

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

**Consolidated Financial Statements for the  
Nine Months Ended September 30, 2023 and 2022 and  
Independent Auditors' Review Report**

## INDEPENDENT AUDITORS' REVIEW REPORT

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

### Introduction

We have reviewed the accompanying consolidated balance sheets of Taiwan Cooperative Financial Holding Co., Ltd. (TCFHC) and its subsidiaries (collectively, the “Company”), as of September 30, 2023 and 2022, the related consolidated statements of comprehensive income for the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022, the consolidated statements of changes in equity and cash flows for the nine months ended September 30, 2023 and 2022, and the related notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the “consolidated financial statements”). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, Regulations Governing the Preparation of Financial Reports by Insurance Enterprises and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### Scope of Review

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

## Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company as of September 30, 2023 and 2022, its consolidated financial performance for the three months ended September 30, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the nine months ended September 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 of the Republic of China.

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

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

November 20, 2023

### Notice to Readers

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

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

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

## CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	September 30, 2023		December 31, 2022		September 30, 2022	
	Amount	%	Amount	%	Amount	%
CASH AND CASH EQUIVALENTS (Note 6)	\$ 69,666,722	1	\$ 95,314,702	2	\$ 79,940,937	2
DUE FROM THE CENTRAL BANK AND CALL LOANS TO OTHER BANKS (Notes 7, 41 and 42)	320,953,697	7	319,309,530	7	364,032,864	8
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 8, 41 and 42)	133,252,809	3	76,072,975	2	120,638,947	3
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 9 and 42)	500,341,072	11	475,101,745	11	484,294,234	11
INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST (Notes 10 and 42)	684,839,156	15	719,535,355	16	643,934,325	14
SECURITIES PURCHASED UNDER RESELL AGREEMENTS (Note 11)	593,055	-	2,642,175	-	1,625,564	-
RECEIVABLES, NET (Notes 12 and 41)	53,474,390	1	42,404,919	1	47,698,870	1
CURRENT TAX ASSETS	3,209,987	-	2,278,992	-	3,573,006	-
DISCOUNTS AND LOANS, NET (Notes 13, 41 and 42)	2,736,694,603	59	2,589,591,055	58	2,577,250,564	58
REINSURANCE ASSETS, NET	268,024	-	209,333	-	232,689	-
INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (Note 14)	150,227	-	142,637	-	141,411	-
OTHER FINANCIAL ASSETS, NET (Notes 15, 30 and 42)	98,016,352	2	99,100,104	2	100,592,399	2
INVESTMENT PROPERTIES, NET (Note 16)	10,403,141	-	10,936,255	-	11,090,599	-
PROPERTIES AND EQUIPMENT, NET (Note 17)	32,613,951	1	33,147,407	1	33,081,386	1
RIGHT-OF-USE ASSETS, NET (Note 18)	1,575,565	-	1,562,617	-	1,608,933	-
INTANGIBLE ASSETS (Note 19)	4,239,310	-	4,156,026	-	4,151,058	-
DEFERRED TAX ASSETS (Note 38)	1,868,926	-	1,764,099	-	3,335,831	-
OTHER ASSETS, NET (Notes 18 and 20)	<u>3,613,017</u>	<u>-</u>	<u>2,897,887</u>	<u>-</u>	<u>3,661,824</u>	<u>-</u>
<b>TOTAL</b>	<b><u>\$ 4,655,774,004</u></b>	<b><u>100</u></b>	<b><u>\$ 4,476,167,813</u></b>	<b><u>100</u></b>	<b><u>\$ 4,480,885,441</u></b>	<b><u>100</u></b>
<b>LIABILITIES AND EQUITY</b>						
DEPOSITS FROM THE CENTRAL BANK AND OTHER BANKS (Notes 21 and 41)	\$ 334,587,037	7	\$ 287,853,635	6	\$ 282,061,882	6
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 8, 26 and 41)	3,493,362	-	3,650,230	-	4,838,716	-
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS (Notes 8, 9 and 22)	68,725,341	1	67,643,435	2	66,828,349	2
COMMERCIAL PAPER ISSUED, NET (Note 23)	36,294,490	1	24,539,978	1	22,686,450	1
PAYABLES (Notes 24 and 41)	70,857,917	2	52,099,763	1	61,888,581	1
CURRENT TAX LIABILITIES	407,988	-	862,016	-	512,660	-
DEPOSITS AND REMITTANCES (Notes 25 and 41)	3,683,312,934	79	3,598,422,914	80	3,602,627,573	80
BONDS PAYABLE (Note 26)	81,840,000	2	80,290,000	2	82,950,000	2
OTHER BORROWINGS (Notes 23 and 27)	8,686,372	-	9,352,346	-	12,392,788	-
PROVISIONS (Notes 28 and 29)	34,422,824	1	32,268,462	1	34,126,805	1
OTHER FINANCIAL LIABILITIES (Notes 16 and 30)	89,430,524	2	91,685,037	2	93,401,833	2
LEASE LIABILITIES (Note 18)	1,556,066	-	1,538,102	-	1,591,748	-
DEFERRED TAX LIABILITIES (Notes 17 and 38)	6,499,443	-	3,966,477	-	7,055,154	-
OTHER LIABILITIES (Note 31)	<u>1,034,727</u>	<u>-</u>	<u>1,232,241</u>	<u>-</u>	<u>1,241,697</u>	<u>-</u>
Total liabilities	<u>4,421,149,025</u>	<u>95</u>	<u>4,255,404,636</u>	<u>95</u>	<u>4,274,204,236</u>	<u>95</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF TCFHC</b>						
Capital stock						
Common 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>15,119,653</u>	<u>-</u>	<u>24,472,050</u>	<u>1</u>	<u>18,917,290</u>	<u>1</u>
Total retained earnings	<u>52,211,684</u>	<u>1</u>	<u>38,890,125</u>	<u>1</u>	<u>33,335,365</u>	<u>1</u>
Other equity	<u>(15,833,872)</u>	<u>-</u>	<u>(21,509,719)</u>	<u>-</u>	<u>(29,709,825)</u>	<u>-</u>
Total equity attributable to owners of TCFHC	229,122,628	5	215,446,776	5	201,691,910	5
NON-CONTROLLING INTERESTS	<u>5,502,351</u>	<u>-</u>	<u>5,316,401</u>	<u>-</u>	<u>4,989,295</u>	<u>-</u>
Total equity	<u>234,624,979</u>	<u>5</u>	<u>220,763,177</u>	<u>5</u>	<u>206,681,205</u>	<u>5</u>
<b>TOTAL</b>	<b><u>\$ 4,655,774,004</u></b>	<b><u>100</u></b>	<b><u>\$ 4,476,167,813</u></b>	<b><u>100</u></b>	<b><u>\$ 4,480,885,441</u></b>	<b><u>100</u></b>

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 September 30				For the Nine Months Ended September 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
INTEREST REVENUE (Notes 32 and 41)	\$ 24,115,448	154	\$ 17,108,023	111	\$ 68,819,141	149	\$ 44,107,715	112
INTEREST EXPENSE (Notes 32 and 41)	<u>(16,337,686)</u>	<u>(104)</u>	<u>(7,353,070)</u>	<u>(48)</u>	<u>(44,434,740)</u>	<u>(96)</u>	<u>(15,694,327)</u>	<u>(40)</u>
NET INTEREST	<u>7,777,762</u>	<u>50</u>	<u>9,754,953</u>	<u>63</u>	<u>24,384,401</u>	<u>53</u>	<u>28,413,388</u>	<u>72</u>
NET REVENUES AND GAINS OTHER THAN INTEREST								
Service fee and commission income, net (Notes 33 and 41)	2,531,722	16	1,932,936	13	6,470,826	14	5,781,401	15
Premium income, net (Notes 30 and 34)	537,536	3	267,731	2	3,005,850	7	(66,310)	-
Gains on financial assets and liabilities at fair value through profit or loss (Notes 35 and 41)	11,836,796	75	11,556,442	75	21,356,629	46	20,874,968	53
Gains on disposal investment properties, net	38,837	-	24,470	-	93,131	-	97,471	-
Realized gains on financial assets at fair value through other comprehensive income (Note 36)	1,402,394	9	2,656,423	17	2,987,623	7	3,697,071	9
Foreign exchange losses	(8,668,013)	(55)	(11,007,245)	(71)	(12,505,365)	(27)	(20,421,494)	(52)
Impairment losses on assets (Notes 9 and 10)	2,231	-	(283)	-	4,227	-	(209,624)	-
Share of gains of associates and joint ventures accounted for using the equity method (Note 14)	4,264	-	4,007	-	14,671	-	8,185	-
Gains on reclassification of overlay approach (Note 8)	123,681	1	204,987	1	25,640	-	962,867	3
Other noninterest gains, net (Notes 16 and 41)	<u>109,089</u>	<u>1</u>	<u>29,409</u>	<u>-</u>	<u>202,329</u>	<u>-</u>	<u>73,371</u>	<u>-</u>
Total net revenues and gains other than interest	<u>7,918,537</u>	<u>50</u>	<u>5,668,877</u>	<u>37</u>	<u>21,655,561</u>	<u>47</u>	<u>10,797,906</u>	<u>28</u>
TOTAL NET REVENUES	<u>15,696,299</u>	<u>100</u>	<u>15,423,830</u>	<u>100</u>	<u>46,039,962</u>	<u>100</u>	<u>39,211,294</u>	<u>100</u>
BAD-DEBT EXPENSES AND PROVISION FOR LOSSES ON COMMITMENT AND GUARANTEES (Notes 4 and 13)	<u>(1,465,282)</u>	<u>(9)</u>	<u>(872,626)</u>	<u>(6)</u>	<u>(3,543,900)</u>	<u>(8)</u>	<u>(996,078)</u>	<u>(3)</u>
NET CHANGE IN RESERVES FOR INSURANCE LIABILITIES (Notes 4 and 28)	<u>(241,394)</u>	<u>(2)</u>	<u>(98,542)</u>	<u>(1)</u>	<u>(1,995,341)</u>	<u>(4)</u>	<u>614,077</u>	<u>2</u>
OPERATING EXPENSES (Notes 4, 16, 17, 18, 19, 29 and 37)								
Employee benefits	(4,458,544)	(28)	(4,647,849)	(30)	(13,345,901)	(29)	(13,158,724)	(33)
Depreciation and amortization	(667,613)	(4)	(635,319)	(4)	(1,970,909)	(4)	(1,861,425)	(5)
General and administrative	<u>(2,467,050)</u>	<u>(16)</u>	<u>(2,050,127)</u>	<u>(13)</u>	<u>(6,669,517)</u>	<u>(15)</u>	<u>(5,572,241)</u>	<u>(14)</u>
Total operating expenses	<u>(7,593,207)</u>	<u>(48)</u>	<u>(7,333,295)</u>	<u>(47)</u>	<u>(21,986,327)</u>	<u>(48)</u>	<u>(20,592,390)</u>	<u>(52)</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 September 30				For the Nine Months Ended September 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
INCOME BEFORE INCOME TAX	\$ 6,396,416	41	\$ 7,119,367	46	\$ 18,514,394	40	\$ 18,236,903	47
INCOME TAX EXPENSE (Notes 4 and 38)	<u>(1,243,423)</u>	<u>(8)</u>	<u>(1,168,676)</u>	<u>(8)</u>	<u>(3,524,777)</u>	<u>(7)</u>	<u>(2,938,134)</u>	<u>(8)</u>
NET INCOME	<u>5,152,993</u>	<u>33</u>	<u>5,950,691</u>	<u>38</u>	<u>14,989,617</u>	<u>33</u>	<u>15,298,769</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	1,415	-	-	-	451	-	-	-
Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income (Note 9)	<u>(1,460,967)</u>	<u>(10)</u>	<u>(4,135,341)</u>	<u>(27)</u>	<u>3,923,395</u>	<u>8</u>	<u>(12,042,737)</u>	<u>(31)</u>
Items that will not be reclassified subsequently to profit or loss, net of income tax	<u>(1,459,552)</u>	<u>(10)</u>	<u>(4,135,341)</u>	<u>(27)</u>	<u>3,923,846</u>	<u>8</u>	<u>(12,042,737)</u>	<u>(31)</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	1,643,930	11	3,261,192	21	2,094,376	5	6,439,636	16
Unrealized gains (losses) on investments in debt instruments at fair value through other comprehensive income	(2,752,698)	(18)	(9,307,501)	(60)	316,148	1	(30,574,166)	(78)
Other comprehensive income (losses) on reclassification of overlay approach	(123,681)	(1)	(204,987)	(1)	(25,640)	-	(962,867)	(2)
Income tax attributable to other comprehensive income	<u>(200,981)</u>	<u>(1)</u>	<u>(436,678)</u>	<u>(3)</u>	<u>(258,587)</u>	<u>(1)</u>	<u>(401,971)</u>	<u>(1)</u>
Items that may be reclassified subsequently to profit or loss, net of income tax	<u>(1,433,430)</u>	<u>(9)</u>	<u>(6,687,974)</u>	<u>(43)</u>	<u>2,126,297</u>	<u>5</u>	<u>(25,499,368)</u>	<u>(65)</u>
Other comprehensive losses, net of income tax	<u>(2,892,982)</u>	<u>(19)</u>	<u>(10,823,315)</u>	<u>(70)</u>	<u>6,050,143</u>	<u>13</u>	<u>(37,542,105)</u>	<u>(96)</u>
TOTAL COMPREHENSIVE INCOME (LOSS)	<u>\$ 2,260,011</u>	<u>14</u>	<u>\$ (4,872,624)</u>	<u>(32)</u>	<u>\$ 21,039,760</u>	<u>46</u>	<u>\$ (22,243,336)</u>	<u>(57)</u>
NET INCOME ATTRIBUTABLE TO:								
Owners of TCFHC	\$ 4,988,920	32	\$ 5,789,842	38	\$ 14,514,358	32	\$ 14,815,006	38
Non-controlling interests	<u>164,073</u>	<u>1</u>	<u>160,849</u>	<u>1</u>	<u>475,259</u>	<u>1</u>	<u>483,763</u>	<u>1</u>
	<u>\$ 5,152,993</u>	<u>33</u>	<u>\$ 5,950,691</u>	<u>39</u>	<u>\$ 14,989,617</u>	<u>33</u>	<u>\$ 15,298,769</u>	<u>39</u>

(Continued)

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

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

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owners of TCFHC	\$ 2,359,907	15	\$ (4,532,456)	(30)	\$ 20,678,478	45	\$ (20,935,548)	(54)
Non-controlling interests	<u>(99,896)</u>	<u>(1)</u>	<u>(340,168)</u>	<u>(2)</u>	<u>361,282</u>	<u>1</u>	<u>(1,307,788)</u>	<u>(3)</u>
	<u>\$ 2,260,011</u>	<u>14</u>	<u>\$ (4,872,624)</u>	<u>(32)</u>	<u>\$ 21,039,760</u>	<u>46</u>	<u>\$ (22,243,336)</u>	<u>(57)</u>
 EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 39)								
Basic	<u>\$ 0.34</u>		<u>\$ 0.39</u>		<u>\$ 0.99</u>		<u>\$ 1.01</u>	
Diluted	<u>\$ 0.34</u>		<u>\$ 0.39</u>		<u>\$ 0.99</u>		<u>\$ 1.01</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)		Capital Surplus (Note 40)	Retained Earnings (Notes 9 and 40)			Exchange Differences on the Translation of Financial Statements of Foreign Operations	Unrealized Gains (Losses) on Financial Assets at Fair Value Through Other Comprehensive Income (Note 9)	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		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	700,447	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	-	-	-	-	-	488,273	-	(488,273)	-	-	-	-
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	(175,332)	(175,332)
Net income for the nine months ended September 30, 2023	-	-	-	-	-	14,514,358	-	-	-	-	475,259	14,989,617
Other comprehensive income (loss) for the nine months ended September 30, 2023	-	-	-	-	-	-	1,668,745	4,508,899	451	(13,975)	(113,977)	6,050,143
Total comprehensive income (loss) for the nine months ended September 30, 2023	-	-	-	-	-	14,514,358	1,668,745	4,508,899	451	(13,975)	361,282	21,039,760
BALANCE AT SEPTEMBER 30, 2023	<u>14,709,382</u>	<u>\$ 147,093,822</u>	<u>\$ 45,650,994</u>	<u>\$ 15,582,312</u>	<u>\$ 21,509,719</u>	<u>\$ 15,119,653</u>	<u>\$ 1,216,283</u>	<u>\$ (17,206,374)</u>	<u>\$ 451</u>	<u>\$ 155,768</u>	<u>\$ 5,502,351</u>	<u>\$ 234,624,979</u>
BALANCE AT JANUARY 1, 2022	13,600,908	\$ 136,009,082	\$ 57,976,124	\$ 11,260,796	\$ 985,539	\$ 22,827,215	\$ (4,310,009)	\$ 10,787,759	\$ -	\$ 690,968	\$ 6,651,118	\$ 242,878,592
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	408,027	4,080,272	-	-	-	(4,080,272)	-	-	-	-	-	-
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	1,127,989	-	(1,127,989)	-	-	-	-
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	(354,035)	(354,035)
Net income for the nine months ended September 30, 2022	-	-	-	-	-	14,815,006	-	-	-	-	483,763	15,298,769
Other comprehensive income (losses) for the nine months ended September 30, 2022	-	-	-	-	-	-	5,152,625	(40,412,888)	-	(490,291)	(1,791,551)	(37,542,105)
Total comprehensive income (losses) for the nine months ended September 30, 2022	-	-	-	-	-	14,815,006	5,152,625	(40,412,888)	-	(490,291)	(1,307,788)	(22,243,336)
BALANCE AT SEPTEMBER 30, 2022	<u>14,008,935</u>	<u>\$ 140,089,354</u>	<u>\$ 57,977,016</u>	<u>\$ 13,432,536</u>	<u>\$ 985,539</u>	<u>\$ 18,917,290</u>	<u>\$ 842,616</u>	<u>\$ (30,753,118)</u>	<u>\$ -</u>	<u>\$ 200,677</u>	<u>\$ 4,989,295</u>	<u>\$ 206,681,205</u>

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



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

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

	For the Nine Months Ended September 30	
	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 18,514,394	\$ 18,236,903
Adjustments for:		
Depreciation expenses	1,694,129	1,617,965
Amortization expenses	276,780	243,460
Expected credit losses/bad-debt expenses	3,368,546	1,003,882
Gains on financial assets and liabilities at fair value through profit or loss	(21,356,629)	(20,874,968)
Interest expense	44,434,740	15,694,327
Interest revenue	(68,819,141)	(44,107,715)
Dividend income	(2,989,029)	(3,704,382)
Net changes in reserves for insurance liabilities	1,995,341	(614,077)
Reversal of provision for losses on guarantees	50,927	17,792
Net changes in reserves for other liabilities	124,427	(25,596)
Share of gains of associates and joint ventures accounted for using equity method	(14,671)	(8,185)
Gains on reclassification of overlay approach	(25,640)	(962,867)
Losses on disposal of properties and equipment	169	114
Gains on disposal of investment properties	(93,131)	(97,471)
Losses on disposal of investments	1,406	7,311
Impairment losses on financial assets	12,489	211,055
Reversal of impairment losses on financial assets	(16,716)	(1,431)
Unrealized gains on foreign exchange	(952,140)	(2,331,356)
Others	-	425
Net changes in operating assets and liabilities		
Increase in due from the Central Bank and call loans to other banks	(14,393,359)	(2,506,271)
Increase in financial assets at fair value through profit or loss	(34,535,521)	(5,514,581)
Increase in financial assets at fair value through other comprehensive income	(15,498,482)	(31,903,709)
Decrease in investments in debt instruments at amortized cost	36,502,780	71,470,458
Increase in receivables	(6,517,748)	(1,887,680)
Increase in discounts and loans	(150,428,724)	(141,437,873)
Increase in reinsurance assets	(61,812)	(89,745)
Increase in other financial assets	(1,989,307)	(1,648,037)
(Increase) decrease in other assets	(346,555)	2,886,083
Increase in deposits from the Central Bank and other banks	46,733,402	39,015,304
Decrease in financial liabilities at fair value through profit or loss	(4,220,805)	(7,616,547)
Increase in securities sold under repurchase agreements	905,484	13,929,124
Increase (decrease) in payables	12,085,805	(2,173,261)
Increase in deposits and remittances	84,890,020	123,878,692
Decrease in provision for employee benefits	(127,340)	(496,991)
Increase (decrease) in other financial liabilities	168,591	(28,201)
Decrease in other liabilities	(171,052)	(122,703)
Cash (used in) generated from operations	(70,798,372)	20,059,248

(Continued)

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

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

	For the Nine Months Ended September 30	
	2023	2022
Interest received	\$ 66,517,334	\$ 43,695,457
Dividends received	3,088,129	3,973,293
Interest paid	(37,816,100)	(12,911,293)
Income tax paid	<u>(2,762,840)</u>	<u>(3,126,861)</u>
Net cash (used in) generated from operating activities	<u>(41,771,849)</u>	<u>51,689,844</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of properties and equipment	(814,104)	(836,086)
Proceeds from disposal of properties and equipment	-	36
Increase in refundable deposits	(1,455,241)	(872,070)
Decrease in refundable deposits	1,127,953	592,664
Acquisition of intangible assets	(308,068)	(436,300)
Acquisition of investment properties	(206,244)	(958,360)
Proceeds from disposal of investment properties	935,513	777,049
Increase in other assets	(16,366)	(17,681)
Decrease in other assets	<u>1,744</u>	<u>43,224</u>
Net cash used in investing activities	<u>(734,813)</u>	<u>(1,707,524)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Decrease in due to the Central Bank and other banks	-	(88,889,360)
Increase in commercial paper issued	40,005,000	41,520,000
Decrease in commercial paper issued	(28,240,000)	(48,710,000)
Proceeds from the issuance of bank debentures	2,500,000	12,500,000
Repayments of bank debentures	(950,000)	(11,650,000)
Increase in other borrowings	29,265,530	23,625,537
Decrease in other borrowings	(30,240,916)	(12,051,691)
Increase in financial liabilities designated at fair value through profit or loss	1,445,557	-
Increase in guarantee deposits received	962,014	1,360,559
Decrease in guarantee deposits received	(171,527)	(751,979)
Repayments of the principal portion of lease liabilities	(494,833)	(475,655)
Decrease in other liabilities	(13,882)	(13,444)
Dividends paid	(7,004,468)	(13,600,908)
Changes in non-controlling interests	<u>(175,332)</u>	<u>(354,035)</u>
Net cash generated from (used in) financing activities	<u>6,887,143</u>	<u>(97,490,976)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>		
	<u>(4,439,354)</u>	<u>(7,476,715)</u>

(Continued)

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

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

	<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>
NET DECREASE IN CASH AND CASH EQUIVALENTS	\$ (40,058,873)	\$ (54,985,371)
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>\$ 99,985,444</u>	<u>\$ 149,404,874</u>

Cash and cash equivalents reconciliations:

	<b>September 30</b>	
	<b>2023</b>	<b>2022</b>
Cash and cash equivalents in the consolidated balance sheets	\$ 69,666,722	\$ 79,940,937
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”	29,338,247	67,838,373
Securities purchased under resell agreements in accordance with the definition of cash and cash equivalents under IAS 7 “Statement of Cash Flows”	593,055	1,625,564
Other items in accordance with the definition of cash and cash equivalents under IAS 7 “Statement of Cash Flows”	<u>387,420</u>	<u>-</u>
Cash and cash equivalents, end of period	<u>\$ 99,985,444</u>	<u>\$ 149,404,874</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 NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

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### **1. ORGANIZATION AND OPERATIONS**

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

TCFHC invests in and manages financial institutions.

TCB engages in (a) all commercial banking operations allowed under the Banking Law; (b) international banking operations; (c) overseas branch operations as authorized by the respective foreign governments; and (d) other operations as authorized by the central authority-in-charge. TCB has its Head Office in Taipei. It had a Business, International Banking, Finance, Credit Card, Trust and Insurance Agent Departments as well as 269 domestic branches, an offshore banking unit (OBU), 14 overseas branches, 8 overseas sub-branches and 3 representative offices as of September 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 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 September 30, 2023 and 2022, TCFHC and its subsidiaries (the "Company") had 9,706 and 9,738 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 November 20, 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), IFRIC Interpretations (IFRIC), and SIC Interpretations (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 a material impact on the Company's accounting policies.

- b. The IFRSs endorsed by the FSC for application starting from 2024

<b>New IFRSs</b>	<b>Effective Date Announced by IASB (Note 1)</b>
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
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 (Note 3)

Note 1: Unless stated otherwise, the above IFRSs will be 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 provide some transition relief regarding disclosure requirements.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of other standards and interpretations on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

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

<b>New IFRSs</b>	<b>Effective Date Announced by IASB (Note 1)</b>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

- IFRS 17 “Insurance Contracts” and related amendments

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

#### Level of aggregation

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

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

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

#### Recognition

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

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

#### Measurement

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

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

### Subsequent measurement

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

### Onerous contracts

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

### Premium allocation approach

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

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

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

When using the PAA, the liability for remaining coverage shall be initial 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 the cash flows in the group of contracts were previously recognized.

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



### Investment contracts with discretionary participation features

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

### Modification and derecognition

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

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

### Transition

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

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

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

### Redesignation of financial assets

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

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

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

#### **4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION**

##### **Statement of Compliance**

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

##### **Basis of Preparation**

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

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

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

##### **Basis of Consolidation**

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

The accounting policies of TCFHC and its subsidiaries are consistent.

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

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

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

## Other Material Accounting Policies

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

a. Employee benefits

Retirement benefits

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

b. Income tax expense

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

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

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year or in the year of the 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. Provision of 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

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Cash on hand	\$ 23,738,950	\$ 39,872,817	\$ 23,894,659
Notes and checks in clearing	18,658,800	17,918,898	5,199,835
Due from banks	<u>27,293,965</u>	<u>37,544,920</u>	<u>50,868,179</u>
	69,691,715	95,336,635	79,962,673
Less: Allowance for possible losses	<u>24,993</u>	<u>21,933</u>	<u>21,736</u>
	<u>\$ 69,666,722</u>	<u>\$ 95,314,702</u>	<u>\$ 79,940,937</u>

Reconciliations of cash and cash equivalents between the consolidated statements of cash flows and the consolidated balance sheets as of September 30, 2023 and 2022 are shown in the consolidated statements of cash flows. The reconciliation as of December 31, 2022 are stated below:

	<b>December 31, 2022</b>
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

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Reserves for deposits - account A	\$ 26,415,942	\$ 24,768,535	\$ 45,970,764
Reserves for deposits - account B	105,115,229	102,855,826	98,924,415
Reserves for deposits - community financial institutions	81,003,229	80,004,048	76,675,865
Reserves for deposits - foreign-currency deposits	606,007	580,560	598,296
Deposits in the Central Bank	39,200,000	39,200,000	39,200,000
Due from the Central Bank - others	32,767,706	28,486,157	18,164,460
Due from the Central Bank - central government agencies' deposits	2,413,954	2,480,876	2,622,340
Call loans to banks	<u>33,431,630</u>	<u>40,933,528</u>	<u>81,876,724</u>
	<u>\$ 320,953,697</u>	<u>\$ 319,309,530</u>	<u>\$ 364,032,864</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

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Financial assets mandatorily classified as at fair value through profit or loss</u>			
Commercial paper	\$ 104,666,405	\$ 59,965,566	\$ 87,991,437
Negotiable certificates of deposit	3,496,792	2,598,248	4,099,230
Beneficial certificates	4,832,088	3,593,291	3,655,763
Investment in equity instruments	2,978,352	2,552,388	2,395,460
Corporate bonds	1,392,328	1,378,407	1,378,272
Convertible bonds	640,112	539,794	475,240
Bank debentures	15,194	-	-
Acquired loans	-	5,227	12,776
Government bonds	952,837	99,524	99,123
Commercial paper contracts with reference rate	12,511	9,540	4,355
Currency swap contracts	13,250,140	4,673,648	19,564,418
Futures exchange margins	378,912	448,118	520,718
Forward contracts	70,663	110,287	338,211
Convertible bond asset swap contracts	404,921	-	-
Currency option contracts - buy	12,476	20,499	33,890
Cross-currency swap contracts	-	14,358	8
Interest rate swap contracts	126,569	58,052	63,663
Foreign-currency margin contracts	-	612	-
Asset swap IRS contracts value	<u>22,509</u>	<u>5,416</u>	<u>6,383</u>
Financial assets at fair value through profit or loss	<u>\$ 133,252,809</u>	<u>\$ 76,072,975</u>	<u>\$ 120,638,947</u>
<u>Held-for-trading financial liabilities</u>			
Payable - security borrowing	\$ 569,864	\$ 223,959	\$ 308,634
Securities purchased under resell agreements - short sale	-	472,508	321,417
Commercial paper contracts with reference rate	-	-	254
Currency swap contracts	1,091,344	2,833,191	3,872,329
Currency option contract - sell	12,567	20,532	33,983
Interest rate swap contracts	215,064	47,247	52,766
Forward contracts	67,452	43,816	153,194
Asset swap options contracts	55,713	6,544	10,355

(Continued)

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Foreign-currency margin contracts	\$ -	\$ 355	\$ 430
Cross-currency swap contracts	45,881	2,076	85,354
Asset swap IRS contracts value	<u>-</u>	<u>2</u>	<u>-</u>
	2,057,885	3,650,230	4,838,716
<u>Financial liabilities designated to be measured at fair value through profit or loss</u>			
Bank debentures (Note 26)	<u>1,435,477</u>	<u>-</u>	<u>-</u>
Financial liabilities at fair value through profit or loss	<u>\$ 3,493,362</u>	<u>\$ 3,650,230</u>	<u>\$ 4,838,716</u> (Concluded)

As of September 30, 2023, December 31, 2022 and September 30, 2022, financial assets at fair value through profit or loss amounting to \$34,129,343 thousand, \$34,548,929 thousand and \$34,507,062 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 September 30, 2023, December 31, 2022 and September 30, 2022, the contract (notional) amounts of derivative transactions of TCB were as follows:

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Currency swap contracts	\$ 325,729,119	\$ 317,275,471	\$ 363,716,225
Interest rate swap contracts	6,496,426	2,551,286	1,514,627
Forward contracts	8,466,296	10,763,164	14,746,582
Currency option contracts - sell	3,128,390	2,879,492	4,095,189
Currency option contracts - buy	3,128,390	2,879,492	4,095,189
Cross-currency swap contracts	516,206	786,552	1,288,064
Foreign-currency margin contracts	-	62,340	20,670

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

Items	Products	<u>September 30, 2023</u>			
		<u>Open Position</u>	<u>Contract Amounts or Premium Paid</u>		
		<u>Buy/Sell</u>	<u>Number of Contracts</u>	<u>(Charged)</u>	<u>Fair Values</u>
Futures contracts	Interest rate futures	Buy	10	\$ 35,075	\$ 34,732

		<b>September 30, 2022</b>			
<b>Items</b>	<b>Products</b>	<b>Open Position</b>		<b>Contract</b>	<b>Fair Values</b>
		<b>Buy/Sell</b>	<b>Number of</b>	<b>Amounts or</b>	
			<b>Contracts</b>	<b>Paid</b>	
		<b>(Charged)</b>			
Futures contracts	Interest rate futures	Sell	15	\$ 53,649	\$ 53,674

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

		<b>September 30, 2023</b>			
<b>Items</b>	<b>Products</b>	<b>Open Position</b>		<b>Contract</b>	<b>Fair Values</b>
		<b>Buy/Sell</b>	<b>Number of</b>	<b>Amounts or</b>	
			<b>Contracts</b>	<b>Paid</b>	
		<b>(Charged)</b>			
Futures contracts	Interest rate futures	Buy	54	\$ 224,134	\$ 222,748
	Stock index futures	Buy	80	99,574	97,524
	Single-stock futures	Buy	117	47,216	47,663
	Commodity futures	Buy	2	12,506	12,044
	Foreign exchange futures	Buy	1	2,765	2,734
	Interest rate futures	Sell	5	17,005	17,000
	Stock index futures	Sell	221	499,115	498,285
	Single-stock futures	Sell	363	137,130	136,360
	Commodity futures	Sell	139	407,557	409,831

		<b>December 31, 2022</b>			
<b>Items</b>	<b>Products</b>	<b>Open Position</b>		<b>Contract</b>	<b>Fair Values</b>
		<b>Buy/Sell</b>	<b>Number of</b>	<b>Amounts or</b>	
			<b>Contracts</b>	<b>Paid</b>	
		<b>(Charged)</b>			
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

		<b>September 30, 2022</b>			
<b>Items</b>	<b>Products</b>	<b>Open Position</b>		<b>Contract</b>	<b>Fair Values</b>
		<b>Buy/Sell</b>	<b>Number of</b>	<b>Amounts or</b>	
			<b>Contracts</b>	<b>Paid</b>	
		<b>(Charged)</b>			
Futures contracts	Stock index futures	Buy	152	\$ 127,392	\$ 126,153
	Single-stock futures	Buy	280	68,112	64,971
	Commodity futures	Buy	31	75,703	71,803
	Interest rate futures	Buy	1	4,335	4,350
	Interest rate futures	Sell	2	9,492	8,699
	Stock index futures	Sell	180	301,356	294,097
	Single-stock futures	Sell	214	10,678	9,966
	Commodity futures	Sell	94	217,555	211,247

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

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Asset swap contracts	\$ 243,000	\$ 253,000	\$ 253,000

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

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Currency swap contracts	\$ -	\$ 586,848	\$ 724,314

As of September 30, 2023, the open position of futures transactions of TCBF was as follows:

		<b>September 30, 2023</b>			
<b>Items</b>	<b>Products</b>	<b>Open Position</b>		<b>Contract</b>	<b>Fair Values</b>
		<b>Buy/Sell</b>	<b>Number of</b>	<b>Amounts or</b>	
			<b>Contracts</b>	<b>Paid</b>	
		<b>(Charged)</b>			
Futures contracts	U.S. Treasury Bond Futures	Sell	5	\$ 16,124	\$ 17,346

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

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Currency swap contracts	\$ 508,955	\$ 280,285	\$ 269,939
Convertible (exchangeable) bond asset swap contracts	391,200	-	-



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

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Currency swap contracts	\$ 10,615,113	\$ 10,358,975	\$ 11,158,259
Cross-currency swap contracts	419,705	307,250	318,200

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

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
<u>Financial assets at FVTPL</u>			
Beneficial certificates	\$ 3,325,169	\$ 2,841,002	\$ 2,808,074
Investment in equity instruments	380,001	424,531	357,429

For the nine months ended September 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:

	<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>
Profit or loss on application of IFRS 9	\$ 291,722	\$ (667,241)
Less: Profit or loss from application of IAS 39	<u>(317,362)</u>	<u>(295,626)</u>
Gain or loss on reclassification of overlay approach	<u>\$ (25,640)</u>	<u>\$ (962,867)</u>

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

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
<u>Investments in equity instruments at FVTOCI</u>			
Listed shares and emerging market shares	\$ 36,442,777	\$ 29,677,955	\$ 32,757,131
Unlisted shares	<u>6,409,836</u>	<u>6,227,077</u>	<u>5,664,119</u>
	<u>42,852,613</u>	<u>35,905,032</u>	<u>38,421,250</u>
			(Continued)

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
<u>Investments in debt instruments at FVTOCI</u>			
Government bonds	\$ 264,859,919	\$ 244,621,110	\$ 240,901,444
Corporate bonds	107,538,296	110,794,966	115,261,548
Bank debentures	76,071,246	82,561,899	88,447,311
Negotiable certificates of deposit	<u>9,018,998</u>	<u>1,218,738</u>	<u>1,262,681</u>
	<u>457,488,459</u>	<u>439,196,713</u>	<u>445,872,984</u>
	<u>\$ 500,341,072</u>	<u>\$ 475,101,745</u>	<u>\$ 484,294,234</u> (Concluded)

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 \$11,790,509 thousand and \$37,557,372 thousand for the nine months ended September 30, 2023 and 2022, respectively. The accumulated unrealized valuation gain or loss of financial assets at FVTOCI under other equity in the amount of \$488,273 thousand gains and \$1,127,989 thousand gains have been transferred to retained earnings, respectively.

For the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022, the Company recognized unrealized gains on investments in equity instruments at FVTOCI of \$1,460,967 thousand losses, \$4,135,341 thousand losses, \$3,923,395 thousand gains and \$12,042,737 thousand losses, respectively.

For the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022, the Company recognized unrealized gains or losses on investments in debt instruments at FVOCI of \$2,752,698 thousand losses, \$9,307,501 thousand losses, \$316,148 thousand gains and \$30,574,166 thousand losses, respectively.

As of September 30, 2023, December 31, 2022 and September 30, 2022, the allowance for possible losses of investment in debt instruments at FVTOCI recognized was \$303,176 thousand, \$301,897 thousand and \$316,378 thousand, respectively, through expected credit loss. Impairment loss recognized in profit or loss for the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022 was \$3,876 thousand gains, \$1,075 thousand gains, \$11,004 thousand gains and \$209,161 thousand losses, respectively.

As of September 30, 2023, December 31, 2022 and September 30, 2022, financial assets at fair value through other comprehensive income amounting to \$34,291,910 thousand, \$32,186,131 thousand and \$31,201,555 thousand, respectively, had been sold under repurchase agreements.

## 10. INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST

	September 30, 2023	December 31, 2022	September 30, 2022
Negotiable certificates of deposit in the Central Bank	\$ 426,850,000	\$ 537,950,000	\$ 471,265,000
Government bonds	155,948,449	124,549,998	114,049,080
Corporate bonds	72,582,402	44,339,053	45,255,635
Bank debentures	28,274,233	12,018,206	12,702,839
Certificates of deposit	916,119	700,849	683,112
Treasury bills	<u>298,156</u>	<u>-</u>	<u>-</u>
	684,869,359	719,558,106	643,955,666
Less: Allowance for impairment loss	<u>30,203</u>	<u>22,751</u>	<u>21,341</u>
	<u>\$ 684,839,156</u>	<u>\$ 719,535,355</u>	<u>\$ 643,934,325</u>

Impairment loss recognized in profit or loss for the three months ended September 30, 2023 and 2022 and the nine months ended September 30, 2023 and 2022 was \$1,645 thousand losses, \$1,358 thousand losses, \$6,777 thousand losses and \$463 thousand losses, respectively.

## 11. SECURITIES PURCHASED UNDER RESELL AGREEMENTS

Securities acquired for \$593,055 thousand, \$2,642,175 thousand and \$1,625,564 thousand under resell agreements as of September 30, 2023, December 31, 2022 and September 30, 2022, respectively, will subsequently be sold for \$593,547 thousand, \$2,644,497 thousand and \$1,626,437 thousand, respectively.

## 12. RECEIVABLES, NET

	September 30, 2023	December 31, 2022	September 30, 2022
Accrued interest	\$ 14,372,746	\$ 10,346,319	\$ 9,203,220
Settlement consideration	4,461,954	3,462,236	4,496,190
Settlement receivable	4,544,141	3,361,004	4,439,602
Margin loans receivable	5,484,453	4,498,532	4,659,670
Credit cards	5,049,789	4,886,693	4,476,106
Acceptances	4,319,959	3,073,233	4,290,655
Lease payment receivable	1,777,344	2,383,677	2,313,305
Receivable on securities	836,119	1,063,500	4,785,187
Receivables on merchant accounts in the credit card business	828,025	733,633	608,109
Receivables on financing provided	981,733	756,039	602,138
Accounts receivable	920,742	419,014	344,520
Receivable - separated account	717,529	521,613	557,905
Refundable deposits receivable in leasehold agreements	132,585	136,585	136,585
Accounts receivable factored without recourse	130,799	142,901	154,548
Urban regeneration advance payment	7,122,763	6,380,341	6,344,032
Dividends receivable	159,349	4,046	23,231
Others	<u>2,418,733</u>	<u>973,291</u>	<u>976,616</u>
	54,258,763	43,142,657	48,411,619

(Continued)

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Less: Allowance for possible losses	\$ 714,638	\$ 621,985	\$ 588,701
Less: Unrealized interest revenue	<u>69,735</u>	<u>115,753</u>	<u>124,048</u>
	<u>\$ 53,474,390</u>	<u>\$ 42,404,919</u>	<u>\$ 47,698,870</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:

<b>Gross Carrying Amount</b>	<b>12-month ECL</b>	<b>Lifetime ECL (Collective Assessment)</b>	<b>Lifetime ECL (Non-purchased or Non-originated Credit-impaired Financial Assets)</b>	<b>Total</b>
Balance at January 1, 2023	\$ 21,463,662	\$ 57,165	\$ 204,286	\$ 21,725,113
Transfers to				
Lifetime ECL	(43,529)	43,592	(63)	-
Credit-impaired financial assets	(93,438)	(8,364)	101,802	-
12-month ECL	12,074	(11,851)	(223)	-
New financial assets purchased or originated	82,167,904	133,128	662,311	82,963,343
Write-offs	-	-	(23,435)	(23,435)
Derecognition of financial assets in the current reporting period	(76,734,947)	(149,541)	(130,841)	(77,015,329)
Changes in exchange rates and other changes	<u>(99,607)</u>	<u>-</u>	<u>(5,704)</u>	<u>(105,311)</u>
Balance at September 30, 2023	<u>\$ 26,672,119</u>	<u>\$ 64,129</u>	<u>\$ 808,133</u>	<u>\$ 27,544,381</u>
Balance at January 1, 2022	\$ 22,251,396	\$ 42,626	\$ 155,867	\$ 22,449,889
Transfers to				
Lifetime ECL	(21,140)	21,275	(135)	-
Credit-impaired financial assets	(6,340)	(1,262)	7,602	-
12-month ECL	12,550	(10,841)	(1,709)	-
New financial assets purchased or originated	70,329,497	123,571	161,756	70,614,824
Write-offs	-	-	(9,106)	(9,106)
Derecognition of financial assets in the current reporting period	(71,014,306)	(124,470)	(119,706)	(71,258,482)
Changes in exchange rates and other changes	<u>(196,646)</u>	<u>-</u>	<u>125</u>	<u>(196,521)</u>
Balance at September 30, 2022	<u>\$ 21,355,011</u>	<u>\$ 50,899</u>	<u>\$ 194,694</u>	<u>\$ 21,600,604</u>

<b>Allowance for Possible Losses</b>	<b>12-month ECL</b>	<b>Lifetime ECL (Collective Assessment)</b>	<b>Lifetime ECL (Non-purchased or Non-originated Credit-impaired Financial Assets)</b>	<b>Impairment Loss under IFRS 9</b>	<b>Difference of Impairment Loss under Regulations</b>	<b>Total</b>
Balance at January 1, 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	(550)	557	(7)	-	-	-
Credit-impaired financial assets	(19,917)	(512)	20,429	-	-	-
12-month ECL	2,770	(2,753)	(17)	-	-	-
Derecognition of financial assets in the current reporting period	(26,624)	(39,094)	(40,143)	(105,861)	-	(105,861)
Reversal from financial instruments recognized at the beginning of the current reporting period	14,539	6,750	12,991	34,280	-	34,280
New financial assets purchased or originated	40,161	35,686	62,242	138,089	-	138,089
Difference of impairment loss under regulations	-	-	-	-	3,208	3,208
Write-offs	-	-	(23,435)	(23,435)	-	(23,435)
Recovery of written-off receivables	-	-	23,623	23,623	-	23,623
Changes in exchange rates and other changes	877	-	828	1,705	-	1,705
Balance at September 30, 2023	<u>\$ 53,395</u>	<u>\$ 11,820</u>	<u>\$ 152,490</u>	<u>\$ 217,705</u>	<u>\$ 168,910</u>	<u>\$ 386,615</u>
Balance at January 1, 2022	\$ 36,404	\$ 10,928	\$ 59,387	\$ 106,719	\$ 173,969	\$ 280,688
Changes from financial instruments recognized at the beginning of the current reporting period						
Transfers to						
Lifetime ECL	(318)	334	(16)	-	-	-
Credit-impaired financial assets	(227)	(249)	476	-	-	-
12-month ECL	1,992	(1,932)	(60)	-	-	-
Derecognition of financial assets in the current reporting period	(31,960)	(35,562)	(28,780)	(96,302)	-	(96,302)
Reversal from financial instruments recognized at the beginning of the current reporting period	(562)	6,660	2,921	9,019	-	9,019
New financial assets purchased or originated	45,626	31,486	45,905	123,017	-	123,017
Difference of impairment loss under regulations	-	-	-	-	(5,925)	(5,925)
Write-offs	-	-	(9,106)	(9,106)	-	(9,106)
Recovery of written-off receivables	-	-	8,865	8,865	-	8,865
Changes in exchange rates and other changes	445	-	4,695	5,140	-	5,140
Balance at September 30, 2022	<u>\$ 51,400</u>	<u>\$ 11,665</u>	<u>\$ 84,287</u>	<u>\$ 147,352</u>	<u>\$ 168,044</u>	<u>\$ 315,396</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 September 30, 2023, December 31, 2022 and September 30, 2022, the amounts assessment to impairment of receivables were assessed as \$26,714,382 thousand, \$21,417,544 thousand and \$26,811,015 thousand, respectively, and the amounts of allowance for possible losses were \$328,023 thousand, \$306,979 thousand and \$273,305 thousand, respectively.

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

	<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ 306,979	\$ 260,451
Provision for possible losses	5,886	25,922
Write-offs	(26,576)	(3,118)
Recovery of written-off receivables	6,830	1,132
Effects of exchange rate changes and other changes	<u>34,904</u>	<u>(11,082)</u>
Balance at September 30	<u>\$ 328,023</u>	<u>\$ 273,305</u>

### 13. DISCOUNTS AND LOANS, NET

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Bills discounted	\$ 1,495,901	\$ 1,467,784	\$ 2,107,426
Overdraft			
Unsecured	530	913	15,364
Secured	16,287	20,304	24,804
Import and export negotiations	388,370	1,022,765	794,831
Short-term loans			
Unsecured	431,353,116	333,350,019	360,913,115
Accounts receivable financing	475,652	460,826	341,819
Secured	202,604,186	213,797,203	208,097,442
Medium-term loans			
Unsecured	505,087,634	479,552,115	441,161,453
Secured	428,630,495	421,207,362	430,405,314
Long-term loans			
Unsecured	51,185,991	48,019,196	47,238,228
Secured	1,141,483,392	1,116,977,245	1,111,902,865
Overdue loans	5,565,449	4,820,291	4,985,331
Life insurance loan	387,330	355,216	370,818
Temporary insurance paid	<u>88,357</u>	<u>83,662</u>	<u>81,002</u>
	2,768,762,690	2,621,134,901	2,608,439,812
Less: Allowance for possible losses	31,394,582	30,897,043	30,540,527
Less: Adjustment of discount	<u>673,505</u>	<u>646,803</u>	<u>648,721</u>
	<u>\$ 2,736,694,603</u>	<u>\$ 2,589,591,055</u>	<u>\$ 2,577,250,564</u>

The changes in gross carrying amount and allowance for possible losses of discounts and loans are summarized below:

<b>Gross Carrying Amount</b>	<b>12-month ECL</b>	<b>Lifetime ECL (Collective Assessment)</b>	<b>Lifetime ECL (Non-purchased or Non-originated Credit-impaired Financial Assets)</b>	<b>Total</b>
Balance at January 1, 2023	\$ 2,580,402,892	\$ 5,893,927	\$ 34,838,082	\$ 2,621,134,901
Transfers to				
Lifetime ECL	(1,914,772)	1,925,193	(10,421)	-
Credit-impaired financial assets	(4,124,759)	(2,059,800)	6,184,559	-
12-month ECL	1,237,931	(1,073,584)	(164,347)	-
New financial assets purchased or originated	935,360,382	131,900	1,096,811	936,589,093
Write-offs	-	-	(3,585,089)	(3,585,089)
Derecognition of financial assets in the current reporting period	(790,429,007)	(1,811,190)	(4,456,036)	(796,696,233)
Changes in exchange rates and other changes	<u>10,954,123</u>	<u>203,177</u>	<u>162,718</u>	<u>11,320,018</u>
Balance at September 30, 2023	<u>\$ 2,731,486,790</u>	<u>\$ 3,209,623</u>	<u>\$ 34,066,277</u>	<u>\$ 2,768,762,690</u>
Balance at January 1, 2022	\$ 2,424,017,243	\$ 6,838,384	\$ 36,101,322	\$ 2,466,956,949
Transfers to				
Lifetime ECL	(1,408,906)	1,428,571	(19,665)	-
Credit-impaired financial assets	(3,947,230)	(667,684)	4,614,914	-
12-month ECL	1,268,193	(769,208)	(498,985)	-
New financial assets purchased or originated	876,792,954	291,185	1,373,414	878,457,553
Write-offs	-	-	(682,274)	(682,274)
Derecognition of financial assets in the current reporting period	(745,115,347)	(1,029,380)	(6,526,481)	(752,671,208)
Changes in exchange rates and other changes	<u>15,603,375</u>	<u>508,090</u>	<u>267,327</u>	<u>16,378,792</u>
Balance at September 30, 2022	<u>\$ 2,567,210,282</u>	<u>\$ 6,599,958</u>	<u>\$ 34,629,572</u>	<u>\$ 2,608,439,812</u>

<b>Allowance for Possible Losses</b>	<b>12-month ECL</b>	<b>Lifetime ECL (Collective Assessment)</b>	<b>Lifetime ECL (Non-purchased or Non-originated Credit-impaired Financial Assets)</b>	<b>Impairment Loss under IFRS 9</b>	<b>Difference of Impairment Loss under Regulations</b>	<b>Total</b>
Balance at January 1, 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	(1,939)	3,019	(1,080)	-	-	-
Credit-impaired financial assets	(76,773)	(62,026)	138,799	-	-	-
12-month ECL	19,821	(10,049)	(9,772)	-	-	-
Derecognition of financial assets in the current reporting period	(1,474,599)	(19,741)	(743,876)	(2,238,216)	-	(2,238,216)
Reversal from financial instruments recognized at the beginning of the current reporting period	134,602	23,453	4,711,803	4,869,858	-	4,869,858
New financial assets purchased or originated	1,835,027	1,475	228,360	2,064,862	-	2,064,862
Difference of impairment loss under regulations	-	-	-	-	(1,416,159)	(1,416,159)
Write-offs	-	-	(3,585,089)	(3,585,089)	-	(3,585,089)
Recovery of write-off credits	-	-	588,143	588,143	-	588,143
Changes in exchange rates and other changes	<u>70,133</u>	<u>4,663</u>	<u>139,344</u>	<u>214,140</u>	<u>-</u>	<u>214,140</u>
Balance at September 30, 2023	<u>\$ 4,631,584</u>	<u>\$ 40,938</u>	<u>\$ 5,501,347</u>	<u>\$ 10,173,869</u>	<u>\$ 21,220,713</u>	<u>\$ 31,394,582</u>
Balance at January 1, 2022	\$ 3,777,112	\$ 86,866	\$ 4,047,940	\$ 7,911,918	\$ 21,800,941	\$ 29,712,859
Changes from financial instruments recognized at the beginning of the current reporting period						
Transfers to						
Lifetime ECL	(1,743)	3,805	(2,062)	-	-	-
Credit-impaired financial assets	(68,109)	(6,939)	75,048	-	-	-
12-month ECL	37,330	(7,607)	(29,723)	-	-	-
Derecognition of financial assets in the current reporting period	(1,280,771)	(5,129)	(315,160)	(1,601,060)	-	(1,601,060)
Reversal from financial instruments recognized at the beginning of the current reporting period	(101,407)	33,219	(9,228)	(77,416)	-	(77,416)

(Continued)

<b>Allowance for Possible Losses</b>	<b>12-month ECL</b>	<b>Lifetime ECL (Collective Assessment)</b>	<b>Lifetime ECL (Non-purchased or Non-originated Credit-impaired Financial Assets)</b>	<b>Impairment Loss under IFRS 9</b>	<b>Difference of Impairment Loss under Regulations</b>	<b>Total</b>
New financial assets purchased or originated	\$ 1,915,070	\$ 556	\$ 89,585	\$ 2,005,211	\$ -	\$ 2,005,211
Difference of impairment loss under regulations	-	-	-	-	372,064	372,064
Write-offs	-	-	(682,274)	(682,274)	-	(682,274)
Recovery of write-off credits	-	-	479,738	479,738	-	479,738
Changes in exchange rates and other changes	<u>99,948</u>	<u>5,715</u>	<u>225,742</u>	<u>331,405</u>	<u>-</u>	<u>331,405</u>
Balance at September 30, 2022	<u>\$ 4,377,430</u>	<u>\$ 110,486</u>	<u>\$ 3,879,606</u>	<u>\$ 8,367,522</u>	<u>\$ 22,173,005</u>	<u>\$ 30,540,527</u>

(Concluded)

The bad-debt expenses and provision (reversal of provision) for losses on guarantees for the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022 were as follows:

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Provision for possible losses on discounts and loans	\$ 1,428,855	\$ 708,317	\$ 3,280,345	\$ 698,799
Provision for possible losses on receivables	39,081	22,024	107,575	55,731
Provision (reversal of provision) for possible losses on overdue receivables	(62,833)	5,081	(19,374)	249,352
Provision for possible losses on guarantees	2,572	122,587	50,927	17,792
Provision for possible losses on loan commitment	45,145	8,541	113,586	6,610
Provision (reversal of provision) for other possible losses	<u>12,462</u>	<u>6,076</u>	<u>10,841</u>	<u>(32,206)</u>
	<u>\$ 1,465,282</u>	<u>\$ 872,626</u>	<u>\$ 3,543,900</u>	<u>\$ 996,078</u>

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

As of September 30, 2023, December 31, 2022 and September 30, 2022, accrual of interest on the above overdue loans had been stopped. Thus, the unrecognized interest revenue was \$102,917 thousand and \$64,005 thousand for the nine months ended September 30, 2023 and 2022, respectively, based on the average loan interest rate for the year.



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

	<u>September 30, 2023</u>		<u>December 31, 2022</u>		<u>September 30, 2022</u>	
	Amount	Percentage of Ownership (%)	Amount	Percentage of Ownership (%)	Amount	Percentage of Ownership (%)
<u>Investment in associate</u>						
United Real Estate Management Co., Ltd.	\$ 142,805	30.00	\$ 137,409	30.00	\$ 136,768	30.00
Mesh Cooperative Ventures Inc.	3,283	22.00	3,028	22.00	2,646	22.00
JC Capital Taiwan Co., Ltd.	<u>4,139</u>	35.00	<u>2,200</u>	35.00	<u>1,997</u>	35.00
	<u>\$ 150,227</u>		<u>\$ 142,637</u>		<u>\$ 141,411</u>	

Aggregate information of associate that is not individually material:

	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	2023	2022	2023	2022
The Company's share of:				
Net income	\$ 4,264	\$ 4,007	\$ 14,671	\$ 8,185
Other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u>\$ 4,264</u>	<u>\$ 4,007</u>	<u>\$ 14,671</u>	<u>\$ 8,185</u>

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

The Company's share of profit or loss and other comprehensive income of the associates accounted for using the equity method for the nine months ended September 30, 2023 and 2022 were based on the associates' financial statements that have not been reviewed 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 associate that have not been reviewed.

#### 15. OTHER FINANCIAL ASSETS, NET

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Overdue receivables	\$ 950,843	\$ 2,125,878	\$ 2,131,313
Less: Allowance for possible losses	<u>223,397</u>	<u>565,710</u>	<u>570,464</u>
Overdue receivables, net	727,446	1,560,168	1,560,849
Due from banks	9,949,324	7,830,092	8,812,445
Security borrowing margin	812,601	356,263	493,090
Call loans to securities firms	387,420	-	-
Separate-account assets (Note 30)	<u>86,139,561</u>	<u>89,353,581</u>	<u>89,726,015</u>
	<u>\$ 98,016,352</u>	<u>\$ 99,100,104</u>	<u>\$ 100,592,399</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

	September 30, 2023	December 31, 2022	September 30, 2022
Land	\$ 8,231,388	\$ 8,654,548	\$ 8,815,382
Buildings	<u>2,171,753</u>	<u>2,281,707</u>	<u>2,275,217</u>
	<u>\$ 10,403,141</u>	<u>\$ 10,936,255</u>	<u>\$ 11,090,599</u>
	<b>Land</b>	<b>Buildings</b>	<b>Total</b>
<u>Cost</u>			
Balance at January 1, 2023	\$ 8,654,548	\$ 3,486,996	\$ 12,141,544
Additions	135,381	70,863	206,244
Disposals	(744,915)	(106,455)	(851,370)
Reclassification	<u>186,374</u>	<u>18,823</u>	<u>205,197</u>
Balance at September 30, 2023	<u>\$ 8,231,388</u>	<u>\$ 3,470,227</u>	<u>\$ 11,701,615</u>
Balance at January 1, 2022	\$ 8,398,149	\$ 3,648,028	\$ 12,046,177
Additions	878,843	79,517	958,360
Disposals	(461,610)	(251,747)	(713,357)
Reclassification	<u>-</u>	<u>(1,495)</u>	<u>(1,495)</u>
Balance at September 30, 2022	<u>\$ 8,815,382</u>	<u>\$ 3,474,303</u>	<u>\$ 12,289,685</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2023	\$ -	\$ 1,205,289	\$ 1,205,289
Disposals	-	(8,988)	(8,988)
Depreciation expenses	-	66,698	66,698
Reclassification	<u>-</u>	<u>35,475</u>	<u>35,475</u>
Balance at September 30, 2023	<u>\$ -</u>	<u>\$ 1,298,474</u>	<u>\$ 1,298,474</u>
Balance at January 1, 2022	\$ -	\$ 1,164,735	\$ 1,164,735
Disposals	-	(33,779)	(33,779)
Depreciation expenses	<u>-</u>	<u>68,130</u>	<u>68,130</u>
Balance at September 30, 2022	<u>\$ -</u>	<u>\$ 1,199,086</u>	<u>\$ 1,199,086</u>

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

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

As of December 31, 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 nine months ended September 30, 2023 and 2022.

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Rental income from investment properties (part of other noninterest gains, net)	\$ 85,224	\$ 122,562	\$ 341,774	\$ 374,068
Direct operating expenses for investment properties that generate rental income	<u>(45,449)</u>	<u>(45,024)</u>	<u>(135,422)</u>	<u>(137,318)</u>
	<u>\$ 39,775</u>	<u>\$ 77,538</u>	<u>\$ 206,352</u>	<u>\$ 236,750</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 September 30, 2023, December 31, 2022 and September 30, 2022, guarantee deposits received on these leases totaled \$110,479 thousand, \$101,531 thousand and \$100,644 thousand, respectively.

Minimum future annual rentals are as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Year 1	\$ 406,433	\$ 289,736	\$ 353,339
Year 2	277,611	242,069	298,113
Year 3	212,331	100,416	168,325
Year 4	191,714	30,885	57,816
Year 5	123,942	18,358	40,498
Over five years	<u>37,260</u>	<u>3,043</u>	<u>52,755</u>
	<u>\$ 1,249,291</u>	<u>\$ 684,507</u>	<u>\$ 970,846</u>

## 17. PROPERTIES AND EQUIPMENT, NET

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Assets used by the Company</u>			
Land	\$ 20,440,156	\$ 20,551,738	\$ 20,551,831
Buildings	9,660,779	10,050,131	10,176,626
Machinery and equipment	1,357,668	1,399,908	1,351,000
Transportation equipment	168,839	177,228	171,250
Other equipment	222,483	231,936	229,805
Leasehold improvements	222,179	234,991	231,996
Prepayments for equipment, land and buildings and construction in progress	<u>525,248</u>	<u>478,261</u>	<u>343,452</u>
	<u>\$ 32,597,352</u>	<u>\$ 33,124,193</u>	<u>\$ 33,055,960</u>
<u>Assets leased under operating leases</u>			
Machinery and equipment	\$ 4,549	\$ 6,137	\$ 6,667
Other equipment	<u>12,050</u>	<u>17,077</u>	<u>18,759</u>
	<u>\$ 16,599</u>	<u>\$ 23,214</u>	<u>\$ 25,426</u>

### a. Assets used by the Company

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Leasehold Improvements	Prepayments for Equipment, Land and Buildings and Construction in Progress	Total
<u>Cost</u>								
Balance at January 1, 2023	\$ 20,566,915	\$ 19,890,849	\$ 5,432,846	\$ 707,942	\$ 1,573,874	\$ 1,236,534	\$ 478,261	\$ 49,887,221
Additions	-	102,060	290,885	20,307	51,139	23,706	326,007	814,104
Disposals	-	-	(182,426)	(12,000)	(21,599)	(620)	-	(216,645)
Reclassification	(111,715)	15,454	80,072	3,101	7,111	28,574	(279,011)	(256,414)
Effects of exchange rate changes	133	282	6,078	1,286	2,612	4,779	(9)	15,161
Balance at September 30, 2023	<u>\$ 20,455,333</u>	<u>\$ 20,008,645</u>	<u>\$ 5,627,455</u>	<u>\$ 770,636</u>	<u>\$ 1,613,137</u>	<u>\$ 1,292,973</u>	<u>\$ 525,248</u>	<u>\$ 50,243,427</u>
Balance at January 1, 2022	\$ 20,566,654	\$ 19,545,701	\$ 5,172,904	\$ 678,391	\$ 1,490,258	\$ 1,171,404	\$ 441,770	\$ 49,067,082
Additions	-	95,667	239,754	44,085	63,309	42,482	350,789	836,086
Disposals	-	-	(274,340)	(21,889)	(16,587)	(10,074)	-	(322,890)
Reclassification	-	196,017	145,862	910	9,896	16,801	(449,129)	(79,643)
Effects of exchange rate changes	354	753	21,111	3,486	6,703	12,401	22	44,830
Balance at September 30, 2022	<u>\$ 20,567,008</u>	<u>\$ 19,838,138</u>	<u>\$ 5,305,291</u>	<u>\$ 704,983</u>	<u>\$ 1,553,579</u>	<u>\$ 1,233,014</u>	<u>\$ 343,452</u>	<u>\$ 49,545,465</u>
	Land	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Leasehold Improvements	Total	
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2023	\$ 15,177	\$ 9,840,718	\$ 4,032,938	\$ 530,714	\$ 1,341,938	\$ 1,001,543	\$ 16,763,028	
Disposals	-	-	(182,389)	(11,926)	(21,569)	(592)	(216,476)	
Depreciation expenses	-	542,341	414,718	32,041	67,961	65,509	1,122,570	
Reclassification	-	(35,475)	-	-	-	-	(35,475)	
Effects of exchange rate changes	-	282	4,520	968	2,324	4,334	12,428	
Balance at September 30, 2023	<u>\$ 15,177</u>	<u>\$ 10,347,866</u>	<u>\$ 4,269,787</u>	<u>\$ 551,797</u>	<u>\$ 1,390,654</u>	<u>\$ 1,070,794</u>	<u>\$ 17,646,075</u>	
Balance at January 1, 2022	\$ 15,177	\$ 9,129,607	\$ 3,858,908	\$ 522,796	\$ 1,258,970	\$ 941,257	\$ 15,726,715	
Disposals	-	-	(274,326)	(21,889)	(16,502)	(10,074)	(322,791)	
Depreciation expenses	-	531,152	354,712	29,911	75,583	59,658	1,051,016	
Reclassification	-	-	(311)	(20)	20	-	(311)	
Effects of exchange rate changes	-	753	15,308	2,935	5,703	10,177	34,876	
Balance at September 30, 2022	<u>\$ 15,177</u>	<u>\$ 9,661,512</u>	<u>\$ 3,954,291</u>	<u>\$ 533,733</u>	<u>\$ 1,323,774</u>	<u>\$ 1,001,018</u>	<u>\$ 16,489,505</u>	

Taiwan Cooperative Bank, Ltd. (TCB) revalued its properties five times in 1979, 1998, 2007, 2011 and 2012. As of September 30, 2022, the reserve for land revaluation increment tax (part of deferred tax liabilities) was \$2,541,779 thousand.

Properties and equipment are depreciated using the straight-line method over their estimated useful lives as follows:

Buildings	
Main buildings	37 to 50 years
Equipment installed in buildings	5 to 15 years
Machinery and equipment	3 to 10 years
Transportation equipment	4 to 10 years
Other equipment	2 to 20 years
Leasehold improvements	2 to 10 years

b. Assets leased under operating leases

	<b>Machinery and Equipment</b>	<b>Other Equipment</b>	<b>Total</b>
<u>Cost</u>			
Balance at January 1, 2023	\$ 11,798	\$ 34,532	\$ 46,330
Additions	<u>-</u>	<u>-</u>	<u>-</u>
Balance at September 30, 2023	<u>\$ 11,798</u>	<u>\$ 34,532</u>	<u>\$ 46,330</u>
Balance at January 1, 2022	\$ 11,802	\$ 34,610	\$ 46,412
Additions	-	-	-
Disposals	<u>(4)</u>	<u>(79)</u>	<u>(83)</u>
Balance at September 30, 2022	<u>\$ 11,798</u>	<u>\$ 34,531</u>	<u>\$ 46,329</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2023	\$ 5,661	\$ 17,455	\$ 23,116
Depreciation expenses	<u>1,588</u>	<u>5,027</u>	<u>6,615</u>
Balance at September 30, 2023	<u>\$ 7,249</u>	<u>\$ 22,482</u>	<u>\$ 29,731</u>
Balance at January 1, 2022	\$ 3,530	\$ 10,740	\$ 14,270
Disposals	(1)	(31)	(32)
Depreciation expenses	<u>1,602</u>	<u>5,063</u>	<u>6,665</u>
Balance at September 30, 2022	<u>\$ 5,131</u>	<u>\$ 15,772</u>	<u>\$ 20,903</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

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>	
<u>Carrying amounts</u>				
Land	\$ 13,736	\$ 11,887	\$ 13,693	
Buildings	1,484,085	1,450,242	1,488,008	
Transportation equipment	69,678	89,607	97,310	
Other equipment	<u>8,066</u>	<u>10,881</u>	<u>9,922</u>	
	<u>\$ 1,575,565</u>	<u>\$ 1,562,617</u>	<u>\$ 1,608,933</u>	
	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Depreciation charge for right-of-use assets				
Land	\$ 1,847	\$ 1,803	\$ 5,452	\$ 5,408
Buildings	151,936	151,688	455,718	452,699
Transportation equipment	11,502	10,602	34,261	30,939
Other equipment	<u>915</u>	<u>1,024</u>	<u>2,815</u>	<u>3,108</u>
	<u>\$ 166,200</u>	<u>\$ 165,117</u>	<u>\$ 498,246</u>	<u>\$ 492,154</u>

As of September 30, 2023 and 2022, the additions to right-of-use assets of the Company was \$510,961 thousand and \$575,572 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 nine months ended September 30, 2023 and 2022.

### b. Lease liabilities

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Carrying amounts	<u>\$ 1,556,066</u>	<u>\$ 1,538,102</u>	<u>\$ 1,591,748</u>

Range of discount rate for lease liabilities was as follows:

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
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%-9.700%
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 September 30, 2023, December 31, 2022 and September 30, 2022, refundable deposits on these leases totaled \$145,269 thousand, \$140,153 thousand and \$140,864 thousand, respectively.

d. Other lease information

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Expenses relating to short-term leases	\$ <u>1,370</u>	\$ <u>1,269</u>	\$ <u>4,139</u>	\$ <u>3,447</u>
Expenses relating to low-value asset leases	\$ <u>792</u>	\$ <u>178</u>	\$ <u>1,888</u>	\$ <u>389</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	\$ <u>991</u>	\$ <u>1,706</u>	\$ <u>3,774</u>	\$ <u>4,860</u>

As of September 30, 2023 and 2022, the total cash outflow for leases of the Company was \$494,833 thousand and \$508,705 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

	September 30, 2023	December 31, 2022	September 30, 2022
Goodwill	\$ 3,170,005	\$ 3,170,005	\$ 3,170,005
Computer software	<u>1,069,305</u>	<u>986,021</u>	<u>981,053</u>
	<u>\$ 4,239,310</u>	<u>\$ 4,156,026</u>	<u>\$ 4,151,058</u>
	<b>Goodwill</b>	<b>Computer Software</b>	<b>Total</b>
Balance at January 1, 2023	\$ 3,170,005	\$ 986,021	\$ 4,156,026
Separate acquisition	-	308,068	308,068
Amortization expenses	-	(275,929)	(275,929)
Reclassification	-	48,092	48,092
Effect of exchange rate changes	<u>-</u>	<u>3,053</u>	<u>3,053</u>
Balance at September 30, 2023	<u>\$ 3,170,005</u>	<u>\$ 1,069,305</u>	<u>\$ 4,239,310</u>

(Continued)

	<b>Goodwill</b>	<b>Computer Software</b>	<b>Total</b>
Balance at January 1, 2022	\$ 3,170,005	\$ 703,012	\$ 3,873,017
Separate acquisition	-	436,300	436,300
Amortization expenses	-	(242,608)	(242,608)
Reclassification	-	76,341	76,341
Effect of exchange rate changes	-	8,008	8,008
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Balance at September 30, 2022	<u>\$ 3,170,005</u>	<u>\$ 981,053</u>	<u>\$ 4,151,058</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

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Refundable deposits	\$ 2,063,867	\$ 1,716,986	\$ 2,068,153
Operating deposits and settlement funds	717,596	705,425	704,237
Prepaid expenses	544,724	235,317	538,179
Prepaid pensions	172,689	-	-
Settlement payments	79,303	-	-
Receipts under custody for securities under writing	85	175,533	220,654
Others	<u>34,753</u>	<u>64,626</u>	<u>130,601</u>
	<u>\$ 3,613,017</u>	<u>\$ 2,897,887</u>	<u>\$ 3,661,824</u>

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

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Deposits from banks	\$ 161,589,570	\$ 161,002,883	\$ 157,527,663
Call loans from banks	112,983,860	69,035,863	93,100,447
Overdrafts from other banks	2,083,470	1,425,292	1,041,460
Transfer deposits from Chunghwa Post Co., Ltd.	57,595,665	56,095,665	30,095,665
Deposits from the Central Bank	<u>334,472</u>	<u>293,932</u>	<u>296,647</u>
	<u>\$ 334,587,037</u>	<u>\$ 287,853,635</u>	<u>\$ 282,061,882</u>

## 22. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

Securities sold for \$68,725,341 thousand, \$67,643,435 thousand and \$66,828,349 thousand under repurchase agreements as of September 30, 2023, December 31, 2022 and September 30, 2022, respectively, would subsequently be purchased for \$68,798,760 thousand, \$67,710,107 thousand and \$66,872,543 thousand, respectively.



## 23. COMMERCIAL PAPER ISSUED, NET

The face values of commercial paper issued were \$36,325,000 thousand, \$24,560,000 thousand and \$22,710,000 thousand and the annual discount rates were from 1.468% to 2.008%, from 1.338% to 1.892% and from 1.148% to 1.558%, as of September 30, 2023, December 31, 2022 and September 30, 2022, respectively, and from the commercial paper will mature by December 7, 2023, March 2, 2023 and December 6, 2022, respectively. The foregoing commercial paper was accepted and guaranteed by financial institutions. As of September 30, 2023, the Company had not used the amount of \$94,630,585 thousand, the sum of the amount of the commercial paper issued and the credit.

## 24. PAYABLES

	September 30, 2023	December 31, 2022	September 30, 2022
Settlement payable	\$ 4,345,432	\$ 3,223,878	\$ 5,621,827
Settlement consideration	4,845,407	3,544,790	4,615,731
Accrued expenses	6,053,920	6,516,504	5,729,315
Collections payable	12,739,468	5,628,160	16,759,296
Checks for clearing	18,658,800	17,918,898	5,199,835
Collections of notes and checks for various financial institutions in other cities	515,278	1,270,234	5,402,154
Acceptances	4,379,208	3,114,074	4,364,955
Accrued interest	11,203,219	4,698,470	5,007,251
Payables on notes and checks collected for others	255,105	472,683	1,868,367
Payables for short-sale transactions	432,855	867,744	878,220
Deposits on short-sale transactions	366,130	960,993	777,707
Tax payable	647,236	672,308	574,015
Payable on securities	3,522,599	430,841	2,363,295
Dividends payable	486,290	462,264	462,270
Factored accounts payable	81,194	141,150	116,988
Insurance claims and benefits payable	73,535	78,866	87,230
Others	<u>2,252,241</u>	<u>2,097,906</u>	<u>2,060,125</u>
	<u>\$ 70,857,917</u>	<u>\$ 52,099,763</u>	<u>\$ 61,888,581</u>

## 25. DEPOSITS AND REMITTANCES

	September 30, 2023	December 31, 2022	September 30, 2022
Deposits			
Checking	\$ 57,076,958	\$ 65,921,263	\$ 52,063,987
Demand	748,274,464	755,613,147	793,101,889
Savings - demand	1,174,450,476	1,146,829,243	1,124,381,099
Time	877,771,018	796,468,506	821,395,438
Negotiable certificates of deposit	25,957,950	50,569,632	48,892,190
Savings - time	669,346,241	637,179,608	624,077,488
Treasury	130,347,473	145,514,336	138,603,289
Remittances	<u>88,354</u>	<u>327,179</u>	<u>112,193</u>
	<u>\$ 3,683,312,934</u>	<u>\$ 3,598,422,914</u>	<u>\$ 3,602,627,573</u>

## 26. BONDS PAYABLE

	September 30, 2023	December 31, 2022	September 30, 2022
Bank debentures	\$ 61,840,000	\$ 60,290,000	\$ 62,950,000
First unsecured corporate bond of TCFHC in 2020: Fixed rate of 0.68%; maturity - May 26, 2027	5,700,000	5,700,000	5,700,000
Second unsecured corporate bond of TCFHC in 2020, Type A: Fixed rate of 0.61%; maturity - October 7, 2025	2,100,000	2,100,000	2,100,000
Second unsecured corporate bond of TCFHC in 2020, Type B: Fixed rate of 0.66%; maturity - October 7, 2027	2,200,000	2,200,000	2,200,000
First unsecured corporate bond of TCFHC in 2021, Type A: Fixed rate of 0.49%; maturity - July 12, 2026	3,400,000	3,400,000	3,400,000
Second unsecured corporate bond of TCFHC in 2021, Type B: Fixed rate of 0.55%; maturity - July 12, 2028	<u>6,600,000</u>	<u>6,600,000</u>	<u>6,600,000</u>
	<u>\$ 81,840,000</u>	<u>\$ 80,290,000</u>	<u>\$ 82,950,000</u>

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

	September 30, 2023	December 31, 2022	September 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
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)

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
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 month	5,000,000	5,000,000	5,000,000
Second unsecured bank debentures in 2019: Fixed rate of 0.69%; maturity - November 28, 2022	-	-	1,000,000
Third non-cumulative perpetual subordinated bonds in 2019: Fixed rate of 1.45%; TCB may exercise its redemption rights after 5 years and 1 month	5,000,000	5,000,000	5,000,000
First non-cumulative perpetual subordinated bonds in 2020: Fixed rate of 1.50%; TCB may exercise its redemption rights after 5 years and 1 month	5,000,000	5,000,000	5,000,000
First unsecured bank debentures in 2021: Fixed rate of 0.40%; maturity - May 31, 2026	1,000,000	1,000,000	1,000,000
Second unsecured bank debentures in 2021: Fixed rate of 0.69%; 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 rights 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	8,650,000
Third unsecured bank debentures in 2022: Fixed rate of 1.50%; maturity - September 28, 2027	2,500,000	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>\$ 61,840,000</u>	<u>\$ 60,290,000</u>	<u>\$ 62,950,000</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:

	<b>September 30, 2023</b>
First unsecured bank debentures bonds issued in 2023	
Type A	\$ 1,016,764
Type B	<u>418,713</u>
	<u>\$ 1,435,477</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 September 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 September 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 September 30, 2023, the amount of unissued unsecured bank debentures of TCB was US\$3,250 thousand.

TCB has obtained approval from the FSC to issue unsecured bank debenture bonds amounting to \$300,000 thousand on August 7, 2023. As of September 30, 2023, the amount of unissued unsecured bank debentures of TCB was \$300,000 thousand.

## 27. OTHER BORROWINGS

	September 30, 2023		December 31, 2022		September 30, 2022	
	Amount	Rate (%)	Amount	Rate (%)	Amount	Rate (%)
Borrowings (Note 23)	<u>\$ 8,686,372</u>	1.480-5.800	<u>\$ 9,352,346</u>	1.283-4.500	<u>\$ 12,392,788</u>	1.232-4.500

## 28. PROVISIONS

	September 30, 2023	December 31, 2022	September 30, 2022
Reserve for life insurance liabilities	\$ 27,572,338	\$ 25,426,719	\$ 25,490,877
Reserve for insurance contracts with financial instrument features	6,349	3,651	2,508
Provision for employee benefits	4,134,605	4,261,945	5,801,022
Provision for losses on guarantees	1,411,337	1,359,109	1,514,601
Provision for losses on loan commitment	357,111	239,528	279,691
Provision for others	46,227	34,441	43,330
Other provision for insurance	<u>894,857</u>	<u>943,069</u>	<u>994,776</u>
	<u>\$ 34,422,824</u>	<u>\$ 32,268,462</u>	<u>\$ 34,126,805</u>

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

	<u>September 30, 2023</u>		
	<b>Insurance Contracts</b>	<b>Financial Instruments with Discretionary Participation Features</b>	<b>Total</b>
Life insurance	\$ 15,054,371	\$ 4,722,743	\$ 19,777,114
Health insurance	1,131,548	-	1,131,548
Annuity insurance	-	6,641,555	6,641,555
Investment insurance	<u>17,910</u>	<u>-</u>	<u>17,910</u>
	16,203,829	11,364,298	27,568,127
Less: Ceded life insurance liability reserve	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 16,203,829</u>	<u>\$ 11,364,298</u>	<u>\$ 27,568,127</u>

	<u>December 31, 2022</u>		
	<b>Insurance Contracts</b>	<b>Financial Instruments with Discretionary Participation Features</b>	<b>Total</b>
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>

	<b>September 30, 2022</b>		
	<b>Insurance Contracts</b>	<b>Financial Instruments with Discretionary Participation Features</b>	<b>Total</b>
Life insurance	\$ 11,811,542	\$ 4,941,127	\$ 16,752,669
Health insurance	997,378	-	997,378
Annuity insurance	-	7,707,601	7,707,601
Investment insurance	<u>29,655</u>	<u>-</u>	<u>29,655</u>
	<u>12,838,575</u>	<u>12,648,728</u>	<u>25,487,303</u>
Less: Ceded life insurance liability reserve	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 12,838,575</u>	<u>\$ 12,648,728</u>	<u>\$ 25,487,303</u>

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

	<b>For the Nine Months Ended September 30</b>					
	<b>2023</b>			<b>2022</b>		
	<b>Insurance Contracts</b>	<b>Financial Instruments with Discretionary Participation Features</b>	<b>Total</b>	<b>Insurance Contracts</b>	<b>Financial Instruments with Discretionary Participation Features</b>	<b>Total</b>
Balance on January 1	\$ 13,039,350	\$ 12,383,677	\$ 25,423,027	\$ 12,996,859	\$ 13,438,256	\$ 26,435,115
Provision	3,494,043	175,156	3,669,199	1,270,494	139,286	1,409,780
Recovery	(436,883)	(1,194,535)	(1,631,418)	(1,428,778)	(928,814)	(2,357,592)
Effects of exchange rate changes	<u>107,319</u>	<u>-</u>	<u>107,319</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending balance	16,203,829	11,364,298	27,568,127	12,838,575	12,648,728	25,487,303
Less: Ceded life insurance liability reserve	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance on September 30	<u>\$ 16,203,829</u>	<u>\$ 11,364,298</u>	<u>\$ 27,568,127</u>	<u>\$ 12,838,575</u>	<u>\$ 12,648,728</u>	<u>\$ 25,487,303</u>

- b. As of September 30, 2023, December 31, 2022 and September 30, 2022, total life policy reserve carrying amounts (including reserve of policyholders payables) were \$27,572,338 thousand, \$25,426,719 thousand and \$25,490,877 thousand, respectively.
- c. Details of liability adequacy reserves are as follows:

	<b>Insurance Contracts and Financial Instruments with Discretionary Participation Features</b>		
	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Life insurance liability reserve	\$ 27,568,127	\$ 25,423,027	\$ 25,487,303
Unearned premium reserve	466,086	427,455	413,533
Claims reserve	104,575	73,896	66,995
Premium deficiency reserve	<u>662</u>	<u>1,385</u>	<u>940</u>
Book value of insurance reserve	<u>\$ 28,139,450</u>	<u>\$ 25,925,763</u>	<u>\$ 25,968,771</u>
Present value of discounted cash flows	<u>\$ 25,018,338</u>	<u>\$ 22,688,160</u>	<u>\$ 23,259,377</u>
Balance of liability adequacy reserve	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

As of September 30, 2023, December 31, 2022 and September 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:

**September 30, 2023, December 31, 2022 and September 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:

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Life insurance	<u>\$ 6,349</u>	<u>\$ 3,651</u>	<u>\$ 2,508</u>
		<b>For the Nine Months Ended September 30</b>	
		<b>2023</b>	<b>2022</b>
Balance on January 1		\$ 3,651	\$ 1,195
Insurance claim payments for the period		-	-
Reserve for insurance contracts with financial instrument features		<u>2,698</u>	<u>1,313</u>
Balance on September 30		<u>\$ 6,349</u>	<u>\$ 2,508</u>

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

1) Hedging strategy and foreign exchange exposure

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

2) Reconciliation of the reserve of foreign exchange variation

	<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>
Balance on January 1	\$ 440,333	\$ 230,043
Provisions		
Compulsory provisions	-	2,414
Additional provisions	<u>15,652</u>	<u>310,457</u>
	15,652	312,871
Recovery	<u>(132,451)</u>	<u>(29,606)</u>
Balance on September 30	<u>\$ 323,534</u>	<u>\$ 513,308</u>

3) Impact of the reserve of foreign exchange variation

For the nine months ended September 30, 2023

Items	Amount without Reserve	Amount with Reserve	Effect
Net income	\$ 14,896,178	\$ 14,989,617	\$ 93,439
Earnings per share (NT\$)	0.98	0.99	0.01
Reserve of foreign exchange variation	-	323,534	323,534
Equity	234,913,109	234,624,979	(288,130)

For the nine months ended September 30, 2022

Items	Amount without Reserve	Amount with Reserve	Effect
Net income	\$ 15,525,381	\$ 15,298,769	\$ (226,612)
Earnings per share (NT\$)	1.02	1.01	(0.01)
Reserve of foreign exchange variation	-	513,308	513,308
Equity	207,121,154	206,681,205	(439,949)

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

	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Reserve for life insurance liabilities, net	\$ 227,396	\$ (2,436)	\$ 2,037,781	\$ (947,812)
Reserve for insurance contract with financial instrument features, net	846	651	2,698	1,313
Others, net	<u>13,152</u>	<u>100,327</u>	<u>(45,138)</u>	<u>332,422</u>
	<u>\$ 241,394</u>	<u>\$ 98,542</u>	<u>\$ 1,995,341</u>	<u>\$ (614,077)</u>

g. Provisions for employee benefits are summarized below:

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Net defined benefit liabilities	\$ -	\$ 35,922	\$ 1,548,780
Present value of retired employees' preferential interest deposit obligation	<u>4,134,605</u>	<u>4,226,023</u>	<u>4,252,242</u>
	<u>\$ 4,134,605</u>	<u>\$ 4,261,945</u>	<u>\$ 5,801,022</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	(3)	3	-	-	-	-
Credit-impaired financial instruments	(500)	-	500	-	-	-
12-month ECL	-	-	-	-	-	-
Derecognition of financial instruments in the current reporting period	(155,151)	-	(14,844)	(169,995)	-	(169,995)
Reversal from financial instruments recognized at the beginning of the current reporting period	(23,495)	(2)	(10,917)	(34,414)	-	(34,414)
New financial instruments purchased or originated	343,135	-	-	343,135	-	343,135
Difference of impairment loss under regulations	-	-	-	-	36,628	36,628
Change in exchange rates and other changes	6,131	-	112	6,243	-	6,243
Balance on September 30, 2023	<u>\$ 1,067,863</u>	<u>\$ 1</u>	<u>\$ 10,698</u>	<u>\$ 1,078,562</u>	<u>\$ 736,113</u>	<u>\$ 1,814,675</u>
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	(24)	24	-	-	-	-
Credit-impaired financial instruments	(208)	-	208	-	-	-
12-month ECL	-	-	-	-	-	-
Derecognition of financial instruments in the current reporting period	(226,036)	(28)	(147,716)	(373,780)	-	(373,780)
Reversal from financial instruments recognized at the beginning of the current reporting period	(35,884)	(13)	(136,779)	(172,676)	-	(172,676)
New financial instruments purchased or originated	276,727	5	63	276,795	-	276,795
Difference of impairment loss under regulations	-	-	-	-	261,857	261,857
Change in exchange rates and other changes	20,082	-	30	20,112	-	20,112
Balance on September 30, 2022	<u>\$ 1,000,446</u>	<u>\$ 16</u>	<u>\$ 41,265</u>	<u>\$ 1,041,727</u>	<u>\$ 795,895</u>	<u>\$ 1,837,622</u>

## 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 \$205,819 thousand and \$193,518 thousand in the consolidated statement of comprehensive income for the nine months ended September 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 nine months ended September 30, 2023 and 2022, the pension expenses under defined benefit plan recognized in the consolidated statements of comprehensive income amounted to \$272,167 thousand and \$309,641 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 nine months ended September 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 \$524,618 thousand and \$540,070 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

	September 30, 2023	December 31, 2022	September 30, 2022
Structured products - host contracts	\$ 179,550	\$ -	\$ -
Guarantee deposits received	3,084,784	2,293,868	3,637,576
Appropriation for loans	26,629	37,588	38,242
Separate-account liabilities	<u>86,139,561</u>	<u>89,353,581</u>	<u>89,726,015</u>
	<u>\$ 89,430,524</u>	<u>\$ 91,685,037</u>	<u>\$ 93,401,833</u>

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

	September 30, 2023	December 31, 2022	September 30, 2022
Separate-account assets (part of other financial assets)			
Cash in banks	\$ 870,119	\$ 1,103,400	\$ 1,061,078
Financial assets at FVTPL	85,160,904	88,125,000	88,560,383
Other receivables			
Investment settlement receivables	<u>108,538</u>	<u>125,181</u>	<u>104,554</u>
	<u>\$ 86,139,561</u>	<u>\$ 89,353,581</u>	<u>\$ 89,726,015</u>

Separate-account liabilities (part of other financial liabilities)			
Reserve for separate-account - insurance contract	\$ 54,624,216	\$ 57,691,536	\$ 58,131,431
Reserve for separate-account - investment contract	30,797,816	31,140,432	31,036,679
Other payables			
General accounts payables	<u>717,529</u>	<u>521,613</u>	<u>557,905</u>
	<u>\$ 86,139,561</u>	<u>\$ 89,353,581</u>	<u>\$ 89,726,015</u>

	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	2023	2022	2023	2022
Separate-account revenue				
Premium income	\$ 246,319	\$ 682,038	\$ 995,163	\$ 2,231,857
Gain (loss) on financial assets at FVTPL	(1,911,997)	(3,181,509)	932,438	(23,045,153)
Interest revenue	1,118	690	3,369	1,285
Gain on foreign exchange	<u>1,149,012</u>	<u>1,612,675</u>	<u>272,727</u>	<u>4,578,482</u>
	<u>\$ (515,548)</u>	<u>\$ (886,106)</u>	<u>\$ 2,203,697</u>	<u>\$ (16,233,529)</u>

(Continued)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Separate-account expense				
Insurance claims and benefits	\$ 1,221,781	\$ 1,146,572	\$ 3,497,443	\$ 3,532,608
Reserves for separate accounts, net of releases - insurance contract	(2,075,108)	(2,370,730)	(2,320,969)	(20,708,289)
Administrative expenses	<u>337,779</u>	<u>338,052</u>	<u>1,027,223</u>	<u>942,152</u>
	<u>\$ (515,548)</u>	<u>\$ (886,106)</u>	<u>\$ 2,203,697</u>	<u>\$ (16,233,529)</u> (Concluded)

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

### 31. OTHER LIABILITIES

	September 30, 2023	December 31, 2022	September 30, 2022
Advance receipts	\$ 978,526	\$ 1,159,479	\$ 1,163,007
Others	<u>56,201</u>	<u>72,762</u>	<u>78,690</u>
	<u>\$ 1,034,727</u>	<u>\$ 1,232,241</u>	<u>\$ 1,241,697</u>

### 32. NET INTEREST

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Interest revenue				
From discounts and loans	\$ 18,167,953	\$ 12,955,123	\$ 52,127,810	\$ 33,407,861
From investments	4,466,643	3,122,041	12,369,390	8,322,789
From due from banks and call loans to other banks	1,199,961	776,529	3,486,326	1,465,943
Others	<u>280,891</u>	<u>254,330</u>	<u>835,615</u>	<u>911,122</u>
	<u>24,115,448</u>	<u>17,108,023</u>	<u>68,819,141</u>	<u>44,107,715</u>
Interest expense				
From deposits	(13,403,634)	(6,245,517)	(37,184,552)	(13,382,372)
From due to the Central Bank and other banks	(1,842,680)	(519,331)	(4,160,134)	(917,398)
From issuing bonds payable	(349,291)	(263,695)	(1,023,011)	(783,352)
From deposits from the Central Bank and other banks	(359,722)	(127,915)	(1,034,122)	(240,300)
From securities sold under repurchase agreements	(293,216)	(138,887)	(794,515)	(246,825)
Others	<u>(89,143)</u>	<u>(57,725)</u>	<u>(238,406)</u>	<u>(124,080)</u>
	<u>(16,337,686)</u>	<u>(7,353,070)</u>	<u>(44,434,740)</u>	<u>(15,694,327)</u>
	<u>\$ 7,777,762</u>	<u>\$ 9,754,953</u>	<u>\$ 24,384,401</u>	<u>\$ 28,413,388</u>

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Service fee and commission revenues				
From trust business	\$ 531,063	\$ 521,494	\$ 1,556,251	\$ 1,480,340
From insurance service	713,152	262,888	1,251,895	720,416
From guarantee	256,782	253,947	747,388	738,507
From loans	364,319	252,949	1,045,183	951,290
From investment-linked products	116,626	126,227	361,824	400,896
From credit cards	406,534	358,593	1,195,534	984,133
From brokerage service	272,205	205,813	678,353	655,822
From remittance	68,650	68,999	204,490	210,167
From cross-bank transactions	72,589	75,077	219,736	227,513
From management	83,709	98,628	252,662	280,306
From investment-linked products of management	42,883	43,933	127,933	125,346
From underwriting	44,277	44,633	93,786	91,103
From import/export service	28,389	29,584	78,450	96,642
Others	162,545	147,825	443,931	419,191
	<u>3,163,723</u>	<u>2,490,590</u>	<u>8,257,416</u>	<u>7,381,672</u>
Service charge and commission expenses				
From cross-bank transactions	(84,062)	(82,013)	(249,444)	(243,021)
From insurance business	(89,587)	(14,931)	(169,079)	(99,316)
From credit cards	(78,526)	(72,702)	(222,247)	(214,969)
From credit cards acquiring	(285,852)	(247,265)	(844,764)	(682,124)
From custody	(21,224)	(19,332)	(57,019)	(62,900)
Others	(72,750)	(121,411)	(244,037)	(297,941)
	<u>(632,001)</u>	<u>(557,654)</u>	<u>(1,786,590)</u>	<u>(1,600,271)</u>
	<u>\$ 2,531,722</u>	<u>\$ 1,932,936</u>	<u>\$ 6,470,826</u>	<u>\$ 5,781,401</u>

### 34. PREMIUM INCOME, NET

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Separate-account revenue (Note 30)	\$ (515,548)	\$ (886,106)	\$ 2,203,697	\$ (16,233,529)
Premium income	1,450,295	1,011,393	5,558,840	3,093,536
	<u>934,747</u>	<u>125,287</u>	<u>7,762,537</u>	<u>(13,139,993)</u>
Separate-account expense (Note 30)	515,548	886,106	(2,203,697)	16,233,529
Insurance claims and benefits	(797,112)	(622,598)	(2,207,049)	(2,861,448)
Reinsurance premium ceded	(100,023)	(93,063)	(297,490)	(256,218)
Others	(15,624)	(28,001)	(48,451)	(42,180)
	<u>(397,211)</u>	<u>142,444</u>	<u>(4,756,687)</u>	<u>13,073,683</u>
	<u>\$ 537,536</u>	<u>\$ 267,731</u>	<u>\$ 3,005,850</u>	<u>\$ (66,310)</u>

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

	<b>For the Three Months Ended September 30, 2023</b>				
	<b>Interest Revenue (Expense)</b>	<b>Gain (Loss) on Disposal</b>	<b>Gain (Loss) on Valuation</b>	<b>Dividend Income</b>	<b>Total</b>
Financial assets mandatorily classified as at fair value through profit or loss	\$ 421,669	\$ 6,648,098	\$ 5,833,331	\$ 120,822	\$ 13,023,920
Held-for-trading financial liabilities	-	(844,243)	(355,965)	-	(1,200,208)
Financial liabilities designated as at fair value through profit or loss	<u>(18,182)</u>	<u>171</u>	<u>31,095</u>	<u>-</u>	<u>13,084</u>
	<u>\$ 403,487</u>	<u>\$ 5,804,026</u>	<u>\$ 5,508,461</u>	<u>\$ 120,822</u>	<u>\$ 11,836,796</u>
	<b>For the Three Months Ended September 30, 2022</b>				
	<b>Interest Revenue (Expense)</b>	<b>Gain (Loss) on Disposal</b>	<b>Gain (Loss) on Valuation</b>	<b>Dividend Income</b>	<b>Total</b>
Financial assets mandatorily classified as at fair value through profit or loss	\$ 250,239	\$ 7,103,698	\$ 8,883,674	\$ 81,601	\$ 16,319,212
Held-for-trading financial liabilities	-	(3,305,183)	(1,457,587)	-	(4,762,770)
	<u>\$ 250,239</u>	<u>\$ 3,798,515</u>	<u>\$ 7,426,087</u>	<u>\$ 81,601</u>	<u>\$ 11,556,442</u>
	<b>For the Nine Months Ended September 30, 2023</b>				
	<b>Interest Revenue (Expense)</b>	<b>Gain (Loss) on Disposal</b>	<b>Gain (Loss) on Valuation</b>	<b>Dividend Income</b>	<b>Total</b>
Financial assets mandatorily classified as at fair value through profit or loss	\$ 1,063,112	\$ 14,240,453	\$ 8,288,612	\$ 248,262	\$ 23,840,439
Held-for-trading financial liabilities	-	(4,328,278)	1,810,754	-	(2,517,524)
Financial liabilities designated as at fair value through profit or loss	<u>(39,854)</u>	<u>171</u>	<u>73,397</u>	<u>-</u>	<u>33,714</u>
	<u>\$ 1,023,258</u>	<u>\$ 9,912,346</u>	<u>\$ 10,172,763</u>	<u>\$ 248,262</u>	<u>\$ 21,356,629</u>
	<b>For the Nine Months Ended September 30, 2022</b>				
	<b>Interest Revenue (Expense)</b>	<b>Gain (Loss) on Disposal</b>	<b>Gain (Loss) on Valuation</b>	<b>Dividend Income</b>	<b>Total</b>
Financial assets mandatorily classified as at fair value through profit or loss	\$ 508,241	\$ 12,049,773	\$ 16,939,541	\$ 278,257	\$ 29,775,812
Held-for-trading financial liabilities	-	(7,433,005)	(1,467,839)	-	(8,900,844)
	<u>\$ 508,241</u>	<u>\$ 4,616,768</u>	<u>\$ 15,471,702</u>	<u>\$ 278,257</u>	<u>\$ 20,874,968</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	\$ 1,410,949	\$ 2,689,116	\$ 2,989,029	\$ 3,704,382
Derecognition of unrealized gains on investments in debt instruments at FVTOCI	<u>(8,555)</u>	<u>(32,693)</u>	<u>(1,406)</u>	<u>(7,311)</u>
	<u>\$ 1,402,394</u>	<u>\$ 2,656,423</u>	<u>\$ 2,987,623</u>	<u>\$ 3,697,071</u>

For the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022, dividends revenue related to derecognized investments were \$820,233 thousand, \$792,978 thousand, \$927,037 thousand and \$971,831 thousand, respectively, and dividends revenue related to investments held on September 30, 2023 and 2022 were \$2,061,992 thousand and \$2,732,551 thousand, respectively.

**37. EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION EXPENSES**

a. Employee benefits expenses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Salaries	\$ 2,392,725	\$ 2,458,566	\$ 7,190,106	\$ 7,168,873
Incentives	850,640	978,477	2,628,866	2,499,665
Excessive interest from preferential interest deposits	277,988	285,688	827,392	857,744
Post-employment benefits, termination benefits and compensation	177,791	179,449	505,747	516,143
Overtime	112,098	112,414	322,617	318,400
Others	<u>647,302</u>	<u>633,255</u>	<u>1,871,173</u>	<u>1,797,899</u>
	<u>\$ 4,458,544</u>	<u>\$ 4,647,849</u>	<u>\$ 13,345,901</u>	<u>\$ 13,158,724</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 nine months ended September 30, 2023 and 2022, compensations of employees were estimated at \$2,208 thousand and \$2,564 thousand and the remuneration of directors were estimated at \$79,907 thousand and \$81,989 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:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
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

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Depreciation expenses	\$ 570,611	\$ 548,395	\$ 1,694,129	\$ 1,617,965
Amortization expenses	<u>97,002</u>	<u>86,924</u>	<u>276,780</u>	<u>243,460</u>
	<u>\$ 667,613</u>	<u>\$ 635,319</u>	<u>\$ 1,970,909</u>	<u>\$ 1,861,425</u>

### 38. INCOME TAX

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

Main components of income tax expense were as follows:

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Current tax				
Current period	\$ (35,710)	\$ (366,207)	\$ 1,308,444	\$ 62,263
Additional income tax on unappropriated earnings	-	-	-	99,304
Land revaluation increment tax	-		1,606	1,693
House and land transactions income tax	8,450	5,351	16,126	14,861
Prior year's adjustments	<u>289</u>	<u>-</u>	<u>29,049</u>	<u>(115,079)</u>
	(26,971)	(360,856)	1,355,225	63,042
Deferred tax				
Current period	<u>1,270,394</u>	<u>1,529,532</u>	<u>2,169,552</u>	<u>2,875,092</u>
Income tax expense recognized in profit or loss	<u>\$ 1,243,423</u>	<u>\$ 1,168,676</u>	<u>\$ 3,524,777</u>	<u>\$ 2,938,134</u>



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

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<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	\$ 328,594	\$ 651,983	\$ 417,186	\$ 1,288,155
Unrealized valuation gains (loss) on financial assets at fair value through other comprehensive income	(127,097)	(216,332)	(160,362)	(884,672)
Other comprehensive income on reclassification of overlay approach	<u>(516)</u>	<u>1,027</u>	<u>1,763</u>	<u>(1,512)</u>
Total income tax expense (benefit) recognized in other comprehensive income	<u>\$ 200,981</u>	<u>\$ 436,678</u>	<u>\$ 258,587</u>	<u>\$ 401,971</u>

c. Deferred tax assets and liabilities

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
<u>Deferred tax assets</u>			
Temporary differences			
Financial instruments at fair value through other comprehensive income	\$ 618,889	\$ 458,527	\$ 643,274
Overlay approach	-	561	1,003
Properties and equipment	6,767	7,250	7,411
Payable for annual leave	180,006	102,878	182,221
Employee's preferential interest deposit obligation	777,296	795,647	800,891
Other liabilities	5,783	5,783	5,783
Exchange differences on foreign operations	32,113	98,634	27,956
Allowance for possible losses	45,735	38,408	43,172
Financial instruments at fair value through profit or loss	1,323	-	-
Pension liabilities	553	511	496
			(Continued)

	September 30, 2023	December 31, 2022	September 30, 2022
Accrued expense	\$ -	\$ 2,860	\$ -
Unrealized foreign exchange gains and losses	-	54,902	59,454
Revenue from disposal of acquired loans	198,138	198,138	217,760
Unrealized interest expenses	2,323	-	-
Loss carryforwards	<u>-</u>	<u>-</u>	<u>1,346,410</u>
	<u>\$ 1,868,926</u>	<u>\$ 1,764,099</u>	<u>\$ 3,335,831</u>

Deferred tax liabilities

Temporary differences

Financial instruments at fair value through profit or loss	\$ 2,521,748	\$ 467,110	\$ 3,340,611
Overlay approach	1,202	-	-
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	399,901	359,616	337,741
Investments accounted for using equity method	158,629	166,799	150,706
Lease incentive	2,358	2,552	2,613
Exchange difference between foreign operating agencies	350,665	-	253,090
Unrealized foreign exchange gains and losses	1,228	7	-
Others	<u>93,319</u>	<u>-</u>	<u>-</u>
	<u>\$ 6,499,443</u>	<u>\$ 3,966,477</u>	<u>\$ 7,055,154</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

	Net Income (Numerator)	Shares (Denominator in Thousands)	Earnings Per Share (NT\$)
<u>For the three months ended September 30, 2023</u>			
Basic EPS	\$ 4,988,920	14,709,382	<u>\$ 0.34</u>
Effect of dilutive common stock:			
Employees' compensation	<u>-</u>	<u>86</u>	
Diluted EPS	<u>\$ 4,988,920</u>	<u>14,709,468</u>	<u>\$ 0.34</u>
<u>For the three months ended September 30, 2022</u>			
Basic EPS	\$ 5,789,842	14,709,382	<u>\$ 0.39</u>
Effect of dilutive common stock:			
Employees' compensation	<u>-</u>	<u>98</u>	
Diluted EPS	<u>\$ 5,789,842</u>	<u>14,709,480</u>	<u>\$ 0.39</u>
<u>For the nine months ended September 30, 2023</u>			
Basic EPS	\$ 14,514,358	14,709,382	<u>\$ 0.99</u>
Effect of dilutive common stock:			
Employees' compensation	<u>-</u>	<u>117</u>	
Diluted EPS	<u>\$ 14,514,358</u>	<u>14,709,499</u>	<u>\$ 0.99</u>
<u>For the nine months ended September 30, 2022</u>			
Basic EPS	\$ 14,815,006	14,709,382	<u>\$ 1.01</u>
Effect of dilutive common stock:			
Employees' compensation	<u>-</u>	<u>136</u>	
Diluted EPS	<u>\$ 14,815,006</u>	<u>14,709,518</u>	<u>\$ 1.01</u>

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

	<u>Before Adjusted Retrospectively</u>		<u>After Adjusted Retrospectively</u>	
	<u>For the Three Months Ended September 30, 2022</u>	<u>For the Nine Months Ended September 30, 2022</u>	<u>For the Three Months Ended September 30, 2022</u>	<u>For the Nine Months Ended September 30, 2022</u>
Basic EPS (NT\$)	<u>\$ 0.42</u>	<u>\$ 1.06</u>	<u>\$ 0.39</u>	<u>\$ 1.01</u>
Diluted EPS (NT\$)	<u>\$ 0.42</u>	<u>\$ 1.06</u>	<u>\$ 0.39</u>	<u>\$ 1.01</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

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
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>14,709,382</u>	<u>14,008,935</u>	<u>14,008,935</u>
Common stocks issued	<u>\$ 147,093,822</u>	<u>\$ 140,089,354</u>	<u>\$ 140,089,354</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 is awaiting 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 September 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:

	<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>
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 September 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:

	<b>For the Nine Months Ended September 30, 2023</b>
Balance on January 1	\$ -
Special reserve	<u>20,524,180</u>
Balance on September 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:

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

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

e. Non-controlling interests

	<u>For the Nine Months Ended</u> <u>September 30</u>	
	<u>2023</u>	<u>2022</u>
Balance on January 1	\$ 5,316,401	\$ 6,651,118
Attributable to non-controlling interests		
Net income	475,259	483,763
Exchange differences on the translation of financial statements of foreign operations	8,445	(1,145)
Unrealized valuations losses on financial assets at FVTOCI	(108,994)	(1,319,342)
Other comprehensive income reclassification of overlay approach	(13,428)	(471,064)
Cash dividends distributed by subsidiary	<u>(175,332)</u>	<u>(354,035)</u>
Balance on September 30	<u>\$ 5,502,351</u>	<u>\$ 4,989,295</u>

#### 41. RELATED-PARTY TRANSACTIONS

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

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

a. Related parties

<b>Related Party</b>	<b>Relationship with the Company</b>
United Real Estate Management Co., Ltd.	Associated enterprise
Mesh Cooperative Ventures Inc.	Associated enterprise
JC Capital Taiwan Co., Ltd.	Associated enterprise
TCB Fund of Emerging Markets Bond Fund	Fund managed by Taiwan Cooperative Securities Investment Trust Co., Ltd.
TCB 6 Year Emerging Market Bond Fund	Fund managed by Taiwan Cooperative Securities Investment Trust Co., Ltd.
TCB 6 Year Senior Emerging Market Bond Fund	Fund managed by Taiwan Cooperative Securities Investment Trust Co., Ltd.
TCB 2025 Maturity Emerging Market Bond Fund	Fund managed by Taiwan Cooperative Securities Investment Trust Co., Ltd.
TCB 2026 Maturity Senior Emerging Market Corporate Bond Fund	Fund managed by Taiwan Cooperative Securities Investment Trust Co., Ltd.
TCB 2023 Maturity selective Emerging Market Bond Fund	Fund managed by Taiwan Cooperative Securities Investment Trust Co., Ltd.
TCB ESG Retirement Growth Fund of Fund	Fund managed by Taiwan Cooperative Securities Investment Trust Co., Ltd.
TCB ESG Retirement Aggressive Fund of Fund	Fund managed by Taiwan Cooperative Securities Investment Trust Co., Ltd.
TCB US Short Duration High Yield Bond Fund	Fund managed by Taiwan Cooperative Securities Investment Trust Co., Ltd.
TCB Global Healthcare Multi-Asset Income Fund	Fund managed by Taiwan Cooperative Securities Investment Trust Co., Ltd.
TCB Environment & Socially Responsible Multi-Asset Fund	Fund managed by Taiwan Cooperative Securities Investment Trust Co., Ltd.
TCB Global High Yield Bond Fund	Fund managed by Taiwan Cooperative Securities Investment Trust Co., Ltd.
TCB Global Core Infrastructure Income Fund	Fund managed by Taiwan Cooperative Securities Investment Trust Co., Ltd.
TCB 2032 Target Date Multi-Asset Income Fund	Fund managed by Taiwan Cooperative Securities Investment Trust Co., Ltd.
Tamshui First Credit Bank	The director of Tamshui First Credit Bank is also the Company's director.
The Fifth Credit Cooperation of Taipei	The director of the fifth credit cooperation of Taipei is also the supervisor of TCB
Taiwan Asset Management Corporation	The director of Taiwan Assets Management Corporation is the main management of the Company.
Financial Information Service Co., Ltd.	The director of Financial Information Service Co., Ltd. is also the director of the Company.
Others	Main management of the parent company and other related parties.



b. Significant transactions between the Company and related parties:

1) Call loans to banks

	<b>Highest Balance</b>	<b>Ending Balance</b>	<b>Interest Revenue</b>	<b>Interest Rate (%)</b>
For the nine months ended <u>September 30, 2023</u>				
Others	<u>\$ 613,580</u>	<u>\$ -</u>	<u>\$ 2,461</u>	5.110
For the nine months ended <u>September 30, 2022</u>				
Others	<u>\$ 1,401,050</u>	<u>\$ 636,400</u>	<u>\$ 5,244</u>	0.300-3.680

2) Deposits from banks

	<b>For the Nine Months Ended September 30</b>			
	<b>2023</b>		<b>2022</b>	
	<b>Ending Balance</b>	<b>Interest Expense</b>	<b>Ending Balance</b>	<b>Interest Expense</b>
Main management	\$ 86,924	\$ 892	\$ 309,751	\$ 1,216
Others				
Tamshui First Credit Bank	26,463,424	276,695	26,843,329	179,404
The Fifth Credit Cooperation of Taipei	6,624,570	59,077	6,656,692	41,743
Others	<u>23,088</u>	<u>-</u>	<u>16,536</u>	<u>-</u>
	<u>\$ 33,198,006</u>	<u>\$ 336,664</u>	<u>\$ 33,826,308</u>	<u>\$ 222,363</u>

3) Call loans from banks

	<b>Highest Balance</b>	<b>Ending Balance</b>	<b>Interest Revenue</b>	<b>Interest Rate (%)</b>
For the nine months ended <u>September 30, 2023</u>				
Others	<u>\$ 921,600</u>	<u>\$ -</u>	<u>\$ 797</u>	5.140-5.170

4) Loans

	<b>Highest Balance</b>	<b>Ending Balance</b>	<b>Interest Revenue</b>	<b>Interest Rate (%)</b>
For the nine months ended <u>September 30, 2023</u>				
Main management	\$ 462,810	\$ 298,160	\$ 3,286	1.636-2.303
Others	<u>1,162,857</u>	<u>163,948</u>	<u>3,247</u>	1.370-2.778
	<u>\$ 1,625,667</u>	<u>\$ 462,108</u>	<u>\$ 6,533</u>	
For the nine months ended <u>September 30, 2022</u>				
Main management	\$ 360,858	\$ 267,334	\$ 2,913	1.010-1.925
Others	<u>354,409</u>	<u>160,060</u>	<u>1,553</u>	0.100-2.400
	<u>\$ 715,267</u>	<u>\$ 427,394</u>	<u>\$ 4,466</u>	

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

5) Deposits

	<b>Ending Balance</b>	<b>Interest Expense</b>	<b>Interest Rate (%)</b>
For the nine months ended <u>September 30, 2023</u>			
Associates	\$ 75,156	\$ 524	0-4.730
Main management	868,735	11,542	0-13.000
Others			
Financial Information Service Co., Ltd.	17,364,599	14,175	0-5.250
Others	<u>5,172,327</u>	<u>21,821</u>	0-13.000
	<u>\$ 23,480,817</u>	<u>\$ 48,062</u>	
For the nine months ended <u>September 30, 2022</u>			
Associates	\$ 70,224	\$ 437	0-0.835
Main management	756,387	7,186	0-13.000
Others			
Financial Information Service Co., Ltd.	14,793,688	5,152	0-1.190
Others	<u>3,456,679</u>	<u>13,691</u>	0-13.000
	<u>\$ 19,076,978</u>	<u>\$ 26,466</u>	

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
6) Accrued income (part of receivables)			
Others	\$ <u>26,284</u>	\$ <u>28,863</u>	\$ <u>30,161</u>
7) Accrued interests (part of receivables)			
Others	\$ <u>-</u>	\$ <u>-</u>	\$ <u>839</u>
8) Receivable on securities (part of receivables)			
Others	\$ <u>9,667</u>	\$ <u>6,977</u>	\$ <u>1,040</u>
9) Payable on securities (part of payables)			
Others	\$ <u>2,758</u>	\$ <u>-</u>	\$ <u>5,766</u>
10) Deposits received (part of other financial liabilities)			
Others			
Taiwan Asset Management Corporation	\$ 3,249	\$ 3,249	\$ 3,249
Others	<u>10,661</u>	<u>-</u>	<u>-</u>
	<u>\$ 13,910</u>	<u>\$ 3,249</u>	<u>\$ 3,249</u>
		<b>For the Nine Months Ended September 30</b>	
		<b>2023</b>	<b>2022</b>
11) Service fee income (part of service fee and commission income, net)			
Main management		\$ 149	\$ 176
Others		<u>273,625</u>	<u>281,622</u>
		<u>\$ 273,774</u>	<u>\$ 281,798</u>
12) Service charge (part of service fee and commission income, net)			
Main management		\$ <u>91</u>	\$ <u>95</u>
13) Other income (part of other noninterest gain, net)			
Others			
Taiwan Asset Management Corporation		<u>\$ 1,714</u>	<u>\$ 1,739</u>

**For the Nine Months Ended  
September 30**

**2023                      2022**

14) Donation (part of other noninterest gain, net)

Main management	\$	2,000	\$	2,000
Others		<u>900</u>		<u>900</u>
		<u>\$ 2,900</u>		<u>\$ 2,900</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.

15) Derivatives

For the Nine Months Ended September 30, 2023						
Related Party	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	2023.09.26-2023.10.26	US\$ 4,500	\$ 261	Financial assets at fair value through profit or loss	\$ 261
Other - TCB 6 Year Emerging Market Bond Fund	Currency swap	2023.08.11-2023.11.13	US\$ 6,800	765	Financial assets at fair value through profit or loss	765
Other - TCB 2026 Maturity Senior Emerging Market Corporate Bond Fund	Currency swap	2023.09.08-2023.12.08	US\$ 800	127	Financial assets at fair value through profit or loss	127
Other - TCB US Short Duration High Yield Bond Fund	Currency swap	2023.03.21-2024.03.21	US\$ 5,700	7,799	Financial assets at fair value through profit or loss	7,799
Other - TCB 2023 Maturity Selective Emerging Market Bond Fund	Currency swap	2023.09.11-2023.11.13	US\$ 3,550	223	Financial assets at fair value through profit or loss	223
Other - TCB Global Core Infrastructure Income Fund	Currency swap	2023.07.13-2023.10.13	US\$ 1,200	767	Financial assets at fair value through profit or loss	767
Other - TCB Global High Yield Bond Fund	Currency swap	2023.08.28-2023.11.13	US\$ 3,850	1,687	Financial assets at fair value through profit or loss	1,687
Other - TCB 2032 Target Date Multi-Asset Income Fund	Currency swap	2023.09.18-2023.12.18	US\$ 3,000	1,207	Financial assets at fair value through profit or loss	1,207
Other - TCB Environment & Socially Responsible Multi-Asset Fund	Currency swap	2023.07.06-2023.12.29	US\$ 7,200	3,759	Financial assets at fair value through profit or loss	3,759
Other - TCB Global Healthcare Multi-Asset Income Fund	Currency swap	2023.09.26-2023.12.29	US\$ 13,000	1,418	Financial assets at fair value through profit or loss	1,418
Other - TCB 2025 Maturity Emerging Market Bond Fund	Currency swap	2023.09.25-2023.10.31	US\$ 21,650	777	Financial assets at fair value through profit or loss	777

**For the Nine Months Ended September 30, 2022**

Related Party	Type of Derivatives	Contract Period	Nominal Amounts	Valuation Gain (Loss)	Amounts on the Consolidated Balance Sheet	
					Account	Amounts
Other - TCB 6 Year Senior Emerging Market Bond Fund	Currency swap	2021.11.30-2023.02.27	US\$ 11,100	\$ 17,017	Financial assets at fair value through profit or loss	\$ 16,086
Other - TCB 6 Year ESG Emerging Market Bond Fund	Currency swap	2022.08.08-2022.10.11	US\$ 17,300	28,622	Financial assets at fair value through profit or loss	28,622
Other - TCB 2025 Maturity Emerging Market Corporate Bond Fund	Currency swap	2022.06.29-2023.02.23	US\$ 36,700	66,266	Financial assets at fair value through profit or loss	66,266
Other - TCB 2026 Maturity Senior Emerging Market Corporate Bond Fund	Currency swap	2022.06.08-2022.12.08	US\$ 800	1,587	Financial assets at fair value through profit or loss	1,587
Other - TCB 2023 Maturity Senior Emerging Market Corporate Bond Fund	Currency swap	2022.09.08-2022.10.31	US\$ 4,250	(832)	Financial liabilities at fair value through profit or loss	(832)
Other - TCB Global Healthcare Multi-Asset Income Fund	Currency swap	2022.09.21-2022.10.21	US\$ 21,000	9,791	Financial assets at fair value through profit or loss	9,791
Other - TCB Global High Yield Bond Fund	Currency swap	2022.09.06-2022.11.14	US\$ 9,100	9,175	Financial assets at fair value through profit or loss	9,175
Other - TCB US Short Duration High Yield Bond Fund	Currency swap	2022.04.08-2022.12.21	US\$ 7,800	13,881	Financial assets at fair value through profit or loss	13,881
Other - TCB Environment & Socially Responsible Multi-Asset Fund	Currency swap	2022.07.25-2022.10.25	US\$ 8,200	14,154	Financial assets at fair value through profit or loss	14,154
Other - TCB ESG Retirement Aggressive Fund of Fund	Currency swap	2022.05.31-2022.11.30	US\$ 100	245	Financial assets at fair value through profit or loss	245
Other - TCB Global Core Infrastructure Income Fund	Currency swap	2022.09.01-2022.10.11	US\$ 2,100	1,950	Financial assets at fair value through profit or loss	1,950
Other - TCB 2032 Target Date Multi-Asset Income Fund	Currency swap	2022.09.29-2022.10.31	US\$ 4,700	(101)	Financial liabilities at fair value through profit or loss	(101)

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

	<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>
Financial assets and liabilities at fair value through profit or loss		
Others	\$ 165,164	\$ 359,429

16) Loans

September 30, 2023

Type	Account Volume or Name	Highest Balance in the Nine Months Ended September 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	91	\$ 332,142	\$ 192,653	\$ 192,653	\$ -	Note 2	None
Self-used housing mortgage loans	70	393,525	269,455	269,455	-	Land and buildings	None
Other loans	Tamshui First Credit Bank	900,000	-	-	-	Certificates of deposit	None

September 30, 2022

Type	Account Volume or Name	Highest Balance in the Nine Months Ended September 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	87	\$ 253,608	\$ 207,619	\$ 207,619	\$ -	Note 2	None
Self-used housing mortgage loans	52	296,909	219,775	219,775	-	Land and buildings	None
Other loans	Tamshui First Credit Bank	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

	September 30, 2023	December 31, 2022	September 30, 2022
Subsidiary	<u>\$ 571,225</u>	<u>\$ 597,089</u>	<u>\$ 524,942</u>

b) Call loans to banks

	Highest Balance	Ending Balance	Interest Revenue	Interest Rate (%)
<u>For the nine months ended September 30, 2023</u>				
Subsidiary	\$ 3,116,040	\$ 2,800,050	\$ 65,625	1.750-5.200
Sister companies				
TCBF	2,582,645	478,428	14,872	1.200-5.770
Others	<u>613,580</u>	<u>-</u>	<u>2,461</u>	5.110
	<u>\$ 6,312,265</u>	<u>\$ 3,278,478</u>	<u>\$ 82,958</u>	
<u>For the nine months ended September 30, 2022</u>				
Subsidiary	\$ 1,989,970	\$ 1,989,970	\$ 5,292	0.010-3.520
Sister companies				
TCBF	4,410,000	2,600,000	11,987	0.290-1.120
Others	<u>1,401,050</u>	<u>636,400</u>	<u>5,244</u>	0.300-3.680
	<u>\$ 7,801,020</u>	<u>\$ 5,226,370</u>	<u>\$ 22,523</u>	

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

	<b>Highest Balance</b>	<b>Ending Balance</b>	<b>Interest Revenue</b>	<b>Interest Rate (%)</b>
<u>For the nine months ended September 30, 2023</u>				
Sister company				
TCS	<u>\$ 322,850</u>	<u>\$ 322,850</u>	<u>\$ 12,298</u>	4.650-5.800
<u>For the nine months ended September 30, 2022</u>				
Sister company				
TCS	<u>\$ 557,078</u>	<u>\$ 318,200</u>	<u>\$ 1,380</u>	0.270-3.550

d) Deposits from banks

	<b>For the Nine Months Ended September 30</b>			
	<b>2023</b>		<b>2022</b>	
	<b>Ending Balance</b>	<b>Interest Expense</b>	<b>Ending Balance</b>	<b>Interest Expense</b>
Subsidiary	\$ 23	\$ -	\$ 24	\$ -
Main management	86,924	892	309,751	1,216
Others				
Tamshui First Credit Bank	26,463,424	276,695	26,843,329	179,404
The Fifth Credit Cooperation of Taipei	6,624,570	59,077	6,656,692	41,743
Others	<u>23,088</u>	<u>-</u>	<u>16,536</u>	<u>-</u>
	<u>\$ 33,198,029</u>	<u>\$ 336,664</u>	<u>\$ 33,826,332</u>	<u>\$ 222,363</u>

e) Call loans from banks

	<b>Highest Balance</b>	<b>Ending Balance</b>	<b>Interest Revenue</b>	<b>Interest Rate (%)</b>
<u>For the nine months ended September 30, 2023</u>				
Subsidiary	\$ 6,788	\$ -	\$ 59	4.150
Others	<u>921,600</u>	<u>-</u>	<u>797</u>	5.140-5.170
	<u>\$ 928,388</u>	<u>\$ -</u>	<u>\$ 856</u>	

f) Loans

	<b>Highest Balance</b>	<b>Ending Balance</b>	<b>Interest Revenue</b>	<b>Interest Rate (%)</b>
<u>For the nine months ended September 30, 2023</u>				
Subsidiary	\$ 7,263,841	\$ 4,921,299	\$ 139,329	2.947-5.958
Main management	462,810	298,160	3,286	1.636-2.303
Others	<u>1,162,857</u>	<u>163,948</u>	<u>3,247</u>	1.370-2.778
	<u>\$ 8,889,508</u>	<u>\$ 5,383,407</u>	<u>\$ 145,862</u>	
<u>For the nine months ended September 30, 2022</u>				
Subsidiary	\$ 5,414,292	\$ 5,182,520	\$ 18,440	0.900-2.130
Main management	360,858	267,334	2,913	1.010-1.925
Others	<u>354,409</u>	<u>160,060</u>	<u>1,553</u>	0.100-2.400
	<u>\$ 6,129,559</u>	<u>\$ 5,609,914</u>	<u>\$ 22,906</u>	

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

g) Deposits

	<b>Ending Balance</b>	<b>Interest Expense</b>	<b>Interest Rate (%)</b>
<u>For the nine months ended September 30, 2023</u>			
Parent company	\$ 29,858	\$ 279	0-0.580
Sister companies	2,252,792	12,073	0-4.450
Associates	75,156	524	0-4.730
Main management	868,735	11,542	0-13.000
Others			
Financial Information Service Co., Ltd.	17,364,599	14,175	1.050-5.250
Others	<u>5,172,327</u>	<u>21,821</u>	0-13.000
	<u>\$ 25,763,467</u>	<u>\$ 60,414</u>	
<u>For the nine months ended September 30, 2022</u>			
Parent company	\$ 210,510	\$ 58	0-0.205
Sister companies	4,061,427	3,409	0-1.200
Associates	70,224	437	0-0.835
Main management	756,387	7,186	0-13.000
Others			
Financial Information Service Co., Ltd.	14,793,688	5,152	0-1.190
Others	<u>3,456,679</u>	<u>13,691</u>	0-13.000
	<u>\$ 23,348,915</u>	<u>\$ 29,933</u>	



h) Accrued income (part of receivables)

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Sister company			
BPCTLI	\$ 26,723	\$ 35,139	\$ 20,759
TCSIT	<u>3,317</u>	<u>3,382</u>	<u>3,597</u>
	<u>\$ 30,040</u>	<u>\$ 38,521</u>	<u>\$ 24,356</u>

i) Receivable on securities (part of receivables)

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Sister company			
TCS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 399,128</u>

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

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Parent company	<u>\$ 3,120,070</u>	<u>\$ 2,084,831</u>	<u>\$ 3,320,525</u>

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

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Parent company	<u>\$ -</u>	<u>\$ 352,754</u>	<u>\$ -</u>

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

	<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>
Sister companies		
BPCTLI	\$ 381,260	\$ 507,658
Others	67,639	36,327
Main management	149	176
Others	<u>20,210</u>	<u>278</u>
	<u>\$ 469,258</u>	<u>\$ 544,439</u>

m) Lease agreements - TCB is lessor

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

i. Future lease payment receivables was as follows:

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Parent company	\$ 113,967	\$ 133,272	\$ 140,487
Sister companies			
TCS	54,720	87,684	100,824
BPCTLI	97,478	14,531	2,394
TCBF	39,614	2,201	4,401
Others	<u>23,519</u>	<u>28,790</u>	<u>31,963</u>
	<u>\$ 329,298</u>	<u>\$ 266,478</u>	<u>\$ 280,069</u>

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

	<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>
Parent company	\$ 21,643	\$ 19,118
Sister companies		
TCS	33,988	32,806
BPCTLI	11,296	10,645
Others	<u>18,489</u>	<u>16,775</u>
	<u>\$ 85,416</u>	<u>\$ 79,344</u>

n) Derivatives

Related Party	Type of Derivatives	Contract Period	<b>For the Nine Months Ended September 30, 2023</b>				
			Nominal Amounts	Valuation Gain (Loss)	Amounts on the Balance Sheet		
					Account	Amounts	
Sister company - BPCTLI	Currency swap	2023.01.31-2024.03.31	EUR 4,844	\$ 7,083	Financial assets at fair value through profit or loss	\$ 7,083	
	Currency swap	2023.08.24-2024.01.24	EUR 3,012	(2,288)	Financial liabilities at fair value through profit or loss	(2,288)	
	Currency swap	2023.09.14-2024.01.31	US\$ 115,245	8,531	Financial assets at fair value through profit or loss	8,531	
Sister company - TCBF	Currency swap	2023.08.14-2023.10.16	US\$ 3,000	1,582	Financial assets at fair value through profit or loss	1,582	
Other - TCB 6 Year Senior Emerging Market Bond Fund	Currency swap	2023.09.26-2023.10.26	US\$ 4,500	261	Financial assets at fair value through profit or loss	261	
Other - TCB 6 Year Emerging Market Bond Fund	Currency swap	2023.08.11-2023.11.13	US\$ 6,800	765	Financial assets at fair value through profit or loss	765	
Other - TCB 2026 Maturity Senior Emerging Market Corporate Bond Fund	Currency swap	2023.09.08-2023.12.08	US\$ 800	127	Financial assets at fair value through profit or loss	127	
Other - TCB US Short Duration High Yield Bond Fund	Currency swap	2023.03.21-2024.03.21	US\$ 5,700	7,799	Financial assets at fair value through profit or loss	7,799	
Other - TCB 2023 Maturity Selective Emerging Market Bond Fund	Currency swap	2023.09.11-2023.11.13	US\$ 3,550	223	Financial liabilities at fair value through profit or loss	223	

(Continued)

**For the Nine Months Ended September 30, 2023**

Related Party	Type of Derivatives	Contract Period	Nominal Amounts	Valuation Gain (Loss)	Amounts on the Balance Sheet	
					Account	Amounts
Other - TCB Global Core Infrastructure Income Fund	Currency swap	2023.07.13-2023.10.13	US\$ 1,200	\$ 767	Financial assets at fair value through profit or loss	\$ 767
Other - TCB Global High Yield Bond Fund	Currency swap	2023.08.28-2023.11.13	US\$ 3,850	1,687	Financial assets at fair value through profit or loss	1,687
Other - TCB 2032 Target Date Multi-Asset Income Fund	Currency swap	2023.09.18-2023.12.18	US\$ 3,000	1,207	Financial assets at fair value through profit or loss	1,207
Other - TCB Environment & Socially Responsible Multi-Asset Fund	Currency swap	2023.07.06-2023.12.29	US\$ 7,200	3,759	Financial assets at fair value through profit or loss	3,759
Other - TCB Global Healthcare Multi-Asset Income Fund	Currency swap	2023.09.26-2023.12.29	US\$ 13,000	1,418	Financial assets at fair value through profit or loss	1,418
Other - TCB 2025 Maturity Emerging Market Bond Fund	Currency swap	2023.09.25-2023.10.31	US\$ 21,650	777	Financial assets at fair value through profit or loss	777

(Concluded)

**For the Nine Months Ended September 30, 2022**

Related Party	Type of Derivatives	Contract Period	Nominal Amounts	Valuation Gain (Loss)	Amounts on the Balance Sheet	
					Account	Amounts
Sister company - BPCTLI	Currency swap	2022.09.30-2022.12.23	EUR 7,856	\$ 3,695	Financial assets at fair value through profit or loss	\$ 3,695
	Currency swap	2021.12.30-2023.02.24	US\$ 122,685	256,048	Financial assets at fair value through profit or loss	256,003
Sister company - TCBF	Currency swap	2022.08.22-2022.10.31	US\$ 3,000	5,216	Financial assets at fair value through profit or loss	5,216
TCB 6 Year Senior Emerging Market Bond Fund	Currency swap	2021.11.30-2023.02.27	US\$ 11,100	17,017	Financial assets at fair value through profit or loss	16,086
Other - TCB 6 Year Emerging Market Bond Fund	Currency swap	2022.08.08-2022.10.11	US\$ 17,300	28,622	Financial assets at fair value through profit or loss	28,622
Other - TCB 2025 Maturity selective Emerging Market Bond Fund	Currency swap	2022.06.29-2023.02.23	US\$ 36,700	66,266	Financial assets at fair value through profit or loss	66,266
Other - TCB 2026 Maturity Senior Emerging Market Corporate Bond Fund	Currency swap	2022.06.08-2022.12.08	US\$ 800	1,587	Financial assets at fair value through profit or loss	1,587
Other - TCB 2023 Maturity selective Emerging Market Bond Fund	Currency swap	2022.09.08-2022.10.31	US\$ 4,250	(832)	Financial liabilities at fair value through profit or loss	(832)
Other - TCB Global Healthcare Multi-Asset Income Fund	Currency swap	2022.09.21-2022.10.21	US\$ 21,000	9,791	Financial assets at fair value through profit or loss	9,791
Other - TCB Global High Yield Bond Fund	Currency swap	2022.09.06-2022.11.14	US\$ 9,100	9,175	Financial assets at fair value through profit or loss	9,175
Other - TCB US Short Duration High Yield Bond Fund	Currency swap	2022.04.08-2022.12.21	US\$ 7,800	13,881	Financial assets at fair value through profit or loss	13,881
Other - TCB Environment & Socially Responsible Multi-Asset Fund	Currency swap	2022.07.25-2022.10.25	US\$ 8,200	14,154	Financial assets at fair value through profit or loss	14,154
Other - TCB ESG Retirement Aggressive Fund of Fund	Currency swap	2022.05.31-2022.11.30	US\$ 100	245	Financial assets at fair value through profit or loss	245
Other - TCB Global Core Infrastructure Income Fund	Currency swap	2022.09.01-2022.10.11	US\$ 2,100	1,950	Financial assets at fair value through profit or loss	1,950
Other - TCB 2032 Target Date Multi-Asset Income Fund	Currency swap	2022.09.29-2022.10.31	US\$ 4,700	(101)	Financial liabilities at fair value through profit or loss	(101)

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

	<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>
Financial assets and liabilities at fair value through profit or loss		
Sister companies		
BPCTLI	\$ 411,746	\$ 212,937
TCBF	6,510	884
Others	<u>165,164</u>	<u>359,429</u>
	<u>\$ 583,420</u>	<u>\$ 573,250</u>

o) Loans

September 30, 2023

Type	Account Volume or Name	Highest Balance in the Period Ended September 30, 2023 (Note 1)	Ending Balance	Loan Classification			Differences in Terms of Transaction Compared with Those for Unrelated Parties
				Normal Loans	Nonperforming Loans	Collaterals	
Consumer loans	91	\$ 332,142	\$ 192,653	\$ 192,653	\$ -	Note 2	None
Self-used housing mortgage loans	70	393,525	269,455	269,455	-	Land and buildings	None
Other	UTB	7,263,841	4,921,299	4,921,299	-	None	None
	Tamshui First Credit Bank	900,000	-	-	-	Certificates of deposit	None

September 30, 2022

Type	Account Volume or Name	Highest Balance in the Period Ended September 30, 2022 (Note 1)	Ending Balance	Loan Classification			Differences in Terms of Transaction Compared with Those for Unrelated Parties
				Normal Loans	Nonperforming Loans	Collaterals	
Consumer loans	87	\$ 253,608	\$ 207,619	\$ 207,619	\$ -	Note 2	None
Self-used housing mortgage loans	52	296,909	219,775	219,775	-	Land and buildings	None
Other	UTB	5,414,292	5,182,520	5,182,520	-	None	None
	Tamshui First Credit Bank	164,750	-	-	-	Certificates of deposit	None

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

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

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

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

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Sister companies	<u>\$ 34,565</u>	<u>\$ 81,416</u>	<u>\$ 361,772</u>

b) Settlement receivables (part of other current assets)

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Sister companies	\$ <u>35,689</u>	\$ <u>34,008</u>	\$ <u>106,729</u>

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

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Sister companies	\$ <u>85</u>	\$ <u>175,533</u>	\$ <u>222,238</u>

d) Settlement payable (part of payables)

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Sister companies	\$ 2,446	\$ 3,831	\$ 441,545
Others	<u>2,758</u>	<u>-</u>	<u>5,766</u>
	<u>\$ 5,204</u>	<u>\$ 3,831</u>	<u>\$ 447,311</u>

e) TCS applied to TCB for call loans

<b>For the Nine Months Ended September 30, 2023</b>				
<b>Related Party</b>	<b>Highest Balance</b>	<b>Ending Balance</b>	<b>Interest Expense</b>	<b>Interest Rate (%)</b>
Sister companies				
TCB	\$ <u>322,850</u>	\$ <u>322,850</u>	\$ <u>12,334</u>	4.700-5.800
<b>For the Nine Months Ended September 30, 2022</b>				
<b>Related Party</b>	<b>Highest Balance</b>	<b>Ending Balance</b>	<b>Interest Expense</b>	<b>Interest Rate (%)</b>
Sister companies				
TCB	\$ <u>543,566</u>	\$ <u>318,200</u>	\$ <u>1,454</u>	0.270-3.550

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 September 30, 2023, December 31, 2022 and September 30, 2022, TCS had no borrowing and overdraft. The overdraft for the nine months ended September 30, 2023 and 2022 were as follows:

<b>For the Nine Months Ended September 30, 2023</b>				
	<b>Highest Balance</b>	<b>Ending Balance</b>	<b>Interest Expense</b>	<b>Interest Rate (%)</b>
Sister companies	\$ <u>1,000,000</u>	\$ <u>-</u>	\$ <u>-</u>	-
<b>For the Nine Months Ended September 30, 2022</b>				
	<b>Highest Balance</b>	<b>Ending Balance</b>	<b>Interest Expense</b>	<b>Interest Rate (%)</b>
Sister companies	\$ <u>1,000,000</u>	\$ <u>-</u>	\$ <u>-</u>	-

g) Lease agreements - TCS is lessee

i. Right-of-use assets, net

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Sister companies			
TCB	<u>\$ 53,502</u>	<u>\$ 81,807</u>	<u>\$ 216,546</u>

ii. Lease liabilities

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Sister companies	<u>\$ 55,005</u>	<u>\$ 83,879</u>	<u>\$ 96,359</u>

iii. Interest expense

	<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>
Sister companies	<u>\$ 878</u>	<u>\$ 1,413</u>

iv. Depreciation expense

	<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>
Sister companies	<u>\$ 33,485</u>	<u>\$ 31,255</u>

3) Taiwan Cooperative Bills Finance Corporation Ltd.

a) Cash in bank

	<b>Highest Balance</b>	<b>Ending Balance</b>	<b>Interest Expense</b>	<b>Interest Rate (%)</b>
For the nine months ended <u>September 30, 2023</u>				
Sister companies	<u>\$ 693,379</u>	<u>\$ 101,494</u>	<u>\$ 156</u>	0.010-1.565
For the nine months ended <u>September 30, 2022</u>				
Sister companies	<u>\$ 507,469</u>	<u>\$ 91,708</u>	<u>\$ 8</u>	0.010-1.315

b) Call loans from banks

	<b>Highest Balance</b>	<b>Ending Balance</b>	<b>Interest Expense</b>	<b>Interest Rate (%)</b>
For the nine months ended <u>September 30, 2023</u>				
Sister companies	<u>\$ 2,578,603</u>	<u>\$ 478,428</u>	<u>\$ 14,863</u>	1.200-5.770
For the nine months ended <u>September 30, 2022</u>				
Sister companies	<u>\$ 4,410,000</u>	<u>\$ 2,600,000</u>	<u>\$ 11,987</u>	0.290-1.120

c) Securities sold under repurchase agreement

	<b>Ending Balance</b>	<b>Interest Expense</b>	<b>Interest Rate (%)</b>
For the nine months ended <u>September 30, 2023</u>			
Sister companies	<u>\$ 459,400</u>	<u>\$ 1,540</u>	1.150-1.300
For the nine months ended <u>September 30, 2022</u>			
Sister companies	<u>\$ 6,370,354</u>	<u>\$ 904</u>	0.280-0.800

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

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

	<u>September 30, 2023</u>		<u>December 31, 2022</u>		<u>September 30, 2022</u>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
Sister company						
TCB	<u>\$ 1,339,994</u>	<u>53</u>	<u>\$ 1,587,724</u>	<u>36</u>	<u>\$ 2,039,589</u>	<u>59</u>

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

	<u>For the Nine Months Ended September 30, 2023</u>		
	<b>Purchased Securities (Note)</b>	<b>Securities Purchase Under Resell Agreement</b>	
		<b>Amount</b>	<b>Rate (%)</b>
Sister company			
TCBF	\$ 3,335,944	\$ 459,400	1.150-1.300

	<b>For the Nine Months Ended September 30, 2022</b>		
	<b>Purchased Securities</b>	<b>Securities Purchase Under Resell Agreement</b>	
	<b>(Note)</b>	<b>Amount</b>	<b>Rate (%)</b>
Sister company TCBF	\$ 5,948,027	\$ -	0.280-0.800

Note: The amount includes securities purchased under resell agreements.

c) Derivatives

For the nine months ended September 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	2023.09.14- 2024.01.31	US\$ 115,245	\$ (6,572)	Financial liabilities at fair value through profit or loss	\$ (6,572)
		2023.08.24- 2024.01.24	EUR 3,012	2,515	Financial assets at fair value through profit or loss	2,515
		2023.01.31- 2024.03.31	EUR 4,844	(6,739)	Financial liabilities at fair value through profit or loss	(6,739)
	Associates - Banque Nationale De Paris, Taipei Branch (Note)	2021.06.11- 2024.08.19	US\$ 86,339	(173,080)	Financial liabilities at fair value through profit or loss	(224,322)
		2023.02.02- 2024.02.02	EUR 10,933	(13,405)	Financial liabilities at fair value through profit or loss	(13,405)

For the nine months ended September 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	2022.09.30- 2023.02.24	US\$ 49,387	\$ 4,327	Financial assets at fair value through profit or loss	\$ 4,327
		2022.12.30- 2023.01.31	US\$ 73,298	(250,026)	Financial liabilities at fair value through profit or loss	(249,789)
		2022.09.23- 2022.12.23	EUR 3,012	338	Financial assets at fair value through profit or loss	338
	Associates - Banque Nationale De Paris, Taipei Branch (Note)	2022.09.30- 2022.11.30	EUR 4,844	(3,450)	Financial liabilities at fair value through profit or loss	3,450
		2021.06.11- 2024.08.19	US\$ 100,725	(246,165)	Financial liabilities at fair value through profit or loss	(220,513)
		2022.02.22- 2022.11.22	EUR 4,827	3,035	Financial assets at fair value through profit or loss	3,035

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

For the nine months ended September 30, 2023 and 2022, the realized gains or losses on currency swaps with sister companies were \$402,245 thousand losses and \$212,348 thousand losses, respectively. Besides, the realized gains or losses on currency swaps with affiliates were \$66,920 thousand losses and \$20,072 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 September 30, 2023, December 31, 2022 and September 30, 2022, the BPCTLI had refundable deposits of \$238,249 thousand, and had received deposits of \$100,742 thousand and \$254,819 thousand, respectively.

d) Payables

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Sister company			
TCB	\$ 189,801	\$ 172,706	\$ 147,500
Associates	<u>112</u>	<u>135</u>	<u>464</u>
	<u>\$ 189,913</u>	<u>\$ 172,841</u>	<u>\$ 147,964</u>

e) Operating expenses - insurance contract expenses

	<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>
Sister company		
TCB	<u>\$ 351,803</u>	<u>\$ 427,064</u>

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

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

	<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>
Management fee income		
Sister company	\$ 402	\$ 535
Others	<u>252,208</u>	<u>279,946</u>
	<u>\$ 252,610</u>	<u>\$ 280,481</u>

6) Taiwan Cooperative Operative Assets Management Co., Ltd.

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Other payables			
Parent company	<u>\$ 89,878</u>	<u>\$ -</u>	<u>\$ 100,574</u>

7) Taiwan Cooperative Venture Capital Co., Ltd.

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Cash in banks (part of cash and cash equivalents) Sister company TCB	\$ <u>128,771</u>	\$ <u>216,342</u>	\$ <u>209,777</u>

d. Salaries, bonuses and remunerations to main management

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

	<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>
Salaries and other short-term employment benefits	\$ 152,558	\$ 149,675
Post-employment benefits	8,480	3,179
Interest arising from the employees' preferential rate in excess of normal rates	<u>1,232</u>	<u>981</u>
	<u>\$ 162,270</u>	<u>\$ 153,835</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:

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Due from the Central Bank and call loans to banks - due from the Central Bank	\$ -	\$ -	\$ 46,415
Financial assets mandatorily classified as at fair value through profit or loss - negotiable certificates of deposit	400,000	300,000	300,000
Financial assets at fair value through other comprehensive income - debt instrument investments	189,177	-	-
Investments in debt instruments at amortized cost	84,224,563	84,439,398	84,408,804
Other financial assets - due from banks	<u>405,816</u>	<u>385,514</u>	<u>373,835</u>
	<u>\$ 85,219,556</u>	<u>\$ 85,124,912</u>	<u>\$ 85,129,054</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 September 30, 2023, December 31, 2022 and September 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 Loan Balance	Collateral Value
September 30, 2023	<u>\$ 445,315</u>	<u>\$ 372,429</u>
December 31, 2022	<u>\$ 436,267</u>	<u>\$ 361,914</u>
September 30, 2022	<u>\$ 366,071</u>	<u>\$ 304,041</u>

- c. As of September 30, 2023, December 31, 2022 and September 30, 2022, due to the KHR loans borrowed from the National Bank of Cambodia, up to US\$20,326 thousand, US\$27,927 thousand and US\$33,038 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 September 30, 2023, TCFHC's outstanding major construction and procurement contracts amounted to \$189,312 thousand, of which \$135,131 thousand was still unpaid.

- b. Taiwan Cooperative Bank, Ltd.

1) As of September 30, 2023, TCB's outstanding major construction and procurement contracts amounted to \$776,603 thousand, of which \$543,777 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 September 30, 2023, the commitments or contingencies arose from business were as follows:

	<b>September 30, 2023</b>
Guarantees of commercial paper	<u>\$ 33,344,900</u>
Purchase of reference-rate commercial paper	<u>\$ 6,600,000</u>

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

As of September 30, 2023, TCS's agreements on the house decoration project and acquisition equipment amounted to \$30,969 thousand, of which \$15,531 thousand was still unpaid.

#### 44. FINANCIAL INSTRUMENTS

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

	<u>September 30, 2023</u>		<u>December 31, 2022</u>		<u>September 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	\$ 684,839,156	\$ 680,238,278	\$ 719,535,355	\$ 714,728,964	\$ 643,934,325	\$ 636,866,919
<u>Financial liabilities</u>						
Bonds payable	81,840,000	81,820,861	80,290,000	80,616,994	82,950,000	82,892,129

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

September 30, 2023

	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<u>Financial assets</u>				
Investments in debt instruments at amortized cost	\$ 680,238,278	\$ 464,089	\$ 679,550,044	\$ 224,145
<u>Financial liabilities</u>				
Bonds payable	81,820,861	-	81,820,861	-

December 31, 2022

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

September 30, 2022

	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<u>Financial assets</u>				
Investments in debt instruments at amortized cost	\$ 636,866,919	\$ 159,680,224	\$ 477,186,695	\$ -
<u>Financial liabilities</u>				
Bonds payable	82,892,129	-	82,892,129	-

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 1.1448% and 1.6297%, between 1.3207% and 1.7870%, between 1.0482% and 1.6492% as of September 30, 2023, December 31, 2022 and September 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 September 30, 2023, December 31, 2022 and September 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:

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Discount for lack of marketability			
Increase 10%	<u>\$ (1,082,964)</u>	<u>\$ (1,038,686)</u>	<u>\$ (957,944)</u>
Decrease 10%	<u>\$ 1,082,964</u>	<u>\$ 1,038,686</u>	<u>\$ 957,944</u>
Discount for minority interest			
Increase 10%	<u>\$ (39,874)</u>	<u>\$ (40,416)</u>	<u>\$ (35,503)</u>
Decrease 10%	<u>\$ 39,874</u>	<u>\$ 40,416</u>	<u>\$ 35,503</u>

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

#### 1) Fair value Hierarchy

<b>Financial Instruments Measured at Fair Value</b>	<b>September 30, 2023</b>			
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<u>Non-derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at FVTPL				
Equity instruments	\$ 2,978,352	\$ 1,594,807	\$ 13,233	\$ 1,370,312
Debt instruments	3,000,471	1,140,242	1,860,229	-
Others	113,007,796	4,832,089	108,175,707	-
Financial assets at FVTOCI				
Equity instruments	42,852,613	36,442,777	-	6,409,836
Debt instruments	448,469,461	21,624,674	426,844,787	-
Others	9,018,998	-	9,018,998	-
<u>Liabilities</u>				
Financial liabilities at FVTPL	(2,005,341)	(569,864)	(1,435,477)	-

(Continued)

Financial Instruments Measured at Fair Value	September 30, 2023			
	Total	Level 1	Level 2	Level 3
<u>Derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at FVTPL	\$ 14,266,190	\$ 378,912	\$ 13,887,278	\$ -
<u>Liabilities</u>				
Financial liabilities at FVTPL	(1,488,021)	-	(1,488,021)	-
				(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	September 30, 2022			
	Total	Level 1	Level 2	Level 3
<u>Non-derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at FVTPL				
Equity instruments	\$ 2,395,460	\$ 1,052,320	\$ 227	\$ 1,342,913
Debt instruments	1,952,635	671,619	1,281,016	-
Others	95,763,561	3,655,763	92,095,022	12,776
Financial assets at FVTOCI				
Equity instruments	38,421,250	32,757,131	-	5,664,119
Debt instruments	444,610,303	21,414,560	423,195,743	-
Others	1,262,681	-	1,262,681	-
<u>Liabilities</u>				
Financial liabilities at FVTPL	(630,305)	(630,051)	(254)	-
				(Continued)

Financial Instruments Measured at Fair Value	September 30, 2022			
	Total	Level 1	Level 2	Level 3
<u>Derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at FVTPL	\$ 20,527,291	\$ 520,718	\$ 20,006,573	\$ -
<u>Liabilities</u>				
Financial liabilities at FVTPL	(4,208,411)	-	(4,208,411)	-
				(Concluded)

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	9,354	-	9,354
Recognized in OCI (investment in equity instruments at FVTOCI)	-	182,759	182,759
Purchases	172,496	-	172,496
Disposals	(85,031)	-	(85,031)
Transferred out of Level 3	<u>(45,000)</u>	<u>-</u>	<u>(45,000)</u>
Balance on September 30, 2023	<u>\$ 1,370,312</u>	<u>\$ 6,409,836</u>	<u>\$ 7,780,148</u>
Balance on January 1, 2022	\$ 1,456,354	\$ 6,959,665	\$ 8,416,019
Recognized in profit	178,243	-	178,243
Recognized in OCI (investment in equity instruments at FVTOCI)	-	(1,447,631)	(1,447,631)
Purchases	212,839	152,085	364,924
Disposals	<u>(491,747)</u>	<u>-</u>	<u>(491,747)</u>
Balance on September 30, 2022	<u>\$ 1,355,689</u>	<u>\$ 5,664,119</u>	<u>\$ 7,019,808</u>

The change in unrealized gains or losses for the nine months ended September 30, 2023 and 2022 included in profit or loss for assets held at the September 30, 2023 and 2022, respectively, was \$15,792 thousand losses and \$39,789 thousand losses.

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

	September 30, 2023
Difference between carrying amount and contractual amount at maturity	
Fair value	\$ 1,435,477
Amount payable at maturity	<u>1,509,324</u>
	<u>\$ (73,847)</u>



**Changes in  
Fair Value  
Attributable to  
Changes in  
Credit Risk**

Accumulated amount of change  
As of September 30, 2023

\$ 451

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

e. Information on financial risk management

Taiwan Cooperative Financial Holding Co., Ltd.

1) Risk management

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

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

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

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

## 2) Credit risk

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

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

## 3) Market risk

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

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

### Effect of interest rate benchmark reform

The Company's non-derivative financial assets are exposed to LIBOR which is subject to interest rate benchmark reform. The Company established a LIBOR transition project plan, 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 and taxation.

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

	<b>Carrying Amount</b>
Financial assets that reference USD LIBOR	
Financial assets at FVTOCI	\$ 3,751,552
Discounts and loans	<u>979,377</u>
	<u>\$ 4,730,929</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) TCB is not responsible for the collaterals assumed and assets of principal and subordinate debtors experiencing low priced auctions with no bidders.
- iv) Overdue loans or collections were made after two years from the settlement date.
- v) Overdue credit card loans and overdue receivables were aged over nine months after the settlement date.

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

#### iv. Measurement of expected credit losses

##### Loans business

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

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

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

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

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

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

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

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

### Bonds and bills business

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



c) Credit risk avoidance or mitigation policy

i. Strengthen collaterals and other credits

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

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

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

September 30, 2023

	<b>Gross Carrying Amount</b>	<b>Allowance for Possible Losses</b>	<b>Total Exposure Amount (Amortized Cost)</b>	<b>Fair Value of Collateral</b>
<u>Impaired financial assets</u>				
Receivables	\$ 295,333	\$ 142,234	\$ 153,099	\$ -
Discount and loans	34,066,277	5,501,347	28,564,930	67,567,546

December 31, 2022

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

September 30, 2022

	<b>Gross Carrying Amount</b>	<b>Allowance for Possible Losses</b>	<b>Total Exposure Amount (Amortized Cost)</b>	<b>Fair Value of Collateral</b>
<u>Impaired financial assets</u>				
Receivables	\$ 194,694	\$ 84,287	\$ 110,407	\$ -
Discount and loans	34,629,572	3,879,606	30,749,966	81,871,191

The total amount of financial assets that have been written off but have recourse action by TCB and its subsidiary on September 30, 2023, December 31, 2022 and September 30, 2022 were \$10,214,066 thousand, \$7,292,399 thousand and \$7,317,425 thousand, respectively.

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

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

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

<b>Credit Risk Profile by Group or Industry</b>	<b>September 30, 2023</b>		<b>December 31, 2022</b>		<b>September 30, 2022</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
Natural person	\$ 997,392,113	36	\$ 989,233,524	38	\$ 986,168,849	38
Manufacturing	500,497,384	18	452,362,367	17	492,397,450	19
Government agencies	287,821,165	10	247,622,319	10	205,472,953	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:

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Financial assets at fair value through profit or loss - debt instrument	\$ 939,768	\$ 885,078	\$ 885,845

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

<b>September 30, 2023</b>					
	<b>12-month ECL</b>	<b>Lifetime ECL</b>	<b>Lifetime ECL (Credit-impaired Financial Assets)</b>	<b>Difference of Impairment Loss under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”</b>	<b>Total</b>
Maximum exposures to credit risk	\$ 354,856,472	\$ 2,275	\$ 172,268	\$ -	\$ 355,031,015
Allowance for possible losses	(875,109)	(1)	(10,698)	-	(885,808)
Difference of impairment loss under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	-	-	-	(531,197)	(531,197)
	<u>\$ 353,981,363</u>	<u>\$ 2,274</u>	<u>\$ 161,570</u>	<u>\$ (531,197)</u>	<u>\$ 353,614,010</u>
<b>December 31, 2022</b>					
	<b>12-month ECL</b>	<b>Lifetime ECL</b>	<b>Lifetime ECL (Credit-impaired Financial Instruments)</b>	<b>Difference of Impairment Loss under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”</b>	<b>Total</b>
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>

September 30, 2022

	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired Financial Assets)	Difference of Impairment Loss under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	Total
Maximum exposures to credit risk	\$ 305,877,701	\$ 7,416	\$ 344,205	\$ -	\$ 306,229,322
Allowance for possible losses	(818,482)	(16)	(28,965)	-	(847,463)
Difference of impairment loss under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	-	-	-	(583,232)	(583,232)
	<u>\$ 305,059,219</u>	<u>\$ 7,400</u>	<u>\$ 315,240</u>	<u>\$ (583,232)</u>	<u>\$ 304,798,627</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

	September 30, 2023			Difference of Impairment Loss under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL		
Discounts and loans	\$ 2,731,011,103	\$ 3,209,623	\$ 34,066,277	\$ -	\$ 2,768,287,003
Allowance for possible losses	(4,631,584)	(40,938)	(5,501,347)	-	(10,173,869)
Difference of impairment loss under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	-	-	-	(21,220,713)	(21,220,713)
	<u>\$ 2,726,379,519</u>	<u>\$ 3,168,685</u>	<u>\$ 28,564,930</u>	<u>\$ (21,220,713)</u>	<u>\$ 2,736,892,421</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 Procedures 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>

September 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	\$ 2,566,758,462	\$ 6,599,958	\$ 34,629,572	\$ -	\$ 2,607,987,992
Allowance for possible losses	(4,377,430)	(110,486)	(3,879,606)	-	(8,367,522)
Difference of impairment loss under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	-	-	-	(22,173,005)	(22,173,005)
	<u>\$ 2,562,381,032</u>	<u>\$ 6,489,472</u>	<u>\$ 30,749,966</u>	<u>\$ (22,173,005)</u>	<u>\$ 2,577,447,465</u>

b) Credit quality analysis of receivables

September 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	\$ 20,564,530	\$ 64,129	\$ 295,333	\$ 5,559,697	\$ -	\$ 26,483,689
Allowance for possible losses	(51,306)	(11,820)	(142,234)	(185,081)	-	(390,441)
Difference of impairment loss under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	-	-	-	-	(168,910)	(168,910)
	<u>\$ 20,513,224</u>	<u>\$ 52,309</u>	<u>\$ 153,099</u>	<u>\$ 5,374,616</u>	<u>\$ (168,910)</u>	<u>\$ 25,924,338</u>

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

  

September 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	\$ 16,184,445	\$ 50,899	\$ 194,694	\$ 3,168,784	\$ -	\$ 19,598,822
Allowance for possible losses	(49,333)	(11,665)	(84,287)	(184,962)	-	(330,247)
Difference of impairment loss under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	-	-	-	-	(168,044)	(168,044)
	<u>\$ 16,135,112</u>	<u>\$ 39,234</u>	<u>\$ 110,407</u>	<u>\$ 2,983,822</u>	<u>\$ (168,044)</u>	<u>\$ 19,100,531</u>

c) Credit quality analysis of securities

September 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	\$ 412,608,035	\$ -	\$ 361,106	\$ 412,969,141
Allowance for possible losses	(56,540)	-	(225,085)	(281,625)
Amortized cost	412,551,495	-	136,021	412,687,516
Fair value adjustments	(18,728,254)	-	125,015	(18,603,239)
	<u>\$ 393,823,241</u>	<u>\$ -</u>	<u>\$ 261,036</u>	<u>\$ 394,084,277</u>
Investments in debt instruments at amortized cost	\$ 682,455,068	\$ -	\$ -	\$ 682,455,068
Allowance for possible losses	(29,831)	-	-	(29,831)
	<u>\$ 682,425,237</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 682,425,237</u>

	<b>December 31, 2022</b>			
	<b>Stage 1 12-month ECL</b>	<b>Stage 2 Lifetime ECL</b>	<b>Stage 3 Lifetime ECL</b>	<b>Total</b>
Investments in debt instruments at FVTOCI				
Gross carrying amount	\$ 401,779,287	\$ -	\$ 359,150	\$ 402,138,437
Allowance for possible losses	<u>(60,665)</u>	<u>-</u>	<u>(222,673)</u>	<u>(283,338)</u>
Amortized cost	401,718,622	-	136,477	401,855,099
Fair value adjustments	<u>(19,017,037)</u>	<u>-</u>	<u>54,817</u>	<u>(18,962,220)</u>
	<u>\$ 382,701,585</u>	<u>\$ -</u>	<u>\$ 191,294</u>	<u>\$ 382,892,879</u>
Investments in debt instruments at amortized cost	\$ 717,151,165	\$ -	\$ -	\$ 717,151,165
Allowance for possible losses	<u>(22,243)</u>	<u>-</u>	<u>-</u>	<u>(22,243)</u>
	<u>\$ 717,128,922</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 717,128,922</u>
	<b>September 30, 2022</b>			
	<b>Stage 1 12-month ECL</b>	<b>Stage 2 Lifetime ECL</b>	<b>Stage 3 Lifetime ECL</b>	<b>Total</b>
Investments in debt instruments at FVTOCI				
Gross carrying amount	\$ 414,769,854	\$ -	\$ 377,297	\$ 415,147,151
Allowance for possible losses	<u>(64,008)</u>	<u>-</u>	<u>(233,924)</u>	<u>(297,932)</u>
Amortized cost	414,705,846	-	143,373	414,849,219
Fair value adjustments	<u>(24,542,749)</u>	<u>-</u>	<u>26,052</u>	<u>(24,516,697)</u>
	<u>\$ 390,163,097</u>	<u>\$ -</u>	<u>\$ 169,425</u>	<u>\$ 390,332,522</u>
Investments in debt instruments at amortized cost	\$ 641,417,398	\$ -	\$ -	\$ 641,417,398
Allowance for possible losses	<u>(20,892)</u>	<u>-</u>	<u>-</u>	<u>(20,892)</u>
	<u>\$ 641,396,506</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 641,396,506</u>

- d) The changes in allowance for possible losses of investments in debt instruments at FVTOCI are summarized below:

	<b>12-month ECL</b>	<b>Lifetime ECL (Collective Assessment)</b>	<b>Lifetime ECL (Non-purchased or Non-originated Credit-impaired Financial Assets)</b>	<b>Total</b>
Balance on January 1, 2023	\$ 60,665	\$ -	\$ 222,673	\$ 283,338
Transfers to lifetime ECL	-	-	-	-
New financial assets purchased	3,332	-	-	3,332
Derecognition of financial assets in the current reporting period	(3,973)	-	-	(3,973)
Change in model or risk parameters	445	-	(8,894)	(8,449)
Changes in exchange rates and other changes	<u>(3,929)</u>	<u>-</u>	<u>11,306</u>	<u>7,377</u>
Balance on September 30, 2023	<u>\$ 56,540</u>	<u>\$ -</u>	<u>\$ 225,085</u>	<u>\$ 281,625</u>

(Continued)

	<b>12-month ECL</b>	<b>Lifetime ECL (Collective Assessment)</b>	<b>Lifetime ECL (Non-purchased or Non-originated Credit-impaired Financial Assets)</b>	<b>Total</b>
Balance on January 1, 2022	\$ 66,666	\$ -	\$ -	\$ 66,666
Transfers to lifetime ECL	(467)	-	467	-
New financial assets purchased	5,892	-	-	5,892
Derecognition of financial assets in the current reporting period	(5,428)	-	-	(5,428)
Change in model or risk parameters	(6,251)	-	233,387	227,136
Changes in exchange rates and other changes	<u>3,596</u>	<u>-</u>	<u>70</u>	<u>3,666</u>
Balance on September 30, 2022	<u>\$ 64,008</u>	<u>\$ -</u>	<u>\$ 233,924</u>	<u>\$ 297,932</u> (Concluded)

- e) The changes in allowance for possible losses of investments in debt instruments at amortized cost are summarized below:

	<b>12-month ECL</b>	<b>Lifetime ECL (Collective Assessment)</b>	<b>Lifetime ECL (Non-purchased or Non-originated Credit-impaired Financial Assets)</b>	<b>Total</b>
Balance on January 1, 2023	\$ 22,243	\$ -	\$ -	\$ 22,243
New financial assets purchased	12,407	-	-	12,407
Derecognition of financial assets in the current reporting period	(3,315)	-	-	(3,315)
Change in model or risk parameters	(1,934)	-	-	(1,934)
Changes in exchange rates and other changes	<u>430</u>	<u>-</u>	<u>-</u>	<u>430</u>
Balance on September 30, 2023	<u>\$ 29,831</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,831</u>
Balance on January 1, 2022	\$ 19,216	\$ -	\$ -	\$ 19,216
New financial assets purchased	3,822	-	-	3,822
Derecognition of financial assets in the current reporting period	(1,695)	-	-	(1,695)
Change in model or risk parameters	(1,168)	-	-	(1,168)
Changes in exchange rates and other changes	<u>717</u>	<u>-</u>	<u>-</u>	<u>717</u>
Balance on September 30, 2022	<u>\$ 20,892</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,892</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	September 30, 2023	December 31, 2022	September 30, 2022
Interest rate risk	Interest rate curve increased 100 basis points	\$ (233,124)	\$ (51,733)	\$ (69,026)
	Interest rate curve fell 100 basis points	236,774	53,018	70,525
Exchange rate risk	USD/NT\$, EUR/NT\$ increased 3%	(495,434)	(486,412)	(467,035)
	USD/NT\$, EUR/NT\$ fell 3%	495,434	486,412	467,035
	Others (RMB, AUD etc.)/ NT\$ increased 5%	84,625	60,149	60,164
	Others (RMB, AUD etc.)/ NT\$ fell 5%	(84,625)	(60,149)	(60,164)
Equity security price risk	Equity security price increased by 15%	46,275	72,875	53,866
	Equity security price fell by 15%	(46,275)	(72,875)	(53,866)

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 Nine Months Ended September 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	\$ 42,561,025	2.52	\$ 52,872,631	0.81
Due from the Central Bank	224,915,896	0.66	206,752,728	0.34
Call loans to banks and other financial assets - call loans to security firms	51,768,886	4.27	75,082,033	1.13
Financial assets mandatorily classified as at fair value through profit or loss	53,782,842	1.36	35,088,924	0.74
Financial assets at fair value through other comprehensive income	403,809,430	1.64	412,953,936	1.35
Investments in debt instruments at amortized cost	709,530,841	1.22	673,696,330	0.68
Securities purchased under resell agreements	20,814	1.26	-	-
Discounts and loans	2,720,535,709	2.54	2,503,475,305	1.78

(Continued)

	<b>For the Nine Months Ended September 30</b>			
	<b>2023</b>		<b>2022</b>	
	<b>Average Balance</b>	<b>Average Rate (%)</b>	<b>Average Balance</b>	<b>Average Rate (%)</b>
<u>Interest-bearing liabilities</u>				
Deposits from the Central Bank and other banks	\$ 327,768,917	1.96	\$ 244,004,288	0.55
Due to the Central Bank and other banks	-	-	32,008,243	0.11
Financial liability designated as at fair value through profit or loss	1,099,291	4.85	-	-
Securities sold under repurchase agreements	9,848,868	0.79	7,856,576	0.25
Savings - demand deposits	1,177,218,389	0.66	1,140,718,830	0.28
Time deposits	883,625,019	2.79	753,962,215	0.86
Time savings deposits	654,638,530	1.47	608,226,964	0.98
Treasury deposits	137,155,581	1.02	121,922,672	0.58
Demand deposits	760,449,701	0.75	802,859,159	0.16
Negotiable certificates of deposits	34,520,442	1.66	46,706,600	0.61
Bank debentures	62,058,315	2.01	60,033,333	1.55
Structured products	67,100	4.26	-	-
Lease liabilities	1,562,419	2.48	1,526,287	2.50
				(Concluded)

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

(In Thousands)

	<b>September 30, 2023</b>		
	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>New Taiwan Dollars</b>
<u>Financial assets</u>			
USD	\$ 13,509,421	32.2850	\$ 436,151,664
RMB	10,334,101	4.4120	45,594,052
AUD	1,362,783	20.5700	28,032,452
JPY	111,584,886	0.2161	24,113,494
EUR	709,398	33.9400	24,076,978
<u>Financial liabilities</u>			
USD	20,954,185	32.2850	676,505,872
RMB	7,977,869	4.4120	35,198,358
JPY	105,835,823	0.2161	22,871,121
AUD	1,008,483	20.5700	20,744,495
EUR	203,578	33.9400	6,909,436

	<b>December 31, 2022</b>		
	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>New Taiwan Dollars</b>
<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
	<b>September 30, 2022</b>		
	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>New Taiwan Dollars</b>
<u>Financial assets</u>			
USD	\$ 15,007,805	31.8200	\$ 477,548,344
RMB	11,952,554	4.4640	53,356,201
AUD	1,433,093	20.6700	29,622,026
JPY	83,418,403	0.2200	18,352,049
EUR	676,330	31.2200	21,115,018
<u>Financial liabilities</u>			
USD	20,346,086	31.8200	647,412,463
RMB	9,068,448	4.4640	40,481,552
AUD	992,374	20.6700	20,512,360
JPY	79,747,757	0.2200	17,544,506
EUR	230,126	31.2200	7,184,530

#### 4) Liquidity risk

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

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

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

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

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

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

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

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

TCB's liquidity reserve ratios were 29.51% in September 2023, 30.36% in December 2022 and 30.61% in September 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.

<b>September 30, 2023</b>	<b>0-30 Days</b>	<b>31-90 Days</b>	<b>91-180 Days</b>	<b>181 Days - 1 Year</b>	<b>Over 1 Year</b>	<b>Total</b>
Deposits from the Central Bank and other banks	\$ 186,698,346	\$ 91,883,380	\$ 23,595,224	\$ 25,095,665	\$ -	\$ 327,272,615
Financial liabilities at fair value through profit or loss	-	-	-	-	1,509,324	1,509,324
Securities sold under repurchase agreements	6,218,079	1,279,262	1,413,201	11,003	-	8,921,545
Payables	38,204,825	6,090,217	4,726,812	5,055,666	3,843,020	57,920,540
Deposits and remittances	368,676,883	495,551,683	585,981,070	768,591,341	1,465,525,713	3,684,326,690
Bank debentures	-	4,600,000	-	9,100,000	48,140,000	61,840,000
Lease liabilities	70,796	179,906	158,858	272,123	1,412,315	2,093,998
Other items of cash outflow on maturity	2,034,381	40	49	1,029,454	4,947,727	8,011,651

<b>December 31, 2022</b>	<b>0-30 Days</b>	<b>31-90 Days</b>	<b>91-180 Days</b>	<b>181 Days - 1 Year</b>	<b>Over 1 Year</b>	<b>Total</b>
Deposits from the Central Bank and other banks	\$ 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

<b>September 30, 2022</b>	<b>0-30 Days</b>	<b>31-90 Days</b>	<b>91-180 Days</b>	<b>181 Days - 1 Year</b>	<b>Over 1 Year</b>	<b>Total</b>
Deposits from the Central Bank and other banks	\$ 164,870,547	\$ 73,374,686	\$ 8,366,554	\$ 30,512,815	\$ -	\$ 277,124,602
Securities sold under repurchase agreements	3,885,806	3,238,866	1,174,117	432,398	338,279	9,069,466
Payables	30,640,732	4,869,712	3,412,203	4,014,143	2,303,275	45,240,065
Deposits and remittances	396,929,722	516,114,241	538,949,547	732,373,113	1,420,365,081	3,604,731,704
Bank debentures	-	8,350,000	-	950,000	53,650,000	62,950,000
Lease liabilities	67,532	177,443	155,068	269,013	1,475,768	2,144,824
Other items of cash outflow on maturity	2,421,287	103	122	1,003,415	2,223,132	5,648,059

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 September 30, 2023, December 31, 2022 and September 30, 2022 must be repaid soon, the capital expenditure will be increased by \$1,981,431,981 thousand, \$1,973,423,557 thousand and \$1,963,523,737 thousand, respectively, within 30 days these balance sheet dates.

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

a) Derivative financial liabilities to be settled at net amounts

<b>September 30, 2023</b>	<b>0-30 Days</b>	<b>31-90 Days</b>	<b>91-180 Days</b>	<b>181 Days-1 Year</b>	<b>Over 1 Year</b>	<b>Total</b>
Derivative financial liabilities at fair value through profit or loss						
Currency	\$ 107	\$ 1,175	\$ 1,206	\$ 1,153	\$ -	\$ 3,641
Interest	2,158	890	2,460	20,860	215,010	241,378

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

<b>September 30, 2022</b>	<b>0-30 Days</b>	<b>31-90 Days</b>	<b>91-180 Days</b>	<b>181 Days-1 Year</b>	<b>Over 1 Year</b>	<b>Total</b>
Derivative financial liabilities at fair value through profit or loss						
Currency	\$ 9,551	\$ 6,408	\$ 1,432	\$ 1,038	\$ -	\$ 18,429
Interest	70	-	113	687	10,657	11,527

b) Derivative financial liabilities to be settled at gross amounts

<b>September 30, 2023</b>	<b>0-30 Days</b>	<b>31-90 Days</b>	<b>91-180 Days</b>	<b>181 Days - 1 Year</b>	<b>Over 1 Year</b>	<b>Total</b>
Derivative financial liabilities at fair value through profit or loss						
Currency derivatives						
Cash outflow	\$ 21,457,899	\$ 12,537,486	\$ 4,890,083	\$ 1,063,028	\$ -	\$ 39,948,496
Cash inflow	21,612,774	12,642,962	4,928,925	1,109,224	-	40,293,885
Interest derivatives						
Cash outflow	207,026	140,051	98,785	79,792	-	525,654
Cash inflow	191,514	134,758	93,270	74,604	-	494,146
Total cash outflow	21,664,925	12,677,537	4,988,868	1,142,820	-	40,474,150
Total cash inflow	21,804,288	12,777,720	5,022,195	1,183,828	-	40,788,031
Net cash flow	139,363	100,183	33,327	41,008	-	313,881

<b>December 31, 2022</b>	<b>0-30 Days</b>	<b>31-90 Days</b>	<b>91-180 Days</b>	<b>181 Days - 1 Year</b>	<b>Over 1 Year</b>	<b>Total</b>
Derivative financial liabilities at fair value through profit or loss						
Currency 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

<b>September 30, 2022</b>	<b>0-30 Days</b>	<b>31-90 Days</b>	<b>91-180 Days</b>	<b>181 Days - 1 Year</b>	<b>Over 1 Year</b>	<b>Total</b>
Derivative financial liabilities at fair value through profit or loss						
Currency derivatives						
Cash outflow	\$ 54,929,471	\$ 26,778,012	\$ 6,461,288	\$ 2,960,955	\$ -	\$ 91,129,726
Cash inflow	56,657,066	27,456,744	6,890,851	3,102,365	-	94,107,026
Interest derivatives						
Cash outflow	815,493	191,786	388,655	-	-	1,395,934
Cash inflow	768,041	185,981	358,613	-	-	1,312,635
Total cash outflow	55,744,964	26,969,798	6,849,943	2,960,955	-	92,525,660
Total cash inflow	57,425,107	27,642,725	7,249,464	3,102,365	-	95,419,661
Net cash flow	1,680,143	672,927	399,521	141,410	-	2,894,001

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.

<b>September 30, 2023</b>	<b>0-30 Days</b>	<b>31-90 Days</b>	<b>91-180 Days</b>	<b>181 Days - 1 Year</b>	<b>Over 1 Year</b>	<b>Total</b>
Irrevocable loan commitments issued	\$ 1,309,587	\$ 3,639,769	\$ 7,857,866	\$ 42,152,563	\$ 108,752,833	\$ 163,712,618
Irrevocable credit card commitments	482,274	392,166	1,259,559	4,038,005	57,018,290	63,190,294
Letters of credit issued yet unused	4,936,613	14,740,896	2,716,974	1,985,050	5,085,026	29,464,559
Other guarantees	10,568,443	13,327,190	7,594,377	20,354,070	46,819,465	98,663,545

<b>December 31, 2022</b>	<b>0-30 Days</b>	<b>31-90 Days</b>	<b>91-180 Days</b>	<b>181 Days - 1 Year</b>	<b>Over 1 Year</b>	<b>Total</b>
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

<b>September 30, 2022</b>	<b>0-30 Days</b>	<b>31-90 Days</b>	<b>91-180 Days</b>	<b>181 Days - 1 Year</b>	<b>Over 1 Year</b>	<b>Total</b>
Irrevocable loan commitments issued	\$ 1,577,304	\$ 5,060,110	\$ 6,630,118	\$ 23,896,487	\$ 77,212,545	\$ 114,376,564
Irrevocable credit card commitments	535,201	469,967	960,576	2,816,419	56,620,603	61,402,766
Letters of credit issued yet unused	4,154,229	14,110,822	4,347,159	1,508,356	5,442,157	29,562,723
Other guarantees	13,422,832	10,462,616	4,561,926	8,927,410	63,512,485	100,887,269

## 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 \$510,743 thousand, \$658,111 thousand and \$673,411 thousand as of September 30, 2023, December 31, 2022 and September 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 September 30, 2023, December 31, 2022 and September 30, 2022 the fair values of financial assets would have decreased by \$19,860 thousand, \$18,232 thousand and \$18,254 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 September 30, 2023, December 31, 2022 and September 30, 2022, had the TAIEX fallen 1%, the fair value of the equity assets would have decreased by \$13,619 thousand, \$12,295 thousand and \$11,391 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 increased 1% for the nine months ended September 30, 2023, and for the nine months ended September 30, 2022, the income before income tax would have decreased \$148,452 thousand and \$134,018 thousand, respectively.

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

September 30, 2023

	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>New Taiwan Dollars</b>
<u>Financial assets</u>			
Savings accounts			
USD	\$ 1,692	32.283	\$ 54,607
AUD	3,053	20.545	62,727
ZAR	36,149	1.682	60,799
Receivables			
USD	5,596	32.283	180,657
EUR	782	33.880	26,505
RMB	857	4.411	3,782

(Continued)

	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>New Taiwan Dollars</b>
Financial assets at FVTPL			
USD	\$ 1,628	32.283	\$ 52,569
Financial assets at FVTOCI			
USD	437,156	32.283	14,112,711
EUR	51,896	33.880	1,758,239
RMB	75,361	4.411	332,417
Financial assets at amortized cost			
EUR	9,782	33.880	331,413
USD	5,413	32.283	174,753
Refundable deposits			
USD	8,360	32.283	269,886 (Concluded)

December 31, 2022

	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>New Taiwan Dollars</b>
<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

September 30, 2022

	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>New Taiwan Dollars</b>
<u>Financial assets</u>			
Savings accounts			
USD	\$ 5,240	31.773	\$ 166,482
ZAR	60,846	1.765	107,380
EUR	2,260	31.160	70,434
Receivables			
USD	4,887	31.773	155,280
EUR	539	31.160	16,780
RMB	853	4.463	3,809
Financial assets at FVTPL			
USD	1,982	31.773	62,985
Financial assets at FVTOCI			
USD	404,274	31.773	12,845,013
EUR	23,767	31.160	740,576
RMB	75,165	4.463	335,462
Financial assets at amortized cost			
EUR	9,737	31.160	303,406
USD	5,417	31.773	172,117

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 the asset status on September 30, 2023, December 31, 2022 and September 30, 2022, the financial assets of the BPCTLI would have decreased to \$743,764 thousand, \$746,996 thousand and \$749,156 thousand, respectively.

2) Credit risk

a) Credit risk definition and classifications

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

b) Credit risk strategy and procedures

BPCTLI controls credit risk as follows:

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

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

ii. Stress testing

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

iii. Credit risk reduction policy

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

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

iv. Credit analysis for bonds

	<b>September 30, 2023</b>		
	<b>Carrying Amount</b>	<b>Fair Value</b>	<b>%</b>
Domestic investment - government bonds (Note 1)	\$ 11,908,206	\$ 11,897,888	37
Domestic investment - corporate bonds and bank debentures (twAAA - twAA-)	3,988,616	3,988,616	12
Overseas investment - government bonds	3,322,062	3,268,124	10
Overseas investment - corporate bonds and bank debentures (A1 - A3)	12,155,663	12,155,323	37
Overseas investment - corporate bonds and bank debentures (Baa1 - Baa2)	<u>1,231,436</u>	<u>1,231,436</u>	<u>4</u>
	<u>\$ 32,605,983</u>	<u>\$ 32,541,387</u>	<u>100</u>

	<b>December 31, 2022</b>		
	<b>Carrying Amount</b>	<b>Fair Value</b>	<b>%</b>
Domestic investment - government bonds (Note 1)	\$ 11,643,601	\$ 11,627,445	40
Domestic investment - corporate bonds and bank debentures (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 (A1 - A3)	10,061,166	10,060,965	34
Overseas investment - corporate bonds and bank debentures (Baa1 – Baa2)	<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>
	<b>September 30, 2022</b>		
	<b>Carrying Amount</b>	<b>Fair Value</b>	<b>%</b>
Domestic investment - government bonds (Note 1)	\$ 11,293,141	\$ 11,245,577	39
Domestic investment - corporate bonds and bank debentures (twAAA – twAA-)	3,459,150	3,459,150	12
Overseas investment - government bonds	2,623,368	2,573,179	9
Overseas investment - corporate bonds and bank debentures (Aa2 - A3)	10,558,859	10,558,418	36
Overseas investment - corporate bonds and bank debentures (Baa1 – Ba1)	<u>1,214,058</u>	<u>1,214,058</u>	<u>4</u>
	<u>\$ 29,148,576</u>	<u>\$ 29,050,382</u>	<u>100</u>

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

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

### 3) Liquidity risk

#### a) Source and definition of liquidity risk

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

#### b) Liquidity risk management strategy and principles

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

c) Maturity analysis

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

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

- ii. Maturity analysis of derivatives

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

	<b>September 30, 2023</b>			
	<b>Within One Year</b>	<b>1 Year to 3 Years</b>	<b>3 Years to 5 Years</b>	<b>Over Five Years</b>
<u>Net settled</u>				
Currency swap contracts	\$ (601,251)	\$ -	\$ -	\$ -
Cross-currency swap contracts	-	(16,093)	(2,188)	-
	<u>\$ (601,251)</u>	<u>\$ (16,093)</u>	<u>\$ (2,188)</u>	<u>\$ -</u>
	<b>December 31, 2022</b>			
	<b>Within One Year</b>	<b>1 Year to 3 Years</b>	<b>3 Years to 5 Years</b>	<b>Over Five Years</b>
<u>Net settled</u>				
Currency swap contracts	\$ (338,700)	\$ (99,000)	\$ -	\$ -
Cross-currency swap contracts	-	1,871	-	-
	<u>\$ (338,700)</u>	<u>\$ (97,129)</u>	<u>\$ -</u>	<u>\$ -</u>
	<b>September 30, 2022</b>			
	<b>Within One Year</b>	<b>1 Year to 3 Years</b>	<b>3 Years to 5 Years</b>	<b>Over Five Years</b>
<u>Net settled</u>				
Currency swap contracts	\$ (770,315)	\$ (125,913)	\$ -	\$ -
Cross-currency swap contracts	-	-	(6,940)	-
	<u>\$ (770,315)</u>	<u>\$ (125,913)</u>	<u>\$ (6,940)</u>	<u>\$ -</u>

f. Insurance contracts

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

The risk management program and procedure are summarized as follows:

1) Insurance risk management and measurement

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

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

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

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

2) Concentration of insurance risk and the development of claims

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

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

a) Development of direct business loss

Accident Year	Development Ages														Claim Reserve
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	
2010	\$ 3	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ -
2011	4,170	7,263	7,786	7,854	7,854	8,034	8,034	8,034	7,854	7,854	7,854	7,854	7,854	7,854	7,854
2012	12,366	20,155	21,177	21,070	21,111	21,112	21,112	21,112	21,113	21,113	21,121	21,121	21,121	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	11
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	15
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	14
2017	53,250	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	24
2018	36,190	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	24
2019	53,544	70,676	66,009	68,136	69,137	69,232	69,235	69,235	69,236	69,236	69,258	69,258	69,258	69,258	121
2020	49,582	52,716	53,606	54,022	54,033	54,083	54,086	54,086	54,086	54,086	54,108	54,108	54,108	54,108	86
2021	35,460	45,959	46,496	48,145	48,154	48,223	48,226	48,226	48,226	48,226	48,243	48,243	48,243	48,243	1,747
2022	57,578	66,315	66,889	68,545	68,559	68,631	68,634	68,634	68,635	68,635	68,661	68,661	68,661	68,661	2,346
2023	74,457	92,238	92,970	96,333	96,350	96,491	96,495	96,495	96,496	96,496	96,530	96,530	96,530	96,530	22,073
															Included but not reported
															Reported but not paid
															Balance of claim reserve
															\$ 101,575

b) Development of retained business

Accident Year	Development Ages														Claim Reserve
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	
2010	\$ 3	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ -
2011	4,170	7,263	7,786	7,854	7,854	8,034	8,034	8,034	7,854	7,854	7,854	7,854	7,854	7,854	7,854
2012	10,307	18,108	19,129	19,023	19,063	19,065	19,065	19,065	19,066	19,066	19,074	19,074	19,074	19,074	-
2013	19,497	26,841	27,071	27,975	27,864	27,860	27,861	27,861	27,861	27,861	27,861	27,861	27,861	27,861	-
2014	25,174	27,659	28,278	30,313	30,318	30,319	30,319	30,319	30,320	30,320	30,331	30,331	30,331	30,331	11
2015	31,538	37,711	37,977	37,985	37,992	38,012	38,014	38,003	38,003	38,003	38,018	38,018	38,018	38,018	15
2016	25,930	30,590	30,778	30,802	30,815	30,816	30,821	30,821	30,821	30,821	30,835	30,835	30,835	30,835	14
2017	51,121	58,887	56,315	56,484	56,570	56,739	56,974	56,974	56,975	56,975	56,998	56,998	56,998	56,998	24
2018	35,432	44,832	45,226	45,235	45,246	45,306	45,308	45,308	45,309	45,309	45,329	45,329	45,329	45,329	23
2019	47,722	62,824	58,707	61,453	62,195	62,255	62,258	62,258	62,259	62,259	62,282	62,282	62,282	62,282	87
2020	46,367	49,193	49,937	50,205	50,217	50,248	50,251	50,251	50,252	50,252	50,273	50,273	50,273	50,273	68
2021	33,233	42,857	43,394	44,597	44,606	44,657	44,659	44,659	44,660	44,660	44,677	44,677	44,677	44,677	1,283
2022	55,504	64,940	65,503	67,094	67,108	67,177	67,180	67,180	67,181	67,181	67,207	67,207	67,207	67,207	2,267
2023	66,665	81,323	82,037	84,007	84,025	84,111	84,115	84,115	84,116	84,116	84,148	84,148	84,148	84,148	17,483
															Included but not reported
															Reported but not paid
															Balance of claim reserve
															\$ 83,786

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.

<b>September 30, 2023</b>			
	<b>Changes in the Assumptions</b>	<b>Impact on Income Before Income Tax</b>	<b>Impact on Equity</b>
Discount rate	0.25%	\$ 50,333	\$ 40,266
Discount rate	(0.25%)	(50,445)	(40,356)
Mortality rate	10.00%	(25,992)	(20,794)
Mortality rate	(10.00%)	25,986	20,789
Withdrawal rate	30.00%	15,327	12,261
Withdrawal rate	(30.00%)	(15,067)	(12,054)
Illness rate/loss rate	15.00%	(19,853)	(15,882)
Expense rate	10.00%	(61,049)	(48,839)



<b>December 31, 2022</b>			
	<b>Changes in the Assumptions</b>	<b>Impact on Income Before Income Tax</b>	<b>Impact on Equity</b>
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)

<b>September 30, 2022</b>			
	<b>Changes in the Assumptions</b>	<b>Impact on Income Before Income Tax</b>	<b>Impact on Equity</b>
Discount rate	0.25%	\$ 46,510	\$ 37,208
Discount rate	(0.25%)	(46,614)	(37,291)
Mortality rate	10.00%	(24,142)	(19,314)
Mortality rate	(10.00%)	24,137	19,309
Withdrawal rate	30.00%	14,532	11,626
Withdrawal rate	(30.00%)	(14,252)	(11,401)
Illness rate/loss rate	15.00%	(17,350)	(13,880)
Expense rate	10.00%	(59,238)	(47,391)

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

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

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

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

#### 4) Credit risk, liquidity risk, and market risk

##### a) Market risk

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

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

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

b) Credit risk

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

c) Liquidity risk

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

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

g. Transfers of financial assets

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

<b>September 30, 2023</b>					
<b>Financial Assets</b>	<b>Carrying Amount of Transferred Financial Assets</b>	<b>Carrying Amount of Related Financial Liabilities</b>	<b>Fair Value of Transferred Financial Assets</b>	<b>Fair Value of Related Financial Liabilities</b>	<b>Net Position of Fair Value</b>
Financial assets at FVTPL - securities sold under repurchase agreements	\$ 34,129,343	\$ 34,095,956	\$ 34,129,343	\$ 34,095,956	\$ 33,387
Financial assets at FVTOCI - securities sold under repurchase agreements	34,291,910	34,629,385	34,291,910	34,629,385	(337,475)

<b>December 31, 2022</b>					
<b>Financial Assets</b>	<b>Carrying Amount of Transferred Financial Assets</b>	<b>Carrying Amount of Related Financial Liabilities</b>	<b>Fair Value of Transferred Financial Assets</b>	<b>Fair Value of Related Financial Liabilities</b>	<b>Net Position of Fair Value</b>
Financial assets at FVTPL - securities sold under repurchase agreements	\$ 34,548,929	\$ 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)

<b>September 30, 2022</b>					
<b>Financial Assets</b>	<b>Carrying Amount of Transferred Financial Assets</b>	<b>Carrying Amount of Related Financial Liabilities</b>	<b>Fair Value of Transferred Financial Assets</b>	<b>Fair Value of Related Financial Liabilities</b>	<b>Net Position of Fair Value</b>
Financial assets at FVTPL - securities sold under repurchase agreements	\$ 34,507,062	\$ 34,523,944	\$ 34,507,062	\$ 34,523,944	\$ (16,882)
Financial assets at FVTOCI - securities sold under repurchase agreements	31,201,555	32,304,405	31,201,555	32,304,405	(1,102,850)

h. Offsetting financial assets and financial liabilities

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

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

September 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	\$ 593,055	\$ -	\$ 593,055	\$ (593,055)	\$ -	\$ -

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	\$ 68,725,341	\$ -	\$ 68,725,341	\$ (67,691,619)	\$ -	\$ 1,033,722

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

September 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	\$ 1,625,564	\$ -	\$ 1,625,564	\$ (1,625,564)	\$ -	\$ -

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	\$ 66,828,349	\$ -	\$ 66,828,349	\$ (65,368,935)	\$ -	\$ 1,459,414

#### **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%.

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

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

#### **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 2 (attached).

b. Concentration of credit extensions

1) Taiwan Cooperative Bank, Ltd. (TCB)

(In Thousands of New Taiwan Dollars, %)

Rank (Note 1)	September 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	\$ 36,661,577	14.59
2	Group B Railway transportation	30,443,193	12.11
3	Group C Financial leasing	24,120,325	9.60
4	Group D Petroleum and coal products manufacturing	22,047,373	8.77
5	Group E Wiring and cable system manufacturing	15,004,757	5.97
6	Group F Iron and steel smelting	13,501,601	5.37
7	Group G Cotton and textile	13,292,000	5.29
8	Group H Computers and computing peripheral equipment manufacturing	13,162,509	5.24
9	Group I Wholesale of electronic equipment and communication equipment and parts	11,294,228	4.49
10	Group J LCD panel and its components manufacturing	10,884,848	4.33

(In Thousands of New Taiwan Dollars, %)

Rank (Note 1)	September 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	\$ 34,930,712	15.85
2	Group B Railway transportation	31,909,193	14.48
3	Group C Financial leasing	22,079,431	10.02
4	Group D Petroleum and coal products manufacturing	19,337,580	8.78
5	Group H Computers and computing peripheral equipment manufacturing	14,561,446	6.61
6	Group I Wholesale of electronic equipment and communication equipment and parts	13,819,652	6.27
7	Group K Computers manufacturing	12,963,648	5.88
8	Group L Cotton and textile	12,129,098	5.50
9	Group F Iron and steel smelting	11,799,558	5.36
10	Group J LCD panel and its components manufacturing	10,916,159	4.95

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

(In Thousands of New Taiwan Dollars, %)

Rank (Note 1)	September 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	\$ 1,373,000	21.50
2	Group B Real estate development	1,187,000	18.59
3	Group C Unclassified other financial service	1,130,000	17.70
4	Group D Rolling and extruding of iron and steel	1,123,000	17.59
5	Group E Real estate development	1,065,000	16.68
6	Group F Real estate development	1,045,000	16.36
7	Group G Chemical materials manufacturing	850,000	13.31
8	Group H Financial leasing	805,000	12.61
9	Group I Construction of buildings	800,000	12.53
10	Group J Real estate development	778,100	12.19



(In Thousands of New Taiwan Dollars, %)

Rank (Note 1)	September 30, 2022		
	Industry of Group Enterprise (Note 2)	Total Amount of Credit Endorsement or Other Transactions (Note 3)	Percentage of TCBF's Equity
1	Group A Real estate development	\$ 1,403,000	22.42
2	Group D Rolling and extruding of iron and steel	1,264,500	20.21
3	Group E Real estate development	1,256,000	20.07
4	Group C Rolling and extruding of iron and steel	1,050,000	16.78
5	Group K Unclassified other financial service	1,000,000	15.98
6	Group L Wholesale of electronic and communication equipment and parts	950,000	15.18
7	Group B Real estate development	930,000	14.86
8	Group J Real estate development	833,300	13.32
9	Group M Unclassified other financial service	810,000	12.95
10	Group I Real estate development	800,000	12.79

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  
September 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	\$ 2,929,856,056	\$ 152,943,646	\$ 53,316,128	\$ 444,317,036	\$ 3,580,432,866
Interest rate-sensitive liabilities	1,087,851,040	1,901,461,342	108,255,749	56,920,453	3,154,488,584
Interest rate sensitivity gap	1,842,005,016	(1,748,517,696)	(54,939,621)	387,396,583	425,944,282
Net worth					218,984,027
Ratio of interest rate-sensitive assets to liabilities					113.50
Ratio of interest rate sensitivity gap to net worth					194.51

**Interest Rate Sensitivity  
September 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	\$ 2,787,559,183	\$ 176,498,859	\$ 33,749,049	\$ 379,644,823	\$ 3,377,451,914
Interest rate-sensitive liabilities	1,061,521,222	1,837,069,686	111,227,042	50,533,998	3,060,351,948
Interest rate sensitivity gap	1,726,037,961	(1,660,570,827)	(77,477,993)	329,110,825	317,099,966
Net worth					184,435,857
Ratio of interest rate-sensitive assets to liabilities					110.36
Ratio of interest rate sensitivity gap to net worth					171.93

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  
September 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	\$ 10,800,541	\$ 961,657	\$ 752,029	\$ 3,209,087	\$ 15,723,314
Interest rate-sensitive liabilities	17,051,897	3,432,143	2,630,715	14,050	23,128,805
Interest rate sensitivity gap	(6,251,356)	(2,470,486)	(1,878,686)	3,195,037	(7,405,491)
Net worth					1,001,557
Ratio of interest rate-sensitive assets to liabilities					67.98
Ratio of interest rate sensitivity gap to net worth					(739.40)

**Interest Rate Sensitivity**  
**September 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	\$ 14,613,778	\$ 983,978	\$ 320,430	\$ 2,677,293	\$ 18,595,479
Interest rate-sensitive liabilities	21,144,875	1,324,998	1,643,338	-	24,113,211
Interest rate sensitivity gap	(6,531,097)	(341,020)	(1,322,908)	2,677,293	(5,517,732)
Net worth					1,128,365
Ratio of interest rate-sensitive assets to liabilities					77.12
Ratio of interest rate sensitivity gap to net worth					(489.00)

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		September 30, 2023	September 30, 2022
Return on total assets	Before income tax	0.54	0.55
	After income tax	0.44	0.46
Return on equity	Before income tax	10.84	10.82
	After income tax	8.78	9.07
Net income ratio		32.56	39.02

2) Taiwan Cooperative Financial Holding Co., Ltd.

(%)

Items		September 30, 2023	September 30, 2022
Return on total assets	Before income tax	7.20	7.57
	After income tax	7.23	7.56
Return on equity	Before income tax	8.67	9.03
	After income tax	8.71	9.02
Net income ratio		98.96	98.74

3) Taiwan Cooperative Bank, Ltd.

(%)

Items		September 30, 2023	September 30, 2022
Return on total assets	Before income tax	0.52	0.51
	After income tax	0.42	0.44
Return on equity	Before income tax	9.27	9.18
	After income tax	7.51	7.80
Net income ratio		34.00	38.52

4) Taiwan Cooperative Bills Finance Corporation Ltd.

(%)

Items		September 30, 2023	September 30, 2022
Return on total assets	Before income tax	0.44	0.61
	After income tax	0.35	0.48
Return on equity	Before income tax	4.08	5.54
	After income tax	3.27	4.30
Net income ratio		46.75	57.99

5) Taiwan Cooperative Securities Co., Ltd.

(%)

Items		September 30, 2023	September 30, 2022
Return on total assets	Before income tax	1.17	1.30
	After income tax	1.00	1.00
Return on equity	Before income tax	6.33	8.00
	After income tax	5.44	6.17
Net income ratio		23.56	25.27

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

(%)

Items		September 30, 2023	September 30, 2022
Return on total assets	Before income tax	1.22	1.17
	After income tax	1.02	0.96
Return on equity	Before income tax	14.76	14.15
	After income tax	12.37	11.52
Net income ratio		55.05	54.69

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  
September 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	\$ 3,927,872,211	\$ 475,348,624	\$ 329,761,927	\$ 216,495,809	\$ 376,454,829	\$ 385,883,683	\$ 2,143,927,339
Main capital outflow on maturity	4,735,042,626	264,604,531	173,638,385	567,217,711	654,572,972	979,474,507	2,095,534,520
Gap	(807,170,415)	210,744,093	156,123,542	(350,721,902)	(278,118,143)	(593,590,824)	48,392,819

Maturity Analysis of Assets and Liabilities  
September 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	\$ 3,766,526,137	\$ 367,875,997	\$ 478,662,073	\$ 231,240,443	\$ 308,108,516	\$ 352,259,288	\$ 2,028,379,820
Main capital outflow on maturity	4,329,899,570	241,907,392	225,606,830	484,010,024	580,626,533	850,963,141	1,946,785,650
Gap	(563,373,433)	125,968,605	253,055,243	(252,769,581)	(272,518,017)	(498,703,853)	81,594,170

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

Maturity Analysis of Assets and Liabilities  
September 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	\$ 26,074,064	\$ 5,306,064	\$ 5,418,562	\$ 3,723,685	\$ 2,618,077	\$ 9,007,676
Main capital outflow on maturity	30,102,697	9,736,963	7,091,618	5,510,387	4,519,484	3,244,245
Gap	(4,028,633)	(4,430,899)	(1,673,056)	(1,786,702)	(1,901,407)	5,763,431

Maturity Analysis of Assets and Liabilities  
September 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	\$ 28,868,814	\$ 9,196,184	\$ 5,909,125	\$ 3,534,960	\$ 2,017,925	\$ 8,210,620
Main capital outflow on maturity	32,742,079	12,304,631	8,839,376	4,300,876	4,116,761	3,180,435
Gap	(3,873,265)	(3,108,447)	(2,930,251)	(765,916)	(2,098,836)	5,030,185

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.

September 30, 2023

Items		Period				
		1 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year
Use of funds	Bills	\$ 21,184,872	\$ 15,499,504	\$ 700,683	\$ 606,453	\$ -
	Bonds	400,000	300,000	900,000	1,290,565	21,446,105
	Cash in bank	299,760	120,000	-	200	-
	Call loans	400,000	-	-	-	-
	Total	22,284,632	15,919,504	1,600,683	1,897,218	21,446,105
Source of funds	Borrowings	7,792,850	-	-	-	-
	Securities sold under repurchase agreements	44,250,871	5,268,067	3,029	-	-
	Total	52,043,721	5,268,067	3,029	-	-
Net flows		(29,759,089)	10,651,437	1,597,654	1,897,218	21,446,105
Accumulated capital net flows		(29,759,089)	(19,107,652)	(17,509,998)	(15,612,780)	5,833,325

September 30, 2022

Items		Period				
		1 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year
Use of funds	Bills	\$ 29,389,416	\$ 11,282,630	\$ 23,984	\$ 303,052	\$ -
	Bonds	100,000	150,000	600,000	194,640	18,175,360
	Cash in bank	276,097	120,000	-	200	-
	Total	29,765,513	11,552,630	623,984	497,892	18,175,360
	Borrowings	7,537,280	-	-	-	-
Source of funds	Securities sold under repurchase agreements	43,692,384	3,419,074	35,208	-	-
	Total	51,229,664	3,419,074	35,208	-	-
	Net flows		(21,464,151)	8,133,556	588,776	497,892
Accumulated capital net flows		(21,464,151)	(13,330,595)	(12,741,819)	(12,243,927)	5,931,433

#### 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	September 30, 2023	December 31, 2022	September 30, 2022	Trust Liabilities	September 30, 2023	December 31, 2022	September 30, 2022
Cash in banks	\$ 12,512,159	\$ 11,509,570	\$ 12,609,960	Payables			
Short-term investments				Accrued expense	\$ 1,415	\$ 1,218	\$ 1,067
Mutual funds	230,400,395	211,500,801	213,320,976	Others	314	23	15
Stocks	4,548,324	3,017,490	2,489,079	Payables on the purchase of securities	265	2,117	53
Debt instruments	286,011	79,112	55,881	Other liabilities	-	2	14
	<u>235,234,730</u>	<u>214,597,403</u>	<u>215,865,936</u>		<u>1,994</u>	<u>3,360</u>	<u>1,149</u>
Securities lending	66,785	146,893	212,039	Accounts payable on securities under custody	<u>210,397,934</u>	<u>192,191,761</u>	<u>202,894,513</u>
Receivables	19,546	15,718	20,718	Trust capital	<u>348,592,032</u>	<u>323,839,577</u>	<u>333,129,690</u>
Real estate				Reserves and retained earnings			
Land	61,403,595	63,589,594	65,667,762	Net income	1,206,653	573,224	538,800
Buildings	13,072	7,873	6,915	Retained earnings	(38,894)	(39,886)	(17,183)
Construction in process	40,429,896	34,427,222	39,184,504		<u>1,167,759</u>	<u>533,338</u>	<u>521,617</u>
	<u>101,846,563</u>	<u>98,024,689</u>	<u>104,859,181</u>				
Intangible assets							
Superficies	82,002	82,002	82,002				
Other assets	-	-	2,620				
Securities under custody	<u>210,397,934</u>	<u>192,191,761</u>	<u>202,894,513</u>				
Total	\$ 560,159,719	\$ 516,568,036	\$ 536,546,969	Total	\$ 560,159,719	\$ 516,568,036	\$ 536,546,969

Note: As of September 30, 2023, December 31, 2022 and September 30, 2022, total trust-related assets included OBU funds and bonds investment in the amount of \$2,664,431 thousand, \$1,759,697 thousand and \$1,793,611 thousand, respectively.

### Trust Property List

<b>Investment Items</b>	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Cash in banks	\$ 12,512,159	\$ 11,509,570	\$ 12,609,960
Short-term investments			
Mutual funds	230,400,395	211,500,801	213,320,976
Stocks	4,548,324	3,017,490	2,489,079
Debt instruments	286,011	79,112	55,881
Securities lending	66,785	146,893	212,039
Receivables			
Accrued interest	8,516	5,121	4,154
Cash dividends	10,508	9,696	16,072
Receivables on the sale of securities	15	-	-
Others	507	901	492
Real estate			
Land	61,403,595	63,589,594	65,667,762
Buildings	13,072	7,873	6,915
Construction in process	40,429,896	34,427,222	39,184,504
Intangible assets			
Superficies	82,002	82,002	82,002
Other assets	-	-	2,620
Securities under custody	<u>210,397,934</u>	<u>192,191,761</u>	<u>202,894,513</u>
<b>Total</b>	<b><u>\$ 560,159,719</u></b>	<b><u>\$ 516,568,036</u></b>	<b><u>\$ 536,546,969</u></b>

### Statements of Income on Trust Accounts For the Nine Months Ended September 30, 2023 and 2022

	<b>2023</b>	<b>2022</b>
Revenues		
Interest revenue	\$ 25,782	\$ 7,521
Lending stock	2,222	2,329
Cash dividends	97,827	111,615
Realized gain on investment - stocks	71,130	152,352
Unrealized gain on investment - stocks	1,118,971	561,682
Unrealized gain on investment - lending stock	23,979	55,750
Realized gain on investment - mutual funds	20,517	8,498
Unrealized gain on investment - mutual funds	43,074	28,637
Beneficial certificate appropriation	9,047	8,167
Others	<u>725</u>	<u>67,793</u>
<b>Total revenues</b>	<b><u>1,413,274</u></b>	<b><u>1,004,344</u></b>

(Continued)

	2023	2022
Expenses		
Management fees	\$ 8,619	\$ 8,333
Monitoring fees	739	4
Taxes	234	15
Service charge	64	79
Postage	244	15
Realized loss on investment - stocks	8,187	177,616
Unrealized loss on investment - stocks	135,005	131,651
Unrealized loss on investment - lending stock	7,205	50,145
Realized loss on investment - mutual funds	1,708	26,231
Unrealized loss on investment - mutual funds	44,545	71,375
Others	<u>71</u>	<u>80</u>
Total expenses	<u>206,621</u>	<u>465,544</u>
Income before income tax	1,206,653	538,800
Income tax expense	<u>-</u>	<u>-</u>
Net income	<u>\$ 1,206,653</u>	<u>\$ 538,800</u> (Concluded)

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 September 30, 2023, December 31, 2022 and September 30, 2022, TCB's accrued receivables were \$10,306 thousand, \$6,208 thousand and \$19,823 thousand, respectively. TCB's revenues from cross-selling transactions were \$18,954 thousand and \$23,175 thousand for the nine months ended September 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 September 30, 2023, December 31, 2022 and September 30, 2022, TCB's accrued payables were \$4 thousand, \$6 thousand and \$6 thousand (part of payables), respectively. TCB's expenses from cross-selling transactions were \$85 thousand and \$107 thousand (part of service revenue-net) for the nine months ended September 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 September 30, 2023 and December 31, 2022, TCB's accrued receivables both were \$3,239 thousand (part of receivables). TCB's revenues from cross-selling transactions were \$22,653 thousand and \$21,344 thousand (part of service revenue-net) for the nine months ended September 30, 2023 and 2022, respectively.

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

Table 3 (attached).

#### 50. BUSINESS SEGMENT FINANCIAL INFORMATION

Table 4 (attached).

#### 51. CASH FLOW INFORMATION

##### a. Non-cash financing activities

Undistributed cash dividends approved by stockholders' meetings are \$486,290 thousand, \$462,264 thousand and \$462,270 thousand as of September 30, 2023, December 31, 2022 and September 30, 2022, respectively.

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

For the nine months ended September 30, 2023

			<u>Non-cash Changes</u>			
	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	\$ 11,765,000	\$ -	\$ -	\$ (10,488)	\$ 36,294,490
Bonds payable	80,290,000	1,550,000	-	-	-	81,840,000
Other borrowings	9,352,346	(975,386)	-	-	309,412	8,686,372
Financial liabilities designated as at fair value through profit or loss - bank debentures	-	1,445,557	-	(451)	(9,629)	1,435,477
Guarantee deposits received	2,293,868	790,487	-	-	429	3,084,784
Lease liabilities	1,538,102	(494,833)	510	-	512,287	1,556,066
Other liabilities - other	72,762	(13,882)	-	-	(2,679)	56,201
	<u>\$ 118,087,056</u>	<u>\$ 14,066,943</u>	<u>\$ 510</u>	<u>\$ (451)</u>	<u>\$ 799,332</u>	<u>\$ 132,953,390</u>

For the nine months ended September 30, 2022

	Opening Balance	Cash Inflows (Outflows)	Non-cash Changes			Closing Balance
			New Leases	Fair Value Adjustments (Including Changes in the Fair Value Attributable to Changes in the Credit Risk)	Others	
Due to the Central Bank and other banks	\$ 88,890,360	\$ (88,890,360)	\$ -	\$ -	\$ -	\$ -
Commercial paper issued	29,886,064	(7,190,000)	-	-	(9,614)	22,686,450
Bonds payable	82,100,000	850,000	-	-	-	82,950,000
Other borrowings	804,894	11,573,846	-	-	14,048	12,392,788
Guarantee deposits received	2,880,373	608,580	-	-	148,623	3,637,576
Lease liabilities	1,463,113	(475,655)	564,808	-	39,482	1,591,748
Other liabilities - other	93,526	(13,444)	-	-	(1,392)	78,690
	<u>\$ 206,118,330</u>	<u>\$ (83,537,033)</u>	<u>\$ 564,808</u>	<u>\$ -</u>	<u>\$ 191,147</u>	<u>\$ 123,337,252</u>

## 52. ADDITIONAL DISCLOSURES

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

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

b. 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 12 (attached).

c. Business relationships and significant transactions among the parent company and subsidiaries: Table 13 (attached).

d. Information on major shareholders: Table 14 (attached).

### 53. 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 nine months ended September 30, 2023 and 2022 are as follows:

	<b>For the Nine Months Ended September 30, 2023</b>				
	<b>TCB Business</b>	<b>Others</b>	<b>Total</b>	<b>Adjustment and Elimination</b>	<b>Total</b>
Net interest	\$ 24,223,501	\$ 157,138	\$ 24,380,639	\$ 3,762	\$ 24,384,401
Net revenues and gains other than interest	<u>15,929,171</u>	<u>20,887,099</u>	<u>36,816,270</u>	<u>(15,160,709)</u>	<u>21,655,561</u>
Net revenues	40,152,672	21,044,237	61,196,909	(15,156,947)	46,039,962
Bad-debt expenses and provision for losses on commitment and guarantees	(3,355,901)	(187,999)	(3,543,900)	-	(3,543,900)
Net change in reserves for insurance liabilities	-	(1,995,341)	(1,995,341)	-	(1,995,341)
Operating expenses	<u>(19,942,483)</u>	<u>(2,246,378)</u>	<u>(22,188,861)</u>	<u>202,534</u>	<u>(21,986,327)</u>
Income before income tax	<u>\$ 16,854,288</u>	<u>\$ 16,614,519</u>	<u>\$ 33,468,807</u>	<u>\$ (14,954,413)</u>	<u>\$ 18,514,394</u>

**For the Nine Months Ended September 30, 2022**

	<b>TCB Business</b>	<b>Others</b>	<b>Total</b>	<b>Adjustment and Elimination</b>	<b>Total</b>
Net interest	\$ 27,739,918	\$ 670,804	\$ 28,410,722	\$ 2,666	\$ 28,413,388
Net revenues and gains other than interest	<u>7,981,314</u>	<u>18,209,997</u>	<u>26,191,311</u>	<u>(15,393,405)</u>	<u>10,797,906</u>
Net revenues	35,721,232	18,880,801	54,602,033	(15,390,739)	39,211,294
Bad-debt expenses and provision for losses on commitment and guarantees	(957,424)	(38,654)	(996,078)	-	(996,078)
Net change in reserves for insurance liabilities	-	614,077	614,077	-	614,077
Operating expenses	<u>(18,565,023)</u>	<u>(2,217,937)</u>	<u>(20,782,960)</u>	<u>190,570</u>	<u>(20,592,390)</u>
Income before income tax	<u>\$ 16,198,785</u>	<u>\$ 17,238,287</u>	<u>\$ 33,437,072</u>	<u>\$ (15,200,169)</u>	<u>\$ 18,236,903</u>

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

**CONSOLIDATED ENTITIES**

**SEPTEMBER 30, 2023, DECEMBER 31, 2022 AND SEPTEMBER 30, 2022**

Subsidiaries included in the consolidated financial statements

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

Subsidiaries not included in the consolidated financial statements

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

Note: Non-major subsidiary, which financial reports for the nine months ended September 30, 2023 and 2022 are not reviewed.

## TAIWAN COOPERATIVE BANK, LTD.

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

Period		September 30, 2023					September 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	\$ 3,234,005	\$ 837,353,780	0.39	\$ 9,087,159	280.99	\$ 3,010,028	\$ 834,862,428	0.36	\$ 9,163,313	304.43
	Unsecured	1,368,154	955,842,825	0.14	8,332,473	609.03	703,242	817,844,711	0.09	7,964,612	1,132.56
Consumer banking	Housing mortgage (Note 4)	517,930	658,384,786	0.08	9,913,459	1,914.05	606,908	627,833,429	0.10	9,457,531	1,558.31
	Cash card	-	-	-	-	-	-	-	-	-	-
	Small-scale credit loans (Note 5)	14,389	11,808,746	0.12	165,158	1,147.81	12,464	12,615,493	0.10	181,808	1,458.66
	Other (Note 6)	Secured	894,053	283,162,874	0.32	3,338,900	373.46	984,679	294,922,833	0.33	3,422,952
Unsecured		29,904	11,610,655	0.26	157,885	527.97	21,787	12,514,275	0.17	165,949	761.69
Loan		6,058,435	2,758,163,666	0.22	30,995,034	511.60	5,339,108	2,600,593,169	0.21	30,356,165	568.56
		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		7,873	5,060,125	0.16	60,671	770.62	9,740	4,486,398	0.22	61,902	635.54
Accounts receivable factored without recourse (Note 7)		-	130,799	-	8,370	-	-	154,548	-	8,402	-
Amounts of executed contracts on negotiated debts not reported as nonperforming loans (Note 8)		127				200					
Amounts of executed contracts on negotiated debts not reported as nonperforming receivables (Note 8)		1,284				1,939					
Amounts of executed debt-restructuring projects not reported as nonperforming loans (Note 9)		12,558				9,632					
Amounts of executed debt-restructuring projects not reported as nonperforming receivables (Note 9)		48,312				48,266					

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).

## 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 NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022

## 1. TCFHC's financial statements

## Taiwan Cooperative Financial Holding Co., Ltd.

Balance Sheets  
(In Thousands of New Taiwan Dollars)

Assets	September 30, 2023	December 31, 2022	September 30, 2022	Liabilities and Equity	September 30, 2023	December 31, 2022	September 30, 2022
Cash and cash equivalents	\$ 29,407	\$ 105,332	\$ 210,510	<u>Liabilities</u>			
Financial assets at fair value through other comprehensive income	14,800	13,375	12,950	Commercial paper issued, net	\$ 22,354,852	\$ 13,740,109	\$ 10,734,999
Receivables	362	363	366	Payables	464,331	502,309	447,776
Current tax assets	3,041,074	2,433,704	3,394,109	Current tax liabilities	3,134,686	2,542,370	3,328,127
Investments accounted for using equity method	274,219,393	255,159,235	241,263,161	Bonds payable	20,000,000	20,000,000	20,000,000
Properties and equipment, net	12,159	12,727	13,792	Other borrowing	2,250,000	5,500,000	8,500,000
Right-of-use assets, net	111,672	134,232	141,755	Other financial liabilities	3,114	4,974	5,111
Intangible assets	13,745	11,501	11,989	Lease liabilities	113,853	135,151	142,172
Deferred tax assets	288	307	322	Deferred income tax liabilities	-	-	198,693
Other assets	<u>9,467</u>	<u>9,130</u>	<u>9,483</u>	Other liabilities	<u>8,903</u>	<u>8,217</u>	<u>9,649</u>
				Total liabilities	<u>48,329,739</u>	<u>42,433,130</u>	<u>43,366,527</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	52,211,684	38,890,125	33,335,365
				Other equity	<u>(15,833,872)</u>	<u>(21,509,719)</u>	<u>(29,709,825)</u>
				Total equity	<u>229,122,628</u>	<u>215,446,776</u>	<u>201,691,910</u>
Total	<u>\$ 277,452,367</u>	<u>\$ 257,879,906</u>	<u>\$ 245,058,437</u>	Total	<u>\$ 277,452,367</u>	<u>\$ 257,879,906</u>	<u>\$ 245,058,437</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 September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Revenues and gains				
Share of gains of subsidiaries, associates and joint ventures accounted for using equity method	\$ 5,150,452	\$ 5,899,414	\$ 14,949,251	\$ 15,151,948
Other revenues and gains	<u>1,575</u>	<u>4,745</u>	<u>2,926</u>	<u>5,219</u>
Total revenues and gains	<u>5,152,027</u>	<u>5,904,159</u>	<u>14,952,177</u>	<u>15,157,167</u>
Expenses and losses				
Operating expenses	(87,619)	(73,652)	(217,563)	(181,918)
Other expenses and losses	<u>(100,320)</u>	<u>(56,693)</u>	<u>(285,495)</u>	<u>(152,959)</u>
Total expenses and losses	<u>(187,939)</u>	<u>(130,345)</u>	<u>(503,058)</u>	<u>(334,877)</u>
Income before income tax	4,964,088	5,773,814	14,449,119	14,822,290
Income tax benefit (expense)	<u>24,832</u>	<u>16,028</u>	<u>65,239</u>	<u>(7,284)</u>
Net income	4,988,920	5,789,842	14,514,358	14,815,006
Other comprehensive loss	<u>(2,629,013)</u>	<u>(10,322,298)</u>	<u>6,164,120</u>	<u>(35,750,554)</u>
Total comprehensive (loss) income	<u>\$ 2,359,907</u>	<u>\$ (4,532,456)</u>	<u>\$ 20,678,478</u>	<u>\$ (20,935,548)</u>
Earnings per share (New Taiwan dollars)				
Basic	<u>\$0.34</u>	<u>\$0.39</u>	<u>\$0.99</u>	<u>\$1.01</u>
Diluted	<u>\$0.34</u>	<u>\$0.39</u>	<u>\$0.99</u>	<u>\$1.01</u>

(Continued)



Taiwan Cooperative Financial Holding Co., Ltd.

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

	Capital Stock			Retained Earnings			Other Equity				Total Equity
	Shares (In Thousands)	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on the Translation of Financial Statements of Foreign Operations	Unrealized Gains (Losses) on Financial Assets at Fair Value Through Other Comprehensive Income	Change in the Fair Value Attributable to Changes in the Credit Risk of Financial Liabilities Designated as at Fair Value Through Profit or Loss	Other Comprehensive Income on Reclassification of Overlay Approach	
	BALANCE AT JANUARY 1, 2023	14,008,935	\$ 140,089,354	\$ 57,977,016	\$ 13,432,536	\$ 985,539	\$ 24,472,050	\$ (452,462)	\$ (21,227,000)	\$ -	
Share dividends distributed from capital surplus	700,447	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	-	-	-	-	-	488,273	-	(488,273)	-	-	-
Total comprehensive income (loss)											
Net income for the nine months ended September 30, 2023	-	-	-	-	-	14,514,358	-	-	-	-	14,514,358
Other comprehensive income (loss) for the nine months ended September 30, 2023	-	-	-	-	-	-	1,668,745	4,508,899	451	(13,975)	6,164,120
Total comprehensive income (loss) for the nine months ended September 30, 2023	-	-	-	-	-	14,514,358	1,668,745	4,508,899	451	(13,975)	20,678,478
BALANCE AT SEPTEMBER 30, 2023	<u>14,709,382</u>	<u>\$ 147,093,822</u>	<u>\$ 45,650,994</u>	<u>\$ 15,582,312</u>	<u>\$ 21,509,719</u>	<u>\$ 15,119,653</u>	<u>\$ 1,216,283</u>	<u>\$ (17,206,374)</u>	<u>\$ 451</u>	<u>\$ 155,768</u>	<u>\$ 229,122,628</u>
BALANCE AT JANUARY 1, 2022	13,600,908	\$ 136,009,082	\$ 57,976,124	\$ 11,260,796	\$ 985,539	\$ 22,827,215	\$ (4,310,009)	\$ 10,787,759	\$ -	\$ 690,968	\$ 236,227,474
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	408,027	4,080,272	-	-	-	(4,080,272)	-	-	-	-	-
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	1,127,989	-	(1,127,989)	-	-	-
Total comprehensive income (loss)											
Net income for the nine months ended September 30, 2022	-	-	-	-	-	14,815,006	-	-	-	-	14,815,006
Other comprehensive income (loss) for the nine months ended September 30, 2022	-	-	-	-	-	-	5,152,625	(40,412,888)	-	(490,291)	(35,750,554)
Total comprehensive income (loss) for the nine months ended September 30, 2022	-	-	-	-	-	14,815,006	5,152,625	(40,412,888)	-	(490,291)	(20,935,548)
BALANCE AT SEPTEMBER 30, 2022	<u>14,008,935</u>	<u>\$ 140,089,354</u>	<u>\$ 57,977,016</u>	<u>\$ 13,432,536</u>	<u>\$ 985,539</u>	<u>\$ 18,917,290</u>	<u>\$ 842,616</u>	<u>\$ (30,753,118)</u>	<u>\$ -</u>	<u>\$ 200,677</u>	<u>\$ 201,691,910</u>

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

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

	<b>For the Nine Months Ended</b>	
	<b>2023</b>	<b>2022</b>
Cash flows from operating activities		
Income before income tax	\$ 14,449,119	\$ 14,822,290
Adjustments for:		
Share of gains of subsidiaries, associates and joint ventures accounted for using equity method	(14,949,251)	(15,151,948)
Depreciation and amortization expenses	28,867	24,120
Interest expense	285,495	152,958
Interest revenue	(279)	(58)
Net changes in operating assets and liabilities		
Decrease in receivables	1	17
Increase in other assets	(337)	(72)
(Decrease) increase in payables	(53,437)	9,638
Increase in other liabilities	686	1,339
Cash used in operations	(239,136)	(141,716)
Interest received	279	58
Dividends received	2,051,789	12,568,027
Interest paid	(272,170)	(153,717)
Income tax refunded	50,203	74,232
Net cash generated from operating activities	1,590,965	12,346,884
Cash flows from investing activities		
Acquisition of properties and equipment	(3,024)	(2,693)
Acquisition of intangible assets	(4,950)	(10,091)
Increase in refundable deposits	-	(1,202)
Net cash used in investing activities	(7,974)	(13,986)
Cash flows from financing activities		
Increase in commercial paper issued	8,620,000	-
Decrease in commercial paper issued	-	(7,050,000)
Increase in other borrowings	-	8,500,000
Decrease in other borrowings	(3,250,000)	-
Decrease in guarantee deposits received	(1,860)	(632)
Repayments of the principal portion of lease liabilities	(22,588)	(19,686)
Dividends paid	(7,004,468)	(13,600,908)
Net cash used in financing activities	(1,658,916)	(12,171,226)
Net (decrease) increase in cash and cash equivalents	(75,925)	161,672
Cash and cash equivalents, beginning of the period	105,332	48,838
Cash and cash equivalents, end of the period	\$ 29,407	\$ 210,510

(Continued)

2. Subsidiaries' condensed balance sheets

**Taiwan Cooperative Bank, Ltd.**

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

Assets	September 30, 2023	December 31, 2022	September 30, 2022	Liabilities and Equity	September 30, 2023	December 31, 2022	September 30, 2022
Cash and cash equivalents	\$ 69,038,286	\$ 92,985,243	\$ 78,129,670	<u>Liabilities</u>			
Due from the Central Bank and call loans to other banks	321,241,444	322,590,619	368,622,834	Deposits from the Central Bank and other banks	\$ 325,541,484	\$ 280,747,819	\$ 275,643,307
Financial assets at fair value through profit or loss	85,219,999	29,869,964	72,878,116	Financial liabilities at fair value through profit or loss	2,247,986	2,621,053	3,491,533
Financial assets at fair value through other comprehensive income	435,969,080	418,053,932	427,964,794	Securities sold under repurchase agreements	8,921,545	9,778,160	9,069,466
Investments in debt instruments at amortized cost	682,425,237	716,821,736	641,076,052	Payables	58,499,351	40,959,155	45,768,933
Securities purchased under resale agreements	-	149,440	-	Current tax liabilities	401,072	780,417	511,973
Receivables, net	25,724,103	19,047,418	19,047,207	Deposits and remittances	3,684,217,693	3,598,839,482	3,603,906,690
Current tax assets	3,254,026	2,249,097	3,464,578	Bank debentures	61,840,000	60,290,000	62,950,000
Discounts and loans, net	2,726,496,937	2,581,728,135	2,569,590,768	Other financial liabilities	3,090,350	2,159,242	3,462,659
Investments accounted for using equity method	2,307,884	2,267,133	2,154,720	Provisions	5,551,610	5,503,596	7,231,717
Other financial assets, net	10,750,261	8,228,111	9,222,095	Lease liabilities	1,524,075	1,517,040	1,568,779
Properties and equipment, net	32,252,992	32,789,031	32,754,182	Deferred tax liabilities	6,327,129	3,883,379	6,985,391
Right-of-use assets, net	1,543,882	1,541,858	1,586,149	Other liabilities	874,524	1,025,922	863,678
Investment properties, net	7,594,704	7,462,884	7,475,826	Total liabilities	<u>4,159,036,819</u>	<u>4,008,105,265</u>	<u>4,021,454,126</u>
Intangible assets	4,151,279	4,060,501	4,066,250	<u>Equity</u>			
Deferred tax assets	1,336,227	1,278,517	2,955,025	Capital stock	110,075,300	110,075,300	110,075,300
Other assets, net	<u>1,049,774</u>	<u>512,908</u>	<u>806,291</u>	Capital surplus	58,767,245	58,767,245	58,767,245
				Retained earnings	96,656,385	84,370,227	78,911,934
				Other equity	<u>(14,179,634)</u>	<u>(19,681,510)</u>	<u>(27,414,048)</u>
				Total equity	<u>251,319,296</u>	<u>233,531,262</u>	<u>220,340,431</u>
Total	<u>\$ 4,410,356,115</u>	<u>\$ 4,241,636,527</u>	<u>\$ 4,241,794,557</u>	Total	<u>\$ 4,410,356,115</u>	<u>\$ 4,241,636,527</u>	<u>\$ 4,241,794,557</u>

(Continued)

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

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

Assets	September 30, 2023	December 31, 2022	September 30, 2022	Liabilities and Equity	September 30, 2023	December 31, 2022	September 30, 2022
Cash and cash equivalents	\$ 179,760	\$ 160,937	\$ 156,097	<u>Liabilities</u>			
Due from the Central Bank and call loans to other banks	400,000	-	-	Call loans from banks	\$ 7,792,850	\$ 6,425,800	\$ 7,537,280
Financial assets at fair value through profit or loss	38,830,035	39,326,684	40,948,415	Financial liabilities at fair value through profit or loss	7,634	1,244	16,732
Financial assets at fair value through other comprehensive income	22,446,739	18,348,759	17,458,899	Securities sold under repurchase agreements	49,470,350	47,311,367	47,117,317
Investments in debt instruments at amortized cost	1,433,717	1,386,388	1,387,227	Payables	122,671	83,784	72,991
Receivables, net	724,730	163,254	149,202	Provisions	397,671	391,427	406,927
Current tax assets	14,564	24,460	7,573	Lease liabilities	38,256	2,471	4,901
Other financial assets, net	397,879	1,018,436	1,018,436	Other liabilities	25,834	39,981	45,144
Properties and equipment, net	13,834	11,723	11,219	Total liabilities	<u>57,855,266</u>	<u>54,256,074</u>	<u>55,201,292</u>
Right-of-use assets, net	38,000	2,340	4,672	<u>Equity</u>			
Intangible assets, net	6,360	8,906	9,644	Capital stock	4,877,740	4,877,740	4,877,740
Deferred tax assets	7,328	-	-	Capital surplus	312,633	312,633	312,633
Other assets, net	<u>286,768</u>	<u>291,662</u>	<u>306,875</u>	Retained earnings	2,178,967	2,006,529	1,940,548
				Other equity	(444,892)	(709,427)	(873,954)
				Total equity	<u>6,924,448</u>	<u>6,487,475</u>	<u>6,256,967</u>
Total	<u>\$ 64,779,714</u>	<u>\$ 60,743,549</u>	<u>\$ 61,458,259</u>	Total	<u>\$ 64,779,714</u>	<u>\$ 60,743,549</u>	<u>\$ 61,458,259</u>

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

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

Assets	September 30, 2023	December 31, 2022	September 30, 2022	Liabilities and Equity	September 30, 2023	December 31, 2022	September 30, 2022
Current assets	\$ 32,982,197	\$ 27,897,700	\$ 34,897,071	<u>Liabilities</u>			
Financial assets at fair value through other comprehensive income - non-current	37,588	37,800	37,339	Current liabilities	\$ 27,791,049	\$ 22,881,285	\$ 29,958,171
Investments accounted for using equity method	47,196	-	-	Lease liabilities	51,354	85,160	49,508
Properties and equipment, net	78,282	79,522	54,819	Deferred tax liabilities	2,045	7,157	7,512
Right-of-use assets, net	49,876	83,076	95,591	Other liabilities	6,940	8,560	38,278
Intangible assets	60,926	64,069	52,644	Total liabilities	<u>27,851,388</u>	<u>22,982,162</u>	<u>30,053,469</u>
Deferred tax assets	19,422	8,293	18,106	<u>Equity</u>			
Other non-current assets	<u>439,989</u>	<u>412,549</u>	<u>418,819</u>	Capital stock	5,206,131	5,206,131	5,206,131
				Capital surplus	294,440	294,440	294,440
				Retained earnings	1,099,159	869,417	856,313
				Other equity	(735,642)	(769,141)	(835,964)
				Total equity	<u>5,864,088</u>	<u>5,600,847</u>	<u>5,520,920</u>
Total	<u>\$ 33,715,476</u>	<u>\$ 28,583,009</u>	<u>\$ 35,574,389</u>	Total	<u>\$ 33,715,476</u>	<u>\$ 28,583,009</u>	<u>\$ 35,574,389</u>

(Continued)

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

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

<b>Assets</b>	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>	<b>Liabilities and Equity</b>	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Current assets	\$ 86,863	\$ 257,746	\$ 362,392	<u>Liabilities</u>			
Financial assets at fair value through profit or loss	-	5,228	12,776	Current liabilities	\$ 7,794,815	\$ 8,533,557	\$ 9,372,548
Financial assets at fair value through other comprehensive income	14,800	13,375	12,950	Lease liabilities	12,296	18,253	20,448
Accounts Receivable, net	4,768,355	2,049,716	992,773	Deferred tax liabilities	75,748	75,941	62,251
Investments accounted for using the equity method	1,235,573	1,180,633	1,172,338	Other liabilities	<u>2,556,382</u>	<u>2,095,096</u>	<u>1,111,341</u>
Properties and equipment, net	22,052	29,402	32,817	Total liabilities	<u>10,439,241</u>	<u>10,722,847</u>	<u>10,566,588</u>
Investment properties, net	3,860,871	4,525,805	4,667,206	<u>Equity</u>			
Right-of-use assets, net	12,054	18,038	20,267	Capital stock	3,140,875	2,825,280	2,825,280
Intangible assets	2,887	3,441	1,372	Capital surplus	2,553	2,553	2,553
Deferred tax assets	220,695	220,802	239,866	Retained earnings	741,276	784,893	707,476
Long-term lease payment receivable	168,684	206,601	176,433	Other equity	<u>(86,673)</u>	<u>(88,526)</u>	<u>(77,831)</u>
Long-term urban regeneration advance payment	3,841,794	5,733,617	6,323,603	Total equity	<u>3,798,031</u>	<u>3,524,200</u>	<u>3,457,478</u>
Other assets	<u>2,644</u>	<u>2,643</u>	<u>9,273</u>	Total	<u>\$ 14,237,272</u>	<u>\$ 14,247,047</u>	<u>\$ 14,024,066</u>
Total	<u>\$ 14,237,272</u>	<u>\$ 14,247,047</u>	<u>\$ 14,024,066</u>				(Continued)

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

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

<b>Assets</b>	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>	<b>Liabilities and Equity</b>	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Cash and cash equivalents	\$ 1,668,732	\$ 3,248,747	\$ 2,382,842	<u>Liabilities</u>			
Receivables	1,181,909	1,002,509	1,336,734	Payables	\$ 938,308	\$ 850,961	\$ 704,179
Current tax assets	121,791	116,649	129,810	Current tax liabilities	6,916	-	-
Investments	35,759,909	32,021,150	32,003,001	Financial liabilities at fair value through profit or loss	631,649	540,199	942,780
Reinsurance assets	268,024	209,333	232,689	Lease liabilities	87,229	1,433	1,987
Equipment, net	112,738	112,077	98,080	Insurance liabilities	28,143,661	25,929,455	25,972,345
Right-of-use assets, net	82,425	1,362	1,959	Reserve for insurance contracts with financial instruments features	6,349	3,651	2,508
Deferred tax assets	247,346	218,022	283,362	Reserve of foreign exchange variation	323,534	440,333	513,308
Other assets	1,676,832	1,366,532	1,698,096	Deferred tax liabilities	94,521	-	-
Separate-account assets	<u>86,139,561</u>	<u>89,353,581</u>	<u>89,726,015</u>	Other liabilities	147,868	162,173	303,577
				Separate-account liabilities	<u>86,139,561</u>	<u>89,353,581</u>	<u>89,726,015</u>
				Total liabilities	<u>116,519,596</u>	<u>117,281,786</u>	<u>118,166,699</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	4,589,353	3,968,019	3,798,128
				Other equity	<u>(740,158)</u>	<u>(490,319)</u>	<u>(962,715)</u>
				Total equity	<u>10,739,671</u>	<u>10,368,176</u>	<u>9,725,889</u>
<b>Total</b>	<u>\$ 127,259,267</u>	<u>\$ 127,649,962</u>	<u>\$ 127,892,588</u>	<b>Total</b>	<u>\$ 127,259,267</u>	<u>\$ 127,649,962</u>	<u>\$ 127,892,588</u>

(Continued)

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

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

Assets	September 30, 2023	December 31, 2022	September 30, 2022	Liabilities and Equity	September 30, 2023	December 31, 2022	September 30, 2022
Current assets	\$ 399,241	\$ 418,414	\$ 407,644	<u>Liabilities</u>			
Financial assets at fair value through profit or loss - non-current	2,925	2,846	2,741	Current liabilities	\$ 58,170	\$ 76,571	\$ 69,997
Properties and equipment, net	5,270	5,906	6,227	Lease liabilities	12,114	14,095	13,181
Right-of-use assets	11,779	13,770	12,830	Other liabilities	<u>900</u>	<u>640</u>	<u>1,200</u>
Intangible assets	1,774	4,884	6,160	Total liabilities	<u>71,184</u>	<u>91,306</u>	<u>84,378</u>
Prepaid equipment	49	49	49	<u>Equity</u>			
Other assets	<u>56,215</u>	<u>56,215</u>	<u>56,215</u>	Capital stock	303,000	303,000	303,000
				Capital surplus	72,860	72,860	72,860
				Retained earnings	29,558	34,346	31,161
				Other equity	<u>651</u>	<u>572</u>	<u>467</u>
				Total equity	<u>406,069</u>	<u>410,778</u>	<u>407,488</u>
Total	<u>\$ 477,253</u>	<u>\$ 502,084</u>	<u>\$ 491,866</u>	Total	<u>\$ 477,253</u>	<u>\$ 502,084</u>	<u>\$ 491,866</u>

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

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

Assets	September 30, 2023	December 31, 2022	September 30, 2022	Liabilities and Equity	September 30, 2023	December 31, 2022	September 30, 2022
Current assets	\$ 1,398,223	\$ 730,538	\$ 1,274,887	<u>Liabilities</u>			
Financial assets at fair value through profit or loss - non-current	-	544,735	-	Current liabilities	\$ 31,801	\$ 14,942	\$ 10,075
Investments accounted for using equity method, net	7,422	5,228	4,643	Lease liabilities	12,017	1,236	2,082
Properties and equipment, net	995	1,321	410	Other liabilities	<u>305</u>	<u>160</u>	<u>160</u>
Right-of-use assets	11,959	1,202	2,029	Total liabilities	<u>44,123</u>	<u>16,338</u>	<u>12,317</u>
Intangible assets	18	67	90	<u>Equity</u>			
Other assets	<u>498</u>	<u>499</u>	<u>498</u>	Capital stock	1,235,024	1,144,207	1,144,208
				Capital surplus	714	714	714
				Retained earnings	139,254	122,331	130,779
				Other equity	<u>-</u>	<u>-</u>	<u>(5,461)</u>
				Total equity	<u>1,374,992</u>	<u>1,267,252</u>	<u>1,270,240</u>
Total	<u>\$ 1,419,115</u>	<u>\$ 1,283,590</u>	<u>\$ 1,282,557</u>	Total	<u>\$ 1,419,115</u>	<u>\$ 1,283,590</u>	<u>\$ 1,282,557</u>

(Continued)

3. Subsidiaries' condensed statements of comprehensive income

**Taiwan Cooperative Bank, Ltd.**

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

	<b>2023</b>	<b>2022</b>
Interest revenues	\$ 67,254,144	\$ 42,887,715
Less: Interest expenses	<u>(43,030,643)</u>	<u>(15,147,797)</u>
Net interest	24,223,501	27,739,918
Net revenues and gains other than interest	<u>15,929,171</u>	<u>7,981,314</u>
Total net revenues	40,152,672	35,721,232
Bad-debt expenses and provision for losses on commitment and guarantees	(3,355,901)	(957,424)
Operating expenses	<u>(19,942,484)</u>	<u>(18,565,023)</u>
Income before income tax	16,854,287	16,198,785
Income tax expense	<u>(3,202,348)</u>	<u>(2,440,560)</u>
Net income	13,651,939	13,758,225
Other comprehensive loss	<u>5,986,095</u>	<u>(32,108,680)</u>
Total comprehensive (loss) income	<u>\$ 19,638,034</u>	<u>\$ (18,350,455)</u>
Earnings per share (NT\$)		
Basic	<u>\$1.24</u>	<u>\$1.25</u>

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

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

	<b>2023</b>	<b>2022</b>
Net interest	\$ 121,901	\$ 185,949
Net revenues and gains other than interest	<u>229,593</u>	<u>190,359</u>
Total net revenues	351,494	376,308
Reversal of allowance (impairment losses) for credit losses and provision	(14,289)	26,876
Operating expenses	<u>(131,804)</u>	<u>(122,042)</u>
Income before income tax	205,401	281,142
Income tax expense	<u>(41,095)</u>	<u>(62,914)</u>
Net income	164,306	218,228
Other comprehensive loss	<u>272,667</u>	<u>(913,863)</u>
Total comprehensive (loss) income	<u>\$ 436,973</u>	<u>\$ (695,635)</u>
Earnings per share (NT\$)		
Basic	<u>\$0.34</u>	<u>\$0.45</u>

(Continued)



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

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

	<b>2023</b>	<b>2022</b>
Revenues	\$ 1,413,587	\$ 1,396,258
Service charge	(64,159)	(62,300)
Other operating costs	(381,905)	(238,708)
Employee benefits	(405,260)	(400,618)
Other operating expenses	(314,895)	(325,723)
Other gains and losses	<u>24,838</u>	<u>(14,261)</u>
Income before income tax	272,206	354,648
Income tax expense	<u>(38,386)</u>	<u>(81,487)</u>
Net income	233,820	273,161
Other comprehensive loss	<u>29,420</u>	<u>(839,915)</u>
 Total comprehensive (loss) income	 <u>\$ 263,240</u>	 <u>\$ (566,754)</u>
 Earnings per share (NT\$)		
Basic	<u>\$0.45</u>	<u>\$0.52</u>

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

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

	<b>2023</b>	<b>2022</b>
Operating revenues	\$ 606,218	\$ 585,947
Operating expenses	<u>(191,749)</u>	<u>(212,922)</u>
Operating benefits	414,469	373,025
Non-operating gains and losses	<u>(52,291)</u>	<u>(10,867)</u>
Income before income tax	362,178	362,158
Income tax expense	<u>(90,199)</u>	<u>(88,913)</u>
Net income	271,979	273,245
Other comprehensive income (loss)	<u>1,853</u>	<u>22,511</u>
 Total comprehensive income	 <u>\$ 273,832</u>	 <u>\$ 295,756</u>
 Earnings per share (NT\$)		
Basic	<u>\$0.87</u>	<u>\$0.87</u>

(Continued)

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

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

	2023	2022
Operating revenues	\$ 8,934,576	\$ (11,812,441)
Operating costs	(7,155,777)	13,626,031
Operating expenses	(610,484)	(592,383)
Non-operating gains and losses	<u>-</u>	<u>(9,014)</u>
Income before income tax	1,168,315	1,212,193
Income tax expense	<u>(189,160)</u>	<u>(225,266)</u>
Net income	979,155	986,927
Other comprehensive loss	<u>(249,839)</u>	<u>(3,653,891)</u>
Total comprehensive (loss) income	<u>\$ 729,316</u>	<u>\$ (2,666,964)</u>
Earnings per share (NT\$)		
Basic	<u>\$1.42</u>	<u>\$1.43</u>

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

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

	2023	2022
Operating revenues	\$ 253,063	\$ 280,841
Operating expenses	<u>(241,153)</u>	<u>(263,839)</u>
Operating gain	11,910	17,002
Non-operating gains and losses	<u>2,602</u>	<u>1,257</u>
Income before income tax	14,512	18,259
Income tax expense	<u>-</u>	<u>-</u>
Net income	14,512	18,259
Other comprehensive income	<u>79</u>	<u>298</u>
Total comprehensive income	<u>\$ 14,591</u>	<u>\$ 18,557</u>
Earnings per share (NT\$)		
Basic	<u>\$0.48</u>	<u>\$0.60</u>

(Continued)

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

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

	<b>2023</b>	<b>2022</b>
Operating revenues	\$ 150,809	\$ 138,136
Operating expenses	<u>(33,649)</u>	<u>(30,410)</u>
Operating income	117,160	107,726
Non-operating gains and losses	<u>1,192</u>	<u>3</u>
Income before income tax	118,352	107,729
Income tax expense	<u>(10,613)</u>	<u>(100)</u>
Net income	107,739	107,629
Other comprehensive (loss) income	<u>-</u>	<u>(44,819)</u>
Total comprehensive income	<u>\$ 107,739</u>	<u>\$ 62,810</u>
Earnings per share (NT\$)		
Basic	<u>\$0.87</u>	<u>\$0.87</u>
		(Concluded)

TABLE 4

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

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

Business Segment Items	For the Nine Months Ended September 30, 2023					
	Banking	Bill Finance	Security	Insurance	Others	Consolidated
Net interest (loss)	\$ 24,423,449	\$ (367,295)	\$ 2,345	\$ 645,356	\$ (319,454)	\$ 24,384,401
Net revenues and gains other than interest	15,477,292	737,795	997,361	3,411,981	1,031,132	21,655,561
Total net revenues	39,900,741	370,500	999,706	4,057,337	711,678	46,039,962
Bad-debt expenses and provision (reversal of provision) for losses on commitment and guarantees	(3,545,607)	(14,289)	(85)	-	16,081	(3,543,900)
Net change in reserves for insurance liabilities	-	-	-	(1,995,341)	-	(1,995,341)
Operating expenses	(19,992,731)	(125,095)	(659,656)	(591,082)	(617,763)	(21,986,327)
Income before income tax	16,362,403	231,116	339,965	1,470,914	109,996	18,514,394
Income tax expenses	(3,202,348)	(41,095)	(38,386)	(189,160)	(53,788)	(3,524,777)
Net income	13,160,055	190,021	301,579	1,281,754	56,208	14,989,617

Business Segment Items	For the Nine Months Ended September 30, 2022					
	Banking	Bill Finance	Security	Insurance	Others	Consolidated
Net interest (loss)	\$ 27,833,977	\$ (106,148)	\$ 196,755	\$ 552,785	\$ (63,981)	\$ 28,413,388
Net revenues and gains other than interest	7,865,412	495,926	868,410	588,744	979,414	10,797,906
Total net revenues	35,699,389	389,778	1,065,165	1,141,529	915,433	39,211,294
Bad-debt expenses and provision (reversal of provision) for losses on commitment and guarantees	(1,003,049)	26,876	5,823	-	(25,728)	(996,078)
Net change in reserves for insurance liabilities	-	-	-	614,077	-	614,077
Operating expenses	(18,610,078)	(115,476)	(660,907)	(585,712)	(620,217)	(20,592,390)
Income before income tax	16,086,262	301,178	410,081	1,169,894	269,488	18,236,903
Income tax expenses	(2,456,650)	(62,914)	(81,487)	(225,266)	(111,817)	(2,938,134)
Net income	13,629,612	238,264	328,594	944,628	157,671	15,298,769

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

FINANCING PROVIDED  
FOR THE NINE MONTHS ENDED SEPTEMBER 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	86,765	86,765	3-8	Short-term financing	-	Operating use	868	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	60,000	60,000	3-8	Short-term financing	-	Operating use	600	Real estate	162,145	352,420 (Note 3)	1,409,680 (Note 3)
		Tsuru Chikusan Co., Ltd.	Receivables on lending funds	No	325,375	219,750	219,750	3-8	Short-term financing	-	Operating use	2,198	Real estate	230,577	352,420 (Note 3)	1,409,680 (Note 3)
		Grandsun Engineering Co., Ltd.	Receivables on lending funds	No	35,000	21,350	21,350	3-8	Short-term financing	-	Operating use	214	Guarantee	5,250	352,420 (Note 3)	1,409,680 (Note 3)
		Yieh Hong Enterprise Co., Ltd.	Receivables on lending funds	No	350,418	208,827	208,827	3-8	Short-term financing	-	Operating use	2,088	Stocks	252,950	352,420 (Note 3)	1,409,680 (Note 3)
		Anli Lines Corp.	Receivables on lending funds	No	60,000	58,381	58,381	3-8	Short-term financing	-	Operating use	584	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	75,327	75,327	3-8	Short-term financing	-	Operating use	763	-	-	352,420 (Note 3)	1,409,680 (Note 3)
		Tai Wan Asset Management Co.	Receivables on lending funds	No	33,333	3,333	3,333	3-8	Short-term financing	-	Operating use	33	-	-	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.

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

## MARKETABLE SECURITIES HELD

SEPTEMBER 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	September 30, 2023				Note
				Shares (In Thousands/Par Value)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Co-operative Assets Management Co., Ltd.	<u>Stock</u> Cooperative Financial International Lease Co., Ltd.	Subsidiary	Investments accounted for using equity method	-	\$ 1,235,573	100.00	\$ 1,235,573	Note
	Taiwan Urban Regeneration & Financial Services Co., Ltd.	-	Financial assets at fair value through other comprehensive income	2,500	14,800	5.00	14,800	
Taiwan Cooperative Securities Investment Trust Co., Ltd.	Fund Rich Securities Co., Ltd.	-	Financial assets at fair value through other comprehensive income	227	2,925	0.37	2,925	
Taiwan Cooperative Venture Capital Co., Ltd.	AcmePoint Energy Services Co., Ltd.	-	Financial assets at fair value through profit or loss	1,163	43,081	2.54	43,081	
	ISTART-TEK INC.	-	Financial assets at fair value through profit or loss	311	20,573	1.22	20,573	
	Starlux Airlines Co., Ltd.	-	Financial assets at fair value through profit or loss	6,288	148,334	0.30	148,334	
	Cho Pharma Inc.	-	Financial assets at fair value through profit or loss	266	21,857	0.14	21,857	
	Tigerair Taiwan Co., Ltd.	-	Financial assets at fair value through profit or loss	361	10,884	0.08	10,884	
	SR Suntour Inc.	-	Financial assets at fair value through profit or loss	1,700	105,468	2.82	105,468	
	Tachyon Intelligence Robot Company	-	Financial assets at fair value through profit or loss	125	717	2.83	717	
	Phu Vinh Industrial Construction, Llc	-	Financial assets at fair value through profit or loss	4,249	123,482	19.99	123,482	
	ULSee Cayman Co., Ltd.	-	Financial assets at fair value through profit or loss	651	13,093	0.43	13,093	
	Cloud Mile Inc.	-	Financial assets at fair value through profit or loss	838	44,577	2.83	44,577	
	Hoytek Precision Company	-	Financial assets at fair value through profit or loss	1,168	23,357	16.51	23,357	
	Wihking Entertainment Ltd.	-	Financial assets at fair value through profit or loss	882	21,452	3.93	21,452	
	China Development II Biomedical Venture Capital, LP.	-	Financial assets at fair value through profit or loss	-	45,850	-	45,850	
	APMTD Global Limited	-	Financial assets at fair value through profit or loss	661	37,620	1.60	37,620	

(Continued)

Holding Company Name	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	September 30, 2023				Note
				Shares (In Thousands/Par Value)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
	Free Bionics Inc.	-	Financial assets at fair value through profit or loss	2,068	\$ 39,493	8.22	\$ 39,493	
	Revlis Biotech Co., Ltd.	-	Financial assets at fair value through profit or loss	2,813	13,331	4.31	13,331	
	Mesh Cooperative Ventures, Inc.	-	Financial assets at fair value through profit or loss	-	21,944	-	21,944	
	Annji Pharmaceutical Co., Ltd.	-	Financial assets at fair value through profit or loss	3,750	112,500	4.24	112,500	
	Knowledge Creation Innovation Co., Ltd.	-	Financial assets at fair value through profit or loss	315	15,003	19.50	15,003	
	Long Diann Marine Biotechnology Co., Ltd.	-	Financial assets at fair value through profit or loss	2,500	18,650	12.53	18,650	
	JD-SPF Biotech Co., Ltd.	-	Financial assets at fair value through profit or loss	1,365	10,046	19.50	10,046	
	Gamamobi Taiwan Co., Ltd.	-	Financial assets at fair value through profit or loss	400	2,100	1.99	2,100	
	YAYATECH CO., LTD.	-	Financial assets at fair value through profit or loss	2,200	48,180	13.20	48,180	
	P-Waver Inc.	-	Financial assets at fair value through profit or loss	1,765	29,347	11.78	29,347	
	WIN COAT CO.	-	Financial assets at fair value through profit or loss	1,000	28,000	2.77	28,000	
	GeNopsys Technologies INC.	-	Financial assets at fair value through profit or loss	3,120	96,689	19.97	96,689	
	Mesh Cooperative Ventures, Inc.	Associate	Investments accounted for using equity method	330	3,283	22.00	3,283	
	JC Capital Taiwan Co., Ltd.	Associate	Investments accounted for using equity method	350	4,139	35.00	4,139	

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

(Concluded)

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

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

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
Co-operative Assets Management Co., Ltd.	Serial No. 9, 4 Subsect., Zhengyi Sec., Zhongshan Dist., Taipei City, and the building thereon.	2023.10.20 (Note)	\$ 710,290	Fully repaid on October 31, 2023.	Taiwan Taipei District Court	Non-related parties	-	-	-	\$ -	Court auction	Operating activities	None

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



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

**DISPOSAL OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 10% OF THE PAID-IN CAPITAL  
FOR THE NINE MONTHS ENDED SEPTEMBER 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 \$ 558,880	\$ 38,838	Runhong Archiland	Non-related parties	Increase investment income	Open tendering	None

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

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

**ALLOWANCE OF SERVICE FEES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$5 MILLION  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

<b>Securities Firms</b>	<b>Counterparty</b>	<b>Nature of Relationship</b>	<b>Total Amounts of Brokerage Service Revenue</b>	<b>Total Allowance of Brokerage Service Revenue</b>	<b>Service Revenue from Related Party</b>	<b>Allowance of Service Revenue for Related Party</b>	<b>Percentage of Service Revenue from Related Party to Total Amounts</b>	<b>Percentage of Allowance of Service Revenue for Related Party to Total Allowance</b>
Taiwan Cooperative Securities Co., Ltd.	Taiwan Cooperative Bank, Ltd.	Same parent company	\$ 1,534,740	\$ 855,267	\$ 72,425	\$ 62,227	4.72	7.28

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

**INFORMATION OF DISPOSAL OF NONPERFORMING LOANS**

**SEPTEMBER 30, 2023**

**(In Thousands of New Taiwan Dollars)**

Taiwan Cooperative Bank, Ltd.

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.

**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**

**SEPTEMBER 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	\$ 3,120,070 (Note)	-	\$ -	-	\$ -	\$ -

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

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

INVESTMENT IN MAINLAND CHINA  
FOR THE NINE MONTHS ENDED SEPTEMBER 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 September 30, 2023	Investee Net Income	% Ownership of Direct or Indirect Investment	Investment Gain	Carrying Value as of September 30, 2023	Accumulated Inward Remittance of Earnings as of September 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)	\$ 102,406	100	\$ 102,406	\$ 7,085,123	\$ -
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)	(10,683)	100	(10,683)	2,880,689	-
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)	39,355	100	39,355	3,609,780	-
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)	56,488	100	56,488	2,471,722	-

Accumulated Investment in Mainland China as of September 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)	\$ 150,935,525

## 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 September 30, 2023	Investee Net Income	% Ownership of Direct or Indirect Investment	Investment Gain	Carrying Value as of September 30, 2023	Accumulated Inward Remittance of Earnings as of September 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)	\$ 54,406	100	\$ 54,406	\$ 1,235,573	\$ -

Accumulated Investment in Mainland China as of September 30, 2023	Investment Amount Approved by the Investment Commission, MOEA	Maximum Investment Allowable (Note 3)
\$ 910,980 (RMB 185,460) (Note 1)	\$ 910,980 (RMB 185,460) (Note 1)	\$ 2,278,819

(Continued)

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

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

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

(Concluded)

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

## BUSINESS RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS AMONG THE PARENT COMPANY AND SUBSIDIARIES

FOR THE NINE MONTHS ENDED SEPTEMBER 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	\$ 3,120,070	Note 4	0.07
1	Taiwan Cooperative Bank, Ltd.	Taiwan Cooperative Financial Holding Co., Ltd.	b	Tax receivables - consolidated tax return	3,120,070	Note 4	0.07
1	Taiwan Cooperative Bank, Ltd.	United Taiwan Bank S.A.	a	Due from banks	571,225	Note 4	0.01
2	United Taiwan Bank S.A.	Taiwan Cooperative Bank, Ltd.	b	Deposits from banks	571,225	Note 4	0.01
1	Taiwan Cooperative Bank, Ltd.	United Taiwan Bank S.A.	a	Call loans to banks	2,800,050	Note 4	0.06
2	United Taiwan Bank S.A.	Taiwan Cooperative Bank, Ltd.	b	Call loans from banks	2,800,050	Note 4	0.06
1	Taiwan Cooperative Bank, Ltd.	United Taiwan Bank S.A.	a	Medium-term unsecured loans	4,921,299	Note 4	0.11
2	United Taiwan Bank S.A.	Taiwan Cooperative Bank, Ltd.	b	Long-term borrowings	4,921,299	Note 4	0.11
1	Taiwan Cooperative Bank, Ltd.	United Taiwan Bank S.A.	a	Interest revenue	139,329	Note 4	-
2	United Taiwan Bank S.A.	Taiwan Cooperative Bank, Ltd.	b	Interest expense	139,329	Note 4	-
1	Taiwan Cooperative Bank, Ltd.	BNP Paribas Cardif TCB Life Insurance Co., Ltd.	c	Deposits and remittances	498,642	Note 4	0.01
3	BNP Paribas Cardif TCB Life Insurance Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Cash and cash equivalents	498,642	Note 4	0.01
1	Taiwan Cooperative Bank, Ltd.	Taiwan Cooperative Bills Finance Co., Ltd.	c	Deposits and remittances	101,494	Note 4	-
4	Taiwan Cooperative Bills Finance Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Cash and cash equivalents	101,494	Note 4	-
1	Taiwan Cooperative Bank, Ltd.	Taiwan Cooperative Bills Finance Co., Ltd.	c	Call loans to banks	478,428	Note 4	0.01
4	Taiwan Cooperative Bills Finance Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Call loans from banks	478,428	Note 4	0.01
6	Taiwan Cooperative Securities Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Call loans from banks	322,850	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.	Taiwan Cooperative Securities Co., Ltd.	c	Call loans to securities company	\$ 322,850	Note 4	0.01
1	Taiwan Cooperative Bank, Ltd.	Co-operative Assets Management Co., Ltd.	c	Properties and equipment, net and deferred revenue	383,282	Note 4	0.01
1	Taiwan Cooperative Bank, Ltd.	Co-operative Assets Management Co., Ltd.	c	Gains on disposal of properties and equipment, accumulated earnings	580,423	Note 4	0.01
5	Co-operative Assets Management Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Investment properties, net	963,705	Note 4	0.02
1	Taiwan Cooperative Bank, Ltd.	BNP Paribas Cardif TCB Life Insurance Co., Ltd.	c	Service fee and commission income	293,131	Note 4	0.64
3	BNP Paribas Cardif TCB Life Insurance Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Service charge and commission expense	293,131	Note 4	0.64
0	Taiwan Cooperative Financial Holding Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Right-of-use assets, net	111,272	Note 4	0.00
0	Taiwan Cooperative Financial Holding Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Lease liabilities	113,431	Note 4	-
0	Taiwan Cooperative Financial Holding Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Interest expense	1,265	Note 4	-
0	Taiwan Cooperative Financial Holding Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Depreciation expense	21,769	Note 4	0.05
1	Taiwan Cooperative Bank, Ltd.	Taiwan Cooperative Financial Holding Co., Ltd.	c	Lease income	21,740	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	459,400	Note 4	0.01
3	BNP Paribas Cardif TCB Life Insurance Co., Ltd.	Taiwan Cooperative Bills Finance Co., Ltd.	c	Securities sold under repurchase agreements	459,400	Note 4	0.01
1	Taiwan Cooperative Bank, Ltd.	Taiwan Cooperative Venture Capital Co., Ltd.	c	Deposits and remittances	128,771	Note 4	-
7	Taiwan Cooperative Venture Capital Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Cash and cash equivalents	128,771	Note 4	-

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

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

Note 2: Transaction flows are as follows:

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

(Continued)



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

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

Note 5: Referring to transactions exceeding NT\$100 million. (NT\$100,000 thousand)

(Concluded)

**TABLE 14****TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD.****INFORMATION ON MAJOR SHAREHOLDERS  
SEPTEMBER 30, 2023**

<b>Name of Major Shareholder</b>	<b>Shareholding</b>	
	<b>Number of Shares</b>	<b>Percentage of Ownership (%)</b>
Ministry of Finance, Taiwan	3,833,889,460	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.