	Holding share or proportion of capital contribution
Master Link Insurance Agency Co., Ltd.	Chairman	Chien, Han-Chiang (Representative of Master Link Securities Corp.)	500,000	100.00%
	Director	Hsu, Hung-Yen (Representative of Master Link Securities Corp.)	500,000	100.00%
	Director	Chen, Shiu-Hua (Representative of Master Link Securities Corp.)	500,000	100.00%
	Supervisor	Shih, Yi-Chang (Representative of Master Link Securities Corp.)	500,000	100.00%
	General manager	Wu, Jian-Min	-	-
Master Link Venture Capital Corp., Ltd.	Chairman	Chen, Chun-Hong (Representative of Master Link Securities Corp.)	82,900,000	100.00%
	Director and General manager	Chang, Ching-Fa (Representative of Master Link Securities Corp.)	82,900,000	100.00%
	Director	Yen, Jung-Ssu (Representative of Master Link Securities Corp.)	82,900,000	100.00%
	Supervisor	Shih, Yi-Chang (Representative of Master Link Securities Corp.)	82,900,000	100.00%
Master Link Venture Management Corp., Ltd.	Chairman	Chen, Chun-Hong (Representative of Master Link Securities Corp.)	2,950,000	100.00%
	Director and General manager	Chang, Ching-Fa (Representative of Master Link Securities Corp.)	2,950,000	100.00%
	Director	Yen, Jung-Ssu (Representative of Master Link Securities Corp.)	2,950,000	100.00%
	Supervisor	Shih, Yi-Chang (Representative of Master Link Securities Corp.)	2,950,000	100.00%
Master Link Securities (B.V.I.) Corporation	Director	Chen, Chun-Hong (Representative of Master Link Securities Corp.)	USD$ 17,000 thousands	100.00%
	Director	Chang, Ching-Fai (Representative of Master Link Securities Corp.)	USD$ 17,000 thousands	100.00%
Master Link (Hong Kong)	Director	Chang, Ching-Fa (Representative of MasterLink Securities Corp.)	HKD$ 120,000 thousands	100.00%
	Director and General manager	Lwo, Shih-Tse (Representative of Master Link Securities Corp.)	HKD$ 120,000 thousands	100.00%
	Director	Lip, Siu-Ming (Representative of Master Link Securities Corp.)	HKD$ 120,000 thousands	100.00%
Master Link Agency (Hong Kong)	Director	Chang, Ching-Fa (Representative of Master Link Securities Corp.)	HKD$ 15 thousands	100.00%
	Director	Chien, Han-Chiang (Representative of Master Link Securities Corp.)	HKD$ 15 thousands	100.00%

Company	Title	Name or Representative	Holding share or Amount of capital contribution(Note1)	
			Share or Amount of capital contribution	Holding share or proportion of capital contribution
Master Link Investment Advisory Corp (Tianjin)	Chairman	Chang, Ching-Fa (Representative of Master Link Securities Corp.)	CNY$4,150 thousands	100.00%
	Director and General manager	Lwo, Shih-Tse (Representative of Master Link Securities Corp.)	CNY$4,150 thousands	100.00%
	Director	Yen, Jung-Ssu (Representative of Master Link Securities Corp.)	CNY$4,150 thousands	100.00%
	Supervisor	Shih, Yi-Chang (Representative of Master Link Securities Corp.)	CNY$4,150 thousands	100.00%
Master Link Venture Capital Corporation (Tianjin)	Chairman	Chen, Chun-Hong (Representative of Master Link Securities Corp.)	CNY$100,000 thousands	100.00%
	Director	Chang, Ching-Fa (Representative of Master Link Securities Corp.)	CNY$100,000 thousands	100.00%
	Director	Yen, Jung-Ssu (Representative of Master Link Securities Corp.)	CNY$100,000 thousands	100.00%
	Supervisor	Shih, Yi-Chang (Representative of Master Link Securities Corp.)	CNY$100,000 thousands	100.00%
Master Link Venture Management Corporation (Tianjin)	Chairman	Chen, Chun-Hong (Representative of MasterLink Securities Corp.)	CNY$10,000 thousands	100.00%
	Director	Chang, Ching-Fa (Representative of Master Link Securities Corp.)	CNY$10,000 thousands	100.00%
	Director and General manage	Lwo, Shih-Tse (Representative of Master Link Securities Corp.)	CNY$10,000 thousands	100.00%
	Supervisor	Shih, Yi-Chang (Representative of Master Link Securities Corp.)	CNY$10,000 thousands	100.00%

Note 1: The ratio of shareholding or the capital contributed by the directors and the supervisors were disclosed, not the authorized representatives.
Note 2: The shares of Shin Kong Life Insurance Co., Ltd. held by Shin Kong Financial Holding Co., Ltd. were ordinary shares.
Note 3: Shin Kong Leasing (Suzhou) Co., Ltd. disclosed the contribution of capital.

f. Overview of the affiliates and an overview of their business operations at the year ended December 31, 2023

(In thousands of New Taiwan Dollars)

Company	Capital	Total Assets	Total Liabilities	Total Equity	Operating revenue	Operating income (Loss)/ Net income (Loss) (Before income tax)	Net income (Loss) (After income tax)	Earnings per share(After income tax)
Controlling Company								
Shin Kong Financial Holding Co., Ltd.	$ 157,846,290	$ 269,674,649	$ 24,027,324	$ 245,647,325	(Note 1)	($ 8,196,791) (Note 1)	($ 7,409,239)	($ 0.48)
Subsidiaries Companies								
Shin Kong Life Insurance Co., Ltd.	74,387,451	3,587,524,301	3,429,487,263	158,037,038	259,429,519	(24,113,006)	(17,192,701)	(2.33)
Shin Kong Investment Trust Co., Ltd.	400,000	919,946	167,068	752,878	363,699	78,391	69,278	1.73
Taiwan Shin Kong Commercial Bank Co., Ltd.	49,815,329	1,265,754,607	1,190,837,153	74,917,454	(Note 1)	19,896,804 (Note 1)	6,791,448	1.36
Master Link Securities Corp.	16,096,099	135,139,774	105,255,526	29,884,248	8,216,217	2,153,643	2,498,923	1.55
Shin Kong Venture Capital International Co., Ltd.	1,643,020	2,157,059	307,381	1,849,678	132,761	112,145	111,692	0.68
Shin Kong Property Insurance Agency Co., Ltd.	10,000	190,954	79,343	111,611	478,384	99,351	79,907	79.91
Lion Investment (Samoa) Co., Ltd.	909,843 USD$ 30,010 thousands(Note 3)	926,750	-	926,750	-	-	64,269	2.14

Company	Capital	Total Assets	Total Liabilities	Total Equity	Operating revenue	Operating income (Loss)/ Net income (Loss) (Before income tax)	Net income (Loss) (After income tax)	Earnings per Share(After income tax)
Shin Kong Leasing (Suzhou) Co., Ltd.	CNY$ 186,696 thousands USD$ 30,000 thousands(Note3)	CNY$593,962 thousands	CNY$380,023 thousands	CNY$213,939 thousands	CNY$45,318 thousands	CNY$27,185 thousands	CNY$14,625 thousands	(Note 2)
Shin Kong Life Real Estate Service Company	500,000	2,175,109	627,488	1,547,621	1,210,383	288,129	303,676	6.07
Shin Kong Marketing Consultant Co., Ltd.	100,000	447,361	223,472	223,889	224,966	91,969	84,836	8.48
Master Link Futures Co., Ltd	700,000	11,232,680	9,378,016	1,854,664	455,883	(40,439)	85,528	1.22
Master Link Securities Investment Advisory Corp.	300,000	377,627	45,894	331,733	124,245	19,253	18,018	0.60
Master Link Insurance Agency Co., Ltd.	5,000	24,743	6,235	18,508	33,065	6,535	5,297	10.59
Master Link Venture Capital Corp., Ltd.	829,000	489,365	100	489,265	(13,163)	(24,809)	(32,365)	(0.39)
Master Link Venture Management Corp., Ltd.	29,500	50,283	1,715	48,568	10,363	6,490	5,627	1.91
Master Link Securities (B.V.I.) Corp.	USD$ 17,000 thousands	USD$ 12,162 thousands	USD$ 2 thousands	USD$ 12,160 thousands	USD($ 1,167) thousands	USD($ 1,171) thousands	USD($ 1,171) thousands	(Note 2)
Master Link (Hong Kong)	HKD$ 120,000 thousands	HKD$ 89,333 thousands	HKD$ 8,327 thousands	HKD$ 81,006 thousands	HKD$ 18,432 thousands	HKD($ 9,295) thousands	HKD($ 9,476) thousands	(Note 2)
Master Link Agency (Hong Kong)	HKD$ 15 thousands	HKD$ 12 thousands	-	HKD$ 12 thousands	-	-	-	(Note 2)

Company	Capital	Total Assets	Total Liabilities	Total Equity	Operating revenue	Operating income (Loss)/ Net income (Loss) (Before income tax)	Net income (Loss) (After income tax)	Earnings per Share(After income tax)
Master Link Investment Advisory Corp. (Tianjin)	CNY$ 4,150 thousands	CNY$ 6,106 thousands	CNY$ 46 thousands	CNY$ 6,060 thousands	-	CNY($ 74) thousands	CNY$ 41 thousands	(Note 2)
Master Link Venture Capital Corp. (Tianjin)	CNY$ 100,000 thousands	CNY$ 104,935 thousands	CNY$ 6,822 thousands	CNY$ 98,113 thousands	-	CNY($ 2,047) thousands	CNY$ 240 thousands	(Note 2)
Master Link Venture Management Corp. (Tianjin)	CNY$ 10,000 thousands	CNY$ 18,679 thousands	CNY$ 259 thousands	CNY$ 18,420 thousands	CNY$ 1,980 thousands	CNY$ 1,396 thousands	CNY$ 1,532 thousands	(Note 2)

Note 1: Due to the accounts “Operating Revenue” and “Operating Income” were no longer included in the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies and Regulations Governing the Preparation of Financial Reports by Public Banks, account ”Net Income(Loss)” is disclosed.

Note 2: As a limited liability company, calculation of the Earnings Per Share was not necessary.

Note 3: Historical exchange rate was used to convert the paid-in capital when Lion Investment (Samoa) Co., Ltd. and Shin Kong Leasing (Suzhou) Co., Ltd. were established.

2. The Consolidated Financial Statements of Affiliated Enterprises

According to “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” and Rule No. 04448 issued by the Securities and Futures Commission, the consolidated financial statements of related corporations are not prepared by the Company.

Shin Kong Financial Holding Co., Ltd.

Chairman：Hwai-Chou Chen