

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

**Consolidated Financial Statements for the  
Six Months Ended June 30, 2021 and 2020 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, 2021, December 31, 2020 and June 30, 2020, the related consolidated statements of comprehensive income for the three months ended June 30, 2021 and 2020 and for the six months ended June 30, 2021 and 2020, 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, 2021, December 31, 2020 and June 30, 2020, and its consolidated financial performance for the three months ended June 30, 2021 and 2020 and its consolidated financial performance and consolidated cash flows for the six months ended June 30, 2021 and 2020 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 the Company 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, 2021. 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, 2021 were as follows:

#### Impairment Assessment on Loans

The net discounts and loans of the Company as of June 30, 2021 are accounted for 56% of the consolidated total assets. Therefore, the assessment of the impairment loss of discounts and loans may have significant impacts on the consolidated financial statements. Besides assessing expected credit losses of loans in accordance with IFRS 9 “Financial Instruments”, the management of Taiwan Cooperative Bank, Ltd.(TCB) complies with the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans” related regulations (collectively, the Regulations) when assessing classification of credit assets and recognizing allowance for possible losses.

For the accounting policies and critical accounting judgments and estimations of TCB’s impairment assessment of loans, refer to Notes 4 and 5 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 Regulations, 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 judgments, estimations, and assumptions used in the assessment of impairment loss, the main audit procedures we performed were as follows:

1. We obtained an understanding of the design of the TCB’s relevant internal controls on impairment assessment of loans.
2. We tested and confirmed that TCB’s credit assets were classified and evaluated for impairment in accordance with the Regulations, which require the consideration of the length of time the loans have been overdue and the value of the collaterals in calculating the provision for impairment loss.

#### Reserve of Life Policy-failure to Quote the Correct Insurance Information

The reserve for life insurance policy contracts and financial instruments with discretionary participation features of the Company were recognized in compliance with the Regulations Governing the Recognition of Reserves by Insurance Enterprises.

The management of BNP Paribas Cardif TCB Life Insurance Co., Ltd. (BPCTLI) refers to the deposit logic of the commodity calculation instructions submitted to the competent authority at the time of insurance pricing to measure the life insurance liability reserve liabilities of each valid long-term insurance policy. The changes to the deposit logic must be approved by the competent authority in advance. Except for those who approve it, BPCTLI shall not arbitrarily change the formulas and parameters used in the product calculation instructions submitted to the competent authority at the time of pricing of insurance types, because failure to quote the correct policy information will have a significant impact on the allocation of insurance liabilities. Thus, adequacy of life insurance policy reserve is deemed a key audit matter. For the relevant accounting policies and critical accounting judgments and estimations, refer to Notes 4 and 5 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 the abovementioned key audit matter, 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 insurance liabilities 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 consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, Regulations Governing the Preparation of Financial Reports by 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 the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the 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 the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company 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 the Company 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, 2021 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 audits resulting in this independent auditors' report are Yin-Chou Chen and Tza-Li Gung.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

August 23, 2021

#### 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, 2021		December 31, 2020		June 30, 2020	
	Amount	%	Amount	%	Amount	%
CASH AND CASH EQUIVALENTS (Note 6)	\$ 58,108,161	1	\$ 50,865,216	1	\$ 39,673,808	1
DUE FROM THE CENTRAL BANK AND CALL LOANS TO OTHER BANKS (Notes 7, 41 and 42)	332,564,915	8	371,470,642	9	303,519,660	8
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 8, 41 and 42)	107,267,956	2	78,730,563	2	79,351,437	2
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Note 9)	462,694,672	11	429,136,054	10	448,269,252	11
INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST (Notes 10 and 42)	714,100,928	17	728,266,474	18	613,679,809	16
SECURITIES PURCHASED UNDER RESELL AGREEMENTS (Note 11)	880,542	-	1,278,803	-	1,119,474	-
RECEIVABLES, NET (Notes 12 and 41)	49,750,404	1	37,306,638	1	37,258,029	1
CURRENT TAX ASSETS	2,114,599	-	2,201,243	-	1,793,203	-
DISCOUNTS AND LOANS, NET (Notes 13, 41 and 42)	2,407,631,320	56	2,275,331,514	55	2,255,454,630	57
REINSURANCE ASSETS, NET	163,195	-	151,280	-	116,891	-
INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (Note 14)	145,386	-	139,175	-	131,675	-
OTHER FINANCIAL ASSETS, NET (Notes 15, 31 and 42)	119,842,391	3	115,485,762	3	108,358,614	3
INVESTMENT PROPERTIES, NET (Note 16)	11,019,291	-	11,418,672	-	11,304,975	-
PROPERTIES AND EQUIPMENT, NET (Note 17)	33,268,226	1	33,451,779	1	33,620,407	1
RIGHT-OF-USE ASSETS, NET (Note 18)	1,587,997	-	1,704,880	-	1,712,357	-
INTANGIBLE ASSETS (Note 19)	3,864,096	-	3,888,623	-	3,799,250	-
DEFERRED TAX ASSETS (Note 38)	2,538,966	-	2,831,695	-	2,148,191	-
OTHER ASSETS, NET (Notes 18 and 20)	<u>3,347,734</u>	<u>-</u>	<u>3,382,377</u>	<u>-</u>	<u>2,794,048</u>	<u>-</u>
TOTAL	<u>\$ 4,310,890,779</u>	<u>100</u>	<u>\$ 4,147,041,390</u>	<u>100</u>	<u>\$ 3,944,105,710</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>						
DEPOSITS FROM THE CENTRAL BANK AND OTHER BANKS (Notes 21 and 41)	\$ 254,818,742	6	\$ 231,993,626	5	\$ 246,028,761	6
DUE TO THE CENTRAL BANK AND OTHER BANKS (Note 22)	70,617,600	2	37,118,610	1	5,957,940	-
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 8 and 41)	2,190,647	-	4,832,498	-	3,250,074	-
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS (Notes 8, 9 and 23)	52,939,592	1	55,775,026	1	52,664,625	1
COMMERCIAL PAPER ISSUED, NET (Note 24)	26,548,787	-	31,801,343	1	24,952,424	1
PAYABLES (Notes 25 and 41)	75,245,786	2	48,083,228	1	93,009,550	2
CURRENT TAX LIABILITIES	1,224,961	-	1,113,261	-	817,683	-
DEPOSITS AND REMITTANCES (Notes 26 and 41)	3,350,448,437	78	3,269,871,544	79	3,075,463,808	78
BONDS PAYABLE (Note 27)	71,100,000	2	71,600,000	2	68,200,000	2
OTHER BORROWINGS (Notes 24 and 28)	492,594	-	815,302	-	1,688,602	-
PROVISIONS (Notes 4, 29 and 30)	36,113,543	1	38,262,395	1	39,829,363	1
OTHER FINANCIAL LIABILITIES (Notes 16 and 31)	112,863,793	2	111,109,742	3	98,170,486	3
LEASE LIABILITIES (Note 18)	1,532,540	-	1,649,746	-	1,647,081	-
DEFERRED TAX LIABILITIES (Notes 17 and 38)	3,715,636	-	3,789,000	-	3,615,714	-
OTHER LIABILITIES (Note 32)	<u>2,694,278</u>	<u>-</u>	<u>1,544,512</u>	<u>-</u>	<u>1,579,399</u>	<u>-</u>
Total liabilities	<u>4,062,546,936</u>	<u>94</u>	<u>3,909,359,833</u>	<u>94</u>	<u>3,716,875,510</u>	<u>94</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF TCFHC</b>						
Capital stock						
Common stock	133,342,237	3	133,342,237	3	129,458,483	3
Reserve for capitalization	-	-	-	-	3,883,754	-
Total capital stock	<u>133,342,237</u>	<u>3</u>	<u>133,342,237</u>	<u>3</u>	<u>133,342,237</u>	<u>3</u>
Capital surplus	<u>57,974,241</u>	<u>2</u>	<u>57,974,241</u>	<u>2</u>	<u>57,974,241</u>	<u>2</u>
Retained earnings						
Legal reserve	9,622,864	-	9,622,864	-	9,622,864	1
Special reserve	995,661	-	995,669	-	996,026	-
Unappropriated earnings	<u>29,085,061</u>	<u>1</u>	<u>16,748,682</u>	<u>1</u>	<u>8,433,236</u>	<u>-</u>
Total retained earnings	<u>39,703,586</u>	<u>1</u>	<u>27,367,215</u>	<u>1</u>	<u>19,052,126</u>	<u>1</u>
Other equity	<u>10,593,832</u>	<u>-</u>	<u>12,366,076</u>	<u>-</u>	<u>11,087,280</u>	<u>-</u>
Total equity attributable to owners of TCFHC	241,613,896	6	231,049,769	6	221,455,884	6
NON-CONTROLLING INTERESTS	<u>6,729,947</u>	<u>-</u>	<u>6,631,788</u>	<u>-</u>	<u>5,774,316</u>	<u>-</u>
Total equity	<u>248,343,843</u>	<u>6</u>	<u>237,681,557</u>	<u>6</u>	<u>227,230,200</u>	<u>6</u>
TOTAL	<u>\$ 4,310,890,779</u>	<u>100</u>	<u>\$ 4,147,041,390</u>	<u>100</u>	<u>\$ 3,944,105,710</u>	<u>100</u>

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			
	2021		2020		2021		2020	
	Amount	%	Amount	%	Amount	%	Amount	%
INTEREST REVENUE (Notes 33 and 41)	\$ 12,332,279	92	\$ 13,031,032	101	\$ 24,605,981	93	\$ 27,824,401	115
INTEREST EXPENSE (Notes 33 and 41)	<u>(3,305,785)</u>	<u>(25)</u>	<u>(4,521,509)</u>	<u>(35)</u>	<u>(6,740,709)</u>	<u>(25)</u>	<u>(10,415,023)</u>	<u>(43)</u>
NET INTEREST	<u>9,026,494</u>	<u>67</u>	<u>8,509,523</u>	<u>66</u>	<u>17,865,272</u>	<u>68</u>	<u>17,409,378</u>	<u>72</u>
NET REVENUES AND GAINS OTHER THAN INTEREST								
Service fee and commission income, net (Notes 34 and 41)	2,041,223	15	1,876,012	15	4,197,948	16	3,715,088	15
Premium income, net (Notes 31 and 35)	358,449	3	109,192	1	685,472	3	(312,948)	(1)
Gains (losses) on financial assets and liabilities at fair value through profit or loss (Notes 36 and 41)	(2,399,778)	(18)	(1,275,950)	(10)	853,176	3	(1,667,801)	(7)
Gains on disposal investment properties, net	69,639	1	18,198	-	87,624	-	18,198	-
Realized gains on financial assets at fair value through other comprehensive income	793,448	6	907,153	7	1,662,483	6	1,579,930	7
Foreign exchange gains, net	3,318,179	25	3,163,252	25	1,066,607	4	3,140,369	13
Impairment losses on assets (Notes 9 and 10)	(2,310)	-	(14,314)	-	(1,562)	-	(30,091)	-
Share of gains of associates and joint ventures accounted for using the equity method (Note 14)	292	-	4,866	-	6,211	-	3,962	-
Gains (losses) on reclassification of overlay approach (Note 8)	201,909	1	(439,499)	(4)	(40,015)	-	259,643	1
Other noninterest gains (losses), net (Notes 16 and 41)	<u>43,212</u>	<u>-</u>	<u>(134)</u>	<u>-</u>	<u>76,756</u>	<u>-</u>	<u>56,323</u>	<u>-</u>
Total net revenues and gains other than interest	<u>4,424,263</u>	<u>33</u>	<u>4,348,776</u>	<u>34</u>	<u>8,594,700</u>	<u>32</u>	<u>6,762,673</u>	<u>28</u>
TOTAL NET REVENUES	<u>13,450,757</u>	<u>100</u>	<u>12,858,299</u>	<u>100</u>	<u>26,459,972</u>	<u>100</u>	<u>24,172,051</u>	<u>100</u>
BAD-DEBT EXPENSES AND PROVISION FOR LOSSES ON COMMITMENT AND GUARANTEES (Notes 4 and 13)	<u>(464,128)</u>	<u>(4)</u>	<u>(2,326,120)</u>	<u>(18)</u>	<u>(1,621,671)</u>	<u>(6)</u>	<u>(3,236,276)</u>	<u>(13)</u>
NET CHANGE IN RESERVES FOR INSURANCE LIABILITIES (Notes 4 and 29)	<u>(11,312)</u>	<u>-</u>	<u>242,395</u>	<u>2</u>	<u>(94,344)</u>	<u>-</u>	<u>916,995</u>	<u>4</u>
OPERATING EXPENSES (Notes 4, 16, 17, 18, 19, 30 and 37)								
Employee benefits	(4,298,000)	(32)	(4,082,873)	(32)	(8,386,421)	(32)	(8,104,558)	(34)
Depreciation and amortization	(565,482)	(4)	(539,117)	(4)	(1,123,198)	(4)	(1,068,722)	(4)
General and administrative	<u>(1,618,515)</u>	<u>(12)</u>	<u>(1,621,292)</u>	<u>(13)</u>	<u>(3,138,751)</u>	<u>(12)</u>	<u>(3,250,444)</u>	<u>(14)</u>
Total operating expenses	<u>(6,481,997)</u>	<u>(48)</u>	<u>(6,243,282)</u>	<u>(49)</u>	<u>(12,648,370)</u>	<u>(48)</u>	<u>(12,423,724)</u>	<u>(52)</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			
	2021		2020		2021		2020	
	Amount	%	Amount	%	Amount	%	Amount	%
INCOME BEFORE INCOME TAX	\$ 6,493,320	48	\$ 4,531,292	35	\$ 12,095,587	46	\$ 9,429,046	39
INCOME TAX EXPENSE (Notes 4 and 38)	<u>(1,070,975)</u>	<u>(8)</u>	<u>(581,153)</u>	<u>(4)</u>	<u>(1,895,710)</u>	<u>(7)</u>	<u>(1,374,495)</u>	<u>(5)</u>
NET INCOME	<u>5,422,345</u>	<u>40</u>	<u>3,950,139</u>	<u>31</u>	<u>10,199,877</u>	<u>39</u>	<u>8,054,551</u>	<u>34</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	-	-	-	-	-	-	(669)	-
Unrealized gains on investments in equity instruments at fair value through other comprehensive income (Note 9)	<u>2,148,752</u>	<u>16</u>	<u>4,258,817</u>	<u>33</u>	<u>5,316,192</u>	<u>20</u>	<u>52,350</u>	-
Items that will not be reclassified subsequently to profit or loss, net of income tax	<u>2,148,752</u>	<u>16</u>	<u>4,258,817</u>	<u>33</u>	<u>5,316,192</u>	<u>20</u>	<u>51,681</u>	-
Items that may be reclassified subsequently to profit or loss (Notes 8, 9 and 38)								
Exchange differences on the translation of financial statements of foreign operations	(998,367)	(7)	(1,003,486)	(8)	(477,399)	(2)	(823,908)	(3)
Unrealized gains (losses) on investments in debt instruments at fair value through other comprehensive income	872,596	6	3,698,699	29	(4,466,682)	(17)	4,414,522	18
Other comprehensive income (losses) on reclassification of overlay approach	(201,909)	(1)	439,499	3	40,015	-	(259,643)	(1)
Income tax attributable to other comprehensive income	<u>168,498</u>	<u>1</u>	<u>(137,632)</u>	<u>(1)</u>	<u>239,102</u>	<u>1</u>	<u>43,313</u>	-
Items that may be reclassified subsequently to profit or loss, net of income tax	<u>(159,182)</u>	<u>(1)</u>	<u>2,997,080</u>	<u>23</u>	<u>(4,664,964)</u>	<u>(18)</u>	<u>3,374,284</u>	<u>14</u>
Other comprehensive income, net of income tax	<u>1,989,570</u>	<u>15</u>	<u>7,255,897</u>	<u>56</u>	<u>651,228</u>	<u>2</u>	<u>3,425,965</u>	<u>14</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 7,411,915</u>	<u>55</u>	<u>\$ 11,206,036</u>	<u>87</u>	<u>\$ 10,851,105</u>	<u>41</u>	<u>\$ 11,480,516</u>	<u>48</u>
NET INCOME								
ATTRIBUTABLE TO:								
Owners of TCFHC	\$ 5,215,279	39	\$ 3,815,304	30	\$ 9,745,965	37	\$ 7,752,529	32
Non-controlling interests	<u>207,066</u>	<u>1</u>	<u>134,835</u>	<u>1</u>	<u>453,912</u>	<u>2</u>	<u>302,022</u>	<u>1</u>
	<u>\$ 5,422,345</u>	<u>40</u>	<u>\$ 3,950,139</u>	<u>31</u>	<u>\$ 10,199,877</u>	<u>39</u>	<u>\$ 8,054,551</u>	<u>33</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			
	2021		2020		2021		2020	
	Amount	%	Amount	%	Amount	%	Amount	%
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owners of TCFHC	\$ 7,256,725	54	\$ 10,462,703	81	\$ 10,564,127	40	\$ 11,038,831	46
Non-controlling interests	<u>155,190</u>	<u>1</u>	<u>743,333</u>	<u>6</u>	<u>286,978</u>	<u>1</u>	<u>441,685</u>	<u>2</u>
	<u>\$ 7,411,915</u>	<u>55</u>	<u>\$ 11,206,036</u>	<u>87</u>	<u>\$ 10,851,105</u>	<u>41</u>	<u>\$ 11,480,516</u>	<u>48</u>
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 39)								
Basic	<u>\$ 0.39</u>		<u>\$ 0.29</u>		<u>\$ 0.73</u>		<u>\$ 0.58</u>	
Diluted	<u>\$ 0.39</u>		<u>\$ 0.29</u>		<u>\$ 0.73</u>		<u>\$ 0.58</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					
	Capital Stock (Note 40)			Capital Surplus (Note 40)	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)	Total Equity
	Shares (In Thousands)	Common Stock	Reserve for Capitalization		Legal Reserve	Special Reserve	Unappropriated Earnings						
BALANCE AT JANUARY 1, 2021	13,334,224	\$ 133,342,237	\$ -	\$ 57,974,241	\$ 9,622,864	\$ 995,669	\$ 16,748,682	\$ (3,357,203)	\$ 15,043,647	\$ -	\$ 679,632	\$ 6,631,788	\$ 237,681,557
Reversal of special reserve	-	-	-	-	-	(8)	8	-	-	-	-	-	-
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	2,590,406	-	(2,590,406)	-	-	-	-
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(188,819)	(188,819)
Net income for the six months ended June 30, 2021	-	-	-	-	-	-	9,745,965	-	-	-	-	453,912	10,199,877
Other comprehensive income (loss) for the six months ended June 30, 2021	-	-	-	-	-	-	-	(374,324)	1,171,168	-	21,318	(166,934)	651,228
Total comprehensive income (loss) for the six months ended June 30, 2021	-	-	-	-	-	-	9,745,965	(374,324)	1,171,168	-	21,318	286,978	10,851,105
BALANCE AT JUNE 30, 2021	<u>13,334,224</u>	<u>\$ 133,342,237</u>	<u>\$ -</u>	<u>\$ 57,974,241</u>	<u>\$ 9,622,864</u>	<u>\$ 995,661</u>	<u>\$ 29,085,061</u>	<u>\$ (3,731,527)</u>	<u>\$ 13,624,409</u>	<u>\$ -</u>	<u>\$ 700,950</u>	<u>\$ 6,729,947</u>	<u>\$ 248,343,843</u>
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 designated 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>

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	
	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 12,095,587	\$ 9,429,046
Adjustments for:		
Depreciation expenses	1,008,219	960,778
Amortization expenses	114,979	107,944
Expected credit losses/bad-debt expenses	1,688,667	3,281,740
Losses (gains) on financial assets and liabilities at fair value through profit or loss	(853,176)	1,667,801
Interest expense	6,740,709	10,415,023
Interest revenue	(24,605,981)	(27,824,401)
Dividend income	(563,153)	(348,138)
Net changes in reserves for insurance liabilities	94,344	(916,995)
Reversal of provision for losses on guarantees	(47,562)	(26,413)
Net changes in reserves for other liabilities	(19,434)	(19,051)
Share of gains of associates and joint ventures accounted for using equity method	(6,211)	(3,962)
Losses (gains) on reclassification of overlay approach	40,015	(259,643)
Losses (gains) on disposal of properties and equipment	(352)	32,079
Gains on disposal of investment properties	(87,624)	(18,198)
Gains on disposal of investments	(1,099,330)	(1,231,792)
Impairment losses on financial assets	1,562	30,091
Unrealized losses on foreign exchange	196,083	308,155
Gains on disposal of collaterals assumed	-	(20,358)
Others	(3)	(78)
Net changes in operating assets and liabilities		
Decrease (increase) in due from the Central Bank and call loans to other banks	51,520,019	(26,632,392)
Increase in financial assets at fair value through profit or loss	(26,257,346)	(16,587,338)
Increase in financial assets at fair value through other comprehensive income	(32,904,378)	(65,117,989)
Decrease (increase) in investments in debt instruments at amortized cost	13,674,605	(56,948,063)
Decrease in securities purchased under resell agreements	9,461	-
Increase in receivables	(12,862,301)	(4,193,375)
Increase in discounts and loans	(133,831,048)	(64,990,149)
Decrease (increase) in reinsurance assets	2,727	(24,821)
Decrease (increase) in other financial assets	(2,268,981)	5,777,263
Decrease (increase) other assets	(213,059)	957,788
Increase in deposits from the Central Bank and other banks	22,825,116	3,062,580
Decrease in financial liabilities at fair value through profit or loss	(4,399,773)	(4,987,616)
Increase (decrease) in securities sold under repurchase agreements	(2,816,746)	7,113,626
Increase in payables	27,274,768	34,171,769
		(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	
	2021	2020
Increase in deposits and remittances	\$ 80,576,893	\$ 183,658,666
Decrease in provision for employee benefits	(383,632)	(303,727)
Decrease in provisions	(1,808,096)	(1,866,163)
Increase (decrease) in other financial liabilities	330,303	(645,147)
Increase (decrease) in other liabilities	<u>1,096,908</u>	<u>(123,457)</u>
Cash used in operations	(25,737,221)	(12,114,917)
Interest received	26,354,216	30,568,694
Dividends received	448,136	260,906
Interest paid	(7,032,625)	(13,882,743)
Income tax paid	<u>(1,329,041)</u>	<u>(2,709,370)</u>
Net cash generated from (used in) operating activities	<u>(7,296,535)</u>	<u>2,122,570</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of properties and equipment	(472,583)	(491,669)
Proceeds from disposal of properties and equipment	521	-
Increase in refundable deposits	(2,999,515)	(2,345,024)
Decrease in refundable deposits	3,246,023	2,280,281
Acquisition of intangible assets	(81,802)	(185,754)
Proceeds from disposal of collaterals assumed	-	139,748
Acquisition of investment properties	(288,844)	(601,862)
Proceeds from disposal of investment properties	727,147	89,927
Increase in other assets	(37,910)	(17,712)
Decrease in other assets	<u>14,691</u>	<u>16,861</u>
Net cash generated from (used in) investing activities	<u>107,728</u>	<u>(1,115,204)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in due to the Central Bank and other banks	33,498,990	5,957,940
Decrease in commercial paper issued	(5,255,000)	(6,165,000)
Proceeds from the issuance of corporate bonds	-	5,700,000
Proceeds from the issuance of bank debentures	1,000,000	5,000,000
Repayments of bank debentures	(1,500,000)	(7,500,000)
Increase in other borrowings	11,143,719	16,716,422
Decrease in other borrowings	(11,465,776)	(18,440,351)
Decrease in financial liabilities designated as at fair value through profit or loss	-	(12,096,000)
Increase in guarantee deposits received	2,790,098	1,336,201
Decrease in guarantee deposits received	(3,734,706)	(1,704,190)
Repayments of the principal portion of lease liabilities	(318,659)	(315,477)
		(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	
	2021	2020
Increase in other liabilities	\$ 43,017	\$ -
Decrease in other liabilities	<u>-</u>	<u>(20,258)</u>
Net cash generated from (used in) financing activities	<u>26,201,683</u>	<u>(11,530,713)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>202,661</u>	<u>3,208,530</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	19,215,537	(7,314,817)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	<u>95,067,646</u>	<u>90,305,606</u>
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	<u>\$ 114,283,183</u>	<u>\$ 82,990,789</u>
Cash and cash equivalents reconciliations:		
	June 30	
	2021	2020
Cash and cash equivalents in the consolidated balance sheets	\$ 58,108,161	\$ 39,673,808
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”	55,294,976	41,932,457
Securities purchased under resell agreements in accordance with the definition of cash and cash equivalents under IAS 7 “Statement of Cash Flows”	880,046	1,119,474
Other items in accordance with the definition of cash and cash equivalents under IAS 7 “Statement of Cash Flows”	<u>-</u>	<u>265,050</u>
Cash and cash equivalents, end of period	<u>\$ 114,283,183</u>	<u>\$ 82,990,789</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, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

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### **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). The 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, 2021.

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, 2021 and 2020, TCFHC and its subsidiaries (the Company) had 9,441 and 9,338 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 23, 2021.

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

- a. Effects of initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

### Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform - Phase 2"

The Company elected to apply the practical expedient provided in the amendment to deal with the changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities resulting from the interest rate benchmark reform. The changes are accounted for by updating the effective interest rate at the time the basis is changed, provided the changes are necessary as a direct consequence of the reform and the new basis is economically equivalent to the previous basis.



- b. Impact of IFRS endorsed by the FSC for application starting from 2022, but not yet applied by the Company

<b>New IFRSs</b>	<b>Effective Date Announced by IASB</b>
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 1)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 2)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 3)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 4)

Note 1: 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 2: 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 3: 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 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Company assessed that the above amendments have no significant impact on the Company. 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.

- c. Impact of the new IFRS announced by IASB but not yet endorsed and issued into effect by the FSC and not yet applied by the Company

<b>New IFRSs</b>	<b>Effective Date Announced by IASB (Note 1)</b>
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 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 2)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 3)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 4)

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 will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 4: Except that deferred taxes will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

- IFRS 17 “Insurance Contracts” and related amendments

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:

- 1) A group of contracts that are onerous at initial recognition;
- 2) A group of contracts that at initial recognition have no significant possibility of becoming onerous subsequently;
- 3) 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:

- 1) The beginning of the coverage period of the group of contracts;
- 2) The date when the first payment from a policyholder in the group becomes due; and
- 3) 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:

- 1) The initial recognition of an amount for the fulfilment cash flows;
- 2) All cash flows arising from the contracts in the group at that date;
- 3) The derecognition of the following at initial recognition date
  - a) Insurance acquisition cash flow assets; and
  - b) Any other assets and liabilities related the cash flows in the group of contracts were previously recognized.

### 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:

- 1) The Company reasonably expects that this will be a reasonable approximation of the general model, or
- 2) 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 following:

- 1) The premium received at the initial recognition;
- 2) The premium minus all insurance acquisition cash flows at that date; and
- 3) Plus or minus the following items derecognition at the initial recognition date.
  - a) Insurance acquisition cash flow assets; and
  - b) Any other assets and liabilities related to the cash flows in the group of contracts were previously recognized.

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 changes mentioned above, 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, 2020.

### 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. 11004925804 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.

e. Modification of financial instruments

For the changes in the basis for determining contractual cash flows resulting from the interest rate benchmark reform

For the changes in the basis for determining contractual cash flows of financial assets or financial liabilities resulting from the interest rate benchmark reform, the Company elects to apply the practical expedient in which the changes are accounted for by updating the effective interest rate at the time the basis is changed, provided the changes are necessary as a direct consequence of the reform and the new basis is economically equivalent to the previous basis.

## 5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The Company considers the recent development of the COVID-19 in Taiwan and its economic environment implications when making its critical accounting estimates in cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future periods if the revision affects both current year and future periods.

If the level 1 input value cannot be obtained when the fair value of a financial instrument is estimated, the Company will periodically update each input value according to market conditions to measure its fair value. For the description of fair value evaluation method and input value, please refer to Note 44.

Unless stated in other notes, the following are the critical judgments, assumptions and estimation uncertainty that the Company's management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements:

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, 2021	December 31, 2020	June 30, 2020
Cash on hand	\$ 23,203,253	\$ 23,531,314	\$ 23,566,459
Notes and checks in clearing	5,298,347	5,709,157	5,502,320
Due from banks	<u>29,621,037</u>	<u>21,633,705</u>	<u>10,610,448</u>
	58,122,637	50,874,176	39,679,227
Less: Allowance for possible losses	<u>14,476</u>	<u>8,960</u>	<u>5,419</u>
	<u>\$ 58,108,161</u>	<u>\$ 50,865,216</u>	<u>\$ 39,673,808</u>

Reconciliations of cash and cash equivalents between the consolidated statements of cash flows and the consolidated balance sheets as of June 30, 2021 and 2020 are shown in the consolidated statements of cash flows. The reconciliation as of December 31, 2020 are stated below:

	<b>December 31, 2020</b>
Cash and cash equivalent in the consolidated balance sheet	\$ 50,865,216
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”	42,680,684
Securities purchased under resell agreements in accordance with the definition of cash and cash equivalents under IAS 7 “Statement of Cash Flows”	1,268,846
Other in accordance with the definition of cash and cash equivalents under IAS 7 “Statement of Cash Flows”	<u>252,900</u>
Cash and cash equivalents, end of the year	<u>\$ 95,067,646</u>

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

	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Reserves for deposits - account A	\$ 55,255,195	\$ 103,930,664	\$ 53,183,194
Reserves for deposits - account B	87,801,005	83,714,410	78,531,072
Reserves for deposits - community financial institutions	67,726,032	65,382,499	62,200,716
Reserves for deposits - foreign-currency deposits	533,158	539,693	504,968
Deposits in the Central Bank	39,200,000	39,200,000	39,200,000
Due from the Central Bank - others	20,853,606	25,477,059	16,524,317
Due from the Central Bank - central government agencies’ deposits	3,433,488	2,262,307	4,749,568
Call loans to banks	<u>57,762,431</u>	<u>50,964,010</u>	<u>48,625,825</u>
	<u>\$ 332,564,915</u>	<u>\$ 371,470,642</u>	<u>\$ 303,519,660</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, 2021	December 31, 2020	June 30, 2020
Financial assets mandatorily classified as at fair value through profit or loss			
Commercial paper	\$ 86,874,314	\$ 57,253,280	\$ 58,651,536
Negotiable certificates of deposit	6,098,898	7,598,419	6,099,425
Beneficial certificates	5,082,305	5,659,247	4,438,196
Investment in equity instruments	3,544,975	2,779,845	3,579,692
Corporate bonds	3,280,292	2,150,067	3,264,036
Convertible bonds	799,604	862,948	913,587
Bank debentures	27,955	-	349,000
Acquired loans	113,748	166,140	244,449
Government bonds	155,223	484,292	99,272
Commercial paper contracts with reference rate	6,973	10,389	9,763
Currency swap contracts	890,213	1,265,419	1,272,754
Futures exchange margins	314,320	296,381	256,217
Convertible bonds assets swap contracts	2,100	63,476	70,866
Forward contracts	41,909	82,557	61,377
Currency option contracts - buy	13,111	38,487	29,603
Cross-currency swap contracts	18,399	14,316	6,180
Interest rate swap contracts	3,617	5,300	3,202
Foreign-currency margin contracts	-	-	2,282
Financial assets at fair value through profit or loss	<u>\$ 107,267,956</u>	<u>\$ 78,730,563</u>	<u>\$ 79,351,437</u>
<u>Held-for-trading financial liabilities</u>			
Payable - security borrowing	\$ 510,588	\$ 410,521	\$ 250,775
Securities purchased under resell agreements - short sale	106,578	-	-
Currency swap contracts	1,490,839	4,317,870	2,922,257
Commercial paper contracts with reference rate	155	2	-
Currency option contract - sell	13,146	38,583	29,659
Interest rate swap contracts	8,480	12,867	18,775
Forward contracts	37,544	33,803	15,297
Asset swap options contracts	22,379	17,881	8,437
Foreign - currency margin contracts	248	921	-
Convertible bonds assets swap contracts	3	50	-
Cross-currency swap contracts	687	-	4,874
Financial liabilities at fair value through profit or loss	<u>\$ 2,190,647</u>	<u>\$ 4,832,498</u>	<u>\$ 3,250,074</u>

As of June 30, 2021, December 31, 2020 and June 30, 2020, financial assets at fair value through profit or loss amounting to \$34,794,386 thousand, \$36,890,958 thousand and \$27,362,107 thousand, respectively, had 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, 2021, December 31, 2020 and June 30, 2020, the contract (notional) amounts of derivative transactions of TCB were as follows:

	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Currency swap contracts	\$ 270,881,852	\$ 255,510,944	\$ 289,625,834
Interest rate swap contracts	1,700,000	1,700,000	1,700,000
Forward contracts	11,180,286	8,586,387	8,234,116
Currency option contracts - sell	5,376,145	4,967,696	5,282,922
Currency option contracts - buy	5,376,145	4,967,696	5,282,922
Cross-currency swap contracts	619,667	407,450	697,195
Foreign-currency margin contracts	41,940	43,300	60,765

As of June 30, 2021, December 31, 2020 and June 30, 2020, the open position of futures transactions of TCB were as follows:

		June 30, 2021			
Items	Products	Open Position		Contract Amounts or Premium Paid (Charged)	Fair Values
		Buy/Sell	Number of Contracts		
Futures contracts	Interest rate futures	Sell	335	\$ 1,240,153	\$ 1,235,999

		December 31, 2020			
Items	Products	Open Position		Contract Amounts or Premium Paid (Charged)	Fair Values
		Buy/Sell	Number of Contracts		
Futures contracts	Interest rate futures	Sell	50	\$ 254,149	\$ 254,103

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

As of June 30, 2021, December 31, 2020 and June 30, 2020, the open position of future transactions of Taiwan Cooperative Securities Co., Ltd. (TCS) were as follows:

		<b>June 30, 2021</b>			
<b>Items</b>	<b>Products</b>	<b>Open Position</b>		<b>Contract</b>	<b>Fair Values</b>
		<b>Buy/Sell</b>	<b>Number of Contracts</b>	<b>Amounts or</b>	
				<b>Premium Paid (Charged)</b>	
Futures contracts	Stock index futures	Buy	76	\$ 76,413	\$ 76,508
	Single-stock futures	Buy	199	105,888	106,913
	Interest rate futures	Sell	6	33,524	33,612
	Stock index futures	Sell	155	547,373	551,521
	Single-stock futures	Sell	286	59,045	59,896
	Commodity futures	Sell	296	601,519	614,086
	Foreign exchange futures	Sell	1	3,183	3,137
		<b>December 31, 2020</b>			
<b>Items</b>	<b>Products</b>	<b>Open Position</b>		<b>Contract</b>	<b>Fair Values</b>
		<b>Buy/Sell</b>	<b>Number of Contracts</b>	<b>Amounts or</b>	
				<b>Premium Paid (Charged)</b>	
Futures contracts	Interest rate futures	Buy	1	\$ 6,156	\$ 6,082
	Stock index futures	Buy	46	55,341	54,569
	Single-stock futures	Buy	349	159,329	165,451
	Commodity futures	Buy	104	28,272	29,903
	Interest rate futures	Sell	5	29,077	29,106
	Stock index futures	Sell	287	303,890	310,429
	Single-stock futures	Sell	32	4,394	4,292
	Commodity futures	Sell	235	386,133	415,006
	Foreign exchange futures	Sell	6	20,481	20,696
		<b>June 30, 2020</b>			
<b>Items</b>	<b>Products</b>	<b>Open Position</b>		<b>Contract</b>	<b>Fair Values</b>
		<b>Buy/Sell</b>	<b>Number of Contracts</b>	<b>Amounts or</b>	
				<b>Premium Paid (Charged)</b>	
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

As of June 30, 2021, December 31, 2020 and June 30, 2020, the contract (notional) amounts of asset swap options contracts of TCS were as follows:

	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Asset swap options contracts	\$ 110,000	\$ 90,000	\$ 85,000

As of June 30, 2021, December 31, 2020 and June 30, 2020, the contract (notional) amounts of currency swap contracts and interest rate swap contracts of TCS were as follows:

	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Interest rate swap contracts	\$ 300,000	\$ 600,000	\$ 600,000

BNP Paribas Cardif TCB Life Insurance Co., Ltd. (BPCTLI) engages in currency swap contracts and cross-currency swap contracts to reduce risks due to exchange rate and interest 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, 2021, December 31, 2020 and June 30, 2020, the contract (notional) amounts of derivative transactions of BPCTLI were as follows:

	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Currency swap contracts	\$ 10,347,210	\$ 10,328,651	\$ 11,291,355
Cross-currency swap contracts	278,950	281,000	-

BPCTLI has applied IFRS 9 since 2018, and at the same time choose to use the overlay approach of IFRS 4 “Insurance Contracts” to present the profit or loss of designated financial assets. The financial assets designated for the overlay approach were as follows:

	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
<u>Financial assets at FVTPL</u>			
Beneficial certificates	\$ 3,922,594	\$ 4,659,902	\$ 3,937,953
Investment in equity instruments	529,260	471,590	468,608

For the six months ended June 30, 2021 and 2020, for the financial assets designated for the overlay approach, the amount reclassified between profit or loss and other comprehensive income were as follows:

	<b>For the Six Months Ended June 30</b>	
	<b>2021</b>	<b>2020</b>
Profit or loss on application of IFRS 9	\$ 403,049	\$ (99,246)
Less: Profit or loss from application of IAS 39	<u>(363,034)</u>	<u>(160,397)</u>
Gain or loss on reclassification of overlay approach	<u>\$ 40,015</u>	<u>\$ (259,643)</u>

## 9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	June 30, 2021	December 31, 2020	June 30, 2020
<u>Investments in equity instruments at FVTOCI</u>			
Listed shares and emerging market shares	\$ 44,512,374	\$ 17,514,458	\$ 24,432,814
Unlisted shares	<u>8,040,472</u>	<u>6,123,249</u>	<u>5,517,555</u>
	<u>52,552,846</u>	<u>23,637,707</u>	<u>29,950,369</u>
<u>Investments in debt instruments at FVTOCI</u>			
Government bonds	204,361,396	204,430,335	220,697,718
Corporate bonds	112,913,553	117,051,244	112,114,828
Bank debentures	<u>92,866,877</u>	<u>84,016,768</u>	<u>85,506,337</u>
	<u>410,141,826</u>	<u>405,498,347</u>	<u>418,318,883</u>
	<u>\$ 462,694,672</u>	<u>\$ 429,136,054</u>	<u>\$ 448,269,252</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 \$18,766,961 thousand and \$5,758,928 thousand for the six months ended June 30, 2021 and 2020, respectively. The accumulated unrealized valuation gain or loss of financial assets at FVTOCI under other equity in the amount of \$2,590,406 thousand gains and \$311,045 thousand gains have been transferred to retained earnings, respectively.

For the three months ended June 30, 2021 and 2020 and for the six months end June 30, 2021 and 2020, the Company recognized unrealized gains on investments in equity instruments at FVTOCI of \$2,148,572 thousand gains, \$4,258,817 thousand gains, \$5,316,192 thousand gains and \$52,350 thousand gains, respectively.

For the three months ended June 30, 2021 and 2020 and for the six months end June 30, 2021 and 2020, the Company recognized dividends revenue of \$506,202 thousand, \$325,064 thousand, \$563,153 thousand and \$348,138 thousand, respectively, also derecognized amounts related to investments \$97,167 thousand, \$104,393 thousand, \$112,325 thousand and \$104,393 thousand, respectively, compared to the amounts held on June 30, 2021 and 2020 which were \$450,828 thousand and \$243,745 thousand, respectively.

For the three months ended June 30, 2021 and 2020 and for the six months end June 30, 2021 and 2020, the Company recognized unrealized gains or losses on investments in debt instruments at FVOCI of \$872,596 thousand gains, \$3,698,699 thousand gains, \$4,466,682 thousand losses and \$4,414,522 thousand gains, respectively.

As of June 30, 2021, December 31, 2020 and June 30, 2020, the allowance for possible losses of investment in debt instruments at FVTOCI recognized was \$127,497 thousand, \$134,016 thousand and \$130,331 thousand, respectively, through expected credit loss. Impairment loss recognized in profit or loss for the three months ended June 30, 2021 and 2020 and for the six months end June 30, 2021 and 2020 was \$1,927 thousand, \$17,490 thousand, \$1,267 thousand and \$31,947 thousand, respectively.

As of June 30, 2021, December 31, 2020 and June 30, 2020, financial assets at fair value through other comprehensive income amounting to \$18,071,373 thousand, \$18,840,795 thousand and \$25,129,122 thousand, respectively, had been sold under repurchase agreements.



## 10. INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST

	June 30, 2021	December 31, 2020	June 30, 2020
Negotiable certificates of deposit in the Central Bank	\$ 545,340,000	\$ 559,280,000	\$ 445,960,000
Government bonds	111,528,491	107,807,918	109,267,236
Corporate bonds	44,577,042	46,270,440	43,365,845
Bank debentures	11,298,397	12,678,455	14,323,544
Certificates of deposit	<u>1,404,844</u>	<u>2,277,320</u>	<u>812,040</u>
	714,148,774	728,314,133	613,728,665
Less: Allowance for impairment loss	<u>47,846</u>	<u>47,659</u>	<u>48,856</u>
	<u>\$ 714,100,928</u>	<u>\$ 728,266,474</u>	<u>\$ 613,679,809</u>

Impairment loss recognized in profit or loss for the three months ended June 30, 2021 and 2020 and for the six months end June 30, 2021 and 2020 was \$383 thousand losses, \$573 thousand gains, \$295 thousand losses and \$447 thousand losses, respectively.

## 11. SECURITIES PURCHASED UNDER RESELL AGREEMENTS

Securities acquired for \$880,542 thousand, \$1,278,803 thousand and \$1,119,474 thousand under resell agreements as of June 30, 2021, December 31, 2020 and June 30, 2020, respectively, will subsequently be sold for \$883,528 thousand, \$1,279,081 thousand and \$1,119,890 thousand, respectively.

## 12. RECEIVABLES, NET

	June 30, 2021	December 31, 2020	June 30, 2020
Accrued interest	\$ 7,177,770	\$ 7,759,494	\$ 7,950,091
Settlement consideration	12,389,147	6,655,545	5,642,109
Settlement receivable	11,736,117	5,479,698	5,442,765
Margin loans receivable	6,230,668	4,883,614	3,641,129
Credit cards	3,118,848	4,388,635	3,181,760
Acceptances	3,756,979	3,103,379	3,167,273
Lease payment receivable	2,129,793	2,403,726	2,422,290
Receivable on securities	592,988	384,358	2,167,213
Receivables on merchant accounts in the credit card business	321,887	654,861	1,439,142
Receivables on financing provided	652,096	712,782	607,165
Accounts receivable	388,341	454,382	423,791
Credits receivable	-	231,991	393,477
Receivable - separated account	-	-	280,114
Refundable deposits receivable in leasehold agreements	183,993	183,993	183,993
Accounts receivable factored without recourse	158,747	214,150	127,120
Others	<u>1,547,946</u>	<u>740,982</u>	<u>1,167,254</u>
	50,385,320	38,251,590	38,236,686
Less: Allowance for possible losses	516,128	811,962	832,276
Less: Unrealized interest revenue	<u>118,788</u>	<u>132,990</u>	<u>146,381</u>
	<u>\$ 49,750,404</u>	<u>\$ 37,306,638</u>	<u>\$ 37,258,029</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:

<b>Gross Carrying Amount</b>	<b>12-month ECL</b>	<b>Lifetime ECL (Collective Assessment)</b>	<b>Lifetime ECL (Non-purchased or Non-originated Credit-impaired Financial Assets)</b>	<b>Total</b>
Balance at January 1, 2021	\$ 19,755,861	\$ 46,627	\$ 169,402	\$ 19,971,890
Transfers to				
Lifetime ECL	(18,115)	18,199	(84)	-
Credit-impaired financial assets	(6,370)	(1,611)	7,981	-
12-month ECL	11,253	(11,043)	(210)	-
New financial assets purchased or originated	60,300,487	57,557	48,723	60,406,767
Write-offs	-	-	(3,864)	(3,864)
Derecognition of financial assets in the current reporting period	(60,208,621)	(67,858)	(49,417)	(60,325,896)
Changes in exchange rates and other changes	<u>(73,123)</u>	<u>-</u>	<u>(7)</u>	<u>(73,130)</u>
Balance at June 30, 2021	<u>\$ 19,761,372</u>	<u>\$ 41,871</u>	<u>\$ 172,524</u>	<u>\$ 19,975,767</u>

<b>Gross Carrying Amount</b>	<b>12-month ECL</b>	<b>Lifetime ECL (Collective Assessment)</b>	<b>Lifetime ECL (Non-purchased or Non-originated Credit-impaired Financial Assets)</b>	<b>Total</b>
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>

<b>Allowance for Possible Losses</b>	<b>12-month ECL</b>	<b>Lifetime ECL (Collective Assessment)</b>	<b>Lifetime ECL (Non-purchased or Non-originated Credit-impaired Financial Assets)</b>	<b>Impairment Loss under IFRS 9</b>	<b>Difference of Impairment Loss under Regulations</b>	<b>Total</b>
Balance at January 1, 2021	\$ 35,409	\$ 12,978	\$ 70,631	\$ 119,018	\$ 163,955	\$ 282,973
Changes from financial instruments recognized at the beginning of the current reporting period						
Transfers to						
Lifetime ECL	(171)	177	(6)	-	-	-
Credit-impaired financial assets	(246)	(419)	665	-	-	-
12-month ECL	2,720	(2,707)	(13)	-	-	-
Derecognition of financial assets in the current reporting period	(24,065)	(19,184)	(28,687)	(71,936)	-	(71,936)
Reversal from financial instruments recognized at the beginning of the current reporting period	300	3,615	5,154	9,069	-	9,069

(Continued)

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
New financial assets purchased or originated	\$ 25,892	\$ 15,554	\$ 20,325	\$ 61,771	\$ -	\$ 61,771
Difference of impairment loss under regulations	-	-	-	-	(1,786)	(1,786)
Write-offs	-	-	(3,864)	(3,864)	-	(3,864)
Recovery of written-off receivables	-	-	5,923	5,923	-	5,923
Changes in exchange rates and other changes	55	-	87	142	-	142
Balance at June 30, 2021	<u>\$ 39,894</u>	<u>\$ 10,014</u>	<u>\$ 70,215</u>	<u>\$ 120,123</u>	<u>\$ 162,169</u>	<u>\$ 282,292</u>

(Concluded)

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	(21,500)	-	19,621	(1,879)	-	(1,879)
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>

Impairment assessment except the above receivables were based on expected credit losses model at the beginning of the current reporting period by the simplified method. On June 30, 2021, December 31, 2020 and June 30, 2020, the amounts assessment to impairment of receivables were assessed as \$30,409,553 thousand, \$18,279,700 thousand and \$20,671,349 thousand, respectively, and the amounts of allowance for possible losses were \$233,836 thousand, \$528,989 thousand and \$584,406 thousand, respectively.

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

	For the Six Months Ended June 30	
	2021	2020
Balance at January 1	\$ 528,989	\$ 591,799
Provision for possible losses	16,178	3,415
Write-offs	(266,484)	(9,979)
Recovery of written-off receivables	1,461	172
Effects of exchange rate changes and other changes	(46,308)	(1,001)
Balance at June 30	<u>\$ 233,836</u>	<u>\$ 584,406</u>

### 13. DISCOUNTS AND LOANS, NET

	June 30, 2021	December 31, 2020	June 30, 2020
Bills discounted	\$ 1,651,280	\$ 2,873,302	\$ 2,128,174
Overdraft			
Unsecured	24,631	26,683	63,833
Secured	28,063	27,581	35,241
Import and export negotiations	905,453	937,030	312,693
Short-term loans			
Unsecured	303,698,838	251,607,009	289,895,202
Accounts receivable financing	349,069	257,023	261,691
Secured	201,600,078	198,240,650	208,312,709
Medium-term loans			
Unsecured	389,823,276	359,883,619	358,650,225
Secured	419,147,059	401,042,799	349,889,552
Long-term loans			
Unsecured	39,967,100	35,508,190	33,912,840
Secured	1,074,082,123	1,047,578,506	1,030,069,174
Overdue loans	5,770,168	6,564,807	8,736,981
Life insurance loan	387,869	397,042	414,685
Temporary insurance paid	66,497	60,491	53,812
	<u>2,437,501,504</u>	<u>2,305,004,732</u>	<u>2,282,736,812</u>
Less: Allowance for possible losses	29,385,732	29,173,224	26,802,983
Less: Adjustment of discount	<u>484,452</u>	<u>499,994</u>	<u>479,199</u>
	<u>\$ 2,407,631,320</u>	<u>\$ 2,275,331,514</u>	<u>\$ 2,255,454,630</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, 2021	\$ 2,261,133,785	\$ 2,802,802	\$ 41,068,145	\$ 2,305,004,732
Transfers to				
Lifetime ECL	(4,944,023)	4,966,947	(22,924)	-
Credit-impaired financial assets	(3,179,994)	(355,105)	3,535,099	-
12-month ECL	844,944	(714,332)	(130,612)	-
New financial assets purchased or originated	624,414,068	194,300	1,248,677	625,857,045
Write-offs	-	-	(2,331,084)	(2,331,084)
Derecognition of financial assets in the current reporting period	(483,540,757)	(735,932)	(4,082,781)	(488,359,470)
Changes in exchange rates and other changes	<u>(2,582,525)</u>	<u>(31,038)</u>	<u>(56,156)</u>	<u>(2,669,719)</u>
Balance at June 30, 2021	<u>\$ 2,392,145,498</u>	<u>\$ 6,127,642</u>	<u>\$ 39,228,364</u>	<u>\$ 2,437,501,504</u>

<b>Gross Carrying Amount</b>	<b>12-month ECL</b>	<b>Lifetime ECL (Collective Assessment)</b>	<b>Lifetime ECL (Non-purchased or Non-originated Credit-impaired Financial Assets)</b>	<b>Total</b>
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>

<b>Allowance for Possible Losses</b>	<b>12-month ECL</b>	<b>Lifetime ECL (Collective Assessment)</b>	<b>Lifetime ECL (Non-purchased or Non-originated Credit-impaired Financial Assets)</b>	<b>Impairment Loss under IFRS 9</b>	<b>Difference of Impairment Loss under Regulations</b>	<b>Total</b>
Balance at January 1, 2021	\$ 3,903,935	\$ 19,762	\$ 5,304,254	\$ 9,227,951	\$ 19,945,273	\$ 29,173,224
Changes from financial instruments recognized at the beginning of the current reporting period						
Transfers to						
Lifetime ECL	(9,035)	11,060	(2,025)	-	-	-
Credit-impaired financial assets	(66,084)	(1,006)	67,090	-	-	-
12-month ECL	10,669	(2,737)	(7,932)	-	-	-
Derecognition of financial assets in the current reporting period	(912,738)	(1,253)	(759,074)	(1,673,065)	-	(1,673,065)
Reversal from financial instruments recognized at the beginning of the current reporting period	(88,219)	65,809	662,004	639,594	-	639,594
New financial assets purchased or originated	1,123,559	533	282,941	1,407,033	-	1,407,033
Difference of impairment loss under regulations	-	-	-	-	1,287,538	1,287,538
Write-offs	-	-	(2,331,084)	(2,331,084)	-	(2,331,084)
Recovery of write-off credits	-	-	923,438	923,438	-	923,438
Changes in exchange rates and other changes	<u>(21,021)</u>	<u>(143)</u>	<u>(19,782)</u>	<u>(40,946)</u>	<u>-</u>	<u>(40,946)</u>
Balance at June 30, 2021	<u>\$ 3,941,066</u>	<u>\$ 92,025</u>	<u>\$ 4,119,830</u>	<u>\$ 8,152,921</u>	<u>\$ 21,232,811</u>	<u>\$ 29,385,732</u>

<b>Allowance for Possible Losses</b>	<b>12-month ECL</b>	<b>Lifetime ECL (Collective Assessment)</b>	<b>Lifetime ECL (Non-purchased or Non-originated Credit-impaired Financial Assets)</b>	<b>Impairment Loss under IFRS 9</b>	<b>Difference of Impairment Loss under Regulations</b>	<b>Total</b>
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)

(Continued)

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
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	(36,926)	(4,836)	(35,837)	(77,599)	-	(77,599)
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> (Concluded)

The bad-debt expenses and provision for losses on guarantees for the three months ended June 30, 2021 and 2020 and for the six months end June 30, 2021 and 2020 were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Provision for possible losses on discounts and loans	\$ 541,066	\$ 2,282,949	\$ 1,661,100	\$ 3,168,590
Provision (reversal of provision) for possible losses on receivables	1,380	(62,073)	13,296	34,162
Provision for possible losses on overdue receivables	5,992	55,316	14,271	78,988
Provision (reversal of provision) for possible losses on guarantees	(55,135)	51,620	(47,562)	(26,413)
Provision (reversal of provision) for possible losses on loan commitment	(32,770)	3,931	(20,950)	(12,916)
Provision (reversal of provision) for other possible losses	<u>3,595</u>	<u>(5,623)</u>	<u>1,516</u>	<u>(6,135)</u>
	<u>\$ 464,128</u>	<u>\$ 2,326,120</u>	<u>\$ 1,621,671</u>	<u>\$ 3,236,276</u>

As of June 30, 2021, December 31, 2020 and June 30, 2020, TCB was in compliance with the FSC-required provision for credit assets.

As of June 30, 2021, December 31, 2020 and June 30, 2020, accrual of interest on the above overdue loans had been stopped. Thus, the unrecognized interest revenue was \$51,412 thousand and \$72,843 thousand for the six months ended June 30, 2021 and 2020, respectively, based on the average loan interest rate for the year.

#### 14. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	June 30, 2021		December 31, 2020		June 30, 2020	
	Amount	Percentage of Ownership (%)	Amount	Percentage of Ownership (%)	Amount	Percentage of Ownership (%)
<u>Investment in associate</u>						
United Real Estate Management Co., Ltd.	\$ 141,938	30.00	\$ 134,382	30.00	\$ 129,094	30.00
Mesh Corporative Ventures, INC.	1,448	33.00	1,992	33.00	2,581	33.00
JC Capital Taiwan Co., Ltd.	<u>2,000</u>	35.00	<u>2,801</u>	35.00	<u>-</u>	-
	<u>\$ 145,386</u>		<u>\$ 139,175</u>		<u>\$ 131,675</u>	

Aggregate information of associate that is not individually material:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
The Company's share of:				
Net income	\$ 292	\$ 4,866	\$ 6,211	\$ 3,962
Other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u>\$ 292</u>	<u>\$ 4,866</u>	<u>\$ 6,211</u>	<u>\$ 3,962</u>

The Company should have received \$7,081 thousand dividends from United Real Estate Management Co., Ltd. for the six months ended June 30, 2020, 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, 2021 and 2020 were based on the associates' financial statements that have not been audited by the auditors. 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, 2021	December 31, 2020	June 30, 2020
Overdue receivables	\$ 378,832	\$ 337,110	\$ 128,533
Less: Allowance for possible losses	<u>148,665</u>	<u>103,102</u>	<u>110,339</u>
Overdue receivables, net	230,167	234,008	18,194
Due from banks	10,325,951	8,512,487	13,127,064
Security borrowing margin	875,745	683,255	367,232
Call loans to securities firms	251,055	252,900	265,050
Separate-account assets (Note 31)	<u>108,159,473</u>	<u>105,803,112</u>	<u>94,581,074</u>
	<u>\$ 119,842,391</u>	<u>\$ 115,485,762</u>	<u>\$ 108,358,614</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 that had maturity periods of more than three months and could not be used before maturity.

# **16. INVESTMENT PROPERTIES, NET**

	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Land	\$ 8,449,528	\$ 8,633,740	\$ 8,494,926
Buildings	<u>2,569,763</u>	<u>2,784,932</u>	<u>2,810,049</u>
	<u>\$ 11,019,291</u>	<u>\$ 11,418,672</u>	<u>\$ 11,304,975</u>
	<b>Land</b>	<b>Buildings</b>	<b>Total</b>
<u>Cost</u>			
Balance at January 1, 2021	\$ 8,633,740	\$ 3,933,522	\$ 12,567,262
Additions	188,913	99,931	288,844
Disposals	(379,647)	(284,997)	(664,644)
Reclassification	<u>6,522</u>	<u>(4,217)</u>	<u>2,305</u>
Balance at June 30, 2021	<u>\$ 8,449,528</u>	<u>\$ 3,744,239</u>	<u>\$ 12,193,767</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>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2021	\$ -	\$ 1,148,590	\$ 1,148,590
Disposals	-	(25,121)	(25,121)
Depreciation expenses	<u>-</u>	<u>51,007</u>	<u>51,007</u>
Balance at June 30, 2021	<u>\$ -</u>	<u>\$ 1,174,476</u>	<u>\$ 1,174,476</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>

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

Main buildings	45 to 50 years
Equipment installed in buildings	5 to 15 years



As of December 31, 2020 and 2019, the fair value of investment properties was \$26,318,017 thousand and \$25,209,392 thousand, respectively. The fair value was determined by internal appraisal personnel using level 3 inputs according to internal procedures and related regulations. 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, 2021 and 2020.

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

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Rental income from investment properties (part of other noninterest gains, net)	\$ 126,934	\$ 117,995	\$ 255,255	\$ 244,652
Direct operating expenses for investment properties that generate rental income	<u>(39,202)</u>	<u>(38,992)</u>	<u>(80,241)</u>	<u>(78,033)</u>
	<u>\$ 87,732</u>	<u>\$ 79,003</u>	<u>\$ 175,014</u>	<u>\$ 166,619</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, 2021, December 31, 2020 and June 30, 2020, guarantee deposits received on these leases totaled \$102,486 thousand, \$103,574 thousand and \$91,877 thousand, respectively. Minimum future annual rentals are as follows:

	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Year 1	\$ 419,899	\$ 413,448	\$ 355,646
Year 2	356,809	381,384	320,318
Year 3	278,590	287,593	256,158
Year 4	189,200	254,894	188,930
Year 5	55,460	93,539	103,474
Over five years	<u>92,378</u>	<u>99,609</u>	<u>24,739</u>
	<u>\$ 1,392,336</u>	<u>\$ 1,530,467</u>	<u>\$ 1,249,265</u>

## 17. PROPERTIES AND EQUIPMENT, NET

	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
<u>Carrying amount</u>			
Land	\$ 20,631,459	\$ 20,638,106	\$ 20,715,304
Buildings	10,436,735	10,677,659	10,994,951
Machinery and equipment	1,212,088	1,274,451	1,152,588
Transportation equipment	154,019	138,583	114,575
Other equipment	234,953	248,473	245,823

(Continued)

	June 30, 2021	December 31, 2020	June 30, 2020
Leasehold improvements	\$ 197,287	\$ 180,642	\$ 195,446
Prepayments for equipment, land and buildings and construction in progress	<u>365,080</u>	<u>252,798</u>	<u>201,720</u>
	<u>\$ 33,231,621</u>	<u>\$ 33,410,712</u>	<u>\$ 33,620,407</u>

Assets leased under operating leases

Machinery and equipment	\$ 9,346	\$ 10,419	\$ -
Other equipment	<u>27,259</u>	<u>30,648</u>	<u>-</u>
	<u>\$ 36,605</u>	<u>\$ 41,067</u>	<u>\$ -</u>

(Concluded)

a.

							Prepayments for Equipment, Land and Buildings and Construction in Progress	
	Land	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Leasehold Improvements		Total
Cost								
Balance at January 1, 2021	\$ 20,653,283	\$ 19,183,858	\$ 5,222,854	\$ 663,282	\$ 1,456,066	\$ 1,071,777	\$ 252,798	\$ 48,503,918
Additions	-	40,807	109,516	26,059	25,169	27,769	243,263	472,583
Disposals	(106)	-	(369,130)	(6,011)	(15,140)	(7,225)	-	(397,612)
Reclassification	(6,522)	60,463	30,200	5,558	4,985	20,678	(130,954)	(15,592)
Effects of exchange rate changes	(19)	(37)	(1,704)	(451)	(627)	(1,792)	(27)	(4,657)
Balance at June 30, 2021	<u>\$ 20,646,636</u>	<u>\$ 19,285,091</u>	<u>\$ 4,991,736</u>	<u>\$ 688,437</u>	<u>\$ 1,470,453</u>	<u>\$ 1,111,207</u>	<u>\$ 365,080</u>	<u>\$ 48,558,640</u>
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>
	Land	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Leasehold Improvements		Total
Accumulated depreciation and impairment								
Balance at January 1, 2021	\$ 15,177	\$ 8,506,199	\$ 3,948,403	\$ 524,699	\$ 1,207,593	\$ 891,135	\$ 15,093,206	
Disposals	-	-	(369,087)	(6,011)	(15,120)	(7,225)	(397,443)	
Depreciation expenses	-	342,193	201,473	15,995	43,516	31,056	634,233	
Reclassification	-	-	(29)	29	-	4	4	
Effects of exchange rate changes	-	(36)	(1,112)	(294)	(489)	(1,050)	(2,981)	
Balance at June 30, 2021	<u>\$ 15,177</u>	<u>\$ 8,848,356</u>	<u>\$ 3,779,648</u>	<u>\$ 534,418</u>	<u>\$ 1,235,500</u>	<u>\$ 913,920</u>	<u>\$ 15,327,019</u>	
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>	

Taiwan Cooperative Bank, Ltd. (TCB) revalued its properties five times in 1979, 1998, 2007, 2011 and 2012. As of June 30, 2021, the reserve for land revaluation increment tax (part of deferred tax liabilities) was \$2,595,338 thousand.

Properties and equipment are depreciated using the straight-line method over their estimated useful lives 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 8.61%, 8.61% and 7.54% as of June 30, 2021, December 31, 2020 and June 30, 2020, respectively.

b. Assets leased under operating leases

	<b>Machinery and Equipment</b>	<b>Other Equipment</b>	<b>Total</b>
<u>Cost</u>			
Balance at January 1, 2021	\$ 11,802	\$ 34,610	\$ 46,412
Additions	<u>-</u>	<u>-</u>	<u>-</u>
Balance at June 30, 2021	<u>\$ 11,802</u>	<u>\$ 34,610</u>	<u>\$ 46,412</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2021	\$ 1,383	\$ 3,962	\$ 5,345
Depreciation expenses	<u>1,073</u>	<u>3,389</u>	<u>4,462</u>
Balance at June 30, 2021	<u>\$ 2,456</u>	<u>\$ 7,351</u>	<u>\$ 9,807</u>

The Company leases machinery and equipment and other equipment under operating leases with lease terms of 2020 to 2029. All operating lease contracts contain market review clauses in the event that the lessees exercise their options to extend. The lessees do not have bargain purchase options to acquire the assets at the expiry of the lease periods.

Please refer to Note 16 for the minimum future annual rentals.

Depreciation expenses of operating leases equipment are depreciated on the straight-line method over service lives estimated as follows:

Machinery and equipment	1 to 7 years
Other equipment	1 to 7 years

## 18. LEASE ARRANGEMENTS

### a. Right-of-use assets

	June 30, 2021	December 31, 2020	June 30, 2020
<u>Carrying amounts</u>			
Land	\$ 9,666	\$ 12,826	\$ 16,610
Buildings	1,505,482	1,607,444	1,610,079
Transportation equipment	57,706	67,217	66,025
Other equipment	<u>15,143</u>	<u>17,393</u>	<u>19,643</u>
	<u>\$ 1,587,997</u>	<u>\$ 1,704,880</u>	<u>\$ 1,712,357</u>
	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>
	<b>2021</b>	<b>2020</b>	<b>2021</b>
			<b>2020</b>
Depreciation charge for right-of-use assets			
Land	\$ 1,663	\$ 2,196	\$ 3,315
Buildings	148,672	148,742	297,452
Transportation equipment	7,832	7,949	15,500
Other equipment	<u>1,125</u>	<u>1,125</u>	<u>2,250</u>
	<u>\$ 159,292</u>	<u>\$ 160,012</u>	<u>\$ 318,517</u>
			<u>\$ 320,384</u>

As of June 30, 2021 and 2020, the additions to right-of-use assets of the Company was \$266,509 thousand and \$329,106 thousand, respectively.

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, 2021 and 2020.

### b. Lease liabilities

	June 30, 2021	December 31, 2020	June 30, 2020
Carrying amounts	<u>\$ 1,532,540</u>	<u>\$ 1,649,746</u>	<u>\$ 1,647,081</u>

Range of discount rate for lease liabilities was as follows:

	June 30, 2021	December 31, 2020	June 30, 2020
Land	1.356%-1.627%	1.593%-1.627%	1.608%-1.627%
Buildings	1.356%-9.800%	1.359%-9.800%	1.593%-11.625%
Transportation equipment	0.845%-8.880%	0.845%-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, 2021, December 31, 2020 and June 30, 2020, refundable deposits on these leases totaled \$137,246 thousand, \$137,242 thousand and \$134,074 thousand, respectively.

d. Other lease information

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Expenses relating to short-term leases	\$ 2,281	\$ 2,572	\$ 4,657	\$ 4,486
Expenses relating to low-value asset leases	\$ 131	\$ 1,003	\$ 851	\$ 1,947
Expenses relating to variable lease payments not included in the measurement of lease liabilities	\$ 984	\$ 963	\$ 1,659	\$ 1,558

As of June 30, 2021 and 2020, the total cash outflow for leases of the Company was \$3449,051 thousand and \$345,780 thousand, respectively.

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.

## 19. INTANGIBLE ASSETS

	June 30, 2021	December 31, 2020	June 30, 2020
Goodwill	\$ 3,170,005	\$ 3,170,005	\$ 3,170,005
Computer software	<u>694,091</u>	<u>718,618</u>	<u>629,245</u>
	<u>\$ 3,864,096</u>	<u>\$ 3,888,623</u>	<u>\$ 3,799,250</u>
	Goodwill	Computer Software	Total
Balance at January 1, 2021	\$ 3,170,005	\$ 718,618	\$ 3,888,623
Separate acquisition	-	81,802	81,802
Amortization expenses	-	(114,412)	(114,412)
Transfer from properties and equipment	-	8,779	8,779
Effect of exchange rate changes	-	(616)	(616)
Transfer to properties and equipment	<u>-</u>	<u>(80)</u>	<u>(80)</u>
Balance at June 30, 2021	<u>\$ 3,170,005</u>	<u>\$ 694,091</u>	<u>\$ 3,864,096</u>

(Continued)

	<b>Goodwill</b>	<b>Computer Software</b>	<b>Total</b>
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> (Concluded)

The computer software with limited useful lives is amortized on a straight-line basis over their useful lives of 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 8.61%, 8.61% and 7.54% as of June 30, 2021, December 31, 2020 and June 30, 2020, 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, 2021, December 31, 2020 and June 30, 2020.

## 20. OTHER ASSETS, NET

	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Refundable deposits	\$ 1,601,649	\$ 1,869,126	\$ 1,648,559
Operating deposits and settlement funds	745,114	726,271	712,782
Prepaid expenses	308,281	188,344	224,428
Receipts under custody for securities under writing	23,474	473,856	-
Settlement payments	643,361	80,228	128,709
Others	<u>25,855</u>	<u>44,552</u>	<u>79,570</u>
	<u>\$ 3,347,734</u>	<u>\$ 3,382,377</u>	<u>\$ 2,794,048</u>

## 21. DEPOSITS FROM THE CENTRAL BANK AND OTHER BANKS

	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Deposits from banks	\$ 155,581,416	\$ 150,923,009	\$ 138,685,386
Call loans from banks	94,622,640	79,278,093	105,386,032
Overdrafts from other banks	4,248,500	1,272,379	1,433,987
Transfer deposits from Chunghwa Post Co., Ltd.	95,665	95,665	95,665
Deposits from the Central Bank	<u>270,521</u>	<u>424,480</u>	<u>427,691</u>
	<u>\$ 254,818,742</u>	<u>\$ 231,993,626</u>	<u>\$ 246,028,761</u>

## 22. DUE TO THE CENTRAL BANK AND OTHER BANKS

	June 30, 2021	December 31, 2020	June 30, 2020
Due to the Central Bank	<u>\$ 70,617,600</u>	<u>\$ 37,118,610</u>	<u>\$ 5,957,940</u>

## 23. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

Securities sold for \$52,939,592 thousand, \$55,775,026 thousand and \$52,664,625 thousand under repurchase agreements as of June 30, 2021, December 31, 2020 and June 30, 2020, respectively, would subsequently be purchased for \$52,953,364 thousand, \$55,788,273 thousand and \$52,680,024 thousand, respectively.

## 24. COMMERCIAL PAPER ISSUED, NET

The face values of commercial paper issued were \$26,555,000 thousand, \$31,810,000 thousand and \$24,960,000 thousand and the annual discount rates were from 0.262% to 0.458%, from 0.288% to 0.438% and from 0.418% to 0.708% as of June 30, 2021, December 31, 2020 and June 30, 2020, respectively, and the commercial paper will mature by March 31, 2022, March 12, 2021 and August 24, 2020, respectively. The foregoing commercial paper was accepted and guaranteed by financial institutions. As of June 30, 2021, the Company had not used the amount of \$95,951,445 thousand, the sum of the amount of the commercial paper issued and the credit.

## 25. PAYABLES

	June 30, 2021	December 31, 2020	June 30, 2020
Settlement payable	\$ 12,380,724	\$ 7,048,937	\$ 6,329,425
Settlement consideration	12,610,129	5,980,110	6,302,945
Accrued expenses	4,106,349	5,900,975	3,810,151
Collections payable	20,722,402	5,814,606	41,745,559
Checks for clearing	5,298,347	5,709,157	5,502,320
Collections of notes and checks for various financial institutions in other cities	5,475,576	4,602,498	4,914,537
Acceptances	3,845,696	3,256,086	3,479,070
Accrued interest	2,291,882	2,586,276	2,964,507
Payables on notes and checks collected for others	1,750,283	1,478,345	1,551,604
Separate account payable	245,621	935,499	-
Payables for short-sale transactions	547,886	651,341	348,442
Deposits on short-sale transactions	481,235	584,061	316,856
Tax payable	577,640	466,208	559,678
Payable on securities	2,124,410	418,565	1,303,785
Dividends payable	548,491	377,104	11,475,198
Factored accounts payable	143,156	202,009	75,337
Insurance claims and benefits payable	156,256	75,276	59,427
Others	<u>1,939,703</u>	<u>1,996,175</u>	<u>2,270,709</u>
	<u>\$ 75,245,786</u>	<u>\$ 48,083,228</u>	<u>\$ 93,009,550</u>

## 26. DEPOSITS AND REMITTANCES

	June 30, 2021	December 31, 2020	June 30, 2020
Deposits			
Checking	\$ 51,877,108	\$ 49,488,911	\$ 41,567,078
Demand	743,139,074	710,468,591	612,905,396
Savings - demand	1,072,811,027	1,032,998,013	943,624,533
Time	696,355,635	702,675,620	690,970,833
Negotiable certificates of deposit	49,437,401	47,136,505	45,879,142
Savings - time	603,651,464	610,115,507	618,929,532
Treasury	133,036,466	116,755,684	121,408,384
Remittances	<u>140,262</u>	<u>232,713</u>	<u>178,910</u>
	<u>\$ 3,350,448,437</u>	<u>\$3,269,871,544</u>	<u>\$ 3,075,463,808</u>

## 27. BONDS PAYABLE

	June 30, 2021	December 31, 2020	June 30, 2020
Bank debentures	\$ 61,100,000	\$ 61,600,000	\$ 62,500,000
First unsecured corporate bond of TCFHC in 2020: Fixed rate of 0.68%; maturity - May 26, 2027	5,700,000	5,700,000	5,700,000
Second unsecured corporate bond of TCFHC in 2020, Type A: Fixed rate of 0.61%; maturity - October 7, 2025	2,100,000	2,100,000	-
Second unsecured corporate bond of TCFHC in 2020, Type B: Fixed rate of 0.66%; maturity - October 7, 2027	<u>2,200,000</u>	<u>2,200,000</u>	<u>-</u>
	<u>\$ 71,100,000</u>	<u>\$ 71,600,000</u>	<u>\$ 68,200,000</u>

Details of bank debentures issued by Taiwan Cooperative Bank, Ltd (TCB) are as follows:

	June 30, 2021	December 31, 2020	June 30, 2020
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 B: Fixed rate of 1.55%; maturity - December 25, 2022	7,350,000	7,350,000	7,350,000
Second subordinated bonds in 2013, Type A: Fixed rate of 1.72%; maturity - December 25, 2020	-	-	900,000
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

(Continued)



	June 30, 2021	December 31, 2020	June 30, 2020
First subordinated bonds in 2014, Type A: Fixed rate of 1.70%; maturity - May 26, 2021	\$ -	\$ 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 1.90%; 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 in 2019: Fixed rate of 0.69%; maturity - November 28, 2022	1,000,000	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	5,000,000
First non-cumulative perpetual subordinated bonds in 2020: Fixed rate of 1.50%; TCB may exercise its redemption rights after 5 years and 1 month	5,000,000	5,000,000	5,000,000
First unsecured bank debentures in 2021: Fixed rate of 0.40%; maturity - May 31, 2026	<u>1,000,000</u>	<u>-</u>	<u>-</u>
	<u>\$ 61,100,000</u>	<u>\$ 61,600,000</u>	<u>\$ 62,500,000</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.

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

In order to 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 and 4,300,000 thousand have been approved by the authorities on May 19, 2020 and September 28, 2020 and have been issued on May 26, 2020 and October 7, 2020, respectively.

In order to 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 April 26, 2021. The application has been approved by the authority, and will be issued on July 12, 2021.

On November 18, 2019, TCB has obtained approval from the FSC to issue unsecured bank debentures amounting to US\$1,000,000 thousand. As of June 30, 2021, the amount of unissued unsecured bank debentures of TCB was US\$1,000,000 thousand.

In order to loans for social benefit investment projects, TCB resolved to issue unsecured bank debentures amounting to \$1,000,000 thousand in their board of directors' meeting on June 28, 2021. The application has been approved by the FSC on August 16, 2021.

## 28. OTHER BORROWINGS

	June 30, 2021		December 31, 2020		June 30, 2020	
	Amount	Rate (%)	Amount	Rate (%)	Amount	Rate (%)
Borrowings (Note 24)	<u>\$ 492,594</u>	0.730-4.750	<u>\$ 815,302</u>	0.700-4.956	<u>\$ 1,688,602</u>	0.850-5.220

## 29. PROVISIONS

	June 30, 2021	December 31, 2020	June 30, 2020
Reserve for life insurance liabilities	\$ 26,625,764	\$ 26,595,637	\$ 26,740,427
Reserve for insurance contracts with financial instrument features	736,551	2,535,145	4,261,913
Provision for employee benefits	6,361,482	6,745,114	6,629,509
Provision for losses on guarantees	1,509,681	1,557,351	1,453,354
Provision for losses on loan commitment	201,216	223,012	168,147
Provision for others	43,511	42,156	28,469
Other provision for insurance	<u>635,338</u>	<u>563,980</u>	<u>547,544</u>
	<u>\$ 36,113,543</u>	<u>\$ 38,262,395</u>	<u>\$ 39,829,363</u>

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

	<b>June 30, 2021</b>		
	<b>Insurance Contracts</b>	<b>Financial Instruments with Discretionary Participation Features</b>	<b>Total</b>
Life insurance	\$ 11,705,137	\$ 5,239,355	\$ 16,944,492
Health insurance	818,295	-	818,295
Annuity insurance	-	8,823,770	8,823,770
Investment insurance	<u>36,251</u>	<u>-</u>	<u>36,251</u>
	12,559,683	14,063,125	26,622,808
Less: Ceded life insurance liability reserve	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 12,559,683</u>	<u>\$ 14,063,125</u>	<u>\$ 26,622,808</u>
	<b>December 31, 2020</b>		
	<b>Insurance Contracts</b>	<b>Financial Instruments with Discretionary Participation Features</b>	<b>Total</b>
Life insurance	\$ 11,171,032	\$ 5,372,072	\$ 16,543,104
Health insurance	747,111	-	747,111
Annuity insurance	-	9,238,843	9,238,843
Investment insurance	<u>65,624</u>	<u>-</u>	<u>65,624</u>
	11,983,767	14,610,915	26,594,682
Less: Ceded life insurance liability reserve	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 11,983,767</u>	<u>\$ 14,610,915</u>	<u>\$ 26,594,682</u>
	<b>June 30, 2020</b>		
	<b>Insurance Contracts</b>	<b>Financial Instruments with Discretionary Participation Features</b>	<b>Total</b>
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>

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

	For the Six Months Ended June 30					
	2021			2020		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Balance at January 1	\$ 11,983,767	\$ 14,610,915	\$ 26,594,682	\$ 11,733,123	\$ 15,945,711	\$ 27,678,834
Provision	737,840	117,776	855,616	656,801	147,249	804,050
Recovery	(161,924)	(665,566)	(827,490)	(905,091)	(838,450)	(1,743,541)
Ending balance	12,559,683	14,063,125	26,622,808	11,484,833	15,254,510	26,739,343
Less: Ceded life insurance liability reserve	-	-	-	-	-	-
Balance at June 30	<u>\$ 12,559,683</u>	<u>\$ 14,063,125</u>	<u>\$ 26,622,808</u>	<u>\$ 11,484,833</u>	<u>\$ 15,254,510</u>	<u>\$ 26,739,343</u>

- b. As of June 30, 2021, December 31, 2020 and June 30, 2020, total life policy reserve carrying amounts (including reserve of policyholders payables) were \$26,625,764 thousand, \$26,595,637 thousand and \$26,740,427 thousand, respectively.
- c. Details of liability adequacy reserves are as follows:

	Insurance Contracts and Financial Instruments with Discretionary Participation Features		
	June 30, 2021	December 31, 2020	June 30, 2020
Life insurance liability reserve	\$ 26,622,808	\$ 26,594,682	\$ 26,739,343
Unearned premium reserve	322,560	308,331	306,513
Claims reserve	88,988	57,546	80,360
Premium deficiency reserve	<u>1,188</u>	<u>1,463</u>	<u>622</u>
Book value of insurance reserve	<u>\$ 27,035,544</u>	<u>\$ 26,962,022</u>	<u>\$ 27,126,838</u>
Present value of discounted cash flows	<u>\$ 24,328,711</u>	<u>\$ 24,398,215</u>	<u>\$ 24,689,821</u>
Balance of liability adequacy reserve	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

As of June 30, 2021, December 31, 2020 and June 30, 2020, 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, 2021, December 31, 2020 and June 30, 2020	
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, 2021	December 31, 2020	June 30, 2020
Life insurance	<u>\$ 736,551</u>	<u>\$ 2,535,145</u>	<u>\$ 4,261,913</u>

	<b>For the Six Months Ended June 30</b>	
	<b>2021</b>	<b>2020</b>
Balance at January 1	\$ 2,535,145	\$ 6,068,784
Insurance claim payments for the period	(1,808,096)	(1,866,163)
Reserve for insurance contracts with financial instrument features	<u>9,502</u>	<u>59,292</u>
Balance at June 30	<u>\$ 736,551</u>	<u>\$ 4,261,913</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 and cross-currency swap to hedge exchange rate risks. BPCTLI maintains the hedging ratio at over 95%.

2) Reconciliation of the reserve of foreign exchange variation

	<b>For the Six Months Ended June 30</b>	
	<b>2021</b>	<b>2020</b>
Balance at January 1	\$ 196,640	\$ 230,520
Provisions		
Compulsory provisions	8,196	8,895
Additional provisions	<u>25,843</u>	<u>-</u>
	34,039	8,895
Recovery	<u>(8,077)</u>	<u>(79,366)</u>
Balance at June 30	<u>\$ 222,602</u>	<u>\$ 160,049</u>

3) Impact of the reserve of foreign exchange variation

For the six months ended June 30, 2021

<b>Items</b>	<b>Amount Without Reserve</b>	<b>Amount With Reserve</b>	<b>Effect</b>
Net income	\$ 10,220,647	\$ 10,199,877	\$ (20,770)
Earnings per share (NT\$)	0.73	0.73	-
Reserve of foreign exchange variation	-	222,602	222,602
Equity	248,551,228	248,343,843	(207,385)

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)

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	
	2021	2020	2021	2020
Reserve for life insurance liabilities, net	\$ (6,247)	\$ (226,938)	\$ 28,126	\$ (939,491)
Reserve for insurance contract with financial instrument features, net	5,660	29,339	9,502	59,292
Others, net	<u>11,899</u>	<u>(44,796)</u>	<u>56,716</u>	<u>(36,796)</u>
	<u>\$ 11,312</u>	<u>\$ (242,395)</u>	<u>\$ 94,344</u>	<u>\$ (916,995)</u>

g. Provisions for employee benefits are summarized below:

	June 30, 2021	December 31, 2020	June 30, 2020
Net defined benefit liabilities	\$ 2,464,020	\$ 2,773,207	\$ 2,734,812
Present value of retired employees' preferential interest deposit obligation	<u>3,897,462</u>	<u>3,971,907</u>	<u>3,894,697</u>
	<u>\$ 6,361,482</u>	<u>\$ 6,745,114</u>	<u>\$ 6,629,509</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, 2021	\$ 963,936	\$ 12,684	\$ 56,788	\$ 1,033,408	\$ 789,111	\$ 1,822,519
Changes from financial instruments recognized at the beginning of the current reporting period						
Transfers to						
Lifetime ECL	(44)	44	-	-	-	-
Credit-impaired financial assets	(7,729)	-	7,729	-	-	-
12-month ECL	6	(6)	-	-	-	-
Derecognition of financial assets in the current reporting period	(140,971)	(4)	(11,718)	(152,693)	-	(152,693)
Reversal from financial instruments recognized at the beginning of the current reporting period	(149,484)	(161)	143,534	(6,111)	-	(6,111)

(Continued)

	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
New financial assets purchased or originated	\$ 158,529	\$ 28	\$ -	\$ 158,557	\$ -	\$ 158,557
Difference of impairment loss under regulations	-	-	-	-	(66,749)	(66,749)
Change in exchange rates and other changes	(1,115)	-	-	(1,115)	-	(1,115)
Balance at June 30, 2021	<u>\$ 823,128</u>	<u>\$ 12,585</u>	<u>\$ 196,333</u>	<u>\$ 1,032,046</u>	<u>\$ 722,362</u>	<u>\$ 1,754,408</u> (Concluded)

	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	(1,837)	-	-	(1,837)	-	(1,837)
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>

### 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 \$116,410 thousand and \$109,791 thousand in the consolidated statement of comprehensive income for the six months ended June 30, 2021 and 2020, 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, 2021 and 2020, the pension expenses under defined benefit plan recognized in the consolidated statements of comprehensive income amounted to \$221,212 thousand and \$228,543 thousand, respectively. For more information about the defined benefit plan, refer to Note 30 of the consolidated financial statements for the year ended December 31, 2020.

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, 2021 and 2020, the employee preferential deposit expense under employee's preferential deposit plan recognized in the consolidated statements of comprehensive income amounted to \$356,744 thousand and \$352,722 thousand, respectively. For more information about the employee preferential deposit plan, refer to Note 30 of the consolidated financial statements for the year ended December 31, 2020.

### 31. OTHER FINANCIAL LIABILITIES

	June 30, 2021	December 31, 2020	June 30, 2020
Structured products - host contracts	\$ 2,720,043	\$ 2,365,355	\$ 1,900,795
Guarantee deposits received	1,975,919	2,908,532	1,675,289
Appropriation for loans	8,358	32,743	13,328
Separate-account liabilities	<u>108,159,473</u>	<u>105,803,112</u>	<u>94,581,074</u>
	<u>\$ 112,863,793</u>	<u>\$ 111,109,742</u>	<u>\$ 98,170,486</u>



The status of the Company's investment-linked products - separate account as of June 30, 2021, December 31, 2020 and June 30, 2020, are summarized as follows:

	June 30, 2021	December 31, 2020	June 30, 2020
Separate-account assets (part of other financial assets)			
Cash in banks	\$ 986,514	\$ 1,423,969	\$ 1,097,658
Financial assets at FVTPL	106,504,009	102,989,435	93,326,745
Other receivables			
General accounts receivables	245,621	935,500	-
Investment settlement receivables	<u>423,329</u>	<u>454,208</u>	<u>156,671</u>
	<u>668,950</u>	<u>1,389,708</u>	<u>156,671</u>
	<u>\$ 108,159,473</u>	<u>\$ 105,803,112</u>	<u>\$ 94,581,074</u>
Separate-account liabilities (part of other financial liabilities)			
Reserve for separate account-insurance contract	\$ 78,639,352	\$ 79,033,405	\$ 72,364,262
Reserve for separate account-investment contract	29,520,121	26,769,707	21,936,698
Other payables			
General accounts payables	<u>-</u>	<u>-</u>	<u>280,114</u>
	<u>\$ 108,159,473</u>	<u>\$ 105,803,112</u>	<u>\$ 94,581,074</u>
	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>
	<b>2021</b>	<b>2020</b>	<b>2021</b>
			<b>2020</b>
Separate-account revenue			
Premium income	\$ 1,010,334	\$ 1,139,362	\$ 1,974,491
Gain (loss) on financial assets at FVTPL	2,218,733	8,757,689	1,306,010
Interest revenue	401	416	646
Loss on foreign exchange	<u>(535,034)</u>	<u>(26,954)</u>	<u>(239,263)</u>
	<u>\$ 2,694,434</u>	<u>\$ 9,870,513</u>	<u>\$ 3,041,884</u>
			<u>\$ (10,278,895)</u>
Separate-account expense			
Insurance claims and benefits	\$ 1,531,644	\$ 860,048	\$ 3,068,964
Reserves for separate accounts, net of releases - insurance contract	907,250	8,723,216	(541,335)
Administrative expenses	<u>255,540</u>	<u>287,249</u>	<u>514,255</u>
	<u>\$ 2,694,434</u>	<u>\$ 9,870,513</u>	<u>\$ 3,041,884</u>
			<u>\$ (10,278,895)</u>

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

### 32. OTHER LIABILITIES

	June 30, 2021	December 31, 2020	June 30, 2020
Advance receipts	\$ 2,546,283	\$ 1,441,312	\$ 1,484,403
Others	<u>147,995</u>	<u>103,200</u>	<u>94,996</u>
	<u>\$ 2,694,278</u>	<u>\$ 1,544,512</u>	<u>\$ 1,579,399</u>

### 33. NET INTEREST

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Interest revenue				
From discounts and loans	\$ 9,418,817	\$ 9,935,102	\$ 18,707,176	\$ 21,224,562
From investments	2,327,793	2,498,690	4,689,374	5,215,297
From due from banks and call loans to other banks	262,152	351,851	533,197	903,887
Others	<u>323,517</u>	<u>245,389</u>	<u>676,234</u>	<u>480,655</u>
	<u>12,332,279</u>	<u>13,031,032</u>	<u>24,605,981</u>	<u>27,824,401</u>
Interest expense				
From deposits	(2,809,088)	(3,829,700)	(5,756,044)	(8,721,381)
From due to the Central Bank and other banks	(155,546)	(321,388)	(304,670)	(848,978)
From issuing bonds payable	(247,653)	(223,401)	(494,804)	(467,937)
From deposits from the Central Bank and other banks	(44,815)	(73,077)	(87,115)	(205,230)
From securities sold under repurchase agreements	(25,862)	(46,413)	(55,317)	(109,867)
Others	<u>(22,821)</u>	<u>(27,530)</u>	<u>(42,759)</u>	<u>(61,630)</u>
	<u>(3,305,785)</u>	<u>(4,521,509)</u>	<u>(6,740,709)</u>	<u>(10,415,023)</u>
	<u>\$ 9,026,494</u>	<u>\$ 8,509,523</u>	<u>\$ 17,865,272</u>	<u>\$ 17,409,378</u>

### 34. SERVICE FEE AND COMMISSION INCOME, NET

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Service fee and commission revenues				
From trust business	\$ 548,909	\$ 478,337	\$ 1,183,929	\$ 1,000,524
From insurance service	166,095	195,833	384,941	385,364
From guarantee	255,267	255,052	523,970	506,623
From loans	238,894	286,572	466,278	513,768
From investment-linked products	137,114	141,971	288,638	317,413
From credit cards	260,415	118,598	469,068	244,132

(Continued)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
From brokerage service	\$ 398,781	\$ 169,378	\$ 673,768	\$ 305,152
From remittance	71,741	70,059	140,460	145,688
From cross-bank transactions	72,140	68,838	145,148	142,693
Others	<u>368,861</u>	<u>407,318</u>	<u>770,737</u>	<u>799,962</u>
	<u>2,518,217</u>	<u>2,191,956</u>	<u>5,046,937</u>	<u>4,361,319</u>
Service charge and commission expenses				
From cross-bank transactions	(82,933)	(81,988)	(169,023)	(167,923)
From credit cards	(39,662)	(68,137)	(130,031)	(132,308)
From insurance business	(65,323)	(62,341)	(71,630)	(134,941)
From credit cards acquiring	(182,311)	(37,036)	(284,793)	(70,401)
From custody	(22,090)	(16,690)	(45,216)	(40,358)
Others	<u>(84,675)</u>	<u>(49,752)</u>	<u>(148,296)</u>	<u>(100,300)</u>
	<u>(476,994)</u>	<u>(315,944)</u>	<u>(848,989)</u>	<u>(646,231)</u>
	<u>\$ 2,041,223</u>	<u>\$ 1,876,012</u>	<u>\$ 4,197,948</u>	<u>\$ 3,715,088</u>
				(Concluded)

### 35. PREMIUM INCOME, NET

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Separate-account revenue (Note 31)	\$ 2,694,434	\$ 9,870,513	\$ 3,041,884	\$ (10,278,895)
Premium income	<u>1,020,389</u>	<u>908,601</u>	<u>1,909,965</u>	<u>1,837,097</u>
	<u>3,714,823</u>	<u>10,779,114</u>	<u>4,951,849</u>	<u>(8,441,798)</u>
Separate-account expense (Note 31)	(2,694,434)	(9,870,513)	(3,041,884)	10,278,895
Insurance claims and benefits	(588,931)	(722,670)	(1,094,494)	(2,010,232)
Reinsurance premium ceded	(66,742)	(70,994)	(120,404)	(126,229)
Others	<u>(6,267)</u>	<u>(5,745)</u>	<u>(9,595)</u>	<u>(13,584)</u>
	<u>(3,356,374)</u>	<u>(10,669,922)</u>	<u>(4,266,377)</u>	<u>8,128,850</u>
	<u>\$ 358,449</u>	<u>\$ 109,192</u>	<u>\$ 685,472</u>	<u>\$ (312,948)</u>

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

	For the Three Months Ended June 30, 2021				
	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	\$ 126,355	\$ 1,300,732	\$ (1,628,392)	\$ 28,005	\$ (173,300)
Held-for-trading financial liabilities	<u>-</u>	<u>(1,610,469)</u>	<u>(616,009)</u>	<u>-</u>	<u>(2,226,478)</u>
	<u>\$ 126,355</u>	<u>\$ (309,737)</u>	<u>\$ (2,244,401)</u>	<u>\$ 28,005</u>	<u>\$ (2,399,778)</u>

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 Six Months Ended June 30, 2021					
	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	\$ 243,860	\$ 2,483,291	\$ (171,016)	\$ 88,348	\$ 2,644,483
Held-for-trading financial liabilities	-	(4,613,210)	2,821,903	-	(1,791,307)
	<u>\$ 243,860</u>	<u>\$ (2,129,919)</u>	<u>\$ 2,650,887</u>	<u>\$ 88,348</u>	<u>\$ 853,176</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	(145,326)	-	57,097	-	(88,229)
	<u>\$ 127,572</u>	<u>\$ (2,123,521)</u>	<u>\$ 226,058</u>	<u>\$ 102,090</u>	<u>\$ (1,667,801)</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	
	2021	2020	2021	2020
Salaries	\$ 2,267,326	\$ 2,222,173	\$ 4,473,490	\$ 4,429,055
Incentives	845,590	742,857	1,660,475	1,481,037
Excessive interest from preferential interest deposits	288,199	287,694	572,020	569,332
Post-employment benefits, termination benefits and compensation	185,067	170,891	354,765	347,264
Overtime	107,945	114,279	203,118	212,044
Others	<u>603,873</u>	<u>544,979</u>	<u>1,122,553</u>	<u>1,065,826</u>
	<u>\$ 4,298,000</u>	<u>\$ 4,082,873</u>	<u>\$ 8,386,421</u>	<u>\$ 8,104,558</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 compensation 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, 2021 and 2020, compensations of employees were estimated at \$1,687 thousand and \$1,337 thousand and the remuneration of directors were estimated at \$53,940 thousand and \$42,757 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 2020 and 2019 approved by the board of directors on March 22, 2021 and March 23, 2020, respectively, were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Employees' compensation - cash	\$ 2,893	\$ 2,968
Remuneration of directors - cash	91,434	94,909

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 (<https://emops.twse.com.tw>).

b. Depreciation and amortization expenses

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Depreciation expenses	\$ 508,087	\$ 483,734	\$ 1,008,219	\$ 960,778
Amortization expenses	<u>57,395</u>	<u>55,383</u>	<u>114,979</u>	<u>107,944</u>
	<u>\$ 565,482</u>	<u>\$ 539,117</u>	<u>\$ 1,123,198</u>	<u>\$ 1,068,722</u>

### 38. INCOME TAX

a. Income tax expense (benefit) 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	
	2021	2020	2021	2020
Current tax				
Current period	\$ 1,105,134	\$ 700,019	\$ 1,391,498	\$ 960,311
Additional income tax on unappropriated earnings	50,428	14,046	50,428	14,046
Land revaluation increment tax	22	405	179	3,199
Prior year's adjustments	<u>12,965</u>	<u>(152,017)</u>	<u>(4,862)</u>	<u>(151,853)</u>
	1,168,549	562,453	1,437,243	825,703
Deferred tax				
Current period	<u>(97,574)</u>	<u>18,700</u>	<u>458,467</u>	<u>548,792</u>
Income tax expense recognized in profit or loss	<u>\$ 1,070,975</u>	<u>\$ 581,153</u>	<u>\$ 1,895,710</u>	<u>\$ 1,374,495</u>

b. Income tax expense (benefit) recognized in other comprehensive income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
<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	\$ (199,396)	\$ (200,506)	\$ (93,581)	\$ (164,121)
Unrealized valuation gains (loss) on financial assets at fair value through other comprehensive income	33,426	336,939	(143,736)	123,639
Other comprehensive income on reclassification of overlay approach	<u>(2,528)</u>	<u>1,199</u>	<u>(1,785)</u>	<u>(2,831)</u>
Total income tax recognized in other comprehensive income	<u>\$ (168,498)</u>	<u>\$ 137,632</u>	<u>\$ (239,102)</u>	<u>\$ (43,313)</u>

c. Deferred tax assets and liabilities

	June 30, 2021	December 31, 2020	June 30, 2020
<u>Deferred tax assets</u>			
Temporary differences			
Financial instruments at fair value through other comprehensive income	\$ -	\$ -	\$ 8
Properties and equipment	8,216	8,538	8,860
Payable for annual leave	151,885	100,510	152,843
Employee's preferential interest deposit obligation	779,493	794,381	778,939
Other liabilities	5,783	5,783	5,783
Exchange differences on foreign operations	918,401	824,820	460,344
Allowance for possible losses	59,349	56,510	53,693
Collaterals assumed	-	-	372
Financial instruments at fair value through profit or loss	218,719	678,683	424,340
Pension liabilities	424	412	401
Accrued expense	-	2,921	-
Unrealized foreign exchange losses	236,185	198,626	92,319
Revenue from disposal of acquired loans	<u>160,511</u>	<u>160,511</u>	<u>170,289</u>
	<u>\$ 2,538,966</u>	<u>\$ 2,831,695</u>	<u>\$ 2,148,191</u>
<u>Deferred tax liabilities</u>			
Temporary differences			
Financial instruments at fair value through profit or loss	\$ 185	\$ 184	\$ 1,471
Financial instruments at fair value through other comprehensive income	341,881	487,402	359,447
Intangible assets	428,614	428,614	428,614
The reserve for land revaluation increment tax	2,595,338	2,595,339	2,596,230
Defined benefit obligation	219,169	157,331	120,196
Investments accounted for using equity method	127,944	118,753	109,290
Collaterals assumed	-	-	466
Lease incentive	-	1,377	-
Others	<u>2,505</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,715,636</u>	<u>\$ 3,789,000</u>	<u>\$ 3,615,714</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	2018	2015	2015

- e. Regarding the profit-seeking enterprise income tax application case of TCFHC in 2012, the Company has received the recheck decision. The tax authorities had permitted the Company to recognize the salary expenses incurred in the share-based payment transaction in which TCFHC carried out cash capital increase by issue of shares for subscription by the Company's employees according to the December 28, 2018 administrative rule made by the Ministry of Finance. Thus the Company had recognized the tax effects of \$46,033 thousand in 2020. Besides, the Company had recognized the tax effects of the difference of tax credit for \$90,562 thousand in 2020 according to the result of 2015 income tax return examination.

### 39. EARNINGS PER SHARE

The numerators and denominators used in calculating earnings per share (EPS) were as follows:

	Net Income (Numerator)	Shares (Denominator in Thousands)	Earnings Per Share (NT\$)
<u>For the three months ended June 30, 2021</u>			
Basic EPS	\$ 5,215,279	13,334,224	<u>\$ 0.39</u>
Effect of dilutive common stock:			
Employees' compensation	<u>-</u>	<u>79</u>	
Diluted EPS	<u>\$ 5,215,279</u>	<u>13,334,303</u>	<u>\$ 0.39</u>
<u>For the three months ended June 30, 2020</u>			
Basic 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 six months ended June 30, 2021</u>			
Basic EPS	\$ 9,745,965	13,334,224	<u>\$ 0.73</u>
Effect of dilutive common stock:			
Employees' compensation	<u>-</u>	<u>142</u>	
Diluted EPS	<u>\$ 9,745,965</u>	<u>13,334,366</u>	<u>\$ 0.73</u>
<u>For the six months ended June 30, 2020</u>			
Basic 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>



The information of the proposed retrospective adjustment to earnings per share after the adoption of the financial statements on the base date of issuance of bonus shares was as follows:

	<b>Net Income (Numerator)</b>	<b>Shares (Denominator in Thousands)</b>	<b>Earnings Per Share (NT\$)</b>
<u>For the three months ended June 30, 2021</u>			
Basic EPS	\$ 5,215,279	13,600,908	<u>\$ 0.38</u>
Effect of dilutive common stock:			
Employees' compensation	<u>-</u>	<u>79</u>	
Diluted EPS	<u>\$ 5,215,279</u>	<u>13,600,987</u>	<u>\$ 0.38</u>
<u>For the three months ended June 30, 2020</u>			
Basic EPS	\$ 3,815,304	13,600,908	<u>\$ 0.28</u>
Effect of dilutive common stock:			
Employees' compensation	<u>-</u>	<u>64</u>	
Diluted EPS	<u>\$ 3,815,304</u>	<u>13,600,972</u>	<u>\$ 0.28</u>
<u>For the six months ended June 30, 2021</u>			
Basic EPS	\$ 9,745,965	13,600,908	<u>\$ 0.72</u>
Effect of dilutive common stock:			
Employees' compensation	<u>-</u>	<u>142</u>	
Diluted EPS	<u>\$ 9,745,965</u>	<u>13,601,050</u>	<u>\$ 0.72</u>
<u>For the six months ended June 30, 2020</u>			
Basic EPS	\$ 7,752,529	13,600,908	<u>\$ 0.57</u>
Effect of dilutive common stock:			
Employees' compensation	<u>-</u>	<u>141</u>	
Diluted EPS	<u>\$ 7,752,529</u>	<u>13,601,049</u>	<u>\$ 0.57</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, 2021	December 31, 2020	June 30, 2020
Number 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>13,334,224</u>	<u>13,334,224</u>	<u>12,945,848</u>
Common stocks issued	<u>\$ 133,342,237</u>	<u>\$ 133,342,237</u>	<u>\$ 129,458,483</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 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 was approved by the Ministry of Economic Affairs (MOEA).

On July 20, 2021, the stockholders of TCFHC resolved to issue 266,684 thousand shares, which included the 2020 earnings amounting to \$2,666,845 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, 2021 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

(Continued)

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>
	(Concluded)

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:

	<b>For the Six Months Ended June 30</b>	
	<b>2021</b>	<b>2020</b>
Balance on January 1	\$ 995,669	\$ 996,026
Reversed on elimination of the original need to appropriate a special reserve:		
Disposal of properties and equipment	<u>(8)</u>	<u>-</u>
Balance on June 30	<u>\$ 995,661</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 bonuses 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 2020 and 2019 were approved in the stockholders' meeting on July 20, 2021 and June 24, 2020, respectively. The appropriations and dividends per share were as follows:

	<b>Appropriation of Earnings</b>		<b>Dividends Per Share</b>	
	<b>2020</b>	<b>2019</b>	<b>(NT\$)</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Legal reserve	\$ 1,637,932	\$ 1,695,232		
Cash dividends	11,334,090	11,003,971	\$ 0.85	\$ 0.85
Stock dividends	2,666,845	3,883,754	0.20	0.30

As the FSC published "Measures for Public Companies to postpone shareholders' Meeting for Pandemic Prevention", TCFHC had postponed the stockholders' meeting. The appropriations from the earnings of 2020 were approved in the stockholders' meeting on July 20, 2021.

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

	<b>For the Six Months Ended June 30</b>	
	<b>2021</b>	<b>2020</b>
Balance on January 1	\$ 6,631,788	\$ 5,487,380
Attributable to non-controlling interests		
Net income	453,912	302,022
Exchange differences on the translation of financial statements of foreign operations	(9,494)	(3,306)
Unrealized valuations gains (losses) on financial assets at FVTOCI	(177,922)	268,807
Other comprehensive income reclassification of overlay approach	20,482	(125,838)
Cash dividends distributed by subsidiary	<u>(188,819)</u>	<u>(154,749)</u>
Balance on June 30	<u>\$ 6,729,947</u>	<u>\$ 5,774,316</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

<b>Related Party</b>	<b>Relationship with the Company</b>
United Real Estate Management Co., Ltd.	Associated enterprise
Mesh Cooperative Ventures Inc.	Associated enterprise
JC Capital Taiwan Co., Ltd.	Associated enterprise
TCB Fund of Emerging Markets Bond Fund	Fund managed by Taiwan Cooperative Securities Investment Trust Co., Ltd.
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 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 Mobility Innovation 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.

(Continued)

<b>Related Party</b>	<b>Relationship with the Company</b>
TCB 2023 Maturity selective Emerging Market Bond Fund	Fund managed by Taiwan Cooperative Securities Investment Trust Co., Ltd.
TCB US Short Duration High Yield 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.
The Fifth Credit Cooperation of Taipei	The director of the fifth credit cooperation of Taipei is also the supervisor of TCB
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

	<b>Highest Balance</b>	<b>Ending Balance</b>	<b>Interest Revenue</b>	<b>Interest Rate (%)</b>
For the six months ended June 30, 2021				
Others	<u>\$ 2,430,700</u>	<u>\$ 1,394,750</u>	<u>\$ 1,179</u>	0.180-0.290
For the six months ended June 30, 2020				
Others	<u>\$ 500,000</u>	<u>\$ -</u>	<u>\$ 55</u>	0.500

2) Deposits from banks

	<b>For the Six Months Ended June 30</b>			
	<b>2021</b>		<b>2020</b>	
	<b>Ending Balance</b>	<b>Interest Expense</b>	<b>Ending Balance</b>	<b>Interest Expense</b>
Main management	\$ 269,676	\$ 614	\$ 322,741	\$ 1,402
Others				
Tamshui First Credit Bank	25,227,974	88,662	23,942,977	103,351
The Fifth Credit Cooperation of Taipei	6,603,526	22,426	-	-
Others	<u>22,396</u>	<u>-</u>	<u>54,428</u>	<u>14</u>
	<u>\$ 32,123,572</u>	<u>\$ 111,702</u>	<u>\$ 24,320,146</u>	<u>\$ 104,767</u>

3) Call loans from banks

	<b>Highest Balance</b>	<b>Ending Balance</b>	<b>Interest Revenue</b>	<b>Interest Rate (%)</b>
<u>For the six months ended June 30, 2021</u>				
Others	\$ <u>559,880</u>	\$ <u>-</u>	\$ <u>3</u>	0.100-0.110

4) Loans

	<b>Highest Balance</b>	<b>Ending Balance</b>	<b>Interest Revenue</b>	<b>Interest Rate (%)</b>
<u>For the six months ended June 30, 2021</u>				
Main management	\$ 368,867	\$ 306,751	\$ 1,765	0.995-1.530
Others	<u>1,177,199</u>	<u>158,309</u>	<u>948</u>	0.100-1.990
	<u>\$ 1,546,066</u>	<u>\$ 465,060</u>	<u>\$ 2,713</u>	
<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>	

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.

5) Deposits

	<b>Ending Balance</b>	<b>Interest Expense</b>	<b>Interest Rate (%)</b>
<u>For the six months ended June 30, 2021</u>			
Associates	\$ 136,279	\$ 17	0-0.040
Main management	700,779	4,550	0-13.000
Others	<u>21,003,318</u>	<u>13,704</u>	0-13.000
	<u>\$ 21,840,376</u>	<u>\$ 18,271</u>	
<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>	

	June 30, 2021	December 31, 2020	June 30, 2020
6) Accrued income (part of receivables)			
Others	\$ <u>23,865</u>	\$ <u>32,487</u>	\$ <u>37,866</u>
7) Accrued interest (part of receivables)			
Others	\$ <u>56</u>	\$ <u>4</u>	\$ <u>-</u>
8) Receivable on securities (part of receivables)			
Others	\$ <u>-</u>	\$ <u>-</u>	\$ <u>6,056</u>
9) Payable on securities (part of payables)			
Others	\$ <u>2,990</u>	\$ <u>9,286</u>	\$ <u>2,086</u>
		<b>For the Six Months Ended June 30</b>	
		<b>2021</b>	<b>2020</b>
10) Service fee income (part of service fee and commission income, net)			
Main management		\$ 290	\$ 190
Others		<u>172,720</u>	<u>221,933</u>
		<u>\$ 173,010</u>	<u>\$ 222,123</u>
11) Service charge (part of service fee and commission income, net)			
Main management		\$ 67	\$ 45
Others		<u>-</u>	<u>1</u>
		<u>\$ 67</u>	<u>\$ 46</u>
12) Other income (part of other noninterest gain, net)			
Others		\$ <u>-</u>	\$ <u>113</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.



### 13) Derivatives

For the Six Months Ended June 30, 2021						
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 Senior Emerging Market Bond Fund	Currency swap	2021.05.21-2021.08.31	US\$ 7,100	\$ 538	Financial assets at fair value through profit or loss	\$ 538
	Currency swap	2021.02.26-2021.08.31	US\$ 6,650	(1,519)	Financial liabilities at fair value through profit or loss	(1,519)
Other - TCB 6 Year Emerging Market Bond Fund	Currency swap	2021.02.23-2021.07.23	US\$ 22,450	(7,082)	Financial liabilities at fair value through profit or loss	(7,082)
Other - TCB 2023 Maturity Selective Emerging Market Bond Fund	Currency swap	2020.11.27-2021.11.29	US\$ 7,200	3,472	Financial liabilities at fair value through profit or loss	(6,662)
Other - TCB Global High Yield Bond Fund	Currency swap	2021.03.09-2021.10.21	US\$ 6,200	589	Financial assets at fair value through profit or loss	589
	Currency swap	2020.12.31-2021.10.29	US\$ 14,230	(1,387)	Financial liabilities at fair value through profit or loss	(1,407)
Other - TCB US Short Duration High Yield Bond Fund	Currency swap	2021.06.15-2021.08.16	US\$ 15,200	2,378	Financial assets at fair value through profit or loss	2,378
	Currency swap	2021.04.19-2021.07.19	US\$ 21,500	(5,956)	Financial liabilities at fair value through profit or loss	(5,956)
Other - TCB Fund of Emerging Markets Bond Fund	Currency swap	2021.05.28-2021.08.31	US\$ 4,620	207	Financial assets at fair value through profit or loss	207
Other - TCB 6 Year ESG Emerging Market Bond Fund	Currency swap	2021.05.20-2021.09.30	US\$ 42,800	1,068	Financial assets at fair value through profit or loss	1,068
	Currency swap	2021.04.28-2021.07.28	US\$ 2,000	(462)	Financial liabilities at fair value through profit or loss	(462)
Other - TCB 2026 Maturity Senior Emerging Market Corporate Bond Fund	Currency swap	2021.06.08-2022.06.08	US\$ 1,150	428	Financial assets at fair value through profit or loss	428
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

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	
	2021	2020
Financial assets and liabilities at fair value through profit or loss		
Others	\$ (98,101)	\$ 44,276

#### 14) Loans

##### June 30, 2021

Type	Account Volume or Name	Highest Balance in the Six Months Ended June 30, 2021 (Note 1)	Ending Balance	Loan Classification		Collaterals	Differences in Terms of Transaction Compared with Those for Unrelated Parties
				Normal Loans	Nonperforming Loans		
Consumer loans	87	\$ 219,281	\$ 172,263	\$ 172,263	\$ -	Note 2	None
Self-used housing mortgage loans	53	326,785	230,797	230,797	-	Land and buildings	None
Other loans	Other	62,000	62,000	62,000	-	Certificates of deposit	None

##### 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

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, 2021	December 31, 2020	June 30, 2020
Subsidiary	\$ 709,430	\$ 628,687	\$ 543,841

b) Call loans to banks

	<b>Highest Balance</b>	<b>Ending Balance</b>	<b>Interest Revenue</b>	<b>Interest Rate (%)</b>
For the six months ended <u>June 30, 2021</u>				
Subsidiary	\$ 6,962,609	\$ 1,335,908	\$ 1,776	0.010-0.500
Sister companies	5,255,990	4,205,790	5,002	0.190-0.400
Others	<u>2,430,700</u>	<u>1,394,750</u>	<u>1,179</u>	0.180-0.290
	<u>\$ 14,649,299</u>	<u>\$ 6,936,448</u>	<u>\$ 7,957</u>	
For the six months ended <u>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>	

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

	<b>Highest Balance</b>	<b>Ending Balance</b>	<b>Interest Revenue</b>	<b>Interest Rate (%)</b>
For the six months ended <u>June 30, 2021</u>				
Sister company TCS	<u>\$ 286,140</u>	<u>\$ -</u>	<u>\$ 335</u>	0.330-0.370
For the six months ended <u>June 30, 2020</u>				
Sister company TCS	<u>\$ 304,630</u>	<u>\$ 294,500</u>	<u>\$ 1,862</u>	0.450-2.480

d) Deposits from banks

	<b>For the Six Months Ended June 30</b>			
	<b>2021</b>		<b>2020</b>	
	<b>Ending Balance</b>	<b>Interest Expense</b>	<b>Ending Balance</b>	<b>Interest Expense</b>
Subsidiary	\$ 24	\$ -	\$ 23	\$ -
Main management	269,676	614	322,741	1,402
Others				
Tamshui First Credit Bank	25,227,974	88,662	23,942,977	103,351
The Fifth Credit Cooperation of Taipei	6,603,526	22,426	-	-
Others	<u>22,396</u>	<u>-</u>	<u>54,428</u>	<u>14</u>
	<u>\$ 32,123,596</u>	<u>\$ 111,702</u>	<u>\$ 24,320,169</u>	<u>\$ 104,767</u>

e) Call loans from banks

	<b>Highest Balance</b>	<b>Ending Balance</b>	<b>Interest Revenue</b>	<b>Interest Rate (%)</b>
For the six months ended <u>June 30, 2021</u>				
Subsidiary	\$ 523,963	\$ -	\$ 7	0.020-0.050
Others	<u>559,880</u>	<u>-</u>	<u>3</u>	0.100-0.110
	<u>\$ 1,083,843</u>	<u>\$ -</u>	<u>\$ 10</u>	

f) Loans

	<b>Highest Balance</b>	<b>Ending Balance</b>	<b>Interest Revenue</b>	<b>Interest Rate (%)</b>
For the six months <u>ended June 30, 2021</u>				
Subsidiary	\$ 6,090,935	\$ 4,488,022	\$ 12,634	0.900
Sister companies	1,000,000	-	-	-
Main management	368,867	306,751	1,765	0.995-1.530
Others	<u>1,177,199</u>	<u>158,309</u>	<u>948</u>	0.100-1.990
	<u>\$ 8,637,001</u>	<u>\$ 4,953,082</u>	<u>\$ 15,347</u>	
For the six months <u>ended June 30, 2020</u>				
				2.265
Sister companies	\$ 1,000,000	\$ -	\$ -	0.995-1.600
Main management	325,196	254,627	1,535	0.100-1.990
Others	<u>1,120,755</u>	<u>114,501</u>	<u>1,066</u>	
	<u>\$ 2,445,951</u>	<u>\$ 369,128</u>	<u>\$ 2,601</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.

g) Deposits

	<b>Ending Balance</b>	<b>Interest Expense</b>	<b>Interest Rate (%)</b>
For the six months ended <u>June 30, 2021</u>			
Parent company	\$ 192,245	\$ 14	0-0.040
Sister companies	4,155,167	2,235	0-1.035
Associates	136,279	17	0-0.040
Main management	700,779	4,550	0-13.000
Others	<u>21,003,318</u>	<u>13,704</u>	0-13.000
	<u>\$ 26,187,788</u>	<u>\$ 20,520</u>	

	<b>Ending Balance</b>	<b>Interest Expense</b>	<b>Interest Rate (%)</b>
For the six months ended <u>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>	

h) Receivable on securities (part of receivables)

	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Sister company TCS	<u>\$ 136,875</u>	<u>\$ 16,849</u>	<u>\$ 1,087,417</u>

i) Tax receivable - consolidated tax return (part of current tax assets)

	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Parent company	<u>\$ 2,097,250</u>	<u>\$ 2,100,191</u>	<u>\$ 1,675,756</u>

j) Payable on securities (part of payables)

	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Sister company TCS	<u>\$ 40,480</u>	<u>\$ 49,086</u>	<u>\$ 1,638,555</u>

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

	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Parent company	<u>\$ 450,883</u>	<u>\$ -</u>	<u>\$ 28,412</u>

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

	<b>For the Six Months Ended June 30</b>	
	<b>2021</b>	<b>2020</b>
Sister companies		
BPCTLI	\$ 315,582	\$ 315,478
Others	21,062	17,772
Main management	290	190
Others	<u>11,429</u>	<u>12,105</u>
	<u><u>\$ 348,363</u></u>	<u><u>\$ 345,545</u></u>

m) Lease agreements - TCB is lessor

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

i. Future lease payment receivables was as follows:

	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Parent company	\$ 26,920	\$ 42,101	\$ 55,027
Sister companies			
TCS	147,910	179,478	145,515
BPCTLI	6,291	13,387	20,483
TCBF	15,405	28,610	24,208
Others	<u>21,371</u>	<u>28,037</u>	<u>34,510</u>
	<u><u>\$ 217,897</u></u>	<u><u>\$ 291,613</u></u>	<u><u>\$ 279,743</u></u>

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

	<b>For the Six Months Ended June 30</b>	
	<b>2021</b>	<b>2020</b>
Parent company	\$ 12,024	\$ 12,024
Sister companies		
TCS	21,518	22,048
BPCTLI	6,815	6,819
Others	<u>10,577</u>	<u>10,763</u>
	<u><u>\$ 50,934</u></u>	<u><u>\$ 51,654</u></u>

n) Derivatives

For the Six Months Ended June 30, 2021							
Related Party	Type of Derivatives	Contract Period	Nominal Amounts	Valuation Gain (Loss)	Amounts on the Balance Sheet		
					Account	Amounts	
Sister company - BPCTLI	Currency swap	2020.12.31-2021.01.19	EUR 7,856	\$ (9,613)	Financial liabilities at fair value through profit or loss	\$ (8,703)	
	Currency swap	2021.05.28-2021.08.31	US\$ 56,563	4,344	Financial assets at fair value through profit or loss	4,344	
	Currency swap	2021.01.11-2022.03.31	US\$ 63,792	(7,394)	Financial liabilities at fair value through profit or loss	(7,394)	
Other - TCB 6 Year ESG Senior Emerging Market Bond Fund	Currency swap	2021.05.21-2021.08.31	US\$ 7,100	538	Financial assets at fair value through profit or loss	538	
	Currency swap	2021.02.26-2021.08.31	US\$ 6,650	(1,519)	Financial liabilities at fair value through profit or loss	(1,519)	
Other - TCB 6 Year Emerging Market Bond Fund	Currency swap	2021.02.23-2021.07.23	US\$ 22,450	(7,082)	Financial liabilities at fair value through profit or loss	(7,082)	
Other - TCB 2023 Maturity Selective Emerging Market Bond Fund	Currency swap	2020.11.27-2021.11.29	US\$ 7,200	(3,472)	Financial liabilities at fair value through profit or loss	(6,662)	
Other - TCB Global High Yield Bond Fund	Currency swap	2021.03.09-2021.10.21	US\$ 6,200	589	Financial assets at fair value through profit or loss	589	
	Currency swap	2020.12.31-2021.10.29	US\$ 14,230	(1,387)	Financial liabilities at fair value through profit or loss	(1,407)	
Other - TCB US Short Duration High Yield Bond Fund	Currency swap	2021.06.15-2021.08.16	US\$ 15,200	2,378	Financial assets at fair value through profit or loss	2,378	
	Currency swap	2021.04.19-2021.07.19	US\$ 21,500	(5,956)	Financial liabilities at fair value through profit or loss	(5,956)	
Other - TCB Fund of Emerging Markets Bond Fund	Currency swap	2021.05.28-2021.08.31	US\$ 4,620	207	Financial assets at fair value through profit or loss	207	
Other - TCB 6 Year ESG Emerging Market Bond Fund	Currency swap	2021.05.20-2021.09.30	US\$ 42,800	1,068	Financial assets at fair value through profit or loss	1,068	
	Currency swap	2021.04.28-2021.07.28	US\$ 2,000	(462)	Financial liabilities at fair value through profit or loss	(462)	
Other - TCB 2026 Maturity Senior Emerging Market Corporate Bond Fund	Currency swap	2021.06.08-2022.06.08	US\$ 1,150	428	Financial assets at fair value through profit or loss	428	
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 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	

(Continued)

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	
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

(Concluded)

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			2021	2020
Financial assets and liabilities at fair value through profit or loss				
Sister companies				
BPCTLI			\$ (16,463)	\$ (8,326)
Others			<u>(98,101)</u>	<u>44,276</u>
			<u>\$ (114,564)</u>	<u>\$ 35,950</u>

o) Loans

June 30, 2021

Type	Account Volume or Name	Highest Balance in the Period Ended June 30, 2021 (Note 1)	Ending Balance	Loan Classification		Collaterals	Differences in Terms of Transaction Compared with Those for Unrelated Parties
				Normal Loans	Nonperforming Loans		
Consumer loans	87	\$ 219,281	\$ 172,263	\$ 172,263	\$ -	Note 2	None
Self-used housing mortgage loans	53	326,785	230,797	230,797	-	Land and buildings	None
Other	TCS	1,000,000	-	-	-	Bonds	None
	United Taiwan Bank S.A.	6,090,935	4,488,022	4,488,022	-	None	None
	Others	62,000	62,000	62,000	-	Certificates of deposit	None

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



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) Settlement payments (part of other current assets)

	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Sister companies	\$ <u>643,361</u>	\$ <u>80,228</u>	\$ <u>128,709</u>

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

	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Sister companies	\$ <u>23,474</u>	\$ <u>473,856</u>	\$ <u>-</u>

c) Settlement receivable (part of receivables)

	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Sister companies	\$ 40,480	\$ 49,086	\$ 575,925
Others	<u>-</u>	<u>-</u>	<u>6,056</u>
	\$ <u>40,480</u>	\$ <u>49,086</u>	\$ <u>581,981</u>

d) Settlement payable (part of payables)

	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Sister companies	\$ 136,875	\$ 16,849	\$ 139,352
Others	<u>2,990</u>	<u>15,187</u>	<u>2,086</u>
	\$ <u>139,865</u>	\$ <u>32,036</u>	\$ <u>141,438</u>

e) TCS applied to TCB for call loans

<b>For the Six Months Ended June 30, 2021</b>				
<b>Related Party</b>	<b>Highest Balance</b>	<b>Ending Balance</b>	<b>Interest Expense</b>	<b>Interest Rate (%)</b>
Sister companies				
TCB	\$ <u>285,050</u>	\$ <u>-</u>	\$ <u>335</u>	0.330-0.370
<b>For the Six Months Ended June 30, 2020</b>				
<b>Related Party</b>	<b>Highest Balance</b>	<b>Ending Balance</b>	<b>Interest Expense</b>	<b>Interest Rate (%)</b>
Sister companies				
TCB	\$ <u>302,500</u>	\$ <u>296,300</u>	\$ <u>1,860</u>	0.450-2.480

f) 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	\$ -	\$ -	\$ -

- g) 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, 2021, December 31, 2020 and June 30, 2020, TCS had no borrowing and overdraft. The overdraft for the six months ended June 30, 2021 and 2020 were as follows:

	For the Six Months Ended June 30, 2021			
	Highest Balance	Ending Balance	Interest Expense	Interest Rate (%)
Sister companies	\$ 1,000,000	\$ -	\$ -	-

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

h) Lease agreements - TCS is lessee

i. Right-of-use assets, net

	June 30, 2021	December 31, 2020	June 30, 2020
Sister companies			
TCB	\$ 142,591	\$ 163,190	\$ 130,195

ii. Lease liabilities

	June 30, 2021	December 31, 2020	June 30, 2020
Sister companies	\$ 144,629	\$ 164,752	\$ 131,561

iii. Interest expense

	For the Six Months Ended June 30	
	2021	2020
Sister companies	\$ 1,395	\$ 1,018

iv. Depreciation expense

	For the Six Months Ended June 30	
	2021	2020
Sister companies	\$ <u>20,605</u>	\$ <u>20,546</u>

3) Taiwan Cooperative Bills Finance Corporation Ltd.

a) Cash in bank

	Highest Balance	Ending Balance	Interest Expense	Interest Rate (%)
For the six months ended June 30, 2021				
Sister companies	\$ <u>205,764</u>	\$ <u>40,384</u>	\$ <u>8</u>	0.010-0.815
For the six months ended June 30, 2020				
Sister companies	\$ <u>193,103</u>	\$ <u>41,228</u>	\$ <u>6</u>	0.010-0.815

b) Call loans from banks

	Highest Balance	Ending Balance	Interest Expense	Interest Rate (%)
For the six months ended June 30, 2021				
Sister companies	\$ <u>5,255,990</u>	\$ <u>4,205,790</u>	\$ <u>5,002</u>	0.190-0.400
For the six months ended June 30, 2020				
Sister companies	\$ <u>6,200,000</u>	\$ <u>5,850,000</u>	\$ <u>10,099</u>	0.280-0.570

c) Securities sold under repurchase agreement

	Ending Balance	Interest Expense	Interest Rate (%)
For the six months ended June 30, 2021			
Sister companies	\$ <u>754,463</u>	\$ <u>759</u>	0.190-0.230
For the six months ended June 30, 2020			
Sister companies	\$ <u>2,314,168</u>	\$ <u>3,403</u>	0.280-0.570

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)

	<b>June 30, 2021</b>		<b>December 31, 2020</b>		<b>June 30, 2020</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
Sister company						
TCB	<u>\$ 3,534,779</u>	<u>52</u>	<u>\$ 4,031,405</u>	<u>64</u>	<u>\$ 2,505,466</u>	<u>37</u>

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

	<b>For the Six Months Ended June 30, 2021</b>		
	<b>Purchased Securities (Note)</b>	<b>Securities Purchase Under Resell Agreement</b>	
		<b>Amount</b>	<b>Rate (%)</b>
Sister company			
TCBF	<u>\$ 3,723,668</u>	<u>\$ 754,463</u>	0.190-0.230

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

Note: The amount includes securities purchased under resell agreements.

- c) Payables

	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Sister company			
TCB	<u>\$ 100,791</u>	<u>\$ 112,738</u>	<u>\$ 67,153</u>

- d) Dividends payable

	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Parent company	\$ 196,526	\$ -	\$ 161,065
Associates	<u>188,819</u>	<u>-</u>	<u>154,749</u>
	<u>\$ 385,345</u>	<u>\$ -</u>	<u>\$ 315,814</u>

e) Derivatives

For the six months ended June 30, 2021

Type of Derivatives	Related Party	Contract Period	Nominal Amounts	Valuation Gain (Loss)	Amounts on the Balance Sheet	
					Account	Amounts
Currency swap	Sister company TCB	2021.01.11-2022.03.31	US\$ 63,792	\$ 9,152	Financial assets at fair value through profit or loss	\$ 9,152
		2021.05.28-2021.08.31	US\$ 56,563	(3,502)	Financial liabilities at fair value through profit or loss	(3,502)
		2020.12.31-2022.01.19	EUR 7,856	9,558	Financial assets at fair value through profit or loss	9,055
	Associates - Banque Nationale De Paris, Taipei Branch	2019.06.28-2023.06.26	US\$ 82,751	15,039	Financial assets at fair value through profit or loss	107,401
		2021.06.11-2024.06.11	US\$ 20,509	(1,923)	Financial liabilities at fair value through profit or loss	(1,923)
		2021.02.19-2022.02.22	EUR 4,827	3,293	Financial assets at fair value through profit or loss	3,293

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

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, 2021 and 2020, the realized gains or losses on currency swaps with sister companies were \$16,463 thousand gains and \$9,509 thousand gains, respectively. Besides, the realized gains or losses on currency swaps with affiliates were \$82,018 thousand gains and \$24,776 thousand gains, 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, 2021, December 31, 2020 and June 30, 2020, the BPCTLI had refundable deposits of \$109,317 thousand, \$119,693 thousand and \$95,641 thousand, respectively.

f) Operating expenses - insurance contract expenses

	For the Six Months Ended June 30	
	2021	2020
Sister company		
TCB	<u>\$ 310,654</u>	<u>\$ 313,892</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) Taiwan Cooperative Securities Investment Trust Co., Ltd.

	<b>For the Six Months Ended June 30</b>	
	<b>2021</b>	<b>2020</b>
Management fee income		
Sister company	\$ -	\$ 501
Others	<u>160,704</u>	<u>209,420</u>
	<u>\$ 160,704</u>	<u>\$ 209,921</u>

6) Taiwan Cooperative Venture Capital Co., Ltd.

	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Cash in banks			
TCB	<u>\$ 55,641</u>	<u>\$ 33,891</u>	<u>\$ 119,952</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, 2021 and 2020, are summarized as follows:

	<b>For the Six Months Ended June 30</b>	
	<b>2021</b>	<b>2020</b>
Salaries and other short-term employment benefits	\$ 95,943	\$ 84,475
Post-employment benefits	2,018	2,644
Interest arising from the employees' preferential rate in excess of normal rates	<u>836</u>	<u>964</u>
	<u>\$ 98,797</u>	<u>\$ 88,083</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:

	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Collaterals for call loans of foreign currency	\$ 40,000,000	\$ 40,000,000	\$ 40,000,000
Collaterals for domestic overdraft	31,400,000	31,400,000	31,600,000
Collaterals for overdraft of domestic U.S. dollar settlement	11,000,000	11,000,000	11,000,000
Collaterals for overdraft of domestic RMB settlement	1,294,800	1,297,500	2,292,950
Guarantee deposits for provisional collateral seizure for loan defaults and others	1,032,200	1,069,700	1,110,200

(Continued)

	June 30, 2021	December 31, 2020	June 30, 2020
Guarantee deposits for the insurance operation	\$ 1,035,000	\$ 1,035,000	\$ 1,010,000
Collaterals for overdraft of domestic JPY settlement	500,000	500,000	500,000
Overseas branches' capital adequate reserve	364,070	366,740	384,353
Guarantee deposits for securities operation	355,000	355,000	355,000
Guarantee deposits for the bills finance business	293,900	293,900	278,100
Guarantee deposits for the trust business compensation reserve	290,000	280,000	280,000
Collaterals for overseas branch U.S. dollar settlement	40,936	42,628	48,631
Collaterals for overseas branch KHR settlement	4,849	8,901	42,888
Overseas branches' guarantee deposits for operation	5,579	5,620	5,890
Guarantee deposits for the reaccommodations by CBC	30,000,000	-	-
Others	<u>90,000</u>	<u>90,000</u>	<u>90,000</u>
	<u>\$ 117,706,334</u>	<u>\$ 87,744,989</u>	<u>\$ 88,998,012</u> (Concluded)

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, 2021, December 31, 2020 and June 30, 2020. 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	Outstanding Balance Loan	Collateral Value
June 30, 2021	<u>\$ 310,950</u>	<u>\$ 225,321</u>
December 31, 2020	<u>\$ 283,691</u>	<u>\$ 203,103</u>
June 30, 2020	<u>\$ 278,758</u>	<u>\$ 187,083</u>

- c. As of June 30, 2021, TCB had pledged \$75,000,000 thousand to deposit reserve account B in accordance with the Central Bank's project financing regulations in response to the epidemic.
- d. As of June 30, 2021, due to the KHR loans borrowed from the National Bank of Cambodia, up to US\$81,923 thousand in TCB's Phnom Penh Branch's due from the Central Bank were provided as collateral to the National Bank of Cambodia in accordance with the relevant regulations.

#### 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, 2021, TCFHC's outstanding major construction and procurement contracts amounted to \$168,750 thousand, of which \$61,020 thousand was still unpaid.

b. Taiwan Cooperative Bank, Ltd.

1) As of June 30, 2021, TCB's outstanding major construction and procurement contracts amounted to \$190,767 thousand, of which \$142,891 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, 2021, the commitments or contingencies arose from business were as follows:

	<b>June 30, 2021</b>
Guarantees of commercial paper	<u>\$ 32,478,800</u>
Purchase of reference-rate commercial paper	<u>\$ 7,431,000</u>

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

1) As of June 30, 2021, TCS's agreements on the house decoration project and acquisition equipment amounted to \$18,057 thousand, of which \$8,899 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 and prosecute for damage. 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. 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 Supreme Court ruled that the appeal was dismissed and TCS won the case on June 10, 2021. TCS has reversed loss of \$2,435 thousand on the case.



#### 44. FINANCIAL INSTRUMENTS

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

	<b>June 30, 2021</b>		<b>December 31, 2020</b>		<b>June 30, 2020</b>	
	<b>Carrying Amount</b>	<b>Estimated Fair Value</b>	<b>Carrying Amount</b>	<b>Estimated Fair Value</b>	<b>Carrying Amount</b>	<b>Estimated Fair Value</b>
<u>Financial assets</u>						
Investments in debt instruments at amortized cost	\$ 714,100,928	\$ 719,589,735	\$ 728,266,474	\$ 735,468,885	\$ 613,679,809	\$ 620,082,282
<u>Financial liabilities</u>						
Bonds payable	71,100,000	71,547,861	71,600,000	73,279,402	68,200,000	70,091,337

Fair value hierarchy as at June 30, 2021, December 31, 2020 and June 30, 2020:

June 30, 2021

	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<u>Financial assets</u>				
Investments in debt instruments at amortized cost	\$ 719,589,735	\$ 8,503,158	\$ 711,086,577	\$ -
<u>Financial liabilities</u>				
Bonds payable	71,547,861	-	71,547,861	-

December 31, 2020

	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<u>Financial assets</u>				
Investments in debt instruments at amortized cost	\$ 735,468,885	\$ 10,426,186	\$ 725,042,699	\$ -
<u>Financial liabilities</u>				
Bonds payable	73,279,402	-	73,279,402	-

June 30, 2020

	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<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	-

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 0.4659% and 0.6006%, between 0.4977% and 0.6913%, between 0.5683% and 0.7225% as of June 30, 2021, December 31, 2020 and June 30, 2020, 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 40% and for minority interest at 10% on June 30, 2021, December 31, 2020 and June 30, 2020. 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, 2021	December 31, 2020	June 30, 2020
Discount for lack of marketability			
Increase 10%	\$ (1,283,091)	\$ (1,007,807)	\$ (867,005)
Decrease 10%	\$ 1,283,091	\$ 1,007,807	\$ 867,005
Discount for minority interest			
Increase 10%	\$ (20,824)	\$ (20,012)	\$ (240)
Decrease 10%	\$ 20,824	\$ 20,012	\$ 240

- c. The fair value hierarchy of the Company's financial instruments measured at fair value on a recurring basis as of June 30, 2021, December 31, 2020 and June 30, 2020 were as follows:

1) Fair Value Hierarchy

Financial Instruments Measured at Fair Value	June 30, 2021			
	Total	Level 1	Level 2	Level 3
<u>Non-derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at FVTPL				
Equity instruments	\$ 3,544,975	\$ 2,362,901	\$ 724	\$ 1,181,350
Debt instruments	4,263,074	2,300,651	1,952,423	10,000
Others	98,176,238	5,082,305	92,980,185	113,748
Financial assets at FVTOCI				
Equity instruments	52,552,846	44,512,374	-	8,040,472
Debt instruments	410,141,826	33,106,416	377,035,410	-
<u>Liabilities</u>				
Financial liabilities at FVTPL	(617,321)	(617,166)	(155)	-
<u>Derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at FVTPL	1,283,669	314,320	969,349	-
<u>Liabilities</u>				
Financial liabilities at FVTPL	(1,573,326)	-	(1,573,326)	-

Financial Instruments Measured at Fair Value	December 31, 2020			
	Total	Level 1	Level 2	Level 3
<u>Non-derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at FVTPL				
Equity instruments	\$ 2,779,845	\$ 1,546,561	\$ 8,354	\$ 1,224,930
Debt instruments	3,497,307	953,718	2,533,589	10,000
Others	70,687,475	5,659,247	64,862,088	166,140
Financial assets at FVTOCI				
Equity instruments	23,637,707	17,514,458	-	6,123,249
Debt instruments	405,498,347	46,913,676	358,584,671	-
<u>Liabilities</u>				
Financial liabilities at FVTPL	(410,523)	(410,521)	(2)	-
<u>Derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at FVTPL	1,765,936	296,381	1,469,555	-
<u>Liabilities</u>				
Financial liabilities at FVTPL	(4,421,975)	-	(4,421,975)	-
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)	-

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

<b>Financial Assets</b>	<b>Financial assets at FVTPL</b>	<b>Investment in Equity Instruments at FVTOCI</b>	<b>Total</b>
Balance at January 1, 2021	\$ 1,401,070	\$ 6,123,249	\$ 7,524,319
Recognized in profit	(39,996)	-	(39,996)
Recognized in OCI (included in unrealized valuation gain or loss on investment in equity instruments at FVTOCI)	-	1,917,223	1,917,223
Purchases	110,867	-	110,867
Disposals	(23,445)	-	(23,445)
Transferred out of Level 3	<u>(143,398)</u>	<u>-</u>	<u>(143,398)</u>
Balance at June 30, 2021	<u>\$ 1,305,098</u>	<u>\$ 8,040,472</u>	<u>\$ 9,345,570</u>
Balance at January 1, 2020	\$ 976,177	\$ 5,416,359	\$ 6,392,536
Recognized in profit	169,574	-	169,574
Recognized in OCI (included in unrealized valuation gain or loss on investment in equity instruments at FVTOCI)	-	101,196	101,196
Purchases	327,769	-	327,769
Disposals	(170,569)	-	(170,569)
Transferred to 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>

The change in unrealized gains for the six months ended June 30, 2021 and 2020 included in profit or loss for assets held at the June 30, 2021 and 2020, respectively, was \$218,646 thousand and \$102,256 thousand.

d. 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's 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 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.

### Effect of interest rate benchmark reform

TCB and its subsidiary's non-derivative financial assets are exposed to LIBOR which is subject to interest rate benchmark reform. TCB and its subsidiary established a LIBOR transition project plan. This transition project is considering risk management policy adjustment, internal procedures modification, information system update, financial instrument valuation model adjustment and related issues of accounting and taxation. TCB and its subsidiary has started to discuss the modification of contracts with the counterparties in the financial instrument transactions and expect to accomplish modification before interest rate transition.

The following table contains details of non-derivative financial instruments held by the Company at June 30, 2021 which are subject to the reform and have not transitioned to an alternative benchmark interest rate:

	<b>Carrying Amount</b>
Financial assets that reference USD LIBOR	
Financial assets at FVTOCI	\$ 446,320
Discounts and loans	<u>58,044,602</u>
	<u>\$ 58,490,922</u>
Financial assets that reference JPY LIBOR	
Discounts and loans	<u>\$ 389,660</u>
Financial assets that reference EUR LIBOR	
Discounts and loans	<u>\$ 622,057</u>

#### 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 but less than 90 days.

ii) Qualitative benchmark

- Borrower or its representative suffered from dishonored check due to insufficient funds.
- Borrower or its 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, 2021.

#### 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, 2021.

#### 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, 2020 and 2019 is as follows:

<b>Probability of Default</b>	
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, 2021

	<b>Gross Carrying Amount</b>	<b>Allowance for Possible Losses</b>	<b>Total Exposure Amount (Amortized Cost)</b>	<b>Fair Value of Collateral</b>
<u>Impaired financial assets</u>				
Receivables	\$ 172,524	\$ 70,215	\$ 102,309	\$ -
Discount and loans	39,228,364	4,119,830	35,108,534	96,803,474

#### December 31, 2020

	<b>Gross Carrying Amount</b>	<b>Allowance for Possible Losses</b>	<b>Total Exposure Amount (Amortized Cost)</b>	<b>Fair Value of Collateral</b>
<u>Impaired financial assets</u>				
Receivables	\$ 169,402	\$ 70,631	\$ 98,771	\$ -
Discount and loans	41,068,145	5,304,254	35,763,891	108,780,377

June 30, 2020

	<b>Gross Carrying Amount</b>	<b>Allowance for Possible Losses</b>	<b>Total Exposure Amount (Amortized Cost)</b>	<b>Fair Value of Collateral</b>
Impaired financial assets				
Receivables	\$ 180,417	\$ 69,519	\$ 110,898	\$ -
Discount and loans	36,160,193	5,706,501	30,453,692	99,917,433

The total amount of financial assets that have been written off but have recourse action by TCB and its subsidiary in June 30, 2021, December 31, 2020 and June 30, 2020 were \$8,249,829 thousand, \$7,793,168 thousand and \$7,464,218 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:

<b>Credit Risk Profile by Group or Industry</b>	<b>June 30, 2021</b>		<b>December 31, 2020</b>		<b>June 30, 2020</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
Natural person	\$ 937,378,845	39	\$ 912,721,994	40	\$ 895,036,733	40
Manufacturing	428,591,292	18	415,971,331	18	409,303,970	18

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, 2021	December 31, 2020	June 30, 2020
Financial assets at fair value through profit or loss - debt instrument	\$ 1,926,959	\$ 1,987,618	\$ 1,826,286

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, 2021			Difference of Impairment Loss under "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	Total
	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired Financial Assets)		
Maximum exposures to credit risk	\$ 284,086,032	\$ 44,840	\$ 1,459,350	\$ -	\$ 285,590,222
Allowance for possible losses	(650,647)	(85)	(196,333)	-	(847,065)
Difference of impairment loss under "Regulations Governing the Procedure for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	-	-	-	(484,152)	(484,152)
	<u>\$ 283,435,385</u>	<u>\$ 44,755</u>	<u>\$ 1,263,017</u>	<u>\$ (484,152)</u>	<u>\$ 284,259,005</u>
	December 31, 2020			Difference of Impairment Loss under "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	Total
	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired Financial Assets)		
Maximum exposures to credit risk	\$ 267,817,361	\$ 10,894	\$ 579,956	\$ -	\$ 268,408,211
Allowance for possible losses	(761,139)	(84)	(56,788)	-	(818,011)
Difference of impairment loss under "Regulations Governing the Procedure for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	-	-	-	(601,967)	(601,967)
	<u>\$ 267,056,222</u>	<u>\$ 10,810</u>	<u>\$ 523,168</u>	<u>\$ (601,967)</u>	<u>\$ 266,988,233</u>

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>

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, 2021					
	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	\$ 2,391,691,132	\$ 6,127,642	\$ 39,228,364	\$ -	\$ 2,437,047,138
Allowance for possible losses	(3,941,066)	(92,025)	(4,119,830)	-	(8,152,921)
Impairment recognized under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans”	-	-	-	(21,232,811)	(21,232,811)
	<u>\$ 2,387,750,066</u>	<u>\$ 6,035,617</u>	<u>\$ 35,108,534</u>	<u>\$ (21,232,811)</u>	<u>\$ 2,407,661,406</u>



December 31, 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	\$ 2,260,676,252	\$ 2,802,802	\$ 41,068,145	\$ -	\$ 2,304,547,199
Allowance for possible losses	(3,903,935)	(19,762)	(5,304,254)	-	(9,227,951)
Impairment recognized under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans”	-	-	-	(19,945,273)	(19,945,273)
	<u>\$ 2,256,772,317</u>	<u>\$ 2,783,040</u>	<u>\$ 35,763,891</u>	<u>\$ (19,945,273)</u>	<u>\$ 2,275,373,975</u>
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>

b) Credit quality analysis of receivables

	June 30, 2021					
	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	\$ 13,098,639	\$ 41,871	\$ 172,524	\$ 2,208,807	\$ -	\$ 15,521,841
Allowance for possible losses	(37,823)	(10,014)	(70,215)	(187,941)	-	(305,993)
Impairment recognized under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans”	-	-	-	-	(162,169)	(162,169)
	<u>\$ 13,060,816</u>	<u>\$ 31,857</u>	<u>\$ 102,309</u>	<u>\$ 2,020,866</u>	<u>\$ (162,169)</u>	<u>\$ 15,053,679</u>
	December 31, 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	\$ 14,394,742	\$ 46,627	\$ 169,402	\$ 2,303,414	\$ -	\$ 16,914,185
Allowance for possible losses	(33,571)	(12,978)	(70,631)	(421,178)	-	(538,358)
Impairment recognized under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans”	-	-	-	-	(163,955)	(163,955)
	<u>\$ 14,361,171</u>	<u>\$ 33,649</u>	<u>\$ 98,771</u>	<u>\$ 1,882,236</u>	<u>\$ (163,955)</u>	<u>\$ 16,211,872</u>

	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)
	\$ 13,152,024	\$ 39,530	\$ 110,898	\$ 4,029,253	\$ (133,467)	\$ 17,198,238

c) Credit quality analysis of securities

June 30, 2021				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Investments in debt instruments at FVTOCI				
Gross carrying amount	\$ 355,794,536	\$ -	\$ -	\$ 355,794,536
Allowance for possible losses	(106,863)	-	-	(106,863)
Amortized cost	355,687,673	-	-	355,687,673
Fair value adjustments	5,972,804	-	-	5,972,804
	<u>\$ 361,660,477</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 361,660,477</u>
Investments in debt instruments at amortized cost	\$ 710,638,682	\$ -	\$ -	\$ 710,638,682
Allowance for possible losses	(47,081)	-	-	(47,081)
	<u>\$ 710,591,601</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 710,591,601</u>

December 31, 2020				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Investments in debt instruments at FVTOCI				
Gross carrying amount	\$ 342,990,157	\$ -	\$ -	\$ 342,990,157
Allowance for possible losses	(110,684)	-	-	(110,684)
Amortized cost	342,879,473	-	-	342,879,473
Fair value adjustments	9,830,431	-	-	9,830,431
	<u>\$ 352,709,904</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 352,709,904</u>
Investments in debt instruments at amortized cost	\$ 724,016,853	\$ -	\$ -	\$ 724,016,853
Allowance for possible losses	(45,712)	-	-	(45,712)
	<u>\$ 723,971,141</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 723,971,141</u>

	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	<u>(106,521)</u>	<u>-</u>	<u>-</u>	<u>(106,521)</u>
Amortized cost	352,949,890	-	-	352,949,890
Fair value adjustments	<u>8,203,195</u>	<u>-</u>	<u>-</u>	<u>8,203,195</u>
	<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	<u>(47,779)</u>	<u>-</u>	<u>-</u>	<u>(47,779)</u>
	<u>\$ 610,845,549</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 610,845,549</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, 2021	\$ 110,684	\$ -	\$ -	\$ 110,684
New financial assets purchased	16,700	-	-	16,700
Derecognition of financial assets in the current reporting period	(5,355)	-	-	(5,355)
Change in model or risk parameters	3,496	-	-	3,496
Changes in exchange rates and other changes	<u>(18,662)</u>	<u>-</u>	<u>-</u>	<u>(18,662)</u>
Balance at June 30, 2021	<u>\$ 106,863</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 106,863</u>

	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>

- 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, 2021	\$ 45,712	\$ -	\$ -	\$ 45,712
New financial assets purchased	5,476	-	-	5,476
Derecognition of financial assets in the current reporting period	(1,755)	-	-	(1,755)
Change in model or risk parameters	(409)	-	-	(409)
Changes in exchange rates and other changes	<u>(1,943)</u>	<u>-</u>	<u>-</u>	<u>(1,943)</u>
Balance at June 30, 2021	<u>\$ 47,081</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,081</u>

  

	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>

### 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, 2021	December 31, 2020	June 30, 2020
Interest rate risk	Interest rate curve increased 100 basis points	\$ (237,545)	\$ (132,255)	\$ (127,829)
	Interest rate curve fell 100 basis points	244,148	139,368	134,206
Exchange rate risk	USD/NT\$, EUR/NT\$ increased 3%	(145,064)	(153,007)	(133,459)
	USD/NT\$, EUR/NT\$ fell 3%	145,064	153,007	133,459
	Others (RMB, AUD etc.)/ NT\$ increased 5%	27,845	59,168	38,968
	Others (RMB, AUD etc.)/ NT\$ fell 5%	(27,845)	(59,168)	(38,968)
Equity security price risk	Equity security price increased by 15%	131,651	114,003	231,823
	Equity security price fell by 15%	(131,651)	(114,003)	(231,823)

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			
	2021		2020	
	Average Balance	Average Rate (%)	Average Balance	Average Rate (%)
<u>Interest-earning assets</u>				
Due from banks and other financial assets - due from banks	\$ 33,072,987	0.87	\$ 27,658,877	1.82
Due from the Central Bank	193,181,708	0.23	177,052,850	0.30
Call loans to banks and other financial assets - call loans to security firms	66,689,642	0.52	55,023,324	1.48
Financial assets mandatorily classified as at fair value through profit or loss	35,692,534	0.29	21,595,710	0.60
Discounts and loans	2,335,452,066	1.61	2,232,977,935	1.90
Financial assets at fair value through other comprehensive income	355,253,981	1.34	335,573,297	1.59
Investments in debt instruments at amortized cost	732,880,420	0.52	556,807,465	0.74

Interest-bearing liabilities

Deposits from the Central Bank and other banks	241,536,915	0.26	240,000,706	0.76
Due to the Central Bank and other banks	55,767,252	0.10	871,405	0.11
Financial liabilities designated as at fair value through profit or loss	-	-	5,916,582	4.94
Securities sold under repurchase agreements	6,677,305	0.17	9,034,096	0.35
Demand deposits	726,217,479	0.06	565,319,240	0.11
Savings - demand deposits	1,049,872,690	0.18	921,078,797	0.22
Time deposits	696,054,427	0.54	671,424,654	1.19
Time savings deposits	607,158,826	0.81	623,703,250	0.95
Treasury deposits	116,465,844	0.44	115,746,622	0.58
Negotiable certificates of deposits	44,401,512	0.29	42,644,968	0.62
Structured products	3,023,269	0.42	1,301,737	0.72
Bank debentures	61,472,928	1.51	61,222,527	1.52
Lease liabilities	1,541,328	2.66	1,600,681	2.95

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

(In Thousands)

	June 30, 2021		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
USD	\$ 13,702,189	27.8950	\$ 382,222,565
RMB	12,104,754	4.3160	52,244,118
AUD	1,562,850	20.9700	32,772,967
EUR	503,045	33.2200	16,711,143
JPY	58,916,183	0.2526	14,882,228

(Continued)

	<b>June 30, 2021</b>		
	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>New Taiwan Dollars</b>
<u>Financial liabilities</u>			
USD	\$ 18,199,610	27.8950	\$ 507,678,116
RMB	9,728,921	4.3160	41,990,023
AUD	1,288,282	20.9700	27,015,277
JPY	56,980,541	0.2526	14,393,285
ZAR	3,893,516	1.9460	7,576,782
			(Concluded)

	<b>December 31, 2020</b>		
	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>New Taiwan Dollars</b>
<u>Financial assets</u>			
USD	\$ 13,870,878	28.1000	\$ 389,771,681
RMB	12,065,358	4.3250	52,182,671
AUD	1,555,686	21.6500	33,680,611
EUR	509,433	34.5900	17,621,286
JPY	37,286,079	0.2725	10,160,457

<u>Financial liabilities</u>			
USD	17,586,903	28.1000	494,191,970
RMB	10,068,251	4.3250	43,545,186
AUD	1,053,441	21.6500	22,807,003
JPY	45,630,001	0.2725	12,434,175
EUR	252,455	34.5900	8,732,422

	<b>June 30, 2020</b>		
	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>New Taiwan Dollars</b>
<u>Financial assets</u>			
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

<u>Financial liabilities</u>			
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

#### 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 30.33% in June 2021, 32.20% in December 2020 and 30.05% in June 2020.

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, 2021	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	\$ 158,504,435	\$ 73,963,194	\$ 8,885,904	\$ 5,618,102	\$ -	\$ 246,971,635
Due to the Central Bank and other banks	-	-	-	70,617,600	-	70,617,600
Financial liabilities at fair value through profit or loss	49,803	-	-	-	-	49,803
Securities sold under repurchase agreements	2,929,373	1,732,136	1,364,378	-	770,757	6,796,644
Payables	34,713,846	1,254,353	2,848,910	4,104,388	3,728,285	46,649,782
Deposits and remittances	299,149,109	443,571,432	501,604,942	750,578,813	1,358,603,385	3,353,507,681
Bank debentures	-	-	-	11,650,000	49,450,000	61,100,000
Lease liabilities	65,699	169,092	144,323	250,626	1,291,212	1,920,952
Other items of cash outflow on maturity	3,314,180	199	240	947,553	7,359	4,269,531



<b>December 31, 2020</b>	<b>0-30 Days</b>	<b>31-90 Days</b>	<b>91-180 Days</b>	<b>181 Days - 1 Year</b>	<b>Over 1 Year</b>	<b>Total</b>
Deposits from the Central Bank and other banks	\$ 134,290,203	\$ 70,564,173	\$ 13,059,156	\$ 7,511,054	\$ -	\$ 225,424,586
Due to the Central Bank and other banks	-	13,911,420	-	23,207,190	-	37,118,610
Securities sold under repurchase agreements	2,676,474	1,975,304	1,108,235	130,863	441,432	6,332,308
Payables	18,304,602	1,908,525	5,236,979	2,342,043	2,339,362	30,131,511
Deposits and remittances	322,166,243	474,217,819	434,667,871	701,471,034	1,340,412,013	3,272,934,980
Bank debentures	-	-	1,500,000	-	60,100,000	61,600,000
Lease liabilities	63,950	171,376	144,349	275,440	1,679,513	2,334,628
Other items of cash outflow on maturity	4,092,279	246	300	906,783	31,497	5,031,105

<b>June 30, 2020</b>	<b>0-30 Days</b>	<b>31-90 Days</b>	<b>91-180 Days</b>	<b>181 Days - 1 Year</b>	<b>Over 1 Year</b>	<b>Total</b>
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

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, 2021, December 31, 2020 and June 30, 2020 must be repaid soon, the capital expenditure will be increased by \$1,869,087,719 thousand, \$1,796,222,648 thousand and \$1,604,301,123 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

<b>June 30, 2021</b>	<b>0-30 Days</b>	<b>31-90 Days</b>	<b>91-180 Days</b>	<b>181 Days- 1 Year</b>	<b>Over 1 Year</b>	<b>Total</b>
Derivative financial liabilities at fair value through profit or loss						
Currency	\$ 31	\$ 13	\$ -	\$ -	\$ -	\$ 44
Interest	(1,476)	(523)	(1,390)	(3,478)	(1,653)	(8,520)

<b>December 31, 2020</b>	<b>0-30 Days</b>	<b>31-90 Days</b>	<b>91-180 Days</b>	<b>181 Days- 1 Year</b>	<b>Over 1 Year</b>	<b>Total</b>
Derivative financial liabilities at fair value through profit or loss						
Currency	\$ 2,524	\$ 4,376	\$ 3,982	\$ 35	\$ -	\$ 10,917
Interest	(1,489)	(514)	(1,232)	(3,671)	(5,782)	(12,688)

<b>June 30, 2020</b>	<b>0-30 Days</b>	<b>31-90 Days</b>	<b>91-180 Days</b>	<b>181 Days- 1 Year</b>	<b>Over 1 Year</b>	<b>Total</b>
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)

b) Derivative financial liabilities to be settled at gross amounts

June 30, 2021	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	\$ 39,234,114	\$ 48,760,534	\$ 46,364,438	\$ 39,379,292	\$ -	\$ 173,738,378
Cash inflow	39,527,869	49,298,645	46,748,337	39,635,712	-	175,210,563
Interest derivatives						
Cash outflow	-	497,686	41,855	145,128	-	684,669
Cash inflow	-	111,776	41,525	144,924	-	298,225
Total cash outflow	39,234,114	49,258,220	46,406,293	39,524,420	-	174,423,047
Total cash inflow	39,527,869	49,410,421	46,789,862	39,780,636	-	175,508,788
Net cash flow	293,755	152,201	383,569	256,216	-	1,085,741

December 31, 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	\$ 67,256,035	\$ 57,597,575	\$ 35,541,984	\$ 20,818,986	\$ -	\$ 181,214,580
Cash inflow	68,459,812	59,063,827	36,344,928	21,215,498	-	185,084,065
Total cash outflow	67,256,035	57,597,575	35,541,984	20,818,986	-	181,214,580
Total cash inflow	68,459,812	59,063,827	36,344,928	21,215,498	-	185,084,065
Net cash flow	1,203,777	1,466,252	802,944	396,512	-	3,869,485

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

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, 2021	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Irrevocable loan commitments issued	\$ 2,018,386	\$ 11,388,630	\$ 6,810,315	\$ 22,173,963	\$ 52,348,418	\$ 94,739,712
Irrevocable credit card commitments	489,193	387,100	2,729,601	2,458,902	56,160,626	62,225,422
Letters of credit issued yet unused	5,340,240	14,780,263	2,727,710	2,439,483	6,022,177	31,309,873
Other guarantees	9,035,960	13,579,272	6,037,736	12,146,113	56,516,134	97,315,215

December 31, 2020	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Irrevocable loan commitments issued	\$ 1,780,057	\$ 5,754,959	\$ 9,424,885	\$ 16,478,646	\$ 51,834,487	\$ 85,273,034
Irrevocable credit card commitments	486,171	219,619	284,242	4,131,380	50,200,284	55,321,696
Letters of credit issued yet unused	4,063,257	11,942,600	2,257,016	1,348,322	4,575,745	24,186,940
Other guarantees	9,491,871	7,823,692	12,084,249	13,532,636	60,694,093	103,626,541

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

#### BNP Paribas Cardif 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 and cross currency 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 \$729,603 thousand, \$788,722 thousand and \$800,125 thousand as of June 30, 2021, December 31, 2020 and June 30, 2020, 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, 2021, December 31, 2020 and June 30, 2020 the fair values of financial assets would have decreased by \$20,928 thousand, \$22,259 thousand and \$22,315 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, 2021, December 31, 2020 and June 30, 2020, had the TAIEX fallen 1%, the fair value of the equity assets would have decreased by \$17,930 thousand, \$19,555 thousand and \$19,605 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, 2021, the year ended December 31, 2020 and the six months ended June 30, 2020, the income before income tax would have decreased \$149,676 thousand, \$148,870 thousand and \$179,439 thousand, respectively.

The table below shows the carrying value of financial assets and liabilities denominated in foreign currency as of June 30, 2021, December 31, 2020 and June 30, 2020.

June 30, 2021

	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>New Taiwan Dollars</b>
<u>Financial assets</u>			
Savings accounts			
USD	\$ 67,679	27.887	\$ 1,887,378
EUR	2,663	33.180	88,351
AUD	1,681	20.965	35,250
Receivables			
USD	4,076	27.887	113,662
EUR	613	33.180	20,353
RMB	1,006	4.314	4,597
Financial assets at FVTPL			
USD	2,317	27.887	64,618
Financial assets at FVTOCI			
USD	467,971	27.887	13,050,318
EUR	54,250	33.180	1,800,025
RMB	202,660	4.314	874,277
Financial assets at amortized cost			
EUR	9,676	33.180	321,063
USD	5,420	27.887	151,152
<u>Financial liabilities</u>			
Guarantee deposits received			
USD	10,740	27.887	299,506

December 31, 2020

	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>New Taiwan Dollars</b>
<u>Financial assets</u>			
Savings accounts			
USD	\$ 51,466	28.097	\$ 1,446,047
EUR	2,692	34.510	92,903
ZAR	23,926	1.919	45,924
Receivables			
USD	4,073	28.097	114,448
EUR	3,149	34.510	108,674
RMB	1,080	4.318	4,663
Financial assets at FVTPL			
USD	3,643	28.097	102,362
Financial assets at FVTOCI			
USD	470,698	28.097	13,225,199
EUR	55,418	34.510	1,912,482
RMB	202,824	4.318	875,792
Financial assets at amortized cost			
EUR	9,654	34.510	333,152
USD	5,422	28.097	152,340
<u>Financial liabilities</u>			
Guarantee deposits received			
USD	5,460	28.097	153,410

June 30, 2020

	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>New Taiwan Dollars</b>
<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	33.070	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	33.070	2,250,281
RMB	245,515	4.163	1,022,080
Financial assets at amortized cost			
USD	5,424	29.428	159,608
EUR	9,633	33.070	318,547
<u>Financial liabilities</u>			
Guarantee deposits received			
USD	6,140	29.428	180,688

### 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, 2021, December 31, 2020 and June 30, 2020, the losses on financial assets of the BPCTLI would have been \$730,245 thousand, \$855,407 thousand and \$928,507 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

	<b>June 30, 2021</b>		
	<b>Carrying Amount</b>	<b>Fair Value</b>	<b>%</b>
Domestic investment - government bonds (Note 1)	\$ 12,077,650	\$ 12,135,203	38
Domestic investment - corporate bonds (twAAA - twAA)	3,299,898	3,299,898	10
Overseas investment - government bonds	2,336,629	2,404,346	8
Overseas investment - corporate bonds and bank debentures (Aa2 - A3)	11,783,511	11,784,470	37
Overseas investment - corporate bonds and bank debentures (Baa1 - Ba1)	<u>2,076,696</u>	<u>2,076,697</u>	<u>7</u>
	<u>\$ 31,574,384</u>	<u>\$ 31,700,614</u>	<u>100</u>



	<b>December 31, 2020</b>		
	<b>Carrying Amount</b>	<b>Fair Value</b>	<b>%</b>
Domestic investment - government bonds (Note 1)	\$ 11,970,434	\$ 12,057,277	38
Domestic investment - corporate bonds (twAAA - twAA)	3,101,771	3,101,771	10
Overseas investment - government bonds	2,273,106	2,354,602	7
Overseas investment - corporate bonds and bank debentures (Aa2 - A3)	12,115,940	12,117,135	41
Overseas investment - corporate bonds and bank debentures (Baa1 - Ba1)	<u>2,109,919</u>	<u>2,109,919</u>	<u>4</u>
	<u>\$ 31,571,170</u>	<u>\$ 31,740,704</u>	<u>100</u>
	<b>June 30, 2020</b>		
	<b>Carrying Amount</b>	<b>Fair Value</b>	<b>%</b>
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>

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

Note 2: The sources of credit ratings are Taiwan Ratings Corp. or 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.

<b>June 30, 2021</b>				
	<b>Within One Year</b>	<b>1 Year to 3 Years</b>	<b>3 Years to 5 Years</b>	<b>Over Five Years</b>
<u>Net settled</u>				
Currency swap contracts	\$ 279,022	\$ 134,878	\$ -	\$ -
Cross-currency swap contracts	-	-	15,933	-
	<u>\$ 279,022</u>	<u>\$ 134,878</u>	<u>\$ 15,933</u>	<u>\$ -</u>
<b>December 31, 2020</b>				
	<b>Within One Year</b>	<b>1 Year to 3 Years</b>	<b>3 Years to 5 Years</b>	<b>Over Five Years</b>
<u>Net settled</u>				
Currency swap contracts	\$ 190,829	\$ 146,945	\$ -	\$ -
Cross-currency swap contracts	-	-	6,210	-
	<u>\$ 190,829</u>	<u>\$ 146,945</u>	<u>\$ 6,210</u>	<u>\$ -</u>
<b>June 30, 2020</b>				
	<b>Within One Year</b>	<b>1 Year to 3 Years</b>	<b>3 Years to 5 Years</b>	<b>Over Five Years</b>
<u>Net settled</u>				
Currency swap contracts	<u>\$ 33,294</u>	<u>\$ 423,405</u>	<u>\$ -</u>	<u>\$ -</u>

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

Accident Year	Development Ages												Claim Reserve
	1	2	3	4	5	6	7	8	9	10	11	12	
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	21,113	21,113	21,113	21,113	-
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	42,381	42,381	42,381	42,381	42,381	42,381	42,382	1
2016	26,485	31,219	31,407	31,432	31,444	31,444	31,445	31,445	31,445	31,445	31,445	31,445	1
2017	53,250	63,055	58,484	58,652	58,655	58,663	58,663	58,663	58,664	58,664	58,664	58,664	9
2018	36,190	45,800	46,223	46,230	46,240	46,246	46,247	46,247	46,248	46,248	46,248	46,248	18
2019	52,386	68,948	69,193	70,910	70,920	70,928	70,928	70,928	70,929	70,929	70,929	70,930	1,737
2020	45,488	48,576	49,044	49,393	49,403	49,410	49,410	49,410	49,411	49,411	49,411	49,411	835
2021	62,244	77,996	78,610	80,406	80,419	80,428	80,429	80,429	80,430	80,430	80,430	80,430	18,186
Incurred but not reported													20,787
Reported but not paid													68,201
Balance of claim reserve													<u>\$ 88,988</u>

b) Development of retained business

Accident Year	Development Ages												Claim Reserve
	1	2	3	4	5	6	7	8	9	10	11	12	
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	19,066	19,066	19,066	19,066	-
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	30,320	30,320	30,320	30,320	-
2015	31,538	37,711	37,977	37,985	37,992	38,012	38,012	38,012	38,013	38,013	38,013	38,013	1
2016	25,930	30,590	30,778	30,802	30,815	30,815	30,816	30,816	30,816	30,816	30,816	30,816	1
2017	51,121	58,887	56,315	56,484	56,487	56,494	56,495	56,495	56,496	56,496	56,496	56,496	9
2018	35,432	44,832	45,226	45,233	45,243	45,249	45,250	45,250	45,250	45,250	45,250	45,250	17
2019	47,585	62,159	62,403	63,496	63,507	63,514	63,515	63,515	63,516	63,516	63,516	63,516	1,113
2020	45,298	48,376	48,842	49,190	49,200	49,207	49,207	49,207	49,208	49,208	49,208	49,208	832
2021	58,024	70,826	71,429	72,649	72,662	72,671	72,672	72,672	72,673	72,673	72,673	72,673	14,649
Incurred but not reported													16,623
Reported but not paid													44,934
Balance of claim reserve													<u>\$ 61,557</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, withdrawal rate and discount rate. The results are as follows:

Insurance contracts and investment contracts with a discretionary participation feature.

June 30, 2021			
	Changes in the Assumptions	Impact on Income Before Income Tax	Impact on Equity
Discount rate	0.25%	\$ 32,022	\$ 25,618
Discount rate	(0.25%)	(32,094)	(25,675)
Mortality rate	10.00%	(14,332)	(11,466)
Mortality rate	(10.00%)	14,330	11,464
Withdrawal rate	30.00%	8,844	7,075
Withdrawal rate	(30.00%)	(8,792)	(7,034)
Illness rate/loss rate	15.00%	(10,689)	(8,551)
Expense rate	10.00%	(34,040)	(27,232)

<b>December 31, 2020</b>			
	<b>Changes in the Assumptions</b>	<b>Impact on Income Before Income Tax</b>	<b>Impact on Equity</b>
Discount rate	0.25%	\$ 62,069	\$ 49,655
Discount rate	(0.25%)	(62,323)	(49,859)
Mortality rate	10.00%	(28,689)	(22,951)
Mortality rate	(10.00%)	28,688	22,951
Withdrawal rate	30.00%	13,826	11,061
Withdrawal rate	(30.00%)	(13,860)	(11,088)
Illness rate/loss rate	15.00%	(20,713)	(16,570)
Expense rate	10.00%	(69,441)	(55,553)

  

<b>June 30, 2020</b>			
	<b>Changes in the Assumptions</b>	<b>Impact on Income Before Income Tax</b>	<b>Impact on Equity</b>
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)

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:

<b>June 30, 2021</b>					
<b>Financial Assets</b>	<b>Carrying Amount of Transferred Financial Assets</b>	<b>Carrying Amount of Related Financial Liabilities</b>	<b>Fair Value of Transferred Financial Assets</b>	<b>Fair Value of Related Financial Liabilities</b>	<b>Net Position of Fair Value</b>
Financial assets at FVTPL - securities sold under repurchase agreements	\$ 34,794,386	\$ 34,762,606	\$ 34,794,386	\$ 34,762,606	\$ 31,780
Financial assets at FVTOCI - securities sold under repurchase agreements	18,071,373	18,176,986	18,071,373	18,176,986	(105,613)

December 31, 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	\$ 36,890,958	\$ 36,858,624	\$ 36,890,958	\$ 36,858,624	\$ 32,334
Financial assets at FVTOCI - securities sold under repurchase agreements	18,840,795	18,916,402	18,840,795	18,916,402	(75,607)

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)

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, 2021

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	\$ 880,542	\$ -	\$ 880,542	\$ (823,912)	\$ -	\$ 56,630

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	\$ 52,939,592	\$ -	\$ 52,939,592	\$ (52,419,581)	\$ -	\$ 520,011

December 31, 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	\$ 1,278,803	\$ -	\$ 1,278,803	\$ (1,278,803)	\$ -	\$ -

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	\$ 55,775,026	\$ -	\$ 55,775,026	\$ (55,301,238)	\$ -	\$ 473,788

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



#### **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 13.47%, 13.55% and 13.14% as of June 30, 2021, December 31, 2020 and June 30, 2020, 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 308%, 373% and 337% as of June 30, 2021, December 31, 2020 and June 30, 2020, 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 1,784.43%, 1,618.40% and 1,592.01% as of June 30, 2021, December 31, 2020 and June 30, 2020, 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, 2021		
	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	\$ 37,773,193	15.48
2	Group B Real estate development	32,763,571	13.43
3	Group C Computers and computing peripheral equipment manufacturing	14,166,513	5.80
4	Group D Iron and steel smelting	11,786,250	4.83
5	Group E Financial leasing	11,661,760	4.78
6	Group F Petroleum and coal products manufacturing	11,583,949	4.75
7	Group G Computers manufacturing	11,446,326	4.69
8	Group H Cotton and textile	11,431,113	4.68
9	Group I Cotton and textile	10,077,203	4.13
10	Group J Shipping agency	9,399,879	3.85

(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 K Harbor services	12,707,333	5.43
5	Group F Petroleum and coal products manufacturing	11,642,837	4.98
6	Group L Real estate development	11,588,866	4.96
7	Group E Financial leasing	10,688,603	4.57
8	Group D 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

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

(In Thousands of New Taiwan Dollars, %)

Rank (Note 1)	June 30, 2021		
	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	\$ 1,318,000	18.47
2	Group B Rolling and extruding of iron and steel	1,250,000	17.51
3	Group C Real estate development	1,170,000	16.39
4	Group D Sheet glass and glass products	1,040,000	14.57
5	Group E Other retail sale in nonspecialized stores	910,000	12.75
6	Group F Real estate development	807,100	11.31
7	Group G Real estate development	798,200	11.18
8	Group H Real estate development	790,000	11.07
9	Group I Motor bus transportation	735,000	10.30
10	Group J Non-alcoholic beverages manufacturing	720,000	10.09

(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 C Real estate development	990,000	13.95
3	Group I Motor bus transportation	948,000	13.36
4	Group H Real estate development	865,000	12.19
5	Group K Real estate development	860,000	12.12
6	Group G Real estate development	800,000	11.27
7	Group D Sheet glass and glass products	784,000	11.05
8	Group E Other retail sale in nonspecialized stores	730,000	10.29
9	Group L Wholesale of electronic and communication equipment and parts	700,000	9.86
10	Group M Shipping agency	700,000	9.86

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, 2021**

(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	\$ 2,724,591,703	\$ 132,173,967	\$ 70,829,914	\$ 359,152,522	\$ 3,286,748,106
Interest rate-sensitive liabilities	1,046,233,693	1,770,100,542	122,673,851	50,478,941	2,989,487,027
Interest rate sensitivity gap	1,678,358,010	(1,637,926,575)	(51,843,937)	308,673,581	297,261,079
Net worth					204,748,755
Ratio of interest rate-sensitive assets to liabilities					109.94
Ratio of interest rate sensitivity gap to net worth					145.18

**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

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, 2021**

(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	\$ 13,238,891	\$ 1,050,625	\$ 342,852	\$ 2,577,893	\$ 17,210,261
Interest rate-sensitive liabilities	17,194,264	2,411,043	2,000,342	-	21,605,649
Interest rate sensitivity gap	(3,955,373)	(1,360,418)	(1,657,490)	2,577,893	(4,395,388)
Net worth					1,408,652
Ratio of interest rate-sensitive assets to liabilities					79.66
Ratio of interest rate sensitivity gap to net worth					(312.03)

**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)

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, 2021	June 30, 2020
Return on total assets	Before income tax	0.57	0.49
	After income tax	0.48	0.42
Return on equity	Before income tax	9.95	8.31
	After income tax	8.39	7.09
Net income ratio		38.55	33.32

2) Taiwan Cooperative Financial Holding Co., Ltd.

(%)

Items		June 30, 2021	June 30, 2020
Return on total assets	Before income tax	7.23	6.07
	After income tax	7.23	6.08
Return on equity	Before income tax	8.25	6.98
	After income tax	8.25	7.00
Net income ratio		98.82	98.62

3) Taiwan Cooperative Bank, Ltd.

(%)

Items		June 30, 2021	June 30, 2020
Return on total assets	Before income tax	0.51	0.45
	After income tax	0.43	0.39
Return on equity	Before income tax	8.41	7.06
	After income tax	7.10	6.05
Net income ratio		37.26	30.76

4) Taiwan Cooperative Bills Finance Corporation Ltd.

(%)

Items		June 30, 2021	June 30, 2020
Return on total assets	Before income tax	0.90	0.91
	After income tax	0.75	0.76
Return on equity	Before income tax	7.88	7.66
	After income tax	6.52	6.42
Net income ratio		63.01	62.00

5) Taiwan Cooperative Securities Co., Ltd.

(%)

Items		June 30, 2021	June 30, 2020
Return on total assets	Before income tax	2.19	1.93
	After income tax	1.87	1.79
Return on equity	Before income tax	13.79	10.15
	After income tax	11.80	9.39
Net income ratio		36.62	37.33

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

(%)

Items		June 30, 2021	June 30, 2020
Return on total assets	Before income tax	1.40	0.94
	After income tax	1.20	0.79
Return on equity	Before income tax	16.15	12.83
	After income tax	13.93	10.75
Net income ratio		65.30	57.85

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, 2021

(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	\$ 3,634,885,922	\$ 433,463,425	\$ 447,267,346	\$ 144,327,256	\$ 227,096,914	\$ 441,291,394	\$ 1,941,439,587
Main capital outflow on maturity	4,260,289,158	217,395,303	179,131,440	526,530,623	522,141,084	906,023,186	1,909,067,522
Gap	(625,403,236)	216,068,122	268,135,906	(382,203,367)	(295,044,170)	(464,731,792)	32,372,065

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

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

Maturity Analysis of Assets and Liabilities  
June 30, 2021

(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	\$ 25,428,559	\$ 7,557,632	\$ 4,433,445	\$ 2,960,161	\$ 2,677,959	\$ 7,799,362
Main capital outflow on maturity	29,636,427	8,899,808	5,085,366	5,073,787	6,370,681	4,206,785
Gap	(4,207,868)	(1,342,176)	(651,921)	(2,113,626)	(3,692,722)	3,592,577

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

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, 2021

Period		1 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year
Items						
Use of funds	Bills	\$ 25,849,801	\$ 18,080,947	\$ 930,971	\$ -	\$ -
	Bonds	100,000	593,160	-	700,000	14,703,180
	Cash in bank	172,434	200	-	-	-
	Total	26,122,235	18,674,307	930,971	700,000	14,703,180
Source of funds	Borrowings	12,052,898	-	-	-	-
	Securities sold under repurchase agreements	41,552,494	1,323,456	-	-	-
	Total	53,605,392	1,323,456	-	-	-
Net flows		(27,483,157)	17,350,851	930,971	700,000	14,703,180
Accumulated capital net flows		(27,483,157)	(10,132,306)	(9,201,335)	(8,501,335)	6,201,845

June 30, 2020

Period		1 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year
Items						
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

#### 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	June 30, 2021	December 31, 2020	June 30, 2020	Trust Liabilities	June 30, 2021	December 31, 2020	June 30, 2020
Cash in banks	\$ 14,952,700	\$ 9,375,320	\$ 5,588,798	Payables			
Short-term investments				Accrued expense	\$ 900	\$ 885	\$ 515
Mutual funds	185,012,789	167,528,197	165,075,449	Others	12	15	16
Stocks	1,900,278	2,283,474	1,057,040	Payables on the purchase of securities	-	80,113	2,901
Debt instruments	387	6,210,456	5,515,852		912	81,013	3,432
Structured products	-	-	73,919				
	186,913,454	176,022,127	171,722,260	Accounts payable on securities under custody	196,185,011	166,841,784	170,836,379
Securities lending	241,567	225,168	206,888	Trust capital	294,350,933	274,507,930	266,027,516
Receivables	8,157	22,713	60,904	Reserves and retained earnings			
Real estate				Net income	721,520	439,554	197,510
Land	66,981,913	65,545,184	67,199,259	Retained earnings	53,029	(4,052)	46,412
Buildings	4,453	4,453	1,601		774,549	435,502	243,922
Construction in process	25,885,488	23,673,868	21,295,558				
	92,871,854	89,223,505	88,496,418				
Intangible assets							
Leasehold	-	-	60,940				
Superficies	138,662	138,662	138,662				
	138,662	138,662	199,602				
Other assets	-	16,950	-				
Securities under custody	196,185,011	166,841,784	170,836,379				
Total	\$ 491,311,405	\$ 441,866,229	\$ 437,111,249	Total	\$ 491,311,405	\$ 441,866,229	\$ 437,111,249

Note: As of June 30, 2021, December 31, 2020 and June 30, 2020, total trust-related assets included OBU funds and bonds in the amount of \$1,483,464 thousand, \$1,471,276 thousand and \$1,459,172 thousand, respectively.

### Trust Property List

<b>Investment Items</b>	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Cash in banks	\$ 14,952,700	\$ 9,375,320	\$ 5,588,798
Short-term investments			
Mutual funds	185,012,789	167,528,197	165,075,449
Stocks	1,900,278	2,283,474	1,057,040
Debt instruments	387	6,210,456	5,515,852
Structured products	-	-	73,919
Securities lending	241,567	225,168	206,888
Receivables			
Accrued interest	1,241	1,498	1,454
Cash dividends	2,812	703	2,556
Receivables on the sale of securities	-	17,276	4,921
Mutual funds	3,268	2,430	51,177
Others	836	806	796
Real estate			
Land	66,981,913	65,545,184	67,199,259
Buildings	4,453	4,453	1,601
Construction in process	25,885,488	23,673,868	21,295,558
Intangible assets			
Leasehold	-	-	60,940
Superficies	138,662	138,662	138,662
Other assets	-	16,950	-
Securities under custody	<u>196,185,011</u>	<u>166,841,784</u>	<u>170,836,379</u>
Total	<u>\$ 491,311,405</u>	<u>\$ 441,866,229</u>	<u>\$ 437,111,249</u>

**Statements of Income on Trust Accounts**  
**For the Six Months Ended June 30, 2021 and 2020**

	2021	2020
Revenues		
Interest revenue	\$ 2,941	\$ 3,243
Lending stock	2,109	2,636
Cash dividends	5,664	2,861
Realized gain on investment - stocks	158,818	8,920
Unrealized gain on investment - stocks	423,185	186,102
Unrealized gain on investment - lending stock	119,995	45,574
Realized gain on investment - mutual funds	7,210	51,023
Unrealized gain on investment - mutual funds	73,311	18,757
Beneficial certificate appropriation	9,264	2,481
Others	<u>335</u>	<u>10</u>
Total revenues	<u>802,832</u>	<u>321,607</u>
Expenses		
Management fees	4,381	2,356
Monitoring fees	2	3
Taxes	4	13
Service charge	3	253
Postage	1	-
Realized loss on investment - stocks	11,041	2,513
Unrealized loss on investment - stocks	43,722	99,537
Unrealized loss on investment - lending stock	4,820	8,422
Realized loss on investment - mutual funds	1,243	2,324
Unrealized loss on investment - mutual funds	16,028	8,584
Others	<u>67</u>	<u>92</u>
Total expenses	<u>81,312</u>	<u>124,097</u>
Income before income tax	721,520	197,510
Income tax expense	<u>-</u>	<u>-</u>
Net income	<u>\$ 721,520</u>	<u>\$ 197,510</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 and marketing expenses paid by TCB were based on the arrangements.

As of June 30, 2021, December 31, 2020 and June 30, 2020, TCB's accrued receivables were \$13,849 thousand \$13,179 thousand and \$3,345 thousand, respectively. TCB's revenues from cross-selling transactions were \$14,451 thousand and \$7,692 thousand for the six months ended June 30, 2021 and 2020, 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, 2021, December 31, 2020 and June 30, 2020, TCB's accrued receivables were \$2,099 thousand, \$2,369 thousand and \$2,458 thousand, respectively. TCB's revenues from cross-selling transactions were \$14,612 thousand and \$14,818 thousand for the six months ended June 30, 2021 and 2020, 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 \$548,491 thousand, \$377,104 thousand and \$11,475,198 thousand as of June 30, 2021, December 31, 2020 and June 30, 2020, respectively.

##### b. Changes in liabilities arising from financing activities

For the six months ended June 30, 2021

				Non-cash Changes		
	Opening Balance	Cash Inflows (Outflows)	New Leases	Fair Value Adjustments (Including Changes in the Fair Value Attributable to Changes in the Credit Risk)	Others	Closing Balance
Due to the Central Bank and other banks	\$ 37,118,610	\$ 33,498,990	\$ -	\$ -	\$ -	\$ 70,617,600
Commercial paper issued	31,801,343	(5,255,000)	-	-	2,444	26,548,787
Bonds payable	71,600,000	(500,000)	-	-	-	71,100,000
Other borrowings	815,302	(322,057)	-	-	(651)	492,594
Guarantee deposits received	2,908,532	(944,608)	-	-	11,995	1,975,919
Lease liabilities	1,649,746	(318,659)	212,821	-	(11,368)	1,532,540
Other liabilities - other	103,200	43,017	-	-	1,778	147,995
	<u>\$ 145,996,733</u>	<u>\$ 26,201,683</u>	<u>\$ 212,821</u>	<u>\$ -</u>	<u>\$ 4,198</u>	<u>\$ 172,415,435</u>

For the six months ended June 30, 2020

				Non-cash Changes		
	Opening Balance	Cash Inflows (Outflows)	New Leases	Fair Value Adjustments (Including Changes in the Fair Value Attributable to Changes in the Credit Risk)	Others	Closing Balance
Due to the Central Bank and other 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)	345,678	-	(34,511)	1,647,081
Other liabilities - other	114,606	(20,258)	-	-	648	94,996
	<u>\$ 115,405,255</u>	<u>\$ (11,530,713)</u>	<u>\$ 345,678</u>	<u>\$ 669</u>	<u>\$ (4,557)</u>	<u>\$ 104,216,332</u>

### 53. OTHER IMPORTANT MATTERS

Since the outbreak of the COVID-19 epidemic in 2020 which has impacted global industries and economic activities and also may affect the Company's operating results. The degree of impact will depend on the subsequent management and control of the COVID-19 epidemic and the results of the various economic activities. As of the date of release of these consolidated financial statements, the management assessed that this had no significant impact on the Company. The Company will continue to monitor the development of the epidemic, carefully evaluate and actively respond to the impact of the epidemic on the Company's financial status and operating performance.

### 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 or 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: Table 9 (attached).
- 6) Disposal of individual real estates at costs of at least NT\$300 million or 10% of the paid-in capital: Table 10 (attached).
- 7) Financial asset securitization by subsidiaries: None.
- 8) Allowance of service fees to related parties amounting to at least NT\$5 million: Table 11 (attached).

- 9) Sale of nonperforming loans by subsidiaries: Table 12 (attached).
  - 10) Receivables from related parties amounting to at least NT\$300 million or 10% of the paid-in capital: Table 13 (attached).
  - 11) Percentage share in investees and related information: Table 14 (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 15 (attached)
- d. Business relationships and significant transactions among the parent company and subsidiaries: Table 16 (attached).
- e. Information on major shareholders: Table 17 (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, loan, capital, trust, insurance and other businesses;
- b. Other noncore businesses.

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, 2021 and 2020 are as follows:

	<b>For the Six Months Ended June 30, 2021</b>				
	<b>TCB Business</b>	<b>Others</b>	<b>Total</b>	<b>Adjustment and Elimination</b>	<b>Total</b>
Net interest	\$ 17,268,374	\$ 594,446	\$ 17,862,820	\$ 2,452	\$ 17,865,272
Net revenues and gains other than interest	<u>5,885,055</u>	<u>12,826,664</u>	<u>18,711,719</u>	<u>(10,117,019)</u>	<u>8,594,700</u>
Net revenues	23,153,429	13,421,110	36,574,539	(10,114,567)	26,459,972
Bad-debt expenses and provision for losses on commitment and guarantees	(1,597,478)	(24,193)	(1,621,671)	-	(1,621,671)
Net change in reserves for insurance liabilities	-	(94,344)	(94,344)	-	(94,344)
Operating expenses	<u>(11,343,802)</u>	<u>(1,425,010)</u>	<u>(12,768,812)</u>	<u>120,442</u>	<u>(12,648,370)</u>
Income before income tax	<u>\$ 10,212,149</u>	<u>\$ 11,877,563</u>	<u>\$ 22,089,712</u>	<u>\$ (9,994,125)</u>	<u>\$ 12,095,587</u>
	<b>For the Six Months Ended June 30, 2020</b>				
	<b>TCB Business</b>	<b>Others</b>	<b>Total</b>	<b>Adjustment and Elimination</b>	<b>Total</b>
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>



**TABLE 1**

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

**CONSOLIDATED ENTITIES**  
**JUNE 30, 2021, DECEMBER 31, 2020 AND JUNE 30, 2020**

Subsidiaries included in the consolidated financial statements

Investor Company	Investee Company	Location	Main Business and Products	Percentage of Ownership			Note
				June 30, 2021	December 31, 2020	June 30, 2020	
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, 2021	December 31, 2020	June 30, 2020	
None	-	-	-	-	-	-	

**TABLE 2**

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

**CAPITAL ADEQUACY RATIO**  
**JUNE 30, 2021, DECEMBER 31, 2020 AND JUNE 30, 2020**

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

Unit: In Thousands of New Taiwan Dollars, %

Company	Items	June 30, 2021			December 31, 2020			June 30, 2020		
		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.			\$ 241,610,681	\$ 268,557,807		\$ 231,046,126	\$ 266,069,415		\$ 221,455,326	\$ 256,481,149
Taiwan Cooperative Bank, Ltd.	100		284,053,853	202,939,231	100	284,206,270	193,525,091	100	280,720,519	212,733,580
Taiwan Cooperative Bills Finance Co., Ltd.	100		7,084,432	4,207,380	100	7,240,381	4,273,822	100	6,942,711	4,226,747
Taiwan Cooperative Securities Co., Ltd.	100		5,406,252	2,629,958	100	5,350,900	2,153,591	100	4,930,262	2,197,182
Co-operative Assets Management Co., Ltd.	100		3,289,019	3,787,076	100	3,341,977	3,853,402	100	3,183,277	3,874,686
BNP Paribas Cardif TCB Life Insurance Co., Ltd.	51		5,715,236	640,567	51	5,226,783	645,919	51	4,680,764	588,034
Taiwan Cooperative Securities Investment Trust Co., Ltd.	100		404,179	245,395	100	419,010	260,818	100	401,538	239,785
Taiwan Cooperative Venture Capital Co., Ltd.	100		1,224,348	619,485	100	1,067,585	542,935	100	1,073,945	544,503
Deduction			(275,140,845)	(268,294,698)		(274,187,215)	(265,989,373)		(265,415,216)	(256,226,521)
Total			273,647,155	215,332,201		263,711,817	205,335,620		257,973,126	224,659,145
Group capital adequacy ratio			127.08%			128.43%			114.83%	

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, 2021
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	995,661
Cumulative earnings	29,085,061
Equity adjustments	10,593,832
Less: Capital deduction	3,215
Total eligible capital	241,610,681

Items	December 31, 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	995,669
Cumulative earnings	16,748,682
Equity adjustments	12,366,076
Less: Capital deduction	3,643
Total eligible capital	231,046,126

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

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, 2021	
				Standalone	Consolidated
Eligible capital	Common equity		\$	223,781,907	\$ 224,376,026
	Other Tier 1 capital			18,491,883	19,018,100
	Tier 2 capital			41,780,063	42,849,148
	Eligible capital			284,053,853	286,243,274
Risk-weighted assets	Credit risk	Standardized approach		1,809,792,394	1,811,124,445
		Internal ratings based approach		-	-
		Securitization		2,316,645	2,316,645
	Operational risk	Basic indicator approach		-	-
		Standardized approach/alternative standardized approach		78,512,627	78,609,300
		Advanced measurement approach		-	-
	Market risk	Standardized approach		42,132,913	42,127,025
		Internal model approach		-	-
	Risk-weighted assets			1,932,754,579	1,934,177,415
	Capital adequacy ratio				14.70
Ratio of the common equity to risk-weighted assets				11.58	11.60
Ratio of Tier 1 capital to risk-weighted assets				12.54	12.58
Ratio of leverage				5.68	5.70

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

Items			Year	December 31, 2020	
			Standalone	Consolidated	
Eligible capital	Common equity		\$ 219,621,005	\$ 220,232,955	
	Other Tier 1 capital		18,930,153	19,466,300	
	Tier 2 capital		45,655,112	46,776,207	
	Eligible capital		284,206,270	286,475,462	
Risk-weighted assets	Credit risk	Standardized approach	1,736,040,749	1,739,944,941	
		Internal ratings based approach	-	-	
		Securitization	2,907,542	2,907,542	
	Operational risk	Basic indicator approach	-	-	
		Standardized approach/alternative standardized approach	78,512,627	78,609,300	
		Advanced measurement approach	-	-	
	Market risk	Standardized approach	25,635,188	25,629,800	
		Internal model approach	-	-	
	Risk-weighted assets		1,843,096,106	1,847,091,583	
Capital adequacy ratio			15.42	15.51	
Ratio of the common equity to risk-weighted assets			11.92	11.92	
Ratio of Tier 1 capital to risk-weighted assets			12.94	12.98	
Ratio of leverage			5.81	5.83	

(Continued)

(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	

Note 1: Eligible capital, risk-weighted assets and exposure measurement 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)

TABLE 3

TAIWAN COOPERATIVE BANK, LTD.

ASSET QUALITY - NONPERFORMING LOANS AND RECEIVABLES  
JUNE 30, 2021 AND 2020  
(In Thousands of New Taiwan Dollars, %)

Period			June 30, 2021					June 30, 2020				
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		\$ 4,063,191	\$ 824,676,370	0.49	\$ 9,696,496	238.64	\$ 6,055,863	\$ 757,255,735	0.80	\$ 8,132,379	134.29
	Unsecured		504,494	704,288,385	0.07	6,736,594	1,335.32	624,356	650,690,348	0.10	6,741,542	1,079.76
Consumer banking	Housing mortgage (Note 4)		792,486	571,769,416	0.14	8,624,094	1,088.23	957,262	539,831,773	0.18	8,177,152	854.22
	Cash card		-	-	-	-	-	-	-	-	-	-
	Small-scale credit loans (Note 5)		12,760	12,922,383	0.10	201,304	1,577.62	34,481	12,635,866	0.27	228,208	661.84
	Other (Note 6)	Secured	932,157	306,371,575	0.30	3,763,469	403.74	940,356	301,527,601	0.31	3,270,238	347.77
		Unsecured	19,749	11,959,614	0.17	205,183	1,038.95	11,073	10,079,975	0.11	150,994	1,363.62
Loan			6,324,837	2,431,987,743	0.26	29,227,140	462.10	8,623,391	2,272,021,298	0.38	26,700,513	309.63
			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			8,159	3,126,523	0.26	54,951	673.50	10,441	3,192,042	0.33	56,808	544.09
Accounts receivable factored without recourse (Note 7)			-	158,747	-	8,286	-	-	127,120	-	7,945	-
Amounts of executed contracts on negotiated debts not reported as nonperforming loans (Note 8)			252					398				
Amounts of executed contracts on negotiated debts not reported as nonperforming receivables (Note 8)			3,107					4,384				
Amounts of executed debt-restructuring projects not reported as nonperforming loans (Note 9)			9,425					8,652				
Amounts of executed debt-restructuring projects not reported as nonperforming receivables (Note 9)			48,477					46,552				

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 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).

**TABLE 4****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, 2021 AND 2020**

## 1. TCFHC's financial statements

**Taiwan Cooperative Financial Holding Co., Ltd.****Balance Sheets  
(In Thousands of New Taiwan Dollars)**

<b>Assets</b>	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>	<b>Liabilities and Equity</b>	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Cash and cash equivalents	\$ 192,246	\$ 48,444	\$ 37,966	<u>Liabilities</u>			
Financial assets at fair value through other comprehensive income	15,975	20,075	19,075	Commercial paper issued, net	\$ 16,697,006	\$ 24,622,924	\$ 17,973,890
Receivables	196,662	136	163,632	Payables	297,588	347,777	11,234,286
Current tax assets	2,572,320	2,064,770	1,678,660	Current tax liabilities	2,671,784	2,110,323	1,765,533
Investments accounted for using equity method	268,294,698	265,989,373	256,226,521	Bonds payable	10,000,000	10,000,000	5,700,000
Properties and equipment, net	14,653	11,841	11,975	Other financial liabilities	4,895	3,904	4,562
Right-of-use assets, net	27,672	39,685	51,697	Lease liabilities	28,585	40,730	52,714
Intangible assets	2,927	3,274	234	Other liabilities	<u>11,834</u>	<u>10,845</u>	<u>11,464</u>
Deferred tax assets	288	369	324	Total liabilities	<u>29,711,692</u>	<u>37,136,503</u>	<u>36,742,449</u>
Other assets	<u>8,147</u>	<u>8,305</u>	<u>8,249</u>	<u>Equity</u>			
				Capital stock	133,342,237	133,342,237	133,342,237
				Capital surplus	57,974,241	57,974,241	57,974,241
				Retained earnings	39,703,586	27,367,215	19,052,126
				Other equity	<u>10,593,832</u>	<u>12,366,076</u>	<u>11,087,280</u>
				Total equity	<u>241,613,896</u>	<u>231,049,769</u>	<u>221,455,884</u>
Total	<u>\$ 271,325,588</u>	<u>\$ 268,186,272</u>	<u>\$ 258,198,333</u>	Total	<u>\$ 271,325,588</u>	<u>\$ 268,186,272</u>	<u>\$ 258,198,333</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	
	2021	2020	2021	2020
Revenues and gains				
Share of gains of subsidiaries, associates and joint ventures accounted for using equity method	\$ 5,304,392	\$ 3,902,670	\$ 9,921,858	\$ 7,933,379
Other revenues and gains	<u>1,116</u>	<u>3,404</u>	<u>1,698</u>	<u>3,638</u>
Total revenues and gains	<u>5,305,508</u>	<u>3,906,074</u>	<u>9,923,556</u>	<u>7,937,017</u>
Expenses and losses				
Operating expenses	57,139	74,735	113,266	127,991
Other expenses and losses	<u>30,051</u>	<u>35,755</u>	<u>61,286</u>	<u>76,217</u>
Total expenses and losses	<u>87,190</u>	<u>110,490</u>	<u>174,552</u>	<u>204,208</u>
Income before income tax	5,218,318	3,795,584	9,749,004	7,732,809
Income tax benefit (loss)	<u>(3,039)</u>	<u>19,720</u>	<u>(3,039)</u>	<u>19,720</u>
Net income	5,215,279	3,815,304	9,745,965	7,752,529
Other comprehensive income	<u>2,041,446</u>	<u>6,647,399</u>	<u>818,162</u>	<u>3,286,302</u>
Total comprehensive income	<u>\$ 7,256,725</u>	<u>\$ 10,462,703</u>	<u>\$ 10,564,127</u>	<u>\$ 11,038,831</u>
Earnings per share (New Taiwan dollars)				
Basic	<u>\$0.39</u>	<u>\$0.29</u>	<u>\$0.73</u>	<u>\$0.58</u>
Diluted	<u>\$0.39</u>	<u>\$0.29</u>	<u>\$0.73</u>	<u>\$0.58</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				
	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	Total Equity
BALANCE AT JANUARY 1, 2021	13,334,224	\$ 133,342,237	\$ -	\$ 57,974,241	\$ 9,622,864	\$ 995,669	\$ 16,748,682	\$ (3,357,203)	\$ 15,043,647	\$ -	\$ 679,632	\$ 231,049,769
Reversal of special reserve	-	-	-	-	-	(8)	8	-	-	-	-	-
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	2,590,406	-	(2,590,406)	-	-	-
Total comprehensive income	-	-	-	-	-	-	9,745,965	-	-	-	-	9,745,965
Net income for the six months ended June 30, 2021	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income (loss) for the six months ended June 30, 2021	-	-	-	-	-	-	-	(374,324)	1,171,168	-	21,318	818,162
Total comprehensive income (loss) for the six months ended June 30, 2021	-	-	-	-	-	-	9,745,965	(374,324)	1,171,168	-	21,318	10,564,127
BALANCE AT JUNE 30, 2021	13,334,224	\$ 133,342,237	\$ -	\$ 57,974,241	\$ 9,622,864	\$ 995,661	\$ 29,085,061	\$ (3,731,527)	\$ 13,624,409	\$ -	\$ 700,950	\$ 241,613,896
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	\$ 221,419,924
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)	-	-	-
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)	-	-
Total comprehensive income	-	-	-	-	-	-	7,752,529	-	-	-	-	7,752,529
Net income for the six months ended June 30, 2020	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income (loss) for the six months ended June 30, 2020	-	-	-	-	-	-	-	(656,481)	4,074,426	(669)	(130,974)	3,286,302
Total comprehensive income (loss) 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	12,945,848	\$ 129,458,483	\$ 3,883,754	\$ 57,974,241	\$ 9,622,864	\$ 996,026	\$ 8,433,236	\$ (1,899,299)	\$ 12,763,652	\$ -	\$ 222,927	\$ 221,455,884

(Continued)

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

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

	<b>For the Six Months Ended June 30</b>	
	<b>2021</b>	<b>2020</b>
Cash flows from operating activities		
Income before income tax	\$ 9,749,004	\$ 7,732,809
Adjustments for:		
Share of gains of subsidiaries, associates and joint ventures accounted for using equity method	(9,921,858)	(7,933,379)
Depreciation and amortization expenses	14,183	13,042
Interest expense	61,286	76,217
Interest revenue	(509)	(2,489)
Net changes in operating assets and liabilities		
Decrease in receivables	-	5
Decrease (increase) in other assets	158	(110)
Decrease in payables	(44,204)	(59,971)
Increase in other liabilities	<u>989</u>	<u>1,368</u>
Cash used in operations	(140,951)	(172,508)
Interest received	509	65
Dividends received	8,242,269	3,676,352
Interest paid	(62,744)	(58,225)
Income tax refunded	<u>50,953</u>	<u>92,332</u>
Net cash generated from operating activities	<u>8,090,036</u>	<u>3,538,016</u>
Cash flows from investing activities		
Acquisition of properties and equipment	<u>(4,635)</u>	<u>(6,592)</u>
Cash flows from financing activities		
Decrease in commercial paper issued	(7,930,000)	(9,230,000)
Proceeds from the issuance of corporate bonds	-	5,700,000
Decrease in guarantee deposits received	991	1,697
Repayments of the principal portion of lease liabilities	<u>(12,590)</u>	<u>(12,590)</u>
Net cash used in financing activities	<u>(7,941,599)</u>	<u>(3,540,893)</u>
Net increase (decrease) in cash and cash equivalents	143,802	(9,469)
Cash and cash equivalents, beginning of the period	<u>48,444</u>	<u>47,435</u>
Cash and cash equivalents, end of the period	<u>\$ 192,246</u>	<u>\$ 37,966</u>

(Continued)

2. Subsidiaries' condensed balance sheets

**Taiwan Cooperative Bank, Ltd.**

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

<b>Assets</b>	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>	<b>Liabilities and Equity</b>	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Cash and cash equivalents	\$ 55,790,108	\$ 48,772,704	\$ 36,431,602	<u>Liabilities</u>			
Due from the Central Bank and call loans to other banks	338,106,612	384,321,287	317,442,324	Deposits from the Central Bank and other banks	\$ 245,720,471	\$ 223,658,360	\$ 230,194,325
Financial assets at fair value through profit or loss	51,804,112	22,292,683	25,420,417	Due to the Central Bank and other banks	70,617,600	37,118,610	5,957,940
Financial assets at fair value through other comprehensive income	412,280,816	375,773,466	389,493,285	Financial liabilities at fair value through profit or loss	1,616,601	4,347,280	3,114,662
Investments in debt instruments at amortized cost	710,032,349	723,209,819	610,046,249	Securities sold under repurchase agreements	6,796,644	6,332,308	8,009,120
Receivables, net	15,027,978	16,182,383	17,167,902	Payables	47,165,461	30,558,247	68,180,342
Current tax assets	2,207,696	2,190,949	1,806,463	Current tax liabilities	946,191	769,403	584,753
Discounts and loans, net	2,402,278,201	2,264,446,500	2,244,846,442	Deposits and remittances	3,352,608,267	3,271,783,532	3,077,156,190
Investments accounted for using equity method	2,246,807	2,278,968	2,185,208	Bank debentures	61,100,000	61,600,000	62,500,000
Other financial assets, net	10,194,372	8,376,494	13,311,365	Other financial liabilities	4,269,531	5,031,105	3,294,964
Properties and equipment, net	32,993,989	33,178,687	33,358,112	Provisions	7,692,699	8,165,092	7,907,463
Right-of-use assets, net	1,555,453	1,668,222	1,670,739	Lease liabilities	1,499,439	1,612,664	1,605,053
Investment properties, net	7,552,874	7,570,720	7,420,904	Deferred tax liabilities	3,415,803	3,430,126	3,323,974
Intangible assets	3,780,944	3,799,294	3,725,660	Other liabilities	969,614	1,066,211	1,118,525
Deferred tax assets	2,051,093	2,376,561	1,796,654	Total liabilities	<u>3,804,418,321</u>	<u>3,655,472,938</u>	<u>3,472,947,311</u>
Other assets, net	<u>558,020</u>	<u>825,352</u>	<u>664,712</u>	<u>Equity</u>			
				Capital stock	107,339,300	104,507,300	104,507,300
				Capital surplus	58,767,245	58,767,245	58,767,245
				Retained earnings	69,040,776	68,151,447	60,756,331
				Other equity	<u>8,895,782</u>	<u>10,365,159</u>	<u>9,809,851</u>
				Total equity	<u>244,043,103</u>	<u>241,791,151</u>	<u>233,840,727</u>
Total	<u>\$ 4,048,461,424</u>	<u>\$ 3,897,264,089</u>	<u>\$ 3,706,788,038</u>	Total	<u>\$ 4,048,461,424</u>	<u>\$ 3,897,264,089</u>	<u>\$ 3,706,788,038</u>

(Continued)

**Taiwan Cooperative Bills Finance Co., Ltd.**

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

<b>Assets</b>	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>	<b>Liabilities and Equity</b>	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Cash and cash equivalents	\$ 52,434	\$ 105,641	\$ 52,476	<u>Liabilities</u>			
Financial assets at fair value through profit or loss	44,905,018	46,778,311	43,987,992				
Financial assets at fair value through other comprehensive income	15,776,203	15,307,417	17,780,955	Call loans from banks	\$ 12,052,897	\$ 11,769,040	\$ 19,268,890
Investments in debt instruments at amortized cost	1,356,340	1,258,693	1,278,553	Financial liabilities at fair value through profit or loss	162	52	-
Receivables, net	145,385	159,628	464,965	Securities sold under repurchase agreements	42,869,361	44,333,802	36,851,860
Other financial assets	120,200	120,200	120,200	Payables	55,000	67,857	325,359
Properties and equipment, net	11,295	11,931	12,106	Current tax liabilities	22,833	2,696	15,570
Right-of-use assets, net	15,413	19,660	24,389	Provisions	423,191	402,541	372,016
Intangible assets	13,082	15,495	15,211	Lease liabilities	15,920	20,163	24,869
Other assets, net	<u>293,767</u>	<u>294,633</u>	<u>278,304</u>	Other liabilities	<u>112,121</u>	<u>69,204</u>	<u>60,120</u>
				Total liabilities	<u>55,551,485</u>	<u>56,665,355</u>	<u>56,918,684</u>
				<u>Equity</u>			
				Capital stock	4,877,740	4,877,740	4,877,740
				Capital surplus	312,633	312,633	312,633
				Retained earnings	1,869,815	1,963,211	1,691,618
				Other equity	<u>77,464</u>	<u>252,670</u>	<u>214,476</u>
				Total equity	<u>7,137,652</u>	<u>7,406,254</u>	<u>7,096,467</u>
Total	<u>\$ 62,689,137</u>	<u>\$ 64,071,609</u>	<u>\$ 64,015,151</u>	Total	<u>\$ 62,689,137</u>	<u>\$ 64,071,609</u>	<u>\$ 64,015,151</u>

**Taiwan Cooperative Securities Co., Ltd.**

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

<b>Assets</b>	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>	<b>Liabilities and Equity</b>	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Current assets	\$ 42,660,014	\$ 30,684,735	\$ 33,485,286	<u>Liabilities</u>			
Financial assets at fair value through other comprehensive income - noncurrent	102,997	48,952	45,801	Current liabilities	\$ 37,288,471	\$ 25,374,339	\$ 28,612,702
Properties and equipment, net	52,182	51,371	53,154	Lease liabilities	145,895	166,429	132,697
Right-of-use assets, net	143,847	164,859	131,326	Deferred tax liabilities	185	184	1,471
Intangible assets	49,755	51,716	43,086	Other liabilities	<u>4,713</u>	<u>4,856</u>	<u>4,290</u>
Deferred tax assets	9,170	14,837	4,578	Total liabilities	<u>37,439,264</u>	<u>25,545,808</u>	<u>28,751,160</u>
Other noncurrent assets	<u>432,422</u>	<u>414,367</u>	<u>422,702</u>	<u>Equity</u>			
				Capital stock	5,000,000	4,724,200	4,724,200
				Capital surplus	294,440	294,440	294,440
				Retained earnings	732,425	847,320	431,629
				Other equity	<u>(15,742)</u>	<u>19,069</u>	<u>(15,496)</u>
				Total equity	<u>6,011,123</u>	<u>5,885,029</u>	<u>5,434,773</u>
Total	<u>\$ 43,450,387</u>	<u>\$ 31,430,837</u>	<u>\$ 34,185,933</u>	Total	<u>\$ 43,450,387</u>	<u>\$ 31,430,837</u>	<u>\$ 34,185,933</u>

(Continued)

**Co-operative Assets Management Co., Ltd.**

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

<b>Assets</b>	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>	<b>Liabilities and Equity</b>	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Current assets	\$ 275,017	\$ 301,500	\$ 127,446	<u>Liabilities</u>			
Financial assets at fair value through profit or loss	113,748	166,140	244,450				
Financial assets at fair value through other comprehensive income	15,975	20,075	19,075	Current liabilities	\$ 4,167,186	\$ 4,245,750	\$ 4,453,304
Accounts receivable, net	1,711,936	1,319,036	1,180,396	Lease liabilities	4,609	9,307	13,948
Investments accounted for using the equity method	1,041,866	1,017,595	963,827	Deferred tax liabilities	47,579	46,451	36,001
Properties and equipment, net	50,071	54,029	46,064	Other liabilities	<u>76,908</u>	<u>73,442</u>	<u>64,087</u>
Investment properties, net	4,046,841	4,428,376	4,464,495	Total liabilities	<u>4,296,282</u>	<u>4,374,950</u>	<u>4,567,340</u>
Right-of-use assets, net	4,472	9,086	13,700				
Intangible assets	3,330	4,486	5,931	<u>Equity</u>			
Deferred tax assets	205,083	204,643	227,322	Capital stock	2,825,280	2,825,280	2,825,280
Long-term lease payment receivable	112,437	177,586	202,242	Capital surplus	2,553	2,553	2,553
Other assets	<u>4,525</u>	<u>14,375</u>	<u>255,669</u>	Retained earnings	566,041	613,139	484,449
				Other equity	<u>(104,855)</u>	<u>(98,995)</u>	<u>(129,005)</u>
				Total equity	<u>3,289,019</u>	<u>3,341,977</u>	<u>3,183,277</u>
Total	<u>\$ 7,585,301</u>	<u>\$ 7,716,927</u>	<u>\$ 7,750,617</u>	Total	<u>\$ 7,585,301</u>	<u>\$ 7,716,927</u>	<u>\$ 7,750,617</u> (Continued)

**BNP Paribas Cardif TCB Life Insurance Co., Ltd.**

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

<b>Assets</b>	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>	<b>Liabilities and Equity</b>	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Cash and cash equivalents	\$ 5,750,365	\$ 4,908,426	\$ 5,732,068	<u>Liabilities</u>			
Receivables	419,725	438,606	712,035				
Current tax assets	-	99,428	99,428	Payables	\$ 1,247,316	\$ 1,612,042	\$ 835,360
Investments	36,979,720	38,490,375	36,722,414	Current tax liabilities	165,251	314,364	170,572
Reinsurance assets	163,195	151,280	116,891	Financial liabilities at fair value through profit or loss	5,425	60,162	13,581
Equipment, net	124,103	120,605	118,815	Lease liabilities	8,457	14,855	22,262
Right-of-use assets	8,261	14,548	21,929	Insurance liabilities	27,038,500	26,962,977	27,127,922
Deferred tax assets	234,267	196,138	91,180	Reserve for insurance contracts with financial instruments features	736,551	2,535,145	4,261,913
Other assets	1,181,692	1,205,714	1,155,423	Reserve of foreign exchange variation	222,602	196,640	160,049
Separate-account assets	<u>108,159,473</u>	<u>105,803,112</u>	<u>94,581,074</u>	Deferred tax liabilities	252,069	312,239	254,268
				Other liabilities	1,926,574	567,418	604,913
				Separate-account liabilities	<u>108,159,473</u>	<u>105,803,112</u>	<u>94,581,074</u>
				Total liabilities	<u>139,762,218</u>	<u>138,378,954</u>	<u>128,031,914</u>
				<u>Equity</u>			
				Capital stock	6,881,166	6,881,166	6,881,166
				Capital surplus	9,310	9,310	9,310
				Retained earnings	3,085,625	2,555,013	2,047,107
				Other equity	<u>3,282,482</u>	<u>3,603,789</u>	<u>2,381,760</u>
				Total equity	<u>13,258,583</u>	<u>13,049,278</u>	<u>11,319,343</u>
Total	<u>\$ 153,020,801</u>	<u>\$ 151,428,232</u>	<u>\$ 139,351,257</u>	Total	<u>\$ 153,020,801</u>	<u>\$ 151,428,232</u>	<u>\$ 139,351,257</u>

(Continued)

**Taiwan Cooperative Securities Investment Trust Co., Ltd.**

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

<b>Assets</b>	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>	<b>Liabilities and Equity</b>	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Current assets	\$ 393,278	\$ 422,477	\$ 408,729	<u>Liabilities</u>			
Financial assets at fair value through profit or loss - noncurrent	2,218	2,034	1,940	Current liabilities	\$ 65,792	\$ 79,252	\$ 72,362
Properties and equipment, net	7,676	8,796	3,951	Lease liabilities	19,345	21,783	4,445
Right-of-use assets	19,098	21,640	4,320	Other liabilities	<u>1,474</u>	<u>1,591</u>	<u>1,224</u>
Intangible assets	9,995	9,914	4,414	Total liabilities	<u>86,611</u>	<u>102,626</u>	<u>78,031</u>
Prepaid equipment	2,310	560	-	<u>Equity</u>			
Other assets	<u>56,215</u>	<u>56,215</u>	<u>56,215</u>	Capital stock	303,000	303,000	303,000
				Capital surplus	72,860	72,860	72,860
				Retained earnings	28,375	43,390	26,012
				Other equity	<u>(56)</u>	<u>(240)</u>	<u>(334)</u>
				Total equity	<u>404,179</u>	<u>419,010</u>	<u>401,538</u>
Total	<u>\$ 490,790</u>	<u>\$ 521,636</u>	<u>\$ 479,569</u>	Total	<u>\$ 490,790</u>	<u>\$ 521,636</u>	<u>\$ 479,569</u>

(Continued)

**Taiwan Cooperative Venture Capital Co., Ltd.**

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

<b>Assets</b>	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>	<b>Liabilities and Equity</b>	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Current assets	\$ 1,227,958	\$ 637,117	\$ 1,077,307	<u>Liabilities</u>			
Financial assets at fair value through profit or loss - noncurrent	-	434,788	-	Current liabilities	\$ 8,277	\$ 10,256	\$ 7,024
Investments accounted for using equity method	3,447	4,793	2,581	Lease liabilities	6,265	7,917	7,729
Properties and equipment, net	751	770	856	Other liabilities	<u>89</u>	<u>121</u>	<u>307</u>
Right-of-use assets	6,160	7,812	7,636	Total liabilities	<u>14,631</u>	<u>18,294</u>	<u>15,060</u>
Intangible assets	189	125	151				
Other assets	<u>474</u>	<u>474</u>	<u>474</u>	<u>Equity</u>			
				Capital stock	1,060,099	1,024,642	1,024,641
				Retained earnings	88,051	47,537	50,288
				Other equity	<u>76,198</u>	<u>(4,594)</u>	<u>(984)</u>
				Total equity	<u>1,224,348</u>	<u>1,067,585</u>	<u>1,073,945</u>
Total	<u>\$ 1,238,979</u>	<u>\$ 1,085,879</u>	<u>\$ 1,089,005</u>	Total	<u>\$ 1,238,979</u>	<u>\$ 1,085,879</u>	<u>\$ 1,089,005</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, 2021 and 2020**  
(In Thousands of New Taiwan Dollars, Except Per Share Amounts)

	<b>2021</b>	<b>2020</b>
Interest revenues	\$ 23,863,533	\$ 27,004,658
Less: Interest expenses	<u>(6,595,159)</u>	<u>(10,141,885)</u>
Net interest	17,268,374	16,862,773
Net revenues and gains other than interest	<u>5,885,055</u>	<u>5,803,235</u>
Total net revenues	23,153,429	22,666,008
Bad-debt expenses and provision for losses on commitment and guarantees	(1,597,478)	(3,275,570)
Operating expenses	<u>(11,343,802)</u>	<u>(11,251,018)</u>
Income before income tax	10,212,149	8,139,420
Income tax expense	<u>(1,584,465)</u>	<u>(1,167,672)</u>
Net income	8,627,684	6,971,748
Other comprehensive income	<u>1,070,268</u>	<u>3,039,192</u>
Total comprehensive income	<u>\$ 9,697,952</u>	<u>\$ 10,010,940</u>
Earnings per share (NT\$)		
Basic	<u>\$0.80</u>	<u>\$0.65</u>

**Taiwan Cooperative Bills Finance Co., Ltd.**

**Condensed Statements of Comprehensive Income**  
**For the Six Months Ended June 30, 2021 and 2020**  
(In Thousands of New Taiwan Dollars, Except Per Share Amounts)

	<b>2021</b>	<b>2020</b>
Net interest	\$ 259,355	\$ 152,790
Net revenues and gains other than interest	<u>116,664</u>	<u>206,018</u>
Total net revenues	376,019	358,808
Impairment losses for credit losses and provision	(15,506)	(19,411)
Operating expenses	<u>(74,043)</u>	<u>(74,048)</u>
Income before income tax	286,470	265,349
Income tax expense	<u>(49,549)</u>	<u>(42,900)</u>
Net income	236,921	222,449
Other comprehensive income (loss)	<u>(162,566)</u>	<u>114,141</u>
Total comprehensive income	<u>\$ 74,355</u>	<u>\$ 336,590</u>
Earnings per share (NT\$)		
Basic	<u>\$0.49</u>	<u>\$0.46</u>

(Continued)

**Taiwan Cooperative Securities Co., Ltd.**

**Condensed Statements of Comprehensive Income**  
**For the Six Months Ended June 30, 2021 and 2020**  
(In Thousands of New Taiwan Dollars, Except Per Share Amounts)

	2021	2020
Revenues	\$ 1,062,972	\$ 772,311
Service charge	(60,740)	(28,735)
Other operating costs	(53,608)	(61,834)
Employee benefits	(322,315)	(239,738)
Other operating expenses	(225,712)	(166,209)
Other gains and losses	<u>9,478</u>	<u>(1,347)</u>
Income before income tax	410,075	274,448
Income tax expense	<u>(59,239)</u>	<u>(20,436)</u>
Net income	350,836	254,012
Other comprehensive loss	<u>(18,438)</u>	<u>(4,183)</u>
Total comprehensive income	<u>\$ 332,398</u>	<u>\$ 249,829</u>
Earnings per share (NT\$)		
Basic	<u>\$0.70</u>	<u>\$0.51</u>

**Co-operative Assets Management Co., Ltd.**

**Condensed Statements of Comprehensive Income**  
**For the Six Months Ended June 30, 2021 and 2020**  
(In Thousands of New Taiwan Dollars, Except Per Share Amounts)

	2021	2020
Operating revenues	\$ 326,943	\$ 249,376
Operating expenses	<u>(139,029)</u>	<u>(128,492)</u>
Operating benefits	187,914	120,884
Non-operating gains and losses	<u>20,290</u>	<u>18,032</u>
Income before income tax	208,204	138,916
Income tax expenses	<u>(42,379)</u>	<u>(31,026)</u>
Net income	165,825	107,890
Other comprehensive loss	<u>(5,860)</u>	<u>(25,301)</u>
Total comprehensive income	<u>\$ 159,965</u>	<u>\$ 82,589</u>
Earnings per share (NT\$)		
Basic	<u>\$0.59</u>	<u>\$0.38</u>

(Continued)

**BNP Paribas Cardif TCB Life Insurance Co., Ltd.**

**Condensed Statements of Comprehensive Income  
For the Six Months Ended June 30, 2021 and 2020  
(In Thousands of New Taiwan Dollars, Except Per Share Amounts)**

	<b>2021</b>	<b>2020</b>
Operating revenues	\$ 6,065,415	\$ (7,571,975)
Operating costs	(4,662,750)	8,597,411
Operating expenses	(340,401)	(317,307)
Non-operating gains and losses	<u>53</u>	<u>-</u>
Income before income tax	1,062,317	708,129
Income tax expenses	<u>(146,360)</u>	<u>(114,888)</u>
Net income	915,957	593,241
Other comprehensive income (loss)	<u>(321,307)</u>	<u>291,775</u>
Total comprehensive income	<u>\$ 594,650</u>	<u>\$ 885,016</u>
Earnings per share (NT\$)		
Basic	<u>\$1.33</u>	<u>\$0.86</u>

**Taiwan Cooperative Securities Investment Trust Co., Ltd.**

**Condensed Statements of Comprehensive Income  
For the Six Months Ended June 30, 2021 and 2020  
(In Thousands of New Taiwan Dollars, Except Per Share Amounts)**

	<b>2021</b>	<b>2020</b>
Operating revenues	\$ 161,128	\$ 210,247
Operating expenses	<u>(143,255)</u>	<u>(191,438)</u>
Operating gain	17,873	18,809
Non-operating gains and losses	<u>1,196</u>	<u>1,535</u>
Income before income tax	19,069	20,344
Income tax expenses	<u>-</u>	<u>-</u>
Net income	19,069	20,344
Other comprehensive income	<u>185</u>	<u>41</u>
Total comprehensive income	<u>\$ 19,254</u>	<u>\$ 20,385</u>
Earnings per share (NT\$)		
Basic	<u>\$0.63</u>	<u>\$0.67</u>

(Continued)

**Taiwan Cooperative Venture Capital Co., Ltd.**

**Condensed Statements of Comprehensive Income**  
**For the Six Months Ended June 30, 2021 and 2020**  
(In Thousands of New Taiwan Dollars, Except Per Share Amounts)

	2021	2020
Operating revenues	\$ 73,342	\$ 70,423
Operating expenses	<u>(19,044)</u>	<u>(16,970)</u>
Operating gain	54,298	53,453
Non-operating gains and losses	<u>48</u>	<u>321</u>
Income before income tax	54,346	53,774
Income tax benefits (expenses)	<u>(123)</u>	<u>44</u>
Net income	54,223	53,818
Other comprehensive income	<u>102,540</u>	<u>15,807</u>
Total comprehensive income	<u>\$ 156,763</u>	<u>\$ 69,625</u>
Earnings per share (NT\$)		
Basic	<u>\$0.51</u>	<u>\$0.51</u>

(Concluded)

TABLE 5

## TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

**BUSINESS SEGMENT FINANCIAL INFORMATION**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2021 AND 2020**  
(In Thousands of New Taiwan Dollars)

Business Segment Items	For the Six Months Ended June 30, 2021					
	Banking	Bill Finance	Securities	Insurance	Others	Consolidated
Net interest	\$ 17,337,523	\$ 20,288	\$ 126,643	\$ 362,230	\$ 18,588	\$ 17,865,272
Net revenues and gains other than interest	5,458,353	362,240	805,465	1,405,815	562,827	8,594,700
Total net revenues	22,795,876	382,528	932,108	1,768,045	581,415	26,459,972
Bad-debt expenses and provision for losses on commitment and guarantees	(1,590,415)	(15,506)	1,297	-	(17,047)	(1,621,671)
Net change in reserves for insurance liabilities	-	-	-	(94,344)	-	(94,344)
Operating expenses	(11,373,056)	(69,575)	(502,992)	(327,899)	(374,848)	(12,648,370)
Income before income tax	9,832,405	297,447	430,413	1,345,802	189,520	12,095,587
Income tax expenses	(1,586,197)	(49,550)	(59,239)	(146,360)	(54,364)	(1,895,710)
Net income	8,246,208	247,897	371,174	1,199,442	135,156	10,199,877

Business Segment Items	For the Six Months Ended June 30, 2020					
	Banking	Bill Finance	Securities	Insurance	Others	Consolidated
Net interest	\$ 16,931,335	\$ (19,688)	\$ 76,904	\$ 406,607	\$ 14,220	\$ 17,409,378
Net revenues and gains other than interest	5,291,027	392,321	599,318	(19,420)	499,427	6,762,673
Total net revenues	22,222,362	372,633	676,222	387,187	513,647	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)	(374,007)	(314,976)	(385,742)	(12,423,724)
Income before income tax	7,737,099	283,651	302,215	989,206	116,875	9,429,046
Income tax expenses	(1,174,944)	(42,900)	(20,436)	(114,889)	(21,326)	(1,374,495)
Net income	6,562,155	240,751	281,779	874,317	95,549	8,054,551

**TABLE 6**

# TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

**DISCLOSURE REQUIRED UNDER ARTICLE 46 OF THE FINANCIAL HOLDING COMPANY ACT  
JUNE 30, 2021 AND 2020  
(In Thousands of New Taiwan Dollars, %)**

June 30, 2021

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)	\$ 549,939,726	227.61
National Treasury Administration, ROC	323,897,838	134.06
Tai Power Co., Ltd.	99,113,438	41.02
Financial Bureau, Kaohsiung City Government	51,138,650	21.17
Taiwan High Speed Rail Corp.	38,306,193	15.85
New Taipei City Government	36,727,333	15.20
Taiwan Railways Administration	35,685,295	14.77
Department of Finance, Taipei City Government	25,999,999	10.76
CPC Corporation, Taiwan	19,806,183	8.20
Kaohsiung Rapid Transit Corp.	17,139,978	7.09
Taichung City Government	14,466,533	5.99
Taoyuan City Government	10,850,000	4.49
Da-Li Development Co, Ltd.	10,697,402	4.43
Hon Hai Precision Co., Ltd.	10,501,440	4.35
Central Taiwan Science Park	10,000,000	4.14
Taiwan Semiconductor Manufacturing Co., Ltd.	9,815,830	4.06
Yang Ming Marine Transport Corp.	8,365,656	3.46
Clevo Corp.	8,257,722	3.42
Chailease Finance Co., Ltd.	7,352,707	3.04
Taiwan Cement Corporation	7,324,704	3.03
Government National Mortgage Association	7,165,837	2.97
Highwealth Construction Co., Ltd.	7,076,735	2.93
US Treasury Note	6,829,244	2.83
Nan Ya Plastics Corporation	6,552,040	2.71
AU Optronics Co., Ltd.	6,110,569	2.53
National Chung-Shan Institute of Science & Technology	6,034,747	2.50
Far Eastern New Century Corp.	5,801,001	2.40
Winbond Electronics Corp.	5,191,939	2.15
Department of Urban Development, Taipei City Government	5,000,000	2.07
Johnson Health Tech. Co., Ltd.	4,902,720	2.03
Ruen Chen Investment Holding Co., Ltd.	4,807,000	1.99

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of TCFHC's Equity
Prosperity Tieh Enterprise Co., Ltd.	\$ 4,553,450	1.88
Farglory Land Development Co., Ltd.	4,552,098	1.88
Fubon Financial Holding Co, Ltd.	4,548,644	1.88
Kingdom of Saudi Arabia	4,515,182	1.87
China Steel Corp.	4,483,864	1.86
Formosa Petrochemical Corporation	4,247,296	1.76
Yien United Steel Corp.	4,002,965	1.66
Innolux Corp.	4,000,000	1.66
Kindom Development Co., Ltd.	3,974,221	1.64
Radium Life Tech. Co., Ltd.	3,938,111	1.63
Wistron Corp.	3,910,109	1.62
Silicon Application Corp.	3,820,502	1.58
Chungwha Construction Corp.	3,774,372	1.56
Client A	3,729,000	1.54
Powerchip Semiconductor Manufacturing Corporation	3,633,543	1.50
Tang Eng Iron Works Co., Ltd.	3,569,538	1.48
Bank of America, N.A.	3,342,817	1.38
Far EasTone Telecommunications Co., Ltd.	3,311,376	1.37
Kai Tai Fung International Co., Ltd.	3,237,235	1.34
Economic Development Bureau, Kaohsiung City Government	3,231,564	1.34
Client B	3,189,200	1.32
Federal Home Loan Mortgage Corp.	3,173,142	1.31
Fu Hong Co., Ltd.	3,170,524	1.31
Run Long Construction Co., Ltd.	3,149,274	1.30
Asia Cement Corp.	3,087,009	1.28
Walsin Lihwa Corp.	3,083,190	1.28
BPCE	3,057,656	1.27
Veterans Affairs Council, R.O.C. Placement Fund Management Committee	3,000,000	1.24
2. Same related parties		
Client C	9,238,830	3.82
Client D	8,415,331	3.48
Client E	5,519,000	2.28
Client F	4,793,000	1.98
Client G	4,494,826	1.86
Client H	4,455,000	1.84
Client I	4,395,549	1.82
Client J	4,271,279	1.77
Client K	3,748,443	1.55
Client L	3,244,680	1.34
Client M	3,189,200	1.32
Client N	3,058,299	1.27
Client O	3,054,424	1.26
Client P	3,054,424	1.26
Client Q	3,054,424	1.26

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of TCFHC's Equity
3. Same affiliate		
Yi Zhan Construction Co., Ltd.	\$ 21,249,379	8.79
Far Eastern International Leasing Corp.	21,032,448	8.70
Bing Han Construction Corp.	20,474,318	8.47
Formosa Ha Tinh (Cayman) Limited	20,446,323	8.46
Yi-Shiang Construction Corp.	19,665,218	8.14
Chubei New Century Shopping Mall Co., Ltd.	19,592,989	8.11
Huo Jiun Construction Co., Ltd.	19,461,182	8.05
Nan Ya Plastics Corporation	19,438,010	8.05
Far Eastern New Century Corp.	19,275,113	7.98
General Interface Solution (GIS) Holding	18,728,666	7.75
General Interface Solution Limited.	18,728,666	7.75
Ya Tung Ready Mixed Concrete Co., Ltd.	18,307,255	7.58
Formosa Plastics Corporation	17,824,576	7.38
Yuan Ding Investment Corp.	16,977,599	7.03
U-Ming Marine Transport Corp.	16,540,029	6.85
Asia Pacific Development Corporation	16,334,116	6.76
Far Eastone Telecommunications Co., Ltd.	16,295,095	6.74
Der Ching Investment Corporation	16,201,511	6.71
Hon Hai Precision Industry Co., Ltd.	15,883,905	6.57
Asia Cement Corp.	15,586,638	6.45
Formosa Heavy Industries Corporation	15,006,503	6.21
Innolux Corp.	14,501,440	6.00
Chailease Finance Co., Ltd.	14,224,435	5.89
Fina Finance & Trading Co., Ltd.	13,974,435	5.78
Chailease Rental Corp.	13,936,418	5.77
Chailease Holding Co., Ltd.	13,745,654	5.69
Chailease Consumer Finance Co., Ltd.	13,292,808	5.50
Yi Tai Fund Corp.	13,276,558	5.49
Chaico Investment Corp.	13,242,074	5.48
Chailease International Finance Corp.	13,187,754	5.46
Clevo Corp.	13,142,209	5.44
Jhong-An Investment Co., Ltd.	13,002,074	5.38
Da-Li Development Co, Ltd.	12,832,441	5.31
Da Li Development LLC	12,832,441	5.31
Da Li International LLC	12,832,441	5.31
Kings Garden International Co., Ltd.	12,758,219	5.28
Great Emperor Hotel Co., Ltd.	12,758,219	5.28
Sunny Friend Environmental Technology Co., Ltd	12,745,098	5.27
Gogoro Network (Cayman), Taiwan Branch	12,681,614	5.25
Yu Yuan Investment Co., Ltd.	12,173,361	5.04
Chailease International Finance Corp.	12,139,085	5.02
Formosa Chemicals & Fibre Corp.	12,118,926	5.02
EDA Hua Yue Hotel Corp.	12,051,054	4.99
Ren Ying Enterprise Co., Ltd.	11,837,292	4.90

(Continued)



Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of TCFHC's Equity
Ruentex Development Co., Ltd.	\$ 11,637,292	4.82
Ruentex Industries Ltd.	11,637,292	4.82
Yieh Hsing Enterprise Co., Ltd.	11,481,373	4.75
Hui Hong Investment Management Co., Ltd.	11,437,479	4.73
World Peace Industrial Co., Ltd.	11,341,177	4.69
WPG Holding Ltd.	11,341,177	4.69
Yieh Phui (Hong Kong) Holdings Limited	11,331,549	4.69
Da Li Properties LLC	11,327,829	4.69
Highwealth Construction Co., Ltd.	11,166,986	4.62
Da Li Miller Development Corp.	11,047,752	4.57
Yien United Steel Corp.	11,042,003	4.57
Shinshunshin Investment Co., Ltd.	10,937,172	4.53
Jau Feng Sheng Investment Co., Ltd.	10,917,199	4.52
QiYu Construction Co., Ltd.	10,915,986	4.52
Run Long Construction Co., Ltd.	10,915,986	4.52
G-Tech Optoelectronics Corp.	10,889,565	4.51
Bao-Shin Construction Co., Ltd.	10,797,402	4.47
Genuine Crop.	10,794,838	4.47
Foxconn Interconnect Technology Limited Taiwan Branch (Cayman)	10,752,495	4.45
Foxconn Technologies & Services	10,649,856	4.41
Taiwan Semiconductor Manufacturing Co., Ltd.	10,642,736	4.40
Foxconn (Far East) Ltd.	10,557,494	4.37
Motech Industries Inc.	10,545,039	4.36
Breaktime Inc.	10,509,112	4.35
Foxsemicon Integrated Technology Inc.	10,505,366	4.35
Nan Shan Life Insurance Company, Ltd.	10,432,518	4.32
XingRiSheng Investment Co., Ltd.	10,426,005	4.32
Chuangju Limited Partnership	10,425,432	4.31
CTBC Financial Holding Co., Ltd.	10,387,278	4.30
Vanguard International Semiconductor Corporation	9,846,038	4.08
Feng Sheng Enterprise Company	9,833,288	4.07
Formosa Industries Corp.	9,711,106	4.02
Buynow (Texas) Corp.	9,660,422	4.00
Taiwan Cement Corporation	9,587,376	3.97
CSRC China (Maanshan) Corporation	9,575,110	3.96
Everwiner Enterprise Co., Ltd.	9,471,950	3.92
Silicon Application Corp.	9,454,891	3.91
Frontek Technology Corporation	9,384,950	3.88
Yang Ming Marine Transport Corp.	9,301,612	3.85
Kuan-Ho Refractories Corp.	9,235,487	3.82
Taiwan Prosperity Chemical Corporation	9,198,289	3.81
Chicony Industrial (Wuhan) Co., Ltd.	9,066,677	3.75
Nan Chung Petrochemical Corp.	9,065,441	3.75
Trigold Holdings Ltd.	8,995,611	3.72
Kuang Ming Shipping Corp.	8,951,536	3.70
Kuang Ming (Liberia) Corp.	8,951,536	3.70

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of TCFHC's Equity
Buynow (Wuhan) Corp. Chailease Royal Leasing Plc. Yieh Phui Enterprise Co., Ltd. CECIC Blue-Sky Investment Consulting & Management Co., Ltd. Kao Ming Container Terminal Corp. Buynow (Chengdu) Corp. Pacific China Holdings Ltd. Nan Ya Plastics Corp., America Chiahui Power Corporation Asian Information Technology Inc. Ruen Chen Investment Holding Co., Ltd. BenQ Materials Corp. Visco Vision Inc. EverFun Travel Services Corp. Evergreen Marine Corp. (Hong Kong) Ltd. Radium Life Tech. Co., Ltd. Ji Shun Life Tech. Co., Ltd. Titan Development and Construction Co., Ltd. Continental Carbon Company China Steel Corp. AU Optronics Co., Ltd. Ta-Ho Maritime Corporation Grand Pacific Financing Corp. FDC International Hotels Corp. TCC International Holding Ltd. Wan Sheng Fa Investment Co., Ltd. Far Eastern Department Stores Ltd. Farglory Dome Co., Ltd. CSE Transport Corp. Oriental Petrochemical (Taiwan) Corp. PFG Fiber Glass Corporation Oriental Green Materials Ltd. Prosperity Tieh Enterprise Co., Ltd. Nan Ya Technology Corp. Evergreen Marine Corp. (Taiwan) Ltd. Fubon Financial Holding Co, Ltd. Farglory Free Trade Zone Co., Ltd. AU Optronics Corp. (Kunshan) Fubon Life Insurance Co., Ltd. AUO Envirotech Inc. AUO Display Plus Corp. China Man-Made Fiber Corp. Farglory Land Development Co., Ltd. Li Jiang Development Co., Ltd. Taiwan Mobile Corp. Pacific SOGO Department Stores Co., Ltd.	\$ 8,879,226 8,853,590 8,838,824 8,797,222 8,715,732 8,579,782 8,402,619 8,295,478 8,283,132 7,981,351 7,872,750 7,850,609 7,850,609 7,750,232 7,750,232 7,687,623 7,687,623 7,621,463 7,604,724 7,566,783 7,535,138 7,490,704 7,470,977 7,336,970 7,324,704 7,276,731 7,060,920 7,028,557 6,944,627 6,821,301 6,702,040 6,643,032 6,577,430 6,561,897 6,556,537 6,547,531 6,455,859 6,333,729 6,128,740 6,120,569 6,116,506 5,989,349 5,963,410 5,937,579 5,919,390 5,912,995	3.67 3.66 3.66 3.64 3.61 3.55 3.48 3.43 3.43 3.30 3.26 3.25 3.25 3.21 3.21 3.18 3.18 3.15 3.15 3.13 3.12 3.10 3.09 3.04 3.03 3.01 2.92 2.91 2.87 2.82 2.77 2.75 2.72 2.72 2.71 2.71 2.67 2.62 2.54 2.53 2.53 2.48 2.47 2.46 2.45 2.45

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of TCFHC's Equity
EDA Hospital Corp.	\$ 5,910,241	2.45
Far Eastern Geant Co., Ltd	5,860,408	2.43
Ever Ecover Corporation	5,754,154	2.38
Karton Formosa Polymers Corp.	5,728,590	2.37
Formosa Petrochemical Corporation	5,606,646	2.32
WALSIN TECHNOLOGY CORP.	5,575,504	2.31
Winbond Electronics Corp.	5,575,504	2.31
Chailease International Trade (Shanghai) Corp.	5,371,727	2.22
CITIC Capital Holdings Ltd.	5,355,724	2.22
Dragon Steel Corp.	5,317,089	2.20
Rih Ding Water Enterprise Co., Ltd.	5,294,455	2.19
Pou Chen Corp.	5,107,039	2.11
China Steel Chemical Corp.	5,096,776	2.11
Fubon Insurance Co., Ltd.	4,967,434	2.06
Johnson Health Tech. Co., Ltd.	4,902,720	2.03
Wistron Corp.	4,822,964	2.00
Taipei Fubon Commercial Bank Co., Ltd.	4,757,995	1.97
Wiwynn Corp.	4,746,959	1.96
Asia Cement (China) Holdings Corp.	4,657,455	1.93
CHC Resources Corp.	4,651,116	1.93
China Steel Structure Co., Ltd.	4,633,864	1.92
FanGlory Life Insurance Co., Ltd.	4,555,350	1.89
United Microelectronics Corp.	4,515,884	1.87
Pan Asia Chemical Co.	4,486,327	1.86
WPI International (Hong Kong) Ltd.	4,477,512	1.85
Capital Machinery Corp.	4,466,767	1.85
Fujian Lian Wei Logistics Co., Ltd.	4,416,071	1.83
Grand Hi-Lai Hotel Co., Ltd.	4,386,861	1.82
Jun Sheng Development Corp.	4,351,953	1.80
Chungwha Construction Corp.	4,310,426	1.78
Zhong Tai Hotel Co., Ltd.	4,287,416	1.77
Kai Tai Fung International Co., Ltd.	4,287,416	1.77
TYAU Windshield Co., Ltd.	4,276,763	1.77
TTET Union Corporation	4,245,845	1.76
Hsin Bong Enterprise Co., Ltd.	4,202,800	1.74
Taiwan Land Development Corp.	4,182,248	1.73
Taiwan Innovation Development Corp.	4,182,248	1.73
Taiwan Commercial Development Corp.	4,182,248	1.73
Fujian Fuxin Special Steel Co., Ltd.	4,167,396	1.72
Eva Airways Corp.	4,150,593	1.72
Run Tai Construction Co., Ltd.	4,014,755	1.66
Wan Da tong Enterprise Co., Ltd.	4,004,271	1.66
Ton Yi Industrial Corp.	4,002,061	1.66
Kindom Development Co., Ltd.	3,974,221	1.64
Powerchip Semiconductor Manufacturing Corporation	3,961,933	1.64
Jaysanlyn Real Estate & Advertising Co., Ltd.	3,961,921	1.64

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of TCFHC's Equity
He Fong Investment Co., Ltd.	\$ 3,928,370	1.63
Taichung Bank Leasing Corporation Limited	3,886,353	1.61
Evergreen Aviation Technologies Corp.	3,826,342	1.58
Longchen Paper & Packing Co., Ltd.	3,811,950	1.58
Hanshin Shopping Plaza Co., Ltd.	3,785,323	1.57
Ruentex Material Co., Ltd.	3,745,567	1.55
Uni-President Enterprises Corp.	3,735,152	1.55
Yehui (China) Technology Material Limited Company	3,705,424	1.53
Standard Chartered Bank (Germany)	3,683,268	1.52
Standard Chartered PLC.	3,683,268	1.52
Fu Chan High Pile Co., Ltd.	3,629,902	1.50
Shih Wei Navigation Co., Ltd.	3,624,259	1.50
Dong Lien Maritime S.A. Panama	3,624,259	1.50
Modest Pescadores S.A. Panama	3,624,259	1.50
Spinnaker Pescadores S.A. Panama	3,624,259	1.50
Tang Eng Iron Works Co., Ltd.	3,569,538	1.48
CTBC Finance Co., Ltd.	3,565,439	1.48
We&Win construction Ltd.	3,564,572	1.48
Walsin Lihwa Corp.	3,466,755	1.43
Logistar	3,399,937	1.41
RSEA Engineering Corporation Privatized 2009	3,399,582	1.41
Cathay United Bank Company Ltd.	3,395,880	1.41
Yuan Long Stainless Steel Corp.	3,379,378	1.40
Longchen P&P Co., Ltd. - Wuxi Longchen	3,364,073	1.39
Longchen P&P Co., Ltd. - Pinghu Longchen	3,364,073	1.39
Unisense Tech Co., Ltd.	3,349,520	1.39
Bank of America N.A.	3,342,817	1.38
Central Investment Corp.	3,339,405	1.38
Taiwan Glass Ind. Corp.	3,309,533	1.37
SYNN Industrial Co., Ltd.	3,307,392	1.37
Chailease International Financial	3,280,702	1.36
Longchen P&P Co., Ltd. - Jingzhou Longchen	3,263,597	1.35
UNI-Splendor Corp.	3,245,979	1.34
YFY Development Corp.	3,237,935	1.34
China Petrochemical Development Corp.	3,219,700	1.33
Wisdom Marine Lines S.A.	3,204,430	1.33
Fu Hong Co., Ltd.	3,170,524	1.31
Yuen Foong Yu Consumer Products Co., Ltd	3,168,197	1.31
Credit Agricole CIB, Paris	3,164,518	1.31
Credit Agricole CIB, London Branch	3,163,111	1.31
Walton Advanced Engineering, INC.	3,156,910	1.31
CKS Co., Ltd.	3,130,703	1.30
Luilang Wisdom S.A.	3,124,269	1.29
Mount Wisdom S.A.	3,124,269	1.29
Chung King Human Resource Management Consultant Co., Ltd.	3,113,136	1.29

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of TCFHC's Equity
President Chain Store Corp.	\$ 3,065,308	1.27
Techmosa International Inc.	3,062,924	1.27
WT Microelectronics Co., Ltd.	3,062,924	1.27
Tatung Co., Ltd.	3,058,517	1.27
Tatung Consumer Products (Taiwan) Co., Ltd.	3,058,517	1.27
Cathay Financial Holding Co., Ltd.	3,046,469	1.26
PRASAC Microfinance	3,030,773	1.25
Cathay Life Insurance Co., Ltd.	3,008,857	1.25
Lin Long Construction Co., Ltd.	3,002,599	1.24

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

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of TCFHC's Equity
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
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

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of TCFHC's Equity
Client I	\$ 3,647,207	1.65
Client J	3,642,986	1.65
Client K	3,642,986	1.65
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

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of TCFHC's Equity
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
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

(Continued)



Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of TCFHC's Equity
Titan Development and Construction Co., Ltd.	\$ 7,985,338	3.61
Everwiner Enterprise Co., Ltd.	7,768,468	3.51
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

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of TCFHC's Equity
Vanguard International semiconductor Corporation	\$ 5,273,687	2.38
Pan Asia Chemical Co.	5,139,643	2.32
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

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of TCFHC's Equity
Zhong Tai Hotel Co., Ltd.	\$ 4,205,286	1.90
Kai Tai Fung International Company Limited	4,205,286	1.90
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

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of TCFHC's Equity
Pernas Electronics Co., Ltd.	\$ 3,218,194	1.45
Taibo Huanan Glass Co., Ltd.	3,213,046	1.45
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

(Concluded)

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED  
FOR THE SIX MONTHS ENDED JUNE 30, 2021  
(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	\$ 190,000	\$ 159,694	\$ 159,694	3-8	Short-term financing	\$ -	Operating use	\$ 1,597	Real estate	\$ 390,634	\$ 334,198 (Note 3)	\$ 1,336,791 (Note 3)
		Hanky&Partners (Taiwan) Ltd.	Receivables on lending funds	No	216,046	110,700	110,700	3-8	Short-term financing	-	Operating use	1,107	Real estate	133,620	334,198 (Note 3)	1,336,791 (Note 3)
		Fu-ten Construction Co., Ltd.	Receivables on lending funds	No	330,000	330,000	-	3-8	Short-term financing	-	Operating use	-	-	-	334,198 (Note 3)	1,336,791 (Note 3)
		Shin Wei Navigation Co., Ltd.	Receivables on lending funds	No	50,000	45,554	45,554	3-8	Short-term financing	-	Operating use	456	Guarantee	5,000	334,198 (Note 3)	1,336,791 (Note 3)
		Tsuru Chikusan Co., Ltd.	Receivables on lending funds	No	82,500	37,500	37,500	3-8	Short-term financing	-	Operating use	375	Real estate	48,550	334,198 (Note 3)	1,336,791 (Note 3)
		VESP Technology Corporation	Receivables on lending funds	No	70,000	70,000	-	3-8	Short-term financing	-	Operating use	-	-	-	334,198 (Note 3)	1,336,791 (Note 3)
		Grandsun Engineering Co., Ltd.	Receivables on lending funds	No	28,000	17,500	17,500	3-8	Short-term financing	-	Operating use	175	Guarantee	5,250	334,198 (Note 3)	1,336,791 (Note 3)
		Yieh Hong Enterprise Co., Ltd.	Receivables on lending funds	No	191,746	158,565	158,565	3-8	Short-term financing	-	Operating use	1,586	Stocks	112,800	334,198 (Note 3)	1,336,791 (Note 3)
		Anli Lines Corp.	Receivables on lending funds	No	50,000	50,000	50,000	3-8	Short-term financing	-	Operating use	500	Stocks	123,750	334,198 (Note 3)	1,336,791 (Note 3)
		Suction Food Co., Ltd.	Receivables on lending funds	No	35,679	22,583	22,583	3-8	Short-term financing	-	Operating use	226	Real estate	56,373	334,198 (Note 3)	1,336,791 (Note 3)
		ET Pet Co., Ltd.	Receivables on lending funds	No	50,000	50,000	50,000	3-8	Short-term financing	-	Operating use	500	-	-	334,198 (Note 3)	1,336,791 (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 \$3,341,977 thousand.

TABLE 8

## TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

## MARKETABLE SECURITIES HELD

JUNE 30, 2021

(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, 2021				Note
				Shares (Thousands)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	
Taiwan Cooperative Venture Capital Co., Ltd.	<u>Beneficial certificate</u> TCB Taiwan Money Market Bond Fund	Fund managed by sister company	Financial assets at fair value through profit or loss	4,837	\$ 49,560	-	\$ 49,560	
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	-	1,041,866	100.00	1,041,866	Note
	Taiwan Urban Regeneration & Financial Services Co., Ltd.	-	Financial assets at fair value through other comprehensive income	2,500	15,975	5.00	15,975	
Taiwan Cooperative Securities Investment Trust Co., Ltd.	Fund Rich Securities Co., Ltd.	-	Financial assets at fair value through other comprehensive income	227	2,218	0.38	2,218	
Taiwan Cooperative Venture Capital Co., Ltd.	Chen Nan Iron Wire Co., Ltd.	-	Financial assets at fair value through profit or loss	1,000	26,320	2.38	26,320	
	Acmept Energy Services Co., Ltd.	-	Financial assets at fair value through profit or loss	750	41,325	2.30	41,325	
	SR Suntour Inc.	-	Financial assets at fair value through profit or loss	1,700	152,218	2.82	152,218	
	Lung Teh Shipbuilding Co., Ltd.	-	Financial assets at fair value through profit or loss	2,257	75,366	2.82	75,366	
	Eland Information Co., Ltd.	-	Financial assets at fair value through profit or loss	578	26,975	3.33	26,975	
	Prince Pharmaceutical Co., Ltd.	-	Financial assets at fair value through profit or loss	800	19,648	2.41	19,648	
	Tachyon Intelligence Robot Company	-	Financial assets at fair value through profit or loss	95	1,141	2.95	1,141	
	ULSee Cayman Co., Ltd.	-	Financial assets at fair value through profit or loss	651	24,206	6.51	24,206	

(Continued)

Holding Company Name	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	June 30, 2021				Note
				Shares (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	\$ 26,700	1.96	\$ 26,700	
	Cloud Mile Inc.	-	Financial assets at fair value through profit or loss	838	49,606	8.38	49,606	
	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	123,300	20.00	123,300	
	Cheng Mei Instrument Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	2,250	54,968	7.66	54,968	
	APMTD Global Limited	-	Financial assets at fair value through profit or loss	331	22,359	0.85	22,359	
	Wihking Entertainment Ltd.	-	Financial assets at fair value through profit or loss	5,112	68,138	8.74	68,138	
	Locus Cell Co., Ltd.	-	Financial assets at fair value through profit or loss	5,000	50,000	2.50	50,000	
	Revlis Biotech Co., Ltd.	-	Financial assets at fair value through profit or loss	2,813	25,000	5.65	25,000	
	China Development II Biomedical Venture Capital, LP.	-	Financial assets at fair value through profit or loss	-	21,506	1.61	21,506	
	PharmaEssentia Corporation	-	Financial assets at fair value through other comprehensive income	329	28,592	0.12	28,592	
	Evergreen Marine Co. (Taiwan) Ltd.	-	Financial assets at fair value through other comprehensive income	660	130,020	0.01	130,020	
	Adimmune Corporation	-	Financial assets at fair value through other comprehensive income	316	16,938	0.07	16,938	
	Mesh Cooperative Ventures, Inc.	Associate	Investments accounted for using equity method	330	1,447	33.00	1,447	
	JC Capital Taiwan Co., Ltd.	Associate	Investments accounted for using equity method	350	2,000	35.00	2,000	

Note: When Taiwan Cooperative Financial Holding Co., Ltd. prepared the consolidated financial statements, the related account and security transactions were eliminated.

(Concluded)

TABLE 9

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE SIX MONTHS ENDED JUNE 30, 2021  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
Co-operative Assets Management Co., Ltd.	Land Serial No. 1045, 1045-2, Youshi Sec., Yangmei Dist., Taoyuan City.	2021.05.11 (Note)	\$ 472,010	Paid \$94,402 by contract (20% of the total amount of the transaction)	Taiwan Cooperative Bank, Ltd.	Same parent company	Bureau of Industry Ministry of Economic Affairs	-	1977.05.10	\$ 4,232	Real estate appraiser report	Activating asset utilization efficiency in order to comply with regulatory requirements	None

Note: The actual date of occurrence is the date of board of directors’ resolution.



**TABLE 10**

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

**DISPOSAL OF INDIVIDUAL REAL ESTATE AT PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE SIX MONTHS ENDED JUNE 30, 2021  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

<b>Seller</b>	<b>Property</b>	<b>Event Date</b>	<b>Original Acquisition Date</b>	<b>Carrying Amount</b>	<b>Transaction Amount</b>	<b>Collection</b>	<b>Gain (Loss) on Disposal</b>	<b>Counterparty</b>	<b>Relationship</b>	<b>Purpose of Disposal</b>	<b>Price Reference</b>	<b>Other Terms</b>
Taiwan Cooperative Bank, Ltd.	Land Serial No. 1045, 1045-2, Youshi Sec., Yangmei Dist., Taoyuan City.	2021.04.26 (Note 1)	1977.05.10	\$ 98,511	\$ 472,010	Paid \$94,402 by contract (20% of the total amount of the transaction)	\$ 373,499 (Note 2)	Co-operative Assets Management Co., Ltd.	Same parent company	Activating asset utilization efficiency in order to comply with regulatory requirements	Real estate appraiser report	None

Note 1: The actual date of occurrence is the date of board of directors’ resolution.

Note 2: The transaction was signed on June 30, 2021, but the settlement has not been paid yet, so the disposal gain has not been recorded.

**TABLE 11**

**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, 2021  
(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	\$ 1,438,458	\$ 762,253	\$ 89,003	\$ 63,658	6.15	8.35

**TABLE 12****TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES****SALE OF NONPERFORMING LOANS  
FOR THE SIX MONTHS ENDED JUNE 30, 2021  
(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	Selling Price	Gain (Loss) on Disposal	Terms	Relationship Between the Counterparty and the Company
2021.06.25	The Hong Kong and Shanghai Banking Corporation Limited	Midterm unsecured loan for enterprise (International syndicated loans)	\$ - (Note 1)	\$ 425,918 (US\$ 15,400)	\$ 425,918 (US\$ 15,400)	None	None

Note 1: Book value equals the amount of the original loan of US\$28,187 thousand minus the allowance for bad debts of US\$28,187 thousand.

Co-operative Assets Management Co., Ltd.

Date of Transaction	Counterparty	Form of Nonperforming Loan	Book Value	Selling Price	Gain (Loss) on Disposal	Terms	Relationship Between the Counterparty and the Company
2021.04.06	Client	Residential mortgage loan	\$ 7,965 (Note 2)	\$ 30,010	\$ 22,045	None	None

Note 2: 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.

**TABLE 13**

**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, 2021**  
**(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	\$ 2,097,250	-	\$ -	-	\$ -	\$ -
Taiwan Cooperative Financial Holding Company, Ltd.	Taiwan Cooperative Bank, Ltd.	Subsidiaries	450,883	-	-	-	-	-

Note: The receivables related to consolidated tax returns. When preparing the consolidated financial statements, the receivables have been eliminated.

**TABLE 14**

**TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD.**

**PERCENTAGE SHARE IN INVESTEEES AND RELATED INFORMATION**  
**JUNE 30, 2021**  
**(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	\$ 243,463,514	\$ 8,627,547	10,450,730	-	10,450,730	100.00	Note 3
	Taiwan Cooperative Securities Co., Ltd.	Taipei	Securities dealer	100.00	6,013,161	351,312	472,420	-	472,420	100.00	Note 3
	Taiwan Cooperative Bills Finance Co., Ltd.	Taipei	Bills finance dealer	100.00	7,138,134	236,909	487,774	-	487,774	100.00	Note 3
	Co-operative Assets Management Co., Ltd.	Taipei	Acquisition of delinquent loans	100.00	3,289,154	165,745	282,528	-	282,528	100.00	Note 3
	Taiwan Cooperative Securities Investment Trust Co., Ltd.	Taipei	Securities investment trust	100.00	404,341	19,097	30,300	-	30,300	100.00	Note 3
	BNP Paribas Cardif TCB Life Insurance Co., Ltd.	Taipei	Life insurance	51.00	6,762,045	467,025	350,939	-	350,939	51.00	Note 3
	Taiwan Cooperative Venture Capital Co., Ltd.	Taipei	Venture capital	100.00	1,224,349	54,223	102,464	-	102,464	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.

TABLE 15

## TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

INVESTMENT IN MAINLAND CHINA  
FOR THE SIX MONTHS ENDED JUNE 30, 2021  
(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, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2021	Investee Net Income	% Ownership of Direct or Indirect Investment	Investment Gain	Carrying Value as of June 30, 2021	Accumulated Inward Remittance of Earnings as of June 30, 2021
					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)	\$ 138,477	100	\$ 138,477	\$ 5,957,958	\$ -
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)	81,883	100	81,883	2,546,626	-
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)	10,203	100	10,203	3,188,810	-
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)	24,808	100	24,808	2,277,755	-

Accumulated Investment in Mainland China as of June 30, 2021	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)	\$ 146,565,806

## 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, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2021	Investee Net Income	% Ownership of Direct or Indirect Investment	Investment Gain	Carrying Value as of June 30, 2021	Accumulated Inward Remittance of Earnings as of June 30, 2021
					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)	\$ 26,471	100	\$ 26,471	\$ 1,041,866	\$ -

Accumulated Investment in Mainland China as of June 30, 2021	Investment Amount Approved by the Investment Commission, MOEA	Maximum Investment Allowable
\$ 910,980 (CNY 185,460) (Note 1)	\$ 910,980 (CNY 185,460) (Note 1)	\$ 1,973,412 (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)

**TABLE 16**

**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, 2021**

**(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	Due from banks	\$ 192,245	Note 4	-
1	Taiwan Cooperative Bank, Ltd.	Taiwan Cooperative Financial Holding Co., Ltd.	b	Deposits and remittances	192,245	Note 4	-
0	Taiwan Cooperative Financial Holding Co., Ltd.	Taiwan Cooperative Bank, Ltd.	a	Tax payables - consolidated tax return	2,097,250	Note 4	0.05
1	Taiwan Cooperative Bank, Ltd.	Taiwan Cooperative Financial Holding Co., Ltd.	b	Tax receivables - consolidated tax return	2,097,250	Note 4	0.05
0	Taiwan Cooperative Financial Holding Co., Ltd.	Taiwan Cooperative Bank, Ltd.	a	Tax receivables - consolidated tax return	450,883	Note 4	0.01
1	Taiwan Cooperative Bank, Ltd.	Taiwan Cooperative Financial Holding Co., Ltd.	b	Tax payables - consolidated tax return	450,883	Note 4	0.01
1	Taiwan Cooperative Bank, Ltd.	United Taiwan Bank S.A.	a	Due from banks	709,430	Note 4	0.02
2	United Taiwan Bank S.A.	Taiwan Cooperative Bank, Ltd.	b	Deposits from banks	709,430	Note 4	0.02
1	Taiwan Cooperative Bank, Ltd.	United Taiwan Bank S.A.	a	Call loans to banks	1,335,908	Note 4	0.03
2	United Taiwan Bank S.A.	Taiwan Cooperative Bank, Ltd.	b	Call loans from banks	1,335,908	Note 4	0.03
1	Taiwan Cooperative Bank, Ltd.	United Taiwan Bank S.A.	a	Medium-term unsecured loans	4,488,022	Note 4	0.10
2	United Taiwan Bank S.A.	Taiwan Cooperative Bank, Ltd.	b	Long-term borrowings	4,488,022	Note 4	0.10
1	Taiwan Cooperative Bank, Ltd.	BNP Paribas Cardif TCB Life Insurance Co., Ltd.	c	Deposits and remittances	2,548,264	Note 4	0.06
3	BNP Paribas Cardif TCB Life Insurance Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Cash and cash equivalents, refundable deposits	2,548,264	Note 4	0.06
1	Taiwan Cooperative Bank, Ltd.	BNP Paribas Cardif TCB Life Insurance Co., Ltd.	c	Service fee and commission income	297,242	Note 4	1.12
3	BNP Paribas Cardif TCB Life Insurance Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Service charge and commission expense	297,242	Note 4	1.12

(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 (%)
3	BNP Paribas Cardif TCB Life Insurance Co., Ltd.	Taiwan Cooperative Bills Finance Co., Ltd.	c	Securities purchased under resell agreements	\$ 754,463	Note 4	0.02
4	Taiwan Cooperative Bills Finance Co., Ltd.	BNP Paribas Cardif TCB Life Insurance Co., Ltd.	c	Security sold under repurchased agreements	754,463	Note 4	0.02
0	Taiwan Cooperative Financial Holding Co., Ltd.	BNP Paribas Cardif TCB Life Insurance Co., Ltd.	a	Dividends receivable	196,526	Note 4	-
3	BNP Paribas Cardif TCB Life Insurance Co., Ltd.	Taiwan Cooperative Financial Holding Co., Ltd.	b	Dividends payable	196,526	Note 4	-
1	Taiwan Cooperative Bank, Ltd.	Taiwan Cooperative Bills Finance Co., Ltd.	c	Call loans to banks	4,205,790	Note 4	0.10
4	Taiwan Cooperative Bills Finance Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Call loans from banks	4,205,790	Note 4	0.10
6	Taiwan Cooperative Securities Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Settlement payable	136,875	Note 4	-
1	Taiwan Cooperative Bank, Ltd.	Taiwan Cooperative Securities Co., Ltd.	c	Receivable on securities	136,875	Note 4	-
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	2.19
5	Co-operative Assets Management Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Investment properties, net	963,705	Note 4	0.02
6	Taiwan Cooperative Securities Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Right-of-use assets, net	142,591	Note 4	-
6	Taiwan Cooperative Securities Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Lease liabilities	144,629	Note 4	-
6	Taiwan Cooperative Securities Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Interest expense	1,395	Note 4	0.01
6	Taiwan Cooperative Securities Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Depreciation expense	20,599	Note 4	0.08
1	Taiwan Cooperative Bank, Ltd.	Taiwan Cooperative Securities Co., Ltd.	c	Lease income	21,518	Note 4	0.08

Note 1: The parent company and subsidiaries are numbered as follows:

- a. Parent company is dented 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

(Continued)

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 17****TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD.****INFORMATION ON MAJOR SHAREHOLDERS****JUNE 30, 2021**

Name of Major Shareholder	Shareholding	
	Number of Shares	Percentage of Ownership (%)
Ministry of Finance, Taiwan	3,475,464,779	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.