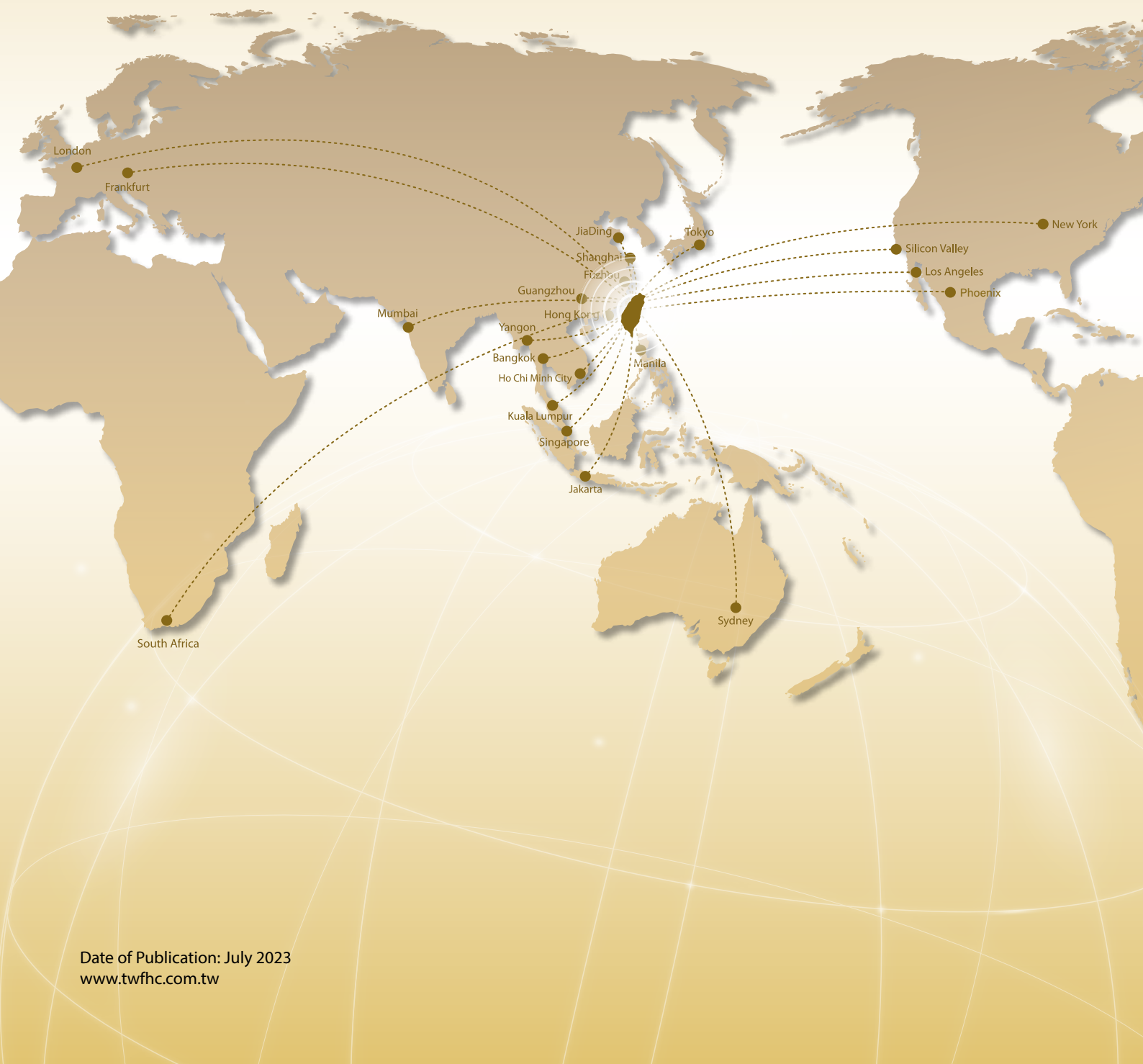




臺灣金控  
TAIWAN FINANCIAL HOLDINGS

Stock Code: 5868

# 2022 Taiwan Financial Holdings ANNUAL REPORT



## ■ Spokesperson:

Name: Shing-Shiang Ou  
Title: Senior Executive Vice President  
Tel: +886-2-2349-3076  
E-mail: 000113@twfhc.com.tw

## ■ Acting Spokesperson:

Name: Tzu-Yu Chen  
Title: Senior Executive Vice President  
Tel: +886-2-2349-3503  
E-mail: 000179@twfhc.com.tw

## ■ Taiwan Financial Holdings and Subsidiaries

### Taiwan Financial Holding Co., Ltd.

No.120, Sec. 1, Chongqing S. Rd., Zhongzheng Dist.,  
Taipei City, Taiwan (R.O.C.)  
Tel: +886-2-2349-3456  
Website: www.twfhc.com.tw/eng

### Bank of Taiwan Co., Ltd.

No.120, Sec. 1, Chongqing S. Rd., Zhongzheng Dist.,  
Taipei City, Taiwan (R.O.C.)  
Tel: +886-2-2349-3456  
Website: www.bot.com.tw/english

### BankTaiwan Life Insurance Co., Ltd.

6F., No.69, Sec. 2, Dunhua S. Rd., Da-An Dist.,  
Taipei City, Taiwan (R.O.C.)  
Tel: +886-2-2784-9151  
Website: www.twfhclife.com.tw

### BankTaiwan Securities Co., Ltd.

4-9F., No.58, Sec. 1, Chongqing S. Rd., Zhongzheng Dist.,  
Taipei City, Taiwan (R.O.C.)  
Tel: +886-2-2388-2188  
Website: www.twfhcsec.com.tw

### BankTaiwan Insurance Brokers Co., Ltd.

4F., No.49, Sec. 1, Wuchang St., Zhongzheng Dist.,  
Taipei City, Taiwan (R.O.C.)  
Tel: +886-2-2349-3889  
Website: www.botib.com.tw

## ■ Credit Rating Agencies

### Taiwan Ratings

49F., No.7, Sec. 5, Sinyi Rd., Sinyi Dist.,  
Taipei, Taiwan (R.O.C.)  
Tel: +886-2-8722-5800  
Website: www.taiwanratings.com

### Standard & Poor's

55 Water Street, New York, N.Y. 10041 U.S.A.  
Tel: 212-438-2000  
Website: www.standardandpoors.com

### Moody's Investors Service

7 World Trade Center, 250 Greenwich Street,  
New York, NY 10007, U.S.A.  
Tel: 212-553-1653

## ■ The CPA-Auditor of the Financial Report

Name: Fu-Jen Chen and Ling Wu  
CPA Firm: KPMG  
68F., No.7, Sec. 5, Sinyi Rd., Sinyi Dist.,  
Taipei City, Taiwan (R.O.C.)  
Tel: +886-2-8101-6666  
Website: www.kpmg.com.tw

## ■ Overseas Listing: None

## Taiwan Financial Holdings Annual Report

Published by: Taiwan Financial Holding Co., Ltd.  
Address: No.120, Sec. 1, Chongqing S. Rd., Zhongzheng Dist.,  
Taipei City, Taiwan (R.O.C.)  
Tel: +886-2-2349-3456  
Website: www.twfhc.com.tw/eng  
Date of Publication: July 2023  
Date of First Issue: July 2009  
Issuing Frequency: Annually  
Cost of Production: NTD 3,187  
\*Soft Copy of TFH's Annual Report is Available  
at TFH's Official Website: www.twfhc.com.tw/eng  
GPN: 2009802894  
ISSN: 2078-726X (Hard Copy)  
ISSN: 2078-7286 (Soft Copy)

# 2022 Taiwan Financial Holdings ANNUAL REPORT



# CONTENTS

## **04 • Letter to Shareholders**

## **14 • Company Profile**

- 14 I. Date of Incorporation
- 14 II. Brief History

## **16 • Corporate Governance**

- 16 I. Organization
- 19 II. Directors, Supervisors and General Managers
- 35 III. Implementation of Corporate Governance
- 51 IV. CPA Information
- 53 V. The Company's Chairman, general manager, or any managerial officer in charge of finance or accounting matters has held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm in 2022
- 53 VI. Any transfer of equity interests and/or pledge of or change in equity interests by a Director, managerial officer, or shareholder with a stake of more than 10 percent during 2022
- 53 VII. Among the Company's 10 largest shareholders any one is a related party or a relative within the second degree of kinship of another
- 53 VIII. The total number of shares and total equity stake held in any single enterprise by the Company, its Directors and supervisors, managers, and any other companies controlled either directly or indirectly by the Company

## **54 • Capital Raised by TFH**

- 54 I. Capital and Shares
- 55 II. Issuance of Corporate Bonds
- 55 III. Issuance of Preferred Shares
- 55 IV. Issuance of Global Depositary Receipts
- 55 V. Issuance of Employee Stock Warrants
- 55 VI. Mergers and Acquisitions
- 55 VII. Comments on implementation of capital allocation plan

## **56 • An Overview of Operations**

- 56 I. Business Activities
- 66 II. Cross-Selling
- 66 III. Production and Marketing Situation
- 70 IV. Employee Profile

70	V. Corporate Responsibility and Ethical Behavior
71	VI. Number of non-supervisory full-time employees, average and median salaries of non-supervisory full-time employees, and how these 3 numbers differ from those in the preceding year
71	VII. Information Equipment
72	VIII. Cyber Security Management
74	IX. Labor Relations
<b>76</b>	<b>Financial Information</b>
76	I. Five-Year Financial Summary
78	II. Five-Year Financial Analysis
81	III. Statement by the Audit Committee
81	IV. Consolidated Financial Statements of 2022
81	V. Any Financial Difficulties of the Company or the Affiliates in 2022
<b>82</b>	<b>Financial Status, Financial Performance, and Risk Management</b>
82	I. Financial Status
82	II. Financial Performance
83	III. Cash Flows
83	IV. Impact of Material Capital Expenditures on Financial and Operating Condition in 2022
83	V. Policy on Strategic Investments, and the State of Its Implementation
84	VI. Risk Management
91	VII. Crisis Management Mechanism
91	VIII. Other Important Matters
<b>92</b>	<b>Miscellaneous</b>
92	I. Information on Affiliated Enterprises
94	II. Private placement of securities in 2022
94	III. Holding or disposal of shares in the company by the company's subsidiaries in 2022
94	IV. Other matters that require additional description
94	V. Any of the situations listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities in 2022
94	VI. Directory of Head Office and Branches

## Letter to Shareholders



Chairman / **Jong-Chin Shen**

In 2022, due to the impact of the Russia-Ukraine war, rising inflation, interest rate hikes by the world's key central banks, and the lingering COVID-19 pandemic on global economic growth, the International Monetary Fund (IMF) announced a global economic growth rate of 3.4% in 2022, down from 6.2% in 2021. As regards domestic economic performance, COVID caused problems in the first half of 2022 and exports weakened in the latter half of the year due to falling worldwide end-user demand, but our government took appropriate and timely response measures, to which the private sector lent its full support. As a result, Taiwan's economy still managed to grow by 2.45% in 2022.

Despite facing multiple changes in the financial and economic landscape both at home and overseas, the Taiwan Financial Holding Company (TFH) has nevertheless closely tracked market movements, continued supporting the government's economic relief and stimulus policies, taken advantage of business opportunities in strategic industries, and strengthened its profitability. The management team headed up a very strong effort by everyone on staff, and as a result the group's consolidated earnings before tax in 2022 totaled NT\$19.59 billion, which was the group's best performance ever. And after factoring out the burden of supporting government policy, the group's consolidated earnings before tax hit NT\$29.31 billion.

As for coordination with government policy, the TFH Group is entrusted with a mission to implement government policy. In response to the government's effort to enlist widespread participation in the fight against the pandemic, the Bank of Taiwan (BOT) actively promoted various plans of government's relief and stimulus programs, in order to meet the financing needs of enterprises and individuals. As of end-April 2023, BOT had approved about 161,000 relief and stimulus loan applications, and the approved loan amount was roughly NT\$1.27 trillion. BOT acted as lead arranger for a total of NT\$411.9 billion worth of syndicated loans to finance social housing projects undertaken by the government's National Housing and Urban Regeneration Center, with the projects in question scheduled to provide for the construction of 69,000 housing units. This was the largest syndicated loan in the history of the Taiwan banking industry. BOT received six awards from the Ministry of Economic Affairs in 2022, including a Relief and Stimulus Award, and won the Central Bank's "Award for Outstanding Performance by a Financial Institution in Providing SME Project Loans."

With respect to sustainable development, BOT actively aligned with the international trend toward sustainable development and, acting in the spirit of the UN Sustainable Development Goals (SDGs), incorporated ESG sustainability concepts into the group's core businesses and operations, and drove a move throughout all of industry and society toward a green transformation and sustainable development. In addition, BOT signed on to the Equator Principles in May 2022, and has also signed the Task Force on Climate-related Financial Disclosures (TCFD) Recommendations issued by the Financial Stability Board (FSB), and has actively leveraged its role in the financial markets, using its influence as provider of credit and financing to raise the awareness of customers regarding sustainability issues, cultivating the resilience needed to respond to climate risks, and building up a co-prosperity ecosystem.

In the area of digital transformation and innovation, acting in line with the four core concepts of "Resilience, Reorientation, Renewal, and Repositioning," BOT has implemented thorough reform of its institutional culture, accelerated the development of a bank-wide digital mindset, done more to develop employees' digital capabilities and step up business exchanges, received an "Award for Best Human Resources Development" at the 11th "Taiwan Banking and Finance Best Practice Awards," and has been working to promote financial technology development and innovation. As of end-April 2023, BOT had obtained a total of 583 fintech patents (including 67 invention patents, 508 utility model patents, and 8 design patents) from the Taiwan Intellectual Property Office (TIPO). The 2022 patent rankings released by TIPO show that the TFH Group was among the top financial institutions for both applications and approvals. In response to the government's policy goal of achieving net zero carbon emissions by 2050, BOT and the Financial Supervisory Commission jointly planned to launch a "carbon rights passbook" to reward consumers who opt to engage in green consumption, and be nominated as the top 20 in the "2022 Presidential Hackathon."

In the area of corporate social responsibility, TFH acted on the concepts of showing concern for society and public welfare of diverse culture in the course of business activities, and continued to promote small-amount whole life insurance, microinsurance, reverse mortgages, and property trusts for senior citizens and persons with mental and physical disabilities. Also, TFH continued to hold the Bank of Taiwan Awards for Economic and Financial Research and the Arts Festival (including a Youth Painting Division, a Photography Division, and a Calligraphy Division), and integrated group resources to hold a blood drive, a tree-planting event, a beach cleanup, and awareness raising events to increase public consciousness regarding the need for environmental preservation. By taking concrete action, TFH exercised its influence and served as a force for good in society. The TFH group has received widespread praise for the results it has achieved through its social engagement. In 2022, BOT won a "Social Inclusion Leadership" of Taiwan Corporate Sustainability Awards (TCSA); BankTaiwan Life Insurance (BTLI) has been working vigorously to achieve financial inclusion, continues to promote Simple Love Accident Microinsurance, and was singled out by the Financial Supervisory Commission as an "Outstanding Provider of Microinsurance" for the 9th consecutive year while also being named for the 3rd year as a "Superior Provider of Microinsurance for Persons with Physical and Mental Disabilities."

This Annual Report provides information on the TFH Group's 2022 operating results, the 2023 business plan, development strategies, the effect of external competition, legislative environment, and overall business environment, and credit ratings.



President / **Justin Jan-Lin Wei**

## I. Operating Results for 2022

### 1. Organizational Change

As of the end of 2022, Taiwan Financial Holding Co., Ltd. (TFH) had three subsidiaries, namely, Bank of Taiwan Co., Ltd. (BOT), BankTaiwan Life Insurance Co., Ltd. (BTLI), and BankTaiwan Securities Co., Ltd. (BTS).

### 2. Results of Implementation of Business Plan and Operating Strategy

The TFH group's consolidated earnings before tax in 2022 totaled an all-time high of NT\$19.59 billion, or 208.73% of the target, and consolidated earnings per share (EPS) before tax hit NT\$1.9. After factoring out the burden shouldered by the group in supporting government policy, the consolidated earnings before tax in 2022 would be NT\$29.31 billion, and EPS before tax would be NT\$2.84. The group actually achieved return on assets (ROA) of 0.46%, and return on equity (ROE) of 7.50%. The group's overall business performance grew steadily and was better than expected.

The group's core subsidiary, BOT, achieved earnings before tax of NT\$19.19 billion, or 184.83% of the target. After factoring out the burden shouldered by the Bank in supporting government policy, the earnings before tax in 2022 would be NT\$28.9 billion, indicating that Bank achieved excellent business performance. BOT continued to improve its asset quality and strengthen its risk-bearing capacity, the result was an NPL ratio of 0.09% and a coverage ratio of 1,458.78%, both of which were the best figures the Bank has ever posted. BOT in recent years has maintained a balanced emphasis on development of corporate lending, consumer lending, and public sector lending, and has also continued to handle government policy-driven financing. New lending within the fiscal year to the Six Core Strategic Industries amounted to NT\$400 billion, tops among all domestic banks, and was the number one lead arranger and bookrunner for syndicated loans in Taiwan for the 4th consecutive year in 2022. In the core businesses of deposits, lending, foreign exchange, gold, and trusts, BOT held a leading position in the industry.

BTLI achieved earnings before tax of NT\$0.74 billion in 2022, exceeded its budget target. After factoring out the NT\$4.24 billion in negative margins generated by policies pre-dating the company's establishment, real operating profits were sharply up. To cooperate with insurance supervisory policies, and in preparation for adoption of International Financial Reporting Standard 17 (IFRS 17) and the Insurance Capital Standard (ICS), BTLI in recent years has pursued vigorous reform measures and continued to transform and strengthen asset-liability matching, and has attached great importance to the contributions of contractual service margins. In 2022, BTLI continued to actively promote key products such as US dollar insurance policies, mortgage life insurance, and investment-linked policies; joined the

simplified medical claims settlement system; and launched online insurance sales in order to make it easier for customers to purchase insurance.

BTS achieved earnings before tax of NT\$170 million in 2022. Due to poor financial conditions, sharp stock market volatility, and a steep drop in trading volume, brokerage fee revenues and security investment gains declined while business performance fell short of expectations, but the company still earned positive profits. To strengthen digital financial services, achieve financial inclusion, and promote sustainability, BTS in 2022 continued to optimize its electronic order submission platform, installed an Online Account Opening System 2.0, promoted a service for cost-average investment in stocks as well as odd-lot trading, allowed for a greater scope of stocks to be purchased through cost-average investing, actively sought to underwrite the raising of ESG-related capital, promoted the implementation of stewardship by institutional investors, and improved the quality of disclosures.

### 3. Budget Implementation, Revenues, Expenditures and Profits

Unit: NT\$ 1,000

Name	Pre-Tax Earnings	Budget	Achievement rate (%)	Pre-Tax EPS (NT\$ dollar)	ROA/RORWA (%)	ROE (%)
TFH	19,593,933	9,387,133	208.73	1.90	0.31	5.01
Factoring out the Burden of Supporting Government Policy	29,307,063	-	-	2.84	0.46	7.50
BOT	19,189,573	10,382,424	184.83	1.76	ROA : 0.33 RORWA : 0.84	4.81
Factoring out the Burden of Supporting Government Policy	28,902,703	-	-	2.65	ROA : 0.49 RORWA : 1.27	7.25
BTLI	735,608	-676,693	-	0.17	0.15	3.47
BTS	173,406	352,139	49.24	0.58	1.07	3.72

Note: The cost of various measures taken by BOT in support of government policy (e.g. preferential interest rates paid out on the retirement savings deposits of public employees and veterans; the cost of administering the Labor Pension Fund, the Government Employees Insurance scheme, and the Military Personnel Saving Administration's deposit business) came to NT\$9.713 billion.

### 4. Research and Development

#### (1)TFH

TFH has developed a set of group-wide business and development strategies, and made improvements to the group's management of financial and accounting matters, internal control, risk management, information systems and monitoring of systems and information security in a way that will enhance synergies within the group. TFH also sharpens the professional skills of employees by dispatching them to receive education and training.

**(2)BOT**

In addition to pursuing fintech innovation, prosecuting patent applications, and developing seed personnel for a digital transformation, BOT also continued to collect information on economic and financial conditions as well as trends in major industries, and prepared reports on economic and financial matters as well as major industries.

**(3)BTLI**

BTLI researched life insurance markets trends and changes in domestic and overseas financial markets; in response to the adoption of IFRS17 and ICS as well as ESG and other international development trends and domestic supervisory policy adjustments, BTLI continued to improve life insurance business practices and sustainability.

**(4)BTS**

BTS continues to optimize its business systems, upgrade its information systems hardware and trading systems, strengthen its online order placement software, and improve its cyber security management. These functions provide customers a faster and safer trading environment.

## II. Business Plans for 2023

### 1.Business Strategies and Major Operating Policies

- (1) Improve resource integration strategy to create a wide variety of business synergies.
- (2) Expand the group's global financial network to boost its international business capabilities.
- (3) Assume policy-driven missions entrusted to the TFH group to help industries to transform and upgrade.
- (4) Promote digital transformation and innovation and improve cyber security management.
- (5) Cultivate personnel with multi-disciplinary expertise to improve and build up the group's competitive strength.
- (6) Conduct asset-liability management to align with international capital standards.
- (7) Consolidate a model for three lines of defense in internal control, ensure sound groupwide business operations.
- (8) Develop a sustainability roadmap, fulfill our corporate social responsibilities in diverse ways.

## 2. Business Targets

Unit: NT\$1,000 (Forex: USD\$1,000)

Company Name	Major Operation Category	Operation Budget Targets
BOT	Deposits	4,192,000,000
	Loans	2,899,500,000
	Foreign Exchange	319,810,000
BTLI	First-year premium business volume	4,000,000
	Continued premium business volume	11,602,262
	Investment-linked insurance business volume	5,500,000
	Total business volume	21,102,262
BTS	Brokerage Income	1,390,067,280
	Underwriting Income	1,100,000
	Dealing Income	3,000,000

## III. Development Strategies

### 1. Integrate group resources to reap synergies

TFH intends to improve its group resources integration strategy, increase a wide range of cooperation among group subsidiaries, and tap into the benefits of integrated marketing using the group's resources; continue promoting a Platform for Integrated Marketing among Group Subsidiaries, use a target management system in combination with a performance evaluation incentive mechanism to spur sound growth of cross selling; make integrated use of back-office resources to reap the benefits of economies of scale and cost reductions, and improve business synergies.

### 2. Support policy and fulfill inclusive finance

In response to important government policies, TFH will support innovation in the Six Core Strategic Industries and transformative upgrading of physical industries, attach importance to the principle of fair treatment of consumers, safeguard customer interests, actively put financial inclusion into practice, incorporate the concepts of public interest and living in peace and contentment, launch financial products and services that meet the needs of society, and build a "people-centered" financial system to promote societal well-being.

### 3. Accelerate digital transformation via technology

Seize upon trends in digital finance needs, embrace opportunities generated by changes in innovative technologies, cultivate cross-disciplinary digital financial talent; integrate digital operations and arrange interdepartmental cooperation, and accelerate the group's progress toward digital transformation; and stock up on FinTech patents, accumulate digital financial services capacity, take a user-centric approach in optimizing the customer experience, and jointly build a FinTech ecosystem.

### 4. Ensure sound risk control and improve risk resilience

Set up a sound groupwide integrated risk management mechanism, and strengthen the group's resilience to climate risks; worked to implement risk-based internal audit systems, create an improved model for the three lines of defense in internal control work (governance, management, and internal audits) whereby the three roles are coordinated with each other; consolidate operation of the legal compliance system, and improve the compliance mindset of members; complete the cyber security management system, and strengthen business continuity capability.

### 5. Develop sustainable finance and promote a low-carbon transformation

Establish a more deep-rooted corporate culture of sustainable governance, develop ESG and sustainability roadmaps, steadily build up a framework and administrative mechanism to address ESG issues; abide by the nation's net-zero emissions goals and the Green Finance Action Plan 3.0, inventory our GHG emissions, drive a low-carbon transition, promote green finance, spur sustainable investing, and bring about social and environmental sustainability.

## IV. The Effect of External Competition, the Legislative Environment, and the Overall Business Environment

Global inflation and interest rate hikes, US-China technology friction, the ongoing Russia-Ukraine war, the European energy crisis, and constant geopolitical tension inject uncertainty into the international economy in many ways. Taiwanese industry has long been building up economic strength, and performed extremely well during the pandemic. As a result, it came to play an important role in international supply chains. To respond to changing global economic conditions, the Taiwan government has adopted the following targets: comprehensively strengthen Taiwan's overall economy, societal resilience, and emergency response capabilities; and continue to promote investment in the Three Major Programs for Investing in Taiwan, the Six Core Strategic Industries, the 5+2 Industrial Innovation Plan 2.0, and the Forward-looking Infrastructure Development Program. The objectives are to maintain economic growth momentum and generate growth momentum that will fuel economic transformation and industrial development. The TFH Group will continue to closely observe domestic and foreign economic conditions and the changing state

of domestic industrial supply chains to actively seize upon business development opportunities, properly manage risks, improve business performance and generate profitability.

## V. Credit Ratings

Acting on its commitment to stable business management, the TFH Group has long cultivated Taiwan's domestic financial market, and international credit rating agencies give the group high marks for its financial strength and operating performance. All of the TFH group's subsidiaries received the highest credit ratings granted to any firm in their respective industries.

Company Name	Rating Company	Assigned Rating		Outlook	Rating Date
		Long-term	Short-term		
BOT	Taiwan Ratings	twAAA	twA-1+	Stable	2022.11
	Standard & Poor's	AA	A-1+	Stable	2022.11
	Moody's	Aa3	P-1	Stable	2022.9
BTLI	Taiwan Ratings	twAAA	-	Stable	2022.9
	Standard & Poor's	AA	-	Stable	2022.9
BTS	Taiwan Ratings	twAAA	twA-1+	Stable	2022.6

Looking forward to 2023, as COVID gradually subsides domestically, COVID control measures are slowly being relaxed, domestic demand-driven consumption and other aspects of our domestic industry can be expected to rebound, which means a stable path forward for Taiwan's economy. TFH, acting on a commitment to stable business management and relying on group-wide cooperation, will spur business growth and seize upon the fruits of profitability while simultaneously tapping into its financial expertise to assume policy-driven missions entrusted to the TFH group, help the government pursue key policy objectives, provide financial assistance to industry, and serve as a solid supporter for physical industries. In addition, the group also intends to combine the sustainability concepts with its core competencies while making good use of the power of green finance to help promote the upgrading and transformation of industry, spur the sustainable development of society and the environment, together move toward the goal of transition to a net-zero future, and lay the foundation for the nation's sustainable development.

Chairman

*Jong-Chin Shen*

President

*Justin T. L. Wei*

# Company Profile

## I. Date of Incorporation: 1st January 2008

## II. Brief History

### 1.M&A and Related Subsidiaries

On 1st January 2008, Taiwan Financial Holding Co., Ltd. (TFH) was established (in accordance with the provisions of the Financial Holding Company Act, the Company Act, and other applicable laws and regulations) as Taiwan's first government-owned financial holding company by the Bank of Taiwan Co., Ltd. (BOT) through a NT\$90 billion share swap, after which BOT became a wholly owned subsidiary of TFH. On the following day (2nd January), the BOT spun off its life insurance and securities businesses to create group subsidiaries BankTaiwan Life Insurance Co., Ltd. (BTLI) and BankTaiwan Securities Co., Ltd. (BTS), thus bringing into existence Taiwan's first wholly government-owned financial holding company, with three wholly-owned subsidiaries. In order to expand the scope of business operations, BOT established BankTaiwan Insurance Brokers Co., Ltd. (BTIB) as a subsidiary in 2013, thus extending the group's operations to cover the banking, life insurance, securities, and insurance brokerage businesses.

In 2019, TFH and BOT, acting in accordance with the Article 12-1 of the "Act of Taiwan Financial Holding Co., Ltd.", carried out a real estate-backed capital increase via private placement of common shares, using real estate as its capital contribution. The date of record for this capital increase was 6 September 2019, at which time ownership of the real estate contributed as equity was transferred from the Ministry of Finance to TFH, thus increasing the company's paid-in capital to NT\$103.125 billion. The land thus obtained was then contributed as equity to back a capital increase for BOT. The Bank registered transfer of ownership of the land on 25 September 2019, which was the date of record for the capital increase, boosting BOT's paid-in capital to NT\$109 billion.

**2.Major quantities of shares belonging to directors and shareholders who hold greater than a 10% stake in the company that are transferred:** None.

**3.Any material change in managerial control, operating methods or type of business:** None.

**4.Any other matters of material significance that could affect shareholders' equity:** None.

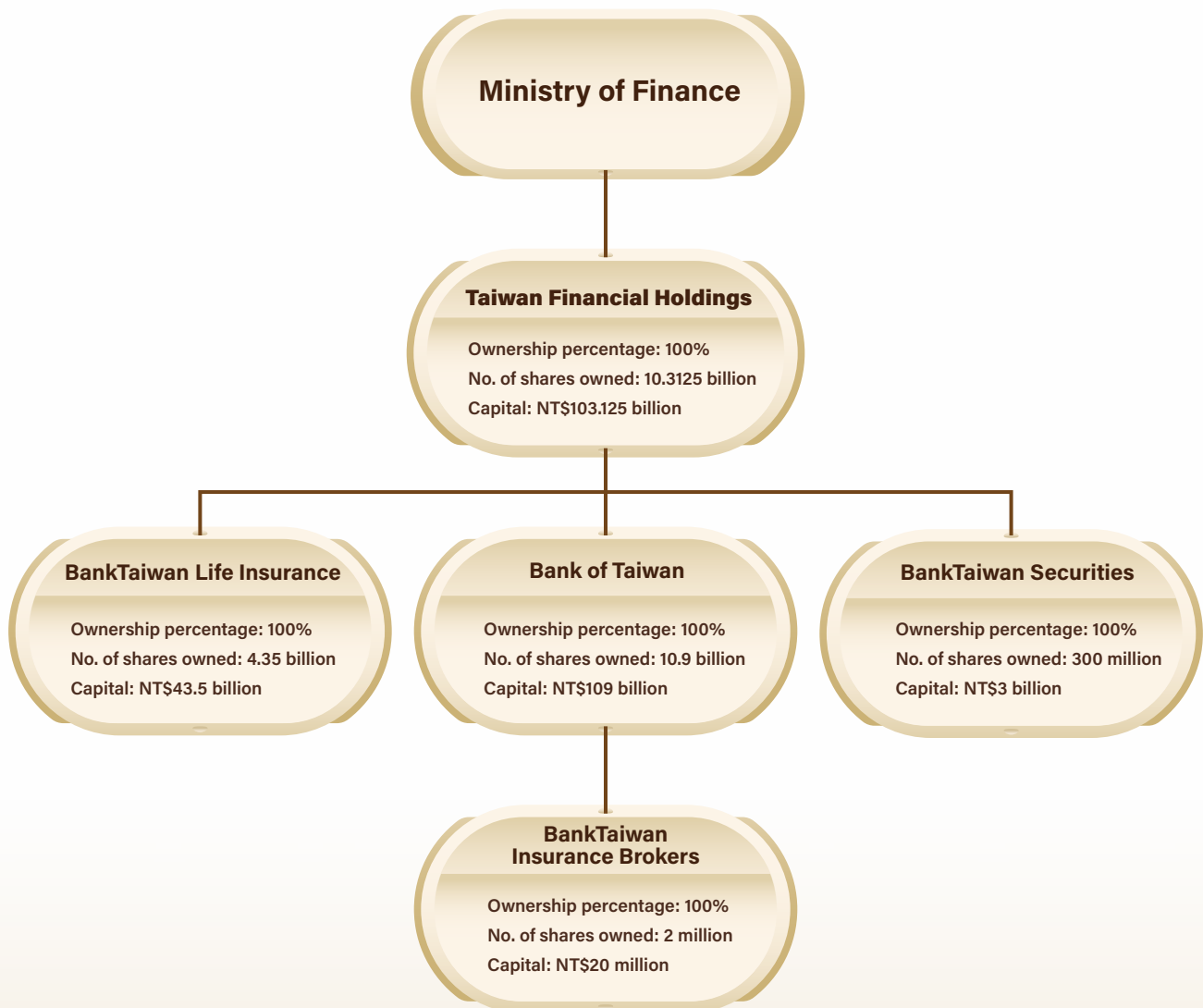


1. Chairman / Jong-Chin Shen
2. President / Jan-Lin Wei
3. Senior Executive Vice President / Shing-Shiang Ou
4. Senior Executive Vice President / Tzu-Yu Chen
5. Senior Executive Vice President & General Auditor / Su-Ju Hsu
6. Senior Executive Vice President & Chief Compliance Officer / Hui-Ping Chen

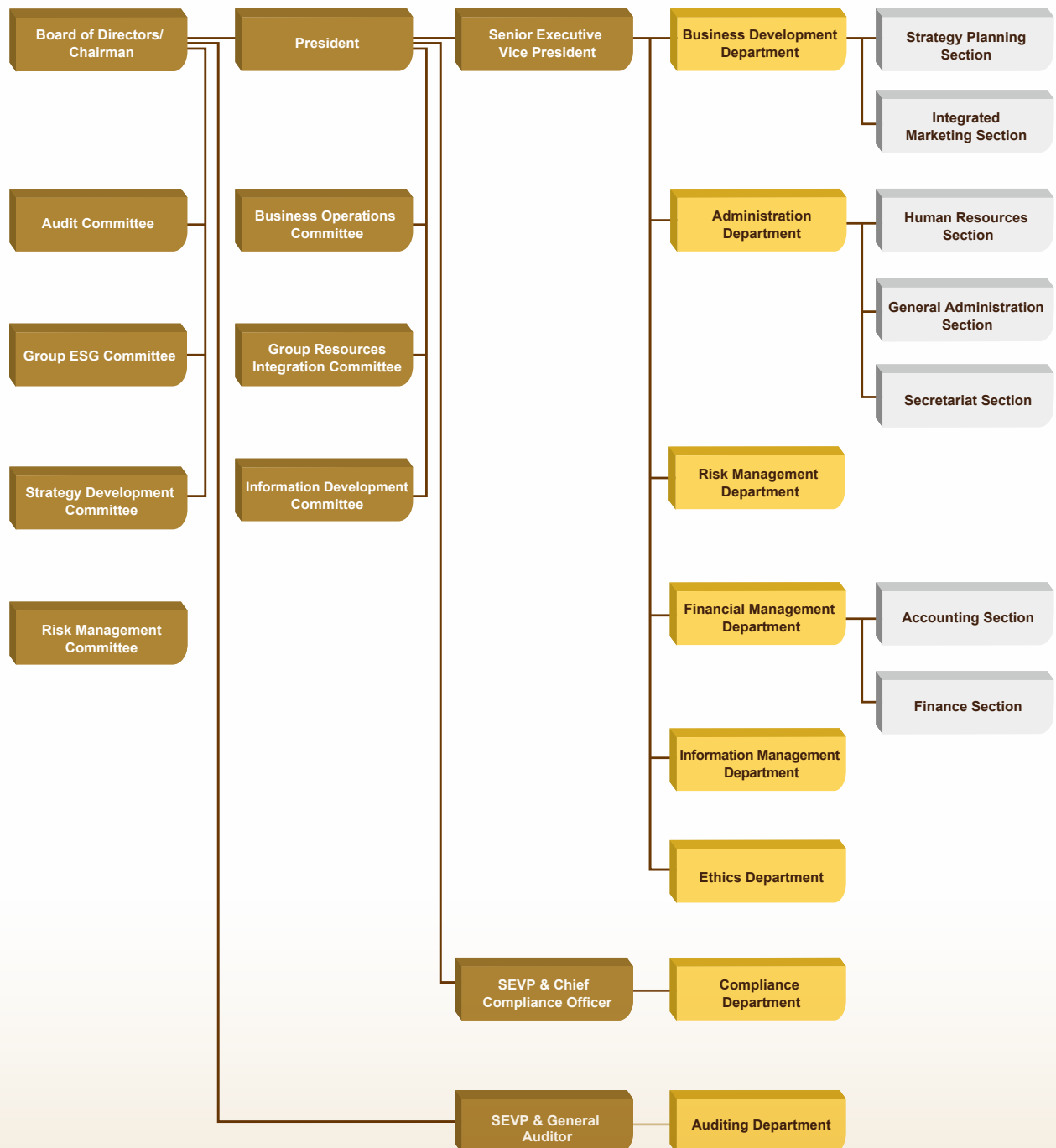
# Corporate Governance

## I. Organization

### 1. Chart of Relations within the TFH Group



## 2. Organization Chart



### 3. Functions of Major Departments

#### (1) Auditing Department

Sets up and implements internal audit systems; oversees and evaluates the performance of internal audit systems at subsidiaries; reports regularly to the governance level on the status of implementation of internal audits; and helps to evaluate whether internal controls are working effectively.

#### (2) Compliance Department

Plans, administers, and implements legal compliance systems; conducts joint reviews of corporate bylaws; administers the Group's AML/CFT plan; and handles whistleblower cases.

#### (3) Business Development Department

Plans for organizational development, business strategies, investing activities; provides assistance and liaison for the handling of litigious and non-litigious matters; conducts joint reviews of legal cases and contracts; and handles integrated marketing, corporate image promotion and preparation of the annual report.

#### (4) Administration Department

Administers personnel, payroll, general affairs, purchasing, cashier operations, document management; takes charge of public relations, meetings of Board of Directors/Audit Committee, and corporate governance.

#### (5) Risk Management Department

In charge of management of company risk policies and systems; and manages group risk limits and group capital adequacy ratios, monitoring and control of credit extensions or other transactions with interested parties of the group, and handling of the company's credit rating.

#### (6) Financial Management Department

Manages group-wide financial affairs and evaluations of corporate performance; manages investment operations; plans and implements group-wide budgets, year-end accounts, and accounting systems.

#### (7) Information Management Department

Implements the development of group-wide information systems; and plans and administers resource integration and shared platform security maintenance.

#### (8) Ethics Department

Propagates, promotes, and implements ethics laws and regulations; and conducts affairs of official confidential information.

## II. Directors, Supervisors and General Managers

### 1. Directors and Supervisors

31 March 2023

Title	Name	Gender	Date Elected	Date First Elected	Principal Work Experience and Academic Qualifications	Positions Held Currently in Financial Holdings Company and Other Companies
Chairman	Jong-Chin Shen	Male	3 Feb. 2023	3 Feb. 2023	<p>Master of Business Administration, Graduate Institute of Commerce Automation and Management in-service master program (ICAM), National Taipei University of Technology</p> <p>Vice Premier, Executive Yuan</p> <p>Minister, Ministry of Economic Affairs, R.O.C.</p> <p>Deputy Minister, Ministry of Economic Affairs, R.O.C.</p> <p>Vice Minister, Ministry of Economic Affairs, R.O.C.</p> <p>Director General, Industrial Development Bureau, Ministry of Economic Affairs</p> <p>Director General, Export Processing Zone Administration, Ministry of Economic Affairs</p> <p>Central Region Office Director, Ministry of Economic Affairs</p> <p>Chief Secretary, Ministry of Economic Affairs</p> <p>Convener, The National Financial Stabilization Fund</p> <p>Convener, Price Stabilization Committee, Executive Yuan</p> <p>Convener, Investment Review Committee, National Development Fund, Executive Yuan</p> <p>Commissioner, Financial Supervisory Commission, R.O.C.</p> <p>Executive Director, Central Bank of the Republic of China (Taiwan)</p> <p>Managing Director, Industrial Technology Research Institute</p> <p>Acting Chairman, China Steel Corporation Co., Ltd.</p> <p>Director, National Chung-Shan Institute of Science &amp; Technology</p>	<p>Chairman, Taiwan Textile Research Institute</p> <p>Consultant, Taiwan Electrical and Electronic Manufacturers' Association</p>
Director	Jan-Lin Wei	Male	2 Sep. 2019	31 Aug. 2016 (31 Aug. 2016 to 20 Aug. 2018)	<p>Master of Economics, Soochow University</p> <p>Chairman, BankTaiwan Securities Co., Ltd.</p> <p>President, Bank of Taiwan Co., Ltd.</p> <p>SEVP, Bank of Taiwan Co., Ltd.</p> <p>SEVP, Central Trust of China</p> <p>EVP &amp; GM, Dept. of Treasury, Bank of Taiwan Co., Ltd.</p> <p>EVP &amp; GM, Dept. of Public Treasury, Bank of Taiwan Co., Ltd.</p> <p>Executive Secretary, Taipei Interbank Money Center, The Bankers Association of the Republic of China</p> <p>Managing Director of Trust Association of R.O.C.</p> <p>Director, Mega Financial Holding Co., Ltd.</p> <p>Supervisor, Mega Financial Holding Co., Ltd.</p> <p>Supervisor, Taiwan Futures Exchange Co., Ltd. (TAIFEX)</p> <p>Supervisor, Hua Nan Financial Holdings Co., Ltd. &amp; Hua Nan Commercial Bank Co., Ltd.</p>	<p>President, Taiwan Financial Holding Co., Ltd.</p> <p>Chairman, BankTaiwan Securities Co., Ltd.</p> <p>Supervisor and Executive Supervisor, Taipei City Financial Ethics and Compliance Association</p> <p>Director, Taiwan Urban Regeneration &amp; Financial Services Co., Ltd.</p> <p>Director, Taiwan Futures Exchange Co., Ltd. (TAIFEX)</p> <p>Member of Supervisory Committee, College of Global Banking and Finance, National Chengchi University</p> <p>Consultant, The Bankers Association of Taiwan</p> <p>Committee Member, Financial Holding Business Committee, The Bankers Association of the Republic of China</p>

Title	Name	Gender	Date Elected	Date First Elected	Principal Work Experience and Academic Qualifications	Positions Held Currently in Financial Holdings Company and Other Companies
						Adjunct Assistant Professor Rank Specialist, Dept. of Financial Engineering and Actuarial Mathematics, Soochow University Member of Curriculum Committee, College of Global Banking and Finance, National Chengchi University
Independent Director	Miao-Ling Chen	Female	2 Sep. 2019	31 Aug. 2016	Ph.D. in Commerce, Keio University, Japan Professor, Dept. of Finance, National Sun Yat-sen University Chairperson, Dept. of Finance, National Sun Yat-sen University Independent Director, BankTaiwan Securities Co., Ltd. Member of Listing Evaluation Committee for Taiwan Stock Exchange Co., Ltd. (TWSE) Director, Taiwan Small & Medium Enterprise Counseling Foundation	Adjunct Professor, Dept. of Finance, National Sun Yat-sen University Director of Audit Committee, Taiwan Financial Holding Co., Ltd. Independent Director, Compal Broadband Networks Inc. (CBN)
Independent Director	Ming-Fang Tsai	Male	2 Sep. 2019	19 Sep. 2017	Ph.D. in Industrial Economics, National Central University Adjunct Professor, Dept. of International Business, Soochow University Adjunct Professor, Graduate Institute of Industrial Economics, National Central University Joint-appointment Professor, Dept. of Industrial Economics and Economics, Tamkang University Independent Director, Bank of Taiwan Co., Ltd. Director of Audit Committee, Bank of Taiwan Co., Ltd. Independent Director, BankTaiwan Securities Co., Ltd. Independent Director, First Life Insurance Co., Ltd.	Joint-appointment Professor, Dept. of Industrial Economics & Economics, Tamkang University Adjunct Professor, Graduate Institute of Industrial Economics, National Central University Member of Audit Committee, Taiwan Financial Holding Co., Ltd. Independent Managing Director, Bank of Taiwan Co., Ltd. Director of Audit Committee, Bank of Taiwan Co., Ltd. Independent Director, United Renewable Energy Co., Ltd. Director, Eminent II Venture Capital Corporation Director, Grand Cathay Venture Capital Co., Ltd. Director, CDIB Healthcare Ventures Capital Co., Ltd. Independent Director, Choice Development, Inc.
Independent Director	Hsien-Ming Lien	Male	19 Feb. 2021	19 Feb. 2021	Ph.D. in Economics, Boston University (USA) Professor, Dept. of Public Finance, National Chengchi University	Distinguished Professor, Dept. of Public Finance, National Chengchi University Vice Dean, International College of Innovation, National Chengchi University Chair, Bachelor Degree Program, International College of Innovation, National Chengchi University Director, Taiwan Studies Center, National Chengchi University Member of Audit Committee, Taiwan Financial Holding Co., Ltd.

Title	Name	Gender	Date Elected	Date First Elected	Principal Work Experience and Academic Qualifications	Positions Held Currently in Financial Holdings Company and Other Companies
Director	Joseph Jye-Cherng Lyu	Male	2 Sep. 2019	31 Aug. 2016	<p>Master of Management, Kellogg School, Northwestern University, U.S.A</p> <p>Bachelor of Commerce, Dept. of Money &amp; Banking, National Chengchi University</p> <p>Chairman, Taiwan Financial Holding Co., Ltd. &amp; Bank of Taiwan Co., Ltd.</p> <p>Minister without Portfolio, Executive Yuan</p> <p>Minister, Ministry of Finance</p> <p>Board Director, Central Bank of the Republic of China</p> <p>Chairman, Mega Financial Holding Co., Ltd. &amp; Mega International Commercial Bank Co., Ltd.</p> <p>Chairman, Bank of Taiwan Co., Ltd.</p> <p>President, Land Bank of Taiwan Co., Ltd.</p> <p>Vice Chairman, State-owned Enterprise Commission, Ministry of Economic Affairs</p> <p>Vice President, Bank of New York, New York Headquarter</p> <p>Chairman, The Bankers Association of the Republic of China</p> <p>Director, Taiwan Stock Exchange Co., Ltd. (TWSE)</p> <p>Director, Taiwan Futures Exchange Co., Ltd. (TAIFEX)</p> <p>Director, Joint Credit Information Center</p> <p>Director, Taiwan Academy of Banking and Finance</p> <p>Director &amp; Executive Vice President, Chunghwa Telecom Co., Ltd.</p> <p>Director, China Steel Corporation</p> <p>Distinguished Chair Professor, School of Management, National Sun Yat-Sen University</p> <p>Adjunct Professor, Dept. of Quantitative Finance, National Tsing Hua University</p>	<p>Chairman, Bank of Taiwan Co., Ltd.</p> <p>Supervisor, Chung-hwa Institute for Economic Research</p> <p>Director, Chinese East Asia Economic Association of the Republic of China</p> <p>Vice Chairman, Taiwan Financial Services Roundtable Co., Ltd</p> <p>Executive Director, General Chamber of Committee of the Republic of China</p> <p>Member of Performance Evaluation Group, National Performing Arts Center, Ministry of Culture</p> <p>Executive Director, The Bankers Association of Taipei</p> <p>Member of Supervisory Committee, College of Global Banking and Finance, National Chengchi University</p> <p>Executive Director, The Bankers Association of the Republic of China</p> <p>Director, Joint Credit Information Center</p> <p>Adjunct Professor, Department of Money and Banking, School of Business, National Chengchi University</p> <p>Member of the Safety Protection Fund Management Committee, The Bankers Association of the Republic of China</p> <p>Member of the Financial Research and Training Development Fund Management Committee, The Bankers Association of the Republic of China</p> <p>Adjunct Professor, College of Global Banking and Finance, National Chengchi University</p>
Director	Ming-Jen Chen	Male	19 Oct. 2021	19 Oct. 2021	<p>Master of Laws, Fu Jen Catholic University</p> <p>Bachelor of Laws, National Taiwan University</p>	Vice Minister, Ministry of Labor Republic of China (Taiwan)
Director	Yeong-Yuh Chiang	Male	2 Sep. 2019	31 Aug. 2016	<p>Ph. D. in Economics, University of Minnesota Twin Cities</p> <p>Chairman, Dept. of Economics, Chinese Culture University</p> <p>Professor, Dept. of Economics, Chinese Culture University</p> <p>Chairman, Dept. of Money and Banking, National Chengchi University</p> <p>Professor, Dept. of Money and Banking, National Chengchi University</p> <p>Director, Bank of Taiwan Co., Ltd.</p> <p>Director General, the Association of Finance and Banking</p> <p>Secretary General, the Association of Finance and Banking</p>	<p>Adjunct Professor, Dept. of Money and Banking, National Chengchi University</p> <p>Director, First Financial Assets Management Co., Ltd.</p> <p>Director, First Financial Leasing (Chengdu) Ltd.</p> <p>Director, First Financial Leasing (Xiamen) Ltd.</p>

Title	Name	Gender	Date Elected	Date First Elected	Principal Work Experience and Academic Qualifications	Positions Held Currently in Financial Holdings Company and Other Companies
Director	Ying-Wei Peng	Male	2 Sep. 2019	17 Jun. 2017	Master of Laws, National Chengchi University Deputy Director General, Customs Administration, Ministry of Finance Chief Secretary, Ministry of Finance Director General, Dept. of Legal Affairs, Ministry of Finance Executive Secretary, Petitions and Appeals Committee, Ministry of Finance Executive Secretary, Legal Affairs Committee, Ministry of Finance Senior Specialist, Legal Affairs Committee, Ministry of Finance Section Chief, Dept. of Legal Affairs, Financial Supervisory Commission, Executive Yuan Section Chief, Insurance Bureau, Financial Supervisory Commission, Executive Yuan	Director General, Customs Administration, Ministry of Finance
Director	Shih-Ti Yu	Male	9 Sep. 2019	31 Aug. 2016	Ph.D. in Economics, University of Rochester Professor & Chairman, Dept. of Quantitative Finance, National Tsing Hua University Professor, Dept. of Applied Economics, National Chiayi University Professor, Dept. of Finance, Yuan-Ze University Professor, Dept. of International Business, WuFeng Institute of Technology	Professor, Dept. of Quantitative Finance, National Tsing Hua University Independent Director, GWO XI Stem Cell Applied Technology Co., Ltd.
Director	Kung-Cheng Lin	Male	12 Sep. 2019	23 Jun. 2016	Ph.D. in Economics, Iowa State University Director of Finance Dept., Chiayi City Government Associate Professor & Chairman, Dept. of Finance, Hsiuping University of Science and Technology Associate Professor & Chairman, Dept. of Public Finance, Feng Chia University Associate Professor & Chairman, Dept. of Public Finance and Taxation, National Taichung University of Science and Technology	Associate Professor, Dept. of Public Finance, National Taipei University
Director	Rong-Yaw Pan	Male	1 Sep. 2021	1 Sep. 2021	Master of Public Finance, National Chengchi University Senior Executive Vice President and concurrently Secretary-General of the Board of Directors, Bank of Taiwan Co., Ltd. Chief Corporate Governance Officer, Bank of Taiwan Co., Ltd.	Director General of Department of Banking, Central Bank of the Republic of China Executive Director, Small and Medium Enterprise Credit Guarantee Fund of Taiwan. Member, Committee for Planning and Promoting, Utilization of Long-Term Funding, the National Development Council, Executive Yuan Editorial Board Member, 2022 Small and Medium Enterprises White Paper, Ministry of Economic Affairs

Title	Name	Gender	Date Elected	Date First Elected	Principal Work Experience and Academic Qualifications	Positions Held Currently in Financial Holdings Company and Other Companies
Director	Hsiao-Hui Ma	Female	10 Dec. 2020	10 Dec. 2020	MA of Public Finance Dept., National Chenchi University Chief Secretary, National Treasury Administration, Ministry of Finance Division Director, Financial Planning Division, National Treasury Administration, Ministry of Finance Deputy Director, National Treasury Administration, Ministry of Finance Senior Executive Officer, National Treasury Administration, Ministry of Finance Division Chief, National Treasury Administration, Ministry of Finance Director, BankTaiwan Securities Co., Ltd.	Deputy Minister, National Treasury Administration, Ministry of Finance
Director	Ti-Jen Tsao	Male	16 Jan. 2021	16 Jan. 2021	Ph.D. in Economics, The City University of New York (USA) Advisor, Central Bank of the Republic of China Researcher, Central Bank of the Republic of China	Deputy Director General, Department of Economic Research, Central Bank of the Republic of China Director, Taiwan Academy of Banking and Finance

## Notes:

1. TFH is a government-owned enterprise with its shares 100% owned by MOF. All the directors are the MOF's juristic-person representatives.
2. No director is the spouse of, or related within the second degree of kinship to, any head of department, directors and supervisors.
3. There is no case at the Company in which a single person (or spouses or first-degree relatives) occupies (or occupy) the positions of Chairman and president or equivalent positions (the highest level manager).
4. The former director of the Company Ms. Tzu-Mei Hsu was discharged as of 16 Jan. 2023.
5. Chairman Mr. Jong-Chin Shen assumed his new post on 3 February 2023.
6. The former chairman of the Company Mr. Jye-Cherng Lyu was discharged as of 3 Feb. 2023, but retained his position on the Board of Directors.
7. The former director of the Company Mr. Chih-Wen Hsu was discharged as of 18 Feb. 2023.

## Major Shareholders of the Institutional Shareholders

31 March 2023

Name of Institutional Shareholders	Major Shareholders of the Institutional Shareholders
Ministry of Finance	—

Note: The Ministry, which is not organized as a company, is the sole shareholder of TFH, and holds 100% of TFH equity.

## 2. Professional Qualifications of Directors and Supervisors, and Independence of Independent Directors

Title	Name	Qualifications, experience, and independence	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Chairman	Jong-Chin Shen	<p>●<b>Qualifications and experience</b></p> <p>Master of Business Administration, Graduate Institute of Commerce Automation and Management in-service master program (ICAM), National Taipei University of Technology</p> <p>Current positions: Chairman of Taiwan Financial Holding Co., Ltd. (TFH)</p> <p>Previous experience: Vice Premier, Executive Yuan; Minister, Ministry of Economic Affairs, R.O.C.; Deputy Minister, Ministry of Economic Affairs, R.O.C.; Vice Minister, Ministry of Economic Affairs, R.O.C.; Director General, Industrial Development Bureau, Ministry of Economic Affairs; Director General, Export Processing Zone Administration, Ministry of Economic Affairs; Central Region Office Director, Ministry of Economic Affairs; Chief Secretary, Ministry of Economic Affairs; Convener, The National Financial Stabilization Fund; Convener, Taiwan Price Stabilization Committee, Executive Yuan; Convener, Investment Review Committee, National Development Fund, Executive Yuan; Commissioner, Financial Supervisory Commission, R.O.C.; Executive Directors, Central Bank of the Republic of China (Taiwan); Director, National Chung-Shan Institute of Science &amp; Technology; Managing Director, Industrial Technology Research Institute; Acting Chairman, China Steel Corporation Co., Ltd.; has served since Feb. 2023 as Chairman of TFH.</p>	—
Director	Jan-Lin Wei	<p>●<b>Qualifications and experience</b></p> <p>Master of Economics, Soochow University</p> <p>Current positions: President of TFH and Chairman of BankTaiwan Securities Co., Ltd.</p> <p>Previous experience: President and SEVP, Bank of Taiwan Co., Ltd (BOT); SEVP, Central Trust of China; EVP &amp; GM, Dept. of Treasury and Public Treasury, Bank of Taiwan Co., Ltd.; Executive Secretary, Taipei Interbank Money Center, The Bankers Association of the Republic of China; Managing Director of Trust Association of R.O.C.; Director and Supervisor, Mega Financial Holding Co., Ltd.; Supervisor, Taiwan Futures Exchange Co., Ltd. (TAIFEX); Supervisor, Hua Nan Financial Holdings Co., Ltd. &amp; Hua Nan Commercial Bank Co., Ltd.; has served since Sep. 2019 as Director and President of TFH.</p>	—

Title	Name	Qualifications, experience, and independence	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Independent Director	Miao-Ling Chen	<p>●<b>Qualifications and experience</b> Ph.D. in Commerce, Keio University, Japan Current position: Adjunct Professor, Dept. of Finance, National Sun Yat-Sen University Previous experience: Chairperson and Professor, Dept. of Finance, National Sun Yat-Sen University; Independent Director, BankTaiwan Securities Co., Ltd.; Member of Listing Evaluation Committee for Taiwan Stock Exchange Co., Ltd. (TWSE); Director, Taiwan Small &amp; Medium Enterprise Counseling Foundation; has served since Aug. 2016 as Independent Director and Director of Audit Committee of TFH.</p> <p>●<b>Independence (Note2)</b> The principal, spouse, and relatives by blood within the second degree of kinship do not serve as a director, supervisor, or employee of TFH or any affiliated enterprise, nor do they hold stock in TFH. Does not serve as a director, supervisor, or employee of any company with which TFH has a special relationship, and in the past two years has not provided commercial, legal, financial, or accounting services to TFH or any of its related enterprises.</p>	One [Compal Broadband Networks Inc. (CBN)]
Independent Director	Ming-Fang Tsai	<p>●<b>Qualifications and experience</b> Ph.D. in Industrial Economics, National Central University Current positions: Joint-appointment Professor, Dept. of Industrial Economics &amp; Economics, Tamkang University, and Adjunct Professor, Graduate Institute of Industrial Economics, National Central University Previous experience: Independent Director, BankTaiwan Securities Co., Ltd.; Independent Director, First Life Insurance Co., Ltd.; has served since Sep. 2017 as Independent Director and Member of Audit Committee of TFH, and since Aug. 2018 has served as Independent Managing Director and Director of Audit Committee of BOT.</p> <p>●<b>Independence (Note2)</b> The principal, spouse, and relatives by blood within the second degree of kinship do not serve as a director, supervisor, or employee of TFH or any affiliated enterprise, nor do they hold stock in TFH. Does not serve as a director, supervisor, or employee of any company with which TFH has a special relationship, and in the past two years has not provided commercial, legal, financial, or accounting services to TFH or any of its related enterprises.</p>	Three [Bank of Taiwan Co., Ltd., United Renewable Energy Co., Ltd., Choice Development, Inc.]
Independent Director	Hsien-Ming Lien	<p>●<b>Qualifications and experience</b> Ph.D. in Economics, Boston University (USA) Current positions: Distinguished Professor, Dept. of Public Finance, National Chengchi University, Vice Dean and Chair of Bachelor Degree Program, International College of Innovation, National Chengchi University, and Director of Taiwan Studies Center, National Chengchi University; has served since Feb. 2021 as Independent Director and Member of Audit Committee of TFH.</p> <p>●<b>Independence (Note2)</b> The principal, spouse, and relatives by blood within the second degree of kinship do not serve as a director, supervisor, or employee of TFH or any affiliated enterprise, nor do they hold stock in TFH. Does not serve as a director, supervisor, or employee of any company with which TFH has a special relationship, and in the past two years has not provided commercial, legal, financial, or accounting services to TFH or any of its related enterprises.</p>	—

Title	Name	Qualifications, experience, and independence	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Director	Joseph Jye-Cherng Lyu	<p>●<b>Qualifications and experience</b></p> <p>Master of Management, Kellogg School, Northwestern University, U.S.A Bachelor of Commerce, Dept. of Money &amp; Banking, National Chengchi University</p> <p>Current positions: Chairman of Bank of Taiwan Co., Ltd.</p> <p>Previous experience: Chairman, Taiwan Financial Holding Co., Ltd. &amp; Bank of Taiwan Co., Ltd.; Minister without Portfolio, Executive Yuan; Minister, Ministry of Finance; Board Director, Central Bank of the Republic of China; Chairman, Mega Financial Holding Co., Ltd. &amp; Mega International Commercial Bank Co., Ltd.; President, Land Bank of Taiwan Co., Ltd.; Vice Chairman, State-owned Enterprise Commission, Ministry of Economic Affairs; Vice President, Bank of New York, New York Headquarter; Chairman, The Bankers Association of the Republic of China; Director, Taiwan Stock Exchange Co., Ltd. (TWSE); Director, Taiwan Futures Exchange Co., Ltd. (TAIFEX); Director, Joint Credit Information Center; Director, Taiwan Academy of Banking and Finance; Director &amp; Executive Vice President, Chunghwa Telecom Co., Ltd.; Director, China Steel Corporation; Distinguished Chair Professor, School of Management, National Sun Yat-Sen University; Adjunct Professor, Dept. of Quantitative Finance, National Tsing Hua University; has served since Aug. 2016 as Director of TFH.</p>	—
Director	Ming-Jen Chen	<p>●<b>Qualifications and experience</b></p> <p>Master of Laws, Fu Jen Catholic University Bachelor of Laws, National Taiwan University</p> <p>Current position: Vice Minister, Ministry of Labor; has served since Oct. 2021 as Director of TFH.</p>	—
Director	Yeong-Yuh Chiang	<p>●<b>Qualifications and experience</b></p> <p>Ph. D. in Economics, University of Minnesota Twin Cities Current position: Adjunct Professor, Dept. of Money and Banking, National Chengchi University</p> <p>Previous experience: Chairman and Professor of Dept. of Economics, Chinese Culture University; Chairman and Professor of Dept. of Money and Banking, National Chengchi University; Director, Bank of Taiwan Co., Ltd.; Director General and Secretary General of the Association of Finance and Banking; has served since Aug. 2016 as Director of TFH.</p>	—
Director	Ying-Wei Peng	<p>●<b>Qualifications and experience</b></p> <p>Master of Laws, National Chengchi University</p> <p>Current position: Director General, Customs Administration, Ministry of Finance</p> <p>Previous experience: Deputy Director General, Customs Administration, Ministry of Finance; Chief Secretary, Director General of Dept. of Legal Affairs, Executive Secretary of Petitions and Appeals Committee, Executive Secretary and Senior Specialist of Legal Affairs Committee, Ministry of Finance; Section Chief of Dept. of Legal Affairs and Insurance Bureau, Financial Supervisory Commission, Executive Yuan; has served since Jun. 2017 as Director of TFH.</p>	—

Title	Name	Qualifications, experience, and independence	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Director	Shih-Ti Yu	<p>●<b>Qualifications and experience</b>            Ph.D. in Economics, University of Rochester            Current position: Professor, Dept. of Quantitative Finance, National Tsing Hua University            Previous experience: Professor &amp; Chairman, Dept. of Quantitative Finance, National Tsing Hua University; Professor, Dept. of Applied Economics, National Chiayi University; Professor, Dept. of Finance, Yuan-Ze University; Professor, Dept. of International Business, WuFeng Institute of Technology; has served since Aug. 2016 as Director of TFH.</p>	One [GWO XI Stem Cell Applied Technology Co., Ltd.]
Director	Kung-Cheng Lin	<p>●<b>Qualifications and experience</b>            Ph.D. in Economics, Iowa State University.            Current positions: Associate Professor of Dept. of Public Finance, National Taipei University            Previous experience: Director of Finance Dept., Chiayi City Government; Associate Professor &amp; Chairman, Dept. of Finance, Hsiuping University of Science and Technology; Associate Professor &amp; Chairman, Dept. of Public Finance, Feng Chia University; Associate Professor &amp; Chairman, Dept. of Public Finance and Taxation, National Taichung University of Science and Technology; has served since Jun. 2016 as Director of TFH.</p>	—
Director	Rong-Yaw Pan	<p>●<b>Qualifications and experience</b>            Master of Public Finance, National Chengchi University            Current position: Director General of Department of Banking, Central Bank of the Republic of China            Previous experience: Senior Executive Vice President and concurrently Secretary-General of the Board of Directors, Bank of Taiwan Co., Ltd.; and Chief Corporate Governance Officer, Bank of Taiwan Co., Ltd.; has served since Sep. 2021 as Director of TFH.</p>	—
Director	Hsiao-Hui Ma	<p>●<b>Qualifications and experience</b>            MA of Public Finance Dept., National Chengchi University            Current position: Deputy Minister, National Treasury Administration, Ministry of Finance            Previous experience: Chief Secretary, National Treasury Administration, Ministry of Finance; Division Director, Deputy Director, Senior Executive Officer and Division Chief, Financial Planning Division, National Treasury Administration, Ministry of Finance; Director, BankTaiwan Securities Co., Ltd.; has served since Dec. 2020 as Director of TFH.</p>	—
Director	Ti-Jen Tsao	<p>●<b>Qualifications and experience</b>            Ph.D. in Economics, The City University of New York (USA)            Current position: Deputy Director General, Department of Economic Research, Central Bank of the Republic of China            Previous experience: Advisor and Researcher, Central Bank of the Republic of China; has served since Jan. 2021 as Director of TFH.</p>	—

Note 1: None of the circumstances set out in Article 30 of the "Company Act" apply with respect to any TFH Board Director.

Note 2: Independent directors must show that they possess the necessary qualifications and independence.

### 3. Diversity and independence of the Board of Directors

#### (1) Board diversity

The composition of the TFH Board of Directors reflects the direction in which the company expects its business to develop, and the fact that TFH needs to respond to emerging risks while implementing its board diversity policy. The Board currently has 14 members, including 3 independent directors, and features a high degree of both professionalism and diversity, with its members coming from the competent authority as well as the financial sector, industry, and academia. In addition to banking, insurance, and securities, their specialties also include economics, accounting, finance, business management, law, technology, and risk management.

#### Board Diversity

Title	Name	Basic information			Key diversity factors						
		Nationality	Gender	Age	Business Management	International industry & Business	Finance & Accounting	Fiscal & Tax matters	Law	Technology	Risk Management
Chairman	Jong-Chin Shen	Republic of China (Taiwan)	Male	>60	✓	✓				✓	✓
Director	Jan-Lin Wei		Male	>60	✓	✓	✓				✓
Independent Director	Miao-Ling Chen		Female	>60	✓	✓	✓	✓			✓
Independent Director	Ming-Fang Tsai		Male	<50	✓	✓	✓				✓
Independent Director	Hsien-Ming Lien		Male	50-60	✓	✓	✓	✓			✓
Director	Joseph Jye-Cherng Lyu		Male	>60	✓	✓	✓	✓		✓	✓
Director	Ming-Jen Chen		Male	50-60	✓	✓			✓		
Director	Yeong-Yuh Chiang		Male	>60	✓	✓	✓				
Director	Ying-Wei Peng		Male	50-60	✓	✓			✓		
Director	Shih-Ti Yu		Male	50-60	✓	✓	✓				
Director	Kung-Cheng Lin		Male	>60	✓	✓		✓			
Director	Rong-Yaw Pan		Male	>60	✓	✓	✓				✓
Director	Hsiao-Hui Ma		Female	50-60	✓	✓		✓			
Director	Ti-Jen Tsao		Male	<50	✓	✓	✓				

#### (2) Board independence

TFH attaches great importance to board independence. The positions of chairperson and president are not held by the same person, by spouses, or by relatives within the first degree of kinship, and no board member is the spouse of, or related within the second degree of kinship to, another director. Independent directors number three in total, hold 20% of all seats on the Board of Directors, meet the independence criteria adopted by the competent authority, and the number of public companies at which any independent director concurrently holds independent directorships does not exceed the maximum number permissible. In accordance with corporate governance best practice principles, TFH rules prohibit any person from serving more than three consecutive terms as an independent director so as to prevent a long period of service from reducing that person's independence.

#### 4. General manager, assistant general managers, and the chiefs of all the company's divisions

31 March 2023

Position	Name	Gender	Date of Employment	Education and Career	Positions Held with Other Companies
President	Jan-Lin Wei	Male	2 Sep. 2019	<p>Master of Economics, Soochow University</p> <p>Chairman, BankTaiwan Securities Co., Ltd.</p> <p>President, Bank of Taiwan Co., Ltd.</p> <p>SEVP, Bank of Taiwan Co., Ltd.</p> <p>SEVP, Central Trust of China</p> <p>EVP &amp; GM, Dept. of Treasury, Bank of Taiwan Co., Ltd.</p> <p>EVP &amp; GM, Dept. of Public Treasury, Bank of Taiwan Co., Ltd.</p> <p>Executive Secretary, Taipei Interbank Money Center, The Bankers Association of the Republic of China</p> <p>Managing Director of Trust Association of R.O.C.</p> <p>Director, Mega Financial Holding Co., Ltd.</p> <p>Supervisor, Mega Financial Holding Co., Ltd.</p> <p>Supervisor, Taiwan Futures Exchange Co., Ltd. (TAIFEX)</p> <p>Supervisor, Hua Nan Financial Holdings Co., Ltd. &amp; Hua Nan Commercial Bank Co., Ltd.</p>	<p>Chairman, BankTaiwan Securities Co., Ltd.</p> <p>Supervisor and Executive Supervisor, Taipei City Financial Ethics and Compliance Association</p> <p>Director, Taiwan Urban Regeneration &amp; Financial Services Co., Ltd.</p> <p>Director, Taiwan Futures Exchange Co., Ltd. (TAIFEX)</p> <p>Member of Supervisory Committee, College of Global Banking and Finance, National Chengchi University</p> <p>Consultant, The Bankers Association of Taiwan</p> <p>Committee Member, Financial Holding Business Committee, The Bankers Association of the Republic of China</p> <p>Adjunct Assistant Professor Rank Specialist, Dept. of Financial Engineering and Actuarial Mathematics, Soochow University</p> <p>Member of Curriculum Committee, College of Global Banking and Finance, National Chengchi University</p>
SEVP	Shing-Shiang Ou	Male	1 Apr. 2019	<p>Ph. D. in Economics, Georgia State University, U.S.A</p> <p>SEVP, Bank of Taiwan Co., Ltd.</p> <p>EVP &amp; GM, Dept. of Economic Research, Bank of Taiwan Co., Ltd.</p> <p>SVP, Dept. of Auditing, Board of Directors, Bank of Taiwan Co., Ltd.</p> <p>EVP &amp; GM, Dept. of Credit Analysis, Bank of Taiwan Co., Ltd.</p> <p>Research Economist, Economic Research Dept., Central Bank of the Republic of China</p> <p>Deputy Chief Representative, London Representative Office, Central Bank of the Republic of China</p> <p>Director, China Development Financial Holding Co., Ltd.</p> <p>Supervisor, China Development Industrial Bank Inc.</p> <p>Managing Director, Cathay United Bank Co., Ltd.</p> <p>Managing Director, Tang Eng Iron Works Co., Ltd.</p> <p>Director, BankTaiwan Securities Co., Ltd.</p> <p>Chairman, Research and Development Committee, The Bankers Association of the Republic of China</p> <p>Executive Secretary, Task Force of Financial Research and Training Development Fund Management Committee, The Bankers Association of the Republic of China</p> <p>Director, Hua Nan Commercial Bank Co., Ltd.</p>	<p>SEVP, Bank of Taiwan Co., Ltd.</p> <p>Director, Taiwan Financial Asset Service Corporation</p> <p>Director, Taiwan Stock Exchange Co., Ltd.</p>

Position	Name	Gender	Date of Employment	Education and Career	Positions Held with Other Companies
SEVP & Chief Risk Officer	Tzu-Yu Chen	Female	24 Nov. 2021	Bachelor of Dept. of Banking, National Chengchi University Director, Taiwan Fire & Marine Insurance Co., Ltd. EVP & GM, Dept. of Business, Bank of Taiwan Co., Ltd. EVP & GM, Dept. of Domestic Operations, Bank of Taiwan Co., Ltd. SVP & GM, Sungshan Branch, Bank of Taiwan Co., Ltd. SVP & GM, Minsheng Branch, Bank of Taiwan Co., Ltd. SVP & GM, Nan HsinChuang Branch, Bank of Taiwan Co., Ltd. VP & DGM, Nan HsinChuang Branch, Bank of Taiwan Co., Ltd. VP & DGM, ChungHsin Branch, Bank of Taiwan Co., Ltd.	Director, Hua Nan Commercial Bank Co., Ltd. Member, Risk Management Group, Financial Holding Business Committee, The Bankers Association of the Republic of China
SEVP & General Auditor	Su-Ju Hsu	Female	9 Aug. 2021	Ph. D. in Dept. of Money & Banking, National Chengchi University EVP & GM, Dept. of Risk Management, Bank of Taiwan Co., Ltd. Deputy Manager and Acting Manager, Dept. of Risk Management, Bank of Taiwan Co., Ltd. VP & DGM, Dept. of Risk Management, Bank of Taiwan Co., Ltd. VP & DGM, Dept. of General Affairs, Bank of Taiwan Co., Ltd. VP & DGM, WuChang Branch, Bank of Taiwan Co., Ltd.	
SEVP & Chief Compliance Officer	Hui-Ping Chen	Female	28 Aug. 2020	LL.M., Tulane University EVP & GM, Dept. of Compliance, Bank of Taiwan Co., Ltd. VP & DGM, Dept. of Compliance, Bank of Taiwan Co., Ltd.	SEVP & Chief Compliance Officer, Bank of Taiwan Co., Ltd. Director, Taiwan Urban Regeneration & Financial Services Co., Ltd. Director, Taiwan Academy of Banking and Finance Deputy Chairperson, Legal Affairs and Disciplines Committee, The Trust Association of the Republic of China Deputy Chairperson, Financial Regulations and Disciplinary Committee, The Bankers Association of the Republic of China General Manager, Taipei City Financial Ethics and Compliance Association
SVP & Acting Secretary General	Feng-Chu Liu	Female	3 Feb. 2023	B.A. of Business Administration, National Taiwan University VP & GM, Finance Section, Financial Management Dept., Taiwan Financial Holding Co., Ltd.	
EVP & Chief Strategy Officer	Youn-Shii Chou	Female	18 May 2018	B.A. of Business Administration, National Taiwan University VP & GM, Yuanshan Branch, Bank of Taiwan Co., Ltd. VP & DGM, Offshore Banking Branch, Bank of Taiwan Co., Ltd. AVP & Director of Customer Service Center, Bank of Taiwan Co., Ltd.	

Position	Name	Gender	Date of Employment	Education and Career	Positions Held with Other Companies
EVP & Chief Administration Officer	Ming-Chuen Chen	Female	2 Mar. 2020	B.A. of Business Administration, National Taiwan University VP & AGM, Secretariat Section, Administration Dept., Taiwan Financial Holding Co., Ltd. AVP, Investor Relation Section, Business Development Dept., Taiwan Financial Holding Co., Ltd. AVP & AGM, Dept. of Economic Research, Bank of Taiwan Co., Ltd.	
EVP & Chief Financial Officer	Kuo-Yung Chang	Male	19 Jun. 2017	M.A. in Business Administration, National Taiwan University VP & AGM, Accounting Section, Financial Management Dept., Taiwan Financial Holding Co., Ltd. AVP, Accounting Office, Bank of Taiwan Co., Ltd. Senior Officer & AGM, Dept. of Accounting, Central Trust of China Director, Bank Taiwan Securities Co., Ltd.	
EVP & Chief Information Officer	Hsien-Tang Chiu	Male	18 Jan. 2023	M.S., Dept. of Computer Science and Information Engineering, National Cheng Kung University EVP & GM, Dept. of Information, Bank of Taiwan Co., Ltd. EVP & GM, Dept. of Cyber Security, Bank of Taiwan Co., Ltd. VP & DM, preparatory office, Dept. of Cyber Security, Bank of Taiwan Co., Ltd. AVP & Deputy GM, Dept. of Information Management, Bank of Taiwan Co., Ltd.	EVP & GM, Dept. of Information, Bank of Taiwan Co., Ltd.
EVP & GM, Ethics Department	Hsien-Tai Kung	Male	27 Sep. 2018	Ph.D., Political Science, National Taiwan Normal University SVP, Agency Against Corruption, Ministry of Justice	EVP & GM, Dept. of Ethics, Bank of Taiwan Co., Ltd.

Note 1: TFH is a government-owned enterprise with its shares 100% owned by MOF.

Note 2: No senior official is the spouse of, or related within the second degree of kinship to, any general manager.

Note 3: The positions of president or equivalent positions and chairman at TFH are not held by the same person, by spouses, or by relatives within the first degree of kinship.

**5. If any retired director or president of the TFH Group or any TFH affiliate has returned in an advisory capacity, his/her name, gender, job title, pre-retirement employer and job title, date of retirement, dates of advisory position, purpose of employment, and authorities and duties must be disclosed:** None.

## 6. Remuneration of Directors, President, and Senior Executive Vice Presidents for 2022

### (1) Remuneration of Directors

Unit: NT\$1,000; %

Title	Name	Remuneration						Ratio of Total Remuneration (A+B+C+D) to Net Income After Tax (%)		Relevant Remuneration Received by Directors Who are Also Employees						Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income After Tax (%)		Reinvested Enterprises other than TFH's Subsidiary or its parent company																																																																																																																																																																																																																																																																																																																					
		Base Compensation (A)	Severance Pay (B)	Bonus to Directors (C)	Allowances (D) (Note)		Salary, Bonuses, and Allowances (E)			Severance Pay (F)	Employee Bonus (G)																																																																																																																																																																																																																																																																																																																												
								Companies in the Consolidated Financial Statements	TFH					Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH		Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	Stock Cash	Stock																																																																																																																																																																																																																																																																																																																
		Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH			Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH											Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH	Companies in the Consolidated Financial Statements	TFH

1. Policies, systems, standards, and structure of the remuneration paid to independent directors, and how the duties, risks, and time spent on the job by each such director are correlated with the amount of remuneration:

The monthly compensation paid to independent directors of TFH is based on the "Directions for Appointment by the Ministry of Finance of Responsible Persons, Managerial Officers, Directors, and Supervisors at Public and Private Enterprises" and related interpretations.

2. In addition to the disclosures made above, mention any other compensation that was received by company directors during the most recent fiscal year for services rendered (e.g. services rendered, as an advisor with non-employee status, to the parent company, to any company listed in the financial reports, or to any TFH investee enterprise): None.

Notes:

1. The NT\$240,000 owed to Mr. Joseph Jye-Cherng Lyu as compensation for concurrent service as a TFH Director in 2022 was all paid into the national treasury. Mr. Lyu did not receive it.

2. The NT\$240,000 owed to Mr. Jan-Lin Wei as compensation for concurrent service as a TFH Director in 2022 was all paid into the national treasury. Mr. Wei did not receive it.

## Remuneration Brackets

Bracket	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	TFH	Companies in the Consolidated Financial Statements	TFH	Reinvested Enterprises
Under NT\$1,000,000	Joseph Jye-Cherng Lyu Jan-Lin Wei Kung-Cheng Lin Ming-Jen Chen Yeong-Yuh Chiang Shih-Ti Yu Ying-Wei Peng Tzu-Mei Hsu Rong-Yaw Pan Ti-Jen Tsao Chih-Wen Hsu Hsiao-Hui Ma Miao-Ling Chen Ming-Fang Tsai Hsien-Ming Lien	Jan-Lin Wei Kung-Cheng Lin Ming-Jen Chen Yeong-Yuh Chiang Shih-Ti Yu Ying-Wei Peng Tzu-Mei Hsu Rong-Yaw Pan Ti-Jen Tsao Chih-Wen Hsu Hsiao-Hui Ma Miao-Ling Chen Ming-Fang Tsai Hsien-Ming Lien	Joseph Jye-Cherng Lyu Kung-Cheng Lin Ming-Jen Chen Yeong-Yuh Chiang Shih-Ti Yu Ying-Wei Peng Tzu-Mei Hsu Rong-Yaw Pan Ti-Jen Tsao Chih-Wen Hsu Hsiao-Hui Ma Miao-Ling Chen Ming-Fang Tsai Hsien-Ming Lien	Kung-Cheng Lin Ming-Jen Chen Yeong-Yuh Chiang Shih-Ti Yu Ying-Wei Peng Tzu-Mei Hsu Rong-Yaw Pan Ti-Jen Tsao Hsiao-Hui Ma Miao-Ling Chen Ming-Fang Tsai Hsien-Ming Lien
NT\$1,000,000 ~ NT\$2,000,000				
NT\$2,000,000 ~ NT\$3,500,000			Jan-Lin Wei	Jan-Lin Wei
NT\$3,500,000 ~ NT\$5,000,000		Joseph Jye-Cherng Lyu		Joseph Jye-Cherng Lyu Chih-Wen Hsu
NT\$5,000,000 ~ NT\$10,000,000				
NT\$10,000,000 ~ NT\$15,000,000				
NT\$15,000,000 ~ NT\$30,000,000				
NT\$30,000,000 ~ NT\$50,000,000				
NT\$50,000,000 ~ NT\$100,000,000				
Over NT\$100,000,000				
Total (Unit: NT\$1,000)	2,646	6,683	5,915	14,244



Chairman Jong-Chin Shen (5th from right) leads a group of senior executives in taking part in a "Workshop on Metrics and Targets" for the sustainable development strategy blueprint.

## (2) Compensation of President and Senior Executive Vice Presidents

Unit: NT\$1,000; %

Title	Name	Salary (A)		Severance Pay (B)		Bonuses and Allowances (C)		Employee Bonus (D)				Ratio of Total Compensation (A+B+C+D) to Net Income After Tax (%)		Reinvested Enterprises other than The Company's Subsidiary
		The Company	Companies in the Consolidated Financial Statements	The Company	Companies in the Consolidated Financial Statements	The Company	Companies in the Consolidated Financial Statements	The Company		Companies in the Consolidated Financial Statements		The Company	Companies in the Consolidated Financial Statements	
								Cash	Stock	Cash	Stock			
President	Jan-Lin Wei	6,294	9,158	579	865	2,203	3,797	None				Total: 9.076 Ratio: 0.057%	Total: 13.820 Ratio: 0.086%	102
SEVP	Shing-Shiang Ou													
SEVP	Tzu-Yu Chen													
SEVP & General Auditor	Su-Ju Hsu													
SEVP & Chief Compliance Officer	Hui-Ping Chen													

## Remuneration Brackets

Bracket	Name of President and Senior Executive Vice Presidents	
	TFH	Reinvested Enterprises
Under NT\$1,000,000	Shing-Shiang Ou; Hui-Ping Chen	
NT\$1,000,000 ~ NT\$2,000,000		
NT\$2,000,000 ~ NT\$3,500,000	Jan-Lin Wei; Tzu-Yu Chen; Su-Ju Hsu	Jan-Lin Wei; Shing-Shiang Ou; Tzu-Yu Chen; Su-Ju Hsu; Hui-Ping Chen
NT\$3,500,000 ~ NT\$5,000,000		
NT\$5,000,000 ~ NT\$10,000,000		
NT\$10,000,000 ~ NT\$15,000,000		
NT\$15,000,000 ~ NT\$30,000,000		
NT\$30,000,000 ~ NT\$50,000,000		
NT\$50,000,000 ~ NT\$100,000,000		
Over NT\$100,000,000		
Total (Unit: NT\$1,000)	9,076	13,922

**7. Separately compare and describe total remuneration, as a percentage of net income stated in the consolidated financial reports, as paid by the company and by each other company included in the consolidated financial statements during the past 2 fiscal years to directors, supervisors, general managers, and assistant general managers, and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure :**

TFH is a government-owned company with its shares 100% owned by MOF. This item is not applicable. Compensation standards governing the compensation paid to directors (TFH has no supervisors), presidents, and vice-presidents are adopted in accordance with the applicable regulations of the Executive Yuan and the Ministry of Finance.

### III. Implementation of Corporate Governance

#### 1. Board of Directors

A total of 12 meetings of the Board of Directors were held in 2022. Director attendance was as follows:

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%) (Note)	Remarks
Chairman	Joseph Jye-Cherng Lyu	12	0	100	Renewed term on 2019.09.02 Required attendance: 12 times
Director	Jan-Lin Wei	12	0	100	Appointed on 2019.09.02 Required attendance: 12 times
Director	Yeong-Yuh Chiang	12	0	100	Renewed term on 2019.09.02 Required attendance: 12 times
Director	Shih-Ti Yu	11	1	91.67	Renewed term on 2019.09.09 Required attendance: 12 times
Director	Kung-Cheng Lin	12	0	100	Renewed term on 2019.09.12 Required attendance: 12 times
Director	Ying-Wei Peng	10	2	83.33	Renewed term on 2019.09.02 Required attendance: 12 times
Director	Tzu-Mei Hsu	11	1	91.67	Appointed on 2020.07.08 Required attendance: 12 times
Director	Chih-Wen Hsu	11	1	91.67	Appointed on 2020.11.02 Required attendance: 12 times

Director	Hsiao-Hui Ma	12	0	100	Appointed on 2020.12.10 Required attendance: 12 times
Director	Ti-Jen Tsao	12	0	100	Appointed on 2021.01.16 Required attendance: 12 times
Director	Rong-Yaw Pan	11	1	91.67	Appointed on 2021.09.01 Required attendance: 12 times
Director	Ming-Jen Chen	10	2	83.33	Appointed term on 2021.10.19 Required attendance: 12 times
Independent Director	Miao-Ling Chen	12	0	100	Renewed term on 2019.09.02 Required attendance: 12 times
Independent Director	Ming-Fang Tsai	12	0	100	Renewed term on 2019.09.02 Required attendance: 12 times
Independent Director	Hsien-Ming Lien	12	0	100	Appointed on 2021.02.19 Required attendance: 12 times

Note: The actual ratio of attendance (%) is calculated as the ratio (%) of the number of Board of Directors meetings attended to the total number held during the term in office.

Other mentionable items:

- The dates of meetings, sessions, contents of motions, all independent directors' opinion and the Company's response to independent directors' opinion should be specified, if there are:
  - Circumstances referred to in Article 14-3 of Securities and Exchange Act: None.
  - Resolutions of the directors' meetings objected to by independent directors or subject to qualified opinion and recorded or declared in writing: None.
- If there is Directors' avoidance of motions in conflict of interest, the Directors' names, contents of motions, causes for avoidance and voting should be specified: None.
- Financial holding companies listed on the TWSE or the TPEX are required to disclose the cycles, periods, scope, methods, and content of self-assessments (or peer-to-peer assessments) carried out by their Board members as listed in the attachment, and the state of their implementation:
 

TFH is not a TWSE/TPEX listed company, so this item is not applicable.
- Evaluation of targets for strengthening of the functions of the Board (ex: the establishment of Audit Committee, or improve information transparency) during 2022:
  - To increase transparency, the Ministry of Finance once again contracted a fair and impartial outside institution to audit the TFH by focusing on four key aspects: information transparency; management operations; functions of the Board of Directors; and stakeholder interests and corporate social responsibility. The audit resulted in an overall score of 98.5 points, and TFH will continue to improve its corporate governance measures to receive even better corporate governance scores.
  - Board members attend professional development coursework related to corporate governance matters upon appointment or during the course of their term on the Board, in accordance with the provisions of the "Securities and Exchange Act" and the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies." Moreover, Board members have many different specialties and are thus able to implement a diverse range of policies.

## 2. The state of operations of the Audit Committee

A total of 6 Audit Committee meetings were held in 2022. Independent Director's attendance was as follows:

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%) (Note)	Remarks
Independent Director	Miao-Ling Chen	6	0	100	Renewed term on 2019.09.02 Required attendance: 6 times
Independent Director	Ming-Fang Tsai	6	0	100	Renewed term on 2019.09.02 Required attendance: 6 times
Independent Director	Hsien-Ming Lien	5	1	83.33	Appointed on 2021.02.19 Required attendance: 6 times

Note: The actual ratio of attendance (%) is calculated as the ratio (%) of the number of Audit Committee meetings attended to the total number held during the term in office.

Other mentionable items:

1. Where any one of the circumstances set out below apply with respect to the operations of the Audit Committee, the TFH shall state the date of past Audit Committee meeting(s), the meeting number(s), the content of the agenda items, the content of any opposing opinions, qualified opinions, or significant recommendations put forward by independent directors, the results of Audit Committee resolutions, and TFH's handling of Audit Committee opinions:

(1) Circumstances referred to in Article 14-5 of Securities and Exchange Act:

The date of Audit Committee meetings	Circumstances referred to in Article 14-5 of Securities and Exchange Act	Results of Audit Committee resolutions, and TFH's handling of Audit Committee opinions	The date of Board meetings
Passed by the 16th meeting of the 3rd Audit Committee on 23 Feb. 2022	Results of 2021 evaluation of internal audit operations at subsidiaries BOT, BTLI, and BTS.	Duly presented, and submitted to the TFH Board of Directors	Passed by the 31st meeting of the 5th Board of Directors on 24 Feb. 2022
	Retained service provider to conduct the audit and attest TFH's 2022 financial and tax records.	Unanimously approved by all members in attendance, and submitted to the TFH Board of Directors	
Passed by the 17th meeting of the 3rd Audit Committee on 23 Mar. 2022	TFH's semi-annual Legal Compliance Report for the 2nd half of 2021.	Duly presented, and submitted to the TFH Board of Directors	Passed by the 32nd meeting of the 5th Board of Directors on 24 Mar. 2022
	A report on auditing work for the 2nd half of 2021.	Duly presented, and submitted to the TFH Board of Directors	
	KPMG Taiwan's audit and attestation of TFH's 2021 consolidated and head office business report and financial statements, and distribution of final earnings.	Unanimously approved by all members in attendance, and submitted to the TFH Board of Directors	
	"Statement on Internal Control" and an attachment entitled "Enhancement Items and Improvement Plan Internal Control System" of 2021.	Unanimously approved by all members in attendance, and submitted to the TFH Board of Directors	
	A proposal for BTLI to carry out an NT\$10 billion cash capital increase and include this in the 2023 budget, was reported to the Ministry of Finance for review and submitted to the Executive Yuan for final approval.	Unanimously approved by all members in attendance, and submitted to the TFH Board of Directors	
Passed by the 18th meeting of the 3rd Audit Committee on 25 May 2022	A proposal for an NT\$10 billion cash capital increase originally intended to be covered in the 2023 budget and reported to the Ministry of Finance was adjusted to be covered through multi-year budgeting, i.e. NT\$6 billion in 2023 and NT\$4 billion in 2024.	Unanimously approved by all members in attendance, and submitted to the TFH Board of Directors	Passed by the 34th meeting of the 5th Board of Directors on 26 May 2022
Passed by the 19th meeting of the 3rd Audit Committee on 24 Aug. 2022	TFH's consolidated financial statements for the 1st half of 2022, audited by KPMG Taiwan	Unanimously approved by all members in attendance, and submitted to the TFH Board of Directors	Passed by the 37th meeting of the 5th Board of Directors on 25 Aug. 2022
Passed by the 20th meeting of the 3rd Audit Committee on 21 Sep. 2022	TFH's semi-annual Legal Compliance Report for the 1st half of 2022	Duly presented, and submitted to the TFH Board of Directors	Passed by the 38th meeting of the 5th Board of Directors on 22 Sep. 2022
	A report on auditing work for the 1st half of 2022	Duly presented, and submitted to the TFH Board of Directors	
Passed by the 21st meeting of the 3rd Audit Committee on 23 Nov. 2022	2023 contract for outsourcing of information system services	Unanimously approved by all members in attendance, and submitted to the TFH Board of Directors	Passed by the 40th meeting of the 5th Board of Directors on 24 Nov. 2022
	Proposal for TFH to roll over a line of credit from BOT, but with the amount reduced to NT\$39.1 billion in 2023.	Unanimously approved by all members in attendance, and submitted to the TFH Board of Directors	
	Auditing work plan for 2023	Unanimously approved by all members in attendance, and submitted to the TFH Board of Directors	

(2) Resolutions which were not approved by the Audit Committee but were approved by two thirds or more of all Directors : None.

2. If there is Independent Directors' avoidance of motions in conflict of interest, the Independent Directors' names, contents of motions, causes for avoidance and voting should be specified: None.
3. Communication between the Independent Directors, internal auditing authorities and CPAs (including major items, mode and results of discussion about the Company's finance and business)

- (1) Communication with internal auditing authorities was carried out as follows to reinforce TFH's internal auditing work:
- A. Results of 2021 evaluation of internal audit operations at subsidiaries BOT, BTLI, and BTS.
  - B. A report on auditing work for the 2nd half of 2021.
  - C. "Statement on Internal Control" and an attachment entitled "Enhancement Items and Improvement Plan Internal Control System" of 2021.
  - D. A report on auditing work for the 1st half of 2022.
  - E. Auditing work plan for 2023.
- (2) Communication with CPAs was carried out through the submission of the following documents to reinforce the content of the Company's external auditing work:
- A. KPMG Taiwan's audit and attestation of TFH's 2021 consolidated and head office business report and financial statements, and distribution of final earnings.
  - B. TFH's consolidated financial report for Q1 2022, reviewed by a CPA from KPMG Taiwan.
  - C. TFH's consolidated financial statements for the 1st half of 2022, audited by KPMG Taiwan.
  - D. TFH's consolidated financial report for Q3 2022, reviewed by a CPA from KPMG Taiwan.

### 3. Corporate Governance Execution Status and Deviations from "Corporate Governance Best-Practice Principles for Financial Holding Companies"

TFH discloses information on finance, business, and corporate governance on the company's own website (<https://www.twfhc.com.tw>) and the Market Observation Post System(MOPS) website (<https://mops.twse.com.tw>)

### 4. The state of the company's implementation of corporate governance, and the departure from the Corporate Governance Best-Practice Principles.

Matters Evaluated	Implementation Status		
	Y	N	Summary Description
1.Shareholding Structure & Shareholders' Rights			
(1) Has the Company adopted internal procedures for the handling of shareholder suggestions, questions, disputes, and litigation? Does the Company act in accordance with such procedures?	√		TFH currently has only one institutional shareholder: Ministry of Finance (MOF). TFH properly handles all instructions and suggestions from the MOF in accordance with legal requirements.
(2) Does the Company know the identities of the main controlling shareholders, and of the ultimate controlling shareholder?	√		TFH is a government-owned company, with its shares 100% owned by MOF. The Government is the ultimate controlling shareholder.
(3) Has the Company established a risk management mechanism and "firewall" between the Company and its affiliates? Is it implementing them?	√		TFH has adopted administrative rules, risk management policies and guidelines, and rules governing credit extensions or other transactions with interested parties of the Group. These rules, policies, and guidelines clearly delineate the managerial powers and responsibilities of TFH and its subsidiaries. Each subsidiary also has its own independent risk management unit.

Matters Evaluated	Implementation Status		
	Y	N	Summary Description
2.Composition and Responsibilities of the Board of Directors			
(1) Has the Board of Directors adopted a diversity policy and specific management goals?	√		<p>1. Acting in accordance with the provisions of the "Corporate Governance Best-Practice Principles," TFH has adopted an appropriate diversity policy regarding business operations, operating dynamics, and development needs including, but without being limited to, the following two general standards:</p> <p>(1) Basic identifying information: Gender, age, etc.</p> <p>(2) Professional knowledge and skills: professional background (e.g., law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience.</p> <p>2. The TFH Board of Directors shall direct company strategies, supervise management-level personnel, and be responsible to the company and shareholders. Procedures and arrangements under its system of corporate governance shall be directed to ensure that the Board of Directors carries out its functions in compliance with acts and regulations, the articles of incorporation, and the resolutions of the shareholders' meetings. Specific management goals are as follows:</p> <p>(1) adoption of an effective and appropriate internal control system;</p> <p>(2) selection and supervision of managerial officers;</p> <p>(3) review of the company's management policies and operating plans, and supervising their implementation;</p> <p>(4) review of the company's financial goals and supervising their achievement;</p> <p>(5) supervising results of the company's operations;</p> <p>(6) supervising the company's establishment of effective risk management mechanisms;</p> <p>(7) ensuring corporate compliance with applicable acts and regulations;</p> <p>(8) planning the company's future development;</p> <p>(9) maintaining a corporate image; and</p> <p>(10) appointing CPAs and other professionals.</p>
(2) In addition to the Remuneration Committee and the Audit Committee, is the Company willing to establish other function-specific committees?	√		<p>a. In addition to an Audit Committee established pursuant to the company's articles of incorporation, TFH has also established a Strategic Development Committee, a Business Operations Committee, a Group Resources Integration Committee, a Risk Management Committee, and an Information Development Committee as required in its organizational rules.</p> <p>b. TFH is a government-owned company, with its shares 100% owned by MOF. The Directors and employees' salary points are handled in accordance with regulations issued by The Executive Yuan and the Ministry of Finance, and it does not have a Remuneration Committee.</p>
(3) Does financial holding company, being listed on the TWSE/TPEX, adopt Board performance evaluation rules, set out requirements on the evaluation method, conduct annual performance evaluations, report the performance evaluation results to the Board of Directors, and use the results as reference when setting the remuneration of individual directors and nominating them for extension of appointment?	√		<p>TFH is not a TWSE/TPEX listed company. The remuneration of directors is in accordance with the provisions of the "Directions for Appointment by the Ministry of Finance of Responsible Persons, Managerial Officers, Directors, and Supervisors at Public and Private Enterprises." TFH arranges for its directors to prepare self-assessments of their performance within two months of the end of each accounting year. The self-assessments, which are submitted to the MOF for secondary review, address such matters as: (a) number of Directors meetings attended; (b) participation in important discussions at Board meetings and other related meetings; and (c) the degree of their participation in and contribution to management of the institution (e.g. whether they have put forward concrete suggestions regarding mid- and long-term business strategies, operational objectives, annual plans, annual budgets, management performance, risk management, legal compliance, internal controls, and internal audit systems). The results of Director performance evaluations serve as important reference for the MOF when it decides whether to renew director appointments.</p>

Matters Evaluated	Implementation Status		
	Y	N	Summary Description
(4) Does the Company carry out regular evaluations of CPA independence?	√		Before TFH retains its attesting CPA in accordance with the Government Procurement Act, it has to report the CPA to the Audit Committee and the Board of Directors for discussion and agreement, then files the CPA hiring selection with the National Audit Office for recordation. After that, the CPA is hired. The appointment of CPA is one year.
3. Does the financial holding company employ an appropriate number of qualified and suitable corporate governance personnel, and appoint a chief corporate governance officer to take responsibility for corporate governance affairs (including, without limitation: providing directors and supervisors with the information they need to perform their duties; helping Directors and supervisors to maintain legal compliance; handling matters relating to Board meetings and shareholders meetings in accordance with the law; and producing minutes of Board meetings and shareholders meetings)?	√		<p>a. The Administration Department's Secretariat Section, acting in accordance with the group's detailed charts of hierarchical responsibilities, tasked specifically with responsibility for planning and implementing corporate governance matters, and the various units in charge of business divide among themselves the responsibility for different corporate governance tasks. Also, at the 7th meeting of the 5th TFH Board of Directors on 20 February 2020 approved a proposal for Chief Financial Officer Kuo-Yung Chang to assume the position of TFH Chief Corporate Governance Officer in a concurrent capacity.</p> <p>b. Implementation of corporate governance:</p> <p>(a) Adoption of Corporate Governance Best-Practice Principles: In order to improve the company's corporate governance performance, TFH corporate governance personnel urge the various units in charge of business to follow the established plan in implementing a wide range of corporate governance measures in the course of daily operations. Such measures are expected to address many different aspects, including: legal compliance and the exercise of sound internal management; protection of shareholder interests; steps to strengthen the powers of the Board of Directors; respect for stakeholders' rights and interests; and steps to enhance information transparency.</p> <p>(b) Meetings at the governance level: In order to carry out the functions of directors and reap the benefits of good corporate governance, TFH administers matters related to meetings of the Board of Directors and the Audit Committee, provides Directors with the information they need to perform their duties, prepares the minutes for meetings of the Board of Directors and the Audit Committee, arranges for the Directors to complete the number of hours of continuing education required by the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies," and helps Directors to maintain legal compliance.</p> <p>(c) TFH also submits to corporate governance evaluations by a fair and impartial third party contracted by the Ministry of Finance.</p>
4. Has the Company established a communication channel with interested parties (including without limitation shareholders, employees, and customers)? Does it provide a designated section for stakeholders on the company website, and respond appropriately when stakeholders raise concerns about important issues relating to corporate social responsibility?	√		<p>a. TFH has established a spokesperson system and a transparent communications channel to address the opinions of stakeholders. The Company also provides a "complaints and suggestions box" for shareholders and customers on its website, and has appointed dedicated personnel to properly handle inquiries and suggestions. For employees, TFH uses its intranet to maintain a Chairperson's Mailbox and a channel for communications with the TFH President, and to convene periodic labor-management meetings where employees can put forward suggestions and otherwise communicate with management.</p> <p>b. TFH periodically discloses financial and operating information as well as material information on its own website and on the Market Observation Post System (MOPS) website of the Taiwan Stock Exchange, where interested parties may find it.</p> <p>c. In order to improve corporate management and sustainability, and to strengthen communications with stakeholders, TFH continues acting via diverse communication channels to collect information on the ESG issues of concern to stakeholders, understand the sustainability topics and information that they care about, take response measures, prepare sustainability reports, and post the reports in electronic form to the company website where stakeholders can read and download them.</p>
5. Information Disclosure			
(1) Has a corporate website been established to disclose information regarding the Company's financial, business, and corporate governance status?	√		TFH has established website to regularly disclose information on finance, business, and corporate governance, and acts in a timely manner to maintain the accuracy of its data.
(2) Has the Company established other information disclosure channels (such as setting up an English website, specifically assigning personnel to collect and disclose related information, implementing the spokesperson mechanism, and posting the taped investor conferences on the website)?	√		<p>Other information disclosure channels include the following:</p> <p>a. TFH's website has an English page to disclose relevant information, and TFH also assigned personnel to periodically collect important financial and business information, and disclose related information on the website in Chinese and English.</p> <p>b. To implement the spokesperson mechanism completely, TFH has established "Taiwan Financial Holdings News Issuance and News Liaison Guidelines", which require that the Senior Executive Vice President act as the news spokesperson to exclusively make public comments on major policies and business measures. TFH has also set up a "News Center" on its website to issue press releases.</p>

Matters Evaluated	Implementation Status		
	Y	N	Summary Description
(3) Does TFH, acting within the prescribed period of time after the end of each fiscal year, comply with the applicable provisions of the "Financial Holding Company Act" and the "Securities and Exchange Act" by announcing and filing an annual financial report? Moreover, does it publish and report its financial reports for the first, second, and third quarters as well as its operating status for each month before the specified deadline?	√		<p>a. TFH — acting within the prescribed period of time after the end of each fiscal year and in accordance with the requirements of the "Financial Holding Company Act," the "Securities and Exchange Act," and FSC Order No. Jin-Guan-Yin-Fa-Zi No. 10110002230 (issued on 18 May 2012) — announces and files information on its operating status in its annual financial reports, semi-annual financial reports, and monthly reports.</p> <p>b. TFH is not listed on the TWSE or TPEx, and is therefore not required to announce and file Q1 or Q3 financial reports. In order to increase the transparency of information disclosures, however, the Company does announce and file Q1 and Q3 financial reports in accordance with FSC Order No. Jin-Guan-Yin-Fa-Zi No. 10110001470 (issued on 2 April 2012).</p>
6. Does the Company have other important information that would contribute to a better understanding of the Company's corporate governance operations (e.g., including but not limited to employee rights, employee wellness, investor relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, purchasing insurance for directors and supervisors, and donations to political parties, stakeholders, and charity organizations)?	√		<p>1. Employee rights and wellness :</p> <p>(1) TFH is a 100% government-owned financial institution. The interests of its employees are handled in accordance with the provisions of the "Labor Standards Act," other labor legislation, and regulations issued by the competent authorities. TFH also regularly convenes labor-management meeting with relevant regulations.</p> <p>(2) The internal website of TFH also contains a Chairperson's Mailbox and President's Interchange as channels for employee suggestions and communication.</p> <p>(3) To promote gender equality, TFH offers family care leave, menstrual leave, paternity leave, prenatal leave, pre-maternity leave, sick leave, maternity leave, and miscarriage leave, and employees with a child under 3 years old are eligible to apply for unpaid parental leave. Also, female employees caring for an infant are allowed to take time each day for breastfeeding (or pumping).</p> <p>(4) TFH acts in accordance with applicable requirements by enrolling its employees in civil servants and teachers' insurance as well as national health insurance, helping employees to enroll in private group insurance, providing vacation allowances, and subsidizing employees' medical examinations and advanced training. The Company also has an Employee Benefits Committee and has set aside a benefit fund in accordance with the "Employee Welfare Fund Act" to fund the administration of employee benefits.</p> <p>2. Investor Relations and Rights of Stakeholders:</p> <p>(1) TFH regularly provides its sole shareholder, the Ministry of Finance, with its latest financial information, and maintains strong communications with the Ministry.</p> <p>(2) The TFH website has a special corporate governance section where, among other information, it posts the following: Message to Shareholders; Corporate Governance Framework; Corporate Governance Bylaws; and information on the Board of Directors, the Audit Committee, internal controls, internal audits, and corporate social responsibility. This information helps stakeholders understand the state of corporate governance operations at TFH.</p> <p>3. Advanced Education for Directors and Supervisors :</p> <p>TFH has adopted rules governing the administration of professional development courses for Directors to help them continue their professional development each year, enhance their professional abilities, and hone their ability to provide good strategic viewpoints. This will also contribute to effective corporate governance. In 2022, the number of hours of professional development courses attended by Directors satisfied regulatory provisions. These provisions, and information on their implementation by TFH, have been disclosed on the special corporate governance section of the TFH website.</p> <p>4. Implementation of Risk Management Policies and Risk Evaluation Measures :</p> <p>TFH has adopted the risk management policies and guidelines. The Board of Directors has a subordinate Risk Management Committee that establishes group-wide risk management mechanisms and oversees the corporate governance operations of TFH subsidiaries to ensure sound business development throughout the entire group.</p> <p>5. Implementation of Customer Relations Policies :</p> <p>TFH has adopted measures to protect the confidentiality of customer information, and has disclosed (as required by the competent authority) customer privacy protection strategies on the websites of the TFH and its subsidiaries. In addition, TFH and its subsidiaries all have customer service hotlines and email addresses that customers can use to raise complaints and suggestions or seek consultation.</p>

Matters Evaluated	Implementation Status		
	Y	N	Summary Description
	√		<p>6. Purchasing Insurance for Directors and Supervisors :</p> <p>TFH is a 100% government-owned enterprise. All the Directors are assigned by the Ministry of Finance. TFH has not purchased liability insurance for its Directors.</p> <p>7. Donations to Political Parties, Stakeholders, and Charity Organizations :</p> <p>(1) There was no donation to political parties and stakeholders in 2022.</p> <p>(2) Donations to Charity Organizations:</p> <p>a. In 2022, TFH donated NT\$2.5 million to the Financial Services Education Charity Fund in order to help youth from underprivileged families to complete their studies free of financial worries, and to promote financial literacy courses.</p> <p>b. TFH and BOT jointly donated NT\$336,000 to the Tainan Babies' Home of Good Shepherd Social Welfare Foundation to fund the purchase of new fire safety equipment and pantry equipment, and the repair of childcare tables.</p>
<p>7. Please account for how much improvement and what measures the Company has made concerning the company governance assessment result published by the Corporate Governance Center of Taiwan Stock Exchange:</p> <p>TFH is not a TWSE/TPEX listed company, and was not included in the assessed companies.</p>			

Note: There is no deviation of TFH's implementation of corporate governance from the Corporate Governance Best-Practice Principles.

## 5. Information on Members of the Remuneration Committee and Nominations Committee, and Their Operations

TFH is a government-owned enterprise. As such, payment of remuneration to its Directors and managerial officers is handled in accordance with the applicable regulations of the Executive Yuan and the Ministry of Finance. TFH has not established a Remuneration Committee or a Nominations Committee.



BOT Chairman Joseph Jye-Cherng Lyu (2nd row, 6th from left) is shown here together with the judging panel and the winning entrants at the awards ceremony for the Painting Division and the Photography Division of the 2022 Bank of Taiwan Arts Festival.

## 6. State of the company's promotion of sustainable development, any deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such deviation

Item	Implementation Status		
	Y	N	Summary Description
1. Has the company established a governance framework for promotion of sustainable development? Has it established a unit that is tasked (whether exclusively or otherwise) with promoting sustainable development? Are sustainability matters handled by a member of senior management who acts on the authority and under the oversight of the Board of Directors?	✓		To ensure sustainable group-wide development, the company's Board of Directors has approved a sustainable finance policy and established a Committee for Corporate Sustainability. In addition to providing a governance framework to promote the group's sustainable development, serving as a guidepost for the direction of the group's sustainability policy, and taking overall charge of the group's ESG policies and strategies, in the group's Committee for Corporate Sustainability the TFH Chairperson of the Board of Directors and the TFH President act as the committee's chair and vice chair, with responsibility for overseeing the committee's work, making sure that it smoothly achieves its goals, and reporting each year to the Board of Directors on implementation of ESG measures.
2. Does TFH conduct risk assessments and risk management policies or strategies related to environmental, social, and corporate governance issues in accordance with the materiality principle? Has it adopted related risk assessments and risk management policies or strategies?	✓		Acting in accordance with the GRI Standards and with reference to the AA1000 Stakeholder Engagement Standards, TFH has identified stakeholders that are related to and have influence upon its operations, and has collected information on ESG issues of concern to stakeholders. By administering questionnaires, TFH evaluates the degree of influence that environmental, social and corporate governance have on the group's operations and the degree of stakeholder concern regarding those issues, identifies business-related ESG issues of key importance, and adopts related policies and management approaches in order to reduce the group's operational risks and seize upon business development opportunities.
3. Environment Issues			
(1) Has the Company established an appropriate environmental management system that is suited to the characteristics of the financial holdings industry?	✓		TFH and the National Development Council are both headquartered in the same building, and they occasionally call meetings to discuss environmental management methods, and TFH carries out follow-up monitoring to track the implementation of what has been discussed.
(2) Does the Company make efforts to enhance the efficiency of energy utilization, and use recyclable materials with a low environmental burden?	✓		Based on the Executive Yuan's "Program for Management of Energy Use Efficiency at Government Agencies and Schools," TFH has established a Task Force for Energy Conservation and Carbon Reduction that is chaired by a Senior Executive Vice President (SEVP), while the Administration Department is in sole charge of promoting energy conservation, setting energy conservation targets, implementing measures to improve energy conservation management, improving equipment performance, implementing energy conservation measures, and carrying out energy conservation awareness campaigns. Once each half-year, TFH holds a meeting of its Task Force for Energy Conservation and Carbon Reduction to discuss the progress of efforts to conserve energy and ways to achieve better success. Also, acting on the basis of the Environmental Protection Administration's "Government Agency Green Procurement Performance Evaluation Scoring Methods," TFH promoted green procurement and filed the results with the government. In 2022, 100% of all procurements qualified as green procurements, which met the target ratio (95%).

Item	Implementation Status		
	Y	N	Summary Description
(3) Does the Company evaluate the impact of climate change upon its current and future potential risks and opportunities? Does it also take related response measures?	✓		<p>a.TFH actively maintains environmental sustainability, and works hard to promote energy conservation and carbon reduction, greenhouse gas reduction, energy management, and green procurements.</p> <p>b.TFH has already included climate risks among the items covered in the "Taiwan Financial Holding Company Risk Management Policies and Guidelines," with which all group subsidiaries are required to comply.</p> <p>c.TFH urges its subsidiaries to improve their systems for management of climate-related issues, identify and manage physical risks, manage investment in and financing of economic activities involving climate risks, manage carbon-intensive customers, set climate risk management indicators and targets, identify potential climate-related risks and opportunities, gain a clear understanding of the impact on operations and finances, and gradually establish management mechanisms.</p> <p>d.The TFH group's climate risk management and monitoring reports have newly begun to disclose the management of climate risks. In addition, the results of climate change risk assessments and response measures are reported to the Risk Management Committee and the Board of Directors on a quarterly basis.</p>
(4) Does the Company compile statistics on greenhouse gas emissions, water consumption, and total weight of waste over the past two years? Has it adopted policies on reduction of greenhouse gas emissions, reduction of water consumption, and management of other types of waste?	✓		<p>As a services firm, the TFH has limited greenhouse gas (GHG) emissions, water usage, and waste. However, to fulfill its corporate social responsibilities, TFH still observes government policies and rules by seeking to avoid any increase in the aforementioned items. The Company takes measures to limit consumption of electricity, water, and gasoline.</p> <p>a. TFH takes measures to reduce energy consumption in line with the Executive Yuan's "Energy Conservation Action Plan for Government Agencies and Schools," and seeks to keep its Energy Usage Index (EUI) below 89. In 2022, TFH's EUI is 82.5, achieved the target.</p> <p>EUI formula=Total annual energy consumption(kwh)/Total floor area(m<sup>2</sup>)</p> <p>b. TFH and the National Development Council are both located in the same office building, so each party's water usage is calculated on the basis of its share of the building's total floor space.</p>
4. Community Service Work			
(1) Has the Company adopted policies and procedures in accordance with applicable legislation and international human rights conventions?	✓		<p>a.TFH is a 100% government-owned company. It adopts a variety of different human resources by-laws and handles human resources matters in accordance with applicable regulations adopted by the competent authorities, and uses appropriate management methods and procedures to implement its by-laws and safeguard the lawful interests of employees.</p> <p>b.To safeguard gender equality in employment and foster a proper work-life balance, TFH offers family leave, menstrual leave, paternity leave, pre-maternity leave, personal or sick leave related to pre-maternity issues, maternity leave, and miscarriage leave; employees with a child under 3 years old are eligible to apply for unpaid parental leave, and are entitled to parental leave allowance; while female co-workers are provided a high-quality breastfeeding environment, and are allowed under company rules to take time each day for breastfeeding or pumping.</p> <p>c.Persons with disabilities who have capability to work are employed by TFH in the legally required number. This creates a work environment that is friendly to persons with disabilities, and promotes the employment rights and interests of people with disabilities.</p> <p>d.TFH continued to encourage employees to take part in the "2022 National Referendum" for the sake of human rights protections as referred to in the International Covenant on Civil and Political Rights.</p> <p>e.TFH has set up a "Sexual harassment prevention" section on its website, and has adopted gender equality campaign copywriting phrases as well as online education and training content to continue raising the gender equality awareness of co-workers.</p>

Item	Implementation Status		
	Y	N	Summary Description
(2) Has the Company adopted and implemented reasonable employee benefit measures (including salary and compensation, leave, and other benefits)? Does it appropriately reflect operating performance or results in employees' salary and compensation?	✓		TFH is a 100% government-owned company. Salary and compensation, leave, and other benefits are all provided in accordance with the applicable government regulations, and the Company has adopted a set of "Rules Governing the Issuance of Performance Bonuses." Based on their performance, instances of recognition and discipline, and attendance record during the current year, employees are comprehensively evaluated, and the evaluation results serve as reference for decisions regarding the awarding of performance bonuses, so that business results can be properly reflected in employee compensation.
(3) Does the Company provide a safe and healthy working environment for its employees, and offer them regular safety and health education?	✓		<p>a. TFH enrolls its employees in civil servants and teachers' insurance as well as national health insurance, provides vacation allowances, has a Sexual Harassment Complaints Committee and a complaints hotline, has an Employee Benefits Committee, and subsidizes medical examinations to safeguard employees' safety and health. The Company also subsidizes the fee for flu vaccines.</p> <p>b. In order to provide a safe and healthy work environment, TFH has continued to implement the following measures:</p> <p>(a) Assignment of security personnel to ensure security.</p> <p>(b) Regular cleaning of the work environment and quarterly disinfection.</p> <p>(c) Regular testing and maintenance of drinking water, fire safety, air conditioning, air filters, and lighting.</p> <p>(d) Establishment of a smoking-free working environment.</p> <p>(e) Hiring of professional testing personnel to test workplace CO2 concentrations to confirm that they are all below statutory tolerance limits.</p> <p>(f) Assignment of qualified emergency personnel; keeping first aid kits and facemasks ready.</p> <p>c. TFH offers at least three hours of occupational health and safety education and training every three years as required by law.</p>
(4) Has the Company established a career skills development program for its employees?	✓		TFH continues to promote the group's human resources exchange mechanism and reaps the benefits of synergy in human resources and management. Moreover, TFH systematically selects outstanding management personnel with relevant professional experience to participate in a "Training Program for Senior Management at Government-invested Enterprises" and a "Training Program for Outstanding Management Personnel at BOT" in order to upgrade the leadership, communications, and operational planning skills of management personnel. TFH also uses internal and external Internet learning resources and, when appropriate, assigns staff to attend courses offered by specialized training organizations. TFH also subsidizes employees to take exams for a variety of professional licenses to strengthen the development and cultivation of professional work force.
(5) In its marketing and labeling of products and services, does TFH comply with applicable legislation and international standards regarding customer health, safety, and privacy? Has the Company adopted policies regarding the protection of consumer or customer interests? Has it established complaint procedures?	✓		To safeguard personal data and protect consumer interests, TFH has adopted a set of "Rules Governing the Handling of Personal Data After Termination of Business," cross-selling rules, as well as procedures for the handling of customer complaints related to cross-selling disputes, and has posted a privacy policy statement and a set of "Measures for the Protection of Customers' Personal Information" to its website, as required by the competent authority. In addition, each TFH subsidiary has a service hotline and an email address for receiving customer complaints and suggestions, and providing consulting services.

Item	Implementation Status		
	Y	N	Summary Description
(6) Has TFH adopted supplier management policies that require suppliers to comply with legal requirements governing such matters as environmental protection, occupational safety and health, and labor rights? What is the state of implementation of these policies?	✓		As a government-owned entity, TFH's supplier management policies are compliant with the provisions of the "Government Procurement Act." TFH requires that suppliers comply with legal requirements governing such matters as environmental protection, energy conservation, occupational safety and health, and labor rights. According to the Public Construction Commission's standard-form procurement documents, any violation by a supplier of legislative or contractual provisions governing environmental protection or labor safety and health shall be treated as grounds for termination of contract or suspension of its performance.
5. Does TFH follow internationally recognized standards or guidelines when preparing and publishing reports (such as its Sustainability Report) that disclose non-financial information of the company? Does the Company obtain a third-party verification institution's confirmation or guarantee for such reports?	✓		To put the Company's spirit of sustainability into action, and improve ESG disclosures, the Company in 2021 prepared its first-ever Corporate Social Responsibility Report (for 2020). In doing so TFH made reference to the Taiwan Stock Exchange Corporation's "Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies" and followed the "GRI Standards" issued by the Global Reporting Initiative. In 2021, TFH prepared its first Corporate Social Responsibility Report (for 2020). In 2022, TFH prepared the 2021 report in accordance with the GRI Standards: Core option and obtained third-party certification. The related reports and their important content are all posted to the sustainable development section of the TFH website, where the company also periodically discloses information on non-financial performance and operational outcomes, thus taking concrete action to achieve its vision of running a sustainable business.
6. If the Company has compiled its own sustainable development rules in accordance with the "Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies," please explain their operation and their divergences: TFH is not a TWSE/TPEX listed company, and has not compiled its own sustainable development rules.			
7. Other important information that would aid in understanding the operation of sustainable development: Please refer to TFH's website ( <a href="https://www.twfhc.com.tw/eng/">https://www.twfhc.com.tw/eng/</a> ) / Corporate Governance / Social Responsibility.			

## 7. The state of the Company's performance in the area of ethical corporate management, any variance from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance

Matters Evaluated	Implementation Status		
	Y	N	Summary Description
1. Establishment of Ethical Management Policies and Programs (1) Does TFH have a Board-approved ethical management policy, and is the ethical management policy clearly expressed in the Company's charter and public documents? Are its Board of Directors and management committed to vigorous implementation of that policy?	✓		TFH has adopted a Code of Ethical Conduct for Directors, Supervisors, and Executive Officers and an employees' handbook. Both of these have been approved by the Board of Directors, and set out express ethics requirements that directors, senior management, and rank-and-file employees are expected to abide by. TFH also requires its Directors and executive officers to proactively embrace ethical business practices by complying with the "Financial Holding Company Act," the "Securities and Exchange Act," and other applicable legislation.
(2) Does TFH have a mechanism for assessing the risk of unethical behavior? Does the Company periodically analyze and assess business activities that pose a relatively high risk of unethical behavior? Has it adopted a program for the prevention of unethical behavior, and does the program include the preventive measures set out in Article 7, paragraph 2 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies"?	✓		a. To prevent unethical behavior and help all employees fully understand TFH's corporate culture, which embraces ethical corporate management, in addition to requiring employees to conduct all matters in compliance with civil service ethics, the Group also carries out education and training, promotes awareness of ethics issues, and enforces discipline. In addition, internal audit, internal control, and compliance systems are rigorously implemented. b. Acting in accordance with the "Civil Service Ethics Rules" and the "Directions for the Registration of Incidents Involving Lobbying of the Ministry of Finance or its Agencies or Institutions," TFH sets out prescribed procedures that employees must observe when they experience an incident with ethical implications—e.g. when someone approaches them with a request, seeks to influence them, gives a gift, or treats them to a meal or drinks.

Matters Evaluated	Implementation Status		
	Y	N	Summary Description
(3) Has the Company adopted programs for the prevention of unethical behavior? Does each of these programs expressly set out operating procedures and a code of conduct, provide for punishment of unethical behavior, and establish a system for lodging complaints? Are the programs being properly implemented? Are they periodically reviewed to discuss any needed modifications?	✓		<p>a.To ensure ethical corporate management, TFH requires employees at all levels to comply with the "Civil Servant Work Act" and the "Code of Ethics for Civil Servants" as well as the Group's own internal rules, including the "Taiwan Financial Holdings Personnel Management Rules," and the "Taiwan Financial Holdings Code of Ethical Conduct for Directors, Supervisors, and Executive Officers." In addition, TFH holds occasional education and training activities focusing on administrative neutrality, government ethics, and related matters to strengthen ethical corporate culture.</p> <p>b.TFH has adopted rules governing employee recognition and discipline to serve as the basis for disciplinary action as needed, and the Company amends the rules to stay in line with changing legislative provisions and business practices.</p>
2. Implementation of Ethical Management			
(1) Does the Company evaluate the ethics track record of parties with which it does business? Do the contracts that it enters into with such parties expressly set out provisions governing ethical conduct?	✓		TFH conducts its purchasing operations in accordance with the provisions of the "Government Procurement Act." To avoid awarding procurement contracts to unethical firms, before opening bid packages TFH always visits the website of the Executive Yuan's Public Construction Commission to check whether bidders have been blacklisted and are therefore prohibited by law from taking part in public tenders or receiving a contract award. TFH has also adopted penal provisions governing what to do when unethical behavior occurs.
(2) Does the Company have a unit (dedicated or otherwise) that reports to the Board of Directors and is responsible for promoting ethical business practices? If so, does this unit report its ethical management policy, its program for the prevention of unethical behavior, and the status of its work to oversee implementation of this policy and program periodically to the Board of Directors on the status of its work?	✓		<p>a. The TFH Administration Department, acting in accordance with the group's detailed charts of hierarchical responsibilities, is responsible for planning and implementing corporate governance matters, and the various units in charge of business divide among themselves the responsibility for ensuring ethical business practices.</p> <p>b. TFH lists ethical business practices each year as a key focal point of the annual business plan, submits them for approval by the Audit Committee and the Board of Directors, and then forwards them to the Ministry of Finance for approval; also, TFH reports on the results of the implementation of business ethics activities by its various internal units and subsidiaries at quarterly business review sessions of the Ministry of Finance.</p>
(3) Has the Company adopted a conflict-of-interest policy, and provided an appropriate complaint channel? Is the policy being properly implemented?	✓		<p>a.TFH handles conflict-of-interest recusals, notifications, and reporting in accordance with the "Act on Recusal of Public Servants Due to Conflicts of Interest."</p> <p>b.TFH has adopted the "Taiwan Financial Holding Co. Corporate Governance Best-Practice Principles," "Taiwan Financial Holdings Work Rules," "Rules of Order for Meetings of the Board of Directors of Taiwan Financial Holdings," "Taiwan Financial Holdings Code of Ethical Conduct for Directors, Supervisors, and Executive Officers," and the "Guidelines for Prevention of Conflicts of Interest Between Investors," and other internal management mechanisms. These rules require that when TFH Directors and executive officers are conducting business they must fulfill their fiduciary duties and abide by the principles of ethical best practice, taking care to avoid conflicts of interest and refraining from using their positions for personal profit. TFH employees all sign a confidentiality agreement that imposes an obligation to maintain the confidentiality of all business operations and undisclosed information. The purpose of these measures is to protect company assets and use them effectively.</p> <p>c.Acting in accordance with the "Financial Holding Company Act," TFH has adopted a set of "Standards for Extension of Credit to or Other Transactions with Stakeholders" and related operating procedures. These Standards require that when the Company or any of its subsidiaries engages in transactions with stakeholders, the terms of such transactions must not be more favorable than those offered to similarly situated customers, the transactions must receive general authorization approved by a supermajority resolution of the Board of Directors, the amount of such authorizations are subject to a specific cap, and authorization is subject to successful completion of stakeholder due diligence.</p>

Matters Evaluated	Implementation Status		
	Y	N	Summary Description
(4) Has the Company established effective accounting and internal control systems designed to achieve ethical management? Has its internal audit unit, based on the results of its assessment of the risk of unethical behavior, adopted a related audit plan? Based on such audit plan, does the Company audit its compliance with the program for the prevention of unethical behavior, or retain a certified public accountant to carry out audits?	✓		TFH has established a rigorous accounting system and a dedicated accounting unit. All financial reports are audited by a certifying CPA to ensure the fairness of financial statements, are reviewed and approved by the Directorate-General of Budget, Accounting and Statistics. TFH has also established an internal audit system, a self-audit system, a compliance system, and a risk management system as required by the "Regulations Governing the Implementation of Internal Control and Audit Systems by Financial Holding Companies and Banking Enterprises" to promote sound management of TFH business operations and ensure that its internal control system can continue to be effectively implemented.
(5) Does the Company periodically hold in-house or external education and training sessions that focus on business ethics?	✓		<p>TFH held both in-house or out-of-house education and training sessions that focused on business ethics in 2022, as follows:</p> <p>a. TFH retained the Financial Supervisory Commission to hold two corporate governance seminars on "Extreme Weather Events and the Response of Financial Institutions" and "Sustainability Roadmap Challenges and Opportunities, and GHG Inventories." The seminars were attended by Directors, or members of management.</p> <p>b. TFH arranged for its Directors to take part in outside professional development courses, including: "Lecture on International Sustainable Finance Trends," "A Discussion – From the Perspective of the Liabilities Set Out in the Securities and Exchange Act – Regarding How Independent Directors Properly Exercise Their Powers of Office, With a Secondary Discussion Focus on Audit Committees," "In-depth Analysis of the Latest Corporate Governance Policies and Corporate Governance Evaluation Practices," "Breach of Trust by Directors and Supervisors, and the Elements of Special Breach of Trust," "Protection of Trade Secrets," "Shareholders Meetings and Management of Shares," and "Transforming to a risk intelligence organization – from fraud risk prevention, and detection perspectives.</p> <p>c. TFH dispatched employees to attend internal/external courses on operations, including courses entitled:</p> <p>(a) Internal courses offered by the group: "Predicate Threats Identified by National Risk Assessment Reports, and Whistleblower Protection," "Introduction to regulations governing stakeholder transactions and management practices under the Financial Holding Company Act," "Introduction to crisis management and reporting mechanisms at financial holding companies," and online courses on legal compliance, personal data protection, and other topics.</p> <p>(b) External professional courses: "International Symposium on Financial Supervision of AML/CFT and Weapons Expansion," "Seminar on Prevention of Financial Crimes," "Seminar on Financial Consumer Protection Law and Principles of Treating Clients Fairly," and "Seminar on Competent Authority Sanction Cases Analysis."</p>
3. Whistleblower System			
(1) Has the Company established a whistleblower system that provides for whistleblower incentives? Is there a convenient channel for whistleblowers to raise their concerns? Does the Company assign appropriate personnel who are exclusively tasked with responsibility for interfacing with the persons against whom whistleblowers lodge complaints?	✓		In order to establish an ethical and transparent corporate culture, to bring about sound operations, and implement a whistleblower protection system, TFH has adopted a set of Whistleblower Program Rules, under which the Compliance Department is required to accept whistleblower complaints and to act as the staff unit for the Whistleblower Complaint Review Committee. TFH has also established a whistleblowing mailbox, a whistleblowing hotline, and a whistleblowing email address to encourage employees to report any illegality of which they are aware.

Matters Evaluated	Implementation Status		
	Y	N	Summary Description
(2) Has the Company adopted a standard operating procedure? For investigations launched in response to whistleblower complaints? For completed investigations, has the Company prescribed required follow-up measures and a confidentiality regime?	✓		TFH's Whistleblower Program Rules and its standard operating procedures set out case acceptance procedures, specify the investigations unit, and prescribe operating procedures for the Review Committee that meets after an investigation has been completed. TFH has also adopted a confidentiality regime, which requires that all interview transcripts or documents showing the identity of a whistleblower must be treated as confidential.
(3) Has the Company adopted measures to protect whistleblowers from retaliation?	✓		The TFH whistleblower system includes protective measures for whistleblowers. In addition to the confidentiality requirements mentioned in the preceding paragraph, the rules also provide that any person with a conflict of interest with respect to a whistleblower complaint shall recuse himself or herself from the processing, investigation, and review of the reported case, and the party against whom a whistleblower complaint is lodged may not do anything to harm the whistleblower's interests or take any otherwise prejudicial action.
4. Strengthening of Information Disclosure Does the Company disclose the content of its ethical best practice standards, and the state of their implementation on its website and the Market Observation Post System (MOPS) website?	✓		The "TFH Rules of Order for Meetings of the Board of Directors," the "TFH Corporate Governance Best-Practice Principles," the "TFH Code of Ethical Conduct for Directors, Supervisors, and Executive Officers," and other corporate governance bylaws are disclosed on the TFH website and on the Market Observation Post System (MOPS) website. In addition, the TFH website also discloses the Company's sustainable finance policy, Whistleblower Program Rules, business updates, financial information, and other information on the state of the Company's performance in the area of ethical corporate management.
5. Please describe any differences in operations and rules of ethical management regulations that the Company has established in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies":			TFH is not a TWSE/ TPEX listed company, so this item is not applicable.
6. Other important information that would aid in understanding the Company's ethical management operations (such as the Company's review and revision of ethical management regulations):			TFH has adopted the "Taiwan Financial Holdings Code of Ethical Conduct for Directors, Supervisors, and Executive Officers" to encourage employees to abide by ethical standards in their conduct of business matters. This Code of Ethical Conduct has been posted to the TFH website for public inspection.

## 8. Disclose how corporate governance best-practice principles, which the Company adapted, are to be searched:

Please refer to TFH's website (<https://www.twfhc.com.tw>) and the Market Observation Post System website (<https://mops.twse.com.tw>).

## 9. Other significant information that will provide a better understanding of the state of the Company's implementation of corporate governance : None.

## 10. Internal Control System

(1) Internal Control Statement: Please refer to page 39-40 of the Chinese annual report.

(2) Independent Auditors' Report: None.

## 11. Major Resolutions of Board Meetings

The Date of Board Meetings	Major Resolutions of Board Meetings
Passed by the 31st meeting of the 5th Board of Directors on 24 Feb. 2022	Motion to hire KPMG Taiwan to audit and attest TFH's 2022 financial and tax records
	The 2023 Business Plan of TFH, BOT, BTLI and BTS.
	Proposal for adjustment of remuneration for BTIB employees in 2022.
	Proposal for politically advisable adjustment of remuneration for BTLI employees in 2022.
Passed by the 32nd meeting of the 5th Board of Directors on 24 Mar. 2022	TFH's 2021 consolidated and head office business report and financial statements, and TFH's 2021 distribution of final earnings.
	TFH's 2021 "Statement on Internal Control" and "Enhancement Items and Improvement Plan for Internal Control System."
	A proposal for BTLI to carry out an NT\$10 billion cash capital increase and include this in the 2023 budget, was reported to the Ministry of Finance for review and submitted to the Executive Yuan for final approval.
Passed by the 34th meeting of the 5th Board of Directors on 26 May 2022	A proposal for an NT\$10 billion cash capital increase originally intended to be covered in the 2023 budget and reported to the Ministry of Finance was adjusted to be covered through multi-year budgeting, i.e. NT\$6 billion in 2023 and NT\$4 billion in 2024.
	Motion to approve personnel changes at TFH and subsidiaries BOT and BTLI.
Passed by the 35th meeting of the 5th Board of Directors on 16 Jun. 2022	TFH's 2021 consolidated and head office business report and financial statements, and TFH's 2021 distribution of final earnings.
	Appointment of TFH's SEVP & Chief Risk Officer
Passed by the 36th meeting of the 5th Board of Directors on 28 Jul. 2022	Motion to approve personnel changes at subsidiaries BTLI and BTS.
Passed by the 37th meeting of the 5th Board of Directors on 25 Aug. 2022	TFH's "First-Half of 2022 Consolidated Financial Statement."
	Proposal for adjustment of remuneration for BOT employees in 2023.
Passed by the 38th meeting of the 5th Board of Directors on 22 Sep. 2022	Proposal for adjustment of remuneration for TFH employees in 2023.
Passed by the 39th meeting of the 5th Board of Directors on 27 Oct. 2022	Proposal for adjustment of remuneration for BTS employees in 2023.
Passed by the 40th meeting of the 5th Board of Directors on 24 Nov. 2022	Proposed application by TFH to roll over a line of credit from BOT in 2023, but with the amount reduced to NT\$39.1 billion.

The Date of Board Meetings	Major Resolutions of Board Meetings
Passed by the 8th extraordinary meeting of the 5th Board of Directors on 3 Feb. 2023	Appointment of TFH's Chairman.
Passed by the 43rd meeting of the 5th Board of Directors on 23 Feb. 2023	Motion to hire KPMG Taiwan to audit and attest TFH's 2023 financial and tax records.
Passed by the 44th meeting of the 5th Board of Directors on 14 Mar. 2023	TFH's 2022 "Statement on Internal Control" and "Enhancement Items and Improvement Plan for Internal Control System."
	TFH's 2022 consolidated and head office business report and financial statements, and TFH's 2022 distribution of final earnings.
	Proposal for BTLI to draw upon the 2023 NT\$6 billion tranche of the company's cash capital increase.

## 12. Major Issues of Record or Written Statements Made by Any Director or Supervisor Dissenting to Important Resolutions Passed by the Board of Directors: None.

## 13. Resignation or Dismissal of Personnel Related to the Company

31 March 2023

Title	Name	Date of Appointment	Date of Termination	Reasons for Resignation or Dismissal
Chairman	Joseph Jye-Cherng Lyu	31 Aug. 2016	3 Feb. 2023	assigned by Ministry of Finance

## IV. CPA Information

### 1. Audit Fee

Unit: NT\$1,000

Name of Accounting Firm	Name of CPA		Period of Audit	Auditing fees	Non-auditing fees	Total	Notes
KPMG Certified Public Accountants	Ling Wu	Fu-Jen Chen	1 Jan. 2022~ 31 Dec. 2022	785	181	966	The term "services for which non-auditing fees are charged" refers to tax certifications and evaluations of the reasonableness of expense allocations.

## 2. Replacement of CPA

### (1) Regarding the former CPA

Replacement Date	March 25, 2022		
Replacement reasons and explanations	Adjustment of Internal Organization in the KPMG Certified Public Accountants		
Describe whether the Company terminated or the CPA did not accept the appointment	Parties	CPA	The Company
	Status		
	Termination of appointment	Not applicable	Not applicable
	No longer accepted (continued) appointment	Not applicable	Not applicable
Other issues (except for unqualified issues) in the audit reports within the last two years	None		
Differences with the company	Yes		Accounting principles or practices
			Disclosure of Financial Statements
			Audit scope or steps
			Others
	None	V	
	Remarks/specify details		
Other Revealed Matters	None		

### (2) Regarding the successor CPA

Name of accounting firm	KPMG Certified Public Accountants
Name of CPA	Fu-Jen Chen
Date of appointment	March 25, 2022
Consultation results and opinions on accounting treatments or principles with respect to specified transactions and the company's financial reports that the CPA might issue prior to the engagement	None
Succeeding CPA's written opinion of disagreement toward the former CPA	None

(3) The content of the reply letter from the former certified public accountant: None.

**V. The Company's Chairman, general manager, or any managerial officer in charge of finance or accounting matters has held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm in 2022:**

None.

**VI. Any transfer of equity interests and/or pledge of or change in equity interests by a Director, managerial officer, or shareholder with a stake of more than 10 percent during 2022:**

None.

**VII. Among the Company's 10 largest shareholders any one is a related party or a relative within the second degree of kinship of another:**

None.

**VIII. The total number of shares and total equity stake held in any single enterprise by the Company, its Directors and supervisors, managers, and any other companies controlled either directly or indirectly by the Company:**

Please refer to page 46 and 47 of the Chinese annual report.

# Capital Raised by TFH

## I. Capital and Shares

### 1. Source of Capital

Date	Issue Price	Authorized Capital		Paid-in Capital		Remarks	
		No. of Shares	Dollar Amount	No. of Shares	Dollar Amount	Source of Share Capital	Other
January 2008	NT\$10	9 Billion	NT\$90 Billion	9 Billion	NT\$90 Billion	Share Swap	Note 1
September 2019	NT\$32	10.3125 Billion	NT\$103.125 Billion	10.3125 Billion	NT\$103.125 Billion	Real estate-backed capital increase via private placement of common shares	Note 2

Note1: The date of record for the share swap with BOT was 1st January 2008. The transaction was approved by MOF on 30th August 2007 (Letter No. Tai-Cai-Ku 09600381390) and by FSC on 6th December 2007 (Letter No. Jin-Guan-Yin (II) 09620007790).

Note2: The capital increase was approved by the Financial Supervisory Commission on 17th July 2019 (per Letter No. Jin-Guan-Yin-Kong Zi 10801305310). The Executive Yuan then approved the deal on 14th August 2019 (per Letter No. Yuan-Shou-Zhu-Ji-Ying Zi 1080200889), and the Ministry of Economic Affairs gave conditional approval on 21st August 2019 (per Letter No. Tai-Cai-Ku Zi 10803726770). A total of 1.3125 billion shares, having a par value of NT\$10 per share, were issued at premium price of NT\$32 per share, thus yielding total proceeds of NT\$42 billion, of which NT\$13.125 billion was booked to share capital and NT\$28.875 billion was booked to capital reserves. This boosted paid-in capital from NT\$90 billion to NT\$103.125 billion. The date of record for this capital increase was 6th September 2019, at which time transfer of ownership of the land was completed.

Type of Stock	Authorized Capital			Note
	Outstanding Shares	Unissued Shares	Total Number of Shares	
Common Stock	10.3125 Billion (Non-outstanding & unlisted)	0	10.3125 Billion	

### 2. Shareholder Structure, Dispersion of Ownership and List of Principal Shareholders

TFH is a government-owned financial holding company, with its shares 100% owned by MOF.

### 3. Share Prices, Net Worth Per Share, Earnings Per Share, Dividends Per Share and Related Information (for the past two fiscal years)

Unit: NT dollars; 1,000 shares

Item		Year	2021	2022	2023.3.31
Price Per Share	High		-	-	-
	Low		-	-	-
	Average		-	-	-
Net Worth Per Share	Before Distribution		38.60	37.18	38.51
	After Distribution		38.45	36.99	38.31
Earnings Per Share	Weighted Average Issued Shares		10,312,500	10,312,500	10,312,500
	Earnings Per Share (after tax)		1.52	1.55	0.52
Dividends Per Share	Cash Dividends		0.15	0.19	-
	Bonus shares	Dividends out of Earnings	-	-	-
		Dividends out of Capital Reserve	-	-	-
	Cumulative Undistributed Dividends		-	-	-
Return Analysis	Price/Earnings Ratio		-	-	-
	Price-to-Dividend Ratio		-	-	-
	Cash Dividend Yield		-	-	-

Note1: TFH is a government-owned enterprise. Our stock is not exchange-listed, so there is no data for market capitalization or return analysis.

Note2: Figures for 2021 are approved by the National Audit Office; figures for 2022 are CPA approved; figures for 2023 through March 31 have been reviewed by CPA.

#### 4. Dividend Policy and its Implementation

##### (1) Dividend Policy

Under the provisions of TFH's articles of incorporation, if earnings remain after closing of the annual accounts, TFH is required after paying its income taxes that year to first offset any deficit from previous fiscal years before setting aside 10% to legal reserve. In addition, TFH must also set aside an additional 40% to 60% of after-tax income, along with an amount equal to the figure recorded to shareholders equity under "Unrealized Losses on Financial Instruments," to special reserves. If further earnings still remain, they are aggregated with cumulative undistributed earnings from the preceding fiscal year and distributed in accordance with the provisions of applicable laws and regulations.

Unless and until the accumulated legal reserve equals TFH's authorized capital, the maximum earnings distribution that may be paid out in the form of cash shall not exceed 15% of authorized capital. If there are no earnings, TFH shall not distribute cash dividends or bonuses; provided, however, that if its legal reserve exceeds 50% of its paid-in capital, TFH may distribute the excess in the form of cash dividends and bonuses.

##### (2) Dividend Distributions in 2022

The TFH Group's audited after-tax earnings for 2022 were first used to offset a charge to the "Other comprehensive income (loss)" account, and were allocated to legal reserve and special reserve. TFH then decided to distribute cash dividends totaling NT\$2 billion, or NT\$0.19 per share. And the rest of after-tax earnings was retained, per Executive Yuan approval, as undistributed earnings. However, in accordance with Article 51 of Taiwan's Government Auditing Act, the earnings reported in the TFH Group's annual accounts are subject to the final approval of the Ministry of Audit. The TFH Group's annual accounts for 2022 are still under review by the Ministry of Audit, therefore the actual amount to be distributed as cash dividends cannot be determined until after Ministry of Audit has finished its review.

#### 5. Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting: None.

#### 6. Employee and Director compensation: None.

#### 7. Share repurchases: None.

#### II. Issuance of Corporate Bonds: None.

#### III. Issuance of Preferred Shares: None.

#### IV. Issuance of Global Depositary Receipts: None.

#### V. Issuance of Employee Stock Warrants: None.

#### VI. Mergers and Acquisitions: None.

#### VII. Comments on implementation of capital allocation plan:

None of the capital allocation plan has not been completed from the past private placement plans.

## An Overview of Operations

Operations of TFH and its subsidiaries are briefly described as follows:

### I. Business Activities

#### 1. Scope of Business

##### (1) TFH

###### (A) Main Lines of Business

TFH's main lines of business, as required under the provisions of the Financial Holding Company Act, are investing in other enterprises and managing their operations.

###### (B) Types of Business

Item	Year	2022	
		Amount (NT\$1,000)	Share of Total (%)
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method		16,447,394	100%
Other Operating Revenues		3,679	-
Total Revenues and Gains		16,451,073	100%

###### (C) Future Development Plan for New Financial Products and Services:

Please refer to 2023 Business Plan.

##### (2) BOT

###### (A) Main Lines of Business

In addition to conducting ordinary banking business in accordance with the provisions of the Banking Act, BOT complies with government policy by handling ancillary matters pertaining to the distribution of New Taiwan Dollar notes and coins. It also acts as an agent for the public treasury at all levels of government, administers the special high-interest deposits for recipients of public service and military pensions, handles policy-based loans and student loans, manages policy-based purchasing and tariff-rate quota allocations, operates the government employees and the retiree insurance as well as labor pension fund, and engages in other lines of business as may be approved by the competent authorities.

###### (B) Types of Business

Item	Year	2022	
		Amount (NT\$1,000)	Share of Total (%)
Net Interest Income		35,222,164	82.33%
Net Fee Income		4,070,368	9.51%
Financial Assets and Liabilities at Fair Value Through Profit or Loss		-61,355,261	-143.42%
Realized Financial Assets at Fair Value through other Comprehensive Income		4,588,552	10.73%
Net profit or loss upon derecognition of financial assets measured at amortized cost		1,727	0.00%
Investment Gains/Losses Recognized Under the Equity Method		3,633,028	8.49%
Foreign Exchange Gains/Losses		16,234,086	37.95%
Schedule of Asset Impairment Losses, and Gains on Reversal of Impairment		-19,224	-0.04%
Schedule of Other Net Non-Interest Income/Losses		40,404,340	94.45%
Net Earnings		42,779,780	100.00%

###### (C) Future Development Plan for New Financial Products and Services:

Please refer to 2023 Business Plan.

**(3) BTLI****(A) Main Lines of Business**

BTLI offers personal insurance, insurance for men serving alternative military service and Substitute Services, and other lines of business as may be approved by the competent authorities.

**(B) Types of Business**

Item	Year	2022	
		Amount (NT\$1,000)	Share of Total (%)
Personal Life Insurance Premium Income		11,908,785	81.47%
Personal Injury Insurance Premium Income		95,899	0.66%
Personal Health Insurance Premium Income		1,256,094	8.59%
Personal Annuity Insurance Premium Income		1,201,419	8.22%
Group Life Insurance Premium Income		30,224	0.21%
Group Injury Insurance Premium Income		100,041	0.68%
Group Health Insurance Premium Income		24,295	0.17%
Gross Premium Income		14,616,757	100%

Note: Investment-linked insurance premium income was NT\$3,092,825,000 in 2022. If the gross premium income is added to the investment-linked premium income, BTLI's total premium income would be NT\$17,709,582,000.

**(C) Future Development Plan for New Financial Products and Services:**

Please refer to 2023 Business Plan.

**(4) BTS****(A) Main Lines of Business**

BTS engages in securities brokering, dealing, and underwriting; offers margin trading services and short selling services, and futures introducing broker services; provides advisory services in connection with the offering and issuance of securities; acts as an agent for matters related to the aforementioned lines of business; and handles other lines of business as may be approved by the competent authorities.

**(B) Types of Business**

Item	Year	2022	
		Amount (NT\$1,000)	Share of Total (%)
Brokerage Business Income		679,056	86.06%
Securities lending income		8,691	1.10%
Underwriting Business Income		15,988	2.03%
Gain (Losses) from Disposal of Securities		-42,425	-5.38%
Interest Income		176,794	22.41%
Dividend Income		31,193	3.95%
Net gain (loss) on measurement of securities at fair value		-91,532	-11.60%
Futures commission revenues		670	0.08%
Net Gains (Losses) on Derivatives-Futures		867	0.11%
Expected credit impairment losses and reversal gains		685	0.09%
Other Revenues		9,036	1.15%
Total Revenues and Gains		789,023	100%

**(C) Future Development Plan for New Financial Products and Services:**

Please refer to 2023 Business Plan.

## 2. 2023 Business Plan

### (1) TFH

#### (A) Improve TFH Group resources integration

TFH will continue to improve the strategy of integrating TFH Group resources; improve the Group's mechanism for resource sharing, expand inter-industry integrate group subsidiaries' products and services, take advantage of brand value and superior sales channels to reap the benefits of group synergy; expand the scope of cooperative operations among subsidiaries within the TFH Group, strengthen the integrated management of back office operations, and reduce operating costs while achieving economies of scale.

#### (B) Improve Fintech Services

TFH will seize upon the trend toward digitization in the financial industry, integrate digital operations and arrange interdepartmental cooperation, continue to promote digital transformation, optimize the system of online application to improve digital financial services; continue implementing the plan for hiring and cultivating digital talent, strengthen development of fintech and digital applications, and improve the group's innovative financial services as well as its market competitiveness.

#### (C) Strengthen information security governance

TFH will improve mechanisms for sharing of information resources, implement the principle of centralized maintenance and administration of shared information resources; continue promoting the Financial Cyber Security Action Plan, closely monitor financial cyber security conditions as well as supervisory and legislative developments, dynamically adjust the group's cyber defenses, improve cyber training, and enhance employees' awareness of cyber security matters.

#### (D) Cultivate diverse talent

TFH will meet the needs of the cooperation among Group subsidiaries and make use of in-house and outside training institutes, the Group's educational resources, human resource exchanges platforms, and other training resources to improve employees' capacity for strategic thinking, professional management, and tactical development. It will also cultivate personnel with a diverse range of core skills and cross-disciplinary skills, and build up the Group's human resources.

#### (E) Improve management of capital allocations

TFH will continue instituting a stronger mechanism for management of capital allocations; review trading strategies and asset-liability allocations in a timely manner in order to achieve better capital efficiency; make good use of funds utilization platform meetings, strengthen the mechanism for sharing of investment research resources, and work to get better results from financial and economic information exchanges; and periodically inspect asset quality and exercise monitoring and control of asset quality.

#### (F) Improve internal control mechanism

TFH will implement risk-based internal auditing. With regard to deficiencies in operations, internal controls, and legal compliance, the Group will research critical audit areas to improve the internal control mechanism; strengthen lateral liaison in connection with risk management, legal compliance, and internal control work, create an improved model for the three lines of defense in internal control work, and ensure effective internal control and internal audit operations.

**(G) Fulfill sustainable development strategy**

Acting in line with the Group's sustainable finance policy, TFH is working to enhance its culture of sustainable governance, develop ESG and sustainability roadmaps, ensure ethical business practices, and strengthen links between our financial expertise and the public good, thereby achieving the sustainability goals of strengthening corporate governance, implementing environmental protection, and preserving public welfare.

**(2) BOT****(A) Deposits**

The Bank will continue working actively to optimize deposit structure and provide corporate customers with NT Dollar demand deposits, automatic salary payment services, transfer of funds from cashed checks, transfer of stock dividend and bond interest payments, conduct ACH & direct debit services; improve risk management, strengthen employee education and training, use information system monitoring and control to strengthen the internal audit system and reduce operational risks; continue to implement cross-selling mechanisms, and upgrade operational effectiveness; continue actively seeking to provide agent bank and collection & payment services to government agencies at all levels, and to optimize the Bank of Taiwan's Public Treasury website and the Public Treasury Deposit and Fee Accounts Management System, in order to improve the quality and efficiency of agent bank services.

**(B) Loans****a. Corporate Banking**

Loans to private enterprises will be promoted continuously and loan risk controls will be reinforced. The Bank will seek opportunities to lead or participate in syndicated loans at home and abroad; strengthen OBU services and actively expand overseas credit business; promote e-Loan and factoring businesses; actively pursue lending for the purpose of renovating or rebuilding hazardous and old buildings; and actively participate in the Project for Provision of Special Loans and Credit Guarantees to assist in the innovation and development of small and medium enterprises. To coordinate with the government's Program for Promoting Six Core Strategic Industries, the Bank will actively undertake related lending business, and to coordinate with the government's Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan, the Bank will actively lend to such firms to fund their construction or purchase of factory sites and facilities. And in response to the government's New Southbound Policy (NSP), the Bank will expand lending to firms in countries targeted by the NSP. The Bank will also continue to implement all types of economic stimulus loan programs, encourage and guide customers to value and act upon ESG concerns, and — for customers that work to reduce energy consumption, lower pollution, or install environmentally friendly equipment — the Bank gives an appropriate degree of assistance and preferential loan conditions.

**b. Consumer Banking**

The Bank will continue to promote high-quality loans for the purchase of owner-occupied homes, actively help non-homeowners to purchase homes, and appropriately adjust lending strategies to deal with changing market conditions. The Bank website's "special section for personal loans" provides one-stop shopping for loans and the digital process has been streamlined. The Bank will actively undertake "Young Entrepreneur and Start-up Loans" and "Micro-business Start-up Phoenix Loans" and will step up cooperation with city and county governments to promote lending to young entrepreneurs and small & medium businesses. It will coordinate with the government's promotion of digital finance by pro-actively promoting mobile payment services. It will continue to familiarize the public with the Bank's "Guide Dog Affinity Card" and "The Lord is My Shepherd Affinity Card" to enhance the competitive edge enjoyed by the Bank's credit card brand.

**(C) Foreign Exchange and International Banking**

The Bank will continue developing its foreign exchange deposits business, actively add to the range of electronic financial services available through digital foreign exchange deposit accounts, and provide a diverse range of foreign exchange services, thereby providing customers with one-stop shopping for financial services. The Bank will take advantage of business opportunities arising from the restructuring of global supply chains, coordinate with the international expansion plans of Taiwanese companies, and support the development of important Taiwanese industries; will continue expanding overseas branches' core business, work actively to enter into cooperative partnerships with world-leading financial institutions; prudently respond to the risks associated with geopolitical and economic changes, strengthen risk management and implement legal compliance, and maintain safe and sound business development.

**(D) Digital Financial Services**

The Bank is planning to launch "smart financial management services" (Bank of Taiwan e-financial management) to provide online financial consulting and investment management services; planning to allow customers to use the FamiPort machines at Family Mart convenience stores to execute the verification service, which will be applicable to digital transactions. We will promote our "Digital Transformation Flagship Program" and "Training Program to Develop Seed Personnel for a Digital Transformation" to develop employees' digital capabilities and step up business exchanges; will use the Bank's official LINE account to continue providing customers with increased access to credit card account queries, student loan account queries, and push notifications; will optimize the cloud-based banking function for online applications for personal loans, and add functions that allow for online applications to supplement an existing application with a guarantor or additional supporting documentation; and expand the Bank's intelligent customer service system website functionality to allow for "transfer to online real-person agent" functions, thereby providing more customer-friendly service.

**(E) Trust Business**

The Bank will continue to launch blue-chip, sustainable offshore bond products and add domestic and overseas fund products and ETFs to increase the operating scale of fund and trust management products; will carry out Phase 2 of the Financial Supervisory Commission's Trust 2.0 "Comprehensive Trust" Implementation Plan; will continuously develop old-age (cognitive impairment) trust products and property management trust of the disabled; will actively develop the Bank's real estate development trust and escrow businesses and continue promoting its real estate transaction escrow service; will coordinate with the government policy of promoting urban development and rebuilding of dangerous old buildings, while using tailor-made financing projects and trust frameworks to provide comprehensive and professional services; will seize opportunities to manage securities investment trust funds and discretionary investment accounts, thereby growing the Bank's custodial business; and will achieve outstanding performance through management and investment of reserve funds for the old Labor Pension Fund and Government Employees Insurance scheme.

**(F) Investment**

In addition to the purchase of Central Bank negotiable certificates of deposit in its bills finance business, the Bank will purchase commercial papers on the primary market in order to support the Bank's business units in their certification and underwriting of guaranteed issues of commercial paper. To increase the fee income, the Bank will carry out bond investment under the principle of buying in batches in times of yield rebounds; actively seek opportunities to lead or participate in the underwriting of international bonds and NTD-denominated bonds and continue expanding into markets where government bonds, bank debentures and corporate bonds are relatively highly rated (investing primarily in bonds with international credit ratings of A- or higher); continue with the appropriate management of the reinvestment business; and continue to focus stock portfolio investment on blue chips, high cash dividend stocks, and ETFs. The principle of risk-control will be observed, and hedging transactions will be used to lower market risk. Most investments in overseas markets will be made via ETFs and foreign-denominated equity fund beneficial certificates. The Bank will diversify its investments to spread its risks, will screen different types of strongly performing funds and buy them in tranches, and will engage in technical trading to increase investment returns.

**(G) Government Employees Insurance**

The Bank will carry out periodic actuarial estimates of premiums for Government Employees Insurance to ensure that Government Employees Insurance is run in a safe and sound manner, and provide the estimates to the competent authority for its rate-making reference; will actively carry out annuity-related business to provide for the economic needs of persons covered by Government Employees Insurance in their later years; will continue holding Government Employees Insurance seminars, and will step up efforts to familiarize employees with legislation and business operations; will continue to promote the digitization of the Government Employees Insurance services environment, will increase the benefits of paperless systems; will improve the management of Government Employees Insurance finances, and act in a timely manner to adjust asset allocation ratios and investment strategies in order to increase the returns on investment of Government Employees Insurance reserve.

**(H) Wealth Management Service**

With a strong brand image, wealth management channel deployment will be reinforced to expand the service network of wealth management; the integrated marketing effect will be maximized to create a diversified financial products sales platform through holding company products and sales channels; professional manpower training will be strengthened to deeply implant wealth management capability; the Bank will optimize the information system to monitor a wider range of behavioral patterns of wealth management officers, and to do it more efficiently; and the Bank will continue holding financial planning seminars and provide professional advisory services; and will protect consumer interests and implement legal compliance.

**(I) Precious Metals Business**

The Bank will optimize its Gold Passbook product to provide diversified and differentiated services superior to those offered elsewhere in the financial industry, in order to maintain the Bank's leading position in the domestic market. The Bank will also serve as the main domestic issuing bank and clearing bank for the Gold Passbook, to facilitate the initiation of this business by cooperating banks, so that together we can provide gold assets disposition services to citizens. The Bank will join with the proper business units in visiting corporate customers with a need to use precious metals as raw materials, so as to seek business opportunities involving wholesale sales of physical precious metals as well as credit and foreign exchange business, and will ensure plentiful quantities of physical gold in stock and adequate availability to customers. The Bank will keep putting out diversified precious metal products, in order to seize the business opportunities from retail and wholesale sales of physical precious metals.

**(3) BTLI****(A) Product research and development**

In preparation for eventual adoption of IFRS 17 and CSI, BTLI will continue to re-work the product strategy, and will include products among the assessment criteria for contractual service margin (CSM) in order to increase their contribution to profitability and accelerate optimization of the debt structure. To respond to the supervisory policies of the competent authorities, which are seeking to guide insurance companies to focus once again on the essence of insurance, BTLI will continue to develop protection-type insurance products designed to meet the economic, housing, asset allocation, healthcare, and long-term care needs of senior citizens.

**(B) Business promotion**

BTLI will adapt to the re-working of its product strategy, actively liaison with its distribution channels to build a consensus on sales methods, and at the same time provide appropriate training resources to help distribution channels to adapt to the new strategy; enhance cooperation with large agencies, strengthen training in marketing at correspondence offices, and supplement the above with marketing activities and incentive measures to increase business capacity.

**(C) Strengthen capital**

In order to adopt IFRS17 and ICS, and in response to the incorporation of "measures for strengthening of interest rate risk charges" into the RBC system, based on internal and external conditions and business requirements, BTLI will evaluate financial resilience, strengthen capital in a timely manner, improve risk-bearing capacity, and establish more sound business operations.

**(D) Customer service**

BTLI will establish a core corporate culture built on the principle of fair treatment of consumers in order to protect the interests of financial consumers, continue carrying out the workflow adjustment project and strengthen computer-assisted functions, shorten manual processing times and reduce operational risks to improve the quality of services and enhance clients' satisfaction.

**(E) Capital allocations**

BTLI will enhance asset allocations, continue investing in appropriate fixed-income products as well as equity securities that feature strong fundamentals and stable dividends, and will also engage in technical trading to reap capital gains and strengthen investment returns while stabilizing performance; improve exchange rate management, dynamically adjust hedging ratios, reduce volatility in foreign exchange gains/losses, and increase returns on capital.

**(F) Risk management**

BTLI will improve the asset-liability match, regularly monitor and control capital adequacy ratios, implement risk management mechanism, and establish more sound business operations; periodically implement the own risk and solvency assessment (ORSA) and strengthen capital management to ensure corporate remains solvent; and handle Personal Information Management System (PIMS) certification operations and strength personal information protection.

**(G) Human resources**

Recruit the personnel needed to transform the company's business operations, add new lines of business, and coordinate with the policies of the competent authority, cultivate talent with the skills required to engage in key operations such as IFRS17, actuarial science, product design, portfolio investments, accounting, and information technology; and optimize human resource allocations, continue carrying out training for supervisory personnel at all levels to build up a corps of high-level managerial talent, improve their core management skills, and strength the development of the company's business.

**(H) Corporate governance**

BTLI will disclose material corporate governance information in compliance with government legislation and deadlines, continue improving various management rules and monitoring mechanisms, and enhance the transparency and completeness of the company's corporate governance.

**(4) BTS****(A) Securities brokerage business**

BTS will continue promoting a service for cost-average investment in stocks and expand the range of eligible investments to encourage more investment interest on the part of small retail investors, and work vigorously to achieve financial inclusion.

BTS uses Group resources to engage in cross-selling, expand the customer base, grow the company's brokerage business volume, and increase operating revenues; improve digital services, optimize the electronic order submission platform, improve the online account opening system's functions, and increase customer stickiness and loyalty.

**(B) Securities underwriting business**

BTS will promote sustainable finance by conducting underwriting business that aligns with ESG principles, expanding green finance services, and promoting sustainable development; integrate TFH Group resources and use joint business development and an integrated services model to seek underwriting and related business so as to provide a full range of corporate capital raising services; and actively participate in the issuance of straight corporate bonds, both as underwriter and advising underwriter, and continue engaging in business exchanges with peer firms to identify opportunities for cooperation in business development.

**(C) Securities dealing business**

BTS will put top priority on investing in assets that feature a strong sector outlook and profitability growth prospects with a connection to ESG, use futures or inverse ETFs to engage in strategic trading, mitigate portfolio volatility, and adjust asset-liability allocations in a timely manner in order to achieve better capital efficiency; and will expand bond positions, take positions in corporate bonds and bank debentures with good credit ratings and ESG performance in order to increase average yields and create stable profits.

**3. Short-term and Long-term Business Development Plans****(1) TFH****(A) Short-term business development plan**

TFH will support government policy by fighting the pandemic and providing relief and stimulus loans; promote green finance, launch carbon reduction measures in an orderly manner; transform toward digital finance, optimize digital financial products; integrate TFH Group resources to reap enhanced business synergies; strengthen specialization in the three lines of defense, reap the benefits of internal audits and internal controls; implement risk management mechanism, solidify its business foundation; cooperate on cyber security joint defense, improve the cyber security management system; and implement sustainable development strategy, improve corporate governance culture.

**(B) Long-term business development plan**

TFH will keep close track of financial markets, support the government's effort to support the development of core strategic industries, integrate Group resources, enhance group synergies, utilize the Group's global business network, improve the performance of overseas business locations, establish a digital finance mindset, enhance cyber defense capabilities, adopt a risk-focused mentality, strengthen cooperation among the three lines of defense in internal control, develop a sustainability roadmap, lay the foundation for the Group's sustainable business operations, and build up TFH as the nation's flagship financial holding company.

**(2) BOT****(A) Short-term business development plan**

BOT will coordinate with government policies to implement financial inclusion; emphasize on core business to increase business volume; establish data governance to enhance the Bank's transition strategy; maintain a close grasp of regional conditions, strengthen business and operation overseas; move toward net-zero emissions, fulfill sustainability vision; optimize the asset allocation, improve capital efficiency; introduce RegTech tools, treat customers fairly; expand the framework of information to enhance Cyber Defenses; improve risk management mechanisms and improve operational resilience; and cultivate outstanding manpower, build up the Bank's corporate culture.

**(B) Long-term business development plan**

BOT will continue working in line with the principles of "Integrity, Care, Efficiency, and Prudence" to achieve greater depth and breadth in its lineup of services; continue strengthening its international presence in line with its vision of "A Leading Bank with Global Presence", developing the core business in overseas and adopting short, medium, and long-term international expansion plans and business development strategies; and coordinate with government policies by planning and operating many different lines of business, expanding the scope of the company's financial services, and improving overall business performance.

**(3) BTLI****(A) Short-term business development plan**

BTLI will continue to promote transformation of product structure, coordinate with the policies of the competent authority by promoting protection-type and elderly-oriented insurance products, and concentrate product development on products that are tailored to specifically targeted niches and make a positive contribution to contractual service margin (CSM); maintain a dual focus on earning premium income and adjusting asset/liability structure, while reducing negative margins and ensuring solvency; and improve the management of exchange rate hedging, continue optimizing returns on capital and investment management performance.

**(B) Long-term business development plan**

BTLI will respond to new supervisory policies, IFRS17 developments, development of the Insurance Capital Standard (ICS), and other changes in the external environment, and conduct rolling reviews of the strategic direction of the company's 12-Year Development Blueprint and work toward the achievement of mid- and long-term targets through a dual focus on "adopting IFRS17 and ICS" and "improving profitability, then engaging in a balanced pursuit of growth and profits."

**(4) BTS****(A) Short-term business development plan**

BTS will continue to expand e-trading functions to provide comprehensive services that are more convenient and intelligent; use the Group's integrated marketing platform to actively expand the customer base and grow the company's market share and operating revenues; coordinate between BOT's corporate finance business and BTS underwriting services to engage in joint business development and increase profits.

**(B) Long-term business development plan**

BTS will continue developing new types of business and adding a wide variety of innovative new services to satisfy customers' multi-faceted investment needs; build ESG investment portfolios, handle underwriting business for companies that engage in green energy or have excellent corporate governance, and implement sustainable business management policies.

## II. Cross-Selling

### 1. Cross-selling synergies

TFH will further integrate group resources, develop integrated products and services, improve the mechanism for resource sharing and joint business development, and make effective use of the highly developed channel resources and high-quality client base of the Group's core banking subsidiary to spur diversification of the business conducted by the Group's life insurance and securities subsidiaries. Joint business development efforts by group subsidiaries, and the business results generated thereby, contributed NT\$1,940 million to the Group's profits in 2022, thus enabling the Group to reap the benefits of synergy and improving its revenues and profitability.

### 2. Resource integration and cost reductions

TFH will effectively integrate and use Group-wide resource, and continue promoting 8 major shared business operations (information operations, education and training, legal affairs, property management, community service promotions, purchasing operations, financial and economic information exchange, and human resource exchange). TFH's logistics platform reduced measurable operating costs over the course of the year by NT\$99.54 million, thus reducing operating costs by tapping into group synergies.

## III. Production and Marketing Situation

TFH is a financial holding company. Its lines of business entail investing in other enterprises and managing their operations. The primary source of operating revenues is investment income. The following is a description of the markets in which TFH subsidiaries operate, and an overview of each subsidiary's business operations:

### 1. BOT

#### (1) Business operations areas

The BOT is a 100% government-owned bank, and all of its financial products are marketed to customers through business branches and internet. At the end of December 2022, the BOT's business units included 163 domestic branches and one Offshore Banking Branch, and 22 overseas units.

#### (2) Future market supply and demand as well as growth prospects

The International Monetary Fund (IMF) has noted that inflation, the Russia-Ukraine war, and the COVID pandemic remain the principal factors affecting future economic prospects. As COVID gradually subsides in Taiwan and COVID control measures are relaxed, domestic demand-driven consumption and other aspects of our domestic industry can be expected to rebound, which should get the Taiwanese economy moving steadily in a positive direction. However, global inflation continues to deserve our attention. Deflationary monetary policies in the world's major economies, strategic competition between the US and China, and geopolitical risks could all have an adverse impact. Taiwan's Directorate-General of Budget, Accounting and Statistics and Central Bank 2023 global economic growth forecast for Taiwan are, respectively, 2.12% and 2.21%.

**(3) Business targets**

Unit: NT\$1,000; (Forex: USD\$1,000)

Major Operation Category	2023 Budget Target
Deposits	4,192,000,000
Loans	2,899,500,000
Foreign Exchange	319,810,000

**(4) Positive and negative factors for future development****(A) Positive factors**

- a. The BOT is a government-owned bank and has the highest credit rating of all domestic banks. With a solid operating base, it enjoys the trust of the public. The BOT's huge customer base facilitates efforts to solicit new business.
- b. The Bank enjoys the top position in scale of deposits and loans, leadership among local banks in total assets and shareholders' equity, and a solid operating strength.
- c. As a subsidiary of Taiwan Financial Holdings, BOT integrates group resources in order to build a sales platform for diversified financial products and reap the benefits of group synergy.

**(B) Negative factors**

- a. As a bank that is 100% owned by the government, the BOT has a personnel system, budget, and procurement that are relatively inflexible. The Bank's organizational framework makes it difficult to respond to changes of the external environment in a timely manner and grasp early opportunities in the market.
- b. Domestic banks in Taiwan have long been dealing with intense competition and a low interest rate spread environment. The BOT, on top of that, also shoulders policy missions, which reduces profitability.
- c. Fintech sandbox experiments are gradually breaking down the frameworks of the conventional financial regime, and have subjected conventional banking businesses to tough new types of competition.
- d. The development of new technologies has led to the emergence of many new types of cyber attacks that are severely testing the cyber management and defense capabilities of financial services firms.

**2. BTLI****(1) Business operations areas**

BTLI's main products are life insurance policies sold only in Taiwan. It has 7 branches, 1 service center, 4 correspondence offices, 9 exclusive agencies, 16 contracted cooperating financial institutions, and 78 ordinary brokerages and agencies. In 2022, the banking channel accounted for 83.16% of BTLI's sales (BOT accounted for 78.57%), followed by exclusive agencies (12.65%) and correspondence offices (1.91%).

**(2) Future market supply and demand as well as growth prospects**

Against the backdrop of sharp volatility in global capital markets and ongoing US interest rate hikes, interest spreads widened both in Taiwan and overseas, and the declared interest rates of insurance products were required to be in line with the "declared interest rate stabilization mechanism," with the result that sales of interest-sensitive life insurance products and investment-linked policies dropped off precipitously. However, the Financial Supervisory Commission (FSC) in July 2023 will launch a new supervisory regime for investment-linked policies. With regard to the instruments to which investments are linked and asset reversals, the FSC has adopted restrictive regulations, which are expected to have a major impact on the types and sales of investment-linked and wealth management-type insurance products, and on the operating revenues of the entire life insurance industry.

**(3) Business targets**

Unit: NT\$1,000

Major Operation Category	2023 Budget Target
First Year Premium Income	9,500,000
Renewal Premium Income	11,602,262
Gross Premium Income	21,102,262

Note: Does include the NT\$5.5 billion sales target for investment-linked policies.

**(4) Positive and negative factors for future development****(A) Positive factors**

- BTLI is Taiwan's only government-owned life insurer. It has a stable image as a government-owned enterprise, and enjoys strong public trust.
- BTLI makes use of BOT's highly developed channel resources and huge client base to conduct integrated marketing of insurance products and create cross-selling synergies.
- BTLI has one of the highest policy persistency ratios in the industry, an indication of good marketing practices and high customer satisfaction.

**(B) Negative factors**

- As a government-owned enterprise, the company's human resources, budgeting, and final accounting are operations subject to legal and regulatory restrictions, so business management lacks flexibility.
- Uncertain international financial conditions exacerbate risk of exchange rate volatility, raise hedging costs, and make it difficult to improve returns on capital.
- To encourage life insurers to adopt IFRS17 and ICS, the FSC continues to raise its supervisory standards. As a result, insurers need more capital and face much bigger challenges in their business development efforts.

### 3. BTS

#### (1) Business operations areas

BTS is principally engaged in securities brokering, dealing, and underwriting. Its customers include both institutional and individual investors, mainly in Taiwan. The company has 8 business locations, cross-selling facilities at 156 Bank of Taiwan business locations, and online banking operations, via which it provides customers with a full range of services relating to investment and personal financial planning.

#### (2) Future market supply and demand as well as growth prospects

Due to technological progress and development, electronic orders have come to account for more than 70% of total trading volume in domestic securities markets, and investors have become younger. Providing online, tailor-made, and intelligent securities trading services has therefore become a prevalent trend in the industry, and for this reason, BTS continues working to promote a platform for diverse and digitized investments, expand digital innovative products and differentiated services, and provide customers with more comprehensive investment and personal financial planning services. BTS is an important key to the competitiveness of Taiwan's securities markets.

#### (3) Business targets

Unit: NT\$1,000

Major Operation Category	2023 Budget Target
Brokerage Income	1,390,067,280
Underwriting Income	1,100,000
Dealing Income	3,000,000

#### (4) Positive and negative factors for future development

##### (A) Positive factors

- Use the Group's channel resources, actively expand the customer base, and improve business performance.
- Growth of electronic trading supports expansion of securities market capacity.
- The 50% transaction tax cut for stock day trading and the "Three Major Programs for Investing in Taiwan" will continue through 2024, stimulating market activity.

##### (B) Negative factors

- A global economic slowdown and conservative expectations regarding future prospects will affect stock market activity.
- Amid the development of digital finance, cyber security incidents are frequent, dynamic security management is being tested.
- As securities markets in Taiwan gradually mature, competition grows more intense, and large securities firms are continually pursuing M&A deals to grow larger. This makes it more difficult for small and medium securities firms to survive.

## IV. Employee Profile

### 1. Employee Statistics

Year	2021	2022	2023.3.31
Company	Number of Employees		
TFH	57	57	59
BOT	8,206	8,225	8,116
BTLI	250	247	273
BTS	139	138	135
BTIB	36	36	35
Total	8,688	8,703	8,618
Average Age	45.69	45.69	45.63
Number of average year in Service	17.68	17.76	17.68
Education Level & Ratio			
Doctor	0.11	0.10	0.10
Master	24.20	24.07	24.27
University or College	69.34	69.91	69.91
Senior High School	5.68	5.39	5.20
Below Senior High School	0.67	0.53	0.52

### 2. Professional development and training

The TFH Group uses both internal and external learning resources to cultivate financial professionals with multi-disciplinary expertise. In 2022, TFH and its subsidiaries dispatched 3,160 participants to attend workshops offered by outside professional bodies focusing on such matters as legal compliance, internal control, purchasing operations, risk management, accounting, internal audit operations, and training courses focusing on such fields as occupational safety and health. Over this same period, TFH subsidiaries administered education and training programs that attracted a total of 26,703 participants, and subsidized a total of 1,366 instances of participation in licensing tests.

The Group also used its online learning platform to provide access to a wide variety of learning resources covering such topics as anti-money laundering and counter terrorist financing, financial consumer protection and principles for fair treatment of consumers, loans to "fight the pandemic, provide economic stimulus, and ensure the availability of relief," industry innovation programs, the Equator Principles, sustainability report, whistleblower systems, the UN Convention on the Rights of Persons with Disabilities, cyber security management, the EU General Data Protection Regulation (GDPR), protection of personal privacy, civil service ethics, administrative neutrality, environmental education, gender equality, and human rights. The purpose of this platform is to encourage employees to strive for self-improvement, and to use a diverse range of learning avenues to build a corporate culture that emphasizes learning.

## V. Corporate Responsibility and Ethical Behavior

Please refer to Chapter III "Corporate Governance" on Implementation of Sustainable Development and Ethical Corporate Management sections at page 43- 49.

## VI. Number of non-supervisory full-time employees, average and median salaries of non-supervisory full-time employees, and how these 3 numbers differ from those in the preceding year

Unit: person; NT\$1,000/per person

Name	Number of non-supervisory full-time employees		Change from year before	Average salaries of non-supervisory full-time employees		Change from year before	Median salaries of non-supervisory full-time employees		Change from year before
	2022	2021		2022	2021		2022	2021	
TFH	51	50	1	1,184	1,197	-13	1,056	1,047	9
BOT	8,157	8,128	29	1,422	1,429	-7	1,143	1,138	5
BTLI	464	469	-5	1,200	1,061	139	989	932	57
BTS	185	189	-4	1,013	944	69	970	922	48

Notes: To calculate the median salary figures above, the first step was to count the number of employees at end-December of the current year and note their occupational grades and ranks, and use the table of employee salaries to calculate the median salary, then on the basis of this number a median salary that includes bonuses and overtime pay is estimated.

## VII. Information Equipment

### 1. Installation and Maintenance of Hardware and Software for Major Information Systems

- (1) Principal hardware includes servers, firewalls, and switches. These support business development and improve operating efficiency.
- (2) Principal application software includes programs used for business and administrative tasks. These software systems provide for the handling of inquiries regarding interested parties of TFH; reporting of A07 balances; accounting; human resources; electronic documents; legislation searches; email guardian and supervision system; management of group-wide information reporting; online registration and management of the Civil Service Ethics Rules; and integrated marketing.
- (3) TFH outsources the administration of its information services to BOT in order to benefit from the sharing of information system software and hardware, system maintenance operations, and services management resources.
- (4) TFH works with its subsidiaries to carry out social engineering drills. The company holds related cyber security education, training, and awareness activities to make employees more conscious of information security concerns, and reduce the damage caused by security incidents.

### 2. Future Development or Procurement Plans

- (1) TFH will continue expanding the group-wide shared information operations platform and use group-wide platforms to further integrate and share information, thereby reaping greater benefit from the integration and use of group information.
- (2) TFH will enhance the group-wide information sharing platform, simplify contract execution operations and purchasing procedures, and reduce overall group expenses.

- (3) TFH will integrate information and reduce costs by expanding shared access to the Group's fundamental services system, implementing centralized operation and maintenance, and developing a shared group-wide information system.
- (4) TFH will oversee subsidiaries' efforts to develop digital financial services and FinTech patents, promote business innovation, skillfully use technology to enhance business performance, improve the user experience, and seize upon business opportunities.
- (5) TFH will formulate a group-wide cyber security policy and a cyber security maintenance program, oversee implementation by Group subsidiaries of cyber security management and compliance with cyber security legislation; carry out cyber security check-ups and address vulnerabilities, and step up conduct cyber security awareness and training activities, thereby strengthening the company's cyber security.

### 3. Emergency Back-up and Security Measures

TFH information services integrate and utilize the information resources of BOT, making shared use of BOT's premises, personnel, systems and physical facilities, and networks. Disaster recovery and security protection measures include the following:

- (1) Adopting a disaster recovery drill program, conducting periodic on-site drills as part of the program, and establishing a disaster recovery system to ensure highly reliable information services.
- (2) Continuing to strengthen the cyber security management rules and audits by, among others, allowing the British Standards Institution (BSI) to conduct an ISO certification inspection at BOT once every half-year.
- (3) Carrying out Windows Update and antivirus software procedures once per month to ensure that all software is secure and up-to-date and install the firewalls for important Internet gateways and nodes.
- (4) Installing anti-hacker devices to prevent attacks.
- (5) Periodically scanning for server vulnerabilities to strengthen system security.
- (6) Covering all personal computers and servers by the company's anti-virus system.
- (7) Installing an email data leak prevention system to protect against the loss of sensitive data.
- (8) Installing security agent software on all personal computers to exercise access control over USB drives, optical disc drives, floppy drives, and other such devices.
- (9) Subjecting the Internet activities of personal computer users depending on the nature of each user's work, to website whitelisting and web page classified access to make sure that employees avoid malicious and poorly constructed websites.

## VIII. Cyber Security Management

### 1. Cyber security risk management architecture, policies, concrete management programs, and investments in resources for cyber security management

#### (1) Cyber security risk management framework

TFH is a "specific non-government agency of cyber security responsibility Level-C" as defined in the Cyber Security Management Act, and has established a Cyber Security Team

that is chaired by a TFH vice president. This Team is in charge of coordinating and setting cyber security policies, planning, and resource allocations.

**(2) Cyber Security Policy**

Acting in accordance with the provisions of the "Cyber Security Management Act" and its secondary regulations, the TFH Group has adopted a groupwide cyber security policy which addresses such matters as the establishment of an organization promoting cyber security, annual adoption and implementation of a cyber security maintenance plan, adoption of a mechanism for the reporting of and response to cyber security incidents, outsourcing of information management, and matters to be conducted by company divisions at each level of cyber security responsibility. This policy is assessed at least once per year in order to ensure compliance with legislation, to reflect the latest developments in technology, and to ensure the effectiveness of cyber security operations.

**(3) Cyber security risk management programs and investments in resources for cyber security management**

- (A) TFH has hired cyber security professionals and tasked them with responsibility for promoting cyber security operations. Acting in accordance with the "Enforcement Rules of Cyber Security Management Act," TFH has adopted an annual cyber security maintenance plan and annual targets, used these as the basis for promoting various cyber security operations, and reported on their implementation to the competent authority.
- (B) TFH has retained a consultant to assist with adoption of an ISO 27001 information security management system (ISMS), reviewed and amended company by-laws, improved control measures to reduce cyber security risks, obtained certification by an impartial third-party certification body, and has kept the certification current.
- (C) TFH annually provides employees with at least 3 hours of cyber risk awareness courses and email social engineering drills to enhance the cyber security awareness of TFH employees.
- (D) TFH conducts an annual cyber security risk assessment in which a cyber security services firm tests such things as the Group's network architecture, users' computers, servers, and firewall connection settings, provides suggestions for improvements, and handles the corrective actions.

**2. Losses suffered in 2022 or in the current fiscal year as of the date of printing of this annual report due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken:** None.

## IX. Labor Relations

Employee Benefit Plans, Retirement System and its Implementation, Labor-Management Agreements and Measures for Preserving Employees' Rights and Interests

### 1. Employee Benefit Plans

- (1) The TFH Group enrolls its employees in Government Employees Insurance, Labor Insurance, and National Health Insurance, as required by law, and also helps employees to enroll in voluntary group insurance that provides allowances for vacations, medical examinations, ongoing professional development, and more.
- (2) The TFH Group has an Employee Benefits Committee and, acting in accordance with the provisions of the "Employee Welfare Fund Act," sets aside funds to an employee benefit fund, provides allowances for everyday needs, and organizes and subsidizes recreational activities.
- (3) The Group has set up a Sexual Harassment Complaints Committee and a complaints hotline, and makes a concerted effort to create a workplace environment that is characterized by gender equality and is free of concerns about safety.
- (4) To promote gender equality, TFH offers family leave, menstrual leave, paternity leave, personal or sick leave related to pre-maternity issues, and miscarriage leave. Employees with a child under three years old are eligible to apply for unpaid parental leave.

### 2. Retirement System and its Implementation

Employees are provided with retirement, severance, and bereavement benefits in accordance with the provisions of the "Regulations Governing Retirement, Bereavement, and Severance Benefits for Employees of Financial and Insurance Institutions Owned by the Ministry of Finance" and the "Labor Standards Act."

### 3. Labor-Management Agreements and Measures for Preserving Employees' Rights and Interests

- (1) As a government-owned enterprise, the Company handles employees' hiring, compensation, performance evaluations, retirements, and all types of benefits in accordance with government requirements. The rights and obligations of both labor and management are safeguarded, and periodic labor-management meetings are held to spur the formation of labor-management consensus.
- (2) The Company has set up a Chairperson's Mailbox and a President's Communication Channel on the Company intranet to provide employees with a platform via which they can offer suggestions and otherwise engage in communications, and has also set up a Bulletin Board where employees can learn of matters with a bearing on their own interests. In addition, each of TFH's three subsidiaries has established a Company union and entered into a collective bargaining agreement to bring about harmonious labor-management relations.



Chairman Jong-Chin Shen (2nd from left) leads a group of senior executives in supporting pineapple farmers through concrete action and in urging people throughout Taiwan to show concern for the sustainable development of Taiwanese agriculture.



BOT Chairman Joseph Jye-Cherng Lyu (left) and National Housing and Urban Regeneration Center Chairman Jing Cyun Hua (right) jointly preside over the contract signing ceremony for a NT\$411.9 billion syndicated loan.

# Financial Information

## I. Five-Year Financial Summary

### 1. Condensed Balance Sheets and Comprehensive Income Statements under IFRS

#### Condensed Consolidated Balance Sheet

Unit: NT\$1,000

Item	Year	2018	2019	2020	2021	2022	2023.3.31
Cash and cash equivalents		172,694,828	153,868,113	175,429,257	140,122,582	154,430,144	124,690,147
Placement with Central Bank and call loans to banks		535,130,849	560,586,872	593,466,945	642,176,715	595,288,771	583,811,106
Financial assets at fair value through profit or loss		270,642,770	293,622,020	364,388,113	404,236,779	327,803,127	350,364,035
Financial assets measured at fair value through other comprehensive income		1,127,802,007	1,023,839,660	999,234,437	1,004,880,566	1,147,968,208	1,200,298,689
Debt instruments investments measured at amortized cost		434,340,960	464,507,274	454,803,521	497,207,508	643,427,178	639,208,473
Hedging financial assets		41,693	1,071	-	-	9,467	4,825
Bills and bonds purchased under resell agreements		9,632,135	7,818,111	19,820,982	7,066,040	7,561,300	6,805,850
Receivables, net		66,244,408	67,620,185	69,647,570	72,698,303	64,380,114	67,373,804
Current income tax assets		1,743,485	2,427,883	3,623,060	2,545,012	936,529	1,295,037
Loans and discounts, net		2,540,643,384	2,659,985,957	2,853,549,014	2,913,336,941	3,392,488,971	3,415,761,849
Reinsurance assets, net		12,426	16,447	13,424	9,045	13,905	16,636
Investments under equity method, net		44,695,410	48,355,508	48,406,403	51,587,588	47,581,899	49,642,789
Other financial assets, net		51,706,208	44,615,014	50,439,313	58,645,296	37,396,600	43,511,218
Investments property, net		22,599,025	23,655,232	23,577,763	24,239,564	24,158,865	24,256,350
Property and equipment, net		98,206,850	140,363,879	141,381,159	141,148,816	141,395,073	141,331,104
Right-of-use asset, net		-	1,523,432	1,325,280	1,308,746	1,144,992	1,315,690
Intangible assets, net		814,874	940,059	1,082,826	1,184,535	1,290,119	1,250,330
Deferred tax assets		3,642,009	3,950,596	5,146,150	4,967,476	3,824,202	3,442,623
Other assets		9,185,365	11,794,094	16,136,154	27,584,902	36,734,258	53,548,172
Total Assets		5,389,778,686	5,509,491,407	5,821,471,371	5,994,946,414	6,627,833,722	6,707,928,727
Deposits of Central Bank and other banks		221,756,139	229,253,533	268,447,708	301,575,853	273,183,040	360,461,010
Funds borrowed from Central Bank and other banks		-	-	15,849,400	36,170,330	253,840,625	253,805,000
Financial liabilities measured at fair value through profit or loss		50,652,530	59,619,316	31,899,064	19,469,423	28,738,307	20,159,677
Hedging (derivative) financial liabilities		12,973	25,537	49,894	16,241	-	-
Bills and bonds sold under repurchase agreements		26,562,911	24,497,867	9,212,050	6,808,895	26,490,758	5,656,486
Commercial paper payables, net		289,886	1,024,682	604,902	869,837	119,926	99,920
Payables		49,164,205	48,499,809	51,217,836	50,151,374	51,515,252	56,468,711
Current income tax liabilities		360,056	1,372,310	1,212,974	1,908,612	1,662,549	2,326,196
Deposits and remittances		4,021,597,436	3,963,341,498	4,160,605,144	4,195,484,066	4,663,744,415	4,644,904,481
Financial bonds payable		24,998,566	24,998,820	24,999,085	25,999,058	25,999,370	25,999,465
Provision		661,967,616	748,599,706	843,115,771	916,170,476	879,186,017	900,564,724
Other financial liabilities		689,870	2,392,308	3,943,113	9,233,498	10,780,407	11,551,589
Lease liability		-	1,403,542	1,205,735	1,210,595	1,082,487	1,261,857
Deferred tax liabilities		18,327,849	18,680,428	18,888,500	18,684,707	19,259,784	18,650,362
Other liabilities		8,343,258	11,061,457	12,336,395	13,163,773	8,793,267	8,903,524
Total liabilities	Before distribution	5,084,723,295	5,134,770,813	5,443,587,571	5,596,916,738	6,244,396,204	6,310,813,002
	After distribution	5,084,723,295	5,134,770,813	5,443,587,571	5,596,916,738	6,244,396,204	6,310,813,002
Equity attributable to stockholders of TFH	Capital stock	Before distribution	90,000,000	103,125,000	103,125,000	103,125,000	103,125,000
	Capital stock	After distribution	90,000,000	103,125,000	103,125,000	103,125,000	103,125,000
	Capital surplus		111,385,226	140,260,226	140,260,226	140,260,226	140,260,226
	Retained earnings	Before distribution	64,485,991	71,351,124	78,673,744	90,978,291	104,831,251
	Retained earnings	After distribution	64,485,991	71,351,124	77,249,162	89,418,242	102,831,251
	Other equity		39,184,174	59,984,244	55,824,830	35,221,041	43,509,986
Total equity	Before distribution	305,055,391	374,720,594	377,883,800	398,029,676	383,437,518	397,115,725
	After distribution	305,055,391	374,720,594	376,459,218	396,469,627	381,437,518	395,115,725

Note: Figures for 2018 through 2021 are based on final accounts, and are made to figures and account titles after adoption of the Generally Accepted Accounting Principles. Figures for 2022 have been audited by CPA. Figures for 2023 through March 31 have been reviewed by a CPA.

## Condensed Consolidated Income Statement

Unit: NT\$1,000

Item	Year	2018	2019	2020	2021	2022	2023.3.31
Interest income		74,006,749	76,585,405	64,397,220	58,702,450	81,493,514	30,129,900
Less: Interest expense		(38,250,221)	(39,340,093)	(26,558,059)	(18,650,784)	(34,810,171)	(17,382,408)
Net interest income		35,756,528	37,245,312	37,839,161	40,051,666	46,683,343	12,747,492
Non-interest income, net		15,098,088	89,388,276	89,305,661	71,888,835	(41,322,726)	21,453,594
Net revenue		50,854,616	126,633,588	127,144,822	111,940,501	5,360,617	34,201,086
Reversal of Bad debts expense, commitment and guarantee liability provision		(7,297,710)	(7,340,443)	(307,686)	(247,711)	(619,349)	(78,889)
Provisions for policyholder's reserve premium		(12,014,671)	(85,760,846)	(95,364,651)	(71,376,788)	39,455,286	(22,197,259)
Total expenses		(22,056,506)	(23,026,174)	(22,934,533)	(23,405,074)	(24,602,621)	(6,235,697)
Net income before income tax		9,485,729	10,506,125	8,537,952	16,910,928	19,593,933	5,689,241
Income tax (expenses) interest		(391,369)	(1,469,189)	457,152	(1,209,201)	(3,612,404)	(309,950)
Consolidated net income		9,094,360	9,036,936	8,995,104	15,701,727	15,981,529	5,379,291
Other comprehensive income (loss)		1,802,709	18,628,769	(5,856,437)	5,868,731	(29,013,638)	8,298,916
Total comprehensive income (loss) after tax for the period		10,897,069	27,665,705	3,138,667	21,570,458	(13,032,109)	13,678,207
Consolidated net income attributable to stockholders of TFH		9,094,360	9,036,936	8,995,104	15,701,727	15,981,529	5,379,291
Total comprehensive income (loss) after tax for the period attributable to stockholders of TFH		10,897,069	27,665,705	3,138,667	21,570,458	(13,032,109)	13,678,207
Basic earnings per share		1.01	0.96	0.87	1.52	1.55	0.52

Note: Figures for 2018 through 2021 are based on final accounts, and are made to figures and account titles after adoption of the Generally Accepted Accounting Principles. Figures for 2022 have been audited by CPA. Figures for 2023 through March 31 have been reviewed by a CPA.

## Condensed Balance Sheet

Unit: NT\$1,000

Item	Year	2018	2019	2020	2021	2022	2023.3.31
Cash and cash equivalents		301,992	198,754	1,056,123	866,810	750,043	164,732
Financial assets measured at fair value through other comprehensive income		25,000	24,475	21,225	11,275	12,575	11,325
Receivables, net		8	6	140	9	112	938
Current income tax assets		228,537	230,830	158,110	284,775	191,349	220,938
Investments under equity method, net		330,504,580	399,620,104	402,208,152	432,820,676	416,599,656	430,397,730
Other Financial Assets, net		—	—	—	—	—	3,529
Property and equipment, net		6,151	7,428	7,580	7,702	7,192	6,973
Right-of-use asset, net		—	48,932	33,161	16,580	—	78,504
Intangible assets		388	879	1,198	1,076	814	722
Other assets, net		6,465	6,960	1,432,137	1,567,481	2,007,809	2,013,387
Total Assets		331,073,121	400,138,368	404,917,826	435,576,384	419,569,550	432,898,778
Payables		30,390	29,470	27,653	46,467	59,136	31,457
Other loans		25,800,000	25,200,000	24,600,000	35,000,000	33,500,000	32,100,000
Provision		118,282	139,014	151,349	171,323	155,125	155,478
Lease liability		—	49,130	33,427	16,781	—	78,643
Other liabilities		69,058	160	2,221,597	2,312,137	2,417,771	3,417,475
Total liabilities	Before distribution	26,017,730	25,417,774	27,034,026	37,546,708	36,132,032	35,783,053
	After distribution	26,017,730	25,417,774	24,812,649	35,234,907	33,731,108	33,382,129
Equity attributable to stockholders of TFH	Capital stock	Before distribution	90,000,000	103,125,000	103,125,000	103,125,000	103,125,000
		After distribution	90,000,000	103,125,000	103,125,000	103,125,000	103,125,000
	Capital surplus	Before distribution	111,385,226	140,260,226	140,260,226	140,260,226	140,260,226
		After distribution	111,385,226	140,260,226	140,260,226	140,260,226	140,260,226
	Retained earnings	Before distribution	64,485,991	71,351,124	78,673,744	90,978,291	104,831,251
		After distribution	64,485,991	71,351,124	77,249,162	89,418,242	102,831,251
Total equity	Other equity	Before distribution	39,184,174	59,984,244	55,824,830	63,666,159	35,221,041
	After distribution	39,184,174	59,984,244	55,824,830	63,666,159	35,221,041	43,509,986
Total equity	Before distribution	305,055,391	374,720,594	377,883,800	398,029,676	383,437,518	397,115,725
	After distribution	305,055,391	374,720,594	376,459,218	396,469,627	381,437,518	395,115,725

Note: Figures for 2018 through 2021 are based on final accounts, and are made to figures and account titles after adoption of the Generally Accepted Accounting Principles.

Accounting Principles. Figures for 2022 have been audited by CPA. Figures for 2023 through March 31 have been reviewed by a CPA.

### Condensed Income Statement

Unit: NT\$1,000

Item	Year	2018	2019	2020	2021	2022	2023.3.31
Income from equity investments under equity methods		9,392,054	9,348,033	9,328,490	15,940,558	16,447,394	5,497,908
Other gains		5,365	2,596	3,335	2,076	3,679	1,153
Operating expenses		(152,401)	(169,224)	(165,389)	(178,606)	(185,228)	(43,436)
Other expenses and losses		(176,391)	(214,917)	(179,571)	(214,721)	(323,104)	(105,923)
Net income before income tax		9,068,627	8,966,488	8,986,865	15,549,307	15,942,741	5,349,702
Income tax benefit		25,733	70,448	8,239	152,420	38,788	29,589
Net income		9,094,360	9,036,936	8,995,104	15,701,727	15,981,529	5,379,291
Other comprehensive income (loss) for the period, net of income tax		1,802,709	18,628,769	(5,856,437)	5,868,731	(29,013,638)	8,298,916
Total comprehensive income (loss) for the period		10,897,069	27,665,705	3,138,667	21,570,458	(13,032,109)	13,678,207
Earnings per share		1.01	0.96	0.87	1.52	1.55	0.52

Note: Figures for 2018 through 2021 are based on final accounts, and are made to figures and account titles after adoption of the Generally Accepted Accounting Principles. Figures for 2022 have been audited by CPA. Figures for 2023 through March 31 have been reviewed by a CPA.

## 2. CPA-Auditor of Financial Report

Year	Name of Accounting Firm	Name of CPA	Audit Opinion
2018	KPMG Certified Public Accountants	Yen-Ling Fang, Feng-Hui Lee	Unqualified Opinion with an Emphasis of Matter paragraph and an Other Matter paragraph
2019	KPMG Certified Public Accountants	Feng-Hui Lee, Ling Wu	Unqualified Opinion with an Emphasis of Matter paragraph and an Other Matter paragraph
2020	KPMG Certified Public Accountants	Feng-Hui Lee, Ling Wu	Unqualified Opinion with an Emphasis of Matter paragraph and an Other Matter paragraph
2021	KPMG Certified Public Accountants	Feng-Hui Lee, Ling Wu	Unqualified Opinion with an Emphasis of Matter paragraph and an Other Matter paragraph
2022	KPMG Certified Public Accountants	Ling Wu, Fu-Jen Chen	Unqualified Opinion with an Emphasis of Matter paragraph and an Other Matter paragraph

## II. Five-Year Financial Analysis

### 1. Consolidated Financial Analysis

Unit: NT\$1,000, %

Item	Year	2018	2019	2020	2021	2022	2023.3.31
Operating Ability	Total assets turnover (times)	0.0095	0.0232	0.0224	0.0189	0.0008	0.0051
	Loans to deposits ratio of banking subsidiary (%)	64.39	68.42	69.77	70.87	72.57	72.96
	NPL ratio of banking subsidiary (%)	0.21	0.18	0.15	0.11	0.09	0.09
	The group's average operating revenue per employee	5,553	13,882	13,967	12,346	592	3,778
	The group's average profit per employee	993	991	988	1,732	1,764	594
Profitability	Return on assets (%)	0.17	0.17	0.16	0.27	0.25	0.08
	Return on equity (%)	3.08	2.66	2.39	4.05	4.09	1.38
	Net margin (%)	17.88	7.14	7.07	14.03	298.13	15.73
	Earnings per share (NT\$)	1.01	0.96	0.87	1.52	1.55	0.52
Financial structure (%)	Liabilities to assets ratio	94.34	93.20	93.51	93.36	94.21	94.08
	Liabilities to net worth ratio	1,666.82	1,370.29	1,440.55	1,406.16	1,628.53	1,589.16
	TFH's double leverage ratio	Referred to condensed financial analysis					

Item		Year	2018	2019	2020	2021	2022	2023.3.31
Leverage ratio	Operating leverage ratio		Referred to condensed financial analysis					
	TFH's financial leverage ratio							
Growth rates	Growth rate of assets		2.19	2.22	5.66	2.98	10.56	1.21
	Growth rate of profit		30.79	10.76	-18.73	98.07	15.87	16.29
Cash flows	Cash flow ratio		Referred to condensed financial analysis					
	Cash flow adequacy ratio							
	Cash flow satisfied ratio							
Operating scale	Market share by assets		9.68	9.16	8.85	8.45	8.97	8.95
	Market share by net worth		8.28	8.35	7.71	7.59	9.16	8.64
	Market share of deposits of banking subsidiary		10.04	9.36	8.98	8.41	8.66	8.94
	Market share of loans of banking subsidiary		8.52	8.57	8.71	8.36	8.93	9.41
Capital Adequacy	Capital adequacy ratio	BOT	12.55	14.16	14.95	15.25	14.99	15.92
		BTLI	258.45	222.71	176.42	287.58	281.76	216.15
		BTS	691	475	407	525	557	509
	Eligible capital of the subsidiaries	BOT	250,482,752	297,573,020	328,668,144	327,252,413	359,685,273	368,753,874
		BTLI	17,997,060	17,552,243	13,206,081	24,729,529	25,110,653	22,193,863
		BTS	2,913,777	2,915,456	3,206,081	4,125,352	3,801,215	4,146,540
	Group's net eligible capital requirement		235,045,648	284,741,209	314,914,019	317,916,308	354,535,003	360,882,605
	Statutory capital requirement of the subsidiaries	BOT	197,062,535	220,690,409	230,774,514	225,280,608	416,628,158	243,216,660
		BTLI	13,927,086	15,762,218	15,037,272	17,198,402	17,824,358	20,535,764
		BTS	632,695	919,964	1,180,875	1,179,564	1,024,427	1,222,070
	Group's statutory capital requirement		211,660,328	237,461,270	247,063,519	243,702,649	270,801,621	265,089,902
	Group's capital adequacy ratio		111.05	119.91	127.46	130.45	130.92	136.14
Paragraph 46 of the Financial Holding Company Act requires disclosure of the aggregate amount, or ratio of, credit extensions, guarantees or other transactions between all subsidiaries and any single party, single group of related parties, or single group of related enterprises.		Same person (%)	835.26	672.67	699.68	657.09	826.09	853.91
		Same natural person and his/her spouse and relatives by blood within the second degree of kinship, as well as enterprises in which the principal or his/her spouse is the responsible person (%)	34.70	26.32	25.02	22.63	19.72	17.00
		Same affiliate (%)	211.30	175.94	197.35	187.86	271.48	271.88

## Notes:

- Figures for 2018 through 2021 are based on final accounts, and are made to figures and account titles after adoption of the Generally Accepted Accounting Principles. Figures for 2022 have been audited by CPA. Figures for 2023 through March 31 have been reviewed by a CPA.
- The reduction in total assets turnover and average revenue per employee, and the increase in net income ratio, were due primarily to higher losses in 2022 on valuations and disposals carried out by the BOT Department of Government Employees Insurance, and the resulting lower net earnings in 2021.
- The increase in the growth rate of assets was due mainly to the fact that loans, financial assets measured at fair value through other comprehensive income, and investments in debt instruments measured at amortized cost, grew more in 2022 than in 2021.
- The decrease in the growth rate of profit was due mainly to hedging costs and a net foreign exchange loss at BTLI in the baseline year (2020), which reduced the 2022 pre-tax profit growth rate.

## 2. Condensed Financial Analysis

Unit: NT\$1,000; %

Item	Year	2018	2019	2020	2021	2022	2023.3.31
Operating ability	Total assets turnover	0.0291	0.0250	0.0227	0.0374	0.0377	0.0127
	Average revenue per employee	196,192	172,372	166,405	275,928	282,947	91,409
	Average profit per employee	193,497	170,508	163,547	275,469	280,378	91,174
Profitability	Return on Assets (%)	2.87	2.47	2.23	3.74	3.74	1.26
	Return on Equity (%)	3.08	2.66	2.39	4.05	4.09	1.38
	Net Income ratio (%)	98.63	98.92	98.28	99.83	99.09	99.74
	Earnings Per Share (NT\$)	1.01	0.96	0.87	1.52	1.55	0.52
Financial structure (%)	Liabilities to assets ratio	7.86	6.35	6.68	8.62	8.61	8.27
	Liabilities to net worth ratio	8.53	6.78	7.15	9.43	9.42	9.01
	TFH's double leverage ratio	108.35	106.65	106.44	108.74	108.65	108.38
Leverage ratio	Operating leverage ratio	101.54	101.74	101.69	101.02	101.03	100.69
	TFH's financial leverage ratio	101.88	102.31	101.86	101.31	101.96	101.95
Growth rates	Growth rate of assets	9.41	20.86	1.19	7.57	-3.67	3.18
	Growth rate of profit	25.40	-1.13	0.23	73.02	2.53	23.08
Cash flows	Cash flow ratio	2,653.95	2,454.05	11,097.79	4,690.17	6,254.41	3,041.05
	Cash flow adequacy ratio	167.21	27,880.66	387.79	242.91	209.75	212.83
	Cash flow satisfied ratio	8.04	21,460.21	112,289.46	19.81	236,938.31	345,351.62
Operating scale	Market share of assets	8.10	8.20	7.54	7.40	8.55	8.13
	Market share of net worth	8.53	8.66	8.02	7.71	9.33	8.79

## Notes:

- Figures for 2018 through 2021 are based on final accounts, and are made to figures and account titles after adoption of the Generally Accepted Accounting Principles. Figures for 2022 have been audited by CPA. Figures for 2023 through March 31 have been reviewed by a CPA.
- The decrease in growth rate of assets was due mainly to an increase in unrealized losses from financial subsidiaries' assets as measured at fair value through other comprehensive income, which led to a decrease in equity method equity investments.
- The decrease in growth rate of profit was due mainly to hedging costs and a net foreign exchange loss at BTLI in the 2021 baseline year (2020), which reduced the growth rate of TFH pre-tax equity method gains for 2022.
- The increase in cash flow ratio was due mainly to an increase in net cash flow from operating activities.
- The increase in cash flow satisfied ratio was due mainly to a decrease in net cash outflow from investing activities.

## Formulae used in calculations:

## 1. Operating Ability

- Total assets turnover (times) = Net interest and non-interest income / Average Total Assets
- Ratio of loans to deposits = Annual average loans outstanding / Annual average deposits
- Non-performing loan ratio = Non-performing loans / Total loans outstanding
- Average revenue per employee = Net interest and non-interest income / Total number of employees
- Average profit per employee = Net income / Total number of employees

## 2. Profitability

- Return on assets = [Net Income + Interest expense × (1 – tax rate)] / Average total assets
- Return on shareholders' equity = Net income / Average net shareholders' equity
- Net income ratio = Net income / Net interest and non-interest income
- Earnings per share = (Income attributable to owners of the parent company – preferred stock dividend) / Weighted average number of shares issued

## 3. Financial Structure

- Ratio of liabilities to assets = Total liabilities / Total assets
- Liabilities to net worth ratio = Total liabilities / Net equity
- The financial holding company double leverage ratio = aggregate investment in subsidiaries / aggregate parent equity

## 4. Leverage ratio

- (1) Operating leverage ratio = (Net revenue – Net expense) / Earnings before tax  
 (2) TFH's financial leverage ratio = (Earnings before tax + Interest expense) / Earnings before tax

## 5. Growth Rate

- (1) Rate of asset growth = (Total assets for current year – total assets for previous year) / Total assets for previous year  
 (2) Rate of profit growth = (Before-tax profit or loss for current year – before-tax profit or loss for previous year) / Before-tax profit for previous year

## 6. Cash Flow

- (1) Cash flow ratio = Net cash flow from operating activities / (Call loans and overdrafts from banks + commercial paper + financial liabilities measured at fair value through profit or loss + bonds and bills sold under repurchase agreements + current portion of payables)  
 (2) Cash flow adequacy ratio = Net cash flow from operating activities for the past five years / (Capital expenditures + cash dividends) for the past five years  
 (3) Cash flow satisfied ratio = Net cash flow from operating activities / Net cash flow from investing activities

## 7. Operating Scale

- (1) Market Share of Assets = Total assets / Total assets of the major financial institutions  
 (2) Market Share of Net Worth = Net worth / Total net worth of the major financial institutions  
 (3) Market Share of Deposits = Deposits / Total deposits of the major financial institutions  
 (4) Market Share of Loans = Loans / Total loans of the major financial institutions

## 8. Capital Adequacy Ratio

- (1) Group's net eligible capital = financial holding company's eligible capital + (the financial holding company's shareholding × eligible capital of its subsidiaries) – the amounts of deductions set forth in Article 4 herein.  
 (2) Group's statutory capital requirement = financial holding company's statutory capital requirement + (the financial holding company's shareholding × the statutory capital requirements of its subsidiaries)  
 (3) Group's capital adequacy ratio = Group's net eligible capital / the group's statutory capital requirement.

### III. Statement by the Audit Committee

Please refer to page 89 of the Chinese annual report.

### IV. Consolidated Financial Statements of 2022

Please refer to TFH website (<https://www.twfhc.com.tw/Eng/>) / Financial Info / Financial Statements.

### V. Any Financial Difficulties of the Company or the Affiliates in 2022:

None.

# Financial Status, Financial Performance, and Risk Management

## I. Financial Status

Unit: NT\$1,000

Item	Year	2022	2021	Difference	
				Amount	(%)
Cash and cash equivalents		750,043	866,810	-116,767	-13.47
Financial assets measured at fair value through other comprehensive income		12,575	11,275	1,300	11.53
Receivables-net		112	9	103	1144.44
Current tax Assets		191,349	284,775	-93,426	-32.81
Investment at equity recognized under equity method-net		416,599,656	432,820,676	-16,221,020	-3.75
Property and equipment-net		7,192	7,702	-510	-6.62
Right-of-use asset-net		-	16,580	-16,580	-100.00
Intangible assets-net		814	1,076	-262	-24.35
Other assets-net		2,007,809	1,567,481	440,328	28.09
Total assets		419,569,550	435,576,384	-16,006,834	-3.67
Payables		59,136	46,467	12,669	27.26
Other loans		33,500,000	35,000,000	-1,500,000	-4.29
Debt reserves		155,125	171,323	-16,198	-9.45
Lease liabilities		-	16,781	-16,781	-100.00
Other debt		2,417,771	2,312,137	105,634	4.57
Total debt		36,132,032	37,546,708	-1,414,676	-3.77
Capital		103,125,000	103,125,000	-	-
Additional paid-in capital		140,260,226	140,260,226	-	-
Retained earnings		104,831,251	90,978,291	13,852,960	15.23
Other items of shareholders' equity		35,221,041	63,666,159	-28,445,118	-44.68
Total shareholders' equity		383,437,518	398,029,676	-14,592,158	-3.67

Notes: 1. "Receivables-net" increased, due mainly to an increase in interest receivable.  
2. "Current tax Assets" decreased, due mainly to tax refund receivable from the National Taxation Bureau, as calculated under the consolidated tax return regime.  
3. "Intangible assets-net" decreased, due mainly to amortization of the cost of computer software.  
4. "Other asset-net" increased, due mainly to an increase in prepaid expenses.  
5. "Right-of-use asset-net" and "Lease liabilities" decreased, due mainly to periodic provisions against depreciation expenses and repayment of lease liabilities principal.  
6. "Payables" increased, due mainly to an increase in interest payables.  
7. "Other items of shareholders' equity" decreased, due mainly to an increase in unrealized losses on subsidiaries' financial assets.

## II. Financial Performance

Unit: NT\$1,000

Item	Year	2022	2021	Difference	
				Amount	(%)
Share of profit of associates and joint ventures accounted for using equity method		16,447,394	15,940,558	506,836	3.18
Non-operating income-net		3,679	2,076	1,603	77.22
Operating expenses		(185,228)	(178,606)	-6,622	3.71
Other expenses and losses		(323,104)	(214,721)	-108,383	50.48
Net income before income tax		15,942,741	15,549,307	393,434	2.53
Income tax benefits		38,788	152,420	-113,632	-74.55
Consolidated net income		15,981,529	15,701,727	279,802	1.78
Other comprehensive income (loss) after tax for the period		(29,013,638)	5,868,731	-34,882,369	-594.38
Total comprehensive income (loss) after tax for the period		(13,032,109)	21,570,458	-34,602,567	-160.42

Notes: 1. "Non-operating income-net" increased, due mainly to an increase in interest revenue.  
2. "Other expenses and losses" increased, due mainly to an increase in loan interest expenses.  
3. "Other comprehensive income (loss) after tax for the Period" decreased, due mainly to a decrease in unrealized valuation gains on the stocks, other equity instruments, and debt instruments of TFH subsidiaries.

### III. Cash Flows

#### 1. Analysis of Cash Flow Changes in 2022

Unit: %

Item	Year	2022	2021	Change (%)
Cash flow ratio		6,254.41	4,690.17	33.35
Cash flow adequacy ratio		209.75	242.91	-13.65
Cash flow satisfied ratio		236,938.31	19.81	1,195,954.06

Notes: 1. "Cash flow ratio" increased, due mainly to an increase in net cash flow from operating activities.  
2. "Cash flow satisfied ratio" increased, due mainly to a decrease in net cash outflow from investing activities.

#### 2. Cash Liquidity in the Coming Year

Unit: NT\$1,000

Beginning cash balance	Net cash flow from operating activities for entire year	Net cash outflows for entire year	Cash surplus (or deficit)	Measures to make up for cash deficit
750,013	-45,821	232,473	936,665	None

Notes: 1. Investment activities: The main investment activities involve collecting dividends and bonuses paid in by subsidiaries and investing more in BTLI.  
2. Capital raising activities: The main capital raising activities involve paying dividends and bonuses into the national treasury, increasing long-term liability (investing more in BTLI.), and paying interests.

### IV. Impact of Material Capital Expenditures on Financial and Operating Condition in 2022: None.

### V. Policy on Strategic Investments, and the State of Its Implementation

#### 1. Policy on 2022 Strategic Investments

Based on the Group's development roadmap, TFH closely tracked the latest economic and financial trends at both home and abroad, prudently evaluated the Group's investment strategy; coordinated with government policy, promoted the transition to digital finance, seized upon mobile finance business opportunities, expanded its business footprint; achieved a stronger competitive edge in its core businesses, expanded business scale and scope, created group synergies; and promoted green finance and financial inclusion, improve corporate governance mechanisms, and laid the foundation for sustainable business operations.

#### 2. Main Reasons for Profits/Losses on Strategic Investments, and Plans for Addressing any Losses

Among the Group's three wholly owned subsidiaries, BOT implemented the principles of inclusive financing and corporate social responsibility, coordinated with the implementation of government policies, and adopted a "three carts" business structure designed to ensure a balanced emphasis on consumer lending, corporate lending, and public sector lending. Despite the adverse impact of the COVID-19 pandemic, BOT still had excellent operating results. Due to volatile asset prices in global financial markets, BTS saw a decrease in total trading volume, but it continued to expand the range of eligible investments in its cost-average investment services; continued to optimize its electronic order submission platform, and launched Online Account Opening System 2.0. As a result, business performance remained positive in 2022. Due to the beneficial effect of the US dollar's appreciation and the adoption of improved hedging methods, BTLI's net income before income tax returned to the black for the first time in nearly a decade. TFH will continue working with its subsidiaries to improve their financial and operating performance so that the Group can reap better business synergies.

## 2. 2022 Investment Plan

TFH will carry out its business strategy in order to enhance management of investee companies and pursue a strategy of integrating the Group's diverse resources in order to consolidate the TFH Group's competitive edge and spur the Group's stable growth. Also, to coordinate with the trends of economic and financial development as well as policy developments and legislative action at home and overseas, TFH will continue to observe and carefully evaluate these trends and developments in order to identify appropriate investment targets and make timely investments in subsidiaries. The ultimate goal is to expand the group's scope of business.

## VI. Risk Management

### 1. Risk Management Structure and Policy

Please refer to TFH's website (<https://www.twfhc.com.tw/Eng>) / Financial Info / Financial Statements of 2022 year "Notes to the Consolidated Financial Statements - Financial Risk Management" section at page 113~229.

### 2. Methods for measuring and controlling risks, exposure quantification information

#### (1) Ordinary Disclosures

Please refer to TFH's website (<https://www.twfhc.com.tw/Eng>) / Financial Info / Financial Statements of 2022 year "Notes to the Consolidated Financial Statements - Financial Risk Management" section at page 113~229.

#### (2) Methods for Risk Management and Exposure Quantification Information

##### (A) BOT

##### a. Credit Risk

##### (a) Exposure and Accrued Capital Following Risk Mitigation Using the Standardized Credit Risk Approach

Unit: NT\$1,000

Item	Type of Exposure & Date	Exposure Following Risk Mitigation		Accrued Capital	
		2022.12.31	2023.3.31	2022.12.31	2023.3.31
Sovereign Nations		1,622,352,319	1,736,233,078	177,219	159,806
Non-Central Government Public Sector		989,747,412	952,120,575	25,203,001	23,120,578
Banks (Including Multilateral Development Banks)		598,673,388	574,914,141	23,297,535	22,345,238
Enterprises (Including Securities and Insurance Firms)		717,006,681	666,543,060	63,998,781	58,817,277
Retail Loans		194,378,089	186,047,573	7,074,406	6,700,213
Residential Real Estate exposure		1,525,944,286	1,519,699,365	87,053,632	86,056,289
Equity Investment		72,204,500	74,477,748	12,661,042	13,035,179
Equity Securities Investment of Private Equity Funds and Venture Capital		2,510	2,660	3,294	3,491
Other Assets		227,743,489	242,570,757	17,361,299	17,216,599
Total		5,948,052,674	5,952,608,957	236,830,209	227,454,670

Notes: 1. Accrued Capital = Exposure Following Risk Mitigation × Capital Adequacy Ratio Minimum Requirement (Capital Adequacy Ratio Minimum Requirement is 10.5%).

2. Securitization risk has not been factored into the figures in this table.

3. From January 2013, the Bank adopted Basel III and introduced the concept of credit valuation adjustment (CVA) into calculations of counterparty credit risk. As of end-December 2022, credit risk-weighted assets (including CVA charge) stood at NT\$6,201,187,000, making for a capital charge of NT\$651,125,000; as of end-March 2023, credit risk-weighted assets (including CVA charge) stood at NT\$6,564,707,000, making for a capital charge of NT\$689,294,000.

## (b) Securitization Risk Exposure and Accrued Capital (According to the Type of Transactions)

Dec. 31, 2022

Unit: NT\$1,000

Type of Exposure Bank Book		Asset Class	Traditional					Synthetic		Total		
			Risk Exposure				Accrued Capital (2)	Risk Exposure	Accrued Capital (4)	Risk Exposure (5)=(1)+(3)	Accrued Capital (6)=(2)+(4)	Accrued Capital Before Securitization
			Retention or Purchasing	The provision of liquidity facilities	The provision of credit enhancement	Subtotal (1)		Retention or Purchasing (3)				
Non-Originating Bank	Banking Book	MBS	2,156,679	0	0	2,156,679	45,290	0	0	2,156,679	45,290	
		ABS	0	0	0	0	0	0	0	0	0	
	Trading Book	REITs	33,786	0	0	33,786	4,730	0	0	33,786	4,730	
	Subtotal		2,190,465	0	0	2,190,465	50,020	0	0	2,190,465	50,020	
Originating Bank	Banking Book											
	Trading Book											
	Subtotal											
Total			2,190,465	0	0	2,190,465	50,020	0	0	2,190,465	50,020	

March 31, 2023

Unit: NT\$1,000

Type of Exposure Bank Book		Asset Class	Traditional					Synthetic		Total		
			Risk Exposure				Accrued Capital (2)	Risk Exposure	Accrued Capital (4)	Risk Exposure (5)=(1)+(3)	Accrued Capital (6)=(2)+(4)	Accrued Capital Before Securitization
			Retention or Purchasing	The provision of liquidity facilities	The provision of credit enhancement	Subtotal (1)		Retention or Purchasing (3)				
Non-Originating Bank	Banking Book	MBS	2,741,534	0	0	2,741,534	57,572	0	0	2,741,534	57,572	
		ABS	0	0	0	0	0	0	0	0	0	
	Trading Book	REITs	0	0	0	0	0	0	0	0	0	
	Subtotal		2,741,534	0	0	2,741,534	57,572	0	0	2,741,534	57,572	
Originating Bank	Banking Book											
	Trading Book											
	Subtotal											
Total			2,741,534	0	0	2,741,534	57,572	0	0	2,741,534	57,572	

## b. Liquidity Risk

## (a) New Taiwan Dollar-Denominated Maturity Date Structure

Unit: NT\$1,000

Date	Item	Total	Amounts by Time Remaining before Maturity					
			1~10days	11~30days	31~90days	91~180days	181days to 1year	Over 1 year
2022.12.31	Major inflows of matured funds	5,725,697,477	585,399,942	861,416,857	658,884,139	457,557,672	522,475,612	2,639,963,255
	Major outflows of matured funds	6,983,721,308	342,331,446	352,516,541	742,502,815	736,293,722	1,658,235,112	3,151,841,673
	Period gap	-1,258,023,831	243,068,496	508,900,316	-83,618,676	-278,736,050	-1,135,759,500	-511,878,418
2023.3.31	Major inflows of matured funds	5,706,982,619	346,287,141	920,480,917	613,451,672	456,898,084	623,544,851	2,746,319,954
	Major outflows of matured funds	7,068,098,043	245,578,032	245,813,141	593,988,069	1,040,965,928	1,693,896,430	3,247,856,443
	Period gap	-1,361,115,424	100,709,109	674,667,776	19,463,603	-584,067,844	-1,070,351,579	-501,536,489

## (b) U.S. Dollar-Denominated Maturity Date Structure

Unit: US\$1,000

Date	Item	Total	Amounts by Time Remaining before Maturity				
			1~30 days	31~90days	91~180days	181 days to 1 year	Over 1 year
2022.12.31	Major inflows of matured funds	58,732,006	22,217,754	11,349,361	4,699,816	3,139,408	17,325,667
	Major outflows of matured funds	60,101,515	15,648,654	15,046,556	7,011,063	5,680,418	16,714,824
	Period gap	-1,369,509	6,569,100	-3,697,195	-2,311,247	-2,541,010	610,843
2023.3.31	Major inflows of matured funds	56,824,961	19,634,247	10,338,789	5,340,848	4,601,394	16,909,683
	Major outflows of matured funds	58,150,564	15,029,928	13,588,624	6,882,678	5,571,073	17,078,261
	Period gap	-1,325,603	4,604,319	-3,249,835	-1,541,830	-969,679	-168,578

## c. Market Risk

## Market Risk Accrued Capital

Unit: NT\$1,000

Risk Category	Accrued Capital	
	2022.12.31	2023.03.31
Interest rate risk	1,061,682	1,459,083
Equity security risk	3,457,610	3,662,871
Foreign exchange risk	1,985,830	1,882,660
Option risk	0	0
Commodity risk	0	0
Total	6,505,122	7,004,614

Note: Securitization risk has been factored into the figures in this table.

## d. Operational Risk

## Operational Risk Accrued Capital

Unit: NT\$1,000

Main Area of Business Operations	2020		2021		2022		Beta factor(β)
	Gross income (1)	Capital charge (1) × β	Gross income (2)	Capital charge (2) × β	Gross income (3)	Capital charge (3) × β	
Corporate financial planning and financing	405,289	72,952	310,636	55,914	510,806	91,945	18%
Trading and sales	6,377,886	1,148,019	3,655,268	657,948	3,735,585	672,405	18%
Consumer Banking	10,403,822	1,248,459	12,392,331	1,487,080	13,004,885	1,560,586	12%
Corporate Banking	11,592,897	1,738,935	16,681,469	2,502,220	19,709,287	2,956,393	15%
Payment and settlement	536,498	96,570	355,164	63,930	358,629	64,553	18%
Custodial and agency services	563,868	84,580	588,188	88,228	483,488	72,523	15%
Asset management	-	-	-	-	-	-	12%
Retail brokerage	727,901	87,348	708,913	85,070	385,939	46,313	12%
Aggregate capital charge		4,476,863 (4)		4,940,390 (5)		5,464,719 (6)	
Operational Risk Accrued Capital = [(4)+(5)+(6)] / 3	4,960,657						

**(2) BTLI**

Unit: NT\$1,000

Risk Category	2022.12.31		2023.03.31	
	RBC	Share of pre-adjusted total RBC (%)	RBC	Share of pre-adjusted total RBC (%)
Asset Risk	14,853,831	51.33%	18,046,618	53.12%
Insurance Risk	2,040,813	7.05%	2,071,625	6.10%
Interest Rate Risk	10,730,705	37.08%	12,558,522	36.97%
Other Risk	1,314,421	4.54%	1,295,849	3.81%
Total RBC (before adjustment)	28,939,770	100.00%	33,972,614	100.00%
Total RBC	8,912,179	-	10,267,882	-

**(3) BTS**

Unit: NT\$1,000

	2022.12.31	2023.03.31
1.BIS Ratio	557%	497%
2.Eligible Capital, net	3,801,215	4,045,616
2.1 Tier 1 Capital	3,801,215	4,045,616
2.2 Tier 2 Capital	0	0
2.3 Eligible used Tier 3 capital	0	0
3.Management risk equivalent	682,951	814,713
3.1 Credit risk equivalent	217,328	301,622
3.2 Operational risk equivalent	189,066	189,066
3.3 Market risk equivalent	276,557	324,025

### 3. Impact of changes to important domestic and foreign policies or laws upon the company's financial and operating condition, and the Group's response

- (1) To strengthen climate change risk management, TFH has already included climate risks among the items covered in the "Taiwan Financial Holding Company Risk Management Policies and Guidelines," with which all group subsidiaries are required to comply; TFH urges its subsidiaries to improve their systems for management of climate-related issues, identify and manage physical risks, manage investment in and financing of economic activities involving climate risks, manage carbon-intensive customers; set climate risk management indicators and targets, the TFH group's climate risk management and monitoring reports have newly begun to disclose the management of climate risks, and the results of climate change risk assessments and response measures are reported to the Risk Management Committee and the Board of Directors on a quarterly basis.
- (2) In line with the Taiwan government's Pathway to Net-Zero Emissions in 2050, in order to achieve the goals of reaching net-zero emissions by 2050 and attaining sustainability, the Company's Baoqing office, as well as the BOT head office and Wuchang Branch, in 2022 completed an inventory of GHG emissions for 2021, and third-party verifications have been obtained; BTLI and BTS are planning in 2023 to conduct inventories of GHG emissions for 2022 at all their domestic business locations and obtain verifications.

#### 4. Impact of changing technologies and industries on financial and operating condition, and the Group's response

- (1) In response to technological change and the advent of the age of digital finance, BOT is promoting the Digital Transformation Flagship Program, whereby each business management unit plans out discussions regarding digital transformation of business, gains a clear picture of the latest trends in digitization needs, establishes an effective and continuously maintained digital talent hiring and training program, adopts a 'Customer Journey' concept to retain service records and marketing tracks, uses data analysis to predict customer needs and build a "customer attribute tag" database to facilitate expansion of business through well-targeted marketing, and to accumulate experience in planning the marketing of technology.
- (2) The trend toward digital finance is accompanied by growing cyber security risks. In response, TFH is actively pursuing the following measures to strengthen information security risk management:
  - (A) adopted an ISO 27001 information security management system (ISMS), obtained certification by an impartial third-party certification body, and keeps the certification current.
  - (B) periodically convenes risk assessment meetings to consider internal and external issues, propose cyber security improvement measures, and discuss the state of implementation of current measures.
  - (C) in response to legislative changes as well as internal and external cyber security audit findings, TFH amends its own cyber security rules in order to refine information security management and take necessary coping measures.
  - (D) TFH and its subsidiaries have hired cyber security professionals and tasked them with responsibility for promoting cyber security operations, conducting annual cyber security risk assessments, website vulnerability scans, and system penetration tests, and for taking corrective actions on the basis of test reports in order to mitigate cyber security risks.
  - (E) conducted a cyber security awareness course and email social engineering drills to raise employee's security consciousness.

#### 5. Impact of changes in the image of TFH and its subsidiaries, and the Group's response

The TFH Group is guided by a "customer first" philosophy and works to fulfill its corporate social responsibility. It will continue to take active part in community service activities, and provide funding to community service groups as well as cultural, artistic, and sports activities, in order to give back to society. In 2022, BOT received the Joint Credit Information Center's Golden Quality Award for the 10th consecutive year, received the Reader's Digest Trusted Brand GOLD Award in the Bank category for the 17th consecutive year, and won a "Category 1 Gold Class Award" for "Corporate

Sustainability Report in the Finance and Insurance" category and "Social Inclusion Leadership Award" in the "Best Sustainability Practice Awards" category at the 15th Taiwan Corporate Sustainability Awards (TCSA). In addition, the Group has long supported the development of Taiwanese basketball and shown concern the development of sports as well as the creation of job opportunities for Taiwan's indigenous peoples, for which it received a Sports Administration's "2022 Sports Activist Award" (Promotion Award Gold Class) as well as a Council of Indigenous Peoples 2022 Award for Outstanding Performance by an Agency (or Organization) in the Employment of Indigenous Persons. In addition, BTLI works to ensure financial inclusion and implement social concern, and was singled out by Financial Supervisory Commission as a "Superior Provider of Microinsurance for Persons with Physical and Mental Disabilities" and an "Outstanding Provider of Microinsurance" for 9th and 3rd consecutive year, respectively.

**6. Expected benefits of any mergers or acquisitions, as well as possible risks and any response measures being or to be taken:** None.

**7. Concentration Risks and Response Measures**

To avoid allowing its business to become overly concentrated on its banking subsidiary, TFH has set limits on the percentage of loans and investments that can go to any particular type of customer or economic sector, or to affiliated enterprises. TFH has a detailed and comprehensive integrated risk control system to exercise rigorous monitoring and control over the degree of concentration of large risk exposures on any single party, single group of related parties, or single group of related enterprises.

**8. Impact from Material Share Transferring of a Director, Supervisor, or Shareholder with more than 1% Stake in TFH**

None. (TFH is a government-owned enterprise wholly owned by the Ministry of Finance. All its directors and supervisors are the Ministry's juristic-person representatives.)

**9. Effect upon and risk to company associated with any change in governance personnel or top management, and response measures being or to be taken**

None. (TFH is a government-owned enterprise wholly owned by the Ministry of Finance. There has been no change in top management).

**10. Litigious and non-litigious matters**

Lawsuit filed by BOT to terminate contract with Tang Eng Iron Works Co., Ltd. for collaborative construction project:

- (1) Matter at issue: In 1984, BOT exercised a lien on a textile factory in Taoyuan belonging to the former Fu Hsin Textile Company and listed the property in its books as "foreclosed collateral." On 15 November 1993, BOT and Tang Eng Iron Works Co., Ltd. ("Tang Eng") entered into a

"Collaborative Development Contract to Use the Land at the Taoyuan Factory of the Former Fu Hsin Textile Company for the Construction of a Building." A dispute subsequently arose between the two parties over the question of whether the contract had entered into force, and multiple discussions between BOT and Tang Eng failed to yield a resolution. For this reason, a resolution was adopted at the 2nd meeting of the 3rd BOT Board of Directors on 24 November 2006 that the company would file a lawsuit against Tang Eng seeking termination of contract.

- (2) Value of the claim: Approximately NT\$4.33 billion, said figure representing the 2022 announced current value of the property at issue
- (3) Date of commencement of proceedings: March 2, 2007.
- (4) Main parties: BOT and Tang Eng.
- (5) Current status of the proceedings: BOT received a favorable judgment of first instance, and an unfavorable judgment of second instance, then the Supreme Court remanded the case four times to the High Court for retrial. After an appeal to the court of third instance, the case was remanded for a retrial by the Kaohsiung Branch Court of the Taiwan High Court, which issued a ruling on November 11, 2021 (Ref.: Judgment 109 Chong-Shang-Geng (4) Zi No. 46) that: (a) upheld the judgment of first instance, which had found that the contract for a collaborative construction project had been lawfully terminated; and (b) dismissed the appeal of Tang Eng. Tang Eng again appealed to the Supreme Court. On 15 December 2022, the Supreme Court dismissed the appeal of Tang Eng, meaning that BOT had won the case.

## 11. Other Major Risks and Measure Taken in Response

- (1) To ensure that, even after the occurrence of an accident, the information system will continue to operate and uphold customer interests, TFH and each of its subsidiaries have adopted a business continuity plan, and have drafted high-security information backup procedures for different business models. These procedures allow for rapid adjustment of cyber security safeguards, ensure the proper functioning of cyber security joint defense, and facilitate the provision of secure, high-quality financial services.
- (2) In order to protect and manage personal data, comply with the "Personal Data Protection Act" and other relevant rules of the competent authority, and protect the rights and interests of persons whose personal data is involved, TFH has specially issued the "Taiwan Financial Holding Co. Rules Governing the Handling of Personal Data After Termination of Business" and the "Taiwan Financial Holding Co. Guidelines for Personal Data Risk Assessment."

- (3) In order to effectively control money laundering and financing of terrorism (ML/FT) risks, TFH and each of its subsidiaries have adopted a sound organizational framework and well-considered policies and internal rules and bylaws. By setting a TFH Group ML/TF risk appetite, TFH has established a sound ML/TF information system that supports groupwide sharing of ML/TF information and has strengthened the Group's ability to identify ML/TF risks, thereby mitigating the impact of ML/TF risks and stabilizing financial order.

## **VII. Crisis Management Mechanism**

In order to establish a group-wide system for preventing the occurrence of emergency situations, to respond promptly and effectively once they do occur, and to follow up with remedial action to deal with the aftermath, TFH and its subsidiaries have adopted a number of emergency response measures and contingency plans. They have set up an Emergency Response Taskforce and Spokesperson system, and when an emergency occurs, they will be prepared to activate their Group-wide Emergency Notification and Communications System. Specified emergency response units are now in place to take charge in case of emergency and handle events in accordance with established operating procedures, and are prepared to report on the status of follow-up review procedures within a prescribed period.

## **VIII. Other Important Matters**

None.

# Miscellaneous

## I. Information on Affiliated Enterprises

### 1. Charts of Relations within the TFH Group

Please refer to Chapter III “Corporate Governance” on “Organization” section at page 16.

### 2. TFH Affiliates

March 31, 2023

Name	Date Founded	Address	Paid-in Capital	Main Businesses
BOT	May 20, 1946	No. 120, Sec.1, Chongqing S. Rd., Zhongzheng Dist., Taipei City, Taiwan	NT\$109 billion	Banking
BTIL	Jan. 2, 2008	6F., No. 69, Sec.2, Dunhua S. Rd., Daan Dist., Taipei City, Taiwan	NT\$43.5 billion	Life Insurance
BTS	Jan. 2, 2008	4-9F., No. 58, Sec.1, Chongqing S. Rd., Zhongzheng Dist., Taipei City, Taiwan	NT\$3 billion	Securities
BTIB	Jan. 23, 2013	4F., No. 49, Sec.1, Wuchang St., Zhongzheng Dist., Taipei City, Taiwan	NT\$20 million	Insurance Brokerage

### 3. Controlling and subordinate relation presumption based on Article 369-3 of the Company Law: None.

### 4. Types of business conducted by TFH affiliates

Including banking, securities, insurance and insurance brokerage.

### 5. Information on Chairperson, Directors, Supervisors and President of TFH's Subsidiaries

March 31, 2023

Company Name	Position	Name or Representative	Shareholding		Legal Representative
			Shares	%	
BOT	Chairman	Joseph Jye-Cherng Lyu	10.9 billion	100	TFH
	Independent Managing Director	Ming-Fang Tsai			
	Managing Director	Ching-Hwa Juan			
	Managing Director	Juin-Jen Chang			
	Independent Director	Ye-Ning Chen			
	Independent Director	Hung-Neng Lai			
	Managing Director	waiting for assignment			
	Director	Hui-Feng Hsu			
	Director	Shu-Jyuan Huang			
	Director	Wen-Hsi Chang			
	Director	Guo-Xing Li			
	Director	waiting for assignment			
	Labor Director	De-Ren Wu			
	Labor Director	Neng-Sung Tsai			
	Labor Director	waiting for assignment			

Company Name	Position	Name or Representative	Shareholding		Legal Representative
			Shares	%	
BTLI	Chairperson	Yu-Chih Liu	4.35 billion	100	TFH
	Independent Director	Fang-Chi Lin			
	Independent Director	Ai-Ru Shao			
	Independent Director	Chiung-Feng Ko			
	Director and President	Yuan-Yi Chou			
	Director	Hui-Yun Xia			
	Director	Che-Chun Lin			
	Labor Director	Siou-Sia Tsai			
	Labor Director	Zong-Zheng Lyu			
BTS	TFH President & BTS Chairman	Jan-Lin Wei	0.3 billion	100	TFH
	Independent Director	An-Lin Chen			
	Independent Director	Bai-Xian Peng			
	Independent Director	Yun-Yuan Li			
	Director and President	Hsiu-Hsien Hsieh			
	Director	Yi-Lin Chen			
	Director	Pei-You Wong			
	Labor Director	Fong-Zeng Jhen			
	Labor Director	Chun-Sheng Chu			
BTIB	Chairperson	Fan Kang	2 million	100	BOT
	Director and President	Ming-Yao Ho			
	Director	Pin Chuo			
	Supervisor	Mei-Chung Lou			

## 6. Operation Overview of TFH Affiliates in 2022

Unit: NT\$1,000

Name	Capital	Total Assets	Total Liabilities	Equity	Operating Revenues/ Net Income (Note)	Operating Profits/ EBT (Note)	Income (After Tax)	EPS (NT\$1)
BOT	109,000,000	6,178,383,194	5,782,912,538	395,470,656	42,779,780	19,189,573	17,045,877	1.56
BTLI	43,500,000	479,387,231	462,738,594	16,648,637	29,463,093	761,243	-709,818	-0.16
BTS	3,000,000	11,643,765	7,163,401	4,480,364	789,023	173,743	111,335	0.37
BTIB	20,000	380,855	42,826	338,029	487,489	4,744	3,366	1.68

Note: Figures for BOT reflect net income, as well as EBT from continuing operations. Figures for the other companies reflect operating revenues and operating profits.

## 7. Consolidated Financial Statements Covering Affiliated Enterprises

The companies that TFH is required, pursuant to the provisions of the "Regulations Governing Preparation of Consolidated Business Reports Covering Affiliated Enterprises, Consolidated Financial Statements Covering Affiliated Enterprises, and Reports on Affiliations," to include in

its FY2022 (January 1, 2022 to December 31, 2022) consolidated financial statements covering affiliated enterprises, are the same as the companies it is required, pursuant to the provisions of the FSC-endorsed International Financial Reporting Standard No. 10, to include in its consolidated financial statements covering the parent company and its subsidiaries. The information that the Company is required to include in its consolidated financial statements covering affiliated enterprises has all been disclosed in the aforementioned consolidated financial statements covering the parent company and its subsidiaries, therefore the Company has not separately prepared consolidated financial statements for individual affiliated enterprises. (Please refer to “Financial Info / Financial Statements” on TFH website: [www.twfhc.com.tw/Eng](http://www.twfhc.com.tw/Eng)).

**II. Private placement of securities in 2022:** None.

**III. Holding or disposal of shares in the company by the company's subsidiaries in 2022:** None.

**IV. Other matters that require additional description:** None.

**V. Any of the situations listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities in 2022:** None.

## **VI. Directory of Head Office and Branches**

### **1. Domestic and Overseas Branches of BOT**

Please refer to BOT website: [www.bot.com.tw/en](http://www.bot.com.tw/en)

### **2. Domestic Branches of BTLI**

Please refer to BTLI website: [www.twfhclife.com.tw](http://www.twfhclife.com.tw)

### **3. Domestic Branches of BTS**

Please refer to BTS website: [www.twfhcsec.com.tw](http://www.twfhcsec.com.tw)

### **4. Domestic Service Units of BTIB**

Please refer to BTIB website: [www.botib.com.tw](http://www.botib.com.tw)

**Taiwan Financial Holdings**

Chairman

*Jong-Chin Shen*





Taiwan Financial Holdings



臺灣金控

TAIWAN FINANCIAL HOLDINGS

Address: No.120, Sec. 1, Chongqing S. Rd.,  
Zhongzheng Dist., Taipei City, Taiwan (R.O.C.)

Tel: +886-2-2349-3456

[www.twfhc.com.tw](http://www.twfhc.com.tw)

ISSN :2078-726-X

03187



9 772078 726007



ISSN: 2078-726X (Hard Copy)

ISSN: 2078-7286 (Soft Copy)

GPN: 2009802894

Cost of Production: NTD 3, 187