

Taiwan Cooperative Financial Holding Co., Ltd.

Proceedings of the 2023 Annual General Shareholders' Meeting

Date and Time: 09:00 A.M., Friday, June 16th, 2023

Place: 1st Floor, No.225, Section 2, Chang'an East Road, Songshan District, Taipei City,
Taiwan R.O.C. (Taiwan Cooperative Bank Headquarters)

Method of Convening the Meeting: Physical Shareholders' Meeting

Attendance by shares: The total number of shares issued by the Company is 13,983,669,837 (excluding 25,265,609 legally non-voting shares). There were a total of 12,784,740,016 equity shares attending the meeting (of which 2,998,211,487 shares had registered to exert voting rights via electronic means), accounting for 91.42 of the total number of shares issued.

Attending Board Members: 9 directors, exceeding half of the 15 seats in the board.

Chairman: Paul Chung-Dar Lei

Director and President: Chen, Mei-Tsu

Independent Directors: Lin, Hsuan-Chu (convener of the Audit Committee);
Chang, Min-Chu; Lin, Hann-Chyi

Directors: Mai, Shen-Gang; Den, Yen-Dar; Hsu, Kuo-Lang; Fu, Cheng-Hua

Others Present:

Lawyer: Yeh, Chien-Ting, Chien Yeh Law Offices

CPA: Chen, Yin-Chou, Deloitte & Touche

Chair: Paul Chung-Dar Lei, Chairman of the Board of Directors

Minutes Takers: Chen, Yi-Chun; Teng, I-Ping; Yu, Yi-June

I. To announce the quorum in present and to call the meeting to order

The total number of shares issued by the Company is 13,983,669,837 (excluding 25,265,609 legally non-voting shares). As at 9 a.m. on June 16, 2023, there were in total 12,784,384,342 equity shares attending the meeting (of which 2,998,211,487 shares had registered to exert voting rights via electronic means), accounting for 91.42% of the total number of shares issued, a ratio that has met the quorum. Therefore, by law, the chair of the meeting called the meeting to order.

II. Chairperson's Remarks (omitted)

III. Matters for Reporting

1. TCFHC 2022 Business Performance (Noted)

Statement Summary:

Shareholder (1431182) raised queries on whether the "housing allowance", "business allowance", or allowances on other items were lawfully entitled for the chairmen and presidents of the financial holding group to receive and on whether the common stocks of Taipower Company Ltd. held by TCB was reported as capital loss.

The queries were responded by the Chair of the meeting, the President of TCFHC and the supervisor in charge of the business, which were summarized as follows:

The remuneration packages to all the chairmen and presidents of TCFHC and its subsidiaries were all arranged and paid by following relevant regulations. Aside from housing allowance, which was now no longer valid, all other items of allowances were paid by following relevant rules.

As for investment that TCB made in the Taipower Company Ltd., given the fact that it was listed in the category of other comprehensive income (OCI), its loss was considered a book loss according to accounting principle, which was not able to affect the company's earnings.

2. Audit Committee Reports the Auditing Opinions of TCFHC 2022 Financial Statements
(Noted)
3. TCFHC 2022 Remuneration Distribution of Board of Directors and Employees Report
(Noted)

IV. Matters for Recognitions

There were two proposals raised for recognitions. In the wake of discussions on proposals one after the other, a joint vote was held with the results announced immediately after. For the vote, the Chair of the meeting appointed Mr. Chen, ***Kuo (Shareholder No.602131), Ms. Hsu, ***Ling (Shareholder No.606499) and Mr. Shiu, ***Hau (Shareholder No.605794) as scrutineers, and staffs from Yuanta Securities to be responsible for tallying votes.

Proposal 1: To submit the 2022 Annual Business Report and the Financial Statements for approval and adoption. (Proposed by the Board of Directors)

Contents: The 2022 annual business report and financial statements have both been reviewed and approved in the 6th meeting of the 4th term Board of Directors, followed by further examination of the Audit Committee. The financial statements had also been audited and certified by Deloitte Taiwan. Therefore, the Board of Directors hereby, in accordance with article 35 of the TCFHC's Articles of Incorporation, submits the 2022 annual business report and the 2022 financial statements for recognition.

Highlights of the Proceedings and Resolution:

Upon emcee's announcement and explanation of the proposal, following which there was no shareholder raising opinion, the Chair of the meeting then announced that voting and tallying would be carried out in the wake of the proceedings of all the matters for discussions.

Voting Results:

The total number of attending voting shares (including votes cast by electronic means): 12,784,731,669

Voting Results	Ratio of the cast voting shares to the total voting shares
The total number of voting shares that approve: 12,136,580,855	94.93%

The total number of voting shares that disapprove: 11,406,983	0.08%
Invalid voting share: 0	0.00%
The total number of voting shares that casted abstention or did not vote: 636,743,831	4.99%

The proposal has passed by a majority vote.

Resolution:

The TCFHC's 2022 Annual Business Report and the Financial Statements have been approved as what had been submitted.

Proposal 2: TCFHC's 2022 earnings appropriation is proposed for recognition.
(Proposed by the Board of Directors)

Contents:

1. The net income that TCFHC generated in 2022 was NT\$20,248,984,443, which added the retained earnings with investment adjustment on equity method of NT\$1,248,771,209, subtracting the legal reserve of NT\$2,149,775,565, and again added the undistributed earnings at the beginning of this period of NT\$2,974,293,828, and further deducted the NT\$20,524,180,405 special reserve for negative other equity, would result in the earnings available for distribution of NT\$1,798,093,510. (for details, please refer to the table as attached)
2. In compliance with TCFHC's articles of incorporation, TCFHC proposes to contribute NT\$1,681,072,254 out of the 30% - 100% of the available-for-distribution earnings (approximately consisting of 93.49% of the available-for-distribution earnings) to issue cash dividends, which equals to NT\$ 0.12 cash dividends per share (1.2% dividend yield) based on a total of 14,008,935,446 common stocks issued as of the earnings appropriation record date. The remaining NT\$117,021,256 undistributed earnings will be distributed in the years that ensue.
3. The proposal of distributing NT\$0.12 cash dividends per share has met TCFHC's articles of incorporation which rules the proportion of cash dividends to the total dividends for the assignment of dividends for shareholders shall not be less than 10%.
4. Once the proposal is approved by annual general shareholders' meeting, the Board of Directors shall be authorized to set the ex-dividend record date.
5. Afterward, in the case the total number of outstanding shares is affected which further lead to changes in shareholders' dividend yield, as a result of the repurchase of TCFHC's shares or of the transfer, conversion or write-off of shares or other matters, the board of directors is authorized to deal with relevant adjustments.

Highlights of the Proceedings and Resolution:

Upon emcee's announcement and explanation of the proposal, following which there was no shareholder raising opinion, the Chair of the meeting then announced that voting and tallying would be carried out in the wake of the proceedings of all the matters for discussions.

Voting Results:

The total number of attending voting shares (including votes cast by electronic means):
12,784,731,669

Voting Results	Ratio of the cast voting shares to the total voting shares
The total number of voting shares that approve: 12,152,773,508	95.05%
The total number of voting shares that disapprove: 869,961	0.00%
Invalid voting share: 0	0.00%
The total number of voting shares that casted abstention or did not vote: 631,088,200	4.95%

The proposal has passed by a majority vote.

Resolution:

The earnings appropriation for the year 2022 has been approved as proposed.

V. Matters for Discussions

There were two proposals raised for discussions. In the wake of discussions on proposals one after the other, a joint vote was held with the results announced immediately after. For the vote, the Chair of the meeting appointed Mr. Chen, ***Kuo (Shareholder No.602131), Ms. Hsu, ***Ling (Shareholder No.606499) and Mr. Shiu, ***Hau (Shareholder No.605794) as scrutineers, and staffs from Yuanta Securities to be responsible for tallying votes.

Proposal 1: The proposal of TCFHC transferring capital surplus of NT\$7,004,467,720 to additional paid in capital by issuing 700,446,772 new shares along with the issuance of a total cash dividends of NT\$5,323,395,469, for review and discussion. (Proposed by the Board of Directors)

Contents:

1. In order to maintain a stable dividend distribution policy, enhance the capital stock structure of the company, and expand the capital size, it is proposed to appropriate NT\$12,327,863,189 from the capital surplus of the company for the use of issuing stock and cash dividends as follows:
 - (1) Stock dividends: With NT\$0.5 per share, it is estimated that a total of NT\$7,004,467,720 (funding source – paid by the capital surplus of the premium on stock capital which was gained through the premium on issuance of new shares for additional paid-in capital from the company incorporation and SEO) will be distributed through issuance of 700,446,772 new shares.
 - (2) Cash dividends: With NT\$0.38 per share, it is estimated that a total of NT\$5,323,395,469 (funding source: paid by the capital surplus of undistributed earnings of TCFHC’s predecessor, which is counted as part of the premium on capital stock according to Article 47 of Financial Holding Company Act) will be distributed, which plus the cash dividends of NT\$0.12 derived from the earning distribution will make the cash dividends for 2022 at NT\$0.5 per share.
2. For this term, the capital surplus would be used for issuing stock and cash dividends; it is therefore proposed to authorize the board of directors to set the base dates of ex-right and issuance of new shares along with ex-dividend.

3. The amount of new shares through capitalization and issuance conditions :
 - (1) The proposed amount of capital increase and number of shares issuance are mentioned above. These shares will all be common stocks.
 - (2) For the allotment of shares, every thousand shares as held will receive 50 new shares free-of-charge (dividend rate of 5%) based the shareholding proportion recorded on the shareholders' roster on the ex-dividend record day.
 - (3) Shareholders allotted with fractional shares are able to combine their fractional shares at TCFHC's stock transfer agent, within 5 days after the ex-dividend record date, or to sell in lieu of cash at the share's face value. For accumulated number of fractional shares, please authorize the chairperson to approach certain parties to purchase.
 - (4) The rights and obligations of the new shares as issued for this capital increase will be the same as those of outstanding shares.
 - (5) In compliance with Article 10 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the Physical certificates of the new shares issued for this capital increase will not be printed but delivered through the book entry.
4. The capital surplus used for issuing stock will make TCFHC's paid-in capital grow from NT\$140,089,354,460 to NT\$147,093,822,180, which is still smaller than the company's authorized capital of NT\$150 billions.
5. Afterward, in the case the total number of outstanding shares is affected which further lead to changes in shareholders' dividend yield, as a result of the repurchase of TCFHC's shares or of the transfer, conversion or write-off of shares or other matters, the board of directors is authorized to deal with relevant adjustments.
6. For matters not mentioned herein, the Board of Directors is fully authorized to take charge of.

Highlights of the Proceedings and Resolution:

Upon emcee's announcement and explanation of the proposal, following which there was no shareholder raising opinion, the Chair of the meeting then announced that voting and tallying would be carried out in the wake of the proceedings of all the matters for discussions.

Voting Results:

The total number of attending voting shares (including votes cast by electronic means): 12,784,731,669

Voting Results	Ratio of the cast voting shares to the total voting shares
The total number of voting shares that approve: 12,152,854,923	95.05%
The total number of voting shares that disapprove: 903,112	0.00%
Invalid voting share: 0	0.00%
The total number of voting shares that casted abstention or did not vote: 630,973,634	4.95%

The proposal has passed by a majority vote.

Resolution:

TCFHC 2022 New Shares Issuance and Cash Dividends Distribution through Capitalization of Capital Surplus have been approved as proposed.

Proposal 2: The proposal of amending TCFHC's Articles of Incorporation is submitted for review and discussion. (Proposed by the Board of Directors)

Contents:

1. The revised contents are described as follows:

(1)The company's capital size is set to increase to NT\$200 billion (Article 5):

I. At the time TCFHC was incorporated (2011), its capital size was NT\$120 billion. Later in 2017, its capital size expanded to NT\$150 billion, which is just NT\$9.9 billion different from the current paid-in capital size of NT\$140.1 billion. In preparation for the needs of capital in the future either on expense for establishing new subsidiary, growth of business size of existing subsidiaries, acquisition or merger for raising market competence, or transfer of retained earnings to additional paid-in capital, it is proposed to raise the capital size through amending the TCFHC's Articles of Incorporation.

II. The capital sizes of the other government funded financial holding companies with similar business size and pattern to TCFHC's fall between NT\$180 billion and NT\$220 billion. Based on these references, it is proposed to expand the capital size of TCFHC to NT\$200 billion in preparation for the need of business expansion in the future.

(2)Stipulate the date for the amendment of TCFHC's Articles of Incorporation. (Paragraph 10 of Article 40).

2. Enclosed please find a copy of the amendment draft of TCFHC's Articles of Incorporation, and a comparison table that lists both existing articles and amended articles and the backgrounds for such amendments. (Please refer to the Handbook for the 2023 Annual General Shareholders' meeting on page 45 to 52)

Highlights of the Proceedings and Resolution:

Upon emcee's announcement and explanation of the proposal, following which the shareholder (665760) agreed with the Chair's advice to put off the Q & A session until after the voting session, the Chair of the meeting then announced that voting and tallying would be carried out in the wake of the discussions of all the matters for discussions.

Statement Summary:

Shareholder (665760) raised concerns on the recently said mismanagement event of CoAMC, the payment date of the stock and cash dividends, and queried about information related to shareholders meeting notice.

The queries were responded by the Chair of the meeting, the President of TCFHC and Yuanta Securities, which are summarized as follows:

TCFHC feels deeply sorry about the recent upset in the society that the CoAMC incident has caused. TCFHC has instructed CoAMC to strengthen the measures on relevant control and management. TCFHC will also reinforce its supervision and management over all of its subsidiaries.

As for the suggestion of having cash dividend and stock dividend paid on different

dates, given the concern on relevant stock affairs cost and that most counterparts in the industry have opted to have both dividends paid on the same day, as well as the concern on the special circumstance this year that stock dividends are distributed through conversion of paid-in capital, for which the supplementary health premiums didn't need to be paid right away, the influence of having both dividends paid on the same day is relatively less.

With regard to the meeting notice for the TCFHC annual general meeting, the Yuanta Securities has explained that such a notice is printed based on the personal information that shareholders provide themselves. Should it be any issues on personal information involved, TCFHC will assign relevant unit to look into if any improvement need to be made.

Voting Results:

The total number of attending voting shares (including votes cast by electronic means): 12,784,731,669

Voting Results	Ratio of the cast voting shares to the total voting shares
The total number of voting shares that approve: 12,148,053,681	95.02%
The total number of voting shares that disapprove: 5,518,906	0.04%
Invalid voting share: 0	0.00%
The total number of voting shares that casted abstention or did not vote: 631,159,082	4.94%

The proposal has passed by a majority vote.

Resolution:

The amendments to TCFHC's Articles of Incorporation have been approved as proposed.

VI. Election Matters

Proposal : Electing the 5th Term Board of Directors of TCFHC. (Proposed by the Board of Directors)

Contents:

1. Given that the tenure of the 4th term TCFHC directors will end on June 23, 2023, it is proposed to hold the election of directors for the 5th term in the 2023 Annual General Shareholders' Meeting.
2. According to Article 21 and Article 22 of TCFHC Article of Incorporation, the TCFHC Board of Directors is set to consist of 15 to 21 directors. The position of independent director has been established in the Board since the 2nd term of the Board with a required minimum number of not less than 3 or one fifth of the total seat of directors. A candidate nomination process is adopted for the election of both directors and independent directors since 2021, by which shareholders elect the directors and independent directors out of a nominee list.
3. Considering the corporate scale and the operational need of the Board of Directors, it is proposed to have 15 directors (including 5 independent directors) elected for

the 5th term of Board with a tenure of 3 years, starting from June 16, 2023 to June 15, 2026.

4. For the nominee list of the directors and independent directors. (Please refer to the Handbook for the 2023 Annual General Shareholders' meeting on page 54 to 56)
5. Submitted is the reference for the election.

Highlights of the Proceedings and Resolution:

In the wake of having the rationale and contents of the proposal read out by the emcee, the Chair of the meeting then announced to start the voting phase and appointed Mr. Chen,***Kuo (Shareholder No.602131), Ms. Hsu,***Ling (Shareholder No.606499) and Mr. Shiu,***Hau (Shareholder No.605794) as scrutineers, and staffs from Yuanta Securities to be responsible for tallying votes.

Voting Results :

Elected directors of the 5th term are listed as follows :

Name	Voting shares received
Representative of Ministry of Finance, R.O.C.: Lin, Chien-Hao	14,242,008,209
Representative of Ministry of Finance, R.O.C.: Chen, Mei-Tsu	12,774,082,396
Representative of Ministry of Finance, R.O.C.: Den, Yen-Dar	11,968,651,108
Representative of Ministry of Finance, R.O.C.: Chiang, Jui-Tang	11,956,037,711
Representative of Ministry of Finance, R.O.C.: Lee, Chung-Yung	11,767,258,168
Representative of Ministry of Finance, R.O.C.: Hsu, Kuo-Lang	11,683,356,149
Representative of National Farmers' Association, R.O.C.: Huang, Jul-Chi	11,997,935,911
Representative of National Farmers' Association, R.O.C.: Chang, Yung-Cheng	11,851,157,825
Representative of Taiwan Cooperative Bank's Labor Union: Fu, Cheng-Hua	11,926,586,701
Representative of the National Federation of Credit Co-operative, R.O.C.: Mai, Shen-Gang	11,893,111,196

Elected independent directors of the 5th term are listed as follows :

Name	Voting shares received
Lin, Hsuan-Chu	12,438,474,320
Arthur Shay	11,914,086,701
Chang, Min-Chu	11,872,135,692

Lin, Hann-Chyi	11,863,660,187
Beatrice Liu	11,809,209,177

VII. Other Matters

Proposal : The proposal for releasing TCFHC's 5th board of directors from prohibitions on participation in competitive businesses (detailed in the attached list) is raised in this meeting for review and adoption.
(Proposed by the Board of Directors)

Contents:

1. The proposal is raised for complying with the Paragraph 1 of Article 209 of the Company Act, which rules that a director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval. According to the instructive letter of MOEA-BU No. 89206938 issued by Ministry of Economic Affairs, in the event that an institutional investor appoints a representative to serve as a director of a given company as prescribed by Paragraph 2 of Article 27 of the Company Act, both of the institutional investor and the representative as appointed shall be confined by the non-compete clause.
2. Any candidate in the nominee list for the 5th term of the TCFHC board of directors, who has been involved in the conduct within the business scope of TCFHC for him or herself as detailed in the attached list, shall be requested to be discharged from the non-competition restriction during the tenure of directorship with TCFHC after being elected.

List of the Release of Non-Competition Restriction on the 5th Term Board of Directors

Name of Director	Company	Concurrent Post
Ministry of Finance, R.O.C.	Taiwan Financial Holding Co., Ltd.	Director
	Land Bank of Taiwan	Director
	Export-Import Bank of the Republic of China	Director and Supervisor
	Mega Financial Holding Co., Ltd.	Director
	First Financial Holding Co., Ltd.	Director
	Hua Nan Financial Holdings Co., Ltd.	Director
	Taiwan Business Bank	Director
	Chang Hwa Bank	Director
	Central Reinsurance Corporation	Director
National Farmers' Association, R.O.C.	Agricultural Bank of Taiwan	Executive Director

Name of Director	Company	Concurrent Post
The National Federation of Credit Co-operatives, R.O.C.	Financial Information Service Co., Ltd.	Director
Mei-Tsu Chen, (Representative of Ministry of Finance, R.O.C.)	Taiwan Small & Medium Enterprise Counseling Foundation	Director
	Taiwan Financial Asset Service Corporation	Supervisor
	Taipei Financial Center Corporation	Supervisor
Jui-Tang Chiang (Representative of Ministry of Finance, R.O.C.)	Chunghwa Post Co., Ltd.	President and Director
Chung-Yung Lee (Representative of Ministry of Finance, R.O.C.)	Agricultural Credit Guarantee Fund	Managing Supervisor
Jui-Chi Huang (Representative of National Farmers' Association, R.O.C.)	National Farmers' Association, R.O.C.	Chairperson
Yung-Cheng Chang (Representative of National Farmers' Association, R.O.C.)	National Farmers' Association, R.O.C.	Chief Executive Officer
	Agricultural Bank of Taiwan	Executive Director
Shen-Gang Mai (Representative of the National Federation of Credit Co-operatives, R.O.C.)	The National Federation of Credit Co-operatives, R.O.C.	Chairperson
	Tamsui First Credit Bank	Chairperson
	Financial Information Service Co., Ltd.	Director

Highlights of the Proceedings and Resolution:

Upon emcee's announcement and explanation of the proposal, following which there was no shareholder raising opinion, the Chair of the meeting then announced to start the voting phase and appointed shareholder Mr. Chen,***Kuo (Shareholder No.602131), Ms. Hsu,***Ling (Shareholder No.606499) and Mr. Shiu,***Hau (Shareholder No.605794) as scrutinizers and staffs from Yuanta Securities to be responsible for tallying the vote.

Voting Results:

After deducting the recused voting shares for this proposal, the total number of attending voting shares (including votes cast by electronic means): 8,573,667,292

Voting Results	Ratio of the cast voting shares to the total voting shares
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The total number of voting shares that approve: 7,938,004,965	92.58%
The total number of voting shares that disapprove: 3,187,874	0.03%
Invalid voting share: 0	0.00%
The total number of voting shares that casted abstention or did not vote: 632,474,453	7.39%

The proposal has passed by a majority vote.

Resolution:

The proposal for releasing TCFHC's 5th board of directors from prohibitions on participation in competitive businesses raised in this meeting has been approved as proposed.

VIII. Extemporaneous Motions

Afterward, given that there was no further provisional motions being raised, the Chair of the meeting announced to have the meeting adjourned.

IX. Meeting adjournment (at 10:21 AM)

This meeting minutes contains the highlights of the proceedings and results of the meeting as prescribed in the paragraph 4 of the article 183 of the Company Act. For the full contents, procedures, and the shareholders' remarks of the meeting, please refer to the video and audio records of the meeting.

Chair of the Meeting : Dr. Paul Chung-Dar Lei, the Chairman of TCFHC

Minutes takers : Chen, Yi-Chun; Teng, I-Ping; Yu, Yi-June

Taiwan Cooperative Financial Holding Co., Ltd.

2022 Business Report

In 2022, countries across the world have subsequently started to ease the lockdowns and move towards recovery step-by-step from the impact of the pandemic. Nevertheless, the surging price due to disequilibrium between supply and demand that started in late 2021, and the outbreak of Russian-Ukrainian war in February 2022 that have impacted on the supply of energy, food, and other commodities, have further pushed up the price inflation, a pressure that has triggered major economies of the world to resort to the interest rate hike as a countermeasure, which, however, is unfavorable to business investment. According to a report International Monetary Fund (IMF) published in January 2023, the global economic growth rate in 2022 was estimated to be 3.4%, and the economic growth rate for 2023 was forecast to reach 2.9% only, one that is lower than the average annual growth rate of 3.8% between 2000 and 2019. The result has indicated that the global economy is slowing down.

Taking a look at Taiwan, the control measures against the pandemic has been gradually lifted since the 4th quarter of 2022, contributing to bring the market consumption back to the normal track, which, plus the easing down of inbound passenger quarantine and recovery of international travel, has made the market consumption of private sectors continue to expand. According to a report published by Directorate General of Budget, Accounting, and Statistics, Executive Yuan, Taiwan (R.O.C.) in January 2023, the economic growth rate of Taiwan in 2022 was estimated to reach 2.43%, a decrease of 4.10 percentage points from 6.53% in 2021. In prospect of the economic performance in 2023, with the continuing slowdown in export yet relatively warming domestic economic activity, the annual domestic economic growth rate is expected to reach 2.75% for 2023.

Thanks to the trusts and supports from our shareholders over the past year, TCFHC, tapping into the grand customer base and inter-subsidiary synergy, was able to top all government affiliated financial holding companies in profit. In 2022, TCFHC's consolidated net income after tax amounted to NT\$20.817 billion, a decrease of 1.86% from that of 2021, which has translated into an EPS after tax of NT\$1.45 with the return on equity (ROE) and return on assets (ROA) reaching 8.98% and 0.47% respectively.

Despite of the turbulence, TCFHC has continued to deliver remarkable performance. In the future, TCFHC will continue to pursue growth and excellence. A summary of TCFHC business performance in 2022 and business plan for 2023 are outlined as follows:

A. Operational Review for 2022

a. Review of the Implementation for 2022 Business Plan

1. Profitability

- I) Taiwan Cooperative Bank (TCB), the major profit generating subsidiary of TCFHC, has taken continuous efforts in increasing operational momentum, developing diversified products, and maintaining healthy quality of assets. In 2022, TCB continued to hit a record high in profit by generating a total profit of NT\$19.089 billion, an increase of NT\$216 million from NT\$18.873 billion in 2021, representing an year-on-year growth of 1.14%
- II) Both the asset management and venture capital subsidiaries demonstrated continuous business growth in 2022 with profits reaching NT\$351 million and NT\$106 million respectively, representing the growth rates of 3.09% and 48.07% respectively from a year ago. The other four subsidiaries - life insurance, securities, bill finance, and investment trust have posted each of their profits

generated in 2022, which were NT\$1.157 billion, NT\$287 million, NT\$283 million, and NT\$21 million respectively, a result that, however, represents the declines of 15.19%, 61.36%, 44.28%, and 44.11% from a year ago, due to strong volatility of financial market that affect the investment confidence of consumers. Nevertheless, the consolidated profit of TCFHC has only declined by 1.86%, the best performance in profit among government affiliated financial holding companies.

2. Capital Allocation

As at the end of 2022, the common equity ratio, Tier 1 ratio, and capital adequacy ratio of the TCFHC's bank subsidiary – TCB was 11.06%, 12.83% and 14.59% respectively. These ratios have all met the internal management capital requirements for domestic systemically important banks (D-SIBs), ruled by Financial Supervisory Commission to meet by the end of 2022.

3. Integrated Marketing

- I) Continuous efforts carried out to strengthen Inter-subsidiary collaborations have resulted in significantly positive outcome. By the end of 2022, the securities subsidiary, Taiwan Cooperative Securities (TCS) had set up a total of 265 service counters across TCB's branches, which have served to take the orders that accounted for 63.80% of the TCS's total brokerage business in that year.
- II) Premium income and mutual fund sales (exclusive of money market fund) that TCFHC's life insurance subsidiary – BNP Paribas Cardif TCB Life Insurance (BNP TCB Life) and securities investment trust subsidiary – Taiwan Cooperative Securities Investment Trust (TCSIT) generated through sister companies' sales channels, accounted for 87.60% of the total premium income of BNP TCB Life and 62.66% of the mutual fund sales (exclusive of money market fund) TCSIT generated respectively.
- III) The corporate client accounts that both of the assets management (CoAMC) and venture capital subsidiaries (TCVC) developed through inter-subsidiary referral in 2022 made up 52.38% of CoAMC's total business source and 55.56% of the TCVC's respectively. In the future, the inter-subsidiary collaborations will be deepened with the aim of increasing collaborative synergies.

4. Global Expansion

- I) TCFHC has continuously sought to expand into the international financial markets to increase its overseas revenue. As of the end of 2022, Taiwan Cooperative Bank's offshore units (including OBU and overseas branches) has generated an EBPT (earnings before provision and tax) of NT\$6.234 billion, accounting for 28.19% of the Bank's total earnings after provision and before tax in the year.
- II) Endeavoring in expanding the financial service network, TCFHC has established overseas points of service across Europe, America, Asia, and Australia. A representative office in Prague, Czech Republic was opened for business on November 14, 2022, which adds the Co-operative Assets Management's subsidiary (Cooperative International Leasing Co.) in Suzhou and its Dongguan branch in China, has made the total number of TCFHC's overseas point of service to 28. In addition, the application for setting up a branch in Singapore by TCB had been approved by Financial Supervisory Commission on December 13, 2022. The new branch in Singapore will join other existing branches in this region to form a comprehensive service network in Southeast Asia with an integrated financial and financing services.

5. Innovative Financial Services

- I) The bank subsidiary, TCB, has introduced its customers a smart wealth management system, which is able to recommend mutual fund investment portfolios to customers automatically by analyzing the risk preference of a customer and utilizing data and quantitative models to optimize investment targets, an innovation that provides customers with diverse and convenient digital financial experiences.
- II) In addition to having a new feature of mobile number enabled money transfer added into its online ATM service that brings more convenience to users, TCB has continued to optimize the interface and features of its mobile banking service APP by rolling out such features as “English version of mobile banking service APP”, “mobile number enabled inter-bank transfer 2.0”, “smart voice service”, “smart wealth management service”, “online trust account opening service”, and “recurring instruction of foreign currency systematic deposit plan”, to provide customers with faster and easier financial services.
- III) In order to make digital insurance service more comprehensive, the life insurance subsidiary requires the insured to consent to use his/her mobile device to verify the identity with the telecom operators through the 3rd party verification institute when engaging in online change of information, which will make online transaction more secured.
- IV) The securities subsidiary set up a digital financial department in 2022 and has since actively recruited talents responsible for digital product planning, and design and development of front end system and customer service, expecting to develop its own digital services. In addition, TCS rolled out a variety of online services in 2022 including online application for public tender offer, online application for credit account, and other online service features such as limit adjustment, contract renewing, and appointed account for foreign currency transaction.

b. **Review of Budget Implementation and Profitability Analysis**

1. Budget Implementation

In 2022, TCFHC generated a total revenue and gain of NT\$20,735 million, and in the same period, the operating expenses and losses as incurred amounted to NT\$503 million, resulting in a pre-tax net income of NT\$20,232 million (unconsolidated) and a net income after tax of NT\$20,249 million (unconsolidated). The budget achievement rate for 2022 was 101.23%.

Unit: NT\$ million;%

Item	Actual Amount(A)	Budget Amount(B)	Achievement Rate(A/B,%)
Revenues and gains	20,735	20,524	101.03
Expenses and losses	(503)	(483)	104.14
Income before income tax	20,232	20,041	100.95
Net income	20,249	20,002	101.23
Earnings per share (NT\$)	1.45	1.43(Note)	101.40

Note: The influence incurred by stock dividend distribution has been taken into account for retrospective adjustment.

2. Profitability Analysis

Profitability of TCFHC and its subsidiaries in 2022 are listed as follows:

Unit: NT\$ million; Expect EPS in NT\$; %

Company	Pre-tax Net Income	Net Income	Earnings per share (NT\$)	Net Profit Ratio (%)	Return on Assets (%)	Return on Equity (%)
TCFHC and Subsidiaries (consolidated)	24,386	20,817	1.45	39.14	0.47	8.98
TCFHC (unconsolidated)	20,232	20,249	1.45	98.84	7.57	8.97
Taiwan Cooperative Bank (unconsolidated)	22,113	19,089	1.73	39.10	0.45	7.90
Taiwan Cooperative Securities	381.46	286.56	0.55	21.58	0.87	4.82
Taiwan Cooperative Bills Finance	347.78	283.07	0.58	62.07	0.47	4.11
Co-operative Assets Management (unconsolidated)	455	351	1.24	46.04	2.84	10.03
BNP Paribas Cardif TCB Life Insurance	1,406	1,157	1.68	51.50	0.84	9.85
Taiwan Cooperative Securities Investment Trust	21.44	21.44	0.71	5.81	4.16	5.14
Taiwan Cooperative Venture Capital	109.09	106.46	0.93	70.08	8.50	8.60

Note:

1. For Income before income tax and net income, the figures round to the nearest hundredth with the unit base of NT\$ million.
2. Return on assets = profit after income tax ÷ average assets.
3. Return on equity = profit after income tax ÷ average shareholders' equity.
4. Net profit ratio = profit after income tax ÷ total net revenue.
5. The comprehensive income (losses) after tax of TCFHC and subsidiaries includes the unconsolidated net income of TCFHC, and the non-controlling profit of BNP Paribas Cardif TCB Life Insurance and United Taiwan Bank.

c. The Implementation of Project Finance in Support of Government's Policies

1. Providing Loans in Supporting the Government's Policies

I) In order to assist people in obtaining the fund for purchasing or furnishing their residences, Taiwan Cooperative Bank, the bank subsidiary of TCFHC, has offered "MOF-backed young homebuyer preferential mortgage". As of the end of 2022, TCB had taken 11.82% share of the project loan's market, ranked No.3 in all the banks that offered this project.

II) TCB has also introduced the "Ministry of Interior-led residence integrated project". As of the end of 2022, TCB had released a total mortgage of NT\$4.143 billion, accounting for 8.72% of the project loan's market, ranked the 3rd among all the

banks that offered the project loan.

2. Facilitating the development of the six core strategic industries

TCB has engaged in the project loan earmarked for the 6 core strategic industries that the government aims to develop. As of the end of 2022, the total loan that TCB has offered to these industries, had amounted to NT\$562.923 billion, the 2nd largest amount among all banks in Taiwan.

3. Facilitating the Developments of Small-and-Medium Enterprises (SMEs)

I) For SME loans, the Financial Supervisory Commission has granted TCB with “Bank of Excellence for Processing SME loans”, “Special Award for Innovative Industry Project Loan”, “Special Award for Balanced Regional Development of Hualien and Taitung Districts” and “Special Award for Balanced Regional Development of Central District”.

II) On facilitating the “SME Guarantee Fund - Backed Loans”, TCB ranked Number 2 among all the financial institutions involved. Such an achievement has entitled TCB to receive 5 prizes from Taiwan SMEG, including “Golden Prize for Credit Guarantee”, “Facilitation of Policy Promulgation”, “Financial Relief and Economic Stimulation”, “Excellence Award for the Fund Backed Loan Payment Collection”, “Award for Assistance to Enterprises”.

4. Supporting New Southbound Policy

TCB has already set up 13 branches and sub-branches in Indo-Pacific countries, including Sydney branch and Melbourne branch in Australia, Manila branch in the Philippines, Phnom Penh branch and 7 sub-branches in Cambodia, Vientiane Capital Branch in Laos, and the Yangon Representative Office in Myanmar. To support the government’s policy, TCB continues to push for speeding up the application for setting up representative offices in both Thành phố Hà Tĩnh and Tỉnh Bình Dương in Vietnam. In addition, the application for setting up the Singapore branch had been approved by Financial Supervisory Commission on December 13, 2022, with which TCB has been actively engaging in the progress of the branch’s establishment. In the future, TCB will still focus on new southbound countries, put efforts in ASEAN market, to become an Asian regional bank.

5. Supporting the Government’s Urban Renewal Policy

I) For supporting the government’s policy, as of the end of December 2022, TCB had approved urban renewal with a total credit line of NT\$95.018 billion, and time-worn building loan with a total credit line of NT\$42.585 billion.

II) Being actively engaging in developing the business of urban renewal, the assets management subsidiary, CoAMC has taken up the role of acting implementer, contracted by the bank subsidiary – TCB, to push for the urban renewal projects of both Paotung Building where the bank’s East Taipei Branch used to be located and the building of the previous Nanjing West Road Branch. CoAMC continues to develop the business of taking the contract to assist in financing projects of urban renewal and reconstruction of time-worn buildings.

6. Supporting the Government to Achieve the 2050 Net Zero Goal

TCFHC has accomplished the greenhouse gases inventory inspection on all of the group’s 333 locations as early as in 2022, which also have all obtained the certificate of “ISO14064-1 Organization Quantification and Reporting of Greenhouse gases (GHG) Emissions and Removals, revealing the active manner and conduct in this regard. In addition, all the subsidiaries have also subsequently

acquired two different international certificates for meeting the environment and energy standards - “ISO 50001 Energy Management Systems” and “ISO 14001 Environmental Management Systems”.

d. Big Data Analysis and Digital Financing

1. TCB has completed the establishment of “corporate customer insight platform” which is able to conduct 360 degree data analysis and information integration on a single corporate customer. The platform, featured with visualized display on 8 themes developed by TCB itself, is able to generate the list of potential customer through data analysis models and capital chain technology, to provide business units with useful data for tracing the market movement.
2. Echoing the government’s policy of pushing for the development of financial technologies, TCB has rolled out a smart wealth management system – “iCooper”, which is able to offer personalized recommendation on optimal investment portfolios through analyzing the risk preference of a customer and the response to the questionnaire. The system then will go on to track the performance of the investment and further advise the customer on adjusted options of investment portfolios. With a monthly payment of as little as NT\$3,000, the so-called petite bourgeoisie can easily make investment, one that shall lead to the realization of financial inclusion.
3. As of the end of 2022, our bank subsidiary has obtained 415 FinTech patents, of which 19 are invention patents, 394 are utility model patents, and 2 are design patents, an achievement that has made TCB being named top 100 domestic institutions in patent application for 5 consecutive years since 2018, while the number of newly acquired patent continues to hit new high. In 2022, TCB was ranked No. 11 in terms of the number of patent application filed, topping all other domestic banks. In addition, the life insurance subsidiary, BNP Paribas TCB Life had also obtained 2 items of patent by the end of 2022. In the future, TCFHC will continue to strengthen the links between digital technologies and different aspects of business, so as to provide customers with more diverse and convenient financial service experiences.

e. Risk Control Management and Information Security

1. Risk Control Management

- I) To cope with global climate changes and strengthen climate risk management, TCFHC has incorporated climate risk into the scope of risk management since 2022, and has thereby established relevant management mechanism.
- II) In order to avoid risk being overly concentrated, TCFHC has set limits on concentration by such category as industry and country in addition to regular monitoring risks of credit, market, operation, and liquidity that expose to all the subsidiaries. Furthermore, in order to reduce the impact and influence caused by any abrupt major credit risk incident, TCFHC has already established a group-wide major credit risk incident reporting mechanism.

2. Information Security

- I) In order to make information security rooted deeper in the organizational culture, TCFHC and TCB have each appointed an executive vice president to serve as chief information security officer to integrate and coordinate for the promotion of information security policy, resources allocation, and responsive capability.
- II) In order to tackle unexpected information security incident, TCFHC has prescribed “The Key Notes for Handling Compute-based Information Security Incident”, set

up a cross-departmental “information security incident response task force”, and drafted the measures for notification. Drills for practicing these measures are held regularly to ensure the responsiveness of the staff so as to reduce the impact and influence effectively, should there be any unexpected information security incident occurring.

- III) The securities subsidiary, Taiwan Cooperative Securities (TCS) has obtained its first certificate of “ISO 27001 Information Security Management System” in 2022, and has been continuously passed the verification of Taiwan Personal Information Protection and Administration System(TPIPAS), demonstrating ceaseless effort that has earned TCS affirmation on the reinforcement of information security and protection of personal information.

f. Legal Compliance, Anti-Money Laundering, and Countering the Financing of Terrorism

1. Legal Compliance

- I) The chairperson of TCFHC convenes a group-wide meeting of “Legal Compliance Committee” once every half a year to supervise, integrate, and coordinate for the tasks on legal compliance, anti-money laundering, and countering the financing of terrorism among TCFHC and each of its subsidiaries. Changes of both the international and domestic regulatory frameworks are also briefed and updated in the meeting to ensure that the compliance with material regulations has been implemented.
- II) TCFHC has introduced legal compliance technology as part of its continuous efforts to optimize features of the legal compliance platform by having an automated procedure brought into the transmission of regulatory framework, with which any revision of the regulatory framework would be delivered and notified automatically and thereafter be tracked periodically to ensure a clear and adequately regulatory transmission mechanism at work

2. Anti-money Laundering and Countering the Financing of Terrorism

- I) A working conference on “legal compliance, anti-money laundering and countering the financing of terrorism task force” is convened once every quarter. In the conference, each subsidiary is requested to submit reports on relevant measures, plans, and schedules which are devised by following rules as codified by relevant authorities in charge and industry associations.
- II) TCFHC conducts onsite inspection on the selected subsidiary once every half a year, subject to a subsidiary’s size and performance on legal compliance, anti-money laundering, and combat of terrorism financing evaluated for the previous year, so as to check the effectiveness of the corresponding implementation.

g. Corporate Governance and Practices in Corporate Social Responsibility

1. Corporate Governance

- I) TCFHC’s Board of Directors consists of 15 directors, 10 are representatives of juristic person, one is a natural person, and another four are independent directors. There are 3 committees with different functions subordinated to the board, namely, Audit Committee, Compensation Committee, and Ethical Management Committee, which are all composed of the four independent directors, each of whom has expertise in respective fields including tax and financing, accounting,

and legal affairs.

- II) For enhancing corporate governance and increasing the functionality of the board, TCFHC has conducted an annual internal performance assessment of 2022 on the board of directors evaluating the performance of the boards as a whole, each individual member, and each functional committee. The results for the assessed were “excellence”, “excellence”, and “superiority”.
- III) TCFHC was named top 5% best governed company in the 8th corporate governance assessment, an affirmation that recognizes the excellent performance in corporate governance TCFHC has achieved.

2. Sustainable Operations

- I) TCFHC’s performance in sustainable development has been highly affirmed and recognized by various international and domestic institutes, receiving an array of awards including “2022 National Sustainable Development Award” by National Council for Sustainable Development, Executive Yuan, “Golden Prize for Sustainability Report” and “Leadership in Innovative Growth Award” of Taiwan Corporate Sustainability Award (TCSA), “Sustainable Resilience Excellence Award” from the British Standard Institute (BSI) for 3 consecutive years, “Top 100 Sustainable Civilian in 2022” by the Common Wealth Magazine, “2022 Taiwan Sustainable Action Award – Golden Prize”, “2022 Taiwan Sustainable Investment Award – Influence Power by Individual Case: Themed Sustainable Investment – Golden Prize”, “Excellent in CSR” by 2022 Distinguished Public Relations Award, and “the Best ESG Award” and “the Best Social Inclusion Award” by the Excellence magazine’s bank rating. In addition, TCFHC has been repeatedly listed as a constituent in the following indexes including the “MSCI ESG Index”, the “FTSE4Good Emerging Index”, the “FTSE4Good TIP Taiwan ESG Index”, the “Taiwan Corporate Governance 100 Index”, the “Taiwan High Compensation 100 Index”, and the “Taiwan Employment Creation 99 Index”, Furthermore, TCFHC has been named, for the first time, a constituent of the “Bloomberg GEI Index”.
- II) TCFHC has been actively engaging in governance of climate change including such efforts as introducing the framework of “Task Force on Climate-related Financial Disclosures, TCFD” in 2020, signing to support TCFD, and undertaking quantitative study concerning the influence of climate change on the operations of the group in 2021. In 2022, TCFHC was certified with “Level 5: Excellence”, the highest recognition of the kind, by the British Standard Institute.
- III) TCFHC signed on the Equator Principles in March 2022 as a financial holding company, the first financial institution in Taiwan that joins with the title of financial holding company, fully revealing the efforts that TCFHC has invested in deepening sustainable finance.
- IV) In support of the Science Based Targets initiative (SBTi), TCFHC signed to join the SBTi in July 2022, and further submitted the target list to SBTi for review in December 2022, the first one among government affiliated financial holding companies.
- V) The bank subsidiary, TCB, issued sustainability bonds valued at NT\$2.5 billion on September 28, 2022, with the raised fund to be invested in such items as green investment and social benefits. Such a green investment is mainly set to focus on the development of renewable energy and other energy technologies, loans to waste recycle and reuse industry, loans to clients for the purchase of solar power panels and wind power generators, so as to save energy effectively. As for social

benefits, the investment will be mainly put on mortgages to the first-time homebuyers and loans to specific start-ups. In total, NT\$5.5 billion worth sustainability bonds have been issued, the highest among government affiliated bank, which reveals TCB's determination in developing sustainable finance.

h. Research and Development

1. The research reports TCB published in 2022 covered such topics as the information sharing among the banking industry, financial service strategy and influence derived from metaverse, the research and analysis of the trend of information security threat, information security insurance, old house with old people, the case study of effectively managed loans for the sustainable development of an enterprise, and the multivariate factors that affect the willingness of customers to strike a deal.
2. In support of the government advocating for innovating financial technology, BNP TCB Life has collaborated with a team from National Central University to develop "The method and system for the judgement of vocational category", by which the system is able to match the most likely vocational category for an insurer automatically with the insurer's information, an innovative mechanism that solves the hassle of vocational sorting with manpower. This technology received an invention patent in October 2022.
3. The venture capital subsidiary, TCVC, has been endeavoring to keep the capital for investors in a fluctuating market. Therefore, TCVC has been continuously working to strengthen collaborations and communications with overseas consultants, through which TCVC seeks to increase the flexibility of investment in overseas bond markets so as to raise the competitiveness of the mutual fund. The new mutual fund issued in 2022 has brought in the concepts of ESG and green investments to manage the lurking risks beyond the financial statements so as to select the better qualified investment targets for the investors.

B. Business Plan for 2023

a. Operational Strategy

1. To consolidate ethical and due diligence governance so as to sketch out the vision of sustainable development
2. To focus on the development of digital innovation so as to build up intelligent financial ecology.
3. To strengthen core business through interdisciplinary co-marketing so as to excel in profitability via diverse sources.
4. To tap into niche market with global deployment so as to build up comprehensive cross-border financial networks.
5. To expand capital asset size so as to increase the efficiency of funds utilization.
6. To reinforce risk control along with strict legal compliance so as to make internal control a solid cornerstone.
7. To Expedite the upgrade of information system so as to strengthen the resilience of financial information security.
8. To foster talents through improvement of vocational capabilities so as to encourage employees to create values.

b. Main Strategies each Subsidiary Adopts for Achieving Business Objectives

1. For achieving the operating objectives, TCB will bring in climate risk governance to

pursue the goal of sustainable operations; enrich the foundation of credit service by expanding the green finance market; drive the intelligent digital transformation to innovate the operations with financial technology. Refining the segment management of the wealth management business to make consumer banking another profit engine, and increase the revenue from financial operations along with steady capital allocations; speed up the international deployment by developing professional talents with international views. Forming the corporate culture of legal compliance, and enforce the implementation of fair dealing services; strengthen information security and risk management, and raise the utility of assets, so as to achieve the projected business goals.

2. The securities subsidiary, TCS, will strengthen the development and services of institutional business by tapping into the resources brought by external investment consultant and research to increase the market share and the ratio of institutional business over the entire one, develop tools applicable to digital platform to increase the features of electronic transaction platform and online services, so as to facilitate investors in dealing with different kinds of business with a more convenient and faster way.
3. The bills finance subsidiary, TCBF, on the aspect of developing the credit business, will continue to adjust credit structure, weed out the weak but keep the strong, increase the spread in an appropriate timing, raise the overall margin, expand the business of syndicated loans with other financial counterparts, increase fee income, watch the international financial development closely, and manage and control credit risk, so as to ensure the quality of assets.
4. The assets management subsidiary, CoAMC, will engage in the renewal and reconstruction of the time-worn buildings belonging to the group to raise the value of TCFHC's assets. For meeting the demands for urban renewal and reconstruction of time-worn buildings in the market, CoAMC will either fund to take the lead in such an investment project by assuming the role of either implementer or builder, or offering such a project the loan for early working fund, integration of debt service, and integration of land purchase.
5. The life insurance subsidiary, BNP TCB Life, will strive to increase the capacity of investment-link insurance business by continuously develop market competitive and retirement life themed investment-linked products and diverse investment targets, increase the share of the business generated through external channels, optimize online insurance platform continuously, and offer customers with warm and friendly digital experiences, so as to elevate the satisfactory level of the offered services.
6. The securities investment trust subsidiary, TCSIT, will continue to develop "retirement life", "green finance", and "ESG investment" related products, or other products that are differentiated, futuristic, specific themed in the market, which are likely to become the focus of the market. In addition, TCSIT will continue to strengthen the professional capacity of the business team to win the affirmation of the customers and the channel operators through delivering professional and accurate market views, so as to achieve the goal of increasing the size of assets under management.
7. The venture capital subsidiary, TCVC, plans to invest on the industries that are either supported by the government policy or involved by the TCFHC group's premium customers including 5+2 industrial innovation scheme, new southbound policy, 6 core strategic industries, and ESG industries, so as to achieve the projected business targets.

The List of Business Objectives by each TCFHC subsidiary

Unit: NT\$ million

Subsidiary	Item	2023 Budget
Taiwan Cooperative Bank	Deposit volume (excluding inter-bank deposit)	3,689,700
	Loans volume (excluding non-accrual loan)	2,776,600
	Foreign exchange trading volume (unit: US\$ million)	138,000
Taiwan Cooperative Securities	Securities brokerage trading volume	1,671,840
	Securities financing trading volume	5,500
	Securities underwriting service	Lead:20; Secondary:30
Taiwan Cooperative Bills Finance	Cumulative trading volume of underwritings	327,123
	Bills and bonds trading volume	63,300
	Guarantee trading volume	33,500
	RP bill and bond trading volume	46,514
Co-operative Assets Management	Debt collection amount	321
BNPParibas CardifTCB Life Insurance	Total annualized premium	20,797
Taiwan Cooperative Securities Investment Trust	Total fund size (including discretionary investment)	71,823
Taiwan Cooperative Venture Capital	Long-term equity investment	300

c. The Latest Credit Ratings

TCFHC and TCB have commissioned Taiwan Ratings, an S&P Global company, to evaluate both of their international and domestic credit ratings. The ratings reflect that TCFHC maintains its fair market position and stability in the banking industry of Taiwan. Its core subsidiary, TCB, has maintained a robust grade of capital level with its funding source and liquidity structure being evaluated as robust and appropriate levels respectively. TCFHC will continue to endeavor in risk control and internal capital management so as to continue empowering the operational conditions.

Company	Rating Agency	Credit Rating		Rating Outlook	Effective Date
		Long-term	Short-term		
Taiwan Cooperative Financial Holding	S&P Global Ratings	BBB	A-2	Stable	Jan. 16, 2023
	Taiwan Ratings	twAA-	twA-1+	Stable	Jan. 16, 2023
Taiwan Cooperative Bank	S&P Global Ratings	A+	A-1	Stable	Jan. 16, 2023
	Taiwan Ratings	twAAA	twA-1+	Stable	Jan. 16, 2023
Taiwan Cooperative Securities	Taiwan Ratings	twAA-	twA-1+	Stable	Jan. 18, 2023
Taiwan Cooperative Bills Finance	Fitch Ratings	AA+(tw)	F1+(tw)	Stable	Sep. 20, 2022
Co-operative Assets Management	Taiwan Ratings	twA+	twA-1	Stable	Dec. 14, 2022
BNP Paribas Cardif TCB Life Insurance	Taiwan Ratings	twAA-	--	Stable	Dec. 15, 2022

Note: The credit ratings of TCFHC and its subsidiaries - TCS, TCBF, CoAMC, and BNP TCB Life all are on par with the previous ones. However, its bank subsidiary, TCB has received better ratings than those of the previous one, in which the international long-term rating has been upgraded to “A+”, while the domestic rating has even been upgraded to “twAAA”, the highest rating for the banking industry.

Taiwan Cooperative Financial Holding Co., Ltd.

Audit Committee's Report

The Board of Directors of TCFHC has prepared and delivered the Business Report, the Consolidated Financial Statements, and earnings distribution proposal for 2022. Wherein, the Consolidated Financial Statements were audited by certified public accountants, Joe Chen and Jerry Gung, of Deloitte, Taiwan. The Audit Committee has reviewed the above Business Report, the Consolidated Financial Report and earnings distribution proposal and found nothing incorrect. This audit report is hereby prepared under Article 219 of the Company Act which is applied mutatis mutandis from the Paragraph 3 of Article 14-4 of the Securities and Exchange Act.

Submitted to the 2023 General Shareholders' Meeting

Audit Committee

Independent Director



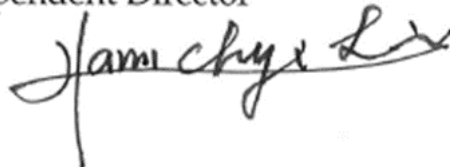
Independent Director



Independent Director



Independent Director



April 12, 2023

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, 2022 and 2021, 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 a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2022 and 2021, 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 Interpretation 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 Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the Company for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters identified in our audit of the consolidated financial statements of Taiwan Cooperative Financial Holding Co., Ltd. and its subsidiaries for the year ended December 31, 2022 were as follows:

Impairment Assessment of Loans

The net discounts and loans of the Company as of December 31, 2022 are accounted for 58% of the consolidated total assets. Therefore, the assessment of the impairment loss of discounts and loans may have significant impacts on the consolidated financial statements.

Besides assessing expected credit losses of loans in accordance with IFRS 9 “Financial Instruments”, the management of Taiwan Cooperative Bank, Ltd.(TCB) complies with the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans” related regulations (collectively, the Regulations) when assessing classification of credit assets and recognizing allowance for possible losses.

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

When assessing whether to recognize impairment loss on loans in accordance with the Regulations, the main judgment of the management of TCB is the assessment of possible loss of the credit assets, including whether the credit assets are classified based on the length of time the loans have been overdue and the value of the collateral when assessing the impairment loss. 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 and amount is material to the financial statements; we identified impairment of loans was identified as a key audit matter.

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

1. We obtained an understanding of the design of the TCB’s relevant internal controls on 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, which require the consideration of the length of time the loans have been overdue and the value of the collaterals in calculating the provision for impairment loss.

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

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

The management of BNP Paribas Cardif TCB Life Insurance Co., Ltd. (BPCTLI) refers to the deposit logic of the commodity calculation instructions submitted to the competent authority at the time of insurance pricing to measure the life insurance liability reserve liabilities of each valid long-term insurance policy. The changes to the deposit logic must be approved by the competent authority in advance. Except for those who approve it, BPCTLI shall not arbitrarily change the formulas and parameters used in the product calculation instructions submitted to the competent authority at the time of pricing of insurance types, because failure to quote the correct policy information will have a significant impact on the allocation of insurance liabilities. Thus, the adequacy of the life insurance policy reserve is deemed a key audit matter. For the relevant accounting policies and critical accounting judgments and estimations, refer to Notes 4 and 5 to the consolidated financial statements. For the relevant information about the assessment of the insurance liabilities, refer to Note 29 to the consolidated financial statements.

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

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, International Financial Reporting Standards, International Accounting Standards, Interpretation of IFRS and Interpretations of IAS 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 the 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, 2022 and are therefore deemed to be the key audit matters. We

describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 13, 2023

Notice to Readers

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

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

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022		2021	
	Amount	%	Amount	%
ASSETS				
CASH AND CASH EQUIVALENTS (Notes 4 and 6)	\$ 95,314,702	2	\$ 99,816,104	2
DUE FROM THE CENTRAL BANK AND CALL LOANS TO OTHER BANKS (Notes 4, 7, 42 and 43)	319,309,530	7	396,948,639	9
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8, 42 and 43)	76,072,975	2	84,931,904	2
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 4 and 9)	475,101,745	11	478,885,434	11
INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST (Notes 4, 10 and 43)	719,535,355	16	715,489,725	16
SECURITIES PURCHASED UNDER RESELL AGREEMENTS (Notes 4 and 11)	2,642,175	-	981,862	-
RECEIVABLES, NET (Notes 4, 12 and 42)	42,404,919	1	44,209,985	1
CURRENT TAX ASSETS (Notes 4 and 39)	2,278,992	-	2,025,864	-
DISCOUNTS AND LOANS, NET (Notes 4, 13, 42 and 43)	2,589,591,055	58	2,436,697,636	55
REINSURANCE ASSETS, NET (Note 4)	209,333	-	138,313	-
INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (Notes 4 and 14)	142,637	-	143,342	-
OTHER FINANCIAL ASSETS, NET (Notes 4, 15, 31 and 43)	99,100,104	2	114,919,948	3
INVESTMENT PROPERTIES, NET (Notes 4 and 16)	10,936,255	-	10,881,442	-
PROPERTIES AND EQUIPMENT, NET (Notes 4 and 17)	33,147,407	1	33,372,509	1
RIGHT-OF-USE ASSETS, NET (Notes 4 and 18)	1,562,617	-	1,509,935	-
INTANGIBLE ASSETS (Notes 4 and 19)	4,156,026	-	3,873,017	-
DEFERRED TAX ASSETS (Notes 4 and 39)	1,764,099	-	2,779,640	-
OTHER ASSETS, NET (Notes 4, 18, 20 and 30)	<u>2,897,887</u>	-	<u>6,231,556</u>	-
TOTAL	<u>\$ 4,476,167,813</u>	<u>100</u>	<u>\$ 4,433,836,855</u>	<u>100</u>
LIABILITIES AND EQUITY				
DEPOSITS FROM THE CENTRAL BANK AND OTHER BANKS (Notes 21 and 42)	\$ 287,853,635	6	\$ 243,046,578	6
DUE TO THE CENTRAL BANK AND OTHER BANKS (Note 22)	-	-	88,889,360	2
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8, 27 and 42)	3,650,230	-	2,351,636	-
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS (Notes 4, 8, 9, 23 and 42)	67,643,435	2	52,566,969	1
COMMERCIAL PAPER ISSUED, NET (Note 24)	24,539,978	1	29,886,064	1
PAYABLES (Notes 4, 25 and 42)	52,099,763	1	61,279,814	1
CURRENT TAX LIABILITIES (Notes 4 and 39)	862,016	-	1,564,228	-
DEPOSITS AND REMITTANCES (Notes 26 and 42)	3,598,422,914	80	3,478,748,881	79
BONDS PAYABLE (Note 27)	80,290,000	2	82,100,000	2
OTHER BORROWINGS (Notes 24 and 28)	9,352,346	-	804,894	-
PROVISIONS (Notes 4, 29 and 30)	32,268,462	1	35,220,482	1
OTHER FINANCIAL LIABILITIES (Notes 4, 16 and 31)	91,685,037	2	108,032,212	2
LEASE LIABILITIES (Notes 4 and 18)	1,538,102	-	1,463,113	-
DEFERRED TAX LIABILITIES (Notes 4, 17 and 39)	3,966,477	-	3,623,871	-
OTHER LIABILITIES (Note 32)	<u>1,232,241</u>	-	<u>1,380,161</u>	-
Total liabilities	<u>4,255,404,636</u>	<u>95</u>	<u>4,190,958,263</u>	<u>95</u>
EQUITY ATTRIBUTABLE TO OWNERS OF TCFHC				
Capital stock				
Common stock	<u>140,089,354</u>	<u>3</u>	<u>136,009,082</u>	<u>3</u>
Capital surplus	<u>57,977,016</u>	<u>1</u>	<u>57,976,124</u>	<u>1</u>
Retained earnings				
Legal reserve	13,432,536	-	11,260,796	-
Special reserve	985,539	-	985,539	-
Unappropriated earnings	<u>24,472,050</u>	<u>1</u>	<u>22,827,215</u>	<u>1</u>
Total retained earnings	<u>38,890,125</u>	<u>1</u>	<u>35,073,550</u>	<u>1</u>
Other equity	<u>(21,509,719)</u>	<u>-</u>	<u>7,168,718</u>	<u>-</u>
Total equity attributable to owners of TCFHC	215,446,776	5	236,227,474	5
NON-CONTROLLING INTERESTS	<u>5,316,401</u>	<u>-</u>	<u>6,651,118</u>	<u>-</u>
Total equity	<u>220,763,177</u>	<u>5</u>	<u>242,878,592</u>	<u>5</u>
TOTAL	<u>\$ 4,476,167,813</u>	<u>100</u>	<u>\$ 4,433,836,855</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, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
INTEREST REVENUE (Notes 33 and 42)	\$ 63,731,513	120	\$ 49,330,655	91	29
INTEREST EXPENSE (Notes 33 and 42)	<u>(25,967,871)</u>	<u>(49)</u>	<u>(13,327,753)</u>	<u>(25)</u>	95
NET INTEREST	<u>37,763,642</u>	<u>71</u>	<u>36,002,902</u>	<u>66</u>	5
NET REVENUES AND GAINS OTHER THAN INTEREST					
Service fee and commission income, net (Notes 34 and 42)	7,743,550	15	8,439,492	16	(8)
Premium income, net (Notes 31 and 35)	185,923	-	1,147,379	2	(84)
Gains (losses) on financial assets and liabilities at fair value through profit or loss (Notes 36 and 42)	17,172,224	32	1,572,977	3	992
Gains on disposal of investment properties, net	152,022	-	124,936	-	22
Realized gains on financial assets at fair value through other comprehensive income (Notes 4 and 37)	3,704,925	7	4,602,038	8	(19)
Foreign exchange gains, net	(14,700,466)	(28)	2,124,486	4	(792)
Reversal of impairment losses (impairment losses) on assets (Notes 9 and 10)	(209,921)	-	66,635	-	(415)
Share of gains of associates and joint ventures accounted for using the equity method (Note 14)	9,411	-	11,040	-	(15)
Losses on reclassification of overlay approach (Note 8)	1,023,081	2	(20,604)	-	5,065
Other noninterest gains, net (Notes 16 and 42)	<u>337,761</u>	<u>1</u>	<u>341,412</u>	<u>1</u>	(1)
Total net revenues and gains other than interest	<u>15,418,510</u>	<u>29</u>	<u>18,409,791</u>	<u>34</u>	(16)
TOTAL NET REVENUES	<u>53,182,152</u>	<u>100</u>	<u>54,412,693</u>	<u>100</u>	(2)

(Continued)

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

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2022		2021		Percentage
	Amount	%	Amount	%	Increase (Decrease) %
BAD-DEBT EXPENSES AND PROVISION FOR LOSSES ON COMMITMENT AND GUARANTEES (Note 13)	<u>(1,214,750)</u>	<u>(2)</u>	<u>(2,376,757)</u>	<u>(4)</u>	(49)
NET CHANGE IN RESERVES FOR INSURANCE LIABILITIES (Note 29)	<u>728,695</u>	<u>1</u>	<u>60,389</u>	<u>-</u>	1,107
OPERATING EXPENSES (Notes 4, 16, 17, 18, 19, 30 and 38)					
Employee benefits	(17,541,280)	(33)	(18,236,308)	(34)	(4)
Depreciation and amortization	(2,506,299)	(5)	(2,277,209)	(4)	10
General and administrative	<u>(8,262,174)</u>	<u>(15)</u>	<u>(7,154,286)</u>	<u>(13)</u>	15
Total operating expenses	<u>(28,309,753)</u>	<u>(53)</u>	<u>(27,667,803)</u>	<u>(51)</u>	2
INCOME BEFORE INCOME TAX	24,386,344	46	24,428,522	45	-
INCOME TAX EXPENSE (Notes 4 and 39)	<u>(3,569,052)</u>	<u>(7)</u>	<u>(3,216,792)</u>	<u>(6)</u>	11
NET INCOME	<u>20,817,292</u>	<u>39</u>	<u>21,211,730</u>	<u>39</u>	(2)
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified subsequently to profit or loss (Notes 4, 9, 30 and 39)					
Remeasurement of defined benefit plans	1,405,296	3	322,282	1	336
Unrealized gains on investments in equity instruments at fair value through other comprehensive income	<u>(9,660,741)</u>	<u>(18)</u>	<u>5,629,866</u>	<u>10</u>	(272)

(Continued)

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
Items that will not be reclassified subsequently to profit or loss, net of income tax	<u>(8,255,445)</u>	<u>(15)</u>	<u>5,952,148</u>	<u>11</u>	(239)
Items that may be reclassified subsequently to profit or loss (Notes 4, 8, 9, 14 and 39)					
Exchange differences on the translation of financial statements of foreign operations	4,831,877	9	(1,213,530)	(2)	498
Unrealized gains (losses) on investments in debt instruments at fair value through other comprehensive income	(24,268,615)	(46)	(9,736,587)	(18)	149
Other comprehensive income on reclassification of overlay approach	(1,023,081)	(2)	20,604	-	(5,065)
Income tax attributable to other comprehensive income	<u>(263,392)</u>	<u>-</u>	<u>483,696</u>	<u>1</u>	(154)
Items that may be reclassified subsequently to profit or loss, net of income tax	<u>(20,723,211)</u>	<u>(39)</u>	<u>(10,445,817)</u>	<u>(19)</u>	98
Other comprehensive income (losses), net of income tax	<u>(28,978,656)</u>	<u>(54)</u>	<u>(4,493,669)</u>	<u>(8)</u>	545
TOTAL COMPREHENSIVE INCOME	<u>\$ (8,161,364)</u>	<u>(15)</u>	<u>\$ 16,718,061</u>	<u>31</u>	(149)
NET INCOME ATTRIBUTABLE TO:					
Owners of TCFHC	\$ 20,248,985	38	\$ 20,533,879	38	(1)
Non-controlling interests	<u>568,307</u>	<u>1</u>	<u>677,851</u>	<u>1</u>	(16)
	<u>\$ 20,817,292</u>	<u>39</u>	<u>\$ 21,211,730</u>	<u>39</u>	(2)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Owners of TCFHC	\$ (7,180,682)	(13)	\$ 16,509,912	30	(143)
Non-controlling interests	<u>(980,682)</u>	<u>(2)</u>	<u>208,149</u>	<u>1</u>	(571)
	<u>\$ (8,161,364)</u>	<u>(15)</u>	<u>\$ 16,718,061</u>	<u>31</u>	(149)

(Continued)

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

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2022		2021		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 40)					
Basic	<u>\$1.45</u>		<u>\$1.47</u>		
Diluted	<u>\$1.45</u>		<u>\$1.47</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, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of TCFHC						Other Equity				Total Equity
	Capital Stock (Note 41)		Retained Earnings (Notes 9 and 41)				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)	Other Comprehensive Income on Reclassification of Overlay Approach	Non-controlling Interests (Note 41)	
	Shares (In Thousands)	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings					
BALANCE, JANUARY 1, 2021	13,334,224	\$ 133,342,237	\$ 57,974,241	\$ 9,622,864	\$ 995,669	\$ 16,748,682	\$ (3,357,203)	\$ 15,043,647	\$ 679,632	\$ 6,631,788	\$ 237,681,557
Reversal of special reserve	-	-	-	-	(10,130)	10,130	-	-	-	-	-
Changes in equity of associates and joint ventures accounted for using equity method	-	-	714	-	-	-	-	-	-	-	714
Unclaimed dividends	-	-	1,169	-	-	-	-	-	-	-	1,169
Appropriation of the 2020 earnings											
Legal reserve	-	-	-	1,637,932	-	(1,637,932)	-	-	-	-	-
Cash dividends	-	-	-	-	-	(11,334,090)	-	-	-	-	(11,334,090)
Stock dividends	266,684	2,666,845	-	-	-	(2,666,845)	-	-	-	-	-
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	851,109	-	(851,109)	-	-	-
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	(188,819)	(188,819)
Total comprehensive income											
Net income for the year ended December 31, 2021	-	-	-	-	-	20,533,879	-	-	-	677,851	21,211,730
Other comprehensive income for the year ended December 31, 2021	-	-	-	-	-	322,282	(952,806)	(3,404,779)	11,336	(469,702)	(4,493,669)
Total comprehensive income for the year ended December 31, 2021	-	-	-	-	-	20,856,161	(952,806)	(3,404,779)	11,336	208,149	16,718,061
BALANCE, DECEMBER 31, 2021	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

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, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 24,386,344	\$ 24,428,522
Adjustments for:		
Depreciation expense	2,174,245	2,040,123
Amortization expense	332,054	237,086
Expected credit losses/bad-debt expenses	1,423,579	2,370,843
Gains on financial assets and liabilities at fair value through profit or loss	(17,172,224)	(1,572,977)
Interest expense	25,967,871	13,327,753
Interest revenue	(63,731,513)	(49,330,655)
Dividend income	(3,709,763)	(3,187,825)
Net changes in reserves for insurance liabilities	(728,695)	(60,389)
Reversal of provision for losses on guarantees	(136,828)	(63,674)
Net changes in reserves for other liabilities	(72,001)	69,588
Share of gains of associates and joint ventures accounted for using equity method	(9,411)	(11,040)
Losses (gains) on reclassification of overlay approach	(1,023,081)	20,604
Losses (gains) on disposal of properties and equipment	1,844	(173,348)
Gains on disposal of investment properties	(152,022)	(124,936)
Losses (gains) on disposal of investments	4,838	(1,414,213)
Impairment losses on financial assets	211,063	-
Reversal of impairment losses on financial assets	(1,142)	(66,635)
Unrealized losses (gains) on foreign exchange	(1,857,815)	354,584
Others	280	(4)
Net changes in operating assets and liabilities		
Decrease in due from the Central Bank and call loans to other banks	16,466,130	35,101,738
Decrease (increase) in financial assets at fair value through profit or loss	36,042,819	(1,632,379)
Increase in financial assets at fair value through other comprehensive income	(18,082,031)	(56,907,948)
Decrease (increase) in investments in debt instruments at amortized cost	(3,898,535)	11,729,209
Decrease in securities purchased under resell agreements	-	9,957
Decrease (increase) in receivables	4,444,059	(7,089,712)
Increase in discounts and loans	(154,031,427)	(163,215,967)
Decrease (increase) in reinsurance assets	(66,055)	24,666
Increase in other financial assets	(532,864)	(302,596)
Decrease (increase) other assets	3,305,023	(2,986,289)
Increase in deposits from the Central Bank and other banks	44,807,057	11,052,952
Decrease in financial liabilities at fair value through profit or loss	(9,783,406)	(6,139,495)
Increase (decrease) in securities sold under repurchase agreements	14,818,273	(3,177,971)
Increase (decrease) in payables	(11,679,151)	13,759,736
Increase in deposits and remittances	119,674,033	208,877,337

(Continued)

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
Decrease in provision for employee benefits	(632,585)	(124,723)
Decrease in provisions	(556)	(2,551,084)
Decrease in other financial liabilities	(28,855)	(2,331,655)
Decrease in other liabilities	<u>(119,240)</u>	<u>(130,086)</u>
Cash used in operations	6,610,312	20,809,097
Interest received	63,272,199	51,382,330
Dividends received	4,038,245	3,348,333
Interest paid	(23,489,911)	(13,705,896)
Income tax paid	<u>(3,473,534)</u>	<u>(2,559,366)</u>
Net cash generated from operating activities	<u>46,957,311</u>	<u>59,274,498</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of properties and equipment	(1,271,544)	(1,083,618)
Proceeds from disposal of properties and equipment	102	532
Increase in refundable deposits	(1,732,618)	(635,015)
Decrease in refundable deposits	1,833,135	722,271
Acquisition of intangible assets	(525,906)	(193,369)
Acquisition of investment properties	(1,186,207)	(442,043)
Proceeds from disposal of investment properties	1,190,646	1,001,039
Increase in other assets	(17,681)	(45,941)
Decrease in other assets	<u>45,037</u>	<u>33,815</u>
Net cash used in investing activities	<u>(1,665,036)</u>	<u>(642,329)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in due to the Central Bank and other banks	-	51,770,750
Decrease in due to the Central Bank and other banks	(88,889,360)	-
Increase in commercial paper issued	46,720,000	61,490,000
Decrease in commercial paper issued	(52,060,000)	(63,400,000)
Proceeds from the issuance of corporate bonds	-	10,000,000
Proceeds from the issuance of bank debentures	18,190,000	2,000,000
Repayments of bank debentures	(20,000,000)	(1,500,000)
Increase in other borrowings	22,076,459	18,529,296
Decrease in other borrowings	(13,539,595)	(18,541,673)
Increase in guarantee deposits received	433,607	1,138,902
Decrease in guarantee deposits received	(1,167,698)	(1,159,748)
Repayments of the principal portion of lease liabilities	(664,992)	(618,480)
Decrease in other liabilities	(18,872)	(8,951)
Cash dividends paid	(13,600,908)	(11,334,090)
Changes in non-controlling interests	<u>(354,035)</u>	<u>(188,819)</u>

(Continued)

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
Net cash (used in) generated from financing activities	<u>(102,875,394)</u>	<u>48,177,187</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>(6,762,809)</u>	<u>2,513,243</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(64,345,928)	109,322,599
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	<u>204,390,245</u>	<u>95,067,646</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u>\$ 140,044,317</u>	<u>\$ 204,390,245</u>
Cash and cash equivalent reconciliations:		
	<u>December 31</u>	
	2022	2021
Cash and cash equivalents in the consolidated balance sheets	\$ 95,314,702	\$ 99,816,104
Due from the Central Bank and call loans to other banks in accordance with the definition of cash and cash equivalents under IAS 7 “Statement of Cash Flows”	42,087,440	103,260,419
Securities purchased under resell agreements in accordance with the definition of cash and cash equivalents under IAS 7 “Statement of Cash Flows”	2,642,175	981,862
Other items in accordance with the definition of cash and cash equivalents under IAS 7 “Statement of Cash Flows”	<u>-</u>	<u>331,860</u>
Cash and cash equivalents, end of the year	<u>\$ 140,044,317</u>	<u>\$ 204,390,245</u>

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

(Concluded)

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, 2022 AND 2021

TCFHC's financial statements

Taiwan Cooperative Financial Holding Co., Ltd.

Balance Sheets December 31, 2022 and 2021 (In Thousands of New Taiwan Dollars)

Assets	2022	2021	Liabilities and Equity	2022	2021
Cash and cash equivalents	\$ 105,332	\$ 48,838	<u>Liabilities</u>		
Financial assets at fair value			Commercial paper issued, net	\$ 13,740,109	\$ 17,789,967
through other comprehensive			Payables	502,309	435,275
income	13,375	15,550	Current tax liabilities	2,542,370	2,812,606
Receivables	363	383	Bonds payable	20,000,000	20,000,000
Current tax assets	2,433,704	2,761,391	Other borrowings	5,500,000	-
Investments accounted for			Other financial liabilities	4,974	5,743
using equity method	255,159,235	274,427,193	Lease liabilities	135,151	16,278
Properties and equipment, net	12,727	14,571	Other liabilities	<u>8,217</u>	<u>8,310</u>
Right-of-use assets, net	134,232	15,659	Total liabilities	<u>42,433,130</u>	<u>41,068,179</u>
Intangible assets	11,501	3,516	<u>Equity</u>		
Deferred tax assets	307	343	Capital stock	140,089,354	136,009,082
Other assets	<u>9,130</u>	<u>8,209</u>	Capital surplus	57,977,016	57,976,124
			Retained earnings	38,890,125	35,073,550
			Other equity	<u>(21,509,719)</u>	<u>7,168,718</u>
			Total equity	<u>215,446,776</u>	<u>236,227,474</u>
Total	<u>\$ 257,879,906</u>	<u>\$ 277,295,653</u>	Total	<u>\$ 257,879,906</u>	<u>\$ 277,295,653</u>

(Continued)

Taiwan Cooperative Financial Holding Co., Ltd.

Statements of Comprehensive Income

For the Years Ended December 31, 2022 and 2021

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

	2022	2021
Revenues and gains		
Share of gains of subsidiaries, associates and joint ventures accounted for using equity method	\$ 20,727,560	\$ 20,895,343
Other revenues and gains	<u>7,252</u>	<u>3,254</u>
Total revenues and gains	<u>20,734,812</u>	<u>20,898,597</u>
Expenses and losses		
Operating expenses	253,927	262,632
Other expenses and losses	<u>248,615</u>	<u>140,340</u>
Total expenses and losses	<u>502,542</u>	<u>402,972</u>
Income before income tax	20,232,270	20,495,625
Income tax benefit	<u>16,715</u>	<u>38,254</u>
Net income	20,248,985	20,533,879
Other comprehensive income	<u>(27,429,667)</u>	<u>(4,023,967)</u>
Total comprehensive income	<u>\$ (7,180,682)</u>	<u>\$ 16,509,912</u>
Earnings per share (New Taiwan dollars)		
Basic	<u>\$1.45</u>	<u>\$1.47</u>
Diluted	<u>\$1.45</u>	<u>\$1.47</u>

(Continued)

Taiwan Cooperative Financial Holding Co., Ltd.
Statements of Changes in Equity
For the Years Ended December 31, 2022 and 2021
(In Thousands of New Taiwan Dollars)

	Capital Stock			Retained Earnings			Other Equity			Total Equity
	Shares (In Thousands)	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on the Translation of Financial Statements of Foreign Operations	Unrealized Valuation Gains (Losses) on Financial Assets at Fair Value Through Other Comprehensive Income	Other Comprehensive Income on Reclassification of Overlay Approach	
BALANCE, JANUARY 1, 2021	13,334,224	\$ 133,342,237	\$ 57,974,241	\$ 9,622,864	\$ 995,669	\$ 16,748,682	\$ (3,357,203)	\$ 15,043,647	\$ 679,632	\$ 231,049,769
Reversal of special reserve	-	-	-	-	(10,130)	10,130	-	-	-	-
Changes in equity of associates and joint ventures accounted for using equity method	-	-	714	-	-	-	-	-	-	714
Unclaimed dividends	-	-	1,169	-	-	-	-	-	-	1,169
Appropriation of the 2020 earnings										
Legal reserve	-	-	-	1,637,932	-	(1,637,932)	-	-	-	-
Cash dividends	-	-	-	-	-	(11,334,090)	-	-	-	(11,334,090)
Stock dividends	266,684	2,666,845	-	-	-	(2,666,845)	-	-	-	-
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	851,109	-	(851,109)	-	-
Total comprehensive income										
Net income for the year ended December 31, 2021	-	-	-	-	-	20,533,879	-	-	-	20,533,879
Other comprehensive income for the year ended December 31, 2021	-	-	-	-	-	322,282	(952,806)	(3,404,779)	11,336	(4,023,967)
Total comprehensive income for the year ended December 31, 2021	-	-	-	-	-	20,856,161	(952,806)	(3,404,779)	11,336	16,509,912
BALANCE, DECEMBER 31, 2021	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

(Continued)

Taiwan Cooperative Financial Holding Co., Ltd.

Statements of Cash Flows For the Years Ended December 31, 2022 and 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from operating activities		
Income before income tax	\$ 20,232,270	\$ 20,495,625
Adjustments for:		
Share of gains of subsidiaries, associates and joint ventures accounted for using equity method	(20,727,560)	(20,895,343)
Depreciation and amortization expenses	33,593	28,734
Interest expense	248,615	140,340
Interest revenue	(366)	(559)
Net changes in operating assets and liabilities		
Decrease (increase) in receivables	20	(247)
Decrease (increase) in other assets	281	96
Increase in payables	45,604	63,583
Increase (decrease) in other liabilities	(93)	(2,535)
Cash used in operations	(167,636)	(170,306)
Interest received	366	559
Dividends received	12,568,026	8,438,795
Interest paid	(225,220)	(117,484)
Income tax refunded	74,202	43,942
Net cash generated from operating activities	<u>12,249,738</u>	<u>8,195,506</u>
Cash flows from investing activities		
Acquisition of properties and equipment	(2,841)	(6,662)
Acquisition of intangible assets	(10,340)	(1,018)
Increase in refundable deposits	(1,202)	-
Net cash used in investing activities	<u>(14,383)</u>	<u>(7,680)</u>
Cash flows from financing activities		
Decrease in commercial paper issued	(4,050,000)	(6,830,000)
Proceeds from the issuance of corporate bonds	-	10,000,000
Increase in other borrowings	5,500,000	-
Increase in other financial liabilities	-	1,839
Decrease in guarantee deposits received	(769)	-
Repayments of the principal portion of lease liabilities	(27,184)	(25,181)
Dividends paid	(13,600,908)	(11,334,090)
Net cash used in financing activities	<u>(12,178,861)</u>	<u>(8,187,432)</u>
Net increase in cash and cash equivalents	56,494	394
Cash and cash equivalents, beginning of the year	<u>48,838</u>	<u>48,444</u>
Cash and cash equivalents, end of the year	<u>\$ 105,332</u>	<u>\$ 48,838</u>

Attachment

Taiwan Cooperation Financial Holding Co., Ltd.
2022 Earnings Appropriation Table

Unit: NT\$

Undistributed earnings at the beginning of this account period	2,974,293,828
Net income of this period	20,248,984,443
The reversal provision of special reserve for the first-time adoption of IFRSs	0
Retained earnings with investment adjustment on equity method	1,248,771,209
Net income of this period plus undistributed earnings exclusive of net income of this period	21,497,755,652
10% legal reserve	(2,149,775,565)
Special reserve for negative other equity	(20,524,180,405)
Current earnings available for distribution	1,798,093,510
Distribution Items	
Cash dividends (NTD0.12 per share)	(1,681,072,254)
Stock dividends (NTD0 per share)	0
Undistributed earnings at the end of period	117,021,256
<p>Note1. Earnings of the 2022 final accounts shall be prioritized to distribute.</p> <p>Note2. Dividend would be distributed to be 1 dollar (rounded down to an integer), so fractional amount less than one dollar should be recorded as TCFHC's other income.</p>	