

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

**Consolidated Financial Statements for the
Six Months Ended June 30, 2023 and 2022 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of Taiwan Cooperative Financial Holding Co., Ltd. (TCFHC) and its subsidiaries (collectively, the Company), which comprise the consolidated balance sheets as of June 30, 2023, December 31, 2022 and June 30, 2022, the related consolidated statements of comprehensive income for the three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022, the consolidated statements of changes in equity and cash flows for the six months then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of June 30, 2023, December 31, 2022 and June 30, 2022, and its consolidated financial performance for the three months ended June 30, 2023 and 2022 and its consolidated financial performance and consolidated cash flows for the six months ended June 30, 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 (FSC) of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the Company for the six months ended June 30, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters identified in our audit of the consolidated financial statements of Taiwan Cooperative Financial Holding Co., Ltd. and its subsidiaries for the six months ended June 30, 2023 were as follows:

Impairment Assessment on Loans

The net discounts and loans of the Company as of June 30, 2023 are accounted for 58% of the consolidated total assets. Therefore, the assessment of the impairment loss of discounts and loans may have significant impacts on the consolidated financial statements. Besides assessing expected credit losses of loans in accordance with IFRS 9 “Financial Instruments”, the management of Taiwan Cooperative Bank, Ltd. (TCB) complies with the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans” related regulations (collectively, the Regulations) when assessing classification of credit assets and recognizing allowance for possible losses.

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

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

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

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

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

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

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

and critical accounting judgments and estimations, refer to Notes 4 and 5 to the consolidated financial statements. For the relevant information about the assessment of the insurance liabilities, refer to Note 28 to the consolidated financial statements.

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of the most significance in the audit of the consolidated financial statements of Taiwan Cooperative Financial Holding Co., Ltd. and its subsidiaries, for the six months ended June 30, 2023 and are therefore deemed to be the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

August 21, 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 audit such consolidated financial statements are those generally applied in the Republic of China.

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

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2023		December 31, 2022		June 30, 2022	
	Amount	%	Amount	%	Amount	%
CASH AND CASH EQUIVALENTS (Note 6)	\$ 57,648,453	1	\$ 95,314,702	2	\$ 80,835,427	2
DUE FROM THE CENTRAL BANK AND CALL LOANS TO OTHER BANKS (Notes 7, 41 and 42)	338,716,478	7	319,309,530	7	313,957,310	7
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 8, 41 and 42)	120,297,373	3	76,072,975	2	91,021,077	2
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 9 and 42)	494,681,706	11	475,101,745	11	506,073,580	12
INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST (Notes 10 and 42)	724,475,702	16	719,535,355	16	648,912,917	15
SECURITIES PURCHASED UNDER RESELL AGREEMENTS (Note 11)	1,198,879	-	2,642,175	-	1,720,923	-
RECEIVABLES, NET (Notes 12 and 41)	54,967,428	1	42,404,919	1	46,603,617	1
CURRENT TAX ASSETS	2,564,586	-	2,278,992	-	2,381,561	-
DISCOUNTS AND LOANS, NET (Notes 13, 41 and 42)	2,685,873,497	58	2,589,591,055	58	2,466,286,059	57
REINSURANCE ASSETS, NET	282,466	-	209,333	-	166,788	-
INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (Note 14)	145,963	-	142,637	-	137,404	-
OTHER FINANCIAL ASSETS, NET (Notes 15, 30 and 42)	99,903,506	2	99,100,104	2	99,707,720	3
INVESTMENT PROPERTIES, NET (Note 16)	10,945,270	-	10,936,255	-	11,310,189	-
PROPERTIES AND EQUIPMENT, NET (Note 17)	32,731,369	1	33,147,407	1	33,192,087	1
RIGHT-OF-USE ASSETS, NET (Note 18)	1,712,049	-	1,562,617	-	1,583,842	-
INTANGIBLE ASSETS (Note 19)	4,185,161	-	4,156,026	-	4,093,184	-
DEFERRED TAX ASSETS (Note 38)	1,750,156	-	1,764,099	-	2,935,164	-
OTHER ASSETS, NET (Notes 18 and 20)	<u>3,235,253</u>	<u>-</u>	<u>2,897,887</u>	<u>-</u>	<u>3,308,445</u>	<u>-</u>
TOTAL	<u>\$ 4,635,315,295</u>	<u>100</u>	<u>\$ 4,476,167,813</u>	<u>100</u>	<u>\$ 4,314,227,294</u>	<u>100</u>
LIABILITIES AND EQUITY						
DEPOSITS FROM THE CENTRAL BANK AND OTHER BANKS (Notes 21 and 41)	\$ 337,770,736	7	\$ 287,853,635	6	\$ 236,065,143	5
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 8, 26 and 41)	3,084,163	-	3,650,230	-	3,267,393	-
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS (Notes 8, 9 and 22)	67,343,941	1	67,643,435	2	59,422,015	1
COMMERCIAL PAPER ISSUED, NET (Note 23)	26,189,913	1	24,539,978	1	20,835,489	1
PAYABLES (Notes 24 and 41)	56,202,144	1	52,099,763	1	81,733,130	2
CURRENT TAX LIABILITIES	876,397	-	862,016	-	510,642	-
DEPOSITS AND REMITTANCES (Notes 25 and 41)	3,684,918,764	80	3,598,422,914	80	3,491,340,534	81
BONDS PAYABLE (Note 26)	82,790,000	2	80,290,000	2	71,800,000	2
OTHER BORROWINGS (Notes 23 and 27)	10,103,100	-	9,352,346	-	3,023,241	-
PROVISIONS (Notes 4, 28 and 29)	34,101,196	1	32,268,462	1	34,061,644	1
OTHER FINANCIAL LIABILITIES (Notes 16 and 30)	90,777,234	2	91,685,037	2	92,866,417	2
LEASE LIABILITIES (Note 18)	1,669,106	-	1,538,102	-	1,539,550	-
DEFERRED TAX LIABILITIES (Notes 17 and 38)	4,909,299	-	3,966,477	-	5,124,955	-
OTHER LIABILITIES (Note 31)	<u>2,214,334</u>	<u>-</u>	<u>1,232,241</u>	<u>-</u>	<u>1,083,312</u>	<u>-</u>
Total liabilities	<u>4,402,950,327</u>	<u>95</u>	<u>4,255,404,636</u>	<u>95</u>	<u>4,102,673,465</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
Reserve for capitalization	<u>7,004,468</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,080,272</u>	<u>-</u>
Total capital stock	<u>147,093,822</u>	<u>3</u>	<u>140,089,354</u>	<u>3</u>	<u>140,089,354</u>	<u>3</u>
Capital surplus	<u>45,650,994</u>	<u>1</u>	<u>57,977,016</u>	<u>1</u>	<u>57,977,016</u>	<u>1</u>
Retained earnings						
Legal reserve	15,582,312	-	13,432,536	-	13,432,536	-
Special reserve	21,509,719	1	985,539	-	985,539	-
Unappropriated earnings	<u>10,269,237</u>	<u>-</u>	<u>24,472,050</u>	<u>1</u>	<u>14,702,956</u>	<u>1</u>
Total retained earnings	<u>47,361,268</u>	<u>1</u>	<u>38,890,125</u>	<u>1</u>	<u>29,121,031</u>	<u>1</u>
Other equity	<u>(13,343,363)</u>	<u>-</u>	<u>(21,509,719)</u>	<u>-</u>	<u>(20,963,035)</u>	<u>-</u>
Total equity attributable to owners of TCFHC	<u>226,762,721</u>	<u>5</u>	<u>215,446,776</u>	<u>5</u>	<u>206,224,366</u>	<u>5</u>
NON-CONTROLLING INTERESTS	<u>5,602,247</u>	<u>-</u>	<u>5,316,401</u>	<u>-</u>	<u>5,329,463</u>	<u>-</u>
Total equity	<u>232,364,968</u>	<u>5</u>	<u>220,763,177</u>	<u>5</u>	<u>211,553,829</u>	<u>5</u>
TOTAL	<u>\$ 4,635,315,295</u>	<u>100</u>	<u>\$ 4,476,167,813</u>	<u>100</u>	<u>\$ 4,314,227,294</u>	<u>100</u>

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

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
INTEREST REVENUE (Notes 32 and 41)	\$ 23,263,787	149	\$ 14,532,400	119	\$ 44,703,693	147	\$ 26,999,692	113
INTEREST EXPENSE (Notes 32 and 41)	(15,244,334)	(98)	(4,913,621)	(40)	(28,097,054)	(92)	(8,341,257)	(35)
NET INTEREST	8,019,453	51	9,618,779	79	16,606,639	55	18,658,435	78
NET REVENUES AND GAINS OTHER THAN INTEREST								
Service fee and commission income, net (Notes 33 and 41)	2,043,759	13	1,840,822	15	3,939,104	13	3,848,465	16
Premium income, net (Notes 30 and 34)	1,494,048	10	(262,735)	(2)	2,468,314	8	(334,041)	(1)
Gains on financial assets and liabilities at fair value through profit or loss (Notes 35 and 41)	8,417,935	54	5,322,489	43	9,519,833	32	9,318,526	39
Gains on disposal investment properties, net	10,629	-	40,226	-	54,294	-	73,001	-
Realized gains on financial assets at fair value through other comprehensive income (Note 36)	1,478,543	9	933,127	8	1,585,229	5	1,040,648	5
Foreign exchange losses	(5,846,691)	(37)	(5,797,435)	(47)	(3,837,352)	(13)	(9,414,249)	(39)
Impairment losses on assets (Notes 9 and 10)	(750)	-	(101,885)	(1)	1,996	-	(209,341)	(1)
Share of gains of associates and joint ventures accounted for using the equity method (Note 14)	4,906	-	1,336	-	10,407	-	4,178	-
(Losses) gains on reclassification of overlay approach (Note 8)	(59,511)	-	613,006	5	(98,041)	-	757,880	3
Other noninterest gains, net (Notes 16 and 41)	33,948	-	23,587	-	93,240	-	43,962	-
Total net revenues and gains other than interest	7,576,816	49	2,612,538	21	13,737,024	45	5,129,029	22
TOTAL NET REVENUES	15,596,269	100	12,231,317	100	30,343,663	100	23,787,464	100
BAD-DEBT EXPENSES AND PROVISION FOR LOSSES ON COMMITMENT AND GUARANTEES (Notes 4 and 13)	(1,024,210)	(6)	(186,163)	(1)	(2,078,618)	(7)	(123,452)	-
NET CHANGE IN RESERVES FOR INSURANCE LIABILITIES (Notes 4 and 28)	(1,101,194)	(7)	536,316	4	(1,753,947)	(6)	712,619	3
OPERATING EXPENSES (Notes 4, 16, 17, 18, 19, 29 and 37)								
Employee benefits	(4,414,437)	(28)	(4,296,049)	(35)	(8,887,357)	(29)	(8,510,875)	(36)
Depreciation and amortization	(657,160)	(4)	(622,225)	(5)	(1,303,296)	(4)	(1,226,106)	(5)
General and administrative	(2,240,355)	(15)	(1,826,946)	(15)	(4,202,467)	(14)	(3,522,114)	(15)
Total operating expenses	(7,311,952)	(47)	(6,745,220)	(55)	(14,393,120)	(47)	(13,259,095)	(56)

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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)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
INCOME BEFORE INCOME TAX	\$ 6,158,913	40	\$ 5,836,250	48	\$ 12,117,978	40	\$ 11,117,536	47
INCOME TAX EXPENSE (Notes 4 and 38)	<u>(1,358,924)</u>	<u>(9)</u>	<u>(965,085)</u>	<u>(8)</u>	<u>(2,281,354)</u>	<u>(8)</u>	<u>(1,769,458)</u>	<u>(8)</u>
NET INCOME	<u>4,799,989</u>	<u>31</u>	<u>4,871,165</u>	<u>40</u>	<u>9,836,624</u>	<u>32</u>	<u>9,348,078</u>	<u>39</u>
OTHER COMPREHENSIVE INCOME								
Items that will not be reclassified subsequently to profit or loss								
Change in the fair value attributable to changes in the credit risk of financial liabilities designated as at fair value through profit or loss	(643)	-	-	-	(964)	-	-	-
Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income (Note 9)	<u>1,712,121</u>	<u>11</u>	<u>(9,110,295)</u>	<u>(75)</u>	<u>5,384,362</u>	<u>18</u>	<u>(7,907,396)</u>	<u>(33)</u>
	<u>1,711,478</u>	<u>11</u>	<u>(9,110,295)</u>	<u>(75)</u>	<u>5,383,398</u>	<u>18</u>	<u>(7,907,396)</u>	<u>(33)</u>
Items that may be reclassified subsequently to profit or loss (Notes 8, 9 and 38)								
Exchange differences on the translation of financial statements of foreign operations	958,368	6	1,515,056	12	450,446	2	3,178,444	13
Unrealized (losses) gains on investments in debt instruments at fair value through other comprehensive income	(106,636)	(1)	(11,663,550)	(95)	3,068,846	10	(21,266,665)	(89)
Other comprehensive income (losses) on reclassification of overlay approach	59,511	1	(613,006)	(5)	98,041	-	(757,880)	(3)
Income tax attributable to other comprehensive income	<u>(131,730)</u>	<u>(1)</u>	<u>(26,690)</u>	<u>-</u>	<u>(57,606)</u>	<u>-</u>	<u>34,707</u>	<u>-</u>
	<u>779,513</u>	<u>5</u>	<u>(10,788,190)</u>	<u>(88)</u>	<u>3,559,727</u>	<u>12</u>	<u>(18,811,394)</u>	<u>(79)</u>
	<u>2,490,991</u>	<u>16</u>	<u>(19,898,485)</u>	<u>(163)</u>	<u>8,943,125</u>	<u>30</u>	<u>(26,718,790)</u>	<u>(112)</u>
TOTAL COMPREHENSIVE INCOME (LOSS)	<u>\$ 7,290,980</u>	<u>47</u>	<u>\$ (15,027,320)</u>	<u>(123)</u>	<u>\$ 18,779,749</u>	<u>62</u>	<u>\$ (17,370,712)</u>	<u>(73)</u>
NET INCOME								
ATTRIBUTABLE TO:								
Owners of TCFHC	\$ 4,638,898	30	\$ 4,727,387	39	\$ 9,525,438	31	\$ 9,025,164	38
Non-controlling interests	<u>161,091</u>	<u>1</u>	<u>143,778</u>	<u>1</u>	<u>311,186</u>	<u>1</u>	<u>322,914</u>	<u>1</u>
	<u>\$ 4,799,989</u>	<u>31</u>	<u>\$ 4,871,165</u>	<u>40</u>	<u>\$ 9,836,624</u>	<u>32</u>	<u>\$ 9,348,078</u>	<u>39</u>

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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)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owners of TCFHC	\$ 7,106,733	46	\$ (14,404,308)	(118)	\$ 18,318,571	60	\$ (16,403,092)	(69)
Non-controlling interests	<u>184,247</u>	<u>1</u>	<u>(623,012)</u>	<u>(5)</u>	<u>461,178</u>	<u>2</u>	<u>(967,620)</u>	<u>(4)</u>
	<u>\$ 7,290,980</u>	<u>47</u>	<u>\$ (15,027,320)</u>	<u>(123)</u>	<u>\$ 18,779,749</u>	<u>62</u>	<u>\$ (17,370,712)</u>	<u>(73)</u>
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 39)								
Basic	<u>\$ 0.32</u>		<u>\$ 0.32</u>		<u>\$ 0.65</u>		<u>\$ 0.61</u>	
Diluted	<u>\$ 0.32</u>		<u>\$ 0.32</u>		<u>\$ 0.65</u>		<u>\$ 0.61</u>	

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

(Concluded)

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

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

	Equity Attributable to Owners of TCFHC							Other Equity					Total Equity
	Capital Stock (Note 40)				Retained Earnings (Notes 9 and 40)			Exchange Differences on the Translation of Financial Statements of Foreign Operations	Unrealized Gains (Losses) on Financial Assets at Fair Value Through Other Comprehensive Income (Note 9)	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 40)	
	Shares (In Thousands)	Common Stock	Reserve for Capitalization	Capital Surplus (Note 40)	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
Share dividends distributed from capital surplus	-	-	7,004,468	(7,004,468)	-	-	-	-	-	-	-	-	-
Cash dividends distributed from capital surplus	-	-	-	(5,323,396)	-	-	-	-	-	-	-	-	(5,323,396)
Unclaimed dividends	-	-	-	1,842	-	-	-	-	-	-	-	-	1,842
Appropriation of the 2022 earnings													
Legal reserve	-	-	-	-	2,149,776	-	(2,149,776)	-	-	-	-	-	-
Special reserve	-	-	-	-	-	20,524,180	(20,524,180)	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	(1,681,072)	-	-	-	-	-	(1,681,072)
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	626,777	-	(626,777)	-	-	-	-
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(175,332)	(175,332)
Net income for the six months ended June 30, 2023	-	-	-	-	-	-	9,525,438	-	-	-	-	311,186	9,836,624
Other comprehensive income (loss) for the six months ended June 30, 2023	-	-	-	-	-	-	-	354,368	8,390,890	(964)	48,839	149,992	8,943,125
Total comprehensive income (loss) for the six months ended June 30, 2023	-	-	-	-	-	-	9,525,438	354,368	8,390,890	(964)	48,839	461,178	18,779,749
BALANCE AT JUNE 30, 2023	14,008,935	\$ 140,089,354	\$ 7,004,468	\$ 45,650,994	\$ 15,582,312	\$ 21,509,719	\$ 10,269,237	\$ (98,094)	\$ (13,462,887)	\$ (964)	\$ 218,582	\$ 5,602,247	\$ 232,364,968
BALANCE AT JANUARY 1, 2022	13,600,908	\$ 136,009,082	\$ -	\$ 57,976,124	\$ 11,260,796	\$ 985,539	\$ 22,827,215	\$ (4,310,009)	\$ 10,787,759	\$ -	\$ 690,968	\$ 6,651,118	\$ 242,878,592
Unclaimed dividends	-	-	-	892	-	-	-	-	-	-	-	-	892
Appropriation of the 2021 earnings													
Legal reserve	-	-	-	-	2,171,740	-	(2,171,740)	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	(13,600,908)	-	-	-	-	-	(13,600,908)
Stock dividends	-	-	4,080,272	-	-	-	(4,080,272)	-	-	-	-	-	-
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	2,703,497	-	(2,703,497)	-	-	-	-
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(354,035)	(354,035)
Net income for the six months ended June 30, 2022	-	-	-	-	-	-	9,025,164	-	-	-	-	322,914	9,348,078
Other comprehensive income (losses) for the six months ended June 30, 2022	-	-	-	-	-	-	-	2,544,690	(27,587,722)	-	(385,224)	(1,290,534)	(26,718,790)
Total comprehensive income (losses) for the six months ended June 30, 2022	-	-	-	-	-	-	9,025,164	2,544,690	(27,587,722)	-	(385,224)	(967,620)	(17,370,712)
BALANCE AT JUNE 30, 2022	13,600,908	\$ 136,009,082	\$ 4,080,272	\$ 57,977,016	\$ 13,432,536	\$ 985,539	\$ 14,702,956	\$ (1,765,319)	\$ (19,503,460)	\$ -	\$ 305,744	\$ 5,329,463	\$ 211,553,829

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

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

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

	For the Six Months Ended June 30	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 12,117,978	\$ 11,117,536
Adjustments for:		
Depreciation expenses	1,123,518	1,069,570
Amortization expenses	179,778	156,536
Expected credit losses/bad-debt expenses	1,963,443	268,460
Gains on financial assets and liabilities at fair value through profit or loss	(9,519,833)	(9,318,526)
Interest expense	28,097,054	8,341,257
Interest revenue	(44,703,693)	(26,999,692)
Dividend income	(1,578,080)	(1,015,266)
Net changes in reserves for insurance liabilities	1,753,947	(712,619)
Provision (reversal of provision) for losses on guarantees	48,355	(104,795)
Net changes in reserves for other liabilities	66,820	(40,213)
Share of gains of associates and joint ventures accounted for using equity method	(10,407)	(4,178)
Losses (gains) on reclassification of overlay approach	98,041	(757,880)
Losses on disposal of properties and equipment	166	65
Gains on disposal of investment properties	(54,294)	(73,001)
Gains on disposal of investments	(7,149)	(25,382)
Impairment losses on financial assets	3,137	211,133
Reversal of impairment losses on financial assets	(5,133)	(1,792)
Unrealized gains on foreign exchange	(310,135)	(1,147,272)
Net changes in operating assets and liabilities		
(Increase) decrease in due from the Central Bank and call loans to other banks	(29,648,871)	33,285,536
(Increase) decrease in financial assets at fair value through profit or loss	(34,078,235)	7,468,924
Increase in financial assets at fair value through other comprehensive income	(10,531,871)	(47,949,881)
(Increase) decrease in investments in debt instruments at amortized cost	(4,402,329)	67,054,292
Increase in receivables	(9,095,866)	(868,415)
Increase in discounts and loans	(98,087,666)	(29,651,976)
Increase in reinsurance assets	(38,491)	(23,001)
Increase in other financial assets	(1,847,692)	(279,097)
(Increase) decrease other assets	(188,072)	2,884,993
Increase (decrease) in deposits from the Central Bank and other banks	49,917,101	(6,981,435)
Decrease in financial liabilities at fair value through profit or loss	(3,394,114)	(3,778,326)
(Decrease) increase in securities sold under repurchase agreements	(346,001)	6,221,565
(Decrease) increase in payables	(5,823,640)	5,596,535
		(Continued)

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

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

	For the Six Months Ended June 30	
	2023	2022
Increase in deposits and remittances	\$ 86,495,850	\$ 12,591,653
Decrease in provision for employee benefits	(96,868)	(317,738)
Increase (decrease) in other financial liabilities	140,944	(27,548)
Increase (decrease) in other liabilities	<u>742,355</u>	<u>(290,818)</u>
Cash (used in) generated from operations	(71,019,953)	25,899,204
Interest received	43,840,742	27,657,432
Dividends received	557,882	433,325
Interest paid	(25,498,103)	(7,812,501)
Income tax paid	<u>(1,662,489)</u>	<u>(159,992)</u>
Net cash (used in) generated from operating activities	<u>(53,781,921)</u>	<u>46,017,468</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of properties and equipment	(533,647)	(559,432)
Increase in refundable deposits	(826,097)	(623,558)
Decrease in refundable deposits	706,106	738,483
Acquisition of intangible assets	(178,278)	(326,078)
Acquisition of investment properties	(205,114)	(957,326)
Proceeds from disposal of investment properties	376,633	553,242
Increase in other assets	(11,366)	(15,327)
Decrease in other assets	<u>1,744</u>	<u>20,870</u>
Net cash used in investing activities	<u>(670,019)</u>	<u>(1,169,126)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in due to the Central Bank and other banks	-	(88,889,360)
Increase in commercial paper issued	18,450,000	33,570,000
Decrease in commercial paper issued	(16,800,000)	(42,620,000)
Proceeds from the issuance of bank debentures	2,500,000	1,350,000
Repayments of bank debentures	-	(11,650,000)
Increase in other borrowings	4,521,091	11,757,004
Decrease in other borrowings	(3,769,417)	(9,550,783)
Increase in financial liabilities designated at fair value through profit or loss	1,445,557	-
Increase in guarantee deposits received	209,793	353,904
Decrease in guarantee deposits received	(139,502)	(739,479)
Repayments of the principal portion of lease liabilities	(347,810)	(310,505)
Increase in other liabilities	270,795	-
Decrease in other liabilities	<u>-</u>	<u>(2,214)</u>
Net cash generated from (used in) financing activities	<u>6,340,507</u>	<u>(106,731,433)</u>

(Continued)

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

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

	For the Six Months Ended June 30	
	2023	2022
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	\$ (866,355)	\$ (6,396,178)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(48,977,788)	(68,279,269)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	<u>140,044,317</u>	<u>204,390,245</u>
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	<u>\$ 91,066,529</u>	<u>\$ 136,110,976</u>
Cash and cash equivalents reconciliations:		
	June 30	
	2023	2022
Cash and cash equivalents in the consolidated balance sheets	\$ 57,648,453	\$ 80,835,427
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”	31,845,517	53,554,626
Securities purchased under resell agreements in accordance with the definition of cash and cash equivalents under IAS 7 “Statement of Cash Flows”	1,198,879	1,720,923
Other items in accordance with the definition of cash and cash equivalents under IAS 7 “Statement of Cash Flows”	<u>373,680</u>	<u>-</u>
Cash and cash equivalents, end of period	<u>\$ 91,066,529</u>	<u>\$ 136,110,976</u>

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

(Concluded)

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. ORGANIZATION AND OPERATIONS

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

TCFHC invests in and manages financial institutions.

TCB engages in (a) all commercial banking operations allowed under the Banking Law; (b) international banking operations; (c) overseas branch operations as authorized by the respective foreign governments; and (d) other operations as authorized by the central authority-in-charge. TCB has its Head Office in Taipei. It had a Business, International Banking, Finance, Credit Card, Trust and Insurance Agent Departments as well as 269 domestic branches, an offshore banking unit (OBU), 14 overseas branches, 8 overseas sub-branches and 3 representative offices as of June 30, 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 Law and Trust Law of the ROC.

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

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

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

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

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

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

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

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

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

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

As of June 30, 2023 and 2022, TCFHC and its subsidiaries (the Company) had 9,553 and 9,532 employees, respectively.

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

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by TCFHC's board of directors on August 21, 2023.

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

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

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

- b. Impact of 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
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024
Amendments to IAS 12 “International Tax Reform - Pillar Two Model Rules”	Note 3

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.

Note 3: The amendments require that an entity applies the exception - and the requirement to disclose that it has applied the exception - immediately upon issuance of the amendments and retrospectively in accordance with IAS 8. The remaining disclosure requirements are required for annual reporting periods beginning on or after January 1, 2023, and if any interim period ending on or before December 31, 2023, is not required to disclose the information warranted by these requirements.

- IFRS 17 “Insurance Contracts” and related amendments

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

Level of aggregation

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

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

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

Recognition

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

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

Measurement

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

- 1) The initial recognition of an amount for the 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

These interim 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 (assets) 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. Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

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

b. Provisions

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

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

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

1) Unearned premium reserve

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

2) Claim reserve

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

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

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

b) Injury insurance

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

3) Life policy reserve

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

4) Deficiency reserve

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

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

5) Reserve for liability adequacy

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

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

6) Insurance contract with financial instrument features

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

7) Reserve for foreign exchange valuation

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

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

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

c. Employee benefits

Retirement benefits

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

d. 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 revision and future periods if the revision affects both current year and future periods.

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

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

a. Impairment losses on loans

Estimated impairment losses on the Company's loans is based on 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

	June 30, 2023	December 31, 2022	June 30, 2022
Cash on hand	\$ 23,882,561	\$ 39,872,817	\$ 23,709,138
Notes and checks in clearing	4,971,375	17,918,898	5,658,985
Due from banks	<u>28,816,746</u>	<u>37,544,920</u>	<u>51,487,615</u>
	57,670,682	95,336,635	80,855,738
Less: Allowance for possible losses	<u>22,229</u>	<u>21,933</u>	<u>20,311</u>
	<u>\$ 57,648,453</u>	<u>\$ 95,314,702</u>	<u>\$ 80,835,427</u>

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

	June 30, 2023	December 31, 2022	June 30, 2022
Reserves for deposits - account A	\$ 47,695,087	\$ 24,768,535	\$ 21,650,132
Reserves for deposits - account B	106,916,524	102,855,826	94,773,734
Reserves for deposits - community financial institutions	80,366,296	80,004,048	72,665,774
Reserves for deposits - foreign-currency deposits	585,467	580,560	560,850
Deposits in the Central Bank	39,200,000	39,200,000	39,200,000
Due from the Central Bank - others	16,597,346	28,486,157	19,781,091
Due from the Central Bank - central government agencies' deposits	3,718,408	2,480,876	4,148,294
Call loans to banks	<u>43,637,350</u>	<u>40,933,528</u>	<u>61,177,435</u>
	<u>\$ 338,716,478</u>	<u>\$ 319,309,530</u>	<u>\$ 313,957,310</u>

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

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

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

	June 30, 2023	December 31, 2022	June 30, 2022
Financial assets mandatorily classified as at fair value through profit or loss			
Commercial paper	\$ 100,228,601	\$ 59,965,566	\$ 65,068,211
Negotiable certificates of deposit	1,599,288	2,598,248	5,599,184
Beneficial certificates	4,863,150	3,593,291	4,055,307
Investment in equity instruments	3,377,480	2,552,388	2,655,716
Corporate bonds	1,091,065	1,378,407	1,865,124
Convertible bonds	356,994	539,794	458,216
Bank debentures	15,306	-	-
Acquired loans	99	5,227	30,668
Government bonds	706,061	99,524	99,458
Commercial paper contracts with reference rate	13,440	9,540	5,571
Currency swap contracts	7,134,154	4,673,648	10,251,966
Futures exchange margins	437,249	448,118	731,433
Convertible bonds assets swap contracts	270,669	-	-
Forward contracts	105,851	110,287	90,296
Currency option contracts - buy	8,687	20,499	16,203
Cross-currency swap contracts	1,132	14,358	9,764
Interest rate swap contracts	85,080	58,052	76,770
Futures option contract - buy	510	-	-
Foreign-currency margin contracts	-	612	-
Asset swap IRS contracts value	<u>2,557</u>	<u>5,416</u>	<u>7,190</u>
Financial assets at fair value through profit or loss	<u>\$ 120,297,373</u>	<u>\$ 76,072,975</u>	<u>\$ 91,021,077</u>

Held-for-trading financial liabilities

Payable - security borrowing	\$ 662,605	\$ 223,959	\$ 970,013
Securities purchased under resell agreements - short sale	-	472,508	-
Commercial paper contracts with reference rate	-	-	13
Currency swap contracts	819,244	2,833,191	2,062,600
Currency option contract - sell	8,702	20,532	16,253
Interest rate swap contracts	104,723	47,247	66,384
Forward contracts	38,541	43,816	72,624
Asset swap options contracts	15,138	6,544	15,999

(Continued)

	June 30, 2023	December 31, 2022	June 30, 2022
Foreign-currency margin contracts	\$ -	\$ 355	\$ -
Cross-currency swap contracts	17,267	2,076	63,252
Asset swap IRS contracts value	-	2	-
Futures option contract - sell	<u>371</u>	<u>-</u>	<u>255</u>
	1,666,591	3,650,230	3,267,393
Financial liabilities designated to be measured at fair value through profit or loss			
Bank debentures (Note 26)	<u>1,417,572</u>	<u>-</u>	<u>-</u>
Financial liabilities at fair value through profit or loss	<u>\$ 3,084,163</u>	<u>\$ 3,650,230</u>	<u>\$ 3,267,393</u> (Concluded)

As of June 30, 2023, December 31, 2022 and June 30, 2022, financial assets at fair value through profit or loss amounting to \$35,045,112 thousand, \$34,548,929 thousand and \$27,344,856 thousand, respectively, had been sold under repurchase agreements.

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

As of June 30, 2023, December 31, 2022 and June 30, 2022, the contract (notional) amounts of derivative transactions of TCB were as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Currency swap contracts	\$ 312,679,973	\$ 317,275,471	\$ 327,153,819
Interest rate swap contracts	4,965,744	2,551,286	2,019,541
Forward contracts	8,797,978	10,763,164	9,557,710
Currency option contracts - sell	2,632,823	2,879,492	3,654,432
Currency option contracts - buy	2,632,823	2,879,492	3,654,432
Cross-currency swap contracts	610,496	786,552	1,267,448
Foreign-currency margin contracts	-	62,340	-

As of June 30, 2023 and June 30, 2022, the open position of futures transactions of TCB were as follows:

		June 30, 2023			
Items	Products	Open Position		Contract Amounts or Premium Paid (Charged)	Fair Values
		Buy/Sell	Number of Contracts		
Futures contracts	Interest rate futures	Buy	20	\$ 70,007	\$ 69,831

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

As of June 30, 2023, December 31, 2022 and June 30, 2022, the open position of future and option transactions of Taiwan Cooperative Securities Co., Ltd. (TCS) were as follows:

		June 30, 2023			
Items	Products	Open Position		Contract	Fair Values
		Buy/Sell	Number of Contracts	Amounts or	
				Premium Paid (Charged)	
Futures contracts	Interest rate futures	Buy	40	\$ 163,025	\$ 163,707
	Stock index futures	Buy	127	175,527	175,439
	Single-stock futures	Buy	12	4,425	4,460
	Commodity futures	Buy	76	166,917	171,001
	Foreign exchange futures	Buy	4	10,889	10,918
	Stock index futures	Sell	407	705,697	706,745
	Single-stock futures	Sell	483	166,390	166,063
	Commodity futures	Sell	117	275,825	279,115
Option contracts	Stock index options	Buy put	100	681	510
	Stock index options	Sell call	190	232	88
	Stock index options	Sell put	220	294	282

		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

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

As of June 30, 2023, December 31, 2022 and June 30, 2022, the contract (notional) amounts of asset swap contracts of TCS were as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Asset swap contracts	\$ 173,000	\$ 253,000	\$ 253,000

As of June 30, 2023, December 31, 2022 and June 30, 2022, the contract (notional) amounts of currency swap contracts of TCS were as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Currency swap contracts	\$ 314,514	\$ 586,848	\$ 443,835

As of June 30, 2023 and 2022, the open position of futures transactions of TCBF was as follows:

		June 30, 2023			
Items	Products	Open Position		Contract	Fair Values
		Buy/Sell	Number of Contracts	Amounts or	
				Premium Paid (Charged)	
Futures contracts	U.S. Treasury Bond Futures	Sell	5	\$ 15,536	\$ 17,419
		June 30, 2022			
Items	Products	Open Position		Contract	Fair Values
		Buy/Sell	Number of Contracts	Amounts or	
				Premium Paid (Charged)	
Futures contracts	U.S. Treasury Bond Futures	Sell	20	\$ 59,340	\$ 66,191

As of June 30, 2023 and December 31, 2022, the contract (notional) amounts of derivative transactions of TCBF were as follows:

	June 30, 2023	December 31, 2022
Currency swap contracts	\$ 489,938	\$ 280,285
Convertible (exchangeable) bond asset swap contracts	263,800	-

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

As of June 30, 2023, December 31, 2022 and June 30, 2022, the contract (notional) amounts of derivative transactions of BPCTLI were as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Currency swap contracts	\$ 10,329,782	\$ 10,358,975	\$ 10,994,040
Cross-currency swap contracts	404,820	307,250	297,350

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

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Financial assets at FVTPL</u>			
Beneficial certificates	\$ 3,447,056	\$ 2,841,002	\$ 3,256,746
Investment in equity instruments	411,346	424,531	206,373

For the six months ended June 30, 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 Six Months Ended June 30	
	2023	2022
Profit or loss on application of IFRS 9	\$ 350,790	\$ (558,282)
Less: Profit or loss from application of IAS 39	<u>(252,749)</u>	<u>(199,598)</u>
Gain or loss on reclassification of overlay approach	<u>\$ 98,041</u>	<u>\$ (757,880)</u>

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Investments in equity instruments at FVTOCI</u>			
Listed shares and emerging market shares	\$ 36,935,956	\$ 29,677,955	\$ 38,844,883
Unlisted shares	<u>7,201,332</u>	<u>6,227,077</u>	<u>6,341,037</u>
	<u>44,137,288</u>	<u>35,905,032</u>	<u>45,185,920</u>
<u>Investments in debt instruments at FVTOCI</u>			
Government bonds	259,995,134	244,621,110	247,977,620
Corporate bonds	110,011,783	110,794,966	119,197,491
Bank debentures	71,664,532	82,561,899	93,121,001
Negotiable certificates of deposit	<u>8,872,969</u>	<u>1,218,738</u>	<u>591,548</u>
	<u>450,544,418</u>	<u>439,196,713</u>	<u>460,887,660</u>
	<u>\$ 494,681,706</u>	<u>\$ 475,101,745</u>	<u>\$ 506,073,580</u>

These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes or for receiving dividends. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes.

For the purpose of risk diversification and profit strategy, the Company adjusted the investment position to sell part of equity instruments in the amounts of \$5,393,832 thousand and \$23,860,594 thousand for the six months ended June 30, 2023 and 2022, respectively. The accumulated unrealized valuation gain or loss of financial assets at FVTOCI under other equity in the amount of \$626,777 thousand gains and \$2,703,497 thousand gains have been transferred to retained earnings, respectively.

For the three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022, the Company recognized unrealized gains on investments in equity instruments at FVTOCI of \$1,712,121 thousand gains, \$9,110,295 thousand losses, \$5,384,362 thousand gains and \$7,907,396 thousand losses, respectively.

For the three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022, the Company recognized unrealized gains or losses on investments in debt instruments at FVOCI of \$106,636 thousand losses, \$11,663,550 thousand losses, \$3,068,846 thousand gains and \$21,266,665 thousand losses, respectively.

As of June 30, 2023, December 31, 2022 and June 30, 2022, the allowance for possible losses of investment in debt instruments at FVTOCI recognized was \$297,866 thousand, \$301,897 thousand and \$304,962 thousand, respectively, through expected credit loss. Impairment loss recognized in profit or loss for the three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022 was \$4,982 thousand losses, \$101,857 thousand losses, \$7,128 thousand gains and \$210,236 thousand losses, respectively.

As of June 30, 2023, December 31, 2022 and June 30, 2022, financial assets at fair value through other comprehensive income amounting to \$31,685,164 thousand, \$32,186,131 thousand and \$31,192,857 thousand, respectively, had been sold under repurchase agreements.

10. INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST

	June 30, 2023	December 31, 2022	June 30, 2022
Negotiable certificates of deposit in the Central Bank	\$ 473,810,000	\$ 537,950,000	\$ 471,865,000
Government bonds	156,236,625	124,549,998	115,461,031
Corporate bonds	66,462,471	44,339,053	46,928,034
Bank debentures	26,681,292	12,018,206	12,314,184
Certificates of deposit	893,625	700,849	2,364,212
Treasury bills	419,790	-	-
	<u>724,503,803</u>	<u>719,558,106</u>	<u>648,932,461</u>
Less: Allowance for impairment loss	<u>28,101</u>	<u>22,751</u>	<u>19,544</u>
	<u>\$ 724,475,702</u>	<u>\$ 719,535,355</u>	<u>\$ 648,912,917</u>

Impairment loss recognized in profit or loss for the three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022 was \$4,232 thousand gains, \$28 thousand losses, \$5,132 thousand losses and \$895 thousand gains, respectively.

11. SECURITIES PURCHASED UNDER RESELL AGREEMENTS

Securities acquired for \$1,198,879 thousand, \$2,642,175 thousand and \$1,720,923 thousand under resell agreements as of June 30, 2023, December 31, 2022 and June 30, 2022, respectively, will subsequently be sold for \$1,200,073 thousand, \$2,644,497 thousand and \$1,721,623 thousand, respectively.

12. RECEIVABLES, NET

	June 30, 2023	December 31, 2022	June 30, 2022
Accrued interest	\$ 12,296,098	\$ 10,346,319	\$ 8,099,606
Settlement consideration	6,041,942	3,462,236	5,180,858
Settlement receivable	5,624,589	3,361,004	6,189,922
Margin loans receivable	4,819,256	4,498,532	5,403,191
Credit cards	8,953,290	4,886,693	3,530,380
Acceptances	2,608,934	3,073,233	4,248,416
Lease payment receivable	1,997,619	2,383,677	2,441,183
Receivable on securities	516,388	1,063,500	2,245,741
Receivables on merchant accounts in the credit card business	849,850	733,633	505,225
Receivables on financing provided	895,883	756,039	803,028
Accounts receivable	417,096	419,014	1,171,571
Receivable - separated account	652,632	521,613	332,607
Refundable deposits receivable in leasehold agreements	132,585	136,585	138,993
Accounts receivable factored without recourse	29,647	142,901	47,621
Receivables on digital voucher advance payment	-	-	45,996
Urban regeneration advance payment	7,778,560	6,380,341	5,129,997

(Continued)

	June 30, 2023	December 31, 2022	June 30, 2022
Dividends receivable	\$ 1,254,377	\$ 4,046	\$ 783,192
Others	<u>864,510</u>	<u>973,291</u>	<u>1,025,569</u>
	55,733,256	43,142,657	47,323,096
Less: Allowance for possible losses	680,016	621,985	581,343
Less: Unrealized interest revenue	<u>85,812</u>	<u>115,753</u>	<u>138,136</u>
	<u>\$ 54,967,428</u>	<u>\$ 42,404,919</u>	<u>\$ 46,603,617</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 on January 1, 2023	\$ 21,463,662	\$ 57,165	\$ 204,286	\$ 21,725,113
Transfers to				
Lifetime ECL	(38,215)	38,271	(56)	-
Credit-impaired financial assets	(87,840)	(20,120)	107,960	-
12-month ECL	9,086	(8,926)	(160)	-
New financial assets purchased or originated	52,810,760	72,246	126,070	53,009,076
Write-offs	-	-	(16,093)	(16,093)
Derecognition of financial assets in the current reporting period	(47,484,768)	(79,832)	(105,535)	(47,670,135)
Changes in exchange rates and other changes	<u>(182,001)</u>	<u>7,549</u>	<u>655</u>	<u>(173,797)</u>
Balance on June 30, 2023	<u>\$ 26,490,684</u>	<u>\$ 66,353</u>	<u>\$ 317,127</u>	<u>\$ 26,874,164</u>
Balance on January 1, 2022	\$ 22,251,396	\$ 42,626	\$ 155,867	\$ 22,449,889
Transfers to				
Lifetime ECL	(32,586)	32,878	(292)	-
Credit-impaired financial assets	(7,353)	(1,867)	9,220	-
12-month ECL	10,397	(9,490)	(907)	-
New financial assets purchased or originated	47,012,883	78,260	876,077	47,967,220
Write-offs	-	-	(5,505)	(5,505)
Derecognition of financial assets in the current reporting period	(48,371,521)	(93,593)	(66,345)	(48,531,459)
Changes in exchange rates and other changes	<u>(290,460)</u>	<u>-</u>	<u>65</u>	<u>(290,395)</u>
Balance on June 30, 2022	<u>\$ 20,572,756</u>	<u>\$ 48,814</u>	<u>\$ 968,180</u>	<u>\$ 21,589,750</u>

Allowance for Possible Losses	12-month ECL	Lifetime ECL (Collective Assessment)	Lifetime ECL (Non-purchased or Non-originated Credit-impaired Financial Assets)	Impairment Loss under IFRS 9	Difference of Impairment Loss under Regulations	Total
Balance on 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	(425)	435	(10)	-	-	-
Credit-impaired financial assets	(18,886)	(511)	19,397	-	-	-
12-month ECL	1,959	(1,950)	(9)	-	-	-
Derecognition of financial assets in the current reporting period	(24,482)	(19,605)	(12,211)	(56,298)	-	(56,298)
Reversal from financial instruments recognized at the beginning of the current reporting period	11,608	4,424	7,497	23,529	-	23,529
New financial assets purchased or originated	24,163	18,699	48,324	91,186	-	91,186
Difference of impairment loss under regulations	-	-	-	-	3,307	3,307
Write-offs	-	-	(16,093)	(16,093)	-	(16,093)
Recovery of written-off receivables	-	-	662	662	-	662
Changes in exchange rates and other changes	239	5	1,066	1,310	-	1,310
Balance on June 30, 2023	<u>\$ 36,315</u>	<u>\$ 12,683</u>	<u>\$ 144,602</u>	<u>\$ 193,600</u>	<u>\$ 169,009</u>	<u>\$ 362,609</u>
Balance on January 1, 2022	\$ 36,404	\$ 10,928	\$ 59,387	\$ 106,719	\$ 173,969	\$ 280,688
Changes from financial instruments recognized at the beginning of the current reporting period						
Transfers to						
Lifetime ECL	(235)	265	(30)	-	-	-
Credit-impaired financial assets	(228)	(424)	652	-	-	-
12-month ECL	2,195	(2,169)	(26)	-	-	-
Derecognition of financial assets in the current reporting period	(29,594)	(23,025)	(38,598)	(91,217)	-	(91,217)
Reversal from financial instruments recognized at the beginning of the current reporting period	(1,615)	5,647	32,380	36,412	-	36,412
New financial assets purchased or originated	37,157	19,918	18,860	75,935	-	75,935
Difference of impairment loss under regulations	-	-	-	-	(2,983)	(2,983)
Write-offs	-	-	(5,505)	(5,505)	-	(5,505)
Recovery of written-off receivables	-	-	20,648	20,648	-	20,648
Changes in exchange rates and other changes	243	-	2,456	2,699	-	2,699
Balance on June 30, 2022	<u>\$ 44,327</u>	<u>\$ 11,140</u>	<u>\$ 90,224</u>	<u>\$ 145,691</u>	<u>\$ 170,986</u>	<u>\$ 316,677</u>

Impairment assessment except the above receivables were based on expected credit losses model at the beginning of the current reporting period by the simplified method. On June 30, 2023, December 31, 2022 and June 30, 2022, the amounts assessment to impairment of receivables were assessed as \$28,859,092 thousand, \$21,417,544 thousand and \$25,733,346 thousand, respectively, and the amounts of allowance for possible losses were \$317,407 thousand, \$306,979 thousand and \$264,666 thousand, respectively.

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

	For the Six Months Ended June 30	
	2023	2022
Balance on January 1	\$ 306,979	\$ 260,451
Provision for possible losses	6,770	15,560
Write-offs	(3,174)	(730)
Recovery of written-off receivables	3,396	646
Effects of exchange rate changes and other changes	3,436	(11,261)
Balance on June 30	<u>\$ 317,407</u>	<u>\$ 264,666</u>

13. DISCOUNTS AND LOANS, NET

	June 30, 2023	December 31, 2022	June 30, 2022
Bills discounted	\$ 1,053,512	\$ 1,467,784	\$ 2,186,663
Overdraft			
Unsecured	6,202	913	9,861
Secured	26,393	20,304	26,866
Import and export negotiations	326,234	1,022,765	617,247
Short-term loans			
Unsecured	388,245,914	333,350,019	301,425,732
Accounts receivable financing	371,645	460,826	260,638
Secured	205,519,483	213,797,203	206,062,020
Medium-term loans			
Unsecured	509,220,642	479,552,115	402,302,601
Secured	427,015,686	421,207,362	425,066,063
Long-term loans			
Unsecured	49,574,232	48,019,196	45,462,730
Secured	1,130,235,430	1,116,977,245	1,108,159,580
Overdue loans	5,475,953	4,820,291	4,624,035
Life insurance loan	371,577	355,216	394,909
Temporary insurance paid	85,144	83,662	77,510
	<u>2,717,528,047</u>	<u>2,621,134,901</u>	<u>2,496,676,455</u>
Less: Allowance for possible losses	31,019,468	30,897,043	29,819,392
Less: Adjustment of discount	<u>635,082</u>	<u>646,803</u>	<u>571,004</u>
	<u>\$ 2,685,873,497</u>	<u>\$ 2,589,591,055</u>	<u>\$ 2,466,286,059</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 on January 1, 2023	\$ 2,580,402,892	\$ 5,893,927	\$ 34,838,082	\$ 2,621,134,901
Transfers to				
Lifetime ECL	(2,668,404)	2,687,775	(19,371)	-
Credit-impaired financial assets	(2,797,383)	(2,069,558)	4,866,941	-
12-month ECL	1,171,142	(1,042,350)	(128,792)	-
New financial assets purchased or originated	693,509,846	362,086	308,098	694,180,030
Write-offs	-	-	(2,149,077)	(2,149,077)
Derecognition of financial assets in the current reporting period	(594,889,775)	(644,579)	(3,202,230)	(598,736,584)
Changes in exchange rates and other changes	<u>2,967,707</u>	<u>64,751</u>	<u>66,319</u>	<u>3,098,777</u>
Balance on June 30, 2023	<u>\$ 2,677,696,025</u>	<u>\$ 5,252,052</u>	<u>\$ 34,579,970</u>	<u>\$ 2,717,528,047</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 on January 1, 2022	\$ 2,424,017,243	\$ 6,838,384	\$ 36,101,322	\$ 2,466,956,949
Transfers to				
Lifetime ECL	(1,955,334)	2,013,656	(58,322)	-
Credit-impaired financial assets	(3,768,596)	(402,056)	4,170,652	-
12-month ECL	608,385	(456,578)	(151,807)	-
New financial assets purchased or originated	617,004,428	371,217	357,136	617,732,781
Write-offs	-	-	(432,821)	(432,821)
Derecognition of financial assets in the current reporting period	(590,190,600)	(919,516)	(5,391,354)	(596,501,470)
Changes in exchange rates and other changes	<u>8,544,865</u>	<u>248,798</u>	<u>127,353</u>	<u>8,921,016</u>
Balance on June 30, 2022	<u>\$ 2,454,260,391</u>	<u>\$ 7,693,905</u>	<u>\$ 34,722,159</u>	<u>\$ 2,496,676,455</u> (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 on 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	(5,214)	8,395	(3,181)	-	-	-
Credit-impaired financial assets	(46,510)	(59,607)	106,117	-	-	-
12-month ECL	16,716	(9,961)	(6,755)	-	-	-
Derecognition of financial assets in the current reporting period	(1,003,702)	(1,826)	(222,179)	(1,227,707)	-	(1,227,707)
Reversal from financial instruments recognized at the beginning of the current reporting period	87,274	23,353	3,166,598	3,277,225	-	3,277,225
New financial assets purchased or originated	1,240,797	9,492	31,060	1,281,349	-	1,281,349
Difference of impairment loss under regulations	-	-	-	-	(1,479,377)	(1,479,377)
Write-offs	-	-	(2,149,077)	(2,149,077)	-	(2,149,077)
Recovery of write-off credits	-	-	362,660	362,660	-	362,660
Changes in exchange rates and other changes	<u>26,244</u>	<u>1,348</u>	<u>29,760</u>	<u>57,352</u>	<u>-</u>	<u>57,352</u>
Balance on June 30, 2023	<u>\$ 4,440,917</u>	<u>\$ 71,338</u>	<u>\$ 5,349,718</u>	<u>\$ 9,861,973</u>	<u>\$ 21,157,495</u>	<u>\$ 31,019,468</u>
Balance on January 1, 2022	\$ 3,777,112	\$ 86,866	\$ 4,047,940	\$ 7,911,918	\$ 21,800,941	\$ 29,712,859
Changes from financial instruments recognized at the beginning of the current reporting period						
Transfers to						
Lifetime ECL	(1,477)	6,445	(4,968)	-	-	-
Credit-impaired financial assets	(69,999)	(2,462)	72,461	-	-	-
12-month ECL	18,050	(2,093)	(15,957)	-	-	-
Derecognition of financial assets in the current reporting period	(1,001,219)	(5,046)	(122,613)	(1,128,878)	-	(1,128,878)
Reversal from financial instruments recognized at the beginning of the current reporting period	(6,114)	(3,869)	(240,432)	(250,415)	-	(250,415)
New financial assets purchased or originated	1,344,108	1,294	43,823	1,389,225	-	1,389,225
Difference of impairment loss under regulations	-	-	-	-	(19,450)	(19,450)
Write-offs	-	-	(432,821)	(432,821)	-	(432,821)
Recovery of write-off credits	-	-	381,858	381,858	-	381,858
Changes in exchange rates and other changes	<u>51,295</u>	<u>2,802</u>	<u>112,917</u>	<u>167,014</u>	<u>-</u>	<u>167,014</u>
Balance on June 30, 2022	<u>\$ 4,111,756</u>	<u>\$ 83,937</u>	<u>\$ 3,842,208</u>	<u>\$ 8,037,901</u>	<u>\$ 21,781,491</u>	<u>\$ 29,819,392</u>

The bad-debt expenses and provision for losses on guarantees for the three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022 were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Provision (reversal of provision) for possible losses on discounts and loans	\$ 1,062,998	\$ 39,281	\$ 1,851,490	\$ (9,518)
Provision for possible losses on receivables	33,104	21,716	68,494	33,707
Provision (reversal of provision) for possible losses on overdue receivables	(45,146)	244,325	43,459	244,271
Provision (reversal of provision) for possible losses on guarantees	(30,090)	(69,625)	48,355	(104,795)
Provision (reversal of provision) for possible losses on loan commitment	16,505	(38,779)	68,441	(1,931)
Reversal of provision for other possible losses	<u>(13,161)</u>	<u>(10,755)</u>	<u>(1,621)</u>	<u>(38,282)</u>
	<u>\$ 1,024,210</u>	<u>\$ 186,163</u>	<u>\$ 2,078,618</u>	<u>\$ 123,452</u>

As of June 30, 2023, December 31, 2022 and June 30, 2022, TCB was in compliance with the FSC-required provision for credit assets.

As of June 30, 2023, December 31, 2022 and June 30, 2022, accrual of interest on the above overdue loans had been stopped. Thus, the unrecognized interest revenue was \$67,455 thousand and \$39,858 thousand for the six months ended June 30, 2023 and 2022, respectively, based on the average loan interest rate for the year.

14. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	June 30, 2023		December 31, 2022		June 30, 2022	
	Amount	Percentage of Ownership (%)	Amount	Percentage of Ownership (%)	Amount	Percentage of Ownership (%)
<u>Investment in associate</u>						
United Real Estate Management Co., Ltd.	\$ 140,511	30.00	\$ 137,409	30.00	\$ 134,255	30.00
Mesh Cooperative Ventures, Inc.	3,149	22.00	3,028	22.00	2,661	22.00
JC Capital Taiwan Co., Ltd.	<u>2,303</u>	35.00	<u>2,200</u>	35.00	<u>488</u>	35.00
	<u>\$ 145,963</u>		<u>\$ 142,637</u>		<u>\$ 137,404</u>	

Aggregate information of associate that is not individually material:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
The Company's share of:				
Net income	\$ 4,906	\$ 1,336	\$ 10,407	\$ 4,178
Other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u>\$ 4,906</u>	<u>\$ 1,336</u>	<u>\$ 10,407</u>	<u>\$ 4,178</u>

The Company should have received \$7,081 thousand and \$10,116 thousand of dividends from United Real Estate Management Co., Ltd. for the six months ended June 30, 2023 and 2022. The dividends are recognized as a reduction of investments accounted for using equity method.

Except for United Real Estate Management Co., Ltd., the Company's share of profit or loss and other comprehensive income of the associates accounted for using equity method for the six months ended June 30, 2023 and 2022 were based on the associates' financial statements that have not been audited by the auditors. Management believes there is no material impact on the equity method of accounting or the calculation of the share of profit or loss and other comprehensive income from the financial statements of the associates that have not been audited.

15. OTHER FINANCIAL ASSETS, NET

	June 30, 2023	December 31, 2022	June 30, 2022
Overdue receivables	\$ 1,551,454	\$ 2,125,878	\$ 1,334,939
Less: Allowance for possible losses	<u>281,325</u>	<u>565,710</u>	<u>551,884</u>
Overdue receivables, net	1,270,129	1,560,168	783,055
Due from banks	9,186,339	7,830,092	7,304,455
Security borrowing margin	836,940	356,263	1,435,582
Call loans to securities firms	373,680	-	-
Separate-account assets (Note 30)	<u>88,236,418</u>	<u>89,353,581</u>	<u>90,184,628</u>
	<u>\$ 99,903,506</u>	<u>\$ 99,100,104</u>	<u>\$ 99,707,720</u>

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

16. INVESTMENT PROPERTIES, NET

	June 30, 2023	December 31, 2022	June 30, 2022
Land	\$ 8,750,425	\$ 8,654,548	\$ 8,906,974
Buildings	<u>2,194,845</u>	<u>2,281,707</u>	<u>2,403,215</u>
	<u>\$ 10,945,270</u>	<u>\$ 10,936,255</u>	<u>\$ 11,310,189</u>
	Land	Buildings	Total
<u>Cost</u>			
Balance on January 1, 2023	\$ 8,654,548	\$ 3,486,996	\$ 12,141,544
Additions	134,376	70,738	205,114
Disposals	(224,872)	(106,455)	(331,327)
Reclassification	<u>186,373</u>	<u>19,544</u>	<u>205,917</u>
Balance on June 30, 2023	<u>\$ 8,750,425</u>	<u>\$ 3,470,823</u>	<u>\$ 12,221,248</u>
Balance on January 1, 2022	\$ 8,398,149	\$ 3,648,028	\$ 12,046,177
Additions	819,875	137,451	957,326
Disposals	(311,050)	(198,058)	(509,108)
Reclassification	<u>-</u>	<u>(2,314)</u>	<u>(2,314)</u>
Balance on June 30, 2022	<u>\$ 8,906,974</u>	<u>\$ 3,585,107</u>	<u>\$ 12,492,081</u>
<u>Accumulated depreciation and impairment</u>			
Balance on January 1, 2023	\$ -	\$ 1,205,289	\$ 1,205,289
Disposals	-	(8,988)	(8,988)
Depreciation expenses	-	44,202	44,202
Reclassification	<u>-</u>	<u>35,475</u>	<u>35,475</u>
Balance on June 30, 2023	<u>\$ -</u>	<u>\$ 1,275,978</u>	<u>\$ 1,275,978</u>
Balance on January 1, 2022	\$ -	\$ 1,164,735	\$ 1,164,735
Disposals	-	(28,867)	(28,867)
Depreciation expenses	<u>-</u>	<u>46,024</u>	<u>46,024</u>
Balance on June 30, 2022	<u>\$ -</u>	<u>\$ 1,181,892</u>	<u>\$ 1,181,892</u>

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 six months ended June 30, 2023 and 2022.

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Rental income from investment properties (part of other noninterest gains, net)	\$ 140,340	\$ 123,484	\$ 256,550	\$ 251,506
Direct operating expenses for investment properties that generate rental income	<u>(45,220)</u>	<u>(55,148)</u>	<u>(89,973)</u>	<u>(92,294)</u>
	<u>\$ 95,120</u>	<u>\$ 68,336</u>	<u>\$ 166,577</u>	<u>\$ 159,212</u>

Lease agreements on investment properties owned by the Company and rented to others are operating lease. Rentals are calculated on the basis of the leased areas and are receivable monthly, quarterly or semiannually. The lessees have no preemptive rights to buy properties at the end of the lease agreements. As of June 30, 2023, December 31, 2022 and June 30, 2022, guarantee deposits received on these leases totaled \$118,644 thousand, \$101,531 thousand and \$99,591 thousand, respectively.

Minimum future annual rentals are as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Year 1	\$ 216,353	\$ 289,736	\$ 361,869
Year 2	188,984	242,069	289,270
Year 3	148,953	100,416	202,363
Year 4	134,991	30,885	72,746
Year 5	63,443	18,358	41,431
Over five years	<u>1,824</u>	<u>3,043</u>	<u>61,089</u>
	<u>\$ 754,548</u>	<u>\$ 684,507</u>	<u>\$ 1,028,768</u>

17. PROPERTIES AND EQUIPMENT, NET

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Assets used by the Company</u>			
Land	\$ 20,440,058	\$ 20,551,738	\$ 20,551,653
Buildings	9,798,927	10,050,131	10,312,327
Machinery and equipment	1,421,934	1,399,908	1,374,988
Transportation equipment	164,565	177,228	174,274
Other equipment	232,890	231,936	241,118
Leasehold improvements	236,451	234,991	214,547
Prepayments for equipment, land and buildings and construction in progress	<u>417,741</u>	<u>478,261</u>	<u>295,540</u>
	<u>\$ 32,712,566</u>	<u>\$ 33,124,193</u>	<u>\$ 33,164,447</u>

(Continued)

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Assets leased under operating leases</u>			
Machinery and equipment	\$ 5,078	\$ 6,137	\$ 7,196
Other equipment	<u>13,725</u>	<u>17,077</u>	<u>20,444</u>
	<u>\$ 18,803</u>	<u>\$ 23,214</u>	<u>\$ 27,640</u>
			(Concluded)

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 on 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	-	70,207	221,690	6,147	39,509	19,794	176,300	533,647
Disposals	-	-	(159,675)	(8,052)	(17,291)	(520)	-	(185,538)
Reclassification	(111,715)	4,139	72,024	2,431	6,781	25,324	(236,812)	(237,828)
Effects of exchange rate changes	<u>35</u>	<u>75</u>	<u>746</u>	<u>210</u>	<u>562</u>	<u>431</u>	<u>(8)</u>	<u>2,051</u>
Balance on June 30, 2023	<u>\$ 20,455,235</u>	<u>\$ 19,965,270</u>	<u>\$ 5,567,631</u>	<u>\$ 708,678</u>	<u>\$ 1,603,435</u>	<u>\$ 1,281,563</u>	<u>\$ 417,741</u>	<u>\$ 49,999,553</u>
Balance on January 1, 2022	\$ 20,566,654	\$ 19,545,701	\$ 5,172,904	\$ 678,391	\$ 1,490,258	\$ 1,171,404	\$ 441,770	\$ 49,067,082
Additions	-	78,593	186,092	38,212	52,877	16,000	187,658	559,432
Disposals	-	-	(234,647)	(9,851)	(10,887)	(1,234)	-	(256,619)
Reclassification	-	170,460	102,326	41	6,553	7,700	(333,902)	(46,822)
Effects of exchange rate changes	<u>176</u>	<u>376</u>	<u>9,771</u>	<u>1,585</u>	<u>3,162</u>	<u>4,568</u>	<u>14</u>	<u>19,652</u>
Balance on June 30, 2022	<u>\$ 20,566,830</u>	<u>\$ 19,795,130</u>	<u>\$ 5,236,446</u>	<u>\$ 708,378</u>	<u>\$ 1,541,963</u>	<u>\$ 1,198,438</u>	<u>\$ 295,540</u>	<u>\$ 49,342,725</u>
	Land	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Leasehold Improvements		Total
<u>Accumulated depreciation and impairment</u>								
Balance on January 1, 2023	\$ 15,177	\$ 9,840,718	\$ 4,032,938	\$ 530,714	\$ 1,341,938	\$ 1,001,543		\$ 16,763,028
Disposals	-	-	(159,638)	(7,979)	(17,263)	(492)		(185,372)
Depreciation expenses	-	361,025	271,903	21,183	45,348	43,400		742,859
Reclassification	-	(35,475)	-	-	-	-		(35,475)
Effects of exchange rate changes	<u>-</u>	<u>75</u>	<u>494</u>	<u>195</u>	<u>522</u>	<u>661</u>		<u>1,947</u>
Balance on June 30, 2023	<u>\$ 15,177</u>	<u>\$ 10,166,343</u>	<u>\$ 4,145,697</u>	<u>\$ 544,113</u>	<u>\$ 1,370,545</u>	<u>\$ 1,045,112</u>		<u>\$ 17,286,987</u>
Balance on January 1, 2022	\$ 15,177	\$ 9,129,607	\$ 3,858,908	\$ 522,796	\$ 1,258,970	\$ 941,257		\$ 15,726,715
Disposals	-	-	(234,634)	(9,851)	(10,887)	(1,234)		(256,606)
Depreciation expenses	-	352,821	230,206	19,643	50,052	39,337		692,059
Reclassification	-	-	-	(19)	19	-		-
Effects of exchange rate changes	<u>-</u>	<u>375</u>	<u>6,978</u>	<u>1,535</u>	<u>2,691</u>	<u>4,531</u>		<u>16,110</u>
Balance on June 30, 2022	<u>\$ 15,177</u>	<u>\$ 9,482,803</u>	<u>\$ 3,861,458</u>	<u>\$ 534,104</u>	<u>\$ 1,300,845</u>	<u>\$ 983,891</u>		<u>\$ 16,178,278</u>

Taiwan Cooperative Bank, Ltd. (TCB) revalued its properties five times in 1979, 1998, 2007, 2011 and 2012. As of June 30, 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 on January 1, 2023	\$ 11,798	\$ 34,532	\$ 46,330
Additions	<u>-</u>	<u>-</u>	<u>-</u>
Balance on June 30, 2023	<u>\$ 11,798</u>	<u>\$ 34,532</u>	<u>\$ 46,330</u>
Balance on January 1, 2022	\$ 11,802	\$ 34,610	\$ 46,412
Additions	-	-	-
Disposals	<u>(4)</u>	<u>(79)</u>	<u>(83)</u>
Balance on June 30, 2022	<u>\$ 11,798</u>	<u>\$ 34,531</u>	<u>\$ 46,329</u>
<u>Accumulated depreciation and impairment</u>			
Balance on January 1, 2023	\$ 5,661	\$ 17,455	\$ 23,116
Depreciation expenses	<u>1,059</u>	<u>3,352</u>	<u>4,411</u>
Balance on June 30, 2023	<u>\$ 6,720</u>	<u>\$ 20,807</u>	<u>\$ 27,527</u>
Balance on January 1, 2022	\$ 3,530	\$ 10,740	\$ 14,270
Disposals	(1)	(30)	(31)
Depreciation expenses	<u>1,073</u>	<u>3,377</u>	<u>4,450</u>
Balance on June 30, 2022	<u>\$ 4,602</u>	<u>\$ 14,087</u>	<u>\$ 18,689</u>

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

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

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

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

18. LEASE ARRANGEMENTS

a. Right-of-use assets

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Carrying amounts</u>			
Land	\$ 8,439	\$ 11,887	\$ 15,496
Buildings	1,615,690	1,450,242	1,487,662
Transportation equipment	78,939	89,607	69,737
Other equipment	<u>8,981</u>	<u>10,881</u>	<u>10,947</u>
	<u>\$ 1,712,049</u>	<u>\$ 1,562,617</u>	<u>\$ 1,583,842</u>
	For the Three Months Ended June 30		For the Six Months Ended June 30
	2023	2022	2023
			2022
Depreciation charge for right-of-use assets			
Land	\$ 1,802	\$ 1,802	\$ 3,605
Buildings	151,662	152,162	303,782
Transportation equipment	11,284	10,123	22,759
Other equipment	<u>925</u>	<u>1,036</u>	<u>1,900</u>
	<u>\$ 165,673</u>	<u>\$ 165,123</u>	<u>\$ 332,046</u>
			<u>\$ 327,037</u>

As of June 30, 2023 and 2022, the additions to right-of-use assets of the Company was \$487,877 thousand and \$387,901 thousand, respectively.

Except for the above listed additions and recognized depreciation expenses, there was no significant sublease or impairment of the Company's right-of-use assets for the six months ended June 30, 2023 and 2022.

b. Lease liabilities

	June 30, 2023	December 31, 2022	June 30, 2022
Carrying amounts	<u>\$ 1,669,106</u>	<u>\$ 1,538,102</u>	<u>\$ 1,539,550</u>

Range of discount rate for lease liabilities was as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Land	1.346%-1.864%	1.346%-1.627%	1.346%-1.627%
Buildings	1.346%-9.800%	1.346%-9.800%	1.346%-9.800%
Transportation equipment	0.780%-9.700%	0.780%-9.700%	0.845%-8.880%
Other equipment	2.445%-4.000%	2.445%-4.000%	2.445%-4.000%

c. Material lease-in activities

The Company signed lease agreements on office premises due to operating activities. Rentals are calculated on the basis of leased areas and are receivable monthly, quarterly or semiannually. As of June 30, 2023, December 31, 2022 and June 30, 2022, refundable deposits on these leases totaled \$143,488 thousand, \$140,153 thousand and \$139,090 thousand, respectively.

d. Other lease information

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Expenses relating to short-term leases	<u>\$ 1,714</u>	<u>\$ 1,144</u>	<u>\$ 2,769</u>	<u>\$ 2,178</u>
Expenses relating to low-value asset leases	<u>\$ 992</u>	<u>\$ (796)</u>	<u>\$ 1,096</u>	<u>\$ 211</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 1,116</u>	<u>\$ 2,422</u>	<u>\$ 2,783</u>	<u>\$ 3,154</u>

As of June 30, 2023 and 2022, the total cash outflow for leases of the Company was \$373,169 thousand and \$351,501 thousand, respectively.

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

19. INTANGIBLE ASSETS

	June 30, 2023	December 31, 2022	June 30, 2022
Goodwill	\$ 3,170,005	\$ 3,170,005	\$ 3,170,005
Computer software	<u>1,015,156</u>	<u>986,021</u>	<u>923,179</u>
	<u>\$ 4,185,161</u>	<u>\$ 4,156,026</u>	<u>\$ 4,093,184</u>
	Goodwill	Computer Software	Total
Balance on January 1, 2023	\$ 3,170,005	\$ 986,021	\$ 4,156,026
Separate acquisition	-	178,278	178,278
Amortization expenses	-	(179,210)	(179,210)
Reclassification	-	29,506	29,506
Effect of exchange rate changes	<u>-</u>	<u>561</u>	<u>561</u>
Balance on June 30, 2023	<u>\$ 3,170,005</u>	<u>\$ 1,015,156</u>	<u>\$ 4,185,161</u>

(Continued)

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

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

20. OTHER ASSETS, NET

	June 30, 2023	December 31, 2022	June 30, 2022
Refundable deposits	\$ 1,850,669	\$ 1,716,986	\$ 1,691,126
Operating deposits and settlement funds	716,066	705,425	727,167
Prepaid expenses	401,248	228,135	256,798
Prepaid pensions	148,051	7,182	5,337
Settlement payments	88,893	39,387	114,418
Receipts under custody for securities under writing	85	175,533	500,000
Others	<u>30,241</u>	<u>25,239</u>	<u>13,599</u>
	<u>\$ 3,235,253</u>	<u>\$ 2,897,887</u>	<u>\$ 3,308,445</u>

21. DEPOSITS FROM THE CENTRAL BANK AND OTHER BANKS

	June 30, 2023	December 31, 2022	June 30, 2022
Deposits from banks	\$ 166,898,442	\$ 161,002,883	\$ 155,765,943
Call loans from banks	106,801,175	69,035,863	78,605,844
Overdrafts from other banks	1,167,667	1,425,292	1,302,042
Transfer deposits from Chunghwa Post Co., Ltd.	62,595,665	56,095,665	95,665
Deposits from the Central Bank	<u>307,787</u>	<u>293,932</u>	<u>295,649</u>
	<u>\$ 337,770,736</u>	<u>\$ 287,853,635</u>	<u>\$ 236,065,143</u>

22. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

Securities sold for \$67,343,941 thousand, \$67,643,435 thousand and \$59,422,015 thousand under repurchase agreements as of June 30, 2023, December 31, 2022 and June 30, 2022, respectively, would subsequently be purchased for \$67,411,032 thousand, \$67,710,107 thousand and \$59,449,549 thousand, respectively.

23. COMMERCIAL PAPER ISSUED, NET

The face values of commercial paper issued were \$26,210,000 thousand, \$24,560,000 thousand and \$20,850,000 thousand and the annual discount rates were from 1.330% to 2.007%, from 1.338% to 1.892% and from 0.748% to 1.188% as of June 30, 2023, December 31, 2022 and June 30, 2022, respectively, and the commercial paper will mature by June 30, 2024, March 2, 2023 and June 30, 2023, respectively. The foregoing commercial paper was accepted and guaranteed by financial institutions. As of June 30, 2023, the Company had not used the amount of \$97,803,380 thousand, the sum of the amount of the commercial paper issued and the credit.

24. PAYABLES

	June 30, 2023	December 31, 2022	June 30, 2022
Settlement payable	\$ 5,928,074	\$ 3,223,878	\$ 6,092,539
Settlement consideration	5,983,834	3,544,790	6,565,889
Accrued expenses	4,794,617	6,516,504	4,232,361
Collections payable	6,182,909	5,628,160	25,715,424
Checks for clearing	4,971,375	17,918,898	5,658,985
Collections of notes and checks for various financial institutions in other cities	4,929,397	1,270,234	5,353,052
Acceptances	2,657,009	3,114,074	4,340,265
Accrued interest	7,152,932	4,698,470	2,761,276
Payables on notes and checks collected for others	1,659,258	472,683	1,776,260
Payables for short-sale transactions	414,138	867,744	405,482
Deposits on short-sale transactions	343,857	960,993	373,181
Tax payable	839,421	672,308	661,290
Payable on securities	306,837	430,841	1,063,670
Dividends payable	7,642,496	462,264	14,335,713
Factored accounts payable	29,647	141,150	23,088
Insurance claims and benefits payable	121,469	78,866	82,017
Others	<u>2,244,874</u>	<u>2,097,906</u>	<u>2,292,638</u>
	<u>\$ 56,202,144</u>	<u>\$ 52,099,763</u>	<u>\$ 81,733,130</u>

25. DEPOSITS AND REMITTANCES

	June 30, 2023	December 31, 2022	June 30, 2022
Deposits			
Checking	\$ 52,908,924	\$ 65,921,263	\$ 54,074,778
Demand	758,495,604	755,613,147	781,425,106
Savings - demand	1,166,560,720	1,146,829,243	1,109,910,397
Time	877,117,464	796,468,506	766,119,209
Negotiable certificates of deposit	31,353,807	50,569,632	48,079,329
Savings - time	658,970,034	637,179,608	610,086,862
Treasury	139,402,029	145,514,336	121,449,775
Remittances	<u>110,182</u>	<u>327,179</u>	<u>195,078</u>
	<u>\$ 3,684,918,764</u>	<u>\$ 3,598,422,914</u>	<u>\$ 3,491,340,534</u>

26. BONDS PAYABLE

	June 30, 2023	December 31, 2022	June 30, 2022
Bank debentures	\$ 62,790,000	\$ 60,290,000	\$ 51,800,000
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, 2026	<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>\$ 71,800,000</u>

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

	June 30, 2023	December 31, 2022	June 30, 2022
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)

	June 30, 2023	December 31, 2022	June 30, 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 (sustainable development) in 2021: Fixed rate of 0.40%; maturity - May 31, 2026	1,000,000	1,000,000	1,000,000
Second unsecured bank debentures (social responsibility) in 2021: Fixed rate of 0.69%; maturity - October 29, 2026	1,000,000	1,000,000	1,000,000
First non-cumulative perpetual subordinated bonds in 2022: Fixed rate of 2.50%; TCB may exercise its redemption right after 5 years and 2 months	1,350,000	1,350,000	1,350,000
Second non-cumulative perpetual subordinated bonds in 2022: Fixed rate of 3.00%; TCB may exercise its redemption rights after 5 years and 1 month	8,650,000	8,650,000	-
Third unsecured bank debentures (sustainable 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 month	5,690,000	5,690,000	-
First 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>\$ 51,800,000</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:

June 30, 2023

First unsecured bank debentures bonds issued in 2023

Type A	\$ 997,115
Type B	<u>420,457</u>
	<u>\$ 1,417,572</u>

On November 18, 2019, TCB has obtained approval from the FSC to issue unsecured bank debentures amounting to US\$1,000,000 thousand. As of June 30, 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 June 30, 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 sustainable bank debentures amounting to US\$50,000 thousand. As of June 30, 2023, the amount of unissued unsecured bank debentures of TCB was US\$3,150 thousand.

27. OTHER BORROWINGS

	June 30, 2023		December 31, 2022		June 30, 2022	
	Amount	Rate (%)	Amount	Rate (%)	Amount	Rate (%)
Borrowings (Note 23)	<u>\$ 10,103,100</u>	1.520-4.251	<u>\$ 9,352,346</u>	1.283-4.500	<u>\$ 3,023,241</u>	1.100-4.390

28. PROVISIONS

	June 30, 2023	December 31, 2022	June 30, 2022
Reserve for life insurance liabilities	\$ 27,261,346	\$ 25,426,719	\$ 25,493,244
Reserve for insurance contracts with financial instrument features	5,503	3,651	1,857
Provision for employee benefits	4,165,077	4,261,945	5,980,275
Provision for losses on guarantees	1,407,819	1,359,109	1,390,315
Provision for losses on loan commitment	309,086	239,528	265,775
Provision for others	32,944	34,441	34,886
Other provision for insurance	<u>919,421</u>	<u>943,069</u>	<u>895,292</u>
	<u>\$ 34,101,196</u>	<u>\$ 32,268,462</u>	<u>\$ 34,061,644</u>

- a. Details of reserve for life insurance liabilities (not including reserve of policyholders payables) were as follows:

	June 30, 2023		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Life insurance	\$ 14,347,148	\$ 4,794,336	\$ 19,141,484
Health insurance	1,101,348	-	1,101,348
Annuity insurance	-	6,994,038	6,994,038
Investment insurance	<u>20,524</u>	<u>-</u>	<u>20,524</u>
	15,469,020	11,788,374	27,257,394
Less: Ceded life insurance liability reserve	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 15,469,020</u>	<u>\$ 11,788,374</u>	<u>\$ 27,257,394</u>
	December 31, 2022		
	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>
	June 30, 2022		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Life insurance	\$ 11,602,535	\$ 4,967,497	\$ 16,570,032
Health insurance	965,218	-	965,218
Annuity insurance	-	7,924,653	7,924,653
Investment insurance	<u>29,836</u>	<u>-</u>	<u>29,836</u>
	12,597,589	12,892,150	25,489,739
Less: Ceded life insurance liability reserve	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 12,597,589</u>	<u>\$ 12,892,150</u>	<u>\$ 25,489,739</u>

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

	For the Six Months Ended June 30					
	2023			2022		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Balance on January 1	\$ 13,039,350	\$ 12,383,677	\$ 25,423,027	\$ 12,996,859	\$ 13,438,256	\$ 26,435,115
Provision	2,684,976	126,096	2,811,072	799,610	82,499	882,109
Recovery	(279,288)	(721,399)	(1,000,687)	(1,198,880)	(628,605)	(1,827,485)
Effects of exchange rate changes	23,982	-	23,982	-	-	-
Ending balance	15,469,020	11,788,374	27,257,394	12,597,589	12,892,150	25,489,739
Less: Ceded life insurance liability reserve	-	-	-	-	-	-
Balance on June 30	<u>\$ 15,469,020</u>	<u>\$ 11,788,374</u>	<u>\$ 27,257,394</u>	<u>\$ 12,597,589</u>	<u>\$ 12,892,150</u>	<u>\$ 25,489,739</u>

- b. As of June 30, 2023, December 31, 2022 and June 30, 2022, total life policy reserve carrying amounts (including reserve of policyholders payables) were \$27,261,346 thousand, \$25,426,719 thousand and \$25,493,244 thousand, respectively.
- c. Details of liability adequacy reserves are as follows:

	Insurance Contracts and Financial Instruments with Discretionary Participation Features		
	June 30, 2023	December 31, 2022	June 30, 2022
Life insurance liability reserve	\$ 27,257,394	\$ 25,423,027	\$ 25,489,739
Unearned premium reserve	463,729	427,455	395,359
Claims reserve	104,426	73,896	102,855
Premium deficiency reserve	<u>729</u>	<u>1,385</u>	<u>913</u>
Book value of insurance reserve	<u>\$ 27,826,278</u>	<u>\$ 25,925,763</u>	<u>\$ 25,988,866</u>
Present value of discounted cash flows	<u>\$ 24,275,466</u>	<u>\$ 22,688,160</u>	<u>\$ 23,182,381</u>
Balance of liability adequacy reserve	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

As of June 30, 2023, December 31, 2022 and June 30, 2022, the Company's reserves for insurance contracts satisfied the liability adequacy tests.

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

	June 30, 2023, December 31, 2022 and June 30, 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:

	June 30, 2023	December 31, 2022	June 30, 2022
Life insurance	<u>\$ 5,503</u>	<u>\$ 3,651</u>	<u>\$ 1,857</u>

	For the Six Months Ended June 30	
	2023	2022
Balance on January 1	\$ 3,651	\$ 1,195
Reserve for insurance contracts with financial instrument features	<u>1,852</u>	<u>662</u>
Balance on June 30	<u>\$ 5,503</u>	<u>\$ 1,857</u>

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

1) Hedging strategy and foreign exchange exposure

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

2) Reconciliation of the reserve of foreign exchange variation

	For the Six Months Ended June 30	
	2023	2022
Balance on January 1	\$ 440,333	\$ 230,043
Provisions		
Compulsory provisions	-	2,414
Additional provisions	<u>15,653</u>	<u>185,904</u>
	<u>15,653</u>	<u>188,318</u>
Recovery	<u>(105,449)</u>	<u>(22,196)</u>
Balance on June 30	<u>\$ 350,537</u>	<u>\$ 396,165</u>

3) Impact of the reserve of foreign exchange variation

For the six months ended June 30, 2023

Items	Amount Without Reserve	Amount With Reserve	Effect
Net income	\$ 9,764,787	\$ 9,836,624	\$ 71,837
Earnings per share (NT\$)	0.65	0.65	-
Reserve of foreign exchange variation	-	350,537	350,537
Equity	232,674,701	232,364,968	(309,733)

For the six months ended June 30, 2022

Items	Amount Without Reserve	Amount With Reserve	Effect
Net income	\$ 9,480,976	\$ 9,348,078	\$ (132,898)
Earnings per share (NT\$)	0.62	0.61	(0.01)
Reserve of foreign exchange variation	-	396,165	396,165
Equity	211,900,064	211,553,829	(346,235)

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Reserve for life insurance liabilities, net	\$ 1,141,636	\$ (610,154)	\$ 1,810,385	\$ (945,376)
Reserve for insurance contract with financial instrument features, net	850	166	1,852	662
Others, net	<u>(41,292)</u>	<u>73,672</u>	<u>(58,290)</u>	<u>232,095</u>
	<u>\$ 1,101,194</u>	<u>\$ (536,316)</u>	<u>\$ 1,753,947</u>	<u>\$ (712,619)</u>

g. Provisions for employee benefits are summarized below:

	June 30, 2023	December 31, 2022	June 30, 2022
Net defined benefit liabilities	\$ -	\$ 35,922	\$ 1,694,651
Present value of retired employees' preferential interest deposit obligation	<u>4,165,077</u>	<u>4,226,023</u>	<u>4,285,624</u>
	<u>\$ 4,165,077</u>	<u>\$ 4,261,945</u>	<u>\$ 5,980,275</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 on 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	(8)	8	-	-	-	-
Credit-impaired financial instruments	(504)	-	504	-	-	-
12-month ECL	-	-	-	-	-	-
Derecognition of financial instruments in the current reporting period	(112,028)	-	(14,843)	(126,871)	-	(126,871)
Reversal from financial instruments recognized at the beginning of the current reporting period	(52,527)	(7)	1,519	(51,015)	-	(51,015)
New financial instruments purchased or originated	236,227	-	-	236,227	-	236,227
Difference of impairment loss under regulations	-	-	-	-	56,834	56,834
Change in exchange rates and other changes	<u>1,566</u>	<u>-</u>	<u>30</u>	<u>1,596</u>	<u>-</u>	<u>1,596</u>
Balance on June 30, 2023	<u>\$ 970,472</u>	<u>\$ 1</u>	<u>\$ 23,057</u>	<u>\$ 993,530</u>	<u>\$ 756,319</u>	<u>\$ 1,749,849</u>

(Continued)

	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 on January 1, 2022	\$ 965,789	\$ 28	\$ 325,459	\$ 1,291,276	\$ 534,038	\$ 1,825,314
Changes from financial instruments recognized at the beginning of the current reporting period						
Transfers to						
Lifetime ECL	-	-	-	-	-	-
Credit-impaired financial instruments	(212)	-	212	-	-	-
12-month ECL	-	-	-	-	-	-
Derecognition of financial instruments in the current reporting period	(139,034)	(28)	(147,676)	(286,738)	-	(286,738)
Reversal from financial instruments recognized at the beginning of the current reporting period	(126,433)	3	(151,410)	(277,840)	-	(277,840)
New financial instruments purchased or originated	193,109	6	-	193,115	-	193,115
Difference of impairment loss under regulations	-	-	-	-	226,455	226,455
Change in exchange rates and other changes	10,655	-	15	10,670	-	10,670
Balance on June 30, 2022	<u>\$ 903,874</u>	<u>\$ 9</u>	<u>\$ 26,600</u>	<u>\$ 930,483</u>	<u>\$ 760,493</u>	<u>\$ 1,690,976</u>

(Concluded)

29. 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 \$139,940 thousand and \$126,377 thousand in the consolidated statement of comprehensive income for the six months ended June 30, 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. Since March, 2023, TCB has adjusted 2% of the total monthly salaries and wages of employees (originally 15%) 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 six months ended June 30, 2023 and 2022, the pension expenses under defined benefit plan recognized in the consolidated statements of comprehensive income amounted to \$181,445 thousand and \$206,427 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 six months ended June 30, 2023 and 2022, the employee preferential deposit expense under employee's preferential deposit plan recognized in the consolidated statements of comprehensive income amounted to \$348,219 thousand and \$360,133 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.

30. OTHER FINANCIAL LIABILITIES

	June 30, 2023	December 31, 2022	June 30, 2022
Structured products - host contracts	\$ 176,250	\$ -	\$ -
Guarantee deposits received	2,362,284	2,293,868	2,642,894
Appropriation for loans	2,282	37,588	38,895
Separate-account liabilities	<u>88,236,418</u>	<u>89,353,581</u>	<u>90,184,628</u>
	<u>\$ 90,777,234</u>	<u>\$ 91,685,037</u>	<u>\$ 92,866,417</u>

The status of the Company's investment-linked products - separate account as of June 30, 2023, December 31, 2022 and June 30, 2022, are summarized as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Separate-account assets (part of other financial assets)			
Cash in banks	\$ 923,510	\$ 1,103,400	\$ 1,026,983
Financial assets at FVTPL	87,163,403	88,125,000	89,068,347
Other receivables			
Investment settlement receivables	<u>149,505</u>	<u>125,181</u>	<u>89,298</u>
	<u>\$ 88,236,418</u>	<u>\$ 89,353,581</u>	<u>\$ 90,184,628</u>
Separate-account liabilities (part of other financial liabilities)			
Reserve for separate account-insurance contract	\$ 56,059,196	\$ 57,691,536	\$ 59,428,547
Reserve for separate account-investment contract	31,524,590	31,140,432	30,423,474
Other payables			
General accounts payables	<u>652,632</u>	<u>521,613</u>	<u>332,607</u>
	<u>\$ 88,236,418</u>	<u>\$ 89,353,581</u>	<u>\$ 90,184,628</u>
	For the Three Months Ended June 30		For the Six Months Ended June 30
	2023	2022	2023
			2022
Separate-account revenue			
Premium income	\$ 261,649	\$ 721,074	\$ 748,844
Gain (loss) on financial assets at FVTPL	1,864,685	(11,745,478)	2,844,435
Interest revenue	1,181	343	2,251
Loss on foreign exchange	<u>312,906</u>	<u>(328,272)</u>	<u>(876,285)</u>
	<u>\$ 2,440,421</u>	<u>\$ (11,352,333)</u>	<u>\$ 2,719,245</u>
Separate-account expense			
Insurance claims and benefits	\$ 1,290,971	\$ 1,060,032	\$ 2,275,662
Reserves for separate accounts, net of releases - insurance contract	803,649	(12,731,976)	(245,861)
Administrative expenses	<u>345,801</u>	<u>319,611</u>	<u>689,444</u>
	<u>\$ 2,440,421</u>	<u>\$ (11,352,333)</u>	<u>\$ 2,719,245</u>

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

31. OTHER LIABILITIES

	June 30, 2023	December 31, 2022	June 30, 2022
Advance receipts	\$ 1,872,337	\$ 1,159,479	\$ 992,697
Others	<u>341,997</u>	<u>72,762</u>	<u>90,615</u>
	<u>\$ 2,214,334</u>	<u>\$ 1,232,241</u>	<u>\$ 1,083,312</u>

32. NET INTEREST

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Interest revenue				
From discounts and loans	\$ 17,541,769	\$ 10,975,057	\$ 33,959,857	\$ 20,452,738
From investments	4,240,347	2,819,124	7,902,747	5,200,748
From due from banks and call loans to other banks	1,197,577	430,189	2,286,365	689,414
Others	<u>284,094</u>	<u>308,030</u>	<u>554,724</u>	<u>656,792</u>
	<u>23,263,787</u>	<u>14,532,400</u>	<u>44,703,693</u>	<u>26,999,692</u>
Interest expense				
From deposits	(12,840,807)	(4,223,097)	(23,780,918)	(7,136,855)
From due to the Central Bank and other banks	(1,353,993)	(254,852)	(2,317,454)	(398,067)
From issuing bonds payable	(343,522)	(263,294)	(673,720)	(519,657)
From deposits from the Central Bank and other banks	(363,227)	(58,619)	(674,400)	(112,385)
From securities sold under repurchase agreements	(262,755)	(72,489)	(501,299)	(107,938)
Others	<u>(80,030)</u>	<u>(41,270)</u>	<u>(149,263)</u>	<u>(66,355)</u>
	<u>(15,244,334)</u>	<u>(4,913,621)</u>	<u>(28,097,054)</u>	<u>(8,341,257)</u>
	<u>\$ 8,019,453</u>	<u>\$ 9,618,779</u>	<u>\$ 16,606,639</u>	<u>\$ 18,658,435</u>

33. SERVICE FEE AND COMMISSION INCOME, NET

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Service fee and commission revenues				
From trust business	\$ 486,464	\$ 446,138	\$ 1,025,188	\$ 958,846
From insurance service	299,985	220,871	538,743	457,528
From guarantee	247,471	241,786	490,606	484,560
From loans	396,563	362,344	680,864	698,341
From investment-linked products	121,057	131,128	245,198	274,669

(Continued)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
From credit cards	\$ 395,189	\$ 287,600	\$ 789,000	\$ 625,540
From brokerage service	225,328	211,407	406,148	450,009
From remittance	68,714	69,419	135,840	141,168
From cross-bank transactions	73,928	76,406	147,147	152,436
From management fees of investment-linked products	42,450	40,947	85,050	81,413
From underwriting	30,912	27,243	49,509	46,470
From import/export service	24,811	34,142	50,061	67,058
Others	<u>226,694</u>	<u>214,324</u>	<u>450,339</u>	<u>453,044</u>
	<u>2,639,566</u>	<u>2,363,755</u>	<u>5,093,693</u>	<u>4,891,082</u>
Service charge and commission expenses				
From cross-bank transactions	(84,012)	(81,152)	(165,382)	(161,008)
From credit cards	(71,570)	(71,204)	(143,721)	(142,267)
From insurance business	(42,422)	(48,116)	(79,492)	(84,385)
From credit cards acquiring	(280,072)	(197,237)	(558,912)	(434,859)
From custody	(16,785)	(21,797)	(35,795)	(43,568)
Others	<u>(100,946)</u>	<u>(103,427)</u>	<u>(171,287)</u>	<u>(176,530)</u>
	<u>(595,807)</u>	<u>(522,933)</u>	<u>(1,154,589)</u>	<u>(1,042,617)</u>
	<u>\$ 2,043,759</u>	<u>\$ 1,840,822</u>	<u>\$ 3,939,104</u>	<u>\$ 3,848,465</u>

(Concluded)

34. PREMIUM INCOME, NET

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Separate-account revenue (Note 30)	\$ 2,440,421	\$ (11,352,333)	\$ 2,719,245	\$ (15,347,423)
Premium income	<u>2,368,980</u>	<u>1,099,142</u>	<u>4,108,545</u>	<u>2,082,143</u>
	<u>4,809,401</u>	<u>(10,253,191)</u>	<u>6,827,790</u>	<u>(13,265,280)</u>
Separate-account expense (Note 30)	(2,440,421)	11,352,333	(2,719,245)	15,347,423
Insurance claims and benefits	(753,191)	(1,263,244)	(1,409,937)	(2,238,850)
Reinsurance premium ceded	(104,219)	(91,072)	(197,467)	(163,155)
Others	<u>(17,522)</u>	<u>(7,561)</u>	<u>(32,827)</u>	<u>(14,179)</u>
	<u>(3,315,353)</u>	<u>9,990,456</u>	<u>(4,359,476)</u>	<u>12,931,239</u>
	<u>\$ 1,494,048</u>	<u>\$ (262,735)</u>	<u>\$ 2,468,314</u>	<u>\$ (334,041)</u>

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

For the Three Months Ended June 30, 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	\$ 359,717	\$ 3,071,139	\$ 5,189,554	\$ 70,734	\$ 8,691,144
Held-for-trading financial liabilities	-	(613,928)	343,492	-	(270,436)
Financial liabilities designated as at fair value through profit or loss	<u>(17,419)</u>	<u>-</u>	<u>14,646</u>	<u>-</u>	<u>(2,773)</u>
	<u>\$ 342,298</u>	<u>\$ 2,457,211</u>	<u>\$ 5,547,692</u>	<u>\$ 70,734</u>	<u>\$ 8,417,935</u>
For the Three Months Ended June 30, 2022					
	Interest Revenue (Expense)	Gain (Loss) on Disposal	Gain (Loss) on Valuation	Dividend Income	Total
Financial assets mandatorily classified as at fair value through profit or loss	\$ 141,497	\$ 3,885,058	\$ 3,904,352	\$ 96,357	\$ 8,027,264
Held-for-trading financial liabilities	<u>-</u>	<u>(2,611,766)</u>	<u>(93,009)</u>	<u>-</u>	<u>(2,704,775)</u>
	<u>\$ 141,497</u>	<u>\$ 1,273,292</u>	<u>\$ 3,811,343</u>	<u>\$ 96,357</u>	<u>\$ 5,322,489</u>
For the Six Months Ended June 30, 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	\$ 641,443	\$ 7,592,355	\$ 2,455,281	\$ 127,440	\$ 10,816,519
Held-for-trading financial liabilities	-	(3,484,035)	2,166,719	-	(1,317,316)
Financial liabilities designated as at fair value through profit or loss	<u>(21,672)</u>	<u>-</u>	<u>42,302</u>	<u>-</u>	<u>20,630</u>
	<u>\$ 619,771</u>	<u>\$ 4,108,320</u>	<u>\$ 4,664,302</u>	<u>\$ 127,440</u>	<u>\$ 9,519,833</u>
For the Six Months Ended June 30, 2022					
	Interest Revenue (Expense)	Gain (Loss) on Disposal	Gain (Loss) on Valuation	Dividend Income	Total
Financial assets mandatorily classified as at fair value through profit or loss	\$ 258,002	\$ 4,946,075	\$ 8,055,867	\$ 196,656	\$ 13,456,600
Held-for-trading financial liabilities	<u>-</u>	<u>(4,127,822)</u>	<u>(10,252)</u>	<u>-</u>	<u>(4,138,074)</u>
	<u>\$ 258,002</u>	<u>\$ 818,253</u>	<u>\$ 8,045,615</u>	<u>\$ 196,656</u>	<u>\$ 9,318,526</u>

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Dividends revenue on investments in equity instruments at FVTOCI	\$ 1,478,165	\$ 950,447	\$ 1,578,080	\$ 1,015,266
Derecognition of unrealized gains on investments in debt instruments at FVTOCI	<u>378</u>	<u>(17,320)</u>	<u>7,149</u>	<u>25,382</u>
	<u>\$ 1,478,543</u>	<u>\$ 933,127</u>	<u>\$ 1,585,229</u>	<u>\$ 1,040,648</u>

For the three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022, dividends revenue related to derecognized investments were \$95,303 thousand, \$152,382 thousand, \$106,804 thousand and \$178,853 thousand, respectively, and dividends revenue related to investments held on June 30, 2023 and 2022 were \$1,471,276 thousand and \$836,413 thousand, respectively.

37. EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION EXPENSES

a. Employee benefits expenses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Salaries	\$ 2,397,530	\$ 2,358,410	\$ 4,797,381	\$ 4,710,307
Incentives	829,204	756,812	1,778,226	1,521,188
Excessive interest from preferential interest deposits	275,363	285,080	549,404	572,056
Post-employment benefits, termination benefits and compensation	161,902	168,846	327,956	336,694
Overtime	108,375	109,135	210,519	205,986
Others	<u>642,063</u>	<u>617,766</u>	<u>1,223,871</u>	<u>1,164,644</u>
	<u>\$ 4,414,437</u>	<u>\$ 4,296,049</u>	<u>\$ 8,887,357</u>	<u>\$ 8,510,875</u>

Under the amended Articles, TCFHC will make distributions at percentages from 0.01% to 0.08% and up to 1% of its annual profit (pretax income which exclude compensation of employees and remuneration to directors) for the employees' compensation and directors' remuneration, respectively. However, the actual appropriation of the compensation and remuneration should be made only from the annual net income less any accumulated deficit. For the six months ended June 30, 2023 and 2022, compensations of employees were estimated at \$1,447 thousand and \$1,565 thousand and the remuneration of directors were estimated at \$52,361 thousand and \$50,051 thousand, respectively, based on the amended Articles and past experiences.

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

The appropriations of employees' compensation and remuneration of directors for 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 June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Depreciation expenses	\$ 565,227	\$ 540,349	\$ 1,123,518	\$ 1,069,570
Amortization expenses	<u>91,933</u>	<u>81,876</u>	<u>179,778</u>	<u>156,536</u>
	<u>\$ 657,160</u>	<u>\$ 622,225</u>	<u>\$ 1,303,296</u>	<u>\$ 1,226,106</u>

38. INCOME TAX

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

Main components of income tax expense were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Current tax				
Current period	\$ 88,023	\$ 162,056	\$ 1,344,154	\$ 428,470
Additional income tax on unappropriated earnings	-	99,304	-	99,304
Land revaluation increment tax	-	1,275	1,606	1,693
House and land transactions income tax	7,676	9,510	7,676	9,510
Prior year's adjustments	<u>28,704</u>	<u>(73,703)</u>	<u>28,760</u>	<u>(115,079)</u>
	124,403	198,442	1,382,196	423,898
Deferred tax				
Current period	<u>1,234,521</u>	<u>766,643</u>	<u>899,158</u>	<u>1,345,560</u>
Income tax expense recognized in profit or loss	<u>\$ 1,358,924</u>	<u>\$ 965,085</u>	<u>\$ 2,281,354</u>	<u>\$ 1,769,458</u>

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	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	\$ 190,852	\$ 304,313	\$ 88,592	\$ 636,173
Unrealized valuation gains (loss) on financial assets at fair value through other comprehensive income	(60,613)	(274,820)	(33,265)	(668,341)
Other comprehensive income on reclassification of overlay approach	<u>1,491</u>	<u>(2,803)</u>	<u>2,279</u>	<u>(2,539)</u>
Total income tax expense (benefit) recognized in other comprehensive income	<u>\$ 131,730</u>	<u>\$ 26,690</u>	<u>\$ 57,606</u>	<u>\$ (34,707)</u>

c. Deferred tax assets and liabilities

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Deferred tax assets</u>			
Temporary differences			
Financial instruments at fair value through other comprehensive income	\$ 491,792	\$ 458,527	\$ 426,943
Overlay approach	-	561	2,030
Properties and equipment	6,928	7,250	7,572
Payable for annual leave	153,609	102,878	156,317
Employee's preferential interest deposit obligation	783,458	795,647	807,567
Other liabilities	5,783	5,783	5,783
Exchange differences on foreign operations	33,378	98,634	426,848
Allowance for possible losses	54,915	38,408	42,945
Pension liabilities	540	511	481
Accrued expense	2,859	2,860	-
Unrealized foreign exchange gains and losses	18,756	54,902	179,485
Revenue from disposal of acquired loans	198,138	198,138	217,760
Loss carryforwards	<u>-</u>	<u>-</u>	<u>661,433</u>
	<u>\$ 1,750,156</u>	<u>\$ 1,764,099</u>	<u>\$ 2,935,164</u>

(Continued)

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Deferred tax liabilities</u>			
Temporary differences			
Financial instruments at fair value through profit or loss	\$ 1,365,271	\$ 467,110	\$ 1,695,352
Unrealized foreign exchange gains and losses	481	-	-
Overlay approach	1,718	-	-
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	394,974	359,616	308,567
Investments accounted for using equity method	150,697	166,799	147,968
Exchange differences on foreign operations	23,336	-	-
Lease incentive	2,429	2,552	2,675
Others	-	7	-
	<u>\$ 4,909,299</u>	<u>\$ 3,966,477</u>	<u>\$ 5,124,955</u>
			(Concluded)

- 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 of \$44,775 thousand in 2022, according to the result of 2017 income tax return examination and the result of 2021 income tax return.

39. EARNINGS PER SHARE

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

	Net Income (Numerator)	Shares (Denominator in Thousands)	Earnings Per Share (NT\$)
<u>For the three months ended June 30, 2023</u>			
Basic EPS	\$ 4,638,898	14,709,382	<u>\$ 0.32</u>
Effect of dilutive common stock:			
Employees' compensation	-	52	
Diluted EPS	<u>\$ 4,638,898</u>	<u>14,709,434</u>	<u>\$ 0.32</u>
			(Continued)

	Net Income (Numerator)	Shares (Denominator in Thousands)	Earnings Per Share (NT\$)
<u>For the three months ended June 30, 2022</u>			
Basic EPS	\$ 4,727,387	14,709,382	<u>\$ 0.32</u>
Effect of dilutive common stock:			
Employees' compensation	<u>-</u>	<u>58</u>	
Diluted EPS	<u>\$ 4,727,387</u>	<u>14,709,440</u>	<u>\$ 0.32</u>
<u>For the six months ended June 30, 2023</u>			
Basic EPS	\$ 9,525,438	14,709,382	<u>\$ 0.65</u>
Effect of dilutive common stock:			
Employees' compensation	<u>-</u>	<u>98</u>	
Diluted EPS	<u>\$ 9,525,438</u>	<u>14,709,480</u>	<u>\$ 0.65</u>
<u>For the six months ended June 30, 2022</u>			
Basic EPS	\$ 9,025,164	14,709,382	<u>\$ 0.61</u>
Effect of dilutive common stock:			
Employees' compensation	<u>-</u>	<u>115</u>	
Diluted EPS	<u>\$ 9,025,164</u>	<u>14,709,497</u>	<u>\$ 0.61</u>

(Concluded)

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

	Before Adjusted Retrospectively		After Adjusted Retrospectively	
	For the Three Months Ended June 30, 2022	For the Six Months Ended June 30, 2022	For the Three Months Ended June 30, 2022	For the Six Months Ended June 30, 2022
Basic EPS (NT\$)	<u>\$ 0.34</u>	<u>\$ 0.64</u>	<u>\$ 0.32</u>	<u>\$ 0.61</u>
Diluted EPS (NT\$)	<u>\$ 0.34</u>	<u>\$ 0.64</u>	<u>\$ 0.32</u>	<u>\$ 0.61</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.

40. EQUITY

a. Capital stock

Common stocks

	June 30, 2023	December 31, 2022	June 30, 2022
Number of shares authorized (in thousands)	<u>15,000,000</u>	<u>15,000,000</u>	<u>15,000,000</u>
Authorized capital	<u>\$ 150,000,000</u>	<u>\$ 150,000,000</u>	<u>\$ 150,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>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 change in registration was approved by the approval of the MOEA.

On June 16, 2023, the stockholders of TCFHC resolved to issue 700,447 thousand shares, which included the shares distributed by capital surplus to \$7,004,468 thousand. This issuance was approved by the FSC and the change in registration is awaiting the Ministry of Economic Affairs (MOEA).

b. Capital surplus

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

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

The capital surplus as of June 30, 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>13,801</u>
	71,475,339

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	(1,054,498)
Issuance of TCFHC's stock and cash dividends in 2023	<u>(12,327,864)</u>
	<u>\$ 45,650,994</u>

c. Special reserve

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

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

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

	For the Six Months Ended June 30	
	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 June 30	<u>\$ 985,539</u>	<u>\$ 985,539</u>

According to the provisions of the Order No. 1090150022 Order of the Financial Supervisory Commission R.O.C. TCFHC appropriated to the special surplus reserve of the same amount, which occurred from the net deduction of other equity items recorded in the current period. The information provided by the Bank in accordance with the letter is as follows:

	For the Six Months Ended June 30, 2023
Balance on January 1	\$ -
Special reserve	<u>20,524,180</u>
Balance on June 30	<u>\$ 20,524,180</u>

d. Appropriation of earnings

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

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

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

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

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

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

The appropriations from the earnings of 2022 and 2021 were approved in the stockholders' meeting on June 16, 2023 and June 17, 2022, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	2022	2021	2022	2021
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

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

e. Non-controlling interests

	For the Six Months Ended June 30	
	2023	2022
Balance on January 1	\$ 5,316,401	\$ 6,651,118
Attributable to non-controlling interests		
Net income	311,186	322,914
Exchange differences on the translation of financial statements of foreign operations	7,486	(2,419)
Unrealized valuations losses on financial assets at FVTOCI	95,583	(917,998)
Other comprehensive income reclassification of overlay approach	46,923	(370,117)
Cash dividends distributed by subsidiary	<u>(175,332)</u>	<u>(354,035)</u>
Balance on June 30	<u>\$ 5,602,247</u>	<u>\$ 5,329,463</u>

41. RELATED-PARTY TRANSACTIONS

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

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

a. Related parties

Related Party	Relationship with the Company
United Real Estate Management Co., Ltd.	Associated enterprise
TCB Global High Yield Bond Fund	Fund managed by Taiwan Cooperative Securities Investment Trust Co., Ltd.
TCB 6 Year Emerging Market Bond Fund	Fund managed by Taiwan Cooperative Securities Investment Trust Co., Ltd.
TCB 6 Year 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 US Short Duration High Yield Bond Fund	Fund managed by Taiwan Cooperative Securities Investment Trust Co., Ltd.
TCB 2026 Maturity Senior Emerging Market Corporate Bond	Fund managed by Taiwan Cooperative Securities Investment Trust Co., Ltd.
TCB 2023 Maturity Selective Emerging Market Bond Fund	Fund managed by Taiwan Cooperative Securities Investment Trust Co., Ltd.
TCB Global Healthcare Multi-Asset Income Fund	Fund managed by Taiwan Cooperative Securities Investment Trust Co., Ltd.
TCB 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 Environment & Socially Responsible Multi-Asset 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.
The Fifth Credit Cooperation of Taipei	The director of the fifth credit cooperation of Taipei is also the supervisor of TCB
Tamshui First Credit Bank	The director of Tamshui First Credit Bank is also the director 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

b. Significant transactions between the Company and related parties:

1) Call loans to banks

	Highest Balance	Ending Balance	Interest Revenue	Interest Rate (%)
For the six months ended <u>June 30, 2023</u>				
Others	<u>\$ 622,800</u>	<u>\$ -</u>	<u>\$ 2,429</u>	5.110
For the six months ended <u>June 30, 2022</u>				
Others	<u>\$ 1,401,050</u>	<u>\$ 1,189,400</u>	<u>\$ 2,645</u>	0.300-1.820

2) Deposits from banks

	For the Six Months Ended June 30			
	2023		2022	
	Ending Balance	Interest Expense	Ending Balance	Interest Expense
Main management	\$ 112,920	\$ 686	\$ 267,336	\$ 736
Others				
Tamshui First Credit				
Bank	27,422,103	181,476	26,224,627	106,892
The Fifth Credit				
Cooperation of Taipei	6,493,770	43,673	6,591,931	25,987
Others	<u>22,684</u>	<u>-</u>	<u>20,478</u>	<u>-</u>
	<u>\$ 34,051,477</u>	<u>\$ 225,835</u>	<u>\$ 33,104,372</u>	<u>\$ 133,615</u>

3) Call loans from banks

	Highest Balance	Ending Balance	Interest Revenue	Interest Rate (%)
For the six months ended <u>June 30, 2023</u>				
Others	<u>\$ 1,557,000</u>	<u>\$ -</u>	<u>\$ 524</u>	5.140-5.170

4) Loans

	Highest Balance	Ending Balance	Interest Revenue	Interest Rate (%)
<u>For the six months ended June 30, 2023</u>				
Main management	\$ 321,602	\$ 221,422	\$ 2,240	1.636-2.303
Others	<u>220,938</u>	<u>177,187</u>	<u>1,922</u>	1.370-2.778
	<u>\$ 542,540</u>	<u>\$ 398,609</u>	<u>\$ 4,162</u>	
<u>For the six months ended June 30, 2022</u>				
Main management	\$ 359,534	\$ 280,488	\$ 1,930	1.010-1.800
Others	<u>317,716</u>	<u>129,984</u>	<u>990</u>	0.100-2.240
	<u>\$ 677,250</u>	<u>\$ 410,472</u>	<u>\$ 2,920</u>	

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

5) Deposits

	Ending Balance	Interest Expense	Interest Rate (%)
<u>For the six months ended June 30, 2023</u>			
Associates	\$ 83,073	\$ 423	0.000-4.730
Main management	754,819	7,596	0.000-13.000
Others			
Financial Information Service Co., Ltd.	17,325,584	4,696	0.000-4.600
Others	<u>4,171,756</u>	<u>22,179</u>	0.000-13.000
	<u>\$ 22,335,232</u>	<u>\$ 34,894</u>	
<u>For the six months ended June 30, 2022</u>			
Associates	\$ 106,857	\$ 29	0.000-0.835
Main management	740,622	4,774	0.000-13.000
Others			0.000-13.000
Financial Information Service Co., Ltd.	14,240,451	2,837	
Others	<u>3,443,547</u>	<u>7,869</u>	
	<u>\$ 18,531,477</u>	<u>\$ 15,509</u>	

	June 30, 2023	December 31, 2022	June 30, 2022
6) Accrued income (part of receivables)			
Others	\$ <u>27,609</u>	\$ <u>28,863</u>	\$ <u>31,501</u>
7) Receivable on securities (part of receivables)			
Others	\$ <u>2,197</u>	\$ <u>6,977</u>	\$ <u>-</u>
8) Payable on securities (part of payables)			
Others	\$ <u>8,026</u>	\$ <u>-</u>	\$ <u>-</u>
9) Deposits received (part of other financial liabilities)			
Others	\$ <u>3,249</u>	\$ <u>3,249</u>	\$ <u>3,249</u>
		For the Six Months Ended June 30	
		2023	2022
10) Service fee income (part of service fee and commission income, net)			
Main management		\$ 81	\$ 130
Others		<u>182,999</u>	<u>182,452</u>
		<u>\$ 183,080</u>	<u>\$ 182,582</u>
11) Service charge (part of service fee and commission income, net)			
Main management		<u>\$ 57</u>	<u>\$ 63</u>
12) Other income (part of other noninterest gain, net)			
Others		<u>\$ 1,972</u>	<u>\$ 1,739</u>

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

13) Derivatives

Related Party	For the Six Months Ended June 30, 2023					
	Type of Derivatives	Contract Period	Nominal Amounts	Valuation Gain (Loss)	Amounts on the Consolidated Balance Sheet	
					Account	Amounts
Other - TCB 6 Year Senior Emerging Market Bond Fund	Currency swap	2023.02.24-2023.09.26	US\$ 4,500	\$ 2,512	Financial assets at fair value through profit or loss	\$ 2,512
Other - TCB 6 Year Emerging Market Bond Fund	Currency swap	2023.04.11-2023.08.11	US\$ 8,900	16,322	Financial assets at fair value through profit or loss	16,322
Other - TCB 2025 Maturity Emerging Market Bond Fund	Currency swap	2023.02.23-2023.08.23	US\$ 28,650	19,656	Financial assets at fair value through profit or loss	19,656
Other - TCB 2026 Maturity Senior Emerging Market Corporate Bond Fund	Currency swap	2023.06.08-2023.09.08	US\$ 800	565	Financial assets at fair value through profit or loss	565
Other - TCB 2023 Maturity Selective Emerging Market Bond Fund	Currency swap	2023.04.13-2023.07.13	US\$ 3,550	5,318	Financial liabilities at fair value through profit or loss	5,318
Other - TCB Global Healthcare Multi-Asset Income Fund	Currency swap	2023.06.26-2023.09.28	US\$ 13,000	2,999	Financial assets at fair value through profit or loss	2,999
Other - TCB Global High Yield Bond Fund	Currency swap	2023.04.14-2023.07.26	US\$ 4,900	3,448	Financial assets at fair value through profit or loss	3,448
Other - TCB US Short Duration High Yield Bond Fund	Currency swap	2023.03.21-2024.03.21	US\$ 5,700	3,633	Financial assets at fair value through profit or loss	3,633
Other - TCB Environment & Socially Responsible Multi-Asset Fund	Currency swap	2023.04.06-2023.09.28	US\$ 7,200	3,256	Financial assets at fair value through profit or loss	3,256
Other - TCB Global Core Infrastructure Income Fund	Currency swap	2023.04.13-2023.07.13	US\$ 1,400	2,533	Financial liabilities at fair value through profit or loss	2,533
Other - TCB 2032 Target Date Multi-Asset Income Fund	Currency swap	2023.06.16-2023.09.18	US\$ 3,000	1,506	Financial assets at fair value through profit or loss	1,506
Related Party	For the Six Months Ended June 30, 2022					
	Type of Derivatives	Contract Period	Nominal Amounts	Valuation Gain (Loss)	Amounts on the Consolidated Balance Sheet	
					Account	Amounts
Other - TCB 6 Year Senior Emerging Market Bond Fund	Currency swap	2021.11.30-2022.11.30	US\$ 12,350	\$ 7,261	Financial assets at fair value through profit or loss	\$ 6,330
Other - TCB 6 Year Emerging Market Bond Fund	Currency swap	2022.01.13-2022.07.18	US\$ 17,500	6,611	Financial assets at fair value through profit or loss	6,611
Other - TCB 2026 Maturity Senior Emerging Market Corporate Bond Fund	Currency swap	2022.06.08-2022.12.08	US\$ 800	97	Financial assets at fair value through profit or loss	97
Other - TCB 2025 Maturity Emerging Market Bond Fund	Currency swap	2022.02.23-2022.12.29	US\$ 38,700	15,529	Financial assets at fair value through profit or loss	15,529
Other - TCB 2023 Maturity Selective Emerging Market Bond Fund	Currency swap	2022.05.31-2022.07.29	US\$ 6,480	(1,324)	Financial liabilities at fair value through profit or loss	(1,324)
Other - TCB Global Healthcare Multi-Asset Income Fund	Currency swap	2022.05.24-2022.09.21	US\$ 48,700	5,687	Financial assets at fair value through profit or loss	5,687
Other - TCB Global High Yield Bond Fund	Currency swap	2022.06.10-2022.07.29	US\$ 16,200	1,110	Financial assets at fair value through profit or loss	1,110
Other - TCB US Short Duration High Yield Bond Fund	Currency swap	2022.04.08-2022.10.11	US\$ 8,500	3,758	Financial assets at fair value through profit or loss	3,758
Other - TCB Environment & Socially Responsible Multi-Asset Fund	Currency swap	2022.04.25-2022.07.25	US\$ 14,200	14,366	Financial assets at fair value through profit or loss	14,366
Other - TCB ESG Retirement Growth Fund of Fund	Currency swap	2022.05.31-2022.11.30	US\$ 2,750	727	Financial assets at fair value through profit or loss	727

(Continued)

Related Party	For the Six Months Ended June 30, 2022						
	Type of Derivatives	Contract Period	Nominal Amounts		Valuation Gain (Loss)	Amounts on the Consolidated Balance Sheet	
						Account	Amounts
Other - TCB ESG Retirement Aggressive Fund of Fund	Currency swap	2022.05.31-2022.11.30	US\$	2,300	\$ 608	Financial assets at fair value through profit or loss	\$ 608
Other - TCB Global Core Infrastructure Income Fund	Currency swap	2022.06.13-2022.09.01	US\$	3,600	(128)	Financial liabilities at fair value through profit or loss	(128)
Other - TCB 2032 Target Date Multi-Asset Income Fund	Currency swap	2022.06.29-2022.09.29	US\$	9,700	560	Financial assets at fair value through profit or loss	560

(Concluded)

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

	For the Six Months Ended June 30	
	2023	2022
Financial assets and liabilities at fair value through profit or loss		
Others	\$ 60,836	\$ 203,327

14) Loans

June 30, 2023

Type	Account Volume or Name	Highest Balance in the Six Months Ended June 30, 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	77	\$ 237,220	\$ 175,576	\$ 175,576	\$ -	Note 2	None
Self-used housing mortgage loans	51	305,320	223,034	223,034	-	Land and buildings	None

June 30, 2022

Type	Account Volume or Name	Highest Balance in the Six Months Ended June 30, 2022 (Note 1)	Ending Balance	Loan Classification		Collaterals	Differences in Terms of Transaction Compared with Those for Unrelated Parties
				Normal Loans	Nonperforming Loans		
Consumer loans	83	\$ 233,341	\$ 194,028	\$ 194,028	\$ -	Note 2	None
Self-used housing mortgage loans	50	279,069	216,444	216,444	-	Land and buildings	None
Other loans	Other	164,750	-	-	-	Certificates of deposit	None

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

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

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

1) Taiwan Cooperative Bank, Ltd.

a) Due from banks

	June 30, 2023	December 31, 2022	June 30, 2022
Subsidiary	<u>\$ 585,939</u>	<u>\$ 597,089</u>	<u>\$ 575,817</u>

b) Call loans to banks

	Highest Balance	Ending Balance	Interest Revenue	Interest Rate (%)
For the six months ended <u>June 30, 2023</u>				
Subsidiary	\$ 3,116,040	\$ 2,977,040	\$ 37,594	1.750-5.200
Sister companies	2,578,988	1,241,270	10,505	1.200-5.700
Others	<u>622,800</u>	<u>-</u>	<u>2,429</u>	5.110
	<u>\$ 6,317,828</u>	<u>\$ 4,218,310</u>	<u>\$ 50,528</u>	
For the six months ended <u>June 30, 2022</u>				
Subsidiary	\$ 1,289,035	\$ 902,490	\$ 1,933	0.001-1.560
Sister companies	3,800,000	2,300,000	6,020	0.290-0.770
Others	<u>1,401,050</u>	<u>1,189,400</u>	<u>2,645</u>	0.300-1.820
	<u>\$ 6,490,085</u>	<u>\$ 4,391,890</u>	<u>\$ 10,598</u>	

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

	Highest Balance	Ending Balance	Interest Revenue	Interest Rate (%)
For the six months ended <u>June 30, 2023</u>				
Sister company TCS	<u>\$ 311,400</u>	<u>\$ 311,400</u>	<u>\$ 7,807</u>	4.650-5.700
For the six months ended <u>June 30, 2022</u>				
Sister company TCS	<u>\$ 89,511</u>	<u>\$ -</u>	<u>\$ 156</u>	0.270-1.150

d) Deposits from banks

	For the Six Months Ended June 30			
	2023		2022	
	Ending Balance	Interest Expense	Ending Balance	Interest Expense
Subsidiary	\$ 23	\$ -	\$ 23	\$ -
Main management	112,920	686	267,336	736
Others				
Tamshui First Credit Bank	27,422,103	181,476	26,224,627	106,892
The Fifth Credit Cooperation of Taipei	6,493,770	43,673	6,591,931	25,987
Others	<u>22,684</u>	<u>-</u>	<u>20,478</u>	<u>-</u>
	<u>\$ 34,051,500</u>	<u>\$ 225,835</u>	<u>\$ 33,104,395</u>	<u>\$ 133,615</u>

e) Call loans from banks

	Highest Balance	Ending Balance	Interest Revenue	Interest Rate (%)
For the six months ended <u>June 30, 2023</u>				
Subsidiary	\$ 6,766	\$ 6,766	\$ 2	4.150
Others	<u>1,557,000</u>	<u>-</u>	<u>524</u>	5.140-5.170
	<u>\$ 1,563,766</u>	<u>\$ 6,766</u>	<u>\$ 526</u>	

f) Loans

	Highest Balance	Ending Balance	Interest Revenue	Interest Rate (%)
For the six months <u>ended June 30, 2023</u>				
Subsidiary	\$ 7,006,226	\$ 6,529,190	\$ 88,211	2.947-5.958
Sister companies	1,000,000	-	-	-
Main management	321,602	221,422	2,240	1.636-2.303
Others	<u>220,938</u>	<u>177,187</u>	<u>1,922</u>	1.370-2.778
	<u>\$ 8,548,766</u>	<u>\$ 6,927,799</u>	<u>\$ 92,373</u>	
For the six months <u>ended June 30, 2022</u>				
Subsidiary	\$ 5,059,520	\$ 5,059,520	\$ 8,942	0.900-1.364
Sister companies	1,000,000	-	-	-
Main management	359,534	280,488	1,930	1.010-1.800
Others	<u>317,716</u>	<u>129,984</u>	<u>990</u>	0.100-2.240
	<u>\$ 6,736,770</u>	<u>\$ 5,469,992</u>	<u>\$ 11,862</u>	

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

g) Deposits

	Ending Balance	Interest Expense	Interest Rate (%)
For the six months ended <u>June 30, 2023</u>			
Parent company	\$ 42,464	\$ 279	0.000-0.580
Sister companies	2,507,848	12,256	0.000-4.450
Associates	83,073	423	0.000-4.730
Main management	754,819	7,596	0.000-13.000
Others			
Financial Information Service Co., Ltd.	17,325,584	4,696	0.000-4.460
Others	<u>4,171,756</u>	<u>22,179</u>	0.000-13.000
	<u>\$ 24,885,544</u>	<u>\$ 47,429</u>	
For the six months ended <u>June 30, 2022</u>			
Parent company	\$ 262,947	\$ 58	0.000-0.205
Sister companies	3,753,707	3,021	0.000-1.065
Associates	106,857	29	0.000-0.835
Main management	740,622	4,774	0.000-13.000
Others			
Financial Information Service Co., Ltd.	14,240,451	2,837	0.000-1.190
Others	<u>3,443,547</u>	<u>7,869</u>	0.000-13.000
	<u>\$ 22,548,131</u>	<u>\$ 18,588</u>	

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

	June 30, 2023	December 31, 2022	June 30, 2022
Parent company	<u>\$ 2,419,849</u>	<u>\$ 2,084,831</u>	<u>\$ 2,444,888</u>

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

	June 30, 2023	December 31, 2022	June 30, 2022
Parent company	<u>\$ 403,355</u>	<u>\$ 352,754</u>	<u>\$ -</u>

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

	For the Six Months Ended June 30	
	2023	2022
Sister companies		
BPCTLI	\$ 262,118	\$ 312,546
Others	20,935	23,834
Main management	81	130
Others	<u>13,479</u>	<u>262</u>
	<u>\$ 296,613</u>	<u>\$ 336,772</u>

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 base on the prices of nearby properties are calculated on the basis of the leased areas and are payable monthly.

i. Future lease payment receivables was as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Parent company	\$ 118,844	\$ 133,272	\$ 2,872
Sister companies			
TCS	68,897	87,684	112,676
BPCTLI	7,001	14,531	5,943
TCBF	41,815	2,201	6,602
Others	<u>22,390</u>	<u>28,790</u>	<u>35,016</u>
	<u>\$ 258,947</u>	<u>\$ 266,478</u>	<u>\$ 163,109</u>

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

	For the Six Months Ended June 30	
	2023	2022
Parent company	\$ 14,639	\$ 12,234
Sister companies		
TCS	23,137	21,612
BPCTLI	7,531	7,096
Others	<u>11,913</u>	<u>11,083</u>
	<u>\$ 57,220</u>	<u>\$ 52,025</u>

1) Derivatives

Related Party	Type of Derivatives	Contract Period	For the Six Months Ended June 30, 2023				
			Nominal Amounts		Valuation Gain (Loss)	Amounts on the Balance Sheet	
						Account	Amounts
Sister company - BPCTLI	Currency swap	2023.01.31-2024.01.31	EUR	7,856	\$ 9,472	Financial liabilities at fair value through profit or loss	\$ 9,472
	Currency swap	2023.02.24-2023.09.28	US\$	118,116	77,209	Financial assets at fair value through profit or loss	77,209
Sister company - TCBF	Currency swap	2023.06.08-2023.07.12	US\$	4,000	2,114	Financial liabilities at fair value through profit or loss	2,114
	Currency swap	2023.02.24-2023.09.26	US\$	4,500	2,512	Financial assets at fair value through profit or loss	2,512
Other - TCB 6 Year Senior Emerging Market Bond Fund	Currency swap	2023.04.11-2023.08.11	US\$	8,900	16,322	Financial assets at fair value through profit or loss	16,322
Other - TCB 2025 Maturity Emerging Market Bond Fund	Currency swap	2023.02.23-2023.08.23	US\$	28,650	19,656	Financial assets at fair value through profit or loss	19,656
Other - TCB 2026 Maturity Senior Emerging Market Corporate Bond Fund	Currency swap	2023.06.08-2023.09.08	US\$	800	565	Financial assets at fair value through profit or loss	565
Other - TCB 2023 Maturity Selective Emerging Market Bond Fund	Currency swap	2023.04.13-2023.07.13	US\$	3,550	5,318	Financial liabilities at fair value through profit or loss	5,318
Other - TCB Global Healthcare Multi-Asset Income Fund	Currency swap	2023.06.26-2023.09.28	US\$	13,000	2,999	Financial assets at fair value through profit or loss	2,999
Other - TCB Global High Yield Bond Fund	Currency swap	2023.04.14-2023.07.26	US\$	4,900	3,448	Financial assets at fair value through profit or loss	3,448
Other - TCB US Short Duration High Yield Bond Fund	Currency swap	2023.03.21-2024.03.21	US\$	5,700	3,633	Financial assets at fair value through profit or loss	3,633
Other - TCB Environment & Socially Responsible Multi-Asset Fund	Currency swap	2023.04.06-2023.09.28	US\$	7,200	3,256	Financial assets at fair value through profit or loss	3,256
Other - TCB Global Core Infrastructure Income Fund	Currency swap	2023.04.13-2023.07.13	US\$	1,400	2,533	Financial liabilities at fair value through profit or loss	2,533
Other - TCB 2032 Target Date Multi-Asset Income Fund	Currency swap	2023.06.16-2023.09.18	US\$	3,000	1,506	Financial assets at fair value through profit or loss	1,506

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

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

	For the Six Months Ended June 30	
	2023	2022
Financial assets and liabilities at fair value through profit or loss		
Sister companies		
BPCTLI	\$ 161,057	\$ 87,220
TCBF	857	-
Others	<u>60,836</u>	<u>203,327</u>
	<u>\$ 222,750</u>	<u>\$ 290,547</u>

m) Loans

June 30, 2023

Type	Account Volume or Name	Highest Balance in the Period Ended June 30, 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	77	\$ 237,220	\$ 175,576	\$ 175,576	\$ -	Note 2	None
Self-used housing mortgage loans	51	305,320	223,034	223,034	-	Land and buildings	None
Other	TCS	1,000,000	-	-	-	Bonds	None
	United Taiwan Bank SA	7,006,226	6,529,190	6,529,190	-	None	None

June 30, 2022

Type	Account Volume or Name	Highest Balance in the Period Ended June 30, 2022 (Note 1)	Ending Balance	Loan Classification		Collaterals	Differences in Terms of Transaction Compared with Those for Unrelated Parties
				Normal Loans	Nonperforming Loans		
Consumer loans	83	\$ 233,341	\$ 194,028	\$ 194,028	\$ -	Note 2	None
Self-used housing mortgage loans	50	279,069	216,444	216,444	-	Land and buildings	None
Other	TCS	1,000,000	-	-	-	Bonds	None
	United Taiwan Bank S.A.	5,059,520	5,059,520	5,059,520	-	None	None
	Others	164,750	-	-	-	Certificates of deposit	None

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.

Transactions between TCB and related parties, the transaction terms shown above are similar to, or approximate, those offered to third parties. However, the interest rates for savings deposits given to managers of TCB are the same as the interest rates of employees' savings deposits within a certain amount.

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

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

	June 30, 2023	December 31, 2022	June 30, 2022
Sister companies	\$ <u>59,221</u>	\$ <u>81,416</u>	\$ <u>746,277</u>

b) Settlement receivables (part of other current assets)

	June 30, 2023	December 31, 2022	June 30, 2022
Sister companies	\$ <u>55,643</u>	\$ <u>34,008</u>	\$ <u>112,204</u>

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

	June 30, 2023	December 31, 2022	June 30, 2022
Sister companies	\$ <u>85</u>	\$ <u>175,533</u>	\$ <u>500,000</u>

d) Settlement payable (part of payables)

	June 30, 2023	December 31, 2022	June 30, 2022
Sister companies	\$ 172,000	\$ 3,831	\$ 9,873
Others	<u>2,197</u>	<u>-</u>	<u>-</u>
	<u>\$ 174,197</u>	<u>\$ 3,831</u>	<u>\$ 9,873</u>

e) TCS applied to TCB for call loans

For the Six Months Ended June 30, 2023					
Related Party	Highest Balance	Ending Balance	Accrued Interest	Interest Expense	Interest Rate (%)
Sister companies					
TCB	<u>\$ 311,400</u>	<u>\$ 311,400</u>	<u>\$ 247</u>	<u>\$ 7,817</u>	4.650-5.700
For the Six Months Ended June 30, 2022					
Related Party	Highest Balance	Ending Balance	Accrued Interest	Interest Expense	Interest Rate (%)
Sister companies					
TCB	<u>\$ 88,545</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 159</u>	0.270-1.150

- f) To settle security transactions, TCS applied to TCB for a guarantee of \$1,500,000 thousand for short-term loan and overdraft. As of June 30, 2023, December 31, 2022 and June 30, 2022, TCS had no borrowing and overdraft. The overdraft for the six months ended June 30, 2023 and 2022 were as follows:

	For the Six Months Ended June 30, 2023			
	Highest Balance	Ending Balance	Interest Expense	Interest Rate (%)
Sister companies	\$ 1,000,000	\$ -	\$ -	-

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

- g) Lease agreements - TCS is lessee

- i. Right-of-use assets, net

	June 30, 2023	December 31, 2022	June 30, 2022
Sister companies TCB	<u>\$ 64,821</u>	<u>\$ 81,807</u>	<u>\$ 101,985</u>

- ii. Lease liabilities

	June 30, 2023	December 31, 2022	June 30, 2022
Sister companies	<u>\$ 66,572</u>	<u>\$ 83,879</u>	<u>\$ 104,323</u>

- iii. Interest expense

	For the Six Months Ended June 30	
	2023	2022
Sister companies	<u>\$ 638</u>	<u>\$ 982</u>

- iv. Depreciation expense

	For the Six Months Ended June 30	
	2023	2022
Sister companies	<u>\$ 22,176</u>	<u>\$ 20,633</u>

3) Taiwan Cooperative Bills Finance Corporation Ltd.

a) Cash in bank

	Highest Balance	Ending Balance	Interest Expense	Interest Rate (%)
For the six months ended <u>June 30, 2023</u>				
Sister companies	<u>\$ 218,375</u>	<u>\$ 98,590</u>	<u>\$ 155</u>	0.010-1.565
For the six months ended <u>June 30, 2022</u>				
Sister companies	<u>\$ 507,469</u>	<u>\$ 85,372</u>	<u>\$ 8</u>	0.010-1.190

b) Call loans from banks

	Highest Balance	Ending Balance	Interest Expense	Interest Rate (%)
For the six months ended <u>June 30, 2023</u>				
Sister companies	<u>\$ 2,578,988</u>	<u>\$ 1,241,270</u>	<u>\$ 10,520</u>	1.200-5.700
For the six months ended <u>June 30, 2022</u>				
Sister companies	<u>\$ 3,800,000</u>	<u>\$ 2,300,000</u>	<u>\$ 6,020</u>	0.290-0.770

c) Securities sold under repurchase agreement

	Ending Balance	Interest Expense	Interest Rate (%)
For the six months ended <u>June 30, 2023</u>			
Sister companies	<u>\$ 239,415</u>	<u>\$ 317</u>	1.150-1.300
For the six months ended <u>June 30, 2022</u>			
Sister companies	<u>\$ -</u>	<u>\$ 801</u>	0.280-0.540

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

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

	June 30, 2023		December 31, 2022		June 30, 2022	
	Amount	%	Amount	%	Amount	%
Sister company						
TCB	<u>\$ 1,755,365</u>	<u>51</u>	<u>\$ 1,587,724</u>	<u>36</u>	<u>\$ 2,104,259</u>	<u>54</u>

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

	For the Six Months Ended June 30, 2023		
	Purchased Securities (Note)	Securities Purchase Under Resell Agreement	
		Amount	Rate (%)
Sister company TCBF	\$ 764,966	\$ 239,415	1.150-1.300
For the Six Months Ended June 30, 2022			
	Purchased Securities (Note)	Securities Purchase Under Resell Agreement	
		Amount	Rate (%)
Sister company TCBF	\$ 5,055,458	\$ -	0.280-0.540

Note: The amount includes securities purchased under resell agreements.

c) Payables

	June 30, 2023	December 31, 2022	June 30, 2022
Sister company TCB	\$ 183,951	\$ 172,706	\$ 142,116
Associates	-	135	-
	<u>\$ 183,951</u>	<u>\$ 172,841</u>	<u>\$ 142,116</u>

d) Dividends payable

	June 30, 2023	December 31, 2022	June 30, 2022
Parent company	\$ 182,489	\$ -	\$ 368,486
Associates	<u>175,332</u>	<u>-</u>	<u>354,036</u>
	<u>\$ 357,821</u>	<u>\$ -</u>	<u>\$ 722,522</u>

e) Derivatives

For the six months ended June 30, 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	2023.02.24-2023.09.28	US\$ 118,116	\$ (73,874)	Financial liabilities at fair value through profit or loss	\$ (73,874)
		2023.01.31-2024.01.31	EUR 7,856	(9,185)	Financial assets at fair value through profit or loss	(9,185)
	Associates - Banque Nationale De Paris, Taipei Branch (Note)	2021.06.11-2024.08.19	US\$ 86,339	(58,000)	Financial liabilities at fair value through profit or loss	(109,242)
		2023.02.02-2024.02.02	EUR 10,933	(10,712)	Financial assets at fair value through profit or loss	(10,712)

For the six months ended June 30, 2022

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

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

For the six months ended June 30, 2023 and 2022, the realized gains or losses on currency swaps with sister companies were \$53,150 thousand losses and \$91,763 thousand losses, respectively. Besides, the realized gains or losses on currency swaps with affiliates were \$13,167 thousand losses and \$2,069 thousand losses, respectively.

The BPCTLI engaged in foreign exchange swaps with associates. Under these contracts, both parties should receive deposits (reported as other assets - refundable deposits other liabilities) depending on the value of the swaps. As of June 30, 2023, December 31, 2022 and June 30, 2022, the BPCTLI had refundable deposits of \$113,936 thousand, and had received deposits of \$100,742 thousand and refundable deposits of \$65,338 thousand, respectively.

f) Operating expenses - insurance contract expenses

	For the Six Months Ended June 30	
	2023	2022
Sister company		
TCB	\$ 163,281	\$ 280,104

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

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

	For the Six Months Ended June 30	
	2023	2022
Management fee income		
Sister company	\$ 339	\$ 362
Others	168,669	181,446
	\$ 169,008	\$ 181,808

6) Taiwan Cooperative Venture Capital Co., Ltd.

	June 30, 2023	December 31, 2022	June 30, 2022
Cash in banks			
TCB	\$ <u>66,364</u>	\$ <u>216,342</u>	\$ <u>136,686</u>

d. Salaries, bonuses and remunerations to main management

The salaries, bonuses and remunerations of the directors and main management for the six months ended June 30, 2023 and 2022, are summarized as follows:

	For the Six Months Ended June 30	
	2023	2022
Salaries and other short-term employment benefits	\$ 97,318	\$ 94,913
Post-employment benefits	2,038	2,126
Interest arising from the employees' preferential rate in excess of normal rates	<u>740</u>	<u>690</u>
	<u>\$ 100,096</u>	<u>\$ 97,729</u>

42. PLEDGED ASSETS

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

	June 30, 2023	December 31, 2022	June 30, 2022
Due from the Central Bank and call loans to banks - due from the Central Bank	\$ -	\$ -	\$ 53,346
Financial assets mandatorily classified as at fair value through profit or loss - negotiable certificates of deposit	300,000	300,000	300,000
Financial assets at fair value through other comprehensive income - debt instrument investments	182,016	-	-
Investments in debt instruments at amortized cost	84,351,448	84,439,398	84,472,892
Other financial assets - due from banks	<u>399,935</u>	<u>385,514</u>	<u>356,145</u>
	<u>\$ 85,233,399</u>	<u>\$ 85,124,912</u>	<u>\$ 85,182,383</u>

To comply with the Central Bank of the Republic of China's (CBC) Interbank Funds Transfer and Settlement System for real-time gross settlement (RTGS), the pledged time deposits are mainly to provide the Central Bank of the Republic of China's (CBC) foreign currency fund lending warranty as of June 30, 2023, December 31, 2022 and June 30, 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. The remaining bonds and time deposits are used as preparation and collateral for various businesses.

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

(In Thousands of U.S. Dollars)

Date	Outstanding Balance Loan	Collateral Value
June 30, 2023	\$ 469,291	\$ 396,466
December 31, 2022	\$ 436,267	\$ 361,914
June 30, 2022	\$ 360,467	\$ 304,044

- c. As of June 30, 2023, December 31, 2022 and June 30, 2022, due to the KHR loans borrowed from the National Bank of Cambodia, up to US\$25,520 thousand, US\$27,927 thousand and US\$40,758 thousand in TCB's Phnom Penh Branch's due from the Central Bank were provided as collateral to the National Bank of Cambodia in accordance with the relevant regulations.

43. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

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

As of June 30, 2023, TCFHC's outstanding major construction and procurement contracts amounted to \$188,515 thousand, of which \$142,092 thousand was still unpaid.

- b. Taiwan Cooperative Bank, Ltd.

1) As of June 30, 2023, TCB's outstanding major construction and procurement contracts amounted to \$740,398 thousand, of which \$513,789 thousand was still unpaid.

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

- c. Taiwan Cooperative Bills Finance Cooperation Ltd.

As of June 30, 2023, the commitments or contingencies arose from business were as follows:

	June 30, 2023
Guarantees of commercial paper	\$ 31,214,700
Purchase of reference-rate commercial paper	\$ 6,600,000

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

As of June 30, 2023, TCS's agreements on the house decoration project and acquisition equipment amounted to \$18,618 thousand, of which \$8,319 thousand was still unpaid.

44. FINANCIAL INSTRUMENTS

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

	<u>June 30, 2023</u>		<u>December 31, 2022</u>		<u>June 30, 2022</u>	
	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	\$ 724,475,702	\$ 721,044,075	\$ 719,535,355	\$ 714,728,964	\$ 648,912,917	\$ 645,053,998
<u>Financial liabilities</u>						
Bonds payable	82,790,000	83,016,900	80,290,000	80,616,994	71,800,000	71,138,883

Fair value hierarchy as at June 30, 2023, December 31, 2022 and June 30, 2022:

June 30, 2023

	Total	Level 1	Level 2	Level 3
<u>Financial assets</u>				
Investments in debt instruments at amortized cost	\$ 721,044,075	\$ 464,439	\$ 720,363,616	\$ 216,020
<u>Financial liabilities</u>				
Bonds payable	83,016,900	-	83,016,900	-

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	-

June 30, 2022

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

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 1.1725% and 1.6384%, between 1.3207% and 1.7870%, between 0.9657% and 1.5322% as of June 30, 2023, December 31, 2022 and June 30, 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% on June 30, 2023, December 31, 2022 and June 30, 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:

	June 30, 2023	December 31, 2022	June 30, 2022
Discount for lack of marketability			
Increase 10%	<u>\$ (1,184,323)</u>	<u>\$ (1,038,686)</u>	<u>\$ (1,058,931)</u>
Decrease 10%	<u>\$ 1,184,323</u>	<u>\$ 1,038,686</u>	<u>\$ 1,058,931</u>
Discount for minority interest			
Increase 10%	<u>\$ (35,636)</u>	<u>\$ (40,416)</u>	<u>\$ (35,298)</u>
Decrease 10%	<u>\$ 35,636</u>	<u>\$ 40,416</u>	<u>\$ 35,298</u>

- c. The fair value hierarchy of the Company's financial instruments measured at fair value on a recurring basis as of June 30, 2023, December 31, 2022 and June 30, 2022 were as follows:

1) Fair Value Hierarchy

Financial Instruments Measured at Fair Value	June 30, 2023			
	Total	Level 1	Level 2	Level 3
<u>Non-derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at FVTPL				
Equity instruments	\$ 3,377,480	\$ 2,087,618	\$ 25,229	\$ 1,264,633
Debt instruments	2,169,426	556,993	1,612,433	-
Others	106,704,578	4,863,150	101,841,329	99
Financial assets at FVTOCI				
Equity instruments	44,137,288	36,935,956	-	7,201,332
Debt instruments	441,671,449	21,585,227	420,086,222	-
Others	8,872,969	-	8,872,969	-
<u>Liabilities</u>				
Financial liabilities at FVTPL	(2,080,177)	(662,605)	(1,417,572)	-

(Continued)

Financial Instruments Measured at Fair Value	June 30, 2023			
	Total	Level 1	Level 2	Level 3
<u>Derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at FVTPL	\$ 8,045,889	\$ 437,759	\$ 7,608,130	\$ -
<u>Liabilities</u>				
Financial liabilities at FVTPL	(1,003,986)	(371)	(1,003,615)	- (Concluded)

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	June 30, 2022			
	Total	Level 1	Level 2	Level 3
<u>Non-derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at FVTPL				
Equity instruments	\$ 2,655,716	\$ 1,331,443	\$ 335	\$ 1,323,938
Debt instruments	2,422,798	458,216	1,964,582	-
Others	74,758,941	4,055,307	70,672,966	30,668
Financial assets at FVTOCI				
Equity instruments	45,185,920	38,844,883	-	6,341,037
Debt instruments	460,296,112	24,457,294	435,838,818	-
Others	591,548	591,548	-	-
<u>Liabilities</u>				
Financial liabilities at FVTPL	(970,026)	(970,013)	(13)	- (Continued)

Financial Instruments Measured at Fair Value	June 30, 2022			
	Total	Level 1	Level 2	Level 3
<u>Derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at FVTPL	\$ 11,183,622	\$ 731,433	\$ 10,452,189	\$ -
<u>Liabilities</u>				
Financial liabilities at FVTPL	(2,297,367)	(255)	(2,297,112)	-
				(Concluded)

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 on January 1, 2023	\$ 1,318,493	\$ 6,227,077	\$ 7,545,570
Recognized in profit	88,038	-	88,038
Recognized in OCI (investment in equity instruments at FVTOCI)	-	974,255	974,255
Purchases	121,496	-	121,496
Disposals	(186,237)	-	(186,237)
Transferred out of Level 3	<u>(77,058)</u>	<u>-</u>	<u>(77,058)</u>
Balance on June 30, 2023	<u>\$ 1,264,732</u>	<u>\$ 7,201,332</u>	<u>\$ 8,466,064</u>
Balance on January 1, 2022	\$ 1,456,354	\$ 6,959,665	\$ 8,416,019
Recognized in profit	122,566	-	122,566
Recognized in OCI (investment in equity instruments at FVTOCI)	-	(770,713)	(770,713)
Purchases	144,882	152,085	296,967
Disposals	<u>(369,196)</u>	<u>-</u>	<u>(369,196)</u>
Balance on June 30, 2022	<u>\$ 1,354,606</u>	<u>\$ 6,341,037</u>	<u>\$ 7,695,643</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 June 30, 2023.

The change in unrealized gains for the six months ended June 30, 2023 and 2022 included in profit or loss for assets held at the June 30, 2023 and 2022, respectively, was \$5,746 thousand and \$1,145 thousand.

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

	June 30, 2023
Difference between carrying amount and contractual amount at maturity	
Fair value	\$ 1,417,572
Amount payable at maturity	<u>1,458,909</u>
	<u>\$ (41,337)</u>
	Changes in Fair Value Attributable to Changes in Credit Risk
Accumulated amount of change	
As of June 30, 2023	<u>\$ (964)</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), operational risk and liquidity risks.

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

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

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

2) Credit risk

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

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

3) Market risk

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

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

Effect of interest rate benchmark reform

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, and this transition project was accomplished risk management policy adjustment, internal procedures modification, information system update, financial instrument valuation model adjustment and related issues of accounting.

The following table contains details of non-derivative financial instruments held by the Company at June 30, 2023 which are subject to the reform and have not transitioned to an alternative benchmark interest rate:

	Carrying Amount
Financial assets that reference USD LIBOR	
Financial assets at FVTOCI	\$ 11,873,486
Discounts and loans	<u>9,278,810</u>
	<u>\$ 21,152,296</u>

Debt investments are mainly due to the consideration of some bond issuers by the ICE Benchmark Administration which continues to provide synthetic LIBOR in U.S. dollars for the corresponding date until September 2024, so the announcement of the target interest rate conversion date is postponed. Discounts and loans are both cases of syndicated loan participation, and the conversion operation is being carried out immediately.

4) Liquidity risk

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

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

Taiwan Cooperative Bank Ltd. and subsidiary

1) Risk management

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

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

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

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

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

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

2) Credit risk

a) Credit risk management policy

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

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

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

i. Loans business (including loan commitments and guarantees)

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

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

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

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

ii. Due from and call loans to other banks

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

iii. Investments in debt instruments and derivatives

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

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

b) Measurement of expected credit losses

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

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

Loans business

i) Quantitative benchmark

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

ii) Qualitative benchmark

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

Bonds and bills business

i) Quantitative benchmark

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

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

ii) Qualitative benchmark

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

ii. Definition of default and credit loss on financial assets

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

Loans business

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

Bonds and bills business

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

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

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

iii. Reversal policy

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

- i) The debtor's inability to recover all or part of the debts due to dissolution, escape, settlement, bankruptcy or other reasons.

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

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

iv. Measurement of expected credit losses

Loans business

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

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

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

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

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

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

Probability of Default	
Relevant economic factors	Monitoring indicator/unemployment rate

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

Bonds and bills business

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

c) Credit risk avoidance or mitigation policy

i. Strengthen collaterals and other credits

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

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

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

June 30, 2023

	Gross Carrying Amount	Allowance for Possible Losses	Total Exposure Amount (Amortized Cost)	Fair Value of Collateral
<u>Impaired financial assets</u>				
Receivables	\$ 317,127	\$ 144,602	\$ 172,525	\$ -
Discount and loans	34,579,970	5,349,718	29,230,252	70,819,488

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

June 30, 2022

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

The total amount of financial assets that have been written off but have recourse action by TCB and its subsidiary on June 30, 2023, December 31, 2022 and June 30, 2022 were \$8,994,450 thousand, \$7,292,399 thousand and \$7,212,817 thousand, respectively.

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

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

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

Credit Risk Profile by Group or Industry	June 30, 2023		December 31, 2022		June 30, 2022	
	Amount	%	Amount	%	Amount	%
Natural person	\$ 987,972,551	37	\$ 989,233,524	38	\$ 978,487,960	39
Manufacturing	480,936,680	18	452,362,367	17	445,734,297	18
Government agencies	298,829,330	11	247,622,319	10	194,132,239	8

iii. Master netting arrangement

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

d) Maximum exposures to credit risks

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

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

	June 30, 2023	December 31, 2022	June 30, 2022
Financial assets at fair value through profit or loss - debt instrument	\$ 1,039,455	\$ 885,078	\$ 1,372,434

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

June 30, 2023					
	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired Financial Instruments)	Difference of Impairment Loss under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	Total
Maximum exposures to credit risk	\$ 322,348,621	\$ 2,189	\$ 169,946	\$ -	\$ 322,520,756
Allowance for possible losses	(816,751)	(1)	(10,957)		(827,709)
Difference of impairment loss under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	-	-	-	(518,713)	(518,713)
	<u>\$ 321,531,870</u>	<u>\$ 2,188</u>	<u>\$ 158,989</u>	<u>\$ (518,713)</u>	<u>\$ 321,174,334</u>
December 31, 2022					
	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired Financial Instruments)	Difference of Impairment Loss under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	Total
Maximum exposures to credit risk	\$ 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>

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

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

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

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

a) Credit quality analysis of discounts and loans

June 30, 2023					
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Difference of Impairment Loss under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/N on-accrual Loans”	Total
Discounts and loans	\$ 2,677,239,304	\$ 5,252,052	\$ 34,579,970	\$ -	\$ 2,717,071,326
Allowance for possible losses	(4,440,917)	(71,338)	(5,349,718)	-	(9,861,973)
Difference of impairment loss under “Regulations Governing the Procedure for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	-	-	-	(21,157,495)	(21,157,495)
	<u>\$ 2,672,798,387</u>	<u>\$ 5,180,714</u>	<u>\$ 29,230,252</u>	<u>\$ (21,157,495)</u>	<u>\$ 2,686,051,858</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/N on-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>
June 30, 2022					
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Difference of Impairment Loss under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/N on-accrual Loans”	Total
Discounts and loans	\$ 2,453,787,972	\$ 7,693,905	\$ 34,722,159	\$ -	\$ 2,496,204,036
Allowance for possible losses	(4,111,756)	(83,937)	(3,842,208)	-	(8,037,901)
Difference of impairment loss under “Regulations Governing the Procedure for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	-	-	-	(21,781,491)	(21,781,491)
	<u>\$ 2,449,676,216</u>	<u>\$ 7,609,968</u>	<u>\$ 30,879,951</u>	<u>\$ (21,781,491)</u>	<u>\$ 2,466,384,644</u>

b) Credit quality analysis of receivables

	June 30, 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	\$ 21,116,469	\$ 66,353	\$ 317,127	\$ 4,985,171	\$ -	\$ 26,485,120
Allowance for possible losses	(34,239)	(12,683)	(144,602)	(184,698)	-	(376,222)
Difference of impairment loss under “Regulations Governing the Procedure for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	-	-	-	-	(169,009)	(169,009)
	\$ 21,082,230	\$ 53,670	\$ 172,525	\$ 4,800,473	\$ (169,009)	\$ 25,939,889

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>
June 30, 2022						
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Credit Impairment by Using Simplified Method	Difference of Impairment Loss under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	Total
Receivables	\$ 14,729,525	\$ 48,814	\$ 169,980	\$ 2,744,919	\$ -	\$ 17,693,238
Allowance for possible losses	(42,275)	(11,140)	(70,260)	(187,199)	-	(310,874)
Difference of impairment loss under “Regulations Governing the Procedure for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	-	-	-	-	(170,986)	(170,986)
	<u>\$ 14,687,250</u>	<u>\$ 37,674</u>	<u>\$ 99,720</u>	<u>\$ 2,557,720</u>	<u>\$ (170,986)</u>	<u>\$ 17,211,378</u>

c) Credit quality analysis of securities

June 30, 2023				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Investments in debt instruments at FVTOCI				
Gross carrying amount	\$ 404,962,707	\$ -	\$ 353,533	\$ 405,316,240
Allowance for possible losses	(56,228)	-	(220,364)	(276,592)
Amortized cost	404,906,479	-	133,169	405,039,648
Fair value adjustments	(16,404,545)	-	75,467	(16,329,078)
	<u>\$ 388,501,934</u>	<u>\$ -</u>	<u>\$ 208,636</u>	<u>\$ 388,710,570</u>
Investments in debt instruments at amortized cost	\$ 722,095,670	\$ -	\$ -	\$ 722,095,670
Allowance for possible losses	(27,731)	-	-	(27,731)
	<u>\$ 722,067,939</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 722,067,939</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	(60,665)	-	(222,673)	(283,338)
Amortized cost	401,718,622	-	136,477	401,855,099
Fair value adjustments	(19,017,037)	-	54,817	(18,962,220)
	<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	(22,243)	-	-	(22,243)
	<u>\$ 717,128,922</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 717,128,922</u>
June 30, 2022				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Investments in debt instruments at FVTOCI				
Gross carrying amount	\$ 422,290,504	\$ -	\$ 357,573	\$ 422,648,077
Allowance for possible losses	(65,271)	-	(221,695)	(286,966)
Amortized cost	422,225,233	-	135,878	422,361,111
Fair value adjustments	(16,516,542)	-	(78,682)	(16,595,224)
	<u>\$ 405,708,691</u>	<u>\$ -</u>	<u>\$ 57,196</u>	<u>\$ 405,765,887</u>
Investments in debt instruments at amortized cost	\$ 645,955,591	\$ -	\$ -	\$ 645,955,591
Allowance for possible losses	(19,017)	-	-	(19,017)
	<u>\$ 645,936,574</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 645,936,574</u>

- 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 on January 1, 2023	\$ 60,665	\$ -	\$ 222,673	\$ 283,338
New financial assets purchased	2,661	-	-	2,661
Derecognition of financial assets in the current reporting period	(2,763)	-	-	(2,763)
Change in model or risk parameters	566	-	(5,316)	(4,750)
Changes in exchange rates and other changes	(4,901)	-	3,007	(1,894)
Balance on June 30, 2023	<u>\$ 56,228</u>	<u>\$ -</u>	<u>\$ 220,364</u>	<u>\$ 276,592</u>

	12-month ECL	Lifetime ECL (Collective Assessment)	Lifetime ECL (Non-purchased or Non-originated Credit-impaired Financial Assets)	Total
Balance on January 1, 2022	\$ 66,666	\$ -	\$ -	\$ 66,666
Transfers to lifetime ECL	(467)	-	467	-
New financial assets purchased	4,995	-	-	4,995
Derecognition of financial assets in the current reporting period	(2,113)	-	-	(2,113)
Change in model or risk parameters	(6,245)	-	221,193	214,948
Changes in exchange rates and other changes	<u>2,435</u>	<u>-</u>	<u>35</u>	<u>2,470</u>
Balance on June 30, 2022	<u>\$ 65,271</u>	<u>\$ -</u>	<u>\$ 221,695</u>	<u>\$ 286,966</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 on January 1, 2023	\$ 22,243	\$ -	\$ -	\$ 22,243
New financial assets purchased	9,274	-	-	9,274
Derecognition of financial assets in the current reporting period	(1,597)	-	-	(1,597)
Change in model or risk parameters	(2,345)	-	-	(2,345)
Changes in exchange rates and other changes	<u>156</u>	<u>-</u>	<u>-</u>	<u>156</u>
Balance on June 30, 2023	<u>\$ 27,731</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,731</u>

	12-month ECL	Lifetime ECL (Collective Assessment)	Lifetime ECL (Non-purchased or Non-originated Credit-impaired Financial Assets)	Total
Balance on January 1, 2022	\$ 19,216	\$ -	\$ -	\$ 19,216
New financial assets purchased	1,116	-	-	1,116
Derecognition of financial assets in the current reporting period	(1,121)	-	-	(1,121)
Change in model or risk parameters	(989)	-	-	(989)
Changes in exchange rates and other changes	<u>795</u>	<u>-</u>	<u>-</u>	<u>795</u>
Balance on June 30, 2022	<u>\$ 19,017</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,017</u>

3) Market risks

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

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

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

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

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

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

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

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

Main Risk	Change Scenario	June 30, 2023	December 31, 2022	June 30, 2022
Interest rate risk	Interest rate curve increased 100 basis points	\$ (210,376)	\$ (51,733)	\$ (116,242)
	Interest rate curve fell 100 basis points	214,133	53,018	120,318
Exchange rate risk	USD/NT\$, EUR/NT\$ increased 3%	(378,506)	(486,412)	(360,691)
	USD/NT\$, EUR/NT\$ fell 3%	378,506	486,412	360,691
	Others (RMB, AUD etc.)/ NT\$ increased 5%	80,023	60,149	155,114
	Others (RMB, AUD etc.)/ NT\$ fell 5%	(80,023)	(60,149)	(155,114)
Equity security price risk	Equity security price increased by 15%	67,138	72,875	71,809
	Equity security price fell by 15%	(67,138)	(72,875)	(71,809)

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

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

Taiwan Cooperative Bank, Ltd.

	For the Six Months Ended June 30			
	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	\$ 40,640,237	2.47	\$ 52,958,544	0.54
Call loans to banks and other financial assets - call loans to security firms	55,649,022	4.04	74,837,232	0.69
Due from the Central Bank	224,940,918	0.65	204,846,417	0.29
Financial assets mandatorily classified as at fair value through profit or loss	45,533,191	1.36	30,163,978	0.48
Financial assets at fair value through other comprehensive income	401,171,758	1.63	408,903,462	1.30
Investments in debt instruments at amortized cost	706,551,063	1.16	689,006,062	0.61
Securities purchased under resell agreements	31,393	1.26	-	-
Discounts and loans	2,715,978,559	2.51	2,493,170,508	1.65
<u>Interest-bearing liabilities</u>				
Deposits from the Central Bank and other banks	311,268,499	1.78	238,083,345	0.35
Due to the Central Bank and other banks	-	-	48,277,626	0.11
Financial liability designated as at fair value through profit or loss	899,995	4.86	-	-
Securities sold under repurchase agreements	9,742,595	0.75	7,350,697	0.20
Treasury deposits	137,100,230	0.99	118,965,168	0.51

(Continued)

	For the Six Months Ended June 30			
	2023		2022	
	Average Balance	Average Rate (%)	Average Balance	Average Rate (%)
Demand deposits	\$ 760,430,792	0.73	\$ 806,807,254	0.09
Savings - demand deposits	1,170,930,416	0.64	1,134,633,814	0.23
Time deposits	890,122,382	2.64	740,256,689	0.63
Time savings deposits	649,752,584	1.45	603,440,005	0.92
Negotiable certificates of deposits	38,184,060	1.60	46,480,671	0.45
Bank debentures	61,712,652	2.01	62,026,243	1.50
Structured products	15,580	3.52	-	-
Lease liabilities	1,549,932	2.50	1,517,334	2.52
				(Concluded)

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

(In Thousands)

	June 30, 2023		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
USD	\$ 13,205,571	31.1400	\$ 411,221,465
RMB	10,840,455	4.2850	46,451,350
AUD	1,301,214	20.5900	26,791,990
JPY	103,925,483	0.2150	22,343,979
EUR	644,210	33.8300	21,793,620
<u>Financial liabilities</u>			
USD	21,176,011	31.1400	659,420,976
RMB	8,181,213	4.2850	35,056,496
JPY	98,018,279	0.2150	21,073,930
AUD	953,228	20.5900	19,626,960
ZAR	3,842,656	1.6580	6,371,123
	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

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

4) Liquidity risk

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

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

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

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

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

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

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

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

TCB's liquidity reserve ratios were 30.61% in June 2023, 30.36% in December 2022 and 29.80% in June 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.

June 30, 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	\$ 181,853,704	\$ 97,221,190	\$ 44,949,027	\$ 6,829,405	\$ -	\$ 330,853,326
Financial liabilities at fair value through profit or loss	-	-	-	-	1,458,909	1,458,909
Securities sold under repurchase agreements	7,999,628	1,094,431	916,095	386,577	-	10,396,731
Payables	20,815,857	2,158,779	2,808,519	5,240,627	2,609,784	33,633,566
Deposits and remittances	382,342,223	538,325,295	523,135,989	784,218,758	1,458,227,261	3,686,249,526
Bank debentures	-	950,000	4,600,000	8,500,000	48,740,000	62,790,000
Lease liabilities	70,376	178,814	151,629	270,937	1,392,255	2,064,011
Other items of cash outflow on maturity	1,311,749	56	67	1,024,716	2,370,103	4,706,691

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

June 30, 2022	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Deposits from the Central Bank and other banks	\$ 150,871,467	\$ 71,594,395	\$ 7,008,646	\$ 668,947	\$ -	\$ 230,143,455
Securities sold under repurchase agreements	4,534,824	1,376,799	984,235	416,965	334,679	7,647,502
Payables	39,194,674	2,374,510	2,768,695	3,952,073	2,120,726	50,410,678
Deposits and remittances	397,163,184	453,541,178	532,919,125	707,988,687	1,402,199,714	3,493,811,888
Bank debentures	-	-	8,350,000	-	43,450,000	51,800,000
Lease liabilities	66,752	175,514	148,809	253,071	1,294,014	1,938,160
Other items of cash outflow on maturity	1,489,447	118	141	994,787	2,211,109	4,695,602

In the above table, the maturity analysis of deposits and remittances by residual-maturity period was based on TCB and its subsidiary's historical experience. Assuming that all demand deposits as of June 30, 2023, December 31, 2022 and June 30, 2022 must be repaid soon, the capital expenditure will be increased by \$1,981,869,889 thousand, \$1,973,423,557 thousand and \$1,932,819,652 thousand, respectively, within 30 days these balance sheet dates.

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

a) Derivative financial liabilities to be settled at net amounts

June 30, 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	\$ 82	\$ 304	\$ 175	\$ 301	\$ -	\$ 862
Interest	1,947	3,025	446	16,027	96,473	117,918

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

June 30, 2022	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial liabilities at fair value through profit or loss						
Currency	\$ 2,287	\$ 1,826	\$ 647	\$ 5	\$ -	\$ 4,765
Interest	(272)	(207)	70	538	10,919	11,048

b) Derivative financial liabilities to be settled at gross amounts

June 30, 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	\$ 13,727,239	\$ 8,933,367	\$ 2,738,114	\$ 1,125,923	\$ 7,454	\$ 26,532,097
Cash inflow	13,771,472	9,052,116	2,806,016	1,147,577	7,465	26,784,646
Interest derivatives						
Cash outflow	93,270	190,105	263,205	95,282	-	641,862
Cash inflow	93,420	183,300	253,086	93,270	-	623,076
Total cash outflow	13,820,509	9,123,472	3,001,319	1,221,205	7,454	27,173,959
Total cash inflow	13,864,892	9,235,416	3,059,102	1,240,847	7,465	27,407,722
Net cash flow	44,383	111,944	57,783	19,642	11	233,763

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

June 30, 2022	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial liabilities at fair value through profit or loss						
Currency derivatives						
Cash outflow	\$ 37,657,187	\$ 20,099,537	\$ 13,312,518	\$ 8,257,157	\$ 406,997	\$ 79,733,396
Cash inflow	38,243,632	20,558,385	13,670,707	8,481,788	407,031	81,361,543
Interest derivatives						
Cash outflow	685,886	460,789	378,621	149,444	-	1,674,740
Cash inflow	520,522	436,872	367,689	139,035	-	1,464,118
Total cash outflow	38,343,073	20,560,326	13,691,139	8,406,601	406,997	81,408,136
Total cash inflow	38,764,154	20,995,257	14,038,396	8,620,823	407,031	82,825,661
Net cash flow	421,081	434,931	347,257	214,222	34	1,417,525

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

June 30, 2023	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Irrevocable loan commitments issued	\$ 2,288,039	\$ 7,176,252	\$ 6,537,929	\$ 19,241,822	\$ 99,778,193	\$ 135,022,235
Irrevocable credit card commitments	512,918	373,938	961,416	3,199,927	57,732,803	62,781,002
Letters of credit issued yet unused	4,448,656	13,220,637	2,397,945	2,215,527	5,053,175	27,335,940
Other guarantees	8,769,085	11,853,124	8,332,131	14,584,905	53,842,334	97,381,579

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

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

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 \$497,336 thousand, \$658,111 thousand and \$659,355 thousand as of June 30, 2023, December 31, 2022 and June 30, 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 June 30, 2023, December 31, 2022 and June 30, 2022 the fair values of financial assets would have decreased by \$20,172 thousand, \$18,232 thousand and \$18,099 thousand, respectively.

ii) Equity risk

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

Assuming all other indicators had been held constant and based on the asset condition of BPCTLI on June 30, 2023, December 31, 2022 and June 30, 2022, had the TAIEX fallen 1%, the fair value of the equity assets would have decreased by \$14,327 thousand, \$12,295 thousand and \$11,721 thousand, respectively.

iii) Foreign currency risk

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

BPCTLI's overseas financial instruments were primarily exposed to the U.S. dollar. Assuming all other factors had been held constant, no hedging had been involved, and had the U.S. dollar decreased 1% for the six months ended June 30, 2023, for the year ended December 31, 2022 and for the six months ended June 30, 2022, the income before income tax would have decreased \$144,305 thousand, \$129,153 thousand and \$139,239 thousand, respectively.

The table below shows the carrying value of financial assets and liabilities denominated in foreign currency as of June 30, 2023, December 31, 2022 and June 30, 2022.

June 30, 2023

	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
Savings accounts			
USD	\$ 11,533	31.130	\$ 359,019
AUD	2,742	20.605	56,494
ZAR	14,649	1.659	24,302
Receivables			
USD	4,178	31.130	130,070
EUR	982	33.810	33,195
RMB	89	4.286	383
Financial assets at FVTPL			
USD	2,460	31.130	76,586
Financial assets at FVTOCI			
USD	435,782	31.130	13,565,881
EUR	52,921	33.810	1,789,252
RMB	75,693	4.286	324,421
Financial assets at amortized cost			
EUR	9,763	33.810	330,091
USD	5,413	31.130	168,495
Refundable deposits			
USD	4,190	31.130	130,435

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
Refundable deposits			
USD	4,680	30.714	143,742

June 30, 2022

	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
Savings accounts			
USD	\$ 6,775	29.719	\$ 201,349
EUR	2,242	31.050	69,614
ZAR	26,576	1.828	48,581
Receivables			
USD	4,038	29.719	120,007
EUR	369	31.050	11,466
RMB	87	4.437	384
Financial assets at FVTPL			
USD	3,112	29.719	92,495
Financial assets at FVTOCI			
USD	449,178	29.719	13,349,114
EUR	24,685	31.050	766,474
RMB	75,257	4.437	333,917
Financial assets at amortized cost			
EUR	9,720	31.050	301,809
USD	5,417	29.719	160,973
Refundable deposits			
USD	3,170	29.719	94,209

iii. Stress testing

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

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

Assuming the U.S. 10-year Treasury yield increased 1% as of June 30, 2023, December 31, 2022 and June 30, 2022, the losses on financial assets of the BPCTLI would have been \$725,885 thousand, \$746,996 thousand and \$692,191 thousand, respectively.

2) Credit risk

a) Credit risk definition and classifications

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

b) Credit risk strategy and procedures

BPCTLI controls credit risk as follows:

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

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

ii. Stress testing

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

iii. Credit risk reduction policy

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

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

iv. Credit analysis for bonds

	June 30, 2023		
	Carrying Amount	Fair Value	%
Domestic investment - government bonds (Note 1)	\$ 12,274,617	\$ 12,264,365	38
Domestic investment - corporate bonds (twAAA - twAA)	3,988,185	3,988,185	12
Overseas investment - government bonds	3,401,746	3,369,933	10
Overseas investment - corporate bonds and bank debentures (Aa2 - A3)	11,564,226	11,564,019	36
Overseas investment - corporate bonds and bank debentures (Baa1 - Ba1)	<u>1,212,100</u>	<u>1,212,100</u>	<u>4</u>
	<u>\$ 32,440,874</u>	<u>\$ 32,398,602</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>
	June 30, 2022		
	Carrying Amount	Fair Value	%
Domestic investment - government bonds (Note 1)	\$ 11,300,854	\$ 11,264,311	38
Domestic investment - corporate bonds (twAAA - twAA)	3,491,510	3,491,510	12
Overseas investment - government bonds	2,518,963	2,486,596	8
Overseas investment - corporate bonds and bank debentures (Aa2 - A3)	11,205,943	11,205,896	38
Overseas investment - corporate bonds and bank debentures (Baa1 - Ba1)	<u>1,187,381</u>	<u>1,187,381</u>	<u>4</u>
	<u>\$ 29,704,651</u>	<u>\$ 29,635,694</u>	<u>100</u>

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

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

3) Liquidity risk

a) Source and definition of liquidity risk

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

b) Liquidity risk management strategy and principles

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

c) Maturity analysis

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

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

ii. Maturity analysis of derivatives

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

June 30, 2023				
	Within One Year	1 Year to 3 Years	3 Years to 5 Years	Over Five Years
<u>Net settled</u>				
Currency swap contracts	\$ (463,961)	\$ (75,501)	\$ -	\$ -
Cross-currency swap contracts	-	(3,878)	(1,223)	-
	<u>\$ (463,961)</u>	<u>\$ (79,379)</u>	<u>\$ (1,223)</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>

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

e. Insurance contracts

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

The risk management program and procedure are summarized as follows:

1) Insurance risk management and measurement

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

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

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

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

2) Concentration of insurance risk and the development of claims

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

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

a) Development of direct business loss

Accident Year	Development Ages														Claim Reserve
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	
2010	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	
2011	4,170	7,263	7,786	7,854	7,854	8,024	8,024	8,024	7,854	7,854	7,854	7,854	7,854	7,854	
2012	12,566	20,155	21,177	21,070	21,111	21,112	21,112	21,112	21,113	21,113	21,121	21,121	21,121	21,121	
2013	19,586	27,531	27,762	28,666	28,555	28,551	28,553	28,553	28,553	28,553	28,553	28,553	28,553	28,553	
2014	25,862	28,357	28,976	31,011	31,016	31,018	31,018	31,018	31,018	31,018	31,029	31,029	31,029	31,029	
2015	35,899	42,080	42,346	42,353	42,361	42,381	42,382	42,372	42,372	42,372	42,387	42,387	42,387	42,387	
2016	26,485	31,219	31,407	31,432	31,444	31,445	31,450	31,450	31,450	31,450	31,464	31,464	31,464	31,464	
2017	33,250	63,055	58,484	58,652	58,738	58,915	59,158	59,158	59,159	59,159	59,182	59,182	59,182	59,182	
2018	26,190	45,800	46,223	46,232	46,243	46,303	46,306	46,306	46,306	46,306	46,327	46,327	46,327	46,327	
2019	53,544	70,676	66,009	68,136	68,144	68,234	68,237	68,237	68,238	68,238	68,260	68,260	68,260	68,260	
2020	49,582	52,716	53,606	53,619	53,630	53,678	53,681	53,681	53,682	53,682	53,703	53,703	53,703	53,703	
2021	35,460	45,959	46,214	47,863	47,872	47,941	47,943	47,943	47,944	47,944	47,960	47,960	47,960	47,960	
2022	57,578	66,716	67,297	68,897	68,911	68,981	68,984	68,984	68,985	68,985	69,012	69,012	69,012	69,012	
2023	68,347	84,529	85,206	88,178	88,194	88,319	88,322	88,322	88,324	88,324	88,355	88,355	88,355	88,355	
											Incurred but not reported			\$ 24,338	
											Reported but not paid			\$ 8,088	
											Balance of claim reserve			\$ 104,426	

b) Development of retained business

[illegible]

3) Sensitivity analysis of insurance risk

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

Insurance contracts and investment contracts with a discretionary participation feature.

June 30, 2023			
	Changes in the Assumptions	Impact on Income Before Income Tax	Impact on Equity
Discount rate	0.25%	\$ 32,674	\$ 26,139
Discount rate	(0.25%)	(32,747)	(26,197)
Mortality rate	10.00%	(16,947)	(13,558)
Mortality rate	(10.00%)	16,945	13,556
Withdrawal rate	30.00%	9,026	7,221
Withdrawal rate	(30.00%)	(8,962)	(7,169)
Illness rate/loss rate	15.00%	(12,878)	(10,303)
Expense rate	10.00%	(38,920)	(31,136)
December 31, 2022			
	Changes in the Assumptions	Impact on Income Before Income Tax	Impact on Equity
Discount rate	0.25%	\$ 59,225	\$ 47,380
Discount rate	(0.25%)	(59,357)	(47,486)
Mortality rate	10.00%	(33,780)	(27,024)
Mortality rate	(10.00%)	33,779	27,024
Withdrawal rate	30.00%	13,261	10,609
Withdrawal rate	(30.00%)	(13,422)	(10,738)
Illness rate/loss rate	15.00%	(23,508)	(18,807)
Expense rate	10.00%	(83,089)	(66,471)
June 30, 2022			
	Changes in the Assumptions	Impact on Income Before Income Tax	Impact on Equity
Discount rate	0.25%	\$ 30,681	\$ 24,545
Discount rate	(0.25%)	(30,750)	(24,600)
Mortality rate	10.00%	(15,835)	(12,668)
Mortality rate	(10.00%)	15,832	12,666
Withdrawal rate	30.00%	8,438	6,750
Withdrawal rate	(30.00%)	(8,336)	(6,668)
Illness rate/loss rate	15.00%	(11,199)	(8,959)
Expense rate	10.00%	(39,631)	(31,705)

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

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

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

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

4) Credit risk, liquidity risk, and market risk

a) Market risk

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

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

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

b) Credit risk

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

c) Liquidity risk

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

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

f. Transfers of financial assets

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

June 30, 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	\$ 35,045,112	\$ 35,050,660	\$ 35,045,112	\$ 35,050,660	\$ (5,548)
Financial assets at FVTOCI - securities sold under repurchase agreements	31,685,164	32,293,281	31,685,164	32,293,281	(608,117)

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)

June 30, 2022					
Financial Assets	Carrying Amount of Transferred Financial Assets	Carrying Amount of Related Financial Liabilities	Fair Value of Transferred Financial Assets	Fair Value of Related Financial Liabilities	Net Position of Fair Value
Financial assets at FVTPL - securities sold under repurchase agreements	\$ 27,344,856	\$ 27,345,101	\$ 27,344,856	\$ 27,345,101	\$ (245)
Financial assets at FVTOCI - securities sold under repurchase agreements	31,192,857	32,076,914	31,192,857	32,076,914	(884,057)

g. Offsetting financial assets and financial liabilities

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

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

June 30, 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	\$ 1,198,879	\$ -	\$ 1,198,879	\$ (1,198,879)	\$ -	\$ -

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	\$ 67,343,941	\$ -	\$ 67,343,941	\$ (66,295,000)	\$ -	\$ 1,048,941

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

June 30, 2022

Financial Assets	Gross Amounts of Recognized Financial Assets	Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet	Net Amounts of Financial Assets Presented in the Balance Sheet	Related Amounts Not Offset in the Balance Sheet		Net Amount
				Financial Instruments	Cash Collateral Received	
Resell agreements	\$ 1,720,923	\$ -	\$ 1,720,923	\$ (1,720,923)	\$ -	\$ -

Financial Liabilities	Gross Amounts of Recognized Financial Liabilities	Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet	Net Amounts of Financial Liabilities Presented in the Balance Sheet	Related Amounts Not Offset in the Balance Sheet		Net Amount
				Financial Instruments	Cash Collateral Pledged	
Repurchase agreements	\$ 59,422,015	\$ -	\$ 59,422,015	\$ (58,130,995)	\$ -	\$ 1,291,020

45. CAPITAL MANAGEMENT

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

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

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

The Act Governing Bills Finance Business and related regulations require that the bills finance business maintain CARs at a minimum of 8%. The CARs of TCBF were 13.45%, 13.39% and 14.00% as of June 30, 2023, December 31, 2022 and June 30, 2022, respectively.

Under the rules governing securities firms and related regulations, the CAR of a securities firm should be at least 150% to ensure its stability as well as maintain the health of the security markets. If the ratio is below 150%, the authority may impose certain restrictions on a firm's operations. The CAR of TCS was 323%, 425% and 334% as of June 30, 2023, December 31, 2022 and June 30, 2022, respectively.

The Law of Insurance and related regulations require that the insurance business maintain CARs at a minimum of 200%. The CARs of BPCTLI were 1,563.19%, 1,402.76% and 1,301.39% as of June 30, 2023, December 31, 2022 and June 30, 2022, respectively.

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

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

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

b. Concentration of credit extensions

1) Taiwan Cooperative Bank, Ltd. (TCB)

(In Thousands of New Taiwan Dollars, %)

Rank (Note 1)	June 30, 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	\$ 35,561,161	14.28
2	Group B Railway transportation	30,443,193	12.23
3	Group C Financial leasing	23,212,371	9.32
4	Group D Petroleum and coal products manufacturing	15,866,189	6.37
5	Group E Iron and steel smelting	13,661,060	5.49
6	Group F Computers and computing peripheral equipment manufacturing	12,913,177	5.19
7	Group G Cotton and textile	12,132,000	4.87
8	Group H Wiring and cable system manufacturing	11,933,151	4.79
9	Group I LCD panel and its component manufacturing	11,779,088	4.73
10	Group J Wholesale of electronic and communication equipment and parts	10,031,316	4.03

(In Thousands of New Taiwan Dollars, %)

Rank (Note 1)	June 30, 2022		
	Industry of Group Enterprise (Note 2)	Total Amount of Credit Endorsement or Other Transactions (Note 3)	Percentage of TCB's Equity
1	Group A Real estate development	\$ 34,951,081	15.59
2	Group B Railway transportation	31,909,193	14.24
3	Group C Financial leasing	19,130,295	8.54
4	Group D Petroleum and coal products manufacturing	14,491,000	6.47
5	Group K Cotton and textile	14,311,494	6.39
6	Group F Computers and computing peripheral equipment manufacturing	13,030,597	5.81
7	Group L Computers manufacturing	12,337,719	5.50
8	Group J Wholesale of electronic and communication equipment and parts	12,157,026	5.42
9	Group E Iron and steel smelting	11,222,924	5.01
10	Group G Cotton and textile	8,802,000	3.93

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

(In Thousands of New Taiwan Dollars, %)

Rank (Note 1)	June 30, 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	\$ 1,383,000	20.72
2	Group B Real estate development	1,233,500	18.48
3	Group C Unclassified other financial service	1,130,000	16.93
4	Group D Rolling and extruding of iron and steel	1,123,000	16.83
5	Group E Real estate development	1,065,000	15.96
6	Group F Construction of buildings	800,000	11.99
7	Group G Real estate development	790,000	11.84
8	Group H Real estate development	778,400	11.66
9	Group I Financial leasing	767,900	11.51
10	Group J Real estate development	740,000	11.09

(In Thousands of New Taiwan Dollars, %)

Rank (Note 1)	June 30, 2022		
	Industry of Group Enterprise (Note 2)	Total Amount of Credit Endorsement or Other Transactions (Note 3)	Percentage of TCBF's Equity
1	Group D Rolling and extruding of iron and steel	\$ 1,305,000	20.28
2	Group A Real estate development	1,286,000	19.98
3	Group C Rolling and extruding of iron and steel	1,150,000	17.87
4	Group J Real estate development	1,150,000	17.87
5	Group B Real estate development	1,000,000	15.54
6	Group E Real estate development	816,000	12.68
7	Group K Unclassified other financial service	800,000	12.43
8	Group F Real estate development	800,000	12.43
9	Group H Real estate development	734,100	11.41
10	Group L Nonalcoholic beverages manufacturing	690,000	10.72

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

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

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

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

**Interest Rate Sensitivity
June 30, 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	\$ 2,945,237,537	\$ 153,705,505	\$ 47,849,379	\$ 440,926,003	\$ 3,587,718,424
Interest rate-sensitive liabilities	1,136,212,972	1,876,546,247	110,203,266	56,696,364	3,179,658,849
Interest rate sensitivity gap	1,809,024,565	(1,722,840,742)	(62,353,887)	384,229,639	408,059,575
Net worth					216,145,015
Ratio of interest rate-sensitive assets to liabilities					112.83
Ratio of interest rate sensitivity gap to net worth					188.79

**Interest Rate Sensitivity
June 30, 2022**

(In Thousands of New Taiwan Dollars, %)

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	\$ 2,723,881,638	\$ 125,860,136	\$ 36,634,607	\$ 398,292,891	\$ 3,284,669,272
Interest rate-sensitive liabilities	1,031,677,317	1,806,276,312	90,325,495	40,877,251	2,969,156,375
Interest rate sensitivity gap	1,692,204,321	(1,680,416,176)	(53,690,888)	357,415,640	315,512,897
Net worth					188,561,119
Ratio of interest rate-sensitive assets to liabilities					110.63
Ratio of interest rate sensitivity gap to net worth					167.33

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

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

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

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

**Interest Rate Sensitivity
June 30, 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	\$ 11,366,530	\$ 1,188,091	\$ 904,761	\$ 3,288,687	\$ 16,748,069
Interest rate-sensitive liabilities	19,399,757	2,870,834	2,365,429	15,253	24,651,273
Interest rate sensitivity gap	(8,033,227)	(1,682,743)	(1,460,668)	3,273,434	(7,903,204)
Net worth					1,055,535
Ratio of interest rate-sensitive assets to liabilities					67.94
Ratio of interest rate sensitivity gap to net worth					(748.74)

Interest Rate Sensitivity
June 30, 2022

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

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	\$ 13,837,284	\$ 1,054,769	\$ 426,390	\$ 2,793,138	\$ 18,111,581
Interest rate-sensitive liabilities	18,236,104	2,889,789	1,434,449	-	22,560,342
Interest rate sensitivity gap	(4,398,820)	(1,835,020)	(1,008,059)	2,793,138	(4,448,761)
Net worth					1,196,450
Ratio of interest rate-sensitive assets to liabilities					80.28
Ratio of interest rate sensitivity gap to net worth					(371.83)

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

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

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

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

d. Profitability

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

(%)

Items		June 30, 2023	June 30, 2022
Return on total assets	Before income tax	0.53	0.51
	After income tax	0.43	0.43
Return on equity	Before income tax	10.70	9.79
	After income tax	8.68	8.23
Net income ratio		32.42	39.30

2) Taiwan Cooperative Financial Holding Co., Ltd.

(%)

Items		June 30, 2023	June 30, 2022
Return on total assets	Before income tax	7.12	6.88
	After income tax	7.15	6.86
Return on equity	Before income tax	8.58	8.18
	After income tax	8.62	8.16
Net income ratio		99.07	98.56

3) Taiwan Cooperative Bank, Ltd.

(%)

Items		June 30, 2023	June 30, 2022
Return on total assets	Before income tax	0.51	0.47
	After income tax	0.42	0.40
Return on equity	Before income tax	9.17	8.24
	After income tax	7.43	7.02
Net income ratio		34.47	38.22

4) Taiwan Cooperative Bills Finance Corporation Ltd.

(%)

Items		June 30, 2023	June 30, 2022
Return on total assets	Before income tax	0.17	0.62
	After income tax	0.13	0.49
Return on equity	Before income tax	1.55	5.27
	After income tax	1.23	4.14
Net income ratio		18.77	58.49

5) Taiwan Cooperative Securities Co., Ltd.

(%)

Items		June 30, 2023	June 30, 2022
Return on total assets	Before income tax	0.99	1.05
	After income tax	0.84	0.78
Return on equity	Before income tax	5.50	6.65
	After income tax	4.65	4.95
Net income ratio		21.78	21.50

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

(%)

Items		June 30, 2023	June 30, 2022
Return on total assets	Before income tax	1.17	1.15
	After income tax	1.02	0.96
Return on equity	Before income tax	14.18	13.49
	After income tax	12.26	11.24
Net income ratio		57.06	55.59

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

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

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

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

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

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

Maturity Analysis of Assets and Liabilities
June 30, 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	\$ 3,926,318,151	\$ 457,722,143	\$ 371,657,950	\$ 145,335,002	\$ 265,109,206	\$ 537,725,557	\$ 2,148,768,293
Main capital outflow on maturity	4,708,006,849	225,933,600	240,539,081	570,765,440	610,569,116	987,131,565	2,073,068,047
Gap	(781,688,698)	231,788,543	131,118,869	(425,430,438)	(345,459,910)	(449,406,008)	75,700,246

Maturity Analysis of Assets and Liabilities
June 30, 2022

(In Thousands of New Taiwan Dollars)

	Total	Remaining Period to Maturity					
		0 to 10 Days	11 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year
Main capital inflow on maturity	\$ 3,646,654,193	\$ 451,320,414	\$ 350,385,562	\$ 176,269,907	\$ 225,840,079	\$ 405,737,266	\$ 2,037,100,965
Main capital outflow on maturity	4,219,684,007	234,505,025	247,415,370	474,300,540	527,226,463	813,296,671	1,922,939,938
Gap	(573,029,814)	216,815,389	102,970,192	(298,030,633)	(301,386,384)	(407,559,405)	114,161,027

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

Maturity Analysis of Assets and Liabilities
June 30, 2023

(In Thousands of U.S. Dollars)

	Total	Remaining Period to Maturity				
		0 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year
Main capital inflow on maturity	\$ 27,106,989	\$ 6,556,755	\$ 4,731,451	\$ 3,478,799	\$ 3,135,699	\$ 9,204,285
Main capital outflow on maturity	30,795,876	10,799,849	7,489,079	5,088,913	4,340,480	3,077,555
Gap	(3,688,887)	(4,243,094)	(2,757,628)	(1,610,114)	(1,204,781)	6,126,730

Maturity Analysis of Assets and Liabilities
June 30, 2022

(In Thousands of U.S. Dollars)

	Total	Remaining Period to Maturity				
		0 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year
Main capital inflow on maturity	\$ 27,391,149	\$ 9,439,618	\$ 3,825,094	\$ 3,709,266	\$ 2,133,626	\$ 8,283,545
Main capital outflow on maturity	31,233,456	11,419,896	6,431,376	6,157,579	4,000,202	3,224,403
Gap	(3,842,307)	(1,980,278)	(2,606,282)	(2,448,313)	(1,866,576)	5,059,142

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

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

June 30, 2023

Period		1 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year
Items						
Use of funds	Bills	\$ 14,685,469	\$ 21,376,800	\$ 1,750,268	\$ 101,095	\$ -
	Bonds	100,000	-	600,000	1,262,280	20,516,720
	Cash in bank	329,348	120,000	-	200	-
	Total	15,114,817	21,496,800	2,350,268	1,363,575	20,516,720
Source of funds	Borrowings	8,158,680	-	-	-	-
	Securities sold under repurchase agreements	41,996,993	4,787,272	3,013	-	-
	Total	50,155,673	4,787,272	3,013	-	-
Net flows		(35,040,856)	16,709,528	2,347,255	1,363,575	20,516,720
Accumulated capital net flows		(35,040,856)	(18,331,328)	(15,984,073)	(14,620,498)	5,896,222

June 30, 2022

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

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

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

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

Balance Sheets of Trust Accounts

Trust Assets	June 30, 2023	December 31, 2022	June 30, 2022	Trust Liabilities	June 30, 2023	December 31, 2022	June 30, 2022
Cash in banks	\$ 12,717,127	\$ 11,509,570	\$ 13,466,006	Payables			
Short-term investments				Accrued expense	\$ 1,552	\$ 1,218	\$ 1,265
Mutual funds	218,406,365	211,500,801	204,549,875	Others	105	23	2
Stocks	3,980,687	3,017,490	2,533,939	Payables on the purchase of securities	26,459	2,117	1,705
Debt instruments	279,428	79,112	51,469	Other liabilities	-	2	1
	222,666,480	214,597,403	207,135,283		28,116	3,360	2,973
Securities lending	80,708	146,893	148,724	Accounts payable on securities under custody	204,033,379	192,191,761	203,030,196
Receivables	21,261	15,718	4,246	Trust capital	333,638,399	323,839,577	321,339,498
Real estate				Reserves and retained earnings			
Land	60,895,565	63,589,594	64,019,188	Net income	967,213	573,224	557,832
Buildings	12,600	7,873	5,170	Retained earnings	(5,736)	(39,886)	22,099
Construction in process	38,148,102	34,427,222	37,061,783		961,477	533,338	579,931
	99,056,267	98,024,689	101,086,141				
Intangible assets							
Superficies	82,002	82,002	82,002				
Other assets	4,147	-	-				
Securities under custody	204,033,379	192,191,761	203,030,196				
Total	\$ 538,661,371	\$ 516,568,036	\$ 524,952,598	Total	\$ 538,661,371	\$ 516,568,036	\$ 524,952,598

Note: As of June 30, 2023, December 31, 2022 and June 30, 2022, total trust-related assets included OBU funds and bonds investment in the amount of \$2,632,388 thousand, \$1,759,697 thousand and \$1,659,140 thousand, respectively.

Trust Property List

Investment Items	June 30, 2023	December 31, 2022	June 30, 2022
Cash in banks	\$ 12,717,127	\$ 11,509,570	\$ 13,466,006
Short-term investments			
Mutual funds	218,406,365	211,500,801	204,549,875
Stocks	3,980,687	3,017,490	2,533,939
Debt instruments	279,428	79,112	51,469
Securities lending	80,708	146,893	148,724
Receivables			
Accrued interest	5,462	5,121	2,595
Cash dividends	12,714	9,696	480
Mutual funds	1,982	-	8
Others	1,103	901	1,163
Real estate			
Land	60,895,565	63,589,594	64,019,188
Buildings	12,600	7,873	5,170
Construction in process	38,148,102	34,427,222	37,061,783
Intangible assets			
Superficies	82,002	82,002	82,002
Other assets	4,147	-	-
Securities under custody	<u>204,033,379</u>	<u>192,191,761</u>	<u>203,030,196</u>
Total	<u>\$ 538,661,371</u>	<u>\$ 516,568,036</u>	<u>\$ 524,952,598</u>

Statements of Income on Trust Accounts
For the Six Months Ended June 30, 2023 and 2022

	2023	2022
Revenues		
Interest revenue	\$ 13,702	\$ 3,999
Lending stock	1,706	1,762
Cash dividends	17,845	11,430
Realized gain on investment - stocks	48,576	143,966
Unrealized gain on investment - stocks	969,571	592,601
Unrealized gain on investment - lending stock	35,656	48,456
Realized gain on investment - mutual funds	18,000	7,307
Unrealized gain on investment - mutual funds	35,356	24,509
Beneficial certificate appropriation	5,594	5,304
Others	<u>513</u>	<u>67,536</u>
Total revenues	<u>1,146,519</u>	<u>906,870</u>
Expenses		
Management fees	5,698	5,697
Monitoring fees	577	3
Taxes	89	2
Service charge	44	52
Postage	143	2
Unrealized loss on investment - stocks	125,843	100,565
Unrealized loss on investment - lending stock	6,223	65,765
Unrealized loss on investment - mutual funds	38,334	64,241
Realized loss on investment - mutual funds	1,694	22,534
Realized loss on investment - stocks	610	90,125
Others	<u>51</u>	<u>52</u>
Total expenses	<u>179,306</u>	<u>349,038</u>
Income before income tax	967,213	557,832
Income tax expense	<u>-</u>	<u>-</u>
Net income	<u>\$ 967,213</u>	<u>\$ 557,832</u>

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

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

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

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

As of June 30, 2023, December 31, 2022 and June 30, 2022, TCB's accrued receivables were thousand \$8,038 thousand, \$6,208 thousand and \$7,523 thousand, respectively. TCB's revenues from cross-selling transactions were \$11,709 thousand and \$14,251 thousand for the six months ended June 30, 2023 and 2022, respectively.

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

As of June 30, 2023, December 31, 2022 and June 30, 2022, TCB's accrued payables were thousand \$8 thousand, \$6 thousand and \$5 thousand (part of payables), respectively. TCB's expenses from cross-selling transactions were \$37 thousand and \$55 thousand (part of service revenue-net) for the six months ended June 30, 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 June 30, 2023, December 31, 2022, TCB's accrued receivables both were \$3,239 thousand (part of receivables). TCB's revenues from cross-selling transactions were \$13,994 thousand and \$511 thousand (part of service revenue-net) for the six months ended June 30, 2023 and 2022, respectively.

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

Table 4 (attached).

50. BUSINESS SEGMENT FINANCIAL INFORMATION

Table 5 (attached).

51. FINANCIAL HOLDING COMPANY ACT NO. 46 ANNOUNCEMENT

Table 6 (attached).

52. CASH FLOW INFORMATION

a. Non-Cash financing activities

Undistributed cash dividends approved by stockholders' meetings are \$7,642,496 thousand, \$462,264 thousand and \$14,335,713 thousand as of June 30, 2023, December 31, 2022 and June 30, 2022, respectively.

b. Changes in liabilities arising from financing activities

For the six months ended June 30, 2023

			Non-cash Changes				
	Opening Balance	Cash Inflows (Outflows)	New Leases	Fair Value Adjustments (Including Changes in the Fair Value Attributable to Changes in the Credit Risk)	Others	Closing Balance	
Commercial paper issued	\$ 24,539,978	\$ 1,650,000	\$ -	\$ -	\$ 1,033,453	\$ 27,223,431	
Bonds payable	80,290,000	2,500,000	-	-	-	82,790,000	
Other borrowings	9,352,346	751,674	-	-	(820,759)	9,283,261	
Financial liabilities at fair value through profit or loss - bank debentures	-	1,445,557	-	964	(28,949)	1,417,572	
Guarantee deposits received	2,293,868	70,291	-	-	(319,640)	2,044,519	
Lease liabilities	1,538,102	(347,810)	11	-	347,123	1,537,426	
Other liabilities - other	72,762	270,795	-	-	(284,636)	58,921	
	<u>\$ 118,087,056</u>	<u>\$ 6,340,507</u>	<u>\$ 11</u>	<u>\$ 964</u>	<u>\$ (73,408)</u>	<u>\$ 124,355,130</u>	

For the six months ended June 30, 2022

			Non-cash Changes				
	Opening Balance	Cash Inflows (Outflows)	New Leases	Fair Value Adjustments (Including Changes in the Fair Value Attributable to Changes in the Credit Risk)	Others	Closing Balance	
Due to the Central Bank and other banks	\$ 88,890,360	\$ (88,890,360)	\$ -	\$ -	\$ -	\$ -	
Commercial paper issued	29,886,064	(9,050,000)	-	-	(575)	20,835,489	
Bonds payable	82,100,000	(10,300,000)	-	-	-	71,800,000	
Other borrowings	804,894	2,206,221	-	-	12,126	3,023,241	
Guarantee deposits received	2,880,373	(385,575)	-	-	148,096	2,642,894	
Lease liabilities	1,463,113	(310,505)	368,242	-	18,700	1,539,550	
Other liabilities - other	93,526	(2,214)	-	-	(697)	90,615	
	<u>\$ 206,118,330</u>	<u>\$ (106,732,433)</u>	<u>\$ 368,242</u>	<u>\$ -</u>	<u>\$ 177,650</u>	<u>\$ 99,931,789</u>	

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 7 (attached).
- 2) Endorsements/guarantees provided: TCFHC - none; TCB, UTB, TCBF, and BPCTLI - not applicable; investee company: None.
- 3) Marketable securities held: TCFHC, TCB, UTB, TCBF, TCS and BPCTLI - not applicable; investee company: Table 8 (attached).
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 10% of the paid-in capital (TCFHC, TCB and UTB disclosed its investments acquired or disposed of): TCS and BPCTLI - not applicable; TCFHC and investee company: None.
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 10% of the paid-in capital: None.

- 6) Disposal of individual real estates at costs of at least NT\$300 million or 10% of the paid-in capital: Table 9 (attached).
 - 7) Financial asset securitization by subsidiaries: None.
 - 8) Allowance of service fees to related parties amounting to at least NT\$5 million: Table 10 (attached).
 - 9) Sale of nonperforming loans by subsidiaries: Table 11 (attached).
 - 10) Receivables from related parties amounting to at least NT\$300 million or 10% of the paid-in capital: Table 12 (attached).
 - 11) Percentage share in investees and related information: Table 13 (attached).
 - 12) Derivative transactions: Notes 8, 41 and 44 to the consolidated financial statements
 - 13) Other significant transactions which may affect the decisions of users of financial reports: None.
- c. 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 has 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 14 (attached).
- d. Business relationships and significant transactions among the parent company and subsidiaries: Table 15 (attached).
- e. Information on major shareholders: Table 16 (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 six months ended June 30, 2023 and 2022 are as follows:

	For the Six Months Ended June 30, 2023				
	TCB Business	Others	Total	Adjustment and Elimination	Total
Net interest	\$ 16,487,866	\$ 116,637	\$ 16,604,503	\$ 2,136	\$ 16,606,639
Net revenues and gains other than interest	<u>9,506,289</u>	<u>14,144,030</u>	<u>23,650,319</u>	<u>(9,913,295)</u>	<u>13,737,024</u>
Net revenues	25,994,155	14,260,667	40,254,822	(9,911,159)	30,343,663
Bad-debt expenses and provision for losses on commitment and guarantees	(1,847,978)	(230,640)	(2,078,618)	-	(2,078,618)
Net change in reserves for insurance liabilities	-	(1,753,947)	(1,753,947)	-	(1,753,947)
Operating expenses	<u>(13,083,646)</u>	<u>(1,440,369)</u>	<u>(14,524,015)</u>	<u>130,895</u>	<u>(14,393,120)</u>
Income before income tax	<u>\$ 11,062,531</u>	<u>\$ 10,835,711</u>	<u>\$ 21,898,242</u>	<u>\$ (9,780,264)</u>	<u>\$ 12,117,978</u>
	For the Six Months Ended June 30, 2022				
	TCB Business	Others	Total	Adjustment and Elimination	Total
Net interest	\$ 18,138,232	\$ 518,537	\$ 18,656,769	\$ 1,666	\$ 18,658,435
Net revenues and gains other than interest	<u>3,629,373</u>	<u>10,899,552</u>	<u>14,528,925</u>	<u>(9,399,896)</u>	<u>5,129,029</u>
Net revenues	21,767,605	11,418,089	33,185,694	(9,398,230)	23,787,464
Bad-debt expenses and provision for losses on commitment and guarantees	(89,042)	(34,410)	(123,452)	-	(123,452)
Net change in reserves for insurance liabilities	-	712,619	712,619	-	712,619
Operating expenses	<u>(11,915,581)</u>	<u>(1,469,765)</u>	<u>(13,385,346)</u>	<u>126,251</u>	<u>(13,259,095)</u>
Income before income tax	<u>\$ 9,762,982</u>	<u>\$ 10,626,533</u>	<u>\$ 20,389,515</u>	<u>\$ (9,271,979)</u>	<u>\$ 11,117,536</u>

TABLE 1

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED ENTITIES
JUNE 30, 2023, DECEMBER 31, 2022 AND JUNE 30, 2022

Subsidiaries included in the consolidated financial statements

Investor Company	Investee Company	Location	Main Business and Products	Percentage of Ownership			Note
				June 30, 2023	December 31, 2022	June 30, 2022	
Taiwan Cooperative Financial Holding Co., Ltd.	Taiwan Cooperative Bank, Ltd.	Taipei City	Banking	100.00	100.00	100.00	
	Co-operative Assets Management Co., Ltd.	Taipei City	Acquisition of delinquent loans	100.00	100.00	100.00	
	Taiwan Cooperative Bills Finance Co., Ltd.	Taipei City	Bills finance dealer	100.00	100.00	100.00	
	Taiwan Cooperative Securities Co., Ltd.	Taipei City	Securities dealer	100.00	100.00	100.00	
	Taiwan Cooperative Securities Investment Trust Co., Ltd.	Taipei City	Securities investment trust	100.00	100.00	100.00	
	BNP Paribas Cardif TCB Life Insurance Co., Ltd.	Taipei City	Life insurance	51.00	51.00	51.00	
	Taiwan Cooperative Venture Capital Co., Ltd.	Taipei City	Venture capital	100.00	100.00	100.00	
Taiwan Cooperative Bank, Ltd.	United Taiwan Bank S.A.	Belgium	Banking	90.02	90.02	90.02	
Co-operative Assets Management Co., Ltd.	Taiwan Cooperative International Leasing Co., Ltd.	Suzhou, China	Leasing	100.00	100.00	100.00	

Subsidiaries not included in the consolidated financial statements

Investor Company	Investee Company	Location	Main Business and Products	Percentage of Ownership			Note
				June 30, 2023	December 31, 2022	June 30, 2022	
None	-	-	-	-	-	-	

TABLE 2

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CAPITAL ADEQUACY RATIO
JUNE 30, 2023, DECEMBER 31, 2022 AND JUNE 30, 2022

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

Company	Items	June 30, 2023			December 31, 2022			June 30, 2022		
		Proportionate Share	Group’s Net Eligible Capital	Group’s Statutory Capital Requirement	Proportionate Share	Group’s Net Eligible Capital	Group’s Statutory Capital Requirement	Proportionate Share	Group’s Net Eligible Capital	Group’s Statutory Capital Requirement
Taiwan Cooperative Financial Holding Co., Ltd.			\$ 226,747,744	\$ 272,035,437		\$ 215,434,968	\$ 255,329,062		\$ 206,212,260	\$ 246,093,091
Taiwan Cooperative Bank, Ltd.		100	307,213,112	219,693,148	100	293,759,799	211,481,272	100	271,615,478	209,255,245
Taiwan Cooperative Bills Finance Co., Ltd.		100	6,577,289	3,913,427	100	6,385,199	3,816,049	100	6,383,183	3,647,254
Taiwan Cooperative Securities Co., Ltd.		100	5,383,223	2,499,791	100	5,203,537	1,836,704	100	5,250,307	2,355,036
Co-operative Assets Management Co., Ltd.		100	3,676,119	7,761,431	100	3,524,200	7,123,524	100	3,368,192	6,617,170
BNP Paribas Cardif TCB Life Insurance Co., Ltd.		51	6,036,509	772,330	51	5,989,830	854,004	51	5,943,851	913,461
Taiwan Cooperative Securities Investment Trust Co., Ltd.		100	401,847	241,443	100	410,778	251,026	100	401,781	248,126
Taiwan Cooperative Venture Capital Co., Ltd.		100	1,406,270	719,762	100	1,267,252	641,791	100	1,278,803	644,735
Deduction			(274,382,366)	(271,700,454)		(258,629,448)	(255,159,235)		(250,316,068)	(245,683,345)
Total			283,059,747	235,936,315		273,346,115	226,174,197		250,137,787	224,090,773
Group capital adequacy ratio			119.97%			120.86%			111.62%	

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

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

(Continued)

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

Unit: In Thousands of New Taiwan Dollars

Items	June 30, 2023
Common stock	\$ 147,093,822
Capital instruments, which conform to the terms of Bank's other Tier 1 capital	-
Other preferred stocks and subordinated debts	-
Capital collected in advance	-
Capital surplus	45,650,994
Legal reserve	15,582,312
Special reserve	21,509,719
Cumulative earnings	10,269,237
Equity adjustments	(13,343,363)
Less: Capital deduction	14,977
Total eligible capital	226,747,744

Items	December 31, 2022
Common stock	\$ 140,089,354
Capital instruments, which conform to the terms of Bank's other Tier 1 capital	-
Other preferred stocks and subordinated debts	-
Capital collected in advance	-
Capital surplus	57,977,016
Legal reserve	13,432,536
Special reserve	985,539
Cumulative earnings	24,472,050
Equity adjustments	(21,509,719)
Less: Capital deduction	11,808
Total eligible capital	215,434,968

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

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

(Continued)

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

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

Items		Year	June 30, 2023	
			Standalone	Consolidated
Eligible capital	Common equity		\$ 235,992,915	\$ 236,093,869
	Other Tier 1 capital		35,690,000	35,690,000
	Tier 2 capital		35,530,197	35,541,734
	Eligible capital		307,213,112	307,325,603
Risk-weighted assets	Credit risk	Standardized approach	1,967,973,100	1,968,896,077
		Internal ratings based approach	-	-
		Securitization	5,316,475	5,316,475
	Operational risk	Basic indicator approach	-	-
		Standardized approach/alternative standardized approach	82,818,809	82,944,946
		Advanced measurement approach	-	-
	Market risk	Standardized approach	36,207,313	36,198,625
		Internal model approach	-	-
	Risk-weighted assets		2,092,315,697	2,093,356,123
	Capital adequacy ratio		14.68	14.68
Ratio of the common equity to risk-weighted assets			11.28	11.28
Ratio of Tier 1 capital to risk-weighted assets			12.98	12.98
Ratio of leverage			5.86	5.86

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

Items		Year	December 31, 2022	
			Standalone	Consolidated
Eligible capital	Common equity		\$ 222,692,768	\$ 222,787,669
	Other Tier 1 capital		35,690,000	35,690,000
	Tier 2 capital		35,377,031	35,387,377
	Eligible capital		293,759,799	293,865,046
Risk-weighted assets	Credit risk	Standardized approach	1,900,155,470	1,900,983,191
		Internal ratings based approach	-	-
		Securitization	2,415,309	2,415,309
	Operational risk	Basic indicator approach	-	-
		Standardized approach/alternative standardized approach	82,818,809	82,944,946
		Advanced measurement approach	-	-
	Market risk	Standardized approach	28,717,763	28,705,175
		Internal model approach	-	-
	Risk-weighted assets		2,014,107,351	2,015,048,621
	Capital adequacy ratio		14.59	14.58
Ratio of the common equity to risk-weighted assets			11.06	11.06
Ratio of Tier 1 capital to risk-weighted assets			12.83	12.83
Ratio of leverage			5.80	5.79

(Continued)

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

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

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

Note 2: Formulas used were as follows:

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

(Concluded)

TABLE 3

TAIWAN COOPERATIVE BANK, LTD.

ASSET QUALITY - NONPERFORMING LOANS AND RECEIVABLES
JUNE 30, 2023 AND 2022
(In Thousands of New Taiwan Dollars, %)

Period			June 30, 2023				June 30, 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		\$ 3,530,892	\$ 837,788,759	0.42	\$ 9,351,898	264.86	\$ 3,018,000	\$ 825,585,711	0.37	\$ 9,834,153	325.85
	Unsecured		1,230,627	916,775,211	0.13	7,497,171	609.22	696,127	720,152,791	0.10	6,971,206	1,001.43
Consumer banking	Housing mortgage (Note 4)		506,361	646,305,219	0.08	9,742,483	1,924.02	631,743	616,371,191	0.10	9,293,835	1,471.14
	Cash card		-	-	-	-	-	-	-	-	-	-
	Small-scale credit loans (Note 5)		16,170	11,776,069	0.14	174,139	1,076.93	14,533	12,751,161	0.11	165,331	1,137.62
	Other (Note 6)	Secured	1,105,297	284,852,621	0.39	3,699,518	334.71	694,187	301,976,180	0.23	3,214,931	463.12
		Unsecured	29,205	11,703,218	0.25	166,689	570.76	16,855	12,260,696	0.14	160,027	949.43
Loan			6,418,552	2,709,201,097	0.24	30,631,898	477.24	5,071,445	2,489,097,730	0.20	29,639,483	584.44
			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			6,187	8,961,531	0.07	59,565	962.74	9,694	3,540,984	0.27	58,692	605.45
Accounts receivable factored without recourse (Note 7)			-	29,647	-	7,369	-	-	47,621	-	7,382	-
Amounts of executed contracts on negotiated debts not reported as nonperforming loans (Note 8)			187					179				
Amounts of executed contracts on negotiated debts not reported as nonperforming receivables (Note 8)			1,402					2,137				
Amounts of executed debt-restructuring projects not reported as nonperforming loans (Note 9)			13,243					9,219				
Amounts of executed debt-restructuring projects not reported as nonperforming receivables (Note 9)			50,026					49,929				

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

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

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

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

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

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

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

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

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

TABLE 4**TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES****TCFHC'S FINANCIAL STATEMENTS AND CONDENSED BALANCE SHEETS AND STATEMENTS OF COMPREHENSIVE INCOME OF SUBSIDIARIES
FOR THE SIX MONTHS ENDED JUNE 30, 2023 AND 2022**

1. TCFHC's financial statements

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

Assets	June 30, 2023	December 31, 2022	June 30, 2022	Liabilities and Equity	June 30, 2023	December 31, 2022	June 30, 2022
Cash and cash equivalents	\$ 14,196	\$ 105,332	\$ 262,947	<u>Liabilities</u>			
Financial assets at fair value through other comprehensive income	12,300	13,375	15,650	Commercial paper issued, net	\$ 12,115,701	\$ 13,740,109	\$ 5,993,355
Receivables	182,851	363	368,852	Payables	7,435,766	502,309	13,983,523
Current tax assets	2,802,142	2,433,704	2,404,476	Current tax liabilities	2,919,145	2,542,370	2,444,917
Investments accounted for using equity method	271,700,454	255,159,235	245,683,345	Bonds payable	20,000,000	20,000,000	20,000,000
Properties and equipment, net	11,331	12,727	13,429	Other financial liabilities	3,699	4,974	5,166
Right-of-use assets, net	119,187	134,232	3,645	Lease liabilities	121,036	135,151	3,807
Intangible assets	14,729	11,501	11,803	Deferred tax liabilities	-	-	108,279
Deferred tax assets	248	307	303	Other borrowings	5,500,000	5,500,000	-
Other assets	<u>9,314</u>	<u>9,130</u>	<u>8,170</u>	Other liabilities	<u>8,684</u>	<u>8,217</u>	<u>9,207</u>
				Total liabilities	<u>48,104,031</u>	<u>42,433,130</u>	<u>42,548,254</u>
				<u>Equity</u>			
				Capital stock	147,093,822	140,089,354	140,089,354
				Capital surplus	45,650,994	57,977,016	57,977,016
				Retained earnings	47,361,268	38,890,125	29,121,031
				Other equity	<u>(13,343,363)</u>	<u>(21,509,719)</u>	<u>(20,963,035)</u>
				Total equity	<u>226,762,721</u>	<u>215,446,776</u>	<u>206,224,366</u>
Total	<u>\$ 274,866,752</u>	<u>\$ 257,879,906</u>	<u>\$ 248,772,620</u>	Total	<u>\$ 274,866,752</u>	<u>\$ 257,879,906</u>	<u>\$ 248,772,620</u>

(Continued)

Taiwan Cooperative Financial Holding Co., Ltd.

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Revenues and gains				
Share of gains of subsidiaries, associates and joint ventures accounted for using equity method	\$ 4,720,114	\$ 4,865,156	\$ 9,798,799	\$ 9,252,534
Other revenues and gains	<u>1,142</u>	<u>387</u>	<u>1,351</u>	<u>474</u>
Total revenues and gains	<u>4,721,256</u>	<u>4,865,543</u>	<u>9,800,150</u>	<u>9,253,008</u>
Expenses and losses				
Operating expenses	(71,037)	(55,499)	(129,944)	(108,266)
Share of losses of subsidiaries, associates and joint ventures accounted for using equity method	59,345	-	-	-
Other expenses and losses	<u>(92,066)</u>	<u>(50,720)</u>	<u>(185,175)</u>	<u>(96,266)</u>
Total expenses and losses	<u>(103,758)</u>	<u>(106,219)</u>	<u>(315,119)</u>	<u>(204,532)</u>
Income before income tax	4,617,498	4,759,324	9,485,031	9,048,476
Income tax benefit (expense)	<u>21,400</u>	<u>(31,937)</u>	<u>40,407</u>	<u>(23,312)</u>
Net income	4,638,898	4,727,387	9,525,438	9,025,164
Other comprehensive income	<u>2,467,835</u>	<u>(19,131,695)</u>	<u>8,793,133</u>	<u>(25,428,256)</u>
Total comprehensive income	<u>\$ 7,106,733</u>	<u>\$ (14,404,308)</u>	<u>\$ 18,318,571</u>	<u>\$ (16,403,092)</u>
Earnings per share (New Taiwan dollars)				
Basic	<u>\$0.32</u>	<u>\$0.32</u>	<u>\$0.65</u>	<u>\$0.61</u>
Diluted	<u>\$0.32</u>	<u>\$0.32</u>	<u>\$0.65</u>	<u>\$0.61</u>

(Continued)

Taiwan Cooperative Financial Holding Co., Ltd.

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

	Other Equity											
	Capital Stock				Retained 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	Total Equity
	Shares (In Thousands)	Common Stock	Reserve for Capitalization	Capital Surplus	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	\$ 215,446,776
Share dividends distributed from capital surplus	-	-	7,004,468	(7,004,468)	-	-	-	-	-	-	-	-
Cash dividends distributed from capital surplus	-	-	-	(5,323,396)	-	-	-	-	-	-	-	(5,323,396)
Unclaimed dividends	-	-	-	1,842	-	-	-	-	-	-	-	1,842
Appropriation of the 2022 earnings												
Legal reserve	-	-	-	-	2,149,776	-	(2,149,776)	-	-	-	-	-
Special reserve	-	-	-	-	-	20,524,180	(20,524,180)	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	(1,681,072)	-	-	-	-	(1,681,072)
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	626,777	-	(626,777)	-	-	-
Total comprehensive income												
Net income for the six months ended June 30, 2023	-	-	-	-	-	-	9,525,438	-	-	-	-	9,525,438
Other comprehensive income (loss) for the six months ended June 30, 2023	-	-	-	-	-	-	-	354,368	8,390,890	(964)	48,839	8,793,133
Total comprehensive income (loss) for the six months ended June 30, 2023	-	-	-	-	-	-	9,525,438	354,368	8,390,890	(964)	48,839	18,318,571
BALANCE AT JUNE 30, 2023	14,008,935	\$ 140,089,354	\$ 7,004,468	\$ 45,650,994	\$ 15,582,312	\$ 21,509,719	\$ 10,269,237	\$ (98,094)	\$ (13,462,887)	\$ (964)	\$ 218,582	\$ 226,762,721
BALANCE AT JANUARY 1, 2022	13,600,908	\$ 136,009,082	\$ -	\$ 57,976,124	\$ 11,260,796	\$ 985,539	\$ 22,827,215	\$ (4,310,009)	\$ 10,787,759	\$ -	\$ 690,968	\$ 236,227,474
Unclaimed dividends	-	-	-	892	-	-	-	-	-	-	-	892
Appropriation of the 2021 earnings												
Legal reserve	-	-	-	-	2,171,740	-	(2,171,740)	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	(13,600,908)	-	-	-	-	(13,600,908)
Stock dividends	-	-	4,080,272	-	-	-	(4,080,272)	-	-	-	-	-
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	2,703,497	-	(2,703,497)	-	-	-
Total comprehensive income												
Net income for the six months ended June 30, 2022	-	-	-	-	-	-	9,025,164	-	-	-	-	9,025,164
Other comprehensive income (loss) for the six months ended June 30, 2022	-	-	-	-	-	-	-	2,544,690	(27,587,722)	-	(385,224)	(25,428,256)
Total comprehensive income (loss) for the six months ended June 30, 2022	-	-	-	-	-	-	9,025,164	2,544,690	(27,587,722)	-	(385,224)	(16,403,092)
BALANCE AT JUNE 30, 2022	13,600,908	\$ 136,009,082	\$ 4,080,272	\$ 57,977,016	\$ 13,432,536	\$ 985,539	\$ 14,702,956	\$ (1,765,319)	\$ (19,503,460)	\$ -	\$ 305,744	\$ 206,224,366

(Continued)

Taiwan Cooperative Financial Holding Co., Ltd.

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

	For the Six Months Ended June 30	
	2023	2022
Cash flows from operating activities		
Income before income tax	\$ 9,485,031	\$ 9,048,476
Adjustments for:		
Share of gains of subsidiaries, associates and joint ventures accounted for using equity method	(9,798,799)	(9,252,534)
Depreciation and amortization expenses	19,139	15,187
Interest expense	185,175	96,266
Interest revenue	(279)	(58)
Net changes in operating assets and liabilities		
Decrease (increase) in receivables	(182,489)	17
Decrease (increase) in other assets	(93)	39
Increase in payables	(67,563)	(72,027)
Increase in other liabilities	<u>467</u>	<u>897</u>
Cash used in operations	(359,411)	(163,737)
Interest received	279	58
Dividends received	2,051,789	12,199,540
Interest paid	(180,309)	(72,500)
Income tax refunded	<u>48,801</u>	<u>74,233</u>
Net cash generated from operating activities	<u>1,561,149</u>	<u>12,037,594</u>
Cash flows from investing activities		
Acquisition of properties and equipment	(976)	(1,127)
Increase in refundable deposits	(90)	-
Acquisition of intangible assets	<u>(4,950)</u>	<u>(9,191)</u>
Net cash used in investing activities	<u>(6,016)</u>	<u>(10,318)</u>
Cash flows from financing activities		
Decrease in commercial paper issued	(1,630,000)	(11,800,000)
Decrease in guarantee deposits received	(1,275)	(577)
Repayments of the principal portion of lease liabilities	<u>(14,994)</u>	<u>(12,590)</u>
Net cash used in financing activities	<u>(1,646,269)</u>	<u>(11,813,167)</u>
Net increase (decrease) in cash and cash equivalents	(91,136)	214,109
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>\$ 14,196</u>	<u>\$ 262,947</u>

(Continued)

2. Subsidiaries' condensed balance sheets

Taiwan Cooperative Bank, Ltd.

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

Assets	June 30, 2023	December 31, 2022	June 30, 2022	Liabilities and Equity	June 30, 2023	December 31, 2022	June 30, 2022
Cash and cash equivalents	\$ 54,105,429	\$ 92,985,243	\$ 79,250,042	<u>Liabilities</u>			
Due from the Central Bank and call loans to other banks	342,934,788	322,590,619	317,159,800				
Financial assets at fair value through profit or loss	73,171,567	29,869,964	46,330,104	Deposits from the Central Bank and other banks	\$ 329,291,462	\$ 280,747,819	\$ 227,808,060
Financial assets at fair value through other comprehensive income	431,624,427	418,053,932	449,808,344	Financial liabilities at fair value through profit or loss	1,938,325	2,621,053	1,988,718
Investments in debt instruments at amortized cost	722,067,939	716,821,736	645,338,597	Securities sold under repurchase agreements	10,396,731	9,778,160	7,647,502
Securities purchased under resale agreements	-	149,440	-	Payables	34,386,591	40,959,155	51,004,621
Receivables, net	25,834,982	19,047,418	17,181,730	Current tax liabilities	739,890	780,417	467,709
Current tax assets	2,562,323	2,249,097	2,550,856	Deposits and remittances	3,686,086,499	3,598,839,482	3,492,929,605
Discounts and loans, net	2,677,936,651	2,581,728,135	2,458,889,879	Bank debentures	62,790,000	60,290,000	51,800,000
Investments accounted for using equity method	2,257,280	2,267,133	2,127,018	Other financial liabilities	2,338,590	2,159,242	2,522,802
Other financial assets, net	9,964,769	8,228,111	7,396,346	Provisions	5,511,499	5,503,596	7,264,324
Properties and equipment, net	32,367,629	32,789,031	32,848,829	Lease liabilities	1,633,999	1,517,040	1,513,088
Right-of-use assets, net	1,677,164	1,541,858	1,557,564	Deferred tax liabilities	4,830,142	3,883,379	5,056,216
Investment properties, net	7,608,673	7,462,884	7,489,060	Other liabilities	<u>1,311,472</u>	<u>1,025,922</u>	<u>830,053</u>
Intangible assets	4,090,695	4,060,501	4,006,188	Total liabilities	<u>4,141,255,200</u>	<u>4,008,105,265</u>	<u>3,850,832,698</u>
Deferred tax assets	1,282,015	1,278,517	2,470,386	<u>Equity</u>			
Other assets, net	<u>783,244</u>	<u>512,908</u>	<u>565,515</u>	Capital stock	110,075,300	110,075,300	110,075,300
				Capital surplus	58,767,245	58,767,245	58,767,245
				Retained earnings	92,106,066	84,370,227	74,960,151
				Other equity	<u>(11,934,236)</u>	<u>(19,681,510)</u>	<u>(19,665,136)</u>
				Total equity	<u>249,014,375</u>	<u>233,531,262</u>	<u>224,137,560</u>
Total	<u>\$ 4,390,269,575</u>	<u>\$ 4,241,636,527</u>	<u>\$ 4,074,970,258</u>	Total	<u>\$ 4,390,269,575</u>	<u>\$ 4,241,636,527</u>	<u>\$ 4,074,970,258</u>

(Continued)

Taiwan Cooperative Bills Finance Co., Ltd.

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

Assets	June 30, 2023	December 31, 2022	June 30, 2022	Liabilities and Equity	June 30, 2023	December 31, 2022	June 30, 2022
Cash and cash equivalents	\$ 209,348	\$ 160,937	\$ 164,084	<u>Liabilities</u>			
Financial assets at fair value through profit or loss	38,300,139	39,326,684	37,131,884				
Financial assets at fair value through other comprehensive income	20,880,091	18,348,759	16,099,430	Call loans from banks	\$ 8,158,680	\$ 6,425,800	\$ 8,221,688
Investments in debt instruments at amortized cost	1,434,554	1,386,388	1,388,064	Financial liabilities at fair value through profit or loss	8,325	1,244	13
Receivables, net	319,666	163,254	960,890	Securities sold under repurchase agreements	46,742,697	47,311,367	40,740,504
Current tax assets	11,712	24,460	-	Payables	112,318	83,784	421,869
Other financial assets	937,879	1,018,436	240,200	Current tax liabilities	-	-	14,270
Properties and equipment, net	14,155	11,723	11,559	Provisions	403,427	391,427	406,927
Right-of-use assets, net	39,423	2,340	7,004	Lease liabilities	39,557	2,471	7,315
Intangible assets	7,314	8,906	10,409	Other liabilities	<u>310,878</u>	<u>39,981</u>	<u>56,330</u>
Deferred tax assets	18,128	-	-	Total liabilities	<u>55,775,882</u>	<u>54,256,074</u>	<u>49,868,916</u>
Other assets, net	<u>291,070</u>	<u>291,662</u>	<u>290,416</u>	<u>Equity</u>			
				Capital stock	4,877,740	4,877,740	4,877,740
				Capital surplus	312,633	312,633	312,633
				Retained earnings	2,050,875	2,006,529	1,886,838
				Other equity	<u>(553,651)</u>	<u>(709,427)</u>	<u>(642,187)</u>
				Total equity	<u>6,687,597</u>	<u>6,487,475</u>	<u>6,435,024</u>
Total	<u>\$ 62,463,479</u>	<u>\$ 60,743,549</u>	<u>\$ 56,303,940</u>	Total	<u>\$ 62,463,479</u>	<u>\$ 60,743,549</u>	<u>\$ 56,303,940</u>

(Continued)

Taiwan Cooperative Securities Co., Ltd.

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

Assets	June 30, 2023	December 31, 2022	June 30, 2022	Liabilities and Equity	June 30, 2023	December 31, 2022	June 30, 2022
Current assets	\$ 34,576,755	\$ 27,897,700	\$ 38,042,227	<u>Liabilities</u>			
Financial assets at fair value through other comprehensive income - noncurrent	40,221	37,800	32,995	Current liabilities	\$ 29,300,036	\$ 22,881,285	\$ 32,907,740
Properties and equipment, net	73,535	79,522	57,582	Lease liabilities	67,422	85,160	106,126
Right-of-use assets, net	65,661	83,076	103,775	Deferred tax liabilities	1,621	7,157	6,426
Intangible assets	64,333	64,069	52,927	Other liabilities	<u>6,945</u>	<u>8,560</u>	<u>5,749</u>
Deferred tax assets	11,530	8,293	9,859	Total liabilities	<u>29,376,024</u>	<u>22,982,162</u>	<u>33,026,041</u>
Other noncurrent assets	<u>421,147</u>	<u>412,549</u>	<u>422,268</u>	<u>Equity</u>			
				Capital stock	5,206,131	5,206,131	5,206,131
				Capital surplus	294,440	294,440	294,440
				Retained earnings	1,000,958	869,417	797,996
				Other equity	<u>(624,371)</u>	<u>(769,141)</u>	<u>(602,975)</u>
				Total equity	<u>5,877,158</u>	<u>5,600,847</u>	<u>5,695,592</u>
Total	<u>\$ 35,253,182</u>	<u>\$ 28,583,009</u>	<u>\$ 38,721,633</u>	Total	<u>\$ 35,253,182</u>	<u>\$ 28,583,009</u>	<u>\$ 38,721,633</u>

Co-operative Assets Management Co., Ltd.

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

Assets	June 30, 2023	December 31, 2022	June 30, 2022	Liabilities and Equity	June 30, 2023	December 31, 2022	June 30, 2022
Current assets	\$ 215,804	\$ 257,746	\$ 271,417	<u>Liabilities</u>			
Financial assets at fair value through profit or loss	100	5,228	30,668	Current liabilities	\$ 8,900,192	\$ 8,533,557	\$ 9,690,684
Financial assets at fair value through other comprehensive income	12,300	13,375	15,650	Lease liabilities	14,610	18,253	21,587
Accounts receivable, net	4,269,892	2,049,716	1,257,658	Deferred tax liabilities	75,818	75,941	62,313
Investments accounted for using the equity method	1,186,650	1,180,633	1,149,936	Other liabilities	<u>2,857,462</u>	<u>2,095,096</u>	<u>92,736</u>
Properties and equipment, net	23,118	29,402	37,807	Total liabilities	<u>11,848,082</u>	<u>10,722,847</u>	<u>9,867,320</u>
Investment properties, net	4,389,030	4,525,805	4,873,563	<u>Equity</u>			
Right-of-use assets, net	14,364	18,038	21,454	Capital stock	3,140,875	2,825,280	2,825,280
Intangible assets	2,972	3,441	1,069	Capital surplus	2,553	2,553	2,553
Deferred tax assets	227,766	220,802	241,288	Retained earnings	650,148	784,893	621,180
Long-term lease payment receivable	227,349	206,601	218,955	Other equity	<u>(117,457)</u>	<u>(88,526)</u>	<u>(80,821)</u>
Long-term urban regeneration advance payment	4,952,213	5,733,617	5,113,222	Total equity	<u>3,676,119</u>	<u>3,524,200</u>	<u>3,368,192</u>
Other assets	<u>2,643</u>	<u>2,643</u>	<u>2,825</u>				
Total	<u>\$ 15,524,201</u>	<u>\$ 14,247,047</u>	<u>\$ 13,235,512</u>	Total	<u>\$ 15,524,201</u>	<u>\$ 14,247,047</u>	<u>\$ 13,235,512</u>

(Continued)

BNP Paribas Cardif TCB Life Insurance Co., Ltd.

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

Assets	June 30, 2023	December 31, 2022	June 30, 2022	Liabilities and Equity	June 30, 2023	December 31, 2022	June 30, 2022
Cash and cash equivalents	\$ 2,498,635	\$ 3,248,747	\$ 2,875,739	<u>Liabilities</u>			
Receivables	1,090,566	1,002,509	725,224				
Current tax assets	121,791	116,649	-	Payables	\$ 1,331,342	\$ 850,961	\$ 1,350,026
Investments	35,710,712	32,021,150	33,329,168	Current tax liabilities	52,331	-	42,643
Reinsurance assets	282,466	209,333	166,788	Financial liabilities at fair value through profit or loss	544,563	540,199	423,164
Equipment, net	125,217	112,077	105,709	Lease liabilities	3,900	1,433	1,339
Right-of-use assets	3,840	1,362	1,303	Insurance liabilities	27,830,230	25,929,455	25,992,371
Deferred tax assets	173,932	218,022	283,990	Reserve for insurance contracts with financial			
Other assets	1,521,135	1,366,532	1,333,625	instruments features	5,503	3,651	1,857
Separate-account assets	<u>88,236,418</u>	<u>89,353,581</u>	<u>90,184,628</u>	Reserve of foreign exchange variation	350,537	440,333	396,165
				Deferred tax liabilities	1,718	-	-
				Other liabilities	453,705	162,173	188,177
				Separate-account liabilities	<u>88,236,418</u>	<u>89,353,581</u>	<u>90,184,628</u>
				Total liabilities	<u>118,810,247</u>	<u>117,281,786</u>	<u>118,580,370</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	4,263,478	3,968,019	3,472,958
				Other equity	<u>(199,489)</u>	<u>(490,319)</u>	<u>62,370</u>
				Total equity	<u>10,954,465</u>	<u>10,368,176</u>	<u>10,425,804</u>
Total	<u>\$ 129,764,712</u>	<u>\$ 127,649,962</u>	<u>\$ 129,006,174</u>	Total	<u>\$ 129,764,712</u>	<u>\$ 127,649,962</u>	<u>\$ 129,006,174</u>

(Continued)

Taiwan Cooperative Securities Investment Trust Co., Ltd.

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

Assets	June 30, 2023	December 31, 2022	June 30, 2022	Liabilities and Equity	June 30, 2023	December 31, 2022	June 30, 2022
Current assets	\$ 403,111	\$ 418,414	\$ 409,778	<u>Liabilities</u>			
Financial assets at fair value through profit or loss - noncurrent	3,064	2,846	2,654	Current liabilities	\$ 66,799	\$ 76,571	\$ 78,310
Properties and equipment, net	4,778	5,906	5,901	Lease liabilities	13,406	14,095	14,480
Right-of-use assets	13,068	13,770	14,109	Other liabilities	<u>877</u>	<u>640</u>	<u>1,701</u>
Intangible assets	2,608	4,884	7,566	Total liabilities	<u>81,082</u>	<u>91,306</u>	<u>94,491</u>
Prepaid equipment	85	49	49				
Other assets	<u>56,215</u>	<u>56,215</u>	<u>56,215</u>	<u>Equity</u>			
				Capital stock	303,000	303,000	303,000
				Capital surplus	72,860	72,860	72,860
				Retained earnings	25,197	34,346	25,541
				Other equity	<u>790</u>	<u>572</u>	<u>380</u>
				Total equity	<u>401,847</u>	<u>410,778</u>	<u>401,781</u>
Total	<u>\$ 482,929</u>	<u>\$ 502,084</u>	<u>\$ 496,272</u>	Total	<u>\$ 482,929</u>	<u>\$ 502,084</u>	<u>\$ 496,272</u>

Taiwan Cooperative Venture Capital Co., Ltd.

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

Assets	June 30, 2023	December 31, 2022	June 30, 2022	Liabilities and Equity	June 30, 2023	December 31, 2022	June 30, 2022
Current assets	\$ 1,419,830	\$ 730,538	\$ 1,282,419	<u>Liabilities</u>			
Financial assets at fair value through profit or loss - noncurrent	-	544,735	-	Current liabilities	\$ 20,449	\$ 14,942	\$ 7,663
Investments accounted for using equity method	5,451	5,228	3,149	Lease liabilities	12,654	1,236	2,924
Properties and equipment, net	1,103	1,321	469	Other liabilities	<u>160</u>	<u>160</u>	<u>89</u>
Right-of-use assets	12,623	1,202	2,855	Total liabilities	<u>33,263</u>	<u>16,338</u>	<u>10,676</u>
Intangible assets	27	67	113				
Other assets	<u>499</u>	<u>499</u>	<u>474</u>	<u>Equity</u>			
				Capital stock	1,235,023	1,144,207	1,144,207
				Capital surplus	714	714	714
				Retained earnings	170,533	122,331	128,636
				Other equity	<u>-</u>	<u>-</u>	<u>5,246</u>
				Total equity	<u>1,406,270</u>	<u>1,267,252</u>	<u>1,278,803</u>
Total	<u>\$ 1,439,533</u>	<u>\$ 1,283,590</u>	<u>\$ 1,289,479</u>	Total	<u>\$ 1,439,533</u>	<u>\$ 1,283,590</u>	<u>\$ 1,289,479</u>

(Continued)

3. Subsidiaries' condensed statements of comprehensive income

Taiwan Cooperative Bank, Ltd.

**Condensed Statements of Comprehensive Income
For the Six Months Ended June 30, 2023 and 2022
(In Thousands of New Taiwan Dollars, Except Per Share Amounts)**

	2023	2022
Interest revenues	\$ 43,702,977	\$ 26,196,792
Less: Interest expenses	<u>(27,215,111)</u>	<u>(8,058,560)</u>
Net interest	16,487,866	18,138,232
Net revenues and gains other than interest	<u>9,506,289</u>	<u>3,629,373</u>
Total net revenues	25,994,155	21,767,605
Bad-debt expenses and provision for losses on commitment and guarantees	(1,847,978)	(89,042)
Operating expenses	<u>(13,083,646)</u>	<u>(11,915,581)</u>
Income before income tax	11,062,531	9,762,982
Income tax expense	<u>(2,101,744)</u>	<u>(1,442,826)</u>
Net income	8,960,787	8,320,156
Other comprehensive income (loss)	<u>8,372,326</u>	<u>(22,873,482)</u>
Total comprehensive income (loss)	<u>\$ 17,333,113</u>	<u>\$ (14,553,326)</u>
Earnings per share (NT\$)		
Basic	<u>\$ 0.81</u>	<u>\$ 0.76</u>

Taiwan Cooperative Bills Finance Co., Ltd.

**Condensed Statements of Comprehensive Income
For the Six Months Ended June 30, 2023 and 2022
(In Thousands of New Taiwan Dollars, Except Per Share Amounts)**

	2023	2022
Net interest	\$ 72,896	\$ 137,647
Net revenues and gains other than interest	<u>143,658</u>	<u>104,982</u>
Total net revenues	216,554	242,629
Reversal of allowance (impairment losses) for credit losses and provision	(78,274)	18,778
Operating expenses	<u>(87,345)</u>	<u>(80,586)</u>
Income before income tax	50,935	180,821
Income tax expense	<u>(10,295)</u>	<u>(38,914)</u>
Net income	40,640	141,907
Other comprehensive loss	<u>159,482</u>	<u>(659,485)</u>
Total comprehensive income (loss)	<u>\$ 200,122</u>	<u>\$ (517,578)</u>
Earnings per share (NT\$)		
Basic	<u>\$ 0.08</u>	<u>\$ 0.29</u>

(Continued)

Taiwan Cooperative Securities Co., Ltd.

**Condensed Statements of Comprehensive Income
For the Six Months Ended June 30, 2023 and 2022
(In Thousands of New Taiwan Dollars, Except Per Share Amounts)**

	2023	2022
Revenues	\$ 883,903	\$ 870,294
Service charge	(38,319)	(42,527)
Other operating costs	(253,693)	(121,233)
Employee benefits	(254,052)	(271,976)
Other operating expenses	(201,108)	(218,331)
Other gains and losses	<u>21,110</u>	<u>(17,017)</u>
Income before income tax	157,841	199,210
Income tax expense	<u>(24,319)</u>	<u>(50,978)</u>
Net income	133,522	148,232
Other comprehensive loss	<u>142,789</u>	<u>(540,315)</u>
Total comprehensive income (loss)	<u>\$ 276,311</u>	<u>\$ (392,083)</u>
Earnings per share (NT\$)		
Basic	<u>\$ 0.26</u>	<u>\$ 0.28</u>

Co-operative Assets Management Co., Ltd.

**Condensed Statements of Comprehensive Income
For the Six Months Ended June 30, 2023 and 2022
(In Thousands of New Taiwan Dollars, Except Per Share Amounts)**

	2023	2022
Operating revenues	\$ 382,809	\$ 385,342
Operating expenses	<u>(121,425)</u>	<u>(143,420)</u>
Operating benefits	261,384	241,922
Non-operating gains and losses	<u>(23,697)</u>	<u>5,667</u>
Income before income tax	237,687	247,589
Income tax expenses	<u>(56,837)</u>	<u>(60,640)</u>
Net income	180,850	186,949
Other comprehensive income (loss)	<u>(28,930)</u>	<u>19,520</u>
Total comprehensive income	<u>\$ 151,920</u>	<u>\$ 206,469</u>
Earnings per share (NT\$)		
Basic	<u>\$ 0.58</u>	<u>\$ 0.60</u>

(Continued)

BNP Paribas Cardif TCB Life Insurance Co., Ltd.

**Condensed Statements of Comprehensive Income
For the Six Months Ended June 30, 2023 and 2022
(In Thousands of New Taiwan Dollars, Except Per Share Amounts)**

	2023	2022
Operating revenues	\$ 7,547,482	\$ (12,357,834)
Operating costs	(6,402,554)	13,557,309
Operating expenses	(389,198)	(396,310)
Non-operating gains and losses	<u>-</u>	<u>(9,050)</u>
Income before income tax	755,730	794,115
Income tax expenses	<u>(102,450)</u>	<u>(132,358)</u>
Net income	653,280	661,757
Other comprehensive loss	<u>290,830</u>	<u>(2,628,806)</u>
Total comprehensive income (loss)	<u>\$ 944,110</u>	<u>\$ (1,967,049)</u>
Earnings per share (NT\$)		
Basic	<u>\$ 0.95</u>	<u>\$ 0.96</u>

Taiwan Cooperative Securities Investment Trust Co., Ltd.

**Condensed Statements of Comprehensive Income
For the Six Months Ended June 30, 2023 and 2022
(In Thousands of New Taiwan Dollars, Except Per Share Amounts)**

	2023	2022
Operating revenues	\$ 169,292	\$ 182,040
Operating expenses	<u>(161,295)</u>	<u>(170,886)</u>
Operating gain	7,997	11,154
Non-operating gains and losses	<u>2,154</u>	<u>1,485</u>
Income before income tax	10,151	12,639
Income tax expenses	<u>-</u>	<u>-</u>
Net income	10,151	12,639
Other comprehensive income	<u>218</u>	<u>210</u>
Total comprehensive income	<u>\$ 10,369</u>	<u>\$ 12,849</u>
Earnings per share (NT\$)		
Basic	<u>\$ 0.34</u>	<u>\$ 0.42</u>

(Continued)

Taiwan Cooperative Venture Capital Co., Ltd.

Condensed Statements of Comprehensive Income
For the Six Months Ended June 30, 2023 and 2022
(In Thousands of New Taiwan Dollars, Except Per Share Amounts)

	2023	2022
Operating revenues	\$ 171,832	\$ 125,189
Operating expenses	<u>(21,359)</u>	<u>(19,634)</u>
Operating gain	150,473	105,555
Non-operating gains and losses	<u>969</u>	<u>11</u>
Income before income tax	151,442	105,566
Income tax expenses	<u>(12,425)</u>	<u>(80)</u>
Net income	139,017	105,486
Other comprehensive income (loss)	<u>-</u>	<u>(34,113)</u>
Total comprehensive income	<u>\$ 139,017</u>	<u>\$ 71,373</u>
Earnings per share (NT\$)		
Basic	<u>\$ 1.13</u>	<u>\$ 0.85</u>

(Concluded)

TABLE 5

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

BUSINESS SEGMENT FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED JUNE 30, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

Business Segment Items	For the Six Months Ended June 30, 2023					
	Banking	Bill Finance	Security	Insurance	Others	Consolidated
Net interest	\$ 16,595,812	\$ (244,732)	\$ 6,662	\$ 414,276	\$ (165,379)	\$ 16,606,639
Net revenues and gains other than interest	9,464,844	472,658	608,957	2,492,959	697,606	13,737,024
Total net revenues	26,060,656	227,926	615,619	2,907,235	532,227	30,343,663
Bad-debt expenses and provision (reversal of provision) for losses on commitment and guarantees	(2,024,278)	(78,274)	-	-	23,934	(2,078,618)
Net change in reserves for insurance liabilities	-	-	-	(1,753,947)	-	(1,753,947)
Operating expenses	(13,117,020)	(82,832)	(415,791)	(381,364)	(396,113)	(14,393,120)
Income before income tax	10,919,358	66,820	199,828	771,924	160,048	12,117,978
Income tax expenses	(2,101,744)	(10,295)	(24,319)	(102,450)	(42,546)	(2,281,354)
Net income	8,817,614	56,525	175,509	669,474	117,502	9,836,624

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

TABLE 6

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

**DISCLOSURE REQUIRED UNDER ARTICLE 46 OF THE FINANCIAL HOLDING COMPANY ACT
JUNE 30, 2023 AND 2022
(In Thousands of New Taiwan Dollars, %)**

June 30, 2023

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of TCFHC's Equity
1. Same person		
Central Bank of the Republic of China (ROC)	\$ 474,209,405	209.12
National Treasury Administration, ROC	352,127,721	155.28
Tai Power Co., Ltd.	140,113,627	61.79
New Taipei City Government	81,696,633	36.03
CPC Corporation, Taiwan	66,003,060	29.11
Taichung City Government	46,602,702	20.55
Kaohsiung Rapid Transit Corp.	37,561,789	16.56
Financial Bureau, Kaohsiung City Government	33,475,759	14.76
Taiwan High Speed Rail Corp.	31,020,174	13.68
Taiwan Railways Administration	29,283,936	12.91
US TREASURY N/B	21,049,803	9.28
Land Administration Bureau, Kaohsiung City Government	20,089,000	8.86
Central Taiwan Science Park Bureau, NSTC	20,000,000	8.82
Transportation Bureau of Kaohsiung City Government	17,444,095	7.69
Government National Mortgage Association	16,731,227	7.38
Department of Urban Development, Taipei City Government	15,371,000	6.78
Taiwan Semiconductor Manufacturing Co., Ltd.	12,877,260	5.68
Hon Hai Precision Co., Ltd.	12,667,956	5.59
Chailease Finance Co., Ltd.	12,603,520	5.56
Taoyuan City Government	9,670,540	4.26
AU Optronics Co., Ltd.	9,146,162	4.03
Yunlin County Government	8,400,430	3.70
Clevo Corp.	8,189,330	3.61
Federal Home Loan Mortgage Corp.	7,574,565	3.34
Da-Li Development Co, Ltd.	7,255,733	3.20
Winbond Electronics Corp.	7,193,613	3.17
Economic Development Bureau, Kaohsiung City Government	7,079,085	3.12
Innolux Corp.	6,820,949	3.01
Highwealth Construction Co., Ltd.	6,064,977	2.67
Walsin Lihwa Corp.	5,915,031	2.61
China Steel Corp.	5,778,254	2.55

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of TCFHC's Equity
Fina Finance & Trading Co., Ltd.	\$ 5,693,266	2.51
Aerospace Industrial Development Corp.	5,651,878	2.49
Nan Ya Plastics Corporation	5,256,793	2.32
Kindom Development Co., Ltd.	5,093,454	2.25
Yien United Steel Corp.	5,022,079	2.21
Tainan City Government	4,960,000	2.19
Johnson Health Tech. Co., Ltd.	4,948,931	2.18
Ruen Chen Investment Holding Co., Ltd.	4,807,000	2.12
Powerchip Semiconductor Manufacturing Corp.	4,760,794	2.10
Chang Hwa Commercial Bank, Ltd.	4,725,623	2.08
Macronix International Co., Ltd.	4,620,457	2.04
BPCE	4,598,261	2.03
Yang Ming Marine Transport Corp.	4,512,258	1.99
Radium Life Tech. Co., Ltd.	4,508,152	1.99
Standard Chartered Bank, London	4,435,068	1.96
Formosa Petrochemical Corp.	4,421,537	1.95
Chungwha Construction Corp.	4,412,598	1.95
China Airlines	4,400,000	1.94
Taiwan Cement Corporation	4,205,491	1.85
Client A	4,176,000	1.84
Silicon Application Corp.	4,158,467	1.83
National Chung-Shan Institute of Science & Technology	4,153,899	1.83
ChipMOS TECHNOLOGIES INC.	4,103,830	1.81
Kingdom of Saudi Arabia	3,998,071	1.76
Chung Hsin Electric & Machinery Manufacturing Corp.	3,993,092	1.76
STARLUX Airlines.	3,974,904	1.75
Fu Chan High Pile Co., Ltd.	3,821,282	1.69
Wistron Corp.	3,755,768	1.66
Bumble Bee Foods, LLC	3,754,670	1.66
Federal National Mortgage Association (Fannie Mae)	3,670,915	1.62
Department of Finance, Taipei City Government	3,565,098	1.57
Kai Tai Fung International Co., Ltd.	3,506,260	1.55
Sanyang Motor Co., Ltd.	3,504,803	1.55
China Man-Made Fiber Corp.	3,460,458	1.53
Run Long Construction Co., Ltd.	3,388,601	1.49
Farglory Land Development Co., Ltd.	3,373,884	1.49
Fubon Insurance Co., Ltd.	3,319,399	1.46
Citigroup Global Markets Holdings Inc.	3,220,586	1.42
Reliance Industries Limited	3,207,420	1.41
ASE Technology Holding Co., Ltd.	3,193,606	1.41
Tang Eng Iron Works Co., Ltd.	3,106,150	1.37
BES ENGINEERING Corp.	3,104,425	1.37
BANK OF AMERICA, N.A.	3,081,301	1.36
National Housing and Urban Regeneration Center	3,038,846	1.34
CREDIT AGRICOLE CIB, PARIS	3,028,810	1.34
Fu Hong Co., Ltd.	3,000,000	1.32

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of TCFHC's Equity
2. Same related parties		
Client B	\$ 10,853,310	4.79
Client C	9,191,817	4.05
Client D	6,075,000	2.68
Client E	5,659,878	2.50
Client F	5,240,000	2.31
Client G	5,011,000	2.21
Client H	4,589,047	2.02
Client I	3,587,631	1.58
Client J	3,587,631	1.58
Client K	3,487,631	1.54
3. Same affiliate		
Tai Power Co., Ltd.	143,031,521	63.06
CPC Corporation, Taiwan	67,766,193	29.88
Chailease Finance Co., Ltd.	29,423,632	12.97
Fina Finance & Trading Co., Ltd.	26,811,291	11.82
Chailease Holding Co., Ltd.	26,442,702	11.66
Tien Hsing Integration Co., Ltd	25,395,595	11.20
General Interface Solution (GIS) Holding Ltd.	25,083,213	11.06
General Interface Solution. Ltd.	25,083,213	11.06
Chailease International Leasing Co., Ltd.	25,046,338	11.05
Tien Chu Energy Co., Ltd.	24,119,951	10.64
Chailease International Leasing Co., Ltd.	24,119,453	10.64
Tien Jen Energy Co., Ltd.	24,115,505	10.63
Yi Zhan Construction Co., Ltd.	23,986,181	10.58
Chailease Berjaya Credit SDN. BHD.	23,913,316	10.55
Asia Sermkij Leasing Public Co., Ltd.	23,667,586	10.44
Chaico Investment Corp.	23,338,071	10.29
Chailease Energy Integration Co., Ltd.	23,298,967	10.27
Jhong-An Investment Co., Ltd.	23,122,471	10.20
Hon Hai Precision Co., Ltd.	22,354,090	9.86
Yi-Shiang Construction Co., Ltd.	22,041,381	9.72
Chailease International Finance Corp.	21,506,946	9.48
US TREASURY N/B	21,231,819	9.36
He Yao Construction Co., Ltd.	21,217,011	9.36
Reco Biotek Co., Ltd.	20,793,251	9.17
Huo Jiun Construction Co., Ltd.	19,898,321	8.77
Innolux Corp.	19,527,492	8.61
Foxconn Technology Co., Ltd.	19,527,492	8.61
Chuangju Limited Partnership	19,504,101	8.60
Ruentex Development Co., Ltd.	17,401,365	7.67
Formosa Resources Australia PTY. LTD.	17,394,633	7.67
Sunny Friend Environmental Technology Co., Ltd.	16,949,514	7.47

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of TCFHC's Equity
Nan Ya Plastics Corporation	\$ 16,747,278	7.39
Taiwan Semiconductor Manufacturing Co., Ltd.	16,744,641	7.38
Tien Sin Intelligent Green Energy Co., Ltd.	16,390,942	7.23
Tien Sin Intelligent Green Energy Co., Ltd.	16,266,641	7.17
Tien Jui Energy Co., Ltd.	16,187,384	7.14
Ruentex Industries Ltd.	15,629,115	6.89
Hui Hong Investment Management Co., Ltd.	15,406,325	6.79
Yi Tai Fund Corp.	15,406,325	6.79
Eliter International Corp.	15,114,751	6.67
Formosa Heavy Industries Corp.	15,049,561	6.64
Ruen Hua Dyeing & Weaving Co., Ltd.	14,746,712	6.50
TSMC Arizona Corporation	14,514,782	6.40
Asia Pacific Development Corporation	14,418,353	6.36
TSMC Global. Ltd.	14,348,674	6.33
Ren Ying Enterprise Co., Ltd.	14,158,513	6.24
Kings Garden International Co., Ltd.	13,908,982	6.13
Great Emperor Hotel Co., Ltd.	13,908,982	6.13
CTBC Financial Holding Co., Ltd.	13,763,662	6.07
Nan Shan Life Insurance Company, Ltd.	13,556,802	5.98
EDA Hua Yue Hotel Corp.	13,166,439	5.81
Hannstar Display Corporation	13,146,877	5.80
Foxconn (Far East) Limited	13,084,887	5.77
G-Tech Optoelectronics Corp.	12,958,597	5.71
Foxconn Interconnect Technology Limited Taiwan Branch (Cayman)	12,948,216	5.71
Visera Technologies Company Ltd.	12,918,237	5.70
Yien United Steel Corp.	12,809,812	5.65
Grand Pacific Financing Corp.	12,689,436	5.60
Yieh Hsing Enterprise Co., Ltd.	12,202,487	5.38
Clevo Corp.	11,978,434	5.28
Shin Yang Steel Co., Ltd.	11,814,249	5.21
BenQ Materials Corp.	11,511,408	5.08
Visco Vision Inc.	11,511,408	5.08
World Peace Industrial Co., Ltd.	11,290,384	4.98
WPG Holdings Limited	11,169,987	4.93
Far Eastern New Century Corp.	11,164,622	4.92
Yosun Industrial Corp.	11,163,118	4.92
Richpower Electronic Devices Co., Ltd.	11,163,118	4.92
Highwealth Construction Co., Ltd.	11,051,299	4.87
AU Optronics Co., Ltd.	10,976,404	4.84
Yieh Phui (Hong Kong) Holdings Ltd.	10,946,776	4.83
Genuine Crop.	10,905,297	4.81
Frontek Technology Corporation	10,848,242	4.78
Asian Information Technology Inc.	10,842,543	4.78
QiYu Construction Co., Ltd.	10,651,837	4.70
Yosun Hong Kong Co., Ltd.	10,542,485	4.65
Silicon Application Corp.	10,413,163	4.59

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of TCFHC's Equity
Run Long Construction Co., Ltd.	\$ 10,385,808	4.58
China Steel Corp.	10,350,849	4.56
Sing Da Marine Structure Corporation	10,350,549	4.56
Everwiner Enterprise Co., Ltd.	10,320,032	4.55
Ruen Chen Investment Holding Co., Ltd.	10,182,636	4.49
China Steel Structure Co., Ltd.	10,086,549	4.45
XingRiSheng Investment Co., Ltd.	10,024,040	4.42
Formosa Plastics Corp.	9,970,774	4.40
Trigold Holding Ltd.	9,839,921	4.34
Chailease International Trade (Shanghai) Corp.	9,667,241	4.26
Yieh Phui Enterprise Co., Ltd.	9,553,471	4.21
Mao Zheng Energy Co., Ltd.	9,423,722	4.16
Buynow (Texas) Corp.	9,410,555	4.15
Mao Xin Energy Co., Ltd.	9,339,253	4.12
AUO Display Plus Corp.	9,149,298	4.03
Chicony Industrial (Wuhan) Co., Ltd.	9,057,780	3.99
Da-Li Development Co, Ltd.	8,984,038	3.96
Taipei Twin Towers Limited	8,957,014	3.95
Dali Miller Development Co., Ltd.	8,924,112	3.94
Der Ching Investment Corp.	8,918,836	3.93
Nan Chung Petrochemical Corp.	8,803,250	3.88
Chung Hung Steel Corp.	8,643,707	3.81
Buynow (Chengdu) Corp.	8,423,719	3.71
China Steel Power Corp.	8,414,573	3.71
China Steel Express Corporation	8,379,707	3.70
Da Li Miller Development Corp.	8,324,353	3.67
Asia Pacific Telecom Co., Ltd.	8,265,263	3.64
Farglory Free Trade Zone Co., Ltd.	8,227,829	3.63
Far Eastern General Contractor Inc.	8,028,765	3.54
Formosa Industries Corp.	7,970,288	3.51
Far EasTone Telecommunications Co., Ltd.	7,934,052	3.50
Titan Development and Construction Co., Ltd.	7,896,838	3.48
Bao-Shin Construction Co., Ltd.	7,855,492	3.46
Radium Life Tech. Co., Ltd.	7,846,838	3.46
Ji Shun Life Tech. Co., Ltd.	7,846,838	3.46
Fubon Financial Holding Co, Ltd.	7,819,652	3.45
Nanya Plastics Corporation. America	7,747,993	3.42
Nan Ya Technology Corp.	7,588,639	3.35
Jau Feng Sheng Investment Co., Ltd.	7,415,521	3.27
Asia Cement Corp.	7,389,132	3.26
Shinshunshin Investment Co., Ltd.	7,375,577	3.25
Li Shuo Investment Co., Ltd.	7,355,606	3.24
Winbond Electronics Corp.	7,193,613	3.17
Cathay Financial Holding Co., Ltd.	7,136,732	3.15
Dragon Steel Corp.	7,124,815	3.14
MasterLink Securities Corp	7,009,409	3.09

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of TCFHC's Equity
Farglory Land Development Co., Ltd.	\$ 6,989,429	3.08
Fubon Insurance Co., Ltd.	6,925,004	3.05
Bao Ding Reclaimed Water Co., Ltd.	6,782,700	2.99
China Man-Made Fiber Corp.	6,700,939	2.96
CSRC China (Maanshan) Corp.	6,685,188	2.95
EDA Hospital Corp.	6,649,891	2.93
Capital Machinery Corp.	6,581,537	2.90
Run Tai Construction Co., Ltd.	6,529,439	2.88
Wan Sheng Fa Investment Co., Ltd.	6,464,439	2.85
Li Jiang Development Co., Ltd.	6,407,232	2.83
Kuan-Ho Refractories Industry	6,396,388	2.82
Taipei Port Container Terminal Corp.	6,355,682	2.80
China Steel Chemical Corp.	6,352,076	2.80
FCF Co., Ltd.	6,216,659	2.74
Bumble Bee Foods, LLC	6,216,659	2.74
Farglory Dome Co., Ltd.	6,085,133	2.68
Yuan Ding Investment Corp.	6,034,140	2.66
Walsin Lihwa Corp.	5,988,424	2.64
Walsin Technology Corp.	5,985,031	2.64
Walton Advanced Engineering, Inc.	5,953,264	2.63
PFG Fiber Glass Corp.	5,865,927	2.59
Standard Chartered Bank, London	5,849,682	2.58
Standard Chartered PLC	5,849,682	2.58
Formosa Petrochemical Corp.	5,841,637	2.58
Karton Formosa Polymers Corp.	5,841,537	2.58
China Steel Machinery Corp.	5,801,244	2.56
HIMAG Magnetic Corporation	5,796,346	2.56
Wanda Tong Enterprise Co., Ltd.	5,741,388	2.53
U-Ming Marine Transport Corp.	5,734,140	2.53
Feng Shehg Enterprise Company	5,722,670	2.52
Taiwan Cement Corporation	5,690,546	2.51
Aerospace Industrial Development Corp.	5,651,878	2.49
Cathay Life Insurance Co., Ltd.	5,615,458	2.48
TPI Software Corp.	5,587,549	2.46
Wei Qiao Investment Development Co., Ltd.	5,570,779	2.46
Fujian Lian Wei Logistics Co., Ltd.	5,476,004	2.41
Chu Yuan Industrial Co., Ltd.	5,422,193	2.39
CREDIT AGRICOLE CIB, PARIS	5,388,904	2.38
JSL Construction & Development Co., Ltd.	5,376,343	2.37
Prasac Microfinance Institution Plc.	5,371,509	2.37
Kookmin Bank Co, Ltd	5,371,509	2.37
Nan Ya Printed Circuit Board Corp.	5,365,927	2.37
Pan Asia Chemical Co.	5,359,959	2.36
Taichung Bank Leasing Co., Ltd.	5,339,197	2.35
Hong-Zhu - Construction Co., Ltd.	5,332,170	2.35
Rih Ding Water Enterprise Co., Ltd.	5,313,602	2.34

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of TCFHC's Equity
Hong-Ye Steel Co., Ltd.	\$ 5,265,650	2.32
Prosperity Tieh Enterprise Co., Ltd.	5,265,650	2.32
Asia Investment Corp.	5,173,513	2.28
Hotai Motor Co., Ltd.	5,148,072	2.27
Hotai Finance Co., Ltd.	5,148,072	2.27
Kindom Development Co., Ltd.	5,093,454	2.25
Pernas Electronics Co., Ltd.	5,058,768	2.23
TCC International Ltd.	5,046,271	2.23
Johnson Health Tech. Co., Ltd.	4,948,931	2.18
Pau Cheng Energy Corp.	4,948,074	2.18
Chang Hwa Commercial Bank, Ltd.	4,922,967	2.17
Hoyun International Lease Co., Ltd.	4,909,645	2.17
Ho-Ping Power Company	4,841,209	2.13
Chungwha Construction Corp.	4,781,537	2.11
Powerchip Semiconductor Manufacturing Corp.	4,760,794	2.10
Yuanta Financial Holding Co., Ltd.	4,750,255	2.09
Yuanta Funds	4,750,255	2.09
Yuanta Securities Co., Ltd.	4,750,255	2.09
China Airlines	4,704,300	2.07
Chailease International Financial Services	4,701,125	2.07
Taoyuan International Airport Services Co., Ltd.	4,700,000	2.07
Fujian Fuxin Special Steel Co., Ltd.	4,696,279	2.07
Taiwan Mobile Corp.	4,663,702	2.06
Hanshin Shopping Plaza Co., Ltd.	4,651,555	2.05
Kuo-Kuang Motor Transportation Company Ltd.	4,650,653	2.05
Fu Chan High Pile Co., Ltd.	4,630,653	2.04
Macronix International Co., Ltd.	4,620,457	2.04
CITIBANK, N.A. LONDON	4,613,953	2.03
Yang Ming Marine Transport Corp.	4,612,258	2.03
Kuang Ming Shipping Corp.	4,612,258	2.03
Hung Ching Development & Construction Co., Ltd.	4,603,869	2.03
ASE Technology Holding Co., Ltd.	4,603,869	2.03
Jaysanlyn Real Estate & Advertising Co., Ltd.	4,599,668	2.03
Credit Agricole CIB, London Branch	4,591,165	2.02
Chung Hsin Electric & Machinery Manufacturing Corp.	4,549,848	2.01
Zhong Tai Hotel Co., Ltd.	4,542,944	2.00
Kai Tai Fung International Co., Ltd.	4,542,944	2.00
United Microelectronics Corp.	4,526,292	2.00
Shinshin Credit Corporation	4,517,658	1.99
Chailease International Financial Services	4,514,285	1.99
Ta-Ho Maritime Corp.	4,494,291	1.98
NKFG Corp.	4,421,637	1.95
Molie Quantum Energy Corporation	4,401,629	1.94
Chailease Power Technology Co., Ltd.	4,337,781	1.91
TCC Chemical Corporation	4,255,491	1.88
Unimicron Technology Corp.	4,190,958	1.85

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of TCFHC's Equity
Bao Lu Development & Construction Co., Ltd	\$ 4,147,501	1.83
Sun Jing Development Do., Ltd.	4,147,501	1.83
ChipMOS TECHNOLOGIES INC.	4,103,830	1.81
Jun Sheng Development Corp.	4,066,165	1.79
Cheng-Hsin Engineering & Services Co., Ltd.	4,042,873	1.78
San Miguel Corporation	4,028,802	1.78
Kaohsiung Opto-Electronics Inc.	4,025,276	1.78
Mediatek Inc.	4,004,118	1.77
Chung Hwa Pulp Corporation	3,989,345	1.76
Chung Kung Safeguarding and Security Corp.	3,952,186	1.74
Chung Kung Management and Maintenance of Apartment Co., Ltd.	3,946,186	1.74
Core Asia Human Resources Management Co., Ltd	3,934,425	1.74
Infinite Finance Co., Ltd.	3,904,322	1.72
Formosa Chemicals & Fibre Corp.	3,890,587	1.72
Grand Hi-Lai Hotel Co., Ltd.	3,878,029	1.71
Wistron Corp.	3,875,758	1.71
Yu Rich Financial Services Co., Ltd.	3,836,289	1.69
Chenlong Motor Co., Ltd.	3,836,289	1.69
CREDIT AGRICOLE CIB, TAIPEI BRANCH	3,826,550	1.69
Wistron Medical Technology Corporation	3,785,768	1.67
Wiwynn Corp.	3,755,768	1.66
Nan Yang Industries Co., Ltd.	3,750,924	1.65
Yieh Mau Corp.	3,718,607	1.64
Citic Capital Holdings Ltd.	3,707,434	1.63
Sanyang Motor Co., Ltd	3,650,988	1.61
Chao Yang Rental Corp.	3,650,988	1.61
LY Group Investment Co., Ltd.	3,643,001	1.61
We&Win construction Ltd.	3,633,490	1.60
Petron Corporation	3,616,871	1.60
Fubon Life Insurance Co., Ltd.	3,605,605	1.59
Yu Yuan Investment Co., Ltd.	3,600,720	1.59
He Fong Investment Co., Ltd.	3,538,720	1.56
Ever Ecove Corporation	3,476,409	1.53
WPI International (Hong Kong) Limited	3,456,821	1.52
FanGlory Life Insurance Co., Ltd.	3,378,979	1.49
Rizal Commercial Banking Corporation	3,277,738	1.45
Oriental Petrochemical (Taiwan) Corp.	3,277,000	1.45
Forest Water Environmental Engineering Ltd.	3,270,492	1.44
Lealea Enterprise Co., Ltd.	3,219,986	1.42
CTBC Finance Co., Ltd.	3,219,733	1.42
Cheng Uei Precision Industry Co., Ltd.	3,218,081	1.42
Foxwell Energy Corporation Ltd.	3,218,081	1.42
Reliance Industries Limited	3,207,420	1.41
Formosa Resources Corporation	3,176,280	1.40
Seetek Development Co., Ltd.	3,167,262	1.40
Hwa Ya Power Corporation	3,162,205	1.39

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of TCFHC's Equity
Hongda Land Construction Co., Ltd.	\$ 3,152,151	1.39
TTET Union Corporation	3,151,522	1.39
Uni-President Enterprises Corp.	3,143,923	1.39
Yehui (China) Technology Material Limited Company	3,117,875	1.37
BES Engineering Corporation	3,110,425	1.37
Tang Eng Iron Works Co., Ltd.	3,106,150	1.37
Cgs International, Inc.	3,104,937	1.37
Wan Xixing Construction Co., Ltd.	3,089,550	1.36
Formosa Plastics Marine Corp.	3,089,200	1.36
Hung-You Copper Co., Ltd.	3,088,497	1.36
BANK OF AMERICA N.A.	3,081,301	1.36
Carplus Auto Leasing Corporation	3,066,949	1.35
San Miguel Corporation	3,052,397	1.35
Bank Sinopac Company Limited	3,045,616	1.34
Xinhong International Investment Co., Ltd.	3,043,803	1.34
Taipei Financial Center Corporation	3,014,447	1.33
Fu Hong Co., Ltd.	3,000,000	1.32

(Continued)

June 30, 2022

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of TCFHC's Equity
1. Same person		
Central Bank of the Republic of China (ROC)	\$ 476,275,238	230.95
National Treasury Administration, ROC	328,796,209	159.44
Tai Power Co., Ltd.	100,211,251	48.59
New Taipei City Government	55,623,955	26.97
Financial Bureau, Kaohsiung City Government	37,847,294	18.35
Taiwan High Speed Rail Corp.	32,442,193	15.73
Taiwan Railways Administration	24,711,324	11.98
CPC Corporation, Taiwan	24,529,501	11.89
Central Taiwan Science Park Administration	20,000,000	9.70
Hon Hai Precision Co., Ltd.	16,437,924	7.97
Department of Finance, Taipei City Government	14,535,224	7.05
Kaohsiung Rapid Transit Corp.	14,480,408	7.02
Taichung City Government	14,104,413	6.84
Taiwan Semiconductor Manufacturing Co., Ltd.	11,803,531	5.72
Chailease Finance Co., Ltd.	11,371,832	5.51
Department of Urban Development, Taipei City Government	9,171,000	4.45
Da-Li Development Co, Ltd.	8,590,922	4.17
Government National Mortgage Association	8,266,794	4.01
Economic Development Bureau, Kaohsiung City Government	8,166,157	3.96
US Treasury Note	8,127,756	3.94
Clevo Corp.	7,712,946	3.74
Taoyuan City Government	7,484,327	3.63
Winbond Electronics Corp.	6,528,927	3.17
China Steel Corp.	6,127,447	2.97
Taiwan Cement Corporation	5,906,757	2.86
Ruen Chen Investment Holding Co., Ltd.	5,732,907	2.78
Nan Ya Plastics Corporation	5,627,001	2.73
AU Optronics Co., Ltd.	5,624,690	2.73
Silicon Application Corp.	5,593,793	2.71
Yang Ming Marine Transport Corp.	5,591,985	2.71
National Chung-Shan Institute of Science & Technology	5,332,736	2.59
Johnson Health Tech. Co., Ltd.	5,281,015	2.56
Highwealth Construction Co., Ltd.	5,241,094	2.54
Far Eastern New Century Corp.	5,225,617	2.53
CSBC Corporation, Taiwan	5,179,257	2.51
Wistron Corp.	4,429,055	2.15
Formosa Chemicals & Fibre Corp.	4,409,423	2.14
Formosa Petrochemical Corp.	4,354,749	2.11
Innolux Corp.	4,326,429	2.10
Radium Life Tech. Co., Ltd.	4,095,428	1.99
Chungwha Construction Corp.	4,090,957	1.98
Nan Shan Life Insurance Company, Ltd.	3,995,260	1.94
Kindom Development Co., Ltd.	3,989,424	1.93

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of TCFHC's Equity
Chung Hsin Electric & Machinery Manufacturing Corp.	\$ 3,976,577	1.93
Yien United Steel Corp.	3,893,899	1.89
Kingdom of Saudi Arabia	3,721,001	1.80
Bumble Bee Foods LLC	3,683,458	1.79
Run Long Construction Co., Ltd.	3,648,289	1.77
Fu Chan High Pile Co., Ltd.	3,628,967	1.76
Aerospace Industrial Development Corp.	3,622,164	1.76
Client A	3,602,490	1.75
BANK OF AMERICA, N.A.	3,551,816	1.72
US TREASURY N/B	3,386,012	1.64
BPCE	3,372,586	1.64
Kai Tai Fung International Co., Ltd.	3,303,385	1.60
Prosperity Tieh Enterprise Co., Ltd.	3,288,854	1.59
JSL Construction & Development Co., Ltd.	3,230,133	1.57
Powerchip Semiconductor Manufacturing Corp.	3,169,751	1.54
Fu Hong Co., Ltd.	3,117,457	1.51
KGI Securities Co., Ltd.	3,090,053	1.50
Federal Home Loan Mortgage Corp.	3,061,708	1.48
Fina Finance & Trading Co., Ltd.	3,008,685	1.46
2. Same related parties		
Client B	8,646,900	4.19
Client C	8,600,962	4.17
Client D	7,378,070	3.58
Client E	5,392,490	2.61
Client F	4,666,490	2.26
Client G	4,328,490	2.10
Client H	3,862,400	1.87
Client I	3,862,400	1.87
Client J	3,630,164	1.76
Client K	3,530,674	1.71
Client L	3,183,400	1.54
3. Same affiliate		
Tai Power Co., Ltd.	100,363,945	48.67
CPC Corporation, Taiwan	25,990,801	12.60
General Interface Solution (GIS) Holding Ltd.	25,818,679	12.52
General Interface Solution. Ltd.	25,818,679	12.52
China American Petrochemical Co., Ltd.	25,383,675	12.31
Chailease Finance Co., Ltd.	24,436,514	11.85
Yi Zhan Construction Co., Ltd.	23,228,486	11.26
Hon Hai Precision Co., Ltd.	23,118,242	11.21
Yi-Shiang Construction Co., Ltd.	21,465,791	10.41
Chailease Rental Corp.	21,086,015	10.22

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of TCFHC's Equity
Fina Finance & Trading Co., Ltd. Innolux Corp. Chailease International Finance Corp. Chailease Holding Co., Ltd. He Yao Construction Co., Ltd. Chailease International Le Chaico Investment Corp. Asia Sermkij Leasing Public Company Ltd. Chailease Berjaya Credit SDN. BHD. Jhong-An Investment Co., Ltd. Huo Jiun Construction Co., Ltd. Chailease Energy Integration Co., Ltd. Formosa Resources Australia PTY. LTD. Far Eastern International Leasing Corp. Yuan Tone Investment Co., Ltd. Chailease International Finance Corp. Sunny Friend Environmental Technology Co., Ltd. Chubei New Century Shopping Mall Co., Ltd. Asia Pacific Development Corporation Foxconn (Far East) Limited G-Tech Optoelectronics Corp. Foxconn Interconnect Technology Limited Taiwan Branch (Cayman) Ruentex Development Co., Ltd. Far Eastern New Century Corp. Chuangju Limited Partnership Ren Ying Enterprise Co., Ltd. Ruentex Industries Ltd. Nan Ya Plastics Corporation Formosa Heavy Industries Corp. Hui Hong Investment Management Co., Ltd. Yi Tai Fund Corp. Yuan Long Stainless Steel Corp. World Peace Industrial Co., Ltd. WPG Holding Ltd. Richpower Electronic Devices Co., Ltd. Nan Shan Life Insurance Company, Ltd. Genuine Crop. Asia Cement Corp. CTBC Financial Holding Co., Ltd. Ruen Chen Investment Holding Co., Ltd. Yosun Hong Kong Co., Ltd. Eliter International Corp. Taiwan Semiconductor Manufacturing Co., Ltd. Frontek Technology Corporation Everwiner Enterprise Co., Ltd.	\$ 20,883,015 20,764,353 20,608,992 20,608,992 20,590,121 20,584,150 20,410,534 20,299,281 20,234,992 20,143,884 19,766,846 19,638,389 19,445,501 19,134,859 18,557,549 18,231,586 17,243,573 17,110,792 16,961,337 16,845,039 16,757,916 16,705,539 16,577,109 16,368,677 16,232,187 16,067,881 15,867,881 15,816,397 15,738,213 15,567,955 15,567,955 15,475,207 15,090,869 14,969,436 14,862,436 14,799,864 14,419,339 14,152,639 13,618,375 13,545,172 13,209,192 12,710,732 12,621,972 12,593,106 12,550,106	10.13 10.07 9.99 9.99 9.98 9.98 9.90 9.84 9.81 9.77 9.59 9.52 9.43 9.28 9.00 8.84 8.36 8.30 8.22 8.17 8.13 8.10 8.04 7.94 7.87 7.79 7.69 7.67 7.63 7.55 7.55 7.50 7.32 7.26 7.21 7.18 6.99 6.86 6.60 6.57 6.41 6.16 6.12 6.11 6.09

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of TCFHC's Equity
Silicon Application Corp.	\$ 12,383,069	6.00
Yuan Ding Investment Corp.	12,341,593	5.98
Asian Information Technology Inc.	12,138,350	5.89
Kings Garden International Co., Ltd.	12,058,141	5.85
Great Emperor Hotel Co., Ltd.	12,058,141	5.85
Yosun Industrial Corp.	11,963,260	5.80
Clevo Corp.	11,945,800	5.79
TSMC Global. Ltd.	11,930,143	5.79
TSMC Arizona	11,858,030	5.75
Der Ching Investment Corp.	11,845,839	5.74
Trigold Holding Ltd.	11,811,376	5.73
U-Ming Marine Transport Corp.	11,624,745	5.64
Grand Pacific Financing Corp.	11,572,152	5.61
Sertek Inc.	11,475,838	5.56
Far EasTone Telecommunications Co., Ltd.	11,473,312	5.56
EDA Hua Yue Hotel Corp.	11,325,496	5.49
Yien United Steel Corp.	11,050,328	5.36
Yieh Hsing Enterprise Co., Ltd.	10,999,242	5.33
Guo Chang Enterprise Co., Ltd.	10,910,377	5.29
Da-Li Development Co, Ltd.	10,747,165	5.21
Highwealth Construction Co., Ltd.	10,701,993	5.19
Dali Miller Development Co., Ltd.	10,647,234	5.16
Da Li Development USA LLC	10,543,648	5.11
Da Li International LLC	10,543,648	5.11
Formosa Industries Corp.	10,518,131	5.10
QiYu Construction Co., Ltd.	10,302,316	5.00
Run Long Construction Co., Ltd.	9,697,736	4.70
Walsin Technology Corp.	9,637,360	4.67
Winbond Electronics Corp.	9,567,360	4.64
Da Li Miller Development Corp.	9,511,748	4.61
DA LI PROPERTIES LLC	9,375,926	4.55
XingRiSheng Investment Co., Ltd.	9,289,059	4.50
Buynow (Texas) Corp.	9,066,231	4.40
Yieh Phui Enterprise Co., Ltd.	9,041,583	4.38
Yieh Phui (Hong Kong) Holdings Ltd.	9,022,729	4.38
Shinshunshin Investment Co., Ltd.	8,850,721	4.29
Shuo Hong Investment Co., Ltd.	8,850,721	4.29
Bao-Shin Construction Co., Ltd.	8,794,508	4.26
Asia Investment Corp.	8,767,129	4.25
Formosa Plastics Corp.	8,337,727	4.04
Buynow (Wuhan) Corp.	8,311,941	4.03
China Steel Corp.	8,232,764	3.99
Chicony Industrial (Wuhan) Co., Ltd.	8,229,892	3.99
Taipei Twin Towers Limited	8,195,517	3.97
Pacific China Holding. Ltd.	8,188,971	3.97

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of TCFHC's Equity
Nan Chung Petrochemical Corp.	\$ 8,176,112	3.96
Nanya Plastics Corporation. America	8,080,139	3.92
Buynow (Chengdu) Corp.	8,022,205	3.89
CSRC China (Maanshan) Corp.	7,820,412	3.79
China Steel Structure Co., Ltd.	7,779,647	3.77
Chung Hung Steel Corp.	7,744,563	3.76
Chailease International Trade (Shanghai) Corp.	7,662,628	3.72
BenQ Materials Corp.	7,659,394	3.71
Visco Vision Inc.	7,659,394	3.71
Far Eastern Big City Shopping Malls Cc., Ltd.	7,645,472	3.71
Feng Shehg Enterprise Company	7,169,394	3.48
Oriental Petrochemical (Taiwan) Corp.	7,127,992	3.46
Farglory Free Trade Zone Co., Ltd.	7,113,477	3.45
Radium Life Tech. Co., Ltd.	7,090,958	3.44
Ji Shun Life Tech. Co., Ltd.	7,090,958	3.44
Titan Development and Construction Co., Ltd.	7,090,958	3.44
Dragon Steel Corp.	7,063,481	3.43
Taiwan Cement Corp.	7,017,567	3.40
China Steel Power Corp.	6,926,492	3.36
AU Optronics Co., Ltd.	6,887,543	3.34
Cathay Financial Holding Co., Ltd.	6,855,651	3.32
Pernas Electronics Co., Ltd.	6,823,257	3.31
China Steel Chemical Corp.	6,752,414	3.27
TCC International Ltd.	6,709,602	3.25
Ho-Ping Power Company	6,506,757	3.16
Ta-Ho Maritime Corp.	6,212,157	3.01
China Steel Machinery Corp.	6,183,563	3.00
CHC Resources Corp.	6,162,532	2.99
Yang Ming Marine Transport Corp.	6,125,094	2.97
Kuang Ming Shipping Corp.	6,109,264	2.96
Kuang Ming (Liberia) Corp.	6,109,264	2.96
Continental Carbon Company	6,108,028	2.96
PFG Fiber Glass Corp.	6,087,001	2.95
Formosa Chemicals & Fibre Corp.	6,041,041	2.93
EDA Hospital Corp.	6,040,795	2.93
Oriental Green Materials Ltd.	6,023,965	2.92
Nan Ya Technology Corp.	5,997,792	2.91
Li Jiang Development Co., Ltd.	5,970,180	2.89
Farglory Dome Co., Ltd.	5,858,764	2.84
Farglory Land Development Co., Ltd.	5,845,217	2.83
Run Tai Construction Co., Ltd.	5,794,250	2.81
AU Optronics Corp. (Kunshan)	5,767,418	2.80
Asia Pacific Telecom Co., Ltd.	5,709,643	2.77
China Man-Made Fiber Corp.	5,644,971	2.74
Wan Sheng Fa Investment Co., Ltd.	5,640,556	2.74

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of TCFHC's Equity
Fubon Financial Holding Co, Ltd.	\$ 5,637,820	2.73
Nan Ya Printed Circuit Board Corp.	5,627,001	2.73
AUO Display Plus Corp.	5,625,250	2.73
FCF Co., Ltd.	5,608,502	2.72
Bumble Bee Seafoods, LLC	5,608,502	2.72
Farglory Free Trade Zone Co., Ltd.	5,546,616	2.69
Formosa Petrochemical Corp.	5,545,937	2.69
Karton Formosa Polymers Corp.	5,532,737	2.68
MasterLink Securities Corp	5,485,803	2.66
Prosperity Tieh Enterprise Co., Ltd.	5,397,369	2.62
Jayshelyn Construction Co., Ltd.	5,293,231	2.57
Johnson Health Tech. Co., Ltd.	5,281,015	2.56
CSBC Corporation, Taiwan	5,268,506	2.55
CSBC-DEME Wind Engineering Co., Ltd.	5,268,506	2.55
Capital Machinery Corp.	5,187,527	2.52
Cathay Life Insurance Co., Ltd.	5,131,819	2.49
United Microelectronics Corp.	5,090,249	2.47
Taiwan Mobile Corp.	5,076,701	2.46
Wei Qiao Investment Development Co., Ltd.	5,039,852	2.44
TPI Software Corp.	4,963,366	2.41
Rih Ding Water Enterprise Co., Ltd.	4,883,162	2.37
Jaysanlyn Real Estate & Advertising Co., Ltd.	4,876,889	2.36
WPI International (Hong Kong) Limited	4,861,115	2.36
Hsin Bong Enterprise Co., Ltd.	4,813,114	2.33
China Development Financial Holding Corp.	4,695,374	2.28
CDC Finance & Leasing Corp.	4,695,374	2.28
Wistron Corp.	4,584,757	2.22
Chailease International Financial Services	4,582,985	2.22
Chung Hsin Electric & Machinery Manufacturing Corp.	4,565,488	2.21
Chungwha Construction Corp.	4,537,527	2.20
Far Eastern Dept. Store, Ltd.	4,496,402	2.18
KGI Securities Co., Ltd.	4,495,374	2.18
Fu Chan High Pile Co., Ltd.	4,488,702	2.18
Yuanta Securities Investment Trust Co., Ltd.	4,479,366	2.17
Yuanta Securities Co., Ltd.	4,479,366	2.17
Taichung Bank Leasing Co., Ltd.	4,455,050	2.16
Fujian Lian Wei Logistics Co., Ltd.	4,448,901	2.16
Wiwynn Corp.	4,429,055	2.15
Formosa INEOS Chemicals Corp.	4,427,097	2.15
Formosa Taffeta Co., Ltd.	4,409,690	2.14
Formosa Chemicals Industries (Ningbo) Co., Ltd.	4,409,423	2.14
Chailease International Financial Services Co, Ltd.	4,404,575	2.14
Yuanta Financial Holding Co., Ltd.	4,379,401	2.12
NKFG Corp.	4,367,949	2.12
Mai-Liao Power Corporation	4,362,737	2.12

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of TCFHC's Equity
Zhong Tai Hotel Co., Ltd.	\$ 4,346,609	2.11
Kai Tai Fung International Co., Ltd.	4,346,609	2.11
Jun Sheng Development Corp.	4,298,887	2.08
We&Win construction Ltd.	4,290,011	2.08
JSL Construction & Development Co., Ltd.	4,209,630	2.04
KGI Bank Co., Ltd.	4,202,426	2.04
CTBC Finance Co., Ltd.	4,074,149	1.98
Kindom Development Co., Ltd.	3,989,424	1.93
Pan Asia Chemical Co.	3,975,218	1.93
Long Wei Investment Development Co., Ltd.	3,888,424	1.89
Hon Hui Min Sheng Co., Ltd.	3,849,359	1.87
Forest Water Environmental Engineering Ltd.	3,828,469	1.86
Sun Jing Development Do., Ltd.	3,822,049	1.85
Citic Capital Holdings Ltd.	3,813,983	1.85
He Fong Investment Co., Ltd.	3,811,370	1.85
Yieh Mau Corp.	3,760,183	1.82
Fubon Life Insurance Co., Ltd.	3,740,423	1.81
Standard Chartered (Germany)	3,735,275	1.81
Standard Chartered PLC.	3,735,275	1.81
Hanshin Shopping Plaza Co., Ltd.	3,671,845	1.78
Aerospace Industrial Development Corp.	3,622,164	1.76
Asustek Computer Inc.	3,590,156	1.74
Pegatron Corp.	3,590,033	1.74
Chailease Power Technology Co., Ltd.	3,565,080	1.73
BANK OF AMERICA, N.A.	3,551,816	1.72
Sinopac Leasing Corp.	3,544,066	1.72
Shinkong Synthetic Fibers Corp.	3,495,643	1.70
Synn Industrial Co., Ltd.	3,471,540	1.68
Ruentex Xu-Zhan Development Co., Ltd.	3,470,139	1.68
Far Eastern Ai Mai Co., Ltd.	3,449,537	1.67
LY Group Investment Co., Ltd.	3,424,499	1.66
CREDIT AGRICOLE CIB, PARIS	3,391,093	1.64
Lealea Enterprise Co., Ltd.	3,380,516	1.64
Unimicron Technology Corp.	3,336,276	1.62
Formosa Plastics Marine Corp.	3,301,138	1.60
Yieh Hong Enterprise Co., Ltd.	3,298,898	1.60
Taiwan Life Insurance Co., Ltd.	3,236,604	1.57
Advance Materials Corp.	3,226,181	1.56
Shih Wei Navigation Co., Ltd.	3,223,101	1.56
Dong Lien Maritime S.A. Panama	3,223,101	1.56
Modest Pescadores S.A. Panama	3,223,101	1.56
Spinnaker Pescadores S.A. Panama	3,223,101	1.56
Pu Quan Advertising Co., Ltd.	3,221,639	1.56
Supreme Electronic Co., Ltd.	3,211,166	1.56
LUILANG WISDOM S.A.	3,169,515	1.54

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of TCFHC's Equity
MOUNT WISDOM S.A.	\$ 3,169,515	1.54
TTET Union Corporation	3,149,681	1.53
Central Investment Corp.	3,139,386	1.52
Nan Yang Industries Co., Ltd.	3,132,613	1.52
Chao Yang Rental Corp.	3,132,613	1.52
Mediatek Inc.	3,129,712	1.52
Uni-President Enterprises Corp.	3,123,342	1.51
Fu Hong Co., Ltd.	3,117,457	1.51
Walsin Lihwa Corp.	3,108,433	1.51
Credit Agricole CIB, London Branch	3,089,652	1.50
FanGlory Life Insurance Co., Ltd.	3,063,581	1.49
Chailease Consumer Finance Co., Ltd.	3,060,393	1.48
ASE Technology Holding Co., Ltd.	3,052,088	1.48
Yehui (China) Technology Material Limited Company	3,045,141	1.48
HK XZJ Digital Co Limited	3,014,207	1.46

(Concluded)

TABLE 7

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

**FINANCING PROVIDED
FOR THE SIX MONTHS ENDED JUNE 30, 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)	\$ 1,409,680 (Note 3)
		Xiang Xing Trading Co., Ltd.	Receivables on lending funds	No	100,000	90,110	90,110	3-8	Short-term financing	-	Operating use	901	Stocks	30,000	352,420 (Note 3)	1,409,680 (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)	1,409,680 (Note 3)
		Hanky&Partners (Taiwan) Ltd.	Receivables on lending funds	No	120,000	120,000	120,000	3-8	Short-term financing	-	Operating use	1,200	Real estate	162,145	352,420 (Note 3)	1,409,680 (Note 3)
		Tsuru Chikusan Co., Ltd.	Receivables on lending funds	No	218,875	130,250	130,250	3-8	Short-term financing	-	Operating use	1,303	Real estate	125,600	352,420 (Note 3)	1,409,680 (Note 3)
		Grandsun Engineering Co., Ltd.	Receivables on lending funds	No	35,000	25,250	25,250	3-8	Short-term financing	-	Operating use	253	Guarantee	5,250	352,420 (Note 3)	1,409,680 (Note 3)
		Yieh Hong Enterprise Co., Ltd.	Receivables on lending funds	No	217,164	108,940	108,940	3-8	Short-term financing	-	Operating use	1,089	Stocks	143,600	352,420 (Note 3)	1,409,680 (Note 3)
		Anli Lines Corp.	Receivables on lending funds	No	60,000	60,000	60,000	3-8	Short-term financing	-	Operating use	600	Stocks	54,930	352,420 (Note 3)	1,409,680 (Note 3)
		ET New Media Holding Co., Ltd.	Receivables on lending funds	No	100,000	100,000	100,000	3-8	Short-term financing	-	Operating use	1,000	-	-	352,420 (Note 3)	1,409,680 (Note 3)
		Tai Wan Asset Management Co.	Receivables on lending funds	No	33,333	13,333	13,333	3-8	Short-term financing	-	Operating use	133	-	-	352,420 (Note 3)	1,409,680 (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 \$3,524,200 thousand.

TABLE 8

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

JUNE 30, 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	June 30, 2023				Note
				Shares (Thousands)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	
Taiwan Cooperative Venture Capital Co., Ltd.	<u>Convertible bond</u> Oakda Capital Ltd.	-	Financial assets at fair value through profit or loss	-	\$ -	-	\$ -	-
Co-operative Assets Management Co., Ltd.	<u>Stock</u> Cooperative Financial International Lease Co., Ltd.	Subsidiary	Investments accounted for using equity method	-	1,186,650	100.00	1,186,650	Note
	Taiwan Urban Regeneration & Financial Services Co., Ltd.	-	Financial assets at fair value through other comprehensive income	2,500	12,300	5.00	12,300	
Taiwan Cooperative Securities Investment Trust Co., Ltd.	Fund Rich Securities Co., Ltd.	-	Financial assets at fair value through other comprehensive income	227	3,064	0.38	3,064	
Taiwan Cooperative Venture Capital Co., Ltd.	Acmept Energy Services Co., Ltd.	-	Financial assets at fair value through profit or loss	1,011	46,635	2.54	46,635	
	SR Suntour Inc.	-	Financial assets at fair value through profit or loss	1,700	122,145	2.82	122,145	
	Tachyon Intelligence Robot Company	-	Financial assets at fair value through profit or loss	125	891	2.83	891	
	ULSee Cayman Co., Ltd.	-	Financial assets at fair value through profit or loss	651	9,206	0.43	9,206	
	Enrestec Inc.	-	Financial assets at fair value through profit or loss	191	8,668	0.19	8,668	
	Cloud Mile Inc.	-	Financial assets at fair value through profit or loss	838	44,694	2.83	44,694	
	Hoytek Precision Company	-	Financial assets at fair value through profit or loss	1,168	23,357	16.51	23,357	
	Phu Vinh Industrial company	-	Financial assets at fair value through profit or loss	4,249	119,105	20.00	119,105	
	APMTD Global Limited	-	Financial assets at fair value through profit or loss	661	27,669	1.60	27,669	
	Wihking Entertainment Ltd.	-	Financial assets at fair value through profit or loss	686	48,015	3.93	48,015	
	Revlis Biotech Co., Ltd.	-	Financial assets at fair value through profit or loss	2,813	13,022	4.62	13,022	
	iSTART-TEK Inc.	-	Financial assets at fair value through profit or loss	235	23,871	0.92	23,871	

(Continued)

Holding Company Name	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	June 30, 2023				Note
				Shares (Thousands)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	
	Starlux Airlines Co., Ltd.	-	Financial assets at fair value through profit or loss	5,688	\$ 191,914	0.27	\$ 191,914	
	FREE Bionics Taiwan Inc.	-	Financial assets at fair value through profit or loss	2,068	33,559	8.22	33,559	
	Annji Pharmaceutical Co., Ltd.	-	Financial assets at fair value through profit or loss	2,250	67,500	3.42	67,500	
	Knowledge Creation Innovation Co., Ltd.	-	Financial assets at fair value through profit or loss	315	13,085	19.50	13,085	
	Long Diann Marine Biotechnology Co., Ltd.	-	Financial assets at fair value through profit or loss	2,500	14,750	12.53	14,750	
	JD-SPF Biotech Co., Ltd.	-	Financial assets at fair value through profit or loss	1,365	10,251	19.50	10,251	
	Gamamobi Taiwan Co., Ltd.	-	Financial assets at fair value through profit or loss	400	7,896	1.99	7,896	
	YAYATECH CO., LTD.	-	Financial assets at fair value through other comprehensive income	2,200	67,276	13.20	67,276	
	P-Waver Inc.	-	Financial assets at fair value through other comprehensive income	1,765	30,000	11.78	30,000	
	WIN COAT CO.	-	Financial assets at fair value through other comprehensive income	1,000	28,000	2.77	28,000	
	GeNopsys Technologies INC.	-	Financial assets at fair value through other comprehensive income	3,120	30,659	19.97	30,659	
	CDIB Capital Healthcare Ventures II Limited Partnership	-	Financial assets at fair value through other comprehensive income	-	39,877	-	39,877	
	Mesh Cooperative Ventures Fund LP	-	Financial assets at fair value through other comprehensive income	-	15,865	-	15,865	
	Mesh Cooperative Ventures, Inc.	Associate	Investments accounted for using equity method	330	3,149	22.00	3,149	
	JC Capital Taiwan Co., Ltd.	Associate	Investments accounted for using equity method	350	2,303	35.00	2,303	

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

(Concluded)

TABLE 9

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

DISPOSAL OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 10% OF THE PAID-IN CAPITAL
FOR THE SIX MONTHS ENDED JUNE 30, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Seller	Property	Event Date	Original Acquisition Date	Carrying Amount	Transaction Amount	Collection	Gain (Loss) on Disposal	Counterparty	Relationship	Purpose of Disposal	Price Reference	Other Terms
Co-operative Assets Management Co., Ltd.	Land Serial No. 216, Wuguwang Sec., Sanchong Dist., New Taipei City	2023.06.09 (Note)	2022.04.19	\$ 520,042	\$ 558,880	Received \$ 167,664	\$ 38,838 (Expected)	Runhong Archiland	Non-related parties	Increase investment income	Open tendering	None

Note: The actual date of occurrence is the date of tender awarding.

TABLE 10

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

**ALLOWANCE OF SERVICE FEES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$5 MILLION
FOR THE SIX MONTHS ENDED JUNE 30, 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	\$ 992,423	\$ 515,868	\$ 45,855	\$ 40,686	4.62	7.89

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

INFORMATION OF DISPOSAL OF NONPERFORMING LOANS

JUNE 30, 2023

(In Thousands of New Taiwan Dollars)

a. Disposal of nonperforming loans summaries

Transaction date	Counterparty	Content of right of claim	Book value	Sale price	Gain (Loss) on Disposal	Attached Conditions	Relationship with the Company
2023.02.15	Merrill Lynch International	Medium-term unsecured credit for corporate households (Participate in the international syndicated loan case)	\$ - (Note)	\$ 60,790 (US\$ 2,024)	\$ 60,790 (US\$ 2,024)	None	Neither an interested party nor a related party

Note: The balance of carrying amount was original loans US\$15,281 thousand deducted loss allowance US\$15,281 thousand.

b. Disposal of nonperforming loans amounts of \$1 billion (exclude disposal to the related parties): None.

TABLE 12

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$300 MILLION OR 10% OF THE PAID-IN CAPITAL
JUNE 30, 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	\$ 2,419,849	-	\$ -	-	\$ -	\$ -

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

TABLE 13

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD.

PERCENTAGE SHARE IN INVESTEEs AND RELATED INFORMATION
JUNE 30, 2023
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Percentage of Ownership	Carrying Value	Investment Gain	Proportionate Share of the Company and Its Affiliates in Investees (Note 1)				Note
							Shares (Thousands)	Pro Forma Shares (Note 2)	Total		
									Shares (Thousands)	Percentage of Ownership	
Taiwan Cooperative Financial Holding Co., Ltd.	Taiwan Cooperative Bank, Ltd.	Taipei	Banking	100.00	\$ 248,062,268	\$ 8,961,737	11,007,530	-	11,007,530	100.00	Note 3
	Taiwan Cooperative Securities Co., Ltd.	Taipei	Securities dealer	100.00	5,878,841	133,198	520,613	-	520,613	100.00	Note 3
	Taiwan Cooperative Bills Finance Co., Ltd.	Taipei	Bills finance dealer	100.00	6,687,731	40,662	487,774	-	487,774	100.00	Note 3
	Co-operative Assets Management Co., Ltd.	Taipei	Acquisition of delinquent loans	100.00	3,676,360	180,878	282,528	-	282,528	100.00	Note 3
	Taiwan Cooperative Securities Investment Trust Co., Ltd.	Taipei	Securities investment trust	100.00	402,171	10,154	30,300	-	30,300	100.00	Note 3
	BNP Paribas Cardif TCB Life Insurance Co., Ltd.	Taipei	Life insurance	51.00	5,586,813	333,153	350,939	-	350,939	51.00	Note 3
	Taiwan Cooperative Venture Capital Co., Ltd.	Taipei	Venture capital	100.00	1,406,270	139,017	114,421	-	114,421	100.00	Note 3

Note 1: Shares or proforma shares held by the Company, directors, supervisors, president, vice president and affiliates in accordance with the Company Law have been included.

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

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

TABLE 14

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

INVESTMENT IN MAINLAND CHINA
FOR THE SIX MONTHS ENDED JUNE 30, 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 June 30, 2023	Investee Net Income	% Ownership of Direct or Indirect Investment	Investment Gain	Carrying Value as of June 30, 2023	Accumulated Inward Remittance of Earnings as of June 30, 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)	\$ (8,672)	100	\$ (8,672)	\$ 6,721,994	\$ -
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)	(49,796)	100	(49,796)	2,738,525	-
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)	(6,715)	100	(6,715)	3,435,325	-
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)	7,385	100	7,385	2,334,763	-

Accumulated Investment in Mainland China as of June 30, 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)	\$ 149,549,360

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 June 30, 2023	Investee Net Income	% Ownership of Direct or Indirect Investment	Investment Gain	Carrying Value as of June 30, 2023	Accumulated Inward Remittance of Earnings as of June 30, 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)	\$ 40,387	100	\$ 40,387	\$ 1,186,650	\$ -

Accumulated Investment in Mainland China as of June 30, 2023	Investment Amount Approved by the Investment Commission, MOEA	Maximum Investment Allowable
\$ 910,980 (CNY 185,460) (Note 1)	\$ 910,980 (CNY 185,460) (Note 1)	\$ 2,205,671 (Note 3)

(Continued)

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

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

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

(Concluded)

TABLE 15

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

BUSINESS RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS AMONG THE PARENT COMPANY AND SUBSIDIARIES

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Transacting Company	Counterparty	Transaction Flow (Note 2)	Description of Transactions (Notes 3 and 5)			
				Financial Statement Account	Amounts	Trading Terms	Transaction Amount/Total Consolidated Net Revenue or Total Consolidated Assets (%)
0	Taiwan Cooperative Financial Holding Co., Ltd.	Taiwan Cooperative Bank, Ltd.	a	Tax payables - consolidated tax return	\$ 2,419,849	Note 4	0.05
1	Taiwan Cooperative Bank, Ltd.	Taiwan Cooperative Financial Holding Co., Ltd.	b	Tax receivables - consolidated tax return	2,419,849	Note 4	0.05
0	Taiwan Cooperative Financial Holding Co., Ltd.	Taiwan Cooperative Bank, Ltd.	a	Tax receivables - consolidated tax return	403,355	Note 4	0.01
1	Taiwan Cooperative Bank, Ltd.	Taiwan Cooperative Financial Holding Co., Ltd.	b	Tax payables - consolidated tax return	403,355	Note 4	0.01
1	Taiwan Cooperative Bank, Ltd.	United Taiwan Bank S.A.	a	Due from banks	585,939	Note 4	0.01
2	United Taiwan Bank S.A.	Taiwan Cooperative Bank, Ltd.	b	Deposits from banks	585,939	Note 4	0.01
1	Taiwan Cooperative Bank, Ltd.	United Taiwan Bank S.A.	a	Call loans to banks	2,977,040	Note 4	0.06
2	United Taiwan Bank S.A.	Taiwan Cooperative Bank, Ltd.	b	Call loans from banks	2,977,040	Note 4	0.06
1	Taiwan Cooperative Bank, Ltd.	United Taiwan Bank S.A.	a	Medium-term unsecured loans	6,529,190	Note 4	0.14
2	United Taiwan Bank S.A.	Taiwan Cooperative Bank, Ltd.	b	Long-term borrowings	6,529,190	Note 4	0.14
1	Taiwan Cooperative Bank, Ltd.	BNP Paribas Cardif TCB Life Insurance Co., Ltd.	c	Deposits and remittances	857,011	Note 4	0.02
3	BNP Paribas Cardif TCB Life Insurance Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Cash and cash equivalents	857,011	Note 4	0.02
1	Taiwan Cooperative Bank, Ltd.	Taiwan Cooperative Bills Finance Co., Ltd.	c	Call loans to banks	1,241,270	Note 4	0.03
4	Taiwan Cooperative Bills Finance Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Call loans from banks	1,241,270	Note 4	0.03
6	Taiwan Cooperative Securities Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Call loans from banks	311,400	Note 4	0.01
1	Taiwan Cooperative Bank, Ltd.	Taiwan Cooperative Securities Co., Ltd.	c	Call loans to securities company	311,400	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

(Continued)

No. (Note 1)	Transacting Company	Counterparty	Transaction Flow (Note 2)	Description of Transactions (Notes 3 and 5)			
				Financial Statement Account	Amounts	Trading Terms	Transaction Amount/Total Consolidated Net Revenue or Total Consolidated Assets (%)
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	245,023	Note 4	0.81
3	BNP Paribas Cardif TCB Life Insurance Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Service charge and commission expense	245,023	Note 4	0.81
0	Taiwan Cooperative Financial Holding Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Right-of-use assets, net	118,520	Note 4	-
0	Taiwan Cooperative Financial Holding Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Lease liabilities	118,520	Note 4	-
0	Taiwan Cooperative Financial Holding Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Interest expense	867	Note 4	-
0	Taiwan Cooperative Financial Holding Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Depreciation expense	14,513	Note 4	0.05
1	Taiwan Cooperative Bank, Ltd.	Taiwan Cooperative Financial Holding Co., Ltd.	c	Lease income	14,429	Note 4	0.05
4	Taiwan Cooperative Bills Finance Co., Ltd.	BNP Paribas Cardif TCB Life Insurance Co., Ltd.	c	Securities purchased under agreements to resell	239,415	Note 4	0.79
3	BNP Paribas Cardif TCB Life Insurance Co., Ltd.	Taiwan Cooperative Bills Finance Co., Ltd.	c	Securities purchased under agreements to resell	239,415	Note 4	0.79
0	Taiwan Cooperative Financial Holding Co., Ltd.	BNP Paribas Cardif TCB Life Insurance Co., Ltd.	a	Dividends receivable	182,489	Note 4	-
3	BNP Paribas Cardif TCB Life Insurance Co., Ltd.	Taiwan Cooperative Financial Holding Co., Ltd.	b	Dividends payable	182,489	Note 4	-

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

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

Note 2: Transaction flows are as follows:

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

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

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

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

(Concluded)

TABLE 16**TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD.****INFORMATION ON MAJOR SHAREHOLDERS****JUNE 30, 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.