

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

**Consolidated Financial Statements for the
Six Months Ended June 30, 2022 and 2021 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of Taiwan Cooperative Financial Holding Co., Ltd. (TCFHC) and its subsidiaries (collectively, the Company), which comprise the consolidated balance sheets as of June 30, 2022, December 31, 2021 and June 30, 2021, the related consolidated statements of comprehensive income for the three months ended June 30, 2022 and 2021 and for the six months ended June 30, 2022 and 2021, the consolidated statements of changes in equity and cash flows for the six months then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of June 30, 2022, December 31, 2021 and June 30, 2021, and its consolidated financial performance for the three months ended June 30, 2022 and 2021 and its consolidated financial performance and consolidated cash flows for the six months ended June 30, 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 (FSC) of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the Company for the six months ended June 30, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters identified in our audit of the consolidated financial statements of Taiwan Cooperative Financial Holding Co., Ltd. and its subsidiaries for the six months ended June 30, 2022 were as follows:

Impairment Assessment on Loans

The net discounts and loans of the Company as of June 30, 2022 are accounted for 57% of the consolidated total assets. Therefore, the assessment of the impairment loss of discounts and loans may have significant impacts on the consolidated financial statements. Besides assessing expected credit losses of loans in accordance with IFRS 9 “Financial Instruments”, the management of Taiwan Cooperative Bank, Ltd. (TCB) complies with the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans” related regulations (collectively, the Regulations) when assessing classification of credit assets and recognizing allowance for possible losses.

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

When assessing whether to recognize impairment loss on loans in accordance with the Regulations, the main judgment of the management of TCB is the assessment of possible loss of the credit assets, including whether the credit assets are classified based on the length of time the loans have been overdue and the value of the collateral when assessing the impairment loss. As the amount of impairment assessed under the Regulation is much greater than the amount estimated in accordance with IFRS 9 “Financial Instruments” and the assessment involves many significant judgments and estimates and the amount is material to the consolidated financial statements, impairment of loans was identified as a key audit matter.

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

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

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

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

The management of BNP Paribas Cardif TCB Life Insurance Co., Ltd. (BPCTLI) refers to the deposit logic of the commodity calculation instructions submitted to the competent authority at the time of insurance pricing to measure the life insurance liability reserve liabilities of each valid long-term insurance policy. The changes to the deposit logic must be approved by the competent authority in advance. Except for those who approve it, BPCTLI shall not arbitrarily change the formulas and parameters used in the product calculation instructions submitted to the competent authority at the time of pricing of insurance types, because failure to quote the correct policy information will have a significant impact on the allocation of insurance liabilities. Thus, adequacy of life insurance policy reserve is deemed a key audit matter. For the relevant accounting policies

and critical accounting judgments and estimations, refer to Notes 4 and 5 to the consolidated financial statements. For the relevant information about the assessment of the insurance liabilities, refer to Note 29 to the consolidated financial statements.

With respect to the abovementioned key audit matter, the procedures we performed were as follows:

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing the financial reporting process of Taiwan Cooperative Financial Holding Co., Ltd. and its subsidiaries.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence of the financial information of the components of the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of the most significance in the audit of the consolidated financial statements of Taiwan Cooperative Financial Holding Co., Ltd. and its subsidiaries, for the six months ended June 30, 2022 and are therefore deemed to be the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

August 22, 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 audit such consolidated financial statements are those generally applied in the Republic of China.

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

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2022		December 31, 2021		June 30, 2021	
	Amount	%	Amount	%	Amount	%
CASH AND CASH EQUIVALENTS (Note 6)	\$ 80,835,427	2	\$ 99,816,104	2	\$ 58,108,161	1
DUE FROM THE CENTRAL BANK AND CALL LOANS TO OTHER BANKS (Notes 7, 42 and 43)	313,957,310	7	396,948,639	9	332,564,915	8
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 8, 42 and 43)	91,021,077	2	84,931,904	2	107,267,956	2
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Note 9)	506,073,580	12	478,885,434	11	462,694,672	11
INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST (Notes 10 and 43)	648,912,917	15	715,489,725	16	714,100,928	17
SECURITIES PURCHASED UNDER RESELL AGREEMENTS (Note 11)	1,720,923	-	981,862	-	880,542	-
RECEIVABLES, NET (Notes 12 and 42)	46,603,617	1	44,209,985	1	49,750,404	1
CURRENT TAX ASSETS	2,381,561	-	2,025,864	-	2,114,599	-
DISCOUNTS AND LOANS, NET (Notes 13, 42 and 43)	2,466,286,059	57	2,436,697,636	55	2,407,631,320	56
REINSURANCE ASSETS, NET	166,788	-	138,313	-	163,195	-
INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (Note 14)	137,404	-	143,342	-	145,386	-
OTHER FINANCIAL ASSETS, NET (Notes 15, 31 and 43)	99,707,720	3	114,919,948	3	119,842,391	3
INVESTMENT PROPERTIES, NET (Note 16)	11,310,189	-	10,881,442	-	11,019,291	-
PROPERTIES AND EQUIPMENT, NET (Note 17)	33,192,087	1	33,372,509	1	33,268,226	1
RIGHT-OF-USE ASSETS, NET (Note 18)	1,583,842	-	1,509,935	-	1,587,997	-
INTANGIBLE ASSETS (Note 19)	4,093,184	-	3,873,017	-	3,864,096	-
DEFERRED TAX ASSETS (Note 39)	2,935,164	-	2,779,640	-	2,538,966	-
OTHER ASSETS, NET (Notes 18 and 20)	<u>3,308,445</u>	<u>-</u>	<u>6,231,556</u>	<u>-</u>	<u>3,347,734</u>	<u>-</u>
TOTAL	<u>\$ 4,314,227,294</u>	<u>100</u>	<u>\$ 4,433,836,855</u>	<u>100</u>	<u>\$ 4,310,890,779</u>	<u>100</u>
LIABILITIES AND EQUITY						
DEPOSITS FROM THE CENTRAL BANK AND OTHER BANKS (Notes 21 and 42)	\$ 236,065,143	5	\$ 243,046,578	6	\$ 254,818,742	6
DUE TO THE CENTRAL BANK AND OTHER BANKS (Note 22)	-	-	88,889,360	2	70,617,600	2
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 8 and 42)	3,267,393	-	2,351,636	-	2,190,647	-
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS (Notes 8, 9 and 23)	59,422,015	1	52,566,969	1	52,939,592	1
COMMERCIAL PAPER ISSUED, NET (Note 24)	20,835,489	1	29,886,064	1	26,548,787	-
PAYABLES (Notes 25 and 42)	81,733,130	2	61,279,814	1	75,245,786	2
CURRENT TAX LIABILITIES	510,642	-	1,564,228	-	1,224,961	-
DEPOSITS AND REMITTANCES (Notes 26 and 42)	3,491,340,534	81	3,478,748,881	79	3,350,448,437	78
BONDS PAYABLE (Note 27)	71,800,000	2	82,100,000	2	71,100,000	2
OTHER BORROWINGS (Notes 24 and 28)	3,023,241	-	804,894	-	492,594	-
PROVISIONS (Notes 4, 29 and 30)	34,061,644	1	35,220,482	1	36,113,543	1
OTHER FINANCIAL LIABILITIES (Notes 16 and 31)	92,866,417	2	108,032,212	2	112,863,793	2
LEASE LIABILITIES (Note 18)	1,539,550	-	1,463,113	-	1,532,540	-
DEFERRED TAX LIABILITIES (Notes 17 and 39)	5,124,955	-	3,623,871	-	3,715,636	-
OTHER LIABILITIES (Note 32)	<u>1,083,312</u>	<u>-</u>	<u>1,380,161</u>	<u>-</u>	<u>2,694,278</u>	<u>-</u>
Total liabilities	<u>4,102,673,465</u>	<u>95</u>	<u>4,190,958,263</u>	<u>95</u>	<u>4,062,546,936</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
Reserve for capitalization	<u>4,080,272</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital stock	<u>140,089,354</u>	<u>3</u>	<u>136,009,082</u>	<u>3</u>	<u>133,342,237</u>	<u>3</u>
Capital surplus	<u>57,977,016</u>	<u>1</u>	<u>57,976,124</u>	<u>1</u>	<u>57,974,241</u>	<u>2</u>
Retained earnings						
Legal reserve	13,432,536	-	11,260,796	-	9,622,864	-
Special reserve	985,539	-	985,539	-	995,661	-
Unappropriated earnings	<u>14,702,956</u>	<u>1</u>	<u>22,827,215</u>	<u>1</u>	<u>29,085,061</u>	<u>1</u>
Total retained earnings	<u>29,121,031</u>	<u>1</u>	<u>35,073,550</u>	<u>1</u>	<u>39,703,586</u>	<u>1</u>
Other equity	<u>(20,963,035)</u>	<u>-</u>	<u>7,168,718</u>	<u>-</u>	<u>10,593,832</u>	<u>-</u>
Total equity attributable to owners of TCFHC	206,224,366	5	236,227,474	5	241,613,896	6
NON-CONTROLLING INTERESTS	<u>5,329,463</u>	<u>-</u>	<u>6,651,118</u>	<u>-</u>	<u>6,729,947</u>	<u>-</u>
Total equity	<u>211,553,829</u>	<u>5</u>	<u>242,878,592</u>	<u>5</u>	<u>248,343,843</u>	<u>6</u>
TOTAL	<u>\$ 4,314,227,294</u>	<u>100</u>	<u>\$ 4,433,836,855</u>	<u>100</u>	<u>\$ 4,310,890,779</u>	<u>100</u>

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

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
INTEREST REVENUE (Notes 33 and 42)	\$ 14,532,400	119	\$ 12,332,279	92	\$ 26,999,692	113	\$ 24,605,981	93
INTEREST EXPENSE (Notes 33 and 42)	<u>(4,913,621)</u>	<u>(40)</u>	<u>(3,305,785)</u>	<u>(25)</u>	<u>(8,341,257)</u>	<u>(35)</u>	<u>(6,740,709)</u>	<u>(25)</u>
NET INTEREST	<u>9,618,779</u>	<u>79</u>	<u>9,026,494</u>	<u>67</u>	<u>18,658,435</u>	<u>78</u>	<u>17,865,272</u>	<u>68</u>
NET REVENUES AND GAINS OTHER THAN INTEREST								
Service fee and commission income, net (Notes 34 and 42)	1,840,822	15	2,041,223	15	3,848,465	16	4,197,948	16
Premium income, net (Notes 31 and 35)	(262,735)	(2)	358,449	3	(334,041)	(1)	685,472	3
Gains (losses) on financial assets and liabilities at fair value through profit or loss (Notes 36 and 42)	5,322,489	43	(2,399,778)	(18)	9,318,526	39	853,176	3
Gains on disposal investment properties, net	40,226	-	69,639	1	73,001	-	87,624	-
Realized gains on financial assets at fair value through other comprehensive income (Note 37)	933,127	8	793,448	6	1,040,648	5	1,662,483	6
Foreign exchange gains (losses), net	(5,797,435)	(47)	3,318,179	25	(9,414,249)	(39)	1,066,607	4
Impairment losses on assets (Notes 9 and 10)	(101,885)	(1)	(2,310)	-	(209,341)	(1)	(1,562)	-
Share of gains of associates and joint ventures accounted for using the equity method (Note 14)	1,336	-	292	-	4,178	-	6,211	-
Gains (losses) on reclassification of overlay approach (Note 8)	613,006	5	201,909	1	757,880	3	(40,015)	-
Other noninterest gains, net (Notes 16 and 42)	<u>23,587</u>	<u>-</u>	<u>43,212</u>	<u>-</u>	<u>43,962</u>	<u>-</u>	<u>76,756</u>	<u>-</u>
Total net revenues and gains other than interest	<u>2,612,538</u>	<u>21</u>	<u>4,424,263</u>	<u>33</u>	<u>5,129,029</u>	<u>22</u>	<u>8,594,700</u>	<u>32</u>
TOTAL NET REVENUES	<u>12,231,317</u>	<u>100</u>	<u>13,450,757</u>	<u>100</u>	<u>23,787,464</u>	<u>100</u>	<u>26,459,972</u>	<u>100</u>
BAD-DEBT EXPENSES AND PROVISION FOR LOSSES ON COMMITMENT AND GUARANTEES (Notes 4 and 13)	<u>(186,163)</u>	<u>(1)</u>	<u>(464,128)</u>	<u>(4)</u>	<u>(123,452)</u>	<u>-</u>	<u>(1,621,671)</u>	<u>(6)</u>
NET CHANGE IN RESERVES FOR INSURANCE LIABILITIES (Notes 4 and 29)	<u>536,316</u>	<u>4</u>	<u>(11,312)</u>	<u>-</u>	<u>712,619</u>	<u>3</u>	<u>(94,344)</u>	<u>-</u>
OPERATING EXPENSES (Notes 4, 16, 17, 18, 19, 30 and 38)								
Employee benefits	(4,296,049)	(35)	(4,298,000)	(32)	(8,510,875)	(36)	(8,386,421)	(32)
Depreciation and amortization	(622,225)	(5)	(565,482)	(4)	(1,226,106)	(5)	(1,123,198)	(4)
General and administrative	<u>(1,826,946)</u>	<u>(15)</u>	<u>(1,618,515)</u>	<u>(12)</u>	<u>(3,522,114)</u>	<u>(15)</u>	<u>(3,138,751)</u>	<u>(12)</u>
Total operating expenses	<u>(6,745,220)</u>	<u>(55)</u>	<u>(6,481,997)</u>	<u>(48)</u>	<u>(13,259,095)</u>	<u>(56)</u>	<u>(12,648,370)</u>	<u>(48)</u>

(Continued)

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
INCOME BEFORE INCOME TAX	\$ 5,836,250	48	\$ 6,493,320	48	\$ 11,117,536	47	\$ 12,095,587	46
INCOME TAX EXPENSE (Notes 4 and 39)	<u>(965,085)</u>	<u>(8)</u>	<u>(1,070,975)</u>	<u>(8)</u>	<u>(1,769,458)</u>	<u>(8)</u>	<u>(1,895,710)</u>	<u>(7)</u>
NET INCOME	<u>4,871,165</u>	<u>40</u>	<u>5,422,345</u>	<u>40</u>	<u>9,348,078</u>	<u>39</u>	<u>10,199,877</u>	<u>39</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 (Note 9)	<u>(9,110,295)</u>	<u>(75)</u>	<u>2,148,752</u>	<u>16</u>	<u>(7,907,396)</u>	<u>(33)</u>	<u>5,316,192</u>	<u>20</u>
Items that may be reclassified subsequently to profit or loss (Notes 8, 9 and 39)								
Exchange differences on the translation of financial statements of foreign operations	1,515,056	12	(998,367)	(7)	3,178,444	13	(477,399)	(2)
Unrealized gains (losses) on investments in debt instruments at fair value through other comprehensive income	(11,663,550)	(95)	872,596	6	(21,266,665)	(89)	(4,466,682)	(17)
Other comprehensive income (losses) on reclassification of overlay approach	(613,006)	(5)	(201,909)	(1)	(757,880)	(3)	40,015	-
Income tax attributable to other comprehensive income	<u>(26,690)</u>	<u>-</u>	<u>168,498</u>	<u>1</u>	<u>34,707</u>	<u>-</u>	<u>239,102</u>	<u>1</u>
Items that may be reclassified subsequently to profit or loss, net of income tax	<u>(10,788,190)</u>	<u>(88)</u>	<u>(159,182)</u>	<u>(1)</u>	<u>(18,811,394)</u>	<u>(79)</u>	<u>(4,664,964)</u>	<u>(18)</u>
Other comprehensive income, net of income tax	<u>(19,898,485)</u>	<u>(163)</u>	<u>1,989,570</u>	<u>15</u>	<u>(26,718,790)</u>	<u>(112)</u>	<u>651,228</u>	<u>2</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ (15,027,320)</u>	<u>(123)</u>	<u>\$ 7,411,915</u>	<u>55</u>	<u>\$ (17,370,712)</u>	<u>(73)</u>	<u>\$ 10,851,105</u>	<u>41</u>
NET INCOME								
ATTRIBUTABLE TO:								
Owners of TCFHC	\$ 4,727,387	39	\$ 5,215,279	39	\$ 9,025,164	38	\$ 9,745,965	37
Non-controlling interests	<u>143,778</u>	<u>1</u>	<u>207,066</u>	<u>1</u>	<u>322,914</u>	<u>1</u>	<u>453,912</u>	<u>2</u>
	<u>\$ 4,871,165</u>	<u>40</u>	<u>\$ 5,422,345</u>	<u>40</u>	<u>\$ 9,348,078</u>	<u>39</u>	<u>\$ 10,199,877</u>	<u>39</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owners of TCFHC	\$ (14,404,308)	(118)	\$ 7,256,725	54	\$ (16,403,092)	(69)	\$ 10,564,127	40
Non-controlling interests	<u>(623,012)</u>	<u>(5)</u>	<u>155,190</u>	<u>1</u>	<u>(967,620)</u>	<u>(4)</u>	<u>286,978</u>	<u>1</u>
	<u>\$ (15,027,320)</u>	<u>(123)</u>	<u>\$ 7,411,915</u>	<u>55</u>	<u>\$ (17,370,712)</u>	<u>(73)</u>	<u>\$ 10,851,105</u>	<u>41</u>

(Continued)

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
EARNINGS PER SHARE								
(NEW TAIWAN DOLLARS;								
Note 40)								
Basic	\$ 0.33		\$ 0.38		\$ 0.64		\$ 0.70	
Diluted	\$ 0.33		\$ 0.38		\$ 0.64		\$ 0.70	

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

(Concluded)

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

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

	Equity Attributable to Owners of TCFHC											
								Other Equity				
	Capital Stock (Note 41)			Capital Surplus (Note 40)	Retained Earnings (Notes 9 and 41)			Exchange Differences on the Translation of Financial Statements of Foreign Operations	Unrealized Gains (Losses) on Financial Assets at Fair Value Through Other Comprehensive Income (Note 9)	Other Comprehensive Income on Reclassification of Overlay Approach	Non-controlling Interests (Note 41)	Total Equity
	Shares (In Thousands)	Common Stock	Reserve for Capitalization		Legal Reserve	Special Reserve	Unappropriated Earnings					
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
Unclaimed dividends	-	-	-	892	-	-	-	-	-	-	-	892
Appropriation of the 2021 earnings												
Legal reserve	-	-	-	-	2,171,740	-	(2,171,740)	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	(13,600,908)	-	-	-	-	(13,600,908)
Stock dividends	-	-	4,080,272	-	-	-	(4,080,272)	-	-	-	-	-
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	2,703,497	-	(2,703,497)	-	-	-
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	(354,035)	(354,035)
Net income for the six months ended June 30, 2022	-	-	-	-	-	-	9,025,164	-	-	-	322,914	9,348,078
Other comprehensive income (losses) for the six months ended June 30, 2022	-	-	-	-	-	-	-	2,544,690	(27,587,722)	(385,224)	(1,290,534)	(26,718,790)
Total comprehensive income (losses) for the six months ended June 30, 2022	-	-	-	-	-	-	9,025,164	2,544,690	(27,587,722)	(385,224)	(967,620)	(17,370,712)
BALANCE AT JUNE 30, 2022	<u>13,600,908</u>	<u>\$ 136,009,082</u>	<u>\$ 4,080,272</u>	<u>\$ 57,977,016</u>	<u>\$ 13,432,536</u>	<u>\$ 985,539</u>	<u>\$ 14,702,956</u>	<u>\$ (1,765,319)</u>	<u>\$ (19,503,460)</u>	<u>\$ 305,744</u>	<u>\$ 5,329,463</u>	<u>\$ 211,553,829</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
Reversal of special reserve	-	-	-	-	-	(8)	8	-	-	-	-	-
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	2,590,406	-	(2,590,406)	-	-	-
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	(188,819)	(188,819)
Net income for the six months ended June 30, 2021	-	-	-	-	-	-	9,745,965	-	-	-	453,912	10,199,877
Other comprehensive income (loss) for the six months ended June 30, 2021	-	-	-	-	-	-	-	(374,324)	1,171,168	21,318	(166,934)	651,228
Total comprehensive income (loss) for the six months ended June 30, 2021	-	-	-	-	-	-	9,745,965	(374,324)	1,171,168	21,318	286,978	10,851,105
BALANCE AT JUNE 30, 2021	<u>13,334,224</u>	<u>\$ 133,342,237</u>	<u>\$ -</u>	<u>\$ 57,974,241</u>	<u>\$ 9,622,864</u>	<u>\$ 995,661</u>	<u>\$ 29,085,061</u>	<u>\$ (3,731,527)</u>	<u>\$ 13,624,409</u>	<u>\$ 700,950</u>	<u>\$ 6,729,947</u>	<u>\$ 248,343,843</u>

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

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

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

	For the Six Months Ended June 30	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 11,117,536	\$ 12,095,587
Adjustments for:		
Depreciation expenses	1,069,570	1,008,219
Amortization expenses	156,536	114,979
Expected credit losses/bad-debt expenses	268,460	1,688,667
Gains on financial assets and liabilities at fair value through profit or loss	(9,318,526)	(853,176)
Interest expense	8,341,257	6,740,709
Interest revenue	(26,999,692)	(24,605,981)
Dividend income	(1,015,266)	(563,153)
Net changes in reserves for insurance liabilities	(712,619)	94,344
Reversal of provision for losses on guarantees	(104,795)	(47,562)
Net changes in reserves for other liabilities	(40,213)	(19,434)
Share of gains of associates and joint ventures accounted for using equity method	(4,178)	(6,211)
Losses (gains) on reclassification of overlay approach	(757,880)	40,015
Losses (gains) on disposal of properties and equipment	65	(352)
Gains on disposal of investment properties	(73,001)	(87,624)
Gains on disposal of investments	(25,382)	(1,099,330)
Impairment losses on financial assets	211,133	1,562
Reversal of impairment losses on financial assets	(1,792)	-
Unrealized losses (gains) on foreign exchange	(1,147,272)	196,083
Others	-	(3)
Net changes in operating assets and liabilities		
Decrease in due from the Central Bank and call loans to other banks	33,285,536	51,520,019
Decrease (increase) in financial assets at fair value through profit or loss	7,468,924	(26,257,346)
Increase in financial assets at fair value through other comprehensive income	(47,949,881)	(32,904,378)
Decrease in investments in debt instruments at amortized cost	67,054,292	13,674,605
Decrease in securities purchased under resell agreements	-	9,461
Increase in receivables	(868,415)	(12,862,301)
Increase in discounts and loans	(29,651,976)	(133,831,048)
Decrease (increase) in reinsurance assets	(23,001)	2,727
Increase in other financial assets	(279,097)	(2,268,981)
Decrease (increase) other assets	2,884,993	(213,059)
Increase (decrease) in deposits from the Central Bank and other banks	(6,981,435)	22,825,116
Decrease in financial liabilities at fair value through profit or loss	(3,778,326)	(4,399,773)
Increase (decrease) in securities sold under repurchase agreements	6,221,565	(2,816,746)
Increase in payables	5,596,535	27,274,768
		(Continued)

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

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

	For the Six Months Ended June 30	
	2022	2021
Increase in deposits and remittances	\$ 12,591,653	\$ 80,576,893
Decrease in provision for employee benefits	(317,738)	(383,632)
Decrease in provisions	-	(1,808,096)
Increase (decrease) in other financial liabilities	(27,548)	330,303
Increase (decrease) in other liabilities	(290,818)	1,096,908
Cash used in operations	25,899,204	(25,737,221)
Interest received	27,657,432	26,354,216
Dividends received	433,325	448,136
Interest paid	(7,812,501)	(7,032,625)
Income tax paid	(159,992)	(1,329,041)
Net cash generated from (used in) operating activities	<u>46,017,468</u>	<u>(7,296,535)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of properties and equipment	(559,432)	(472,583)
Proceeds from disposal of properties and equipment	-	521
Increase in refundable deposits	(623,558)	(2,999,515)
Decrease in refundable deposits	738,483	3,246,023
Acquisition of intangible assets	(326,078)	(81,802)
Acquisition of investment properties	(957,326)	(288,844)
Proceeds from disposal of investment properties	553,242	727,147
Increase in other assets	(15,327)	(37,910)
Decrease in other assets	<u>20,870</u>	<u>14,691</u>
Net cash generated from (used in) investing activities	<u>(1,169,126)</u>	<u>107,728</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in due to the Central Bank and other banks	-	33,498,990
Decrease in due to the Central Bank and other banks	(88,889,360)	-
Increase in commercial paper issued	33,570,000	30,610,000
Decrease in commercial paper issued	(42,620,000)	(35,865,000)
Proceeds from the issuance of bank debentures	1,350,000	1,000,000
Repayments of bank debentures	(11,650,000)	(1,500,000)
Increase in other borrowings	11,757,004	11,143,719
Decrease in other borrowings	(9,550,783)	(11,465,776)
Increase in guarantee deposits received	353,904	2,790,098
Decrease in guarantee deposits received	(739,479)	(3,734,706)
Repayments of the principal portion of lease liabilities	(310,505)	(318,659)
Increase in other liabilities	-	43,017
Decrease in other liabilities	<u>(2,214)</u>	<u>-</u>
Net cash generated from (used in) financing activities	<u>(106,731,433)</u>	<u>26,201,683</u>

(Continued)

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

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

	For the Six Months Ended June 30	
	2022	2021
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	\$ (6,396,178)	\$ 202,661
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(68,279,269)	19,215,537
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	<u>204,390,245</u>	<u>95,067,646</u>
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	<u>\$ 136,110,976</u>	<u>\$ 114,283,183</u>
Cash and cash equivalents reconciliations:		
	June 30	
	2022	2021
Cash and cash equivalents in the consolidated balance sheets	\$ 80,835,427	\$ 58,108,161
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”	53,554,626	55,294,976
Securities purchased under resell agreements in accordance with the definition of cash and cash equivalents under IAS 7 “Statement of Cash Flows”	<u>1,720,923</u>	<u>880,046</u>
Cash and cash equivalents, end of period	<u>\$ 136,110,976</u>	<u>\$ 114,283,183</u>

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

(Concluded)

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. ORGANIZATION AND OPERATIONS

Taiwan Cooperative Financial Holding Co., Ltd. (TCFHC) was established by Taiwan Cooperative Bank, Ltd. (TCB), Taiwan Cooperative Bills Finance Corporation Ltd. (TCBF) and Co-operative Assets Management Co., Ltd. (CAM) through a share swap on December 1, 2011 under the Financial Holding Companies Act and related regulations in the Republic of China (ROC). 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), 14 overseas branches, 8 overseas sub-branches and 2 representative offices as of June 30, 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 the United Taiwan Bank S.A. (UTB) in Belgium through raising funds with Bank of Taiwan, Land Bank of Taiwan and Taiwan Business Bank. UTB started its operation on December 23, 1992; it is TCB's subsidiary and its main business is in general deposits and loans.

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

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

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

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

As of June 30, 2022 and 2021, TCFHC and its subsidiaries (the Company) had 9,532 and 9,441 employees, respectively.

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

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by TCFHC's board of directors on August 22, 2022.

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

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

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 IFRS endorsed by the FSC for application starting from 2023, but not yet applied by the Company

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

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

Note 2: 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 3: 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.

As of the date the consolidated financial statements were authorized for issue, the Company assessed that the above amendments have no significant impact on the Company. The Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

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

New IFRSs	Effective Date Announced by IASB (Note)
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

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

- IFRS 17 “Insurance Contracts” and related amendments

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

Level of aggregation

IFRS 17 requires the Company to identify portfolios of insurance contracts, which comprises contracts that are subject to similar risks and managed together. Contracts within a product line would be expected to have similar risks and hence would be expected to be in the same portfolio if they are managed together. Each portfolio of insurance contracts issued shall be divided into a minimum of:

- 1) A group of contracts that are onerous at initial recognition;
- 2) A group of contracts that at initial recognition have no significant possibility of becoming onerous subsequently;
- 3) A group of the remaining contracts in the portfolio.

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

Recognition

The Company shall recognize a group of insurance contracts it issues from the earliest of the following:

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

Measurement

The Company shall include all the future cash flows within the boundary of each contract in the group. The fulfillment cash flows comprises estimates of future cash flows, an adjustment to reflect the time value of money and financial risk, and a risk adjustment for non-financial risk. The contractual service margin represents the unearned profit of the group of insurance contracts that the Company will recognize as it provides services in the future. This is measured on initial recognition of a group of insurance contracts at an amount that, unless the group of contracts is onerous, results in no income or expenses arising from:

- 1) The initial recognition of an amount for the fulfillment 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. Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

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

b. Provisions

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

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

The reserves of insurance contracts are recognized in accordance with Regulations Governing the Reserves by Insurance Enterprises and attested by actuary with accreditation from Financial Supervisory Commission. A portion of certain insurance contracts offered by the Company has the discretion participation feature and guarantee nature. However, the Company does not distinguish the value of such discretionary feature and guarantee from the insurance component of the subject insurance contracts, and recognizes such insurance contracts as insurance related liability as a whole. According to the letter No. 11004925801 announced by the Insurance Bureau, except the Company’s insurance with a term of less than one year, the insurance liabilities should be calculated based on the higher amount of its revenue or revenue calculated according to the regulation. Otherwise, the provision basis are summarized as follows:

1) Unearned premium reserve

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

2) Claim reserve

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

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

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

b) Injury insurance

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

3) Life policy reserve

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

4) Deficiency reserve

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

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

5) Reserve for liability adequacy

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

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

6) Insurance contract with financial instrument features

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

7) Reserve for foreign exchange valuation

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

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

- a) Special reserve is reclassified to reserve for foreign exchange valuation for three years from the reclassification date. For the first year, the amount cannot be less than one third of the initial amount of net income. For the first two years, the cumulative amounts cannot less than two thirds of the initial amount of net income. In this reclassification, the recovered amount should be calculated in accordance with Regulations Governing the Reserves by Insurance Enterprises.

- b) Provisions: Except for provisions calculated at the total amounts of foreign investments multiplied by the ratio of exposures and the ratio of 0.05 percent, if there is the profit on non-hedging foreign exchange assets, the Company should provide a reserve at 50 percent of the profit.
- c) Write-off amounts: The loss on foreign exchange of the assets without hedge should be written off against the reserve at 50 percent of the loss. The balance of the reserve at the end of a month cannot be less than 20 percent of the amount of the end of the previous year's cumulative balances. The cumulative balance in 2012 refers to the initial amount of the reserve.
- d) The maximum cumulative reserve is 9.5 percent of the current year's total foreign investment.
- e) If the Company has savings on hedging cost, it should appropriate from the current year's net profit an amount the same as that of these savings. However, if the net profit is not enough for this appropriation, the appropriation should be made in the year a profit is made. This reserve should be used for capital increase or for offsetting the deficit at least once in three years.
- f) Ten percent of net profit should be provided as special reserve. However, exemption from this requirement may be obtained under the authorities' approval.

c. Employee benefits

Retirement benefits

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

d. Taxation

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In 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

	June 30, 2022	December 31, 2021	June 30, 2021
Cash on hand	\$ 23,709,138	\$ 26,574,403	\$ 23,203,253
Notes and checks in clearing	5,658,985	18,523,198	5,298,347
Due from banks	<u>51,487,615</u>	<u>54,737,394</u>	<u>29,621,037</u>
	80,855,738	99,834,995	58,122,637
Less: Allowance for possible losses	<u>20,311</u>	<u>18,891</u>	<u>14,476</u>
	<u>\$ 80,835,427</u>	<u>\$ 99,816,104</u>	<u>\$ 58,108,161</u>

Reconciliations of cash and cash equivalents between the consolidated statements of cash flows and the consolidated balance sheets as of June 30, 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

	June 30, 2022	December 31, 2021	June 30, 2021
Reserves for deposits - account A	\$ 21,650,132	\$ 53,719,371	\$ 55,255,195
Reserves for deposits - account B	94,773,734	91,246,420	87,801,005
Reserves for deposits - community financial institutions	72,665,774	70,963,441	67,726,032
Reserves for deposits - foreign-currency deposits	560,850	527,131	533,158
Deposits in the Central Bank	39,200,000	39,200,000	39,200,000
Due from the Central Bank - others	19,781,091	30,615,230	20,853,606
Due from the Central Bank - central government agencies' deposits	4,148,294	2,719,671	3,433,488
Call loans to banks	<u>61,177,435</u>	<u>107,957,375</u>	<u>57,762,431</u>
	<u>\$ 313,957,310</u>	<u>\$ 396,948,639</u>	<u>\$ 332,564,915</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

	June 30, 2022	December 31, 2021	June 30, 2021
Financial assets mandatorily classified as at <u>fair value through profit or loss</u>			
Commercial paper	\$ 65,068,211	\$ 62,817,196	\$ 86,874,314
Negotiable certificates of deposit	5,599,184	6,099,002	6,098,898
Beneficial certificates	4,055,307	4,817,642	5,082,305
Investment in equity instruments	2,655,716	3,877,372	3,544,975
Corporate bonds	1,865,124	2,554,048	3,280,292
Convertible bonds	458,216	703,703	799,604
Bank debentures	-	-	27,955
Acquired loans	30,668	80,336	113,748
Government bonds	99,458	2,653,138	155,223
Commercial paper contracts with reference rate	5,571	6,877	6,973
Currency swap contracts	10,251,966	785,811	890,213
Futures exchange margins	731,433	426,241	314,320
Convertible bonds assets swap contracts	-	-	2,100
Forward contracts	90,296	54,683	41,909
Currency option contracts - buy	16,203	25,098	13,111
Cross-currency swap contracts	9,764	26,586	18,399
			(Continued)

	June 30, 2022	December 31, 2021	June 30, 2021
Interest rate swap contracts	\$ 76,770	\$ -	\$ 581
Asset swap IRS contracts value	<u>7,190</u>	<u>4,171</u>	<u>3,036</u>
Financial assets at fair value through profit or loss	<u>\$ 91,021,077</u>	<u>\$ 84,931,904</u>	<u>\$ 107,267,956</u>

Held-for-trading financial liabilities

Payable - security borrowing	\$ 970,013	\$ 492,225	\$ 510,588
Securities purchased under resell agreements - short sale	-	136,788	106,578
Commercial paper contracts with reference rate	13	52	155
Currency swap contracts	2,062,600	1,644,668	1,490,839
Currency option contract - sell	16,253	25,434	13,146
Interest rate swap contracts	66,384	3,379	8,412
Forward contracts	72,624	21,201	37,544
Asset swap options contracts	15,999	25,312	22,379
Foreign - currency margin contracts	-	1,558	248
Convertible bonds assets swap contracts	-	-	3
Cross-currency swap contracts	63,252	588	687
Asset swap IRS contracts value	-	431	68
Futures option contract - sell	<u>255</u>	<u>-</u>	<u>-</u>
Financial liabilities at fair value through profit or loss	<u>\$ 3,267,393</u>	<u>\$ 2,351,636</u>	<u>\$ 2,190,647</u> (Concluded)

As of June 30, 2022, December 31, 2021 and June 30, 2021, financial assets at fair value through profit or loss amounting to \$27,344,856 thousand, \$31,678,111 thousand and \$34,794,386 thousand, respectively, had been sold under repurchase agreements.

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

As of June 30, 2022, December 31, 2021 and June 30, 2021, the contract (notional) amounts of derivative transactions of TCB were as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
Currency swap contracts	\$ 327,153,819	\$ 306,830,050	\$ 270,881,852
Interest rate swap contracts	2,019,541	1,700,000	1,700,000
Forward contracts	9,557,710	13,963,789	11,180,286
Currency option contracts - sell	3,654,432	3,242,654	5,376,145
Currency option contracts - buy	3,654,432	3,242,654	5,376,145
Cross-currency swap contracts	1,267,448	1,079,949	619,667
Foreign-currency margin contracts	-	80,360	41,940

As of June 30, 2022, December 31, 2021 and June 30, 2021, the open position of futures transactions of TCB were as follows:

		June 30, 2022			
Items	Products	Open Position		Contract Amounts or Premium Paid (Charged)	Fair Values
		Buy/Sell	Number of Contracts		
Futures contracts	Interest rate futures	Sell	35	\$ 122,222	\$ 122,301

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

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

As of June 30, 2022, December 31, 2021 and June 30, 2021, the open position of future transactions of Taiwan Cooperative Securities Co., Ltd. (TCS) were as follows:

		June 30, 2022			
Items	Products	Open Position		Contract Amounts or Premium Paid (Charged)	Fair Values
		Buy/Sell	Number of Contracts		
Futures contracts	Stock index futures	Buy	97	\$ 91,414	\$ 91,767
	Single-stock futures	Buy	490	187,593	184,768
	Commodity futures	Buy	2	10,803	10,742
	Interest rate futures	Sell	6	27,000	27,523
	Stock index futures	Sell	66	222,351	218,259
	Single-stock futures	Sell	959	182,071	172,435
	Commodity futures	Sell	69	201,884	194,615
	Foreign exchange futures	Sell	4	10,970	11,019
Option contracts	Stock index options	Sell	280	335	255

		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

		June 30, 2021			
Items	Products	Open Position		Contract	Fair Values
		Buy/Sell	Number of Contracts	Amounts or	
				Premium Paid (Charged)	
Futures contracts	Stock index futures	Buy	76	\$ 76,413	\$ 76,508
	Single-stock futures	Buy	199	105,888	106,913
	Interest rate futures	Sell	6	33,524	33,612
	Stock index futures	Sell	155	547,373	551,521
	Single-stock futures	Sell	286	59,045	59,896
	Commodity futures	Sell	296	601,519	614,086
	Foreign exchange futures	Sell	1	3,183	3,137

As of June 30, 2022, December 31, 2021 and June 30, 2021, the contract (notional) amounts of asset swap contracts of TCS were as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
Asset swap contracts	\$ 253,000	\$ 170,000	\$ 110,000

As of June 30, 2022, December 31, 2021 and June 30, 2021, the contract (notional) amounts of currency swap contracts and interest rate swap contracts of TCS were as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
Interest rate swap contracts	\$ -	\$ -	\$ 300,000
Currency swap contracts	443,835	-	-

As of June 30, 2022, the open position of futures transactions of TCBF was as follows:

Items	Products	June 30, 2022			
		Open Position		Contract Amounts or Premium Paid (Charged)	Fair Values
		Buy/Sell	Number of Contracts		
Futures contracts	U.S. Treasury Bond Futures	Sell	20	\$ 59,340	\$ 66,191

As of June 30, 2022, the contract (notional) amounts of currency swap contracts of TCBF was as follows:

	June 30, 2022
Currency swap contracts	\$ 55,438

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

As of June 30, 2022, December 31, 2021 and June 30, 2021, the contract (notional) amounts of derivative transactions of BPCTLI were as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
Currency swap contracts	\$ 10,994,040	\$ 9,890,418	\$ 10,347,210
Cross-currency swap contracts	297,350	276,550	278,950

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

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Financial assets at FVTPL</u>			
Beneficial certificates	\$ 3,256,746	\$ 3,976,298	\$ 3,922,594
Investment in equity instruments	206,373	765,573	529,260

For the six months ended June 30, 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 Six Months Ended June 30	
	2022	2021
Profit or loss on application of IFRS 9	\$ (558,282)	\$ 403,049
Less: Profit or loss from application of IAS 39	<u>(199,598)</u>	<u>(363,034)</u>
Gain or loss on reclassification of overlay approach	<u>\$ (757,880)</u>	<u>\$ 40,015</u>

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Investments in equity instruments at FVTOCI</u>			
Listed shares and emerging market shares	\$ 38,844,883	\$ 44,451,167	\$ 44,512,374
Unlisted shares	<u>6,341,037</u>	<u>6,959,665</u>	<u>8,040,472</u>
	<u>45,185,920</u>	<u>51,410,832</u>	<u>52,552,846</u>
<u>Investments in debt instruments at FVTOCI</u>			
Government bonds	247,977,620	218,957,398	204,361,396
Corporate bonds	119,197,491	116,154,344	112,913,553
Bank debentures	93,121,001	92,362,860	92,866,877
Negotiable certificates of deposit	<u>591,548</u>	<u>-</u>	<u>-</u>
	<u>460,887,660</u>	<u>427,474,602</u>	<u>410,141,826</u>
	<u>\$ 506,073,580</u>	<u>\$ 478,885,434</u>	<u>\$ 462,694,672</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 \$23,860,594 thousand and \$18,766,961 thousand for the six months ended June 30, 2022 and 2021, respectively. The accumulated unrealized valuation gain or loss of financial assets at FVTOCI under other equity in the amount of \$2,703,497 thousand gains and \$2,590,406 thousand gains have been transferred to retained earnings, respectively.

For the three months ended June 30, 2022 and 2021 and for the six months end June 30, 2022 and 2021, the Company recognized unrealized gains on investments in equity instruments at FVTOCI of \$9,110,295 thousand losses, \$2,148,572 thousand gains, \$7,907,396 thousand losses and \$5,316,192 thousand gains, respectively.

For the three months ended June 30, 2022 and 2021 and for the six months end June 30, 2022 and 2021, the Company recognized unrealized gains or losses on investments in debt instruments at FVOCI of \$11,663,550 thousand losses, \$872,596 thousand gains, \$21,266,665 thousand losses and \$4,466,682 thousand losses, respectively.

As of June 30, 2022, December 31, 2021 and June 30, 2021, the allowance for possible losses of investment in debt instruments at FVTOCI recognized was \$304,962 thousand, \$84,989 thousand and \$127,497 thousand, respectively, through expected credit loss. Impairment loss recognized in profit or loss for the three months ended June 30, 2022 and 2021 and for the six months end June 30, 2022 and 2021 was \$101,857 thousand, \$1,927 thousand, \$210,236 thousand and \$1,267 thousand, respectively.

As of June 30, 2022, December 31, 2021 and June 30, 2021, financial assets at fair value through other comprehensive income amounting to \$31,192,857 thousand, \$20,579,814 thousand and \$18,071,373 thousand, respectively, had been sold under repurchase agreements.

10. INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST

	June 30, 2022	December 31, 2021	June 30, 2021
Negotiable certificates of deposit in the Central Bank	\$ 471,865,000	\$ 544,320,000	\$ 545,340,000
Government bonds	115,461,031	114,493,676	111,528,491
Corporate bonds	46,928,034	43,609,185	44,577,042
Bank debentures	12,314,184	11,708,953	11,298,397
Certificates of deposit	<u>2,364,212</u>	<u>1,378,116</u>	<u>1,404,844</u>
	648,932,461	715,509,930	714,148,774
Less: Allowance for impairment loss	<u>19,544</u>	<u>20,205</u>	<u>47,846</u>
	<u>\$ 648,912,917</u>	<u>\$ 715,489,725</u>	<u>\$ 714,100,928</u>

Impairment loss recognized in profit or loss for the three months ended June 30, 2022 and 2021 and for the six months end June 30, 2022 and 2021 was \$28 thousand losses, \$383 thousand losses, \$895 thousand gains and \$295 thousand losses, respectively.

11. SECURITIES PURCHASED UNDER RESELL AGREEMENTS

Securities acquired for \$1,720,923 thousand, \$981,862 thousand and \$880,542 thousand under resell agreements as of June 30, 2022, December 31, 2021 and June 30, 2021, respectively, will subsequently be sold for \$1,721,623 thousand, \$982,059 thousand and \$883,528 thousand, respectively.

12. RECEIVABLES, NET

	June 30, 2022	December 31, 2021	June 30, 2021
Accrued interest	\$ 8,099,606	\$ 7,821,137	\$ 7,177,770
Settlement consideration	5,180,858	6,784,210	12,389,147
Settlement receivable	6,189,922	6,189,436	11,736,117
Margin loans receivable	5,403,191	6,918,339	6,230,668
Credit cards	3,530,380	4,543,631	3,118,848
Acceptances	4,248,416	3,410,950	3,756,979
Lease payment receivable	2,441,183	2,436,345	2,129,793
Receivable on securities	2,245,741	225,718	592,988
Receivables on merchant accounts in the credit card business	505,225	680,667	321,887
Receivables on financing provided	803,028	760,116	652,096
Accounts receivable	1,171,571	345,379	388,341
Receivable - separated account	332,607	-	-
Refundable deposits receivable in leasehold agreements	138,993	183,993	183,993
Accounts receivable factored without recourse	47,621	212,155	158,747
Receivables on digital voucher advance payment	45,996	259,665	-
Urban regeneration advance payment	5,129,997	2,711,215	-

(Continued)

	June 30, 2022	December 31, 2021	June 30, 2021
Dividends receivable	\$ 783,192	\$ 4,594	\$ 202,214
Others	<u>1,025,569</u>	<u>1,406,834</u>	<u>1,345,732</u>
	47,323,096	44,894,384	50,385,320
Less: Allowance for possible losses	581,343	541,139	516,128
Less: Unrealized interest revenue	<u>138,136</u>	<u>143,260</u>	<u>118,788</u>
	<u>\$ 46,603,617</u>	<u>\$ 44,209,985</u>	<u>\$ 49,750,404</u>
			(Concluded)

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	(32,586)	32,878	(292)	-
Credit-impaired financial assets	(7,353)	(1,867)	9,220	-
12-month ECL	10,397	(9,490)	(907)	-
New financial assets purchased or originated	47,012,883	78,260	876,077	47,967,220
Write-offs	-	-	(5,505)	(5,505)
Derecognition of financial assets in the current reporting period	(48,371,521)	(93,593)	(66,345)	(48,531,459)
Changes in exchange rates and other changes	<u>(290,460)</u>	<u>-</u>	<u>65</u>	<u>(290,395)</u>
Balance at June 30, 2022	<u>\$ 20,572,756</u>	<u>\$ 48,814</u>	<u>\$ 968,180</u>	<u>\$ 21,589,750</u>

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

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	(235)	265	(30)	-	-	-
Credit-impaired financial assets	(228)	(424)	652	-	-	-
12-month ECL	2,195	(2,169)	(26)	-	-	-
Derecognition of financial assets in the current reporting period	(29,594)	(23,025)	(38,598)	(91,217)	-	(91,217)
Reversal from financial instruments recognized at the beginning of the current reporting period	(1,615)	5,647	32,380	36,412	-	36,412
New financial assets purchased or originated	37,157	19,918	18,860	75,935	-	75,935
Difference of impairment loss under regulations	-	-	-	-	(2,983)	(2,983)
Write-offs	-	-	(5,505)	(5,505)	-	(5,505)
Recovery of written-off receivables	-	-	20,648	20,648	-	20,648
Changes in exchange rates and other changes	243	-	2,456	2,699	-	2,699
Balance at June 30, 2022	<u>\$ 44,327</u>	<u>\$ 11,140</u>	<u>\$ 90,224</u>	<u>\$ 145,691</u>	<u>\$ 170,986</u>	<u>\$ 316,677</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, 2021	\$ 35,409	\$ 12,978	\$ 70,631	\$ 119,018	\$ 163,955	\$ 282,973
Changes from financial instruments recognized at the beginning of the current reporting period						
Transfers to						
Lifetime ECL	(171)	177	(6)	-	-	-
Credit-impaired financial assets	(246)	(419)	665	-	-	-
12-month ECL	2,720	(2,707)	(13)	-	-	-
Derecognition of financial assets in the current reporting period	(24,065)	(19,184)	(28,687)	(71,936)	-	(71,936)
Reversal from financial instruments recognized at the beginning of the current reporting period	300	3,615	5,154	9,069	-	9,069
New financial assets purchased or originated	25,892	15,554	20,325	61,771	-	61,771
Difference of impairment loss under regulations	-	-	-	-	(1,786)	(1,786)
Write-offs	-	-	(3,864)	(3,864)	-	(3,864)
Recovery of written-off receivables	-	-	5,923	5,923	-	5,923
Changes in exchange rates and other changes	55	-	87	142	-	142
Balance at June 30, 2021	<u>\$ 39,894</u>	<u>\$ 10,014</u>	<u>\$ 70,215</u>	<u>\$ 120,123</u>	<u>\$ 162,169</u>	<u>\$ 282,292</u>

Impairment assessment except the above receivables were based on expected credit losses model at the beginning of the current reporting period by the simplified method. On June 30, 2022, December 31, 2021 and June 30, 2021, the amounts assessment to impairment of receivables were assessed as \$25,733,346 thousand, \$22,444,495 thousand and \$30,409,553 thousand, respectively, and the amounts of allowance for possible losses were \$264,666 thousand, \$260,451 thousand and \$233,836 thousand, respectively.

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

	For the Six Months Ended June 30	
	2022	2021
Balance at January 1	\$ 260,451	\$ 528,989
Provision for possible losses	15,560	16,178
Write-offs	(730)	(266,484)
Recovery of written-off receivables	646	1,461
Effects of exchange rate changes and other changes	<u>(11,261)</u>	<u>(46,308)</u>
Balance at June 30	<u>\$ 264,666</u>	<u>\$ 233,836</u>

13. DISCOUNTS AND LOANS, NET

	June 30, 2022	December 31, 2021	June 30, 2021
Bills discounted	\$ 2,186,663	\$ 3,232,735	\$ 1,651,280
Overdraft			
Unsecured	9,861	6,001	24,631
Secured	26,866	21,666	28,063
Import and export negotiations	617,247	949,459	905,453
Short-term loans			
Unsecured	301,425,732	306,937,340	303,698,838
Accounts receivable financing	260,638	442,155	349,069
Secured	206,062,020	211,124,805	201,600,078
Medium-term loans			
Unsecured	402,302,601	375,529,180	389,823,276
Secured	425,066,063	423,887,130	419,147,059
Long-term loans			
Unsecured	45,462,730	43,013,395	39,967,100
Secured	1,108,159,580	1,096,055,993	1,074,082,123
Overdue loans	4,624,035	5,287,333	5,770,168
Life insurance loan	394,909	397,122	387,869
Temporary insurance paid	<u>77,510</u>	<u>72,635</u>	<u>66,497</u>
	2,496,676,455	2,466,956,949	2,437,501,504
Less: Allowance for possible losses	29,819,392	29,712,859	29,385,732
Less: Adjustment of discount	<u>571,004</u>	<u>546,454</u>	<u>484,452</u>
	<u>\$ 2,466,286,059</u>	<u>\$ 2,436,697,636</u>	<u>\$ 2,407,631,320</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	(1,955,334)	2,013,656	(58,322)	-
Credit-impaired financial assets	(3,768,596)	(402,056)	4,170,652	-
12-month ECL	608,385	(456,578)	(151,807)	-
New financial assets purchased or originated	617,004,428	371,217	357,136	617,732,781
Write-offs	-	-	(432,821)	(432,821)
Derecognition of financial assets in the current reporting period	(590,190,600)	(919,516)	(5,391,354)	(596,501,470)
Changes in exchange rates and other changes	<u>8,544,865</u>	<u>248,798</u>	<u>127,353</u>	<u>8,921,016</u>
Balance at June 30, 2022	<u>\$ 2,454,260,391</u>	<u>\$ 7,693,905</u>	<u>\$ 34,722,159</u>	<u>\$ 2,496,676,455</u>

Gross Carrying Amount	12-month ECL	Lifetime ECL (Collective Assessment)	Lifetime ECL (Non-purchased or Non-originated Credit-impaired Financial Assets)	Total
Balance at January 1, 2021	\$ 2,261,133,785	\$ 2,802,802	\$ 41,068,145	\$ 2,305,004,732
Transfers to				
Lifetime ECL	(4,944,023)	4,966,947	(22,924)	-
Credit-impaired financial assets	(3,179,994)	(355,105)	3,535,099	-
12-month ECL	844,944	(714,332)	(130,612)	-
New financial assets purchased or originated	624,414,068	194,300	1,248,677	625,857,045
Write-offs	-	-	(2,331,084)	(2,331,084)
Derecognition of financial assets in the current reporting period	(483,540,757)	(735,932)	(4,082,781)	(488,359,470)
Changes in exchange rates and other changes	<u>(2,582,525)</u>	<u>(31,038)</u>	<u>(56,156)</u>	<u>(2,669,719)</u>
Balance at June 30, 2021	<u>\$ 2,392,145,498</u>	<u>\$ 6,127,642</u>	<u>\$ 39,228,364</u>	<u>\$ 2,437,501,504</u>

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	(1,477)	6,445	(4,968)	-	-	-
Credit-impaired financial assets	(69,999)	(2,462)	72,461	-	-	-
12-month ECL	18,050	(2,093)	(15,957)	-	-	-
Derecognition of financial assets in the current reporting period	(1,001,219)	(5,046)	(122,613)	(1,128,878)	-	(1,128,878)
Reversal from financial instruments recognized at the beginning of the current reporting period	(6,114)	(3,869)	(240,432)	(250,415)	-	(250,415)
New financial assets purchased or originated	1,344,108	1,294	43,823	1,389,225	-	1,389,225
Difference of impairment loss under regulations	-	-	-	-	(19,450)	(19,450)

(Continued)

Allowance for Possible Losses	12-month ECL	Lifetime ECL (Collective Assessment)	Lifetime ECL (Non-purchased or Non-originated Credit-impaired Financial Assets)	Impairment Loss under IFRS 9	Difference of Impairment Loss under Regulations	Total
Write-offs	\$ -	\$ -	\$ (432,821)	\$ (432,821)	\$ -	\$ (432,821)
Recovery of write-off credits	-	-	381,858	381,858	-	381,858
Changes in exchange rates and other changes	51,295	2,802	112,917	167,014	-	167,014
Balance at June 30, 2022	<u>\$ 4,111,756</u>	<u>\$ 83,937</u>	<u>\$ 3,842,208</u>	<u>\$ 8,037,901</u>	<u>\$ 21,781,491</u>	<u>\$ 29,819,392</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, 2021	\$ 3,903,935	\$ 19,762	\$ 5,304,254	\$ 9,227,951	\$ 19,945,273	\$ 29,173,224
Changes from financial instruments recognized at the beginning of the current reporting period						
Transfers to						
Lifetime ECL	(9,035)	11,060	(2,025)	-	-	-
Credit-impaired financial assets	(66,084)	(1,006)	67,090	-	-	-
12-month ECL	10,669	(2,737)	(7,932)	-	-	-
Derecognition of financial assets in the current reporting period	(912,738)	(1,253)	(759,074)	(1,673,065)	-	(1,673,065)
Reversal from financial instruments recognized at the beginning of the current reporting period	(88,219)	65,809	662,004	639,594	-	639,594
New financial assets purchased or originated	1,123,559	533	282,941	1,407,033	-	1,407,033
Difference of impairment loss under regulations	-	-	-	-	1,287,538	1,287,538
Write-offs	-	-	(2,331,084)	(2,331,084)	-	(2,331,084)
Recovery of write-off credits	-	-	923,438	923,438	-	923,438
Changes in exchange rates and other changes	(21,021)	(143)	(19,782)	(40,946)	-	(40,946)
Balance at June 30, 2021	<u>\$ 3,941,066</u>	<u>\$ 92,025</u>	<u>\$ 4,119,830</u>	<u>\$ 8,152,921</u>	<u>\$ 21,232,811</u>	<u>\$ 29,385,732</u>

The bad-debt expenses and provision for losses on guarantees for the three months ended June 30, 2022 and 2021 and for the six months end June 30, 2022 and 2021 were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Provision (reversal of provision) for possible losses on discounts and loans	\$ 39,281	\$ 541,066	\$ (9,518)	\$ 1,661,100
Provision for possible losses on receivables	21,716	1,380	33,707	13,296
Provision for possible losses on overdue receivables	244,325	5,992	244,271	14,271
Reversal of provision for possible losses on guarantees	(69,625)	(55,135)	(104,795)	(47,562)
Reversal of provision for possible losses on loan commitment	(38,779)	(32,770)	(1,931)	(20,950)
Provision (reversal of provision) for other possible losses	(10,755)	3,595	(38,282)	1,516
	<u>\$ 186,163</u>	<u>\$ 464,128</u>	<u>\$ 123,452</u>	<u>\$ 1,621,671</u>

As of June 30, 2022, December 31, 2021 and June 30, 2021, TCB was in compliance with the FSC-required provision for credit assets.

As of June 30, 2022, December 31, 2021 and June 30, 2021, accrual of interest on the above overdue loans had been stopped. Thus, the unrecognized interest revenue was \$39,858 thousand and \$51,412 thousand for the six months ended June 30, 2022 and 2021, respectively, based on the average loan interest rate for the year.

14. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	<u>June 30, 2022</u>		<u>December 31, 2021</u>		<u>June 30, 2021</u>	
	Amount	Percentage of Ownership (%)	Amount	Percentage of Ownership (%)	Amount	Percentage of Ownership (%)
<u>Investment in associate</u>						
United Real Estate Management Co., Ltd.	\$ 134,255	30.00	\$ 139,194	30.00	\$ 141,938	30.00
Mesh Cooperative Ventures, Inc.	2,661	22.00	2,718	22.00	1,448	33.00
JC Capital Taiwan Co., Ltd.	<u>488</u>	35.00	<u>1,430</u>	35.00	<u>2,000</u>	35.00
	<u>\$ 137,404</u>		<u>\$ 143,342</u>		<u>\$ 145,386</u>	

Aggregate information of associate that is not individually material:

	<u>For the Three Months Ended June 30</u>		<u>For the Six Months Ended June 30</u>	
	2022	2021	2022	2021
The Company's share of:				
Net income	\$ 1,336	\$ 292	\$ 4,178	\$ 6,211
Other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u>\$ 1,336</u>	<u>\$ 292</u>	<u>\$ 4,178</u>	<u>\$ 6,211</u>

The Company should have received \$10,116 thousand of dividends from United Real Estate Management Co., Ltd. for the six months ended June 30, 2022. The dividends are recognized as a reduction of investments accounted for using equity method.

Except for United Real Estate Management Co., Ltd., the Company's share of profit or loss and other comprehensive income of the associates accounted for using equity method for the six months ended June 30, 2022 and 2021 were based on the associates' financial statements that have not been audited by the auditors. Management believes there is no material impact on the equity method of accounting or the calculation of the share of profit or loss and other comprehensive income from the financial statements of the associates that have not been audited.

15. OTHER FINANCIAL ASSETS, NET

	June 30, 2022	December 31, 2021	June 30, 2021
Overdue receivables	\$ 1,334,939	\$ 576,971	\$ 378,832
Less: Allowance for possible losses	<u>551,884</u>	<u>351,511</u>	<u>148,665</u>
Overdue receivables, net	783,055	225,460	230,167
Due from banks	7,304,455	8,588,767	10,325,951
Security borrowing margin	1,435,582	688,465	875,745
Call loans to securities firms	-	331,860	251,055
Separate-account assets (Note 31)	<u>90,184,628</u>	<u>105,085,396</u>	<u>108,159,473</u>
	<u>\$ 99,707,720</u>	<u>\$ 114,919,948</u>	<u>\$ 119,842,391</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

	June 30, 2022	December 31, 2021	June 30, 2021
Land	\$ 8,906,974	\$ 8,398,149	\$ 8,449,528
Buildings	<u>2,403,215</u>	<u>2,483,293</u>	<u>2,569,763</u>
	<u>\$ 11,310,189</u>	<u>\$ 10,881,442</u>	<u>\$ 11,019,291</u>

	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2022	\$ 8,398,149	\$ 3,648,028	\$ 12,046,177
Additions	819,875	137,451	957,326
Disposals	(311,050)	(198,058)	(509,108)
Reclassification	<u>-</u>	<u>(2,314)</u>	<u>(2,314)</u>
Balance at June 30, 2022	<u>\$ 8,906,974</u>	<u>\$ 3,585,107</u>	<u>\$ 12,492,081</u>
Balance at January 1, 2021	\$ 8,633,740	\$ 3,933,522	\$ 12,567,262
Additions	188,913	99,931	288,844
Disposals	(379,647)	(284,997)	(664,644)
Reclassification	<u>6,522</u>	<u>(4,217)</u>	<u>2,305</u>
Balance at June 30, 2021	<u>\$ 8,449,528</u>	<u>\$ 3,744,239</u>	<u>\$ 12,193,767</u>

(Continued)

	Land	Buildings	Total
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2022	\$ -	\$ 1,164,735	\$ 1,164,735
Disposals	-	(28,867)	(28,867)
Depreciation expenses	<u>-</u>	<u>46,024</u>	<u>46,024</u>
Balance at June 30, 2022	<u>\$ -</u>	<u>\$ 1,181,892</u>	<u>\$ 1,181,892</u>
Balance at January 1, 2021	\$ -	\$ 1,148,590	\$ 1,148,590
Disposals	-	(25,121)	(25,121)
Depreciation expenses	<u>-</u>	<u>51,007</u>	<u>51,007</u>
Balance at June 30, 2021	<u>\$ -</u>	<u>\$ 1,174,476</u>	<u>\$ 1,174,476</u>
			(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 six months ended June 30, 2022 and 2021.

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Rental income from investment properties (part of other noninterest gains, net)	\$ 123,484	\$ 126,934	\$ 251,506	\$ 255,255
Direct operating expenses for investment properties that generate rental income	<u>(55,148)</u>	<u>(39,202)</u>	<u>(92,294)</u>	<u>(80,241)</u>
	<u>\$ 68,336</u>	<u>\$ 87,732</u>	<u>\$ 159,212</u>	<u>\$ 175,014</u>

Lease agreements on investment properties owned by the Company and rented to others are operating lease. Rentals are calculated on the basis of the leased areas and are receivable monthly, quarterly or semiannually. The lessees have no preemptive rights to buy properties at the end of the lease agreements. As of June 30, 2022, December 31, 2021 and June 30, 2021, guarantee deposits received on these leases totaled \$99,591 thousand, \$102,366 thousand and \$102,486 thousand, respectively. Minimum future annual rentals are as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
Year 1	\$ 361,869	\$ 418,570	\$ 419,899
Year 2	289,270	308,174	356,809
Year 3	202,363	267,176	278,590
Year 4	72,746	111,267	189,200
Year 5	41,431	34,934	55,460
Over five years	<u>61,089</u>	<u>78,261</u>	<u>92,378</u>
	<u>\$ 1,028,768</u>	<u>\$ 1,218,382</u>	<u>\$ 1,392,336</u>

17. PROPERTIES AND EQUIPMENT, NET

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Assets used by the Company</u>			
Land	\$ 20,551,653	\$ 20,551,477	\$ 20,631,459
Buildings	10,312,327	10,416,094	10,436,735
Machinery and equipment	1,374,988	1,313,996	1,212,088
Transportation equipment	174,274	155,595	154,019
Other equipment	241,118	231,288	234,953
Leasehold improvements	214,547	230,147	197,287
Prepayments for equipment, land and buildings and construction in progress	<u>295,540</u>	<u>441,770</u>	<u>365,080</u>
	<u>\$ 33,164,447</u>	<u>\$ 33,340,367</u>	<u>\$ 33,231,621</u>
<u>Assets leased under operating leases</u>			
Machinery and equipment	\$ 7,196	\$ 8,272	\$ 9,346
Other equipment	<u>20,444</u>	<u>23,870</u>	<u>27,259</u>
	<u>\$ 27,640</u>	<u>\$ 32,142</u>	<u>\$ 36,605</u>

a. Assets used by the Company

							Prepayments for Equipment, Land and Buildings and Construction in Progress	
	Land	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Leasehold Improvements		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	-	78,593	186,092	38,212	52,877	16,000	187,658	559,432
Disposals	-	-	(234,647)	(9,851)	(10,887)	(1,234)	-	(256,619)
Reclassification	-	170,460	102,326	41	6,553	7,700	(333,902)	(46,822)
Effects of exchange rate changes	176	376	9,771	1,585	3,162	4,568	14	19,652
Balance at June 30, 2022	<u>\$ 20,566,830</u>	<u>\$ 19,795,130</u>	<u>\$ 5,236,446</u>	<u>\$ 708,378</u>	<u>\$ 1,541,963</u>	<u>\$ 1,198,438</u>	<u>\$ 295,540</u>	<u>\$ 49,342,725</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	-	40,807	109,516	26,059	25,169	27,769	243,263	472,583
Disposals	(106)	-	(369,130)	(6,011)	(15,140)	(7,225)	-	(397,612)
Reclassification	(6,522)	60,463	30,200	5,558	4,985	20,678	(130,954)	(15,592)
Effects of exchange rate changes	(19)	(37)	(1,704)	(451)	(627)	(1,792)	(27)	(4,657)
Balance at June 30, 2021	<u>\$ 20,646,636</u>	<u>\$ 19,285,091</u>	<u>\$ 4,991,736</u>	<u>\$ 688,437</u>	<u>\$ 1,470,453</u>	<u>\$ 1,111,207</u>	<u>\$ 365,080</u>	<u>\$ 48,558,640</u>
	Land	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Leasehold Improvements		Total
<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	-	-	(234,634)	(9,851)	(10,887)	(1,234)	(256,606)	
Depreciation expenses	-	352,821	230,206	19,643	50,052	39,337	692,059	
Reclassification	-	-	-	(19)	19	-	-	
Effects of exchange rate changes	-	375	6,978	1,535	2,691	4,531	16,110	
Balance at June 30, 2022	<u>\$ 15,177</u>	<u>\$ 9,482,803</u>	<u>\$ 3,861,458</u>	<u>\$ 534,104</u>	<u>\$ 1,300,845</u>	<u>\$ 983,891</u>	<u>\$ 16,178,278</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	-	-	(369,087)	(6,011)	(15,120)	(7,225)	(397,443)	
Depreciation expenses	-	342,193	201,473	15,995	43,516	31,056	634,233	
Reclassification	-	-	(29)	29	-	4	4	
Effects of exchange rate changes	-	(36)	(1,112)	(294)	(489)	(1,050)	(2,981)	
Balance at June 30, 2021	<u>\$ 15,177</u>	<u>\$ 8,848,356</u>	<u>\$ 3,779,648</u>	<u>\$ 534,418</u>	<u>\$ 1,235,500</u>	<u>\$ 913,920</u>	<u>\$ 15,327,019</u>	

Taiwan Cooperative Bank, Ltd. (TCB) revalued its properties five times in 1979, 1998, 2007, 2011 and 2012. As of June 30, 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	-	-	-
Disposals	<u>(4)</u>	<u>(79)</u>	<u>(83)</u>
Balance at June 30, 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 June 30, 2021	<u>\$ 11,802</u>	<u>\$ 34,610</u>	<u>\$ 46,412</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2022	\$ 3,530	\$ 10,740	\$ 14,270
Disposals	(1)	(30)	(31)
Depreciation expenses	<u>1,073</u>	<u>3,377</u>	<u>4,450</u>
Balance at June 30, 2022	<u>\$ 4,602</u>	<u>\$ 14,087</u>	<u>\$ 18,689</u>
Balance at January 1, 2021	\$ 1,383	\$ 3,962	\$ 5,345
Depreciation expenses	<u>1,073</u>	<u>3,389</u>	<u>4,462</u>
Balance at June 30, 2021	<u>\$ 2,456</u>	<u>\$ 7,351</u>	<u>\$ 9,807</u>

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

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

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

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

18. LEASE ARRANGEMENTS

a. Right-of-use assets

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Carrying amounts</u>			
Land	\$ 15,496	\$ 13,022	\$ 9,666
Buildings	1,487,662	1,400,651	1,505,482
Transportation equipment	69,737	83,232	57,706
Other equipment	<u>10,947</u>	<u>13,030</u>	<u>15,143</u>
	<u>\$ 1,583,842</u>	<u>\$ 1,509,935</u>	<u>\$ 1,587,997</u>
	For the Three Months Ended June 30		For the Six Months Ended June 30
	2022	2021	2022
			2021
Depreciation charge for right-of-use assets			
Land	\$ 1,802	\$ 1,663	\$ 3,605
Buildings	152,162	148,672	301,011
Transportation equipment	10,123	7,832	20,337
Other equipment	<u>1,036</u>	<u>1,125</u>	<u>2,084</u>
	<u>\$ 165,123</u>	<u>\$ 159,292</u>	<u>\$ 327,037</u>
			<u>\$ 318,517</u>

As of June 30, 2022 and 2021, the additions to right-of-use assets of the Company was \$387,901 thousand and \$266,509 thousand, respectively.

Except for the above listed additions and recognized depreciation expenses, there was no significant sublease or impairment of the Company's right-of-use assets for the six months ended June 30, 2022 and 2021.

b. Lease liabilities

	June 30, 2022	December 31, 2021	June 30, 2021
Carrying amounts	<u>\$ 1,539,550</u>	<u>\$ 1,463,113</u>	<u>\$ 1,532,540</u>

Range of discount rate for lease liabilities was as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
Land	1.346%-1.627%	1.356%-1.627%	1.356%-1.627%
Buildings	1.346%-9.800%	1.346%-9.800%	1.356%-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 June 30, 2022, December 31, 2021 and June 30, 2021, refundable deposits on these leases totaled \$139,090 thousand, \$137,501 thousand and \$137,246 thousand, respectively.

d. Other lease information

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Expenses relating to short-term leases	\$ 1,144	\$ 2,281	\$ 2,178	\$ 4,657
Expenses relating to low-value asset leases	\$ (796)	\$ 131	\$ 211	\$ 851
Expenses relating to variable lease payments not included in the measurement of lease liabilities	\$ 2,422	\$ 984	\$ 3,154	\$ 1,659

As of June 30, 2022 and 2021, the total cash outflow for leases of the Company was \$351,501 thousand and \$349,051 thousand, respectively.

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

19. INTANGIBLE ASSETS

	June 30, 2022	December 31, 2021	June 30, 2021
Goodwill	\$ 3,170,005	\$ 3,170,005	\$ 3,170,005
Computer software	<u>923,179</u>	<u>703,012</u>	<u>694,091</u>
	<u>\$ 4,093,184</u>	<u>\$ 3,873,017</u>	<u>\$ 3,864,096</u>
	Goodwill	Computer Software	Total
Balance at January 1, 2022	\$ 3,170,005	\$ 703,012	\$ 3,873,017
Separate acquisition	-	326,078	326,078
Amortization expenses	-	(155,969)	(155,969)
Reclassification	-	45,744	45,744
Effect of exchange rate changes	-	4,314	4,314
Balance at June 30, 2022	<u>\$ 3,170,005</u>	<u>\$ 923,179</u>	<u>\$ 4,093,184</u>

(Continued)

	Goodwill	Computer Software	Total
Balance at January 1, 2021	\$ 3,170,005	\$ 718,618	\$ 3,888,623
Separate acquisition	-	81,802	81,802
Amortization expenses	-	(114,412)	(114,412)
Reclassification	-	8,699	8,699
Effect of exchange rate changes	-	(616)	(616)
Balance at June 30, 2021	<u>\$ 3,170,005</u>	<u>\$ 694,091</u>	<u>\$ 3,864,096</u> (Concluded)

The computer software with limited useful lives is amortized on a straight-line basis over their useful lives of 3 to 10 years.

20. OTHER ASSETS, NET

	June 30, 2022	December 31, 2021	June 30, 2021
Refundable deposits	\$ 1,691,126	\$ 1,729,565	\$ 1,601,649
Operating deposits and settlement funds	727,167	729,447	745,114
Prepaid expenses	262,135	180,519	308,281
Receipts under custody for securities under writing	500,000	3,464,363	23,474
Settlement payments	114,418	-	643,361
Others	<u>13,599</u>	<u>127,662</u>	<u>25,855</u>
	<u>\$ 3,308,445</u>	<u>\$ 6,231,556</u>	<u>\$ 3,347,734</u>

21. DEPOSITS FROM THE CENTRAL BANK AND OTHER BANKS

	June 30, 2022	December 31, 2021	June 30, 2021
Deposits from banks	\$ 155,765,943	\$ 162,074,923	\$ 155,581,416
Call loans from banks	78,605,844	78,959,183	94,622,640
Overdrafts from other banks	1,302,042	1,623,342	4,248,500
Transfer deposits from Chunghwa Post Co., Ltd.	95,665	95,665	95,665
Deposits from the Central Bank	<u>295,649</u>	<u>293,465</u>	<u>270,521</u>
	<u>\$ 236,065,143</u>	<u>\$ 243,046,578</u>	<u>\$ 254,818,742</u>

22. DUE TO THE CENTRAL BANK AND OTHER BANKS

	June 30, 2022	December 31, 2021	June 30, 2021
Due to the Central Bank	<u>\$ -</u>	<u>\$ 88,889,360</u>	<u>\$ 70,617,600</u>

23. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

Securities sold for \$59,422,015 thousand, \$52,566,969 thousand and \$52,939,592 thousand under repurchase agreements as of June 30, 2022, December 31, 2021 and June 30, 2021, respectively, would subsequently be purchased for \$59,449,549 thousand, \$52,583,330 thousand and \$52,953,364 thousand, respectively.

24. COMMERCIAL PAPER ISSUED, NET

The face values of commercial paper issued were \$20,850,000 thousand, \$29,900,000 thousand and \$26,555,000 thousand and the annual discount rates were from 0.748% to 1.188%, from 0.260% to 0.608% and from 0.262% to 0.458% as of June 30, 2022, December 31, 2021 and June 30, 2021, respectively, and the commercial paper will mature by June 30, 2023, March 14, 2022 and March 31, 2022, respectively. The foregoing commercial paper was accepted and guaranteed by financial institutions. As of June 30, 2022, the Company had not used the amount of \$112,279,654 thousand, the sum of the amount of the commercial paper issued and the credit.

25. PAYABLES

	June 30, 2022	December 31, 2021	June 30, 2021
Settlement payable	\$ 6,092,539	\$ 6,444,246	\$ 12,380,724
Settlement consideration	6,565,889	6,751,423	12,610,129
Accrued expenses	4,232,361	6,819,272	4,106,349
Collections payable	25,715,424	8,571,511	20,722,402
Checks for clearing	5,658,985	18,523,198	5,298,347
Collections of notes and checks for various financial institutions in other cities	5,353,052	1,305,404	5,475,576
Acceptances	4,340,265	3,783,381	3,845,696
Accrued interest	2,761,276	2,212,852	2,291,882
Payables on notes and checks collected for others	1,776,260	1,793,803	1,750,283
Separate account payable	-	359,666	245,621
Payables for short-sale transactions	405,482	574,968	547,886
Deposits on short-sale transactions	373,181	512,447	481,235
Tax payable	661,290	513,523	577,640
Payable on securities	1,063,670	360,405	2,124,410
Dividends payable	14,335,713	415,962	548,491
Factored accounts payable	23,088	162,016	143,156
Insurance claims and benefits payable	82,017	93,399	156,256
Others	<u>2,292,638</u>	<u>2,082,338</u>	<u>1,939,703</u>
	<u>\$ 81,733,130</u>	<u>\$ 61,279,814</u>	<u>\$ 75,245,786</u>

26. DEPOSITS AND REMITTANCES

	June 30, 2022	December 31, 2021	June 30, 2021
Deposits			
Checking	\$ 54,074,778	\$ 64,436,750	\$ 51,877,108
Demand	781,425,106	816,521,314	743,139,074
Savings - demand	1,109,910,397	1,092,123,821	1,072,811,027
Time	766,119,209	730,483,296	696,355,635
Negotiable certificates of deposit	48,079,329	42,577,700	49,437,401
Savings - time	610,086,862	601,118,864	603,651,464
Treasury	121,449,775	131,286,387	133,036,466
Remittances	<u>195,078</u>	<u>200,749</u>	<u>140,262</u>
	<u>\$ 3,491,340,534</u>	<u>\$ 3,478,748,881</u>	<u>\$ 3,350,448,437</u>

27. BONDS PAYABLE

	June 30, 2022	December 31, 2021	June 30, 2021
Bank debentures	\$ 51,800,000	\$ 62,100,000	\$ 61,100,000
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, 2026	<u>6,600,000</u>	<u>6,600,000</u>	<u>-</u>
	<u>\$ 71,800,000</u>	<u>\$ 82,100,000</u>	<u>\$ 71,100,000</u>

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

	June 30, 2022	December 31, 2021	June 30, 2021
First subordinated bonds in 2012: Fixed rate of 1.65%; maturity - June 28, 2022	\$ -	\$ 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
			(Continued)

	June 30, 2022	December 31, 2021	June 30, 2021
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 B: Fixed rate of 1.85%; maturity - May 26, 2024	2,700,000	2,700,000	2,700,000
First subordinated bonds in 2014, Type C: Fixing rate for 90 day's New Taiwan dollar commercial paper refers to the Taiwan Bills Index Rate 02 plus 0.43%; maturity - May 26, 2024	5,800,000	5,800,000	5,800,000
First subordinated bonds in 2016, Type A: Fixed rate of 1.09%; maturity - September 26, 2023	950,000	950,000	950,000
First subordinated bonds in 2016, Type B: Fixed rate of 1.20%; maturity - September 26, 2026	4,050,000	4,050,000	4,050,000
First subordinated bonds in 2017, Type A: Fixed rate of 1.32%; maturity - September 26, 2024	600,000	600,000	600,000
First subordinated bonds in 2017, Type B: Fixed rate of 1.56%; maturity - September 26, 2027	1,400,000	1,400,000	1,400,000
First non-cumulative perpetual subordinated bonds in 2018: Fixed rate 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 rate 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	1,000,000
Second unsecured bank debentures in 2021: Fixed rate of 0.69%; maturity - October 29, 2026	1,000,000	1,000,000	-
First non-cumulative perpetual subordinated bonds in 2022: Fixed rate of 2.50%; TCB may exercise its redemption right after 5 years and 2 months	1,350,000	-	-
	<u>\$ 51,800,000</u>	<u>\$ 62,100,000</u>	<u>\$ 61,100,000</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 June 30, 2022, 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 sustainable bank debentures amounting to \$5,000,000 thousand. As of June 30, 2022, the amount of unissued unsecured bank debentures of TCB was \$5,000,000 thousand.

28. OTHER BORROWINGS

	June 30, 2022		December 31, 2021		June 30, 2021	
	Amount	Rate (%)	Amount	Rate (%)	Amount	Rate (%)
Borrowings (Note 24)	<u>\$ 3,023,241</u>	1.100-4.390	<u>\$ 804,894</u>	0.670-4.500	<u>\$ 492,594</u>	0.730-4.750

29. PROVISIONS

	June 30, 2022	December 31, 2021	June 30, 2021
Reserve for life insurance liabilities	\$ 25,493,244	\$ 26,438,237	\$ 26,625,764
Reserve for insurance contracts with financial instrument features	1,857	1,195	736,551
Provision for employee benefits	5,980,275	6,298,013	6,361,482
Provision for losses on guarantees	1,390,315	1,493,355	1,509,681
Provision for losses on loan commitment	265,775	261,147	201,216
Provision for others	34,886	70,812	43,511
Other provision for insurance	<u>895,292</u>	<u>657,723</u>	<u>635,338</u>
	<u>\$ 34,061,644</u>	<u>\$ 35,220,482</u>	<u>\$ 36,113,543</u>

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

	June 30, 2022		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Life insurance	\$ 11,602,535	\$ 4,967,497	\$ 16,570,032
Health insurance	965,218	-	965,218
Annuity insurance	-	7,924,653	7,924,653
Investment insurance	<u>29,836</u>	<u>-</u>	<u>29,836</u>
	12,597,589	12,892,150	25,489,739
Less: Ceded life insurance liability reserve	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 12,597,589</u>	<u>\$ 12,892,150</u>	<u>\$ 25,489,739</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>
	June 30, 2021		
	Financial Instruments with Discretionary Participation Features		
	Insurance Contracts	Participation Features	Total
Life insurance	\$ 11,705,137	\$ 5,239,355	\$ 16,944,492
Health insurance	818,295	-	818,295
Annuity insurance	-	8,823,770	8,823,770
Investment insurance	<u>36,251</u>	<u>-</u>	<u>36,251</u>
	12,559,683	14,063,125	26,622,808
Less: Ceded life insurance liability reserve	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 12,559,683</u>	<u>\$ 14,063,125</u>	<u>\$ 26,622,808</u>

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

	For the Six Months Ended June 30					
	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	799,610	82,499	882,109	737,840	117,776	855,616
Recovery	<u>(1,198,880)</u>	<u>(628,605)</u>	<u>(1,827,485)</u>	<u>(161,924)</u>	<u>(665,566)</u>	<u>(827,490)</u>
Ending balance	12,597,589	12,892,150	25,489,739	12,559,683	14,063,125	26,622,808
Less: Ceded life insurance liability reserve	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at June 30	<u>\$ 12,597,589</u>	<u>\$ 12,892,150</u>	<u>\$ 25,489,739</u>	<u>\$ 12,559,683</u>	<u>\$ 14,063,125</u>	<u>\$ 26,622,808</u>

- b. As of June 30, 2022, December 31, 2021 and June 30, 2021, total life policy reserve carrying amounts (including reserve of policyholders payables) were \$25,493,244 thousand, \$26,438,237 thousand and \$26,625,764 thousand, respectively.

- c. Details of liability adequacy reserves are as follows:

	Insurance Contracts and Financial Instruments with Discretionary Participation Features		
	June 30, 2022	December 31, 2021	June 30, 2021
Life insurance liability reserve	\$ 25,489,739	\$ 26,435,115	\$ 26,622,808
Unearned premium reserve	395,359	357,340	322,560
Claims reserve	102,855	69,201	88,988
Premium deficiency reserve	<u>913</u>	<u>1,139</u>	<u>1,188</u>
Book value of insurance reserve	<u>\$ 25,988,866</u>	<u>\$ 26,862,795</u>	<u>\$ 27,035,544</u>
Present value of discounted cash flows	<u>\$ 23,182,381</u>	<u>\$ 24,254,573</u>	<u>\$ 24,328,711</u>
Balance of liability adequacy reserve	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

As of June 30, 2022, December 31, 2021 and June 30, 2021, the Company's reserves for insurance contracts satisfied the liability adequacy tests.

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

	June 30, 2022, December 31, 2021 and June 30, 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:

	June 30, 2022	December 31, 2021	June 30, 2021
Life insurance	<u>\$ 1,857</u>	<u>\$ 1,195</u>	<u>\$ 736,551</u>
		For the Six Months Ended June 30	
		2022	2021
Balance at January 1		\$ 1,195	\$ 2,535,145
Insurance claim payments for the period		-	(1,808,096)
Reserve for insurance contracts with financial instrument features		<u>662</u>	<u>9,502</u>
Balance at June 30		<u>\$ 1,857</u>	<u>\$ 736,551</u>

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

1) Hedging strategy and foreign exchange exposure

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

2) Reconciliation of the reserve of foreign exchange variation

	For the Six Months Ended June 30	
	2022	2021
Balance at January 1	\$ 230,043	\$ 196,640
Provisions		
Compulsory provisions	2,414	8,196
Additional provisions	<u>185,904</u>	<u>25,843</u>
	188,318	34,039
Recovery	<u>(22,196)</u>	<u>(8,077)</u>
Balance at June 30	<u>\$ 396,165</u>	<u>\$ 222,602</u>

3) Impact of the reserve of foreign exchange variation

For the six months ended June 30, 2022

Items	Amount Without Reserve	Amount With Reserve	Effect
Net income	\$ 9,480,976	\$ 9,348,078	\$ (132,898)
Earnings per share (NT\$)	0.65	0.64	(0.01)
Reserve of foreign exchange variation	-	396,165	396,165
Equity	211,900,064	211,553,829	(346,235)

For the six months ended June 30, 2021

Items	Amount Without Reserve	Amount With Reserve	Effect
Net income	\$ 10,220,647	\$ 10,199,877	\$ (20,770)
Earnings per share (NT\$)	0.70	0.70	-
Reserve of foreign exchange variation	-	222,602	222,602
Equity	248,551,228	248,343,843	(207,385)

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Reserve for life insurance liabilities, net	\$ (610,154)	\$ (6,247)	\$ (945,376)	\$ 28,126
Reserve for insurance contract with financial instrument features, net	166	5,660	662	9,502
Others, net	<u>73,672</u>	<u>11,899</u>	<u>232,095</u>	<u>56,716</u>
	<u>\$ (536,316)</u>	<u>\$ 11,312</u>	<u>\$ (712,619)</u>	<u>\$ 94,344</u>

g. Provisions for employee benefits are summarized below:

	June 30, 2022	December 31, 2021	June 30, 2021
Net defined benefit liabilities	\$ 1,694,651	\$ 1,945,626	\$ 2,464,020
Present value of retired employees' preferential interest deposit obligation	<u>4,285,624</u>	<u>4,352,387</u>	<u>3,897,462</u>
	<u>\$ 5,980,275</u>	<u>\$ 6,298,013</u>	<u>\$ 6,361,482</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	-	-	-	-	-	-
Credit-impaired financial instruments	(212)	-	212	-	-	-
12-month ECL	-	-	-	-	-	-
Derecognition of financial instruments in the current reporting period	(139,034)	(28)	(147,676)	(286,738)	-	(286,738)
Reversal from financial instruments recognized at the beginning of the current reporting period	(126,433)	3	(151,410)	(277,840)	-	(277,840)
New financial instruments purchased or originated	193,109	6	-	193,115	-	193,115
Difference of impairment loss under regulations	-	-	-	-	226,455	226,455
Change in exchange rates and other changes	<u>10,655</u>	<u>-</u>	<u>15</u>	<u>10,670</u>	<u>-</u>	<u>10,670</u>
Balance at June 30, 2022	<u>\$ 903,874</u>	<u>\$ 9</u>	<u>\$ 26,600</u>	<u>\$ 930,483</u>	<u>\$ 760,493</u>	<u>\$ 1,690,976</u>

	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, 2021	\$ 963,936	\$ 12,684	\$ 56,788	\$ 1,033,408	\$ 789,111	\$ 1,822,519
Changes from financial instruments recognized at the beginning of the current reporting period						
Transfers to						
Lifetime ECL	(44)	44	-	-	-	-
Credit-impaired financial instruments	(7,729)	-	7,729	-	-	-
12-month ECL	6	(6)	-	-	-	-
Derecognition of financial instruments in the current reporting period	(140,971)	(4)	(11,718)	(152,693)	-	(152,693)
Reversal from financial instruments recognized at the beginning of the current reporting period	(149,484)	(161)	143,534	(6,111)	-	(6,111)
New financial instruments purchased or originated	158,529	28	-	158,557	-	158,557
Difference of impairment loss under regulations	-	-	-	-	(66,749)	(66,749)
Change in exchange rates and other changes	<u>(1,115)</u>	<u>-</u>	<u>-</u>	<u>(1,115)</u>	<u>-</u>	<u>(1,115)</u>
Balance at June 30, 2021	<u>\$ 823,128</u>	<u>\$ 12,585</u>	<u>\$ 196,333</u>	<u>\$ 1,032,046</u>	<u>\$ 722,362</u>	<u>\$ 1,754,408</u>

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 \$126,377 thousand and \$116,410 thousand in the consolidated statement of comprehensive income for the six months ended June 30, 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 six months ended June 30, 2022 and 2021, the pension expenses under defined benefit plan recognized in the consolidated statements of comprehensive income amounted to \$206,427 thousand and \$221,212 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 six months ended June 30, 2022 and 2021, the employee preferential deposit expense under employee's preferential deposit plan recognized in the consolidated statements of comprehensive income amounted to \$360,133 thousand and \$356,744 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

	June 30, 2022	December 31, 2021	June 30, 2021
Structured products - host contracts	\$ -	\$ -	\$ 2,720,043
Guarantee deposits received	2,642,894	2,880,373	1,975,919
Appropriation for loans	38,895	66,443	8,358
Separate-account liabilities	<u>90,184,628</u>	<u>105,085,396</u>	<u>108,159,473</u>
	<u>\$ 92,866,417</u>	<u>\$ 108,032,212</u>	<u>\$ 112,863,793</u>

The status of the Company's investment-linked products - separate account as of June 30, 2022, December 31, 2021 and June 30, 2021, are summarized as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
Separate-account assets (part of other financial assets)			
Cash in banks	\$ 1,026,983	\$ 1,155,730	\$ 986,514
Financial assets at FVTPL	89,068,347	103,329,985	106,504,009
Other receivables			
General accounts receivables	-	359,112	245,621
Investment settlement receivables	<u>89,298</u>	<u>240,569</u>	<u>423,329</u>
	<u>89,298</u>	<u>599,681</u>	<u>668,950</u>
	<u>\$ 90,184,628</u>	<u>\$ 105,085,396</u>	<u>\$ 108,159,473</u>
Separate-account liabilities (part of other financial liabilities)			
Reserve for separate account-insurance contract	\$ 90,748,756	\$ 102,803,489	\$ 78,639,352
Reserve for separate account-investment contract	(896,735)	2,281,907	29,520,121
Other payables			
General accounts payables	<u>332,607</u>	<u>-</u>	<u>-</u>
	<u>\$ 90,184,628</u>	<u>\$ 105,085,396</u>	<u>\$ 108,159,473</u>

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Separate-account revenue				
Premium income	\$ 721,074	\$ 1,010,334	\$ 1,549,819	\$ 1,974,491
Gain (loss) on financial assets at FVTPL	(11,745,478)	2,218,733	(19,863,644)	1,306,010
Interest revenue	343	401	595	646
Loss on foreign exchange	<u>(328,272)</u>	<u>(535,034)</u>	<u>2,965,807</u>	<u>(239,263)</u>
	<u>\$ (11,352,333)</u>	<u>\$ 2,694,434</u>	<u>\$ (15,347,423)</u>	<u>\$ 3,041,884</u>
Separate-account expense				
Insurance claims and benefits	\$ 1,060,032	\$ 1,531,644	\$ 2,386,036	\$ 3,068,964
Reserves for separate accounts, net of releases - insurance contract	(12,731,976)	907,250	(18,337,559)	(541,335)
Administrative expenses	<u>319,611</u>	<u>255,540</u>	<u>604,100</u>	<u>514,255</u>
	<u>\$ (11,352,333)</u>	<u>\$ 2,694,434</u>	<u>\$ (15,347,423)</u>	<u>\$ 3,041,884</u>

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

32. OTHER LIABILITIES

	June 30, 2022	December 31, 2021	June 30, 2021
Advance receipts	\$ 992,697	\$ 1,286,635	\$ 2,546,283
Others	<u>90,615</u>	<u>93,526</u>	<u>147,995</u>
	<u>\$ 1,083,312</u>	<u>\$ 1,380,161</u>	<u>\$ 2,694,278</u>

33. NET INTEREST

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Interest revenue				
From discounts and loans	\$ 10,975,057	\$ 9,418,817	\$ 20,452,738	\$ 18,707,176
From investments	2,819,124	2,327,793	5,200,748	4,689,374
From due from banks and call loans to other banks	430,189	262,152	689,414	533,197
Others	<u>308,030</u>	<u>323,517</u>	<u>656,792</u>	<u>676,234</u>
	<u>14,532,400</u>	<u>12,332,279</u>	<u>26,999,692</u>	<u>24,605,981</u>

(Continued)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Interest expense				
From deposits	\$ (4,223,097)	\$ (2,809,088)	\$ (7,136,855)	\$ (5,756,044)
From due to the Central Bank and other banks	(254,852)	(155,546)	(398,067)	(304,670)
From issuing bonds payable	(263,294)	(247,653)	(519,657)	(494,804)
From deposits from the Central Bank and other banks	(58,619)	(44,815)	(112,385)	(87,115)
From securities sold under repurchase agreements	(72,489)	(25,862)	(107,938)	(55,317)
Others	(41,270)	(22,821)	(66,355)	(42,759)
	<u>(4,913,621)</u>	<u>(3,305,785)</u>	<u>(8,341,257)</u>	<u>(6,740,709)</u>
	<u>\$ 9,618,779</u>	<u>\$ 9,026,494</u>	<u>\$ 18,658,435</u>	<u>\$ 17,865,272</u>
				(Concluded)

34. SERVICE FEE AND COMMISSION INCOME, NET

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Service fee and commission revenues				
From trust business	\$ 446,138	\$ 548,909	\$ 958,846	\$ 1,183,929
From insurance service	220,871	166,095	457,528	384,941
From guarantee	241,786	255,267	484,560	523,970
From loans	362,344	238,894	698,341	466,278
From investment-linked products	131,128	137,114	274,669	288,638
From credit cards	287,600	260,415	625,540	469,068
From brokerage service	211,407	398,781	450,009	673,768
From remittance	69,419	71,741	141,168	140,460
From cross-bank transactions	76,406	72,140	152,436	145,148
Others	316,656	368,861	647,985	770,737
	<u>2,363,755</u>	<u>2,518,217</u>	<u>4,891,082</u>	<u>5,046,937</u>
Service charge and commission expenses				
From cross-bank transactions	(81,152)	(82,933)	(161,008)	(169,023)
From credit cards	(71,204)	(39,662)	(142,267)	(130,031)
From insurance business	(48,116)	(65,323)	(84,385)	(71,630)
From credit cards acquiring	(197,237)	(182,311)	(434,859)	(284,793)
From custody	(21,797)	(22,090)	(43,568)	(45,216)
Others	(103,427)	(84,675)	(176,530)	(148,296)
	<u>(522,933)</u>	<u>(476,994)</u>	<u>(1,042,617)</u>	<u>(848,989)</u>
	<u>\$ 1,840,822</u>	<u>\$ 2,041,223</u>	<u>\$ 3,848,465</u>	<u>\$ 4,197,948</u>

35. PREMIUM INCOME, NET

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Separate-account revenue (Note 31)	\$ (11,352,333)	\$ 2,694,434	\$ (15,347,423)	\$ 3,041,884
Premium income	<u>1,099,142</u>	<u>1,020,389</u>	<u>2,082,143</u>	<u>1,909,965</u>
	<u>(10,253,191)</u>	<u>3,714,823</u>	<u>(13,265,280)</u>	<u>4,951,849</u>
Separate-account expense (Note 31)	11,352,333	(2,694,434)	15,347,423	(3,041,884)
Insurance claims and benefits	(1,263,244)	(588,931)	(2,238,850)	(1,094,494)
Reinsurance premium ceded	(91,072)	(66,742)	(163,155)	(120,404)
Others	<u>(7,561)</u>	<u>(6,267)</u>	<u>(14,179)</u>	<u>(9,595)</u>
	<u>9,990,456</u>	<u>(3,356,374)</u>	<u>12,931,239</u>	<u>(4,266,377)</u>
	<u>\$ (262,735)</u>	<u>\$ 358,449</u>	<u>\$ (334,041)</u>	<u>\$ 685,472</u>

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

	For the Three Months Ended June 30, 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	\$ 141,497	\$ 3,885,058	\$ 3,904,352	\$ 96,357	\$ 8,027,264
Held-for-trading financial liabilities	<u>-</u>	<u>(2,611,766)</u>	<u>(93,009)</u>	<u>-</u>	<u>(2,704,775)</u>
	<u>\$ 141,497</u>	<u>\$ 1,273,292</u>	<u>\$ 3,811,343</u>	<u>\$ 96,357</u>	<u>\$ 5,322,489</u>
	For the Three Months Ended June 30, 2021				
	Interest Revenue (Expense)	Gain (Loss) on Disposal	Gain (Loss) on Valuation	Dividend Income	Total
Financial assets mandatorily classified as at fair value through profit or loss	\$ 126,355	\$ 1,300,732	\$ (1,628,392)	\$ 28,005	\$ (173,300)
Held-for-trading financial liabilities	<u>-</u>	<u>(1,610,469)</u>	<u>(616,009)</u>	<u>-</u>	<u>(2,226,478)</u>
	<u>\$ 126,355</u>	<u>\$ (309,737)</u>	<u>\$ (2,244,401)</u>	<u>\$ 28,005</u>	<u>\$ (2,399,778)</u>
	For the Six Months Ended June 30, 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	\$ 258,002	\$ 4,946,075	\$ 8,055,867	\$ 196,656	\$ 13,456,600
Held-for-trading financial liabilities	<u>-</u>	<u>(4,127,822)</u>	<u>(10,252)</u>	<u>-</u>	<u>(4,138,074)</u>
	<u>\$ 258,002</u>	<u>\$ 818,253</u>	<u>\$ 8,045,615</u>	<u>\$ 196,656</u>	<u>\$ 9,318,526</u>

	For the Six Months Ended June 30, 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	\$ 243,860	\$ 2,483,291	\$ (171,016)	\$ 88,348	\$ 2,644,483
Held-for-trading financial liabilities	-	(4,613,210)	2,821,903	-	(1,791,307)
	<u>\$ 243,860</u>	<u>\$ (2,129,919)</u>	<u>\$ 2,650,887</u>	<u>\$ 88,348</u>	<u>\$ 853,176</u>

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Dividends revenue on investments in equity instruments at FVTOCI	\$ 950,447	\$ 506,202	\$ 1,015,266	\$ 563,153
Derecognition of unrealized gains on investments in debt instruments at FVTOCI	(17,320)	287,246	25,382	1,099,330
	<u>\$ 933,127</u>	<u>\$ 793,448</u>	<u>\$ 1,040,648</u>	<u>\$ 1,662,483</u>

For the three months ended June 30, 2022 and 2021 and for the six months end June 30, 2022 and 2021, dividends revenue related to derecognized investments were \$152,382 thousand, \$97,167 thousand, \$178,853 thousand and \$112,325 thousand, respectively, and dividends revenue related to investments held on June 30, 2022 and 2021 were \$836,413 thousand and \$450,828 thousand, respectively.

38. EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION EXPENSES

a. Employee benefits expenses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Salaries	\$ 2,358,410	\$ 2,267,326	\$ 4,710,307	\$ 4,473,490
Incentives	756,812	845,590	1,521,188	1,660,475
Excessive interest from preferential interest deposits	285,080	288,199	572,056	572,020
Post-employment benefits, termination benefits and compensation	168,846	185,067	336,694	354,765
Overtime	109,135	107,945	205,986	203,118
Others	<u>617,766</u>	<u>603,873</u>	<u>1,164,644</u>	<u>1,122,553</u>
	<u>\$ 4,296,049</u>	<u>\$ 4,298,000</u>	<u>\$ 8,510,875</u>	<u>\$ 8,386,421</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 compensation of employees and remuneration to directors) for the employees' compensation and directors' remuneration, respectively. However, the actual appropriation of the compensation and remuneration should be made only from the annual net income less any accumulated deficit. For the six months ended June 30, 2022 and 2021, compensations of employees were estimated at \$1,565 thousand and \$1,687 thousand and the remuneration of directors were estimated at \$50,051 thousand and \$53,940 thousand, respectively, based on the amended Articles and past experiences.

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

The appropriations of employees' compensation and remuneration of directors for 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 June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Depreciation expenses	\$ 540,349	\$ 508,087	\$ 1,069,570	\$ 1,008,219
Amortization expenses	<u>81,876</u>	<u>57,395</u>	<u>156,536</u>	<u>114,979</u>
	<u>\$ 622,225</u>	<u>\$ 565,482</u>	<u>\$ 1,226,106</u>	<u>\$ 1,123,198</u>

39. INCOME TAX

a. Income tax expense (benefit) recognized in profit or loss

Main components of income tax expense were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Current tax				
Current period	\$ 162,056	\$ 1,105,134	\$ 428,470	\$ 1,391,498
Additional income tax on unappropriated earnings	99,304	50,428	99,304	50,428
Land revaluation increment tax	1,275	22	1,693	179
House and land transactions income tax	9,510	-	9,510	-
Prior year's adjustments	<u>(73,703)</u>	<u>12,965</u>	<u>(115,079)</u>	<u>(4,862)</u>
	198,442	1,168,549	423,898	1,437,243
Deferred tax				
Current period	<u>766,643</u>	<u>(97,574)</u>	<u>1,345,560</u>	<u>458,467</u>
Income tax expense recognized in profit or loss	<u>\$ 965,085</u>	<u>\$ 1,070,975</u>	<u>\$ 1,769,458</u>	<u>\$ 1,895,710</u>

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	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	\$ 304,313	\$ (199,396)	\$ 636,173	\$ (93,581)
Unrealized valuation gains (loss) on financial assets at fair value through other comprehensive income	(274,820)	33,426	(668,341)	(143,736)
Other comprehensive income on reclassification of overlay approach	<u>(2,803)</u>	<u>(2,528)</u>	<u>(2,539)</u>	<u>(1,785)</u>
Total income tax recognized in other comprehensive income	<u>\$ 26,690</u>	<u>\$ (168,498)</u>	<u>\$ (34,707)</u>	<u>\$ (239,102)</u>

c. Deferred tax assets and liabilities

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Deferred tax assets</u>			
Temporary differences			
Financial instruments at fair value through other comprehensive income	\$ 426,943	\$ -	\$ -
Properties and equipment	7,572	7,894	8,216
Payable for annual leave	156,317	104,586	151,885
Employee's preferential interest deposit obligation	807,567	820,920	779,493
Other liabilities	5,783	5,783	5,783
Exchange differences on foreign operations	426,848	1,063,021	918,401
Allowance for possible losses	42,945	39,009	59,349
Financial instruments at fair value through profit or loss	-	264,859	218,719
Pension liabilities	481	450	424
Accrued expense	-	3,122	-
Unrealized foreign exchange losses	179,485	252,236	236,185
Revenue from disposal of acquired loans	217,760	217,760	160,511
Overlay approach	2,030	-	-
Loss carryforwards	<u>661,433</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,935,164</u>	<u>\$ 2,779,640</u>	<u>\$ 2,538,966</u>
<u>Deferred tax liabilities</u>			
Temporary differences			
Financial instruments at fair value through profit or loss	\$ 1,695,352	\$ -	\$ 185
Financial instruments at fair value through other comprehensive income	-	241,398	341,881
Overlay approach	-	509	-
Intangible assets	428,614	428,614	428,614
The reserve for land revaluation increment tax	2,541,779	2,541,779	2,595,338
Defined benefit obligation	308,567	258,372	219,169
Investments accounted for using equity method	147,968	150,401	127,944
Lease incentive	2,675	2,798	-
Others	<u>-</u>	<u>-</u>	<u>2,505</u>
	<u>\$ 5,124,955</u>	<u>\$ 3,623,871</u>	<u>\$ 3,715,636</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 of \$44,775 thousand and \$73,125 thousand in 2022 and 2021, respectively, according to the result of 2013, 2016 and 2017 income tax return examination and the result of 2021 income tax return.

40. EARNINGS PER SHARE

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

	Net Income (Numerator)	Shares (Denominator in Thousands)	Earnings Per Share (NT\$)
<u>For the three months ended June 30, 2022</u>			
Basic EPS	\$ 4,727,387	14,008,935	<u>\$ 0.34</u>
Effect of dilutive common stock:			
Employees' compensation	<u>-</u>	<u>58</u>	
Diluted EPS	<u>\$ 4,727,387</u>	<u>14,008,993</u>	<u>\$ 0.34</u>
<u>For the three months ended June 30, 2021</u>			
Basic EPS	\$ 5,215,279	14,008,935	<u>\$ 0.37</u>
Effect of dilutive common stock:			
Employees' compensation	<u>-</u>	<u>79</u>	
Diluted EPS	<u>\$ 5,215,279</u>	<u>14,009,014</u>	<u>\$ 0.37</u>
<u>For the six months ended June 30, 2022</u>			
Basic EPS	\$ 9,025,164	14,008,935	<u>\$ 0.64</u>
Effect of dilutive common stock:			
Employees' compensation	<u>-</u>	<u>115</u>	
Diluted EPS	<u>\$ 9,025,164</u>	<u>14,009,050</u>	<u>\$ 0.64</u>
<u>For the six months ended June 30, 2021</u>			
Basic EPS	\$ 9,745,965	14,008,935	<u>\$ 0.70</u>
Effect of dilutive common stock:			
Employees' compensation	<u>-</u>	<u>142</u>	
Diluted EPS	<u>\$ 9,745,965</u>	<u>14,009,077</u>	<u>\$ 0.70</u>

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

	Before Adjusted Retrospectively		After Adjusted Retrospectively	
	For the Three Months Ended June 30, 2021	For the Six Months Ended June 30, 2021	For the Three Months Ended June 30, 2021	For the Six Months Ended June 30, 2021
Basic EPS (NT\$)	<u>\$ 0.39</u>	<u>\$ 0.73</u>	<u>\$ 0.37</u>	<u>\$ 0.70</u>
Diluted EPS (NT\$)	<u>\$ 0.39</u>	<u>\$ 0.73</u>	<u>\$ 0.37</u>	<u>\$ 0.70</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

	June 30, 2022	December 31, 2021	June 30, 2021
Number of shares authorized (in thousands)	<u>15,000,000</u>	<u>15,000,000</u>	<u>15,000,000</u>
Authorized capital	<u>\$ 150,000,000</u>	<u>\$ 150,000,000</u>	<u>\$ 150,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>13,600,908</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 change in registration was approved by the Ministry of Economic Affairs (MOEA).

On June 17, 2022, the stockholders of TCFHC resolved to issue 408,027 thousand shares, which included the 2021 earnings amounting to \$4,080,272 thousand. This issuance was approved by the FSC and the change in registration is awaiting the approval of the MOEA.

b. Capital surplus

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

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

The capital surplus as of June 30, 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>11,959</u>
	71,473,497

Uses

Issuance of TCFHC's stock and cash dividends in 2012	(6,360,660)
Issuance of TCFHC's stock dividends in 2013	(1,625,333)
Subsidiaries' disposal of the shares of TCFHC regarded as reissuance of treasury stock	(148,857)
Issuance of TCFHC's stock dividends in 2014	(4,307,133)
Issuance of TCFHC's stock dividends in 2015	<u>(1,054,498)</u>
	<u>\$ 57,977,016</u>

c. Special reserve

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

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

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

	For the Six Months Ended June 30	
	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>(8)</u>
Balance on June 30	<u>\$ 985,539</u>	<u>\$ 995,661</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, legal reserve should be appropriated until the reserve equals TCFHC's paid-in capital. This reserve should only be used to offset a deficit. When the reserve exceeds 25% of TCFHC's paid-in capital, the excess may be used to issue new shares or distribute 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 stockholders' meeting on June 17, 2022 and July 20, 2021, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	2021	2020	2021	2020
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

	For the Six Months Ended June 30	
	2022	2021
Balance on January 1	\$ 6,651,118	\$ 6,631,788
Attributable to non-controlling interests		
Net income	322,914	453,912
Exchange differences on the translation of financial statements of foreign operations	(2,419)	(9,494)
Unrealized valuations losses on financial assets at FVTOCI	(917,998)	(177,922)
Other comprehensive income reclassification of overlay approach	(370,117)	20,482
Cash dividends distributed by subsidiary	<u>(354,035)</u>	<u>(188,819)</u>
Balance on June 30	<u>\$ 5,329,463</u>	<u>\$ 6,729,947</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.

(Continued)

Related Party	Relationship with the Company
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 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.
TCB Global High Yield 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 Core Infrastructure Income Fund	Fund managed by Taiwan Cooperative Securities Investment Trust Co., Ltd.
TCB 2032 Target Date Multi-Asset Income Fund	Fund managed by Taiwan Cooperative Securities Investment Trust Co., Ltd.
Tamshui First Credit Bank	The director of Tamshui First Credit Bank is also the Company's director.
The Fifth Credit Cooperation of Taipei	The director of the fifth credit cooperation of Taipei is also the supervisor of TCB
Others	Main management of the parent company and other related parties

(Concluded)

b. Significant transactions between the Company and related parties:

1) Call loans to banks

	Highest Balance	Ending Balance	Interest Revenue	Interest Rate (%)
For the six months ended <u>June 30, 2022</u>				
Others	\$ <u>1,401,050</u>	\$ <u>1,189,400</u>	\$ <u>2,645</u>	0.300-1.820
For the six months ended <u>June 30, 2021</u>				
Others	\$ <u>2,430,700</u>	\$ <u>1,394,750</u>	\$ <u>1,179</u>	0.180-0.290

2) Deposits from banks

	For the Six Months Ended June 30			
	2022		2021	
	Ending Balance	Interest Expense	Ending Balance	Interest Expense
Main management	\$ 267,336	\$ 736	\$ 269,676	\$ 614
Others				
Tamshui First Credit Bank	26,224,627	106,892	25,227,974	88,662
The Fifth Credit Cooperation of Taipei	6,591,931	25,987	6,603,526	22,426
Others	<u>20,478</u>	<u>-</u>	<u>22,396</u>	<u>-</u>
	<u>\$ 33,104,372</u>	<u>\$ 133,615</u>	<u>\$ 32,123,572</u>	<u>\$ 111,702</u>

3) Call loans from banks

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

4) Loans

	Highest Balance	Ending Balance	Interest Revenue	Interest Rate (%)
For the six months ended June 30, 2022				
Main management	\$ 359,534	\$ 280,488	\$ 1,930	1.010-1.800
Others	<u>317,716</u>	<u>129,984</u>	<u>990</u>	0.100-2.240
	<u>\$ 677,250</u>	<u>\$ 410,472</u>	<u>\$ 2,920</u>	
For the six months ended June 30, 2021				
Main management	\$ 368,867	\$ 306,751	\$ 1,765	0.995-1.530
Others	<u>1,177,199</u>	<u>158,309</u>	<u>948</u>	0.100-1.990
	<u>\$ 1,546,066</u>	<u>\$ 465,060</u>	<u>\$ 2,713</u>	

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

5) Deposits

	Ending Balance	Interest Expense	Interest Rate (%)
<u>For the six months ended June 30, 2022</u>			
Associates	\$ 106,857	\$ 29	0-0.835
Main management	740,622	4,774	0-13.00
Others	<u>17,683,998</u>	<u>10,706</u>	0-13.00
	<u>\$ 18,531,477</u>	<u>\$ 15,509</u>	
<u>For the six months ended June 30, 2021</u>			
Associates	\$ 136,279	\$ 17	0-0.040
Main management	700,779	4,550	0-13.000
Others	<u>21,003,318</u>	<u>13,704</u>	0-13.000
	<u>\$ 21,840,376</u>	<u>\$ 18,271</u>	
	June 30, 2022	December 31, 2021	June 30, 2021
6) Accrued income (part of receivables)			
Others	<u>\$ 31,501</u>	<u>\$ 30,729</u>	<u>\$ 23,865</u>
7) Accrued interests (part of receivables)			
Others	<u>\$ -</u>	<u>\$ 126</u>	<u>\$ 56</u>
8) Payable on securities (part of payables)			
Others	<u>\$ -</u>	<u>\$ 21,219</u>	<u>\$ 2,990</u>
		For the Six Months Ended June 30	
		2022	2021
9) Service fee income (part of service fee and commission income, net)			
Main management		\$ 130	\$ 290
Others		<u>182,452</u>	<u>172,720</u>
		<u>\$ 182,582</u>	<u>\$ 173,010</u>
10) Service charge (part of service fee and commission income, net)			
Main management		<u>\$ 63</u>	<u>\$ 67</u>
11) Other income (part of other noninterest gain, net)			
Others		<u>\$ 1,739</u>	<u>\$ -</u>

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

12) Derivatives

Related Party	Type of Derivatives	Contract Period	Nominal Amounts	Valuation Gain (Loss)	For the Six Months Ended June 30, 2022	
					Amounts on the Consolidated Balance Sheet	
					Account	Amounts
Other - TCB 6 Year ESG Senior Emerging Market	Currency swap	2021.11.30-2022.11.30	US\$ 12,350	\$ 7,261	Financial assets at fair value through profit or loss	\$ 6,330
Other - TCB 6 Year Emerging Market Bond Fund	Currency swap	2022.01.13-2022.07.18	US\$ 17,500	6,611	Financial assets at fair value through profit or loss	6,611
Other - TCB 2026 Maturity Senior Emerging Market Corporate Bond Fund	Currency swap	2022.06.08-2022.12.08	US\$ 800	97	Financial assets at fair value through profit or loss	97
Other - TCB 6 Year ESG Emerging Market Bond Fund	Currency swap	2022.02.23-2022.12.29	US\$ 38,700	15,529	Financial assets at fair value through profit or loss	15,529
Other - TCB 2023 Maturity Selective Emerging Market	Currency swap	2022.05.31-2022.07.29	US\$ 6,480	(1,324)	Financial liabilities at fair value through profit or loss	(1,324)
Other - TCB Global Healthcare Multi-Asset	Currency swap	2022.05.24-2022.09.21	US\$ 48,700	5,687	Financial assets at fair value through profit or loss	5,687
Other - TCB Global High Yield Bond Fund	Currency swap	2022.06.10-2022.07.29	US\$ 16,200	1,110	Financial assets at fair value through profit or loss	1,110
Other - TCB US Short Duration High Yield Bond Fund	Currency swap	2022.04.08-2022.10.11	US\$ 8,500	3,758	Financial assets at fair value through profit or loss	3,758
Other - TCB Environment & Socially	Currency swap	2022.04.25-2022.07.25	US\$ 14,200	14,366	Financial assets at fair value through profit or loss	14,366
Other - TCB ESG Retirement Growth Fund of Fund	Currency swap	2022.05.31-2022.11.30	US\$ 2,750	727	Financial assets at fair value through profit or loss	727
Other - TCB ESG Retirement Aggressive Fund of Fund	Currency swap	2022.05.31-2022.11.30	US\$ 2,300	608	Financial assets at fair value through profit or loss	608
TCB Global Core Infrastructure Income Fund	Currency swap	2022.06.13-2022.09.01	US\$ 3,600	(128)	Financial liabilities at fair value through profit or loss	(128)
TCB 2032 Target Date Multi-Asset Income Fund	Currency swap	2022.06.29-2022.09.29	US\$ 9,700	560	Financial assets at fair value through profit or loss	560

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

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

For the Six Months Ended June 30		
	2022	2021
Financial assets and liabilities at fair value through profit or loss		
Others	\$ 203,327	\$ (98,101)

13) Loans

June 30, 2022

Type	Account Volume or Name	Highest Balance in the Six Months Ended June 30, 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	83	\$ 233,341	\$ 194,028	\$ 194,028	\$ -	Note 2	None
Self-used housing mortgage loans	50	279,069	216,444	216,444	-	Land and buildings	None
Other loans	Other	164,750	-	-	-	Certificates of deposit	None

June 30, 2021

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

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

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

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

1) Taiwan Cooperative Bank, Ltd.

a) Due from banks

	June 30, 2022	December 31, 2021	June 30, 2021
Subsidiary	<u>\$ 575,817</u>	<u>\$ 547,516</u>	<u>\$ 709,430</u>

b) Call loans to banks

	Highest Balance	Ending Balance	Interest Revenue	Interest Rate (%)
For the six months ended <u>June 30, 2022</u>				
Subsidiary	\$ 1,289,035	\$ 902,490	\$ 1,933	0.001-1.560
Sister companies	3,800,000	2,300,000	6,020	0.290-0.770
Others	<u>1,401,050</u>	<u>1,189,400</u>	<u>2,645</u>	0.300-1.820
	<u>\$ 6,490,085</u>	<u>\$ 4,391,890</u>	<u>\$ 10,598</u>	
For the six months ended <u>June 30, 2021</u>				
Subsidiary	\$ 6,962,609	\$ 1,335,908	\$ 1,776	0.010-0.500
Sister companies	5,255,990	4,205,790	5,002	0.190-0.400
Others	<u>2,430,700</u>	<u>1,394,750</u>	<u>1,179</u>	0.180-0.290
	<u>\$ 14,649,299</u>	<u>\$ 6,936,448</u>	<u>\$ 7,957</u>	

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

	Highest Balance	Ending Balance	Interest Revenue	Interest Rate (%)
For the six months ended <u>June 30, 2022</u>				
Sister company TCS	\$ <u>89,511</u>	\$ <u>-</u>	\$ <u>156</u>	0.270-1.150
For the six months ended <u>June 30, 2021</u>				
Sister company TCS	\$ <u>286,140</u>	\$ <u>-</u>	\$ <u>335</u>	0.330-0.370

d) Deposits from banks

	For the Six Months Ended June 30			
	2022		2021	
	Ending Balance	Interest Expense	Ending Balance	Interest Expense
Subsidiary	\$ 23	\$ -	\$ 24	\$ -
Main management	267,336	736	269,676	614
Others				
Tamshui First Credit Bank	26,224,627	106,892	25,227,974	88,662
The Fifth Credit Cooperation of Taipei	6,591,931	25,987	6,603,526	22,426
Others	<u>20,478</u>	<u>-</u>	<u>22,396</u>	<u>-</u>
	<u>\$ 33,104,395</u>	<u>\$ 133,615</u>	<u>\$ 32,123,596</u>	<u>\$ 111,702</u>

e) Call loans from banks

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

f) Loans

	Highest Balance	Ending Balance	Interest Revenue	Interest Rate (%)
<u>For the six months ended June 30, 2022</u>				
Subsidiary	\$ 5,059,520	\$ 5,059,520	\$ 8,942	0.900-1.364
Sister companies	1,000,000	-	-	-
Main management	359,534	280,488	1,930	1.010-1.800
Others	<u>317,716</u>	<u>129,984</u>	<u>990</u>	0.100-2.240
	<u>\$ 6,736,770</u>	<u>\$ 5,469,992</u>	<u>\$ 11,862</u>	
<u>For the six months ended June 30, 2021</u>				
Subsidiary	\$ 6,090,935	\$ 4,488,022	\$ 12,634	0.900
Sister companies	1,000,000	-	-	-
Main management	368,867	306,751	1,765	0.995-1.530
Others	<u>1,177,199</u>	<u>158,309</u>	<u>948</u>	0.100-1.990
	<u>\$ 8,637,001</u>	<u>\$ 4,953,082</u>	<u>\$ 15,347</u>	

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 (%)
<u>For the six months ended June 30, 2022</u>			
Parent company	\$ 262,947	\$ 58	0-0.205
Sister companies	3,753,707	3,021	0-1.065
Associates	106,857	29	0-0.835
Main management	740,622	4,774	0-13.000
Others	<u>17,683,998</u>	<u>10,706</u>	0-13.000
	<u>\$ 22,548,131</u>	<u>\$ 18,588</u>	
<u>For the six months ended June 30, 2021</u>			
Parent company	\$ 192,245	\$ 14	0-0.040
Sister companies	4,155,167	2,235	0-1.035
Associates	136,279	17	0-0.040
Main management	700,779	4,550	0-13.000
Others	<u>21,003,318</u>	<u>13,704</u>	0-13.000
	<u>\$ 26,187,788</u>	<u>\$ 20,520</u>	

h) Receivable on securities (part of receivables)

	June 30, 2022	December 31, 2021	June 30, 2021
Sister company			
TCS	<u>\$ 9,873</u>	<u>\$ 125,180</u>	<u>\$ 136,875</u>

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

	June 30, 2022	December 31, 2021	June 30, 2021
Parent company	<u>\$ 2,444,888</u>	<u>\$ 1,990,903</u>	<u>\$ 2,097,250</u>

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

	June 30, 2022	December 31, 2021	June 30, 2021
Parent company	<u>\$ -</u>	<u>\$ 680,951</u>	<u>\$ 450,883</u>

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

	For the Six Months Ended June 30	
	2022	2021
Sister companies		
BPCTLI	\$ 312,546	\$ 315,582
Others	23,834	21,062
Main management	130	290
Others	<u>262</u>	<u>11,429</u>
	<u>\$ 336,772</u>	<u>\$ 348,363</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.

l) Lease agreements - TCB is lessor

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

- i. Future lease payment receivables was as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
Parent company	\$ 2,872	\$ 14,896	\$ 26,920
Sister companies			
TCS	112,676	127,482	147,910
BPCTLI	5,943	13,039	6,291
TCBF	6,602	11,004	15,405
Others	<u>35,016</u>	<u>41,601</u>	<u>21,371</u>
	<u>\$ 163,109</u>	<u>\$ 208,022</u>	<u>\$ 217,897</u>

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

	For the Six Months Ended June 30	
	2022	2021
Parent company	\$ 12,234	\$ 12,024
Sister companies		
TCS	21,612	21,518
BPCTLI	7,096	6,815
Others	<u>11,083</u>	<u>10,577</u>
	<u>\$ 52,025</u>	<u>\$ 50,934</u>

m) Derivatives

Related Party	Type of Derivatives	Contract Period	For the Six Months Ended June 30, 2022				
			Nominal Amounts	Valuation Gain (Loss)	Amounts on the Balance Sheet		
					Account	Amounts	
Sister company - BPCTLI	Currency swap	2021.09.30-2022.09.30	EUR 7,856	\$ (2,730)	Financial liabilities at fair value through profit or loss	\$ (7,667)	
	Currency swap	2021.09.13-2023.01.31	US\$ 125,060	125,310	Financial assets at fair value through profit or loss	125,179	
Other - TCB 6 Year ESG Senior Emerging Market	Currency swap	2021.11.30-2022.11.30	US\$ 12,350	7,261	Financial assets at fair value through profit or loss	6,330	
Other - TCB 6 Year Emerging Market Bond Fund	Currency swap	2022.01.13-2022.07.18	US\$ 17,500	6,611	Financial assets at fair value through profit or loss	6,611	
Other - TCB 2026 Maturity Senior Emerging Market Corporate Bond Fund	Currency swap	2022.06.08-2022.12.08	US\$ 800	97	Financial assets at fair value through profit or loss	97	
Other - TCB 6 Year ESG Emerging Market Bond Fund	Currency swap	2022.02.23-2022.12.29	US\$ 38,700	15,529	Financial assets at fair value through profit or loss	15,529	
Other - TCB 2023 Maturity Selective Emerging Market	Currency swap	2022.05.31-2022.07.29	US\$ 6,480	(1,324)	Financial liabilities at fair value through profit or loss	(1,324)	
Other - TCB Global Healthcare Multi-Asset	Currency swap	2022.05.24-2022.09.21	US\$ 48,700	5,687	Financial assets at fair value through profit or loss	5,687	
Other - TCB Global High Yield Bond Fund	Currency swap	2022.06.10-2022.07.29	US\$ 16,200	1,110	Financial assets at fair value through profit or loss	1,110	
Other - TCB US Short Duration High Yield Bond Fund	Currency swap	2022.04.08-2022.10.11	US\$ 8,500	3,758	Financial assets at fair value through profit or loss	3,758	
Other - TCB Environment & Socially	Currency swap	2022.04.25-2022.07.25	US\$ 14,200	14,366	Financial assets at fair value through profit or loss	14,366	
Other - TCB ESG Retirement Growth Fund of Fund	Currency swap	2022.05.31-2022.11.30	US\$ 2,750	727	Financial assets at fair value through profit or loss	727	
Other - TCB ESG Retirement Aggressive Fund of Fund	Currency swap	2022.05.31-2022.11.30	US\$ 2,300	608	Financial assets at fair value through profit or loss	608	
TCB Global Core Infrastructure Income Fund	Currency swap	2022.06.13-2022.09.01	US\$ 3,600	(128)	Financial liabilities at fair value through profit or loss	(128)	
TCB 2032 Target Date Multi-Asset Income Fund	Currency swap	2022.06.29-2022.09.29	US\$ 9,700	560	Financial assets at fair value through profit or loss	560	

Related Party	Type of Derivatives	Contract Period	For the Six Months Ended June 30, 2021				
			Nominal Amounts	Valuation Gain (Loss)	Amounts on the Balance Sheet		
					Account	Amounts	
Sister company - BPCTLI	Currency swap	2020.12.31-2022.01.19	EUR	7,856	\$ (9,613)	Financial liabilities at fair value through profit or loss	\$ (8,703)
	Currency swap	2021.05.28-2021.08.31	US\$	56,563	4,344	Financial assets at fair value through profit or loss	4,344
	Currency swap	2021.01.11-2022.03.31	US\$	63,792	(7,394)	Financial liabilities at fair value through profit or loss	(7,394)
Other - TCB 6 Year ESG Senior Emerging Market Bond Fund	Currency swap	2021.05.21-2021.08.31	US\$	7,100	538	Financial assets at fair value through profit or loss	538
	Currency swap	2021.02.26-2021.08.31	US\$	6,650	(1,519)	Financial liabilities at fair value through profit or loss	(1,519)
Other - TCB 6 Year Emerging Market Bond Fund	Currency swap	2021.02.23-2021.07.23	US\$	22,450	(7,082)	Financial liabilities at fair value through profit or loss	(7,082)
Other - TCB 2023 Maturity Selective Emerging Market Bond Fund	Currency swap	2020.11.27-2021.11.29	US\$	7,200	(3,472)	Financial liabilities at fair value through profit or loss	(6,662)
Other - TCB Global High Yield Bond Fund	Currency swap	2021.03.09-2021.10.21	US\$	6,200	589	Financial assets at fair value through profit or loss	589
	Currency swap	2020.12.31-2021.10.29	US\$	14,230	(1,387)	Financial liabilities at fair value through profit or loss	(1,407)
Other - TCB US Short Duration High Yield Bond Fund	Currency swap	2021.06.15-2021.08.16	US\$	15,200	2,378	Financial assets at fair value through profit or loss	2,378
	Currency swap	2021.04.19-2021.07.19	US\$	21,500	(5,956)	Financial liabilities at fair value through profit or loss	(5,956)
Other - TCB Fund of Emerging Markets Bond Fund	Currency swap	2021.05.28-2021.08.31	US\$	4,620	207	Financial assets at fair value through profit or loss	207
Other - TCB 6 Year ESG Emerging Market Bond Fund	Currency swap	2021.05.20-2021.09.30	US\$	42,800	1,068	Financial assets at fair value through profit or loss	1,068
	Currency swap	2021.04.28-2021.07.28	US\$	2,000	(462)	Financial liabilities at fair value through profit or loss	(462)
Other - TCB 2026 Maturity Senior Emerging Market Corporate Bond Fund	Currency swap	2021.06.08-2022.06.08	US\$	1,150	428	Financial assets at fair value through profit or loss	428

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

	For the Six Months Ended June 30	
	2022	2021
Financial assets and liabilities at fair value through profit or loss		
Sister companies		
BPCTLI	\$ 87,220	\$ (16,463)
Others	<u>203,327</u>	<u>(98,101)</u>
	<u>\$ 290,547</u>	<u>\$ (114,564)</u>

n) Loans

June 30, 2022

Type	Account Volume or Name	Highest Balance in the Period Ended June 30, 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	83	\$ 233,341	\$ 194,028	\$ 194,028	\$ -	Note 2	None
Self-used housing mortgage loans	50	279,069	216,444	216,444	-	Land and buildings	None
Other	TCS	1,000,000	-	-	-	Bonds	None
	United Taiwan Bank S.A.	5,059,520	5,059,520	5,059,520	-	None	None
	Others	164,750	-	-	-	Certificates of deposit	None

June 30, 2021

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

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)

	June 30, 2022	December 31, 2021	June 30, 2021
Sister companies	<u>\$ 746,277</u>	<u>\$ 319,966</u>	<u>\$ 90,686</u>

b) Settlement receivables (part of other current assets)

	June 30, 2022	December 31, 2021	June 30, 2021
Sister companies	<u>\$ 112,204</u>	<u>\$ 104,108</u>	<u>\$ 643,361</u>

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

	June 30, 2022	December 31, 2021	June 30, 2021
Sister companies	<u>\$ 500,000</u>	<u>\$ 3,464,343</u>	<u>\$ 23,474</u>

d) Settlement payable (part of payables)

	June 30, 2022	December 31, 2021	June 30, 2021
Sister companies	\$ 9,873	\$ 141,995	\$ 136,875
Others	<u>-</u>	<u>21,219</u>	<u>2,990</u>
	<u>\$ 9,873</u>	<u>\$ 163,214</u>	<u>\$ 139,865</u>

e) TCS applied to TCB for call loans

For the Six Months Ended June 30, 2022				
Related Party	Highest Balance	Ending Balance	Interest Expense	Interest Rate (%)
Sister companies				
TCB	<u>\$ 88,545</u>	<u>\$ -</u>	<u>\$ 159</u>	0.270-1.150
For the Six Months Ended June 30, 2021				
Related Party	Highest Balance	Ending Balance	Interest Expense	Interest Rate (%)
Sister companies				
TCB	<u>\$ 285,050</u>	<u>\$ -</u>	<u>\$ 335</u>	0.330-0.370

f) To settle security transactions, TCS applied to TCB for a guarantee of \$1,500,000 thousand for short-term loan and overdraft. As of June 30, 2022, December 31, 2021 and June 30, 2021, TCS had no borrowing and overdraft. The overdraft for the six months ended June 30, 2022 and 2021 were as follows:

For the Six Months Ended June 30, 2022				
	Highest Balance	Ending Balance	Interest Expense	Interest Rate (%)
Sister companies	<u>\$ 1,000,000</u>	<u>\$ -</u>	<u>\$ -</u>	-
For the Six Months Ended June 30, 2021				
	Highest Balance	Ending Balance	Interest Expense	Interest Rate (%)
Sister companies	<u>\$ 1,000,000</u>	<u>\$ -</u>	<u>\$ -</u>	-

g) Lease agreements - TCS is lessee

i. Right-of-use assets, net

	June 30, 2022	December 31, 2021	June 30, 2021
Sister companies			
TCB	<u>\$ 101,985</u>	<u>\$ 122,675</u>	<u>\$ 142,591</u>

ii. Lease liabilities

	June 30, 2022	December 31, 2021	June 30, 2021
Sister companies	<u>\$ 104,323</u>	<u>\$ 124,952</u>	<u>\$ 144,629</u>

iii. Interest expense

	For the Six Months Ended June 30	
	2022	2021
Sister companies	<u>\$ 982</u>	<u>\$ 1,395</u>

iv. Depreciation expense

	For the Six Months Ended June 30	
	2022	2021
Sister companies	<u>\$ 20,633</u>	<u>\$ 20,605</u>

3) Taiwan Cooperative Bills Finance Corporation Ltd.

a) Cash in bank

	Highest Balance	Ending Balance	Interest Expense	Interest Rate (%)
<u>For the six months ended June 30, 2022</u>				
Sister companies	<u>\$ 507,469</u>	<u>\$ 85,372</u>	<u>\$ 8</u>	0.010-1.190
<u>For the six months ended June 30, 2021</u>				
Sister companies	<u>\$ 205,764</u>	<u>\$ 40,384</u>	<u>\$ 8</u>	0.010-0.815

b) Call loans from banks

	Highest Balance	Ending Balance	Interest Expense	Interest Rate (%)
<u>For the six months ended June 30, 2022</u>				
Sister companies	<u>\$ 3,800,000</u>	<u>\$ 2,300,000</u>	<u>\$ 6,020</u>	0.290-0.770
<u>For the six months ended June 30, 2021</u>				
Sister companies	<u>\$ 5,255,990</u>	<u>\$ 4,205,790</u>	<u>\$ 5,002</u>	0.190-0.400

c) Securities sold under repurchase agreement

	Ending Balance	Interest Expense	Interest Rate (%)
For the six months ended <u>June 30, 2022</u>			
Sister companies	\$ <u>-</u>	\$ <u>801</u>	0.280-0.540
For the six months ended <u>June 30, 2021</u>			
Sister companies	\$ <u>754,463</u>	\$ <u>759</u>	0.190-0.230

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)

	June 30, 2022		December 31, 2021		June 30, 2021	
	Amount	%	Amount	%	Amount	%
Sister company TCB	\$ <u>2,104,259</u>	<u>54</u>	\$ <u>2,816,449</u>	55	\$ <u>3,534,779</u>	<u>52</u>

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

	For the Six Months Ended June 30, 2022		
	Purchased Securities (Note)	Securities Purchase Under Resell Agreement	
		Amount	Rate (%)
Sister company TCBF	\$ <u>5,055,458</u>	\$ <u>-</u>	0.280-0.540
	For the Six Months Ended June 30, 2021		
	Purchased Securities (Note)	Securities Purchase Under Resell Agreement	
		Amount	Rate (%)
Sister company TCBF	\$ <u>3,723,668</u>	\$ <u>754,463</u>	0.190-0.230

Note: The amount includes securities purchased under resell agreements.

c) Payables

	June 30, 2022	December 31, 2021	June 30, 2021
Sister company			
TCB	\$ 142,116	\$ 161,884	\$ 100,791
TCS	-	34,234	-
Associates	-	1,670	-
	<u>\$ 142,116</u>	<u>\$ 197,788</u>	<u>\$ 100,791</u>

d) Dividends payable

	June 30, 2022	December 31, 2021	June 30, 2021
Parent company	\$ 368,486	\$ -	\$ 196,526
Associates	<u>354,036</u>	<u>-</u>	<u>188,819</u>
	<u>\$ 722,522</u>	<u>\$ -</u>	<u>\$ 385,345</u>

e) Derivatives

For the six months ended June 30, 2022

Type of Derivatives	Related Party	Contract Period	Nominal Amounts	Valuation Gain (Loss)	Amounts on the Balance Sheet	
					Account	Amounts
Currency swap	Sister company - TCB	2021.09.13- 2023.01.31	US\$ 125,060	\$ (120,318)	Financial liabilities at fair value through profit or loss	\$ (119,841)
		2021.09.30- 2022.09.30	EUR 7,856	2,555	Financial assets at fair value through profit or loss	7,710
	Associates - Banque Nationale De Paris, Taipei Branch (Note)	2020.08.24- 2024.08.19	US\$ 102,664	(123,395)	Financial liabilities at fair value through profit or loss	(12,825)
		2022.02.22- 2022.11.22	EUR 4,827	3,199	Financial assets at fair value through profit or loss	3,199

For the six months ended June 30, 2021

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

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

For the six months ended June 30, 2022 and 2021, the realized gains or losses on currency swaps with sister companies were \$91,763 thousand losses and \$16,463 thousand gains, respectively. Besides, the realized gains or losses on currency swaps with affiliates were \$2,069 thousand losses and \$82,018 thousand gains, respectively.

The BPCTLI engaged in foreign exchange swaps with associates. Under these contracts, both parties should receive deposits (reported as other assets - refundable deposits other liabilities) depending on the value of the swaps. As of June 30, 2022, December 31, 2021 and June 30, 2021, the BPCTLI had refundable deposits of \$65,338 thousand, and had received deposits of \$86,845 thousand and \$109,317 thousand, respectively.

f) Operating expenses - insurance contract expenses

	For the Six Months Ended June 30	
	2022	2021
Sister company		
TCB	<u>\$ 280,104</u>	<u>\$ 310,654</u>

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

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

	For the Six Months Ended June 30	
	2022	2021
Management fee income		
Sister company	\$ 362	\$ -
Others	<u>181,446</u>	<u>160,704</u>
	<u>\$ 181,808</u>	<u>\$ 160,704</u>

6) Taiwan Cooperative Venture Capital Co., Ltd.

	June 30, 2022	December 31, 2021	June 30, 2021
Cash in banks			
TCB	<u>\$ 136,686</u>	<u>\$ 62,650</u>	<u>\$ 55,641</u>

d. Salaries, bonuses and remunerations to main management

The salaries, bonuses and remunerations of the directors and main management for the six months ended June 30, 2022 and 2021, are summarized as follows:

	For the Six Months Ended June 30	
	2022	2021
Salaries and other short-term employment benefits	\$ 94,913	\$ 95,943
Post-employment benefits	2,126	2,018
Interest arising from the employees' preferential rate in excess of normal rates	<u>690</u>	<u>836</u>
	<u>\$ 97,729</u>	<u>\$ 98,797</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:

	June 30, 2022	December 31, 2021	June 30, 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	1,294,800
Guarantee deposits for provisional collateral seizure for loan defaults and others	1,129,900	958,000	1,032,200
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	477,289	443,902	364,070
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	330,000	290,000	290,000
Collaterals for overseas branch U.S. dollar settlement	46,327	15,210	40,936
Collaterals for overseas branch KHR settlement	7,019	2,432	4,849
Overseas branches' guarantee deposits for operation	5,947	5,531	5,579
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>\$ 86,660,382</u>	<u>\$ 117,881,275</u>	<u>\$ 117,706,334</u>

To comply with the Central Bank of the Republic of China's (CBC) Interbank Funds Transfer and Settlement System for real-time gross settlement (RTGS), TCB provided certificates of deposit of \$30,000,000 thousand as collateral for day-term overdraft as of June 30, 2022, December 31, 2021 and June 30, 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 Balance Loan	Collateral Value
June 30, 2022	<u>\$ 360,467</u>	<u>\$ 304,044</u>
December 31, 2021	<u>\$ 316,643</u>	<u>\$ 236,422</u>
June 30, 2021	<u>\$ 310,950</u>	<u>\$ 225,321</u>

- c. As of December 31, 2021 and June 30, 2021, TCB had pledged \$75,000,000 thousand and \$75,000,000 thousand to deposit reserve account B in accordance with the Central Bank's project financing regulations in response to the epidemic.
- d. As of June 30, 2022, December 31, 2021 and June 30, 2021, due to the KHR loans borrowed from the National Bank of Cambodia, up to US\$40,758 thousand, US\$69,904 thousand and US\$81,923 thousand in TCB's Phnom Penh Branch's due from the Central Bank were provided as collateral to the National Bank of Cambodia in accordance with the relevant regulations.

44. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

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

As of June 30, 2022, TCFHC's outstanding major construction and procurement contracts amounted to \$164,113 thousand, of which \$29,977 thousand was still unpaid.

- b. Taiwan Cooperative Bank, Ltd.

- 1) As of June 30, 2022, TCB's outstanding major construction and procurement contracts amounted to \$295,927 thousand, of which \$206,992 thousand was still unpaid.
- 2) According to the joint venture contract signed with BNP Paribas Assurance (BNPPA), TCB signed the tri-party agreement with BNP Paribas Cardif TCB Life Insurance Co., Ltd. (BPCTLI) and Cooperative Insurance Broker Co., Ltd. (CIB) on April 13, 2010, which identified BPCTLI as the sole supplier of life insurance products for TCB and CIB, also applying TCB's marketing channels to sell life insurance products. Since TCB merged with the CIB on June 24, 2016, TCB signed a two-party agreement with BPCTLI on March 30, 2018 to replace the original tri-party agreement, the rights and obligations of the CIB were assumed by TCB.

c. Taiwan Cooperative Bills Finance Cooperation Ltd.

As of June 30, 2022, the commitments or contingencies arose from business were as follows:

	June 30, 2022
Guarantees of commercial paper	<u>\$ 30,512,000</u>
Purchase of reference-rate commercial paper	<u>\$ 8,531,000</u>

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

As of June 30, 2022, TCS's agreements on the house decoration project and acquisition equipment amounted to \$20,875 thousand, of which \$9,942 thousand was still unpaid.

45. FINANCIAL INSTRUMENTS

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

	June 30, 2022		December 31, 2021		June 30, 2021	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
<u>Financial assets</u>						
Investments in debt instruments at amortized cost	\$ 648,912,917	\$ 645,053,998	\$ 715,489,725	\$ 717,733,118	\$ 714,100,928	\$ 719,589,735
<u>Financial liabilities</u>						
Bonds payable	71,800,000	71,138,883	82,100,000	83,040,511	71,100,000	71,547,861

Fair value hierarchy as at June 30, 2022, December 31, 2021 and June 30, 2021:

June 30, 2022

	Total	Level 1	Level 2	Level 3
<u>Financial assets</u>				
Investments in debt instruments at amortized cost	\$ 645,053,998	\$ 1,237,870	\$ 643,816,128	\$ -
<u>Financial liabilities</u>				
Bonds payable	71,138,883	-	71,138,883	-

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	-

June 30, 2021

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

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 0.9657% and 1.5322%, between 0.4605% and 0.7199%, between 0.4659% and 0.6006% as of June 30, 2022, December 31, 2021 and June 30, 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 June 30, 2022, December 31, 2021 and June 30, 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:

	June 30, 2022	December 31, 2021	June 30, 2021
Discount for lack of marketability			
Increase 10%	\$ (1,058,931)	\$ (1,160,478)	\$ (1,283,091)
Decrease 10%	\$ 1,058,931	\$ 1,160,478	\$ 1,283,091
Discount for minority interest			
Increase 10%	\$ (35,298)	\$ (32,542)	\$ (20,824)
Decrease 10%	\$ 35,298	\$ 32,542	\$ 20,824

- c. The fair value hierarchy of the Company's financial instruments measured at fair value on a recurring basis as of June 30, 2022, December 31, 2021 and June 30, 2021 were as follows:

1) Fair Value Hierarchy

Financial Instruments Measured at Fair Value	June 30, 2022			
	Total	Level 1	Level 2	Level 3
<u>Non-derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at FVTPL				
Equity instruments	\$ 2,655,716	\$ 1,331,443	\$ 335	\$ 1,323,938
Debt instruments	2,422,798	458,216	1,964,582	-
Others	74,758,941	4,055,307	70,672,966	30,668
Financial assets at FVTOCI				
Equity instruments	45,185,920	38,844,883	-	6,341,037
Debt instruments	460,296,112	24,457,294	435,838,818	-
Others	591,548	591,548	-	-
<u>Liabilities</u>				
Financial liabilities at FVTPL	(970,026)	(970,013)	(13)	-
<u>Derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at FVTPL	11,183,622	731,433	10,452,189	-
<u>Liabilities</u>				
Financial liabilities at FVTPL	(2,297,367)	(255)	(2,297,112)	-
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	June 30, 2021			
	Total	Level 1	Level 2	Level 3
<u>Non-derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at FVTPL				
Equity instruments	\$ 3,544,975	\$ 2,362,901	\$ 724	\$ 1,181,350
Debt instruments	4,263,074	2,300,651	1,952,423	10,000
Others	98,176,238	5,082,305	92,980,185	113,748
Financial assets at FVTOCI				
Equity instruments	52,552,846	44,512,374	-	8,040,472
Debt instruments	410,141,826	33,106,416	377,035,410	-
<u>Liabilities</u>				
Financial liabilities at FVTPL	(617,321)	(617,166)	(155)	-
<u>Derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at FVTPL	1,283,669	314,320	969,349	-
<u>Liabilities</u>				
Financial liabilities at FVTPL	(1,573,326)	-	(1,573,326)	-

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	122,566	-	122,566
Recognized in OCI (included in unrealized valuation gain or loss on investment in equity instruments at FVTOCI)	-	(770,713)	(770,713)
Purchases	144,882	152,085	296,967
Disposals	(369,196)	-	(369,196)
Balance at June 30, 2022	<u>\$ 1,354,606</u>	<u>\$ 6,341,037</u>	<u>\$ 7,695,643</u>
Balance at January 1, 2021	\$ 1,401,070	\$ 6,123,249	\$ 7,524,319
Recognized in profit	(39,996)	-	(39,996)
Recognized in OCI (included in unrealized valuation gain or loss on investment in equity instruments at FVTOCI)	-	1,917,223	1,917,223
Purchases	110,867	-	110,867
Disposals	(23,445)	-	(23,445)
Transferred out of Level 3	(143,398)	-	(143,398)
Balance at June 30, 2021	<u>\$ 1,305,098</u>	<u>\$ 8,040,472</u>	<u>\$ 9,345,570</u>

The change in unrealized gains for the six months ended June 30, 2022 and 2021 included in profit or loss for assets held at the June 30, 2022 and 2021, respectively, was \$1,145 thousand and \$218,646 thousand.

d. Information on financial risk management

Taiwan Cooperative Financial Holding Co., Ltd.

1) Risk management

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

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

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

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

2) Credit risk

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

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

3) Market risk

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

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

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 June 30, 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	\$ 12,788,117
Discounts and loans	<u>100,621,566</u>
	<u>\$ 113,409,683</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) The Bank is not responsible for the collaterals assumed and assets of principal and subordinate debtors experiencing low priced auctions with no bidders.
- iv) Overdue loans or collections were made after two years from the settlement date.
- v) Overdue credit card loans and overdue receivables were aged over nine months after the settlement date.

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

iv. Measurement of expected credit losses

Loans business

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

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

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 June 30, 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 June 30, 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:

Probability of Default	
Relevant economic factors	Monitoring indicator/unemployment rate

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

Bonds and bills business

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

c) Credit risk avoidance or mitigation policy

i. Strengthen collaterals and other credits

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

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

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

June 30, 2022

	Gross Carrying Amount	Allowance for Possible Losses	Total Exposure Amount (Amortized Cost)	Fair Value of Collateral
<u>Impaired financial assets</u>				
Receivables	\$ 169,980	\$ 70,260	\$ 99,720	\$ -
Discount and loans	34,722,159	3,842,208	30,879,951	76,134,639

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

June 30, 2021

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

The total amount of financial assets that have been written off but have recourse action by TCB and its subsidiary in June 30, 2022, December 31, 2021 and June 30, 2021 were \$7,212,817 thousand, \$8,010,636 thousand and \$8,249,829 thousand, respectively.

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

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

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

Credit Risk Profile by Group or Industry	June 30, 2022		December 31, 2021		June 30, 2021	
	Amount	%	Amount	%	Amount	%
Natural person	\$ 978,487,960	39	\$ 966,913,755	39	\$ 937,378,845	39
Manufacturing	445,734,297	18	420,742,616	17	428,591,292	18

iii. Master netting arrangement

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

d) Maximum exposures to credit risks

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

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

	June 30, 2022	December 31, 2021	June 30, 2021
Financial assets at fair value through profit or loss - debt instrument	\$ 1,372,434	\$ 3,974,229	\$ 1,926,959

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

June 30, 2022					
	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired Financial Instruments)	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	\$ 302,574,013	\$ 12,696	\$ 216,365	\$ -	\$ 302,803,074
Allowance for possible losses	(749,973)	(9)	(14,300)	-	(764,282)
Difference of impairment loss under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	-	-	-	(519,767)	(519,767)
	<u>\$ 301,824,040</u>	<u>\$ 12,687</u>	<u>\$ 202,065</u>	<u>\$ (519,767)</u>	<u>\$ 301,519,025</u>
December 31, 2021					
	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired Financial Instruments)	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>

June 30, 2021					
	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired Financial Instruments)	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	\$ 284,086,032	\$ 44,840	\$ 1,459,350	\$ -	\$ 285,590,222
Allowance for possible losses	(650,647)	(85)	(196,333)	-	(847,065)
Difference of impairment loss under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	-	-	-	(484,152)	(484,152)
	<u>\$ 283,435,385</u>	<u>\$ 44,755</u>	<u>\$ 1,263,017</u>	<u>\$ (484,152)</u>	<u>\$ 284,259,005</u>

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

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

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

a) Credit quality analysis of discounts and loans

June 30, 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/N on-accrual Loans”	Total
Discounts and loans	\$ 2,453,787,972	\$ 7,693,905	\$ 34,722,159	\$ -	\$ 2,496,204,036
Allowance for possible losses	(4,111,756)	(83,937)	(3,842,208)	-	(8,037,901)
Difference of impairment loss under “Regulations Governing the Procedure for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	-	-	-	(21,781,491)	(21,781,491)
	<u>\$ 2,449,676,216</u>	<u>\$ 7,609,968</u>	<u>\$ 30,879,951</u>	<u>\$ (21,781,491)</u>	<u>\$ 2,466,384,644</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/N on-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>
June 30, 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/N on-accrual Loans”	Total
Discounts and loans	\$ 2,391,691,132	\$ 6,127,642	\$ 39,228,364	\$ -	\$ 2,437,047,138
Allowance for possible losses	(3,941,066)	(92,025)	(4,119,830)	-	(8,152,921)
Difference of impairment loss under “Regulations Governing the Procedure for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	-	-	-	(21,232,811)	(21,232,811)
	<u>\$ 2,387,750,066</u>	<u>\$ 6,035,617</u>	<u>\$ 35,108,534</u>	<u>\$ (21,232,811)</u>	<u>\$ 2,407,661,406</u>

b) Credit quality analysis of receivables

	June 30, 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	\$ 14,729,525	\$ 48,814	\$ 169,980	\$ 2,744,919	\$ -	\$ 17,693,238
Allowance for possible losses	(42,275)	(11,140)	(70,260)	(187,199)	-	(310,874)
Difference of impairment loss under “Regulations Governing the Procedure for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	-	-	-	-	(170,986)	(170,986)
	\$ 14,687,250	\$ 37,674	\$ 99,720	\$ 2,557,720	\$ (170,986)	\$ 17,211,378

	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>
	June 30, 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	\$ 13,098,639	\$ 41,871	\$ 172,524	\$ 2,208,807	\$ -	\$ 15,521,841
Allowance for possible losses	(37,823)	(10,014)	(70,215)	(187,941)	-	(305,993)
Difference of impairment loss under “Regulations Governing the Procedure for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	-	-	-	-	(162,169)	(162,169)
	<u>\$ 13,060,816</u>	<u>\$ 31,857</u>	<u>\$ 102,309</u>	<u>\$ 2,020,866</u>	<u>\$ (162,169)</u>	<u>\$ 15,053,679</u>

c) Credit quality analysis of securities

June 30, 2022				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Investments in debt instruments at FVTOCI				
Gross carrying amount	\$ 422,290,504	\$ -	\$ 357,573	\$ 422,648,077
Allowance for possible losses	(65,271)	-	(221,695)	(286,966)
Amortized cost	422,225,233	-	135,878	422,361,111
Fair value adjustments	(16,516,542)	-	(78,682)	(16,595,224)
	<u>\$ 405,708,691</u>	<u>\$ -</u>	<u>\$ 57,196</u>	<u>\$ 405,765,887</u>
Investments in debt instruments at amortized cost	\$ 645,955,591	\$ -	\$ -	\$ 645,955,591
Allowance for possible losses	(19,017)	-	-	(19,017)
	<u>\$ 645,936,574</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 645,936,574</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	(66,666)	-	-	(66,666)
Amortized cost	373,825,671	-	-	373,825,671
Fair value adjustments	1,508,461	-	-	1,508,461
	<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	(19,216)	-	-	(19,216)
	<u>\$ 711,991,479</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 711,991,479</u>
June 30, 2021				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Investments in debt instruments at FVTOCI				
Gross carrying amount	\$ 355,794,536	\$ -	\$ -	\$ 355,794,536
Allowance for possible losses	(106,863)	-	-	(106,863)
Amortized cost	355,687,673	-	-	355,687,673
Fair value adjustments	5,972,804	-	-	5,972,804
	<u>\$ 361,660,477</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 361,660,477</u>
Investments in debt instruments at amortized cost	\$ 710,638,682	\$ -	\$ -	\$ 710,638,682
Allowance for possible losses	(47,081)	-	-	(47,081)
	<u>\$ 710,591,601</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 710,591,601</u>

- 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
Transfers to lifetime ECL	(467)	-	467	-
New financial assets purchased	4,995	-	-	4,995
Derecognition of financial assets in the current reporting period	(2,113)	-	-	(2,113)
Change in model or risk parameters	(6,245)	-	221,193	214,948
Changes in exchange rates and other changes	2,435	-	35	2,470
Balance at June 30, 2022	<u>\$ 65,271</u>	<u>\$ -</u>	<u>\$ 221,695</u>	<u>\$ 286,966</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	16,700	-	-	16,700
Derecognition of financial assets in the current reporting period	(5,355)	-	-	(5,355)
Change in model or risk parameters	3,496	-	-	3,496
Changes in exchange rates and other changes	<u>(18,662)</u>	<u>-</u>	<u>-</u>	<u>(18,662)</u>
Balance at June 30, 2021	<u>\$ 106,863</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 106,863</u>

- 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	1,116	-	-	1,116
Derecognition of financial assets in the current reporting period	(1,121)	-	-	(1,121)
Change in model or risk parameters	(989)	-	-	(989)
Changes in exchange rates and other changes	<u>795</u>	<u>-</u>	<u>-</u>	<u>795</u>
Balance at June 30, 2022	<u>\$ 19,017</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,017</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	5,476	-	-	5,476
Derecognition of financial assets in the current reporting period	(1,755)	-	-	(1,755)
Change in model or risk parameters	(409)	-	-	(409)
Changes in exchange rates and other changes	<u>(1,943)</u>	<u>-</u>	<u>-</u>	<u>(1,943)</u>
Balance at June 30, 2021	<u>\$ 47,081</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,081</u>

3) Market risks

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

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

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

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

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

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

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

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

Main Risk	Change Scenario	June 30, 2022	December 31, 2021	June 30, 2021
Interest rate risk	Interest rate curve increased 100 basis points	\$ (116,242)	\$ (353,392)	\$ (237,545)
	Interest rate curve fell 100 basis points	120,318	380,457	244,148
Exchange rate risk	USD/NT\$, EUR/NT\$ increased 3%	(360,691)	(167,222)	(145,064)
	USD/NT\$, EUR/NT\$ fell 3%	360,691	167,222	145,064
	Others (RMB, AUD etc.)/ NT\$ increased 5%	155,114	372,018	27,845
	Others (RMB, AUD etc.)/ NT\$ fell 5%	(155,114)	(372,018)	(27,845)
Equity security price risk	Equity security price increased by 15%	71,809	149,215	131,651
	Equity security price fell by 15%	(71,809)	(149,215)	(131,651)

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

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

Taiwan Cooperative Bank, Ltd.

	For the Six Months Ended June 30			
	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	\$ 52,958,544	0.54	\$ 33,072,987	0.87
Due from the Central Bank	204,846,417	0.29	193,181,708	0.23
Call loans to banks and other financial assets - call loans to security firms	74,837,232	0.69	66,689,642	0.52
Financial assets mandatorily classified as at fair value through profit or loss	30,163,978	0.48	35,692,534	0.29
Discounts and loans	2,493,170,508	1.65	2,335,452,066	1.61
Financial assets at fair value through other comprehensive income	408,903,462	1.30	355,253,981	1.34
Investments in debt instruments at amortized cost	689,006,062	0.61	732,880,420	0.52
<u>Interest-bearing liabilities</u>				
Deposits from the Central Bank and other banks	238,083,345	0.35	241,536,915	0.26
Due to the Central Bank and other banks	48,277,626	0.11	55,767,252	0.10
Securities sold under repurchase agreements	7,350,697	0.20	6,677,305	0.17
Demand deposits	806,807,254	0.09	726,217,479	0.06
Savings - demand deposits	1,134,633,814	0.23	1,049,872,690	0.18

(Continued)

	For the Six Months Ended June 30			
	2022		2021	
	Average Balance	Average Rate (%)	Average Balance	Average Rate (%)
Time deposits	\$ 740,256,689	0.63	\$ 696,054,427	0.54
Time savings deposits	603,440,005	0.92	607,158,826	0.81
Treasury deposits	118,965,168	0.51	116,465,844	0.44
Negotiable certificates of deposits	46,480,671	0.45	44,401,512	0.29
Structured products	-	-	3,023,269	0.42
Bank debentures	62,026,243	1.50	61,472,928	1.51
Lease liabilities	1,517,334	2.52	1,541,328	2.66
				(Concluded)

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

(In Thousands)

	June 30, 2022		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
USD	\$ 14,794,030	29.7350	\$ 439,900,490
RMB	10,861,229	4.4370	48,191,275
AUD	1,593,950	20.4500	32,596,274
JPY	90,797,744	0.2177	19,766,669
EUR	595,800	31.0400	18,493,623
<u>Financial liabilities</u>			
USD	19,161,864	29.7350	569,778,035
RMB	8,405,914	4.4370	37,297,041
AUD	1,134,243	20.4500	23,195,267
JPY	86,177,962	0.2177	18,760,942
EUR	249,458	31.0400	7,743,174
	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
<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

	June 30, 2021		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
USD	\$ 13,702,189	27.8950	\$ 382,222,565
RMB	12,104,754	4.3160	52,244,118
AUD	1,562,850	20.9700	32,772,967
EUR	503,045	33.2200	16,711,143
JPY	58,916,183	0.2526	14,882,228
<u>Financial liabilities</u>			
USD	18,199,610	27.8950	507,678,116
RMB	9,728,921	4.3160	41,990,023
AUD	1,288,282	20.9700	27,015,277
JPY	56,980,541	0.2526	14,393,285
ZAR	3,893,516	1.9460	7,576,782

4) Liquidity risk

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

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

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

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

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

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

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

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

TCB's liquidity reserve ratios were 29.80% in June 2022, 28.92% in December 2021 and 30.33% in June 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.

June 30, 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	\$ 150,871,467	\$ 71,594,395	\$ 7,008,646	\$ 668,947	\$ -	\$ 230,143,455
Securities sold under repurchase agreements	4,534,824	1,376,799	984,235	416,965	334,679	7,647,502
Payables	39,194,674	2,374,510	2,768,695	3,952,073	2,120,726	50,410,678
Deposits and remittances	397,163,184	453,541,178	532,919,125	707,988,687	1,402,199,714	3,493,811,888
Bank debentures	-	-	8,350,000	-	43,450,000	51,800,000
Lease liabilities	66,752	175,514	148,809	253,071	1,294,014	1,938,160
Other items of cash outflow on maturity	1,489,447	118	141	994,787	2,211,109	4,695,602

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

June 30, 2021	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Deposits from the Central Bank and other banks	\$ 158,504,435	\$ 73,963,194	\$ 8,885,904	\$ 5,618,102	\$ -	\$ 246,971,635
Due to the Central Bank and other banks	-	-	-	70,617,600	-	70,617,600
Financial liabilities at fair value through profit or loss	49,803	-	-	-	-	49,803
Securities sold under repurchase agreements	2,929,373	1,732,136	1,364,378	-	770,757	6,796,644
Payables	34,713,846	1,254,353	2,848,910	4,104,388	3,728,285	46,649,782
Deposits and remittances	299,149,109	443,571,432	501,604,942	750,578,813	1,358,603,385	3,353,507,681
Bank debentures	-	-	-	11,650,000	49,450,000	61,100,000
Lease liabilities	65,699	169,092	144,323	250,626	1,291,212	1,920,952
Other items of cash outflow on maturity	3,314,180	199	240	947,553	7,359	4,269,531

In the above table, the maturity analysis of deposits and remittances by residual-maturity period was based on TCB and its subsidiary's historical experience. Assuming that all demand deposits as of June 30, 2022, December 31, 2021 and June 30, 2021 must be repaid soon, the capital expenditure will be increased by \$1,932,819,652 thousand, \$1,976,268,781 thousand and \$1,869,087,719 thousand, respectively, within 30 days these balance sheet dates.

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

a) Derivative financial liabilities to be settled at net amounts

June 30, 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	\$ 2,287	\$ 1,826	\$ 647	\$ 5	\$ -	\$ 4,765
Interest	(272)	(207)	70	538	10,919	11,048

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)

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

b) Derivative financial liabilities to be settled at gross amounts

June 30, 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	\$ 37,657,187	\$ 20,099,537	\$ 13,312,518	\$ 8,257,157	\$ 406,997	\$ 79,733,396
Cash inflow	38,243,632	20,558,385	13,670,707	8,481,788	407,031	81,361,543
Interest derivatives						
Cash outflow	685,886	460,789	378,621	149,444	-	1,674,740
Cash inflow	520,522	436,872	367,689	139,035	-	1,464,118
Total cash outflow	38,343,073	20,560,326	13,691,139	8,406,601	406,997	81,408,136
Total cash inflow	38,764,154	20,995,257	14,038,396	8,620,823	407,031	82,825,661
Net cash flow	421,081	434,931	347,257	214,222	34	1,417,525

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

June 30, 2021	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial liabilities at fair value through profit or loss						
Currency derivatives						
Cash outflow	\$ 39,234,114	\$ 48,760,534	\$ 46,364,438	\$ 39,379,292	\$ -	\$ 173,738,378
Cash inflow	39,527,869	49,298,645	46,748,337	39,635,712	-	175,210,563
Interest derivatives						
Cash outflow	-	497,686	41,855	145,128	-	684,669
Cash inflow	-	111,776	41,525	144,924	-	298,225
Total cash outflow	39,234,114	49,258,220	46,406,293	39,524,420	-	174,423,047
Total cash inflow	39,527,869	49,410,421	46,789,862	39,780,636	-	175,508,788
Net cash flow	293,755	152,201	383,569	256,216	-	1,085,741

TCB and its subsidiary conducted maturity analysis of off-balance sheet items based on the residual maturities as of the balance sheet dates. For the financial guarantee contracts issued, the maximum amounts of the guarantees are included in the earliest periods that the guarantee obligation might have been required to be fulfilled. The amounts used in the maturity analysis of off-balance sheet items are based on contractual cash flows, so some of these amounts may not correspond to those shown in the balance sheets.

June 30, 2022	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Irrevocable loan commitments issued	\$ 1,427,177	\$ 2,087,297	\$ 9,219,636	\$ 23,834,263	\$ 76,612,249	\$ 113,180,622
Irrevocable credit card commitments	539,638	409,767	1,099,796	2,896,606	58,774,332	63,720,139
Letters of credit issued yet unused	5,959,771	12,174,181	3,052,281	2,114,175	5,910,779	29,211,187
Other guarantees	9,605,788	14,140,314	6,289,992	8,457,768	58,197,264	96,691,126

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

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

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 \$659,355 thousand, \$684,523 thousand and \$729,603 thousand as of June 30, 2022, December 31, 2021 and June 30, 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 June 30, 2022, December 31, 2021 and June 30, 2021 the fair values of financial assets would have decreased by \$18,099 thousand, \$19,085 thousand and \$20,928 thousand, respectively.

ii) Equity risk

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

Assuming all other indicators had been held constant and based on the asset condition of BPCTLI on June 30, 2022, December 31, 2021 and June 30, 2021, had the TAIEX fallen 1%, the fair value of the equity assets would have decreased by \$11,721 thousand, \$19,053 thousand and \$17,930 thousand, respectively.

iii) Foreign currency risk

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

BPCTLI's overseas financial instruments were primarily exposed to the U.S. dollar. Assuming all other factors had been held constant, no hedging had been involved, and had the U.S. dollar decreased 1% for the six months ended June 30, 2022, the year ended December 31, 2021 and the six months ended June 30, 2021, the income before income tax would have decreased \$139,239 thousand, \$136,455 thousand and \$149,676 thousand, respectively.

The table below shows the carrying value of financial assets and liabilities denominated in foreign currency as of June 30, 2022, December 31, 2021 and June 30, 2021.

June 30, 2022

	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
Savings accounts			
USD	\$ 6,775	29.719	\$ 201,349
EUR	2,242	31.050	69,614
ZAR	26,576	1.828	48,581
Receivables			
USD	4,038	29.719	120,007
EUR	369	31.050	11,466
RMB	87	4.437	384
Financial assets at FVTPL			
USD	3,112	29.719	92,495
Financial assets at FVTOCI			
USD	449,178	29.719	13,349,114
EUR	24,685	31.050	766,474
RMB	75,257	4.437	333,917
Financial assets at amortized cost			
EUR	9,720	31.050	301,809
USD	5,417	29.719	160,973

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

June 30, 2021

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

iii. Stress testing

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

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

Assuming the U.S. 10 year Treasury yield increased 1% as of June 30, 2022, December 31, 2021 and June 30, 2021, the losses on financial assets of the BPCTLI would have been \$692,191 thousand, \$668,713 thousand and \$730,245 thousand, respectively.

2) Credit risk

a) Credit risk definition and classifications

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

b) Credit risk strategy and procedures

BPCTLI controls credit risk as follows:

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

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

ii. Stress testing

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

iii. Credit risk reduction policy

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

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

iv. Credit analysis for bonds

	June 30, 2022		
	Carrying Amount	Fair Value	%
Domestic investment - government bonds (Note 1)	\$ 11,300,854	\$ 11,264,311	38
Domestic investment - corporate bonds (twAAA - twAA)	3,491,510	3,491,510	12
Overseas investment - government bonds	2,518,963	2,486,596	8
Overseas investment - corporate bonds and bank debentures (Aa2 - A3)	11,205,943	11,205,896	38
Overseas investment - corporate bonds and bank debentures (Baa1 - Ba1)	<u>1,187,381</u>	<u>1,187,381</u>	<u>4</u>
	<u>\$ 29,704,651</u>	<u>\$ 29,635,694</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>
	June 30, 2021		
	Carrying Amount	Fair Value	%
Domestic investment - government bonds (Note 1)	\$ 12,077,650	\$ 12,135,203	38
Domestic investment - corporate bonds (twAAA - twAA)	3,299,898	3,299,898	10
Overseas investment - government bonds	2,336,629	2,404,346	8
Overseas investment - corporate bonds and bank debentures (Aa2 - A3)	11,783,511	11,784,470	37
Overseas investment - corporate bonds and bank debentures (Baa1 - Ba1)	<u>2,076,696</u>	<u>2,076,697</u>	<u>7</u>
	<u>\$ 31,574,384</u>	<u>\$ 31,700,614</u>	<u>100</u>

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

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

3) Liquidity risk

a) Source and definition of liquidity risk

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

b) Liquidity risk management strategy and principles

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

c) Maturity analysis

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

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

- ii. Maturity analysis of derivatives

The following table shows BPCTLI's liquidity analysis of its derivative financial instruments. The table was based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by yield curves at the end of the reporting period.

June 30, 2022				
	Within One Year	1 Year to 3 Years	3 Years to 5 Years	Over Five Years
<u>Net settled</u>				
Currency swap contracts	\$ (255,333)	\$ (101,382)	\$ -	\$ -
Cross-currency swap contracts	-	5,170	4,070	-
	<u>\$ (255,333)</u>	<u>\$ (96,212)</u>	<u>\$ 4,070</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>
June 30, 2021				
	Within One Year	1 Year to 3 Years	3 Years to 5 Years	Over Five Years
<u>Net settled</u>				
Currency swap contracts	\$ 279,022	\$ 134,878	\$ -	\$ -
Cross-currency swap contracts	-	-	15,933	-
	<u>\$ 279,022</u>	<u>\$ 134,878</u>	<u>\$ 15,933</u>	<u>\$ -</u>

e. Insurance contracts

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

The risk management program and procedure are summarized as follows:

1) Insurance risk management and measurement

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

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

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

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

2) Concentration of insurance risk and the development of claims

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

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

a) Development of direct business loss

Accident Year	Development Ages													Claim Reserve
	1	2	3	4	5	6	7	8	9	10	11	12	13	
2010	\$ 3	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ -
2011	4,170	7,263	7,786	7,854	7,854	8,034	8,034	8,034	7,854	7,854	7,854	7,854	7,854	-
2012	12,366	20,155	21,177	21,070	21,111	21,112	21,112	21,112	21,113	21,113	21,121	21,121	21,121	-
2013	19,586	27,531	27,762	28,666	28,555	28,551	28,553	28,553	28,553	28,553	28,553	28,553	28,553	-
2014	25,862	28,357	28,976	31,011	31,016	31,018	31,018	31,018	31,018	31,018	31,018	31,018	31,018	-
2015	35,899	42,080	42,346	42,353	42,361	42,381	42,382	42,371	42,371	42,371	42,371	42,371	42,371	-
2016	26,485	31,219	31,407	31,432	31,444	31,445	31,447	31,447	31,448	31,448	31,448	31,448	31,448	1
2017	53,250	63,055	58,484	58,652	58,738	58,587	58,588	58,588	58,589	58,589	58,589	58,589	58,589	2
2018	36,190	45,800	46,223	46,232	46,239	46,246	46,247	46,247	46,248	46,248	46,248	46,248	46,248	9
2019	53,544	70,676	66,009	67,823	67,835	67,843	67,844	67,844	67,845	67,845	67,845	67,845	67,845	22
2020	49,582	52,716	53,030	53,780	53,792	53,799	53,800	53,800	53,801	53,801	53,801	53,801	53,801	771
2021	35,460	46,417	46,797	47,825	47,834	47,840	47,841	47,841	47,842	47,842	47,842	47,842	47,842	1,425
2022	64,793	81,429	82,041	84,203	84,218	84,227	84,229	84,229	84,230	84,230	84,230	84,230	84,230	19,437
Incurred but not reported														\$ 21,667
Reported but not paid														81,188
Balance of claim reserve														<u>\$ 102,855</u>

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	4,170	7,263	7,786	7,854	7,854	8,034	8,034	8,034	7,854	7,854	7,854	7,854	7,854	-
2012	10,307	18,108	19,129	19,023	19,063	19,065	19,065	19,065	19,066	19,066	19,074	19,074	19,074	-
2013	19,497	26,841	27,071	27,975	27,864	27,860	27,861	27,861	27,861	27,861	27,861	27,861	27,861	-
2014	25,174	27,659	28,278	30,313	30,318	30,319	30,319	30,319	30,319	30,319	30,319	30,319	30,319	-
2015	31,538	37,711	37,977	37,985	37,992	38,012	38,014	38,002	38,002	38,002	38,002	38,002	38,002	-
2016	25,930	30,590	30,778	30,802	30,815	30,816	30,818	30,818	30,818	30,818	30,818	30,818	30,818	-
2017	51,121	58,887	56,315	56,484	56,570	56,418	56,420	56,420	56,421	56,421	56,421	56,421	56,421	3
2018	35,432	44,832	45,226	45,235	45,241	45,248	45,250	45,250	45,250	45,250	45,250	45,250	45,250	9
2019	47,722	62,824	60,160	65,646	65,658	65,666	65,668	65,668	65,668	65,668	65,668	65,668	65,668	22
2020	46,367	49,193	53,030	53,781	53,792	53,800	53,801	53,801	53,802	53,802	53,802	53,802	53,802	772
2021	33,233	43,319	43,698	44,451	44,460	44,466	44,467	44,467	44,468	44,468	44,468	44,468	44,468	1,149
2022	64,673	81,269	81,880	84,034	84,049	84,058	84,060	84,060	84,061	84,061	84,061	84,061	84,061	19,388
Incurred but not reported														\$ 21,343
Reported but not paid														<u>56,008</u>
Balance of claim reserve														<u>\$ 77,351</u>

3) Sensitivity analysis of insurance risk

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

Insurance contracts and investment contracts with a discretionary participation feature.

June 30, 2022			
	Changes in the Assumptions	Impact on Income Before Income Tax	Impact on Equity
Discount rate	0.25%	\$ 30,681	\$ 24,545
Discount rate	(0.25%)	(30,750)	(24,600)
Mortality rate	10.00%	(15,835)	(12,668)
Mortality rate	(10.00%)	15,832	12,666
Withdrawal rate	30.00%	8,438	6,750
Withdrawal rate	(30.00%)	(8,336)	(6,668)
Illness rate/loss rate	15.00%	(11,199)	(8,959)
Expense rate	10.00%	(39,631)	(31,705)

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)

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

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.

f. Transfers of financial assets

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

June 30, 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	\$ 27,344,856	\$ 27,345,101	\$ 27,344,856	\$ 27,345,101	\$ (245)
Financial assets at FVTOCI - securities sold under repurchase agreements	31,192,857	32,076,914	31,192,857	32,076,914	(884,057)

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)

June 30, 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	\$ 34,794,386	\$ 34,762,606	\$ 34,794,386	\$ 34,762,606	\$ 31,780
Financial assets at FVTOCI - securities sold under repurchase agreements	18,071,373	18,176,986	18,071,373	18,176,986	(105,613)

g. Offsetting financial assets and financial liabilities

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

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

June 30, 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	\$ 1,720,923	\$ -	\$ 1,720,923	\$ (1,720,923)	\$ -	\$ -

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	\$ 59,422,015	\$ -	\$ 59,422,015	\$ (58,130,995)	\$ -	\$ 1,291,020

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

June 30, 2021

Financial Assets	Gross Amounts of Recognized Financial Assets	Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet	Net Amounts of Financial Assets Presented in the Balance Sheet	Related Amounts Not Offset in the Balance Sheet		Net Amount
				Financial Instruments	Cash Collateral Received	
Resell agreements	\$ 880,542	\$ -	\$ 880,542	\$ (823,912)	\$ -	\$ 56,630

Financial Liabilities	Gross Amounts of Recognized Financial Liabilities	Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet	Net Amounts of Financial Liabilities Presented in the Balance Sheet	Related Amounts Not Offset in the Balance Sheet		Net Amount
				Financial Instruments	Cash Collateral Pledged	
Repurchase agreements	\$ 52,939,592	\$ -	\$ 52,939,592	\$ (52,419,581)	\$ -	\$ 520,011

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%. The CARs of TCBF were 14.00%, 13.80% and 13.47% as of June 30, 2022, December 31, 2021 and June 30, 2021, respectively.

Under the rules governing securities firms and related regulations, the CAR of a securities firm should be at least 150% to ensure its stability as well as maintain the health of the security markets. If the ratio is below 150%, the authority may impose certain restrictions on a firm's operations. The CAR of TCS was 334%, 425% and 308% as of June 30, 2022, December 31, 2021 and June 30, 2021, respectively.

The Law of Insurance and related regulations require that the insurance business maintain CARs at a minimum of 200%. The CARs of BPCTLI were 1,301.39%, 1,503.27% and 1,784.43% as of June 30, 2022, December 31, 2021 and June 30, 2021, respectively.

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

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 3 (attached).

b. Concentration of credit extensions

1) Taiwan Cooperative Bank, Ltd. (TCB)

(In Thousands of New Taiwan Dollars, %)

Rank (Note 1)	June 30, 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 Real estate development	\$ 34,951,081	15.59
2	Group B Railway transportation	31,909,193	14.24
3	Group C Financial leasing	19,130,295	8.54
4	Group D Petroleum and coal products manufacturing	14,491,000	6.47
5	Group E Cotton and textile	14,311,494	6.39
6	Group F Computers and computing peripheral equipment manufacturing	13,030,597	5.81
7	Group G Computers manufacturing	12,337,719	5.50
8	Group H Wholesale of electronic and communication equipment and parts	12,157,026	5.42
9	Group I Iron and steel smelting	11,222,924	5.01
10	Group J Cotton and textile	8,802,000	3.93

(In Thousands of New Taiwan Dollars, %)

Rank (Note 1)	June 30, 2021		
	Industry of Group Enterprise (Note 2)	Total Amount of Credit Endorsement or Other Transactions (Note 3)	Percentage of TCB's Equity
1	Group B Railway transportation	\$ 37,773,193	15.48
2	Group A Real estate development	32,763,571	13.43
3	Group F Computers and computing peripheral equipment manufacturing	14,166,513	5.80
4	Group I Iron and steel smelting	11,786,250	4.83
5	Group C Financial leasing	11,661,760	4.78
6	Group D Petroleum and coal products manufacturing	11,583,949	4.75
7	Group G Computers manufacturing	11,446,326	4.69
8	Group E Cotton and textile	11,431,113	4.68
9	Group J Cotton and textile	10,077,203	4.13
10	Group K Shipping agency	9,399,879	3.85

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

(In Thousands of New Taiwan Dollars, %)

Rank (Note 1)	June 30, 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 Rolling and extruding of iron and steel	\$ 1,305,000	20.28
2	Group B Real estate development	1,286,000	19.98
3	Group C Rolling and extruding of iron and steel	1,150,000	17.87
4	Group D Real estate development	1,150,000	17.87
5	Group E Real estate development	1,000,000	15.54
6	Group F Real estate development	816,000	12.68
7	Group G Unclassified other financial service	800,000	12.43
8	Group H Real estate development	800,000	12.43
9	Group I Real estate development	734,100	11.41
10	Group J Nonalcoholic beverages manufacturing	690,000	10.72

(In Thousands of New Taiwan Dollars, %)

Rank (Note 1)	June 30, 2021		
	Industry of Group Enterprise (Note 2)	Total Amount of Credit Endorsement or Other Transactions (Note 3)	Percentage of TCBF's Equity
1	Group A Rolling and extruding of iron and steel	\$ 1,318,000	18.47
2	Group C Rolling and extruding of iron and steel	1,250,000	17.51
3	Group B Real estate development	1,170,000	16.39
4	Group K Sheet glass and glass products	1,040,000	14.57
5	Group G Other retail sale in nonspecialized stores	910,000	12.75
6	Group L Real estate development	807,100	11.31
7	Group M Real estate development	798,200	11.18
8	Group D Real estate development	790,000	11.07
9	Group N Motor bus transportation	735,000	10.30
10	Group J Non-alcoholic beverages manufacturing	720,000	10.09

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

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

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

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

Interest Rate Sensitivity
June 30, 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	\$ 2,723,881,638	\$ 125,860,136	\$ 36,634,607	\$ 398,292,891	\$ 3,284,669,272
Interest rate-sensitive liabilities	1,031,677,317	1,806,276,312	90,325,495	40,877,251	2,969,156,375
Interest rate sensitivity gap	1,692,204,321	(1,680,416,176)	(53,690,888)	357,415,640	315,512,897
Net worth					188,561,119
Ratio of interest rate-sensitive assets to liabilities					110.63
Ratio of interest rate sensitivity gap to net worth					167.33

Interest Rate Sensitivity
June 30, 2021

(In Thousands of New Taiwan Dollars, %)

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	\$ 2,724,591,703	\$ 132,173,967	\$ 70,829,914	\$ 359,152,522	\$ 3,286,748,106
Interest rate-sensitive liabilities	1,046,233,693	1,770,100,542	122,673,851	50,478,941	2,989,487,027
Interest rate sensitivity gap	1,678,358,010	(1,637,926,575)	(51,843,937)	308,673,581	297,261,079
Net worth					204,748,755
Ratio of interest rate-sensitive assets to liabilities					109.94
Ratio of interest rate sensitivity gap to net worth					145.18

Note 1: The above amounts included only New Taiwan dollar amounts held by the head office and branches of the Bank (i.e., excluding foreign currency).

Note 2: Interest rate-sensitive assets and liabilities refer to interest-earning assets and interest-bearing liabilities with revenues or costs that are affected by interest rate changes.

Note 3: Interest rate sensitivity gap = Interest rate-sensitive assets - Interest rate-sensitive liabilities.

Note 4: Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets/Interest rate-sensitive liabilities (in New Taiwan dollars).

Interest Rate Sensitivity
June 30, 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	\$ 13,837,284	\$ 1,054,769	\$ 426,390	\$ 2,793,138	\$ 18,111,581
Interest rate-sensitive liabilities	18,236,104	2,889,789	1,434,449	-	22,560,342
Interest rate sensitivity gap	(4,398,820)	(1,835,020)	(1,008,059)	2,793,138	(4,448,761)
Net worth					1,196,450
Ratio of interest rate-sensitive assets to liabilities					80.28
Ratio of interest rate sensitivity gap to net worth					(371.83)

Interest Rate Sensitivity
June 30, 2021

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

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	\$ 13,238,891	\$ 1,050,625	\$ 342,852	\$ 2,577,893	\$ 17,210,261
Interest rate-sensitive liabilities	17,194,264	2,411,043	2,000,342	-	21,605,649
Interest rate sensitivity gap	(3,955,373)	(1,360,418)	(1,657,490)	2,577,893	(4,395,388)
Net worth					1,408,652
Ratio of interest rate-sensitive assets to liabilities					79.66
Ratio of interest rate sensitivity gap to net worth					(312.03)

Note 1: The above amounts included only U.S. dollar amounts held by the head office, domestic branches, OBU and overseas branches of the Bank and excluded contingent assets and contingent liabilities.

Note 2: Interest rate-sensitive assets and liabilities refer to interest-earning assets and interest-bearing liabilities with revenues or costs that are affected by interest rate changes.

Note 3: Interest rate sensitivity gap = Interest rate-sensitive assets - Interest rate-sensitive liabilities.

Note 4: Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets/Interest rate-sensitive liabilities (in U.S. dollars).

d. Profitability

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

(%)

Items		June 30, 2022	June 30, 2021
Return on total assets	Before income tax	0.51	0.57
	After income tax	0.43	0.48
Return on equity	Before income tax	9.79	9.95
	After income tax	8.23	8.39
Net income ratio		39.30	38.55

2) Taiwan Cooperative Financial Holding Co., Ltd.

(%)

Items		June 30, 2022	June 30, 2021
Return on total assets	Before income tax	6.88	7.23
	After income tax	6.86	7.23
Return on equity	Before income tax	8.18	8.25
	After income tax	8.16	8.25
Net income ratio		98.56	98.82

3) Taiwan Cooperative Bank, Ltd.

(%)

Items		June 30, 2022	June 30, 2021
Return on total assets	Before income tax	0.47	0.51
	After income tax	0.40	0.43
Return on equity	Before income tax	8.24	8.41
	After income tax	7.02	7.10
Net income ratio		38.22	37.26

4) Taiwan Cooperative Bills Finance Corporation Ltd.

(%)

Items		June 30, 2022	June 30, 2021
Return on total assets	Before income tax	0.62	0.90
	After income tax	0.49	0.75
Return on equity	Before income tax	5.27	7.88
	After income tax	4.14	6.52
Net income ratio		58.49	63.01

5) Taiwan Cooperative Securities Co., Ltd.

(%)

Items		June 30, 2022	June 30, 2021
Return on total assets	Before income tax	1.05	2.19
	After income tax	0.78	1.87
Return on equity	Before income tax	6.65	13.79
	After income tax	4.95	11.80
Net income ratio		21.50	36.62

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

(%)

Items		June 30, 2022	June 30, 2021
Return on total assets	Before income tax	1.15	1.40
	After income tax	0.96	1.20
Return on equity	Before income tax	13.49	16.15
	After income tax	11.24	13.93
Net income ratio		55.59	65.30

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

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

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

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

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

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

Maturity Analysis of Assets and Liabilities
June 30, 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	\$ 3,646,654,193	\$ 451,320,414	\$ 350,385,562	\$ 176,269,907	\$ 225,840,079	\$ 405,737,266	\$ 2,037,100,965
Main capital outflow on maturity	4,219,684,007	234,505,025	247,415,370	474,300,540	527,226,463	813,296,671	1,922,939,938
Gap	(573,029,814)	216,815,389	102,970,192	(298,030,633)	(301,386,384)	(407,559,405)	114,161,027

Maturity Analysis of Assets and Liabilities
June 30, 2021

(In Thousands of New Taiwan Dollars)

	Total	Remaining Period to Maturity					
		0 to 10 Days	11 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year
Main capital inflow on maturity	\$ 3,634,885,922	\$ 433,463,425	\$ 447,267,346	\$ 144,327,256	\$ 227,096,914	\$ 441,291,394	\$ 1,941,439,587
Main capital outflow on maturity	4,260,289,158	217,395,303	179,131,440	526,530,623	522,141,084	906,023,186	1,909,067,522
Gap	(625,403,236)	216,068,122	268,135,906	(382,203,367)	(295,044,170)	(464,731,792)	32,372,065

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

Maturity Analysis of Assets and Liabilities
June 30, 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	\$ 27,391,149	\$ 9,439,618	\$ 3,825,094	\$ 3,709,266	\$ 2,133,626	\$ 8,283,545
Main capital outflow on maturity	31,233,456	11,419,896	6,431,376	6,157,579	4,000,202	3,224,403
Gap	(3,842,307)	(1,980,278)	(2,606,282)	(2,448,313)	(1,866,576)	5,059,142

Maturity Analysis of Assets and Liabilities
June 30, 2021

(In Thousands of U.S. Dollars)

	Total	Remaining Period to Maturity				
		0 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year
Main capital inflow on maturity	\$ 25,428,559	\$ 7,557,632	\$ 4,433,445	\$ 2,960,161	\$ 2,677,959	\$ 7,799,362
Main capital outflow on maturity	29,636,427	8,899,808	5,085,366	5,073,787	6,370,681	4,206,785
Gap	(4,207,868)	(1,342,176)	(651,921)	(2,113,626)	(3,692,722)	3,592,577

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

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

June 30, 2022

Period		1 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year
Items						
Use of funds	Bills	\$ 21,935,962	\$ 14,898,968	\$ -	\$ 303,052	\$ -
	Bonds	200,000	100,000	250,000	344,370	16,784,845
	Cash in bank	284,084	120,000	-	200	-
	Total	22,420,046	15,118,968	250,000	647,622	16,784,845
Source of funds	Borrowings	8,221,688	-	-	-	-
	Securities sold under repurchase agreements	37,843,437	2,811,012	102,934	-	-
	Total	46,065,125	2,811,012	102,934	-	-
Net flows		(23,645,079)	12,307,956	147,066	647,622	16,784,845
Accumulated capital net flows		(23,645,079)	(11,337,123)	(11,190,057)	(10,542,435)	6,242,410

June 30, 2021

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

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	June 30, 2022	December 31, 2021	June 30, 2021	Trust Liabilities	June 30, 2022	December 31, 2021	June 30, 2021
Cash in banks	\$ 13,466,006	\$ 12,245,051	\$ 14,952,700	Payables			
Short-term investments				Accrued expense	\$ 1,265	\$ 1,082	\$ 900
Mutual funds	204,549,875	190,638,342	185,012,789	Others	2	9	12
Stocks	2,533,939	3,098,381	1,900,278	Payables on the purchase of securities	1,705	3,738	-
Debt instruments	51,469	385	387	Other liabilities	1	1	-
	207,135,283	193,737,108	186,913,454		2,973	4,830	912
Securities lending	148,724	256,065	241,567	Accounts payable on securities under custody	203,030,196	200,573,375	196,185,011
Receivables	4,246	4,376	8,157	Trust capital	321,339,498	311,135,410	294,350,933
Real estate				Reserves and retained earnings			
Land	64,019,188	73,499,632	66,981,913	Net income	557,832	1,230,358	721,520
Buildings	5,170	5,608	4,453	Retained earnings	22,099	(54,350)	53,029
Construction in process	37,061,783	32,429,746	25,885,488		579,931	1,176,008	774,549
	101,086,141	105,934,986	92,871,854				
Intangible assets							
Superficies	82,002	138,662	138,662				
Securities under custody	203,030,196	200,573,375	196,185,011				
Total	\$ 524,952,598	\$ 512,889,623	\$ 491,311,405	Total	\$ 524,952,598	\$ 512,889,623	\$ 491,311,405

Note: As of June 30, 2022, December 31, 2021 and June 30, 2021, total trust-related assets included OBU funds and bonds in the amount of \$1,659,140 thousand, \$1,483,859 thousand and \$1,483,464 thousand, respectively.

Trust Property List

Investment Items	June 30, 2022	December 31, 2021	June 30, 2021
Cash in banks	\$ 13,466,006	\$ 12,245,051	\$ 14,952,700
Short-term investments			
Mutual funds	204,549,875	190,638,342	185,012,789
Stocks	2,533,939	3,098,381	1,900,278
Debt instruments	51,469	385	387
Securities lending	148,724	256,065	241,567
Receivables			
Accrued interest	2,595	1,268	1,241
Cash dividends	480	919	2,812
Mutual funds	8	1,356	3,268
Others	1,163	833	836
Real estate			
Land	64,019,188	73,499,632	66,981,913
Buildings	5,170	5,608	4,453
Construction in process	37,061,783	32,429,746	25,885,488
Intangible assets			
Superficies	82,002	138,662	138,662
Securities under custody	<u>203,030,196</u>	<u>200,573,375</u>	<u>196,185,011</u>
Total	<u>\$ 524,952,598</u>	<u>\$ 512,889,623</u>	<u>\$ 491,311,405</u>

Statements of Income on Trust Accounts
For the Six Months Ended June 30, 2022 and 2021

	2022	2021
Revenues		
Interest revenue	\$ 3,999	\$ 2,941
Lending stock	1,762	2,109
Cash dividends	11,430	5,664
Realized gain on investment - stocks	143,966	158,818
Unrealized gain on investment - stocks	592,601	423,185
Unrealized gain on investment - lending stock	48,456	119,995
Realized gain on investment - mutual funds	7,307	7,210
Unrealized gain on investment - mutual funds	24,509	73,311
Beneficial certificate appropriation	5,304	9,264
Others	<u>67,536</u>	<u>335</u>
Total revenues	<u>906,870</u>	<u>802,832</u>
Expenses		
Management fees	5,697	4,381
Monitoring fees	3	2
Taxes	2	4
Service charge	52	3
Postage	2	1
Unrealized loss on investment - stocks	100,565	43,722
Unrealized loss on investment - lending stock	65,765	4,820
Unrealized loss on investment - mutual funds	64,241	16,028
Realized loss on investment - mutual funds	22,534	1,243
Realized loss on investment - stocks	90,125	11,041
Others	<u>52</u>	<u>67</u>
Total expenses	<u>349,038</u>	<u>81,312</u>
Income before income tax	557,832	721,520
Income tax expense	<u>-</u>	<u>-</u>
Net income	<u><u>\$ 557,832</u></u>	<u><u>\$ 721,520</u></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 June 30, 2022, December 31, 2021 and June 30, 2021, TCB's accrued receivables were thousand \$16,174 thousand, \$30,119 thousand and \$13,849 thousand, respectively. TCB's revenues from cross-selling transactions were \$14,251 thousand and \$14,451 thousand for the six months ended June 30, 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 December 31, 2021 and June 30, 2021, TCB's accrued receivables were \$2,155 thousand and \$2,099 thousand, respectively. TCB's revenues from cross-selling transactions were \$511 thousand and \$14,612 thousand for the six months ended June 30, 2022 and 2021, respectively.

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

Table 4 (attached).

51. BUSINESS SEGMENT FINANCIAL INFORMATION

Table 5 (attached).

52. FINANCIAL HOLDING COMPANY ACT NO. 46 ANNOUNCEMENT

Table 6 (attached).

53. CASH FLOW INFORMATION

a. Non-Cash financing activities

Undistributed cash dividends approved by stockholders' meetings are \$14,335,713 thousand, \$415,962 thousand and \$548,491 thousand as of June 30, 2022, December 31, 2021 and June 30, 2021, respectively.

b. Changes in liabilities arising from financing activities

For the six months ended June 30, 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	\$ (88,890,360)	\$ -	\$ -	\$ -	\$ -
Commercial paper issued	29,886,064	(9,050,000)	-	-	(575)	20,835,489
Bonds payable	82,100,000	(10,300,000)	-	-	-	71,800,000
Other borrowings	804,894	2,206,221	-	-	12,126	3,023,241
Guarantee deposits received	2,880,373	(385,575)	-	-	148,096	2,642,894
Lease liabilities	1,463,113	(310,505)	368,242	-	18,700	1,539,550
Other liabilities - other	93,526	(2,214)	-	-	(697)	90,615
	<u>\$ 206,118,330</u>	<u>\$ (106,732,433)</u>	<u>\$ 368,242</u>	<u>\$ -</u>	<u>\$ 177,650</u>	<u>\$ 99,931,789</u>

For the six months ended June 30, 2021

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

54. 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.

55. ADDITIONAL DISCLOSURES

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

- 1) Financing provided: TCFHC - none; TCB, UTB, TCBF, and BPCTLI - not applicable; investee company: Table 7 (attached).
- 2) 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 8 (attached).
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 10% of the paid-in capital (TCFHC, TCB and UTB disclosed its investments acquired or disposed of): TCS and BPCTLI - not applicable; TCFHC and investee company: None.
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 10% of the paid-in capital: Table 9 (attached).
- 6) Disposal of individual real estates at costs of at least NT\$300 million or 10% of the paid-in capital: None.
- 7) Financial asset securitization by subsidiaries: None.
- 8) Allowance of service fees to related parties amounting to at least NT\$5 million: Table 10 (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 11 (attached).
 - 11) Percentage share in investees and related information: Table 12 (attached).
 - 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 13 (attached).
- d. Business relationships and significant transactions among the parent company and subsidiaries: Table 14 (attached).
- e. Information on major shareholders: Table 15 (attached).

56. 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 six months ended June 30, 2022 and 2021 are as follows:

	For the Six Months Ended June 30, 2022				
	TCB Business	Others	Total	Adjustment and Elimination	Total
Net interest	\$ 18,138,232	\$ 518,537	\$ 18,656,769	\$ 1,666	\$ 18,658,435
Net revenues and gains other than interest	<u>3,629,373</u>	<u>10,899,552</u>	<u>14,528,925</u>	<u>(9,399,896)</u>	<u>5,129,029</u>
Net revenues	21,767,605	11,418,089	33,185,694	(9,398,230)	23,787,464
Bad-debt expenses and provision for losses on commitment and guarantees	(89,042)	(34,410)	(123,452)	-	(123,452)
Net change in reserves for insurance liabilities	-	712,619	712,619	-	712,619
Operating expenses	<u>(11,915,581)</u>	<u>(1,469,765)</u>	<u>(13,385,346)</u>	<u>126,251</u>	<u>(13,259,095)</u>
Income before income tax	<u>\$ 9,762,982</u>	<u>\$ 10,626,533</u>	<u>\$ 20,389,515</u>	<u>\$ (9,271,979)</u>	<u>\$ 11,117,536</u>
	For the Six Months Ended June 30, 2021				
	TCB Business	Others	Total	Adjustment and Elimination	Total
Net interest	\$ 17,268,374	\$ 594,446	\$ 17,862,820	\$ 2,452	\$ 17,865,272
Net revenues and gains other than interest	<u>5,885,055</u>	<u>12,826,664</u>	<u>18,711,719</u>	<u>(10,117,019)</u>	<u>8,594,700</u>
Net revenues	23,153,429	13,421,110	36,574,539	(10,114,567)	26,459,972
Bad-debt expenses and provision for losses on commitment and guarantees	(1,597,478)	(24,193)	(1,621,671)	-	(1,621,671)
Net change in reserves for insurance liabilities	-	(94,344)	(94,344)	-	(94,344)
Operating expenses	<u>(11,343,802)</u>	<u>(1,425,010)</u>	<u>(12,768,812)</u>	<u>120,442</u>	<u>(12,648,370)</u>
Income before income tax	<u>\$ 10,212,149</u>	<u>\$ 11,877,563</u>	<u>\$ 22,089,712</u>	<u>\$ (9,994,125)</u>	<u>\$ 12,095,587</u>

TABLE 1

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED ENTITIES
JUNE 30, 2022, DECEMBER 31, 2021 AND JUNE 30, 2021

Subsidiaries included in the consolidated financial statements

Investor Company	Investee Company	Location	Main Business and Products	Percentage of Ownership			Note
				June 30, 2022	December 31, 2021	June 30, 2021	
Taiwan Cooperative Financial Holding Co., Ltd.	Taiwan Cooperative Bank, Ltd.	Taipei City	Banking	100.00	100.00	100.00	
	Co-operative Assets Management Co., Ltd.	Taipei City	Acquisition of delinquent loans	100.00	100.00	100.00	
	Taiwan Cooperative Bills Finance Co., Ltd.	Taipei City	Bills finance dealer	100.00	100.00	100.00	
	Taiwan Cooperative Securities Co., Ltd.	Taipei City	Securities dealer	100.00	100.00	100.00	
	Taiwan Cooperative Securities Investment Trust Co., Ltd.	Taipei City	Securities investment trust	100.00	100.00	100.00	
	BNP Paribas Cardif TCB Life Insurance Co., Ltd.	Taipei City	Life insurance	51.00	51.00	51.00	
	Taiwan Cooperative Venture Capital Co., Ltd.	Taipei City	Venture capital	100.00	100.00	100.00	
Taiwan Cooperative Bank, Ltd.	United Taiwan Bank S.A.	Belgium	Banking	90.02	90.02	90.02	
Co-operative Assets Management Co., Ltd.	Taiwan Cooperative International Leasing Co., Ltd.	Suzhou, China	Leasing	100.00	100.00	100.00	

Subsidiaries not included in the consolidated financial statements

Investor Company	Investee Company	Location	Main Business and Products	Percentage of Ownership			Note
				June 30, 2022	December 31, 2021	June 30, 2021	
None	-	-	-	-	-	-	

TABLE 2

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CAPITAL ADEQUACY RATIO
JUNE 30, 2022, DECEMBER 31, 2021 AND JUNE 30, 2021

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

Company	Items	June 30, 2022			December 31, 2021			June 30, 2021		
		Proportionate Share	Group’s Net Eligible Capital	Group’s Statutory Capital Requirement	Proportionate Share	Group’s Net Eligible Capital	Group’s Statutory Capital Requirement	Proportionate Share	Group’s Net Eligible Capital	Group’s Statutory Capital Requirement
Taiwan Cooperative Financial Holding Co., Ltd.			\$ 206,212,260	\$ 246,093,091		\$ 236,223,615	\$ 274,481,565		\$ 241,610,681	\$ 268,557,807
Taiwan Cooperative Bank, Ltd.	100		271,615,478	209,255,245	100	289,683,474	203,356,714	100	284,053,853	202,939,231
Taiwan Cooperative Bills Finance Co., Ltd.	100		6,383,183	3,647,254	100	7,141,259	4,140,976	100	7,084,432	4,207,380
Taiwan Cooperative Securities Co., Ltd.	100		5,250,307	2,355,036	100	5,809,141	2,049,888	100	5,406,252	2,629,958
Co-operative Assets Management Co., Ltd.	100		3,368,192	6,617,170	100	3,467,853	5,218,952	100	3,289,019	3,787,076
BNP Paribas Cardif TCB Life Insurance Co., Ltd.	51		5,943,851	913,461	51	5,918,803	787,454	51	5,715,236	640,567
Taiwan Cooperative Securities Investment Trust Co., Ltd.	100		401,781	248,126	100	423,700	264,285	100	404,179	245,395
Taiwan Cooperative Venture Capital Co., Ltd.	100		1,278,803	644,735	100	1,207,429	611,310	100	1,224,348	619,485
Deduction			(250,316,068)	(245,683,345)		(279,877,727)	(274,427,193)		(275,140,845)	(268,294,698)
Total			250,137,787	224,090,773		269,997,547	216,483,951		273,647,155	215,332,201
Group capital adequacy ratio			111.62%			124.72%			127.08%	

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

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

(Continued)

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

Unit: In Thousands of New Taiwan Dollars

Items	June 30, 2022
Common stock	\$ 140,089,354
Capital instruments, which conform to the terms of Bank's other Tier 1 capital	-
Other preferred stocks and subordinated debts	-
Capital collected in advance	-
Capital surplus	57,977,016
Legal reserve	13,432,536
Special reserve	985,539
Cumulative earnings	14,702,956
Equity adjustments	(20,963,035)
Less: Capital deduction	12,106
Total eligible capital	206,212,260

Items	December 31, 2021
Common stock	\$ 136,009,082
Capital instruments, which conform to the terms of Bank's other Tier 1 capital	-
Other preferred stocks and subordinated debts	-
Capital collected in advance	-
Capital surplus	57,976,124
Legal reserve	11,260,796
Special reserve	985,539
Cumulative earnings	22,827,215
Equity adjustments	7,168,718
Less: Capital deduction	3,859
Total eligible capital	236,223,615

Items	June 30, 2021
Common stock	\$ 133,342,237
Capital instruments, which conform to the terms of Bank's other Tier 1 capital	-
Other preferred stocks and subordinated debts	-
Capital collected in advance	-
Capital surplus	57,974,241
Legal reserve	9,622,864
Special reserve	995,661
Cumulative earnings	29,085,061
Equity adjustments	10,593,832
Less: Capital deduction	3,215
Total eligible capital	241,610,681

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

(Continued)

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

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

Items			Year	June 30, 2022	
			Standalone	Consolidated	
Eligible capital	Common equity		\$ 212,520,325	\$ 212,606,366	
	Other Tier 1 capital		21,350,000	21,350,000	
	Tier 2 capital		37,745,153	37,728,130	
	Eligible capital		271,615,478	271,684,496	
Risk-weighted assets	Credit risk	Standardized approach	1,873,863,286	1,872,501,434	
		Internal ratings based approach	-	-	
		Securitization	2,567,385	2,567,385	
	Operational risk	Basic indicator approach	-	-	
		Standardized approach/alternative standardized approach	80,974,300	81,054,682	
		Advanced measurement approach	-	-	
	Market risk	Standardized approach	35,502,125	35,487,213	
		Internal model approach	-	-	
	Risk-weighted assets		1,992,907,096	1,991,610,714	
	Capital adequacy ratio			13.63	13.64
Ratio of the common equity to risk-weighted assets			10.66	10.68	
Ratio of Tier 1 capital to risk-weighted assets			11.74	11.75	
Ratio of leverage			5.44	5.44	

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

Items			Year	December 31, 2021	
				Standalone	Consolidated
Eligible capital	Common equity		\$	232,029,317	\$ 232,592,819
	Other Tier 1 capital			18,802,112	19,308,800
	Tier 2 capital			38,852,045	39,874,668
	Eligible capital			289,683,474	291,776,287
Risk-weighted assets	Credit risk	Standardized approach		1,824,632,721	1,825,372,526
		Internal ratings based approach		-	-
		Securitization		1,874,928	1,874,928
	Operational risk	Basic indicator approach		-	-
		Standardized approach/alternative standardized approach		80,974,300	81,054,682
		Advanced measurement approach		-	-
	Market risk	Standardized approach		29,248,663	29,248,675
		Internal model approach		-	-
	Risk-weighted assets			1,936,730,612	1,937,550,811
	Capital adequacy ratio				14.96
Ratio of the common equity to risk-weighted assets				11.98	12.00
Ratio of Tier 1 capital to risk-weighted assets				12.95	13.00
Ratio of leverage				5.70	5.71

(Continued)

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

Year			June 30, 2021	
Items			Standalone	Consolidated
Eligible capital	Common equity		\$ 223,781,907	\$ 224,376,026
	Other Tier 1 capital		18,491,883	19,018,100
	Tier 2 capital		41,780,063	42,849,148
	Eligible capital		284,053,853	286,243,274
Risk-weighted assets	Credit risk	Standardized approach	1,809,792,394	1,811,124,445
		Internal ratings based approach	-	-
		Securitization	2,316,645	2,316,645
	Operational risk	Basic indicator approach	-	-
		Standardized approach/alternative standardized approach	78,512,627	78,609,300
		Advanced measurement approach	-	-
	Market risk	Standardized approach	42,132,913	42,127,025
		Internal model approach	-	-
	Risk-weighted assets		1,932,754,579	1,934,177,415
Capital adequacy ratio			14.70	14.80
Ratio of the common equity to risk-weighted assets			11.58	11.60
Ratio of Tier 1 capital to risk-weighted assets			12.54	12.58
Ratio of leverage			5.68	5.70

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

Note 2: Formulas used were as follows:

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

(Concluded)

TABLE 3

TAIWAN COOPERATIVE BANK, LTD.

ASSET QUALITY - NONPERFORMING LOANS AND RECEIVABLES
JUNE 30, 2022 AND 2021
(In Thousands of New Taiwan Dollars, %)

Period			June 30, 2022					June 30, 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		\$ 3,018,000	\$ 825,585,711	0.37	\$ 9,834,153	325.85	\$ 4,063,191	\$ 824,676,370	0.49	\$ 9,696,496	238.64
	Unsecured		696,127	720,152,791	0.10	6,971,206	1,001.43	504,494	704,288,385	0.07	6,736,594	1,335.32
Consumer banking	Housing mortgage (Note 4)		631,743	616,371,191	0.10	9,293,835	1,471.14	792,486	571,769,416	0.14	8,624,094	1,088.23
	Cash card		-	-	-	-	-	-	-	-	-	-
	Small-scale credit loans (Note 5)		14,533	12,751,161	0.11	165,331	1,137.62	12,760	12,922,383	0.10	201,304	1,577.62
	Other (Note 6)	Secured	694,187	301,976,180	0.23	3,214,931	463.12	932,157	306,371,575	0.30	3,763,469	403.74
		Unsecured	16,855	12,260,696	0.14	160,027	949.43	19,749	11,959,614	0.17	205,183	1,038.95
Loan			5,071,445	2,489,097,730	0.20	29,639,483	584.44	6,324,837	2,431,987,743	0.26	29,227,140	462.10
			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			9,694	3,540,984	0.27	58,692	605.45	8,159	3,126,523	0.26	54,951	673.50
Accounts receivable factored without recourse (Note 7)			-	47,621	-	7,382	-	-	158,747	-	8,286	-
Amounts of executed contracts on negotiated debts not reported as nonperforming loans (Note 8)			179					252				
Amounts of executed contracts on negotiated debts not reported as nonperforming receivables (Note 8)			2,137					3,107				
Amounts of executed debt-restructuring projects not reported as nonperforming loans (Note 9)			9,219					9,425				
Amounts of executed debt-restructuring projects not reported as nonperforming receivables (Note 9)			49,929					48,477				

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

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

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

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

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

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

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

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

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

TABLE 4**TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES****TCFHC'S FINANCIAL STATEMENTS AND CONDENSED BALANCE SHEETS AND STATEMENTS OF COMPREHENSIVE INCOME OF SUBSIDIARIES
FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND 2021**

1. TCFHC's financial statements

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

Assets	June 30, 2022	December 31, 2021	June 30, 2021	Liabilities and Equity	June 30, 2022	December 31, 2021	June 30, 2021
Cash and cash equivalents	\$ 262,947	\$ 48,838	\$ 192,246	<u>Liabilities</u>			
Financial assets at fair value through other comprehensive income	15,650	15,550	15,975	Commercial paper issued, net	\$ 5,993,355	\$ 17,789,967	\$ 16,697,006
Receivables	368,852	383	196,662	Payables	13,983,523	435,275	297,588
Current tax assets	2,404,476	2,761,391	2,572,320	Current tax liabilities	2,444,917	2,812,606	2,671,784
Investments accounted for using equity method	245,683,345	274,427,193	268,294,698	Bonds payable	20,000,000	20,000,000	10,000,000
Properties and equipment, net	13,429	14,571	14,653	Other financial liabilities	5,166	5,743	4,895
Right-of-use assets, net	3,645	15,659	27,672	Lease liabilities	3,807	16,278	28,585
Intangible assets	11,803	3,516	2,927	Deferred tax liabilities	108,279	-	-
Deferred tax assets	303	343	288	Other liabilities	9,207	8,310	11,834
Other assets	<u>8,170</u>	<u>8,209</u>	<u>8,147</u>	Total liabilities	<u>42,548,254</u>	<u>41,068,179</u>	<u>29,711,692</u>
				<u>Equity</u>			
				Capital stock	140,089,354	136,009,082	133,342,237
				Capital surplus	57,977,016	57,976,124	57,974,241
				Retained earnings	29,121,031	35,073,550	39,703,586
				Other equity	(20,963,035)	7,168,718	10,593,832
				Total equity	<u>206,224,366</u>	<u>236,227,474</u>	<u>241,613,896</u>
Total	<u>\$ 248,772,620</u>	<u>\$ 277,295,653</u>	<u>\$ 271,325,588</u>	Total	<u>\$ 248,772,620</u>	<u>\$ 277,295,653</u>	<u>\$ 271,325,588</u>

(Continued)

Taiwan Cooperative Financial Holding Co., Ltd.

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Revenues and gains				
Share of gains of subsidiaries, associates and joint ventures accounted for using equity method	\$ 4,865,156	\$ 5,304,392	\$ 9,252,534	\$ 9,921,858
Other revenues and gains	<u>387</u>	<u>1,116</u>	<u>474</u>	<u>1,698</u>
Total revenues and gains	<u>4,865,543</u>	<u>5,305,508</u>	<u>9,253,008</u>	<u>9,923,556</u>
Expenses and losses				
Operating expenses	(55,499)	(57,139)	(108,266)	(113,266)
Other expenses and losses	<u>(50,720)</u>	<u>(30,051)</u>	<u>(96,266)</u>	<u>(61,286)</u>
Total expenses and losses	<u>(106,219)</u>	<u>(87,190)</u>	<u>(204,532)</u>	<u>(174,552)</u>
Income before income tax	4,759,324	5,218,318	9,048,476	9,749,004
Income tax expense	<u>(31,937)</u>	<u>(3,039)</u>	<u>(23,312)</u>	<u>(3,039)</u>
Net income	4,727,387	5,215,279	9,025,164	9,745,965
Other comprehensive income	<u>(19,131,695)</u>	<u>2,041,446</u>	<u>(25,428,256)</u>	<u>818,162</u>
Total comprehensive income	<u>\$ (14,404,308)</u>	<u>\$ 7,256,725</u>	<u>\$ (16,403,092)</u>	<u>\$ 10,564,127</u>
Earnings per share (New Taiwan dollars)				
Basic	<u>\$0.34</u>	<u>\$0.37</u>	<u>\$0.64</u>	<u>\$0.70</u>
Diluted	<u>\$0.34</u>	<u>\$0.37</u>	<u>\$0.64</u>	<u>\$0.70</u>

(Continued)

Taiwan Cooperative Financial Holding Co., Ltd.

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

	Capital Stock			Retained Earnings			Unappropriated Earnings	Exchange Differences on the Translation of Financial Statements of Foreign Operations	Other Equity		Total Equity
	Shares (In Thousands)	Common Stock	Reserve for Capitalization	Capital Surplus	Legal Reserve	Special Reserve			Unrealized 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
Unclaimed dividends	-	-	-	892	-	-	-	-	-	-	892
Appropriation of the 2021 earnings											
Legal reserve	-	-	-	-	2,171,740	-	(2,171,740)	-	-	-	-
Cash dividends	-	-	-	-	-	-	(13,600,908)	-	-	-	(13,600,908)
Stock dividends	-	-	4,080,272	-	-	-	(4,080,272)	-	-	-	-
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	2,703,497	-	(2,703,497)	-	-
Total comprehensive income											
Net income for the six months ended June 30, 2022	-	-	-	-	-	-	9,025,164	-	-	-	9,025,164
Other comprehensive income (loss) for the six months ended June 30, 2022	-	-	-	-	-	-	-	2,544,690	(27,587,722)	(385,224)	(25,428,256)
Total comprehensive income (loss) for the six months ended June 30, 2022	-	-	-	-	-	-	9,025,164	2,544,690	(27,587,722)	(385,224)	(16,403,092)
BALANCE AT JUNE 30, 2022	<u>13,600,908</u>	<u>\$ 136,009,082</u>	<u>\$ 4,080,272</u>	<u>\$ 57,977,016</u>	<u>\$ 13,432,536</u>	<u>\$ 985,539</u>	<u>\$ 14,702,956</u>	<u>\$ (1,765,319)</u>	<u>\$ (19,503,460)</u>	<u>\$ 305,744</u>	<u>\$ 206,224,366</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
Reversal of special reserve	-	-	-	-	-	(8)	8	-	-	-	-
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	2,590,406	-	(2,590,406)	-	-
Total comprehensive income	-	-	-	-	-	-	9,745,965	-	-	-	9,745,965
Net income for the six months ended June 30, 2021	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income (loss) for the six months ended June 30, 2021	-	-	-	-	-	-	-	(374,324)	1,171,168	21,318	818,162
Total comprehensive income (loss) for the six months ended June 30, 2021	-	-	-	-	-	-	9,745,965	(374,324)	1,171,168	21,318	10,564,127
BALANCE AT JUNE 30, 2021	<u>13,334,224</u>	<u>\$ 133,342,237</u>	<u>\$ -</u>	<u>\$ 57,974,241</u>	<u>\$ 9,622,864</u>	<u>\$ 995,661</u>	<u>\$ 29,085,061</u>	<u>\$ (3,731,527)</u>	<u>\$ 13,624,409</u>	<u>\$ 700,950</u>	<u>\$ 241,613,896</u>

(Continued)

Taiwan Cooperative Financial Holding Co., Ltd.

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

	For the Six Months Ended June 30	
	2022	2021
Cash flows from operating activities		
Income before income tax	\$ 9,048,476	\$ 9,749,004
Adjustments for:		
Share of gains of subsidiaries, associates and joint ventures accounted for using equity method	(9,252,534)	(9,921,858)
Depreciation and amortization expenses	15,187	14,183
Interest expense	96,266	61,286
Interest revenue	(58)	(509)
Net changes in operating assets and liabilities		
Decrease in receivables	17	-
Decrease in other assets	39	158
Decrease in payables	(72,027)	(44,204)
Increase in other liabilities	897	989
Cash used in operations	(163,737)	(140,951)
Interest received	58	509
Dividends received	12,199,540	8,242,269
Interest paid	(72,500)	(62,744)
Income tax refunded	74,233	50,953
Net cash generated from operating activities	<u>12,037,594</u>	<u>8,090,036</u>
Cash flows from investing activities		
Acquisition of properties and equipment	(1,127)	(4,635)
Acquisition of intangible assets	(9,191)	-
Net cash used in investing activities	<u>(10,318)</u>	<u>(4,635)</u>
Cash flows from financing activities		
Decrease in commercial paper issued	(11,800,000)	(7,930,000)
Increase (decrease) in guarantee deposits received	(577)	991
Repayments of the principal portion of lease liabilities	(12,590)	(12,590)
Net cash used in financing activities	<u>(11,813,167)</u>	<u>(7,941,599)</u>
Net increase in cash and cash equivalents	214,109	143,802
Cash and cash equivalents, beginning of the period	<u>48,838</u>	<u>48,444</u>
Cash and cash equivalents, end of the period	<u>\$ 262,947</u>	<u>\$ 192,246</u>

(Continued)

2. Subsidiaries' condensed balance sheets

Taiwan Cooperative Bank, Ltd.

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

Assets	June 30, 2022	December 31, 2021	June 30, 2021	Liabilities and Equity	June 30, 2022	December 31, 2021	June 30, 2021
Cash and cash equivalents	\$ 79,250,042	\$ 97,956,336	\$ 55,790,108	<u>Liabilities</u>			
Due from the Central Bank and call loans to other banks	317,159,800	400,698,579	338,106,612	Deposits from the Central Bank and other banks	\$ 227,808,060	\$ 232,147,811	\$ 245,720,471
Financial assets at fair value through profit or loss	46,330,104	34,389,787	51,804,112	Due to the Central Bank and other banks	-	88,889,360	70,617,600
Financial assets at fair value through other comprehensive income	449,808,344	425,498,457	412,280,816	Financial liabilities at fair value through profit or loss	1,988,718	1,733,199	1,616,601
Investments in debt instruments at amortized cost	645,338,597	711,437,263	710,032,349	Securities sold under repurchase agreements	7,647,502	7,095,846	6,796,644
Receivables, net	17,181,730	17,411,864	15,027,978	Payables	51,004,621	41,293,855	47,165,461
Current tax assets	2,550,856	2,098,460	2,207,696	Current tax liabilities	467,709	1,366,677	946,191
Discounts and loans, net	2,458,889,879	2,431,988,226	2,402,278,201	Deposits and remittances	3,492,929,605	3,480,143,710	3,352,608,267
Investments accounted for using equity method	2,127,018	2,165,947	2,246,807	Bank debentures	51,800,000	62,100,000	61,100,000
Other financial assets, net	7,396,346	8,400,317	10,194,372	Other financial liabilities	2,522,802	2,507,320	4,269,531
Properties and equipment, net	32,848,829	33,012,703	32,993,989	Provisions	7,264,324	7,698,136	7,692,699
Right-of-use assets, net	1,557,564	1,485,590	1,555,453	Lease liabilities	1,513,088	1,438,619	1,499,439
Investment properties, net	7,489,060	7,514,762	7,552,874	Deferred tax liabilities	5,056,216	3,375,493	3,415,803
Intangible assets	4,006,188	3,783,956	3,780,944	Other liabilities	830,053	1,006,101	969,614
Deferred tax assets	2,470,386	2,238,705	2,051,093	Total liabilities	<u>3,850,832,698</u>	<u>3,930,796,127</u>	<u>3,804,418,321</u>
Other assets, net	<u>565,515</u>	<u>730,061</u>	<u>558,020</u>	<u>Equity</u>			
				Capital stock	110,075,300	107,339,300	107,339,300
				Capital surplus	58,767,245	58,767,245	58,767,245
				Retained earnings	74,960,151	77,935,336	69,040,776
				Other equity	<u>(19,665,136)</u>	<u>5,973,005</u>	<u>8,895,782</u>
				Total equity	<u>224,137,560</u>	<u>250,014,886</u>	<u>244,043,103</u>
Total	<u>\$ 4,074,970,258</u>	<u>\$ 4,180,811,013</u>	<u>\$ 4,048,461,424</u>	Total	<u>\$ 4,074,970,258</u>	<u>\$ 4,180,811,013</u>	<u>\$ 4,048,461,424</u>

(Continued)

Taiwan Cooperative Bills Finance Co., Ltd.

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

Assets	June 30, 2022	December 31, 2021	June 30, 2021	Liabilities and Equity	June 30, 2022	December 31, 2021	June 30, 2021
Cash and cash equivalents	\$ 164,084	\$ 143,452	\$ 52,434	<u>Liabilities</u>			
Financial assets at fair value through profit or loss	37,131,884	40,383,613	44,905,018				
Financial assets at fair value through other comprehensive income	16,099,430	17,733,511	15,776,203	Call loans from banks	\$ 8,221,688	\$ 12,133,321	\$ 12,052,897
Investments in debt instruments at amortized cost	1,388,064	1,389,704	1,356,340	Financial liabilities at fair value through profit or loss	13	52	162
Receivables, net	960,890	268,581	145,385	Securities sold under repurchase agreements	40,740,504	40,349,710	42,869,361
Other financial assets	240,200	240,200	120,200	Payables	421,869	193,442	55,000
Properties and equipment, net	11,559	11,194	11,295	Current tax liabilities	14,270	29,361	22,833
Right-of-use assets, net	7,004	10,704	15,413	Provisions	406,927	425,191	423,191
Intangible assets	10,409	11,593	13,082	Lease liabilities	7,315	11,140	15,920
Other assets, net	<u>290,416</u>	<u>291,003</u>	<u>293,767</u>	Other liabilities	<u>56,330</u>	<u>60,226</u>	<u>112,121</u>
				Total liabilities	<u>49,868,916</u>	<u>53,202,443</u>	<u>55,551,485</u>
				<u>Equity</u>			
				Capital stock	4,877,740	4,877,740	4,877,740
				Capital surplus	312,633	312,633	312,633
				Retained earnings	1,886,838	2,093,501	1,869,815
				Other equity	<u>(642,187)</u>	<u>(2,762)</u>	<u>77,464</u>
				Total equity	<u>6,435,024</u>	<u>7,281,112</u>	<u>7,137,652</u>
Total	<u>\$ 56,303,940</u>	<u>\$ 60,483,555</u>	<u>\$ 62,689,137</u>	Total	<u>\$ 56,303,940</u>	<u>\$ 60,483,555</u>	<u>\$ 62,689,137</u>

Taiwan Cooperative Securities Co., Ltd.

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

Assets	June 30, 2022	December 31, 2021	June 30, 2021	Liabilities and Equity	June 30, 2022	December 31, 2021	June 30, 2021
Current assets	\$ 38,042,227	\$ 36,300,430	\$ 42,660,014	<u>Liabilities</u>			
Financial assets at fair value through other comprehensive income - noncurrent	32,995	84,318	102,997	Current liabilities	\$ 32,954,251	\$ 30,665,704	\$ 37,288,471
Properties and equipment, net	57,582	52,740	52,182	Lease liabilities	59,615	80,095	145,895
Right-of-use assets, net	103,775	123,539	143,847	Deferred tax liabilities	6,426	-	185
Intangible assets	52,927	57,493	49,755	Other liabilities	<u>5,749</u>	<u>5,139</u>	<u>4,713</u>
Deferred tax assets	9,859	6,769	9,170	Total liabilities	<u>33,026,041</u>	<u>30,750,938</u>	<u>37,439,264</u>
Other noncurrent assets	<u>422,268</u>	<u>419,455</u>	<u>432,422</u>	<u>Equity</u>			
				Capital stock	5,206,131	5,000,000	5,000,000
				Capital surplus	294,440	294,440	294,440
				Retained earnings	797,996	1,104,852	732,425
				Other equity	<u>(602,975)</u>	<u>(105,486)</u>	<u>(15,742)</u>
				Total equity	<u>5,695,592</u>	<u>6,293,806</u>	<u>6,011,123</u>
Total	<u>\$ 38,721,633</u>	<u>\$ 37,044,744</u>	<u>\$ 43,450,387</u>	Total	<u>\$ 38,721,633</u>	<u>\$ 37,044,744</u>	<u>\$ 43,450,387</u>

(Continued)

Co-operative Assets Management Co., Ltd.

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

Assets	June 30, 2022	December 31, 2021	June 30, 2021	Liabilities and Equity	June 30, 2022	December 31, 2021	June 30, 2021
Current assets	\$ 271,417	\$ 416,086	\$ 275,017	<u>Liabilities</u>			
Financial assets at fair value through profit or loss	30,668	80,336	113,748				
Financial assets at fair value through other comprehensive income	15,650	15,550	15,975	Current liabilities	\$ 9,690,684	\$ 6,795,855	\$ 4,167,186
Accounts receivable, net	1,257,658	1,141,821	1,711,936	Lease liabilities	21,587	25,772	4,609
Investments accounted for using the equity method	1,149,936	1,094,388	1,041,866	Deferred tax liabilities	62,313	62,436	47,579
Properties and equipment, net	37,807	43,680	50,071	Other liabilities	<u>92,736</u>	<u>85,987</u>	<u>76,908</u>
Investment properties, net	4,873,563	4,419,113	4,046,841	Total liabilities	<u>9,867,320</u>	<u>6,970,050</u>	<u>4,296,282</u>
Right-of-use assets, net	21,454	25,771	4,472	<u>Equity</u>			
Intangible assets	1,069	2,177	3,330				
Deferred tax assets	241,288	246,143	205,083	Capital stock	2,825,280	2,825,280	2,825,280
Long-term lease payment receivable	218,955	250,414	112,437	Capital surplus	2,553	2,553	2,553
Long-term urban regeneration advance payment	5,113,222	2,699,599	-	Retained earnings	621,180	740,361	566,041
Other assets	<u>2,825</u>	<u>2,825</u>	<u>4,525</u>	Other equity	<u>(80,821)</u>	<u>(100,341)</u>	<u>(104,855)</u>
				Total equity	<u>3,368,192</u>	<u>3,467,853</u>	<u>3,289,019</u>
Total	<u>\$ 13,235,512</u>	<u>\$ 10,437,903</u>	<u>\$ 7,585,301</u>	Total	<u>\$ 13,235,512</u>	<u>\$ 10,437,903</u>	<u>\$ 7,585,301</u>

(Continued)

BNP Paribas Cardif TCB Life Insurance Co., Ltd.

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

Assets	June 30, 2022	December 31, 2021	June 30, 2021	Liabilities and Equity	June 30, 2022	December 31, 2021	June 30, 2021
Cash and cash equivalents	\$ 2,875,739	\$ 3,986,482	\$ 5,750,365	<u>Liabilities</u>			
Receivables	725,224	447,506	419,725				
Investments	33,329,168	36,123,873	36,979,720	Payables	\$ 1,350,026	\$ 1,157,171	\$ 1,247,316
Reinsurance assets	166,788	138,313	163,195	Current tax liabilities	42,643	56,820	165,251
Equipment, net	105,709	118,674	124,103	Financial liabilities at fair value through profit or loss	423,164	-	5,425
Right-of-use assets	1,303	1,989	8,261	Lease liabilities	1,339	2,035	8,457
Deferred tax assets	283,990	250,879	234,267	Insurance liabilities	25,992,371	26,865,917	27,038,500
Other assets	1,333,625	1,152,767	1,181,692	Reserve for insurance contracts with financial			
Separate-account assets	<u>90,184,628</u>	<u>105,085,396</u>	<u>108,159,473</u>	instruments features	1,857	1,195	736,551
				Reserve of foreign exchange variation	396,165	230,043	222,602
				Deferred tax liabilities	-	185,942	252,069
				Other liabilities	188,177	605,985	1,926,574
				Separate-account liabilities	<u>90,184,628</u>	<u>105,085,396</u>	<u>108,159,473</u>
				Total liabilities	<u>118,580,370</u>	<u>134,190,504</u>	<u>139,762,218</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	3,472,958	3,533,723	3,085,625
				Other equity	<u>62,370</u>	<u>2,691,176</u>	<u>3,282,482</u>
				Total equity	<u>10,425,804</u>	<u>13,115,375</u>	<u>13,258,583</u>
Total	<u>\$ 129,006,174</u>	<u>\$ 147,305,879</u>	<u>\$ 153,020,801</u>	Total	<u>\$ 129,006,174</u>	<u>\$ 147,305,879</u>	<u>\$ 153,020,801</u>

(Continued)

Taiwan Cooperative Securities Investment Trust Co., Ltd.

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

Assets	June 30, 2022	December 31, 2021	June 30, 2021	Liabilities and Equity	June 30, 2022	December 31, 2021	June 30, 2021
Current assets	\$ 409,778	\$ 435,504	\$ 393,278	<u>Liabilities</u>			
Financial assets at fair value through profit or loss - noncurrent	2,654	2,444	2,218	Current liabilities	\$ 78,310	\$ 86,382	\$ 65,792
Properties and equipment, net	5,901	7,056	7,676	Lease liabilities	14,480	16,957	19,345
Right-of-use assets	14,109	16,666	19,098	Other liabilities	<u>1,701</u>	<u>1,542</u>	<u>1,474</u>
Intangible assets	7,566	10,647	9,995	Total liabilities	<u>94,491</u>	<u>104,881</u>	<u>86,611</u>
Prepaid equipment	49	49	2,310				
Other assets	<u>56,215</u>	<u>56,215</u>	<u>56,215</u>	<u>Equity</u>			
				Capital stock	303,000	303,000	303,000
				Capital surplus	72,860	72,860	72,860
				Retained earnings	25,541	47,670	28,375
				Other equity	<u>380</u>	<u>170</u>	<u>(56)</u>
				Total equity	<u>401,781</u>	<u>423,700</u>	<u>404,179</u>
Total	<u>\$ 496,272</u>	<u>\$ 528,581</u>	<u>\$ 490,790</u>	Total	<u>\$ 496,272</u>	<u>\$ 528,581</u>	<u>\$ 490,790</u>

Taiwan Cooperative Venture Capital Co., Ltd.

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

Assets	June 30, 2022	December 31, 2021	June 30, 2021	Liabilities and Equity	June 30, 2022	December 31, 2021	June 30, 2021
Current assets	\$ 1,282,419	\$ 704,359	\$ 1,227,958	<u>Liabilities</u>			
Financial assets at fair value through profit or loss - noncurrent	-	508,383	-	Current liabilities	\$ 7,663	\$ 10,509	\$ 8,277
Investments accounted for using equity method	3,149	4,148	3,447	Lease liabilities	2,924	4,601	6,265
Properties and equipment, net	469	598	751	Other liabilities	<u>89</u>	<u>89</u>	<u>89</u>
Right-of-use assets	2,855	4,507	6,160	Total liabilities	<u>10,676</u>	<u>15,199</u>	<u>14,631</u>
Intangible assets	113	159	189				
Other assets	<u>474</u>	<u>474</u>	<u>474</u>	<u>Equity</u>			
				Capital stock	1,144,207	1,060,099	1,060,099
				Capital surplus	714	714	-
				Retained earnings	128,636	105,533	88,051
				Other equity	<u>5,246</u>	<u>41,083</u>	<u>76,198</u>
				Total equity	<u>1,278,803</u>	<u>1,207,429</u>	<u>1,224,348</u>
Total	<u>\$ 1,289,479</u>	<u>\$ 1,222,628</u>	<u>\$ 1,238,979</u>	Total	<u>\$ 1,289,479</u>	<u>\$ 1,222,628</u>	<u>\$ 1,238,979</u>

(Continued)

3. Subsidiaries' condensed statements of comprehensive income

Taiwan Cooperative Bank, Ltd.

**Condensed Statements of Comprehensive Income
For the Six Months Ended June 30, 2022 and 2021
(In Thousands of New Taiwan Dollars, Except Per Share Amounts)**

	2022	2021
Interest revenues	\$ 26,196,792	\$ 23,863,533
Less: Interest expenses	<u>(8,058,560)</u>	<u>(6,595,159)</u>
Net interest	18,138,232	17,268,374
Net revenues and gains other than interest	<u>3,629,373</u>	<u>5,885,055</u>
Total net revenues	21,767,605	23,153,429
Bad-debt expenses and provision for losses on commitment and guarantees	(89,042)	(1,597,478)
Operating expenses	<u>(11,915,581)</u>	<u>(11,343,802)</u>
Income before income tax	9,762,982	10,212,149
Income tax expense	<u>(1,442,826)</u>	<u>(1,584,465)</u>
Net income	8,320,156	8,627,684
Other comprehensive income (loss)	<u>(22,873,482)</u>	<u>1,070,268</u>
Total comprehensive income (loss)	<u>\$ (14,553,326)</u>	<u>\$ 9,697,952</u>
Earnings per share (NT\$)		
Basic	<u>\$0.76</u>	<u>\$0.78</u>

Taiwan Cooperative Bills Finance Co., Ltd.

**Condensed Statements of Comprehensive Income
For the Six Months Ended June 30, 2022 and 2021
(In Thousands of New Taiwan Dollars, Except Per Share Amounts)**

	2022	2021
Net interest	\$ 137,647	\$ 200,157
Net revenues and gains other than interest	<u>104,982</u>	<u>175,862</u>
Total net revenues	242,629	376,019
Reversal of allowance (impairment losses) for credit losses and provision	18,778	(15,506)
Operating expenses	<u>(80,586)</u>	<u>(74,043)</u>
Income before income tax	180,821	286,470
Income tax expense	<u>(38,914)</u>	<u>(49,549)</u>
Net income	141,907	236,921
Other comprehensive loss	<u>(659,485)</u>	<u>(162,566)</u>
Total comprehensive income (loss)	<u>\$ (517,578)</u>	<u>\$ 74,355</u>
Earnings per share (NT\$)		
Basic	<u>\$0.29</u>	<u>\$0.49</u>

(Continued)

Taiwan Cooperative Securities Co., Ltd.

Condensed Statements of Comprehensive Income
For the Six Months Ended June 30, 2022 and 2021
(In Thousands of New Taiwan Dollars, Except Per Share Amounts)

	2022	2021
Revenues	\$ 870,294	\$ 1,062,972
Service charge	(42,527)	(60,740)
Other operating costs	(121,233)	(53,608)
Employee benefits	(271,976)	(322,315)
Other operating expenses	(218,331)	(225,712)
Other gains and losses	<u>(17,017)</u>	<u>9,478</u>
Income before income tax	199,210	410,075
Income tax expense	<u>(50,978)</u>	<u>(59,239)</u>
Net income	148,232	350,836
Other comprehensive loss	<u>(540,315)</u>	<u>(18,438)</u>
Total comprehensive income (loss)	<u>\$ (392,083)</u>	<u>\$ 332,398</u>
Earnings per share (NT\$)		
Basic	<u>\$0.28</u>	<u>\$0.67</u>

Co-operative Assets Management Co., Ltd.

Condensed Statements of Comprehensive Income
For the Six Months Ended June 30, 2022 and 2021
(In Thousands of New Taiwan Dollars, Except Per Share Amounts)

	2022	2021
Operating revenues	\$ 385,342	\$ 326,943
Operating expenses	<u>(143,420)</u>	<u>(139,029)</u>
Operating benefits	241,922	187,914
Non-operating gains and losses	<u>5,667</u>	<u>20,290</u>
Income before income tax	247,589	208,204
Income tax expenses	<u>(60,640)</u>	<u>(42,379)</u>
Net income	186,949	165,825
Other comprehensive income (loss)	<u>19,520</u>	<u>(5,860)</u>
Total comprehensive income	<u>\$ 206,469</u>	<u>\$ 159,965</u>
Earnings per share (NT\$)		
Basic	<u>\$0.66</u>	<u>\$0.59</u>

(Continued)

BNP Paribas Cardif TCB Life Insurance Co., Ltd.

**Condensed Statements of Comprehensive Income
For the Six Months Ended June 30, 2022 and 2021
(In Thousands of New Taiwan Dollars, Except Per Share Amounts)**

	2022	2021
Operating revenues	\$ (12,357,834)	\$ 6,065,415
Operating costs	13,557,309	(4,662,750)
Operating expenses	(396,310)	(340,401)
Non-operating gains and losses	<u>(9,050)</u>	<u>53</u>
Income before income tax	794,115	1,062,317
Income tax expenses	<u>(132,358)</u>	<u>(146,360)</u>
Net income	661,757	915,957
Other comprehensive loss	<u>(2,628,806)</u>	<u>(321,307)</u>
Total comprehensive income (loss)	<u>\$ (1,967,049)</u>	<u>\$ 594,650</u>
Earnings per share (NT\$)		
Basic	<u>\$0.96</u>	<u>\$1.33</u>

Taiwan Cooperative Securities Investment Trust Co., Ltd.

**Condensed Statements of Comprehensive Income
For the Six Months Ended June 30, 2022 and 2021
(In Thousands of New Taiwan Dollars, Except Per Share Amounts)**

	2022	2021
Operating revenues	\$ 182,040	\$ 161,128
Operating expenses	<u>(170,886)</u>	<u>(143,255)</u>
Operating gain	11,154	17,873
Non-operating gains and losses	<u>1,485</u>	<u>1,196</u>
Income before income tax	12,639	19,069
Income tax expenses	<u>-</u>	<u>-</u>
Net income	12,639	19,069
Other comprehensive income	<u>210</u>	<u>185</u>
Total comprehensive income	<u>\$ 12,849</u>	<u>\$ 19,254</u>
Earnings per share (NT\$)		
Basic	<u>\$0.42</u>	<u>\$0.63</u>

(Continued)

Taiwan Cooperative Venture Capital Co., Ltd.

Condensed Statements of Comprehensive Income
For the Six Months Ended June 30, 2022 and 2021
(In Thousands of New Taiwan Dollars, Except Per Share Amounts)

	2022	2021
Operating revenues	\$ 125,189	\$ 73,342
Operating expenses	<u>(19,634)</u>	<u>(19,044)</u>
Operating gain	105,555	54,298
Non-operating gains and losses	<u>11</u>	<u>48</u>
Income before income tax	105,566	54,346
Income tax expenses	<u>(80)</u>	<u>(123)</u>
Net income	105,486	54,223
Other comprehensive income (loss)	<u>(34,113)</u>	<u>102,540</u>
Total comprehensive income	<u>\$ 71,373</u>	<u>\$ 156,763</u>
Earnings per share (NT\$)		
Basic	<u>\$0.92</u>	<u>\$0.47</u>
		(Concluded)

TABLE 5

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

BUSINESS SEGMENT FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

Business Segment Items	For the Six Months Ended June 30, 2022					
	Banking	Bill Finance	Security	Insurance	Others	Consolidated
Net interest	\$ 18,201,199	\$ (33,821)	\$ 149,210	\$ 364,451	\$ (22,604)	\$ 18,658,435
Net revenues and gains other than interest	3,472,544	283,659	526,464	174,458	671,904	5,129,029
Total net revenues	21,673,743	249,838	675,674	538,909	649,300	23,787,464
Bad-debt expenses and provision (reversal of provision) for losses on commitment and guarantees	(131,936)	18,778	5,221	-	(15,515)	(123,452)
Net change in reserves for insurance liabilities	-	-	-	712,619	-	712,619
Operating expenses	(11,945,784)	(76,195)	(444,729)	(392,586)	(399,801)	(13,259,095)
Income before income tax	9,596,023	192,421	236,166	858,942	233,984	11,117,536
Income tax expenses	(1,452,752)	(38,914)	(50,978)	(132,358)	(94,456)	(1,769,458)
Net income	8,143,271	153,507	185,188	726,584	139,528	9,348,078

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

TABLE 6

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

**DISCLOSURE REQUIRED UNDER ARTICLE 46 OF THE FINANCIAL HOLDING COMPANY ACT
JUNE 30, 2022 AND 2021**

(In Thousands of New Taiwan Dollars, %)

June 30, 2022

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of TCFHC's Equity
1. Same person Central Bank of the Republic of China (ROC) National Treasury Administration, ROC Tai Power Co., Ltd. New Taipei City Government Financial Bureau, Kaohsiung City Government Taiwan High Speed Rail Corp. Taiwan Railways Administration CPC Corporation, Taiwan Central Taiwan Science Park Administration Hon Hai Precision Co., Ltd. Department of Finance, Taipei City Government Kaohsiung Rapid Transit Corp. Taichung City Government Taiwan Semiconductor Manufacturing Co., Ltd. Chailease Finance Co., Ltd. Department of Urban Development, Taipei City Government Da-Li Development Co, Ltd. Government National Mortgage Association Economic Development Bureau, Kaohsiung City Government US Treasury Note Clevo Corp. Taoyuan City Government Winbond Electronics Corp. China Steel Corp. Taiwan Cement Corporation Ruen Chen Investment Holding Co., Ltd. Nan Ya Plastics Corporation AU Optronics Co., Ltd. Silicon Application Corp. Yang Ming Marine Transport Corp.	\$ 476,275,238 328,796,209 100,211,251 55,623,955 37,847,294 32,442,193 24,711,324 24,529,501 20,000,000 16,437,924 14,535,224 14,480,408 14,104,413 11,803,531 11,371,832 9,171,000 8,590,922 8,266,794 8,166,157 8,127,756 7,712,946 7,484,327 6,528,927 6,127,447 5,906,757 5,732,907 5,627,001 5,624,690 5,593,793 5,591,985	230.95 159.44 48.59 26.97 18.35 15.73 11.98 11.89 9.70 7.97 7.05 7.02 6.84 5.72 5.51 4.45 4.17 4.01 3.96 3.94 3.74 3.63 3.17 2.97 2.86 2.78 2.73 2.73 2.71 2.71

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of TCFHC's Equity
National Chung-Shan Institute of Science & Technology	\$ 5,332,736	2.59
Johnson Health Tech. Co., Ltd.	5,281,015	2.56
Highwealth Construction Co., Ltd.	5,241,094	2.54
Far Eastern New Century Corp.	5,225,617	2.53
CSBC Corporation, Taiwan	5,179,257	2.51
Wistron Corp.	4,429,055	2.15
Formosa Chemicals & Fibre Corp.	4,409,423	2.14
Formosa Petrochemical Corp.	4,354,749	2.11
Innolux Corp.	4,326,429	2.10
Radium Life Tech. Co., Ltd.	4,095,428	1.99
Chungwha Construction Corp.	4,090,957	1.98
Nan Shan Life Insurance Company, Ltd.	3,995,260	1.94
Kindom Development Co., Ltd.	3,989,424	1.93
Chung Hsin Electric & Machinery Manufacturing Corp.	3,976,577	1.93
Yien United Steel Corp.	3,893,899	1.89
Kingdom of Saudi Arabia	3,721,001	1.80
Bumble Bee Foods LLC	3,683,458	1.79
Run Long Construction Co., Ltd.	3,648,289	1.77
Fu Chan High Pile Co., Ltd.	3,628,967	1.76
Aerospace Industrial Development Corp.	3,622,164	1.76
Client A	3,602,490	1.75
BANK OF AMERICA, N.A.	3,551,816	1.72
US TREASURY N/B	3,386,012	1.64
BPCE	3,372,586	1.64
Kai Tai Fung International Co., Ltd.	3,303,385	1.60
Prosperity Tieh Enterprise Co., Ltd.	3,288,854	1.59
JSL Construction & Development Co., Ltd.	3,230,133	1.57
Powerchip Semiconductor Manufacturing Corp.	3,169,751	1.54
Fu Hong Co., Ltd.	3,117,457	1.51
KGI Securities Co., Ltd.	3,090,053	1.50
Federal Home Loan Mortgage Corp.	3,061,708	1.48
Fina Finance & Trading Co., Ltd.	3,008,685	1.46
2. Same related parties		
Client B	8,646,900	4.19
Client C	8,600,962	4.17
Client D	7,378,070	3.58
Client E	5,392,490	2.61
Client F	4,666,490	2.26
Client G	4,328,490	2.10
Client H	3,862,400	1.87
Client I	3,862,400	1.87
Client J	3,630,164	1.76
Client K	3,530,674	1.71
Client L	3,183,400	1.54

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of TCFHC's Equity
3. Same affiliate		
Tai Power Co., Ltd.	\$ 100,363,945	48.67
CPC Corporation, Taiwan	25,990,801	12.60
General Interface Solution (GIS) Holding Ltd.	25,818,679	12.52
General Interface Solution. Ltd.	25,818,679	12.52
China American Petrochemical Co., Ltd.	25,383,675	12.31
Chailease Finance Co., Ltd.	24,436,514	11.85
Yi Zhan Construction Co., Ltd.	23,228,486	11.26
Hon Hai Precision Co., Ltd.	23,118,242	11.21
Yi-Shiang Construction Co., Ltd.	21,465,791	10.41
Chailease Rental Corp.	21,086,015	10.22
Fina Finance & Trading Co., Ltd.	20,883,015	10.13
Innolux Corp.	20,764,353	10.07
Chailease International Finance Corp.	20,608,992	9.99
Chailease Holding Co., Ltd.	20,608,992	9.99
He Yao Construction Co., Ltd.	20,590,121	9.98
Chailease International Le	20,584,150	9.98
Chaico Investment Corp.	20,410,534	9.90
Asia Sermkij Leasing Public Company Ltd.	20,299,281	9.84
Chailease Berjaya Credit SDN. BHD.	20,234,992	9.81
Jhong-An Investment Co., Ltd.	20,143,884	9.77
Huo Jiun Construction Co., Ltd.	19,766,846	9.59
Chailease Energy Integration Co., Ltd.	19,638,389	9.52
Formosa Resources Australia PTY. LTD.	19,445,501	9.43
Far Eastern International Leasing Corp.	19,134,859	9.28
Yuan Tone Investment Co., Ltd.	18,557,549	9.00
Chailease International Finance Corp.	18,231,586	8.84
Sunny Friend Environmental Technology Co., Ltd.	17,243,573	8.36
Chubei New Century Shopping Mall Co., Ltd.	17,110,792	8.30
Asia Pacific Development Corporation	16,961,337	8.22
Foxconn (Far East) Limited	16,845,039	8.17
G-Tech Optoelectronics Corp.	16,757,916	8.13
Foxconn Interconnect Technology Limited Taiwan Branch (Cayman)	16,705,539	8.10
Ruentex Development Co., Ltd.	16,577,109	8.04
Far Eastern New Century Corp.	16,368,677	7.94
Chuangju Limited Partnership	16,232,187	7.87
Ren Ying Enterprise Co., Ltd.	16,067,881	7.79
Ruentex Industries Ltd.	15,867,881	7.69
Nan Ya Plastics Corporation	15,816,397	7.67
Formosa Heavy Industries Corp.	15,738,213	7.63
Hui Hong Investment Management Co., Ltd.	15,567,955	7.55
Yi Tai Fund Corp.	15,567,955	7.55
Yuan Long Stainless Steel Corp.	15,475,207	7.50

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of TCFHC's Equity
World Peace Industrial Co., Ltd.	\$ 15,090,869	7.32
WPG Holding Ltd.	14,969,436	7.26
Richpower Electronic Devices Co., Ltd.	14,862,436	7.21
Nan Shan Life Insurance Company, Ltd.	14,799,864	7.18
Genuine Crop.	14,419,339	6.99
Asia Cement Corp.	14,152,639	6.86
CTBC Financial Holding Co., Ltd.	13,618,375	6.60
Ruen Chen Investment Holding Co., Ltd.	13,545,172	6.57
Yosun Hong Kong Co., Ltd.	13,209,192	6.41
Eliter International Corp.	12,710,732	6.16
Taiwan Semiconductor Manufacturing Co., Ltd.	12,621,972	6.12
Frontek Technology Corporation	12,593,106	6.11
Everwiner Enterprise Co., Ltd.	12,550,106	6.09
Silicon Application Corp.	12,383,069	6.00
Yuan Ding Investment Corp.	12,341,593	5.98
Asian Information Technology Inc.	12,138,350	5.89
Kings Garden International Co., Ltd.	12,058,141	5.85
Great Emperor Hotel Co., Ltd.	12,058,141	5.85
Yosun Industrial Corp.	11,963,260	5.80
Clevo Corp.	11,945,800	5.79
TSMC Global. Ltd.	11,930,143	5.79
TSMC Arizona	11,858,030	5.75
Der Ching Investment Corp.	11,845,839	5.74
Trigold Holding Ltd.	11,811,376	5.73
U-Ming Marine Transport Corp.	11,624,745	5.64
Grand Pacific Financing Corp.	11,572,152	5.61
Sertek Inc.	11,475,838	5.56
Far EasTone Telecommunications Co., Ltd.	11,473,312	5.56
EDA Hua Yue Hotel Corp.	11,325,496	5.49
Yien United Steel Corp.	11,050,328	5.36
Yieh Hsing Enterprise Co., Ltd.	10,999,242	5.33
Guo Chang Enterprise Co., Ltd.	10,910,377	5.29
Da-Li Development Co, Ltd.	10,747,165	5.21
Highwealth Construction Co., Ltd.	10,701,993	5.19
Dali Miller Development Co., Ltd.	10,647,234	5.16
Da Li Development USA LLC	10,543,648	5.11
Da Li International LLC	10,543,648	5.11
Formosa Industries Corp.	10,518,131	5.10
QiYu Construction Co., Ltd.	10,302,316	5.00
Run Long Construction Co., Ltd.	9,697,736	4.70
Walsin Technology Corp.	9,637,360	4.67
Winbond Electronics Corp.	9,567,360	4.64
Da Li Miller Development Corp.	9,511,748	4.61
DA LI PROPERTIES LLC	9,375,926	4.55
XingRiSheng Investment Co., Ltd.	9,289,059	4.50

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of TCFHC's Equity
Buynow (Texas) Corp. Yieh Phui Enterprise Co., Ltd. Yieh Phui (Hong Kong) Holdings Ltd. Shinshunshin Investment Co., Ltd. Shuo Hong Investment Co., Ltd. Bao-Shin Construction Co., Ltd. Asia Investment Corp. Formosa Plastics Corp. Buynow (Wuhan) Corp. China Steel Corp. Chicony Industrial (Wuhan) Co., Ltd. Taipei Twin Towers Limited Pacific China Holding. Ltd. Nan Chung Petrochemical Corp. Nanya Plastics Corporation. America Buynow (Chengdu) Corp. CSRC China (Maanshan) Corp. China Steel Structure Co., Ltd. Chung Hung Steel Corp. Chailease International Trade (Shanghai) Corp. BenQ Materials Corp. Visco Vision Inc. Far Eastern Big City Shopping Malls Cc., Ltd. Feng Shehg Enterprise Company Oriental Petrochemical (Taiwan) Corp. Farglory Free Trade Zone Co., Ltd. Radium Life Tech. Co., Ltd. Ji Shun Life Tech. Co., Ltd. Titan Development and Construction Co., Ltd. Dragon Steel Corp. Taiwan Cement Corp. China Steel Power Corp. AU Optronics Co., Ltd. Cathay Financial Holding Co., Ltd. Pernas Electronics Co., Ltd. China Steel Chemical Corp. TCC International Ltd. Ho-Ping Power Company Ta-Ho Maritime Corp. China Steel Machinery Corp. CHC Resources Corp. Yang Ming Marine Transport Corp. Kuang Ming Shipping Corp. Kuang Ming (Liberia) Corp. Continental Carbon Company	\$ 9,066,231 9,041,583 9,022,729 8,850,721 8,850,721 8,794,508 8,767,129 8,337,727 8,311,941 8,232,764 8,229,892 8,195,517 8,188,971 8,176,112 8,080,139 8,022,205 7,820,412 7,779,647 7,744,563 7,662,628 7,659,394 7,659,394 7,645,472 7,169,394 7,127,992 7,113,477 7,090,958 7,090,958 7,090,958 7,063,481 7,017,567 6,926,492 6,887,543 6,855,651 6,823,257 6,752,414 6,709,602 6,506,757 6,212,157 6,183,563 6,162,532 6,125,094 6,109,264 6,109,264 6,108,028	4.40 4.38 4.38 4.29 4.29 4.26 4.25 4.04 4.03 3.99 3.99 3.97 3.97 3.96 3.92 3.89 3.79 3.77 3.76 3.72 3.71 3.71 3.71 3.48 3.46 3.45 3.44 3.44 3.44 3.43 3.40 3.36 3.34 3.32 3.31 3.27 3.25 3.16 3.01 3.00 2.99 2.97 2.96 2.96 2.96

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of TCFHC's Equity
PFG Fiber Glass Corp.	\$ 6,087,001	2.95
Formosa Chemicals & Fibre Corp.	6,041,041	2.93
EDA Hospital Corp.	6,040,795	2.93
Oriental Green Materials Ltd.	6,023,965	2.92
Nan Ya Technology Corp.	5,997,792	2.91
Li Jiang Development Co., Ltd.	5,970,180	2.89
Farglory Dome Co., Ltd.	5,858,764	2.84
Farglory Land Development Co., Ltd.	5,845,217	2.83
Run Tai Construction Co., Ltd.	5,794,250	2.81
AU Optronics Corp. (Kunshan)	5,767,418	2.80
Asia Pacific Telecom Co., Ltd.	5,709,643	2.77
China Man-Made Fiber Corp.	5,644,971	2.74
Wan Sheng Fa Investment Co., Ltd.	5,640,556	2.74
Fubon Financial Holding Co, Ltd.	5,637,820	2.73
Nan Ya Printed Circuit Board Corp.	5,627,001	2.73
AUO Display Plus Corp.	5,625,250	2.73
FCF Co., Ltd.	5,608,502	2.72
Bumble Bee Seafoods, LLC	5,608,502	2.72
Farglory Free Trade Zone Co., Ltd.	5,546,616	2.69
Formosa Petrochemical Corp.	5,545,937	2.69
Karton Formosa Polymers Corp.	5,532,737	2.68
MasterLink Securities Corp	5,485,803	2.66
Prosperity Tieh Enterprise Co., Ltd.	5,397,369	2.62
Jayshelyn Construction Co., Ltd.	5,293,231	2.57
Johnson Health Tech. Co., Ltd.	5,281,015	2.56
CSBC Corporation, Taiwan	5,268,506	2.55
CSBC-DEME Wind Engineering Co., Ltd.	5,268,506	2.55
Capital Machinery Corp.	5,187,527	2.52
Cathay Life Insurance Co., Ltd.	5,131,819	2.49
United Microelectronics Corp.	5,090,249	2.47
Taiwan Mobile Corp.	5,076,701	2.46
Wei Qiao Investment Development Co., Ltd.	5,039,852	2.44
TPI Software Corp.	4,963,366	2.41
Rih Ding Water Enterprise Co., Ltd.	4,883,162	2.37
Jaysanlyn Real Estate & Advertising Co., Ltd.	4,876,889	2.36
WPI International (Hong Kong) Limited	4,861,115	2.36
Hsin Bong Enterprise Co., Ltd.	4,813,114	2.33
China Development Financial Holding Corp.	4,695,374	2.28
CDC Finance & Leasing Corp.	4,695,374	2.28
Wistron Corp.	4,584,757	2.22
Chailease International Financial Services	4,582,985	2.22
Chung Hsin Electric & Machinery Manufacturing Corp.	4,565,488	2.21
Chungwha Construction Corp.	4,537,527	2.20
Far Eastern Dept. Store, Ltd.	4,496,402	2.18

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of TCFHC's Equity
KGI Securities Co., Ltd.	\$ 4,495,374	2.18
Fu Chan High Pile Co., Ltd.	4,488,702	2.18
Yuanta Securities Investment Trust Co., Ltd.	4,479,366	2.17
Yuanta Securities Co., Ltd.	4,479,366	2.17
Taichung Bank Leasing Co., Ltd.	4,455,050	2.16
Fujian Lian Wei Logistics Co., Ltd.	4,448,901	2.16
Wiwynn Corp.	4,429,055	2.15
Formosa INEOS Chemicals Corp.	4,427,097	2.15
Formosa Taffeta Co., Ltd.	4,409,690	2.14
Formosa Chemicals Industries (Ningbo) Co., Ltd.	4,409,423	2.14
Chailease International Financial Services Co, Ltd.	4,404,575	2.14
Yuanta Financial Holding Co., Ltd.	4,379,401	2.12
NKFG Corp.	4,367,949	2.12
Mai-Liao Power Corporation	4,362,737	2.12
Zhong Tai Hotel Co., Ltd.	4,346,609	2.11
Kai Tai Fung International Co., Ltd.	4,346,609	2.11
Jun Sheng Development Corp.	4,298,887	2.08
We&Win construction Ltd.	4,290,011	2.08
JSL Construction & Development Co., Ltd.	4,209,630	2.04
KGI Bank Co., Ltd.	4,202,426	2.04
CTBC Finance Co., Ltd.	4,074,149	1.98
Kindom Development Co., Ltd.	3,989,424	1.93
Pan Asia Chemical Co.	3,975,218	1.93
Long Wei Investment Development Co., Ltd.	3,888,424	1.89
Hon Hui Min Sheng Co., Ltd.	3,849,359	1.87
Forest Water Environmental Engineering Ltd.	3,828,469	1.86
Sun Jing Development Do., Ltd.	3,822,049	1.85
Citic Captail Holdings Ltd.	3,813,983	1.85
He Fong Investment Co., Ltd.	3,811,370	1.85
Yieh Mau Corp.	3,760,183	1.82
Fubon Life Insurance Co., Ltd.	3,740,423	1.81
Standard Chartered (Germany)	3,735,275	1.81
Standard Chartered PLC.	3,735,275	1.81
Hanshin Shopping Plaza Co., Ltd.	3,671,845	1.78
Aerospace Industrial Development Corp.	3,622,164	1.76
Asustek Computer Inc.	3,590,156	1.74
Pegatron Corp.	3,590,033	1.74
Chailease Power Technology Co., Ltd.	3,565,080	1.73
BANK OF AMERICA, N.A.	3,551,816	1.72
Sinopac Leasing Corp.	3,544,066	1.72
Shinkong Synthetic Fibers Corp.	3,495,643	1.70
Synn Industrial Co., Ltd.	3,471,540	1.68
Ruentex Xu-Zhan Development Co., Ltd.	3,470,139	1.68
Far Eastern Ai Mai Co., Ltd.	3,449,537	1.67

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of TCFHC's Equity
LY Group Investment Co., Ltd. CREDIT AGRICOLE CIB, PARIS Lealea Enterprise Co., Ltd. Unimicron Technology Corp. Formosa Plastics Marine Corp. Yieh Hong Enterprise Co., Ltd. Taiwan Life Insurance Co., Ltd. Advance Materials Corp. Shih Wei Navigation Co., Ltd. Dong Lien Maritime S.A. Panama Modest Pescadores S.A. Panama Spinnaker Pescadores S.A. Panama Pu Quan Advertising Co., Ltd. Supreme Electronic Co., Ltd. LUILANG WISDOM S.A. MOUNT WISDOM S.A. TTET Union Corporation Central Investment Corp. Nan Yang Industries Co., Ltd. Chao Yang Rental Corp. Mediatek Inc. Uni-President Enterprises Corp. Fu Hong Co., Ltd. Walsin Lihwa Corp. Credit Agricole CIB, London Branch FanGlory Life Insurance Co., Ltd. Chailease Consumer Finance Co., Ltd. ASE Technology Holding Co., Ltd. Yehui (China) Technology Material Limited Company HK XZJ Digital Co Limited	\$ 3,424,499 3,391,093 3,380,516 3,336,276 3,301,138 3,298,898 3,236,604 3,226,181 3,223,101 3,223,101 3,223,101 3,223,101 3,221,639 3,211,166 3,169,515 3,169,515 3,149,681 3,139,386 3,132,613 3,132,613 3,129,712 3,123,342 3,117,457 3,108,433 3,089,652 3,063,581 3,060,393 3,052,088 3,045,141 3,014,207	1.66 1.64 1.64 1.62 1.60 1.60 1.57 1.56 1.56 1.56 1.56 1.56 1.56 1.54 1.54 1.53 1.52 1.52 1.52 1.52 1.51 1.51 1.51 1.50 1.49 1.48 1.48 1.48 1.46

(Continued)

June 30, 2021

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of TCFHC's Equity
1. Same person		
Central Bank of the Republic of China (ROC)	\$ 549,939,726	227.61
National Treasury Administration, ROC	323,897,838	134.06
Tai Power Co., Ltd.	99,113,438	41.02
Financial Bureau, Kaohsiung City Government	51,138,650	21.17
Taiwan High Speed Rail Corp.	38,306,193	15.85
New Taipei City Government	36,727,333	15.20
Taiwan Railways Administration	35,685,295	14.77
Department of Finance, Taipei City Government	25,999,999	10.76
CPC Corporation, Taiwan	19,806,183	8.20
Kaohsiung Rapid Transit Corp.	17,139,978	7.09
Taichung City Government	14,466,533	5.99
Taoyuan City Government	10,850,000	4.49
Da-Li Development Co, Ltd.	10,697,402	4.43
Hon Hai Precision Co., Ltd.	10,501,440	4.35
Central Taiwan Science Park	10,000,000	4.14
Taiwan Semiconductor Manufacturing Co., Ltd.	9,815,830	4.06
Yang Ming Marine Transport Corp.	8,365,656	3.46
Clevo Corp.	8,257,722	3.42
Chailease Finance Co., Ltd.	7,352,707	3.04
Taiwan Cement Corporation	7,324,704	3.03
Government National Mortgage Association	7,165,837	2.97
Highwealth Construction Co., Ltd.	7,076,735	2.93
US Treasury Note	6,829,244	2.83
Nan Ya Plastics Corporation	6,552,040	2.71
AU Optronics Co., Ltd.	6,110,569	2.53
National Chung-Shan Institute of Science & Technology	6,034,747	2.50
Far Eastern New Century Corp.	5,801,001	2.40
Winbond Electronics Corp.	5,191,939	2.15
Department of Urban Development, Taipei City Government	5,000,000	2.07
Johnson Health Tech. Co., Ltd.	4,902,720	2.03
Ruen Chen Investment Holding Co., Ltd.	4,807,000	1.99
Prosperity Tieh Enterprise Co., Ltd.	4,553,450	1.88
Farglory Land Development Co., Ltd.	4,552,098	1.88
Fubon Financial Holding Co, Ltd.	4,548,644	1.88
Kingdom of Saudi Arabia	4,515,182	1.87
China Steel Corp.	4,483,864	1.86
Formosa Petrochemical Corporation	4,247,296	1.76
Yien United Steel Corp.	4,002,965	1.66
Innolux Corp.	4,000,000	1.66
Kindom Development Co., Ltd.	3,974,221	1.64
Radium Life Tech. Co., Ltd.	3,938,111	1.63
Wistron Corp.	3,910,109	1.62

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of TCFHC's Equity
Silicon Application Corp.	\$ 3,820,502	1.58
Chungwha Construction Corp.	3,774,372	1.56
Client A	3,729,000	1.54
Powerchip Semiconductor Manufacturing Corporation	3,633,543	1.50
Tang Eng Iron Works Co., Ltd.	3,569,538	1.48
Bank of America, N.A.	3,342,817	1.38
Far EastOne Telecommunications Co., Ltd.	3,311,376	1.37
Kai Tai Fung International Co., Ltd.	3,237,235	1.34
Economic Development Bureau, Kaohsiung City Government	3,231,564	1.34
Client B	3,189,200	1.32
Federal Home Loan Mortgage Corp.	3,173,142	1.31
Fu Hong Co., Ltd.	3,170,524	1.31
Run Long Construction Co., Ltd.	3,149,274	1.30
Asia Cement Corp.	3,087,009	1.28
Walsin Lihwa Corp.	3,083,190	1.28
BPCE	3,057,656	1.27
Veterans Affairs Council, R.O.C. Placement Fund Management Committee	3,000,000	1.24
2. Same related parties		
Client C	9,238,830	3.82
Client D	8,415,331	3.48
Client E	5,519,000	2.28
Client F	4,793,000	1.98
Client G	4,494,826	1.86
Client H	4,455,000	1.84
Client I	4,395,549	1.82
Client J	4,271,279	1.77
Client K	3,748,443	1.55
Client L	3,244,680	1.34
Client M	3,189,200	1.32
Client N	3,058,299	1.27
Client O	3,054,424	1.26
Client P	3,054,424	1.26
Client Q	3,054,424	1.26

(Continued)

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

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of TCFHC's Equity
Ren Ying Enterprise Co., Ltd.	\$ 11,837,292	4.90
Ruentex Development Co., Ltd.	11,637,292	4.82
Ruentex Industries Ltd.	11,637,292	4.82
Yieh Hsing Enterprise Co., Ltd.	11,481,373	4.75
Hui Hong Investment Management Co., Ltd.	11,437,479	4.73
World Peace Industrial Co., Ltd.	11,341,177	4.69
WPG Holding Ltd.	11,341,177	4.69
Yieh Phui (Hong Kong) Holdings Limited	11,331,549	4.69
Da Li Properties LLC	11,327,829	4.69
Highwealth Construction Co., Ltd.	11,166,986	4.62
Da Li Miller Development Corp.	11,047,752	4.57
Yien United Steel Corp.	11,042,003	4.57
Shinshunshin Investment Co., Ltd.	10,937,172	4.53
Jau Feng Sheng Investment Co., Ltd.	10,917,199	4.52
QiYu Construction Co., Ltd.	10,915,986	4.52
Run Long Construction Co., Ltd.	10,915,986	4.52
G-Tech Optoelectronics Corp.	10,889,565	4.51
Bao-Shin Construction Co., Ltd.	10,797,402	4.47
Genuine Crop.	10,794,838	4.47
Foxconn Interconnect Technology Limited Taiwan Branch (Cayman)	10,752,495	4.45
Foxconn Technologies & Services	10,649,856	4.41
Taiwan Semiconductor Manufacturing Co., Ltd.	10,642,736	4.40
Foxconn (Far East) Ltd.	10,557,494	4.37
Motech Industries Inc.	10,545,039	4.36
Breaktime Inc.	10,509,112	4.35
Foxsemicon Integrated Technology Inc.	10,505,366	4.35
Nan Shan Life Insurance Company, Ltd.	10,432,518	4.32
XingRiSheng Investment Co., Ltd.	10,426,005	4.32
Chuangju Limited Partnership	10,425,432	4.31
CTBC Financial Holding Co., Ltd.	10,387,278	4.30
Vanguard International Semiconductor Corporation	9,846,038	4.08
Feng Sheng Enterprise Company	9,833,288	4.07
Formosa Industries Corp.	9,711,106	4.02
Buynow (Texas) Corp.	9,660,422	4.00
Taiwan Cement Corporation	9,587,376	3.97
CSRC China (Maanshan) Corporation	9,575,110	3.96
Everwiner Enterprise Co., Ltd.	9,471,950	3.92
Silicon Application Corp.	9,454,891	3.91
Frontek Technology Corporation	9,384,950	3.88
Yang Ming Marine Transport Corp.	9,301,612	3.85
Kuan-Ho Refractories Corp.	9,235,487	3.82
Taiwan Prosperity Chemical Corporation	9,198,289	3.81
Chicony Industrial (Wuhan) Co., Ltd.	9,066,677	3.75
Nan Chung Petrochemical Corp.	9,065,441	3.75
Trigold Holdings Ltd.	8,995,611	3.72

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of TCFHC's Equity
Kuang Ming Shipping Corp.	\$ 8,951,536	3.70
Kuang Ming (Liberia) Corp.	8,951,536	3.70
Buynow (Wuhan) Corp.	8,879,226	3.67
Chailease Royal Leasing Plc.	8,853,590	3.66
Yieh Phui Enterprise Co., Ltd.	8,838,824	3.66
CECIC Blue-Sky Investment Consulting & Management Co., Ltd.	8,797,222	3.64
Kao Ming Container Terminal Corp.	8,715,732	3.61
Buynow (Chengdu) Corp.	8,579,782	3.55
Pacific China Holdings Ltd.	8,402,619	3.48
Nan Ya Plastics Corp., America	8,295,478	3.43
Chiahui Power Corporation	8,283,132	3.43
Asian Information Technology Inc.	7,981,351	3.30
Ruen Chen Investment Holding Co., Ltd.	7,872,750	3.26
BenQ Materials Corp.	7,850,609	3.25
Visco Vision Inc.	7,850,609	3.25
EverFun Travel Services Corp.	7,750,232	3.21
Evergreen Marine Corp. (Hong Kong) Ltd.	7,750,232	3.21
Radium Life Tech. Co., Ltd.	7,687,623	3.18
Ji Shun Life Tech. Co., Ltd.	7,687,623	3.18
Titan Development and Construction Co., Ltd.	7,621,463	3.15
Continental Carbon Company	7,604,724	3.15
China Steel Corp.	7,566,783	3.13
AU Optronics Co., Ltd.	7,535,138	3.12
Ta-Ho Maritime Corporation	7,490,704	3.10
Grand Pacific Financing Corp.	7,470,977	3.09
FDC International Hotels Corp.	7,336,970	3.04
TCC International Holding Ltd.,	7,324,704	3.03
Wan Sheng Fa Investment Co., Ltd.	7,276,731	3.01
Far Eastern Department Stores Ltd.	7,060,920	2.92
Farglory Dome Co., Ltd.	7,028,557	2.91
CSE Transport Corp.	6,944,627	2.87
Oriental Petrochemical (Taiwan) Corp.	6,821,301	2.82
PFG Fiber Glass Corporation	6,702,040	2.77
Oriental Green Materials Ltd.	6,643,032	2.75
Prosperity Tieh Enterprise Co., Ltd.	6,577,430	2.72
Nan Ya Technology Corp.	6,561,897	2.72
Evergreen Marine Corp. (Taiwan) Ltd.	6,556,537	2.71
Fubon Financial Holding Co, Ltd.	6,547,531	2.71
Farglory Free Trade Zone Co., Ltd.	6,455,859	2.67
AU Optronics Corp. (Kunshan)	6,333,729	2.62
Fubon Life Insurance Co., Ltd.	6,128,740	2.54
AUO Envirotech Inc.	6,120,569	2.53
AUO Display Plus Corp.	6,116,506	2.53
China Man-Made Fiber Corp.	5,989,349	2.48

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of TCFHC's Equity
Farglory Land Development Co., Ltd.	\$ 5,963,410	2.47
Li Jiang Development Co., Ltd.	5,937,579	2.46
Taiwan Mobile Corp.	5,919,390	2.45
Pacific SOGO Department Stores Co., Ltd.	5,912,995	2.45
EDA Hospital Corp.	5,910,241	2.45
Far Eastern Geant Co., Ltd.	5,860,408	2.43
Ever Ecover Corporation	5,754,154	2.38
Karton Formosa Polymers Corp.	5,728,590	2.37
Formosa Petrochemical Corporation	5,606,646	2.32
WALSIN TECHNOLOGY CORP.	5,575,504	2.31
Winbond Electronics Corp.	5,575,504	2.31
Chailease International Trade (Shanghai) Corp.	5,371,727	2.22
CITIC Capital Holdings Ltd.	5,355,724	2.22
Dragon Steel Corp.	5,317,089	2.20
Rih Ding Water Enterprise Co., Ltd.	5,294,455	2.19
Pou Chen Corp.	5,107,039	2.11
China Steel Chemical Corp.	5,096,776	2.11
Fubon Insurance Co., Ltd.	4,967,434	2.06
Johnson Health Tech. Co., Ltd.	4,902,720	2.03
Wistron Corp.	4,822,964	2.00
Taipei Fubon Commercial Bank Co., Ltd.	4,757,995	1.97
Wiwynn Corp.	4,746,959	1.96
Asia Cement (China) Holdings Corp.	4,657,455	1.93
CHC Resources Corp.	4,651,116	1.93
China Steel Structure Co., Ltd.	4,633,864	1.92
FanGlory Life Insurance Co., Ltd.	4,555,350	1.89
United Microelectronics Corp.	4,515,884	1.87
Pan Asia Chemical Co.	4,486,327	1.86
WPI International (Hong Kong) Ltd.	4,477,512	1.85
Capital Machinery Corp.	4,466,767	1.85
Fujian Lian Wei Logistics Co., Ltd.	4,416,071	1.83
Grand Hi-Lai Hotel Co., Ltd.	4,386,861	1.82
Jun Sheng Development Corp.	4,351,953	1.80
Chungwha Construction Corp.	4,310,426	1.78
Zhong Tai Hotel Co., Ltd.	4,287,416	1.77
Kai Tai Fung International Co., Ltd.	4,287,416	1.77
TYAU Windshield Co., Ltd.	4,276,763	1.77
TTET Union Corporation	4,245,845	1.76
Hsin Bong Enterprise Co., Ltd.	4,202,800	1.74
Taiwan Land Development Corp.	4,182,248	1.73
Taiwan Innovation Development Corp.	4,182,248	1.73
Taiwan Commercial Development Corp.	4,182,248	1.73
Fujian Fuxin Special Steel Co., Ltd.	4,167,396	1.72
Eva Airways Corp.	4,150,593	1.72

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of TCFHC's Equity
Run Tai Construction Co., Ltd.	\$ 4,014,755	1.66
Wan Da tong Enterprise Co., Ltd.	4,004,271	1.66
Ton Yi Industrial Corp.	4,002,061	1.66
Kindom Development Co., Ltd.	3,974,221	1.64
Powerchip Semiconductor Manufacturing Corporation	3,961,933	1.64
Jaysanlyn Real Estate & Advertising Co., Ltd.	3,961,921	1.64
He Fong Investment Co., Ltd.	3,928,370	1.63
Taichung Bank Leasing Corporation Limited	3,886,353	1.61
Evergreen Aviation Technologies Corp.	3,826,342	1.58
Longchen Paper & Packing Co., Ltd.	3,811,950	1.58
Hanshin Shopping Plaza Co., Ltd.	3,785,323	1.57
Ruentex Material Co., Ltd.	3,745,567	1.55
Uni-President Enterprises Corp.	3,735,152	1.55
Yehui (China) Technology Material Limited Company	3,705,424	1.53
Standard Chartered Bank (Germany)	3,683,268	1.52
Standard Chartered PLC.	3,683,268	1.52
Fu Chan High Pile Co., Ltd.	3,629,902	1.50
Shih Wei Navigation Co., Ltd.	3,624,259	1.50
Dong Lien Maritime S.A. Panama	3,624,259	1.50
Modest Pescadores S.A. Panama	3,624,259	1.50
Spinnaker Pescadores S.A. Panama	3,624,259	1.50
Tang Eng Iron Works Co., Ltd.	3,569,538	1.48
CTBC Finance Co., Ltd.	3,565,439	1.48
We&Win construction Ltd.	3,564,572	1.48
Walsin Lihwa Corp.	3,466,755	1.43
Logistar	3,399,937	1.41
RSEA Engineering Corporation Privatized 2009	3,399,582	1.41
Cathay United Bank Company Ltd.	3,395,880	1.41
Yuan Long Stainless Steel Corp.	3,379,378	1.40
Longchen P&P Co., Ltd. - Wuxi Longchen	3,364,073	1.39
Longchen P&P Co., Ltd. - Pinghu Longchen	3,364,073	1.39
Unisense Tech Co., Ltd.	3,349,520	1.39
Bank of America N.A.	3,342,817	1.38
Central Investment Corp.	3,339,405	1.38
Taiwan Glass Ind. Corp.	3,309,533	1.37
SYNN Industrial Co., Ltd.	3,307,392	1.37
Chailease International Financial	3,280,702	1.36
Longchen P&P Co., Ltd. - Jingzhou Longchen	3,263,597	1.35
UNI-Splendor Corp.	3,245,979	1.34
YFY Development Corp.	3,237,935	1.34
China Petrochemical Development Corp.	3,219,700	1.33
Wisdom Marine Lines S.A.	3,204,430	1.33
Fu Hong Co., Ltd.	3,170,524	1.31
Yuen Foong Yu Consumer Products Co., Ltd.	3,168,197	1.31

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of TCFHC's Equity
Credit Agricole CIB, Paris	\$ 3,164,518	1.31
Credit Agricole CIB, London Branch	3,163,111	1.31
Walton Advanced Engineering, INC.	3,156,910	1.31
CKS Co., Ltd.	3,130,703	1.30
Luilang Wisdom S.A.	3,124,269	1.29
Mount Wisdom S.A.	3,124,269	1.29
Chung King Human Resource Management Consultant Co., Ltd.	3,113,136	1.29
President Chain Store Corp.	3,065,308	1.27
Techmosa International Inc.	3,062,924	1.27
WT Microelectronics Co., Ltd.	3,062,924	1.27
Tatung Co., Ltd.	3,058,517	1.27
Tatung Consumer Products (Taiwan) Co., Ltd.	3,058,517	1.27
Cathay Financial Holding Co., Ltd.	3,046,469	1.26
PRASAC Microfinance	3,030,773	1.25
Cathay Life Insurance Co., Ltd.	3,008,857	1.25
Lin Long Construction Co., Ltd.	3,002,599	1.24

(Concluded)

TABLE 7

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED
FOR THE SIX MONTHS ENDED JUNE 30, 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	57,167	57,167	3-8	Short-term financing	-	Operating use	572	-	-	346,785 (Note 3)	1,387,141 (Note 3)
		Tai-Hwei Trade Co., Ltd.	Receivables on lending funds	No	160,000	155,171	155,171	3-8	Short-term financing	-	Operating use	1,552	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	83,375	83,375	3-8	Short-term financing	-	Operating use	834	Real estate	68,604	346,785 (Note 3)	1,387,141 (Note 3)
		Grandsun Engineering Co., Ltd.	Receivables on lending funds	No	35,000	26,250	26,250	3-8	Short-term financing	-	Operating use	263	Guarantee -	5,250	346,785 (Note 3)	1,387,141 (Note 3)
		Yieh Hong Enterprise Co., Ltd.	Receivables on lending funds	No	225,377	158,565	158,565	3-8	Short-term financing	-	Operating use	1,586	Stocks	104,200	346,785 (Note 3)	1,387,141 (Note 3)
		ACON-Holding Inc.	Receivables on lending funds	No	45,833	20,833	20,833	3-8	Short-term financing	-	Operating use	208	Real estate	5,000	346,785 (Note 3)	1,387,141 (Note 3)
		ET New Media Holding Co., Ltd.	Receivables on lending funds	No	100,000	96,667	96,667	3-8	Short-term financing	-	Operating use	917	-	-	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.

TABLE 8

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

JUNE 30, 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	June 30, 2022				Note
				Shares (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	-	1,149,936	100.00	1,149,936	Note
	Taiwan Urban Regeneration & Financial Services Co., Ltd.	-	Financial assets at fair value through other comprehensive income	2,500	15,650	5.00	15,650	
Taiwan Cooperative Securities Investment Trust Co., Ltd.	Fund Rich Securities Co., Ltd.	-	Financial assets at fair value through other comprehensive income	227	2,654	0.38	2,654	
Taiwan Cooperative Venture Capital Co., Ltd.	Chen Nan Iron Wire Co., Ltd.	-	Financial assets at fair value through profit or loss	1,000	25,000	2.38	25,000	
	Acmept Energy Services Co., Ltd.	-	Financial assets at fair value through profit or loss	908	35,828	2.39	35,828	
	Enrestec Inc.	-	Financial assets at fair value through profit or loss	2,000	35,340	1.96	35,340	
	SR Suntour Inc.	-	Financial assets at fair value through profit or loss	1,700	125,171	2.82	125,171	
	Eland Information Co., Ltd.	-	Financial assets at fair value through profit or loss	578	13,843	3.27	13,843	
	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	125	1,251	3.88	1,251	
	Phu Vinh Industrial company	-	Financial assets at fair value through profit or loss	2,000	133,800	20.00	133,800	
	ULSee Cayman Co., Ltd.	-	Financial assets at fair value through profit or loss	651	11,407	0.43	11,407	

(Continued)

Holding Company Name	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	June 30, 2022				Note
				Shares (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	\$ 67,309	2.98	\$ 67,309	
	Hoytek Precision Company	-	Financial assets at fair value through profit or loss	990	13,682	19.82	13,682	
	CDIB Capital Healthcare Ventures II Limited Partnership	-	Financial assets at fair value through profit or loss	-	22,825	1.61	22,825	
	Wihking Entertainment Ltd.	-	Financial assets at fair value through profit or loss	1,372	67,455	11.21	67,455	
	APMTD Global Limited	-	Financial assets at fair value through profit or loss	661	47,577	1.65	47,577	
	Revlis Biotech Co., Ltd.	-	Financial assets at fair value through profit or loss	2,813	34,622	4.62	34,622	
	FREE Bionics Taiwan Inc.	-	Financial assets at fair value through profit or loss	2,068	43,421	12.10	43,421	
	Mesh Cooperative Ventures Funds Lp.	-	Financial assets at fair value through profit or loss	-	16,400	0.99	16,400	
	Annji Pharmaceutical Co., Ltd.	-	Financial assets at fair value through profit or loss	2,250	46,238	3.42	46,238	
	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	
	iSTART-TEK Inc.	-	Financial assets at fair value through profit or loss	235	16,093	1.05	16,093	
	Evergreen Marine Co. (Taiwan) Ltd.	-	Financial assets at fair value through other comprehensive income	530	44,838	0.01	44,838	
	Mesh Cooperative Ventures, Inc.	Associate	Investments accounted for using equity method	330	2,661	22.00	2,661	
	JC Capital Taiwan Co., Ltd.	Associate	Investments accounted for using equity method	350	488	35.00	488	

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

(Concluded)

TABLE 9

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 10% OF THE PAID-IN CAPITAL
FOR THE SIX MONTHS ENDED JUNE 30, 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	Full payment 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.

TABLE 10

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

**ALLOWANCE OF SERVICE FEES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$5 MILLION
FOR THE SIX MONTHS ENDED JUNE 30, 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	\$ 954,148	\$ 502,486	\$ 71,228	\$ 51,240	7.47	10.20

TABLE 11

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$300 MILLION OR 10% OF THE PAID-IN CAPITAL

JUNE 30, 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	\$ 2,444,888	-	\$ -	-	\$ -	\$ -

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

TABLE 12

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD.

PERCENTAGE SHARE IN INVESTEEES AND RELATED INFORMATION
JUNE 30, 2022
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Percentage of Ownership	Carrying Value	Investment Gain	Proportionate Share of the Company and Its Affiliates in Investees (Note 1)				Note
							Shares (Thousands)	Pro Forma Shares (Note 2)	Total		
									Shares (Thousands)	Percentage of Ownership	
Taiwan Cooperative Financial Holding Co., Ltd.	Taiwan Cooperative Bank, Ltd.	Taipei	Banking	100.00	\$ 223,183,729	\$ 8,319,706	10,733,930	-	10,733,930	100.00	Note 3
	Taiwan Cooperative Securities Co., Ltd.	Taipei	Securities dealer	100.00	5,697,930	148,293	500,000	-	500,000	100.00	Note 3
	Taiwan Cooperative Bills Finance Co., Ltd.	Taipei	Bills finance dealer	100.00	6,435,316	141,784	487,774	-	487,774	100.00	Note 3
	Co-operative Assets Management Co., Ltd.	Taipei	Acquisition of delinquent loans	100.00	3,368,325	187,082	282,528	-	282,528	100.00	Note 3
	Taiwan Cooperative Securities Investment Trust Co., Ltd.	Taipei	Securities investment trust	100.00	402,073	12,692	30,300	-	30,300	100.00	Note 3
	BNP Paribas Cardif TCB Life Insurance Co., Ltd.	Taipei	Life insurance	51.00	5,317,169	337,491	350,939	-	350,939	51.00	Note 3
	Taiwan Cooperative Venture Capital Co., Ltd.	Taipei	Venture capital	100.00	1,278,803	105,486	106,009	-	106,009	100.00	Note 3

- Note 1: Shares or proforma shares held by the Company, directors, supervisors, president, vice president and affiliates in accordance with the Company Law have been included.
- Note 2: a. Proforma shares are shares that are assumed to have been obtained through buying equity-based securities or entering into equity-linked derivative contracts for purposes defined in Paragraph 2 of Article 36 and Article 37 of the Financial Holding Company Act.
- b. Equity-based securities, such as convertible bonds and warrants, are covered by Article 11 of the “Securities and Exchange Law Enforcement Rules.”
- c. Derivative instruments, such as stock options, are those conforming to the definition of IFRS 9 - “Financial Instruments”, such as stock options.

Note 3: When TCFHC prepares the consolidated financial statements, this investment has been eliminated.

TABLE 13

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

INVESTMENT IN MAINLAND CHINA
FOR THE SIX MONTHS ENDED JUNE 30, 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 June 30, 2022	Investee Net Income	% Ownership of Direct or Indirect Investment	Investment Gain	Carrying Value as of June 30, 2022	Accumulated Inward Remittance of Earnings as of June 30, 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)	\$ (95,232)	100	\$ (95,232)	\$ 6,373,393	\$ -
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)	(95,829)	100	(95,829)	2,695,583	-
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)	(41,546)	100	(41,546)	3,234,268	-
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)	(163,188)	100	(163,188)	2,235,288	-

Accumulated Investment in Mainland China as of June 30, 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)	\$ 134,615,027

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 June 30, 2022	Investee Net Income	% Ownership of Direct or Indirect Investment	Investment Gain	Carrying Value as of June 30, 2022	Accumulated Inward Remittance of Earnings as of June 30, 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)	\$ 31,273	100	\$ 31,273	\$ 1,149,936	\$ -

Accumulated Investment in Mainland China as of June 30, 2022	Investment Amount Approved by the Investment Commission, MOEA	Maximum Investment Allowable
\$ 910,980 (CNY 185,460) (Note 1)	\$ 910,980 (CNY 185,460) (Note 1)	\$ 2,020,915 (Note 3)

(Continued)

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

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

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

(Concluded)

TABLE 14**TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES****BUSINESS RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS AMONG THE PARENT COMPANY AND SUBSIDIARIES****FOR THE SIX MONTHS ENDED JUNE 30, 2022****(In Thousands of New Taiwan Dollars)**

No. (Note 1)	Transacting Company	Counterparty	Transaction Flow (Note 2)	Description of Transactions (Notes 3 and 5)			
				Financial Statement Account	Amounts	Trading Terms	Transaction Amount/Total Consolidated Net Revenue or Total Consolidated Assets (%)
0	Taiwan Cooperative Financial Holding Co., Ltd.	Taiwan Cooperative Bank, Ltd.	a	Tax payables - consolidated tax return	\$ 2,444,888	Note 4	0.06
1	Taiwan Cooperative Bank, Ltd.	Taiwan Cooperative Financial Holding Co., Ltd.	b	Tax receivables - consolidated tax return	2,444,888	Note 4	0.06
1	Taiwan Cooperative Bank, Ltd.	United Taiwan Bank S.A.	a	Due from banks	575,817	Note 4	0.01
2	United Taiwan Bank S.A.	Taiwan Cooperative Bank, Ltd.	b	Deposits from banks	575,817	Note 4	0.01
1	Taiwan Cooperative Bank, Ltd.	United Taiwan Bank S.A.	a	Call loans to banks	902,490	Note 4	0.02
2	United Taiwan Bank S.A.	Taiwan Cooperative Bank, Ltd.	b	Call loans from banks	902,490	Note 4	0.02
1	Taiwan Cooperative Bank, Ltd.	United Taiwan Bank S.A.	a	Medium-term unsecured loans	5,059,520	Note 4	0.12
2	United Taiwan Bank S.A.	Taiwan Cooperative Bank, Ltd.	b	Long-term borrowings	5,059,520	Note 4	0.12
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	Investment properties, net	472,010	Note 4	0.01
1	Taiwan Cooperative Bank, Ltd.	Taiwan Cooperative Bills Finance Co., Ltd.	c	Call loans to banks	2,300,000	Note 4	0.05
4	Taiwan Cooperative Bills Finance Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Call loans from banks	2,300,000	Note 4	0.05
6	Taiwan Cooperative Securities Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Due from banks	746,277	Note 4	0.02
1	Taiwan Cooperative Bank, Ltd.	Taiwan Cooperative Securities Co., Ltd.	c	Deposits and remittances	746,277	Note 4	0.02

(Continued)

No. (Note 1)	Transacting Company	Counterparty	Transaction Flow (Note 2)	Description of Transactions (Notes 3 and 5)			
				Financial Statement Account	Amounts	Trading Terms	Transaction Amount/Total Consolidated Net Revenue or Total Consolidated Assets (%)
6	Taiwan Cooperative Securities Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Right-of-use assets, net	\$ 101,985	Note 4	-
6	Taiwan Cooperative Securities Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Lease liabilities	104,323	Note 4	-
6	Taiwan Cooperative Securities Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Interest expense	982	Note 4	-
6	Taiwan Cooperative Securities Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Depreciation expense	20,690	Note 4	0.09
1	Taiwan Cooperative Bank, Ltd.	Taiwan Cooperative Securities Co., Ltd.	c	Lease income	21,612	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	1,077,276	Note 4	0.02
3	BNP Paribas Cardif TCB Life Insurance Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Cash and cash equivalents, refundable deposits	1,077,276	Note 4	0.02
1	Taiwan Cooperative Bank, Ltd.	BNP Paribas Cardif TCB Life Insurance Co., Ltd.	c	Service fee and commission income	279,593	Note 4	1.18
3	BNP Paribas Cardif TCB Life Insurance Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Service charge and commission expense	279,593	Note 4	1.18
1	Taiwan Cooperative Bank, Ltd.	BNP Paribas Cardif TCB Life Insurance Co., Ltd.	c	Financial liabilities mandatorily classified as at fair value through parfit or loss	132,845	Note 4	-
3	BNP Paribas Cardif TCB Life Insurance Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Financial assets mandatorily classified as at fair value through parfit or loss	132,845	Note 4	-
1	Taiwan Cooperative Bank, Ltd.	BNP Paribas Cardif TCB Life Insurance Co., Ltd.	c	Gains or loss on financial assets and liabilities mandatorily classified as at fair value through profit or loss	132,845	Note 4	0.56
3	BNP Paribas Cardif TCB Life Insurance Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Gains or loss on financial assets and liabilities mandatorily classified as at fair value through profit or loss	132,845	Note 4	0.56
0	Taiwan Cooperative Financial Holding Co., Ltd.	BNP Paribas Cardif TCB Life Insurance Co., Ltd.	a	Dividends receivable	368,486	Note 4	0.01
3	BNP Paribas Cardif TCB Life Insurance Co., Ltd.	Taiwan Cooperative Financial Holding Co., Ltd.	b	Dividends payable	368,486	Note 4	0.01

(Continued)

No. (Note 1)	Transacting Company	Counterparty	Transaction Flow (Note 2)	Description of Transactions (Notes 3 and 5)			
				Financial Statement Account	Amounts	Trading Terms	Transaction Amount/Total Consolidated Net Revenue or Total Consolidated Assets (%)
7	Taiwan Cooperative Venture Capital Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Cash and cash equivalents	\$ 136,686	Note 4	-
1	Taiwan Cooperative Bank, Ltd.	Taiwan Cooperative Venture Capital Co., Ltd.	c	Deposits and remittances	136,686	Note 4	-
0	Taiwan Cooperative Financial Holding Co., Ltd.	Taiwan Cooperative Bank, Ltd.	a	Due from banks	262,947	Note 4	0.01
1	Taiwan Cooperative Bank, Ltd.	Taiwan Cooperative Financial Holding Co., Ltd.	b	Deposits and remittances	262,947	Note 4	0.01

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

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

Note 2: Transaction flows are as follows:

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

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

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

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

(Concluded)

TABLE 15**TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD.****INFORMATION ON MAJOR SHAREHOLDERS****JUNE 30, 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.