

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

**Consolidated Financial Statements for the
Three Months Ended March 31, 2022 and 2021 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Taiwan Cooperative Financial Holding Co., Ltd. (TCFHC) and its subsidiaries (collectively, the "Company"), as of March 31, 2022 and 2021, the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2022 and 2021, and related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as 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. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with Statement of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company as of March 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2022 and 2021 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.

The engagement partners on the reviews resulting in this independent auditors' review report are Yin-Chou Chen and Tza-Li Gung.

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 23, 2022

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally applied in the Republic of China.

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

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

	March 31, 2022 (Reviewed)		December 31, 2021 (Audited)		March 31, 2021 (Reviewed)	
	Amount	%	Amount	%	Amount	%
ASSETS						
CASH AND CASH EQUIVALENTS (Note 6)	\$ 80,803,339	2	\$ 99,816,104	2	\$ 46,343,889	1
DUE FROM THE CENTRAL BANK AND CALL LOANS TO OTHER BANKS (Notes 7, 42 and 43)	326,505,748	7	396,948,639	9	319,301,342	8
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 8, 42 and 43)	84,600,523	2	84,931,904	2	95,106,387	2
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Note 9)	514,449,436	12	478,885,434	11	464,297,233	11
INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST (Notes 10 and 43)	689,909,199	16	715,489,725	16	718,524,890	17
SECURITIES PURCHASED UNDER RESELL AGREEMENTS (Note 11)	1,755,639	-	981,862	-	1,963,078	-
RECEIVABLES, NET (Notes 12 and 42)	48,401,596	1	44,209,985	1	42,993,943	1
CURRENT TAX ASSETS	1,790,164	-	2,025,864	-	2,394,332	-
DISCOUNTS AND LOANS, NET (Notes 13, 42 and 43)	2,503,047,365	57	2,436,697,636	55	2,338,964,092	56
REINSURANCE ASSETS, NET	140,635	-	138,313	-	150,655	-
INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (Note 14)	146,184	-	143,342	-	145,094	-
OTHER FINANCIAL ASSETS, NET (Notes 15, 31 and 43)	110,146,943	2	114,919,948	3	116,888,768	3
INVESTMENT PROPERTIES, NET (Note 16)	11,002,555	-	10,881,442	-	11,373,704	-
PROPERTIES AND EQUIPMENT, NET (Note 17)	33,260,072	1	33,372,509	1	33,312,552	1
RIGHT-OF-USE ASSETS, NET (Note 18)	1,586,293	-	1,509,935	-	1,611,153	-
INTANGIBLE ASSETS (Note 19)	4,026,399	-	3,873,017	-	3,878,323	-
DEFERRED TAX ASSETS (Note 39)	2,819,969	-	2,779,640	-	3,006,469	-
OTHER ASSETS, NET (Notes 18 and 20)	3,327,688	-	6,231,556	-	3,069,007	-
TOTAL	\$ 4,417,719,747	100	\$ 4,433,836,855	100	\$ 4,203,324,911	100
LIABILITIES AND EQUITY						
DEPOSITS FROM THE CENTRAL BANK AND OTHER BANKS (Notes 21 and 42)	\$ 254,228,443	6	\$ 243,046,578	6	\$ 262,186,770	6
DUE TO THE CENTRAL BANK AND OTHER BANKS (Note 22)	46,169,680	1	88,889,360	2	53,890,930	1
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 8, 27 and 42)	3,291,286	-	2,351,636	-	2,447,374	-
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS (Notes 8, 9 and 23)	53,781,142	1	52,566,969	1	55,301,027	1
COMMERCIAL PAPER ISSUED, NET (Note 24)	31,416,966	1	29,886,064	1	33,736,156	1
PAYABLES (Notes 25 and 42)	55,212,289	1	61,279,814	1	53,034,335	1
CURRENT TAX LIABILITIES	1,532,025	-	1,564,228	-	985,871	-
DEPOSITS AND REMITTANCES (Notes 26 and 42)	3,499,319,565	79	3,478,748,881	79	3,271,350,523	78
BONDS PAYABLE (Note 27)	82,100,000	2	82,100,000	2	71,600,000	2
OTHER BORROWINGS (Notes 24 and 28)	4,340,409	-	804,894	-	1,293,502	-
PROVISIONS (Notes 29 and 30)	34,852,076	1	35,220,482	1	37,187,650	1
OTHER FINANCIAL LIABILITIES (Notes 16 and 31)	103,391,378	3	108,032,212	2	111,661,656	3
LEASE LIABILITIES (Note 18)	1,556,656	-	1,463,113	-	1,574,831	-
DEFERRED TAX LIABILITIES (Notes 17 and 39)	4,181,720	-	3,623,871	-	4,449,211	-
OTHER LIABILITIES (Note 32)	1,810,912	-	1,380,161	-	1,504,328	-
Total liabilities	<u>4,177,184,547</u>	<u>95</u>	<u>4,190,958,263</u>	<u>95</u>	<u>3,962,204,164</u>	<u>94</u>
EQUITY ATTRIBUTABLE TO OWNERS OF TCFHC						
Capital stock						
Common stock	136,009,082	3	136,009,082	3	133,342,237	3
Capital surplus	57,976,124	1	57,976,124	1	57,974,241	2
Retained earnings						
Legal reserve	11,260,796	-	11,260,796	-	9,622,864	-
Special reserve	985,539	-	985,539	-	995,669	-
Unappropriated earnings	29,204,772	1	22,827,215	1	22,584,975	1
Total retained earnings	41,451,107	1	35,073,550	1	33,203,508	1
Other equity	(1,207,623)	-	7,168,718	-	9,837,185	-
Total equity attributable to owners of TCFHC	<u>234,228,690</u>	<u>5</u>	<u>236,227,474</u>	<u>5</u>	<u>234,357,171</u>	<u>6</u>
NON-CONTROLLING INTERESTS	6,306,510	-	6,651,118	-	6,763,576	-
Total equity	<u>240,535,200</u>	<u>5</u>	<u>242,878,592</u>	<u>5</u>	<u>241,120,747</u>	<u>6</u>
TOTAL	\$ 4,417,719,747	100	\$ 4,433,836,855	100	\$ 4,203,324,911	100

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

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2022		2021	
	Amount	%	Amount	%
INTEREST REVENUE (Notes 33 and 42)	\$ 12,467,292	108	\$ 12,273,702	94
INTEREST EXPENSE (Notes 33 and 42)	<u>(3,427,636)</u>	<u>(30)</u>	<u>(3,434,924)</u>	<u>(26)</u>
NET INTEREST	<u>9,039,656</u>	<u>78</u>	<u>8,838,778</u>	<u>68</u>
NET REVENUES AND GAINS OTHER THAN INTEREST				
Service fee and commission income, net (Notes 34 and 42)	2,007,643	17	2,156,725	17
Premium income (loss), net (Notes 31 and 35)	(71,306)	-	327,023	2
Gains (losses) on financial assets and liabilities at fair value through profit or loss (Notes 36 and 42)	3,996,037	35	3,252,954	25
Gains on disposal of investment properties, net	32,775	-	17,985	-
Realized gains on financial assets at fair value through other comprehensive income (Note 37)	107,521	1	869,035	7
Foreign exchange losses, net	(3,616,814)	(31)	(2,251,572)	(17)
Reversal of impairment losses (impairment losses) on assets (Notes 9 and 10)	(107,456)	(1)	748	-
Share of gains (losses) of associates and joint ventures accounted for using the equity method (Note 14)	2,842	-	5,919	-
Gains (losses) on reclassification of overlay approach (Note 8)	144,874	1	(241,924)	(2)
Other noninterest gains, net (Notes 16 and 42)	<u>20,375</u>	<u>-</u>	<u>33,544</u>	<u>-</u>
Total net revenues and gains other than interest	<u>2,516,491</u>	<u>22</u>	<u>4,170,437</u>	<u>32</u>
TOTAL NET REVENUES	<u>11,556,147</u>	<u>100</u>	<u>13,009,215</u>	<u>100</u>
BAD-DEBT EXPENSES AND PROVISION FOR LOSSES ON COMMITMENTS AND GUARANTEES (Note 13)	<u>62,711</u>	<u>1</u>	<u>(1,157,543)</u>	<u>(9)</u>
NET CHANGE IN RESERVES FOR INSURANCE LIABILITIES (Note 29)	<u>176,303</u>	<u>1</u>	<u>(83,032)</u>	<u>(1)</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) (Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2022		2021	
	Amount	%	Amount	%
OPERATING EXPENSES (Notes 4, 16, 17, 18, 30 and 38)				
Employee benefits	\$ (4,214,826)	(36)	\$ (4,088,421)	(31)
Depreciation and amortization	(603,881)	(5)	(557,716)	(4)
General and administrative	<u>(1,695,168)</u>	<u>(15)</u>	<u>(1,520,236)</u>	<u>(12)</u>
Total operating expenses	<u>(6,513,875)</u>	<u>(56)</u>	<u>(6,166,373)</u>	<u>(47)</u>
INCOME BEFORE INCOME TAX	5,281,286	46	5,602,267	43
INCOME TAX EXPENSE (Notes 4 and 39)	<u>(804,373)</u>	<u>(7)</u>	<u>(824,735)</u>	<u>(6)</u>
NET INCOME	<u>4,476,913</u>	<u>39</u>	<u>4,777,532</u>	<u>37</u>
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gains on investments in equity instruments at fair value through other comprehensive income	<u>1,202,899</u>	<u>10</u>	<u>3,167,440</u>	<u>24</u>
Items that will not be reclassified subsequently to profit or loss, net of income tax	<u>1,202,899</u>	<u>10</u>	<u>3,167,440</u>	<u>24</u>
Items that may be reclassified subsequently to profit or loss (Notes 8 and 39)				
Exchange differences on the translation of financial statements of foreign operations	1,663,388	14	520,968	4
Unrealized losses on investments in debt instruments at fair value through other comprehensive income	(9,603,115)	(83)	(5,339,278)	(41)
Other comprehensive income (losses) on reclassification of overlay approach	(144,874)	(1)	241,924	2
Income tax attributable to other comprehensive income	<u>61,397</u>	<u>1</u>	<u>70,604</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss, net of income tax	<u>(8,023,204)</u>	<u>(69)</u>	<u>(4,505,782)</u>	<u>(35)</u>
Other comprehensive losses, net of income tax	<u>(6,820,305)</u>	<u>(59)</u>	<u>(1,338,342)</u>	<u>(11)</u>
TOTAL COMPREHENSIVE INCOME (LOSS)	<u>\$ (2,343,392)</u>	<u>(20)</u>	<u>\$ 3,439,190</u>	<u>26</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) (Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2022		2021	
	Amount	%	Amount	%
NET INCOME ATTRIBUTABLE TO:				
Owners of TCFHC	\$ 4,297,777	37	\$ 4,530,686	35
Non-controlling interests	<u>179,136</u>	<u>2</u>	<u>246,846</u>	<u>2</u>
	<u>\$ 4,476,913</u>	<u>39</u>	<u>\$ 4,777,532</u>	<u>37</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of TCFHC	\$ (1,998,784)	(17)	\$ 3,307,402	25
Non-controlling interests	<u>(344,608)</u>	<u>(3)</u>	<u>131,788</u>	<u>1</u>
	<u>\$ (2,343,392)</u>	<u>(20)</u>	<u>\$ 3,439,190</u>	<u>26</u>
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 40)				
Basic	<u>\$0.32</u>		<u>\$0.33</u>	
Diluted	<u>\$0.32</u>		<u>\$0.33</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)
(Reviewed, Not Audited)

	Equity Attributable to Owners of TCFHC										Total Equity	
	Capital Stock (Note 41)		Retained Earnings (Notes 9 and 41)				Exchange Differences on the Translation of Financial Statements of Foreign Operations	Other Equity				Non-controlling Interests (Note 41)
	Shares (In Thousands)	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings		Unrealized Valuation Gains (Losses) on Financial Assets at Fair Value Through Other Comprehensive Income (Note 9)	Other Comprehensive Income on Reclassification of Overlay Approach			
BALANCE AT JANUARY 1, 2022	13,600,908	\$ 136,009,082	\$ 57,976,124	\$ 11,260,796	\$ 985,539	\$ 22,827,215	\$ (4,310,009)	\$ 10,787,759	\$ 690,968	\$ 6,651,118	\$ 242,878,592	
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	2,079,780	-	(2,079,780)	-	-	-	
Total comprehensive income												
Net income for the three months ended March 31, 2022	-	-	-	-	-	4,297,777	-	-	-	179,136	4,476,913	
Other comprehensive income (loss) for the three months ended March 31, 2022	-	-	-	-	-	-	1,327,435	(7,549,976)	(74,020)	(523,744)	(6,820,305)	
Total comprehensive income (loss) for the three months ended March 31, 2022	-	-	-	-	-	4,297,777	1,327,435	(7,549,976)	(74,020)	(344,608)	(2,343,392)	
BALANCE AT MARCH 31, 2022	<u>13,600,908</u>	<u>\$ 136,009,082</u>	<u>\$ 57,976,124</u>	<u>\$ 11,260,796</u>	<u>\$ 985,539</u>	<u>\$ 29,204,772</u>	<u>\$ (2,982,574)</u>	<u>\$ 1,158,003</u>	<u>\$ 616,948</u>	<u>\$ 6,306,510</u>	<u>\$ 240,535,200</u>	
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	
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	1,305,607	-	(1,305,607)	-	-	-	
Total comprehensive income												
Net income for the three months ended March 31, 2021	-	-	-	-	-	4,530,686	-	-	-	246,846	4,777,532	
Other comprehensive income (loss) for the three months ended March 31, 2021	-	-	-	-	-	-	423,438	(1,769,724)	123,002	(115,058)	(1,338,342)	
Total comprehensive income (loss) for the three months ended March 31, 2021	-	-	-	-	-	4,530,686	423,438	(1,769,724)	123,002	131,788	3,439,190	
BALANCE AT MARCH 31, 2021	<u>13,334,224</u>	<u>\$ 133,342,237</u>	<u>\$ 57,974,241</u>	<u>\$ 9,622,864</u>	<u>\$ 995,669</u>	<u>\$ 22,584,975</u>	<u>\$ (2,933,765)</u>	<u>\$ 11,968,316</u>	<u>\$ 802,634</u>	<u>\$ 6,763,576</u>	<u>\$ 241,120,747</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)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 5,281,286	\$ 5,602,267
Adjustments for:		
Depreciation expense	529,221	500,132
Amortization expense	74,660	57,584
Expected credit losses (gains)/bad-debt expense (gain on reversal of bad debts)	(36,862)	1,140,229
Gains on financial assets and liabilities at fair value through profit or loss	(3,996,037)	(3,252,954)
Interest expense	3,427,636	3,434,924
Interest revenue	(12,467,292)	(12,273,702)
Dividend income	(64,819)	(56,951)
Net changes in reserves for insurance liabilities	(176,303)	83,032
Provision (reversal of provision) for possible losses on guarantees	(35,170)	7,573
Net changes in reserves for other liabilities	9,321	9,741
Share of gains of associates and joint ventures accounted for using equity method	(2,842)	(5,919)
Losses (gains) on reclassification of overlay approach	(144,874)	241,924
Losses (gains) on disposal of properties and equipment	61	(23)
Gains on disposal of investment properties	(32,775)	(17,985)
Gains on disposal of investments	(42,702)	(812,084)
Impairment losses on financial assets	108,911	-
Reversal of impairment losses on financial assets	(1,455)	(748)
Unrealized gains on foreign exchange	(623,699)	(109,305)
Net changes in operating assets and liabilities		
Decrease in due from the Central Bank and call loans to other banks	20,322,142	50,076,782
Decrease (increase) in financial assets at fair value through profit or loss	5,717,052	(13,716,609)
Increase in financial assets at fair value through other comprehensive income	(38,208,637)	(36,242,976)
Decrease in investments in debt instruments at amortized cost	25,873,564	9,583,534
Increase in receivables	(4,980,763)	(6,712,718)
Increase in discounts and loans	(66,354,125)	(67,572,255)
Decrease (increase) in reinsurance assets	(5,725)	5,723
Decrease (increase) in other financial assets	519,760	(2,579,263)
Decrease in other assets	2,838,370	20,393
Increase in deposits from the Central Bank and other banks	11,181,865	30,193,144
Decrease in financial liabilities at fair value through profit or loss	(666,581)	(1,969,234)
Increase (decrease) in securities sold under repurchase agreements	1,154,943	(490,578)
Increase (decrease) in payables	(6,627,752)	4,726,583
Increase in deposits and remittances	20,570,684	1,478,979
		(Continued)

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2022	2021
Decrease in provision for employee benefits	\$ (168,259)	\$ (215,454)
Decrease in provisions	-	(968,321)
Increase (decrease) in other financial liabilities	(28,854)	5,505,690
Increase (decrease) in other liabilities	<u>457,650</u>	<u>(126,568)</u>
Cash used in operations	(36,598,400)	(34,455,413)
Interest received	13,773,344	13,744,588
Dividends received	129,123	94,408
Interest paid	(2,757,835)	(3,017,214)
Income tax refunded (paid)	<u>752,021</u>	<u>(245,003)</u>
Net cash used in operating activities	<u>(24,701,747)</u>	<u>(23,878,634)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of properties and equipment	(260,869)	(181,778)
Proceeds from disposal of properties and equipment	-	80
Increase in refundable deposits	(237,010)	(1,473,892)
Decrease in refundable deposits	285,736	1,755,884
Acquisition of intangible assets	(192,546)	(45,505)
Acquisition of investment properties	(351,349)	(111,286)
Proceeds from disposal of investment properties	238,692	153,704
Increase in other assets	(14,394)	(12,865)
Decrease in other assets	<u>13,433</u>	<u>-</u>
Net cash generated from (used in) investing activities	<u>(518,307)</u>	<u>84,342</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in due to the Central Bank and other banks	-	16,772,320
Decrease in due to the Central Bank and other banks	(42,719,680)	-
Increase in commercial paper issued	16,050,000	14,010,000
Repayments of bank debentures	(14,520,000)	(12,075,000)
Increase in other borrowings	8,182,769	7,534,972
Decrease in other borrowings	(4,666,373)	(7,057,720)
Increase in guarantee deposits received	182,407	1,607,458
Decrease in guarantee deposits received	(897,320)	(2,565,975)
Repayments of the principal portion of lease liabilities	(146,526)	(139,697)
Increase in other liabilities	-	86,221
Decrease in other liabilities	<u>(26,896)</u>	<u>-</u>
Net cash generated from (used in) financing activities	<u>(38,561,619)</u>	<u>18,172,579</u>

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TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2022	2021
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	\$ (4,909,924)	\$ (304,212)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(68,691,597)	(5,925,925)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>204,390,245</u>	<u>95,067,646</u>
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	<u>\$ 135,698,648</u>	<u>\$ 89,141,721</u>
Cash and cash equivalents reconciliations:		
	March 31	
	2022	2021
Cash and cash equivalents in the consolidated balance sheets	\$ 80,803,339	\$ 46,343,889
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”	53,139,670	40,588,166
Securities purchased under resell agreements in accordance with the definition of cash and cash equivalents under IAS 7 “Statement of Cash Flows”	1,755,639	1,953,121
Others items in accordance with the definition of cash and cash equivalents under IAS 7 “Statement of Cash Flows”	-	256,545
Cash and cash equivalents, end of period	<u>\$ 135,698,648</u>	<u>\$ 89,141,721</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 THREE MONTHS ENDED MARCH 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

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), 15 overseas branches, 8 overseas sub-branches and 2 representative offices as of March 31, 2022.

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 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 March 31, 2022 and 2021, TCFHC and its subsidiaries (collectively, the Company) had 9,593 and 9,482 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 May 23, 2022.

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

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

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Company's accounting policies

- b. 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

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	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 for deferred taxes that 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 and related amendments 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 financial 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.

Redesignation of financial assets

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

In addition, for a company that has applied IFRS 9 before the initial application of IFRS 17 and has, for financial assets that have been derecognized during the comparative period on the date of initial application of IFRS 17, the Company may choose to apply the classification overlay approach on the basis of individual financial assets, as if those financial assets had been reclassified in the comparative period in accordance with the redesignation requirements in paragraph C29 of IFRS 17.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

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

Basis of Preparation

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

The fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- a. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- b. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- c. Level 3 inputs are unobservable inputs for the asset or liability.

Basis of Consolidation

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

The accounting policies of TCFHC and its subsidiaries are consistent.

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

Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

Other Major Accounting Policies

In addition to the following, refer to the summary of significant accounting policies of the consolidated financial statements for the year ended December 31, 2021.

- a. 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.

- b. Taxation

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In 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 45.

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

	March 31, 2022	December 31, 2021	March 31, 2021
Cash on hand	\$ 25,066,151	\$ 26,574,403	\$ 25,297,537
Notes and checks in clearing	4,344,531	18,523,198	5,139,060
Due from banks	<u>51,412,179</u>	<u>54,737,394</u>	<u>15,922,085</u>
	80,822,861	99,834,995	46,358,682
Less: Allowance for possible losses	<u>19,522</u>	<u>18,891</u>	<u>14,793</u>
	<u>\$ 80,803,339</u>	<u>\$ 99,816,104</u>	<u>\$ 46,343,889</u>

Reconciliations of cash and cash equivalents between the consolidated statements of cash flows and the consolidated balance sheets as of March 31, 2022 and 2021 are shown in the consolidated statements of cash flows. The reconciliation as of December 31, 2021 are stated below:

	December 31, 2021
Cash and cash equivalent in the consolidated balance sheet	\$ 99,816,104
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”	103,260,419
Securities purchased under resell agreements in accordance with the definition of cash and cash equivalents under IAS 7 “Statement of Cash Flows”	981,862
Other in accordance with the definition of cash and cash equivalents under IAS 7 “Statement of Cash Flows”	<u>331,860</u>
Cash and cash equivalents, end of the year	<u>\$ 204,390,245</u>

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

	March 31, 2022	December 31, 2021	March 31, 2021
Reserves for deposits - account A	\$ 42,097,316	\$ 53,719,371	\$ 50,984,436
Reserves for deposits - account B	93,221,901	91,246,420	86,917,446
Reserves for deposits - community financial institutions	72,420,072	70,963,441	66,965,038
Reserves for deposits - foreign-currency deposits	542,669	527,131	544,755
Deposits in the Central Bank	39,200,000	39,200,000	39,200,000
Due from the Central Bank - others	19,012,649	30,615,230	20,588,706
Due from the Central Bank - central government agencies’ deposits	1,773,279	2,719,671	2,283,646
Call loans to banks	<u>58,237,862</u>	<u>107,957,375</u>	<u>51,817,315</u>
	<u>\$ 326,505,748</u>	<u>\$ 396,948,639</u>	<u>\$ 319,301,342</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 reserves - 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

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Financial assets mandatorily classified as at fair value through profit or loss</u>			
Commercial paper	\$ 59,164,135	\$ 62,817,196	\$ 72,362,278
Negotiable certificates of deposit	6,598,893	6,099,002	6,098,981
Beneficial certificates	4,966,107	4,817,642	5,597,140
Investment in equity instruments	4,275,811	3,877,372	3,405,509
Corporate bonds	2,549,626	2,554,048	2,581,256
Convertible bonds	539,639	703,703	873,671
Government bonds	429,270	2,653,138	1,013,829
Acquired loans	47,155	80,336	155,630
Commercial paper contracts with reference rate	9,133	6,877	9,043
Bank debentures	-	-	28,497
Currency swap contracts	5,182,252	785,811	2,480,390
Futures exchange margins	652,780	426,241	351,385
Forward contracts	77,332	54,683	54,383
Convertible bond asset swap contracts	-	-	63,218
Currency option contracts - buy	16,314	25,098	18,064
Cross-currency swap contracts	19,937	26,586	7,964
Interest rate swap contracts	<u>72,139</u>	<u>4,171</u>	<u>5,149</u>
Financial assets at fair value through profit or loss	<u>\$ 84,600,523</u>	<u>\$ 84,931,904</u>	<u>\$ 95,106,387</u>
<u>Held-for-trading financial liabilities</u>			
Payable - security borrowing	\$ 837,464	\$ 492,225	\$ 479,957
Securities purchased under resell agreements - short sale	622,063	136,788	966,496
Commercial paper contracts with reference rate	1,649	52	175
Currency swap contracts	1,597,200	1,644,668	881,578
Cross-currency swap contracts	30,847	588	4,666
Currency option contracts - sell	16,451	25,434	18,126
Forward contracts	90,013	21,201	52,631
Asset swap options contracts	40,577	25,312	32,427
Interest rate swap contracts	54,912	3,810	10,823
Options contracts	110	-	-
Foreign-currency margin contracts	-	1,558	407
Convertible bonds assets swap contracts	<u>-</u>	<u>-</u>	<u>88</u>
Financial liabilities at fair value through profit or loss	<u>\$ 3,291,286</u>	<u>\$ 2,351,636</u>	<u>\$ 2,447,374</u>

As of March 31, 2022, December 31, 2021 and March 31, 2021, financial assets at fair value through profit or loss amounting to \$29,553,797 thousand, \$31,678,111 thousand and \$35,245,000 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 March 31, 2022, December 31, 2021 and March 31, 2021, the contract (notional) amounts of derivative transactions of TCB were as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Currency swap contracts	\$ 329,621,476	\$ 306,830,050	\$ 225,049,643
Interest rate swap contracts	2,301,254	1,700,000	1,700,000
Forward contracts	11,261,343	13,963,789	8,581,547
Currency option contracts - sell	3,626,020	3,242,654	7,920,794
Currency option contracts - buy	3,626,020	3,242,654	7,920,794
Cross-currency swap contracts	1,116,198	1,079,949	441,507
Foreign-currency margin contracts	-	80,360	21,680

As of March 31, 2022, December 31, 2021 and March 31, 2021, the open position of futures transactions of TCB were as follows:

		March 31, 2022			
Items	Products	Open Position		Contract	Fair Values
		Buy/Sell	Number of Contracts	Amounts or Premium Paid (Charged)	
Futures contracts	Interest rate futures	Sell	25	\$ 87,285	\$ 87,616

		December 31, 2021			
Items	Products	Open Position		Contract	Fair Values
		Buy/Sell	Number of Contracts	Amounts or Premium Paid (Charged)	
Futures contracts	Interest rate futures	Sell	960	\$ 3,470,251	\$ 3,457,152

		March 31, 2021			
Items	Products	Open Position		Contract	Fair Values
		Buy/Sell	Number of Contracts	Amounts or Premium Paid (Charged)	
Futures contracts	Interest rate futures	Sell	55	\$ 205,917	\$ 205,672
Futures contracts	Stock index futures	Sell	30	98,730	98,538

As of March 31, 2022, December 31, 2021 and March 31, 2021, the open position of futures and option transactions of Taiwan Cooperative Securities Co., Ltd. (TCS) were as follows:

		March 31, 2022			
Items	Products	Open Position		Contract	Fair Values
		Buy/Sell	Number of Contracts	Amounts or Premium Paid (Charged)	
Futures contracts	Stock index futures	Buy	182	\$ 112,829	\$ 114,989
	Single-stock futures	Buy	310	73,665	75,300
	Commodity futures	Buy	17	50,472	49,984
	Foreign exchange futures	Buy	5	14,538	14,738
	Interest rate futures	Sell	6	32,173	32,413
	Stock index futures	Sell	137	519,392	519,170
	Single-stock futures	Sell	191	93,993	94,976
	Commodity futures	Sell	60	133,701	125,772
	Stock index futures	Sell	100	107	110
		December 31, 2021			
Items	Products	Open Position		Contract	Fair Values
		Buy/Sell	Number of Contracts	Amounts or Premium Paid (Charged)	
Futures contracts	Stock index futures	Buy	166	\$ 78,662	\$ 79,145
	Single-stock futures	Buy	61	27,500	28,338
	Commodity futures	Buy	5	1,947	2,194
	Interest rate futures	Sell	5	28,982	29,030
	Stock index futures	Sell	140	310,623	312,175
	Single-stock futures	Sell	65	34,893	34,576
	Commodity futures	Sell	73	152,823	156,155
		March 31, 2021			
Items	Products	Open Position		Contract	Fair Values
		Buy/Sell	Number of Contracts	Amounts or Premium Paid (Charged)	
Futures contracts	Stock index futures	Buy	17	\$ 20,840	\$ 20,054
	Single-stock futures	Buy	503	294,233	295,110
	Commodity futures	Buy	125	45,383	45,650
	Interest rate futures	Sell	9	49,740	49,614
	Stock index futures	Sell	209	575,977	582,501
	Single-stock futures	Sell	47	53,070	53,200
	Commodity futures	Sell	415	418,175	413,174
	Foreign exchange futures	Sell	6	19,688	19,337

As of March 31, 2022, December 31, 2021 and March 31, 2021, the contract (notional) amounts of asset swap contracts of TCS were as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Asset swap contracts	\$ 253,000	\$ 170,000	\$ 155,000

As of March 31, 2022, December 31, 2021 and March 31, 2021, the contract (notional) amounts of currency swap contracts and interest rate swap contracts of TCS were as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Interest rate swap contracts	\$ -	\$ -	\$ 600,000

BNP Paribas Cardif TCB Life Insurance Co., Ltd. (BPCTLI) engages in cross-currency swap contracts and 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 March 31, 2022, December 31, 2021 and March 31, 2021, the contract (notional) amounts of derivative transactions of BPCTLI were as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Currency swap contracts	\$ 10,368,098	\$ 9,890,418	\$ 10,543,792
Cross-currency swap contracts	285,800	276,550	285,050

BPCTLI has applied IFRS 9 since 2018, and also 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:

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Financial assets at FVTPL</u>			
Beneficial certificates	\$ 3,868,561	\$ 3,976,298	\$ 4,583,722
Investment in equity instruments	714,286	765,573	535,972

For the three months ended March 31, 2022 and 2021, for the financial assets designated for the overlay approach, the amount reclassified between profit or loss and other comprehensive income were as follows:

	For the Three Months Ended March 31	
	2022	2021
Profit or loss on application of IFRS 9	\$ (42,684)	\$ 433,695
Profit or loss from application of IAS 39	<u>(102,190)</u>	<u>(191,771)</u>
Gain or loss on reclassification by overlay approach	<u>\$ (144,874)</u>	<u>\$ 241,924</u>

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Investment in equity instruments at FVTOCI</u>			
Listed shares and emerging market shares	\$ 44,953,520	\$ 44,451,167	\$ 36,894,025
Unlisted shares	<u>7,421,237</u>	<u>6,959,665</u>	<u>6,541,530</u>
	<u>52,374,757</u>	<u>51,410,832</u>	<u>43,435,555</u>
<u>Investments in debt instruments at FVTOCI</u>			
Government bonds	245,978,381	218,957,398	215,249,412
Corporate bonds	120,164,935	116,154,344	115,426,991
Bank debentures	<u>95,931,363</u>	<u>92,362,860</u>	<u>90,185,275</u>
	<u>462,074,679</u>	<u>427,474,602</u>	<u>420,861,678</u>
	<u>\$ 514,449,436</u>	<u>\$ 478,885,434</u>	<u>\$ 464,297,233</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 \$13,111,349 thousand and \$7,948,738 thousand for the three months ended March 31, 2022 and 2021, respectively. The accumulated unrealized valuation gain or loss of financial assets at FVTOCI under other equity in the amount of \$2,079,780 thousand gains and \$1,305,607 thousand gains have been transferred to retained earnings, respectively.

For the three months ended March 31, 2022 and 2021, the Company recognized unrealized gains on investments in equity instruments at FVTOCI of \$1,202,899 thousand and \$3,167,440 thousand, respectively.

For the three months ended March 31, 2022 and 2021, the Company recognized unrealized losses on investments in debt instruments at FVTOCI of \$9,603,115 thousand and \$5,339,278 thousand, respectively.

As of March 31, 2022, December 31, 2021 and March 31, 2021, the allowance for possible losses of investment in debt instruments at FVTOCI recognized was \$196,706 thousand, \$84,989 thousand and \$129,375 thousand, respectively, through expected credit loss. Impairment loss recognized in profit or loss for the three months ended March 31, 2022 was \$108,379 thousand. A reversal of impairment loss recognized in profit or loss for the three months ended March 31, 2021 was \$660 thousand.

As of March 31, 2022, December 31, 2021 and March 31, 2021, financial assets at fair value through other comprehensive income amounting to \$23,326,545 thousand, \$20,579,814 thousand and \$19,813,814 thousand, respectively, had been sold under repurchase agreements.

10. INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST

	March 31, 2022	December 31, 2021	March 31, 2021
Negotiable certificates of deposit in the Central Bank	\$ 517,585,000	\$ 544,320,000	\$ 546,640,000
Government bonds	116,359,553	114,493,676	110,684,309
Corporate bonds	42,185,978	43,609,185	46,267,731
Bank debentures	12,242,280	11,708,953	12,629,730
Certificates of deposit	<u>1,555,776</u>	<u>1,378,116</u>	<u>2,350,736</u>
	689,928,587	715,509,930	718,572,506
Less: Allowance for possible loss	<u>19,388</u>	<u>20,205</u>	<u>47,616</u>
	<u>\$ 689,909,199</u>	<u>\$ 715,489,725</u>	<u>\$ 718,524,890</u>

A reversal of impairment loss recognized in profit or loss for the three months ended March 31, 2022 and 2021 were \$923 thousand gains and \$88 thousand gains, respectively

11. SECURITIES PURCHASED UNDER RESELL AGREEMENTS

Securities acquired for \$1,755,639 thousand, \$981,862 thousand and \$1,963,078 thousand under resell agreements as of March 31, 2022, December 31, 2021 and March 31, 2021, respectively, will subsequently be sold for \$1,755,911 thousand, \$982,059 thousand and \$1,966,053 thousand, respectively.

12. RECEIVABLES, NET

	March 31, 2022	December 31, 2021	March 31, 2021
Accrued interest	\$ 6,963,045	\$ 7,821,137	\$ 6,935,072
Settlement consideration	6,137,145	6,784,210	7,621,615
Settlement receivable	5,088,494	6,189,436	6,949,815
Margin loans receivable	6,494,203	6,918,339	5,615,942
Credit cards	3,946,440	4,543,631	3,848,296
Acceptances	3,799,345	3,410,950	3,704,654
Lease payment receivable	2,494,371	2,436,345	2,135,021
Receivables on lending funds	848,958	760,116	697,414
Receivables on merchant accounts in the credit card business	590,119	680,667	571,976
Accounts receivable	1,351,405	345,379	366,141
Receivable on securities	6,886,720	225,718	3,507,197
Accounts receivable factored without recourse	98,710	212,155	139,985
Refundable deposits receivable in leasehold agreements	138,993	183,993	183,993
Receivables on digital voucher advance payment	11,927	259,665	-
Regeneration advance payment	2,956,085	2,711,215	394,000
Receivable - separated account	107,561	-	160,664
Others	<u>1,179,479</u>	<u>1,411,428</u>	<u>808,268</u>
	49,093,000	44,894,384	43,640,053
Less: Allowance for possible losses	545,512	541,139	531,562
Less: Unrealized interest revenue	<u>145,892</u>	<u>143,260</u>	<u>114,548</u>
	<u>\$ 48,401,596</u>	<u>\$ 44,209,985</u>	<u>\$ 42,993,943</u>

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

Gross Carrying Amount	12-month ECL	Lifetime ECL (Collective Assessment)	Lifetime ECL (Non-purchased or Non-originated Credit-impaired Financial Assets)	Total
Balance at January 1, 2022	\$ 22,251,396	\$ 42,626	\$ 155,867	\$ 22,449,889
Transfers to				
Lifetime ECL	(20,459)	20,690	(231)	-
Credit-impaired financial assets	(6,213)	(1,928)	8,141	-
12-month ECL	6,653	(6,492)	(161)	-
New financial assets purchased or originated	25,845,278	26,724	827,116	26,699,118
Write-offs	-	-	(3,442)	(3,442)
Derecognition of financial assets in the current reporting period	(26,623,374)	(36,479)	(36,058)	(26,695,911)
Changes in exchange rates and other changes	<u>(842,063)</u>	<u>-</u>	<u>31</u>	<u>(842,032)</u>
Balance at March 31, 2022	<u>\$ 20,611,218</u>	<u>\$ 45,141</u>	<u>\$ 951,263</u>	<u>\$ 21,607,622</u>
Balance at January 1, 2021	\$ 19,755,861	\$ 46,627	\$ 169,402	\$ 19,971,890
Transfers to				
Lifetime ECL	(19,581)	19,734	(153)	-
Credit-impaired financial assets	(6,548)	(2,632)	9,180	-
12-month ECL	9,474	(9,434)	(40)	-
New financial assets purchased or originated	28,564,836	24,973	36,481	28,626,290
Write-offs	-	-	(2,636)	(2,636)
Derecognition of financial assets in the current reporting period	(28,397,464)	(32,161)	(35,326)	(28,464,951)
Changes in exchange rates and other changes	<u>(419,871)</u>	<u>-</u>	<u>10</u>	<u>(419,861)</u>
Balance at March 31, 2021	<u>\$ 19,486,707</u>	<u>\$ 47,107</u>	<u>\$ 176,918</u>	<u>\$ 19,710,732</u>

Allowance for Possible Losses	12-month ECL	Lifetime ECL (Collective Assessment)	Lifetime ECL (Non-purchased or Non-originated Credit-impaired Financial Assets)	Impairment Loss under IFRS 9	Difference of Impairment Loss under Regulations	Total
Balance at January 1, 2022	\$ 36,404	\$ 10,928	\$ 59,387	\$ 106,719	\$ 173,969	\$ 280,688
Changes from financial instruments recognized at the beginning of the current reporting period						
Transfers to						
Lifetime ECL	(288)	315	(27)	-	-	-
Credit-impaired financial assets	(234)	(462)	696	-	-	-
12-month ECL	1,533	(1,521)	(12)	-	-	-
Derecognition of financial assets in the current reporting period	(25,133)	(7,703)	(14,967)	(47,803)	-	(47,803)
Reversal from financial instruments recognized at the beginning of the current reporting period	2,229	2,460	19,075	23,764	-	23,764
New financial assets purchased or originated	23,771	6,421	7,277	37,469	-	37,469
Difference of impairment loss under regulations	-	-	-	-	(6,968)	(6,968)
Write-offs	-	-	(3,442)	(3,442)	-	(3,442)
Recovery of written-off receivables	-	-	6,531	6,531	-	6,531
Changes in exchange rates and other changes	(105)	-	495	390	-	390
Balance at March 31, 2022	\$ 38,177	\$ 10,438	\$ 75,013	\$ 123,628	\$ 167,001	\$ 290,629
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	(222)	235	(13)	-	-	-
Credit-impaired financial assets	(252)	(739)	991	-	-	-
12-month ECL	2,344	(2,342)	(2)	-	-	-
Derecognition of financial assets in the current reporting period	(21,152)	(7,984)	(12,909)	(42,045)	-	(42,045)
Reversal from financial instruments recognized at the beginning of the current reporting period	2,212	2,912	12,489	17,613	-	17,613
New financial assets purchased or originated	18,876	6,393	3,247	28,516	-	28,516
Difference of impairment loss under regulations	-	-	-	-	(35,718)	(35,718)
Write-offs	-	-	(2,636)	(2,636)	-	(2,636)
Recovery of written-off receivables	-	-	5,720	5,720	-	5,720
Changes in exchange rates and other changes	56	-	(140)	(84)	-	(84)
Balance at March 31, 2021	\$ 37,271	\$ 11,453	\$ 77,378	\$ 126,102	\$ 128,237	\$ 254,339

Impairment assessment except the above receivables were based on expected credit losses model at the beginning of the current reporting period by simplified method. On March 31, 2022, December 31, 2021 and March 31, 2021, the amount of impairment assessment to receivables were assessed as \$27,485,378 thousand, \$22,444,495 thousand and \$23,929,321 thousands, respectively, and the amount of allowance for possible losses were \$254,883 thousand, \$260,451 thousand and \$277,223 thousand, respectively.

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

	For the Three Months Ended March 31	
	2022	2021
Balance at January 1	\$ 260,451	\$ 528,989
Provision for possible losses	5,529	43,550
Write-offs	(727)	(253,099)
Recovery of written-off receivables	229	1,126
Effects of exchange rate changes and other changes	(10,599)	(43,343)
Balance at March 31	\$ 254,883	\$ 277,223

13. DISCOUNTS AND LOANS, NET

	March 31, 2022	December 31, 2021	March 31, 2021
Bills discounted	\$ 2,871,087	\$ 3,232,735	\$ 3,322,317
Overdraft			
Unsecured	9,802	6,001	33,790
Secured	26,849	21,666	31,393
Import and export negotiations	1,160,569	949,459	626,750
Short-term loans			
Unsecured	355,088,187	306,937,340	284,241,126
Accounts receivable financing	256,594	442,155	267,224
Secured	208,404,247	211,124,805	196,377,429
Medium-term loans			
Unsecured	393,662,290	375,529,180	373,239,866
Secured	420,636,579	423,887,130	408,931,998
Long-term loans			
Unsecured	43,514,282	43,013,395	36,500,681
Secured	1,102,688,689	1,096,055,993	1,058,135,766
Overdue loans	4,474,272	5,287,333	6,331,339
Life insurance loan	393,803	397,122	370,086
Temporary insurance paid	75,316	72,635	62,880
	<u>2,533,262,566</u>	<u>2,466,956,949</u>	<u>2,368,472,645</u>
Less: Allowance for possible losses	29,665,083	29,712,859	28,988,564
Less: Adjustment of discount	<u>550,118</u>	<u>546,454</u>	<u>519,989</u>
	<u>\$ 2,503,047,365</u>	<u>\$ 2,436,697,636</u>	<u>\$ 2,338,964,092</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, 2022	\$ 2,424,017,243	\$ 6,838,384	\$ 36,101,322	\$ 2,466,956,949
Transfers to				
Lifetime ECL	(1,183,896)	1,216,708	(32,812)	-
Credit-impaired financial assets	(2,488,723)	(310,015)	2,798,738	-
12-month ECL	461,715	(346,087)	(115,628)	-
New financial assets purchased or originated	383,362,064	259,774	157,560	383,779,398
Write-offs	-	-	(292,189)	(292,189)
Derecognition of financial assets in the current reporting period	(331,872,408)	(438,823)	(3,811,122)	(336,122,353)
Changes in exchange rates and other changes	<u>18,737,949</u>	<u>78,333</u>	<u>124,479</u>	<u>18,940,761</u>
Balance at March 31, 2022	<u>\$ 2,491,033,944</u>	<u>\$ 7,298,274</u>	<u>\$ 34,930,348</u>	<u>\$ 2,533,262,566</u>

(Continued)

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	(1,005,833)	1,039,027	(33,194)	-
Credit-impaired financial assets	(2,057,722)	(184,504)	2,242,226	-
12-month ECL	731,210	(674,244)	(56,966)	-
New financial assets purchased or originated	353,836,708	222,742	133,593	354,193,043
Write-offs	-	-	(1,606,101)	(1,606,101)
Derecognition of financial assets in the current reporting period	(288,504,875)	(670,927)	(2,154,971)	(291,330,773)
Changes in exchange rates and other changes	<u>2,082,127</u>	<u>7,105</u>	<u>122,512</u>	<u>2,211,744</u>
Balance at March 31, 2021	<u>\$ 2,326,215,400</u>	<u>\$ 2,542,001</u>	<u>\$ 39,715,244</u>	<u>\$ 2,368,472,645</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, 2022	\$ 3,777,112	\$ 86,866	\$ 4,047,940	\$ 7,911,918	\$ 21,800,941	\$ 29,712,859
Changes from financial instruments recognized at the beginning of the current reporting period						
Transfers to						
Lifetime ECL	(1,982)	5,447	(3,465)	-	-	-
Credit-impaired financial assets	(17,228)	(1,381)	18,609	-	-	-
12-month ECL	13,222	(531)	(12,691)	-	-	-
Derecognition of financial assets in the current reporting period	(631,400)	(2,287)	(90,840)	(724,527)	-	(724,527)
Reversal from financial instruments recognized at the beginning of the current reporting period	(5,709)	(5,995)	(130,870)	(142,574)	-	(142,574)
New financial assets purchased or originated	781,311	342	26,336	807,989	-	807,989
Difference of impairment loss under regulations	-	-	-	-	10,313	10,313
Write-offs	-	-	(292,189)	(292,189)	-	(292,189)
Recovery of write-off credits	-	-	192,518	192,518	-	192,518
Changes in exchange rates and other changes	<u>40,290</u>	<u>366</u>	<u>60,038</u>	<u>100,694</u>	<u>-</u>	<u>100,694</u>
Balance at March 31, 2022	<u>\$ 3,955,616</u>	<u>\$ 82,827</u>	<u>\$ 3,815,386</u>	<u>\$ 7,853,829</u>	<u>\$ 21,811,254</u>	<u>\$ 29,665,083</u>
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	(565)	2,665	(2,100)	-	-	-
Credit-impaired financial assets	(147,562)	(250)	147,812	-	-	-
12-month ECL	7,194	(3,553)	(3,641)	-	-	-
Derecognition of financial assets in the current reporting period	(571,810)	(1,870)	(11,494)	(585,174)	-	(585,174)
Reversal from financial instruments recognized at the beginning of the current reporting period	59,010	(2,385)	631,018	687,643	-	687,643
New financial assets purchased or originated	701,200	1,549	1,775	704,524	-	704,524
Difference of impairment loss under regulations	-	-	-	-	313,041	313,041
Write-offs	-	-	(1,606,101)	(1,606,101)	-	(1,606,101)
Recovery of write-off credits	-	-	278,940	278,940	-	278,940
Changes in exchange rates and other changes	<u>6,719</u>	<u>145</u>	<u>15,603</u>	<u>22,467</u>	<u>-</u>	<u>22,467</u>
Balance at March 31, 2021	<u>\$ 3,958,121</u>	<u>\$ 16,063</u>	<u>\$ 4,756,066</u>	<u>\$ 8,730,250</u>	<u>\$ 20,258,314</u>	<u>\$ 28,988,564</u>

The bad-debt expenses and provision for losses on guarantees for the three months ended March 31, 2022 and 2021 were as follows:

	For the Three Months Ended March 31	
	2022	2021
Provision (reversal of provision) for possible losses on discounts and loans	\$ (48,799)	\$ 1,120,034
Provision for possible losses on receivables	11,991	11,916
Provision (reversal of provision) for possible losses on overdue receivables	(54)	8,279
Provision (reversal of provision) for possible losses on guarantees	(35,170)	7,573
Provision for possible losses on loan commitment	36,848	11,820
Provision for other possible losses	<u>(27,527)</u>	<u>(2,079)</u>
	<u>\$ (62,711)</u>	<u>\$ 1,157,543</u>

As of March 31, 2022, December 31, 2021 and March 31, 2021, TCB was in compliance with the FSC-required provision for credit assets.

As of March 31, 2022, December 31, 2021 and March 31, 2021, accrual of interest on the above overdue loans had been stopped. Thus, the unrecognized interest revenue was \$19,917 thousand and \$27,480 thousand for the three months ended March 31, 2022 and 2021, respectively, based on the average loan interest rate for the year.

14. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	March 31, 2022		December 31, 2021		March 31, 2021	
	Amount	Percentage of Ownership	Amount	Percentage of Ownership	Amount	Percentage of Ownership
<u>Investment in associate</u>						
United Real Estate Management Co., Ltd.	\$ 142,416	30.00	\$ 139,194	30.00	\$ 140,916	30.00
Mesh Cooperative Ventures, Inc.	2,760	22.00	2,718	22.00	1,720	33.00
JC Capital Taiwan Co., Ltd.	<u>1,008</u>	35.00	<u>1,430</u>	35.00	<u>2,458</u>	35.00
	<u>\$ 146,184</u>		<u>\$ 143,342</u>		<u>\$ 145,094</u>	

Aggregate information of associate that is not individually material:

	For the Three Months Ended March 31	
	2022	2021
The Company's share of:		
Net income	\$ 2,842	\$ 5,919
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u>\$ 2,842</u>	<u>\$ 5,919</u>

The investments accounted for by equity method and the share of profit or loss and other comprehensive income of the investments for the three months ended March 31, 2022 and 2021 were based on the associate's financial statements for the same period which have not been reviewed by the auditors. Management believes there is no material impact on the equity method accounting or the calculation of the share of profit or loss and other comprehensive income, from the financial statements of the associate that have not been reviewed.

15. OTHER FINANCIAL ASSETS, NET

	March 31, 2022	December 31, 2021	March 31, 2021
Overdue receivables	\$ 527,368	\$ 576,971	\$ 380,150
Less: Allowance for possible losses	<u>315,088</u>	<u>351,511</u>	<u>147,224</u>
Overdue receivables, net	212,280	225,460	232,926
Due from banks	7,347,828	8,588,767	11,040,367
Security borrowing margin	1,408,569	688,465	729,615
Call loans to security firms	-	331,860	256,545
Separate-account assets (Note 31)	<u>101,178,266</u>	<u>105,085,396</u>	<u>104,629,315</u>
	<u>\$ 110,146,943</u>	<u>\$ 114,919,948</u>	<u>\$ 116,888,768</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

	March 31, 2022	December 31, 2021	March 31, 2021
Land	\$ 8,329,593	\$ 8,398,149	\$ 8,582,663
Buildings	<u>2,672,962</u>	<u>2,483,293</u>	<u>2,791,041</u>
	<u>\$ 11,002,555</u>	<u>\$ 10,881,442</u>	<u>\$ 11,373,704</u>
	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2022	\$ 8,398,149	\$ 3,648,028	\$ 12,046,177
Additions	59,254	292,095	351,349
Disposal	(127,810)	(91,053)	(218,863)
Reclassification	<u>-</u>	<u>(786)</u>	<u>(786)</u>
Balance at March 31, 2022	<u>\$ 8,329,593</u>	<u>\$ 3,848,284</u>	<u>\$ 12,177,877</u>
Balance at January 1, 2021	\$ 8,633,740	\$ 3,933,522	\$ 12,567,262
Additions	42,101	69,185	111,286
Disposal	(99,700)	(38,339)	(138,039)
Reclassification	<u>6,522</u>	<u>(1,064)</u>	<u>5,458</u>
Balance at March 31, 2021	<u>\$ 8,582,663</u>	<u>\$ 3,963,304</u>	<u>\$ 12,545,967</u>

(Continued)

	Land	Buildings	Total
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2022	\$ -	\$ 1,164,735	\$ 1,164,735
Disposal	-	(12,946)	(12,946)
Depreciation expenses	<u>-</u>	<u>23,533</u>	<u>23,533</u>
Balance at March 31, 2022	<u>\$ -</u>	<u>\$ 1,175,322</u>	<u>\$ 1,175,322</u>
Balance at January 1, 2021	\$ -	\$ 1,148,590	\$ 1,148,590
Disposal	-	(2,320)	(2,320)
Depreciation expenses	<u>-</u>	<u>25,993</u>	<u>25,993</u>
Balance at March 31, 2021	<u>\$ -</u>	<u>\$ 1,172,263</u>	<u>\$ 1,172,263</u>

(Concluded)

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, 2021 and 2020, the fair value of investment properties was \$26,447,665 thousand and \$26,318,017 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 three months ended March 31, 2022 and 2021.

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

	For the Three Months Ended March 31	
	2022	2021
Rental income from investment properties (part of other noninterest gains, net)	\$ 128,022	\$ 128,321
Direct operating expenses for investment properties that generate rental income	<u>(37,146)</u>	<u>(41,039)</u>
	<u>\$ 90,876</u>	<u>\$ 87,282</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 March 31, 2022, December 31, 2021 and March 31, 2021, guarantee deposits on these leases totaled \$100,875 thousand, \$102,366 thousand and \$103,051 thousand, respectively. Minimum future annual rentals are as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Year 1	\$ 396,171	\$ 418,570	\$ 420,547
Year 2	297,483	308,174	370,063
Year 3	236,548	267,176	279,889
Year 4	86,185	111,267	221,199
Year 5	26,934	34,934	70,208
Over five years	<u>69,424</u>	<u>78,261</u>	<u>98,096</u>
	<u>\$ 1,112,745</u>	<u>\$ 1,218,382</u>	<u>\$ 1,460,002</u>

17. PROPERTIES AND EQUIPMENT, NET

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Assets used by the Company</u>			
Land	\$ 20,551,555	\$ 20,551,477	\$ 20,631,618
Buildings	10,319,472	10,416,094	10,554,563
Machinery and equipment	1,310,620	1,313,996	1,225,713
Transportation equipment	178,112	155,595	140,143
Other equipment	248,161	231,288	236,240
Leasehold improvements	226,891	230,147	191,738
Prepayments for equipment, land and buildings and construction in progress	<u>395,397</u>	<u>441,770</u>	<u>293,701</u>
	<u>\$ 33,230,208</u>	<u>\$ 33,340,367</u>	<u>\$ 33,273,716</u>
<u>Assets leased under operating leases</u>			
Machinery and equipment	\$ 7,732	\$ 8,272	\$ 9,882
Other equipment	<u>22,132</u>	<u>23,870</u>	<u>28,954</u>
	<u>\$ 29,864</u>	<u>\$ 32,142</u>	<u>\$ 38,836</u>

a. Assets used by the Company

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Leasehold Improvements	Prepayments for Equipment, Land and Buildings and Construction in Progress	Total
<u>Cost</u>								
Balance at January 1, 2022	\$ 20,566,654	\$ 19,545,701	\$ 5,172,904	\$ 678,391	\$ 1,490,258	\$ 1,171,404	\$ 441,770	\$ 49,067,082
Additions	-	42,811	61,492	31,676	36,038	8,157	80,695	260,869
Disposals	-	-	(43,520)	(8,095)	(3,989)	(137)	-	(55,741)
Reclassification	-	36,155	45,723	-	5,182	6,913	(127,120)	(33,147)
Effects of exchange rate changes	78	167	6,011	1,216	1,965	4,416	52	13,905
Balance at March 31, 2022	<u>\$ 20,566,732</u>	<u>\$ 19,624,834</u>	<u>\$ 5,242,610</u>	<u>\$ 703,188</u>	<u>\$ 1,529,454</u>	<u>\$ 1,190,753</u>	<u>\$ 395,397</u>	<u>\$ 49,252,968</u>
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	-	14,604	40,630	6,357	8,289	5,960	105,938	181,778
Disposals	-	-	(65,926)	(1,402)	(4,922)	(4,180)	-	(76,430)
Reclassification	(6,522)	32,808	7,719	2,739	900	20,015	(65,036)	(7,377)
Effects of exchange rate changes	34	74	2,067	293	556	1,372	1	4,397
Balance at March 31, 2021	<u>\$ 20,646,795</u>	<u>\$ 19,231,344</u>	<u>\$ 5,207,344</u>	<u>\$ 671,269</u>	<u>\$ 1,460,889</u>	<u>\$ 1,094,944</u>	<u>\$ 293,701</u>	<u>\$ 48,606,286</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2022	\$ 15,177	\$ 9,129,607	\$ 3,858,908	\$ 522,796	\$ 1,258,970	\$ 941,257	\$ 15,726,715	
Disposals	-	-	(43,510)	(8,095)	(3,989)	(137)	(55,731)	
Depreciation expense	-	175,588	112,206	9,521	24,721	19,511	341,547	
Reclassification	-	-	-	(18)	18	-	-	
Effects of exchange rate changes	-	167	4,386	872	1,573	3,231	10,229	
Balance at March 31, 2022	<u>\$ 15,177</u>	<u>\$ 9,305,362</u>	<u>\$ 3,931,990</u>	<u>\$ 525,076</u>	<u>\$ 1,281,293</u>	<u>\$ 963,862</u>	<u>\$ 16,022,760</u>	
Balance at January 1, 2021	\$ 15,177	\$ 8,506,199	\$ 3,948,403	\$ 524,699	\$ 1,207,593	\$ 891,135	\$ 15,093,206	
Disposals	-	-	(65,888)	(1,402)	(4,903)	(4,180)	(76,373)	
Depreciation expense	-	170,511	97,703	7,577	21,519	15,373	312,683	
Reclassification	-	-	(29)	29	-	-	-	
Effects of exchange rate changes	-	71	1,442	223	440	878	3,054	
Balance at March 31, 2021	<u>\$ 15,177</u>	<u>\$ 8,676,781</u>	<u>\$ 3,981,631</u>	<u>\$ 531,126</u>	<u>\$ 1,224,649</u>	<u>\$ 903,206</u>	<u>\$ 15,332,570</u>	

Taiwan Cooperative Bank, Ltd. (TCB) revalued its properties five times in 1979, 1998, 2007, 2011 and 2012. As March 31, 2022, the reserve for land revaluation increment tax (part of deferred tax liabilities) was \$2,541,779 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	5 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

b. Assets leased under operating leases

	Machinery and Equipment	Other Equipment	Total
<u>Cost</u>			
Balance at January 1, 2022	\$ 11,802	\$ 34,610	\$ 46,412
Additions	-	-	-
Disposal	<u>(4)</u>	<u>(79)</u>	<u>(83)</u>
Balance at March 31, 2022	<u>\$ 11,798</u>	<u>\$ 34,531</u>	<u>\$ 46,329</u>
Balance at January 1, 2021	\$ 11,802	\$ 34,610	\$ 46,412
Additions	<u>-</u>	<u>-</u>	<u>-</u>
Balance at March 31, 2021	<u>\$ 11,802</u>	<u>\$ 34,610</u>	<u>\$ 46,412</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2022	\$ 3,530	\$ 10,740	\$ 14,270
Depreciation expenses	537	1,690	2,227
Disposal	<u>(1)</u>	<u>(31)</u>	<u>(32)</u>
Balance at March 31, 2022	<u>\$ 4,066</u>	<u>\$ 12,399</u>	<u>\$ 16,465</u>
Balance at January 1, 2021	\$ 1,383	\$ 3,962	\$ 5,345
Depreciation expenses	<u>537</u>	<u>1,694</u>	<u>2,231</u>
Balance at March 31, 2021	<u>\$ 1,920</u>	<u>\$ 5,656</u>	<u>\$ 7,576</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 their estimated useful lives as follows:

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

18. LEASE ARRANGEMENTS

a. Right-of-use assets

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Carrying amounts</u>			
Land	\$ 17,271	\$ 13,022	\$ 11,332
Buildings	1,479,061	1,400,651	1,522,461
Transportation equipment	77,979	83,232	61,092
Other equipment	<u>11,982</u>	<u>13,030</u>	<u>16,268</u>
	<u>\$ 1,586,293</u>	<u>\$ 1,509,935</u>	<u>\$ 1,611,153</u>
		For the Three Months Ended March 31	
		2022	2021
Depreciation charge for right-of-use assets			
Land		\$ 1,803	\$ 1,652
Buildings		148,849	148,780
Transportation equipment		10,214	7,668
Other equipment		<u>1,048</u>	<u>1,125</u>
		<u>\$ 161,914</u>	<u>\$ 159,225</u>

For the three months ended March 31, 2022 and 2021, the additions to right-of-use assets of the Company were \$229,736 thousand and \$112,529 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 three months ended March 31, 2022 and 2021.

b. Lease liabilities

	March 31, 2022	December 31, 2021	March 31, 2021
Carrying amounts	<u>\$ 1,556,656</u>	<u>\$ 1,463,113</u>	<u>\$ 1,574,831</u>

Range of discount rate for lease liabilities was as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Land	1.346%-1.627%	1.356%-1.627%	1.356%-1.627%
Buildings	1.346%-9.800%	1.346%-9.800%	1.359%-9.800%
Transportation equipment	0.845%-8.880%	0.845%-8.880%	0.845%-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 March 31, 2022, December 31, 2021 and March 31, 2021, refundable deposits on these leases totaled \$139,445 thousand, \$137,501 thousand and \$137,584 thousand, respectively.

d. Other lease information

	For the Three Months Ended March 31	
	2022	2021
Expenses relating to short-term leases	<u>\$ 1,034</u>	<u>\$ 2,376</u>
Expenses relating to low-value asset leases	<u>\$ 1,007</u>	<u>\$ 720</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 732</u>	<u>\$ 675</u>

For the three months ended March 31, 2022 and 2021, the total cash outflow for leases of the Company was \$159,425 thousand and \$157,001 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

	March 31, 2022	December 31, 2021	March 31, 2021
Goodwill	\$ 3,170,005	\$ 3,170,005	\$ 3,170,005
Computer software	<u>856,394</u>	<u>703,012</u>	<u>708,318</u>
	<u>\$ 4,026,399</u>	<u>\$ 3,873,017</u>	<u>\$ 3,878,323</u>
	Goodwill	Computer Software	Total
Balance at January 1, 2021	\$ 3,170,005	\$ 703,012	\$ 3,873,017
Separate acquisition	-	192,546	192,546
Amortization expenses	-	(74,375)	(74,375)
Transferred from properties and equipment	-	33,069	33,069
Effect of exchange rate changes	<u>-</u>	<u>2,142</u>	<u>2,142</u>
Balance at March 31, 2021	<u>\$ 3,170,005</u>	<u>\$ 856,394</u>	<u>\$ 4,026,399</u>
Balance at January 1, 2020	\$ 3,170,005	\$ 718,618	\$ 3,888,623
Separate acquisition	-	45,434	45,434
Amortization expenses	-	(57,229)	(57,229)
Transferred from properties and equipment	-	480	480
Effect of exchange rate changes	<u>-</u>	<u>1,015</u>	<u>1,015</u>
Balance at March 31, 2020	<u>\$ 3,170,005</u>	<u>\$ 708,318</u>	<u>\$ 3,878,323</u>

Computer software with limited useful lives is amortized on a straight-line basis over their estimated useful lives in 3 to 10 years.

20. OTHER ASSETS, NET

	March 31, 2022	December 31, 2021	March 31, 2021
Refundable deposits	\$ 1,655,767	\$ 1,729,565	\$ 1,565,686
Prepaid expenses	755,711	180,519	571,071
Operating deposits and settlement funds	735,501	729,447	736,396
Settlement payments	101,707	104,108	165,664
Receipts under custody for securities underwriting	60,221	3,464,363	-
Others	<u>18,781</u>	<u>23,554</u>	<u>30,190</u>
	<u>\$ 3,327,688</u>	<u>\$ 6,231,556</u>	<u>\$ 3,069,007</u>

21. DEPOSITS FROM THE CENTRAL BANK AND OTHER BANKS

	March 31, 2022	December 31, 2021	March 31, 2021
Deposits from banks	\$ 151,988,327	\$ 162,074,923	\$ 140,506,123
Call loans from banks	100,553,487	78,959,183	119,350,828
Overdraft from other banks	1,293,411	1,623,342	1,965,991
Transfer deposits from Chunghwa Post Co., Ltd.	95,665	95,665	95,665
Deposits from the Central Bank	<u>297,553</u>	<u>293,465</u>	<u>268,163</u>
	<u>\$ 254,228,443</u>	<u>\$ 243,046,578</u>	<u>\$ 262,186,770</u>

22. DUE TO THE CENTRAL BANK AND OTHER BANKS

	March 31, 2022	December 31, 2021	March 31, 2021
Due to the Central Banks	<u>\$ 46,169,680</u>	<u>\$ 88,889,360</u>	<u>\$ 53,890,930</u>

23. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

Securities sold for \$53,781,142 thousand, \$52,566,969 thousand and \$55,301,027 thousand under repurchase agreements as of March 31, 2022, December 31, 2021 and March 31, 2021, respectively, would subsequently be purchased for \$53,801,625 thousand, \$52,583,330 thousand and \$55,315,869 thousand respectively.

24. COMMERCIAL PAPER ISSUED, NET

The face values of commercial paper issued were \$31,430,000 thousand, \$29,900,000 thousand and \$33,745,000 thousand and the annual discount rates were from 0.413%-0.808%, from 0.260%-0.608% and from 0.262%-0.338% as of March 31, 2022, December 31, 2021 and March 31, 2021, respectively, and the commercial paper will mature by June 10, 2022, March 14, 2022 and June 10, 2021, respectively. The foregoing commercial paper was accepted and guaranteed by financial institutions. As of March 31, 2022, the Company had not used the amount of \$105,675,509 thousand, the sum of the amount of the commercial paper issued and the credit.

25. PAYABLES

	March 31, 2022	December 31, 2021	March 31, 2021
Settlement payable	\$ 8,994,972	\$ 6,444,246	\$ 8,966,387
Settlement consideration	5,919,649	6,751,423	8,688,590
Accrued expenses	7,210,081	6,819,272	6,169,696
Collections payable	6,790,668	8,571,511	6,030,858
Checks for clearing	4,344,531	18,523,198	5,139,060
Collections of notes and checks for various financial institutions in other cities	5,149,093	1,305,404	4,976,539
Acceptances	3,870,729	3,783,381	3,829,122
Accrued interest	2,882,058	2,212,852	3,004,187
Payables on notes and checks collected for others	1,601,030	1,793,803	1,479,889
Separate account payable	-	359,666	-
Payables for short-sale transactions	296,206	574,968	254,970
Deposits on short-sale transactions	229,542	512,447	244,069
Tax payable	422,003	513,523	414,324
Payable on securities	5,003,090	360,405	1,106,505
Dividends payable	417,072	415,962	378,555
Factored account payable	52,306	162,016	139,985
Insurance claims and benefits payable	78,167	93,399	79,331
Others	<u>1,951,092</u>	<u>2,082,338</u>	<u>2,132,268</u>
	<u>\$ 55,212,289</u>	<u>\$ 61,279,814</u>	<u>\$ 53,034,335</u>

26. DEPOSITS AND REMITTANCES

	March 31, 2022	December 31, 2021	March 31, 2021
Deposits			
Checking	\$ 56,075,298	\$ 64,436,750	\$ 44,641,979
Demand	807,532,146	816,521,314	726,014,772
Savings - demand	1,125,167,961	1,092,123,821	1,025,008,706
Time	746,544,740	730,483,296	712,316,158
Negotiable certificates of deposit	45,515,676	42,577,700	40,574,150
Savings - time	601,941,016	601,118,864	607,396,226
Treasury	116,420,455	131,286,387	115,247,105
Remittances	<u>122,273</u>	<u>200,749</u>	<u>151,427</u>
	<u>\$ 3,499,319,565</u>	<u>\$ 3,478,748,881</u>	<u>\$ 3,271,350,523</u>

27. BONDS PAYABLE

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

	March 31, 2022	December 31, 2021	March 31, 2021
Bank debentures	\$ 62,100,000	\$ 62,100,000	\$ 61,600,000
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	2,100,000
Second unsecured corporate bond of TCFHC in 2020, Type B: Fixed rate of 0.66%; maturity - October 7, 2027	2,200,000	2,200,000	2,200,000
First unsecured corporate bond of TCFHC in 2021, Type A: Fixed rate of 0.49%; maturity - July 12, 2026	3,400,000	3,400,000	-
Second unsecured corporate bond of TCFHC in 2021, Type B: Fixed rate of 0.55%; maturity - July 12, 2028	<u>6,600,000</u>	<u>6,600,000</u>	<u>-</u>
	<u>\$ 82,100,000</u>	<u>\$ 82,100,000</u>	<u>\$ 71,600,000</u>

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

	March 31, 2022	December 31, 2021	March 31, 2021
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 B: Reuters' fixing rate for 90 day's New Taiwan dollar commercial paper refers to the TAIBOR plus 0.45%; maturity - December 25, 2023	4,600,000	4,600,000	4,600,000
First subordinated bonds in 2014, Type A: Fixed rate of 1.70%; maturity - May 26, 2021	-	-	1,500,000
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

(Continued)

	March 31, 2022	December 31, 2021	March 31, 2021
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	1,000,000	1,000,000	-
Second unsecured bank debentures in 2021: Fixed rate of 0.42%; maturity - October 29, 2026	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>
	<u>\$ 62,100,000</u>	<u>\$ 62,100,000</u>	<u>\$ 61,600,000</u> (Concluded)

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 has been 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 March 31, 2021, the amount of unissued unsecured bank debentures of TCB was US\$1,000,000 thousand.

On March 25, 2022, TCB has obtained approval from the FSC to issue unsecured bank debentures amounting to \$5,000,000 thousand. As of March 31, 2022, the amount of unissued unsecured bank debentures of TCB was \$5,000,000 thousand.

On March 25, 2022, TCB has obtained approval from the FSC to issue non-cumulative perpetual subordinated bonds amounting to \$10,000,000 thousand. As of March 31, 2022, the amount of unissued unsecured bank debentures of TCB was \$10,000,000 thousand.

28. OTHER BORROWINGS

	March 31, 2022		December 31, 2021		March 31, 2021	
	Amount	Rate (%)	Amount	Rate (%)	Amount	Rate (%)
Borrowings (Note 24)	<u>\$ 4,340,409</u>	0.700-4.500	<u>\$ 804,894</u>	0.670-4.500	<u>\$ 1,293,502</u>	0.610-4.750

29. PROVISIONS

	March 31, 2022	December 31, 2021	March 31, 2021
Reserve for life insurance liabilities	\$ 26,103,019	\$ 26,438,237	\$ 26,631,959
Reserve for insurance contracts with financial instrument features	1,691	1,195	1,570,666
Provision for employee benefits	6,129,754	6,298,013	6,529,660
Provision for losses on guarantees	1,458,947	1,493,355	1,565,132
Provision for losses on loan commitment	301,628	261,147	236,033
Provision for others	44,294	70,812	40,305
Other provision for insurance	<u>812,743</u>	<u>657,723</u>	<u>613,895</u>
	<u>\$ 34,852,076</u>	<u>\$ 35,220,482</u>	<u>\$ 37,187,650</u>

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

	March 31, 2022		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Life insurance	\$ 11,912,227	\$ 5,017,272	\$ 16,929,499
Health insurance	929,335	-	929,335
Annuity insurance	-	8,205,590	8,205,590
Investment insurance	<u>35,469</u>	<u>-</u>	<u>35,469</u>
	12,877,031	13,222,862	26,099,893
Less: Ceded life insurance liability reserve	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 12,877,031</u>	<u>\$ 13,222,862</u>	<u>\$ 26,099,893</u>

	December 31, 2021		
	Financial Instruments with Discretionary Participation Features		
	Insurance Contracts	Participation Features	Total
Life insurance	\$ 12,070,155	\$ 5,071,403	\$ 17,141,558
Health insurance	890,202	-	890,202
Annuity insurance	-	8,366,853	8,366,853
Investment insurance	<u>36,502</u>	<u>-</u>	<u>36,502</u>
	12,996,859	13,438,256	26,435,115
Less: Ceded life insurance liability reserve	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 12,996,859</u>	<u>\$ 13,438,256</u>	<u>\$ 26,435,115</u>

	March 31, 2021		
	Financial Instruments with Discretionary Participation Features		
	Insurance Contracts	Participation Features	Total
Life insurance	\$ 11,422,767	\$ 5,299,135	\$ 16,721,902
Health insurance	783,637	-	783,637
Annuity insurance	-	9,072,361	9,072,361
Investment insurance	<u>51,155</u>	<u>-</u>	<u>51,155</u>
	12,257,559	14,371,496	26,629,055
Less: Ceded life insurance liability reserve	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 12,257,559</u>	<u>\$ 14,371,496</u>	<u>\$ 26,629,055</u>

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

	For the Three Months Ended March 31					
	2022			2021		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Balance at January 1	\$ 12,996,859	\$ 13,438,256	\$ 26,435,115	\$ 11,983,767	\$ 14,610,915	\$ 26,594,682
Provision	386,955	21,965	408,920	354,151	63,412	417,563
Recovery	<u>(506,783)</u>	<u>(237,359)</u>	<u>(744,142)</u>	<u>(80,359)</u>	<u>(302,831)</u>	<u>(383,190)</u>
Ending balance	12,877,031	13,222,862	26,099,893	12,257,559	14,371,496	26,629,055
Less: Ceded life insurance liability reserve	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at March 31	<u>\$ 12,877,031</u>	<u>\$ 13,222,862</u>	<u>\$ 26,099,893</u>	<u>\$ 12,257,559</u>	<u>\$ 14,371,496</u>	<u>\$ 26,629,055</u>

- b. As of March 31, 2022, December 31, 2021 and March 31, 2021, total life policy reserve carrying amounts (including reserve of policyholders payables) were \$26,103,019 thousand, \$26,438,237 thousand and \$26,631,959 thousand, respectively.

c. Details of liability adequacy reserves are as follows:

	Insurance Contracts and Financial Instruments with Discretionary Participation Features		
	March 31, 2022	December 31, 2021	March 31, 2021
Life insurance liability reserve	\$ 26,099,893	\$ 26,435,115	\$ 26,629,055
Unearned premium reserve	371,548	357,340	314,684
Claims reserve	92,374	69,201	76,274
Premium deficiency reserve	<u>1,114</u>	<u>1,139</u>	<u>1,399</u>
Book value of insurance reserve	<u>\$ 26,564,929</u>	<u>\$ 26,862,795</u>	<u>\$ 27,021,412</u>
Present value of discounted cash flows	<u>\$ 24,260,742</u>	<u>\$ 24,254,573</u>	<u>\$ 24,786,862</u>
Balance of liability adequacy reserve	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

As of March 31, 2022, December 31, 2021 and March 31, 2021, the Company's reserves for insurance contracts satisfied the liability adequacy tests.

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

March 31, 2022, December 31, 2021 and March 31, 2021	
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:

	March 31, 2022	December 31, 2021	March 31, 2021
Life insurance	<u>\$ 1,691</u>	<u>\$ 1,195</u>	<u>\$ 1,570,666</u>
		For the Three Months Ended March 31	
		2022	2021
Balance at January 1		\$ 1,195	\$ 2,535,145
Insurance claim payments for the period		-	(968,321)
Reserve for insurance contracts with financial instrument features		<u>496</u>	<u>3,842</u>
Balance at March 31		<u>\$ 1,691</u>	<u>\$ 1,570,666</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 investments, BNP Paribas Cardif TCB Life Insurance Co., Ltd. (BPCTLI) uses cross-currency swaps and currency swaps to hedge exchange rate risks. BPCTLI maintains the hedging ratio at over 95%.

2) Reconciliation of the reserve for foreign exchange variation

	For the Three Months Ended March 31	
	2022	2021
Balance at January 1	\$ 230,043	\$ 196,640
Provisions		
Compulsory provisions	1,985	4,127
Additional provisions	<u>115,679</u>	<u>20,771</u>
	117,664	24,898
Recovery	<u>-</u>	<u>-</u>
Balance at March 31	<u>\$ 347,707</u>	<u>\$ 221,538</u>

3) Impact of the reserve for foreign exchange variation

For the three months ended March 31, 2022

Items	Amount Without Reserve	Amount With Reserve	Effect
Net income	\$ 4,571,044	\$ 4,476,913	\$ (94,131)
Earnings per share (NT\$)	0.32	0.32	-
Reserve of foreign exchange variation	-	347,707	347,707
Equity	240,842,669	240,535,200	(307,469)

For the three months ended March 31, 2021

Items	Amount Without Reserve	Amount With Reserve	Effect
Net income	\$ 4,797,450	\$ 4,777,532	\$ (19,918)
Earnings per share (NT\$)	0.33	0.33	-
Reserve of foreign exchange variation	-	221,538	221,538
Equity	241,327,280	241,120,747	(206,533)

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

	For the Three Months Ended March 31	
	2022	2021
Reserve for life insurance liabilities, net	\$ (335,222)	\$ 34,373
Reserve for insurance contract with financial instrument features, net	496	3,842
Others, net	<u>158,423</u>	<u>44,817</u>
	<u>\$ (176,303)</u>	<u>\$ 83,032</u>

g. Provisions for employee benefits are summarized below:

	March 31, 2022	December 31, 2021	March 31, 2021
Net defined benefit liabilities	\$ 1,810,748	\$ 1,945,626	\$ 2,594,975
Present value of retired employees' preferential interest deposit obligation	<u>4,319,006</u>	<u>4,352,387</u>	<u>3,934,685</u>
	<u>\$ 6,129,754</u>	<u>\$ 6,298,013</u>	<u>\$ 6,529,660</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 Instruments)	Impairment Loss under IFRS 9	Difference of Impairment Loss under Regulations	Total
Balance at January 1, 2022	\$ 965,789	\$ 28	\$ 325,459	\$ 1,291,276	\$ 534,038	\$ 1,825,314
Changes from financial instruments recognized at the beginning of the current reporting period						
Transfers to						
Lifetime ECL	(347)	347	-	-	-	-
Credit-impaired financial instruments	(5)	-	5	-	-	-
12-month ECL	-	-	-	-	-	-
Derecognition of financial instruments in the current reporting period	(103,986)	(28)	-	(104,014)	-	(104,014)
Reversal from financial instruments recognized at the beginning of the current reporting period	(39,940)	(256)	(137,922)	(178,118)	-	(178,118)
New financial instruments purchased or originated	157,880	-	-	157,880	-	157,880
Difference of impairment loss under regulations	-	-	-	-	98,403	98,403
Change in exchange rates and other changes	<u>5,402</u>	<u>2</u>	<u>-</u>	<u>5,404</u>	<u>-</u>	<u>5,404</u>
Balance at March 31, 2022	<u>\$ 984,793</u>	<u>\$ 93</u>	<u>\$ 187,542</u>	<u>\$ 1,172,428</u>	<u>\$ 632,441</u>	<u>\$ 1,804,869</u>
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	(8)	8	-	-	-	-
Credit-impaired financial instruments	(12,678)	-	12,678	-	-	-
12-month ECL	154	(4)	(150)	-	-	-
Derecognition of financial instruments in the current reporting period	(74,558)	(6)	(91)	(74,655)	-	(74,655)
Reversal from financial instruments recognized at the beginning of the current reporting period	(84,831)	(120)	330,201	245,250	-	245,250
New financial instruments purchased or originated	119,280	-	227	119,507	-	119,507
Difference of impairment loss under regulations	-	-	-	-	(272,788)	(272,788)
Change in exchange rates and other changes	<u>1,637</u>	<u>-</u>	<u>-</u>	<u>1,637</u>	<u>-</u>	<u>1,637</u>
Balance at March 31, 2021	<u>\$ 912,932</u>	<u>\$ 12,562</u>	<u>\$ 399,653</u>	<u>\$ 1,325,147</u>	<u>\$ 516,323</u>	<u>\$ 1,841,470</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 \$62,427 thousand and \$56,870 thousand in the consolidated statement of comprehensive income for the three months ended March 31, 2022 and 2021, 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 three months ended March 31, 2022 and 2021, the pension expenses under defined benefit plan recognized in the consolidated statements of comprehensive income amounted to \$103,214 thousand and \$110,606 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, 2021.

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 three months ended March 31, 2022 and 2021, the employee preferential deposit expense under employee's preferential deposit plan recognized in the consolidated statements of comprehensive income amounted to \$180,792 thousand and \$176,889 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, 2021.

31. OTHER FINANCIAL LIABILITIES

	March 31, 2022	December 31, 2021	March 31, 2021
Structured products - host contracts	\$ -	\$ -	\$ 5,056,287
Guarantee deposits received	2,175,523	2,880,373	1,966,703
Appropriation for loans	37,589	66,443	9,351
Separate-account liabilities	<u>101,178,266</u>	<u>105,085,396</u>	<u>104,629,315</u>
	<u>\$ 103,391,378</u>	<u>\$ 108,032,212</u>	<u>\$ 111,661,656</u>

The status of the Company's investment-linked products - separate account as of March 31, 2022, December 31, 2021 and March 31, 2021, are summarized as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Separate-account assets (part of other financial assets)			
Demand deposits	\$ 989,974	\$ 1,155,730	\$ 892,085
Financial assets at FVTPL	100,070,671	103,329,985	103,516,448
Other receivables			
General accounts receivables	-	359,112	-
Investment settlement receivables	<u>117,621</u>	<u>240,569</u>	<u>220,782</u>
	<u>117,621</u>	<u>599,681</u>	<u>220,782</u>
	<u>\$ 101,178,266</u>	<u>\$ 105,085,396</u>	<u>\$ 104,629,315</u>
Separate-account liabilities (part of other financial liabilities)			
Reserve for separate account - insurance contract	\$ 100,826,694	\$ 102,803,489	\$ 77,737,207
Reserve for separate account - investment contract	244,011	2,281,907	26,731,444
Other payables			
General accounts payables	<u>107,561</u>	<u>-</u>	<u>160,664</u>
	<u>\$ 101,178,266</u>	<u>\$ 105,085,396</u>	<u>\$ 104,629,315</u>

	For the Three Months Ended March 31	
	2022	2021
Separate-account revenue		
Premium income	\$ 828,745	\$ 964,157
Loss on financial assets at FVTPL	(8,118,166)	(912,723)
Gain on foreign exchange	3,294,079	295,771
Interest revenue	<u>252</u>	<u>245</u>
	<u>\$ (3,995,090)</u>	<u>\$ 347,450</u>
Separate-account expense		
Insurance claims and benefits	\$ 1,326,004	\$ 1,537,320
Reserves for separate accounts, net of releases - insurance contract	(5,605,583)	(1,448,585)
Administrative expenses	<u>284,489</u>	<u>258,715</u>
	<u>\$ (3,995,090)</u>	<u>\$ 347,450</u>

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

32. OTHER LIABILITIES

	March 31, 2022	December 31, 2021	March 31, 2021
Advance receipts	\$ 1,745,341	\$ 1,286,635	\$ 1,313,970
Others	<u>65,571</u>	<u>93,526</u>	<u>190,358</u>
	<u>\$ 1,810,912</u>	<u>\$ 1,380,161</u>	<u>\$ 1,504,328</u>

33. NET INTEREST

	For the Three Months Ended March 31	
	2022	2021
Interest revenue		
From discounts and loans	\$ 9,477,681	\$ 9,288,359
From investments	2,381,624	2,361,581
From due from banks and call loans to other banks	259,225	271,045
Others	<u>348,762</u>	<u>352,717</u>
	<u>12,467,292</u>	<u>12,273,702</u>
Interest expense		
From deposits	(2,913,758)	(2,946,956)
From due to the Central Bank and other banks	(143,215)	(149,124)
From issuing bonds payable	(256,363)	(247,151)
From deposits from the Central Bank and other banks	(53,766)	(42,300)
From securities sold under repurchase agreements	(35,449)	(29,455)
Others	<u>(25,085)</u>	<u>(19,938)</u>
	<u>(3,427,636)</u>	<u>(3,434,924)</u>
	<u>\$ 9,039,656</u>	<u>\$ 8,838,778</u>

34. SERVICE FEE AND COMMISSION INCOME, NET

	For the Three Months Ended March 31	
	2022	2021
Service fee and commission revenues		
From trust business	\$ 512,707	\$ 635,020
From guarantee	242,775	268,703
From loans	335,997	227,384
From insurance service	236,657	218,846
From brokerage service	238,602	274,987
From management fees of investment-linked products	143,541	151,524
From credit cards	337,940	208,653
Others	<u>479,108</u>	<u>543,603</u>
	<u>2,527,327</u>	<u>2,528,720</u>
Service charge and commission expenses		
From cross-bank transactions	(79,856)	(86,090)
From insurance business	(36,269)	(31,968)
From credit cards	(71,063)	(64,708)
From credit cards acquiring	(237,622)	(102,482)
From custody	(21,771)	(23,126)
Others	<u>(73,103)</u>	<u>(63,621)</u>
	<u>(519,684)</u>	<u>(371,995)</u>
	<u>\$ 2,007,643</u>	<u>\$ 2,156,725</u>

35. PREMIUM INCOME, NET

	For the Three Months Ended March 31	
	2022	2021
Premium income		
Separate-account revenue (Note 31)	\$ (3,995,090)	\$ 347,450
Premium income	<u>983,001</u>	<u>889,576</u>
	<u>(3,012,089)</u>	<u>1,237,026</u>
Premium losses		
Separate-account expense (Note 31)	3,995,090	(347,450)
Insurance claims and benefits	(975,606)	(505,563)
Reinsurance premium ceded	(72,083)	(53,662)
Others	<u>(6,618)</u>	<u>(3,328)</u>
	<u>2,940,783</u>	<u>(910,003)</u>
	<u>\$ (71,306)</u>	<u>\$ 327,023</u>

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

	For the Three Months Ended March 31, 2022				
	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	\$ 116,505	\$ 1,061,017	\$ 4,151,515	\$ 100,299	\$ 5,429,336
Held-for-trading financial liabilities	-	(1,516,056)	82,757	-	(1,433,299)
	<u>\$ 116,505</u>	<u>\$ (455,039)</u>	<u>\$ 4,234,272</u>	<u>\$ 100,299</u>	<u>\$ 3,996,037</u>
	For the Three Months Ended March 31, 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	\$ 117,505	\$ 1,182,559	\$ 1,457,376	\$ 60,343	\$ 2,817,783
Held-for-trading financial liabilities	-	(3,002,741)	3,437,912	-	435,171
	<u>\$ 117,505</u>	<u>\$ (1,820,182)</u>	<u>\$ 4,895,288</u>	<u>\$ 60,343</u>	<u>\$ 3,252,954</u>

37. REALISED GAINS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	For the Three Months Ended March 31	
	2022	2021
Dividends revenue on investments in equity instruments at FVTOCI	\$ 64,819	\$ 56,951
Derecognition of unrealized gains on investments in debt instruments at FVTOCI	<u>42,702</u>	<u>812,084</u>
	<u>\$ 107,521</u>	<u>\$ 869,035</u>

For the three months ended March 31, 2022 and 2021, dividends revenue related to derecognized investments were \$26,471 thousand and \$15,158 thousand, respectively, and dividends revenue related to investments held on March 31, 2022 and 2021 were \$38,348 thousand and \$41,793 thousand, respectively.

38. EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION EXPENSES

a. Employee benefits expenses

	For the Three Months Ended March 31	
	2022	2021
Employee benefits expenses		
Salaries	\$ 2,351,897	\$ 2,206,164
Incentives	764,376	814,885
Excessive interest from preferential interest deposits	286,976	283,821
Post-employment benefits, termination benefits and compensation	167,848	169,698
Overtime	96,851	95,173
Others	<u>546,878</u>	<u>518,680</u>
	<u>\$ 4,214,826</u>	<u>\$ 4,088,421</u>

Under the amended Articles, TCFHC will make distributions at percentages from 0.01% to 0.08% and up to 1% of its annual profit (pretax income which exclude compensations of employees and remuneration to directors) for the employees' compensation and directors' remuneration, respectively. However, the actual appropriation of the compensation and remuneration should be made only from the annual net income less any accumulated deficit. For the three months ended March 31, 2022 and 2021, compensations of employees were estimated at \$741 thousand and \$784 thousand and the remuneration of directors were estimated at \$23,688 thousand and \$25,056 thousand, respectively, based on the 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 2021 and 2020 approved by the board of directors on March 14, 2022 and March 22, 2021, respectively, were as follows:

	For the Year Ended December 31	
	2021	2020
Employees' compensation - cash	\$ 3,834	\$ 2,893
Remuneration of directors - cash	113,371	91,434

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

	For the Three Months Ended March 31	
	2022	2021
Depreciation expenses	\$ 529,221	\$ 500,132
Amortization expenses	<u>74,660</u>	<u>57,584</u>
	<u>\$ 603,881</u>	<u>\$ 557,716</u>

39. INCOME TAX

a. Income tax recognized in profit or loss

Main components of income tax expense were as follows:

	For the Three Months Ended March 31	
	2022	2021
Current tax		
Current period	\$ 266,414	\$ 286,364
Land revaluation increment tax	418	157
Prior year's adjustments	<u>(41,376)</u>	<u>(17,827)</u>
	225,456	268,694
Deferred tax		
Current period	<u>578,917</u>	<u>556,041</u>
Income tax expense recognized in profit or loss	<u>\$ 804,373</u>	<u>\$ 824,735</u>

b. Income tax recognized in other comprehensive income

	For the Three Months Ended March 31	
	2022	2021
<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	\$ 331,860	\$ 105,815
Unrealized valuation gain on financial assets at fair value through other comprehensive income	(393,521)	(177,162)
Other comprehensive income on reclassification of overlay approach	<u>264</u>	<u>743</u>
Total income tax recognized in other comprehensive income	<u>\$ (61,397)</u>	<u>\$ (70,604)</u>

c. Deferred tax assets and liabilities

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Deferred tax assets</u>			
Temporary differences			
Financial instruments at fair value through other comprehensive income	\$ 174,275	\$ -	\$ -
Properties and equipment	7,733	7,894	8,377
Payable for annual leave	130,472	104,586	126,209
Employee's preferential interest deposit obligation	814,244	820,920	786,937
Other liabilities	5,783	5,783	5,783
Exchange differences on foreign operations	731,161	1,063,021	719,005
Allowance for possible losses	43,427	39,009	59,530
Financial instruments at fair value through profit or loss	-	264,859	536,926
Pension liabilities	467	450	418
Accrued expense	-	3,122	-
Unrealized foreign exchange losses	201,728	252,236	192,977
Revenue from disposal of acquired loans	217,760	217,760	160,511
Loss carryforwards	<u>492,919</u>	<u>-</u>	<u>409,796</u>
	<u>\$ 2,819,969</u>	<u>\$ 2,779,640</u>	<u>\$ 3,006,469</u>
<u>Deferred tax liabilities</u>			
Temporary differences			
Financial instruments at fair value through profit or loss	\$ 687,056	\$ -	\$ 794,808
Financial instruments at fair value through other comprehensive income	22,416	241,398	310,983
Overlay approach	-	509	-
Intangible assets	428,614	428,614	428,614
The reserve for land revaluation increment tax	2,541,779	2,541,779	2,595,339
Defined benefit obligation	285,348	258,372	192,978
Investments accounted for using equity method	151,777	150,401	124,548
Lease incentive	2,736	2,798	-
Others	<u>61,994</u>	<u>-</u>	<u>1,941</u>
	<u>\$ 4,181,720</u>	<u>\$ 3,623,871</u>	<u>\$ 4,449,211</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>
2017	2017	2017	2017	2017	2020	2017	2017

e. The Company had recognized the tax effects of the difference of tax credit for \$73,125 thousand in 2021 according to the result of 2013 and 2016 income tax return examination.

40. EARNINGS PER SHARE

	Net Income (Numerator)	Shares (Denominator in Thousands)	Earnings Per Share (NT\$)
<u>For the three months ended March 31, 2022</u>			
Basic earnings per share (EPS)	\$ 4,297,777	13,600,908	<u>\$ 0.32</u>
Effect of dilutive common stock:			
Employees' compensation	<u> -</u>	<u> 140</u>	
Diluted EPS	<u>\$ 4,297,777</u>	<u>13,601,048</u>	<u>\$ 0.32</u>
<u>For the three months ended March 31, 2021</u>			
Basic earnings per share (EPS)	\$ 4,530,686	13,600,908	<u>\$ 0.33</u>
Effect of dilutive common stock:			
Employees' compensation	<u> -</u>	<u> 163</u>	
Diluted EPS	<u>\$ 4,530,686</u>	<u>13,601,071</u>	<u>\$ 0.33</u>

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

	For the Three Months Ended March 31, 2021	
	Before Adjusted Retrospectively	After Adjusted Retrospectively
Basic EPS (NT\$)	<u>\$ 0.34</u>	<u>\$ 0.33</u>

The Company can select 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.

41. EQUITY

a. Capital stock

Common stocks

	March 31, 2022	December 31, 2021	March 31, 2021
Numbers of shares authorized (in thousands)	<u>15,000,000</u>	<u>15,000,000</u>	<u>15,000,000</u>
Authorized capital	<u>\$ 150,000,000</u>	<u>\$ 150,000,000</u>	<u>\$ 150,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>13,600,908</u>	<u>13,600,908</u>	<u>13,334,224</u>
Common stocks issued	<u>\$ 136,009,082</u>	<u>\$ 136,009,082</u>	<u>\$ 133,342,237</u>

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

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 Ministry of Economic Affairs (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 March 31, 2022 came from the issuance of shares in excess of par value and treasury stock transactions. Capital surplus sources and uses were as follows:

Sources

From subsidiaries

Capital surplus (mainly additional paid-in capital from share issuance in excess of par value)	\$ 27,783,766
Legal reserve	15,799,245
Special reserve	195,968
Unappropriated earnings	<u>10,410,804</u>
	54,189,783
Additional paid-in capital from TCFHC's share issuance in excess of par value	3,861,434
Cash dividends from TCFHC received by subsidiary	148,857
Additional paid-in capital from TCFHC's share issuance in excess of par value	12,642,000
Share-based payment for the subscription for TCFHC's new shares by the employees of TCFHC and its subsidiaries	618,750
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	714
Unclaimed dividends	<u>11,067</u>
<u>Uses</u>	71,472,605

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>\$ 57,976,124</u>

c. Special reserve

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

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

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

	For the Three Months Ended March 31	
	2022	2021
Balance on January 1	\$ 985,539	\$ 995,669
Reversed on elimination of the original need to appropriate a special reserve:		
Disposal of properties and equipment	<u> -</u>	<u> -</u>
Balance on March 31	<u>\$ 985,539</u>	<u>\$ 995,669</u>

d. Appropriation of earnings

For expanding the business scale and enhancing the profitability, TCFHC adopts the 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, the 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 distributed as 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 the 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 appropriate retained earnings from the reversal amount.

The appropriations from the earnings of 2021 and 2020 were approved in the board of directors' meeting on March 14, 2022 and in the stockholders' meeting on July 20, 2021, respectively. The appropriations and dividends per share were as follows:

	<u>Appropriation of Earnings</u>		<u>Dividends Per Share</u> (NT\$)	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Legal reserve	\$ 2,171,740	\$ 1,637,932		
Cash dividends	13,600,908	11,334,090	\$1.00	\$0.85
Stock dividends	4,080,272	2,666,845	0.30	0.20

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

	<u>For the Three Months Ended</u> <u>March 31</u>	
	<u>2022</u>	<u>2021</u>
Balance on January 1	\$ 6,651,118	\$ 6,631,788
Attributable to non-controlling interests		
Net income	179,136	246,846
Exchange differences on the translation of financial statements of foreign operations	4,093	(8,285)
Unrealized losses on financial assets at FVTOCI	(456,719)	(224,952)
Other comprehensive income reclassification of overlay approach	<u>(71,118)</u>	<u>118,179</u>
Balance on March 31	<u>\$ 6,306,510</u>	<u>\$ 6,763,576</u>

42. RELATED-PARTY TRANSACTIONS

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

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

a. Related parties

Related Party	Relationship with the Company
United Real Estate Management Co., Ltd.	Associated enterprise
Mesh Cooperative Ventures Inc.	Associated enterprise
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 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 2026 Maturity Senior Emerging Market Corporate Bond Fund	Fund managed by Taiwan Cooperative Securities Investment Trust Co., Ltd.
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.
TCB Global Healthcare Multi-Asset Income Fund	Fund managed by Taiwan Cooperative Securities Investment Trust Co., Ltd.
TCB Environment & Socially Responsible Multi-Asset Fund	Fund managed by Taiwan Cooperative Securities Investment Trust Co., Ltd.
TCB ESG Retirement Growth Fund of Fund	Fund managed by Taiwan Cooperative Securities Investment Trust Co., Ltd.
TCB ESG Retirement Aggressive Fund of 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

b. Significant transactions between the Company and related parties:

1) Call loans to banks

	Highest Balance	Ending Balance	Interest Revenue	Interest Rate (%)
For the three months ended <u>March 31, 2022</u>				
Others	\$ 1,401,050	\$ -	\$ 787	0.300-0.340
For the three months ended <u>March 31, 2021</u>				
Others	\$ 1,842,160	\$ 842,160	\$ 260,937	0.180-0.290

2) Due to banks

	For the Three Months Ended March 31			
	2022		2021	
	Ending Balance	Interest Expense	Ending Balance	Interest Expense
Main management	\$ 262,213	\$ 294	\$ 342,643	\$ 290
Others				
Tamshui First Credit Bank	25,734,012	44,646	24,754,296	42,338
The Fifth Credit Cooperation of Taipei	6,511,857	10,832	6,768,038	10,690
Others	<u>23,858</u>	<u>-</u>	<u>10,153</u>	<u>-</u>
	<u>\$ 32,531,940</u>	<u>\$ 55,772</u>	<u>\$ 31,875,130</u>	<u>\$ 53,318</u>

3) Loans

	Highest Balance	Ending Balance	Interest Revenue	Interest Rate (%)
<u>For the three months ended March 31, 2022</u>				
Main management	\$ 358,634	\$ 348,899	\$ 976	1.010-1.550
Others	<u>317,709</u>	<u>300,469</u>	<u>458</u>	0.100-1.990
	<u>\$ 676,343</u>	<u>\$ 649,368</u>	<u>\$ 1,434</u>	
<u>For the three months ended March 31, 2021</u>				
Main management	\$ 331,965	\$ 314,036	\$ 872	0.955-1.530
Others	<u>1,174,596</u>	<u>195,301</u>	<u>522</u>	0.100-1.990
	<u>\$ 1,506,561</u>	<u>\$ 509,337</u>	<u>\$ 1,394</u>	

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

4) Deposits

	Ending Balance	Interest Expense	Interest Rate (%)
For the three months ended <u>March 31, 2022</u>			
Associates	\$ 94,453	\$ 3	0-0.585
Main management	655,172	1,994	0-13.000
Others	<u>17,318,511</u>	<u>4,083</u>	0-13.000
	<u>\$ 18,068,136</u>	<u>\$ 6,080</u>	
For the three months ended <u>March 31, 2021</u>			
Associates	\$ 157,050	\$ -	-
Main management	662,555	2,075	0-13.000
Others	<u>16,580,242</u>	<u>4,417</u>	0-13.000
	<u>\$ 17,399,847</u>	<u>\$ 6,492</u>	
	March 31, 2022	December 31, 2021	March 31, 2021
5) Accrued income (part of receivables)			
Others	<u>\$ 30,470</u>	<u>\$ 30,729</u>	<u>\$ 28,613</u>
6) Accrued interests (part of receivables)			
Others	<u>\$ -</u>	<u>\$ 126</u>	<u>\$ 172</u>
7) Receivable on securities (part of receivables)			
Others	<u>\$ 5,560</u>	<u>\$ -</u>	<u>\$ 4,546</u>
8) Payable on securities (part of payables)			
Others	<u>\$ -</u>	<u>\$ 21,219</u>	<u>\$ -</u>

**For the Three Months Ended
March 31**

2022 **2021**

9) Service fee income (part of service fee and commission income, net)

Main management	\$ 67	\$ 108
Others	<u>96,527</u>	<u>90,024</u>
	<u>\$ 96,594</u>	<u>\$ 90,132</u>

10) Service charge (part of service fee and commission income, net)

Main management	<u>\$ 32</u>	<u>\$ 29</u>
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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.

11) Derivatives

For the Three Months Ended March 31, 2022

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	2022.02.25-2022.08.25	US\$ 1,400	\$ 69	Financial assets at fair value through profit or loss	\$ 69
		2021.11.30-2022.11.30	US\$ 12,350	(4,595)	Financial liabilities at fair value through profit or loss	(5,772)
Other - TCB 6 Year Emerging Market Bond Fund	Currency swap	2022.03.08-2022.07.08	US\$ 6,000	571	Financial assets at fair value through profit or loss	571
		2022.01.13-2022.07.13	US\$ 12,890	(1,564)	Financial liabilities at fair value through profit or loss	(1,564)
Other - TCB 2026 Maturity Senior Emerging Market Corporate Bond Fund	Currency swap	2021.06.08-2022.06.08	US\$ 800	(56)	Financial liabilities at fair value through profit or loss	(592)
Other - TCB 6 Year ESG Emerging Market Bond Fund	Currency swap	2021.12.28-2022.08.23	US\$ 40,700	(8,535)	Financial liabilities at fair value through profit or loss	(9,962)
Other - TCB 2023 Maturity Selective Emerging Market Bond Fund	Currency swap	2022.03.03-2022.05.05	US\$ 1,450	189	Financial assets at fair value through profit or loss	189
		2022.03.31-2022.04.29	US\$ 6,730	(818)	Financial liabilities at fair value through profit or loss	(818)
Other - TCB Global High Yield Bond Fund	Currency swap	2021.12.21-2022.06.14	US\$ 18,500	9,960	Financial assets at fair value through profit or loss	9,367
		2022.03.17-2022.04.18	US\$ 1,500	(30)	Financial liabilities at fair value through profit or loss	(30)

(Continued)

For the Three Months Ended March 31, 2022

Related Party	Type of Derivatives	Contract Period	Nominal Amounts	Valuation Gain (Loss)	Amounts on the Consolidated Balance Sheet	
					Account	Amounts
Other - TCB US Short Duration High Yield Bond Fund	Currency swap	2021.12.13-2022.06.13	US\$ 17,900	11,967	Financial assets at fair value through profit or loss	\$ 11,491
Other - TCB Global Healthcare Multi-Asset Income Fund	Currency swap	2022.02.24-2022.05.24	US\$ 3,200	2	Financial assets at fair value through profit or loss	2
	Currency swap	2022.02.10-2022.05.10	US\$ 51,500	(7,080)	Financial liabilities at fair value through profit or loss	(7,080)
Other - TCB Environment & Socially Responsible Multi-Asset Fund	Currency swap	2022.03.23-2022.04.25	US\$ 10,000	1,102	Financial assets at fair value through profit or loss	1,102
	Currency swap	2022.03.23-2022.04.25	US\$ 9,000	(3,821)	Financial liabilities at fair value through profit or loss	(3,821)
Other -TCB ESG Retirement Growth Fund of Fund	Currency swap	2022.02.25-2022.05.31	US\$ 4,000	2,676	Financial assets at fair value through profit or loss	2,676
Other -TCB ESG Retirement Aggressive Fund of Fund	Currency swap	2022.02.25-2022.05.31	US\$ 3,500	2,342	Financial assets at fair value through profit or loss	2,342

(Concluded)

For the Three Months Ended March 31, 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	2021.02.26-2021.08.31	US\$ 6,100	\$ 1,551	Financial assets at fair value through profit or loss	\$ 1,551
	Currency swap	2020.11.20-2021.08.31	US\$ 7,100	1,237	Financial liabilities at fair value through profit or loss	(1,409)
Other - TCB 6 Year Emerging Market Bond Fund	Currency swap	2021.02.23-2021.07.23	US\$ 22,450	8,365	Financial assets at fair value through profit or loss	8,365
Other - TCB 2023 Maturity Selective Emerging Market Bond Fund	Currency swap	2020.11.27-2021.11.29	US\$ 7,200	1,775	Financial liabilities at fair value through profit or loss	(1,415)
Other - TCB Global High Yield Bond Fund	Currency swap	2020.11.23-2021.10.29	US\$ 17,220	8,196	Financial assets at fair value through profit or loss	6,817
Other - TCB US Short Duration High Yield Bond Fund	Currency swap	2021.01.19-2021.05.10	US\$ 35,500	17,216	Financial assets at fair value through profit or loss	17,216
Other - TCB Fund of Emerging Markets Bond Fund	Currency swap	2021.02.26-2021.05.28	US\$ 1,620	1,040	Financial assets at fair value through profit or loss	1,040
Other - TCB 6 Year ESG Emerging Market Bond Fund	Currency swap	2021.03.31-2021.06.30	US\$ 28,500	3,916	Financial assets at fair value through profit or loss	3,916
	Currency swap	2020.11.19-2021.05.20	US\$ 14,300	2,486	Financial liabilities at fair value through profit or loss	(3,199)
Other - TCB 2026 Maturity Senior Emerging Market Corporate Bond Fund	Currency swap	2021.03.08-2021.06.08	US\$ 1,650	705	Financial assets at fair value through profit or loss	705

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

	For the Three Months Ended March 31	
	2022	2021
Financial assets and liabilities at fair value through profit or loss		
Others	<u>\$ 20,486</u>	<u>\$ (55,995)</u>

12) Loans

March 31, 2022

Type	Account Volume or Name	Highest Balance in the Three Months Ended March 31, 2022 (Note 1)	Ending Balance	Loan Classification		Collaterals	Differences in Terms of Transaction Compared with Those for Unrelated Parties
				Normal Loans	Nonperforming Loans		
Consumer loans	82	\$ 232,524	\$ 222,908	\$ 222,908	\$ -	Note 2	None
Self-used housing mortgage loans	50	279,069	261,710	261,710	-	Land and buildings	None
Other loans	淡水第一信用合作社	164,750	164,750	164,750	-	Certificates of deposit	None

March 31, 2021

Type	Account Volume or Name	Highest Balance in the Three Months Ended March 31, 2022 (Note 1)	Ending Balance	Loan Classification		Collaterals	Differences in Terms of Transaction Compared with Those for Unrelated Parties
				Normal Loans	Nonperforming Loans		
Consumer loans	78	\$ 192,977	\$ 178,202	\$ 178,202	\$ -	Note 2	None
Self-used housing mortgage loans	50	313,584	269,635	269,635	-	Land and buildings	None
Other loans	Others	61,500	61,500	61,500	-	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

	March 31, 2022	December 31, 2021	March 31, 2021
Subsidiary	<u>\$ 597,885</u>	<u>\$ 547,516</u>	<u>\$ 624,006</u>

b) Call loans to banks

	Highest Balance	Ending Balance	Interest Revenue	Interest Rate (%)
<u>For the three months ended March 31, 2022</u>				
Subsidiary	\$ 771,660	\$ 771,660	\$ 235	0.005-0.620
Sister companies	3,655,672	2,500,000	2,555	0.290-0.580
Others	<u>1,401,050</u>	<u>-</u>	<u>787</u>	0.300-0.340
	<u>\$ 5,828,382</u>	<u>\$ 3,271,660</u>	<u>\$ 3,577</u>	
<u>For the three months ended March 31, 2021</u>				
Subsidiary	\$ 6,962,609	\$ 4,314,145	\$ 1,297	0.010-0.500
Sister companies	5,255,990	4,537,010	2,626	0.200-0.400
Others	<u>1,842,160</u>	<u>842,160</u>	<u>261</u>	0.180-0.290
	<u>\$ 14,060,759</u>	<u>\$ 9,693,315</u>	<u>\$ 4,184</u>	

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

	Highest Balance	Ending Balance	Interest Revenue	Interest Rate (%)
<u>For the three months ended March 31, 2022</u>				
Sister company TCS	<u>\$ 85,740</u>	<u>\$ 85,740</u>	<u>\$ 23</u>	0.270-0.820
<u>For the three months ended March 31, 2021</u>				
Sister company TCS	<u>\$ 286,140</u>	<u>\$ 285,050</u>	<u>\$ 241</u>	0.330-0.370

d) Due to banks

	For the Three Months Ended March 31			
	2022		2021	
	Ending Balance	Interest Expense	Ending Balance	Interest Expense
Subsidiary	\$ 24	\$ -	\$ 25	\$ -
Main management	262,213	294	342,643	290
Others				
Tamshui First Credit Bank	25,734,012	44,646	24,754,296	42,338
The Fifth Credit Cooperation of Taipei	6,511,857	10,832	6,768,038	10,690
Others	<u>23,858</u>	<u>-</u>	<u>10,153</u>	<u>-</u>
	<u>\$ 32,531,964</u>	<u>\$ 55,772</u>	<u>\$ 31,875,155</u>	<u>\$ 53,318</u>

e) Call loans from banks

	Highest Balance	Ending Balance	Interest Revenue	Interest Rate (%)
For the three months ended March 31, 2021				
Subsidiary	<u>\$ 523,963</u>	<u>\$ -</u>	<u>\$ 7</u>	0.020-0.050

f) Loans

	Highest Balance	Ending Balance	Interest Revenue	Interest Rate (%)
For the three months ended March 31, 2022				
Subsidiary	\$ 3,660,641	\$ 1,597,500	\$ 4,148	0.900-1.364
Sister companies	1,000,000	-	-	-
Main management	358,634	348,899	976	1.010-1.550
Others	<u>317,709</u>	<u>300,469</u>	<u>458</u>	0.100-1.990
	<u>\$ 5,336,984</u>	<u>\$ 2,246,868</u>	<u>\$ 5,582</u>	
For the three months ended March 31, 2021				
Subsidiary	\$ 2,838,150	\$ 2,838,150	\$ 2,644	0.900
Sister companies	1,000,000	-	-	-
Main management	331,965	314,036	872	0.995-1.530
Others	<u>1,174,596</u>	<u>195,301</u>	<u>522</u>	0.100-1.990
	<u>\$ 5,344,711</u>	<u>\$ 3,347,487</u>	<u>\$ 4,038</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

	Ending Balance	Interest Expense	Interest Rate (%)
For the three months ended			
<u>March 31, 2022</u>			
Parent company	\$ 50,483	\$ -	-
Sister companies	3,925,338	150	0-0.815
Associates	94,453	3	0-0.585
Main management	655,172	1,994	0-13.000
Others	<u>17,318,511</u>	<u>4,083</u>	0-13.000
	<u>\$ 22,043,957</u>	<u>\$ 6,230</u>	
For the three months ended			
<u>March 31, 2021</u>			
Parent company	\$ 74,564	\$ -	-
Sister companies	3,314,323	428	0-1.035
Associates	157,050	-	-
Main management	662,555	2,075	0-13.000
Others	<u>16,580,242</u>	<u>4,417</u>	0-13.000
	<u>\$ 20,788,734</u>	<u>\$ 6,920</u>	

h) Receivable on securities (part of receivables)

	March 31, 2022	December 31, 2021	March 31, 2021
Sister company			
TCS	<u>\$ 39,852</u>	<u>\$ 125,180</u>	<u>\$ -</u>

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

	March 31, 2022	December 31, 2021	March 31, 2021
Parent company	<u>\$ 1,693,393</u>	<u>\$ 1,990,903</u>	<u>\$ 2,277,278</u>

j) Payable on securities (part of payables)

	March 31, 2022	December 31, 2021	March 31, 2021
Sister company			
TCS	<u>\$ 448,289</u>	<u>\$ -</u>	<u>\$ 1,121,577</u>

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

	March 31, 2022	December 31, 2021	March 31, 2021
Parent company	\$ <u>680,951</u>	\$ <u>680,951</u>	\$ <u>-</u>

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

	For the Three Months Ended March 31	
	2022	2021
Sister companies		
BPCTLI	\$ 121,165	\$ 113,373
Others	11,501	12,279
Main management	67	108
Others	<u>5,359</u>	<u>5,218</u>
	<u>\$ 138,092</u>	<u>\$ 130,978</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 limited.

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 based 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:

	March 31, 2022	December 31, 2021	March 31, 2021
Parent company	\$ 8,884	\$ 14,896	\$ 32,932
Sister companies			
TCS	122,484	127,482	158,669
BPCTLI	9,491	13,039	9,839
TCBF	8,803	11,004	17,606
Others	<u>38,356</u>	<u>41,601</u>	<u>24,704</u>
	<u>\$ 188,018</u>	<u>\$ 208,022</u>	<u>\$ 243,750</u>

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

	For the Three Months Ended March 31	
	2022	2021
Parent company	\$ 6,012	\$ 6,012
Sister companies		
TCS	10,806	10,759
Others	<u>8,666</u>	<u>6,766</u>
	<u>\$ 25,484</u>	<u>\$ 23,537</u>

n) Derivatives

Related Party	Type of Derivatives	Contract Period	Nominal Amounts	Valuation Gain (Loss)	For the Three Months Ended March 31, 2022	
					Amounts on the Consolidated Balance Sheet	
					Account	Amounts
Sister company - BPCTLI	Currency swap	2022.02.22-2022.05.23	EUR 3,012	\$ 718	Financial assets at fair value through profit or loss	\$ 718
		2021.09.30-2022.09.30	EUR 4,844	2,541	Financial liabilities at fair value through profit or loss	(2,395)
	Currency swap	2021.09.13-112.01.31	US\$ 65,298	48,209	Financial assets at fair value through profit or loss	48,077
		2022.03.31-2022.06.30	US\$ 60,206	(11,144)	Financial liabilities at fair value through profit or loss	(11,144)
Other - TCB 6 Year ESG Senior Emerging Market Bond Fund	Currency swap	2022.02.25-2022.08.25	US\$ 1,400	69	Financial assets at fair value through profit or loss	69
		2021.11.30-2022.11.30	US\$ 12,350	(4,595)	Financial liabilities at fair value through profit or loss	(5,772)
Other - TCB 6 Year Emerging Market Bond Fund	Currency swap	2022.03.08-2022.07.08	US\$ 6,000	571	Financial assets at fair value through profit or loss	571
		2022.01.13-2022.07.13	US\$ 12,890	(1,564)	Financial liabilities at fair value through profit or loss	(1,564)
Other - TCB 2026 Maturity Senior Emerging Market Corporate Bond Fund	Currency swap	2021.06.08-2022.06.08	US\$ 800	(56)	Financial liabilities at fair value through profit or loss	(592)
Other - TCB 6 Year ESG Emerging Market Bond Fund	Currency swap	2021.12.28-2022.08.23	US\$ 40,700	(8,535)	Financial liabilities at fair value through profit or loss	(9,962)
Other - TCB 2023 Maturity Selective Emerging Market Bond Fund	Currency swap	2022.03.03-2022.05.05	US\$ 1,450	189	Financial assets at fair value through profit or loss	189
		2022.03.31-2022.04.29	US\$ 6,730	(818)	Financial liabilities at fair value through profit or loss	(818)
Other - TCB Global High Yield Bond Fund	Currency swap	2021.12.21-2022.06.14	US\$ 18,500	9,960	Financial assets at fair value through profit or loss	9,367
		2022.03.17-2022.04.18	US\$ 1,500	(30)	Financial liabilities at fair value through profit or loss	(30)
Other - TCB US Short Duration High Yield Bond Fund	Currency swap	2021.12.13-2022.06.13	US\$ 17,900	11,967	Financial assets at fair value through profit or loss	11,491
Other - TCB Global Healthcare Multi-Asset Income Fund	Currency swap	2022.02.24-2022.05.24	US\$ 3,200	2	Financial assets at fair value through profit or loss	2
	Currency swap	2022.02.10-2022.05.10	US\$ 51,500	(7,080)	Financial liabilities at fair value through profit or loss	(7,080)

(Continued)

For the Three Months Ended March 31, 2022

Related Party	Type of Derivatives	Contract Period	Nominal Amounts	Valuation Gain (Loss)	Amounts on the Consolidated Balance Sheet	
					Account	Amounts
Other - TCB Environment & Socially Responsible Multi-Asset Fund	Currency swap	2022.03.23-2022.04.25	US\$ 10,000	\$ 1,102	Financial assets at fair value through profit or loss	\$ 1,102
	Currency swap	2022.03.23-2022.04.25	US\$ 9,000	(3,821)	Financial liabilities at fair value through profit or loss	(3,821)
Other -TCB ESG Retirement Growth Fund of Fund	Currency swap	2022.02.25-2022.05.31	US\$ 4,000	2,676	Financial assets at fair value through profit or loss	2,676
Other -TCB ESG Retirement Aggressive Fund of Fund	Currency swap	2022.02.25-2022.05.31	US\$ 3,500	2,342	Financial assets at fair value through profit or loss	2,342

(Concluded)

For the Three Months Ended March 31, 2021

Related Party	Type of Derivatives	Contract Period	Nominal Amounts	Valuation Gain (Loss)	Amounts on the Consolidated Balance Sheet	
					Account	Amounts
Sister company - BPC TLI	Currency swap	2020.12.31-2022.01.19	EUR 7,856	\$ (7,918)	Financial liabilities at fair value through profit or loss	\$ (7,009)
	Currency swap	2021.01.11-2022.01.28	US\$ 54,897	29,832	Financial assets at fair value through profit or loss	29,832
	Currency swap	2021.03.31-2022.03.31	US\$ 65,460	(3,007)	Financial liabilities at fair value through profit or loss	(3,007)
Other - TCB 6 Year ESG Senior Emerging Market Bond Fund	Currency swap	2021.02.26-2021.08.31	US\$ 6,100	1,551	Financial assets at fair value through profit or loss	1,551
	Currency swap	2020.11.20-2021.08.31	US\$ 7,100	1,237	Financial liabilities at fair value through profit or loss	(1,409)
Other - TCB 6 Year Emerging Market Bond Fund	Currency swap	2021.02.23-2021.07.23	US\$ 22,450	8,365	Financial assets at fair value through profit or loss	8,365
Other - TCB 2023 Maturity Selective Emerging Market Bond Fund	Currency swap	2020.11.27-2021.11.29	US\$ 7,200	1,775	Financial liabilities at fair value through profit or loss	(1,415)
Other - TCB Global High Yield Bond Fund	Currency swap	2020.11.23-2021.10.29	US\$ 17,220	8,196	Financial assets at fair value through profit or loss	6,817
Other - TCB US Short Duration High Yield Bond Fund	Currency swap	2021.01.19-2021.05.10	US\$ 35,500	17,216	Financial assets at fair value through profit or loss	17,216
Other - TCB Fund of Emerging Markets Bond Fund	Currency swap	2021.02.26-2021.05.28	US\$ 1,620	1,040	Financial assets at fair value through profit or loss	1,040
Other - TCB 6 Year ESG Emerging Market Bond Fund	Currency swap	2021.03.31-2021.06.30	US\$ 28,500	3,916	Financial assets at fair value through profit or loss	3,916
	Currency swap	2020.11.19-2021.05.20	US\$ 14,300	2,486	Financial liabilities at fair value through profit or loss	(3,199)
Other - TCB 2026 Maturity Senior Emerging Market Corporate Bond Fund	Currency swap	2021.03.08-2021.06.08	US\$ 1,650	705	Financial assets at fair value through profit or loss	705

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

	For the Three Months Ended March 31	
	2022	2021
Financial assets and liabilities at fair value through profit or loss		
Sister companies		
BPCTLI	\$ 38,613	\$ 24,206
Others	<u>20,486</u>	<u>(55,995)</u>
	<u>\$ 59,099</u>	<u>\$ (31,789)</u>

o) Loans

March 31, 2022

Type	Account Volume or Name	Highest Balance in the Period Ended March 31, 2022 (Note 1)	Ending Balance	Loan Classification		Collaterals	Differences in Terms of Transaction Compared with Those for Unrelated Parties
				Normal Loans	Nonperforming Loans		
Consumer loans	82	\$ 232,524	\$ 222,908	\$ 222,908	\$ -	Note 2	None
Self-used housing mortgage loans	50	279,069	261,710	261,710	-	Land and buildings	None
Other	TCS	1,000,000	-	-	-	Bonds	None
	UTB	3,660,641	1,597,500	1,597,500	-	None	None
	Tamshui First Credit Bank	164,750	164,750	164,750	-	Certificates of deposit	None

March 31, 2021

Type	Account Volume or Name	Highest Balance in the Period Ended March 31, 2022 (Note 1)	Ending Balance	Loan Classification		Collaterals	Differences in Terms of Transaction Compared with Those for Unrelated Parties
				Normal Loans	Nonperforming Loans		
Consumer loans	78	\$ 192,977	\$ 178,202	\$ 178,202	\$ -	Note 2	None
Self-used housing mortgage loans	50	313,584	269,635	269,635	-	Land and buildings	None
Other	TCS	1,000,000	-	-	-	Bonds	None
	UTB	2,838,150	2,838,150	2,838,150	-	None	None
	Tamshui First Credit Bank	61,500	61,500	61,500	-	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) Cash in bank (part of cash and cash equivalents)

	March 31, 2022	December 31, 2021	March 31, 2021
Sister companies	<u>\$ 344,468</u>	<u>\$ 319,966</u>	<u>\$ 28,822</u>

b) Settlement receivables (part of other current assets)

	March 31, 2022	December 31, 2021	March 31, 2021
Sister companies	\$ <u>101,707</u>	\$ <u>104,108</u>	\$ <u>165,664</u>

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

	March 31, 2022	December 31, 2021	March 31, 2021
Sister companies	\$ <u>60,221</u>	\$ <u>3,464,343</u>	\$ <u>-</u>

d) Settlement receivable (part of receivable)

	March 31, 2022	December 31, 2021	March 31, 2021
Sister companies	\$ 445,305	\$ 34,234	\$ 1,121,577
Others	<u>5,560</u>	<u>-</u>	<u>-</u>
	<u>\$ 450,865</u>	<u>\$ 34,234</u>	<u>\$ 1,121,577</u>

e) Settlement payable (part of payable)

	March 31, 2022	December 31, 2021	March 31, 2021
Sister companies	\$ 33,507	\$ 141,995	\$ -
Others	<u>-</u>	<u>21,219</u>	<u>4,546</u>
	<u>\$ 33,507</u>	<u>\$ 163,214</u>	<u>\$ 4,546</u>

f) TCS applied to TCB for call loans

For the Three Months Ended March 31, 2022				
Related Party	Highest Balance	Ending Balance	Interest Expense	Interest Rate (%)
Sister companies				
TCB	\$ <u>85,740</u>	\$ <u>85,740</u>	\$ <u>23</u>	0.270-0.820
For the Three Months Ended March 31, 2021				
Related Party	Highest Balance	Ending Balance	Interest Expense	Interest Rate (%)
Sister companies				
TCB	\$ <u>285,050</u>	\$ <u>285,050</u>	\$ <u>241</u>	0.330-0.370

- 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 March 31, 2022, December 31, 2021 and March 31, 2021, TCS had no borrowing and overdraft. The overdraft for the three months ended March 31, 2022 and 2021 were as follows:

	For the Three Months Ended March 31, 2022			
	Highest Balance	Ending Balance	Interest Expense	Interest Rate (%)
Sister companies	\$ <u>1,000,000</u>	\$ <u>-</u>	\$ <u>-</u>	-

	For the Three Months Ended March 31, 2021			
	Highest Balance	Ending Balance	Interest Expense	Interest Rate (%)
Sister companies	\$ <u>1,000,000</u>	\$ <u>-</u>	\$ <u>-</u>	-

- h) Lease agreements - TCS is lessee

- i. Right-of-use assets, net

	March 31, 2022	December 31, 2021	March 31, 2021
Sister companies			
TCB	\$ <u>112,330</u>	\$ <u>122,675</u>	\$ <u>152,891</u>

- ii. Lease liabilities

	March 31, 2022	December 31, 2021	March 31, 2021
Sister companies	\$ <u>114,664</u>	\$ <u>124,952</u>	\$ <u>154,717</u>

- iii. Interest expense

	For the Three Months Ended March 31	
	2022	2021
Sister companies	\$ <u>518</u>	\$ <u>723</u>

- iv. Depreciation expense

	For the Three Months Ended March 31	
	2022	2021
Sister companies	\$ <u>10,329</u>	\$ <u>10,287</u>

3) Taiwan Cooperative Bills Finance Corporation Ltd.

a) Cash in bank

	Highest Balance	Ending Balance	Interest Expense	Interest Rate (%)
For the three months ended <u>March 31, 2022</u>				
Sister companies	<u>\$ 507,469</u>	<u>\$ 60,535</u>	<u>\$ 1</u>	0.010-1.065
For the three months ended <u>March 31, 2021</u>				
Sister companies	<u>\$ 205,764</u>	<u>\$ 67,332</u>	<u>\$ -</u>	0.010-0.815

b) Call loans from banks

	Highest Balance	Ending Balance	Interest Expense	Interest Rate (%)
For the three months ended <u>March 31, 2022</u>				
Sister companies TCB	<u>\$ 3,655,672</u>	<u>\$ 2,500,000</u>	<u>\$ 2,555</u>	0.290-0.580
For the three months ended <u>March 31, 2021</u>				
Sister companies TCB	<u>\$ 5,255,990</u>	<u>\$ 4,537,010</u>	<u>\$ 2,626</u>	0.200-0.400

c) Securities sold under repurchase agreement

	Ending Balance	Interest Expense	Interest Rate (%)
For the three months ended <u>March 31, 2022</u>			
Sister companies	<u>\$ 354,567</u>	<u>\$ 575</u>	0.280-0.520
For the three months ended <u>March 31, 2021</u>			
Sister companies	<u>\$ 555,952</u>	<u>\$ 355</u>	0.200-0.230

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

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

	<u>March 31, 2022</u>		<u>December 31, 2021</u>		<u>March 31, 2021</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Sister company						
TCB	<u>\$ 2,711,743</u>	<u>60</u>	<u>\$ 2,816,449</u>	<u>55</u>	<u>\$ 2,453,772</u>	<u>60</u>

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

	<u>For the Three Months Ended March 31, 2022</u>		
	<u>Securities Purchase Under Resell Agreements</u>		
	<u>Amount (Note)</u>	<u>Ending Balance</u>	<u>Rate (%)</u>
Sister company			
TCBF	\$ 3,804,603	\$ 354,567	0.190-0.230

	<u>For the Three Months Ended March 31, 2021</u>		
	<u>Securities Purchase Under Resell Agreements</u>		
	<u>Amount (Note)</u>	<u>Ending Balance</u>	<u>Rate (%)</u>
Sister company			
TCBF	\$ 1,540,061	\$ 555,952	0.200-0.230

Note: The amount includes securities purchased under resell agreements.

- c) Derivatives

For the three months ended March 31, 2022

Type of Derivatives	Related Party	Contract Period	Nominal Amounts	Valuation Gain (Loss)	<u>Amounts on the Balance Sheet</u>	
					<u>Account</u>	<u>Amounts</u>
Currency swap	Sister company - TCB	2021.03.31-2022.06.30	US\$ 60,206	\$ 11,129	Financial assets at fair value through profit or loss	\$ 11,129
		2021.09.13-2023.01.31	US\$ 65,298	(48,727)	Financial liabilities at fair value through profit or loss	(48,256)
		2021.09.30-2022.09.30	EUR 4,844	(2,502)	Financial assets at fair value through profit or loss	2,654
		2022.02.22-2022.05.23	EUR 3,012	(595)	Financial liabilities at fair value through profit or loss	(595)
	Associates -Banque Nationale De Paris, Taipei Branch (Note)	2019.06.28-2024.08.19	US\$ 80,878	(46,990)	Financial assets at fair value through profit or loss	43,826
		2021.06.11-2023.06.26	US\$ 26,942	(19,255)	Financial assets at fair value through profit or loss	(14,394)
		2022.02.22-2022.11.22	EUR 4,827	(1,382)	Financial assets at fair value through profit or loss	(1,382)

For the three months ended March 31, 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	2021.03.31-2022.03.31	US\$ 65,459	\$ 3,614	Financial assets at fair value through profit or loss	\$ 3,614
		2021.01.11-2022.01.28	US\$ 54,896	(27,749)	Financial liabilities at fair value through profit or loss	(27,749)
		2020.12.31-2022.01.19	EUR 7,856	7,882	Financial assets at fair value through profit or loss	7,379
	Associates -Banque Nationale De Paris, Taipei Branch (Note)	2019.06.06-2022.08.24	US\$ 103,261	(40,809)	Financial assets at fair value through profit or loss	119,373
		2021.02.19-2022.02.22	EUR 4,827	2,280	Financial assets at fair value through profit or loss	2,280

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

For the three months ended March 31, 2022 and 2021, the realized gains or losses on currency swaps with sister companies were \$38,613 thousand gains and \$24,206 thousand losses, respectively. Besides, the realized gains on currency swaps with affiliates were \$11,098 thousand and \$6,048 thousand, 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 March 31, 2022, December 31, 2021 and March 31, 2021, the BPCTLI had received deposits of \$21,154 thousand, \$86,845 thousand and \$108,034 thousand, respectively.

d) Payables

	March 31, 2022	December 31, 2021	March 31, 2021
Sister company			
TCB	\$ 141,849	\$ 161,884	\$ 73,072
TCFHC	-	34,234	-
Associates	<u>401</u>	<u>1,670</u>	<u>-</u>
	<u>\$ 142,250</u>	<u>\$ 197,788</u>	<u>\$ 73,072</u>

e) Operating cost - insurance contract expenses

	For the Three Months Ended March 31	
	2022	2021
Sister company		
TCB	<u>\$ 116,823</u>	<u>\$ 112,964</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.

d. Salaries, bonuses and remunerations to main management

The salaries, bonuses and remunerations of the directors and main management for the three months ended March 31, 2022 and 2021, are summarized as follows:

	For the Three Months Ended March 31	
	2022	2021
Salaries and other short-term employment benefits	\$ 46,332	\$ 46,047
Post-employment benefits	1,014	1,005
Interest arising from the employees' preferential rate in excess of normal rates	<u>430</u>	<u>440</u>
	<u>\$ 47,776</u>	<u>\$ 47,492</u>

43. 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:

	March 31, 2022	December 31, 2021	March 31, 2021
Collaterals for call loans of foreign currency	\$ 40,000,000	\$ 40,000,000	\$ 40,000,000
Collaterals for domestic overdraft	31,390,000	31,590,000	31,400,000
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	-	1,302,300	1,300,800
Guarantee deposits for provisional collateral seizure for loan defaults and others	1,117,000	958,000	1,016,600
Guarantee deposits for the insurance operation	1,035,000	1,035,000	1,035,000
Collaterals for overdraft of domestic JPY settlement	500,000	500,000	500,000
Overseas branches' capital adequate reserve	458,750	443,902	372,028
Guarantee deposits for securities operation	355,000	355,000	355,000
Guarantee deposits for the bills finance business	293,900	293,900	293,900
Guarantee deposits for the trust business compensation reserve	290,000	290,000	280,000
Collaterals for overseas branch KHR settlement	1,411	2,432	9,002
Collaterals for overseas branch U.S. dollar settlement	28,580	15,210	43,243
Overseas branches' guarantee deposits for operation	5,716	5,531	5,701
Guarantee deposits for the reaccommodations by CBC	30,000,000	30,000,000	-
Others	<u>90,000</u>	<u>90,000</u>	<u>90,000</u>
	<u>\$ 116,565,357</u>	<u>\$ 117,881,275</u>	<u>\$ 87,701,274</u>

To comply with the Central Bank of the Republic of China's (CBC) Interbank Funds Transfer and Settlement System for real-time gross settlement (RTGS), TCB provided certificates of deposit of \$30,000,000 thousand as collateral for day-term overdraft as of March 31, 2022, December 31, 2021 and March 31, 2021. 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 Loan Balance	Collateral Value
March 31, 2022	<u>\$ 340,355</u>	<u>\$ 281,030</u>
December 31, 2021	<u>\$ 316,643</u>	<u>\$ 236,422</u>
March 31, 2021	<u>\$ 316,647</u>	<u>\$ 226,132</u>

- c. As of March 31, 2022, December 31, 2021 and March 31, 2021 TCB had pledged \$75,000,000 thousand, \$75,000,000 thousand and \$60,000,000 thousand to deposit reserve account B in accordance with the Central Bank's project financing regulations in response to the epidemic.
- d. As of March 31, 2022, December 31, 2021 and March 31, 2021 due to the KHR loans borrowed from the National Bank of Cambodia, up to US\$47,645 thousand, US\$69,904 thousand and US\$97,192 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.

44. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

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

As of March 31, 2022, TCFHC's outstanding major construction and procurement contracts amounted to \$172,977 thousand, of which \$45,935 thousand was still unpaid.

- b. Taiwan Cooperative Bank, Ltd.

- 1) As of March 31, 2022, TCB's outstanding major construction and procurement contracts amounted to \$455,560 thousand, of which \$373,892 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 March 31, 2022, the commitments or contingencies that arose from business were as follows:

March 31, 2022

Guarantees of commercial paper	\$ 33,798,700
Purchase of reference-rate commercial paper	<u>\$ 9,231,000</u>

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

As of March 31, 2022, TCS's agreements on the acquisition of equipment and procurement contracts amounted to \$25,715 thousand, of which \$12,107 thousand was still unpaid.

45. FINANCIAL INSTRUMENTS

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

	<u>March 31, 2022</u>		<u>December 31, 2021</u>		<u>March 31, 2021</u>	
	<u>Carrying Amount</u>	<u>Estimated Fair Value</u>	<u>Carrying Amount</u>	<u>Estimated Fair Value</u>	<u>Carrying Amount</u>	<u>Estimated Fair Value</u>
<u>Financial assets</u>						
Investments in debt instruments at amortized cost	\$ 689,909,199	\$ 689,607,428	\$ 715,489,725	\$ 717,733,118	\$ 718,524,890	\$ 723,741,132
<u>Financial liabilities</u>						
Bonds payable	82,100,000	82,107,798	82,100,000	83,040,511	71,600,000	73,147,096

Fair value hierarchy as at March 31, 2022, December 31, 2021 and March 31, 2021:

March 31, 2022

	Total	Level 1	Level 2	Level 3
<u>Financial assets</u>				
Investments in debt instruments at amortized cost	\$ 689,607,428	\$ 2,603,614	\$ 687,003,814	\$ -
<u>Financial liabilities</u>				
Bonds payable	82,107,798	-	82,107,798	-

December 31, 2021

	Total	Level 1	Level 2	Level 3
<u>Financial assets</u>				
Investments in debt instruments at amortized cost	\$ 717,733,118	\$ 7,895,720	\$ 709,837,398	\$ -
<u>Financial liabilities</u>				
Bonds payable	83,040,511	-	83,040,511	-

March 31, 2021

	Total	Level 1	Level 2	Level 3
<u>Financial assets</u>				
Investments in debt instruments at amortized cost	\$ 723,741,132	\$ 9,890,639	\$ 713,850,493	\$ -
<u>Financial liabilities</u>				
Bonds payable	73,147,096	-	73,147,096	-

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 0.6291% and 1.0049%, between 0.4065% and 0.7199%, between 0.4782% and 0.6749% as of March 31, 2022, December 31, 2021 and March 31, 2021, 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 45% and for minority interest at 10% on March 31, 2022, December 31, 2021 and March 31, 2021. 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:

	March 31, 2022	December 31, 2021	March 31, 2021
Discount for lack of marketability			
Increase 10%	\$ (1,222,930)	\$ (1,160,478)	\$ (1,071,249)
Decrease 10%	\$ 1,222,930	\$ 1,160,478	\$ 1,071,249
Discount for minority interest			
Increase 10%	\$ (35,768)	\$ (32,542)	\$ (21,353)
Decrease 10%	\$ 35,768	\$ 32,542	\$ 21,353

- c. The fair value hierarchy of the Company's financial instruments measured at fair value on a recurring basis as of March 31, 2022, December 31, 2021 and March 31, 2021 were as follows:

1) Fair value hierarchy

Financial Instruments Measured at Fair Value	March 31, 2022			
	Total	Level 1	Level 2	Level 3
<u>Non-derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at FVTPL				
Equity instruments	\$ 4,275,811	\$ 2,867,274	\$ 2,662	\$ 1,405,875
Debt instruments	3,518,535	1,490,443	2,028,092	-
Others	70,785,423	4,966,107	65,772,161	47,155
Financial assets at FVTOCI				
Equity instruments	52,374,757	44,953,520	-	7,421,237
Debt instruments	462,074,679	28,550,781	433,523,898	-
<u>Liabilities</u>				
Financial liabilities at FVTPL	(1,461,176)	(1,459,527)	(1,649)	-
<u>Derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at FVTPL	6,020,754	652,780	5,367,974	-
<u>Liabilities</u>				
Financial liabilities at FVTPL	(1,830,110)	(110)	(1,830,000)	-
Financial Instruments Measured at Fair Value	December 31, 2021			
	Total	Level 1	Level 2	Level 3
<u>Non-derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at FVTPL				
Equity instruments	\$ 3,877,372	\$ 2,503,747	\$ 5,227	\$ 1,368,398
Debt instruments	5,910,889	1,743,898	4,159,371	7,620
Others	73,821,053	4,817,642	68,923,075	80,336
Financial assets at FVTOCI				
Equity instruments	51,410,832	44,451,167	-	6,959,665
Debt instruments	427,474,602	36,270,875	391,203,727	-
<u>Liabilities</u>				
Financial liabilities at FVTPL	(629,065)	(629,013)	(52)	-
<u>Derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at FVTPL	1,322,590	426,241	896,349	-
<u>Liabilities</u>				
Financial liabilities at FVTPL	(1,722,571)	-	(1,722,571)	-

Financial Instruments Measured at Fair Value	March 31, 2021			
	Total	Level 1	Level 2	Level 3
<u>Non-derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at FVTPL				
Equity instruments	\$ 3,405,509	\$ 2,284,729	\$ 3,542	\$ 1,117,238
Debt instruments	4,497,253	2,354,131	2,133,122	10,000
Others	84,223,072	5,597,141	78,470,301	155,630
Financial assets at FVTOCI				
Equity instruments	43,435,555	36,894,025	-	6,541,530
Debt instruments	420,861,678	32,779,589	388,082,089	-
<u>Liabilities</u>				
Financial liabilities at FVTPL	(1,446,628)	(1,446,453)	(175)	-
<u>Derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at FVTPL	2,980,553	351,385	2,629,168	-
<u>Liabilities</u>				
Financial liabilities at FVTPL	(1,000,746)	-	(1,000,746)	-

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

Financial Assets	Financial assets at FVTPL	Investment in Equity Instruments at FVTOCI	Total
Balance at January 1, 2022	\$ 1,456,354	\$ 6,959,665	\$ 8,416,019
Recognized in profit	45,426	-	45,426
Recognized in OCI (investment in equity instruments at FVTOCI)	-	309,487	309,487
Purchases	89,574	152,085	241,659
Disposals	(138,324)	-	(138,324)
Balance at March 31, 2022	<u>\$ 1,453,030</u>	<u>\$ 7,421,237</u>	<u>\$ 8,874,267</u>
Balance at January 1, 2021	\$ 1,401,070	\$ 6,123,249	\$ 7,524,319
Recognized in profit	11,501	-	11,501
Recognized in OCI (investment in equity instruments at FVTOCI)	-	418,281	418,281
Purchases	22,359	-	22,359
Disposals	(69,664)	-	(69,664)
Transferred out of Level 3	(82,398)	-	(82,398)
Balance at March 31, 2021	<u>\$ 1,282,868</u>	<u>\$ 6,541,530</u>	<u>\$ 7,824,398</u>

The change in unrealized gains for the three months ended March 31, 2022 and 2021 included in profit or loss for assets held at the March 31, 2022 and 2021, was \$6,320 thousand losses and \$30,847 thousand gains, respectively.

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

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

3) Market risk

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

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

Effect of interest rate benchmark reform

The Company's non-derivative financial assets are exposed to LIBOR which is subject to interest rate benchmark reform. The Company 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. The Company 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 March 31, 2022 which are subject to the reform and have not transitioned to an alternative benchmark interest rate:

	Carrying Amount
Financial assets that reference USD LIBOR	
Financial assets at FVTOCI	\$ 12,290,610
Discounts and loans	<u>112,912,876</u>
	<u>\$ 125,203,486</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 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 commitments 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 set 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 have 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) TCB 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.

TCB and its subsidiary 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, 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 March 31, 2022.

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 March 31, 2022.

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, 2021 and 2020 is as follows:

	<u>Probability of Default</u>
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:

March 31, 2022

	Gross Carrying Amount	Allowance for Possible Losses	Total Exposure Amount (Amortized Cost)	Fair Value of Collateral
<u>Impaired financial assets</u>				
Receivables	\$ 153,063	\$ 59,049	\$ 94,014	\$ -
Discount and loans	34,930,348	3,815,386	31,114,962	76,117,084

December 31, 2021

	Gross Carrying Amount	Allowance for Possible Losses	Total Exposure Amount (Amortized Cost)	Fair Value of Collateral
<u>Impaired financial assets</u>				
Receivables	\$ 155,867	\$ 59,387	\$ 96,480	\$ -
Discount and loans	36,101,322	4,047,940	32,053,382	78,882,813

March 31, 2021

	Gross Carrying Amount	Allowance for Possible Losses	Total Exposure Amount (Amortized Cost)	Fair Value of Collateral
<u>Impaired financial assets</u>				
Receivables	\$ 176,918	\$ 77,378	\$ 99,540	\$ -
Discount and loans	39,715,244	4,756,066	34,959,178	109,103,082

The total amount of financial assets that have been written off but have recourse action by TCB and its subsidiary in March 31, 2022, December 31, 2021 and March 31, 2021 were \$7,242,294 thousand, \$8,010,636 thousand and \$8,025,833 thousand, respectively.

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

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

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

Credit Risk Profile by Group or Industry	March 31, 2022		December 31, 2021		March 31, 2021	
	Amount	%	Amount	%	Amount	%
Natural person	\$ 970,039,452	38	\$ 966,913,755	39	\$ 917,509,550	39
Manufacturing	441,231,555	18	420,742,616	17	419,542,329	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:

	March 31, 2022	December 31, 2021	March 31, 2021
Financial assets at fair value through profit or loss - debt instrument	\$ 1,400,581	\$ 3,974,229	\$ 2,715,955

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

March 31, 2022					
	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	\$ 305,923,018	\$ 99,159	\$ 1,180,941	\$ -	\$ 307,203,118
Allowance for possible losses	(794,649)	(93)	(175,142)	-	(969,884)
Difference of impairment loss under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	-	-	-	(424,059)	(424,059)
	<u>\$ 305,128,369</u>	<u>\$ 99,066</u>	<u>\$ 1,005,799</u>	<u>\$ (424,059)</u>	<u>\$ 305,809,175</u>
December 31, 2021					
	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	\$ 290,623,006	\$ 27,880	\$ 1,180,336	\$ -	\$ 291,831,222
Allowance for possible losses	(781,399)	(28)	(167,289)	-	(948,716)
Difference of impairment loss under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	-	-	-	(451,407)	(451,407)
	<u>\$ 289,841,607</u>	<u>\$ 27,852</u>	<u>\$ 1,013,047</u>	<u>\$ (451,407)</u>	<u>\$ 290,431,099</u>

March 31, 2021					
	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	\$ 287,045,421	\$ 7,860	\$ 2,596,860	\$ -	\$ 289,650,141
Allowance for possible losses	(707,373)	(62)	(399,653)	-	(1,107,088)
Difference of impairment loss under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	-	-	-	(319,341)	(319,341)
	<u>\$ 286,338,048</u>	<u>\$ 7,798</u>	<u>\$ 2,197,207</u>	<u>\$ (319,341)</u>	<u>\$ 288,223,712</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

March 31, 2022					
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Difference of Impairment Loss under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	Total
Discounts and loans	\$ 2,490,564,825	\$ 7,298,274	\$ 34,930,348	\$ -	\$ 2,532,793,447
Allowance for possible losses	(3,955,616)	(82,827)	(3,815,386)	-	(7,853,829)
Difference of impairment loss under “Regulations Governing the Procedure for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	-	-	-	(21,811,254)	(21,811,254)
	<u>\$ 2,486,609,209</u>	<u>\$ 7,215,447</u>	<u>\$ 31,114,962</u>	<u>\$ (21,811,254)</u>	<u>\$ 2,503,128,364</u>

December 31, 2021					
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Difference of Impairment Loss under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	Total
Discounts and loans	\$ 2,423,547,486	\$ 6,838,384	\$ 36,101,322	\$ -	\$ 2,466,487,192
Allowance for possible losses	(3,777,112)	(86,866)	(4,047,940)	-	(7,911,918)
Difference of impairment loss under “Regulations Governing the Procedure for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	-	-	-	(21,800,941)	(21,800,941)
	<u>\$ 2,419,770,374</u>	<u>\$ 6,751,518</u>	<u>\$ 32,053,382</u>	<u>\$ (21,800,941)</u>	<u>\$ 2,436,774,333</u>

March 31, 2021					
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Difference of Impairment Loss under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	Total
Discounts and loans	\$ 2,325,782,434	\$ 2,542,001	\$ 39,715,244	\$ -	\$ 2,368,039,679
Allowance for possible losses	(3,958,121)	(16,063)	(4,756,066)	-	(8,730,250)
Difference of impairment loss under “Regulations Governing the Procedure for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	-	-	-	(20,258,314)	(20,258,314)
	<u>\$ 2,321,824,313</u>	<u>\$ 2,525,938</u>	<u>\$ 34,959,178</u>	<u>\$ (20,258,314)</u>	<u>\$ 2,339,051,115</u>

b) Credit quality analysis of receivables

March 31, 2022						
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Credit Impairment by Using Simplified Method	Difference of Impairment Loss under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	Total
Receivables	\$ 13,664,799	\$ 45,141	\$ 153,063	\$ 3,840,182	\$ -	\$ 17,703,185
Allowance for possible losses	(36,122)	(10,438)	(59,049)	(188,105)	-	(293,714)
Difference of impairment loss under “Regulations Governing the Procedure for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	-	-	-	-	(167,001)	(167,001)
	<u>\$ 13,628,677</u>	<u>\$ 34,703</u>	<u>\$ 94,014</u>	<u>\$ 3,652,077</u>	<u>\$ (167,001)</u>	<u>\$ 17,242,470</u>

December 31, 2021						
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Credit Impairment by Using Simplified Method	Difference of Impairment Loss under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	Total
Receivables	\$ 14,890,139	\$ 42,626	\$ 155,867	\$ 2,808,236	\$ -	\$ 17,896,868
Allowance for possible losses	(34,359)	(10,928)	(59,387)	(187,153)	-	(291,827)
Difference of impairment loss under “Regulations Governing the Procedure for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	-	-	-	-	(173,969)	(173,969)
	<u>\$ 14,855,780</u>	<u>\$ 31,698</u>	<u>\$ 96,480</u>	<u>\$ 2,621,083</u>	<u>\$ (173,969)</u>	<u>\$ 17,431,072</u>

March 31, 2021						
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Credit Impairment by Using Simplified Method	Difference of Impairment Loss under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	Total
Receivables	\$ 13,408,922	\$ 47,107	\$ 176,918	\$ 3,834,429	\$ -	\$ 17,467,376
Allowance for possible losses	(35,201)	(11,453)	(77,378)	(223,267)	-	(347,299)
Difference of impairment loss under “Regulations Governing the Procedure for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	-	-	-	-	(128,237)	(128,237)
	<u>\$ 13,373,721</u>	<u>\$ 35,654</u>	<u>\$ 99,540</u>	<u>\$ 3,611,162</u>	<u>\$ (128,237)</u>	<u>\$ 16,991,840</u>

c) Credit quality analysis of securities

March 31, 2022				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Investments in debt instruments at FVTOCI				
Gross carrying amount	\$ 415,317,203	\$ 348,487	\$ -	\$ 415,665,690
Allowance for possible losses	(67,410)	(111,867)	-	(179,277)
Amortized cost	415,249,793	236,620	-	415,486,413
Fair value adjustments	(6,404,135)	(142,948)	-	(6,547,083)
	<u>\$ 408,845,658</u>	<u>\$ 93,672</u>	<u>\$ -</u>	<u>\$ 408,939,330</u>
Investments in debt instruments at amortized cost	\$ 686,248,696	\$ -	\$ -	\$ 686,248,696
Allowance for possible losses	(18,683)	-	-	(18,683)
	<u>\$ 686,230,013</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 686,230,013</u>

	December 31, 2021			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Investments in debt instruments at FVTOCI				
Gross carrying amount	\$ 373,892,337	\$ -	\$ -	\$ 373,892,337
Allowance for possible losses	<u>(66,666)</u>	<u>-</u>	<u>-</u>	<u>(66,666)</u>
Amortized cost	373,825,671	-	-	373,825,671
Fair value adjustments	<u>1,508,461</u>	<u>-</u>	<u>-</u>	<u>1,508,461</u>
	<u>\$ 375,334,132</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 375,334,132</u>
Investments in debt instruments at amortized cost	\$ 712,010,695	\$ -	\$ -	\$ 712,010,695
Allowance for possible losses	<u>(19,216)</u>	<u>-</u>	<u>-</u>	<u>(19,216)</u>
	<u>\$ 711,991,479</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 711,991,479</u>
	March 31, 2021			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Investments in debt instruments at FVTOCI				
Gross carrying amount	\$ 364,487,290	\$ -	\$ -	\$ 364,487,290
Allowance for possible losses	<u>(107,056)</u>	<u>-</u>	<u>-</u>	<u>(107,056)</u>
Amortized cost	364,380,234	-	-	364,380,234
Fair value adjustments	<u>5,258,297</u>	<u>-</u>	<u>-</u>	<u>5,258,297</u>
	<u>\$ 369,638,531</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 369,638,531</u>
Investments in debt instruments at amortized cost	\$ 714,214,346	\$ -	\$ -	\$ 714,214,346
Allowance for possible losses	<u>(45,550)</u>	<u>-</u>	<u>-</u>	<u>(45,550)</u>
	<u>\$ 714,168,796</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 714,168,796</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, 2022	\$ 66,666	\$ -	\$ -	\$ 66,666
	(467)	467	-	-
New financial assets purchased	3,946	-	-	3,946
Derecognition of financial assets in the current reporting period	(656)	-	-	(656)
Change in model or risk parameters	(2,559)	111,385	-	108,826
Changes in exchange rates and other changes	<u>480</u>	<u>15</u>	<u>-</u>	<u>495</u>
Balance at March 31, 2022	<u>\$ 67,410</u>	<u>\$ 111,867</u>	<u>\$ -</u>	<u>\$ 179,277</u>

	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	12,274	-	-	12,274
Derecognition of financial assets in the current reporting period	(3,773)	-	-	(3,773)
Change in model or risk parameters	6,105	-	-	6,105
Changes in exchange rates and other changes	<u>(18,234)</u>	<u>-</u>	<u>-</u>	<u>(18,234)</u>
Balance at March 31, 2021	<u>\$ 107,056</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 107,056</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, 2022	\$ 19,216	\$ -	\$ -	\$ 19,216
New financial assets purchased	417	-	-	417
Derecognition of financial assets in the current reporting period	(410)	-	-	(410)
Change in model or risk parameters	(986)	-	-	(986)
Changes in exchange rates and other changes	<u>446</u>	<u>-</u>	<u>-</u>	<u>446</u>
Balance at March 31, 2022	<u>\$ 18,683</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,683</u>

	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	4,511	-	-	4,511
Derecognition of financial assets in the current reporting period	(971)	-	-	(971)
Change in model or risk parameters	(1,939)	-	-	(1,939)
Changes in exchange rates and other changes	<u>(1,763)</u>	<u>-</u>	<u>-</u>	<u>(1,763)</u>
Balance at March 31, 2021	<u>\$ 45,550</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,550</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	March 31, 2022	December 31, 2021	March 31, 2021
Interest rate risk	Interest rate curve increased 100 basis points	\$ (93,720)	\$ (353,392)	\$ (230,615)
	Interest rate curve fell 100 basis points	98,264	380,457	240,741
Exchange rate risk	USD/NT\$, EUR/NT\$ increased 3%	(312,964)	(167,222)	(143,667)
	USD/NT\$, EUR/NT\$ fell 3%	312,964	167,222	143,667
	Others (RMB, AUD etc.)/ NT\$ increased 5%	43,363	372,018	29,758
	Others (RMB, AUD etc.)/ NT\$ fell 5%	(43,363)	(372,018)	(29,758)
Equity security price risk	Equity security price increased by 15%	166,296	149,215	113,939
	Equity security price fell by 15%	(166,296)	(149,215)	(113,939)

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 Three Months Ended March 31			
	2022		2021	
	Average Balance	Average Rate (%)	Average Balance	Average Rate (%)
<u>Interest-earning assets</u>				
Due from banks and other financial assets - due from banks	\$ 54,073,303	0.45	\$ 28,586,535	1.01
Due from the Central Bank	203,678,562	0.23	192,051,754	0.23
Call loans to banks and other financial assets - call loans to security firms	82,636,027	0.42	71,916,872	0.53
Financial assets mandatorily classified as at fair value through profit or loss	31,622,238	0.37	27,387,517	0.32
Financial assets at fair value through other comprehensive income	393,390,609	1.27	354,105,442	1.35
Investments in debt instruments at amortized cost	718,526,824	0.52	753,399,079	0.51
Discounts and loans	2,471,582,747	1.55	2,294,519,052	1.63

(Continued)

	For the Three Months Ended March 31			
	2022		2021	
	Average Balance	Average Rate (%)	Average Balance	Average Rate (%)
<u>Interest-bearing liabilities</u>				
Deposits from the Central Bank and other banks	\$ 241,804,842	0.24	\$ 228,858,795	0.27
Due to the Central Bank and other banks	70,280,134	0.11	47,728,736	0.10
Securities sold under repurchase agreements	6,884,343	0.17	6,617,499	0.18
Demand deposits	810,710,077	0.06	714,928,656	0.06
Savings - demand deposits	1,132,373,075	0.19	1,052,251,700	0.18
Time deposits	716,795,735	0.50	692,728,210	0.57
Time savings deposits	601,419,198	0.83	608,855,761	0.82
Treasury deposits	117,181,246	0.44	113,360,930	0.47
Negotiable certificates of deposits	44,904,601	0.38	44,659,611	0.31
Structured products	-	-	2,421,228	0.30
Bank debentures	62,100,000	1.48	61,600,000	1.52
Lease liabilities	1,496,726	2.55	1,593,302	2.67
				(Concluded)

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

	(In Thousands)		
	March 31, 2022		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
USD	\$ 15,461,863	28.5800	\$ 441,900,045
RMB	10,623,735	4.4940	47,743,066
AUD	1,587,696	21.4500	34,056,085
JPY	73,023,864	0.2341	17,094,887
EUR	524,480	31.9500	16,757,134
<u>Financial liabilities</u>			
USD	19,159,911	28.5800	547,590,248
RMB	9,292,940	4.4940	41,762,471
AUD	1,170,827	21.4500	25,114,244
JPY	69,838,295	0.2341	16,349,145
EUR	334,837	31.9500	10,698,055
	December 31, 2021		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
USD	\$ 15,515,821	27.6550	\$ 429,090,036
RMB	10,773,891	4.3410	46,769,460
AUD	1,743,404	20.0900	35,024,988
JPY	76,059,160	0.2405	18,292,228
EUR	456,144	31.3800	14,313,804
			(Continued)

	December 31, 2021		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Financial liabilities</u>			
USD	\$ 20,462,231	27.6550	\$ 565,882,996
RMB	8,827,439	4.3410	38,319,911
AUD	1,207,092	20.0900	24,250,474
JPY	60,322,936	0.2405	14,507,666
EUR	305,438	31.3800	9,584,654
			(Concluded)

	March 31, 2021		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
USD	\$ 13,703,738	28.5050	\$ 390,625,039
RMB	12,406,277	4.3360	53,793,617
AUD	1,576,928	21.6800	34,187,791
EUR	494,757	33.3900	16,519,935
JPY	41,060,628	0.2577	10,581,324

<u>Financial liabilities</u>			
USD	18,090,466	28.5050	515,668,733
RMB	10,381,706	4.3360	45,015,078
AUD	1,208,671	21.6800	26,203,986
JPY	51,222,696	0.2577	13,200,089
ZAR	4,139,715	1.9090	7,902,717

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 reporting 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 29.64% in March 2022, 28.92% in December 2021 and 32.58% in March 2021.

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.

March 31, 2022	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Deposits from the Central Bank and other banks	\$ 175,224,260	\$ 60,172,236	\$ 7,318,663	\$ 566,034	\$ -	\$ 243,281,193
Due to the Central Bank and other banks	-	-	46,169,680	-	-	46,169,680
Securities sold under repurchase agreements	4,000,868	1,983,877	1,010,735	10,935	788,399	7,794,814
Payables	26,597,408	1,967,549	3,104,203	2,203,532	2,290,141	36,162,833
Deposits and remittances	341,616,843	471,430,392	549,964,272	709,544,799	1,429,212,076	3,501,768,382
Bank debentures	-	11,650,000	-	8,350,000	42,100,000	62,100,000
Lease liabilities	65,935	165,520	142,338	238,712	1,160,144	1,772,649
Other items of cash outflow on maturity	1,017,277	134	160	979,968	2,273,423	4,270,962

December 31, 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	\$ 150,356,499	\$ 73,956,730	\$ 9,413,858	\$ 441,480	\$ -	\$ 234,168,567
Due to the Central Bank and other banks	-	-	-	88,889,360	-	88,889,360
Securities sold under repurchase agreements	3,171,199	1,768,430	1,367,320	50,485	738,412	7,095,846
Payables	26,830,739	2,133,830	6,868,806	2,359,907	2,654,200	40,847,482
Deposits and remittances	329,988,947	489,349,842	469,886,767	764,859,478	1,427,119,697	3,481,204,731
Bank debentures	-	-	11,650,000	8,350,000	42,100,000	62,100,000
Lease liabilities	65,535	168,724	147,632	274,908	1,515,975	2,172,774
Other items of cash outflow on maturity	1,475,898	154	183	965,406	65,679	2,507,320

March 31, 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	\$ 172,788,230	\$ 61,678,030	\$ 15,632,393	\$ 4,273,299	\$ -	\$ 254,371,952
Due to the Central Bank and other banks	-	-	23,207,190	30,683,740	-	53,890,930
Financial liabilities at fair value through profit or loss	588,891	-	-	-	-	588,891
Securities sold under repurchase agreements	2,469,473	2,415,514	1,042,784	151,377	796,853	6,876,001
Payables	23,757,863	2,117,577	2,678,950	2,351,876	2,955,355	33,861,621
Deposits and remittances	297,014,627	451,308,547	469,389,839	753,772,953	1,301,845,423	3,273,331,389
Bank debentures	-	1,500,000	-	-	60,100,000	61,600,000
Lease liabilities	60,982	127,934	110,717	173,748	705,632	1,179,013
Other items of cash outflow on maturity	5,755,111	222	270	937,992	8,229	6,701,824

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 March 31, 2022, December 31, 2021 and March 31, 2021 must be repaid soon, the capital expenditure will be increased by \$1,969,837,262 thousand, \$1,976,268,781 thousand and \$1,791,890,689 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

March 31, 2022	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial liabilities at fair value through profit or loss						
Currency	\$ 49	\$ 407	\$ 897	\$ 218	\$ -	\$ 1,571
Interest	(1,288)	(518)	236	(911)	(55,112)	(57,593)

December 31, 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	\$ -	\$ 325	\$ 583	\$ 839	\$ -	\$ 1,747
Interest	(1,148)	(373)	(1,229)	(501)	-	(3,251)

March 31, 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	\$ 212	\$ 486	\$ 142	\$ -	\$ -	\$ 840
Interest	(1,464)	(519)	(1,391)	(3,413)	(3,878)	(10,665)

b) Derivative financial liabilities to be settled at gross amounts

March 31, 2022	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial liabilities at fair value through profit or loss						
Currency derivatives						
Cash outflow	\$ 40,081,188	\$ 25,645,464	\$ 14,247,442	\$ 9,884,836	\$ 862,041	\$ 90,720,971
Cash inflow	40,544,129	26,116,416	14,501,804	10,069,706	879,197	92,111,252
Interest derivatives						
Cash outflow	57,219	129,462	650,777	281,030	-	1,118,488
Cash inflow	55,907	126,572	629,770	272,742	-	1,084,991
Total cash outflow	40,138,407	25,774,926	14,898,219	10,165,866	862,041	91,839,459
Total cash inflow	40,600,036	26,242,988	15,131,574	10,342,448	879,197	93,196,243
Net cash flow	461,629	468,062	233,355	176,582	17,156	1,356,784

December 31, 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	\$ 63,485,067	\$ 61,242,094	\$ 30,298,843	\$ 69,033,095	\$ 144,832	\$ 224,203,931
Cash inflow	63,987,810	61,708,574	30,484,421	69,430,081	144,877	225,755,763
Interest derivatives						
Cash outflow	-	181,503	-	-	-	181,503
Cash inflow	-	27,834	-	-	-	27,834
Total cash outflow	63,485,067	61,423,597	30,298,843	69,033,095	144,832	224,385,434
Total cash inflow	63,987,810	61,736,408	30,484,421	69,430,081	144,877	225,783,597
Net cash flow	502,743	312,811	185,578	396,986	45	1,398,163

March 31, 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	\$ 21,455,285	\$ 17,390,923	\$ 8,294,015	\$ 3,779,519	\$ 253,045	\$ 51,172,787
Cash inflow	21,632,685	17,809,193	8,502,936	3,830,018	253,224	52,028,056
Interest derivatives						
Cash outflow	42,779	314,679	-	143,117	-	500,575
Cash inflow	41,981	154,503	-	140,991	-	337,475
Total cash outflow	21,498,064	17,705,602	8,294,015	3,922,636	253,045	51,673,362
Total cash inflow	21,674,666	17,963,696	8,502,936	3,971,009	253,224	52,365,531
Net cash flow	176,602	258,094	208,921	48,373	179	692,169

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.

March 31, 2022	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Irrevocable loan commitments issued	\$ 2,794,217	\$ 6,938,274	\$ 4,815,132	\$ 19,012,002	\$ 84,281,399	\$ 117,841,024
Irrevocable credit card commitments	539,420	294,348	1,067,792	2,584,162	55,713,552	60,199,274
Letters of credit issued yet unused	6,752,859	13,121,579	4,553,849	1,892,045	5,154,811	31,475,143
Other guarantees	8,338,171	16,704,187	5,818,613	8,809,001	58,017,705	97,687,677

December 31, 2021	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Irrevocable loan commitments issued	\$ 528,196	\$ 1,674,707	\$ 9,048,367	\$ 14,095,610	\$ 75,944,387	\$ 101,291,267
Irrevocable credit card commitments	522,404	210,633	878,299	2,235,586	56,339,371	60,186,293
Letters of credit issued yet unused	6,601,599	16,519,129	2,343,935	1,191,689	5,119,914	31,776,266
Other guarantees	10,720,286	12,838,344	8,254,136	9,206,215	57,558,415	98,577,396

March 31, 2021	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Irrevocable loan commitments issued	\$ 1,064,560	\$ 10,741,001	\$ 16,784,451	\$ 11,865,498	\$ 52,571,072	\$ 93,026,582
Irrevocable credit card commitments	504,459	142,265	796,388	4,135,062	51,787,576	57,365,750
Letters of credit issued yet unused	5,573,527	13,786,203	3,292,734	1,930,188	7,377,187	31,959,839
Other guarantees	11,194,423	13,371,545	10,727,625	8,922,991	63,081,386	107,297,970

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 \$713,994 thousand, \$684,523 thousand and \$748,476 thousand as of March 31, 2022, December 31, 2021 and March 31, 2021, 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 March 31, 2022, December 31, 2021 and March 31, 2021 the fair values of financial assets would have decreased by \$18,994 thousand, \$19,085 thousand and \$21,605 thousand, respectively.

ii) Equity risk

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 March 31, 2022, December 31, 2021 and March 31, 2021, had the TAIEX fallen 1%, the fair value of the equity assets would have decreased by \$18,424 thousand, \$19,053 thousand and \$18,269 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 by 1% for the three months ended March 31, 2022, the whole year ended December 31, 2021 and the three months ended March 31, 2021, the income before income tax would have decreased by \$140,929 thousand, \$136,455 thousand and \$139,025 thousand, respectively.

The table below shows the carrying value of financial assets and liabilities denominated in foreign currency as of March 31, 2022, December 31, 2021 and March 31, 2021.

March 31, 2022

	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
Savings accounts			
USD	\$ 21,962	28.586	\$ 627,797
ZAR	40,977	1.972	80,803
AUD	3,329	21.435	71,355
Receivables			
USD	5,099	28.586	145,769
EUR	376	31.910	12,011
RMB	1,414	4.493	6,352
Financial assets at FVTPL			
USD	3,726	28.586	106,512
Financial assets at FVTOCI			
USD	457,623	28.586	13,081,623
EUR	27,970	31.910	892,518
RMB	130,855	4.493	588,064
Financial assets at amortized cost			
USD	5,418	28.586	154,869
EUR	9,707	31.910	309,828
<u>Financial liabilities</u>			
Guarantee deposits received			
USD	830	28.586	23,717

December 31, 2021

	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
Savings accounts			
USD	\$ 36,224	27.652	\$ 1,001,659
EUR	1,472	31.360	46,168
AUD	1,852	20.065	37,168
Receivables			
USD	4,007	27.652	110,803
EUR	369	31.360	11,581
RMB	90	4.340	391
Financial assets at FVTPL			
USD	2,035	27.652	56,264
AUD	4	20.065	72
Financial assets at FVTOCI			
USD	456,111	27.652	12,612,384
RMB	131,916	4.340	572,516
EUR	50,241	31.360	1,575,557
Financial assets at amortized cost			
EUR	9,698	31.360	304,133
USD	5,418	27.652	149,829
<u>Financial liabilities</u>			
Guarantee deposits received			
USD	10,310	27.652	285,092

March 31, 2021

	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
Savings accounts			
USD	\$ 16,410	28.505	\$ 467,771
EUR	2,658	33.360	88,673
AUD	1,662	21.665	36,012
Receivables			
USD	4,734	28.505	134,929
EUR	558	33.360	18,599
RMB	1,692	4.334	7,335
Financial assets at FVTPL			
USD	3,721	28.505	106,077
Financial assets at FVTOCI			
USD	464,517	28.505	13,241,049
EUR	54,064	33.360	1,803,575
RMB	202,963	4.334	879,643

(Continued)

	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial assets at amortized cost			
USD	\$ 5,419	28.505	\$ 154,477
EUR	9,664	33.360	322,376
<u>Financial liabilities</u>			
Guarantee deposits received			
USD	7,078	28.505	201,771 (Concluded)

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 the 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 by 1% as of March 31, 2022, December 31, 2021 and March 31, 2021, the losses on financial assets of the BPCTLI would have been \$706,260 thousand, \$668,713 thousand and \$715,854 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

	March 31, 2022		
	Carrying Amount	Fair Value	%
Domestic investment - government bonds (Note 1)	\$ 11,359,898	\$ 11,379,692	38
Domestic investment - corporate bonds (twAAA - twAA)	3,605,061	3,605,061	12
Overseas investment - government bonds	2,699,801	2,725,637	9
Overseas investment - corporate bonds and bank debentures (Aa2 - A3)	11,141,573	11,141,817	37
Overseas investment - corporate bonds and bank debentures (Baa1 - Ba1)	<u>1,185,528</u>	<u>1,185,528</u>	<u>4</u>
	<u>\$ 29,991,861</u>	<u>\$ 30,037,735</u>	<u>100</u>
	December 31, 2021		
	Carrying Amount	Fair Value	%
Domestic investment - government bonds (Note 1)	\$ 11,721,042	\$ 11,753,802	39
Domestic investment - corporate bonds (twAAA - twAA-)	3,477,014	3,477,014	11
Overseas investment - government bonds	2,294,348	2,358,677	8
Overseas investment - corporate bonds and bank debentures (Aa2 - A3)	10,948,932	10,949,733	36
Overseas investment - corporate bonds and bank debentures (Baa1 - Ba1)	<u>1,971,139</u>	<u>1,971,139</u>	<u>6</u>
	<u>\$ 30,412,475</u>	<u>\$ 30,510,365</u>	<u>100</u>

	March 31, 2021		
	Carrying Amount	Fair Value	%
Domestic investment - government bonds (Note 1)	\$ 11,846,671	\$ 11,905,108	38
Domestic investment - corporate bonds (twAAA - twAA)	3,295,487	3,295,487	10
Overseas investment - government bonds	2,341,045	2,399,605	7
Overseas investment - corporate bonds and bank debentures (Aa2 - A3)	11,972,068	11,972,922	38
Overseas investment - corporate bonds and bank debentures (Baa1 - Ba1)	<u>2,088,007</u>	<u>2,088,007</u>	<u>7</u>
	<u>\$ 31,543,278</u>	<u>\$ 31,661,129</u>	<u>100</u>

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

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

3) Liquidity risk

a) Source and definition of liquidity risk

Liquidity risk means BPCTLI cannot provide sufficient funding for assets 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.

	March 31, 2022			
	Within One Year	1 Year to 3 Years	3 Years to 5 Years	Over Five Years
<u>Net settled</u>				
Currency swap contracts	\$ 50,281	\$ (10,842)	\$ -	\$ -
Cross-currency swap contracts	-	-	19,937	-
	<u>\$ 50,281</u>	<u>\$ (10,842)</u>	<u>\$ 19,937</u>	<u>\$ -</u>
	December 31, 2021			
	Within One Year	1 Year to 3 Years	3 Years to 5 Years	Over Five Years
<u>Net settled</u>				
Currency swap contracts	\$ 327,517	\$ 77,749	\$ -	\$ -
Cross-currency swap contracts	-	-	21,642	-
	<u>\$ 327,517</u>	<u>\$ 77,749</u>	<u>\$ 21,642</u>	<u>\$ -</u>
	March 31, 2021			
	Within One Year	1 Year to 3 Years	3 Years to 5 Years	Over Five Years
<u>Net settled</u>				
Currency swap contracts	\$ 155,025	\$ 102,295	\$ -	\$ -
Cross-currency swap contracts	-	7,557	-	-
	<u>\$ 155,025</u>	<u>\$ 109,852</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.

b) Development of retained business

Accident Year	Development Ages													Claim Reserve	
	1	2	3	4	5	6	7	8	9	10	11	12	13		
2010	\$ 3	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ -	
2011	2,798	7,263	7,786	7,854	7,854	7,854	7,854	7,854	7,854	7,854	7,854	7,854	7,854	-	
2012	9,582	18,105	15,398	19,023	19,063	19,065	19,065	19,065	19,066	19,066	19,074	19,074	19,074	-	
2013	18,128	26,841	27,047	27,211	27,340	27,460	27,581	27,701	27,821	27,861	27,872	27,872	27,872	11	
2014	23,285	27,624	28,278	30,313	30,318	30,319	30,319	30,319	30,319	30,342	30,353	30,353	30,353	34	
2015	31,389	37,705	37,975	37,985	37,992	38,012	38,014	38,002	38,047	38,070	38,085	38,085	38,085	83	
2016	25,827	30,588	30,778	30,802	30,815	30,816	30,818	30,828	30,843	30,851	30,865	30,865	30,865	47	
2017	40,181	54,667	55,350	55,696	55,882	56,573	56,613	56,655	56,712	56,742	56,764	56,764	56,764	191	
2018	35,042	44,832	45,171	45,235	45,242	45,294	45,305	45,315	45,329	45,336	45,356	45,356	45,356	114	
2019	44,461	58,698	59,523	64,571	64,717	65,066	65,135	65,208	65,308	65,360	65,383	65,383	65,383	812	
2020	41,542	48,969	53,083	55,646	55,765	56,044	56,099	56,157	56,237	56,278	56,300	56,300	56,300	3,217	
2021	31,873	40,699	41,357	43,531	43,631	43,868	43,914	43,964	44,032	44,067	44,083	44,083	44,083	3,384	
2022	61,243	81,557	83,105	89,719	90,016	90,738	90,880	91,032	91,241	91,350	91,379	91,379	91,379	30,136	
														Incurred but not reported	\$ 38,029
														Reported but not paid	35,186
														Balance of claim reserve	<u>\$ 73,215</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.

	March 31, 2022		
	Changes in the Assumptions	Impact on Income Before Income Tax	Impact on Equity
Discount rate	0.25%	\$ 15,251	\$ 12,201
Discount rate	(0.25%)	(15,285)	(12,228)
Mortality rate	10.00%	(7,776)	(6,221)
Mortality rate	(10.00%)	7,775	6,220
Withdrawal rate	30.00%	3,884	3,107
Withdrawal rate	(30.00%)	(3,855)	(3,084)
Illness rate/loss rate	15.00%	(5,421)	(4,337)
Expense rate	10.00%	(73,567)	(58,854)
	December 31, 2021		
	Changes in the Assumptions	Impact on Income Before Income Tax	Impact on Equity
Discount rate	0.25%	\$ 61,088	\$ 48,871
Discount rate	(0.25%)	(61,225)	(48,980)
Mortality rate	10.00%	(30,855)	(24,684)
Mortality rate	(10.00%)	30,855	24,684
Withdrawal rate	30.00%	17,018	13,614
Withdrawal rate	(30.00%)	(16,895)	(13,516)
Illness rate/loss rate	15.00%	(21,872)	(17,497)
Expense rate	10.00%	(73,567)	(58,854)

	March 31, 2021		
	Changes in the Assumptions	Impact on Income Before Income Tax	Impact on Equity
Discount rate	0.25%	\$ 15,860	\$ 12,688
Discount rate	(0.25%)	(15,895)	(12,716)
Mortality rate	10.00%	(7,007)	(5,605)
Mortality rate	(10.00%)	11,985	9,588
Withdrawal rate	30.00%	4,225	3,380
Withdrawal rate	(30.00%)	(4,212)	(3,370)
Illness rate/loss rate	15.00%	(5,195)	(4,156)
Expense rate	10.00%	(16,490)	(13,192)

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:

March 31, 2022					
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	\$ 29,553,797	\$ 29,527,386	\$ 29,553,797	\$ 29,527,386	\$ 26,411
Financial assets at FVTOCI - securities sold under repurchase agreements	23,326,545	24,253,756	23,326,545	24,253,756	(927,211)

December 31, 2021					
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	\$ 31,678,111	\$ 31,650,905	\$ 31,678,111	\$ 31,650,905	\$ 27,206
Financial assets at FVTOCI - securities sold under repurchase agreements	20,579,814	20,916,064	20,579,814	20,916,064	(336,250)

March 31, 2021					
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	\$ 35,245,000	\$ 35,257,603	\$ 35,245,000	\$ 35,257,603	\$ (12,603)
Financial assets at FVTOCI - securities sold under repurchase agreements	19,813,814	20,043,424	19,813,814	20,043,424	(229,610)

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.

March 31, 2022

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	\$ 1,755,639	\$ -	\$ 1,755,639	\$ (1,755,639)	\$ -	\$ -

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	\$ 53,781,142	\$ -	\$ 53,781,142	\$ (52,600,856)	\$ -	\$ 1,180,286

December 31, 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	\$ 981,862	\$ -	\$ 981,862	\$ (981,862)	\$ -	\$ -

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	\$ 52,566,969	\$ -	\$ 52,566,969	\$ (51,912,797)	\$ -	\$ 654,172

March 31, 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	\$ 1,963,078	\$ -	\$ 1,963,078	\$ (1,123,918)	\$ -	\$ 839,160

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	\$ 55,301,027	\$ -	\$ 55,301,027	\$ (54,508,055)	\$ -	\$ 792,972

46. 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%.

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 Law of Insurance and related regulations require that the insurance business maintain CARs at a minimum of 200%.

47. 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 2 (attached).

b. Concentration of credit extensions

1) Taiwan Cooperative Bank, Ltd. (TCB)

(In Thousands of New Taiwan Dollars, %)

Rank (Note 1)	March 31, 2022		
	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	\$ 35,574,193	14.31
2	Group B Real estate development	34,269,447	13.79
3	Group C Financial leasing	19,646,748	7.90
4	Group D Petroleum and coal products manufacturing	13,831,067	5.56
5	Group E Computers and computing peripheral equipment manufacturing	13,112,503	5.28
6	Group F Computers manufacturing	12,464,485	5.01
7	Group G Wholesale of electronic and communication equipment and parts	12,173,759	4.90
8	Group H Iron and steel smelting	11,358,432	4.57
9	Group I Cotton and textile	9,302,000	3.74
10	Group J Shipping agency	8,799,711	3.54

(In Thousands of New Taiwan Dollars, %)

Rank (Note 1)	March 31, 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	15.43
2	Group B Real estate development	27,320,837	11.16
3	Group E Computers and computing peripheral equipment manufacturing	13,754,996	5.62
4	Group D Petroleum and coal products manufacturing	13,237,184	5.41
5	Group C Financial leasing	11,907,715	4.86
6	Group K Real estate development	11,567,314	4.72
7	Group L Harbor services	11,417,625	4.66
8	Group H Iron and steel smelting	11,334,298	4.63
9	Group F Computers manufacturing	10,760,649	4.40
10	Group I Cotton and textile	10,340,703	4.22

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

(In Thousands of New Taiwan Dollars, %)

Rank (Note 1)	March 31, 2022		
	Industry of Group Enterprise (Note 2)	Total Amount of Credit Endorsement or Other Transactions (Note 3)	Percentage of TCBF's Equity
1	Group A Real estate development	\$ 1,390,000	19.66
2	Group B Iron and steel rolls over extends and crowding	1,318,000	18.64
3	Group C Iron and steel rolls over extends and crowding	1,250,000	17.68
4	Group D Real estate development	1,120,000	15.84
5	Group E Wholesale of electronic and communication equipment and parts	1,000,000	14.14
6	Group F Other retail sale in nonspecialized stores	1,000,000	14.14
7	Group G Real estate development	967,000	13.67
8	Group H Real estate development	798,400	11.29
9	Group I Real estate development	750,400	10.61
10	Group J Non-alcoholic beverages manufacturing	750,000	10.61

(In Thousands of New Taiwan Dollars, %)

Rank (Note 1)	March 31, 2021		
	Industry of Group Enterprise (Note 2)	Total Amount of Credit Endorsement or Other Transactions (Note 3)	Percentage of TCBF's Equity
1	Group B Iron and steel rolls over extends and crowding	\$ 1,298,000	17.59
2	Group C Iron and steel rolls over extends and crowding	1,250,000	16.94
3	Group A Real estate development	970,000	13.14
4	Group D Real estate development	935,000	12.67
5	Group K Real estate development	798,200	10.82
6	Group F Other retail sale in non-specialized stores	750,000	10.16
7	Group I Real estate development	735,200	9.96
8	Group J Non-alcoholic beverages manufacturing	720,000	9.76
9	Group L Shipping agency	700,000	9.49
10	Group M Real estate development	699,000	9.47

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
March 31, 2022**

(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	\$ 2,781,462,357	\$ 150,628,790	\$ 34,252,815	\$ 392,297,980	\$ 3,358,641,942
Interest rate-sensitive liabilities	1,085,366,000	1,841,728,942	93,706,620	45,834,954	3,066,636,516
Interest rate sensitivity gap	1,696,096,357	(1,691,100,152)	(59,453,805)	346,463,026	292,005,426
Net worth					211,656,249
Ratio of interest rate-sensitive assets to liabilities					109.52
Ratio of interest rate sensitivity gap to net worth					137.96

**Interest Rate Sensitivity
March 31, 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	\$ 2,650,784,497	\$ 132,140,528	\$ 34,712,924	\$ 371,768,638	\$ 3,189,406,587
Interest rate-sensitive liabilities	1,068,017,508	1,662,752,673	113,679,536	59,961,176	2,904,410,893
Interest rate sensitivity gap	1,582,766,989	(1,530,612,145)	(78,966,612)	311,807,462	284,995,694
Net worth					207,009,228
Ratio of interest rate-sensitive assets to liabilities					109.81
Ratio of interest rate sensitivity gap to net worth					137.67

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
March 31, 2022**

(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	\$ 14,865,689	\$ 1,006,036	\$ 461,543	\$ 2,899,863	\$ 19,233,131
Interest rate-sensitive liabilities	18,209,811	3,150,095	1,831,184	-	23,191,090
Interest rate sensitivity gap	(3,344,122)	(2,144,059)	(1,369,641)	2,899,863	(3,957,959)
Net worth					1,291,379
Ratio of interest rate-sensitive assets to liabilities					82.93
Ratio of interest rate sensitivity gap to net worth					(306.49)

Interest Rate Sensitivity
March 31, 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	\$ 14,258,658	\$ 976,804	\$ 265,071	\$ 2,401,459	\$ 17,901,992
Interest rate-sensitive liabilities	17,268,254	3,092,430	1,978,640	-	22,339,324
Interest rate sensitivity gap	(3,009,596)	(2,115,626)	(1,713,569)	2,401,459	(4,437,332)
Net worth					1,326,494
Ratio of interest rate-sensitive assets to liabilities					80.14
Ratio of interest rate sensitivity gap to net worth					(334.52)

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		March 31, 2022	March 31, 2021
Return on total assets	Before income tax	0.48	0.54
	After income tax	0.40	0.46
Return on equity	Before income tax	8.74	9.36
	After income tax	7.41	7.98
Net income ratio		38.74	36.72

2) Taiwan Cooperative Financial Holding Co., Ltd.

(%)

Items		March 31, 2022	March 31, 2021
Return on total assets	Before income tax	6.21	6.71
	After income tax	6.22	6.71
Return on equity	Before income tax	7.29	7.79
	After income tax	7.31	7.79
Net income ratio		98.98	98.78

3) Taiwan Cooperative Bank, Ltd.

(%)

Items		March 31, 2022	March 31, 2021
Return on total assets	Before income tax	0.44	0.47
	After income tax	0.37	0.41
Return on equity	Before income tax	7.32	7.65
	After income tax	6.24	6.53
Net income ratio		37.60	35.08

4) Taiwan Cooperative Bills Finance Corporation Ltd.

(%)

Items		March 31, 2022	March 31, 2021
Return on total assets	Before income tax	0.63	0.81
	After income tax	0.49	0.69
Return on equity	Before income tax	5.19	7.05
	After income tax	4.09	5.96
Net income ratio		57.67	62.45

5) Taiwan Cooperative Securities Co., Ltd.

(%)

Items		March 31, 2022	March 31, 2021
Return on total assets	Before income tax	1.19	2.47
	After income tax	0.99	2.14
Return on equity	Before income tax	7.55	14.23
	After income tax	6.30	12.32
Net income ratio		27.30	39.54

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

(%)

Items		March 31, 2022	March 31, 2021
Return on total assets	Before income tax	1.19	1.53
	After income tax	1.01	1.33
Return on equity	Before income tax	13.51	17.43
	After income tax	11.41	15.08
Net income ratio		57.05	67.23

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
March 31, 2022

(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	\$ 3,749,604,546	\$ 412,795,022	\$ 429,083,324	\$ 237,218,615	\$ 246,023,051	\$ 413,183,373	\$ 2,011,301,161
Main capital outflow on maturity	4,316,612,176	238,134,191	202,809,298	482,107,100	581,518,097	843,803,206	1,968,240,284
Gap	(567,007,630)	174,660,831	226,274,026	(244,888,485)	(335,495,046)	(430,619,833)	43,060,877

Maturity Analysis of Assets and Liabilities
March 31, 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	\$ 3,505,110,483	\$ 381,810,477	\$ 464,916,113	\$ 173,361,491	\$ 180,396,920	\$ 382,065,748	\$ 1,922,559,734
Main capital outflow on maturity	4,161,230,235	216,935,659	195,664,027	516,908,611	486,276,873	865,390,221	1,880,054,844
Gap	(656,119,752)	164,874,818	269,252,086	(343,547,120)	(305,879,953)	(483,324,473)	42,504,890

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

Maturity Analysis of Assets and Liabilities
March 31, 2022

(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	\$ 28,580,773	\$ 9,554,112	\$ 3,680,524	\$ 3,673,778	\$ 3,474,409	\$ 8,197,950
Main capital outflow on maturity	32,436,696	11,078,662	6,476,625	6,827,865	4,714,915	3,338,629
Gap	(3,855,923)	(1,524,550)	(2,796,101)	(3,154,087)	(1,240,506)	4,859,321

Maturity Analysis of Assets and Liabilities
March 31, 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	\$ 25,226,491	\$ 8,060,498	\$ 4,468,739	\$ 1,837,606	\$ 2,858,464	\$ 8,001,184
Main capital outflow on maturity	29,723,150	9,736,636	4,452,666	5,244,900	6,049,637	4,239,311
Gap	(4,496,659)	(1,676,138)	16,073	(3,407,294)	(3,191,173)	3,761,873

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.

March 31, 2022

Items		Period				
		1 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year
Use of funds	Bills	\$ 21,003,440	\$ 17,511,136	\$ 103,957	\$ -	\$ -
	Bonds	100,000	600,000	500,000	550,000	15,964,860
	Cash in bank	240,983	120,200	-	-	-
	Total	21,344,423	18,231,336	603,957	550,000	15,964,860
Source of funds	Borrowings	13,447,250	-	-	-	-
	Securities sold under repurchase agreements	32,920,781	4,364,225	3,020	-	-
	Equity fund	-	-	-	-	-
	Total	46,368,031	4,364,225	3,020	-	-
Net flows		(25,023,608)	13,867,111	600,937	550,000	15,964,860
Accumulated capital net flows		(25,023,608)	(11,156,497)	(10,555,560)	(10,005,560)	5,959,300

March 31, 2021

Items		Period				
		1 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year
Use of funds	Bills	\$ 21,059,425	\$ 22,861,136	\$ 1,560,269	\$ -	\$ -
	Bonds	-	200,000	693,360	200,000	15,888,240
	Cash in bank	230,136	200	-	-	-
	Total	21,289,561	23,061,336	2,253,629	200,000	15,888,240
Source of funds	Borrowings	12,351,828	-	-	-	-
	Securities sold under repurchase agreements	39,681,998	3,897,705	3,016	-	-
	Equity fund	-	-	-	-	-
	Total	52,033,826	3,897,705	3,016	-	-
Net flows		(30,744,265)	19,163,631	2,250,613	200,000	15,888,240
Accumulated capital net flows		(30,744,265)	(11,580,634)	(9,330,021)	(9,130,021)	6,758,219

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

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

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

Balance Sheets of Trust Accounts

Trust Assets	December 31,			Trust Liabilities	December 31,		
	March 31, 2022	2021	March 31, 2021		March 31, 2022	2021	March 31, 2021
Cash in banks	\$ 11,026,136	\$ 12,245,051	\$ 10,431,992	Payables			
Short-term investments				Accrued expense	\$ 786	\$ 1,082	\$ 890
Mutual funds	198,744,826	190,638,342	179,724,550	Others	-	9	16
Stocks	3,188,139	3,098,381	1,844,123	Payables on the purchase of securities	-	3,738	19,259
Debt instruments	47,405	385	6,734,499	Other liabilities	1	1	-
	<u>201,980,370</u>	<u>193,737,108</u>	<u>188,303,172</u>		<u>787</u>	<u>4,830</u>	<u>20,165</u>
Securities lending	228,670	256,065	298,164	Accounts payable on securities under custody	220,597,592	200,573,375	185,094,307
Receivables	5,371	4,376	5,305	Trust capital	315,812,825	311,135,410	293,125,479
Real estate				Reserves and retained earnings			
Land	68,276,815	73,499,632	69,000,192	Net income	973,353	1,230,358	615,793
Buildings	4,789	5,608	4,453	Retained earnings	6,560	(54,350)	64,084
Construction in process	35,188,798	32,429,746	25,643,581		<u>979,913</u>	<u>1,176,008</u>	<u>679,877</u>
	<u>103,470,402</u>	<u>105,934,986</u>	<u>94,648,226</u>				
Intangible assets							
Superficies	82,002	138,662	138,662				
	<u>82,002</u>	<u>138,662</u>	<u>138,662</u>				
Other assets	574	-	-				
Securities under custody	220,597,592	200,573,375	185,094,307				
Total	\$ 537,391,117	\$ 512,889,623	\$ 478,919,828	Total	\$ 537,391,117	\$ 512,889,623	\$ 478,919,828

Note: As of March 31, 2022, December 31, 2021 and March 31, 2021, total trust-related assets included OBU funds and bonds investments in the amount of \$1,449,741 thousand, \$1,483,859 thousand and \$1,560,865 thousand, respectively.

Trust Property List

Investment Items	March 31, 2022	December 31, 2021	March 31, 2021
Cash in banks	\$ 11,026,136	\$ 12,245,051	\$ 10,431,992
Short-term investments			
Mutual funds	198,744,826	190,638,342	179,724,550
Stocks	3,188,139	3,098,381	1,844,123
Debt instruments	47,405	385	6,734,499
Securities lending	228,670	256,065	298,164
Receivables			
Accrued interest	2,708	1,268	1,689
Receivable on the sale of securities	46	-	1,689
Mutual funds	183	1,356	-
Cash dividends	1,327	919	1,060
Others	1,107	833	867
Real estate			
Land	68,276,815	73,499,632	69,000,192
Buildings	4,789	5,608	4,453
Construction in process	35,188,798	32,429,746	25,643,581
Intangible assets			
Superficies	82,002	138,662	138,662
Other assets	574	-	-
Securities under custody	<u>220,597,592</u>	<u>200,573,375</u>	<u>185,094,307</u>
Total	<u>\$ 537,391,117</u>	<u>\$ 512,889,623</u>	<u>\$ 478,919,828</u>

**Statements of Income on Trust Accounts
For the Three Months Ended March 31, 2022 and 2021**

	2022	2021
Revenues		
Interest revenue	\$ 1,613	\$ 1,486
Lending stock	963	1,065
Cash dividends	4,549	2,009
Realized gain on investment - stocks	34,142	122,529
Unrealized gain on investment - stocks	920,509	399,964
Unrealized gain on investment - lending stock	69,380	106,665
Realized gain on investment - mutual funds	7,186	6,597
Unrealized gain on investment - mutual funds	42,662	46,001
Beneficial certificate appropriation	2,657	4,758
Others	<u>66,447</u>	<u>46</u>
Total revenues	<u>1,150,108</u>	<u>691,120</u>
Expenses		
Management fees	2,387	2,162
Monitoring fees	1	2
Taxes	-	1
Service charge	27	-
Postage	1	14
Unrealized loss on investment - stocks	58,727	43,251
Unrealized loss on investment - lending stock	44,169	4,669
Unrealized loss on investment - mutual funds	25,515	14,303
Realized loss on investment - mutual funds	20,685	898
Realized loss on investment - stocks	25,214	9,995
Others	<u>29</u>	<u>32</u>
Total expenses	<u>176,755</u>	<u>75,327</u>
Income before income tax	973,353	615,793
Income tax expense	<u>-</u>	<u>-</u>
Net income	<u>\$ 973,353</u>	<u>\$ 615,793</u>

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

49. 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 March 31, 2022, December 31, 2021 and March 31, 2021, TCB's accrued receivables were \$8,315 thousand, \$30,119 thousand and \$6,819 thousand, respectively. TCB's revenues from cross-selling transactions were \$8,035 thousand and \$6,714 thousand for the three months ended March 31, 2022 and 2021, 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 March 31, 2022, December 31, 2021 and March 31, 2021, TCB's accrued receivables were \$6,409 thousand, \$2,155 thousand and \$2,591 thousand, respectively. TCB's revenues from cross-selling transactions were \$6,920 thousand and \$7,393 thousand for the three months ended March 31, 2022 and 2021, respectively.

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

Table 3 (attached).

51. BUSINESS SEGMENT FINANCIAL INFORMATION

Table 4 (attached).

52. CASH FLOW INFORMATION

a. Non-cash financing activities

Undistributed cash dividends approved by stockholders' meetings are \$417,072 thousand, \$415,962 thousand and \$378,555 thousand as of March 31, 2022, December 31, 2021 and March 31, 2021, respectively.

b. Changes in liabilities arising from financing activities

For the three months ended March 31, 2022

	Opening Balance	Cash Inflows (Outflows)	New Leases	Non-cash Changes 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	\$ 88,890,360	\$ (42,720,680)	\$ -	\$ -	\$ -	\$ 46,169,680
Commercial paper issued	29,886,064	1,530,000	-	-	902	31,416,966
Bonds payable	82,100,000	-	-	-	-	82,100,000
Other borrowings	804,894	3,516,396	-	-	19,119	4,340,409
Guarantee deposits received	2,880,373	(714,913)	-	-	10,063	2,175,523
Lease liabilities	1,463,113	(146,526)	229,090	-	10,979	1,556,656
Other liabilities - other	93,526	(26,896)	-	-	(1,059)	65,571
	<u>\$ 206,118,330</u>	<u>\$ (38,562,619)</u>	<u>\$ 229,090</u>	<u>\$ -</u>	<u>\$ 40,004</u>	<u>\$ 167,824,805</u>

For the three months ended March 31, 2021

	Opening Balance	Cash Inflows (Outflows)	Non-cash Changes			Closing Balance
			New Leases	Fair Value Adjustments (Including Changes in the Fair Value Attributable to Changes in the Credit Risk)	Others	
Due to the Central Bank and other banks	\$ 37,118,610	\$ 16,772,320	\$ -	\$ -	\$ -	\$ 53,890,930
Commercial paper issued	31,801,343	1,935,000	-	-	(187)	33,736,156
Bonds payable	71,600,000	-	-	-	-	71,600,000
Other borrowings	815,302	477,252	-	-	948	1,293,502
Guarantee deposits received	2,908,532	(958,517)	-	-	16,688	1,966,703
Lease liabilities	1,649,746	(139,697)	(51,728)	-	116,510	1,574,831
Other liabilities - other	103,200	86,221	-	-	937	190,358
	<u>\$ 145,996,733</u>	<u>\$ 18,172,579</u>	<u>\$ (51,728)</u>	<u>\$ -</u>	<u>\$ 134,896</u>	<u>\$ 164,252,480</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 5 (attached).
- 2) Endorsements/guarantees 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 6 (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 7 (attached).
- 6) Disposal of individual real estates at costs of at least NT\$300 million or 10% of the paid-in capital: None.
- 7) Financial asset securitization by subsidiaries: None.
- 8) Allowance of service fees to related parties amounting to at least NT\$5 million: Table 8 (attached).
- 9) Sale of nonperforming loans by subsidiaries: None.

- 10) Receivables from related parties amounting to at least NT\$300 million or 10% of the paid-in capital: Table 9 (attached).
 - 11) Percentage share in investees and related information: Not applicable.
 - 12) Derivative transactions: Notes 8, 42 and 45 to the consolidated financial statements
 - 13) Other significant transactions which may affect the decisions of users of financial reports: None.
- c. Investments 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 10 (attached).
- d. Business relationships and significant transactions among the parent company and subsidiaries: Table 11 (attached).
- e. Information on major shareholders: Table 12 (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 deposits, loans, 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 three months ended March 31, 2022 and 2021 are as follows:

	For the Three Months Ended March 31, 2022				
	TCB Business	Others	Total	Adjustment and Elimination	Total
Net interest	\$ 8,760,672	\$ 278,087	\$ 9,038,759	\$ 897	\$ 9,039,656
Net revenues and gains other than interest	<u>1,582,217</u>	<u>5,410,531</u>	<u>6,992,748</u>	<u>(4,476,257)</u>	<u>2,516,491</u>
Net revenues	10,342,889	5,688,618	16,031,507	(4,475,360)	11,556,147
Bad-debt expenses and provision (reversal of provision) for losses on commitment and guarantees	60,062	2,649	62,711	-	62,711
Net change in reserves for insurance liabilities	-	176,303	176,303	-	176,303
Operating expenses	<u>(5,841,639)</u>	<u>(735,914)</u>	<u>(6,577,553)</u>	<u>63,678</u>	<u>(6,513,875)</u>
Income before income tax	<u>\$ 4,561,312</u>	<u>\$ 5,131,656</u>	<u>\$ 9,692,968</u>	<u>\$ (4,411,682)</u>	<u>\$ 5,281,286</u>
	For the Three Months Ended March 31, 2021				
	TCB Business	Others	Total	Adjustment and Elimination	Total
Net interest	\$ 8,537,194	\$ 300,286	\$ 8,837,480	\$ 1,298	\$ 8,838,778
Net revenues and gains other than interest	<u>2,795,493</u>	<u>6,092,919</u>	<u>8,888,412</u>	<u>(4,717,975)</u>	<u>4,170,437</u>
Net revenues	11,332,687	6,393,205	17,725,892	(4,716,677)	13,009,215
Bad-debt expenses and provision for losses on commitment and guarantees	(1,143,253)	(14,290)	(1,157,543)	-	(1,157,543)
Net change in reserves for insurance liabilities	-	(83,032)	(83,032)	-	(83,032)
Operating expenses	<u>(5,536,366)</u>	<u>(691,395)</u>	<u>(6,227,761)</u>	<u>61,388</u>	<u>(6,166,373)</u>
Income before income tax	<u>\$ 4,653,068</u>	<u>\$ 5,604,488</u>	<u>\$ 10,257,556</u>	<u>\$ (4,655,289)</u>	<u>\$ 5,602,267</u>

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED ENTITIES

MARCH 31, 2022, DECEMBER 31, 2021 AND MARCH 31, 2021

Subsidiaries included in the consolidated financial statements

Investor Company	Investee Company	Location	Main Business and Products	Percentage of Ownership			Note
				March 31, 2022	December 31, 2021	March 31, 2021	
Taiwan Cooperative Financial Holding Co., Ltd.	Taiwan Cooperative Bank, Ltd.	Taipei City	Banking	100.00	100.00	100.00	Note
	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	Note

Subsidiaries not included in the consolidated financial statements

Investor Company	Investee Company	Location	Main Business and Products	Percentage of Ownership			Note
				March 31, 2022	December 31, 2021	March 31, 2021	
None	-	-	-	-	-	-	

Note: Non-major subsidiary, which financial reports for the three months ended March 31, 2022 and 2021 are not reviewed.

TAIWAN COOPERATIVE BANK, LTD.

ASSET QUALITY - NONPERFORMING LOANS AND RECEIVABLES

MARCH 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars, %)

Period		March 31, 2022					March 31, 2021				
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	\$ 2,869,467	\$ 830,497,955	0.35	\$ 9,983,861	347.93	\$ 4,578,231	\$ 813,771,268	0.56	\$ 10,424,538	227.70
	Unsecured	720,492	761,506,773	0.09	6,810,409	945.24	548,754	663,684,024	0.08	6,149,304	1,120.59
Consumer banking	Housing mortgage (Note 4)	649,048	607,014,972	0.11	9,156,883	1,410.82	894,748	557,872,701	0.16	8,427,588	941.90
	Cash card	-	-	-	-	-	-	-	-	-	-
	Small-scale credit loans (Note 5)	10,488	12,771,225	0.08	159,969	1,525.26	7,803	12,825,282	0.06	157,703	2,021.06
	Other (Note 6)	Secured	558,666	302,054,490	0.18	3,258,791	583.32	940,646	301,595,898	0.31	3,494,908
Unsecured		15,933	12,214,919	0.13	151,906	953.40	17,619	11,282,989	0.16	172,625	979.77
Loan		4,824,094	2,526,060,334	0.19	29,521,819	611.97	6,987,801	2,361,032,162	0.30	28,826,666	412.53
		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		8,038	3,951,623	0.20	56,692	705.30	8,422	3,856,781	0.22	59,232	703.30
Accounts receivable factored without recourse (Note 7)		-	98,710	-	7,720	-	-	139,985	-	8,165	-
Amounts of executed contracts on negotiated debts not reported as nonperforming loans (Note 8)					278				286		
Amounts of executed contracts on negotiated debts not reported as nonperforming receivables (Note 8)					2,409				3,407		
Amounts of executed debt-restructuring projects not reported as nonperforming loans (Note 9)					8,582				9,795		
Amounts of executed debt-restructuring projects not reported as nonperforming receivables (Note 9)					49,164				48,995		

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

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

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

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

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

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

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

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

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

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

TCFHC'S FINANCIAL STATEMENTS AND CONDENSED BALANCE SHEETS AND STATEMENTS OF COMPREHENSIVE INCOME OF SUBSIDIARIES
FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021

1. TCFHC's financial statements

Taiwan Cooperative Financial Holding Co., Ltd.

Balance Sheets
(In Thousands of New Taiwan Dollars)

Assets	March 31, 2022	December 31, 2021	March 31, 2021	Liabilities and Equity	March 31, 2022	December 31, 2021	March 31, 2021
Cash and cash equivalents	\$ 50,483	\$ 48,838	\$ 74,565	<u>Liabilities</u>			
Financial assets at fair value through other comprehensive income	18,275	15,550	20,925	Commercial paper issued, net	\$ 17,841,495	\$ 17,789,967	\$ 24,693,152
Receivables	370	383	136	Payables	489,788	435,275	390,055
Current tax assets	2,541,599	2,761,391	2,290,372	Current tax liabilities	2,515,103	2,812,606	2,287,411
Investments accounted for using equity method	272,515,285	274,427,193	269,382,705	Bonds payable	20,000,000	20,000,000	10,000,000
Properties and equipment, net	13,552	14,571	12,758	Other financial liabilities	5,228	5,743	4,804
Right-of-use assets, net	9,652	15,659	33,678	Lease liabilities	10,063	16,278	34,677
Intangible assets	3,292	3,516	3,100	Deferred tax liabilities	61,994	-	48,465
Deferred tax assets	343	343	369	Other liabilities	8,773	8,310	11,373
Other assets	8,283	8,209	8,500	Total liabilities	40,932,444	41,068,179	37,469,937
				<u>Equity</u>			
				Capital stock	136,009,082	136,009,082	133,342,237
				Capital surplus	57,976,124	57,976,124	57,974,241
				Retained earnings	41,451,107	35,073,550	33,203,508
				Other equity	(1,207,623)	7,168,718	9,837,185
				Total equity	234,228,690	236,227,474	234,357,171
Total	\$ 275,161,134	\$ 277,295,653	\$ 271,827,108	Total	\$ 275,161,134	\$ 277,295,653	\$ 271,827,108

(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 March 31	
	2022	2021
Revenues and gains		
Share of gains of subsidiaries, associates and joint ventures accounted for using equity method	\$ 4,387,378	\$ 4,617,466
Other revenues and gains	87	582
Total revenues and gains	4,387,465	4,618,048
Expenses and losses		
Operating expenses	(52,767)	(56,127)
Other expenses and losses	(45,546)	(31,235)
Total expenses and losses	(98,313)	(87,362)
Income before income tax	4,289,152	4,530,686
Income tax benefit	8,625	-
Net income	4,297,777	4,530,686
Other comprehensive loss	(6,296,561)	(1,223,284)
Total comprehensive income (loss)	\$ (1,998,784)	\$ 3,307,402
Earnings per share (New Taiwan dollars)		
Basic	\$ 0.32	\$ 0.33
Diluted	\$ 0.32	\$ 0.33

(Continued)

Taiwan Cooperative Financial Holding Co., Ltd.

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

	Capital Stock		Retained Earnings				Exchange Differences on the Translation of Financial Statements of Foreign Operations	Other Equity		Total Equity
	Shares (In Thousands)	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings		Unrealized Valuation Gains (Losses) on Financial Assets at Fair Value Through Other Comprehensive Income	Other Comprehensive Income on Reclassification of Overlay Approach	
BALANCE AT JANUARY 1, 2022	13,600,908	\$ 136,009,082	\$ 57,976,124	\$ 11,260,796	\$ 985,539	\$ 22,827,215	\$ (4,310,009)	\$ 10,787,759	\$ 690,968	\$ 236,227,474
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	2,079,780	-	(2,079,780)	-	-
Total comprehensive income										
Net income for the three months ended March 31, 2022	-	-	-	-	-	4,297,777	-	-	-	4,297,777
Other comprehensive income (loss) for the three months ended March 31, 2022	-	-	-	-	-	-	1,327,435	(7,549,976)	(74,020)	(6,296,561)
Total comprehensive income (loss) for the three months ended March 31, 2022	-	-	-	-	-	4,297,777	1,327,435	(7,549,976)	(74,020)	(1,998,784)
BALANCE AT MARCH 31, 2022	<u>13,600,908</u>	<u>\$ 136,009,082</u>	<u>\$ 57,976,124</u>	<u>\$ 11,260,796</u>	<u>\$ 985,539</u>	<u>\$ 29,204,772</u>	<u>\$ (2,982,574)</u>	<u>\$ 1,158,003</u>	<u>\$ 616,948</u>	<u>\$ 234,228,690</u>
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
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	1,305,607	-	(1,305,607)	-	-
Total comprehensive income										
Net income for the three months ended March 31, 2021	-	-	-	-	-	4,530,686	-	-	-	4,530,686
Other comprehensive income (loss) for the three months ended March 31, 2021	-	-	-	-	-	-	423,438	(1,769,724)	123,002	(1,223,284)
Total comprehensive income (loss) for the three months ended March 31, 2021	-	-	-	-	-	4,530,686	423,438	(1,769,724)	123,002	3,307,402
BALANCE AT MARCH 31, 2021	<u>13,334,224</u>	<u>\$ 133,342,237</u>	<u>\$ 57,974,241</u>	<u>\$ 9,622,864</u>	<u>\$ 995,669</u>	<u>\$ 22,584,975</u>	<u>\$ (2,933,765)</u>	<u>\$ 11,968,316</u>	<u>\$ 802,634</u>	<u>\$ 234,357,171</u>

(Continued)

Taiwan Cooperative Financial Holding Co., Ltd.

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

	For the Three Months Ended	
	March 31	
	2022	2021
Cash flows from operating activities		
Income before income tax	\$ 4,289,152	\$ 4,530,686
Adjustments for:		
Share of gains of subsidiaries, associates and joint ventures accounted for using equity method	(4,387,378)	(4,617,466)
Depreciation and amortization expenses	7,343	7,045
Interest expense	45,546	31,235
Interest revenue	-	(495)
Net changes in operating assets and liabilities		
Decrease in receivables	13	-
Increase in other assets	(74)	(195)
Increase in payables	25,174	25,988
Increase in other liabilities	463	528
Cash used in operations	(19,761)	(22,674)
Interest received	-	495
Interest paid	(14,599)	(14,474)
Income tax paid	(7,092)	(49)
Net cash used in operating activities	(41,452)	(36,702)
Cash flows from investing activities		
Acquisition of properties and equipment	(93)	(1,781)
Cash flows from financing activities		
Increase in commercial paper issued	50,000	70,000
Increase in guarantee deposits received	-	900
Decrease in guarantee deposits received	(515)	-
Repayments of the principal portion of lease liabilities	(6,295)	(6,296)
Net cash generated from financing activities	43,190	64,604
Net increase in cash and cash equivalents	1,645	26,121
Cash and cash equivalents, beginning of the period	48,838	48,444
Cash and cash equivalents, end of the period	\$ 50,483	\$ 74,565

(Continued)

2. Subsidiaries' condensed balance sheets

Taiwan Cooperative Bank, Ltd.

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

Assets	March 31, 2022	December 31, 2021	March 31, 2021	Liabilities and Equity	March 31, 2022	December 31, 2021	March 31, 2021
Cash and cash equivalents	\$ 78,041,408	\$ 97,956,336	\$ 43,120,857	<u>Liabilities</u>			
Due from the Central Bank and call loans to other banks	329,777,408	400,698,579	328,152,497	Deposits from the Central Bank and other banks	\$ 241,240,319	\$ 232,147,811	\$ 252,797,269
Financial assets at fair value through profit or loss	35,307,261	34,389,787	39,170,114	Due to the Central Bank and other banks	46,169,680	88,889,360	53,890,930
Financial assets at fair value through other comprehensive income	459,927,029	425,498,457	412,103,439	Financial liabilities at fair value through profit or loss	1,741,713	1,733,199	1,557,908
Investments in debt instruments at amortized cost	685,654,337	711,437,263	713,599,107	Securities sold under repurchase agreements	7,794,814	7,095,846	6,876,001
Receivables, net	17,213,019	17,411,864	16,955,490	Payables	36,532,897	41,293,855	34,217,507
Current tax assets	1,828,148	2,098,460	2,377,703	Current tax liabilities	1,228,341	1,366,677	611,272
Discounts and loans, net	2,495,990,105	2,431,988,226	2,331,687,660	Deposits and remittances	3,500,719,293	3,480,143,710	3,272,434,718
Investments accounted for using equity method	2,212,985	2,165,947	2,239,712	Bank debentures	62,100,000	62,100,000	61,600,000
Other financial assets, net	6,922,186	8,400,317	11,179,291	Other financial liabilities	2,034,462	2,507,320	6,701,824
Properties and equipment, net	32,909,384	33,012,703	33,051,439	Provisions	7,523,697	7,698,136	7,956,089
Right-of-use assets, net	1,563,472	1,485,590	1,576,874	Lease liabilities	1,533,611	1,438,619	1,540,013
Investment properties, net	7,502,025	7,514,762	7,565,908	Deferred tax liabilities	4,033,119	3,375,493	4,160,381
Intangible assets	3,944,181	3,783,956	3,793,377	Other liabilities	925,012	1,006,101	918,586
Deferred tax assets	2,334,890	2,238,705	2,612,700	Total liabilities	<u>3,913,576,958</u>	<u>3,930,796,127</u>	<u>3,705,262,498</u>
Other assets	1,012,981	730,061	897,270	<u>Equity</u>			
				Capital stock	107,339,300	107,339,300	104,507,300
				Capital surplus	58,767,245	58,767,245	58,767,245
				Retained earnings	83,902,823	77,935,336	73,393,169
				Other equity	(1,445,507)	5,973,005	8,153,226
				Total equity	<u>248,563,861</u>	<u>250,014,886</u>	<u>244,820,940</u>
Total	\$ 4,162,140,819	\$ 4,180,811,013	\$ 3,950,083,438	Total	\$ 4,162,140,819	\$ 4,180,811,013	\$ 3,950,083,438

(Continued)

Taiwan Cooperative Bills Finance Co., Ltd.

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

Assets	March 31, 2022	December 31, 2021	March 31, 2021	Liabilities and Equity	March 31, 2022	December 31, 2021	March 31, 2021
Cash and cash equivalents	\$ 120,983	\$ 143,452	\$ 110,137	<u>Liabilities</u>			
Financial assets at fair value through profit or loss	38,704,807	40,383,613	45,672,956	Call loans from banks	\$ 13,447,250	\$ 12,133,321	\$ 12,351,827
Financial assets at fair value through other comprehensive income	16,677,135	17,733,511	16,444,530	Financial liabilities at fair value through profit or loss	151,831	52	263
Investments in debt instruments at amortized cost	1,388,890	1,389,704	1,257,884	Securities sold under repurchase agreements	37,275,969	40,349,710	43,575,341
Receivables, net	1,060,345	268,581	196,424	Payables	76,210	193,442	235,085
Other financial assets, net	240,200	240,200	120,200	Current tax liabilities	37,059	29,361	8,791
Properties and equipment, net	10,830	11,194	11,491	Provisions	410,927	425,191	415,041
Right-of-use assets, net	8,903	10,704	17,296	Lease liabilities	9,284	11,140	17,798
Intangible assets, net	10,892	11,593	14,264	Other liabilities	33,330	60,226	155,325
Other assets, net	<u>290,711</u>	<u>291,003</u>	<u>294,203</u>	Total liabilities	<u>51,441,860</u>	<u>53,202,443</u>	<u>56,759,471</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	2,168,309	2,093,501	2,086,732
				Other equity	(286,846)	(2,762)	102,809
				Total equity	<u>7,071,836</u>	<u>7,281,112</u>	<u>7,379,914</u>
Total	<u>\$ 58,513,696</u>	<u>\$ 60,483,555</u>	<u>\$ 64,139,385</u>	Total	<u>\$ 58,513,696</u>	<u>\$ 60,483,555</u>	<u>\$ 64,139,385</u>

Taiwan Cooperative Securities Co., Ltd.

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

Assets	March 31, 2022	December 31, 2021	March 31, 2021	Liabilities and Equity	March 31, 2022	December 31, 2021	March 31, 2021
Current assets	\$ 41,956,061	\$ 36,300,430	\$ 36,351,673	<u>Liabilities</u>			
Financial assets at fair value through other comprehensive income - noncurrent	37,873	84,318	102,190	Current liabilities	\$ 36,333,641	\$ 30,665,704	\$ 30,951,251
Properties and equipment, net	52,097	52,740	47,549	Lease liabilities	70,363	80,095	156,188
Right-of-use assets, net	114,381	123,539	154,353	Deferred tax liabilities	1,817	-	900
Intangible assets	53,807	57,493	48,187	Other liabilities	5,668	5,139	4,885
Deferred tax assets	7,159	6,769	8,538	Total liabilities	<u>36,411,489</u>	<u>30,750,938</u>	<u>31,113,224</u>
Other noncurrent assets	<u>429,182</u>	<u>419,455</u>	<u>425,483</u>	<u>Equity</u>			
				Capital stock	5,000,000	5,000,000	4,724,200
				Capital surplus	294,440	294,440	294,440
				Retained earnings	1,202,028	1,104,852	1,043,502
				Other equity	(257,397)	(105,486)	(37,393)
				Total equity	<u>6,239,071</u>	<u>6,293,806</u>	<u>6,024,749</u>
Total	<u>\$ 42,650,560</u>	<u>\$ 37,044,744</u>	<u>\$ 37,137,973</u>	Total	<u>\$ 42,650,560</u>	<u>\$ 37,044,744</u>	<u>\$ 37,137,973</u>

(Continued)

Co-operative Assets Management Co., Ltd.

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

Assets	March 31, 2022	December 31, 2021	March 31, 2021	Liabilities and Equity	March 31, 2022	December 31, 2021	March 31, 2021
Current assets	\$ 324,565	\$ 416,086	\$ 312,125	<u>Liabilities</u>			
Financial assets at fair value through profit or loss	47,154	80,336	155,630	Current liabilities	\$ 7,330,956	\$ 6,795,855	\$ 4,411,320
Financial assets at fair value through other comprehensive income	18,275	15,550	20,925	Lease liabilities	23,673	25,772	6,965
Accounts receivable, net	1,415,860	1,141,821	1,581,081	Deferred tax liabilities	62,374	62,436	47,015
Investments accounted for using the equity method	1,150,610	1,094,388	1,029,158	Other liabilities	<u>89,320</u>	<u>85,987</u>	<u>79,863</u>
Properties and equipment, net	40,511	43,680	53,147	Total liabilities	<u>7,506,323</u>	<u>6,970,050</u>	<u>4,545,163</u>
Investment properties, net	4,552,964	4,419,113	4,388,219	<u>Equity</u>			
Right-of-use assets, net	23,600	25,771	6,779	Capital stock	2,825,280	2,825,280	2,825,280
Intangible assets	1,623	2,177	3,855	Capital surplus	2,553	2,553	2,553
Deferred tax assets	238,362	246,143	204,123	Retained earnings	832,226	740,361	679,382
Long-term lease payments receivable	251,580	250,414	196,798	Other equity	<u>(66,493)</u>	<u>(100,341)</u>	<u>(96,064)</u>
Long-term urban regeneration advance payment	2,943,960	2,699,599	-	Total equity	<u>3,593,566</u>	<u>3,467,853</u>	<u>3,411,151</u>
Other assets	<u>90,825</u>	<u>2,825</u>	<u>4,474</u>				
Total	<u>\$ 11,099,889</u>	<u>\$ 10,437,903</u>	<u>\$ 7,956,314</u>	Total	<u>\$ 11,099,889</u>	<u>\$ 10,437,903</u>	<u>\$ 7,956,314</u>

(Continued)

BNP Paribas Cardif TCB Life Insurance Co., Ltd.

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

Assets	March 31, 2022	December 31, 2021	March 31, 2021	Liabilities and Equity	March 31, 2022	December 31, 2021	March 31, 2021
Cash and cash equivalents	\$ 3,508,305	\$ 3,986,482	\$ 3,206,237	<u>Liabilities</u>			
Receivables	511,004	447,506	562,198	Payables	\$ 742,954	\$ 1,157,171	\$ 538,638
Current tax assets	-	-	99,428	Current tax liabilities	62,954	56,820	374,599
Investments	35,482,685	36,123,873	38,417,732	Financial liabilities at fair value through profit or loss	110,320	-	38,898
Reinsurance assets	140,635	138,313	150,655	Lease liabilities	1,689	2,035	11,119
Equipment, net	113,142	118,674	113,003	Insurance liabilities	26,568,055	26,865,917	27,024,316
Right-of-use assets	1,646	1,989	10,858	Reserve for insurance contracts with financial			
Deferred tax assets	201,117	250,879	189,958	instruments features	1,691	1,195	1,570,666
Other assets	1,176,554	1,152,767	1,196,117	Reserve of foreign exchange variation	347,707	230,043	221,538
Separate-account assets	<u>101,178,266</u>	<u>105,085,396</u>	<u>104,629,315</u>	Deferred tax liabilities	22,416	185,942	240,915
				Other liabilities	875,119	605,985	596,910
				Separate-account liabilities	<u>101,178,266</u>	<u>105,085,396</u>	<u>104,629,315</u>
				Total liabilities	<u>129,911,171</u>	<u>134,190,504</u>	<u>135,246,914</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	3,897,749	3,533,723	3,052,226
				Other equity	<u>1,613,958</u>	<u>2,691,176</u>	<u>3,385,885</u>
				Total equity	<u>12,402,183</u>	<u>13,115,375</u>	<u>13,328,587</u>
Total	<u>\$ 142,313,354</u>	<u>\$ 147,305,879</u>	<u>\$ 148,575,501</u>	Total	<u>\$ 142,313,354</u>	<u>\$ 147,305,879</u>	<u>\$ 148,575,501</u>

(Continued)

Taiwan Cooperative Securities Investment Trust Co., Ltd.

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

Assets	March 31, 2022	December 31, 2021	March 31, 2021	Liabilities and Equity	March 31, 2022	December 31, 2021	March 31, 2021
Current assets	\$ 448,865	\$ 435,504	\$ 433,272	<u>Liabilities</u>			
Financial assets at fair value through profit or loss - noncurrent	2,542	2,444	2,105	Current liabilities	\$ 90,195	\$ 86,382	\$ 81,692
Properties and equipment, net	6,477	7,056	8,236	Lease liabilities	15,739	16,957	20,601
Right-of-use assets	15,387	16,666	20,369	Other liabilities	<u>1,596</u>	<u>1,542</u>	<u>1,745</u>
Intangible assets	9,097	10,647	11,142	Total liabilities	<u>107,530</u>	<u>104,881</u>	<u>104,038</u>
Prepaid equipment	49	49	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	54,974	47,670	52,170
				Other equity	<u>268</u>	<u>170</u>	<u>(169)</u>
				Total equity	<u>431,102</u>	<u>423,700</u>	<u>427,861</u>
Total	<u>\$ 538,632</u>	<u>\$ 528,581</u>	<u>\$ 531,899</u>	Total	<u>\$ 538,632</u>	<u>\$ 528,581</u>	<u>\$ 531,899</u>

Taiwan Cooperative Venture Capital Co., Ltd.

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

Assets	March 31, 2022	December 31, 2021	March 31, 2021	Liabilities and Equity	March 31, 2022	December 31, 2021	March 31, 2021
Current assets	\$ 1,248,570	\$ 704,359	\$ 1,102,874	<u>Liabilities</u>			
Financial assets at fair value through profit or loss - noncurrent	-	508,383	-	Current liabilities	\$ 12,038	\$ 10,509	\$ 11,047
Investments accounted for using equity method	3,769	4,148	4,179	Lease liabilities	3,764	4,601	7,092
Properties and equipment, net	533	598	696	Other liabilities	<u>89</u>	<u>89</u>	<u>121</u>
Right-of-use assets	3,681	4,507	6,986	Total liabilities	<u>15,891</u>	<u>15,199</u>	<u>18,260</u>
Intangible assets	136	159	210	<u>Equity</u>			
Other assets	<u>474</u>	<u>474</u>	<u>474</u>	Capital stock	1,060,099	1,060,099	1,024,642
				Capital surplus	714	714	-
				Retained earnings	148,502	105,533	80,467
				Other equity	<u>31,957</u>	<u>41,084</u>	<u>(7,950)</u>
				Total equity	<u>1,241,272</u>	<u>1,207,429</u>	<u>1,097,159</u>
Total	<u>\$ 1,257,163</u>	<u>\$ 1,222,628</u>	<u>\$ 1,115,419</u>	Total	<u>\$ 1,257,163</u>	<u>\$ 1,222,628</u>	<u>\$ 1,115,419</u>

(Continued)

3. Subsidiaries' condensed statements of comprehensive income

Taiwan Cooperative Bank, Ltd.

**Condensed Statements of Comprehensive Income
For the Three Months Ended March 31, 2022 and 2021
(In Thousands of New Taiwan Dollars, Except Per Share Amounts)**

	2022	2021
Interest revenue	\$ 12,077,508	\$ 11,895,595
Less: Interest expense	<u>(3,316,836)</u>	<u>(3,358,401)</u>
Net interest	8,760,672	8,537,194
Net revenues and gains other than interest	<u>1,582,217</u>	<u>2,795,493</u>
Total net revenues	10,342,889	11,332,687
Bad-debt expenses (reversal of provision) and provision (reversal of provision) for losses on commitment and guarantees	60,062	(1,143,253)
Operating expenses	<u>(5,841,639)</u>	<u>(5,536,366)</u>
Income before income tax	4,561,312	4,653,068
Income tax expense	<u>(671,951)</u>	<u>(678,115)</u>
Net income	3,889,361	3,974,953
Other comprehensive loss	<u>(5,340,386)</u>	<u>(945,164)</u>
Total comprehensive income (loss)	<u>\$ (1,451,025)</u>	<u>\$ 3,029,789</u>
Earnings per share (NT\$)		
Basic	<u>\$ 0.36</u>	<u>\$ 0.37</u>

Taiwan Cooperative Bills Finance Co., Ltd.

**Condensed Statements of Comprehensive Income
For the Three Months Ended March 31, 2022 and 2021
(In Thousands of New Taiwan Dollars, Except Per Share Amounts)**

	2022	2021
Net interest	\$ 76,799	\$ 99,200
Net revenues and gains other than interest	<u>50,423</u>	<u>77,264</u>
Total net revenues	127,222	176,464
Reversal of allowance (impairment losses) for credit losses and provision	4,677	(7,440)
Operating expenses	<u>(38,829)</u>	<u>(38,742)</u>
Income before income tax	93,070	130,282
Income tax expense	<u>(19,700)</u>	<u>(20,074)</u>
Net income	73,370	110,208
Other comprehensive loss	<u>(282,645)</u>	<u>(136,547)</u>
Total comprehensive loss	<u>\$ (209,275)</u>	<u>\$ (26,339)</u>
Earnings per share (NT\$)		
Basic	<u>\$ 0.15</u>	<u>\$ 0.23</u>

(Continued)

Taiwan Cooperative Securities Co., Ltd.

**Condensed Statements of Comprehensive Income
For the Three Months Ended March 31, 2022 and 2021
(In Thousands of New Taiwan Dollars, Except Per Share Amounts)**

	2022	2021
Revenues	\$ 428,325	\$ 507,212
Service charge	(22,327)	(24,945)
Other operating costs	(38,225)	(20,675)
Employee benefits	(138,375)	(143,685)
Other operating expenses	(104,714)	(108,282)
Other gains and losses	<u>(6,355)</u>	<u>2,250</u>
Income before income tax	118,329	211,875
Income tax expense	<u>(19,644)</u>	<u>(28,466)</u>
Net income	98,685	183,409
Other comprehensive loss	<u>(153,420)</u>	<u>(43,690)</u>
 Total comprehensive income (loss)	 <u>\$ (54,735)</u>	 <u>\$ 139,719</u>
 Earnings per share (NT\$)		
Basic	<u>\$ 0.20</u>	<u>\$ 0.37</u>

Co-operative Assets Management Co., Ltd.

**Condensed Statements of Comprehensive Income
For the Three Months Ended March 31, 2022 and 2021
(In Thousands of New Taiwan Dollars, Except Per Share Amounts)**

	2022	2021
Operating revenues	\$ 171,754	\$ 142,219
Operating expenses	<u>(65,033)</u>	<u>(64,734)</u>
Operating benefits	106,721	77,485
Non-operating gains and losses	<u>8,517</u>	<u>5,533</u>
Income before income tax	115,238	83,018
Income tax expenses	<u>(23,374)</u>	<u>(16,776)</u>
Net income	91,864	66,242
Other comprehensive income	<u>33,849</u>	<u>2,931</u>
 Total comprehensive income	 <u>\$ 125,713</u>	 <u>\$ 69,173</u>
 Earnings per share (NT\$)		
Basic	<u>\$ 0.33</u>	<u>\$ 0.23</u>

(Continued)

BNP Paribas Cardif TCB Life Insurance Co., Ltd.

**Condensed Statements of Comprehensive Income
For the Three Months Ended March 31, 2022 and 2021
(In Thousands of New Taiwan Dollars, Except Per Share Amounts)**

	2022	2021
Operating revenues	\$ (2,480,588)	\$ 1,833,644
Operating costs	3,124,839	(1,094,128)
Operating expenses	(207,007)	(164,905)
Non-operating gains and losses	<u>(6,183)</u>	<u>53</u>
Income before income tax	431,061	574,664
Income tax expenses	<u>(67,035)</u>	<u>(77,451)</u>
Net income	364,026	497,213
Other comprehensive loss	<u>(1,077,218)</u>	<u>(217,904)</u>
Total comprehensive income (loss)	<u>\$ (713,192)</u>	<u>\$ 279,309</u>
Earnings per share (NT\$)		
Basic	<u>\$ 0.53</u>	<u>\$ 0.72</u>

Taiwan Cooperative Securities Investment Trust Co., Ltd.

**Condensed Statements of Comprehensive Income
For the Three Months Ended March 31, 2022 and 2021
(In Thousands of New Taiwan Dollars, Except Per Share Amounts)**

	2022	2021
Operating revenues	\$ 91,037	\$ 84,691
Operating expenses	<u>(85,202)</u>	<u>(76,396)</u>
Operating gain	5,835	8,295
Non-operating gains and losses	<u>1,470</u>	<u>485</u>
Income before income tax	7,305	8,780
Income tax expenses	<u>-</u>	<u>-</u>
Net income	7,305	8,780
Other comprehensive income	<u>98</u>	<u>71</u>
Total comprehensive income	<u>\$ 7,403</u>	<u>\$ 8,851</u>
Earnings per share (NT\$)		
Basic	<u>\$ 0.24</u>	<u>\$ 0.29</u>

(Continued)

Taiwan Cooperative Venture Capital Co., Ltd.

Condensed Statements of Comprehensive Income
For the Three Months Ended March 31, 2022 and 2021
(In Thousands of New Taiwan Dollars, Except Per Share Amounts)

	2022	2021
Operating revenues	\$ 51,074	\$ 29,581
Operating expenses	<u>(9,782)</u>	<u>(9,358)</u>
Operating gain	41,292	20,223
Non-operating gains and losses	<u>(14)</u>	<u>22</u>
Income before income tax	41,278	20,245
Income tax expenses	<u>(35)</u>	<u>(66)</u>
Net income	41,243	20,179
Other comprehensive income (loss)	<u>(7,401)</u>	<u>9,394</u>
Total comprehensive income	<u>\$ 33,842</u>	<u>\$ 29,573</u>
Earnings per share (NT\$)		
Basic	<u>\$ 0.39</u>	<u>\$ 0.19</u>

(Concluded)

TABLE 4

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

BUSINESS SEGMENT FINANCIAL INFORMATION FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

Business Segment Items	For the Three Months Ended March 31, 2022					
	Banking	Bill Finance	Security	Insurance	Others	Consolidated
Net interest	\$ 8,787,782	\$ (3,733)	\$ 74,883	\$ 183,061	\$ (2,337)	\$ 9,039,656
Net revenues and gains other than interest	1,505,334	134,291	278,014	296,803	302,049	2,516,491
Total net revenues	10,293,116	130,558	352,897	479,864	299,712	11,556,147
Bad-debt expenses and provision (reversal of provision) for losses on commitment and guarantees	58,010	4,677	4,601	-	(4,577)	62,711
Net change in reserves for insurance liabilities	-	-	-	176,303	-	176,303
Operating expenses	(5,857,004)	(36,674)	(219,710)	(206,584)	(193,903)	(6,513,875)
Income before income tax	4,494,122	98,561	137,788	449,583	101,232	5,281,286
Income tax expenses	(677,438)	(19,700)	(19,644)	(67,035)	(20,556)	(804,373)
Net income	3,816,684	78,861	118,144	382,548	80,676	4,476,913

Business Segment Items	For the Three Months Ended March 31, 2021					
	Banking	Bill Finance	Security	Insurance	Others	Consolidated
Net interest	\$ 8,575,831	\$ 9,054	\$ 62,631	\$ 181,284	\$ 9,978	\$ 8,838,778
Net revenues and gains other than interest	2,665,853	170,735	396,908	692,330	244,611	4,170,437
Total net revenues	11,241,684	179,789	459,539	873,614	254,589	13,009,215
Bad-debt expenses and provision (reversal of provision) for losses on commitment and guarantees	(1,138,606)	(7,440)	377	-	(11,874)	(1,157,543)
Net change in reserves for insurance liabilities	-	-	-	(83,032)	-	(83,032)
Operating expenses	(5,550,812)	(36,559)	(229,593)	(164,221)	(185,188)	(6,166,373)
Income before income tax	4,552,266	135,790	230,323	626,361	57,527	5,602,267
Income tax expenses	(678,916)	(20,074)	(28,466)	(77,451)	(19,828)	(824,735)
Net income	3,873,350	115,716	201,857	548,910	37,699	4,777,532

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED
FOR THE THREE MONTHS ENDED MARCH 31, 2022
(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.	I-Hwa Industrial Co., Ltd.	Receivables on lending funds	No	\$ 90,000	\$ 90,000	\$ 90,000	3-8	Short-term financing	\$ -	Operating use	\$ 900	Real estate	\$ 141,538	\$ 346,785 (Note 3)	\$ 1,387,141 (Note 3)
		VESP Technology Corp.	Receivables on lending funds	No	64,167	60,667	60,667	3-8	Short-term financing	-	Operating use	607	-	-	346,785 (Note 3)	1,387,141 (Note 3)
		Tai-Hwei Trade Co., Ltd.	Receivables on lending funds	No	160,000	157,594	157,594	3-8	Short-term financing	-	Operating use	1,576	Real estate	385,178	346,785 (Note 3)	1,387,141 (Note 3)
		Hanky&Partners (Taiwan) Ltd.	Receivables on lending funds	No	120,000	120,000	120,000	3-8	Short-term financing	-	Operating use	1,200	Real estate	132,117	346,785 (Note 3)	1,387,141 (Note 3)
		Tsuru Chikusan Co., Ltd.	Receivables on lending funds	No	122,000	104,000	104,000	3-8	Short-term financing	-	Operating use	1,040	Real estate	68,604	346,785 (Note 3)	1,387,141 (Note 3)
		Grandsun Engineering Co., Ltd.	Receivables on lending funds	No	35,000	31,500	31,500	3-8	Short-term financing	-	Operating use	315	Guarantee	5,250	346,785 (Note 3)	1,387,141 (Note 3)
		Yieh Hong Enterprise Co., Ltd.	Receivables on lending funds	No	225,377	191,864	191,864	3-8	Short-term financing	-	Operating use	1,919	Stocks	104,200	346,785 (Note 3)	1,387,141 (Note 3)
		ACON-Holding Inc.	Receivables on lending funds	No	45,833	33,333	33,333	3-8	Short-term financing	-	Operating use	333	Guarantee	5,000	346,785 (Note 3)	1,387,141 (Note 3)
		Fu-tang Construction Co., Ltd.	Receivables on lending funds	No	60,000	60,000	60,000	3-8	Short-term financing	-	Operating use	600	Real estate	72,234	346,785 (Note 3)	1,387,141 (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, 2021 was \$3,467,853 thousand.

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

MARCH 31, 2022

(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	March 31, 2022				Note
				Shares (In Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Taiwan Cooperative Venture Capital Co., Ltd.	<u>Convertible bond</u> Oakda Capital Ltd.	-	Financial assets at fair value through profit or loss	-	\$ -	-	\$ -	
Co-operative Assets Management Co., Ltd.	<u>Stock</u> Cooperative Financial International Lease Co., Ltd.	Subsidiary	Investments accounted for using equity method	-	1,150,610	100.00	1,150,610	
	Taiwan Urban Regeneration & Financial Services Co., Ltd.	-	Financial assets at fair value through other comprehensive income	2,500	18,275	5.00	18,275	
Taiwan Cooperative Securities Investment Trust Co., Ltd.	Fund Rich Securities Co., Ltd.	-	Financial assets at fair value through other comprehensive income	227	2,542	0.38	2,542	
Taiwan Cooperative Venture Capital Co., Ltd.	Chen Nan Iron Wire Co., Ltd.	-	Financial assets at fair value through profit or loss	1,000	29,760	2.38	29,760	
	Acmept Energy Services Co., Ltd.	-	Financial assets at fair value through profit or loss	898	33,710	2.38	33,710	
	Enrestec Inc.	-	Financial assets at fair value through profit or loss	2,000	34,300	1.96	34,300	
	Tigerair Taiwan Co., Ltd.	-	Financial assets at fair value through profit or loss	1,656	58,672	0.41	58,672	
	Lung Teh Shipbuilding Co., Ltd.	-	Financial assets at fair value through profit or loss	1,829	114,321	2.29	114,321	
	SR Suntour Inc.	-	Financial assets at fair value through profit or loss	1,700	137,394	2.82	137,394	
	Eland Information Co., Ltd.	-	Financial assets at fair value through profit or loss	578	29,297	3.27	29,297	
	Prince Pharmaceutical Co., Ltd.	-	Financial assets at fair value through profit or loss	800	17,600	2.41	17,600	
	Tachyon Intelligence Robot Company	-	Financial assets at fair value through profit or loss	95	572	2.95	572	
	Phu Vinh Industrial company	-	Financial assets at fair value through profit or loss	2,000	120,600	20.00	120,600	
	ULSee Cayman Co., Ltd.	-	Financial assets at fair value through profit or loss	651	11,224	0.43	11,224	

(Continued)

Holding Company Name	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	March 31, 2022				Note
				Shares (In Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
	Cloud Mile Inc.	-	Financial assets at fair value through profit or loss	838	\$ 59,438	2.98	\$ 59,438	
	Hoytek Precision Company	-	Financial assets at fair value through profit or loss	990	9,900	19.82	9,900	
	Cheng Mei Instrument Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	2,250	71,055	6.07	71,055	
	CDIB Capital Healthcare Ventures II Limited Partnership	-	Financial assets at fair value through profit or loss	-	21,576	1.61	21,576	
	Wihking Entertainment Ltd.	-	Financial assets at fair value through profit or loss	1,372	72,476	8.74	72,476	
	APMTD Global Limited	-	Financial assets at fair value through profit or loss	331	22,359	0.83	22,359	
	Locus Cell Co., Ltd.	-	Financial assets at fair value through profit or loss	5,000	56,300	2.50	56,300	
	Revlis Biotech Co., Ltd.	-	Financial assets at fair value through profit or loss	2,813	32,906	4.62	32,906	
	FREE Bionics Taiwan Inc.	-	Financial assets at fair value through profit or loss	2,068	40,692	8.22	40,692	
	Mesh Cooperative Ventures Funds Lp.	-	Financial assets at fair value through profit or loss	-	10,092	0.99	10,092	
	Annji Pharmaceutical Co., Ltd.	-	Financial assets at fair value through profit or loss	2,250	45,000	3.42	45,000	
	Knowledge Creation Innovation Co., Ltd	-	Financial assets at fair value through profit or loss	315	14,537	19.50	14,537	
	Long Diann Marine Biotechnology Co., Ltd.	-	Financial assets at fair value through profit or loss	2,500	50,000	12.53	50,000	
	JD-SPF Biotech Co., Ltd.	-	Financial assets at fair value through profit or loss	1,365	13,650	19.50	13,650	
	Gamamobi Taiwan Co., Ltd	-	Financial assets at fair value through profit or loss	400	10,000	1.99	10,000	
	Evergreen Marine Co. (Taiwan) Ltd.	-	Financial assets at fair value through other comprehensive income	530	71,550	0.01	71,550	
	Mesh Cooperative Ventures, Inc.	Associate	Investments accounted for using equity method	330	2,760	22.00	2,760	
	JC Capital Taiwan Co., Ltd.	Associate	Investments accounted for using equity method	350	1,008	35.00	1,008	

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

(Concluded)

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 THREE MONTHS ENDED MARCH 31, 2022
 (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. 216, Wuguwang Sec., Sanchong Dist., New Taipei City	2022.03.07 (Note)	\$ 519,490	Paid \$88,000 by contract	Taiwan New Taipei District Court	-	-	-	-	\$ -	Court auction	Operating activities	None

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

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

**ALLOWANCE OF SERVICE FEES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$5 MILLION
FOR THE THREE MONTHS ENDED MARCH 31, 2022**

(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	\$ 502,461	\$ 263,713	\$ 37,176	\$ 26,743	7.40	10.14

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

MARCH 31, 2022

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance (Note)	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Taiwan Cooperative Bank, Ltd.	Taiwan Cooperative Financial Holding Company, Ltd.	Parent company	\$ 1,693,393	-	\$ -	-	\$ -	\$ -
Taiwan Cooperative Financial Holding Company, Ltd.	Taiwan Cooperative Bank, Ltd.	Subsidiary	680,951	-	-	-	-	-

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

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

INVESTMENT IN MAINLAND CHINA
FOR THE THREE MONTHS ENDED MARCH 31, 2022
(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, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2022	Investee Net Income	% Ownership of Direct or Indirect Investment	Investment Gain	Carrying Value as of March 31, 2022	Accumulated Inward Remittance of Earnings as of March 31, 2022
					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)	\$ 59,449	100	\$ 59,449	\$ 6,281,111	\$ -
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)	24,525	100	24,525	2,711,132	-
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)	24,711	100	24,711	3,175,133	-
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)	(141,456)	100	(141,456)	2,166,373	-

Accumulated Investment in Mainland China as of March 31, 2022	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)	\$ 149,275,981 (Note 2)

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, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2022	Investee Net Income	% Ownership of Direct or Indirect Investment	Investment Gain	Carrying Value as of March 31, 2022	Accumulated Inward Remittance of Earnings as of March 31, 2022
					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)	\$ 17,317	100	\$ 17,317	\$ 1,150,610	\$ -

Accumulated Investment in Mainland China as of March 31, 2022	Investment Amount Approved by the Investment Commission, MOEA	Maximum Investment Allowable (Note 3)
\$ 910,980 (RMB 185,460) (Note 1)	\$ 910,980 (RMB 185,460) (Note 1)	\$ 2,156,140 (Note 3)

(Continued)

Note 1: The currency was translated into New Taiwan dollars at the exchange rates on the date of each outflow of investment.

Note 2: Based on the Investment Commission's "Regulation on the Examination of Investment or Technical Cooperation in Mainland China," investments are limited to the higher of 60 % of TCB's net asset value or 60% of TCB's consolidated net asset value.

Note 3: Based on the Investment Commission's "Regulation on the Examination of Investment or Technical Cooperation in Mainland China," investments are limited to the higher of 60 % of CAM's net asset value or 60% of CAM's consolidated net asset value.

(Concluded)

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

BUSINESS RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS AMONG THE PARENT COMPANY AND SUBSIDIARIES

FOR THE THREE MONTHS ENDED MARCH 31, 2022

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Transacting Company	Counter-party	Transaction Flow (Note 2)	Description of Transactions (Notes 3 and 5)			
				Financial Statement Account	Amounts	Trading Terms	Transaction Amount/Total Consolidated Net Revenue or Total Consolidated Assets (%)
0	Taiwan Cooperative Financial Holding Co., Ltd	Taiwan Cooperative Bank, Ltd.	a	Tax payables - consolidated tax return	\$ 1,693,393	Note 4	0.04
1	Taiwan Cooperative Bank, Ltd.	Taiwan Cooperative Financial Holding Co., Ltd	b	Tax payables - consolidated tax return	1,693,393	Note 4	0.04
0	Taiwan Cooperative Financial Holding Co., Ltd	Taiwan Cooperative Bank, Ltd.	a	Tax payables - consolidated tax return	680,951	Note 4	0.02
1	Taiwan Cooperative Bank, Ltd.	Taiwan Cooperative Financial Holding Co., Ltd	b	Tax payables - consolidated tax return	680,951	Note 4	0.02
1	Taiwan Cooperative Bank, Ltd.	United Taiwan Bank S.A.	a	Due from banks	597,885	Note 4	0.01
2	United Taiwan Bank S.A.	Taiwan Cooperative Bank, Ltd.	b	Deposits from banks	597,885	Note 4	0.01
1	Taiwan Cooperative Bank, Ltd.	United Taiwan Bank S.A.	a	Call loans to banks	771,660	Note 4	0.02
2	United Taiwan Bank S.A.	Taiwan Cooperative Bank, Ltd.	b	Call loans from banks	771,660	Note 4	0.02
1	Taiwan Cooperative Bank, Ltd.	United Taiwan Bank S.A.	a	Medium-term unsecured loans	1,597,500	Note 4	0.04
2	United Taiwan Bank S.A.	Taiwan Cooperative Bank, Ltd.	b	Long-term borrowings	1,597,500	Note 4	0.04
5	Co-operative Assets Management Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Due from banks	108,242	Note 4	-
1	Taiwan Cooperative Bank, Ltd.	Co-operative Assets Management Co., Ltd.	c	Deposits and remittances	108,242	Note 4	-
1	Taiwan Cooperative Bank, Ltd.	Co-operative Assets Management Co., Ltd.	c	Properties and equipment, net	98,511	Note 4	-
0	Taiwan Cooperative Financial Holding Co., Ltd	Taiwan Cooperative Bank, Ltd.	a	Investing accounted for using equity method	373,499	Note 4	0.01
5	Co-operative Assets Management Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Properties and equipment, net	472,010	Note 4	0.01
1	Taiwan Cooperative Bank, Ltd.	Taiwan Cooperative Bills Finance Co., Ltd.	c	Call loans to banks	2,500,000	Note 4	0.06

(Continued)

No. (Note 1)	Transacting Company	Counter-party	Transaction Flow (Note 2)	Description of Transactions (Notes 3 and 5)			
				Financial Statement Account	Amounts	Trading Terms	Transaction Amount/Total Consolidated Net Revenue or Total Consolidated Assets (%)
4	Taiwan Cooperative Bills Finance Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Call loans from banks	\$ 2,500,000	Note 4	0.06
3	BNP Paribas Cardif TCB Life Insurance Co., Ltd.	Taiwan Cooperative Bills Finance Co., Ltd.	c	Securities purchased under resell agreements	354,567	Note 4	0.01
4	Taiwan Cooperative Bills Finance Co., Ltd.	BNP Paribas Cardif TCB Life Insurance Co., Ltd.	c	Security sold under repurchased agreements	354,567	Note 4	0.01
6	Taiwan Cooperative Securities Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Due from banks	344,468	Note 4	0.01
1	Taiwan Cooperative Bank, Ltd.	Taiwan Cooperative Securities Co., Ltd.	c	Deposits and remittances	344,468	Note 4	0.01
6	Taiwan Cooperative Securities Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Receivable on securities	441,944	Note 4	0.01
1	Taiwan Cooperative Bank, Ltd.	Taiwan Cooperative Securities Co., Ltd.	c	Settlement payable	441,944	Note 4	0.01
6	Taiwan Cooperative Securities Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Right-of-use assets, net	112,330	Note 4	-
6	Taiwan Cooperative Securities Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Lease liabilities	114,664	Note 4	-
6	Taiwan Cooperative Securities Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Interest expense	518	Note 4	-
6	Taiwan Cooperative Securities Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Depreciation expense	10,345	Note 4	0.09
1	Taiwan Cooperative Bank, Ltd.	Taiwan Cooperative Securities Co., Ltd.	c	Lease income	10,806	Note 4	0.09
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	0.01
5	Co-operative Assets Management Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Investment properties, net	963,705	Note 4	0.02
1	Taiwan Cooperative Bank, Ltd.	BNP Paribas Cardif TCB Life Insurance Co., Ltd.	c	Deposits and remittances	1,748,061	Note 4	0.04
3	BNP Paribas Cardif TCB Life Insurance Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Cash and cash equivalents, refundable deposits	1,748,061	Note 4	0.04
1	Taiwan Cooperative Bank, Ltd.	BNP Paribas Cardif TCB Life Insurance Co., Ltd.	c	Service fee and commission income	109,903	Note 4	0.95
3	BNP Paribas Cardif TCB Life Insurance Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Service charge and commission expense	109,903	Note 4	0.95

(Continued)

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

- a. Parent company is denoted as 0.
- b. Subsidiaries are numbered sequentially from 1.

Note 2: Transaction flows are as follows:

- a. From parent company to subsidiary
- b. From subsidiary to parent company
- c. Between subsidiaries

Note 3: For calculating the percentages, the asset or liability account is divided by the consolidated total assets, and the revenue or expense account is divided by the total consolidated net revenue of the same period.

Note 4: The terms for the transactions between the transacting company and related parties are similar to those for unrelated parties.

Note 5: Referring to transactions exceeding NT\$100 million.

(Concluded)

TABLE 12**TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD.****INFORMATION ON MAJOR SHAREHOLDERS
MARCH 31, 2022**

Name of Major Shareholder	Shareholding	
	Number of Shares	Percentage of Ownership (%)
Ministry of Finance, Taiwan	3,544,974,074	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.