

Taiwan Cooperative Bank

Annual Report 2023



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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

Looking back on 2023, the global economy grew at a slow pace amidst increased geopolitical risks and major countries were in an environment of high prices and interest rates, leading to a decline in demand for commodities from global enterprises and consumers, a contraction in the manufacturing sector, and a slump in trade and investment performance. Continuing the cycle of interest rate hikes since 2022, the U.S. Federal Reserve raised the target range for the federal funds rate to 5.25-5.5% in July 2023 and kept it unchanged until the end of the year, reaching a record high in recent years.



Chairman
Yen-Mao Lin

Domestically, the economy benefited from the steady consumer spending after the pandemic and the rise of artificial intelligence, which led to the gradual recovery of exports and facilitated the recovery of Taiwan's economic growth momentum. With respect to the monetary policy, Central Bank of Taiwan continued its interest rate hike cycle in 2023, raising the rediscount rate, the rates on accommodations with collateral, and the short-term financing rate to 1.875%, 2.25% and 4.125%, respectively, in March. With the concerted efforts of all employees and in line with the government's policies, the Bank's after-tax earnings for 2023 amounted to NT\$16.303 billion. In addition, in order to strengthen asset quality, the Bank made provision for bad debt expenses and guarantee liabilities in an amount of approximately NT\$7.299 billion in 2023, an increase of NT\$6.156 billion compared to that of 2022, demonstrating the Bank's

emphasis on risk control and its determination to actively strengthen asset quality.

Looking forward to 2024, Directorate-General of Budget, Accounting and Statistics estimates that the economic growth rate of Taiwan will be 3.43% in 2024. It is expected that the inventory of the global manufacturing industry will gradually be adjusted to a normal level, and the deferred effect of the U.S. and Europe's tightening monetary policies will still restrict the growth of consumption and investment, resulting in a slowdown in the growth rate of the major economies. It is expected that the easing of inflationary pressure and the reduction of interest rates will drive the growth of demand in various countries and contribute to the recovery of economic performance in the future. The economy of Taiwan is expected to grow in 2024 compared to 2023 due to the rebound of global consumption of end products, the steady recovery of cross-border travel, and the continuous improvement of the job market.

In 2023, the Bank continued to implement the concept of sustainable finance, introduce climate risk governance, innovate FinTech operations, strengthen the foundation of corporate facilities, build a profit driver for consumer finance, increase financial operating income, accelerate the deployment of international links, enhance information security and risk control, and shape a corporate legal compliance culture. Our 2023 operating results, credit ratings and 2024 operating strategies are explained as follows:

1.1 Major Achievements in 2023

A. Introduce climate risk governance and practice sustainable development goals

- (1) On March 20, 2023, the Bank issued NT\$2.5 billion of sustainability bonds, with the cumulative issuance amount of sustainable bonds reaching NT\$8 billion, which is ahead of other government-owned banks, fully demonstrating the Bank's determination to develop sustainable finance. We are the only government-owned bank that has accomplished the three ESG-themed issuance targets (green bonds, social bonds and sustainability bonds).
- (2) The Bank has incorporated ESG assessment into its investment decision-making process to focus on whether its investment targets fulfill environmental protection and corporate social responsibility. The Bank has also participated in corporate governance by actively participating in investees' shareholders' meetings, reflecting the opinions of shareholders, and disclosing the exercise of voting rights in accordance with the voting policy. The Bank won the "Shareholder Action Gold Award" in Case Impact category and "ESG Innovation Bronze Award" in Case Impact category of "2023 TWSIA Taiwan Sustainable Investment Award"
- (3) The Bank actively focuses on sustainable development issues and continues to integrate its core banking business with ESG. We joined hands with Dun & Bradstreet, Inc. to successfully engage 5,000 SMEs, making the Bank the first financial institution in Taiwan to complete the negotiation of carbon reduction with 5,000 SMEs. In addition, we also won the "Best ESG Sustainability Award" and the "Best SMEs Service Award" in the 2023 Excellent Bank Rating.
- (4) The Bank launched the "Green and Sustainable Time Deposit" that amounted to NT\$2.71 billion in 2023. The funds raised will be utilized for green investment projects in renewable energy and energy technology development, energy efficiency improvement and energy conservation, waste recycling or reuse, as well as affordable housing, job creation, and socially beneficial investment projects that can alleviate or avoid the unemployment caused by socio-economic crises.

B. Consolidate corporate banking business and expand Green finance domains

- (1) As of the end of December 2023, the total balance of loans amounted to NT\$2,819.089 billion, including balance of loans to private enterprises (excluding government agencies and public enterprises) in an amount of NT\$1,099.807 billion, and balance of loans to SMEs in an amount of NT\$830.999 billion. We also won the "Special Award for Small Enterprise and Startup Financing" and "Award for Being Passionate about Participation in Campus and Community Campaign for Financial Knowledge" from the FSC in recognition of our efforts. The Bank continuous to provide SMEs with the best financing services.
- (2) The Bank organized the "SMEs Transfer Credit Guarantee Fund Loans". As of the end of December 2023, the guaranteed balance of the SMEs transfer credit guarantee fund amounted to NT\$193.453 billion. The Bank was recognized by three awards from the Small and Medium Enterprise Credit Guarantee Fund of Taiwan, namely, the "Green Credit Promotion Award", the "Young Entrepreneurs, Startups, and Microenterprises Supporting Award", and the "Collaborative Enterprises Award".

- (3) In 2023, we arranged/coordinated 72 syndicated loans, with a total amount of approximately NT\$745.740 billion as well as our participation amount of approximately NT\$108.835 billion. According to statistics from Refinitiv Magazine, the Bank ranked 3rd in terms of market share of bookrunner in Taiwan.
- (4) The Bank cooperated with the government to promote the "Six Core Strategic Industries Loan Project" policy. As of the end of December 2023, the balance of loans amounted to NT\$655.039 billion. The Bank was awarded the "First-Tier Bank in Implementing Loans for Six Major Core Strategic Industries" by the FSC.
- (5) The Bank actively responded to green finance, with a cumulative amount of green consumer loans of NT\$1.385 billion in 2023. The Bank has also launched credit cards made of environmentally friendly PETG raw materials. As of the end of December 2023, approximately 181,300 cards have been issued.

C. Drive digital transformation and innovate FinTech operations

- (1) The Bank's Digital Development Committee and CoLAB Innovation Laboratory won the "TCSA outstanding individual performance - Innovative Growth Leader Award " in 2023. As of the end of December 2023, the Bank has launched the "Co-trust" trust innovation solution and completed the validation of the digital customer experience guidelines.
- (2) The Bank is committed to FinTech development and has continued to invest in patent innovation and development. The Bank was ranked 11th among the top 100 patents published by the Intellectual Property Office in 2023, securing its leading position in the financial industry. We spare no effort in promoting FinTech innovation and intellectual property management.
- (3) The "Video Verification" platform has been established to provide customers with services such as "User Password Change", "SSL Transfer Password Change", and "Agreement to Open Online Designated Inward Transfer Account" after identity verification with the Bank's customer service center staff via video. As of the end of December 2023, the platform had served 20,189 people.

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

- (1) In 2023, the net fee income from the financial trust, insurance (excluding mortgage life insurance), and gold passbook amounted to NT\$3.808 billion, accounting for 49.97% of the Bank's net fee income of NT\$7.621 billion.
- (2) Overall, we introduced 249 new products, including domestic and offshore funds, stocks, ETFs, bonds and structure investments in 2023.
- (3) As of the end of December 2023, the number of high-asset customers of the new wealth management business amounted to 1,251, with an asset management scale of approximately NT\$149.158 billion. According to the FSC, the Bank ranked 3rd among all banks in terms of asset management scale.
- (4) In December 2015, the Bank officially launched the online application of personal mortgage increase and microfinance businesses, with the "online application of mortgage increase" being the pioneer of online mortgage operations in the industry. As of the end of December 2023, 19,129 online applications of microfinance loans have been granted, with a loan amount of NT\$10.113 billion; 8,286 online applications of mortgage increase loans have been granted, with a loan amount of NT\$42.916 billion.
- (5) The Bank actively promoted core credit card products, including the Infinite Gold Diamond Card, Signature Mortgage Card, Reward High Card, Kanahei's Little Animals Co-branded Card and i Life Combo Card, etc. In 2023, credit card spending amount reached NT\$49.929 billion, representing a growth of 17.63%.

E. Increase financial operating income and establish stable capital allocation

- (1) As of the end of December 2023, the total deposit balance amounted to NT\$3,863.264 billion. Among which, the NTD demand deposits balance was NT\$1,885.774 billion (excluding government deposits), an increase of NT\$96.653 billion compared with the same period in 2022. The Bank has actively improved the deposit structure, optimized capital allocation and expanded the portfolio of investable financial instruments to enhance the efficiency of capital utilization.
- (2) In 2023, the operating volume of financial instruments amounted to NT\$1,348.498 billion, with the net financial business balance of NT\$33.598 billion, and the yield on financial products of 2.489%.

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

- (1) The Bank has established 26 overseas branches (including branches, sub-branches and offices), covering 10 countries in the U.S., Europe, Asia and Oceania. We are actively promoting the application for establishing Singapore Branch and Tokyo Branch in Japan.
- (2) The Central Bank of the Czech Republic has listed United Taiwan Bank, a subsidiary of the Bank, as a qualified financial institution to conduct deposit and lending business in the Czech Republic. The Phnom Penh branch is applying to become a member of the Cambodian Payment System (Bakong). The Bank will continue to enhance our service quality and cultivate local customer base to effectively boost the scale of overseas operations.
- (3) Cultivation of innovative talent is the key to FinTech development. The Bank continues to encourage its employees to carry out R&D and innovations to enhance the value of banking services, and actively file patent applications to drive organizational growth and sustainable competitiveness. As of the end of December 2023, the Bank had filed 802 FinTech patent applications, of which 614 have been approved, including 32 invention patents, 580 utility model patents, 2 design patents, and 188 patents under review.

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

- (1) In 2023, the Bank took the initiative to report 788 suspected money laundering or terrorism financing transactions to the Investigation Bureau, Ministry of Justice, successfully solving 76 cases, which demonstrated a significant improvement in the Bank's capability to identify unusual transactions, and our ability to assist the judicial authorities in tracking down illegal funds.
- (2) The Bank actively establishes a corporate culture of treating customers fairly, and has been honored by the FSC as one of the top 25% banks in the "2023 Financial Service Industry Principles for Treating Customers Fairly" for three consecutive years. In 2023, the Bank introduced ISO 10002 international standard for quality management of customer complaints of the BSI for the first time, becoming the first government-owned bank to pass the verification.
- (3) The Bank launched the Reverse Mortgage Loans (housing for retirement) in 2015. As of the end of December 2023, 2,744 loans have been granted, with an approved amount of approximately NT\$16.980 billion, ranking first in terms of market share among government-owned banks in Taiwan.
- (4) In line with the FSC's Trust 2.0 plan, the Bank won the first place in the "Best Trust Award", the second place in the "Employee Welfare Trust Award", and the third place in the "Senior Care Trust Award" in the second evaluation of the promotion of the Trust 2.0 plan by the trust industry, making the Bank the only financial institution to win all three awards.

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

- (1) In response to the FSC's information security plans, the Bank has set the goal of "building a sophisticated information security defense network", planned the blueprint for information security protection, implemented specific measures, and continued to implement ISO27001:2013 and ISO 22301:2019 standards to strengthen information security governance and continuous management of operations.
- (2) In 2023, the Bank was again awarded the "Golden Security Award" by the Joint Credit Information Center, demonstrating that the Bank's efforts in "credit information security and control" have been recognized. In the future, the Bank will continue to strengthen its credit information security and control management by continuously improving the operational regulations for credit information enquiries, implementing an internal audit system, and enhancing education and training for employees in relation to credit information enquiries, in order to ensure the proper use of credit information and the confidentiality of customer information.
- (3) The Bank was once again selected as one of the Domestic Systemically Important Banks (D-SIBs). As of the end of December 2023, the common equity tier 1 ratio, tier 1 capital ratio and total capital adequacy ratio were 11.55%, 13.23% and 14.92%, respectively, meeting the capital adequacy requirements of the D-SIBs.

1.2 Operating Performance in 2023

- A. Net Interest : NT\$31,758 million
- B. Total Net Revenues and Gains Other than Interest : NT\$22,488 million
- C. Allowance for Bad-Debt Expenses : NT\$7,299 million
- D. Operating Expenses : NT\$26,791million
- E. Income before Income Tax : NT\$20,156 million
- F. Net Income : NT\$16,303 million
- G. Basic Earnings Per Share : NT\$1.48



President
Tso-Cheng Su

1.3 Operating Strategies for 2024

A. Expanding the presence of main business and consolidating the core business niche

- (1) The Bank will continue to adhere to the principle of paying equal attention to quality and price, increase the scale of lending to private enterprises, select quality target customers, leverage on marketing strategies supported by incentive measures to enhance the development momentum of every unit, and strengthen the promotion of SMEs and foreign currency lending, while cultivating the existing customers to revitalize the approved and unreleased quota and increase credit income.
- (2) In support of government policies, the Bank will continue to promote the "Six Core Strategic Industries Loan Project" to assist customers in obtaining working capital. In addition, the Bank will strive to expand the loans for reconstructions of urban unsafe and old buildings, take the initiative to provide guidance on project planning and design for our units through the "Urban Renewal and Unsafe and Old Buildings Reconstruction Promotion Team", and formulate incentive measures to encourage branches to secure target customers.
- (3) The Bank will actively expand its extensive customer base, conduct B2B marketing for payroll transfer corporate customers, credit customers, counterparties, government authorities and organizations, arrange micro-credit loans for outstanding employees and payroll transfer customers, and enhance the effectiveness of the "Credit Automation System" in an attempt to improve the competitiveness of the Bank's online credit loan application services.

B. Gaining insight into the value of customer segments and increasing the synergy of wealth management operations

- (1) The Bank will focus on the high-quality and high-asset customer business, consolidate the Bank's existing loyal customer base, cultivate customer relationships through a team service business model, assist in identifying customers' financial needs, continue to provide customized dual-currency investment (DCI) products and foreign-currency-denominated structured bonds, expand the types of financial products, enhance the completeness and flexibility of financial asset choices, implement the incorporation of product KYP into the ESG scoring factors, increase the proportion of customized investment portfolio services, and expand the scale of asset management.
- (2) The Bank will optimize the sales structure of insurance products, focus on traditional insurance products with regular payment, increase the Bank's insurance service fee income, strengthen education and training in response to the development trend of insurance products, and coach sales agents to familiarize themselves with the product contents and enhance their marketing skills.
- (3) The Bank will enrich its product offerings, introduce popular funds, offshore bonds, offshore stocks, and ETFs in the market with operational strategies, such as timely entry and exit of individual funds, automatic stopping and compounding of profits of master-feeder funds, participate in international markets with offshore stocks/ETFs, carry out regular fixed investment in response to market fluctuations, deploy offshore bonds to capture investment opportunities arising from interest rate hikes, assist customers in understanding market trends through diversified asset allocations, and increase the Bank's service fee income.

C. Facilitating sustainable finance development and promoting the concept of social inclusion

- (1) In line with the Group's goal of sustainable development, the Bank will continue to enhance its climate governance and awareness of climate risk across the Bank, incorporating climate risk factors into its risk appetite and refining its climate risk assessment and control mechanisms. In light of the international net-zero trend, the Bank will incorporate ESG factors into the credit investigation business and management process, guide enterprises in low-carbon transformation through credit channels, and disclose relevant information on ESG financing engagement so as to exert core financial influence. We will incorporate ESG assessment into our investment decision-making and uphold the due diligence spirit as an institutional investor to promote sustainable development with investees.
- (2) The Bank will issue financing projects such as sustainability bonds and social bonds to assist industries in raising capital for green investments and social investments. We will continue to invest in key sustainable development industries, such as “green technology” and “circular economy”, and include Taiwan sustainability (ESG) and corporate governance indexes into the Bank's investment and stock selection considerations.
- (3) The Bank will undertake the plan on housing subsidies for the youth to reduce the pressure of buying a house. In response to the advent of an aging society, we will continue to promote housing for retirement and the property trust business for the elderly (dementia) and the physically and mentally challenged, to provide the elderly with a quality environment for retirement and create new value for financial services.

D. Driving the application of innovative technologies and improving digital service efficiency

- (1) The Bank will capture the trend of technology advancement, innovate digital financial products, optimize the functions of Internet banking and mobile banking, create a friendly and convenient digital financial environment based on user experience to increase customer service coverage and save the operating costs of branches, provide a convenient and secure financial service experience, and drive the prosperous development of financial inclusion.
- (2) The Bank will continue to strengthen the deployment of financial patents and strive to develop FinTech to achieve timeliness and protect the Bank's intellectual property rights. We will maintain the validity of the Taiwan Intellectual Property Management System (TIPS) certification to comprehensively enhance the business competitiveness.
- (3) The Bank will capitalize on its advantageous branch channels and big data marketing to accurately market the Bank's core and niche credit card types to different customer segments. The Bank will continue to expand the size of its credit card business by observing market trends, introducing marketing solutions that are relevant to daily life, and updating various credit card benefits and rights in line with the times.

E. Adjusting capital allocation flexibly and exploring diversified income actively

- (1) Based on the overall capital situation, the Bank will flexibly establish investment positions in fixed-income securities in NTD and foreign currencies, build up core holding positions in a timely manner, select high-dividend blue chip stocks to participate in dividend distribution, balance the overall risks and returns of the positions, and take into account both liquidity and risk control. We will effectively utilize the Bank's surplus funds to actively explore investment channels and flexibly adjust capital allocation in order to enhance the net income from financial product operations.

- (2) The Bank will keep abreast with the domestic and international financial environment at any time, adjust bond positions in line with the Bank's risk asset control and market interest rate fluctuations, optimize the inventory structure, and pay attention to the control of the overall position during its duration in order to take into account both returns and risks. We will operate foreign exchange transactions in line with the trend to effectively capture the timing of position covering, and flexibly leverage on the gapping and changes in interest rate spreads to increase the income from conversion and spreads.
- (3) The Bank will actively facilitate the development of main businesses that can contribute to current funds, such as payroll transfer of corporate customers, as well as collection of capital increase proceeds and distribution of cash dividends on behalf of public companies. The Bank will also adopt business evaluation and incentive measures as and when appropriate to motivate its business units to strive for expansion, continue to attract stable funds, and appropriately control the Bank's capital costs in order to solidify its operating foundation.

F. Focusing on overseas characteristic operations and cultivating key professional talents

- (1) The Bank will capitalize on changes in the international situation, align with the global industrial supply chain, respond to the government's New Southbound Policy, and focus on developing potential markets towards the goal of becoming a regional bank in Asia.
- (2) The Bank will make good use of the local business characteristics of its overseas branches, allocate resources appropriately, enhance the quality of credit assets, implement risk management and control, and adjust the asset structure to enhance profitability overseas.
- (3) The Bank will actively participate in high-quality international syndicated loans and strive to serve as the host bank to increase the Bank's overseas revenue proportion and international reputation. Leveraging on the strengths in channels at home and abroad, the Bank will capitalize on the benefits of joint marketing, integrate cross-border financial platforms, and build up global joint marketing capabilities to provide customers with globalized financial services.

G. Enhancing risk management and control mechanisms and improving asset quality steadily

- (1) The Bank will integrate budget planning, carry out appropriate asset allocation, and include the target value of risk assets into the risk appetite monitoring indicators to enhance capital adequacy. In order to guide each unit to emphasize the balance between risks and returns, the Bank will incorporate the relevant indicators of capital use efficiency into the assessment of operating performance in an attempt to optimize the efficiency of capital utilization.
- (2) The Bank will regularly monitor the concentration of various limits, make timely revisions, provide early warnings, and improve the credit risk exposure integration system to disclose customer exposures and risk changes in a timely manner in order to strengthen the effectiveness of credit risk management. We will regularly review and monitor the key indicators of operational risks to capture the situation of operational risk exposure, as well as detect and maintain operational security.
- (3) The Bank will implement an internal control system, review the standard operating procedures and control points of each business process on a quarterly basis, make timely adjustments and updates to ensure compliance with the containment principle of the internal control system, and implement management and monitoring mechanisms to strengthen operational risk management.

H. Implementing compliance corporate culture, strengthening information security, and treating customers with integrity.

- (1) The Bank will monitor its legal compliance risks, introduce legal compliance technology applications, use the legal compliance management platform, communicate, track and control regulatory changes online, ensure compliance with regulations and timely updates of the Bank's rules, as well as carry out legal compliance risk assessment to enhance operational efficiency and strengthen the effectiveness of legal compliance. We will conduct hierarchical management assessment based on legal compliance risks of our overseas branches, implement differentiated management, and take different levels of enhanced management measures.
- (2) The Bank will implement information security assessment of its computer system to strengthen network and information system security protection capabilities. In order to ensure the normal operation of the Bank's financial transaction system, we have engaged professional penetration testing vendors to conduct resource-consuming and bandwidth-based DDOS simulation drills for the Bank to enhance our emergency response capabilities. We will continue to strengthen information security education and training, regularly organize email and social media engineering drills, and strengthen the information security protection mechanisms and employees' response capabilities to prevent hacker attacks and malware intrusion into the Bank's internal network.
- (3) The Bank will implement the principles for treating customers fairly, refine financial-friendly measures, implement measures to protect the rights and interests of the elderly or the physically and mentally challenged, and enhance the understanding of customer vulnerabilities among business units; support fraud prevention, enhance the effectiveness of identifying relevant warning transactions, strengthen customer care and questioning at the counter, and reinforce anti-fraud education and training as well as customer counseling; conduct an in-depth review of the root causes of the occurrence of cases and implement follow-up improvements and preventive measures through ISO 10002 international standard for quality management of customer complaints so as to raise the suitably handling ratio and improve the handling quality of customer complaints.

1.4 Business Targets for 2024

Deposit : NT\$3,791.9 billion (excluding interbank deposits)

Loan : NT\$2,906 billion(excluding non-accrual loans).

Foreign Exchange Transactions : US\$149 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.24, 2024
Taiwan Ratings	twAAA	twA-1+	Stable	Jan.24, 2024

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. 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 2023 its equity capital stood at NT\$110.075 billion.

TCB achieved legal personality 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, further 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, 2023, 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 2023 issue of *The Banker* magazine, TCB ranked 160th in the world and 3rd in Taiwan. In the global banking of the top 500 banking brands, published by Brand Finance, the UK brand valuation and strategy consultancy, in March 2024, TCB ranked 219th in the world and 5th in Taiwan.

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 :

Kuei-Fen Huang, E. V. P. & Chief Compliance Officer

Yu-Wan Chen/ Hsiaw-Wei Chang/ Jui-Ling Lu/Executive Vice Presidents

Tso-Cheng Su, President

Yen-Mao Lin, Chairman

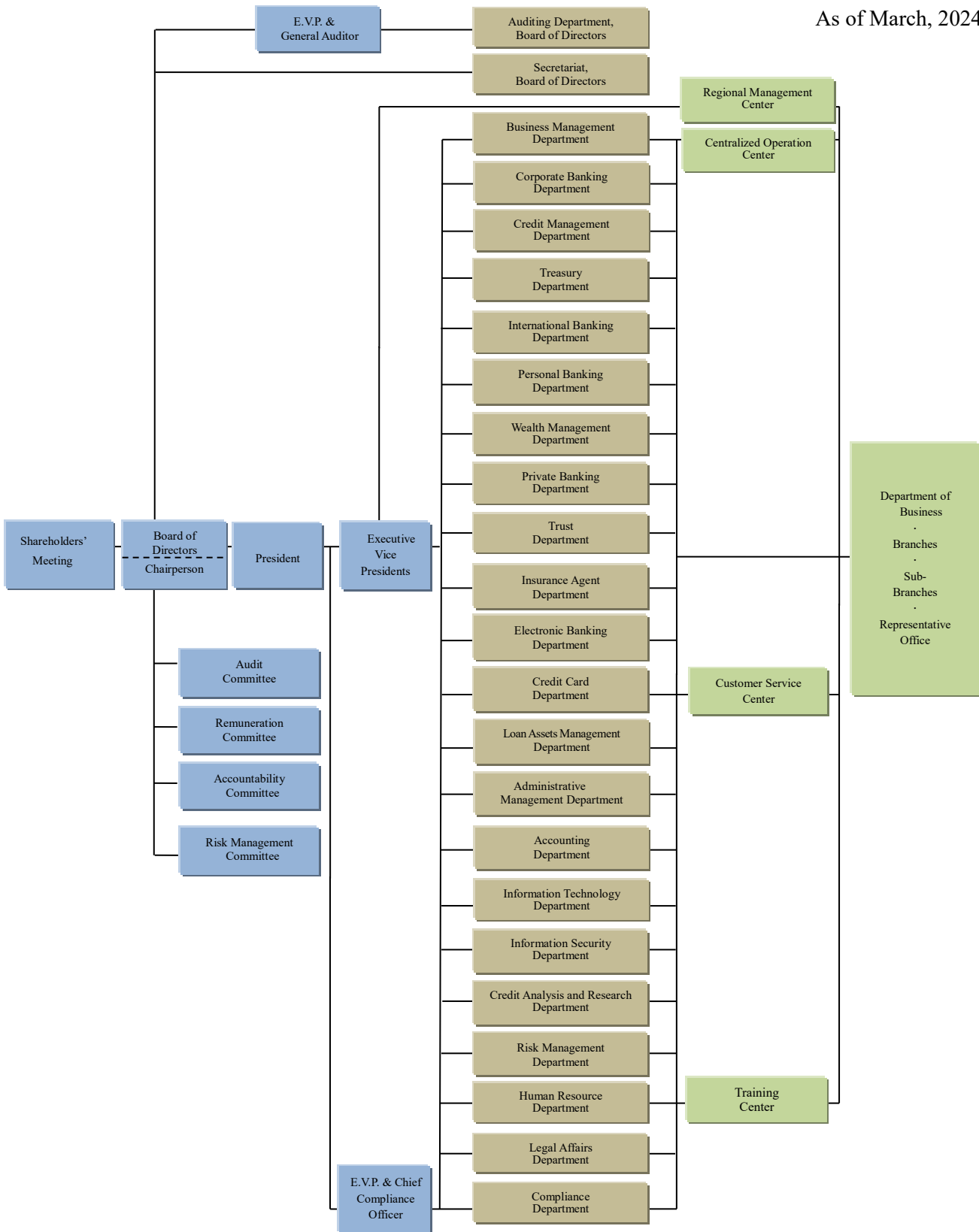
Chia-Ping Tsai/ Kuo-Hao Chang/ Ling-Tsui Huang/Executive Vice Presidents

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

3. Corporate Governance Report

3.1 Organization Chart

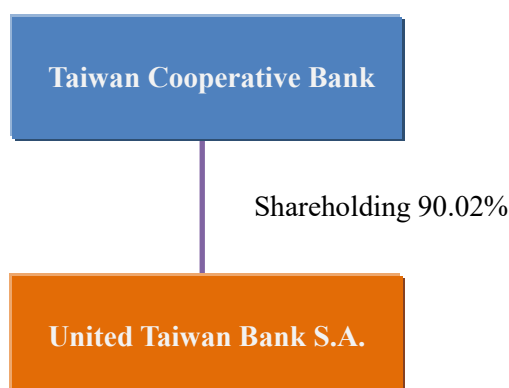
As of March, 2024



To enhance corporate governance, the Bank has set up the Audit Committee on September 7th, 2023, replacing the function of Board of Supervisors.

3.2 Bank's Subsidiary Chart

As of December 31, 2023



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, CoLAB (innovation laboratory) and digital development committee 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; check-up 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 and Executive Officers

As of March 13, 2024

Directors		Directors		
Title	Name	Title	Name	
Chairman	Yen-Mao Lin	Directors	Kuo-Lang Hsu	
			Chun-Shih Cheng	
			Tzu-Chen Lai	
Managing Directors	Tso-Cheng Su Shen-Gang Mai Shin-Rong Shiah-Hou		Ming-Lei Chang	
			Han-Juin Hsiao	
			Rong-Yuan Hsu	
Managing Director (Independent Director)	Shu-Chang Chou		Note: All directors are appointed by the Taiwan Cooperative Financial Holding Co., Ltd.	
Independent Directors	Te-Yu Chou			
	Hsuan-Chu Lin			
	Tu-Mu Kuo			
	Shang-Jyh Liu			
Directors	Mei-Tsu Chen			
	Jui-Chi Huang			
	Yung-Cheng Chang			
	Ko-Hsiung Lien			
	Hsiao-Wen Hung			
	Kung-Hong Lin			
	Chi-Chang Lin			
	Chin-Chu Chen			

Executive Officers			
Title	Name	Title	Name
President	Tso-Cheng Su	S.V.P. & G.M., Personal Banking Department	Yi-Ching Chen
		S.V.P. & G.M., Wealth Management Department	Wen-Lee Lin
Executive Vice Presidents	Chia-Ping Tsai	S.V.P. & G.M., Private Banking Department	Bih-Yun Liu
	Jui-Ling Lu	S.V.P. & G.M., Trust Department	Mei-Joung Chang
	Kuo-Hao Chang	S.V.P. & G.M., Insurance Agent Department	Mao-Sheng Liao
	Hsiaw-Wei Chang	S.V.P. & G.M., Electronic Banking Department	Ya-Chun Kuo
	Ling-Tsui Huang	S.V.P. & G.M., Credit Card Department	Long-Chang Huang
	Yu-Wan Chen	S.V.P. & G.M., Loan Assets Management Department	Su-Lan Huang
E. V. P. & General Auditor	Meng-Ying Chou	S.V.P. & G.M., Administrative Management Department	Tsung-Yi Chang
E. V. P. & Chief Compliance Officer	Kuei-Fen Huang	S.V.P. & G.M., Accounting Department	Sheng-Row Chen
S.V.P. & G.M., Auditing Department, Board of Directors	Hsiu-Yu Hou	S.V.P. & G.M., Information Technology Department	Yun-Shya Pan
S.V.P. & Chief Secretary, Secretariat, Board of Directors	Hsi-Huang Chiang	S.V.P. & G.M., Information Security Department	Hong-Zong Shieh
S.V.P. & G.M., Business Management Department	Hsi-Chiang Pan	S.V.P. & G.M., Credit Analysis and Research Department	Dao-Lun Lin
S.V.P. & G.M., Corporate Banking Department	Shu-Jean Liang	S.V.P. & G.M., Risk Management Department	Chiung-Yun Chang
S.V.P. & G.M., Credit Management Department	Cheng-Pin Chou	S.V.P. & G.M., Human Resource Department	Fong-Kwan Jam
S.V.P. & G.M., Treasury Department	Hsiu-Jen Chen	S.V.P. & G.M., Compliance Department	Kuei-Feng Liang
S.V.P. & G.M., International Banking Department	Yueh-Ching Lin	S.V.P. & G.M., Legal Affairs Department	Min-Chieh Wang

3.5 Major Shareholder

As of March 13, 2024

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
1. Shareholding Structure & Shareholders' Rights				
(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 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?	√		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
2. Composition and Responsibilities of the Board of Directors				
(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"> a. Operational judgement ability. b. Accounting and financial analysis skills c. Management ability. d. Risk management capabilities. e. Crisis management capabilities. f. Industry knowledge. g. Global market perspective. h. Leadership. i. Decision-making ability. <p>(2) Specific Management Goals</p> <ul style="list-style-type: none"> 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.. 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”. 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. 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. 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 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 	Compliant

			concurrently serving companies. f. An independent director of the Bank shall have no more than three consecutive terms of office.	
(2) In addition to the Remuneration Committee and the Audit Committee, does the Bank voluntarily establish other function-specific committees?	√		a. The resolution to establish the Remuneration Committee was passed during the 5th meeting of the 4th Board of Directors on July 27, 2011. b. The resolution to establish the Accountability Committee was passed during the 26th meeting of the 7th Board of Directors on December 27, 2021. c. The Audit Committee was established since the 8th board of directors.	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?	√		The Bank is not a TWSE/TPEX listed company.	Not Applicable
(4) Does the Bank carry out regular evaluations of CPAs independence?	√		The Bank will evaluate the independence of CPAs while writing the proposal of entrustment with them each year.	Compliant
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 with relevant information for business execution, assisting directors with legal compliance, handling matters relating to board meetings and shareholders meetings according to laws, and producing minutes of board meetings and shareholders meetings)?	√		(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. & G.M. of Personal Banking Department. This appointee has at least three years' management experience gained at financial institutions and public companies in handling finance affairs. (2) The Bank's "Principles of Corporate Governance Best Practice" specifies that the related matters to corporate governance shall at least include "Handling matters relating to board meetings and shareholders meetings by relevant laws", "Producing minutes of board meetings and shareholders meetings", "Assisting in onboarding and continuous development of directors", "Furnishing information required for business execution by directors", "Assisting the directors with legal compliance", and "Other matters set out in the articles of corporation or contracts". (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; the Human Resource Department is responsible for assisting the inauguration of directors and their continuing educations; and the Compliance Department is responsible for assisting directors with legal compliance.	Compliant
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?	√		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", "message box", "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

5. Information Disclosure	√	<p>The Bank has established a website where financial data and corporate governance are explicitly listed under the Bank Profile, Information Disclosure and Corporate Governance sections. (https://www.tcb-bank.com.tw)</p>	Compliant
<p>(1) Does the Bank set up a website to disclose information regarding financial, business and corporate governance status?</p>	√	<p>(1) The Bank has established an English version website. (https://www.tcb-bank.com.tw/eng)</p> <p>(2) The Bank has guidelines for press releases and the Vice President is appointed as the spokesperson and makes public announcements. The Bank invites mass media to report its latest operational strategies and business expansion plan and disclose these releases in press release section on the Bank website.</p>	Compliant
<p>(2) Does the Bank establish other information disclosure channels (e.g., maintaining an English-version website, appointing responsible personnel to handle information collection and disclosure, implementing the spokesperson mechanism, and posting the taped investor conferences on the Bank website)?</p>	√	<p>(1) The Bank's annual financial reports are made public with the filing for registration within the required time frame as set forth by "The Banking Act of The Republic of China" and the "Securities and Exchange Act".</p> <p>(2) All the Bank's quarterly financial reports and monthly updates on operating performance are made public before the deadline.</p>	Compliant
<p>(3) Does the Bank make public and register for the annual financial reports within the time frame ruled by "The Banking Act of The Republic of China" and the "Securities and Exchange Act" after the end of the report's fiscal year, and make public and register for the first, second and third quarters financial reports as well as monthly update on business operation earlier than the set deadlines?</p>	√	<p>(1) Employee rights</p> <p>a. The Bank has established an Employee Welfare Committee and makes monthly welfare payments for employee benefits.</p> <p>b. The Bank has established an employee training center and subsidizes employees who pass certification tests.</p> <p>c. An employee retirement system is established following the "Labor Standards Act" and "Labor Pension Act".</p> <p>(2) Caring of employees</p> <p>a. Female employees are entitled to menstrual leave, antenatal check-up leave, maternity leave and miscarriage leave. In addition, they can apply for parental leave before children reach three years old. Moreover, in compliance with the Act of Gender Equality in Employment, the Bank has set up lactation rooms for female employees to nurse.</p> <p>b. The Bank has established "Guidelines for Preventive Measures, Complaints, and Punishments for Sexual Harassment in the Workplace" and carries out related education on a scheduled basis, to protect employees from sexual harassment.</p> <p>c. In addition to labor and health insurance, employees carrying out their duties outside the offices are covered by a group accidental injury insurance policy.</p> <p>d. The Bank has established "Guidelines for Assistance to Employees Involved in Lawsuits in the Line of Duty". The Bank hires lawyers for employees involved in lawsuits due to their line of work to protect their rights.</p> <p>e. The Bank provides health checkups for all employees every three years to ensure the health of all personnel.</p>	Compliant
<p>6. Does the Bank have other relevant information to facilitate a better understanding of the Bank's corporate governance operations (e.g., including but not limited to employee rights, caring of employees, investor relations, rights of stakeholders, directors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, purchasing insurance for directors, and donations to political parties, stakeholders, and charity organizations)?</p>	√	<p>(3) Investor relations</p> <p>The Bank's sole shareholder is Taiwan Cooperative Financial Holding Co., Ltd.</p> <p>(4) Rights of stakeholders</p> <p>The Bank's "Rules of Procedure for the Board of Directors' Meetings" stipulates that for agenda items of which the director has a personal interest and which may impair the interest of the company, the director shall recuse himself/herself from the discussion.</p>	Compliant
<p>(4) Does the Bank have other relevant information to facilitate a better understanding of the Bank's corporate governance operations (e.g., including but not limited to employee rights, caring of employees, investor relations, rights of stakeholders, directors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, purchasing insurance for directors, and donations to political parties, stakeholders, and charity organizations)?</p>	√	<p>(5) Directors' training records</p> <p>Besides providing a variety of training information to all directors, the Bank enrolls them in relevant sessions based on their personal choice.</p>	Compliant
<p>(5) Does the Bank have other relevant information to facilitate a better understanding of the Bank's corporate governance operations (e.g., including but not limited to employee rights, caring of employees, investor relations, rights of stakeholders, directors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, purchasing insurance for directors, and donations to political parties, stakeholders, and charity organizations)?</p>	√	<p>(6) The implementation of risk-management policies and risk evaluation measures.</p> <p>The Bank has set up the Risk-Management Committee, controlling and reviewing the Bank's execution of risk management. The Bank has also established Risk Management Department to operate a bank-wide risk management mechanism with regular monitoring, evaluating, and reporting the overall credit, market, and operational risk, and therefore adjusting the risk controlling measures timely.</p>	Compliant
<p>(6) Does the Bank have other relevant information to facilitate a better understanding of the Bank's corporate governance operations (e.g., including but not limited to employee rights, caring of employees, investor relations, rights of stakeholders, directors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, purchasing insurance for directors, and donations to political parties, stakeholders, and charity organizations)?</p>	√	<p>(7) The implementation of customer relations policies</p> <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</p>	Compliant

		<p>competent authorities, Personal Information Protection Act, Financial Consumer Protection Act, and Fair Dealing Principles.</p> <p>(8) Purchasing insurance for directors. “Liability Insurance for Directors and Officers” was provided by the Bank’s parent company, TCFHC; the insurance period started at 12pm on September 1st, 2023 and ended at 12pm on September 1st, 2024.</p> <p>(9) Foundations to political parties, stakeholders, and charity organizations Pursuant to the rules for foundations stipulated by the Bank, foundations shall be made only to non-profit-seeking groups or legal persons or 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 organization for promoting sustainable governance. The TCFHC CSR committee has later renamed TCFHC Sustainable Development Committee in 2021, and was upgraded to a functional committee in October 2023, with the Chairman of TCFHC as the chairperson and convener and all independent directors serving as the remaining members. The Committee oversees six executive groups tasked with annually reviewing and setting sustainability objectives across various ESG categories on a rolling basis. These groups also regularly monitor and report on the status of implementation, providing updates to the Board of Directors on the results achieved.</p> <p>(2) The Bank is a wholly owned subsidiary of the TCFHC with each unit assigned to one of the six executive groups based on its business responsibilities. Annually, these units report to the parent company on the status of sustainable development implementation. In order to cope with the trend of sustainable development and to strengthen sustainable behavior, the Bank's Business Development Department is responsible for the integration of the Bank's entire sustainable business operations.</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?	√		Every year, the Bank adheres to the management policies and performance indicators established by its parent company, TCFHC. These are determined by the level of stakeholders' concerns regarding the major themes of the Group's operations, encompassing environmental (E), social (S), and corporate governance (G) aspects. In addition to reporting the results of the implementation to TCFHC on a regular basis, they are also disclosed in the "Sustainable Development" section of the parent company's official website in order to meet the expectations of the stakeholders.
3. Environmental issues (1) Does the Bank establish a suitable environmental management system that is in terms of the characteristics of banking industry?	√		<p>(1) Our Administrative Management Department includes the Environmental Sustainability Section, which also serves as the primary unit of the Environmental Sustainability Task Force for our parent company, TCFHC. This section is responsible for promoting the "Environmental Sustainability and Energy Policy" and setting short-, medium-, and long-term performance targets for environmental sustainability. Through a vertical integration model, it plans environmental sustainability affairs, establishes an environmental management system, and implements low-carbon operations.</p> <p>(2) Annually, we conduct greenhouse gas inventories in accordance with ISO 14064-1 standards, tracking emission reduction performance and disclosing the results in our sustainability report. In 2023, a total of 17 locations were certified under the "ISO 14001 Environmental Management System" (verification date: 10/21/2020; valid from 10/21/2023 to 10/20/2026) and the "ISO 50001 Energy Management System" (verification date: 12/04/2019; valid from 12/04/2022 to 12/03/2025). Additionally, 2 locations were certified under the "ISO 46001 Water Efficiency Management System" (verification date: 11/20/2023; valid from 11/20/2023 to 11/19/2026). These certifications reinforce our commitment to energy conservation, carbon reduction, water savings, and waste reduction management.</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 reduction targets for electricity and fuel consumption in 2023 were set at a 1% reduction compared to the average consumption of the previous three years. These targets amounted to 44.31 million kilowatt hours (kWh) for electricity and 357 thousand liters (L) for fuel. However, the actual consumption figures were approximately 38.14 million kWh for electricity and 376 thousand L for fuel. Verification of the actual electricity and fuel consumption has not yet been completed. Complete verification information will be disclosed in the sustainability report of our parent company, TCFHC.</p> <p>(2) The Bank continues to strive to improve the efficiency of energy use and use recycled materials that have a low impact on the environment through the following measures:</p>

Assessment Items	Implementations		
	Y	N	Summary Description
			<ul style="list-style-type: none"> a. Committed to expanding locations with green building certifications, the Bank has achieved green building certification for a total of 12 locations by 2023, including 1 diamond, 1 silver, 2 bronze, and 8 basic certified green buildings. b. By 2023, a total of 10 locations have completed the installation of solar panel power systems, generating a total of 195,000 kWh of electricity. Additionally, we have purchased 24.3 million kWh of renewable energy. c. We have fully shut down vertical and horizontal signboards, video walls, and unnecessary lighting at our operational sites, saving approximately 1.672 million kWh of electricity in 2023. d. We prioritize the procurement of environmentally friendly products, including those with eco-labels, energy-saving labels, water-saving labels, and sustainable forestry labels, with a total procurement amount reaching NT\$62.07 million. e. We are gradually replacing old official vehicles and motorcycles with high-efficiency, low-fuel consumption vehicles and electric motorcycles. We also continue to encourage employees to use public transportation instead of cars and motorcycles for commuting and business trips.
(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?	√		The Bank has developed the "Climate Risk Management Guidelines" to integrate climate risk into its risk management framework, incorporating climate risk considerations into business, strategies, and financial planning processes. It conducts regular identification and assessment of climate risk, analyzing significant risks as well as opportunities and formulating corresponding measures, all of which are then monitored and reported on a regular basis.
(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?	√		<p>(1) Greenhouse gas emissions:</p> <ul style="list-style-type: none"> a. Carbon emissions from Scope 1, 2, and 3 (excluding investment and financing) in 2022 and 2023 were approximately 28,695 metric tons of CO₂e and 26,574 metric tons of CO₂e, respectively. The intensities (metric tons of CO₂e per million dollars) in 2022 and 2023 were approximately 0.5861 and 0.4875, respectively. b. Reduction target: In accordance with the Science Based Targets ("SBT"), the absolute emissions from its own operations (Scope 1+2) in 2032 were set to be reduced by 50.4% as compared to the base year, 2021 (approximately 26,384 tonnes of CO₂e), with an average reduction of 4.58% per year, and the reduction target for 2023 was therefore a reduction of 9.16% as compared to that for 2021. In 2023, the scope 1 plus 2 carbon emissions were about 20,796 metric tons of CO₂e, a reduction of about 21.18% compared to the base year, 2021, and the reduction target was achieved. c. Promotional Measures <ul style="list-style-type: none"> i. Implement ISO 14001, ISO 50001 and ISO 46001 to effectively manage resource consumption and reduce carbon emissions. ii. Promote energy-saving and carbon reduction projects by closing down vertical and horizontal signboards as well as unnecessary lighting equipment. Replace and reduce lighting fixtures and improve air-conditioning systems to conserve energy. iii. Combine with the government's energy-saving diagnostic service to promote energy-saving and carbon reduction measures. <p>(2) Water Consumption:</p> <ul style="list-style-type: none"> a. The water consumption in 2022 and 2023 was about 296,144 kWh and 252,670 kWh respectively. The intensity (kWh/per million dollars) in 2022 and 2023 was about 6.0483 and 4.6350, respectively. b. Reduction target: To reduce water consumption by an average of 1% compared to the previous three years (the target is 281,085 kWh). Achieving water consumption of 252,670 kWh in 2023, which met the reduction target; however, verification of the water consumption has not yet been completed. Complete verification information will be disclosed in the sustainability report of the parent company, TCFHC. c. Initiatives <ul style="list-style-type: none"> i. Adoption of a rainwater recycling system to maximize the reuse of water resources. ii. Adopt water-saving devices for water-using facilities, such as sensor-type faucets and gardening sprinklers. iii. The sprinkler irrigation system has been changed to a drip irrigation system with a rain shut-off function to save water. iv. Adoption of water-saving labeled equipments, installation of water savers at faucets, and installation of smart meters for air conditioning and water consumption activities. <p>(3) Waste:</p> <ul style="list-style-type: none"> a. The total amount of waste in 2022 and 2023 was about 218,620 kilograms and 319,932 kilograms respectively, and the intensity (kilograms per million dollars) in 2022 and 2023 was about 4.4650 and 5.8689 respectively. b. Reduction target: Reduce waste by an average of 2% compared to the previous three years (the target is 231,955 kilograms), the total waste amount of 319,932 kilograms in 2023 did not meet the reduction target; however, the total amount of waste has not yet been verified, and the complete information of verification will be disclosed in the sustainability report of the parent company, TCFHC. c. Initiatives <ul style="list-style-type: none"> i. Continuously implement the 3R policy of environmental protection, i.e., Reduce, Recycle, and Reuse, in order to improve the efficiency of waste recycling and reusing.

Assessment Items	Implementations		
	Y	N	Summary Description
			<p>ii. Organize educational training to promote the implementation of resource recycling and sorting to achieve the goal of waste reduction.</p> <p>(4) In 2022, greenhouse gas emissions, water consumption, and total waste have undergone "ISO 14064-1 Greenhouse Gas Inventory" and obtained a verification statement from a third-party verification unit (BSI). Among the categories verified by the third-party verification in "Scope Three" include: procurement of products and services, activities related to fuel and energy, waste disposal from operations, and business travel, etc. Verification is being conducted for the year 2023, and complete verification information will be disclosed in the sustainability report of the parent company, TCFHC. The scope of information for both 2022 and 2023 covers all 312 branches of the Bank.</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) In order to fulfill its corporate social responsibility and to protect and safeguard basic human rights, our parent company, TCFHC, supports and respects relevant regulations such as the Universal Declaration of Human Rights, the United Nations Global Compact, and the International Labor Convention, etc. The Bank realizes its responsibility to respect and protect human rights and has formulated a human rights policy, which is applicable to all subsidiaries of the Group.</p> <p>(2) The human rights system that the Bank has adopted:</p> <p>a. The Bank has formulated the "Employee Litigation Assistance Points" to provide legal assistance to employees involved in litigation arising from the performance of their duties.</p> <p>b. The Bank has established the "Key Points for Complaints and Disciplinary Measures for Prevention of Sexual Harassment in the Workplace" and the "Key Points for Complaints and Investigations for Prevention of Sexual Harassment." It arranges relevant education and training on a regular basis to ensure the safety of its employees in the workplace, enabling them to work with peace of mind in an environment free from sexual harassment.</p> <p>(3) The Bank fulfills its corporate social responsibility by thoroughly implementing its human rights policy. Through internal and external communication channels and by monitoring domestic and international human rights trends, the Bank identifies potential human rights risks in its business operations. It conducts due diligence investigations on human rights issues, focusing on six major areas: "promoting workplace diversity," "gender equality," "maternal health protection," "overtime work," "forced labor," and "occupational health and safety." By assessing the frequency and impact of human rights risks, the Bank identifies potential high-risk human rights issues and formulates relevant risk mitigation measures. These measures are incorporated into future business policies and welfare initiatives as references.</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>(1) Employee Welfare Measures:</p> <p>a. A reward and incentive system ensuring internal equity: the Bank is committed to enhancing employee welfare by reflecting operational performance and results in their actual compensation. In 2023, the average salary increase for promotions reached 2.66%.</p> <p>b. Workplace diversity and equality: the Bank has established fair, transparent promotion and evaluation procedures. Gender equality courses are included in the orientation program for new hires, and workplace sexual harassment prevention measures and complaint channels are promoted. As of December 2023, the promotion rate for female employees reached 60.78%, with female employees accounting for 55.15% of managerial positions.</p> <p>c. Employee Stock Ownership Trust: On January 1, 2020, the Bank officially launched the Employee Stock Ownership Trust program. Under this program, the company allocates NTS1,000 per month in stock purchase funds for each employee. This benefit effectively acts as a salary increase, with an average increase rate of approximately 1.55%.</p> <p>d. Leave Policies Exceeding Legal Requirements: the Bank has developed comprehensive leave policies that surpass legal requirements. For example, while the law mandates 7 days of prenatal check-up leave, we provide 8 days. We also offer up to 5 days of paid personal leave, and additional paid leave such as 7 days of miscarriage leave and bone marrow donation leave, which are not required by law. Employees with over 6 years of service are granted leave days in accordance with civil service leave regulations, which are more generous than the current Labor Standards Act. Furthermore, in line with the Gender Equality in Employment Act, we provide menstrual leave, maternity leave, paternity leave, prenatal check-up leave, and family care leave, all with full pay. Employees can also apply for unpaid parental leave, ensuring they have greater rights and benefits.</p> <p>e. Encouraging Employees to Have Children: To alleviate the burden on employees or their spouses during postnatal recovery, the Bank has significantly increased the childbirth subsidy amounts. This increase aims to ensure employees or their spouses can recuperate with peace of mind. The subsidies have been raised from NTS60,000 for the first child, NTS80,000 for the second child, and NTS100,000 for the third child and beyond, to NTS100,000 for the first child, NTS120,000 for the second child, and NTS150,000 for the third child and beyond, effective July 2021. Additionally, with support from the Employee Welfare Association, the total subsidy can reach up to NTS160,000. This is complemented by related measures such as prenatal check-up leave, tocolysis leave, paternity leave, pre-maternity leave, maternity leave, and unpaid parental leave, all aimed at creating a family-friendly workplace environment.</p>

Assessment Items	Implementations	
	Y	N
		<p>Summary Description</p> <p>f. Childcare Subsidy: In the process of raising children, the Bank's Employee Welfare Committee provides childcare subsidies twice a year. Each eligible child, aged one to under five years old, receives NT\$1,000 each time.</p> <p>g. Children's Education Scholarship: To encourage the children of employees in their academic endeavors, the Bank grants scholarships ranging from NT\$2,500 to NT\$3,500 to students enrolled in government-accredited educational institutions in Taiwan (including master's and doctoral programs, colleges, high schools, and vocational schools).</p> <p>h. Employee Health Care: Starting from 2020, employees aged 50 and above are entitled to choose one of the two health check-up items, including Magnetic Resonance Angiography (MRA) and lung computed tomography (CT), with a subsidy of up to NT\$6,000 per check-up every two years. Additionally, overseas employees under 40 are entitled to a subsidy of NT\$3,500 for health check-ups. Starting from 2021, employees aged 45 to under 50 who have first-degree relatives diagnosed with lung cancer-related diseases are included in the eligible group, receiving a subsidy of up to NT\$6,000 for lung CT check-ups every two years. This comprehensive health management initiative aims to foster a healthy workplace culture.</p> <p>i. Unmarried Employee Social Events: To further embed our happy workplace policy and support the next steps in the lives of our unmarried employees, the Bank hosted its first unmarried employee social event in 2020 and has continued to hold it annually. These events are rich and engaging, not only enhancing interactions among participants but also fostering mutual understanding and camaraderie, helping unmarried employees find their potential partners.</p> <p>j. Emphasis on Employee Leisure Activities: The Bank encourages employees to engage in appropriate leisure activities to improve their quality of life, alleviate work stress, achieve work-life balance, and enhance employee cohesion. Each employee is provided with a sports activity allowance of NT\$500 per year. Additionally, there are club subsidies to encourage employees to organize leisure activities during their leisure time, facilitating interaction, mental relaxation, knowledge sharing, and enriching their lives.</p> <p>k. Safeguarding Employee Health: In response to the changing circumstances of the Covid-19 pandemic, the Bank has implemented a range of measures surpassing legal requirements and industry standards, including pandemic care leave, vaccine administration leave, vaccine subsidy, and screening fee subsidy, ensuring employees work with peace of mind.</p> <p>(2) To encourage employees to unleash their potential and actively contribute to profitability, the Bank has established the "Performance Bonus and Surplus Distribution Guidelines" based on the "Operational Performance Bonus and Employee Compensation Allocation Standards." These guidelines reflect the Bank's policy of linking operational performance or achievements to employee compensation.</p>
(3) Does the Bank provide a safe and healthy working environment for its employees, and offer them regular safety and health education?	√	<p>(1) In compliance with the Occupational Safety and Health Act, the Bank has established comprehensive internal regulations, including the Safety and Health Work Code, the Occupational Safety and Health Management Plan, and the Safety Maintenance Operation Guidelines. These regulations are rigorously implemented. We convene the Occupational Safety and Health Committee quarterly, conducting annual supervisory inspections, guidance, and improvements for occupational safety and health, along with safety maintenance across 270 business units. These measures aim to enhance the effective management of occupational safety and health.</p> <p>(2) In 2023, we continuously enhanced the quality of safety and health management, successfully passing the re-certification audit by the British Standards Institution (BSI) for two occupational safety and health management systems: ISO 45001:2018 and TOSHMS, and received updated certificates.</p> <p>(3) According to the Bank's Safety Maintenance Operation Guidelines, every unit must organize employee self-defense teams and conduct safety drills based on environmental characteristics and task requirements. These drills should be conducted at least once every four months (with three training scenarios each time) and at least three times a year. As of December 2023, 270 branches have completed their third safety drill, totaling 2,430 training scenarios, achieving a 100% execution rate.</p> <p>(4) In accordance with the Occupational Safety and Health Education and Training Regulations, and in collaboration with the Bankers Association and training institutions designated by the Occupational Safety and Health Administration, regular in-service training is conducted. This year, there were 22 sessions of the "Fire Safety Manager In-Service Training" course with a total of 284 participants, and 32 sessions of the "Occupational Safety and Health Business Supervisor In-Service Training" course with a total of 257 participants.</p> <p>(5) In 2023, the Bank was awarded the "2023 Taipei City Labor Safety Award" by the Taipei City Government's Department of Labor.</p> <p>(6) In 2023, our headquarters' nursing room received the highest certification of excellence from the Taipei City Government's Department of Health.</p> <p>(7) In 2023, we continued to implement our health policy by assisting 65 business units in organizing health activities. These efforts were approved by the Health Promotion Administration of the Ministry of Health and Welfare, earning us the Healthy Workplace Certification.</p> <p>(8) The Bank has received a total of 11 "AED Safe Place" certifications for our buildings, as verified by the Ministry of Health and Welfare.</p>

Assessment Items	Implementations		
	Y	N	Summary Description
			<p>(9) We continue to organize annual influenza vaccination promotion and support activities, and have been honored three times with the "Gold Award for Epidemic Prevention Excellence" by the Taiwan Immunization Vision and Strategy (TIVS) Enterprise Epidemic Prevention Alliance.</p> <p>(10) As of December 2023, there have been a total of 35 occupational injury reports, including 28 commuting incidents (accounting for 80%) and 7 workplace incidents (accounting for 20%). We also regularly create and distribute occupational safety and health bulletins to employees, totaling 14 bulletins this year.</p> <p>(11) In 2023, we conducted an occupational safety training program featuring two main courses: "Earthquake Disaster Prevention and Response" and "Electrical Safety and ESG Energy Saving." Digital learning videos were also produced. As of December 2023, a total of 16,902 participants have attended these courses.</p> <p>(12) In compliance with the Labor Health Protection Regulations, the Bank employs physicians to provide on-site health visit services to various units, offering employee care and consultations either in person or via video call. As of December 2023, 96 health visits have been conducted, achieving a 100% execution rate.</p> <p>(13) In 2023, we organized the "TCB Health Academy Lectures," covering topics such as "Post-Pandemic Era - Dietary Therapy for Senior Health," "In-Depth Analysis of Health Checkup Results," and "Effective Exercise for Body Sculpting and Fat Burning." Digital learning videos were also produced. As of December 2023, a total of 24,565 participants have attended these courses.</p> <p>(14) In 2023, there were no fire incidents. The Bank exceeds regulatory requirements by appointing fire safety managers at 270 units, conducting monthly inspections of fire-related facilities and equipment, and regularly providing in-service training.</p>
(4) Does the Bank establish an effective career skills development program for its employees?	√		The Bank is committed to growing together with our employees. In addition to arranging regular training programs (such as new employee orientation, professional development for various business units, and training for managers at different levels), we also promote lifelong learning. We have established online digital learning courses and provide subsidies for continuing education credits as well as financial support for obtaining professional financial certifications and language proficiency tests. Through these diverse learning channels, we aim to help our employees develop their full potential.
(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?	√		<p>(1) Since 2020, the Bank has annually hosted high-level seminars on the principle of fair treatment. We invite external lecturers, such as commissioners from the Dispute Resolution Center, to cover topics including "Analysis of Dispute Cases," "Financial Friendly Services," and the "Convention on the Rights of Persons with Disabilities (CRPD)." These seminars are designed for our board members (including the Chairman and General Manager), Vice Presidents, Chief Compliance Officer, Chief Auditor, and unit supervisors, aiming to cultivate a top-down corporate culture of fair customer treatment.</p> <p>(2) Regarding customer privacy, the Bank adheres to relevant regulations and international standards by establishing the "Personal Data Protection Management Guidelines," which encompass the collection, processing, use, security management, and emergency response to incidents involving personal data. Additionally, we have implemented the "Consumer Dispute Handling Guidelines" and the "Fair Treatment Principles Policy" to protect consumer rights and establish complaint procedures, ensuring compliance by all employees.</p> <p>(3) The Bank offers multiple channels for customer complaints and communication, including a 24-hour customer service center, a customer feedback mailbox on our official website, a dedicated customer complaint hotline, and customer suggestion boxes at our business units. When handling customer complaints, we follow the "Taiwan Cooperative Bank Customer Complaint Handling Guidelines." We prioritize timely and confidential processing, with dedicated management units urging relevant business units to engage in sincere communication and adopt a proactive attitude. This approach ensures proper handling of complaints, protects customer rights, and provides satisfactory responses, thereby enhancing our service quality.</p>
(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?	√		<p>The Bank adheres to the "Supplier Management Policy" and the "Supplier Corporate Social Responsibility and Environmental Sustainability Clauses Commitment" established by the parent company, TCFHC. Through the signing of these management policies and commitment documents, we strive to collaborate with our suppliers to promote environmental sustainability and uphold fundamental human rights. The "Supplier Management Policy" is publicly available on the TCFHC website for reference.</p> <p>To collaboratively advance ESG initiatives and achieve sustainable development goals with our suppliers, we have established the "Supplier ESG Response Incentive Guidelines." These guidelines include measures such as reducing performance and warranty bond requirements, public recognition, and invitations to participate in ESG education and training activities. These initiatives aim to encourage suppliers to prioritize and implement practices related to environmental sustainability, corporate social responsibility, and corporate governance.</p>
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?	√		<p>(1) The Bank, under the coordination of the parent company TCFHC, compiles the group's sustainability report, disclosing the Bank and group's progress in promoting sustainable development. This report is available in the sustainable development section of our website (https://www.tcb-bank.com.tw) and on the Market Observation Post System.</p> <p>(2) TCFHC's "2022 Sustainability Report" was prepared in accordance with the GRI Sustainability Reporting Standards, the Regulations Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies, the Task Force on Climate-related Financial Disclosures (TCFD) framework, and the Sustainability</p>

Assessment Items	Implementations		
	Y	N	Summary Description
			Accounting Standards Board (SASB) standards for commercial banks. The report has undergone an independent limited assurance review conducted by PricewaterhouseCoopers (PwC) in accordance with Assurance Standard 3000, "Assurance Engagements Other than Audits or Reviews of Historical Financial Information." The "2023 Sustainability Report" will be completed within the statutory timeframe set by the regulatory authorities.
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.			The Bank is not a TWSE/TPEX listed company, and follows the Sustainable Development Best Practice Principles stipulated by TCFHC.
7. Other important information to facilitate better understanding of the Bank's implementation of Corporate Sustainable Development.			Please refer to TCFHC Sustainable Report.

4. Operational Highlights

4.1 Annual Business Plans for 2024

4.1.1 Operational Management Business

- (1) In line with the Group's goal of sustainable development, the Bank will continue to enhance its climate governance and awareness of climate risk across the Bank, incorporating climate risk factors into its risk appetite and refining its climate risk assessment and control mechanisms. In light of the international net-zero trend, the Bank will incorporate ESG factors into the credit investigation business and management process, guide enterprises in low-carbon transformation through credit channels, and disclose relevant information on ESG financing engagement so as to exert core financial influence. We will incorporate ESG assessment into our investment decision-making and uphold the due diligence spirit as an institutional investor to promote sustainable development with investees.
- (2) The Bank will enhance its risk-taking capacity and liquidity risk management, strengthen capital adequacy, and expand its business development momentum while ensuring a sound capital structure and optimal resource allocation.
- (3) In response to the trend of globalization, we will actively cultivate international and diversified professional and potential talent. We plan to participate in domestic and foreign institution activities, seminars and professional education and training in the industry to cultivate employees' international perspectives, keep abreast with international financial trends, strengthen employees' professional knowledge of international finance, and enhance the depth and breadth of the Bank's handling of international affairs; we expand industry-university cooperation partners, attract outstanding new employees to join us in diversified ways, and enrich the Bank's human resources.
- (4) We will continuously build the international financial service landscape and increase the proportion of overseas revenue; we continue to improve the information security protection system and refine risk management efficiency; we implement the three lines of defense structure of internal control to ensure the effective operation of corporate governance, while fulfilling corporate social responsibilities, promoting sustainable operations, and creating an inclusive society.
- (5) The Bank will implement the principles for treating customers fairly, refine financial-friendly measures, implement measures to protect the rights and interests of elderly and physically and mentally challenged customers; we support fraud prevention, enhance the effectiveness of identifying relevant warning transactions, strengthen customer care and questioning at the counter, and reinforce anti-fraud education and training as well as customer counseling; we conduct an in-depth review of the root causes of the occurrence of cases and implement follow-up improvements and preventive measures through ISO 10002 international standard for quality management of customer complaints.

4.1.2 Corporate Banking

- (1) The Bank will continue to implement the "Incentive Measures to Enhance SMEs Lending" to encourage its business units to strengthen the development of SMEs lending and enhance the understanding of credit personnel on the rules and regulations of the credit guarantee fund and the guarantee submission, so as to optimize the use of the credit guarantee fund mechanism and effectively reduce the Bank's risk assets.
- (2) In line with government policies, the Bank launched "Six Core Strategic Industries Project Loans" scheme. We will cooperate with the promotion of project financing business for major government public projects or highly professional and technical investment projects, and strengthen the assistance to business units in evaluating and planning project financing case

structures with the existing "project financing working group"; we make good use of the "National Financing Guarantee Mechanism" to provide financing guarantees required for projects such as green energy construction, green energy equipment and services, and major public construction, and jointly promote green energy and various forward-looking infrastructure projects.

- (3) We will support the government's policy of accelerating urban renewal and reconstruction of unsafe and old buildings, establish the "Urban Renewal and Unsafe and Old Buildings Reconstruction Initiative Team" to coordinate business units to visit clients, discuss cases and assist in solving difficult problems, as well as continue to organize the "Expansion of Urban Renewal and Reconstruction of Unsafe and Old Buildings Loans" "incentive measures to facilitate business units to promote this business.
- (4) We will promote the "Lunglaiduoli Project" to provide new clients with preferential interest rates in NTD and USD in order to increase the amount of loans to private enterprises, adhere to the principle of equal emphasis on quality and price, make good use of various marketing plans, and strive to expand loans to high-quality enterprises.
- (5) In order to maintain existing corporate clients, the Bank will promote the "Consolidation of Existing Clients Program" to enhance customer satisfaction and loyalty, thereby developing diversified businesses; we flexibly use the integrated marketing platform to combine internal and external information to discover potential corporate clients, and select target customer groups for precise marketing to improve expansion efficiency and maintain the steady growth of the Bank's total corporate clients.

4.1.3 Retail Banking

- (1) We will continue to expand the mortgage business, actively undertake mortgage loans for non-owner-occupied residential properties and secured properties with a good location, continue to develop the wholesale mortgage business, pay close attention to the housing market, strengthen understanding of market competition, and launch preferential mortgage loan projects to attract high-quality customers so as to consolidate the Bank's mortgage business volume.
- (2) We will actively market credit businesses that are not covered by Article 72-2 of the Banking Act of The Republic of China, including general consumer loans and working capital loans, to increase credit interest income.
- (3) The Bank will implement the collection of handling fees for various credit business, including set-up fees, handling fees for changing credit conditions and early settlement of liquidated damages, etc., and continue to promote the mortgage and life insurance business to increase fees income.
- (4) The Bank will strengthen the expansion of high-quality credit loans, increase return, explore new customers, and actively visit high-quality institutions and groups; cultivate existing customers and make good use of the Bank's payroll transfer customers and counterparties to attract their employees to undertake "Taiwan Cooperative Bank Payroll Loan", "Micro-credit Loans for Military, Public and Education Sectors", "Preferential Credit Loan for Excellent Employment", "Preferential Credit Loan for Healthcare Workers", "Military Financial Management Counseling Unsecured Project Loan", "Simple Micro-credit Loan", "Employee Stock Purchase Loans" and other businesses.
- (5) The Bank will leverage channel advantages and use big data to accurately market the Bank's main card types to different customer groups; we continue to optimize the Bank's credit card digital service process, strengthen the functions of the Taiwan Cooperative Bank APP and WEB credit card section, and provide credit card customers with diversified and friendly digital services; we capture the market trends, update various credit card benefits and rights in line with the times, introduce marketing plans that are relevant to daily life, and continue to enhance the development of the Bank's credit card business.

4.1.4 Treasury Management

- (1) Based on the overall capital situation, the Bank will flexibly establish investment positions in fixed-income securities in NTD and foreign currencies, build up core holding positions in a timely manner, select high-dividend blue chip stocks to participate in dividend distribution, balance the overall risks and returns of the positions, and take into account both liquidity and risk control; we effectively utilize the Bank's surplus funds to actively explore investment channels and flexibly adjust capital allocation in order to enhance the net income from financial product operations.
- (2) The Bank will keep abreast with the domestic and international financial environment at any time, adjust bond positions in line with the Bank's risk asset targets, optimize the inventory structure, and pay attention to the control of the overall position during its duration in order to take into account both returns and risks; we prudently respond to market changes, operate foreign exchange transactions in line with the trend to effectively capture the timing of position covering, and flexibly leverage on the gapping to increase the income from conversion and spreads.
- (3) We will strength the foreign exchange business, use the big data analysis platform to screen the list of potential customers, develop new foreign exchange customer groups, secure trade finance business, and guide customers to use the Bank as a foreign currency funds transfer bank to facilitate the control of customer cash flows and expand the Bank's foreign currency pool; strengthen the quality management on deposit services to actively develop the businesses on current deposit and short-term time deposit by efforts such as introducing preferential rate current deposit project to tackle the competition of counterparts, vying for the business of corporate salary account, and providing the custody services for listed companies on collecting the stock payments and issuing cash dividends, so as to diversify the sources of revenue and reduce the capital cost.
- (4) The Bank will seek to develop new credit facility accounts with profitability and penetrate into the market of trading firms to enhance the treasury banking business by capitalizing on current business base and the extensive service network, which will facilitate identifying the potential customers, expanding the foreign currency funding pool, and generating the utility of integrated marketing and thus increasing the momentum for expanding the business landscape.
- (5) The Bank will issue financing projects such as sustainability bonds and social bonds to assist industries in raising capital for green investments and social investments.

4.1.5 Wealth Management

- (1) The Bank will provide diversified wealth management products, capture market and supervision trends, refine the Bank's product strategy, focus on the Bank's customer needs, and cultivate the core customer groups; we utilize the marketing resources of investment trust companies that cooperate with the Bank to increase exposure on social media platforms through the Internet, media marketing and product packaging, and launch flash marketing projects from time to time to strengthen publicity and increase customers' willingness to place orders.
- (2) The Bank will use big data analysis results to screen potential customer groups, explore new customer business opportunities, and expand the size of the customer base with accurate marketing project industry evaluation guidance, industry promotion fee incentives, etc.
- (3) The Bank will capture the high-end financial management business opportunities, include the existing customers and the new customers into key business development projects, and expand our customer base. We will take into account industry dynamics and market trends to construct diversified financial products and service models suitable for high-net-worth customers and increase the ratio of actual accounts; we implement talent training plans, strengthen the

professional functions of business personnel, continue to enhance high-asset financial management business product knowledge and integrated planning capabilities in line with the times, and meet the financial needs of top customer groups in terms of "wealth creation", "wealth preservation" and "wealth transmission".

- (4) The Bank will diversify insurance product categories to meet customers' all-round protection needs, promote Lohas retirement products, strengthen the social insurance protection network, optimize the e-services of the insurance system, improve the efficiency of digital financial services, strengthen insurance professional capability training, and ensure legal compliance literacy of insurance agents.
- (5) The Bank will shape a corporate culture of integrity, strengthen prudent assessment procedures and control mechanisms such as KYC, KYP and suitability analysis, comply with the 10 commandments and 21 commandments of the competent authority, integrate the three lines of defense mechanism, review the risks of financial specialists, conduct on-site inspections of and provide counseling for business units, strengthen employees and customers' awareness of compliance with laws, protect customers' rights and interests, and jointly create a good relationship between the Bank and customers.

4.1.6 Digital Banking

- (1) The Bank will keep a close eye on the development of innovative technology both at home and overseas, enhance competitive advantages, strengthen the layout of financial patents, embody the innovative momentum on the development of FinTech into patents, and continue to attach importance to the management of intellectual property with the aim of making the development of both Fintech R&D and patent managements comprehensive and healthy.
- (2) The Bank will continue to optimize the features and interfaces of mobile banking APP, ATM, and both the personal and corporate online banking services to create a friendly and convenient digital financial environment based on user experience, enhance the adhesiveness of customers, and strengthen the Bank's competitiveness.
- (3) The Bank will strengthen the promotion of large chain specialty stores and micro and small stores in markets, night markets and business districts to introduce Taiwan Pay, actively promote TWQR specialty stores to increase diversified application scenarios, improve the efficiency of the payment market, refine the "medical e-payment" system, and establish diversified payment channels and payment collection tools, with the aim of providing customers with a more convenient financial service experience.
- (4) The Bank will be committed to the development of FinTech, implementing cross-departmental data marketing and optimized digital customer experience process based on data decision-making, using innovative collaboration of digital marketing, assisting relevant units in defining key marketing projects, and strengthening social media brand management in order to achieve business benefits.
- (5) In order to improve financial friendly services, the Bank will set up a QR Code linking to text-based customer service in a conspicuous place in the ATM service area to provide the hearing-impaired with friendly services. The Bank will also continue to build barrier-free ATMs and continue to add friendly mobile banking functions to meet the expectations of the society.

4.2 Market Analysis

4.2.1 Competitive Niches

(1) Cultivating the domestic market and securing a leading position

The Bank continues to cultivate the domestic market and ranks top among the domestic banks in terms of assets, deposits, loan scale and high-asset financial management business. In line with

government policies, the Bank is also among the best in handling loans to SMEs, and is one of the six Domestic Systemically Important Banks (D-SIBs) in Taiwan.

(2) Leveraging channel advantages and creating Group synergy

The Bank has 297 branches at home and abroad, providing clients with convenient financial services. By combining the strengths of the subsidiaries of the parent company Taiwan Cooperative Financial Holding Co. Ltd., including Taiwan Cooperative Bills Finance Co. Ltd., Taiwan Cooperative Securities Co. Ltd., Taiwan Cooperative Securities Investment Consulting Co. Ltd., Co-operative Assets Management Co. Ltd., Cooperative International Leasing Co. Ltd., BNP Paribas Cardif TCB Life Insurance Co. Ltd., Taiwan Cooperative Securities Investment Trust Co. Ltd. and Taiwan Cooperative Venture Capital Co. Ltd., the Bank can provide clients with a full range of financial services such as deposits, loans, foreign exchange, trust, fund management, securities investment, asset management, leasing and insurance, thereby creating integrated marketing synergy of the Group.

(3) Operating steadily and pragmatically to gain the trust of customers

The Bank's steady and pragmatic business philosophy has won the recognition and trust of clients. The Bank will continue to consolidate core businesses such as deposits, loans, foreign exchange, trust, and wealth management, and continue to strengthen international finance, electronic finance, fund management, insurance and other businesses, enhance the development momentum of FinTech, and provide customers with high value-added, diversified and convenient financial services.

(4) Expanding overseas presence stably and providing high-quality cross-border financial services

Currently, the Bank has established subsidiaries in Europe - United Taiwan Bank S.A. and representative office in Prague, Czech Republic; Los Angeles Branch, Seattle Branch, New York Branch and Houston Branch in North America; Sydney Branch and Melbourne Branch in Australia; Hong Kong Branch, Suzhou Branch, Suzhou New District Sub-Branch, Tianjin Branch, Fuzhou Branch, Changsha Branch and Beijing Representative Office in Greater China; Manila Branch, Phnom Penh Branch, Pur Senchey Branch, Tuek Thla Branch, Siem Reap Branch, City Center Branch, Veng Sreng Branch, Sihanouk Ville Branch, Tuol Kouk Branch in Cambodia, Vientiane Capital Branch in Laos, and Yangon Representative Office in Myanmar in Southeast Asia; The operating bases under preparation include Ha Tinh Branch in Vietnam, representative office in Binh Duong, Vietnam, Singapore Branch and Tokyo Branch in Japan. The service scope covers Europe, America, Asia, and Australia. The Bank will continue to strengthen its global presence, deepen its presence in existing locations, develop operational strategies based on regional characteristics, develop local business, and provide high-quality cross-border financial services.

4.2.2 Favorable and Unfavorable Factors For Future Development and Countermeasures

A. Favorable Factors

- (1) Major domestic and foreign institutions have forecasted that Taiwan's economic growth rate in 2024 would fall in the range of 2.5% to 3.43%. The gradual strengthening of exports and the maintenance of relatively high lending rates are expected to contribute to the interest income of the Bank.
- (2) The investment in Taiwan plan will bring demand for factory investment, and the expiration of the restriction period for overseas funds to return to Taiwan in different years will bring demand for wealth management, creating a favorable condition for the banking sector to develop the loan business and seize the high-asset wealth management business opportunities.
- (3) The public's increased acceptance of digital services will help the Bank create a better financial ecosystem and enhance customers' financial service experience.

- (4) The gradual implementation of regulations on anti-money laundering and counter terrorism financing is expected to improve the risk control capabilities at home and abroad, facilitating more stable operations of the banking sector and consolidating its international presence.
- (5) Benefiting from the deregulations and policy supports, the works on digitalization of physical branches and the readiness of online financial service platform will continue to be strengthened along with the innovation of financial business model, so as to stimulate the developments of various businesses.
- (6) Supported by the professional resources across the entire group along with the domestic and overseas marketing channels, engaging in co-marketing will generate the synergy that will contribute to the increase in the overall profitability.

B. Unfavorable Factors

- (1) It is necessary to pay attention to the continuity of the recovery of operating momentum in every industry due to insignificant recovery of global terminal demand and weakened momentum on economic growth.
- (2) The contractionary monetary environment around the world, the increase in the debt risk exposed to emerging market, and the escalating geopolitical risk, have all contributed to increased credit and overseas investment risk exposed to the domestic banks.
- (3) There are new competitors from the pure Internet banking, electronic payment and FinTech operators who have taken shares of existing customers and markets.
- (4) The request by competent authority to disclose the climate associated financial risk has increased the restrictions on banks in investment and financing.
- (5) For strengthening legal compliance and information security, the Bank continues to increase operating cost.
- (6) Following the change of business model brought by the FinTech and the Bank's expansion of overseas operations, labor costs continue to increase as a result of the Bank's increased demand for talent with different expertise such as information technology, international operations and legal compliance.

C. Countermeasures

- (1) Taking advantage of the favorable policies such as investment plans in Taiwan and the expiration of the restriction period for overseas funds to return to Taiwan in different years, the Bank will actively expand corporate operating working capital, capital expenditure and other financing businesses, and seize the high-asset wealth management business opportunities.
- (2) The Bank will work to support the government's policy and hold on to the business opportunities of the global supply chain restructuring, work to increase the 6 core strategic industries' momentum to develop and expand the businesses so as to vie for the related loan service business opportunities.
- (3) The Bank will expand loans to SMEs and overseas operations while strengthening risk control and management.
- (4) Keeping to the trend of financial digitalization, the Bank will endeavor to promote online digital services, increase the user's experiences and the efficiency of the website, and build a customer centric financial services.
- (5) Data analysis is adopted to assist business units in locking on the target clients, which would increase the marketing momentum, and realize the business returns via digital innovation.
- (6) Adopting the Equator Principle and making ESG factors to be taken account of while reviewing the credit, so as to realize the compliance of the principles of responsible bank.
- (7) In addition to the concerns on the development of FinTech and the information security threat, the Bank will enhance the information security education and trainings, and raise the self-management capacity on legal compliance of the Bank's overseas branches.

- (8) For the high net worth clients, the professional investment research and analysis capacity shall be built up to construct an effective service system able to offer tailored financial products to satisfy the needs of clients.

4.3 Human Resources

Year		2022	2023	As of March 13, 2024
Number of Employees	Administrative Units	1,755	1,747	1,732
	Business Units	7,036	7,048	6,968
	Total	8,791	8,795	8,700
Average Age		44.48	44.34	44.48
Average Years of Services		17.79	17.63	17.79
Education	Ph.D.	0.07%	0.06%	0.06%
	Master's Degree	24.00%	25.18%	25.23%
	Bachelor's Degree	69.60%	69.05%	69.11%
	Senior High School	5.90%	5.31%	5.23%
	Below Senior High School	0.43%	0.40%	0.37%

4.4 Corporate Social Responsibility and Ethics

1. Public Interests

- (1) Assisting the country in cultivating professional sport players, with outstanding achievements in fitness development, the Bank was awarded the "Taiwan iSports Certification" by the Sports Administration, Ministry of Education for the third time, and won the "Sports Propeller Award" from the Sports Administration, Ministry of Education for the fifteenth consecutive year, including the three golden medals respectively for the category of promotion, sponsorship, and long-term sponsorship.
- (2) In order to assist the government in promoting public sports and encouraging the development of ball games at the early age of children, the Bank held three events, namely table tennis camp, badminton camp and baseball camp, in Chiayi, Tainan and Pingtung in 2023 to let children to spend a rich and enjoyable summer vacation.
- (3) In 2023, the "TCB Cup Badminton Invitational", "TCFHC Cup of Slowball Invitational Tournament" and "Cheng Shin MAXXIS TCFHC Cup" National Table Tennis Tournament were held to promote the trends of health and sports in Taiwan.
- (4) In order to support domestic sports events and promote fitness development, in 2023, the Bank donated NT\$300,000 to the Bureau of Sports, Tainan City Government to organize the "2023 National Games", and NT\$100,000 to the Sports Development Bureau, Kaohsiung City Government to organize the "Kaohsiung Badminton Masters", sponsored the "MACHVISION Cup Corporate Badminton Ranking Tournament" and title sponsored the "2023 CPB Official Exhibition Game" organized by the Chinese Professional Baseball League.
- (5) In 2023, the Bank organized the "Supporting Taiwan Little League Baseball Activity" at the Yunlin County Mailiao Elementary School, enabling elementary school students to interact with and learn from the baseball players of the Bank, and giving game shoes, training balls, gloves and souvenir shirts to the Mailiao Elementary School Little League Baseball, in order to support the development of Taiwan's sports.

- (6) Adhering to its consistent care for the society, the Bank has been consciously holding the “Delivering Warmth in Winter” philanthropic campaign by taking advantage of the extensive service network consisted of domestic 270 branches to provide supports to the minority groups. In 2023, there were total 52 activities under the campaign being held with a total donation of NT\$3.77 million. The number of activity and amount of donation have both hit historic high.
 - (7) To implement the concept of caring for rural areas, in 2023, the Bank visited Lugu Township, Renai Township, and Nantou City, Nantou County to hold delivering warmth in winter philanthropic campaign. We donated and gave care material packages in an amount over NT\$500,000 to assist the Nantou County Life Reconstruction Association in caring for poor and elderly people.
 - (8) Echoing the government’s policies in supporting farmers and local agricultural products, the Bank purchased atemoya, pineapples, mangoes and other agricultural products in a total amount of NT\$1.737 million in 2023 to participate in the grand event to support Taiwan's local agricultural products.
 - (9) We fulfilled our corporate social responsibilities and assisted the victims of the earthquake in Turkey. In 2023, we donated NT\$2.8 million to the special disaster relief account of the Ministry of Health and Welfare, with the government coordinating the related relief work.
 - (10) In response to the FSC's promotion of the implementation of corporate social responsibility by the financial industry, the Bank has continuously taken part in the joint charity efforts of food bank donations with Taiwan Futures Exchange in addition to a financial donation of NT\$2 million, hoping to attract more public attentions on these disadvantaged families.
 - (11) In support of the philanthropic efforts of the Ministry of Finance through donating uniform invoices, the Bank co-hosted the “2023 Uniform Invoice Cup Road Running Event” in October 2023, demonstrating the supports to the public interests through actions.
 - (12) To expand the Bank’s business and improve our public welfare image, the Bank sponsored the “2023 Beigang Chaotian Temple Mother Marathon” in December 2023, at which a booth was set up to promote the Bank’s business.
2. Academic and Cultural Contributions
- (1) The Bank worked with the FSC to promote the popularization and rooting of financial education. In 2023, a total of 56 "Promotion of Financial Literacy Activities on Campus and in the Community" were held. In 2023, the Bank was awarded the "Enthusiastic Participation in the Promotion of Financial Literacy Activities on Campus and in the Community" from the FSC in recognition of our efforts.
 - (2) In response to the government's Trust 2.0 promotion plan, we have been committed to promoting the "Trust Ecosystem" and cooperating with enterprises and social welfare groups to organize "Trust Lectures for the Elderly and People with Disabilities", "Long-term Care for the Elderly and Dementia Friendly Experience Activities", " Trust Tax Lectures" and other events to enhance the public's understanding of trust planning and cultivate trust service talents, which have been highly recognized. The Bank won the two major awards, namely, the "Financial Planning Consultant for the Elderly" and "Family Trust Planning Consultant", from the Trust Association, and will continue to improve our professional capabilities to provide customers with the best trust services.
 - (3) In response to the FSC's "Financial Institutions National Anti-Fraud Promotion in 368 Townships" and the Executive Yuan's "New Generation Anti-Fraud Strategy Action Plan Version 1.5", the Bank visited local towns and villages to promote correct anti-fraud concepts and demonstrate our anti-fraud capabilities. At the same time, the Bank also actively strengthened anti-fraud education and training for its personnel, and organized the "Strengthening the Counter Care and Questioning to Assist Fraud Prevention Promotion Course" in 2023. We have worked closely with the competent authorities and the police to improve the personnel's ability to recognize frauds and increase the success rate of fraud

prevention.

- (4) In order to promote financial knowledge, the Bank responded to the "2023 Financial Services Charity Carnival (Yilan and Kaohsiung)" organized by Taiwan Financial Services Roundtable and set up 3 booths to participate in the event to raise public awareness of financial literacy and fraud prevention, as well as to show our care for the underprivileged in society.
- (5) The Bank organized the "Golden Rabbit" 2023 Taiwan Cooperative Bank Music Festival, and invited the College of Music, National Taiwan Normal University to perform a number of moving pieces. In addition to sharing the new year atmosphere with colleagues, the Bank also provided students with performance opportunities to promote the development of arts and culture.
- (6) In 2023, the Bank sponsored arts and cultural activities in an amount of NT\$9.7 million, such as the Matsu Biennial of the General Association of Chinese Culture, the 2023 National Day Architectural Projection Mapping Exhibition of the Office of the President, the Taichung City Government's 2023 National Day Fireworks Event, the Taipei Kuanyin-Line Psychological and Social Service Association Charity Concert, and the College of Music, National Taiwan Normal University.
- (7) The Bank participated in the "Financial Service Industry Education Charity Fund" project of the Taiwan Financial Services Roundtable and donated NT\$2.5 million to help young students from disadvantaged families successfully complete their studies, promote financial related knowledge through financial education courses, demonstrate the care for society of the financial service industry, and fulfill social responsibilities of financial institutions.
- (8) In order to help people retire with peace of mind, a total of 4 "Taiwan Cooperative Bank Lecture Hall - Lohas and Retirement Financial Management Forum" events were held in Taipei, Taichung and Kaohsiung in 2023. We talked with a total of 1,965 participants about second life planning.
- (9) In 2023, the physical course "Taiwan Cooperative Bank Health Lectures" was held under the theme of "Post-pandemic Era - Food Therapy and Health Care for the Elderly", and the video was recorded and placed on the digital learning network for colleagues to study, with a total of 12,560 hours of study time.
- (10) In order to demonstrate corporate social responsibility and encourage students from universities and graduate schools to actively engage in financial research, the Bank has formulated the "Research Scholarship Measures". In 2023, a total of 22 outstanding students were awarded, with a cumulative of 881 students who have contributed to the enhancement of domestic economic and financial academic research.

3. Environmental Protection Systems

- (1) The Bank launched the "Green and Sustainable Time Deposit Project" on January 3, 2023 to support the sustainable transformation of enterprises and promote social welfare. The proceeds were introduced to investment projects with environmental and social benefits, with a cumulative commitment of NT\$2.71 billion in 2023. The Bank worked together with corporate customers to contribute to sustainable development.
- (2) In response to government policies to promote sustainable finance and assist industries in raising funds to contribute to green investment and social benefit investment projects, the Bank completed the issuance of general-ranking sustainability bonds of NT\$2.5 billion on March 20, 2023, with a cumulative issuance volume of NT\$8 billion of ESG bonds, making it the only public bank to have accomplished the three ESG-themed issuance targets. The Bank won the "Impactful Case - Shareholders' Actions Gold Award" and the "Impactful Case - ESG Innovations" Bronze Award at the 3rd Taiwan SIA in 2023 on behalf of its financial holding parent company.

- (3) In response to the United Nations' sustainable development goals, the Bank carried out specific sustainability actions and has successively obtained a number of international standards. In March 2023, the Bank obtained ISO 14067 carbon footprint verification of financial online services (Internet banking front-end services-general login overview) has been issued a carbon label by the Environmental Protection Agency, jointly creating a win-win-win situation for finance, industry, and social environment.
- (4) We are actively concerned about sustainable development issues and are committed to implementing ESG-related actions. The Bank has obtained "ISO 14064-1 Greenhouse Gas Inventory", "ISO 14046 Water Footprint", "ISO 50001 Energy Management System", "ISO 14001 Environmental Management System" and "ISO 46001 Water Efficiency Management System" from the British Standards Institution (BSI), and have been certified to a number of international standards at its 312 domestic and overseas locations. In 2023, we were awarded the "National Enterprise Environmental Protection Award - Silver Award for Non-Manufacturing Industry Group" by the Ministry of Environment. In addition, we participated in the evaluation with the head office building and won the "Energy Saving Benchmarking Award - Group E Silver Award" by the Ministry of Economic Affairs, the "Zero-Carbon Benchmarking Award - Industrial and Commercial Industry Group A Excellence Award" by Taipei City Government, the "Best ESG Sustainability Award" and the "Best SMEs Service Award" by Excellence Magazine, and other major awards at home and abroad.
- (5) The Bank obtained 6 green building labels in 2023, including "Keelung Branch Qualified Grade Label", "East Taoyuan Branch Qualified Grade Label", "Zhongli Branch Qualified Grade Label", "Toufen Branch Diamond Grade Label", "Chang An Branch Qualified Grade Label" and "Guanqian Branch Bronze Grade Label".
- (6) The Bank continues to improve the quality of safety and health management and has passed the British Standards Institution (BSI) ISO45001: 2018 and TOSHMS two occupational safety and health management system certifications.
- (7) In 2023, the cumulative procurement of renewable energy reached 24.3 million kWh, gradually increasing the proportion of the use of renewable energy.
- (8) In 2023, in response to the Ministry of Economic Affairs' policy of replacing old machines and purchasing new energy-saving products, lighting fixtures and air-conditioning equipment were awarded subsidies of NT\$625,500 and NT\$65,250, respectively. In response to Taipei City Government's policy to replace energy-saving equipment, lighting fixtures were awarded a subsidy of NT\$775,278.
- (9) In March 2023, the Bank signed the "Guide by the Sea – Qinkunshen Salt Fields Wetland Conservation and Wise Utilization Promotion Plan" with the "Wetlands Taiwan" to jointly adopt Tainan Qinkunshen Salt Fields Wetland with a total area of approximately 333 hectares, and donated an amount of NT\$1.08 million in a hope to promote the important task of sustainable land development and implement environmental sustainability with concrete actions.
- (10) In order to implement the concept of sustainability and respond to Earth Day on April 22, "Taiwan Cooperative Bank Sustainability Week" and "Taiwan Cooperative Bank Sustainability Day" activities were held from April 17 to 22, 2023, with approximately 1,700 participants during the period, reducing carbon emissions by a total of 4,703 kilograms of CO₂e. The Bank also recruited for the first time a team of about 160 volunteers to visit Qinkunshen Salt Fields Wetland in Jiangjun District, Tainan City and Utux Forest in Fuxing District, Taoyuan City to carry out the "Wetland Conservation Environmental Sustainability Action" and the "ESG Action for Small Farmer Planet".
- (11) In response to International Coastal Cleanup Day, TCFHC group recruited about 80 people from the volunteer group on September 16, 2023 to visit Qianshuiwan, Sanzhi District, New Taipei City to carry out "Taiwan Cooperative Sustainable Coastal Cleanup Action" in an attempt to advocate environmental sustainability with practical actions, and fulfill the United Nations

Sustainable Development Goals (SDGs). The Bank adopted the coastline of Qianshuiwan, Sanzhi District, New Taipei City, to regularly keep the coastal environment clean, maintain biodiversity, and implement sustainable ecological development.

- (12) The Bank helped integrate the human and natural resources of rural tribes to carry out regional revitalization, wild vegetable restoration, environmentally friendly farming and ecological park construction, etc., and donated NT\$200,000 to "Dandelion Hope Foundation" to promote ecological sustainable development.

4. Corporate Sustainability and Shareholders Value Creation

- (1) The Bank attaches great importance to the implementation of consumer protection and actively establishes a corporate culture of treating customers fairly. In 2023, the Bank was awarded the top 25% of high-quality banks in the "fair treatment of customers of financial services" assessment by the FSC, which was the third consecutive year of such recognition.
- (2) In 2023, the Bank was recognized by three awards from the Small and Medium Enterprise Credit Guarantee Fund of Taiwan, namely, the "Green Credit Promotion Award", the "Young Entrepreneurs, Startups, and Microenterprises Supporting Award", and the "Collaborative Enterprises Award".
- (3) In 2023, the Bank was recognized by the FSC with the "Special Award for Small and Startup Enterprise Financing" and the "A-Class Bank for Loans to Six Core Strategic Industries".
- (4) The Bank won the first place in the "Best Trust Award", the second place in the "Employee Welfare Trust Award", and the third place in the "Retirement Trust Award" in the FSC's second evaluation of the promotion of the Trust 2.0 plan by the trust industry, making the Bank the only financial institution to win all three awards.
- (5) In response to the needs derived from Taiwan's aging society, the Bank has created the dual engines of "Trust 2.0" and launched the innovative service of "Family Welfare Trust x Long-Term Care Financial Butler", which uses the family as the core basis for planning the "Family Welfare Trust", with the "Long-Term Care Financial Butler" to simplify the collection process of long term care providers, thereby achieving the all-around trust services and implementing the United Nations' sustainable development goals "SDG 3 Good Health and Well-being". The Bank was recognized with two silver awards in the third "2023 TSAA Taiwan Corporate Sustainability Awards".
- (6) In 2023, the Bank was again awarded "Golden Security Award" by the Joint Credit Information Center, demonstrating that the Bank's efforts in "credit information security and control" have been recognized. In the future, the Bank will continue to strengthen its credit information security and control management and implement the proper use of credit information and the confidentiality of customer information.
- (7) The Bank won "2023 Taipei City Labor Safety Award Outstanding Unit" from the Department of Labor, Taipei City Government, making it the only awardee in the financial industry this year.
- (8) The Bank continues to implement health policies and has guided 65 units of the Bank to obtain healthy workplace certification from the Health Promotion Administration.
- (9) On July 4, 2023, the Centralized Operation Center obtained the "AED Safe Place" certification from Ministry of Health and Welfare. As of now, a total of 11 building units of the Bank have obtained the certification.
- (10) In 2023, the Bank was awarded the "Excellent Breastfeeding Room in the Head Office Building" by Department of Health, Taipei City Government.
- (11) In order to promote a safe and healthy workplace environment and improve the emergency rescue skills of employees at the head office, CPR+AED first aid skills education and training was conducted on April 27, 2023, with a total of 38 employees completing the training. The CPR+AED education and training of the centralized operation center was completed on July 4, with a total of 45 employees completing the training.

- (12)The Bank organized the digital learning of "Occupational Safety and Health Workshop": Courses with the themes of "Earthquake Disaster Prevention and Response" and "Electrical Safety and ESG Energy Saving" were placed on the digital learning network for employees to study, with a total of 16,902 hours of study time.
- (13)In order to encourage employees to continuously improve their own health problems and promote a healthy lifestyle, the Bank organized the physical course "Taiwan Cooperative Bank Health Lectures" and placed the video recorded on the digital learning network for colleagues to study, with a total of 20,241 hours of study time. The "Senior Body Shaping and Weight Loss Activity" was held. A total of 60 employees participated in diet control and regular exercise, with a cumulative weight loss reaching 212.6 kilograms.
- (14)The Bank organized the "Fire Prevention Manager Education and Training" in 2023, with a total of 22 sessions being held in Northern, Central and Southern Taiwan, and 284 people completing the training. The Bank organized the "Occupational Safety and Health Business Supervisor Education and Training", with a total of 32 sessions being held across Taiwan, and a total of 257 people completing the training.
- (15)In November 2023, the annual government-funded and self-funded influenza vaccination station was organized at the head office building. A total of 446 people were successfully vaccinated.

5. Financial Information

5.1 Condensed Consolidated Balance Sheets

Unit: In Thousands of NT Dollars

Item	2023	2022	2021
Cash, Cash Equivalents and Due from The Central Bank and Call Loans to other Banks	453,617,884	414,780,094	499,182,853
Financial Assets at Fair Value Through Profit or Loss	75,744,350	29,869,964	34,389,787
Financial Assets at Fair Value Through Other Comprehensive Income	444,193,029	418,053,932	425,498,457
Investment in Debt Instrument at Amortized Cost	702,602,417	717,128,922	711,991,479
Securities Purchased Under Resell Agreements	-	149,440	-
Receivables, Net	24,713,651	19,107,357	17,431,072
Current Tax Assets	2,311,837	2,249,097	2,099,997
Discounts and Loans, Net	2,799,844,667	2,589,152,177	2,436,227,879
Investments Accounted For Using Equity Method	142,192	137,409	139,194
Other Financial Assets, Net	8,350,535	8,228,111	8,400,317
Properties And Equipment, Net	31,763,313	32,789,472	33,013,300
Right -of -Use Assets, Net	1,557,641	1,548,670	1,493,703
Investment Properties, Net	7,882,587	7,462,884	7,514,762
Intangible Assets	4,334,735	4,060,501	3,783,956
Deferred Tax Assets	1,921,288	1,278,517	2,238,705
Other Assets, Net	943,245	513,437	730,480
Total Assets	4,559,923,371	4,246,509,984	4,184,135,941
Deposits from the central bank and other banks	294,182,540	282,377,835	234,168,567
Due to the central bank and other banks	-	-	88,889,360
Financial Liabilities at Fair Value through Profit or Loss	8,671,843	2,621,053	1,733,199
Securities Sold under Repurchase Agreements	9,512,753	9,778,160	7,095,846
Payables	44,112,175	40,975,339	41,301,688
Current Tax Liabilities	3,117,258	781,554	1,366,677
Deposits and Remittances	3,863,606,778	3,599,527,665	3,481,204,731
Bank Debentures	57,240,000	60,290,000	62,100,000
Other Financial Liabilities	6,674,966	4,452,442	2,507,320
Provisions	5,404,571	5,503,596	7,698,136
Lease Liabilities	1,517,725	1,524,115	1,446,957
Deferred Tax Liabilities	3,472,248	3,883,379	3,375,493
Other Liabilities	911,245	1,027,590	1,008,497
Total Liabilities			
Before Distribution	4,298,424,102	4,012,742,728	3,933,896,471
After Distribution	Note	4,014,592,728	3,945,220,471
Equity Attributable To Owners Of The Bank	261,254,231	233,531,262	250,014,886
Capital Stock			
Before Distribution	110,075,300	110,075,300	107,339,300
After Distribution	Note	110,075,300	110,075,300
Capital Surplus	58,767,245	58,767,245	58,767,245
Retained Earnings			
Before Distribution	98,650,713	84,370,227	77,935,336
After Distribution	Note	82,520,227	63,875,336
Other Equity	(6,239,027)	(19,681,510)	5,973,005
Non-Controlling Interests	245,038	235,994	224,584
Total Equity			
Before Distribution	261,499,269	233,767,256	250,239,470
After Distribution	Note	231,917,256	238,915,470

Note: The earning distribution for 2023 is still awaiting approval by the Shareholders' Meeting.

5.2 Condensed Consolidated Statements of Comprehensive Income

Unit: In Thousands of NT Dollars

Item	2023	2022	2021
Interest Revenue	91,681,188	62,247,618	47,981,626
Less: Interest Expenses	(59,666,961)	(25,072,805)	(13,008,457)
Net Interest	32,014,227	37,174,813	34,973,169
Total Net Revenues And Gains Other Than Interest	22,499,748	11,788,542	13,948,362
Total Net Revenues	54,513,975	48,963,355	48,921,531
Bad-Debt Expenses And Provision For Losses on Commitment and Guarantees	(7,501,854)	(1,196,044)	(2,342,791)
Operating Expenses	(26,855,871)	(25,629,924)	(24,982,189)
Income Before Income Tax	20,156,250	22,137,387	21,596,551
Income Tax Expense	(3,853,659)	(3,046,621)	(2,713,846)
Income From Continuing Operations, Net Of Income Tax	16,302,591	19,090,766	18,882,705
Net Income	16,302,591	19,090,766	18,882,705
Other Comprehensive Income (Losses) , Net Of Income Tax	13,279,422	(24,238,980)	(3,226,028)
Total Comprehensive Income	29,582,013	(5,148,214)	15,656,677
Net Income Attributable To Owner of the Bank	16,302,624	19,089,299	18,873,240
Net Income Attributable To Non-controlling interests	(33)	1,467	9,465
Total Comprehensive Income Attributable To Owner of the Bank	29,572,969	(5,159,624)	15,669,735
Total Comprehensive Income Attributable To Non-controlling interest	9,044	11,410	(13,058)
Earnings Per Share (NT\$) (Note)	1.48	1.73	1.71

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	2023		2022		
	Consolidated	Separate	Consolidated	Separate	
Operating Ability	Loans to Deposits Ratio (%)	73.34	73.09	72.81	72.62
	NPL Ratio (%)	0.18	0.18	0.18	0.18
	Ratio of Interest Cost to Annual Average Deposits (%)	1.38	1.38	0.62	0.62
	Ratio of Interest Revenue to Annual Average Loans Outstanding (%)	2.57	2.56	1.91	1.90
	Total Assets Turnover (Times)	0.01	0.01	0.01	0.01
Profitability	Return on Tier 1 Capital Ratio (%)	7.47	7.47	8.67	8.69
	Return on Assets (%)	0.37	0.37	0.45	0.45
	Return on Equity (%)	6.58	6.59	7.89	7.90
	Net Income Ratio (%)	29.91	30.05	38.99	39.10
	Earnings Per Share(NT\$)	1.48	1.48	1.73	1.73
Financial Structure	Ratio of Liabilities to Assets (%)	94.24	94.24	94.47	94.47
	Ratio of Properties and Equipment to Equity (%)	12.15	12.16	14.03	14.04
Growth Rate	Growth Rate of Assets (%)	7.38	7.34	1.49	1.45
	Growth Rate of Profit (%)	(8.95)	(8.85)	2.50	2.46
Cash Flow	Cash Flow Ratio (%)	4.39	7.80	35.63	39.63
	Cash Flow Adequacy Ratio (%)	304.06	326.77	212.93	211.58
	Cash Flow Satisfaction Ratio (%)	332.77	584.40	2,836.66	3,110.69
Capital Adequacy Ratio (%)	14.90	14.92	14.58	14.59	

5.4 Audit Committee's Report

The Board of Directors of TCB has prepared and delivered the Business Report, the Individual Financial Statements and the Consolidated Financial Statements for 2023. Wherein, all of the Financial Statements (including consolidated basis) were audited by certified public accountants, Joe Chen, CPA and Jerry Gung, CPA of Deloitte & Touche, Taiwan. The Audit Committee has reviewed the above Business Report and the Financial Report and found nothing incorrect. This audit report is hereby prepared under Article 219 of the Company Act which is applied mutatis mutandis from the Paragraph 3 of Article 14-4 of the Securities and Exchange Act.

Submitted to the 2024 General Shareholders' Meeting

Audit Committee of Taiwan Cooperative Bank, Ltd.

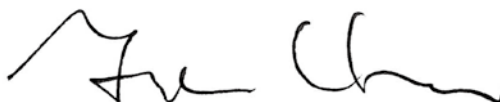
Independent Director



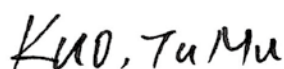
Independent Director



Independent Director



Independent Director



Independent Director



February 26, 2024

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, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the “consolidated financial statements”).

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

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company 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, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters in our audit of the consolidated financial statements for the year ended December 31, 2023 were as follows:

Impairment Assessment of Loans

The net discounts and loans of the Company as of December 31, 2023 accounted for 61% of the consolidated total assets. Therefore, the assessment of the impairment loss of discounts and loans may have significant impacts on the consolidated financial statements. Besides assessing the expected credit losses of loans in accordance with IFRS 9 “Financial Instruments”, the management of 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 the classification of credit assets and recognizing the allowance for possible losses.

For the accounting policies and material 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, the amount is material to the financial statements; therefore, impairment of loans was identified as a key audit matter.

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

1. We obtained an understanding of the design of the Taiwan Cooperative Bank, Ltd.'s relevant internal controls on the impairment assessment of loans.
2. We tested and confirmed that credit assets were classified and evaluated for impairment by Taiwan Cooperative Bank, Ltd. in accordance with the Regulations. The length of time the loans had been overdue and the value of the collaterals were considered 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, 2023 and 2022. We have audited the parent company only financial statements and have issued an unmodified 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, IFRIC Interpretations and SIC Interpretations endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including 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 most significance in the audit of the consolidated financial statements for the year ended December 31, 2023 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

February 26, 2024

Notice to Readers

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

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

TAIWAN COOPERATIVE BANK, LTD. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023		2022	
	Amount	%	Amount	%
ASSETS				
CASH AND CASH EQUIVALENTS (Notes 4 and 6)	\$ 88,595,218	2	\$ 94,520,564	2
DUE FROM THE CENTRAL BANK AND CALL LOANS TO OTHER BANKS (Notes 4, 7, 37 and 38)	365,022,666	8	320,259,530	8
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8 and 37)	75,744,350	2	29,869,964	1
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 4, 9 and 38)	444,193,029	10	418,053,932	10
INVESTMENT IN DEBT INSTRUMENTS AT AMORTIZED COST (Notes 4, 10 and 38)	702,602,417	15	717,128,922	17
SECURITIES PURCHASED UNDER RESELL AGREEMENTS (Notes 4 and 11)	-	-	149,440	-
RECEIVABLES, NET (Notes 4, 12, 37 and 44)	24,713,651	1	19,107,357	-
CURRENT TAX ASSETS (Notes 4, 34 and 37)	2,311,837	-	2,249,097	-
DISCOUNTS AND LOANS, NET (Notes 4, 13, 37 and 38)	2,799,844,667	61	2,589,152,177	61
INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (Notes 4 and 14)	142,192	-	137,409	-
OTHER FINANCIAL ASSETS, NET (Notes 4, 15, 37 and 38)	8,350,535	-	8,228,111	-
PROPERTIES AND EQUIPMENT, NET (Notes 4 and 16)	31,763,313	1	32,789,472	1
RIGHT-OF-USE ASSETS, NET (Notes 4 and 17)	1,557,641	-	1,548,670	-
INVESTMENT PROPERTIES, NET (Notes 4 and 18)	7,882,587	-	7,462,884	-
INTANGIBLE ASSETS (Notes 4 and 19)	4,334,735	-	4,060,501	-
DEFERRED TAX ASSETS (Notes 4 and 34)	1,921,288	-	1,278,517	-
OTHER ASSETS (Notes 4, 17 and 20)	943,245	-	513,437	-
TOTAL	<u>\$ 4,559,923,371</u>	<u>100</u>	<u>\$ 4,246,509,984</u>	<u>100</u>
LIABILITIES AND EQUITY				
DEPOSITS FROM THE CENTRAL BANK AND OTHER BANKS (Notes 21 and 37)	\$ 294,182,540	7	\$ 282,377,835	7
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8, 25 and 37)	8,671,843	-	2,621,053	-
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS (Notes 4, 8, 9 and 22)	9,512,753	-	9,778,160	-
PAYABLES (Notes 23, 37 and 44)	44,112,175	1	40,975,339	1
CURRENT TAX LIABILITIES (Notes 4, 34 and 37)	3,117,258	-	781,554	-
DEPOSITS AND REMITTANCES (Notes 24 and 37)	3,863,606,778	85	3,599,527,665	85
BANK DEBENTURES (Note 25)	57,240,000	1	60,290,000	1
OTHER FINANCIAL LIABILITIES (Notes 18, 26 and 37)	6,674,966	-	4,452,442	-
PROVISIONS (Notes 4, 27 and 28)	5,404,571	-	5,503,596	-
LEASE LIABILITIES (Notes 4 and 17)	1,517,725	-	1,524,115	-
DEFERRED TAX LIABILITIES (Notes 4, 16 and 34)	3,472,248	-	3,883,379	-
OTHER LIABILITIES	911,245	-	1,027,590	-
Total liabilities	<u>4,298,424,102</u>	<u>94</u>	<u>4,012,742,728</u>	<u>94</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE BANK				
Capital stock				
Common stock	110,075,300	3	110,075,300	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	<u>58,767,245</u>	<u>1</u>	<u>58,767,245</u>	<u>1</u>
Retained earnings				
Legal reserve	62,658,070	1	56,509,603	1
Special reserve	19,861,710	1	1,194,444	-
Unappropriated earnings	16,130,933	-	26,666,180	1
Total retained earnings	<u>98,650,713</u>	<u>2</u>	<u>84,370,227</u>	<u>2</u>
Other equity	(6,239,027)	-	(19,681,510)	-
Total equity attributable to owners of the Bank	<u>261,254,231</u>	<u>6</u>	<u>233,531,262</u>	<u>6</u>
NON-CONTROLLING INTEREST	245,038	-	235,994	-
Total equity	<u>261,499,269</u>	<u>6</u>	<u>233,767,256</u>	<u>6</u>
TOTAL	<u>\$ 4,559,923,371</u>	<u>100</u>	<u>\$ 4,246,509,984</u>	<u>100</u>

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, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022		Percentage Increase (Decrease)
	Amount	%	Amount	%	
INTEREST REVENUE (Notes 4, 29 and 37)	\$ 91,681,188	168	\$ 62,247,618	127	47
INTEREST EXPENSE (Notes 4, 29 and 37)	(59,666,961)	(109)	(25,072,805)	(51)	138
NET INTEREST	32,014,227	59	37,174,813	76	(14)
NET REVENUES AND GAINS OTHER THAN INTEREST					
Service fee income, net (Notes 4, 30, 37 and 44)	7,623,030	14	6,477,304	13	18
Gains (losses) on financial assets and liabilities at fair value through profit or loss (Notes 4, 31 and 37)	10,574,454	19	17,938,413	37	(41)
Realized gains on financial assets at fair value through other comprehensive income (Notes 4 and 32)	2,890,044	5	3,637,643	7	(21)
Foreign exchange gains (losses), net (Note 4)	1,149,134	2	(16,474,612)	(34)	107
Reversal of impairment losses (impairment losses) on assets (Notes 4, 9 and 10)	8,375	-	(210,151)	-	104
Share of gains of associates and joint ventures accounted for using the equity method (Notes 4 and 14)	11,864	-	8,331	-	42
Other noninterest gains, net (Notes 18, 37 and 44)	242,847	1	411,614	1	(41)
Total net revenues and gains other than interest	22,499,748	41	11,788,542	24	91
TOTAL NET REVENUES	54,513,975	100	48,963,355	100	11
BAD-DEBT EXPENSES AND PROVISION FOR LOSSES ON COMMITMENT AND GUARANTEES (Notes 4 and 13)	(7,501,854)	(14)	(1,196,044)	(3)	527
OPERATING EXPENSES (Notes 4, 16, 17, 18, 19, 28, 33 and 37)					
Employee benefits	(15,845,882)	(29)	(16,140,949)	(33)	(2)
Depreciation and amortization	(2,462,074)	(4)	(2,330,142)	(5)	6
General and administrative	(8,547,915)	(16)	(7,158,833)	(14)	19
Total operating expenses	(26,855,871)	(49)	(25,629,924)	(52)	5
INCOME BEFORE INCOME TAX	20,156,250	37	22,137,387	45	(9)
INCOME TAX EXPENSE (Notes 4 and 34)	(3,853,659)	(7)	(3,046,621)	(6)	26
NET INCOME	16,302,591	30	19,090,766	39	(15)
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified subsequently to profit or loss (Notes 4, 9 and 28)					
Remeasurement of defined benefit plans	(172,238)	-	1,403,483	3	(112)
Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	9,391,783	17	(9,395,834)	(20)	200
Change in the fair value attributable to changes in credit risk of financial liabilities designated as at fair value through profit or loss	(13,018)	-	-	-	-
Items that will not be reclassified subsequently to profit or loss, net of income tax	9,206,527	17	(7,992,351)	(17)	215
Items that may be reclassified subsequently to profit or loss (Notes 4, 9 and 34)					
Exchange differences on the translation of financial statements of foreign operations	(126,362)	(1)	4,837,660	10	(103)
Unrealized gains (losses) on investments in debt instruments at fair value through other comprehensive income	4,255,559	8	(20,470,679)	(42)	121
Income tax attributable to other comprehensive income	(56,302)	-	(613,610)	(1)	(91)
Items that may be reclassified subsequently to profit or loss, net of income tax	4,072,895	7	(16,246,629)	(33)	125
Other comprehensive income (loss), net of income tax	13,279,422	24	(24,238,980)	(50)	155
TOTAL COMPREHENSIVE INCOME (LOSS)	\$ 29,582,013	54	\$ (5,148,214)	(11)	675
NET INCOME ATTRIBUTABLE TO:					
Owner of the Bank	\$ 16,302,624	30	\$ 19,089,299	39	(15)
Non-controlling interest	(33)	-	1,467	-	(102)
	\$ 16,302,591	30	\$ 19,090,766	39	(15)
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:					
Owner of the Bank	\$ 29,572,969	54	\$ (5,159,624)	(11)	673
Non-controlling interest	9,044	-	11,410	-	(21)
	\$ 29,582,013	54	\$ (5,148,214)	(11)	675
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 35)					
Basic	\$1.48		\$1.73		

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, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Bank						Other Equity			Non-controlling Interest (Note 36)	Total Equity
	Capital Stock (Note 36)		Capital Surplus (Notes 4 and 36)	Retained Earnings (Notes 4, 9 and 36)			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)	Change in the Fair Value Attributable to Changes in the Credit Risk of Financial Liabilities Designated as at Fair Value Through Profit or Loss (Note 4)		
	Shares (In Thousands)	Common Stock		Legal Reserve	Special Reserve	Unappropriated Earnings					
BALANCE, JANUARY 1, 2022	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 (loss) for the year ended December 31, 2022	-	-	-	-	-	1,403,483	3,862,174	(29,514,580)	-	9,943	(24,238,980)
Total comprehensive income (loss) 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
Appropriation of the 2022 earnings											
Legal reserve	-	-	-	6,148,467	-	(6,148,467)	-	-	-	-	-
Special reserve	-	-	-	-	18,667,266	(18,667,266)	-	-	-	-	-
Cash dividends	-	-	-	-	-	(1,850,000)	-	-	-	-	(1,850,000)
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	104	-	(104)	-	-	-
Transfer of change in the fair value attributable to changes in the credit risk of financial liabilities designated as at fair value through profit or loss upon derecognition	-	-	-	-	-	(4)	-	-	4	-	-
Total comprehensive income											
Net income for the year ended December 31, 2023	-	-	-	-	-	16,302,624	-	-	-	(33)	16,302,591
Other comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	(172,238)	(108,351)	13,563,952	(13,018)	9,077	13,279,422
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	16,130,386	(108,351)	13,563,952	(13,018)	9,044	29,582,013
BALANCE, DECEMBER 31, 2023	<u>11,007,530</u>	<u>\$ 110,075,300</u>	<u>\$ 58,767,245</u>	<u>\$ 62,658,070</u>	<u>\$ 19,861,710</u>	<u>\$ 16,130,933</u>	<u>\$ (461,982)</u>	<u>\$ (5,764,031)</u>	<u>\$ (13,014)</u>	<u>\$ 245,038</u>	<u>\$ 261,499,269</u>

The accompanying notes are an integral part of the consolidated financial statement

TAIWAN COOPERATIVE BANK, LTD. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 20,156,250	\$ 22,137,387
Adjustments for:		
Depreciation expense	2,120,597	2,034,328
Amortization expense	341,477	295,814
Expected credit losses/bad-debt expense	7,366,672	1,371,109
Gains on financial assets and liabilities at fair value through profit or loss	(10,574,454)	(17,938,413)
Interest expense	59,666,961	25,072,805
Interest revenue	(91,681,188)	(62,247,618)
Dividend income	(2,909,328)	(3,604,606)
Reversal of provision for losses on guarantees	57,700	(103,064)
Net changes in reserves for other liabilities	77,482	(72,001)
Share of gains of associates and joint ventures accounted for using equity method	(11,864)	(8,331)
Losses on disposal of properties and equipment	-	1,721
Losses (gains) on disposal of investments	19,284	(33,037)
Impairment losses on financial assets	11,447	210,151
Reversal of impairment losses on financial assets	(19,822)	-
Others	(99)	425
Net changes in operating assets and liabilities		
(Increase) decrease in due from the Central Bank and call loans to other banks	(33,833,392)	16,466,130
(Increase) decrease in financial assets at fair value through profit or loss	(27,742,581)	32,925,936
Increase in financial assets at fair value through other comprehensive income	(14,202,574)	(12,165,258)
Decrease (increase) in investments in debt instruments at amortized cost	13,466,871	(5,017,185)
(Increase) decrease in receivables	(799,189)	777,914
Increase in discount and loans	(217,033,411)	(154,062,762)
Increase in other financial assets	(353,554)	(112,266)
(Increase) decrease in other assets	(49,341)	305
Increase in deposits from the Central Bank and other banks	11,804,705	48,209,268
Decrease in financial liabilities at fair value through profit or loss	(5,085,766)	(9,940,318)
(Decrease) increase in securities sold under repurchase agreements	(265,407)	2,682,314
Decrease in payables	(375,732)	(2,777,033)
Increase in deposits and remittances	264,079,113	118,322,934
Decrease in other financial liabilities	(21,421)	(28,855)
Decrease in provision for employee benefits	(406,260)	(632,585)
(Decrease) increase in other liabilities	(111,661)	14,365
Cash (used in) generated from operations	(26,308,485)	1,779,574
Interest received	88,478,881	61,299,210
Dividends received	2,979,777	3,673,575
Interest paid	(56,261,562)	(22,635,896)
Income tax paid	(2,692,622)	(2,973,032)
Net cash generated from operating activities	6,195,989	41,143,431
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of properties and equipment	(1,012,325)	(1,170,258)
Proceeds from disposal of properties and equipment	-	66
Increase in settlement funds	(10,000)	-
Decrease in settlement funds	-	20,000
Increase in refundable deposits	(371,604)	-
Decrease in refundable deposits	-	195,604
Acquisition of intangible assets	(466,736)	(494,384)
Acquisition of investment properties	(1,251)	(1,445)
Net cash used in investing activities	(1,861,916)	(1,450,417)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in due to the Central Bank and other banks	-	(88,889,360)
Proceeds from the issuance of bank debentures	2,500,000	18,190,000
Repayments of bank debentures	(5,550,000)	(20,000,000)
Proceeds from long-term borrowings	27,534,780	2,293,200
Repayments of long-term borrowings	(25,208,820)	-
Increase in Financial liabilities designated as at fair value through profit or loss	2,925,778	-
Decrease in Financial liabilities designated as at fair value through profit or loss	(12,858)	-
Decrease in guarantee deposits received	(395,755)	(319,223)
Repayments of the principal portion of lease liabilities	(654,649)	(645,277)
Cash dividends paid	(1,850,000)	(11,324,000)
Net cash used in financing activities	(711,524)	(100,694,660)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	1,600,669	(6,810,152)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	5,223,218	(67,811,798)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	138,014,694	205,826,492
CASH AND CASH EQUIVALENTS, END OF THE YEAR	\$ 143,237,912	\$ 138,014,694

(Continued)

TAIWAN COOPERATIVE BANK, LTD. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

Cash and cash equivalent reconciliations:

	December 31	
	2023	2022
Cash and cash equivalents in the consolidated balance sheets	\$ 88,595,218	\$ 94,520,564
Due from the Central Bank and call loans to other banks in accordance with the definition of cash and cash equivalents under IAS 7 "Statement of Cash Flows"	53,967,184	43,037,440
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"	675,510	307,250
Cash and cash equivalents, end of the year	<u>\$ 143,237,912</u>	<u>\$ 138,014,694</u>

(Concluded)

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

TAIWAN COOPERATIVE BANK, LTD. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. ORGANIZATION AND OPERATIONS

Taiwan Cooperative 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, 2023.

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, 2023 and 2022, the Bank and its subsidiary (collectively, the “Company”) had 8,815 and 8,806 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 February 26, 2024.

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

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

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

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

The amendments introduce a temporary exception to the requirements in IAS 12 by stipulating that the Company should neither recognize nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. The amendments also require the Company to disclose that it has applied the exception and separately disclose its current tax expense (income) related to Pillar Two income taxes. In addition, for periods in which Pillar Two legislation is enacted or substantively enacted but not yet in effect, the Company should disclose qualitative and quantitative information that helps users of financial statements understand the Company's exposure to Pillar Two income taxes. The requirement that the Company apply the exception and the requirement to disclose that fact are applied immediately and retrospectively upon issuance of the amendments. The remaining disclosure requirements apply for annual reporting periods beginning on or after January 1, 2023, but not for any interim period ending on or before December 31, 2023.

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

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards will be effective for annual reporting periods beginning on or after their respective effective dates.

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

Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the consolidated financial statements were authorized for issue, the Company assessed that the above amendments have no significant impact on the Company. 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 IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC and not yet applied by the Company.

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

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

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

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

Statement of Compliance

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

Basis of Preparation

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

The fair value measurements, which 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 Currencies

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 FVTPL) 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 FVTPL 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 mismatch 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 40.

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 may upon initial recognition be designated as at FVTPL only in one of the following circumstances:

- a) Such designation eliminates or significantly reduces a measurement or recognition mismatch 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 40.

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

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

Preferential interest deposits for employees

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, and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences, the resulting deferred tax asset or liability is not recognized. In addition, a deferred tax liability is not recognized on taxable temporary difference arising from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the 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 recognized only 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.

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

Current and deferred taxes

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. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

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	
	2023	2022
Cash on hand	\$ 29,085,025	\$ 39,871,374
Notes and checks in clearing	17,108,734	17,918,898
Due from banks	<u>42,418,233</u>	<u>36,752,225</u>
	88,611,992	94,542,497
Less: Allowance for possible losses	<u>16,774</u>	<u>21,933</u>
	<u>\$ 88,595,218</u>	<u>\$ 94,520,564</u>

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

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

	December 31	
	2023	2022
Reserves for deposits - account A	\$ 47,271,228	\$ 24,768,535
Reserves for deposits - account B	105,871,392	102,855,826
Reserves for deposits - community financial institutions	81,514,688	80,004,048
Reserves for deposits - foreign-currency deposits	538,112	580,560
Deposits in the Central Bank	39,200,000	39,200,000
Due from the Central Bank - others	30,157,434	28,486,157
Due from the Central Bank - central government agencies' deposits	2,263,866	2,480,876
Call loans to banks	<u>58,205,961</u>	<u>41,883,528</u>
	365,022,681	320,259,530
Less: Allowance for possible losses	<u>15</u>	<u>-</u>
	<u>\$ 365,022,666</u>	<u>\$ 320,259,530</u>

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

Under the guideline issued by the Central Bank of the Republic of China (CBC), 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

	<u>December 31</u>	
	2023	2022
Financial assets mandatorily classified as at <u>fair value through profit or loss</u>		
Commercial paper	\$ 71,573,892	\$ 22,942,681
Corporate bonds	792,255	785,554
Investments in equity instruments	1,050,448	988,513
Government bonds	-	99,524
Beneficial certificates	11,310	7,850
Currency swap contracts	2,096,695	4,781,847
Forward contracts	59,437	110,287
Futures exchange margins	54,633	62,058
Currency option contracts - buy	29,844	20,499
Cross-currency swap contracts	5,741	12,487
Foreign-currency margin contracts	-	612
Interest rate swap contracts	<u>70,095</u>	<u>58,052</u>
	<u>\$ 75,744,350</u>	<u>\$ 29,869,964</u>
<u>Held-for-trading financial liabilities</u>		
Currency swap contracts	\$ 5,675,792	\$ 2,507,027
Currency option contracts - sell	29,888	20,532
Forward contracts	100,022	43,816
Interest rate swap contracts	90,587	47,247
Cross-currency swap contracts	1,016	2,076
Foreign-currency margin contracts	<u>-</u>	<u>355</u>
	5,897,305	2,621,053
Financial liabilities designated to be measured <u>at fair value through profit or loss</u>		
Bank debentures (Note 25)	<u>2,774,538</u>	<u>-</u>
Financial liabilities at fair value through profit or loss	<u>\$ 8,671,843</u>	<u>\$ 2,621,053</u>

As of December 31, 2023 and 2022, financial assets at fair value through profit or loss amounting to \$3,293,107 thousand and \$1,910,904 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, 2023 and 2022, the contract (notional) amounts of derivative transactions of the Bank were as follows:

	<u>December 31</u>	
	2023	2022
Currency swap contracts	\$ 345,280,253	\$ 321,297,779
Forward contracts	6,236,748	10,763,164
Currency option contracts - sell	2,492,252	2,879,492
Currency option contracts - buy	2,492,252	2,879,492
Interest rate swap contracts	7,517,843	2,551,286
Cross-currency swap contracts	391,826	786,552
Foreign-currency margin contracts	-	62,340

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2023	2022
<u>Investments in equity instruments at FVTOCI</u>		
Listed shares and emerging market shares	\$ 39,752,734	\$ 29,093,520
Unlisted shares	<u>7,032,939</u>	<u>6,067,533</u>
	<u>46,785,673</u>	<u>35,161,053</u>
<u>Investments in debt instruments at FVTOCI</u>		
Government bonds	246,306,902	221,149,391
Corporate bonds	80,676,447	90,298,964
Bank debentures	62,906,093	70,225,786
Negotiable certificates of deposit	<u>7,517,914</u>	<u>1,218,738</u>
	<u>397,407,356</u>	<u>382,892,879</u>
	<u>\$ 444,193,029</u>	<u>\$ 418,053,932</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 \$14,482,965 thousand and \$44,325,248 thousand for the years ended December 31, 2023 and 2022, respectively. The accumulated unrealized gain of financial assets at FVTOCI under other equity in the amounts of \$104 thousand and \$2,109 thousand has been transferred to retained earnings, respectively.

For the years ended December 31, 2023 and 2022, the Company recognized unrealized profit or loss on investments in equity instruments at FVTOCI of \$9,391,783 thousand gains and \$9,395,834 thousand losses, respectively.

For the years ended December 31, 2023 and 2022, the Company recognized unrealized profit or loss on investment in debt instruments at FVTOCI of \$4,275,472 thousand gains and \$20,687,351 thousand losses, respectively.

As of December 31, 2023 and 2022, the allowances for possible losses of investment in debt instruments at FVTOCI were \$263,425 thousand and \$283,338 thousand, respectively. Impairment loss recognized in profit or loss was \$19,822 thousand gains and \$207,586 thousand losses for 2023 and 2022, respectively.

As of December 31, 2023 and 2022, financial assets at fair value through other comprehensive income amounting to \$5,532,554 thousand and \$7,181,357 thousand, respectively, had been sold under repurchase agreements.

10. INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST

	December 31	
	2023	2022
Negotiable certificates of deposit in the Central Bank	\$ 446,295,000	\$ 537,950,000
Government bonds	154,457,158	122,209,088
Corporate bonds	73,899,876	44,339,053
Bank debentures	26,952,992	12,012,175
Certificates of deposit	<u>1,030,921</u>	<u>640,849</u>
	702,635,947	717,151,165

(Continued)

	December 31	
	2023	2022
Less: Allowance for possible losses	<u>33,530</u>	<u>22,243</u>
	<u>\$ 702,602,417</u>	<u>\$ 717,128,922</u>
		(Concluded)

For the years ended December 31, 2023 and 2022, the Company recognized reversal of impairment loss in profit; the amounts were \$11,447 thousand losses, and \$2,565 thousand losses, 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	
	2023	2022
Accrued interest	\$ 14,585,065	\$ 9,764,507
Credit cards	4,907,452	4,886,693
Acceptances	3,445,629	3,073,233
Receivables on merchant accounts in the credit card business	1,149,941	733,633
Accounts receivable	237,505	332,224
Accounts receivable factored without recourse	114,381	142,901
Refundable deposits receivable in leasehold agreements	132,585	136,585
Dividends receivable	25,348	3,337
Others	<u>640,569</u>	<u>532,187</u>
	25,238,475	19,605,300
Less: Allowance for possible losses	<u>524,824</u>	<u>497,943</u>
	<u>\$ 24,713,651</u>	<u>\$ 19,107,357</u>

The changes in the impairment assessment of receivables and allowance for possible losses of credits, credit cards, and accrued interest from debt instruments for the years ended December 31, 2023 and 2022 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, 2023	\$ 16,460,317	\$ 57,165	\$ 204,286	\$ 16,721,768
Transfers to				
Lifetime ECL	(40,983)	41,097	(114)	-
Credit-impaired financial assets	(94,473)	(7,501)	101,974	-
12-month ECL	9,158	(8,898)	(260)	-
New financial assets purchased or originated	59,164,404	196,308	133,987	59,494,699
Write-offs	-	-	(25,712)	(25,712)
Derecognition of financial assets in the current reporting period	(55,130,002)	(212,606)	(139,659)	(55,482,267)
Change in exchange rates and other changes	<u>406,429</u>	<u>-</u>	<u>(21)</u>	<u>406,408</u>
Balance at December 31, 2023	<u>\$ 20,774,850</u>	<u>\$ 65,565</u>	<u>\$ 274,481</u>	<u>\$ 21,114,896</u>
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>

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, 2023	\$ 40,080	\$ 11,186	\$ 95,979	\$ 147,245	\$ 165,702	\$ 312,947
Changes from financial instruments recognized at the beginning of the current reporting period						
Transfers to						
Lifetime ECL	(517)	526	(9)	-	-	-
Credit-impaired financial assets	(19,977)	(512)	20,489	-	-	-
12-month ECL	2,042	(2,027)	(15)	-	-	-
Derecognition of financial assets in the current reporting period	(33,067)	(56,817)	(25,918)	(115,802)	-	(115,802)
Reversal from financial instruments recognized at the beginning of the current reporting period	16,605	6,960	6,471	30,036	-	30,036
New financial assets purchased or originated	37,439	52,914	46,098	136,451	-	136,451
Difference of impairment recognized under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans”	-	-	-	-	3,471	3,471
Write-offs	-	-	(25,712)	(25,712)	-	(25,712)
Recovery of written-off receivables	-	-	879	879	-	879
Changes in exchange rates and other changes	(20)	-	(1,928)	(1,948)	-	(1,948)
Balance at December 31, 2023	<u>\$ 42,585</u>	<u>\$ 12,230</u>	<u>\$ 116,334</u>	<u>\$ 171,149</u>	<u>\$ 169,173</u>	<u>\$ 340,322</u>
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>

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, 2023 and 2022, the amounts of impairment assessment of receivables were assessed as \$4,123,579 thousand and \$2,883,532 thousand, respectively, and the amounts of allowance for possible losses were \$184,502 thousand and \$184,996 thousand, respectively.

The changes in allowance for possible losses by using simplified method for the years ended December 31, 2023 and 2022 are summarized below:

	2023	2022
Balance at January 1	\$ 184,996	\$ 187,153
Provision for possible losses	1,080	229
Write-offs	<u>(1,574)</u>	<u>(2,386)</u>
Balance at December 31	<u>\$ 184,502</u>	<u>\$ 184,996</u>

13. DISCOUNTS AND LOANS, NET

	December 31	
	2023	2022
Bills discounted	\$ 831,674	\$ 1,467,784
Overdraft		
Unsecured	857	913
Secured	18,915	20,304
Import and export negotiations	366,814	1,022,765
Short-term loans		
Unsecured	440,762,831	333,350,019
Accounts receivable financing	523,386	460,826
Secured	205,670,875	213,797,203
Medium-term loans		
Unsecured	534,993,825	479,552,115
Secured	427,436,837	421,207,362
Long-term loans		
Unsecured	52,174,385	48,019,196
Secured	1,166,005,220	1,116,977,245
Overdue loans	<u>4,512,989</u>	<u>4,820,291</u>
	2,833,298,608	2,620,696,023
Less: Allowance for possible losses	32,881,748	30,897,043
Less: Adjustment of discount	<u>572,193</u>	<u>646,803</u>
	<u>\$ 2,799,844,667</u>	<u>\$ 2,589,152,177</u>

The changes in gross carrying amount and allowance for possible losses of discounts and loans for the years ended December 31, 2023 and 2022 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, 2023	\$ 2,579,964,014	\$ 5,893,927	\$ 34,838,082	\$ 2,620,696,023
Transfers to				
Lifetime ECL	(1,934,963)	1,967,594	(32,631)	-
Credit-impaired financial assets	(5,819,448)	(2,982,794)	8,802,242	-
12-month ECL	1,303,513	(1,170,448)	(133,065)	-
New financial assets purchased or originated	1,197,253,664	615,107	313,772	1,198,182,543
Write-offs	-	-	(5,288,597)	(5,288,597)
Derecognition of financial assets in the current reporting period	(973,449,342)	(1,054,534)	(6,691,830)	(981,195,706)
Change in exchanges and other changes	<u>882,472</u>	<u>9,995</u>	<u>11,878</u>	<u>904,345</u>
Balance at December 31, 2023	<u>\$ 2,798,199,910</u>	<u>\$ 3,278,847</u>	<u>\$ 31,819,851</u>	<u>\$ 2,833,298,608</u>
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>

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, 2023	\$ 4,125,312	\$ 100,144	\$ 4,034,715	\$ 8,260,171	\$ 22,636,872	\$ 30,897,043
Changes from financial instruments recognized at the beginning of the current reporting period						
Transfers to						
Lifetime ECL	(4,867)	7,774	(2,907)	-	-	-
Credit-impaired financial assets	(135,991)	(259,373)	395,364	-	-	-
12-month ECL	21,198	(12,626)	(8,572)	-	-	-
Derecognition of financial assets in the current reporting period	(1,828,201)	(59,538)	(1,210,114)	(3,097,853)	-	(3,097,853)
Reversal from financial instruments recognized at the beginning of the current reporting period	329,805	265,240	5,504,822	6,099,867	-	6,099,867
New financial assets purchased or originated	2,232,645	14,202	8,052	2,254,899	-	2,254,899
Difference of impairment recognized under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans”	-	-	-	-	1,469,299	1,469,299
Write-offs	-	-	(5,288,597)	(5,288,597)	-	(5,288,597)
Recovery of write-off credits	-	-	784,521	784,521	-	784,521
Change in exchange rates and other changes	(180,937)	66	(56,560)	(237,431)	-	(237,431)
Balance at December 31, 2023	<u>\$ 4,558,964</u>	<u>\$ 55,889</u>	<u>\$ 4,160,724</u>	<u>\$ 8,775,577</u>	<u>\$ 24,106,171</u>	<u>\$ 32,881,748</u>
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	62,593	3,315	200,380	266,288	-	266,288
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>

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

	2023	2022
Provision for possible losses on discounts and loans	\$ 6,726,212	\$ 1,068,337
Provision for possible losses on receivables	55,236	42,910
(Reversal of provision) provision for due from banks	(7,083)	919
Provision for possible losses on overdue receivables	592,307	258,943
Provision (reversal of provision) for possible losses on guarantees	57,700	(103,064)
Provision (reversal of provision) for possible losses on loan commitment	86,340	(31,252)
Reversal of provision for possible losses on others	<u>(8,858)</u>	<u>(40,749)</u>
	<u>\$ 7,501,854</u>	<u>\$ 1,196,044</u>

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

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

14. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31			
	2023		2022	
	Amount	Percentage of Ownership	Amount	Percentage of Ownership
<u>Investment in associate</u>				
United Real Estate Management Co., Ltd.	<u>\$ 142,192</u>	30.00	<u>\$ 137,409</u>	30.00

Aggregate information of associate that is not individually material:

	<u>For the Year Ended December 31</u>	
	2023	2022
The Company's share of:		
Net income	\$ 11,864	\$ 8,331
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive income for the year	<u>\$ 11,864</u>	<u>\$ 8,331</u>

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

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, 2023 and 2022 were based on the financial statements audited by the auditors for the same years.

15. OTHER FINANCIAL ASSETS, NET

	December 31	
	2023	2022
Overdue receivables	\$ 13,096	\$ 1,016,022
Less: Allowance for possible losses	<u>10,335</u>	<u>446,153</u>
Overdue receivables, net	2,761	569,869
Due from banks	7,672,264	7,350,992
Call loans to securities firms	<u>675,510</u>	<u>307,250</u>
	<u>\$ 8,350,535</u>	<u>\$ 8,228,111</u>

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	
	2023	2022
<u>Carrying amount</u>		
Land	\$ 20,103,901	\$ 20,448,500
Buildings	9,450,361	10,047,900
Machinery and equipment	1,288,486	1,281,266
Transportation equipment	166,711	173,699
Other equipment	142,279	156,013
Leasehold improvements	193,479	209,978
Prepayments for equipment, land and buildings and construction in progress	<u>418,096</u>	<u>472,116</u>
	<u>\$ 31,763,313</u>	<u>\$ 32,789,472</u>

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Leasehold Improvements	Prepayments for Equipment, Land and Buildings and Construction in Progress	Total
<u>Cost</u>								
Balance at January 1, 2023	\$ 20,463,677	\$ 19,886,465	\$ 5,018,791	\$ 690,041	\$ 1,265,590	\$ 1,096,591	\$ 472,116	\$ 48,893,271
Additions	-	125,431	426,919	29,836	37,036	29,012	364,091	1,012,325
Disposal	-	-	(187,616)	(12,266)	(27,810)	(1,295)	-	(228,987)
Reclassification	(344,598)	(105,433)	92,172	5,671	8,353	33,439	(418,120)	(728,516)
Effects of exchange rate changes	<u>(1)</u>	<u>(4)</u>	<u>(1,365)</u>	<u>(184)</u>	<u>(224)</u>	<u>(2,081)</u>	<u>9</u>	<u>(3,850)</u>
Balance at December 31, 2023	<u>\$ 20,119,078</u>	<u>\$ 19,906,459</u>	<u>\$ 5,348,901</u>	<u>\$ 713,098</u>	<u>\$ 1,282,945</u>	<u>\$ 1,155,666</u>	<u>\$ 418,096</u>	<u>\$ 48,944,243</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	(467,873)	(73,071)
Effects of exchange rate changes	<u>261</u>	<u>555</u>	<u>14,407</u>	<u>2,453</u>	<u>4,682</u>	<u>7,069</u>	<u>11,693</u>	<u>41,120</u>
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>

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Leasehold Improvements	Total
<u>Accumulated depreciation and impairment</u>							
Balance at January 1, 2023	\$ 15,177	\$ 9,838,565	\$ 3,737,525	\$ 516,342	\$ 1,109,577	\$ 886,613	\$ 16,103,799
Disposal	-	-	(187,616)	(12,266)	(27,810)	(1,295)	(228,987)
Depreciation expenses	-	723,624	511,764	42,439	59,081	77,821	1,414,729
Reclassification	-	(106,087)	-	-	-	-	(106,087)
Effects of exchange rate changes	-	(4)	(1,258)	(128)	(182)	(952)	(2,524)
Balance at December 31, 2023	<u>\$ 15,177</u>	<u>\$ 10,456,098</u>	<u>\$ 4,060,415</u>	<u>\$ 546,387</u>	<u>\$ 1,140,666</u>	<u>\$ 962,187</u>	<u>\$ 17,180,930</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
Reclassification	-	-	(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>

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

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

Buildings

Main buildings	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 8.30% and 8.59% as of December 31, 2023 and 2022, respectively.

17. LEASE ARRANGEMENTS

a. Right-of-use assets

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Carrying amount</u>		
Land	\$ 11,889	\$ 11,887
Buildings	1,491,017	1,443,807
Transportation equipment	49,361	84,326
Other equipment	<u>5,374</u>	<u>8,650</u>
	<u>\$ 1,557,641</u>	<u>\$ 1,548,670</u>

	For the Year Ended December 31	
	2023	2022
Depreciation charge for right-of-use assets		
Land	\$ 7,298	\$ 7,211
Buildings	600,991	598,598
Transportation equipment	37,993	34,860
Other equipment	<u>3,276</u>	<u>3,762</u>
	<u>\$ 649,558</u>	<u>\$ 644,431</u>

As of December 31, 2023 and 2022, the additions to right-of-use assets of the Company were \$668,382 thousand and \$703,609 thousand, respectively.

Except for the above listed additions and recognized depreciation expenses, there was no significant sublease or impairment of the Company's right-of-use assets for the years ended December 31, 2023 and 2022.

b. Lease liabilities

	December 31	
	2023	2022
Carrying amount	<u>\$ 1,517,725</u>	<u>\$ 1,524,115</u>

Range of discount rate for lease liabilities was as follows:

	December 31	
	2023	2022
Land	1.346%-1.985%	1.346%-1.627%
Buildings	1.346%-9.800%	1.346%-9.800%
Transportation equipment	1.935%-9.700%	1.935%-9.700%
Other equipment	2.445%-4.000%	2.445%-4.000%

c. Material lease-in activities

The Company signed lease agreements on office premises due to operating activities. Rentals are calculated on the basis of leased areas and are receivable monthly, quarterly or semiannually. As of December 31, 2023 and 2022, refundable deposits on these leases totaled \$144,091 thousand and \$138,027 thousand, respectively.

d. Other lease information

	For the Year Ended December 31	
	2023	2022
Expenses relating to short-term leases	<u>\$ 3,955</u>	<u>\$ 2,767</u>
Expenses relating to low-value asset leases	<u>\$ 123</u>	<u>\$ 99</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 4,083</u>	<u>\$ 3,588</u>

As of December 31, 2023 and 2022, the total cash outflow for leases of the Company was \$709,001 thousand and \$695,983 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		
	2023		2022
Land	\$ 6,419,019		\$ 6,074,421
Buildings	<u>1,463,568</u>		<u>1,388,463</u>
	<u>\$ 7,882,587</u>		<u>\$ 7,462,884</u>
	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2023	\$ 6,074,421	\$ 2,436,491	\$ 8,510,912
Additions	-	1,251	1,251
Reclassification	<u>344,598</u>	<u>236,251</u>	<u>580,849</u>
Balance at December 31, 2023	<u>\$ 6,419,019</u>	<u>\$ 2,673,993</u>	<u>\$ 9,093,012</u>
Balance at January 1, 2022	\$ 6,074,421	\$ 2,435,046	\$ 8,509,467
Additions	-	<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>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2023	\$ -	\$ 1,048,028	\$ 1,048,028
Depreciation expenses	-	56,310	56,310
Reclassification	-	<u>106,087</u>	<u>106,087</u>
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 1,210,425</u>	<u>\$ 1,210,425</u>
Balance at January 1, 2022	\$ -	\$ 994,705	\$ 994,705
Depreciation expenses	-	<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>

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

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

As of December 31, 2023 and 2022, the fair value of investment properties was \$23,714,667 thousand and \$22,417,111 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	
	2023	2022
Rental income from investment properties (part of other noninterest gains, net)	\$ 519,215	\$ 529,923
Direct operating expenses for investment properties that generate rental income	<u>(144,326)</u>	<u>(141,552)</u>
	<u>\$ 374,889</u>	<u>\$ 388,371</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, 2023 and 2022, guarantee deposits on these leases totaled \$122,400 thousand and \$107,400 thousand, respectively. Minimum future annual rentals are as follows:

	December 31	
	2023	2022
Year 1	\$ 489,004	\$ 416,227
Year 2	322,350	330,967
Year 3	262,694	167,955
Year 4	210,845	78,744
Year 5	71,899	53,080
Over five years	<u>6,294</u>	<u>3,043</u>
	<u>\$ 1,363,086</u>	<u>\$ 1,050,016</u>

19. INTANGIBLE ASSETS

	December 31		
	2023	2022	
Goodwill	\$ 3,170,005	\$ 3,170,005	
Computer software	<u>1,164,730</u>	<u>890,496</u>	
	<u>\$ 4,334,735</u>	<u>\$ 4,060,501</u>	
		Computer Software	Total
Balance at January 1, 2023	\$ 3,170,005	\$ 890,496	\$ 4,060,501
Separate acquisition	-	466,736	466,736
Amortization expenses	-	(340,340)	(340,340)
Reclassification	-	147,667	147,667
Effect of exchange rate changes	<u>-</u>	<u>171</u>	<u>171</u>
Balance at December 31, 2023	<u>\$ 3,170,005</u>	<u>\$ 1,164,730</u>	<u>\$ 4,334,735</u>
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	-	71,738	71,738
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>

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 8.30% and 8.59% as of December 31, 2023 and 2022, 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, 2023 and 2022.

20. OTHER ASSETS

	December 31	
	2023	2022
Refundable deposits	\$ 725,273	\$ 353,669
Prepaid expenses	131,997	117,379
Prepaid pensions	34,736	-
Operating deposits	40,000	30,000
Others	<u>11,239</u>	<u>12,389</u>
	<u>\$ 943,245</u>	<u>\$ 513,437</u>

21. DEPOSITS FROM THE CENTRAL BANK AND OTHER BANKS

	December 31	
	2023	2022
Deposits from banks	\$ 173,467,665	\$ 161,002,883
Call loans from banks	81,803,899	63,560,063
Overdrafts from other banks	1,478,785	1,425,292
Transfer deposits from Chunghwa Post Co., Ltd.	37,095,665	56,095,665
Deposits from the Central Bank	<u>336,526</u>	<u>293,932</u>
	<u>\$ 294,182,540</u>	<u>\$ 282,377,835</u>

22. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

Securities sold for \$9,512,753 thousand and \$9,778,160 thousand under repurchase agreements as of December 31, 2023 and 2022, respectively, would subsequently be purchased for \$9,525,223 thousand and \$9,791,005 thousand, respectively.

23. PAYABLES

	December 31	
	2023	2022
Checks for clearing	\$ 17,108,734	\$ 17,918,898
Collections payable	5,744,127	5,383,623
Accrued expenses	5,690,808	5,589,596
Collections of notes and checks for various financial institutions in other cities	596,608	1,270,234
Acceptances	3,519,099	3,114,074
Accrued interest	8,100,188	4,592,851
Payables on notes and checks collected for others	290,589	472,683
Tax payable	711,803	610,727
Factored accounts payable	84,597	141,150

(Continued)

Dividends payable	170,524	170,524
Payable on securities	42,966	15,724
Others	<u>2,052,132</u>	<u>1,695,255</u>
	<u>\$ 44,112,175</u>	<u>\$ 40,975,339</u>
		(Concluded)

24. DEPOSITS AND REMITTANCES

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Deposits		
Checking	\$ 70,551,514	\$ 65,931,733
Demand	784,656,553	756,635,048
Savings - demand	1,199,358,033	1,146,829,243
Time	961,069,470	796,540,886
Negotiable certificates of deposit	34,181,070	50,569,632
Savings - time	676,348,161	637,179,608
Treasury	137,199,303	145,514,336
Remittances	<u>242,674</u>	<u>327,179</u>
	<u>\$ 3,863,606,778</u>	<u>\$ 3,599,527,665</u>

25. BANK DEBENTURES

	December 31	
	2023	2022
Second subordinated bonds in 2013, Type B: Reuters' fixing rate for 90 day's New Taiwan dollar commercial paper refers to the TAIBOR plus 0.45%; maturity - December 25, 2023	\$ -	\$ 4,600,000
First subordinated bonds in 2014, Type B: Fixed rate of 1.85%; maturity - May 26, 2024	2,700,000	2,700,000
First subordinated bonds in 2014, Type C: Fixing rate for 90 day's New Taiwan dollar commercial paper refers to Taiwan Bills Index Rate 02 plus 0.43%; maturity - May 26, 2024	5,800,000	5,800,000
First subordinated bonds in 2016, Type A: Fixed rate of 1.09%; maturity - September 26, 2023	-	950,000
First subordinated bonds in 2016, Type B: Fixed rate of 1.20%; maturity - September 26, 2026	4,050,000	4,050,000
First subordinated bonds in 2017, Type A: Fixed rate of 1.32%; maturity - September 26, 2024	600,000	600,000
First subordinated bonds in 2017, Type B: Fixed rate of 1.56%; maturity - September 26, 2027	1,400,000	1,400,000
First non-cumulative perpetual subordinated bonds in 2018: Fixed rate of 2.28%; 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
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 months	1,350,000	1,350,000
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	8,650,000
Third unsecured bank debentures (sustainable development) in 2022: Fixed rate of 1.50%; maturity - September 28, 2027	2,500,000	2,500,000
Fourth non-cumulative perpetual subordinated bonds in 2022: Fixed rate of 3.40%; the Bank may exercise its redemption rights after 5 years and 1 month	5,690,000	5,690,000
First unsecured bank debentures (sustainable development) in 2023: Fixed rate of 1.40%; maturity - March 20, 2028	<u>2,500,000</u>	<u>-</u>
	<u>\$ 57,240,000</u>	<u>\$ 60,290,000</u>

In order to establish an international financial management platform, expand the depth and breadth of wealth management and private banking business for high-asset clients, the Bank issue first unsecured bank debentures amounted to US\$46,850 thousand on March 10, 2023, and the Bank issue third unsecured bank debentures amounted to US\$45,850 thousand on October 5, 2023. The debentures are divided into Type A and Type B for \$32,800 thousand and \$14,050 thousand, Type A and Type B for \$29,250 thousand and \$16,600 thousand, respectively, with combination of fixed interest rate and structured interest rate (range accrual). The Bank may make early redemption on any interest payment from the date of issue. If the Bank does not make redemption before maturity, the principal of the debentures is repaid in one lump sum upon maturity, of which Type A is March 10, 2025 and Type B is March 10, 2028, and Type A is October 5, 2025 and Type B is October 5, 2028. To reduce its interest rate risk, the Bank entered into interest rate swap contracts, which are measured at FVTPL. Furthermore, in order to eliminate accounting inconsistencies, the Bank designated these debentures as financial liabilities at FVTPL, and the details were as follows:

	December 31, 2023
First unsecured bank debentures bonds issued in 2023	
Type A	\$ 985,158
Type B	<u>414,456</u>
	<u>\$ 1,399,614</u>
Third unsecured bank debentures bonds issued in 2023	
Type A	\$ 881,525
Type B	<u>493,399</u>
	<u>1,374,924</u>
	<u>\$ 2,774,538</u>

On November 18, 2019, the Bank has obtained approval from the FSC to issue unsecured bank debentures amounting to US\$1,000,000 thousand. As of December 31, 2023, the amount of unissued unsecured bank debentures of TCB was US\$1,000,000 thousand.

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

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

26. OTHER FINANCIAL LIABILITIES

	December 31	
	2023	2022
Guarantee deposits received	\$ 1,725,899	\$ 2,121,654
Appropriation for loans	16,167	37,588
Long-term borrowings	<u>4,932,900</u>	<u>2,293,200</u>
	<u>\$ 6,674,966</u>	<u>\$ 4,452,442</u>

27. PROVISIONS

	December 31	
	2023	2022
Provision for employee benefits		
Net defined benefit liability	\$ -	\$ 35,922
Present value of retired employees' preferential interest deposits obligation	<u>4,027,923</u>	<u>4,226,023</u>
	4,027,923	4,261,945
Provision for losses on guarantees	1,025,372	967,682
Provision for losses on loan commitment	325,497	239,528
Provision for losses on others	<u>25,779</u>	<u>34,441</u>
	<u>\$ 5,404,571</u>	<u>\$ 5,503,596</u>

The changes in the provision for losses on guarantees, provision for losses on loan commitments, and provision for losses on others for the years ended December 31, 2023 and 2022 are summarized below:

	12-month ECL	Lifetime ECL (Collective Assessment)	Lifetime ECL (Non-purchased or Non-originated Credit-impaired Financial Instruments)	Impairment Loss under IFRS 9	Difference of Impairment Recognized under "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	Total
Balance at January 1, 2023	\$ 745,652	\$ -	\$ 23,647	\$ 769,299	\$ 472,352	\$ 1,241,651
Changes from financial instruments recognized at the beginning of the current reporting period						
Transfers to						
Lifetime ECL	(1)	1	-	-	-	-
Credit-impaired financial instruments	(528)	-	528	-	-	-
12-month ECL	-	-	-	-	-	-
Derecognition of financial instruments in the current reporting period	(208,128)	-	(16,068)	(224,196)	-	(224,196)
Reversal from financial instruments recognized at the beginning of the current reporting period	(38,229)	(1)	2,042	(36,188)	-	(36,188)
New financial instruments purchased or originated	361,137	105	-	361,242	-	361,242
Difference of impairment recognized under "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans"	-	-	-	-	34,324	34,324
Change in exchange rates and other changes	(184)	-	(1)	(185)	-	(185)
Balance at December 31, 2023	<u>\$ 859,719</u>	<u>\$ 105</u>	<u>\$ 10,148</u>	<u>\$ 869,972</u>	<u>\$ 506,676</u>	<u>\$ 1,376,648</u>

(Continued)

	12-month ECL	Lifetime ECL (Collective Assessment)	Lifetime ECL (Non-purchased or Non-originated Credit-impaired Financial Instruments)	Impairment Loss under IFRS 9	Difference of Impairment 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	<u>16,571</u>	<u>-</u>	<u>22</u>	<u>16,593</u>	<u>-</u>	<u>16,593</u>
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> (Concluded)

28. 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 \$232,462 thousand and \$216,226 thousand in the consolidated statement of comprehensive income in 2023 and 2022, respectively, in accordance with the defined contribution plan.

b. Defined benefit plan

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. Since March 2023, the Company has adjusted 2% of the total monthly salaries and wages of employees (originally 15%) to a pension fund administered by the pension fund monitoring committee. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the “Bureau”); 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:

	December 31	
	2023	2022
Present value of defined benefit obligation	\$ 12,536,249	\$ 12,811,748
Fair value of plan assets	<u>(12,570,985)</u>	<u>(12,775,826)</u>
Net defined benefit liability (prepaid pensions)	<u>\$ (34,736)</u>	<u>\$ 35,922</u>

Movements in net defined benefit liability (Prepaid pensions) were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability (Prepaid pensions)
Balance at January 1, 2022	<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)	<u>66,806</u>	<u>(59,453)</u>	<u>7,353</u>
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>
Service cost			
Current service cost	369,473	-	369,473
Net interest expense (revenue)	<u>178,955</u>	<u>(185,539)</u>	<u>(6,584)</u>
Recognized in profit or loss	<u>548,428</u>	<u>(185,539)</u>	<u>362,889</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(83,999)	(83,999)
Actuarial loss - changes in financial assumptions	194,312	-	194,312

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability (Prepaid pensions)
Actuarial loss - experience adjustments	\$ 61,925	\$ -	\$ 61,925
Recognized in other comprehensive income	<u>256,237</u>	<u>(83,999)</u>	<u>172,238</u>
Contributions from the employer	<u>-</u>	<u>(605,785)</u>	<u>(605,785)</u>
Benefits paid	<u>(1,080,164)</u>	<u>1,080,164</u>	<u>-</u>
Balance at December 31, 2023	<u>\$ 12,536,249</u>	<u>\$ (12,570,985)</u>	<u>\$ (34,736)</u>

(Concluded)

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

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

	December 31	
	2023	2022
Discount rate(s)		
0.25% increase	<u>\$ (242,153)</u>	<u>\$ (257,728)</u>
0.25% decrease	<u>\$ 249,691</u>	<u>\$ 266,041</u>
Expected rate(s) of salary increase		
0.25% increase	<u>\$ 233,238</u>	<u>\$ 249,728</u>
0.25% decrease	<u>\$ (227,509)</u>	<u>\$ (243,317)</u>

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

	December 31	
	2023	2022
The expected contributions to the plan for the next year	<u>\$ 1,189,452</u>	<u>\$ 980,000</u>
The average duration of the defined benefit obligation	7.98 years	8.22 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:

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

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

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

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

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

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

	<u>December 31</u>	
	2023	2022
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:

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

The sensitivity analysis presented above shows the effect on the present value of the retired employees' preferential interest deposit benefit obligation of a change in 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.

29. NET INTEREST

	<u>For the Year Ended December 31</u>	
	2023	2022
Interest revenue		
From discounts and loans	\$ 70,511,972	\$ 48,270,476
From investments	15,603,480	10,756,613
From due from banks and call loans to other banks	4,802,802	2,514,375
Others	<u>762,934</u>	<u>706,154</u>
	<u>91,681,188</u>	<u>62,247,618</u>
Interest expense		
From deposits	(51,378,197)	(21,939,909)
From due to the Central Bank and other banks	(5,525,920)	(1,586,895)
From bank debentures	(1,248,784)	(985,627)
From deposits from the Central Bank and other banks	(1,355,353)	(477,502)
Others	<u>(158,707)</u>	<u>(82,872)</u>
	<u>(59,666,961)</u>	<u>(25,072,805)</u>
	<u>\$ 32,014,227</u>	<u>\$ 37,174,813</u>

30. SERVICE FEE INCOME, NET

	For the Year Ended December 31	
	2023	2022
Service fee income		
From trust business	\$ 2,174,388	\$ 2,022,539
From insurance service	2,258,738	1,482,114
From loans	1,427,719	1,290,866
From guarantee	871,610	858,329
From credit cards	1,638,477	1,386,990
From remittance	278,034	279,607
From cross-bank transactions	293,205	303,473
From agency commission	134,991	117,251
From import/export service	101,748	122,104
From trust affiliated business	48,359	50,918
Others	<u>425,323</u>	<u>363,554</u>
	<u>9,652,592</u>	<u>8,277,745</u>
Service charge		
From cross - bank transactions	(333,720)	(325,702)
From credit cards	(304,646)	(295,493)
From credit cards acquiring	(1,146,365)	(946,271)
From custody	(76,123)	(80,761)
Others	<u>(168,708)</u>	<u>(152,214)</u>
	<u>(2,029,562)</u>	<u>(1,800,441)</u>
	<u>\$ 7,623,030</u>	<u>\$ 6,477,304</u>

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

	For the Year Ended December 31, 2023				
	Interest Revenue (Expense)	Gain (Loss) on Disposal	Gain (Loss) on Valuation	Dividend Income	Total
Financial assets mandatorily classified as at fair value through profit or loss	\$ 808,659	\$20,843,766	\$ (2,797,030)	\$ 85,379	\$18,940,774
Held-for-trading financial liabilities	-	(5,077,732)	(3,284,286)	-	(8,362,018)
Financial liabilities designated as at fair value through profit or loss	<u>(77,620)</u>	<u>767</u>	<u>72,551</u>	<u>-</u>	<u>(4,302)</u>
	<u>\$ 731,039</u>	<u>\$15,766,801</u>	<u>\$ (6,008,765)</u>	<u>\$ 85,379</u>	<u>\$10,574,454</u>
	For the Year Ended December 31, 2022				
	Interest Revenue (Expense)	Gain (Loss) on Disposal	Gain (Loss) on Valuation	Dividend Income	Total
Financial assets mandatorily classified as at fair value through profit or loss	\$ 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>

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

	<u>For the Year Ended December 31</u>	
	2023	2022
Dividends revenue on investments in equity instruments at FVTOCI	\$ 2,909,328	\$ 3,604,606
Derecognition of unrealized gains (losses) on investments in debt instruments at FVTOCI	<u>(19,284)</u>	<u>33,037</u>
	<u>\$ 2,890,044</u>	<u>\$ 3,637,643</u>

For the years ended December 31, 2023 and 2022, dividends revenue related to derecognized investments were \$1,060,591 thousand and \$1,523,581 thousand, respectively.

33. EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION EXPENSES

a. Employee benefits expenses

	<u>For the Year Ended December 31</u>	
	2023	2022
Salaries	\$ 8,546,648	\$ 8,767,195
Incentives	3,044,078	3,037,222
Excessive interest from preferential interest deposits	1,029,173	1,146,734
Post-employment benefits, termination benefits and compensation	645,032	659,600
Overtime	430,164	433,391
Others	<u>2,150,787</u>	<u>2,096,807</u>
	<u>\$ 15,845,882</u>	<u>\$ 16,140,949</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, 2023 and 2022, based on past experience the compensation of employees was \$957,496 thousand and \$1,163,868 thousand, respectively, based on the amended Articles and past experiences.

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 22, 2023 and March 14, 2022, respectively, were as follows:

	<u>For the Year Ended December 31</u>	
	2022	2021
Employees' compensation - cash	\$ 1,163,868	\$ 1,345,534

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 2023 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	
	2023	2022
Depreciation expense	\$ 2,120,597	\$ 2,034,328
Amortization expense	<u>341,477</u>	<u>295,814</u>
	<u>\$ 2,462,074</u>	<u>\$ 2,330,142</u>

34. INCOME TAX

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

Main components of income tax expense were as follows:

	For the Year Ended December 31	
	2023	2022
Current tax		
Current year	\$ 4,942,987	\$ 2,264,531
Prior year's adjustments	<u>20,876</u>	<u>(72,374)</u>
	4,963,863	2,192,157
Deferred tax		
Current year	<u>(1,110,204)</u>	<u>854,464</u>
Income tax expense recognized in profit or loss	<u>\$ 3,853,659</u>	<u>\$ 3,046,621</u>

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

	For the Year Ended December 31	
	2023	2022
Income before income tax	<u>\$ 20,156,250</u>	<u>\$ 22,137,387</u>
Income tax expense at the statutory rate (20%)	\$ 4,031,250	\$ 4,427,477
Nondeductible expenses in determining taxable income	9,196	9,978
Tax-exempt income	(591,862)	(1,433,590)
Unrecognized deductible temporary differences	4,345	(127,990)
Effect of different tax rate of overseas branches operating in other jurisdictions	379,854	243,120
Adjustments for prior year's tax	<u>20,876</u>	<u>(72,374)</u>
Income tax expense recognized in profit or loss	<u>\$ 3,853,659</u>	<u>\$ 3,046,621</u>

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

	For the Year Ended December 31	
	2023	2022
<u>Deferred tax</u>		
Recognized in other comprehensive income - items that may be reclassified subsequently to profit or loss		
Exchange differences on the translation of financial statements of foreign operations	\$ (27,088)	\$ 965,543

(Continued)

	For the Year Ended December 31	
	2023	2022
Unrealized valuation gain on financial assets at fair value through other comprehensive income	<u>83,390</u>	<u>(351,933)</u>
Income tax expense recognized in other comprehensive income	<u>\$ 56,302</u>	<u>\$ 613,610</u> (Concluded)

c. Current tax assets and liabilities

	December 31	
	2023	2022
Current tax assets		
Tax receivable - consolidated tax return	\$ 2,110,779	\$ 2,084,831
Tax refund receivable	15,756	122,542
Others	<u>185,302</u>	<u>41,724</u>
	<u>\$ 2,311,837</u>	<u>\$ 2,249,097</u>
Current tax liabilities		
Tax payable - consolidated tax return	\$ 2,775,295	\$ 352,574
Tax payable	341,487	428,555
Others	<u>476</u>	<u>425</u>
	<u>\$ 3,117,258</u>	<u>\$ 781,554</u>

d. Deferred tax assets and liabilities

Movements in deferred tax assets and liabilities were as follows:

For the year ended December 31, 2023

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Financial instruments at fair value through profit or loss	\$ -	\$ 739,414	\$ -	\$ 739,414
Financial assets at fair value through other comprehensive income	295,968	-	(83,390)	212,578
Properties and equipment	7,250	(644)	-	6,606
Payables for annual leave	99,941	(77)	-	99,864
Employee's preferential interest deposits obligation	795,647	(39,620)	-	756,027
Other liabilities	5,783	-	-	5,783
Exchanges difference on foreign operations	<u>73,928</u>	<u>-</u>	<u>27,088</u>	<u>101,016</u>
	<u>\$ 1,278,517</u>	<u>\$ 699,073</u>	<u>\$ (56,302)</u>	<u>\$ 1,921,288</u>
Deferred tax liability				
Temporary differences				
Financial instruments at fair value through profit or loss	\$ 459,960	\$ (459,960)	\$ -	\$ -
Investments accounted for using equity method	93,410	(59)	-	93,351
Intangible assets	428,614	-	-	428,614
Defined benefit obligation	359,616	48,888	-	408,504

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Closing Balance
The reserve for land value increment tax	\$ 2,541,779	\$ _____ -	\$ _____ -	\$ 2,541,779
	<u>\$ 3,883,379</u>	<u>\$ (411,131)</u>	<u>\$ _____ -</u>	<u>\$ 3,472,248</u> (Concluded)

For the year ended December 31, 2022

	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	\$ 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>

Deferred tax liability

Temporary differences				
Financial instruments at fair value through profit or loss	\$ -	\$ 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>

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

	<u>December 31</u>	
	2023	2022
Deductible temporary differences	<u>\$ 758,464</u>	<u>\$ 573,399</u>

- f. The income tax returns of the Bank through 2018 had been examined by the tax authorities.
- g. The Bank had recognized the tax effects of the difference of tax credit of \$37,030 thousand in 2023, according to the result of 2018 income tax return examination and the result of 2022 income tax return.

h. Pillar Two income tax legislation

In December 2023, the government of Belgium, where the subsidiary is incorporated, enacted the Pillar Two income tax legislation, effective January 1, 2024. Since the Pillar Two income tax legislation was not effective at the reporting date, the Company has no related current tax exposure.

In December 2023, the government of Australia, where the Bank is incorporated, initiated the Pillar Two income tax legislative procedure, effective January 1, 2024. Since the Pillar Two income tax legislation was not effective at the reporting date, the Company has no related current tax exposure.

In December 2023, the government of Hong Kong, where the Bank is incorporated, initiated the Pillar Two income tax legislative procedure, effective January 1, 2025. Since the Pillar Two income tax legislation was not effective at the reporting date, the Company has no related current tax exposure.

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

35. 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, 2023</u>			
Basic earnings per share	\$ 16,302,624	11,007,530	\$ 1.48
<u>For the year ended December 31, 2022</u>			
Basic earnings per share	\$ 19,089,299	11,007,530	\$ 1.73

36. EQUITY

a. Capital stock

Common stocks

	December 31	
	2023	2022
Number of shares authorized (in thousands)	<u>12,000,000</u>	<u>12,000,000</u>
Authorized capital	\$ <u>120,000,000</u>	\$ <u>120,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>11,007,530</u>	<u>11,007,530</u>
Common stocks issued	\$ <u>110,075,300</u>	\$ <u>110,075,300</u>
Common stocks issued		
Public	\$ 76,369,806	\$ 76,369,806
Private	<u>33,705,494</u>	<u>33,705,494</u>
	\$ <u>110,075,300</u>	\$ <u>110,075,300</u>

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

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. Under the FSC guideline, the reserve for trading default and reserve for trading loss that had been provided should be transferred to a special reserve under shareholders' equity. A special reserve is required to be set off against the net decrease in other equity recorded in the current period.

As of December 31, 2023, the special reserve from equity investments under the equity method was \$14,944 thousand.

For the first-time adoption of IFRS Accounting Standards, 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 IFRS Accounting Standards, 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 IFRS Accounting Standards adjustments will be appropriated to special reserve. The special reserve appropriated as above may be reversed in proportion to the usage, disposal or reclassification of the related assets and thereafter distributed. The special reserve appropriated for the first-time adoption of IFRS Accounting Standards may be used to offset deficits in subsequent years. No appropriation of earnings shall be made until any shortage of the aforementioned special reserve is appropriated in subsequent years if the Bank has earnings and the original need to appropriate a special reserve is not eliminated.

The increase in retained earnings that resulted from all IFRS Accounting Standards adjustments was not enough for this appropriation; therefore, 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 IFRS Accounting Standards adjustments on transitions to IFRS Accounting Standards.

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

	For the Year Ended December 31	
	2023	2022
Balance on January 1	\$ 1,014,245	\$ 1,014,245
Reversed on elimination of the original need to appropriate a special reserve:		
Disposal of properties and equipment	-	-
Balance on December 31	<u>\$ 1,014,245</u>	<u>\$ 1,014,245</u>

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

	For the Year Ended December 31, 2023
Balance on January 1	\$ -
Special reserve	<u>18,667,266</u>
Balance on December 31	<u>\$ 18,667,266</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, use the following practice a special reserve and not appropriated:

- 1) With respect to the book net amount of other deductions from equity for the period in which it arises, an equivalent amount of special reserve shall be allocated from the amount of the after-tax net profit for the period, plus items other than the after-tax net profit for the period, that are included in the undistributed earnings of the period. If there remains any insufficiency, it shall be allocated from the undistributed earnings of the previous period.
- 2) 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.
- 3) If there is a difference between the appropriation of special reserve and the special reserve appropriated for the net amount of deduction in other stockholder's equity, the Bank should appropriate an additional amount of special reserve in the first-time adoption of IFRS Accounting Standards. Afterwards, if there is any reversal of the deduction in other stockholders' equity, the Bank is allowed to appropriate 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 2022 and 2021 were approved in the stockholders' meetings on May 22, 2023 and May 23, 2022, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	2022	2021	2022	2021
Legal reserve	\$ 6,148,467	\$ 6,025,396		
Special reserve	18,667,266	-		
Cash dividends	1,850,000	11,324,000	\$0.168067	\$1.054972
Stock dividends	-	2,736,000	-	0.254893

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

e. Non-controlling interest

	For the Year Ended December 31	
	2023	2022
Balance on January 1	\$ 235,994	\$ 224,584
Attributable to non-controlling interest		
Net income	(33)	1,467
Exchange differences on translation of financial statements of foreign operations	<u>9,077</u>	<u>9,943</u>
Balance on December 31	<u>\$ 245,038</u>	<u>\$ 235,994</u>

37. 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
Taiwan Cooperative International Leasing Co., Ltd.	Sister company
Taiwan Cooperative Securities Investment Consultant Co., Ltd.	Sister company
United Real Estate Management Co., Ltd.	Associated enterprise
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.

(Continued)

Related Party	Relationship with the Bank
TCB 2023 Maturity Selective Emerging Market Bond Fund	Fund managed by Taiwan Cooperative Securities Investment Trust Co., Ltd.
TCB US Short Duration High Yield Bond Fund	Fund managed by Taiwan Cooperative Securities Investment Trust Co., Ltd.
TCB Global Healthcare Multi-Asset Income Fund	Fund managed by Taiwan Cooperative Securities Investment Trust Co., Ltd.
TCB Environment & Socially Responsible Multi-Asset Fund	Fund managed by Taiwan Cooperative Securities Investment Trust Co., Ltd.
TCB Global High Yield Bond Fund	Fund managed by Taiwan Cooperative Securities Investment Trust Co., Ltd.
TCB Global Core Infrastructure Income Fund	Fund managed by Taiwan Cooperative Securities Investment Trust Co., Ltd.
TCB 2032 Target Date Multi-Asset Income Fund	Fund managed by Taiwan Cooperative Securities Investment Trust Co., Ltd.
TCB Fund of Emerging Markets Bond Fund	Fund managed by Taiwan Cooperative Securities Investment Trust Co., Ltd.
Tamshui First Credit Bank	The director of Tamshui First Credit Bank is also the TCFHC's director.
The Fifth Credit Cooperation of Taipei	The director of The Fifth Credit Cooperation of Taipei is also the Bank's supervisor (before September 7, 2023).
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.
Agricultural Bank of Taiwan	The director of Agricultural Bank of Taiwan is also the Bank's director.
Sun Ba Power Corporation	The director of Sun Ba Power Corporation is also the TCFHC's main management's spouse.
Krom Electronics Co., Ltd.	The director of Krom Electronics Co., Ltd is also the Bank's director's second-degree kin.
Others	Main management of the parent company and other related parties.

(Concluded)

b. Significant transactions between the Company and related parties:

1) Call loans to banks

	Highest Balance	Ending Balance	Interest Revenue	Interest Rate (%)
For the year ended <u>December 31, 2023</u>				
Sister companies				
TCBF	\$ 2,587,870	\$ 603,525	\$ 18,581	1.200-6.800
Others	<u>1,413,580</u>	<u>307,050</u>	<u>3,726</u>	1.200-5.850
	<u>\$ 4,001,450</u>	<u>\$ 910,575</u>	<u>\$ 22,307</u>	
For the year ended <u>December 31, 2022</u>				
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>	

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

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

3) Deposits from banks

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

4) Call loans from banks

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

5) Loans

	Highest Balance	Ending Balance	Interest Revenue	Interest Rate(%)
For the year ended <u>December 31, 2023</u>				
Main management	\$ 495,165	\$ 262,282	\$ 4,536	1.636-3.090
Others	<u>1,676,070</u>	<u>669,704</u>	<u>7,311</u>	1.370-3.120
	<u>\$ 2,171,235</u>	<u>\$ 931,986</u>	<u>\$ 11,847</u>	
For the year ended <u>December 31, 2022</u>				
Sister company	\$ 1,000,000	\$ -	\$ -	-
Main management	369,469	268,766	3,963	1.010-2.051
Others	<u>390,997</u>	<u>189,255</u>	<u>2,350</u>	0.100-2.710
	<u>\$ 1,760,466</u>	<u>\$ 458,021</u>	<u>\$ 6,313</u>	

Under the Banking Law, except for customer loans and government loans, credits extended by 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.

	December 31	
	2023	2022
10) Accrued interest (part of payables)		
Sister companies		
TCSIT	\$ 72	\$ 54
Others	6	3
Main management	3,052	1,631
Associates	528	119
Others	<u>12,960</u>	<u>4,620</u>
	<u>\$ 16,618</u>	<u>\$ 6,427</u>
11) Payable on securities (part of payables)		
Sister company		
TCS	<u>\$ 42,966</u>	<u>\$ 15,724</u>
12) Tax payable - consolidated tax return (part of current tax liabilities)		
Parent company	<u>\$ 2,775,295</u>	<u>\$ 352,574</u>
13) Guarantee deposits received (part of other financial liabilities)		
Parent company	\$ 7,214	\$ 7,214
Sister companies		
BPCTLI	8,575	3,765
TCS	12,824	11,699
Others	6,036	5,539
Others		
Taiwan Asset Management Corporation	3,249	3,249
Agricultural Bank of Taiwan	<u>10,700</u>	<u>-</u>
	<u>\$ 48,598</u>	<u>\$ 31,466</u>
	For the Year Ended December 31	
	2023	2022
14) Service fee income (part of service fee income, net)		
Sister companies		
BPCTLI	\$ 581,607	\$ 625,785
Others	41,937	47,009
Main management	207	206
Others	<u>25,201</u>	<u>293</u>
	<u>\$ 648,952</u>	<u>\$ 673,293</u>
15) Service charge (part of service fee income, net)		
Sister companies		
TCSIT	\$ 402	\$ 705
TCS	468	-
Main management	<u>132</u>	<u>128</u>
	<u>\$ 1,002</u>	<u>\$ 833</u>

	For the Year Ended December 31	
	2023	2022
16) Other income (part of other noninterest gain, net)		
Parent company	\$ 3,722	\$ 3,722
Sister companies		
TCS	1,873	1,903
Others		
Taiwan Asset Management Corporation	1,972	1,739
Financial Information Service Co., Ltd.	1,714	1,484
Others	<u>647</u>	<u>38</u>
	<u>\$ 9,928</u>	<u>\$ 8,886</u>
17) Donation (part of other noninterest gain, net)		
Main management	\$ 2,000	\$ 2,000
Others	<u>900</u>	<u>900</u>
	<u>\$ 2,900</u>	<u>\$ 2,900</u>

18) 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:

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

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

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

19) Derivatives

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

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

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

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

20) Loans

December 31, 2023

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

December 31, 2022

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

Note 1: The highest balance is the largest sum in the 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	
	2023	2022
Salaries and other short-term employment benefits	\$ 164,677	\$ 163,209
Post-employment benefits	25,403	8,068
Interest arising from the employees' preferential rate in excess of normal rates	<u>3,527</u>	<u>3,679</u>
	<u>\$ 193,607</u>	<u>\$ 174,956</u>

38. PLEDGED ASSETS

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

	December 31	
	2023	2022
Financial assets at fair value through other comprehensive income - debt instrument investments	\$ 184,230	\$ -
Investments in debt instruments at amortized cost	83,045,616	83,190,498
Other financial assets - due from banks	<u>157,701</u>	<u>145,514</u>
	<u>\$ 83,387,547</u>	<u>\$ 83,336,012</u>

To comply with the Central Bank of the Republic of China's (CBC) Interbank Funds Transfer and Settlement System for real-time gross settlement (RTGS), the pledged time deposits are mainly to provide the Central Bank of the Republic of China's (CBC) foreign currency fund lending warranty as of December 31, 2023 and 2022. The pledged amount may be adjusted anytime, and the unused overdraft amount at the end of a day can also be treated as the Company's liquidity reserve. The remaining bonds and time deposits are used as preparation and collateral for various businesses.

- b. To expand their capital sourcing and enhance their liquidity position, 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, 2023	<u>\$ 488,219</u>	<u>\$ 411,019</u>
December 31, 2022	<u>\$ 436,267</u>	<u>\$ 361,914</u>

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

39. 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, 2023, the Bank's outstanding major construction and procurement contracts amounted to \$724,445 thousand, of which \$447,638 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.

40. FINANCIAL INSTRUMENTS

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

	December 31			
	2023		2022	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
<u>Financial assets</u>				
Investments in debt instruments at amortized cost	\$ 702,602,417	\$ 699,688,618	\$ 717,128,922	\$ 712,423,037
<u>Financial liabilities</u>				
Bank debentures	57,240,000	58,223,015	60,290,000	61,597,225

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

Fair value hierarchy as at December 31, 2023

	Total	Level 1	Level 2	Level 3
<u>Financial assets</u>				
Investments in debt instruments at amortized cost	\$ 699,688,618	\$ -	\$ 699,535,093	\$ 153,525
<u>Financial liabilities</u>				
Bank debentures	58,223,015	-	58,223,015	-

Fair value hierarchy as at December 31, 2022

	Total	Level 1	Level 2	Level 3
<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	-

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 1.0889% and 1.5661%, between 1.3207% and 1.6703% as of December 31, 2023 and 2022, respectively, and were comparable with interest rates for loans with similar terms and characteristics.

Evaluation technique and input of fair value measurement at Level 3

The Company adopts the market approach 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, 2023 and 2022 are as follows:

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
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:

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Discount for lack of marketability		
Increase 10%	<u>\$ (1,050,843)</u>	<u>\$ (917,845)</u>
Decrease 10%	<u>\$ 1,050,843</u>	<u>\$ 917,845</u>

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

1) Fair value hierarchy

Financial Instrument Measured at Fair Value	December 31, 2023			
	Total	Level 1	Level 2	Level 3
<u>Non-derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at FVTPL				
Equity instruments	\$ 1,050,448	\$ 589,081	\$ -	\$ 461,367
Debt instruments	792,255	-	792,255	-
Others	71,585,202	11,310	71,573,892	-
Financial assets at FVTOCI				
Equity instruments	46,785,673	39,752,734	-	7,032,939
Debt instruments	389,889,442	5,819,462	384,069,980	-
Others	7,517,914	-	7,517,914	-
<u>Liabilities</u>				
Financial liabilities at FVTPL	(2,774,538)	-	(2,774,538)	-
<u>Derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at FVTPL	2,316,445	54,633	2,261,812	-
<u>Liabilities</u>				
Financial liabilities at FVTPL	(5,897,305)	-	(5,897,305)	-
Financial Instrument Measured at Fair Value	December 31, 2022			
	Total	Level 1	Level 2	Level 3
<u>Non-derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at FVTPL				
Equity instruments	\$ 988,513	\$ 477,967	\$ -	\$ 510,546
Debt instruments	885,078	-	885,078	-
Others	22,950,531	7,850	22,942,681	-
Financial assets at FVTOCI				
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)	-

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, 2023	\$ 510,546	\$ 6,067,533	\$ 6,578,079
Recognized in profit	(78,459)	-	(78,459)
Recognized in OCI (investment in equity instruments at FVTOCI)	-	965,406	965,406
Purchase	<u>29,280</u>	<u>-</u>	<u>29,280</u>
Balance at December 31, 2023	<u>\$ 461,367</u>	<u>\$ 7,032,939</u>	<u>\$ 7,494,306</u>
Balance at January 1, 2022	\$ 524,616	\$ 6,793,262	\$ 7,317,878
Recognized in profit	(18,270)	-	(18,270)
Recognized in OCI (investment in equity instruments at FVTOCI)	-	(877,814)	(877,814)
Purchase	25,200	152,085	177,285
Disposal	<u>(21,000)</u>	<u>-</u>	<u>(21,000)</u>
Balance at December 31, 2022	<u>\$ 510,546</u>	<u>\$ 6,067,533</u>	<u>\$ 6,578,079</u>

The change in unrealized gains or loss for the year ended December 31, 2023 and 2022 included in profit or loss for assets held at December 31, 2023 and 2022 was \$78,459 thousand losses and \$14,568 thousand gains, respectively.

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

	December 31, 2023
Difference between carrying amount and contractual amount at maturity	
Fair value	\$ 2,774,538
Amount payable at maturity	<u>2,834,072</u>
	<u>\$ (59,534)</u>
	Changes in Fair Value Attributable to Changes in Credit Risk
Accumulated amount of change	
As of December 31, 2023	<u>\$ (13,014)</u>

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

e. Information on financial risk management

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 the annual plan according to the bank's risk-based internal audit system and suggests improvements in type and frequency.

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 the Bank'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 12 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

- Loans and other credits (including accrued interest) are overdue for at least 90 days.
- Borrower filed for bankruptcy or reorganization.
- Borrower defaulted on other financial instruments.
- 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.
- 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 into 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 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, 2023.

Bonds and bills business

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

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

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

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, 2022 and 2021 is as follows:

Probability of Default	
Relevant economic factors	Monitoring indicator/unemployment rate

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

Bonds and bills business

The assessment of the increase/decrease in the credit risk is based on 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, 2023

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

December 31, 2022

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

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

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

To avoid the concentration of credit risks, 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			
	2023		2022	
	Amount	%	Amount	%
Natural person	\$ 1,020,504,283	36	\$ 989,233,524	38
Manufacturing	505,293,926	18	452,362,367	17
Government agencies	327,347,260	12	247,622,319	10

iii. Master netting arrangement

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 follows:

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

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

December 31, 2023					
	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	\$ 334,512,929	\$ 54,080	\$ 157,879	\$ -	\$ 334,724,888
Allowance for possible losses	(859,719)	(105)	(10,148)	-	(869,972)
Difference of impairment loss under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	-	-	-	(506,676)	(506,676)
	<u>\$ 333,653,210</u>	<u>\$ 53,975</u>	<u>\$ 147,731</u>	<u>\$ (506,676)</u>	<u>\$ 333,348,240</u>
December 31, 2022					
	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired Financial 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>

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

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

b) Credit quality analysis of receivables

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

December 31, 2022

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Credit Impairment by Using Simplified Method	Difference of Impairment Recognized under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	Total
Receivables	\$16,460,317	\$ 57,165	\$ 204,286	\$2,883,532	\$ -	\$19,605,300
Allowance for possible losses	(40,080)	(11,186)	(95,979)	(184,996)	-	(332,241)
Difference of impairment recognized under “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans”	-	-	-	-	(165,702)	(165,702)
	<u>\$16,420,237</u>	<u>\$ 45,979</u>	<u>\$ 108,307</u>	<u>\$2,698,536</u>	<u>\$ (165,702)</u>	<u>\$19,107,357</u>

c) Credit quality analysis of securities

December 31, 2023

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Investments in debt instruments at FVTOCI				
Gross carrying amount	\$ 412,039,168	\$ -	\$ 338,273	\$ 412,377,441
Allowance for possible losses	(52,572)	-	(210,853)	(263,425)
Amortized cost	411,986,596	-	127,420	412,114,016
Fair value adjustments	(14,814,200)	-	107,540	(14,706,660)
	<u>\$ 397,172,396</u>	<u>\$ -</u>	<u>\$ 234,960</u>	<u>\$ 397,407,356</u>
Investments in debt instruments at amortized cost	\$ 702,635,947	\$ -	\$ -	\$ 702,635,947
Allowance for possible losses	(33,530)	-	-	(33,530)
	<u>\$ 702,602,417</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 702,602,417</u>
Investments in debt instruments at FVTOCI				
Gross carrying amount	\$ 401,779,287	\$ -	\$ 359,150	\$ 402,138,437
Allowance for possible losses	(60,665)	-	(222,673)	(283,338)
Amortized cost	401,718,622	-	136,477	401,855,099
Fair value adjustments	(19,017,037)	-	54,817	(18,962,220)
	<u>\$ 382,701,585</u>	<u>\$ -</u>	<u>\$ 191,294</u>	<u>\$ 382,892,879</u>
Investments in debt instruments at amortized cost	\$ 717,151,165	\$ -	\$ -	\$ 717,151,165
Allowance for possible losses	(22,243)	-	-	(22,243)
	<u>\$ 717,128,922</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 717,128,922</u>

- 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, 2023	\$ 60,665	\$ -	\$ 222,673	\$ 283,338
New financial assets purchased	3,026	-	-	3,026
Derecognition of financial assets in the current reporting period	(5,863)	-	-	(5,863)
Change in model or risk parameters	(12)	-	(11,675)	(11,687)
Changes in exchange rates and other changes	<u>(5,244)</u>	<u>-</u>	<u>(145)</u>	<u>(5,389)</u>
Balance at December 31, 2023	<u>\$ 52,572</u>	<u>\$ -</u>	<u>\$ 210,853</u>	<u>\$ 263,425</u>
Balance at January 1, 2022	\$ 66,666	\$ -	\$ -	\$ 66,666
Transfers to lifetime ECL	(466)	-	466	-
New financial assets purchased	5,734	-	-	5,734
Derecognition of financial assets in the current reporting period	(8,038)	-	-	(8,038)
Change in model or risk parameters	(20,231)	-	222,155	201,924
Changes in exchange rates and other changes	<u>17,000</u>	<u>-</u>	<u>52</u>	<u>17,052</u>
Balance at December 31, 2022	<u>\$ 60,665</u>	<u>\$ -</u>	<u>\$ 222,673</u>	<u>\$ 283,338</u>

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

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

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

The following table contains details of non-derivative financial instruments held by the Bank at December 31, 2023 which are subject to the reform and have not transitioned to an alternative benchmark interest rate:

	Carrying Amount
Financial assets that reference USD LIBOR	
Financial assets at FVTOCI	<u>\$ 2,739,151</u>

Debt investments are mainly due to the consideration of some bond issuers by the ICE Benchmark Administration which continues to provide synthetic LIBOR in U.S. dollars for the corresponding date until September 2024, so the announcement of the target interest rate conversion date is postponed.

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, 2023	December 31, 2022
Interest rate risk	Interest rate curve increased 100 basis points	\$ (304,819)	\$ (51,733)
	Interest rate curve fell 100 basis points	309,717	53,018
Exchange rate risk	USD/NT\$, EUR/NT\$ increased 3%	(451,387)	(486,412)
	USD/NT\$, EUR/NT\$ fell 3%	451,387	486,412
	Others (RMB, AUD etc.)/NT\$ increased 5%	65,393	60,149
	Others (RMB, AUD etc.)/NT\$ fell 5%	(65,393)	(60,149)
Equity security price risk	Equity security price increased by 15%	47,221	72,875
	Equity security price fell by 15%	(47,221)	(72,875)

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

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

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

The exchange rate risk is as follows:

December 31, 2023

			(In Thousands)	
	Foreign Currency		Exchange Rate	Carrying Amount
<u>Financial assets</u>				
USD	\$	13,863,507	30.7050	\$ 425,678,976
RMB		10,170,508	4.3280	44,017,959
AUD		1,457,310	21.0000	30,603,519
JPY		119,053,480	0.2171	25,846,511
EUR		702,050	34.0200	23,883,750
<u>Financial liabilities</u>				
USD		22,549,643	30.7050	692,386,802
RMB		7,690,808	4.3280	33,285,815
JPY		115,186,173	0.2171	25,006,918
AUD		988,399	21.0000	20,756,373
EUR		414,737	34.0200	14,109,359

December 31, 2022

			(In Thousands)	
	Foreign Currency		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
EUR		629,522	32.7600	20,623,135
JPY		74,583,415	0.2321	17,310,811
<u>Financial liabilities</u>				
USD		18,318,861	30.7250	562,847,006
RMB		7,488,595	4.4110	33,032,192
AUD		929,614	20.7800	19,317,386
JPY		77,713,544	0.2321	18,037,313
EUR		204,655	32.7600	6,704,498

4) Liquidity risk

Liquidity risk is inherent in all bank operations and might be affected by specific or general industry and environmental events. These events include credit-related events, mergers or acquisitions, systemic changes and natural disasters. 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 28.71% and 30.36% in December 2023 and 2022, 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, 2023	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Deposits from the Central Bank and other banks	\$ 173,903,180	\$ 71,191,333	\$ 18,588,027	\$ 30,500,000	\$ -	\$ 294,182,540
Financial liabilities at fair value through profit or loss	-	-	-	-	2,834,072	2,834,072
Securities sold under repurchase agreements	6,779,938	1,869,256	819,559	44,000	-	9,512,753
Payables	27,097,388	3,535,297	6,572,250	2,532,446	3,662,991	43,400,372
Deposits and remittances	369,179,167	601,820,685	585,290,784	792,421,737	1,514,894,405	3,863,606,778
Bank debentures	-	-	8,500,000	600,000	48,140,000	57,240,000
Lease liabilities	70,243	178,472	157,418	286,552	1,576,819	2,269,504
Other items of cash outflow on maturity	709,000	28	37	1,016,985	4,948,916	6,674,966

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

In the above table, the maturity analysis of deposits and remittances by residual-maturity period was based on the Company's historical experience. Assuming that all demand deposits as of December 31, 2023 and 2022 must be repaid soon, the capital expenditure will be increased by \$2,055,012,823 thousand and \$1,973,423,557 thousand, respectively, within 30 days these balance sheet dates.

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

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

b) Derivative financial liabilities to be settled at gross amounts

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

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

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

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

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, 2023					
Financial Assets	Carrying Amount of Transferred Financial Assets	Carrying Amount of Related Financial Liabilities	Fair Value of Transferred Financial Assets	Fair Value of Related Financial Liabilities	Net Position of Fair Value
Financial assets at FVTPL - securities sold under repurchase agreements	\$ 3,293,107	\$ 3,299,676	\$ 3,293,107	\$ 3,299,676	\$ (6,569)
Financial assets at FVTOCI - securities sold under repurchase agreements	5,532,554	6,213,077	5,532,554	6,213,077	(680,523)

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)

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, 2023

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	\$ 9,512,753	\$ -	\$ 9,512,753	\$ (8,825,661)	\$ -	\$ 687,092

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

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

(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	

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.

42. 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, 2023			December 31, 2022		
	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	\$ 33,053,833	12.65	Group A Real estate development	\$ 33,998,385	14.56
2	Group B Railway transportation	30,443,193	11.65	Group B Railway transportation	31,909,193	13.66
3	Group C Financial leasing	22,198,028	8.50	Group C Financial leasing	24,261,741	10.39
4	Group D Petroleum and coal products manufacturing	20,274,427	7.76	Group D Petroleum and coal products manufacturing	14,036,518	6.01
5	Group E Iron and steel smelting	13,970,436	5.35	Group J Wire and cable manufacturing	13,992,954	5.99
6	Group F Cotton and textile	13,585,667	5.20	Group E Iron and steel smelting	13,301,572	5.70
7	Group G LCD panel and its component manufacturing	13,353,874	5.11	Group H Computers and computing peripheral equipment manufacturing	12,827,188	5.49
8	Group H Computers and computing peripheral equipment manufacturing	13,302,201	5.09	Group G LCD panel and its component manufacturing	12,153,351	5.20
9	Group I Cotton and textile	12,992,000	4.97	Group K Computer manufacturing	10,424,890	4.46
10	Group J Wire and cable manufacturing	12,490,215	4.78	Group L Wholesale of electronic and communication equipment and parts	9,833,333	4.21

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, 2023

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

Interest Rate Sensitivity (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

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, 2023

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

Interest Rate Sensitivity (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)

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, 2023	December 31, 2022
Return on total assets	Before income tax	0.46	0.53
	After income tax	0.37	0.45
Return on equity	Before income tax	8.14	9.15
	After income tax	6.58	7.89
Net income ratio		29.91	38.99

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, 2023

(In Thousands of New Taiwan Dollars)

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

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

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

Maturity Analysis of Assets and Liabilities (U.S. Dollars)
December 31, 2023

(In Thousands of U.S. Dollars)

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

Maturity Analysis of Assets and Liabilities (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 One Year	Over One Year
Main capital inflow on maturity	\$ 27,072,649	\$ 8,676,351	\$ 5,420,371	\$ 2,944,325	\$ 1,938,813	\$ 8,092,789
Main capital outflow on maturity	30,289,572	13,218,301	6,748,205	3,698,858	3,718,779	2,905,429
Gap	(3,216,923)	(4,541,950)	(1,327,834)	(754,533)	(1,779,966)	5,187,360

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

43. 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, 2023 and 2022

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

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

Trust Property List
December 31, 2023 and 2022

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

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

	2023	2022
Revenues		
Interest revenue	\$ 40,071	\$ 16,383
Lending stock	2,732	3,169
Cash dividends	100,425	110,185
Realized gain on investment - stocks	161,625	154,141
Unrealized gain on investment - stocks	1,244,878	666,928
Unrealized capital gain - lending stock	42,058	39,661
Realized gain on investment - mutual funds	28,301	12,363
Unrealized gain on investment - mutual funds	65,370	36,756
Beneficial certificates appropriation	12,120	10,756
Others	506	454
Total revenues	<u>1,698,086</u>	<u>1,050,796</u>
Expenses		
Management fees	11,448	10,947
Monitoring fees	987	4
Taxes	310	30
Service charge	85	103
Postage expenses	411	62
Realized loss on investment - stocks	10,202	218,273
Unrealized loss on investment - stocks	111,055	129,688
Unrealized loss - lending stock	2,885	24,156
Realized loss on investment - mutual funds	1,957	25,578
Unrealized loss on investment - mutual funds	32,433	68,634
Others	89	97
Total expenses	<u>171,862</u>	<u>477,572</u>
Income before income tax	1,526,224	573,224
Income tax expense	<u>-</u>	<u>-</u>
Net income	<u>\$ 1,526,224</u>	<u>\$ 573,224</u>

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

44. 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, 2023 and 2022, the accrued receivables were \$5,494 thousand and \$6,208 thousand, respectively. The revenues from cross-selling transactions were \$19,731 thousand and \$24,772 thousand in 2023 and 2022, 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, 2023 and 2022, the accrued payables were \$5 thousand and \$6 thousand, respectively. The expenses from cross-selling transactions were \$118 thousand and \$151 thousand in 2023 and 2022, 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, 2023 and 2022, the accrued receivables were \$3,844 thousand and \$3,239 thousand, respectively, respectively. The revenues from cross-selling transactions were \$33,809 thousand and \$30,638 thousand in 2023 and 2022, 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 cross-selling transactions were \$20 thousand in 2022.

45. 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, 2023 and 2022.

b. Changes in liabilities arising from financing activities

For the year ended December 31, 2023

	Opening Balance	Cash Inflows (Outflows)	Non-cash Changes			Closing Balance
			New Leases	Fair Value Adjustments (Including Changes in the Fair Value Attributable to Changes in the Credit Risk)	Others	
Long-term borrowings	\$ 2,293,200	\$ 2,325,960	\$ -	\$ -	\$ 313,740	\$ 4,932,900
Financial liabilities designated as at fair value through profit or loss - bank debentures	-	2,912,920	-	13,018	(151,400)	2,774,538
Bank debentures	60,290,000	(3,050,000)	-	-	-	57,240,000
Guarantee deposits received	2,121,654	(395,755)	-	-	-	1,725,899
Lease liabilities	1,524,115	(654,649)	663,590	-	(15,331)	1,517,725
	<u>\$ 66,228,969</u>	<u>\$ 1,138,476</u>	<u>\$ 663,590</u>	<u>\$ 13,018</u>	<u>\$ 147,009</u>	<u>\$ 68,191,062</u>

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	<u>1,446,957</u>	<u>(645,277)</u>	<u>702,510</u>	<u>19,925</u>	<u>1,524,115</u>
	<u>\$ 154,877,194</u>	<u>\$ (89,370,660)</u>	<u>\$ 702,510</u>	<u>\$ 19,925</u>	<u>\$ 66,228,969</u>

46. 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: Table 4.
- 10) Financial asset securitization: None.
- 11) Other significant transactions which may affect the decisions of users of financial reports: None.
- 12) Percentage share in investees and related information: Table 5.
- 13) Derivative transactions: The Bank - Notes 8, 37 and 40 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 6 (attached).

d. Business relationships and significant transactions among the parent company and subsidiaries: Table 7 (attached).

47. 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, 2023 and 2022 are as follows:

	For the Year Ended December 31, 2023						Total
	Deposit and Loan Section	Credit Section	Funding Section	Trust and Insurance Section	Others	Eliminate	
Net interest	\$ 20,893,069	\$ 21,846,160	\$ (14,047,933)	\$ -	\$ 3,322,931	\$ -	\$ 32,014,227
Net revenues and gains other than interest	<u>165,758</u>	<u>2,650,956</u>	<u>14,599,185</u>	<u>4,194,071</u>	<u>889,482</u>	<u>296</u>	<u>22,499,748</u>
Net revenues	21,058,827	24,497,116	551,252	4,194,071	4,212,413	296	54,513,975
Bad-debt expenses commitment and provision for losses on commitment and guarantees	-	(7,280,596)	-	-	(221,258)	-	(7,501,854)
Operating expenses	<u>(9,293,683)</u>	<u>(10,851,188)</u>	<u>(945,008)</u>	<u>(3,537,717)</u>	<u>(2,228,275)</u>	<u>-</u>	<u>(26,855,871)</u>
Income before income tax	<u>\$ 11,765,144</u>	<u>\$ 6,365,332</u>	<u>\$ (393,756)</u>	<u>\$ 656,354</u>	<u>\$ 1,762,880</u>	<u>\$ 296</u>	<u>\$ 20,156,250</u>

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>

TABLE 1
TAIWAN COOPERATIVE BANK, LTD. AND SUBSIDIARY
**CONSOLIDATED ENTITIES
DECEMBER 31, 2023 AND 2022**
Subsidiaries included in the consolidated financial statements

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

TABLE 2**TAIWAN COOPERATIVE BANK, LTD.****ASSET QUALITY - NONPERFORMING LOANS AND RECEIVABLES****DECEMBER 31, 2023 AND 2022****(In Thousands of New Taiwan Dollars, %)**

Period		December 31, 2023					December 31, 2022					
		Nonperforming Loans (Note 1)	Loans	Ratio of Nonperforming Loans (Note 2)	Allowance for Credit Losses	Coverage Ratio (Note 3)	Nonperforming Loans (Note 1)	Loans	Ratio of Nonperforming Loans (Note 2)	Allowance for Credit Losses	Coverage Ratio (Note 3)	
Corporate banking	Secured	\$3,146,855	\$838,551,502	0.38	\$9,912,969	315.01	\$2,606,805	\$830,433,515	0.31	\$9,308,018	357.07	
	Unsecured	956,848	995,949,871	0.10	8,621,352	901.02	609,608	829,241,097	0.07	7,932,563	1,301.26	
	Housing mortgage (Note 4)	486,004	683,793,831	0.07	10,290,555	2,117.38	490,929	635,803,884	0.08	9,576,579	1,950.71	
	Cash card	-	-	-	-	-	-	-	-	-	-	
Consumer banking	Small-scale credit loans (Note 5)	12,875	12,113,223	0.11	197,208	1,531.71	8,714	12,347,723	0.07	178,950	2,053.59	
	Other (Note 6)	Secured	492,979	281,565,030	0.18	3,522,493	714.53	1,077,816	292,473,999	0.37	3,510,961	325.75
		Unsecured	29,418	11,628,073	0.25	180,332	613.00	21,984	12,768,941	0.17	189,583	862.37
Loan		5,124,979	2,823,601,530	0.18	32,724,909	638.54	4,815,856	2,613,069,159	0.18	30,696,654	637.41	
		Nonperforming Receivables (Note 1)	Receivables	Ratio of Nonperforming Receivables (Note 2)	Allowance for Credit Losses	Coverage Ratio (Note 3)	Nonperforming Receivables (Note 1)	Receivables	Ratio of Nonperforming Receivables (Note 2)	Allowance for Credit Losses	Coverage Ratio (Note 3)	
	Credit cards	8,829	4,917,753	0.18	61,214	693.33	8,713	4,897,664	0.18	64,945	745.38	
	Accounts receivable factored without recourse (Note 7)	-	114,381	-	8,207	-	-	142,901	-	8,314	-	
	Amounts of executed contracts on negotiated debts not reported as nonperforming loans (Note 8)			155					217			
	Amounts of executed contracts on negotiated debts not reported as nonperforming receivables (Note 8)			1,179					1,755			
	Amounts of executed debt-restructuring projects not reported as nonperforming loans (Note 9)			12,140					9,742			
	Amounts of executed debt-restructuring projects not reported as nonperforming receivables (Note 9)			47,442					47,530			

Note 1: Nonperforming loans are reported to the authorities and disclosed to the public, as required by the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/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).

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, 2023
(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	\$2,110,779 (Note)	-	\$ -	-	\$ -	\$ -

Note: Receivable - consolidated tax return.

TABLE 4
TAIWAN COOPERATIVE BANK, LTD. AND SUBSIDIARY
INFORMATION OF DISPOSAL OF NONPERFORMING LOANS FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)
Taiwan Cooperative Bank, Ltd.

a. Disposal of nonperforming loans summaries

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

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

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

TABLE 5**TAIWAN COOPERATIVE BANK, LTD.****PERCENTAGE SHARE IN INVESTEEES AND RELATED INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023
(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		
Finance-related business											
United Taiwan Bank S.A.	Belgium	Banking	90.02	\$ 2,211,338	\$ (296)	2,639,659	-	2,639,659	90.02	(Note 4)	
Taiwan Asset Management Co., Ltd.	Taipei City	Acquisition of delinquent loans	17.59	3,002,040	122,760	186,000,000	-	186,000,000	17.59		
Financial Information Service Co., Ltd.	Taipei City	Information service	3.15	970,393	45,207	16,438,977	-	16,438,977	3.15		
Taiwan Financial Asset Service Co., Ltd.	Taipei City	Property auction	8.82	174,750	2,175	15,000,000	-	15,000,000	8.82		
Taiwan Depository & Clearing Co., Ltd.	Taipei City	Custody of securities and short-term bills	0.84	552,115	14,176	6,560,297	-	6,560,297	1.00		
Taiwan Futures Exchange Co., Ltd.	Taipei City	Futures clearing	1.75	900,277	22,616	9,890,082	-	9,890,082	1.81		
Financial eSolution Co., Ltd.	Taipei City	Office machine wholesaling	9.92	36,215	-	2,181,617	-	2,181,617	9.92		
Taipei Forex Inc.	Taipei City	Foreign exchange brokering	7.06	62,370	12,320	1,400,000	-	1,400,000	7.06		
Sunny Asset Management Co., Ltd.	Taipei City	Acquisition of delinquent loans	2.33	1,658	189	139,594	-	139,594	2.33		
Taiwan Mobile Payment Company	Taipei City	IT software service	4.00	22,584	-	2,400,000	-	2,400,000	4.00		
Taiwania Capital Buffalo II Bioventures, LP	Taipei City	Venture capital	8.47 (Note 3)	411,335	(64,173)	(Note 3)	-	(Note 3)	8.47 (Note 3)		
Wisdom Capital Limited Partnership	Taipei City	Venture capital	7.34 (Note 3)	50,032	(14,286)	(Note 3)	-	(Note 3)	7.34 (Note 3)		
Non-finance related business											
United Real Estate Management Co., Ltd.	Taipei City	Real estate appraisal	30.00	142,192	11,864	10,115,630	-	10,115,630	30.00		
Taiwan Power Company	Taipei City	Power development and supply	0.16	432,363	-	78,754,764	-	78,754,764	0.16		
Taiwan Sugar Company	Tainan City	Sugar manufacturing and agriculture	0.08	288,361	2,117	4,233,752	-	4,233,752	0.08		
Lien-An Service Co., Ltd.	Taipei City	Leasing	5.00	2,963	125	125,000	-	125,000	5.00		
Taipei Rapid Transit Co., Ltd.	Taipei City	Public transportation	0.0014	115	-	14,286	-	14,286	0.0014		
China Daily News	Tainan City	Newspaper publishing	0.04	55	-	16,768	-	16,768	0.04		
Taipei Financial Center Corp.	Taipei City	Residence and buildings lease construction and development	1.63	571,680	22,435	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	15,000	-	7,500,000	-	7,500,000	15.00		
Taiwan High Speed Rail Corporation	Taipei City	High speed railroad transportation business	0.95	1,636,310	35,711	54,350,000	-	54,350,000	0.97		

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.

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 Taiwania Capital Buffalo II Bioventures and Wisdom Capital Limited Partnership, 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.

TABLE 6
TAIWAN COOPERATIVE BANK, LTD. AND SUBSIDIARY
**INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023**
(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, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Investee Net Income (Loss)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Value as of December 31, 2023	Accumulated Inward Remittance of Investment Earnings as of December 31, 2023
					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)	\$ 211,222	100	\$ 211,222	\$ 7,056,041	\$ -
Tianjin Branch	Deposits, loans, import and export, exchange and foreign exchange business	2,947,314 (US\$97,387) (Note 1)	Direct	2,947,314 (US\$97,387) (Note 1)	-	-	2,947,314 (US\$97,387) (Note 1)	(44,556)	100	(44,556)	2,661,873	-
Fuzhou Branch	Deposits, loans, import and export, exchange and foreign exchange business	2,950,882 (US\$97,549) (Note 1)	Direct	2,950,882 (US\$97,549) (Note 1)	-	-	2,950,882 (US\$97,549) (Note 1)	89,117	100	89,117	3,570,964	-
Changsha Branch	Deposits, loans, import and export, exchange and foreign exchange business	2,630,485 (US\$87,232) (Note 1)	Direct	2,630,485 (US\$87,232) (Note 1)	-	-	2,630,485 (US\$87,232) (Note 1)	100,296	100	100,296	2,493,795	-

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

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 7**TAIWAN COOPERATIVE BANK, LTD. AND SUBSIDIARY****BUSINESS RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS AMONG THE PARENT COMPANY AND SUBSIDIARIES****FOR THE YEAR ENDED DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

No. (Note 1)	Transacting Company	Counterparty	Transaction Flow (Note 2)	Description of Transactions (Notes 3 and 5)			
				Financial Statement Account	Amounts	Trading Terms	Transaction Amount/Total Consolidated Net Revenue or Total Consolidated Assets (%)
0	Taiwan Cooperative Bank, Ltd.	United Taiwan Bank S.A.	a	Due from banks	\$ 443,832	Note 4	0.01
1	United Taiwan Bank S.A.	Taiwan Cooperative Bank, Ltd.	b	Deposits from banks	443,832	Note 4	0.01
0	Taiwan Cooperative Bank, Ltd.	United Taiwan Bank S.A.	a	Call loans to banks	2,534,490	Note 4	0.06
1	United Taiwan Bank S.A.	Taiwan Cooperative Bank, Ltd.	b	Call loans from banks	2,534,490	Note 4	0.06
0	Taiwan Cooperative Bank, Ltd.	United Taiwan Bank S.A.	a	Medium-term unsecured loans	4,966,920	Note 4	0.11
1	United Taiwan Bank S.A.	Taiwan Cooperative Bank, Ltd.	b	Long-term borrowings	4,966,920	Note 4	0.11
0	Taiwan Cooperative Bank, Ltd.	United Taiwan Bank S.A.	a	Interest revenue	180,378	Note 4	0.33
1	United Taiwan Bank S.A.	Taiwan Cooperative Bank, Ltd.	b	Interest expense	180,378	Note 4	0.33

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, 2023 and 2022, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including material accounting policy information (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as of December 31, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the 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, 2023. 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, 2023 were as follows:

Impairment Assessment of Loans

The net discounts and loans of the Bank as of December 31, 2023 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 the 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 the classification of credit assess and recognizing the allowance for possible losses.

For the accounting policies and material 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, 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 by the Bank in accordance with the Regulations. The length of time the loans had been overdue and the value of the collaterals were considered 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 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 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 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 and appropriate audit evidence regarding 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 most significance in the audit of the financial statements for the year ended December 31, 2023 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

February 26, 2024

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, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

	2023		2022	
	Amount	%	Amount	%
ASSETS				
CASH AND CASH EQUIVALENTS (Notes 4, 6 and 37)	\$ 88,992,455	2	\$ 92,985,243	2
DUE FROM THE CENTRAL BANK AND CALL LOANS TO OTHER BANKS (Notes 4, 7, 37 and 38)	365,130,256	8	322,590,619	8
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8 and 37)	75,649,177	2	29,869,964	1
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 4, 9 and 38)	444,193,029	10	418,053,932	10
INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST (Notes 4, 10 and 38)	702,602,417	15	716,821,736	17
SECURITIES PURCHASED UNDER RESELL AGREEMENTS (Notes 4 and 11)	-	-	149,440	-
RECEIVABLES, NET (Notes 4, 12, 37 and 44)	24,582,638	1	19,047,418	-
CURRENT TAX ASSETS (Notes 4, 34 and 37)	2,311,837	-	2,249,097	-
DISCOUNTS AND LOANS, NET (Notes 4, 13, 37 and 38)	2,790,306,038	61	2,581,728,135	61
INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (Notes 4 and 14)	2,353,530	-	2,267,133	-
OTHER FINANCIAL ASSETS, NET (Notes 4, 15, 37 and 38)	8,350,535	-	8,228,111	-
PROPERTIES AND EQUIPMENT, NET (Notes 4 and 16)	31,762,528	1	32,789,031	1
RIGHT-OF-USE ASSETS, NET (Notes 4 and 17)	1,552,571	-	1,541,858	-
INVESTMENT PROPERTIES, NET (Notes 4 and 18)	7,882,587	-	7,462,884	-
INTANGIBLE ASSETS (Notes 4 and 19)	4,334,735	-	4,060,501	-
DEFERRED TAX ASSETS (Notes 4 and 34)	1,921,288	-	1,278,517	-
OTHER ASSETS (Notes 4, 17 and 20)	942,689	-	512,908	-
TOTAL	<u>\$ 4,552,868,310</u>	<u>100</u>	<u>\$ 4,241,636,527</u>	<u>100</u>
LIABILITIES AND EQUITY				
DEPOSITS FROM THE CENTRAL BANK AND OTHER BANKS (Notes 21 and 37)	\$ 292,447,330	7	\$ 280,747,819	7
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8, 25 and 37)	8,671,843	-	2,621,053	-
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS (Notes 4, 8, 9 and 22)	9,512,753	-	9,778,160	-
PAYABLES (Notes 23, 37 and 44)	44,076,172	1	40,959,155	1
CURRENT TAX LIABILITIES (Notes 4, 34 and 37)	3,117,258	-	780,417	-
DEPOSITS AND REMITTANCES (Notes 24 and 37)	3,863,506,229	85	3,598,839,482	85
BANK DEBENTURES (Note 25)	57,240,000	1	60,290,000	1
OTHER FINANCIAL LIABILITIES (Notes 18, 26 and 37)	1,742,066	-	2,159,242	-
PROVISIONS (Notes 4, 27 and 28)	5,404,571	-	5,503,596	-
LEASE LIABILITIES (Notes 4 and 17)	1,512,364	-	1,517,040	-
DEFERRED TAX LIABILITIES (Notes 4, 16 and 34)	3,472,248	-	3,883,379	-
OTHER LIABILITIES	911,245	-	1,025,922	-
Total liabilities	<u>4,291,614,079</u>	<u>94</u>	<u>4,008,105,265</u>	<u>94</u>
EQUITY				
Capital stock				
Common stock	110,075,300	3	110,075,300	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	<u>58,767,245</u>	<u>1</u>	<u>58,767,245</u>	<u>1</u>
Retained earnings				
Legal reserve	62,658,070	1	56,509,603	1
Special reserve	19,861,710	1	1,194,444	-
Unappropriated earnings	16,130,933	-	26,666,180	1
Total retained earnings	<u>98,650,713</u>	<u>2</u>	<u>84,370,227</u>	<u>2</u>
Other equity	(6,239,027)	-	(19,681,510)	-
Total equity	<u>261,254,231</u>	<u>6</u>	<u>233,531,262</u>	<u>6</u>
TOTAL	<u>\$ 4,552,868,310</u>	<u>100</u>	<u>\$ 4,241,636,527</u>	<u>100</u>

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, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2023		2022		Percentage
	Amount	%	Amount	%	Increase (Decrease) %
INTEREST REVENUE (Notes 4, 29 and 37)	\$ 91,225,608	168	\$ 62,066,238	127	47
INTEREST EXPENSE (Notes 4, 29 and 37)	(59,467,758)	(109)	(25,040,910)	(51)	137
NET INTEREST	31,757,850	59	37,025,328	76	(14)
NET REVENUES AND GAINS OTHER THAN INTEREST					
Service fee income, net (Notes 4, 30, 37 and 44)	7,620,885	14	6,477,286	13	18
Gains (losses) on financial assets and liabilities at fair value through profit or loss (Notes 4, 31 and 37)	10,564,350	20	17,938,413	37	(41)
Realized gains on financial assets at fair value through other comprehensive income (Notes 4 and 32)	2,890,044	5	3,637,643	7	(21)
Foreign exchange gains (losses), net (Note 4)	1,149,575	2	(16,475,663)	(34)	107
Reversal of impairment losses (impairment losses) on assets (Notes 4, 9 and 10)	8,375	-	(210,151)	-	104
Share of gains of associates and joint ventures accounted for using the equity method (Notes 4 and 14)	11,568	-	21,570	-	(46)
Other noninterest gains, net (Notes 18, 37 and 44)	242,847	-	411,561	1	(41)
Total net revenues and gains other than interest	22,487,644	41	11,800,659	24	91
TOTAL NET REVENUES	54,245,494	100	48,825,987	100	11
BAD-DEBT EXPENSES AND PROVISION FOR LOSSES ON COMMITMENT AND GUARANTEES (Notes 4 and 13)	(7,299,201)	(14)	(1,143,145)	(2)	539
OPERATING EXPENSES (Notes 4, 16, 17, 18, 19, 28, 33 and 37)					
Employee benefits	(15,806,301)	(29)	(16,100,814)	(33)	(2)
Depreciation and amortization	(2,459,249)	(4)	(2,327,720)	(5)	6
General and administrative	(8,524,772)	(16)	(7,140,816)	(15)	19
Total operating expenses	(26,790,322)	(49)	(25,569,350)	(53)	5
INCOME BEFORE INCOME TAX	20,155,971	37	22,113,492	45	(9)
INCOME TAX EXPENSE (Notes 4 and 34)	(3,853,347)	(7)	(3,024,193)	(6)	27
NET INCOME	16,302,624	30	19,089,299	39	(15)
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified subsequently to profit or loss (Notes 4, 9 and 28)					
Remeasurement of defined benefit plans	(172,238)	-	1,403,483	3	(112)
Unrealized gains on investments in equity instruments at fair value through other comprehensive income	9,391,783	17	(9,395,834)	(20)	200
Change in the fair value attributable to changes in the credit risk of financial liabilities designated as at fair value through profit or loss	(13,018)	-	-	-	-
Items that will not be reclassified subsequently to profit or loss, net of income tax	9,206,527	17	(7,992,351)	(17)	215
Items that may be reclassified subsequently to profit or loss (Notes 4, 9 and 34)					
Exchange differences on the translation of financial statements of foreign operations	(217,349)	-	4,737,985	10	(105)
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using the equity method	81,910	-	89,732	-	(9)
Unrealized gains (losses) on investments in debt instruments at fair value through other comprehensive income	4,255,559	8	(20,470,679)	(42)	121
Income tax attributable to other comprehensive income	(56,302)	-	(613,610)	(1)	(91)
Items that may be reclassified subsequently to profit or loss, net of income tax	4,063,818	8	(16,256,572)	(33)	125
Other comprehensive income (loss), net of income tax	13,270,345	25	(24,248,923)	(50)	155
TOTAL COMPREHENSIVE INCOME (LOSS)	\$ 29,572,969	55	\$ (5,159,624)	(11)	673
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 35)					
Basic	\$1.48		\$1.73		

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

TAIWAN COOPERATIVE BANK, LTD.
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	Capital Stock (Note 36)		Retained Earnings (Notes 4, 9 and 36)				Other Equity			Total Equity
	Shares (In Thousands)	Common Stock	Capital Surplus (Notes 4 and 36)	Legal Reserve	Special Reserve	Unappropriated Earnings	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)	Change in the Fair Value Attributable to Changes in the Credit Risk of Financial Liabilities Designated As at Fair Value Through Profit or Loss (Note 4)	
BALANCE, JANUARY 1, 2022	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	11,007,530	110,075,300	58,767,245	56,509,603	1,194,444	26,666,180	(353,631)	(19,327,879)	-	233,531,262
Appropriation of the 2022 earnings										
Legal reserve	-	-	-	6,148,467	-	(6,148,467)	-	-	-	-
Special reserve	-	-	-	-	18,667,266	(18,667,266)	-	-	-	-
Cash dividends	-	-	-	-	-	(1,850,000)	-	-	-	(1,850,000)
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	104	-	(104)	-	-
Transfer of change in the fair value attributable to changes in the credit risk of financial liabilities designated as at fair value through profit or loss upon derecognition	-	-	-	-	-	(4)	-	-	4	-
Total comprehensive income										
Net income for the year ended December 31, 2023	-	-	-	-	-	16,302,624	-	-	-	16,302,624
Other comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	(172,238)	(108,351)	13,563,952	(13,018)	13,270,345
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	16,130,386	(108,351)	13,563,952	(13,018)	29,572,969
BALANCE, DECEMBER 31, 2023	<u>11,007,530</u>	<u>\$110,075,300</u>	<u>\$ 58,767,245</u>	<u>\$62,658,070</u>	<u>\$ 19,861,710</u>	<u>\$ 16,130,933</u>	<u>\$ (461,982)</u>	<u>\$ (5,764,031)</u>	<u>\$ (13,014)</u>	<u>\$ 261,254,231</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, 2023 AND 2022
(In Thousands of New Taiwan Dollars)**

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 20,155,971	\$ 22,113,492
Adjustments for:		
Depreciation expense	2,117,772	2,031,906
Amortization expense	341,477	295,814
Expected credit losses/bad-debt expense	7,164,019	1,318,210
Gains on financial assets and liabilities at fair value through profit or loss	(10,564,350)	(17,938,413)
Interest expense	59,467,758	25,040,910
Interest revenue	(91,225,608)	(62,066,238)
Dividend income	(2,909,328)	(3,604,606)
Reversal of provision for losses on guarantees	57,700	(103,064)
Net changes in reserves for other liabilities	77,482	(72,001)
Share of gains of associates and joint ventures accounted for using equity method	(11,568)	(21,570)
Losses on disposal of properties and equipment	-	1,721
Losses (gains) on disposal of investments	19,284	(33,037)
Impairment losses on financial assets	11,447	210,151
Reversal of impairment losses on financial assets	(19,822)	-
Others	(99)	425
Net changes in operating assets and liabilities		
(Increase) decrease in due from the Central Bank and call loans to other banks	(31,406,492)	16,466,130
(Increase) decrease in financial assets at fair value through profit or loss	(27,742,581)	32,925,936
Increase in financial assets at fair value through other comprehensive income	(14,202,574)	(12,165,258)
Decrease (increase) in investments in debt instruments at amortized cost	13,155,083	(5,017,185)
(Increase) decrease in receivables	(800,610)	767,821
Increase in discount and loans	(214,809,359)	(150,816,543)
Increase in other financial assets	(353,554)	(112,266)
(Increase) decrease in other assets	(49,341)	403
Increase in deposits from the Central Bank and other banks	11,699,511	48,600,008
Decrease in financial liabilities at fair value through profit or loss	(5,085,766)	(9,940,318)
(Decrease) increase in securities sold under repurchase agreements	(265,407)	2,682,314
Decrease in payables	(371,615)	(2,768,293)
Increase in deposits and remittances	264,666,747	118,695,772
Decrease in other financial liabilities	(21,421)	(28,855)
Decrease in provision for employee benefits	(406,260)	(632,585)
(Decrease) increase in other liabilities	(109,993)	15,093
Cash (used in) generated from operations	(21,421,497)	5,845,874
Interest received	88,074,597	61,158,850
Dividends received	2,979,777	3,673,575
Interest paid	(56,065,136)	(22,611,512)
Income tax paid	(2,691,173)	(2,953,279)
Net cash generated from operating activities	<u>10,876,568</u>	<u>45,113,508</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of properties and equipment	(1,011,590)	(1,170,125)
Proceeds from disposal of properties and equipment	-	66
Increase in settlement funds	(10,000)	-
Decrease in settlement funds	-	20,000
Increase in refundable deposits	(371,577)	-
Decrease in refundable deposits	-	195,616
Acquisition of intangible assets	(466,736)	(494,384)
Acquisition of investment properties	(1,251)	(1,445)
Net cash used in investing activities	<u>(1,861,154)</u>	<u>(1,450,272)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in due to the Central Bank and other banks	-	(88,889,360)
Proceeds from the issuance of bank debentures	2,500,000	18,190,000
Repayments of bank debentures	(5,550,000)	(20,000,000)
Increase in financial liabilities designated as at fair value through profit or loss	2,925,778	-
Decrease in financial liabilities designated as at fair value through profit or loss	(12,858)	-
Decrease in guarantee deposits received	(395,755)	(319,223)
Repayments of the principal portion of lease liabilities	(652,234)	(642,925)
Cash dividends paid	(1,850,000)	(11,324,000)
Net cash used in financing activities	<u>(3,035,069)</u>	<u>(102,985,508)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>1,378,832</u>	<u>(7,165,821)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	7,359,177	(66,488,093)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	<u>138,810,462</u>	<u>205,298,555</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u>\$ 146,169,639</u>	<u>\$ 138,810,462</u>

(Continued)

TAIWAN COOPERATIVE BANK, LTD.

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

Cash and cash equivalent reconciliations:

	December 31	
	2023	2022
Cash and cash equivalents in the balance sheets	\$ 88,992,455	\$ 92,985,243
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"	56,501,674	45,368,529
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"	675,510	307,250
Cash and cash equivalents, end of the year	<u>\$ 14,169,639</u>	<u>\$ 138,810,462</u>

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

(Concluded)

6. Risk Management

6.1 Credit Risk Management System

Items	Contents
1. Credit risk strategies, goals, policies, and procedures	<ol style="list-style-type: none"> (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. (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. (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. (4) Credit risk procedure is to comply with regulations and polices, 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.
2. Organization and framework of credit risk management	<ol style="list-style-type: none"> (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. (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. (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, The Department carries out provision for capital requirements and handles the disclosure of risk information. (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. (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. (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. (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

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.
3.Scope and characteristics of the credit risk reporting and measuring system	(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.
4.Hedging policy, and strategies and procedures for monitoring the continuing effectiveness of risk-hedging tools	(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.
5.Method adopted for legal capital charge	Standardized approach

6.2 Operational Risk Management System

Items	Contents
1.Strategies and procedures of operational risk management	(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
2. Organization and framework of operational risk management	<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>
3. Scope and characteristics of operational risk reporting and measurement system	<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>
4. Risk hedging and mitigation policies, and monitoring of strategies and procedures for the continuing effectiveness of hedging and mitigation tools	<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>
5. Method adopted for legal capital charge	<p>Standardized approach</p>

6.3 Market Risk Management System

Items	Contents
1.Strategies and procedures of market risk management	<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>
2.Organization and framework of market risk management	<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
3.Scope and characteristics of market risk reporting and measurement system	<p>(1) Market risk reporting</p> <ol style="list-style-type: none"> a. 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. b. 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. c. 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. <p>(2) Market risk measurement system</p> <ol style="list-style-type: none"> a. Financial products using VaR for valuation in the Bank include bonds, bills, stock, mutual funds and foreign exchange. b. 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. c. 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.
4.Risk hedging and mitigation policies, and monitoring of strategies and procedures for the continuing effectiveness of hedging and mitigation tools	<ol style="list-style-type: none"> (1) To avoid market, credit, or other financial risks to assets and liabilities, various derivative products may be used to engage in hedging operations. (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. (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. (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.
5.Method adopted for legal capital charge	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
Taipei City			
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., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	(02)87925745	TACBTWTPXXX
Nanmen Branch	No.97, Sec. 1, Roosevelt Rd., Jhongheng Dist., Taipei City 100, Taiwan (R.O.C.)	(02)23966363	TACBTWTPXXX
Dajhih Branch	No.409, Bei-an Rd., Jhongshan 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
New Taipei City			
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, Jhongheng 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, Jhongsiao E. Rd., Sijhih Dist., New Taipei City 221, Taiwan (R.O.C.)	(02)26413211	TACBTWTPXXX
Sinjhuang Branch	No.379, Jhongping Rd., Sinjhuang Dist., New Taipei City 242, Taiwan (R.O.C.)	(02)29929981	TACBTWTP049
Jhonghe Branch	No.9, Taihe St., Jhonghe 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
Nanshihjiao Branch	No.20, Sec. 1, Singnan Rd., Jhonghe 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., Jhonghe Dist., New Taipei City 235, Taiwan (R.O.C.)	(02)82271627	TACBTWTP144
Tucheng Branch	No.96, Sec. 2, Jhongyang 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, Jhongsing Rd., Wugu Dist., New Taipei City 248, Taiwan (R.O.C.)	(02)89769698	TACBTWTPXXX
Shulin Branch	No.152, Sec. 1, Jhongshan Rd., Shulin Dist., New Taipei City 238, Taiwan (R.O.C.)	(02)86872211	TACBTWTPXXX
Taishan Branch	No.148, Sec. 3, Mingjih 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, Jhongshan 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
Keelung City			
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
Taoyuan City			
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
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
Jhongyuan Branch	No.392, Sec. 2, Jhongbei Rd., Jhongli Dist., Taoyuan City 320, Taiwan (R.O.C.)	(03)4688998	TACBTWTP015

Branch Name	Address	Telephone	SWIFT Code
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
Qingpu Branch	No. 139, Sec. 2, Qingpu Rd., Zhongli Dist., Taoyuan City 320, Taiwan (R.O.C.)	(03)2878811	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
Hsinchu City			
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
Hsinchu County			
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 th 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
Miaoli County			
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

Branch Name	Address	Telephone	SWIFT Code
Taichung City			
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	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, Jhongjiheng 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., Shenggang 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
Fongjhong Branch	No.351, Jhongjiheng 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
Nantou County			
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, Jhongjiheng 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, Jhongjiheng Rd., Puli Township, Nantou County 545, Taiwan (R.O.C.)	(049)2989160	TACBTWTP584
Changhua County			
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, Jhongjiheng 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
Yunlin County			
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
Chiayi City			
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
Chiayi County			
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
Tainan City			
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
Kaohsiung City			
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, Gongheng 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, Jhongheng 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
Pingtung County			
Pingtung Branch	No.42, Jhongheng 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
Yilan County			
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
Hualien County			
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
Taitung County			
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
Penghu County			
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 Meeüs 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, Shishan Road 28th, 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: tcbnavi@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



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



Yangon Representative Office



Taiwan Cooperative Bank

Chairman *Zhenmao Lin*



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