

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

**Consolidated Financial Statements for the
Three Months Ended March 31, 2023 and 2022 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Taiwan Cooperative Financial Holding Co., Ltd. (TCFHC) and its subsidiaries (collectively, the "Company"), as of March 31, 2023 and 2022, the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2023 and 2022, and related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, Regulations Governing the Preparation of Financial Reports by Insurance Enterprises and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Standards on Review Engagements of the Republic of China 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company as of March 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, Regulations Governing the Preparation of Financial Reports by Insurance Enterprises and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 22, 2023

Notice to Readers

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

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

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

	March 31, 2023 (Reviewed)		December 31, 2022 (Audited)		March 31, 2022 (Reviewed)	
	Amount	%	Amount	%	Amount	%
ASSETS						
CASH AND CASH EQUIVALENTS (Note 6)	\$ 64,181,231	1	\$ 95,314,702	2	\$ 80,803,339	2
DUE FROM THE CENTRAL BANK AND CALL LOANS TO OTHER BANKS (Notes 7, 42 and 43)	362,231,355	8	319,309,530	7	326,505,748	7
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 8, 42 and 43)	94,907,461	2	76,072,975	2	84,600,523	2
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Note 9)	482,724,826	11	475,101,745	11	514,449,436	12
INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST (Notes 10 and 43)	701,710,087	15	719,535,355	16	689,909,199	16
SECURITIES PURCHASED UNDER RESELL AGREEMENTS (Note 11)	1,812,480	-	2,642,175	-	1,755,639	-
RECEIVABLES, NET (Notes 12 and 42)	43,730,601	1	42,404,919	1	48,401,596	1
CURRENT TAX ASSETS	2,235,685	-	2,278,992	-	1,790,164	-
DISCOUNTS AND LOANS, NET (Notes 13, 42 and 43)	2,724,002,776	59	2,589,591,055	58	2,503,047,365	57
REINSURANCE ASSETS, NET	292,402	-	209,333	-	140,635	-
INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (Note 14)	148,138	-	142,637	-	146,184	-
OTHER FINANCIAL ASSETS, NET (Notes 15, 31 and 43)	97,237,010	2	99,100,104	2	110,146,943	2
INVESTMENT PROPERTIES, NET (Note 16)	11,022,467	-	10,936,255	-	11,002,555	-
PROPERTIES AND EQUIPMENT, NET (Note 17)	32,899,928	1	33,147,407	1	33,260,072	1
RIGHT-OF-USE ASSETS, NET (Note 18)	1,554,239	-	1,562,617	-	1,586,293	-
INTANGIBLE ASSETS (Note 19)	4,165,587	-	4,156,026	-	4,026,399	-
DEFERRED TAX ASSETS (Note 39)	1,859,529	-	1,764,099	-	2,819,969	-
OTHER ASSETS, NET (Notes 18, 20 and 43)	3,444,187	-	2,897,887	-	3,327,688	-
TOTAL	\$ 4,630,159,989	100	\$ 4,476,167,813	100	\$ 4,417,719,747	100
LIABILITIES AND EQUITY						
DEPOSITS FROM THE CENTRAL BANK AND OTHER BANKS (Notes 21 and 42)	\$ 304,483,262	7	\$ 287,853,635	6	\$ 254,228,443	6
DUE TO THE CENTRAL BANK AND OTHER BANKS (Note 22)	-	-	-	-	46,169,680	1
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 8, 27 and 42)	3,036,160	-	3,650,230	-	3,291,286	-
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS (Notes 8, 9 and 23)	65,955,296	1	67,643,435	2	53,781,142	1
COMMERCIAL PAPER ISSUED, NET (Note 24)	27,223,431	1	24,539,978	1	31,416,966	1
PAYABLES (Notes 25 and 42)	58,346,854	1	52,099,763	1	55,212,289	1
CURRENT TAX LIABILITIES	1,807,883	-	862,016	-	1,532,025	-
DEPOSITS AND REMITTANCES (Notes 26 and 42)	3,715,446,384	80	3,598,422,914	80	3,499,319,565	79
BONDS PAYABLE (Note 27)	82,790,000	2	80,290,000	2	82,100,000	2
OTHER BORROWINGS (Notes 24 and 28)	9,283,261	-	9,352,346	-	4,340,409	-
PROVISIONS (Notes 29 and 30)	32,988,981	1	32,268,462	1	34,852,076	1
OTHER FINANCIAL LIABILITIES (Notes 16 and 31)	89,530,457	2	91,685,037	2	103,391,378	3
LEASE LIABILITIES (Note 18)	1,537,426	-	1,538,102	-	1,556,656	-
DEFERRED TAX LIABILITIES (Notes 17 and 39)	3,652,420	-	3,966,477	-	4,181,720	-
OTHER LIABILITIES (Note 32)	1,826,228	-	1,232,241	-	1,810,912	-
Total liabilities	<u>4,397,908,043</u>	<u>95</u>	<u>4,255,404,636</u>	<u>95</u>	<u>4,177,184,547</u>	<u>95</u>
EQUITY ATTRIBUTABLE TO OWNERS OF TCFHC						
Capital stock						
Common stock	140,089,354	3	140,089,354	3	136,009,082	3
Capital surplus	57,977,016	1	57,977,016	1	57,976,124	1
Retained earnings						
Legal reserve	13,432,536	-	13,432,536	-	11,260,796	-
Special reserve	985,539	-	985,539	-	985,539	-
Unappropriated earnings	29,507,936	1	24,472,050	1	29,204,772	1
Total retained earnings	43,926,011	1	38,890,125	1	41,451,107	1
Other equity	(15,333,767)	-	(21,509,719)	-	(1,207,623)	-
Total equity attributable to owners of TCFHC	<u>226,658,614</u>	<u>5</u>	<u>215,446,776</u>	<u>5</u>	<u>234,228,690</u>	<u>5</u>
NON-CONTROLLING INTERESTS	5,593,332	-	5,316,401	-	6,306,510	-
Total equity	<u>232,251,946</u>	<u>5</u>	<u>220,763,177</u>	<u>5</u>	<u>240,535,200</u>	<u>5</u>
TOTAL	\$ 4,630,159,989	100	\$ 4,476,167,813	100	\$ 4,417,719,747	100

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

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended March 31			
	2023		2022	
	Amount	%	Amount	%
INTEREST REVENUE (Notes 33 and 42)	\$ 21,439,906	145	\$ 12,467,292	108
INTEREST EXPENSE (Notes 33 and 42)	<u>(12,852,720)</u>	<u>(87)</u>	<u>(3,427,636)</u>	<u>(30)</u>
NET INTEREST	<u>8,587,186</u>	<u>58</u>	<u>9,039,656</u>	<u>78</u>
NET REVENUES AND GAINS OTHER THAN INTEREST				
Service fee and commission income, net (Notes 34 and 42)	1,895,345	13	2,007,643	17
Premium income (loss), net (Notes 31 and 35)	974,266	7	(71,306)	-
Gains on financial assets and liabilities at fair value through profit or loss (Notes 36 and 42)	1,101,898	7	3,996,037	35
Gains on disposal of investment properties, net	43,665	-	32,775	-
Realized gains on financial assets at fair value through other comprehensive income (Note 37)	106,686	1	107,521	1
Foreign exchange gains (losses), net	2,009,339	14	(3,616,814)	(31)
Reversal of impairment losses (impairment losses) on assets (Notes 9 and 10)	2,746	-	(107,456)	(1)
Share of gains of associates and joint ventures accounted for using the equity method (Note 14)	5,501	-	2,842	-
(Losses) gains on reclassification of overlay approach (Note 8)	(38,530)	-	144,874	1
Other noninterest gains, net (Notes 16 and 42)	<u>59,292</u>	<u>-</u>	<u>20,375</u>	<u>-</u>
Total net revenues and gains other than interest	<u>6,160,208</u>	<u>42</u>	<u>2,516,491</u>	<u>22</u>
TOTAL NET REVENUES	<u>14,747,394</u>	<u>100</u>	<u>11,556,147</u>	<u>100</u>
BAD-DEBT EXPENSES AND PROVISION FOR LOSSES ON COMMITMENTS AND GUARANTEES (Note 13)	<u>(1,054,408)</u>	<u>(7)</u>	<u>62,711</u>	<u>1</u>
NET CHANGE IN RESERVES FOR INSURANCE LIABILITIES (Note 29)	<u>(652,753)</u>	<u>(5)</u>	<u>176,303</u>	<u>1</u>

(Continued)

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended March 31			
	2023		2022	
	Amount	%	Amount	%
OPERATING EXPENSES (Notes 4, 16, 17, 18, 19, 30 and 38)				
Employee benefits	\$ (4,472,920)	(30)	\$ (4,214,826)	(36)
Depreciation and amortization	(646,136)	(5)	(603,881)	(5)
General and administrative	<u>(1,962,112)</u>	<u>(13)</u>	<u>(1,695,168)</u>	<u>(15)</u>
Total operating expenses	<u>(7,081,168)</u>	<u>(48)</u>	<u>(6,513,875)</u>	<u>(56)</u>
INCOME BEFORE INCOME TAX	5,959,065	40	5,281,286	46
INCOME TAX EXPENSE (Notes 4 and 39)	<u>(922,430)</u>	<u>(6)</u>	<u>(804,373)</u>	<u>(7)</u>
NET INCOME	<u>5,036,635</u>	<u>34</u>	<u>4,476,913</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	3,672,241	25	1,202,899	10
Change in the fair value attributable to changes in the credit risk of financial liabilities designated as at fair value through profit or loss	<u>(321)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Items that will not be reclassified subsequently to profit or loss, net of income tax	<u>3,671,920</u>	<u>25</u>	<u>1,202,899</u>	<u>10</u>
Items that may be reclassified subsequently to profit or loss (Notes 8 and 39)				
Exchange differences on the translation of financial statements of foreign operations	(507,922)	(3)	1,663,388	14
Unrealized gains (losses) on investments in debt instruments at fair value through other comprehensive income	3,175,482	22	(9,603,115)	(83)

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TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended March 31			
	2023		2022	
	Amount	%	Amount	%
Other comprehensive income (losses) on reclassification of overlay approach	\$ 38,530	-	\$ (144,874)	(1)
Income tax attributable to other comprehensive income	<u>74,124</u>	<u>-</u>	<u>61,397</u>	<u>1</u>
Items that may be reclassified subsequently to profit or loss, net of income tax	<u>2,780,214</u>	<u>19</u>	<u>(8,023,204)</u>	<u>(69)</u>
Other comprehensive income (losses), net of income tax	<u>6,452,134</u>	<u>44</u>	<u>(6,820,305)</u>	<u>(59)</u>
TOTAL COMPREHENSIVE INCOME (LOSS)	<u>\$ 11,488,769</u>	<u>78</u>	<u>\$ (2,343,392)</u>	<u>(20)</u>
NET INCOME ATTRIBUTABLE TO:				
Owners of TCFHC	\$ 4,886,540	33	\$ 4,297,777	37
Non-controlling interests	<u>150,095</u>	<u>1</u>	<u>179,136</u>	<u>2</u>
	<u>\$ 5,036,635</u>	<u>34</u>	<u>\$ 4,476,913</u>	<u>39</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of TCFHC	\$ 11,211,838	76	\$ (1,998,784)	(17)
Non-controlling interests	<u>276,931</u>	<u>2</u>	<u>(344,608)</u>	<u>(3)</u>
	<u>\$ 11,488,769</u>	<u>78</u>	<u>\$ (2,343,392)</u>	<u>(20)</u>
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 40)				
Basic	<u>\$ 0.35</u>		<u>\$ 0.31</u>	
Diluted	<u>\$ 0.35</u>		<u>\$ 0.31</u>	

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

(Concluded)

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Equity Attributable to Owners of TCFHC						Other Equity					Total Equity
	Capital Stock (Note 41)		Capital Surplus	Retained Earnings (Notes 9 and 41)			Exchange Differences on the Translation of Financial Statements of Foreign Operations	Unrealized Valuation Gains (Losses) on Financial Assets at Fair Value Through Other Comprehensive Income (Note 9)	Change in the Fair Value Attributable to Changes in the Credit Risk of Financial Liabilities Designated as at Fair Value Through Profit or Loss	Other Comprehensive Income on Reclassification of Overlay Approach	Non-controlling Interests (Note 41)	
	Shares (In Thousands)	Common Stock		Legal Reserve	Special Reserve	Unappropriated Earnings						
BALANCE AT JANUARY 1, 2023	14,008,935	\$ 140,089,354	\$ 57,977,016	\$ 13,432,536	\$ 985,539	\$ 24,472,050	\$ (452,462)	\$ (21,227,000)	\$ -	\$ 169,743	\$ 5,316,401	\$ 220,763,177
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	149,346	-	(149,346)	-	-	-	-
Total comprehensive income												
Net income for the three months ended March 31, 2023	-	-	-	-	-	4,886,540	-	-	-	-	150,095	5,036,635
Other comprehensive income (loss) for the three months ended March 31, 2023	-	-	-	-	-	-	(409,035)	6,715,405	(321)	19,249	126,836	6,452,134
Total comprehensive income (loss) for the three months ended March 31, 2023	-	-	-	-	-	4,886,540	(409,035)	6,715,405	(321)	19,249	276,931	11,488,769
BALANCE AT MARCH 31, 2023	<u>14,008,935</u>	<u>\$ 140,089,354</u>	<u>\$ 57,977,016</u>	<u>\$ 13,432,536</u>	<u>\$ 985,539</u>	<u>\$ 29,507,936</u>	<u>\$ (861,497)</u>	<u>\$ (14,660,941)</u>	<u>\$ (321)</u>	<u>\$ 188,992</u>	<u>\$ 5,593,332</u>	<u>\$ 232,251,946</u>
BALANCE AT JANUARY 1, 2022	13,600,908	\$ 136,009,082	\$ 57,976,124	\$ 11,260,796	\$ 985,539	\$ 22,827,215	\$ (4,310,009)	\$ 10,787,759	\$ -	\$ 690,968	\$ 6,651,118	\$ 242,878,592
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	2,079,780	-	(2,079,780)	-	-	-	-
Total comprehensive income												
Net income for the three months ended March 31, 2022	-	-	-	-	-	4,297,777	-	-	-	-	179,136	4,476,913
Other comprehensive income (loss) for the three months ended March 31, 2022	-	-	-	-	-	-	1,327,435	(7,549,976)	-	(74,020)	(523,744)	(6,820,305)
Total comprehensive income (loss) for the three months ended March 31, 2022	-	-	-	-	-	4,297,777	1,327,435	(7,549,976)	-	(74,020)	(344,608)	(2,343,392)
BALANCE AT MARCH 31, 2022	<u>13,600,908</u>	<u>\$ 136,009,082</u>	<u>\$ 57,976,124</u>	<u>\$ 11,260,796</u>	<u>\$ 985,539</u>	<u>\$ 29,204,772</u>	<u>\$ (2,982,574)</u>	<u>\$ 1,158,003</u>	<u>\$ -</u>	<u>\$ 616,948</u>	<u>\$ 6,306,510</u>	<u>\$ 240,535,200</u>

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

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 5,959,065	\$ 5,281,286
Adjustments for:		
Depreciation expense	558,291	529,221
Amortization expense	87,845	74,660
Expected credit losses (gains)/bad-debt expense (gain on reversal of bad debts)	912,487	(36,862)
Gains on financial assets and liabilities at fair value through profit or loss	(1,101,898)	(3,996,037)
Interest expense	12,852,720	3,427,636
Interest revenue	(21,439,906)	(12,467,292)
Dividend income	(99,915)	(64,819)
Net changes in reserves for insurance liabilities	652,753	(176,303)
Reversal of provision (provision) for possible losses on guarantees	78,445	(35,170)
Net changes in reserves for other liabilities	63,476	9,321
Share of gains of associates and joint ventures accounted for using equity method	(5,501)	(2,842)
Losses (gains) on reclassification of overlay approach	38,530	(144,874)
Losses on disposal of properties and equipment	160	61
Gains on disposal of investment properties	(43,665)	(32,775)
Gains on disposal of investments	(6,771)	(42,702)
Impairment losses on financial assets	1,010	108,911
Reversal of impairment losses on financial assets	(3,756)	(1,455)
Unrealized losses (gains) on foreign exchange	104,011	(623,699)
Net changes in operating assets and liabilities		
(Increase) decrease in due from the Central Bank and call loans to other banks	(16,615,673)	20,322,142
(Increase) decrease in financial assets at fair value through profit or loss	(17,213,129)	5,717,052
Increase in financial assets at fair value through other comprehensive income	(2,436,335)	(38,208,637)
Decrease in investments in debt instruments at amortized cost	17,550,451	25,873,564
Increase in receivables	(976,309)	(4,980,763)
Increase in discounts and loans	(135,133,770)	(66,354,125)
Increase in reinsurance assets	(90,073)	(5,725)
Decrease in other financial assets	224,134	519,760
(Increase) decrease in other assets	(432,308)	2,838,370
Increase in deposits from the Central Bank and other banks	16,629,627	11,181,865
Decrease in financial liabilities at fair value through profit or loss	(2,895,681)	(666,581)
(Decrease) increase in securities sold under repurchase agreements	(1,671,884)	1,154,943
Increase (decrease) in payables	2,184,387	(6,627,752)

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TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended March 31	
	2023	2022
Increase in deposits and remittances	\$ 117,023,470	\$ 20,570,684
Decrease in provision for employee benefits	(66,395)	(168,259)
Decrease in other financial liabilities	(10,161)	(28,854)
Increase in other liabilities	<u>606,033</u>	<u>457,650</u>
Cash used in operations	(24,716,235)	(36,598,400)
Interest received	21,662,643	13,773,344
Dividends received	71,016	129,123
Interest paid	(8,821,269)	(2,757,835)
Income tax refunded (paid)	<u>(271,771)</u>	<u>752,021</u>
Net cash used in operating activities	<u>(12,075,616)</u>	<u>(24,701,747)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of properties and equipment	(296,486)	(260,869)
Increase in refundable deposits	(536,305)	(237,010)
Decrease in refundable deposits	434,833	285,736
Acquisition of intangible assets	(97,175)	(192,546)
Acquisition of investment properties	(174,881)	(351,349)
Proceeds from disposal of investment properties	281,961	238,692
Increase in other assets	(6,367)	(14,394)
Decrease in other assets	<u>1,745</u>	<u>13,433</u>
Net cash used in investing activities	<u>(392,675)</u>	<u>(518,307)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in due to the Central Bank and other banks	-	(42,719,680)
Increase in commercial paper issued	7,850,000	16,050,000
Decrease in commercial paper issued	(5,140,000)	(14,520,000)
Proceeds from the issuance of bank debentures	2,500,000	-
Increase in other borrowings	2,105,904	8,182,769
Decrease in other borrowings	(2,175,266)	(4,666,373)
Increase in financial liabilities designated at fair value through profit or loss	1,445,557	-
Increase in guarantee deposits received	45,067	182,407
Decrease in guarantee deposits received	(295,046)	(897,320)
Repayments of the principal portion of lease liabilities	(162,748)	(146,526)
Decrease in other liabilities	<u>(13,053)</u>	<u>(26,896)</u>
Net cash generated from (used in) financing activities	<u>6,160,415</u>	<u>(38,561,619)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		
	<u>1,016,142</u>	<u>(4,909,924)</u>

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TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended March 31	
	2023	2022
NET DECREASE IN CASH AND CASH EQUIVALENTS	\$ (5,291,734)	\$ (68,691,597)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>140,044,317</u>	<u>204,390,245</u>
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	<u>\$ 134,752,583</u>	<u>\$ 135,698,648</u>
Cash and cash equivalents reconciliations:		
	March 31	
	2023	2022
Cash and cash equivalents in the consolidated balance sheets	\$ 64,181,231	\$ 80,803,339
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”	68,393,592	53,139,670
Securities purchased under resell agreements in accordance with the definition of cash and cash equivalents under IAS 7 “Statement of Cash Flows”	1,812,480	1,755,639
Others items in accordance with the definition of cash and cash equivalents under IAS 7 “Statement of Cash Flows”	<u>365,280</u>	<u>-</u>
Cash and cash equivalents, end of period	<u>\$ 134,752,583</u>	<u>\$ 135,698,648</u>

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

(Concluded)

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. ORGANIZATION AND OPERATIONS

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

TCFHC invests in and manages financial institutions.

TCB engages in (a) all commercial banking operations allowed under the Banking Act; (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 3 representative offices as of March 31, 2023.

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 Act and Trust Act of the ROC.

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

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

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

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

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

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

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

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

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

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

As of March 31, 2023 and 2022, TCFHC and its subsidiaries (collectively, the Company) had 9,625 and 9,593 employees, respectively.

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

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by TCFHC's board of directors on May 22, 2023.

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

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

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

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
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, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

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

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

- IFRS 17 “Insurance Contracts” and related amendments

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

Level of aggregation

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

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

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

Recognition

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

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

Measurement

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

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

Subsequent measurement

On subsequent measurement, the carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims. The liability for remaining coverage comprises the fulfilment cash flows related to future services and the contractual service margin of the group at that date. On subsequent measurement, if a group of insurance contracts becomes onerous or more onerous, that excess shall be recognized in profit or loss.

Onerous contracts

An insurance contract is onerous at initial recognition if the total of the fulfilment cash flows, any previously recognized acquisition cash flows and any cash flows arising from the contract at that date is a net outflow. The Company shall recognize a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows and the contractual service margin of the group being zero. The contractual service margin cannot increase and no revenue can be recognized, until the onerous amount previously recognized has been reversed in profit or loss as part of a service expense.

Premium allocation approach

The Company may simplify the measurement of the liability for remaining coverage of a group of insurance contracts using the Premium Allocation Approach (PAA) on the condition that, at the inception of the group:

- 1) The Company reasonably expects that this will be a reasonable approximation of the general model, or
- 2) The coverage period of each contract in the group is one year or less.

At the inception of the group, if the Company expects significant variances in the fulfilment cash flows during the period before a claim is incurred, such contracts are not eligible to apply the PAA.

When using the PAA, the liability for remaining coverage shall be initially recognized as the following:

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

Subsequently the carrying amount of the liability is the carrying amount at the start of the reporting period plus the premiums received in the period, minus insurance acquisition cash flows, plus amortization of acquisition cash flows, minus the amount recognized as insurance revenue for coverage provided in that period, and minus any investment component paid or transferred to the liability for incurred claims.

Investment contracts with discretionary participation features

An investment contract with discretionary participation features is a financial instrument and it does not include a transfer of significant insurance risk. It is in the scope of the standard only if the issuer also issues insurance contracts. The requirements of the Standard are modified for such investment contracts.

Modification and derecognition

If the terms of an insurance contract are modified, the Company shall derecognize the original contract and recognize the modified contract as a new contract if there is a substantive modification, based on meeting any of the specified criteria.

The Company shall derecognize an insurance contract when it is extinguished, or if any of the conditions of a substantive modification of an insurance contract are met.

Transition

The Company shall apply the standard retrospectively unless impracticable, in which case entities have the option of using either the modified retrospective approach or the fair value approach.

Under the modified retrospective approach, an entity shall utilize reasonable and supportable information and maximize the use of information that would have been used to apply a full retrospective approach, but need only use information available without undue cost or effort. The Company shall apply fair value approach if reasonable and supportable information is unavailable.

Under the fair value approach, the Company determines the contractual service margin at the transition date as the difference between the fair value of a group of insurance contracts at that date and the fulfilment cash flows measured at that date.

Redesignation of financial assets

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

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

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial 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 Material Accounting Policies

In addition to the following, refer to the summary of material accounting policies of the consolidated financial statements for the year ended December 31, 2022.

a. Employee benefits

Retirement benefits

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

b. Income tax expense

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. MATERIAL 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 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 revisions 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 assumptions on probability of default and loss given default. The Company makes assumptions and selects the input values for the impairment assessment based on prior experience, the current market situation and forward-looking information.

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

b. Insurance liability and liability adequacy test

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

6. CASH AND CASH EQUIVALENTS

	March 31, 2023	December 31, 2022	March 31, 2022
Cash on hand	\$ 24,836,463	\$ 39,872,817	\$ 25,066,151
Notes and checks in clearing	9,567,173	17,918,898	4,344,531
Due from banks	<u>29,799,324</u>	<u>37,544,920</u>	<u>51,412,179</u>
	64,202,960	95,336,635	80,822,861
Less: Allowance for possible losses	<u>21,729</u>	<u>21,933</u>	<u>19,522</u>
	<u>\$ 64,181,231</u>	<u>\$ 95,314,702</u>	<u>\$ 80,803,339</u>

Reconciliations of cash and cash equivalents between the consolidated statements of cash flows and the consolidated balance sheets as of March 31, 2023 and 2022 are shown in the consolidated statements of cash flows. The reconciliation as of December 31, 2022 are stated below:

	December 31, 2022
Cash and cash equivalent in the consolidated balance sheet	\$ 95,314,702
Due from the Central Bank and call loans to other banks in accordance with the definition of cash and cash equivalents under IAS 7 “Statement of Cash Flows”	42,087,440
Securities purchased under resell agreements in accordance with the definition of cash and cash equivalents under IAS 7 “Statement of Cash Flows”	<u>2,642,175</u>
Cash and cash equivalents, end of the year	<u>\$ 140,044,317</u>

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

	March 31, 2023	December 31, 2022	March 31, 2022
Reserves for deposits - account A	\$ 36,235,237	\$ 24,768,535	\$ 42,097,316
Reserves for deposits - account B	105,638,250	102,855,826	93,221,901
Reserves for deposits - community financial institutions	80,500,929	80,004,048	72,420,072
Reserves for deposits - foreign-currency deposits	574,994	580,560	542,669
Deposits in the Central Bank	39,200,000	39,200,000	39,200,000
Due from the Central Bank - others	31,851,903	28,486,157	19,012,649
Due from the Central Bank - central government agencies’ deposits	2,818,612	2,480,876	1,773,279
Call loans to banks	<u>65,411,430</u>	<u>40,933,528</u>	<u>58,237,862</u>
	<u>\$ 362,231,355</u>	<u>\$ 319,309,530</u>	<u>\$ 326,505,748</u>

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

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

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

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Financial assets mandatorily classified as at fair value through profit or loss</u>			
Commercial paper	\$ 80,904,991	\$ 59,965,566	\$ 59,164,135
Negotiable certificates of deposit	1,698,294	2,598,248	6,598,893
Beneficial certificates	4,484,465	3,593,291	4,966,107
Investment in equity instruments	2,976,497	2,552,388	4,275,811
Corporate bonds	1,343,699	1,378,407	2,549,626
Convertible bonds	474,160	539,794	539,639
Government bonds	446,999	99,524	429,270
Acquired loans	581	5,227	47,155
Commercial paper contracts with reference rate	14,023	9,540	9,133
Currency swap contracts	1,842,023	4,673,648	5,182,252
Futures exchange margins	399,788	448,118	652,780
Forward contracts	100,383	110,287	77,332
Convertible bond asset swap contracts	122,892	-	-
Currency option contracts - buy	17,173	20,499	16,314
Cross-currency swap contracts	5,530	14,358	19,937
Interest rate swap contracts	70,249	58,052	72,139
Option contracts - TAIEX	600	-	-
Foreign-currency margin contracts	615	612	-
Interest rate swap contracts	<u>4,499</u>	<u>5,416</u>	<u>-</u>
Financial assets at fair value through profit or loss	<u>\$ 94,907,461</u>	<u>\$ 76,072,975</u>	<u>\$ 84,600,523</u>
<u>Held-for-trading financial liabilities</u>			
Payable - security borrowing	\$ 477,374	\$ 223,959	\$ 837,464
Securities purchased under resell agreements - short sale	-	472,508	622,063
Commercial paper contracts with reference rate	-	-	1,649
Currency swap contracts	1,029,133	2,833,191	1,597,200
Cross-currency swap contracts	2,016	2,076	30,847
Currency option contracts - sell	17,187	20,532	16,451
Forward contracts	11,332	43,816	90,013
Asset swap options contracts	22,980	6,544	40,577
Interest rate swap contracts	76,656	47,247	54,912
Options contracts	60	-	110
Foreign-currency margin contracts	643	355	-
Interest rate swap contracts	<u>-</u>	<u>2</u>	<u>-</u>
	1,637,381	3,650,230	3,291,286
<u>Financial liabilities designated to be measured at fair value through profit or loss</u>			
Bank debentures (Note 27)	<u>1,398,779</u>	<u>-</u>	<u>-</u>
Financial liabilities at fair value through profit or loss	<u>\$ 3,036,160</u>	<u>\$ 3,650,230</u>	<u>\$ 3,291,286</u>

As of March 31, 2023, December 31, 2022 and March 31, 2022, financial assets at fair value through profit or loss amounting to \$32,540,672 thousand, \$34,548,929 thousand and \$29,553,797 thousand, respectively, had been sold under repurchase agreements.

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

As of March 31, 2023, December 31, 2022 and March 31, 2022, the contract (notional) amounts of derivative transactions of TCB were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Currency swap contracts	\$ 288,373,089	\$ 317,275,471	\$ 329,621,476
Interest rate swap contracts	4,558,648	2,551,286	2,301,254
Forward contracts	9,910,048	10,763,164	11,261,343
Currency option contracts - sell	2,644,616	2,879,492	3,626,020
Currency option contracts - buy	2,644,616	2,879,492	3,626,020
Cross-currency swap contracts	591,884	786,552	1,116,198
Foreign-currency margin contracts	81,880	62,340	-

As of March 31, 2023, December 31, 2022 and March 31, 2022, the open position of futures transactions of TCB were as follows:

		March 31, 2023			
Items	Products	Open Position		Contract	Fair Values
		Buy/Sell	Number of Contracts	Amounts or Premium Paid (Charged)	
Futures contracts	Interest rate futures	Buy	20	\$ 70,114	\$ 69,755

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

As of March 31, 2023, December 31, 2022 and March 31, 2022, the open position of futures and option transactions of Taiwan Cooperative Securities Co., Ltd. (TCS) were as follows:

		March 31, 2023			
Items	Products	Open Position		Contract	Fair Values
		Buy/Sell	Number of Contracts	Amounts or Premium Paid (Charged)	
Futures contracts	Stock index futures	Buy	188	\$ 296,311	\$ 300,050
	Single-stock futures	Buy	180	53,073	53,253
	Commodity futures	Buy	41	86,744	94,848
	Foreign exchange futures	Sell	14	39,780	40,619
	Interest rate futures	Sell	20	85,329	85,945
	Stock index futures	Sell	328	499,936	512,252
	Single-stock futures	Sell	114	96,366	97,768
Option contracts	Commodity futures	Sell	60	136,045	138,894
	Stock index options	Buy	60	464	600
	Stock index options	Sell	60	140	60
		December 31, 2022			
Items	Products	Open Position		Contract	Fair Values
		Buy/Sell	Number of Contracts	Amounts or Premium Paid (Charged)	
Futures contracts	Stock index futures	Buy	103	\$ 78,888	\$ 79,252
	Single-stock futures	Buy	139	38,396	37,350
	Commodity futures	Buy	29	78,325	83,362
	Interest rate futures	Sell	3	12,486	12,374
	Stock index futures	Sell	116	199,045	195,950
	Single-stock futures	Sell	63	45,196	45,119
	Commodity futures	Sell	32	95,709	97,751
		March 31, 2022			
Items	Products	Open Position		Contract	Fair Values
		Buy/Sell	Number of Contracts	Amounts or Premium Paid (Charged)	
Futures contracts	Stock index futures	Buy	182	\$ 112,829	\$ 114,989
	Single-stock futures	Buy	310	73,665	75,300
	Commodity futures	Buy	17	50,472	49,984
	Foreign exchange futures	Buy	5	14,538	14,738
	Interest rate futures	Sell	6	32,173	32,413
	Stock index futures	Sell	137	519,392	519,170
	Single-stock futures	Sell	191	93,993	94,976
Option contracts	Commodity futures	Sell	60	133,701	125,772
	Stock index options	Sell	100	107	110

As of March 31, 2023, December 31, 2022 and March 31, 2022, the contract (notional) amounts of asset swap contracts of TCS were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Asset swap contracts	\$ 243,000	\$ 253,000	\$ 253,000

As of March 31, 2023, December 31, 2022 and March 31, 2022, the contract (notional) amounts of the currency swap contracts of TCS were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Currency swap contracts	\$ 313,532	\$ 586,848	\$ -

As of March 31, 2023, December 31, 2022 and March 31, 2022, the contract (notional) amounts of the currency swap contracts of TCBF were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Currency swap contracts	\$ 305,748	\$ 280,285	\$ -

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

As of March 31, 2023, December 31, 2022 and March 31, 2022, the contract (notional) amounts of derivative transactions of BPCTLI were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Currency swap contracts	\$ 10,297,348	\$ 10,358,975	\$ 10,368,098
Cross-currency swap contracts	395,720	307,250	285,800

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

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Financial assets at FVTPL</u>			
Beneficial certificates	\$ 3,264,704	\$ 2,841,002	\$ 3,868,561
Investment in equity instruments	504,686	424,531	714,286

For the three months ended March 31, 2023 and 2022, for the financial assets designated for the overlay approach, the amount reclassified between profit or loss and other comprehensive income were as follows:

	For the Three Months Ended March 31	
	2023	2022
Profit or loss on application of IFRS 9	\$ 197,719	\$ (42,684)
Profit or loss from application of IAS 39	<u>(159,189)</u>	<u>(102,190)</u>
Gain or loss on reclassification by overlay approach	<u>\$ 38,530</u>	<u>\$ (144,874)</u>

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Investment in equity instruments at FVTOCI</u>			
Listed shares and emerging market shares	\$ 34,131,280	\$ 29,677,955	\$ 44,953,520
Unlisted shares	<u>6,671,510</u>	<u>6,227,077</u>	<u>7,421,237</u>
	<u>40,802,790</u>	<u>35,905,032</u>	<u>52,374,757</u>
<u>Investments in debt instruments at FVTOCI</u>			
Government bonds	250,839,545	244,621,110	245,978,381
Corporate bonds	111,149,557	110,794,966	120,164,935
Bank debentures	77,652,171	82,561,899	95,931,363
Negotiable certificates of deposit	<u>2,280,763</u>	<u>1,218,738</u>	<u>-</u>
	<u>441,922,036</u>	<u>439,196,713</u>	<u>462,074,679</u>
	<u>\$ 482,724,826</u>	<u>\$ 475,101,745</u>	<u>\$ 514,449,436</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 \$2,046,676 thousand and \$13,111,349 thousand for the three months ended March 31, 2023 and 2022, respectively. The accumulated unrealized valuation gain or loss of financial assets at FVTOCI under other equity in the amount of \$149,346 thousand gains and \$2,079,780 thousand gains have been transferred to retained earnings, respectively.

For the three months ended March 31, 2023 and 2022, the Company recognized unrealized gains on investments in equity instruments at FVTOCI of \$3,672,241 thousand and \$1,202,899 thousand, respectively.

For the three months ended March 31, 2023 and 2022, the Company recognized unrealized gains or losses on investments in debt instruments at FVTOCI of \$3,175,482 thousand gains and \$9,603,115 thousand losses, respectively.

As of March 31, 2023, December 31, 2022 and March 31, 2022, the allowance for possible losses of investment in debt instruments at FVTOCI recognized was \$287,369 thousand, \$301,897 thousand and \$196,706 thousand, respectively, through expected credit loss. Impairment loss recognized in profit or loss for the three months ended March 31, 2023 and 2022 were \$12,110 thousand gains and \$108,379 thousand losses, respectively.

As of March 31, 2023, December 31, 2022 and March 31, 2022, financial assets at fair value through other comprehensive income amounting to \$32,753,269 thousand, \$32,186,131 thousand and \$23,326,545 thousand, respectively, had been sold under repurchase agreements.

10. INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST

	March 31, 2023	December 31, 2022	March 31, 2022
Negotiable certificates of deposit in the Central Bank	\$ 489,790,000	\$ 537,950,000	\$ 517,585,000
Government bonds	142,585,069	124,549,998	116,359,553
Corporate bonds	46,918,862	44,339,053	42,185,978
Bank debentures	19,012,141	12,018,206	12,242,280
Certificates of deposit	964,035	700,849	1,555,776
Treasury bills	<u>2,472,028</u>	<u>-</u>	<u>-</u>
	701,742,135	719,558,106	689,928,587
Less: Allowance for possible loss	<u>32,048</u>	<u>22,751</u>	<u>19,388</u>
	<u>\$ 701,710,087</u>	<u>\$ 719,535,355</u>	<u>\$ 689,909,199</u>

Reversal of impairment loss recognized in profit or loss for the three months ended March 31, 2023 and 2022 were \$9,364 thousand losses and \$923 thousand gains, respectively

11. SECURITIES PURCHASED UNDER RESELL AGREEMENTS

Securities acquired for \$1,812,480 thousand, \$2,642,175 thousand and \$1,755,639 thousand under resell agreements as of March 31, 2023, December 31, 2022 and March 31, 2022, respectively, will subsequently be sold for \$1,814,071 thousand, \$2,644,497 thousand and \$1,755,911 thousand, respectively.

12. RECEIVABLES, NET

	March 31, 2023	December 31, 2022	March 31, 2022
Accrued interest	\$ 10,633,488	\$ 10,346,319	\$ 6,963,045
Settlement consideration	5,089,583	3,462,236	6,137,145
Settlement receivable	4,139,660	3,361,004	5,088,494
Margin loans receivable	4,298,689	4,498,532	6,494,203
Credit cards	4,421,491	4,886,693	3,946,440
Acceptances	2,073,770	3,073,233	3,799,345
Lease payments receivable	2,116,037	2,383,677	2,494,371
Receivables on lending funds	781,301	756,039	848,958
Receivables on merchant accounts in the credit card business	855,461	733,633	590,119

(Continued)

	March 31, 2023	December 31, 2022	March 31, 2022
Accounts receivable	\$ 427,979	\$ 419,014	\$ 1,351,405
Receivables on securities	318,066	1,063,500	6,886,720
Accounts receivable factored without recourse	46,490	142,901	98,710
Refundable deposits receivable in leasehold agreements	136,585	136,585	138,993
Receivables on digital voucher advance payments	-	-	11,927
Regeneration advance payments	7,469,601	6,380,341	2,956,085
Receivables - separated account	631,946	521,613	107,561
Others	<u>1,040,602</u>	<u>977,337</u>	<u>1,179,479</u>
	44,480,749	43,142,657	49,093,000
Less: Allowance for possible losses	651,751	621,985	545,512
Less: Unrealized interest revenue	<u>98,397</u>	<u>115,753</u>	<u>145,892</u>
	<u>\$ 43,730,601</u>	<u>\$ 42,404,919</u>	<u>\$ 48,401,596</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, 2023	\$ 21,463,662	\$ 57,165	\$ 204,286	\$ 21,725,113
Transfers to				
Lifetime ECL	(41,202)	41,222	(20)	-
Credit-impaired financial assets	(85,472)	(1,811)	87,283	-
12-month ECL	9,053	(8,913)	(140)	-
New financial assets purchased or originated	23,762,984	32,337	59,015	23,854,336
Write-offs	-	-	(4,353)	(4,353)
Derecognition of financial assets in the current reporting period	(24,836,843)	(38,535)	(41,904)	(24,917,282)
Changes in exchange rates and other changes	<u>(958,205)</u>	<u>816</u>	<u>(51)</u>	<u>(957,440)</u>
Balance at March 31, 2023	<u>\$ 19,313,977</u>	<u>\$ 82,281</u>	<u>\$ 304,116</u>	<u>\$ 19,700,374</u>

(Continued)

Gross Carrying Amount	12-month ECL	Lifetime ECL (Collective Assessment)	Lifetime ECL (Non-purchased or Non-originated Credit-impaired Financial Assets)	Total
Balance at January 1, 2022	\$ 22,251,396	\$ 42,626	\$ 155,867	\$ 22,449,889
Transfers to				
Lifetime ECL	(20,459)	20,690	(231)	-
Credit-impaired financial assets	(6,213)	(1,928)	8,141	-
12-month ECL	6,653	(6,492)	(161)	-
New financial assets purchased or originated	25,845,278	26,724	827,116	26,699,118
Write-offs	-	-	(3,442)	(3,442)
Derecognition of financial assets in the current reporting period	(26,623,374)	(36,479)	(36,058)	(26,695,911)
Changes in exchange rates and other changes	<u>(842,063)</u>	<u>-</u>	<u>31</u>	<u>(842,032)</u>
Balance at March 31, 2022	<u>\$ 20,611,218</u>	<u>\$ 45,141</u>	<u>\$ 951,263</u>	<u>\$ 21,607,622</u> (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, 2023	\$ 42,139	\$ 11,186	\$ 95,979	\$ 149,304	\$ 165,702	\$ 315,006
Changes from financial instruments recognized at the beginning of the current reporting period						
Transfers to						
Lifetime ECL	(575)	578	(3)	-	-	-
Credit-impaired financial assets	(1,892)	(249)	2,141	-	-	-
12-month ECL	1,897	(1,889)	(8)	-	-	-
Derecognition of financial assets in the current reporting period	(21,234)	(9,161)	(5,406)	(35,801)	-	(35,801)
Reversal from financial instruments recognized at the beginning of the current reporting period	(8,523)	3,776	8,745	3,998	-	3,998
New financial assets purchased or originated	15,351	7,749	5,916	29,016	-	29,016
Difference of impairment loss under regulations	-	-	-	-	17,982	17,982
Write-offs	-	-	(4,353)	(4,353)	-	(4,353)
Recovery of written-off receivables	-	-	651	651	-	651
Changes in exchange rates and other changes	<u>(116)</u>	<u>7</u>	<u>(144)</u>	<u>(253)</u>	<u>-</u>	<u>(253)</u>
Balance at March 31, 2023	<u>\$ 27,047</u>	<u>\$ 11,997</u>	<u>\$ 103,518</u>	<u>\$ 142,562</u>	<u>\$ 183,684</u>	<u>\$ 326,246</u> (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
Balance at January 1, 2022	\$ 36,404	\$ 10,928	\$ 59,387	\$ 106,719	\$ 173,969	\$ 280,688
Changes from financial instruments recognized at the beginning of the current reporting period						
Transfers to						
Lifetime ECL	(288)	315	(27)	-	-	-
Credit-impaired financial assets	(234)	(462)	696	-	-	-
12-month ECL	1,533	(1,521)	(12)	-	-	-
Derecognition of financial assets in the current reporting period	(25,133)	(7,703)	(14,967)	(47,803)	-	(47,803)
Reversal from financial instruments recognized at the beginning of the current reporting period	2,229	2,460	19,075	23,764	-	23,764
New financial assets purchased or originated	23,771	6,421	7,277	37,469	-	37,469
Difference of impairment loss under regulations	-	-	-	-	(6,968)	(6,968)
Write-offs	-	-	(3,442)	(3,442)	-	(3,442)
Recovery of written-off receivables	-	-	6,531	6,531	-	6,531
Changes in exchange rates and other changes	(105)	-	495	390	-	390
Balance at March 31, 2022	<u>\$ 38,177</u>	<u>\$ 10,438</u>	<u>\$ 75,013</u>	<u>\$ 123,628</u>	<u>\$ 167,001</u>	<u>\$ 290,629</u>

(Concluded)

Impairment assessment except the above receivables were based on expected credit losses model at the beginning of the current reporting period by simplified method. On March 31, 2023, December 31, 2022 and March 31, 2022, the amounts assessment to impairment of receivables were assessed as \$24,780,375 thousand, \$21,417,544 thousand and \$27,485,378 thousands, respectively, and the amounts of allowance for possible losses were \$325,505 thousand, \$306,979 thousand and \$254,883 thousand, respectively.

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

	For the Three Months Ended March 31	
	2023	2022
Balance at January 1	\$ 306,979	\$ 260,451
Provision for possible losses	20,195	5,529
Write-offs	-	(727)
Recovery of written-off receivables	690	229
Effects of exchange rate changes and other changes	(2,359)	(10,599)
Balance at March 31	<u>\$ 325,505</u>	<u>\$ 254,883</u>

13. DISCOUNTS AND LOANS, NET

	March 31, 2023	December 31, 2022	March 31, 2022
Bills discounted	\$ 1,496,259	\$ 1,467,784	\$ 2,871,087
Overdraft			
Unsecured	693	913	9,802
Secured	22,849	20,304	26,849
Import and export negotiations	687,089	1,022,765	1,160,569
Short-term loans			
Unsecured	431,751,425	333,350,019	355,088,187
Accounts receivable financing	334,074	460,826	256,594
Secured	207,986,778	213,797,203	208,404,247
Medium-term loans			
Unsecured	511,444,422	479,552,115	393,662,290
Secured	430,321,958	421,207,362	420,636,579
Long-term loans			
Unsecured	49,966,986	48,019,196	43,514,282
Secured	1,116,128,182	1,116,977,245	1,102,688,689
Overdue loans	5,164,440	4,820,291	4,474,272
Life insurance loan	367,871	355,216	393,803
Temporary insurance paid	83,804	83,662	75,316
	<u>2,755,756,830</u>	<u>2,621,134,901</u>	<u>2,533,262,566</u>
Less: Allowance for possible losses	31,118,047	30,897,043	29,665,083
Less: Adjustment of discount	<u>636,007</u>	<u>646,803</u>	<u>550,118</u>
	<u>\$ 2,724,002,776</u>	<u>\$ 2,589,591,055</u>	<u>\$ 2,503,047,365</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, 2023	\$ 2,580,402,892	\$ 5,893,927	\$ 34,838,082	\$ 2,621,134,901
Transfers to				
Lifetime ECL	(1,012,960)	1,020,203	(7,243)	-
Credit-impaired financial assets	(1,342,802)	(984,007)	2,326,809	-
12-month ECL	717,627	(600,512)	(117,115)	-
New financial assets purchased or originated	503,321,662	26,996	85,697	503,434,355
Write-offs	-	-	(765,438)	(765,438)
Derecognition of financial assets in the current reporting period	(363,041,458)	(205,768)	(1,249,440)	(364,496,666)
Changes in exchange rates and other changes	<u>(3,514,058)</u>	<u>(34,148)</u>	<u>(2,116)</u>	<u>(3,550,322)</u>
Balance at March 31, 2023	<u>\$ 2,715,530,903</u>	<u>\$ 5,116,691</u>	<u>\$ 35,109,236</u>	<u>\$ 2,755,756,830</u>

(Continued)

Gross Carrying Amount	12-month ECL	Lifetime ECL (Collective Assessment)	Lifetime ECL (Non-purchased or Non-originated Credit-impaired Financial Assets)	Total
Balance at January 1, 2022	\$ 2,424,017,243	\$ 6,838,384	\$ 36,101,322	\$ 2,466,956,949
Transfers to				
Lifetime ECL	(1,183,896)	1,216,708	(32,812)	-
Credit-impaired financial assets	(2,488,723)	(310,015)	2,798,738	-
12-month ECL	461,715	(346,087)	(115,628)	-
New financial assets purchased or originated	383,362,064	259,774	157,560	383,779,398
Write-offs	-	-	(292,189)	(292,189)
Derecognition of financial assets in the current reporting period	(331,872,408)	(438,823)	(3,811,122)	(336,122,353)
Changes in exchange rates and other changes	<u>18,737,949</u>	<u>78,333</u>	<u>124,479</u>	<u>18,940,761</u>
Balance at March 31, 2022	<u>\$ 2,491,033,944</u>	<u>\$ 7,298,274</u>	<u>\$ 34,930,348</u>	<u>\$ 2,533,262,566</u> (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, 2023	\$ 4,125,312	\$ 100,144	\$ 4,034,715	\$ 8,260,171	\$ 22,636,872	\$ 30,897,043
Changes from financial instruments recognized at the beginning of the current reporting period						
Transfers to						
Lifetime ECL	(883)	1,731	(848)	-	-	-
Credit-impaired financial assets	(13,130)	(44,472)	57,602	-	-	-
12-month ECL	8,229	(1,961)	(6,268)	-	-	-
Derecognition of financial assets in the current reporting period	(657,217)	(948)	(109,416)	(767,581)	-	(767,581)
Reversal from financial instruments recognized at the beginning of the current reporting period	138,970	13,036	1,247,606	1,399,612	-	1,399,612
New financial assets purchased or originated	872,684	34	863	873,581	-	873,581
Difference of impairment loss under regulations	-	-	-	-	(717,120)	(717,120)
Write-offs	-	-	(765,438)	(765,438)	-	(765,438)
Recovery of write-off credits	-	-	216,244	216,244	-	216,244
Changes in exchange rates and other changes	<u>(14,350)</u>	<u>(503)</u>	<u>(3,441)</u>	<u>(18,294)</u>	<u>-</u>	<u>(18,294)</u>
Balance at March 31, 2023	<u>\$ 4,459,615</u>	<u>\$ 67,061</u>	<u>\$ 4,671,619</u>	<u>\$ 9,198,295</u>	<u>\$ 21,919,752</u>	<u>\$ 31,118,047</u>
Balance at January 1, 2022	\$ 3,777,112	\$ 86,866	\$ 4,047,940	\$ 7,911,918	\$ 21,800,941	\$ 29,712,859
Changes from financial instruments recognized at the beginning of the current reporting period						
Transfers to						
Lifetime ECL	(1,982)	5,447	(3,465)	-	-	-
Credit-impaired financial assets	(17,228)	(1,381)	18,609	-	-	-
12-month ECL	13,222	(531)	(12,691)	-	-	-
Derecognition of financial assets in the current reporting period	(631,400)	(2,287)	(90,840)	(724,527)	-	(724,527)
Reversal from financial instruments recognized at the beginning of the current reporting period	(5,709)	(5,995)	(130,870)	(142,574)	-	(142,574)
New financial assets purchased or originated	781,311	342	26,336	807,989	-	807,989
Difference of impairment loss under regulations	-	-	-	-	10,313	10,313
Write-offs	-	-	(292,189)	(292,189)	-	(292,189)
Recovery of write-off credits	-	-	192,518	192,518	-	192,518
Changes in exchange rates and other changes	<u>40,290</u>	<u>366</u>	<u>60,038</u>	<u>100,694</u>	<u>-</u>	<u>100,694</u>
Balance at March 31, 2022	<u>\$ 3,955,616</u>	<u>\$ 82,827</u>	<u>\$ 3,815,386</u>	<u>\$ 7,853,829</u>	<u>\$ 21,811,254</u>	<u>\$ 29,665,083</u>

The bad-debt expenses and provision (reversal of provision) for losses on guarantees for the three months ended March 31, 2023 and 2022 were as follows:

	For the Three Months Ended March 31	
	2023	2022
Reversal of provision (provision) for possible losses on discounts and loans	\$ 788,492	\$ (48,799)
Provision for possible losses on receivables	35,390	11,991
Reversal of provision (provision) for possible losses on overdue receivables	88,605	(54)
Reversal of provision (provision) for possible losses on guarantees	78,445	(35,170)
Provision for possible losses on loan commitment	51,936	36,848
Reversal of provision (provision) for other possible losses	<u>11,540</u>	<u>(27,527)</u>
	<u>\$ 1,054,408</u>	<u>\$ (62,711)</u>

As of March 31, 2023, December 31, 2022 and March 31, 2022, TCB was in compliance with the FSC-required provision for credit assets.

As of March 31, 2023, December 31, 2022 and March 31, 2022, accrual of interest on the above overdue loans had been stopped. Thus, the unrecognized interest revenue was \$29,026 thousand and \$19,917 thousand for the three months ended March 31, 2023 and 2022, respectively, based on the average loan interest rate for the year.

14. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	<u>March 31, 2023</u>		<u>December 31, 2022</u>		<u>March 31, 2022</u>	
	Amount	Percentage of Ownership	Amount	Percentage of Ownership	Amount	Percentage of Ownership
<u>Investment in associate</u>						
United Real Estate Management Co., Ltd.	\$ 142,963	30.00	\$ 137,409	30.00	\$ 142,416	30.00
Mesh Cooperative Ventures, Inc.	3,017	22.00	3,028	22.00	2,760	22.00
JC Capital Taiwan Co., Ltd.	<u>2,158</u>	35.00	<u>2,200</u>	35.00	<u>1,008</u>	35.00
	<u>\$ 148,138</u>		<u>\$ 142,637</u>		<u>\$ 146,184</u>	

Aggregate information of associate that is not individually material:

	For the Three Months Ended March 31	
	2023	2022
The Company's share of:		
Net income	\$ 5,501	\$ 2,842
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u>\$ 5,501</u>	<u>\$ 2,842</u>

The investments accounted for by equity method and the share of profit or loss and other comprehensive income of the investments for the three months ended March 31, 2023 and 2022 were based on the associate's financial statements for the same period which have not been reviewed by the auditors. Management believes there is no material impact on the equity method accounting or the calculation of the share of profit or loss and other comprehensive income, from the financial statements of the associate that have not been reviewed.

15. OTHER FINANCIAL ASSETS, NET

	March 31, 2023	December 31, 2022	March 31, 2022
Overdue receivables	\$ 1,772,216	\$ 2,125,878	\$ 527,368
Less: Allowance for possible losses	<u>316,972</u>	<u>565,710</u>	<u>315,088</u>
Overdue receivables, net	1,455,244	1,560,168	212,280
Due from banks	7,277,122	7,830,092	7,347,828
Security borrowing margin	680,853	356,263	1,408,569
Call loans to security firms	365,280	-	-
Separate-account assets (Note 31)	<u>87,458,511</u>	<u>89,353,581</u>	<u>101,178,266</u>
	<u>\$ 97,237,010</u>	<u>\$ 99,100,104</u>	<u>\$ 110,146,943</u>

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

16. INVESTMENT PROPERTIES, NET

	March 31, 2023	December 31, 2022	March 31, 2022
Land	\$ 8,709,050	\$ 8,654,548	\$ 8,329,593
Buildings	<u>2,313,417</u>	<u>2,281,707</u>	<u>2,672,962</u>
	<u>\$ 11,022,467</u>	<u>\$ 10,936,255</u>	<u>\$ 11,002,555</u>
	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2023	\$ 8,654,548	\$ 3,486,996	\$ 12,141,544
Additions	109,339	65,542	174,881
Disposals	(166,552)	(80,225)	(246,777)
Reclassification	<u>111,715</u>	<u>95,399</u>	<u>207,114</u>
Balance at March 31, 2023	<u>\$ 8,709,050</u>	<u>\$ 3,567,712</u>	<u>\$ 12,276,762</u>

(Continued)

	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2022	\$ 8,398,149	\$ 3,648,028	\$ 12,046,177
Additions	59,254	292,095	351,349
Disposals	(127,810)	(91,053)	(218,863)
Reclassification	<u>-</u>	<u>(786)</u>	<u>(786)</u>
Balance at March 31, 2022	<u>\$ 8,329,593</u>	<u>\$ 3,848,284</u>	<u>\$ 12,177,877</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2023	\$ -	\$ 1,205,289	\$ 1,205,289
Disposals	-	(8,481)	(8,481)
Depreciation expenses	-	22,012	22,012
Reclassification	<u>-</u>	<u>35,475</u>	<u>35,475</u>
Balance at March 31, 2023	<u>\$ -</u>	<u>\$ 1,254,295</u>	<u>\$ 1,254,295</u>
Balance at January 1, 2022	\$ -	\$ 1,164,735	\$ 1,164,735
Disposals	-	(12,946)	(12,946)
Depreciation expenses	<u>-</u>	<u>23,533</u>	<u>23,533</u>
Balance at March 31, 2022	<u>\$ -</u>	<u>\$ 1,175,322</u>	<u>\$ 1,175,322</u> (Concluded)

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

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

As of December 31, 2022 and 2021, the fair value of investment properties was \$27,333,335 thousand and \$26,447,665 thousand, respectively. The fair value belongs to Level 3, which is the amount evaluated by internal appraisal personnel according to market data comparison and in accordance with the Company's internal procedures and related regulations. The management of the Company had assessed and determined that there was no significant changes in the fair value of investment properties for the three months ended March 31, 2023 and 2022.

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

	For the Three Months Ended March 31	
	2023	2022
Rental income from investment properties (part of other noninterest gains, net)	\$ 116,210	\$ 128,022
Direct operating expenses for investment properties that generate rental income	<u>(44,753)</u>	<u>(37,146)</u>
	<u>\$ 71,457</u>	<u>\$ 90,876</u>

Lease agreements on investment properties owned by the Company and rented to others are operating lease. Rentals are calculated on the basis of the leased areas and are receivable monthly, quarterly or semiannually. The lessees have no preemptive rights to buy properties at the end of the lease agreements. As of March 31, 2023, December 31, 2022 and March 31, 2022, guarantee deposits on these leases totaled \$111,919 thousand, \$101,531 thousand and \$100,875 thousand, respectively.

Minimum future annual rentals are as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Year 1	\$ 358,372	\$ 289,736	\$ 396,171
Year 2	273,588	242,069	297,483
Year 3	144,423	100,416	236,548
Year 4	116,217	30,885	86,185
Year 5	89,242	18,358	26,934
Over five years	<u>54,488</u>	<u>3,043</u>	<u>69,424</u>
	<u>\$ 1,036,330</u>	<u>\$ 684,507</u>	<u>\$ 1,112,745</u>

17. PROPERTIES AND EQUIPMENT, NET

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Assets used by the Company</u>			
Land	\$ 20,439,999	\$ 20,551,738	\$ 20,551,555
Buildings	9,932,829	10,050,131	10,319,472
Machinery and equipment	1,415,047	1,399,908	1,310,620
Transportation equipment	170,203	177,228	178,112
Other equipment	239,121	231,936	248,161
Leasehold improvements	220,568	234,991	226,891
Prepayments for equipment, land and buildings and construction in progress	<u>461,152</u>	<u>478,261</u>	<u>395,397</u>
	<u>\$ 32,878,919</u>	<u>\$ 33,124,193</u>	<u>\$ 33,230,208</u>
<u>Assets leased under operating leases</u>			
Machinery and equipment	\$ 5,608	\$ 6,137	\$ 7,732
Other equipment	<u>15,401</u>	<u>17,077</u>	<u>22,132</u>
	<u>\$ 21,009</u>	<u>\$ 23,214</u>	<u>\$ 29,864</u>

a. Assets used by the Company

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Leasehold Improvements	Prepayments for Equipment, Land and Buildings and Construction in Progress	Total
<u>Cost</u>								
Balance at January 1, 2023	\$ 20,566,915	\$ 19,890,849	\$ 5,432,846	\$ 707,942	\$ 1,573,874	\$ 1,236,534	\$ 478,261	\$ 49,887,221
Additions	-	31,325	109,881	2,051	24,926	1,640	126,663	296,486
Disposals	-	-	(25,590)	(3,787)	(14,587)	(480)	-	(44,444)
Reclassification	(111,715)	(3,925)	38,542	1,646	4,945	5,611	(143,759)	(208,655)
Effects of exchange rate changes	(24)	(52)	(1,255)	(287)	(488)	(1,237)	(13)	(3,356)
Balance at March 31, 2023	<u>\$ 20,455,176</u>	<u>\$ 19,918,197</u>	<u>\$ 5,554,424</u>	<u>\$ 707,565</u>	<u>\$ 1,588,670</u>	<u>\$ 1,242,068</u>	<u>\$ 461,152</u>	<u>\$ 49,927,252</u>
<u>Cost</u>								
Balance at January 1, 2022	\$ 20,566,654	\$ 19,545,701	\$ 5,172,904	\$ 678,391	\$ 1,490,258	\$ 1,171,404	\$ 441,770	\$ 49,067,082
Additions	-	42,811	61,492	31,676	36,038	8,157	80,695	260,869
Disposals	-	-	(43,520)	(8,095)	(3,989)	(137)	-	(55,731)
Reclassification	-	36,155	45,723	-	5,182	6,913	(127,120)	(33,147)
Effects of exchange rate changes	78	167	6,011	1,216	1,965	4,416	52	13,905
Balance at March 31, 2022	<u>\$ 20,566,732</u>	<u>\$ 19,624,834</u>	<u>\$ 5,242,610</u>	<u>\$ 703,188</u>	<u>\$ 1,529,454</u>	<u>\$ 1,190,753</u>	<u>\$ 395,397</u>	<u>\$ 49,252,968</u>
	Land	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Leasehold Improvements	Total	
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2023	\$ 15,177	\$ 9,840,718	\$ 4,032,938	\$ 530,714	\$ 1,341,938	\$ 1,001,543	\$ 16,763,028	
Disposals	-	-	(25,554)	(3,714)	(14,564)	(452)	(44,284)	
Depreciation expense	-	180,176	132,874	10,589	22,587	21,475	367,701	
Reclassification	-	(35,475)	-	-	-	-	(35,475)	
Effects of exchange rate changes	-	(51)	(881)	(227)	(412)	(1,066)	(2,637)	
Balance at March 31, 2023	<u>\$ 15,177</u>	<u>\$ 9,985,368</u>	<u>\$ 4,139,377</u>	<u>\$ 537,362</u>	<u>\$ 1,349,549</u>	<u>\$ 1,021,500</u>	<u>\$ 17,048,333</u>	
Balance at January 1, 2022	\$ 15,177	\$ 9,129,607	\$ 3,858,908	\$ 522,796	\$ 1,258,970	\$ 941,257	\$ 15,726,715	
Disposals	-	-	(43,510)	(8,095)	(3,989)	(137)	(55,731)	
Depreciation expense	-	175,588	112,206	9,521	24,721	19,511	341,547	
Reclassification	-	-	-	(18)	18	-	-	
Effects of exchange rate changes	-	167	4,386	872	1,573	3,231	10,229	
Balance at March 31, 2022	<u>\$ 15,177</u>	<u>\$ 9,305,362</u>	<u>\$ 3,931,990</u>	<u>\$ 525,076</u>	<u>\$ 1,281,293</u>	<u>\$ 963,862</u>	<u>\$ 16,022,760</u>	

Taiwan Cooperative Bank, Ltd. (TCB) revalued its properties five times in 1979, 1998, 2007, 2011 and 2012. As March 31, 2023, 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, 2023	\$ 11,798	\$ 34,532	\$ 46,330
Additions	<u>-</u>	<u>-</u>	<u>-</u>
Balance at March 31, 2023	<u>\$ 11,798</u>	<u>\$ 34,532</u>	<u>\$ 46,330</u>
<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 March 31, 2022	<u>\$ 11,798</u>	<u>\$ 34,531</u>	<u>\$ 46,329</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2023	\$ 5,661	\$ 17,455	\$ 23,116
Depreciation expenses	<u>529</u>	<u>1,676</u>	<u>2,205</u>
Balance at March 31, 2023	<u>\$ 6,190</u>	<u>\$ 19,131</u>	<u>\$ 25,321</u>
Balance at January 1, 2022	\$ 3,530	\$ 10,740	\$ 14,270
Depreciation expenses	537	1,690	2,227
Disposals	<u>(1)</u>	<u>(31)</u>	<u>(32)</u>
Balance at March 31, 2022	<u>\$ 4,066</u>	<u>\$ 12,399</u>	<u>\$ 16,465</u>

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

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

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

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

18. LEASE ARRANGEMENTS

a. Right-of-use assets

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Carrying amounts</u>			
Land	\$ 10,242	\$ 11,887	\$ 17,271
Buildings	1,451,078	1,450,242	1,479,061
Transportation equipment	83,013	89,607	77,979
Other equipment	<u>9,906</u>	<u>10,881</u>	<u>11,982</u>
	<u>\$ 1,554,239</u>	<u>\$ 1,562,617</u>	<u>\$ 1,586,293</u>
		For the Three Months Ended March 31	
		2023	2022
Depreciation charge for right-of-use assets			
Land		\$ 1,803	\$ 1,803
Buildings		152,120	148,849
Transportation equipment		11,475	10,214
Other equipment		<u>975</u>	<u>1,048</u>
		<u>\$ 166,373</u>	<u>\$ 161,914</u>

For the three months ended March 31, 2023 and 2022, the additions to right-of-use assets of the Company were \$168,341 thousand and \$229,736 thousand, respectively.

Except for the above listed additions and recognized depreciation expenses, there was no significant sublease or impairment of the Company's right-of-use assets for the three months ended March 31, 2023 and 2022.

b. Lease liabilities

	March 31, 2023	December 31, 2022	March 31, 2022
Carrying amounts	<u>\$ 1,537,426</u>	<u>\$ 1,538,102</u>	<u>\$ 1,556,656</u>

Range of discount rate for lease liabilities was as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Land	1.346%-1.627%	1.346%-1.627%	1.346%-1.627%
Buildings	1.346%-9.800%	1.346%-9.800%	1.346%-9.800%
Transportation equipment	0.788%-9.700%	0.780%-9.700%	0.780%-8.880%
Other equipment	2.445%-4.000%	2.445%-4.000%	2.445%-4.000%

c. Material lease-in activities

The Company signed lease agreements on office premises due to operating activities. Rentals are calculated on the basis of leased areas and are receivable monthly, quarterly or semiannually. As of March 31, 2023, December 31, 2022 and March 31, 2022, refundable deposits on these leases totaled \$139,394 thousand, \$140,153 thousand and \$139,445 thousand, respectively.

d. Other lease information

	For the Three Months Ended March 31	
	2023	2022
Expenses relating to short-term leases	<u>\$ 1,055</u>	<u>\$ 1,034</u>
Expenses relating to low-value asset leases	<u>\$ 104</u>	<u>\$ 1,007</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 1,667</u>	<u>\$ 732</u>

For the three months ended March 31, 2023 and 2022, the total cash outflow for leases of the Company was \$175,988 thousand and \$159,425 thousand, respectively.

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

19. INTANGIBLE ASSETS

	March 31, 2023	December 31, 2022	March 31, 2022
Goodwill	\$ 3,170,005	\$ 3,170,005	\$ 3,170,005
Computer software	<u>995,582</u>	<u>986,021</u>	<u>856,394</u>
	<u>\$ 4,165,587</u>	<u>\$ 4,156,026</u>	<u>\$ 4,026,399</u>
	Goodwill	Computer Software	Total
Balance at January 1, 2023	\$ 3,170,005	\$ 986,021	\$ 4,156,026
Separate acquisition	-	97,175	97,175
Amortization expenses	-	(87,561)	(87,561)
Reclassification	-	775	775
Effects of exchange rate changes	<u>-</u>	<u>(828)</u>	<u>(828)</u>
Balance at March 31, 2023	<u>\$ 3,170,005</u>	<u>\$ 995,582</u>	<u>\$ 4,165,587</u>
Balance at January 1, 2022	\$ 3,170,005	\$ 703,012	\$ 3,873,017
Separate acquisition	-	192,546	192,546
Amortization expenses	-	(74,375)	(74,375)
Reclassification	-	33,069	33,069
Effects of exchange rate changes	<u>-</u>	<u>2,142</u>	<u>2,142</u>
Balance at March 31, 2022	<u>\$ 3,170,005</u>	<u>\$ 856,394</u>	<u>\$ 4,026,399</u>

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

20. OTHER ASSETS, NET

	March 31, 2023	December 31, 2022	March 31, 2022
Refundable deposits	\$ 1,825,300	\$ 1,716,986	\$ 1,655,767
Prepaid expenses	691,923	235,317	755,711
Prepaid pensions	119,181	-	-
Operating deposits and settlement funds	711,386	705,425	735,501
Settlement payments	-	-	101,707
Receipts under custody for securities underwriting	85	175,533	60,221
Others	<u>96,312</u>	<u>64,626</u>	<u>18,781</u>
	<u>\$ 3,444,187</u>	<u>\$ 2,897,887</u>	<u>\$ 3,327,688</u>

21. DEPOSITS FROM THE CENTRAL BANK AND OTHER BANKS

	March 31, 2023	December 31, 2022	March 31, 2022
Deposits from banks	\$ 152,949,325	\$ 161,002,883	\$ 151,988,327
Call loans from banks	87,786,495	69,035,863	100,553,487
Overdraft from other banks	830,033	1,425,292	1,293,411
Transfer deposits from Chunghwa Post Co., Ltd.	62,595,665	56,095,665	95,665
Deposits from the Central Bank	<u>321,744</u>	<u>293,932</u>	<u>297,553</u>
	<u>\$ 304,483,262</u>	<u>\$ 287,853,635</u>	<u>\$ 254,228,443</u>

22. DUE TO THE CENTRAL BANK AND OTHER BANKS

	March 31, 2023	December 31, 2022	March 31, 2022
Due to the Central Banks	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,169,680</u>

23. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

Securities sold for \$65,955,296 thousand, \$67,643,435 thousand and \$53,781,142 thousand under repurchase agreements as of March 31, 2023, December 31, 2022 and March 31, 2022, respectively, would subsequently be purchased for \$66,027,775 thousand, \$67,710,107 thousand and \$53,801,625 thousand respectively.

24. COMMERCIAL PAPER ISSUED, NET

The face values of commercial paper issued were \$27,270,000 thousand, \$24,560,000 thousand and \$31,430,000 thousand and the annual discount rates were from 1.288% to 2.000%, from 1.338% to 1.892% and from 0.413% to 0.808% as of March 31, 2023, December 31, 2022 and March 31, 2022, respectively, and the commercial paper will mature by June 8, 2023, March 2, 2023 and June 10, 2022, respectively. The foregoing commercial paper was accepted and guaranteed by financial institutions. As of March 31, 2023, the Company had not used the amount of \$84,512,376 thousand, the sum of the amount of the commercial paper issued and the credit.

25. PAYABLES

	March 31, 2023	December 31, 2022	March 31, 2022
Settlement payable	\$ 4,926,934	\$ 3,223,878	\$ 8,994,972
Settlement consideration	4,429,208	3,544,790	5,919,649
Accrued expenses	7,097,323	6,516,504	7,210,081
Collections payable	8,452,857	5,628,160	6,790,668
Checks for clearing	9,567,173	17,918,898	4,344,531
Collections of notes and checks for various financial institutions in other cities	4,582,796	1,270,234	5,149,093
Acceptances	2,082,926	3,114,074	3,870,729
Accrued interest	8,719,703	4,698,470	2,882,058
Payables on notes and checks collected for others	1,478,856	472,683	1,601,030
Payables for short-sale transactions	250,820	867,744	296,206
Deposits on short-sale transactions	248,454	960,993	229,542
Tax payable	527,166	672,308	422,003
Payable on securities	2,943,186	430,841	5,003,090
Dividends payable	464,566	462,264	417,072
Factored accounts payable	46,490	141,150	52,306
Insurance claims and benefits payable	87,853	78,866	78,167
Others	<u>2,440,543</u>	<u>2,097,906</u>	<u>1,951,092</u>
	<u>\$ 58,346,854</u>	<u>\$ 52,099,763</u>	<u>\$ 55,212,289</u>

26. DEPOSITS AND REMITTANCES

	March 31, 2023	December 31, 2022	March 31, 2022
Deposits			
Checking	\$ 59,645,434	\$ 65,921,263	\$ 56,075,298
Demand	750,063,264	755,613,147	807,532,146
Savings - demand	1,147,991,806	1,146,829,243	1,125,167,961
Time	936,874,695	796,468,506	746,544,740
Negotiable certificates of deposit	33,430,464	50,569,632	45,515,676
Savings - time	650,072,844	637,179,608	601,941,016
Treasury	137,217,299	145,514,336	116,420,455
Remittances	<u>150,576</u>	<u>327,179</u>	<u>122,273</u>
	<u>\$ 3,715,446,384</u>	<u>\$ 3,598,422,914</u>	<u>\$ 3,499,319,565</u>

27. BONDS PAYABLE

	March 31, 2023	December 31, 2022	March 31, 2022
Bank debentures	\$ 62,790,000	\$ 60,290,000	\$ 62,100,000
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	3,400,000
Second unsecured corporate bond of TCFHC in 2021, Type B: Fixed rate of 0.55%; maturity - July 12, 2028	<u>6,600,000</u>	<u>6,600,000</u>	<u>6,600,000</u>
	<u>\$ 82,790,000</u>	<u>\$ 80,290,000</u>	<u>\$ 82,100,000</u>

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

	March 31, 2023	December 31, 2022	March 31, 2022
First subordinated bonds in 2012: Fixed rate of 1.65%; maturity - June 28, 2022	\$ -	\$ -	\$ 11,650,000
Second subordinated bonds in 2012, Type B: Fixed rate of 1.55%; maturity - December 25, 2022	-	-	7,350,000
Second subordinated bonds in 2013, Type B: Reuters' fixing rate for 90 day's New Taiwan dollar commercial paper refers to the TAIBOR plus 0.45%; maturity - December 25, 2023	4,600,000	4,600,000	4,600,000
First subordinated bonds in 2014, Type 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

(Continued)

	March 31, 2023	December 31, 2022	March 31, 2022
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
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 0.42%; maturity - October 29, 2026	1,000,000	1,000,000	1,000,000
First non-cumulative perpetual subordinated bonds (perpetual development) in 2022: Fixed rate of 2.50%; TCB may exercise its redemption rights after 5 years and 2 months	1,350,000	1,350,000	-
Second non-cumulative perpetual subordinated bonds (perpetual development) in 2022: Fixed rate of 3.00%; TCB may exercise its redemption rights after 5 years and 1 months	8,650,000	8,650,000	-
Third unsecured bank debentures (perpetual development) in 2022: Fixed rate of 1.50%; maturity - September 28, 2027	2,500,000	2,500,000	-
Fourth non-cumulative perpetual subordinated bonds in 2022: Fixed rate of 3.40%; TCB may exercise its redemption rights after 5 years and 1 months	5,690,000	5,690,000	-
Second unsecured bank debentures (sustainable development) in 2023: Fixed rate of 1.40%; maturity - March 20, 2028	<u>2,500,000</u>	<u>-</u>	<u>-</u>
	<u>\$ 62,790,000</u>	<u>\$ 60,290,000</u>	<u>\$ 62,100,000</u> (Concluded)

In order to establish an international financial management platform, expand the depth and breadth of wealth management and private banking business for high-asset clients, TCB issue first unsecured bank debentures amounted to US\$46,850 thousand on March 10, 2023. The debentures are divided into Type A and Type B for \$32,800 thousand and \$14,050 thousand, respectively with combination of fixed interest rate and structured interest rate (range accrual). TCB may make early redemption on any interest payment from the date of issue. If TCB does not make redemption before maturity, the principal of the debentures is repaid in one lump sum upon maturity, of which Type A is March 10, 2025 and Type B is March 10, 2028. To reduce its interest rate risk, TCB entered into interest rate swap contracts, which are measured at FVTPL. Furthermore, in order to eliminate accounting inconsistencies, TCB designated these debentures as financial liabilities at FVTPL, and the details were as follows:

March 31, 2023

First unsecured bank debentures bonds issued in 2022

Type A		\$ 982,834
Type B		415,945
		<u>\$ 1,398,779</u>

In order to repay its outstanding commercial paper, TCFHC resolved to issue unsecured priority corporate bonds amounting to \$10,000,000 thousand in their board of directors' meeting on April 26, 2021. The application has been approved by the authority, and has been issued on July 12, 2021.

On November 18, 2019, TCB has obtained approval from the FSC to issue unsecured bank debentures amounting to US\$1,000,000 thousand. As of March 31, 2023, the amount of unissued unsecured bank debentures of TCB was US\$1,000,000 thousand.

On October 27, 2022, TCB has obtained approval from the FSC to issue undue non-cumulative subordinated bank debentures amounting to \$10,000,000 thousand. As of March 31, 2023, the amount of unissued unsecured bank debentures of TCB was \$4,310,000 thousand.

On February 8, 2023, TCB has obtained approval from the FSC to issue unsecured bank debentures amounting to US\$50,000 thousand. As of March 31, 2023, the amount of unissued unsecured bank debentures of TCB was US\$3,150 thousand.

28. OTHER BORROWINGS

	March 31, 2023		December 31, 2022		March 31, 2022	
	Amount	Rate (%)	Amount	Rate (%)	Amount	Rate (%)
Borrowings (Note 24)	<u>\$ 9,283,261</u>	1.313-5.630	<u>\$ 9,352,346</u>	1.283-4.500	<u>\$ 4,340,409</u>	0.700-4.500

29. PROVISIONS

	March 31, 2023	December 31, 2022	March 31, 2022
Reserve for life insurance liabilities	\$ 26,095,612	\$ 25,426,719	\$ 26,103,019
Reserve for insurance contracts with financial instrument features	4,653	3,651	1,691
Provision for employee benefits	4,195,550	4,261,945	6,129,754
Provision for losses on guarantees	1,437,310	1,359,109	1,458,947
Provision for losses on loan commitment	290,943	239,528	301,628
Provision for others	45,846	34,441	44,294
Other provision for insurance	<u>919,067</u>	<u>943,069</u>	<u>812,743</u>
	<u>\$ 32,988,981</u>	<u>\$ 32,268,462</u>	<u>\$ 34,852,076</u>

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

	<u>March 31, 2023</u>		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Life insurance	\$ 12,887,838	\$ 4,846,392	\$ 17,734,230
Health insurance	1,070,179	-	1,070,179
Annuity insurance	-	7,259,751	7,259,751
Investment insurance	<u>27,616</u>	<u>-</u>	<u>27,616</u>
	13,985,633	12,106,143	26,091,776
Less: Ceded life insurance liability reserve	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 13,985,633</u>	<u>\$ 12,106,143</u>	<u>\$ 26,091,776</u>
	<u>December 31, 2022</u>		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Life insurance	\$ 11,975,467	\$ 4,893,824	\$ 16,869,291
Health insurance	1,034,411	-	1,034,411
Annuity insurance	-	7,489,853	7,489,853
Investment insurance	<u>29,472</u>	<u>-</u>	<u>29,472</u>
	13,039,350	12,383,677	25,423,027
Less: Ceded life insurance liability reserve	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 13,039,350</u>	<u>\$ 12,383,677</u>	<u>\$ 25,423,027</u>

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

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

	For the Three Months Ended March 31					
	2023			2022		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Balance at January 1	\$ 13,039,350	\$ 12,383,677	\$ 25,423,027	\$ 12,996,859	\$ 13,438,256	\$ 26,435,115
Provision	1,076,994	46,418	1,123,412	386,955	21,965	408,920
Recovery	<u>(130,711)</u>	<u>(323,952)</u>	<u>(454,663)</u>	<u>(506,783)</u>	<u>(237,359)</u>	<u>(744,142)</u>
Ending balance	13,985,633	12,106,143	26,091,776	12,877,031	13,222,862	26,099,893
Less: Ceded life insurance liability reserve	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at March 31	<u>\$ 13,985,633</u>	<u>\$ 12,106,143</u>	<u>\$ 26,091,776</u>	<u>\$ 12,877,031</u>	<u>\$ 13,222,862</u>	<u>\$ 26,099,893</u>

- b. As of March 31, 2023, December 31, 2022 and March 31, 2022, total life policy reserve carrying amounts (including reserve of policyholders payables) were \$26,095,612 thousand, \$25,426,719 thousand and \$26,103,019 thousand, respectively.
- c. Details of liability adequacy reserves are as follows:

	Insurance Contracts and Financial Instruments with Discretionary Participation Features		
	March 31, 2023	December 31, 2022	March 31, 2022
Life insurance liability reserve	\$ 26,091,776	\$ 25,423,027	\$ 26,099,893
Unearned premium reserve	446,887	427,455	371,548
Claims reserve	76,543	73,896	92,374
Premium deficiency reserve	<u>1,346</u>	<u>1,385</u>	<u>1,114</u>
Book value of insurance reserve	<u>\$ 26,616,552</u>	<u>\$ 25,925,763</u>	<u>\$ 26,564,929</u>
Present value of discounted cash flows	<u>\$ 23,749,766</u>	<u>\$ 22,688,160</u>	<u>\$ 24,260,742</u>
Balance of liability adequacy reserve	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

As of March 31, 2023, December 31, 2022 and March 31, 2022, the Company's reserves for insurance contracts satisfied the liability adequacy tests.

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

March 31, 2023, December 31, 2022 and March 31, 2022

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

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

	March 31, 2023	December 31, 2022	March 31, 2022
Life insurance	\$ <u>4,653</u>	\$ <u>3,651</u>	\$ <u>1,691</u>
		For the Three Months Ended March 31	
		2023	2022
Balance at January 1		\$ 3,651	\$ 1,195
Reserve for insurance contracts with financial instrument features		<u>1,002</u>	<u>496</u>
Balance at March 31		\$ <u>4,653</u>	\$ <u>1,691</u>

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

1) Hedging strategy and foreign exchange exposure

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

2) Reconciliation of the reserve for foreign exchange variation

	For the Three Months Ended March 31	
	2023	2022
Balance at January 1	\$ 440,333	\$ 230,043
Provisions		
Compulsory provisions	-	1,985
Additional provisions	<u>15,652</u>	<u>115,679</u>
	15,652	117,664
Recovery	<u>(61,694)</u>	<u>-</u>
Balance at March 31	\$ <u>394,291</u>	\$ <u>347,707</u>

3) Impact of the reserve for foreign exchange variation

For the three months ended March 31, 2023

Items	Amount Without Reserve	Amount With Reserve	Effect
Net income	\$ 4,999,801	\$ 5,036,635	\$ 36,834
Earnings per share (NT\$)	0.35	0.35	-
Reserve of foreign exchange variation	-	394,291	394,291
Equity	232,596,682	232,251,946	(344,736)

For the three months ended March 31, 2022

Items	Amount Without Reserve	Amount With Reserve	Effect
Net income	\$ 4,571,044	\$ 4,476,913	\$ (94,131)
Earnings per share (NT\$)	0.31	0.31	-
Reserve of foreign exchange variation	-	347,707	347,707
Equity	240,842,669	240,535,200	(307,469)

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

	For the Three Months Ended March 31	
	2023	2022
Reserve for life insurance liabilities, net	\$ 668,749	\$ (335,222)
Reserve for insurance contract with financial instrument features, net	1,002	496
Others, net	<u>(16,998)</u>	<u>158,423</u>
	<u>\$ 652,753</u>	<u>\$ (176,303)</u>

g. Provisions for employee benefits are summarized below:

	March 31, 2023	December 31, 2022	March 31, 2022
Net defined benefit liabilities	\$ -	\$ 35,922	\$ 1,810,748
Present value of retired employees' preferential interest deposit obligation	<u>4,195,550</u>	<u>4,226,023</u>	<u>4,319,006</u>
	<u>\$ 4,195,550</u>	<u>\$ 4,261,945</u>	<u>\$ 6,129,754</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, 2023	\$ 897,746	\$ -	\$ 35,847	\$ 933,593	\$ 699,485	\$ 1,633,078
Changes from financial instruments recognized at the beginning of the current reporting period						
Transfers to						
Lifetime ECL	(20)	20	-	-	-	-
Credit-impaired financial instruments	(500)	-	500	-	-	-
12-month ECL	-	-	-	-	-	-
Derecognition of financial instruments in the current reporting period	(67,864)	-	(2,519)	(70,383)	-	(70,383)
Reversal from financial instruments recognized at the beginning of the current reporting period	5,502	(12)	(3,953)	1,537	-	1,537
New financial instruments purchased or originated	182,665	-	-	182,665	-	182,665
Difference of impairment loss under regulations	-	-	-	-	28,102	28,102
Change in exchange rates and other changes	(879)	-	(21)	(900)	-	(900)
Balance at March 31, 2023	<u>\$ 1,016,650</u>	<u>\$ 8</u>	<u>\$ 29,854</u>	<u>\$ 1,046,512</u>	<u>\$ 727,587</u>	<u>\$ 1,774,099</u>
Balance at January 1, 2022	\$ 965,789	\$ 28	\$ 325,459	\$ 1,291,276	\$ 534,038	\$ 1,825,314
Changes from financial instruments recognized at the beginning of the current reporting period						
Transfers to						
Lifetime ECL	(347)	347	-	-	-	-
Credit-impaired financial instruments	(5)	-	5	-	-	-
12-month ECL	-	-	-	-	-	-
Derecognition of financial instruments in the current reporting period	(103,986)	(28)	-	(104,014)	-	(104,014)
Reversal from financial instruments recognized at the beginning of the current reporting period	(39,940)	(256)	(137,922)	(178,118)	-	(178,118)
New financial instruments purchased or originated	157,880	-	-	157,880	-	157,880
Difference of impairment loss under regulations	-	-	-	-	98,403	98,403
Change in exchange rates and other changes	5,402	2	-	5,404	-	5,404
Balance at March 31, 2022	<u>\$ 984,793</u>	<u>\$ 93</u>	<u>\$ 187,542</u>	<u>\$ 1,172,428</u>	<u>\$ 632,441</u>	<u>\$ 1,804,869</u>

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 \$66,591 thousand and \$62,427 thousand in the consolidated statement of comprehensive income for the three months ended March 31, 2023 and 2022, 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 Act 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 Act, the Company is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic/and foreign/equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

For the three months ended March 31, 2023 and 2022, the pension expenses under defined benefit plan recognized in the consolidated statements of comprehensive income amounted to \$90,722 thousand and \$103,214 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, 2022.

c. Employees' preferential deposit plan

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

For the three months ended March 31, 2023 and 2022, the employee preferential deposit expense under employee's preferential deposit plan recognized in the consolidated statements of comprehensive income amounted to \$173,759 thousand and \$180,792 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, 2022.

31. OTHER FINANCIAL LIABILITIES

	March 31, 2023	December 31, 2022	March 31, 2022
Guarantee deposits received	\$ 2,044,519	\$ 2,293,868	\$ 2,175,523
Appropriation for loans	27,427	37,588	37,589
Separate-account liabilities	<u>87,458,511</u>	<u>89,353,581</u>	<u>101,178,266</u>
	<u>\$ 89,530,457</u>	<u>\$ 91,685,037</u>	<u>\$ 103,391,378</u>

The status of the Company's investment-linked products - separate account as of March 31, 2023, December 31, 2022 and March 31, 2022, are summarized as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Separate-account assets (part of other financial assets)			
Demand deposits	\$ 1,116,792	\$ 1,103,400	\$ 989,974
Financial assets at FVTPL	86,208,327	88,125,000	100,070,671
Other receivables			
Investment settlement receivables	<u>133,392</u>	<u>125,181</u>	<u>117,621</u>
	<u>\$ 87,458,511</u>	<u>\$ 89,353,581</u>	<u>\$ 101,178,266</u>
Separate-account liabilities (part of other financial liabilities)			
Reserve for separate account - insurance contract	\$ 87,310,053	\$ 89,504,724	\$ 100,826,694
Reserve for separate account - investment contract	(483,488)	(672,756)	244,011
Other payables			
General accounts payables	<u>631,946</u>	<u>521,613</u>	<u>107,561</u>
	<u>\$ 87,458,511</u>	<u>\$ 89,353,581</u>	<u>\$ 101,178,266</u>

	For the Three Months Ended March 31	
	2023	2022
Separate-account revenue		
Premium income	\$ 487,195	\$ 828,745
Loss on financial assets at FVTPL	979,175	(8,118,166)
Loss (gain) on foreign exchange	(1,189,191)	3,294,079
Interest revenue	<u>1,070</u>	<u>252</u>
	<u>\$ 278,824</u>	<u>\$ (3,995,090)</u>
Separate-account expense		
Insurance claims and benefits	\$ 984,691	\$ 1,326,004
Reserves for separate accounts, net of releases - insurance contract	(1,049,510)	(5,605,583)
Administrative expenses	<u>343,643</u>	<u>284,489</u>
	<u>\$ 278,824</u>	<u>\$ (3,995,090)</u>

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

32. OTHER LIABILITIES

	March 31, 2023	December 31, 2022	March 31, 2022
Advance receipts	\$ 1,767,307	\$ 1,159,479	\$ 1,745,341
Others	<u>58,921</u>	<u>72,762</u>	<u>65,571</u>
	<u>\$ 1,826,228</u>	<u>\$ 1,232,241</u>	<u>\$ 1,810,912</u>

33. NET INTEREST

	For the Three Months Ended March 31	
	2023	2022
Interest revenue		
From discounts and loans	\$ 16,418,088	\$ 9,477,681
From investments	3,662,400	2,381,624
From due from banks and call loans to other banks	1,088,788	259,225
Others	<u>270,630</u>	<u>348,762</u>
	<u>21,439,906</u>	<u>12,467,292</u>
Interest expense		
From deposits	(10,940,111)	(2,913,758)
From due to the Central Bank and other banks	(963,461)	(143,215)
From issuing bonds payable	(330,198)	(256,363)
From deposits from the Central Bank and other banks	(311,173)	(53,766)
From securities sold under repurchase agreements	(238,544)	(35,449)
Others	<u>(69,233)</u>	<u>(25,085)</u>
	<u>(12,852,720)</u>	<u>(3,427,636)</u>
	<u>\$ 8,587,186</u>	<u>\$ 9,039,656</u>

34. SERVICE FEE AND COMMISSION INCOME, NET

	For the Three Months Ended March 31	
	2023	2022
Service fee and commission revenues		
From trust business	\$ 538,724	\$ 512,707
From guarantee	243,135	242,775
From loans	284,301	335,997
From insurance service	238,758	236,657
From brokerage service	180,820	238,602
From investment-linked products	124,141	143,541
From credit cards	393,811	337,940
From management fees of investment-linked products	42,600	40,466
From management fees	83,768	90,852
From remittance	67,126	71,749
From cross-bank transactions	73,219	76,030
From underwriting	18,597	19,227
From import/export service	25,250	32,916
Others	<u>139,877</u>	<u>147,868</u>
	<u>2,454,127</u>	<u>2,527,327</u>
Service charge and commission expenses		
From cross-bank transactions	(81,370)	(79,856)
From insurance business	(37,070)	(36,269)
From credit cards	(72,151)	(71,063)
From credit cards acquiring	(278,840)	(237,622)
From custody	(19,010)	(21,771)
Others	<u>(70,341)</u>	<u>(73,103)</u>
	<u>(558,782)</u>	<u>(519,684)</u>
	<u>\$ 1,895,345</u>	<u>\$ 2,007,643</u>

35. PREMIUM INCOME, NET

	For the Three Months Ended March 31	
	2023	2022
Premium income		
Separate-account revenue (Note 31)	\$ 278,824	\$ (3,995,090)
Premium income	<u>1,739,565</u>	<u>983,001</u>
	<u>2,018,389</u>	<u>(3,012,089)</u>
Premium losses		
Separate-account expense (Note 31)	(278,824)	3,995,090
Insurance claims and benefits	(656,746)	(975,606)
Reinsurance premium ceded	(93,248)	(72,083)
Others	<u>(15,305)</u>	<u>(6,618)</u>
	<u>(1,044,123)</u>	<u>2,940,783</u>
	<u>\$ 974,266</u>	<u>\$ (71,306)</u>

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

	For the Three Months Ended March 31, 2023				
	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	\$ 281,726	\$ 4,521,216	\$ (2,734,273)	\$ 56,706	\$ 2,125,375
Held-for-trading financial liabilities	-	(2,870,107)	1,823,227	-	(1,046,880)
Financial liabilities designated as at fair value through profit or loss	<u>(4,253)</u>	<u>-</u>	<u>27,656</u>	<u>-</u>	<u>23,403</u>
	<u>\$ 277,473</u>	<u>\$ 1,651,109</u>	<u>\$ (883,390)</u>	<u>\$ 56,706</u>	<u>\$ 1,101,898</u>
	For the Three Months Ended March 31, 2022				
	Interest Revenue (Expense)	Gain (Loss) on Disposal	Gain (Loss) on Valuation	Dividend Income	Total
Financial assets mandatorily classified as at fair value through profit or loss	\$ 116,505	\$ 1,061,017	\$ 4,151,515	\$ 100,299	\$ 5,429,336
Held-for-trading financial liabilities	<u>-</u>	<u>(1,516,056)</u>	<u>82,757</u>	<u>-</u>	<u>(1,433,299)</u>
	<u>\$ 116,505</u>	<u>\$ (455,039)</u>	<u>\$ 4,234,272</u>	<u>\$ 100,299</u>	<u>\$ 3,996,037</u>

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

	For the Three Months Ended March 31	
	2023	2022
Dividend revenue on investments in equity instruments at FVTOCI	\$ 99,915	\$ 64,819
Derecognition of unrealized gains on investments in debt instruments at FVTOCI	<u>6,771</u>	<u>42,702</u>
	<u>\$ 106,686</u>	<u>\$ 107,521</u>

For the three months ended March 31, 2023 and 2022, dividend revenue related to derecognized investments was \$11,501 thousand and \$26,471 thousand, respectively, and dividend revenue related to investments held on March 31, 2023 and 2022 was \$88,414 thousand and \$38,348 thousand, respectively.

38. EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION EXPENSES

a. Employee benefits expenses

	For the Three Months Ended March 31	
	2023	2022
Employee benefits expenses		
Salaries	\$ 2,399,851	\$ 2,351,897
Incentives	949,022	764,376
Excessive interest from preferential interest deposits	274,041	286,976
Post-employment benefits, termination benefits and compensation	166,054	167,848
Overtime	102,144	96,851
Others	<u>581,808</u>	<u>546,878</u>
	<u>\$ 4,472,920</u>	<u>\$ 4,214,826</u>

Under the amended Articles, TCFHC will make distributions at percentages from 0.01% to 0.08% and up to 1% of its annual profit (pretax income which exclude compensations of employees and remuneration to directors) for the employees' compensation and directors' remuneration, respectively. However, the actual appropriation of the compensation and remuneration should be made only from the annual net income less any accumulated deficit. For the three months ended March 31, 2023 and 2022, compensations of employees were estimated at \$841 thousand and \$741 thousand and the remuneration of directors were estimated at \$26,902 thousand and \$23,688 thousand, respectively, based on the Articles and past experiences.

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

The appropriations of employees' compensation and remuneration of directors for 2022 and 2021 approved by the board of directors on March 13, 2023 and March 14, 2022, respectively, were as follows:

	For the Year Ended December 31	
	2022	2021
Employees' compensation - cash	\$ 3,093	\$ 3,834
Remuneration of directors - cash	111,910	113,371

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

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

b. Depreciation and amortization expenses

	For the Three Months Ended March 31	
	2023	2022
Depreciation expenses	\$ 558,291	\$ 529,221
Amortization expenses	<u>87,845</u>	<u>74,660</u>
	<u>\$ 646,136</u>	<u>\$ 603,881</u>

39. INCOME TAX

a. Income tax recognized in profit or loss

Main components of income tax expense were as follows:

	For the Three Months Ended March 31	
	2023	2022
Current tax		
Current period	\$ 1,256,131	\$ 266,414
Land revaluation increment tax	1,606	418
Prior year's adjustments	<u>56</u>	<u>(41,376)</u>
	1,257,793	225,456
Deferred tax		
Current period	<u>(335,363)</u>	<u>578,917</u>
Income tax expense recognized in profit or loss	<u>\$ 922,430</u>	<u>\$ 804,373</u>

b. Income tax recognized in other comprehensive income

	For the Three Months Ended March 31	
	2023	2022
<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	\$ (102,258)	\$ 331,860
Unrealized valuation gain or loss on financial assets at fair value through other comprehensive income	27,346	(393,521)
Other comprehensive income on reclassification of overlay approach	<u>788</u>	<u>264</u>
Total income tax recognized in other comprehensive income	<u>\$ (74,124)</u>	<u>\$ (61,397)</u>

c. Deferred tax assets and liabilities

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Deferred tax assets</u>			
Temporary differences			
Financial instruments at fair value through other comprehensive income	\$ 431,181	\$ 458,527	\$ 174,275
Overlay approach	-	561	-
Properties and equipment	7,089	7,250	7,733
Payable for annual leave	128,605	102,878	130,472
Employee's preferential interest deposit obligation	789,553	795,647	814,244
Other liabilities	5,783	5,783	5,783
Exchange differences on foreign operations	200,892	98,634	731,161
Allowance for possible losses	4,922	38,408	43,427
Pension liabilities	526	511	467
Accrued expense	-	2,860	-
Unrealized foreign exchange losses	56,227	54,902	201,728
Revenue from disposal of acquired loans	234,751	198,138	217,760
Loss carryforwards	-	-	492,919
	<u>\$ 1,859,529</u>	<u>\$ 1,764,099</u>	<u>\$ 2,819,969</u>
<u>Deferred tax liabilities</u>			
Temporary differences			
Financial instruments at fair value through profit or loss	\$ 232,700	\$ 467,110	\$ 687,056
Financial instruments at fair value through other comprehensive income	-	-	22,416
Overlay approach	227	-	-
Intangible assets	428,614	428,614	428,614
The reserve for land revaluation increment tax	2,541,779	2,541,779	2,541,779
Defined benefit obligation	274,329	359,616	285,348
Investments accounted for using equity method	172,281	166,799	151,777
Lease incentive	2,490	2,552	2,736
Others	-	7	61,994
	<u>\$ 3,652,420</u>	<u>\$ 3,966,477</u>	<u>\$ 4,181,720</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	2021	2017	2017

e. The Company had recognized the tax effects of the difference of tax credit for \$44,775 thousand in 2022 according to the assessment result of 2017 and 2021 income tax return.

40. EARNINGS PER SHARE

	Net Income (Numerator)	Shares (Denominator in Thousands)	Earnings Per Share (NT\$)
<u>For the three months ended March 31, 2023</u>			
Basic earnings per share (EPS)	\$ 4,886,540	14,008,935	<u>\$ 0.35</u>
Effect of dilutive common stock:			
Employees' compensation	<u> -</u>	<u> 125</u>	
Diluted EPS	<u>\$ 4,886,540</u>	<u>14,009,060</u>	<u>\$ 0.35</u>
<u>For the three months ended March 31, 2022</u>			
Basic earnings per share (EPS)	\$ 4,297,777	14,008,935	<u>\$ 0.31</u>
Effect of dilutive common stock:			
Employees' compensation	<u> -</u>	<u> 140</u>	
Diluted EPS	<u>\$ 4,297,777</u>	<u>14,009,075</u>	<u>\$ 0.31</u>

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

	For the Three Months Ended March 31, 2022	
	Before Adjusted Retrospectively	After Adjusted Retrospectively
Basic EPS (NT\$)	<u>\$ 0.32</u>	<u>\$ 0.31</u>

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

41. EQUITY

a. Capital stock

Common stocks

	March 31, 2023	December 31, 2022	March 31, 2022
Numbers of shares authorized (in thousands)	<u>15,000,000</u>	<u>15,000,000</u>	<u>15,000,000</u>
Authorized capital	<u>\$ 150,000,000</u>	<u>\$ 150,000,000</u>	<u>\$ 150,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>14,008,935</u>	<u>14,008,935</u>	<u>13,600,908</u>
Common stocks issued	<u>\$ 140,089,354</u>	<u>\$ 140,089,354</u>	<u>\$ 136,009,082</u>

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

On June 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 Ministry of Economic Affairs (MOEA).

b. Capital surplus

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

Under the Financial Holding Company Act 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 Act. These unappropriated earnings should be net of the appropriation of legal reserve or special reserve.

The capital surplus as of March 31, 2023 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 Three Months Ended March 31	
	2023	2022
Balance on January 1	\$ 985,539	\$ 985,539
Reversed on elimination of the original need to appropriate a special reserve:		
Disposal of properties and equipment	<u> -</u>	<u> -</u>
Balance on March 31	<u>\$ 985,539</u>	<u>\$ 985,539</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 Act, the legal reserve should be appropriated until the reserve equals TCFHC's paid-in capital. This reserve should only be used to offset a deficit. When the reserve exceeds 25% of TCFHC's paid-in capital, the excess may be used to issue new shares or distributed as cash dividends.

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

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

The appropriations from the earnings of 2022 and 2021 were approved in the board of directors' meeting on April 24, 2023 and in the stockholders' meeting on June 17, 2022, respectively. The appropriations and dividends per share were as follows:

	<u>Appropriation of Earnings</u>		<u>Dividends Per Share (NT\$)</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Legal reserve	\$ 2,149,776	\$ 2,171,740		
Special reserve	20,524,180	-		
Cash dividends	1,681,072	13,600,908	\$0.12	\$1.00
Stock dividends	-	4,080,272	-	0.30

The appropriation of earnings for 2022 was proposed by the board of directors on April 24, 2023. The effects of stock dividends transferred from capital surplus to common stock and dividends per share were as follows:

	Issuance of Stock Dividends and Cash Dividends from Capital Surplus		Dividends Per Share (NT\$)
	Dividends from Capital Surplus	Dividends Per Share (NT\$)	
Cash dividends	5,323,396	\$ 0.38	
Stock dividends	7,004,468	0.50	

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 Three Months Ended March 31	
	2023	2022
Balance on January 1	\$ 5,316,401	\$ 6,651,118
Attributable to non-controlling interests		
Net income	150,095	179,136
Exchange differences on the translation of financial statements of foreign operations	3,373	4,093
Unrealized gains (losses) on financial assets at FVTOCI	104,970	(456,719)
Other comprehensive income reclassification of overlay approach	<u>18,493</u>	<u>(71,118)</u>
Balance on March 31	<u>\$ 5,593,332</u>	<u>\$ 6,306,510</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
TCB Fund of Emerging Markets Bond Fund	Fund managed by Taiwan Cooperative Securities Investment Trust Co., Ltd.
TCB 6 Year Emerging Market Bond Fund	Fund managed by Taiwan Cooperative Securities Investment Trust Co., Ltd.
TCB 6 Year Senior Emerging Market Bond Fund	Fund managed by Taiwan Cooperative Securities Investment Trust Co., Ltd.
TCB 2025 Maturity 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 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 US Short Duration High Yield Bond Fund	Fund managed by Taiwan Cooperative Securities Investment Trust Co., Ltd.
TCB Global Healthcare Multi-Asset Income Fund	Fund managed by Taiwan Cooperative Securities Investment Trust Co., Ltd.

(Continued)

<u>Related Party</u>	<u>Relationship with the Company</u>
TCB Environment & Socially Responsible Multi-Asset 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 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
Taiwan Asset Management Corporation	The director of Taiwan Assets Management Corporation is the main management of the Company.
Financial Information Service Co., Ltd.	The director of Financial Information Service Co., Ltd. is also the director of the Company.
Others	Main management of the parent company and other related parties

(Concluded)

b. Significant transactions between the Company and related parties:

1) Call loans to banks

	Highest Balance	Ending Balance	Interest Revenue	Interest Rate (%)
<u>For the three months ended March 31, 2023</u>				
Others	\$ 609,420	\$ 608,800	\$ 259	5.110
<u>For the three months ended March 31, 2022</u>				
Others	\$ 1,401,050	\$ -	\$ 787	0.300-0.340

2) Due to banks

	For the Three Months Ended March 31			
	2023		2022	
	Ending Balance	Interest Expense	Ending Balance	Interest Expense
Main management	\$ 108,509	\$ 385	\$ 262,213	\$ 294
Others				
Tamshui First Credit Bank	27,801,308	80,231	25,734,012	44,646
The Fifth Credit Cooperation of Taipei	6,449,861	19,203	6,511,857	10,832
Others	15,618	-	23,858	-
	<u>\$ 34,375,296</u>	<u>\$ 99,819</u>	<u>\$ 32,531,940</u>	<u>\$ 55,772</u>

3) Loans

	Highest Balance	Ending Balance	Interest Revenue	Interest Rate (%)
<u>For the three months ended March 31, 2023</u>				
Main management	\$ 295,432	\$ 254,045	\$ 1,112	1.571-2.176
Others	<u>198,692</u>	<u>186,331</u>	<u>918</u>	1.370-2.651
	<u>\$ 494,124</u>	<u>\$ 440,376</u>	<u>\$ 2,030</u>	
<u>For the three months ended March 31, 2022</u>				
Main management	\$ 358,634	\$ 348,899	\$ 976	1.010-1.550
Others	<u>317,709</u>	<u>300,469</u>	<u>458</u>	0.100-1.990
	<u>\$ 676,343</u>	<u>\$ 649,368</u>	<u>\$ 1,434</u>	

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

4) Deposits

	Ending Balance	Interest Expense	Interest Rate (%)
<u>For the three months ended March 31, 2023</u>			
Associates	\$ 102,190	\$ 96	0.000-4.470
Main management	691,431	2,944	0.000-13.000
Others			
Financial Information Service Co., Ltd.	38,247,964	3,923	0.000-4.600
Others	<u>3,420,244</u>	<u>6,718</u>	0.000-13.000
	<u>\$ 42,461,829</u>	<u>\$ 13,681</u>	
<u>For the three months ended March 31, 2022</u>			
Associates	\$ 94,453	\$ 3	0-0.585
Main management	655,172	1,994	0-13.000
Others			
Financial Information Service Co., Ltd.	14,429,607	1,178	0.000-1.065
Others	<u>2,888,904</u>	<u>2,905</u>	0.000-13.000
	<u>\$ 18,068,136</u>	<u>\$ 6,080</u>	

	March 31, 2023	December 31, 2022	March 31, 2022
5) Accrued income (part of receivables)			
Others	\$ <u>27,846</u>	\$ <u>28,863</u>	\$ <u>30,470</u>
6) Receivable on securities (part of receivables)			
Others	\$ <u>-</u>	\$ <u>6,977</u>	\$ <u>5,560</u>
7) Payable on securities (part of payables)			
Others	\$ <u>2,052</u>	\$ <u>-</u>	\$ <u>-</u>

**For the Three Months Ended
March 31**

	2023	2022
8) Service fee income (part of service fee and commission income, net)		
Main management	\$ 51	\$ 67
Others	<u>91,576</u>	<u>96,527</u>
	<u>\$ 91,627</u>	<u>\$ 96,594</u>
9) Service charge (part of service fee and commission income, net)		
Main management	<u>\$ 35</u>	<u>\$ 32</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.

10) Derivatives

For the Three Months Ended March 31, 2023						Amounts on the Consolidated Balance Sheet	
Related Party	Type of Derivatives	Contract Period	Nominal Amounts	Valuation Gain (Loss)	Account	Amounts	
Other - TCB 6 Year Senior Emerging Market Bond Fund	Currency swap	2022.12.29-2023.08.28	US\$ 4,500	\$ (1,135)	Financial liabilities at fair value through profit or loss	\$ (1,108)	
Other - TCB 6 Year Emerging Market Bond Fund	Currency swap	2023.01.11-2023.05.08	US\$ 8,900	3,247	Financial assets at fair value through profit or loss	3,247	
Other - TCB 2025 Maturity Emerging Market Corporate Bond Fund	Currency swap	2022.12.29-2023.08.23	US\$ 36,500	(8,276)	Financial liabilities at fair value through profit or loss	(8,052)	
Other - TCB 2026 Maturity Senior Emerging Market Corporate Bond Fund	Currency swap	2023.03.08-2023.06.08	US\$ 800	(185)	Financial liabilities at fair value through profit or loss	(185)	

(Continued)

For the Three Months Ended March 31, 2023

Related Party	Type of Derivatives	Contract Period	Nominal Amounts	Valuation Gain (Loss)	Amounts on the Consolidated Balance Sheet	
					Account	Amounts
Other - TCB 2023 Maturity Selective Emerging Market Bond Fund	Currency swap	2023.02.08-2023.05.08	US\$ 4,050	\$ 1,368	Financial assets at fair value through profit or loss	\$ 1,368
Other - TCB Global Healthcare Multi-Asset Income Fund	Currency swap	2023.03.22-2023.06.26	US\$ 7,000	(429)	Financial liabilities at fair value through profit or loss	(429)
	Currency swap	2023.03.31-2023.06.30	US\$ 6,000	509	Financial assets at fair value through profit or loss	509
Other - TCB Global High Yield Bond Fund	Currency swap	2023.02.09-2023.05.09	US\$ 2,000	1,137	Financial assets at fair value through profit or loss	1,137
	Currency swap	2023.03.20-2023.04.20	US\$ 1,000	(143)	Financial liabilities at fair value through profit or loss	(143)
Other - TCB US Short Duration High Yield Bond Fund	Currency swap	2022.12.12-2023.06.12	US\$ 2,500	46	Financial assets at fair value through profit or loss	364
	Currency swap	2023.03.21-2024.03.21	US\$ 3,200	(174)	Financial liabilities at fair value through profit or loss	(174)
Other - TCB Environment & Socially Responsible Multi-Asset Fund	Currency swap	2023.01.06-2023.06.30	US\$ 4,700	242	Financial assets at fair value through profit or loss	242
	Currency swap	2023.03.21-2023.06.21	US\$ 2,500	(204)	Financial liabilities at fair value through profit or loss	(204)
Other - TCB Global Core Infrastructure Income Fund	Currency swap	2023.02.13-2023.04.13	US\$ 1,600	554	Financial assets at fair value through profit or loss	554
Other - TCB 2032 Target Date Multi-Asset Income Fund	Currency swap	2023.03.16-2023.06.16	US\$ 3,000	(324)	Financial liabilities at fair value through profit or loss	(324)

(Concluded)

For the Three Months Ended March 31, 2022

Related Party	Type of Derivatives	Contract Period	Nominal Amounts	Valuation Gain (Loss)	Amounts on the Consolidated Balance Sheet	
					Account	Amounts
Other - TCB 6 Year ESG Senior Emerging Market Bond Fund	Currency swap	2022.02.25-2022.08.25	US\$ 1,400	\$ 69	Financial assets at fair value through profit or loss	\$ 69
		2021.11.30-2022.11.30	US\$ 12,350	(4,595)	Financial liabilities at fair value through profit or loss	(5,772)
Other - TCB 6 Year Emerging Market Bond Fund	Currency swap	2022.03.08-2022.07.08	US\$ 6,000	571	Financial assets at fair value through profit or loss	571
		2022.01.13-2022.07.13	US\$ 12,890	(1,564)	Financial liabilities at fair value through profit or loss	(1,564)
Other - TCB 2026 Maturity Senior Emerging Market Corporate Bond Fund	Currency swap	2021.06.08-2022.06.08	US\$ 800	(56)	Financial liabilities at fair value through profit or loss	(592)
Other - TCB 6 Year ESG Emerging Market Bond Fund	Currency swap	2021.12.28-2022.08.23	US\$ 40,700	(8,535)	Financial liabilities at fair value through profit or loss	(9,962)

(Continued)

For the Three Months Ended March 31, 2022

Related Party	Type of Derivatives	Contract Period	Nominal Amounts	Valuation Gain (Loss)	Amounts on the Consolidated Balance Sheet	
					Account	Amounts
Other - TCB 2023 Maturity Selective Emerging Market Bond Fund	Currency swap	2022.03.03-2022.05.05	US\$ 1,450	\$ 189	Financial assets at fair value through profit or loss	\$ 189
		2022.03.31-2022.04.29	US\$ 6,730	(818)	Financial liabilities at fair value through profit or loss	(818)
Other - TCB Global High Yield Bond Fund	Currency swap	2021.12.21-2022.06.14	US\$ 18,500	9,960	Financial assets at fair value through profit or loss	9,367
		2022.03.17-2022.04.18	US\$ 1,500	(30)	Financial liabilities at fair value through profit or loss	(30)
Other - TCB US Short Duration High Yield Bond Fund	Currency swap	2021.12.13-2022.06.13	US\$ 17,900	11,967	Financial assets at fair value through profit or loss	11,491
Other - TCB Global Healthcare Multi-Asset Income Fund	Currency swap	2022.02.24-2022.05.24	US\$ 3,200	2	Financial assets at fair value through profit or loss	2
		2022.02.10-2022.05.10	US\$ 51,500	(7,080)	Financial liabilities at fair value through profit or loss	(7,080)
Other - TCB Environment & Socially Responsible Multi-Asset Fund	Currency swap	2022.03.23-2022.04.25	US\$ 10,000	1,102	Financial assets at fair value through profit or loss	1,102
		2022.03.23-2022.04.25	US\$ 9,000	(3,821)	Financial liabilities at fair value through profit or loss	(3,821)
Other - TCB ESG Retirement Growth Fund of Fund	Currency swap	2022.02.25-2022.05.31	US\$ 4,000	2,676	Financial assets at fair value through profit or loss	2,676
Other - TCB ESG Retirement Aggressive Fund of Fund	Currency swap	2022.02.25-2022.05.31	US\$ 3,500	2,342	Financial assets at fair value through profit or loss	2,342

(Concluded)

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

**For the Three Months Ended
March 31**

	2023	2022
Financial assets and liabilities at fair value through profit or loss		
Others	\$ (4,933)	\$ 20,486

11) Loans

March 31, 2023

Type	Account Volume or Name	Highest Balance in the Three Months Ended March 31, 2023 (Note 1)	Ending Balance	Loan Classification		Collaterals	Differences in Terms of Transaction Compared with Those for Unrelated Parties
				Normal Loans	Nonperforming Loans		
Consumer loans	71	\$ 222,220	\$ 206,051	\$ 206,051	\$ -	Note 2	None
Self-used housing mortgage loans	46	271,904	234,325	234,325	-	Land and buildings	None

March 31, 2022

Type	Account Volume or Name	Highest Balance in the Three Months Ended March 31, 2023 (Note 1)	Ending Balance	Loan Classification		Collaterals	Differences in Terms of Transaction Compared with Those for Unrelated Parties
				Normal Loans	Nonperforming Loans		
Consumer loans	82	\$ 232,524	\$ 222,908	\$ 222,908	\$ -	Note 2	None
Self-used housing mortgage loans	50	279,069	261,710	261,710	-	Land and buildings	None
Other loans	Tamshui First Credit Bank	164,750	164,750	164,750	-	Certificates of deposit	None

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

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

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

1) Taiwan Cooperative Bank, Ltd.

a) Due from banks

	March 31, 2023	December 31, 2022	March 31, 2022
Subsidiary	<u>\$ 564,048</u>	<u>\$ 597,089</u>	<u>\$ 597,885</u>

b) Call loans to banks

	Highest Balance	Ending Balance	Interest Revenue	Interest Rate (%)
For the three months ended March 31, 2023				
Subsidiary	\$ 3,056,240	\$ 3,056,240	\$ 18,638	1.750-5.200
Sister companies	1,268,432	1,267,420	3,738	1.200-5.100
Others	<u>609,420</u>	<u>608,800</u>	<u>259</u>	5.110
	<u>\$ 4,934,092</u>	<u>\$ 4,932,460</u>	<u>\$ 22,635</u>	
For the three months ended March 31, 2022				
Subsidiary	\$ 771,660	\$ 771,660	\$ 235	0.005-0.620
Sister companies	3,655,672	2,500,000	2,555	0.290-0.580
Others	<u>1,401,050</u>	<u>-</u>	<u>787</u>	0.300-0.340
	<u>\$ 5,828,382</u>	<u>\$ 3,271,660</u>	<u>\$ 3,577</u>	

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

	Highest Balance	Ending Balance	Interest Revenue	Interest Rate (%)
For the three months ended March 31, 2023				
Sister company TCS	<u>\$ 308,550</u>	<u>\$ 304,400</u>	<u>\$ 3,638</u>	4.650-5.230
For the three months ended March 31, 2022				
Sister company TCS	<u>\$ 85,740</u>	<u>\$ 85,740</u>	<u>\$ 23</u>	0.270-0.820

d) Due to banks

	For the Three Months Ended March 31			
	2023		2022	
	Ending Balance	Interest Expense	Ending Balance	Interest Expense
Subsidiary	\$ 23	\$ -	\$ 24	\$ -
Main management	108,509	385	262,213	294
Others				
Tamshui First Credit Bank	27,801,308	80,231	25,734,012	44,646
The Fifth Credit Cooperation of Taipei	6,449,861	19,203	6,511,857	10,832
Others	<u>15,618</u>	<u>-</u>	<u>23,858</u>	<u>-</u>
	<u>\$ 34,375,319</u>	<u>\$ 99,819</u>	<u>\$ 32,531,964</u>	<u>\$ 55,772</u>

e) Loans

	Highest Balance	Ending Balance	Interest Revenue	Interest Rate (%)
For the three months ended March 31, 2023				
Subsidiary	\$ 6,511,119	\$ 6,511,119	\$ 37,845	2.947-5.958
Sister companies	1,000,000	-	-	-
Main management	295,432	254,045	1,112	1.571-2.176
Others	<u>198,692</u>	<u>186,331</u>	<u>918</u>	1.370-2.651
	<u>\$ 8,005,243</u>	<u>\$ 6,951,495</u>	<u>\$ 39,875</u>	

(Continued)

	Highest Balance	Ending Balance	Interest Revenue	Interest Rate (%)
For the three months ended March 31, <u>2022</u>				
Subsidiary	\$ 2,660,641	\$ 1,597,500	\$ 4,148	0.900-1.364
Sister companies	1,000,000	-	-	-
Main management	358,634	348,899	976	1.010-1.550
Others	<u>317,709</u>	<u>300,469</u>	<u>458</u>	0.100-1.990
	<u>\$ 5,336,984</u>	<u>\$ 2,246,868</u>	<u>\$ 5,582</u>	

(Concluded)

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

f) Deposits

	Ending Balance	Interest Expense	Interest Rate (%)
For the three months ended <u>March 31, 2023</u>			
Parent company	\$ 61,417	\$ -	0.000-0.455
Sister companies	3,303,224	502	0.000-4.450
Associates	102,190	96	0.000-4.470
Main management	691,431	2,944	0.000-13.000
Others			
Financial Information Service Co., Ltd.	38,247,964	3,923	0.000-4.600
Others	<u>3,420,244</u>	<u>6,718</u>	0.000-13.000
	<u>\$ 45,826,470</u>	<u>\$ 14,183</u>	

For the three months ended <u>March 31, 2022</u>			
Parent company	\$ 50,483	\$ -	0
Sister companies	3,925,338	150	0-0.815
Associates	94,453	3	0-0.585
Main management	655,172	1,994	0-13.000
Others			
Financial Information Service Co., Ltd.	14,429,607	1,178	0.000-1.065
Others	<u>2,888,904</u>	<u>2,905</u>	0.000-13.000
	<u>\$ 22,043,957</u>	<u>\$ 6,230</u>	

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

	March 31, 2023	December 31, 2022	March 31, 2022
Parent company	<u>\$ 2,084,831</u>	<u>\$ 2,084,831</u>	<u>\$ 1,693,393</u>

h) Payable on securities (part of payables)

	March 31, 2023	December 31, 2022	March 31, 2022
Sister company TCS	<u>\$ 21,979</u>	<u>\$ -</u>	<u>\$ 448,289</u>

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

	March 31, 2023	December 31, 2022	March 31, 2022
Parent company	<u>\$ 1,145,409</u>	<u>\$ 352,754</u>	<u>\$ 680,951</u>

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

	For the Three Months Ended March 31	
	2023	2022
Sister companies		
BPCTLI	\$ 112,151	\$ 121,165
Others	10,085	11,501
Main management	51	67
Others	<u>7,734</u>	<u>5,359</u>
	<u>\$ 130,021</u>	<u>\$ 138,092</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.

k) Lease agreements - TCB is lessor

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

i. Future lease payment receivables was as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Parent company	\$ 126,058	\$ 133,272	\$ 8,884
Sister companies			
TCS	81,772	87,684	122,484
BPCTLI	10,766	14,531	9,491
TCBF	44,015	2,201	8,803
Others	<u>25,617</u>	<u>28,790</u>	<u>38,356</u>
	<u>\$ 288,228</u>	<u>\$ 266,478</u>	<u>\$ 188,018</u>

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

	For the Three Months Ended March 31	
	2023	2022
Parent company	\$ 7,214	\$ 6,012
Sister companies		
BPCTLI	3,765	3,535
TCSIT	4,486	1,116
TCS	11,330	10,806
Others	<u>5,154</u>	<u>4,015</u>
	<u>\$ 31,949</u>	<u>\$ 25,484</u>

1) Derivatives

Related Party	Type of Derivatives	Contract Period	Nominal Amounts	Valuation Gain (Loss)	For the Three Months Ended March 31, 2023	
					Amounts on the Consolidated Balance Sheet	
					Account	Amounts
Sister company - BPCTLI	Currency swap	2023.01.31-2024.01.31	EUR 7,856	\$ 3,679	Financial assets at fair value through profit or loss	\$ 3,679
	Currency swap	2022.12.30-2023.08.31	US\$ 109,307	17,192	Financial assets at fair value through profit or loss	18,175
	Currency swap	2023.03.13-2023.07.13	US\$ 10,000	(2,611)	Financial liabilities at fair value through profit or loss	(2,611)
Sister company - TCBF	Currency swap	2023.03.07-2023.04.10	US\$ 2,000	(281)	Financial liabilities at fair value through profit or loss	(281)
Other - TCB 6 Year Senior Emerging Market Bond Fund	Currency swap	2022.12.29-2023.08.28	US\$ 4,500	(1,135)	Financial liabilities at fair value through profit or loss	(1,108)
Other - TCB 6 Year Emerging Market Bond Fund	Currency swap	2023.01.11-2023.05.08	US\$ 8,900	3,247	Financial assets at fair value through profit or loss	3,247
Other - TCB 2025 Maturity Emerging Market Corporate Bond Fund	Currency swap	2022.12.29-2023.08.23	US\$ 36,500	(8,276)	Financial liabilities at fair value through profit or loss	(8,052)
Other - TCB 2026 Maturity Senior Emerging Market Corporate Bond Fund	Currency swap	2023.03.08-2023.06.08	US\$ 800	(185)	Financial liabilities at fair value through profit or loss	(185)
Other - TCB 2023 Maturity Selective Emerging Market Bond Fund	Currency swap	2023.02.08-2023.05.08	US\$ 4,050	1,368	Financial assets at fair value through profit or loss	1,368

(Continued)

For the Three Months Ended March 31, 2023

Related Party	Type of Derivatives	Contract Period	Nominal Amounts	Valuation Gain (Loss)	Amounts on the Consolidated Balance Sheet	
					Account	Amounts
Other - TCB Global Healthcare Multi-Asset Income Fund	Currency swap	2023.03.22-2023.06.26	US\$ 7,000	\$ (429)	Financial liabilities at fair value through profit or loss	\$ (429)
	Currency swap	2023.03.31-2023.06.30	US\$ 6,000	509	Financial assets at fair value through profit or loss	509
Other - TCB Global High Yield Bond Fund	Currency swap	2023.02.09-2023.05.09	US\$ 2,000	1,137	Financial assets at fair value through profit or loss	1,137
	Currency swap	2023.03.20-2023.04.20	US\$ 1,000	(143)	Financial liabilities at fair value through profit or loss	(143)
Other - TCB US Short Duration High Yield Bond Fund	Currency swap	2022.12.12-2023.06.12	US\$ 2,500	46	Financial assets at fair value through profit or loss	364
	Currency swap	2023.03.21-2024.03.21	US\$ 3,200	(174)	Financial liabilities at fair value through profit or loss	(174)
Other - TCB Environment & Socially Responsible Multi-Asset Fund	Currency swap	2023.01.06-2023.06.30	US\$ 4,700	242	Financial assets at fair value through profit or loss	242
	Currency swap	2023.03.21-2023.06.21	US\$ 2,500	(204)	Financial liabilities at fair value through profit or loss	(204)
Other - TCB Global Core Infrastructure Income Fund	Currency swap	2023.02.13-2023.04.13	US\$ 1,600	554	Financial assets at fair value through profit or loss	554
Other - TCB 2032 Target Date Multi-Asset Income Fund	Currency swap	2023.03.16-2023.06.16	US\$ 3,000	(324)	Financial liabilities at fair value through profit or loss	(324)

(Concluded)

For the Three Months Ended March 31, 2022

Related Party	Type of Derivatives	Contract Period	Nominal Amounts	Valuation Gain (Loss)	Amounts on the Consolidated Balance Sheet	
					Account	Amounts
Sister company - BPCTLI	Currency swap	2022.02.22-2022.05.23	EUR 3,012	\$ 718	Financial assets at fair value through profit or loss	\$ 718
		2021.09.30-2022.09.30	EUR 4,844	2,541	Financial liabilities at fair value through profit or loss	(2,395)
	Currency swap	2021.09.13-112.01.31	US\$ 65,298	48,209	Financial assets at fair value through profit or loss	48,077
		2022.03.31-2022.06.30	US\$ 60,206	(11,144)	Financial liabilities at fair value through profit or loss	(11,144)
Other - TCB 6 Year ESG Senior Emerging Market Bond Fund	Currency swap	2022.02.25-2022.08.25	US\$ 1,400	69	Financial assets at fair value through profit or loss	69
		2021.11.30-2022.11.30	US\$ 12,350	(4,595)	Financial liabilities at fair value through profit or loss	(5,772)
Other - TCB 6 Year Emerging Market Bond Fund	Currency swap	2022.03.08-2022.07.08	US\$ 6,000	571	Financial assets at fair value through profit or loss	571
		2022.01.13-2022.07.13	US\$ 12,890	(1,564)	Financial liabilities at fair value through profit or loss	(1,564)
Other - TCB 2026 Maturity Senior Emerging Market Corporate Bond Fund	Currency swap	2021.06.08-2022.06.08	US\$ 800	(56)	Financial liabilities at fair value through profit or loss	(592)
Other - TCB 2025 Emerging Market Bond Fund	Currency swap	2021.12.28-2022.08.23	US\$ 40,700	(8,535)	Financial liabilities at fair value through profit or loss	(9,962)

(Continued)

For the Three Months Ended March 31, 2022

Related Party	Type of Derivatives	Contract Period	Nominal Amounts	Valuation Gain (Loss)	Amounts on the Consolidated Balance Sheet	
					Account	Amounts
Other - TCB 2023 Maturity Selective Emerging Market Bond Fund	Currency swap	2022.03.03-2022.05.05	US\$ 1,450	\$ 189	Financial assets at fair value through profit or loss	\$ 189
		2022.03.31-2022.04.29	US\$ 6,730	(818)	Financial liabilities at fair value through profit or loss	(818)
Other - TCB Global High Yield Bond Fund	Currency swap	2021.12.21-2022.06.14	US\$ 18,500	9,960	Financial assets at fair value through profit or loss	9,367
		2022.03.17-2022.04.18	US\$ 1,500	(30)	Financial liabilities at fair value through profit or loss	(30)
Other - TCB US Short Duration High Yield Bond Fund	Currency swap	2021.12.13-2022.06.13	US\$ 17,900	11,967	Financial assets at fair value through profit or loss	11,491
Other - TCB Global Healthcare Multi-Asset Income Fund	Currency swap	2022.02.24-2022.05.24	US\$ 3,200	2	Financial assets at fair value through profit or loss	2
		2022.02.10-2022.05.10	US\$ 51,500	(7,080)	Financial liabilities at fair value through profit or loss	(7,080)
Other - TCB Environment & Socially Responsible Multi-Asset Fund	Currency swap	2022.03.23-2022.04.25	US\$ 10,000	1,102	Financial assets at fair value through profit or loss	1,102
		2022.03.23-2022.04.25	US\$ 9,000	(3,821)	Financial liabilities at fair value through profit or loss	(3,821)
Other - TCB ESG Retirement Growth Fund of Fund	Currency swap	2022.02.25-2022.05.31	US\$ 4,000	2,676	Financial assets at fair value through profit or loss	2,676
Other - TCB ESG Retirement Aggressive Fund of Fund	Currency swap	2022.02.25-2022.05.31	US\$ 3,500	2,342	Financial assets at fair value through profit or loss	2,342

(Concluded)

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

	For the Three Months Ended March 31	
	2023	2022
Financial assets and liabilities at fair value through profit or loss		
Sister companies		
BPCTLI	\$ 107,468	\$ 38,613
Others	(348)	-
Others	<u>(4,933)</u>	<u>20,486</u>
	<u>\$ 102,187</u>	<u>\$ 59,099</u>

m) Loans

March 31, 2023

Type	Account Volume or Name	Highest Balance in the Period Ended March 31, 2023 (Note 1)	Ending Balance	Loan Classification		Collaterals	Differences in Terms of Transaction Compared with Those for Unrelated Parties
				Normal Loans	Nonperforming Loans		
Consumer loans	71	\$ 222,220	\$ 206,051	\$ 206,051	\$ -	Note 2	None
Self-used housing mortgage loans	46	271,904	234,325	234,325	-	Land and buildings	None
Other	TCS	1,000,000	-	-	-	Bonds	None
	UTB	6,511,119	6,511,119	6,511,119	-	None	None

March 31, 2022

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

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

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

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

a) Cash in bank (part of cash and cash equivalents)

	March 31, 2023	December 31, 2022	March 31, 2022
Sister companies	<u>\$ 132,161</u>	<u>\$ 81,416</u>	<u>\$ 344,468</u>

b) Settlement receivables (part of other current assets)

	March 31, 2023	December 31, 2022	March 31, 2022
Sister companies	<u>\$ 44,787</u>	<u>\$ 34,008</u>	<u>\$ 101,707</u>

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

	March 31, 2023	December 31, 2022	March 31, 2022
Sister companies	<u>\$ 85</u>	<u>\$ 175,533</u>	<u>\$ 60,221</u>

d) Settlement receivable (part of receivable)

	March 31, 2023	December 31, 2022	March 31, 2022
Sister companies	\$ 30,556	\$ 15,724	\$ 445,305
Others	<u>2,052</u>	<u>6,977</u>	<u>5,560</u>
	<u>\$ 32,608</u>	<u>\$ 22,701</u>	<u>\$ 450,865</u>

e) TCS applied to TCB for call loans

For the Three Months Ended March 31, 2023				
Related Party	Highest Balance	Ending Balance	Interest Expense	Interest Rate (%)
Sister companies				
TCB	<u>\$ 307,230</u>	<u>\$ 304,400</u>	<u>\$ 3,624</u>	4.650-5.230
For the Three Months Ended March 31, 2022				
Related Party	Highest Balance	Ending Balance	Interest Expense	Interest Rate (%)
Sister companies				
TCB	<u>\$ 85,740</u>	<u>\$ 85,740</u>	<u>\$ 23</u>	0.270-0.820

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 March 31, 2023, December 31, 2022 and March 31, 2022, TCS had no borrowing and overdraft. The overdraft for the three months ended March 31, 2023 and 2022 were as follows:

For the Three Months Ended March 31, 2023				
	Highest Balance	Ending Balance	Interest Expense	Interest Rate (%)
Sister companies	<u>\$ 1,000,000</u>	<u>\$ -</u>	<u>\$ -</u>	-
For the Three Months Ended March 31, 2022				
	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

	March 31, 2023	December 31, 2022	March 31, 2022
Sister companies			
TCB	<u>\$ 70,947</u>	<u>\$ 81,807</u>	<u>\$ 112,330</u>

ii. Lease liabilities

	March 31, 2023	December 31, 2022	March 31, 2022
Sister companies	\$ <u>72,880</u>	\$ <u>83,879</u>	\$ <u>114,664</u>

iii. Interest expense

	For the Three Months Ended March 31	
	2023	2022
Sister companies	\$ <u>331</u>	\$ <u>518</u>

iv. Depreciation expense

	For the Three Months Ended March 31	
	2023	2022
Sister companies	\$ <u>10,861</u>	\$ <u>10,329</u>

3) Taiwan Cooperative Bills Finance Corporation Ltd.

a) Cash in bank

	Highest Balance	Ending Balance	Interest Expense	Interest Rate (%)
<u>For the three months ended March 31, 2023</u>				
Sister companies	\$ <u>121,861</u>	\$ <u>56,471</u>	\$ <u>1</u>	0.010-1.565
<u>For the three months ended March 31, 2022</u>				
Sister companies	\$ <u>507,469</u>	\$ <u>60,535</u>	\$ <u>1</u>	0.010-1.065

b) Call loans from banks

	Highest Balance	Ending Balance	Interest Expense	Interest Rate (%)
<u>For the three months ended March 31, 2023</u>				
Sister companies TCB	\$ <u>1,268,432</u>	\$ <u>1,267,420</u>	\$ <u>3,739</u>	1.200-5.100
<u>For the three months ended March 31, 2022</u>				
Sister companies TCB	\$ <u>3,655,672</u>	\$ <u>2,500,000</u>	\$ <u>2,555</u>	0.290-0.580

c) Securities sold under repurchase agreement

	Ending Balance	Interest Expense	Interest Rate (%)
<u>For the three months ended March 31, 2023</u>			
Sister companies	\$ 45,955	\$ 23	1.150
<u>For the three months ended March 31, 2022</u>			
Sister companies	\$ 354,567	\$ 575	0.280-0.520

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

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

	<u>March 31, 2023</u>		<u>December 31, 2022</u>		<u>March 31, 2022</u>	
	Amount	%	Amount	%	Amount	%
Sister company						
TCB	\$ 2,330,179	51	\$ 1,587,724	36	\$ 2,711,743	60

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

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

Note: The amount includes securities purchased under resell agreements.

c) Derivatives

For the three months ended March 31, 2023

Type of Derivatives	Related Party	Contract Period	Nominal Amounts	Valuation Gain (Loss)	Amounts on the Balance Sheet	
					Account	Amounts
Currency swap	Sister company - TCB	2023.03.31-2023.07.13	US\$ 10,000	\$ 3,090	Financial assets at fair value through profit or loss	\$ 3,090
		2022.12.30-2023.08.31	US\$ 109,307	(12,736)	Financial liabilities at fair value through profit or loss	(13,152)
		2023.01.31-2024.01.31	EUR 7,856	(3,002)	Financial liabilities at fair value through profit or loss	(3,002)
	Associates - Banque Nationale De Paris, Taipei Branch	2023.03.24-2023.12.16	US\$ 15,063	1,126	Financial assets at fair value through profit or loss	1,126
		2021.06.11-2024.08.19	US\$ 71,629	(2,079)	Financial liabilities at fair value through profit or loss	(105,714)
		2023.02.02-2024.02.02	EUR 10,933	(7,018)	Financial liabilities at fair value through profit or loss	(7,018)

For the three months ended March 31, 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	2021.03.31-2022.06.30	US\$ 60,206	\$ 11,129	Financial assets at fair value through profit or loss	\$ 11,129
		2021.09.13-2023.01.31	US\$ 65,298	(48,727)	Financial liabilities at fair value through profit or loss	(48,256)
		2021.09.30-2022.09.30	EUR 4,844	(2,502)	Financial assets at fair value through profit or loss	2,654
		2022.02.22-2022.05.23	EUR 3,012	(595)	Financial liabilities at fair value through profit or loss	(595)
	Associates - Banque Nationale De Paris, Taipei Branch (Note)	2019.06.28-2024.08.19	US\$ 80,878	(46,990)	Financial assets at fair value through profit or loss	43,826
		2021.06.11-2023.06.26	US\$ 26,942	(19,255)	Financial assets at fair value through profit or loss	(14,394)
		2022.02.22-2022.11.22	EUR 4,827	(1,382)	Financial assets at fair value through profit or loss	(1,382)

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

For the three months ended March 31, 2023 and 2022, the realized gains or losses on currency swaps with sister companies were \$103,192 thousand losses and \$38,613 thousand losses, respectively. Besides, the realized gains on currency swaps with affiliates were \$17,749 thousand and \$11,098 thousand, respectively.

The BPCTLI engaged in foreign exchange swaps with associates. Under these contracts, both parties should receive deposits (part of other assets - refundable deposits or other liabilities) depending on the value of the swaps. As of March 31, 2023, December 31, 2022 and March 31, 2022, the BPCTLI had received deposits of \$113,174 thousand, refunded deposits of \$100,742 thousand and received deposits of \$21,154 thousand, respectively.

d) Payables

	March 31, 2023	December 31, 2022	March 31, 2022
Sister company			
TCB	\$ 202,208	\$ 172,706	\$ 141,849
Associates	<u>-</u>	<u>135</u>	<u>401</u>
	<u>\$ 202,208</u>	<u>\$ 172,841</u>	<u>\$ 142,250</u>

e) Operating cost - insurance contract expenses

	For the Three Months Ended March 31	
	2023	2022
Sister company		
TCB	<u>\$ 109,963</u>	<u>\$ 116,823</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 Venture Capital Co., Ltd.

	March 31, 2023	December 31, 2022	March 31, 2022
Cash in banks (part of cash and cash equivalents) Sister company TCB	<u>\$ 210,656</u>	<u>\$ 216,342</u>	<u>\$ 19,213</u>

d. Salaries, bonuses and remunerations to main management

The salaries, bonuses and remunerations of the directors and main management for the three months ended March 31, 2023 and 2022, are summarized as follows:

	For the Three Months Ended March 31	
	2023	2022
Salaries and other short-term employment benefits	\$ 44,683	\$ 46,332
Post-employment benefits	3,437	1,014
Interest arising from the employees' preferential rate in excess of normal rates	<u>704</u>	<u>430</u>
	<u>\$ 48,824</u>	<u>\$ 47,776</u>

43. PLEDGED ASSETS

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

	March 31, 2023	December 31, 2022	March 31, 2022
Collaterals for call loans of foreign currency	\$ 40,000,000	\$ 40,000,000	\$ 40,000,000
Collaterals for domestic overdraft	31,390,000	31,390,000	31,390,000
Collaterals for overdraft of domestic U.S. dollar settlement	11,000,000	11,000,000	11,000,000
Guarantee deposits for provisional collateral seizure for loan defaults and others	1,110,800	1,045,200	1,117,000
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	541,299	518,682	458,750
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	330,000	290,000
Collaterals for overseas branch KHR settlement	1,502	1,493	1,411

(Continued)

	March 31, 2023	December 31, 2022	March 31, 2022
Collaterals for overseas branch U.S. dollar settlement	\$ 30,562	\$ 42,585	\$ 28,580
Overseas branches' guarantee deposits for operation	6,088	6,145	5,716
Guarantee deposits for the reaccommodations by CBC	-	-	30,000,000
Others	<u>90,000</u>	<u>90,000</u>	<u>90,000</u>
	<u>\$ 86,684,151</u>	<u>\$ 86,608,005</u>	<u>\$ 116,565,357</u> (Concluded)

To comply with the Central Bank of the Republic of China's (CBC) Interbank Funds Transfer and Settlement System for real-time gross settlement (RTGS), TCB provided certificates of deposit of \$30,000,000 thousand as collateral for day-term overdraft as of March 31, 2023, December 31, 2022 and March 31, 2022. The pledged amount may be adjusted anytime, and the unused overdraft amount at the end of a day can also be treated as TCB's liquidity reserve.

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

(In Thousands of U.S. Dollars)

Date	Outstanding Loan Balance	Collateral Value
March 31, 2023	<u>\$ 416,926</u>	<u>\$ 347,929</u>
December 31, 2022	<u>\$ 436,267</u>	<u>\$ 361,914</u>
March 31, 2022	<u>\$ 340,355</u>	<u>\$ 281,030</u>

- c. On March 31, 2022, TCB had pledged \$75,000,000 thousand to deposit reserve account B in accordance with the Central Bank's project financing regulations in response to the epidemic.
- d. As of March 31, 2023, December 31, 2022 and March 31, 2022 due to the KHR loans borrowed from the National Bank of Cambodia, up to US\$34,089 thousand, US\$27,927 thousand and US\$47,645 thousand in TCB's Phnom Penh Branch's due from the Central Bank were provided as collateral to the National Bank of Cambodia in accordance with the relevant regulations.

44. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

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

As of March 31, 2023, TCFHC's outstanding major construction and procurement contracts amounted to \$211,142 thousand, of which \$173,404 thousand was still unpaid.

b. Taiwan Cooperative Bank, Ltd.

- 1) As of March 31, 2023, TCB's outstanding major construction and procurement contracts amounted to \$686,298 thousand, of which \$499,763 thousand was still unpaid.
- 2) According to the joint venture contract signed with BNP Paribas Assurance (BNPPA), TCB signed the tri-party agreement with BNP Paribas Cardif TCB Life Insurance Co., Ltd. (BPCTLI) and Cooperative Insurance Broker Co., Ltd. (CIB) on April 13, 2010, which identified BPCTLI as the sole supplier of life insurance products for TCB and CIB, also applying TCB's marketing channels to sell life insurance products. Since TCB merged with the CIB on June 24, 2016, TCB signed a two-party agreement with BPCTLI on March 30, 2018 to replace the original tri-party agreement, the rights and obligations of the CIB were assumed by TCB.

c. Taiwan Cooperative Bills Finance Cooperation Ltd.

As of March 31, 2023, the commitments or contingencies that arose from business were as follows:

March 31, 2023

Guarantees of commercial paper	\$ 33,951,800
Purchase of reference-rate commercial paper	\$ 8,550,000

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

As of March 31, 2023, TCS's agreements on the acquisition of equipment and procurement contracts amounted to \$24,087 thousand, of which \$12,892 thousand was still unpaid.

45. FINANCIAL INSTRUMENTS

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

	March 31, 2023		December 31, 2022		March 31, 2022	
	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	\$ 701,710,087	\$ 697,982,880	\$ 719,535,355	\$ 714,728,964	\$ 689,909,199	\$ 689,607,428
<u>Financial liabilities</u>						
Bonds payable	82,790,000	83,145,741	80,290,000	80,616,994	82,100,000	82,107,798

Fair value hierarchy as at March 31, 2023, December 31, 2022 and March 31, 2022:

March 31, 2023

	Total	Level 1	Level 2	Level 3
<u>Financial assets</u>				
Investments in debt instruments at amortized cost	\$ 697,982,880	\$ 861,326	\$ 697,121,554	\$ -
<u>Financial liabilities</u>				
Bonds payable	83,145,741	-	83,145,741	-

December 31, 2022

	Total	Level 1	Level 2	Level 3
<u>Financial assets</u>				
Investments in debt instruments at amortized cost	\$ 714,728,964	\$ 519,086	\$ 714,209,878	\$ -
<u>Financial liabilities</u>				
Bonds payable	80,616,994	-	80,616,994	-

March 31, 2022

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

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 Refinitiv 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 Refinitiv 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 1.2515% and 1.6551%, between 1.3207% and 1.7870%, between 0.6291% and 1.0049% as of March 31, 2023, December 31, 2022 and March 31, 2022, 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% to 16.7% on March 31, 2023, December 31, 2022 and March 31, 2022. With other input values remaining and a change in discount for lack of marketability or for minority interest input value to reflect reasonable assumptions, the amount of fair value of investment in equity instruments will increase (decrease) as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Discount for lack of marketability			
Increase 10%	<u>\$ (1,103,436)</u>	<u>\$ (1,038,686)</u>	<u>\$ (1,222,930)</u>
Decrease 10%	<u>\$ 1,103,436</u>	<u>\$ 1,038,686</u>	<u>\$ 1,222,930</u>

(Continued)

	March 31, 2023	December 31, 2022	March 31, 2022
Discount for minority interest			
Increase 10%	\$ (38,068)	\$ (40,416)	\$ (35,768)
Decrease 10%	\$ 38,068	\$ 40,416	\$ 35,768
			(Concluded)

- c. The fair value hierarchy of the Company's financial instruments measured at fair value on a recurring basis as of March 31, 2023, December 31, 2022 and March 31, 2022 were as follows:

1) Fair value hierarchy

Financial Instruments Measured at Fair Value	March 31, 2023			
	Total	Level 1	Level 2	Level 3
<u>Non-derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at FVTPL				
Equity instruments	\$ 2,976,497	\$ 1,732,577	\$ 33,627	\$ 1,210,293
Debt instruments	2,264,858	623,089	1,641,769	-
Others	87,102,354	4,484,464	82,617,309	581
Financial assets at FVTOCI				
Equity instruments	40,802,790	34,131,280	-	6,671,510
Debt instruments	439,641,273	21,382,673	418,258,600	-
Others	2,280,763	-	2,280,763	--
<u>Liabilities</u>				
Financial liabilities at FVTPL	(1,876,153)	(477,374)	(1,398,779)	-
<u>Derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at FVTPL	2,563,752	400,388	2,163,364	-
<u>Liabilities</u>				
Financial liabilities at FVTPL	(1,160,007)	(60)	(1,159,947)	-

Financial Instruments Measured at Fair Value	December 31, 2022			
	Total	Level 1	Level 2	Level 3
<u>Non-derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at FVTPL				
Equity instruments	\$ 2,552,388	\$ 1,235,005	\$ 4,117	\$ 1,313,266
Debt instruments	2,017,725	736,284	1,281,441	-
Others	66,171,872	3,593,290	62,573,355	5,227
Financial assets at FVTOCI				
Equity instruments	35,905,032	29,677,955	-	6,227,077
Debt instruments	437,977,975	23,134,240	414,843,735	-
Others	1,218,738	-	1,218,738	-
<u>Liabilities</u>				
Financial liabilities at FVTPL	(696,467)	(696,467)	-	-
<u>Derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at FVTPL	5,330,990	448,118	4,882,872	-
<u>Liabilities</u>				
Financial liabilities at FVTPL	(2,953,763)	-	(2,953,763)	-
Financial Instruments Measured at Fair Value	March 31, 2022			
	Total	Level 1	Level 2	Level 3
<u>Non-derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at FVTPL				
Equity instruments	\$ 4,275,811	\$ 2,867,274	\$ 2,662	\$ 1,405,875
Debt instruments	3,518,535	1,490,443	2,028,092	-
Others	70,785,423	4,966,107	65,772,161	47,155
Financial assets at FVTOCI				
Equity instruments	52,374,757	44,953,520	-	7,421,237
Debt instruments	462,074,679	28,550,781	433,523,898	-
<u>Liabilities</u>				
Financial liabilities at FVTPL	(1,461,176)	(1,459,527)	(1,649)	-
<u>Derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at FVTPL	6,020,754	652,780	5,367,974	-
<u>Liabilities</u>				
Financial liabilities at FVTPL	(1,830,110)	(110)	(1,830,000)	-

There were no transfers between Levels 1 and 2 for the three months ended March 31, 2023. Some of the debt instruments held by the Company in 2022 were determined to be non-active bond instruments with market price information and liquidity, and the amount was transferred from Level 1 to Level 2. The evaluation is based on price information that can be observed in addition to open quotes in the active market.

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, 2023	\$ 1,318,493	\$ 6,227,077	\$ 7,545,570
Recognized in profit	44,119	-	44,119
Recognized in OCI (investment in equity instruments at FVTOCI)	-	444,433	444,433
Disposals	(106,738)	-	(106,738)
Transferred out of Level 3	<u>(45,000)</u>	<u>-</u>	<u>(45,000)</u>
Balance at March 31, 2023	<u>\$ 1,210,874</u>	<u>\$ 6,671,510</u>	<u>\$ 7,882,384</u>
Balance at January 1, 2022	\$ 1,456,354	\$ 6,959,665	\$ 8,416,019
Recognized in profit	45,426	-	45,426
Recognized in OCI (investment in equity instruments at FVTOCI)	-	309,487	309,487
Purchases	89,574	152,085	241,659
Disposals	<u>(138,324)</u>	<u>-</u>	<u>(138,324)</u>
Balance at March 31, 2022	<u>\$ 1,453,030</u>	<u>\$ 7,421,237</u>	<u>\$ 8,874,267</u>

The emerging stocks that did not reach the active standards were transferred out of Level 3 due to subsequently reached the active standards for the three months ended March 31, 2023.

The change in unrealized gains or losses for the three months ended March 31, 2023 and 2022 included in profit or loss for assets held at the March 31, 2023 and 2022, was \$9,889 thousand gains and \$6,320 thousand losses, respectively.

d. Information of financial liabilities designated as at FVTPL as follows:

	March 31, 2023
Difference between carrying amount and contractual amount at maturity	
Fair value	\$ 1,398,779
Amount payable at maturity	<u>1,426,114</u>
	<u>\$ (27,335)</u>
	Changes in Fair Value
	Attributable to
	Changes in
	Credit Risk
Accumulated amount of change	
As of March 31, 2023	<u>\$ (321)</u>

The change in fair value attributable to changes in credit risk recognized as other comprehensive income was calculated as the difference between the total change in fair value of bank debentures and the change in fair value due to changes in market risk factors. The change in fair value due to market risk factors was calculated using benchmark interest yield curves as at the end of the reporting period holding the credit risk margin constant. The fair value of bank debentures was estimated by discounting future cash flows using quoted benchmark and TCB's interest yield curves as at the end of the reporting period and by obtaining lender quotes for borrowings with similar maturities to estimate the credit risk margin.

e. Information on financial risk management

Taiwan Cooperative Financial Holding Co., Ltd.

1) Risk management

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

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

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

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

2) Credit risk

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

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

3) Market risk

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

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

Effect of interest rate benchmark reform

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

The following table contains details of non-derivative financial instruments held by the Company at March 31, 2023 which are subject to the reform and have not transitioned to an alternative benchmark interest rate:

	March 31, 2023
Financial assets that reference USD LIBOR	
Financial assets at FVTOCI	\$ 12,037,779
Discounts and loans	<u>53,089,713</u>
	<u>\$ 65,127,492</u>

4) Liquidity risk

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

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

Taiwan Cooperative Bank Ltd. and subsidiary

1) Risk management

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

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

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

Under the risk management decision approved by the Board, the risk management committee takes charge of and reviews all TCB's risk management implementation, capital adequacy assessment, and risk exposure management. It also communicates and the inter-departmental risk management issues and coordinates issue handling and continually monitors the execution of risk management procedures.

The risk management department is responsible for planning and designing the risk management system, deliberating capital allocation, setting up the instruments for risk measurement and capital provision, and monitoring risk control. This department also regularly prepares reports for submission to senior management, the risk management committee and the Board.

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

2) Credit risk

a) Credit risk management policy

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

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

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

i. Loans business (including loan commitments and guarantees)

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

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

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

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

ii. Due from and call loans to other banks

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

iii. Investments in debt instruments and derivatives

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

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

b) Measurement of expected credit losses

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

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

Loans business

i) Quantitative benchmark

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

ii) Qualitative benchmark

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

Bonds and bills business

i) Quantitative benchmark

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

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

ii) Qualitative benchmark

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

ii. Definition of default and credit loss on financial assets

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

Loans business

- i) Loans and other credits (including accrued interest) are overdue for at least 90 days.
- ii) Borrower filed for bankruptcy or reorganization.

- iii) Borrower defaulted on other financial instruments.
- iv) The lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulties, has granted the borrower concession that the lender would not otherwise consider.
- v) Borrower has been denied by TCH.

Bonds and bills business

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

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

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

iii. Reversal policy

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

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

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

iv. Measurement of expected credit losses

Loans business

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

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

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

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

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

There is no significant change in the estimation method and assumptions used to calculate expected credit loss as of March 31, 2023.

Bonds and bills business

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

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

There is no significant change in the estimation method and assumptions used to calculate expected credit loss as of March 31, 2023.

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, 2022 and 2021 is as follows:

	<u>Probability of Default</u>
Relevant economic factors	Monitoring indicator/unemployment rate

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

Bonds and bills business

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

c) Credit risk avoidance or mitigation policy

i. Strengthen collaterals and other credits

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

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

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

March 31, 2023

	Gross Carrying Amount	Allowance for Possible Losses	Total Exposure Amount (Amortized Cost)	Fair Value of Collateral
<u>Impaired financial assets</u>				
Receivables	\$ 304,116	\$ 103,518	\$ 200,598	\$ -
Discount and loans	35,109,236	4,671,619	30,437,617	64,028,259

December 31, 2022

	Gross Carrying Amount	Allowance for Possible Losses	Total Exposure Amount (Amortized Cost)	Fair Value of Collateral
<u>Impaired financial assets</u>				
Receivables	\$ 204,286	\$ 95,979	\$ 108,307	\$ -
Discount and loans	34,838,082	4,034,715	30,803,367	64,087,133

March 31, 2022

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

The total amount of financial assets that have been written off but have recourse action by TCB and its subsidiary in March 31, 2023, December 31, 2022 and March 31, 2022 were \$8,148,695 thousand, \$7,292,399 thousand and \$7,242,294 thousand, respectively.

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

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

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

Credit Risk Profile by Group or Industry	March 31, 2023		December 31, 2022		March 31, 2022	
	Amount	%	Amount	%	Amount	%
Natural person	\$ 982,563,228	36	\$ 989,233,524	38	\$ 970,039,452	38
Manufacturing	477,619,847	17	452,362,367	17	441,231,555	18
Government agencies	334,092,392	12	247,622,319	10	241,941,943	10

iii. Master netting arrangement

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

d) Maximum exposures to credit risks

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

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

	March 31, 2023	December 31, 2022	March 31, 2022
Financial assets at fair value through profit or loss - debt instrument	\$ 1,136,534	\$ 885,078	\$ 1,400,581

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

March 31, 2023					
	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired Financial Assets)	Difference of Impairment Loss under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	Total
Maximum exposures to credit risk	\$ 318,223,375	\$ 12,500	\$ 211,491	\$ -	\$ 318,447,366
Allowance for possible losses	(826,079)	(8)	(17,754)	-	(843,841)
Difference of impairment loss under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	-	-	-	(526,831)	(526,831)
	<u>\$ 317,397,296</u>	<u>\$ 12,492</u>	<u>\$ 193,737</u>	<u>\$ (526,831)</u>	<u>\$ 317,076,694</u>
December 31, 2022					
	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired Financial Assets)	Difference of Impairment Loss under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	Total
Maximum exposures to credit risk	\$ 285,093,436	\$ -	\$ 257,008	\$ -	\$ 285,350,444
Allowance for possible losses	(745,652)	-	(23,647)	-	(769,299)
Difference of impairment loss under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	-	-	-	(472,352)	(472,352)
	<u>\$ 284,347,784</u>	<u>\$ -</u>	<u>\$ 233,361</u>	<u>\$ (472,352)</u>	<u>\$ 284,108,793</u>

March 31, 2022

	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired Financial Assets)	Difference of Impairment Loss under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	Total
Maximum exposures to credit risk	\$ 305,923,018	\$ 99,159	\$ 1,180,941	\$ -	\$ 307,203,118
Allowance for possible losses	(794,649)	(93)	(175,142)	-	(969,884)
Difference of impairment loss under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	-	-	-	(424,059)	(424,059)
	<u>\$ 305,128,369</u>	<u>\$ 99,066</u>	<u>\$ 1,005,799</u>	<u>\$ (424,059)</u>	<u>\$ 305,809,175</u>

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

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

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

a) Credit quality analysis of discounts and loans

	March 31, 2023			Difference of Impairment Loss under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL		
Discounts and loans	\$ 2,715,079,228	\$ 5,116,691	\$ 35,109,236	\$ -	\$ 2,755,305,155
Allowance for possible losses	(4,459,615)	(67,061)	(4,671,619)	-	(9,198,295)
Difference of impairment loss under “Regulations Governing the Procedure for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	-	-	-	(21,919,752)	(21,919,752)
	<u>\$ 2,710,619,613</u>	<u>\$ 5,049,630</u>	<u>\$ 30,437,617</u>	<u>\$ (21,919,752)</u>	<u>\$ 2,724,187,108</u>

December 31, 2022					
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Difference of Impairment Loss under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	Total
Discounts and loans	\$ 2,579,964,014	\$ 5,893,927	\$ 34,838,082	\$ -	\$ 2,620,696,023
Allowance for possible losses	(4,125,312)	(100,144)	(4,034,715)	-	(8,260,171)
Difference of impairment loss under “Regulations Governing the Procedure for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	-	-	-	(22,636,872)	(22,636,872)
	<u>\$ 2,575,838,702</u>	<u>\$ 5,793,783</u>	<u>\$ 30,803,367</u>	<u>\$ (22,636,872)</u>	<u>\$ 2,589,798,980</u>

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

b) Credit quality analysis of receivables

March 31, 2023						
	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	\$ 14,477,419	\$ 82,281	\$ 304,116	\$ 3,579,384	\$ -	\$ 18,443,200
Allowance for possible losses	(24,980)	(11,997)	(103,518)	(181,268)	-	(321,763)
Difference of impairment loss under “Regulations Governing the Procedure for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	-	-	-	-	(183,684)	(183,684)
	<u>\$ 14,452,439</u>	<u>\$ 70,284</u>	<u>\$ 200,598</u>	<u>\$ 3,398,116</u>	<u>\$ (183,684)</u>	<u>\$ 17,937,753</u>

December 31, 2022						
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Credit Impairment by Using Simplified Method	Difference of Impairment Loss under "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	Total
Receivables	\$ 16,460,317	\$ 57,165	\$ 204,286	\$ 2,883,532	\$ -	\$ 19,605,300
Allowance for possible losses	(40,080)	(11,186)	(95,979)	(184,996)	-	(332,241)
Difference of impairment loss under "Regulations Governing the Procedure for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	-	-	-	-	(165,702)	(165,702)
	<u>\$ 16,420,237</u>	<u>\$ 45,979</u>	<u>\$ 108,307</u>	<u>\$ 2,698,536</u>	<u>\$ (165,702)</u>	<u>\$ 19,107,357</u>

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

c) Credit quality analysis of securities

March 31, 2023				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Investments in debt instruments at FVTOCI				
Gross carrying amount	\$ 399,818,480	\$ -	\$ 350,702	\$ 400,169,182
Allowance for possible losses	(49,801)	-	(218,488)	(268,289)
Amortized cost	399,768,679	-	132,214	399,900,893
Fair value adjustments	(16,377,471)	-	70,517	(16,306,954)
	<u>\$ 383,391,208</u>	<u>\$ -</u>	<u>\$ 202,731</u>	<u>\$ 383,593,939</u>
Investments in debt instruments at amortized cost	\$ 699,343,305	\$ -	\$ -	\$ 699,343,305
Allowance for possible losses	(31,746)	-	-	(31,746)
	<u>\$ 699,311,559</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 699,311,559</u>

	December 31, 2022			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Investments in debt instruments at FVTOCI				
Gross carrying amount	\$ 401,779,287	\$ -	\$ 359,150	\$ 402,138,437
Allowance for possible losses	<u>(60,665)</u>	<u>-</u>	<u>(222,673)</u>	<u>(283,338)</u>
Amortized cost	401,718,622	-	136,477	401,855,099
Fair value adjustments	<u>(19,017,037)</u>	<u>-</u>	<u>54,817</u>	<u>(18,962,220)</u>
	<u>\$ 382,701,585</u>	<u>\$ -</u>	<u>\$ 191,294</u>	<u>\$ 382,892,879</u>
Investments in debt instruments at amortized cost	\$ 717,151,165	\$ -	\$ -	\$ 717,151,165
Allowance for possible losses	<u>(22,243)</u>	<u>-</u>	<u>-</u>	<u>(22,243)</u>
	<u>\$ 717,128,922</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 717,128,922</u>
	March 31, 2022			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Investments in debt instruments at FVTOCI				
Gross carrying amount	\$ 415,317,203	\$ 348,487	\$ -	\$ 415,665,690
Allowance for possible losses	<u>(67,410)</u>	<u>(111,867)</u>	<u>-</u>	<u>(179,277)</u>
Amortized cost	415,249,793	236,620	-	415,486,413
Fair value adjustments	<u>(6,404,135)</u>	<u>(142,948)</u>	<u>-</u>	<u>(6,547,083)</u>
	<u>\$ 408,845,658</u>	<u>\$ 93,672</u>	<u>\$ -</u>	<u>\$ 408,939,330</u>
Investments in debt instruments at amortized cost	\$ 686,248,696	\$ -	\$ -	\$ 686,248,696
Allowance for possible losses	<u>(18,683)</u>	<u>-</u>	<u>-</u>	<u>(18,683)</u>
	<u>\$ 686,230,013</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 686,230,013</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, 2023	\$ 60,665	\$ -	\$ 222,673	\$ 283,338
New financial assets purchased	796	-	-	796
Derecognition of financial assets in the current reporting period	(387)	-	-	(387)
Change in model or risk parameters	(5,789)	-	(2,120)	(7,909)
Changes in exchange rates and other changes	<u>(5,484)</u>	<u>-</u>	<u>(2,065)</u>	<u>(7,549)</u>
Balance at March 31, 2023	<u>\$ 49,801</u>	<u>\$ -</u>	<u>\$ 218,488</u>	<u>\$ 268,289</u>

	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	3,946	-	-	3,946
Derecognition of financial assets in the current reporting period	(656)	-	-	(656)
Change in model or risk parameters	(2,559)	111,385	-	108,826
Changes in exchange rates and other changes	<u>480</u>	<u>15</u>	<u>-</u>	<u>495</u>
Balance at March 31, 2022	<u>\$ 67,410</u>	<u>\$ 111,867</u>	<u>\$ -</u>	<u>\$ 179,277</u>

- 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, 2023	\$ 22,243	\$ -	\$ -	\$ 22,243
New financial assets purchased	9,018	-	-	9,018
Derecognition of financial assets in the current reporting period	(749)	-	-	(749)
Change in model or risk parameters	1,278	-	-	1,278
Changes in exchange rates and other changes	<u>(44)</u>	<u>-</u>	<u>-</u>	<u>(44)</u>
Balance at March 31, 2023	<u>\$ 31,746</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,746</u>

	12-month ECL	Lifetime ECL (Collective Assessment)	Lifetime ECL (Non-purchased or Non-originated Credit-impaired Financial Assets)	Total
Balance at January 1, 2022	\$ 19,216	\$ -	\$ -	\$ 19,216
New financial assets purchased	417	-	-	417
Derecognition of financial assets in the current reporting period	(410)	-	-	(410)
Change in model or risk parameters	(986)	-	-	(986)
Changes in exchange rates and other changes	<u>446</u>	<u>-</u>	<u>-</u>	<u>446</u>
Balance at March 31, 2022	<u>\$ 18,683</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,683</u>

3) Market risks

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

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

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

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

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

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

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

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

Main Risk	Change Scenario	March 31, 2023	December 31, 2022	March 31, 2022
Interest rate risk	Interest rate curve increased 100 basis points	\$ (150,185)	\$ (51,733)	\$ (93,720)
	Interest rate curve fell 100 basis points	153,685	53,018	98,264
Exchange rate risk	USD/NT\$, EUR/NT\$ increased 3%	(374,875)	(486,412)	(312,964)
	USD/NT\$, EUR/NT\$ fell 3%	374,875	486,412	312,964
	Others (RMB, AUD etc.)/ NT\$ increased 5%	86,340	60,149	43,363
	Others (RMB, AUD etc.)/ NT\$ fell 5%	(86,340)	(60,149)	(43,363)
Equity security price risk	Equity security price increased by 15%	70,192	72,875	166,296
	Equity security price fell by 15%	(70,192)	(72,875)	(166,296)

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

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

Taiwan Cooperative Bank, Ltd.

	For the Three Months Ended March 31			
	2023		2022	
	Average Balance	Average Rate (%)	Average Balance	Average Rate (%)
<u>Interest-earning assets</u>				
Due from banks and other financial assets - due from banks	\$ 43,495,131	2.39	\$ 54,073,303	0.45
Due from the Central Bank	223,830,975	0.61	203,678,562	0.23
Call loans to banks and other financial assets - call loans to security firms	51,187,210	4.10	82,636,027	0.42
Financial assets mandatorily classified as at fair value through profit or loss	34,065,254	1.41	31,622,238	0.37
Financial assets at fair value through other comprehensive income	398,983,491	1.62	393,390,609	1.27
Investments in debt instruments at amortized cost	680,279,703	1.07	718,526,824	0.52
Securities purchased under resell agreements	63,135	1.26	-	-
Discounts and loans	2,717,950,521	2.43	2,471,582,747	1.55
<u>Interest-bearing liabilities</u>				
Deposits from the Central Bank and other banks	304,294,296	1.54	241,804,842	0.24
Due to the Central Bank and other banks	-	-	70,280,134	0.11
Financial liability designated as at fair value through profit or loss	348,606	4.95	-	-
Securities sold under repurchase agreements	9,649,107	0.69	6,884,343	0.17
Demand deposits	756,649,445	0.66	810,710,077	0.06
Savings - demand deposits	1,170,404,396	0.59	1,132,373,075	0.19
Time deposits	863,079,902	2.50	716,795,735	0.50

(Continued)

	For the Three Months Ended March 31			
	2023		2022	
	Average Balance	Average Rate (%)	Average Balance	Average Rate (%)
Time savings deposits	\$ 644,481,729	1.39	\$ 601,419,198	0.83
Treasury deposits	136,947,052	0.94	117,181,246	0.44
Negotiable certificates of deposits	43,871,313	1.53	44,904,601	0.38
Bank debentures	60,623,333	2.01	62,100,000	1.48
Lease liabilities	1,538,651	2.53	1,496,726	2.55

(Concluded)

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

(In Thousands)

	March 31, 2023		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
USD	\$ 13,488,187	30.4400	\$ 410,580,408
RMB	10,497,507	4.4420	46,629,928
AUD	1,403,288	20.4700	28,725,300
JPY	83,134,578	0.2287	19,012,878
EUR	666,944	33.2200	22,155,890
<u>Financial liabilities</u>			
USD	19,849,862	30.4400	604,229,804
RMB	7,840,452	4.4420	34,827,286
AUD	1,014,714	20.4700	20,771,203
JPY	78,966,902	0.2287	18,059,730
EUR	3,768,623	1.7080	6,436,807
	December 31, 2022		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
USD	\$ 12,988,371	30.7250	\$ 399,067,706
RMB	10,080,948	4.4110	44,467,064
AUD	1,448,863	20.7800	30,107,381
JPY	74,583,415	0.2321	17,310,811
EUR	629,522	32.7600	20,623,135
<u>Financial liabilities</u>			
USD	18,318,861	30.7250	562,847,006
RMB	7,488,595	4.4110	33,032,192
AUD	929,614	20.7800	19,317,386
JPY	77,713,544	0.2321	18,037,313
EUR	204,655	32.7600	6,704,498

	March 31, 2022		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
USD	\$ 15,461,863	28.5800	\$ 441,900,045
RMB	10,623,735	4.4940	47,743,066
AUD	1,587,696	21.4500	34,056,085
JPY	73,023,864	0.2341	17,094,887
EUR	524,480	31.9500	16,757,134
<u>Financial liabilities</u>			
USD	19,159,911	28.5800	547,590,248
RMB	9,292,940	4.4940	41,762,471
AUD	1,170,827	21.4500	25,114,244
JPY	69,838,295	0.2341	16,349,145
EUR	334,837	31.9500	10,698,055

4) Liquidity risk

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

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

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

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

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

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

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

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

TCB's liquidity reserve ratios were 29.34% in March 2023, 30.36% in December 2022 and 29.64% in March 2022.

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

March 31, 2023	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	\$ 165,143,994	\$ 54,751,636	\$ 44,940,857	\$ 32,762,815	\$ -	\$ 297,599,302
Financial liabilities at fair value through profit or loss	-	-	-	-	1,426,114	1,426,114
Securities sold under repurchase agreements	7,541,879	1,308,864	1,145,592	398,050	-	10,394,385
Payables	33,411,695	4,136,119	2,679,573	2,665,017	2,385,321	45,277,725
Deposits and remittances	413,320,752	551,687,599	544,156,955	763,542,296	1,444,839,292	3,717,546,894
Bank debentures	-	-	950,000	4,600,000	57,240,000	62,790,000
Lease liabilities	70,108	160,902	140,689	243,770	1,137,427	1,752,896
Other items of cash outflow on maturity	843,739	71	86	1,049,158	2,352,471	4,245,525

December 31, 2022	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Deposits from the Central Bank and other banks	\$ 156,871,435	\$ 62,843,943	\$ 6,393,789	\$ 56,268,668	\$ -	\$ 282,377,835
Securities sold under repurchase agreements	4,439,643	3,672,119	1,268,808	57,510	340,080	9,778,160
Payables	27,337,642	2,683,720	5,615,834	2,459,224	2,268,192	40,364,612
Deposits and remittances	383,494,927	558,272,283	468,057,587	724,591,101	1,465,111,767	3,599,527,665
Bank debentures	-	-	-	5,550,000	54,740,000	60,290,000
Lease liabilities	67,158	176,516	154,129	284,668	1,594,473	2,276,944
Other items of cash outflow on maturity	1,110,146	87	104	1,011,750	2,330,355	4,452,442

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

In the above table, the maturity analysis of deposits and remittances by residual-maturity period was based on TCB and its subsidiary's historical experience. Assuming that all demand deposits as of March 31, 2023, December 31, 2022 and March 31, 2022 must be repaid soon, the capital expenditure will be increased by \$1,955,823,307 thousand, \$1,973,423,557 thousand and \$1,969,837,262 thousand, respectively, within 30 days these balance sheet dates.

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

a) Derivative financial liabilities to be settled at net amounts

March 31, 2023	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial liabilities at fair value through profit or loss						
Currency	\$ 703	\$ 165	\$ 88	\$ 258	\$ -	\$ 1,214
Interest	(1,160)	935	(2,422)	(8,360)	(70,443)	(81,450)

December 31, 2022	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial liabilities at fair value through profit or loss						
Currency	\$ 1,067	\$ 1,476	\$ 2,291	\$ -	\$ -	\$ 4,834
Interest	113	-	191	808	10,346	11,458

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

b) Derivative financial liabilities to be settled at gross amounts

March 31, 2023	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial liabilities at fair value through profit or loss						
Currency derivatives						
Cash outflow	\$ 45,843,498	\$ 27,404,827	\$ 20,800,502	\$ 8,258,950	\$ 87,735	\$ 102,395,512
Cash inflow	45,954,674	27,704,761	21,008,556	8,467,805	87,948	103,223,744
Interest derivatives						
Cash outflow	159,993	61,377	-	-	-	221,370
Cash inflow	158,952	60,540	-	-	-	219,492
Total cash outflow	46,003,491	27,466,204	20,800,502	8,258,950	87,735	102,616,882
Total cash inflow	46,113,626	27,765,301	21,008,556	8,467,805	87,948	103,443,236
Net cash flow	110,135	299,097	208,054	208,855	213	826,354

December 31, 2022	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial liabilities at fair value through profit or loss						
Currency derivatives						
Cash outflow	\$ 66,245,144	\$ 53,926,085	\$ 20,097,437	\$ 10,625,249	\$ 14,765	\$ 150,908,680
Cash inflow	66,943,713	55,187,491	20,421,566	10,885,597	14,777	153,453,144
Interest derivatives						
Cash outflow	201,084	431,287	162,113	-	-	794,484
Cash inflow	205,039	432,114	164,351	-	-	801,504
Total cash outflow	66,446,228	54,357,372	20,259,550	10,625,249	14,765	151,703,164
Total cash inflow	67,148,752	55,619,605	20,585,917	10,885,597	14,777	154,254,648
Net cash flow	702,524	1,262,233	326,367	260,348	12	2,551,484

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

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

March 31, 2023	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Irrevocable loan commitments issued	\$ 2,045,282	\$ 10,446,945	\$ 5,867,007	\$ 12,413,365	\$ 96,960,549	\$ 127,733,148
Irrevocable credit card commitments	523,735	521,275	1,099,985	2,332,777	57,531,321	62,009,093
Letters of credit issued yet unused	5,452,834	13,605,386	3,599,593	1,231,730	4,885,602	28,775,145
Other guarantees	10,506,599	10,713,743	6,391,743	15,871,894	56,446,001	99,929,980

December 31, 2022	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Irrevocable loan commitments issued	\$ 1,207,889	\$ 7,769,054	\$ 10,774,940	\$ 12,479,531	\$ 75,861,591	\$ 108,093,005
Irrevocable credit card commitments	495,065	212,527	1,294,099	2,168,383	57,500,318	61,670,392
Letters of credit issued yet unused	6,040,654	11,544,327	2,249,721	1,257,046	4,359,314	25,451,062
Other guarantees	8,053,567	5,695,664	5,206,304	13,022,532	58,157,918	90,135,985

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

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 \$504,507 thousand, \$658,111 thousand and \$713,994 thousand as of March 31, 2023, December 31, 2022 and March 31, 2022, respectively.

ii. Sensitivity analysis

i) Interest rate risk

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

Assuming all other indicators had been held constant and had the interest rate increased by 0.01% as of March 31, 2023, December 31, 2022 and March 31, 2022 the fair values of financial assets would have decreased by \$19,155 thousand, \$18,232 thousand and \$18,994 thousand, respectively.

ii) Equity risk

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

Assuming all other indicators had been held constant and based on the asset condition of BPCTLI on March 31, 2023, December 31, 2022 and March 31, 2022, had the TAIEX fallen 1%, the fair value of the equity assets would have decreased by \$14,745 thousand, \$12,295 thousand and \$18,424 thousand, respectively.

iii) Foreign currency risk

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

BPCTLI's overseas financial instruments were primarily exposed to the U.S. dollar. Assuming all other factors had been held constant, no hedging had been involved, and had the U.S. dollar decreased by 1% for the three months ended March 31, 2023, the whole year ended December 31, 2022 and the three months ended March 31, 2022, the income before income tax would have decreased by \$135,611 thousand, \$129,153 thousand and \$140,929 thousand, respectively.

The table below shows the carrying value of financial assets and liabilities denominated in foreign currency as of March 31, 2023, December 31, 2022 and March 31, 2022.

March 31, 2023

	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
Savings accounts			
USD	\$ 32,095	30.423	\$ 976,435
ZAR	52,290	1.707	89,279
AUD	3,104	20.445	63,462
Receivables			
USD	4,796	30.423	145,918
EUR	784	33.170	25,993
RMB	858	4.435	3,806
Financial assets at FVTPL			
USD	2,272	30.423	69,125
Financial assets at FVTOCI			
USD	396,602	30.423	12,065,829
EUR	52,636	33.170	1,745,926
RMB	75,273	4.435	333,836
Financial assets at amortized cost			
EUR	9,760	33.170	323,736
USD	5,415	30.423	164,745
Refundable deposits			
USD	4,570	30.423	139,033

December 31, 2022

	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
Savings accounts			
USD	\$ 3,231	30.714	\$ 99,229
ZAR	34,197	1.810	61,894
AUD	2,239	20.805	46,576
Receivables			
USD	3,962	30.714	121,697
EUR	221	32.720	7,236
RMB	90	4.404	396
Financial assets at FVTPL			
USD	2,122	30.714	65,190
Financial assets at FVTOCI			
USD	401,093	30.714	12,319,185
EUR	29,114	32.720	952,623
RMB	74,678	4.404	328,882
Financial assets at amortized cost			
EUR	9,741	32.720	318,710
USD	5,415	30.714	166,303
<u>Financial liabilities</u>			
Guarantee deposits received			
USD	4,680	30.714	143,742

March 31, 2022

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

(Continued)

	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial assets at amortized cost			
USD	\$ 5,418	28.586	\$ 154,869
EUR	9,707	31.910	309,828
<u>Financial liabilities</u>			
Guarantee deposits received			
USD	830	28.586	23,717 (Concluded)

iii. Stress testing

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

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

Assuming the U.S. 10 year Treasury yield increased by 1% as of March 31, 2023, December 31, 2022 and March 31, 2022, the losses on financial assets of the BPCTLI would have been \$693,792 thousand, \$746,996 thousand and \$706,260 thousand, respectively.

2) Credit risk

a) Credit risk definition and classifications

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

b) Credit risk strategy and procedures

BPCTLI controls credit risk as follows:

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

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

ii. Stress testing

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

iii. Credit risk reduction policy

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

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

iv. Credit analysis for bonds

	March 31, 2023		
	Carrying Amount	Fair Value	%
Domestic investment - government bonds (Note 1)	\$ 12,242,741	\$ 12,230,172	40
Domestic investment - corporate bonds (twAAA - twAA)	3,479,583	3,479,583	11
Overseas investment - government bonds	3,207,745	3,178,065	11
Overseas investment - corporate bonds and bank debentures (Aa2 - A3)	10,223,029	10,222,849	34
Overseas investment - corporate bonds and bank debentures (Baa1 - Ba1)	<u>1,202,997</u>	<u>1,202,997</u>	<u>4</u>
	<u>\$ 30,356,095</u>	<u>\$ 30,313,666</u>	<u>100</u>
	December 31, 2022		
	Carrying Amount	Fair Value	%
Domestic investment - government bonds (Note 1)	\$ 11,643,601	\$ 11,627,445	40
Domestic investment - corporate bonds (twAAA - twAA)	3,456,693	3,456,693	12
Overseas investment - government bonds	2,834,966	2,803,706	10
Overseas investment - corporate bonds and bank debentures (Aa2 - A3)	10,061,166	10,060,965	34
Overseas investment - corporate bonds and bank debentures (Baa1 - Ba1)	<u>1,189,571</u>	<u>1,189,571</u>	<u>4</u>
	<u>\$ 29,185,997</u>	<u>\$ 29,138,380</u>	<u>100</u>

	March 31, 2022		
	Carrying Amount	Fair Value	%
Domestic investment - government bonds (Note 1)	\$ 11,359,898	\$ 11,379,692	38
Domestic investment - corporate bonds (twAA - twAA-)	3,605,061	3,605,061	12
Overseas investment - government bonds	2,699,801	2,725,637	9
Overseas investment - corporate bonds and bank debentures (Aa2 - A3)	11,141,573	11,141,817	37
Overseas investment - corporate bonds and bank debentures (Baa1 - Ba1)	<u>1,185,528</u>	<u>1,185,528</u>	<u>4</u>
	<u>\$ 29,991,861</u>	<u>\$ 30,037,735</u>	<u>100</u>

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

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

3) Liquidity risk

a) Source and definition of liquidity risk

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

b) Liquidity risk management strategy and principles

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

c) Maturity analysis

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

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

ii. Maturity analysis of derivatives

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

	March 31, 2023			
	Within One Year	1 Year to 3 Years	3 Years to 5 Years	Over Five Years
<u>Net settled</u>				
Currency swap contracts	\$ (250,139)	\$ (85,835)	\$ -	\$ -
Cross-currency swap contracts	-	567	(130)	-
	<u>\$ (250,139)</u>	<u>\$ (85,268)</u>	<u>\$ (130)</u>	<u>\$ -</u>
	December 31, 2022			
	Within One Year	1 Year to 3 Years	3 Years to 5 Years	Over Five Years
<u>Net settled</u>				
Currency swap contracts	\$ (338,700)	\$ (99,000)	\$ -	\$ -
Cross-currency swap contracts	-	1,871	-	-
	<u>\$ (338,700)</u>	<u>\$ (97,129)</u>	<u>\$ -</u>	<u>\$ -</u>
	March 31, 2022			
	Within One Year	1 Year to 3 Years	3 Years to 5 Years	Over Five Years
<u>Net settled</u>				
Currency swap contracts	\$ 50,281	\$ (10,842)	\$ -	\$ -
Cross-currency swap contracts	-	-	19,937	-
	<u>\$ 50,281</u>	<u>\$ (10,842)</u>	<u>\$ 19,937</u>	<u>\$ -</u>

f. Insurance contracts

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

March 31, 2022

	Changes in the Assumptions	Impact on Income Before Income Tax	Impact on Equity
Discount rate	0.25%	\$ 15,251	\$ 12,201
Discount rate	(0.25%)	(15,285)	(12,228)
Mortality rate	10.00%	(7,776)	(6,221)
Mortality rate	(10.00%)	7,775	6,220
Withdrawal rate	30.00%	3,884	3,107
Withdrawal rate	(30.00%)	(3,855)	(3,084)
Illness rate/loss rate	15.00%	(5,421)	(4,337)
Expense rate	10.00%	(73,567)	(58,854)

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

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

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

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

4) Credit risk, liquidity risk, and market risk

a) Market risk

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

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

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

b) Credit risk

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

c) Liquidity risk

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

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

g. Transfers of financial assets

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

March 31, 2023					
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	\$ 32,540,672	\$ 32,552,197	\$ 32,540,672	\$ 31,522,197	\$ (11,525)
Financial assets at FVTOCI - securities sold under repurchase agreements	32,753,269	33,403,099	32,753,269	33,403,089	(649,830)

December 31, 2022					
Financial Assets	Carrying Amount of Transferred Financial Assets	Carrying Amount of Related Financial Liabilities	Fair Value of Transferred Financial Assets	Fair Value of Related Financial Liabilities	Net Position of Fair Value
Financial assets at FVTPL - securities sold under repurchase agreements	\$ 34,548,929	\$ 34,565,664	\$ 34,548,929	\$ 34,565,664	\$ (16,735)
Financial assets at FVTOCI - securities sold under repurchase agreements	32,186,131	33,077,771	32,186,131	33,077,771	(891,640)

March 31, 2022					
Financial Assets	Carrying Amount of Transferred Financial Assets	Carrying Amount of Related Financial Liabilities	Fair Value of Transferred Financial Assets	Fair Value of Related Financial Liabilities	Net Position of Fair Value
Financial assets at FVTPL - securities sold under repurchase agreements	\$ 29,553,797	\$ 29,527,386	\$ 29,553,797	\$ 29,527,386	\$ 26,411
Financial assets at FVTOCI - securities sold under repurchase agreements	23,326,545	24,253,756	23,326,545	24,253,756	(927,211)

h. Offsetting financial assets and financial liabilities

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

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

March 31, 2023

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	\$ 1,812,480	\$ -	\$ 1,812,480	\$ (1,812,480)	\$ -	\$ -

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	\$ 65,955,296	\$ -	\$ 65,955,296	\$ (64,840,853)	\$ -	\$ 1,114,443

December 31, 2022

Financial Assets	Gross Amounts of Recognized Financial Assets	Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet	Net Amounts of Financial Assets Presented in the Balance Sheet	Related Amounts Not Offset in the Balance Sheet		Net Amount
				Financial Instruments	Cash Collateral Received	
Resell agreements	\$ 2,642,175	\$ -	\$ 2,642,175	\$ (2,642,325)	\$ -	\$ (150)

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	\$ 67,643,435	\$ -	\$ 67,643,435	\$ (66,413,078)	\$ -	\$ 1,230,357

March 31, 2022

Financial Assets	Gross Amounts of Recognized Financial Assets	Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet	Net Amounts of Financial Assets Presented in the Balance Sheet	Related Amounts Not Offset in the Balance Sheet		Net Amount
				Financial Instruments	Cash Collateral Received	
Resell agreements	\$ 1,755,639	\$ -	\$ 1,755,639	\$ (1,755,639)	\$ -	\$ -

Financial Liabilities	Gross Amounts of Recognized Financial Liabilities	Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet	Net Amounts of Financial Liabilities Presented in the Balance Sheet	Related Amounts Not Offset in the Balance Sheet		Net Amount
				Financial Instruments	Cash Collateral Pledged	
Repurchase agreements	\$ 53,781,142	\$ -	\$ 53,781,142	\$ (52,600,856)	\$ -	\$ 1,180,286

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

The Act Governing Bills Finance Business and related regulations require that the bills finance business maintain CARs at a minimum of 8%.

Under the rules governing securities firms and related regulations, the CAR of a securities firm should be at least 150% to ensure its stability as well as maintain the health of the security markets. If the ratio is below 150%, the authority may impose certain restrictions on a firm's operations.

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

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

a. Asset quality of Taiwan Cooperative Bank, Ltd.: Table 2 (attached).

b. Concentration of credit extensions

1) Taiwan Cooperative Bank, Ltd. (TCB)

(In Thousands of New Taiwan Dollars, %)

Rank (Note 1)	March 31, 2023		
	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	\$ 35,583,878	14.58
2	Group B Railway transportation	31,909,193	13.08
3	Group C Financial leasing	22,265,876	9.12
4	Group D Petroleum and coal products manufacturing	18,031,935	7.39
5	Group E Computers manufacturing	13,734,172	5.63
6	Group F Iron and steel smelting	13,438,985	5.51
7	Group G Computers and computing peripheral equipment manufacturing	13,306,139	5.45
8	Group H Wholesale of electronic and communication equipment and parts	11,952,784	4.90
9	Group I LCD panel and its component manufacturing	11,863,694	4.86
10	Group J Cotton and textile	11,857,000	4.86

(In Thousands of New Taiwan Dollars, %)

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

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

(In Thousands of New Taiwan Dollars, %)

Rank (Note 1)	March 31, 2023		
	Industry of Group Enterprise (Note 2)	Total Amount of Credit Endorsement or Other Transactions (Note 3)	Percentage of TCBF's Equity
1	Group A Real estate development	\$ 1,403,000	21.35
2	Group B Iron and steel rolls over extends and crowding	1,123,000	17.09
3	Group C Real estate development	1,137,000	17.30
4	Group D Iron and steel rolls over extends and crowding	1,100,000	16.74
5	Group E Other retail sale in nonspecialized stores	1,100,000	16.74
6	Group F Real estate development	1,065,000	16.21
7	Group G Real estate development	1,065,000	16.21
8	Group H Construction of buildings	960,000	14.61
9	Group I Real estate development	800,000	12.17
10	Group J Real estate development	689,100	10.49

(In Thousands of New Taiwan Dollars, %)

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

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

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

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

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

**Interest Rate Sensitivity
March 31, 2023**

(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	\$ 2,986,241,091	\$ 160,771,085	\$ 41,346,376	\$ 417,110,311	\$ 3,605,468,863
Interest rate-sensitive liabilities	1,200,379,711	1,878,541,290	98,705,709	58,686,687	3,236,313,397
Interest rate sensitivity gap	1,785,861,380	(1,717,770,205)	(57,359,333)	358,423,624	369,155,466
Net worth					210,210,809
Ratio of interest rate-sensitive assets to liabilities					111.41
Ratio of interest rate sensitivity gap to net worth					175.61

**Interest Rate Sensitivity
March 31, 2022**

(In Thousands of New Taiwan Dollars, %)

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	\$ 2,781,462,357	\$ 150,628,790	\$ 34,252,815	\$ 392,297,980	\$ 3,358,641,942
Interest rate-sensitive liabilities	1,085,366,000	1,841,728,942	93,706,620	45,834,954	3,066,636,516
Interest rate sensitivity gap	1,696,096,357	(1,691,100,152)	(59,453,805)	346,463,026	292,005,426
Net worth					211,656,249
Ratio of interest rate-sensitive assets to liabilities					109.52
Ratio of interest rate sensitivity gap to net worth					137.96

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

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

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

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

**Interest Rate Sensitivity
March 31, 2023**

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

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	\$ 12,880,048	\$ 995,424	\$ 536,859	\$ 2,838,656	\$ 17,250,987
Interest rate-sensitive liabilities	18,929,557	2,828,855	1,964,345	14,160	23,736,917
Interest rate sensitivity gap	(6,049,509)	(1,833,431)	(1,427,486)	2,824,496	(6,485,930)
Net worth					1,111,560
Ratio of interest rate-sensitive assets to liabilities					72.68
Ratio of interest rate sensitivity gap to net worth					(583.50)

Interest Rate Sensitivity
March 31, 2022

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

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	\$ 14,865,689	\$ 1,006,036	\$ 461,543	\$ 2,899,863	\$ 19,233,131
Interest rate-sensitive liabilities	18,209,811	3,150,095	1,831,184	-	23,191,090
Interest rate sensitivity gap	(3,344,122)	(2,144,059)	(1,369,641)	2,899,863	(3,957,959)
Net worth					1,291,379
Ratio of interest rate-sensitive assets to liabilities					82.93
Ratio of interest rate sensitivity gap to net worth					(306.49)

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

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

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

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

d. Profitability

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

(%)

Items		March 31, 2023	March 31, 2022
Return on total assets	Before income tax	0.52	0.48
	After income tax	0.44	0.40
Return on equity	Before income tax	10.52	8.74
	After income tax	8.89	7.41
Net income ratio		34.15	38.74

2) Taiwan Cooperative Financial Holding Co., Ltd.

(%)

Items		March 31, 2023	March 31, 2022
Return on total assets	Before income tax	7.38	6.21
	After income tax	7.41	6.22
Return on equity	Before income tax	8.81	7.29
	After income tax	8.84	7.31
Net income ratio		99.19	98.78

3) Taiwan Cooperative Bank, Ltd.

(%)

Items		March 31, 2023	March 31, 2022
Return on total assets	Before income tax	0.51	0.44
	After income tax	0.43	0.37
Return on equity	Before income tax	9.20	7.32
	After income tax	7.80	6.24
Net income ratio		36.18	37.60

4) Taiwan Cooperative Bills Finance Corporation Ltd.

(%)

Items		March 31, 2023	March 31, 2022
Return on total assets	Before income tax	(0.33)	0.63
	After income tax	(0.39)	0.49
Return on equity	Before income tax	(3.03)	5.19
	After income tax	(3.63)	4.09
Net income ratio		(57.17)	57.67

5) Taiwan Cooperative Securities Co., Ltd.

(%)

Items		March 31, 2023	March 31, 2022
Return on total assets	Before income tax	0.65	1.19
	After income tax	0.55	0.99
Return on equity	Before income tax	3.37	7.55
	After income tax	2.86	6.30
Net income ratio		15.21	27.30

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

(%)

Items		March 31, 2023	March 31, 2022
Return on total assets	Before income tax	1.06	1.19
	After income tax	0.94	1.01
Return on equity	Before income tax	12.70	13.51
	After income tax	11.28	11.41
Net income ratio		57.48	57.05

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

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

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

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

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

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

Maturity Analysis of Assets and Liabilities
March 31, 2023

(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	\$ 3,950,490,012	\$ 421,220,516	\$ 415,091,294	\$ 184,638,775	\$ 219,958,523	\$ 585,775,162	\$ 2,123,805,742
Main capital outflow on maturity	4,719,582,661	239,562,236	250,943,942	570,525,217	630,876,268	971,348,732	2,056,326,266
Gap	(769,092,649)	181,658,280	164,147,352	(385,886,442)	(410,917,745)	(385,573,570)	67,479,476

Maturity Analysis of Assets and Liabilities
March 31, 2022

(In Thousands of New Taiwan Dollars)

	Total	Remaining Period to Maturity					
		0 to 10 Days	11 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year
Main capital inflow on maturity	\$ 3,749,604,546	\$ 412,795,022	\$ 429,083,324	\$ 237,218,615	\$ 246,023,051	\$ 413,183,373	\$ 2,011,301,161
Main capital outflow on maturity	4,316,612,176	238,134,191	202,809,298	482,107,100	581,518,097	843,803,206	1,968,240,284
Gap	(567,007,630)	174,660,831	226,274,026	(244,888,485)	(335,495,046)	(430,619,833)	43,060,877

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

Maturity Analysis of Assets and Liabilities
March 31, 2023

(In Thousands of U.S. Dollars)

	Total	Remaining Period to Maturity					Over One Year
		0 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to One Year		
Main capital inflow on maturity	\$ 26,534,783	\$ 8,145,023	\$ 4,376,965	\$ 3,401,181	\$ 2,063,109	\$ 8,548,505	
Main capital outflow on maturity	30,024,550	11,387,563	6,802,472	4,955,266	3,856,253	3,022,996	
Gap	(3,489,767)	(3,242,540)	(2,425,507)	(1,554,085)	(1,793,144)	5,525,509	

Maturity Analysis of Assets and Liabilities
March 31, 2022

(In Thousands of U.S. Dollars)

	Total	Remaining Period to Maturity					Over One Year
		0 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to One Year		
Main capital inflow on maturity	\$ 28,580,773	\$ 9,554,112	\$ 3,680,524	\$ 3,673,778	\$ 3,474,409	\$ 8,197,950	
Main capital outflow on maturity	32,436,696	11,078,662	6,476,625	6,827,865	4,714,915	3,338,629	
Gap	(3,855,923)	(1,524,550)	(2,796,101)	(3,154,087)	(1,240,506)	4,859,321	

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

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

March 31, 2023

Items		Period				
		1 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year
Use of funds	Bills	\$ 21,280,079	\$ 15,638,255	\$ 911,639	\$ 404,434	\$ -
	Bonds	44,200	150,000	150,000	700,000	19,948,720
	Cash in bank	266,235	120,200	-	-	-
	Total	21,590,514	15,908,455	1,061,639	1,104,434	19,948,720
Source of funds	Borrowings	8,151,380	-	-	-	-
	Securities sold under repurchase agreements	42,485,704	2,737,451	9,048	-	-
	Equity fund	-	-	-	-	-
	Total	50,637,084	2,737,451	9,048	-	-
Net flows		(29,046,570)	13,171,004	1,052,591	1,104,434	19,948,720
Accumulated capital net flows		(29,046,570)	(15,875,566)	(14,822,975)	(13,718,541)	6,230,179

March 31, 2022

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

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

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

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

Balance Sheets of Trust Accounts							
Trust Assets	December 31,			Trust Liabilities	December 31,		
	March 31, 2023	2022	March 31, 2022		March 31, 2023	2022	March 31, 2022
Cash in banks	\$ 10,084,293	\$ 11,509,570	\$ 11,026,136	Payables			
Short-term investments				Accrued expense	\$ 1,443	\$ 1,218	\$ 786
Mutual funds	215,154,086	211,500,801	198,744,826	Others	21	23	-
Stocks	3,716,115	3,017,490	3,188,139	Payables on the purchase of securities	-	2,117	-
Debt instruments	87,072	79,112	47,405	Other liabilities	64	2	1
	<u>218,957,273</u>	<u>214,597,403</u>	<u>201,980,370</u>		<u>1,528</u>	<u>3,360</u>	<u>787</u>
Securities lending	240,185	146,893	228,670	Accounts payable on securities under custody	197,753,170	192,191,761	220,597,592
Receivables	16,995	15,718	5,371	Trust capital	320,194,962	323,839,577	315,812,825
Real estate				Reserves and retained earnings			
Land	56,919,389	63,589,594	68,276,815	Net income	772,036	573,224	973,353
Buildings	7,569	7,873	4,789	Retained earnings	14,745	(39,886)	6,560
Construction in process	34,331,845	34,427,222	35,188,798		786,781	533,338	979,913
	<u>91,258,803</u>	<u>98,024,689</u>	<u>103,470,402</u>				
Intangible assets							
Leasehold interest	82,002	82,002	-				
Superficies	-	-	82,002				
	<u>82,002</u>	<u>82,002</u>	<u>82,002</u>				
Other assets	343,720	-	574				
Securities under custody	197,753,170	192,191,761	220,597,592				
Total	\$ 518,736,441	\$ 516,568,036	\$ 537,391,117	Total	\$ 518,736,441	\$ 516,568,036	\$ 537,391,117

Note: As of March 31, 2023, December 31, 2022 and March 31, 2022, total trust-related assets included OBU funds and bonds investments in the amount of \$2,519,662 thousand, \$1,759,697 thousand and \$1,449,741 thousand, respectively.

Trust Property List

Investment Items	March 31, 2023	December 31, 2022	March 31, 2022
Cash in banks	\$ 10,084,293	\$ 11,509,570	\$ 11,026,136
Short-term investments			
Mutual funds	215,154,086	211,500,801	198,744,826
Stocks	3,716,115	3,017,490	3,188,139
Debt instruments	87,072	79,112	47,405
Securities lending	240,185	146,893	228,670
Receivables			
Accrued interest	5,888	5,121	2,708
Receivable on the sale of securities	-	-	46
Mutual funds	64	-	183
Cash dividends	9,851	9,696	1,327
Others	1,192	901	1,107
Real estate			
Land	56,919,389	63,589,594	68,276,815
Buildings	7,569	7,873	4,789
Construction in process	34,331,845	34,427,222	35,188,798
Intangible assets			
Leasehold interest	82,002	82,002	82,002
Other assets	343,720	-	574
Securities under custody	<u>197,753,170</u>	<u>192,191,761</u>	<u>220,597,592</u>
Total	<u>\$ 518,736,441</u>	<u>\$ 516,568,036</u>	<u>\$ 537,391,117</u>

**Statements of Income on Trust Accounts
For the Three Months Ended March 31, 2023 and 2022**

	2023	2022
Revenues		
Interest revenue	\$ 6,304	\$ 1,613
Lending stock	909	963
Cash dividends	580	4,549
Realized gain on investment - stocks	6,461	34,142
Unrealized gain on investment - stocks	786,362	920,509
Unrealized gain on investment - lending stock	89,073	69,380
Realized gain on investment - mutual funds	3,326	7,186
Unrealized gain on investment - mutual funds	40,615	42,662
Beneficial certificate appropriation	2,790	2,657
Others	<u>53</u>	<u>66,447</u>
Total revenues	<u>936,473</u>	<u>1,150,108</u>
Expenses		
Management fees	2,782	2,387
Monitoring fees	330	1
Taxes	18	-
Service charge	23	27
Postage	64	1
Unrealized loss on investment - stocks	63,713	58,727
Unrealized loss on investment - lending stock	38,641	44,169
Unrealized loss on investment - mutual funds	58,512	25,515
Realized loss on investment - mutual funds	297	20,685
Realized loss on investment - stocks	31	25,214
Others	<u>26</u>	<u>29</u>
Total expenses	<u>164,437</u>	<u>176,755</u>
Income before income tax	772,036	973,353
Income tax expense	<u>-</u>	<u>-</u>
Net income	<u>\$ 772,036</u>	<u>\$ 973,353</u>

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

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

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

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

As of March 31, 2023, December 31, 2022 and March 31, 2022, TCB's accrued receivables were \$7,361 thousand, \$6,208 thousand and \$8,315 thousand, respectively. TCB's revenues from cross-selling transactions were \$6,037 thousand and \$8,035 thousand for the three months ended March 31, 2023 and 2022, respectively.

To promote the insurance business together, TCB and TCS signed cooperation arrangements. The service fees earned by TCB were based on the agreed from the contract by TCB.

As of March 31, 2023, December 31, 2022 and March 31, 2022, TCB's accrued payables were \$4 thousand, \$6 thousand and \$19 thousand, respectively. TCB's revenues from cross-selling transactions were \$16 thousand and \$39 thousand for the three months ended March 31, 2023 and 2022, respectively.

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

As of March 31, 2023, December 31, 2022 and March 31, 2022, TCB's accrued receivables were \$3,239 thousand, \$3,239 thousand and \$6,409 thousand, respectively. TCB's revenues from cross-selling transactions were \$6,329 thousand and \$6,920 thousand for the three months ended March 31, 2023 and 2022, respectively.

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

Table 3 (attached).

51. BUSINESS SEGMENT FINANCIAL INFORMATION

Table 4 (attached).

52. CASH FLOW INFORMATION

a. Non-cash financing activities

Undistributed cash dividends approved by stockholders' meetings are \$464,566 thousand, \$462,264 thousand and \$417,072 thousand as of March 31, 2023, December 31, 2022 and March 31, 2022, respectively.

b. Changes in liabilities arising from financing activities

For the three months ended March 31, 2023

	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
Commercial paper issued	\$ 24,539,978	\$ 2,710,000	\$ -	\$ -	\$ (26,547)	\$ 27,223,431
Bonds payable	80,290,000	2,500,000	-	-	-	82,790,000
Other borrowings	9,352,346	(69,362)	-	-	277	9,283,261
Financial liabilities at fair value through profit or loss - bank debentures	-	1,445,557	-	321	(47,099)	1,398,779
Guarantee deposits received	2,293,868	(249,979)	-	-	630	2,044,519
Lease liabilities	1,538,102	(162,748)	168,098	-	(6,026)	1,537,426
Other liabilities - other	72,762	(13,053)	-	-	(788)	58,921
	<u>\$ 118,087,056</u>	<u>\$ 6,160,415</u>	<u>\$ 168,098</u>	<u>\$ 321</u>	<u>\$ (79,553)</u>	<u>\$ 124,336,337</u>

For the three months ended March 31, 2022

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

53. ADDITIONAL DISCLOSURES

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

- 1) Financing provided: TCFHC - none; TCB, UTB, TCBF, and BPCTLI - not applicable; investee company - Table 5 (attached).
- 2) Endorsements/guarantees provided: TCFHC - none; TCB, UTB, TCBF, and BPCTLI - not applicable; investee company: None.
- 3) Marketable securities held: TCFHC, TCB, UTB, TCBF, TCS and BPCTLI - not applicable; investee company - Table 6 (attached).
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 10% of the paid-in capital (TCFHC, TCB and UTB disclosed its investments acquired or disposed of): TCS and BPCTLI - not applicable; TCFHC and investee company: None.
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 10% of the paid-in capital: None.
- 6) Disposal of individual real estates at costs of at least NT\$300 million or 10% of the paid-in capital: None.
- 7) Financial asset securitization by subsidiaries: None.
- 8) Allowance of service fees to related parties amounting to at least NT\$5 million: Table 7 (attached).
- 9) Sale of nonperforming loans by subsidiaries: Table 8 (attached).
- 10) Receivables from related parties amounting to at least NT\$300 million or 10% of the paid-in capital: Table 9 (attached).
- 11) Percentage share in investees and related information: Not applicable.
- 12) Derivative transactions: Notes 8, 42 and 45 to the consolidated financial statements
- 13) Other significant transactions which may affect the decisions of users of financial reports: None.

c. Investments in Mainland China:

Based on “Regulations Governing Approvals of Banks to Engage, Ltd. in Financial Activities between the Taiwan Area and the Mainland Area,” Taiwan Cooperative Bank, Ltd. set up the Suzhou Branch, Tianjin Branch, Fuzhou Branch and Changsha Branch; Co-operative Assets Management Co., Ltd. set up Taiwan Cooperative International Leasing Co., Ltd. in Mainland China. This investment had been approved by the Financial Supervisory Commission. The information - major operating items, capital stock, the way of investment, investment inflows and outflows, the holding percentage, the investment income or loss, the carrying amount at period-end, the remitted investment profits and the limit on the amount of investment in Mainland China - can be seen in Table 10 (attached).

d. Business relationships and significant transactions among the parent company and subsidiaries: Table 11 (attached).

e. Information on major shareholders: Table 12 (attached).

54. OPERATING SEGMENTS

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

- a. TCB business, including deposits, loans, capital, trust, insurance and other businesses;
- b. Other noncore businesses.

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

The revenue, expenses and related information of the Company’s reportable segments for the three months ended March 31, 2023 and 2022 are as follows:

	For the Three Months Ended March 31, 2023				
	TCB Business	Others	Total	Adjustment and Elimination	Total
Net interest	\$ 8,538,763	\$ 47,458	\$ 8,586,221	\$ 965	\$ 8,587,186
Net revenues and gains other than interest	<u>4,333,714</u>	<u>6,961,446</u>	<u>11,295,160</u>	<u>(5,134,952)</u>	<u>6,160,208</u>
Net revenues	12,872,477	7,008,904	19,881,381	(5,133,987)	14,747,394
Bad-debt expenses and provision (reversal of provision) for losses on commitment and guarantees	(930,842)	(123,566)	(1,054,408)	-	(1,054,408)
Net change in reserves for insurance liabilities	-	(652,753)	(652,753)	-	(652,753)
Operating expenses	<u>(6,449,717)</u>	<u>(696,605)</u>	<u>(7,146,322)</u>	<u>65,154</u>	<u>(7,081,168)</u>
Income before income tax	<u>\$ 5,491,918</u>	<u>\$ 5,535,980</u>	<u>\$ 11,027,898</u>	<u>\$ (5,068,833)</u>	<u>\$ 5,959,065</u>

For the Three Months Ended March 31, 2022

	TCB Business	Others	Total	Adjustment and Elimination	Total
Net interest	\$ 8,760,672	\$ 278,087	\$ 9,038,759	\$ 897	\$ 9,039,656
Net revenues and gains other than interest	<u>1,582,217</u>	<u>5,410,531</u>	<u>6,992,748</u>	<u>(4,476,257)</u>	<u>2,516,491</u>
Net revenues	10,342,889	5,688,618	16,031,507	(4,475,360)	11,556,147
Bad-debt expenses and provision for losses on commitment and guarantees	60,062	2,649	62,711	-	62,711
Net change in reserves for insurance liabilities	-	176,303	176,303	-	176,303
Operating expenses	<u>(5,841,639)</u>	<u>(735,914)</u>	<u>(6,577,553)</u>	<u>63,678</u>	<u>(6,513,875)</u>
Income before income tax	<u>\$ 4,561,312</u>	<u>\$ 5,131,656</u>	<u>\$ 9,692,968</u>	<u>\$ (4,411,682)</u>	<u>\$ 5,281,286</u>

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED ENTITIES

MARCH 31, 2023, DECEMBER 31, 2022 AND MARCH 31, 2022

Subsidiaries included in the consolidated financial statements

Investor Company	Investee Company	Location	Main Business and Products	Percentage of Ownership (%)			Note
				March 31, 2023	December 31, 2022	March 31, 2022	
Taiwan Cooperative Financial Holding Co., Ltd.	Taiwan Cooperative Bank, Ltd.	Taipei City	Banking	100.00	100.00	100.00	Note
	Co-operative Assets Management Co., Ltd.	Taipei City	Acquisition of delinquent loans	100.00	100.00	100.00	
	Taiwan Cooperative Bills Finance Co., Ltd.	Taipei City	Bills finance dealer	100.00	100.00	100.00	
	Taiwan Cooperative Securities Co., Ltd.	Taipei City	Securities dealer	100.00	100.00	100.00	
	Taiwan Cooperative Securities Investment Trust Co., Ltd.	Taipei City	Securities investment trust	100.00	100.00	100.00	
	BNP Paribas Cardif TCB Life Insurance Co., Ltd.	Taipei City	Life insurance	51.00	51.00	51.00	
	Taiwan Cooperative Venture Capital Co., Ltd.	Taipei City	Venture capital	100.00	100.00	100.00	
Taiwan Cooperative Bank, Ltd.	United Taiwan Bank S.A.	Belgium	Banking	90.02	90.02	90.02	
Co-operative Assets Management Co., Ltd.	Taiwan Cooperative International Leasing Co., Ltd.	Suzhou, China	Leasing	100.00	100.00	100.00	Note

Subsidiaries not included in the consolidated financial statements

Investor Company	Investee Company	Location	Main Business and Products	Percentage of Ownership (%)			Note
				March 31, 2023	December 31, 2022	March 31, 2022	
None	-	-	-	-	-	-	

Note: Non-major subsidiary, which financial reports for the three months ended March 31, 2023 and 2022 are not reviewed.

TAIWAN COOPERATIVE BANK, LTD.

ASSET QUALITY - NONPERFORMING LOANS AND RECEIVABLES

MARCH 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars, %)

Period		March 31, 2023					March 31, 2022				
Items		Nonperforming Loans (Note 1)	Loans	Ratio of Nonperforming Loans (Note 2)	Allowance for Credit Losses	Coverage Ratio (Note 3)	Nonperforming Loans (Note 1)	Loans	Ratio of Nonperforming Loans (Note 2)	Allowance for Credit Losses	Coverage Ratio (Note 3)
Corporate banking	Secured	\$ 2,978,337	\$ 834,513,038	0.36	\$ 9,361,621	314.32	\$ 2,869,467	\$ 830,497,955	0.35	\$ 9,983,861	347.93
	Unsecured	421,206	962,002,189	0.04	7,539,120	1,789.89	720,492	761,506,773	0.09	6,810,409	945.24
Consumer banking	Housing mortgage (Note 4)	577,160	636,711,643	0.09	9,595,117	1,662.47	649,048	607,014,972	0.11	9,156,883	1,410.82
	Cash card	-	-	-	-	-	-	-	-	-	-
	Small-scale credit loans (Note 5)	27,300	12,002,951	0.23	174,773	640.19	10,488	12,771,225	0.08	159,969	1,525.26
	Other (Note 6)	Secured	1,508,273	287,191,461	0.53	4,067,700	269.69	558,666	302,054,490	0.18	3,258,791
Unsecured		30,855	12,352,479	0.25	173,156	561.19	15,933	12,214,919	0.13	151,906	953.40
Loan		5,543,131	2,747,773,761	0.20	30,911,487	557.65	4,824,094	2,526,060,334	0.19	29,521,819	611.97
		Nonperforming Receivables (Note 1)	Receivables	Ratio of Nonperforming Receivables (Note 2)	Allowance for Credit Losses	Coverage Ratio (Note 3)	Nonperforming Receivables (Note 1)	Receivables	Ratio of Nonperforming Receivables (Note 2)	Allowance for Credit Losses	Coverage Ratio (Note 3)
Credit cards		8,263	4,431,929	0.19	63,748	771.49	8,038	3,951,623	0.20	56,692	705.30
Accounts receivable factored without recourse (Note 7)		-	46,490	-	7,483	-	-	98,710	-	7,720	-
Amounts of executed contracts on negotiated debts not reported as nonperforming loans (Note 8)				199					278		
Amounts of executed contracts on negotiated debts not reported as nonperforming receivables (Note 8)				1,578					2,409		
Amounts of executed debt-restructuring projects not reported as nonperforming loans (Note 9)				10,202					8,582		
Amounts of executed debt-restructuring projects not reported as nonperforming receivables (Note 9)				49,398					49,164		

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

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

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

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

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

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

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

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

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

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

TCFHC'S FINANCIAL STATEMENTS AND CONDENSED BALANCE SHEETS AND STATEMENTS OF COMPREHENSIVE INCOME OF SUBSIDIARIES
FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022

1. TCFHC's financial statements

Taiwan Cooperative Financial Holding Co., Ltd.

Balance Sheets
(In Thousands of New Taiwan Dollars)

Assets	March 31, 2023	December 31, 2022	March 31, 2022	Liabilities and Equity	March 31, 2023	December 31, 2022	March 31, 2022
Cash and cash equivalents	\$ 61,203	\$ 105,332	\$ 50,483	<u>Liabilities</u>			
Financial assets at fair value through other comprehensive income	12,700	13,375	18,275	Commercial paper issued, net	\$ 14,170,020	\$ 13,740,109	\$ 17,841,495
Receivables	362	363	370	Payables	538,508	502,309	489,788
Current tax assets	3,273,829	2,433,704	2,541,599	Current tax liabilities	3,363,498	2,542,370	2,515,103
Investments accounted for using equity method	266,504,548	255,159,235	272,515,285	Bonds payable	20,000,000	20,000,000	20,000,000
Properties and equipment, net	12,138	12,727	13,552	Other borrowings	5,140,000	5,500,000	-
Right-of-use assets, net	126,709	134,232	9,652	Other financial liabilities	4,736	4,974	5,228
Intangible assets	10,764	11,501	3,292	Lease liabilities	128,106	135,151	10,063
Deferred tax assets	317	307	343	Deferred tax liabilities	-	-	61,994
Other assets	9,310	9,130	8,283	Other liabilities	8,398	8,217	8,773
				Total liabilities	43,353,266	42,433,130	40,932,444
				<u>Equity</u>			
				Capital stock	140,089,354	140,089,354	136,009,082
				Capital surplus	57,977,016	57,977,016	57,976,124
				Retained earnings	43,926,011	38,890,125	41,451,107
				Other equity	(15,333,767)	(21,509,719)	(1,207,623)
				Total equity	226,658,614	215,446,776	234,228,690
Total	\$ 270,011,880	\$ 257,879,906	\$ 275,161,134	Total	\$ 270,011,880	\$ 257,879,906	\$ 275,161,134

(Continued)

Taiwan Cooperative Financial Holding Co., Ltd.

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

	For the Three Months Ended March 31	
	2023	2022
Revenues and gains		
Share of gains of subsidiaries, associates and joint ventures accounted for using equity method	\$ 5,078,685	\$ 4,387,378
Other revenues and gains	209	87
Total revenues and gains	5,078,894	4,387,465
Expenses and losses		
Operating expenses	(58,907)	(52,767)
Share of losses of subsidiaries, associates and joint ventures accounted for using equity method	(59,345)	-
Other expenses and losses	(93,109)	(45,546)
Total expenses and losses	(211,361)	(98,313)
Income before income tax	4,867,533	4,289,152
Income tax benefit	19,007	8,625
Net income	4,886,540	4,297,777
Other comprehensive income (loss)	6,325,298	(6,296,561)
Total comprehensive income (loss)	\$ 11,211,838	\$ (1,998,784)
Earnings per share (New Taiwan dollars)		
Basic	\$ 0.35	\$ 0.31
Diluted	\$ 0.35	\$ 0.31

(Continued)

Taiwan Cooperative Financial Holding Co., Ltd.

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

	Capital Stock		Capital Surplus	Retained Earnings			Other Equity				Total Equity
	Shares (In Thousands)	Common Stock		Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on the Translation of Financial Statements of Foreign Operations	Unrealized Valuation Gains (Losses) on Financial Assets at Fair Value Through Other Comprehensive Income	Change in the Fair Value Attributable to Changes in the Credit Risk of Financial Liabilities Designated as at Fair Value through Profit or Loss	Other Comprehensive Income on Reclassification of Overlay Approach	
BALANCE AT JANUARY 1, 2023	14,008,935	\$ 140,089,354	\$ 57,977,016	\$ 13,432,536	\$ 985,539	\$ 24,472,050	\$ (452,462)	\$ (21,227,000)	\$ -	\$ 169,743	\$ 215,446,776
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	149,346	-	(149,346)	-	-	-
Total comprehensive income											
Net income for the three months ended March 31, 2023	-	-	-	-	-	4,886,540	-	-	-	-	4,886,540
Other comprehensive income (loss) for the three months ended March 31, 2023	-	-	-	-	-	-	(409,035)	6,715,405	(321)	19,249	6,325,298
Total comprehensive income (loss) for the three months ended March 31, 2023	-	-	-	-	-	4,886,540	(409,035)	6,715,405	(321)	19,249	11,211,838
BALANCE AT MARCH 31, 2023	<u>14,008,935</u>	<u>\$ 140,089,354</u>	<u>\$ 57,977,016</u>	<u>\$ 13,432,536</u>	<u>\$ 985,539</u>	<u>\$ 29,507,936</u>	<u>\$ (861,497)</u>	<u>\$ (14,660,941)</u>	<u>\$ 321</u>	<u>\$ 188,992</u>	<u>\$ 226,658,614</u>
BALANCE AT JANUARY 1, 2022	13,600,908	\$ 136,009,082	\$ 57,976,124	\$ 11,260,796	\$ 985,539	\$ 22,827,215	\$ (4,310,009)	\$ 10,787,759	\$ -	\$ 690,968	\$ 236,227,474
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	2,079,780	-	(2,079,780)	-	-	-
Total comprehensive income											
Net income for the three months ended March 31, 2022	-	-	-	-	-	4,297,777	-	-	-	-	4,297,777
Other comprehensive income (loss) for the three months ended March 31, 2022	-	-	-	-	-	-	1,327,435	(7,549,976)	-	(74,020)	(6,296,561)
Total comprehensive income (loss) for the three months ended March 31, 2022	-	-	-	-	-	4,297,777	1,327,435	(7,549,976)	-	(74,020)	(1,998,784)
BALANCE AT MARCH 31, 2022	<u>13,600,908</u>	<u>\$ 136,009,082</u>	<u>\$ 57,976,124</u>	<u>\$ 11,260,796</u>	<u>\$ 985,539</u>	<u>\$ 29,204,772</u>	<u>\$ (2,982,574)</u>	<u>\$ 1,158,003</u>	<u>\$ -</u>	<u>\$ 616,948</u>	<u>\$ 234,228,690</u>

(Continued)

Taiwan Cooperative Financial Holding Co., Ltd.

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

	For the Three Months Ended	
	March 31	
	2023	2022
Cash flows from operating activities		
Income before income tax	\$ 4,867,533	\$ 4,289,152
Adjustments for:		
Share of gains of subsidiaries, associates and joint ventures accounted for using equity method	(5,019,340)	(4,387,378)
Depreciation and amortization expenses	9,441	7,343
Interest expense	93,109	45,546
Net changes in operating assets and liabilities		
Decrease in receivables	1	13
Increase in other assets	(180)	(74)
Increase in payables	28,992	25,174
Increase in other liabilities	<u>181</u>	<u>463</u>
Cash used in operations	(20,263)	(19,761)
Interest paid	(105,539)	(14,599)
Income tax paid	<u>-</u>	<u>(7,092)</u>
Net cash used in operating activities	<u>(125,802)</u>	<u>(41,452)</u>
Cash flows from investing activities		
Acquisition of properties and equipment	<u>(592)</u>	<u>(93)</u>
Cash flows from financing activities		
Increase in commercial paper issued	450,000	50,000
Decrease in other borrowings	(360,000)	-
Decrease in guarantee deposits received	(238)	(515)
Repayments of the principal portion of lease liabilities	<u>(7,497)</u>	<u>(6,295)</u>
Net cash generated from financing activities	<u>82,265</u>	<u>43,190</u>
Net (decrease) increase in cash and cash equivalents	(44,129)	1,645
Cash and cash equivalents, beginning of the period	<u>105,332</u>	<u>48,838</u>
Cash and cash equivalents, end of the period	<u>\$ 61,203</u>	<u>\$ 50,483</u>

(Continued)

2. Subsidiaries' condensed balance sheets

Taiwan Cooperative Bank, Ltd.

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

Assets	December 31,			Liabilities and Equity	December 31,		
	March 31, 2023	2022	March 31, 2022		March 31, 2023	2022	March 31, 2022
Cash and cash equivalents	\$ 61,336,883	\$ 92,985,243	\$ 78,041,408	<u>Liabilities</u>			
Due from the Central Bank and call loans to other banks	366,555,015	322,590,619	329,777,408	Deposits from the Central Bank and other banks	\$ 296,358,138	\$ 280,747,819	\$ 241,240,319
Financial assets at fair value through profit or loss	48,366,262	29,869,964	35,307,261	Due to the Central Bank and other banks	-	-	46,169,680
Financial assets at fair value through other comprehensive income	423,637,062	418,053,932	459,927,029	Financial liabilities at fair value through profit or loss	2,208,527	2,621,053	1,741,713
Investments in debt instruments at amortized cost	699,311,559	716,821,736	685,654,337	Securities sold under repurchase agreements	10,394,385	9,778,160	7,794,814
Securities purchased under resell agreements	-	149,440	-	Payables	45,738,251	40,959,155	36,532,897
Receivables, net	17,802,932	19,047,418	17,213,019	Current tax liabilities	1,674,613	780,417	1,228,341
Current tax assets	2,205,790	2,249,097	1,828,148	Deposits and remittances	3,717,334,053	3,598,839,482	3,500,719,293
Discounts and loans, net	2,716,228,960	2,581,728,135	2,495,990,105	Bank debentures	62,790,000	60,290,000	62,100,000
Investments accounted for using equity method	2,330,526	2,267,133	2,212,985	Other financial liabilities	1,920,124	2,159,242	2,034,462
Other financial assets, net	8,037,503	8,228,111	6,922,186	Provisions	5,566,222	5,503,596	7,523,697
Properties and equipment, net	32,528,675	32,789,031	32,909,384	Lease liabilities	1,516,322	1,517,040	1,533,611
Right-of-use assets, net	1,533,368	1,541,858	1,563,472	Deferred tax liabilities	3,573,488	3,883,379	4,033,119
Investment properties, net	7,622,643	7,462,884	7,502,025	Other liabilities	973,715	1,025,922	925,012
Intangible assets	4,076,706	4,060,501	3,944,181	Total liabilities	<u>4,150,047,838</u>	<u>4,008,105,265</u>	<u>3,913,576,958</u>
Deferred tax assets	1,401,939	1,278,517	2,334,890	<u>Equity</u>			
Other assets	<u>1,118,710</u>	<u>512,908</u>	<u>1,012,981</u>	Capital stock	110,075,300	110,075,300	107,339,300
				Capital surplus	58,767,245	58,767,245	58,767,245
				Retained earnings	89,178,907	84,370,227	83,902,823
				Other equity	(13,974,757)	(19,681,510)	(1,445,507)
				Total equity	<u>244,046,695</u>	<u>233,531,262</u>	<u>248,563,861</u>
Total	<u>\$ 4,394,094,533</u>	<u>\$ 4,241,636,527</u>	<u>\$ 4,162,140,819</u>	Total	<u>\$ 4,394,094,533</u>	<u>\$ 4,241,636,527</u>	<u>\$ 4,162,140,819</u>

(Continued)

Taiwan Cooperative Bills Finance Co., Ltd.

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

Assets	March 31, 2023	December 31, 2022	March 31, 2022	Liabilities and Equity	March 31, 2023	December 31, 2022	March 31, 2022
Cash and cash equivalents	\$ 146,235	\$ 160,937	\$ 120,983	<u>Liabilities</u>			
Financial assets at fair value through profit or loss	38,407,261	39,326,684	38,704,807	Call loans from banks	\$ 8,151,380	\$ 6,425,800	\$ 13,447,250
Financial assets at fair value through other comprehensive income	19,302,724	18,348,759	16,677,135	Financial liabilities at fair value through profit or loss	-	1,244	151,831
Investments in debt instruments at amortized cost	1,435,379	1,386,388	1,388,890	Securities sold under repurchase agreements	45,187,117	47,311,367	37,275,969
Receivables, net	381,647	163,254	1,060,345	Payables	594,032	83,784	76,210
Current tax assets	34,987	24,460	-	Current tax liabilities	-	-	37,059
Other financial assets, net	913,580	1,018,436	240,200	Provisions	403,427	391,427	410,927
Properties and equipment, net	12,805	11,723	10,830	Lease liabilities	41,685	2,471	9,284
Right-of-use assets, net	41,665	2,340	8,903	Other liabilities	27,213	39,981	33,330
Intangible assets, net	8,189	8,906	10,892	Total liabilities	<u>54,404,854</u>	<u>54,256,074</u>	<u>51,441,860</u>
Other assets, net	<u>291,368</u>	<u>291,662</u>	<u>290,711</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	1,948,426	2,006,529	2,168,309
				Other equity	(567,813)	(709,427)	(286,846)
				Total equity	<u>6,570,986</u>	<u>6,487,475</u>	<u>7,071,836</u>
Total	<u>\$ 60,975,840</u>	<u>\$ 60,743,549</u>	<u>\$ 58,513,696</u>	Total	<u>\$ 60,975,840</u>	<u>\$ 60,743,549</u>	<u>\$ 58,513,696</u>

Taiwan Cooperative Securities Co., Ltd.

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

Assets	March 31, 2023	December 31, 2022	March 31, 2022	Liabilities and Equity	March 31, 2023	December 31, 2022	March 31, 2022
Current assets	\$ 30,213,866	\$ 27,897,700	\$ 41,956,061	<u>Liabilities</u>			
Financial assets at fair value through other comprehensive income - noncurrent	35,798	37,800	37,873	Current liabilities	\$ 24,966,690	\$ 22,881,285	\$ 36,333,641
Properties and equipment, net	74,096	79,522	52,097	Lease liabilities	73,922	85,160	70,363
Right-of-use assets, net	71,978	83,076	114,381	Deferred tax liabilities	2,826	7,157	1,817
Intangible assets	60,483	64,069	53,807	Other liabilities	6,995	8,560	5,668
Deferred tax assets	8,242	8,293	7,159	Total liabilities	<u>25,050,433</u>	<u>22,982,162</u>	<u>36,411,489</u>
Other noncurrent assets	<u>418,724</u>	<u>412,549</u>	<u>429,182</u>	<u>Equity</u>			
				Capital stock	5,206,131	5,206,131	5,000,000
				Capital surplus	294,440	294,440	294,440
				Retained earnings	907,648	869,417	1,202,028
				Other equity	(575,465)	(769,141)	(257,397)
				Total equity	<u>5,832,754</u>	<u>5,600,847</u>	<u>6,239,071</u>
Total	<u>\$ 30,883,187</u>	<u>\$ 28,583,009</u>	<u>\$ 42,650,560</u>	Total	<u>\$ 30,883,187</u>	<u>\$ 28,583,009</u>	<u>\$ 42,650,560</u>

(Continued)

Co-operative Assets Management Co., Ltd.

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

Assets	March 31, 2023	December 31, 2022	March 31, 2022	Liabilities and Equity	March 31, 2023	December 31, 2022	March 31, 2022
Current assets	\$ 402,503	\$ 257,746	\$ 324,565	<u>Liabilities</u>			
Financial assets at fair value through profit or loss	581	5,228	47,154	Current liabilities	\$ 8,809,636	\$ 8,533,557	\$ 7,330,956
Financial assets at fair value through other comprehensive income	12,700	13,375	18,275	Lease liabilities	16,911	18,253	23,673
Accounts receivable, net	2,236,835	2,049,716	1,415,860	Deferred tax liabilities	75,879	75,941	62,374
Investments accounted for using the equity method	1,211,290	1,180,633	1,150,610	Other liabilities	<u>2,790,168</u>	<u>2,095,096</u>	<u>89,320</u>
Properties and equipment, net	26,375	29,402	40,511	Total liabilities	<u>11,692,594</u>	<u>10,722,847</u>	<u>7,506,323</u>
Investment properties, net	4,452,257	4,525,805	4,552,964	<u>Equity</u>			
Right-of-use assets, net	16,673	18,038	23,600	Capital stock	2,825,280	2,825,280	2,825,280
Intangible assets	3,206	3,441	1,623	Capital surplus	2,553	2,553	2,553
Deferred tax assets	219,138	220,802	238,362	Retained earnings	870,523	784,893	832,226
Long-term lease payments receivable	204,708	206,601	251,580	Other equity	<u>(82,545)</u>	<u>(88,526)</u>	<u>(66,493)</u>
Long-term urban regeneration advance payment	6,519,496	5,733,617	2,943,960	Total equity	<u>3,615,811</u>	<u>3,524,200</u>	<u>3,593,566</u>
Other assets	<u>2,643</u>	<u>2,643</u>	<u>90,825</u>	Total	<u>\$ 15,308,405</u>	<u>\$ 14,247,047</u>	<u>\$ 11,099,889</u>
Total	<u>\$ 15,308,405</u>	<u>\$ 14,247,047</u>	<u>\$ 11,099,889</u>				(Continued)

BNP Paribas Cardif TCB Life Insurance Co., Ltd.

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

Assets	March 31, 2023	December 31, 2022	March 31, 2022	Liabilities and Equity	March 31, 2023	December 31, 2022	March 31, 2022
Cash and cash equivalents	\$ 3,421,351	\$ 3,248,747	\$ 3,508,305	<u>Liabilities</u>			
Receivables	1,081,756	1,002,509	511,004	Payables	\$ 1,095,627	\$ 850,961	\$ 742,954
Current tax assets	116,649	116,649	-	Current tax liabilities	27,765	-	62,954
Investments	33,551,966	32,021,150	35,482,685	Financial liabilities at fair value through profit or loss	351,684	540,199	110,320
Reinsurance assets	292,402	209,333	140,635	Lease liabilities	4,493	1,433	1,689
Equipment, net	128,549	112,077	113,142	Insurance liabilities	26,620,388	25,929,455	26,568,055
Right-of-use assets	4,434	1,362	1,646	Reserve for insurance contracts with financial			
Deferred tax assets	191,467	218,022	201,117	instruments features	4,653	3,651	1,691
Other assets	1,431,320	1,366,532	1,176,554	Reserve of foreign exchange variation	394,291	440,333	347,707
Separate-account assets	<u>87,458,511</u>	<u>89,353,581</u>	<u>101,178,266</u>	Deferred tax liabilities	227	-	22,416
				Other liabilities	800,505	162,173	875,119
				Separate-account liabilities	<u>87,458,511</u>	<u>89,353,581</u>	<u>101,178,266</u>
				Total liabilities	<u>116,758,144</u>	<u>117,281,786</u>	<u>129,911,171</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	4,268,136	3,968,019	3,897,749
				Other equity	<u>(238,351)</u>	<u>(490,319)</u>	<u>1,613,958</u>
				Total equity	<u>10,920,261</u>	<u>10,368,176</u>	<u>12,402,183</u>
Total	<u>\$ 127,678,405</u>	<u>\$ 127,649,962</u>	<u>\$ 142,313,354</u>	Total	<u>\$ 127,678,405</u>	<u>\$ 127,649,962</u>	<u>\$ 142,313,354</u>

(Continued)

Taiwan Cooperative Securities Investment Trust Co., Ltd.

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

Assets	March 31, 2023	December 31, 2022	March 31, 2022	Liabilities and Equity	March 31, 2023	December 31, 2022	March 31, 2022
Current assets	\$ 422,013	\$ 418,414	\$ 448,865	<u>Liabilities</u>			
Financial assets at fair value through profit or loss - noncurrent	2,945	2,846	2,542	Current liabilities	\$ 75,288	\$ 76,571	\$ 90,195
Properties and equipment, net	5,307	5,906	6,477	Lease liabilities	12,786	14,095	15,739
Right-of-use assets	12,451	13,770	15,387	Other liabilities	<u>600</u>	<u>640</u>	<u>1,596</u>
Intangible assets	3,738	4,884	9,097	Total liabilities	<u>88,674</u>	<u>91,306</u>	<u>107,530</u>
Prepaid equipment	85	49	49	<u>Equity</u>			
Other assets	<u>56,215</u>	<u>56,215</u>	<u>56,215</u>	Capital stock	303,000	303,000	303,000
				Capital surplus	72,860	72,860	72,860
				Retained earnings	37,549	34,346	54,974
				Other equity	<u>671</u>	<u>572</u>	<u>268</u>
				Total equity	<u>414,080</u>	<u>410,778</u>	<u>431,102</u>
Total	<u>\$ 502,754</u>	<u>\$ 502,084</u>	<u>\$ 538,632</u>	Total	<u>\$ 502,754</u>	<u>\$ 502,084</u>	<u>\$ 538,632</u>

Taiwan Cooperative Venture Capital Co., Ltd.

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

Assets	March 31, 2023	December 31, 2022	March 31, 2022	Liabilities and Equity	March 31, 2023	December 31, 2022	March 31, 2022
Current assets	\$ 1,421,879	\$ 730,538	\$ 1,248,570	<u>Liabilities</u>			
Financial assets at fair value through profit or loss - noncurrent	-	544,735	-	Current liabilities	\$ 23,662	\$ 14,942	\$ 12,038
Investments accounted for using equity method	5,175	5,228	3,769	Lease liabilities	-	1,236	3,764
Properties and equipment, net	1,212	1,321	533	Other liabilities	<u>314</u>	<u>160</u>	<u>89</u>
Right-of-use assets	152	1,202	3,681	Total liabilities	<u>23,976</u>	<u>16,338</u>	<u>15,891</u>
Intangible assets	44	67	136	<u>Equity</u>			
Other assets	<u>498</u>	<u>499</u>	<u>474</u>	Capital stock	1,144,207	1,144,207	1,060,099
				Capital surplus	714	714	714
				Retained earnings	260,063	122,331	148,502
				Other equity	<u>-</u>	<u>-</u>	<u>31,957</u>
				Total equity	<u>1,404,984</u>	<u>1,267,252</u>	<u>1,241,272</u>
Total	<u>\$ 1,428,960</u>	<u>\$ 1,283,590</u>	<u>\$ 1,257,163</u>	Total	<u>\$ 1,428,960</u>	<u>\$ 1,283,590</u>	<u>\$ 1,257,163</u>

(Continued)

3. Subsidiaries' condensed statements of comprehensive income

Taiwan Cooperative Bank, Ltd.

**Condensed Statements of Comprehensive Income
For the Three Months Ended March 31, 2023 and 2022
(In Thousands of New Taiwan Dollars, Except Per Share Amounts)**

	2023	2022
Interest revenue	\$ 20,967,628	\$ 12,077,508
Less: Interest expense	<u>(12,428,865)</u>	<u>(3,316,836)</u>
Net interest	8,538,763	8,760,672
Net revenues and gains other than interest	<u>4,333,714</u>	<u>1,582,217</u>
Total net revenues	12,872,477	10,342,889
Bad-debt expenses (reversal of provision) and provision (reversal of provision) for losses on commitment and guarantees	(930,842)	60,062
Operating expenses	<u>(6,449,717)</u>	<u>(5,841,639)</u>
Income before income tax	5,491,918	4,561,312
Income tax expense	<u>(834,042)</u>	<u>(671,951)</u>
Net income	4,657,876	3,889,361
Other comprehensive income (loss)	<u>5,857,557</u>	<u>(5,340,386)</u>
Total comprehensive income (loss)	<u>\$ 10,515,433</u>	<u>\$ (1,451,025)</u>
Earnings per share (NT\$)		
Basic	<u>\$ 0.42</u>	<u>\$ 0.35</u>

Taiwan Cooperative Bills Finance Co., Ltd.

**Condensed Statements of Comprehensive Income
For the Three Months Ended March 31, 2023 and 2022
(In Thousands of New Taiwan Dollars, Except Per Share Amounts)**

	2023	2022
Net interest	\$ 42,002	\$ 76,799
Net revenues and gains other than interest	<u>61,614</u>	<u>50,423</u>
Total net revenues	103,616	127,222
Reversal of allowance (impairment losses) for credit losses and provision	(110,767)	4,677
Operating expenses	<u>(42,383)</u>	<u>(38,829)</u>
(Loss) income before income tax	(49,534)	93,070
Income tax expense	<u>(9,700)</u>	<u>(19,700)</u>
Net (loss) income	(59,234)	73,370
Other comprehensive loss	<u>142,744</u>	<u>(282,645)</u>
Total comprehensive income (loss)	<u>\$ 83,510</u>	<u>\$ (209,275)</u>
(Loss) earnings per share (NT\$)		
Basic	<u>\$ (0.12)</u>	<u>\$ 0.15</u>

(Continued)

Taiwan Cooperative Securities Co., Ltd.

**Condensed Statements of Comprehensive Income
For the Three Months Ended March 31, 2023 and 2022
(In Thousands of New Taiwan Dollars, Except Per Share Amounts)**

	2023	2022
Revenues	\$ 388,075	\$ 428,325
Service charge	(16,956)	(22,327)
Other operating costs	(105,708)	(38,225)
Employee benefits	(124,776)	(138,375)
Other operating expenses	(95,317)	(104,714)
Other gains and losses	<u>2,896</u>	<u>(6,355)</u>
Income before income tax	48,214	118,329
Income tax expense	<u>(7,395)</u>	<u>(19,644)</u>
Net income	40,819	98,685
Other comprehensive income (loss)	<u>191,088</u>	<u>(153,420)</u>
 Total comprehensive income (loss)	 <u>\$ 231,907</u>	 <u>\$ (54,735)</u>
 Earnings per share (NT\$)		
Basic	<u>\$ 0.08</u>	<u>\$ 0.19</u>

Co-operative Assets Management Co., Ltd.

**Condensed Statements of Comprehensive Income
For the Three Months Ended March 31, 2023 and 2022
(In Thousands of New Taiwan Dollars, Except Per Share Amounts)**

	2023	2022
Operating revenues	\$ 206,795	\$ 171,754
Operating expenses	<u>(87,063)</u>	<u>(65,033)</u>
Operating benefits	119,732	106,721
Non-operating gains and losses	<u>(4,153)</u>	<u>8,517</u>
Income before income tax	115,579	115,238
Income tax expenses	<u>(29,949)</u>	<u>(23,374)</u>
Net income	85,630	91,864
Other comprehensive income	<u>5,981</u>	<u>33,849</u>
 Total comprehensive income	 <u>\$ 91,611</u>	 <u>\$ 125,713</u>
 Earnings per share (NT\$)		
Basic	<u>\$ 0.30</u>	<u>\$ 0.33</u>

(Continued)

BNP Paribas Cardif TCB Life Insurance Co., Ltd.

Condensed Statements of Comprehensive Income
For the Three Months Ended March 31, 2023 and 2022
(In Thousands of New Taiwan Dollars, Except Per Share Amounts)

	2023	2022
Operating revenues	\$ 2,340,374	\$ (2,480,588)
Operating costs	(1,818,252)	3,124,839
Operating expenses	(184,074)	(207,007)
Non-operating gains and losses	<u>-</u>	<u>(6,183)</u>
Income before income tax	338,048	431,061
Income tax expenses	<u>(37,931)</u>	<u>(67,035)</u>
Net income	300,117	364,026
Other comprehensive income (loss)	<u>251,968</u>	<u>(1,077,218)</u>
Total comprehensive income (loss)	<u>\$ 552,085</u>	<u>\$ (713,192)</u>
Earnings per share (NT\$)		
Basic	<u>\$ 0.44</u>	<u>\$ 0.53</u>

Taiwan Cooperative Securities Investment Trust Co., Ltd.

Condensed Statements of Comprehensive Income
For the Three Months Ended March 31, 2023 and 2022
(In Thousands of New Taiwan Dollars, Except Per Share Amounts)

	2023	2022
Operating revenues	\$ 83,933	\$ 91,037
Operating expenses	<u>(81,581)</u>	<u>(85,202)</u>
Operating gain	2,352	5,835
Non-operating gains and losses	<u>851</u>	<u>1,470</u>
Income before income tax	3,203	7,305
Income tax expenses	<u>-</u>	<u>-</u>
Net income	3,203	7,305
Other comprehensive income	<u>99</u>	<u>98</u>
Total comprehensive income	<u>\$ 3,302</u>	<u>\$ 7,403</u>
Earnings per share (NT\$)		
Basic	<u>\$ 0.11</u>	<u>\$ 0.24</u>

(Continued)

Taiwan Cooperative Venture Capital Co., Ltd.

Condensed Statements of Comprehensive Income
For the Three Months Ended March 31, 2023 and 2022
(In Thousands of New Taiwan Dollars, Except Per Share Amounts)

	2023	2022
Operating revenues	\$ 156,764	\$ 51,074
Operating expenses	<u>(11,268)</u>	<u>(9,782)</u>
Operating gain	145,496	41,292
Non-operating gains and losses	<u>14</u>	<u>(14)</u>
Income before income tax	145,510	41,278
Income tax expenses	<u>(7,778)</u>	<u>(35)</u>
Net income	137,732	41,243
Other comprehensive income (loss)	<u>-</u>	<u>(7,401)</u>
Total comprehensive income	<u>\$ 137,732</u>	<u>\$ 33,842</u>
Earnings per share (NT\$)		
Basic	<u>\$ 1.20</u>	<u>\$ 0.36</u>

(Concluded)

TABLE 4

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

BUSINESS SEGMENT FINANCIAL INFORMATION
FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

Business Segment Items	For the Three Months Ended March 31, 2023					
	Banking	Bill Finance	Security	Insurance	Others	Consolidated
Net interest gain (loss)	\$ 8,589,196	\$ (115,647)	\$ 9,536	\$ 192,186	\$ (88,085)	\$ 8,587,186
Net revenues and gains other than interest	4,269,295	223,161	261,558	959,037	447,157	6,160,208
Total net revenues	12,858,491	107,514	271,094	1,151,223	359,072	14,747,394
Bad-debt expenses and provision for losses on commitment and guarantees	(934,195)	(110,767)	-	-	(9,446)	(1,054,408)
Net change in reserves for insurance liabilities	-	-	-	(652,753)	-	(652,753)
Operating expenses	(6,466,210)	(40,205)	(201,444)	(176,989)	(196,320)	(7,081,168)
Income (loss) before income tax	5,458,086	(43,458)	69,650	321,481	153,306	5,959,065
Income tax expenses	(841,238)	(9,700)	(7,395)	(37,931)	(26,166)	(922,430)
Net income (loss)	4,616,848	(53,158)	62,255	283,550	127,140	5,036,635

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

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(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	\$ 88,000	\$ 88,000	\$ 88,000	3-8	Short-term financing	\$ -	Operating use	\$ 880	Real estate	\$ 147,435	\$ 352,420 (Note 3)	\$ 1,409,608 (Note 3)
		Xiang Xing Trading Co., Ltd.	Receivables on lending funds	No	100,000	95,082	95,082	3-8	Short-term financing	-	Operating use	951	Stocks	30,000	352,420 (Note 3)	1,409,608 (Note 3)
		Tai-Hwei Trade Co., Ltd.	Receivables on lending funds	No	160,000	160,000	160,000	3-8	Short-term financing	-	Operating use	1,600	Real estate	394,057	352,420 (Note 3)	1,409,608 (Note 3)
		Hanky&Partners (Taiwan) Ltd.	Receivables on lending funds	No	120,000	120,000	60,000	3-8	Short-term financing	-	Operating use	600	Real estate	162,145	352,420 (Note 3)	1,409,608 (Note 3)
		Tsuru Chikusan Co., Ltd.	Receivables on lending funds	No	168,875	140,000	140,000	3-8	Short-term financing	-	Operating use	1,400	Real estate	101,348	352,420 (Note 3)	1,409,608 (Note 3)
		Grandsun Engineering Co., Ltd.	Receivables on lending funds	No	35,000	31,100	31,100	3-8	Short-term financing	-	Operating use	311	Real estate	5,250	352,420 (Note 3)	1,409,608 (Note 3)
		Yieh Hong Enterprise Co., Ltd.	Receivables on lending funds	No	217,164	167,119	167,119	3-8	Short-term financing	-	Operating use	1,671	Stocks	143,600	352,420 (Note 3)	1,409,608 (Note 3)
		ET New Media Holding Co., Ltd.	Receivables on lending funds	No	41,667	16,667	16,667	3-8	Short-term financing	-	Operating use	167	-	-	352,420 (Note 3)	1,409,608 (Note 3)
		Tai Wan Asset Management Co.	Receivables on lending funds	No	33,333	23,333	23,333	3-8	Short-term financing	-	Operating use	233	-	-	352,420 (Note 3)	1,409,608 (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, 2022 was \$3,524,000 thousand.

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

MARCH 31, 2023

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	March 31, 2023				Note
				Shares (In Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Taiwan Cooperative Venture Capital Co., Ltd.	<u>Convertible bond</u> Oakda Capital Ltd.	-	Financial assets at fair value through profit or loss	-	\$ -	-	\$ -	
Co-operative Assets Management Co., Ltd.	<u>Stock</u> Cooperative Financial International Lease Co., Ltd.	Subsidiary	Investments accounted for using equity method	-	1,211,290	100.00	1,211,290	Note
	Taiwan Urban Regeneration & Financial Services Co., Ltd.	-	Financial assets at fair value through other comprehensive income	2,500	12,700	5.00	12,700	
Taiwan Cooperative Securities Investment Trust Co., Ltd.	Fund Rich Securities Co., Ltd.	-	Financial assets at fair value through other comprehensive income	227	2,945	0.38	2,945	
Taiwan Cooperative Venture Capital Co., Ltd.	Chen Nan Iron Wire Co., Ltd.	-	Financial assets at fair value through profit or loss	674	26,940	1.60	26,940	
	Acmept Energy Services Co., Ltd.	-	Financial assets at fair value through profit or loss	1,011	27,975	2.54	27,975	
	Enrestec Inc.	-	Financial assets at fair value through profit or loss	931	48,505	0.91	48,505	
	ISTART-TEK INC.	-	Financial assets at fair value through profit or loss	235	27,077	0.92	27,077	
	Starlux Airlines Co., Ltd.	-	Financial assets at fair value through profit or loss	5,000	160,650	0.28	160,650	
	SR Suntour Inc.	-	Financial assets at fair value through profit or loss	1,700	119,884	2.82	119,884	
	Prince Pharmaceutical Co., Ltd.	-	Financial assets at fair value through profit or loss	709	43,270	1.96	43,270	
	Tachyon Intelligence Robot Company	-	Financial assets at fair value through profit or loss	125	926	2.83	926	
	Phu Vinh Industrial Construction, Llc.	-	Financial assets at fair value through profit or loss	2,000	118,100	20.00	118,100	
	ULSee Cayman Co., Ltd.	-	Financial assets at fair value through profit or loss	651	11,081	0.43	11,081	

(Continued)

Holding Company Name	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	March 31, 2023				Note
				Shares (In Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
	Cloud Mile Inc.	-	Financial assets at fair value through profit or loss	838	\$ 44,375	2.98	\$ 44,375	
	Hoytek Precision Company	-	Financial assets at fair value through profit or loss	990	25,502	16.51	25,502	
	Wihking Entertainment Ltd.	-	Financial assets at fair value through profit or loss	686	48,015	3.93	48,015	
	CDIB Capital Healthcare Ventures II Limited Partnership	-	Financial assets at fair value through profit or loss	-	37,026	-	37,026	
	APMTD Global Limited	-	Financial assets at fair value through profit or loss	661	30,215	1.60	30,215	
	Free Bionics Inc.	-	Financial assets at fair value through profit or loss	2,068	24,440	8.22	24,440	
	Revlis Biotech Co., Ltd.	-	Financial assets at fair value through profit or loss	2,813	13,725	4.62	13,725	
	Mesh Cooperative Ventures Funds Lp.	-	Financial assets at fair value through profit or loss	-	16,046	-	16,046	
	Annji Pharmaceutical Co., Ltd.	-	Financial assets at fair value through profit or loss	2,250	35,347	3.42	35,347	
	Knowledge Creation Innovation Co., Ltd.	-	Financial assets at fair value through profit or loss	315	15,489	19.50	15,489	
	Long Diann Marine Biotechnology Co., Ltd.	-	Financial assets at fair value through profit or loss	2,500	36,375	12.53	36,375	
	JD-SPF Biotech Co., Ltd.	-	Financial assets at fair value through profit or loss	1,365	10,975	19.50	10,975	
	Gamamobi Taiwan Co., Ltd.	-	Financial assets at fair value through profit or loss	400	14,028	1.99	14,028	
	YAYATECH CO., LTD.	-	Financial assets at fair value through other comprehensive income	2,200	78,364	13.20	78,364	
	Mesh Cooperative Ventures, Inc.	Associate	Investments accounted for using equity method	330	3,017	22.00	3,017	
	JC Capital Taiwan Co., Ltd.	Associate	Investments accounted for using equity method	350	2,158	35.00	2,158	

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

(Concluded)

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

**ALLOWANCE OF SERVICE FEES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$5 MILLION
FOR THE THREE MONTHS ENDED MARCH 31, 2023**

(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	\$ 413,256	\$ 232,303	\$ 23,887	\$ 21,832	5.78	9.40

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

**SALE OF NONPERFORMING LOANS
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars)**

1. Summary of sale of nonperforming loans

Taiwan Cooperative Bank, Ltd.

Transaction Date	Counterparty	Loans Composition	Carrying Amount	Selling Price	Gain (Loss) on Disposal	Terms	Relationship
2023.2.15	Merrill Lynch International	Medium-term unsecured credit for corporate (participate in international syndicated loan case)	\$ - (Note)	\$ 60,790 (US\$ 2,024)	\$ 60,790 (US\$ 2,024)	-	Non-stakeholder

Note: The carrying amount is the amount of debt less the allowance for doubtful accounts of US\$15,281 thousand.

2. Sale of nonperforming loans single batch amount over \$1 billion (excluding sales to related parties): None.

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

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

MARCH 31, 2023

(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	\$ 2,084,831	-	\$ -	-	\$ -	\$ -
Taiwan Cooperative Financial Holding Company, Ltd.	Taiwan Cooperative Bank, Ltd.	Subsidiary	1,145,409	-	-	-	-	-

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

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

INVESTMENT IN MAINLAND CHINA
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(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, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2023	Investee Net Income	% Ownership of Direct or Indirect Investment	Investment Gain	Carrying Value as of March 31, 2023	Accumulated Inward Remittance of Earnings as of March 31, 2023
					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)	\$ 109,693	100	\$ 109,693	\$ 6,689,363	\$ -
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)	47,666	100	47,666	2,774,298	-
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)	53,752	100	53,752	3,418,613	-
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)	35,560	100	35,560	2,310,530	-

Accumulated Investment in Mainland China as of March 31, 2023	Investment Amount Approved by the Investment Commission, MOEA	Maximum Investment Allowable (Note 2)
\$ 13,075,916 (US\$ 436,563) (Note 1)	\$ 13,075,916 (US\$ 436,563) (Note 1)	\$ 146,573,459 (Note 2)

Co-operative Assets Management Co., Ltd.

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2023	Investee Net Income	% Ownership of Direct or Indirect Investment	Investment Gain	Carrying Value as of March 31, 2023	Accumulated Inward Remittance of Earnings as of March 31, 2023
					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)	\$ 22,337	100	\$ 22,337	\$ 1,211,290	\$ -

Accumulated Investment in Mainland China as of March 31, 2023	Investment Amount Approved by the Investment Commission, MOEA	Maximum Investment Allowable (Note 3)
\$ 910,980 (RMB 185,460) (Note 1)	\$ 910,980 (RMB 185,460) (Note 1)	\$ 2,169,487

(Continued)

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

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

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

(Concluded)

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

BUSINESS RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS AMONG THE PARENT COMPANY AND SUBSIDIARIES

FOR THE THREE MONTHS ENDED MARCH 31, 2023

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Transacting Company	Counter-party	Transaction Flow (Note 2)	Description of Transactions (Notes 3 and 5)			
				Financial Statement Account	Amounts	Trading Terms	Transaction Amount/Total Consolidated Net Revenue or Total Consolidated Assets (%)
0	Taiwan Cooperative Financial Holding Co., Ltd.	Taiwan Cooperative Bank, Ltd.	a	Tax payables - consolidated tax return	\$ 2,084,831	Note 4	0.05
1	Taiwan Cooperative Bank, Ltd.	Taiwan Cooperative Financial Holding Co., Ltd.	b	Tax receivables - consolidated tax return	2,084,831	Note 4	0.05
0	Taiwan Cooperative Financial Holding Co., Ltd.	Taiwan Cooperative Bank, Ltd.	a	Tax receivables - consolidated tax return	1,145,409	Note 4	0.02
1	Taiwan Cooperative Bank, Ltd.	Taiwan Cooperative Financial Holding Co., Ltd.	b	Tax payables - consolidated tax return	1,145,409	Note 4	0.02
1	Taiwan Cooperative Bank, Ltd.	United Taiwan Bank S.A.	a	Due from banks	564,048	Note 4	0.01
2	United Taiwan Bank S.A.	Taiwan Cooperative Bank, Ltd.	b	Deposits from banks	564,048	Note 4	0.01
1	Taiwan Cooperative Bank, Ltd.	United Taiwan Bank S.A.	a	Call loans to banks	3,056,240	Note 4	0.07
2	United Taiwan Bank S.A.	Taiwan Cooperative Bank, Ltd.	b	Call loans from banks	3,056,240	Note 4	0.07
1	Taiwan Cooperative Bank, Ltd.	United Taiwan Bank S.A.	a	Medium-term unsecured loans	6,511,119	Note 4	0.14
2	United Taiwan Bank S.A.	Taiwan Cooperative Bank, Ltd.	b	Long-term borrowings	6,511,119	Note 4	0.14
1	Taiwan Cooperative Bank, Ltd.	BNP Paribas Cardif TCB Life Insurance Co., Ltd.	c	Deposits and remittances	1,470,818	Note 4	0.02
3	BNP Paribas Cardif TCB Life Insurance Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Cash and cash equivalents	1,470,818	Note 4	0.02
1	Taiwan Cooperative Bank, Ltd.	Taiwan Cooperative Bills Finance Co., Ltd.	c	Call loans to banks	1,267,420	Note 4	0.03
4	Taiwan Cooperative Bills Finance Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Call loans from banks	1,267,420	Note 4	0.03
6	Taiwan Cooperative Securities Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Due from banks	132,161	Note 4	0.00
1	Taiwan Cooperative Bank, Ltd.	Taiwan Cooperative Securities Co., Ltd.	c	Deposits and remittances	132,161	Note 4	0.00
6	Taiwan Cooperative Securities Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Call loans from banks	304,400	Note 4	0.01

(Continued)

No. (Note 1)	Transacting Company	Counter-party	Transaction Flow (Note 2)	Description of Transactions (Notes 3 and 5)			
				Financial Statement Account	Amounts	Trading Terms	Transaction Amount/Total Consolidated Net Revenue or Total Consolidated Assets (%)
1	Taiwan Cooperative Bank, Ltd.	Taiwan Cooperative Securities Co., Ltd.	c	Call loans to security firms	\$ 304,400	Note 4	0.01
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	Service fee and commission income	103,634	Note 4	0.70
3	BNP Paribas Cardif TCB Life Insurance Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Service charge and commission expense	103,634	Note 4	0.70
7	Taiwan Cooperative Venture Capital Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Cash and cash equivalents	210,656	Note 4	0.00
1	Taiwan Cooperative Bank, Ltd.	Taiwan Cooperative Venture Capital Co., Ltd.	c	Deposits and remittances	210,656	Note 4	0.00
0	Taiwan Cooperative Financial Holding Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Right-of-use assets, net	125,776	Note 4	0.00
0	Taiwan Cooperative Financial Holding Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Lease liabilities	127,127	Note 4	0.00
0	Taiwan Cooperative Financial Holding Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Interest expense	445	Note 4	0.00
0	Taiwan Cooperative Financial Holding Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Depreciation expense	7,256	Note 4	0.05
1	Taiwan Cooperative Bank, Ltd.	Taiwan Cooperative Financial Holding Co., Ltd.	c	Lease income	7,214	Note 4	0.05

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

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

Note 2: Transaction flows are as follows:

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

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

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

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

(Concluded)

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD.**INFORMATION ON MAJOR SHAREHOLDERS
MARCH 31, 2023**

Name of Major Shareholder	Shareholding	
	Number of Shares	Percentage of Ownership (%)
Ministry of Finance, Taiwan	3,651,323,296	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.