

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

**Consolidated Financial Statements for the
Years Ended December 31, 2023 and 2022 and
Independent Auditors' Report**

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The entities required to be included in the combined financial statements of Taiwan Cooperative Financial Holding Co., Ltd. as of and for the year ended December 31, 2023 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with Regulations Governing the Preparation of Financial Reports by Financial Holding Companies and International Financial Reporting Standard 10, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Taiwan Cooperative Financial Holding Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD.

By

RAY B. DAWN
Chairman

March 13, 2024

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of Taiwan Cooperative Financial Holding Co., Ltd. (TCFHC) and its subsidiaries (collectively, the Company), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended 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, International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the Company for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters identified in our audit of the consolidated financial statements of Taiwan Cooperative Financial Holding Co., Ltd. and its subsidiaries for the year ended December 31, 2023 were as follows:

Impairment Assessment of Loans

The net discounts and loans of the Company as of December 31, 2023, accounted for 58% of the consolidated total assets. Therefore, the assessment of the impairment loss of discounts and loans may have significant impacts on the consolidated financial statements. Besides assessing the expected credit losses of loans in accordance with IFRS 9 “Financial Instruments”, the management of Taiwan Cooperative Bank, Ltd.(TCB) complies with the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans” related regulations (collectively, the Regulations) when assessing the classification of credit assets and recognizing the allowance for possible losses.

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

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

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

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

Quoting the Correctness of Insurance Information from the Life Policy Reserve

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

The management of BNP Paribas Cardif TCB Life Insurance Co., Ltd. (BPCTLI) measures the life insurance liability reserve liabilities of each valid long-term insurance policy with reference to the deposit logic of the commodity calculation instructions submitted to the competent authority at the time of insurance pricing. The changes to the deposit logic must be approved by the competent authority in advance. Except for approved deposit logics, the Company shall not arbitrarily change the formulas and parameters used in the product calculation instructions submitted to the competent authority at the time of pricing of insurance types because the quote unchanged withdrawal logic and the correct policy information are crucial to the allocation of insurance liabilities and are identified as a key audit matter. For the relevant accounting policies and material accounting judgments and estimations, refer to Notes 4 and 5 to the consolidated financial statements. For the relevant information about the assessment of the insurance liabilities, refer to Note 29 to the consolidated financial statements.

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

1. We obtained an understanding of the process and related internal operations of the assessment of the insurance liabilities of BPCTLI, and we assessed the compliance with related internal operations by performing the tests.
2. We obtained the actuarial information summary evaluated by the management of BPCTLI, and we sampled and tested that the information of policyholders was consistent with the information of life policy reserves.
3. We utilized our actuarial experts and performed the following audit procedures with respect to life policy reserves:
 - a. We sampled the insurance products and tested the actuarial memorandum, which was approved by the Insurance Bureau before the insurance products were introduced to the market, and the reserves in the memorandum were calculated in accordance with the regulations and were applicable to the insurance products.
 - b. We sampled the insurance policies and recalculated the insurance liabilities and confirmed that the calculation of BPCTLI was in accordance with the Regulations Governing the Recognition of Reserves by Insurance Enterprises and was consistent with the formula and parameters submitted to the regulatory authority.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of Taiwan Cooperative Financial Holding Co., Ltd. and its subsidiaries, for the year ended December 31, 2023 and are therefore deemed to be the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 13, 2024

Notice to Readers

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

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

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023		2022	
	Amount	%	Amount	%
ASSETS				
CASH AND CASH EQUIVALENTS (Notes 4 and 6)	\$ 89,231,286	2	\$ 95,314,702	2
DUE FROM THE CENTRAL BANK AND CALL LOANS TO OTHER BANKS (Notes 4, 7, 41 and 42)	364,419,141	7	319,309,530	7
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8, 41 and 42)	126,108,496	3	76,072,975	2
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 4 and 9)	509,252,116	11	475,101,745	11
INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST (Notes 4, 10 and 42)	705,008,604	15	719,535,355	16
SECURITIES PURCHASED UNDER RESELL AGREEMENTS (Notes 4 and 11)	1,250,689	-	2,642,175	-
RECEIVABLES, NET (Notes 4, 12 and 41)	55,770,102	1	42,404,919	1
CURRENT TAX ASSETS (Notes 4 and 38)	2,293,065	-	2,278,992	-
DISCOUNTS AND LOANS, NET (Notes 4, 13, 41 and 42)	2,800,346,569	58	2,589,591,055	58
REINSURANCE ASSETS, NET (Note 4)	244,817	-	209,333	-
INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (Notes 4 and 14)	146,836	-	142,637	-
OTHER FINANCIAL ASSETS, NET (Notes 4, 15, 30 and 42)	94,546,321	2	99,100,104	2
INVESTMENT PROPERTIES, NET (Notes 4 and 16)	11,150,124	-	10,936,255	-
PROPERTIES AND EQUIPMENT, NET (Notes 4 and 17)	32,448,391	1	33,147,407	1
RIGHT-OF-USE ASSETS, NET (Notes 4 and 18)	1,585,057	-	1,562,617	-
INTANGIBLE ASSETS (Notes 4 and 19)	4,427,379	-	4,156,026	-
DEFERRED TAX ASSETS (Notes 4 and 38)	2,274,199	-	1,764,099	-
OTHER ASSETS, NET (Notes 4, 18, 20 and 29)	<u>3,199,764</u>	-	<u>2,897,887</u>	-
TOTAL	<u>\$ 4,803,702,956</u>	<u>100</u>	<u>\$ 4,476,167,813</u>	<u>100</u>
LIABILITIES AND EQUITY				
DEPOSITS FROM THE CENTRAL BANK AND OTHER BANKS (Notes 21 and 41)	\$ 301,705,360	6	\$ 287,853,635	6
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8, 26 and 41)	9,261,978	-	3,650,230	-
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS (Notes 4, 8, 9, 22 and 41)	71,210,419	2	67,643,435	2
COMMERCIAL PAPER ISSUED, NET (Note 23)	33,651,757	1	24,539,978	1
PAYABLES (Notes 4, 24 and 41)	60,137,161	1	52,099,763	1
CURRENT TAX LIABILITIES (Notes 4 and 38)	3,158,232	-	862,016	-
DEPOSITS AND REMITTANCES (Notes 25 and 41)	3,862,095,191	80	3,598,422,914	80
BONDS PAYABLE (Note 26)	77,240,000	2	80,290,000	2
OTHER BORROWINGS (Notes 23 and 27)	11,266,712	-	9,352,346	-
PROVISIONS (Notes 4, 28 and 29)	34,391,765	1	32,268,462	1
OTHER FINANCIAL LIABILITIES (Notes 4, 16 and 30)	87,530,330	2	91,685,037	2
LEASE LIABILITIES (Notes 4 and 18)	1,545,153	-	1,538,102	-
DEFERRED TAX LIABILITIES (Notes 4, 17 and 38)	3,594,884	-	3,966,477	-
OTHER LIABILITIES (Note 31)	<u>1,135,355</u>	-	<u>1,232,241</u>	-
Total liabilities	<u>4,557,924,297</u>	<u>95</u>	<u>4,255,404,636</u>	<u>95</u>
EQUITY ATTRIBUTABLE TO OWNERS OF TCFHC				
Capital stock				
Common stock	<u>147,093,822</u>	<u>3</u>	<u>140,089,354</u>	<u>3</u>
Capital surplus	<u>45,650,280</u>	<u>1</u>	<u>57,977,016</u>	<u>1</u>
Retained earnings				
Legal reserve	15,582,312	-	13,432,536	-
Special reserve	21,509,719	1	985,539	-
Unappropriated earnings	<u>17,181,771</u>	-	<u>24,472,050</u>	<u>1</u>
Total retained earnings	<u>54,273,802</u>	<u>1</u>	<u>38,890,125</u>	<u>1</u>
Other equity	<u>(7,127,656)</u>	-	<u>(21,509,719)</u>	-
Total equity attributable to owners of TCFHC	239,890,248	5	215,446,776	5
NON-CONTROLLING INTERESTS	<u>5,888,411</u>	-	<u>5,316,401</u>	-
Total equity	<u>245,778,659</u>	<u>5</u>	<u>220,763,177</u>	<u>5</u>
TOTAL	<u>\$ 4,803,702,956</u>	<u>100</u>	<u>\$ 4,476,167,813</u>	<u>100</u>

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

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
INTEREST REVENUE (Notes 32 and 41)	\$ 93,411,635	152	\$ 63,731,513	120	47
INTEREST EXPENSE (Notes 32 and 41)	<u>(61,448,542)</u>	<u>(100)</u>	<u>(25,967,871)</u>	<u>(49)</u>	137
NET INTEREST	<u>31,963,093</u>	<u>52</u>	<u>37,763,642</u>	<u>71</u>	(15)
NET REVENUES AND GAINS OTHER THAN INTEREST					
Service fee and commission income, net (Notes 33 and 41)	8,816,239	14	7,743,550	15	14
Premium income, net (Notes 30 and 34)	3,855,678	6	185,923	-	1,974
Gains (losses) on financial assets and liabilities at fair value through profit or loss (Notes 35 and 41)	11,938,500	20	17,172,224	32	(30)
Gains on disposal of investment properties, net	98,267	-	152,022	-	(35)
Realized gains on financial assets at fair value through other comprehensive income (Notes 4 and 36)	2,993,149	5	3,704,925	7	(19)
Foreign exchange gains, net	1,245,069	2	(14,700,466)	(28)	108
Reversal of impairment losses (impairment losses) on assets (Notes 9 and 10)	5,485	-	(209,921)	-	103
Share of gains of associates and joint ventures accounted for using the equity method (Note 14)	16,600	-	9,411	-	76
Losses on reclassification of overlay approach (Note 8)	218,084	-	1,023,081	2	(79)
Other noninterest gains, net (Notes 16 and 41)	<u>226,874</u>	<u>1</u>	<u>337,761</u>	<u>1</u>	(33)
Total net revenues and gains other than interest	<u>29,413,945</u>	<u>48</u>	<u>15,418,510</u>	<u>29</u>	91
TOTAL NET REVENUES	<u>61,377,038</u>	<u>100</u>	<u>53,182,152</u>	<u>100</u>	15

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TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
BAD-DEBT EXPENSES AND PROVISION FOR LOSSES ON COMMITMENT AND GUARANTEES (Note 13)	\$ (7,502,226)	(12)	\$ (1,214,750)	(2)	518
NET CHANGE IN RESERVES FOR INSURANCE LIABILITIES (Note 28)	(2,232,124)	(4)	728,695	1	(406)
OPERATING EXPENSES (Notes 4, 16, 17, 18, 19, 29 and 37)					
Employee benefits	(17,292,237)	(28)	(17,541,280)	(33)	(1)
Depreciation and amortization	(2,648,913)	(4)	(2,506,299)	(5)	6
General and administrative	(9,626,875)	(16)	(8,262,174)	(15)	17
Total operating expenses	(29,568,025)	(48)	(28,309,753)	(53)	4
INCOME BEFORE INCOME TAX	22,074,663	36	24,386,344	46	(9)
INCOME TAX EXPENSE (Notes 4 and 38)	(4,196,448)	(7)	(3,569,052)	(7)	18
NET INCOME	17,878,215	29	20,817,292	39	(14)
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified subsequently to profit or loss (Notes 4, 9, 29 and 38)					
Remeasurement of defined benefit plans	(172,070)	-	1,405,296	3	(112)
Change in the fair value attributable to changes in the credit risk of financial liabilities designated as at fair value through profit or loss	(13,018)	-	-	-	-
Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	9,524,006	15	(9,660,741)	(18)	199
Items that will not be reclassified subsequently to profit or loss, net of income tax	9,338,918	15	(8,255,445)	(15)	213

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TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
Items that may be reclassified subsequently to profit or loss (Notes 4, 8, 9, 14 and 38)					
Exchange differences on the translation of financial statements of foreign operations	\$ (148,505)	-	\$ 4,831,877	9	(103)
Unrealized income (losses) on investments in debt instruments at fair value through other comprehensive income	5,480,845	9	(24,268,615)	(46)	123
Other comprehensive income (losses) on reclassification of overlay approach	(218,084)	(1)	(1,023,081)	(2)	(79)
Income tax attributable to other comprehensive income	<u>(137,235)</u>	<u>-</u>	<u>(263,392)</u>	<u>-</u>	(48)
Items that may be reclassified subsequently to profit or loss, net of income tax	<u>4,977,021</u>	<u>8</u>	<u>(20,723,211)</u>	<u>(39)</u>	124
Other comprehensive losses, net of income tax	<u>14,315,939</u>	<u>23</u>	<u>(28,978,656)</u>	<u>(54)</u>	149
TOTAL COMPREHENSIVE INCOME	<u>\$ 32,194,154</u>	<u>52</u>	<u>\$ (8,161,364)</u>	<u>(15)</u>	494
NET INCOME ATTRIBUTABLE TO:					
Owners of TCFHC	\$ 17,263,694	28	\$ 20,248,985	38	(15)
Non-controlling interests	<u>614,521</u>	<u>1</u>	<u>568,307</u>	<u>1</u>	8
	<u>\$ 17,878,215</u>	<u>29</u>	<u>\$ 20,817,292</u>	<u>39</u>	(14)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Owners of TCFHC	\$ 31,446,812	51	\$ (7,180,682)	(13)	538
Non-controlling interests	<u>747,342</u>	<u>1</u>	<u>(980,682)</u>	<u>(2)</u>	176
	<u>\$ 32,194,154</u>	<u>52</u>	<u>\$ (8,161,364)</u>	<u>(15)</u>	494

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

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2023		2022		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 39)					
Basic	<u>\$1.17</u>		<u>\$1.38</u>		
Diluted	<u>\$1.17</u>		<u>\$1.38</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
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(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 in Translation of Financial Statement of Foreign Operations	Unrealized Valuation Gains (Losses) on Financial Assets at Fair Value through Other Comprehensive Income (Note 9)	Change in the Fair Value Attributable to Changes in the Credit Risk of Financial Liabilities Designated as at Fair Value Through Profit or Loss	Other Comprehensive Income on Reclassification of Overlay Approach	Non-controlling Interests (Note 40)	
	Shares (In Thousands)	Common Stock		Legal Reserve	Special Reserve	Unappropriated Earnings						
BALANCE, 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	-	-	-	-	-	(156,526)	-	156,526	-	-	-	-
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	(354,035)	(354,035)
Total comprehensive income												
Net income for the year ended December 31, 2022	-	-	-	-	-	20,248,985	-	-	-	-	568,307	20,817,292
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	-	1,405,296	3,857,547	(32,171,285)	-	(521,225)	(1,548,989)	(28,978,656)
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	-	21,654,281	3,857,547	(32,171,285)	-	(521,225)	(980,682)	(8,161,364)
BALANCE, DECEMBER 31, 2022	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
Change in equity from investments in associates and joint ventures accounted for using the equity method	-	-	(714)	-	-	-	-	-	-	-	-	(714)
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	-	-	-	-	-	(26,871)	-	26,871	-	-	-	-
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	(175,332)	(175,332)
Transfer of changes in the fair value attributable to changes in the credit risk of financial liabilities designated as at fair value through profit or loss upon derecognition	-	-	-	-	-	(4)	-	-	4	-	-	-
Total comprehensive income												
Net income for the year ended December 31, 2023	-	-	-	-	-	17,263,694	-	-	-	-	614,521	17,878,215
Other comprehensive income for the year ended December 31, 2023	-	-	-	-	-	(172,070)	(126,065)	14,606,695	(13,018)	(112,424)	132,821	14,315,939
Total comprehensive income for the year ended December 31, 2023	-	-	-	-	-	17,091,624	(126,065)	14,606,695	(13,018)	(112,424)	747,342	32,194,154
BALANCE, DECEMBER 31, 2023	14,709,382	\$ 147,093,822	\$ 45,650,280	\$ 15,582,312	\$ 21,509,719	\$ 17,181,771	\$ (578,527)	\$ (6,593,434)	\$ (13,014)	\$ 57,319	\$ 5,888,411	\$ 245,778,659

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 FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 22,074,663	\$ 24,386,344
Adjustments for:		
Depreciation expense	2,271,524	2,174,245
Amortization expense	377,389	332,054
Expected credit losses/bad-debt expenses	7,341,866	1,423,579
Gains on financial assets and liabilities at fair value through profit or loss	(11,938,500)	(17,172,224)
Interest expense	61,448,542	25,967,871
Interest revenue	(93,411,635)	(63,731,513)
Dividend income	(3,019,843)	(3,709,763)
Net changes in reserves for insurance liabilities	2,232,124	(728,695)
Net changes in provision for losses on guarantees	82,878	(136,828)
Net changes in reserves for other liabilities	77,482	(72,001)
Share of gains of associates and joint ventures accounted for using equity method	(16,600)	(9,411)
Gains on reclassification of overlay approach	(218,084)	(1,023,081)
Losses on disposal of properties and equipment	1,874	1,844
Gains on disposal of investment properties	(98,267)	(152,022)
Losses on disposal of investments	26,694	4,838
Impairment losses on financial assets	11,311	211,063
Reversal of impairment losses on financial assets	(16,796)	(1,142)
Unrealized gains on foreign exchange	(49,790)	(1,857,815)
Others	(147)	280
Net changes in operating assets and liabilities		
(Increase) decrease in due from the Central Bank and call loans to other banks	(33,833,392)	16,466,130
(Increase) decrease in financial assets at fair value through profit or loss	(31,729,949)	36,042,819
Increase in financial assets at fair value through other comprehensive income	(20,886,344)	(18,082,031)
Decrease (increase) in investments in debt instruments at amortized cost	13,476,495	(3,898,535)
(Increase) decrease in receivables	(8,165,603)	4,444,059
Increase in discounts and loans	(217,096,928)	(154,031,427)
Increase in reinsurance assets	(48,639)	(66,055)
Decrease (increase) in other financial assets	341,143	(532,864)
(Increase) decrease other assets	(37,514)	3,305,023
Increase in deposits from the Central Bank and other banks	13,851,725	44,807,057
Decrease in financial liabilities at fair value through profit or loss	(5,279,993)	(9,783,406)
Increase in securities sold under repurchase agreements	3,606,009	14,818,273
Increase (decrease) in payables	4,519,959	(11,679,151)
Increase in deposits and remittances	263,672,277	119,674,033

(Continued)

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
Decrease in provision for employee benefits	\$ (406,260)	\$ (632,585)
Decrease in provisions	-	(556)
Decrease in other financial liabilities	(21,421)	(28,855)
Decrease in other liabilities	<u>(101,053)</u>	<u>(119,240)</u>
Cash (used in) generated from operations	(30,962,803)	6,610,312
Interest received	90,818,544	63,272,199
Dividends received	3,318,895	4,038,245
Interest paid	(58,074,633)	(23,489,911)
Income tax paid	<u>(2,942,388)</u>	<u>(3,473,534)</u>
Net cash generated from operating activities	<u>2,157,615</u>	<u>46,957,311</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposal of investments accounted for using equity method	4,606	-
Acquisition of properties and equipment	(1,144,371)	(1,271,544)
Proceeds from disposal of properties and equipment	-	102
Increase in refundable deposits	(2,267,503)	(1,732,618)
Decrease in refundable deposits	1,981,340	1,833,135
Acquisition of intangible assets	(493,026)	(525,906)
Acquisition of investment properties	(1,025,165)	(1,186,207)
Proceeds from disposal of investment properties	979,230	1,190,646
Increase in other assets	(16,366)	(17,681)
Decrease in other assets	<u>1,744</u>	<u>45,037</u>
Net cash used in investing activities	<u>(1,979,511)</u>	<u>(1,665,036)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in due to the Central Bank and other banks	-	(88,889,360)
Increase in commercial paper issued	73,475,000	46,720,000
Decrease in commercial paper issued	(64,315,000)	(52,060,000)
Proceeds from the issuance of bank debentures	2,500,000	18,190,000
Repayments of bank debentures	(5,550,000)	(20,000,000)
Increase in other borrowings	43,611,723	22,076,459
Decrease in other borrowings	(42,009,821)	(13,539,595)
Increase financial liabilities designated as at fair value through profit or loss	2,925,778	-
Decrease financial liabilities designated as at fair value through profit or loss	(12,858)	-
Increase in guarantee deposits received	224,227	433,607
Decrease in guarantee deposits received	(595,938)	(1,167,698)
Repayments of the principal portion of lease liabilities	(677,858)	(664,992)

(Continued)

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
Increase in other liabilities	\$ 32,863	\$ -
Decrease in other liabilities	-	(18,872)
Cash 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>2,428,316</u>	<u>(102,875,394)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>1,563,357</u>	<u>(6,762,809)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,169,777	(64,345,928)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	<u>140,044,317</u>	<u>204,390,245</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u>\$ 144,214,094</u>	<u>\$ 140,044,317</u>
Cash and cash equivalent reconciliations:		
	<u>December 31</u>	
	2023	2022
Cash and cash equivalents in the consolidated balance sheets	\$ 89,231,286	\$ 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”	53,363,659	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”	1,250,689	2,642,175
Other items in accordance with the definition of cash and cash equivalents under IAS 7 “Statement of Cash Flows”	<u>368,460</u>	<u>-</u>
Cash and cash equivalents, end of the year	<u>\$ 144,214,094</u>	<u>\$ 140,044,317</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 YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. ORGANIZATION AND OPERATIONS

Taiwan Cooperative Financial Holding Co., Ltd. (TCFHC) was established by Taiwan Cooperative Bank, Ltd. (TCB), Taiwan Cooperative Bills Finance Corporation Ltd. (TCBF) and Co-operative Assets Management Co., Ltd. (CAM) through a share swap on December 1, 2011 under the Financial Holding Companies Act and related regulations in the Republic of China (ROC). 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, 1 offshore banking unit (OBU), 14 overseas branches, 8 overseas sub-branches and 3 representative offices as of December 31, 2023.

The operations of TCB's Trust Department are (1) planning, managing and operating the trust business and (2) custodianship of nondiscretionary trust funds in domestic and overseas securities and mutual funds. These operations are regulated under the Banking 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 December 31, 2023 and 2022, TCFHC and its subsidiaries (collectively, the Company) had 9,775 and 9,713 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 March 13, 2024.

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 "IFRS Accounting Standards") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

Except for the following, the initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Company's accounting policies from 2023.

Amendments to IAS 12 "International Tax Reform - Pillar Two Model Rules"

The amendments introduce a temporary exception to the requirements in IAS 12 by stipulating that the Company should neither recognize nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. The amendments also require the Company to disclose that it has applied the exception and separately disclose its current tax expense (income) related to Pillar Two income taxes. In addition, for periods in which Pillar Two legislation is enacted or substantively enacted

but not yet in effect, the Company should disclose qualitative and quantitative information that helps users of financial statements understand the Company’s exposure to Pillar Two income taxes. The requirement that the Company apply the exception and the requirement to disclose that fact are applied immediately and retrospectively upon issuance of the amendments. The remaining disclosure requirements apply for annual reporting periods beginning on or after January 1, 2023, but not for any interim period ending on or before December 31, 2023.

- b. Impact of IFRS Accounting Standards endorsed by the FSC for application starting from 2024, but not yet applied by the Company

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
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 IFRS Accounting Standards 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 Company assessed that the above amendments have no significant impact on the Company. The Company is continuously assessing the possible impact of the application of other standards and interpretations on the Company’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

- c. Impact of the IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC and not yet applied by the Company

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
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 IFRS Accounting Standards 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. It will supersede IFRS 4. The main standards of IFRS 17 and related amendments are as follows:

Level of aggregation

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

- 1) A group of contracts that are onerous at initial recognition;
- 2) A group of contracts that at initial recognition have no significant possibility of becoming onerous subsequently; and
- 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, and a group of contracts to be issued should apply the recognition and measurement of IFRS 17.

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 a risk adjustment for non-financial risk. The contractual service margin represents the unearned profit of the group of insurance contracts that the Company will recognize as it provides services in the future. This is measured on initial recognition of a group of insurance contracts at an amount that, unless the group of contracts is onerous, results in no income or expenses arising from:

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

Subsequent measurement

On subsequent measurement, the carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims. The liability for remaining coverage comprises the fulfilment cash flows related to future services and the contractual service margin of the group at that date, and liabilities for incurred claims include fulfilment cash flows related to past services. 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 allocated to insurance contracts, any previously recognized acquisition cash flows and all 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 financial statements were authorized for issue, the Company assessed that the above amendments have no significant impact on the Company. The Company is continuously assessing the possible impact of the application of other standards and interpretations 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 IFRS Accounting Standards as endorsed and issued into effect by the FSC.

Basis of Preparation

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

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

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

Basis of Consolidation

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

The accounting policies of TCFHC and its subsidiaries are consistent.

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

Total comprehensive income of subsidiaries is attributed to the owners of the TCFHC 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).

Foreign-currency Transactions

Foreign-currency transactions of TCFHC, TCBF, TCS, TCSIT, CAM, BPCTLI and TCVC are recorded in New Taiwan dollars at the prevailing rates of exchange when the transactions occur. Losses or gains resulting from the application of the prevailing exchange rates when foreign-currency assets and liabilities are settled, are credited or charged to income in the period of settlement. The period-end balances of foreign-currency monetary assets and liabilities are restated at the prevailing exchange rates, and the resulting differences are recorded as credits or charged to current income.

TCB records foreign-currency transactions in the respective currencies in which these are denominated. Foreign currency income and expenses are translated at the transaction date exchange rates. At month-end, monetary assets and liabilities denominated in foreign currencies are reported using the prevailing exchange rates, and exchange differences are recognized in profit or loss. Nonmonetary assets and liabilities measured at fair value are translated using the prevailing exchange rates at month-end. Translation differences on nonmonetary assets and liabilities measured at fair value are recognized in profit or loss, except for translation differences arising from nonmonetary items of which the change in fair values is recognized in other comprehensive income, in which case, the translation differences are also recognized directly in other comprehensive income. Nonmonetary assets and liabilities that are classified as carried at cost are recognized at the exchange rate on the transaction date.

In preparing the consolidated financial statements, foreign operations' financial statements are translated at the following rates: Assets and liabilities - the prevailing exchange rates on the balance sheet date; and income and expenses - at the average exchange rate for the year. Translation difference net of income tax is recorded as "other comprehensive income" and accumulated in equity, and is attributed to the owner of the Company and non-controlling interests.

Classification of Current and Non-current Assets and Liabilities

The operating cycle in the financial holding company, banking industries and insurance industries cannot be reasonably identified; thus the accounts included in the financial statements of TCFHC, TCB, UTB, TCBF and BPCTLI are not classified as current or non-current. Other subsidiaries' assets and liabilities are classified as follows:

Current assets are assets held for trading purposes, assets expected to be converted to cash, sold or consumed within twelve months from the balance sheet date and cash and equivalents, excluding assets held for an exchange or held to settle a liability at more than twelve months after the balance sheet date and assets that are otherwise restricted. Properties and equipment, investment properties, intangible assets and other assets that are not classified as current are non-current assets. Current liabilities are obligations incurred for trading purposes and obligations settled within twelve months from the balance sheet date, or when it does not have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date. Liabilities that are not classified as current are non-current liabilities. Terms of a liability that could, at the option of the counter-party, result in its settlement by the issue of equity instruments do not affect its classification.

The consolidated financial statements, however, do not show the classification of current or non-current assets/liabilities because the banking industry accounts for the major parts of the consolidated accounts. Thus, accounts in the consolidated financial statements are instead categorized by nature and sequenced by their liquidity.

Cash and Cash Equivalents

In the consolidated balance sheet, cash and cash equivalents comprise cash on hand and demand deposits, together with short-term, highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. In the consolidated statement of cash flows, cash and cash equivalents comprise cash and cash equivalents defined in the consolidated balance sheet, due from the Central Bank and call loans to other banks, securities purchased under resell agreements, and call loans to securities firms that correspond to the definition of cash and cash equivalents in IAS 7 - "Cash Flow Statements," as endorsed by the FSC.

Financial Instruments

Financial assets and financial liabilities are recognized in the consolidated balance sheet when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a. Measurement category

Financial assets are classified into the following categories: Financial assets at fair value through profit or loss (FVTPL), financial assets at amortized cost, investments in debt instruments at fair value through other comprehensive income (FVTOCI) and investments in equity instruments at FVTOCI.

1) Financial asset at FVTPL

Financial asset is classified as at FVTPL when the financial asset is mandatorily classified or it is designated as at FVTPL.

Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

A financial asset may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 44.

2) Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- a) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, due from the Central Bank and call loans to other bank, call loans to securities firms, receivables and discounts and debt instruments are measured at amortized cost, which equals to gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest revenue is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for:

- a) Purchased or originated credit-impaired financial asset, for which interest revenue is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset; and
- b) Financial asset that has subsequently become credit-impaired, for which interest revenue is calculated by applying the effective interest rate to the amortized cost of the financial asset.

A financial asset is credit impaired when one or more of the following events have occurred:

- i. Significant financial difficulty of the issuer or the borrower;
- ii. Breach of contract, such as a default;
- iii. It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv. The disappearance of an active market for that financial asset because of financial difficulties.

3) Investments in debt instruments at FVTOCI

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

- a) The financial asset is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of the financial assets; and
- b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest revenue calculated using the effective interest method and impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

4) Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b. Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

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

c. Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and any associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset’s carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

Equity instruments

The Company classifies the debt and equity instruments issued either as financial liabilities or as equity in accordance with the substance of the contractual agreements and the definitions of a financial liability or an equity instrument.

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Repurchase of the TCFHC’s own equity instruments is recognized and deducted directly in equity, the book value is calculated based on the weighted average of the stock types, and is calculated separately based on the reason for the withdrawal. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the TCFHC’s own equity instruments.

Financial liabilities

a. Subsequent measurement

Except for the cases stated below, all financial liabilities are measured at amortized cost using the effective interest method:

1) Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or designated as at FVTPL.

A financial liability is classified as designated as at FVTPL upon initial recognition if:

- a) Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- b) The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- c) The contract contains one or more embedded derivatives so that the entire combined contract (asset or liability) can be designated as at fair value through profit or loss.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability. For a financial liability designated as at fair value through profit or loss, the amount of changes in fair value attributable to changes in the credit risk of the liability is presented in other comprehensive income, and it will not be subsequently reclassified to profit or loss. The gain or loss accumulated in other comprehensive income will be transferred to retained earnings when the financial liabilities are derecognized. If this accounting treatment related to credit risk would create or enlarge an accounting mismatch, all changes in fair value of the liability are presented in profit or loss. Fair value is determined in the manner described in Note 44.

2) Financial guarantee contracts

The Company measures financial guarantee contract issued at the higher of:

- a) The amount of the loss allowance determined in accordance with IFRS 9 endorsed by the FSC; and
- b) The amount initially recognized less, where appropriate, cumulative amount of income recognized in accordance with IFRS 15 endorsed by the FSC.

Besides subsequently measuring financial guarantee contracts at the higher of the abovementioned amounts as IFRS assessment result, assessment is also performed under the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans" and the "Regulation Governing the Procedures for Bills Finance Companies to Evaluate Assets, Set Aside Loss Reserves, and Handle Non-Performing Credit, Non-Accrual Loans, and Bad Debt" issued by the authorities as regulatory assessment result. The higher adequacy provision between above IFRS and regulatory assessment results is recognized.

b. Derecognition of financial liabilities

The Company derecognizes financial liabilities only when the Company's obligations are discharged or cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Derivatives

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the balance sheet date. The resulting gain or loss is recognized in profit or loss immediately. If the fair value of a derivative is a positive number, the derivative is recognized as an asset and if the fair value is a negative number, the derivative is recognized as a liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

Modification of financial instruments

For the changes in the basis for determining contractual cash flows resulting from the interest rate benchmark reform:

For the changes in the basis for determining contractual cash flows of financial assets or financial liabilities resulting from the interest rate benchmark reform, the Company elects to apply the practical expedient in which the changes are accounted for by updating the effective interest rate at the time the basis is changed, provided the changes are necessary as a direct consequence of the reform and the new basis is economically equivalent to the previous basis.

Overdue Loans

Loans and other credits (including accrued interest) that are overdue for at least six months are classified as overdue loans in accordance with the guideline issued by the FSC.

Overdue loans (except other credits) are classified as discounts and loans, and the remaining are classified as other financial assets.

Purchase on Margin and Short Sale

Taiwan Cooperative Securities Co., Ltd. (TCS) recognizes margin loans as loans to customers for purchases on margin while providing financing to investors who buy stocks. Margin loans made by TCS are generally collateralized by securities in the client's account. These collateralized securities are not entered in TCS's books but are recorded using memorandum entries. After the security investors settle the margin loans, these pledged securities are returned to investors.

TCS requires a deposit from security investors for short sale services while providing short sale services to investors. This deposit is recorded under deposits on short-sale transactions. The amount collected from selling of short sale securities (net of securities transaction tax, brokerage fee and handling fee) is kept by TCS as collateral and recorded as payables for short-sale transactions. The securities lent to clients as short sale are recorded using memorandum entries. The deposits on short-sale transactions and payables for short sale are returned to security investors after investors settle the short-sale transactions.

The margin deposited by securities firms to securities finance companies are recorded as loan from refinanced margin. The refinancing securities delivered to TCS are recorded through memorandum entries as refinancing stock loans. A portion of the proceeds from the short-sale of securities borrowed from securities finance companies is retained by the securities finance companies as collateral and is recorded as refinancing deposits receivable.

Loans to customers for purchases in margin is recorded as overdue loans when the following events have occurred:

- a. The margin ratio of credit transactions is below the regulatory ratio after the disposal of securities, and the security investors do not repay part of loans to customers for purchases on margin within the deadlines.
- b. The security investors cannot disposal the securities of credit transactions and actively deal with the securities without substantial progress in six months.

Securities Purchased/Sold Under Resell/Repurchase Agreements

Securities purchased under resell agreements and securities sold under repurchase agreements are generally treated as collateralized financing transactions. Interest earned on resell agreements or interest incurred on repurchase agreements is recognized as interest revenue or interest expense on an accrual basis.

Security Lending

For self-hedging purposes on convertible bond investments, TCS carries out security lending transactions. As a security borrower, TCS recognizes the margins which paid to other securities companies as refundable deposits - securities borrowing. When TCS sells the borrowed securities, the selling price of the borrowed securities is recognized as payable - security borrowing (part of financial liabilities at fair value through profit or loss), and the difference between the selling price and the fair value of securities is recognized in the profit or loss in the year of the transaction. When TCS buys back the securities, it classifies the securities as operating securities (part of financial assets at fair value through profit or loss) and recognizes the total amount of margins and selling price in profit or loss after deducting the service charge on the borrowed securities.

Investment in Associates and Joint Ventures

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Joint venture is a joint arrangement whereby the Company and other parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Under the equity method, investment in an associate or a joint venture is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate or joint venture. The Company also recognizes the changes in the Company's share of equity of associates or joint ventures.

When the Company subscribes for additional new shares of the associate or joint ventures at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the associate or joint ventures. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus. If the Company's ownership interest is reduced due to the additional subscription of the new shares of the associate or joint ventures, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate or joint ventures is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for by equity method is insufficient, the shortage is debited to retained earnings.

When the Company's share of losses of an associate or a joint venture equals or exceeds its interest in that associate or joint ventures, which includes any carrying amount of the investment accounted for by equity method and long-term interests that, in substance, form part of the Company's net investment in the associate or joint ventures, the Company discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Company has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate or joint venture.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of an associate or a joint venture recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is deducted from the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Company discontinues the use of the equity method from the date on which its investment ceases to be an associate and a joint venture. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate and the joint venture attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate and the joint ventures. The Company accounts for all amounts previously recognized in other comprehensive income in relation to that associate and the joint venture on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Company continues to apply the equity method and does not remeasure the retained interest.

When the Company transacts with its associate or joint ventures, profits and losses resulting from the transactions with the associate or joint ventures are recognized in the Company's consolidated financial statements only to the extent of interests in the associate or joint ventures that are not related to the Company.

Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

Any gain or loss arising on derecognition of the property is calculated as the difference between the net disposal proceeds and the carrying amount of the asset and is included in profit or loss in the year in which the property is derecognized.

Reinsurance Contracts

In order to limit the potential losses that may arise from certain risk exposure events, the Company cedes insurance contracts with the reinsurer according to its business consideration and the relevant insurance regulations. To the extent that the assuming reinsurers are unable to meet their obligations, the Company remains liable to its policyholders for the portion reinsured. Consequently, allowances are made for receivables on reinsurance contracts which are deemed uncollectable.

Reinsurance expense, reinsurance commission income and reinsurance payables are processed and recognized on the basis of reinsurance contracts over the duration of these contracts. Reinsurance contracts include reinsurance ceded reserves, claims recoverable from reinsurers and reinsurance receivables. The assets, liabilities, income and expense for reinsurance contracts cannot be offset against the original insurance contracts' related balances.

If the Company's reinsurance assets, claims recovered from reinsurers and net due from reinsurers and ceding companies are impaired, which are subject to periodic impairment tests, the Company shall reduce its carrying amount accordingly and recognize that impairment loss in profit or loss as long as (a) there is objective evidence, as a result of an event that occurred after initial recognition of the reinsurance asset, that the Company may not receive all amounts due to it under the terms of the contract; and (b) that event has a reliably measurable impact on the amounts that the Company will receive from the reinsurer.

Ceded reinsurance refers to the transfer of insurance risk, along with the respective premiums, to one or more reinsurers who will share in the risks. When the reinsurance contracts do not transfer significant insurance risk, the Company records the agreement using the deposit method of accounting.

If a reinsurance contract involves the transfer of significant insurance risk and if the Company can evaluate the deposit components individually, the insurance component and the deposit component are separately recognized. That is, the difference between the contract amount the Company receives or pays and the amount of the insurance component is recognized as a financial liability or asset chargeable other than revenues or expenses. The financial liability or asset is recognized and measured at fair value, which is based on the discounted value of future cash flows.

Properties and Equipment

Properties and equipment are initially recognized at cost and subsequently measured at costs less accumulated depreciation and accumulated impairment losses.

Except for freehold land which is not depreciated, the depreciation of properties and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of properties and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

Leasing

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

For a contract that contains a lease component and non-lease components, the Company allocates the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately.

a. The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms. Lease modification that resulted from a negotiation with a lessee is accounted for as a new lease from the effective date of modification.

Variable lease payments that do not depend on an index or a rate are recognized as income in the periods in which they are incurred.

b. The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms. However, if leases transfer ownership of the underlying assets to the Company by the end of the lease terms or if the costs of right-of-use assets reflect that the Company will exercise a purchase option, the Company depreciates the right-of-use assets from the commencement dates to the end of the useful lives of the underlying assets.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Company accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the consolidated balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

For sale and leaseback transactions, if the transfer of an asset satisfies the requirements of IFRS 15 to be accounted for as a sale, the Company recognizes only the amount of any gain or loss which relates to the rights transferred to the buyer-lessor, and adjusts the off-market terms to measure the sale proceeds at fair value. If the transfer does not satisfy the requirements of IFRS 15 to be accounted for as a sale, it is accounted for as a financing transaction. However, for sale and leaseback transactions of real estate, if the transfer of an asset satisfies the requirements of IFRS 15 to be accounted for as a sale, TCB should defer the amount recognized of which sales price exceeds the carrying amount and allocate to the lease periods. If the lease periods are uncertain, TCB should recognize the amount within 10 years.

Goodwill

Goodwill (part of intangible assets) from business combination is recorded at acquisition cost and subsequently measured at cost less accumulated impairment.

For the purposes of impairment testing, goodwill is allocated to each of the Company's cash-generating units or groups of cash-generating units (referred to as cash-generating units (CGU)) that is expected to benefit from the synergies of the combination.

In testing assets for impairment, the Company compares the carrying amounts of operating segments (CGUs with allocated goodwill) to their recoverable amounts on a yearly basis (or when impairment indicators exist). CGUs with allocated goodwill arise from the current year should be tested for impairment before the end of the year. When the recoverable amount of CGUs is below the carrying amount, an impairment loss should be recognized to reduce first the carrying amount of goodwill of the CGU and then the carrying amounts of other assets of the CGU proportionately. Any impairment loss should be directly recognized as loss in the current year, and subsequent reversal of impairment loss is not allowed.

On disposal of the relevant cash-generating unit, the amount attributable to goodwill is included in the determination of the profit or loss on disposal.

Intangible Assets Other Than Goodwill

Separate acquisition

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis. At year-end, the Company examines its estimates of the useful lives, residual values and amortization method of the assets, and any changes in estimates are accounted for prospectively. Unless the Company expects to dispose of an intangible asset before the end of its useful life, the residual value of an intangible asset with limited useful life is estimated to be zero. The effect of any changes in estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives are acquired separately are measured at cost less accumulated impairment.

Acquisition as part of a business combination

Intangible asset acquired through business combination is measured at its fair value on the acquisition date, and is recognized separately from goodwill. Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

Derecognition

Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the assets is derecognized.

Impairment of Properties and Equipment, Right-of-use Assets, Investment Properties and Intangible Assets Other Than Goodwill

At the balance sheet date, the Company reviews the carrying amounts of its properties and equipment, right-of-use assets, investment properties and intangible assets (except goodwill) for any indication of impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Corporate assets are allocated to the individual cash-generating units or a reasonable and consistent basis of allocation. The recoverable amount is the higher of fair value less selling costs or value in use.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount. If asset impairment loss reverses, the increase in the carrying amount resulting from reversal is credited to earnings. However, loss reversal should not be more than the carrying amount (net of depreciation or amortization) had the impairment loss not been recognized.

Investment-linked Products

The Company sells investment-linked products. Based on agreements, the insurance premiums paid by policyholders are offset against various expenses incurred by the Company and are invested in separate accounts at allocation ratios agreed on with or set by the policyholders. The value of the separate-account assets is accounted for at the market value on the date of the start of the transaction, and their net worth is computed in accordance with the related regulations and Template of Accounting Systems for Life Insurance Enterprises.

The assets, liabilities, revenues and expenses of separate accounts represent the rights and obligations of the policyholders and are recorded, pursuant to the accounting principles governing investment-linked products, in the Company's "assets on insurance products - separate account" (part of other financial assets), "liabilities on insurance products - separate account" (part of other financial liabilities), "income on insurance products - separate account" and "disbursements on insurance products - separate account" (part of premium income, net).

Foreclosed Collaterals

Foreclosed collaterals (part of other assets) are recorded at the fair value on recognition and recorded at the lower of cost or net fair value as of the balance sheet dates. Net fair value falling below book value indicates impairment, and impairment loss should be recognized. If the net fair value recovers, the recovery of impairment loss is recognized in gains. For foreclosed collaterals that should have been disposed of in the statutory term, unless the disposal period is prolonged, additional provision for losses should be made and impairment loss should be recognized, as required under a FSC directive.

Provisions

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

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

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

Unearned premium reserve

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

Claim reserve

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

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

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

- b. Injury insurance

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

Life policy reserve

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

Deficiency reserve

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

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

Reserve for liability adequacy

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

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

Insurance contract with financial instrument features

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

Reserve for foreign exchange valuation

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

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

- a. Special reserve is reclassified to reserve for foreign exchange valuation for three years from the reclassification date. For the first year, the amount cannot be less than one third of the initial amount of net income. For the first two years, the cumulative amounts cannot less than two thirds of the initial amount of net income. In this reclassification, the recovered amount should be calculated in accordance with Regulations Governing the Reserves by Insurance Enterprises.
- b. Provisions: The amounts of foreign investments multiplied by the position of net exposures and the ratio of 0.05%. 50% of the amount of the gain on foreign exchange of the assets and liabilities without hedging should be set aside as a reserve. Moreover, if the average hedging cost rate for the one-year New Taiwan Dollar to US Dollar currency swap transaction in the month is lower than the historical average hedging cost rate, a reserve fund should be set aside by multiplying the traditional hedging principal amount in the month by the difference in hedging cost rates, dividing it by 12, and then multiplying it by 25%.
- c. Write-off amounts: The loss on foreign exchange of the assets and liabilities without hedging should be set aside as a reserve, written off by fifty percent of the amount. Moreover, if the average hedging cost rate for the one-year New Taiwan Dollar to US Dollar currency swap transaction in the month is higher than the historical average hedging cost rate, a reserve fund should be set aside by multiplying the traditional hedging principal amount in the month by the difference in hedging cost rates, dividing it by 12, and then multiplying it by 25%. The balance of the reserve at the end of a month shall not be less than six times the average monthly fixed deposit amount in the previous five years.
- d. The maximum cumulative reserve is the foreign exchange risk value of the average position of net exposed foreign investment in the prior year.
- e. If the Company has savings on hedging cost, it should appropriate from the current year's net profit an amount the same as that of these savings. However, if the net profit is not enough for this appropriation, the appropriation should be made in the year a profit is made. This reserve should be used for capital increase or for offsetting the deficit at least once in three years.

- f. Ten percent of net profit should be provided as special reserve. However, exemption from this requirement may be obtained under the authorities' approval.

Recognition of Revenue

Interest revenue on loans is recorded on an accrual basis. Under the guidance of the FSC, no interest revenue is recognized on loans that are classified as overdue loans. The interest revenue on these loans is recognized upon collection of the loans and credits.

Service fees are recognized when a major part of the earnings process is completed and cash is collected.

Dividend income from investments is recognized when the stockholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Service that results in award credits for customers, under the Company's award scheme, is accounted for as multiple element revenue transactions and the fair value of the consideration received or receivable is allocated between the service rendered and the award credits granted. The consideration allocated to the award credits is measured by reference to their fair value. Such consideration is not recognized as revenue at the time of the initial sale transaction but is deferred and recognized as revenue when the award credits are redeemed and the Company's obligations have been fulfilled.

The Company recognizes revenue from insurance contracts in accordance with IFRS 4 "Insurance Contracts". Refer to premium income for information relating to the relevant accounting policies.

Premium Income and Policy Acquisition Cost

The initial premiums for the Company's insurance contracts and contracts with a discretionary participation features are recognized as revenue once the collection is made and the insurance approval procedures are completed. The subsequent premiums are recognized as revenue upon cash collection. The related expenses, e.g., commission expenses, are recognized as expenses once the contract takes effect.

The service fees the Company charges on contracts that are not considered investment-linked products and have no discretionary participation features are recognized as reserve for insurance contracts with financial instrument features. The related acquisition cost will be charged against the reserve for insurance contracts with financial instrument features when the relevant insurance contracts take effect.

The service fees that the Company charges for the investment-linked product of insurance contracts and from which front-load fees or related investment management fees have been deducted, are recognized as investment-linked product liabilities. The policy-related expenses incurred by the investment management service, including commission and increased expenses associated with the new contracts, are deferred. These costs are depreciated using the straight-line method throughout the duration of the service. According to the withdrawing principle and calculation method mentioned in the life insurance industry accounting system template, the Company recognizes the deferred service fee revenue and deferred acquisition cost in accordance with the design of the insurance contracts and the service cost corresponding to the received service fee.

Government Grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants regarding with income are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss in the period in which they become receivable.

Employee Benefits

Short-term employee benefits

Short-term and non-discounted employee benefits are recognized as expenses in the current year as services are rendered.

Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and rereasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur. Rereasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Rereasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Company's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

Preferential interest deposits for employees

Taiwan Cooperative Bank, Ltd. (TCB) provides preferential interest deposits to current and retired employees, and these deposits, including payments of the preferential interest deposits, are within certain amounts. The preferential rates for employees' deposits in excess of market rate should be treated as employee benefits.

Under the Guidelines Governing the Preparation of Financial Reports by Public Banks, TCB should follow the requirement of IAS 19 "Employee Benefits" endorsed by the FSC to determine the excess interest on the preferential interest deposits of retired employees by applying an actuarial valuation method when the employees retire. The actuarial assumptions should be in accordance with the requirements set by the authorities.

Termination benefits

A liability for a termination benefit is recognized at the earlier of when the Company can no longer withdraw the offer of the termination benefit and when the Company recognizes any related restructuring costs.

Share-based Payment

The Company's employees subscribed for the reserved shares of Taiwan Cooperative Financial Holding Company, Ltd., (TCFHC) in accordance with the Financial Holding Company Act, and the Company recognized the fair value of the stock options under salary expenses and under capital surplus for share-based payment on the grant date, i.e., the date when the Company and its employees made an agreement for the employees to subscribe for TCFHC's shares.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Law of the Republic of China (ROC), an additional tax of unappropriated earnings is provided for as income tax in the year the stockholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforwards to the extent that it is probable that taxable profits will be available against which these deductible temporary differences can be used. If the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit, and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences, the resulting deferred tax asset or liability is not recognized. In addition, a deferred tax liability is not recognized on taxable temporary difference arising from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and these differences are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed each balance sheet date and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the assets are realized or the liabilities are settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences based on the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

The Company has applied the exception from the recognition and disclosure of deferred tax assets and liabilities relating to Pillar Two income taxes. Accordingly, the Company neither recognizes nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

Current and deferred tax for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively. Where current tax or deferred taxes arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

TCFHC and its subsidiaries elected to file consolidated tax returns. The difference between consolidated income tax payable and the sum of income tax payables of the entities included in consolidated tax return is considered as a tax consolidation adjustment which is shown on TCFHC's income tax expense or benefit. Any distribution of cash payments and receipts among the consolidated group members is recorded as current tax assets or current tax liabilities.

Business Combination

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized as expense as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value.

Business combination involving entities under common control is not accounted for by acquisition method but accounted for at the carrying amounts of the entities. Prior period comparative information in the financial statements is restated as if a business combination involving entities under common control had already occurred in that period.

Classification of Insurance Contracts

An insurance contract is one under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. The Company identifies insurance risk as significant only if the insured event would cause the Company to pay material additional benefits.

The insurance contract with financial instrument features is the contract that makes a contract issuer exposed to financial risk but not significant insurance risk. Financial risk is the risk that one or multiple interest rates, the price of financial instruments, commodity price, exchange rate, price index, insurance premium index, credit ratings, credit index or other variables (if the variable is nonfinancial it has to be non-specific to both parties) will change in the future.

The policy that initially met the definition of insurance contract remains an insurance contract until all of the rights and obligations expire, even though the insurance risk has been significantly reduced through the duration of the insurance contract. However, if the significant insurance risk of the insurance contract with financial instrument features is transferred to the Company, the contract should be reclassified to insurance contract.

Insurance contracts may also be classified as with or without the discretionary participation features (DPF). DPF is a contractual right to receive the following additional benefits:

- a. An amount that is equal to a significant portion of the total contractual benefits;
- b. Whose amount or timing is contractually at the discretion of the issuer; and
- c. That is contractually based on:
 - 1) The performance of a specified pool of contracts or a specified type of contract;
 - 2) Realized and/or unrealized investment returns on a specified pool of assets held by the issuer; or
 - 3) The profit or loss of the Company, fund or other entity that issues the contract.

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, recognized at fair value and the resulting gain or loss is recognized in profit or loss. If the derivatives embedded in non-derivative host contracts are qualify as insurance policies, or the contracts are recognized at fair value and the resulting gain or loss is recognized in profit or loss, the derivatives embedded in non-derivative host contracts do not have to separate from insurance policies.

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.

When developing material accounting estimates, the Company considers the possible impact of climate change and related government policies and regulations on the other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

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 estimations 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 are based on certain assumptions about the percentage of default and default losses. The Company makes assumptions and selects the input values for the impairment assessment based on prior experience, the current market situation and forward-looking information.

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

b. 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

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Cash on hand	\$ 29,086,413	\$ 39,872,817
Notes and checks in clearing	17,108,734	17,918,898
Due from banks	<u>43,052,913</u>	<u>37,544,920</u>
	89,248,060	95,336,635
Less: Allowance for possible losses	<u>16,774</u>	<u>21,933</u>
	<u>\$ 89,231,286</u>	<u>\$ 95,314,702</u>

Reconciliations of cash and cash equivalents between the consolidated statements of cash flows and the consolidated balance sheets as of December 31, 2023 and 2022 are shown in the consolidated statements of cash flows.

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

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Reserves for deposits - account A	\$ 47,271,228	\$ 24,768,535
Reserves for deposits - account B	105,871,392	102,855,826
Reserves for deposits - community financial institutions	81,514,688	80,004,048
Reserves for deposits - foreign-currency deposits	538,112	580,560
Deposits in the Central Bank	39,200,000	39,200,000
Due from the Central Bank - others	30,157,434	28,486,157
Due from the Central Bank - central government agencies' deposits	2,263,866	2,480,876
Call loans to banks	<u>57,602,421</u>	<u>40,933,528</u>
	<u>\$ 364,419,141</u>	<u>\$ 319,309,530</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 reserve - 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

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Financial assets mandatorily classified as at <u>fair value through profit or loss</u>		
Commercial paper	\$ 108,621,838	\$ 59,965,566
Negotiable certificates of deposit	4,396,316	2,598,248
Beneficial certificates	5,090,862	3,593,291
Investment in equity instruments	2,398,480	2,552,388
Corporate bonds	1,290,733	1,378,407
Convertible bonds	633,874	539,794
Bank debentures	15,773	-
Government bonds	305,905	99,524
Acquired loans	-	5,227
Commercial paper contracts with reference rate	11,109	9,540
Currency swap contracts	2,258,273	4,673,648
Futures exchange margins	403,651	448,118
Forward contracts	59,437	110,287
Convertible bonds assets swap contracts	491,306	-
Currency option contracts - buy	29,844	20,499
Cross-currency swap contracts	5,741	14,358
Interest rate swap contracts	70,095	58,052
Foreign-currency margin contracts	-	612
Asset swap IRS contracts value	<u>25,259</u>	<u>5,416</u>
Financial assets at fair value through profit or loss	<u>\$ 126,108,496</u>	<u>\$ 76,072,975</u>

(Continued)

	December 31	
	2023	2022
<u>Held-for-trading financial liabilities</u>		
Payable - security borrowing	\$ 317,616	\$ 223,959
Securities purchased under resell agreements - short sale	-	472,508
Currency swap contracts	5,863,445	2,833,191
Cross-currency swap contracts	10,125	2,076
Currency option contract - sell	29,888	20,532
Forward contracts	100,022	43,816
Asset swap options contracts	75,757	6,544
Interest rate swap contracts	90,587	47,247
Foreign-currency margin contracts	-	355
Asset swap IRS contracts value	<u>-</u>	<u>2</u>
	6,487,440	3,650,230
<u>Financial liabilities designated to be measured at fair value through profit or loss</u>		
Bank debentures (Note 26)	<u>2,774,538</u>	<u>-</u>
Financial liabilities at fair value through profit or loss	<u>\$ 9,261,978</u>	<u>\$ 3,650,230</u> (Concluded)

As of December 31, 2023 and 2022, financial assets at fair value through profit or loss amounting to \$37,863,176 thousand and \$34,548,929 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 December 31, 2023 and 2022, the contract (notional) amounts of derivative transactions of TCB were as follows:

	December 31	
	2023	2022
Currency swap contracts	\$ 341,781,419	\$ 317,275,471
Interest rate swap contracts	7,517,843	2,551,286
Forward contracts	6,236,748	10,763,164
Currency option contracts - sell	2,492,252	2,879,492
Currency option contracts - buy	2,492,252	2,879,492
Cross-currency swap contracts	391,826	786,552
Foreign-currency margin contracts	-	62,340

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

		December 31, 2023				
Items	Products	Buy/Sell	Open Position	Contract	Fair Values	
			Number of	Amounts or		
				Paid		
				(Charged)		
Futures contracts	Interest rate futures	Buy	61	\$ 250,141	\$ 250,222	
	Stock index futures	Buy	2	14,532	14,800	
	Single-stock futures	Buy	24	27,791	28,530	
	Commodity futures	Buy	44	95,014	96,801	
	Stock index futures	Sell	176	368,737	369,287	
	Single-stock futures	Sell	1,661	529,405	540,198	
	Commodity futures	Sell	55	150,332	148,592	
		December 31, 2022				
Items	Products	Buy/Sell	Open Position	Contract	Fair Values	
			Number of	Amounts or		
				Paid		
				(Charged)		
Futures contracts	Stock index futures	Buy	103	\$ 78,888	\$ 79,252	
	Single-stock futures	Buy	139	38,396	37,350	
	Commodity futures	Buy	29	78,325	83,362	
	Interest rate futures	Sell	3	12,486	12,374	
	Stock index futures	Sell	116	199,045	195,950	
	Single-stock futures	Sell	63	45,196	45,119	
	Commodity futures	Sell	32	95,709	97,751	

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

	December 31	
	2023	2022
Asset swap contracts	\$ 450,000	\$ 253,000

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

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

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

	December 31	
	2023	2022
Currency swap contracts	\$ 437,637	\$ 280,285
Convertible bond asset swap contracts	479,400	-

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

	December 31	
	2023	2022
Currency swap contracts	\$ 9,660,970	\$ 10,358,975
Cross-currency swap contracts	399,165	307,250

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:

	December 31	
	2023	2022
<u>Financial assets at FVTPL</u>		
Beneficial certificates	\$ 3,572,056	\$ 2,841,002
Investment in equity instruments	-	424,531

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

	For the Year Ended December 31	
	2023	2022
Profit or loss on application of IFRS 9	\$ 430,678	\$ (646,914)
Profit or loss from application of IAS 39	<u>(648,762)</u>	<u>(376,167)</u>
Gain or loss on reclassification of overlay approach	<u>\$ (218,084)</u>	<u>\$ (1,023,081)</u>

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Investments in equity instruments at FVTOCI</u>		
Listed shares and emerging market shares	\$ 40,112,612	\$ 29,677,955
Unlisted shares	<u>7,207,614</u>	<u>6,227,077</u>
	<u>47,320,226</u>	<u>35,905,032</u>
<u>Investments in debt instruments at FVTOCI</u>		
Government bonds	270,341,804	244,621,110
Corporate bonds	105,719,081	110,794,966
Bank debentures	78,353,091	82,561,899
Negotiable certificates of deposit	<u>7,517,914</u>	<u>1,218,738</u>
	<u>461,931,890</u>	<u>439,196,713</u>
	<u>\$ 509,252,116</u>	<u>\$ 475,101,745</u>

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

For the purpose of risk diversification and profit strategy, the Company adjusted the investment position to sell part of equity instruments in the amounts of \$15,986,869 thousand and \$45,676,096 thousand for the years ended December 31, 2023 and 2022, respectively. The accumulated unrealized gain or loss of financial assets at FVTOCI under other equity in the amounts of \$26,871 thousand losses and \$156,526 thousand losses have been transferred to retained earnings, respectively.

For the years ended December 31, 2023 and 2022, the Company recognized unrealized gains or losses on investments in equity instruments at FVTOCI of \$9,524,006 thousand gains and \$9,660,741 thousand losses, respectively.

For the years ended December 31, 2023 and 2022, the Company recognized unrealized gains or losses on investment in debt instruments at FVTOCI of \$5,480,845 thousand gains and \$24,268,615 thousand losses, respectively.

As of December 31, 2023 and 2022, the allowance for possible losses of investment in debt instruments at FVTOCI recognized was \$284,994 thousand and \$301,897 thousand, respectively, through expected credit loss. Impairment loss recognized in profit or loss for the years ended December 31, 2023 and 2022 were \$16,796 thousand gains and \$207,837 thousand losses, respectively.

As of December 31, 2023 and 2022, financial assets at fair value through other comprehensive income amounting to \$33,178,420 thousand and \$32,186,131 thousand, respectively, had been sold under repurchase agreements.

10. INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Negotiable certificates of deposit in the Central Bank	\$ 446,295,000	\$ 537,950,000
Government bonds	156,857,661	124,549,998
Corporate bonds	73,899,876	44,339,053
Bank debentures	26,959,048	12,018,206
Certificates of deposit	<u>1,030,921</u>	<u>700,849</u>
	705,042,506	719,558,106
Less: Allowance for impairment loss	<u>33,902</u>	<u>22,751</u>
	<u>\$ 705,008,604</u>	<u>\$ 719,535,355</u>

Impairment loss recognized for the years ended December 31, 2023 and 2022 were \$11,311 thousand and \$2,084 thousand, respectively.

11. SECURITIES PURCHASED UNDER RESELL AGREEMENTS

Securities acquired for \$1,250,689 thousand and \$2,642,175 thousand under resell agreements as of December 31, 2023 and 2022, respectively, will subsequently be sold for \$1,251,786 thousand and \$2,644,497 thousand, respectively.

12. RECEIVABLES, NET

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Accrued interest	\$ 15,285,310	\$ 10,346,319
Settlement consideration	6,601,549	3,462,236
Settlement receivable	6,120,557	3,361,004
Margin loans receivable	5,722,631	4,498,532
Credit cards	4,907,452	4,886,693
Acceptances	3,445,629	3,073,233
Lease payment receivable	1,872,570	2,383,677
Receivables on financing provided	876,403	756,039
Receivables on merchant accounts in the credit card business	1,149,941	733,633
Accounts receivable	274,131	419,014
Receivable on securities	834,101	1,063,500
Receivable - separated account	437,261	521,613
Accounts receivable factored without recourse	114,381	142,901
Refundable deposits receivable in leasehold agreements	132,585	136,585
Urban regeneration advance payment	7,121,524	6,380,341
Securities loan receivable	814,608	806,129
Others	<u>771,154</u>	<u>171,208</u>
	56,481,787	43,142,657
Less: Allowance for possible losses	623,900	621,985
Less: Unrealized interest revenue	<u>87,785</u>	<u>115,753</u>
	<u>\$ 55,770,102</u>	<u>\$ 42,404,919</u>

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

Gross Carrying Amount	12-month ECL	Lifetime ECL (Collective Assessment)	Lifetime ECL (Non-purchased or Non-originated Credit-impaired Financial Assets)	Total
Balance on January 1, 2023	\$ 21,463,662	\$ 57,165	\$ 204,286	\$ 21,725,113
Transfers to				
Lifetime ECL	(40,983)	41,097	(114)	-
Credit-impaired financial assets	(94,473)	(7,501)	101,974	-
12-month ECL	9,158	(8,898)	(260)	-
New financial assets purchased or originated	107,698,763	196,308	162,842	108,057,913
Write-offs	-	-	(25,712)	(25,712)
Derecognition of financial assets in the current reporting period	(102,409,927)	(212,606)	(168,514)	(102,791,047)
Changes in exchange rates and other changes	<u>488,905</u>	<u>-</u>	<u>(21)</u>	<u>488,884</u>
Balance on December 31, 2023	<u>\$ 27,115,105</u>	<u>\$ 65,565</u>	<u>\$ 274,481</u>	<u>\$ 27,455,151</u>

Gross Carrying Amount	12-month ECL	Lifetime ECL (Collective Assessment)	Lifetime ECL (Non-purchased or Non-originated Credit-impaired Financial Assets)	Total
Balance on January 1, 2022	\$ 22,251,396	\$ 42,626	\$ 155,867	\$ 22,449,889
Transfers to				
Lifetime ECL	(22,425)	22,599	(174)	-
Credit-impaired financial assets	(12,038)	(2,259)	14,297	-
12-month ECL	9,797	(8,687)	(1,110)	-
New financial assets purchased or originated	90,383,821	180,566	141,728	90,706,115
Write-offs	-	-	(11,841)	(11,841)
Derecognition of financial assets in the current reporting period	(91,597,173)	(178,496)	(94,772)	(91,870,441)
Changes in exchange rates and other changes	<u>450,284</u>	<u>816</u>	<u>291</u>	<u>451,391</u>
Balance on December 31, 2022	<u>\$ 21,463,662</u>	<u>\$ 57,165</u>	<u>\$ 204,286</u>	<u>\$ 21,725,113</u>

Allowance for Possible Losses	12-month ECL	Lifetime ECL (Collective Assessment)	Lifetime ECL (Non-purchased or Non-originated Credit-impaired Financial Assets)	Impairment Loss under IFRS 9	Difference of Impairment Loss under Regulations	Total
Balance on January 1, 2023	\$ 42,139	\$ 11,186	\$ 95,979	\$ 149,304	\$ 165,702	\$ 315,006
Changes from financial instruments recognized at the beginning of the current reporting period						
Transfers to						
Lifetime ECL	(517)	526	(9)	-	-	-
Credit-impaired financial assets	(19,977)	(512)	20,489	-	-	-
12-month ECL	2,042	(2,027)	(15)	-	-	-
Derecognition of financial assets in the current reporting period	(33,067)	(56,817)	(54,773)	(144,657)	-	(144,657)
Reversal from financial instruments recognized at the beginning of the current reporting period	16,605	6,960	6,471	30,036	-	30,036
New financial assets purchased or originated	37,439	52,914	46,098	136,451	-	136,451
Difference of impairment loss under regulations	-	-	-	-	3,471	3,471
Write-offs	-	-	(25,712)	(25,712)	-	(25,712)
Recovery of written-off receivables	-	-	29,734	29,734	-	29,734
Changes in exchange rates and other changes	(5)	-	(1,928)	(1,933)	-	(1,933)
Balance on December 31, 2023	<u>\$ 44,659</u>	<u>\$ 12,230</u>	<u>\$ 116,334</u>	<u>\$ 173,223</u>	<u>\$ 169,173</u>	<u>\$ 342,396</u>

Allowance for Possible Losses	12-month ECL	Lifetime ECL (Collective Assessment)	Lifetime ECL (Non-purchased or Non-originated Credit-impaired Financial Assets)	Impairment Loss under IFRS 9	Difference of Impairment Loss under Regulations	Total
Balance on January 1, 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	(224)	248	(24)	-	-	-
Credit-impaired financial assets	(301)	(250)	551	-	-	-
12-month ECL	1,972	(1,929)	(43)	-	-	-
Derecognition of financial assets in the current reporting period	(34,653)	(35,567)	(52,233)	(122,453)	-	(122,453)
Reversal from financial instruments recognized at the beginning of the current reporting period	(693)	(8,363)	29,621	20,565	-	20,565
New financial assets purchased or originated	36,708	46,112	35,213	118,033	-	118,033
Difference of impairment loss under regulations	-	-	-	-	(8,267)	(8,267)
Write-offs	-	-	(11,841)	(11,841)	-	(11,841)
Recovery of written-off receivables	-	-	35,344	35,344	-	35,344
Changes in exchange rates and other changes	2,926	7	4	2,937	-	2,937
Balance on December 31, 2022	<u>\$ 42,139</u>	<u>\$ 11,186</u>	<u>\$ 95,979</u>	<u>\$ 149,304</u>	<u>\$ 165,702</u>	<u>\$ 315,006</u>

Impairment assessment, except the above receivables were based on the expected credit losses model at the beginning of the current reporting period by the simplified method. As of December 31, 2023 and 2022, the amounts assessment to impairment of receivables were assessed as \$29,026,636 thousand and \$21,417,544 thousand, respectively, and the amounts of allowance for possible losses were \$281,504 thousand and \$306,979 thousand, respectively.

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

	For the Year Ended December 31	
	2023	2022
Balance on January 1	\$ 306,979	\$ 260,451
(Reversal of provision) provision for possible losses	(14,615)	67,489
Write-offs	(13,992)	(22,550)
Recovery of written-off receivables	6,986	1,720
Effects of exchange rate changes and other changes	<u>(3,854)</u>	<u>(131)</u>
Balance on December 31	<u>\$ 281,504</u>	<u>\$ 306,979</u>

13. DISCOUNTS AND LOANS, NET

	December 31	
	2023	2022
Bills discounted	\$ 831,674	\$ 1,467,784
Overdraft		
Unsecured	857	913
Secured	18,915	20,304
Import and export negotiations	366,814	1,022,765
Short-term loans		
Unsecured	440,762,831	333,350,019
Accounts receivable financing	523,386	460,826
Secured	205,670,875	213,797,203
Medium-term loans		
Unsecured	534,993,825	479,552,115
Secured	427,436,837	421,207,362
Long-term loans		
Unsecured	52,174,385	48,019,196
Secured	1,166,005,220	1,116,977,245
Overdue loans	4,512,989	4,820,291
Life insurance loan	411,161	355,216
Temporary insurance paid	<u>90,741</u>	<u>83,662</u>
	2,833,800,510	2,621,134,901
Less: Allowance for possible losses	32,881,748	30,897,043
Less: Adjustment of discount	<u>572,193</u>	<u>646,803</u>
	<u>\$ 2,800,346,569</u>	<u>\$ 2,589,591,055</u>

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

Gross Carrying Amount	12-month ECL	Lifetime ECL (Collective Assessment)	Lifetime ECL (Non-purchased or Non-originated Credit-impaired Financial Assets)	Total
Balance on January 1, 2023	\$ 2,580,402,892	\$ 5,893,927	\$ 34,838,082	\$ 2,621,134,901
Transfers to				
Lifetime ECL	(1,934,963)	1,967,594	(32,631)	-
Credit-impaired financial assets	(5,819,448)	(2,982,794)	8,802,242	-
12-month ECL	1,303,513	(1,170,448)	(133,065)	-
New financial assets purchased or originated	1,197,253,664	615,107	313,772	1,198,182,543
Write-offs	-	-	(5,288,597)	(5,288,597)
Derecognition of financial assets in the current reporting period	(973,449,342)	(1,054,534)	(6,691,830)	(981,195,706)
Changes in exchange rates and other changes	<u>945,496</u>	<u>9,995</u>	<u>11,878</u>	<u>967,369</u>
Balance on December 31, 2023	<u>\$ 2,798,701,812</u>	<u>\$ 3,278,847</u>	<u>\$ 31,819,851</u>	<u>\$ 2,833,800,510</u>

Gross Carrying Amount	12-month ECL	Lifetime ECL (Collective Assessment)	Lifetime ECL (Non-purchased or Non-originated Credit-impaired Financial Assets)	Total
Balance on January 1, 2022	\$ 2,424,017,243	\$ 6,838,384	\$ 36,101,322	\$ 2,466,956,949
Transfers to				
Lifetime ECL	(1,942,273)	1,989,432	(47,159)	-
Credit-impaired financial assets	(6,677,422)	(762,491)	7,439,913	-
12-month ECL	1,439,211	(1,128,645)	(310,566)	-
New financial assets purchased or originated	1,063,157,791	359,690	503,219	1,064,020,700
Write-offs	-	-	(824,742)	(824,742)
Derecognition of financial assets in the current reporting period	(908,811,920)	(1,762,045)	(8,315,798)	(918,889,763)
Changes in exchange rates and other changes	<u>9,220,262</u>	<u>359,602</u>	<u>291,893</u>	<u>9,871,757</u>
Balance on December 31, 2022	<u>\$ 2,580,402,892</u>	<u>\$ 5,893,927</u>	<u>\$ 34,838,082</u>	<u>\$ 2,621,134,901</u>

Allowance for Possible Losses	12-month ECL	Lifetime ECL (Collective Assessment)	Lifetime ECL (Non-purchased or Non-originated Credit-impaired Financial Assets)	Impairment Loss under IFRS 9	Difference of Impairment Loss under Regulations	Total
Balance on January 1, 2023	\$ 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	(4,867)	7,774	(2,907)	-	-	-
Credit-impaired financial assets	(135,991)	(259,373)	395,364	-	-	-
12-month ECL	21,198	(12,626)	(8,572)	-	-	-
Derecognition of financial assets in the current reporting period	(1,828,201)	(59,538)	(1,210,114)	(3,097,853)	-	(3,097,853)
Reversal from financial instruments recognized at the beginning of the current reporting period	329,805	265,240	5,504,822	6,099,867	-	6,099,867
New financial assets purchased or originated	2,232,645	14,202	8,052	2,254,899	-	2,254,899
Difference of impairment loss under regulations	-	-	-	-	1,469,299	1,469,299
Write-offs	-	-	(5,288,597)	(5,288,597)	-	(5,288,597)
Recovery of write-off credits	-	-	784,521	784,521	-	784,521
Changes in exchange rates and other changes	(180,937)	66	(56,560)	(237,431)	-	(237,431)
Balance on December 31, 2023	<u>\$ 4,558,964</u>	<u>\$ 55,889</u>	<u>\$ 4,160,724</u>	<u>\$ 8,775,577</u>	<u>\$ 24,106,171</u>	<u>\$ 32,881,748</u>

Allowance for Possible Losses	12-month ECL	Lifetime ECL (Collective Assessment)	Lifetime ECL (Non-purchased or Non-originated Credit-impaired Financial Assets)	Impairment Loss under IFRS 9	Difference of Impairment Loss under Regulations	Total
Balance on January 1, 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	(7,985)	14,459	(6,474)	-	-	-
Credit-impaired financial assets	(150,350)	(10,034)	160,384	-	-	-
12-month ECL	42,145	(13,854)	(28,291)	-	-	-
Derecognition of financial assets in the current reporting period	(1,577,391)	(12,300)	(510,378)	(2,100,069)	-	(2,100,069)
Reversal from financial instruments recognized at the beginning of the current reporting period	(100,930)	30,296	261,433	190,799	-	190,799
New financial assets purchased or originated	2,080,118	1,396	60,162	2,141,676	-	2,141,676
Difference of impairment loss under regulations	-	-	-	-	835,931	835,931
Write-offs	-	-	(824,742)	(824,742)	-	(824,742)
Recovery of write-off credits	-	-	674,301	674,301	-	674,301
Changes in exchange rates and other changes	62,593	3,315	200,380	266,288	-	266,288
Balance on December 31, 2022	<u>\$ 4,125,312</u>	<u>\$ 100,144</u>	<u>\$ 4,034,715</u>	<u>\$ 8,260,171</u>	<u>\$ 22,636,872</u>	<u>\$ 30,897,043</u>

The bad-debt expenses and provision for losses on guarantees for the years ended December 31, 2023 and 2022 were as follows:

	For the Year Ended December 31	
	2023	2022
Provision for possible losses on discounts and loans	\$ 6,726,212	\$ 1,068,337
Provision for possible losses on receivables	10,686	75,367
(Reversal of provision) provision for due from banks	(7,083)	919
Provision for possible losses on overdue receivables	612,051	278,956
Provision (reversal of provision) for possible losses on guarantees	82,878	(136,828)
		(Continued)

	For the Year Ended December 31	
	2023	2022
Provision (reversal of provision) for possible losses on loan commitment	\$ 86,340	\$ (31,252)
Reversal of provision for other possible losses	<u>(8,858)</u>	<u>(40,749)</u>
	<u>\$ 7,502,226</u>	<u>\$ 1,214,750</u> (Concluded)

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

As of December 31, 2023 and 2022, accrual of interest on the above overdue loans had been stopped. Thus, the unrecognized interest revenue was \$138,111 thousand and \$92,119 thousand for the years ended December 31, 2023 and 2022, respectively, based on the average loan interest rate for the year.

14. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31			
	2023		2022	
	Amount	Percentage of Ownership	Amount	Percentage of Ownership
<u>Investment in associate</u>				
United Real Estate Management Co., Ltd.	\$ 142,192	30.00	\$ 137,409	30.00
Mesh Cooperative Ventures, Inc.	-	-	3,028	22.00
JC Capital Taiwan Co., Ltd.	<u>4,644</u>	35.00	<u>2,200</u>	35.00
	<u>\$ 146,836</u>		<u>\$ 142,637</u>	

Aggregate information of associate that is not individually material:

	For the Year Ended December 31	
	2023	2022
The Company's share of:		
Net income	\$ 14,563	\$ 9,411
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u>\$ 14,563</u>	<u>\$ 9,411</u>

The Company should have received \$7,081 thousand and \$10,116 thousand of dividends from United Real Estate Management Co., Ltd. for the years ended December 31, 2023 and 2022, respectively. The dividends are recognized as a reduction of investments accounted for using equity method.

Except for United Real Estate Management Co., Ltd., the Company's share of profit or loss and other comprehensive income of the associates accounted for using equity method for the years ended December 31, 2023 and 2022 were based on the associates' financial statements that have not been audited by the auditors. Management believes there is no material impact on the equity method of accounting or the calculation of the share of profit or loss and other comprehensive income from the financial statements of the associates that have not been audited.

15. OTHER FINANCIAL ASSETS, NET

	December 31	
	2023	2022
Overdue receivables	\$ 212,978	\$ 2,125,878
Less: Allowance for possible losses	<u>157,644</u>	<u>565,710</u>
Overdue receivables, net	55,334	1,560,168
Due from banks	8,151,364	7,830,092
Security borrowing margin	378,350	356,263
Call loans to securities firms	368,460	-
Separate-account assets (Note 30)	<u>85,592,813</u>	<u>89,353,581</u>
	<u>\$ 94,546,321</u>	<u>\$ 99,100,104</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

	December 31	
	2023	2022
Land	\$ 8,893,903	\$ 8,654,548
Buildings	<u>2,256,221</u>	<u>2,281,707</u>
	<u>\$ 11,150,124</u>	<u>\$ 10,936,255</u>

	Land	Buildings	Total
<u>Cost</u>			
Balance on January 1, 2023	\$ 8,654,548	\$ 3,486,996	\$ 12,141,544
Additions	843,861	181,304	1,025,165
Disposals	(779,024)	(111,821)	(890,845)
Reclassification	<u>174,518</u>	<u>60,152</u>	<u>234,670</u>
Balance on December 31, 2023	<u>\$ 8,893,903</u>	<u>\$ 3,616,631</u>	<u>\$ 12,510,534</u>
Balance on January 1, 2022	\$ 8,398,149	\$ 3,648,028	\$ 12,046,177
Additions	982,327	203,880	1,186,207
Disposals	(726,160)	(361,662)	(1,087,822)
Reclassification	<u>232</u>	<u>(3,250)</u>	<u>(3,018)</u>
Balance on December 31, 2022	<u>\$ 8,654,548</u>	<u>\$ 3,486,996</u>	<u>\$ 12,141,544</u>

(Continued)

	Land	Buildings	Total
<u>Accumulated depreciation and impairment</u>			
Balance on January 1, 2023	\$ -	\$ 1,205,289	\$ 1,205,289
Disposals	-	(9,882)	(9,882)
Depreciation expenses	-	90,916	90,916
Reclassification	<u>-</u>	<u>74,087</u>	<u>74,087</u>
Balance on December 31, 2023	<u>\$ -</u>	<u>\$ 1,360,410</u>	<u>\$ 1,360,410</u>
Balance on January 1, 2022	\$ -	\$ 1,164,735	\$ 1,164,735
Disposals	-	(49,198)	(49,198)
Depreciation expenses	<u>-</u>	<u>89,752</u>	<u>89,752</u>
Balance on December 31, 2022	<u>\$ -</u>	<u>\$ 1,205,289</u>	<u>\$ 1,205,289</u>

(Concluded)

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

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

The land in Serial No. 1045, 1045-2, Youshi Sec., Yangmei Dist., Taoyuan City, held by CAM, was polluted after testing. The concentrations of heavy metals, copper and zinc were over the Soil Pollution Control Standards, and CAM had taken the necessary measures. Because the land was prohibited from construction, additions, alterations, and demolition, CAM is restricted from using the land. Taoyuan City Government issued a preliminary document on January 4, 2024, confirming that CAM was not the polluter, so CAM did not take responsibility for remediation and asked the polluter to provide the improvement plan. Then the limit of time for using restricted land depends on the result of remediation. CAM is the owner of the land and has no responsibility for remediation. Therefore, there was no impairment loss on the land as of December 31, 2023.

As of December 31, 2023 and 2022, the fair value of investment properties were \$26,116,696 thousand and \$27,333,335 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, related regulations, and evaluation by external independent evaluators.

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

	<u>For the Year Ended December 31</u>	
	2023	2022
Rental income from investment properties (part of other noninterest gains, net)	\$ 466,288	\$ 494,464
Direct operating expenses for investment properties that generate rental income	<u>(182,974)</u>	<u>(182,115)</u>
	<u>\$ 283,314</u>	<u>\$ 312,349</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 December 31, 2023 and 2022, guarantee deposits received on these leases totaled \$113,750 thousand and \$101,531 thousand, respectively.

Minimum future annual rentals are as follows:

	December 31	
	2023	2022
Year 1	\$ 382,432	\$ 289,736
Year 2	228,210	242,069
Year 3	185,798	100,416
Year 4	164,420	30,885
Year 5	110,492	18,358
Over five years	<u>130,897</u>	<u>3,043</u>
	<u>\$ 1,202,249</u>	<u>\$ 684,507</u>

17. PROPERTIES AND EQUIPMENT, NET

	December 31	
	2023	2022
<u>Carrying amount</u>		
Land	\$ 20,451,869	\$ 20,551,738
Buildings	9,513,137	10,050,131
Machinery and equipment	1,436,833	1,399,908
Transportation equipment	170,097	177,228
Other equipment	216,963	231,936
Leasehold improvements	214,180	234,991
Prepayments for equipment, land and buildings and construction in progress	<u>431,020</u>	<u>478,261</u>
	<u>\$ 32,434,099</u>	<u>\$ 33,124,193</u>
<u>Assets leased under operating leases</u>		
Machinery and equipment	\$ 3,957	\$ 6,137
Other equipment	<u>10,335</u>	<u>17,077</u>
	<u>\$ 14,292</u>	<u>\$ 23,214</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 on January 1, 2023	\$ 20,566,915	\$ 19,890,849	\$ 5,432,846	\$ 707,942	\$ 1,573,874	\$ 1,236,534	\$ 478,261	\$ 49,887,221
Additions	-	125,431	502,050	30,590	68,102	35,296	382,902	1,144,371
Disposals	-	-	(228,807)	(14,882)	(34,252)	(20,356)	-	(298,297)
Reclassification	(99,868)	(12,466)	97,053	5,672	8,354	33,439	(430,152)	(397,968)
Effects of exchange rate changes	(1)	(3)	(1,452)	(184)	(280)	(2,198)	9	(4,109)
Balance on December 31, 2023	<u>\$ 20,467,046</u>	<u>\$ 20,003,811</u>	<u>\$ 5,801,690</u>	<u>\$ 729,138</u>	<u>\$ 1,615,798</u>	<u>\$ 1,282,715</u>	<u>\$ 431,020</u>	<u>\$ 50,331,218</u>
Balance on January 1, 2022	\$ 20,566,654	\$ 19,545,701	\$ 5,172,904	\$ 678,391	\$ 1,490,258	\$ 1,171,404	\$ 441,770	\$ 49,067,082
Additions	-	132,752	414,273	60,475	85,474	66,768	511,802	1,271,544
Disposals	-	-	(321,630)	(34,738)	(21,601)	(27,960)	-	(405,929)
Reclassification	-	211,841	152,820	1,361	15,015	19,156	(487,004)	(86,811)
Effects of exchange rate changes	261	555	14,479	2,453	4,728	7,166	11,693	41,335
Balance on December 31, 2022	<u>\$ 20,566,915</u>	<u>\$ 19,890,849</u>	<u>\$ 5,432,846</u>	<u>\$ 707,942</u>	<u>\$ 1,573,874</u>	<u>\$ 1,236,534</u>	<u>\$ 478,261</u>	<u>\$ 49,887,221</u>

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Leasehold Improvements	Total
<u>Accumulated depreciation and impairment</u>							
Balance on January 1, 2023	\$ 15,177	\$ 9,840,718	\$ 4,032,938	\$ 530,714	\$ 1,341,938	\$ 1,001,543	\$ 16,763,028
Disposals	-	-	(228,759)	(14,809)	(33,180)	(19,675)	(296,423)
Depreciation expenses	-	724,047	562,018	43,263	90,311	87,733	1,507,372
Reclassification	-	(74,087)	-	-	-	-	(74,087)
Effects of exchange rate changes	-	(4)	(1,340)	(127)	(234)	(1,066)	(2,771)
Balance on December 31, 2023	<u>\$ 15,177</u>	<u>\$ 10,490,674</u>	<u>\$ 4,364,857</u>	<u>\$ 559,041</u>	<u>\$ 1,398,835</u>	<u>\$ 1,068,535</u>	<u>\$ 17,897,119</u>
Balance on January 1, 2022	\$ 15,177	\$ 9,129,607	\$ 3,858,908	\$ 522,796	\$ 1,258,970	\$ 941,257	\$ 15,726,715
Disposals	-	-	(319,824)	(34,734)	(21,516)	(27,960)	(404,034)
Depreciation expenses	-	710,556	483,696	40,468	100,352	81,301	1,416,373
Reclassification	-	-	(300)	(4)	19	-	(285)
Effects of exchange rate changes	-	555	10,458	2,188	4,113	6,945	24,259
Balance on December 31, 2022	<u>\$ 15,177</u>	<u>\$ 9,840,718</u>	<u>\$ 4,032,938</u>	<u>\$ 530,714</u>	<u>\$ 1,341,938</u>	<u>\$ 1,001,543</u>	<u>\$ 16,763,028</u>

Taiwan Cooperative Bank, Ltd. (TCB) revalued its properties five times in 1979, 1998, 2007, 2011 and 2012. As of December 31, 2023, the reserve for land revaluation increment tax (part of deferred tax liabilities) was \$2,541,779 thousand.

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

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

In testing assets for impairment, TCB defined each operating unit or operating segment as a cash-generating unit (CGU). The recoverable amount of a CGU was determined at its value in use for properties and equipment. The discount rates for the CGUs' value in use were 8.30% and 8.59% as of December 31, 2023 and 2022, respectively.

b. Assets leased under operating leases

	Machinery and Equipment	Other Equipment	Total
<u>Cost</u>			
Balance on January 1, 2023	\$ 11,798	\$ 34,532	\$ 46,330
Additions	-	-	-
Balance on December 31, 2023	<u>\$ 11,798</u>	<u>\$ 34,532</u>	<u>\$ 46,330</u>
Balance on January 1, 2022	\$ 11,802	\$ 34,610	\$ 46,412
Additions	-	-	-
Disposals	(4)	(78)	(82)
Balance on December 31, 2022	<u>\$ 11,798</u>	<u>\$ 34,532</u>	<u>\$ 46,330</u>
<u>Accumulated depreciation and impairment</u>			
Balance on January 1, 2023	\$ 5,661	\$ 17,455	\$ 23,116
Depreciation expenses	<u>2,180</u>	<u>6,742</u>	<u>8,922</u>
Balance on December 31, 2023	<u>\$ 7,841</u>	<u>\$ 24,197</u>	<u>\$ 32,038</u>

(Continued)

	Machinery and Equipment	Other Equipment	Total
Balance on January 1, 2022	\$ 3,530	\$ 10,740	\$ 14,270
Disposals	(1)	(30)	(31)
Depreciation expenses	<u>2,132</u>	<u>6,745</u>	<u>8,877</u>
Balance on December 31, 2022	<u>\$ 5,661</u>	<u>\$ 17,455</u>	<u>\$ 23,116</u> (Concluded)

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

	December 31	
	2023	2022
<u>Carrying amounts</u>		
Land	\$ 11,890	\$ 11,887
Buildings	1,501,661	1,450,242
Transportation equipment	64,347	89,607
Other equipment	<u>7,159</u>	<u>10,881</u>
	<u>\$ 1,585,057</u>	<u>\$ 1,562,617</u>
	For the Year Ended December 31	
	2023	2022
Depreciation charge for right-of-use assets		
Land	\$ 7,298	\$ 7,211
Buildings	607,697	605,366
Transportation equipment	45,597	42,533
Other equipment	<u>3,722</u>	<u>4,133</u>
	<u>\$ 664,314</u>	<u>\$ 659,243</u>

As of December 31, 2023 and 2022, the additions to right-of-use assets of the Company were \$692,293 thousand and \$728,781 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 years ended December 31, 2023 and 2022.

b. Lease liabilities

	December 31	
	2023	2022
Carrying amounts	<u>\$ 1,545,153</u>	<u>\$ 1,538,102</u>

Range of discount rates for lease liabilities was as follows:

	December 31	
	2023	2022
Land	1.346%-1.985%	1.346%-1.627%
Buildings	1.346%-9.800%	1.346%-9.800%
Transportation equipment	0.780%-9.700%	0.845%-9.700%
Other equipment	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 December 31, 2023 and 2022, refundable deposits on these leases totaled \$146,304 thousand and \$140,153 thousand, respectively.

d. Other lease information

	For the Year Ended December 31	
	2023	2022
Expenses relating to short-term leases	<u>\$ 5,671</u>	<u>\$ 4,026</u>
Expenses relating to low-value asset leases	<u>\$ 2,982</u>	<u>\$ 542</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 4,932</u>	<u>\$ 6,713</u>

For the years ended December 31, 2023 and 2022, the total cash outflow for leases of the Company were \$722,916 thousand and \$708,793 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

	December 31			
	2023		2022	
Goodwill	\$ 3,170,005		\$ 3,170,005	
Computer software	1,257,232		986,021	
Carbon Credits	<u>142</u>		<u>-</u>	
	<u>\$ 4,427,379</u>		<u>\$ 4,156,026</u>	
	Goodwill	Computer Software	Carbon Credits	Total
Balance on January 1, 2023	\$ 3,170,005	\$ 986,021	\$ -	\$ 4,156,026
Separate acquisition	-	492,884	142	493,026
Amortization expenses	-	(376,252)	-	(376,252)
Reclassification	-	154,376	-	154,376
Effect of exchange rate changes	<u>-</u>	<u>203</u>	<u>-</u>	<u>203</u>
Balance on December 31, 2023	<u>\$ 3,170,005</u>	<u>\$ 1,257,232</u>	<u>\$ 142</u>	<u>\$ 4,427,379</u>
Balance on January 1, 2022	\$ 3,170,005	\$ 703,012	\$ -	\$ 3,873,017
Separate acquisition	-	525,906	-	525,906
Amortization expenses	-	(330,920)	-	(330,920)
Reclassification	-	82,852	-	82,852
Effect of exchange rate changes	<u>-</u>	<u>5,171</u>	<u>-</u>	<u>5,171</u>
Balance on December 31, 2022	<u>\$ 3,170,005</u>	<u>\$ 986,021</u>	<u>\$ -</u>	<u>\$ 4,156,026</u>

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

The carbon credits of the Company were purchased from Taiwan Carbon Solution Exchange to cooperate with the government's policy about climate change and meet the global goal of net zero emissions in 2050. The Company considers carbon credits that generate net cash inflows with indefinite useful lives as intangible assets with indefinite useful lives.

In testing assets for impairment, TCB defined each operating unit or operating segment as a cash-generating unit (CGU). The recoverable amount of a CGU was determined at its value in use for goodwill impairment test. The discount rates for the CGUs' value in use were 8.30% and 8.59% as of December 31, 2023 and 2022, respectively.

Goodwill resulting from merger of Taiwan Cooperative Bank, Ltd. with the Farmers Bank of China was allocated to operating units or operating segment (cash-generating units with allocated goodwill). There was no impairment loss on goodwill as of December 31, 2023 and 2022.

20. OTHER ASSETS, NET

	December 31	
	2023	2022
Refundable deposits	\$ 1,960,317	\$ 1,716,986
Operating deposits and settlement funds	717,372	705,425
Prepaid expenses	330,360	235,317
Prepaid pensions	42,176	-
Settlement payments	100,688	-
Receipts under custody for securities underwriting	14,708	175,533
Others	<u>34,143</u>	<u>64,626</u>
	<u>\$ 3,199,764</u>	<u>\$ 2,897,887</u>

21. DEPOSITS FROM THE CENTRAL BANK AND OTHER BANKS

	December 31	
	2023	2022
Deposits from banks	\$ 173,467,665	\$ 161,002,883
Call loans from banks	89,326,719	69,035,863
Overdrafts from other banks	1,478,785	1,425,292
Transfer deposits from Chunghwa Post Co., Ltd.	37,095,665	56,095,665
Deposits from the Central Bank	<u>336,526</u>	<u>293,932</u>
	<u>\$ 301,705,360</u>	<u>\$ 287,853,635</u>

22. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

Securities sold for \$71,210,419 thousand and \$67,643,435 thousand under repurchase agreements as of December 31, 2023 and 2022, respectively, would subsequently be purchased for \$71,295,211 thousand and \$67,710,107 thousand, respectively.

23. COMMERCIAL PAPER ISSUED, NET

The face values of commercial paper issued were \$33,720,000 thousand and \$24,560,000 thousand and the annual discount rates were from 1.508% to 1.809% and from 1.338% to 1.892% as of December 31, 2023 and 2022, respectively, and the commercial paper will mature by March 28, 2024 and March 2, 2023, respectively. The foregoing commercial paper was accepted and guaranteed by financial institutions. As of December 31, 2023, the Company had not used the amount of \$93,542,651 thousand, the sum of the amount of the commercial paper issued and the credit.

24. PAYABLES

	December 31	
	2023	2022
Settlement payable	\$ 6,166,790	\$ 3,223,878
Settlement consideration	6,698,820	3,544,790
Accrued expenses	6,772,635	6,516,504
Collections payable	5,851,666	5,628,160
Checks for clearing	17,108,734	17,918,898
Collections of notes and checks for various financial institutions in other cities	596,608	1,270,234
Acceptances	3,519,099	3,114,074
Accrued interest	8,203,720	4,698,470
Payables on notes and checks collected for others	290,589	472,683
Payables for short-sale transactions	405,781	867,744
Deposits on short-sale transactions	358,869	960,993
Tax payable	762,836	672,308
Payables on securities	86,828	430,841
Dividends payable	486,290	462,264
Factored accounts payable	84,597	141,150
Insurance claims and benefits payable	181,418	78,866
Others	<u>2,561,881</u>	<u>2,097,906</u>
	<u>\$ 60,137,161</u>	<u>\$ 52,099,763</u>

25. DEPOSITS AND REMITTANCES

	December 31	
	2023	2022
Deposits		
Checking	\$ 70,523,741	\$ 65,921,263
Demand	783,562,770	755,613,147
Savings - demand	1,199,358,033	1,146,829,243
Time	960,679,439	796,468,506
Negotiable certificates of deposit	34,181,070	50,569,632
Savings - time	676,348,161	637,179,608
Treasury	137,199,303	145,514,336
Remittances	<u>242,674</u>	<u>327,179</u>
	<u>\$ 3,862,095,191</u>	<u>\$ 3,598,422,914</u>

26. BONDS PAYABLE

	December 31	
	2023	2022
Bank debentures	\$ 57,240,000	\$ 60,290,000
First unsecured corporate bond of TCFHC in 2020: Fixed rate of 0.68%; maturity - May 26, 2027	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
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
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
First 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>\$ 77,240,000</u>	<u>\$ 80,290,000</u>

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

	December 31	
	2023	2022
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
First subordinated bonds in 2014, Type B: Fixed rate of 1.85%; maturity - May 26, 2024	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
First subordinated bonds in 2016, Type A: Fixed rate of 1.09%; maturity - September 26, 2023	-	950,000
First subordinated bonds in 2016, Type B: Fixed rate of 1.20%; maturity - September 26, 2026	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
First subordinated bonds in 2017, Type B: Fixed rate of 1.56%; maturity - September 26, 2027	1,400,000	1,400,000
First non-cumulative perpetual subordinated bonds in 2018: Fixed rate of 2.28%; TCB may exercise its redemption rights after 5 years and 2 months	5,000,000	5,000,000
First non-cumulative perpetual subordinated bonds in 2019: Fixed rate of 1.90%; TCB may exercise its redemption rights after 5 years and 1 months	5,000,000	5,000,000
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
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
First unsecured bank debentures (sustainability) in 2021: Fixed rate of 0.40%; maturity - May 31, 2026	1,000,000	1,000,000

(Continued)

	December 31	
	2023	2022
Second unsecured bank debentures (social responsibility) in 2021: Fixed rate of 0.42%; maturity - October 29, 2026	\$ 1,000,000	\$ 1,000,000
First non-cumulative perpetual subordinated bonds in 2022: Fixed rated of 2.50%; TCB may exercise its redemption rights after 5 years and 2 months	1,350,000	1,350,000
Second non-cumulative perpetual subordinated bonds in 2022: Fixed rated of 3.00%; TCB may exercise its redemption rights after 5 years and 1 months	8,650,000	8,650,000
Third unsecured bank debentures (sustainability) in 2022: Fixed rate of 1.50%; maturity - September 28, 2027	2,500,000	2,500,000
Fourth non-cumulative perpetual subordinated bonds in 2022: Fixed rated of 3.40%; TCB may exercise its redemption rights after 5 years and 1 months	5,690,000	5,690,000
Second unsecured bank debentures (sustainability) in 2023: Fixed rate of 1.40%; maturity - March 20, 2028	<u>2,500,000</u>	<u>-</u>
	<u>\$ 57,240,000</u>	<u>\$ 60,290,000</u> (Concluded)

In order to establish an international financial management platform and expand the depth and breadth of wealth management and private banking businesses for high-asset clients, TCB issued first unsecured bank debentures amounted to US\$46,850 thousand on March 10, 2023, and TCB issued third unsecured bank debentures amounted to US\$45,850 thousand on October 5, 2023. The debentures are divided into Type A and Type B for US\$32,800 thousand and US\$14,050 thousand, Type A and Type B for US\$29,250 thousand and US\$16,600 thousand, respectively, with a combination of fixed interest rate and structured interest rate (range accrual). TCB may make an 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, and Type A is October 5, 2025, and Type B is October 5, 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:

	December 31, 2023
First unsecured bank debentures bonds issued in 2023	
Type A	\$ 985,158
Type B	<u>414,456</u>
	<u>1,399,614</u>
Third unsecured bank debentures bonds issued in 2023	
Type A	881,525
Type B	<u>493,399</u>
	<u>1,374,924</u>
	<u>\$ 2,774,538</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 December 31, 2023, the amount of unissued unsecured bank debentures of TCB was US\$1,000,000 thousand.

On February 8, 2023, TCB has obtained approval from the FSC to issue unsecured bank debentures amounting to US\$50,000 thousand. As of December 31, 2023, the amount of unissued unsecured bank debentures of TCB was US\$3,400 thousand.

On August 7, 2023, TCB has obtained approval from the FSC to issue unsecured bank debentures amounting to US\$300,000 thousand. As of December 31, 2023, the amount of unissued unsecured bank debentures of TCB was US\$254,300 thousand.

27. OTHER BORROWINGS

	December 31			
	2023		2022	
	Amount	Rate (%)	Amount	Rate (%)
Borrowings (Note 23)	<u>\$ 11,266,712</u>	1.580-5.900	<u>\$ 9,352,346</u>	1.283-4.500

28. PROVISIONS

	December 31	
	2023	2022
Reserve for life insurance liabilities	\$ 27,906,508	\$ 25,426,719
Reserve for insurance contracts with financial instrument features	7,637	3,651
Provision for employee benefits	4,027,923	4,261,945
Provision for losses on guarantees	1,441,977	1,359,109
Provision for losses on loan commitment	325,497	239,528
Provision for others	25,779	34,441
Other provision for insurance	<u>656,444</u>	<u>943,069</u>
	<u>\$ 34,391,765</u>	<u>\$ 32,268,462</u>

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

	December 31, 2023		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Life insurance	\$ 15,820,830	\$ 4,554,027	\$ 20,374,857
Health insurance	1,168,466	-	1,168,466
Annuity insurance	-	6,340,825	6,340,825
Investment insurance	<u>17,887</u>	<u>-</u>	<u>17,887</u>
	17,007,183	10,894,852	27,902,035
Less: Ceded life insurance liability reserve	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 17,007,183</u>	<u>\$ 10,894,852</u>	<u>\$ 27,902,035</u>

	December 31, 2022		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Life insurance	\$ 11,975,467	\$ 4,893,824	\$ 16,869,291
Health insurance	1,034,411	-	1,034,411
Annuity insurance	-	7,489,853	7,489,853
Investment insurance	<u>29,472</u>	<u>-</u>	<u>29,472</u>
	<u>13,039,350</u>	<u>12,383,677</u>	<u>25,423,027</u>
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>

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

	For the Year Ended December 31					
	2023			2022		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Balance on January 1	\$ 13,039,350	\$ 12,383,677	\$ 25,423,027	\$ 12,996,859	\$ 13,438,256	\$ 26,435,115
Provision	4,618,270	204,292	4,822,562	1,512,271	233,388	1,745,659
Recovery	(628,530)	(1,693,117)	(2,321,647)	(1,469,780)	(1,287,967)	(2,757,747)
Effects of exchange rate changes	<u>(21,907)</u>	<u>-</u>	<u>(21,907)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending balance	17,007,183	10,894,852	27,902,035	13,039,350	12,383,677	25,423,027
Less: Ceded life insurance liability reserve	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance on December 31	<u>\$ 17,007,183</u>	<u>\$ 10,894,852</u>	<u>\$ 27,902,035</u>	<u>\$ 13,039,350</u>	<u>\$ 12,383,677</u>	<u>\$ 25,423,027</u>

- b. As of December 31, 2023 and 2022, total life policy reserve carrying amounts (including reserve of policyholders payables) were \$27,906,508 thousand and \$25,426,719 thousand, respectively.
- c. Details of liability adequacy reserves are as follows:

	Insurance Contracts and Financial Instruments with Discretionary Participation Features	
	December 31	
	2023	2022
Life insurance liability reserve	\$ 27,902,035	\$ 25,423,027
Unearned premium reserve	459,834	427,455
Claims reserve	59,879	73,896
Premium deficiency reserve	<u>42,491</u>	<u>1,385</u>
Book value of insurance reserve	<u>\$ 28,464,239</u>	<u>\$ 25,925,763</u>
Present value of discounted cash flows	<u>\$ 24,779,537</u>	<u>\$ 22,688,160</u>
Balance of liability adequacy reserve	<u>\$ -</u>	<u>\$ -</u>

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

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

December 31, 2023 and 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:

	December 31	
	2023	2022
Life insurance	<u>\$ 7,637</u>	<u>\$ 3,651</u>
	For the Year Ended December 31	
	2023	2022
Balance on January 1	\$ 3,651	\$ 1,195
Insurance claim payments for the period	-	(556)
Reserve for insurance contracts with financial instrument features	<u>3,986</u>	<u>3,012</u>
Balance on December 31	<u>\$ 7,637</u>	<u>\$ 3,651</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 cross-currency swaps and currency swap to hedge exchange rate risks. BPCTLI maintains the hedging ratio at over 95%.

2) Reconciliation of the reserve of foreign exchange variation

	For the Year Ended December 31	
	2023	2022
Balance on January 1	\$ 440,333	\$ 230,043
Provisions		
Compulsory provisions	-	2,415
Additional provisions	<u>15,653</u>	<u>310,457</u>
	<u>15,653</u>	<u>312,872</u>
Recovery	<u>(361,746)</u>	<u>(102,582)</u>
Balance on December 31	<u>\$ 94,240</u>	<u>\$ 440,333</u>

3) Impact of the reserve of foreign exchange variation

For the year ended December 31, 2023

Items	Amount Without Reserve	Amount With Reserve	Effect
Net income	\$ 17,601,341	\$ 17,878,215	\$ 276,874
Basic earnings per share (NT\$)	1.16	1.17	0.01
Reserve of foreign exchange variation	-	94,240	94,240
Equity	245,883,354	245,778,659	(104,695)

For the year ended December 31, 2022

Items	Amount Without Reserve	Amount With Reserve	Effect
Net income	\$ 20,985,524	\$ 20,817,292	\$ (168,232)
Basic earnings per share (NT\$)	1.38	1.38	-
Reserve of foreign exchange variation	-	440,333	440,333
Equity	221,144,746	220,763,177	(381,569)

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

	For the Year Ended December 31	
	2023	2022
Reserve for life insurance liabilities, net	\$ 2,500,915	\$ (1,012,088)
Reserve for insurance contract with financial instrument features, net	3,986	3,012
Others, net	<u>(272,777)</u>	<u>280,381</u>
	<u>\$ 2,232,124</u>	<u>\$ (728,695)</u>

g. Provisions for employee benefits are summarized below:

	December 31	
	2023	2022
Net defined benefit liabilities	\$ -	\$ 35,922
Present value of retired employees' preferential interest deposit obligation	<u>4,027,923</u>	<u>4,226,023</u>
	<u>\$ 4,027,923</u>	<u>\$ 4,261,945</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 Recognized 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	(1)	1	-	-	-	-
Credit-impaired financial instruments	(528)	-	528	-	-	-
12-month ECL	-	-	-	-	-	-
Derecognition of financial instruments in the current reporting period	(208,128)	-	(16,068)	(224,196)	-	(224,196)
Reversal from financial instruments recognized at the beginning of the current reporting period	(3,164)	741	(10,158)	(12,581)	-	(12,581)
New financial instruments purchased or originated	361,137	105	-	361,242	-	361,242
Difference of impairment loss under regulations	-	-	-	-	35,895	35,895
Change in exchange rates and other changes	(184)	-	(1)	(185)	-	(185)
Balance on December 31, 2023	<u>\$ 1,046,878</u>	<u>\$ 847</u>	<u>\$ 10,148</u>	<u>\$ 1,057,873</u>	<u>\$ 735,380</u>	<u>\$ 1,793,253</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	-	-	-	-	-	-
Credit-impaired financial instruments	(436)	-	436	-	-	-
12-month ECL	-	-	-	-	-	-
Derecognition of financial instruments in the current reporting period	(305,324)	(28)	(147,716)	(453,068)	-	(453,068)
Reversal from financial instruments recognized at the beginning of the current reporting period	(75,110)	-	(143,753)	(218,863)	-	(218,863)
New financial instruments purchased or originated	296,256	-	1,399	297,655	-	297,655
Difference of impairment loss under regulations	-	-	-	-	165,447	165,447
Change in exchange rates and other changes	16,571	-	22	16,593	-	16,593
Balance on December 31, 2022	<u>\$ 897,746</u>	<u>\$ -</u>	<u>\$ 35,847</u>	<u>\$ 933,593</u>	<u>\$ 699,485</u>	<u>\$ 1,633,078</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 \$280,207 thousand and \$262,808 thousand in the consolidated statement of comprehensive income for the years ended December 31, 2023 and 2022, respectively, in accordance with the defined contribution plan.

b. Defined benefit plan

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. 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.

The amounts included in the consolidation balance sheets in respect of the Company's defined benefit plans were as follows:

	December 31	
	2023	2022
Present value of defined benefit obligation	\$ 12,548,230	\$ 12,823,582
Fair value of plan assets	<u>(12,590,406)</u>	<u>(12,794,842)</u>
Deficit (surplus)	(42,176)	28,740
Net defined benefit asset (part of other assets)	<u>42,176</u>	<u>7,182</u>
Net defined benefit liability (part of provisions)	<u>\$ -</u>	<u>\$ 35,922</u>

The changes in net defined benefit liability (asset) were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability (Asset)
Balance on January 1, 2022	\$ <u>13,798,323</u>	\$ <u>(11,858,034)</u>	\$ <u>1,940,289</u>
Service cost			
Current service cost	405,501	-	405,501
Net interest expense (revenue)	<u>66,879</u>	<u>(59,558)</u>	<u>7,321</u>
Recognized in profit or loss	<u>472,380</u>	<u>(59,558)</u>	<u>412,822</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(941,446)	(941,446)
Actuarial gain - changes in financial assumptions	(1,058,806)	-	(1,058,806)
Actuarial loss - experience adjustments	<u>594,956</u>	-	<u>594,956</u>
Recognized in other comprehensive income	<u>(463,850)</u>	<u>(941,446)</u>	<u>(1,405,296)</u>
Contributions from the employer	-	<u>(919,075)</u>	<u>(919,075)</u>
Benefits paid	<u>(983,271)</u>	<u>983,271</u>	<u>-</u>
Balance on December 31, 2022	<u>12,823,582</u>	<u>(12,794,842)</u>	<u>28,740</u> (Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability (Asset)
Service cost			
Current service cost	\$ 369,473	\$ -	\$ 369,473
Net interest expense (revenue)	<u>179,102</u>	<u>(185,776)</u>	<u>(6,674)</u>
Recognized in profit or loss	<u>548,575</u>	<u>(185,776)</u>	<u>362,799</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(84,167)	(84,167)
Actuarial loss - changes in financial assumptions	194,312	-	194,312
Actuarial loss - experience adjustments	<u>61,925</u>	<u>-</u>	<u>61,925</u>
Recognized in other comprehensive income	<u>256,237</u>	<u>(84,167)</u>	<u>172,070</u>
Contributions from the employer	<u>-</u>	<u>(605,785)</u>	<u>(605,785)</u>
Benefits paid	<u>(1,080,164)</u>	<u>1,080,164</u>	<u>-</u>
Balance on December 31, 2023	<u>\$ 12,548,230</u>	<u>\$ (12,590,406)</u>	<u>\$ (42,176)</u> (Concluded)

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.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2023	2022
Discount rate(s)	1.25%	1.25%-1.45%
Expected rate(s) of salary increase	2.00%	2.00%
Expected rate(s) of return on plan asset	1.25%	1.25%-1.45%

Assuming a possible reasonable change in each of the significant actuarial assumptions and all other assumptions remaining constant, the present value of the defined benefit obligation will have increased (decreased) as follows:

	December 31	
	2023	2022
Discount rate(s)		
0.25% increase	<u>\$ (242,383)</u>	<u>\$ (257,982)</u>
0.25% decrease	<u>\$ 249,928</u>	<u>\$ 266,303</u>
Expected rate(s) of salary increase		
0.25% increase	<u>\$ 233,464</u>	<u>\$ 249,979</u>
0.25% decrease	<u>\$ (227,730)</u>	<u>\$ (243,562)</u>

The sensitivity analysis presented above shows the effect on the present value of the defined benefit obligations of a change in single assumption while all other assumptions remain unchanged. The sensitivity analysis presented above might not be representative of the actual change in the present value of the defined benefit obligation as it was unlikely that the change in assumptions would occur independently of each other because some of the assumptions might be correlated.

As of December 31, 2023 and 2022, the expected contributions to the plan for the next year were \$1,189,452 thousand and \$980,000 thousand, respectively. As of December 31, 2023 and 2022, the average duration of defined benefit obligation were 7.82 to 7.89 years and 8.22 to 8.75, respectively.

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.

The amounts included in the balance sheet arising from the TCB's obligation in the employees' preferential interest deposits plan were as follows:

	December 31	
	2023	2022
Present value of retired employees' preferential interest deposits obligation (part of provisions)	<u>\$ 4,027,923</u>	<u>\$ 4,226,023</u>

The changes in present value of retired employees' preferential interest deposits obligation were as follows:

	For the Year Ended December 31	
	2023	2022
Present value of retired employees' preferential interest deposits obligation, January 1	\$ 4,226,023	\$ 4,352,387
Interest expense	160,451	165,350
Actuarial losses	464,795	559,533
Benefits paid	<u>(823,346)</u>	<u>(851,247)</u>
Present value of retired employees' preferential interest deposits obligation, December 31	<u>\$ 4,027,923</u>	<u>\$ 4,226,023</u>

The amounts recognized in profit or loss in employee preferential deposit plans for retired employees in the consolidated statement of comprehensive income were as follows:

	For the Year Ended December 31	
	2023	2022
Interest expense	\$ 160,451	\$ 165,350
Actuarial losses	<u>464,795</u>	<u>559,533</u>
Excessive interest of retired employees' preferential interest deposits	<u>\$ 625,246</u>	<u>\$ 724,883</u>

Under Order No. 10110000850 issued by the Financial Supervisory Commission, effective March 15, 2012, the actuarial assumptions for calculating the expense for the retired employees' preferential interest deposit benefit are as follows:

	December 31	
	2023	2022
Discount rate	4.00%	4.00%
Return on deposit	2.00%	2.00%
Account balance diminishing rate per year	1.00%	1.00%
Rate of probability of change in the preferential deposit system	50.00%	50.00%

Assuming a possible reasonable change in each of the significant actuarial assumptions and all other assumptions remaining constant, the present value of the retired employees' preferential interest deposit benefit obligation would have increased (decreased) as follows:

	December 31	
	2023	2022
Discount rate(s)		
1% increase	<u>\$ (286,385)</u>	<u>\$ (303,145)</u>
1% decrease	<u>\$ 329,632</u>	<u>\$ 349,341</u>
Return on deposit		
1% increase	<u>\$ (1,220,750)</u>	<u>\$ (1,174,110)</u>
1% decrease	<u>\$ 1,220,750</u>	<u>\$ 1,174,110</u>
Account balance diminishing rate per year		
1% increase	<u>\$ (343,839)</u>	<u>\$ (320,388)</u>
1% decrease	<u>\$ 302,685</u>	<u>\$ 364,408</u>
Rate of probability of change in the preferential deposit system		
20% increase	<u>\$ (1,611,169)</u>	<u>\$ (1,690,409)</u>
20% decrease	<u>\$ 1,611,169</u>	<u>\$ 1,690,409</u>

The sensitivity analysis presented above shows the effect on the present value of the retired employees' preferential interest deposit benefit obligation of a change in single assumption while all other assumptions remain unchanged. The sensitivity analysis presented above might not be representative of the actual change in the present value of the retired employees' preferential interest deposit benefit obligation because it was unlikely that the change in assumptions would occur independently of each other because some of the assumptions might be correlated.

30. OTHER FINANCIAL LIABILITIES

	<u>December 31</u>	
	2023	2022
Guarantee deposits received	\$ 1,921,350	\$ 2,293,868
Appropriation for loans	16,167	37,588
Separate-account liabilities	<u>85,592,813</u>	<u>89,353,581</u>
	<u>\$ 87,530,330</u>	<u>\$ 91,685,037</u>

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

	<u>December 31</u>	
	2023	2022
Separate-account assets (part of other financial assets)		
Cash in banks	\$ 658,122	\$ 1,103,400
Financial assets at FVTPL	84,767,992	88,125,000
Other receivables		
Investment settlement receivables	<u>166,699</u>	<u>125,181</u>
	<u>\$ 85,592,813</u>	<u>\$ 89,353,581</u>

Separate-account liabilities (part of other financial liabilities)		
Reserve for separate account-insurance contract	\$ 54,788,061	\$ 57,691,536
Reserve for separate account-investment contract	30,367,491	31,140,432
Other payables	<u>437,261</u>	<u>521,613</u>
	<u>\$ 85,592,813</u>	<u>\$ 89,353,581</u>

	<u>For the Year Ended December 31</u>	
	2023	2022
Separate-account revenue		
Premium income	\$ 1,168,139	\$ 2,789,600
Gain (loss) on financial assets at FVTPL	5,347,307	(21,028,947)
(Loss) gain on foreign exchange	(1,037,737)	3,925,478
Interest revenue	<u>4,371</u>	<u>2,230</u>
	<u>\$ 5,482,080</u>	<u>\$ (14,311,639)</u>
Separate-account expense		
Insurance claims and benefits	\$ 4,602,265	\$ 4,576,785
Reserves for separate accounts, net of releases - insurance contract	(488,147)	(20,166,960)
Administrative expenses	<u>1,367,962</u>	<u>1,278,536</u>
	<u>\$ 5,482,080</u>	<u>\$ (14,311,639)</u>

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

31. OTHER LIABILITIES

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Advance receipts	\$ 1,031,785	\$ 1,159,479
Others	<u>103,570</u>	<u>72,762</u>
	<u>\$ 1,135,355</u>	<u>\$ 1,232,241</u>

32. NET INTEREST

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Interest revenue		
From discounts and loans	\$ 70,511,972	\$ 48,270,476
From investments	16,898,258	11,776,898
From due from banks and call loans to other banks	4,810,458	2,510,419
Others	<u>1,190,947</u>	<u>1,173,720</u>
	<u>93,411,635</u>	<u>63,731,513</u>
Interest expense		
From deposits	(51,363,058)	(21,933,992)
From due to the Central Bank and other banks	(5,933,673)	(1,796,884)
From issuing bonds payable	(1,367,834)	(1,104,677)
From deposits from the Central Bank and other banks	(1,355,353)	(477,502)
From securities sold under repurchase agreements	(1,098,984)	(453,696)
Others	<u>(329,640)</u>	<u>(201,120)</u>
	<u>(61,448,542)</u>	<u>(25,967,871)</u>
	<u>\$ 31,963,093</u>	<u>\$ 37,763,642</u>

33. SERVICE FEE AND COMMISSION INCOME, NET

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Service fee and commission revenues		
From trust business	\$ 2,132,357	\$ 1,977,825
From guarantee	998,417	986,524
From loans	1,431,448	1,295,431
From insurance service	1,766,352	1,018,247
From brokerage service	928,769	839,103
From investment-linked products	489,083	524,316
From credit cards	1,629,736	1,378,244
From management fees of investment-linked products	168,102	168,732
From management fees	331,734	368,524
From remittance	278,034	279,607
From cross-bank transactions	293,205	303,349
From underwriting	120,990	120,222
From import/export service	101,748	122,104
Others	<u>615,097</u>	<u>555,746</u>
	<u>11,285,072</u>	<u>9,937,974</u>

(Continued)

	For the Year Ended December 31	
	2023	2022
Service charge and commission expenses		
From cross-bank transactions	\$ (333,720)	\$ (325,702)
From insurance business	(288,290)	(186,213)
From credit cards	(304,646)	(295,493)
From credit cards acquiring	(1,146,365)	(946,271)
From custody	(76,133)	(80,771)
Others	<u>(319,679)</u>	<u>(359,974)</u>
	<u>(2,468,833)</u>	<u>(2,194,424)</u>
	<u>\$ 8,816,239</u>	<u>\$ 7,743,550</u>
		(Concluded)

34. PREMIUM INCOME, NET

	For the Year Ended December 31	
	2023	2022
Separate-account revenue (Note 30)	\$ 5,482,080	\$ (14,311,639)
Premium income	<u>7,429,894</u>	<u>4,096,598</u>
	<u>12,911,974</u>	<u>(10,215,041)</u>
Separate-account expense (Note 30)	(5,482,080)	14,311,639
Insurance claims and benefits	(3,104,139)	(3,497,825)
Reinsurance premium ceded	(402,645)	(355,136)
Others	<u>(67,432)</u>	<u>(57,714)</u>
	<u>(9,056,296)</u>	<u>10,400,964</u>
	<u>\$ 3,855,678</u>	<u>\$ 185,923</u>

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

	For the Year Ended December 31, 2023				
	Interest Revenue (Expense)	Gain (Loss) on Disposal	Gain (Loss) on Valuation	Dividend Income	Total
Financial assets mandatorily classified as at fair value through profit or loss	\$ 1,514,312	\$ 21,021,588	\$ (2,542,096)	\$ 315,905	\$ 20,309,709
Held-for-trading financial liabilities	-	(5,089,840)	(3,277,067)	-	(8,366,907)
Financial liabilities designated as at fair value through profit or loss	<u>(77,620)</u>	<u>767</u>	<u>72,551</u>	<u>-</u>	<u>(4,302)</u>
	<u>\$ 1,436,692</u>	<u>\$ 15,932,515</u>	<u>\$ (5,746,612)</u>	<u>\$ 315,905</u>	<u>\$ 11,938,500</u>
	For the Year Ended December 31, 2022				
	Interest Revenue (Expense)	Gain (Loss) on Disposal	Gain (Loss) on Valuation	Dividend Income	Total
Financial assets mandatorily classified as at fair value through profit or loss	\$ 766,991	\$ 24,206,643	\$ 2,206,016	\$ 318,646	\$ 27,498,296
Held-for-trading financial liabilities	-	(9,673,818)	(652,254)	-	(10,326,072)
	<u>\$ 766,991</u>	<u>\$ 14,532,825</u>	<u>\$ 1,553,762</u>	<u>\$ 318,646</u>	<u>\$ 17,172,224</u>

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

	<u>For the Year Ended December 31</u>	
	2023	2022
Dividends revenue on investments in equity instruments at FVTOCI	\$ 3,019,843	\$ 3,709,763
Derecognition of unrealized gains (losses) on investments in debt instruments at FVTOCI	<u>(26,694)</u>	<u>(4,838)</u>
	<u>\$ 2,993,149</u>	<u>\$ 3,704,925</u>

For the years ended December 31, 2023 and 2022, dividends revenue related to derecognized investments were \$1,154,591 thousand and \$1,590,386 thousand, respectively, and dividends revenue related to investments held on December 31, 2023 and 2022 were \$1,865,252 thousand and \$2,119,377 thousand, respectively.

37. EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION EXPENSES

a. Employee benefits expenses

	<u>For the Year Ended December 31</u>	
	2023	2022
Salaries	\$ 9,257,777	\$ 9,440,998
Incentives	3,380,842	3,342,894
Excessive interest from preferential interest deposits	1,029,173	1,146,734
Post-employment benefits, termination benefits and compensation	694,517	707,178
Overtime	443,573	446,150
Others	<u>2,486,355</u>	<u>2,457,326</u>
	<u>\$ 17,292,237</u>	<u>\$ 17,541,280</u>

Under the amended Articles, TCFHC will make distributions at percentages from 0.01% to 0.08% and up to 1% of its annual profit (pretax income which exclude compensations of employees and remuneration to directors) for the employees' compensation and directors' remuneration, respectively. However, the actual appropriation of the compensation and remuneration should be made only from the annual net income less any accumulated deficit. For the years ended December 31, 2023 and 2022, compensations of employees were estimated at \$2,588 thousand and \$3,093 thousand and the remuneration of directors were estimated at \$94,901 thousand and \$111,910 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 2023 and 2022 approved by the board of directors on March 13, 2024 and March 13, 2023, respectively, were as follows:

	For the Year Ended December 31	
	2023	2022
Employees' compensation - cash	\$ 2,588	\$ 3,093
Remuneration of directors - cash	94,901	111,910

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

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

b. Depreciation and amortization expenses

	For the Year Ended December 31	
	2023	2022
Depreciation expenses	\$ 2,271,524	\$ 2,174,245
Amortization expenses	<u>377,389</u>	<u>332,054</u>
	<u>\$ 2,648,913</u>	<u>\$ 2,506,299</u>

38. INCOME TAX

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

Main components of income tax expense were as follows:

	For the Year Ended December 31	
	2023	2022
Current tax		
Current year	\$ 5,174,017	\$ 2,448,018
Additional income tax on unappropriated earnings	-	99,304
Additional income tax under the Alternative Minimum Tax Act	-	(339)
Land value increment tax	1,606	2,073
House and land transactions income tax 2.0	34,110	43,849
Prior year's adjustments	<u>6,367</u>	<u>(119,200)</u>
	5,216,100	2,473,705
Deferred tax		
Current year	<u>(1,019,652)</u>	<u>1,095,347</u>
Income tax expense recognized in profit or loss	<u>\$ 4,196,448</u>	<u>\$ 3,569,052</u>

A reconciliation of accounting profit and current income tax expense was as follows:

	For the Year Ended December 31	
	2023	2022
Income before income tax	<u>\$ 22,074,663</u>	<u>\$ 24,386,344</u>
Income tax expense at the statutory rate (20%)	\$ 4,414,932	\$ 4,877,269
Nondeductible expenses in determining taxable income	119,236	58,539
Tax-exempt income	(806,159)	(1,548,794)
Additional income tax under the Alternative Minimum Tax Act	29,015	27,265
Additional income tax on unappropriated earnings	-	99,303
Land value increment tax	1,606	2,073
House and land transactions income tax 2.0	34,110	43,849
Unrecognized deductible temporary differences	2,069	(132,401)
Effect of different tax rate of overseas entities operating in other jurisdictions	394,879	261,488
Adjustments for prior year's tax	6,367	(119,200)
Other	393	-
Investment credits	<u>-</u>	<u>(339)</u>
Income tax expense recognized in profit or loss	<u>\$ 4,196,448</u>	<u>\$ 3,569,052</u>
b. Income tax expense recognized in other comprehensive income		

	For the Year Ended December 31	
	2023	2022
<u>Deferred tax</u>		
Recognized in other comprehensive income - items that may be reclassified subsequently to profit or loss		
Exchange differences on the translation of financial statements of foreign operations	\$ (31,517)	\$ 964,387
Unrealized valuation gain on financial assets at fair value through other comprehensive income	166,397	(699,925)
Other comprehensive income on reclassification of overlay approach	<u>2,355</u>	<u>(1,070)</u>
Income tax expense recognized in other comprehensive income	<u>\$ 137,235</u>	<u>\$ 263,392</u>
c. Current tax assets and liabilities		

	December 31	
	2023	2022
Current tax assets		
Tax refund receivable	\$ 2,107,763	\$ 2,237,268
Others	<u>185,302</u>	<u>41,724</u>
	<u>\$ 2,293,065</u>	<u>\$ 2,278,992</u>

(Continued)

	December 31	
	2023	2022
Current tax liabilities		
Tax payable	\$ 3,157,756	\$ 861,591
Others	<u>476</u>	<u>425</u>
	<u>\$ 3,158,232</u>	<u>\$ 862,016</u>
		(Concluded)

d. Deferred tax assets and liabilities

The changes in deferred tax assets and liabilities are as follows:

For the year ended December 31, 2023

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
<u>Deferred tax assets</u>					
Temporary differences					
Financial instruments at fair value through other comprehensive income	\$ 458,527	\$ -	\$ (166,397)	\$ -	\$ 292,130
Overlay approach	561	-	(561)	-	-
Properties and equipment	7,250	(644)	-	-	6,606
Payable for annual leave	102,878	772	-	-	103,650
Employee's preferential interest deposit obligation	795,647	(39,620)	-	-	756,027
Other liabilities	5,783	-	-	-	5,783
Exchange differences on foreign operations	98,634	-	31,517	-	130,151
Allowance for possible losses	38,408	6,990	-	(658)	44,740
Financial instruments at fair value through profit or loss	-	740,358	-	-	740,358
Accrued expenses	2,860	927	-	(66)	3,721
Pension liabilities	511	56	-	-	567
Unrealized foreign exchange losses	54,902	(54,156)	-	-	746
Revenue from disposal of acquired loans	<u>198,138</u>	<u>(8,418)</u>	<u>-</u>	<u>-</u>	<u>189,720</u>
	<u>\$ 1,764,099</u>	<u>\$ 646,265</u>	<u>\$ (135,441)</u>	<u>\$ (724)</u>	<u>\$ 2,274,199</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Financial instruments at fair value through profit or loss	\$ 467,110	\$ (466,367)	\$ -	\$ -	\$ 743
Overlay approach	-	-	1,794	-	1,794
Intangible assets	428,614	-	-	-	428,614
The reserve for land value increment tax	2,541,779	-	-	-	2,541,779
Defined benefit obligation	359,616	48,888	-	-	408,504
Investments accounted for using equity method	166,799	11,188	-	-	177,987
Lease incentive	2,552	(281)	-	-	2,271
Unrealized foreign exchange losses	<u>7</u>	<u>33,185</u>	<u>-</u>	<u>-</u>	<u>33,192</u>
	<u>\$ 3,966,477</u>	<u>\$ (373,387)</u>	<u>\$ 1,794</u>	<u>\$ -</u>	<u>\$ 3,594,884</u>

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
<u>Deferred tax assets</u>					
Temporary differences					
Financial instruments at fair value through other comprehensive income	\$ -	\$ -	\$ 458,527	\$ -	\$ 458,527
Overlay approach	-	-	561	-	561
Properties and equipment	7,894	(644)	-	-	7,250
Payable for annual leave	104,586	(1,708)	-	-	102,878
Employee's preferential interest deposit obligation	820,920	(25,273)	-	-	795,647
Other liabilities	5,783	-	-	-	5,783
Exchange differences on foreign operations	1,063,021	-	(964,387)	-	98,634
Allowance for possible losses	39,009	(1,142)	-	541	38,408
Financial instruments at fair value through profit or loss	264,859	(264,859)	-	-	-
Accrued expenses	3,122	(313)	-	51	2,860
Pension liabilities	450	61	-	-	511
Unrealized foreign exchange losses	252,236	(197,334)	-	-	54,902
Revenue from disposal of acquired loans	217,760	(19,622)	-	-	198,138
	<u>\$ 2,779,640</u>	<u>\$ (510,834)</u>	<u>\$ (505,299)</u>	<u>\$ 592</u>	<u>\$ 1,764,099</u>

Deferred tax liabilities

Temporary differences					
Financial instruments at fair value through profit or loss	\$ -	\$ 467,110	\$ -	\$ -	\$ 467,110
Financial instruments at fair value through other comprehensive income	241,398	-	(241,398)	-	-
Overlay approach	509	-	(509)	-	-
Intangible assets	428,614	-	-	-	428,614
The reserve for land value increment tax	2,541,779	-	-	-	2,541,779
Defined benefit obligation	258,372	101,244	-	-	359,616
Investments accounted for using equity method	150,401	16,398	-	-	166,799
Lease incentive	2,798	(246)	-	-	2,552
Unrealized foreign exchange losses	-	7	-	-	7
	<u>\$ 3,623,871</u>	<u>\$ 584,513</u>	<u>\$ (241,907)</u>	<u>\$ -</u>	<u>\$ 3,966,477</u>

- e. Unused loss carryforwards and deductible temporary differences for which no deferred tax assets have been recognized in the consolidated balance sheets

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Deductible temporary differences	<u>\$ 864,865</u>	<u>\$ 671,936</u>
Loss carryforwards	<u>\$ 84,741</u>	<u>\$ 161,496</u>

- f. The years for which TCFHC and other subsidiaries' income tax returns had been examined by the 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>
2018	2018	2018	2018	2018	2021	2018	2018

- g. 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.

h. Pillar Two income tax legislation

In December 2023, the government of Belgium, where TCB's subsidiary is incorporated, enacted the Pillar Two income tax legislation effective January 1, 2024. Since the Pillar Two income tax legislation was not effective at the reporting date, TCB has not related current tax exposure.

In December 2023, the government of Australia, where TCB is incorporated, initiated the Pillar Two income tax legislation effective January 1, 2024. Since the Pillar Two income tax legislation was not effective at the reporting date, TCB has not related current tax exposure.

In December 2023, the government of Hong Kong, where TCB is incorporated, initiated the Pillar Two income tax legislation effective January 1, 2025. Since the Pillar Two income tax legislation was not effective at the reporting date, TCB has not related current tax exposure.

Under the legislation, the Company will be required to pay, in Belgium, Australia and Hong Kong, a top-up tax on the profits of the group entities that are taxed at an effective tax rate of less than 15 percent.

39. EARNINGS PER SHARE

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

	Net Income (Numerator)	Shares (Denominator in Thousands)	Earnings Per Share (NT\$)
<u>For the year ended December 31, 2023</u>			
Basic earnings per share (EPS)	\$ 17,263,694	14,709,382	<u>\$ 1.17</u>
Effect of dilutive common stock:			
Employees' compensation	-	<u>120</u>	
Diluted EPS	<u>\$ 17,263,694</u>	<u>14,709,502</u>	<u>\$ 1.17</u>
<u>For the year ended December 31, 2022</u>			
Basic earnings per share (EPS)	\$ 20,248,985	14,709,382	<u>\$ 1.38</u>
Effect of dilutive common stock:			
Employees' compensation	-	<u>147</u>	
Diluted EPS	<u>\$ 20,248,985</u>	<u>14,709,529</u>	<u>\$ 1.38</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>For the Year Ended December 31, 2022</u>	
	<u>Before Adjusted Retrospectively</u>	<u>After Adjusted Retrospectively</u>
Basic EPS (NT\$)	<u>\$ 1.45</u>	<u>\$ 1.38</u>
Diluted EPS (NT\$)	<u>\$ 1.45</u>	<u>\$ 1.38</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

	December 31	
	2023	2022
Number of shares authorized (in thousands)	<u>20,000,000</u>	<u>15,000,000</u>
Authorized capital	<u>\$ 200,000,000</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>
Common stocks issued	<u>\$ 147,093,822</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 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 December 31, 2023 came from the issuance of shares in excess of par value and treasury stock transactions. Capital surplus sources and uses were as follows:

Sources

From subsidiaries

Capital surplus (mainly additional paid-in capital from share issuance in excess of par value)	\$ 27,783,766
Legal reserve	15,799,245
Special reserve	195,968
Unappropriated earnings	<u>10,410,804</u>
	54,189,783
Additional paid-in capital from TCFHC's share issuance in excess of par value	3,861,434
Cash dividends from TCFHC received by subsidiary	148,857
Additional paid-in capital from TCFHC's share issuance in excess of par value	12,642,000
Share-based payment for the subscription for TCFHC's new shares by the employees of TCFHC and its subsidiaries	618,750
Unclaimed dividends	<u>13,801</u>
	71,474,625

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>\$ 45,650,280</u>

c. Special reserve

For the first-time adoption of IFRS Accounting Standards, 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 IFRS Accounting Standards, if the increase in retained earnings that resulted from all IFRS Accounting Standards adjustments is not enough for this appropriation, only the increase in retained earnings that resulted from all IFRS Accounting Standards 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 IFRS Accounting Standards 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 IFRS Accounting Standards 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 IFRS Accounting Standards adjustments on transitions to IFRS Accounting Standards.

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

	For the Year Ended December 31	
	2023	2022
Balance on January 1	\$ 985,539	\$ 985,539
Reversed on elimination of the original need to appropriate a special reserve:		
Disposal of properties and equipment	<u> -</u>	<u> -</u>
Balance on December 31	<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 parent company in accordance with the letter is as follows:

	For the Year Ended December 31, 2023
Balance on January 1	\$ -
Special reserve	<u>20,524,180</u>
Balance on December 31	<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 IFRS Accounting Standards. 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 Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Balance on January 1	\$ 5,316,401	\$ 6,651,118
Attributable to non-controlling interests		
Net income	614,521	568,307
Exchange differences on the translation of financial statements of foreign operations	9,077	9,943
Unrealized valuation gain on financial assets at FVTOCI	231,759	(1,058,146)
Other comprehensive income reclassification of overlay approach	(108,015)	(500,786)
Cash dividends distributed by subsidiaries	<u>(175,332)</u>	<u>(354,035)</u>
Balance on December 31	<u>\$ 5,888,411</u>	<u>\$ 5,316,401</u>

41. RELATED-PARTY TRANSACTIONS

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

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

a. Related parties

Related Party	Relationship with the Company
United Real Estate Management Co., Ltd.	Associated enterprise
Mesh Cooperative Ventures Inc.	Associated enterprise (disposal on October 30, 2023)
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 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.
TCB Fund of Emerging Markets Bond 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 (before September 7, 2023)
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.
Agricultural Bank of Taiwan	The director of TCB is also the Company's director.
The Credit Cooperative of Ilan	The director of TCB is also the Company's director.
Kaohsiung City Farmers' Association	The director of TCB is also the Company's director.
Sun Ba Power Corporation	The director of Sun Ba Power Corporation is main management's spouse
Krom Electronics Co., Ltd.	The director of Krom Electronics Co., Ltd. is second-degree kin
Others	Main management of the parent company and other related parties

b. Significant transactions between the Company and related parties:

1) Call loans to banks

	Highest Balance	Ending Balance	Interest Revenue	Interest Rate (%)
For the year ended <u>December 31, 2023</u>				
Others	<u>\$ 1,413,580</u>	<u>\$ 307,050</u>	<u>\$ 3,726</u>	1.200-5.850
For the year ended <u>December 31, 2022</u>				
Others	<u>\$ 1,401,050</u>	<u>\$ -</u>	<u>\$ 7,101</u>	0.300-3.680

2) Deposits from banks

	For the Year Ended December 31			
	2023		2022	
	Ending Balance	Interest Expense	Ending Balance	Interest Expense
Main management	\$ 112,266	\$ 1,216	\$ 195,887	\$ 1,828
Others				
Tamshui First Credit Bank	25,845,545	378,184	26,251,447	261,215
The Fifth Credit Cooperation of Taipei	-	59,077	6,667,716	61,676
Others	<u>27,209</u>	<u>867</u>	<u>14,058</u>	<u>-</u>
	<u>\$ 25,985,020</u>	<u>\$ 439,344</u>	<u>\$ 33,129,108</u>	<u>\$ 324,719</u>

3) Call loans from banks

	Highest Balance	Ending Balance	Interest Revenue	Interest Rate (%)
For the year ended <u>December 31, 2023</u>				
Others	<u>\$ 921,600</u>	<u>\$ -</u>	<u>\$ 803</u>	5.140-5.170

4) Loans

	Highest Balance	Ending Balance	Interest Revenue	Interest Rate (%)
<u>For the year ended December 31, 2023</u>				
Main management	\$ 495,165	\$ 262,282	\$ 4,536	1.636-3.090
Others	<u>1,676,070</u>	<u>669,704</u>	<u>7,311</u>	1.370-3.120
	<u>\$ 2,171,235</u>	<u>\$ 931,986</u>	<u>\$ 11,847</u>	
<u>For the year ended December 31, 2022</u>				
Main management	\$ 369,469	\$ 268,766	\$ 3,963	1.010-2.051
Others	<u>390,997</u>	<u>189,255</u>	<u>2,350</u>	0.100-2.710
	<u>\$ 760,466</u>	<u>\$ 458,021</u>	<u>\$ 6,313</u>	

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

5) Deposits

	Ending Balance	Interest Expense	Interest Rate (%)
<u>For the year ended December 31, 2023</u>			
Associates	\$ 79,155	\$ 759	0-4.950
Main management	1,316,889	16,062	0-13.000
Others			
Financial Information Service Co., Ltd.	18,745,956	21,102	0-5.250
The Credit Cooperative of Ilan	3,078,524	31,766	1.334-1.590
Kaohsiung City Farmers' Association	33,261	364	0.058-1.590
Others	<u>6,628,466</u>	<u>52,786</u>	0-13.000
	<u>\$ 29,882,251</u>	<u>\$ 122,839</u>	
<u>For the year ended December 31, 2022</u>			
Associates	\$ 92,999	\$ 858	0-0.835
Main management	781,793	10,959	0-13.000
Others			
Financial Information Service Co., Ltd.	16,187,597	9,245	0-1.440
Others	<u>4,523,124</u>	<u>22,462</u>	0-13.000
	<u>\$ 21,585,513</u>	<u>\$ 43,524</u>	

	December 31	
	2023	2022
6) Accrued income (part of receivables)		
Others	\$ <u>25,473</u>	\$ <u>28,863</u>
7) Accrued interest (part of receivables)		
Others	\$ <u>1,048</u>	\$ <u>-</u>
8) Receivable on securities (part of receivables)		
Others	\$ <u>-</u>	\$ <u>6,977</u>
9) Payables interests (part of payables)		
Associates	\$ 528	\$ 119
Main management	3,052	1,631
Others	<u>12,960</u>	<u>4,620</u>
	<u>\$ 16,540</u>	<u>\$ 6,370</u>
10) Payable on securities (part of payables)		
Others	\$ <u>2,065</u>	\$ <u>-</u>
11) Guarantee deposits received (part of other financial liabilities)		
Taiwan Asset Management Corporation	\$ 3,249	\$ 3,249
Agricultural Bank of Taiwan	<u>10,700</u>	<u>-</u>
	<u>\$ 13,949</u>	<u>\$ 3,249</u>
	For the Year Ended December 31	
	2023	2022
12) Service fee income (part of service fee and commission income, net)		
Main management	\$ 207	\$ 206
Others	<u>357,810</u>	<u>369,998</u>
	<u>\$ 358,017</u>	<u>\$ 370,204</u>
13) Service charge (part of service fee and commission income, net)		
Main management	\$ <u>132</u>	\$ <u>128</u>

For the Year Ended December 31
2023 **2023**

14) Other income (part of other noninterest gain, net)

Others

Taiwan Asset Management Corporation	\$	1,972	\$	1,739
Financial Information Service Co., Ltd.		1,714		1,484
Others		<u>647</u>		<u>38</u>
		<u>\$ 4,333</u>		<u>\$ 3,261</u>

15) 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.

16) Derivatives

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	2023.10.26-2024.02.26	US\$ 5,500	\$ (3,148)	Financial liabilities at fair value through profit or loss	\$ (3,148)
Other - TCB 6 Year Emerging Market Bond Fund	Currency swap	2023.12.11-2024.03.28	US\$ 11,630	(3,760)	Financial liabilities at fair value through profit or loss	(3,760)
Other - TCB 2026 Maturity Senior Emerging Market Corporate Bond Fund	Currency swap	2023.12.08-2024.01.08	US\$ 800	(201)	Financial liabilities at fair value through profit or loss	(201)
Other - TCB US Short Duration High Yield Bond Fund	Currency swap	2023.03.21-2024.03.21	US\$ 5,950	(108)	Financial liabilities at fair value through profit or loss	(108)
Other - TCB Global Core Infrastructure Income Fund	Currency swap	2023.10.13-2024.01.16	US\$ 900	(657)	Financial liabilities at fair value through profit or loss	(657)
Other - TCB Global High Yield Bond Fund	Currency swap	2023.11.28-2024.03.18	US\$ 4,220	(2,425)	Financial liabilities at fair value through profit or loss	(2,425)
Other - TCB 2032 Target Date Multi-Asset Income Fund	Currency swap	2023.12.18-2024.03.18	US\$ 3,000	(2,000)	Financial liabilities at fair value through profit or loss	(2,000)
Other - TCB Environment & Socially Responsible Multi-Asset Fund	Currency swap	2023.10.06-2024.03.29	US\$ 7,200	(5,046)	Financial liabilities at fair value through profit or loss	(5,046)
Other - TCB Global Healthcare Multi-Asset Income Fund	Currency swap	2023.12.26-2024.03.29	US\$ 13,000	(5,500)	Financial liabilities at fair value through profit or loss	(5,500)
Other - TCB 2025 Maturity Emerging Market Bond Fund	Currency swap	2023.11.30-2024.03.28	US\$ 21,650	(3,194)	Financial liabilities at fair value through profit or loss	(3,194)
Other - TCB Fund of Emerging Markets Bond Fund	Currency swap	2023.12.08-2024.03.29	US\$ 1,460	(791)	Financial liabilities at fair value through profit or loss	(791)

For the Year Ended December 31, 2022

Related Party	Type of Derivatives	Contract Period	Nominal Amounts	Valuation Gain (Loss)	Amounts on the Consolidated Balance Sheet	
					Account	Amounts
Other - TCB 6 Year Senior Emerging Market Bond Fund	Currency swap	2022.08.25-2023.06.29	US\$ 4,500	\$ 503	Financial assets at fair value through profit or loss	\$ 503
Other - TCB 6 Year Emerging Market Bond Fund	Currency swap	2022.10.11-2023.02.13	US\$ 7,300	(2,442)	Financial liabilities at fair value through profit or loss	(2,442)
Other - TCB 2025 Maturity Emerging Market Corporate Bond Fund	Currency swap	2022.08.23-2023.06.29	US\$ 36,700	5,790	Financial assets at fair value through profit or loss	5,790
Other - TCB 2026 Maturity Senior Emerging Market Corporate Bond Fund	Currency swap	2022.12.08-2023.03.08	US\$ 800	4	Financial assets at fair value through profit or loss	4
Other - TCB 2023 Maturity Selective Emerging Market Bond Fund	Currency swap	2022.12.12-2023.02.13	US\$ 750	45	Financial assets at fair value through profit or loss	45
Other - TCB Global Healthcare Multi-Asset Income Fund	Currency swap	2022.12.22-2023.03.31	US\$ 13,000	184	Financial assets at fair value through profit or loss	184
Other - TCB Global High Yield Bond Fund	Currency swap	2022.12.19-2023.03.20	US\$ 1,000	195	Financial assets at fair value through profit or loss	195
Other - TCB US Short Duration High Yield Bond Fund	Currency swap	2022.12.12-2023.06.12	US\$ 6,500	400	Financial assets at fair value through profit or loss	400
Other - TCB Environment & Socially Responsible Multi-Asset Fund	Currency swap	2022.12.21-2023.03.31	US\$ 5,000	157	Financial assets at fair value through profit or loss	157
Other - TCB Global Core Infrastructure Income Fund	Currency swap	2022.12.12-2023.02.13	US\$ 1,800	112	Financial assets at fair value through profit or loss	112
Other - TCB 2032 Target Date Multi-Asset Income Fund	Currency swap	2022.12.16-2023.03.16	US\$ 3,000	339	Financial assets at fair value through profit or loss	339

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

	For the Year Ended December 31	
	2023	2022
Financial assets and liabilities at fair value through profit or loss		
Others	<u>\$ 139,470</u>	<u>\$ 425,878</u>

17) Loans

December 31, 2023

Type	Account Volume or Name	Highest Balance in the Year Ended December 31, 2023 (Note 1)	Ending Balance	Loan Classification		Collaterals	Differences in Terms of Transaction Compared with Those for Unrelated Parties
				Normal Loans	Nonperforming Loans		
Consumer loans	102	\$ 376,322	\$ 210,658	\$ 210,658	\$ -	Note 2	None
Self-used housing mortgage loans	78	437,913	264,328	264,328	-	Land and buildings	None
Other loans	Tamshui First Credit Bank	900,000	-	-	-	Certificates of deposit	None
	Krom Electronics Co., Ltd.	50,000	50,000	50,000	-	None	None
	Sun Ba Power Corporation	407,000	407,000	407,000	-	None	None

December 31, 2022

Type	Account Volume or Name	Highest Balance in the Year Ended December 31, 2022 (Note 1)	Ending Balance	Loan Classification		Collaterals	Differences in Terms of Transaction Compared with Those for Unrelated Parties
				Normal Loans	Nonperforming Loans		
Consumer loans	92	\$ 263,006	\$ 212,055	\$ 212,055	\$ -	Note 2	None
Self-used housing mortgage loans	55	332,710	245,966	245,966	-	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 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

Subsidiary	December 31	
	2023	2022
	\$ 443,832	\$ 597,089

b) Call loans to banks

	Highest Balance	Ending Balance	Interest Revenue	Interest Rate (%)
For the year ended <u>December 31, 2023</u>				
Subsidiary	\$ 3,299,940	\$ 2,534,490	\$ 94,213	1.750-5.200
Sister companies				
TCBF	2,587,870	603,525	18,581	1.200-6.800
Others	<u>1,413,580</u>	<u>307,050</u>	<u>3,726</u>	1.200-5.850
	<u>\$ 7,301,390</u>	<u>\$ 3,445,065</u>	<u>\$ 116,520</u>	
For the year ended <u>December 31, 2022</u>				
Subsidiary	\$ 2,462,188	\$ 2,331,089	\$ 15,086	0.001-5.200
Sister companies				
TCBF	4,410,000	950,000	17,127	0.290-1.300
Others	<u>1,401,050</u>	<u>-</u>	<u>7,101</u>	0.300-3.680
	<u>\$ 8,273,238</u>	<u>\$ 3,281,089</u>	<u>\$ 39,314</u>	

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

	Highest Balance	Ending Balance	Interest Revenue	Interest Rate (%)
For the year ended <u>December 31, 2023</u>				
Sister company				
TCS	<u>\$ 324,880</u>	<u>\$ 307,050</u>	<u>\$ 17,012</u>	4.650-5.880
For the year ended <u>December 31, 2022</u>				
Sister company				
TCS	<u>\$ 557,078</u>	<u>\$ 307,250</u>	<u>\$ 4,384</u>	0.270-4.650

d) Deposits from banks

	For the Year Ended December 31			
	2023		2022	
	Ending Balance	Interest Expense	Ending Balance	Interest Expense
Subsidiary	\$ 24	\$ -	\$ 24	\$ -
Main management	112,266	1,216	195,887	1,828
Others				
Tamshui First Credit Bank	25,845,545	378,184	26,251,447	261,215
The Fifth Credit Cooperation of Taipei	-	59,077	6,667,716	61,676
Others	<u>27,209</u>	<u>867</u>	<u>14,058</u>	<u>-</u>
	<u>\$ 25,985,044</u>	<u>\$ 439,344</u>	<u>\$ 33,129,132</u>	<u>\$ 324,719</u>

e) Call loans from banks

	Highest Balance	Ending Balance	Interest Revenue	Interest Rate (%)
For the year ended <u>December 31, 2023</u>				
Subsidiary	\$ 6,804	\$ -	\$ 59	4.150
Others	<u>921,600</u>	<u>-</u>	<u>803</u>	5.140-5.170
	<u>\$ 928,404</u>	<u>\$ -</u>	<u>\$ 862</u>	

f) Loans

	Highest Balance	Ending Balance	Interest Revenue	Interest Rate (%)
For the year ended <u>December 31, 2023</u>				
Subsidiary	\$ 6,908,355	\$ 4,966,920	\$ 180,378	2.947-5.958
Main management	495,165	262,282	4,536	1.636-3.090
Others	<u>1,676,070</u>	<u>669,704</u>	<u>7,311</u>	1.370-3.120
	<u>\$ 9,079,590</u>	<u>\$ 5,898,906</u>	<u>\$ 192,225</u>	
For the year ended <u>December 31, 2022</u>				
Subsidiary	\$ 5,868,345	\$ 5,864,040	\$ 44,223	0.900-3.028
Sister companies	1,000,000	-	-	-
Main management	369,469	268,766	3,963	1.010-2.051
Others	<u>390,997</u>	<u>189,255</u>	<u>2,350</u>	0.100-2.710
	<u>\$ 7,628,811</u>	<u>\$ 6,322,061</u>	<u>\$ 50,536</u>	

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

g) Deposits

	Ending Balance	Interest Expense	Interest Rate (%)
For the year ended <u>December 31, 2023</u>			
Parent company	\$ 51,823	\$ 657	0-0.580
Sister companies	2,515,642	24,124	0-4.450
Associates	79,155	759	0-4.950
Main management	1,316,889	16,062	0-13.000
Others			
Financial Information Service Co., Ltd.	18,745,956	21,102	0-5.250
The Credit Cooperative of Ilan Kaohsiung City Farmers' Association	3,078,524	31,766	1.334-1.590
Others	33,261	364	0.058-1.590
	<u>6,628,466</u>	<u>52,786</u>	0-13.000
	<u>\$ 32,449,716</u>	<u>\$ 147,620</u>	

For the year ended
December 31, 2022

Parent company	\$ 105,332	\$ 366	0-0.455
Sister companies	2,798,073	11,160	0-1.325
Associates	92,999	858	0-0.835
Main management	781,793	10,959	0-13.000
Others	<u>20,710,721</u>	<u>31,707</u>	0-13.000
	<u>\$ 24,488,918</u>	<u>\$ 55,050</u>	

	December 31	
	2023	2022
h) Accrued income (part of receivables)		
BPCTLI	\$ 215,104	\$ 35,139
TCSIT	3,264	3,382
TCS	<u>12,515</u>	<u>-</u>
	<u>\$ 230,883</u>	<u>\$ 38,521</u>
i) Tax receivable - consolidated tax return (part of current tax assets)		
Parent company	<u>\$ 2,110,779</u>	<u>\$ 2,084,831</u>
j) Tax payable - consolidated tax return (part of current tax liabilities)		
Parent company	<u>\$ 2,775,295</u>	<u>\$ 352,754</u>

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

	For the Year Ended December 31	
	2023	2022
Sister companies		
BPCTLI	\$ 581,607	\$ 625,785
Others	41,937	47,009
Main management	207	206
Others	<u>25,201</u>	<u>293</u>
	<u>\$ 648,952</u>	<u>\$ 673,293</u>

l) Lease agreements- TCB is lessor

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

i. Future lease payment receivable was as follows:

	December 31	
	2023	2022
Parent company	\$ 106,511	\$ 133,272
Sister companies		
TCS	112,348	87,684
BPCTLI	92,533	14,531
TCBF	37,413	2,201
Others	<u>19,688</u>	<u>28,790</u>
	<u>\$ 368,493</u>	<u>\$ 266,478</u>

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

	For the Year Ended December 31	
	2023	2022
Parent company	\$ 29,099	\$ 26,332
Sister companies		
TCS	46,121	44,604
BPCTLI	19,919	14,410
Others	<u>24,609</u>	<u>22,395</u>
	<u>\$ 119,748</u>	<u>\$ 107,741</u>

m) Derivatives

For the Year Ended December 31, 2023						
Related Party	Type of Derivatives	Contract Period	Nominal Amounts	Valuation Gain (Loss)	Amounts on the Consolidated Balance Sheet	
					Account	Amounts
Sister company - BPCTLI	Currency swap	2023.09.28-2024.03.29	US\$ 105,245	\$ (56,390)	Financial liabilities at fair value through profit or loss	\$ (56,390)
	Currency swap	2023.08.24-2024.01.24	EUR 3,012	(1,354)	Financial liabilities at fair value through profit or loss	(1,354)
	Currency swap	2023.01.31-2024.01.31	EUR 4,844	8,631	Financial assets at fair value through profit or loss	8,631
Sister company - TCBF	Currency swap	2023.12.08-2024.01.18	US\$ 3,000	(1,711)	Financial liabilities at fair value through profit or loss	(1,711)
Other - TCB 6 Year Senior Emerging Market Bond Fund	Currency swap	2023.10.26-2024.02.26	US\$ 5,500	(3,148)	Financial liabilities at fair value through profit or loss	(3,148)
Other - TCB 6 Year Emerging Market Bond Fund	Currency swap	2023.12.11-2024.03.28	US\$ 11,630	(3,760)	Financial liabilities at fair value through profit or loss	(3,760)
Other - TCB 2026 Maturity Senior Emerging Market Corporate Bond Fund	Currency swap	2023.12.08-2024.01.08	US\$ 800	(201)	Financial liabilities at fair value through profit or loss	(201)
Other - TCB US Short Duration High Yield Bond Fund	Currency swap	2023.03.21-2024.03.21	US\$ 5,950	(108)	Financial liabilities at fair value through profit or loss	(108)
Other - TCB Global Core Infrastructure Income Fund	Currency swap	2023.10.13-2024.01.16	US\$ 900	(657)	Financial liabilities at fair value through profit or loss	(657)
Other - TCB Global High Yield Bond Fund	Currency swap	2023.11.28-2024.03.18	US\$ 4,220	(2,425)	Financial liabilities at fair value through profit or loss	(2,425)
Other - TCB 2032 Target Date Multi-Asset Income Fund	Currency swap	2023.12.18-2024.03.18	US\$ 3,000	(2,000)	Financial liabilities at fair value through profit or loss	(2,000)
Other - TCB Environment & Socially Responsible Multi-Asset Fund	Currency swap	2023.10.06-2024.03.29	US\$ 7,200	(5,046)	Financial liabilities at fair value through profit or loss	(5,046)
Other - TCB Global Healthcare Multi-Asset Income Fund	Currency swap	2023.12.26-2024.03.29	US\$ 13,000	(5,500)	Financial liabilities at fair value through profit or loss	(5,500)
Other - TCB 2025 Maturity Selective Emerging Market Bond Fund	Currency swap	2023.11.30-2024.03.28	US\$ 21,650	(3,194)	Financial liabilities at fair value through profit or loss	(3,194)
Other - TCB Fund of Emerging Markets Bond Fund	Currency swap	2023.12.08-2024.03.29	US\$ 1,460	(791)	Financial liabilities at fair value through profit or loss	(791)

For the Year Ended December 31, 2022

Related Party	Type of Derivatives	Contract Period	Nominal Amounts	Valuation Gain (Loss)	Amounts on the Consolidated Balance Sheet	
					Account	Amounts
Sister company - BPCTLI	Currency swap	2022.11.30-2023.03.23	EUR 7,856	\$ 3,759	Financial assets at fair value through profit or loss	\$ 3,759
	Currency swap	2022.01.11-2023.04.28	US\$ 68,149	165,824	Financial assets at fair value through profit or loss	165,824
	Currency swap	2022.09.30-2023.02.24	US\$ 54,387	(46,146)	Financial liabilities at fair value through profit or loss	(46,146)
Sister company - TCBF	Currency swap	2022.12.27-2023.02.24	US\$ 1,000	91	Financial assets at fair value through profit or loss	91
Other - TCB 6 Year Senior Emerging Market Bond Fund	Currency swap	2022.08.25-2023.06.29	US\$ 4,500	503	Financial assets at fair value through profit or loss	503
Other - TCB 6 Year Emerging Market Bond Fund	Currency swap	2022.10.11-2023.02.13	US\$ 7,300	(2,442)	Financial liabilities at fair value through profit or loss	(2,442)
Other - TCB 2025 Maturity Emerging Market Bond Fund	Currency swap	2022.08.23-2023.06.29	US\$ 36,700	5,790	Financial assets at fair value through profit or loss	5,790
Other - TCB 2026 Maturity Senior Emerging Market Corporate Bond Fund	Currency swap	2022.12.08-2023.03.08	US\$ 800	4	Financial assets at fair value through profit or loss	4
Other - TCB 2023 Maturity Selective Emerging Market Bond Fund	Currency swap	2022.12.12-2023.02.13	US\$ 750	45	Financial assets at fair value through profit or loss	45
Other - TCB Global Healthcare Multi-Asset Income Fund	Currency swap	2022.12.22-2023.03.31	US\$ 13,000	184	Financial assets at fair value through profit or loss	184
Other - TCB Global High Yield Bond Fund	Currency swap	2022.12.19-2023.03.20	US\$ 1,000	195	Financial assets at fair value through profit or loss	195
Other - TCB US Short Duration High Yield Bond Fund	Currency swap	2022.12.12-2023.06.12	US\$ 6,500	400	Financial assets at fair value through profit or loss	400
Other - TCB Environment & Socially Responsible Multi-Asset Fund	Currency swap	2022.12.21-2023.03.31	US\$ 5,000	157	Financial assets at fair value through profit or loss	157
Other - TCB Global Core Infrastructure Income Fund	Currency swap	2022.12.12-2023.02.13	US\$ 1,800	112	Financial assets at fair value through profit or loss	112
Other - TCB 2032 Target Date Multi-Asset Income Fund	Currency swap	2022.12.16-2023.03.16	US\$ 3,000	339	Financial assets at fair value through profit or loss	339

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

	For the Year Ended December 31	
	2023	2022
Financial assets and liabilities at fair value through profit or loss		
Sister companies		
BPCTLI	\$ 347,102	\$ 257,230
Others	6,201	1,808
Others	<u>139,470</u>	<u>425,878</u>
	<u>\$ 492,773</u>	<u>\$ 684,916</u>

n) Loans

December 31, 2023

Type	Account Volume or Name	Highest Balance in the Period Ended December 31, 2023 (Note 1)	Ending Balance	Loan Classification		Collaterals	Differences in Terms of Transaction Compared with Those for Unrelated Parties
				Normal Loans	Nonperforming Loans		
Consumer loans	102	\$ 376,322	\$ 210,658	\$ 210,658	\$ -	Note 2	None
Self-used housing mortgage loans	78	437,913	264,328	264,328	-	Land and buildings	None
Other loans	United Taiwan Bank S.A.	6,908,355	4,966,920	4,966,920	-	None	None
	Tamshui First Credit Bank	900,000	-	-	-	Certificates of deposit	None
	Krom Electronics Co., Ltd.	50,000	50,000	50,000	-	None	None
	Sun Ba Power Corporation	407,000	407,000	407,000	-	None	None

December 31, 2022

Type	Account Volume or Name	Highest Balance in the Period Ended December 31, 2022 (Note 1)	Ending Balance	Loan Classification		Collaterals	Differences in Terms of Transaction Compared with Those for Unrelated Parties
				Normal Loans	Nonperforming Loans		
Consumer loans	92	\$ 263,006	\$ 212,055	\$ 212,055	\$ -	Note 2	None
Self-used housing mortgage loans	55	322,710	245,966	245,966	-	Land and buildings	None
Other loans	United Taiwan Bank S.A.	5,868,345	5,864,040	5,864,040	-	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 consumer loans was guaranteed by real estate.

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

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

	December 31	
	2023	2022
Sister companies		
TCB	\$ 131,678	\$ 81,416

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

	December 31	
	2023	2022
Sister companies		
TCB	\$ 14,708	\$ 175,533

c) TCS applied to TCB for call loans

For the Year Ended December 31, 2023				
Related Party	Highest Balance	Ending Balance	Interest Expense	Interest Rate (%)
Sister companies TCB	\$ <u>324,410</u>	\$ <u>307,050</u>	\$ <u>17,001</u>	4.650-5.880

For the Year Ended December 31, 2022				
Related Party	Highest Balance	Ending Balance	Interest Expense	Interest Rate (%)
Sister companies TCB	\$ <u>543,566</u>	\$ <u>307,250</u>	\$ <u>4,565</u>	0.270-4.650

d) Purchases and sales of securities

For the Year Ended December 31, 2023				
Related Party	Purchases	Sales	Sales Under Repurchase Agreements	Purchases Under Resell Agreements
Parent company	\$ <u>700,000</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

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

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

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

f) Lease agreements - TCS is lessee

i. Right-of-use assets, net

	December 31	
	2023	2022
Sister companies TCB	\$ <u>107,422</u>	\$ <u>81,807</u>

ii. Lease liabilities

December 31	
2023	2022

Sister companies	\$ <u>108,289</u>	\$ <u>83,879</u>
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iii. Interest expense

For the Year Ended December 31	
2023	2022

Sister companies	\$ <u>1,157</u>	\$ <u>1,816</u>
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iv. Depreciation expense

For the Year Ended December 31	
2023	2022

Sister companies	\$ <u>43,766</u>	\$ <u>42,634</u>
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3) Taiwan Cooperative Bills Finance Corporation Ltd.

a) Cash in bank

	Highest Balance	Ending Balance	Interest Revenue	Interest Rate (%)
<u>December 31, 2023</u>				
Sister companies	\$ <u>693,379</u>	\$ <u>48,590</u>	\$ <u>335</u>	0.010-1.565
<u>December 31, 2022</u>				
Sister companies	\$ <u>507,469</u>	\$ <u>32,209</u>	\$ <u>72</u>	0.010-1.440

b) Call loans from banks

	Highest Balance	Ending Balance	Interest Expense	Interest Rate (%)
For the year ended <u>December 31, 2023</u>				
Sister companies	\$ <u>2,578,988</u>	\$ <u>603,525</u>	\$ <u>18,579</u>	1.200-6.080
For the year ended <u>December 31, 2022</u>				
Sister companies	\$ <u>4,410,000</u>	\$ <u>950,000</u>	\$ <u>17,127</u>	0.290-1.300

c) Securities sold under repurchase agreement

	Ending Balance	Interest Expense	Interest Rate (%)
For the year ended <u>December 31, 2023</u>			
Sister companies	\$ <u>474,087</u>	\$ <u>3,001</u>	1.150-1.320
For the year ended <u>December 31, 2022</u>			
Sister companies	\$ <u>-</u>	\$ <u>957</u>	0.280-1.150

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)

	December 31			
	2023		2022	
	Amount	%	Amount	%
Sister company TCB	\$ <u>1,486,896</u>	45	\$ <u>1,587,724</u>	36

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

	For the Year Ended December 31, 2023		
	Securities Purchase Under Resell Agreements		
	Amount (Note)	Ending Balance	Rate (%)
Sister company TCBF	\$ <u>6,157,359</u>	\$ <u>474,087</u>	0.000-1.320%
	For the Year Ended December 31, 2022		
	Securities Purchase Under Resell Agreements		
	Amount (Note)	Ending Balance	Rate (%)
Sister company TCBF	\$ <u>5,671,781</u>	\$ <u>-</u>	0.280-1.150

Note: The amount includes securities purchased under resell agreements.

c) Derivatives

For the year ended December 31, 2023

Type of Derivatives	Related Party	Contract Period	Nominal Amounts	Valuation Gain (Loss)	Amounts on the Balance Sheet	
					Account	Amounts
Currency swap	Sister companies - TCB	2023.09.28-2023.09.28	US\$ 105,245	\$ 53,997	Financial assets at fair value through profit or loss	\$ 53,997
		2023.08.24-2024.01.24	EUR 3,012	1,403	Financial assets at fair value through profit or loss	1,403
		2023.01.31-2024.01.31	EUR 4,844	(8,534)	Financial liabilities at fair value through profit or loss	(8,534)
	Associates - Banque Nationale De Paris, Taipei Branch (Note)	2023.08.15-2024.05.15	US\$ 39,436	36,059	Financial assets at fair value through profit or loss	36,059
		2021.06.11-2024.08.19	EUR 45,606	(43,598)	Financial liabilities at fair value through profit or loss	(94,840)
		2023.02.02-2024.03.25	EUR 10,933	(12,367)	Financial liabilities at fair value through profit or loss	(12,367)

For the year ended December 31, 2022

Type of Derivatives	Related Party	Contract Period	Nominal Amounts	Valuation Gain (Loss)	Amounts on the Balance Sheet	
					Account	Amounts
Currency swap	Sister companies - TCB	2022.09.30-2023.02.24	US\$ 54,387	\$ 48,053	Financial assets at fair value through profit or loss	\$ 48,053
		2022.1.11-2023.04.28	US\$ 68,149	(163,630)	Financial liabilities at fair value through profit or loss	(163,630)
		2022.11.30-2023.3.23	EUR 7,856	(3,358)	Financial assets at fair value through profit or loss	(3,358)
	Associates - Banque Nationale De Paris, Taipei Branch (Note)	2022.10.24-2023.03.24	US\$ 15,063	18,201	Financial assets at fair value through profit or loss	18,201
		2021.06.11-2024.08.19	US\$ 81,604	(144,918)	Financial liabilities at fair value through profit or loss	(119,265)
		2022.12.22-2023.02.22	EUR 4,827	(437)	Financial liabilities at fair value through profit or loss	(437)

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

In 2023 and 2022, the realized gains or losses on currency swaps with sister companies were \$340,135 thousand losses and \$255,976 thousand losses, respectively. Besides, the realized gains or losses on currency swaps with affiliates were \$145,145 thousand losses and \$94,671 thousand losses, respectively.

The BPCTLI engaged in foreign exchange swaps with associates. Under these contracts, both parties should receive deposits (part of other assets - refundable deposits other liabilities) depending on the value of the swaps. As of December 31, 2023 and 2022, the BPCTLI had refunded deposits of \$85,155 thousand and refunded deposits of \$100,742 thousand, respectively.

d) Payables

	December 31	
	2023	2022
Sister company		
TCB	\$ 281,125	\$ 172,706
Associates	<u>3,436</u>	<u>135</u>
	<u>\$ 284,561</u>	<u>\$ 172,841</u>

e) Operating cost - insurance contract expenses

	For the Year Ended December 31	
	2023	2022
Sister company		
TCB	<u>\$ 628,655</u>	<u>\$ 544,796</u>

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

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

	For the Nine Months Ended September 30	
	2023	2022
Management fee income		
Sister company	\$ 402	\$ 705
Others	<u>331,093</u>	<u>368,028</u>
	<u>\$ 331,495</u>	<u>\$ 368,733</u>

6) Taiwan Cooperative Venture Capital Co., Ltd.

	For the Year Ended December 31	
	2023	2022
Cash in banks		
Sister company		
TCB	<u>\$ 44,041</u>	<u>\$ 216,342</u>

7) Taiwan Cooperative International Leasing Co., Ltd.

	For the Year Ended December 31	
	2023	2022
Cash in banks		
Sister company		
TCB	<u>\$ 203,999</u>	<u>\$ 5</u>

d. Salaries, bonuses and remunerations to main management

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

	For the Year Ended December 31	
	2023	2022
Salaries and other short-term employment benefits	\$ 196,266	\$ 203,493
Post-employment benefits	10,018	4,210
Interest arising from the employees' preferential rate in excess of normal rates	<u>1,855</u>	<u>1,691</u>
	<u>\$ 208,139</u>	<u>\$ 209,394</u>

42. PLEDGED ASSETS

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

	December 31	
	2023	2022
Financial assets mandatorily classified as at fair value through profit or loss -negotiable certificates of deposit	\$ 400,000	\$ 300,000
Financial assets at fair value through other comprehensive income - debt instrument investments	184,230	-
Investments in debt instruments at amortized cost	84,294,516	84,439,398
Other financial assets - due from banks	<u>397,701</u>	<u>385,514</u>
	<u>\$ 85,276,447</u>	<u>\$ 85,124,912</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 December 31, 2023 and 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
December 31, 2023	<u>\$ 488,219</u>	<u>\$ 411,019</u>
December 31, 2022	<u>\$ 436,267</u>	<u>\$ 361,914</u>

- c. As of December 31, 2023 and 2022, due to the KHR loans borrowed from the National Bank of Cambodia, up to US\$25,525 thousand and US\$27,927 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 and contingencies were as follows:

a. Taiwan Cooperative Financial Holding Co., Ltd.

As of December 31, 2023, TCFHC's outstanding major construction and procurement contracts amounted to \$184,580 thousand, of which \$129,791 thousand was still unpaid.

b. Taiwan Cooperative Bank, Ltd.

1) As of December 31, 2023, TCB's outstanding major construction and procurement contracts amounted to \$724,445 thousand, of which \$447,638 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 December 31, 2023, the commitments arose from business were as follows:

	December 31, 2023
Guarantees of commercial paper	<u>\$ 32,045,300</u>
Purchase of reference-rate commercial paper	<u>\$ 6,750,000</u>

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

As of December 31, 2023, TCS's agreements on the acquisition equipment and house decoration project amounted to \$27,931 thousand, of which \$15,389 thousand was still unpaid.

44. FINANCIAL INSTRUMENTS

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

	December 31			
	2023		2022	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
<u>Financial assets</u>				
Investments in debt instruments at amortized cost	\$ 705,008,604	\$ 702,298,543	\$ 719,535,355	\$ 714,728,964
<u>Financial liabilities</u>				
Bonds payable	77,240,000	77,398,413	80,290,000	80,616,994

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

December 31, 2023

	Total	Level 1	Level 2	Level 3
<u>Financial assets</u>				
Investments in debt instruments at amortized cost	\$ 702,298,543	\$ 465,362	\$ 701,679,656	\$ 153,525

Financial liabilities

Bonds payable	77,398,413	-	77,398,413	-
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December 31, 2022

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

Financial liabilities

Bonds payable	80,616,994	-	80,616,994	-
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In addition to those listed above, the management considered 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 1.0889% and 1.6705%, between 1.3207% and 1.7870% as of December 31, 2023 and 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 December 31, 2023 and 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:

	December 31	
	2023	2022
Discount for lack of marketability		
Increase 10%	<u>\$ (1,197,120)</u>	<u>\$ (1,038,686)</u>
Decrease 10%	<u>\$ 1,197,120</u>	<u>\$ 1,038,686</u>
Discount for minority interest		
Increase 10%	<u>\$ (37,334)</u>	<u>\$ (40,416)</u>
Decrease 10%	<u>\$ 37,334</u>	<u>\$ 40,416</u>

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

1) Fair value hierarchy

Financial Instruments Measured at Fair Value	December 31, 2023			
	Total	Level 1	Level 2	Level 3
<u>Non-derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at FVTPL				
Equity instruments	\$ 2,398,480	\$ 1,043,980	\$ 14,424	\$ 1,340,076
Debt instruments	2,246,285	833,193	1,413,092	-
Others	118,120,125	5,090,862	113,029,263	-
Financial assets at FVTOCI				
Equity instruments	47,320,226	40,112,612	-	7,207,614
Debt instruments	454,413,976	22,265,016	432,148,960	-
Others	7,517,914	-	7,517,914	-
<u>Liabilities</u>				
Financial liabilities at FVTPL	(3,092,154)	(317,616)	(2,774,538)	-
<u>Derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at FVTPL	3,343,606	403,651	2,939,955	-
<u>Liabilities</u>				
Financial liabilities at FVTPL	(6,169,824)	-	(6,169,824)	-
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)	-

Some of the debt instruments held by the Company in 2022 were determined to be non-active bond instruments with market price information and liquidity, and the amount was transferred from Tier 1 to Tier 2. The evaluation is based on price information that can be observed in addition to open quotes in the active market.

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

Financial Assets	Financial assets at FVTPL	Investment in Equity Instruments at FVTOCI	Total
Balance on January 1, 2023	\$ 1,318,493	\$ 6,227,077	\$ 7,545,570
Recognized in profit	285,635	-	285,635
Recognized in OCI (investment in equity instruments at FVTOCI)	-	980,537	980,537
Purchases	172,496	-	172,496
Disposals	(368,292)	-	(368,292)
Transferred out of Level 3	<u>(68,256)</u>	<u>-</u>	<u>(68,256)</u>
 Balance on December 31, 2023	 <u>\$ 1,340,076</u>	 <u>\$ 7,207,614</u>	 <u>\$ 8,547,690</u>
Balance on January 1, 2022	\$ 1,456,354	\$ 6,959,665	\$ 8,416,019
Recognized in profit	238,392	-	238,392
Recognized in OCI (investment in equity instruments at FVTOCI)	-	(884,673)	(884,673)
Purchases	224,902	152,085	376,987
Disposals	(573,655)	-	(573,655)
Transferred out of Level 3	<u>(27,500)</u>	<u>-</u>	<u>(27,500)</u>
 Balance at December 31, 2022	 <u>\$ 1,318,493</u>	 <u>\$ 6,227,077</u>	 <u>\$ 7,545,570</u>

The change in unrealized gains for the years ended December 31, 2023 and 2022 included in profit or loss for assets held at December 31, 2023 and 2022 was \$48,882 thousand and \$218,437 thousand gains, respectively.

For the years ended December 31, 2023 and 2022, the Company's emerging market stock whose original trading volume met the active standard were transferred out of Level 3 because the emerging market stock which originally did not meet the active standard, their subsequent transactions were active.

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

	December 31, 2023
Difference between carrying amount and contractual amount at maturity	
Fair value	\$ 2,774,538
Amount payable at maturity	<u>2,834,072</u>
	<u>\$ (59,534)</u>

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

Accumulated amount of change
As of December 31, 2023

\$ (13,014)

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 December 31, 2023 which are subject to the reform and have not transitioned to an alternative benchmark interest rate:

	Carrying Amount
Financial assets that reference USD LIBOR	
Financial assets at FVTOCI	<u>\$ 2,831,358</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.

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, and enhances the effectiveness of audit and assists 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 detailed 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 commitment and guarantees)

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

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

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

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

ii. Due from and call loans to other banks

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

iii. Investments in debt instruments and derivatives

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

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

b) Measurement of expected credit losses

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

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

Loans business

i) Quantitative benchmark

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

ii) Qualitative benchmark

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

Bonds and bills business

i) Quantitative benchmark

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

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

ii) Qualitative benchmark

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

ii. Definition of default and credit loss on financial assets

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

Loans business

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

Bonds and bills business

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

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

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

iii. Reversal policy

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

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

- v) Overdue credit card loans and overdue receivables were aged over nine months after the settlement date.

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

iv. Measurement of expected credit losses

Loans business

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

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

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

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

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

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

Bonds and bills business

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

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.

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

v. Forward-looking information considerations

Loans business

TCB and its subsidiary have taken into account previous forward-looking information when assessing asset default probability. The Bank and its subsidiaries analyze past archives to identify relevant economic factors affecting personal and company asset default probabilities.

According to TCB and its subsidiary's previous forward-looking information, estimations are calculated at the end of the year per year on average. The influence of relevant economic factors and expected credit loss identified by the Bank and its subsidiaries on December 31, 2022 and 2021 is as follows:

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

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

Bonds and bills business

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

c) Credit risk avoidance or mitigation policy

i. Strengthen collaterals and other credits

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

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

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

December 31, 2023

	Gross Carrying Amount	Allowance for Possible Losses	Total Exposure Amount (Amortized Cost)	Fair Value of Collateral
<u>Impaired financial assets</u>				
Receivables	\$ 274,481	\$ 116,334	\$ 158,147	\$ -
Discount and loans	31,819,851	4,160,724	27,659,127	67,435,934

December 31, 2022

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

The total amount of financial assets that have been written off but have recourse action by TCB and its subsidiary in December 31, 2023 and 2022 were \$11,983,222 thousand and \$7,292,399 thousand, respectively.

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

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

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

Credit Risk Profile by Group or Industry	December 31			
	2023		2022	
	Amount	%	Amount	%
Natural person	\$ 1,020,504,283	36	\$ 989,233,524	38
Manufacturing	505,293,926	18	452,362,367	17
Government agencies	327,347,260	12	247,622,319	10

iii. Master netting arrangement

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

d) Maximum exposures to credit risks

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

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

	<u>December 31</u>	
	2023	2022
Financial assets at fair value through profit or loss - debt instrument	\$ 792,255	\$ 885,078

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

	<u>December 31, 2023</u>				
	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired Financial Instruments)	Difference of Impairment Loss under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	Total
Maximum exposures to credit risk	\$ 334,512,929	\$ 54,080	\$ 157,879	\$ -	\$ 334,724,888
Allowance for possible losses	(859,719)	(105)	(10,148)	-	(869,972)
Difference of impairment loss under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	<u>-</u>	<u>-</u>	<u>-</u>	<u>(506,676)</u>	<u>(506,676)</u>
	<u>\$ 333,653,210</u>	<u>\$ 53,975</u>	<u>\$ 147,731</u>	<u>\$ (506,676)</u>	<u>\$ 333,348,240</u>

December 31, 2022					
	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired Financial Instruments)	Difference of Impairment Loss under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	Total
Maximum exposures to credit risk	\$ 285,093,436	\$ -	\$ 257,008	\$ -	\$ 285,350,444
Allowance for possible losses	(745,652)	-	(23,647)	-	(769,299)
Difference of impairment loss under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	-	-	-	(472,352)	(472,352)
	<u>\$ 284,347,784</u>	<u>\$ -</u>	<u>\$ 233,361</u>	<u>\$ (472,352)</u>	<u>\$ 284,108,793</u>

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

December 31, 2023					
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Difference of Impairment Loss under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	Total
Discounts and loans	\$ 2,798,199,910	\$ 3,278,847	\$ 31,819,851	\$ -	\$ 2,833,298,608
Allowance for possible losses	(4,558,964)	(55,889)	(4,160,724)	-	(8,775,577)
Impairment recognized under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans”	-	-	-	(24,106,171)	(24,106,171)
	<u>\$ 2,793,640,946</u>	<u>\$ 3,222,958</u>	<u>\$ 27,659,127</u>	<u>\$ (24,106,171)</u>	<u>\$ 2,800,416,860</u>

December 31, 2022					
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Differnet of Impairment Loss under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	Total
Discounts and loans	\$ 2,579,964,014	\$ 5,893,927	\$ 34,838,082	\$ -	\$ 2,620,696,023
Allowance for possible losses	(4,125,312)	(100,144)	(4,034,715)	-	(8,260,171)
Impairment recognized 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>

b) Credit quality analysis of receivables

December 31, 2023						
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Credit Impairment by Using Simplified Method	Differnet of Impairment Loss under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	Total
Receivables	\$ 20,774,850	\$ 65,565	\$ 274,481	\$ 4,123,579	\$ -	\$ 25,238,475
Allowance for possible losses	(42,585)	(12,230)	(116,334)	(184,502)	-	(355,651)
Impairment recognized under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans”	-	-	-	-	(169,173)	(169,173)
	<u>\$ 20,732,265</u>	<u>\$ 53,335</u>	<u>\$ 158,147</u>	<u>\$ 3,939,077</u>	<u>\$ (169,173)</u>	<u>\$ 24,713,651</u>

December 31, 2022						
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Credit Impairment by Using Simplified Method	Differnet 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)
Impairment recognized 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>

c) Credit quality analysis of securities

	December 31, 2023			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
Investments in debt instruments at FVTOCI				
Gross carrying amount	\$ 412,039,168	\$ -	\$ 338,273	\$ 412,377,441
Allowance for possible losses	<u>(52,572)</u>	<u>-</u>	<u>(210,853)</u>	<u>(263,425)</u>
Amortized cost	411,986,596	-	127,420	412,114,016
Fair value adjustments	<u>(14,814,200)</u>	<u>-</u>	<u>107,540</u>	<u>(14,706,660)</u>
	<u>\$ 397,172,396</u>	<u>\$ -</u>	<u>\$ 234,960</u>	<u>\$ 397,407,356</u>
Investments in debt instruments at amortized cost	\$ 702,635,947	\$ -	\$ -	\$ 702,635,947
Allowance for possible losses	<u>(33,530)</u>	<u>-</u>	<u>-</u>	<u>(33,530)</u>
	<u>\$ 702,602,417</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 702,602,417</u>
	December 31, 2022			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
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>

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

	12-month ECL	Lifetime ECL (Collective Assessment)	Lifetime ECL (Non-purchased or Non-originated Credit-impaired Financial Assets)	Total
Balance on January 1, 2023	\$ 60,665	\$ -	\$ 222,673	\$ 283,338
New financial assets purchased	3,026	-	-	3,026
Derecognition of financial assets in the current reporting period	(5,863)	-	-	(5,863)
Change in model or risk parameters	(12)	-	(11,675)	(11,687)
Changes in exchange rates and other changes	<u>(5,244)</u>	<u>-</u>	<u>(145)</u>	<u>(5,389)</u>
Balance on December 31, 2023	<u>\$ 52,572</u>	<u>\$ -</u>	<u>\$ 210,853</u>	<u>\$ 263,425</u>

	12-month ECL	Lifetime ECL (Collective Assessment)	Lifetime ECL (Non-purchased or Non-originated Credit-impaired Financial Assets)	Total
Balance on January 1, 2022	\$ 66,666	\$ -	\$ -	\$ 66,666
Transfers to lifetime ECL	(466)	-	466	-
New financial assets purchased	5,734	-	-	5,734
Derecognition of financial assets in the current reporting period	(8,038)	-	-	(8,038)
Change in model or risk parameters	(20,231)	-	222,155	201,924
Changes in exchange rates and other changes	<u>17,000</u>	<u>-</u>	<u>52</u>	<u>17,052</u>
Balance on December 31, 2022	<u>\$ 60,665</u>	<u>\$ -</u>	<u>\$ 222,673</u>	<u>\$ 283,338</u>

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

	12-month ECL	Lifetime ECL (Collective Assessment)	Lifetime ECL (Non-purchased or Non-originated Credit-impaired Financial Assets)	Total
Balance on January 1, 2023	\$ 22,243	\$ -	\$ -	\$ 22,243
New financial assets purchased	16,915	-	-	16,915
Derecognition of financial assets in the current reporting period	(4,868)	-	-	(4,868)
Change in model or risk parameters	(689)	-	-	(689)
Changes in exchange rates and other changes	<u>(71)</u>	<u>-</u>	<u>-</u>	<u>(71)</u>
Balance on December 31, 2023	<u>\$ 33,530</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,530</u>

	12-month ECL	Lifetime ECL (Collective Assessment)	Lifetime ECL (Non-purchased or Non-originated Credit-impaired Financial Assets)	Total
Balance on January 1, 2022	\$ 19,216	\$ -	\$ -	\$ 19,216
New financial assets purchased	5,768	-	-	5,768
Derecognition of financial assets in the current reporting period	(2,393)	-	-	(2,393)
Change in model or risk parameters	(1,086)	-	-	(1,086)
Changes in exchange rates and other changes	<u>738</u>	<u>-</u>	<u>-</u>	<u>738</u>
Balance on December 31, 2022	<u>\$ 22,243</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,243</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	December 31, 2023	December 31, 2022
Interest rate risk	Interest rate curve increased 100 basis points	\$ (304,819)	\$ (51,733)
	Interest rate curve fell 100 basis points	309,717	53,018
Exchange rate risk	USD/NT\$, EUR/NT\$ increased 3%	(451,387)	(486,412)
	USD/NT\$, EUR/NT\$ fell 3%	451,387	486,412
	Others (RMB, AUD etc.)/NT\$ increased 5%	65,393	60,149
	Others (RMB, AUD etc.)/NT\$ fell 5%	(65,393)	(60,149)
Equity security price risk	Equity security price increased by 15%	47,221	72,875
	Equity security price fell by 15%	(47,221)	(72,875)

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 Year Ended December 31			
	2023		2022	
	Average Balance	Average Rate (%)	Average Balance	Average Rate (%)
<u>Interest-earning assets</u>				
Due from banks and other financial assets - due from banks	\$ 45,421,848	2.61	\$ 50,851,064	1.09
Due from the Central Bank	225,089,201	0.68	209,730,813	0.38
Call loans to banks and other financial assets - call loans to security firms	49,195,999	4.49	73,372,124	1.60
Financial assets mandatorily classified as at fair value through profit or loss	58,510,494	1.38	34,759,008	0.87
Financial assets at fair value through other comprehensive income	406,631,485	1.66	411,746,809	1.41
Investments in debt instruments at amortized cost	702,902,824	1.26	673,507,832	0.74
Securities purchased under resell agreements	15,568	1.26	6,960	1.23
Discounts and loans	2,733,077,675	2.56	2,527,344,580	1.90
<u>Interest-bearing liabilities</u>				
Deposits from the Central Bank and other banks	327,719,829	2.04	256,283,689	0.78
Due to the Central Bank and other banks	-	-	23,940,412	0.11
Financial liability designated as at fair value through profit or loss	1,539,207	5.04	-	-
Securities sold under repurchase agreements	9,789,928	0.81	8,213,246	0.33
Demand deposits	760,401,538	0.76	797,475,967	0.24
Savings - demand deposits	1,177,963,047	0.67	1,142,525,423	0.33
Time deposits	891,609,023	2.91	762,476,259	1.13
Time savings deposits	659,308,441	1.48	613,897,152	1.05
Treasury deposits	136,633,557	1.04	125,991,085	0.65
Negotiable certificates of deposits	33,386,734	1.68	47,246,079	0.81
Structured products	92,203	4.54	-	-
Bank debentures	61,915,068	2.02	60,944,247	1.62
Lease liabilities	1,540,942	2.48	1,527,213	2.49

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

(In Thousands)

	December 31, 2023		
	Foreign Currency	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
USD	\$ 13,863,507	30.7050	\$ 425,678,976
RMB	10,170,508	4.3280	44,017,959
AUD	1,457,310	21.0000	30,603,519
JPY	119,053,480	0.2171	25,846,511
EUR	702,050	34.0200	23,883,750
<u>Financial liabilities</u>			
USD	22,549,643	30.7050	692,386,802
RMB	7,690,808	4.3280	33,285,815
JPY	115,186,173	0.2171	25,006,918
AUD	988,399	21.0000	20,756,373
EUR	414,737	34.0200	14,109,359
	December 31, 2022		
	Foreign Currency	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
USD	\$ 12,988,371	30.7250	\$ 399,067,706
RMB	10,080,948	4.4110	44,467,064
AUD	1,448,863	20.7800	30,107,381
JPY	74,583,415	0.2321	17,310,811
EUR	629,522	32.7600	20,623,135
<u>Financial liabilities</u>			
USD	18,318,861	30.7250	562,847,006
RMB	7,488,595	4.4110	33,032,192
AUD	929,614	20.7800	19,317,386
JPY	77,713,544	0.2321	18,037,313
EUR	204,655	32.7600	6,704,498

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 28.71% in December 2023 and 30.36% in December 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.

December 31, 2023	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Deposits from the Central Bank and other banks	\$ 173,903,180	\$ 71,191,333	\$ 18,588,027	\$ 30,500,000	\$ -	\$ 294,182,540
Financial liabilities at fair value through profit or loss	-	-	-	-	2,834,072	2,834,072
Securities sold under repurchase agreements	6,779,938	1,869,256	819,559	44,000	-	9,512,753
Payables	27,097,388	3,535,297	6,572,250	2,532,446	3,662,991	43,400,372
Deposits and remittances	369,179,167	601,820,685	585,290,784	792,421,737	1,514,894,405	3,863,606,778
Bank debentures	-	-	8,500,000	600,000	48,140,000	57,240,000
Lease liabilities	70,243	178,472	157,418	286,552	1,576,819	2,269,504
Other items of cash outflow on maturity	709,000	28	37	1,016,985	4,948,916	6,674,966

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

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 December 31, 2023 and 2022 must be repaid soon, the capital expenditure will be increased by \$2,055,012,823 thousand and \$1,973,423,557 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

December 31, 2023	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial liabilities at fair value through profit or loss						
Currency	\$ 693	\$ 4,699	\$ 1,877	\$ 5,148	\$ -	\$ 12,417
Interest	984	3,682	568	3,666	93,286	102,186

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

b) Derivative financial liabilities to be settled at gross amounts

December 31, 2023	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial liabilities at fair value through profit or loss						
Currency derivatives						
Cash outflow	\$ 56,193,677	\$ 75,046,790	\$ 73,055,230	\$ 21,252,136	\$ -	\$ 225,547,833
Cash inflow	57,184,404	77,072,859	75,370,484	22,066,800	-	231,694,547
Interest derivatives						
Cash outflow	93,951	-	75,887	-	-	169,838
Cash inflow	93,270	-	74,604	-	-	167,874
Total cash outflow	56,287,628	75,046,790	73,131,117	21,252,136	-	225,717,671
Total cash inflow	57,277,674	77,072,859	75,445,088	22,066,800	-	231,862,421
Net cash flow	990,046	2,026,069	2,313,971	814,664	-	6,144,750

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

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.

December 31, 2023	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Irrevocable loan commitments issued	\$ 1,176,290	\$ 6,272,271	\$ 20,835,544	\$ 20,894,044	\$ 102,297,510	\$ 151,475,659
Irrevocable credit card commitments	471,466	345,690	1,759,451	4,683,799	56,772,773	64,033,179
Letters of credit issued yet unused	5,656,161	9,812,422	2,559,007	628,457	5,358,318	24,014,365
Other guarantees	14,851,146	8,139,913	7,206,470	18,777,773	45,632,161	94,607,463

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

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 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 \$484,711 thousand and \$658,111 thousand as of December 31, 2023 and 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 December 31, 2023 and 2022 the fair values of financial assets would have decreased by \$20,194 thousand and \$18,232 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 December 31, 2023 and 2022, had the TAIEX fallen 1%, the fair value of the equity assets would have decreased by \$15,686 thousand and \$12,295 thousand, respectively.

iii) Foreign currency risk

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

BPCTLI’s overseas financial instruments were primarily exposed to the U.S. dollar. Assuming all other factors had been held constant, no hedging had been involved, and had the U.S. dollar decreased 1% for the years ended December 31, 2023 and 2022, the income before income tax would have decreased \$151,469 thousand and \$129,153 thousand, respectively.

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

December 31, 2023

	Foreign Currency	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
Savings accounts			
USD	\$ 9,535	30.742	\$ 293,112
ZAR	40,484	1.658	67,135
AUD	2,771	21.010	58,227
Receivables			
USD	4,657	30.742	143,165
EUR	393	34.020	13,385
RMB	91	4.330	395
Financial assets at FVTPL			
USD	1,806	30.742	55,526
Financial assets at FVTOCI			
USD	468,533	30.742	14,403,647
EUR	50,873	34.020	1,730,712
RMB	75,412	4.330	326,536
Financial assets at amortized cost			
EUR	9,784	34.020	332,847
USD	5,411	30.742	166,332
Refundable deposits			
USD	2,770	30.742	85,155

December 31, 2022

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

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 December 31, 2023 and 2022, the losses on financial assets of the BPCTLI would have been \$852,347 thousand and \$746,996 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

	December 31, 2023		
	Carrying Amount	Fair Value	%
Domestic investment - government bonds (Note 1)	\$ 11,918,334	\$ 11,909,567	36
Domestic investment - corporate bonds (twAAA - twAA-)	4,087,401	4,087,401	13
Overseas investment - government bonds	3,438,804	3,418,559	10
Overseas investment - corporate bonds and bank debentures (A1 - A3)	11,301,453	11,301,415	34
Overseas investment - corporate bonds and bank debentures (Baa1 - Baa2)	<u>2,219,816</u>	<u>2,219,816</u>	<u>7</u>
	<u>\$ 32,965,808</u>	<u>\$ 32,936,758</u>	<u>100</u>
	December 31, 2022		
	Carrying Amount	Fair Value	%
Domestic investment - government bonds (Note 1)	\$ 11,643,601	\$ 11,627,445	40
Domestic investment - corporate bonds (twAAA - twAA-)	3,456,693	3,456,693	12
Overseas investment - government bonds	2,834,966	2,803,706	10
Overseas investment - corporate bonds and bank debentures (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>

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.

	December 31, 2023			
	Within One Year	1 Year to 3 Years	3 Years to 5 Years	Over Five Years
<u>Net settled</u>				
Currency swap contracts	\$ (33,868)	\$ -	\$ -	\$ -
Cross-currency swap contracts	-	(7,066)	(2,043)	-
	<u>\$ (33,868)</u>	<u>\$ (7,066)</u>	<u>\$ (2,043)</u>	<u>\$ -</u>
	December 31, 2022			
	Within One Year	1 Year to 3 Years	3 Years to 5 Years	Over Five Years
<u>Net settled</u>				
Currency swap contracts	\$ (338,700)	\$ (99,000)	\$ -	\$ -
Cross-currency swap contracts	-	1,871	-	-
	<u>\$ (338,700)</u>	<u>\$ (97,129)</u>	<u>\$ -</u>	<u>\$ -</u>

- 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 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	\$ 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	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	28,553	-
2014	25,862	28,357	28,976	31,011	31,016	31,018	31,018	31,018	31,018	31,018	31,018	31,018	31,023	31,023	31,023	5
2015	35,899	42,080	42,346	42,353	42,361	42,381	42,382	42,372	42,372	42,372	42,379	42,379	42,379	42,379	42,379	7
2016	26,485	31,219	31,407	31,432	31,444	31,445	31,450	31,450	31,450	31,450	31,456	31,456	31,456	31,456	31,456	6
2017	53,250	63,055	58,484	58,652	58,738	58,915	59,158	59,158	59,159	59,159	59,169	59,169	59,169	59,169	59,169	11
2018	36,190	45,800	46,223	46,232	46,243	46,303	46,320	46,320	46,321	46,321	46,329	46,329	46,329	46,329	46,329	26
2019	53,544	70,676	66,009	68,136	69,137	69,257	69,388	69,388	69,389	69,389	69,399	69,399	69,399	69,399	69,399	262
2020	49,582	52,716	53,606	54,024	54,177	54,239	54,304	54,304	54,305	54,305	54,314	54,314	54,314	54,314	54,315	291
2021	35,460	45,959	46,890	48,489	48,717	48,807	48,907	48,907	48,907	48,907	48,915	48,915	48,915	48,915	48,915	2,025
2022	57,578	66,484	67,051	68,642	68,870	68,961	69,059	69,059	69,060	69,060	69,071	69,071	69,071	69,071	69,071	2,587
2023	54,563	65,622	66,228	67,242	67,389	67,449	67,511	67,511	67,511	67,511	67,523	67,523	67,523	67,523	67,523	12,960
																Incurred but not reported
																Reported but not paid
																\$ 41,699
																Balance of claim reserve
																\$ 59,870

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	-
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	30,325	30,325	30,325	30,325	5
2015	31,538	37,711	37,977	37,985	37,992	38,012	38,014	38,003	38,003	38,003	38,010	38,010	38,010	38,010	7
2016	25,930	30,590	30,778	30,802	30,815	30,816	30,821	30,821	30,821	30,821	30,827	30,827	30,827	30,827	6
2017	51,121	58,887	56,315	56,484	56,570	56,739	56,974	56,974	56,975	56,975	56,985	56,985	56,985	56,985	11
2018	35,432	44,832	45,226	45,235	45,246	45,306	45,321	45,321	45,321	45,321	45,330	45,330	45,330	45,330	24
2019	47,722	60,532	58,707	61,453	62,195	62,270	62,349	62,349	62,349	62,349	62,359	62,359	62,359	62,359	164
2020	46,367	49,193	49,937	50,208	50,297	50,335	50,372	50,372	50,372	50,372	50,382	50,382	50,382	50,382	174
2021	33,233	42,857	43,648	44,807	44,974	45,040	45,112	45,112	45,112	45,112	45,120	45,120	45,120	45,120	1,472
2022	55,504	65,094	65,652	67,178	67,397	67,485	67,579	67,579	67,580	67,580	67,591	67,591	67,591	67,591	2,497
2023	52,127	62,733	63,309	64,315	64,461	64,520	64,582	64,582	64,582	64,582	64,594	64,594	64,594	64,594	12,467
														Incurred but not reported	\$ 16,827
														Reported but not paid	31,507
														Balance of claim reserve	\$ 48,334

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.

	December 31, 2023		
	Changes in the Assumptions	Impact on Income Before Income Tax	Impact on Equity
Discount rate	0.25%	\$ 66,114	\$ 52,891
Discount rate	(0.25%)	(66,261)	(53,009)
Mortality rate	10.00%	(36,599)	(29,279)
Mortality rate	(10.00%)	36,599	29,279
Withdrawal rate	30.00%	14,621	11,697
Withdrawal rate	(30.00%)	(14,801)	(11,841)
Illness rate/loss rate	15.00%	(26,271)	(21,017)
Expense rate	10.00%	(85,301)	(68,241)
	December 31, 2022		
	Changes in the Assumptions	Impact on Income Before Income Tax	Impact on Equity
Discount rate	0.25%	\$ 59,225	\$ 47,380
Discount rate	(0.25%)	(59,357)	(47,486)
Mortality rate	10.00%	(33,780)	(27,024)
Mortality rate	(10.00%)	33,779	27,024
Withdrawal rate	30.00%	13,261	10,609
Withdrawal rate	(30.00%)	(13,422)	(10,738)
Illness rate/loss rate	15.00%	(23,508)	(18,807)
Expense rate	10.00%	(83,089)	(66,471)

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:

December 31, 2023					
Financial Assets	Carrying Amount of Transferred Financial Assets	Carrying Amount of Related Financial Liabilities	Fair Value of Transferred Financial Assets	Fair Value of Related Financial Liabilities	Net Position of Fair Value
Financial assets at FVTPL - securities sold under repurchase agreements	\$ 37,863,176	\$ 37,826,422	\$ 37,863,176	\$ 37,826,422	\$ 36,754
Financial assets at FVTOCI - securities sold under repurchase agreements	33,178,420	33,383,997	33,178,420	33,383,997	(205,577)

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

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.

December 31, 2023

Financial Assets	Gross Amounts of Recognized Financial Assets	Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet	Net Amounts of Financial Assets Presented in the Balance Sheet	Related Amounts Not Offset in the Balance Sheet		Net Amount
				Financial Instruments	Cash Collateral Received	
Resell agreements	\$ 1,250,689	\$ -	\$ 1,250,689	\$ (1,250,689)	\$ -	\$ -

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	\$ 71,210,419	\$ -	\$ 71,210,419	\$ (70,175,342)	\$ -	\$ 1,035,077

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

45. CAPITAL MANAGEMENT

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

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

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

The Act Governing Bills Finance Business and related regulations require that the bills finance business maintain CARs at a minimum of 8%. The CARs of TCBF were 13.89% and 13.39% as of December 31, 2023 and 2022, respectively.

Under the rules governing securities firms and related regulations, the CAR of a securities firm should be at least 150% to ensure its stability as well as maintain the health of the security markets. If the ratio is below 150%, the authority may impose certain restrictions on a firm's operations. The CAR of TCS were 364% and 425% as of December 31, 2023 and 2022, respectively.

The Law of Insurance and related regulations require that the insurance business maintain CARs at a minimum of 200%. The CARs of BPCTLI were 1,575.93% and 1,402.76% as of December 31, 2023 and 2022, respectively.

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

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

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

b. Concentration of credit extensions

1) Taiwan Cooperative Bank, Ltd. (TCB)

(In Thousands of New Taiwan Dollars, %)

Rank (Note 1)	December 31, 2023		
	Industry of Group Enterprise (Note 2)	Total Amount of Credit Endorsement or Other Transactions (Note 3)	Percentage of TCB's Equity
1	Group A Real estate development	\$ 33,053,833	12.65
2	Group B Railway transportation	30,443,193	11.65
3	Group C Financial leasing	22,198,028	8.50
4	Group D Petroleum and coal products manufacturing	20,274,427	7.76
5	Group E Iron and steel smelting	13,970,436	5.35
6	Group F Cotton and textile	13,585,667	5.20
7	Group G LCD panel and its component manufacturing	13,353,874	5.11
8	Group H Computers and computing peripheral equipment manufacturing	13,302,201	5.09
9	Group I Cotton and textile	12,992,000	4.97
10	Group J Wiring and cable system manufacturing	12,490,215	4.78

(In Thousands of New Taiwan Dollars, %)

Rank (Note 1)	December 31, 2022		
	Industry of Group Enterprise (Note 2)	Total Amount of Credit Endorsement or Other Transactions (Note 3)	Percentage of TCB's Equity
1	Group A Real estate development	\$ 33,998,385	14.56
2	Group B Railway transportation	31,909,193	13.66
3	Group C Financial leasing	24,261,741	10.39
4	Group D Petroleum and coal products manufacturing	14,036,518	6.01
5	Group J Wiring and cable system manufacturing	13,992,954	5.99
6	Group E Iron and steel smelting	13,301,572	5.70
7	Group H Computers and computing peripheral equipment manufacturing	12,827,188	5.49
8	Group G LCD panel and its component manufacturing	12,153,351	5.20
9	Group K Computers manufacturing	10,424,890	4.46
10	Group L Wholesale of electronic and communication equipment and parts	9,833,333	4.21

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

(In Thousands of New Taiwan Dollars, %)

Rank (Note 1)	December 31, 2023		
	Industry of Group Enterprise (Note 2)	Total Amount of Credit Endorsement or Other Transactions (Note 3)	Percentage of TCBF's Equity
1	Group A Real estate development	\$ 1,373,000	19.00
2	Group B Real estate development	1,249,000	17.29
3	Group C Rolling and extruding of iron and steel	1,113,000	15.41
4	Group D Unclassified other financial service	1,080,000	14.95
5	Group E Real estate development	940,700	13.02
6	Group F Real estate development	904,000	12.51
7	Group G Chemical materials manufacturing	850,000	11.77
8	Group H Construction of buildings	800,000	11.07
9	Group I Financial leasing	759,100	10.51
10	Group J Sheet glass and glass products	700,000	9.69

(In Thousands of New Taiwan Dollars, %)

Rank (Note 1)	December 31, 2022		
	Industry of Group Enterprise (Note 2)	Total Amount of Credit Endorsement or Other Transactions (Note 3)	Percentage of TCBF's Equity
1	Group A Real estate development	\$ 1,403,000	21.63
2	Group C Rolling and extruding of iron and steel	1,253,000	19.31
3	Group B Real estate development	1,147,000	17.68
4	Group D Unclassified other financial service	1,100,000	16.96
5	Group F Real estate development	1,000,000	15.41
6	Group K Unclassified other financial service	900,000	13.87
7	Group H Construction of buildings	800,000	12.33
8	Group E Real estate development	781,400	12.04
9	Group L Real estate development	777,400	11.98
10	Group M Real estate development	730,200	11.26

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
December 31, 2023**

(In Thousands of New Taiwan Dollars, %)

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	\$ 3,010,584,715	\$ 174,744,597	\$ 96,177,957	\$ 438,345,368	\$ 3,719,852,637
Interest rate-sensitive liabilities	1,111,430,653	1,991,505,044	110,311,937	57,974,219	3,271,221,853
Interest rate sensitivity gap	1,899,154,062	(1,816,760,447)	(14,133,980)	380,371,149	448,630,784
Net worth					228,505,107
Ratio of interest rate-sensitive assets to liabilities					113.71
Ratio of interest rate sensitivity gap to net worth					196.33

**Interest Rate Sensitivity
December 31, 2022**

(In Thousands of New Taiwan Dollars, %)

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	\$ 2,896,684,759	\$ 143,236,552	\$ 35,289,411	\$ 397,744,231	\$ 3,472,954,953
Interest rate-sensitive liabilities	1,136,955,603	1,852,743,235	98,407,053	55,948,645	3,144,054,536
Interest rate sensitivity gap	1,759,729,156	(1,709,506,683)	(63,117,642)	341,795,586	328,900,417
Net worth					196,699,300
Ratio of interest rate-sensitive assets to liabilities					110.46
Ratio of interest rate sensitivity gap to net worth					167.21

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
December 31, 2023**

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

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	\$ 10,891,374	\$ 1,065,117	\$ 671,138	\$ 3,239,647	\$ 15,867,276
Interest rate-sensitive liabilities	18,127,907	3,570,357	2,711,663	14,000	24,423,927
Interest rate sensitivity gap	(7,236,533)	(2,505,240)	(2,040,525)	3,225,647	(8,556,651)
Net worth					1,066,573
Ratio of interest rate-sensitive assets to liabilities					64.97
Ratio of interest rate sensitivity gap to net worth					(802.26)

Interest Rate Sensitivity
December 31, 2022

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

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	\$ 13,923,926	\$ 610,635	\$ 342,835	\$ 2,637,395	\$ 17,514,791
Interest rate-sensitive liabilities	19,640,306	1,428,693	1,771,714	118	22,840,831
Interest rate sensitivity gap	(5,716,380)	(818,058)	(1,428,879)	2,637,277	(5,326,040)
Net worth					1,198,762
Ratio of interest rate-sensitive assets to liabilities					76.68
Ratio of interest rate sensitivity gap to net worth					(444.30)

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		December 31, 2023	December 31, 2022
Return on total assets	Before income tax	0.48	0.55
	After income tax	0.39	0.47
Return on equity	Before income tax	9.46	10.52
	After income tax	7.66	8.98
Net income ratio		29.13	39.14

2) Taiwan Cooperative Financial Holding Co., Ltd.

(%)

Items		December 31, 2023	December 31, 2022
Return on total assets	Before income tax	6.26	7.56
	After income tax	6.30	7.57
Return on equity	Before income tax	7.54	8.96
	After income tax	7.58	8.97
Net income ratio		98.98	98.84

3) Taiwan Cooperative Bank, Ltd.

(%)

Items		December 31, 2023	December 31, 2022
Return on total assets	Before income tax	0.46	0.53
	After income tax	0.37	0.45
Return on equity	Before income tax	8.15	9.15
	After income tax	6.59	7.90
Net income ratio		30.05	39.10

4) Taiwan Cooperative Bills Finance Corporation Ltd.

(%)

Items		December 31, 2023	December 31, 2022
Return on total assets	Before income tax	0.39	0.57
	After income tax	0.32	0.47
Return on equity	Before income tax	3.61	5.05
	After income tax	3.00	4.11
Net income ratio		48.52	62.07

5) Taiwan Cooperative Securities Co., Ltd.

(%)

Items		December 31, 2023	December 31, 2022
Return on total assets	Before income tax	0.86	1.16
	After income tax	0.63	0.87
Return on equity	Before income tax	4.77	6.41
	After income tax	3.46	4.82
Net income ratio		16.25	21.58

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

(%)

Items		December 31, 2023	December 31, 2022
Return on total assets	Before income tax	1.14	1.02
	After income tax	0.98	0.84
Return on equity	Before income tax	13.28	11.98
	After income tax	11.46	9.85
Net income ratio		54.39	51.71

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.

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

Maturity Analysis of Assets and Liabilities
December 31, 2023

(In Thousands of New Taiwan Dollars)

	Total	Remaining Period to Maturity					
		0 to 10 Days	11 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year
Main capital inflow on maturity	\$ 4,084,792,641	\$ 572,381,760	\$ 395,316,875	\$ 206,180,455	\$ 235,967,401	\$ 494,672,246	\$ 2,180,273,904
Main capital outflow on maturity	4,886,432,412	234,549,824	233,940,032	635,115,222	656,405,743	973,270,080	2,153,151,511
Gap	(801,639,771)	337,831,936	161,376,843	(428,934,767)	(420,438,342)	(478,597,834)	27,122,393

Maturity Analysis of Assets and Liabilities
December 31, 2022

(In Thousands of New Taiwan Dollars)

	Total	Remaining Period to Maturity					
		0 to 10 Days	11 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year
Main capital inflow on maturity	\$ 3,861,423,310	\$ 487,796,421	\$ 419,062,616	\$ 240,196,110	\$ 220,144,639	\$ 446,583,026	\$ 2,047,640,498
Main capital outflow on maturity	4,593,494,496	254,484,254	217,867,788	585,555,506	532,360,876	925,191,079	2,078,034,993
Gap	(732,071,186)	233,312,167	201,194,828	(345,359,396)	(312,216,237)	(478,608,053)	(30,394,495)

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

Maturity Analysis of Assets and Liabilities
December 31, 2023

(In Thousands of U.S. Dollars)

	Total	Remaining Period to Maturity				
		0 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year
Main capital inflow on maturity	\$ 27,014,746	\$ 6,975,875	\$ 5,035,540	\$ 4,044,995	\$ 1,936,931	\$ 9,021,405
Main capital outflow on maturity	31,105,156	9,441,885	7,913,022	5,726,378	4,691,471	3,332,400
Gap	(4,090,410)	(2,466,010)	(2,877,482)	(1,681,383)	(2,754,540)	5,689,005

Maturity Analysis of Assets and Liabilities
December 31, 2022

(In Thousands of U.S. Dollars)

	Total	Remaining Period to Maturity				
		0 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year
Main capital inflow on maturity	\$ 27,072,649	\$ 8,676,351	\$ 5,420,371	\$ 2,944,325	\$ 1,938,813	\$ 8,092,789
Main capital outflow on maturity	30,289,572	13,218,301	6,748,205	3,698,858	3,718,779	2,905,429
Gap	(3,216,923)	(4,541,950)	(1,327,834)	(754,533)	(1,779,966)	5,187,360

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.

December 31, 2023

Items		Period				
		1 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year
Use of funds	Bills	\$ 20,827,939	\$ 17,231,980	\$ 2,390,395	\$ 807,223	\$ -
	Bonds	700,000	200,000	761,410	1,564,935	21,224,615
	Cash in bank	344,641	120,000	200	-	-
	Total	21,872,580	17,551,980	3,152,005	2,372,158	21,224,615
Source of funds	Borrowings	8,126,345	-	-	-	-
	Securities sold under repurchase agreements	48,203,621	3,266,617	66,712	-	-
	Total	56,329,966	3,266,617	66,712	-	-
Net flows		(34,457,386)	14,285,363	3,085,293	2,372,158	21,224,615
Accumulated capital net flows		(34,457,386)	(20,172,023)	(17,086,730)	(14,714,572)	6,510,043

December 31, 2022

Items		Period				
		1 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year
Use of funds	Bills	\$ 13,023,662	\$ 24,963,542	\$ 1,115,446	\$ 303,339	\$ -
	Bonds	300,000	300,000	44,110	850,000	18,512,575
	Cash in bank	280,937	120,000	200	-	-
	Total	13,604,599	25,383,542	1,159,756	1,153,339	18,512,575
Source of funds	Borrowings	6,425,800	-	-	-	-
	Securities sold under repurchase agreements	38,922,712	8,412,031	23,022	-	-
	Total	45,348,512	8,412,031	23,022	-	-
Net flows		(31,743,913)	16,971,511	1,136,734	1,153,339	18,512,575
Accumulated capital net flows		(31,743,913)	(14,772,402)	(13,635,668)	(12,482,329)	6,030,246

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 December 31, 2023 and 2022					
Trust Assets	2023	2022	Trust Liabilities	2023	2022
Cash in banks	\$ 14,758,722	\$ 11,509,570	Payables		
Short-term investments			Accrued expense	\$ 1,579	\$ 1,218
Mutual funds	225,841,606	211,500,801	Others	237	23
Stocks	5,235,099	3,017,490	Payables on the purchase of securities	76	2,117
Debt instruments	314,053	79,112	Other liabilities	10	2
	<u>231,390,758</u>	<u>214,597,403</u>		<u>1,902</u>	<u>3,360</u>
Securities lending	71,729	146,893	Accounts payable on securities under custody	205,025,956	192,191,761
Receivables	29,510	15,718	Trust capital	350,284,448	323,839,577
Real estate			Reserves and retained earnings		
Land	61,437,434	63,589,594	Net income	1,526,224	573,224
Buildings	9,581	7,873	Retained earnings	(19,462)	(39,886)
Construction in process	44,013,376	34,427,222		<u>1,506,762</u>	<u>533,338</u>
	<u>105,460,391</u>	<u>98,024,689</u>			
Intangible assets					
Superficies	82,002	82,002			
Securities under custody	205,025,956	192,191,761			
Total	\$ 556,819,068	\$ 516,568,036	Total	\$ 556,819,068	\$ 516,568,036

Note: As of December 31, 2023 and 2022, total trust-related assets included OBU funds and bonds investment in the amount of \$1,746,320 thousand and \$1,759,697 thousand, respectively.

**Trust Property List
December 31, 2023 and 2022**

Investment Items	2023	2022
Cash in banks	\$ 14,758,722	\$ 11,509,570
Short-term investments		
Mutual funds	225,841,606	211,500,801
Stocks	5,235,099	3,017,490
Debt instruments	314,053	79,112
Securities lending	71,729	146,893
Receivables		
Accrued interest	8,475	5,121
Mutual fund	11,264	-
Cash dividends	9,095	9,696
Others	676	901
Real estate		
Land	61,437,434	63,589,594
Buildings	9,581	7,873
Construction in process	44,013,376	34,427,222
Intangible assets		
Superficies	82,002	82,002
Securities under custody	<u>205,025,956</u>	<u>192,191,761</u>
Total	<u>\$ 556,819,068</u>	<u>\$ 516,568,036</u>

**Statements of Income on Trust Accounts
For the Years ended December 31, 2023 and 2022**

	2023	2022
Revenues		
Interest revenue	\$ 40,071	\$ 16,383
Lending stock	2,732	3,169
Cash dividends	100,425	110,185
Realized gain on investment - stocks	161,625	154,141
Unrealized gain on investment - stocks	1,244,878	666,928
Unrealized gain on investment - lending stock	42,058	39,661
Realized gain on investment - mutual funds	28,301	12,363
Unrealized gain on investment - mutual funds	65,370	36,756
Beneficial certificate appropriation	12,120	10,756
Others	506	454
Total revenues	<u>1,698,086</u>	<u>1,050,796</u>

(Continued)

	2023	2022
Expenses		
Management fees	\$ 11,448	\$ 10,947
Monitoring fees	987	4
Taxes	310	30
Service charge	85	103
Postage	411	62
Realized loss on investment - stocks	10,202	218,273
Unrealized loss on investment - stocks	111,055	129,688
Unrealized loss on investment - lending stock	2,885	24,156
Realized loss on investment - mutual funds	1,957	25,578
Unrealized loss on investment - mutual funds	32,433	68,634
Others	<u>89</u>	<u>97</u>
Total expenses	<u>171,862</u>	<u>477,572</u>
Income before income tax	1,526,224	573,224
Income tax expense	<u>-</u>	<u>-</u>
Net income	<u>\$ 1,526,224</u>	<u>\$ 573,224</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 December 31, 2023 and 2022, TCB's accrued receivables were \$5,494 thousand and \$6,208 thousand, respectively. TCB's revenues from cross-selling transactions were \$19,731 thousand and \$24,772 thousand for the years ended December 31, 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 December 31, 2023 and 2022, TCB's accrued payables were \$5 thousand and \$6 thousand, respectively. TCB's expenses from cross-selling transactions were \$118 thousand and \$151 thousand for the years ended December 31, 2023 and 2022, respectively.

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

As of December 31, 2023 and 2022, TCB's accrued receivables were \$3,844 thousand and \$3,239 thousand, respectively. TCB's revenues from cross-selling transactions were \$33,809 thousand and \$30,638 thousand for the years ended December 31, 2023 and 2022, respectively.

To promote the venture capital business together, TCB and Taiwan Cooperative Venture Capital Co., Ltd. signed cooperation arrangements. The service fees earned by TCB were based on the agreed from the contract by TCB.

TCB's revenues from cross-selling transactions were \$20 thousand in 2022.

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

Table 4 (attached).

50. BUSINESS SEGMENT FINANCIAL INFORMATION

Table 5 (attached).

51. FINANCIAL HOLDING COMPANY ACT NO. 46 ANNOUNCEMENT

Table 6 (attached).

52. CASH FLOW INFORMATION

a. Non-Cash financing activities

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

b. Changes in liabilities arising from financing activities

For the year ended December 31, 2023

	Opening Balance	Cash Inflows (Outflows)	New Leases	Non-cash Changes Fair Value Adjustments (Including Changes in the Fair Value Attributable to Changes in the Credit Risk)	Others	Closing Balance
Due to the Central Bank and other banks	\$ 24,539,978	\$ 9,160,000	\$ -	\$ -	\$ (48,221)	\$ 33,651,757
Commercial paper issued	80,290,000	(3,050,000)	-	-	-	77,240,000
Bonds payable	9,352,346	1,601,902	-	-	312,464	11,266,712
Other borrowings	-	2,912,920	-	13,018	(151,400)	2,774,538
Guarantee deposits received	2,293,868	(371,711)	-	-	(807)	1,921,350
Lease liabilities	1,538,102	(677,858)	692	-	684,217	1,545,153
Other liabilities - other	72,762	32,863	-	-	(2,055)	103,570
Other borrowings	<u>\$ 118,087,056</u>	<u>\$ 9,608,116</u>	<u>\$ 692</u>	<u>\$ 13,018</u>	<u>\$ 794,198</u>	<u>\$ 128,503,080</u>

For the year ended December 31, 2022

	Opening Balance	Cash Inflows (Outflows)	Non-cash Changes			Closing Balance
			New Leases	Fair Value Adjustments (Including Changes in the Fair Value Attributable to Changes in the Credit Risk)	Others	
Due to the Central Bank and other banks	\$ 88,890,360	\$ (88,890,360)	\$ -	\$ -	\$ -	\$ -
Commercial paper issued	29,886,064	(5,340,000)	-	-	(6,086)	24,539,978
Bonds payable	82,100,000	(1,810,000)	-	-	-	80,290,000
Other borrowings	804,894	8,536,864	-	-	10,588	9,352,346
Guarantee deposits received	2,880,373	(734,091)	-	-	147,586	2,293,868
Lease liabilities	1,463,113	(664,992)	714,900	-	25,081	1,538,102
Other liabilities - other	<u>93,526</u>	<u>(18,872)</u>	<u>-</u>	<u>-</u>	<u>(1,892)</u>	<u>72,762</u>
Other borrowings	<u>\$ 206,118,330</u>	<u>(88,921,451)</u>	<u>\$ 714,900</u>	<u>\$ -</u>	<u>\$ 175,277</u>	<u>\$ 118,087,056</u>

53. ADDITIONAL DISCLOSURES

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

- 1) Financing provided: TCFHC - none; TCB, UTB, TCBF, and BPCTLI - not applicable; investee company: Table 7 (attached).
- 2) Endorsement/guarantee provided: TCFHC - none; TCB, UTB, TCBF, and BPCTLI - not applicable; investee company: None.
- 3) Marketable securities held: TCFHC, TCB, UTB, TCBF, TCS and BPCTLI - not applicable; investee company: Table 8 (attached).
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 10% of the paid-in capital (TCFHC, TCB and UTB disclosed its investments acquired or disposed of): TCS and BPCTLI - not applicable; TCFHC and investee company: None.
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 10% of the paid-in capital: Table 9 (attached).
- 6) Disposal of individual real estates at costs of at least NT\$300 million or 10% of the paid-in capital: Table 10 (attached).
- 7) Financial asset securitization by subsidiaries: None.
- 8) Allowance of service fees to related parties amounting to at least NT\$5 million: Table 11 (attached).
- 9) Sale of nonperforming loans by subsidiaries: Table 12 (attached).
- 10) Receivables from related parties amounting to at least NT\$300 million or 10% of the paid-in capital: Table 13 (attached).
- 11) Percentage share in investees and related information: Table 14 (attached).
- 12) Derivative transactions: Notes 8, 41 and 44 to the consolidated financial statements.
- 13) Other significant transactions which may affect the decisions of users of financial reports: None.

c. Investments in Mainland China:

Based on “Regulations Governing Approvals of Banks to Engage, Ltd. in Financial Activities between the Taiwan Area and the Mainland Area,” Taiwan Cooperative Bank, Ltd. set up the Suzhou Branch, Tianjin Branch, Fuzhou Branch and Changsha Branch; Co-operative Assets Management Co., Ltd. set up Taiwan Cooperative International Leasing Co., Ltd. in Mainland China. This investment had been approved by the Financial Supervisory Commission. The information - major operating items, capital stock, the way of investment, investment inflows and outflows, the holding percentage, the investment income or loss, the carrying amount at period-end, the remitted investment profits and the limit on the amount of investment in Mainland China - can be seen in Table 15 (attached).

d. Business relationships and significant transactions among the parent company and subsidiaries: Table 16 (attached).

e. Information on major shareholders: Table 17 (attached).

54. OPERATING SEGMENTS

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

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

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

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

	For the Year Ended December 31, 2023				
	TCB Business	Others	Total	Adjustment and Elimination	Total
Net interest	\$ 31,757,850	\$ 199,777	\$ 31,957,627	\$ 5,466	\$ 31,963,093
Net revenues and gains other than interest	<u>22,487,644</u>	<u>25,098,730</u>	<u>47,586,374</u>	<u>(18,172,429)</u>	<u>29,413,945</u>
Net revenues	54,245,494	25,298,507	79,544,001	(18,166,963)	61,377,038
Bad-debt expenses and provision for losses on commitment and guarantees	(7,299,201)	(203,025)	(7,502,226)	-	(7,502,226)
Net change in reserves for insurance liabilities	-	(2,232,124)	(2,232,124)	-	(2,232,124)
Operating expenses	<u>(26,790,322)</u>	<u>(3,051,313)</u>	<u>(29,841,635)</u>	<u>273,610</u>	<u>(29,568,025)</u>
Income before income tax	<u>\$ 20,155,971</u>	<u>\$ 19,812,045</u>	<u>\$ 39,968,016</u>	<u>\$(17,893,353)</u>	<u>\$ 22,074,663</u>

For the Year Ended December 31, 2022

	TCB Business	Others	Total	Adjustment and Elimination	Total
Net interest	\$ 37,025,328	\$ 734,562	\$ 37,759,890	\$ 3,752	\$ 37,763,642
Net revenues and gains other than interest	<u>11,800,659</u>	<u>24,686,583</u>	<u>36,487,242</u>	<u>(21,068,732)</u>	<u>15,418,510</u>
Net revenues	48,825,987	25,421,145	74,247,132	(21,064,980)	53,182,152
Bad-debt expenses and provision for losses on commitment and guarantees	(1,143,145)	(71,605)	(1,214,750)	-	(1,214,750)
Net change in reserves for insurance liabilities	-	728,695	728,695	-	728,695
Operating expenses	<u>(25,569,350)</u>	<u>(2,995,911)</u>	<u>(28,565,261)</u>	<u>255,508</u>	<u>(28,309,753)</u>
Income before income tax	<u>\$ 22,113,492</u>	<u>\$ 23,082,324</u>	<u>\$ 45,195,816</u>	<u>\$(20,809,472)</u>	<u>\$ 24,386,344</u>

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

**CONSOLIDATED ENTITIES
DECEMBER 31, 2023 AND 2022**

Subsidiaries included in the consolidated financial statements

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

Subsidiaries not included in the consolidated financial statements

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

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CAPITAL ADEQUACY RATIO
DECEMBER 31, 2023 AND 2022

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

Unit: In Thousands of New Taiwan Dollars, %

Company	Items	December 31, 2023			December 31, 2022		
		Proportionate Share	Group's Net Eligible Capital	Group's Statutory Capital Requirement	Proportionate Share	Group's Net Eligible Capital	Group's Statutory Capital Requirement
Taiwan Cooperative Financial Holding Co., Ltd.			\$ 239,876,076	\$ 285,272,922		\$ 215,434,968	\$ 255,329,062
Taiwan Cooperative Bank, Ltd.	100		316,978,246	223,061,521	100	293,759,799	211,481,272
Taiwan Cooperative Bills Finance Co., Ltd.	100		7,091,072	4,084,119	100	6,385,199	3,816,049
Taiwan Cooperative Securities Co., Ltd.	100		5,553,402	2,291,324	100	5,203,537	1,836,704
Co-operative Assets Management Co., Ltd.	100		3,850,222	7,475,026	100	3,524,200	7,123,524
BNP Paribas Cardif TCB Life Insurance Co., Ltd.	51		6,028,303	765,045	51	5,989,830	854,004
Taiwan Cooperative Securities Investment Trust Co., Ltd.	100		410,020	239,152	100	410,778	251,026
Taiwan Cooperative Venture Capital Co., Ltd.	100		1,393,478	712,662	100	1,267,252	641,791
Deduction			(287,213,672)	(285,131,988)		(258,629,448)	(255,159,235)
Total			293,967,147	238,769,783		273,346,115	226,174,197
Group capital adequacy ratio			123.12%			120.86%	

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

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

(Continued)

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

Unit: In Thousands of New Taiwan Dollars

Items	December 31, 2023
Common stock	\$ 147,093,822
Capital instruments, which conform to the terms of Bank's other Tier 1 capital	-
Other preferred stocks and subordinated debts	-
Capital collected in advance	-
Capital surplus	45,650,280
Legal reserve	15,582,312
Special reserve	21,509,719
Cumulative earnings	17,181,771
Equity adjustments	(7,127,656)
Less: Capital deduction	14,172
Total eligible capital	239,876,076

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

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

(Continued)

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

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

Items		Year	December 31, 2023		
			Standalone	Consolidated	
Eligible capital	Common equity		\$ 245,437,528	\$ 245,545,353	
	Other Tier 1 capital		35,690,000	35,690,000	
	Tier 2 capital		35,850,718	35,889,927	
	Eligible capital		316,978,246	317,125,280	
Risk-weighted assets	Credit risk	Standardized approach	1,998,478,916	2,001,615,583	
		Internal ratings based approach	-	-	
		Securitization	4,975,275	4,975,275	
	Operational risk	Basic indicator approach	-	-	
		Standardized approach/alternative standardized approach	88,738,824	88,973,426	
		Advanced measurement approach	-	-	
	Market risk	Standardized approach	32,202,425	32,190,700	
		Internal model approach	-	-	
	Risk-weighted assets			2,124,395,440	2,127,754,984
	Capital adequacy ratio			14.92	14.90
Ratio of the common equity to risk-weighted assets			11.55	11.54	
Ratio of Tier 1 capital to risk-weighted assets			13.23	13.22	
Ratio of leverage			5.86	5.84	

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

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

(Continued)

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

Note 2: Formulas used were as follows:

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

(Concluded)

TAIWAN COOPERATIVE BANK, LTD.

ASSET QUALITY - NONPERFORMING LOANS AND RECEIVABLES
DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, %)

Period		December 31, 2023					December 31, 2022				
Items		Nonperforming Loans (Note 1)	Loans	Ratio of Nonperforming Loans (Note 2)	Allowance for Credit Losses	Coverage Ratio (Note 3)	Nonperforming Loans (Note 1)	Loans	Ratio of Nonperforming Loans (Note 2)	Allowance for Credit Losses	Coverage Ratio (Note 3)
Corporate banking	Secured	\$ 3,146,855	\$ 838,551,502	0.38	\$ 9,912,969	315.01	\$ 2,606,805	\$ 830,433,515	0.31	\$ 9,308,018	357.07
	Unsecured	956,848	995,949,871	0.10	8,621,352	901.02	609,608	829,241,097	0.07	7,932,563	1,301.26
Consumer banking	Housing mortgage (Note 4)	486,004	683,793,831	0.07	10,290,555	2,117.38	490,929	635,803,884	0.08	9,576,579	1,950.71
	Cash card	-	-	-	-	-	-	-	-	-	-
	Small-scale credit loans (Note 5)	12,875	12,113,223	0.11	197,208	1,531.71	8,714	12,347,723	0.07	178,950	2,053.59
	Other (Note 6)	Secured	492,979	281,565,030	0.18	3,522,493	714.53	1,077,816	292,473,999	0.37	3,510,961
Unsecured		29,418	11,628,073	0.25	180,332	613.00	21,984	12,768,941	0.17	189,583	862.37
Loan		5,124,979	2,823,601,530	0.18	32,724,909	638.54	4,815,856	2,613,069,159	0.18	30,696,654	637.41
		Nonperforming Receivables (Note 1)	Receivables	Ratio of Nonperforming Receivables (Note 2)	Allowance for Credit Losses	Coverage Ratio (Note 3)	Nonperforming Receivables (Note 1)	Receivables	Ratio of Nonperforming Receivables (Note 2)	Allowance for Credit Losses	Coverage Ratio (Note 3)
Credit cards		8,829	4,917,753	0.18	61,214	693.33	8,713	4,897,664	0.18	64,945	745.38
Accounts receivable factored without recourse (Note 7)		-	114,381	-	8,207	-	-	142,901	-	8,314	-
Amounts of executed contracts on negotiated debts not reported as nonperforming loans (Note 8)		155				217					
Amounts of executed contracts on negotiated debts not reported as nonperforming receivables (Note 8)		1,179				1,755					
Amounts of executed debt-restructuring projects not reported as nonperforming loans (Note 9)		12,140				9,742					
Amounts of executed debt-restructuring projects not reported as nonperforming receivables (Note 9)		47,442				47,530					

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

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

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

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

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

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

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

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

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

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

TCFHC'S FINANCIAL STATEMENTS AND CONDENSED BALANCE SHEETS AND STATEMENTS OF COMPREHENSIVE INCOME OF SUBSIDIARIES DECEMBER 31, 2023 AND 2022

1. TCFHC's financial statements

Taiwan Cooperative Financial Holding Co., Ltd.

Balance Sheets December 31, 2023 and 2022 (In Thousands of New Taiwan Dollars)

Assets	2023	2022	Liabilities and Equity	2023	2022
Cash and cash equivalents	\$ 51,618	\$ 105,332	<u>Liabilities</u>		
Financial assets at fair value through other comprehensive income	15,000	13,375	Commercial paper issued, net	\$ 19,493,481	\$ 13,740,109
Receivables	361	363	Payables	493,241	502,309
Current tax assets	4,854,541	2,433,704	Current tax liabilities	4,897,880	2,542,370
Investments accounted for using equity method	285,131,988	255,159,235	Bonds payable	20,000,000	20,000,000
Properties and equipment, net	11,849	12,727	Other borrowings	5,300,000	5,500,000
Right-of-use assets, net	104,148	134,232	Other financial liabilities	3,542	4,974
Intangible assets	13,778	11,501	Lease liabilities	106,587	135,151
Deferred tax assets	394	307	Other liabilities	<u>8,274</u>	<u>8,217</u>
Other assets	<u>9,576</u>	<u>9,130</u>	Total liabilities	<u>50,303,005</u>	<u>42,433,130</u>
			<u>Equity</u>		
			Capital stock	147,093,822	140,089,354
			Capital surplus	45,650,280	57,977,016
			Retained earnings	54,273,802	38,890,125
			Other equity	<u>(7,127,656)</u>	<u>(21,509,719)</u>
			Total equity	<u>239,890,248</u>	<u>215,446,776</u>
Total	<u>\$ 290,193,253</u>	<u>\$ 257,879,906</u>	Total	<u>\$ 290,193,253</u>	<u>\$ 257,879,906</u>

(Continued)

Taiwan Cooperative Financial Holding Co., Ltd.

Statements of Comprehensive Income
For the Years Ended December 31, 2023 and 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023	2022
Revenues and gains		
Share of gains of subsidiaries, associates and joint ventures accounted for using equity method	\$ 17,843,763	\$ 20,727,560
Other revenues and gains	<u>4,558</u>	<u>7,252</u>
Total revenues and gains	<u>17,848,321</u>	<u>20,734,812</u>
Expenses and losses		
Operating expenses	283,911	253,927
Other expenses and losses	<u>407,135</u>	<u>248,615</u>
Total expenses and losses	<u>691,046</u>	<u>502,542</u>
Income before income tax	17,157,275	20,232,270
Income tax benefit	<u>106,419</u>	<u>16,715</u>
Net income	17,263,694	20,248,985
Other comprehensive income	<u>14,183,118</u>	<u>(27,429,667)</u>
Total comprehensive income	<u>\$ 31,446,812</u>	<u>\$ (7,180,682)</u>
Earnings per share (New Taiwan dollars)		
Basic	<u>\$1.17</u>	<u>\$1.38</u>
Diluted	<u>\$1.17</u>	<u>\$1.38</u>

(Continued)

Taiwan Cooperative Financial Holding Co., Ltd.

Statements of Changes in Equity
For the Years Ended December 31, 2023 and 2022
(In Thousands of New Taiwan Dollars)

	Capital Stock		Retained Earnings				Exchange Differences on the Translation of Financial Statements of Foreign Operations	Unrealized Valuation Gains (Losses) on Financial Assets at Fair Value Through Other Comprehensive Income	Other Equity		Total Equity
	Shares (In Thousands)	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings			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, 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	-	-	-	-	-	(156,526)	-	156,526	-	-	-
Total comprehensive income											
Net income for the year ended December 31, 2022	-	-	-	-	-	20,248,985	-	-	-	-	20,248,985
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	-	1,405,296	3,857,547	(32,171,285)	-	(521,225)	(27,429,667)
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	-	21,654,281	3,857,547	(32,171,285)	-	(521,225)	(7,180,682)
BALANCE, DECEMBER 31, 2022	14,008,935	140,089,354	57,977,016	13,432,536	985,539	24,472,050	(452,462)	(21,227,000)	-	169,743	215,446,776
Changes in equity of associates and joint ventures accounted for using equity method	-	-	(714)	-	-	-	-	-	-	-	(714)
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	-	-	-	-	-	(26,871)	-	26,871	-	-	-
Transfer of changes in the fair value attributable to changes in the credit risk of financial liabilities designated as at fair value through profit or loss upon derecognition	-	-	-	-	-	(4)	-	-	4	-	-
Total comprehensive income											
Net income for the year ended December 31, 2023	-	-	-	-	-	17,263,694	-	-	-	-	17,263,694
Other comprehensive income for the year ended December 31, 2023	-	-	-	-	-	(172,070)	(126,065)	14,606,695	(13,018)	(112,424)	14,183,118
Total comprehensive income for the year ended December 31, 2023	-	-	-	-	-	17,091,624	(126,065)	14,606,695	(13,018)	(112,424)	31,446,812
BALANCE, DECEMBER 31, 2023	14,709,382	\$ 147,093,822	\$ 45,650,280	\$ 15,582,312	\$ 21,509,719	\$ 17,181,771	\$ (578,527)	\$ (6,593,434)	\$ (13,014)	\$ 57,319	\$ 239,890,248

(Continued)

Taiwan Cooperative Financial Holding Co., Ltd.

Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022
(In Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from operating activities		
Income before income tax	\$ 17,157,275	\$ 20,232,270
Adjustments for:		
Share of gains of subsidiaries, associates and joint ventures accounted for using equity method	(17,843,763)	(20,727,560)
Depreciation and amortization expenses	38,738	33,593
Interest expense	407,135	248,615
Interest revenue	(657)	(366)
Net changes in operating assets and liabilities		
Decrease in receivables	2	20
(Increase) decrease in other assets	(446)	281
Increase in payables	10,278	45,604
Increase (decrease) in other liabilities	<u>57</u>	<u>(93)</u>
Cash used in operations	(231,381)	(167,636)
Interest received	657	366
Dividends received	2,051,789	12,568,026
Interest paid	(469,609)	(225,220)
Income tax refunded	<u>41,005</u>	<u>74,202</u>
Net cash generated from operating activities	<u>1,392,461</u>	<u>12,249,738</u>
Cash flows from investing activities		
Acquisition of properties and equipment	(4,035)	(2,841)
Acquisition of intangible assets	(6,009)	(10,340)
Increase in refundable deposits	<u>-</u>	<u>(1,202)</u>
Net cash used in investing activities	<u>(10,044)</u>	<u>(14,383)</u>
Cash flows from financing activities		
Increase in commercial paper issued	5,800,000	-
Decrease in commercial paper issued	-	(4,050,000)
Increase in other borrowings	-	5,500,000
Decrease in other borrowings	(200,000)	-
Decrease in guarantee deposits received	(1,432)	(769)
Repayments of the principal portion of lease liabilities	(30,231)	(27,184)
Dividends paid	<u>(7,004,468)</u>	<u>(13,600,908)</u>
Net cash used in financing activities	<u>(1,436,131)</u>	<u>(12,178,861)</u>
Net (decrease) increase in cash and cash equivalents	(53,714)	56,494
Cash and cash equivalents, beginning of the year	<u>105,332</u>	<u>48,838</u>
Cash and cash equivalents, end of the year	<u>\$ 51,618</u>	<u>\$ 105,332</u>

(Continued)

2. Subsidiaries' condensed balance sheets

Taiwan Cooperative Bank, Ltd.

Condensed Balance Sheets December 31, 2023 and 2022 (In Thousands of New Taiwan Dollars)

Assets	2023	2022	Liabilities and Equity	2023	2022
Cash and cash equivalents	\$ 88,992,455	\$ 92,985,243	<u>Liabilities</u>		
Due from the Central Bank and call loans to other banks	365,130,256	322,590,619	Deposits from the Central Bank and other banks	\$ 292,447,330	\$ 280,747,819
Financial assets at fair value through profit or loss	75,649,177	29,869,964	Financial liabilities at fair value through profit or loss	8,671,843	2,621,053
Financial assets at fair value through other comprehensive income	444,193,029	418,053,932	Securities sold under repurchase agreements	9,512,753	9,778,160
Investments in debt instruments at amortized cost	702,602,417	716,821,736	Payables	44,076,172	40,959,155
Securities purchased under resell agreements	-	149,440	Current tax liabilities	3,117,258	780,417
Receivables, net	24,582,638	19,047,418	Deposits and remittances	3,863,506,229	3,598,839,482
Current tax assets	2,311,837	2,249,097	Bank debentures	57,240,000	60,290,000
Discounts and loans, net	2,790,306,038	2,581,728,135	Other financial liabilities	1,742,066	2,159,242
Investments accounted for using equity method	2,353,530	2,267,133	Provisions	5,404,571	5,503,596
Other financial assets, net	8,350,535	8,228,111	Lease liabilities	1,512,364	1,517,040
Properties and equipment, net	31,762,528	32,789,031	Deferred tax liabilities	3,472,248	3,883,379
Right-of-use assets, net	1,552,571	1,541,858	Other liabilities	911,245	1,025,922
Investment properties, net	7,882,587	7,462,884	Total liabilities	<u>4,291,614,079</u>	<u>4,008,105,265</u>
Intangible assets	4,334,735	4,060,501	<u>Equity</u>		
Deferred tax assets	1,921,288	1,278,517	Capital stock	110,075,300	110,075,300
Other assets	<u>942,689</u>	<u>512,908</u>	Capital surplus	58,767,245	58,767,245
			Retained earnings	98,650,713	84,370,227
			Other equity	<u>(6,239,027)</u>	<u>(19,681,510)</u>
			Total equity	<u>261,254,231</u>	<u>233,531,262</u>
Total	<u>\$ 4,552,868,310</u>	<u>\$ 4,241,636,527</u>	Total	<u>\$ 4,552,868,310</u>	<u>\$ 4,241,636,527</u>

Taiwan Cooperative Bills Finance Co., Ltd.

Condensed Balance Sheets December 31, 2023 and 2022 (In Thousands of New Taiwan Dollars)

Assets	2023	2022	Liabilities and Equity	2023	2022
Cash and cash equivalents	\$ 224,641	\$ 160,937	<u>Liabilities</u>		
Financial assets at fair value through profit or loss	41,677,220	39,326,684	Call loans from banks	\$ 8,126,345	\$ 6,425,800
Financial assets at fair value through other comprehensive income	23,198,532	18,348,759	Financial liabilities at fair value through profit or loss	-	1,244
Investments in debt instruments at amortized cost	1,432,879	1,386,388	Securities sold under repurchase agreements	51,477,700	47,311,367
Receivables, net	261,381	163,254	Payables	125,135	83,784
Current tax assets	40,389	24,460	Provisions	416,605	391,427
Other financial assets, net	292,773	1,018,436	Lease liabilities	39,081	2,471
Properties and equipment, net	17,985	11,723	Other liabilities	<u>72,579</u>	<u>39,981</u>
Right-of-use assets, net	38,706	2,340	Total liabilities	<u>60,257,445</u>	<u>54,256,074</u>
Intangible assets, net	5,590	8,906	<u>Equity</u>		
Deferred tax assets	5,127	-	Capital stock	4,877,740	4,877,740
Other assets, net	<u>286,731</u>	<u>291,662</u>	Capital surplus	312,633	312,633
			Retained earnings	2,216,941	2,006,529
			Other equity	<u>(182,805)</u>	<u>(709,427)</u>
			Total equity	<u>7,224,509</u>	<u>6,487,475</u>
Total	<u>\$ 67,481,954</u>	<u>\$ 60,743,549</u>	Total	<u>\$ 67,481,954</u>	<u>\$ 60,743,549</u>

(Continued)

Taiwan Cooperative Securities Co., Ltd.

**Condensed Balance Sheets
December 31, 2023 and 2022
(In Thousands of New Taiwan Dollars)**

Assets	2023	2022	Liabilities and Equity	2023	2022
Current assets	\$ 35,238,775	\$ 27,897,700	<u>Liabilities</u>		
Financial assets at fair value through other comprehensive income - non-current	41,943	37,800	Current liabilities	\$ 29,840,981	\$ 22,881,285
Investments accounted for using equity method	49,123	-	Lease liabilities	109,049	85,160
Properties and equipment, net	94,729	79,522	Deferred tax liabilities	743	7,157
Right-of-use assets, net	108,205	83,076	Other liabilities	<u>5,720</u>	<u>8,560</u>
Intangible assets	61,522	64,069	Total liabilities	<u>29,956,493</u>	<u>22,982,162</u>
Deferred tax assets	10,621	8,293	<u>Equity</u>		
Other non-current assets	<u>422,270</u>	<u>412,549</u>	Capital stock	5,206,131	5,206,131
			Capital surplus	294,440	294,440
			Retained earnings	1,040,127	869,417
			Other equity	<u>(470,003)</u>	<u>(769,141)</u>
			Total equity	<u>6,070,695</u>	<u>5,600,847</u>
Total	<u>\$ 36,027,188</u>	<u>\$ 28,583,009</u>	Total	<u>\$ 36,027,188</u>	<u>\$ 28,583,009</u>

Co-operative Assets Management Co., Ltd.

**Condensed Balance Sheets
December 31, 2023 and 2022
(In Thousands of New Taiwan Dollars)**

Assets	2023	2022	Liabilities and Equity	2023	2022
Current assets	\$ 88,439	\$ 257,746	<u>Liabilities</u>		
Financial assets at fair value through profit or loss	-	5,228	Current liabilities	\$ 9,845,201	\$ 8,533,557
Financial assets at fair value through other comprehensive income	15,000	13,375	Lease liabilities	9,968	18,253
Receivables, net	3,832,190	2,049,716	Deferred tax liabilities	86,908	75,941
Investments accounted for using the equity method	1,213,820	1,180,633	Other liabilities	<u>1,157,753</u>	<u>2,095,096</u>
Properties and equipment, net	19,271	29,402	Total liabilities	<u>11,099,830</u>	<u>10,722,847</u>
Investment properties, net	4,625,362	4,525,805	<u>Equity</u>		
Right-of-use assets, net	9,745	18,038	Capital stock	3,140,875	2,825,280
Intangible assets	2,643	3,441	Capital surplus	2,553	2,553
Deferred tax assets	219,382	220,802	Retained earnings	812,130	784,893
Long-term lease payment receivable	194,436	206,601	Other equity	<u>(105,336)</u>	<u>(88,526)</u>
Long-term urban regeneration advance payment	4,693,050	5,733,617	Total equity	<u>3,850,222</u>	<u>3,524,200</u>
Other assets	<u>36,714</u>	<u>2,643</u>			
Total	<u>\$ 14,950,052</u>	<u>\$ 14,247,047</u>	Total	<u>\$ 14,950,052</u>	<u>\$ 14,247,047</u>

(Continued)

BNP Paribas Cardif TCB Life Insurance Co., Ltd.

**Condensed Balance Sheets
December 31, 2023 and 2022
(In Thousands of New Taiwan Dollars)**

Assets	2023	2022	Liabilities and Equity	2023	2022
Cash and cash equivalents	\$ 2,619,042	\$ 3,248,747	<u>Liabilities</u>		
Receivables	1,303,254	1,002,509	Payables	\$ 1,358,481	\$ 850,961
Current tax assets	121,791	116,649	Current tax liabilities	69,641	-
Investments	36,198,341	32,021,150	Financial liabilities at fair value through profit or loss	242,041	540,199
Reinsurance assets	244,817	209,333	Lease liabilities	82,648	1,433
Equipment, net	108,998	112,077	Insurance liabilities	28,468,712	25,929,455
Right-of-use assets	77,731	1,362	Reserve for insurance contracts with financial instruments features	7,637	3,651
Deferred tax assets	79,552	218,022	Reserve of foreign exchange variation	94,240	440,333
Other assets	1,307,798	1,366,532	Deferred tax liabilities	34,986	-
Separate-account assets	<u>85,592,813</u>	<u>89,353,581</u>	Other liabilities	185,851	162,173
			Separate-account liabilities	<u>85,592,813</u>	<u>89,353,581</u>
			Total liabilities	<u>116,137,050</u>	<u>117,281,786</u>
			<u>Equity</u>		
			Capital stock	6,881,166	6,881,166
			Capital surplus	9,310	9,310
			Retained earnings	4,864,390	3,968,019
			Other equity	<u>(237,779)</u>	<u>(490,319)</u>
			Total equity	<u>11,517,087</u>	<u>10,368,176</u>
Total	<u>\$ 127,654,137</u>	<u>\$ 127,649,962</u>	Total	<u>\$ 127,654,137</u>	<u>\$ 127,649,962</u>

Taiwan Cooperative Securities Investment Trust Co., Ltd.

**Condensed Balance Sheets
December 31, 2023 and 2022
(In Thousands of New Taiwan Dollars)**

Assets	2023	2022	Liabilities and Equity	2023	2022
Current assets	\$ 400,764	\$ 418,414	<u>Liabilities</u>		
Financial assets at fair value through profit or loss - non-current	3,057	2,846	Current liabilities	\$ 57,090	\$ 76,571
Properties and equipment, net	4,735	5,906	Lease liabilities	10,967	14,095
Right-of-use assets	10,639	13,770	Other liabilities	<u>300</u>	<u>640</u>
Intangible assets	2,918	4,884	Total liabilities	<u>68,357</u>	<u>91,306</u>
Prepaid equipment	49	49	<u>Equity</u>		
Other assets	<u>56,215</u>	<u>56,215</u>	Capital stock	303,000	303,000
			Capital surplus	72,860	72,860
			Retained earnings	33,377	34,346
			Other equity	<u>783</u>	<u>572</u>
			Total equity	<u>410,020</u>	<u>410,778</u>
Total	<u>\$ 478,377</u>	<u>\$ 502,084</u>	Total	<u>\$ 478,377</u>	<u>\$ 502,084</u>

(Continued)

Taiwan Cooperative Venture Capital Co., Ltd.

**Condensed Balance Sheets
December 31, 2023 and 2022
(In Thousands of New Taiwan Dollars)**

Assets	2023	2022	Liabilities and Equity	2023	2022
Current assets	\$ 813,790	\$ 730,538	<u>Liabilities</u>		
Financial assets at fair value through profit or loss - non-current	592,858	544,735	Current liabilities	\$ 19,172	\$ 14,942
Investments accounted for using equity method	4,644	5,228	Lease liabilities	11,378	1,236
Properties and equipment, net	2,229	1,321	Other liabilities	<u>1,305</u>	<u>160</u>
Right-of-use assets	11,294	1,202	Total liabilities	<u>31,855</u>	<u>16,338</u>
Intangible assets	19	67	<u>Equity</u>		
Other assets	<u>499</u>	<u>499</u>	Capital stock	1,235,023	1,144,207
			Capital surplus	-	714
			Retained earnings	<u>158,455</u>	<u>122,331</u>
			Total equity	<u>1,393,478</u>	<u>1,267,252</u>
Total	<u>\$ 1,425,333</u>	<u>\$ 1,283,590</u>	Total	<u>\$ 1,425,333</u>	<u>\$ 1,283,590</u>

3. Subsidiaries' condensed statements of comprehensive income

Taiwan Cooperative Bank, Ltd.

**Condensed Statements of Comprehensive Income
For the Years Ended December 31, 2023 and 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2023	2022
Interest revenues	\$ 91,225,608	\$ 62,066,238
Less: Interest expenses	<u>(59,467,758)</u>	<u>(25,040,910)</u>
Net interest	31,757,850	37,025,328
Net revenues and gains other than interest	<u>22,487,644</u>	<u>11,800,659</u>
Total net revenues	54,245,494	48,825,987
Bad-debt expenses and provision for losses on commitment and guarantees	(7,299,201)	(1,143,145)
Operating expenses	<u>(26,790,322)</u>	<u>(25,569,350)</u>
Income before income tax	20,155,971	22,113,492
Income tax expense	<u>(3,853,347)</u>	<u>(3,024,193)</u>
Net income	16,302,624	19,089,299
Other comprehensive income (loss)	<u>13,270,345</u>	<u>(24,248,923)</u>
Total comprehensive income (loss)	<u>\$ 29,572,969</u>	<u>\$ (5,159,624)</u>
Earnings per share (NT\$)		
Basic	<u>\$1.48</u>	<u>\$1.73</u>

(Continued)

Taiwan Cooperative Bills Finance Co., Ltd.

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

	2023	2022
Net interest	\$ 169,445	\$ 219,860
Net revenues and gains other than interest	<u>254,672</u>	<u>236,166</u>
Total net revenues	424,117	456,026
Reversal of allowance (impairment losses) for credit losses and provision	(5,202)	48,603
Operating expenses	<u>(171,424)</u>	<u>(156,846)</u>
Income before income tax	247,491	347,783
Income tax expense	<u>(41,695)</u>	<u>(64,714)</u>
Net income	205,796	283,069
Other comprehensive income (loss)	<u>531,238</u>	<u>(748,196)</u>
Total comprehensive income (loss)	<u>\$ 737,034</u>	<u>\$ (465,127)</u>
Earnings per share (NT\$)		
Basic	<u>\$0.42</u>	<u>\$0.58</u>

Taiwan Cooperative Securities Co., Ltd.

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

	2023	2022
Revenues	\$ 1,812,423	\$ 1,738,772
Service charge	(87,643)	(80,281)
Other operating costs	(516,280)	(321,418)
Employee benefits	(534,036)	(514,105)
Other operating expenses	(431,437)	(432,548)
Other gains	<u>35,418</u>	<u>(8,959)</u>
Income before income tax	278,445	381,461
Income tax expense	<u>(76,312)</u>	<u>(94,898)</u>
Net income	202,133	286,563
Other comprehensive income (loss)	<u>267,715</u>	<u>(773,391)</u>
Total comprehensive income (loss)	<u>\$ 469,848</u>	<u>\$ (486,828)</u>
Earnings per share (NT\$)		
Basic	<u>\$0.39</u>	<u>\$0.55</u>

(Continued)

Co-operative Assets Management Co., Ltd.

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

	2023	2022
Operating revenues	\$ 807,773	\$ 791,341
Operating expenses	<u>(243,169)</u>	<u>(306,510)</u>
Operating benefits	564,604	484,831
Non-operating gains and losses	<u>(115,619)</u>	<u>(29,735)</u>
Income before income tax	448,985	455,096
Income tax expense	<u>(106,152)</u>	<u>(104,434)</u>
Net income	342,833	350,662
Other comprehensive (loss) income	<u>(16,811)</u>	<u>11,815</u>
 Total comprehensive income	 <u>\$ 326,022</u>	 <u>\$ 362,477</u>
 Earnings per share (NT\$)		
Basic	<u>\$1.09</u>	<u>\$1.12</u>

BNP Paribas Cardif TCB Life Insurance Co., Ltd.

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

	2023	2022
Operating revenues	\$ 14,534,327	\$ (8,661,837)
Operating costs	(12,226,583)	10,907,944
Operating expenses	(853,011)	(830,888)
Non-operating gains	<u>(1,694)</u>	<u>(9,014)</u>
Income before income tax	1,453,039	1,406,205
Income tax expenses	<u>(198,847)</u>	<u>(249,387)</u>
Net income	1,254,192	1,156,818
Other comprehensive income (loss)	<u>252,540</u>	<u>(3,181,495)</u>
 Total comprehensive income (loss)	 <u>\$ 1,506,732</u>	 <u>\$ (2,024,677)</u>
 Earnings per share (NT\$)		
Basic	<u>\$1.82</u>	<u>\$1.68</u> (Continued)

Taiwan Cooperative Securities Investment Trust Co., Ltd.

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

	2023	2022
Operating revenues	\$ 332,136	\$ 369,230
Operating expenses	<u>(317,544)</u>	<u>(348,810)</u>
Operating gain	14,592	20,420
Non-operating gains and losses	<u>3,739</u>	<u>1,025</u>
Income before income tax	18,331	21,445
Income tax expenses	<u>-</u>	<u>-</u>
Net income	18,331	21,445
Other comprehensive income	<u>210</u>	<u>402</u>
 Total comprehensive income	 <u>\$ 18,541</u>	 <u>\$ 21,847</u>
 Earnings per share (NT\$)		
Basic	<u>\$0.60</u>	<u>\$0.71</u>

Taiwan Cooperative Venture Capital Co., Ltd.

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

	2023	2022
Operating revenues	\$ 180,746	\$ 151,602
Operating expenses	<u>(48,386)</u>	<u>(42,822)</u>
Operating gain	132,360	108,780
Non-operating gains and losses	<u>1,827</u>	<u>305</u>
Income before income tax	134,187	109,085
Income tax expenses	<u>(7,247)</u>	<u>(2,625)</u>
Net income	126,940	106,460
Other comprehensive income (loss)	<u>-</u>	<u>(46,637)</u>
 Total comprehensive income	 <u>\$ 126,940</u>	 <u>\$ 59,823</u>
 Earnings per share (NT\$)		
Basic	<u>\$1.03</u>	<u>\$0.86</u>

(Concluded)

TABLE 5

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

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

Business Segment Items	For the Year Ended December 31, 2023					
	Banking	Bill Finance	Security	Insurance	Others	Consolidated
Net interest	\$ 32,028,574	\$ (497,769)	\$ (499)	\$ 894,593	\$ (461,806)	\$ 31,963,093
Net revenues and gains other than interest	21,761,520	942,304	1,251,054	4,112,835	1,346,232	29,413,945
Total net revenues	53,790,094	444,535	1,250,555	5,007,428	884,426	61,377,038
Bad-debt expenses and provision for losses on commitment and guarantees	(7,501,854)	(5,202)	5	-	4,825	(7,502,226)
Net change in reserves for insurance liabilities	-	-	-	(2,232,124)	-	(2,232,124)
Operating expenses	(26,856,177)	(162,496)	(883,667)	(834,988)	(830,697)	(29,568,025)
Income before income tax	19,432,063	276,837	366,893	1,940,316	58,554	22,074,663
Income tax expenses	(3,853,659)	(41,695)	(76,312)	(198,847)	(25,935)	(4,196,448)
Net income	15,578,404	235,142	290,581	1,741,469	32,619	17,878,215

Business Segment Items	For the Year Ended December 31, 2022					
	Banking	Bill Finance	Security	Insurance	Others	Consolidated
Net interest	\$ 37,158,262	\$ (214,400)	\$ 222,051	\$ 753,520	\$ (155,791)	\$ 37,763,642
Net revenues and gains other than interest	11,547,899	689,083	1,086,155	773,925	1,321,448	15,418,510
Total net revenues	48,706,161	474,683	1,308,206	1,527,445	1,165,657	53,182,152
Bad-debt expenses and provision for losses on commitment and guarantees	(1,196,044)	48,603	11,257	-	(78,566)	(1,214,750)
Net change in reserves for insurance liabilities	-	-	-	728,695	-	728,695
Operating expenses	(25,629,664)	(148,026)	(863,442)	(824,837)	(843,784)	(28,309,753)
Income before income tax	21,880,453	375,260	456,021	1,431,303	243,307	24,386,344
Income tax expenses	(3,046,621)	(64,714)	(94,898)	(249,387)	(113,432)	(3,569,052)
Net income	18,833,832	310,546	361,123	1,181,916	129,875	20,817,292

TABLE 6**TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND
SUBSIDIARIES**

**DISCLOSURE REQUIRED UNDER ARTICLE 46 OF THE FINANCIAL HOLDING COMPANY ACT
DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, %)**

December 31, 2023

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of TCFHC's Equity
1. Same person		
Central Bank of the Republic of China (ROC)	\$ 447,230,408	186.43
National Treasury Administration, ROC	364,677,220	152.02
Tai Power Co., Ltd.	153,835,352	64.13
CPC Corporation, Taiwan	94,717,739	39.48
New Taipei City Government	72,000,279	30.01
Taichung City Government	39,501,669	16.47
Kaohsiung Rapid Transit Corp.	39,484,789	16.46
Taiwan High Speed Rail Corp.	30,976,193	12.91
Financial Bureau, Kaohsiung City Government	30,928,120	12.89
Taiwan Railways Administration	29,860,000	12.45
Department of Urban Development, Taipei City Government	27,200,000	11.34
Land Administration Bureau, Kaohsiung City Government	25,526,283	10.64
Us Treasury Note	20,947,189	8.73
Central Taiwan Science Park Bureau, NSTC	20,000,000	8.34
Hon Hai Precision Co., Ltd.	17,827,833	7.43
Transportation Bureau of Kaohsiung City Government	17,444,095	7.27
Government National Mortgage Association	15,927,935	6.64
Taiwan Semiconductor Manufacturing Co., Ltd.	12,734,119	5.31
National Housing and Urban Regeneration Center	12,480,980	5.20
Taoyuan City Government	11,500,000	4.79
Chailease Finance Co., Ltd.	11,282,621	4.70
AU Optronics Co., Ltd.	9,983,130	4.16
Yunlin County Government	9,402,269	3.92
Clevo Corp.	8,584,162	3.58
Winbond Electronics Corp.	7,674,199	3.20
Nan Ya Plastics Corp.	7,626,352	3.18
Federal Home Loan Mortgage Corp.	7,231,209	3.01
Fina Finance & Trading Co., Ltd.	6,786,610	2.83
Railway Bureau, MOTC	6,614,000	2.76
Tainan City Government	6,500,000	2.71
Powerchip Semiconductor Manufacturing Corp.	6,423,489	2.68
Southern Taiwan Science Park Bureau, NSTC	6,300,000	2.63

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of TCFHC's Equity
Uni-President Enterprises Corp.	\$ 5,982,080	2.49
Economic Development Bureau, Kaohsiung City Government	5,866,189	2.45
Highwealth Construction Co., Ltd.	5,563,160	2.32
Silicon Application Corp.	5,274,477	2.20
Fubon Insurance Co., Ltd.	5,189,970	2.16
Walsin Lihwa Corp.	5,055,829	2.11
Yien United Steel Corp.	5,011,238	2.09
China Steel Corp.	4,900,149	2.04
Ruen Chen Investment Holding Co., Ltd.	4,807,000	2.00
Radium Life Tech. Co., Ltd.	4,785,734	1.99
CSBC Corporation, Taiwan	4,741,703	1.98
Johnson Health Tech. Co., Ltd.	4,652,245	1.94
Chang Hwa Commercial Bank, Ltd.	4,648,974	1.94
Formosa Petrochemical Corp.	4,613,075	1.92
Macronix International Co., Ltd.	4,514,965	1.88
Kookmin Bank Co., Ltd.	4,459,605	1.86
Far Eastern New Century Corp.	4,416,813	1.84
Farglory Land Development Co., Ltd.	4,408,571	1.84
Standard Chartered Bank (Germany)	4,200,124	1.75
China Airlines	4,200,000	1.75
Formosa Plastics Corp.	4,169,876	1.74
Formosa Chemicals & Fibre Corp.	4,085,676	1.70
Da-Li Development Co, Ltd.	4,062,005	1.69
Chung Hsin Electric & Machinery Manufacturing Corp.	4,033,301	1.68
Chungwha Construction Corp.	3,997,779	1.67
Synnex Technology International Corp.	3,965,298	1.65
Innolux Corp.	3,956,263	1.65
BPCE	3,937,863	1.64
Kingdom of Saudi Arabia	3,934,786	1.64
Reliance Industries Limited	3,930,240	1.64
ChipMOS Technologies Inc.	3,817,009	1.59
ASE Technology Holding Co., Ltd.	3,764,337	1.57
STARLUX Airlines.	3,764,270	1.57
Shinhan Bank	3,752,023	1.56
Civil Aviation Administration, MOTC	3,677,000	1.53
Prosperity Tieh Enterprise Co., Ltd.	3,676,437	1.53
Bumble Bee Foods, LLC	3,640,810	1.52
CREDIT AGRICOLE CIB, PARIS	3,622,140	1.51
Kai Tai Fung International Co., Ltd.	3,506,260	1.46
Kindom Development Co., Ltd.	3,481,502	1.45
National Chung-Shan Institute of Science & Technology	3,470,987	1.45
Client A	3,456,000	1.44
Federal National Mortgage Association (Fannie Mae)	3,436,555	1.43
China Man-Made Fiber Corp.	3,429,461	1.43
World Peace Industrial Co., Ltd.	3,243,100	1.35
BES ENGINEERING Corp.	3,202,664	1.34

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of TCFHC's Equity
Citigroup Global Markets Holdings Inc.	\$ 3,197,556	1.33
Shin Ruenn Development Co., Ltd.	3,156,407	1.32
Run Long Construction Co., Ltd.	3,111,376	1.30
Tang Eng Iron Works Co., Ltd.	3,102,154	1.29
BANK OF AMERICA, N.A. HONG KONG	3,049,443	1.27
Mercedes-Benz Financial Services Taiwan Ltd.	3,000,000	1.25
2. Same related parties		
Client B	11,638,025	4.85
Client C	8,635,899	3.60
Client D	5,806,000	2.42
Client E	4,742,000	1.98
Client F	4,742,000	1.98
Client G	4,713,313	1.96
Client H	4,679,359	1.95
Client I	4,520,000	1.88
Client J	4,092,005	1.71
Client K	3,753,619	1.56
Client L	3,753,619	1.56
Client M	3,753,619	1.56
3. Same affiliate		
Tai Power Co., Ltd.	155,244,477	64.71
CPC Corporation, Taiwan	95,497,973	39.81
Chailease Finance Co., Ltd.	30,916,506	12.89
General Interface Solution (GIS) Holding Ltd.	28,644,748	11.94
General Interface Solution. Ltd.	28,644,748	11.94
Chailease Consumer Finance Co., Ltd.	27,493,319	11.46
Chailease Rental Corp.	27,023,479	11.26
Fina Finance & Trading Co., Ltd.	26,446,479	11.02
Chailease Holding Co., Ltd.	26,053,958	10.86
Hon Hai Precision Co., Ltd.	25,971,970	10.83
Ingrasys Technology Inc.	25,971,970	10.83
Tien Hsing Integration Co., Ltd.	25,098,120	10.46
Chailease International Leasing Co., Ltd.	25,001,429	10.42
Tien Chu Energy Co., Ltd.	24,481,226	10.21
Tien Jen Energy Co., Ltd.	24,423,323	10.18
Chailease International Leasing Co., Ltd.	24,264,493	10.11
Chailease Berjaya Credit SDN. BHD.	24,045,591	10.02
Formosa Resources Australia Pty Ltd.	23,626,889	9.85
Asia Sermkij Leasing Public Co., Ltd.	23,626,077	9.85
Reco Biotek Co., Ltd.	22,974,970	9.58
Far Eastern New Century Corp.	22,317,085	9.30
Jhong-An Investment Co., Ltd.	21,763,127	9.07
Yi Zhan Construction Co., Ltd.	21,453,964	8.94

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of TCFHC's Equity
Us Treasury Note	\$ 20,947,189	8.73
Chuangju Limited Partnership	20,824,392	8.68
Asia Pacific Development Corp.	20,694,979	8.63
Chailease International Finance Corp.	20,355,369	8.49
Nan Ya Plastics Corp.	19,383,635	8.08
Yi-Shiang Construction Co., Ltd.	19,293,044	8.04
He Yao Construction Co., Ltd.	19,098,794	7.96
Formosa Heavy Industries Corp.	18,887,103	7.87
G-Tech Optoelectronics Corp.	18,297,833	7.63
Foxconn (Far East) Limited	18,247,754	7.61
Foxconn Interconnect Technology Limited Taiwan Branch (Cayman)	18,104,178	7.55
Ruentex Development Co., Ltd.	17,516,871	7.30
Huo Jiun Construction Co., Ltd.	17,006,769	7.09
Tien Sin Intelligent Green Energy Co., Ltd.	16,340,450	6.81
Taiwan Semiconductor Manufacturing Co., Ltd.	16,301,593	6.80
Tien Sin Intelligent Green Energy Co., Ltd.	16,217,801	6.76
Tien Jui Energy Co., Ltd.	16,138,710	6.73
Asia Cement Corp.	16,116,852	6.72
Der Ching Investment Corp.	16,112,424	6.72
Yieh Phui Enterprise Co., Ltd.	15,860,585	6.61
Eliter International Corp.	15,633,995	6.52
Ren Ying Enterprise Co., Ltd.	15,408,540	6.42
Ruentex Industries Ltd.	15,408,540	6.42
CTBC Financial Holding Co., Ltd.	15,294,977	6.38
Hui Hong Investment Management Co., Ltd.	15,058,774	6.28
Yi Tai Fund Corp.	15,058,774	6.28
Ruen Hua Dyeing & Weaving Co., Ltd.	14,742,196	6.15
TSMC Arizona Corp.	14,351,393	5.98
Kings Garden International Co., Ltd.	14,286,763	5.96
Great Emperor Hotel Co., Ltd.	14,286,763	5.96
TSMC Global. Ltd.	14,195,763	5.92
EDA Hua Yue Hotel Corp.	13,544,220	5.65
Yuan Ding Investment Corp.	13,539,047	5.64
Yien United Steel Corp.	13,304,765	5.55
Nan Shan Life Insurance Company, Ltd.	13,229,189	5.51
U-Ming Marine Transport Corp.	13,039,289	5.44
WPG Holdings Limited	12,742,687	5.31
Yieh Hsing Enterprise Co., Ltd.	12,668,872	5.28
AU Optronics Co., Ltd.	12,571,715	5.24
World Peace Industrial Co., Ltd.	12,486,095	5.20
Yosun Industrial Corp.	12,479,384	5.20
Richpower Electronic Devices Co., Ltd.	12,479,384	5.20
Clevo Corp.	12,442,497	5.19
Asian Information Technology Inc.	12,324,386	5.14
Silicon Application Corp.	12,294,515	5.13
Formosa Plastics Corp.	12,224,951	5.10
Frontek Technology Corp.	12,184,515	5.08

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of TCFHC's Equity
Shin Yang Steel Co., Ltd.	\$ 12,164,701	5.07
Vsell Enterprise Co., Ltd.	12,069,356	5.03
BenQ Materials Corp.	12,060,128	5.03
Visco Vision Inc.	12,060,128	5.03
Genuine Crop.	12,049,889	5.02
Chailease Royal Leasing Plc.	12,013,153	5.01
Chailease Royal Finance Plc.	12,013,153	5.01
Yosun Hong Kong Co., Ltd.	11,932,498	4.97
Yieh Phui (Hong Kong) Holdings Ltd.	11,332,431	4.72
Grand Pacific Financing Corp.	11,282,621	4.70
Nan Chung Petrochemical Corp.	11,136,813	4.64
Everwiner Enterprise Co., Ltd.	11,113,688	4.63
Trigold Holding Ltd.	10,483,066	4.37
Far EasTone Telecommunications Co., Ltd.	10,320,938	4.30
Mao Zheng Energy Corp.	10,314,925	4.30
Fubon Financial Holding Co, Ltd.	10,304,790	4.30
Yu Yuan Investment Co., Ltd.	10,261,827	4.28
Highwealth Construction Co., Ltd.	10,246,691	4.27
Mao Xin Energy Corp.	10,234,021	4.27
Nanya Plastics Corporation. America	10,128,809	4.22
Ruen Chen Investment Holding Co., Ltd.	9,924,639	4.14
China Steel Corp.	9,923,512	4.14
Sing Da Marine Structure Corp.	9,922,512	4.14
QiYu Construction Co., Ltd.	9,847,273	4.10
Buynow (Texas) Corp.	9,774,362	4.07
Chailease International Trade (Shanghai) Corp.	9,699,324	4.04
China Steel Structure Co., Ltd.	9,677,512	4.03
Run Long Construction Co., Ltd.	9,666,273	4.03
Taipei Twin Towers Limited	9,664,831	4.03
Wpg Electronics Limited	9,479,570	3.95
Chicony Industrial (Wuhan) Co., Ltd.	9,446,299	3.94
XingRiSheng Investment Co., Ltd.	9,244,954	3.85
Farglory Free Trade Zone Co., Ltd.	8,928,030	3.72
Buynow (Chengdu) Corp.	8,777,623	3.66
China Steel Power Corp.	8,497,906	3.54
Ho Shin Construction Corp.	8,457,822	3.53
Nan Ya Technology Corp.	8,426,352	3.51
Fubon Securities Co., Ltd.	8,283,956	3.45
Fubon Insurance Co., Ltd.	8,283,956	3.45
Fubon Asset Management Co., Ltd.	8,137,920	3.39
PFG Fiber Glass Corp.	8,129,032	3.39
Far Eastern Dept. Store Ltd.	8,107,826	3.38
Titan Development and Construction Co., Ltd.	8,043,053	3.35
Radium Life Tech. Co., Ltd.	7,949,678	3.31
Ji Shun Life Tech. Co., Ltd.	7,949,678	3.31
Farglory Land Development Co., Ltd.	7,751,550	3.23

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of TCFHC's Equity
Winbond Electronics Corp.	\$ 7,674,483	3.20
Nan Ya Printed Circuit Board Corp.	7,629,032	3.18
Chung Hung Steel Corp.	7,554,526	3.15
TTET Union Corporation	7,271,892	3.03
Capital Machinery Corp.	7,243,943	3.02
Uni-President Enterprises Corp.	7,211,581	3.01
EDA Hospital Corp.	7,182,125	2.99
Asia Investment Corp.	7,134,663	2.97
Bao Ding Reclaimed Water Co., Ltd.	7,103,762	2.96
China Man-Made Fiber Corp.	7,083,506	2.95
Run Tai Construction Co., Ltd.	7,053,178	2.94
Pacific China Holdings Ltd.	6,988,109	2.91
Hotai Finance Co., Ltd.	6,693,250	2.79
Uni-President Asset Management Corp.	6,686,140	2.79
Li Jiang Development Co., Ltd.	6,634,187	2.77
President Tokyo Corp.	6,622,080	2.76
President Tokyo Auto Leasing Corp.	6,622,080	2.76
Hong-Ye Steel Co., Ltd.	6,585,219	2.75
Prosperity Tieh Enterprise Co., Ltd.	6,585,219	2.75
Hotai Motor Co., Ltd.	6,558,250	2.73
Far Eastern Big City Shopping Malls Co., Ltd.	6,467,181	2.70
Powerchip Semiconductor Manufacturing Corp.	6,423,489	2.68
Farglory Dome Co., Ltd.	6,421,813	2.68
Pernas Electronics Co., Ltd.	6,400,008	2.67
FCF Co., Ltd.	6,364,699	2.65
Bumble Bee Foods, LLC	6,364,699	2.65
Hotai Leasing Corp.	6,326,528	2.64
Taichung Bank Leasing Co., Ltd.	6,316,895	2.63
He Jing Co., Ltd.	6,266,722	2.61
CTBC Finance Co., Ltd.	6,204,240	2.59
Dragon Steel Corp.	6,179,083	2.58
Shinshin Credit Corporation	6,155,901	2.57
Hoyun International Lease Co., Ltd.	6,126,722	2.55
Wei Qiao Investment Development Co., Ltd.	6,089,763	2.54
Tong-Yeen Enterprises Corp.	5,984,080	2.49
Wan Sheng Fa Investment Co., Ltd.	5,962,579	2.49
HE JUN ENERGY Co., Ltd.	5,959,799	2.48
Da-Li Development Co, Ltd.	5,866,905	2.45
CREDIT AGRICOLE CIB, PARIS	5,764,590	2.40
Formosa Chemicals & Fibre Corp.	5,752,377	2.40
Dali Miller Development Co., Ltd.	5,727,089	2.39
Pan Asia Chemical Co.	5,718,103	2.38
Rih ding Water Enterprise Co., Ltd.	5,600,023	2.33
Standard Chartered Bank (Germany)	5,593,061	2.33
Standard Chartered Plc	5,593,061	2.33
Formosa Petrochemical Corp.	5,583,175	2.33
Karton Formosa Polymers Corp.	5,583,075	2.33

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of TCFHC's Equity
Chu Yuan Industrial Co., Ltd.	\$ 5,548,898	2.31
Oriental Petrochemical (Taiwan) Corp.	5,507,771	2.30
China Steel Chemical Corp.	5,435,291	2.27
Fujian Lian Wei Logistics Co., Ltd.	5,424,063	2.26
Hong-Zhu - Construction Co., Ltd.	5,392,760	2.25
Yu Rich Financial Services Co., Ltd.	5,284,818	2.20
Victory Motors Co., Ltd.	5,284,818	2.20
Pau Cheng Energy Corp.	5,250,528	2.19
KB PRASAC Bank Plc	5,225,294	2.18
Kookmin Bank Co., Ltd.	5,225,294	2.18
Chenlong Motor Co., Ltd.	5,204,867	2.17
CSBC Corporation, Taiwan	5,179,899	2.16
Hung Ching Development & Construction Co., Ltd.	5,167,910	2.15
ASE Technology Holding Co., Ltd.	5,167,910	2.15
Da Li Miller Development Corp.	5,127,688	2.14
CSBC-DEME Wind Engineering Co., Ltd.	5,123,551	2.14
Oriental Green Materials Ltd.	5,115,380	2.13
Walsin Technology Corp.	5,075,829	2.12
Walsin Lihwa Corp.	5,075,829	2.12
Walton Advanced Engineering, Inc.	5,074,049	2.12
Formosa Sumco Technology Corp.	5,049,876	2.11
Liancheng Investment Development Co., Ltd.	5,034,704	2.10
Credit Agricole CIB, London Branch	5,017,733	2.09
CHC Resources Corp.	4,915,700	2.05
China Steel Machinery Corp.	4,913,093	2.05
HIMAG Magnetic Corporation	4,913,080	2.05
Chang Hwa Commercial Bank, Ltd.	4,846,974	2.02
Chailease Power Technology Co., Ltd.	4,801,570	2.00
Taiwan Life Insurance Co., Ltd.	4,791,600	2.00
CITIBANK, N.A. LONDON	4,748,521	1.98
Bao-Shin Construction Co., Ltd.	4,661,407	1.94
Jaysanlyn Real Estate & Advertising Co., Ltd.	4,660,266	1.94
JSL Construction & Development Co., Ltd.	4,660,159	1.94
Johnson Health Tech. Co., Ltd.	4,652,245	1.94
CSRC China (Maanshan) Corp.	4,645,173	1.94
Taiwan Mobile Corp.	4,641,832	1.93
NKFG Corp.	4,613,175	1.92
Carplus Auto Leasing Corp.	4,612,960	1.92
China Airlines	4,558,900	1.90
Taoyuan International Airport Services Co., Ltd.	4,554,600	1.90
Reliance Jio Infocomm Limited	4,544,340	1.89
Reliance Industries Limited	4,544,340	1.89
Zhong Tai Hotel Co., Ltd.	4,539,634	1.89
Kai Tai Fung International Co., Ltd.	4,539,634	1.89
General Resources Co.	4,524,684	1.89
Chailease Consumer Finance Co., Ltd.	4,518,475	1.88
Macronix International Co., Ltd.	4,514,965	1.88

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of TCFHC's Equity
United Microelectronics Corp.	\$ 4,491,260	1.87
Cheng Uei Precision Industry Co., Ltd.	4,483,992	1.87
Foxwell Energy Corporation Ltd.	4,483,992	1.87
Hanshin Shopping Plaza Co., Ltd.	4,431,017	1.85
Hung-You Copper Co., Ltd.	4,417,920	1.84
Feng Shehg Enterprise Company	4,413,890	1.84
ASIA UNION ELECTRONIC CHEMICAL CORPORATION	4,413,208	1.84
Taiwan Cement Corporation	4,410,965	1.84
FanGlory Life Insurance Co., Ltd.	4,408,571	1.84
CREDIT AGRICOLE CIB, TAIPEI BRANCH	4,368,997	1.82
Kuan-Ho Refractories Industry	4,364,673	1.82
MiTAC Information Technology Corp.	4,325,000	1.80
Jau Feng Sheng Investment Co., Ltd.	4,285,746	1.79
San Miguel Corporation	4,284,000	1.79
Long wei Investment and Development Co., Ltd.	4,275,717	1.78
LY Group Investment Co., Ltd.	4,256,111	1.77
Tigerair Taiwan Co., Ltd.	4,254,600	1.77
Chungwha Construction Corp.	4,243,943	1.77
Hsin Ho Hsiang Investment Co., Ltd.	4,221,744	1.76
Bao Lu Development & Construction Co., Ltd.	4,217,669	1.76
Sun Jing Development Do., Ltd.	4,217,669	1.76
Chung Hwa Pulp Corporation	4,212,586	1.76
Shinshunshin Investment Co., Ltd.	4,201,821	1.75
Infinite Finance Co., Ltd.	4,169,593	1.74
Li Shuo Investment Co., Ltd.	4,165,847	1.74
Synnex Technology International Corp.	4,165,298	1.74
Zhenjiang Union Chemical Industrial Co., Ltd.	4,165,298	1.74
WPI International (Hong Kong) Limited	4,120,592	1.72
Core Asia Human Resources Management Co., Ltd.	4,096,805	1.71
Chung Kung Safeguarding and Security Corp.	4,096,805	1.71
Formosa INEOS Chemicals Corp.	4,094,307	1.71
Chung Hsin Electric & Machinery Manufacturing Corp.	4,091,293	1.71
Cheng-Hsin Engineering & Services Co., Ltd.	4,091,293	1.71
Chung Kung Management and Maintenance of Apartment Co., Ltd.	4,086,251	1.70
Formosa Taffeta Co., Ltd.	4,085,676	1.70
E INK Holdings Inc.	4,047,586	1.69
Yieh Mau Corp.	4,024,160	1.68
Jih Sun Formosa Auto Leasing Co., Ltd.	4,014,491	1.67
CTBC Investments Co., Ltd.	3,991,201	1.66
Macquarie Group Ltd.	3,982,311	1.66
Macquarie International Finance Limited	3,982,311	1.66
Innolux Corp.	3,956,263	1.65
Petron Corporation	3,884,183	1.62
Jun Sheng Development Corp.	3,858,355	1.61
ChipMOS Technologies Inc.	3,817,009	1.59
SinoPac Securities Corporation	3,797,139	1.58

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of TCFHC's Equity
Supreme Electronic Co., Ltd.	\$ 3,778,411	1.58
SHINHAN BANK	3,752,023	1.56
Kinpo Electronics, Inc.	3,737,800	1.56
He Fong Investment Co., Ltd.	3,722,600	1.55
TCC International Ltd.	3,616,006	1.51
Mediatek Inc.	3,595,328	1.50
Seetek Development Co., Ltd.	3,590,972	1.50
Cal-Comp Precision (Philippines), Inc.	3,555,618	1.48
Hsin Hung International Investment Co., Ltd.	3,552,351	1.48
Central Investment Corp.	3,539,887	1.48
Grand Hi-Lai Hotel Co., Ltd.	3,514,209	1.46
Kindom Development Co., Ltd.	3,481,502	1.45
Forest Water Environmental Engineering Ltd.	3,428,710	1.43
Taipei Port Container Terminal Corp.	3,421,353	1.43
HK XZJ Digital Co Limited	3,399,910	1.42
We&Win construction Ltd.	3,370,774	1.41
Xiamen Jinmeixin Consumer Finance Co., Ltd.	3,300,162	1.38
TCC Energy Storage Technology Corporation	3,287,311	1.37
Shinfox Energy Co., Ltd.	3,284,479	1.37
San Miguel Global Power Holdings Co	3,270,083	1.36
Kuo-Kuang Motor Transportation Company Ltd.	3,241,349	1.35
Kaohsiung Opto-Electronics Inc.	3,226,187	1.34
BES ENGINEERING Corp.	3,213,218	1.34
Yang Ming Marine Transport Corp.	3,197,578	1.33
Kuang Ming Shipping Corp.	3,197,578	1.33
Cx Technology Corporation	3,180,901	1.33
Fu Chan High Pile Co., Ltd.	3,164,250	1.32
Cgs International, Inc.	3,162,541	1.32
Shinkong International Leasing Corp.	3,140,162	1.31
Formosa Resources Corporation	3,131,910	1.31
Hongdadi Construction Co., Ltd.	3,131,620	1.31
Tang Eng Iron Works Co., Ltd.	3,102,154	1.29
Foxwell Power Co., Ltd.	3,084,729	1.29
Unimicron Technology Corp.	3,080,158	1.28
Shinkong Materials Technology Co., Ltd.	3,075,142	1.28
Fortuna Development Corp.	3,073,632	1.28
Taipei Financial Center Corporation	3,070,604	1.28
Ta-Ho Maritime Corp.	3,067,471	1.28
Macquarie Group Ltd.	3,061,161	1.28
San Miguel Yamamura Australasia Pty	3,055,800	1.27
Yehui (China) Technology Material Limited Company	3,049,921	1.27
BANK OF AMERICA, N.A. HONG KONG	3,049,443	1.27
Taijun International Finance Leasing Co., Ltd.	3,048,568	1.27
Fubon Life Insurance Co., Ltd.	3,048,475	1.27
Ho-Ping Power Company	3,035,682	1.27
Mercedes-Benz Financial Services Taiwan Ltd.	3,000,000	1.25

(Continued)

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Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of TCFHC's Equity
1. Same person		
Central Bank of the Republic of China (ROC)	\$ 539,922,191	250.61
National Treasury Administration, ROC	334,121,823	155.08
Tai Power Co., Ltd.	117,180,972	54.39
New Taipei City Government	61,617,900	28.60
Financial Bureau, Kaohsiung City Government	41,153,363	19.10
Taichung City Government	33,003,504	15.32
Taiwan Railways Administration	32,674,569	15.17
Taiwan High Speed Rail Corp.	32,442,193	15.06
Financial Bureau, Taipei City Government	21,543,429	10.00
Central Taiwan Science Park Bureau, NSTC	20,000,000	9.28
CPC Corporation, Taiwan	17,486,324	8.12
Kaohsiung Rapid Transit Corp.	14,372,408	6.67
Chailease Finance Co., Ltd.	13,900,132	6.45
Hon Hai Precision Co., Ltd.	12,894,551	5.99
Taiwan Semiconductor Manufacturing Co., Ltd.	11,784,922	5.47
Department of Urban Development, Taipei City Government	10,971,000	5.09
AU Optronics Co., Ltd.	9,698,264	4.50
Taoyuan City Government	8,884,917	4.12
US Treasury Note	8,711,683	4.04
Da-Li Development Co, Ltd.	8,623,883	4.00
Economic Development Bureau, Kaohsiung City Government	8,559,333	3.97
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	8,153,901	3.78
Walsin Lihwa Corp.	7,934,360	3.68
Clevo Corp.	7,642,005	3.55
Silicon Application Corp.	7,629,438	3.54
Winbond Electronics Corp.	7,086,181	3.29
China Steel Corp.	6,353,724	2.95
Highwealth Construction Co., Ltd.	5,866,291	2.72
QUANTA COMPUTER INC.	5,717,529	2.65
Johnson Health Tech. Co., Ltd.	5,620,112	2.61
Formosa Petrochemical Corporation	5,177,145	2.40
Yien United Steel Corp.	5,067,523	2.35
Fina Finance & Trading Co., Ltd.	4,982,621	2.31
CSBC CORPORATION, TAIWAN	4,927,739	2.29
Ruen Chen Investment Holding Co., Ltd.	4,807,000	2.23
Kindom Development Co., Ltd.	4,589,377	2.13
Pingtung County Government	4,500,000	2.09
Yang Ming Marine Transport Corp.	4,492,711	2.09
Nan Ya Plastics Corp.	4,492,252	2.09
Fubon Insurance Co., Ltd.	4,395,626	2.04
CHANG HWA COMMERCIAL BANK, LTD.	4,345,546	2.02
MACRONIX INTERNATIONAL CO., LTD.	4,280,075	1.99
Client A	4,176,000	1.94
ChipMOS TECHNOLOGIES INC.	4,091,593	1.90

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of TCFHC's Equity
National Chung-Shan Institute of Science & Technology	\$ 4,055,127	1.88
Chung Hsin Electric & Machinery Manufacturing Corporation	3,971,972	1.84
New Tainan City Government	3,960,000	1.84
FU CHAN HIGH PILE CO., LTD.	3,868,471	1.80
Radium Life Tech. Co., Ltd.	3,859,623	1.79
Kingdom of Saudi Arabia	3,834,931	1.78
Bumble Bee Foods, LLC	3,766,082	1.75
Run Long Construction Co., Ltd.	3,728,917	1.73
USA	3,672,494	1.70
Civil Aeronautics Administration, MOTC	3,643,000	1.69
Chungwha Construction Corp.	3,596,821	1.67
JSL CONSTRUCTION & DEVELOPMENT CO., LTD.	3,575,283	1.66
CHINA MAN-MADE FIBER CORPORATION	3,546,669	1.65
Farglory Land Development Co., Ltd.	3,512,580	1.63
BPCE	3,450,956	1.60
Kai Tai Fung International Co., Ltd.	3,422,296	1.59
Innolux Corp.	3,404,264	1.58
Bank of America, N.A. Hong Kong	3,334,594	1.55
STARLUX AIRLINES CO., LTD.	3,297,583	1.53
Powerchip Semiconductor Manufacturing Corporation	3,173,908	1.47
KINGSTON TECHNOLOGY INTERNATIONAL LTD.	3,072,500	1.43
FEDERAL HOME LOAN MORTGAGE CORP	3,033,691	1.41
Fu Hong Co., Ltd.	3,000,000	1.39
2. Same related parties		
Client B	10,502,298	4.87
Client C	8,955,115	4.16
Client D	8,653,883	4.02
Client E	7,959,360	3.69
Client F	6,075,000	2.82
Client G	5,240,000	2.43
Client H	5,011,000	2.33
Client I	4,416,113	2.05
Client J	4,416,113	2.05
Client K	3,807,113	1.77
3. Same affiliate		
Tai Power Co., Ltd.	118,131,676	54.83
Chailease Finance Co., Ltd.	29,799,498	13.83
Fina Finance & Trading Co., Ltd.	27,505,462	12.77
CHAILEASE HOLDING CO., LTD.	27,304,624	12.67
Chailease Rental Corp.	26,641,098	12.37
Tien Hsing Integration Co., Ltd.	26,556,265	12.33
Chailease International Leasing Co., Ltd.	25,908,260	12.03
Chailease Berjaya Credit SDN. BHD.	25,067,511	11.64

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of TCFHC's Equity
Tien Chu Energy Co., Ltd.	\$ 24,931,746	11.57
Tien Jen Energy Co., Ltd.	24,902,622	11.56
CHAILEASE INTERNATIONAL LEASING COMPANY LIMITED	24,845,313	11.53
Chaico Investment Corp.	24,442,310	11.34
ASIA SERMKIJ LEASING PUBLIC COMPANY LIMITED	24,429,660	11.34
Chailease Energy Integration Co., Ltd.	24,134,700	11.20
Jhong-An Investment Co., Ltd.	23,952,560	11.12
Yi Zhan Construction Co., Ltd.	23,381,019	10.85
Chailease International Finance Corp.	21,975,010	10.20
Yi-Shiang Construction Corp.	21,526,474	9.99
General Interface Solution (Gis) Holding	21,122,929	9.80
General Interface Solution. Ltd.	21,122,929	9.80
Chuang ju Limited Partnership	20,811,529	9.66
Huo yao Construction Co., Ltd.	20,474,644	9.50
Huo Jiun Construction Co., Ltd.	19,999,248	9.28
Hon Hai Precision Co., Ltd.	18,500,244	8.59
CPC Corporation, Taiwan	18,285,817	8.49
Tien Ying Energy Co., Ltd.	17,996,447	8.35
Tien Sin Intelligent Green Energy Co., Ltd.	17,914,814	8.32
Tien Jui Energy Co., Ltd.	17,854,083	8.29
Reco Biotek Co., Ltd.	17,487,493	8.12
FORMOSA RESOURCES AUSTRALIA PTY LTD.	16,619,568	7.71
Nan Ya Plastics Corp.	15,648,492	7.26
World Peace Industrial Co., Ltd.	14,827,060	6.88
WPG Holding Ltd.	14,679,038	6.81
Richpower Electronic Devices Co., Ltd.	14,672,038	6.81
CTBC Financial Holding Co., Ltd.	14,608,073	6.78
Genuine Crop.	14,324,293	6.65
Eliter International Corp.	14,186,706	6.58
Grand Pacific Financing Corp	13,992,522	6.49
Kings Garden International Co., Ltd.	13,850,345	6.43
Great Emperor Hotel Co., Ltd.	13,850,345	6.43
Asian Information Technology Inc.	13,796,232	6.40
Frontek Technology Corp.	13,776,232	6.39
Formosa Heavy Industries Corporation	13,642,351	6.33
YOSUN HONG KONG CORPORATION LIMITED	13,586,199	6.31
Asia Pacific Development Corp.	13,585,618	6.31
Foxconn (Far East) Limited	13,294,944	6.17
G-Tech Optoelectronics Corp.	13,199,081	6.13
Foxconn Interconnect Technology Limited Taiwan Branch (Cayman)	13,171,076	6.11
EDA Hua Yue Hotel Corp.	13,110,165	6.09
Everwiner Enterprise Co., Ltd.	12,980,074	6.02
Silicon Application Corp.	12,973,074	6.02
Yien United Steel Corp.	12,786,125	5.93
Taiwan Semiconductor Manufacturing Co., Ltd.	12,459,863	5.78
YIEH HSING ENTERPRISE CO., LTD.	12,411,467	5.76
Guo Cao Business Co., Ltd.	12,408,205	5.76

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of TCFHC's Equity
Benq Materials Corp.	\$ 12,162,990	5.65
Visco Vision Inc.	12,162,990	5.65
Ruentex Development Co., Ltd.	12,045,513	5.59
TSMC Global. Ltd.	11,911,742	5.53
TSMC ARIZONA CORPORATION	11,839,693	5.50
Visera Technologies Company Ltd.	11,787,631	5.47
Sunny Friend Environmental Technology Co., Ltd.	11,597,924	5.38
Clevo Corp.	11,472,194	5.32
YOSUN INDUSTRIAL CORP.	11,450,723	5.31
AU Optronics Co., Ltd.	11,301,418	5.25
Highwealth Construction Co., Ltd.	11,275,816	5.23
Far Eastern International Leasing Corp.	11,255,294	5.22
CHYI YUH CONSTRUCTION CO., LTD.	10,876,316	5.05
YIEH PHUI (HONG KONG) HOLDINGS LIMITED	10,832,516	5.03
RUEN HUA DYEING & WEAVING CO., LTD.	10,710,770	4.97
Run Long Construction Co., Ltd.	10,435,915	4.84
Ren Ying Enterprise Co., Ltd.	10,405,723	4.83
Ruentex Industries Ltd.	10,205,723	4.74
Yi Tai Fund Corp.	10,105,723	4.69
Xing Ris Heng Investment Co., Ltd.	9,994,708	4.64
Da-Li Development Co, Ltd.	9,992,082	4.64
Yuan Tone Investment Co., Ltd.	9,970,043	4.63
FORMOSA PLASTICS CORPORATION	9,969,563	4.63
Dami Show Mall Co., Ltd.	9,902,181	4.60
AUO Optoelectronics (Kunshan) Co., Ltd.	9,796,584	4.55
Dali Miller Development Co., Ltd.	9,722,296	4.51
Zhong Li International Trading (Shanghai) Co., Ltd.	9,676,394	4.49
Yieh Phui Enterprise Co., Ltd.	9,536,864	4.43
China Steel Corp.	9,437,914	4.38
Far Eastern New Century Corp.	8,971,629	4.16
BUYNOW Electronic Information Co., Ltd.	8,899,140	4.13
BAO-SIN CONSTRUCTION CO., LTD.	8,887,383	4.13
Shinshunshin Investment Co., Ltd.	8,793,693	4.08
SOTAN INVESTMENT Co., Ltd.	8,793,693	4.08
Li Shuo Investment Co., Ltd.	8,723,809	4.05
Da Li Properties LLC	8,703,768	4.04
Nan Shan Life Insurance Company, Ltd.	8,591,041	3.99
Chicony Industrial (Wuhan) Co., Ltd.	8,500,478	3.95
Kaohsiung Rapid Transit Corporation	8,495,568	3.94
China Steel Express Corporation	8,495,568	3.94
ASIA CEMENT CORPORATION	8,425,948	3.91
China Steel Structure Co., Ltd.	8,417,876	3.91
Taipei Twin Towers Limited	8,333,082	3.87
Fubon Financial Holding Co, Ltd.	8,270,453	3.84
PERNAS ELECTRONICS CO., LTD.	8,172,029	3.79
Farglory Free Trade Zone Co., Ltd.	8,161,256	3.79
Nan Chung Petrochemical Corporation	8,060,921	3.74

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of TCFHC's Equity
Walsin Technology Corporation	\$ 8,010,133	3.72
Walsin Lihwa Corp.	8,010,133	3.72
WALTON ADVANCED ENGINEERING, INC.	7,975,420	3.70
Buynow Electronic Information (Chengdu) Co., Ltd.	7,927,397	3.68
China Steel Power Corporation	7,903,499	3.67
Far Eastern General Contractor Inc.	7,759,035	3.60
DRAGON STEEL CORPORATION	7,570,142	3.51
Radium Life Tech. Co., Ltd.	7,114,798	3.30
Ji Shun Life Tech Co., Ltd.	7,114,798	3.30
TITAN DEVELOPMENT AND CONSTRUCTION CO., LTD.	7,114,798	3.30
Winbond Electronics Corp.	7,086,181	3.29
CHINA STEEL CHEMICAL CORPORATION	7,082,249	3.29
NANYA PLASTICS CORPORATION. AMERICA	6,888,802	3.20
Farglory Land Development Co., Ltd.	6,860,936	3.18
FORMOSA INDUSTRIES CORP.	6,800,711	3.16
Fubon Insurance Co., Ltd.	6,782,867	3.15
Ruen Chen Investment Holding Co., Ltd.	6,656,684	3.09
Cathay Financial Holdings Co., Ltd.	6,428,939	2.98
China Steel Machinery Corporation	6,372,974	2.96
Formosa Petrochemical Corporation	6,371,345	2.96
MasterLink Securities Corporation	6,348,648	2.95
FARGLORY DOME CO., LTD.	6,348,424	2.95
KRATON FORMOSA POLYMERS CORPORATION	6,347,145	2.95
Wan Sheng Fa Investment Co., Ltd.	6,265,791	2.91
E-DA Healthcare Group	6,211,507	2.88
Bao Ding Reclaimed Water Co., Ltd.	6,128,991	2.84
CHINA MAN-MADE FIBER CORPORATION	6,093,200	2.83
Quanta Computer Inc.	6,042,021	2.80
QUANTA INTERNATIONAL LIMITED	6,042,021	2.80
Li Jiang Development Co., Ltd.	5,783,788	2.68
EBN TECHNOLOGY CORPORATION	5,767,529	2.68
Hsin Bong Enterprise Co., Ltd.	5,766,957	2.68
Fujian Lian Wei Logistics Co., Ltd.	5,675,978	2.63
Johnson Health Tech. Co., Ltd.	5,620,112	2.61
FCF CO., LTD.	5,442,271	2.53
Bumble Bee Foods, LLC	5,442,271	2.53
CAPITAL MACHINERY LIMITED	5,375,924	2.50
HONG-ZHU CONSTRUCTION CO., LTD.	5,322,430	2.47
Wei Qiao Investment and Development Co., Ltd.	5,283,588	2.45
Der Ching Investment Corporation	5,223,175	2.42
NKFG Corp.	5,201,345	2.41
PFG FIBER GLASS CORPORATION	5,191,370	2.41
Yuan Ding Investment Corp.	5,025,619	2.33
CSBC CORPORATION, TAIWAN	5,021,934	2.33
CSBC-DEME Wind Engineering Co., Ltd.	5,021,934	2.33
Wan Da Tong Enterprise Co., Ltd.	5,005,239	2.32

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of TCFHC's Equity
Hanshin Shopping Plaza Co., Ltd.	\$ 4,925,145	2.29
PAN ASIA CHEMICAL CORPORATION	4,912,332	2.28
JAYSANLYN REAL ESTATE & ADVERTISING CO., LTD.	4,869,725	2.26
JSL CONSTRUCTION & DEVELOPMENT CO., LTD.	4,857,359	2.25
TAICHUNG BANK LEASING CORPORATION LIMITED	4,837,669	2.25
HONG-YE STEEL CO., LTD.	4,822,445	2.24
Prosperity Tieh Enterprise Co., Ltd.	4,822,445	2.24
Cathay Life Insurance Co., Ltd.	4,806,368	2.23
TPISoftware Corporation	4,763,479	2.21
Nan Ya Printed Circuit Board Corporation	4,691,370	2.18
FU CHAN HIGH PILE CO., LTD.	4,648,611	2.16
Kuo-kuang Motor Transportation Company Co., Ltd.	4,648,611	2.16
Rih ding Water Enterprise Co., Ltd.	4,644,182	2.16
CSRC (Maanshan) Chemical Industry Co., Ltd.	4,633,246	2.15
Yang Ming Marine Transport Corp.	4,592,711	2.13
KUANG MING SHIPPING CORP.	4,592,711	2.13
Kindom Development Co., Ltd.	4,589,377	2.13
Chung Hsin Electric & Machinery Manufacturing Corporation	4,587,725	2.13
CHANG HWA COMMERCIAL BANK, LTD.	4,541,506	2.11
NANYA TECHNOLOGY CORPORATION	4,494,294	2.09
Zhong tai Hotel Co., Ltd.	4,462,255	2.07
Kai Tai Fung International Co., Ltd.	4,462,255	2.07
Yu Rich Financial Services Co., Ltd.	4,442,246	2.06
U-Ming Marine Transport Corp.	4,409,230	2.05
KUAN-HO REFRACTORIES INDUSTRY CORPORATION	4,336,146	2.01
MACRONIX INTERNATIONAL CO., LTD.	4,280,075	1.99
CHAILEASE INTERNATIONAL FINANCIAL SERVICES (SINGAPORE) PTE.	4,247,771	1.97
GRAND HI-LAI HOTEL CO., LTD.	4,181,620	1.94
Shinshin Credit Corporation	4,132,808	1.92
UN SHENG DEVELOPMENT CORPORATION	4,123,752	1.91
CHIPMOS TECHNOLOGIES INC.	4,091,593	1.90
Forest Water Environmental Engineering Ltd.	4,089,621	1.90
FAR EASTONE TELECOMMUNICATIONS CO., LTD.	4,072,481	1.89
YIEH MAU CORP.	4,066,425	1.89
CHAILEASE INTERNATIONAL FINANCIAL SERVICES CO., LTD.	4,063,421	1.89
Shan Gjin Development Co., Ltd.	4,005,084	1.86
CHENG-HSIN ENGINEERING & SERVICES CO., LTD.	4,000,015	1.86
Chung Hwa Pulp Corporation	3,999,501	1.86
CHUWANG DEVELOPMENT CO., LTD.	3,974,801	1.84
Chailease Power Technology Co., Ltd.	3,970,561	1.84
HUNG CHING DEVELOPMENT & CONSTRUCTION CO., LTD.	3,915,256	1.82
ASE Investment Technology Holdings Co., Ltd.	3,915,256	1.82
Taiwan Cement Corporation	3,913,359	1.82
FENG SHEHG ENTERPRISE COMPANY	3,911,462	1.82
PRASAC MICROFINANCE INSTITUTION PLC.	3,871,574	1.80
KOOKMIN BANK CO., LTD.	3,871,574	1.80

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of TCFHC's Equity
TAIWAN MOBILE CO., LTD.	\$ 3,861,924	1.79
Lian Jie Construction Co., Ltd.	3,803,581	1.77
Asia Investment Corporation	3,790,144	1.76
FEDERAL GOVERNMENT OF THE UNITED STATES	3,761,245	1.75
United Microelectronics Corporation	3,720,966	1.73
WPI INTERNATIONAL (HONG KONG) LIMITED	3,630,589	1.69
Chungwha Construction Corp.	3,625,924	1.68
CARPLUS AUTO LEASING CORPORATION	3,618,259	1.68
STANDARD CHARTERED BANK (GERMANY)	3,565,674	1.66
STANDARD CHARTERED PLC.	3,565,674	1.66
LY Group Investment Co., Ltd.	3,543,504	1.64
Farglory Life Insurance Co., Ltd.	3,514,050	1.63
LEALEA ENTERPRISE CO., LTD.	3,471,208	1.61
Formosa Chemicals & Fibre Corp.	3,470,131	1.61
Innolux Corp.	3,404,264	1.58
CREDIT AGRICOLE CIB, PARIS	3,358,234	1.56
PRASAC MICROFINANCE INSTITUTION PLC.	3,349,164	1.55
Bank of America, N.A. Hong Kong	3,334,594	1.55
SYNN INDUSTRIAL CO., LTD.	3,297,216	1.53
TTET UNION CORPORATION	3,285,298	1.52
Pu Quan Advertising Co., Ltd.	3,241,497	1.50
YIEH PHUI (CHINA) TECHNOLOGICAL CO., LTD.	3,234,543	1.50
HANSHIN DEPARTMENT STORE CO., LTD.	3,230,500	1.50
Fujian Fuxin Special Steel Co., Ltd.	3,225,403	1.50
San Miguel Corporation	3,224,990	1.50
Huo feng Investment Co., Ltd.	3,224,430	1.50
Long wei Investment and Development Co., Ltd.	3,224,381	1.50
Uni-President Enterprises Corp.	3,223,944	1.50
CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD.	3,209,959	1.49
TCC INTERNATIONAL LIMITED	3,195,681	1.48
FORMOSA PLASTICS MARINE CORPORATION	3,194,550	1.48
Chiahui Power Corporation	3,187,427	1.48
Powerchip Semiconductor Manufacturing Corporation	3,173,908	1.47
CREDIT AGRICOLE SA, LONDON BRANCH	3,169,122	1.47
FORMOSA RESOURCES CORPORATION	3,134,217	1.45
Foxwell Energy Corporation Ltd.	3,104,361	1.44
BANK SINOPAC	3,099,431	1.44
HO-PING POWER COMPANY	3,096,570	1.44
KINGSTON TECHNOLOGY INTERNATIONAL LTD.	3,072,500	1.43
Run tai Construction Co., Ltd.	3,041,329	1.41
SMC Global Power Holdings Corp.	3,026,413	1.40
YIEH HONG ENTERPRISE CO., LTD.	3,014,215	1.40
NAN YANG INDUSTRIES CO., LTD.	3,001,805	1.39
SANYANG MOTOR CO., LTD.	3,001,805	1.39
Chao yang Passenger Car Leasing Co., Ltd.	3,001,805	1.39
Fu Hong Co., Ltd.	3,000,000	1.39

(Concluded)

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED
FOR THE NINE MONTHS ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Financier	Counterparty	Financial Statement Account	Related Parties	Maximum Balance for the Period	Ending Balance (Note 2)	Amount Actually Drawn	Interest Rate (%)	Financing Type	Transaction Amount	Financing Reasons	Allowance for Bad Debt	Collateral		Financing Limit for Each Borrowing Company	Financing Company's Financing Amount Limit
													Item	Value		
1	Co-operative Assets Management Co., Ltd.	I-Hwa-Industrial Co., Ltd.	Receivables on lending funds	No	\$ 88,000	\$ 88,000	\$ 88,000	3-8	Short-term financing	\$ -	Operating use	\$ 880	Real estate	\$ 147,435	\$ 385,022 (Note 3)	\$ 1,540,089 (Note 3)
		Xiang Xing Trading Co., Ltd.	Receivables on lending funds	No	100,000	100,000	100,000	3-8	Short-term financing	-	Operating use	1,000	Stocks	30,000	385,022 (Note 3)	1,540,089 (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	385,022 (Note 3)	1,540,089 (Note 3)
		Tsuru Chikusan Co., Ltd.	Receivables on lending funds	No	270,000	217,500	217,500	3-8	Short-term financing	-	Operating use	2,028	Real estate	230,577	385,022 (Note 3)	1,540,089 (Note 3)
		Grandsun Engineering Co., Ltd.	Receivables on lending funds	No	35,000	15,500	15,500	3-8	Short-term financing	-	Operating use	155	Guarantee	5,250	385,022 (Note 3)	1,540,089 (Note 3)
		Yieh Hong Enterprise Co., Ltd.	Receivables on lending funds	No	250,000	138,218	138,218	3-8	Short-term financing	-	Operating use	1,382	Stocks	252,950	385,022 (Note 3)	1,540,089 (Note 3)
		Anli Lines Corp.	Receivables on lending funds	No	60,000	56,748	56,748	3-8	Short-term financing	-	Operating use	567	Stocks	54,930	385,022 (Note 3)	1,540,089 (Note 3)
		ET New Media Holding Co., Ltd.	Receivables on lending funds	No	100,000	50,437	50,437	3-8	Short-term financing	-	Operating use	504	None	-	385,022 (Note 3)	1,540,089 (Note 3)
		Tai Wan Asset Management Co.	Receivables on lending funds	No	50,000	50,000	50,000	3-8	Short-term financing	-	Operating use	500	None	-	385,022 (Note 3)	1,540,089 (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, 2023 was \$3,850,222 thousand.

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2023

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

Holding Company Name	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Shares (In Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Co-operative Assets Management Co., Ltd.	<u>Stock</u>	Subsidiary	Investments accounted for using equity method	-	\$ 1,213,820	100.00	\$ 1,213,820	Note
	Cooperative Financial International Lease Co., Ltd. Taiwan Urban Regeneration & Financial Services Co., Ltd.		-	Financial assets at fair value through other comprehensive income	2,500	15,000	5.00	
Taiwan Cooperative Securities Investment Trust Co., Ltd.	Fund Rich Securities Co., Ltd.	-	Financial assets at fair value through other comprehensive income	227	3,057	0.37	3,057	
Taiwan Cooperative Venture Capital Co., Ltd.	Acmepoint Energy Services Co., Ltd.	-	Financial assets at fair value through profit or loss	1,133	32,678	2.47	32,678	
	iSTART-TEK INC.	-	Financial assets at fair value through profit or loss	301	17,118	1.18	17,118	
	Starlux Airlines Co., Ltd.	-	Financial assets at fair value through profit or loss	5,000	116,700	0.24	116,700	
	Cho Pharma Inc.	-	Financial assets at fair value through profit or loss	620	42,607	0.29	42,607	
	Tigerair Taiwan Co., Ltd.	-	Financial assets at fair value through profit or loss	1,625	54,600	0.36	54,600	
	SR Suntour Inc.	-	Financial assets at fair value through profit or loss	1,700	98,821	2.82	98,821	
	Tachyon Intelligence Robot Company	-	Financial assets at fair value through profit or loss	125	636	2.83	636	
	Phu Vinh Industrial Construction, Llc	-	Financial assets at fair value through profit or loss	4,249	133,085	17.86	133,085	
	ULSee Cayman Co., Ltd.	-	Financial assets at fair value through profit or loss	651	23,530	0.43	23,530	
	Cloud Mile Inc.	-	Financial assets at fair value through profit or loss	838	42,556	2.83	42,556	
	Hoytek Precision Company	-	Financial assets at fair value through profit or loss	1,168	27,503	16.51	27,503	
	Winking Entertainment Ltd.	-	Financial assets at fair value through profit or loss	9,423	46,127	3.37	46,127	
	China Development II Biomedical Venture Capital, LP.	-	Financial assets at fair value through profit or loss	-	45,520	-	45,520	
	APMTD Global Limited	-	Financial assets at fair value through profit or loss	752	19,667	1.56	19,667	
	Free Bionics Inc.	-	Financial assets at fair value through profit or loss	2,068	30,105	8.22	30,105	
	Revlis Biotech Co., Ltd.	-	Financial assets at fair value through profit or loss	2,813	10,294	4.31	10,294	
	Mesh Cooperative Ventures Fund LP	-	Financial assets at fair value through profit or loss	-	21,265	-	21,265	
	Annji Pharmaceutical Co., Ltd.	-	Financial assets at fair value through profit or loss	3,750	112,500	4.13	112,500	
	Knowledge Creation Innovation Co., Ltd.	-	Financial assets at fair value through profit or loss	530	11,772	17.56	11,772	
	Long Diann Marine Biotechnology Co., Ltd.	-	Financial assets at fair value through profit or loss	2,500	11,725	12.53	11,725	
JD-SPF Biotech Co., Ltd.	-	Financial assets at fair value through profit or loss	1,365	8,640	19.50	8,640		
Gamamobi Taiwan Co., Ltd.	-	Financial assets at fair value through profit or loss	400	2,184	1.99	2,184		
YAYATECH CO., LTD.	-	Financial assets at fair value through profit or loss	2,200	84,964	13.20	84,964		
P-Waver Inc.	-	Financial assets at fair value through profit or loss	1,765	32,435	11.55	32,435		
WIN COAT CO.	-	Financial assets at fair value through profit or loss	1,000	31,600	2.57	31,600		
GeNopsys Technologies INC.	-	Financial assets at fair value through profit or loss	3,120	97,094	19.97	97,094		
JC Capital Taiwan Co., Ltd.	Associate	-	Investments accounted for using equity method	350	4,644	35.00	4,644	

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

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 YEAR ENDED DECEMBER 31, 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 YEAR ENDED DECEMBER 31, 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 YEAR ENDED DECEMBER 31, 2023**

(In Thousands of New Taiwan Dollars)

Securities Firms	Counterparty	Nature of Relationship	Total Amounts of Brokerage Service Revenue	Total Allowance of Brokerage Service Revenue	Service Revenue from Related Party	Allowance of Service Revenue for Related Party	Percentage of Service Revenue From Related Party to Total Amounts	Percentage of Allowance of Service Revenue for Related Party to Total Allowance
Taiwan Cooperative Securities Co., Ltd.	Taiwan Cooperative Bank, Ltd.	Same parent company	\$ 2,106,787	\$ 1,176,774	\$ 100,464	\$ 87,536	4.77	7.44

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

**INFORMATION OF DISPOSAL OF NONPERFORMING LOANS
FOR THE YEAR ENDED DECEMBER 31, 2023**

(In Thousands of New Taiwan Dollars)

1. 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.

2. 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

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance (Note)	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Taiwan Cooperative Bank, Ltd.	Taiwan Cooperative Financial Holding Company, Ltd.	Parent company	\$ 2,110,779	-	\$ -	-	\$ -	\$ -
Taiwan Cooperative Financial Holding Company, Ltd.	Taiwan Cooperative Bank, Ltd.	Subsidiaries	2,775,295	-	-	-	-	-

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.

PERCENTAGE SHARE IN INVESTEEES AND RELATED INFORMATION

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Percentage of Ownership	Carrying Value	Investment Gain	Proportionate Share of the Company and Its Affiliates in Investees (Note 1)				Note
							Shares (Thousands)	Pro Forma Shares (Note 2)	Total		
									Shares (Thousands)	Percentage of Ownership	
Taiwan Cooperative Financial Holding Co., Ltd.	Taiwan Cooperative Bank, Ltd.	Taipei	Banking	100.00	\$ 260,302,739	\$ 16,304,191	11,007,530	-	11,007,530	100.00	Note 3
	Taiwan Cooperative Securities Co., Ltd.	Taipei	Securities dealer	100.00	6,071,549	200,979	520,613	-	520,613	100.00	Note 3
	Taiwan Cooperative Bills Finance Co., Ltd.	Taipei	Bills finance dealer	100.00	7,224,870	206,045	487,774	-	487,774	100.00	Note 3
	Co-operative Assets Management Co., Ltd.	Taipei	Acquisition of delinquent loans	100.00	3,850,437	342,834	314,088	-	314,088	100.00	Note 3
	Taiwan Cooperative Securities Investment Trust Co., Ltd.	Taipei	Securities investment trust	100.00	410,320	18,311	30,300	-	30,300	100.00	Note 3
	BNP Paribas Cardif TCB Life Insurance Co., Ltd.	Taipei	Life insurance	51.00	5,878,595	644,463	350,939	-	350,939	51.00	Note 3
	Taiwan Cooperative Venture Capital Co., Ltd.	Taipei	Venture capital	100.00	1,393,478	126,940	123,502	-	123,502	100.00	Note 3

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

Note 2: a. Proforma shares are shares that are assumed to have been obtained through buying equity-based securities or entering into equity-linked derivative contracts for purposes defined in Paragraph 2 of Article 36 and Article 37 of the Financial Holding Company Act.

b. Equity-based securities, such as convertible bonds and warrants, are covered by Article 11 of the "Securities and Exchange Law Enforcement Rules."

c. Derivative instruments, such as stock options, are those conforming to the definition of IFRS 9 - "Financial Instruments", such as stock options.

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

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Taiwan Cooperative Bank, Ltd.

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Investee Net Income	% Ownership of Direct or Indirect Investment	Investment Gain	Carrying Value as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023
					Outflow	Inflow						
Taiwan Cooperative Bank Suzhou Branch	Deposits, loans, import and export, exchange and foreign exchange business	\$ 4,547,235 (US\$ 154,395) (Note 1)	Direct	\$ 4,547,235 (US\$ 154,395) (Note 1)	\$ -	\$ -	\$ 4,547,235 (US\$ 154,395) (Note 1)	\$ 211,222	100	\$ 211,222	\$ 7,056,041	\$ -
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)	(44,556)	100	(44,556)	2,661,873	-
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)	89,117	100	89,117	3,570,964	-
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)	100,296	100	100,296	2,493,795	-

Accumulated Investment in Mainland China as of December 31, 2023	Investment Amount Approved by the Investment Commission, MOEA	Maximum Investment Allowable (Note 2)
\$ 13,075,916 (US\$ 436,563) (Note 1)	\$ 13,075,916 (US\$ 436,563) (Note 1)	\$ 156,899,561

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 December 31, 2023	Investee Net Income	% Ownership of Direct or Indirect Investment	Investment Gain	Carrying Value as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023
					Outflow	Inflow						
Taiwan Cooperative International Leasing Co., Ltd.	Financial leasing	\$ 910,980 (RMB 185,460) (Note 1)	Direct	\$ 910,980 (RMB 185,460) (Note 1)	\$ -	\$ -	\$ 910,980 (RMB 185,460) (Note 1)	\$ 56,232	100	\$ 56,232	\$ 1,213,820	\$ -

Accumulated Investment in Mainland China as of December 31, 2023	Investment Amount Approved by the Investment Commission, MOEA	Maximum Investment Allowable (Note 3)
\$ 910,980 (RMB 185,460) (Note 1)	\$ 910,980 (RMB 185,460) (Note 1)	\$ 2,310,133

(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 YEAR ENDED DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Transacting Company	Counterparty	Transaction Flow (Note 2)	Description of Transactions (Notes 3 and 5)			
				Financial Statement Account	Amounts	Trading Terms	Transaction Amount/Total Consolidated Net Revenue or Total Consolidated Assets (%)
0	Taiwan Cooperative Financial Holding Co., Ltd.	Taiwan Cooperative Bank, Ltd.	a	Tax payables - consolidated tax return	\$ 2,110,779	Note 4	0.04
1	Taiwan Cooperative Bank, Ltd.	Taiwan Cooperative Financial Holding Co., Ltd.	b	Tax receivables - consolidated tax return	2,110,779	Note 4	0.04
0	Taiwan Cooperative Financial Holding Co., Ltd.	Taiwan Cooperative Bank, Ltd.	a	Tax receivables - consolidated tax return	2,775,295	Note 4	0.06
1	Taiwan Cooperative Bank, Ltd.	Taiwan Cooperative Financial Holding Co., Ltd.	b	Tax payables - consolidated tax return	2,775,295	Note 4	0.06
1	Taiwan Cooperative Bank, Ltd.	United Taiwan Bank S.A.	a	Due from banks	443,832	Note 4	0.01
2	United Taiwan Bank S.A.	Taiwan Cooperative Bank, Ltd.	b	Deposits from banks	443,832	Note 4	0.01
1	Taiwan Cooperative Bank, Ltd.	United Taiwan Bank S.A.	a	Call loans to banks	2,534,490	Note 4	0.05
2	United Taiwan Bank S.A.	Taiwan Cooperative Bank, Ltd.	b	Call loans from banks	2,534,490	Note 4	0.05
1	Taiwan Cooperative Bank, Ltd.	United Taiwan Bank S.A.	a	Medium-term unsecured loans	4,966,920	Note 4	0.10
2	United Taiwan Bank S.A.	Taiwan Cooperative Bank, Ltd.	b	Long-term borrowings	4,966,920	Note 4	0.10
1	Taiwan Cooperative Bank, Ltd.	United Taiwan Bank S.A.	a	Interest revenue	180,378	Note 4	-
2	United Taiwan Bank S.A.	Taiwan Cooperative Bank, Ltd.	b	Interest expense	180,378	Note 4	-
1	Taiwan Cooperative Bank, Ltd.	BNP Paribas Cardif TCB Life Insurance Co., Ltd.	c	Deposits and remittances	828,774	Note 4	0.02
3	BNP Paribas Cardif TCB Life Insurance Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Cash and cash equivalents	828,774	Note 4	0.02
1	Taiwan Cooperative Bank, Ltd.	BNP Paribas Cardif TCB Life Insurance Co., Ltd.	c	Gains (losses) on financial assets and liabilities at fair value through profit or loss	340,135	Note 4	0.55
3	BNP Paribas Cardif TCB Life Insurance Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Gains (losses) on financial assets and liabilities at fair value through profit or loss	340,135	Note 4	0.55

(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 Bills Finance Co., Ltd.	c	Call loans to banks	\$ 603,525	Note 4	0.01
4	Taiwan Cooperative Bills Finance Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Call loans from banks	603,525	Note 4	0.01
6	Taiwan Cooperative Securities Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Cash and cash equivalents	131,678	Note 4	-
1	Taiwan Cooperative Bank, Ltd.	Taiwan Cooperative Securities Co., Ltd.	c	Deposits and remittances	131,678	Note 4	-
6	Taiwan Cooperative Securities Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Call loans from banks	307,050	Note 4	0.01
1	Taiwan Cooperative Bank, Ltd.	Taiwan Cooperative Securities Co., Ltd.	c	Call loans to security firms	307,050	Note 4	0.01
6	Taiwan Cooperative Securities Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Right-of-use assets, net	232,081	Note 4	-
6	Taiwan Cooperative Securities Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Lease liabilities	108,289	Note 4	-
6	Taiwan Cooperative Securities Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Interest expense	1,157	Note 4	-
6	Taiwan Cooperative Securities Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Depreciation expense	43,766	Note 4	0.07
1	Taiwan Cooperative Bank, Ltd.	Taiwan Cooperative Securities Co., Ltd.	c	Lease income	46,121	Note 4	0.08
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	492,419	Note 4	0.80
3	BNP Paribas Cardif TCB Life Insurance Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Service charge and commission expense	492,419	Note 4	0.80
0	Taiwan Cooperative Financial Holding Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Right-of-use assets, net	104,015	Note 4	-
0	Taiwan Cooperative Financial Holding Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Lease liabilities	106,446	Note 4	-
0	Taiwan Cooperative Financial Holding Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Interest expense	1,640	Note 4	-
0	Taiwan Cooperative Financial Holding Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Depreciation expense	29,026	Note 4	0.05
1	Taiwan Cooperative Bank, Ltd.	Taiwan Cooperative Financial Holding Co., Ltd.	c	Lease income	29,099	Note 4	0.05

(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 (%)
4	Taiwan Cooperative Bills Finance Co., Ltd.	BNP Paribas Cardif TCB Life Insurance Co., Ltd.	c	Securities purchased under agreements to resell	\$ 474,087	Note 4	0.01
3	BNP Paribas Cardif TCB Life Insurance Co., Ltd.	Taiwan Cooperative Bills Finance Co., Ltd.	c	Securities purchased under agreements to resell	474,087	Note 4	0.01
7	Taiwan Cooperative International Leasing Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Cash and cash equivalents	203,999	Note 4	-
3	Taiwan Cooperative Bank, Ltd.	Taiwan Cooperative Bills Finance Co., Ltd.	c	Deposits and remittances	203,999	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.

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

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

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

(Concluded)

TABLE 17**TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD.****INFORMATION ON MAJOR SHAREHOLDERS
DECEMBER 31, 2023**

Name of Major Shareholder	Shareholding	
	Number of Shares	Percentage of Ownership (%)
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.

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

DETAILED SCHEDULE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, Except Unit Price)

Financial Instrument Items	Institution/ Notes and Securities Name	Interest Payment Date	Payback Date/ Maturity Date	Face Value/In Thousands of Shares	Interest Rate (%)	Cost	Fair Value		Change in Fair Values Resulting from Credit Risk Variations	Note
							Unit Price (In Hundreds of New Taiwan Dollars)	Amount (Note 2)		
<u>Financial assets mandatorily classified as at fair value through profit or loss</u>										
Commercial paper										
TCBF (Note 1)						\$ 68,255,794		\$ 36,731,264		
TCB (Note 1)			2024/01/01- 2024/10/21			71,644,126		71,573,892		
TCS (Note 1)						<u>316,682</u>		<u>316,682</u>		
						<u>140,216,602</u>		<u>108,621,838</u>		
Investment in equity instruments										
TCB (Note 1)						1,051,386		1,050,448		
TCBF (Note 1)						22,367		24,405		
TCS (Note 1)						156,529		167,901		
TCVC (Note 1)						<u>944,426</u>		<u>1,155,726</u>		
						<u>2,174,708</u>		<u>2,398,480</u>		
Government bonds										
TCS (Note 1)			2030/08/12- 2033/02/17			<u>499,387</u>		<u>305,905</u>		
Corporate bonds										
TCS (Note 1)			2027/12/28- 2033/08/16			307,291		498,478		
TCB (Note 1)			2024/04/25- 2026/04/26			<u>800,000</u>		<u>792,255</u>		
						<u>1,107,291</u>		<u>1,290,733</u>		
Convertible bonds										
TCS (Note 1)			2023/03/10- 2024/12/20			<u>617,638</u>		<u>633,874</u>		
Negotiable certificates of deposit										
TCBF (Note 1)						<u>4,400,000</u>		<u>4,396,316</u>	Note 3	

(Continued)

Financial Instrument Items	Institution/ Notes and Securities Name	Interest Payment Date	Payback Date/ Maturity Date	Face Value/In Thousands of Shares	Interest Rate (%)	Cost	Fair Value		Change in Fair Values Resulting from Credit Risk Variations	Note
							Unit Price (In Hundreds of New Taiwan Dollars)	Amount (Note 2)		
Beneficial certificates										
TCBF (Note 1)						\$ -		\$ 5,171		
TCS (Note 1)						744,267		1,501,812		
TCB (Note 1)						10,000		11,310		
BPCTLI (Note 1)						<u>3,458,430</u>		<u>3,572,569</u>		
						<u>4,212,697</u>		<u>5,090,862</u>		
Fix rate commercial paper - buy										
TCBF (Note 1)						-		11,109		
Currency swap contracts										
TCB (Note 1)						-		2,051,416		
TCBF (Note 1)						-		7,793		
BPCTLI (Note 1)						-		<u>199,064</u>		
						-		<u>2,258,273</u>		
Forward contracts										
TCB (Note 1)						-		59,437		
Futures exchange margins										
TCS (Note 1)						324,048		324,048		
TCB (Note 1)						54,633		54,633		
TCBF (Note 1)						9,856		9,856		
BPCTLI (Note 1)						<u>15,114</u>		<u>15,114</u>		
						<u>403,651</u>		<u>403,651</u>		
Bank debentures										
TCS (Note 1)						<u>14,125</u>		<u>15,773</u>		
Currency option contracts - buy										
TCB (Note 1)						<u>21,331</u>		<u>29,844</u>		
Cross-currency swap contracts										
TCB (Note 1)						-		5,741		
Interest rate swap contracts										
TCS (Note 1)						-		70,095		
Asset swap IRS contracts value										
TCS (Note 1)						-		25,259		
Convertible Bond Asset SWAP										
TCBF (Note 1)						<u>479,400</u>		<u>491,306</u>		
						<u>\$ 154,146,830</u>		<u>\$ 126,108,496</u>		

Note 1: The cost of each individual item do not exceed 5% of the account balance.

Note 2: The book value which amounted to \$37,863,176 thousand had been sold under repurchase agreements.

Note 3: Among the negotiable certificates of deposit, face value of \$400,000 thousand had been provided as collaterals for domestic overdraft.

(Concluded)

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

DETAILED SCHEDULE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, Except Unit Price)

Financial Instrument Items	Institution/ Notes and Securities Name	Interest Payment	Payback Date/ Maturity Date	Face Value/In Thousands of Shares	Interest Rate (%)	Cost	Allowance for Accumulated Losses	Fair Value		Note
								Unit Price (In Hundreds of New Taiwan Dollars)	Amount (Note 2)	
Government bonds										
TCB (Note 1)			2024/01/04- 2053/05/12			\$ 254,952,038	\$ (220,552)		\$ 246,306,902	
BPCTLI (Note 1)			2024/02/10- 2044/05/28			13,560,445	(2,067)		13,333,768	
TCBF (Note 1)			2024/01/14- 2040/12/29			7,053,821	(299)		6,805,263	
TCS (Note 1)			2024/11/15- 2032/05/15			<u>4,132,145</u>	<u>-</u>		<u>3,895,871</u>	
						<u>279,698,449</u>	<u>(222,918)</u>		<u>270,341,804</u>	
Corporate bonds										
TCB (Note 1)			2024/01/14- 2035/06/03			84,340,416	(23,186)		80,676,447	
BPCTLI (Note 1)			2024/12/15- 2033/12/01			5,487,067	(2,558)		5,348,731	
TCBF (Note 1)			2024/01/13- 2033/10/26			13,477,346	(8,709)		13,511,919	
TCS (Note 1)			2024/05/15- 2032/07/20			<u>6,348,695</u>	<u>(2,672)</u>		<u>6,181,984</u>	
						<u>109,653,524</u>	<u>(37,125)</u>		<u>105,719,081</u>	
Bank debentures										
TCB (Note 1)			2024/03/06- 2059/05/16			65,562,262	(18,334)		62,906,093	
BPCTLI (Note 1)			2023/04/01- 2038/05/15			12,253,885	(4,000)		12,253,885	
TCS (Note 1)			2025/02/18- 2033/04/19			848,400	(325)		781,099	
TCBF (Note 1)			2024/11/29- 2027/03/27			<u>2,504,287</u>	<u>(939)</u>		<u>2,412,014</u>	
						<u>81,168,834</u>	<u>(23,598)</u>		<u>78,353,091</u>	
Others (certificates of deposit)										
TCB (Note 1)			2024/03/24- 2024/07/07			<u>7,522,725</u>	<u>(1,353)</u>		<u>7,517,914</u>	Note 3

(Continued)

Financial Instrument Items	Institution/ Notes and Securities Name	Interest Payment	Payback Date/ Maturity Date	Face Value/In Thousands of Shares	Interest Rate (%)	Cost	Allowance for Accumulated Losses	Fair Value		Note
								Unit Price (In Hundreds of New Taiwan Dollars)	Amount (Note 2)	
Listed shares and emerging market shares										
TCB (Note 1)						\$ 34,213,723	\$ -		\$ 39,752,734	
TCBF (Note 1)						<u>359,878</u>	<u>-</u>		<u>359,878</u>	
						<u>34,573,601</u>	<u>-</u>		<u>40,112,612</u>	
Unlisted shares										
TCB (Note 1)						3,841,899	-		7,032,939	
CAM (Note 1)						25,000	-		15,000	
TCBF (Note 1)						109,458	-		109,458	
TCS (Note 1)						16,845	-		32,160	
TCSIT (Note 1)						2,274	-		3,057	
TCFHC (Note 1)						<u>25,000</u>	<u>-</u>		<u>15,000</u>	
						<u>4,020,476</u>	<u>-</u>		<u>7,207,614</u>	
						<u>\$ 516,637,609</u>	<u>\$ (284,994)</u>		<u>\$ 509,252,116</u>	

Note 1: The cost of each individual item do not exceed 5% of the account balance.

Note 2: The book value which amounted to \$33,178,420 thousand had been sold under repurchase agreements.

Note 3: Among the certificates of deposit, face value of \$184,230 thousand had been provided as overseas branches' capital adequate reserve.

(Concluded)

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

DETAILED SCHEDULE OF INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST

DECEMBER 31, 2023

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

Bond Items	Institution	Interest Payment Date	Maturity Date	Face Value	Interest Rate (%)	Allowance for Impairment Losses	Unamortized Premium (Discount)	Book Value	Note
Negotiable certificates of deposit in the Central Bank									
TCB									
112120602811N	Central Bank of the ROC	2024/01/03	2024/01/03	25,000,000	1.0900	\$ -	\$ -	\$ 25,000,000	Note 2
112120702811N	Central Bank of the ROC	2024/01/04	2024/01/04	25,000,000	1.0900	-	-	25,000,000	Note 3
112120802811N	Central Bank of the ROC	2024/01/05	2024/01/05	25,000,000	1.0900	-	-	25,000,000	
112121102811N	Central Bank of the ROC	2024/01/08	2024/01/08	30,000,000	1.0900	-	-	30,000,000	
112121402811N	Central Bank of the ROC	2024/01/11	2024/01/11	25,000,000	1.0900	-	-	25,000,000	
112122902811N	Central Bank of the ROC	2024/01/26	2024/01/26	30,000,000	1.0900	-	-	30,000,000	
	Other (Note)			286,295,000		-	-	<u>286,295,000</u>	Note 4
						-	-	<u>446,295,000</u>	
Government bonds									
TCB (Note 1)			2024/01/04-2053/11/22			-	5,698,593	154,457,158	Note 5
TCBF (Note 1)			2028/01/17-2051/12/23			-	58,744	1,432,879	Note 6
BPCTLI (Note 1)			2028/04/17-2048/04/23			(370)	23,344	967,254	
						<u>(370)</u>	<u>5,780,681</u>	<u>156,857,291</u>	
Corporate bonds									
TCB (Note 1)			2024/03/07-2035/06/15			(16,462)	37,974	73,883,414	
Bank debentures									
TCB (Note 1)			2024/10/08-2046/09/26			(8,155)	(22,479)	26,944,837	
BPCTLI (Note 1)			2028/03/22			(2)	(94)	6,054	
						<u>(8,157)</u>	<u>(22,573)</u>	<u>26,950,891</u>	
Certificates of deposit									
TCB (Note 1)			2024/01/25-2024/12/05			(8,913)	-	1,022,008	Note 7
						<u>\$ (33,902)</u>	<u>\$ 5,796,082</u>	<u>\$ 705,008,604</u>	

Note 1: The book value of each individual item does not exceed 5% of the account balance.

Note 2: Among the negotiable certificates of deposit in the Central Bank, face value of \$15,000,000 thousand had been provided as collaterals for call loans of foreign currency.

Note 3: Among the negotiable certificates of deposit in the Central Bank, face value of \$25,000,000 thousand had been provided as collaterals for call loans of foreign currency.

Note 4: Among the negotiable certificates of deposit in the Central Bank, face value of \$30,000,000 thousand had been provided as collaterals for day overdraft guarantee; face value of \$11,000,000 thousand had been provided as collaterals for overdraft of domestic U.S. dollar settlement; face value of \$500,000 thousand had been provided as collaterals for overdraft of domestic JPY settlement.

Note 5: Among the government bonds, face value of \$858,600 thousand had been provided as guarantee deposits for provisional collateral seizure for loan defaults and others; face value of \$340,000 thousand had been provided as guarantee deposits for the trust business compensation reserve; face value of \$50,000 thousand provided as the guarantee deposits for the bills finance business; face value of 50,000 thousand had been provided as guarantee deposits for the securities operation.

(Continued)

Note 6: Among the government bonds, face value of \$874,489 thousand had been provided as collaterals for domestic overdraft; face value of \$141,180 thousand had been provided as guarantee deposits for provisional collateral seizure for loan defaults and others.

Note 7: Among the certificates of deposit, face value of \$18,423 thousand had been provided as overseas branches' collaterals for overdraft of U.S. dollar settlement; face value of \$7,517 thousand had been provided as overseas branches' collaterals for overdraft of KHR settlement; face value of \$214,935 thousand had been provided as overseas branches' capital adequate reserve; face value of \$6,141 thousand had been provided as overseas branches' guarantee deposits for operation.

(Concluded)

**TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND
SUBSIDIARIES****DETAILED SCHEDULE OF DISCOUNTS AND LOANS****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Items	Amount
Bills discounts	\$ 831,674
Unsecured overdrafts	<u>857</u>
Secured overdrafts	<u>18,915</u>
Import and export negotiations	<u>366,814</u>
Loans	
Short-term unsecured loans	440,762,831
Accounts receivable financing	523,386
Short-term secured loans	205,670,875
Medium-term unsecured loans	534,993,825
Medium-term secured loans	427,436,837
Long-term unsecured loans	52,174,385
Long-term secured loans	<u>1,166,005,220</u>
	<u>2,827,567,359</u>
Overdue loans	<u>4,512,989</u>
Life insurance loan	<u>411,161</u>
Temporary insurance paid	<u>90,741</u>
Total amount (Note)	2,833,800,510
Less: Allowance for possible losses	32,881,748
Less: Adjustment of discount	<u>572,193</u>
Net amount	<u>\$ 2,800,346,569</u>

Note: The amount of US\$488,219 thousand had been provided as collaterals at the Discount Window Account of the Federal Reserve Bank.

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

DETAILED SCHEDULE OF INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

FOR THE YEAR ENDED DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, Except Face Value and Unit Price)

Investee Company	Type of Shares	Fact Value (NT\$)	Balance, January 1		Increase in the Current Year		Decrease in the Current Year		Balance, December 31			Market Value or Equity		Note
			Shares	Amount	Shares	Amount	Shares	Amount	Shares (Note 1)	Percentage of Ownership	Amount	Unit Price (NT\$)	Amount	
United Real Estate Management Co., Ltd.	Common stock	\$10	10,116	\$ 137,409	-	\$ 11,864	-	\$ 7,081	10,116	30.00	\$ 142,192	14.06	\$ 142,192	Note 2
Mesh Cooperative Ventures, Inc.	Common stock	10	330	3,028	-	255	330	3,283	-	-	-	-	-	Note 3
JC Capital Taiwan Co., Ltd.	Common stock	10	350	<u>2,200</u>	-	<u>2,444</u>	-	<u>-</u>	350	35.00	<u>4,644</u>	13.27	<u>4,644</u>	Note 4
				<u>\$ 142,637</u>		<u>\$ 14,563</u>		<u>\$ 10,364</u>			<u>\$ 146,836</u>		<u>\$ 146,836</u>	

Note 1: The investments accounted for using equity method had not provide for collaterals or settle for pledge.

Note 2: The balance increasing in the current year was due to share of gains of associates accounted for using equity method; the balance decreasing in the current year was due to payment of cash dividends.

Note 3: The balance increasing in the current year was due to share of gains of associates accounted for using equity method; the balance decreasing in the current year was due to disposal all of equity.

Note 4: The balance increasing in the current year was due to share of gains of associates accounted for using equity method.

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

DETAILED SCHEDULE OF OTHER FINANCIAL ASSETS

DECEMBER 31, 2023

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

Items	Payback Date/ Maturity Date	Face Value/ In Thousands of Shares	Amount	Note
Overdue receivables, net				
TCB				
Exchange bills negotiated			\$ 2,789	
Trade finance advance - credit cards			<u>10,307</u>	
			13,096	
Less: Allowance for possible losses			<u>10,335</u>	
			<u>2,761</u>	
TCBF				
Overdue receivables			81,416	
Less: Allowance for possible losses			<u>28,843</u>	
			<u>52,573</u>	
TCS				
Overdue receivables			72,285	
Less: Allowance for possible losses			<u>72,285</u>	
			<u>-</u>	
CAM				
Overdue receivables			46,181	
Less: Allowance for possible losses			<u>46,181</u>	
			<u>-</u>	
			<u>55,334</u>	
Due from banks (Note)				
TCB			7,672,264	The face value of US\$5,136 thousand had been provided as overseas branches' capital adequate reserve.
TCBF			240,000	The face value of \$240,000 thousand had been provided as collateral for domestic overdraft.
TCSIT			<u>239,100</u>	
			<u>8,151,364</u>	
Call loans to security firms				
TCB			<u>368,460</u>	
Security borrowing margin				
TCS			<u>378,350</u>	
Separate - account assets				
BPCTLI				
Demand deposits			658,122	
Financial assets at FVTPL			84,767,992	
Other receivables			<u>166,699</u>	
			<u>85,592,813</u>	
			<u>\$ 94,546,321</u>	

Note: Due from banks held by the Company were demand deposits and time deposits could not be withdrawn and time deposits had maturity periods of more than three months and could not be used before maturity.

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**DETAILED SCHEDULE OF INVESTMENT PROPERTIES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Items	Balance, January 1	Increase in the Current Year	Decrease in the Current Year	Reclassification Increase	Balance, December 31
Cost					
Land	\$ 8,654,548	\$ 843,861	\$ (779,024)	\$ 174,518	\$ 8,893,903
Buildings	<u>3,486,996</u>	<u>181,304</u>	<u>(111,821)</u>	<u>60,152</u>	<u>3,616,631</u>
Total cost	12,141,544	<u>\$ 1,025,165</u>	<u>\$ (890,845)</u>	<u>\$ 234,670</u>	12,510,534
Less: Accumulated depreciation					
Buildings	<u>1,205,289</u>	<u>\$ 90,916</u>	<u>\$ (9,882)</u>	<u>\$ 74,087</u>	<u>1,360,410</u>
	<u>\$ 10,936,255</u>				<u>\$ 11,150,124</u>

Note 1: Investment properties had not been provided as collaterals.

Note 2: Buildings are depreciated on the straight-line method over service lives estimated as follows: Main buildings, 50 years; Equipment installed in building, 5 to 15 years.

Note 3: As of December 31, 2023, the fair value of investment properties was 26,116,696 thousand. The fair value was determined by internal appraisal personal using Level 3 inputs according to internal procedures, and related regulations, and evaluation by external independent evaluators.

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

**DETAILED SCHEDULE OF PROPERTIES AND EQUIPMENT
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Items	Balance, January 1	Increase in the Current Year	Decrease in the Current Year	Reclassification Increase (Decrease)	Effects of Exchange Rate Changes	Balance, December 31
Cost						
Land	\$ 20,566,915	\$ -	\$ -	\$ (99,868)	\$ (1)	\$ 20,467,046
Buildings	19,890,849	125,431	-	(12,466)	(3)	20,003,811
Machinery and equipment	5,444,644	502,050	(228,807)	97,053	(1,452)	5,813,488
Transportation equipment	707,942	30,590	(14,882)	5,672	(184)	729,138
Other equipment	1,608,406	68,102	(34,252)	8,354	(280)	1,650,330
Leasehold improvements	1,236,534	35,296	(20,356)	33,439	(2,198)	1,282,715
Total cost	<u>49,455,290</u>	<u>\$ 761,469</u>	<u>\$ (298,297)</u>	<u>\$ 32,184</u>	<u>\$ (4,118)</u>	<u>49,946,528</u>
Less: Accumulated depreciation						
Buildings	9,840,718	\$ 724,047	\$ -	\$ (74,087)	\$ (4)	10,490,674
Machinery and equipment	4,038,599	564,198	(228,759)	-	(1,340)	4,372,698
Transportation equipment	530,714	43,263	(14,809)	-	(127)	559,041
Other equipment	1,359,393	97,053	(33,180)	-	(234)	1,423,032
Leasehold improvements	1,001,543	87,733	(19,675)	-	(1,066)	1,068,535
Total accumulated depreciation and impairment	<u>16,770,967</u>	<u>\$ 1,516,294</u>	<u>\$ (296,423)</u>	<u>\$ (74,087)</u>	<u>\$ (2,771)</u>	<u>17,913,980</u>
Less: Accumulated impairment						
Land	<u>15,177</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>15,177</u>
Prepayments for equipment, land and buildings and construction in progress						
Construction in progress	174,947	\$ 210,880	\$ -	\$ (164,257)	\$ -	221,570
Prepayments for equipment	303,314	172,022	-	(265,895)	9	209,450
	<u>478,261</u>	<u>\$ 382,902</u>	<u>\$ -</u>	<u>\$ (430,152)</u>	<u>\$ 9</u>	<u>431,020</u>
	<u>\$ 33,147,407</u>					<u>\$ 32,448,391</u>

Note 1: Property and equipment had not been provided as collaterals.

Note 2: Properties and equipment are depreciated on the straight-line method over service lives estimated as follows: Buildings - main buildings, 37 to 50 years; buildings - 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.

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

**DETAIL SCHEDULE OF RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Items	Balance, January 1	Increase in the Current Year	Decrease in the Current Year	Effects of Exchange Rate Changes and Others	Balance, December 31
Cost					
Land	\$ 22,766	\$ 7,301	\$ (13,675)	\$ -	\$ 16,392
Buildings	2,981,575	665,418	(584,043)	(991)	3,061,959
Transportation equipment	162,886	19,574	(14,327)	1,097	169,230
Other equipment	<u>30,205</u>	<u>-</u>	<u>(1,850)</u>	<u>-</u>	<u>28,355</u>
Total cost	<u>3,197,432</u>	<u>\$ 692,293</u>	<u>\$ (613,895)</u>	<u>\$ 106</u>	<u>3,275,936</u>
Accumulated depreciation					
Land	10,879	\$ 7,298	\$ (13,675)	\$ -	4,502
Buildings	1,531,333	607,697	(580,296)	1,564	1,560,298
Transportation equipment	73,279	45,597	(13,843)	(150)	104,883
Other equipment	<u>19,324</u>	<u>3,722</u>	<u>(1,850)</u>	<u>-</u>	<u>21,196</u>
Total accumulated depreciation	<u>1,634,815</u>	<u>\$ 664,314</u>	<u>\$ (609,664)</u>	<u>\$ 1,414</u>	<u>1,690,879</u>
	<u>\$ 1,562,617</u>				<u>\$ 1,585,057</u>

**TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND
SUBSIDIARIES****DETAILED SCHEDULE OF OTHER ASSETS
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Items	Amount
Refundable deposits	\$ 1,960,317
Operating deposits and settlement funds	717,372
Receipts under custody for securities underwriting	14,708
Prepayments	330,360
Prepayments pension cost	42,176
Amounts held for settlement	100,688
Other (Note)	<u>34,143</u>
	<u>\$ 3,199,764</u>

Note: The amount of each individual item does not exceed 5% of the account balance.

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

**DETAILED SCHEDULE OF FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS
DECEMBER 31, 2023**

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

Financial Instrument Items	Summary	Face Value	Interest Rate (%)	Fair Value		Change in Fair Values Resulting from Credit Risk Variations
				Unit Price	Amount	
Held-for-trading financial liabilities						
Payable - security borrowing						
TCS					\$ 317,616	
Currency swap contracts						
TCB					5,685,913	
BPCTLI					177,532	
					<u>5,863,445</u>	
Currency option contracts - sell						
TCB					29,888	
Interest rate swap contracts						
TCB					90,587	
Forward contracts						
TCB					100,022	
Cross-currency swap contracts						
TCB					1,016	
BPCTLI					9,109	
					<u>10,125</u>	
Asset swap option contracts						
TCS					75,757	
Financial liabilities designated as at fair value through profit or loss						
Bank debentures						
TCB					2,774,538	\$ (13,014)
					<u>\$ 9,261,978</u>	

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

DETAILED SCHEDULE OF COMMERCIAL PAPER ISSUED

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Company	Guarantee or Acceptance Agency	Terms of the Contract	Interest Rate (%)	Amount		
				Issue Amount	Unamortized Discount	Book Value
TCFHC	Mega International Commercial Bank Co., Ltd.	2024.07.25	1.558-1.578	\$ 150,000	\$ 500	\$ 149,500
	Cathay United Bank Co., Ltd	2024.11.30	1.508-1.558	2,000,000	4,065	1,995,935
	Taishin international bank Co., Ltd.	2024.07.06	1.573	500,000	1,578	498,422
	CTBC Bank Co., Ltd.	2024.06.30	1.578-1.588	1,270,000	2,458	1,267,542
	E.Sun Commercial Bank, Ltd.	2024.06.30	1.598	830,000	3,380	826,620
	Bank Sinopac Co., Ltd.	2024.03.31	1.558-1.578	9,000,000	28,427	8,971,573
	Yuanta Commercial Bank Co., Ltd.	2024.09.04	1.558-1.588	5,500,000	16,062	5,483,938
	Grand Bills	2024.07.31	1.558	300,000	49	299,951
				<u>19,550,000</u>	<u>56,519</u>	<u>19,493,481</u>
CAM	The commercial paper was accepted and guaranteed by financial institutions. (Note)	2024.01.04-2024.02.20	1.588-1.678	<u>10,090,000</u>	<u>7,439</u>	<u>10,082,561</u>
TCS	The commercial paper was accepted and guaranteed by financial institutions. (Note)	2024.01.04-2024.02.23	1.480-1.550	<u>4,080,000</u>	<u>4,285</u>	<u>4,075,715</u>
				<u>\$ 33,720,000</u>	<u>\$ 68,243</u>	<u>\$ 33,651,757</u>

Note: The book value of each individual item does not exceed 5% of the account balance.

**TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND
SUBSIDIARIES****DETAILED SCHEDULE OF DEPOSITS AND REMITTANCES
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Items	Amount
Checking deposits	
Checking deposits	\$ 61,155,254
Cashier's checks	9,340,594
Accepted checks	<u>27,893</u>
	<u>70,523,741</u>
Demand deposits	
Demand deposits	615,347,372
Foreign currency demand deposits	<u>168,215,398</u>
	<u>783,562,770</u>
Savings - demand deposits	
Savings - demand deposits	1,176,026,889
Bank employee demand savings deposits	<u>23,331,144</u>
	<u>1,199,358,033</u>
Time deposits	
Time deposits	454,494,886
Foreign currency time deposits	<u>506,184,553</u>
	<u>960,679,439</u>
Negotiable certificates of deposits	<u>34,181,070</u>
Savings - time deposits	
Withdrawals of interest savings	510,184,403
Round-amount savings	153,123,098
Bank employee time savings deposits	12,541,573
Regular deposits	<u>499,087</u>
	<u>676,348,161</u>
Treasury deposits	
Time deposits	60,495,623
Demand deposits	<u>76,703,680</u>
	<u>137,199,303</u>
Remittances	
Remittances outstanding	180,959
Outward remittances	<u>61,715</u>
	<u>242,674</u>
	<u>\$ 3,862,095,191</u>

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

DETAILED SCHEDULE OF BOND PAYABLES
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Name	Trust Institutions	Issue Date	Interest Payment Date	Annual Interest Rate	Amount			Repayment Method	Types of Collateral	Note
					Total Issued Amount	Repaid Amount	Carrying Amount			
TCB										
First subordinated bonds in 2014 (10 years after the issue date), Type B	None	2014/05/26	May 26 in each year	Fixed interest rate 1.85%	\$ 2,700,000	\$ -	\$ 2,700,000	Repay on the maturity date	Unsecured	
First subordinated bonds in 2014 (10 years after the issue date), Type C	None	2014/05/26	May 26 in each year	Fixed rate for 90 day's New Taiwan dollar commercial paper refers to the Taiwan Bills Index rate 02 plus 0.43%	5,800,000	-	5,800,000	Repay on the maturity date	Unsecured	
First subordinated bonds in 2016 (10 years after the issue date), Type B	None	2016/09/26	September 26 in each year	Fixed interest rate 1.20%	4,050,000	-	4,050,000	Repay on the maturity date	Unsecured	
First subordinated bonds in 2017 (7 years after the issue date), Type A	None	2017/09/26	September 26 in each year	Fixed interest rate 1.32%	600,000	-	600,000	Repay on the maturity date	Unsecured	
First subordinated bonds in 2017 (10 years after the issue date), Type B	None	2017/09/26	September 26 in each year	Fixed interest rate 1.56%	1,400,000	-	1,400,000	Repay on the maturity date	Unsecured	
First non-cumulative perpetual subordinated bonds in 2018	None	2018/11/26	November 26 in each year	Fixed interest rate 2.28%	5,000,000	-	5,000,000	TCB may exercise its redemption right after 5 years and 2 months	Unsecured	
First non-cumulative perpetual subordinated bonds in 2019	None	2019/06/26	July 26 in each year	Fixed interest rate 1.90%	5,000,000	-	5,000,000	TCB may exercise its redemption right after 5 years and 1 month	Unsecured	
Third non-cumulative perpetual subordinated bonds in 2019	None	2019/12/31	December 31 in each year	Fixed interest rate 1.45%	5,000,000	-	5,000,000	TCB may exercise its redemption right after 5 years and 1 month	Unsecured	
First non-cumulative perpetual subordinated bonds in 2020	None	2020/06/29	July 29 in each year	Fixed interest rate 1.50%	5,000,000	-	5,000,000	TCB may exercise its redemption right after 5 years and 1 month	Unsecured	
First unsecured bank debentures bonds in 2021	None	2021/05/31	May 31 in each year	Fixed interest rate 0.40%	1,000,000	-	1,000,000	Repay on the maturity date	Unsecured	
Second unsecured bank debentures bonds in 2021	None	2021/10/29	October 29 in each year	Fixed interest rate 0.42%	1,000,000	-	1,000,000	Repay on the maturity date	Unsecured	
First non-cumulative perpetual subordinated bonds in 2022	None	2022/06/15	July 15 in each year	Fixed interest rate 2.50%	1,350,000	-	1,350,000	TCB may exercise its redemption right after 5 years and 2 month	Unsecured	
Second non-cumulative perpetual subordinated bonds in 2022	None	2022/08/17	August 17 in each year	Fixed interest rate 3.00%	8,650,000	-	8,650,000	TCB may exercise its redemption right after 5 years and 1 month	Unsecured	
Third unsecured bank debentures bonds in 2022	None	2022/09/28	September 28 in each year	Fixed interest rate 1.50%	2,500,000	-	2,500,000	Repay on the maturity date	Unsecured	
Fourth non-cumulative perpetual subordinated bonds in 2022	None	2022/12/07	December 7 in each year	Fixed interest rate 3.40%	5,690,000	-	5,690,000	TCB may exercise its redemption right after 5 years and 1 month	Unsecured	
Second unsecured bank debentures bonds in 2023	None	2023/03/20	March 20 in each year	Fixed interest rate 1.40%	2,500,000	-	2,500,000	Repay on the maturity date	Unsecured	
					<u>57,240,000</u>	<u>-</u>	<u>57,240,000</u>			

(Continued)

Name	Trust Institutions	Issue Date	Interest Payment Date	Annual Interest Rate	Amount			Repayment Method	Types of Collateral	Note
					Total Issued Amount	Repaid Amount	Carrying Amount			
TCFHC										
First unsecured corporate bond of TCFHC in 2020	Yuanta Commercial Bank	2020/05/26	May 26 in each year	Fixed interest rate 0.68%	\$ 5,700,000	\$ -	\$ 5,700,000	Repay on the maturity date	Unsecured	
Second unsecured corporate bond of TCFHC in 2020, Type A	Yuanta Commercial Bank	2020/10/07	October 7 in each year	Fixed interest rate 0.61%	2,100,000	-	2,100,000	Repay on the maturity date	Unsecured	
Second unsecured corporate bond of TCFHC in 2020, Type B	Yuanta Commercial Bank	2020/10/07	October 7 in each year	Fixed interest rate 0.66%	2,200,000	-	2,200,000	Repay on the maturity date	Unsecured	
Second unsecured corporate bond of TCFHC in 2021, Type A	Yuanta Commercial Bank	2021/07/12	July 12 in each year	Fixed interest rate 0.49%	3,400,000	-	3,400,000	Repay on the maturity date	Unsecured	
First unsecured corporate bond of TCFHC in 2021, Type B	Yuanta Commercial Bank	2021/07/12	July 12 in each year	Fixed interest rate 0.55%	<u>6,600,000</u>	<u>-</u>	<u>6,600,000</u>	Repay on the maturity date	Unsecured	
					<u>20,000,000</u>	<u>-</u>	<u>20,000,000</u>			
					<u>\$ 77,240,000</u>	<u>\$ -</u>	<u>\$ 77,240,000</u>			

(Concluded)

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**DETAILED SCHEDULE OF LEASE LIABILITIES****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Item	Description	Lease Term	Discount Rate (%)	Balance, End of Year
Land	Branch lands	2019.01.01-2039.08.05	1.346-1.985	\$ 10,325
Buildings	Branch buildings	2019.01.01-2032.11.30	1.346-9.800	1,464,036
Transportation equipment	Business cars	2019.01.01-2026.06.01	0.780-9.700	62,965
Other equipment	Telephone switchboard systems	2019.01.01-2028.01.31	2.445-4.000	<u>7,827</u>
				<u>\$ 1,545,153</u>

**TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND
SUBSIDIARIES****DETAILED SCHEDULE OF INTEREST REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Items	Amount
Interest revenue from discounts and loans	
Discounts and overdraft	\$ 79,309
Short-term loans	14,542,495
Medium-term loans	28,406,298
Long-term loans	27,230,157
Overdue loans	19,698
Others	<u>234,015</u>
	<u>70,511,972</u>
Interest revenue from investments	
Financial assets at fair value through other comprehensive income	7,430,493
Investments in debt instruments at amortized cost	<u>9,467,765</u>
	<u>16,898,258</u>
Interest revenue from due from banks and call loans to banks	
Due from the Central Bank	1,528,988
Due from banks	1,218,293
Call loans to banks	<u>2,063,177</u>
	<u>4,810,458</u>
Interest revenue from financing	<u>361,392</u>
Others	<u>829,555</u>
	<u>\$ 93,411,635</u>

**TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND
SUBSIDIARIES****DETAILED SCHEDULE OF INTEREST EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Items	Amount
Interest expenses from deposits	
Foreign currency deposits	\$ 23,116,707
Withdrawals of interest savings	7,526,063
Time deposits	5,582,908
Savings - demand deposits	6,894,771
Round-amount savings	2,211,989
Employee deposits	1,003,160
Treasury deposits	1,427,215
Negotiable certificates of deposit	562,142
Demand deposits	3,032,105
Others	5,998
	<u>51,363,058</u>
Interest expenses from due to the Central Bank and other banks	
Call loans from other banks	5,634,747
Due to other banks	298,926
	<u>5,933,673</u>
Interest expenses from issuing bonds payable	
Subordinated bank debentures	1,175,674
Priority bank debentures	73,110
Interest expenses from corporate bond	119,050
	<u>1,367,834</u>
Interest expenses from deposits from the Central Bank and other banks	<u>1,355,353</u>
Interest expenses from securities sold under repurchase agreements	<u>1,098,984</u>
Others	<u>329,640</u>
	<u>\$ 61,448,542</u>

**TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND
SUBSIDIARIES****DETAILED SCHEDULE OF SERVICE FEE AND COMMISSION INCOME, NET
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Items	Amount
Service fee and commission income	
Trust business	\$ 2,132,357
Guarantees	998,417
Loans	1,431,448
Insurance service	1,766,352
Brokerage service	928,769
Investment-linked products	489,083
Credit cards	1,629,736
Management fees of investment-linked products	168,102
Management fees remittance	331,734
Remittance	278,034
Cross-bank transactions	293,205
Underwriting	120,990
Import/export service	101,748
Others (Note)	<u>615,097</u>
	<u>11,285,072</u>
Service charge and commission expenses	
Cross-bank transactions	(333,720)
Insurance commission	(288,290)
Credit cards	(304,646)
Credit cards billing collections	(1,146,365)
Custody	(76,133)
Others (Note)	<u>(319,679)</u>
	<u>(2,468,833)</u>
	<u>\$ 8,816,239</u>

Note: The amount of each individual item does not exceed 5% of the account balance.

**TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND
SUBSIDIARIES****DETAILED SCHEDULE OF PREMIUM INCOME (LOSSES), NET
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Items	Amount
Premium income	
Separate-account revenue	\$ 5,482,080
Premium income	<u>7,429,894</u>
	<u>12,911,974</u>
Premium losses	
Separate-account expense	(5,482,080)
Insurance claims and benefits	(3,104,139)
Reinsurance premium ceded	(402,645)
Others	<u>(67,432)</u>
	<u>(9,056,296)</u>
	<u>\$ 3,855,678</u>

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

**DETAILED SCHEDULE OF GAINS (LOSSES) ON FINANCIAL ASSETS AND LIABILITIES AT
FAIR VALUE THROUGH PROFIT OR LOSS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Items	Realized Gains (Losses)	Unrealized Gains (Losses)	Total
Financial assets at fair value through profit or loss			
Financial assets mandatorily classified as at fair value through profit or loss			
Acquired loans	\$ 276,663	\$ 52,318	\$ 328,981
Commercial paper (including interest revenue)	1,473,249	(71,000)	1,402,249
Negotiable certificates of deposit (including interest revenue)	33,908	(1,931)	31,977
Investment in equity instruments (including cash dividend)	706,051	2,669	708,720
Government bonds (including interest revenue)	3,554	(931)	2,623
Convertible bonds	13,798	59,525	73,323
Beneficial certificates	132,031	(192,614)	(60,583)
Currency swap contracts	19,733,194	(2,329,772)	17,403,422
Forward contracts	518,320	(50,850)	467,470
Cross-currency swap contracts	33,503	(17,727)	15,776
Futures contracts	(103,932)	(12,325)	(116,257)
Currency option contracts - buy	(47,133)	15,730	(31,403)
Others	78,599	4,812	83,411
	<u>22,851,805</u>	<u>(2,542,096)</u>	<u>20,309,709</u>
Financial liabilities at fair value through profit or loss			
Held-for-trading financial liabilities			
Security borrowing	12,833	(43,552)	(30,719)
Currency option contracts - sell	50,678	(17,035)	33,643
Forward contracts	(330,337)	(56,206)	(386,543)
Currency swap contracts	(4,776,059)	(3,115,857)	(7,891,916)
Others	(46,955)	(44,417)	(91,372)
	<u>(5,089,840)</u>	<u>(3,277,067)</u>	<u>(8,366,907)</u>
Financial liabilities designated as at fair value through profit or loss (including interest expense)	<u>(76,853)</u>	<u>72,551</u>	<u>(4,302)</u>
	<u>\$ 17,685,112</u>	<u>\$ (5,746,612)</u>	<u>\$ 11,938,500</u>

**TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND
SUBSIDIARIES****DETAILED SCHEDULE OF REALIZED GAINS ON FINANCIAL ASSETS AT FAIR VALUE
THROUGH OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Items	Amount
Government bonds	\$ (33,745)
Dividend income of listed and emerging market shares	2,771,420
Dividend income of unlisted shares	248,423
Corporate bonds	8,262
Bank debentures	<u>(1,211)</u>
	<u>\$ 2,993,149</u>

**TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND
SUBSIDIARIES****DETAILED SCHEDULE OF FOREIGN EXCHANGE GAINS (LOSSES)
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Items	Amount
Foreign exchange - current swap, net asset	\$ 264,267
Foreign exchange - spot	947,403
Foreign exchange - swap, spot	(72,184)
Foreign exchange - net asset	177,997
Foreign exchange - others	<u>(72,414)</u>
	<u>\$ 1,245,069</u>

**TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND
SUBSIDIARIES****DETAILED SCHEDULE OF IMPAIRMENT LOSSES (REVERSAL OF IMPAIRMENT LOSS) ON
ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Items	Impairment Loss	Reversal of Impairment Loss	Net Amount
Investments in debt instruments measured at amortized cost	\$ (11,311)	\$ -	\$ (11,311)
Investments in debt instruments at fair value through other comprehensive income	<u>-</u>	<u>16,796</u>	<u>16,796</u>
	<u>\$ (11,311)</u>	<u>\$ 16,796</u>	<u>\$ 5,485</u>

**TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND
SUBSIDIARIES****DETAILED SCHEDULE OF OTHER NONINTEREST GAINS, NET
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Items	Amount
Rental revenue	\$ 466,288
Donation	(324,476)
Others (Note)	<u>85,062</u>
	<u>\$ 226,874</u>

Note: The amount of each individual item does not exceed 5% of the account balance.

**TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND
SUBSIDIARIES****DETAILED SCHEDULE OF BAD-DEBT EXPENSES AND PROVISION FOR LOSSES ON
COMMITMENTS AND GUARANTEES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Items	Amount
Provision for possible losses on discounts and loans	\$ 6,726,212
Provision for possible losses on receivables	10,686
Reversal of provision for possible losses on due from banks	(7,083)
Provision for possible losses on overdue receivables	612,051
Provision for possible losses on guarantees	82,878
Provision for possible losses on financing commitments	86,340
Reversal of provision for possible losses on others	<u>(8,858)</u>
	<u>\$ 7,502,226</u>

**TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND
SUBSIDIARIES****DETAILED SCHEDULE OF NET CHANGES IN RESERVES FOR INSURANCE LIABILITIES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Items	Amount
Life policy reserve, net of release	\$ 2,500,915
Reserve for insurance contract with financial instrument features, net of release	3,986
Deficiency reserve, net of release	41,847
Claim reserve, net of release	(1,059)
Unearned premium reserve, net of release	32,528
Reserve for foreign exchange variation, net of release	<u>(346,093)</u>
	<u>\$ 2,232,124</u>

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

**DETAILED SCHEDULE OF EMPLOYEE BENEFITS EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Items	Employee Benefits Expenses	Other Noninterest Gains, Net	Other Operating and Administrative Expenses	Total
Salary expense				
Salaries	\$ 9,257,777	\$ -	\$ -	\$ 9,257,777
Bonuses	3,380,842	-	-	3,380,842
Subsidies	814,852	-	-	814,852
Overtime	<u>443,573</u>	<u>-</u>	<u>-</u>	<u>443,573</u>
	13,897,044	-	-	13,897,044
Post-employment benefits, termination benefits and compensation	694,517	-	-	694,517
Excessive interest from preferential interest deposits	1,029,173	-	-	1,029,173
Insurance	969,787	-	-	969,787
Meal allowance	268,304	-	-	268,304
Employee benefits	263,109	-	-	263,109
Remuneration of directors	43,438	-	-	43,438
Others	<u>126,865</u>	<u>-</u>	<u>-</u>	<u>126,865</u>
	<u>\$ 17,292,237</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,292,237</u>

Note 1: For the years ended December 31, 2023 and 2022, the average number of employees of the Company was 9,655 and 9,634, of which the average number of directors who were not concurrently was 40 and 36, respectively.

Note 2: For the years ended December 31, 2023 and 2022, the average amount of employee benefits expenses of the Company was \$1,794 thousand and \$1,810 thousand, respectively.

Note 3: For the years ended December 31, 2023 and 2022, the average amount of salary expenses of the Company was \$1,445 thousand and \$1,462 thousand, respectively.

Note 4: The average salary expenses adjustment was (1.16%).

Note 5: For the years ended December 31, 2023 and 2022, the amount of remuneration of the supervisor was \$1,409 thousand and \$2,067 thousand, respectively.

(Continued)

Note 6: The Company's salary and remuneration policy (including directors, managers and employees) are as follows:

The remuneration paid to the directors and the supervisors is based on their participation in company and their contribution, and the Company takes business performance and the industry average into consideration as well. The Company regularly reviews the directors' and supervisors' individual performance, company operating results and the connection of future risk. The amount and distribution are approved by the board of directors.

The total compensation paid to the executive officers and the employees is mainly based on their job responsibility, company operating results and individual performance. The Company also takes the factors such as the current market average and the risks into considerations, and appropriately applies the competitive benefits and compensation adjustment to recruit and retain talent.

(Concluded)

**TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND
SUBSIDIARIES****DETAILED SCHEDULE OF DEPRECIATION AND AMORTIZATION
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Items	Amount
Depreciation expense	
Property and equipment	
Building	\$ 724,047
Machinery and equipment	564,198
Transportation equipment	43,263
Other equipment	97,053
Leasehold improvements	<u>87,733</u>
	<u>1,516,294</u>
Investment properties	
Building	<u>90,916</u>
Right-of-use assets	
Land	7,298
Building	607,697
Transportation equipment	45,597
Others	<u>3,722</u>
	<u>664,314</u>
	<u>2,271,524</u>
Amortization expense	
Computer software	376,252
Others	<u>1,137</u>
	<u>377,389</u>
	<u>\$ 2,648,913</u>

**TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND
SUBSIDIARIES****DETAILED SCHEDULE OF OTHER GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Items	Amount
Tax	\$ 4,330,843
Insurance	804,050
Professional services	463,344
Repair and maintenance	471,764
Postage	338,289
Building management	273,917
Entertainment	244,636
Employee training	160,230
Utilities	203,862
Membership and registration	207,518
Outsourcing	214,673
Printing	149,120
Advertisement	184,336
Supplies	135,784
Others (Note)	<u>1,444,509</u>
	<u>\$ 9,626,875</u>

Note: The amount of each individual item does not exceed 5% of the account balance.