

**Taiwan Cooperative Financial Holding
Co., Ltd. and Subsidiaries**

**Consolidated Financial Statements for the
Six Months Ended June 30, 2020 and 2019 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Taiwan Cooperative Financial Holding Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Taiwan Cooperative Financial Holding Co., Ltd. (TCFHC) and its subsidiaries (collectively, the Company), which comprise the consolidated balance sheets as of June 30, 2020, December 31, 2019 and June 30, 2019, the related consolidated statements of comprehensive income for the three months ended June 30, 2020 and 2019 and for the six months ended June 30, 2020 and 2019, the consolidated statements of changes in equity and cash flows for the six months then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of June 30, 2020, December 31, 2019 and June 30, 2019, and its consolidated financial performance for the three months ended June 30, 2020 and 2019 and its consolidated financial performance and consolidated cash flows for the six months ended June 30, 2020 and 2019 in accordance with the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the Company for the six months ended June 30, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters identified in our audit of the consolidated financial statements of Taiwan Cooperative Financial Holding Co., Ltd. and its subsidiaries for the six months ended June 30, 2020 were as follows:

Impairment Assessment on Loans

The discounts and loans of the Company as of June 30, 2020 amounted to \$2,282,736,812 thousand, consisting 58% of the total consolidated assets. Therefore, the assessment on the impairment loss of discounts and loans may have significant impacts on the consolidated financial statements. Taiwan Cooperative Bank, Ltd. (TCB) was required to assess the impairment on loans in accordance with IFRS 9 “Financial Instruments” and the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans” issued by the FSC.

For the accounting policies and critical accounting judgements and estimations of TCB’s impairment assessment of loans, refer to Notes 4a. and 5a. to the consolidated financial statements; for the relevant information on the impairment assessment of loans, refer to Note 13 to the consolidated financial statements.

When assessing whether to recognize impairment loss on loans in accordance with the FSC guidelines, the main judgment of the management of TCB is the assessment of possible loss of the credit assets, including whether the credit assets are classified based on the length of time the loans have been overdue and the value of the collateral when assessing the impairment loss. As the impairment assessment of loans involves many significant judgments and estimates and are material to the consolidated financial statements, it was identified as a key audit matter.

With respect to the critical judgements, estimations, and assumptions used in the assessment of impairment loss, the procedures we performed were as follows:

1. Understand and test the internal control of impairment assessment on loans performed by TCB.
2. Test the classification of credit assets of TCB to evaluate whether the classification of credit assets and provisions of impairment loss are appropriate and in accordance with the FSC guidelines by considering the length of time the loans have been overdue and the value of the collaterals.

Assessment on the Insurance Liabilities

The life policy reserve of insurance contracts and financial instruments with discretionary participation features of the Company were recognized in compliance with Regulations Governing the Recognition of Reserves by Insurance Enterprises. The key assumptions include discount rates, mortality rates, withdrawal rates and illness rates. If the formula of life policy reserve are not in compliance with the regulations, or not referred to the accurate insurance products, they may have significant impacts on the assessment of insurance liabilities. Therefore, the assessment of the insurance liabilities and the liability adequacy test were identified as a key audit matter. For the accounting policies and critical accounting judgements and estimations, refer to Notes 4b. and 5b.

to the consolidated financial statements. For the relevant information about the assessment of the insurance liabilities, refer to Note 29 to the consolidated financial statements.

With respect to insurance liabilities, the procedures we performed were as follows:

1. Understand the process and related internal operations of assessment of insurance liabilities of BNP Paribas Cardif TCB Life Insurance Co., Ltd. (BPCTLI), and assess the compliance with related internal operations by performing the tests.
2. Obtain the actuarial information summary evaluated by the management of BPCTLI, and sample and test whether the information of policyholders is consistent with the information of life policy reserve.
3. Utilize our actuarial experts and perform the following audit procedures with respect to life policy reserve:
 - a. Sample the insurance products to test whether the actuarial memorandum was approved by the Insurance Bureau before the insurance products were introduced to the market and whether the reserves in the memorandum was calculated in accordance with the regulations and was applicable to the insurance products.
 - b. Sample the insurance policies and recalculate the life policy reserve of the insurance policies to ensure that the calculation of BPCTLI was in accordance with the Regulations Governing the Recognition of Reserves by Insurance Enterprises and was consistent with the formula and parameters submitted to the regulatory authority.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, 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 Taiwan Cooperative Financial Holding Co., Ltd. and its subsidiaries’ 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 Company 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 financial reporting process of Taiwan Cooperative Financial Holding Co., Ltd. and its subsidiaries.

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 auditing standards generally accepted in 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 auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Taiwan Cooperative Financial Holding Co., Ltd. and its subsidiaries' 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 Taiwan Cooperative Financial Holding Co., Ltd. and its subsidiaries' 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 Taiwan Cooperative Financial Holding Co., Ltd. and its subsidiaries 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 appropriate audit evidence of the financial information of the components of Taiwan Cooperative Financial Holding Co., Ltd. and its subsidiaries 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 have also provided 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 the most significance in the audit of the consolidated financial statements of Taiwan Cooperative Financial Holding Co., Ltd. and its subsidiaries, for the six months ended June 30, 2020 and are therefore deemed to be 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 audit resulting in this independent auditors' report are Yin-Chou Chen and Cheng-Hung Kuo.

Deloitte & Touche
Taipei, Taiwan
Republic of China

August 24, 2020

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.

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2020		December 31, 2019		June 30, 2019	
	Amount	%	Amount	%	Amount	%
CASH AND CASH EQUIVALENTS (Note 6)	\$ 39,673,808	1	\$ 60,006,782	2	\$ 58,469,470	2
DUE FROM THE CENTRAL BANK AND CALL LOANS TO OTHER BANKS (Notes 7, 41 and 42)	303,519,660	8	263,817,306	7	261,819,876	7
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 8, 41 and 42)	79,351,437	2	60,475,818	2	90,172,254	3
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Note 9)	448,269,252	11	381,855,600	10	342,558,451	10
INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST (Notes 10 and 42)	613,679,809	16	557,848,944	15	555,045,868	15
SECURITIES PURCHASED UNDER RESELL AGREEMENTS (Note 11)	1,119,474	-	1,436,329	-	2,110,685	-
RECEIVABLES, NET (Notes 12, 41 and 42)	37,258,029	1	34,284,712	1	33,871,877	1
CURRENT TAX ASSETS	1,793,203	-	1,231,624	-	1,894,546	-
DISCOUNTS AND LOANS, NET (Notes 13, 41 and 42)	2,255,454,630	57	2,193,417,017	59	2,126,448,053	58
REINSURANCE ASSETS, NET	116,891	-	84,674	-	50,332	-
INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (Note 14)	131,675	-	134,794	-	130,210	-
OTHER FINANCIAL ASSETS, NET (Notes 15, 31 and 42)	108,358,614	3	128,596,256	3	123,341,139	3
INVESTMENT PROPERTIES, NET (Note 16)	11,304,975	-	10,826,441	-	9,960,231	-
PROPERTIES AND EQUIPMENT, NET (Note 17)	33,620,407	1	33,771,493	1	33,652,807	1
RIGHT-OF-USE ASSETS, NET (Note 18)	1,712,357	-	1,723,612	-	1,649,527	-
INTANGIBLE ASSETS (Note 19)	3,799,250	-	3,711,718	-	3,666,806	-
DEFERRED TAX ASSETS (Note 38)	2,148,191	-	2,491,061	-	1,669,080	-
OTHER ASSETS, NET (Notes 18 and 20)	2,794,048	-	3,774,376	-	2,976,431	-
TOTAL	\$ 3,944,105,710	100	\$ 3,739,488,557	100	\$ 3,649,487,643	100
LIABILITIES AND EQUITY						
DEPOSITS FROM THE CENTRAL BANK AND OTHER BANKS (Notes 21 and 41)	\$ 246,028,761	6	\$ 242,966,181	7	\$ 237,912,659	7
DUE TO THE CENTRAL BANK AND OTHER BANKS (Note 22)	5,957,940	-	-	-	-	-
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 8, 27 and 41)	3,250,074	-	16,047,300	1	14,196,645	-
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS (Notes 8, 9, 11, 23 and 41)	52,664,625	1	45,554,849	1	43,648,466	1
COMMERCIAL PAPER ISSUED, NET (Note 24)	24,952,424	1	31,104,638	1	25,572,421	1
PAYABLES (Notes 25 and 41)	93,009,550	2	50,852,309	1	60,287,848	2
CURRENT TAX LIABILITIES	817,683	-	2,185,489	-	1,184,141	-
DEPOSITS AND REMITTANCES (Notes 26 and 41)	3,075,463,808	78	2,891,805,142	77	2,825,022,404	77
BONDS PAYABLE (Note 27)	68,200,000	2	65,000,000	2	60,000,000	2
OTHER BORROWINGS (Notes 24 and 28)	1,688,602	-	3,432,028	-	2,612,535	-
PROVISIONS (Notes 4, 29 and 30)	39,829,363	1	42,956,006	1	45,347,346	1
OTHER FINANCIAL LIABILITIES (Notes 16 and 31)	98,170,486	3	113,837,618	3	106,632,910	3
LEASE LIABILITIES (Note 18)	1,647,081	-	1,651,391	-	1,564,810	-
DEFERRED TAX LIABILITIES (Notes 17 and 38)	3,615,714	-	3,453,105	-	3,839,863	-
OTHER LIABILITIES (Note 32)	1,579,399	-	1,735,197	-	3,239,960	-
Total liabilities	3,716,875,510	94	3,512,581,253	94	3,431,062,008	94
EQUITY ATTRIBUTABLE TO OWNERS OF TCFHC						
Capital stock						
Common stock	129,458,483	3	129,458,483	3	125,687,847	4
Reserve for capitalization	3,883,754	-	-	-	3,770,636	-
Total capital stock	133,342,237	3	129,458,483	3	129,458,483	4
Capital surplus	57,974,241	2	57,973,141	2	57,973,141	2
Retained earnings						
Legal reserve	9,622,864	1	7,927,632	-	7,927,632	-
Special reserve	996,026	-	996,026	-	996,026	-
Unappropriated earnings	8,433,236	-	16,952,318	1	8,379,696	-
Total retained earnings	19,052,126	1	25,875,976	1	17,303,354	-
Other equity	11,087,280	-	8,112,324	-	8,631,124	-
Total equity attributable to owners of TCFHC	221,455,884	6	221,419,924	6	213,366,102	6
NON-CONTROLLING INTERESTS	5,774,316	-	5,487,380	-	5,059,533	-
Total equity	227,230,200	6	226,907,304	6	218,425,635	6
TOTAL	\$ 3,944,105,710	100	\$ 3,739,488,557	100	\$ 3,649,487,643	100

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

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2020		2019		2020		2019	
	Amount	%	Amount	%	Amount	%	Amount	%
INTEREST REVENUE (Notes 33 and 41)	\$ 13,031,032	101	\$ 15,364,621	129	\$ 27,824,401	115	\$ 30,279,065	126
INTEREST EXPENSE (Notes 33 and 41)	<u>(4,521,509)</u>	<u>(35)</u>	<u>(6,422,668)</u>	<u>(54)</u>	<u>(10,415,023)</u>	<u>(43)</u>	<u>(12,661,350)</u>	<u>(53)</u>
NET INTEREST	<u>8,509,523</u>	<u>66</u>	<u>8,941,953</u>	<u>75</u>	<u>17,409,378</u>	<u>72</u>	<u>17,617,715</u>	<u>73</u>
NET REVENUES AND GAINS OTHER THAN INTEREST								
Service fee and commission income, net (Notes 34 and 41)	1,876,012	15	1,763,829	15	3,715,088	15	3,371,385	14
Premium income, net (Notes 31 and 35)	109,192	1	(345,110)	(3)	(312,948)	(1)	(321,526)	(1)
Gains (losses) on financial assets and liabilities at fair value through profit or loss (Notes 36 and 41)	(1,275,950)	(10)	1,043,027	9	(1,667,801)	(7)	3,206,988	13
Gains on investment properties	18,198	-	-	-	18,198	-	-	-
Realized gains on financial assets at fair value through other comprehensive income	907,153	7	572,011	5	1,579,930	7	895,241	4
Gains (losses) on derecognition of financial assets at amortized cost, net	-	-	-	-	-	-	857	-
Foreign exchange gains (losses), net	3,163,252	25	(307,053)	(3)	3,140,369	13	(593,026)	(3)
Impairment losses on assets (Notes 9 and 10)	(14,314)	-	(6,705)	-	(30,091)	-	(3,073)	-
Share of gains of associates and joint ventures accounted for using the equity method (Note 14)	4,866	-	5,941	-	3,962	-	9,185	-
Gains (losses) on reclassification of overlay approach (Note 8)	(439,499)	(4)	51,362	1	259,643	1	(298,977)	(1)
Other noninterest gains (losses), net (Notes 16 and 41)	<u>(134)</u>	<u>-</u>	<u>166,532</u>	<u>1</u>	<u>56,323</u>	<u>-</u>	<u>211,043</u>	<u>1</u>
Total net revenues and gains other than interest	<u>4,348,776</u>	<u>34</u>	<u>2,943,834</u>	<u>25</u>	<u>6,762,673</u>	<u>28</u>	<u>6,478,097</u>	<u>27</u>
TOTAL NET REVENUES	<u>12,858,299</u>	<u>100</u>	<u>11,885,787</u>	<u>100</u>	<u>24,172,051</u>	<u>100</u>	<u>24,095,812</u>	<u>100</u>
BAD-DEBT EXPENSES AND PROVISION FOR LOSSES ON COMMITMENT AND GUARANTEES (Notes 4 and 13)	<u>(2,326,120)</u>	<u>(18)</u>	<u>(892,765)</u>	<u>(7)</u>	<u>(3,236,276)</u>	<u>(13)</u>	<u>(2,468,007)</u>	<u>(10)</u>
NET CHANGE IN RESERVES FOR INSURANCE LIABILITIES (Notes 4 and 29)	<u>242,395</u>	<u>2</u>	<u>623,254</u>	<u>5</u>	<u>916,995</u>	<u>4</u>	<u>825,881</u>	<u>3</u>
OPERATING EXPENSES (Notes 4, 16, 17, 18, 19, 30 and 37)								
Employee benefits	(4,082,873)	(32)	(4,197,861)	(36)	(8,104,558)	(34)	(8,180,444)	(34)
Depreciation and amortization	(539,117)	(4)	(464,550)	(4)	(1,068,722)	(4)	(913,576)	(4)
General and administrative	<u>(1,621,292)</u>	<u>(13)</u>	<u>(1,698,433)</u>	<u>(14)</u>	<u>(3,250,444)</u>	<u>(14)</u>	<u>(3,288,491)</u>	<u>(13)</u>
Total operating expenses	<u>(6,243,282)</u>	<u>(49)</u>	<u>(6,360,844)</u>	<u>(54)</u>	<u>(12,423,724)</u>	<u>(52)</u>	<u>(12,382,511)</u>	<u>(51)</u>

(Continued)

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2020		2019		2020		2019	
	Amount	%	Amount	%	Amount	%	Amount	%
INCOME BEFORE INCOME TAX	\$ 4,531,292	35	\$ 5,255,432	44	\$ 9,429,046	39	\$ 10,071,175	42
INCOME TAX EXPENSE (Notes 4 and 38)	<u>(581,153)</u>	<u>(4)</u>	<u>(826,380)</u>	<u>(7)</u>	<u>(1,374,495)</u>	<u>(5)</u>	<u>(1,576,130)</u>	<u>(7)</u>
NET INCOME	<u>3,950,139</u>	<u>31</u>	<u>4,429,052</u>	<u>37</u>	<u>8,054,551</u>	<u>34</u>	<u>8,495,045</u>	<u>35</u>
OTHER COMPREHENSIVE INCOME								
Items that will not be reclassified subsequently to profit or loss								
Change in the fair value attributable to changes in the credit risk of financial liabilities designated as at fair value through profit or loss	-	-	(2,636)	-	(669)	-	(14,185)	-
Unrealized gains on investments in equity instruments at fair value through other comprehensive income	<u>4,258,817</u>	<u>33</u>	<u>847,818</u>	<u>7</u>	<u>52,350</u>	<u>-</u>	<u>2,242,113</u>	<u>9</u>
Items that will not be reclassified subsequently to profit or loss, net of income tax	<u>4,258,817</u>	<u>33</u>	<u>845,182</u>	<u>7</u>	<u>51,681</u>	<u>-</u>	<u>2,227,928</u>	<u>9</u>
Items that may be reclassified subsequently to profit or loss (Notes 8, 14 and 38)								
Exchange differences on the translation of financial statements of foreign operations	(1,003,486)	(8)	286,709	2	(823,908)	(3)	332,512	1
Unrealized gains on investments in debt instruments at fair value through other comprehensive income	3,698,699	29	1,856,377	16	4,414,522	18	4,470,029	19
Other comprehensive income (losses) on reclassification of overlay approach	439,499	3	(51,362)	-	(259,643)	(1)	298,977	1
Income tax attributable to other comprehensive income	<u>(137,632)</u>	<u>(1)</u>	<u>(171,306)</u>	<u>(1)</u>	<u>43,313</u>	<u>-</u>	<u>(353,005)</u>	<u>(1)</u>
Items that may be reclassified subsequently to profit or loss, net of income tax	<u>2,997,080</u>	<u>23</u>	<u>1,920,418</u>	<u>17</u>	<u>3,374,284</u>	<u>14</u>	<u>4,748,513</u>	<u>20</u>
Other comprehensive income, net of income tax	<u>7,255,897</u>	<u>56</u>	<u>2,765,600</u>	<u>24</u>	<u>3,425,965</u>	<u>14</u>	<u>6,976,441</u>	<u>29</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 11,206,036</u>	<u>87</u>	<u>\$ 7,194,652</u>	<u>61</u>	<u>\$ 11,480,516</u>	<u>48</u>	<u>\$ 15,471,486</u>	<u>64</u>
NET INCOME ATTRIBUTABLE TO:								
Owners of TCFHC	\$ 3,815,304	30	\$ 4,325,121	36	\$ 7,752,529	32	\$ 8,258,860	34
Non-controlling interests	<u>134,835</u>	<u>1</u>	<u>103,931</u>	<u>1</u>	<u>302,022</u>	<u>1</u>	<u>236,185</u>	<u>1</u>
	<u>\$ 3,950,139</u>	<u>31</u>	<u>\$ 4,429,052</u>	<u>37</u>	<u>\$ 8,054,551</u>	<u>33</u>	<u>\$ 8,495,045</u>	<u>35</u>

(Continued)

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2020		2019		2020		2019	
	Amount	%	Amount	%	Amount	%	Amount	%
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owners of TCFHC	\$ 10,462,703	81	\$ 6,872,518	58	\$ 11,038,831	46	\$ 14,509,689	60
Non-controlling interests	<u>743,333</u>	<u>6</u>	<u>322,134</u>	<u>3</u>	<u>441,685</u>	<u>2</u>	<u>961,797</u>	<u>4</u>
	<u>\$ 11,206,036</u>	<u>87</u>	<u>\$ 7,194,652</u>	<u>61</u>	<u>\$ 11,480,516</u>	<u>48</u>	<u>\$ 15,471,486</u>	<u>64</u>
 EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 39)								
Basic	<u>\$ 0.29</u>		<u>\$ 0.32</u>		<u>\$ 0.58</u>		<u>\$ 0.62</u>	
Diluted	<u>\$ 0.29</u>		<u>\$ 0.32</u>		<u>\$ 0.58</u>		<u>\$ 0.62</u>	

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

(Concluded)

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of TCFHC							Other Equity					Total Equity
	Capital Stock (Note 40)			Capital Surplus	Retained Earnings (Notes 9 and 40)			Exchange Differences on the Translation of Financial Statements of Foreign Operations	Unrealized Gains (Losses) on Financial Assets at Fair Value Through Other Comprehensive Income (Note 9)	Changes in the Fair Value Attributable to Changes in the Credit Risk of Financial Liabilities Designated as at Fair Value Through Profit or Loss	Other Comprehensive Income on Reclassification of Overlay Approach	Non-controlling Interests (Note 40)	
	Shares (In Thousands)	Common Stock	Reserve for Capitalization		Legal Reserve	Special Reserve	Unappropriated Earnings						
BALANCE AT JANUARY 1, 2020	12,945,848	\$ 129,458,483	\$ -	\$ 57,973,141	\$ 7,927,632	\$ 996,026	\$ 16,952,318	\$ (1,242,818)	\$ 9,000,271	\$ 970	\$ 353,901	\$ 5,487,380	\$ 226,907,304
Unclaimed dividends	-	-	-	1,100	-	-	-	-	-	-	-	-	1,100
Appropriation of the 2019 earnings													
Legal reserve	-	-	-	-	1,695,232	-	(1,695,232)	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	(11,003,971)	-	-	-	-	-	(11,003,971)
Stock dividends	-	-	3,883,754	-	-	-	(3,883,754)	-	-	-	-	-	-
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	311,045	-	(311,045)	-	-	-	-
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(154,749)	(154,749)
Transfer of changes in the fair value attributable to changes in the credit risk of financial liabilities designed as at fair value through profit or loss upon derecognition	-	-	-	-	-	-	301	-	-	(301)	-	-	-
Net income for the six months ended June 30, 2020	-	-	-	-	-	-	7,752,529	-	-	-	-	302,022	8,054,551
Other comprehensive income (losses) for the six months ended June 30, 2020	-	-	-	-	-	-	-	(656,481)	4,074,426	(669)	(130,974)	139,663	3,425,965
Total comprehensive income (losses) for the six months ended June 30, 2020	-	-	-	-	-	-	7,752,529	(656,481)	4,074,426	(669)	(130,974)	441,685	11,480,516
BALANCE AT JUNE 30, 2020	<u>12,945,848</u>	<u>\$ 129,458,483</u>	<u>\$ 3,883,754</u>	<u>\$ 57,974,241</u>	<u>\$ 9,622,864</u>	<u>\$ 996,026</u>	<u>\$ 8,433,236</u>	<u>\$ (1,899,299)</u>	<u>\$ 12,763,652</u>	<u>\$ -</u>	<u>\$ 222,927</u>	<u>\$ 5,774,316</u>	<u>\$ 227,230,200</u>
BALANCE AT JANUARY 1, 2019	12,568,785	\$ 125,687,847	\$ -	\$ 57,964,343	\$ 6,451,448	\$ 996,026	\$ 14,761,844	\$ (282,339)	\$ 2,690,032	\$ 15,666	\$ (10,663)	\$ 4,199,805	\$ 212,474,009
Unclaimed dividends	-	-	-	8,798	-	-	-	-	-	-	-	-	8,798
Appropriation of the 2018 earnings													
Legal reserve	-	-	-	-	1,476,184	-	(1,476,184)	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	(9,426,589)	-	-	-	-	-	(9,426,589)
Stock dividends	-	-	3,770,636	-	-	-	(3,770,636)	-	-	-	-	-	-
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	32,401	-	(32,401)	-	-	-	-
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(102,069)	(102,069)
Net income for the six months ended June 30, 2019	-	-	-	-	-	-	8,258,860	-	-	-	-	236,185	8,495,045
Other comprehensive income for the six months ended June 30, 2019	-	-	-	-	-	-	-	265,484	5,848,865	(14,185)	150,665	725,612	6,976,441
Total comprehensive income for the six months ended June 30, 2019	-	-	-	-	-	-	8,258,860	265,484	5,848,865	(14,185)	150,665	961,797	15,471,486
BALANCE AT JUNE 30, 2019	<u>12,568,785</u>	<u>\$ 125,687,847</u>	<u>\$ 3,770,636</u>	<u>\$ 57,973,141</u>	<u>\$ 7,927,632</u>	<u>\$ 996,026</u>	<u>\$ 8,379,696</u>	<u>\$ (16,855)</u>	<u>\$ 8,506,496</u>	<u>\$ 1,481</u>	<u>\$ 140,002</u>	<u>\$ 5,059,533</u>	<u>\$ 218,425,635</u>

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

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

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

	For the Six Months Ended June 30	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 9,429,046	\$ 10,071,175
Adjustments for:		
Depreciation expenses	960,778	824,511
Amortization expenses	107,944	89,065
Expected credit losses/bad-debt expenses	3,281,740	2,530,757
Losses (gains) on financial assets and liabilities at fair value through profit or loss	1,667,801	(3,206,988)
Interest expense	10,415,023	12,661,350
Interest revenue	(27,824,401)	(30,279,065)
Dividend income	(348,138)	(196,834)
Net changes in reserves for insurance liabilities	(916,995)	(825,881)
Reversal of provision for losses on guarantees	(26,413)	(68,422)
Net changes in reserves for other liabilities	(19,051)	5,672
Share of gains of associates and joint ventures accounted for using equity method	(3,962)	(9,185)
Losses (gains) on reclassification of overlay approach	(259,643)	298,977
Losses on disposal of properties and equipment	32,079	2,238
Gains on disposal of investment properties	(18,198)	-
Gains on disposal of investments	(1,231,792)	(698,407)
Impairment losses on financial assets	30,091	4,195
Reversal of impairment losses on financial assets	-	(1,122)
Unrealized losses (gains) on foreign exchange	308,155	(223,299)
Gains on disposal of collaterals assumed	(20,358)	-
Other lease gains	(78)	(3)
Net changes in operating assets and liabilities		
Decrease (increase) in due from the Central Bank and call loans to other banks	(26,632,392)	15,582,907
Increase in financial assets at fair value through profit or loss	(16,587,338)	(23,315,585)
Increase in financial assets at fair value through other comprehensive income	(65,117,989)	(22,420,922)
Decrease (increase) in investments in debt instruments at amortized cost	(56,948,063)	2,364,328
Decrease (increase) in receivables	(4,193,375)	337,893
Increase in discounts and loans	(64,990,149)	(68,347,167)
Decrease (increase) in reinsurance assets	(24,821)	1,725
Decrease (increase) in other financial assets	5,777,263	(1,063,990)
Decrease (increase) other assets	957,788	(56,940)
Increase in deposits from the Central Bank and other banks	3,062,580	11,647,853
Decrease in financial liabilities at fair value through profit or loss	(4,987,616)	(4,362,980)
Increase (decrease) in securities sold under repurchase agreements	7,113,626	(720,830)
Increase (decrease) in payables	34,171,769	(3,736,619)

(Continued)

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

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

	For the Six Months Ended June 30	
	2020	2019
Increase in deposits and remittances	\$ 183,658,666	\$ 98,548,055
Decrease in provision for employee benefits	(303,727)	(159,457)
Decrease in provisions	(1,866,163)	(2,441,991)
Increase (decrease) in other financial liabilities	(645,147)	93,375
Decrease in other liabilities	<u>(123,457)</u>	<u>(158)</u>
Cash used in operations	(12,114,917)	(7,071,769)
Interest received	30,568,694	31,320,521
Dividends received	260,906	226,347
Interest paid	(13,882,743)	(12,396,882)
Income tax paid	<u>(2,709,370)</u>	<u>(1,478,535)</u>
Net cash generated from operating activities	<u>2,122,570</u>	<u>10,599,682</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of properties and equipment	(491,669)	(370,959)
Increase in refundable deposits	(2,345,024)	(839,495)
Decrease in refundable deposits	2,280,281	1,143,711
Acquisition of intangible assets	(185,754)	(118,954)
Proceeds from disposal of collaterals assumed	139,748	-
Acquisition of investment properties	(601,862)	(507,592)
Proceeds from disposal of investment properties	89,927	-
Increase in other assets	(17,712)	(29,552)
Decrease in other assets	<u>16,861</u>	<u>12,026</u>
Net cash used in investing activities	<u>(1,115,204)</u>	<u>(710,815)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in due to the Central Bank and other banks	5,957,940	-
Decrease in commercial paper issued	(6,165,000)	(525,000)
Proceeds from the issuance of corporate bonds	5,700,000	-
Proceeds from the issuance of bank debentures	5,000,000	5,000,000
Repayments of bank debentures	(7,500,000)	-
Increase in other borrowings	16,716,422	19,109,507
Decrease in other borrowings	(18,440,351)	(18,928,772)
Decrease in financial liabilities designated as at fair value through profit or loss	(12,096,000)	-
Increase in guarantee deposits received	1,336,201	95,435
Decrease in guarantee deposits received	(1,704,190)	(17,602)
Repayments of the principal portion of lease liabilities	(315,477)	(279,743)
Decrease in other liabilities	<u>(20,258)</u>	<u>(9,576)</u>
Net cash generated from (used in) financing activities	<u>(11,530,713)</u>	<u>4,444,249</u>

(Continued)

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

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

	For the Six Months Ended June 30	
	2020	2019
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	\$ 3,208,530	\$ 89,359
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(7,314,817)	14,422,475
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	<u>90,305,606</u>	<u>73,678,540</u>
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	<u>\$ 82,990,789</u>	<u>\$ 88,101,015</u>
Cash and cash equivalents reconciliations:		
	June 30	
	2020	2019
Cash and cash equivalents in the consolidated balance sheets	\$ 39,673,808	\$ 58,469,470
Due from the Central Bank and call loans to other banks in accordance with the definition of cash and cash equivalents under IAS 7 “Statement of Cash Flows”	41,932,457	27,520,860
Securities purchased under resell agreements in accordance with the definition of cash and cash equivalents under IAS 7 “Statement of Cash Flows”	1,119,474	2,110,685
Other items in accordance with the definition of cash and cash equivalents under IAS 7 “Statement of Cash Flows”	<u>265,050</u>	<u>-</u>
Cash and cash equivalents, end of period	<u>\$ 82,990,789</u>	<u>\$ 88,101,015</u>

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

(Concluded)

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. ORGANIZATION AND OPERATIONS

Taiwan Cooperative Financial Holding Co., Ltd. (TCFHC) was established by Taiwan Cooperative Bank, Ltd. (TCB), Taiwan Cooperative Bills Finance Corporation Ltd. (TCBF) and Co-operative Assets Management Co., Ltd. (CAM) through a share swap on December 1, 2011 under the Financial Holding Companies Act and related regulations in the Republic of China (ROC). TCFHC's shares have been listed on the Taiwan Stock Exchange (TWSE) since December 1, 2011. After the share swap, TCB, TCBF and CAM became wholly owned subsidiaries of TCFHC.

TCFHC invests in and manages financial institutions.

TCB engages in (a) all commercial banking operations allowed under the Banking Law; (b) international banking operations; (c) overseas branch operations as authorized by the respective foreign governments; and (d) other operations as authorized by the central authority-in-charge. TCB has its Head Office in Taipei. It had a Business, International Banking, Finance, Credit Card, Trust and Insurance Agent Departments as well as 269 domestic branches, an offshore banking unit (OBU), 13 overseas branches, 8 overseas sub-branches and 2 representative offices as of June 30, 2020.

The operations of TCB's Trust Department are (1) planning, managing and operating the trust business and (2) custodianship of nondiscretionary trust funds in domestic and overseas securities and mutual funds. These operations are regulated under the Banking Law and Trust Law of the ROC.

TCB merged with the Farmers Bank of China (FBC) on May 1, 2006, with TCB as the survivor entity.

On December 2, 2011, TCB spun off its Security Department for the establishment of Taiwan Cooperative Securities Co., Ltd. (TCS). TCS issued new common shares to TCFHC and became its 100% subsidiary. TCS primarily (a) brokers securities; (b) deals securities; (c) underwrites securities; (d) provides pecuniary and securities financing facilities for the trading of listed securities; (e) trading of futures introducing broker business; (f) futures proprietary trading business; (g) does other business as approved by the authorities.

TCBF, established on May 13, 1998, has a head office in Taipei and a branch in Kaohsiung. TCBF engages in (a) brokering and dealing short-term bills; (b) underwriting commercial paper; (c) acting as registrar of commercial paper; (d) providing guarantees on or endorsements of commercial paper and bank acceptance; (e) brokering call loans between financial institutions; (f) providing consulting services on corporate financial matters; (g) brokering and dealing government bonds; (h) underwriting, brokering and dealing bank debentures; (i) dealing corporate bonds; (j) investment related equity instruments; (k) other operations approved by the authorities.

CAM was established on October 18, 2005; its main businesses are the purchase, appraisal, auction and management of financial institutions' creditors' rights as well as the purchase of accounts receivable and management of overdue receivables. To enhance capital allocation and increase the benefits of capital use, the board of directors of CAM decided to merge CAM and its subsidiary, Cooperative I Asset Management Co., Ltd. The effective date of the merger was December 1, 2014. In this merger, CAM was the survivor entity.

Cooperative Insurance Brokers Co., Ltd. (CIB) was established on November 25, 2005; it is engaged in life and property insurance brokering. In order to integrate resources and enhance operating effectiveness, the board of directors of TCB and CIB decided to merge TCB with CIB. The effective date of the merger was June 24, 2016. In this merger, TCB was the survivor entity.

TCB set up the United Taiwan Bank S.A. (UTB) in Belgium through raising funds with Bank of Taiwan, Land Bank of Taiwan and Taiwan Business Bank. UTB started its operation on December 23, 1992; it is TCB's subsidiary and its main business is in general deposits and loans.

For organizational restructuring purpose, TCB's board of directors resolved to reduce TCB's capital of \$1,524,390 thousand and transferred TCB's long-term equity investments in BNP Paribas Cardif TCB Life Insurance Co., Ltd. (BPCTLI) and Taiwan Cooperative Securities Investment Trust Co., Ltd. (TCSIT) to TCFHC on December 1, 2011. The effective date of the capital reduction was set on April 3, 2012. After this capital reduction, BPCTLI and TCSIT both became 51% subsidiaries of TCFHC. On April 21, 2014, TCFHC acquired 49% of long-term equity investments in TCSIT for \$151,704 thousand. After this acquisition, TCSIT became a 100% subsidiary of TCFHC.

The business of BPCTLI was approved in March 2010. BPCTLI provides insurance: Life, personal injury, health, annuity and investment-linked products.

The business of TCSIT was approved in April 2011. TCSIT engages in the (a) securities investment trust business; (b) discretionary investment business; (c) securities investment consulting business and (d) other businesses as approved by the authorities.

Taiwan Cooperative Venture Capital Co., Ltd. (TCVC) was established on October 1, 2015. TCVC engages in (a) venture capital investments; (b) consulting; and (c) investment consulting.

As of June 30, 2020 and 2019, TCFHC and its subsidiaries (the Company) had 9,338 and 9,173 employees, respectively.

The operating units of the Company maintain their accounts in their respective functional currencies. The consolidated financial statements are presented in New Taiwan dollars.

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by TCFHC's board of directors on August 24, 2020.

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

Impact of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (Collectively, the IFRSs) Announced by IASB But Not Yet Endorsed and Issued into Effect by the FSC and Not Yet Applied by the Company

New IFRSs	Effective Date Announced by IASB (Note 1)
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 2)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 3)
Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”	Effective immediately upon promulgation by the IASB

(Continued)

New IFRSs	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 IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 4)
Amendments to IAS 37 “Onerous Contracts-Cost of Fulfilling a Contract”	January 1, 2022 (Note 5) (Concluded)

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

Note 2: The amendments to IFRS 9 are applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” are applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” are applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2022.

Note 4: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

- IFRS 17 “Insurance Contracts”

IFRS 17 sets out the accounting standards for insurance contracts that will supersede IFRS 4. The main standards of IFRS 17 are as follows:

Level of aggregation

IFRS 17 requires the Company to identify portfolios of insurance contracts, which comprises 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 group of contracts that are onerous at initial recognition;
- A group of contracts that at initial recognition have no significant possibility of becoming onerous subsequently;
- A group of the remaining contracts in the portfolio.

The Company is not permitted to include contracts issued more than one year apart in the same group.

Recognition

The Company shall recognize a group of insurance contracts it issues 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 Company shall include all the future cash flows within the boundary of each contract in the group. The fulfilment cash flows comprises 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 the group of insurance contracts that the Company 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. The derecognition at that date of any asset or liability recognized for insurance acquisition cash flows; and
- c. Any cash flows arising from the contracts in the group at that date.

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, any previously recognized acquisition cash flows and any cash flows arising from the contract at that date is a net outflow. The Company shall recognize a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the 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 Company may simplify the measurement of the liability for remaining coverage of a group of insurance contracts using the Premium Allocation Approach (PAA) on the condition that, at the inception of the group:

- a. The Company 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 Company expects significant variances in the fulfilment cash flows during the period before a claim is incurred, such contracts are not eligible to apply the PAA.

When using the PAA, the liability for remaining coverage shall be initially recognized as the premiums, if any, received at initial recognition, minus any insurance acquisition cash flows. 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 coverage provided in that period, and minus any investment component 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 Company 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 Company 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 Company 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 need only use information available without undue cost or effort. The Company shall apply fair value approach if reasonable and supportable information is unavailable.

Under the fair value approach, the Company 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.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The 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 Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, Regulations Governing the Preparation of Financial Reports by Insurance Enterprises and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual financial statements.

Basis of Preparation

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

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); and
- c. Level 3 inputs are unobservable inputs for the asset or liability.

Basis of Consolidation

TCFHC’s consolidated financial statements incorporate the financial statements of Taiwan Cooperative Financial Holding Co., Ltd. (TCFHC), and the entities controlled by TCFHC, including Taiwan Cooperative Bank, Ltd. (TCB) and its subsidiary, Co-operative Assets Management Co., Ltd. (CAM) and its subsidiary, Taiwan Cooperative Bills Finance Co., Ltd. (TCBF), Taiwan Cooperative Securities Co., Ltd. (TCS), BNP Paribas Cardif TCB Life Insurance Co., Ltd. (BPCTLI), Taiwan Cooperative Securities Investment Trust Co., Ltd. (TCSIT) and Taiwan Cooperative Venture Capital Co., Ltd. (TCVC).

The accounting policies of TCFHC and its subsidiaries are consistent.

All significant intercompany transactions and balances have been eliminated for consolidation purposes. The accompanying consolidated financial statements also include accounts of TCB’s Head Office, OBU, and all branches. All interoffice account balances and transactions have been eliminated.

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.

For more information on the consolidated entities, please see Table 1 (attached).

Other Major Accounting Policies

In addition to the following, refer to the summary of significant accounting policies of the consolidated financial statements for the year ended December 31, 2019.

a. Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including loans and receivables), investments in debt instruments that are measured at FVTOCI, lease receivables, as well as contract assets.

The Company always recognizes lifetime expected credit loss (i.e. ECL) for receivables (excluding receivables of credits and credit cards and accrued interest from debt instruments), and lease receivables. For all other financial instruments, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

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

For internal credit risk management purposes, the Company determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Company):

- 1) Internal or external information show that the debtor is unlikely to pay its creditors.
- 2) When a financial asset is overdue for at least 90 days unless the Company has reasonable and corroborative information to support a more lagged default criterion.

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

Under FSC guidelines, TCB should classify credit assets as sound credit assets or unsound credit assets, with the unsound assets further categorized as special mention, substandard, with collectability highly doubtful and uncollectable, on the basis of the customers' financial position, valuation of collaterals and the length of time of the principal repayments or interest payments that have become overdue.

TCB made 100%, 50%, 10%, 2% and 1% provisions for credits deemed uncollectable, with collectability highly doubtful, substandard, special mention and sound credit assets (excluding assets that represent claims against an ROC government agency), respectively, as minimum provisions. In addition, TCB was required to make provisions of at least 1.5% each for the sound credit assets on loans granted to clients from mainland China (including short-term trading financing) and for mortgage loans granted for housing acquisition, renovation and construction.

Under "The Regulations Governing the Procedures for Bills Finance Companies to Evaluate Assets, Set Aside Loss Reserves, and Handle Nonperforming Credits, Nonaccrual Loans, and Bad Debts" issued by the FSC, TCBF makes the following minimum provisions for losses on credits for these categories: Uncollectable - 100%; with doubtful collectability - 50%; substandard - 10%; "special mention" - 2%; and collectable (excluding assets that represent claims against an ROC government agency) - 1%.

Under the Article 5 of the "Regulations Governing the Procedures for Insurance Institutions to Evaluate Assets and Deal with Nonperforming/Nonaccrual Loans" issued by the FSC, BPCTLI should make sufficient provisions for credit assets.

Credits deemed uncollectable may be written off if the write-off is approved by the board of directors.

b. Provisions

Provisions are the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties on the obligation. A provision is measured using the cash flows estimated to settle the present obligation.

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

The reserves of insurance contracts are recognized in accordance with Regulations Governing the Reserves by Insurance Enterprises and attested by an actuary with accreditation from the Financial Supervisory Commission. According to the No. 852367814 announced by the Insurance Bureau, except for the Company's insurance contracts with a term of less than one year, the insurance liabilities should be calculated based on the higher of its revenue or revenue calculated according to the regulations. The provision basis is summarized as follows:

1) Life policy reserve

Reserve of life policy is calculated according to the Regulations Governing the Reserves by Insurance Enterprises and other rulings promulgated by regulators. Calculation is based on a mortality table and projected interest rate at the time of approval of the insurance product granted by the Insurance Bureau of the Republic of China.

2) Unearned premium reserve

Unearned premiums of effective policies with a term of less than one year and the term of injury insurance exceeding one year are computed, by the policy types, according to the respective actual risk.

3) Claim reserve

Reserve for claim payments is for claims which are reported but not yet paid and incurred but not yet reported (IBNR). Reserve for claim payments which is reported but not yet paid is provided according to a case by case basis based on actual data. Reserve for claim payments which is incurred but not yet reported is provided based on the following rules:

a) Life insurance and health insurance with a term of less than one year

Life insurance and health insurance with a term of less than one year is provided based on historical information and actuarial principles for each type of insurance.

b) Injury insurance

Injury insurance is provided based on historical information and actuarial principles for each type of insurance.

4) Deficiency reserve

For life, health and annuity insurance contracts, whereas insurance term is over one year and insurance premium is lower than the required reserve liability, a further reserve for deficient premiums will be required in addition to the normal insurance reserve.

In addition, for effective insurance contracts with a term less than one year, if the estimated claims and expenses are in excess of the relevant reserve for unearned premium and the expected premium to be received, the excess amount shall be provided as an addition to the deficiency reserve account.

5) Reserve for liability adequacy

According to IFRS 4 “Insurance Contracts”, additional reserve for liability adequacy shall be made pursuant to the results of the Company’s annual insurance liability adequacy tests.

The Company’s liability adequacy test is based on the whole insurance contracts, and is in accordance with Actuarial Standards of Practice of IFRS 4 - “Classification of Contracts and Liability Adequacy Test” issued by the Actuarial Institute of the Republic of China. The adequacy of insurance liabilities must be tested at each balance sheet date. The liability adequacy test is based on the difference between the net carrying amount of insurance liabilities minus deferred acquisition costs and related intangible assets and current estimates of future cash flows from insurance policies. If the net carrying amount is insufficient, the deficiency will be recognized in profit or loss.

6) Insurance contract with financial instrument features

The service fees the Company charges from investment contracts, which do not belong to investment-linked products and are with no discretionary participation features, are recognized as reserve for insurance contracts with financial instrument features. The related acquisition cost will be charged against reserve for insurance contracts with financial instrument features when the relevant insurance contracts become effective. The Company provided the reserve in accordance with the Regulations Governing the Reserves by Insurance Enterprises.

7) Reserve for foreign exchange valuation

For the life insurance enterprises manage its exposure to foreign exchange risks, reduce the cost and strengthen liquidation, in accordance with Regulations Governing the Reserves by Insurance Enterprises and the Company based on its foreign investment asset to provide the foreign exchange valuation.

Under the Guidelines on Life Insurance Reserve for Foreign Exchange Valuation and related amendments, the reserve to be provided and the terms for write-offs against the reserve are as follows:

- a) Special reserve is reclassified to reserve for foreign exchange valuation for three years from the reclassification date. For the first year, the amount cannot be less than one third of the initial amount of net income. For the first two years, the cumulative amounts cannot less than two thirds of the initial amount of net income. In this reclassification, the recovered amount should be calculated in accordance with Regulations Governing the Reserves by Insurance Enterprises.
- b) Provisions: Except for provisions calculated at the total amounts of foreign investments multiplied by the ratio of exposures and the ratio of 0.042 percent, if there is the profit on non-hedging foreign exchange assets, the Company should provide a reserve at 50 percent of the profit.
- c) Write-off amounts: The loss on foreign exchange of the assets without hedge should be written off against the reserve at 50 percent of the loss. The balance of the reserve at the end of a month cannot be less than 20 percent of the amount of the end of the previous year’s cumulative balances. The cumulative balance in 2012 refers to the initial amount of the reserve.
- d) The maximum cumulative reserve is 9.5 percent of the current year’s total foreign investment.

- e) If the Company has savings on hedging cost, it should appropriate from the current year's net profit an amount the same as that of these savings. However, if the net profit is not enough for this appropriation, the appropriation should be made in the year a profit is made. This reserve should be used for capital increase or for offsetting the deficit at least once in three years.
 - f) Ten percent of net profit should be provided as special reserve. However, exemption from this requirement may be obtained under the authorities' approval.
- c. Employee benefits

Retirement benefits

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

- d. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In addition to the following, refer to the critical accounting judgments and key sources of estimation uncertainty of the consolidated financial statements for the year ended December 31, 2019.

- a. Impairment losses on loans

Estimated impairment losses on the Company's loans is based on certain assumptions about the percentage of default and expected losses. The Company makes assumptions and selects the input values for the impairment assessment based on prior experience, the current market situation and forward-looking information.

The assessment of impairment loss also takes into consideration the classification of credit assets and the possible impairment losses based on the length of time the loans have become overdue and the status of collection of the collateral. The Company evaluates the amount of impairment losses based on whether the customer's repayments of principal and interest are overdue and the length of time the payments are overdue, the estimate of value of the collateral and the debtor's financial status. If future actual cash flows are lesser than expected, a material impairment loss may arise.

- b. Insurance liability and liability adequacy test

An independent actuary estimated the insurance liability and tested liability adequacy using certain actuarial principles and assumptions, which included the characteristics of each type of insurance, historical information, loss development factors, expected loss ratio and estimation of future cash flows. The management may adjust the differences between actual results and estimates, if it is necessary.

6. CASH AND CASH EQUIVALENTS

	June 30, 2020	December 31, 2019	June 30, 2019
Cash on hand	\$ 23,566,459	\$ 38,837,415	\$ 22,618,679
Notes and checks in clearing	5,502,320	6,067,358	19,579,990
Due from banks	<u>10,610,448</u>	<u>15,105,656</u>	<u>16,274,578</u>
	39,679,227	60,010,429	58,473,247
Less: Allowance for possible losses	<u>5,419</u>	<u>3,647</u>	<u>3,777</u>
	<u>\$ 39,673,808</u>	<u>\$ 60,006,782</u>	<u>\$ 58,469,470</u>

Reconciliations of cash and cash equivalents between the consolidated statements of cash flows and the consolidated balance sheets as of June 30, 2020 and 2019 are shown in the consolidated statements of cash flows. The reconciliation as of December 31, 2019 are stated below:

	December 31, 2019
Cash and cash equivalent in the consolidated balance sheet	\$ 60,006,782
Due from the Central Bank and call loans to other banks in accordance with the definition of cash and cash equivalents under IAS 7 “Statement of Cash Flows”	28,862,495
Securities purchased under resell agreements in accordance with the definition of cash and cash equivalents under IAS 7 “Statement of Cash Flows”	<u>1,436,329</u>
Cash and cash equivalents, end of the year	<u>\$ 90,305,606</u>

7. DUE FROM THE CENTRAL BANK AND CALL LOANS TO OTHER BANKS

	June 30, 2020	December 31, 2019	June 30, 2019
Reserves for deposits - account A	\$ 53,183,194	\$ 22,529,019	\$ 24,038,876
Reserves for deposits - account B	78,531,072	74,559,407	74,852,033
Reserves for deposits - community financial institutions	62,200,716	60,777,063	59,275,237
Reserves for deposits - foreign-currency deposits	504,968	408,912	399,023
Deposits in the Central Bank	39,200,000	39,200,000	39,200,000
Due from the Central Bank - others	16,524,317	22,485,951	11,428,021
Due from the Central Bank - central government agencies’ deposits	4,749,568	5,641,409	5,790,257
Call loans to banks	<u>48,625,825</u>	<u>38,215,545</u>	<u>46,836,429</u>
	<u>\$ 303,519,660</u>	<u>\$ 263,817,306</u>	<u>\$ 261,819,876</u>

The deposit reserves are determined monthly at prescribed rates based on the average balances of various types of deposit accounts held by the Company. The deposit reserves are subject to withdrawal restrictions, but deposit reserve - account A and foreign-currency deposit reserves may be withdrawn anytime.

Under the guideline issued by the Central Bank of the Republic of China (CBC), Taiwan Cooperative Bank Ltd. should deposit 60 percent of the deposits of central government agencies in the CBC, and the deposits are subject to withdrawal restrictions.

8. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2020	December 31, 2019	June 30, 2019
<u>Financial assets mandatorily classified as at fair value through profit or loss</u>			
Commercial paper	\$ 58,651,536	\$ 37,520,824	\$ 64,166,232
Negotiable certificates of deposit	6,099,425	4,999,773	3,499,793
Beneficial certificates	4,438,196	5,422,409	4,836,316
Investment in equity instruments	3,579,692	3,285,674	2,346,986
Corporate bonds	3,264,036	4,410,829	4,361,961
Convertible bonds	913,587	1,088,914	1,078,204
Bank debentures	349,000	873,028	1,532,905
Acquired loans	244,449	303,196	408,387
Government bonds	99,272	147,338	2,839,603
Commercial paper contracts with reference rate	9,763	4,349	1,701
Currency swap contracts	1,272,754	1,372,738	3,766,026
Futures exchange margins	256,217	157,086	241,010
Convertible bonds assets swap contracts	70,866	181,040	688,132
Forward contracts	61,377	53,994	17,830
Currency option contracts - buy	29,603	28,094	17,676
Cross-currency swap contracts	6,180	10,666	2,929
Interest rate swap contracts	3,202	496,817	234,793
Foreign-currency margin contracts	<u>2,282</u>	<u>119,049</u>	<u>131,770</u>
Financial assets at fair value through profit or loss	<u>\$ 79,351,437</u>	<u>\$ 60,475,818</u>	<u>\$ 90,172,254</u>
<u>Held-for-trading financial liabilities</u>			
Payable - security borrowing	\$ 250,775	\$ 139,434	\$ 168,187
Currency swap contracts	2,922,257	3,796,160	1,280,857
Currency option contract - sell	29,659	28,278	17,729
Interest rate swap contracts	18,775	14,548	19,155
Forward contracts	15,297	13,462	167,270
Asset swap options contracts	8,437	2,989	23,195
Cross-currency swap contracts	<u>4,874</u>	<u>-</u>	<u>10,064</u>
	3,250,074	3,994,871	1,686,457
<u>Financial liabilities designated as at fair value through profit or loss</u>			
Bank debentures (Note 27)	<u>-</u>	<u>12,052,429</u>	<u>12,510,188</u>
Financial liabilities at fair value through profit or loss	<u>\$ 3,250,074</u>	<u>\$ 16,047,300</u>	<u>\$ 14,196,645</u>

As of June 30, 2020, December 31, 2019 and June 30, 2019, financial assets at fair value through profit or loss amounting to \$27,362,107 thousand, \$28,594,352 thousand and \$23,911,060 thousand, respectively, have been sold under repurchase agreements.

TCB enters into derivative transactions mainly to accommodate customers' needs and to manage its exposure to adverse changes in exchange rates and interest rates. TCB's strategy for hedging against risk is to reduce most of the market price risk or cash flow risk.

As of June 30, 2020, December 31, 2019 and June 30, 2019, the contract (notional) amounts of derivative transactions of TCB were as follows:

	June 30, 2020	December 31, 2019	June 30, 2019
Currency swap contracts	\$ 289,625,834	\$ 344,693,125	\$ 404,879,772
Forward contracts	8,234,116	6,701,883	7,239,045
Currency option contracts - sell	5,282,922	5,016,696	4,732,640
Currency option contracts - buy	5,282,922	5,016,696	4,732,640
Interest rate swap contracts	1,700,000	15,836,460	16,340,829
Cross-currency swap contracts	697,195	605,798	1,437,146
Foreign-currency margin contracts	60,765	644,945	666,535

As of June 30, 2020 and December 31, 2019, the open position of futures transactions of TCB were as follows:

		June 30, 2020			
Items	Products	Open Position		Contract	Fair Values
		Buy/Sell	Number of Contracts	Amounts or Premium Paid (Charged)	
Futures contracts	Stock index futures	Sell	1	\$ 2,308	\$ 2,294

		December 31, 2019			
Items	Products	Open Position		Contract	Fair Values
		Buy/Sell	Number of Contracts	Amounts or Premium Paid (Charged)	
Futures contracts	Stock index futures	Sell	10	\$ 23,696	\$ 23,988

As of June 30, 2020, December 31, 2019 and June 30, 2019, the open position of futures and option transactions of Taiwan Cooperative Securities Co., Ltd. (TCS) were as follows:

		June 30, 2020			
Items	Products	Open Position		Contract	Fair Values
		Buy/Sell	Number of Contracts	Amounts or Premium Paid (Charged)	
Futures contracts	Stock index futures	Buy	12	\$ 6,589	\$ 6,652
	Single-stock futures	Buy	433	115,313	116,841
	Commodity futures	Buy	63	27,726	27,871
	Interest rate futures	Sell	2	12,899	13,007
	Stock index futures	Sell	276	349,685	342,256
	Single-stock futures	Sell	643	58,932	59,146
	Commodity futures	Sell	45	37,260	37,871
	Foreign exchange futures	Sell	3	10,395	10,301

		December 31, 2019			
Items	Products	Open Position		Contract	Fair Values
		Buy/Sell	Number of	Amounts or	
			Contracts	Paid	
				(Charged)	
Futures contracts	Single-stock futures	Buy	19	\$ 8,540	\$ 8,390
	Stock index futures	Buy	7	7,480	7,474
	Interest rate futures	Buy	1	5,425	5,446
	Interest rate futures	Sell	36	232,686	232,585
	Stock index futures	Sell	451	188,670	188,812
	Single-stock futures	Sell	243	46,597	46,597
	Commodity futures	Sell	9	19,743	20,009
	Foreign exchange futures	Sell	2	6,940	6,930

		June 30, 2019			
Items	Products	Open Position		Contract	Fair Values
		Buy/Sell	Number of	Amounts or	
			Contracts	Paid	
				(Charged)	
Futures contracts	Interest rate futures	Buy	1	\$ 5,510	\$ 5,515
	Stock index futures	Buy	20	39,214	38,850
	Single-stock futures	Buy	190	34,207	34,462
	Commodity futures	Buy	2	8,774	8,782
	Interest rate futures	Sell	66	411,605	414,022
	Stock index futures	Sell	322	426,156	428,002
	Single-stock futures	Sell	36	14,534	14,909
	Commodity futures	Sell	37	69,743	69,582
	Foreign exchange futures	Sell	6	21,828	21,736

As of June 30, 2020, December 31, 2019 and June 30, 2019, the contract (notional) amounts of asset swap options contracts of TCS were as follows:

	June 30, 2020	December 31, 2019	June 30, 2019
Asset swap options contracts	\$ 85,000	\$ 124,200	\$ 340,500

As of June 30, 2020, December 31, 2019 and June 30, 2019, the contract (notional) amounts of currency swap contracts and interest rate swap contracts of TCS were as follows:

	June 30, 2020	December 31, 2019	June 30, 2019
Currency swap contracts	\$ -	\$ 104,930	\$ 40,321
Interest rate swap contracts	600,000	600,000	39,000,000

BNP Paribas Cardif TCB Life Insurance Co., Ltd. (BPCTLI) engages in currency swap contracts to reduce risks due to exchange rate fluctuations. The objective of financial risk management of BPCTLI is to manage substantial risks due to changes in fair value or cash flow.

As of June 30, 2020, December 31, 2019 and June 30, 2019, the contract (notional) amounts of derivative transactions of BPCTLI were as follows:

	June 30, 2020	December 31, 2019	June 30, 2019
Currency swap contracts	\$ 11,291,355	\$ 11,971,264	\$ 13,843,502

BPCTLI has applied IFRS 9 since 2018, and choose to apply IFRS 4 “Insurance Contracts” the overlay approach to recognize in profit or loss. The financial assets designated for the overlay approach were as follows:

	June 30, 2020	December 31, 2019	June 30, 2019
<u>Financial assets at FVTPL</u>			
Beneficial certificates	\$ 3,937,953	\$ 4,745,210	\$ 3,945,698
Investment in equity instruments	468,609	579,428	523,877

For the six months ended June 30, 2020 and 2019, for the financial assets designated for the overlay approach, the amount reclassified between profit or loss and other comprehensive income were as follows:

	For the Six Months Ended June 30	
	2020	2019
Profit or loss on application of IFRS 9	\$ (99,246)	\$ 547,405
Less: Profit or loss from application of IAS 39	<u>160,397</u>	<u>248,428</u>
Gain or loss on reclassification of overlay approach	<u>\$ (259,643)</u>	<u>\$ 298,977</u>

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	June 30, 2020	December 31, 2019	June 30, 2019
<u>Investment in equity instruments at FVTOCI</u>			
Listed shares and emerging market shares	\$ 24,432,814	\$ 12,108,964	\$ 11,902,074
Unlisted shares	<u>5,517,555</u>	<u>5,416,359</u>	<u>5,013,183</u>
	<u>29,950,369</u>	<u>17,525,323</u>	<u>16,915,257</u>
<u>Investments in debt instruments at FVTOCI</u>			
Government bonds	220,697,718	188,054,791	159,198,586
Corporate bonds	112,114,828	110,095,314	102,942,873
Bank debentures	<u>85,506,337</u>	<u>66,180,172</u>	<u>63,501,735</u>
	<u>418,318,883</u>	<u>364,330,277</u>	<u>325,643,194</u>
	<u>\$ 448,269,252</u>	<u>\$ 381,855,600</u>	<u>\$ 342,558,451</u>

These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes or for receiving dividends. Accordingly, the management elected to designate these investments in equity instruments as 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 Company’s strategy of holding these investments for long-term purposes.

For the purpose of risk diversification and profit strategy, the Company adjusted the investment position to sell part of equity instruments in the amounts of \$5,758,928 thousand and \$2,737,719 thousand for the six months ended June 30, 2020 and 2019, respectively. The accumulated unrealized gain of financial assets at FVTOCI under other equity in the amount of \$311,045 thousand and \$32,401 thousand has been transferred to retained earnings, respectively.

For the three months and the six months ended June 30, 2020 and 2019, the Company recognized dividends revenue \$325,064 thousand, \$196,834 thousand, \$348,138 thousand and \$196,834 thousand, respectively, also derecognized amounts related to investments \$104,393 thousand, \$6,086 thousand, \$104,393 thousand and \$6,086 thousand, respectively, compared to the amounts held on June 30, 2020 and 2019 which were \$243,745 thousand and \$190,748 thousand, respectively.

As of June 30, 2020, December 31, 2019 and June 30, 2019, the allowance for possible losses of investment in debt instruments at FVTOCI recognized was \$130,331 thousand, \$104,428 thousand and \$94,804 thousand, respectively, through expected credit loss. Impairment loss recognized in profit or loss for the three months and six months ended June 30, 2020 and 2019 were \$17,490 thousand, \$5,615 thousand, \$31,947 thousand and \$5,248 thousand, respectively.

As of June 30, 2020, December 31, 2019 and June 30, 2019, financial assets at fair value through other comprehensive income amounting to \$25,129,122 thousand, \$16,124,558 thousand and \$18,793,372 thousand, respectively, had been sold under repurchase agreements.

10. INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST

	June 30, 2020	December 31, 2019	June 30, 2019
Negotiable certificates of deposit in the Central Bank	\$ 445,960,000	\$ 386,260,000	\$ 388,180,000
Government bonds	109,267,236	107,778,975	104,209,674
Corporate bonds	43,365,845	43,372,329	39,504,673
Bank debentures	14,323,544	20,207,214	22,909,613
Certificates of deposit	<u>812,040</u>	<u>278,907</u>	<u>288,858</u>
	613,728,665	557,897,425	555,092,818
Less: Allowance for impairment loss	<u>48,856</u>	<u>48,481</u>	<u>46,950</u>
	<u>\$ 613,679,809</u>	<u>\$ 557,848,944</u>	<u>\$ 555,045,868</u>

Impairment loss recognized in profit or loss for the three months and the six months ended June 30, 2020 and 2019 were \$573 thousand gains, \$1,090 thousand losses, \$447 thousand losses and \$2,175 thousand gains, respectively.

11. SECURITIES PURCHASED UNDER RESELL AGREEMENTS

Securities acquired for \$1,119,474 thousand \$1,436,329 thousand and \$2,110,685 thousand under resell agreements as of June 30, 2020, December 31, 2019 and June 30, 2019, respectively, will subsequently be sold for \$1,119,890 thousand, \$1,437,169 thousand and \$2,111,867 thousand, respectively.

As of December 31, 2019 and June 30, 2019, securities purchased under resell agreements amounting to \$30,996 thousand and \$32,113 thousand, respectively had been sold under repurchase agreements.

12. RECEIVABLES, NET

	June 30, 2020	December 31, 2019	June 30, 2019
Accrued interest	\$ 7,950,091	\$ 9,704,380	\$ 9,635,121
Settlement consideration	5,642,109	3,155,981	2,470,904
Settlement receivable	5,442,765	2,678,150	2,011,780
Margin loans receivable	3,641,129	4,298,212	3,934,992
Credit cards	3,181,760	4,397,510	5,879,415
Acceptances	3,167,273	3,139,891	2,410,750
Lease payment receivable	2,422,290	2,793,859	2,620,333
Receivable on securities	2,167,213	1,189,001	2,172,387
Receivables on merchant accounts in the credit card business	1,439,142	1,051,907	816,464
Receivables on financing provided	607,165	860,467	852,404
Accounts receivable	423,791	578,130	544,983
Credits receivable	393,477	456,459	457,878
Receivable - separated account	280,114	-	-
Refundable deposits receivable in leasehold agreements	183,993	183,993	183,993
Dividends receivable	170,518	738	68,370
Accounts receivable factored without recourse	127,120	246,992	223,652
Others	996,736	622,741	592,283
	<u>38,236,686</u>	<u>35,358,411</u>	<u>34,875,709</u>
Less: Allowance for possible losses	832,276	881,849	821,068
Less: Unrealized interest revenue	<u>146,381</u>	<u>191,850</u>	<u>182,764</u>
	<u>\$ 37,258,029</u>	<u>\$ 34,284,712</u>	<u>\$ 33,871,877</u>

Credits receivable due to the merger with the Farmers Bank of China on May 1, 2006 were recognized at the fair value of credits written off by the Farmers Bank of China in the past. The fair values were evaluated by PricewaterhouseCoopers Financial Advisory Service Co., Ltd.

The changes in the impairment assessment of receivables and allowance for possible losses of credits, credit cards, and accrued interest from debt instruments are summarized below:

Gross Carrying Amount	12-month ECL	Lifetime ECL (Collective Assessment)	Lifetime ECL (Non-purchased or Non-originated Credit-impaired Financial Assets)	Total
Balance at January 1, 2020	\$ 20,762,410	\$ 48,850	\$ 185,004	\$ 20,996,264
Transfers to				
Lifetime ECL	(22,770)	22,785	(15)	-
Credit-impaired financial assets	(8,018)	(3,968)	11,986	-
12-month ECL	12,528	(12,252)	(276)	-
New financial assets purchased or originated	41,346,572	51,975	119,197	41,517,744
Write-offs	-	-	(71,480)	(71,480)
Derecognition of financial assets in the current reporting period	(44,317,365)	(56,882)	(63,989)	(44,438,236)
Changes in exchange rates and other changes	<u>(438,945)</u>	<u>-</u>	<u>(10)</u>	<u>(438,955)</u>
Balance at June 30, 2020	<u>\$ 17,334,412</u>	<u>\$ 50,508</u>	<u>\$ 180,417</u>	<u>\$ 17,565,337</u>

Gross Carrying Amount	12-month ECL	Lifetime ECL (Collective Assessment)	Lifetime ECL (Non-purchased or Non-originated Credit-impaired Financial Assets)	Total
Balance at January 1, 2019	\$ 20,357,759	\$ 44,951	\$ 154,180	\$ 20,556,890
Transfers to				
Lifetime ECL	(26,055)	26,118	(63)	-
Credit-impaired financial assets	(11,023)	(2,102)	13,125	-
12-month ECL	9,968	(8,885)	(1,083)	-
New financial assets purchased or originated	25,832,359	52,912	60,177	25,945,448
Write-offs	-	-	(14,941)	(14,941)
Derecognition of financial assets in the current reporting period	(25,038,087)	(67,046)	(47,110)	(25,152,243)
Changes in exchange rates and other changes	<u>(144,983)</u>	<u>-</u>	<u>26</u>	<u>(144,957)</u>
Balance at June 30, 2019	<u>\$ 20,979,938</u>	<u>\$ 45,948</u>	<u>\$ 164,311</u>	<u>\$ 21,190,197</u>

Allowance for Possible Losses	12-month ECL	Lifetime ECL (Collective Assessment)	Lifetime ECL (Non-purchased or Non-originated Credit-impaired Financial Assets)	Impairment Loss under IFRS 9	Difference of Impairment Loss under Regulations	Total
Balance at January 1, 2020	\$ 49,498	\$ 13,869	\$ 77,288	\$ 140,655	\$ 149,395	\$ 290,050
Changes from financial instruments recognized at the beginning of the current reporting period						
Transfers to						
Lifetime ECL	(327)	328	(1)	-	-	-
Credit-impaired financial assets	(314)	(812)	1,126	-	-	-
12-month ECL	3,286	(3,219)	(67)	-	-	-
Derecognition of financial assets in the current reporting period	(15,351)	(18,650)	(29,835)	(63,836)	-	(63,836)
Reversal from financial instruments recognized at the beginning of the current reporting period	(4,783)	5,352	(12,047)	(11,478)	-	(11,478)
New financial assets purchased or originated	23,397	14,110	84,482	121,989	-	121,989
Difference of impairment loss under regulations	-	-	-	-	(15,928)	(15,928)
Write-offs	-	-	(71,480)	(71,480)	-	(71,480)
Recovery of written-off receivables	-	-	432	432	-	432
Changes in exchange rates and other changes	<u>(21,500)</u>	<u>-</u>	<u>19,621</u>	<u>(1,879)</u>	<u>-</u>	<u>(1,879)</u>
Balance at June 30, 2020	<u>\$ 33,906</u>	<u>\$ 10,978</u>	<u>\$ 69,519</u>	<u>\$ 114,403</u>	<u>\$ 133,467</u>	<u>\$ 247,870</u>

Allowance for Possible Losses	12-month ECL	Lifetime ECL (Collective Assessment)	Lifetime ECL (Non-purchased or Non-originated Credit-impaired Financial Assets)	Impairment Loss under IFRS 9	Difference of Impairment Loss under Regulations	Total
Balance at January 1, 2019	\$ 47,086	\$ 11,458	\$ 36,154	\$ 94,698	\$ 105,414	\$ 200,112
Changes from financial instruments recognized at the beginning of the current reporting period						
Transfers to						
Lifetime ECL	(331)	337	(6)	-	-	-
Credit-impaired financial assets	(318)	(467)	785	-	-	-
12-month ECL	2,279	(1,991)	(288)	-	-	-
Derecognition of financial assets in the current reporting period	(38,006)	(19,569)	(33,644)	(91,219)	-	(91,219)
Reversal from financial instruments recognized at the beginning of the current reporting period	(1,845)	5,119	35,750	39,024	-	39,024
New financial assets purchased or originated	28,911	16,600	31,667	77,178	-	77,178
Difference of impairment loss under regulations	-	-	-	-	(9,613)	(9,613)
Write-offs	-	-	(14,941)	(14,941)	-	(14,941)
Recovery of written-off receivables	-	-	2,724	2,724	-	2,724
Changes in exchange rates and other changes	<u>2,126</u>	<u>-</u>	<u>(2,008)</u>	<u>118</u>	<u>-</u>	<u>118</u>
Balance at June 30, 2019	<u>\$ 39,902</u>	<u>\$ 11,487</u>	<u>\$ 56,193</u>	<u>\$ 107,582</u>	<u>\$ 95,801</u>	<u>\$ 203,383</u>

Impairment assessment, except the above receivables was based on the expected credit loss model at the beginning of the current reporting period by the simplified method. On June 30, 2020, December 31, 2019 and June 30, 2019, the amounts of impairment of receivables were assessed as \$20,671,349 thousand, \$14,362,147 thousand and \$13,685,512 thousand, respectively, and the amounts of allowance for possible losses were \$584,406 thousand, \$591,799 thousand and \$617,685 thousand, respectively.

The changes in allowance for possible losses by using the simplified method are summarized below:

	For the Six Months Ended June 30	
	2020	2019
Balance at January 1	\$ 591,799	\$ 616,898
Provision for possible losses	3,415	4,938
Write-offs	(9,979)	(9,306)
Recovery of written-off receivables	172	5,042
Effects of exchange rate changes	<u>(1,001)</u>	<u>113</u>
Balance at June 30	<u>\$ 584,406</u>	<u>\$ 617,685</u>

13. DISCOUNTS AND LOANS, NET

	June 30, 2020	December 31, 2019	June 30, 2019
Bills discounted	\$ 2,128,174	\$ 1,958,364	\$ 2,362,499
Overdraft			
Unsecured	63,833	76,441	102,942
Secured	35,241	33,123	74,746
Import and export negotiations	312,693	593,669	1,136,282
Short-term loans			
Unsecured	289,895,202	303,476,993	283,147,009
Accounts receivable financing	261,691	417,844	628,166
Secured	208,312,709	215,171,974	204,168,624
Medium-term loans			
Unsecured	358,650,225	337,513,275	332,961,183
Secured	349,889,552	308,947,041	303,701,758
Long-term loans			
Unsecured	33,912,840	30,990,954	28,810,044
Secured	1,030,069,174	1,015,513,426	990,334,364
Overdue loans	8,736,981	5,847,989	6,430,028
Life insurance loan	414,685	713,885	740,482
Temporary insurance paid	<u>53,812</u>	<u>49,902</u>	<u>44,039</u>
	2,282,736,812	2,221,304,880	2,154,642,166
Less: Allowance for possible losses	26,802,983	27,376,392	27,659,349
Less: Adjustment of discount	<u>479,199</u>	<u>511,471</u>	<u>534,764</u>
	<u>\$ 2,255,454,630</u>	<u>\$ 2,193,417,017</u>	<u>\$ 2,126,448,053</u>

The changes in gross carrying amount and allowance for possible losses of discounts and loans are summarized below:

Gross Carrying Amount	12-month ECL	Lifetime ECL (Collective Assessment)	Lifetime ECL (Non-purchased or Non-originated Credit-impaired Financial Assets)	Total
Balance at January 1, 2020	\$ 2,181,142,309	\$ 2,524,438	\$ 37,638,133	\$ 2,221,304,880
Transfers to				
Lifetime ECL	(3,117,087)	3,148,812	(31,725)	-
Credit-impaired financial assets	(5,691,696)	(559,529)	6,251,225	-
12-month ECL	784,272	(576,290)	(207,982)	-
New financial assets purchased or originated	610,659,715	212,151	846,371	611,718,237
Write-offs	-	-	(4,093,365)	(4,093,365)
Derecognition of financial assets in the current reporting period	(536,744,721)	(502,022)	(4,130,179)	(541,376,922)
Changes in exchange rates and other changes	<u>(4,684,241)</u>	<u>(19,492)</u>	<u>(112,285)</u>	<u>(4,816,018)</u>
Balance at June 30, 2020	<u>\$ 2,242,348,551</u>	<u>\$ 4,228,068</u>	<u>\$ 36,160,193</u>	<u>\$ 2,282,736,812</u>

Gross Carrying Amount	12-month ECL	Lifetime ECL (Collective Assessment)	Lifetime ECL (Non-purchased or Non-originated Credit-impaired Financial Assets)	Total
Balance at January 1, 2019	\$ 2,051,978,195	\$ 2,960,372	\$ 32,411,101	\$ 2,087,349,668
Transfers to				
Lifetime ECL	(3,005,470)	3,053,519	(48,049)	-
Credit-impaired financial assets	(4,976,324)	(589,225)	5,565,549	-
12-month ECL	2,012,729	(753,575)	(1,259,154)	-
New financial assets purchased or originated	576,083,160	154,050	2,107,096	578,344,306
Write-offs	-	-	(2,206,584)	(2,206,584)
Derecognition of financial assets in the current reporting period	(502,142,921)	(678,523)	(3,156,910)	(505,978,354)
Changes in exchange rates and other changes	<u>(2,892,826)</u>	<u>27,599</u>	<u>(1,643)</u>	<u>(2,866,870)</u>
Balance at June 30, 2019	<u>\$ 2,117,056,543</u>	<u>\$ 4,174,217</u>	<u>\$ 33,411,406</u>	<u>\$ 2,154,642,166</u>

Allowance for Possible Losses	12-month ECL	Lifetime ECL (Collective Assessment)	Lifetime ECL (Non-purchased or Non-originated Credit-impaired Financial Assets)	Impairment Loss under IFRS 9	Difference of Impairment Loss under Regulations	Total
Balance at January 1, 2020	\$ 4,383,474	\$ 15,152	\$ 5,790,070	\$ 10,188,696	\$ 17,187,696	\$ 27,376,392
Changes from financial instruments recognized at the beginning of the current reporting period						
Transfers to						
Lifetime ECL	(9,610)	19,260	(9,650)	-	-	-
Credit-impaired financial assets	(78,099)	(5,635)	83,734	-	-	-
12-month ECL	17,617	(1,056)	(16,561)	-	-	-
Derecognition of financial assets in the current reporting period	(1,393,018)	(1,106)	(1,301,946)	(2,696,070)	-	(2,696,070)
Reversal from financial instruments recognized at the beginning of the current reporting period	(453,792)	5,323	4,823,844	4,375,375	-	4,375,375
New financial assets purchased or originated	1,497,120	2,076	37,247	1,536,443	-	1,536,443
Difference of impairment loss under regulations	-	-	-	-	(47,158)	(47,158)
Write-offs	-	-	(4,093,365)	(4,093,365)	-	(4,093,365)
Recovery of write-off credits	-	-	428,965	428,965	-	428,965
Changes in exchange rates and other changes	<u>(36,926)</u>	<u>(4,836)</u>	<u>(35,837)</u>	<u>(77,599)</u>	<u>-</u>	<u>(77,599)</u>
Balance at June 30, 2020	<u>\$ 3,926,766</u>	<u>\$ 29,178</u>	<u>\$ 5,706,501</u>	<u>\$ 9,662,445</u>	<u>\$ 17,140,538</u>	<u>\$ 26,802,983</u>

Allowance for Possible Losses	12-month ECL	Lifetime ECL (Collective Assessment)	Lifetime ECL (Non-purchased or Non-originated Credit-impaired Financial Assets)	Impairment Loss under IFRS 9	Difference of Impairment Loss under Regulations	Total
Balance at January 1, 2019	\$ 3,785,613	\$ 9,005	\$ 4,570,540	\$ 8,365,158	\$ 18,033,152	\$ 26,398,310
Changes from financial instruments recognized at the beginning of the current reporting period						
Transfers to						
Lifetime ECL	(4,438)	9,092	(4,654)	-	-	-
Credit-impaired financial assets	(17,080)	(2,474)	19,554	-	-	-
12-month ECL	92,259	(1,316)	(90,943)	-	-	-
Derecognition of financial assets in the current reporting period	(1,262,803)	(1,759)	(572,134)	(1,836,696)	-	(1,836,696)
Reversal from financial instruments recognized at the beginning of the current reporting period	120,693	8,052	1,018,156	1,146,901	-	1,146,901
New financial assets purchased or originated	1,597,672	639	474,060	2,072,371	-	2,072,371
Difference of impairment loss under regulations	-	-	-	-	1,097,182	1,097,182
Write-offs	-	-	(2,206,584)	(2,206,584)	-	(2,206,584)
Recovery of write-off credits	-	-	959,044	959,044	-	959,044
Changes in exchange rates and other changes	19,490	923	8,408	28,821	-	28,821
Balance at June 30, 2019	<u>\$ 4,331,406</u>	<u>\$ 22,162</u>	<u>\$ 4,175,447</u>	<u>\$ 8,529,015</u>	<u>\$ 19,130,334</u>	<u>\$ 27,659,349</u>

The bad-debt expenses and provision for losses on guarantees for the three months and the six months ended June 30, 2020 and 2019 were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Provision for possible losses on discounts and loans	\$ 2,282,949	\$ 860,712	\$ 3,168,590	\$ 2,479,758
Provision (reversal of provision) for possible losses on receivables	(62,073)	15,637	34,162	20,308
Provision (reversal of provision) for possible losses on overdue receivables	55,316	(3,195)	78,988	30,691
Provision (reversal of provision) for possible losses on guarantees	51,620	25,324	(26,413)	(68,422)
Provision (reversal of provision) for possible losses on loan commitment	3,931	458	(12,916)	9,391
Provision (reversal of provision) for other possible losses	<u>(5,623)</u>	<u>(6,171)</u>	<u>(6,135)</u>	<u>(3,719)</u>
	<u>\$ 2,326,120</u>	<u>\$ 892,765</u>	<u>\$ 3,236,276</u>	<u>\$ 2,468,007</u>

As of June 30, 2020, December 31, 2019 and June 30, 2019, TCB was in compliance with the FSC-required provision for credit assets.

As of June 30, 2020, December 31, 2019 and June 30, 2019, accrual of interest on the above overdue loans had been stopped. Thus, the unrecognized interest revenue was \$72,843 thousand and \$64,974 thousand for the six months ended June 30, 2020 and 2019, respectively, based on the average loan interest rate for the year.

14. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	June 30, 2020		December 31, 2019		June 30, 2019	
	Amount	Percentage of Ownership (%)	Amount	Percentage of Ownership (%)	Amount	Percentage of Ownership (%)
<u>Investment in associate</u>						
United Real Estate Management Co., Ltd.	\$ 129,094	30.00	\$ 131,500	30.00	\$ 130,210	30.00
Mesh Corporative Venture Inc.	<u>2,581</u>	33.00	<u>3,294</u>	33.00	<u>-</u>	-
	<u>\$ 131,675</u>		<u>\$ 134,794</u>		<u>\$ 130,210</u>	

Aggregate information of associate that is not individually material:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
The Company's share of:				
Net income	\$ 4,866	\$ 5,941	\$ 3,962	\$ 9,185
Other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u>\$ 4,866</u>	<u>\$ 5,941</u>	<u>\$ 3,962</u>	<u>\$ 9,185</u>

The Company should have received \$7,081 thousand and \$6,069 thousand dividends from United Real Estate Management Co., Ltd. for the six months ended June 30, 2020 and 2019, respectively. The dividends are recognized as a reduction of investments accounted for using equity method.

Except for United Real Estate Management Co., Ltd., the Company's share of profit or loss and other comprehensive income of the associates accounted for using equity method for the six months ended June 30, 2020 and 2019 were based on the associates' financial statements that have not been audited. Management believes there is no material impact on the equity method of accounting or the calculation of the share of profit or loss and other comprehensive income from the financial statements of the associates that have not been audited.

15. OTHER FINANCIAL ASSETS, NET

	June 30, 2020	December 31, 2019	June 30, 2019
Overdue receivables	\$ 128,533	\$ 99,024	\$ 105,946
Less: Allowance for possible losses	<u>110,339</u>	<u>91,249</u>	<u>95,638</u>
Overdue receivables, net	18,194	7,775	10,308
Due from banks	13,127,064	19,150,780	19,875,010
Security borrowing margin	367,232	209,516	257,877
Separate-account assets (Note 31)	94,581,074	109,228,185	103,197,944
Call loans to securities firms	<u>265,050</u>	<u>-</u>	<u>-</u>
	<u>\$ 108,358,614</u>	<u>\$ 128,596,256</u>	<u>\$ 123,341,139</u>

Due from banks (part of other financial assets, net) held by the Company were demand deposits and time deposits that could not be withdrawn and time deposits had maturity periods of more than three months and could not be used before maturity.

16. INVESTMENT PROPERTIES, NET

	June 30, 2020	December 31, 2019	June 30, 2019
Land	\$ 8,494,926	\$ 8,149,105	\$ 7,499,964
Buildings	<u>2,810,049</u>	<u>2,677,336</u>	<u>2,460,267</u>
	<u>\$ 11,304,975</u>	<u>\$ 10,826,441</u>	<u>\$ 9,960,231</u>
	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2020	\$ 8,149,105	\$ 3,632,616	\$ 11,781,721
Additions	382,621	219,241	601,862
Disposals	(36,800)	(37,481)	(74,281)
Reclassification	<u>-</u>	<u>(3,165)</u>	<u>(3,165)</u>
Balance at June 30, 2020	<u>\$ 8,494,926</u>	<u>\$ 3,811,211</u>	<u>\$ 12,306,137</u>
Balance at January 1, 2019	\$ 7,207,192	\$ 3,106,817	\$ 10,314,009
Additions	292,772	214,820	507,592
Reclassification	<u>-</u>	<u>(3,077)</u>	<u>(3,077)</u>
Balance at June 30, 2019	<u>\$ 7,499,964</u>	<u>\$ 3,318,560</u>	<u>\$ 10,818,524</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2020	\$ -	\$ 955,280	\$ 955,280
Disposals	-	(2,552)	(2,552)
Depreciation expenses	<u>-</u>	<u>48,434</u>	<u>48,434</u>
Balance at June 30, 2020	<u>\$ -</u>	<u>\$ 1,001,162</u>	<u>\$ 1,001,162</u>
Balance at January 1, 2019	\$ -	\$ 817,470	\$ 817,470
Depreciation expenses	<u>-</u>	<u>40,823</u>	<u>40,823</u>
Balance at June 30, 2019	<u>\$ -</u>	<u>\$ 858,293</u>	<u>\$ 858,293</u>

Investment properties (except for land) are depreciated using the straight-line method over service lives estimated as follows:

Main buildings	50 years
Equipment installed in buildings	5-15 years

As of December 31, 2019 and 2018, the fair value of investment properties was \$25,209,392 thousand and \$24,204,429 thousand, respectively. The fair value was determined through calculations using the market value method and estimates based on market quotes. The management of the Company had assessed and determined that there was no significant changes in the fair value of investment properties for the six months ended June 30, 2020 and 2019.

The revenues generated from the investment properties are summarized as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Rental income from investment properties (part of other noninterest gains, net)	\$ 117,995	\$ 125,898	\$ 244,652	\$ 248,536
Direct operating expenses for investment properties that generate rental income	<u>(38,992)</u>	<u>(36,956)</u>	<u>(78,033)</u>	<u>(73,240)</u>
	<u>\$ 79,003</u>	<u>\$ 88,942</u>	<u>\$ 166,619</u>	<u>\$ 175,296</u>

Lease agreements on investment properties owned by the Company and rented to others are operating lease. Rentals are calculated on the basis of the leased areas and are receivable monthly, quarterly or semiannually. The lessees have no preemptive rights to buy properties at the end of the lease agreements. As of June 30, 2020, December 31, 2019 and June 30, 2019, guarantee deposits received on these leases totaled \$91,877 thousand, \$95,043 thousand, \$86,460 thousand, respectively. Minimum future annual rentals are as follows:

	June 30, 2020	December 31, 2019	June 30, 2019
Year 1	\$ 355,646	\$ 409,542	\$ 409,106
Year 2	320,318	344,075	346,286
Year 3	256,158	316,310	317,879
Year 4	188,930	219,299	261,616
Year 5	103,474	186,163	198,131
Over five years	<u>24,739</u>	<u>415,132</u>	<u>566,714</u>
	<u>\$ 1,249,265</u>	<u>\$ 1,890,521</u>	<u>\$ 2,099,732</u>

17. PROPERTIES AND EQUIPMENT, NET

	June 30, 2020	December 31, 2019	June 30, 2019
<u>Carrying amount</u>			
Land	\$ 20,715,304	\$ 20,715,350	\$ 20,971,250
Buildings	10,994,951	11,281,242	11,385,508
Machinery and equipment	1,152,588	1,022,181	417,610
Transportation equipment	114,575	103,116	98,392
Other equipment	245,823	238,354	222,551
Leasehold improvements	195,446	156,569	147,051
Prepayments for equipment, land and buildings and construction in progress	<u>201,720</u>	<u>254,681</u>	<u>410,445</u>
	<u>\$ 33,620,407</u>	<u>\$ 33,771,493</u>	<u>\$ 33,652,807</u>

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Leasehold Improvements	Prepayments for Equipment, Land and Buildings and Construction in Progress	Total
Cost								
Balance at January 1, 2020	\$ 20,730,527	\$ 19,286,111	\$ 4,747,396	\$ 637,030	\$ 1,404,396	\$ 1,017,917	\$ 254,681	\$ 48,078,058
Additions	-	59,875	141,565	23,125	46,061	55,959	165,084	491,669
Disposals	-	(93,903)	(58,033)	(14,258)	(18,325)	(6,366)	-	(190,885)
Reclassification	-	24,081	166,072	1,703	2,439	11,571	(218,015)	(12,149)
Effects of exchange rate changes	(46)	(97)	(5,269)	(617)	(3,652)	(2,510)	(30)	(12,221)
Balance at June 30, 2020	<u>\$ 20,730,481</u>	<u>\$ 19,276,067</u>	<u>\$ 4,991,731</u>	<u>\$ 646,983</u>	<u>\$ 1,430,919</u>	<u>\$ 1,076,571</u>	<u>\$ 201,720</u>	<u>\$ 48,354,472</u>
Balance at January 1, 2019	\$ 20,948,845	\$ 19,063,052	\$ 4,307,593	\$ 623,596	\$ 1,360,114	\$ 953,168	\$ 316,634	\$ 47,573,002
Additions	-	26,640	67,256	30,152	28,194	36,686	182,031	370,959
Disposals	-	-	(149,686)	(7,243)	(9,903)	(1,490)	-	(168,322)
Reclassification	37,554	29,290	13,707	-	520	688	(88,251)	(6,492)
Effects of exchange rate changes	28	59	1,450	217	435	1,432	31	3,652
Balance at June 30, 2019	<u>\$ 20,986,427</u>	<u>\$ 19,119,041</u>	<u>\$ 4,240,320</u>	<u>\$ 646,722</u>	<u>\$ 1,379,360</u>	<u>\$ 990,484</u>	<u>\$ 410,445</u>	<u>\$ 47,772,799</u>
	Land	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Leasehold Improvements	Total	
Accumulated depreciation and impairment								
Balance at January 1, 2020	\$ 15,177	\$ 8,004,869	\$ 3,725,215	\$ 533,914	\$ 1,166,042	\$ 861,348	\$ 14,306,565	
Disposals	-	(61,868)	(57,989)	(14,258)	(18,325)	(6,366)	(158,806)	
Depreciation expenses	-	338,215	174,375	13,200	38,230	27,940	591,960	
Effects of exchange rate changes	-	(100)	(2,458)	(448)	(851)	(1,797)	(5,654)	
Balance at June 30, 2020	<u>\$ 15,177</u>	<u>\$ 8,281,116</u>	<u>\$ 3,839,143</u>	<u>\$ 532,408</u>	<u>\$ 1,185,096</u>	<u>\$ 881,125</u>	<u>\$ 14,734,065</u>	
Balance at January 1, 2019	\$ 15,177	\$ 7,400,984	\$ 3,866,741	\$ 544,213	\$ 1,126,513	\$ 816,165	\$ 13,769,793	
Disposals	-	-	(147,472)	(7,231)	(9,891)	(1,490)	(166,084)	
Depreciation expenses	-	332,500	102,326	11,576	40,446	27,782	514,630	
Effects of exchange rate changes	-	49	1,115	(228)	(259)	976	1,653	
Balance at June 30, 2019	<u>\$ 15,177</u>	<u>\$ 7,733,533</u>	<u>\$ 3,822,710</u>	<u>\$ 548,330</u>	<u>\$ 1,156,809</u>	<u>\$ 843,433</u>	<u>\$ 14,119,992</u>	

Taiwan Cooperative Bank, Ltd. (TCB) revalued its properties five times in 1979, 1998, 2007, 2011 and 2012. As of June 30, 2020, the reserve for land revaluation increment tax (part of deferred tax liabilities) was \$2,596,230 thousand.

Properties and equipment are depreciated on the straight-line method over service lives estimated as follows:

Buildings

Main buildings	37 to 50 years
Equipment installed in buildings	10 to 15 years
Machinery and equipment	3 to 10 years
Transportation equipment	4 to 10 years
Other equipment	2 to 20 years
Leasehold improvements	2 to 10 years

In testing assets for impairment, TCB defined each operating unit or operating segment as a cash-generating unit (CGU). The recoverable amount of a CGU was determined at its value in use for properties and equipment. The discount rates for the CGUs' value in use were 7.54%, 7.54% and 8.69% as of June 30, 2020, December 31, 2019 and June 30, 2019, respectively.

18. LEASE ARRANGEMENTS

a. Right-of-use assets

	June 30, 2020	December 31, 2019	June 30, 2019	
<u>Carrying amounts</u>				
Land	\$ 16,610	\$ 14,838	\$ 2,912	
Buildings	1,610,079	1,623,628	1,569,818	
Transportation equipment	66,025	63,519	52,503	
Other equipment	<u>19,643</u>	<u>21,627</u>	<u>24,294</u>	
	<u>\$ 1,712,357</u>	<u>\$ 1,723,612</u>	<u>\$ 1,649,527</u>	
	<u>For the Three Months Ended June 30</u>		<u>For the Six Months Ended June 30</u>	
	2020	2019	2020	2019
Additions to right-of-use assets	<u>\$ 197,882</u>	<u>\$ 164,598</u>	<u>\$ 329,106</u>	<u>\$ 309,610</u>
Depreciation charge for right-of-use assets				
Land	\$ 2,196	\$ 212	\$ 3,562	\$ 419
Buildings	148,742	133,804	298,501	254,029
Transportation equipment	7,949	6,849	16,071	12,362
Other equipment	<u>1,125</u>	<u>1,128</u>	<u>2,250</u>	<u>2,248</u>
	<u>\$ 160,012</u>	<u>\$ 141,993</u>	<u>\$ 320,384</u>	<u>\$ 269,058</u>

Except for the above listed additions and recognized depreciation expenses, there was no significant sublease or impairment of the Company's right-of-use assets for the six months ended June 30, 2020 and 2019.

b. Lease liabilities

	June 30, 2020	December 31, 2019	June 30, 2019
Carrying amounts	<u>\$ 1,647,081</u>	<u>\$ 1,651,391</u>	<u>\$ 1,564,810</u>

Range of discount rate for lease liabilities was as follows:

	June 30, 2020	December 31, 2019	June 30, 2019
Land	1.608%-1.627%	1.617%-1.627%	1.617%-1.620%
Buildings	1.593%-11.625%	1.615%-9.800%	1.617%-8.880%
Transportation equipment	1.040%-8.880%	1.040%-8.880%	1.040%-8.880%
Other equipment	2.445%-4.000%	2.445%-4.000%	2.445%-4.000%

c. Material lease-in activities

The Company signed lease agreements on office premises due to operating activities. Rentals are calculated on the basis of leased areas and are receivable monthly, quarterly or semiannually. As of June 30, 2020, December 31, 2019 and June 30, 2019, refundable deposits on these leases totaled \$134,074 thousand, \$135,333 thousand and \$134,899 thousand, respectively.

d. Other lease information

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Expenses relating to short-term leases	\$ <u>2,572</u>	\$ <u>19,332</u>	\$ <u>4,486</u>	\$ <u>50,695</u>
Expenses relating to low-value asset leases	\$ <u>1,003</u>	\$ <u>888</u>	\$ <u>1,947</u>	\$ <u>1,129</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	\$ <u>963</u>	\$ <u>682</u>	\$ <u>1,558</u>	\$ <u>1,162</u>
Total cash outflow for leases	\$ <u>(187,419)</u>	\$ <u>(184,860)</u>	\$ <u>(345,780)</u>	\$ <u>(332,353)</u>

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

For the six months ended June 30, 2019, expenses relating to short-term leases also include expenses relating to leases for which the lease terms end on or before December 31, 2019 and for which the recognition exemption is applied. The amount of lease commitments for short-term leases for which the recognition exemption is applied was \$44,724 thousand as of June 30, 2019.

19. INTANGIBLE ASSETS

	June 30, 2020	December 31, 2019	June 30, 2019
Goodwill	\$ 3,170,005	\$ 3,170,005	\$ 3,170,005
Computer software	<u>629,245</u>	<u>541,713</u>	<u>496,801</u>
	\$ <u>3,799,250</u>	\$ <u>3,711,718</u>	\$ <u>3,666,806</u>
	Goodwill	Computer Software	Total
Balance at January 1, 2020	\$ 3,170,005	\$ 541,713	\$ 3,711,718
Separate acquisition	-	185,754	185,754
Amortization expenses	-	(107,935)	(107,935)
Reclassification	-	11,457	11,457
Effect of exchange rate changes	-	(1,744)	(1,744)
Balance at June 30, 2020	\$ <u>3,170,005</u>	\$ <u>629,245</u>	\$ <u>3,799,250</u>

(Continued)

	Goodwill	Computer Software	Total
Balance at January 1, 2019	\$ 3,170,005	\$ 461,030	\$ 3,631,035
Separate acquisition	-	118,954	118,954
Amortization expenses	-	(89,054)	(89,054)
Reclassification	-	5,564	5,564
Effect of exchange rate changes	<u>-</u>	<u>307</u>	<u>307</u>
Balance at June 30, 2019	<u>\$ 3,170,005</u>	<u>\$ 496,801</u>	<u>\$ 3,666,806</u> (Concluded)

Computer software with limited useful lives are amortized on a straight-line basis by the useful lives in 3 to 10 years.

In testing assets for impairment, TCB defined each operating unit or operating segment as a cash-generating unit (CGU). The recoverable amount of a CGU was determined at its value in use for goodwill impairment test. The discount rates for the CGUs' value in use were 7.54%, 7.54% and 8.69% as of June 30, 2020, December 31, 2019 and June 30, 2019, respectively.

Goodwill resulting from merger of Taiwan Cooperative Bank, Ltd. with the Farmers Bank of China was allocated to operating units or operating segment (cash-generating units with allocated goodwill). There was no impairment loss on goodwill as of June 30, 2020, December 31, 2019 and June 30, 2019.

20. OTHER ASSETS, NET

	June 30, 2020	December 31, 2019	June 30, 2019
Refundable deposits	\$ 1,648,559	\$ 1,557,376	\$ 1,587,923
Operating deposits and settlement funds	712,782	721,456	710,860
Prepaid expenses	224,428	1,266,353	305,677
Collaterals assumed, net	-	119,389	255,144
Others	<u>208,279</u>	<u>109,802</u>	<u>116,827</u>
	<u>\$ 2,794,048</u>	<u>\$ 3,774,376</u>	<u>\$ 2,976,431</u>

As of December 31, 2019, prepaid expenses included that TCB invested in overseas branch in the amounts of \$1,038,095 thousand.

21. DEPOSITS FROM THE CENTRAL BANK AND OTHER BANKS

	June 30, 2020	December 31, 2019	June 30, 2019
Deposits from banks	\$ 138,685,386	\$ 142,115,517	\$ 137,825,515
Call loans from banks	105,386,032	98,312,219	96,566,005
Overdrafts from other banks	1,433,987	1,523,969	2,501,673
Transfer deposits from Chunghwa Post Co., Ltd.	95,665	589,604	589,604
Deposits from the Central Bank	<u>427,691</u>	<u>424,872</u>	<u>429,862</u>
	<u>\$ 246,028,761</u>	<u>\$ 242,966,181</u>	<u>\$ 237,912,659</u>

22. DUE TO THE CENTRAL BANK AND OTHER BANKS

	June 30, 2020	December 31, 2019	June 30, 2019
Due to the Central Bank	\$ <u>5,957,940</u>	\$ <u> -</u>	\$ <u> -</u>

23. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

Securities sold for \$52,664,625 thousand, \$45,554,849 thousand and \$43,648,466 thousand under repurchase agreements as of June 30, 2020, December 31, 2019 and June 30, 2019, respectively, would subsequently be purchased for \$52,680,024 thousand, \$45,574,470 thousand and \$43,666,783 thousand, respectively.

24. COMMERCIAL PAPER ISSUED, NET

The face values of commercial paper issued were \$24,960,000 thousand, \$31,125,000 thousand and \$25,585,000 thousand and the annual discount rates were from 0.418% to 0.708%, from 0.668% to 1.008% and from 0.568% to 0.988% as of June 30, 2020, December 31, 2019 and June 30, 2019, respectively, and the commercial paper will mature by August 24, 2020, March 11, 2020 and September 23, 2019, respectively. The foregoing commercial paper was accepted and guaranteed by financial institutions. As of June 30, 2020, the Company had not used the amount of \$80,416,565 thousand, the sum of the amount of the commercial paper issued and the credit.

25. PAYABLES

	June 30, 2020	December 31, 2019	June 30, 2019
Collections payable	\$ 41,745,559	\$ 4,868,304	\$ 4,407,437
Dividends payable	11,475,198	339,653	9,826,227
Settlement payable	6,329,425	3,019,195	2,820,876
Settlement consideration	6,302,945	2,900,712	2,130,398
Checks for clearing	5,502,320	6,067,358	19,579,990
Collections of notes and checks for various financial institutions in other cities	4,914,537	4,661,873	640,472
Accrued expenses	3,810,151	5,850,263	3,547,508
Acceptances	3,479,070	3,408,518	2,528,911
Accrued interest	2,964,507	6,302,176	5,896,205
Payables on notes and checks collected for others	1,551,604	1,493,452	263,826
Payable on securities	1,303,785	3,422,615	3,122,291
Tax payable	559,678	510,791	619,163
Payables for short-sale transactions	348,442	501,921	287,870
Deposits on short-sale transactions	316,856	460,612	262,736
Factored accounts payable	75,337	85,645	113,138
Insurance claims and benefits payable	59,427	154,881	76,925
Separate account payable	-	4,599,943	2,071,609
Others	<u>2,270,709</u>	<u>2,204,397</u>	<u>2,092,266</u>
	\$ <u>93,009,550</u>	\$ <u>50,852,309</u>	\$ <u>60,287,848</u>

26. DEPOSITS AND REMITTANCES

	June 30, 2020	December 31, 2019	June 30, 2019
Deposits			
Checking	\$ 41,567,078	\$ 45,146,567	\$ 45,648,520
Demand	612,905,396	552,317,584	520,615,882
Savings - demand	943,624,533	892,650,215	869,172,138
Time	690,970,833	616,547,240	614,611,620
Negotiable certificates of deposit	45,879,142	43,230,113	48,246,565
Savings - time	618,929,532	626,095,579	626,696,704
Treasury	121,408,384	115,377,291	99,617,980
Remittances	<u>178,910</u>	<u>440,553</u>	<u>412,995</u>
	<u>\$ 3,075,463,808</u>	<u>\$ 2,891,805,142</u>	<u>\$ 2,825,022,404</u>

27. BONDS PAYABLE

	June 30, 2020	December 31, 2019	June 30, 2019
Bank debentures	\$ 62,500,000	\$ 65,000,000	\$ 60,000,000
First unsecured corporate bond of TCFHC in 2020: Fixed rate of 0.68%; maturity - May 26, 2027	<u>5,700,000</u>	<u>-</u>	<u>-</u>
	<u>\$ 68,200,000</u>	<u>\$ 65,000,000</u>	<u>\$ 60,000,000</u>

Details of bank debentures issued by TCB are as follows:

	June 30, 2020	December 31, 2019	June 30, 2019
First subordinated bonds in 2012: Fixed rate of 1.65%; maturity - June 28, 2022	\$ 11,650,000	\$ 11,650,000	\$ 11,650,000
Second subordinated bonds in 2012, Type A: Fixed rate of 1.43%; maturity - December 25, 2019	-	-	1,000,000
Second subordinated bonds in 2012, Type B: Fixed rate of 1.55%; maturity - December 25, 2022	7,350,000	7,350,000	7,350,000
First subordinated bonds in 2013, Type A: Reuters' fixing rate for 90 day's New Taiwan dollar commercial paper refers to the TAIBOR plus 0.43%; maturity - March 28, 2020	-	4,000,000	4,000,000
First subordinated bonds in 2013, Type B: Fixed rate of 1.48%; maturity - March 28, 2020	-	3,500,000	3,500,000
Second subordinated bonds in 2013, Type A: Fixed rate of 1.72%; maturity - December 25, 2020	900,000	900,000	900,000

(Continued)

	June 30, 2020	December 31, 2019	June 30, 2019
Second subordinated bonds in 2013, Type B: Reuters' fixing rate for 90 day's New Taiwan dollar commercial paper refers to the TAIBOR plus 0.45%; maturity - December 25, 2023	\$ 4,600,000	\$ 4,600,000	\$ 4,600,000
First subordinated bonds in 2014, Type A: Fixed rate of 1.70%; maturity - May 26, 2021	1,500,000	1,500,000	1,500,000
First subordinated bonds in 2014, Type B: Fixed rate of 1.85%; maturity - May 26, 2024	2,700,000	2,700,000	2,700,000
First subordinated bonds in 2014, Type C: Fixing rate for 90 day's New Taiwan dollar commercial paper refers to the Taiwan Bills Index Rate 02 plus 0.43%; maturity - May 26, 2024	5,800,000	5,800,000	5,800,000
First subordinated bonds in 2016, Type A: Fixed rate of 1.09%; maturity - September 26, 2023	950,000	950,000	950,000
First subordinated bonds in 2016, Type B: Fixed rate of 1.20%; maturity - September 26, 2026	4,050,000	4,050,000	4,050,000
First subordinated bonds in 2017, Type A: Fixed rate of 1.32%; maturity - September 26, 2024	600,000	600,000	600,000
First subordinated bonds in 2017, Type B: Fixed rate of 1.56%; maturity - September 26, 2027	1,400,000	1,400,000	1,400,000
First non-cumulative perpetual subordinated bonds in 2018: Fixed rated of 2.28%; TCB may exercise its redemption rights after 5 years and 2 months	5,000,000	5,000,000	5,000,000
First non-cumulative perpetual subordinated bonds in 2019: Fixed rated of 1.9%; TCB may exercise its redemption rights after 5 years and 1 months	5,000,000	5,000,000	5,000,000
Second unsecured bank debentures bonds in 2019: Fixed rate of 0.69%; maturity - November 28, 2022	1,000,000	1,000,000	-
Third non-cumulative perpetual subordinated bonds in 2019: Fixed rate of 1.45%; TCB may exercise its redemption rights after 5 years and 1 month	5,000,000	5,000,000	-
First non-cumulative perpetual subordinated bonds in 2020: Fixed rate of 1.5%; TCB may exercise its redemption rights after 5 years and 1 month	<u>5,000,000</u>	<u>-</u>	<u>-</u>
	<u>\$ 62,500,000</u>	<u>\$ 65,000,000</u>	<u>\$ 60,000,000</u> (Concluded)

To expand its long-term USD capital, TCB applied for the issuance of unsecured bank debentures amounting to US\$1,000,000 thousand. The application was approved by the Financial Supervisory Commission (FSC) on January 22, 2015. TCB issued unsecured bank debentures with an aggregate face value of US\$400,000 thousand, consisting of type A bonds worth US\$300,000 thousand with 0% interest rate and type B bonds worth US\$100,000 thousand with 0% interest rate; TCB may exercise its redemption rights at an agreed price after two years and three years, respectively, from the issue dates. If TCB does not exercise its redemption rights during issue period, all unsecured bank debentures will be refunded on settlement date, March 30, 2045. To lower exposure to adverse changes in interest rates, TCB enters into

interest rate swap contracts measured at fair value through profit or loss and to eliminate a measurement or recognition inconsistency, the unsecured bank debentures are reclassified as designated as at FVTPL upon initial recognition. They were as follows:

	December 31, 2019	June 30, 2019
Unsecured bank debentures bonds issued in 2015, Type A	\$ 9,039,290	\$ 9,382,902
Unsecured bank debentures bonds issued in 2015, Type B	<u>3,013,139</u>	<u>3,127,286</u>
	<u>\$ 12,052,429</u>	<u>\$ 12,510,188</u>

In order repay its outstanding commercial paper, TCFHC resolved to issue unsecured priority corporate bonds amounting to \$10,000,000 thousand in their board of directors' meeting on October 28, 2019, out of which \$5,700,000 thousand has been approved by the authorities on May 19, 2020.

TCB early exercised the redemption rights to unsecured bank debentures bonds amounting to US\$400,000 thousand in accordance with guidelines for issuance on March 30, 2020.

TCB has obtained approval from the FSC to issue unsecured bank debentures amounting to US\$1,000,000 thousand on November 18, 2019. As of June 30, 2020, the amount of unissued unsecured bank debentures of TCB was US\$1,000,000 thousand.

TCB has obtained approval from the FSC to issue non-cumulative perpetual subordinated bonds amounting to \$10,000,000 thousand on May 26, 2020. As of June 30, 2020, the amount of unissued non-cumulative perpetual subordinated bonds of TCB was \$5,000,000 thousand.

28. OTHER BORROWINGS

	June 30, 2020		December 31, 2019		June 30, 2019	
	Amount	Rate (%)	Amount	Rate (%)	Amount	Rate (%)
Borrowings (Note 24)	<u>\$ 1,688,602</u>	0.850-5.220	<u>\$ 3,432,028</u>	0.900-5.795	<u>\$ 2,612,535</u>	0.900-5.795

29. PROVISIONS

	June 30, 2020	December 31, 2019	June 30, 2019
Reserve for life insurance liabilities	\$ 26,740,427	\$ 27,679,771	\$ 28,432,550
Reserve for insurance contracts with financial instrument features	4,261,913	6,068,784	8,096,886
Provision for employee benefits	6,629,509	6,933,236	6,705,317
Provision for losses on guarantees	1,453,354	1,479,849	1,356,781
Provision for losses on loan commitment	168,147	182,585	153,154
Provision for others	28,469	34,837	23,053
Other provision for insurance	<u>547,544</u>	<u>576,944</u>	<u>579,605</u>
	<u>\$ 39,829,363</u>	<u>\$ 42,956,006</u>	<u>\$ 45,347,346</u>

a. Details of reserve for life insurance liabilities were as follows:

	June 30, 2020		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Life insurance	\$ 10,730,406	\$ 5,508,309	\$ 16,238,715
Health insurance	672,170	-	672,170
Annuity insurance	-	9,746,201	9,746,201
Investment insurance	<u>82,257</u>	<u>-</u>	<u>82,257</u>
	11,484,833	15,254,510	26,739,343
Less: Ceded life insurance liability reserve	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 11,484,833</u>	<u>\$ 15,254,510</u>	<u>\$ 26,739,343</u>
	December 31, 2019		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Life insurance	\$ 11,066,862	\$ 5,653,456	\$ 16,720,318
Health insurance	606,154	-	606,154
Annuity insurance	-	10,292,255	10,292,255
Investment insurance	<u>60,107</u>	<u>-</u>	<u>60,107</u>
	11,733,123	15,945,711	27,678,834
Less: Ceded life insurance liability reserve	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 11,733,123</u>	<u>\$ 15,945,711</u>	<u>\$ 27,678,834</u>
	June 30, 2019		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Life insurance	\$ 11,255,650	\$ 5,988,072	\$ 17,243,722
Health insurance	543,129	-	543,129
Annuity insurance	-	10,578,380	10,578,380
Investment insurance	<u>67,139</u>	<u>-</u>	<u>67,139</u>
	11,865,918	16,566,452	28,432,370
Less: Ceded life insurance liability reserve	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 11,865,918</u>	<u>\$ 16,566,452</u>	<u>\$ 28,432,370</u>

The changes in the reserve for life insurance liabilities are summarized below:

	For the Six Months Ended June 30					
	2020			2019		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Balance at January 1	\$ 11,733,123	\$ 15,945,711	\$ 27,678,834	\$ 12,317,556	\$ 17,096,283	\$ 29,413,839
Provision	656,801	147,249	804,050	798,291	177,934	976,225
Recovery	(905,091)	(838,450)	(1,743,541)	(1,249,929)	(707,765)	(1,957,694)
Ending balance	11,484,833	15,254,510	26,739,343	11,865,918	16,566,452	28,432,370
Less: Ceded life insurance liability reserve	-	-	-	-	-	-
Balance at June 30	<u>\$ 11,484,833</u>	<u>\$ 15,254,510</u>	<u>\$ 26,739,343</u>	<u>\$ 11,865,918</u>	<u>\$ 16,566,452</u>	<u>\$ 28,432,370</u>

- b. As of June 30, 2020, December 31, 2019 and June 30, 2019, total life policy reserve carrying amounts (including reserve of policyholders payables) were \$26,740,427 thousand, \$27,679,771 thousand and \$28,432,550 thousand, respectively.
- c. Details of liability adequacy reserves are as follows:

	Insurance Contracts and Financial Instruments with Discretionary Participation Features		
	June 30, 2020	December 31, 2019	June 30, 2019
Life insurance liability reserve	\$ 26,739,343	\$ 27,678,834	\$ 28,432,370
Unearned premium reserve	306,513	269,630	245,720
Claims reserve	80,360	76,215	63,898
Premium deficiency reserve	<u>622</u>	<u>579</u>	<u>1,004</u>
Book value of insurance reserve	<u>\$ 27,126,838</u>	<u>\$ 28,025,258</u>	<u>\$ 28,742,992</u>
Present value of discounted cash flows	<u>\$ 24,689,821</u>	<u>\$ 25,137,472</u>	<u>\$ 25,898,265</u>
Balance of liability adequacy reserve	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

As of June 30, 2020, December 31, 2019 and June 30, 2019, the Company's reserves for insurance contracts satisfied the liability adequacy tests.

The liability adequacy test method, scope and assumptions were as follows:

June 30, 2020, December 31, 2019 and June 30, 2019	
Test method	Total premium measurement method
Tested group	All insurance contracts as a whole
Assumptions	The discount rate assumption for every year was based on the best estimate scenario as well as the rate of return on investment with current information

- d. Reserve for insurance contracts with financial instrument features were as follows:

	June 30, 2020	December 31, 2019	June 30, 2019
Life insurance	<u>\$ 4,261,913</u>	<u>\$ 6,068,784</u>	<u>\$ 8,096,886</u>

	For the Six Months Ended June 30	
	2020	2019
Balance at January 1	\$ 6,068,784	\$ 10,434,066
Insurance claim payments for the period	(1,866,163)	(2,441,991)
Reserve for insurance contracts with financial instrument features	<u>59,292</u>	<u>104,811</u>
Balance at June 30	<u>\$ 4,261,913</u>	<u>\$ 8,096,886</u>

e. Explanations for the reserve of foreign exchange variation are as follows:

1) Hedging strategy and foreign exchange exposure

To ensure the effectiveness and appropriateness of hedge for overseas investment, BNP Paribas Cardif TCB Life Insurance Co., Ltd. (BPCTLI) uses currency swap to hedge exchange rate risks. BPCTLI maintains the hedging ratio at over 95%.

2) Reconciliation of the reserve of foreign exchange variation

	For the Six Months Ended June 30	
	2020	2019
Balance at January 1	\$ 230,520	\$ 239,440
Provisions		
Compulsory provisions	8,895	6,304
Additional provisions	<u>-</u>	<u>51,778</u>
	8,895	58,082
Recovery	<u>(79,366)</u>	<u>(28,539)</u>
Balance at June 30	<u>\$ 160,049</u>	<u>\$ 268,983</u>

3) Impact of the reserve of foreign exchange variation

For the six months ended June 30, 2020

Items	Amount Without Reserve	Amount With Reserve	Effect
Net income	\$ 7,998,174	\$ 8,054,551	\$ 56,377
Earnings per share (NT\$)	0.58	0.58	-
Reserve of foreign exchange variation	-	160,049	160,049
Equity	227,387,542	227,230,200	(157,342)

For the six months ended June 30, 2019

Items	Amount Without Reserve	Amount With Reserve	Effect
Net income	\$ 8,518,679	\$ 8,495,045	\$ (23,634)
Earnings per share (NT\$)	0.62	0.62	-
Reserve of foreign exchange variation	-	268,983	268,983
Equity	218,670,124	218,425,635	(244,489)

f. Net changes in reserves for insurance liabilities are summarized below:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Reserve for life insurance liabilities, net	\$ (226,938)	\$ (674,681)	\$ (939,491)	\$ (981,469)
Reserve for insurance contract with financial instrument features, net	29,339	42,692	59,292	104,811
Others, net	<u>(44,796)</u>	<u>8,735</u>	<u>(36,796)</u>	<u>50,777</u>
	<u>\$ (242,395)</u>	<u>\$ (623,254)</u>	<u>\$ (916,995)</u>	<u>\$ (825,881)</u>

g. Provisions for employee benefits are summarized below:

	June 30, 2020	December 31, 2019	June 30, 2019
Net defined benefit liabilities	\$ 2,734,812	\$ 2,961,625	\$ 2,736,416
Present value of retired employees' preferential interest deposit obligation	<u>3,894,697</u>	<u>3,971,611</u>	<u>3,968,901</u>
	<u>\$ 6,629,509</u>	<u>\$ 6,933,236</u>	<u>\$ 6,705,317</u>

h. The changes in the provision for losses on guarantees and provision for losses on loan commitment are summarized below:

	12-month ECL	Lifetime ECL (Collective Assessment)	Lifetime ECL (Non-purchased or Non-originated Credit-impaired Financial Assets)	Impairment Loss under IFRS 9	Difference of Impairment Loss under Regulations	Total
Balance at January 1, 2020	\$ 899,338	\$ 104,032	\$ 75,588	\$ 1,078,958	\$ 618,313	\$ 1,697,271
Changes from financial instruments recognized at the beginning of the current reporting period						
Transfers to						
Lifetime ECL	(537)	537	-	-	-	-
Credit-impaired financial assets	(252)	-	252	-	-	-
Derecognition of financial assets in the current reporting period	(146,467)	(333)	(61,621)	(208,421)	-	(208,421)
Reversal from financial instruments recognized at the beginning of the current reporting period	(47,538)	(74,210)	12,869	(108,879)	-	(108,879)
New financial assets purchased or originated	165,456	1	21	165,478	-	165,478
Difference of impairment loss under regulations	-	-	-	-	106,358	106,358
Change in exchange rates and other changes	<u>(1,837)</u>	<u>-</u>	<u>-</u>	<u>(1,837)</u>	<u>-</u>	<u>(1,837)</u>
Balance at June 30, 2020	<u>\$ 868,163</u>	<u>\$ 30,027</u>	<u>\$ 27,109</u>	<u>\$ 925,299</u>	<u>\$ 724,671</u>	<u>\$ 1,649,970</u>

	12-month ECL	Lifetime ECL (Collective Assessment)	Lifetime ECL (Non-purchased or Non-originated Credit-impaired Financial Assets)	Impairment Loss under IFRS 9	Difference of Impairment Loss under Regulations	Total
Balance at January 1, 2019	\$ 713,131	\$ 207,387	\$ 18,827	\$ 939,345	\$ 654,832	\$ 1,594,177
Changes from financial instruments recognized at the beginning of the current reporting period						
Transfers to						
Lifetime ECL	(26)	26	-	-	-	-
Credit-impaired financial assets	(1)	-	1	-	-	-
Derecognition of financial assets in the current reporting period	(92,977)	(342)	(657)	(93,976)	-	(93,976)
Reversal from financial instruments recognized at the beginning of the current reporting period	(15,249)	(43,424)	873	(57,800)	-	(57,800)
New financial assets purchased or originated	154,575	-	13	154,588	-	154,588
Difference of impairment loss under regulations	-	-	-	-	(65,562)	(65,562)
Change in exchange rates and other changes	1,561	-	-	1,561	-	1,561
Balance at June 30, 2019	<u>\$ 761,014</u>	<u>\$ 163,647</u>	<u>\$ 19,057</u>	<u>\$ 943,718</u>	<u>\$ 589,270</u>	<u>\$ 1,532,988</u>

30. EMPLOYEE BENEFITS PLAN

a. Defined contribution plan

The pension plan under the Labor Pension Act (the Act) is a defined contribution plan. Based on the Act, the Company's monthly contributions to individual pension accounts of employees covered by the defined contribution plan is at 6% of monthly salaries and wages. The funds are deposited in individual labor pension accounts at the Bureau of Labor Insurance.

The Company recognized expense of \$109,791 thousand and \$101,550 thousand in the consolidated statement of comprehensive income for the six months ended June 30, 2020 and 2019, respectively, in accordance with the defined contribution plan.

b. Defined benefit plan

The defined benefit plan adopted by the Company 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. TCB contributes amounts equal to 15% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the Bureau); TCB has no right to influence the investment policy and strategy. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, TCB 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, TCB is required to fund the difference in one appropriation that should be made before the end of March of the next year.

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

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

For the six months ended June 30, 2020 and 2019, the pension expenses under defined benefit plan recognized in the consolidated statements of comprehensive income amounted to \$228,543 thousand and \$397,175 thousand, respectively. For more information about the defined benefit plan, refer to Note 29 of the consolidated financial statements for the year ended December 31, 2019.

c. Employees' preferential deposit plan

TCB's payment obligations on fixed-amount preferential interest deposits for retired employees and current employees after retirement are in compliance with TCB's internal rules. Under the Guidelines Governing the Preparation of Financial Reports by Public Banks, TCB should determine the excess interest from the preferential interest deposits of employees by applying an actuarial valuation method when the employees retire.

For the six months ended June 30, 2020 and 2019, the employee preferential deposit expense under employee's preferential deposit plan recognized in the consolidated statements of comprehensive income amounted to \$352,722 thousand and \$346,231 thousand, respectively. For more information about the employee preferential deposit plan, refer to Note 29 of the consolidated financial statements for the year ended December 31, 2019.

31. OTHER FINANCIAL LIABILITIES

	June 30, 2020	December 31, 2019	June 30, 2019
Structured products - host contracts	\$ 1,900,795	\$ 2,529,298	\$ 1,998,650
Guarantee deposits received	1,675,289	2,050,163	1,412,673
Appropriation for loans	13,328	29,972	23,643
Separate-account liabilities	<u>94,581,074</u>	<u>109,228,185</u>	<u>103,197,944</u>
	<u>\$ 98,170,486</u>	<u>\$ 113,837,618</u>	<u>\$ 106,632,910</u>

The status of the Company's investment-linked products - separate account as of June 30, 2020, December 31, 2019 and June 30, 2019, are summarized as follows:

	June 30, 2020	December 31, 2019	June 30, 2019	
Separate-account assets (part of other financial assets)				
Cash in banks	\$ 1,097,658	\$ 963,032	\$ 1,295,388	
Financial assets at FVTPL	93,326,745	103,107,687	99,608,776	
Other receivables				
General accounts receivables	-	4,599,943	2,071,609	
Investment settlement receivables	<u>156,671</u>	<u>557,523</u>	<u>222,171</u>	
	<u>156,671</u>	<u>5,157,466</u>	<u>2,293,780</u>	
	<u>\$ 94,581,074</u>	<u>\$ 109,228,185</u>	<u>\$ 103,197,944</u>	
Separate-account liabilities (part of other financial liabilities)				
Reserve for separate account-insurance contract	\$ 72,364,262	\$ 85,224,162	\$ 87,704,913	
Reserve for separate account-investment contract	21,936,698	24,004,023	15,493,031	
Other payables				
General accounts payables	<u>280,114</u>	<u>-</u>	<u>-</u>	
	<u>\$ 94,581,074</u>	<u>\$ 109,228,185</u>	<u>\$ 103,197,944</u>	
	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Separate-account revenue				
Premium income	\$ 1,139,362	\$ 1,965,588	\$ 2,437,094	\$ 4,216,016
Gain (loss) on financial assets at FVTPL	8,757,689	932,479	(7,837,622)	5,415,577
Interest revenue	416	402	825	1,163
Gain (Loss) on foreign exchange	<u>(26,954)</u>	<u>846,853</u>	<u>(4,879,192)</u>	<u>893,157</u>
	<u>\$ 9,870,513</u>	<u>\$ 3,745,322</u>	<u>\$ (10,278,895)</u>	<u>\$ 10,525,913</u>
Separate-account expense				
Insurance claims and benefits	\$ 860,048	\$ 1,730,926	\$ 2,859,014	\$ 3,318,454
Reserves for separate accounts, net of releases - insurance contract	8,723,216	1,797,836	(13,685,344)	6,774,722
Administrative expenses	<u>287,249</u>	<u>216,560</u>	<u>547,435</u>	<u>432,737</u>
	<u>\$ 9,870,513</u>	<u>\$ 3,745,322</u>	<u>\$ (10,278,895)</u>	<u>\$ 10,525,913</u>

Separate-account revenue and expense were recognized under premium income, net.

32. OTHER LIABILITIES

	June 30, 2020	December 31, 2019	June 30, 2019
Advance receipts	\$ 1,484,403	\$ 1,620,591	\$ 3,160,205
Others	<u>94,996</u>	<u>114,606</u>	<u>79,755</u>
	<u>\$ 1,579,399</u>	<u>\$ 1,735,197</u>	<u>\$ 3,239,960</u>

33. NET INTEREST

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Interest revenue				
From discounts and loans	\$ 9,935,102	\$ 11,481,073	\$ 21,224,562	\$ 22,772,559
From investments	2,498,690	2,784,086	5,215,297	5,530,793
From due from banks and call loans to other banks	351,851	661,854	903,887	1,299,198
Others	<u>245,389</u>	<u>437,608</u>	<u>480,655</u>	<u>676,515</u>
	<u>13,031,032</u>	<u>15,364,621</u>	<u>27,824,401</u>	<u>30,279,065</u>
Interest expense				
From deposits	(3,829,700)	(5,231,406)	(8,721,381)	(10,242,406)
From due to the Central Bank and other banks	(321,388)	(713,306)	(848,978)	(1,440,715)
From issuing bonds payable	(223,401)	(206,041)	(467,937)	(409,643)
From deposits from the Central Bank and other banks	(73,077)	(159,706)	(205,230)	(327,041)
From securities sold under repurchase agreements	(46,413)	(65,689)	(109,867)	(150,392)
Others	<u>(27,530)</u>	<u>(46,520)</u>	<u>(61,630)</u>	<u>(91,153)</u>
	<u>(4,521,509)</u>	<u>(6,422,668)</u>	<u>(10,415,023)</u>	<u>(12,661,350)</u>
	<u>\$ 8,509,523</u>	<u>\$ 8,941,953</u>	<u>\$ 17,409,378</u>	<u>\$ 17,617,715</u>

34. SERVICE FEE AND COMMISSION INCOME, NET

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Service fee and commission revenues				
From trust business	\$ 478,337	\$ 466,428	\$ 1,000,524	\$ 773,863
From insurance service	195,833	305,495	385,364	603,910
From guarantee	255,052	218,639	506,623	428,591
From loans	286,572	219,936	513,768	419,800
From management fees of investment-linked products	141,971	170,537	317,413	321,184

(Continued)

	For the Three Months Ended		For the Six Months Ended	
	June 30		June 30	
	2020	2019	2020	2019
From credit cards	\$ 118,598	\$ 143,750	\$ 244,132	\$ 289,039
From brokerage service	169,378	98,610	305,152	179,078
From remittance	70,059	71,934	145,688	147,445
From cross-bank transactions	68,838	72,049	142,693	145,436
Others	407,318	301,608	799,962	701,400
	<u>2,191,956</u>	<u>2,068,986</u>	<u>4,361,319</u>	<u>4,009,746</u>
Service charge and commission expenses				
From cross-bank transactions	(81,988)	(84,037)	(167,923)	(168,675)
From credit cards	(68,137)	(62,346)	(132,308)	(120,675)
From insurance business	(62,341)	(52,965)	(134,941)	(150,262)
From credit cards acquiring	(37,036)	(30,771)	(70,401)	(61,995)
From custody	(16,690)	(22,922)	(40,358)	(40,609)
Others	(49,752)	(52,116)	(100,300)	(96,145)
	<u>(315,944)</u>	<u>(305,157)</u>	<u>(646,231)</u>	<u>(638,361)</u>
	<u>\$ 1,876,012</u>	<u>\$ 1,763,829</u>	<u>\$ 3,715,088</u>	<u>\$ 3,371,385</u>

(Concluded)

35. PREMIUM INCOME, NET

	For the Three Months Ended		For the Six Months Ended	
	June 30		June 30	
	2020	2019	2020	2019
Separate-account revenue (Note 31)	\$ 9,870,513	\$ 3,745,322	\$ (10,278,895)	\$ 10,525,913
Premium income	<u>908,601</u>	<u>948,739</u>	<u>1,837,097</u>	<u>1,903,177</u>
	<u>10,779,114</u>	<u>4,694,061</u>	<u>(8,441,798)</u>	<u>12,429,090</u>
Separate-account expense (Note 31)	(9,870,513)	(3,745,322)	10,278,895	(10,525,913)
Insurance claims and benefits	(722,670)	(1,241,217)	(2,010,232)	(2,123,570)
Reinsurance premium ceded	(70,994)	(48,963)	(126,229)	(92,626)
Others	(5,745)	(3,669)	(13,584)	(8,507)
	<u>(10,669,922)</u>	<u>(5,039,171)</u>	<u>8,128,850</u>	<u>(12,750,616)</u>
	<u>\$ 109,192</u>	<u>\$ (345,110)</u>	<u>\$ (312,948)</u>	<u>\$ (321,526)</u>

36. GAINS (LOSSES) ON FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	For the Three Months Ended June 30, 2020				
	Interest Revenue (Expense)	Gain (Loss) on Disposal	Gain (Loss) on Valuation	Dividend Income	Total
Financial assets mandatorily classified as at fair value through profit or loss	\$ 139,045	\$ 1,607,728	\$ 908,178	\$ 30,552	\$ 2,685,503
Held-for-trading financial liabilities	-	(1,768,988)	(2,192,465)	-	(3,961,453)
	<u>\$ 139,045</u>	<u>\$ (161,260)</u>	<u>\$ (1,284,287)</u>	<u>\$ 30,552</u>	<u>\$ (1,275,950)</u>

	For the Three Months Ended June 30, 2019				
	Interest Revenue (Expense)	Gain (Loss) on Disposal	Gain (Loss) on Valuation	Dividend Income	Total
Financial assets mandatorily classified as at fair value through profit or loss	\$ 154,309	\$ 2,623,256	\$ 2,587,635	\$ 37,264	\$ 5,402,464
Held-for-trading financial liabilities	-	(3,562,212)	(341,402)	-	(3,903,614)
Financial liabilities designated as at fair value through profit or loss	<u>(153,204)</u>	<u>-</u>	<u>(302,619)</u>	<u>-</u>	<u>(455,823)</u>
	<u>\$ 1,105</u>	<u>\$ (938,956)</u>	<u>\$ 1,943,614</u>	<u>\$ 37,264</u>	<u>\$ 1,043,027</u>

	For the Six Months Ended June 30, 2020				
	Interest Revenue (Expense)	Gain (Loss) on Disposal	Gain (Loss) on Valuation	Dividend Income	Total
Financial assets mandatorily classified as at fair value through profit or loss	\$ 272,898	\$ 2,967,932	\$ (723,714)	\$ 102,090	\$ 2,619,206
Held-for-trading financial liabilities	-	(5,091,453)	892,675	-	(4,198,778)
Financial liabilities designated as at fair value through profit or loss	<u>(145,326)</u>	<u>-</u>	<u>57,097</u>	<u>-</u>	<u>(88,229)</u>
	<u>\$ 127,572</u>	<u>\$ (2,123,521)</u>	<u>\$ 226,058</u>	<u>\$ 102,090</u>	<u>\$ (1,667,801)</u>

	For the Six Months Ended June 30, 2019				
	Interest Revenue (Expense)	Gain (Loss) on Disposal	Gain (Loss) on Valuation	Dividend Income	Total
Financial assets mandatorily classified as at fair value through profit or loss	\$ 294,508	\$ 5,200,907	\$ 3,618,530	\$ 96,655	\$ 9,210,600
Held-for-trading financial liabilities	-	(4,844,535)	20,172	-	(4,824,363)
Financial liabilities designated as at fair value through profit or loss	<u>(297,201)</u>	<u>-</u>	<u>(882,048)</u>	<u>-</u>	<u>(1,179,249)</u>
	<u>\$ (2,693)</u>	<u>\$ 356,372</u>	<u>\$ 2,756,654</u>	<u>\$ 96,655</u>	<u>\$ 3,206,988</u>

37. EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION EXPENSES

a. Employee benefits expenses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Salaries	\$ 2,222,173	\$ 2,182,472	\$ 4,429,055	\$ 4,322,992
Incentives	742,857	842,759	1,481,037	1,570,278
Excessive interest from preferential interest deposits	287,694	279,976	569,332	553,661
Post-employment benefits, termination benefits and compensation	170,891	255,536	347,264	509,103
Overtime	114,279	106,272	212,044	197,026
Others	<u>544,979</u>	<u>530,846</u>	<u>1,065,826</u>	<u>1,027,384</u>
	<u>\$ 4,082,873</u>	<u>\$ 4,197,861</u>	<u>\$ 8,104,558</u>	<u>\$ 8,180,444</u>

Under the amended Articles, TCFHC will make distributions at percentages from 0.01% to 0.08% and up to 1% of its annual profit (pretax income which exclude compensations of employees and remuneration to directors) for the employees' compensation and directors' remuneration, respectively. However, the actual appropriation of the compensation and remuneration should be made only from the annual net income less any accumulated deficit. For the six months ended June 30, 2020 and 2019, compensations of employees were estimated at \$1,337 thousand and \$1,407 thousand and the remuneration of directors were estimated at \$42,757 thousand and \$45,543 thousand, respectively, based on the amended Articles and past experiences.

Material differences between such estimated amounts and the amounts approved by the board of directors on or before the annual consolidated financial statements are authorized for issue are adjusted in the year the compensation and remuneration were recognized. If there is a change in the approved amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in accounting estimate.

The appropriations of employees' compensation and remuneration of directors for 2019 and 2018 approved by the board of directors on March 23, 2020 and March 25, 2019, respectively, were as follows:

	For the Year Ended December 31	
	2019	2018
Employees' compensation - cash	\$ 2,968	\$ 2,301
Remuneration of directors - cash	94,909	86,104

There was no difference between the amounts of the employees' compensation and remuneration of directors approved by the board of directors and the amounts recognized in the consolidated financial statements.

Information on the employees' compensation and remuneration of directors approved by the TCFHC's board of directors is available on the Market Observation Post System website of the Taiwan Stock Exchange (<http://emops.tse.com.tw>).

b. Depreciation and amortization expenses

	For the Three Months Ended		For the Six Months Ended	
	June 30		June 30	
	2020	2019	2020	2019
Depreciation expenses	\$ 483,734	\$ 419,388	\$ 960,778	\$ 824,511
Amortization expenses	<u>55,383</u>	<u>45,162</u>	<u>107,944</u>	<u>89,065</u>
	<u>\$ 539,117</u>	<u>\$ 464,550</u>	<u>\$ 1,068,722</u>	<u>\$ 913,576</u>

38. INCOME TAX

a. Income tax recognized in profit or loss

Main components of income tax expense were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Current tax				
Current period	\$ 700,019	\$ 585,838	\$ 960,311	\$ 1,300,532
Additional income tax on unappropriated earnings	14,046	16,267	14,046	16,267
Land revaluation increment tax	405	-	3,199	-
Prior year's adjustment	<u>(152,017)</u>	<u>(6,952)</u>	<u>(151,853)</u>	<u>(6,952)</u>
	562,453	595,153	825,703	1,309,847
Deferred tax				
Current period	<u>18,700</u>	<u>231,227</u>	<u>548,792</u>	<u>266,283</u>
Income tax expense recognized in profit or loss	<u>\$ 581,153</u>	<u>\$ 826,380</u>	<u>\$ 1,374,495</u>	<u>\$ 1,576,130</u>

b. Income tax recognized in other comprehensive income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
<u>Deferred tax</u>				
Recognized in other comprehensive income - items that may be reclassified subsequently to profit or loss				
Exchange differences on the translation of financial statements of foreign operations	\$ (200,506)	\$ 56,327	\$ (164,121)	\$ 66,180
Unrealized gains on financial assets at fair value through other comprehensive income	336,939	113,687	123,639	283,269
Other comprehensive income on reclassification of overlay approach	1,199	1,292	(2,831)	3,556
Effect of change in tax rate	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total income tax recognized in other comprehensive income	<u>\$ 137,632</u>	<u>\$ 171,306</u>	<u>\$ (43,313)</u>	<u>\$ 353,005</u>

c. Deferred tax assets and liabilities

	June 30, 2020	December 31, 2019	June 30, 2019
<u>Deferred tax assets</u>			
Temporary differences			
Financial instruments at fair value through other comprehensive income	\$ 8	\$ -	\$ 193
Properties and equipment	8,860	9,182	9,504
Payable for annual leave	152,843	103,007	152,104
Employee's preferential interest deposit obligation	778,939	794,322	793,780
Other liabilities	5,783	5,783	5,883
Exchange differences on foreign operations	460,344	296,223	15,270
Allowance for possible losses	53,693	54,554	70,018
Collaterals assumed	372	372	372
Financial instruments at fair value through profit or loss	424,340	505,220	728
Pension liabilities	401	386	366
Unrealized interest expense	-	535,532	474,507
Unrealized foreign exchange losses	92,319	16,201	-
Revenue from disposal of acquired loans	<u>170,289</u>	<u>170,279</u>	<u>146,355</u>
	<u>\$ 2,148,191</u>	<u>\$ 2,491,061</u>	<u>\$ 1,669,080</u>
<u>Deferred tax liabilities</u>			
Temporary differences			
Financial instruments at fair value through profit or loss	\$ 1,471	\$ 2,553	\$ 473,766
Financial instruments at fair value through other comprehensive income	359,447	238,631	151,988
Intangible assets	428,614	428,614	428,614
The reserve for land revaluation increment tax	2,596,230	2,596,230	2,596,230
Exchange differences on foreign operations	-	-	25,345
Defined benefit obligation	120,196	74,834	53,957
Investments accounted for using equity method	109,290	88,833	66,820
Collaterals assumed	466	466	466
Lease incentive	-	11,929	10,877
Unrealized foreign exchange losses	-	-	22,954
Others	<u>-</u>	<u>11,015</u>	<u>8,846</u>
	<u>\$ 3,615,714</u>	<u>\$ 3,453,105</u>	<u>\$ 3,839,863</u>

d. The years for which TCFHC and other subsidiaries' income tax returns had been examined by tax authorities were as follows:

<u>TCFHC</u>	<u>TCB</u>	<u>CAM</u>	<u>TCBF</u>	<u>TCS</u>	<u>BPCTLI</u>	<u>TCSIT</u>	<u>TCVC</u>
2015	2015	2015	2015	2015	2017	2015	2015

- e. Regarding the profit-seeking enterprise income tax application case of TCFHC in 2012, the Company has received the recheck decision. Based on the Ministry of Finance's letter issued on December 28, 2018, the tax collection authorities permitted TCFHC's subsidiaries to recognize the salary expense of share-based payments for the subscription for TCFHC's new shares by the employees of TCFHC and its subsidiaries. Therefore, the Company recognized the tax effects which amounted to \$46,033 thousand in the second quarter of 2020. In addition, based on the results of the profit-seeking enterprise income tax assessment certificate of TCFHC in 2015, the Company recognized the tax effects of the difference in tax deduction which amounted to \$90,562 thousand

39. EARNINGS PER SHARE

	Net Income (Numerator)	Shares (Denominator in Thousands)	Earnings Per Share (NT\$)
<u>For the three months ended June 30, 2020</u>			
Basic earnings per share (EPS)	\$ 3,815,304	13,334,224	<u>\$ 0.29</u>
Effect of dilutive common stock:			
Employees' compensation	<u>-</u>	<u>64</u>	
Diluted EPS	<u>\$ 3,815,304</u>	<u>13,334,288</u>	<u>\$ 0.29</u>
<u>For the three months ended June 30, 2019</u>			
Basic earnings per share (EPS)	\$ 4,325,121	13,334,224	<u>\$ 0.32</u>
Effect of dilutive common stock:			
Employees' compensation	<u>-</u>	<u>68</u>	
Diluted EPS	<u>\$ 4,325,121</u>	<u>13,334,292</u>	<u>\$ 0.32</u>
<u>For the six months ended June 30, 2020</u>			
Basic earnings per share (EPS)	\$ 7,752,529	13,334,224	<u>\$ 0.58</u>
Effect of dilutive common stock:			
Employees' compensation	<u>-</u>	<u>141</u>	
Diluted EPS	<u>\$ 7,752,529</u>	<u>13,334,365</u>	<u>\$ 0.58</u>
<u>For the six months ended June 30, 2019</u>			
Basic earnings per share (EPS)	\$ 8,258,860	13,334,224	<u>\$ 0.62</u>
Effect of dilutive common stock:			
Employees' compensation	<u>-</u>	<u>122</u>	
Diluted EPS	<u>\$ 8,258,860</u>	<u>13,334,346</u>	<u>\$ 0.62</u>

The weighted-average number of shares outstanding for EPS calculation has been retroactively adjusted to reflect the effects of the stock dividends distributed in the year following earning appropriation.

	Before Retrospective Adjustment		After Retrospective Adjustment	
	For the Three Months Ended June 30, 2019	For the Six Months Ended June 30, 2019	For the Three Months Ended June 30, 2019	For the Six Months Ended June 30, 2019
Basic EPS (NT\$)	<u>\$ 0.33</u>	<u>\$ 0.64</u>	<u>\$ 0.32</u>	<u>\$ 0.62</u>
Diluted EPS (NT\$)	<u>\$ 0.33</u>	<u>\$ 0.64</u>	<u>\$ 0.32</u>	<u>\$ 0.62</u>

The Company can elect to distribute employees' compensation by stock or by cash. If the compensation is in the form of shares, the Company should presume that the entire amount of the compensation will be settled in shares, and the resulting potential shares should be included in the weighted average number of shares outstanding to be used in calculating diluted earnings per share (EPS) if the shares have a dilutive effect. The dilutive effects of the potential shares needs to be included in the calculation of diluted EPS until the stockholders resolve the number of shares to be distributed to employees in the following year.

40. EQUITY

a. Capital stock

Common stocks

	June 30, 2020	December 31, 2019	June 30, 2019
Numbers of shares authorized (in thousands)	<u>15,000,000</u>	<u>15,000,000</u>	<u>15,000,000</u>
Authorized capital	<u>\$ 150,000,000</u>	<u>\$ 150,000,000</u>	<u>\$ 150,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>12,945,848</u>	<u>12,945,848</u>	<u>12,568,785</u>
Common stocks issued	<u>\$ 129,458,483</u>	<u>\$ 129,458,483</u>	<u>\$ 125,687,847</u>

Fully paid common stocks, which have a par value of \$10, carry one vote per share and carry a right to dividends.

On June 21, 2019, the stockholders of TCFHC resolved to issue 377,063 thousand shares, which included the 2018 earnings amounting to \$3,770,636 thousand. This issuance was approved by FSC and the Ministry of Economic Affairs (MOEA).

On June 24, 2020, the stockholders of TCFHC resolved to issue 388,376 thousand shares, which included the 2019 earnings amounting to \$3,883,754 thousand. This issuance was approved by the FSC and the change in registration is awaiting the approval of the MOEA.

b. Capital surplus

Under related regulations, capital surplus may only be used to offset a deficit. But capital surplus from the issuance of shares in excess of par value (including additional paid-in capital from the issuance of common shares and capital surplus from mergers and treasury stock transactions) and donations to the Company may be distributed as cash dividends or transferred to common stock on the basis of the percentage of shares held by the stockholders. Any capital surplus transferred to common stock should be within a certain percentage prescribed by law.

Under the Financial Holding Company Law and related directives issued by the Securities and Futures Bureau (SFB), the distribution of the ex-conversion unappropriated earnings that are generated by financial institutions (the subsidiaries) and become part of capital surplus of the financial holding company through a share swap is exempted from the appropriation restriction of the Securities and Exchange Law. These unappropriated earnings should be net of the appropriation of legal reserve or special reserve.

The capital surplus as of June 30, 2020 came from the issuance of shares in excess of par value and treasury stock transactions. Capital surplus sources and uses were as follows:

Sources

From subsidiaries

Capital surplus (mainly additional paid-in capital from share issuance in excess of par value)	\$ 27,783,766
Legal reserve	15,799,245
Special reserve	195,968
Unappropriated earnings	<u>10,410,804</u>
	54,189,783
Additional paid-in capital from TCFHC's share issuance in excess of par value	3,861,434
Cash dividends from TCFHC received by subsidiary	148,857
Additional paid-in capital from TCFHC's share issuance in excess of par value	12,642,000
Share-based payment for the subscription for TCFHC's new shares by the employees of TCFHC and its subsidiaries	618,750
Unclaimed dividends	<u>9,898</u>
	71,470,722

Uses

Issuance of TCFHC's stock and cash dividends in 2012	(6,360,660)
Issuance of TCFHC's stock dividends in 2013	(1,625,333)
Subsidiaries' disposal of the shares of TCFHC regarded as reissuance of treasury stock	(148,857)
Issuance of TCFHC's stock dividends in 2014	(4,307,133)
Issuance of TCFHC's stock dividends in 2015	<u>(1,054,498)</u>
	<u>\$ 57,974,241</u>

c. Special reserve

For the first-time adoption of IFRSs, TCFHC should appropriate to a special reserve an amount that was the same as those of unrealized revaluation increment and cumulative translation differences (gains) transferred to retained earnings as a result of the Company's use of exemptions under IFRS 1. However, on the date of transitions to IFRSs, if the increase in retained earnings that resulted from all IFRSs adjustments is not enough for this appropriation, only the increase in retained earnings that resulted from all IFRSs adjustments will be appropriated to special reserve. The special reserve appropriated as above may be reversed in proportion to the usage, disposal or reclassification of the related assets and thereafter distributed. The special reserve appropriated for the first-time adoption of IFRSs may be used to offset deficits in subsequent years. No appropriation of earnings shall be made until any shortage of the aforementioned special reserve is appropriated in subsequent years if the Company has earnings and the original need to appropriate a special reserve is not eliminated.

The increase in retained earnings that resulted from all IFRSs adjustments was not enough for this appropriation; therefore, TCFHC appropriated to the special reserve an amount of \$1,086,876 thousand on January 1, 2013, an increase in retained earnings that resulted from all IFRSs adjustments on transitions to IFRSs.

Information regarding the above special reserve appropriated or reversed on elimination of the original need to appropriate a special reserve was as follows:

	For the Six Months Ended June 30	
	2020	2019
Balance on January 1	\$ 996,026	\$ 996,026
Reversed on elimination of the original need to appropriate a special reserve:		
Disposal of properties and equipment	<u> -</u>	<u> -</u>
Balance on June 30	<u>\$ 996,026</u>	<u>\$ 996,026</u>

d. Appropriation of earnings

For expanding the business scale and enhancing the profitability, TCFHC adopts surplus dividend policy under the related law.

When TCFHC appropriated its earnings, legal reserve is appropriated from the annual net income less any accumulated deficit. A special reserve was then appropriated depending on regulation requirement and operation needs. Any remainder together with any undistributed retained earnings shall be used for proposing a distribution plan, which should be resolved in the stockholders' meeting for distribution of dividends.

Unless otherwise restricted by related regulations, TCFHC's policy indicates that cash dividends must be 10% or above of the total dividends and bonus distributed. If the cash dividend per share is less than NT\$0.1, the cash dividend will not be distributed unless the distribution is resolved in the stockholders' meetings.

Under the Company Law, legal reserve should be appropriated until the reserve equals TCFHC's paid-in capital. This reserve should only be used to offset a deficit. When the reserve exceeds 25% of TCFHC's paid-in capital, the excess may be used to issue new shares or distribute cash dividends.

Under related regulations, a special reserve is appropriated from the balance of the retained earnings at an amount from the net income and unappropriated earnings that is equal to the debit balance of accounts in the stockholders' equity section. The special reserve should be appropriated from the prior years' unappropriated earnings to the extent of the debit balance accumulated from prior years, and such special reserve should not be appropriated.

If there is difference between appropriation of special reserve and net amount of deduction in other stockholder's equity, the Company should appropriate on additional amount of special reserve in the first-time adoption of IFRSs. Afterwards, if there is any reversal in of the deduction in other stockholder's equity, the Company is allowed to appropriating retained earnings from the reversal amount.

The appropriations from the earnings of 2019 and 2018 were approved in the stockholders' meeting on June 24, 2020 and June 21, 2019, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	2019	2018	2019	2018
Legal reserve	\$ 1,695,232	\$ 1,476,184		
Cash dividends	11,003,971	9,426,589	\$ 0.85	\$ 0.75
Stock dividends	3,883,754	3,770,636	0.30	0.30

Information on the appropriation of earnings is available at the Market Observation Post System website of the Taiwan Stock Exchange (<https://emops.twse.com.tw>).

e. Non-controlling interests

	For the Six Months Ended June 30	
	2020	2019
Balance on January 1	\$ 5,487,380	\$ 4,199,805
Attributable to non-controlling interests		
Net income	302,022	236,185
Exchange differences on the translation of financial statements of foreign operations	(3,306)	848
Unrealized losses on financial assets at FVTOCI	268,807	580,008
Other comprehensive income reclassification of overlay approach	(125,838)	144,756
Cash dividends distributed by subsidiary	<u>(154,749)</u>	<u>(102,069)</u>
Balance on June 30	<u>\$ 5,774,316</u>	<u>\$ 5,059,533</u>

41. RELATED-PARTY TRANSACTIONS

Taiwan Cooperative Financial Holding Co., Ltd. is the ultimate parent of the Company, and the Ministry of Finance is the major government stockholder. Based on IAS 24 "Related Party Disclosures" the Company's transactions with government-related parties are exempt from disclosure requirements. All transactions, account balances, earnings, expenses and gains (losses) on transactions between the Company and subsidiaries have all been excluded from consolidation and are not disclosed in this note.

In addition to those mentioned in other notes, the related-party transactions are summarized as follows:

a. Related parties

Related Party	Relationship with the Company
United Real Estate Management Co., Ltd.	Associated enterprise
Mesh Cooperative Ventures Inc.	Associated enterprise
TCB Global Emerging Markets Equity Fund	Fund managed by Taiwan Cooperative Securities Investment Trust Co., Ltd.
TCB Fund of Emerging Markets Bond Fund	Fund managed by Taiwan Cooperative Securities Investment Trust Co., Ltd.

(Continued)

<u>Related Party</u>	<u>Relationship with the Company</u>
TCB Global High Yield Bond Fund	Fund managed by Taiwan Cooperative Securities Investment Trust Co., Ltd.
TCB S&P U.S. Variable Rate Preferred Stock Index Fund	Fund managed by Taiwan Cooperative Securities Investment Trust Co., Ltd.
TCB 6 Year Emerging Market Bond Fund	Fund managed by Taiwan Cooperative Securities Investment Trust Co., Ltd.
TCB Mobility and Innovation Fund	Fund managed by Taiwan Cooperative Securities Investment Trust Co., Ltd.
TCB 6 Year ESG Emerging Market Bond Fund	Fund managed by Taiwan Cooperative Securities Investment Trust Co., Ltd.
TCB 6 Year ESG Senior Emerging Market Bond Fund	Fund managed by Taiwan Cooperative Securities Investment Trust Co., Ltd.
TCB 2026 Maturity Senior Emerging Market Corporate Bond Fund	Fund managed by Taiwan Cooperative Securities Investment Trust Co., Ltd.
Tamshui First Credit Bank	The director of Tamshui First Credit Bank is also the Company's director.
Others	Main management of the parent company and other related parties

(Concluded)

b. Significant transactions between the Company and related parties:

1) Call loans to banks

	Highest Balance	Ending Balance	Interest Revenue	Interest Rate (%)
<u>For the six months ended June 30, 2020</u>				
Others	\$ 500,000	\$ -	\$ 55	0.500
<u>For the six months ended June 30, 2019</u>				
Others	\$ 5,687,100	\$ 2,600,000	\$ 615,141	0.440-2.850

2) Deposits from banks

	For the Six Months Ended June 30			
	2020		2019	
	Ending Balance	Interest Expense	Ending Balance	Interest Expense
Main management	\$ 322,741	\$ 1,402	\$ 286,807	\$ 801
Others				
Tamshui First Credit Bank	23,942,977	103,351	24,470,825	113,000
Others	54,428	14	16,549	6
	<u>\$ 24,320,146</u>	<u>\$ 104,767</u>	<u>\$ 24,774,181</u>	<u>\$ 113.807</u>

3) Loans

	Highest Balance	Ending Balance	Interest Revenue	Interest Rate (%)
<u>For the six months ended June 30, 2020</u>				
Main management	\$ 325,196	\$ 254,627	\$ 1,535	0.995-1.600
Others	<u>1,120,755</u>	<u>114,501</u>	<u>1,066</u>	0.100-1.990
	<u>\$ 1,445,951</u>	<u>\$ 369,128</u>	<u>\$ 2,601</u>	
<u>For the six months ended June 30, 2019</u>				
Main management	\$ 263,870	\$ 232,995	\$ 1,611	1.245-1.790
Others	<u>129,400</u>	<u>103,536</u>	<u>910</u>	1.137-2.465
	<u>\$ 393,270</u>	<u>\$ 336,531</u>	<u>\$ 2,521</u>	

Under the Banking Law, except for customer loans and government loans, credits extended by TCB to any related party should be 100% secured, and the terms of credits extended to related parties should be similar to those for third parties.

4) Deposits

	Ending Balance	Interest Expense	Interest Rate (%)
<u>For the six months ended June 30, 2020</u>			
Associates	\$ 81,757	\$ 88	0-0.640
Main management	683,477	5,542	0-13.000
Others	<u>14,274,977</u>	<u>19,479</u>	0-13.000
	<u>\$ 15,040,211</u>	<u>\$ 25,109</u>	
<u>For the six months ended June 30, 2019</u>			
Associates	\$ 85,947	\$ 127	0-0.640
Main management	658,208	4,850	0-13.000
Others	<u>12,022,469</u>	<u>34,728</u>	0-13.000
	<u>\$ 12,766,624</u>	<u>\$ 39,705</u>	

	June 30, 2020	December 31, 2019	June 30, 2019
5) Accrued income (part of receivables)			
Others	\$ <u>37,866</u>	\$ <u>32,766</u>	\$ <u>26,234</u>
6) Accrued interest (part of receivables)			
Others	\$ <u>-</u>	\$ <u>-</u>	\$ <u>289</u>
7) Receivable on securities (part of receivables)			
Others	\$ <u>6,056</u>	\$ <u>-</u>	\$ <u>5,239</u>
8) Payable on securities (part of payables)			
Others	\$ <u>2,086</u>	\$ <u>1,153</u>	\$ <u>-</u>
		For the Six Months Ended	
		June 30	
		<hr/>	<hr/>
		2020	2019
9) Service fee income (part of service fee and commission income, net)			
Associate		\$ -	\$ -
Main management		190	50
Others		<u>221,933</u>	<u>153,803</u>
		<u>\$ 222,123</u>	<u>\$ 153,853</u>
10) Service charge (part of service fee and commission income, net)			
Main management		\$ 45	\$ 38
Others		<u>1</u>	<u>2</u>
		<u>\$ 46</u>	<u>\$ 40</u>
11) Other income (part of other noninterest gain, net)			
Others		\$ <u>113</u>	\$ <u>3,779</u>

Terms of other transactions with related parties were similar to those for third parties, except for the more favorable interest rate for managers' savings within a prescribed limit.

12) Derivatives

For the Six Months Ended June 30, 2020						
Related Party	Type of Derivatives	Contract Period	Nominal Amounts	Valuation Gain (Loss)	Amounts on the Consolidated Balance Sheet	
					Account	Amounts
Other - TCB 6 Year ESG Emerging Market Bond Fund	Currency swap	2020.06.29-2020.07.29	US\$ 28,500	\$ 933	Financial assets at fair value through profit or loss	\$ 933
	Currency swap	2020.06.15-2020.07.15	US\$ 14,000	(158)	Financial liabilities at fair value through profit or loss	(158)
Other - TCB 6 Year Emerging Market Bond Fund	Currency swap	2020.06.22-2020.07.29	US\$ 18,550	711	Financial assets at fair value through profit or loss	711
	Currency swap	2020.06.30-2020.07.31	US\$ 1,950	(89)	Financial liabilities at fair value through profit or loss	(89)
Other - TCB S&P U.S. Variable Rate Preferred Stock Index Fund	Currency swap	2020.06.29-2020.07.29	US\$ 3,000	527	Financial assets at fair value through profit or loss	527
Other - TCB Fund of Emerging Markets Bond Fund	Currency swap	2020.06.22-2020.07.31	US\$ 5,000	1,000	Financial assets at fair value through profit or loss	1,000
Other - TCB Global High Yield Bond Fund	Currency swap	2020.06.04-2020.07.29	US\$ 25,550	7,811	Financial assets at fair value through profit or loss	7,811
Other - TCB 6 Year ESG Senior Emerging Market Bond Fund	Currency swap	2020.05.18-2020.07.27	US\$ 13,200	2,531	Financial assets at fair value through profit or loss	2,531
Other - TCB 2026 Maturity Senior Emerging Market Corporate Bond Fund	Currency swap	2020.06.22-2020.08.24	US\$ 7,000	587	Financial assets at fair value through profit or loss	587
Other - TCB Mobility and Innovation Fund	Currency swap	2020.06.08-2020.07.08	US\$ 2,000	936	Financial assets at fair value through profit or loss	936
For the Six Months Ended June 30, 2019						
Related Party	Type of Derivatives	Contract Period	Nominal Amounts	Valuation Gain (Loss)	Amounts on the Consolidated Balance Sheet	
					Account	Amounts
Other - TCB Global Emerging Markets Equity Fund	Currency swap	2019.06.06-2019.07.22	US\$ 8,250	\$ 52	Financial assets at fair value through profit or loss	\$ 52
Other - TCB Global High Yield Bond Fund	Currency swap	2019.06.24-2019.07.31	US\$ 7,000	231	Financial assets at fair value through profit or loss	231
	Currency swap	2019.06.17-2019.07.17	US\$ 7,250	(159)	Financial liabilities at fair value through profit or loss	(159)
Other - TCB S&P U.S. Variable Rate Preferred Stock Index Fund	Currency swap	2019.04.12-2019.08.26	US\$ 10,000	969	Financial assets at fair value through profit or loss	969
	Currency swap	2019.03.19-2019.09.19	US\$ 6,000	(256)	Financial liabilities at fair value through profit or loss	(256)
Other - TCB 6 Year Emerging Market Bond Fund	Currency swap	2019.03.18-2019.09.18	US\$ 10,850	725	Financial assets at fair value through profit or loss	725
Other - TCB Mobility and Innovation Fund	Currency swap	2019.06.24-2019.07.08	US\$ 8,000	344	Financial assets at fair value through profit or loss	344

The realized profit or loss that resulted from the currency swap transactions with related parties was as follows:

	For the Six Months Ended June 30	
	2020	2019
Financial assets and liabilities at fair value through profit or loss		
Others	<u>\$ 44,276</u>	<u>\$ (29,169)</u>

13) Loans

June 30, 2020

Type	Account Volume or Name	Highest Balance in the Six Months Ended June 30, 2020 (Note 1)	Ending Balance	Loan Classification		Collaterals	Differences in Terms of Transaction Compared with Those for Unrelated Parties
				Normal Loans	Nonperforming Loans		
Consumer loans	69	\$ 148,958	\$ 99,882	\$ 99,882	\$ -	Note 2	None
Self-used housing mortgage loans	49	296,993	258,746	258,746	-	Land and buildings	None
Other loans	Other	1,000,000	10,500	10,500	-	Certificates of deposit	None

June 30, 2019

Type	Account Volume or Name	Highest Balance in the Six Months Ended June 30, 2019 (Note 1)	Ending Balance	Loan Classification		Collaterals	Differences in Terms of Transaction Compared with Those for Unrelated Parties
				Normal Loans	Nonperforming Loans		
Consumer loans	66	\$ 142,214	\$ 123,209	\$ 123,209	\$ -	Note 2	None
Self-used housing mortgage loans	45	251,056	213,322	213,322	-	Land and buildings	None

Note 1: The highest balance is the largest sum in the period of all daily accounts for each type.

Note 2: A portion of the consumer loans was real estate guaranteed.

- c. Subsidiaries' related-party transactions and balances that each amounted to more than \$100,000 thousand

1) Taiwan Cooperative Bank, Ltd.

- a) Due from banks

	June 30, 2020	December 31, 2019	June 30, 2019
Subsidiary	<u>\$ 543,841</u>	<u>\$ 539,932</u>	<u>\$ 570,528</u>

b) Call loans to banks

	Highest Balance	Ending Balance	Interest Revenue	Interest Rate (%)
<u>For the six months ended June 30, 2020</u>				
Subsidiary	\$ 9,052,313	\$ 8,072,664	\$ 11,434	0.020-2.360
Sister companies	6,200,000	5,850,000	10,099	0.280-0.570
Others	<u>500,000</u>	<u>-</u>	<u>55</u>	0.500
	<u>\$ 15,752,313</u>	<u>\$ 13,922,664</u>	<u>\$ 21,588</u>	
<u>For the six months ended June 30, 2019</u>				
Subsidiary	\$ 9,561,739	\$ 9,400,284	\$ 29,406	0.001-3.180
Sister companies	5,000,000	5,000,000	10,413	0.400-0.700
Others	<u>5,687,100</u>	<u>2,600,000</u>	<u>615,141</u>	0.440-2.850
	<u>\$ 20,248,839</u>	<u>\$ 17,000,284</u>	<u>\$ 654,960</u>	

c) Call loans to securities firms (part of other financial assets, net)

	Highest Balance	Ending Balance	Interest Revenue	Interest Rate (%)
<u>For the six months ended June 30, 2020</u>				
Sister company TCS	<u>\$ 304,630</u>	<u>\$ 294,500</u>	<u>\$ 1,862</u>	0.450-2.480
<u>For the six months ended June 30, 2019</u>				
Sister company TCS	<u>\$ 316,200</u>	<u>\$ 310,600</u>	<u>\$ 4,347</u>	2.740-3.200

d) Deposits from banks

	For the Six Months Ended June 30			
	2020		2019	
	Ending Balance	Interest Expense	Ending Balance	Interest Expense
Subsidiary	\$ 23	\$ -	\$ 1,331	\$ -
Main management	322,741	1,402	286,807	801
Others				
Tamshui First Credit Bank	23,942,977	103,351	24,470,825	113,000
Others	<u>54,428</u>	<u>14</u>	<u>16,549</u>	<u>6</u>
	<u>\$ 24,320,169</u>	<u>\$ 104,767</u>	<u>\$ 24,775,512</u>	<u>\$ 113,807</u>

e) Loans

	Highest Balance	Ending Balance	Interest Revenue	Interest Rate (%)
<u>For the six months ended June 30, 2020</u>				
Sister companies	\$ 1,000,000	\$ -	\$ -	2.265
Main management	325,196	254,627	1,535	0.995-1.600
Others	<u>1,120,755</u>	<u>114,501</u>	<u>1,066</u>	0.100-1.990
	<u>\$ 2,445,951</u>	<u>\$ 369,128</u>	<u>\$ 2,601</u>	
<u>For the six months ended June 30, 2019</u>				
Sister companies	\$ 89,500	\$ -	\$ 8	2.265
Main management	263,870	232,995	1,611	1.245-1.790
Others	<u>129,400</u>	<u>103,536</u>	<u>910</u>	1.137-2.465
	<u>\$ 482,770</u>	<u>\$ 336,531</u>	<u>\$ 2,529</u>	

Under the Banking Law, except for customer loans and government loans, credits extended by TCB to any related party should be 100% secured, and the terms of credits extended to related parties should be similar to those to third parties.

f) Securities purchased under resell agreement

	Ending Balance	Interest Expense	Interest Rate (%)
<u>For the six months ended June 30, 2019</u>			
Sister companies	<u>\$ 2,733,694</u>	<u>\$ 2,421</u>	0.440-0.695

g) Deposits

	Ending Balance	Interest Expense	Interest Rate (%)
<u>For the six months ended June 30, 2020</u>			
Parent company	\$ 133,089	\$ 65	0-0.040
Sister companies	3,916,151	3,925	0-1.065
Associates	81,757	88	0-0.640
Main management	683,477	5,542	0-13.000
Others	<u>14,274,977</u>	<u>19,479</u>	0-13.000
	<u>\$ 19,089,451</u>	<u>\$ 29,099</u>	

(Continued)

	Ending Balance	Interest Expense	Interest Rate (%)
For the six months ended <u>June 30, 2019</u>			
Parent company	\$ 98,312	\$ 22	0-0.080
Sister companies	4,347,074	6,279	0-1.065
Associates	85,947	127	0-0.640
Main management	658,208	4,850	0-13.000
Others	<u>12,022,469</u>	<u>34,728</u>	0-13.000
	<u>\$ 17,212,010</u>	<u>\$ 46,006</u>	
			(Concluded)
h) Accrued income (part of receivables)			
	June 30, 2020	December 31, 2019	June 30, 2019
Sister company			
BPCTLI	\$ 43,868	\$ 203,989	\$ 189,630
Others	<u>4,989</u>	<u>2,430</u>	<u>3,161</u>
	<u>\$ 48,857</u>	<u>\$ 206,419</u>	<u>\$ 192,791</u>
i) Receivable on securities (part of receivables)			
	June 30, 2020	December 31, 2019	June 30, 2019
Sister company			
TCS	<u>\$ 1,087,417</u>	<u>\$ 138,642</u>	<u>\$ 189,696</u>
j) Tax receivable - consolidated tax return (part of current tax assets)			
	June 30, 2020	December 31, 2019	June 30, 2019
Parent company	<u>\$ 1,675,756</u>	<u>\$ 1,080,183</u>	<u>\$ 1,608,330</u>
k) Payable on securities (part of payables)			
	June 30, 2020	December 31, 2019	June 30, 2019
Sister company			
TCS	<u>\$ 1,638,555</u>	<u>\$ 57,919</u>	<u>\$ 80,035</u>
l) Dividends payable (part of payables)			
	June 30, 2020	December 31, 2019	June 30, 2019
Parent company	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,953,000</u>

m) Tax payable - consolidated tax return (part of current tax liabilities)

	June 30, 2020	December 31, 2019	June 30, 2019
Parent company	\$ <u>28,412</u>	\$ <u>1,639,593</u>	\$ <u>473,539</u>

n) Service fee income (part of service fee income, net)

	For the Six Months Ended June 30	
	2020	2019
Sister companies		
BPCTLI	\$ 315,478	\$ 553,055
Others	17,772	16,632
Main management	190	50
Others	<u>12,105</u>	<u>6,850</u>
	<u>\$ 345,545</u>	<u>\$ 576,587</u>

o) Lease agreements - TCB is lessor

The Company lease out investment properties to its parent company and sister companies under operating leases with lease terms of 2 to 10 years. Rentals which refer to the prices nearby are calculated on the basis of the leased areas and are payable monthly.

i. Future lease payment receivables was as follows:

	June 30, 2020	December 31, 2019	June 30, 2019
Parent company	\$ 55,027	\$ 62,992	\$ 75,016
Sister companies			
TCS	145,515	173,981	186,374
BPCTLI	20,483	26,536	33,619
Others	<u>58,718</u>	<u>48,630</u>	<u>59,458</u>
	<u>\$ 279,743</u>	<u>\$ 312,139</u>	<u>\$ 354,467</u>

ii. Lease income (part of other non-interest gains, net):

	For the Six Months Ended June 30	
	2020	2019
Parent company	\$ 12,024	\$ 12,024
Sister companies		
TCS	22,048	22,498
Others	<u>17,582</u>	<u>20,161</u>
	<u>\$ 51,654</u>	<u>\$ 54,683</u>

p) Purchases and sales of securities

For the Six Months Ended June 30, 2019				
Related Party	Purchases	Sales	Sales Under Repurchase Agreements	Purchases Under Resell Agreements
Sister companies	<u>\$ 5,813,666</u>	<u>\$ 1,860,452</u>	<u>\$ -</u>	<u>\$ 14,581,540</u>

q) Derivatives

For the Six Months Ended June 30, 2020						
Related Party	Type of Derivatives	Contract Period	Nominal Amounts	Valuation Gain (Loss)	Amounts on the Balance Sheet	
					Account	Amounts
Sister company - BPCTLI	Currency swap	2019.08.19-2020.09.30	US\$120,355	\$ 27,436	Financial assets at fair value through profit or loss	\$ 135,159
	Currency swap	2020.01.10-2020.07.31	EUR 7,856	3,021	Financial assets at fair value through profit or loss	3,021
Other - TCB 6 Year ESG	Currency swap	2020.06.29-2020.07.29	US\$28,500	933	Financial assets at fair value through profit or loss	933
Emerging Market Bond Fund	Currency swap	2020.06.15-2020.07.15	US\$ 14,000	(158)	Financial liabilities at fair value through profit or loss	(158)
Other - TCB 6 Year Emerging Market Bond Fund	Currency swap	2020.06.22-2020.07.29	US\$ 18,550	711	Financial assets at fair value through profit or loss	711
	Currency swap	2020.06.30-2020.07.31	US\$ 1,950	(89)	Financial liabilities at fair value through profit or loss	(89)
Other - TCB S&P U.S. Variable Rate Preferred Stock Index Fund	Currency swap	2020.06.29-2020.07.29	US\$ 3,000	527	Financial assets at fair value through profit or loss	527
Other - TCB Fund of Emerging Markets Bond Fund	Currency swap	2020.06.22-2020.07.31	US\$ 5,000	1,000	Financial assets at fair value through profit or loss	1,000
Other - TCB Global High Yield Bond Fund	Currency swap	2020.06.04-2020.07.29	US\$25,550	7,811	Financial assets at fair value through profit or loss	7,811
Other - TCB 6 Year ESG Senior Emerging Market Bond Fund	Currency swap	2020.05.18-2020.07.27	US\$ 13,200	2,531	Financial assets at fair value through profit or loss	2,531
Other - TCB 2026 Maturity Senior Emerging Market Corporate Bond Fund	Currency swap	2020.06.22-2020.08.24	US\$ 7,000	587	Financial assets at fair value through profit or loss	587
Other - TCB Mobility and Innovation Fund	Currency swap	2020.06.08-2020.07.08	US\$ 2,000	936	Financial assets at fair value through profit or loss	936

For the Six Months Ended June 30, 2019						
Related Party	Type of Derivatives	Contract Period	Nominal Amounts	Valuation Gain (Loss)	Amounts on the Balance Sheet	
					Account	Amounts
Sister company - BPCTLI	Currency swap	2019.05.06-2019.08.06	US\$ 5,351	\$ 1,563	Financial assets at fair value through profit or loss	\$ 1,563
	Currency swap	2019.06.19-2019.09.30	US\$120,641	(10,473)	Financial liabilities at fair value through profit or loss	(10,473)
Other - TCB Global Emerging Markets Equity Fund	Currency swap	2019.06.06-2019.07.22	US\$ 8,250	52	Financial assets at fair value through profit or loss	52
Other - TCB Global High Yield Bond Fund	Currency swap	2019.06.24-2019.07.31	US\$ 7,000	231	Financial assets at fair value through profit or loss	231
	Currency swap	2019.06.17-2019.07.17	US\$ 7,250	(159)	Financial liabilities at fair value through profit or loss	(159)
Other - TCB S&P U.S. Variable Rate Preferred Stock Index Fund	Currency swap	2019.04.12-2019.08.26	US\$ 10,000	969	Financial assets at fair value through profit or loss	969
	Currency swap	2019.03.19-2019.09.19	US\$ 6,000	(256)	Financial liabilities at fair value through profit or loss	(256)
Other - TCB 6 Year Emerging Market Bond Fund	Currency swap	2019.03.18-2019.09.18	US\$ 10,850	725	Financial assets at fair value through profit or loss	725
Other - TCB Mobility and Innovation Fund	Currency swap	2019.06.24-2019.07.08	US\$ 8,000	344	Financial assets at fair value through profit or loss	344

The realized gain or loss that resulted from the currency swap transactions of TCB with related parties was as follows:

	For the Six Months Ended June 30	
	2020	2019
Financial assets and liabilities at fair value through profit or loss		
Sister companies		
BPCTLI	\$ (8,326)	\$ 114,243
Others	<u>44,276</u>	<u>(29,169)</u>
	<u>\$ 35,950</u>	<u>\$ 85,074</u>

r) Loans

June 30, 2020

Type	Account Volume or Name	Highest Balance in the Period Ended June 30, 2020 (Note 1)	Ending Balance	Loan Classification		Collaterals	Differences in Terms of Transaction Compared with Those for Unrelated Parties
				Normal Loans	Nonperforming Loans		
Consumer loans	69	\$ 148,958	\$ 99,882	\$ 99,882	\$ -	Note 2	None
Self-used housing mortgage loans	49	296,993	258,746	258,746	-	Land and buildings	None
Other	TCS	1,000,000	-	-	-	Bonds	None
	Others	1,000,000	10,500	10,500	-	Certificates of deposit	None

June 30, 2019

Type	Account Volume or Name	Highest Balance in the Period Ended June 30, 2020 (Note 1)	Ending Balance	Loan Classification		Collaterals	Differences in Terms of Transaction Compared with Those for Unrelated Parties
				Normal Loans	Nonperforming Loans		
Consumer loans	66	\$ 142,214	\$ 123,209	\$ 123,209	\$ -	Note 2	None
Self-used housing mortgage loans	45	251,056	213,322	213,322	-	Land and buildings	None
Other	TCS	89,500	-	-	-	Bonds	None

Note 1: The highest balance is the largest sum in the year of all daily accounts for each type.

Note 2: A portion of the consumer loans was real estate guaranteed.

2) Taiwan Cooperative Securities Co., Ltd. (TCS)

a) Receipts under custody for securities underwriting (part of other current assets)

	June 30, 2020	December 31, 2019	June 30, 2019
Sister companies	<u>\$ 128,709</u>	<u>\$ 22,384</u>	<u>\$ 17,073</u>

b) Settlement receivable (part of receivables)

	June 30, 2020	December 31, 2019	June 30, 2019
Sister companies	\$ 575,925	\$ 19,260	\$ 75,469
Others	<u>6,056</u>	<u>-</u>	<u>5,239</u>
	<u>\$ 581,981</u>	<u>\$ 19,260</u>	<u>\$ 80,708</u>

c) Settlement payable (part of payables)

	June 30, 2020	December 31, 2019	June 30, 2019
Sister companies	\$ 139,352	\$ 276,157	\$ 197,692
Others	<u>2,086</u>	<u>1,153</u>	<u>-</u>
	<u>\$ 141,438</u>	<u>\$ 277,310</u>	<u>\$ 197,692</u>

d) TCS applied to TCB for call loans

Related Party	For the Six Months Ended June 30, 2020			
	Highest Balance	Ending Balance	Interest Expense	Interest Rate (%)
Sister companies				
TCB	<u>\$ 302,500</u>	<u>\$ 296,300</u>	<u>\$ 1,860</u>	0.450-2.480

Related Party	For the Six Months Ended June 30, 2019			
	Highest Balance	Ending Balance	Interest Expense	Interest Rate (%)
Sister companies				
TCB	\$ 316,000	\$ 310,600	\$ 4,353	2.740-3.200

e) Purchases and sales of securities

Related Party	For the Six Months Ended June 30, 2020			
	Purchases	Sales	Sales Under Repurchase Agreements	Purchases Under Resell Agreements
Parent company	\$ 4,400,000	\$ -	\$ -	\$ -

Related Party	For the Six Months Ended June 30, 2019			
	Purchases	Sales	Sales Under Repurchase Agreements	Purchases Under Resell Agreements
Sister companies	\$ 1,860,452	\$ 5,813,666	\$ -	\$ -

f) To settle security transactions, TCS applied to TCB for a guarantee of \$1,500,000 thousand for short-term loan and overdraft. As of June 30, 2020, December 31, 2019 and June 30, 2019, TCS had no borrowing and overdraft. The overdraft for the six months ended June 30, 2020 and 2019 were as follows:

	For the Six Months Ended June 30, 2020			
	Highest Balance	Ending Balance	Interest Expense	Interest Rate (%)
Sister companies	\$ 1,000,000	\$ -	\$ -	2.265

	For the Six Months Ended June 30, 2019			
	Highest Balance	Ending Balance	Interest Expense	Interest Rate (%)
Sister companies	\$ 89,500	\$ -	\$ 8	2.265

g) Lease agreements - TCS is lessee

i. Right-of-use assets, net

	June 30, 2020
Sister companies	
TCB	\$ 130,195

ii. Lease liabilities

	June 30, 2020
Sister companies	\$ 131,561

iii. Interest expense

**For the Six
Months Ended
June 30, 2020**

Sister companies \$ 1,018

iv. Depreciation expense

**For the Six
Months Ended
June 30, 2020**

Sister companies \$ 20,546

3) Taiwan Cooperative Bills Finance Corporation Ltd.

a) Cash in bank

	Highest Balance	Ending Balance	Interest Expense	Interest Rate (%)
For the six months ended <u>June 30, 2020</u>				
Sister companies	<u>\$ 193,103</u>	<u>\$ 41,228</u>	<u>\$ 6</u>	0.010-0.815
For the six months ended <u>June 30, 2019</u>				
Sister companies	<u>\$ 170,423</u>	<u>\$ 36,297</u>	<u>\$ 9</u>	0.010-1.065

b) Call loans from banks

	Highest Balance	Ending Balance	Interest Expense	Interest Rate (%)
For the six months ended <u>June 30, 2020</u>				
Sister companies	<u>\$ 6,200,000</u>	<u>\$ 5,850,000</u>	<u>\$ 10,099</u>	0.280-0.570
For the six months ended <u>June 30, 2019</u>				
Sister companies	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>	<u>\$ 10,413</u>	0.400-0.700

c) Securities sold under repurchase agreement

	Ending Balance	Interest Expense	Interest Rate (%)
For the six months ended <u>June 30, 2020</u>			
Sister companies	<u>\$ 2,314,168</u>	<u>\$ 3,403</u>	0.280-0.570
For the six months ended <u>June 30, 2019</u>			
Sister companies	<u>\$ 3,511,011</u>	<u>\$ 4,677</u>	0.440-0.700

4) BNP Paribas Cardif TCB Life Insurance Co., Ltd.

a) Cash in bank (part of cash and cash equivalents, investment in debt instrument at amortized cost, refundable deposits and separate account assets)

	<u>June 30, 2020</u>		<u>December 31, 2019</u>		<u>June 30, 2019</u>	
	Amount	%	Amount	%	Amount	%
Sister company TCB	<u>\$ 2,505,466</u>	<u>37</u>	<u>\$ 7,325,078</u>	<u>70</u>	<u>\$ 4,056,804</u>	<u>43</u>

b) Securities purchased under resell agreements (part of cash and cash equivalents)

	<u>For the Six Months Ended June 30, 2020</u>		
	<u>Purchased Securities (Note)</u>	<u>Securities Purchase Under Resell Agreement</u>	
		Amount	Rate (%)
Sister company TCBF	<u>\$ 9,049,892</u>	<u>\$ 2,314,168</u>	0.280-0.570
	<u>For the Six Months Ended June 30, 2019</u>		
	<u>Purchased Securities (Note)</u>	<u>Securities Purchase Under Resell Agreement</u>	
		Amount	Rate (%)
Sister company TCBF	<u>\$ 6,467,227</u>	<u>\$ 777,317</u>	0.440-0.670

Note: The amount includes securities purchased under resell agreements.

c) Payables

	June 30, 2020	December 31, 2019	June 30, 2019
Sister company TCB	<u>\$ 67,153</u>	<u>\$ 226,065</u>	<u>\$ 131,162</u>

d) Dividends payable

	June 30, 2020	December 31, 2019	June 30, 2019
Parent company	\$ 161,065	\$ -	\$ 106,235
Associates	<u>154,749</u>	<u>-</u>	<u>102,068</u>
	<u>\$ 315,814</u>	<u>\$ -</u>	<u>\$ 208,303</u>

e) Derivatives

For the six months ended June 30, 2020

Type of Derivatives	Related Party	Contract Period	Nominal Amounts	Valuation Gain (Loss)	Amounts on the Balance Sheet	
					Account	Amounts
Currency swap	Sister company TCB	2019.08.15-2020.09.30	US\$120,355	\$ 27,990	Financial assets at fair value through profit or loss	\$ 138,295
		2020.01.08-2020.07.31	EUR 7,856	3,486	Financial assets at fair value through profit or loss	3,486
	Associates - Banque Nationale De Paris, Taipei Branch	2019.06.06-2022.06.30	US\$103,261	9,642	Financial assets at fair value through profit or loss	109,971
		2019.02.15-2021.02.19	EUR 4,827	3,139	Financial assets at fair value through profit or loss	9,318

For the six months ended June 30, 2019

Type of Derivatives	Related Party	Contract Period	Nominal Amounts	Valuation Gain (Loss)	Amounts on the Balance Sheet	
					Account	Amounts
Currency swap	Sister company TCB	2019.06.17-2019.09.30	US\$120,641	\$ 9,231	Financial assets at fair value through profit or loss	\$ 9,231
		2019.05.02-2019.08.06	US\$ 5,351	(1,614)	Financial liabilities at fair value through profit or loss	(1,614)
	Associates - Banque Nationale De Paris, Taipei Branch	2019.05.20-2022.06.30	US\$139,259	46,408	Financial assets at fair value through profit or loss	46,408
		2019.06.21-2021.06.25	US\$ 10,047	(102)	Financial liabilities at fair value through profit or loss	(102)
		2019.01.28-2021.02.19	EUR 9,672	(4,069)	Financial liabilities at fair value through profit or loss	(4,069)

Note: Paris Management Consultant Co., Ltd is an associate of BPCTLI, but not a related party to the Company.

For the six months ended June 30, 2020 and 2019, the realized gains or losses on currency swaps with sister companies were \$9,509 thousand gains and \$114,243 thousand losses, respectively. Besides, the realized gains or losses on currency swaps with affiliates were \$24,776 thousand gains and \$162,656 thousand losses, respectively.

The BPCTLI engaged in foreign exchange swaps with associates. Under these contracts, both parties should receive deposits (reported as other assets - refundable deposits other liabilities) depending on the value of the swaps. As of June 30, 2020, December 31, 2019 and June 30, 2019, the BPCTLI had refundable deposits of \$95,641 thousand, \$108,242 thousand and \$27,638 thousand, respectively.

f) Operating expenses - insurance contract expenses

	For the Six Months Ended June 30	
	2020	2019
Sister company		
TCB	<u>\$ 313,892</u>	<u>\$ 529,603</u>

The above insurance contract expenses were recorded as operating cost - commission expenses and were deducted from the reserve for insurance contracts with financial instrument features.

5) Co-operative Assets Management Co., Ltd. (CAM)

	June 30, 2020	December 31, 2019	June 30, 2019
Dividends payable			
Parent company	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ 272,510</u>

6) Taiwan Cooperative Securities Investment Trust Co., Ltd.

	For the Six Months Ended June 30	
	2020	2019
Management fee income		
Sister company	\$ 501	\$ 482
Others	<u>209,420</u>	<u>146,743</u>
	<u>\$ 209,921</u>	<u>\$ 147,225</u>

7) Taiwan Cooperative Venture Capital Co., Ltd.

	June 30, 2020	December 31, 2019	June 30, 2019
Cash in banks			
TCB	<u>\$ 119,952</u>	<u>\$ 133,939</u>	<u>\$ 134,740</u>

d. Salaries, bonuses and remunerations to main management

The salaries, bonuses and remunerations of the directors and main management for the six months ended June 30, 2020 and 2019, are summarized as follows:

	For the Six Months Ended June 30	
	2020	2019
Salaries and other short-term employment benefits	\$ 84,475	\$ 87,898
Post-employment benefits	2,644	3,922
Interest arising from the employees' preferential rate in excess of normal rates	<u>964</u>	<u>903</u>
	<u>\$ 88,083</u>	<u>\$ 92,723</u>

42. PLEDGED ASSETS

a. In addition to those mentioned in other notes, the face values of the pledged bonds and certificates of deposit are summarized as follows:

	June 30, 2020	December 31, 2019	June 30, 2019
Collateral for call loans of foreign currency	\$ 40,000,000	\$ 40,000,000	\$ 40,000,000
Collateral for domestic overdraft	31,600,000	31,400,000	32,310,000
Collateral for overdraft of domestic U.S. dollar settlement	11,000,000	11,000,000	11,000,000
Collateral for overdraft of domestic RMB settlement	2,292,950	2,362,250	2,483,800
Guarantee deposits for provisional collateral seizure for loan defaults and others	1,110,200	1,254,500	1,189,300
Guarantee deposits for the insurance operation	1,010,000	1,010,000	1,010,000
Collaterals for overdraft of domestic JPY settlement	500,000	500,000	500,000
Overseas branches' capital adequate reserve	384,353	389,819	403,079
Guarantee deposits for securities operation	355,000	355,000	355,000
Guarantee deposits for the trust business compensation reserve	280,000	260,000	260,000
Guarantee deposits for the bills finance business	278,100	278,100	262,000
Collateral for overseas branch U.S. dollar settlement	48,631	61,650	34,943
Collateral for overseas branch KHR settlement	42,888	-	-
Overseas branches' guarantee deposits for operation	5,890	5,998	6,212
Others	<u>90,000</u>	<u>90,000</u>	<u>90,000</u>
	<u>\$ 88,998,012</u>	<u>\$ 88,967,317</u>	<u>\$ 89,904,334</u>

To comply with the Central Bank of the Republic of China's (CBC) Interbank Funds Transfer and Settlement System for real-time gross settlement (RTGS), TCB provided certificates of deposit of \$30,000,000 thousand as collateral for day-term overdraft as of June 30, 2020, December 31, 2019 and June 30, 2019. The pledged amount may be adjusted anytime, and the unused overdraft amount at the end of a day can also be treated as TCB's liquidity reserve.

- b. To expand their capital sourcing and enhance their liquidity position, TCB's Seattle Branch, Los Angeles Branch, and New York Branch obtained access privileges at the Discount Window Account of the Federal Reserve Bank. For this access, the three branches pledged the following assets:

(In Thousands of U.S. Dollars)

Date	<u>Outstanding Balance Loan</u>	<u>Collateral Value</u>
June 30, 2020	<u>\$ 278,758</u>	<u>\$ 187,083</u>
December 31, 2019	<u>\$ 281,333</u>	<u>\$ 232,718</u>
June 30, 2019	<u>\$ 304,440</u>	<u>\$ 221,838</u>

- c. As of June 30, 2020, TCB had pledged \$30,000,000 thousand to deposit reserve account B in accordance with the Central Bank's project financing regulations in response to the epidemic.

43. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those mentioned in other notes, the significant commitments were as follows:

- a. Taiwan Cooperative Financial Holding Co., Ltd.

As of June 30, 2020, TCFHC's outstanding major construction and procurement contracts amounted to \$154,962 thousand, of which \$77,641 thousand was still unpaid.

- b. Taiwan Cooperative Bank, Ltd.

1) As of June 30, 2020, TCB's outstanding major construction and procurement contracts amounted to \$196,527 thousand, of which \$119,651 thousand was still unpaid.

2) According to the joint venture contract signed with BNP Paribas Assurance (BNPPA), TCB signed the tri-party agreement with BNP Paribas Cardif TCB Life Insurance Co., Ltd. (BPCTLI) and Cooperative Insurance Broker Co., Ltd. (CIB) on April 13, 2010, which identified BPCTLI as the sole supplier of life insurance products for TCB and CIB, also applying TCB's marketing channels to sell life insurance products. Since TCB merged with the CIB on June 24, 2016, TCB signed a two-party agreement with BPCTLI on March 30, 2018 to replace the original tri-party agreement, the rights and obligations of the CIB were assumed by TCB.

- c. Taiwan Cooperative Bills Finance Cooperation Ltd.

As of June 30, 2020, the commitments or contingencies arose from business were as follows:

	June 30, 2020
Guarantees of commercial paper	<u>\$ 32,430,700</u>
Purchase of reference-rate commercial paper	<u>\$ 7,250,000</u>

d. Taiwan Cooperative Securities Co., Ltd. (TCS)

- 1) As of June 30, 2020, TCS's agreements on the acquisition equipment and procurement contracts amounted to \$30,779 thousand, of which \$18,179 thousand was still unpaid.
- 2) In May 2012, TCS laid off an employee - Ms. Chen - in accordance with the Labor Standards Act, but Ms. Chen, claiming the layoff was illegal, applied to the Taipei District Court (the Court) on April 10, 2014 for clarification of this employment issue. The Taipei Department of Labor (TDOL) investigated this case in March 2014 and TDOL later concluded that there was no evidence that TCS had violated the Labor Standards Act. On March 18, 2016, the Taipei District Court ascertained the existence of the employment relationship in the first instance. TCS is required to pay monthly salary of \$30.5 thousand plus accrued interests from April 25, 2014 to Ms. Chen until her reinstatement. The rest of the appeal of the plaintiff had been dismissed by the Court. Four fifth of the litigation fee is to be paid by TCS and the rest of the litigation fee is to be paid by the plaintiff. TCS filed an appeal on April 13, 2016. On March 11, 2020, the court of second instance of the Taiwan High Court ruled in favor of TCS for all the litigation cases; and correspondingly the plaintiff has already filed an appeal to the court of third instance. The case is currently being handled by an appointed lawyer and the final outcome is yet to be confirmed. TCS has already recognized a loss of \$2,435 thousand on the case.

44. FINANCIAL INSTRUMENTS

a. Fair values of financial instruments that are not measured at fair value

	June 30, 2020		December 31, 2019		June 30, 2019	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
<u>Financial assets</u>						
Investments in debt instruments at amortized cost	\$ 613,679,809	\$ 620,082,282	\$ 557,848,944	\$ 563,118,799	\$ 555,045,868	\$ 560,010,674
<u>Financial liabilities</u>						
Bonds payable	68,200,000	70,091,337	65,000,000	66,544,129	60,000,000	61,513,064

Fair value hierarchy as at June 30, 2020, December 31, 2019 and June 30, 2019:

June 30, 2020

	Total	Level 1	Level 2	Level 3
<u>Financial assets</u>				
Investments in debt instruments at amortized cost	\$ 620,082,282	\$ 8,949,418	\$ 611,132,864	\$ -
<u>Financial liabilities</u>				
Bonds payable	70,091,337	-	70,091,337	-

December 31, 2019

	Total	Level 1	Level 2	Level 3
<u>Financial assets</u>				
Investments in debt instruments at amortized cost	\$ 563,118,799	\$ 8,510,714	\$ 554,608,085	\$ -
<u>Financial liabilities</u>				
Bonds payable	66,544,129	-	66,544,129	-

June 30, 2019

	Total	Level 1	Level 2	Level 3
<u>Financial assets</u>				
Investments in debt instruments at amortized cost	\$ 560,010,674	\$ 8,915,847	\$ 551,094,827	\$ -
<u>Financial liabilities</u>				
Bonds payable	61,513,064	-	61,513,064	-

In addition to those listed above, the management level consider other financial instruments which are not measured at fair value closed to their fair value.

- b. The valuation techniques and assumptions the Company uses for determining fair values are as follows:

The fair values of financial instruments traded on active markets are based on quoted market prices. However, in many instances where there are no quoted market prices for the Company's various financial instruments, fair values are based on estimates using other financial data and appropriate valuation methodologies. The financial data obtained by the Company for making estimations and assumptions for financial instrument valuation is consistent with those used by other market participants to price financial instruments. Fair values of forward contracts, currency swap contracts, foreign-currency margin contracts, cross-currency swap contracts and interest rate swap contracts are calculated using the discounted cash flow method, unless the fair values are provided by counter-parties. Fair values of option contracts are based on estimates using the Black Scholes pricing model.

The Company estimates the fair value of each forward contract on the basis of the swap points quoted by Reuters on each settlement date. Fair values of interest rate swap contracts and cross-currency swap contracts are calculated using the Bloomberg information system, unless the fair values are provided by counterparties. The calculation of the fair value of each option contract is based on the mid-price (the average of bid and ask prices) quoted by Reuters and applied consistently.

For debt instruments with no active market, if there are theoretical prices from Taipei Exchange (TPEX, an over-the-counter securities exchange) on the balance sheet date, they are used as the basis for evaluating the fair value of debt instruments with no active market. Otherwise, the latest trade prices and quoted prices by major markets are used. The fair values of bank debentures are recorded as follows: (a) debentures with no maturity dates - at book values; (b) debentures with floating interest rates - at theoretical prices quoted by the GTSM; and (c) debentures with fixed interest rates - at estimates reached using the discounted cash flow method. The discount rates used were between 0.5683% and 0.7225%, between 0.5537% and 1.0441%, between 0.6071% and 1.1188% as of June 30, 2020, December 31, 2019 and June 30, 2019, respectively, and were comparable with interest rates for loans with similar terms and characteristics.

Evaluation technique and input of fair value measurement at Level 3

The Company adopts the market approach, adjusted net asset method, and income approach for domestic unlisted equity investment. Under the market approach, the Company selects similar industries with the target company. The main business model is similar and the products and scales are close to the comparable listed companies. The fair value estimation is based on the information of the listed company, or the price-book ratio (P/B) of the industry to which the target is evaluated is estimated as the multiplier of the fair value estimate. Under the adjusted net asset method, the overall value of a company or business is evaluated by the total market value of individual assets and individual liabilities of the target company with the consideration of the discount for lack of marketability and for minority interest. Acquired loans are evaluated by the income approach. The estimated income was estimated by discounting future cash flows. The significant unobservable input used is discount for lack of marketability and discount for minority interest. A decrease in discount for lack of marketability and for minority interest used in isolation would result in increases in fair value. The Company adopts the discount for lack of marketability at 10% to 30% and for minority interest at 10% on June 30, 2020, December 31, 2019 and June 30, 2019. With other input values remaining and a change in discount for lack of marketability or for minority interest input value to reflect reasonable assumptions, the amount of fair value of investment in equity instruments will increase (decrease) as follows:

	June 30, 2020	December 31, 2019	June 30, 2019
Discount for lack of marketability			
Increase 10%	<u>\$ (867,005)</u>	<u>\$ (797,989)</u>	<u>\$ (744,987)</u>
Decrease 10%	<u>\$ 867,005</u>	<u>\$ 797,989</u>	<u>\$ 744,987</u>
Discount for minority interest			
Increase 10%	<u>\$ (240)</u>	<u>\$ (235)</u>	<u>\$ (238)</u>
Decrease 10%	<u>\$ 240</u>	<u>\$ 235</u>	<u>\$ 238</u>

- c. The fair value hierarchy of the Company's financial instruments measured at fair value on a recurring basis as of June 30, 2020, December 31, 2019 and June 30, 2019 were as follows:

1) Fair value hierarchy

Financial Instruments Measured at Fair Value	June 30, 2020			
	Total	Level 1	Level 2	Level 3
<u>Non-derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at FVTPL				
Equity instruments	\$ 3,579,692	\$ 2,529,855	\$ 3,135	\$ 1,046,702
Debt instruments	4,625,895	1,610,733	3,005,162	10,000
Others	69,443,369	4,438,196	64,760,724	244,449
Financial assets at FVTOCI				
Equity instruments	29,950,369	24,432,814	-	5,517,555
Debt instruments	418,318,883	40,945,960	377,372,923	-
<u>Liabilities</u>				
Financial liabilities at FVTPL	(250,775)	(250,775)	-	-
<u>Derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at FVTPL	1,702,481	256,217	1,446,264	-
<u>Liabilities</u>				
Financial liabilities at FVTPL	(2,999,299)	-	(2,999,299)	-
Financial Instruments Measured at Fair Value	December 31, 2019			
	Total	Level 1	Level 2	Level 3
<u>Non-derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at FVTPL				
Equity instruments	\$ 3,285,674	\$ 2,608,395	\$ 4,298	\$ 672,981
Debt instruments	6,520,109	3,192,633	3,327,476	-
Others	48,250,551	5,422,409	42,524,946	303,196
Financial assets at FVTOCI				
Equity instruments	17,525,323	12,108,964	-	5,416,359
Debt instruments	364,330,277	39,870,296	324,459,981	-
<u>Liabilities</u>				
Financial liabilities at FVTPL	(12,191,863)	(139,434)	(12,052,429)	-
<u>Derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at FVTPL	2,419,484	157,086	2,262,398	-
<u>Liabilities</u>				
Financial liabilities at FVTPL	(3,855,437)	-	(3,855,437)	-

Financial Instruments Measured at Fair Value	June 30, 2019			
	Total	Level 1	Level 2	Level 3
<u>Non-derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at FVTPL				
Equity instruments	\$ 2,346,986	\$ 1,848,276	\$ 2,008	\$ 496,702
Debt instruments	9,812,673	4,978,022	4,834,651	-
Others	72,912,429	4,774,054	67,729,988	408,387
Financial assets at FVTOCI				
Equity instruments	16,915,257	11,902,074	-	5,013,183
Debt instruments	325,643,194	30,421,858	295,221,336	-
<u>Liabilities</u>				
Financial liabilities at FVTPL	(12,678,375)	(168,187)	(12,510,188)	-
<u>Derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at FVTPL	5,100,166	241,010	4,859,156	-
<u>Liabilities</u>				
Financial liabilities at FVTPL	(1,518,270)	-	(1,518,270)	-

2) Reconciliation for financial assets based on the fair value measurement of Level 3

Financial Assets	Financial assets at FVTPL	Investment in Equity Instruments at FVTOCI	Total
Balance at January 1, 2020	\$ 976,177	\$ 5,416,359	\$ 6,392,536
Recognized in profit	169,574	-	169,574
Recognized in OCI (investment in equity instruments at FVTOCI)	-	101,196	101,196
Purchases	327,769	-	327,769
Disposals	(170,569)	-	(170,569)
Transferred into Level 3	34,200	-	34,200
Transferred out of Level 3	<u>(36,000)</u>	<u>-</u>	<u>(36,000)</u>
Balance at June 30, 2020	<u>\$ 1,301,151</u>	<u>\$ 5,517,555</u>	<u>\$ 6,818,706</u>
Balance at January 1, 2019	\$ 971,972	\$ 4,373,477	\$ 5,345,449
Recognized in profit	177,919	-	177,919
Recognized in OCI (investment in equity instruments at FVTOCI)	-	639,706	639,706
Purchases	20,670	-	20,670
Disposals	(249,375)	-	(249,375)
Transferred into Level 3	31,903	-	31,903
Transferred out of Level 3	<u>(48,000)</u>	<u>-</u>	<u>(48,000)</u>
Balance at June 30, 2019	<u>\$ 905,089</u>	<u>\$ 5,013,183</u>	<u>\$ 5,918,272</u>

The change in unrealized gains for the six months ended June 30, 2020 and 2019 included in profit or loss for assets held at the June 30, 2020 and 2019, respectively, was \$102,256 thousand and \$25,257 thousand.

For the six months ended June 30, 2020 and 2019, the Company's emerging market stock whose original trading volume met the active standard were transferred into Level 3 because their subsequent transactions were not active; and the emerging market stock which originally did not meet the active standard were transferred out of Level 3 because their subsequent transactions were active or their non-publicly traded stock were transferred for listing on the emerging market stock board.

- d. Information of financial liabilities designated as at fair value through profit or loss is as follows:

	December 31, 2019	June 30, 2019
Difference between carrying amount and contractual amount at maturity		
Fair value	\$ 12,052,429	\$ 12,510,188
Amount payable at maturity	<u>11,996,000</u>	<u>12,424,000</u>
	<u>\$ 56,429</u>	<u>\$ 86,188</u>
		Change in Fair Values Resulting from Credit Risk Variations
Accumulated amount of change		
As of December 31, 2019		<u>\$ 970</u>
As of June 30, 2019		<u>\$ 1,481</u>

The change in fair value attributable to change in credit risk was calculated as the difference between total change in fair value of bank debentures and the change in fair value due to change in market risk factors alone. The change in fair value due to market risk factors was calculated using benchmark interest yield curves as at the end of the reporting period holding. The fair value of bank debentures was estimated by discounting future cash flows using quoted benchmark interest yield curves as at the end of the reporting period and by obtaining lender quotes for borrowing of similar maturity to estimate credit risk margin.

- e. Information on financial risk management

Taiwan Cooperative Financial Holding Co., Ltd.

1) Risk management

TCFHC and its subsidiaries' risk management goals are to develop a sound risk management mechanism under the principles of customer service, business continuity management, risk appetite, and compliance with related laws and regulations and expected-return standards and to enhance stockholder's equity. Major risks faced by TCFHC and its subsidiaries include on-balance-sheet and off-balance-sheet credit risks, market risks (including interest rate, exchange rate, equity security and financial product risks), and liquidity risks.

To effectively identify, measure, manage, and monitor various types of risks and to achieve profit objectives under a reasonable risk, both TCFHC and its subsidiaries have developed risk management policies, regulations and procedures, which have been approved by the board of directors.

The board of directors is the highest decision-making unit of TCFHC's risk management system and takes the ultimate overall, responsibility for risk management. The risk management committee is in charge of setting risk management policies and indicators, monitoring TCFHC and its subsidiaries' various risk situations and operating procedures, and coordinating and supervising the execution of risk management. The risk management division is in charge of TCFHC's risk management policy planning, capital adequacy calculating and assessing, emergency contingency plan making, and periodically monitoring and reporting TCFHC and its subsidiaries' risk control and management execution as required by regulations.

Each subsidiary' board of directors is the highest decision-making unit of each subsidiaries' risk management system and takes the ultimate overall responsibility for risk management. Each subsidiary has also established a risk management committee or independent risk management unit, which is in charge of the execution of risk management procedures.

2) Credit risk

Credit risk refers to the deterioration of the borrowers, issuers or counterparties' repayment capacity or other factors (dispute between a borrower and its counterparty, for instance), which leads to borrowers, issuers or counterparties' breach of contracts, resulting in default losses. Credit risk comes from both on-balance-sheet and off-balance-sheet transactions. TCFHC and its subsidiaries' on-balance-sheet credit-risk exposure come from loans, due from and call loans to other banks, security investments and derivatives. The off-balance-sheet credit risk exposure comes from guarantees, letters of acceptance, letters of credit and loan contracts.

TCFHC and its subsidiaries must closely analyze every on-balance-sheet and off-balance-sheet transaction to recognize existing and potential credit risk. On the basis of the Company's operating conditions and the principle of sound risk distribution, every risk factor should be managed, risk situations should be analyzed and assessed, limits on concentration of credit risk should be set, and a risk monitoring and warning mechanism should be established.

3) Market risk

Market risk refers to unfavorable market price fluctuations, which affect the on-balance-sheet and off-balance-sheet positions. Market price refers to interest rate, foreign-exchange rate, equity security price and financial product prices. TCFHC and its subsidiaries' market risk management procedures include risk identification, measurement, and assessment as well as risk monitoring and reporting.

TCFHC and its subsidiaries' risk management staff analyze and assess market risk position data, monitor market risks position and gains or losses, and periodically and make reports to the risk management committee and board of directors for managements' decision making. Each subsidiary has various authorized investment amounts and stop loss regulations based on the overall risk management target and product attributes and periodically prepare management reports on the control and management of each market risk.

4) Liquidity risk

Liquidity risk refers to the possible financial losses that may arise because of the inability to liquidate assets or to pay financial liabilities when they become due. Examples of liquidity risk-related situations are the early withdrawal of deposits, transaction terms becoming more stringent, increase in borrowers' defaults, a financial instrument becoming illiquid, and the early cancellation of a floating rate insurance product policy. These situations may deplete TCFHC and its subsidiaries' capital resources, requiring them to seek loans, and do fund-raising and investment activities. In extreme situations, lack of liquidity may cause the potential risk of the inability to enter into lending transactions. For the reduction of liquidity strains on the bank funding market, there is a bank liquidity risk channel.

TCFHC and its subsidiaries separately execute their respective liquidity management procedures, and this execution is monitored by an independent risk management division, which periodically prepares related reports for submission to TCFHC and its subsidiaries' risk management committees and the board of directors.

Taiwan Cooperative Bank Ltd. and subsidiary

1) Risk management

The objective of risk management is to develop a sound risk management mechanism, and on the basis of the risk tolerance level and the expected return level, pursue the maximum value of stockholders' investments. The main risks faced by TCB include the business credit risk on- and off- balance-sheet, market risks (including interest, exchange, equity security, and commodity risks) and liquidity risk.

TCB has risk management policies and risk monitoring procedures, which have been reviewed and approved by the Board and are used to effectively identify, measure, monitor and control credit, market, and operating and liquidity risks.

The Board, the highest decision-making unit for the risk management, takes charge of approving the risk management policy and system and building the risk management culture. It also takes ultimate responsibility for overall risk management.

Under the risk management decision approved by the Board, the risk management committee takes charge of and reviews all TCB's risk management implementation, capital adequacy assessment, and risk exposure management. It also communicates and the inter-departmental risk management issues and coordinates issue handling and continually monitors the execution of risk management procedures. The risk management department is responsible for planning and designing the risk management system, deliberating capital allocation, setting up the instruments for risk measurement and capital provision, and monitoring risk control. This department also regularly prepares reports for submission to senior management, the risk management committee and the Board.

Under the business management regulation and risk policy, the business supervising unit manages and oversees each business unit toward proper risk management and carries out risk review and control. In addition, the Audit Department evaluates each audit units' risks to determine the audit focus, scope, measurement, procedures and frequency, and establishes the relevance between the assessment result and the audit frequency, which enhance the effectiveness of the audit and assist the Bank to improve internal control and business development.

2) Credit risk

a) Credit risk management policy

Credit risk refers to a borrower, a financial instrument issuer or a transaction counterparty undergoing financial difficulty or other adverse situations (such as a dispute between the borrower and its business partner), which could result in loss due to breach of contract. Credit risk can come from on- and off-balance-sheet items., On-balance sheet items are mainly lending, due from bank and call loans to other banks, security investment and derivatives. Off-balance sheet items are mainly guarantees, acceptance, letters of credit and loan commitments.

The risk management policy, which is founded on the basic principles of safety, liquidity, profitability, welfare and growth, is implemented by the credit risk management division toward the cultivation of a risk management culture. All on- and off- balance sheet transactions are should be detailed analyzed in detail to identify existing and potential credit risk. Based on TCB's business characteristics and the principle of risk diversification, risk status is analyzed and evaluated, centralized limits are set, and a risk monitoring and alert mechanism has been developed and operated. For a more effective credit risk evaluation, an internal rating system has been created to enhance the ability to quantify risk.

TCB's main business items that are measured and managed for credit risks are as follows:

i. Loans business (including loan commitment and guarantees)

Credit assets are classified into five categories. In addition to normal credit assets that are classified as sound assets, the unsound assets are classified, on the basis of the valuation of collaterals and the length of time the payments become overdue, as special mention, substandard, with collectability high doubtful and uncollectable. TCB and its subsidiary also set up policies for the management of doubtful credits and the collection of overdue debts to deal with collection problems.

TCB and its subsidiary apply to its credit business the so-called "5Ps of credit analysis" as the basis for lending approval and evaluation of its counterparties. These 5Ps are: People (know customers' background and their credit status well); purpose (what will the fund be used for); payment (the borrower's ability to repay an obligation when it falls due); protection (TCB and its subsidiary's recourse on repayment defaults); and perspective (how the credit is seen in light of rewards and risks). After a loan is granted, the transaction is reviewed and monitored to ensure TCB and its subsidiary's creditor's rights.

To quantify credit risk, TCB and its subsidiary apply statistical methods using with customers' qualitative data and lending history to develop a rating module for corporate finance and consumer finance. This module is used to create an internal credit rating system for risk evaluation, in which 9 is the base grade of the credit quality of corporate customers, and 9 or 10 on the business segment consumer customers.

The 5P credit analysis and the module rating specifically apply to corporate customers. Micro credits and residential mortgages are assessed by using the credit rating model, and consumer loans are assessed individually for default risks.

ii. Due from and call loans to other banks

TCB and its subsidiary evaluate the credit status of counterparties before closing deals. TCB and its subsidiary grant different limits to the counterparties on the basis of their respective credit ratings as suggested by domestic and foreign credit rating agencies.

iii. Investments in debt instruments and derivatives

TCB and its subsidiary identify and manage credit risks from debt instruments through the use of external credit ratings of the debt instruments along with the evaluation of credit qualities of bonds, regional conditions and counterparty risks.

TCB and its subsidiary conduct derivative transactions with other banks and sets the credit limits (including lending limits) at their credit rating and the ranking given by the Banker magazine. The credits extended to general customers are monitored in accordance with the related contract terms and conditions and the credit limits for derivatives established through normal credit granting processes.

b) Measurement of expected credit losses

i. The determination of significantly increased credit risk after initial recognition

In order to determine whether the credit risks has increased significantly after initial recognition, TCB and its subsidiary assessed changes in default risks of financial assets over the duration at the balance sheet date. To evaluate changes in default risks, Taiwan Cooperative Bank, Ltd. and its subsidiary considered reasonable and verifiable information (including forward-looking information). The major considerations include:

Loans business

i) Quantitative benchmark

Overdue loans: Loans and other credits (including accrued interest) are overdue for at least 30 days less than 90 days.

ii) Qualitative benchmark

- Borrower or its representative suffered from dishonored check due to insufficient funds.
- Borrower or it's representative suffered from credit card suspension.
- Owners of credit card has been denied by Taiwan Clearing House (TCH).
- Objective evidence shows that the borrower's ability to fulfill obligation has been affected.

Bonds and bills business

i) Quantitative benchmark

Credit rating of bond issuers are not classified as investment grade and downgraded by over two grades, or classified as CCC.

Credit risks are deemed low, if the credit rating of the issuer was classified as investment grade at the issue date and did not increase significantly after initial recognition.

ii) Qualitative benchmark

Credit rating of bond issuers are not classified as investment grade and downgraded by no more than two grades, but credit risk increase significantly.

ii. Definition of default and credit loss on financial assets

TCB and its subsidiary define financial asset default in the same manner as financial asset impairment. If one or more of the following conditions occur, TCB and its subsidiary can conclude that the financial asset has defaulted and the credit is impaired:

Loans business

- i) Loans and other credits (including accrued interest) are overdue for at least 90 days.
- ii) Borrower filed for bankruptcy or reorganization.
- iii) Borrower defaulted on other financial instruments.
- iv) The lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulties, has granted the borrower concession that the lender would not otherwise consider.
- v) Borrower has been denied by TCH.

Bonds and bills business

- i) Interest or principal of Bonds without payment are overdue for at least 90 days.
- ii) Borrower has indication of impairment such as overdue receivables, doubtful debts, financial crisis, contract condition change due to financial crisis and bankruptcy or reorganization.

The above definition of default is applicable to financial assets that are held by TCB and its subsidiary, and is in line with the definition of internal-management intention. Therefore, it is applied to related impairment evaluation models.

If the conditions that define default and credit loss of financial assets have been corrected and the financial assets have returned to the original state of compliance, the financial assets are no longer recognized as impaired.

iii. Reversal policy

When TCB and its subsidiary are unable to recover financial assets to expectations, they are entirely or partly written off against the allowance amount. Indicators of uncollectible financial assets are as follows:

- i) The debtor's inability to recover all or part of the debts due to dissolution, escape, settlement, bankruptcy or other reasons.
- ii) After collaterals assumed and assets of principal and subordinate debtors have been priced low or after deductions for first-order mortgage have been made, the remaining value of the assets is not enough to pay any obligation; also, if execution cost nears or exceeds the debtor's liability, no gain will be realized.
- iii) The Bank is not responsible for the collaterals assumed and assets of principal and subordinate debtors experiencing low priced auctions with no bidders.
- iv) Overdue loans or collections were made after two years from the settlement date.

- v) Overdue credit card loans and overdue receivables were aged over nine months after the settlement date.

Financial assets that have been written off by TCB and its subsidiary may continue activities in progress, while complying with procedures according to relevant policies.

iv. Measurement of expected credit losses

Loans business

In order to assess the expected credit loss, TCB and its subsidiary will categorize credit assets according to credit risk and industry assessments of borrower, as well as credit risk of the types of collateral.

A loss allowance for the 12-month expected credit losses is required for a financial asset if its credit risk has not increased significantly since initial recognition. A loss allowance for full lifetime expected losses is required for a financial asset if its credit risk has increased significantly since initial recognition.

The Company measures expected credit loss by calculating the product of loss given default and exposure at default, while taking into account the probability of default of a 12-month period and duration, as well as the effect of changes in currency values.

Probability of default refers to a possibility that a borrower would default to the contract (please refer to the introduction to “The definition of default and credit loss on financial assets”). Loss given default refers to the ratio of default loss caused by borrower. Probability of default and loss given default for loan business of TCB and its subsidiary are calculated by the adjustment of historical default rate, which is based on historical internal information (e.g. credit loss experience), current observable information and prospective macroeconomics statistics (e.g. monitoring indicator from National Development Association and unemployment rate from Directorate General of Budget, Accounting and Statistics, Executive Yuan).

TCB and its subsidiary estimate the exposure at default according to the aggregate book value. In addition, the estimations of expected credit loss for the 12-month loan period and duration of loan commitment made by the Bank and its subsidiaries are based on the credit conversion factor (CCF), using the portion of the loan commitment that is expected to be used within 12 months of reporting date and expected duration to calculate expected credit loss and determine the exposure at default.

There is no significant change in the estimation method and assumptions used to calculate expected credit loss as of June 30, 2020.

Bonds and bills business

A loss allowance for the 12-month expected credit losses is required for a financial asset if its credit risk has not increased significantly since initial recognition. A loss allowance for full lifetime expected losses is required for a financial asset if its credit risk has increased significantly since initial recognition.

The Company measures expected credit loss by calculating the product of loss given default and exposure at default, while taking into account the probability of default of a 12-month period and duration, as well as the effect of changes in currency values.

There is no significant change in the estimation method and assumptions used to calculate expected credit loss as of June 30, 2020.

v. Forward-looking information considerations

Loans business

TCB and its subsidiary have taken into account previous forward-looking information when assessing asset default probability. The Bank and its subsidiaries analyze past archives to identify relevant economic factors affecting personal and company asset default probabilities.

According to TCB and its subsidiary's previous forward-looking information, estimations are calculated at the end of the year per year on average. The influence of relevant economic factors and expected credit loss identified by the Bank and its subsidiaries on December 31, 2019 and 2018 is as follows:

Probability of Default

Relevant economic factors	Monitoring indicator/unemployment rate
---------------------------	--

In addition, in order to respond in a timely manner to the obvious changes in trend of the various overall economic indicators as a result of the impact of the COVID-19 pandemic, a new mid-term evaluation mechanism for forward-looking factors has been added to reflect the impact of changes in the economic indicators on the default rate.

Bonds and bills business

The assessment of the increase/decrease in the credit risk is based on TCB and its subsidiary's amortization costs and other comprehensive income measured by fair value, referring to changes in external credit ratings according to the international credit ratings service (Moody's) as a quantitative indicator. Also, the expected credit loss uses external credit ratings and Moody's periodic calculations of default probability and loss given default as references. As international credit ratings services have taken into account forward-looking information in assessing credit ratings, it is also appropriate for TCB and its subsidiary to consider forward-looking information when assessing relevant expected credit loss.

c) Credit risk avoidance or mitigation policy

i. Strengthen collaterals and other credits

TCB and its subsidiary have a series of measures for credit granting to reduce credit risks. One of the measures is to require collaterals from the borrowers. To secure a debt, TCB and its subsidiary manage and assess the collaterals following the procedures that determine the scope of collateralization and valuation of collaterals and the process of disposition. In credit contracts, TCB and its subsidiary stipulate the security mechanism for debts; the conditions and terms for collaterals; and the terms and conditions of offsetting to state clearly that TCB and its subsidiary reserve the right to reduce the granted quota, to shorten the repayment period, to demand immediate settlement or to offset the debts of the borrowers with their deposits in TCB and its subsidiary in order to reduce the credit risks.

There was no major change in the collateral policy of TCB and its subsidiary on the balance sheet date, and there was no significant change in the overall collateral quality.

TCB and its subsidiary closely monitor the value of collaterals of financial instruments and consider impairment on credit-impaired financial assets. Credit-impaired financial assets and collateral to mitigate potential loss were as follows:

June 30, 2020

	Cross Carrying Amount	Allowance for Possible Losses	Total Exposure Amount (Amortized Cost)	Fair Value of Collateral
<u>Impaired financial assets</u>				
Discount and loans	<u>\$ 36,160,193</u>	<u>\$ 5,706,501</u>	<u>\$ 30,453,692</u>	<u>\$ 99,917,433</u>

December 31, 2019

	Cross Carrying Amount	Allowance for Possible Losses	Total Exposure Amount (Amortized Cost)	Fair Value of Collateral
<u>Impaired financial assets</u>				
Discount and loans	<u>\$ 37,638,133</u>	<u>\$ 5,790,070</u>	<u>\$ 31,848,063</u>	<u>\$ 65,812,233</u>

June 30, 2019

	Cross Carrying Amount	Allowance for Possible Losses	Total Exposure Amount (Amortized Cost)	Fair Value of Collateral
<u>Impaired financial assets</u>				
Discount and loans	<u>\$ 33,411,406</u>	<u>\$ 4,175,447</u>	<u>\$ 29,235,959</u>	<u>\$ 56,733,433</u>

The total amount of financial assets that have been written off but have recourse action by TCB and its subsidiary in June 30, 2020, December 31, 2019 and June 30, 2019 were \$7,464,218 thousand, \$7,608,546 thousand and \$7,518,999 thousand, respectively.

ii. Credit limit and the control of concentration of credit risk

To avoid the concentration of credit risks, TCB and its subsidiary set up centralized credit limits for business segments, countries, collaterals, groups, and construction financing. Monthly, or more frequently, as needed, TCB and its subsidiary review credit limits, monitor the actual risk-exposure condition and whether the usage rate of limits meets relevant regulations and reports the review results to superior management, risk management committee and the Board periodically. If there is a possibility of breach of the credit limits, the related department or division will apply appropriate procedures to ensure that the credit limits are followed.

Concentration of credit risk exists when counterparties to financial transactions are individuals or groups engaged in similar activities or activities in the same region, which would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. The profile by group or industry, regions and collaterals of obligations that were 10% or more of total outstanding loans is as follows:

Credit Risk Profile by Group or Industry	June 30, 2020		December 31, 2019		June 30, 2019	
	Amount	%	Amount	%	Amount	%
Natural person	\$ 895,036,733	40	\$ 873,758,898	40	\$ 848,557,282	40
Manufacturing	409,303,970	18	395,568,638	18	401,617,124	19

iii. Master netting arrangement

TCB and its subsidiary settle most of its transactions at gross amounts. For further reduction of credit risks, settlement netting is used for some counterparties or in some circumstances where the transactions are terminated because of a counterparty's default.

d) Maximum exposures to credit risks

The maximum exposures to credit risks of assets on the consolidated balance sheets without consideration of guarantees or other credit enforcement instruments approximate the assets' carrying amounts.

The maximum exposures of financial instrument to credit risks which was not applicable to impairment is as follow:

	June 30, 2020	December 31, 2019	June 30, 2019
Financial assets at fair value through profit or loss - debt instrument	\$ 1,826,286	\$ 1,950,488	\$ 4,334,402

The maximum exposures of off-balance sheet items to credit risks without consideration of guarantees or other credit enforcement instrument are stated as follows:

June 30, 2020					
	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired Financial Assets)	Difference of Impairment Loss under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	Total
Maximum exposures to credit risk	\$ 254,846,897	\$ 205,218	\$ 197,116	\$ -	\$ 255,249,231
Allowance for possible losses	(660,844)	(1,127)	(27,109)	-	(689,080)
Difference of impairment loss under “Regulations Governing the Procedure for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	-	-	-	(588,874)	(588,874)
	<u>\$ 254,186,053</u>	<u>\$ 204,091</u>	<u>\$ 170,007</u>	<u>\$ (588,874)</u>	<u>\$ 253,971,277</u>
December 31, 2019					
	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired Financial Assets)	Difference of Impairment Loss under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	Total
Maximum exposures to credit risk	\$ 237,493,576	\$ 47,264	\$ 313,950	\$ -	\$ 237,854,790
Allowance for possible losses	(708,936)	(332)	(75,588)	-	(784,856)
Difference of impairment loss under “Regulations Governing the Procedure for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	-	-	-	(503,693)	(503,693)
	<u>\$ 236,784,640</u>	<u>\$ 46,932</u>	<u>\$ 238,362</u>	<u>\$ (503,693)</u>	<u>\$ 236,566,241</u>

June 30, 2019					
	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired Financial Assets)	Difference of Impairment Loss under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	Total
Maximum exposures to credit risk	\$ 224,442,601	\$ 17,450	\$ 127,786	\$ -	\$ 224,587,837
Allowance for possible losses	(589,143)	(47)	(19,057)	-	(608,247)
Difference of impairment loss under “Regulations Governing the Procedure for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	-	-	-	(498,819)	(498,819)
	<u>\$ 223,853,458</u>	<u>\$ 17,403</u>	<u>\$ 108,729</u>	<u>\$ (498,819)</u>	<u>\$ 223,480,771</u>

TCB and its subsidiary’s management believes its ability to minimize credit risk exposures on off-balance sheet items is mainly due to its rigorous evaluation of credit extended and the periodic reviews of these credits.

Some financial assets held by TCB and its subsidiary, such as cash and cash equivalents, due from the Central Bank and call loans to other banks, call loans to security firms, financial assets at fair value through profit or loss, securities purchased under resell agreements and refundable deposits, are exposed to low credit risks because the counterparties have high credit ratings.

In addition to the above assets, credit quality analysis of other financial assets are as follows:

a) Credit quality analysis of discounts and loans

June 30, 2020					
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Impairment Recognized under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	Total
Discounts and loans	\$ 2,241,880,054	\$ 4,228,068	\$ 36,160,193	\$ -	\$ 2,282,268,315
Allowance for possible losses	(3,926,766)	(29,178)	(5,706,501)	-	(9,662,445)
Impairment recognized under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans”	-	-	-	(17,140,538)	(17,140,538)
	<u>\$ 2,237,953,288</u>	<u>\$ 4,198,890</u>	<u>\$ 30,453,692</u>	<u>\$ (17,140,538)</u>	<u>\$ 2,255,465,332</u>

December 31, 2019					
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Impairment Recognized under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	Total
Discounts and loans	\$ 2,180,378,522	\$ 2,524,438	\$ 37,638,133	\$ -	\$ 2,220,541,093
Allowance for possible losses	(4,383,474)	(15,152)	(5,790,070)	-	(10,188,696)
Impairment recognized under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans”	-	-	-	(17,187,696)	(17,187,696)
	<u>\$ 2,175,995,048</u>	<u>\$ 2,509,286</u>	<u>\$ 31,848,063</u>	<u>\$ (17,187,696)</u>	<u>\$ 2,193,164,701</u>

June 30, 2019					
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Impairment Recognized under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	Total
Discounts and loans	\$ 2,116,272,022	\$ 4,174,217	\$ 33,411,406	\$ -	\$ 2,153,857,645
Allowance for possible losses	(4,331,406)	(22,162)	(4,175,447)	-	(8,529,015)
Impairment recognized under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans”	-	-	-	(19,130,334)	(19,130,334)
	<u>\$ 2,111,940,616</u>	<u>\$ 4,152,055</u>	<u>\$ 29,235,959</u>	<u>\$ (19,130,334)</u>	<u>\$ 2,126,198,296</u>

b) Credit quality analysis of receivables

June 30, 2020						
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Credit Impairment by Using Simplified Method	Impairment Recognized under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	Total
Receivables	\$ 13,184,239	\$ 50,508	\$ 180,417	\$ 4,541,378	\$ -	\$ 17,956,542
Allowance for possible losses	(32,215)	(10,978)	(69,519)	(512,125)	-	(624,837)
Impairment recognized under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans”	-	-	-	-	(133,467)	(133,467)
	<u>\$ 13,152,024</u>	<u>\$ 39,530</u>	<u>\$ 110,898</u>	<u>\$ 4,029,253</u>	<u>\$ (133,467)</u>	<u>\$ 17,198,238</u>

December 31, 2019						
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Credit Impairment by Using Simplified Method	Impairment Recognized under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	Total
Receivables	\$ 15,910,096	\$ 48,850	\$ 185,004	\$ 3,496,136	\$ -	\$ 19,640,086
Allowance for possible losses	(47,815)	(13,869)	(77,288)	(519,740)	-	(658,712)
Impairment recognized under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans”	-	-	-	-	(149,395)	(149,395)
	<u>\$ 15,862,281</u>	<u>\$ 34,981</u>	<u>\$ 107,716</u>	<u>\$ 2,976,396</u>	<u>\$ (149,395)</u>	<u>\$ 18,831,979</u>

June 30, 2019

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Credit Impairment by Using Simplified Method	Impairment Recognized under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	Total
Receivables	\$ 16,472,832	\$ 45,948	\$ 164,311	\$ 3,401,625	\$ -	\$ 20,084,716
Allowance for possible losses	(38,245)	(11,487)	(56,193)	(509,361)	-	(615,286)
Impairment recognized under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans”	-	-	-	-	(95,801)	(95,801)
	<u>\$ 16,434,587</u>	<u>\$ 34,461</u>	<u>\$ 108,118</u>	<u>\$ 2,892,264</u>	<u>\$ (95,801)</u>	<u>\$ 19,373,629</u>

c) Credit quality analysis of securities

June 30, 2020

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Investments in debt instruments at FVTOCI				
Gross carrying amount	\$ 353,056,411	\$ -	\$ -	\$ 353,056,411
Allowance for possible losses	(106,521)	-	-	(106,521)
Amortized cost	352,949,890	-	-	352,949,890
Fair value adjustments	8,203,195	-	-	8,203,195
	<u>\$ 361,153,085</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 361,153,085</u>
Investments in debt instruments at amortized cost	\$ 610,893,328	\$ -	\$ -	\$ 610,893,328
Allowance for possible losses	(47,779)	-	-	(47,779)
	<u>\$ 610,845,549</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 610,845,549</u>

December 31, 2019

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Investments in debt instruments at FVTOCI				
Gross carrying amount	\$ 307,551,361	\$ -	\$ -	\$ 307,551,361
Allowance for possible losses	(83,771)	-	-	(83,771)
Amortized cost	307,467,590	-	-	307,467,590
Fair value adjustments	4,503,105	-	-	4,503,105
	<u>\$ 311,970,695</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 311,970,695</u>
Investments in debt instruments at amortized cost	\$ 555,678,609	\$ -	\$ -	\$ 555,678,609
Allowance for possible losses	(47,897)	-	-	(47,897)
	<u>\$ 555,630,712</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 555,630,712</u>

	June 30, 2019			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Investments in debt instruments at FVTOCI				
Gross carrying amount	\$ 265,159,619	\$ -	\$ -	\$ 265,159,619
Allowance for possible losses	<u>(71,124)</u>	<u>-</u>	<u>-</u>	<u>(71,124)</u>
Amortized cost	265,088,495	-	-	265,088,495
Fair value adjustments	<u>4,471,999</u>	<u>-</u>	<u>-</u>	<u>4,471,999</u>
	<u>\$ 269,560,494</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 269,560,494</u>
Investments in debt instruments at amortized cost	\$ 553,051,149	\$ -	\$ -	\$ 553,051,149
Allowance for possible losses	<u>(46,413)</u>	<u>-</u>	<u>-</u>	<u>(46,413)</u>
	<u>\$ 553,004,736</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 553,004,736</u>

- d) The changes in allowance for possible losses of investments in debt instruments at FVTOCI are summarized below:

	12-month ECL	Lifetime ECL (Collective Assessment)	Lifetime ECL (Non-purchased or Non-originated Credit-impaired Financial Assets)	Total
Balance at January 1, 2020	\$ 83,771	\$ -	\$ -	\$ 83,771
New financial assets purchased	32,673	-	-	32,673
Derecognition of financial assets in the current reporting period	(4,897)	-	-	(4,897)
Change in model or risk parameters	3,321	-	-	3,321
Changes in exchange rates and other changes	<u>(8,347)</u>	<u>-</u>	<u>-</u>	<u>(8,347)</u>
Balance at June 30, 2020	<u>\$ 106,521</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 106,521</u>

	12-month ECL	Lifetime ECL (Collective Assessment)	Lifetime ECL (Non-purchased or Non-originated Credit-impaired Financial Assets)	Total
Balance at January 1, 2019	\$ 71,742	\$ -	\$ -	\$ 71,742
New financial assets purchased	10,739	-	-	10,739
Derecognition of financial assets in the current reporting period	(3,950)	-	-	(3,950)
Change in model or risk parameters	(7,406)	-	-	(7,406)
Changes in exchange rates and other changes	<u>(1)</u>	<u>-</u>	<u>-</u>	<u>(1)</u>
Balance at June 30, 2019	<u>\$ 71,124</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 71,124</u>

- e) The changes in allowance for possible losses of investments in debt instruments at amortized cost are summarized below:

	12-month ECL	Lifetime ECL (Collective Assessment)	Lifetime ECL (Non-purchased or Non-originated Credit-impaired Financial Assets)	Total
Balance at January 1, 2020	\$ 47,801	\$ -	\$ -	\$ 47,801
New financial assets purchased	4,629	-	-	4,629
Derecognition of financial assets in the current reporting period	(3,354)	-	-	(3,354)
Change in model or risk parameters	1,217	-	-	1,217
Changes in exchange rates and other changes	<u>(2,514)</u>	<u>-</u>	<u>-</u>	<u>(2,514)</u>
Balance at June 30, 2020	<u>\$ 47,779</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,779</u>

	12-month ECL	Lifetime ECL (Collective Assessment)	Lifetime ECL (Non-purchased or Non-originated Credit-impaired Financial Assets)	Total
Balance at January 1, 2019	\$ 48,378	\$ -	\$ -	\$ 48,378
New financial assets purchased	3,356	-	-	3,356
Derecognition of financial assets in the current reporting period	(713)	-	-	(713)
Change in model or risk parameters	(4,668)	-	-	(4,668)
Changes in exchange rates and other changes	<u>60</u>	<u>-</u>	<u>-</u>	<u>60</u>
Balance at June 30, 2019	<u>\$ 46,413</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,413</u>

3) Market risks

Market risk refers to the risk of losses in positions arising from adverse movements of market prices. It refers to interest rates, exchange rates, equity security prices, commodity prices, etc.

The main market risks that TCB and its subsidiary face are equity security, interest rates, and exchange rate risks. The market risk position of equity security mainly includes domestic listed and OTC stocks, domestic stock index options and stock market index futures; the position of interest rate mainly includes short-term bills, bonds and interest rate derivative instruments; and the instruments exposed to exchange rate risk mainly include spot contracts and forward contracts and derivatives denominated in foreign currency.

Under the market risk management policies approved by the board of directors, the new Basel Capital Accord and regulations implemented by relevant authorities and in consideration of the Bank's own market risk management system and its overall risk management goals and product features, TCB and its subsidiary have set all types of investment authorization limits and stop-loss rules, regularly reviews the customers' credit status and compiles management information reports to control all types of market risks effectively.

TCB and its subsidiary's market risk management procedures include risk identification, evaluation, and measurement as well as risk monitoring, and reporting. Every units' risk management personnel analyze data on market risk position and evaluate measurement methods, including the statistical basic measurement method, sensitivity analysis, and situational analysis. Monitoring content includes trading processes, collective and individual, of all transaction units and all financial instruments, such as change of position, change of profit and loss, trading pattern, and if trading objects are transacted within the authorized scope and limits.

TCB and its subsidiary's business units and risk management unit have established market risk factors for identifying risk exposure positions and use these factors to measure market risks. The market risk factors refer to the components of financial instruments' position, such as profit and loss and sensitivity to risk, which might be affected by interest rates, exchange rates and equity security market prices.

TCB and its subsidiary's risk management unit reports to management periodically the execution status of measures on market risk management, investment positions, and profit and loss control so that management can fully understand the status of market risk management. TCB and its subsidiary's also have cleared reporting procedures and rules for all types of transaction limits and the stop-loss order. If any transaction amount reaches the limit, the stop-loss order is executed immediately; if the stop-loss order is not executed, the transaction unit is required to explain the reasons for non-execution and prepare a response plan for management's approval.

TCB applies market risk sensitivity as a risk control instrument. Market risk sensitivity position refers to the change in the value of a position due to a change in a certain market risk factor. Market risk factors include interest rates, exchange rates, and equity security prices. TCB's position sensitivity exposure trading book contains all types of positions exposed to market risk and the range of change to which sensitivity analysis applied under various pressure scenarios for all types of risk factors.

Assuming all other factors are held constant, the effects of risks within defined change scenarios are shown below:

Main Risk	Change Scenario	June 30, 2020	December 31, 2019	June 30, 2019
Interest rate risk	Interest rate curve increased 100 basis points	\$ (127,829)	\$ (115,606)	\$ (302,454)
	Interest rate curve fell 100 basis points	134,206	124,047	318,311
Exchange rate risk	USD/NT\$, EUR/NT\$ increased 3%	(133,459)	(206,532)	(226,041)
	USD/NT\$, EUR/NT\$ fell 3%	133,459	206,532	226,041
	Others (RMB, AUD etc.)/ NT\$ increased 5%	38,968	90,152	5,832
	Others (RMB, AUD etc.)/ NT\$ fell 5%	(38,968)	(90,152)	(5,832)
Equity security price risk	Equity security price increased by 15%	231,823	414,782	185,152
	Equity security price fell by 15%	(231,823)	(414,782)	(185,152)

Average amount and average interest rate of interest-earning assets and interest-bearing liabilities are as follows:

Average balance is calculated by the daily average balances of interest-earning assets and interest-bearing liabilities.

Taiwan Cooperative Bank, Ltd.

	For the Six Months Ended June 30			
	2020		2019	
	Average Balance	Average Rate (%)	Average Balance	Average Rate (%)
<u>Interest-earning assets</u>				
Due from banks and other financial assets - due from banks	\$ 27,658,877	1.82	\$ 37,311,016	2.60
Due from the Central Bank	177,052,850	0.30	171,741,013	0.37
Call loans to banks and other financial assets - call loans to security firms	55,023,324	1.48	67,974,668	1.60
Financial assets mandatorily classified as at fair value through profit or loss	21,595,710	0.60	18,340,291	0.67
Securities purchased under resell agreements	-	-	1,478,526	0.57
Discounts and loans	2,232,977,935	1.90	2,114,000,320	2.16
Financial assets at fair value through other comprehensive income	335,573,297	1.59	257,569,038	1.95
Investments in debt instruments at amortized cost	556,807,465	0.74	558,906,287	0.88

Interest-bearing liabilities

Deposits from the Central Bank and other banks	240,000,706	0.76	231,815,420	1.41
Due to the Central Bank and banks	871,405	0.11	-	-
Financial liabilities designated as at fair value through profit or loss	5,916,582	4.94	12,396,166	4.83
Securities sold under repurchase agreements	9,034,096	0.35	9,035,380	0.52
Demand deposits	565,319,240	0.11	514,151,940	0.17
Savings - demand deposits	921,078,797	0.22	872,573,155	0.27
Time deposits	671,424,654	1.19	606,149,564	1.61
Time savings deposits	623,703,250	0.95	627,859,057	1.06
Treasury deposits	115,746,622	0.58	93,498,864	0.66
Negotiable certificates of deposits	42,644,968	0.62	51,772,426	0.74
Structured products	1,301,737	0.72	2,768,277	1.94
Bank debentures	61,222,527	1.52	55,138,122	1.50
Lease liabilities	1,600,681	2.95	1,507,338	2.82

The exchange rate risk of TCB and its subsidiary is as follows:

(In Thousands)

	June 30, 2020		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
USD	\$ 13,636,060	29.4500	\$ 401,581,966
RMB	12,671,139	4.1690	52,825,978
AUD	1,680,939	20.2550	34,047,422
EUR	545,694	33.1300	18,078,857
HKD	2,223,606	3.7990	8,447,478

(Continued)

	June 30, 2020		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
JPY	\$ 28,679,651	0.2735	\$ 7,843,884
ZAR	3,942,551	1.7060	6,725,991
KHR	552,177,867	0.0071	3,946,967
GBP	71,923	36.2600	2,607,946
CAD	40,619	21.5600	875,736
LAK	223,090,830	0.0033	727,276
NZD	24,521	18.9200	463,942
CHF	6,942	30.9550	214,886
THB	20,750	0.9590	19,899
SGD	868	21.1500	18,357
PHP	3,433	0.5920	2,033

Financial liabilities

USD	17,493,586	29.4500	515,186,122
RMB	10,357,807	4.1690	43,181,699
AUD	938,831	20.2550	19,016,015
JPY	36,700,598	0.2735	10,037,614
EUR	266,985	33.1300	8,845,217
ZAR	4,038,586	1.7060	6,889,828
HKD	1,622,866	3.7990	6,165,269
KHR	416,572,482	0.0071	2,977,660
GBP	81,057	36.2600	2,939,138
CAD	96,884	21.5600	2,088,827
NZD	99,563	18.9200	1,883,740
SGD	32,092	21.1500	678,738
CHF	7,066	30.9550	218,741
SEK	30,256	3.1600	95,610
THB	12,227	0.9590	11,726
PHP	5,656	0.5920	3,349
LAK	68,706	0.0033	224
MYR	-	6.8820	2

(Concluded)

	December 31, 2019		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
USD	\$ 12,902,790	29.9900	\$ 386,954,674
RMB	14,753,075	4.2950	63,364,456
AUD	1,612,742	21.0150	33,891,780
EUR	397,713	33.6400	13,379,049
HKD	2,492,068	3.8510	9,596,956
JPY	27,449,454	0.2761	7,578,794
ZAR	3,041,509	2.1200	6,448,000
GBP	86,192	39.3800	3,394,259
KHR	443,050,700	0.0074	3,268,385

(Continued)

	December 31, 2019		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
NZD	\$ 21,938	20.2000	\$ 443,153
CAD	19,021	22.9800	437,105
CHF	5,531	30.9750	171,335
SEK	9,713	3.2200	31,275
SGD	1,069	22.2600	23,805
THB	13,441	1.0081	13,550
PHP	3,008	0.5916	1,780

Financial liabilities

USD	14,271,944	29.9900	428,015,613
RMB	12,729,607	4.2950	54,673,664
AUD	1,362,811	21.0150	28,639,467
JPY	44,759,017	0.2761	12,357,965
EUR	260,978	33.6400	8,779,295
ZAR	4,051,609	2.1200	8,589,410
HKD	1,832,481	3.8510	7,056,885
NZD	124,919	20.2000	2,523,363
KHR	327,120,295	0.0074	2,413,166
GBP	59,138	39.3800	2,328,838
CAD	55,744	22.9800	1,280,990
SGD	16,594	22.2600	369,393
CHF	5,138	30.9750	159,159
SEK	37,830	3.2200	121,813
THB	9,916	1.0081	9,997
PHP	7,805	0.5916	4,618
MYR	-	7.3280	2

(Concluded)

	June 30, 2019		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
USD	\$ 12,196,116	31.0600	\$ 378,811,373
RMB	14,615,034	4.5160	66,001,494
AUD	1,405,817	21.7450	30,569,493
EUR	404,225	35.3100	14,273,191
JPY	31,221,197	0.2885	9,007,315
HKD	2,247,214	3.9730	8,928,181
ZAR	3,098,593	2.1900	6,785,919
GBP	63,099	39.3600	2,483,586
KHR	222,149,602	0.0076	1,688,337
NZD	30,458	20.8000	633,517
CHF	3,987	31.8250	126,884
CAD	1,974	23.7200	46,815
SGD	1,704	22.9500	39,104

(Continued)

	June 30, 2019		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
SEK	\$ 9,759	3.3500	\$ 32,693
THB	12,788	1.0145	12,974
PHP	3,127	0.6061	1,895

Financial liabilities

USD	13,990,658	31.0600	434,549,845
RMB	13,074,377	4.5160	59,043,887
AUD	1,142,786	21.7450	24,849,887
JPY	35,365,660	0.2885	10,202,993
EUR	226,442	35.3100	7,995,655
ZAR	3,547,219	2.1900	7,768,410
HKD	1,585,861	3.9730	6,300,624
NZD	165,276	20.8000	3,437,733
GBP	39,215	39.3600	1,543,510
CAD	56,835	23.7200	1,348,116
KHR	142,100,429	0.0076	1,079,963
CHF	8,194	31.8250	260,777
SGD	8,383	22.9500	192,384
SEK	27,343	3.3500	91,598
THB	14,563	1.0145	14,774
PHP	8,225	0.6061	4,985
MYR	-	7.4960	2

(Concluded)

4) Liquidity risk

Liquidity risk is inherent in all bank operations and might be affected by specific or general industry and environmental events. These events include credit-related events, mergers or acquisitions, systemic changes and natural disasters. TCB and its subsidiary define liquidity risk as the inability to realize assets or to obtain financing for meeting obligations when they fall due, resulting in loss.

The liquidity risk management strategy is based on the overall risk management objectives and involves liquidity risk, identification, measurement, monitoring and control to maintain TCB's appropriate liquidity and ensure adequate funding for meeting liability obligations or for capital growth.

The liquidity risk management procedures involve identification, measurement, monitoring and report of risk. Each business unit should identify the existing liquidity risk in business activities and financing products.

For adequate liquidity for all types of deposits, TCB follows the relevant regulations issued by the Central Bank to estimate the liquidity reserves and calculates and controls daily the liquidity reserve ratios.

For TCB's operating liquidity, the fund disbursement unit performs daily cash flow management and monitoring of the payments schedule on the basis of detailed reports by different departments and relevant rules.

The risk management department regularly generates risk reports, which include the liquidity reserve ratios and the maturity analysis of instruments and transactions denominated in major foreign currencies, and submits them to the Asset and Liability Management Committee and the Board as reference for decision making.

TCB stipulates liquidity risk limits, which are regularly monitored and reviewed by the risk management department. If a liquidity risk limit is exceeded or other exception situations occur, the business supervising unit immediately develops appropriate contingency measures and submits them to the Asset and Liability Management Committee for approval and implementation.

TCB contingency measures for business emergency or sudden liquidity crisis are aimed at quick crisis resolution and resumption of normal operations.

TCB's liquidity reserve ratios were 30.05% in June 2020, 28.00% in December 2019 and 28.33% in June 2019.

TCB and its subsidiary disclosed the analysis of cash outflows on non-derivative financial liabilities by their residual maturities as of the balance sheet dates. The amounts of cash outflows are based on contractual cash flows, so some amounts may not correspond to those shown in the consolidated balance sheets.

June 30, 2020	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Deposits from the Central Bank and other banks	\$ 147,893,441	\$ 75,171,031	\$ 7,961,228	\$ 1,582,371	\$ -	\$ 232,608,071
Due to the Central Bank and other banks	-	-	-	5,957,940	-	5,957,940
Securities sold under repurchase agreements	4,158,199	1,990,550	1,325,250	122,132	412,989	8,009,120
Payables	56,853,120	1,830,657	2,250,383	4,148,640	2,597,247	67,680,047
Deposits and remittances	311,941,700	415,583,179	442,056,392	695,532,675	1,212,187,680	3,077,301,626
Bank debentures	-	-	900,000	1,500,000	60,100,000	62,500,000
Lease liabilities	63,912	161,683	131,306	241,640	1,276,204	1,874,745
Other items of cash outflow on maturity	2,448,710	293	361	833,765	11,835	3,294,964

December 31, 2019	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Deposits from the Central Bank and other banks	\$ 151,837,041	\$ 72,369,653	\$ 7,544,907	\$ 874,640	\$ -	\$ 232,626,241
Financial liabilities at fair value through profit or loss	-	-	-	-	11,996,000	11,996,000
Securities sold under repurchase agreements	3,093,552	3,495,094	1,241,171	147,092	-	7,976,909
Payables	24,627,811	2,325,459	6,142,682	1,669,256	2,649,139	37,414,347
Deposits and remittances	285,030,624	437,851,560	400,006,559	628,054,943	1,147,601,128	2,898,544,814
Bank debentures	-	7,500,000	-	900,000	56,600,000	65,000,000
Lease liabilities	63,912	161,685	131,309	241,645	1,277,361	1,875,912
Other items of cash outflow on maturity	3,291,351	335	414	817,139	28,260	4,137,499

June 30, 2019	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Deposits from the Central Bank and other banks	\$ 156,013,307	\$ 64,088,765	\$ 7,581,223	\$ 2,468,764	\$ -	\$ 230,152,059
Financial liabilities at fair value through profit or loss	-	-	-	-	12,424,000	12,424,000
Securities sold under repurchase agreements	2,804,665	2,542,469	1,410,420	100,589	-	6,858,143
Payables	31,214,983	4,304,983	2,473,419	4,162,313	2,020,147	44,175,845
Deposits and remittances	321,083,269	375,168,776	373,780,857	649,190,694	1,108,932,181	2,828,155,777
Bank debentures	-	-	1,000,000	7,500,000	51,500,000	60,000,000
Lease liabilities	42,953	71,483	167,201	265,349	1,145,480	1,692,466
Other items of cash outflow on maturity	2,462,153	388	482	792,071	21,649	3,276,743

In the above table, the maturity analysis of deposits and remittances by residual-maturity period was based on TCB and its subsidiary's historical experience. Assuming that all demand deposits as of June 30, 2020, December 31, 2019 and June 30, 2019 must be repaid soon, the capital expenditure will be increased by \$1,604,301,123 thousand, \$1,501,221,386 thousand and \$1,442,426,188 thousand, respectively, within 30 days these balance sheet dates.

TCB and its subsidiary assess the maturity dates of contracts to understand the basic elements of all derivative financial instruments shown in the balance sheets. The amounts used in the maturity analyses of derivative financial liabilities are based on contractual cash flows, so some of these amounts may not correspond to the amounts shown in the consolidated balance sheets. The maturity analysis of derivative financial liabilities is as follows:

a) Derivative financial liabilities to be settled at net amounts

June 30, 2020	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						
Currency	\$ 1,022	\$ 319	\$ 93	\$ 44	\$ -	\$ 1,478
Interest	(1,477)	(531)	(1,249)	(3,800)	(10,495)	(17,552)

December 31, 2019	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						
Currency	\$ 652	\$ 257	\$ 1,372	\$ 126	\$ -	\$ 2,407
Interest	(918)	(286)	(693)	(2,063)	(8,385)	(12,345)

June 30, 2019	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						
Currency	\$ 140	\$ 341	\$ -	\$ 65	\$ -	\$ 546
Interest	(1,067)	(232)	(1,025)	(1,489)	(1,270)	(5,083)

b) Derivative financial liabilities to be settled at gross amounts

June 30, 2020	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						
Currency derivatives						
Cash outflow	\$ 69,978,961	\$ 77,254,640	\$ 24,871,335	\$ 27,382,491	\$ -	\$ 199,487,427
Cash inflow	70,971,774	78,445,642	25,245,415	27,782,842	-	202,445,673
Interest derivatives						
Cash outflow	-	299,620	-	-	-	299,620
Cash inflow	-	294,839	-	-	-	294,839
Total cash outflow	69,978,961	77,554,260	24,871,335	27,382,491	-	199,787,047
Total cash inflow	70,971,774	78,740,481	25,245,415	27,782,842	-	202,740,512
Net cash flow	992,813	1,186,221	374,080	400,351	-	2,953,465

December 31, 2019	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						
Currency derivatives						
Cash outflow	\$ 56,546,734	\$ 85,479,384	\$ 48,034,112	\$ 20,257,084	\$ 2,766	\$ 210,320,080
Cash inflow	57,580,384	87,179,724	48,798,928	20,610,274	2,766	214,172,076
Total cash outflow	56,546,734	85,479,384	48,034,112	20,257,084	2,766	210,320,080
Total cash inflow	57,580,384	87,179,724	48,798,928	20,610,274	2,766	214,172,076
Net cash flow	1,033,650	1,700,340	764,816	353,190	-	3,851,996

June 30, 2019	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						
Currency derivatives						
Cash outflow	\$ 50,834,444	\$ 53,108,723	\$ 24,383,249	\$ 6,249,973	\$ 91,535	\$ 134,667,924
Cash inflow	51,317,749	53,643,138	24,615,508	6,384,181	91,977	136,052,553
Interest derivatives						
Cash outflow	471,203	-	62,881	84,494	-	618,578
Cash inflow	462,700	-	61,849	82,103	-	606,652
Total cash outflow	51,305,647	53,108,723	24,446,130	6,334,467	91,535	135,286,502
Total cash inflow	51,780,449	53,643,138	24,677,357	6,466,284	91,977	136,659,205
Net cash flow	474,802	534,415	231,227	131,817	442	1,372,703

TCB and its subsidiary 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.

June 30, 2020	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Irrevocable loan commitments issued	\$ 1,231,995	\$ 2,352,113	\$ 8,819,887	\$ 17,169,620	\$ 44,361,165	\$ 73,934,780
Irrevocable credit card commitments	541,071	137,717	315,980	946,581	54,154,446	56,095,795
Letters of credit issued yet unused	3,138,863	11,743,360	2,674,931	952,845	241,114	18,751,113
Other guarantees	8,053,181	8,537,483	6,852,142	14,990,993	68,033,744	106,467,543

December 31, 2019	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Irrevocable loan commitments issued	\$ 1,301,497	\$ 2,813,539	\$ 4,859,722	\$ 11,768,715	\$ 45,500,087	\$ 66,243,560
Irrevocable credit card commitments	575,983	119,930	633,351	793,970	49,817,155	51,940,389
Letters of credit issued yet unused	3,831,647	11,174,034	2,361,938	1,834,072	236,358	19,438,049
Other guarantees	3,594,030	7,152,648	5,338,986	11,824,810	72,322,318	100,232,792

June 30, 2019	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Irrevocable loan commitments issued	\$ 2,995,075	\$ 3,014,586	\$ 4,657,171	\$ 8,673,786	\$ 46,748,963	\$ 66,089,581
Irrevocable credit card commitments	590,312	634,625	847,102	1,126,303	46,719,012	49,917,354
Letters of credit issued yet unused	3,306,412	9,814,609	1,421,887	966,760	1,856,625	17,366,293
Other guarantees	6,107,915	3,755,400	3,172,978	10,100,148	68,078,168	91,214,609

BNP Paribas Cardiff TCB Life Insurance Co., Ltd. (BPCTLI)

Financial risk arises when future cash flows generated from financial assets are insufficient to pay insurance and investment contracts. BPCTLI has already set up a risk management mechanism and control system that can effectively identify, measure, respond to, and monitor the level of risk BPCTLI is exposed to, including market risk, credit risk, liquidity risk, etc.

The strategies adopted by management to supervise and control different financial risks as well as consider competition and changes in the economic environment were as follows:

1) Market risk

a) Market risk source and market risk factors

Market risk results from the fluctuation in the fair values of financial instruments or future cash. The risk factors causing market price changes include interest rates, exchange rates, stock prices and commodity prices, which may cause a gain or loss on net revenues and affect BPCTLI's investment portfolio.

b) Market risk strategy and procedures

BPCTLI has established management policies and market risk limits to monitor the market risk and tolerable losses.

BPCTLI monitors the limit management of financial instruments and the implementation of sensitivity analysis, stress testing and risk calculation. For management's decision making, the risk management department periodically reports to the board of directors and the Risk Management Committee.

In line with hedging against interest rate risk, the investment selection includes an assessment of the financial instrument issuers' credit and financial condition, the investing countries' risk condition and interest rate movements. If a foreign currency risk pertains to overseas investments, BPCTLI uses foreign exchange swaps for each overseas investment and periodically measures the efficiency of these swaps. BPCTLI has investment limits and stop-loss order to control equity risk.

c) Market risk management framework

To quantify the possible loss resulting from the price fluctuations of BPCTLI assets, BPCTLI control market risk through calculating value-at-risk (VaR) regularly, combining with back testing, sensitivity analysis method and stress testing.

d) Market risk information

i. VaR (value at risk)

VaR measures "the worst expected loss over a target horizon with a given level of confidence and normal market environment." BPCTLI's worst expected losses for two weeks with a 99% confidence level were \$800,125 thousand, \$413,290 thousand and \$441,760 thousand as of June 30, 2020, December 31, 2019 and June 30, 2019, respectively.

ii. Sensitivity analysis

i) Interest rate risk

Interest rate risk refers to the impact of interest rate changes on an investment portfolio value or investment gain or loss. The investment instruments exposed to interest rate risk are mainly bonds and derivative financial assets.

Assuming all other indicators had been held constant and had the interest rate increased by 0.01% as of June 30, 2020, December 31, 2019 and June 30, 2019 the fair values of financial assets would have decreased by \$22,315 thousand, \$22,514 thousand and \$24,601 thousand, respectively.

ii) Equity risk

The equity risk includes the individual risk from the movement of individual investments and the market risk from the movement of the market as a whole.

Assuming all other indicators had been held constant and based on the asset condition of BPCTLI on June 30, 2020, December 31, 2019 and June 30, 2019, had the TAIEX fallen 1%, the fair value of the equity assets would have decreased by \$19,605 thousand, \$18,221 thousand and \$14,306 thousand, respectively.

iii) Foreign currency risk

Foreign currency risk arises when a financial asset or liability is denominated in a currency different from the BPCTLI's base currency. This risk mainly refers to nonmonetary financial assets and liabilities.

BPCTLI's overseas financial instruments were primarily exposed to the U.S. dollar. Assuming all other factors had been held constant, no hedging had been involved, and had the U.S. dollar decreased 1% for the six months ended June 30, 2020, the year ended December 31, 2019 and the six months ended June 30, 2019, the income before income tax would have decreased \$179,439 thousand, \$179,257 thousand and \$176,487 thousand, respectively.

The table below shows the carrying value of financial assets and liabilities denominated in foreign currency as of June 30, 2020, December 31, 2019 and June 30, 2019.

June 30, 2020

	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
Savings accounts			
USD	\$ 16,771	29.428	\$ 493,525
RMB	28,491	4.163	118,608
AUD	4,229	20.225	85,526
Receivables			
USD	3,993	29.428	117,517
EUR	820	33.07	27,132
RMB	3,798	4.163	15,809
Financial assets at FVTPL			
USD	1,149	29.428	33,824
Financial assets at FVTOCI			
USD	455,828	29.428	13,414,103
EUR	68,046	33.07	2,250,281
RMB	245,515	4.163	1,022,080
Financial assets at amortization cost			
USD	5,424	29.428	159,608
EUR	9,633	33.07	318,547
<u>Financial liabilities</u>			
Refundable deposits			
USD	6,140	29.428	180,688

December 31, 2019

	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
Savings accounts			
USD	\$ 145,504	29.984	\$ 4,362,784
ZAR	301,375	2.124	640,180
RMB	124,247	4.297	533,889
Receivables			
USD	4,254	29.984	127,554
RMB	1,983	4.297	8,520
Financial assets at FVTPL			
USD	4,144	29.984	124,250
Financial assets at FVTOCI			
USD	448,736	29.984	13,454,911
EUR	72,714	33.600	2,443,192
RMB	241,507	4.297	1,037,756
Financial assets at amortized cost			
USD	5,425	29.984	162,675
EUR	9,616	33.600	323,088
<u>Financial liabilities</u>			
Refundable deposits			
USD	10,220	29.984	306,436

June 30, 2019

	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
Savings accounts			
USD	\$ 57,486	31.05	\$ 1,785,175
ZAR	457,327	2.19	1,002,233
RMB	207,382	4.516	936,539
AUD	29,962	21.76	651,815
Receivables			
USD	4,237	31.05	131,566
RMB	4,000	4.516	18,062
EUR	784	35.29	27,676
Financial assets at FVTPL			
USD	3,219	31.05	99,972
Financial assets at FVTOCI			
USD	497,953	31.05	15,463,427
RMB	292,008	4.516	1,318,708
EUR	62,276	35.29	2,197,725
Financial assets at amortized cost			
USD	5,427	31.05	168,532
EUR	9,595	35.29	338,605

iii. Stress testing

If an extreme event or systematic risk occurs, stress testing is done to measure the potential impact of a negative development on trading book portfolio during an abnormal market period.

BPCTLI does stress testing by analyzing market risk stress testing and different stress testing scenarios from Bloomberg.

Assuming the U.S. 10 year Treasury yield increased 1% as of June 30, 2020, December 31, 2019 and June 30, 2019, the losses on financial assets of the BPCTLI would have been \$928,507 thousand, \$813,157 thousand and \$906,556 thousand, respectively.

2) Credit risk

a) Credit risk definition and classifications

Credit risk refers to the risks that debtors' credit is downgraded or the counterparty cannot make payments or refuses to perform contractual obligations. The credit exposure primarily refers to investments in debt and derivative instruments.

b) Credit risk strategy and procedures

BPCTLI controls credit risk as follows:

i. Investment credit limit and the control of concentration of credit risk

The investment department complies with insurance laws and applicable regulations, follows company credit limits and investment management policies for every type of investment product, and reviews the appropriateness of investment transactions to lower the concentration of risks. After the completion of each transaction, the risk management department regularly monitors the credit risk and reports the exposure to various credit limits in each committee meeting.

ii. Stress testing

Using the scenario from the Insurance Bureau, BPCTLI periodically tests the impact on financial asset income and loss of the concentration of credit risk and credit default ratio.

iii. Credit risk reduction policy

If a bond is downgraded below the authorized minimum rating, the investment department will assess the impact caused and decide whether or not to dispose of the assets. When a decision is reached not to dispose of the assets, the investment department should provide the investment withdrawal committee a sufficient reason for its decision. If approval by the investment withdrawal committee is not given within two months of the proposed asset disposal, the assets are disposed of immediately by the investment department.

Some financial assets such as cash and cash equivalents, financial assets at fair value through profit or loss and refundable deposits are regarded as having very low credit risk because of the good credit ratings of counterparties. The credit analysis of other financial assets is as follows:

iv. Credit analysis for bonds

	June 30, 2020		
	Carrying Amount	Fair Value	%
Domestic investment - government bonds (Note 1)	\$ 11,553,723	\$ 11,621,218	38
Domestic investment - corporate bonds (twAAA - twAA)	3,175,218	3,175,218	10
Overseas investment - government bonds	1,983,893	2,032,783	6
Overseas investment - corporate bonds and bank debentures (Aa2 - A3)	13,885,599	13,886,660	42
Overseas investment - corporate bonds and bank debentures (Baa1 - Ba1)	<u>1,295,127</u>	<u>1,295,127</u>	<u>4</u>
	<u>\$ 31,893,560</u>	<u>\$ 32,011,006</u>	<u>100</u>
	December 31, 2019		
	Carrying Amount	Fair Value	%
Domestic investment - government bonds (Note 1)	\$ 14,430,367	\$ 14,468,258	41
Domestic investment - corporate bonds (twAAA - twAA)	2,708,046	2,708,046	8
Overseas investment - government bonds	1,964,676	2,032,241	6
Overseas investment - corporate bonds and bank debentures (Aa2 - A3)	14,186,572	14,187,359	41
Overseas investment - corporate bonds and bank debentures (Baa1 - Ba1)	<u>1,270,374</u>	<u>1,270,374</u>	<u>4</u>
	<u>\$ 34,560,035</u>	<u>\$ 34,666,278</u>	<u>100</u>
	June 30, 2019		
	Carrying Amount	Fair Value	%
Domestic investment - government bonds (Note 1)	\$ 15,087,557	\$ 15,115,058	40
Domestic investment - corporate bonds (twAAA - twAA)	2,950,661	2,950,661	8
Overseas investment - government bonds	1,496,455	1,542,928	4
Overseas investment - corporate bonds and bank debentures (Aa2 - A3)	15,469,276	15,469,851	41
Overseas investment - corporate bonds and bank debentures (Baa1 - Ba1)	<u>2,521,266</u>	<u>2,521,266</u>	<u>7</u>
	<u>\$ 37,525,215</u>	<u>\$ 37,599,764</u>	<u>100</u>

Note 1: The above domestic government bonds include other assets - operating deposits.

Note 2: The sources of credit ratings are Taiwan Ratings Corp. and Moody's Investors Service, Inc.

3) Liquidity risk

a) Source and definition of liquidity risk

Liquidity risk means BPCTLI cannot provide sufficient funding for asset size growth and for meeting obligations on matured liabilities.

b) Liquidity risk management strategy and principles

BPCTLI does annual and monthly cash flow analysis based on its budgets, makes daily cash estimates, and reviews the flow of funds to ensure the accuracy and timeliness of liquidity risk management. BPCTLI's liquidity risk is reviewed by the Asset Liability Committee quarterly and by the Investment Committee, monthly.

c) Maturity analysis

i. For the liquidity risk management of financial assets' and non-derivative financial liabilities' maturity analysis

To ensure that it has sufficient cash on hand for liability payments and asset purchases (BPCTLI has no bank loans and financial guarantees, and all the non-derivative liabilities will expire in less than one year), BPCTLI can use unrestricted cash, consisting of financial institution deposits, certificate deposits (including conditional bonds), quasi-foreign currency mutual funds, etc.

ii. Maturity analysis of derivatives

The following table shows BPCTLI's liquidity analysis of its 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. 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 yield curves at the end of the reporting period.

	June 30, 2020			
	Within One Year	1 Year to 3 Years	3 Years to 5 Years	Over Five Years
<u>Net settled</u>				
Currency swap contracts	\$ 33,294	\$ 423,405	\$ -	\$ -
	December 31, 2019			
	Within One Year	1 Year to 3 Years	3 Years to 5 Years	Over Five Years
<u>Net settled</u>				
Currency swap contracts	\$ 461,211	\$ 61,777	\$ -	\$ -
	June 30, 2019			
	Within One Year	1 Year to 3 Years	3 Years to 5 Years	Over Five Years
<u>Net settled</u>				
Currency swap contracts	\$ 22,236	\$ 3,150	\$ -	\$ -

f. Insurance contracts

To pursue a sustainable development, to protect the interests of the policyholders and to ensure that capital is adequate for fulfilling its repayment obligations, BPCTLI has formed risk management policies, set up a risk management committee under the board of directors and a risk management department, which is independent from its operation departments, in accordance with the Risk Management Practice Manual for Insurance Industry and practice guideline No. 09802512072 issued by the Taiwan Financial Supervisory Commission.

The risk management program and procedure are summarized as follows:

1) Insurance risk management and measurement

Insurance risk refers to the possibility of BPCTLI's not having sufficient assets to meet future obligations on an insured event. The risk on an insurance contract is random and is thus unpredictable.

BPCTLI's risk exposures involve mortality, morbidity, withdrawal rates, interest rates and fee rates, as well as the uncertainty of the returns on insurance premium investments. Based on the nature of an insurance contract, the occurrence of a covered event, the uncertainty of the amount and the timing are the inherent risks. For life, injury or health insurance, underwriting risks include mortality, accident or morbidity. The significant insurance liability risks are the frequency and severity of the accident covered by the insurance and the actual liability payment exceeding the expected liability payment. BPCTLI is also exposed to loss from natural and man-made disasters, and the frequency and severity of and loss on these disasters are unpredictable. The risks on annuity insurance contracts pertain to the constantly improving health care in society, which helps extend people's life span.

The exposure to insurance risk is influenced by the policyholders' behavior, such as reducing insurance coverage in the future, stopping paying insurance premium or terminating the insurance contract.

BPCTLI spreads out its insurance risk by developing appropriate policy pricing and underwriting strategies and acquiring a sufficient number of policyholders in each risk range so that the variances in the average amounts of claim payments decrease as the number of claims increases. For added safety, BPCTLI manages its insurance risks through issuing a large number of mixed policies and obtaining reinsurance against natural disasters with reinsurance companies to avoid large claims.

2) Concentration of insurance risk and the development of claims

BPCTLI sells its products all over Taiwan and has no concentration of credit risk in a particular geographic region, clientele, age, or profession. To prevent the accumulated risk from going beyond what BPCTLI can tolerate, BPCTLI has evaluated the insurance risk associated with each product and obtained reinsurance against natural disasters with reinsurance companies to avoid the risk of large claims.

The following table shows the development of claims (the cases within one year are not included), and it explains how BPCTLI evaluates claims through development ages. The circumstance and development of reserve claims may change in the future. Thus, actual future claims cannot be determined just by using the following tables.

a) Development of direct business loss

	Development Ages											Claim Reserve	
	1	2	3	4	5	6	7	8	9	10	11		
2010	\$ 3	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ -
2011	4,170	7,263	7,786	7,854	7,854	8,034	8,034	8,034	7,854	7,854	7,854	7,854	-
2012	12,366	20,155	21,177	21,070	21,111	21,112	21,112	21,112	21,112	21,112	21,112	21,112	-
2013	19,586	27,531	27,762	28,666	28,555	28,551	28,553	28,553	28,553	28,553	28,553	28,553	-
2014	25,862	28,357	28,976	31,011	31,016	31,018	31,018	31,018	31,018	31,018	31,018	31,018	-
2015	35,899	42,080	42,346	42,353	42,361	42,378	42,379	42,379	42,379	42,379	42,379	42,379	1
2016	26,485	31,219	31,407	31,432	31,435	31,440	31,441	31,441	31,441	31,441	31,441	31,440	5
2017	53,250	63,055	58,484	58,646	58,656	58,664	58,666	58,666	58,666	58,666	58,666	58,665	19
2018	36,190	45,800	46,046	46,315	46,324	46,331	46,332	46,332	46,332	46,332	46,332	46,332	286
2019	52,386	64,282	64,811	66,137	66,147	66,155	66,156	66,156	66,156	66,156	66,156	66,156	1,874
2020	62,161	77,084	77,752	79,392	79,405	79,415	79,417	79,417	79,417	79,417	79,417	79,417	17,256
													19,441
													60,919
													<u>\$ 80,360</u>

b) Development of retained business

	Development Ages											Claim Reserve	
	1	2	3	4	5	6	7	8	9	10	11		
2010	\$ 3	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ -
2011	4,170	7,263	7,786	7,854	7,854	8,034	8,034	8,034	7,854	7,854	7,854	7,854	-
2012	10,307	18,108	19,129	19,023	19,063	19,065	19,065	19,065	19,065	19,065	19,065	19,065	-
2013	19,497	26,841	27,071	27,975	27,864	27,860	27,861	27,861	27,861	27,861	27,861	27,861	-
2014	25,174	27,659	28,278	30,313	30,318	30,319	30,319	30,319	30,319	30,319	30,319	30,319	-
2015	31,538	37,711	37,977	37,985	37,992	38,009	38,010	38,010	38,010	38,010	38,010	38,010	-
2016	25,930	30,590	30,778	30,802	30,806	30,811	30,811	30,811	30,811	30,811	30,811	30,811	5
2017	51,121	58,887	56,315	56,478	56,488	56,496	56,497	56,497	56,497	56,497	56,497	56,497	19
2018	35,432	44,832	45,051	45,294	45,303	45,310	45,311	45,311	45,311	45,311	45,311	45,311	260
2019	47,585	59,621	60,150	61,013	61,023	61,032	61,033	61,033	61,033	61,033	61,033	61,033	1,412
2020	58,792	72,247	72,914	74,081	74,094	74,105	74,106	74,106	74,106	74,106	74,106	74,106	15,314
													17,010
													43,080
													<u>\$ 60,090</u>

3) Sensitivity analysis of insurance risk

Based on relevant insurance laws and regulations, when calculating the liability reserve, assumptions used at the time of purchase are locked in, but such assumptions may change as time passes. According to IFRS 4 “Insurance Contracts,” a liability adequacy test is needed to determine whether BPCTLI has sufficient insurance liability. BPCTLI performed a sensitivity analysis with changes in the assumptions on death rate, illness rate, and withdrawal rate. The results are as follows:

Insurance contracts and investment contracts with a discretionary participation feature.

	June 30, 2020		
	Changes in the Assumptions	Impact on Income Before Income Tax	Impact on Equity
Discount rate	31.80%	\$ 31,763	\$ 25,410
Discount rate	(31.80%)	(31,833)	(25,467)
Mortality rate	13.30%	(13,318)	(10,654)
Mortality rate	(13.30%)	13,316	10,652
Withdrawal rate	8.00%	7,962	6,369
Withdrawal rate	(7.90%)	(7,926)	(6,341)
Illness rate/loss rate	(10.00%)	(10,007)	(8,006)
Expense rate	(31.70%)	(31,731)	(25,385)

December 31, 2019			
	Changes in the Assumptions	Impact on Income Before Income Tax	Impact on Equity
Discount rate	0.25%	\$ 62,591	\$ 50,073
Discount rate	(0.25%)	(62,591)	(50,073)
Mortality rate	10.00%	(26,901)	(21,521)
Mortality rate	(10.00%)	27,040	21,632
Withdrawal rate	30.00%	12,574	10,059
Withdrawal rate	(30.00%)	(12,480)	(9,984)
Illness rate/loss rate	15.00%	(17,469)	(13,975)
Expense rate	10.00%	(34,685)	(27,748)

June 30, 2019			
	Changes in the Assumptions	Impact on Income Before Income Tax	Impact on Equity
Discount rate	0.25%	\$ 33,362	\$ 26,689
Discount rate	(0.25%)	(33,436)	(26,749)
Mortality rate	10.00%	(12,223)	(9,778)
Mortality rate	(10.00%)	12,221	9,777
Withdrawal rate	30.00%	6,860	5,488
Withdrawal rate	(30.00%)	(6,840)	(5,472)
Illness rate/loss rate	15.00%	(8,302)	(6,642)
Expense rate	10.00%	(34,685)	(27,748)

Note 1: After-tax balances were used to calculate the equity.

Note 2: The result is non-linear and is limited to changes in the assumptions presented above.

Note 3: Changes in the assumptions presented above are scenarios and the range of change may be interrelated.

Note 4: The sensitivity analysis does not consider market changes that have an impact on the operation (e.g., buy/sell asset positions, changes in the allocation of assets, adjustments in the declared interest rate of the policy, etc.).

4) Credit risk, liquidity risk, and market risk

a) Market risk

Under the Regulations Governing the Reserves by Insurance Enterprises and relevant laws and regulations, BPCTLI calculates reserves at the assumed interest rate and risk occurrence rate set by the supervisory authorities. The expected rates are tied to the policy before sale. These rates are not affected by market rate changes since the long-term trend rate set by the authorities has taken into consideration the assumed interest and the related timing, amount and direction.

Based on IFRS 4, if the liability adequacy test is insufficient, BPCTLI should accrue the shortage as reserve for liability adequacy. The reserve for liability adequacy is not affected by market rate changes.

BPCTLI believes that the supervisory authorities would not soon change the calculation of life policy reserve from the fixed interest rate to float interest rate and that market risks would not significantly affect profit and loss.

b) Credit risk

BPCTLI has ceded reinsurance and assessed the credit of a reinsurance company to ensure the assets and claims recovered from reinsurances are not impaired. The biggest credit risk amount is equal to the book value of the reinsurance assets.

c) Liquidity risk

BPCTLI predicts the future cash flows of assets and liabilities through an asset-liability matching model to ensure there are enough cash flows to cover a predicted liability obligation. The measure is used as a long-term control mechanism for liquidity risk.

Under related laws and regulations, the individual face values of BPCTLI's insurance policies are all greater than their surrender value. Thus, the liquidity risks on agreement cancellations would not be significant. In addition, under the materiality principle, if a policyholder cancels its coverage, BPCTLI will not disclose the cash flow maturity analysis in its financial statements if the coverage amount is not significant.

g. Transfers of financial assets

Under the Company operations, most of derecognized financial assets are securities sold under repurchase agreements, and the contractual cash flows have been transferred to others. The Company has the responsibility to repurchase transferred financial assets at fixed prices, and cannot use, sell and pledge transferred financial assets. However, the Company is still in the risk exposure of interest rate and credit, so the transferred financial assets cannot be removed entirely. The information on derecognized financial assets and liabilities is as follows:

June 30, 2020					
Financial Assets	Carrying Amount of Transferred Financial Assets	Carrying Amount of Related Financial Liabilities	Fair Value of Transferred Financial Assets	Fair Value of Related Financial Liabilities	Net Position of Fair Value
Financial assets at FVTPL - securities sold under repurchase agreements	\$ 27,362,107	\$ 27,376,502	\$ 27,362,107	\$ 27,376,502	\$ (14,395)
Financial assets at FVTOCI - securities sold under repurchase agreements	25,129,122	25,288,123	25,129,122	25,288,123	(159,001)

December 31, 2019					
Financial Assets	Carrying Amount of Transferred Financial Assets	Carrying Amount of Related Financial Liabilities	Fair Value of Transferred Financial Assets	Fair Value of Related Financial Liabilities	Net Position of Fair Value
Financial assets at FVTPL - securities sold under repurchase agreements	\$ 28,594,352	\$ 28,652,118	\$ 28,594,352	\$ 28,652,118	\$ (57,766)
Financial assets at FVTOCI - securities sold under repurchase agreements	16,124,558	16,855,053	16,124,558	16,855,053	(730,495)
Securities purchased under sell agreements - securities sold under repurchase agreements	30,996	47,678	30,996	47,678	(16,682)

June 30, 2019					
Financial Assets	Carrying Amount of Transferred Financial Assets	Carrying Amount of Related Financial Liabilities	Fair Value of Transferred Financial Assets	Fair Value of Related Financial Liabilities	Net Position of Fair Value
Financial assets at FVTPL - securities sold under repurchase agreements	\$ 23,911,060	\$ 24,113,525	\$ 23,911,060	\$ 24,113,525	\$ (202,465)
Financial assets at FVTOCI - securities sold under repurchase agreements	18,793,372	19,489,496	18,793,372	19,489,496	(696,124)
Securities purchased under sell agreements - securities sold under repurchase agreements	32,113	45,445	32,113	45,445	(13,332)

h. Offsetting financial assets and financial liabilities

The Company is eligible to present in the balance sheet on a net basis certain derivative assets and derivative liabilities pertaining to transactions with counterparties under enforceable master netting arrangements or similar agreements and there is an intention either to make settlements on a net basis or to realize the asset and settle the liability simultaneously. A master netting agreement provides for a single net settlement of all financial instruments covered by the agreement if the counterparty defaults on any contract. Parties may also settle transactions at gross amounts if a single settlement results in cash flows being equivalent to a single net amount.

The tables below present the quantitative information on financial assets and financial liabilities that have been offset in the balance sheet or that are covered by enforceable master netting arrangements or similar agreements.

June 30, 2020

Financial Assets	Gross Amounts of Recognized Financial Assets	Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet	Net Amounts of Financial Assets Presented in the Balance Sheet	Related Amounts Not Offset in the Balance Sheet		Net Amount
				Financial Instruments	Cash Collateral Received	
Resell agreements	\$ 1,119,474	\$ -	\$ 1,119,474	\$ (1,119,474)	\$ -	\$ -

Financial Liabilities	Gross Amounts of Recognized Financial Liabilities	Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet	Net Amounts of Financial Liabilities Presented in the Balance Sheet	Related Amounts Not Offset in the Balance Sheet		Net Amount
				Financial Instruments	Cash Collateral Pledged	
Repurchase agreements	\$ 52,664,625	\$ -	\$ 52,664,625	\$ (51,794,599)	\$ -	\$ 870,026

December 31, 2019

Financial Assets	Gross Amounts of Recognized Financial Assets	Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet	Net Amounts of Financial Assets Presented in the Balance Sheet	Related Amounts Not Offset in the Balance Sheet		Net Amount
				Financial Instruments	Cash Collateral Received	
Resell agreements	\$ 1,436,329	\$ -	\$ 1,436,329	\$ (1,436,329)	\$ -	\$ -

Financial Liabilities	Gross Amounts of Recognized Financial Liabilities	Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet	Net Amounts of Financial Liabilities Presented in the Balance Sheet	Related Amounts Not Offset in the Balance Sheet		Net Amount
				Financial Instruments	Cash Collateral Pledged	
Repurchase agreements	\$ 45,554,849	\$ -	\$ 45,554,849	\$ (44,223,640)	\$ -	\$ 1,331,209

June 30, 2019

Financial Assets	Gross Amounts of Recognized Financial Assets	Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet	Net Amounts of Financial Assets Presented in the Balance Sheet	Related Amounts Not Offset in the Balance Sheet		Net Amount
				Financial Instruments	Cash Collateral Received	
Resell agreements	\$ 2,110,685	\$ -	\$ 2,110,685	\$ (2,110,685)	\$ -	\$ -

Financial Liabilities	Gross Amounts of Recognized Financial Liabilities	Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet	Net Amounts of Financial Liabilities Presented in the Balance Sheet	Related Amounts Not Offset in the Balance Sheet		Net Amount
				Financial Instruments	Cash Collateral Pledged	
Repurchase agreements	\$ 43,648,466	\$ -	\$ 43,648,466	\$ (42,189,843)	\$ -	\$ 1,458,623

45. CAPITAL MANAGEMENT

To monitor capital adequacy, the risk management department regularly reports capital adequacy ratios every month and also quarterly reviews the execution status of and actual operation data variation on the Company's capital adequacy evaluation plan. When the actual capital adequacy ratio might go lower than the target, the Company immediately reviews the causes, prepares a report and proposes a response strategy to maintain the appropriate capital adequacy levels.

Under the Financial Holding Company Act and related regulations, TCFHC should maintain a consolidated capital adequacy ratio (CAR) of at least 100%. If the ratio falls below 100%, the appropriation of earnings as cash dividends or other assets will be restricted and the authorities may discipline TCFHC, depending on the situation.

The Banking Law and related regulations require that the Bank maintain the minimum requirement for unconsolidated and consolidated capital adequacy ratios (CAR), including the common equity Tier 1 ratio, Tier 1 capital ratio, and total capital adequacy ratio.

The Act Governing Bills Finance Business and related regulations require that the bills finance business maintain CARs at a minimum of 8%. The CARs of TCBF were 13.14%, 13.68% and 13.28% as of June 30, 2020, December 31, 2019 and June 30, 2019, respectively.

Under the rules governing securities firms and related regulations, the CAR of a securities firm should be at least 150% to ensure its stability as well as maintain the health of the security markets. If the ratio is below 150%, the authority may impose certain restrictions on a firm's operations. The CAR of TCS was 337%, 511% and 388% as of June 30, 2020, December 31, 2019 and June 30, 2019, respectively.

The Law of Insurance and related regulations require that the insurance business maintain CARs at a minimum of 200%. The CARs of BPCTLI were 1,592.01%, 1,148.15% and 1,310.76%. as of June 30, 2020, December 31, 2019 and June 30, 2019, respectively.

Please refer to related information in Table 2 (attached).

46. TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES' ASSET QUALITY, CONCENTRATION OF CREDIT EXTENSIONS, INTEREST RATE SENSITIVITY, PROFITABILITY AND MATURITY ANALYSIS OF ASSETS AND LIABILITIES

a. Asset quality of Taiwan Cooperative Bank, Ltd.: Table 3 (attached).

b. Concentration of credit extensions

1) Taiwan Cooperative Bank, Ltd. (TCB)

(In Thousands of New Taiwan Dollars, %)

Rank (Note 1)	June 30, 2020		
	Industry of Group Enterprise (Note 2)	Total Amount of Credit Endorsement or Other Transactions (Note 3)	Percentage of TCB's Equity
1	Group A Railway transportation	\$ 39,312,493	16.81
2	Group B Real estate development	16,360,079	7.00
3	Group C Computers and computing peripheral equipment manufacturing	13,746,109	5.88
4	Group D Harbor services	12,707,333	5.43
5	Group E Petroleum and coal products manufacturing	11,642,837	4.98
6	Group F Real estate development	11,588,866	4.96
7	Group G Financial lease	10,688,603	4.57
8	Group H Iron and steel smelting	10,679,837	4.57
9	Group I Cotton and textile	9,905,601	4.24
10	Group J Shipping agency	9,881,160	4.23

(In Thousands of New Taiwan Dollars, %)

Rank (Note 1)	June 30, 2019		
	Industry of Group Enterprise (Note 2)	Total Amount of Credit Endorsement or Other Transactions (Note 3)	Percentage of TCB's Equity
1	Group A Railway transportation	\$ 40,485,293	18.42
2	Group B Real estate development	15,913,126	7.24
3	Group D Harbor services	15,909,166	7.24
4	Group C Computers and computing peripheral equipment manufacturing	12,139,448	5.52
5	Group I Cotton and textile	11,202,509	5.10
6	Group K Computer manufacturing	10,294,832	4.69
7	Group J Shipping agency	10,230,752	4.66
8	Group E Petroleum and coal products manufacturing	10,172,276	4.63
9	Group H Iron and steel smelting	10,044,959	4.57
10	Group L Cotton and textile	9,566,146	4.35

2) Taiwan Cooperative Bills Finance Corporation Ltd. (TCBF)

(In Thousands of New Taiwan Dollars, %)

Rank (Note 1)	June 30, 2020		
	Industry of Group Enterprise (Note 2)	Total Amount of Credit Endorsement or Other Transactions (Note 3)	Percentage of TCBF's Equity
1	Group A Rolling and extruding of iron and steel	\$ 1,299,000	18.30
2	Group B Real estate development	990,000	13.95
3	Group C Motor bus transportation	948,000	13.36
4	Group D Real estate development	865,000	12.19
5	Group E Real estate development	860,000	12.12
6	Group F Real estate development	800,000	11.27
7	Group G Sheet glass and glass products	784,000	11.05
8	Group H Other retail sale in nonspecialized stores	730,000	10.29
9	Group I Wholesale of electronic and communication equipment and parts	700,000	9.86
10	Group J Shipping agency	700,000	9.86

(In Thousands of New Taiwan Dollars, %)

Rank (Note 1)	June 30, 2019		
	Industry of Group Enterprise (Note 2)	Total Amount of Credit Endorsement or Other Transactions (Note 3)	Percentage of TCBF's Equity
1	Group K Other financial intermediation not elsewhere classified	\$ 1,460,000	22.29
2	Group B Real estate development	1,010,000	15.42
3	Group A Rolling and extruding of iron and steel	1,004,000	15.33
4	Group E Real estate development	825,000	12.60
5	Group L Real estate development	715,200	10.92
6	Group J Shipping agency	700,000	10.69
7	Group H Other retail sale in non-specialized stores	690,000	10.54
8	Group M Manmade fiber manufacturing	650,000	9.92
9	Group D Real estate development	645,000	9.85
10	Group N Real estate development	618,000	9.44

Note 1: The list shows rankings by total amount of credit, endorsement or other transactions but excludes government-owned or state-run enterprises. If the borrower is a member of a group enterprise, the total amount of credit, endorsement or other transactions of the entire group enterprise must be listed and disclosed by code and line of industry. The industry of the group enterprise should be presented as the industry of the member firm with the highest risk exposure. The lines of industry should be described in accordance with the Standard Industrial Classification System of the Republic of China published by the Directorate-General of Budget, Accounting and Statistics under the Executive Yuan.

Note 2: Group enterprise refers to a group of corporate entities as defined by Article 6 of "Supplementary Provisions to the Taiwan Stock Exchange Corporation Rules for Review of Securities Listings."

Note 3: Total amount of credit, endorsement or other transactions is the sum of various loans (including import and export negotiations, discounts, overdrafts, unsecured and secured short-term loans, margin loans receivable, unsecured and secured medium-term loans, unsecured and secured long-term loans and overdue loans), exchange bills negotiated, accounts receivable factored without recourse, acceptances and guarantees.

c. Interest rate sensitivity information - Taiwan Cooperative Bank, Ltd.

**Interest Rate Sensitivity
June 30, 2020**

(In Thousands of New Taiwan Dollars, %)

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	\$ 2,418,452,965	\$ 114,889,136	\$ 56,203,219	\$ 373,537,490	\$ 2,963,082,810
Interest rate-sensitive liabilities	960,314,601	1,516,858,717	118,476,171	60,850,650	2,656,500,139
Interest rate sensitivity gap	1,458,138,364	(1,401,969,581)	(62,272,952)	312,686,840	306,582,671
Net worth					200,291,169
Ratio of interest rate-sensitive assets to liabilities					111.54
Ratio of interest rate sensitivity gap to net worth					153.07

**Interest Rate Sensitivity
June 30, 2019**

(In Thousands of New Taiwan Dollars, %)

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	\$ 2,289,050,091	\$ 123,260,266	\$ 20,389,448	\$ 297,439,792	\$ 2,730,139,597
Interest rate-sensitive liabilities	940,454,589	1,363,167,873	101,327,630	51,963,221	2,456,913,313
Interest rate sensitivity gap	1,348,595,502	(1,239,907,607)	(80,938,182)	245,476,571	273,226,284
Net worth					196,801,482
Ratio of interest rate-sensitive assets to liabilities					111.12
Ratio of interest rate sensitivity gap to net worth					138.83

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 refer to interest-earning assets and interest-bearing liabilities with revenues or costs that are 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).

**Interest Rate Sensitivity
June 30, 2020**

(In Thousands of U.S. Dollars, %)

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	\$ 15,061,969	\$ 729,325	\$ 376,902	\$ 2,133,709	\$ 18,301,905
Interest rate-sensitive liabilities	17,978,788	2,137,302	2,196,190	-	22,312,280
Interest rate sensitivity gap	(2,916,819)	(1,407,977)	(1,819,288)	2,133,709	(4,010,375)
Net worth					1,139,204
Ratio of interest rate-sensitive assets to liabilities					82.03
Ratio of interest rate sensitivity gap to net worth					(352.03)

Interest Rate Sensitivity
June 30, 2019

(In Thousands of U.S. Dollars, %)

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	\$ 12,433,411	\$ 1,016,317	\$ 333,732	\$ 1,723,190	\$ 15,506,650
Interest rate-sensitive liabilities	15,154,136	1,230,282	1,519,613	-	17,904,031
Interest rate sensitivity gap	(2,720,725)	(213,965)	(1,185,881)	1,723,190	(2,397,381)
Net worth					738,356
Ratio of interest rate-sensitive assets to liabilities					86.61
Ratio of interest rate sensitivity gap to net worth					(324.69)

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 refer to interest-earning assets and interest-bearing liabilities with revenues or costs that are 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

1) Taiwan Cooperative Financial Holding Co., Ltd. and its subsidiaries

(%)

Items		June 30, 2020	June 30, 2019
Return on total assets	Before income tax	0.49	0.56
	After income tax	0.42	0.47
Return on equity	Before income tax	8.31	9.35
	After income tax	7.09	7.89
Net income ratio		33.32	35.26

2) Taiwan Cooperative Financial Holding Co., Ltd.

(%)

Items		June 30, 2020	June 30, 2019
Return on total assets	Before income tax	6.07	6.90
	After income tax	6.08	6.92
Return on equity	Before income tax	6.98	7.82
	After income tax	7.00	7.83
Net income ratio		98.62	99.01

3) Taiwan Cooperative Bank, Ltd.

(%)

Items		June 30, 2020	June 30, 2019
Return on total assets	Before income tax	0.45	0.54
	After income tax	0.39	0.45
Return on equity	Before income tax	7.06	8.40
	After income tax	6.05	7.07
Net income ratio		30.76	33.33

4) Taiwan Cooperative Bills Finance Corporation Ltd.

(%)

Items		June 30, 2020	June 30, 2019
Return on total assets	Before income tax	0.91	0.88
	After income tax	0.76	0.84
Return on equity	Before income tax	7.66	6.84
	After income tax	6.42	6.50
Net income ratio		62.00	74.26

5) Taiwan Cooperative Securities Co., Ltd.

(%)

Items		June 30, 2020	June 30, 2019
Return on total assets	Before income tax	1.93	1.44
	After income tax	1.79	1.34
Return on equity	Before income tax	10.15	7.04
	After income tax	9.39	6.57
Net income ratio		37.33	31.17

6) BNP Paribas Cardif TCB Life Insurance Co., Ltd.

(%)

Items		June 30, 2020	June 30, 2019
Return on total assets	Before income tax	0.94	0.78
	After income tax	0.79	0.64
Return on equity	Before income tax	12.83	12.87
	After income tax	10.75	10.55
Net income ratio		57.85	51.27

Note 1: Return on total assets = Income before (after) income tax/Average total assets.

Note 2: Return on equity = Income before (after) income tax/Average equity.

Note 3: Net income ratio = Income after income tax/Total net revenues.

Note 4: Income before (after) income tax represents income for each period-end date.

Note 5: The above profitability ratios are calculated on the basis of annualized figures.

e. Maturity analysis of assets and liabilities - Taiwan Cooperative Bank, Ltd.

Maturity Analysis of Assets and Liabilities
June 30, 2020

(In Thousands of New Taiwan Dollars)

	Total	Remaining Period to Maturity					
		0 to 10 Days	11 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year
Main capital inflow on maturity	\$ 3,295,868,846	\$ 410,435,807	\$ 331,406,298	\$ 130,264,184	\$ 215,861,286	\$ 379,684,818	\$ 1,828,216,453
Main capital outflow on maturity	3,873,674,792	242,148,936	191,127,767	488,039,031	432,704,644	720,488,910	1,799,165,504
Gap	(577,805,946)	168,286,871	140,278,531	(357,774,847)	(216,843,358)	(340,804,092)	29,050,949

Maturity Analysis of Assets and Liabilities
June 30, 2019

(In Thousands of New Taiwan Dollars)

	Total	Remaining Period to Maturity					
		0 to 10 Days	11 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year
Main capital inflow on maturity	\$ 3,116,287,887	\$ 519,236,693	\$ 235,415,738	\$ 176,632,295	\$ 208,682,829	\$ 359,697,647	\$ 1,616,622,685
Main capital outflow on maturity	3,589,629,740	222,755,182	204,052,716	461,987,378	417,757,264	658,263,874	1,624,813,326
Gap	(473,341,853)	296,481,511	31,363,022	(285,355,083)	(209,074,435)	(298,566,227)	(8,190,641)

Note: The above amounts included only New Taiwan dollar amounts held by TCB.

Maturity Analysis of Assets and Liabilities
June 30, 2020

(In Thousands of U.S. Dollars)

	Total	Remaining Period to Maturity				
		0 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year
Main capital inflow on maturity	\$ 26,279,478	\$ 9,947,475	\$ 4,298,383	\$ 1,862,240	\$ 1,831,083	\$ 8,340,297
Main capital outflow on maturity	30,720,794	11,798,241	5,322,215	3,988,927	5,676,810	3,934,601
Gap	(4,441,316)	(1,850,766)	(1,023,832)	(2,126,687)	(3,845,727)	4,405,696

Maturity Analysis of Assets and Liabilities
June 30, 2019

(In Thousands of U.S. Dollars)

	Total	Remaining Period to Maturity				
		0 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year
Main capital inflow on maturity	\$ 24,639,503	\$ 8,067,286	\$ 4,895,096	\$ 2,735,619	\$ 848,538	\$ 8,092,964
Main capital outflow on maturity	28,915,588	12,510,853	5,981,545	2,726,180	4,316,122	3,380,888
Gap	(4,276,085)	(4,443,567)	(1,086,449)	9,439	(3,467,584)	4,712,076

Note: The above amounts included only U.S. dollar amounts held by TCB.

f. The statement of use/source funds of Taiwan Cooperative Bills Finance Corporation Ltd.

June 30, 2020

Items		Period				
		1 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year
Use of funds	Bills	\$ 23,501,569	\$ 19,374,794	\$ 1,060,943	\$ -	\$ -
	Bonds	100,000	283,850	500,000	1,600,000	15,524,930
	Cash in bank	172,476	-	-	200	-
	Total	23,774,045	19,658,644	1,560,943	1,600,200	15,524,930
Source of funds	Borrowings	19,268,890	-	-	-	-
	Securities sold under repurchase agreements	34,227,252	2,623,017	9,959	-	-
	Total	53,496,142	2,623,017	9,959	-	-
Net flows		(29,722,097)	17,035,627	1,550,984	1,600,200	15,524,930
Accumulated capital net flows		(29,722,097)	(12,686,470)	(11,135,486)	(9,535,286)	5,989,644

June 30, 2019

Items		Period				
		1 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year
Use of funds	Bills	\$ 15,699,234	\$ 15,934,157	\$ 1,375,115	\$ -	\$ -
	Bonds	100,000	-	100,000	797,202	13,940,420
	Cash in bank	221,894	70,000	-	200	-
	Total	16,021,128	16,004,157	1,475,115	797,402	13,940,420
Source of funds	Borrowings	12,450,000	-	-	-	-
	Securities sold under repurchase agreements	27,397,927	3,155,265	75,142	-	-
	Total	39,847,927	3,155,265	75,142	-	-
Net flows		(23,826,799)	12,848,892	1,399,973	797,402	13,940,420
Accumulated capital net flows		(23,826,799)	(10,977,907)	(9,577,934)	(8,780,532)	5,159,888

47. TAIWAN COOPERATIVE BANK, LTD.'S TRUST BUSINESS UNDER THE TRUST LAW

a. Trust-related items are those shown in the following balance sheets, statements of income and trust property list

These items were managed by TCB's Trust Department. However, these items were not included in the consolidated financial statements.

Balance Sheets of Trust Accounts

Trust Assets	December 31,			Trust Liabilities	December 31,		
	June 30, 2020	2019	June 30, 2019		June 30, 2020	2019	June 30, 2019
Cash in banks	\$ 5,588,798	\$ 7,021,670	\$ 4,214,646	Payables			
Short-term investments				Accrued expense	\$ 515	\$ 643	\$ 497
Mutual funds	165,075,449	169,141,039	169,032,846	Others	16	9	33
Stocks	1,057,040	1,325,432	1,316,310	Payables on the purchase of securities	2,901	-	-
Debt instruments	5,515,852	5,066,402	4,656,006		3,432	652	530
Structured products	73,919	107,364	132,056	Accounts payable on securities under custody	170,836,379	171,703,651	152,000,696
	171,722,260	175,640,237	175,137,218	Trust capital			
Securities lending	206,888	104,114	139,696	Cash	175,375,229	180,266,162	177,137,258
Receivables	60,904	4,709	8,496	Real estate	89,389,205	83,731,346	71,574,602
Real estate				Superficies	180,935	56,660	-
Land	67,199,259	64,162,781	55,217,597	Leasehold	60,940	60,940	60,940
Buildings	1,601	1,600	7,600	Securities	939,920	1,288,418	1,295,053
Construction in process	21,295,558	18,596,003	15,544,278	Others	81,287	84,242	92,404
	88,496,418	82,760,384	70,769,475		266,027,516	265,487,768	250,160,257
Intangible assets				Reserves and retained earnings			
Superficies	60,940	60,940	-	Net income	197,510	173,816	108,908
Leasehold	138,662	56,660	60,940	Appropriation	(294,056)	(298,330)	(241,186)
	199,602	117,600	60,940	Retained earnings	340,468	284,808	301,962
Securities under custody	170,836,379	171,703,651	152,000,696		243,922	160,294	169,684
Total	\$ 437,111,249	\$437,352,365	\$ 402,331,167	Total	\$ 437,111,249	\$437,352,365	\$ 402,331,167

Trust Property List

Investment Items	June 30, 2020	December 31, 2019	June 30, 2019
Cash in banks	\$ 5,588,798	\$ 7,021,670	\$ 4,214,646
Short-term investments			
Mutual funds	165,075,449	169,141,039	169,032,846
Stocks	1,057,040	1,325,432	1,316,310
Debt instruments	5,515,852	5,066,402	4,656,006
Structured products	73,919	107,364	132,056
Securities lending	206,888	104,114	139,696
Receivables			
Accrued interest	1,454	1,851	3,027
Cash dividends	2,556	83	4,451
Receivables on the sale of securities	4,921	-	-
Mutual funds	51,177	2,276	-
Others	796	499	1,018
Real estate			
Land	67,199,259	64,162,781	55,217,597
Buildings	1,601	1,600	7,600
Construction in process	21,295,558	18,596,003	15,544,278
Intangible assets			
Leasehold	60,940	60,940	60,940
Superficies	138,662	56,660	-
Securities under custody	<u>170,836,379</u>	<u>171,703,651</u>	<u>152,000,696</u>
Total	<u>\$ 437,111,249</u>	<u>\$ 437,352,365</u>	<u>\$ 402,331,167</u>

**Statements of Income on Trust Accounts
For the Six Months Ended June 30, 2020 and 2019**

	2020	2019
Revenues		
Interest revenue	\$ 3,243	\$ 2,934
Lending stock	2,636	2,355
Cash dividends	2,861	5,489
Realized gain on investment -stocks	8,920	-
Unrealized gain on investment - stocks	186,102	237,495
Unrealized gain on investment - lending stock	45,574	-
Realized gain on investment - mutual funds	51,023	151
Unrealized gain on investment - mutual funds	18,757	-
Beneficial certificate appropriation	2,481	-
Others	<u>10</u>	<u>167</u>
Total revenues	<u>321,607</u>	<u>248,591</u>
Expenses		
Management fees	2,356	2,087
Monitoring fees	3	-
Taxes	13	30
Service charge	253	122
Postage	-	22
Realized loss on investment - stocks	2,513	-
Unrealized loss on investment - stocks	99,537	137,311
Unrealized loss on investment - lending stock	8,422	-
Realized loss on investment - mutual funds	2,324	43
Unrealized loss on investment - mutual funds	8,584	-
Others	<u>92</u>	<u>68</u>
Total expenses	<u>124,097</u>	<u>139,683</u>
Income before income tax	197,510	108,908
Income tax expense	<u>-</u>	<u>-</u>
Net income	<u>\$ 197,510</u>	<u>\$ 108,908</u>

b. Nature of trust business operations under the Trust Law: Note 1.

48. ALLOCATION OF REVENUE, COST AND EXPENSE THAT RESULTED FROM THE SHARING OF RESOURCES BETWEEN TAIWAN COOPERATIVE FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

Under cooperation arrangements, Taiwan Cooperative Bank, Ltd. (TCB) and Taiwan Cooperative Securities (TCS) promoted securities brokerage business together; thus, related revenues received by TCB were calculated as follows: (a) revenue based on 20% of the net revenue derived from security transactions for three years. (b) related revenues from utilizing some operating sites and equipment by the TCS; and (c) receiving cross-selling service fees of \$2,000 thousand annually.

To promote the credit card business and corporate banking business together, TCB and TCS signed cooperation arrangements marketing expenses paid by TCB were based on the arrangements.

As of June 30, 2020, December 31, 2019 and June 30, 2019, TCB's accrued receivables were \$3,345 thousand, \$3,455 thousand and \$2,615 thousand, respectively. TCB's revenues from cross-selling transactions were \$7,692 thousand and \$5,451 thousand for the six months ended June 30, 2020 and 2019, respectively.

To promote the insurance business together, TCB and BNP Paribas Cardif TCB Life Insurance Co., Ltd. signed cooperation arrangements. The service fees earned by TCB were based on the agreed percentage of the premiums from the insurance companies' products sold by TCB.

As of June 30, 2020, December 31, 2019 and June 30, 2019, TCB's accrued receivables were \$2,458 thousand, \$2,358 thousand and \$2,012 thousand, respectively. TCB's revenues from cross-selling transactions were \$14,818 thousand and \$16,399 thousand for the six months ended June 30, 2020 and 2019, respectively.

49. TCFHC'S FINANCIAL STATEMENTS AND CONDENSED BALANCE SHEETS AND STATEMENTS OF COMPREHENSIVE INCOME OF SUBSIDIARIES

Table 4 (attached).

50. BUSINESS SEGMENT FINANCIAL INFORMATION

Table 5 (attached).

51. FINANCIAL HOLDING COMPANY ACT NO. 46 ANNOUNCEMENT

Table 6 (attached).

52. CASH FLOW INFORMATION

a. Non-Cash financing activities

Undistributed cash dividends approved by stockholders' meetings are \$11,475,198 thousand, \$339,653 thousand and \$9,826,227 thousand as of June 30, 2020, December 31, 2019 and June 30, 2019, respectively.

b. Changes in liabilities arising from financing activities

For the six months ended June 30, 2020

	Opening Balance	Cash Inflows (Outflows)	Non-cash Changes			Closing Balance
			New Leases	Fair Value Adjustments (Including Changes in the Fair Value Attributable to Changes in the Credit Risk)	Others	
Due to the Central Bank and banks	\$ -	\$ 5,957,940	\$ -	\$ -	\$ -	\$ 5,957,940
Commercial paper issued	31,104,638	(6,165,000)	-	-	12,786	24,952,424
Bonds payable	65,000,000	3,200,000	-	-	-	68,200,000
Other borrowings	3,432,028	(1,723,929)	-	-	(19,497)	1,688,602
Financial liabilities designated as at fair value through profit or loss - bank debentures	12,052,429	(12,096,000)	-	669	42,902	-
Guarantee deposits received	2,050,163	(367,989)	-	-	(6,885)	1,675,289
Lease liabilities	1,651,391	(315,477)	16,572	-	294,595	1,647,081
Other liabilities - other	114,606	(20,258)	-	-	648	94,996
	<u>\$ 115,405,255</u>	<u>\$ (11,530,713)</u>	<u>\$ 16,572</u>	<u>\$ 669</u>	<u>\$ 324,549</u>	<u>\$ 104,216,332</u>

For the six months ended June 30, 2019

	Opening Balance	Cash Inflows (Outflows)	Non-cash Changes			Closing Balance
			New Leases	Fair Value Adjustments (Including Changes in the Fair Value Attributable to Changes in the Credit Risk)	Others	
Financial liabilities designated as at fair value through profit or loss - bank debentures	\$ 11,483,955	\$ -	\$ -	\$ 14,185	\$ 1,012,048	\$ 12,510,188
Commercial paper issued	26,091,523	(525,000)	-	-	5,898	25,572,421
Bonds payable	55,000,000	5,000,000	-	-	-	60,000,000
Other borrowings	2,425,405	180,735	-	-	6,395	2,612,535
Guarantee deposits received	1,334,404	77,833	-	-	436	1,412,673
Lease liabilities	1,528,139	(279,743)	309,913	-	6,501	1,564,810
Other liabilities - other	91,155	(9,576)	-	-	(1,824)	79,755
	<u>\$ 97,954,581</u>	<u>\$ 4,444,249</u>	<u>\$ 309,913</u>	<u>\$ 14,185</u>	<u>\$ 1,029,454</u>	<u>\$ 103,752,382</u>

53. OTHER IMPORTANT MATTERS

The Company has carried out an assessment of the economic impact caused by the COVID-19 epidemic; and as of the date of release of these consolidated financial statements, assessed that this had no significant impact on the Company. The Company will continue to monitor the development of the epidemic and carefully assess the possible impact.

54. ADDITIONAL DISCLOSURES

a. Related information of significant transactions and b. investees:

- 1) Financing provided: TCFHC - none; TCB, UTB, TCBF, and BPCTLI - not applicable; investee company - Table 7 (attached).
- 2) Endorsement/guarantee provided: TCFHC - none; TCB, UTB, TCBF, and BPCTLI - not applicable; investee company - none.
- 3) Marketable securities held: TCFHC, TCB, UTB, TCBF, TCS and BPCTLI - not applicable; investee company - Table 8 (attached).
- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 10% of the paid-in capital (TCFHC, TCB and UTB disclosed its investments acquired or disposed of): TCS and BPCTLI - not applicable; TCFHC and investee company - none.
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 10% of the paid-in capital: None.
- 6) Disposal of individual real estates at costs of at least NT\$300 million or 10% of the paid-in capital: None.
- 7) Financial asset securitization by subsidiaries: None.
- 8) Allowance of service fees to related parties amounting to at least NT\$5 million: Table 9 (attached).
- 9) Sale of nonperforming loans by subsidiaries: Table 10 (attached).
- 10) Receivables from related parties amounting to at least NT\$300 million or 10% of the paid-in capital: Table 11 (attached).

11) Percentage share in investees and related information: Table 12 (attached).

12) Derivative transactions: Notes 8, 41 and 44 to the consolidated financial statements

13) Other significant transactions which may affect the decisions of users of financial reports: None.

c. Investment in Mainland China:

Based on “Regulations Governing Approvals of Banks to Engage, Ltd. in Financial Activities between the Taiwan Area and the Mainland Area,” Taiwan Cooperative Bank, Ltd. set up the Suzhou Branch, Tianjin Branch, Fuzhou Branch and Changsha Branch; Co-operative Assets Management Co., Ltd. set up Taiwan Cooperative International Leasing Co., Ltd. in Mainland China. This investment had been approved by the Financial Supervisory Commission. The information - major operating items, capital stock, the way of investment, investment inflows and outflows, the holding percentage, the investment income or loss, the carrying amount at period-end, the remitted investment profits and the limit on the amount of investment in Mainland China - can be seen in Table 13 (attached)

d. Business relationships and significant transactions among the parent company and subsidiaries: Table 14 (attached).

e. Information on major shareholders: Table 15 (attached).

55. OPERATING SEGMENTS

The information reported to the Company’s chief operating decision makers for the assessment of segment performance focuses mainly on business and profit or loss. The Company’s reportable segments are as follows:

a. TCB business, including deposit and loan, capital, trust, insurance and other business;

b. Other noncore business.

The accounting policies of the reportable segments are the same as the Company’s accounting policies described in Note 4. Segment profit is measured at income before income tax, and this measure is reported to the chief operating decision makers for the purposes of resource allocation and assessment of segment performance. The terms of transactions between segments are similar to those for third parties.

The revenue, expenses and related information of the Company’s reportable segments for the six months ended June 30, 2020 and 2019 are as follows:

	For the Six Months Ended June 30, 2020				
	TCB Business	Others	Total	Adjustment and Elimination	Total
Net interest	\$ 16,862,773	\$ 544,062	\$ 17,406,835	\$ 2,543	\$ 17,409,378
Net revenues and gains other than interest	<u>5,803,235</u>	<u>9,175,097</u>	<u>14,978,332</u>	<u>(8,215,659)</u>	<u>6,762,673</u>
Net revenues	22,666,008	9,719,159	32,385,167	(8,213,116)	24,172,051
Bad-debt expenses and provision for losses on commitment and guarantees	(3,275,570)	39,294	(3,236,276)	-	(3,236,276)
Net change in reserves for insurance liabilities	-	916,995	916,995	-	916,995
Operating expenses	<u>(11,251,018)</u>	<u>(1,320,532)</u>	<u>(12,571,550)</u>	<u>147,826</u>	<u>(12,423,724)</u>
Income before income tax	<u>\$ 8,139,420</u>	<u>\$ 9,354,916</u>	<u>\$ 17,494,336</u>	<u>\$ (8,065,290)</u>	<u>\$ 9,429,046</u>

For the Six Months Ended June 30, 2019

	TCB Business	Others	Total	Adjustment and Elimination	Total
Net interest	\$ 16,995,522	\$ 618,554	\$ 17,614,076	\$ 3,639	\$ 17,617,715
Net revenues and gains other than interest	<u>5,791,092</u>	<u>9,282,347</u>	<u>15,073,439</u>	<u>(8,595,342)</u>	<u>6,478,097</u>
Net revenues	22,786,614	9,900,901	32,687,515	(8,591,703)	24,095,812
Bad-debt expenses and provision for losses on commitment and guarantees	(2,453,448)	(14,559)	(2,468,007)	-	(2,468,007)
Net change in reserves for insurance liabilities	-	825,881	825,881	-	825,881
Operating expenses	<u>(11,314,198)</u>	<u>(1,191,675)</u>	<u>(12,505,873)</u>	<u>123,362</u>	<u>(12,382,511)</u>
Income before income tax	<u>\$ 9,018,968</u>	<u>\$ 9,520,548</u>	<u>\$ 18,539,516</u>	<u>\$ (8,468,341)</u>	<u>\$ 10,071,175</u>

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED ENTITIES

JUNE 30, 2020, DECEMBER 31, 2019 AND JUNE 30, 2019

Subsidiaries included in the consolidated financial statements

Investor Company	Investee Company	Location	Main Business and Products	Percentage of Ownership			Note
				June 30, 2020	December 31, 2019	June 30, 2019	
Taiwan Cooperative Financial Holding Co., Ltd.	Taiwan Cooperative Bank, Ltd.	Taipei City	Banking	100.00	100.00	100.00	
	Co-operative Assets Management Co., Ltd.	Taipei City	Acquisition of delinquent loans	100.00	100.00	100.00	
	Taiwan Cooperative Bills Finance Co., Ltd.	Taipei City	Bills finance dealer	100.00	100.00	100.00	
	Taiwan Cooperative Securities Co., Ltd.	Taipei City	Securities dealer	100.00	100.00	100.00	
	Taiwan Cooperative Securities Investment Trust Co., Ltd.	Taipei City	Securities investment trust	100.00	100.00	100.00	
	BNP Paribas Cardif TCB Life Insurance Co., Ltd.	Taipei City	Life insurance	51.00	51.00	51.00	
	Taiwan Cooperative Venture Capital Co., Ltd.	Taipei City	Venture capital	100.00	100.00	100.00	
Taiwan Cooperative Bank, Ltd.	United Taiwan Bank S.A.	Belgium	Banking	90.02	90.02	90.02	
Co-operative Assets Management Co., Ltd.	Taiwan Cooperative International Leasing Co., Ltd.	Suzhou, China	Leasing	100.00	100.00	100.00	

Subsidiaries not included in the consolidated financial statements

Investor Company	Investee Company	Location	Main Business and Products	Percentage of Ownership			Note
				June 30, 2020	December 31, 2019	June 30, 2019	
None	-	-	-	-	-	-	

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CAPITAL ADEQUACY RATIO

JUNE 30, 2020, DECEMBER 31, 2019 AND JUNE 30, 2019

1. Taiwan Cooperative Financial Holding Co., Ltd.'s capital adequacy ratio

Unit: In Thousands of New Taiwan Dollars, %

Company	Items	June 30, 2020			December 31, 2019			June 30, 2019		
		Proportionate Share	Group's Net Eligible Capital	Group's Statutory Capital Requirement	Proportionate Share	Group's Net Eligible Capital	Group's Statutory Capital Requirement	Proportionate Share	Group's Net Eligible Capital	Group's Statutory Capital Requirement
Taiwan Cooperative Financial Holding Co., Ltd.			\$ 221,455,326	\$ 256,481,149		\$ 221,419,322	\$ 248,941,707		\$ 213,365,578	\$ 244,089,870
Taiwan Cooperative Bank, Ltd.	100		280,720,519	212,733,580	100	267,394,120	206,793,061	100	258,571,610	204,101,186
Taiwan Cooperative Bills Finance Co., Ltd.	100		6,942,711	4,226,747	100	6,679,900	3,906,255	100	6,408,141	3,859,064
Taiwan Cooperative Securities Co., Ltd.	100		4,930,262	2,197,182	100	4,916,421	1,443,593	100	4,663,740	1,801,841
Co-operative Assets Management Co., Ltd.	100		3,183,277	3,874,686	100	3,318,101	3,761,003	100	3,239,421	3,519,701
BNP Paribas Cardif TCB Life Insurance Co., Ltd.	51		4,680,764	588,034	51	4,643,791	808,918	51	4,413,420	673,414
Taiwan Cooperative Securities Investment Trust Co., Ltd.	100		401,538	239,785	100	416,716	245,524	100	387,072	225,195
Taiwan Cooperative Venture Capital Co., Ltd.	100		1,073,945	544,503	100	1,028,960	524,028	100	1,025,763	525,122
Deduction			(265,415,216)	(256,226,521)		(259,598,181)	(248,842,057)		(252,462,134)	(240,647,116)
Total			257,973,126	224,659,145		250,219,150	217,582,032		239,612,611	218,148,277
Group capital adequacy ratio			114.83%			115.00%			109.84%	

Note 1: The above amounts are calculated under the "Regulations Governing the Consolidated Capital Adequacy of Financial Holding Companies."

Note 2: Group capital adequacy ratio = Group's net eligible capital ÷ Group's statutory capital requirement.

(Continued)

2. Taiwan Cooperative Financial Holding Co., Ltd.'s eligible capital

Unit: In Thousands of New Taiwan Dollars

Items	June 30, 2020
Common stock	\$ 133,342,237
Capital instruments, which conform to the terms of Bank's other Tier 1 capital	-
Other preferred stocks and subordinated debts	-
Capital collected in advance	-
Capital surplus	57,974,241
Legal reserve	9,622,864
Special reserve	996,026
Cumulative earnings	8,433,236
Equity adjustments	11,087,280
Less: Capital deduction	558
Total eligible capital	221,455,326

Items	December 31, 2019
Common stock	\$ 129,458,483
Capital instruments, which conform to the terms of Bank's other Tier 1 capital	-
Other preferred stocks and subordinated debts	-
Capital collected in advance	-
Capital surplus	57,973,141
Legal reserve	7,927,632
Special reserve	996,026
Cumulative earnings	16,952,318
Equity adjustments	8,112,324
Less: Capital deduction	602
Total eligible capital	221,419,322

Items	June 30, 2019
Common stock	\$ 129,458,482
Capital instruments, which conform to the terms of Bank's other Tier 1 capital	-
Other preferred stocks and subordinated debts	-
Capital collected in advance	-
Capital surplus	57,973,141
Legal reserve	7,927,632
Special reserve	996,026
Cumulative earnings	8,379,697
Equity adjustments	8,631,124
Less: Capital deduction	524
Total eligible capital	213,365,578

Note: The above amounts are calculated under the "Regulations Governing the Consolidated Capital Adequacy of Financial Holding Companies."

(Continued)

3. Taiwan Cooperative Bank, Ltd.'s capital adequacy ratio

(Unit: In Thousands of New Taiwan Dollars, %)

Items		Year	June 30, 2020		
			Standalone	Consolidated	
Eligible capital	Common equity		\$ 213,013,605	\$ 213,601,206	
	Other Tier 1 capital		19,048,571	19,562,600	
	Tier 2 capital		48,658,343	49,788,870	
	Eligible capital		280,720,519	282,952,676	
Risk-weighted assets	Credit risk	Standardized approach	1,921,656,464	1,925,382,141	
		Internal ratings based approach	-	-	
		Securitization	3,890,213	3,890,213	
	Operational risk	Basic indicator approach	-	-	
		Standardized approach/alternative standardized approach	76,432,794	76,647,358	
		Advanced measurement approach	-	-	
	Market risk	Standardized approach	24,054,625	24,044,563	
		Internal model approach	-	-	
	Risk-weighted assets			2,026,034,096	2,029,964,275
	Capital adequacy ratio			13.86	13.94
Ratio of the common equity to risk-weighted assets			10.51	10.52	
Ratio of Tier 1 capital to risk-weighted assets			11.45	11.49	
Ratio of leverage			5.92	5.93	

(Unit: In Thousands of New Taiwan Dollars, %)

Items		Year	December 31, 2019		
			Standalone	Consolidated	
Eligible capital	Common equity		\$ 207,137,752	\$ 207,708,378	
	Other Tier 1 capital		12,649,848	13,145,766	
	Tier 2 capital		47,606,520	48,633,541	
	Eligible capital		267,394,120	269,487,685	
Risk-weighted assets	Credit risk	Standardized approach	1,867,445,189	1,870,260,070	
		Internal ratings based approach	-	-	
		Securitization	4,596,941	4,596,941	
	Operational risk	Basic indicator approach	-	-	
		Standardized approach/alternative standardized approach	76,432,794	76,647,358	
		Advanced measurement approach	-	-	
	Market risk	Standardized approach	20,982,800	20,997,238	
		Internal model approach	-	-	
	Risk-weighted assets			1,969,457,724	1,972,501,607
	Capital adequacy ratio			13.58	13.66
Ratio of the common equity to risk-weighted assets			10.52	10.53	
Ratio of Tier 1 capital to risk-weighted assets			11.16	11.20	
Ratio of leverage			5.95	5.97	

(Continued)

(Unit: In Thousands of New Taiwan Dollars, %)

Items		Year	June 30, 2019	
			Standalone	Consolidated
Eligible capital	Common equity		\$ 200,490,848	\$ 201,078,942
	Other Tier 1 capital		8,040,358	8,548,003
	Tier 2 capital		50,040,404	51,087,071
	Eligible capital		258,571,610	260,714,016
Risk-weighted assets	Credit risk	Standardized approach	1,825,873,841	1,828,383,933
		Internal ratings based approach	-	-
		Securitization	5,136,484	5,136,484
	Operational risk	Basic indicator approach	-	-
		Standardized approach/alternative standardized approach	72,451,460	72,588,477
		Advanced measurement approach	-	-
	Market risk	Standardized approach	40,359,038	40,375,700
		Internal model approach	-	-
	Risk-weighted assets			1,943,820,823
Capital adequacy ratio			13.30	13.39
Ratio of the common equity to risk-weighted assets			10.31	10.33
Ratio of Tier 1 capital to risk-weighted assets			10.73	10.77
Ratio of leverage			5.79	5.82

Note 1: Eligible capital and risk-weighted assets are calculated under the “Regulations Governing the Capital Adequacy Ratio of Banks” and the “Explanation of Methods for Calculating the Eligible Capital and Risk-weighted Assets of Banks.”

Note 2: Formulas used were as follows:

- 1) Eligible capital = Common equity + Other Tier 1 capital + Tier 2 capital
- 2) Risk-weighted assets = Risk-weighted assets for credit risk + Capital requirements for operational risk and market risk x 12.5.
- 3) Capital adequacy ratio = Eligible capital ÷ Risk-weighted assets.
- 4) Ratio of the common equity to risk-weighted assets = Common equity ÷ Risk-weighted assets.
- 5) Ratio of Tier 1 capital to risk-weighted assets = (Common equity + Other Tier 1 capital) ÷ Risk-weighted assets.
- 6) Ratio of leverage = Tier 1 capital ÷ Exposure measurement.

(Concluded)

TAIWAN COOPERATIVE BANK, LTD.

ASSET QUALITY - NONPERFORMING LOANS AND RECEIVABLES

JUNE 30, 2020 AND 2019

(In Thousands of New Taiwan Dollars, %)

Period		June 30, 2020					June 30, 2019				
Items		Nonperforming Loans (Note 1)	Loans	Ratio of Nonperforming Loans (Note 2)	Allowance for Credit Losses	Coverage Ratio (Note 3)	Nonperforming Loans (Note 1)	Loans	Ratio of Nonperforming Loans (Note 2)	Allowance for Credit Losses	Coverage Ratio (Note 3)
Corporate banking	Secured	6,055,863	757,255,735	0.80	8,132,379	134.29	3,994,001	706,049,419	0.57	9,039,057	226.32
	Unsecured	624,356	650,690,348	0.10	6,741,542	1,079.76	313,541	613,441,699	0.05	6,464,920	2,061.91
Consumer banking	Housing mortgage (Note 4)	957,262	539,831,773	0.18	8,177,152	854.22	1,534,475	523,746,134	0.29	7,942,217	517.59
	Cash card	-	-	-	-	-	-	-	-	-	-
	Small-scale credit loans (Note 5)	34,481	12,635,866	0.27	228,208	661.84	19,736	12,034,168	0.16	228,405	1,157.30
	Other (Note 6)	Secured	940,356	301,527,601	0.31	3,270,238	347.77	1,060,655	277,816,824	0.38	3,635,353
Unsecured		11,073	10,079,975	0.11	150,994	1,363.62	17,899	9,396,358	0.19	164,196	917.35
Loan		8,623,391	2,272,021,298	0.38	26,700,513	309.63	6,940,307	2,142,484,602	0.32	27,474,148	395.86
		Nonperforming Receivables (Note 1)	Receivables	Ratio of Nonperforming Receivables (Note 2)	Allowance for Credit Losses	Coverage Ratio (Note 3)	Nonperforming Receivables (Note 1)	Receivables	Ratio of Nonperforming Receivables (Note 2)	Allowance for Credit Losses	Coverage Ratio (Note 3)
Credit cards		10,441	3,192,042	0.33	56,808	544.09	7,370	5,887,243	0.13	59,189	803.11
Accounts receivable factored without recourse (Note 7)		-	127,120	-	7,945	-	-	223,652	-	8,837	-
Amounts of executed contracts on negotiated debts not reported as nonperforming loans (Note 8)					398				770		
Amounts of executed contracts on negotiated debts not reported as nonperforming receivables (Note 8)					4,384				6,044		
Amounts of executed debt-restructuring projects not reported as nonperforming loans (Note 9)					8,652				10,308		
Amounts of executed debt-restructuring projects not reported as nonperforming receivables (Note 9)					46,552				45,586		

Note 1: Nonperforming loans are reported to the authorities and disclosed to the public, as required by the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/Nonaccrual Loans." Nonperforming credit card receivables are reported to the authorities and disclosed to the public, as required by the Banking Bureau's letter dated July 6, 2005 (Ref. No. 0944000378).

Note 2: Ratio of nonperforming loans: Nonperforming loans ÷ Outstanding loan balance.
Ratio of nonperforming receivables: Nonperforming receivables ÷ Outstanding receivable balance.

Note 3: Coverage ratio of loans: Allowance for credit losses for loans ÷ Nonperforming loans.
Coverage ratio of receivables: Allowance for credit losses for receivables ÷ Nonperforming receivables.

Note 4: The mortgage loan is for house purchase or renovation and is fully secured by housing that is purchased (owned) by the borrower, the spouse or minor children of the borrowers.

Note 5: Based on the Banking Bureau's letter dated December 19, 2005 (Ref. No. 09440010950), small-scale credit loans are unsecured, involve small amounts and exclude credit cards and cash cards.

Note 6: Other consumers banking loans refer to secured or unsecured loans that exclude housing mortgage, cash and credit cards, and small-scale credit loans.

Note 7: As required by the Banking Bureau in its letter dated July 19, 2005 (Ref. No. 0945000494), accounts receivable factored without recourse are reported as nonperforming receivables within three months after the factors or insurance companies refuse to indemnify banks for any liabilities on these accounts.

Note 8: Amounts of executed contracts on negotiated debts that are not reported as nonperforming loans or receivables are disclosed to the public in accordance with the Banking Bureau's letter dated April 25, 2006 (Ref. No. 09510001270).

Note 9: Amounts of executed debt-restructuring projects not reported as nonperforming loans or receivables are disclosed to the public in accordance with the Banking Bureau's letter dated September 15, 2008 (Ref. No. 09700318940) and letter dated September 20, 2016 (Ref. No. 10500134790).

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

TCFHC'S FINANCIAL STATEMENTS AND CONDENSED BALANCE SHEETS AND STATEMENTS OF COMPREHENSIVE INCOME OF SUBSIDIARIES
FOR THE SIX MONTHS ENDED JUNE 30, 2020 AND 2019

1. TCFHC's financial statements

Taiwan Cooperative Financial Holding Co., Ltd.

Balance Sheets
(In Thousands of New Taiwan Dollars)

Assets	June 30, 2020	December 31, 2019	June 30, 2019	Liabilities and Equity	June 30, 2020	December 31, 2019	June 30, 2019
Cash and cash equivalents	\$ 37,966	\$ 47,435	\$ 98,312	<u>Liabilities</u>			
Financial assets at fair value through other comprehensive income	19,075	21,275	20,425	Commercial paper issued, net	\$ 17,973,890	\$ 27,190,483	\$ 21,058,846
Receivables	163,632	148	3,337,416	Payables	11,234,286	287,565	9,620,874
Current tax assets	1,678,660	2,747,921	2,115,618	Current tax liabilities	1,765,533	2,762,192	2,172,331
Investments accounted for using equity method	256,226,521	248,842,057	240,647,116	Bonds payable	5,700,000	-	-
Properties and equipment, net	11,975	6,378	2,235	Other financial liabilities	4,562	2,865	2,626
Right-of-use assets	51,697	63,710	74,557	Lease liabilities	52,714	64,540	75,045
Intangible assets	234	268	232	Other liabilities	11,464	10,096	8,500
Deferred tax assets	324	334	292	Total liabilities	<u>36,742,449</u>	<u>30,317,741</u>	<u>32,938,222</u>
Other assets	<u>8,249</u>	<u>8,139</u>	<u>8,121</u>	<u>Equity</u>			
				Capital stock	133,342,237	129,458,483	129,458,483
				Capital surplus	57,974,241	57,973,141	57,973,141
				Retained earnings	19,052,126	25,875,976	17,303,354
				Other equity	11,087,280	8,112,324	8,631,124
				Total equity	<u>221,455,884</u>	<u>221,419,924</u>	<u>213,366,102</u>
Total	<u>\$ 258,198,333</u>	<u>\$ 251,737,665</u>	<u>\$ 246,304,324</u>	Total	<u>\$ 258,198,333</u>	<u>\$ 251,737,665</u>	<u>\$ 246,304,324</u>

(Continued)

Taiwan Cooperative Financial Holding Co., Ltd.

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Revenues and gains				
Share of gains of subsidiaries, associates and joint ventures accounted for using equity method	\$ 3,902,670	\$ 4,387,919	\$ 7,933,379	\$ 8,406,991
Other revenues and gains	<u>3,404</u>	<u>1,449</u>	<u>3,638</u>	<u>1,536</u>
Total revenues and gains	<u>3,906,074</u>	<u>4,389,368</u>	<u>7,937,017</u>	<u>8,408,527</u>
Expenses and losses				
Operating expenses	74,735	52,908	127,991	102,311
Other expenses and losses	<u>35,755</u>	<u>30,675</u>	<u>76,217</u>	<u>66,692</u>
Total expenses and losses	<u>110,490</u>	<u>83,583</u>	<u>204,208</u>	<u>169,003</u>
Income before income tax	3,795,584	4,305,785	7,732,809	8,239,524
Income tax benefit	<u>19,720</u>	<u>19,336</u>	<u>19,720</u>	<u>19,336</u>
Net income	3,815,304	4,325,121	7,752,529	8,258,860
Other comprehensive income	<u>6,647,399</u>	<u>2,547,397</u>	<u>3,286,302</u>	<u>6,250,829</u>
Total comprehensive income	<u>\$ 10,462,703</u>	<u>\$ 6,872,518</u>	<u>\$ 11,038,831</u>	<u>\$ 14,509,689</u>
Earnings per share (New Taiwan dollars)				
Basic	<u>\$0.29</u>	<u>\$0.32</u>	<u>\$0.58</u>	<u>\$0.62</u>
Diluted	<u>\$0.29</u>	<u>\$0.32</u>	<u>\$0.58</u>	<u>\$0.62</u>

(Continued)

Taiwan Cooperative Financial Holding Co., Ltd.

Statements of Changes in Equity
(In Thousands of New Taiwan Dollars)

	Capital Stock			Capital Surplus	Retained Earnings			Other Equity				Total Equity
	Shares (In Thousands)	Common Stock	Reserve for Capitalization		Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on the Translation of Financial Statements of Foreign Operations	Unrealized Gains (Losses) on Financial Assets at Fair Value Through Other Comprehensive Income	Changes in the Fair Value Attributable to Changes in the Credit Risk of Financial Liabilities Designated as at Fair Value Through Profit or Loss	Other Comprehensive Income on Reclassification of Overlay Approach	
	BALANCE AT JANUARY 1, 2020	12,945,848	\$ 129,458,483		\$ -	\$ 57,973,141	\$ 7,927,632	\$ 996,026	\$ 16,952,318	\$ (1,242,818)	\$ 9,000,271	
Unclaimed dividends	-	-	-	1,100	-	-	-	-	-	-	-	1,100
Appropriation of the 2019 earnings												
Legal reserve	-	-	-	-	1,695,232	-	(1,695,232)	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	(11,003,971)	-	-	-	-	(11,003,971)
Stock dividends	-	-	3,883,754	-	-	-	(3,883,754)	-	-	-	-	-
Transfer of changes in the fair value attributable to changes in the credit risk of financial liabilities designed as at fair value through profit or loss upon derecognition	-	-	-	-	-	-	301	-	-	(301)	-	-
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	311,045	-	(311,045)	-	-	-
Total comprehensive income												
Net income for the six months ended June 30, 2020	-	-	-	-	-	-	7,752,529	-	-	-	-	7,752,529
Other comprehensive income for the six months ended June 30, 2020	-	-	-	-	-	-	-	(656,481)	4,074,426	(669)	(130,974)	3,286,302
Total comprehensive income for the six months ended June 30, 2020	-	-	-	-	-	-	7,752,529	(656,481)	4,074,426	(669)	(130,974)	11,038,831
BALANCE AT JUNE 30, 2020	<u>12,945,848</u>	<u>\$ 129,458,483</u>	<u>\$ 3,883,754</u>	<u>\$ 57,974,241</u>	<u>\$ 9,622,864</u>	<u>\$ 996,026</u>	<u>\$ 8,433,236</u>	<u>\$ (1,899,299)</u>	<u>\$ 12,763,652</u>	<u>\$ -</u>	<u>\$ 222,927</u>	<u>\$ 221,455,884</u>
BALANCE AT JANUARY 1, 2019	12,568,785	\$ 125,687,847	\$ -	\$ 57,964,343	\$ 6,451,448	\$ 996,026	\$ 14,761,844	\$ (282,339)	\$ 2,690,032	\$ 15,666	\$ (10,663)	\$ 208,274,204
Unclaimed dividends	-	-	-	8,798	-	-	-	-	-	-	-	8,798
Appropriation of the 2018 earnings												
Legal reserve	-	-	-	-	1,476,184	-	(1,476,184)	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	(9,426,589)	-	-	-	-	(9,426,589)
Stock dividends	-	-	3,770,636	-	-	-	(3,770,636)	-	-	-	-	-
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	32,401	-	(32,401)	-	-	-
Total comprehensive income												
Net income for the six months ended June 30, 2019	-	-	-	-	-	-	8,258,860	-	-	-	-	8,258,860
Other comprehensive income for the six months ended June 30, 2019	-	-	-	-	-	-	-	265,484	5,848,865	(14,185)	150,665	6,250,829
Total comprehensive income for the six months ended June 30, 2019	-	-	-	-	-	-	8,258,860	265,484	5,848,865	(14,185)	150,665	14,509,689
BALANCE AT JUNE 30, 2019	<u>12,568,785</u>	<u>\$ 125,687,847</u>	<u>\$ 3,770,636</u>	<u>\$ 57,973,141</u>	<u>\$ 7,927,632</u>	<u>\$ 996,026</u>	<u>\$ 8,379,696</u>	<u>\$ (16,855)</u>	<u>\$ 8,506,496</u>	<u>\$ 1,481</u>	<u>\$ 140,002</u>	<u>\$ 213,366,102</u>

(Continued)

Taiwan Cooperative Financial Holding Co., Ltd.

Statements of Cash Flows
(In Thousands of New Taiwan Dollars)

	For the Six Months Ended	
	June 30	
	2020	2019
Cash flows from operating activities		
Income before income tax	\$ 7,732,809	\$ 8,239,524
Adjustments for:		
Share of gains of subsidiaries, associates and joint ventures accounted for using equity method	(7,933,379)	(8,406,991)
Depreciation and amortization expenses	13,042	12,379
Interest expense	76,217	66,692
Interest revenue	(2,489)	(22)
Net changes in operating assets and liabilities		
Decrease in receivables	5	-
Decrease (increase) in other assets	(110)	328
Decrease in payables	(59,971)	(37,235)
Increase in other liabilities	<u>1,368</u>	<u>1,528</u>
Cash used in operations	(172,508)	(123,797)
Interest received	65	22
Dividends received	3,676,352	-
Interest paid	(58,225)	(61,173)
Income tax refunded	<u>92,332</u>	<u>69,727</u>
Net cash generated from (used in) operating activities	<u>3,538,016</u>	<u>(115,221)</u>
Cash flows from investing activities		
Acquisition of properties and equipment	(6,592)	(68)
Acquisition of intangible assets	<u>-</u>	<u>(94)</u>
Net cash used in investing activities	<u>(6,592)</u>	<u>(162)</u>
Cash flows from financing activities		
Increase in commercial paper issued	-	200,000
Decrease in commercial paper issued	(9,230,000)	-
Proceeds from the issuance of corporate bonds	5,700,000	-
Decrease in guarantee deposits received	1,697	-
Repayments of the principal portion of lease liabilities	(12,590)	(12,468)
Increase in other financial liabilities	<u>-</u>	<u>870</u>
Net cash generated from (used in) financing activities	<u>(3,540,893)</u>	<u>188,402</u>
Net increase (decrease) in cash and cash equivalents	(9,469)	73,019
Cash and cash equivalents, beginning of the period	<u>47,435</u>	<u>25,293</u>
Cash and cash equivalents, end of the period	<u>\$ 37,966</u>	<u>\$ 98,312</u>

(Continued)

2. Subsidiaries' condensed balance sheets

Taiwan Cooperative Bank, Ltd.

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

Assets	June 30, 2020	December 31, 2019	June 30, 2019	Liabilities and Equity	June 30, 2020	December 31, 2019	June 30, 2019
Cash and cash equivalents	\$ 36,431,602	\$ 57,939,887	\$ 53,337,238	<u>Liabilities</u>			
Due from the Central Bank and call loans to other banks	317,442,324	275,152,522	276,220,161	Deposits from the Central Bank and other banks	\$ 230,194,325	\$ 230,034,229	\$ 228,118,215
Financial assets at fair value through profit or loss	25,420,417	13,105,474	44,341,656	Due to the Central Bank and other banks	5,957,940	-	-
Financial assets at fair value through other comprehensive income	389,493,285	329,128,892	285,727,481	Financial liabilities at fair value through profit or loss	3,114,662	16,021,128	13,965,809
Investments in debt instruments at amortized cost	610,046,249	554,148,605	551,769,131	Securities sold under repurchase agreements	8,009,120	7,976,909	6,858,143
Securities purchased under resell agreements	-	-	3,202,779	Payables	68,180,342	37,869,519	44,746,691
Receivables, net	17,167,902	18,796,079	19,336,182	Current tax liabilities	584,753	2,131,559	1,124,151
Current tax assets	1,806,463	1,182,787	1,826,956	Deposits and remittances	3,077,156,190	2,898,402,875	2,828,000,921
Discounts and loans, net	2,244,846,442	2,182,264,644	2,114,477,816	Bank debentures	62,500,000	65,000,000	60,000,000
Investments accounted for using equity method	2,185,208	2,115,170	2,160,792	Other financial liabilities	3,294,964	4,137,499	3,276,743
Other financial assets, net	13,311,365	18,843,570	19,639,597	Provisions	7,907,463	8,221,785	7,812,383
Properties and equipment, net	33,358,112	33,521,394	33,474,185	Lease liabilities	1,605,053	1,614,958	1,520,768
Right-of-use assets	1,670,739	1,687,382	1,605,273	Deferred tax liabilities	3,323,974	3,216,996	3,639,854
Investment properties, net	7,420,904	7,443,865	7,132,804	Other liabilities	1,118,525	1,191,720	1,134,561
Intangible assets	3,725,660	3,635,766	3,593,312	Total liabilities	<u>3,472,947,311</u>	<u>3,275,819,177</u>	<u>3,200,198,239</u>
Deferred tax assets	1,796,654	2,221,537	1,432,736	<u>Equity</u>			
Other assets, net	<u>664,712</u>	<u>1,661,390</u>	<u>654,959</u>	Capital stock	104,507,300	96,765,300	96,765,300
				Capital surplus	58,767,245	58,767,245	58,767,245
				Retained earnings	60,756,331	64,412,169	56,407,889
				Other equity	9,809,851	7,085,073	7,794,385
				Total equity	<u>233,840,727</u>	<u>227,029,787</u>	<u>219,734,819</u>
Total	<u>\$ 3,706,788,038</u>	<u>\$ 3,502,848,964</u>	<u>\$ 3,419,933,058</u>	Total	<u>\$ 3,706,788,038</u>	<u>\$ 3,502,848,964</u>	<u>\$ 3,419,933,058</u>

(Continued)

Taiwan Cooperative Bills Finance Co., Ltd.

**Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)**

Assets	June 30, 2020	December 31, 2019	June 30, 2019	Liabilities and Equity	June 30, 2020	December 31, 2019	June 30, 2019
Cash and cash equivalents	\$ 52,476	\$ 49,845	\$ 51,894	<u>Liabilities</u>			
Financial assets at fair value through profit or loss	43,987,992	35,154,903	33,654,638	Call loans from banks	\$ 19,268,890	\$ 13,650,000	\$ 12,450,000
Financial assets at fair value through other comprehensive income	17,780,955	15,775,179	14,657,199	Securities sold under repurchase agreements	36,851,860	31,755,956	30,615,841
Investments in debt instruments at amortized cost	1,278,553	1,254,086	1,055,078	Payables	325,359	319,575	124,840
Receivables, net	464,965	296,356	221,790	Current tax liabilities	15,570	-	-
Current tax assets	-	38,977	55,703	Provisions	372,016	408,722	425,922
Other financial assets	120,200	120,200	240,200	Lease liabilities	24,869	29,258	33,886
Properties and equipment, net	12,106	12,203	12,291	Other liabilities	60,120	80,482	41,350
Right-of-use assets	24,389	28,896	33,656	Total liabilities	<u>56,918,684</u>	<u>46,243,993</u>	<u>43,691,839</u>
Intangible assets	15,211	6,881	6,934	<u>Equity</u>			
Other assets, net	<u>278,304</u>	<u>266,344</u>	<u>251,990</u>	Capital stock	4,877,740	4,560,710	4,560,710
				Capital surplus	312,633	312,633	312,633
				Retained earnings	1,691,618	1,790,303	1,540,277
				Other equity	214,476	96,231	135,914
				Total equity	<u>7,096,467</u>	<u>6,759,877</u>	<u>6,549,534</u>
Total	<u>\$ 64,015,151</u>	<u>\$ 53,003,870</u>	<u>\$ 50,241,373</u>	Total	<u>\$ 64,015,151</u>	<u>\$ 53,003,870</u>	<u>\$ 50,241,373</u>

Taiwan Cooperative Securities Co., Ltd.

**Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)**

Assets	June 30, 2020	December 31, 2019	June 30, 2019	Liabilities and Equity	June 30, 2020	December 31, 2019	June 30, 2019
Current assets	\$ 33,485,286	\$ 21,963,088	\$ 24,529,360	<u>Liabilities</u>			
Financial assets at fair value through other comprehensive income - noncurrent	45,801	52,948	51,605	Current liabilities	\$ 28,612,702	\$ 17,165,289	\$ 19,858,734
Properties and equipment, net	53,154	59,128	63,904	Lease liabilities	132,697	152,502	171,623
Right-of-use assets	131,326	151,382	170,961	Deferred tax liabilities	1,471	2,553	6,397
Intangible assets	43,086	51,253	50,071	Other liabilities	4,290	4,725	4,013
Deferred tax assets	4,578	4,683	3,705	Total liabilities	<u>28,751,160</u>	<u>17,325,069</u>	<u>20,040,767</u>
Other noncurrent assets	<u>422,702</u>	<u>426,267</u>	<u>428,567</u>	<u>Equity</u>			
				Capital stock	4,724,200	4,724,200	4,724,200
				Capital surplus	294,440	294,440	294,440
				Retained earnings	431,629	363,647	210,332
				Other equity	(15,496)	1,393	28,434
				Total equity	<u>5,434,773</u>	<u>5,383,680</u>	<u>5,257,406</u>
Total	<u>\$ 34,185,933</u>	<u>\$ 22,708,749</u>	<u>\$ 25,298,173</u>	Total	<u>\$ 34,185,933</u>	<u>\$ 22,708,749</u>	<u>\$ 25,298,173</u>

(Continued)

Co-operative Assets Management Co., Ltd.

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

Assets	June 30, 2020	December 31, 2019	June 30, 2019	Liabilities and Equity	June 30, 2020	December 31, 2019	June 30, 2019
Current assets	\$ 127,446	\$ 66,811	\$ 22,485	<u>Liabilities</u>			
Financial assets at fair value through profit or loss	244,450	303,195	408,387	Current liabilities	\$ 4,453,304	\$ 4,035,123	\$ 3,632,260
Financial assets at fair value through other comprehensive income	19,075	21,275	20,425	Lease liabilities	13,948	18,534	23,065
Accounts receivable, net	1,180,396	1,551,127	1,236,564	Deferred tax liabilities	36,001	47,930	34,889
Investments accounted for using the equity method	963,827	962,512	982,021	Other liabilities	64,087	102,317	111,385
Properties and equipment, net	46,064	14,405	5,366	Total liabilities	<u>4,567,340</u>	<u>4,203,904</u>	<u>3,801,599</u>
Investment properties, net	4,464,495	3,962,999	3,407,851	<u>Equity</u>			
Right-of-use assets	13,700	18,314	22,928	Capital stock	2,825,280	2,825,280	2,825,280
Intangible assets	5,931	7,223	8,755	Capital surplus	2,553	2,553	2,553
Deferred tax assets	227,322	221,546	203,545	Retained earnings	484,449	593,972	477,245
Long-term lease payment receivable	202,242	260,534	459,505	Other equity	(129,005)	(103,704)	(65,657)
Other assets	<u>255,669</u>	<u>132,064</u>	<u>263,188</u>	Total equity	<u>3,183,277</u>	<u>3,318,101</u>	<u>3,239,421</u>
Total	<u>\$ 7,750,617</u>	<u>\$ 7,522,005</u>	<u>\$ 7,041,020</u>	Total	<u>\$ 7,750,617</u>	<u>\$ 7,522,005</u>	<u>\$ 7,041,020</u>

(Continued)

BNP Paribas Cardif TCB Life Insurance Co., Ltd.

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

Assets	June 30, 2020	December 31, 2019	June 30, 2019	Liabilities and Equity	June 30, 2020	December 31, 2019	June 30, 2019
Cash and cash equivalents	\$ 5,732,068	\$ 9,434,455	\$ 8,242,779	<u>Liabilities</u>			
Receivables	712,035	470,732	788,534	Payables	\$ 835,360	\$ 5,432,756	\$ 2,893,086
Current tax assets	99,428	99,428	99,428	Current tax liabilities	170,572	50,492	25,003
Investments	36,722,414	40,081,922	41,766,477	Financial liabilities at fair value through profit or loss	13,581	-	47,017
Reinsurance assets	116,891	84,674	50,332	Lease liabilities	22,262	26,530	33,833
Equipment, net	118,815	143,190	81,540	Insurance liabilities	27,127,922	28,026,195	28,743,172
Right-of-use assets	21,929	26,246	33,650	Reserve for insurance contracts with financial instruments features	4,261,913	6,068,784	8,096,886
Deferred tax assets	91,180	13,977	-	Reserve of foreign exchange variation	160,049	230,520	268,983
Other assets	1,155,423	1,152,976	1,141,189	Deferred tax liabilities	254,268	185,626	158,723
Separate-account assets	<u>94,581,074</u>	<u>109,228,185</u>	<u>103,197,944</u>	Other liabilities	604,913	736,556	2,070,850
				Separate-account liabilities	<u>94,581,074</u>	<u>109,228,185</u>	<u>103,197,944</u>
				Total liabilities	<u>128,031,914</u>	<u>149,985,644</u>	<u>145,535,497</u>
				<u>Equity</u>			
				Capital stock	6,881,166	6,719,466	6,719,466
				Capital surplus	9,310	9,310	9,310
				Retained earnings	2,047,107	1,931,380	1,656,445
				Other equity	<u>2,381,760</u>	<u>2,089,985</u>	<u>1,481,155</u>
				Total equity	<u>11,319,343</u>	<u>10,750,141</u>	<u>9,866,376</u>
Total	<u>\$ 139,351,257</u>	<u>\$ 160,735,785</u>	<u>\$ 155,401,873</u>	Total	<u>\$ 139,351,257</u>	<u>\$ 160,735,785</u>	<u>\$ 155,401,873</u>

(Continued)

Taiwan Cooperative Securities Investment Trust Co., Ltd.

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

Assets	June 30, 2020	December 31, 2019	June 30, 2019	Liabilities and Equity	June 30, 2020	December 31, 2019	June 30, 2019
Current assets	\$ 408,729	\$ 419,658	\$ 378,295	<u>Liabilities</u>			
Financial assets at fair value through profit or loss - noncurrent	1,940	1,899	1,928	Current liabilities	\$ 72,362	\$ 68,366	\$ 55,160
Properties and equipment, net	3,951	3,380	3,110	Lease liabilities	4,445	4,913	7,289
Right-of-use assets	4,320	4,607	7,195	Other liabilities	<u>1,224</u>	<u>1,053</u>	<u>868</u>
Intangible assets	4,414	5,265	1,907	Total liabilities	<u>78,031</u>	<u>74,332</u>	<u>63,317</u>
Prepaid equipment	-	-	1,715	<u>Equity</u>			
Other assets	<u>56,215</u>	<u>56,239</u>	<u>56,239</u>	Capital stock	303,000	303,000	303,000
				Capital surplus	72,860	72,860	72,860
				Retained earnings	26,012	41,231	11,557
				Other equity	<u>(334)</u>	<u>(375)</u>	<u>(345)</u>
				Total equity	<u>401,538</u>	<u>416,716</u>	<u>387,072</u>
Total	<u>\$ 479,569</u>	<u>\$ 491,048</u>	<u>\$ 450,389</u>	Total	<u>\$ 479,569</u>	<u>\$ 491,048</u>	<u>\$ 450,389</u>

(Continued)

Taiwan Cooperative Venture Capital Co., Ltd.

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

Assets	June 30, 2020	December 31, 2019	June 30, 2019	Liabilities and Equity	June 30, 2020	December 31, 2019	June 30, 2019
Current assets	\$ 1,077,307	\$ 716,326	\$ 1,037,874	<u>Liabilities</u>			
Financial assets at fair value through profit or loss - noncurrent	-	318,001	-	Current liabilities	\$ 7,024	\$ 9,561	\$ 13,309
Investments accounted for using equity method	2,581	3,294	-	Lease liabilities	7,729	9,376	11,012
Properties and equipment, net	856	655	917	Other liabilities	307	159	159
Right-of-use assets	7,636	9,302	10,969	Total liabilities	<u>15,060</u>	<u>19,096</u>	<u>24,480</u>
Intangible assets	151	4	9	<u>Equity</u>			
Other assets	<u>474</u>	<u>474</u>	<u>474</u>	Capital stock	1,024,641	1,000,000	1,000,000
				Retained earnings	50,288	57,421	38,183
				Other equity	(984)	(28,461)	(12,420)
				Total equity	<u>1,073,945</u>	<u>1,028,960</u>	<u>1,025,763</u>
Total	<u>\$ 1,089,005</u>	<u>\$ 1,048,056</u>	<u>\$ 1,050,243</u>	Total	<u>\$ 1,089,005</u>	<u>\$ 1,048,056</u>	<u>\$ 1,050,243</u> (Continued)

3. Subsidiaries' condensed statements of comprehensive income

Taiwan Cooperative Bank, Ltd.

**Condensed Statements of Comprehensive Income
For the Six Months Ended June 30, 2020 and 2019
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2020	2019
Interest revenues	\$ 27,004,658	\$ 29,345,402
Less: Interest expenses	<u>(10,141,885)</u>	<u>(12,349,880)</u>
Net interest	16,862,773	16,995,522
Net revenues and gains other than interest	<u>5,803,235</u>	<u>5,791,092</u>
Total net revenues	22,666,008	22,786,614
Bad-debt expenses and provision for losses on commitment and guarantees	(3,275,570)	(2,453,448)
Operating expenses	<u>(11,251,018)</u>	<u>(11,314,198)</u>
Income before income tax	8,139,420	9,018,968
Income tax expense	<u>(1,167,672)</u>	<u>(1,424,697)</u>
Net income	6,971,748	7,594,271
Other comprehensive income	<u>3,039,192</u>	<u>5,359,307</u>
Total comprehensive income	<u>\$ 10,010,940</u>	<u>\$ 12,953,578</u>
Earnings per share (NT\$)		
Basic	<u>\$0.67</u>	<u>\$0.73</u>

Taiwan Cooperative Bills Finance Co., Ltd.

**Condensed Statements of Comprehensive Income
For the Six Months Ended June 30, 2020 and 2019
(In Thousands of New Taiwan Dollars, Except Per Share Amounts)**

	2020	2019
Net interest	\$ 152,790	\$ 124,183
Net revenues and gains other than interest	<u>206,018</u>	<u>155,800</u>
Total net revenues	358,808	279,983
Reversal of allowance (impairment losses) for credit losses and provision	(19,411)	10,217
Operating expenses	<u>(74,048)</u>	<u>(71,185)</u>
Income before income tax	265,349	219,015
Income tax expense	<u>(42,900)</u>	<u>(11,090)</u>
Net income	222,449	207,925
Other comprehensive income	<u>114,141</u>	<u>86,260</u>
Total comprehensive income	<u>\$ 336,590</u>	<u>\$ 294,185</u>
Earnings per share (NT\$)		
Basic	<u>\$0.46</u>	<u>\$0.43</u>

(Continued)

Taiwan Cooperative Securities Co., Ltd.

**Condensed Statements of Comprehensive Income
For the Six Months Ended June 30, 2020 and 2019
(In Thousands of New Taiwan Dollars, Except Per Share Amounts)**

	2020	2019
Revenues	\$ 772,311	\$ 641,413
Service charge	(28,735)	(18,264)
Other operating costs	(61,834)	(94,568)
Employee benefits	(239,738)	(209,559)
Other operating expenses	(166,209)	(152,425)
Other gains and losses	<u>(1,347)</u>	<u>15,008</u>
Income before income tax	274,448	181,605
Income tax expense	<u>(20,436)</u>	<u>(12,194)</u>
Net income	254,012	169,411
Other comprehensive income (loss)	<u>(4,183)</u>	<u>31,145</u>
 Total comprehensive income	 <u>\$ 249,829</u>	 <u>\$ 200,556</u>
 Earnings per share (NT\$)		
Basic	<u>\$0.54</u>	<u>\$0.36</u>

Co-operative Assets Management Co., Ltd.

**Condensed Statements of Comprehensive Income
For the Six Months Ended June 30, 2020 and 2019
(In Thousands of New Taiwan Dollars, Except Per Share Amounts)**

	2020	2019
Operating revenues	\$ 249,376	\$ 245,553
Operating expenses	<u>(128,492)</u>	<u>(104,386)</u>
Operating benefits	120,884	141,167
Non-operating gains and losses	<u>18,032</u>	<u>15,003</u>
Income before income tax	138,916	156,170
Income tax expenses	<u>(31,026)</u>	<u>(31,327)</u>
Net income	107,890	124,843
Other comprehensive income (loss)	<u>(25,301)</u>	<u>5,637</u>
 Total comprehensive income	 <u>\$ 82,589</u>	 <u>\$ 130,480</u>
 Earnings per share (NT\$)		
Basic	<u>\$0.38</u>	<u>\$0.44</u>

(Continued)

BNP Paribas Cardif TCB Life Insurance Co., Ltd.

**Condensed Statements of Comprehensive Income
For the Six Months Ended June 30, 2020 and 2019
(In Thousands of New Taiwan Dollars, Except Per Share Amounts)**

	2020	2019
Operating revenues	\$ (7,571,975)	\$ 13,455,830
Operating costs	8,597,411	(12,566,055)
Operating expenses	<u>(317,307)</u>	<u>(311,211)</u>
Income before income tax	708,129	578,564
Income tax expenses	<u>(114,888)</u>	<u>(104,097)</u>
Net income	593,241	474,467
Other comprehensive income	<u>291,775</u>	<u>1,479,110</u>
Total comprehensive income	<u>\$ 885,016</u>	<u>\$ 1,953,577</u>
Earnings per share (NT\$)		
Basic	<u>\$0.86</u>	<u>\$0.69</u>

Taiwan Cooperative Securities Investment Trust Co., Ltd.

**Condensed Statements of Comprehensive Income
For the Six Months Ended June 30, 2020 and 2019
(In Thousands of New Taiwan Dollars, Except Per Share Amounts)**

	2020	2019
Operating revenues	\$ 210,247	\$ 147,708
Operating expenses	<u>(191,438)</u>	<u>(138,651)</u>
Operating gain	18,809	9,057
Non-operating gains and losses	<u>1,535</u>	<u>1,272</u>
Gain before income tax	20,344	10,329
Income tax expenses	<u>-</u>	<u>-</u>
Net income	20,344	10,329
Other comprehensive income (loss)	<u>41</u>	<u>(9)</u>
Total comprehensive income	<u>\$ 20,385</u>	<u>\$ 10,320</u>
Earnings per share (NT\$)		
Basic	<u>\$0.67</u>	<u>\$0.34</u>

(Continued)

Taiwan Cooperative Venture Capital Co., Ltd.

Condensed Statements of Comprehensive Income
For the Six Months Ended June 30, 2020 and 2019
(In Thousands of New Taiwan Dollars, Except Per Share Amounts)

	2020	2019
Operating revenues	\$ 70,423	\$ 72,196
Operating expenses	<u>(16,970)</u>	<u>(15,898)</u>
Operating income	53,453	56,298
Non-operating gains and losses	<u>321</u>	<u>390</u>
Income before income tax	53,774	56,688
Income tax expenses	<u>44</u>	<u>(125)</u>
Net income	53,818	56,563
Other comprehensive income	<u>15,807</u>	<u>16,218</u>
Total comprehensive income	<u>\$ 69,625</u>	<u>\$ 72,781</u>
Earnings per share (NT\$)		
Basic	<u>\$0.53</u>	<u>\$0.55</u>
		(Concluded)

TABLE 5

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

BUSINESS SEGMENT FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED JUNE 30, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

Business Segment Items	For the Six Months Ended June 30, 2020				
	Banking	Bill Finance	Insurance	Others	Consolidated
Net interest	\$ 16,931,335	\$ (19,688)	\$ 406,607	\$ 91,124	\$ 17,409,378
Net revenues and gains other than interest	5,291,027	392,321	(19,420)	1,098,745	6,762,673
Total net revenues	22,222,362	372,633	387,187	1,189,869	24,172,051
Bad-debt expenses and provision for losses on commitment and guarantees	(3,205,834)	(19,412)	-	(11,030)	(3,236,276)
Net change in reserves for insurance liabilities	-	-	916,995	-	916,995
Operating expenses	(11,279,429)	(69,570)	(314,976)	(759,749)	(12,423,724)
Income before income tax	7,737,099	283,651	989,206	419,090	9,429,046
Income tax expenses	(1,174,944)	(42,900)	(114,889)	(41,762)	(1,374,495)
Net income	6,562,155	240,751	874,317	377,328	8,054,551

Business Segment Items	For the Six Months Ended June 30, 2019				
	Banking	Bill Finance	Insurance	Others	Consolidated
Net interest	\$ 17,065,599	\$ (32,311)	\$ 501,044	\$ 83,383	\$ 17,617,715
Net revenues and gains other than interest	5,262,132	264,410	(34,798)	986,353	6,478,097
Total net revenues	22,327,731	232,099	466,246	1,069,736	24,095,812
Bad-debt expenses and provision for losses on commitment and guarantees	(2,467,015)	10,217	-	(11,209)	(2,468,007)
Net change in reserves for insurance liabilities	-	-	825,881	-	825,881
Operating expenses	(11,344,563)	(66,716)	(320,775)	(650,457)	(12,382,511)
Income before income tax	8,516,153	175,600	971,352	408,070	10,071,175
Income tax expenses	(1,426,744)	(11,090)	(104,097)	(34,199)	(1,576,130)
Net income	7,089,409	164,510	867,255	373,871	8,495,045

TABLE 6**TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND
SUBSIDIARIES**

**DISCLOSURE REQUIRED UNDER ARTICLE 46 OF THE FINANCIAL HOLDING COMPANY ACT
JUNE 30, 2020 AND 2019
(In Thousands of New Taiwan Dollars, %)**

June 30, 2020

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of TCFHC's Equity
1. Same person		
Central Bank of the Republic of China (ROC)	\$ 450,559,768	203.45
National Treasury Administration, ROC	308,828,494	139.45
Tai Power Co., Ltd.	96,606,121	43.62
Kaohsiung Financial Bureau	78,540,098	35.47
Taiwan High Speed Rail Corp.	39,845,493	17.99
CPC Corporation, Taiwan	34,708,009	15.67
Kaohsiung Rapid Transit Corp.	17,265,008	7.80
Taiwan Railways Administration	16,118,006	7.28
Da-Li Development Co, Ltd.	10,619,721	4.80
Central Taiwan Science Park Administration	10,000,000	4.52
Highwealth Construction Co., Ltd.	9,999,828	4.52
Yang Ming Marine Transport Corp.	9,627,356	4.35
Clevo Corp.	9,176,745	4.14
Government National Mortgage Association	7,740,323	3.50
Hon Hai Precision Co., Ltd.	7,323,763	3.31
AUO Co., Ltd.	7,130,326	3.22
Taichung City Government	7,008,457	3.16
Southern Taiwan Science Park Administration	7,000,000	3.16
CSBC Corporation, Taiwan	6,578,307	2.97
Federal Home Loan Mortgage Corp.	6,506,054	2.94
US Treasury Note	5,906,490	2.67
Chailease Finance Co., Ltd.	5,566,901	2.51
Taiwan Semiconductor Manufacturing Co., Ltd.	5,042,154	2.28
Taoyuan City Government	5,000,000	2.26
Ruen Chen Investment Holding Co., Ltd.	4,807,000	2.17
Radium Life Tech Co., Ltd.	4,509,520	2.04
Federal National Mortgage Association	4,468,439	2.02

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of TCFHC's Equity
Winbond Electronics Corp.	\$ 4,402,540	1.99
China Steel Corp.	4,356,081	1.97
Yilan County Government	4,342,182	1.96
Johnson Health Tech. Co., Ltd.	4,308,583	1.95
Nan Ya Plastics Corporation	4,187,985	1.89
Compal Electronic Inc.	4,110,667	1.86
Yieh United Steel Corp.	4,092,469	1.85
Farglory Land Development Co., Ltd.	4,021,380	1.82
Kindom Construction Corp.	3,948,248	1.78
United Microelectronics Corporation	3,895,486	1.76
Taiwan Cement Corporation	3,835,649	1.73
Kingdom Of Saudi Arabia	3,819,302	1.72
Shin Ruem Development Co., Ltd.	3,810,351	1.72
CMI Properties Limited	3,797,269	1.71
Formosa Plastics Corp.	3,726,917	1.68
BPCE	3,616,338	1.63
Powerchip Semiconductor Manufacturing Corp.	3,574,822	1.61
Chiayi County Government	3,515,000	1.59
PROSPERITY TIEH ENTERPRISE CO., LTD.	3,514,460	1.59
Formosa Ha Tinh (Cayman) Limited	3,497,188	1.58
Bank Of America, N.A. Hong Kong	3,473,677	1.57
Taiwan Land Development Corp.	3,429,962	1.55
Fu Hong Co., Ltd.	3,422,933	1.55
Client A	3,399,606	1.54
Evergreen Marine Corp. (Taiwan) Ltd.	3,375,232	1.52
Formosa Chemicals & Fiber Corp.	3,349,297	1.51
Uni-President Enterprises Corp.	3,242,146	1.46
China Man-Made Fiber Corp.	3,212,473	1.45
Client B	3,189,200	1.44
Kai Tai Fung International Company Limited	3,149,350	1.42
Run Long Construction Co., Ltd.	3,146,873	1.42
Tong Eng Iron Works Co., Ltd.	3,124,945	1.41
Tatung Co., Ltd.	3,001,138	1.36
2. Same related parties		
Client C	11,338,421	5.12
Client D	9,546,570	4.31
Client E	4,905,414	2.22
Client F	4,439,475	2.00
Client G	4,200,000	1.90
Client H	4,119,173	1.86
Client I	3,647,207	1.65
Client J	3,642,986	1.65
Client K	3,642,986	1.65

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of TCFHC's Equity
Client L	\$ 3,642,986	1.65
Client M	3,581,000	1.62
Client N	3,501,250	1.58
Client O	3,488,972	1.58
Client P	3,189,200	1.44
Client Q	3,136,000	1.42
3. Same affiliate		
Formosa Ha Tinh (Cayman) Limited	16,003,234	7.23
Huo Jiun Construction Co., Ltd.	15,092,779	6.82
Highwealth Construction Co., Ltd.	14,458,485	6.53
QiYu Construction Co., Ltd.	14,458,485	6.53
Ruen Long Construction Co., Ltd.	14,458,485	6.53
Far Eastern International Leasing Corp.	14,241,924	6.43
Clevo Corp.	13,919,441	6.29
Binghe Construction Co., Ltd.	13,809,325	6.24
Yi Tai Investment Co., Ltd.	13,567,175	6.13
Xing Sun Sheng Investment Co., Ltd.	13,466,667	6.08
Chailease Finance Co., Ltd.	13,455,474	6.08
Everfun Travel Services Corp.	13,245,866	5.98
Evergreen Marine (Hong Kong) Limited	13,245,866	5.98
Sunny Friend Environmental Technology Co., Ltd.	13,211,709	5.97
Yi Xiang Construction Co., Ltd.	13,134,325	5.93
Yi Zhan Construction Co., Ltd.	13,134,325	5.93
Chailease Consumer Finance Co., Ltd.	13,070,474	5.90
Chailease Rental Corp.	13,064,340	5.90
Jhong-An Investment Co., Ltd.	12,989,773	5.87
Chubei New Century Shopping Mall Co., Ltd.	12,888,284	5.82
General Interface Solution (GIS) Holding Ltd.	12,878,163	5.82
General Interface Solution Limited	12,878,163	5.82
Chailease International Leasing Co., Ltd.	12,853,211	5.80
Asia Pacific Development Corporation	12,605,447	5.69
Chailease Holding Co., Ltd.	12,458,211	5.63
Gogoro Energy Network (Cayman), Taiwan Branch	12,388,128	5.59
Chailease International Finance Corp.	11,993,321	5.42
Da-Li Development Co, Ltd.	11,744,015	5.30
Da-Li Development LLC	11,744,015	5.30
Da Li Properties LLC	11,744,015	5.30
Ruentex Development Co., Ltd.	11,685,553	5.28
Ruentex Industries Ltd.	11,685,553	5.28
Hui Hong Investment Management Co., Ltd.	11,585,597	5.23
Ren Ying Enterprise Co., Ltd.	11,585,597	5.23
Far Eastern New Century Corp.	11,357,159	5.13
Kings Garden International Co., Ltd.	11,294,072	5.10

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of TCFHC's Equity
Great Emperor Hotel Co., Ltd.	\$ 11,294,072	5.10
Hon Hai Precision Co., Ltd.	11,294,058	5.10
Da Li Properties LLC	11,123,316	5.02
Yang Ming Marine Transport Corp.	11,075,296	5.00
Shin Huo Shin Investment Co., Ltd.	10,796,501	4.88
Shinshunshin Investment Co., Ltd.	10,739,601	4.85
EDA Hua Yue Hotel Corp.	10,709,537	4.84
Da Li Miller Development Corp.	10,676,621	4.82
Bao-Shin Construction Co., Ltd.	10,669,721	4.82
Jau Feng Sheng Investment Co., Ltd.	10,669,681	4.82
Buynow (Texas) Corp.	10,615,050	4.79
Evergreen Marine Corp. (Taiwan) Ltd.	10,418,104	4.70
Yieh United Steel Corp.	10,408,060	4.70
Yieh Phui (Hong Kong) Holdings Ltd.	10,339,537	4.67
Chailease Royal Leas	10,329,862	4.66
Kao Ming Container Terminal Corp.	10,313,382	4.66
Buynow (Shan Tou) Corp.	10,302,465	4.65
Nan Shan Life Insurance Company, Ltd.	10,215,597	4.61
Wan Sheng Fa Investment Co., Ltd.	10,199,821	4.61
Kuang Ming Shipping Corp.	10,145,204	4.58
Kuang Ming (Liberia) Corp.	10,145,204	4.58
All Oceans Transportation Inc.	9,871,422	4.46
Buynow (Wuhan) Corp.	9,814,602	4.43
Innolux Corp.	9,769,473	4.41
Clevo (Beijing) Investment Consultant Limited	9,739,560	4.40
Yuan Ding Investment Corp.	9,653,917	4.36
U-Ming Marine Transport Corp.	9,607,861	4.34
Buynow (Chengdu) Corp.	9,508,347	4.29
Far Eastone Telecommunications Co., Ltd.	9,069,402	4.10
United Microelectronics Corp.	8,979,322	4.05
Der Ching Investment Corporation	8,749,965	3.95
Evergreen Marine (UK) Ltd.	8,684,348	3.92
World Peace Industrial Co., Ltd.	8,554,718	3.86
BenQ Materials Corp.	8,514,924	3.84
Visco Vision Inc.	8,514,924	3.84
Yieh Hsing Enterprise Co., Ltd.	8,478,671	3.83
Eva Airways Corp.	8,343,439	3.77
Genuine Crop.	8,312,563	3.75
WPG Holdings Ltd.	8,260,218	3.73
AUO Co., Ltd.	8,236,832	3.72
Radium Life Tech. Co., Ltd.	8,125,200	3.67
Formosa Industries Corp.	8,062,080	3.64
Ji Shun Life Tech. Co., Ltd.	7,985,338	3.61
Titan Development and Construction Co., Ltd.	7,985,338	3.61
Everwiner Enterprise Co., Ltd.	7,768,468	3.51

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of TCFHC's Equity
G-Tech Optoelectronics Corp.	\$ 7,746,371	3.50
Frontek Technology Corporation	7,626,468	3.44
Foxconn Interconnect Technology Limited	7,588,813	3.43
Foxconn Technologies & Services	7,533,548	3.40
China Steel Corp.	7,484,665	3.38
AU Optronics Corp. (Kunshan)	7,460,166	3.37
Nan Chung Petrochemical Corp.	7,401,057	3.34
Ennoconn Corporation	7,365,043	3.33
Zhen Ding Technology Holding Limited	7,349,849	3.32
Foxsemicon Integrated Technology Inc.	7,333,068	3.31
Breaktime Inc.	7,329,411	3.31
Asia Cement Corp.	6,990,462	3.16
Ruen Chen Investment Holding Co., Ltd.	6,821,723	3.08
Unimicron Technology Corp.	6,770,521	3.06
Silicon Application Corp.	6,731,727	3.04
C.S. Aluminum Corporation	6,727,989	3.04
CSEI Transport (Panama) Corp.	6,727,989	3.04
Chung Hung Steel Corp.	6,712,273	3.03
Taiwan Cement Co., Ltd.	6,661,281	3.01
CSRC China (Maanshan) Corporation	6,661,281	3.01
Advance Materials Co., Ltd.	6,585,207	2.97
CSBC Corporation, Taiwan	6,578,307	2.97
Feng Sheng Enterprise Company	6,562,031	2.96
Evergreen Aviation Technologies Corp.	6,552,638	2.96
Chiahui Power Corp.	6,449,063	2.91
Asian Information Technology Inc.	6,367,227	2.88
Li Jiang Development Co., Ltd.	6,309,146	2.85
Farglory Dome Co., Ltd.	6,304,898	2.85
Kuan-Ho Refractories Corp.	6,259,607	2.83
Logistar	6,051,369	2.73
Ever Ecover Corporation	6,007,752	2.71
Motech Industries Inc.	5,902,947	2.67
Nan Ya Plastics Corporation	5,887,411	2.66
Yu Yuan Investment Co., Ltd.	5,885,905	2.66
Formosa Plastics Corp.	5,815,090	2.63
China Man-Made Fiber Corp.	5,761,949	2.60
Rih Ding Water Enterprise Co., Ltd.	5,760,700	2.60
Grand Pacific Financing Corporation	5,703,463	2.58
Taiwan Semiconductor Manufacturing Co., Ltd.	5,657,727	2.55
Henghao Technology Co., Ltd.	5,488,654	2.48
Taiwan Prosperity Chemical Corporation	5,343,090	2.41
China Petrochemical Development Corporation	5,342,986	2.41
Dragon Steel Corp.	5,337,469	2.41
Vanguard International semiconductor Corporation	5,273,687	2.38
Pan Asia Chemical Co.	5,139,643	2.32

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of TCFHC's Equity
Capital Machinery Corp.	\$ 5,071,434	2.29
Xintec Inc.	5,058,954	2.28
Farglory Land Development Co., Ltd.	4,956,245	2.24
Greencompass Marine S.A.	4,945,159	2.23
Lizhi Electronics (Nantong) Co., Ltd.	4,928,853	2.23
Lizhi Electronic (Kunshan) Co., Ltd.	4,928,853	2.23
Prince Housing & Development Corp.	4,904,002	2.21
Taiwan Biotech Co., Ltd.	4,890,622	2.21
Compal Electronics, Inc.	4,889,417	2.21
Jean Co., Ltd.	4,857,025	2.19
Jean Pacific Development Co., Ltd.	4,857,025	2.19
Taiwan Land Development Corp.	4,815,414	2.17
Taiwan Innovation Development Corp.	4,815,414	2.17
Taiwan Commercial Development Corp.	4,815,414	2.17
TTET Union Corporation	4,786,648	2.16
Hanshin Shopping Plaza Co., Ltd.	4,759,273	2.15
China Steel Chemical Corp.	4,731,644	2.14
TCC International Holdings Ltd.	4,719,149	2.13
TCC International Ltd.	4,719,149	2.13
Far Eastern Department Stores Ltd.	4,713,682	2.13
Wan Da tong Enterprise Co., Ltd.	4,693,485	2.12
China Steel Structure Co., Ltd.	4,655,975	2.10
United Steel Engineering & Construction Corp.	4,655,975	2.10
Taichung Bank Leasing Corporation Limited	4,644,924	2.10
China Steel Machinery Corp.	4,644,336	2.10
CMI Properties Limited	4,640,125	2.10
PFG Fiber Glass Corporation	4,626,921	2.09
Fujian Lian Wei Logistics Co., Ltd.	4,587,508	2.07
TYAU Windshield Co., Ltd.	4,465,555	2.02
TG Tianjin Glass Co., Ltd.	4,465,555	2.02
Asia Cement (China) Holdings Corp.	4,429,652	2.00
Winbond Electronics Corp.	4,402,540	1.99
Uni-President Enterprises Corp.	4,399,271	1.99
Hanshin Department Store Co., Ltd.	4,393,854	1.98
CHC Resources Corp.	4,371,796	1.97
Johnson Health Tech. Co., Ltd.	4,347,543	1.96
Johnson Health Tech. GmbH	4,347,543	1.96
Yieh Phui Enterprise Co., Ltd.	4,342,793	1.96
Hsin Bong Enterprise Co., Ltd.	4,292,313	1.94
Li Sheng Corporation	4,278,611	1.93
CMI Credit Ltd.	4,261,434	1.92
Continental Carbon Company	4,221,949	1.91
Nan Ya Technology Corp.	4,206,627	1.90
Zhong Tai Hotel Co., Ltd.	4,205,286	1.90
Kai Tai Fung International Company Limited	4,205,286	1.90

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of TCFHC's Equity
Wavetek Microelectronics Corporation	\$ 4,153,923	1.88
Tatung Co., Ltd.	4,143,873	1.87
Tatung Consumer Products (Taiwan) Co., Ltd.	4,143,873	1.87
EDA Hospital Corp.	4,104,324	1.85
Unisense Tech Co., Ltd.	4,089,966	1.85
Fubon Financial Holding Co, Ltd.	4,076,631	1.84
FanGlory Life Insurance Co., Ltd.	4,021,380	1.82
Shin Ruenn Development Co., Ltd.	4,021,228	1.82
Ta-Ho Maritime Corporation	4,001,649	1.81
Chunghwa Picture Tubes, Ltd.	3,992,499	1.80
Kindom Construction Corp.	3,948,248	1.78
Unistars Corporation	3,918,035	1.77
Inteplast Group Corporation	3,912,452	1.77
Uni-Splendor Corp.	3,901,441	1.76
Formosa Industries (Ninbo) Co., Ltd.	3,893,843	1.76
Kuo-Kuang Motor Transportation Co., Ltd.	3,882,754	1.75
Lung Hwa Electronics Co., Ltd.	3,865,353	1.75
Formosa Chemicals & Fibre Corp.	3,811,297	1.72
Formosa BP Chemicals Corporation	3,811,297	1.72
Shih Wei Navigation Co., Ltd.	3,808,428	1.72
Dong Lien Maritime S.A. Panama	3,808,428	1.72
Modest Pescadores S.A. Panama	3,808,428	1.72
Spinnaker Pescadores S.A. Panama	3,808,428	1.72
Wisdom Marine Lines S.A.	3,757,596	1.70
Fina Finance & Trading Co., Ltd.	3,737,064	1.69
Fujian Fuxin Special Steel Co., Ltd.	3,726,917	1.68
Fu Chan High Pile Co., Ltd.	3,640,402	1.64
Powerchip Semiconductor Manufacturing Corp.	3,574,822	1.61
Prosperity Tieh Enterprise Co., Ltd.	3,544,460	1.60
Luilang Wisdom S.A.	3,531,756	1.59
Mount Wisdom S.A.	3,531,756	1.59
Grand Hi-Lai Hotel Co., Ltd.	3,516,826	1.59
Guang Xin Asset Management Co., Ltd.	3,492,933	1.58
Formosa Chemicals Industries (Ningbo) Co., Ltd.	3,489,015	1.58
Central Investment Corp.	3,488,641	1.58
Bank Of America, N.A. Hong Kong	3,473,677	1.57
Fu Hong Co., Ltd.	3,422,933	1.55
President Chain Store Corporation	3,395,437	1.53
Grand Bills Finance Corp.	3,331,980	1.50
Chailease International Financial	3,327,331	1.50
Far Eastern Big City Department Stores Ltd.	3,325,099	1.50
Fubon Life Insurance Co., Ltd.	3,298,538	1.49
Pro-Energy Development (BVI) Ltd.	3,271,329	1.48
Pernas Electronics Co., Ltd.	3,218,194	1.45
Taibo Huanan Glass Co., Ltd.	3,213,046	1.45

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of TCFHC's Equity
Run Tai Construction Co., Ltd.	\$ 3,187,253	1.44
Taiwan Mobile Corp.	3,126,367	1.41
Tang Eng Iron works Co., Ltd.	3,124,945	1.41
We&Win construction Ltd.	3,118,467	1.41
Longchen Paper & Packing Co., Ltd.	3,084,126	1.39
Gintung Energy Corporation	3,079,210	1.39
Fortune Motors Co., Ltd.	3,044,954	1.37
Supreme Electronics Co., Ltd.	3,033,022	1.37
Chang Hwa Commercial Bank, Ltd.	3,001,664	1.36

June 30, 2019

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of TCFHC's Equity
1. Same person		
Central Bank of the Republic of China (ROC)	\$ 390,080,000	182.82
National Treasury Administration, ROC	243,405,901	114.08
Tai Power Co., Ltd.	136,003,983	63.74
Kaohsiung Financial Bureau	76,083,344	35.66
Taiwan High Speed Rail Corp.	41,018,293	19.22
CPC Corporation, Taiwan	28,678,873	13.44
Kaohsiung Rapid Transit Corp.	17,350,000	8.13
Clevo Corp.	9,285,005	4.35
Taiwan Railways Administration	9,220,000	4.32
Government National Mortgage Association	9,016,104	4.23
Hon Hai Precision Co., Ltd.	8,588,193	4.03
Highwealth Construction Co., Ltd.	8,487,773	3.98
Federal Home Loan Mortgage Corp.	8,510,217	3.99
Yilan County Government	7,871,648	3.69
Federal National Mortgage Association	7,540,738	3.53
Aerospace Industrial Development Corp.	6,683,242	3.13
Far Eastern New Century Corp.	6,599,273	3.09
Chiayi County Government	6,335,000	2.97
AUO Co., Ltd.	5,663,822	2.65
Yang Ming Marine Transport Corp.	5,579,135	2.61
Da-Li Development Co, Ltd.	5,545,707	2.60
China Steel Corp.	5,466,689	2.56
Taiwan Semiconductor Manufacturing Co., Ltd.	5,129,688	2.40
Ruen Chen Investment Holding Co., Ltd.	4,807,000	2.25
CSBC Corporation, Taiwan	4,683,421	2.20

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of TCFHC's Equity
Nan Ya Plastics Corporation	\$ 4,616,004	2.16
Winbond Electronics Corp.	4,396,551	2.06
Eva Airways Corp.	4,344,478	2.04
Evergreen Marine Corp. (Taiwan) Ltd.	4,184,429	1.96
Chungwha Construction Corp.	4,016,353	1.88
Yieh United Steel Corp.	4,002,638	1.88
Kindom Construction Corp.	3,913,808	1.83
Formosa Ha Tinh (Cayman) Limited	3,882,500	1.82
Powerchip Semiconductor Manufacturing Corp.	3,827,753	1.79
Chailease Finance Co., Ltd.	3,745,038	1.76
Taiwan Land Development Corp.	3,604,865	1.69
Client A	3,527,753	1.65
China Man-Made Fiber Corp.	3,500,870	1.64
Evergreen Marine (Singapore) Pte. Ltd.	3,341,460	1.57
Innolux Corp.	3,281,472	1.54
Formosa Plastics Corp.	3,183,497	1.49
Tatung Co., Ltd.	3,175,251	1.49
United Renewable Energy Co., Ltd.	3,141,286	1.47
Yi Tai Fund Corp.	3,130,000	1.47
Nantou County Government	3,026,675	1.42
US Treasury	3,007,004	1.41
Tainan City Government	3,000,000	1.41
2. Same related parties		
Client B	9,402,378	4.41
Client C	9,389,335	4.40
Client D	5,549,755	2.60
Client E	4,319,087	2.02
Client F	3,993,824	1.87
Client G	3,898,355	1.83
Client H	3,808,667	1.79
Client I	3,804,110	1.78
Client J	3,804,110	1.78
Client K	3,804,110	1.78
Client L	3,665,677	1.72
Client M	3,396,921	1.59
Client N	3,344,359	1.57
Client O	3,332,000	1.56
Client P	3,238,253	1.52
3. Same affiliate		
EverFun Travel Services Corp.	16,545,135	7.75
Evergreen Marine (Hong Kong) Limited	16,545,135	7.75
Huo Jiun Construction Co., Ltd.	16,448,250	7.71

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of TCFHC's Equity
Ruentex Development Co., Ltd.	\$ 15,991,372	7.49
Yi Tai Investment Co., Ltd.	15,859,392	7.43
Far Eastern International Leasing Corp.	15,606,877	7.31
Formosa Ha Tinh (Cayman) Limited	14,793,757	6.93
General Interface Solution (GIS) Holding Ltd.	14,461,347	6.78
General Interface Solution Limited	14,461,347	6.78
Gogoro Energy Network (Cayman), Taiwan Branch	14,314,286	6.71
Ruentex Industries Ltd.	14,007,353	6.56
Ren Ying Enterprise Co., Ltd.	13,967,376	6.55
Hui Hong Investment Management Co., Ltd.	13,959,426	6.54
Clevo Corp.	13,874,991	6.50
Clevo (Cayman Islands) Holding Company	13,737,458	6.44
Evergreen Marine Corp. (Taiwan) Ltd.	13,188,676	6.18
Hon Hai Precision Co., Ltd.	13,177,517	6.18
Far Eastern New Century Corp.	12,984,736	6.09
Buynow (Anshan) Corp.	12,408,019	5.82
Ya Tung Ready Mixed Concrete Co., Ltd.	12,217,068	5.73
Nan Shan Life Insurance Company, Ltd.	12,192,461	5.71
Innolux Corp.	11,869,664	5.56
U-Ming Marine Transport Corp.	11,349,764	5.32
Mai-Liao Power Corporation	11,326,388	5.31
Formosa Chemicals & Fibre Corp.	11,259,406	5.28
Evergreen Marine (UK) Ltd.	11,238,529	5.27
Fu-Da transport Corp.	11,113,876	5.21
Buynow (Texas) Corp.	11,081,952	5.19
Fu-Ming Transport Corp.	11,073,892	5.19
Kings Garden International Co., Ltd.	10,978,121	5.15
Great Emperor Hotel Co., Ltd.	10,978,121	5.15
Eva Airways Corp.	10,825,898	5.07
Buynow (Shan Tou) Corp.	10,736,576	5.03
EDA Hua Yue Hotel Corp.	10,510,301	4.93
Highwealth Construction Co., Ltd.	10,474,962	4.91
QiYu Construction Co., Ltd.	10,474,962	4.91
Ruen Long Construction Co., Ltd.	10,474,962	4.91
Yuan Ding Investment Corp.	10,446,955	4.90
Far EasTone Telecommunications Co., Ltd.	10,235,749	4.80
Yieh Phui (Hong Kong) Holdings Ltd.	10,220,331	4.79
Buynow (Wuhan) Corp.	10,199,074	4.78
Clevo (Beijing) Investment Consultant Limited	10,122,302	4.74
Evergreen Aviation Technologies Corp.	9,962,128	4.67
Yieh United Steel Corp.	9,539,112	4.47
G-Tech Optoelectronics Corp.	9,070,164	4.25
Ruen Chen Investment Holding Co., Ltd.	8,892,556	4.17
Foxconn Interconnect Technology Limited	8,867,733	4.16
Foxconn Technologies & Services	8,723,731	4.09
Ennoconn Corporation	8,606,841	4.03

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of TCFHC's Equity
Foxsemicon Integrated Technology Inc.	\$ 8,592,097	4.03
Yieh Hsing Enterprise Co., Ltd.	8,417,317	3.95
China Steel Corp.	8,413,880	3.94
C.S. Aluminum Corporation	8,413,880	3.94
China Steel Express Corporation	8,413,880	3.94
CSEI Transport (Panama) Corp.	8,413,880	3.94
Chung Hung Steel Corp.	8,411,940	3.94
Yu Yuan Investment Co., Ltd.	8,195,171	3.84
Nan Chung Petrochemical Corp.	8,117,474	3.80
Formosa Heavy Industries Corp.	8,106,994	3.80
Oriental Petrochemical (Taiwan) Corp.	7,681,077	3.60
Yang Ming Marine Transport Corp.	6,936,411	3.25
Far Eastern Big City Department Stores Ltd.	6,809,273	3.19
BenQ Materials Corp.	6,775,884	3.18
Visco Vision Inc.	6,775,884	3.18
Dragon Steel Corp.	6,765,405	3.17
Aerospace Industrial Development Corp.	6,683,242	3.13
AUO Co., Ltd.	6,647,581	3.12
Chaico Investment Corporation	6,579,183	3.08
Chailease Rental Corp.	6,549,892	3.07
Jhong-An Investment Co., Ltd.	6,509,183	3.05
Chailease Consumer Finance Co., Ltd.	6,489,183	3.04
Chailease International Leasing Co., Ltd.	6,361,814	2.98
Chailease Holding Co., Ltd.	6,271,814	2.94
United Microelectronics Corp.	3,973,016	1.86
Chailease Finance Co., Ltd.	6,262,504	2.94
China Steel Structure Co., Ltd.	6,208,061	2.91
United Steel Engineering & Construction Corp.	6,208,061	2.91
Da-Li Development Co, Ltd.	6,177,829	2.90
Da-Li Development LLC	6,177,829	2.90
AU Optronics Corp. (Kunshan)	6,111,086	2.86
All Oceans Transportation Inc.	6,093,953	2.86
Kao Ming Container Terminal Corp.	6,019,733	2.82
Radium Life Tech. Co., Ltd.	6,014,131	2.82
Motech Industries Inc.	5,988,398	2.81
Kuang Ming Shipping Corp.	5,950,966	2.79
Kuang Ming (Liberia) Corp.	5,950,996	2.79
Da Li Properties LLC	5,937,063	2.78
Ji Shun Life Tech. Co., Ltd.	5,874,404	2.75
China Steel Chemical Corp.	5,835,605	2.74
Capital Machinery Corp.	5,813,644	2.72
China Man-Made Fiber Corp.	5,717,488	2.68
Taiwan Cement Co., Ltd.	5,712,812	2.68
Auo Crystal Corp.	5,707,302	2.67
Shin Huo Shin Investment Co., Ltd.	5,695,593	2.67
Nan Ya Plastics Corporation	5,692,038	2.67

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of TCFHC's Equity
Shinshunshin Investment Co., Ltd.	\$ 5,665,593	2.66
Taiwan Semiconductor Manufacturing Co., Ltd.	5,613,006	2.63
Yes Logistics Corp.	5,609,135	2.63
Jau Feng Sheng Investment Co., Ltd.	5,595,655	2.62
Nan Ya Technology Corp.	5,587,187	2.62
Finia Finance & Trading Co., Ltd.	5,583,327	2.62
Da Li Miller Development Corp.	5,575,707	2.61
China Steel Machinery Corp.	5,547,073	2.60
CHC Resources Corp.	5,468,629	2.56
Li Sheng Corporation	5,440,030	2.55
Kuan-Ho Refractories Corp.	5,298,737	2.48
CSRC China (Maanshan) Corporation	5,298,737	2.48
Taichung Bank Leasing Corporation Limited	5,259,622	2.47
Global Unichip Corp.	5,142,146	2.41
Fubon Financial Holding Co, Ltd.	5,130,569	2.40
Pan Asia Chemical Co.	5,114,355	2.40
Feng Sheng Enterprise Co., Ltd.	5,073,789	2.38
Pou Chen Chemical Corp.	5,029,975	2.36
Chungwha Construction Corp.	4,993,644	2.34
Pfg Fiber Glass Corporation	4,716,004	2.21
CSBC Corporation, Taiwan	4,683,421	2.20
World Peace Industrial Co., Ltd.	4,659,880	2.18
WPG Holdings Ltd.	4,649,903	2.18
Farglory Dome Co., Ltd.	4,575,658	2.14
Formosa Plastics Corp.	4,575,160	2.14
Greencompass Marine S.A.	4,495,029	2.11
Asia Cement Corp.	4,455,089	2.09
Genuine Crop.	4,440,799	2.08
Fubon Life Insurance Co., Ltd.	4,427,571	2.08
Yieh Phui Enterprise Co., Ltd.	4,405,520	2.06
Winbond Electronics Corp.	4,396,551	2.06
Li Jiang Development Co., Ltd.	4,324,503	2.03
Taiwan Mobile Corp.	4,313,154	2.02
United Microelectronics Corp.	4,278,308	2.01
Tatung Co., Ltd.	4,236,119	1.99
Fujian Lian De Enterprise Co., Ltd.	4,171,846	1.96
Chunghwa Picture Tubes, Ltd.	4,165,908	1.95
Hanshin Shopping Plaza Co., Ltd.	4,144,615	1.94
Prince Housing & Development Corp.	4,139,133	1.94
Everwiner Enterprise Co., Ltd.	4,090,823	1.92
Zhong Tai Hotel Co., Ltd.	4,058,847	1.90
Kai Tai Fung International Company Limited	4,058,847	1.90
Uni-President Enterprises Corp.	4,043,992	1.90
Shih Wei Navigation Co., Ltd.	4,035,875	1.89
EDA Hospital Corp.	4,025,080	1.89
TTET Union Corporation	3,993,113	1.87

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of TCFHC's Equity
Shinkong Synthetic Fibers Corp.	\$ 3,955,456	1.85
Frontek Technology Corporation	3,947,823	1.85
Kindom Construction Corp.	3,913,808	1.83
Tcc International Holdings Ltd.	3,908,299	1.83
TCC International Ltd.	3,908,299	1.83
Unimicron Technology Corp.	3,904,896	1.83
Chiahui Power Corp.	3,895,562	1.83
Grand Pacific Financing Corporation	3,892,407	1.82
Powerchip Semiconductor Manufacturing Corp.	3,827,753	1.79
Taiwan Land Development Corp.	3,806,855	1.78
Taiwan Innovation Development Corp.	3,806,855	1.78
Taiwan Commercial Development Corp.	3,806,855	1.78
United Renewable Energy Co., Ltd.	3,786,399	1.77
Rih Ding Water Enterprise Co., Ltd.	3,759,562	1.76
Long Bon Inc.	3,754,638	1.76
Taiwan Prosperity Chemical Corporation	3,721,481	1.74
Universal Cement Corporation	3,699,850	1.73
Formosa Industries (Ninbo) Co., Ltd.	3,691,547	1.73
Ton Yi Industrial Corp.	3,656,651	1.71
Advance Material Co., Ltd.	3,649,189	1.71
Spinnaker Pescadores S.A. Panama	3,621,044	1.70
Longchen Paper & Packing Co., Ltd.	3,603,948	1.69
Ho-Ping Power Company	3,576,499	1.68
Central Investment Corp.	3,539,571	1.66
Hanshin Department Store Co., Ltd.	3,532,601	1.66
Continental Carbon Company	3,475,734	1.63
Dong Lien Maritime S.A. Panama	3,463,356	1.62
Uni-Splendor Corp.	3,454,426	1.62
Farglory Land Development Co., Ltd.	3,452,273	1.62
Longchen P&P Co., Ltd. - Pinghu Longchen	3,404,053	1.60
Inteplast Group Corporation	3,400,917	1.59
Utech Solar Corporation	3,377,242	1.58
Asia Cement (China) Holdings Corp.	3,360,375	1.57
Evergreen Marine (Singapore) Pte. Ltd.	3,341,460	1.57
Unisense Tech Co., Ltd.	3,339,622	1.57
Pao Sheng Investment Co., Ltd.	3,307,410	1.55
Gintung Energy Corporation	3,261,456	1.53
Fubon Insurance Co., Ltd.	3,260,014	1.53
Fujian Fuxin Special Steel Co., Ltd.	3,245,997	1.52
Apex Solar Corporation	3,244,986	1.52
Far Eastern Department Stores Ltd.	3,241,491	1.52
General Energy Solutions Co., Ltd.	3,228,181	1.51
President Tokyo Corporation	3,190,369	1.50
Taiwan Finance Corporation	3,151,630	1.48
Longchen P&P Co., Ltd. - Wuxi Longchen	3,133,071	1.47
Longchen P&P Co., Ltd. - Suzhou Longchen	3,133,071	1.47

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of TCFHC's Equity
China Life Insurance Co., Ltd.	\$ 3,132,836	1.47
Titan Development and Construction Co., Ltd.	3,122,879	1.46
Ta-Ho Maritime Corporation	3,114,399	1.46
Qun Hong Technology Inc.	3,102,922	1.45
Le Yi Investment Co., Ltd.	3,098,012	1.45
Grand Bills Finance Corp.	3,084,591	1.45
Cathay United Bank Co., Ltd.	3,075,821	1.44
Longlin Construction Co., Ltd.	3,072,386	1.44
Jayshelyn Construction Co., Ltd.	3,060,019	1.43
Reiju Construction Co., Ltd.	3,007,590	1.41
Taipei Fubon Commercial Bank Co., Ltd.	3,005,935	1.41

(Concluded)

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED
FOR THE SIX MONTHS ENDED JUNE 30, 2020
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Financier	Counterparty	Financial Statement Account	Related Parties	Maximum Balance for the Period	Ending Balance (Note 2)	Amount Actually Drawn	Interest Rate (%)	Financing Type	Transaction Amount	Financing Reasons	Allowance for Bad Debt	Collateral		Financing Limit for Each Borrowing Company	Financing Company's Financing Amount Limit
													Item	Value		
1	Co-operative Assets Management Co., Ltd.	Tai-Hwei Trade Co., Ltd.	Receivables on lending funds	No	\$ 189,880	\$ 187,133	\$ 187,133	3-8	Short-term financing	\$ -	Operating use	\$ 1,871	Real estate	\$ 390,927	\$ 331,810 (Note 3)	\$ 1,327,240 (Note 3)
		Hanky&Partners (Taiwan) Ltd.	Receivables on lending funds	No	219,271	214,855	149,980	3-8	Short-term financing	-	Operating use	1,500	Real estate	268,620	331,810 (Note 3)	1,327,240 (Note 3)
		Xindan Co., Ltd.	Receivables on lending funds	No	35,000	31,311	31,311	3-8	Short-term financing	-	Operating use	313	Real estate	48,769	331,810 (Note 3)	1,327,240 (Note 3)
		Shin Wei Navigation Co., Ltd.	Receivables on lending funds	No	50,000	45,579	45,579	3-8	Short-term financing	-	Operating use	456	Guarantee	5,000	331,810 (Note 3)	1,327,240 (Note 3)
		Tsuru Chikusan Co., Ltd.	Receivables on lending funds	No	50,000	25,000	25,000	3-8	Short-term financing	-	Operating use	250	-	-	331,810 (Note 3)	1,327,240 (Note 3)
		Shinex Machinery Engineering Inc.	Receivables on lending funds	No	44,680	36,559	36,559	3-8	Short-term financing	-	Operating use	366	-	-	331,810 (Note 3)	1,327,240 (Note 3)
		Grandsun Engineering Co., Ltd.	Receivables on lending funds	No	40,000	25,000	25,000	3-8	Short-term financing	-	Operating use	250	-	-	331,810 (Note 3)	1,327,240 (Note 3)
		Yieh Hong Enterprise Co., Ltd.	Receivables on lending funds	No	88,980	72,238	72,238	3-8	Short-term financing	-	Operating use	722	Stocks	70,300	331,810 (Note 3)	1,327,240 (Note 3)
		Anli Lines Corp.	Receivables on lending funds	No	30,000	30,000	-	3-8	Short-term financing	-	Operating use	-	Stocks	46,000	331,810 (Note 3)	1,327,240 (Note 3)
Suction Food Co., Ltd.	Receivables on lending funds	No	38,602	34,365	34,365	3-8	Short-term financing	-	Operating use	344	Real estate	56,073	331,810 (Note 3)	1,327,240 (Note 3)		

Note 1: The parent company and investee companies are numbered as follows:

- a. Parent company is denoted as 0.
- b. Investee companies are numbered sequentially from 1.

Note 2: Each lending of funds is resolved by the board of directors. The Company should disclose the monetary limit resolved by the board of directors even if the funds are not yet disbursed. When the funds are repaid, the Company should disclose the lending balance of funds after the repayments.

Note 3: Each financing limit for the borrowing company and the total financing amount limit of Co-operative Assets Management Co., Ltd. (CAM) are 10% and 40% of CAM's equity of the latest financial report, respectively. The equity of CAM on December 31, 2019 was \$3,318,101 thousand.

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

JUNE 30, 2020

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	June 30, 2020				Note
				Shares (In Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Taiwan Cooperative Venture Capital Co., Ltd.	<u>Convertible bond</u> Oakda Capital Ltd.	-	Financial assets at fair value through profit or loss	-	\$ 10,000	-	\$ 10,000	
Co-operative Assets Management Co., Ltd.	<u>Stock</u> Cooperative Financial International Lease Co., Ltd.	Subsidiary	Investments accounted for using equity method	-	963,827	100.00	963,827	Note
	Taiwan Urban Regeneration & Financial Services Co., Ltd.	-	Financial assets at fair value through other comprehensive income	2,500	19,075	5.00	19,075	
Taiwan Cooperative Securities Investment Trust Co., Ltd.	Fund Rich Securities Co., Ltd.	-	Financial assets at fair value through other comprehensive income	227	1,940	0.38	1,940	
Taiwan Cooperative Venture Capital Co., Ltd.	GEOSAT Aerospace & Technology Inc.	-	Financial assets at fair value through profit or loss	1,716	23,423	5.00	23,423	
	Chen Nan Iron Wire Co., Ltd.	-	Financial assets at fair value through profit or loss	1,000	26,180	2.38	26,180	
	Acmept Energy Services Co., Ltd.	-	Financial assets at fair value through profit or loss	1,058	39,548	3.26	39,548	
	SR Suntour Inc.	-	Financial assets at fair value through profit or loss	1,700	114,444	2.82	114,444	
	Lung Teh Shipbuilding Co., Ltd.	-	Financial assets at fair value through profit or loss	2,000	53,700	2.86	53,700	
	Eland Information Co., Ltd.	-	Financial assets at fair value through profit or loss	550	26,972	3.17	26,972	
	M2 Communication Inc.	-	Financial assets at fair value through profit or loss	250	1,513	0.99	1,513	
	Prince Pharmaceutical Co., Ltd.	-	Financial assets at fair value through profit or loss	800	23,032	2.41	23,032	
	Tachyon Intelligence Robot Company	-	Financial assets at fair value through profit or loss	95	1,057	2.95	1,057	
	ULSee Cayman Co., Ltd.	-	Financial assets at fair value through profit or loss	651	33,875	0.45	33,875	

(Continued)

Holding Company Name	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	June 30, 2020				Note
				Shares (In Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
	Inrestec Inc.	-	Financial assets at fair value through profit or loss	2,000	38,100	2.10	38,100	
	Cloud Mile Inc.	-	Financial assets at fair value through profit or loss	838	53,311	4.55	53,311	
	Hoytek Precision Company	-	Financial assets at fair value through profit or loss	495	9,900	19.84	9,900	
	Phu Vinh Industrial Construction, Llc	-	Financial assets at fair value through profit or loss	2,000	115,440	12.50	115,440	
	Cheng Mei Instrument Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	2,250	45,000	8.54	45,000	
	COSPM Media Fabrication Co., Ltd.	-	Financial assets at fair value through profit or loss	680	17,000	19.54	17,000	
	TA Chen Stainless Pipe Co., Ltd.	-	Financial assets at fair value through other comprehensive income	1,080	29,268	0.09	29,268	
	PharmaEssentia Corporation	-	Financial assets at fair value through other comprehensive income	307	35,919	0.13	35,919	
	Quang Viet Enterprise Co., Ltd.	-	Financial assets at fair value through other comprehensive income	194	26,481	0.19	26,481	
	Kuo Yang Construction Co., Ltd.	-	Financial assets at fair value through other comprehensive income	1,375	32,725	0.20	32,725	
	Adimmune Corporation	-	Financial assets at fair value through other comprehensive income	516	38,235	0.13	38,235	
	Mesh Cooperative Ventures, Inc.	-	Investments accounted for using equity method	330	2,581	33.00	2,581	

Note: When Taiwan Cooperative Financial Holding Co., Ltd. prepared the consolidated financial statements, the related account and security transaction were eliminated.

(Concluded)

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

**ALLOWANCE OF SERVICE FEES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$5 MILLION
FOR THE SIX MONTHS ENDED JUNE 30, 2020**

(In Thousands of New Taiwan Dollars)

Securities Firms	Counterparty	Nature of Relationship	Total Amounts of Brokerage Service Revenue	Total Allowance of Brokerage Service Revenue	Service Revenue From Related Party	Allowance of Service Revenue for Related Party	Percentage of Service Revenue From Related Party to Total Amounts	Percentage of Allowance of Service Revenue for Related Party to Total Allowance
Taiwan Cooperative Securities Co., Ltd.	Taiwan Cooperative Bank, Ltd.	Same parent company	\$ 640,422	\$ 334,799	\$ 36,381	\$ 25,967	5.68	7.76

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

SALE OF NONPERFORMING LOANS FOR THE SIX MONTHS ENDED JUNE 30, 2020 (In Thousands of New Taiwan Dollars)

1. Sale of nonperforming loans

Taiwan Cooperative Bank, Ltd.

Date of Transaction	Counterparty	Form of Nonperforming Loan	Book Value (Note)	Selling Price	Gain (Loss) on Disposal	Terms	Relationship Between the Counterparty and the Company
2020.6.24	SC Lowy Primary Investments, Ltd.	Midterm unsecured loan for enterprise (International syndicated loans)	\$ - (Note 1)	\$ 47,921 (US\$ 1,597)	\$ 47,921 (US\$ 1,597)	None	None
2020.6.24	SC Lowy Primary Investments, Ltd.	Midterm unsecured loan for enterprise (International syndicated loans)	- (Note 2)	28,055 (US\$ 935)	28,055 (US\$ 935)	None	None

Note 1: Book value equals the amount of the original loan of US\$9,642 thousand minus the allowance for bad debts of US\$9,642 thousand.

Note 2: Book value equals the amount of the original loan of US\$5,679 thousand minus the allowance for bad debts of US\$5,679 thousand.

Co-operative Assets Management Co., Ltd.

Date of Transaction	Counterparty	Form of Nonperforming Loan	Book Value (Note 4)	Selling Price	Gain (Loss) on Disposal	Terms	Relationship Between the Counterparty and the Company
2020.3.19	Client	Residential mortgage loan	\$ 1,611 (Note 3)	\$ 2,000	\$ 389	None	None

Note 3: Book value equals the amount of the original loan minus the allowance for bad debts.

2. The sale of a batch of nonperforming loans totaling over NT\$1 billion (excluding those sold to related parties): None.

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$300 MILLION OR 10% OF THE PAID-IN CAPITAL

JUNE 30, 2020

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance (Note)	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Taiwan Cooperative Bank, Ltd.	Taiwan Cooperative Financial Holding Company, Ltd.	Parent company	\$ 1,675,756	-	\$ -	-	\$ -	\$ -
	Taiwan Cooperative Securities Co., Ltd.	Sister company	1,087,417	-	-	-	-	-
Taiwan Cooperative Securities Co., Ltd.	Taiwan Cooperative Bank, Ltd.	Sister company	575,925	-	-	-	-	-

Note: The receivables related to consolidated tax return, securities and settlement, when preparing the consolidated financial statements, the receivables have been eliminated.

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD.

PERCENTAGE SHARE IN INVESTEEES AND RELATED INFORMATION

JUNE 30, 2020

(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Percentage of Ownership	Carrying Value	Investment Gain	Proportionate Share of the Company and Its Affiliates in Investees (Note 1)				Note
							Shares (Thousands)	Pro Forma Shares (Note 2)	Total		
									Shares (Thousands)	Percentage of Ownership	
Taiwan Cooperative Financial Holding Co., Ltd.	Taiwan Cooperative Bank, Ltd.	Taipei	Banking	100.00	\$ 233,261,258	\$ 6,971,917	9,676,530	-	9,676,530	100.00	Note 3
	Taiwan Cooperative Securities Co., Ltd.	Taipei	Securities dealer	100.00	5,436,140	254,263	472,420	-	472,420	100.00	Note 3
	Taiwan Cooperative Bills Finance Co., Ltd.	Taipei	Bills finance dealer	100.00	7,096,918	222,546	456,071	-	456,071	100.00	Note 3
	Co-operative Assets Management Co., Ltd.	Taipei	Acquisition of delinquent loans	100.00	3,183,518	107,918	282,528	-	282,528	100.00	Note 3
	Taiwan Cooperative Securities Investment Trust Co., Ltd.	Taipei	Securities investment trust	100.00	401,559	20,324	30,300	-	30,300	100.00	Note 3
	BNP Paribas Cardif TCB Life Insurance Co., Ltd.	Taipei	Life insurance	51.00	5,773,183	302,593	342,693	-	342,693	51.00	Note 3
	Taiwan Cooperative Venture Capital Co., Ltd.	Taipei	Venture capital	100.00	1,073,945	53,818	100,000	-	100,000	100.00	Note 3

Note 1: Shares or proforma shares held by the Company, directors, supervisors, president, vice president and affiliates in accordance with the Company Law have been included.

Note 2: a. Proforma shares are shares that are assumed to have been obtained through buying equity-based securities or entering into equity-linked derivative contracts for purposes defined in Paragraph 2 of Article 36 and Article 37 of the Financial Holding Company Act.

b. Equity-based securities, such as convertible bonds and warrants, are covered by Article 11 of the "Securities and Exchange Law Enforcement Rules."

c. Derivative instruments, such as stock options, are those conforming to the definition of IFRS 9 - "Financial Instruments", such as stock options.

Note 3: When TCFHC prepares the consolidated financial statements, this investment has been eliminated.

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

INVESTMENT IN MAINLAND CHINA
FOR THE SIX MONTHS ENDED JUNE 30, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Taiwan Cooperative Bank, Ltd.

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2020	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2020	Investee Net Income	% Ownership of Direct or Indirect Investment	Investment Gain	Carrying Value as of June 30, 2020	Accumulated Inward Remittance of Earnings as of June 30, 2020
					Outflow	Inflow						
Taiwan Cooperative Bank Suzhou Branch	Deposits, loans, import and export, exchange and foreign exchange business	\$ 4,547,235 (US\$ 154,395) (Note 1)	Direct	\$ 4,547,235 (US\$ 154,395) (Note 1)	\$ -	\$ -	\$ 4,547,235 (US\$ 154,395) (Note 1)	\$ 125,825	100	\$ 125,825	\$ 5,822,686	\$ -
Taiwan Cooperative Bank Tianjin Branch	Deposits, loans, import and export, exchange and foreign exchange business	2,947,314 (US\$ 97,387) (Note 1)	Direct	2,947,314 (US\$ 97,387) (Note 1)	-	-	2,947,314 (US\$ 97,387) (Note 1)	(366,884)	100	(366,884)	2,429,324	-
Taiwan Cooperative Bank Fuzhou Branch	Deposits, loans, import and export, exchange and foreign exchange business	2,950,882 (US\$ 97,549) (Note 1)	Direct	2,950,882 (US\$ 97,549) (Note 1)	-	-	2,950,882 (US\$ 97,549) (Note 1)	47,410	100	47,410	3,171,056	-
Taiwan Cooperative Bank Changsha Branch	Deposits, loans, import and export, exchange and foreign exchange business	2,630,485 (US\$ 87,232) (Note 1)	Direct	2,630,485 (US\$ 87,232) (Note 1)	-	-	2,630,485 (US\$ 87,232) (Note 1)	(34,955)	100	(34,955)	2,295,666	-

Accumulated Investment in Mainland China as of June 30, 2020	Investment Amount Approved by the Investment Commission, MOEA	Maximum Investment Allowable (Note 2)
\$ 13,075,916 (US\$ 436,563) (Note 1)	\$ 13,075,916 (US\$ 436,563) (Note 1)	\$ 140,441,139

Co-operative Assets Management Co., Ltd.

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2020	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2020	Investee Net Income	% Ownership of Direct or Indirect Investment	Investment Gain	Carrying Value as of June 30, 2020	Accumulated Inward Remittance of Earnings as of June 30, 2020
					Outflow	Inflow						
Taiwan Cooperative International Leasing Co., Ltd.	Financial leasing	\$ 910,980 (RMB 185,460) (Note 1)	Direct	\$ 910,980 (RMB 185,460) (Note 1)	\$ -	\$ -	\$ 910,980 (RMB 185,460) (Note 1)	\$ 30,193	100	\$ 30,193	\$ 963,827	\$ -

Accumulated Investment in Mainland China as of June 30, 2020	Investment Amount Approved by the Investment Commission, MOEA	Maximum Investment Allowable
\$ 910,980 (RMB 185,460) (Note 1)	\$ 910,980 (RMB 185,460) (Note 1)	\$ 1,909,966 (Note 3)

(Continued)

Note 1: The currency was translated into New Taiwan dollars at the exchange rates on the date of each outflow of investment.

Note 2: Based on the Investment Commission's "Regulation on the Examination of Investment or Technical Cooperation in Mainland China," investments are limited to the higher of 60 % of TCB's net asset value or 60% of TCB's consolidated net asset value.

Note 3: Based on the Investment Commission's "Regulation on the Examination of Investment or Technical Cooperation in Mainland China," investments are limited to the higher of 60 % of CAM's net asset value or 60% of CAM's consolidated net asset value.

(Concluded)

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

BUSINESS RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS AMONG THE PARENT COMPANY AND SUBSIDIARIES

FOR THE SIX MONTHS ENDED JUNE 30, 2020

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Transacting Company	Counterparty	Transaction Flow (Note 2)	Description of Transactions (Notes 3 and 5)			
				Financial Statement Account	Amounts	Trading Terms	Transaction Amount/Total Consolidated Net Revenue or Total Consolidated Assets (%)
0	Taiwan Cooperative Financial Holding Co., Ltd.	Taiwan Cooperative Bank, Ltd.	a	Tax payables - consolidated tax return	\$ 1,675,756	Note 4	0.04
1	Taiwan Cooperative Bank, Ltd.	Taiwan Cooperative Financial Holding Co., Ltd.	b	Tax receivables - consolidated tax return	1,675,756	Note 4	0.04
0	Taiwan Cooperative Financial Holding Co., Ltd.	BNP Paribas Cardif TCB Life Insurance Co., Ltd.	a	Dividends receivable	161,065	Note 4	-
3	BNP Paribas Cardif TCB Life Insurance Co., Ltd.	Taiwan Cooperative Financial Holding Co., Ltd.	b	Dividends payable	161,065	Note 4	-
1	Taiwan Cooperative Bank, Ltd.	United Taiwan Bank S.A.	a	Due from banks	543,821	Note 4	0.01
2	United Taiwan Bank S.A.	Taiwan Cooperative Bank, Ltd.	b	Deposits from banks	543,821	Note 4	0.01
1	Taiwan Cooperative Bank, Ltd.	United Taiwan Bank S.A.	a	Call loans to banks	8,072,664	Note 4	0.20
2	United Taiwan Bank S.A.	Taiwan Cooperative Bank, Ltd.	b	Call loans from banks	8,072,664	Note 4	0.20
1	Taiwan Cooperative Bank, Ltd.	BNP Paribas Cardif TCB Life Insurance Co., Ltd.	c	Deposits and remittances	1,407,808	Note 4	0.04
3	BNP Paribas Cardif TCB Life Insurance Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Cash and cash equivalents, refundable deposits	1,407,808	Note 4	0.04
1	Taiwan Cooperative Bank, Ltd.	BNP Paribas Cardif TCB Life Insurance Co., Ltd.	c	Service fee and commission income	297,930	Note 4	1.23
3	BNP Paribas Cardif TCB Life Insurance Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Service charge and commission expense	297,930	Note 4	1.23
1	Taiwan Cooperative Bank, Ltd.	BNP Paribas Cardif TCB Life Insurance Co., Ltd.	c	Financial liabilities at fair value through profit or loss	138,180	Note 4	-
3	BNP Paribas Cardif TCB Life Insurance Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Financial assets at fair value through profit or loss	138,180	Note 4	-
3	BNP Paribas Cardif TCB Life Insurance Co., Ltd.	Taiwan Cooperative Bills Finance Co., Ltd.	c	Securities purchased under resell agreements	2,314,168	Note 4	0.06

(Continued)

No. (Note 1)	Transacting Company	Counterparty	Transaction Flow (Note 2)	Description of Transactions (Notes 3 and 5)			
				Financial Statement Account	Amounts	Trading Terms	Transaction Amount/Total Consolidated Net Revenue or Total Consolidated Assets (%)
4	Taiwan Cooperative Bills Finance Co., Ltd.	BNP Paribas Cardif TCB Life Insurance Co., Ltd.	c	Securities sold under repurchased agreements	\$ 2,314,168	Note 4	0.06
1	Taiwan Cooperative Bank, Ltd.	Taiwan Cooperative Bills Finance Co., Ltd.	c	Call loans to banks	5,850,000	Note 4	0.15
4	Taiwan Cooperative Bills Finance Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Call loans from banks	5,850,000	Note 4	0.15
1	Taiwan Cooperative Bank, Ltd.	Co-operative Assets Management Co., Ltd.	c	Properties and equipment, net and deferred revenue	383,282	Note 4	0.01
1	Taiwan Cooperative Bank, Ltd.	Co-operative Assets Management Co., Ltd.	c	Gains on disposal of properties and equipment, accumulated earnings	580,423	Note 4	2.40
5	Co-operative Assets Management Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Investment properties, net	963,705	Note 4	0.02
1	Taiwan Cooperative Bank, Ltd.	Taiwan Cooperative Securities Co., Ltd.	c	Call loans to securities firms	294,500	Note 4	0.01
6	Taiwan Cooperative Securities Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Other borrowing	294,500	Note 4	0.01
1	Taiwan Cooperative Bank, Ltd.	Taiwan Cooperative Securities Co., Ltd.	c	Receivable on securities	1,087,417	Note 4	0.03
1	Taiwan Cooperative Bank, Ltd.	Taiwan Cooperative Securities Co., Ltd.	c	Payable on securities	1,638,555	Note 4	0.04
6	Taiwan Cooperative Securities Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Settlement receivable	575,925	Note 4	0.01
6	Taiwan Cooperative Securities Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Settlement payable	24,787	Note 4	-
6	Taiwan Cooperative Securities Co., Ltd.	Taiwan Cooperative Bills Finance Co., Ltd.	c	Settlement payable	114,565	Note 4	-
4	Taiwan Cooperative Bills Finance Co., Ltd.	Taiwan Cooperative Securities Co., Ltd.	c	Receivable on securities	114,565	Note 4	-
6	Taiwan Cooperative Securities Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Right-of-use assets, net	130,195	Note 4	-
6	Taiwan Cooperative Securities Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Lease liabilities	131,561	Note 4	-
6	Taiwan Cooperative Securities Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Interest expense	1,018	Note 4	-
6	Taiwan Cooperative Securities Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Depreciation expense	20,523	Note 4	0.08
1	Taiwan Cooperative Bank, Ltd.	Taiwan Cooperative Securities Co., Ltd.	c	Lease income	21,290	Note 4	0.09
1	Taiwan Cooperative Bank, Ltd.	Taiwan Cooperative Venture Capital Co., Ltd.	c	Deposits and remittances	119,952	Note 4	-
7	Taiwan Cooperative Venture Capital Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Cash and cash equivalents	119,952	Note 4	-

(Continued)

Note 1: The parent company and subsidiaries are numbered as follows:

- a. Parent company is denoted as 0.
- b. Subsidiaries are numbered sequentially from 1.

Note 2: Transaction flows are as follows:

- a. From parent company to subsidiary
- b. From subsidiary to parent company
- c. Between subsidiaries

Note 3: For calculating the percentages, the asset or liability account is divided by the consolidated total assets, and the revenue or expense account is divided by the total consolidated net revenue of the same period.

Note 4: The terms for the transactions between the transacting company and related parties are similar to those for unrelated parties.

Note 5: Referring to transactions exceeding NT\$100 million.

(Concluded)

TABLE 15**TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD.****INFORMATION ON MAJOR SHAREHOLDERS
JUNE 30, 2020**

Name of Major Shareholder	Shareholding	
	Number of Shares	Percentage of Ownership (%)
Ministry of Finance, Taiwan	3,374,237,650	26.06

The above table of major shareholders are based on the information from Taiwan Depository & Clearing Corporation which calculated the registration and delivery of non-physical (including treasury stock) common stocks and preferred stocks at least 5% as of the last business day of each quarter. There may be differences between the number of shares recorded in the consolidated financial statements and the registration number of non-physical shares due to different basis of preparation.