



# Taiwan Cooperative Bank



## Annual Report 2022

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#### *Notice to readers*

*This English version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English version and Chinese version, the Chinese version shall prevail.*

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# 1. Message to Shareholders

In 2022, the world continued to lift the epidemic blockade measures and gradually recovered from the impact of the epidemic. However, since the end of 2021, the imbalance between supply and demand has led to price hikes. In addition, the Russian-Ukraine war broke out at the end of February, and global inflationary pressures have further increased. Major central banks around the world have taken monetary tightening measures in response to soaring inflation. Since the US Federal Reserve started the Fed funds rate hike cycle in March 2022, it has raised interest rates by 17 basis points by the end of December.



**Chairman**  
*Paul C.D. Lei*

impact of monetary policy and the cooling of global consumer demand have all cast a shadow over economic growth. The main factors affecting the global economy in 2023 include energy supply and price trends, the technological and trade war between the United States and China, the intensification of geopolitical risks and so on. Due to the ease of domestic epidemic prevention measures and border control, it is expected to boost private consumption. However, the momentum of global economic and trade has slowed down significantly, which will restrain Taiwan's export growth. The Directorate-General of Budget, Accounting and Statistics (DGBAS) forecasts 2023 GDP growth of 2.12%.

Domestically, with the loosening of epidemic prevention measures, the number of consumers has rebounded, and private consumption has bounced back significantly. However, due to the rising pressure of global inflation and the continuous tightening of monetary strategy, Taiwan central bank has raised interest rates since March 2022, with a cumulative increase of 2.5 basis points. The discount rate rose to 1.75%, and the rate on accommodations with collateral and the rate on accommodations without collateral rose to 2.125% and 4% respectively. With the support of our clients and the joint efforts of all colleagues, TCB continued to improve core business and fully strengthen cooperation with government. The earnings after taxes in 2022 was NT\$19.089 billion, with a target achievement rate of 105.24% that continued to record high and EPS was NT\$1.73. In terms of asset quality, the non-performing loans ratio (NPL ratio) at the end of 2022 was 0.18%, and the coverage ratio of the allowances for bad debt was 637.41%, both better than 2021.

Looking forward to 2023, although global inflation has slowed down slightly, but pressure persisted then. The

TCB integrates the sustainable policy into the core of operations, improves climate risk governance, and actively explores the green finance landscape, drives digital transformation, segments wealth management customers meticulously, accelerates the global layout, shapes the corporate culture of compliance, and strengthens the efficiency of capital allocation and continues to create sustainable business value.

Our 2022 business results, credit rating results and 2023 operating strategies are explained as follows:

## 1.1 Major Achievements in 2022

### A. Capital Adequacy

At the end of December 2022, TCB's common equity ratio, Tier 1 capital ratio, and capital adequacy ratio were 11.06%, 12.83%, and 14.59% respectively, reaching the annual target and capital buffer requirements for D-SIBs in 2022. In addition, we issued NT\$15.69 billion of non-cumulative perpetual subordinated bonds, which effectively strengthened the capital structure and expanded business capacity.

### B. Deposits

We have actively implemented various strategies to expand demand deposits, and the balance of total deposits at the end of December 2022 was NT\$3,598.512 billion, ranked third in Taiwan, of which the demand deposits balance was NT\$1,789.121 billion (excluding government deposits), an increase of NT\$88.598 billion that came out first in Taiwan. The demand deposit ratio (demand deposits/total deposits) was 61.37%, an increase of 1.56% compared with the 2021 figures, effectively improving our deposit structure and reducing funding costs.

### C. Loans

(1) By the end of 2022, the total loan balance was NT\$2,608.249 billion, ranked second in Taiwan, of which the loan to private enterprises (excluding government agencies and public enterprises), being ranked second in Taiwan, stood at NT\$1,056.736 billion; the balance of SMEs loans was NT\$829.482 billion which ranked second in the country. We were awarded Best SME Banking - Premium Award in 11th Elite Award by TABF, "Award for Financial Inclusion", "Award for Outstanding Performance" from The Central Bank and "Excellent Bank for SME Loans", "Special Award for Balanced Regional Development", "Special Award for Small Enterprise and Startup Financing" from FSC.



**President**  
*Yen-Mao Lin*

- (2) In line with the government's promotion of "Six Core Strategic Industries Loan Projects", as of the end of December 2022, the loan balance of the projects was NT\$562.923 billion that ranked second in Taiwan.
- (3) As of the end of 2022, the balance of credit guaranteed by the Small & Medium Enterprise Credit Guarantee Fund of Taiwan (Taiwan SMEG) totaled NT\$189.54 billion, being second among the participating financial institutions. Awarded "Gold Award of Credit Guarantee Award", "Promotion Award of Government Policies", "Award of Relief and Revitalization", "Excellence Award of Collection", "Award of Supporting SMEs".
- (4) In 2022, we arranged/coordinated 80 syndicated loans with a total amount of approximately NT\$520.632 billion, as well as our participation amount reached NT\$90.457 billion. According to Thomson Reuters Basis Point, we were the runner-up in Mandated Leader Arranger (MLA) market share and our BOOKRUNNER market share ranked third in Taiwan.
- (5) In order to help the elderly revitalize their real estate, obtain the funds needed for daily living, and solve potential social problems such as long-term medical care and the lack of living expenses caused by the aging population in the future. We are the first financial institution to launch reverse mortgage loan "Bagful of Happiness Loan" in 2015, as of the end of December 2022, 2,471 loans have been allocated, with an approved amount of about 14.967 billion, and its market share ranks first among state-owned banks.
- (6) The online application for personal mortgage loan increase and unsecured loan officially launched in December 2015. Our "Online application for mortgage loan increase" service is the pioneer in the industry. As of the end of December 2022, the online mortgage loan increase business has been allocated 6,064 loans, with a loan amount of NT\$30.34 billion, and 14,514 loans have been allocated for online unsecured loan applications, with a loan amount of NT\$8.136 billion.

#### **D. Overseas Business**

- (1) In 2022, our overseas pre-tax profit (including OBU and overseas units) was NT\$ 6.234 billion, accounting for 28.19% of the total profit.
- (2) TCB is a leading global bank with capabilities on a global scale, including overseas branches and representative offices in Asia, Europe, United States and Australia. We have 26 overseas units with Prague representative office in Czech Republic opened on November 14, 2022. The establishment of Singapore branch is in progress and we received the application approval from FSC on December 13, 2022. TCB is devoted to being a regional bank in Asia, we are aiming at expanding our business domain in the ASEAN market and grabbing the business opportunities of Southeast Asia countries.

#### **E. Wealth Management Business**

- (1) In 2022, the net fee income from the financial trust, insurance (excluding mortgage life insurance), and gold passbook amounted to NT\$2.913 billion, accounting for 44.97% of the total net fee income (NT\$6.477 billion). Overall, we introduced 208 new products, including domestic and offshore funds, stock, ETF, bonds, and structure investments in 2022.
- (2) To strengthen the expansion of personal wealth management to his/her family members, in 2022, we have continued the Heirloom Wealth Management project, and as of the end of 2022, 1,331 cases have been proceeded. In addition, we were awarded Best Silver-Haired Friendly and Best Risk Management on Best Wealth Management of Banks and Securities by Business Today Magazine.
- (3) As of the end of 2022, the asset management scale was about NT\$67.877 billion and the number of high net-worth individuals of TCB in 2022 was 699 that led other state-owned institutions, according to FSC statistics.
- (4) In January 2022, our intelligent wealth management system officially opened to the public.



The system will automatically recommend the optimal portfolio and provide diversified and convenient digital financial experiences for customers by analyzing customer risk preferences, using data and quantitative models to select investment targets. By the end of 2022, there are 12,449 people using intelligent wealth management.

#### **F. E-banking**

- (1) Digital Development Committee of TCB was established in 2022. It is responsible for promoting major key digital development projects, cultivating digital finance talents, improving UX/UI and enhancing the value of digital finance. We have executed many major digital projects, such as Open banking, unsecured loan applications digitization and 14 business digitization projects through the cooperation between working groups of Digital Innovation, Open Banking and Channel Platform Digitization.
- (2) In 2022, TCB has proposed 574 Fintech patents applications. There are 415 approved cases, which includes 19 cases of invention patent, 394 cases of utility model patent and 2 cases of design patent. The other 159 cases are still under review. We were granted for 「TCSA Best Performance of Specific Categories: Growth through Innovation Awards」 with innovative patents management system and implement of corporate sustainability.
- (3) In March 2022, TCB CoLAB which is an innovative laboratory led all state-owned financial institutions to launch “Digital Customer Experience Guidelines” and complete 3 project reviews. We also participated in the FinTech Taipei 2022 for the first time. Our exhibition area attracted more than 2,500 people and received commendation from the public and peers for our new financial services.
- (4) TCB has actively responded to government policy of increasing the penetration rate of digital payment and mobile payment. We have consecutively won the third place in the authorized store promotion competition from 1<sup>st</sup> quarter to 3<sup>rd</sup> quarter and ranked 3<sup>rd</sup> and 2<sup>nd</sup> in bill promotion competition in 1<sup>st</sup> quarter and 3<sup>rd</sup> quarter.
- (5) In order to improve user experience and convenience, TCB is optimizing online banking services and interface continually and launching new functions, such as mobile transfers on eATM, English version online banking, mobile transfer 2.0, intelligent voice service, Robo-advisor, online trust account opening, recurrent foreign exchange service and so on.

#### **G. Trust Business**

- (1) TCB has been paying attention to the elderly care needs of the aging society and cooperating with government to build complete long-term care system, as we launched “Elder and Disabled Asset Trust” to provide comprehensive asset and wealth planning for the elderly. This business attracted 6,383 clients and the notional amount was NT\$8.983 billion, which ranked No.2 and No.3 respectively in Taiwan.
- (2) In response to government award-winning plan “Trust 2.0: The Promotion Plan for Full Functions of Trust Services”, TCB was awarded four major awards by FSC, ranked 1<sup>st</sup> in Best Trust Award, 2<sup>nd</sup> in Elderly Trust Award and Employee Benefit Trust Award, and 3<sup>rd</sup> in Trust Business Innovation Award. In addition, we were granted for Best Personal Trust - Premium Award in 11th Elite Award by TABF.

#### **H. Credit Card Business**

- (1) We will continue to promote our all series of credit card, such as Infinite Card, The Lohas, iSport Card, Royal Mortgage Card, i-Cash Card and iCombo Card. We have released over 90,000 cards in 2022.
- (2) TCB is dedicated to promoting sustainable development of the environment that we are making credit card with PETG materials in response to green finance. In 2022, the number of cards circulation totaled 135 thousand. To put the concept of ESG into practice, our World Card and Lohas Card were awarded Carbon Footprint Verification (CFV) from Executive

Yuan in January 2022.

### **I. Legal Compliance and Information Security**

- (1) We have declared 606 cases about suspicious transactions to MJIB in 2022 and 61 cases among these that contributed to cracking criminal cases. It illustrated that our ability of identifying unusual transactions improves profoundly, which makes us give assistance for judicial to investigate criminal cases and track down illegal funds.
- (2) In order to support “Financial Cyber Security Action Act” released by FSC, which objective is aiming for safety, convenience and business continuity management, TCB conducted ISO 22301:2019 to minimize the impact of disruptive incidents that has obtained its certification from BSI. We will do periodically re-examination every year and comprehensive examination every three years to strengthen our effectiveness of operation of the overall business continuity system.
- (3) TCB was granted Outstanding Institution and Gold Award of ensuring credit information security by JCIC on the 16<sup>th</sup> Golden Security, Quality and Inquiry Awards in December 2022.

### **J. Sustainable Finance and Corporate Social Responsibility**

- (1) TCB has continually promoted a “Sustainability-Linked Loan” to support customers who face the challenges of rebuilding supply chains, starting to impose carbon taxes and so on with preferential interest rates by linking sustainability indicators. We also help corporations approach business transformation and sustainable development. As of the end of 2022, TCB has accepted 28 cases, NT\$12.053 billion in total.
- (2) We have invited over 1,500 SMEs to join our Consensus Camp “Sustainable Financial Transformation for SMEs”. We cooperate with Chase Sustainability Technology (CHASE), assisting firms analyze sustainable data, risk control and ESG principal management with “low cost, high intelligence” by Azure and cloud computing service. Plus, through the carbon emission report of individual enterprises, combined with customized short, medium and long term process, TCB will jointly propose the implementation of carbon reduction solution with SMEs.
- (3) TCB obtained ISO 14067 Carbon Footprint, ISO 20400 Sustainable Procurement-Guidance, ISO 14064-1 Greenhouse gases Part 1: Specification with guidance and was awarded for “Sustainability Excellence Award” by BSI. We also received “Premium Award for Net Zero Leadership Award” by Taipei city government, “Best ESG sustainability Award” and “Outstanding Best social Inclusion Award” on 2022 Bank Excellence Awards, plus TCB Training Center obtained “Bronze Label for EEWB certification” and “Qualified Label” for Cianjhen Branch, Chi Shan Branch and Sinshu Branch. Moreover, we are the recipient of Gold Quality Award in the promotion, sponsorship, and long-term sponsorship categories of “Sports Sponsor Award” for 14<sup>th</sup> consecutive times from the Sports Administration of the Ministry of Education and Gold Award for 2022 Taiwan Sustainable Action Awards from Taiwan Institute for Sustainable Energy (TAISE).

## **1.2 Operating Performance in 2022**

- A. Net Interest : NT\$37,025 million
- B. Total Net Revenues and Gains Other than Interest : NT\$11,800 million
- C. Allowance for Bad-Debt Expenses : NT\$1,143 million
- D. Operating Expenses : NT\$25,569 million
- E. Income before Income Tax : NT\$22,113 million
- F. Net Income : NT\$19,089 million
- G. Basic Earnings Per Share : NT\$1.73



### 1.3 Operating Strategies for 2023

#### A. Introduce climate risk governance and practice sustainable development goals

- (1) In line with the group's sustainable development goals, we continue to improve climate governance and risk awareness, and set short, medium, long-term goals with environmental sustainable development as the main axis to implement phased tasks sequentially. Based on the group TCFD risk management framework, TCB will identify climate risks and opportunities to improve climate risk management efficiency.
- (2) TCB follows the government guidelines of sustainable strategy, provides enterprises with various renewable energy financing, develops new loan services, and assists firms in introducing funds into environmental, social and corporate governance aspects. To practice Principles for Responsible Banking and follow international sustainable finance trends, we adopt Equator Principle and incorporate ESG factors into the basis of credit review to guide enterprises to pay attention to ESG issues.
- (3) TCB issues financing projects such as sustainability bonds and social responsibility bonds to assist firms in raising funds for green investment and social benefit investment. We continue to invest in key industries of sustainable development such as "green energy technology" and "circular economy" and incorporate FTSE4Good TIP Taiwan ESG Index, corporate governance and other index targets in our investment portfolios.

#### B. Consolidate corporate banking business and expand Green finance domains

- (1) TCB will continually adjust the lending business structure, increase the proportion of SMEs loans and foreign currency loans, and uphold the principle of equal emphasis on quality and price. We carefully select high-quality clients or screen high-quality target customer groups through the system, make good use of various marketing strategies, provide incentive measures to improve the business development momentum of every unit, and at the same time deepen the cultivation of old clients. Moreover, we adopt Taiwan and foreign currency financing projects and strive for new business opportunities to improve the use of surplus funds.
- (2) We continue to deepen the customer base in industrial zones, strengthen the expansion of industrial zone lending business and provide competitive conditions and preferential interest rates according to different client groups. In addition, in order to match the differences in bidding conditions in emerging industrial zones in various regions, TCB provides tailor-made loan projects to grasp business opportunities and gain market penetration. In response to government policies, we actively promote policy-based loans, such as urban redevelopment, new southbound development, long-term nursing organization financing, etc., to assist industrial development and increase our lending volume.
- (3) We make good use of the "National Credit Guarantee Mechanism" that jointly funded by the National Development Fund and financial institutions, and actively participate in the financing of major public construction projects, such as green energy and various forward-looking infrastructure development programs. We formulate ESG sustainability linked loans and ESG industrial upgrading loan projects with preferential interest rate, assist operators in purchasing pollution prevention and energy saving equipment, and promote the development of green energy industry. In addition, we will launch green financing loans to promote the home loan business of using eco-friendly building materials or green buildings and develop energy saving and carbon reduction loan projects.

#### C. Drive digital transformation and innovate FinTech operations

- (1) We hire consultants to assist us to draw up the core system transformation plans, work out the future core system and key technology structure, promote short, medium, and long-term implementation plans based on current core system to produce a blueprint for our digital information transformation system, and year-by-year compile projects in batches.
- (2) TCB promotes digital customer experience guidelines, introduces customer experience optimization processes, deepens customer experience satisfaction, and strengthens

cross-departmental digital innovation collaboration. We have digital development strategies and project management mechanisms to promote digital transformation that enables co-creation of business digitization and process automation to create customer-oriented financial services.

- (3) We master in FinTech, improve the integration of virtual and real service channels, introduce robotic process automation (RPA) into business operations, and build a robot management platform to expand specific automated business to the entire bank and improve digital operation. TCB also introduces the unsecured loan decision-making platform to accelerate the approval process and release quick loan service to provide high-quality digital financial services and improve customer experience.

#### **D. Manage wealthy management clients segmentation and create the consumer loans profit engine**

- (1) TCB introduces diversified and competitive funds, overseas bonds, specific money trusts to invest in overseas stocks, ETFs, insurance and other wealth management products to complete and enrich our product line on the shelf and focus on high-quality interest sensitive life insurance to follow the rate hike cycle. Furthermore, we promote the Robo-Advisor service called “iCooper” which uses data and quantitative models to select strategies and investment targets through the analysis of personal risk preferences, carries out optimal allocation of customer assets, penetrates digital channels and develops business opportunities for young people.
- (2) We continually improve private banking services, build diversified expert teams, implement internal talent training plans, strengthen professional investment analysis and research, and build an effective service system. Additionally, we implement customer relationship management, develop high-end customer group management, and provide tailor-made dual currency investment (DCI) and foreign currency structured notes to establish a core business philosophy centered on meeting customer needs.
- (3) TCB continues to develop the real estate front-end trust business and expand the trust business through the alliance with AMC. We promote the “family trust”, “testamentary trust” and “employee benefit trust” and other trust businesses and provide one-stop services to assist clients in family succession, and enterprises to achieve the goals of rewarding employees, retaining talents, and taking care of employees' retirement life.

#### **E. Increase financial operating income and establish stable capital allocation**

- (1) In line with our capital situation, we dynamically adjust the fixed-income securities investment positions and build core-holding positions in a timely manner with selecting high-dividend stocks to balance the overall position risk and return, and take into account liquidity and risk control. TCB actively explores investment channels and flexibly adjusts capital allocation to achieve overall operating goals.
- (2) TCB keeps abreast of the domestic and foreign financial environment, adjusts bond positions in accordance with our risk-weighted asset goals, optimizes inventory structure, and pays attention to the control of the overall position duration to take into account both returns and risks. We prudently observe financial market changes, operate foreign exchange transactions in keeping with the trend, effectively grasp the trading timing, and flexibly use the spread operation to increase exchange and spread income.
- (3) To build the strength of foreign exchange business, we use the big data analysis platform to screen the list of potential customers, develop new foreign exchange customer groups, strive for trade and financial business contacts, and guide customers to make us as the primary bank so as to grasp the customer's cash flow and expand our foreign currency funds pool.

#### **F. Accelerate the layout of international links and cultivate macro professionals**

- (1) TCB steadily increases the scale of overseas operations, pays attention to changes in the international situation, cooperates with the layout of the global industrial supply chain,

continuously responds to the New Southbound Policy, and sets up overseas branches in countries with potential market opportunities, moving towards the goal of an Asian regional bank.

- (2) TCB focuses on lending projects with lower risk weights and higher returns. When Taiwanese enterprises or overseas Chinese companies that meet the qualifications for overseas credit guarantee funds expand OBU business, we should transfer them to overseas credit guarantee funds as a principle, or collect their foreign currency deposits as collateral to improve the effect of risk reduction and reduce risky assets, so as to increase the capital adequacy ratio of the bank.
- (3) We empower employees with the foundation of digital transformation, and through deepening knowledge of intellectual property, we encourage employees to actively develop innovations and file patent applications, increase product service value, and strengthen intellectual property management to drive organizational growth and sustainable competitiveness.

#### **G. Shape the corporate compliance culture and implement friendly customer service**

- (1) We will monitor and identify legal compliance risks of our main operating activities, products and services to raise weaknesses and supervise improvements. In addition, we establish a tracking and control mechanism for regulatory changes to ensure that operates and policies comply with laws and regulations and are updated in a timely manner. We also strengthen the management measures of Anti-money laundering and countering the financing of terrorism, and conduct mystery shopper tests and on-site inspections to improve employees compliance understanding and capacity ability.
- (2) TCB will implement “Principle for Financial Service Industries to Treat Clients Fairly” to protect rights and interests of our consumers, pay attention to the dealing with customer complaints and review cases, strengthen training programs and assessment, as well as continuously improve the loop mechanism to improve our service quality. We will still enhance corporate governance efficiency, implement integrity management, and take into account the interests of customers, shareholders, employees and other parties.
- (3) TCB continues to build digital service areas in every unit, speeds up the deployment of voice ATMs for the visually impaired, and optimizes the functions and interfaces of online banking, mobile online banking, and TCB E-Pay. We also promote electronic payment service for medical bill, focus on the development trend of open banking, and create diversified digital financial application scenarios to complete friendly financial environment.

#### **H. Strengthen information security and risk control and improve the efficiency of asset utilization**

- (1) TCB focuses on the development trend of financial technology and grasps the threat of information security, integrating the trend of international information security governance and the requirements of cyber security laws and regulations of supervisory agencies in various countries. We also strengthen the cyber resilience of the whole bank, deepen information security education and training, reinforce our information security protection and employee information security literacy and obtain ISO 22301 Business Continuity Management.
- (2) We continuously improve the security protection capabilities of network and information systems, and review the completeness and adequacy of the existing control measures of overall computer information system. Moreover, we discover potential weaknesses, vulnerabilities and threats of information security and use control measures to assess possible risks and take necessary countermeasures.
- (3) We implement risk pricing, incorporate capital efficiency indicators into business performance evaluation and guide every branch to adjust risk weighted asset structures to

strengthen capital efficiency. We continuously maintain various credit risk quantitative rating models and actively prepare for calculating credit risk capital by IRB method. Furthermore, TCB regularly monitors the concentration of various limits, revises and warns timely and improves the credit risk exposure integration system to promptly disclose customer exposure and risk changes to strengthen the effectiveness of credit risk management.

## 1.4 Business Targets for 2023

Deposit : NT\$3,690 billion (excluding interbank deposits)

Loan : NT\$2,777 billion

Foreign Exchange Transactions : US\$138 billion

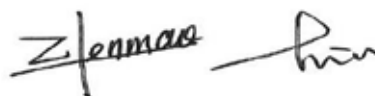
## 1.5 Credit Ratings

Rating Agency	Credit Rating		Rating Outlook	Release Date
	Long-term	Short-term		
S&P Global Ratings	A+	A-1	Stable	Jan. 16, 2023
Taiwan Ratings	twAAA	twA-1+	Stable	Jan. 16, 2023

Chairman



President



## 2. Bank Profile

### 2.1 Date of Establishment

Oct. 5, 1946

### 2.2 History

In 1913, Taiwan's first industrial association was established during Japanese occupation period. In 1942, it was merged into Union of Taiwan Industrial Association, and was reorganized into Taiwan Industrial Bank and Taiwan Agricultural Association. In 1946, the government took over Taiwan Industrial Bank, and we were reorganized from Taiwan Industrial Bank into Taiwan Cooperative Bank (hereafter referred to as "TCB" or "the Bank") within the same year. Total equity capital in the amount of 25 million Old Taiwan Dollars was provided by the Taiwan Provincial Government along with cooperative groups, farmers' associations, fishermen's associations, and irrigation associations. The equity capital was divided into 250 thousand shares, with each one worth of NT\$100. The government held 150 thousand shares and each group was allotted 100 thousand shares each. Over the past 70 years, the operating scale of the Bank has been constantly expanded thanks to the efforts of the entire staff, and at the end of 2022 its equity capital stood at NT\$110.075 billion.

TCB achieved corporate status under the provisions of Article 52 of the Banking Law in May 1985. It was reorganized as Taiwan Cooperative Bank, Ltd. on Jan. 1, 2001, went public in June 2003, was listed on the stock market on Nov. 17, 2004, underwent a Chinese name change in 2006 and merged with The Farmers Bank of China Co., Ltd. on May 1 of the same year.

To integrate the Group's resources to make full use of operating synergies and reinforce business development, TCB, Co-operative Assets Management Co., Ltd. and Taiwan Cooperative Bills Finance Co., Ltd. jointly established Taiwan Cooperative Financial Holding Co., Ltd. (hereafter referred to as "TCFHC" or "the Group") on Dec. 1, 2011 through a share swap. TCFHC thus became TCB's sole (shareholding 100%) shareholder. To achieve the cross-industry condition for the holding company, TCB's securities department was spun off as Taiwan Cooperative Securities Co., Ltd. on Dec. 2, 2011. For the effective management of the Group's resources, the Bank transferred its shares in BNP Paribas Cardif TCB Life Insurance Co., Ltd. and BNP Paribas TCB Asset Management Co., Ltd. (renamed as Taiwan Cooperative Securities Investment Trust Co., Ltd.) to TCFHC on Apr. 3, 2012, making the two companies as subsidiaries of TCFHC. To reinforce the protection of consumers' rights and provide superior insurance services, the Bank merged with Cooperative Insurance Brokers Co., Ltd. on Jun. 24, 2016, with the Bank as the surviving company and established the Insurance Agent Department. TCB's subsidiary currently includes the United Taiwan Bank S.A.

As of Dec. 31, 2022, the Bank boasts a total of 297 domestic and overseas branches (including the Department of Business, Offshore Banking Branch, United Taiwan Bank, Manila Offshore Banking Branch, Los Angeles Branch, Seattle Branch, New York Branch, Houston Branch, Hong Kong Branch, Suzhou Branch, Suzhou New District Sub-Branch, Tianjin Branch, Fuzhou Branch, Changsha Branch, Sydney Branch, Melbourne Branch, Phnom Penh Branch, Tuek Thla Sub-Branch, Pur Senchey Sub-Branch, Siem Reap Sub-Branch, City Center Sub-Branch, Veng Sreng Sub-Branch, Sihanouk Ville Sub-Branch, Tuol Kouk Sub-Branch, Vientiane Capital Branch, Beijing Representative Office, Yangon Representative Office and Prague Representative Office), creating the most extensive network of branches among all Taiwan banks and positioning itself as a market leader in share of deposits and loans. According to the list of the world's top 1,000 banks by asset size, published in the July 2022 issue of *The Banker* magazine, TCB ranked 162<sup>th</sup> in the world and 3<sup>rd</sup> in Taiwan. In the global ranking of the top 500 banking brands, published in February 2023, TCB ranked 231<sup>th</sup> in the world.



According to TCB's Articles of Incorporation, the Bank is in charge of carrying out the missions of operating a banking business, developing national economic construction, and providing financial adjustment for the farming and fishery industries. In addition to providing financing for cooperative enterprises, the farming and fishery industries, and small and medium enterprises, TCB also offers deposits, loans, and foreign exchange services for business enterprises in general to facilitate funds utilization and promote overall economic development. This makes TCB a consolidated international bank for farming, fishery, cooperative, and business financing.



**From left to right :**

**Meng-Ying Chou, E. V. P. & General Auditor**

**Jui-Ling Lu / Chia-Ping Tsai / Executive Vice Presidents**

**Yen-Mao Lin, President**

**Paul C.D. Lei, Chairman**

**Chun-Lung Chou / Kuo-Chung Lee / Kuo-Hao Chang / Executive Vice Presidents**

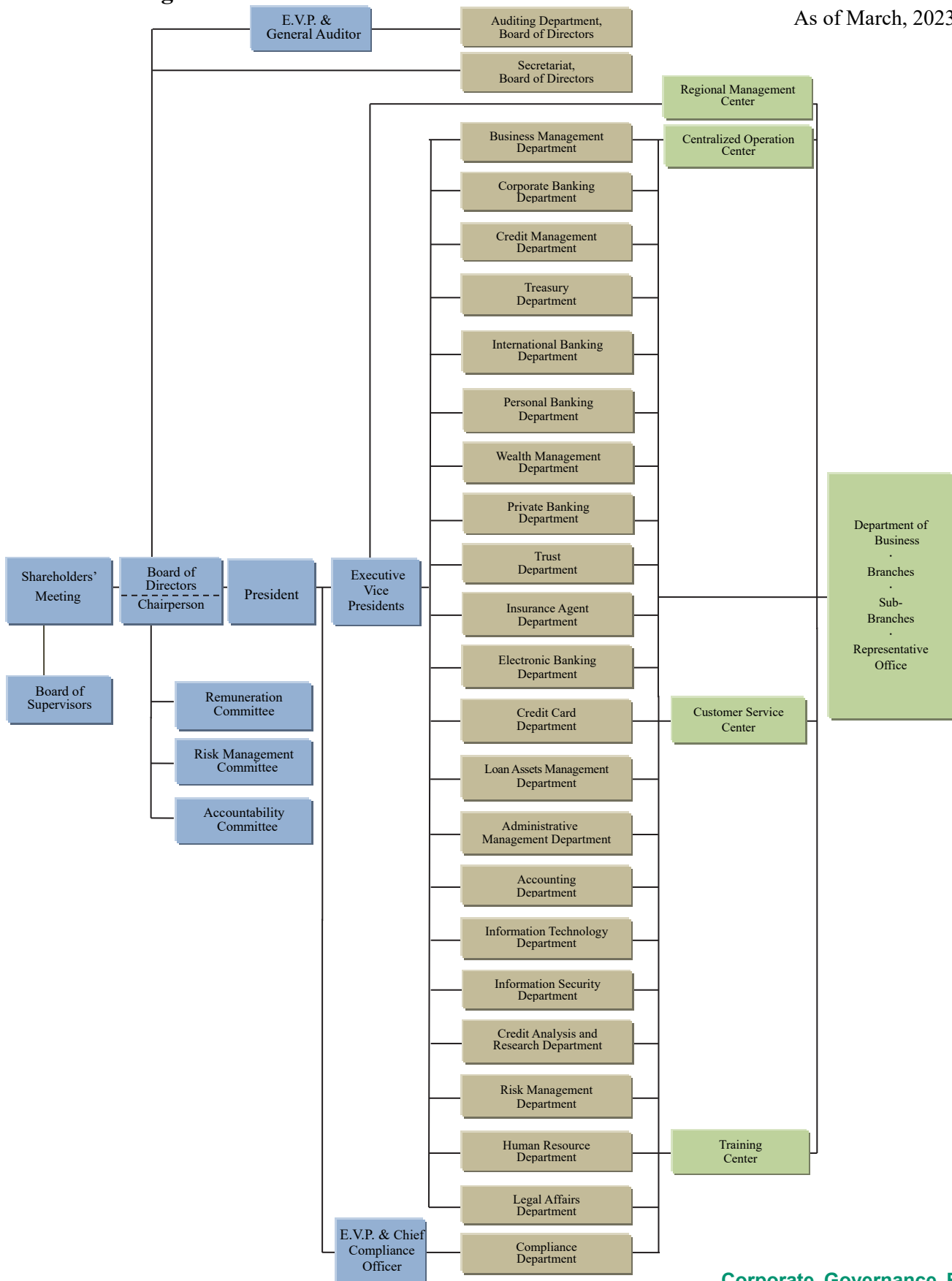
**Mao-Sheng Liao, S.V.P. & Chief Secretary**



## 3. Corporate Governance Report

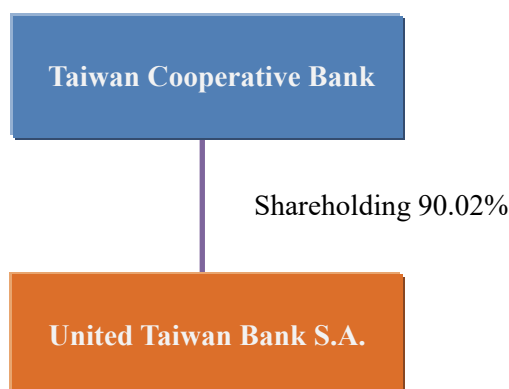
### 3.1 Organization Chart

As of March, 2023



### 3.2 Bank's Subsidiary Chart

As of December 31, 2022



### 3.3 Major Corporate Functions

Department	Functions
Auditing Department, Board of Directors	Handling of auditing matters.
Secretariat, Board of Directors	Handling of Board of Directors' meetings and confidential matters.
Business Management Department	Handling of bank-wide operational policy, organizational, and medium- and long-term business planning, deposits and remittances, performance evaluation and guidance of business units.
Corporate Banking Department	Promotion and management of the loan business, guidance of SMEs and corporate financial planning, services, consultation, and management.
Credit Management Department	Planning of bank-wide loan policy, handling of the review and relay of loan cases that exceed regional center loan authorization, preparation of loan follow-up and evaluation reporting forms, and supervision and other reviews related to loan review.
Treasury Department	Handling of New Taiwan Dollar and foreign-currency funds allocation and planning, securities investment, reinvestment, and other financial management matters.
International Banking Department	Handling of R&D, promotion, and management of the foreign exchange business; applying and establishing of authorized foreign exchange branches and overseas units; management of imports, exports, remittance, and telecommunications business.
Personal Banking Department	Planning, promotion, and management of consumer loan and personal loan cases.
Wealth Management Department	Handling of planning for the wealth management business and the management of financial advisors, formulation and revision of wealth-management policies and operational guidelines, and promotion, supervision, and management of financial-planning investment by wealth-management customers.
Private Banking Department	Design, execution, and management of private banking business; planning personnel management, evaluation, and reward of private banking business; formulation and revision of rules, and handling education and training of private banking business.

Department	Functions
Trust Department	Handling of R&D, promotion, and management of the trust business.
Insurance Agent Department	Handling of life and property insurance agent business.
Electronic Banking Department	Planning of short, medium, and long-term digital development; implementing and managing the electronic financial business, formulation, and revision of business norms and rules; handling the planning, promotion, and operation of electronic financial services and POS services; planning and promoting data analysis marketing activities and CoLAB (innovation laboratory) matters.
Credit Card Department	Planning, marketing, implementation, consultation, and management of the credit card and debit card, and provision of customer complaint services in regard to the credit card and debit card.
Loan Assets Management Department	Planning and supervision of the clearance of non-performing loans (NPLs) and overdue loans, bad-debt write-off and statistical analysis, and handling of other matters related to NPLs and overdue loans.
Administrative Management Department	Handling of documentary, filing, public relations, general affairs, receipts and disbursements, procurement, property management, and construction and maintenance matters, and matters regarding labor safety and health, energy consumption, greenhouse gas emissions, low-carbon management policies (environment aspects), and environmental sustainability.
Accounting Department	Compilation and analysis of accounting matters, annual budgets, and affiliated bank data.
Information Security Department	Planning, monitoring, management and implementation of information security maintenance operations.
Information Technology Department	Development and promotion of information business, and data processing controls.
Credit Analysis and Research Department	Establishment of credit investigation rules, promotion and supervision of credit investigation work, and collection and management of industry data.
Risk Management Department	Handling of the organizational framework for risk management; planning of policies and systems; examination of risk identification, weighing, assessment, and control methods; internal control system, and other matters relating to risk management.
Human Resource Department	Handling of personnel management and employee training.
Compliance Department	Planning, management, and implementation of the legal compliance system, anti-money laundering and countering the financing of terrorism; investigation and internal control of misappropriation of client fund by wealth management specialists; review of the contents and related matters regarding the regulations.
Legal Affairs Department	Review of the contents and related matters regarding the contracts, assistance for litigation cases, supervision of procurement and draft verification.

### 3.4 Directors, Supervisors and Executive Officers

As of March 13, 2023

Directors		Supervisors	
Title	Name	Title	Name
Chairman	Paul C.D. Lei	Resident Supervisor	Tzyy-Jane Lai
Managing Directors	Yen-Mao Lin	Supervisors	Ming-Lei Chang
	Shen-Gang Mai		Yung-Kung Peng
	Hsin-Jung Hsia-Hou		Han-Chun Hsiao
Managing Director (Independent Director)	Shu-Chang Chou		Chien-Chung Chen
Independent Directors	Teyu Chou	Note: All directors and supervisors are appointed by the Taiwan Cooperative Financial Holding Co., Ltd.	
	Hsuan-Chu Lin		
	Lan-Fen Wang		
Directors	Mei-Tsu Chen		
	Jui-Chi Huang		
	Yung-Cheng Chang		
	Ko-Hsiung Lien		
	Chii-Dong Ho		
	Hsiao-Wen Hung		
	Kung-Hong Lin		
	Chin-Chu Chen		
	Tzu-Meng Chang		
	Chun-Shih Cheng		

Executive Officers			
Title	Name	Title	Name
President	Yen-Mao Lin	S.V.P. & G.M., Wealth Management Department	Wen-Lee Lin
		S.V.P. & G.M., Private Banking Department	Bao-Ju Lin
Executive Vice Presidents	Chun-Lung Chou	S.V.P. & G.M., Trust Department	Mei-Joung Chang
	Chia-Ping Tsai	S.V.P. & G.M., Insurance Agent Department	Chiung-Chen Hsu
	Kuo-Chung Lee	S.V.P. & G.M., Electronic Banking Department	Hsiaw-Wei Chang
	Jui-Ling Lu	S.V.P. & G.M., Credit Card Department	Long-Chang Huang
	Kuo-Hao Chang		
E. V. P. & General Auditor	Meng-Ying Chou	S.V.P. & G.M., Loan Assets Management Department	Kuei-Fen Huang
E. V. P. & Chief Compliance Officer (Note)	Kuei-Feng Liang	S.V.P. & G.M., Administrative Management Department	Tsung-Yi Chang
S.V.P. & G.M., Auditing Department, Board of Directors	Ruei-Yen Lua	S.V.P. & G.M., Accounting Department	Sheng-Jou Chen
S.V.P. & Chief Secretary, Secretariat, Board of Directors	Mao-Sheng Liao	S.V.P. & G.M., Information Technology Department	Hong-Zong Shieh
S.V.P. & G.M., Business Management Department	Hsi-Chiang Pan	S.V.P. & G.M., Information Security Department	Yun-Shya Pan
S.V.P. & G.M., Corporate Banking Department	Shu-Jean Liang	S.V.P. & G.M., Credit Analysis and Research Department	Chih-Ming Chen
S.V.P. & G.M., Credit Management Department	Chun-Ming Kuo	S.V.P. & G.M., Risk Management Department	Ling-Tsui Huang
S.V.P. & G.M., Treasury Department	Hsiu-Jen Chen	S.V.P. & G.M., Human Resource Department	Yu-Wan Chen
S.V.P. & G.M., International Banking Department	Lien-Chu Ho	S.V.P. & G.M., Compliance Department	Kuei-Feng Liang
S.V.P. & G.M., Personal Banking Department	Hsi-Huang Chiang	S.V.P. & G.M., Legal Affairs Department	Min-Chieh Wang

Note: Due to the transfer of position, Kuei-Feng Liang, S.V.P & GM., Compliance Department, acts as E.V.P & Chief Compliance Officer temporarily.

### 3.5 Major Shareholder

As of March 13, 2023

Shareholder's Name	Shareholding	
	Shares	Percentage
Taiwan Cooperative Financial Holding Co., Ltd.	11,007,530,000	100%

### 3.6 Corporate Governance Implementations and Deviations from “Corporate Governance Best-Practice Principles for the Banking Industry”

Assessment Items	Implementations			Deviations from the Principles and reason
	Y	N	Summary Description	
<b>1. Shareholding Structure &amp; Shareholders' Rights</b>				
(1) Does the Bank adopt internal procedures to handle shareholder's suggestions, questions, disputes, and litigation? Does the Bank act in accordance with such procedures?	√		The Bank is a wholly owned subsidiary of the Taiwan Cooperative Financial Holding Co., Ltd. and all related matters are handled in accordance with regulations.	Compliant
(2) Does the Bank know the identities of the major controlling shareholders, and of their ultimate controlling shareholders?	√		The Taiwan Cooperative Financial Holding Co., Ltd. holds 100% of the Bank's shares.	Compliant
(3) Does the Bank establish and execute the risk management and firewall mechanisms between the Bank and its affiliates?	√		The Bank has formulated the regulations and rules in accordance with the authority's regulations for risk control and firewall mechanisms between the Bank and affiliated enterprises. The Bank has established the reporting mechanism of material issues in the operations of investees.	Compliant
<b>2. Composition and Responsibilities of the Board of Directors</b>				
(1) Does the Board of Directors establish diversity policy and specific management goals?	√		<p>(1) Board Diversity Policy The members of the board of directors shall possess the knowledge, skills, and literacy necessary to perform their duties. To achieve the ideal goal of corporate governance of the Bank, the capabilities of the Board of Directors shall be as follows:</p> <ul style="list-style-type: none"> <li>a. Operational judgement ability.</li> <li>b. Accounting and financial analysis skills</li> <li>c. Management ability.</li> <li>d. Risk management capabilities.</li> <li>e. Crisis management capabilities.</li> <li>f. Industry knowledge.</li> <li>g. Global market perspective.</li> <li>h. Leadership.</li> <li>i. Decision-making ability.</li> </ul> <p>(2) Specific Management Goals</p> <ul style="list-style-type: none"> <li>a. Except where the Competent Authority has granted approval, a spousal relationship or a familial relationship within the second degree of kinship may not exist among more than half of the Bank's directors..</li> <li>b. The directors of the Bank shall meet the requirements of “Regulations Governing Qualification Requirements and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of Banks”.</li> <li>c. The independent directors of the Bank shall not less than two in number and not less than one-fifth of the total number of directors.</li> <li>d. Independent directors shall possess professional knowledge and there shall be restrictions on their shareholdings and concurrent positions. Applicable laws and regulations shall be observed and, in addition, it is not advisable for an independent director to hold office concurrently as a director (including independent director) or supervisor of more than four other TWSE/TPEx listed companies.</li> <li>e. No independent director of the Bank may concurrently serve as an independent director of more than three public companies. Where an independent director of the Bank</li> </ul>	Compliant

Assessment Items	Implementations			Deviations from the Principles and reason
	Y	N	Summary Description	
			<p>serves concurrently as an independent director of the public company affiliated to the financial holding company having a controlling interest in the bank shall be considered as one entity and not included in the calculation of the number of concurrently serving companies.</p> <p>f. An independent director of the Bank shall have no more than three consecutive terms of office.</p>	
(2) In addition to the Remuneration Committee and the Audit Committee, does the Bank voluntarily establish other function-specific committees?	√		(1) The Board of Directors established the Remuneration Committee on July 27, 2011, and the Accountability Committee on December 27, 2011. The operation of Committee shall be in accordance with the provisions of the Articles and the "Remuneration Committee Charter of our bank."	Compliant
(3) Does the TWSE/TPEX listed Bank establish the measures for assessing the performance of its Board of Directors and conduct such an appraisal periodically every year with the appraisal results submitting to the Board of Directors as a reference for re-appointment and remuneration amount of individual director?		√	(2) The Bank is not a TWSE/TPEX listed company.	Not Applicable
(4) Does the Bank carry out regular evaluations of CPAs independence?	√		(3) The Bank will evaluate the independence of CPAs while writing the proposal of entrustment with them each year.	Compliant
<b>3. Does the Bank dispatch adequate number of qualified corporate governance staff with a designated management to take charge of corporate governance related affairs (including but not limited to providing directors and supervisors with relevant information for business execution, assisting directors and supervisors with legal compliance, handling matters relating to board meetings and shareholders meetings according to laws, and producing minutes of board meetings and shareholders meetings)?</b>	√		<p>(1) By the resolution of the Board of Directors on May 24, 2019, the Bank has appointed the chief corporate governance officer as the highest supervisor responsible for the corporation governance. The chief corporate governance officer is concurrently served by the current S.V.P. &amp; G.M. of Loan Assets Management Department. This appointee has at least three years' management experience gained at financial institutions or public companies in handling legal affairs.</p> <p>(2) The Bank's "Corporate Governance Best-Practice Principles" specifies that the related matters to corporate governance shall include at least "Handling matters relating to board meetings and shareholders meetings according to laws", "Preparation of the minutes of the meetings of the board and the Shareholders.", "Assisting in onboarding and continuous development of directors and Supervisors", "Furnishing information required for business execution by directors and supervisors", "Assisting directors and supervisors with legal compliance", and "Other matters set out in the articles or corporation or contracts, etc".</p> <p>(3) In addition to the appointment of the chief corporate governance officer to supervise the affairs of corporation governance, the dedicated departments are also responsible for handling the related affairs: the Secretariat of the Board is responsible for handling matters relating to board meetings and shareholders meetings by relevant laws, producing minutes of board meetings and shareholders meetings, and furnishing information required for business execution by directors and supervisors; the Human Resource Department is responsible for assisting the inauguration of directors and supervisors and their continuing educations; and the Compliance Department is responsible for assisting directors and supervisors with legal compliance.</p>	Compliant
<b>4. Does the bank establish the communication channels with stakeholders (including but not limited to shareholders, employees, customers, and suppliers) and set up a stakeholder section on its official website, and appropriately response to the important corporate social responsibility issues concerned by stakeholders?</b>	√		The Bank has made material information public on relevant websites in accordance with laws and regulations, so that stakeholders can keep up with the operating status of the Bank. The Bank has set up "complaint hotlines," "service e-mail," and "customer service hotlines" on the Bank's website, and an "employee suggestion box" on the intranet to provide multiple channels for customers, employees, and stakeholders to file any appeal or communicate with the Bank. E-mails received are processed daily while serious matters are promptly reported to the senior management to ensure a smooth communication channel. In addition, the parent company of the Bank has set up a stakeholder section on its official website to receive suggestions for the relevant departments to manage communications and respond to important corporate social responsibility issues appropriately.	Compliant



[illegible]

Assessment Items	Implementations			Deviations from the Principles and reason
	Y	N	Summary Description	
			<p>The Bank uses the Template of Standard Form Contract to formulate product application forms and contracts. The Bank adheres to relevant laws and regulations stipulated by competent authorities, Personal Information Protection Act, Financial Consumer Protection Act, and Fair Dealing Principles.</p> <p>(8) Purchasing insurance for directors and supervisors "Liability Insurance for Directors, Supervisors and Officers" was provided by the Bank's parent company, TCFHC.</p> <p>(9) Donations to political parties, stakeholders, and charity organizations Pursuant to the rules for donations stipulated by the Bank, donations shall be made only to charity events organized by non-profit organizations (excluding political parties).</p>	<p>Compliant</p> <p>Compliant</p>
7. Please specify actions taken by the company to improve items listed as the result of the Corporate Governance Evaluation announced by the Taiwan Stock Exchange Corporate Governance Center and improvement plans. (Leave it blank if the company was not evaluated.)		√	The Bank was not evaluated.	Not Applicable

### 3.7 Implementations of Promoting Sustainable Development

Assessment Items	Implementations		
	Y	N	Summary Description
1. Does the Bank establish an exclusive (or concurrently) dedicated unit to be in charge of proposing and enforcing the sustainable development governance framework? Does the Board of Directors specifically authorize the senior management to handle matters and does the senior management report back to the Board of Directors on its handling of such matters?	√		<p>(1) TCFHC established the Corporate Social Responsibility Committee in 2019 to serve as the highest supervising body for pushing ahead with sustainable governance. The TCFHC CSR committee has later renamed TCFHC Sustainable Development Committee in 2021, headed by the TCFHC chairman, along with the TCFHC president and the presidents of subsidiaries to be the members. In order to better coordinate and manage, the TCFHC "Sustainable Office" has been set up to facilitate the operation of the Sustainable Development Committee to implement the Group's sustainable developmental policy, system, and relevant management plan, and to report to the Board of Directors on progress and achievement of relevant projects periodically.</p> <p>(2) The Bank is a wholly owned subsidiary of the TCFHC and annually reports the implementation results to its parent company. In addition, in response to the trend of sustainable development and strengthening of sustainable actions, the Secretariat of the Board is responsible for the overall management of the sustainable operation.</p>
2. Does the Bank conduct any risk assessment on environmental, social, and corporate governance issues which are related to the operations of the Bank by the principle of materiality, and formulate related risk management policy or strategy?	√		The Bank has set management policies and performance indicators based on material ESG issues with which the stakeholders of its parent company, TCFHC, are mostly concerned. The Bank regularly reports the implementation results to the TCFHC, as well as discloses the results on the sustainable development section on its official website to meet the expectations of stakeholders.
3. Environmental issues (1) Does the Bank establish a suitable environmental management system that in terms of the characteristics of banking industry?	√		<p>The "ISO 14001 environmental management system" was introduced with the system's working area being incorporated into the watching points for a life cycle to assess, from the environmental perspective, the influences caused by those predictable and controllable activities, products and services. The actual conducts include:</p> <p>a. Promoting "paperless operation" by reducing the use of paper to support the environmental protection.</p> <p>b. Prescribing the measures for managing resources and waste to raise the recycling rate and reduce the trash and kitchen waste.</p> <p>c. Promoting awareness of environment related issues by holding relevant activities and educational trainings.</p>
(2) Does the Bank make efforts to enhance the efficiency of energy utilization, and adopt the recycled materials which have lower impacts on the environment?	√		<p>(1) The Bank has been endeavored to raise the efficiency in energy use, and has therefore introduced the "ISO 50001 energy management system" to look into and analyze the energy consumption in the past, at present, and in the future. With the data on energy consumption and waste, TCB is able to screen out those heavily energy consumed equipment, and identify the chance for improving the performance on energy use in an orderly fashion. Also, an optimal energy consumption baseline and performance index were established by considering the unique characteristics of the operations as well as the data on energy consumption, so as to have the energy consumption of an organization truly reflected. The actual conducts include:</p> <p>a. To save the use of basic energy of different kinds including the amount of water use, the electricity use, and the amount of gasoline use.</p> <p>b. To purchase green power continuously and switch off the lights of both vertical and horizontal signboards and other unnecessary lighting equipment at the service points in addition to an ongoing effort of either adopting LED for the lighting of both vertical and horizontal signboard, or simply adopting non-energy consuming means.</p>

Assessment Items	Implementations																																					
	Y	N																																				
		<div>c. Formulating “energy policy” to serve as the basis of pushing for a host of energy saving and carbon reduction proposal.</div> <div>(2) The Bank has been actively using recycled materials with low impact on the environment by adopting green procurement through purchasing low pollution, recyclable and environmental friendly green products. In 2022, the total green procurement amounted to NT\$57.24 million, in which the procurement of plain paper and toilet paper with certifications of Forest Stewardship Council (FSC) and Programme for the Endorsement of Forest Certification (PEFC) totaled at 34.16 tons a year.</div>																																				
(3) Does the Bank conduct any study on the potential risk and opportunity in present time or the future caused by the climate change, and on the responsive measures that the Bank can adopt?	√	<div>The Bank has formulated the "Climate Risk Management Standards" to incorporate climate risk into the scope of risk management, and integrate climate risk-related issues into business, strategy and financial planning; regularly implement climate risk identification and measurement, perform situational analysis and formulate corresponding measures for major risks and opportunities; regular monitoring and reporting.</div>																																				
(4) Does the Bank estimate figures on the greenhouse gas emission, the amount of water used, the total weight of the waste, and formulate policy on reduction of energy use and carbon dioxide, reduction of greenhouse gas emission, reduction of water use, and the management of other types of waste?	√	<div>1. The emission of greenhouse gases:<div>Unit: Tons/ CO<sub>2</sub>e</div><table><tr><th><div>Year</div><div>Type</div></th><th>2022</th><th>2021 (base year)</th><th>Difference</th></tr><tr><td>Type 1 (Scope 1)</td><td>2,378.35</td><td>2,447.60</td><td>-69.25</td></tr><tr><td>Type 2 (Scope 2)</td><td>21,824.35</td><td>23,936.39</td><td>-2,112.04</td></tr><tr><td>Type 3 (Scope 3)</td><td>85.50</td><td>35.03</td><td>+50.47</td></tr><tr><td>Type 4 (Scope 3)</td><td>4,048.12</td><td>4,537.20</td><td>-489.08</td></tr></table><div>*In 2021, the carbon intensity (CO<sub>2</sub>e /Net income in NT\$ million) of scope 1 and scope 2 were 0.0500 and 0.4893 respectively, whereas in 2022 the carbon intensity of scope 1 and scope 2 were 0.0486 and 0.4457.</div><div>◎The goal of carbon emission reduction: To reduce by 50.4% of the absolute amount of carbon emission on scope 1 and 2 in 2032 from the base year – 2021.</div><div>◎Measures of reduction:<div>(1) Holding power saving competition among branches to let employees realize the importance of power saving.</div><div>(2) Promoting lights off during the one-hour break at internal units.</div><div>(3) Managing the power consumption of those heavily electricity consumed equipment or facilities such as elevators, lighting, and air conditioners, by such efforts as replacing with LED and T5-fluorescent tube lighting equipment and the installation of timers.</div><div>(4) Having all the signage lightings on buildings or business outlets switched off except the ATM service zones.</div><div>(5) Promote walking exercise, and do not take the elevator within the third floor of the upper and lower floors.</div><div>(6) The water dispenser is set to sleep to save power during the off-peak period.</div></div></div> <div>2. Water Consumption<div>Unit: 1000 liters</div><table><tr><th><div>Year</div><div>Type</div></th><th>2022</th><th>2021</th><th>Difference</th></tr><tr><td>Water consumption</td><td>263,773</td><td>277,603</td><td>-13,830</td></tr></table><div>◎The goal of reduction of use: To reduce by 1% of water use from 2023 onward, compared to the average amount of the use in the previous 3 years.</div><div>◎Measures of reduction:<div>(1) Adopting rainwater-recycling system to make water reuse.</div><div>(2) Having water saving kits installed such as automatic sensor faucets and sprinkler timers.</div><div>(3) The sprinkler irrigation system is changed to a drip irrigation system and equipped with a rainy weather shutdown function to achieve water-saving efficiency.</div><div>(4) Using equipment with water-saving labels.</div><div>(5) Advocating the adoption of water saving measures and post water-saving slogans to employees to achieve water-saving purposes.</div></div></div> <div>3. Waste<div>Unit: kg</div><table><tr><th><div>Year</div><div>Type</div></th><th>2022</th><th>2021</th><th>Difference</th></tr><tr><td>Amount of Waste</td><td>239,734</td><td>268,965</td><td>-29,231</td></tr></table></div>	<div>Year</div> <div>Type</div>	2022	2021 (base year)	Difference	Type 1 (Scope 1)	2,378.35	2,447.60	-69.25	Type 2 (Scope 2)	21,824.35	23,936.39	-2,112.04	Type 3 (Scope 3)	85.50	35.03	+50.47	Type 4 (Scope 3)	4,048.12	4,537.20	-489.08	<div>Year</div> <div>Type</div>	2022	2021	Difference	Water consumption	263,773	277,603	-13,830	<div>Year</div> <div>Type</div>	2022	2021	Difference	Amount of Waste	239,734	268,965	-29,231
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Assessment Items	Implementations	
	Y	N
		<p>Summary Description</p> <p>◎The goal of reduction: To reduce by 2% of waste from 2023 onward compared with the average amount of the previous 3 years.</p> <p>◎Measures of reduction:</p> <p>(1) Formulating measures for managing waste and implementing the 3Rs environmental policy – reduce, recycle, and reuse, so as to increase the benefit of waste recycling and reusing.</p> <p>(2) Holding specific educational trainings to promote the classification and recycling of waste in order to achieve the goal of trash reduction.</p> <p>4. Verification of different type of information and the related coverage:</p> <p>(1) The Bank started the ISO 14064-1 inspection in 2018, and followed the ISO 14064-3 external inspection by the British Standards Institution Taiwan Branch (BSI) in 2019. TCB expanded the scope of the inspection during 2019-2010, and extended to all domestic and foreign operating units in 2021. BSI Taiwan Branch will verify the 2022 Greenhouse gas review before the end of June 2023. The data coverage rate will reach 100%, and it will be published on the official website of TCFHC.</p> <p>(2) The greenhouse gas emissions and waste volumes of the Bank in 2022 have not been verified by third-party organizations. CPAs have not confirmed the 2022 water consumption.</p>
<p>4. Social issues</p> <p>(1) Does the Bank adopt policies and procedures in accordance with applicable legislation and international human rights conventions?</p>	√	<p>(1)</p> <p>a. In order to fulfill corporate social responsibilities, safeguard, protect and implement basic human right, as well as support and respect the relevant norms such as the “Universal Declaration of Human Rights”, “United Nations Global Compact” and “International Labour Convention”, TCFHC formulates human rights policies and applies these policies to the group's subsidiaries.</p> <p>b. The human right system of the Bank is as follows:</p> <p>i. The Bank has established “Guidelines for Assistance to Employees Involved in Lawsuits in the Line of Duty,” and provides legal assistance for employees so affected.</p> <p>ii. The Bank has established “Guidelines for Preventive Measures, Complaints, and Punishments for Sexual Harassment in the Workplace” and “Guidelines for Treating Complaints and Investigation of Sexual Harassment,” and carries out related education on a scheduled basis, to protect the safety of employees in the workplace and allow employees to work in an environment free of sexual harassment.</p> <p>c. The Bank fulfills its corporate social responsibilities, thoroughly implements human rights policies, collects potential and possible human rights risk issues in the business process through internal and external communication channels. In 2022, the Bank conducts human rights due diligence for the first time and focuses on five major issues such as "implementation of workplace diversity", "gender equality", "maternal health protection", "overtime work" and "occupational safety and health". By assessing the frequency and impact of human rights issues to identify relative risks, formulate relevant risk mitigation measures, and include them as a reference for future formulation of business policies and welfare measures.</p>
<p>(2) Does the Bank set up and implement reasonable employee benefit measures (including salary, bonus, paid leave, and other benefits) and have employee's performance or productive outcome reflected on employee remuneration?</p>	√	<p>(2)</p> <p>a. Employee welfare measures:</p> <p>i. Reward and incentive system with internal equity:</p> <p>The Bank has dedicated itself to improving the well-being of employees. To motivate employees, the Bank paid remuneration based on the business performance and achievements. The average salary increase for promotion in 2022 was 6.66%.</p> <p>ii. Diversity and equity at workplace:</p> <p>The Bank has established fair, open, and transparent promotion and assessment regulations. Gender equality courses were provided to the recruits while regulations for establishing measures of prevention, correction of sexual harassment at the workplace, and grievance procedures were disseminated. As of December 2022, promotions to females accounted for 56.44% of the promoted employees, and the ratio of female supervisors reached 57.01%.</p> <p>iii. Employee stock ownership trust:</p> <p>The Bank set up the employee stock ownership trust on January 1, 2020, allocating NT\$1,000 of stock subscription funds per month, equivalent to an average salary raise of about 1.55%, benefits significantly on salary raise.</p> <p>iv. A leave system superior to the statute level:</p> <p>The Bank forms an improved leave management system superior to the statute. For instance, pregnant employees are granted five fully-paid days of pregnancy checkup leave by the statute; in contrast, the Bank acknowledged eight fully-paid days to employees, and personal leave within five days will be paid in full. Moreover, seven full-paid days of tocolysis leave and bone marrow donation leave not stipulated by statute are granted by the Bank. In addition, the number of annual leave days for employees who have served for more than six years is also in the light of leave rules for civil servants, which is superior to the Labor Standards Act. Based on the Act of Gender Equality in Employment, the Bank stipulates menstruation leave, maternity leave, paternity leave, prenatal leave, family care leave, and unpaid parental leave for raising children for employment of rights.</p> <p>v. Support employees with fertility:</p> <p>To reduce the burden of postpartum recovery and recuperation for employees or their spouses, the Bank decided to raise the number of baby bonuses for staff. From</p>

Assessment Items	Implementations	
	Y	N
		<p>July 2021, the number of bonuses for the first three babies or more raised from NT\$60,000, NT\$80,000, NT\$100,000 to NT\$100,000, NT\$120,000, NT\$150,000, respectively. Furthermore, to create a family-friendly workplace, the Bank stipulated that employees are able to arrange their prenatal leave, tocolysis leave, paternity leave, maternity leave, unpaid parental leave for raising children; in addition to fertility bonus, there are subsidies from the employee canteen, with a total subsidy of up to NT\$160,000.</p> <p>vi. Daycare subsidy: During raising children, the employee welfare committee provides a daycare subsidy twice a year. For employees whose children are between one under five years old, each child is NT\$1,000 each time.</p> <p>vii. Educational assistances for dependent children: To encourage children of employees to diligent study, educational assistance of NT\$2,500 to NT\$3,500 will be given to children studying in the schools at all levels (master and doctoral programs, colleges and universities, senior high schools, five-year junior college programs with reference to high school for the first three years and colleges and universities for the last two years).</p> <p>viii. The bank cares about employee health: Since 2020, the Bank has provided up to NT\$6,000 health check subsidy to employees who are over the age of 50 for choosing one of the two medical examination schemes, such as magnetic resonance angiography (MRA) or low dose computed tomography (LDCT), and the subsidy will be given once every two years. Employees of overseas units younger than 40 years old are entitled to apply for the NT\$3,500 health check subsidy. In 2021, employees whose ages are "more than 45 but less than 50, with the first degree of next kin diagnosed with lung cancer" are entitled to LDCT check on lung once every two years with an amount of subsidy up to NT\$6,000. The Bank has endeavored to make comprehensive health management and shape healthy workplace culture.</p> <p>ix. Company meetup event: Taking root in being a happy enterprise, the Bank cares about the next step in the life of single employees. In 2020, the Bank held the first-time company meetup event; by participating in various games and activities and continued in 2021 and 2022, employees developed a sense of intimacy and connection and tried to find their life partners.</p> <p>x. The bank values employee leisure activities: The Bank encourages employees to participate in leisure activities, improve their quality of life, eliminate stress at work, achieve physical and mental balance, and unite employees' cohesiveness; the Bank dispenses NT\$500 annually to each employee for sports activities; moreover, there is also club subsidy to motivate employees spending their spare time with fellow members.</p> <p>xi. Protect employee's health: Our response to COVID-19 are that ensures uninterrupted services and purchases epidemic prevention insurance as well as Covid-19 vaccination insurance for all employees of the group on June 4, 2021; this move has once again enhanced the Bank's determination for epidemic prevention, the health of employees, and the support of government's epidemic prevention.</p> <p>xii. Domestic travel credit card payment: In November 2020, the Bank implemented the domestic tourism-related subsidy measure to comfort and encourage employees to engage in leisure activities. In response to revitalizing the domestic tourism industry initiated by the Ministry of Finance, the Bank provided NT\$3,000 worth of credit card bonuses and NT\$4,000 worth of accommodation vouchers for each domestic employee.</p> <p>b. According to "The Bank's Operational Performance Bonus and Staff Remuneration Provision Standards", the Bank specified "The Bank's Performance Bonuses and Excessive Surplus Bonus" to motivate employees fulfilling their potential and make a profit, as well as a reflection of the Bank's performance and the employee compensation policy.</p>
(3) Does the Bank provide a safe and healthy working environment for its employees, and offer them regular safety and health education?	√	<p>(3)</p> <p>a. Measures for employee safety and healthy working environment, employee education policy and its implementation:</p> <p>i. The Bank has formulated the labor safety and health management plan, which includes education and training in safety and health. Every unit will carry out the plan and follow up regularly in accordance with projected schedules. The items include lift, fire-fighting equipment, official vehicles, water dispensers, high and low voltage electrical appliance, nitrogen dioxide concentration detection and regular maintenance of air conditioners, and other equipment. To establish a high-quality working environment, the Bank eliminates potential risks in the workplace, and assures the safety and health of employees.</p> <p>ii. The Bank has installed automatic reporting system, alarm system, security system, video surveillance system, fire safety equipment and other necessary protective equipment at branches with designated personnel in charge of their operations and monthly inspection. Security guards are hired for the business lobby to protect the personal safety of employees and customers.</p> <p>iii. To enhance employee consciousness of safety and health, and prevent the occurrence of occupational accidents, the Bank has provided one hour of on-the-job safety and health training for general employees and 3 hours for new employees every year. The Bank also sends personnel to participate in the safety and health officer, first-aid personnel, and fire manager training organized by the</p>



Assessment Items	Implementations	
	Y	N
		<p>Bankers Association so as to continuously improve knowledge and skills and effectively safeguard our employees' health and safety.</p> <p>iv. The Bank has actively constructed healthy workplace environments, promotes health promotion activities. It has been recognized by various health authorities and awarded "Best Nursing Room Certification", "AED Safe Place" for 9 buildings and "Healthy Workplace Mark Certification" for 31 units.</p> <p>v. The Bank continues to promote health promotion activities and carry out activities such as work accident identification and treatment, fire prevention measures, three-hypers prevention, workplace tobacco hazard publicity, mental health and hygiene, health maintenance for middle-aged and elderly people, and emergency rescue skills training.</p> <p>vi. In response to COVID-19 epidemic, 40 Business Continuity meetings were held and the dedicated department was responsible for the whole bank's "COVID-19 epidemic prevention management measures, case notification, epidemic consultation, event tracking, statistical analysis" and other epidemic prevention response operations.</p> <p>vii. General itinerant health checkups for the employees of the whole bank: the 2022 annual itinerant health checkups for 306 units of the whole bank were completed from June 20 to November 26.</p> <p>viii. In 2022, we continued to conduct public blood donation activities. The head office building collected a total of 149 bags of blood in a single day, demonstrating the employees' ability to actively implement love and public welfare.</p> <p>ix. In order to strengthen immune system of employees, TCB launches its annual influenza vaccination program and related subsidy measures are continuously carried out every year. Moreover, We are awarded "Gold Award for Epidemic Prevention" for the second time from Ministry of Health and Welfare and the Taiwan Vaccine Promotion Association (TIVS).</p> <p>b. The Bank has diligently made a safer, friendly working environment, and held the corporate social responsibility of taking care of employees as well as enhanced the Bank's corporate image in line with international standards. On September 12, 2020, the headquarters' building A and B have been approved the assessment by the British Standards Institution (BSI) and were certified with ISO 45001: 2018 Occupational health and safety management systems. In 2022, we continued to improve our management quality of health and safety and obtained Taiwan Occupational Safety and Health Management (TOSHMS) verification that illustrates TCB has the abilities to systematically manage and implement health and safety in workplace.</p> <p>c. As of December 31, 2022, 8 occupational accidents accounted for 0.093% of the total number of employees. The improvement measures are as follows:</p> <p>i. Set up a dedicated unit for occupational safety and health management. Each unit selects and assigns an occupational safety and health affairs manager to jointly perform safety and health management and supervision duties.</p> <p>ii. Based on occupational health and safety management systems (ISO 45001 : 2018), the occupational safety and health management continuously improved through the PDCA (plan - do - check - act), and the performance indicators of each unit and relevant plans for occupational safety and health management are regularly reviewed in the occupational safety and health committee to enhance the safety and health care for employees at work and the environment.</p> <p>iii. To strengthen the hazard perception of employees, the Bank sent information on occupational safety and health from time to time, and supervise the occupational safety and health affair managers of each unit to implement occupational safety and health education and training every year, so as to raise the ability of hazard perception of employees, and form a corporate safety culture.</p>
(4) Does the Bank establish an effective career skills development program for its employees?	√	(4) In addition to regular trainings (such as training for new employees, professional training for various departments, and training for supervisors at different levels), the Bank encourages employees to learn continually, sets up online digital learning courses, and offers subsidies for employees to take in-service training, financial certification exams and language proficiency tests. The Bank aims to develop employee potential via diversified learning channels.
(5) Does the Bank follow the international standards and relevant regulations on labeling, marketing, customer privacy protection, and customer health and safety when introducing products and services, as well as establish relevant customer protection policies and appealing procedures?	√	(5) <p>a. With regard to customer privacy, the Bank has formulated "Personal Data Protection Management Regulations" in accordance with relevant laws and international standards, including personal data collection, processing, utilization, security management, and emergency events responding measures. Regarding the protection of consumer rights and appeal procedures, the Bank has formulated the "Consumer Dispute Handling Guidelines" and "The Policy of Treating Customers Fairly Principles", requiring all employees of the Bank to follow in accordance with the regulations.</p> <p>b. The Bank provides customers with the 24-hour service center, e-mail, hotline, and feedback box to file complaints and to communicate. All customer complaints are handled in accordance with the Bank's "Operation Points for Handling Customer Appeal Cases", and under the principle of timeliness and personal confidentiality, the dedicated unit urges relevant management units to communicate with customers in good faith, actively handle the complaints, and improve its services. The Bank hopes that customers will receive satisfactory answers as well as enhance the quality of its services.</p>



Assessment Items	Implementations	
	Y	N
(6) Does the Bank formulate supplier management policy, requesting suppliers to abide by relevant regulations on environmental protection, vocational safety and hygiene, and labor rights? And if so, how are these policies implemented?	√	
5. Does the Bank follow the international guidelines or directives for compiling and producing the Bank's reports on non-financial information such as Sustainable Report? And if these reports have been assured or guaranteed by a third party?	√	
6. If the Bank has established its own principles for Sustainable development based on the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies", please clarify how the principles are implemented and its differences with the government's regulations.		
7. Other important information to facilitate better understanding of the Bank's implementation of Corporate Sustainable Development.		

## 4. Operational Highlights

### 4.1 Annual Business Plans for 2023

#### 4.1.1 Operational Management Business

- (1) Following the international trend of green finance, TCB will integrate all aspects of banking operations with ESG, we stress on the innovation and development of sustainable financial products and services as well as the expansion of the green finance landscape to pursue new business opportunities. TCB has not only adopted Equator Principles but incorporated ESG factors into credit review, so as to guide enterprises to pay attention to ESG issues through credit channels to implement the principles of responsible banking. In addition, TCB is able to identify the risk and opportunity stemming from climate change through analysis of business patterns and operation status, and has set up the risk appetite and response strategies to deepen climate governance and raise the operational resilience.
- (2) TCB will work to strengthen the risk-taking ability and management of liquidity risk, enhance the capital adequacy and expand business development while ensuring a sound capital structure and optimal resource allocation.
- (3) TCB trains employees in various professional fields, such as bilingual ability, industry knowledge, international business, legal compliance, information security and digital finance, and accumulates sustainable development strength by enriching our professional talent pool. In addition, TCB has been actively collaborating with prestigious international and domestic institutions including College of Global Banking and Finance, Taiwan Academy of Banking and Finance (TABF), and Securities and Futures Institute in hosting symposiums or seminars on various topics, so as to develop employees with international visions and bridges them to the international financial trend, and hence increase employees' professional knowledge in international finance, and expand the width and depth of TCB's capacity in handling international affairs. Moreover, TCB also takes initiatives to approach different universities to expand the two-way collaborations with academic institutes by training students with job-required skills prior to entering the work force on the one hand, and recruiting new bloods to join, so as to enrich the talents pool of TCB.
- (4) TCB will continue to expand the international financial service network to increase the proportion of overseas revenue. Besides, TCB will continually to refine the information security system and improve the efficiency of risk management to abide by structure of the three lines of defense for internal control, and ensure the effective operations of corporate governance while carrying out its social responsibility to create sustainable business values.
- (5) We adhere to the principles of integrity management and treating clients fairly, and implement customer protection and financial inclusion policy to reduce the number of customer complaint and dispute cases. TCB also provides every employee with proper trainings on improving the handling skills for consumer complaint so as to increase the bank's service quality.

#### 4.1.2 Corporate Banking

- (1) In order to expand the business of SMEs loans, TCB will continue to adopt the "rewarding measures for increasing SME loan amount" and "rewarding measures for increasing the account number of SMEs loan" as incentives for encouraging business units to develop the business. Also, TCB will take measures to strengthen credit officer's familiarity with the regulations and applying procedures of the credit guarantee fund, so as to reduce the bank's risk-weighted assets with the supports of the credit guarantee programs.
- (2) For supporting the government policy, TCB will continue to promote the "Six Core Strategic Industries Loan Project" and launch incentive scheme for all business units to make all-out effort expand the business. Furthermore, we have formulated "Enhancing Long-Term Care Service Institutions Quality of Public Safety Equipment Loan Project" and "Guidelines on Loans for Long-term Care Institutions", and set up a dedicated contact at headquarters to assist business units in exploring potential clients and to provide one-stop loan services that promote strengthening public safety equipment in long-term care institutions and have a sound service and care system.

- (3) In order to support the government's major public construction projects or the financing projects that are highly professional and technically intensive, TCB has set up a "project loan task force" to assist each business unit in evaluating and formulating the structure of the project loan. In addition, TCB and National Development Fund jointly funded the establishment of "The National Credit Guarantee Scheme", to provide credit guarantee for green construction, green energy equipment and service, and major public construction projects. Also, for supporting the government's policy on urban renewal and unsafe time-worn building reconstruction, TCB has set up an "urban renewal and unsafe time-worn building reconstruction task force" to push ahead with this business and to provide clients with professional loan trust service.
- (4) TCB will continue to push forward with the collateral driven lending project to facilitate branches developing corporate banking business. For a creditor who has good credit record but insufficient collateral, TCB will in principle seek the support of credit guarantee fund if the creditor meets the requirements for the fund's endorsement. At the same time, the access to the financial flows of those well operated key clients will help increase the business of current account deposit, which in turn will facilitate the reduction of the bank's funding cost.
- (5) TCB will continue to utilize big data analysis and the newly developed "potential customer development feature", coupling with both of the internal and external information to develop potential customers by reaching out to the new market, so that the business units are facilitated to engage in precision marketing more efficiently by screening out the targeted segments. In addition, with the system, business units are better informed of the market and industry clusters in each of its responsible area so that they are able to locate the market and further formulate proper marketing strategies, so as to help maintain a steady growth of the number of corporate accounts.

#### **4.1.3 Retail Banking**

- (1) TCB will seek to grow mortgage business by penetrating into the market of self-use residential property and mortgage with well-located collateral, and to secure the wholesale mortgage business for property development project that TCB has offered loans yet being selective on those development projects not financed by TCB. Also, TCB will roll out mortgage with preferential rate to attract more customers to consolidate the mortgage business.
- (2) TCB will actively promote wealth management linked mortgage including "Winner personal integrated loan – revolving loan", debit card financing, and personal revolving loans to increase real interest income on credit.
- (3) TCB will work to increase service fee income by carrying through the collections of different types of service fee for the loan business including loan fee, service fee of loan amendment, and prepayment penalty, as well as continuing to develop the business on mortgage life insurance.
- (4) To expand the business of credit loans, TCB will embark on roadshows at selective institutes and enterprises to promote various credit loan products including: "preferential credit facility for clients who use TCB payroll service", "small credit facility for military, civil servant, and teacher", "preferential credit facility for specific job occupation", "preferential credit facility for medical staff", "wealth management aid unsecured loan for the military staff", "simple small credit facility", and "stock option loan for employees of corporate account".
- (5) By engaging in big data analysis and capitalizing on the channel advantage, TCB will employ precise marketing approach by targeting at different customer segments for different types of credit card, optimize both the mobile app and web-based credit card supporting features, seek to form cross-industry alliance, manage to develop different scenarios for credit card use, and hence build a payment service ecology, so as to increase the issuing number and transaction of credit card, and enhance the revenue.

#### **4.1.4 Treasury Management**

- (1) In line with the fund situation of the whole bank, we will dynamically adjust the investment positions of fixed-income securities with stable returns, and build core positions in a timely manner, select high-dividend and blue-chip stocks to participate in dividend distribution, balance the risks and benefits of the overall positions, and take into account both liquidity and

risks control.

- (2) TCB actively optimizes asset allocation, effectively utilizes the surplus funds of the whole bank, and prudently adjusts bond and stock positions in response to changes in the financial market. For foreign exchange operation strategies, we will adjust those strategies according to the status of foreign currency funds and the international exchange market to increase the income of financial products.
- (3) TCB strengthens the quality management of the deposit business, actively attracts current deposits and short-term time deposits, uses projects such as preferential deposit rate project to cope with competition in the industry, strives for corporate salary transfers, and collects capital increases from listed companies and cash dividends distribution agency service and other businesses to balance the stability of funding sources and reduce funding costs.
- (4) TCB will take advantage of existing business base and branch network to actively develop treasury business on corporate banking customers and importers/exporters, so as to strengthen the expansion of financial marketing business, look for potential clients, increase the foreign currency fund scale, and achieve the benefit resulted from integrated marketing.
- (5) In response to the government's efforts in pushing forward with sustainable finance, TCB will issue sustainability bonds and social responsibility bonds, by which the raised fund will be used to finance green investment scheme and social effectiveness investment scheme, and assist family who don't own property to purchase residential property to reduce the financial burden of first-time home buyer, so as to carry through sustainable financial development and fulfill corporate social responsibility.

#### **4.1.5 Wealth Management**

- (1) In response to the post-pandemic era, TCB provides clients with one-stop financial management services, such as online trust account opening, KYC, fund subscriptions and, uses intelligent wealth management mode to increase their willingness to conduct online transactions. We disclose relevant promotional campaigns through TCB Line official account, Facebook, and Instagram, adhere to digitalization, and center on customer segmentation and customization to improve customer stickiness and maximize service benefits.
- (2) TCB identifies the needs of different customer segments, explores potential core customer groups, and precisely markets trust, insurance, and wealth management products through data analysis. We will continually enhance market penetration rate, and expand dollar cost averaging (DCA) business to strengthen the foundation of TCB wealth management business. Moreover, we will select trustworthy investment companies with good performance and good reputation to serve as the custodian bank of the new fund in order to expand the scale of fund custody.
- (3) TCB strengthens customer relationship management, develops high-end customer groups and their family members, implements the appropriate product suitability policy, provides customized product services for high-asset wealth management customers, and increases the flexibility and integrity of investment portfolios. Furthermore, we strengthen the professionalism of employees, plan advanced training courses, cultivate high-asset business financial planning capabilities, and meet the needs of top customer groups for new investment products, asset risk management, and corporate succession.
- (4) TCB will screen out quality insurance products and bring in protection-oriented insurance products to facilitate customers in acquiring healthier and happier retire lives along with the adoption of electronic application for insurance policy to increase the digital service efficiency. In addition, more trust products will continue to be added to the product line and talents specialized in financial service for aged group will be developed such as collaboration with long-term care institutes for introducing "financial butler for long-term care institute" to put the Trust 2.0 plan into practice.
- (5) TCB will enforce the 21 commandments for wealth management consultants by following through the internal control and internal audit mechanism, periodically arranging educational training on legal awareness, strengthening the awareness on fair dealing principle on aged or other disadvantaged clients and establishing appropriate management measures, and supervising wealth management sales staff for lawful sales to reduce the occurrence of material operational risk event.

#### 4.1.6 Digital Banking

- (1) Keeping a close eye on the development of innovative technology both in domestic and abroad, TCB has taken the initiative to set up CoLAB, aiming to generate creative and executable proposals by ways of educational trainings, consultation and collaborations, and related industry-government-academics interlinked activities so as to create innovative business value. Also TCB has been keen not just on encouraging employees to put in patent applications to level up the quality and quantity of Fintech patents but also attending to the emphasis on intellectual property management so as to make the development of both Fintech R&D and patent managements comprehensive and healthy.
- (2) To grasp technology trends and analyze customer journey, TCB has worked to upgrade artificial intelligence (AI) in social media platform, optimize the natural language processing (NLP) technology based iMiss, create well received interaction and experience for social media users such as Line official account, expand the service coverage of robotic processing automation (RPA), and reduce the human cost in physical branches, so as to build up the fundamental capacity for developing digital operations.
- (3) We have endeavored to upgrade and refine the digital financial environment including the optimization of online banking APP, ATM and personal and corporate banking functions and interfaces, to improve clients stickiness and strengthen competitiveness.
- (4) TCB is committed to the development of FinTech technology, integrates non-industry public information and in-industry data in a scientific way, uses machine learning algorithms to gain insight into customer status changes, actively analyzes potential customer needs, and produces a list of marketing projects to provide in-depth and extensive information to assist in decision-making and enhance the data power of the whole bank.
- (5) TCB has been actively promoting the adoption of “Taiwan Pay QR code Common Payment Scheme” and the payment acquiring service, refining the “medical e-payment” system, and establishing diversified payment channels and payment collection tools, with the aim of providing customers with a more convenient financial service experience. In addition, TCB has introduced the “golden coin”, a bonus point reward program hoping to increase the usage rate of digital services and to enhance the customer stickiness.

## 4.2 Market Analysis

### 4.2.1 Competitive Niches

#### (1) Cultivate in the domestic market as the leading bank

TCB has continued to cultivate the local market. As of year-end in 2022, the scales of assets, deposits, and loans all placed TCB in a leading position in the banking industry in Taiwan, and so did the SME loan cooperating with government policies. Meanwhile, TCB has been rated as one of the top six systemically important banks (D-SIBs) in Taiwan.

#### (2) Create synergy with the advantage of widespread channels

Since the establishment in December 2011, TCFHC has utilized the channel advantages of over 290 TCB operational locations domestically and overseas, as well as integrated with subsidiaries under the TCFHC, including Taiwan Cooperative Bank, Ltd., Co-operative Assets Management Co., Ltd., Taiwan Cooperative Bills Finance Co., Ltd., Taiwan Cooperative Securities Co., Ltd., Taiwan Cooperative Securities Investment Trust Co., Ltd., BNP Paribas Cardif TCB Life Insurance Co., Ltd., and Taiwan Cooperative Venture Capital Co., Ltd., to offer comprehensive financial services including deposits, loans, foreign exchange, trust, asset management, securities investment, trust funds investment, and insurance etc., to exert the integrated marketing synergies of TCFHC as a whole.

#### (3) Win the confidence from customers with solid and stable operation

TCB has kept a solid and stable operation, and is well-trusted by clients. TCB will continue to solidify its core businesses of deposits, loans, foreign exchange, trust, and wealth management services and will also strengthen various services including international financing, e-banking,



fund investment, insurance, and Fintech in order to offer clients value-added, diversified, and convenient financial services.

**(4) Expand overseas markets to steadily move toward the international stage**

TCB currently has a subsidiary bank in Europe - the United Taiwan Bank, and Prague representative office in Czech Republic; branches in North America - including Los Angeles, Seattle, New York, and Houston; branches in Australia - including Sydney and Melbourne; in the Greater China zone, TCB has branches in Hong Kong, Suzhou, Suzhou New District sub-branch, Tianjin, Fuzhou, Changsha and Beijing Representative Office; in Southeast Asia, TCB has branches in Manila, Phnom Penh and Vientiane Capital; sub-branches in Pur Senchey, TuekThla, Siem Reap, City Center, Veng Sreng, Sihanouk Ville, Tuol Kouk, and a Yangon representative office. With its preparing for setting up Ha Tinh branch and representative office in Binh-Duong, Vietnam and Singapore branch. TCB will continue to develop overseas market while deepen the current bases and adjust the operational strategy accordingly by regional characteristics, progress toward international, and provide quality cross-border financial services.

#### **4.2.2 Favorable and Unfavorable Factors for Future Development, and Countermeasures**

##### **A. Favorable Factors**

- (1) Taiwan's economic growth rate for 2023 is expected to stand between 2.12% and 3.00% according to different major domestic economic forecast agencies. Additionally, due to the tight monetary policies by major central banks around the world in 2022, Taiwan central bank has followed the trend and raised its policy rate, which therefore benefits the interest income for us.
- (2) The capital inflow by repatriated Taiwanese enterprises have brought in investment, capital use, and demand for new factories, which is beneficial to the business opportunities on loan and financing as well as wealth management for the banking industry.
- (3) Under the influence of COVID-19 pandemic, the stay-at-home economy and zero-contact business opportunities will be promoted, thereby increasing the public's willingness to accept digital financial services.
- (4) With the build-up of capability on anti-money laundering and the counter of terrorism financing, the capability of controlling and managing both international and domestic risks will thereby be strengthened, which will contribute to stabilize the business environment for the banking industry and the industry's international deployment.
- (5) Benefiting from the liberalization of laws and regulations and policy assistance, TCB will continue to strengthen the digitalization of physical branches and the perfection of financial network platforms, and innovate financial business models, thereby driving the development of various businesses.
- (6) TCB will integrate professional resources across the group by utilizing cross-selling to bring synergy into full play over the international and domestic channels to increase the profitability.

##### **B. Unfavorable Factors**

- (1) The slowdown in global consumer demand and the weakening momentum of economic growth are not conducive to the growth of revenue and the momentum of business expansion.
- (2) During the current monetary policy tightening cycle, debt risks in emerging markets are increasing, coupled with heightened geopolitical risks and uncertainty in the control of the epidemic, domestic banks' overseas investment and credit risks have increased.
- (3) New competitors from the FinTech operators who have taken shares of existing markets.
- (4) With the increasing emphasis on sustainable development, the banking industry has brought ESG concepts into the decision-making process for making loans, which will increase the restrictions on loan and credit investigation. In addition, competent authorities require the disclosure of financial risks related to climate risks, and restrictions on lending and investment in the banking industry have increased.
- (5) The banking industry has increased investment in operational cost on a continuous basis to enhance legal compliance and information security.



- (6) Following the changes in business model brought by FinTech and the expansion of service network to those New Southbound Policy partner countries, there will be increasing demand for IT, multinational, and legal compliance talents, which will continue to drive up costs on human resources.

### C. Responsive measures

- (1) Taking advantage of the favorable policies for encouraging the repatriation of Taiwanese business, TCB will work actively to develop mid-to-long term loan business for financing enterprise's operating fund, purchase of land, and the construction of factory. Moreover, we will introduce the remittance fund into our wealth management business to increase revenue.
- (2) TCB will expand SMEs and overseas lending, while strengthening risk control.
- (3) TCB will cooperate with government policies and seize the opportunities of global supply chain restructuring to enhance the business development momentum of the six core strategic industries, and strive for related financing service business opportunities.
- (4) Catching the trend of financial digitalization, TCB will endeavor to promote online digital services, and improve user's experience and usage efficiency of the website to create customer-centric financial services. Plus, we use data analysis to assist business units to lock target customers, enhance marketing momentum, and realize business benefits through digital innovation.
- (5) TCB adopts the Equator Principles and incorporates ESG factors into the basis for credit review, and implements the principles of responsible banking. Moreover, we pay attention to the development trend of financial technology and grasp information security threats, deepen information security education and training, and improve the self-management ability of overseas branches to comply with laws and regulations.
- (6) For high-asset customers, TCB will build up professional investment analysis and research capabilities, build an effective service system, and provide tailor-made financial products to meet customer needs.

## 4.3 Human Resources

Year		2021	2022	As of March 13, 2023
Number of Employees	Administrative Units	1,714	1,755	1,747
	Business Units	6,989	7,036	6,959
	Total	8,703	8,791	8,706
Average Age		44.65	44.48	44.59
Average Years of Services		18.03	17.79	17.88
Education	Ph.D.	0.07%	0.07%	0.07%
	Master's Degree	22.66%	24.00%	24.02%
	Bachelor's Degree	70.27%	69.60%	69.68%
	Senior High School	6.49%	5.90%	5.80%
	Below Senior High School	0.51%	0.43%	0.43%

## 4.4 Corporate Social Responsibility and Ethics

### 1. Social Welfare

- (1) TCB has long been supporting the country in nurturing athlete talents and has developed quite a few world-class athletes. These achievements have been recognized by receiving Gold Quality Award in the promotion, sponsorship, and long-term sponsorship categories of "Sports Sponsor Award" for 14<sup>th</sup> consecutive times from the Sports Administration of the Ministry of Education.
- (2) In line with the policies of central bank, TCB assists SMEs to manage their business continuity plan and provide Covid-19 bailouts. We rank 1st among all financial institutions in terms of the

number of accounts and the amount of undertakings, and won the “Award for Financial Inclusion”, and “Award for Outstanding Performance” from The Central Bank in 2022.

- (3) TCB actively responded to the government's long-term care policy 2.0, and pioneered the innovative service of “Family Welfare Trust x Financial Butler for Long-term Care Institute”. This service help us win lots of major awards such as “Best Personal Trust—Premium Award” in 11th Elite Award by TABF and “Best Elderly Friendly Award” for the third time by Business Today Magazine. In addition, we use the financial expertise and experience of the investment team and financial personnel to analyze the customers’ investment risk in real time when the market fluctuates sharply, synchronously warn of warnings, and give precise allocation adjustment suggestions to protect clients’ assets. By this professional service, we won “Best Risk Management Award” in Wealth Management Evaluation from Business Today Magazine.
- (4) TCB pays long-term attention to the needs of elderly care which derived from the development trend of the elderly society, and implements finance inclusive. We won “Outstanding Institute for the Handling of Property the Elderly and Disabilities Trusts Servicing by Trust Enterprises” for five consecutive years and was the only one financial institution winning four major awards by FSC, “Best Trust Award”, “Elderly Trust Award”, “Employee Benefit Trust Award” and “Trust Business Innovation Award”.
- (5) TCB actively develops trust products that are in line with the pulse of society and have public welfare. In 2022, we won five awards in the “Best Elder Care Trust - Gold Award”, “Trust Products Integration Innovation Award - Gold Award”, “Best Urban Renewal and Reconstruction of Urban Unsafe and Old Buildings Trust Innovation Award - Gold Award”, “Best Family Trust Innovation Award - Premium Award” and “Inter-industry Cooperation Recommendation Award - Premium Award”.
- (6) TCB makes good use of the local advantages of 270 branches in Taiwan, and focuses on vulnerable groups in need of help. There were 45 charitable activities organized in 2022, with a donation amount of NT\$2.95 million, the highest number of events and amount in history.
- (7) In order to fulfill corporate social responsibilities, TCB has long cooperated with social welfare and religious groups to issue public welfare credit cards, called on consumers to do charity by swiping their cards, and allocated a certain percentage of rebates through card consumption to donate to Child Welfare League Foundation, Taipei Veterans General Hospital Relief Foundation, Taiwan Cardiac Children’s Foundation, Lukang Mazu, etc. TCB will substantively support the operation of public welfare organizations, and provide more care and resources for socially disadvantaged groups.
- (8) In response to the FSC promotion for social welfare, TCB continues to participate in the “Love-Food with Bank” joint donation of materials for public welfare activities, and donates to disadvantaged families in rural areas through county and city governments, fulfilling corporate social responsibilities.
- (9) In line with the government policy of caring for farmers, TCB supports local agricultural products and purchases atemoyas and pomelos from farmers with practical actions. We received the open gratitude at the appreciation ceremony of “2021 grand thanks to enterprises supporting Taiwanese fruits and people supporting Taiwanese agricultural products” hosted by Agriculture and Food Agency, Council of Agriculture.
- (10) In order to fulfill corporate social responsibility, TCB donated NT\$2.8 million to Taiwan Foundation for Disaster Relief to assist the Ukrainian war refugees and relief matters.
- (11) In order to cooperate with the government to alleviate the blood shortage problem, TCB organized a charity blood donation event, calling on employees to donate blood together. A total of 101 people participated and a total of 149 bags of blood were collected.

## 2. The contribution of academic culture

- (1) TCB has participated in the charity fund program held by Taiwan Financial Services Roundtable to assist young students from disadvantaged families to successfully complete their studies and promoted financial-related knowledge through financial education courses. It demonstrates that banking industry cares for the society and fulfills financial institutions corporate social responsibilities.
- (2) TCB has sponsored the public welfare concert of Taipei Kuanyin-Line Psychological and Social Service Association, 2022 National day architectural mapping show of General Association of

Chinese Culture, 2022 National day fireworks, and 2022 Citizens Sports Games of Chiayi county.

- (3) In order to help citizens retire with peace of mind, four TCB forums were held in the northern, central and southern districts of the country in 2022 to discuss second life planning with more than 1,600 participants.

### 3. Environmental Protection

- (1) TCB actively focuses on sustainable development issues, implements ESG-related actions and supports a number of public welfare activities for a long time. We have obtained ISO 14067 Carbon Footprint, ISO 20400 Sustainable Procurement-Guidance, ISO 14064-1 Greenhouse gases Part 1: Specification with guidance, ISO 14046 Water Footprint, ISO 50001 Energy Management Systems, and ISO 14001 Environmental Management Systems. Moreover, TCB has won many major awards, such as “Sustainability Excellence Award”, “Gold Award for 2022 Taiwan Sustainable Action Awards”, “Best ESG sustainability Award” and “Outstanding Best social Inclusion Award” and so on.
- (2) We have invited over 1,500 SMEs to join our Consensus Camp “Sustainable Financial Transformation for SMEs” and have assisted them to complete the analysis of sustainable data, risk control and ESG planning management. Through carbon emission check of individual enterprises, combined with short, medium and long-term process of customization, we will jointly stimulate the implementation of carbon reduction solutions for SMEs.

### 4. Corporate Sustainability and Shareholders Value Creation

- (1) TCB responds to government policies to promote sustainable finance, and assists the industry in raising funds to invest in green investment and social benefit investment projects. In 2022, we completed the issuance of sustainability bonds of NT\$2.5 billion, with a cumulative ESG bond issuance of NT\$5.5 billion, leading all state-owned banks, fully demonstrating the determination of the Bank to develop sustainable finance.
- (2) TCB has promoted a “Sustainability-Linked Loan” to complete the first domestic construction-related financing projects “Taiwan Architecture and Building Center”. On Earth Day 2022, TCB joined hands with Taiwan Architecture and Building Center to launch the “2022 ESG Day Taiwan - Construction Industry International Sustainability Initiative” and signed a MOU, actively exerting financial core strengths to promote green finance, and taking forward-looking actions to create sustainable value with customers.
- (3) In line with government’s new economic policy, TCB is devoted to supporting six core strategic industries and provide the best financing services for SMEs. This help us win lots of titles, such as “Best SME Banking - Premium Award” in 11th Elite Award by TABF, “Award for Financial Inclusion”, “Award for Outstanding Performance” from The Central Bank, and “Excellent Bank for SME Loans”, “Special Award for Balanced Regional Development”, “Special Award for Small Enterprise and Startup Financing” from FSC.
- (4) To fulfill corporate social responsibilities and implement human rights policies thoroughly, TCB has conducted human rights due diligence for the first time which will serve as important reference for future formulation of operating policies and welfare measures.
- (5) TCB attaches great importance to the implementation of consumer protection and actively establishes a corporate culture of treating customers fairly. In 2022, we were awarded the top 25% in the evaluation of the “Principles for Financial Service to Treat Clients Fairly” by FSC.

## 5. Financial Information

### 5.1 Condensed Consolidated Balance Sheets

Unit: In Thousands of NT Dollars

Item		2022	2021	2020
Cash, Cash Equivalents and Due from The Central Bank and Call Loans to other Banks		414,780,094	499,182,853	427,182,172
Financial Assets at Fair Value Through Profit or Loss		29,869,964	34,389,787	22,292,683
Financial Assets at Fair Value Through Other Comprehensive Income		418,053,932	425,498,457	375,773,466
Investment in Debt Instrument at Amortized Cost		717,128,922	711,991,479	723,971,141
Securities Purchased Under Resell Agreements		149,440	-	-
Receivables, Net		19,107,357	17,431,072	16,211,872
Current Tax Assets		2,249,097	2,099,997	2,192,090
Discounts and Loans, Net		2,589,152,177	2,436,227,879	2,274,873,981
Investments Accounted For Using Equity Method		137,409	139,194	134,382
Other Financial Assets, Net		8,228,111	8,400,317	8,376,494
Properties And Equipment, Net		32,789,472	33,013,300	33,179,597
Right -of -Use Assets, Net		1,548,670	1,493,703	1,679,291
Investment Properties, Net		7,462,884	7,514,762	7,570,720
Intangible Assets		4,060,501	3,783,956	3,799,294
Deferred Tax Assets		1,278,517	2,238,705	2,376,561
Other Assets, Net		513,437	730,480	826,130
Total Assets		4,246,509,984	4,184,135,941	3,900,439,874
Deposits from the central bank and other banks		282,377,835	234,168,567	225,424,586
Due to the central bank and other banks		-	88,889,360	37,118,610
Financial Liabilities at Fair Value through Profit or Loss		2,621,053	1,733,199	4,347,280
Securities Sold under Repurchase Agreements		9,778,160	7,095,846	6,332,308
Payables		40,975,339	41,301,688	30,567,442
Current Tax Liabilities		781,554	1,366,677	769,403
Deposits and Remittances		3,599,527,665	3,481,204,731	3,272,934,980
Bank Debentures		60,290,000	62,100,000	61,600,000
Other Financial Liabilities		4,452,442	2,507,320	5,031,105
Provisions		5,503,596	7,698,136	8,165,092
Lease Liabilities		1,524,115	1,446,957	1,623,938
Deferred Tax Liabilities		3,883,379	3,375,493	3,430,126
Other Liabilities		1,027,590	1,008,497	1,066,211
Total Liabilities	Before Distribution	4,012,742,728	3,933,896,471	3,658,411,081
	After Distribution	Note	3,945,220,471	3,665,875,081
Equity Attributable To Owners Of The Bank		233,531,262	250,014,886	241,791,151
Capital Stock	Before Distribution	110,075,300	107,339,300	104,507,300
	After Distribution	Note	110,075,300	107,339,300
Capital Surplus		58,767,245	58,767,245	58,767,245
Retained Earnings	Before Distribution	84,370,227	77,935,336	68,151,447
	After Distribution	Note	63,875,336	57,873,447
Other Equity		(19,681,510)	5,973,005	10,365,159
Non-Controlling Interests		235,994	224,584	237,642
Total Equity	Before Distribution	233,767,256	250,239,470	242,028,793
	After Distribution	Note	238,915,470	234,582,793

Note: The earning distribution for 2022 is still awaiting approval by the Shareholders' Meeting.

## 5.2 Condensed Consolidated Statements of Comprehensive Income

Unit: In Thousands of NT Dollars

Item	2022	2021	2020
Interest Revenue	62,247,618	47,981,626	51,456,238
Less: Interest Expenses	(25,072,805)	(13,008,457)	(17,547,370)
Net Interest	37,174,813	34,973,169	33,908,868
Total Net Revenues And Gains Other Than Interest	11,788,542	13,948,362	13,714,894
Total Net Revenues	48,963,355	48,921,531	47,623,762
Bad-Debt Expenses And Provision For Losses on Commitment and Guarantees	(1,196,044)	(2,342,791)	(6,984,669)
Operating Expenses	(25,629,924)	(24,982,189)	(23,383,467)
Income Before Income Tax	22,137,387	21,596,551	17,255,626
Income Tax Expense	(3,046,621)	(2,713,846)	(2,352,484)
Income From Continuing Operations, Net Of Income Tax	19,090,766	18,882,705	14,903,142
Net Income	19,090,766	18,882,705	14,903,142
Other Comprehensive Income (Losses) , Net Of Income Tax	(24,238,980)	(3,226,028)	3,076,053
Total Comprehensive Income	(5,148,214)	15,656,677	17,979,195
Net Income Attributable To Owner of the Bank	19,089,299	18,873,240	14,891,850
Net Income Attributable To Non-controlling interests	1,467	9,465	11,292
Total Comprehensive Income Attributable To Owner of the Bank	(5,159,624)	15,669,735	17,961,364
Total Comprehensive Income Attributable To Non-controlling interest	11,410	(13,058)	17,831
Earnings Per Share ( NT\$ ) (Note)	1.73	1.71	1.35

Note : The weighted average number of shares outstanding for EPS calculation has been retroactively adjusted to reflect the effects of the stock dividends distributed.

## 5.3 Financial Analysis

Item		2022		2021	
		Consolidated	Separate	Consolidated	Separate
Operating Ability	Loans to Deposits Ratio (%)	72.81	72.62	70.86	70.75
	NPL Ratio (%)	0.18	0.18	0.22	0.22
	Ratio of Interest Cost to Annual Average Deposits (%)	0.62	0.62	0.34	0.34
	Ratio of Interest Revenue to Annual Average Loans Outstanding (%)	1.91	1.90	1.57	1.57
	Total Assets Turnover (Times)	0.01	0.01	0.01	0.01
Profitability	Return on Tier 1 Capital Ratio (%)	8.67	8.69	8.79	8.82
	Return on Assets (%)	0.45	0.45	0.47	0.47
	Return on Equity (%)	7.89	7.90	7.67	7.68
	Net Income Ratio (%)	38.99	39.10	38.60	38.62
	Earnings Per Share(NT\$)	1.73	1.73	1.71	1.71
Financial Structure	Ratio of Liabilities to Assets (%)	94.47	94.47	93.99	93.99
	Ratio of Properties and Equipment to Equity (%)	14.03	14.04	13.19	13.20
Growth Rate	Growth Rate of Assets (%)	1.49	1.45	7.27	7.28
	Growth Rate of Profit (%)	2.50	2.46	25.16	25.21
Cash Flow	Cash Flow Ratio (%)	35.63	39.63	51.56	50.21
	Cash Flow Adequacy Ratio (%)	212.93	211.58	118.53	105.03
	Cash Flow Satisfaction Ratio (%)	2,836.66	3,110.69	9,881.06	9,458.50
Capital Adequacy Ratio (%)		14.58	14.59	15.06	14.96

## 5.4 Supervisors' Report

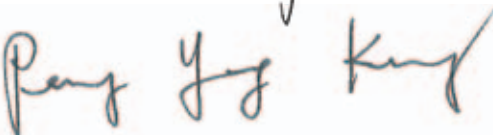
Pursuant to Article 219 of the Company Act, we have examined the individual financial reports and the consolidated financial reports of the Company for fiscal year 2022, which had been approved by the Board of Directors of the Company and audited by two certified public accountants, Chen Yin-Chou and Gung Tza-Li, of Deloitte & Touche, CPAs. We have not found any discrepancies and hereby submit said reports to the annual shareholder's general meeting.

To:


**The 2023 Annual Shareholder's General Meeting  
Taiwan Cooperative Bank**

Supervisor: 

Supervisor: 

Supervisor: 

Supervisor: 

Supervisor: 

March 13, 2023



## 5.5 Consolidated Financial Statements

### INDEPENDENT AUDITORS' REPORT

The Board of Directors and the Stockholder  
Taiwan Cooperative Bank, Ltd.

#### Opinion

We have audited the accompanying consolidated financial statements of Taiwan Cooperative Bank, Ltd. (the "Bank") and its subsidiary (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 Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, 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.

Key audit matters in our audit of the consolidated financial statements 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 accounted for 61% of the consolidated total assets. Therefore, the assessment on 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 the Company complies with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans" and the 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 estimates regarding the Company'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 the Bank 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. 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 the amount is material to the financial statements; therefore, impairment of loans was identified as a key audit matter.

With respect to the critical judgments, estimates, 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 Bank’s relevant internal controls on the impairment assessment of loans.
2. We tested and confirmed that credit assets were classified and evaluated for impairment in accordance with the Regulations, which considered of the length of time the loans had been overdue and the value of the collaterals in calculating the provision for impairment loss.

### **Other Matters**

Taiwan Cooperative Bank, Ltd. has prepared the parent company only financial statements for the years ended December 31, 2022 and 2021. We have audited the parent company only financial statements and have issued an unqualified audit opinion thereon.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, 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 supervisors, are responsible for overseeing the financial reporting process of the Company.

### **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 consolidated 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.

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 for the year ended December 31, 2022 and are therefore 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 BANK, LTD. AND SUBSIDIARY**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2022 AND 2021**  
(In Thousands of New Taiwan Dollars)

	2022		2021	
ASSETS	Amount	%	Amount	%
CASH AND CASH EQUIVALENTS (Notes 4 and 6)	\$ 94,520,564	2	\$ 98,978,903	2
DUE FROM THE CENTRAL BANK AND CALL LOANS TO OTHER BANKS (Notes 4, 7, 38 and 39)	320,259,530	8	400,203,950	10
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8 and 38)	29,869,964	1	34,389,787	1
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 4 and 9)	418,053,932	10	425,498,457	10
INVESTMENT IN DEBT INSTRUMENTS AT AMORTIZED COST (Notes 4, 10 and 39)	717,128,922	17	711,991,479	17
SECURITIES PURCHASED UNDER RESELL AGREEMENTS (Notes 4 and 11)	149,440			
RECEIVABLES, NET (Notes 4, 12, 38 and 45)	19,107,357	-	17,431,072	1
CURRENT TAX ASSETS (Notes 4, 35 and 38)	2,249,097	-	2,099,997	-
DISCOUNTS AND LOANS, NET (Notes 4, 13, 38 and 39)	2,589,152,177	61	2,436,227,879	58
INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (Notes 4 and 14)	137,409	-	139,194	-
OTHER FINANCIAL ASSETS, NET (Notes 4, 15, 38 and 39)	8,228,111	-	8,400,317	-
PROPERTIES AND EQUIPMENT, NET (Notes 4 and 16)	32,789,472	1	33,013,300	1
RIGHT-OF-USE ASSETS, NET (Notes 4 and 17)	1,548,670	-	1,493,703	-
INVESTMENT PROPERTIES, NET (Notes 4 and 18)	7,462,884	-	7,514,762	-
INTANGIBLE ASSETS (Notes 4 and 19)	4,060,501	-	3,783,956	-
DEFERRED TAX ASSETS (Notes 4 and 35)	1,278,517	-	2,238,705	-
OTHER ASSETS (Notes 4, 17 and 20)	513,437	-	730,480	-
<b>TOTAL</b>	<b>\$ 4,246,509,984</b>	<b>100</b>	<b>\$ 4,184,135,941</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>				
DEPOSITS FROM THE CENTRAL BANK AND OTHER BANKS (Notes 21 and 38)	\$ 282,377,835	7	\$ 234,168,567	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, 38)	2,621,053	-	1,733,199	-
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS (Notes 4, 8, 9 and 23)	9,778,160	-	7,095,846	-
PAYABLES (Notes 24 and 38)	40,975,339	1	41,301,688	1
CURRENT TAX LIABILITIES (Notes 4, 35 and 38)	781,554	-	1,366,677	-
DEPOSITS AND REMITTANCES (Notes 25 and 38)	3,599,527,665	85	3,481,204,731	83
BANK DEBENTURES (Note 26)	60,290,000	1	62,100,000	2
OTHER FINANCIAL LIABILITIES (Notes 18, 27 and 38)	4,452,442	-	2,507,320	-
PROVISIONS (Notes 4, 28 and 29)	5,503,596	-	7,698,136	-
LEASE LIABILITIES (Notes 4 and 17)	1,524,115	-	1,446,957	-
DEFERRED TAX LIABILITIES (Notes 4, 16 and 35)	3,883,379	-	3,375,493	-
OTHER LIABILITIES	1,027,590	-	1,008,497	-
Total liabilities	4,012,742,728	94	3,933,896,471	94
EQUITY ATTRIBUTABLE TO OWNERS OF THE BANK				
Capital stock				
Common stock	110,075,300	3	107,339,300	3
Capital surplus				
Additional paid-in capital from share issuance in excess of par value	58,664,088	1	58,664,088	1
From treasury stock transactions	103,157	-	103,157	-
Total capital surplus	58,767,245	1	58,767,245	1
Retained earnings				
Legal reserve	56,509,603	1	50,484,207	1
Special reserve	1,194,444	-	1,194,444	-
Unappropriated earnings	26,666,180	1	26,256,685	1
Total retained earnings	84,370,227	2	77,935,336	2
Other equity	(19,681,510)	-	5,973,005	-
Total equity attributable to owners of the Bank	233,531,262	6	250,014,886	6
NON-CONTROLLING INTEREST	235,994	-	224,584	-
Total equity	233,767,256	6	250,239,470	6
<b>TOTAL</b>	<b>\$ 4,246,509,984</b>	<b>100</b>	<b>\$ 4,184,135,941</b>	<b>100</b>

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

# TAIWAN COOPERATIVE BANK, LTD. AND SUBSIDIARY

## 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 4, 30 and 38)	\$ 62,247,618	127	\$ 47,981,626	98	30
INTEREST EXPENSE (Notes 4, 30 and 38)	(25,072,805)	(51)	(13,008,457)	(27)	93
NET INTEREST	37,174,813	76	34,973,169	71	6
NET REVENUES AND GAINS OTHER THAN INTEREST					
Service fee income, net (Notes 4, 31, 38 and 45)	6,477,304	13	6,767,964	14	(4)
Gains (losses) on financial assets and liabilities at fair value through profit or loss (Notes 4, 32 and 38)	17,938,413	37	(775,945)	(1)	2,412
Realized gains on financial assets at fair value through other comprehensive income (Notes 4 and 33)	3,637,643	7	4,413,601	9	(18)
Foreign exchange gains (losses), net (Note 4)	(16,474,612)	(34)	2,567,067	5	(742)
Reversal of impairment losses (impairment losses) on assets (Notes 4, 9 and 10)	(210,151)	-	60,628	-	(447)
Share of gains of associates and joint ventures accounted for using the equity method (Notes 4 and 14)	8,331	-	12,399	-	(33)
Other noninterest gains, net (Notes 18, 38 and 45)	411,614	1	902,648	2	(54)
Total net revenues and gains other than interest	11,788,542	24	13,948,362	29	(15)
TOTAL NET REVENUES	48,963,355	100	48,921,531	100	-
BAD-DEBT EXPENSES AND PROVISION FOR LOSSES ON COMMITMENT AND GUARANTEES (Notes 4 and 13)	(1,196,044)	(3)	(2,342,791)	(5)	(49)
OPERATING EXPENSES (Notes 4, 16, 17, 18, 19, 28, 34 and 38)					
Employee benefits	(16,140,949)	(33)	(16,756,045)	(34)	(4)
Depreciation and amortization	(2,330,142)	(5)	(2,093,256)	(4)	11
General and administrative	(7,158,833)	(14)	(6,132,888)	(13)	17
Total operating expenses	(25,629,924)	(52)	(24,982,189)	(51)	3
INCOME BEFORE INCOME TAX	22,137,387	45	21,596,551	44	3
INCOME TAX EXPENSE (Notes 4 and 34)	(3,046,621)	(6)	(2,713,846)	(5)	12
NET INCOME	19,090,766	39	18,882,705	39	1
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified subsequently to profit or loss (Notes 4, 9 and 29)					
Remeasurement of defined benefit plans	1,403,483	3	322,378	1	335
Unrealized losses on investments in equity instruments at fair value through other comprehensive income	(9,395,834)	(20)	5,636,218	11	(267)
Items that will not be reclassified subsequently to profit or loss, net of income tax	(7,992,351)	(17)	5,958,596	12	(234)
Items that may be reclassified subsequently to profit or loss (Notes 4, 9, and 35)					
Exchange differences on the translation of financial statements of foreign operations	4,837,660	10	(1,221,683)	(3)	496
Unrealized gains (losses) on investments in debt instruments at fair value through other comprehensive income	(20,470,679)	(42)	(8,321,971)	(17)	146
Income tax attributable to other comprehensive income	(613,610)	(1)	359,030	1	(271)
Items that may be reclassified subsequently to profit or loss, net of income tax	(16,246,629)	(33)	(9,184,624)	(19)	77
Other comprehensive income, net of income tax	(24,238,980)	(50)	(3,226,028)	(7)	651
TOTAL COMPREHENSIVE INCOME (LOSS)	\$ (5,148,214)	(11)	\$ 15,656,677	32	(133)
NET INCOME ATTRIBUTABLE TO:					
Owner of the Bank	\$ 19,089,299	39	\$ 18,873,240	39	1
Non-controlling interest	1,467	-	9,465	-	(85)
	\$ 19,090,766	39	\$ 18,882,705	39	1
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:					
Owner of the Bank	\$ (5,159,624)	(11)	\$ 15,669,735	32	(133)
Non-controlling interest	11,410	-	(13,058)	-	187
	\$ (5,148,214)	(11)	\$ 15,656,677	32	(133)
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 36)					
Basic	\$1.73		\$1.71		

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

**TAIWAN COOPERATIVE BANK, LTD. AND SUBSIDIARY**  
**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 the Bank						Other Equity		Non-controlling Interest (Note 37)	Total Equity
	Capital Stock (Note 37)			Retained Earnings (Notes 4 and 37)			Exchange Differences on Translation of Financial Statement of Foreign Operations (Note 4)	Unrealized Valuation Gains (Losses) on Financial Assets at Fair Value Through Other Comprehensive Income (Notes 4 and 9)		
	Shares (In Thousands)	Common Stock	Capital Surplus (Notes 4 and 37)	Legal Reserve	Special Reserve	Unappropriated Earnings				
BALANCE, JANUARY 1, 2021	10,450,730	\$ 10,450,730	\$ 58,767,245	\$ 46,079,712	\$ 1,217,211	\$ 20,854,524	\$ (3,256,477)	\$ 13,621,636	\$ 237,642	\$ 242,028,793
Reversal of special reserve	-	-	-	-	(22,767)	22,767	-	-	-	-
Appropriation of the 2020 earnings										
Legal reserve	-	-	-	4,404,495	-	(4,404,495)	-	-	-	-
Cash dividends	-	-	-	-	-	(7,446,000)	-	-	-	(7,446,000)
Stock dividends	283,200	2,832,000	-	-	-	(2,832,000)	-	-	-	-
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	866,271	-	(866,271)	-	-
Total comprehensive income										
Net income for the year ended December 31, 2021	-	-	-	-	-	18,873,240	-	-	9,465	18,882,705
Other comprehensive income for the year ended December 31, 2021	-	-	-	-	-	322,378	(959,328)	(2,566,555)	(22,523)	(3,226,028)
Total comprehensive income for the year ended December 31, 2021	-	-	-	-	-	19,195,618	(959,328)	(2,566,555)	(13,058)	15,656,677
BALANCE, DECEMBER 31, 2021	10,733,930	107,339,300	58,767,245	50,484,207	1,194,444	26,256,685	(4,215,805)	10,188,810	224,584	250,239,470
Appropriation of the 2021 earnings										
Legal reserve	-	-	-	6,025,396	-	(6,025,396)	-	-	-	-
Cash dividends	-	-	-	-	-	(11,324,000)	-	-	-	(11,324,000)
Stock dividends	273,600	2,736,000	-	-	-	(2,736,000)	-	-	-	-
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	2,109	-	(2,109)	-	-
Total comprehensive income										
Net income for the year ended December 31, 2022	-	-	-	-	-	19,089,299	-	-	1,467	19,090,766
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	-	1,403,483	3,862,174	(29,514,580)	9,943	(24,238,980)
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	-	20,492,782	3,862,174	(29,514,580)	11,410	(5,148,214)
BALANCE, DECEMBER 31, 2022	11,007,530	\$ 110,075,300	\$ 58,767,245	\$ 56,509,603	\$ 1,194,444	\$ 26,666,180	\$ (353,631)	\$ (19,327,879)	\$ 235,994	\$ 233,767,256

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



**TAIWAN COOPERATIVE BANK, LTD. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**  
**(In Thousands of New Taiwan Dollars)**

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 22,137,387	\$ 21,596,551
Adjustments for :		
Depreciation expense	2,034,328	1,891,739
Amortization expense	295,814	201,517
Expected credit losses/bad-debt expense	1,371,109	2,359,527
Losses (gains) on financial assets and liabilities at fair value through profit or loss	(17,938,413)	775,945
Interest expense	25,072,805	13,008,457
Interest revenue	(62,247,618)	(47,981,626)
Dividend income	(3,604,606)	(3,048,502)
Reversal of provision for losses on guarantees	(103,064)	(86,324)
Net changes in reserves for other liabilities	(72,001)	69,588
Share of gains of associates and joint ventures accounted for using equity method	(8,331)	(12,399)
Losses (gains) on disposal of properties and equipment	1,721	(546,841)
Losses on disposal of investment properties	-	7,525
Gains on disposal of investments	(33,037)	(1,365,099)
Impairment losses (reversal of impairment losses) on financial assets	210,151	(60,628)
Others	425	(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	32,925,936	(9,141,695)
Increase in financial assets at fair value through other comprehensive income	(12,165,258)	(55,339,343)
Decrease (increase) in investments in debt instruments at amortized cost	(5,017,185)	10,982,689
Decrease (increase) in receivables	777,914	(1,163,481)
Increase in discount and loans	(154,062,762)	(163,203,678)
Decrease (increase) in other financial assets	(112,266)	(169,586)
Decrease in other assets	305	18,893
Increase (decrease) in deposits from the Central Bank and other banks	48,209,268	8,743,981
Decrease in financial liabilities at fair value through profit or loss	(9,940,318)	(6,476,463)
Increase (decrease) in securities sold under repurchase agreements	2,682,314	763,538
Increase (decrease) in payables	(2,777,033)	11,134,729
Increase in deposits and remittances	118,322,934	208,269,751
Decrease in other financial liabilities	(28,855)	(2,331,655)
Decrease in provision for employee benefits	(632,585)	(124,723)
Decrease in other liabilities	14,365	(58,189)
Cash generated from (used in) operations	1,779,574	23,815,932
Interest received	61,299,210	49,691,629
Dividends received	3,673,575	3,063,556
Interest paid	(22,635,896)	(13,407,652)
Income tax paid	(2,973,032)	(1,943,784)
Net cash generated from (used in) operating activities	41,143,431	61,219,681
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of properties and equipment	(1,170,258)	(995,017)
Proceeds from disposal of properties and equipment	66	472,453
Decrease in settlement funds	20,000	-
Decrease in refundable deposits	195,604	75,621
Acquisition of intangible assets	(494,384)	(169,779)
Acquisition of investment properties	(1,445)	(2,844)
Net cash used in investing activities	(1,450,417)	(619,566)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
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)	-
Proceeds from the issuance of bank debentures	18,190,000	2,000,000
Repayments of bank debentures	(20,000,000)	(1,500,000)
Proceeds from long-term borrowings	2,293,200	-
Decrease in guarantee deposits received	(319,223)	(192,130)
Repayments of the principal portion of lease liabilities	(645,277)	(604,134)
Cash dividends paid	(11,324,000)	(7,446,000)
Net cash generated from financing activities	(100,694,660)	44,028,486
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	(6,810,152)	2,552,777
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	(67,811,798)	107,181,378
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR</b>	205,826,492	98,645,114
<b>CASH AND CASH EQUIVALENTS, END OF THE YEAR</b>	\$ 138,014,694	\$ 205,826,492

(Continued)

**TAIWAN COOPERATIVE BANK, LTD. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**  
**(In Thousands of New Taiwan Dollars)**

Cash and cash equivalent reconciliations:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Cash and cash equivalents in the consolidated balance sheets	\$ 94,520,564	\$ 98,978,903
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"	43,037,440	106,515,729
Securities purchased under resell agreements in accordance with the definition of cash and cash equivalents under IAS 7 "Statement of Cash Flows"	149,440	-
Other items in accordance with the definition of cash and cash equivalents under IAS 7 "Statement of Cash Flows"	307,250	331,860
Cash and cash equivalents, end of the year	<u>\$ 138,014,694</u>	<u>\$ 205,826,492</u>

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

(Concluded)

**TAIWAN COOPERATIVE BANK, LTD. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**  
**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

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**1. ORGANIZATION AND OPERATIONS**

Taiwan Cooperative Bank, Ltd. (the “Bank”) was officially established on October 5, 1946 to regulate the supply of and demand for funds for cooperative organizations by accepting their surplus funds as deposits and extending working funds to them. On February 10, 2006, the Bank changed its Chinese name upon approval by the Ministry of Economic Affairs. However, the Bank’s English name remains unchanged. The Bank became a legal entity in 1985 in accordance with the Banking Law. At the start of 2001, the Bank was converted into a corporate entity engaged in (a) all commercial banking operations allowed under the Banking Law; (b) international banking operations; (c) overseas branch operations as authorized by the respective foreign governments; and (d) other operations as authorized by the central authority-in-charge.

The Bank’s shares have been listed on the Taiwan Stock Exchange since November 17, 2004.

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

On June 24, 2011, the Bank’s stockholders approved the establishment of Taiwan Cooperative Financial Holding Company, Ltd. (TCFHC) by swapping the Bank’s shares with those Co-operative Asset Management Co., Ltd. (CAM) and Taiwan Cooperative Bills Finance Corporation Ltd. (TCBF) in accordance with the “Financial Holding Company Act” and other regulations. The boards of directors of the Bank, CAM and TCBF designated December 1, 2011 as the effective date of the share swap. After the shares transfer, the Bank became a 100% subsidiary of TCFHC. Also on December 1, 2011, the trading of the Bank’s stock on the Taiwan Stock Exchange (TSE) was stopped, and TCFHC’s stock started to be traded on the TSE.

On December 2, 2011, the Bank reduced its capital by NT\$3 billion and spun off its Security Department to incorporate Taiwan Cooperative Securities Corp. (TCS), which became a 100% subsidiary of TCFHC.

The Bank has its Head Office in Taipei. It had a Business, International Banking, Finance, Credit Card, Trust and Insurance Agent Departments as well as 269 domestic branches, 1 offshore banking unit (OBU), 14 overseas branches, 8 overseas sub-branches and 3 representative offices as of December 31, 2022.

The operations of the Bank’s Trust Department are (1) planning, managing and operating the trust business and (2) custodianship of nondiscretionary trust fund in domestic and overseas securities and mutual funds. These operations are regulated under the Banking Law and Trust Law of the Republic of China (ROC).

The Bank set up United Taiwan Bank S.A. (UTB) in Belgium through the raising of funds with Bank of Taiwan, Land Bank of Taiwan and Taiwan Business Bank and acquired 70% of the shares in UTB. On October 9, 2009, the Bank bought shares of UTB held by Taiwan Business Bank for \$127,279 thousand. Thus, the Bank’s holdings in UTB increased to 80%. In July 2010, the Bank subscribed for all the new shares issued by UTB for EUR20,000 thousand (\$785,770 thousand). Thus, the Bank’s holdings in UTB increased to 90.02%. UTB started its operation, mainly the general deposits and loans business, on December 23, 1992 and is a subsidiary of the Bank.

In order to integrate resources and enhance operating effectiveness, the board of directors of the Bank and Cooperative Insurance Brokers Co., Ltd. (CIB) decided to merge the Bank and CIB on April 25, 2016. The effective date of the merger was June 24, 2016. In this merger, the Bank was the surviving entity.

As of December 31, 2022 and 2021, the Bank and its subsidiary (collectively, the “Company”) had 8,806 and 8,719 employees, respectively.

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

## 2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Bank's board of directors on March 13, 2023.

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

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

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

- b. Impact of IFRS endorsed by the FSC for application starting from 2022, but not yet applied by the Company

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions of occur on or after January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Company assessed that the above amendments have no significant impact on the Company. The Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 16 "Leases Liability in a Sale and leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

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

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

As of the date the financial statements were authorized for issue, the Company assessed that the above amendments have no significant impact on the Company. The Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, and IFRSs as endorsed and issued into effect by the FSC.

##### Basis of Preparation

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

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

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

##### Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Bank and the entity controlled by the Bank (United Taiwan Bank S.A.).

The accounting policies of the Bank and its subsidiary are consistent.

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

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

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

## Foreign-currency Transactions

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

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

## Classification of Current and Noncurrent Assets and Liabilities

Since the operating cycle in the banking industry cannot be reasonably identified, accounts included in the consolidated financial statements are not classified as current or noncurrent. Nevertheless, these accounts are properly categorized in accordance with the nature of each account and sequenced by liquidity.

## Cash and Cash Equivalents

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

## Financial Instruments

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

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

### Financial assets

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

#### a. Measurement category

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



### 1) Financial asset at FVTPL

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

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

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

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 41.

### 2) Financial assets at amortized cost

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

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

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

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

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

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

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

### 3) Investments in debt instruments at FVTOCI

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

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

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

#### 4) Investments in equity instruments at FVTOCI

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

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

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

#### b. Impairment of financial assets

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

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

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

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

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

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

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

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

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

#### c. Derecognition of financial assets

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

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

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

#### Equity instruments

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

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

Repurchase of the Bank's own equity instruments is recognized and deducted directly in equity. The carrying amount should be calculated by type of stocks using the weighted-average method for the purpose of repurchased stock. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Bank's own equity instruments.

## Financial liabilities

### a. Subsequent measurement

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

#### 1) Financial liabilities at FVTPL

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

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

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

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in other profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability. For a financial liability designated as at fair value through profit or loss, the amount of changes in fair value attributable to changes in the credit risk of the liability is presented in other comprehensive income, and it will not be subsequently reclassified to profit or loss. The gain or loss accumulated in other comprehensive income will be transferred to retained earnings when the financial liabilities are derecognized. If this accounting treatment related to credit risk would create or enlarge an accounting mismatch, all changes in fair value of the liability are presented in profit or loss. Fair value is determined in the manner described in Note 41.

#### 2) Financial guarantee contracts

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

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

Besides subsequently measuring financial guarantee contracts at the higher of the abovementioned amounts as IFRS assessment result, assessment is also performed under the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans" as regulatory assessment result. The higher adequacy provision between above IFRS and regulatory assessment results is recognized.

### b. Derecognition of financial liabilities

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

### Derivatives

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

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

### Modification of financial instruments

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

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

### **Overdue Loans**

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

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

### **Securities Purchased/Sold Under Resell/Repurchase Agreements**

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

### **Investment in Associates and Joint Ventures**

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

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

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

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

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

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

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

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

### **Investment Properties**

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

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

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



## Properties and Equipment

Properties and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

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

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

## Leasing

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

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

### a. The Company as lessor

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

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

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

### b. The Company as lessee

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

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

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

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

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

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

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

## **Goodwill**

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

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

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

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

## **Intangible Assets Other Than Goodwill**

### Separate acquisition

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

### Acquisition as part of a business combination

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

### Derecognition

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

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

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

The recoverable amount is the higher of fair value less selling costs or value in use.

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

### **Foreclosed Collaterals**

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

### **Provisions**

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

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

### **Recognition of Revenue**

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

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

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

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

## **Employee Benefits**

### Short-term employee benefits

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

### Retirement benefits

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

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

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

### Preferential interest deposits for employees

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

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

### Termination benefits

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

## **Share-based Payment**

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

## Taxation

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

### Current tax

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

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

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

### Deferred tax

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

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

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

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

### Current and deferred tax for the year

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

TCFHC and its subsidiaries elected to file consolidated tax returns for periods starting from 2012. However, since the Bank applied the accounting treatment mentioned in the preceding paragraph to income tax, any distribution of cash payments and receipts among the consolidated group members is recorded as current tax assets or current tax liabilities.

## **Business Combination**

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

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

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

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

## **5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

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

The Company considers the recent development of the COVID-19 in Taiwan and its economic environment implications when making its critical accounting estimates in cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future periods if the revision affects both current year and future periods.

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

### **Impairment Losses on Loans**

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

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



## 6. CASH AND CASH EQUIVALENTS

	December 31	
	2022	2021
Cash on hand	\$ 39,871,374	\$ 26,572,973
Notes and checks in clearing	17,918,898	18,523,198
Due from banks	<u>36,752,225</u>	<u>53,901,623</u>
	94,542,497	98,997,794
Less: Allowance for possible losses	<u>21,933</u>	<u>18,891</u>
	<u>\$ 94,520,564</u>	<u>\$ 98,978,903</u>

Reconciliations of cash and cash equivalents between the consolidated statements of cash flows and the consolidated balance sheets as of December 31, 2022 and 2021 are shown in the consolidated statements of cash flows.

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

	December 31	
	2022	2021
Reserves for deposits - account A	\$ 24,768,535	\$ 53,719,371
Reserves for deposits - account B	102,855,826	91,246,420
Reserves for deposits - community financial institutions	80,004,048	70,963,441
Reserves for deposits - foreign-currency deposits	580,560	527,131
Deposits in the Central Bank	39,200,000	39,200,000
Due from the Central Bank - others	28,486,157	30,615,230
Due from the Central Bank - central government agencies' deposits	2,480,876	2,719,671
Call loans to banks	<u>41,883,528</u>	<u>111,212,686</u>
	<u>\$ 320,259,530</u>	<u>\$ 400,203,950</u>

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

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

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

	December 31	
	2022	2021
Financial assets mandatorily classified as at <u>fair value through profit or loss</u>		
Commercial paper	\$ 22,942,681	\$ 28,216,785
Corporate bonds	785,554	1,321,091
Investments in equity instruments	988,513	1,496,891
Government bonds	99,524	2,653,138
Beneficial certificates	7,850	24,608
Currency swap contracts	4,781,847	416,916
Forward contracts	110,287	54,683
Futures exchange margins	62,058	175,633
Currency option contracts - buy	20,499	25,098
Cross-currency swap contracts	12,487	4,944
Foreign-currency margin contracts	612	-
Interest rate swap contracts	<u>58,052</u>	<u>-</u>
	<u>\$ 29,869,964</u>	<u>\$ 34,389,787</u>

(Continued)

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Held-for-trading financial liabilities</u>		
Currency swap contracts	\$ 2,507,027	\$ 1,681,039
Currency option contracts - sell	20,532	25,434
Forward contracts	43,816	21,201
Interest rate swap contracts	47,247	3,379
Cross-currency swap contracts	2,076	588
Foreign-currency margin contracts	<u>355</u>	<u>1,558</u>
Financial liabilities at fair value through profit or loss	<u>\$ 2,621,053</u>	<u>\$ 1,733,199</u>

(Concluded)

As of December 31, 2022 and 2021, financial assets at fair value through profit or loss amounting to \$1,910,904 thousand and \$785,548 thousand, respectively, had been sold under repurchase agreements.

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

As of December 31, 2022 and 2021, the contract (notional) amounts of derivative transactions of the Bank were as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Currency swap contracts	\$ 321,297,779	\$ 310,548,185
Forward contracts	10,763,164	13,963,789
Currency option contracts - sell	2,879,492	3,242,654
Currency option contracts - buy	2,879,492	3,242,654
Interest rate swap contracts	2,551,286	1,700,000
Cross-currency swap contracts	786,552	1,079,949
Foreign-currency margin contracts	62,340	80,360

As of December 31, 2021, the open positions of futures transactions of the Company were as follows:

		<b>December 31, 2021</b>			
		<b>Open Position</b>		<b>Contract Amounts or Premium Paid (Charged)</b>	<b>Fair Values</b>
<b>Items</b>	<b>Products</b>	<b>Buy/Sell</b>	<b>Number of Contracts</b>		
Futures contracts	Interest rate futures	Sell	960	\$ 3,470,251	\$ 3,457,152

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

	December 31	
	2022	2021
<u>Investments in equity instruments at FVTOCI</u>		
Listed shares and emerging market shares	\$ 29,093,520	\$ 43,371,063
Unlisted shares	<u>6,067,533</u>	<u>6,793,262</u>
	<u>35,161,053</u>	<u>50,164,325</u>
<u>Investments in debt instruments at FVTOCI</u>		
Government bonds	221,149,391	199,837,280
Corporate bonds	90,298,964	96,176,533
Bank debentures	70,225,786	79,320,319
Negotiable certificates of deposit	<u>1,218,738</u>	<u>-</u>
	<u>382,892,879</u>	<u>375,334,132</u>
	<u>\$ 418,053,932</u>	<u>\$ 425,498,457</u>

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

For the purpose of risk diversification and profit strategy, the Company adjusted the investment position to sell part of the equity instruments in the amounts of \$44,325,248 thousand and \$45,190,444 thousand for the years ended December 31, 2022 and 2021, respectively. The accumulated unrealized gain of financial assets at FVTOCI under other equity in the amounts of \$2,109 thousand and \$866,271 thousand has been transferred to retained earnings, respectively.

For the years ended December 31, 2022 and 2021, the Company recognized unrealized profit or loss on investments in equity instruments at FVTOCI of \$9,395,834 thousand losses and \$5,636,218 thousand gains, respectively.

For the years ended December 31, 2022 and 2021, the Company recognized unrealized profit or loss on investment in debt instruments at FVTOCI of \$20,687,351 thousand losses and \$8,277,953 thousand losses, respectively.

As of December 31, 2022 and 2021, the allowances for possible losses of investment in debt instruments at FVTOCI were \$283,338 thousand and \$66,666 thousand, respectively. Impairment loss recognized in profit or loss was \$207,586 thousand losses and \$34,272 thousand gains for 2022 and 2021, respectively.

As of December 31, 2022 and 2021, financial assets at fair value through other comprehensive income amounting to \$7,181,357 thousand and \$5,848,731 thousand, respectively, had been sold under repurchase agreements.

## 10. INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST

	December 31	
	2022	2021
Negotiable certificates of deposit in the Central Bank	\$ 537,950,000	\$ 544,320,000
Government bonds	122,209,088	112,178,855
Corporate bonds	44,339,053	43,609,185
Bank debentures	12,012,175	11,703,539
Certificates of deposit	<u>640,849</u>	<u>199,116</u>
	<u>717,151,165</u>	<u>712,010,695</u>
Less: Allowance for possible losses	<u>22,243</u>	<u>19,216</u>
	<u>\$ 717,128,922</u>	<u>\$ 711,991,479</u>

For the years ended December 31, 2022 and 2021, the Company recognized reversal of impairment loss in profit; the amounts were \$2,565 thousand losses, and \$26,356 thousand gains, respectively.

## 11. SECURITIES PURCHASED UNDER RESELL AGREEMENTS

Securities acquired for \$149,440 thousand under resell agreements as of December 31, 2022 will subsequently be sold for \$149,563 thousand.

## 12. RECEIVABLES, NET

	December 31	
	2022	2021
Accrued interest	\$ 9,764,507	\$ 7,284,916
Credit cards	4,886,693	4,543,631
Acceptances	3,073,233	3,410,950
Receivables on merchant accounts in the credit card business	733,633	680,667
Accounts receivable	332,224	336,729
Accounts receivable factored without recourse	142,901	212,155
Refundable deposits receivable in leasehold agreements	136,585	183,993
Receivable on securities	-	128,838
Receivables on digital voucher advance payment	-	259,665
Others	<u>535,524</u>	<u>855,324</u>
	19,605,300	17,896,868
Less: Allowance for possible losses	<u>497,943</u>	<u>465,796</u>
	<u>\$ 19,107,357</u>	<u>\$ 17,431,072</u>

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

Gross Carrying Amount	12-month ECL	Lifetime ECL (Collective Assessment)	Lifetime ECL (Non-purchased or Non-originated Credit-impaired Financial Assets)	Total
Balance at January 1, 2022	\$ 14,890,139	\$ 42,626	\$ 155,867	\$ 15,088,632
Transfers to				
Lifetime ECL	(22,425)	22,599	(174)	-
Credit-impaired financial assets	(12,038)	(2,259)	14,297	-
12-month ECL	9,797	(8,687)	(1,110)	-
New financial assets purchased or originated	48,030,198	180,566	106,925	48,317,689
Write-offs	-	-	(11,841)	(11,841)
Derecognition of financial assets in the current reporting period	(46,857,021)	(178,496)	(59,969)	(47,095,486)
Change in exchange rates and other changes	<u>421,667</u>	<u>816</u>	<u>291</u>	<u>422,774</u>
Balance at December 31, 2022	<u>\$ 16,460,317</u>	<u>\$ 57,165</u>	<u>\$ 204,286</u>	<u>\$ 16,721,768</u>

Gross Carrying Amount	12-month ECL	Lifetime ECL (Collective Assessment)	Lifetime ECL (Non-purchased or Non-originated Credit-impaired Financial Assets)	Total
Balance at January 1, 2021	\$ 14,394,742	\$ 46,627	\$ 169,402	\$ 14,610,771
Transfers to				
Lifetime ECL	(18,050)	18,256	(206)	-
Credit-impaired financial assets	(7,856)	(1,678)	9,534	-
12-month ECL	8,197	(7,908)	(289)	-
New financial assets purchased or originated	43,018,588	141,975	63,188	43,223,751
Write-offs	-	-	(12,452)	(12,452)
Derecognition of financial assets in the current reporting period	(42,815,477)	(154,646)	(73,295)	(43,043,418)
Change in exchange rates and other changes	<u>309,995</u>	<u>-</u>	<u>(15)</u>	<u>309,980</u>
Balance at December 31, 2021	<u>\$ 14,890,139</u>	<u>\$ 42,626</u>	<u>\$ 155,867</u>	<u>\$ 15,088,632</u>

Allowance for Possible Losses	12-month ECL	Lifetime ECL (Collective Assessment)	Lifetime ECL (Non-purchased or Non-originated Credit-impaired Financial Assets)	Impairment Loss under IFRS 9	Difference of Impairment Recognized under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	Total
Balance at January 1, 2022	\$ 34,359	\$ 10,928	\$ 59,387	\$ 104,674	\$ 173,969	\$ 278,643
Changes from financial instruments recognized at the beginning of the current reporting period						
Transfers to						
Lifetime ECL	(224)	248	(24)	-	-	-
Credit-impaired financial assets	(301)	(250)	551	-	-	-
12-month ECL	1,972	(1,929)	(43)	-	-	-
Derecognition of financial assets in the current reporting period	(34,653)	(35,567)	(17,430)	(87,650)	-	(87,650)
Reversal from financial instruments recognized at the beginning of the current reporting period	(693)	(8,363)	29,621	20,565	-	20,565
New financial assets purchased or originated	36,708	46,112	35,213	118,033	-	118,033
Difference of impairment recognized under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans”	-	-	-	-	(8,267)	(8,267)
Write-offs	-	-	(11,841)	(11,841)	-	(11,841)
Recovery of written-off receivables	-	-	541	541	-	541
Changes in exchange rates and other changes	2,912	7	4	2,923	-	2,923
Balance at December 31, 2022	<u>\$ 40,080</u>	<u>\$ 11,186</u>	<u>\$ 95,979</u>	<u>\$ 147,245</u>	<u>\$ 165,702</u>	<u>\$ 312,947</u>

Allowance for Possible Losses	12-month ECL	Lifetime ECL (Collective Assessment)	Lifetime ECL (Non-purchased or Non-originated Credit-impaired Financial Assets)	Impairment Loss under IFRS 9	Difference of Impairment Recognized under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	Total
Balance at January 1, 2021	\$ 33,571	\$ 12,978	\$ 70,631	\$ 117,180	\$ 163,955	\$ 281,135
Changes from financial instruments recognized at the beginning of the current reporting period						
Transfers to						
Lifetime ECL	(330)	347	(17)	-	-	-
Credit-impaired financial assets	(276)	(339)	615	-	-	-
12-month ECL	1,784	(1,574)	(30)	-	-	-
Derecognition of financial assets in the current reporting period	(28,236)	(44,595)	(30,819)	(103,650)	-	(103,650)
Reversal from financial instruments recognized at the beginning of the current reporting period	(2,495)	4,058	6,126	7,689	-	7,689
New financial assets purchased or originated	30,276	40,233	24,321	94,830	-	94,830
Difference of impairment recognized under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans”	-	-	-	-	10,014	10,014
Write-offs	-	-	(12,452)	(12,452)	-	(12,452)
Recovery of written-off receivables	-	-	1,042	1,042	-	1,042
Changes in exchange rates and other changes	65	-	(30)	35	-	35
Balance at December 31, 2020	<u>\$ 34,359</u>	<u>\$ 10,928</u>	<u>\$ 59,387</u>	<u>\$ 104,674</u>	<u>\$ 173,969</u>	<u>\$ 278,643</u>

Impairment assessment, except for the above receivables, was based on the expected credit loss model at the beginning of the current reporting period by the simplified method. On December 31, 2022 and 2021, the amounts of impairment assessment of receivables were assessed as \$2,883,532 thousand and \$2,808,236 thousand, respectively, and the amounts of allowance for possible losses were \$184,996 thousand and \$187,153 thousand, respectively.

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

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ 187,153	\$ 421,178
Provision (reversal of provision) for possible losses	229	(1,657)
Write-offs	<u>(2,386)</u>	<u>(232,368)</u>
Balance at December 31	<u>\$ 184,996</u>	<u>\$ 187,153</u>

### 13. DISCOUNTS AND LOANS, NET

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Bills discounted	\$ 1,467,784	\$ 3,232,735
Overdraft		
Unsecured	913	6,001
Secured	20,304	21,666
Import and export negotiations	1,022,765	949,459
Short-term loans		
Unsecured	333,350,019	306,937,340
Accounts receivable financing	460,826	442,155
Secured	213,797,203	211,124,805
Medium-term loans		
Unsecured	479,552,115	375,529,180
Secured	421,207,362	423,887,130
Long-term loans		
Unsecured	48,019,196	43,013,395
Secured	1,116,977,245	1,096,055,993
Overdue loans	<u>4,820,291</u>	<u>5,287,333</u>
	2,620,696,023	2,466,487,192
Less: Allowance for possible losses	30,897,043	29,712,859
Less: Adjustment of discount	<u>646,803</u>	<u>546,454</u>
	<u>\$ 2,589,152,177</u>	<u>\$ 2,436,227,879</u>

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

<b>Gross Carrying Amount</b>	<b>12-month ECL</b>	<b>Lifetime ECL (Collective Assessment)</b>	<b>Lifetime ECL (Non-purchased or Non-originated Credit-impaired Financial Assets)</b>	<b>Total</b>
Balance at January 1, 2022	\$ 2,423,547,486	\$ 6,838,384	\$ 36,101,322	\$ 2,466,487,192
Transfers to				
Lifetime ECL	(1,942,273)	1,989,432	(47,159)	-
Credit-impaired financial assets	(6,677,422)	(762,491)	7,439,913	-
12-month ECL	1,439,211	(1,128,645)	(310,566)	-
New financial assets purchased or originated	1,063,157,791	359,690	503,219	1,064,020,700
Write-offs	-	-	(824,742)	(824,742)
Derecognition of financial assets in the current reporting period	(908,811,920)	(1,762,045)	(8,315,798)	(918,889,763)
Change in exchanges and other changes	<u>9,251,141</u>	<u>359,602</u>	<u>291,893</u>	<u>9,902,636</u>
Balance at December 31, 2022	<u>\$ 2,579,964,014</u>	<u>\$ 5,893,927</u>	<u>\$ 34,838,082</u>	<u>\$ 2,620,696,023</u>

(Continued)



Gross Carrying Amount	12-month ECL	Lifetime ECL (Collective Assessment)	Lifetime ECL (Non-purchased or Non-originated Credit-impaired Financial Assets)	Total
Balance at January 1, 2021	\$ 2,260,676,252	\$ 2,802,802	\$ 41,068,145	\$ 2,304,547,199
Transfers to				
Lifetime ECL	(5,760,747)	5,792,803	(32,056)	-
Credit-impaired financial assets	(5,742,594)	(325,214)	6,067,808	-
12-month ECL	1,199,043	(854,894)	(344,149)	-
New financial assets purchased or originated	1,001,266,534	378,616	1,947,872	1,003,593,022
Write-offs	-	-	(3,057,682)	(3,057,682)
Derecognition of financial assets in the current reporting period	(824,103,217)	(874,464)	(9,178,274)	(834,155,955)
Change in exchanges and other changes	<u>(3,987,785)</u>	<u>(81,265)</u>	<u>(370,342)</u>	<u>(4,439,392)</u>
Balance at December 31, 2021	<u>\$ 2,423,547,486</u>	<u>\$ 6,838,384</u>	<u>\$ 36,101,322</u>	<u>\$ 2,466,487,192</u>

(Concluded)

Allowance for Possible Losses	12-month ECL	Lifetime ECL (Collective Assessment)	Lifetime ECL (Non-purchased or Non-originated Credit-impaired Financial Assets)	Impairment Loss under IFRS 9	Difference of Impairment Recognized under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	Total
Balance at January 1, 2022	\$ 3,777,112	\$ 86,866	\$ 4,047,940	\$ 7,911,918	\$ 21,800,941	\$ 29,712,859
Changes from financial instruments recognized at the beginning of the current reporting period						
Transfers to						
Lifetime ECL	(7,985)	14,459	(6,474)	-	-	-
Credit-impaired financial assets	(150,350)	(10,034)	160,384	-	-	-
12-month ECL	42,145	(13,854)	(28,291)	-	-	-
Derecognition of financial assets in the current reporting period	(1,577,391)	(12,300)	(510,378)	(2,100,069)	-	(2,100,069)
Reversal from financial instruments recognized at the beginning of the current reporting period	(100,930)	30,296	261,433	190,799	-	190,799
New financial assets purchased or originated	2,080,118	1,396	60,162	2,141,676	-	2,141,676
Difference of impairment recognized under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans”	-	-	-	-	835,931	835,931
Write-offs	-	-	(824,742)	(824,742)	-	(824,742)
Recovery of write-off credits	-	-	674,301	674,301	-	674,301
Change in exchange rates and other changes	<u>62,593</u>	<u>3,315</u>	<u>200,380</u>	<u>266,288</u>	<u>-</u>	<u>266,288</u>
Balance at December 31, 2022	<u>\$ 4,125,312</u>	<u>\$ 100,144</u>	<u>\$ 4,034,715</u>	<u>\$ 8,260,171</u>	<u>\$ 22,636,872</u>	<u>\$ 30,897,043</u>

(Continued)

Allowance for Possible Losses	12-month ECL	Lifetime ECL (Collective Assessment)	Lifetime ECL (Non-purchased or Non-originated Credit-impaired Financial Assets)	Impairment Loss under IFRS 9	Difference of Impairment Recognized under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	Total
Balance at January 1, 2021	\$ 3,903,935	\$ 19,762	\$ 5,304,254	\$ 9,227,951	\$ 19,945,273	\$ 29,173,224
Changes from financial instruments recognized at the beginning of the current reporting period						
Transfers to						
Lifetime ECL	(13,871)	16,527	(2,656)	-	-	-
Credit-impaired financial assets	(164,429)	(1,176)	165,605	-	-	-
12-month ECL	25,557	(4,139)	(21,418)	-	-	-
Derecognition of financial assets in the current reporting period	(1,533,952)	(1,580)	(1,392,830)	(2,928,362)	-	(2,928,362)
Reversal from financial instruments recognized at the beginning of the current reporting period	(72,818)	56,103	1,076,052	1,059,337	-	1,059,337
New financial assets purchased or originated	1,665,891	1,652	473,392	2,140,935	-	2,140,935
Difference of impairment recognized under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans”	-	-	-	-	1,855,668	1,855,668
Write-offs	-	-	(3,057,682)	(3,057,682)	-	(3,057,682)
Recovery of write-off credits	-	-	1,553,751	1,553,751	-	1,553,751
Change in exchange rates and other changes	(33,201)	(283)	(50,528)	(84,012)	-	(84,012)
Balance at December 31, 2021	<u>\$ 3,777,112</u>	<u>\$ 86,866</u>	<u>\$ 4,047,940</u>	<u>\$ 7,911,918</u>	<u>\$ 21,800,941</u>	<u>\$ 29,712,859</u> (Concluded)

The bad-debt expenses and provision for losses on commitment and guarantees for 2021 and 2020 were as follows:

	2022	2021
Provision for possible losses on discounts and loans	\$ 1,068,337	\$ 2,127,578
Provision for possible losses on receivables	42,910	7,226
Provision for due from banks	919	4,583
Provision for possible losses on overdue receivables	258,943	220,140
Provision for possible losses on guarantees	(103,064)	(86,324)
Provision (reversal of provision) for possible losses on loan commitment	(31,252)	40,287
Provision (reversal of provision) for possible losses on others	<u>(40,749)</u>	<u>29,301</u>
	<u>\$ 1,196,044</u>	<u>\$ 2,342,791</u>

As of December 31, 2022 and 2021, the Bank was in compliance with the FSC-required provision for credit assets.

As of December 31, 2022 and 2021, accrual of interest on the above overdue loans had been stopped. Thus, the unrecognized interest revenue was \$92,119 thousand and \$90,929 thousand for the years ended December 31, 2022 and 2021, respectively, based on the average loan interest rate for the year.

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

	December 31			
	2022		2021	
	Amount	Percentage of Ownership	Amount	Percentage of Ownership
<u>Investment in associate</u>				
United Real Estate Management Co., Ltd.	\$ 137,409	30.00	\$ 139,194	30.00

Aggregate information of associate that is not individually material:

	For the Year Ended December 31	
	2022	2021
The Company's share of:		
Net income	\$ 8,331	\$ 12,399
Other comprehensive income	-	-
Total comprehensive income for the year	\$ 8,331	\$ 12,399

The Company received \$10,116 thousand and \$7,587 thousand of dividends from United Real Estate Management Co., Ltd. for the years ended December 31, 2022 and 2021, respectively. The dividends are recognized as a reduction of investments accounted for using equity method.

The investments accounted for using equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2022 and 2021 were based on the financial statements audited by the auditors for the same years.

#### 15. OTHER FINANCIAL ASSETS, NET

	December 31	
	2022	2021
Overdue receivables	\$ 1,016,022	\$ 213,737
Less: Allowance for possible losses	446,153	209,547
Overdue receivables, net	569,869	4,190
Due from banks	7,350,992	8,064,267
Call loans to securities firms	307,250	331,860
	\$ 8,228,111	\$ 8,400,317

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

#### 16. PROPERTIES AND EQUIPMENT, NET

	December 31	
	2022	2021
<u>Carrying amount</u>		
Land	\$ 20,448,500	\$ 20,448,239
Buildings	10,047,900	10,413,748
Machinery and equipment	1,281,266	1,206,253
Transportation equipment	173,699	153,005
Other equipment	156,013	148,543
Leasehold improvements	209,978	215,227
Prepayments for equipment, land and buildings and construction in progress	472,116	428,285
	\$ 32,789,472	\$ 33,013,300

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Leasehold Improvements	Prepayments for Equipment, Land and Buildings and Construction in Progress	Total
<u>Cost</u>								
Balance at January 1, 2022	\$ 20,463,416	\$ 19,541,317	\$ 4,791,535	\$ 661,756	\$ 1,203,215	\$ 1,047,521	\$ 428,285	\$ 48,137,045
Additions	-	132,752	363,623	59,273	63,782	50,817	500,011	1,170,258
Disposal	-	-	(300,766)	(34,351)	(20,797)	(26,167)	-	(382,081)
Reclassification	-	211,841	149,992	910	14,708	17,351	(396,973)	(2,171)
Transferred to intangible assets	-	-	-	-	-	-	(70,900)	(70,900)
Effects of exchange rate changes	261	555	14,407	2,453	4,682	7,069	11,693	41,120
Balance at December 31, 2022	<u>\$ 20,463,677</u>	<u>\$ 19,886,465</u>	<u>\$ 5,018,791</u>	<u>\$ 690,041</u>	<u>\$ 1,265,590</u>	<u>\$ 1,096,591</u>	<u>\$ 472,116</u>	<u>\$ 48,893,271</u>
Balance at January 1, 2021	\$ 20,648,555	\$ 19,179,474	\$ 4,862,152	\$ 646,893	\$ 1,199,251	\$ 948,269	\$ 241,011	\$ 47,725,60
Additions	59,877	381,686	319,265	42,235	34,806	78,430	427,038	1,343,337
Disposal	(244,027)	(93,928)	(476,522)	(34,111)	(36,498)	(12,301)	-	(897,387)
Reclassification	1,691	74,165	91,773	8,024	7,464	39,852	(222,969)	-
Transferred from investment properties	3,879	-	-	-	-	-	-	3,879
Transferred to investment properties	(6,522)	-	-	-	-	-	-	(6,522)
Transferred to intangible assets	-	-	-	-	-	-	(16,735)	(16,735)
Effects of exchange rate changes	(37)	(80)	(5,133)	(1,285)	(1,808)	(6,729)	(60)	(15,132)
Balance at December 31, 2021	<u>\$ 20,463,416</u>	<u>\$ 19,541,317</u>	<u>\$ 4,791,535</u>	<u>\$ 661,756</u>	<u>\$ 1,203,215</u>	<u>\$ 1,047,521</u>	<u>\$ 428,285</u>	<u>\$ 48,137,045</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2022		\$ 15,177	\$ 9,127,569	\$ 3,585,282	\$ 508,751	\$ 1,054,672	\$ 832,294	\$ 15,123,745
Disposal		-	-	(298,979)	(34,351)	(20,797)	(26,167)	(380,294)
Depreciation expenses		-	710,441	441,130	39,758	71,612	73,633	1,336,574
Transferred to investment properties		-	-	(300)	(4)	19	-	(285)
Effects of exchange rate changes		-	555	10,392	2,188	4,071	6,853	24,059
Balance at December 31, 2022		<u>\$ 15,177</u>	<u>\$ 9,838,565</u>	<u>\$ 3,737,525</u>	<u>\$ 516,342</u>	<u>\$ 1,109,577</u>	<u>\$ 886,613</u>	<u>\$ 16,103,799</u>
Balance at January 1, 2021		\$ 15,177	\$ 8,504,276	\$ 3,692,837	\$ 511,493	\$ 1,030,427	\$ 791,798	\$ 14,546,008
Disposal		-	(64,033)	(476,512)	(34,111)	(36,498)	(12,301)	(623,455)
Depreciation expenses		-	687,405	371,921	32,105	61,976	55,661	1,209,068
Transferred to investment properties		-	-	(30)	30	-	-	-
Effects of exchange rate changes		-	(79)	(2,934)	(766)	(1,233)	(2,864)	(7,876)
Balance at December 31, 2021		<u>\$ 15,177</u>	<u>\$ 9,127,569</u>	<u>\$ 3,585,282</u>	<u>\$ 508,751</u>	<u>\$ 1,054,672</u>	<u>\$ 832,294</u>	<u>\$ 15,123,745</u>

The Bank revalued its properties five times in 1979, 1998, 2007, 2011 and 2012. As of December 31, 2022, the reserve for land revaluation increment tax (part of deferred tax liabilities) was \$2,541,779 thousand.

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

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

In testing assets for impairment, the Bank defined each operating unit or operating segment as a cash-generating unit (CGU). The recoverable amount of a CGU was determined at its value in use for the properties and equipment. The discount rates for the CGUs' value in use were 8.59% and 8.63% as of December 31, 2022 and 2021, respectively.

## 17. LEASE ARRANGEMENTS

### a. Right-of-use assets

	December 31	
	2022	2021
<u>Carrying amount</u>		
Land	\$ 11,887	\$ 13,022
Buildings	1,443,807	1,393,767
Transportation equipment	84,326	74,502
Other equipment	<u>8,650</u>	<u>12,412</u>
	<u>\$ 1,548,670</u>	<u>\$ 1,493,703</u>

**For the Year Ended December 31**

	<b>2022</b>	<b>2021</b>
Depreciation charge for right-of-use assets		
Land	\$ 7,211	\$ 6,738
Buildings	598,598	588,091
Transportation equipment	34,860	29,929
Other equipment	<u>3,762</u>	<u>3,993</u>
	<u>\$ 644,431</u>	<u>\$ 628,751</u>

As of December 31, 2022 and 2021, the additions to right-of-use assets of the Company were \$703,609 thousand and \$514,768 thousand, respectively.

Except for the above listed additions and recognized depreciation expenses, there was no significant sublease or impairment of the Company's right-of-use assets for the years ended December 31, 2022 and 2021.

b. Lease liabilities

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Carrying amount	<u>\$ 1,524,115</u>	<u>\$ 1,446,957</u>

Range of discount rate for lease liabilities was as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Land	1.346%-1.627%	1.356%-1.627%
Buildings	1.346%-9.800%	1.346%-9.800%
Transportation equipment	1.935%-9.700%	1.620%-8.880%
Other equipment	2.445%-4.000%	2.445%-4.000%

c. Material lease-in activities

The Company signed lease agreements on office premises due to operating activities. Rentals are calculated on the basis of leased areas and are receivable monthly, quarterly or semiannually. As of December 31, 2022 and 2021, refundable deposits on these leases totaled \$138,027 thousand and \$135,430 thousand, respectively.

d. Other lease information

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Expenses relating to short-term leases	<u>\$ 2,767</u>	<u>\$ 7,072</u>
Expenses relating to low-value asset leases	<u>\$ 99</u>	<u>\$ 117</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 3,588</u>	<u>\$ 3,167</u>

As of December 31, 2022 and 2021, the total cash outflow for leases of the Company was \$695,983 thousand and \$653,562 thousand, respectively.

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

## 18. INVESTMENT PROPERTIES, NET

	December 31		
	2022	2021	
Land	\$ 6,074,421	\$ 6,074,421	
Buildings	<u>1,388,463</u>	<u>1,440,341</u>	
	<u>\$ 7,462,884</u>	<u>\$ 7,514,762</u>	
	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2022	\$ 6,074,421	\$ 2,435,046	\$ 8,509,467
Additions	<u>-</u>	<u>1,445</u>	<u>1,445</u>
Balance at December 31, 2022	<u>\$ 6,074,421</u>	<u>\$ 2,436,491</u>	<u>\$ 8,510,912</u>
Balance at January 1, 2021	\$ 6,071,778	\$ 2,482,347	\$ 8,554,125
Additions	-	2,844	2,844
Disposal	-	(50,145)	(50,145)
Transferred from properties and equipment	6,522	-	6,522
Transferred to properties and equipment	<u>(3,879)</u>	<u>-</u>	<u>(3,879)</u>
Balance at December 31, 2021	<u>\$ 6,074,421</u>	<u>\$ 2,435,046</u>	<u>\$ 8,509,467</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2022	\$ -	\$ 994,705	\$ 994,705
Depreciation expenses	<u>-</u>	<u>53,323</u>	<u>53,323</u>
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 1,048,028</u>	<u>\$ 1,048,028</u>
Balance at January 1, 2021	\$ -	\$ 983,405	\$ 983,405
Disposal	-	(42,620)	(42,620)
Depreciation expenses	<u>-</u>	<u>53,920</u>	<u>53,920</u>
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 994,705</u>	<u>\$ 994,705</u>

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

Main buildings	50 years
Equipment installed in buildings	10 to 15 years

As of December 31, 2022 and 2021, the fair value of investment properties was \$22,417,111 thousand and \$21,644,635 thousand, respectively. The fair value was classified in Level 3, the estimated price was determined by internal appraisal personnel using the market approach and inputs according to internal procedures and related regulations.

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

	For the Year Ended December 31	
	2022	2021
Rental income from investment properties (part of other noninterest gains, net)	\$ 529,923	\$ 528,949
Direct operating expenses for investment properties that generate rental income	<u>(141,552)</u>	<u>(104,460)</u>
	<u>\$ 388,371</u>	<u>\$ 424,489</u>



Lease agreements on investment properties owned by the Bank and rented to others are operating lease. Rentals are calculated on the basis of the leased areas and are receivable monthly, quarterly or semiannually. The lessees have no preemptive rights to buy properties at the end of the lease agreements. As of December 31, 2022 and 2021, guarantee deposits on these leases totaled \$107,400 thousand and \$103,180 thousand, respectively. Minimum future annual rentals are as follows:

	December 31	
	2022	2021
Year 1	\$ 416,227	\$ 447,398
Year 2	330,967	300,706
Year 3	167,955	249,879
Year 4	78,744	92,851
Year 5	53,080	6,953
Over five years	<u>3,043</u>	<u>2,645</u>
	<u>\$ 1,050,016</u>	<u>\$ 1,100,432</u>

## 19. INTANGIBLE ASSETS

	December 31	
	2022	2021
Goodwill	\$ 3,170,005	\$ 3,170,005
Computer software	<u>890,496</u>	<u>613,951</u>
	<u>\$ 4,060,501</u>	<u>\$ 3,783,956</u>

	Goodwill	Computer Software	Total
Balance at January 1, 2022	\$ 3,170,005	\$ 613,951	\$ 3,783,956
Separate acquisition	-	494,384	494,384
Amortization expenses	-	(294,680)	(294,680)
Reclassification	-	838	838
Transferred from properties and equipment	-	70,900	70,900
Effect of exchange rate changes	<u>-</u>	<u>5,103</u>	<u>5,103</u>
Balance at December 31, 2022	<u>\$ 3,170,005</u>	<u>\$ 890,496</u>	<u>\$ 4,060,501</u>
Balance at January 1, 2021	\$ 3,170,005	\$ 629,289	\$ 3,799,294
Separate acquisition	-	169,779	169,779
Amortization expenses	-	(200,382)	(200,382)
Transferred from properties and equipment	-	16,735	16,735
Effect of exchange rate changes	<u>-</u>	<u>(1,470)</u>	<u>(1,470)</u>
Balance at December 31, 2022	<u>\$ 3,170,005</u>	<u>\$ 613,951</u>	<u>\$ 3,783,956</u>

Computer software with limited useful lives is amortized on a straight-line basis over their useful lives of 5 years.

In testing assets for impairment, the Company defined each operating unit or operating segment as a cash-generating unit (CGU). The recoverable amount of a CGU was determined at its value in use for the goodwill impairment test. The discount rates for the CGUs' value in use were 8.59% and 8.63% as of December 31, 2022 and 2021, respectively.

Goodwill resulting from the merger of the Bank with the Farmers Bank of China was allocated to operating units or operating segments (cash-generating units with allocated goodwill). There was no impairment loss on goodwill as of December 31, 2022 and 2021.

**20. OTHER ASSETS, NET**

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Refundable deposits	\$ 353,669	\$ 549,273
Prepaid expenses	117,379	119,469
Operating deposits	30,000	50,000
Others	<u>12,389</u>	<u>11,738</u>
	<u>\$ 513,437</u>	<u>\$ 730,480</u>

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

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Deposits from banks	\$ 161,002,883	\$ 162,074,923
Call loans from banks	63,560,063	70,081,172
Overdrafts from other banks	1,425,292	1,623,342
Transfer deposits from Chunghwa Post Co., Ltd.	56,095,665	95,665
Deposits from the Central Bank	<u>293,932</u>	<u>293,465</u>
	<u>\$ 282,377,835</u>	<u>\$ 234,168,567</u>

**22. DUE TO THE CENTRAL BANK AND OTHER BANKS**

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Due to the Central Bank	\$ <u>-</u>	\$ <u>88,889,360</u>

**23. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS**

Securities sold for \$9,778,160 thousand and \$7,095,846 thousand under repurchase agreements as of December 31, 2022 and 2021, respectively, would subsequently be purchased for \$9,791,005 thousand and \$7,102,511 thousand, respectively.

**24. PAYABLES**

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Checks for clearing	\$ 17,918,898	\$ 18,523,198
Collections payable	5,383,623	5,048,516
Accrued expenses	5,589,596	5,883,213
Collections of notes and checks for various financial institutions in other cities	1,270,234	1,305,404
Acceptances	3,114,074	3,783,381
Accrued interest	4,592,851	2,150,860
Payables on notes and checks collected for others	472,683	1,793,804
Tax payable	610,727	454,206
Factored accounts payable	141,150	162,016
Dividends payable	170,524	170,524
Payable on securities	15,724	346,572
Others	<u>1,695,255</u>	<u>1,679,994</u>
	<u>\$ 40,975,339</u>	<u>\$ 41,301,688</u>

## 25. DEPOSITS AND REMITTANCES

	December 31	
	2022	2021
Deposits		
Checking	\$ 65,931,733	\$ 64,477,957
Demand	756,635,048	818,830,697
Savings - demand	1,146,829,243	1,092,123,821
Time	796,540,886	730,588,556
Negotiable certificates of deposit	50,569,632	42,577,700
Savings - time	637,179,608	601,118,864
Treasury	145,514,336	131,286,387
Remittances	327,179	200,749
	<u>\$ 3,599,527,665</u>	<u>\$ 3,481,204,731</u>

## 26. BANK DEBENTURES

	December 31	
	2022	2021
First subordinated bonds in 2012: Fixed rate of 1.65%; maturity - June 28, 2022	\$ -	\$ 11,650,000
Second subordinated bonds in 2012, Type B: Fixed rate of 1.55%; maturity - December 25, 2022	-	7,350,000
Second subordinated bonds in 2013, Type B: Reuters' fixing rate for 90 day's New Taiwan dollar commercial paper refers to the TAIBOR plus 0.45%; maturity - December 25, 2023	4,600,000	4,600,000
First subordinated bonds in 2014, Type B: Fixed rate of 1.85%; maturity - May 26, 2024	2,700,000	2,700,000
First subordinated bonds in 2014, Type C: Fixing rate for 90 day's New Taiwan dollar commercial paper refers to Taiwan Bills Index Rate 02 plus 0.43%; maturity - May 26, 2024	5,800,000	5,800,000
First subordinated bonds in 2016, Type A: Fixed rate of 1.09%; maturity - September 26, 2023	950,000	950,000
First subordinated bonds in 2016, Type B: Fixed rate of 1.20%; maturity - September 26, 2026	4,050,000	4,050,000
First subordinated bonds in 2017, Type A: Fixed rate of 1.32%; maturity - September 26, 2024	600,000	600,000
First subordinated bonds in 2017, Type B: Fixed rate of 1.56%; maturity - September 26, 2027	1,400,000	1,400,000
First non-cumulative perpetual subordinated bonds in 2018: Fixed rate of 2.28%; the Bank may exercise its redemption rights after 5 years and 2 months	5,000,000	5,000,000
First non-cumulative perpetual subordinated bonds in 2019: Fixed rate of 1.90%; the Bank may exercise its redemption rights after 5 years and 1 month	5,000,000	5,000,000
Second unsecured bank debentures in 2019: Fixed rate of 0.69%; maturity - November 28, 2022	-	1,000,000
Third non-cumulative perpetual subordinated bonds in 2019: Fixed rate of 1.45%; the Bank may exercise its redemption rights after 5 years and 1 month	5,000,000	5,000,000
First non-cumulative perpetual subordinated bonds in 2020: Fixed rate of 1.50%; the Bank may exercise its redemption rights after 5 years and 1 month	5,000,000	5,000,000
First unsecured bank debentures (sustainable development) in 2021: Fixed rate of 0.40%; maturity - May 31, 2026	1,000,000	1,000,000
Second unsecured bank debentures (social responsibility) in 2021: Fixed rate of 0.42%; maturity - October 29, 2026	1,000,000	1,000,000
First non-cumulative perpetual subordinated bonds (perpetual development) in 2022: Fixed rate of 2.50%; the Bank may exercise its redemption rights after 5 years and 2 month	1,350,000	-

(Continued)

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Second non-cumulative perpetual subordinated bonds (perpetual development) in 2022: Fixed rate of 3.00%; the Bank may exercise its redemption rights after 5 years and 1 month	8,650,000	-
Third unsecured bank debentures (perpetual development) in 2022: Fixed rate of 1.50%; maturity - September 28, 2027	2,500,000	-
Fourth non-cumulative perpetual subordinated bonds in 2022: Fixed rate of 3.40%; the Bank may exercise its redemption rights after 5 years and 1 month	<u>5,690,000</u>	<u>-</u>
	<u>\$ 60,290,000</u>	<u>\$ 62,100,000</u>
		(Concluded)

On November 18, 2019, the Bank has obtained approval from the FSC to issue unsecured bank debentures amounting to US\$1,000,000 thousand. As of December 31, 2022, the amount of unissued unsecured bank debentures of TCB was US\$1,000,000 thousand.

On March 25, 2022, the Bank has obtained approval from the FSC to issue sustainable bank debentures amounting to \$5,000,000 thousand. As of December 31, 2022, the amount of unissued unsecured bank debentures of TCB was \$2,500,000 thousand.

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

## 27. OTHER FINANCIAL LIABILITIES

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Guarantee deposits received	\$ 2,121,654	\$ 2,440,877
Appropriation for loans	37,588	66,443
Long-term borrowings	<u>2,293,200</u>	<u>-</u>
	<u>\$ 4,452,442</u>	<u>\$ 2,507,320</u>

## 28. PROVISIONS

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Provision for employee benefits		
Net defined benefit liability	\$ 35,922	\$ 1,945,626
Present value of retired employees' preferential interest deposits obligation	<u>4,226,023</u>	<u>4,352,387</u>
	4,261,945	6,298,013
Provision for losses on guarantees	967,682	1,068,164
Provision for losses on loan commitment	239,528	261,147
Provision for losses on others	<u>34,441</u>	<u>70,812</u>
	<u>\$ 5,503,596</u>	<u>\$ 7,698,136</u>

The changes in the provision for losses on guarantees, provision for losses on loan commitments, and provision for losses on others are summarized below:

	12-month ECL	Lifetime ECL (Collective Assessment)	Lifetime ECL (Non-purchase d or Non-originated Credit-impaired Financial Instruments)	Impairment Loss under IFRS 9	Difference of Impairment Recognized under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	Total
Balance at January 1, 2022	\$ 781,399	\$ 28	\$ 167,289	\$ 948,716	\$ 451,407	\$ 1,400,123
Changes from financial instruments recognized at the beginning of the current reporting period						
Transfers to						
Lifetime ECL	-	-	-	-	-	-
Credit-impaired financial instruments	(436)	-	436	-	-	-
12-month ECL	-	-	-	-	-	-
Derecognition of financial instruments in the current reporting period	(305,324)	(28)	(147,716)	(453,068)	-	(453,068)
Reversal from financial instruments recognized at the beginning of the current reporting period	(42,814)	-	2,217	(40,597)	-	(40,597)
New financial instruments purchased or originated	296,256	-	1,399	297,655	-	297,655
Difference of impairment recognized under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans”	-	-	-	-	20,945	20,945
Change in exchange rates and other changes	16,571	-	22	16,593	-	16,593
Balance at December 31, 2022	<u>\$ 745,652</u>	<u>\$ -</u>	<u>\$ 23,647</u>	<u>\$ 769,299</u>	<u>\$ 472,352</u>	<u>\$ 1,241,651</u>
Balance at January 1, 2021	\$ 761,139	\$ 84	\$ 56,788	\$ 818,011	\$ 601,967	\$ 1,419,978
Changes from financial instruments recognized at the beginning of the current reporting period						
Transfers to						
Lifetime ECL	(23)	23	-	-	-	-
Credit-impaired financial instruments	(5,894)	-	5,894	-	-	-
12-month ECL	2	(2)	-	-	-	-
Derecognition of financial instruments in the current reporting period	(253,695)	(82)	(23,803)	(277,580)	-	(277,580)
Reversal from financial instruments recognized at the beginning of the current reporting period	(1,735)	(23)	128,410	126,652	-	126,652
New financial instruments purchased or originated	284,724	28	-	284,752	-	284,752
Difference of impairment recognized under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans”	-	-	-	-	(150,560)	(150,560)
Change in exchange rates and other changes	(3,119)	-	-	(3,119)	-	(3,119)
Balance at December 31, 2021	<u>\$ 781,399</u>	<u>\$ 28</u>	<u>\$ 167,289</u>	<u>\$ 948,716</u>	<u>\$ 451,407</u>	<u>\$ 1,400,123</u>

## 29. EMPLOYEE BENEFITS PLAN

### a. Defined contribution plan

The pension plan under the Labor Pension Act (the “Act”) is a defined contribution plan. Based on the Act, the Company’s monthly contributions to individual pension accounts of employees covered by the defined contribution plan is at 6% of monthly salaries and wages. The funds are deposited in individual labor pension accounts at the Bureau of Labor Insurance.

The Company recognized expense of \$216,226 thousand and \$194,496 thousand in the consolidated statement of comprehensive income in 2022 and 2021, respectively, in accordance with the defined contribution plan.

b. Defined benefit plan

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company contributes amounts equal to 15% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year.

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

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Present value of defined benefit obligation	\$ 12,811,748	\$ 13,786,128
Fair value of plan assets	<u>(12,775,826)</u>	<u>(11,840,502)</u>
Net defined benefit liability	<u>\$ 35,922</u>	<u>\$ 1,945,626</u>

Movements in net defined benefit liability were as follows:

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liability</b>
Balance at January 1, 2021	\$ 14,365,040	\$ (11,591,833)	\$ 2,773,207
Service cost			
Current service cost	\$ 435,410	\$ -	\$ 435,410
Net interest expense (revenue)	41,940	(34,926)	7,014
Recognized in profit or loss	<u>477,350</u>	<u>(34,926)</u>	<u>442,424</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(170,722)	(170,722)
Actuarial gain - changes in financial assumptions	(223,760)	-	(223,760)
Actuarial loss - experience adjustments	<u>72,104</u>	<u>-</u>	<u>72,104</u>
Recognized in other comprehensive income	<u>(151,656)</u>	<u>(170,722)</u>	<u>(322,378)</u>
Contributions from the employer	<u>-</u>	<u>(947,627)</u>	<u>(947,627)</u>
Benefits paid	<u>(904,606)</u>	<u>904,606</u>	<u>-</u>
Balance at December 31, 2021	<u>13,786,128</u>	<u>(11,840,502)</u>	<u>1,945,626</u>
Service cost			
Current service cost	405,501	-	405,501
Net interest expense (revenue)	66,806	(59,453)	7,353
Recognized in profit or loss	<u>472,307</u>	<u>(59,453)</u>	<u>412,854</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(940,067)	(940,067)
Actuarial gain - changes in financial assumptions	(1,058,110)	-	(1,058,110)
Actuarial loss - experience adjustments	<u>594,694</u>	<u>-</u>	<u>594,694</u>
Recognized in other comprehensive income	<u>(463,416)</u>	<u>(940,067)</u>	<u>(1,403,483)</u>
Contributions from the employer	<u>\$ -</u>	<u>\$ (919,075)</u>	<u>\$ (919,075)</u>
Benefits paid	<u>(983,271)</u>	<u>983,271</u>	<u>-</u>
Balance at December 31, 2022	<u>\$ 12,811,748</u>	<u>\$ (12,775,826)</u>	<u>\$ 35,922</u>



Through the defined benefit plans under the Labor Standards Act, the Bank is exposed to the following risks:

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

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

	December 31	
	2022	2021
Discount rate(s)	1.45%	0.50%
Expected rate(s) of salary increase	2.00%	2.00%
Expected rate(s) of return on plan asset	1.45%	0.50%

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

	December 31	
	2022	2021
Discount rate(s)		
0.25% increase	\$ (257,728)	\$ (303,439)
0.25% decrease	\$ 266,041	\$ 313,944
Expected rate(s) of salary increase		
0.25% increase	\$ 249,728	\$ 293,235
0.25% decrease	\$ (243,317)	\$ (285,157)

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

	December 31	
	2022	2021
The expected contributions to the plan for the next year	\$ 980,000	\$ 950,000
The average duration of the defined benefit obligation	8.22 years	9.01 years

#### c. Employees' preferential deposit plan

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

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

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Present value of retired employees' preferential interest deposits obligation (part of provisions)	\$ <u>4,226,023</u>	\$ <u>4,352,387</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Present value of retired employees' preferential interest deposits obligation, January 1	\$ 4,352,387	\$ 3,971,907
Interest expense	165,350	150,214
Actuarial losses	559,533	1,100,366
Benefits paid	<u>(851,247)</u>	<u>(870,100)</u>
Present value of retired employees' preferential interest deposits obligation, December 31	\$ <u>4,226,023</u>	\$ <u>4,352,387</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Interest expense	\$ 165,350	\$ 150,214
Actuarial losses	<u>559,533</u>	<u>1,100,366</u>
Excessive interest of retired employees' preferential interest deposits	\$ <u>724,883</u>	\$ <u>1,250,580</u>

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

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Discount rate	4.00%	4.00%
Return on deposit	2.00%	2.00%
Account balance decrease rate per year	1.00%	1.00%
Rate of probability of change in the preferential deposit system	50.00%	50.00%

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

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Discount rate(s)		
1% increase	\$ <u>(303,145)</u>	\$ <u>(315,627)</u>
1% decrease	\$ <u>349,341</u>	\$ <u>363,865</u>
Return on deposit		
1% increase	\$ <u>(1,174,110)</u>	\$ <u>(1,115,448)</u>
1% decrease	\$ <u>1,174,110</u>	\$ <u>1,114,858</u>
Account balance decrease rate per year		
1% increase	\$ <u>(320,388)</u>	\$ <u>(379,253)</u>
1% decrease	\$ <u>364,408</u>	\$ <u>333,553</u>

(Continued)

	December 31	
	2022	2021
Rate of probability of change in the preferential deposit system		
20% increase	\$ (1,690,409)	\$ (1,740,955)
20% decrease	\$ 1,690,409	\$ 1,740,955
		(Concluded)

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

### 30. NET INTEREST

	For the Year Ended December 31	
	2022	2021
Interest revenue		
From discounts and loans	\$ 48,270,476	\$ 37,764,147
From investments	10,756,613	8,383,976
From due from banks and call loans to other banks	2,514,375	1,013,742
Others	706,154	819,761
	<u>62,247,618</u>	<u>47,981,626</u>
Interest expense		
From deposits	(21,939,909)	(11,328,824)
From due to the Central Bank and other banks	(1,586,895)	(497,683)
From bank debentures	(985,627)	(923,458)
From deposits from the Central Bank and other banks	(477,502)	(189,787)
Others	(82,872)	(68,705)
	<u>(25,072,805)</u>	<u>(13,008,457)</u>
	<u>\$ 37,174,813</u>	<u>\$ 34,973,169</u>

### 31. SERVICE FEE INCOME, NET

	For the Year Ended December 31	
	2022	2021
Service fee income		
From trust business	\$ 2,022,539	\$ 2,418,455
From insurance service	1,482,114	1,586,116
From loans	1,290,866	1,080,764
From guarantee	858,329	895,018
From credit cards	1,386,990	1,086,062
From remittance	279,607	280,531
From cross-bank transactions	303,473	270,009
From agency commission	117,251	118,460
From import/export service	122,104	127,295
From trust affiliated business	50,918	52,089
Others	363,554	362,039
	<u>8,277,745</u>	<u>8,276,838</u>
Service charge		
From cross-bank transactions	(325,702)	(322,292)
From credit cards	(295,493)	(277,010)
From credit cards acquiring	(946,271)	(695,648)
From custody	(80,761)	(89,561)
Others	(152,214)	(124,363)
	<u>(1,800,441)</u>	<u>(1,508,874)</u>
	<u>\$ 6,477,304</u>	<u>\$ 6,767,964</u>

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

For the Year Ended December 31, 2022					
	Interest Revenue (Expense)	Gain (Loss) on Disposal	Gain (Loss) on Valuation	Dividend Income	Total
Financial assets mandatorily classified as at fair value through profit or loss	\$ 302,874	\$ 23,974,091	\$ 4,432,022	\$ 57,598	\$ 28,766,585
Held-for-trading financial liabilities	-	(9,927,942)	(900,230)	-	(10,828,172)
	<u>\$ 302,874</u>	<u>\$ 14,046,149</u>	<u>\$ 3,531,792</u>	<u>\$ 57,598</u>	<u>\$ 17,938,413</u>

For the Year Ended December 31, 2021					
	Interest Revenue (Expense)	Gain (Loss) on Disposal	Gain (Loss) on Valuation	Dividend Income	Total
Financial assets mandatorily classified as at fair value through profit or loss	\$ 118,972	\$ 3,504,034	\$ (548,625)	\$ 12,056	\$ 3,086,437
Held-for-trading financial liabilities	-	(6,477,440)	2,615,058	-	(3,862,382)
	<u>\$ 118,972</u>	<u>\$ (2,973,406)</u>	<u>\$ 2,066,433</u>	<u>\$ 12,056</u>	<u>\$ (775,945)</u>

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

For the Year Ended December 31		
	2022	2021
Dividends revenue on investments in equity instruments at FVTOCI	\$ 3,604,606	\$ 3,048,502
Derecognition of unrealized gains (losses) on investments in debt instruments at FVTOCI	<u>33,037</u>	<u>1,365,099</u>
	<u>\$ 3,637,643</u>	<u>\$ 4,413,601</u>

For the years ended December 31, 2022 and 2021, dividends revenue related to derecognized investments were \$1,523,581 thousand and \$1,137,611 thousand, respectively, and dividends revenue related to investments held on December 31, 2022 and 2021 were \$2,081,025 thousand and \$1,910,891 thousand, respectively.

### 34. EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION EXPENSES

#### a. Employee benefits expenses

For the Year Ended December 31		
	2022	2021
Salaries	\$ 8,767,195	\$ 8,657,405
Incentives	3,037,222	3,409,402
Excessive interest from preferential interest deposits	1,146,734	1,682,401
Post-employment benefits, termination benefits and compensation	659,600	661,763
Overtime	433,391	420,909
Others	<u>2,096,807</u>	<u>1,924,165</u>
	<u>\$ 16,140,949</u>	<u>\$ 16,756,045</u>

Under the Articles, the Bank will distribute employees' compensation at percentages from 1% to 8% of its annual profit (pretax income which exclude compensation of employees). However, the actual appropriation of the bonus should be made only from the annual net income less any accumulated deficit. For the years ended December 31, 2022 and 2021, the compensation of employees was \$1,163,868 thousand and \$1,345,534 thousand, respectively, based on the Articles.

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

The appropriations of employees' compensation for 2022 and 2021 resolved by the board of directors on March 14, 2022 and March 22, 2021, respectively, were as follows:

	For the Year Ended December 31	
	2021	2020
Employees' compensation - cash	\$ 1,345,534	\$ 952,839

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

The appropriation of employees' compensation of the Company for 2022 is subject to the approval of the board of directors.

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

b. Depreciation and amortization expenses

	For the Year Ended December 31	
	2022	2021
Depreciation expense	\$ 2,034,328	\$ 1,891,739
Amortization expense	295,814	201,517
	<u>\$ 2,330,142</u>	<u>\$ 2,093,256</u>

### 35. INCOME TAX

a. Income tax recognized in profit or loss

Main components of income tax expense were as follows:

	For the Year Ended December 31	
	2022	2021
Current tax		
Current year	\$ 2,264,531	\$ 2,363,563
Land value increment tax	-	(18,819)
Prior year's adjustments	(72,374)	(73,151)
	<u>2,192,157</u>	<u>2,271,593</u>
Deferred tax		
Current year	<u>854,464</u>	<u>442,253</u>
Income tax expense recognized in profit or loss	<u>\$ 3,046,621</u>	<u>\$ 2,713,846</u>

A reconciliation of accounting profit and current income tax expenses were as follows:

	For the Year Ended December 31	
	2022	2021
Income before income tax	<u>\$ 22,137,387</u>	<u>\$ 21,596,551</u>
Income tax expense at the statutory rate (20%)	\$ 4,427,477	\$ 4,319,310
Nondeductible expenses in determining taxable income	9,978	6,293
Tax-exempt income	(1,433,590)	(1,665,273)
Land value increment tax	-	(18,819)
Unrecognized deductible temporary differences	(127,990)	165,930
Effect of different tax rate of overseas branches operating in other jurisdictions	243,120	(20,444)
Adjustments for prior year's tax	<u>(72,374)</u>	<u>(73,151)</u>
Income tax expense recognized in profit or loss	<u>\$ 3,046,621</u>	<u>\$ 2,713,846</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Deferred tax</u>		
Recognized in other comprehensive income - items that may be reclassified subsequently to profit or loss		
Exchange differences on the translation of financial statements of foreign operations	\$ 965,543	\$ (239,832)
Unrealized valuation gain on financial assets at fair value through other comprehensive income	<u>(351,933)</u>	<u>(119,198)</u>
Income tax expense (benefit) recognized in other comprehensive income	<u>\$ 613,610</u>	<u>\$ (359,030)</u>

c. Current tax assets and liabilities

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Current tax assets		
Tax receivable - consolidated tax return	\$ 2,084,831	\$ 1,990,903
Tax refund receivable	122,542	89,433
Others	<u>41,724</u>	<u>19,661</u>
	<u>\$ 2,249,097</u>	<u>\$ 2,099,997</u>
Current tax liabilities		
Tax payable - consolidated tax return	\$ 352,574	\$ 680,951
Tax payable	428,555	650,638
Tax payable - land value increment tax	-	34,717
Others	<u>425</u>	<u>371</u>
	<u>\$ 781,554</u>	<u>\$ 1,366,677</u>

d. Deferred tax assets and liabilities

Movements in deferred tax assets and liabilities were as follows:

For the year ended December 31, 2022

	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Closing Balance</b>
<u>Deferred tax assets</u>				
Temporary differences				
Financial instruments at fair value through profit or loss	\$ 264,125	\$ (264,125)	\$ -	\$ -
Financial assets at fair value through other comprehensive income	-	-	295,968	295,968
Properties and equipment	7,894	(644)	-	7,250
Payables for annual leave	100,512	(571)	-	99,941
Employee's preferential interest deposits obligation	820,920	(25,273)	-	795,647
Other liabilities	5,783	-	-	5,783
Exchanges difference on foreign operations	<u>1,039,471</u>	<u>-</u>	<u>(965,543)</u>	<u>73,928</u>
	<u>\$ 2,238,705</u>	<u>\$ (290,613)</u>	<u>\$ (669,575)</u>	<u>\$ 1,278,517</u>

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Closing Balance
<u>Deferred tax liability</u>				
Temporary differences				
Financial assets at fair value through other comprehensive income	\$ -	\$ 459,960	-	\$ 459,960
Financial assets at fair value through other comprehensive income	55,965	-	(55,965)	-
Investments accounted for using equity method	90,763	2,647	-	93,410
Intangible assets	428,614	-	-	428,614
Defined benefit obligation	258,372	101,244	-	359,616
The reserve for land value increment tax	<u>2,541,779</u>	<u>-</u>	<u>-</u>	<u>2,541,779</u>
	<u>\$ 3,375,493</u>	<u>\$ 563,851</u>	<u>\$ (55,965)</u>	<u>\$ 3,883,379</u>
				(Concluded)

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Financial instruments at fair value through profit or loss	\$ 670,330	\$ (406,205)	\$ -	\$ 264,125
Properties and equipment	8,538	(644)	-	7,894
Payables for annual leave	97,890	2,622	-	100,512
Employee's preferential interest deposits obligation	794,381	26,539	-	820,920
Other liabilities	5,783	-	-	5,783
Exchanges difference on foreign operations	<u>799,639</u>	<u>-</u>	<u>239,832</u>	<u>1,039,471</u>
	<u>\$ 2,376,561</u>	<u>\$ (377,688)</u>	<u>\$ 239,832</u>	<u>\$ 2,238,705</u>

Deferred tax liability

Temporary differences				
Financial assets at fair value through other comprehensive income	\$ 175,163	\$ -	\$ (119,198)	\$ 55,965
Investments accounted for using equity method	73,679	17,084	-	90,763
Intangible assets	428,614	-	-	428,614
Defined benefit obligation	157,331	101,041	-	258,372
The reserve for land value increment tax	<u>2,595,339</u>	<u>(53,560)</u>	<u>-</u>	<u>2,541,779</u>
	<u>\$ 3,430,126</u>	<u>\$ 64,565</u>	<u>\$ (119,198)</u>	<u>\$ 3,375,493</u>

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

	December 31	
	2022	2021
Deductible temporary differences	<u>\$ 573,399</u>	<u>\$ 1,994,792</u>



- f. The income tax returns of the Bank through 2017 had been examined by the tax authorities.
- g. The Bank had recognized the tax effects of the difference of tax credit of \$44,775 thousand and \$73,125 thousand in 2022 and 2021, respectively, according to the result of 2013, 2016 and 2017 income tax return examination and 2021 income tax examination.

### 36. EARNINGS PER SHARE

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

	Net Income (Numerator)	Shares (Denominator in Thousands)	Earnings Per Share (NT\$)
<u>For the year ended December 31, 2022</u>			
Basic earnings per share	\$ 19,089,299	11,007,530	\$ 1.73
<u>For the year ended December 31, 2021</u>			
Basic earnings per share	\$ 18,873,240	11,007,530	\$ 1.71

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

	2021	
	Before Adjusted Retrospectively	After Adjusted Retrospectively
Basic earnings per share (NT\$)	\$ 1.76	\$ 1.71

### 37. EQUITY

#### a. Capital stock

##### Common stocks

	December 31	
	2022	2021
Number of shares authorized (in thousands)	12,000,000	12,000,000
Authorized capital	\$ 120,000,000	\$ 120,000,000
Number of shares issued and fully paid (in thousands)	11,007,530	10,733,930
Common stocks issued	\$ 110,075,300	\$ 107,339,300
Common stocks issued		
Public	\$ 76,369,806	\$ 74,471,580
Private	33,705,494	32,867,720
	\$ 110,075,300	\$ 107,339,300

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

On May 19, 2021, the Bank's board of directors resolved to increase its capital by issuing 283,200 thousand shares amounting to \$2,832,000 thousand which included the 2020 earnings. The issuance was approved by the FSC and MOEA.

On May 23, 2022, the Bank's board of directors resolved to increase its capital by issuing 273,600 thousand shares amounting to \$2,736,000 thousand which included the 2021 earnings. The issuance was approved by the FSC and MOEA.

b. Capital surplus

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

Under related regulations, the capital surplus from equity investments under the equity method cannot be distributed for any purpose.

c. Special reserve

Under the FSC guidelines, the Bank reclassified to the special reserve \$165,255 thousand, the sum of trading loss reserve and reserve for loss on branch of purchase commitments, which were in place until December 31, 2010. The reclassified special reserve is unavailable to be used unless: (1) offset a deficit or (2) when the special reserve reaches 50% of the Bank's paid-in capital, 50% of the excess may be used to issue new capital or (3) the FSC has approved that excess may be reversed to unappropriated earnings when special reserve has exceeded the Bank's paid-in capital.

As of December 31, 2022, the special reserve from equity investments under the equity method was \$14,944 thousand.

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

The increase in retained earnings that resulted from all IFRSs adjustments was not enough for this appropriation; therefore, the Bank appropriated to the special reserve an amount of \$1,132,019 thousand on January 1, 2013, the increase in retained earnings that resulted from all IFRSs adjustments on transitions to IFRSs.

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

	For the Year Ended December 31	
	2022	2021
Balance on January 1	\$ 1,014,245	\$ 1,037,012
Reversed on elimination of the original need to appropriate a special reserve:		
Disposal of properties and equipment	-	(22,767)
Balance on December 31	<u>\$ 1,014,245</u>	<u>\$ 1,014,245</u>

d. Appropriation of earnings

From the annual net income less any deficit, an amount equal to 30% thereof should be appropriated as legal reserve and a certain amount, depending on regulations and operating needs, as special reserve. The remaining net income and unappropriated earnings of prior years may be distributed as dividends to shareholders or retained according to the distribution plan to be proposed by the board of directors and submitted to the shareholders' meeting for approval. Unless otherwise restricted by related regulations, the cash dividends must be 10% or above of the total dividends and bonuses distributed. If the cash dividend per share is less than NT\$0.1, the cash dividend will not be distributed unless the distribution is resolved in the stockholders' meetings.

If the legal reserve reaches the amount of paid-in capital or the Bank is sound in both its finance and business operations and have set aside a legal reserve in compliance with the Company Law, the legal reserve is not subject to the limitation of 30% set under the Banking Law and related regulations.

Under related regulations, a special reserve is appropriated from the balance of the retained earnings at an amount from the net income and unappropriated earnings that is equal to the debit balance of accounts in the stockholders' equity section. The special reserve should be appropriated from the prior years' unappropriated earnings to the extent of the debit balance accumulated from prior years, and such special reserve should not be appropriated. If there is difference between appropriation of special reserve and net amount of deduction in other stockholder's equity, the Bank should appropriate on additional amount of special reserve in the first-time adoption of IFRSs. Afterwards, if there is any reversal in of the deduction in other stockholder's equity, the Bank is allowed to appropriating retained earnings from the reversal amount.

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

The appropriations from the earnings of 2021 and 2020 were approved in the stockholders' meetings on May 23, 2022 and May 19, 2021, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	2021	2020	2021	2020
Legal reserve	\$ 6,025,396	\$ 4,404,495		
Cash dividends	11,324,000	7,446,000	\$ 1.054972	\$ 0.712486
Stock dividends	2,736,000	2,832,000	0.254893	0.270986

Information on the appropriation of earnings or deficit offsetting can be accessed through the website of the Taiwan Stock Exchange (<https://emops.twse.com.tw>).

e. Non-controlling interest

	For the Year Ended December 31	
	2022	2021
Balance on January 1	\$ 224,584	\$ 237,642
Attributable to non-controlling interest		
Net income	1,467	9,465
Exchange differences in translation of financial statements of foreign operations	<u>9,943</u>	<u>(22,523)</u>
Balance on December 31	<u>\$ 235,994</u>	<u>\$ 224,584</u>

### 38. RELATED-PARTY TRANSACTIONS

Taiwan Cooperative Financial Holding Co., Ltd. is the ultimate parent of the Company, and the Ministry of Finance is the major government stockholder. Based on IAS 24 “Related Party Disclosures”, the Company’s transactions with government-related parties are exempt from disclosure requirements. All transactions, account balances, earnings, expenses and gains (losses) on transactions between the Company and subsidiaries have all been excluded from consolidation and are not disclosed in this note. In addition to those mentioned in other notes, the related-party transactions are summarized as follows:

#### a. Related parties

Related Party	Relationship with the Bank
Taiwan Cooperative Financial Holding Company, Ltd. (TCFHC)	Parent company
Co-operative Assets Management Co., Ltd. (CAM)	Sister company
Taiwan Cooperative Bills Finance Co., Ltd. (TCBF)	Sister company
Taiwan Cooperative Securities Co., Ltd. (TCS)	Sister company
BNP Paribas Cardif TCB Life Insurance Co., Ltd. (BPCTLI)	Sister company
Taiwan Cooperative Securities Investment Trust Co., Ltd. (TCSIT)	Sister company
Taiwan Cooperation Venture Capital Co., Ltd. (TCVC)	Sister company
United Real Estate Management Co., Ltd.	Associated enterprise
TCB Fund of Emerging Markets Bond Fund	Fund managed by Taiwan Cooperative Securities Investment Trust Co., Ltd.
TCB 6 Year Emerging Market Bond Fund	Fund managed by Taiwan Cooperative Securities Investment Trust Co., Ltd.
TCB 6 Year Senior Emerging Market Bond Fund	Fund managed by Taiwan Cooperative Securities Investment Trust Co., Ltd.
TCB 2025 Maturity Emerging Market Bond Fund	Fund managed by Taiwan Cooperative Securities Investment Trust Co., Ltd.
TCB 2026 Maturity Senior Emerging Market Corporate Bond Fund	Fund managed by Taiwan Cooperative Securities Investment Trust Co., Ltd.
TCB 2023 Maturity Selective Emerging Market Bond Fund	Fund managed by Taiwan Cooperative Securities Investment Trust Co., Ltd.
TCB ESG Retirement Growth Fund of Fund	Fund managed by Taiwan Cooperative Securities Investment Trust Co., Ltd.
TCB ESG Retirement Aggressive Fund of Fund	Fund managed by Taiwan Cooperative Securities Investment Trust Co., Ltd.
TCB US Short Duration High Yield Bond Fund	Fund managed by Taiwan Cooperative Securities Investment Trust Co., Ltd.
TCB Global Healthcare Multi-Asset Income Fund	Fund managed by Taiwan Cooperative Securities Investment Trust Co., Ltd.
TCB Environment & Socially Responsible Multi-Asset Fund	Fund managed by Taiwan Cooperative Securities Investment Trust Co., Ltd.
TCB Global High Yield Bond Fund	Fund managed by Taiwan Cooperative Securities Investment Trust Co., Ltd.
TCB Global Core Infrastructure Income Fund	Fund managed by Taiwan Cooperative Securities Investment Trust Co., Ltd.
TCB 2032 Target Date Multi-Asset Income Fund	Fund managed by Taiwan Cooperative Securities Investment Trust Co., Ltd.
Tamshui First Credit Bank	The director of Tamshui First Credit Bank is also the TCFHC’s director.
The Fifth Credit Cooperation of Taipei	The director of The Fifth Credit Cooperation of Taipei is also the Bank’s supervisor
Taiwan Asset Management Corporation	The director of Taiwan Assets Management Corporation is the main management of TCFHC.
Financial Information Service Co., Ltd.	The director of Tamshui First Credit Bank is also the TCFHC’s director.
Others	Main management of the parent company and other related parties.

b. Significant transactions between the Company and related parties:

1) Call loans to banks

	Highest Balance	Ending Balance	Interest Revenue	Interest Rate (%)
For the year ended December 31, 2022				
Sister companies				
TCBF	\$ 4,410,000	\$ 950,000	\$ 17,127	0.290-1.300
Others	<u>1,401,050</u>	<u>-</u>	<u>7,101</u>	0.300-3.680
	<u>\$ 5,811,050</u>	<u>\$ 950,000</u>	<u>\$ 24,228</u>	
For the year ended December 31, 2021				
Sister companies				
TCBF	\$ 5,388,190	\$ 3,255,310	\$ 10,307	0.190-0.400
Others	<u>2,430,700</u>	<u>1,382,750</u>	<u>1,912</u>	0.160-0.340
	<u>\$ 7,818,890</u>	<u>\$ 4,638,060</u>	<u>\$ 12,219</u>	

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

	Highest Balance	Ending Balance	Interest Revenue	Interest Rate (%)
For the year ended December 31, 2022				
Sister company				
TCS	<u>\$ 557,078</u>	<u>\$ 307,250</u>	<u>\$ 4,384</u>	0.270-4.650
For the year ended December 31, 2021				
Sister company				
TCS	<u>\$ 286,140</u>	<u>\$ -</u>	<u>\$ 456</u>	0.230-0.370

3) Due to banks

	For the Year Ended December 31			
	2022		2021	
	Ending Balance	Interest Expense	Ending Balance	Interest Expense
Main management	\$ 195,887	\$ 1,828	\$ 259,399	\$ 1,215
Others				
Tamshui First Credit Bank	26,251,447	261,215	25,165,422	186,371
The Fifth Credit Cooperation of Taipei	6,667,716	61,676	6,922,228	44,985
Others	<u>14,058</u>	<u>-</u>	<u>18,386</u>	<u>-</u>
	<u>\$ 33,129,108</u>	<u>\$ 324,719</u>	<u>\$ 32,365,435</u>	<u>\$ 232,571</u>

## 4) Call loans from banks

	Highest Balance	Ending Balance	Interest Expense	Interest Rate (%)
<u>For the year ended December 31, 2021</u>				
Others	\$ 1,000,000	\$ -	\$ 43	0.100-0.210

## 5) Loans

	Highest Balance	Ending Balance	Interest Revenue	Interest Rate (%)
<u>For the year ended December 31, 2022</u>				
Sister company	\$ 1,000,000	\$ -	\$ -	-
Main management	369,469	268,766	3,963	1.010-2.051
Others	390,997	189,255	2,350	0.100-2.710
	<u>\$ 1,760,466</u>	<u>\$ 458,021</u>	<u>\$ 6,313</u>	
<u>For the year ended December 31, 2021</u>				
Sister company	\$ 1,000,000	\$ -	\$ -	-
Main management	426,180	351,365	3,686	0.995-1.530
Others	344,159	224,062	1,745	0.100-1.990
	<u>\$ 1,770,339</u>	<u>\$ 575,427</u>	<u>\$ 5,431</u>	

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

## 6) Deposits

	Ending Balance	Interest Expense	Interest Rate (%)
<u>For the year ended December 31, 2022</u>			
Parent company	\$ 105,332	\$ 366	0-0.455
Sister companies	2,798,073	11,160	0-1.325
Associates	92,999	858	0-0.835
Main management	781,793	10,959	0-13.000
Others	<u>20,710,721</u>	<u>31,707</u>	0-13.000
	<u>\$ 24,488,918</u>	<u>\$ 55,050</u>	
<u>For the year ended December 31, 2021</u>			
Parent company	\$ 48,838	\$ 64	0-0.040
Sister companies	6,296,565	4,397	0-1.035
Associates	102,385	33	0-0.585
Main management	763,042	9,059	0-13.000
Others	<u>18,642,336</u>	<u>17,369</u>	0-13.000
	<u>\$ 25,853,166</u>	<u>\$ 30,922</u>	

		<b>December 31</b>	
		<b>2022</b>	<b>2021</b>
7)	Accrued income (part of receivables)		
	Sister companies		
	BPCTLI	\$ 35,139	\$ 72,175
	Others	<u>3,382</u>	<u>3,939</u>
		<u>\$ 38,521</u>	<u>\$ 76,114</u>
8)	Accrued interest (part of receivables)		
	Sister companies	\$ 458	\$ 284
	Others	<u>-</u>	<u>126</u>
		<u>\$ 458</u>	<u>\$ 410</u>
9)	Receivable on securities (part of receivables)		
	Sister company		
	TCS	<u>\$ -</u>	<u>\$ 125,180</u>
10)	Tax receivable - consolidated tax return (part of current tax assets)		
	Parent company	<u>\$ 2,084,831</u>	<u>\$ 1,990,903</u>
11)	Accrued interest (part of payables)		
	Sister companies		
	TCSIT	\$ 54	\$ 33
	Others	<u>3</u>	<u>3</u>
		<u>\$ 57</u>	<u>\$ 36</u>
12)	Payable on securities (part of payables)		
	Sister companies		
	TCS	<u>\$ 15,724</u>	<u>\$ -</u>
13)	Tax payable - consolidated tax return (part of current tax liabilities)		
	Parent company	<u>\$ 352,574</u>	<u>\$ 680,951</u>
14)	Guarantee deposits received (part of other financial liabilities)		
	Parent company	\$ 7,214	\$ 6,012
	Sister companies		
	BPCTLI	3,765	3,548
	TCS	11,699	10,653
	Others	<u>5,539</u>	<u>5,539</u>
		<u>\$ 28,217</u>	<u>\$ 25,752</u>
		<b>For the Year Ended December 31</b>	
		<b>2022</b>	<b>2021</b>
15)	Service fee income (part of service fee income, net)		
	Parent company	\$ -	\$ 90
	Sister companies		
	BPCTLI	625,785	782,124
	Others	47,009	48,203
	Main management	206	624
	Others	<u>293</u>	<u>22,668</u>
		<u>\$ 673,293</u>	<u>\$ 853,709</u>



**For the Year Ended December 31**  
**2022                      2021**

16) Service charge (part of service fee income, net)

Sister companies		
TCSIT	\$            705	\$            319
Main management	<u>          128</u>	<u>          136</u>
	<u><u>\$            833</u></u>	<u><u>\$            455</u></u>

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

Parent company	\$            3,722	\$            3,765
Sister companies		
TCS	1,903	1,884
Others		
Taiwan Asset Management Corporation	1,739	1,451
Financial Information Service Co., Ltd.	1,484	1,648
Others	<u>          38</u>	<u>          34</u>
	<u><u>\$            8,886</u></u>	<u><u>\$            8,782</u></u>

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

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

19) Disposals of properties and equipment (part of other noninterest gain, net)

	<b>For the Year Ended December 31, 2021</b>	
	<b>Disposal Amount</b>	<b>Disposal Gain</b>
Sister companies		
CAM	<u>\$        472,010</u>	<u>\$        373,499</u>

20) Lease agreements - the Company is lessor

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

a) Future lease payment receivable was as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Parent company	\$        133,272	\$        14,896
Sister companies		
TCS	87,684	127,482
Others	<u>         45,522</u>	<u>         65,644</u>
	<u><u>\$        266,478</u></u>	<u><u>\$        208,022</u></u>

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

	For the Year Ended December 31	
	2022	2021
Parent company	\$ 26,332	\$ 24,048
Sister companies		
TCS	44,604	43,115
BPCTLI	14,410	13,912
Others	<u>22,395</u>	<u>21,652</u>
	<u>\$ 107,741</u>	<u>\$ 102,727</u>

21) Derivatives

Related Party	Type of Derivatives	Contract Period	For the Year Ended December 31, 2022						
			Nominal Amounts	Valuation Gain (Loss)	Amounts on the Consolidated Balance Sheet				
					Account	Amounts			
Sister company - BPCTLI	Currency swap	2022.11.30-2023.03.23	EUR	7,856	\$	3,759	Financial assets at fair value through profit or loss	\$	3,759
	Currency swap	2022.01.11-2023.04.28	US\$	68,149		165,824	Financial assets at fair value through profit or loss		165,824
	Currency swap	2022.09.30-2023.02.24	US\$	54,387		(46,146)	Financial liabilities at fair value through profit or loss		(46,146)
Sister company - TCBF	Currency swap	2022.12.27-2023.02.24	US\$	1,000		91	Financial assets at fair value through profit or loss		91
Other - TCB 6 Year Senior Emerging Market Bond Fund	Currency swap	2022.08.25-2023.06.29	US\$	4,500		503	Financial assets at fair value through profit or loss		503
Other - TCB 6 Year Emerging Market Bond Fund	Currency swap	2022.10.11-2023.02.13	US\$	7,300		(2,442)	Financial liabilities at fair value through profit or loss		(2,442)
Other - TCB 2025 Maturity Emerging Market Bond Fund	Currency swap	2022.08.23-2023.06.29	US\$	36,700		5,790	Financial assets at fair value through profit or loss		5,790
Other - TCB 2026 Maturity Senior Emerging Market Corporate Bond Fund	Currency swap	2022.12.08-2023.03.08	US\$	800		4	Financial assets at fair value through profit or loss		4
Other - TCB 2023 Maturity Selective Emerging Market Bond Fund	Currency swap	2022.12.12-2023.02.13	US\$	750		45	Financial assets at fair value through profit or loss		45
Other - TCB Global Healthcare Multi-Asset Income Fund	Currency swap	2022.12.22-2023.03.31	US\$	13,000		184	Financial assets at fair value through profit or loss		184
Other - TCB Global High Yield Bond Fund	Currency swap	2022.12.19-2023.03.20	US\$	1,000		195	Financial assets at fair value through profit or loss		195
Other - TCB US Short Duration High Yield Bond Fund	Currency swap	2022.12.12-2023.06.12	US\$	6,500		400	Financial assets at fair value through profit or loss		400
Other - TCB Environment & Socially Responsible Multi-Asset Fund	Currency swap	2022.12.21-2023.03.31	US\$	5,000		157	Financial assets at fair value through profit or loss		157
Other - TCB Global Core Infrastructure Income Fund	Currency swap	2022.12.12-2023.02.13	US\$	1,800		112	Financial assets at fair value through profit or loss		112
Other - TCB 2032 Target Date Multi-Asset Income Fund	Currency swap	2022.12.16-2023.03.16	US\$	3,000		339	Financial assets at fair value through profit or loss		339

For the Year Ended December 31, 2021						
Related Party	Type of Derivatives	Contract Period	Nominal Amounts	Valuation Gain (Loss)	Amounts on the Consolidated Balance Sheet	
					Account	Amounts
Sister company - BPCTLI	Currency swap	2021.01.19-2022.09.30	EUR 7,856	\$ (13,247)	Financial liabilities at fair value through profit or loss	\$ (13,247)
	Currency swap	2021.01.11-2022.12.30	US\$ 125,504	(23,123)	Financial liabilities at fair value through profit or loss	(23,123)
Other - TCB 6 Year Senior Emerging Market Bond Fund	Currency swap	2021.11.30-2022.06.29	US\$ 13,750	(1,400)	Financial liabilities at fair value through profit or loss	(1,400)
Other - TCB 6 Year Emerging Market Bond Fund	Currency swap	2021.10.12-2022.03.08	US\$ 21,390	(9,243)	Financial liabilities at fair value through profit or loss	(9,243)
Other - TCB 2026 Maturity Senior Emerging Market Corporate Bond Fund	Currency swap	2021.06.08-2022.06.08	US\$ 1,150	(536)	Financial liabilities at fair value through profit or loss	(536)
Other - TCB 2025 Maturity Emerging Market Bond Fund	Currency swap	2021.11.23-2022.06.29	US\$ 44,800	(3,677)	Financial liabilities at fair value through profit or loss	(3,677)
Other - TCB 2023 Maturity Selective Emerging Market Bond Fund	Currency swap	2021.11.29-2022.03.03	US\$ 8,520	(1,332)	Financial liabilities at fair value through profit or loss	(1,332)
Other - TCB Global High Yield Bond Fund	Currency swap	2021.08.23-2022.05.23	US\$ 20,610	(3,506)	Financial liabilities at fair value through profit or loss	(3,506)
Other - TCB US Short Duration High Yield Bond Fund	Currency swap	2021.12.13-2022.06.13	US\$ 22,000	(2,368)	Financial liabilities at fair value through profit or loss	(2,368)
Other - TCB Fund of Emerging Market Bond Fund	Currency swap	2021.11.30-2022.05.31	US\$ 2,200	(358)	Financial liabilities at fair value through profit or loss	(358)
Other - TCB Global Healthcare Multi-Asset Income Fund	Currency swap	2021.11.05-2022.02.10	US\$ 3,000	1,906	Financial assets at fair value through profit or loss	1,906
	Currency swap	2021.11.05-2022.03.17	US\$ 51,700	(8,737)	Financial liabilities at fair value through profit or loss	(8,737)
Other - TCB Environment & Socially Responsible Multi-Asset Fund	Currency swap	2021.12.23-2022.03.23	US\$ 3,000	537	Financial assets at fair value through profit or loss	537
	Currency swap	2021.12.23-2022.03.23	US\$ 23,000	(3,098)	Financial liabilities at fair value through profit or loss	(3,098)
TCB ESG Retirement Growth Fund of Fund	Currency swap	2021.11.26-2022.02.25	US\$ 2,000	(376)	Financial liabilities at fair value through profit or loss	(376)
TCB ESG Retirement Aggressive Fund of Fund	Currency swap	2021.11.26-2022.02.25	US\$ 3,500	(657)	Financial liabilities at fair value through profit or loss	(657)

The realized profit on the currency swaps transactions with related parties was as follows:

	For the Year Ended December 31	
	2022	2021
Financial assets and liabilities at fair value through profit or loss		
Sister company	\$ 257,230	\$ (34,363)
BPCTLI	1,808	-
Others	<u>425,878</u>	<u>(183,118)</u>
Other related parties	<u>\$ 684,916</u>	<u>\$ (217,481)</u>

## 22) Loans

### December 31, 2022

Type	Account Volume or Name	Highest Balance in the Year Ended December 31, 2022 (Note 1)	Ending Balance	Loan Classification		Collaterals	Differences in Terms of Transaction Compared with Those for Unrelated Parties
				Normal Loans	Nonperforming Loans		
Consumer loans	92	\$ 263,006	\$ 212,055	\$ 212,055	\$ -	Note 2	None
Self-used housing mortgage loans	55	332,710	245,966	245,966	-	Land and buildings	None
Other loans	Taiwan Cooperative Securities Co Ltd	1,000,000	-	-	-	Bonds	None
	Tamshui First Credit bank	164,750	-	-	-	Certificates of deposit	None

## December 31, 2021

Type	Account Volume or Name	Highest Balance in the Year Ended December 31, 2021 (Note 1)	Ending Balance	Loan Classification		Collaterals	Differences in Terms of Transaction Compared with Those for Unrelated Parties
				Normal Loans	Nonperforming Loans		
Consumer loans	106	\$ 316,945	\$ 222,559	\$ 222,559	\$ -	Note 2	None
Self-used housing mortgage loans	63	354,144	253,618	253,618	-	Land and buildings	None
Other loans	Taiwan Cooperative Securities Co Ltd	1,000,000	-	-	-	Bonds	None
	Tamshui First Credit bank	99,250	99,250	99,250	-	Certificates of deposit	None

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

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

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

c. Salaries, bonuses and remuneration to main management

	For the Year Ended December 31	
	2022	2021
Salaries and other short-term employment benefits	\$ 163,209	\$ 154,182
Post-employment benefits	8,068	8,119
Interest arising from the employees' preferential rate in excess of normal rates	<u>3,679</u>	<u>3,868</u>
	<u>\$ 174,956</u>	<u>\$ 166,169</u>

## 39. PLEDGED ASSETS

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

	December 31	
	2022	2021
Collaterals for call loans of foreign currency	\$ 40,000,000	\$ 40,000,000
Collaterals for day-term overdraft	30,000,000	30,000,000
Collaterals for overdraft of domestic U.S. dollar settlement	11,000,000	11,000,000
Collaterals for overdraft of domestic RMB settlement	-	1,302,300
Guarantee deposits for provisional collateral seizure for loan defaults and others	995,200	908,000
Collaterals for overdraft of domestic JPY settlement	500,000	500,000
Overseas branches' capital adequate reserve	518,682	443,902
Guarantee deposits for the trust business compensation reserve	330,000	290,000
Guarantee deposits for bills finance business	50,000	50,000
Guarantee deposits for securities operation	50,000	50,000
Collaterals for overseas branch U.S. dollar settlement	42,585	15,210
Collaterals for overseas branch KHR settlement	1,493	2,432
Overseas branches' guarantee deposits for operation	6,145	5,531
Guarantee deposits for the reaccommodations by CBC	<u>-</u>	<u>30,000,000</u>
	<u>\$ 83,494,105</u>	<u>\$ 114,567,375</u>

To comply with the Central Bank of the Republic of China's (CBC) Interbank Funds Transfer and Settlement System for real-time gross settlement (RTGS), the Bank provided certificates of deposit as collateral for day-term overdraft (part of due from the Central Bank and call loans to other banks). The pledged amount may be adjusted anytime, and the unused overdraft amount at the end of a day can also be treated as the Bank's liquidity reserve.

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

(In Thousands of U.S. Dollars)

Date	Loan	Collateral Value
December 31, 2022	\$ 436,267	\$ 361,914
December 31, 2021	\$ 316,643	\$ 236,422

- c. As of December 31, 2021, the Bank had pledged \$75,000,000 thousand, as deposit reserve account B in accordance with the Central Bank's project financing regulations in response to the epidemic.
- d. As of December 31, 2022 and 2021, due to the KHR loans borrowed from the National Bank of Cambodia, the Bank provided US\$27,927 thousand and US\$69,904 thousand, respectively, of its Phnom Penh Branch's due from the Central Bank as collateral to the National Bank of Cambodia in accordance with the relevant regulations.

#### 40. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

- a. As of December 31, 2022, the Bank's outstanding major construction and procurement contracts amounted to \$741,195 thousand, of which \$541,347 thousand was still unpaid.
- b. According to the joint venture contract signed with BNP Paribas Assurance (BNPPA), the Bank signed the tri-party agreement with BNP Paribas Cardif TCB Life Insurance Co., Ltd. (BPCTLI) and Cooperative Insurance Brokers Co., Ltd. (CIB) on April 13, 2010, which identified BPCTLI as the sole supplier of life insurance products for the Bank and CIB, also applying the Bank's marketing channels to sell life insurance products. Since the Bank merged with the CIB on June 24, 2016, the Bank signed a two-party agreement with BPCTLI on March 30, 2018 to replace the original tri-party agreement, the rights and obligations of the CIB were assumed by the Bank.

#### 41. FINANCIAL INSTRUMENTS

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

	December 31			
	2022		2021	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
<u>Financial assets</u>				
Investments in debt instruments at amortized cost	\$ 717,128,922	\$ 712,423,037	\$ 711,991,479	\$ 714,069,761
<u>Financial liabilities</u>				
Bank debentures	60,290,000	61,597,225	62,100,000	63,142,171

Fair value hierarchy as at December 31, 2022

	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<u>Financial assets</u>				
Investments in debt instruments at amortized cost	\$ 712,423,037	\$ -	\$ 712,423,037	\$ -
<u>Financial liabilities</u>				
Bank debentures	61,597,225	-	61,597,225	-

Fair value hierarchy as at December 31, 2021

	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<u>Financial assets</u>				
Investments in debt instruments at amortized cost	\$ 714,069,761	\$ 6,207,618	\$ 707,862,143	\$ -
<u>Financial liabilities</u>				
Bank debentures	63,142,171	-	63,142,171	-

In addition to those listed above, the management considered other financial instruments which are not measured at fair value closed to their fair value.

- b. The valuation techniques and assumptions the Bank uses for determining fair values are as follows:

The fair values of financial instruments traded on active markets are based on quoted market prices. However, in many instances where there are no quoted market prices for the Bank's various financial instruments, fair values are based on estimates using other financial data and appropriate valuation methodologies. The financial data obtained by the Bank for making estimations and assumptions for financial instrument valuation is consistent with those used by other market participants to price financial instruments. Fair values of forward contracts, currency swap contracts, foreign-currency margin contracts, cross-currency swap contracts and interest rate swap contracts are calculated using the discounted cash flow method, unless the fair values are provided by counterparties. Fair values of option contracts are based on estimates using the Black Scholes pricing model.

The Bank estimates the fair value of each forward contract on the basis of the swap points quoted by Refinitiv on each settlement date. Fair values of interest rate swap contracts and cross-currency swap contracts are calculated using the Bloomberg information system, unless the fair values are provided by counterparties. The calculation of the fair value of each option contract is based on the mid-price (the average of bid and ask prices) quoted by Refinitiv and applied consistently.

For debt instruments with no active market, if there are theoretical prices from the Taipei Exchange an over-the-counter securities exchange) on the balance sheet date, they are used as the basis for evaluating the fair value of debt instruments with no active market. Otherwise, the latest trade prices and quoted prices by major markets are used. The fair values of bank debentures are recorded as follows: (a) debentures with no maturity dates - at book values; (b) debentures with floating interest rates - at theoretical prices quoted by the Taipei Exchange; and (c) debentures with fixed interest rates - at estimates reached using the discounted cash flow method. The discount rates used were between 1.3207% and 1.6703%, between 0.4605% and 0.6491% as of December 31, 2022 and 2021, respectively, and were comparable with interest rates for loans with similar terms and characteristics.

### Evaluation technique and input of fair value measurement at Level 3

The Company adopts the market approach for domestic unlisted equity investment, and selects similar industries with the target company. The main business model is similar. The products and scales are close to the comparable listed companies. The fair value estimation is based on the information of the listed company, or the price-book ratio (P/B) of the industry to which the target is evaluated is estimated as the multiplier of the fair value estimate. The significant unobservable input used is discount for lack of marketability. A decrease in discount for lack of marketability used in isolation would result in increases in fair value.

The ranges for the discount for lack of marketability used in the assessment of fair value based on the market approach on December 31, 2022 and 2021 are as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Discount for lack of marketability	10%-30%	10%-30%

With other input values remaining and a change in discount for lack of marketability input value to reflect reasonable assumptions, the amount of fair value of investment in equity instruments will increase (decrease) as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Discount for lack of marketability		
Increase 10%	\$ (917,845)	\$ (1,022,928)
Decrease 10%	\$ 917,845	\$ 1,022,928

- c. The hierarchies of the Company's financial instruments measured at fair value on a recurring basis as of December 31, 2022 and 2021 were as follows:

#### 1) Fair value hierarchy

<b>Financial Instrument Measured at Fair Value</b>	<b>December 31, 2022</b>			
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<u>Non-derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at FVTPL				
Equity instruments	\$ 988,513	\$ 477,967	\$ -	\$ 510,546
Debt instruments	885,078	-	885,078	-
Others	22,950,531	7,850	22,942,681	-
Financial assets at fair value through other comprehensive income				
Equity instruments	35,161,053	29,093,520	-	6,067,533
Debt instruments	381,674,141	7,457,149	374,216,992	-
Others	1,218,738	-	1,218,738	-
<u>Derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at FVTPL	5,045,842	62,058	4,983,784	-
<u>Liabilities</u>				
Financial liabilities at FVTPL	(2,621,053)	-	(2,621,053)	-



Financial Instrument Measured at Fair Value	December 31, 2021			
	Total	Level 1	Level 2	Level 3
<u>Non-derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at FVTPL				
Equity instruments	\$ 1,496,891	\$ 972,275	\$ -	\$ 524,616
Debt instruments	3,974,229	296,649	3,677,580	-
Others	28,241,393	24,608	28,216,785	-
Financial assets at fair value through other comprehensive income				
Equity instruments	50,164,325	43,371,063	-	6,793,262
Debt instruments	375,334,132	21,190,937	354,143,195	-
<u>Derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at FVTPL	677,274	175,633	501,641	-
<u>Liabilities</u>				
Financial liabilities at FVTPL	(1,733,199)	-	(1,733,199)	-

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

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

Financial Assets	Financial assets at FVTPL	Investment in Equity Instruments at FVTOCI	Total
Balance at January 1, 2022	\$ 524,616	\$ 6,793,262	\$ 7,317,878
Recognized in profit or loss (included in gains on financial assets and liabilities at FVTPL)	(18,270)	-	(18,270)
Recognized in other comprehensive income (included in unrealized valuation gain or loss on investment in equity instruments at FVTOCI)	-	(877,814)	(877,814)
Purchase	25,200	152,085	177,285
Disposal	(21,000)	-	(21,000)
Balance at December 31, 2022	<u>\$ 510,546</u>	<u>\$ 6,067,533</u>	<u>\$ 6,578,079</u>
Balance at January 1, 2021	\$ 530,066	\$ 5,980,870	\$ 6,510,936
Recognized in profit or loss (included in gains on financial assets and liabilities at FVTPL)	30,550	-	30,550
Recognized in other comprehensive income (included in unrealized valuation gain or loss on investment in equity instruments at FVTOCI)	-	812,392	812,392
Disposal	(36,000)	-	(36,000)
Balance at December 31, 2021	<u>\$ 524,616</u>	<u>\$ 6,793,262</u>	<u>\$ 7,317,878</u>

The change in unrealized gains or loss for the year ended December 31, 2022 and 2021 included in profit or loss for assets held at December 31, 2022 and 2021 was \$14,568 thousand losses and \$34,140 thousand gains, respectively.

d. Information on financial risk management

1) Risk management

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

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

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

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

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

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

2) Credit risk

a) Credit risk management policy

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

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

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

i. Loans business (including loan commitment and guarantees)

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

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

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

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

ii. Due from and call loans to other banks

The Company evaluates the credit status of counterparties before closing deals. The Company grants different limits to the counterparties on the basis of their respective credit ratings as suggested by domestic and foreign credit rating agencies.

iii. Investments in debt instruments and derivatives

The Company identifies and manages credit risks from debt instruments through the use of external credit ratings of the debt instruments along with the evaluation of credit qualities of bonds, regional conditions and counterparty risks.

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

b) Measurement of expected credit losses

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

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

Loans business

i) Quantitative benchmark

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

ii) Qualitative benchmark

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

Bonds and bills business

i) Quantitative benchmark

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

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

ii) Qualitative benchmark

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

ii. Definition of default and credit loss on financial assets

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

Loans business

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

Bonds and bills business

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

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

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

iii. Reversal policy

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

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

Financial assets that have been written off by the Company may continue activities in progress, while complying with procedures according to relevant policies.

iv. Measurement of expected credit losses

Loans business

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

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

The Company considers both the 12-month and lifetime probability of default ("PD") of the borrower with the loss given default ("LGD"), multiplying, the exposure at default ("EAD"), as well as the impact of time value, to calculate the 12-month.

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

The Company estimates the exposure at default according to the aggregate book value. In addition, the estimations of expected credit loss for the 12-month loan period and duration of loan commitment made by the Company are based on the credit conversion factor (CCF), using the portion of the loan commitment that is expected to be used within 12 months of reporting date and expected duration to calculate expected credit loss and determine the exposure at default.

There is no significant change in the estimation method and assumptions used to calculate expected credit loss as of December 31, 2022.

#### Bonds and bills business

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

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

There is no significant change in the estimation method and assumptions used to calculate expected credit loss as of December 31, 2022.

#### v. Forward-looking information considerations

##### Loans business

The Company has taken into account previous forward-looking information when assessing asset default probability. The Company analyzes past archives to identify relevant economic factors affecting personal and company asset default probabilities.

According to the Company's previous forward-looking information, estimations are calculated at the end of the year per year on average. The influence of relevant economic factors and expected credit loss identified by the Company on December 31, 2021 and 2020 is as follows:

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

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

##### Bonds and bills business

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

c) Credit risk avoidance or mitigation policy

i. Strengthen collaterals and other credits

The Company has a series of measures for credit granting to reduce credit risks. One of the measures is to require collaterals from the borrowers. To secure a debt, the Bank manages and assesses the collaterals following the procedures that determine the scope of collateralization and valuation of collaterals and the process of disposition. In credit contracts, the Company stipulates the security mechanism for debts; the conditions and terms for collaterals; and the terms and conditions of offsetting to state clearly that the Company reserves the right to reduce the granted quota, to shorten the repayment period, to demand immediate settlement or to offset the debts of the borrowers with their deposits in the Company in order to reduce the credit risks.

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

The Company closely monitors the value of collaterals of financial instruments and considers impairment on credit-impaired financial assets. Credit-impaired financial assets and collateral to mitigate potential loss were as follows:

December 31, 2022

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

December 31, 2021

	<b>Gross Carrying Amount</b>	<b>Allowance for Possible Losses</b>	<b>Total Exposure Amount (Amortized Cost)</b>	<b>Fair Value of Collateral</b>
<u>Impaired financial assets</u>				
Receivables	\$ 155,867	\$ 59,387	\$ 96,480	\$ -
Discount and loans	36,101,322	4,047,940	32,053,382	78,882,813

The total amount of financial assets that have been written off but have recourse action by the Company in December 31, 2022 and 2021 was \$7,292,399 thousand and \$8,010,636 thousand, respectively.

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

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



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

Credit Risk Profile by Group or Industry	December 31			
	2022		2021	
	Amount	%	Amount	%
Natural person	\$ 989,233,524	38	\$ 966,913,755	39
Manufacturing	452,362,367	17	420,742,616	17

iii. Master netting arrangement

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

d) Maximum exposures to credit risks

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

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

	December 31	
	2022	2021
Financial assets at fair value through profit or loss - debt instrument	\$ 885,078	\$ 3,974,229

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

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

December 31, 2021					
	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired Financial Assets)	Difference of Impairment Loss under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	Total
Maximum exposures to credit risk	\$ 290,623,006	\$ 27,880	\$ 1,180,336	\$ -	\$ 291,831,222
Allowance for possible losses	(781,399)	(28)	(167,289)	-	(948,716)
Difference of impairment loss under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	-	-	-	(451,407)	(451,407)
	<u>\$ 289,841,607</u>	<u>\$ 27,852</u>	<u>\$ 1,013,047</u>	<u>\$ (451,407)</u>	<u>\$ 290,431,099</u>

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

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

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

a) Credit quality analysis of discounts and loans

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

December 31, 2021					
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Difference of Impairment Recognized under "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	Total
Discounts, loans	\$ 2,423,547,486	\$ 6,838,384	\$ 36,101,322	\$ -	\$ 2,466,487,192
Allowance for possible losses	(3,777,112)	(86,866)	(4,047,940)	-	(7,911,918)
Difference of impairment recognized under "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans"	-	-	-	(21,800,941)	(21,800,941)
	<u>\$ 2,419,770,374</u>	<u>\$ 6,751,518</u>	<u>\$ 32,053,382</u>	<u>\$ (21,800,941)</u>	<u>\$ 2,436,774,333</u>

b) Credit quality analysis of receivables

	December 31, 2022				Difference of Impairment Recognized under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans”	Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Credit Impairment by Using Simplified Method		
Receivables	\$ 16,460,317	\$ 57,165	\$ 204,286	\$ 2,883,532	\$ -	\$ 19,605,300
Allowance for possible losses	(40,080)	(11,186)	(95,979)	(184,996)	-	(332,241)
Difference of impairment recognized under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans”	-	-	-	-	(165,702)	(165,702)
	<u>\$ 16,420,237</u>	<u>\$ 45,979</u>	<u>\$ 108,307</u>	<u>\$ 2,698,536</u>	<u>\$ (165,702)</u>	<u>\$ 19,107,357</u>
	December 31, 2021				Difference of Impairment Recognized under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans”	Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Credit Impairment by Using Simplified Method		
Receivables	\$ 14,890,139	\$ 42,626	\$ 155,867	\$ 2,808,236	\$ -	\$ 17,896,868
Allowance for possible losses	(34,359)	(10,928)	(59,387)	(187,153)	-	(291,827)
Difference of impairment recognized under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans”	-	-	-	-	(173,969)	(173,969)
	<u>\$ 14,855,780</u>	<u>\$ 31,698</u>	<u>\$ 96,480</u>	<u>\$ 2,621,083</u>	<u>\$ (173,969)</u>	<u>\$ 17,431,072</u>

c) Credit quality analysis of securities

December 31, 2022				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Investments in debt instruments at FVTOCI				
Gross carrying amount	\$ 401,779,287	\$ -	\$ 359,150	\$ 402,138,437
Allowance for possible losses	(60,665)	-	(222,673)	(283,338)
Amortized cost	401,718,622	-	136,477	401,855,099
Fair value adjustments	(19,017,037)	-	54,817	(18,962,220)
	<u>\$ 382,701,585</u>	<u>\$ -</u>	<u>\$ 191,294</u>	<u>\$ 382,892,879</u>
Investments in debt instruments at amortized cost	\$ 717,151,165	\$ -	\$ -	\$ 717,151,165

(Continued)

December 31, 2022				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Allowance for possible losses	<u>(22,243)</u>	<u>-</u>	<u>-</u>	<u>(22,243)</u>
	<u>\$ 717,128,922</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 717,128,922</u>
				(Concluded)

December 31, 2021				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Investments in debt instruments at FVTOCI				
Gross carrying amount	\$ 373,892,337	\$ -	\$ -	\$ 373,892,337
Allowance for possible losses	<u>(66,666)</u>	<u>-</u>	<u>-</u>	<u>(66,666)</u>
Amortized cost	373,825,671	-	-	373,825,671
Fair value adjustments	<u>1,508,461</u>	<u>-</u>	<u>-</u>	<u>1,508,461</u>
	<u>\$ 375,334,132</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 375,334,132</u>
Investments in debt instruments at amortized cost	\$ 712,010,695	\$ -	\$ -	\$ 712,010,695
Allowance for possible losses	<u>(19,216)</u>	<u>-</u>	<u>-</u>	<u>(19,216)</u>
	<u>\$ 711,991,479</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 711,991,479</u>

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

	12-month ECL	Lifetime ECL (Collective Assessment)	Lifetime ECL (Non-purchased or Non-originated Credit-impaired Financial Assets)	Total
Balance at January 1, 2022	\$ 66,666	\$ -	\$ -	\$ 66,666
Lifetime ECL	(466)	-	466	-
New financial assets purchased	5,734	-	-	5,734
Derecognition of financial assets in the current reporting period	(8,038)	-	-	(8,038)
Change in model or risk parameters	(20,231)	-	222,155	201,924
Changes in exchange rates and other changes	<u>17,000</u>	<u>-</u>	<u>52</u>	<u>17,052</u>
Balance at December 31, 2022	<u>\$ 60,665</u>	<u>\$ -</u>	<u>\$ 222,673</u>	<u>\$ 283,338</u>
Balance at January 1, 2021	\$ 110,684	\$ -	\$ -	\$ 110,684
New financial assets purchased	21,017	-	-	21,017
Derecognition of financial assets in the current reporting period	(9,638)	-	-	(9,638)
Change in model or risk parameters	(33,429)	-	-	(33,429)
Changes in exchange rates and other changes	<u>(21,968)</u>	<u>-</u>	<u>-</u>	<u>(21,968)</u>
Balance at December 31, 2021	<u>\$ 66,666</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 66,666</u>

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

	12-month ECL	Lifetime ECL (Collective Assessment)	Lifetime ECL (Non-purchased or Non-originated Credit-impaired Financial Assets)	Total
Balance at January 1, 2022	\$ 19,216	\$ -	\$ -	\$ 19,216
New financial assets purchased	5,768	-	-	5,768
Derecognition of financial assets in the current reporting period	(2,393)	-	-	(2,393)
Change in model or risk parameters	(1,086)	-	-	(1,086)
Changes in exchange rates and other changes	<u>738</u>	<u>-</u>	<u>-</u>	<u>738</u>
Balance at December 31, 2022	<u>\$ 22,243</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,243</u>
Balance at January 1, 2021	\$ 45,712	\$ -	\$ -	\$ 45,712
New financial assets purchased	2,656	-	-	2,656
Derecognition of financial assets in the current reporting period	(3,290)	-	-	(3,290)
Change in model or risk parameters	(25,063)	-	-	(25,063)
Changes in exchange rates and other changes	<u>(799)</u>	<u>-</u>	<u>-</u>	<u>(799)</u>
Balance at December 31, 2021	<u>\$ 19,216</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,216</u>

### 3) Market risks

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

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

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

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

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

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

#### Effect of interest rate benchmark reform

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

The following table contains details of non-derivative financial instruments held by the Bank at December 31, 2022 which are subject to the reform and have not transitioned to an alternative benchmark interest rate:

	Carrying Amount
Financial assets that reference USD LIBOR	
Financial assets at FVTOCI	\$ 12,109,558
Discounts and loans	<u>72,340,842</u>
	<u>\$ 84,450,400</u>

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

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

Main Risk	Change Scenario	December 31, 2022	December 31, 2021
Interest rate risk	Interest rate curve increased 100 basis points	\$ (51,733)	\$ (353,392)
	Interest rate curve fell 100 basis points	53,018	380,457
Exchange rate risk	USD/NT\$, EUR/NT\$ increased 3%	(486,412)	(167,222)
	USD/NT\$, EUR/NT\$ fell 3%	486,412	167,222
	Others (RMB, AUD etc.)/NT\$ increased 5%	60,149	372,018
	Others (RMB, AUD etc.)/NT\$ fell 5%	(60,149)	(372,018)
Equity security price risk	Equity security price increased by 15%	72,875	149,215
	Equity security price fell by 15%	(72,875)	(149,215)

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

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

	December 31			
	2022		2021	
	Average Balance	Average Rate (%)	Average Balance	Average Rate (%)
<u>Interest-earning assets</u>				
Due from banks and other financial assets - due from banks	\$ 50,851,064	1.09	\$ 41,943,488	0.67
Due from the Central Bank	209,730,813	0.38	196,080,571	0.23
Call loans to banks and other financial assets - call loans to security firms	73,372,124	1.60	68,531,874	0.43
Financial assets mandatorily classified as at fair value through profit or loss	34,759,008	0.87	40,366,516	0.29
Financial assets at fair value through other comprehensive income	411,746,809	1.41	356,361,257	1.31
Investments in debt instruments at amortized cost	673,507,832	0.74	722,379,716	0.52
Securities purchased under resale agreements	6,960	1.23	-	-
Discounts and loans	2,527,344,580	1.90	2,398,181,329	1.57
<u>Interest-bearing liabilities</u>				
Deposits from the Central Bank and other banks	\$ 256,283,689	0.78	\$ 248,609,945	0.25
Due to the Central Bank and other banks	23,940,412	0.11	68,616,417	0.10
Securities sold under repurchase agreements	8,213,246	0.33	6,849,038	0.17
Demand deposits	797,475,967	0.24	755,267,311	0.06
Savings - demand deposits	1,142,525,423	0.33	1,063,067,225	0.18
Time deposits	762,476,259	1.13	703,593,012	0.51
Time savings deposits	613,897,152	1.05	604,938,870	0.80
Treasury deposits	125,991,085	0.65	121,466,475	0.43
Negotiable certificates of deposits	47,246,079	0.81	46,250,907	0.28
Structured products	-	-	2,458,928	0.70
Bank debentures	60,944,247	1.62	61,460,274	1.50
Lease liabilities	1,527,213	2.49	1,518,091	2.59

The exchange rate risk is as follows:

#### December 31, 2022

(In Thousands)

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
USD	\$ 12,988,371	30.7250	\$ 399,067,706
RMB	10,080,948	4.4110	44,467,064
AUD	1,448,863	20.7800	30,107,381
JPY	74,583,415	0.2321	17,310,811
EUR	629,522	32.7600	20,623,135
<u>Financial liabilities</u>			
USD	18,318,861	30.7250	562,847,006
RMB	7,488,595	4.4110	33,032,192
AUD	929,614	20.7800	19,317,386
JPY	77,713,544	0.2321	18,037,313
EUR	204,655	32.7600	6,704,498



December 31, 2021

(In Thousands)

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
USD	\$ 15,515,821	27.6550	\$ 429,090,036
RMB	10,773,891	4.3410	46,769,460
AUD	1,743,404	20.0900	35,024,988
JPY	76,059,160	0.2405	18,292,228
EUR	456,144	31.3800	14,313,804
<u>Financial liabilities</u>			
USD	20,462,231	27.6550	565,882,996
RMB	8,827,439	4.3410	38,319,911
AUD	1,207,092	20.0900	24,250,474
JPY	60,322,936	0.2405	14,507,666
EUR	305,438	31.3800	9,584,654

#### 4) Liquidity risk

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

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

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

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

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

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

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

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

The Bank's liquidity reserve ratios were 30.36% and 28.92% in December 2022 and 2021, respectively.

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

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

December 31, 2021	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Deposits from the Central Bank and other banks	\$ 150,356,499	\$ 73,956,730	\$ 9,413,858	\$ 441,480	\$ -	\$ 234,168,567
Due to the Central Bank and other banks	-	-	-	88,889,360	-	88,889,360
Securities sold under repurchase agreements	3,171,199	1,768,430	1,367,320	50,485	738,412	7,095,846
Payables	26,830,739	2,133,830	6,868,806	2,359,907	2,654,200	40,847,482
Deposits and remittances	329,988,947	489,349,842	469,886,767	764,859,478	1,427,119,697	3,481,204,731
Bank debentures	-	-	11,650,000	8,350,000	42,100,000	62,100,000
Lease liabilities	65,535	168,724	147,632	274,908	1,515,975	2,172,774
Other items of cash outflow on maturity	1,475,898	154	183	965,406	65,679	2,507,320

In the above table, the maturity analysis of deposits and remittances by residual-maturity period was based on the Company's historical experience. Assuming that all demand deposits as of December 31, 2022 and 2021 must be repaid soon, the capital expenditure will be increased by \$1,973,423,557 thousand and \$1,976,268,781 thousand, respectively, within 30 days these balance sheet dates.

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

a) Derivative financial liabilities to be settled at net amounts

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

December 31, 2021	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial liabilities at fair value through profit or loss						
Currency	\$ -	\$ 325	\$ 583	\$ 839	\$ -	\$ 1,747
Interest	(1,148)	(373)	(1,229)	(501)	-	(3,251)

b) Derivative financial liabilities to be settled at gross amounts

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

December 31, 2021	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial liabilities at fair value through profit or loss						
Currency derivatives						
Cash outflow	\$ 63,485,067	\$ 61,242,094	\$ 30,298,843	\$ 69,033,095	\$ 144,832	\$ 224,203,931
Cash inflow	63,987,810	61,708,574	30,484,421	69,430,081	144,877	225,755,763
Interest derivatives						
Cash outflow	-	181,503	-	-	-	181,503
Cash inflow	-	27,834	-	-	-	27,834
Total cash outflow	63,485,067	61,423,597	30,298,843	69,033,095	144,832	224,385,434
Total cash inflow	63,987,810	61,736,408	30,484,421	69,430,081	144,877	225,783,597
Net cash flow	502,743	312,811	185,578	396,986	45	1,398,163

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

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

December 31, 2021	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Irrevocable loan commitments issued	\$ 528,196	\$ 1,674,707	\$ 9,048,367	\$ 14,095,610	\$ 75,944,387	\$ 101,291,267
Irrevocable credit card commitments	522,404	210,633	878,299	2,235,586	56,339,371	60,186,293
Letters of credit issued yet unused	6,601,599	16,519,129	2,343,935	1,191,689	5,119,914	31,776,266
Other guarantees	10,720,286	12,838,344	8,254,136	9,206,215	57,558,415	98,577,396

f. Transfers of financial assets

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

December 31, 2022					
Financial Assets	Carrying Amount of Transferred Financial Assets	Carrying Amount of Related Financial Liabilities	Fair Value of Transferred Financial Assets	Fair Value of Related Financial Liabilities	Net Position of Fair Value
Financial assets at FVTPL - securities sold under repurchase agreements	\$ 1,910,904	\$ 1,911,075	\$ 1,910,904	\$ 1,911,075	\$ (171)
Financial assets at FVTOCI - securities sold under repurchase agreements	7,181,357	7,867,085	7,181,357	7,867,085	(685,728)

December 31, 2021					
Financial Assets	Carrying Amount of Transferred Financial Assets	Carrying Amount of Related Financial Liabilities	Fair Value of Transferred Financial Assets	Fair Value of Related Financial Liabilities	Net Position of Fair Value
Financial assets at FVTPL - securities sold under repurchase agreements	\$ 785,548	\$ 786,386	\$ 785,548	\$ 786,386	\$ (838)
Financial assets at FVTOCI - securities sold under repurchase agreements	5,848,731	6,309,460	5,848,731	6,309,460	(460,729)

g. Offsetting financial assets and financial liabilities

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

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

December 31, 2022

Financial Assets	Gross Amounts of Recognized Financial Assets	Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet	Net Amounts of Financial Assets Presented in the Balance Sheet	Related Amounts Not Offset in the Balance Sheet		Net Amount
				Financial Instruments	Cash Collateral Pledged	
Resell agreements	\$ 149,440	\$ -	\$ 149,440	\$ (149,590)	\$ -	\$ (150)

Financial Liabilities	Gross Amounts of Recognized Financial Liabilities	Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet	Net Amounts of Financial Liabilities Presented in the Balance Sheet	Related Amounts Not Offset in the Balance Sheet		Net Amount
				Financial Instruments	Cash Collateral Pledged	
Repurchase agreements	\$ 9,778,160	\$ -	\$ 9,778,160	\$ (9,092,261)	\$ -	\$ 685,899

December 31, 2021

Financial Liabilities	Gross Amounts of Recognized Financial Liabilities	Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet	Net Amounts of Financial Liabilities Presented in the Balance Sheet	Related Amounts Not Offset in the Balance Sheet		Net Amount
				Financial Instruments	Cash Collateral Pledged	
Repurchase agreements	\$ 7,095,846	\$ -	\$ 7,095,846	\$ (6,634,279)	\$ -	\$ 461,567

## 42. CAPITAL MANAGEMENT

According to the authority's regulation for principles of capital adequacy management, the Bank lists all the risks into the capital adequacy evaluation scope. In accordance with the operation plans and budget targets, which approved by the board of directors, also considering the Bank's development strategy, capital adequacy, liabilities ratios, and dividend policy, the Bank proposes capital adequacy evaluation plan, which include stress testing, estimation for each season's capital adequacy ratio, etc. to ensure the capital adequacy ratio can be reached and capital structure is sound.

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

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

Information on the Bank's CAR is as follows:

(In Thousands of New Taiwan Dollars, %)

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

(In Thousands of New Taiwan Dollars, %)

Items			Year	December 31, 2021		
				Standalone	Consolidated	
Eligible capital	Common equity		\$	232,029,317	\$	232,592,819
	Other Tier 1 capital			18,802,112		19,308,800
	Tier 2 capital			38,852,045		39,874,668
	Eligible capital			289,683,474		291,776,287
Risk-weighted assets	Credit risk	Standardized approach		1,824,632,721		1,825,372,526
		Internal ratings based approach		-		-
		Securitization		1,874,928		1,874,928
	Operational risk	Basic indicator approach		-		-
		Standardized approach/alternative standardized approach		80,974,300		81,054,682
		Advanced measurement approach		-		-
	Market risk	Standardized approach		29,248,663		29,248,675
		Internal model approach		-		-
	Risk-weighted assets			1,936,730,612		1,937,550,811
Capital adequacy ratio				14.96		15.06
Ratio of the common equity to risk-weighted assets				11.98		12.00
Ratio of Tier 1 capital to risk-weighted assets				12.95		13.00
Ratio of leverage				5.70		5.71

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

Note 2: Formulas used were as follows:

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

#### 43. ASSET QUALITY, CONCENTRATION OF CREDIT EXTENSIONS, INTEREST RATE SENSITIVITY, PROFITABILITY AND MATURITY ANALYSIS OF ASSETS AND LIABILITIES

- a. Asset quality: Table 2 (attached).
- b. Concentration of credit extensions

(In Thousands of New Taiwan Dollars, %)

Rank (Note 1)	December 31, 2022			December 31, 2021		
	Industry of Group Enterprise (Note 2)	Total Amount of Credit Endorsement or Other Transactions (Note 3)	Percentage of Bank's Equity	Industry of Group Enterprise (Note 2)	Total Amount of Credit Endorsement or Other Transactions (Note 3)	Percentage of Bank's Equity
1	Group A Real estate development	\$ 33,998,385	14.56	Group B Railway transportation	\$ 35,574,193	14.23
2	Group B Railway transportation	31,909,193	13.66	Group A Real estate development	33,453,164	13.38
3	Group C Financial leasing	24,261,741	10.39	Group C Financial leasing	15,795,392	6.32
4	Group D Petroleum and coal products manufacturing	14,036,518	6.01	Group G Computers and computing peripheral equipment manufacturing	12,937,598	5.17
5	Group E Wire and cable manufacturing	13,992,954	5.99	Group D Petroleum and coal products manufacturing	12,491,386	5.00
6	Group F Iron and steel smelting	13,301,572	5.70	Group F Iron and steel smelting	11,677,823	4.67
7	Group G Computers and computing peripheral equipment manufacturing	12,827,188	5.49	Group J Wholesale of electronic and communication equipment and parts	10,203,170	4.08
8	Group H LCD panel and its component manufacturing	12,153,351	5.20	Group K Spinning of yarn, cotton and wool	9,169,703	3.67
9	Group I Computer manufacturing	10,424,890	4.46	Group L Shipping agency	9,042,809	3.62
10	Group J Wholesale of electronic and communication equipment and parts	9,833,333	4.21	Group M Real estate development	8,989,009	3.60

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

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

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



c. Interest rate sensitivity information

**Interest Rate Sensitivity (New Taiwan Dollars)**  
**December 31, 2022**

(In Thousands of New Taiwan Dollars, %)

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

**Interest Rate Sensitivity (New Taiwan Dollars)**  
**December 31, 2021**

(In Thousands of New Taiwan Dollars, %)

Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	\$ 2,772,741,019	\$ 163,170,929	\$ 27,065,259	\$ 378,012,726	\$ 3,340,989,933
Interest rate-sensitive liabilities	1,101,870,729	1,809,883,143	91,831,198	46,640,778	3,050,225,848
Interest rate sensitivity gap	1,670,870,290	(1,646,712,214)	(64,765,939)	331,371,948	290,764,085
Net worth					208,967,925
Ratio of interest rate-sensitive assets to liabilities					109.53
Ratio of interest rate sensitivity gap to net worth					139.14

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

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

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

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

**Interest Rate Sensitivity (U.S. Dollars)**  
**December 31, 2022**

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

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

**Interest Rate Sensitivity (U.S. Dollars)**  
**December 31, 2021**

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

Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	\$ 13,952,486	\$ 1,076,620	\$ 291,681	\$ 2,558,277	\$ 17,879,064
Interest rate-sensitive liabilities	17,238,266	2,863,222	2,871,043	-	22,972,531
Interest rate sensitivity gap	(3,285,780)	(1,786,602)	(2,579,362)	2,558,277	(5,093,467)
Net worth					1,484,251
Ratio of interest rate-sensitive assets to liabilities					77.83
Ratio of interest rate sensitivity gap to net worth					(343.17)

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

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

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

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

d. Profitability

Unit: %

Items		December 31, 2022	December 31, 2021
Return on total assets	Before income tax	0.53	0.53
	After income tax	0.45	0.47
Return on equity	Before income tax	9.15	8.77
	After income tax	7.89	7.67
Net income ratio		38.99	38.60

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

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

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

Note 4: The above profitability ratios are calculated that based on the amount of consolidated financial report.

e. Maturity analysis of assets and liabilities

Maturity Analysis of Assets and Liabilities (New Taiwan Dollars)  
December 31, 2022

(In Thousands of New Taiwan Dollars)

	Total	Remaining Period to Maturity					
		0 to 10 Days	11 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	\$ 3,861,423,310	\$ 487,796,421	\$ 419,062,616	\$ 240,196,110	\$ 220,144,639	\$ 446,583,026	\$ 2,047,640,498
Main capital outflow on maturity	4,593,494,496	254,484,254	217,867,788	585,555,506	532,360,876	925,191,079	2,078,034,993
Gap	(732,071,186)	233,312,167	201,194,828	(345,359,396)	(312,216,237)	(478,608,053)	(30,394,495)

Maturity Analysis of Assets and Liabilities (New Taiwan Dollars)  
December 31, 2021

(In Thousands of New Taiwan Dollars)

	Total	Remaining Period to Maturity					
		0 to 10 Days	11 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	\$ 3,734,586,747	\$ 398,758,888	\$ 517,528,907	\$ 176,209,600	\$ 265,081,041	\$ 387,286,021	\$ 1,989,722,290
Main capital outflow on maturity	4,320,331,778	217,417,312	228,475,073	537,968,935	476,972,434	901,527,186	1,957,970,838
Gap	(585,745,031)	181,341,576	289,053,834	(361,759,335)	(211,891,393)	(514,241,165)	31,751,452

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

Maturity Analysis of Assets and Liabilities (U.S. Dollars)  
December 31, 2022

(In Thousands of U.S. Dollars)

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

Maturity Analysis of Assets and Liabilities (U.S. Dollars)  
December 31, 2021

(In Thousands of U.S. Dollars)

	Total	Remaining Period to Maturity				
		0 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	\$ 27,195,487	\$ 8,722,928	\$ 4,911,125	\$ 2,525,240	\$ 3,307,172	\$ 7,729,022
Main capital outflow on maturity	31,928,600	7,586,482	5,968,456	5,802,085	7,983,154	4,588,423
Gap	(4,733,113)	1,136,446	(1,057,331)	(3,276,845)	(4,675,982)	3,140,599

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

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

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

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

##### Balance Sheets of Trust Accounts December 31, 2022 and 2021

Trust Assets	2022	2021	Trust Liabilities	2022	2021
Cash in banks	\$ 11,509,570	\$ 12,245,051	Payables		
Short-term investments			Accrued expense	\$ 1,218	\$ 1,082
Mutual funds	211,500,801	190,638,342	Others	23	9
Stocks	3,017,490	3,098,381	Mutual funds payable	2,117	3,738
Bonds	79,112	385	Other liabilities	2	1
	<u>214,597,403</u>	<u>193,737,108</u>		<u>3,360</u>	<u>4,830</u>
Securities lending	<u>146,893</u>	<u>256,065</u>	Accounts payable on securities under custody	<u>192,191,761</u>	<u>200,573,375</u>
Receivables	<u>15,718</u>	<u>4,376</u>	Trust capital	<u>323,839,577</u>	<u>311,135,410</u>
Real estate			Reserves and retained earnings		
Land	63,589,594	73,499,632	Net income	573,224	1,230,358
Buildings	7,873	5,608	Retained earnings	(39,886)	(54,350)
Construction in process	<u>34,427,222</u>	<u>32,429,746</u>		<u>533,338</u>	<u>1,176,008</u>
	<u>98,024,689</u>	<u>105,934,986</u>			(Continued)
Intangible assets					
Leasehold	82,002	-			
Superficies	-	138,662			
	<u>82,002</u>	<u>138,662</u>			
Securities under custody	<u>192,191,761</u>	<u>200,573,375</u>			
Total	<u>\$ 516,568,036</u>	<u>\$ 512,889,623</u>	Total	<u>\$ 516,568,036</u>	<u>\$ 512,889,623</u>
					(Concluded)

Note: As of December 31, 2022 and 2021, total trust-related assets included OBU funds and bonds investments in the amount of \$1,759,697 thousand, \$1,483,859 thousand, respectively.

##### Trust Property List December 31, 2022 and 2021

Investment Items	2022	2021
Cash in banks	\$ 11,509,570	\$ 12,245,051
Short-term investments		
Mutual funds	211,500,801	190,638,342
Stocks	3,017,490	3,098,381
Bonds	79,112	385
Securities lending	146,893	256,065
Receivables		
Accrued interest	5,121	1,268
Mutual funds	-	1,356
Cash dividends	9,696	919
Others	901	833
Real estate		
Land	63,589,594	73,499,632
Buildings	7,873	5,608
Construction in process	34,427,222	32,429,746
Intangible assets		
Leasehold	82,002	-
Superficies	-	138,662
Securities under custody	<u>192,191,761</u>	<u>200,573,375</u>
Total	<u>\$ 516,568,036</u>	<u>\$ 512,889,623</u>

**Statements of Income on Trust Accounts  
For the Years Ended December 31, 2022 and 2021**

	2022	2021
Revenues		
Interest revenue	\$ 16,383	\$ 6,023
Lending stock	3,169	4,197
Cash dividends	110,185	58,561
Realized gain on investment – stocks	154,141	242,267
Unrealized gain on investment – stocks	666,928	821,693
Unrealized gain on investment – lending stock	39,661	92,587
Realized gain on investment – mutual funds	12,363	10,577
Unrealized gain on investment – mutual funds	36,756	80,123
Beneficial certificates appropriation	10,756	18,197
Others	454	9
Total revenues	<u>1,050,796</u>	<u>1,334,234</u>
Expenses		
Management fees	10,947	9,370
Monitoring fees	4	3
Taxes	30	18
Service charge	103	46
Postage expenses	62	-
Realized loss on investment – stocks	218,273	13,778
Unrealized loss on investment – stocks	129,688	39,354
Unrealized loss on investment – lending stock	24,156	16,612
Realized loss on investment – mutual funds	25,578	3,334
Unrealized loss on investment – mutual funds	68,634	21,229
Others	97	132
Total expenses	<u>477,572</u>	<u>103,876</u>
Income before income tax	573,224	1,230,358
Income tax expense	<u>-</u>	<u>-</u>
Net income	<u>\$ 573,224</u>	<u>\$ 1,230,358</u>

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

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

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

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

As of December 31, 2022 and 2021, the accrued receivables were \$6,208 thousand and \$8,862 thousand (part of receivables), respectively. The revenues from cross-selling transactions were \$24,772 thousand and \$41,399 thousand (part of other noninterest gains, net) in 2022 and 2021, respectively.

To promote the insurance business together, the Bank and Taiwan Cooperative Securities (TCS) signed cooperation arrangements. The service fees paid by the Bank were based on the arrangements.

As of December 31, 2022 and 2021, the accrued payables were \$6 thousand and \$8 thousand (part of payables), respectively. The expenses from cross-selling transactions were \$151 thousand and \$171 thousand (part of other noninterest gains, net) in 2022 and 2021, respectively.

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

As of December 31, 2022 and 2021, the accrued receivables were \$3,239 thousand and \$2,155 thousand, respectively (part of receivables), respectively. The revenues from cross-selling transactions were \$30,638 thousand and \$29,106 thousand (part of service fee income, net) in 2022 and 2021, respectively.

To promote venture capital business together, the Bank and Taiwan Cooperation Venture Capital Co., Ltd. (TCVC) signed cooperation arrangements. The service fees earned by the Bank were based on the arrangements.

The revenues from crossing-selling transactions were both \$20 thousand (part of other noninterest gains, net) in 2022 and 2021.

#### 46. CASH FLOW INFORMATION

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

Undistributed cash dividends approved by the stockholders in the stockholders' meetings were both \$170,524 thousand as of December 31, 2022 and 2021.

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

###### For the year ended December 31, 2022

	Opening Balance	Cash Inflows (Outflows)	Non-cash Changes New Leases	Others	Closing Balance
Due to the Central Bank and other banks	\$ 88,889,360	\$ (88,889,360)	\$	\$	\$ -
Long-term borrowings	-	2,293,200			2,293,200
Bank debentures	62,100,000	(1,810,000)			60,290,000
Guarantee deposits received	2,440,877	(319,223)			2,121,654
Lease liabilities	1,446,957	(645,277)	702,510	19,925	1,524,115
	<u>\$ 154,877,194</u>	<u>\$ (89,370,660)</u>	<u>\$ 702,510</u>	<u>\$ 19,925</u>	<u>\$ 66,228,969</u>

###### For the year ended December 31, 2021

	Opening Balance	Cash Inflows (Outflows)	Non-cash Changes New Leases	Others	Closing Balance
Due to the Central Bank and other banks	\$ 37,118,610	\$ 51,770,750	\$ -	\$ -	\$ 88,889,360
Bank debentures	61,600,000	500,000	-	-	62,100,000
Guarantee deposits received	2,633,007	(192,130)	-	-	2,440,877
Lease liabilities	1,623,938	(604,134)	461,096	(33,943)	1,446,957
	<u>\$ 102,975,555</u>	<u>\$ 51,474,486</u>	<u>\$ 461,096</u>	<u>\$ (33,943)</u>	<u>\$ 154,877,194</u>

#### 47. OTHER IMPORTANT MATTERS

Since the outbreak of the COVID-19 pandemic in 2020 which has impacted global industries and economic activities, The Company will continue to monitor the development of the pandemic, carefully evaluate and actively respond to the impact of the pandemic on the Company's financial status and operating performance. As of the date of release of these consolidated financial statements, the management assessed that they had no significant impact on the Company.

#### 48. ADDITIONAL DISCLOSURES

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

- 1) Financing provided: The Bank - not applicable; investee company - not applicable.
- 2) Endorsement/guarantee provided: The Bank - not applicable; investee company - not applicable.
- 3) Marketable securities held: The Bank - not applicable; investee company - not applicable.

- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 10% of the paid-in capital (the Bank disclosed its investments acquired or disposed of): None.
  - 5) Acquisition of individual real estate at costs of at least NT\$300 million or 10% of the paid-in capital: None.
  - 6) Disposal of individual real estates at costs of at least NT\$300 million or 10% of the paid-in capital: None.
  - 7) Allowance of service fees to related parties amounting to at least NT\$5 million: None.
  - 8) Receivables from related parties amounting to at least NT\$300 million or 10% of the paid-in capital: Table 3 (attached).
  - 9) Sale of nonperforming loans: None.
  - 10) Financial asset securitization: None.
  - 11) Other significant transactions which may affect the decisions of users of financial reports: Note 47.
  - 12) Percentage share in investees and related information: Table 4 (attached).
  - 13) Derivative transactions: The Bank - Notes 8, 38 and 41 to the financial statements; investee company: None.
- c. Investment in Mainland China:
- Based on “Regulations Governing Approvals of Banks to Engage in Financial Activities between the Taiwan Area and the Mainland Area,” the Bank set up the Suzhou Branch, Tianjin Branch, Fuzhou Branch and Changsha Branch in Mainland China. This investment had been approved by the Financial Supervisory Commission. The 4 branches’ information - major operating items, capital stock, the way of investment, investment inflows and outflows, the holding percentage, the investment income or loss, the book value at year-end, the remitted investment profits and the limit on the amount of investment in Mainland China - can be seen in Table 5 (attached).
- d. Business relationships and significant transactions among the parent company and subsidiaries: Table 6 (attached).

#### 49. OPERATING SEGMENTS

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

- a. Deposit and loan section, including savings, loans and remittances;
- b. Credit section, including legal person and personal credit businesses;
- c. Funding section, including funding management with domestic and foreign currencies, securities, investments and other financial management;
- d. Trust and Insurance section, including development, promotion and management of trust and insurance transactions;
- e. Other noncore businesses.

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

The revenue, expenses and related information of the Company's reportable segments for the year ended December 31, 2022 and 2021 are as follows:

For the Year Ended December 31, 2022							
	Deposit and Loan Section	Credit Section	Funding Section	Trust and Insurance Section	Others	Eliminate	Total
Net interest	\$ 16,058,765	\$ 21,941,165	\$ (2,580,563)	\$ -	\$ 1,755,446	\$ -	\$ 37,174,813
Net revenues and gains other than interest	<u>190,318</u>	<u>2,447,236</u>	<u>4,917,277</u>	<u>3,259,384</u>	<u>987,566</u>	<u>(13,239)</u>	<u>11,788,542</u>
Net revenues	16,249,083	24,388,401	2,336,714	3,259,384	2,743,012	(13,239)	48,963,355
Bad-debt expenses commitment and provision for losses on commitment and guarantees	-	(1,116,920)	-	-	(79,124)	-	(1,196,044)
Operating expenses	<u>(9,062,165)</u>	<u>(9,951,234)</u>	<u>(886,856)</u>	<u>(3,547,277)</u>	<u>(2,182,392)</u>	<u>-</u>	<u>(25,629,924)</u>
Income before income tax	<u>\$ 7,186,918</u>	<u>\$ 13,320,247</u>	<u>\$ 1,449,858</u>	<u>\$ (287,893)</u>	<u>\$ 481,496</u>	<u>\$ (13,239)</u>	<u>\$ 22,137,387</u>
For the Year Ended December 31, 2021							
	Deposit and Loan Section	Credit Section	Funding Section	Trust and Insurance Section	Others	Eliminate	Total
Net interest	\$ 11,643,425	\$ 21,654,854	\$ 507,590	\$ -	\$ 1,167,300	\$ -	\$ 34,973,169
Net revenues and gains other than interest	<u>191,766</u>	<u>2,180,273</u>	<u>6,380,663</u>	<u>3,729,523</u>	<u>1,551,554</u>	<u>(85,417)</u>	<u>13,948,362</u>
Net revenues	11,835,191	23,835,127	6,888,253	3,729,523	2,718,854	(85,417)	48,921,531
Bad-debt expenses commitment and provision for losses on commitment and guarantees	-	(2,343,786)	-	-	995	-	(2,342,791)
Operating expenses	<u>(9,015,415)</u>	<u>(9,896,230)</u>	<u>(822,587)</u>	<u>(3,217,287)</u>	<u>(2,030,670)</u>	<u>-</u>	<u>(24,982,189)</u>
Income before income tax	<u>\$ 2,819,776</u>	<u>\$ 11,595,111</u>	<u>\$ 6,065,666</u>	<u>\$ 512,236</u>	<u>\$ 689,179</u>	<u>\$ (85,417)</u>	<u>\$ 21,596,551</u>



**TABLE 1****TAIWAN COOPERATIVE BANK, LTD. AND SUBSIDIARY****CONSOLIDATED ENTITIES  
DECEMBER 31, 2022 AND 2021**Subsidiaries included in the consolidated financial statements

Investor Company	Investee Company	Location	Main Business and Products	Percentage of Ownership		Note
				December 31, 2022	December 31, 2021	
Taiwan Cooperative Bank, Ltd.	United Taiwan Bank S.A.	Belgium	Banking	90.02	90.02	

Subsidiaries not included in the consolidated financial statements

Investor Company	Investee Company	Location	Main Business and Products	Percentage of Ownership		Note
				December 31, 2022	December 31, 2021	
None	-	-	-	-	-	

**TABLE 2****TAIWAN COOPERATIVE BANK, LTD.****ASSET QUALITY - NONPERFORMING LOANS AND RECEIVABLES  
DECEMBER 31, 2022 AND 2021  
(In Thousands of New Taiwan Dollars, %)**

Period			December 31, 2022				
Items			Nonperforming Loans (Note 1)	Loans	Ratio of Nonperforming Loans (Note 2)	Allowance for Credit Losses	Coverage Ratio (Note 3)
Corporate banking	Secured		\$ 2,606,805	\$ 830,433,515	0.31	\$ 9,308,018	357.07
	Unsecured		609,608	829,241,097	0.07	7,932,563	1,301.26
Consumer banking	Housing mortgage (Note 4)		490,929	635,803,884	0.08	9,576,579	1,950.71
	Cash card		-	-	-	-	-
	Small-scale credit loans (Note 5)		8,714	12,347,723	0.07	178,950	2,053.59
	Other (Note 6)	Secured	1,077,816	292,473,999	0.37	3,510,961	325.75
		Unsecured	21,984	12,768,941	0.17	189,583	862.37
Loan			4,815,856	2,613,069,159	0.18	30,696,654	637.41
			Nonperforming Receivables (Note 1)	Receivables	Ratio of Nonperforming Receivables (Note 2)	Allowance for Credit Losses	Coverage Ratio (Note 3)
Credit cards			8,713	4,897,664	0.18	64,945	745.38
Accounts receivable factored without recourse (Note 7)			-	142,901	-	8,314	-
Amounts of executed contracts on negotiated debts not reported as nonperforming loans (Note 8)			217				
Amounts of executed contracts on negotiated debts not reported as nonperforming receivables (Note 8)			1,755				
Amounts of executed debt-restructuring projects not reported as nonperforming loans (Note 9)			9,742				
Amounts of executed debt-restructuring projects not reported as nonperforming receivables (Note 9)			47,530				

(Continued)

Period			December 31, 2021				
Items			Nonperforming Loans (Note 1)	Loans	Ratio of Nonperforming Loans (Note 2)	Allowance for Credit Losses	Coverage Ratio (Note 3)
Corporate banking	Secured		\$ 3,575,119	\$ 834,569,436	0.43	\$ 10,184,010	284.86
	Unsecured		655,753	697,125,119	0.09	6,647,066	1,013.65
Consumer banking	Housing mortgage (Note 4)		549,782	598,979,444	0.09	9,032,746	1,642.97
	Cash card		-	-	-	-	-
	Small-scale credit loans (Note 5)		12,891	12,903,702	0.10	178,589	1,385.38
	Other (Note 6)	Secured	653,423	306,359,933	0.21	3,353,695	513.25
		Unsecured	12,826	12,169,584	0.11	178,195	1,389.33
Loan			5,459,794	2,462,107,218	0.22	29,574,301	541.67
			Nonperforming Receivables (Note 1)	Receivables	Ratio of Nonperforming Receivables (Note 2)	Allowance for Credit Losses	Coverage Ratio (Note 3)
Credit cards			7,862	4,551,733	0.17	62,008	788.71
Accounts receivable factored without recourse (Note 7)			-	212,155	-	8,738	-
Amounts of executed contracts on negotiated debts not reported as nonperforming loans (Note 8)			316				
Amounts of executed contracts on negotiated debts not reported as nonperforming receivables (Note 8)			2,663				
Amounts of executed debt-restructuring projects not reported as nonperforming loans (Note 9)			9,035				
Amounts of executed debt-restructuring projects not reported as nonperforming receivables (Note 9)			49,199				

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

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

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

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

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

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

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

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

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

(Concluded)

TABLE 3

## TAIWAN COOPERATIVE BANK, LTD. AND SUBSIDIARY

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$300 MILLION OR 10% OF THE PAID-IN CAPITAL**  
**DECEMBER 31, 2022**  
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Taiwan Cooperative Bank, Ltd.	Taiwan Cooperative Financial Holding Company, Ltd.	Parent company	\$2,084,831 (Note)	-	\$ -	-	\$ -	\$ -

Note: Receivable - consolidated tax return.

TABLE 4

## TAIWAN COOPERATIVE BANK, LTD.

**PERCENTAGE SHARE IN INVESTEEES AND RELATED INFORMATION**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**  
(In Thousands of New Taiwan Dollars)

Investee Company (Note 1)	Location	Main Businesses and Products	Percentage of Ownership	Carrying Value	Investment Gain (Loss)	Percentage Share of the Bank and Its Affiliates in Investees (Note 1)				Note
						Shares	Pro Forma Shares (Note 2)	Total		
								Shares	Percentage of Ownership	
<u>Finance-related business</u>										
United Taiwan Bank S.A.	Belgium	Banking	90.02	\$2,129,724	\$ 13,239	2,639,659	-	2,639,659	90.02	(Note 4)
Taiwan Asset Management Co., Ltd.	Taipei City	Acquisition of delinquent loans	17.59	2,449,620	120,900	186,000,000	-	186,000,000	17.59	
Financial Information Service Co., Ltd.	Taipei City	Information service	3.15	697,012	45,207	16,438,977	-	16,438,977	3.15	
Taiwan Financial Asset Service Co., Ltd.	Taipei City	Property auction	8.82	143,700	1,650	15,000,000	-	15,000,000	8.82	
Taiwan Depository & Clearing Co., Ltd.	Taipei City	Custody of securities and short-term bills	0.84	513,638	15,322	5,857,409	-	5,857,409	1.00	
Taiwan Futures Exchange Co., Ltd.	Taipei City	Futures clearing	1.75	787,120	23,145	8,675,512	-	8,675,512	1.81	
Financial eSolution Co., Ltd.	Taipei City	Office machine wholesaling	9.92	30,935	-	2,181,617	-	2,181,617	9.92	
Taipei Forex Inc.	Taipei City	Foreign exchange brokering	7.06	76,006	9,800	1,400,000	-	1,400,000	7.06	
Sunny Asset Management Co., Ltd.	Taipei City	Acquisition of delinquent loans	2.33	1,548	213	139,594	-	139,594	2.33	
Taiwan Mobile Payment Company	Taipei City	IT software service	4.00	19,272	-	2,400,000	-	2,400,000	4.00	
Taiwan Capital Buffalo II Bioventures, LP	Taipei City	Venture capital	8.47 (Note 3)	489,174	(14,443)	(Note 3)	-	(Note 3)	8.47 (Note 3)	
Wisdom Capital Limited Partnership	Taipei City	Venture capital	7.82 (Note 3)	21,373	(3,827)	(Note 3)	-	(Note 3)	7.82 (Note 3)	
<u>Non-finance related business</u>										
United Real Estate Management Co., Ltd.	Taipei City	Real estate appraisal	30.00	137,409	8,331	10,115,630	-	10,115,630	30.00	
Taiwan Power Company	Taipei City	Power development and supply	0.24	458,353	-	78,754,764	-	78,754,764	0.24	
Taiwan Sugar Company	Tainan City	Sugar manufacturing and agriculture	0.08	268,886	2,964	4,233,752	-	4,233,752	0.08	
Lien-An Service Co., Ltd.	Taipei City	Leasing	5.00	2,543	125	125,000	-	125,000	5.00	
Taipei Rapid Transit Co., Ltd.	Taipei City	Public transportation	0.0014	179	-	14,286	-	14,286	0.0014	
China Daily News	Tainan City	Newspaper publishing	0.04	66	-	16,768	-	16,768	0.04	
Taipei Financial Center Corp.	Taipei City	Residence and buildings lease construction and development	1.63	605,280	18,929	24,000,000	-	24,000,000	1.63	
Taiwan Urban Regeneration & Financial Services Co., Ltd.	Taipei City	Urban renewal reconstruction and renovation or maintenance	5.00	13,375	-	7,500,000	-	7,500,000	15.00	
Taiwan High Speed Rail Corporation	Taipei City	High speed railroad transportation business	0.95	1,532,375	40,401	53,300,000	-	53,300,000	0.95	

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

(Continued)

- Note 2: a. Pro forma shares are shares that are assumed to be obtained through buying equity-based securities or entering into equity-linked derivative contracts for purposes defined in Article 74 of the Banking Law.  
b. Equity-based securities, such as convertible bonds and warrants, are covered by Article 11 of the "Securities and Exchange Law Enforcement Rules."  
c. Derivative contracts, such as those on stock options, are those conforming to the definition of derivatives in Statement of International Financial Reporting Standards No. 9 - "Financial Instruments."
- Note 3: The ending percentage share of the Bank of Taiwan Capital Buffalo II Bioventures, LP (the Bank's contribution to the total amount of funds of the partnership) is as disclosed.
- Note 4: The ending percentage share of the Bank of United Taiwan Bank S.A. has been fully eliminated on consolidation.

(Concluded)

**TABLE 5**

**TAIWAN COOPERATIVE BANK, LTD. AND SUBSIDIARY**

**INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2022	Investee Net Income (Loss)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Value as of December 31, 2022	Accumulated Inward Remittance of Investment Earnings as of December 31, 2022
					Outflow	Inflow						
Suzhou Branch	Deposits, loans, import and export, exchange and foreign exchange business	\$4,547,235 (US\$154,395) (Note 1)	Direct	\$4,547,235 (US\$154,395) (Note 1)	\$ -	\$ -	\$4,547,235 (US\$154,395) (Note 1)	\$(44,897)	100	\$(44,897)	\$6,641,130	\$ -
Tianjin Branch	Deposits, loans, import and export, exchange and foreign exchange business	2,947,314 (US\$97,387) (Note 1)	Direct	2,947,314 (US\$97,387) (Note 1)	-	-	2,947,314 (US\$97,387) (Note 1)	(131,768)	100	(131,768)	2,752,099	-
Fuzhou Branch	Deposits, loans, import and export, exchange and foreign exchange business	2,950,882 (US\$97,549) (Note 1)	Direct	2,950,882 (US\$97,549) (Note 1)	-	-	2,950,882 (US\$97,549) (Note 1)	9,673	100	9,673	3,396,295	-
Changsha Branch	Deposits, loans, import and export, exchange and foreign exchange business	2,630,485 (US\$87,232) (Note 1)	Direct	2,630,485 (US\$87,232) (Note 1)	-	-	2,630,485 (US\$87,232) (Note 1)	(181,550)	100	(181,550)	2,297,211	-

Accumulated Investment in Mainland China as of December 31, 2022	Investment Amount Approved by the Investment Commission, MOEA	Maximum Investment Allowable
\$ 13,075,916 (US\$ 436,563) (Note 1)	\$ 13,075,916 (US\$ 436,563) (Note 1)	\$ 140,260,354

- Note 1: Translation into New Taiwan dollars at the exchange rates on the date of each outflow of investment.
- Note 2: Based on the Investment Commission's "Regulation on the Examination of Investment or Technical Cooperation in Mainland China," investments are limited to the largest of 60% of the Bank's net asset value or 60% of the Bank's consolidated net asset value.

**TABLE 6****TAIWAN COOPERATIVE BANK, LTD. AND SUBSIDIARY****BUSINESS RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS AMONG THE PARENT COMPANY AND SUBSIDIARIES****FOR THE YEAR ENDED DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars)**

No. (Note 1)	Transacting Company	Counterparty	Transaction Flow (Note 2)	Description of Transactions (Notes 3 and 5)			
				Financial Statement Account	Amounts	Trading Terms	Transaction Amount/Total Consolidated Net Revenue or Total Consolidated Assets (%)
0	Taiwan Cooperative Bank, Ltd.	United Taiwan Bank S.A.	a	Due from banks	\$ 597,089	Note 4	0.01
1	United Taiwan Bank S.A.	Taiwan Cooperative Bank, Ltd.	b	Due to banks	597,089	Note 4	0.01
0	Taiwan Cooperative Bank, Ltd.	United Taiwan Bank S.A.	a	Call loans to banks	2,331,089	Note 4	0.05
1	United Taiwan Bank S.A.	Taiwan Cooperative Bank, Ltd.	b	Call loans from banks	2,331,089	Note 4	0.05
0	Taiwan Cooperative Bank, Ltd.	United Taiwan Bank S.A.	a	Medium-term unsecured loans	5,864,040	Note 4	0.14
1	United Taiwan Bank S.A.	Taiwan Cooperative Bank, Ltd.	b	Long-term borrowings	5,864,040	Note 4	0.14

Note 1: These companies listed in Table 8 are identified as follows:

- a. Parent company: 0.
- b. Subsidiaries are numbered sequentially from 1.

Note 2: Transaction flows are as follows:

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

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

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

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

## 5.6 Stand Alone Financial Statements

### INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholder  
Taiwan Cooperative Bank, Ltd.

#### Opinion

We have audited the accompanying financial statements of Taiwan Cooperative Bank, Ltd. (the "Bank"), which comprise the balance sheets as of December 31, 2022 and 2021, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks and Regulations Governing the Preparation of Financial Reports by Securities Firms.

#### 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 Financial Statements section of our report. We are independent of the Bank 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 financial statements of the Bank for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters in our audit of the financial statements for the year ended December 31, 2022 were as follows:

##### Impairment Assessment of Loans

The net discounts and loans of the Bank as of December 31, 2022 accounted for 61% of the total assets. Therefore, the assessment of the impairment loss of discounts and loans may have significant impacts on the financial statements. Besides assessing expected credit losses of loans in accordance with IFRS 9 "Financial Instruments", the management of the Bank complies with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans" and the related regulations (collectively, the Regulations) when assessing classification of credit assess and recognizing allowance for possible losses.

For the accounting policies and critical accounting judgments and estimates regarding the Bank's impairment assessment of loans, refer to Notes 4 and 5 to the financial statements; for the relevant information on the impairment assessment of loans, refer to Note 13 to the financial statements.

When assessing whether to recognize impairment loss on loans in accordance with the Regulations, the main judgment of the management of the Bank 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. Since the amount of impairment assessed under the Regulations is much greater than the amount estimated under IFRS 9 "Financial Instruments", the assessment involves many significant judgments and estimates and the amount is material to the financial statements; therefore, impairment of loans was identified as a key audit matter.

With respect to the critical judgments, estimates, 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 Bank's relevant internal controls on the impairment assessment of loans.
2. We tested and confirmed that 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.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks and the Regulations Governing the Preparation of Financial Reports by Securities Firms, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank'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 Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including supervisors, are responsible for overseeing the Bank's financial reporting process.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 auditing standards generally accepted in 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 financial statements.

As part of an audit in accordance with auditing standards generally accepted in 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 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 Bank'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 Bank'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 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 Bank to cease to continue as a going concern.



5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence of the financial information of the components of the Bank to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the 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.

From the matters communicated with those charged with governance, we determine those matters that were of the most significance in the audit of the financial statements for the year ended December 31, 2022 and are therefore 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 audit 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 financial statements are intended only to present the 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 financial statements are those generally applied in the Republic of China.*

*For the convenience of readers, the independent auditors' report and the accompanying 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 financial statements shall prevail.*

**TAIWAN COOPERATIVE BANK, LTD.**  
**BALANCE SHEETS**  
**DECEMBER 31, 2022 AND 2021**  
(In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
CASH AND CASH EQUIVALENTS (Notes 4, 6 and 38)	\$ 92,985,243	2	\$ 97,956,336	2
DUE FROM THE CENTRAL BANK AND CALL LOANS TO OTHER BANKS (Notes 4, 7, 38 and 39)	322,590,619	8	400,698,579	10
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8 and 38)	29,869,964	1	34,389,787	1
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 4 and 9)	418,053,932	10	425,498,457	10
INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST (Notes 4, 10 and 39)	716,821,736	17	711,437,263	17
SECURITIES PURCHASED UNDER RESELL AGREEMENTS (Notes 4 and 11)	149,440	-	-	-
RECEIVABLES, NET (Notes 4, 12, 38 and 45)	19,047,418	-	17,411,864	1
CURRENT TAX ASSETS (Notes 4, 35 and 38)	2,249,097	-	2,098,460	-
DISCOUNTS AND LOANS, NET (Notes 4, 13, 38 and 39)	2,581,728,135	61	2,431,988,226	58
INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (Notes 4 and 14)	2,267,133	-	2,165,947	-
OTHER FINANCIAL ASSETS, NET (Notes 4, 15, 38 and 39)	8,228,111	-	8,400,317	-
PROPERTIES AND EQUIPMENT, NET (Notes 4 and 16)	32,789,031	1	33,012,703	1
RIGHT-OF-USE ASSETS, NET (Notes 4 and 17)	1,541,858	-	1,485,590	-
INVESTMENT PROPERTIES, NET (Notes 4 and 18)	7,462,884	-	7,514,762	-
INTANGIBLE ASSETS (Notes 4 and 19)	4,060,501	-	3,783,956	-
DEFERRED TAX ASSETS (Notes 4 and 35)	1,278,517	-	2,238,705	-
OTHER ASSETS (Notes 4, 17 and 20)	512,908	-	730,061	-
<b>TOTAL</b>	<b>\$ 4,241,636,527</b>	<b>100</b>	<b>\$ 4,180,811,013</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>				
DEPOSITS FROM THE CENTRAL BANK AND OTHER BANKS (Notes 21 and 38)	\$ 280,747,819	7	\$ 232,147,811	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, and 38)	2,621,053	-	1,733,199	-
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS (Notes 4, 8, 9 and 23)	9,778,160	-	7,095,846	-
PAYABLES (Notes 24 and 38)	40,959,155	1	41,293,855	1
CURRENT TAX LIABILITIES (Notes 4, 35 and 38)	780,417	-	1,366,677	-
DEPOSITS AND REMITTANCES (Notes 25 and 38)	3,598,839,482	85	3,480,143,710	83
BANK DEBENTURES (Note 26)	60,290,000	1	62,100,000	2
OTHER FINANCIAL LIABILITIES (Notes 18, 27 and 38)	2,159,242	-	2,507,320	-
PROVISIONS (Notes 4, 28 and 29)	5,503,596	-	7,698,136	-
LEASE LIABILITIES (Notes 4 and 17)	1,517,040	-	1,438,619	-
DEFERRED TAX LIABILITIES (Notes 4, 16 and 35)	3,883,379	-	3,375,493	-
OTHER LIABILITIES	1,025,922	-	1,006,101	-
Total liabilities	4,008,105,265	94	3,930,796,127	94
<b>EQUITY</b>				
Capital stock				
Common stock	110,075,300	3	107,339,300	3
Capital surplus				
Additional paid-in capital from share issuance in excess of par value	58,664,088	1	58,664,088	1
From treasury stock transactions	103,157	-	103,157	-
Total capital surplus	58,767,245	1	58,767,245	1
Retained earnings				
Legal reserve	56,509,603	1	50,484,207	1
Special reserve	1,194,444	-	1,194,444	-
Unappropriated earnings	26,666,180	1	26,256,685	1
Total retained earnings	84,370,227	2	77,935,336	2
Other equity	(19,681,510)	-	5,973,005	-
Total equity	233,531,262	6	250,014,886	6
<b>TOTAL</b>	<b>\$ 4,241,636,527</b>	<b>100</b>	<b>\$ 4,180,811,013</b>	<b>100</b>

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

**TAIWAN COOPERATIVE BANK, 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		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
INTEREST REVENUE (Notes 4, 30 and 38)	\$ 62,066,238	127	\$ 47,838,424	98	30
INTEREST EXPENSE (Notes 4, 30 and 38)	(25,040,910)	(51)	(13,000,614)	(27)	93
NET INTEREST	37,025,328	76	34,837,810	71	6
NET REVENUES AND GAINS OTHER THAN INTEREST					
Service fee income, net (Notes 4, 31, 38 and 45)	6,477,286	13	6,766,636	14	(4)
Gains (losses) on financial assets and liabilities at fair value through profit or loss (Notes 4, 32 and 38)	17,938,413	37	(775,945)	(1)	2,412
Realized gains on financial assets at fair value through other comprehensive income (Notes 4 and 33)	3,637,643	7	4,413,601	9	(18)
Foreign exchange gains (losses), net (Note 4)	(16,475,663)	(34)	2,565,901	5	(742)
Reversal of impairment losses (impairment losses) on assets (Notes 4, 9 and 10)	(210,151)	-	60,628	-	(447)
Share of gains of subsidiaries, associates and joint ventures accounted for using the equity method (Notes 4 and 14)	21,570	-	97,815	-	(78)
Other noninterest gains, net (Notes 18, 38 and 45)	411,561	1	902,603	2	(54)
Total net revenues and gains other than interest	11,800,659	24	14,031,239	29	(16)
TOTAL NET REVENUES	48,825,987	100	48,869,049	100	3
BAD-DEBT EXPENSES AND PROVISION FOR LOSSES ON COMMITMENT AND GUARANTEES (Notes 4 and 13)	(1,143,145)	(2)	(2,362,058)	(5)	(52)
OPERATING EXPENSES (Notes 4, 16, 17, 18, 19, 29, 34 and 38)					
Employee benefits	(16,100,814)	(33)	(16,718,773)	(34)	(4)
Depreciation and amortization	(2,327,720)	(5)	(2,090,874)	(4)	11
General and administrative	(7,140,816)	(15)	(6,114,029)	(13)	17
Total operating expenses	(25,569,350)	(53)	(24,923,676)	(51)	3
INCOME BEFORE INCOME TAX	22,113,492	45	21,583,315	44	2
INCOME TAX EXPENSE (Notes 4 and 35)	(3,024,193)	(6)	(2,710,075)	(5)	12
NET INCOME	19,089,299	39	18,873,240	39	1

(Continued)

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

	<b>2022</b>		<b>2021</b>		<b>Percentage Increase (Decrease)</b>
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>	<b>%</b>
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified subsequently to profit or loss (Notes 4, 9 and 29)					
Remeasurement of defined benefit plans	\$ 1,403,483	3	\$ 322,378	1	335
Unrealized gains on investments in equity instruments at fair value through other comprehensive income	(9,395,834)	(20)	5,636,218	11	(267)
Items that will not be reclassified subsequently to profit or loss, net of income tax	(7,992,351)	(17)	5,958,596	12	(234)
Items that may be reclassified subsequently to profit or loss (Notes 4, 9, and 35)					
Exchange differences on the translation of financial statements of foreign operations	4,737,985	10	(995,910)	(2)	576
Share of other comprehensive gains (losses) of subsidiaries, associates and joint ventures accounted for using the equity method	89,732	-	(203,250)	(1)	144
Unrealized gains (losses) on investments in debt instruments at fair value through other comprehensive income	(20,470,679)	(42)	(8,321,971)	(17)	146
Income tax attributable to other comprehensive income	(613,610)	(1)	359,030	1	(271)
Items that may be reclassified subsequently to profit or loss, net of income tax	(16,256,572)	(33)	(9,162,101)	(19)	77
Other comprehensive income (loss), net of income tax	(24,248,923)	(50)	(3,203,505)	(7)	657
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>	<b>\$ (5,159,624)</b>	<b>(11)</b>	<b>\$ 15,669,735</b>	<b>32</b>	<b>(133)</b>
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 36)					
Basic	<u>\$1.73</u>		<u>\$1.71</u>		

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

(Concluded)

**TAIWAN COOPERATIVE BANK, LTD.**  
**STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**  
**(In Thousands of New Taiwan Dollars)**

	Capital Stock (Note 37)			Retained Earnings (Notes 4 and 37)			Other Equity		Total Equity
	Shares (In Thousands)	Common Stock	Capital Surplus (Notes 4 and 37)	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences in Translation of Financial Statement of Foreign Operations (Note 4)	Unrealized Valuation Gains (Losses) on Financial Assets at Fair Value Through Other Comprehensive Income (Notes 4 and 9)	
BALANCE, JANUARY 1, 2021	10,450,730	\$104,507,300	\$ 58,767,245	\$ 46,079,712	\$1,217,211	\$20,854,524	\$(3,256,477)	\$13,621,636	\$ 241,791,151
Reversal of special reserve	-	-	-	-	(22,767)	22,767	-	-	-
Appropriation of the 2020 earnings									
Legal reserve	-	-	-	4,404,495	-	(4,404,495)	-	-	-
Cash dividends	-	-	-	-	-	(7,446,000)	-	-	(7,446,000)
Stock dividends	283,200	2,832,000	-	-	-	(2,832,000)	-	-	-
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	866,271	-	(866,271)	-
Total comprehensive income									
Net income for the year ended December 31, 2021	-	-	-	-	-	18,873,240	-	-	18,873,240
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	322,378	(959,328)	(2,566,555)	(3,203,505)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	19,195,618	(959,328)	(2,566,555)	15,669,735
BALANCE, DECEMBER 31, 2021	10,733,930	107,339,300	58,767,245	50,484,207	1,194,444	26,256,685	(4,215,805)	\$10,188,810	250,014,886
Appropriation of the 2021 earnings									
Legal reserve	-	-	-	6,025,396	-	(6,025,396)	-	-	-
Cash dividends	-	-	-	-	-	(11,324,000)	-	-	(11,324,000)
Stock dividends	273,600	2,736,000	-	-	-	(2,736,000)	-	-	-
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	2,109	-	(2,109)	-
Total comprehensive income									
Net income for the year ended December 31, 2022	-	-	-	-	-	19,089,299	-	-	19,089,299
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	1,403,483	3,862,174	(29,514,580)	(24,248,923)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	20,492,782	3,862,174	(29,514,580)	(5,159,624)
BALANCE, DECEMBER 31, 2022	<u>11,007,530</u>	<u>\$110,075,300</u>	<u>\$58,767,245</u>	<u>\$56,509,603</u>	<u>\$1,194,444</u>	<u>\$26,666,180</u>	<u>\$(353,631)</u>	<u>\$(19,327,879)</u>	<u>\$233,531,262</u>

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

**TAIWAN COOPERATIVE BANK, LTD.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**  
**(In Thousands of New Taiwan Dollars)**

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 22,113,492	\$ 21,583,315
Adjustments for:		
Depreciation expense	2,031,906	1,889,357
Amortization expense	295,814	201,517
Expected credit losses/bad-debt expense	1,318,210	2,378,794
Losses (gains) on financial assets and liabilities at fair value through profit or loss	(17,938,413)	775,945
Interest expense	25,040,910	13,000,614
Interest revenue	(62,066,238)	(47,838,424)
Dividend income	(3,604,606)	(3,048,502)
Reversal of provision for losses on guarantees	(103,064)	(86,324)
Net changes in reserves for other liabilities	(72,001)	69,588
Share of gains of subsidiaries, associates and joint ventures accounted for using equity method	(21,570)	(97,815)
Losses (gains) on disposal of properties and equipment	1,721	(546,841)
Losses on disposal of investment properties	-	7,525
Gains on disposal of investments	(33,037)	(1,365,099)
Impairment losses (reversal of impairment losses) on financial assets	210,151	(60,628)
Others	425	(4)
Net changes in operating assets and liabilities		
Decrease in due from the Central Bank and call loans to other banks	16,466,130	39,148,768
Decrease (increase) in financial assets at fair value through profit or loss	32,925,936	(9,141,695)
Increase in financial assets at fair value through other comprehensive income	(12,165,258)	(55,339,343)
Decrease (increase) in investments in debt instruments at amortized cost	(5,017,185)	10,789,104
Decrease (increase) in receivables	767,821	(1,162,378)
Increase in discount and loans	(150,816,543)	(169,424,686)
Increase in other financial assets	(112,266)	(169,586)
Decrease in other assets	403	18,559
Increase in deposits from the Central Bank and other banks	48,600,008	8,489,451
Decrease in financial liabilities at fair value through profit or loss	(9,940,318)	(6,476,463)
Increase in securities sold under repurchase agreements	2,682,314	763,538
Increase (decrease) in payables	(2,768,293)	11,134,335
Increase in deposits and remittances	118,695,772	208,360,178
Decrease in other financial liabilities	(28,855)	(2,331,655)
Decrease in provision for employee benefits	(632,585)	(124,723)
Increase (decrease) in other liabilities	15,093	(60,585)
Cash generated from operations	5,845,874	21,335,837
Interest received	61,158,850	49,536,627
Dividends received	3,673,575	3,063,556
Interest paid	(22,611,512)	(13,399,181)
Income tax paid	(2,953,279)	(1,938,476)
Net cash generated from (used in) operating activities	45,113,508	58,598,363
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of properties and equipment	(1,170,125)	(994,958)
Proceeds from disposal of properties and equipment	66	472,453
Decrease in settlement funds	20,000	-
Decrease in refundable deposits	195,616	75,597
Acquisition of intangible assets	(494,384)	(169,779)
Acquisition of investment properties	(1,445)	(2,844)
Net cash used in investing activities	(1,450,272)	(619,531)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
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)	
Proceeds from the issuance of bank debentures	18,190,000	2,000,000
Repayments of bank debentures	(20,000,000)	(1,500,000)
Decrease in guarantee deposits received	(319,223)	(192,130)
Repayments of the principal portion of lease liabilities	(642,925)	(602,020)
Cash dividends paid	(11,324,000)	(7,446,000)
Net cash generated from financing activities	(102,985,508)	44,030,600
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	(7,165,821)	2,779,220
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	(66,488,093)	104,788,652
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR</b>	205,298,555	100,509,903
<b>CASH AND CASH EQUIVALENTS, END OF THE YEAR</b>	\$ 138,810,462	\$ 205,298,555

(Continued)

**TAIWAN COOPERATIVE BANK, LTD.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**  
**(In Thousands of New Taiwan Dollars)**

Cash and cash equivalent reconciliations:

	December 31	
	2022	2021
Cash and cash equivalents in the balance sheets	\$ 92,985,243	\$ 97,956,336
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"	45,368,529	107,010,359
Securities purchased under resell agreement in accordance with the definition of cash and cash equivalents under IAS 7 "Statement of Cash Flows"	149,440	-
Other items in accordance with the definition of cash and cash equivalents under IAS 7 "Statement of Cash Flows"	307,250	331,860
Cash and cash equivalents, end of the year	<u>\$ 138,810,462</u>	<u>\$ 205,298,555</u>
		(Concluded)

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



## 6. Risk Management

### 6.1 Credit Risk Management System

Items	Contents
<b>1. Credit risk strategies, goals, policies, and procedures</b>	<ul style="list-style-type: none"> <li>(1) Credit risk strategy is to create and apply effective credit risk management mechanism based on New Basel Capital Accord in conformity with relevant internal and external laws and regulations to identify, measure, supervise and control various credit risks.</li> <li>(2) The Bank's credit risk goal is to develop a strong credit risk management mechanism and, under an acceptable level of risk and expected rate of return, to pursue maximum shareholder value.</li> <li>(3) The Bank's credit risk policy is founded on the basic principles of safety, liquidity, profitability, public benefit, and growth, with the implementation of a division of credit risk management, cultivation of a bank-wide risk management culture, analysis and assessment of risk, and the adoption of responsive measures with the aim of optimizing asset portfolio management and capital allocation.</li> <li>(4) Credit risk procedure is to comply with regulations and policies, carry out the credit preview and post-loan management mechanism, establish objective credit checking system, launch credit rating tools, and implement stress test to effectively quantify credit risk.</li> </ul>
<b>2. Organization and framework of credit risk management</b>	<ul style="list-style-type: none"> <li>(1) The Board of Directors is the Bank's highest decision-making unit for credit risk management, and bears ultimate responsibility for the Bank's credit risk.</li> <li>(2) The Risk Management Committee operates the credit risk management mechanism in accordance with credit risk decisions approved by the Board of Directors, reviews credit risk regulations, provides interdepartmental coordination on matters regarding credit risk management, and continuously monitors the performance of implementation.</li> <li>(3) The Risk Management Department is responsible for planning, establishing, and integrating the bank's credit risk management operations. It implements the monitoring of overall credit risk management and develops credit risk quantification models to enhance risk quantification capabilities. The Department also regularly compiles bank-wide credit risk data and reports to the Board of Directors and Risk Management Committee; and, in accordance with the regulations of the competent authority, carries out provision for capital requirements and handles the disclosure of risk information.</li> <li>(4) The headquarters and branches have established Credit Management Committees to review loan cases, and to approve or reject loan applications in accordance with their level of loan authorization.</li> <li>(5) The Corporate Banking Department is responsible for loan review and for supervising the business units in reviewing procedures. In case of irregularity in the operation of business units or in important loan cases, special reviews will be carried out as necessary, the causes of the irregularities will be investigated and reviewed.</li> <li>(6) The Credit Management Department is responsible for planning the bank-wide credit policy, establishing and revising the loan authorization for credit personnel of different levels, reviewing and relaying loan cases which exceed loan authorization of regional centers and strengthening the evaluation and supervision of follow-up reporting forms.</li> <li>(7) A Loan Assets Management Committee has been set up to review the disposition and writing off of nonperforming loans and overdue loans, and the writing off of losses from the disposition of assumed collateral, so as to</li> </ul>

Items	Contents
	strengthen the management of NPLs and overdue loans. (8) The Auditing Department of the Board of Directors formulates an annual audit plan based on the result of risk assessment of the Bank in accordance with its risk-based internal auditing system, and conducts an audit in light of types of audits and audit frequency specified in the annual audit plan, and provides timely recommendations for improvement.
<b>3.Scope and characteristics of the credit risk reporting and measuring system</b>	(1) Information of risk exposures in terms of types of asset portfolio, use of limit concentration and asset quality are reported to the executive levels, the Risk Management Committee, the Board of Directors as key reference to govern risk management. (2) Quantitative models for assessing corporate and consumer banking are developed with the introduction of due diligence system for building the in-house assessment mechanism for effective credit risk control.
<b>4.Hedging policy, and strategies and procedures for monitoring the continuing effectiveness of risk-hedging tools</b>	(1) TCB has established the Loan and Investment Policy and Credit Risk Management Criteria, which sets regulations for the concentration of different kinds of credit risk and for dealings with materially interested parties so as to manage credit risk effectively and reinforce the Bank's credit risk management mechanism. (2) The Bank follows the limit regulations established by the competent authority in its loan and investment businesses. (3) The Bank sets limits for the same enterprise, business group, industry, country, and type of collateral, and monitors the limits constantly. It also readjusts the limits on a regular or as-needed basis so as to avoid the excessive concentration of risk and assure the Bank's stable operation. (4) The loan and investment businesses are always conducted in accordance with the customers' credit status and, if necessary, with the provision of appropriate collateral or guarantees, so as to lower risk. The monitoring of risk mitigation tools is accomplished through the review system and collateral management system.
<b>5.Method adopted for legal capital charge</b>	Standardized approach

## 6.2 Operational Risk Management System

Items	Contents
<b>1.Strategies and procedures of operational risk management</b>	(1) Management Strategies a. Focus on implementing an effective bank-wide operational risk management consciousness and culture. b. Establish operational risk management methods, use operational risk management tools, and monitor of the operational risk of various businesses so as to maintain operational safety and strengthen the operating structure. (2) Management procedures: Identify, measure, monitor and control operational risks by : a. Establishing various codes of practice, strengthening operating procedure controls, and reducing potential operating risks. b. Using operational risk control self-assessment to identify different types of potential operational risk, assess operational risk exposure, reviewing the effectiveness and implementation of controls, and strengthening business management. c. Generating key risk indicators according to the important risk items identified through the self-assessment process, monitoring risk changes by quantitative indicators, and establishing an early warning mechanism. d. Improving the operation process through reviewing risk events and their causes.

Items	Contents
<b>2.Organization and framework of operational risk management</b>	<p>(1) Organizational framework Includes the Board of Directors, Risk Management Committee, Risk Management Department, headquarters units, branches, and Board of Directors Auditing Department.</p> <p>(2) The risk management is accomplished through the divided effort over three defense lines.</p> <p>a. The first line of defense (all business units and headquarters units)</p> <p>I. Each branch should observe the laws of the competent authority and the Bank's internal operating regulations in carrying out daily operational risk management.</p> <p>II. The headquarters units in charge of different areas of business should fully understand the risks faced by businesses under their jurisdiction, should include operational risk management in the formulation of their operational management rules, and should monitor the daily implementation of operational risk management of businesses under their jurisdiction.</p> <p>b. The Second line of defense (The Risk Management Department and the Compliance Department) The Risk Management Department and the Compliance Department play independent and dedicated roles. The Risk Management Department plans out the establishment and introduction of the bank-wide operational risk management framework and management tools, and is responsible for bank-wide operational risk assessment, monitoring, control, review, and reporting.</p> <p>c. The Third line of defense (The Auditing Department, Board of Directors) The Auditing Department of the Board of Directors formulates an annual audit plan based on the result of risk assessment of the Bank in accordance with its risk-based internal auditing system, and conducts an audit in light of types of audits and audit frequency specified in the annual audit plan, and provides timely recommendations for improvement.</p>
<b>3.Scope and characteristics of operational risk reporting and measurement system</b>	<p>(1) Scheduled review, compilation, and analysis of the bank-wide status of operational risk exposure, including risk-control self-assessment and analysis, monitoring of key risk indexes, review and improvement of major operational risk incidents, and reporting to the Risk Management Committee and Board of Directors.</p> <p>(2) Establishment of operational risk management systems (including operational risk incident reporting and risk-control self-assessment management) and reinforcement of linkage between operational risk incidents and self-assessment management tools, and related report enquiry to enhance the efficiency of management.</p>
<b>4.Risk hedging and mitigation policies, and monitoring of strategies and procedures for the continuing effectiveness of hedging and mitigation tools</b>	<p>(1) Different units carry out overall assessment of probability and severity of impact in accordance with the results of operational risk assessment and monitoring of key risk indexes, and adopt appropriate risk-reduction policies such as the strengthening of personnel training, the improvement of operating procedures, the reinforcement of system controls, the use of insurance, and outsourcing to control operational risk within the range of tolerance.</p> <p>(2) Residual risk assessment in regard to risk incidents and control measures in various areas of business is carried out using risk control self-assessment on a scheduled basis so as to assure the effectiveness of control measures.</p>
<b>5.Method adopted for legal capital charge</b>	Standardized approach

### 6.3 Market Risk Management System

Items	Contents
<b>1.Strategies and procedures of market risk management</b>	<p>(1) Strategies Establishment of a market risk management system in accordance with the market risk management strategy approved by the Board of Directors with New Basel Capital Accord and the competent authority. Also authorized limits and stop-loss rules are set according to the overall risk management objectives and product characteristics. To effectively control the markets risk, regular evaluations with managing data are compiled.</p> <p>(2) Procedures The Bank's market risk management procedures include risk identification, assessment, measuring, monitoring, and reporting. The risk management personnel of the different units analyze market risk position data with assessment and measurement methods including statistical basic measurement methods, sensitivity analysis, and scenario analysis. Monitoring is used to determine whether the general and individual trading procedures for the trading units and financial products, such as changes in position, changes in profit and loss, trading models, and trading instruments conform to the rules, and whether they are carried out within the established limits and authorization.</p>
<b>2.Organization and framework of market risk management</b>	<p>(1) The organizational framework of market risk management includes the Board of Directors, Risk Management Committee, Risk Management Department, units in charge of different areas of business, business trading units, and the Auditing Committee, Board of Directors.</p> <p>(2) The Board of Directors is the Bank's highest decision-making unit for risk management, and bears ultimate responsibility for the Bank's market risk.</p> <p>(3) The Bank's Risk Management Committee, in accordance with the credit risk control policy approved by the Board of Directors, takes charge of risk management mechanism, reviews and discusses the market limits and authorized limit for each department levels, and makes necessary discussions, whether on a regular or ad hoc basis, for business strategies or when there are changes of market condition.</p> <p>(4) The Risk Management Department carries out the overall work of bank-wide risk management; it is responsible for centralized middle office monitoring, the collation, monitoring, and disclosure of market risk information and status of implementation, and the submission of reports and suggestions to the Risk Management Committee and Board of Directors on a scheduled basis.</p> <p>(5) The mid-desk personnel of the different trading units follow the Bank's market risk management regulations in managing everyday operations in real time, monitor limits actively, and assist the Risk Management Committee with bank-wide monitoring of the various areas of risk.</p> <p>(6) The Auditing Department of the Board of Directors formulates an annual audit plan based on the result of risk assessment of the Bank in accordance with its risk-based internal auditing system, and conducts an audit in light of types of audits and audit frequency specified in the annual audit plan, and provides timely recommendations for improvement.</p>

Items	Contents
<b>3.Scope and characteristics of market risk reporting and measurement system</b>	<p>(1) Market risk reporting</p> <ol style="list-style-type: none"> <li>The different trading units report trading information to their superior units on a real-time, daily, or scheduled basis, and assure the accuracy and validity of the information.</li> <li>The Risk Management Department reports daily the holding in the trading book and change of gain/loss assessment to the executive levels. Also regular reporting of risk management execution, including risk exposure, gain/loss status, limit usage and associated compliance shall be made to the Risk Management Committee and the Board of Directors with suggestions.</li> <li>Presently, the capital requirement calculation is made adopting the market risk standard method. In addition, to comply with the principle of public disclosure, market risk management information is regularly disclosed, according to the regulations of the competent authority.</li> </ol> <p>(2) Market risk measurement system</p> <ol style="list-style-type: none"> <li>Financial products using VaR for valuation in the Bank include bonds, bills, stock, mutual funds and foreign exchange.</li> <li>Risk value in trading book is calculated daily by the Risk Management Department for reporting to the risk management authorities in the bank, together with DVO1 monitoring and risk exposure limit of all product types.</li> <li>Stress tests are conducted regularly throughout the Bank to measure the potential loss under extreme market condition. The results are reported to the Risk Management Committee and the Board of Directors with suggestions.</li> </ol>
<b>4.Risk hedging and mitigation policies, and monitoring of strategies and procedures for the continuing effectiveness of hedging and mitigation tools</b>	<p>(1) To avoid market, credit, or other financial risks to assets and liabilities, various derivative products may be used to engage in hedging operations.</p> <p>(2) Currently, hedging transactions are mainly used to avoid risks brought from exchange and interest fluctuations of foreign currency funds and portfolio investment, etc. The hedging instruments used are mainly swap contracts.</p> <p>(3) Positions in non-hedging derivatives trading are assessed at the market price on a daily basis, while the hedged positions are assessed twice a month. The relevant assessment report shall be submitted to the risk management supervisor of the Bank.</p> <p>(4) To maintain the effective control, the Risk Management Department regularly verifies the evaluation model of derivative products, which include checks on correctness of trading data, parameter rationality and mathematical formula. The verification reports are reported to the Risk Management Committee, with relevant records attached for reference.</p>
<b>5.Method adopted for legal capital charge</b>	Standardized approach

## 7. Head Office and Branches

### 7.1 Head Office

Department Name	Address	Telephone
Head Office	No.225, Sec. 2, Chang'an E. Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)	(02)21738888
Auditing Department, Board of Directors	8F., No.225, Sec. 2, Chang'an E. Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)	(02)21738888
Secretariat, Board of Directors	18F., No.225, Sec. 2, Chang'an E. Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)	(02)21738888
Business Management Department	16F., No.225, Sec. 2, Chang'an E. Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)	(02)21738888
Credit Analysis and Research Department	16F., No.225, Sec. 2, Chang'an E. Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)	(02)21738888
Credit Management Department	15F., No.225, Sec. 2, Chang'an E. Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)	(02)21738888
Corporate Banking Department	15F., No.225, Sec. 2, Chang'an E. Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)	(02)21738888
Compliance Department	14F., No.225, Sec. 2, Chang'an E. Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)	(02)21738888
Legal Affairs Department	14F., No.225, Sec. 2, Chang'an E. Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)	(02)21738888
Administrative Management Department	13F., No.225, Sec. 2, Chang'an E. Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)	(02)21738888
Accounting Department	12F., No.225, Sec. 2, Chang'an E. Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)	(02)21738888
Human Resource Department	12F., No.225, Sec. 2, Chang'an E. Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)	(02)21738888
Personal Banking Department	11F., No.225, Sec. 2, Chang'an E. Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)	(02)21738888
Risk Management Department	11F., No.225, Sec. 2, Chang'an E. Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)	(02)21738888
Wealth Management Department	10F., No.225, Sec. 2, Chang'an E. Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)	(02)21738888
Trust Department	10F., No.225, Sec. 2, Chang'an E. Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)	(02)21738888
Treasury Department	9F., No.225, Sec. 2, Chang'an E. Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)	(02)21738888
Loan Assets Management Department	9F., No.225, Sec. 2, Chang'an E. Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)	(02)21738888
Insurance Agent Department	7F., No.225, Sec. 2, Chang'an E. Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)	(02)21738888
Electronic Banking Department	7F., No.225, Sec. 2, Chang'an E. Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)	(02)21738888
Information Security Department	6F., No.225, Sec. 2, Chang'an E. Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)	(02)21738888
Private Banking Department	5F., No.225, Sec. 2, Chang'an E. Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)	(02)21738888
International Banking Department	3&4F., No.225, Sec. 2, Chang'an E. Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)	(02)21738888
Information Technology Department	No.9, Ln. 30, Sec. 4, Xinyi Rd., Da-an Dist., Taipei City 106, Taiwan (R.O.C.)	(02)27045799
Credit Card Department	4&5F., No.77, Kunming St., Wanhua Dist., Taipei City 108, Taiwan (R.O.C.)	(02)23317531



## 7.2 Domestic Branches

Branch Name	Address	Telephone	SWIFT Code
<b>Taipei City</b>			
Guancian Branch	No.77, Guanqian Rd., Zhongzheng Dist., Taipei City 100, Taiwan (R.O.C.)	(02)23315528	TACBTWTP002
Simen Branch	No.77, Kunming St., Wanhua Dist., Taipei City 108, Taiwan (R.O.C.)	(02)23814949	TACBTWTPXXX
Yanping Branch	No.301, Nanjing W. Rd., Datong Dist., Taipei City 103, Taiwan (R.O.C.)	(02)25554111	TACBTWTP004
Dadaocheng Branch	No.67, Sec. 2, Chongqing N. Rd., Datong Dist., Taipei City 103, Taiwan (R.O.C.)	(02)25568111	TACBTWTPXXX
Dongmen Branch	No.208, Sec. 2, Sinyi Rd., Da-an Dist., Taipei City 106, Taiwan (R.O.C.)	(02)23933123	TACBTWTPXXX
Songshan Branch	No.622, Sec. 4, Bade Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)	(02)27656261	TACBTWTPXXX
Nanjing Donglu Branch	No.19, Sec. 1, Nanjing E. Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	(02)25623150	TACBTWTP041
Wujhou Branch	No.125, Sec. 2, Minsheng E. Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	(02)25113880	TACBTWTPAAA
Datong Branch	No.10, Sec. 3, Chengde Rd., Datong Dist., Taipei City 103, Taiwan (R.O.C.)	(02)25932323	TACBTWTP043
Jhongsiao Branch	No.285, Sec. 4, Jhongsiao E. Rd., Da-an Dist., Taipei City 106, Taiwan (R.O.C.)	(02)27718811	TACBTWTP045
Jingmei Branch	No.457, Sec. 6, Roosevelt Rd., Wunshan Dist., Taipei City 116, Taiwan (R.O.C.)	(02)29318111	TACBTWTPXXX
Shihlin Branch	No.469, Zhongzheng Rd., Shilin Dist., Taipei City 111, Taiwan (R.O.C.)	(02)28805161	TACBTWTPXXX
Taipei Branch	No.55, Fusing N. Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)	(02)27724277	TACBTWTP054
Department of Business	No.225, Sec. 2, Chang'an E. Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)	(02)21738888	TACBTWTP056
Chengdong Branch	No.87, Songjiang Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	(02)25070111	TACBTWTP060
Da-an Branch	No.1, Ln. 81, Sec. 2, Dunhua S. Rd., Da-an Dist., Taipei City 106, Taiwan (R.O.C.)	(02)27553482	TACBTWTP076
Mincyuan Branch	No.58, Sec. 3, Mincyuan E. Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	(02)25057011	TACBTWTP077
Dong Taipei Branch	No.325, Sec. 4, Jhongsiao E. Rd., Da-an Dist., Taipei City 106, Taiwan (R.O.C.)	(02)27721234	TACBTWTPXXX
Chengnei Branch	No.87, Hengyang Rd., Zhongzheng Dist., Taipei City 100, Taiwan (R.O.C.)	(02)23311041	TACBTWTPXXX
Jianguo Branch	No.77, Sec. 3, Sinyi Rd., Da-an Dist., Taipei City 106, Taiwan (R.O.C.)	(02)27027851	TACBTWTPXXX
Yuanshan Branch	1F., No.42, Sec.2, Zhongshan N. Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	(02)25113245	TACBTWTPXXX
Sinyi Branch	No.172, Sec. 4, Sinyi Rd., Da-an Dist., Taipei City 106, Taiwan (R.O.C.)	(02)27067188	TACBTWTP083
Changchun Branch	No.201, Changchun Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	(02)25035015	TACBTWTPXXX
Ren-ai Branch	No.325, Sec. 4, Ren-ai Rd., Da-an Dist., Taipei City 106, Taiwan (R.O.C.)	(02)27763071	TACBTWTP085
Yucheng Branch	No.815, Sec. 5, Jhongsiao E. Rd., Nangang Dist., Taipei City 115, Taiwan (R.O.C.)	(02)27856060	TACBTWTPXXX
Guting Branch	No.65, Sec. 1, Heping E. Rd., Da-an Dist., Taipei City 106, Taiwan (R.O.C.)	(02)23949205	TACBTWTPXXX



Branch Name	Address	Telephone	SWIFT Code
Chang-an Branch	No.9, Sec. 1, Chang-an E. Rd., Jhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	(02)25637181	TACBTWTP088
Songsing Branch	No.202-1, Sec. 5, Nanjing E. Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)	(02)27643131	TACBTWTPXXX
Minzu Branch	No.277, Sec. 3, Chengde Rd., Datong Dist., Taipei City 103, Taiwan (R.O.C.)	(02)25962271	TACBTWTP090
Fusing Branch	No.237, Sec. 1, Fusing S. Rd., Da-an Dist., Taipei City 106, Taiwan (R.O.C.)	(02)27541111	TACBTWTP091
Shuanglian Branch	No.113, Minsheng W. Rd., Datong Dist., Taipei City 103, Taiwan (R.O.C.)	(02)25577151	TACBTWTPXXX
Minsheng Branch	No.77, Sec. 3, Minsheng E. Rd., Songshan Dist., Taipei City 104, Taiwan (R.O.C.)	(02)25162338	TACBTWTP093
Sinsheng Branch	No.93, Sec. 1, Sinsheng S. Rd., Da-an Dist., Taipei City 106, Taiwan (R.O.C.)	(02)27771888	TACBTWTPXXX
Songjiang Branch	No.152, Songjiang Rd., Jhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	(02)25224567	TACBTWTP095
Yongji Branch	No.279, Songshan Rd., Sinyi Dist., Taipei City 110, Taiwan (R.O.C.)	(02)27675226	TACBTWTPXXX
Offshore Banking Branch	5F., No.225, Sec. 2, Chang'an E. Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)	(02)21738888	TACBTWTP106
Beining Branch	No.97, Sec. 3, Bade Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)	(02)25798811	TACBTWTPXXX
Fudan Branch	No.100, Sec. 4, Civic Blvd., Da-an Dist., Taipei City 106, Taiwan (R.O.C.)	(02)27215551	TACBTWTPXXX
Taida Branch	B1., No.7-B, Jhongshan S. Rd., Jhongheng Dist., Taipei City 100, Taiwan (R.O.C.)	(02)23568071	TACBTWTPXXX
Sansing Branch	No.77, Sec. 2, Keelung Rd., Sinyi Dist., Taipei City 110, Taiwan (R.O.C.)	(02)27388181	TACBTWTPXXX
Shihpai Branch	B1., No.201, Sec. 2, Shihpai Rd., Beitou Dist., Taipei City 112, Taiwan (R.O.C.)	(02)28747611	TACBTWTPXXX
Neihu Branch	No.502, Rueiguang Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	(02)26590001	TACBTWTP156
Nangang Branch	No.19-16, Sanchong Rd., Nangang Dist., Taipei City 115, Taiwan (R.O.C.)	(02)26550777	TACBTWTPXXX
Sinhu Branch	No.255&257, Sinhu 2nd Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	(02)27908118	TACBTWTPXXX
Zihciang Branch	No.85, Sec. 2, Nanjing E. Rd., Jhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	(02)21003100	TACBTWTP501
Jhongshan Branch	No.2, Sec. 2, Nanjing E. Rd., Jhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	(02)25214065	TACBTWTP502
Dunnan Branch	No.362, Sec. 1, Dunhua S. Rd., Da-an Dist., Taipei City 106, Taiwan (R.O.C.)	(02)27011117	TACBTWTP503
World Trade Center Branch	2F., No.333, Sec. 1, Keelung Rd., Sinyi Dist., Taipei City 110, Taiwan (R.O.C.)	(02)27291333	TACBTWTP505
Guangfu South Road Branch	No.102, Guangfu S. Rd., Da-an Dist., Taipei City 106, Taiwan (R.O.C.)	(02)27518770	TACBTWTPXXX
Bei Shihlin Branch	No.837, Sec. 5, Jhongshan N. Rd., Shihlin Dist., Taipei City 111, Taiwan (R.O.C.)	(02)88665959	TACBTWTP508
Sinwei Branch	No.303, Sec. 1, Fusing S. Rd., Da-an Dist., Taipei City 106, Taiwan (R.O.C.)	(02)27053828	TACBTWTPXXX
Sihu Branch	No.206, Rueiguang Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	(02)27971989	TACBTWTP510
Dahu Branch	No.314, Sec. 6, Mincyuan E. Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	(02)26328600	TACBTWTPXXX

Branch Name	Address	Telephone	SWIFT Code
National Medical Center Branch	No.325, Sec. 2, Chenggong Rd., Neihsu Dist., Taipei City 114, Taiwan (R.O.C.)	(02)87925745	TACBTWTPXXX
Nanmen Branch	No.97, Sec. 1, Roosevelt Rd., Zhongzheng Dist., Taipei City 100, Taiwan (R.O.C.)	(02)23966363	TACBTWTPXXX
Dajhih Branch	No.409, Bei-an Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	(02)85099188	TACBTWTPXXX
Ganghu Branch	No.223, Chongyang Rd., Nangang Dist., Taipei City 115, Taiwan (R.O.C.)	(02)27862268	TACBTWTPXXX
<b>New Taipei City</b>			
Xindian Branch	No.32, Guangming St., Xindian Dist., New Taipei City 231, Taiwan (R.O.C.)	(02)29111111	TACBTWTPXXX
Beisin Branch	No.6, Sec. 1, Beisin Rd., Xindian Dist., New Taipei City 231, Taiwan (R.O.C.)	(02)29172911	TACBTWTPXXX
Yonghe Branch	No.575, Zhongzheng Rd., Yonghe Dist., New Taipei City 234, Taiwan (R.O.C.)	(02)29236611	TACBTWTPXXX
Sanchong Branch	No.17, Jhengyi S. Rd., Sanchong Dist., New Taipei City 241, Taiwan (R.O.C.)	(02)29738111	TACBTWTP010
Banciao Branch	1F., No. 330, Zhongzheng Rd., Banciao Dist., New Taipei City 220, Taiwan (R.O.C.)	(02)29660971	TACBTWTP011
Sijhih Branch	No.225, Zhongxiao E. Rd., Sijhih Dist., New Taipei City 221, Taiwan (R.O.C.)	(02)26413211	TACBTWTPXXX
Sinjhuang Branch	No.379, Zhongping Rd., Sinjhuang Dist., New Taipei City 242, Taiwan (R.O.C.)	(02)29929981	TACBTWTP049
Jhonghe Branch	No.9, Taihe St., Zhonghe Dist., New Taipei City 235, Taiwan (R.O.C.)	(02)22499500	TACBTWTP062
Dong Sanchong Branch	No.37, Sec. 2, Sanhe Rd., Sanchong Dist., New Taipei City 241, Taiwan (R.O.C.)	(02)29728111	TACBTWTP067
Nanshih Branch	No.20, Sec. 1, Singnan Rd., Zhonghe Dist., New Taipei City 235, Taiwan (R.O.C.)	(02)29461266	TACBTWTPXXX
Dong Sinjhuang Branch	No.339, Sihyuan Rd., Sinjhuang Dist., New Taipei City 242, Taiwan (R.O.C.)	(02)29973456	TACBTWTP098
Lujhou Branch	No.84, Sanmin Rd., Lujhou Dist., New Taipei City 247, Taiwan (R.O.C.)	(02)82825678	TACBTWTPXXX
Haishan Branch	No.443, Sec. 2, Wunhua Rd., Banciao Dist., New Taipei City 220, Taiwan (R.O.C.)	(02)22551333	TACBTWTPXXX
Pucian Branch	2F., No.33, Sec. 2, Sanmin Rd., Banciao Dist., New Taipei City 220, Taiwan (R.O.C.)	(02)29631122	TACBTWTPXXX
Shuanghe Branch	No.196, Jian 1st Rd., Zhonghe Dist., New Taipei City 235, Taiwan (R.O.C.)	(02)82271627	TACBTWTP144
Tucheng Branch	No.96, Sec. 2, Zhongyang Rd., Tucheng Dist., New Taipei City 236, Taiwan (R.O.C.)	(02)22651611	TACBTWTP145
Sansia Branch	No.61, Wunhua Rd., Sansia Dist., New Taipei City 237, Taiwan (R.O.C.)	(02)26747999	TACBTWTPXXX
Erchong Branch	No.81, Sec. 1, Guangfu Rd., Sanchong Dist., New Taipei City 241, Taiwan (R.O.C.)	(02)29993399	TACBTWTP158
Wugu Branch	No.2, Sec. 1, Zhongxing Rd., Wugu Dist., New Taipei City 248, Taiwan (R.O.C.)	(02)89769698	TACBTWTPXXX
Shulin Branch	No.152, Sec. 1, Zhongshan Rd., Shulin Dist., New Taipei City 238, Taiwan (R.O.C.)	(02)86872211	TACBTWTPXXX
Taishan Branch	No.148, Sec. 3, Mingjhih Rd., Taishan Dist., New Taipei City 243, Taiwan (R.O.C.)	(02)29082811	TACBTWTPXXX
Dapinglin Branch	No.67, Mincyuan Rd., Xindian Dist., New Taipei City 231, Taiwan (R.O.C.)	(02)29138611	TACBTWTPXXX
Yingge Branch	No.175, Zhongshan Rd., Yingge Dist., New Taipei City 239, Taiwan (R.O.C.)	(02)86781188	TACBTWTPXXX

Branch Name	Address	Telephone	SWIFT Code
Sinshu Branch	No.224, Sinshu Rd., Sinjhuang Dist., New Taipei City 242, Taiwan (R.O.C.)	(02)22012797	TACBTWTPXXX
Bei Jhonghe Branch	No.35, Sec. 3, Jhongshan Rd., Jhonghe Dist., New Taipei City 235, Taiwan (R.O.C.)	(02)22263667	TACBTWTPXXX
Danfong Branch	No.657-10, Jhongjheng Rd., Sinjhuang Dist., New Taipei City 242, Taiwan (R.O.C.)	(02)29088979	TACBTWTP536
Nan Tucheng Branch	1F., No.6, Sec. 4, Jhongyang Rd., Tucheng Dist., New Taipei City 236, Taiwan (R.O.C.)	(02)22686888	TACBTWTP145
Bei Sansia Branch	No.71, Wunhua Rd., Sansia Dist., New Taipei City 237, Taiwan (R.O.C.)	(02)26711110	TACBTWTP531
Bansin Branch	No.43, Sec. 2, Nanya S. Rd., Banciao Dist., New Taipei City 220, Taiwan (R.O.C.)	(02)89663889	TACBTWTP531
Nan Sanchong Branch	No.120, Jhengyi N. Rd., Sanchong Dist., New Taipei City 241, Taiwan (R.O.C.)	(02)29817117	TACBTWTP532
Baociao Branch	No.2, Lane 235, Baociao Rd., Xindian Dist., New Taipei City 231, Taiwan (R.O.C.)	(02)29185506	TACBTWTP535
Sintai Branch	No.115, Sintai Rd., Sinjhuang Dist., New Taipei City 242, Taiwan (R.O.C.)	(02)29986688	TACBTWTP536
Bei Tucheng Branch	No.200, Sec. 1, Syuefu Rd., Tucheng Dist., New Taipei City 236, Taiwan (R.O.C.)	(02)22731688	TACBTWTPXXX
Nan Sijhih Branch	No.94-1, Sec. 1, Sintai 5th Rd., Sijhih Dist., New Taipei City 221, Taiwan (R.O.C.)	(02)26968888	TACBTWTP538
Bei Shulin Branch	No.793, Jhongjheng Rd., Shulin Dist., New Taipei City 238, Taiwan (R.O.C.)	(02)26762789	TACBTWTP531
Wugu Industrial Park Branch	No.119, Wugong Rd., Wugu Dist., New Taipei City 248, Taiwan (R.O.C.)	(02)22989898	TACBTWTP540
Danshuei Branch	No.219, Sec. 2, Zhongshan N. Rd., Tamsui Dist., New Taipei City 251, Taiwan (R.O.C.)	(02)26211415	TACBTWTPXXX
Linkou Wenhua Branch	No.62-5, Sec. 1, Wenhua 2nd Rd., Linkou Dist., New Taipei City 244, Taiwan (R.O.C.)	(02)26086883	TACBTWTP543
<b>Keelung City</b>			
Keelung Branch	No.255, Ren 2nd Rd., Ren-ai Dist., Keelung City 200, Taiwan (R.O.C.)	(02)24284181	TACBTWTPXXX
Dong Keelung Branch	No.143, Sin 1st Rd., Sinyi Dist., Keelung City 201, Taiwan (R.O.C.)	(02)24283111	TACBTWTPXXX
<b>Taoyuan City</b>			
Taoyuan Branch	No.58, Jhongjheng Rd., Taoyuan Dist., Taoyuan City 330, Taiwan (R.O.C.)	(03)3326121	TACBTWTP015
Dasi Branch	No.43, Sinyi Rd., Dasi Dist., Taoyuan City 335, Taiwan (R.O.C.)	(03)3874666	TACBTWTP015
Gueishan Branch	No.1068, Sec. 2, Wanshou Rd., Gueishan Dist., Taoyuan City 333, Taiwan (R.O.C.)	(03)3299661	TACBTWTP015
Jhongli Branch	No.180, Jhongshan Rd., Jhongli Dist., Taoyuan City 320, Taiwan (R.O.C.)	(03)4225141	TACBTWTP015
Qingpu Branch	1F., No. 139, Sec. 2, Qingpu Rd., Zhongli Dist., Taoyuan City 320, Taiwan (R.O.C.)	(03)2878811	TACBTWTP543
Longtan Branch	No.221, Jhongjheng Rd., Longtan Dist., Taoyuan City 325, Taiwan (R.O.C.)	(03)4893512	TACBTWTP015
Cihwun Branch	No.720, Jhongjheng Rd., Taoyuan Dist., Taoyuan City 330, Taiwan (R.O.C.)	(03)3578811	TACBTWTP015
Hueilong Branch	No.163, Sec. 1, Wanshou Rd., Gueishan Dist., Taoyuan City 333, Taiwan (R.O.C.)	(02)82098266	TACBTWTP015
Nan Taoyuan Branch	No.793, Jhongshan Rd., Taoyuan Dist., Taoyuan City 330, Taiwan (R.O.C.)	(03)3692188	TACBTWTP015

Branch Name	Address	Telephone	SWIFT Code
Jhongyuan Branch	No.392, Sec. 2, Jhongbei Rd., Jhongli Dist., Taoyuan City 320, Taiwan (R.O.C.)	(03)4688998	TACBTWTP015
Pingjhen Branch	No.290, Sec. 2, Huannan Rd., Pingjhen Dist., Taoyuan City 324, Taiwan (R.O.C.)	(03)4689299	TACBTWTP015
Linkou Branch	No.49, Wunhua 2nd Rd., Gueishan Dist., Taoyuan City 333, Taiwan (R.O.C.)	(03)3183880	TACBTWTP015
Bade Branch	No.767, Sec. 1, Jieshou Rd., Bade Dist., Taoyuan City 334, Taiwan (R.O.C.)	(03)2185888	TACBTWTP015
Luchu Branch	No.387, Dajhu Rd., Lujhu Dist., Taoyuan City 338, Taiwan (R.O.C.)	(03)3232010	TACBTWTP545
Dayuan Branch	No.47-1, Zhongzheng E. Rd., Dayuan Dist., Taoyuan City 337, Taiwan (R.O.C.)	(03)3867733	TACBTWTP543
Dong Taoyuan Branch	No.12, Jhonghua Rd., Taoyuan Dist., Taoyuan City 330, Taiwan (R.O.C.)	(03)3355009	TACBTWTP543
Lisin Branch	No.119, Jhongshan Rd., Jhongli Dist., Taoyuan City 320, Taiwan (R.O.C.)	(03)4222131	TACBTWTP544
Nankan Branch	No.11, Nanshang Rd., Lujhu Dist., Taoyuan City 338, Taiwan (R.O.C.)	(03)3221199	TACBTWTP545
Sinming Branch	No.1, Huannan Rd., Pingjhen Dist., Taoyuan City 324, Taiwan (R.O.C.)	(03)4939393	TACBTWTP544
Yangmei Branch	No.10-1, Damo St., Yangmei Dist., Taoyuan City 326, Taiwan (R.O.C.)	(03)4754411	TACBTWTP543
Changgung Branch	No.5, Fusing St., Gueishan Dist., Taoyuan City 333, Taiwan (R.O.C.)	(03)3970781	TACBTWTP543
<b>Hsinchu City</b>			
Hsinchu Branch	No.23, Jhongheng Rd., East Dist., Hsinchu City 300, Taiwan (R.O.C.)	(03)5244151	TACBTWTP017
Bei Hsinchu Branch	No.168, Beida Rd., North Dist., Hsinchu City 300, Taiwan (R.O.C.)	(03)5284001	TACBTWTP124
Guangfu Branch	No.57, Dongguang Rd., East Dist., Hsinchu City 300, Taiwan (R.O.C.)	(03)5753666	TACBTWTP157
Jhucian Branch	No.60, Dongmen St., East Dist., Hsinchu City 300, Taiwan (R.O.C.)	(03)5215121	TACBTWTP563
Hsinchu Science-based Industrial Park Branch	No.1, Keji Rd., East Dist., Hsinchu City 300, Taiwan (R.O.C.)	(03)5783962	TACBTWTP564
<b>Hsinchu County</b>			
Jhudong Branch	No.92, Sec. 2, Changchun Rd., Jhudong Township, Hsinchu County 310, Taiwan (R.O.C.)	(03)5963126	TACBTWTP065
Jhubei Branch	No.261, Guangming 6th Rd., Jhubei City, Hsinchu County 302, Taiwan (R.O.C.)	(03)5546000	TACBTWTP131
Lioujia Branch	No.259, Dong Sec. 1, Guangming 6 <sup>th</sup> Rd., Jhubei City, Hsinchu County 302, Taiwan (R.O.C.)	(03)6586969	TACBTWTP017
Dong Jhubei Branch	No. 296, Zhongzheng E. Rd., Zhubei City, Hsinchu County 302, Taiwan (R.O.C.)	(03)5540108	TACBTWTP551
<b>Miaoli County</b>			
Miaoli Branch	No.660, Jhongheng Rd., Miaoli City, Miaoli County 360, Taiwan (R.O.C.)	(037)320921	TACBTWTP018
Toufen Branch	No.70, Ren-ai Rd., Toufen Township, Miaoli County 351, Taiwan (R.O.C.)	(037)665115	TACBTWTP563
Bei Miaoli Branch	No.396, Jhongheng Rd., Miaoli City, Miaoli County 360, Taiwan (R.O.C.)	(037)351111	TACBTWTP018
Zhunan Branch	No.218, Daying Rd., Zhunan Township, Miaoli County 350, Taiwan (R.O.C.)	(037)466790	TACBTWTP018
<b>Taichung City</b>			

Branch Name	Address	Telephone	SWIFT Code
Taichung Branch	No.2, Sec. 2, Zihyou Rd., Central Dist., Taichung City 400, Taiwan (R.O.C.)	(04)22245121	TACBTWTP022
Jhongsing Branch	No.5, Gongyuan Rd., Central Dist., Taichung City 400, Taiwan (R.O.C.)	(04)22241161	TACBTWTP050
Wucyuan Branch	No.61, Sec. 2, Gongyi Rd., Nantun Dist., Taichung City 408, Taiwan (R.O.C.)	(04)23229191	TACBTWTP069
Nan Taichung Branch	No.789, Jhongming S. Rd., South Dist., Taichung City 402, Taiwan (R.O.C.)	(04)22617211	TACBTWTP107
Nantun Branch	No.103, Sec. 2, Wucyuan W. Rd., Nantun Dist., Taichung City 408, Taiwan (R.O.C.)	(04)24752171	TACBTWTP069
Si Taichung Branch	No.151, Sec. 2, Hankou Rd., Situn Dist., Taichung City 407, Taiwan (R.O.C.)	(04)23170311	TACBTWTP022
Situn Branch	No.67, Sec. 3, Wunsin Rd., Situn Dist., Taichung City 407, Taiwan (R.O.C.)	(04)23112411	TACBTWTP022
Beitun Branch	No.670, Sec. 4, Wunsin Rd., Beitun Dist., Taichung City 406, Taiwan (R.O.C.)	(04)22301199	TACBTWTP050
Bei Taichung Branch	No.375, Wucyuan Rd., North Dist., Taichung City 404, Taiwan (R.O.C.)	(04)22055588	TACBTWTP022
Jyungong Branch	No.315, Sec. 1, Dongshan Rd., Beitun Dist., Taichung City 406, Taiwan (R.O.C.)	(04)22390128	TACBTWTP022
Yong-an Branch	No.15, Yongfu Rd., Situn Dist., Taichung City 407, Taiwan (R.O.C.)	(04)24623181	TACBTWTP022
Jhongcyuan Branch	No.728, Sec. 1, Taiwan Blvd., West Dist., Taichung City 403, Taiwan (R.O.C.)	(04)22037979	TACBTWTP022
Taiyuan Branch	No.247, Beitun Rd., Beitun Dist., Taichung City 406, Taiwan (R.O.C.)	(04)22334291	TACBTWTP022
Songjhu Branch	1-3F., No.98, Chongde 11th Rd., Beitun Dist., Taichung City 406, Taiwan (R.O.C.)	(04)24228751	TACBTWTP022
Jhongcing Branch	No.17, Sec. 2, Zhongqing Rd., Beitun Dist., Taichung City 406, Taiwan (R.O.C.)	(04)22913176	TACBTWTP022
Jiancheng Branch	No.1499, Jiancheng Rd., South Dist., Taichung City 402, Taiwan (R.O.C.)	(04)22873311	TACBTWTP022
Chaoma Branch	No.526, Sec. 3, Taiwan Blvd., Situn Dist., Taichung City 407, Taiwan (R.O.C.)	(04)27013115	TACBTWTP022
Dong Taichung Branch	No.380, Sec. 3, Fusing Rd., South Dist., Taichung City 402, Taiwan (R.O.C.)	(04)22203161	TACBTWTP022
Meichun Branch	No.136, Sec. 2, Fuxing Rd., South Dist., Taichung City 402, Taiwan (R.O.C.)	(04)22614377	TACBTWTP107
Liming Branch	No.1064, Sec. 1, Liming Rd., Nantun Dist., Taichung City 408, Taiwan (R.O.C.)	(04)23892493	TACBTWTP069
Changping Branch	No.163, Sec. 1, Changping Rd., Beitun Dist., Taichung City 406, Taiwan (R.O.C.)	(04)22443037	TACBTWTP022
Jingwu Branch	No.170, Jingwu E. Rd., East Dist., Taichung City 401, Taiwan (R.O.C.)	(04)22116358	TACBTWTP022
Wunsin Branch	No.316, Sec. 1, Wunsin Rd., Nantun Dist., Taichung City 408, Taiwan (R.O.C.)	(04)23223300	TACBTWTP069
Fongjia Branch	No.252, Sec. 2, Situn Rd., Situn Dist., Taichung City 407, Taiwan (R.O.C.)	(04)27089075	TACBTWTP022
Sinjhong Branch	No.91, Mincyuan Rd., West Dist., Taichung City 403, Taiwan (R.O.C.)	(04)22237711	TACBTWTP516
Jhonggang Branch	No.152, Sec. 3, Wunsin Rd., Situn Dist., Taichung City 407, Taiwan (R.O.C.)	(04)23138811	TACBTWTP517
Weidao Branch	1F., No.447, Sec. 1, Zhongqing Rd., North Dist., Taichung City 404, Taiwan (R.O.C.)	(04)22987988	TACBTWTP517



Branch Name	Address	Telephone	SWIFT Code
Jhongming South Road Branch	No.451, Jhongming S. Rd., West Dist., Taichung City 403, Taiwan (R.O.C.)	(04)23764066	TACBTWTP516
Shueinan Branch	No.2, Hanxiang Rd., Situn Dist., Taichung City 407, Taiwan (R.O.C.)	(04)27029354	TACBTWTP516
Fongyuan Branch	No.102, Jhongjheng Rd., Fongyuan Dist., Taichung City 420, Taiwan (R.O.C.)	(04)25231122	TACBTWTP020
Shalu Branch	No.106, Shatian Rd., Shalu Dist., Taichung City 433, Taiwan (R.O.C.)	(04)26622141	TACBTWTP021
Nan Fongyuan Branch	No.222, Yuanhuan S. Rd., Fongyuan Dist., Taichung City 420, Taiwan (R.O.C.)	(04)25244180	TACBTWTP022
Dali Branch	No.384, Sec. 1, Jhongsing Rd., Dali Dist., Taichung City 412, Taiwan (R.O.C.)	(04)24934111	TACBTWTP102
Taiping Branch	No.84, Jhongsing Rd., Taiping Dist., Taichung City 411, Taiwan (R.O.C.)	(04)22761515	TACBTWTP022
Wurih Branch	No.598, Sec. 1, Jhongshan Rd., Wurih Dist., Taichung City 414, Taiwan (R.O.C.)	(04)23369911	TACBTWTP022
Shenggang Branch	No.799-1, Zhongzheng Rd., Shengang Dist., Taichung City 429, Taiwan (R.O.C.)	(04)25621111	TACBTWTP554
Daya Branch	No.95, Sec. 2, Yahuan Rd., Daya Dist., Taichung City 428, Taiwan (R.O.C.)	(04)25660199	TACBTWTP022
Tanzih Branch	No.281, Sec. 2, Jhongshan Rd., Tanzih Dist., Taichung City 427, Taiwan (R.O.C.)	(04)25325566	TACBTWTP050
Fongjiong Branch	No.351, Jhongjheng Rd., Fongyuan Dist., Taichung City 420, Taiwan (R.O.C.)	(04)25280369	TACBTWTP554
Bei Dali Branch	No.261, Sec. 2, Sinren Rd., Dali Dist., Taichung City 412, Taiwan (R.O.C.)	(04)24836699	TACBTWTP516
Dong Shalu Branch	No.307, Guanghua Rd., Shalu Dist., Taichung City 433, Taiwan (R.O.C.)	(04)26653311	TACBTWTP021
Houli Branch	No.899, Sec. 3, Sanfong Rd., Houli Dist., Taichung City 421, Taiwan (R.O.C.)	(04)25563188	TACBTWTP020
<b>Nantou County</b>			
Nantou Branch	No.96, Jhongshan St., Nantou City, Nantou County 540, Taiwan (R.O.C.)	(049)2234141	TACBTWTP025
Jhushan Branch	No.839, Sec. 3, Jishan Rd., Jhushan Township, Nantou County 557, Taiwan (R.O.C.)	(049)2652721	TACBTWTP022
Puli Branch	No.299, Sec. 2, Jhongshan Rd., Puli Township, Nantou County 545, Taiwan (R.O.C.)	(049)2986411	TACBTWTP022
Caotun Branch	No.864, Jhongjheng Rd., Caotun Township, Nantou County 542, Taiwan (R.O.C.)	(049)2338141	TACBTWTP516
Jiji Branch	No.176, Minsheng Rd., Jiji Township, Nantou County 552, Taiwan (R.O.C.)	(049)2761501	TACBTWTP516
Dong Puli Branch	No.320, Jhongjheng Rd., Puli Township, Nantou County 545, Taiwan (R.O.C.)	(049)2989160	TACBTWTP584
<b>Changhua County</b>			
Changhua Branch	No.279, Minsheng Rd., Changhua City, Changhua County 500, Taiwan (R.O.C.)	(04)7225151	TACBTWTP023
Yuanlin Branch	No.844, Sec. 1, Jhongshan Rd., Yuanlin City, Changhua County 510, Taiwan (R.O.C.)	(04)8322181	TACBTWTP024
Jhangying Branch	No.532, Minzu Rd., Changhua City, Changhua County 500, Taiwan (R.O.C.)	(04)7229221	TACBTWTP023
Jhangchu Branch	No.321, Sec. 1, Jhongjheng Rd., Changhua City, Changhua County 500, Taiwan (R.O.C.)	(04)7240082	TACBTWTP023
Sihu Branch	No.56, Sihuan Rd., Sihu Township, Changhua County 514, Taiwan (R.O.C.)	(04)8829121	TACBTWTP023

Branch Name	Address	Telephone	SWIFT Code
Hemei Branch	No.361, Sec. 6, Luhe Rd., Hemei Township, Changhua County 508, Taiwan (R.O.C.)	(04)7570123	TACBTWTP023
Dajhu Branch	No.239, Sec. 2, Jhangnan Rd., Changhua City, Changhua County 500, Taiwan (R.O.C.)	(04)7373311	TACBTWTP023
Shengang Branch	No.35, Sinsing Rd., Shengang Township, Changhua County 509, Taiwan (R.O.C.)	(04)7996922	TACBTWTP023
Lugang Branch	No.120, Minzu Rd., Lugang Township, Changhua County 505, Taiwan (R.O.C.)	(04)7788511	TACBTWTP023
Yuansin Branch	No.733, Sec. 1, Jhongshan Rd., Yuanlin City, Changhua County 510, Taiwan (R.O.C.)	(04)8322741	TACBTWTP560
Nan Changhua Branch	No.43, Siaoyang Rd., Changhua City, Changhua County 500, Taiwan (R.O.C.)	(04)7254611	TACBTWTP560
Beidou Branch	No.168, Jhongheng Rd., Beidou Township, Changhua County 521, Taiwan (R.O.C.)	(04)8880181	TACBTWTP560
<b>Yunlin County</b>			
Douliou Branch	No.3, Datong Rd., Douliou City, Yunlin County 640, Taiwan (R.O.C.)	(05)5323981	TACBTWTP566
Beigang Branch	No.53, Yimin Rd., Beigang Township, Yunlin County 651, Taiwan (R.O.C.)	(05)7836136	TACBTWTP028
Huwei Branch	No.15, Jhongheng Rd., Huwei Township, Yunlin County 632, Taiwan (R.O.C.)	(05)6313821	TACBTWTP028
Linnei Branch	No.21, Jhongsing Rd., Linnei Township, Yunlin County 643, Taiwan (R.O.C.)	(05)5897811	TACBTWTP566
Yunlin Branch	No.223, Minsheng Rd., Douliou City, Yunlin County 640, Taiwan (R.O.C.)	(05)5324811	TACBTWTP566
<b>Chiayi City</b>			
Chiayi Branch	No.279, Guohua St., West Dist., Chiayi City 600, Taiwan (R.O.C.)	(05)2224571	TACBTWTP028
Nan Chiayi Branch	No.746, Minzu Rd., West Dist., Chiayi City 600, Taiwan (R.O.C.)	(05)2286311	TACBTWTP028
Bei Chiayi Branch	No.3, De-an Rd., West Dist., Chiayi City 600, Taiwan (R.O.C.)	(05)2815500	TACBTWTP028
Dong Chiayi Branch	No.425, Mincyuan Rd., West Dist., Chiayi City 600, Taiwan (R.O.C.)	(05)2225281	TACBTWTP584
<b>Chiayi County</b>			
Puzih Branch	No.62, Haitong Rd., Puzih City, Chiayi County 613, Taiwan (R.O.C.)	(05)3794171	TACBTWTP028
Bei Puzih Branch	No.3, Wunhua N. Rd., Puzih City, Chiayi County 613, Taiwan (R.O.C.)	(05)3790808	TACBTWTP584
<b>Tainan City</b>			
Tainan Branch	No.48, Chenggong Rd., North Dist., Tainan City 704, Taiwan (R.O.C.)	(06)2232101	TACBTWTP030
Chenggong Branch	No.97, Sec. 1, Beimen Rd., West Central Dist., Tainan City 700, Taiwan (R.O.C.)	(06)2269161	TACBTWTP031
Nansing Branch	No.72, Sec. 2, Minsheng Rd., West Central Dist., Tainan City 700, Taiwan (R.O.C.)	(06)2221291	TACBTWTP030
Chengda Branch	No.138, Shengli Rd., North Dist., Tainan City 704, Taiwan (R.O.C.)	(06)3028001	TACBTWTP030
Dong Tainan Branch	No.197, Sec. 2, Jhonghua E. Rd., East Dist., Tainan City 701, Taiwan (R.O.C.)	(06)2882211	TACBTWTP030
Bei Tainan Branch	No.159, Sec. 3, Simen Rd., North Dist., Tainan City 704, Taiwan (R.O.C.)	(06)2209211	TACBTWTP030
Chihkan Branch	No.204, Chenggong Rd., North Dist., Tainan City 704, Taiwan (R.O.C.)	(06)2201302	TACBTWTP521



Branch Name	Address	Telephone	SWIFT Code
Fucheng Branch	No.380, Sec. 2, Jiankang Rd., South Dist., Tainan City 702, Taiwan (R.O.C.)	(06)2910896	TACBTWTP521
Kaiyuan Branch	No.147, Kaiyuan Rd., North Dist., Tainan City 704, Taiwan (R.O.C.)	(06)2753345	TACBTWTP521
Xinying Branch	No.115, Jhongshan Rd., Xinying Dist., Tainan City 730, Taiwan (R.O.C.)	(06)6324121	TACBTWTP028
Jiali Branch	No.83, Heping St., Jiali Dist., Tainan City 722, Taiwan (R.O.C.)	(06)7223131	TACBTWTP030
Yongkang Branch	No.328, Zhongzheng S. Rd., Yongkang Dist., Tainan City 710, Taiwan (R.O.C.)	(06)2533533	TACBTWTP153
Bei Xinying Branch	No.360, Minjih Rd., Xinying Dist., Tainan City 730, Taiwan (R.O.C.)	(06)6562718	TACBTWTP584
Rende Branch	No.4, Sec. 3, Jhongheng Rd., Rende Dist., Tainan City 717, Taiwan (R.O.C.)	(06)2794616	TACBTWTP570
Nan Yongkang Branch	No.202, Jhonghua Rd., Yongkang Dist., Tainan City 710, Taiwan (R.O.C.)	(06)3121916	TACBTWTP153
<b>Kaohsiung City</b>			
Kaohsiung Branch	No.97, Dayong Rd., Yancheng Dist., Kaohsiung City 803, Taiwan (R.O.C.)	(07)5514221	TACBTWTP034
Cianjhen Branch	No. 56, Caoya 1st Rd., Qianzhen Dist., Kaohsiung City 806, Taiwan (R.O.C.)	(07)8416491	TACBTWTPAAB
Sinsing Branch	No.110, Cisian 2nd Rd., Sinsing Dist., Kaohsiung City 800, Taiwan (R.O.C.)	(07)2887121	TACBTWTP034
Siande Branch	No.182, Gongjheng Rd., Cianjhen Dist., Kaohsiung City 806, Taiwan (R.O.C.)	(07)7112046	TACBTWTP035
Bei Kaohsiung Branch	No.232, Jhonghua 3rd Rd., Sanmin Dist., Kaohsiung City 801, Taiwan (R.O.C.)	(07)2863000	TACBTWTP034
Lingya Branch	No.394, Cingnian 1st Rd., Sinsing Dist., Kaohsiung City 800, Taiwan (R.O.C.)	(07)2918151	TACBTWTP034
Sanmin Branch	No.30, Bo-ai 1st Rd., Sanmin Dist., Kaohsiung City 807, Taiwan (R.O.C.)	(07)3127191	TACBTWTP059
Nan Kaohsiung Branch	No.94, Sanduo 3rd Rd., Cianjhen Dist., Kaohsiung City 802, Taiwan (R.O.C.)	(07)3348141	TACBTWTP352
Tashun Branch	No.20, Dashun 3rd Rd., Lingya Dist., Kaohsiung City 802, Taiwan (R.O.C.)	(07)7131886	TACBTWTP034
Dong Kaohsiung Branch	No.176, Minsheng 1st Rd., Sinsing Dist., Kaohsiung City 800, Taiwan (R.O.C.)	(07)2265666	TACBTWTP034
Cianjin Branch	No.45, Jhonghua 4th Rd., Lingya Dist., Kaohsiung City 802, Taiwan (R.O.C.)	(07)3363966	TACBTWTP352
Wannei Branch	No.675, Jiangong Rd., Sanmin Dist., Kaohsiung City 807, Taiwan (R.O.C.)	(07)3861591	TACBTWTP128
Guanghua Branch	No.148-82, Guanghua 1st Rd., Lingya Dist., Kaohsiung City 802, Taiwan (R.O.C.)	(07)2223020	TACBTWTP034
Yisin Lu Branch	No.119, Yisin 2nd Rd., Cianjhen Dist., Kaohsiung City 806, Taiwan (R.O.C.)	(07)3332020	TACBTWTP034
Zuoying Branch	No.450, Bo-ai 2nd Rd., Zuoying Dist., Kaohsiung City 813, Taiwan (R.O.C.)	(07)5562226	TACBTWTP059
Gushan Branch	No.352, Jhonghua 1st Rd., Gushan Dist., Kaohsiung City 804, Taiwan (R.O.C.)	(07)5223311	TACBTWTP524
Kaohsiung Software Park Branch	No.11-2, Chenggong 2nd Rd., Cianjhen Dist., Kaohsiung City 806, Taiwan (R.O.C.)	(07)5351888	TACBTWTP352
Gangdu Branch	No.230, Jhongheng 4th Rd., Cianjin Dist., Kaohsiung City 801, Taiwan (R.O.C.)	(07)2914131	TACBTWTP524
Cisian Branch	No.216, Cisian 1st Rd., Sinsing Dist., Kaohsiung City 800, Taiwan (R.O.C.)	(07)2365503	TACBTWTP525

Branch Name	Address	Telephone	SWIFT Code
Shihcyuan Branch	No.189, Bo-ai 1st Rd., Sanmin Dist., Kaohsiung City 807, Taiwan (R.O.C.)	(07)3230611	TACBTWTP527
Jiouru Branch	No.581, Jyuemin Rd., Sanmin Dist., Kaohsiung City 807, Taiwan (R.O.C.)	(07)3805001	TACBTWTP524
Siaogang Branch	No.526, Hongping Rd., Siaogang Dist., Kaohsiung City 812, Taiwan (R.O.C.)	(07)8062289	TACBTWTP524
Nanzih Branch	No.1111, Houchang Rd., Nanzih Dist., Kaohsiung City 811, Taiwan (R.O.C.)	(07)3625678	TACBTWTP524
Fongshan Branch	No.95, Jhongjheng Rd., Fongshan Dist., Kaohsiung City 830, Taiwan (R.O.C.)	(07)7460181	TACBTWTP032
Gangshan Branch	No.2, Siaocian Rd., Gangshan Dist., Kaohsiung City 820, Taiwan (R.O.C.)	(07)6216161	TACBTWTP033
Lujhu Branch	No.68, Guochang Rd., Lujhu Dist., Kaohsiung City 821, Taiwan (R.O.C.)	(07)6966122	TACBTWTPAAC
Singfong Branch	No.32, Jhongshan Rd., Fongshan Dist., Kaohsiung City 830, Taiwan (R.O.C.)	(07)7453101	TACBTWTP032
Dafa Branch	No.345, Fonglin 3rd Rd., Daliao Dist., Kaohsiung City 831, Taiwan (R.O.C.)	(07)7830589	TACBTWTP032
Dashe Branch	No.177-1, Cueiping Rd., Dashe Dist., Kaohsiung City 815, Taiwan (R.O.C.)	(07)3582121	TACBTWTP524
Linyuan Branch	No.200, Linyuan N. Rd., Linyuan Dist., Kaohsiung City 832, Taiwan (R.O.C.)	(07)6416171	TACBTWTP524
Chi Shan Branch	No.3, Huazhong St., Qishan Dist., Kaohsiung City 842, Taiwan (R.O.C.)	(07)6622333	TACBTWTP524
Fongsong Branch	No.3-4, Fongsong Rd., Fongshan Dist., Kaohsiung City 830, Taiwan (R.O.C.)	(07)7471131	TACBTWTP524
Bei Gangshan Branch	No.12, Jhongshan N. Rd., Gangshan Dist., Kaohsiung City 820, Taiwan (R.O.C.)	(07)6222871	TACBTWTP524
Meinong Branch	No.172-2, Tai'an Rd., Meinong Dist., Kaohsiung City 843, Taiwan (R.O.C.)	(07)6816101	TACBTWTP122
Dashu Branch	No.2-8, Jhongsing E. Rd., Dashu Dist., Kaohsiung City 840, Taiwan (R.O.C.)	(07)6517726	TACBTWTP524
Renmei Branch	No.87-2, Syuetang Rd., Renmei Village, Niaosong Dist., Kaohsiung City 833, Taiwan (R.O.C.)	(07)7321370	TACBTWTP032
Wujia Branch	No.164, Wujia 2nd Rd., Fongshan Dist., Kaohsiung City 830, Taiwan (R.O.C.)	(07)7172250	TACBTWTP032
<b>Pingtung County</b>			
Pingtung Branch	No.42, Jhongjheng Rd., Pingtung City, Pingtung County 900, Taiwan (R.O.C.)	(08)7343611	TACBTWTP034
Chaozhou Branch	No.91-1, Sinsheng Rd., Chaozhou Township, Pingtung County 920, Taiwan (R.O.C.)	(08)7883101	TACBTWTP034
Pingnan Branch	No.287, Minsheng Rd., Pingtung City, Pingtung County 900, Taiwan (R.O.C.)	(08)7326391	TACBTWTP122
Donggang Branch	No.186, Sec. 1, Guangfu Rd., Donggang Township, Pingtung County 928, Taiwan (R.O.C.)	(08)8353701	TACBTWTP122
Wandan Branch	No.661, Sec. 2, Jhongsing Rd., Wandan Township, Pingtung County 913, Taiwan (R.O.C.)	(08)7779311	TACBTWTP122
Fangliao Branch	No.255-2, Zhongshan Rd., Fangliao Township, Pingtung County 940, Taiwan (R.O.C.)	(08)8787611	TACBTWTP122
Shepi Branch	No.500, Sec. 2, Shepi Rd., Wandan Township, Pingtung County 913, Taiwan (R.O.C.)	(08)7071578	TACBTWTP122
<b>Yilan County</b>			
Yilan Branch	No.30, Sec. 3, Jhongshan Rd., Yilan City, Yilan County 260, Taiwan (R.O.C.)	(03)9323911	TACBTWTPXXX

Branch Name	Address	Telephone	SWIFT Code
Su-ao Branch	No.56, Yugang Rd., Su-ao Township, Yilan County 270, Taiwan (R.O.C.)	(03)9962521	TACBTWTPXXX
Luodong Branch	No.51, Gongjheng Rd., Luodong Township, Yilan County 265, Taiwan (R.O.C.)	(03)9545191	TACBTWTPXXX
Bei Luodong Branch	No.54, Jhongjheng N. Rd., Luodong Township, Yilan County 265, Taiwan (R.O.C.)	(03)9545795	TACBTWTP541
Jiaosi Branch	No.32, Sec. 5, Jiaosi Rd., Jiaosi Township, Yilan County 262, Taiwan (R.O.C.)	(03)9887100	TACBTWTPXXX
<b>Hualien County</b>			
Hualien Branch	No.124, Jhongshan Rd., Hualien City, Hualien County 970, Taiwan (R.O.C.)	(03)8338111	TACBTWTPXXX
Bei Hualien Branch	No.371, Jhongshan Rd., Hualien City, Hualien County 970, Taiwan (R.O.C.)	(03)8350151	TACBTWTPXXX
<b>Taitung County</b>			
Taitung Branch	No.336, Sec. 1, Jhonghua Rd., Taitung City, Taitung County 950, Taiwan (R.O.C.)	(089)323011	TACBTWTPXXX
Dong Taitung Branch	No.181, Datong Rd., Taitung City, Taitung County 950, Taiwan (R.O.C.)	(089)325130	TACBTWTP524
<b>Penghu County</b>			
Penghu Branch	No.26, Ren'ai Rd., Magong City, Penghu County 880, Taiwan (R.O.C.)	(06)9272766	TACBTWTPXXX

### 7.3 Overseas Units

Unit Name	Address	Tel/Fax/E-mail
United Taiwan Bank	1st Floor, Square de Meeûs 1, 1000 Brussels, Belgium	Tel: +322-2305359 Fax: +322-2300470 E-mail: info@utb-bank.be
Prague Representative Office	7F, Na Příkopě 583/15, Prague 1, 110 00, Czech Republic	Tel: +420-272-143-399 #43 E-mail: peterhsieh@tcb-bank.com.tw
Los Angeles Branch	601, South Figueroa Street, Suite 3500, Los Angeles, CA 90017, U.S.A.	Tel: +1-213-4895433 Fax: +1-213-4895195 E-mail: tcbla@tcbla.com
Seattle Branch	1201, Third Avenue, Suite 1200, Seattle, WA 98101, U.S.A.	Tel: +1-206-5872300 Fax: +1-206-6224491 E-mail: bank@tcbseattle.com
New York Branch	88 Pine Street, 31st Floor, New York, New York 10005, U.S.A.	Tel: +1-212-6341818 Fax: +1-212-6341828 E-mail: tcbny@tcbny.com
Houston Branch	1200 Smith Street, Suite 850, Houston, TX 77002, U.S.A.	Tel: +1-713-2582588 Fax: +1-713-2582699 E-mail: branch@tcbhouston.com
Sydney Branch	Suite 101, Level 1, 50 Carrington Street, Sydney NSW 2000, Australia	Tel: +61-2-92990068 Fax: +61-2-92903897 E-mail: sydney@tcb-bank.com.tw
Melbourne Branch	Suite 2, Level 2, 356 Collins Street, Melbourne, Vic 3000, Australia	Tel: +61-3-99771800 Fax: +61-3-99771809 E-mail: melbourne@tcb-bank.com.tw
Suzhou Branch	Room 1601, No.24 Building, Times Square, Hua Chi St., SIP, Suzhou 215028 China	Tel: +86-512-62953336 Fax: +86-512-62955335 E-mail: suzhou@tcb-bank.com.tw
Suzhou New District Sub-Branch	Room 3601, 36 Floor, No.28 Shishan Road, SND, Suzhou 215011 China	Tel: +86-512-86868168 Fax: +86-512-87660869 E-mail: suzhougaoxin@tcb-bank.com.tw
Changsha Branch	Room 021-023, 28F, BOFO International Plaza, No.416, Section 1, Furong Middle Road, Kaifu Dist., Changsha 410003 China	Tel: +86-731-8823-2259 Fax: +86-731-8823-2279 E-mail: changsha@tcb-bank.com.tw
Tianjin Branch	Room 1801, 1802, 1803, 1804, 1807, 18 Floor, Golden Valley Center Building 1, No.1 Binjiang Road, Heping District, Tianjin, 300041 China	Tel: +86-22-58526999 Fax: +86-22-59956011 E-mail: tianjin@tcb-bank.com.tw
Fuzhou Branch	Room 2608, 26F, Shenglong Financial Center, Guangming Nan Road No.1, Fuzhou 350000 China	Tel: +86-591-86320069 Fax: +86-591-86320109 E-mail: fuzhou@tcb-bank.com.tw
Beijing Representative Office	Room 507, East Ocean Centre A-24, Jianguomenwai Road, Chao Yang District, Beijing, 100022 China	Tel: +86-10-65188173 E-mail: tcbbro@vip.sina.com
Hong Kong Branch	Suites 1303-1310, 13/F, Everbright Centre, No.108 Gloucester Road, Wanchai, Hong Kong	Tel: +852-25981128 Fax: +852-25981028 E-mail: tcbhk@tcb-bank.com.tw
Manila Offshore Banking Branch	26th Floor, BDO Towers Valero, 8741 Paseo de Roxas, Makati City, Metro Manila, Philippines	Tel: +632-88481959 Fax: +632-88481952 E-mail: tcbmnl@tcb-bank.com.tw
Phnom Penh Branch	No.171, Norodom Blvd Corner Street 322, Sangkat Boeng Keng Kang Ti Muoy, Khan Chamkarmon, Phnom Penh, Cambodia	Tel: +855-23-430800 Fax: +855-23-210630 E-mail: admin@tcb-bank.com.kh

Unit Name	Address	Tel/Fax/E-mail
Tuek Thla Sub-Branch	Tuek Thla Building No.A111, Confederation de la Russie Blvd Corner Northbridge Street, Sangkat Tuek Thla, Khan Saen Sok, Phnom Penh, Cambodia	Tel: +855-23-430703 Fax: +855-23-883991 E-mail: admin9135@tcb-bank.com.kh
Pur Senchey Sub-Branch	Building No.62, National Road 4, Sangkat Chaom Chau, Khan Pur Senchey, Phnom Penh, Cambodia	Tel: +855-23-430705 Fax: +855-23-729548 E-mail: admin9146@tcb-bank.com.kh
Siem Reap Sub-Branch	No.0583, National road No.6A, Chongkaosou Village, Sangkat Sla Kram, Krong Siem Reap, Siem Reap Province, Cambodia	Tel:+855-63-765595
City Center Sub-Branch	No.A2-2, Street 169, Sangkat Veal Vong, Khan Prampir Meakkakra, Phnom Penh, Cambodia	Tel:+855-23-430058
Veng Sreng Sub-Branch	No.34-35, Preah Monireth Blvd.(217), Phum Damnak Thum, Sangkat Stueng Mean Chey 2, Khan Mean Chey, Phnom Penh, Cambodia	Tel: +855-23-722381
Sihanouk Ville Sub-Branch	No.170-172, Street Ou 01, Phum Muoy, Sangkat Buon, Preah Sihanouk Ville, Preah Sihanouk Province, Cambodia	Tel: +855-34-214888
Tuol Kouk Sub-Branch	Building 150B1&150D1, St.516, Phum 13, Sangkat Boeng Kak Ti Muoy, Khan Tuol Kouk, Phnom Penh, Cambodia	Tel: +855-23-725180
Vientiane Capital Branch	Unit 03 Dongpayna Road, Saphanthong Neua Village, Sisattanak District, Vientiane Capital, Lao PDR	Tel:+856-21-415666 E-mail: tcblavi@tcb-bank.com.tw
Yangon Representative Office	Unit No.08-01, Level 8, Union Financial Centre (UFC), Corner of Maharbandoola Road and Thein Phyu Road, Botahtaung Township, Yangon, Myanmar	Tel: +95-18610478 E-mail: SIMON2304@tcb-bank.com.tw





Head Office



United Taiwan Bank



Prague Representative Office



Los Angeles Branch



Seattle Branch



New York Branch



Houston Branch



Sydney Branch



Melbourne Branch



Suzhou Branch



Suzhou New District Sub-Branch



Changsha Branch



Tianjin Branch



Fuzhou Branch



Beijing Representative Office



Hong Kong Branch



Manila Offshore Banking Branch



Phnom Penh Branch





Tuok Thla Sub-Branch



Pur Senchey Sub-Branch



Siem Reap Sub-Branch



City Center Sub-Branch



Veng Sreng Sub-Branch



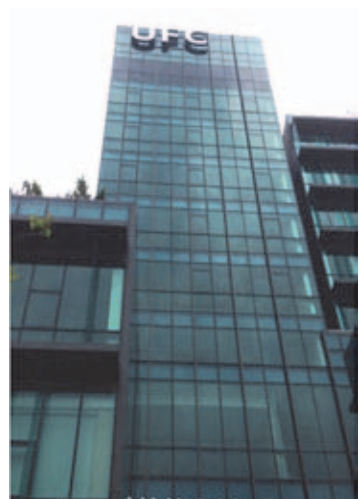
Sihanouk Ville Sub-Branch



Tuol Kouk Sub-Branch



Vientiane Capital Branch



Yangon Representative Office





**Taiwan Cooperative Bank**

Chairman 



**Proactive · Agile · Innovative**

