Stock Code: 2807

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Financial Statements

With Independent Auditors' Report

For the Years Ended December 31, 2023 and 2022

The reader is advised that these financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

Financial Statements

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安永聯合會計師事務所

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Independent Auditors' Report

To the Board of Directors of Standard Chartered Bank (Taiwan) Limited,

Opinion

We have audited the accompanying balance sheets of Standard Chartered Bank (Taiwan) Limited ("the Company") as of December 31, 2023 and 2022, and the related statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2023 and 2022, and notes to the financial statements, including the summary of significant accounting policies.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and their financial performance and cash flows for the years ended December 31, 2023 and 2022, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations developed by the International Financial Reporting Interpretations Committee (IFRIC) or the former Standing Interpretations Committee endorsed by Financial Supervisory Commission of the Republic of China ("FSC").

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, Jin-Guan-Yin-(Fa)-Zi No. 10802731571, and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Recognition of loss provision for loans

As of December 31, 2023, total outstanding loan balance of the Company was $286,361,090 thousand, accounting for 40% of total assets, which was significant to the Company's financial statements. The Company was required to assess and recognize the expected credit losses (ECL) provision in accordance with IFRS 9 and *the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans*. The assumptions, including the indicators of significant increase in credit risk since initial recognition and credit impairment which has been incurred, the selection and incorporation of forward-looking information for the remaining life of an exposure, the quantitative measurement of probability of default (PD) and the loss given default (LGD), management applied to the ECL provision assessment involved exercise of significant professional judgment and was therefore a key audit matter for our audit.

We performed the following audit procedures, including but not limited to: evaluating and testing the controls related to ECL provision calculation, including examining whether ECL model has been approved by the management and testing the appropriateness of the inputs into the model, engaging the specialists to evaluate the appropriateness of ECL model, sampling all loans to test the appropriateness and reasonableness of the parameters used for ECL model, which include PD and LGD. In addition, we reviewed and examined whether the loss provision for loans is reserved in line with the minimum requirement of the regulations and ensured the appropriateness of loan classification in compliance with the regulations.

Please refer to note 4, 5, and 6 to the Company's financial statements for the disclosure on accounting policies and assessment of loss provision for loans.

Valuation of financial instruments

Fair value of certain financial instruments was determined by the Company's internal valuation techniques which often involve the exercise of judgment and the use of assumptions and estimates. Change on the assumptions used by the Company would cause significant impact on fair value of the financial instruments. Therefore, we determined the valuation of financial instruments is a key audit matter.

We performed the following audit procedures, including but not limited to: evaluating and testing the controls related to valuation of financial instruments, including those controls over determining and approving the use of valuation models and their assumptions, any changes on the valuation techniques and assumptions, and management review. In addition, we engaged the valuation specialists to assist in reviewing the valuation techniques by sampling, understating and assessing the reasonableness of key assumptions, and performing independent valuation and determining whether the difference falls within the acceptable range.

Please refer to note 4, 5, and 6 to the Company's financial statements for the relevant disclosure on valuation of financial instruments.

Disclosures on related party transactions

The Company is one of the subsidiaries under Standard Chartered PLC (the "Group") and has signed multiple service agreements with significant amounts with other affiliates in the Group. The services include interbank fund transferring, derivatives trading, service income and service fees. Due to the risk of undisclosed or unidentified related party transactions, we determined disclosures on related party transactions is a key audit matter.

We performed the following audit procedures, including but not limited to: understanding and assessing the Company's processes of identifying related parties and related transactions, agreeing the total accounting records and balance of related party transactions to the records and balances that management provided, performing the reconciliation if any differences were identified.

Please refer to note 7 to the Company's financial statements for detailed disclosures on related parties and associated transactions.

Assessment of goodwill impairment

As of December 31, 2023, the balance of the Company's goodwill due to the acquisition of Asia Trust And Investment Corporation (ATIC) in 2008 was $3,156,048 thousand. The Company was required to at least perform the impairment test on the goodwill generated from the acquisition annually in accordance with IAS 36. The goodwill was, firstly, allocated to cash generated units which was expected to benefit from the combined synergies as result of the acquisition. Next, the goodwill impairment test would be performed based on each cash generating unit. Given the fact that the determination of the recoverable amount of each cash generating unit involved exercise of significant professional judgment by management, which includes the historical operation experience, future development strategy, various assumptions and related assessment parameters used, we determined the assessment of goodwill impairment to be a key audit matter.

We performed the following audit procedures, including but not limited to: obtaining the management assessment on the raw data of the recoverable amount, including cashflow projection, growth rate, and relevant assumptions, discussing the process of the cashflow projection and the review procedure with the management, assessing the consistency of key assumptions used by the management and the appropriateness of the valuation model and the related assumptions used by the management in measuring the recoverable amount, taking into account of the profit forecast, comparing the inputs used in impairment test with external sources, and performing the sensitivity test.

Please refer to note 4, 5, and 6 to the Company's financial statements for the relevant disclosure on assessment of goodwill impairment.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations developed by the International Financial Reporting Interpretations Committee (IFRIC) or the former Standing Interpretations Committee endorsed by Financial Supervisory Commission of the Republic of China ("FSC") and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including audit committee, are responsible for overseeing the financial reporting process of the Company.

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Auditors' Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the accompanying notes, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

From the matters communicated with those who charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Chang, Cheng-tao

Huang, Chien-che
Ernst & Young, Taiwan
March 12, 2024

<u>Notice to Readers</u>
The accompanying financial statements are intended only to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.
Accordingly, the accompanying financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or the Standards on Auditing of the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English Translation of Financial Statements Originally Issued in Chinese

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Balance Sheets

December 31, 2023 and 2022

(Expressed in thousands of New Taiwan Dollars)

			December 31, 2023		December 31, 2022	
		Note	Amount	%	Amount	%
	Assets					
11000	Cash and cash equivalents	6(1) & 7	$16,057,392	2	$16,772,114	2
11500	Due from the Central Bank and call loans to banks	6(1), 6(2) & 7	157,829,836	22	115,567,226	16
12000	Financial assets at fair value through profit or loss	6(3) & 7	43,807,249	6	50,542,107	7
12100	Financial assets at fair value through other comprehensive income	6(4) & 6(6)	125,823,573	18	145,410,565	21
12200	Debt instrument investments measured at amortized cost	6(5)	10,078,082	1	30,410,209	4
12300	Financial assets for hedging	6(6)	241,921	-	747,543	-
12500	Securities and bonds purchased under resell agreements	6(1), 6(7) & 7	21,390,034	3	13,860,254	2
13000	Receivables-net	6(8) & 7	31,160,835	4	19,924,576	3
13200	Current tax assets	6(22)	261,244	-	101,236	-
13500	Discounts and loans-net	6(6), 6(9) & 7	286,361,090	40	287,864,358	41
15500	Other financial assets-net	6(10) & 8	10,521,438	2	12,154,175	2
18500	Property and equipment-net	6(11)	3,213,267	-	3,351,673	1
18600	Right-of-use assets-net	6(33)	2,275,472	-	2,530,040	-
19000	Intangible assets-net	6(12)	3,245,231	1	3,268,295	-
19300	Deferred tax assets	6(22)	715,668	-	769,435	-
19500	Other assets-net	6(13), 7 & 8	6,269,734	1	5,493,462	1
	Total assets		$719,252,066	100	$708,767,268	100

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

English Translation of Financial Statements Originally Issued in Chinese

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Balance Sheets (Continued)

December 31, 2023 and 2022

(Expressed in thousands of New Taiwan Dollars)

		Note	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Liabilities					
21000	Deposits from the Central Bank and banks	6(14) & 7	$1,258,030	-	$1,638,248	-
22000	Financial liabilities at fair value through profit or loss	6(3) & 7	39,316,822	6	44,332,840	6
22300	Financial liabilities for hedging	6(6)	570,267	-	501,706	-
23000	Payables	6(15)	3,264,516	-	5,077,449	1
23100	Related parties payable	7	5,962,550	1	4,291,102	1
23200	Current tax liabilities	6(22)	749,553	-	403,258	-
23500	Deposits and remittances	6(6), 6(16) & 7	600,463,448	84	587,506,645	83
24000	Financial debentures	6(17) & 7	6,151,350	1	6,148,843	1
25500	Other financial liabilities	6(18)	15,373	-	231,995	-
25600	Provisions	6(19) & 6(21)	819,485	-	916,041	-
26000	Lease liabilities	6(33)	2,410,888	-	2,628,067	-
29300	Deferred tax liabilities	6(22)	843,455	-	820,971	-
29500	Other liabilities	6(20) & 7	6,800,156	1	7,062,725	1
	Total liabilities		668,625,893	93	661,559,890	93
	Equity					
31101	Common stock	6(23)	29,105,720	4	29,105,720	4
31500	Capital surplus	6(23)	5,794,771	1	5,794,771	1
32000	Retained earnings	6(23)				
32001	Legal reserve		10,850,008	1	10,035,629	2
32003	Special reserve		235,473	-	247,892	-
32005	Unappropriated earnings		4,864,323	1	2,714,597	-
			15,949,804	2	12,998,118	2
32500	Other equity interest	6(23)	(224,122)	-	(691,231)	-
	Total equity		50,626,173	7	47,207,378	7
	Total liabilities and equity		$719,252,066	100	$708,767,268	100

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

English Translation of Financial Statements Originally Issued in Chinese

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

(Expressed in thousands of New Taiwan Dollars, except for Basic Earnings Per Share)

			For the years ended December 31			
			2023		2022	
		Note	Amount	%	Amount	%
41000	Interest income	6(26) & 7	$18,678,728	112	$10,281,779	80
51000	Less: Interest expenses	6(26) & 7	12,992,839	78	4,735,241	37
49010	Net interest income		5,685,889	34	5,546,538	43
49020	Net non-interest income					
49100	Net service fee income	6(27) & 7	4,699,220	28	3,649,312	29
49200	Gains on financial assets or liabilities at fair value through profit or loss	6(28) & 7	5,783,746	35	3,074,628	24
49310	Realized (losses) gains on financial assets at fair value through other comprehensive income	6(4) & 6(29)	(251,827)	(1)	(64,841)	(1)
49600	Foreign exchange gains		553,361	3	359,840	3
49700	Impairment losses on assets	6(31)	(6,379)	-	(9,643)	-
49800	Net other non-interest income	6(6), 6(30) & 7	183,274	1	230,140	2
	Total net non-interest income		10,961,395	66	7,239,436	57
	Net revenue		16,647,284	100	12,785,974	100
58200	Bad debt expense, commitment and guarantee liability provisions (gains on reversal)	6(32)	1,168,320	7	510,245	4
58400	Operating expenses					
58500	Employee benefits expenses	6(21), 6(24), 6(34) & 7	5,120,723	31	4,990,016	39
59000	Depreciation and amortization expenses	6(11), 6(12), 6(33) & 6(35)	622,603	3	620,115	5
59500	Other general and administrative expenses	6(36) & 7	3,981,040	24	3,805,549	30
	Total operating expenses		9,724,366	58	9,415,680	74
61001	Profit from continuing operations before tax		5,754,598	35	2,860,049	22
61003	Less: Income tax expenses	6(22)	921,834	6	445,290	3
61000	Profit		4,832,764	29	2,414,759	19
65000	Other comprehensive income					
65200	Components of other comprehensive income that will not be reclassified to profit or loss					
65201	Remeasurements of defined benefit plans	6(21)	23,925	-	374,797	3
65204	Revaluation losses from investments in equity instruments measured at fair value through other comprehensive income		(60,618)	-	(37,827)	-
65220	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(22)	(4,785)	-	(74,959)	(1)
	Components of other comprehensive income that will not be reclassified to profit or loss		(41,478)	-	262,011	2
65300	Components of other comprehensive income that will be reclassified to profit or loss					
65305	Gains (losses) on hedging instruments	6(23)	286,705	1	(258,271)	(2)
65309	Revaluation gains (losses) from investments in debt instruments measured at fair value through other comprehensive income		324,473	2	(261,413)	(2)
65310	Impairment losses from investments in debt instruments measured at fair value through other comprehensive income		(349)	-	(1,860)	-
65320	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(22)	(83,102)	-	57,601	-
	Components of other comprehensive income that will be reclassified to profit or loss		527,727	3	(463,943)	(4)
65000	Other comprehensive income		486,249	3	(201,932)	(2)
66000	Total comprehensive income		$5,319,013	32	$2,212,827	17
67500	Basic earnings per share (NTD)	6(25)	$1.66		$0.83	

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

English Translation of Financial Statements Originally Issued in Chinese

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in thousands of New Taiwan Dollars)

			Retained earnings			Other items in stockholders' equity		
	Common Stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Total equity
Balance at January 1, 2022	$29,105,720	$5,794,771	$9,346,691	$247,892	$2,305,685	$(187,016)	$(2,445)	$46,611,298
Appropriation and distribution of retained earnings								
Legal reserve	-	-	688,938	-	(688,938)	-	-	-
Cash dividends	-	-	-	-	(1,616,747)	-	-	(1,616,747)
Net income	-	-	-	-	2,414,759	-	-	2,414,759
Other comprehensive income	-	-	-	-	299,838	(295,153)	(206,617)	(201,932)
Total comprehensive income	-	-	-	-	2,714,597	(295,153)	(206,617)	2,212,827
Balance at December 31, 2022	$29,105,720	$5,794,771	$10,035,629	$247,892	$2,714,597	$(482,169)	$(209,062)	$47,207,378
Balance at January 1, 2023	$29,105,720	$5,794,771	$10,035,629	$247,892	$2,714,597	$(482,169)	$(209,062)	$47,207,378
Appropriation and distribution of retained earnings								
Legal reserve	-	-	814,379	-	(814,379)	-	-	-
Cash dividends	-	-	-	-	(1,900,218)	-	-	(1,900,218)
Reversal of special reserve	-	-	-	(12,419)	12,419	-	-	-
Net income	-	-	-	-	4,832,764	-	-	4,832,764
Other comprehensive income	-	-	-	-	19,140	237,745	229,364	486,249
Total comprehensive income	-	-	-	-	4,851,904	237,745	229,364	5,319,013
Balance at December 31, 2023	$29,105,720	$5,794,771	$10,850,008	$235,473	$4,864,323	$(244,424)	$20,302	$50,626,173

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

English Translation of Financial Statements Originally Issued in Chinese

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(expressed in thousands of New Taiwan Dollars)

	For the years ended December 31	
	2023	2022
Cash flows from operating activities		
Profit before tax	$5,754,598	$2,860,049
Adjustments		
Adjustments to reconcile profit (loss)		
Depreciation expense	622,603	620,115
Bad debt expense, commitment and guarantee liability provisions	1,168,320	510,245
Interest expenses	12,992,839	4,735,241
Interest income	(18,678,728)	(10,281,779)
Net change in other provisions	(101,594)	(191,300)
Gain on disposal of property and equipment	(208,020)	(114,361)
Impairment losses on assets	6,379	9,643
Total adjustments to reconcile profit (loss)	(4,198,201)	(4,712,196)
Changes in operating assets and liabilities		
Changes in operating assets		
Due from the Central Bank and call loans to banks	(2,443,537)	14,387,948
Financial assets at fair value through profit or loss	6,734,858	(32,879,006)
Financial assets at fair value through other comprehensive income	19,873,624	21,212,888
Debt instrument investment measured at amortized cost	20,333,090	(25,623,240)
Receivables	(11,030,127)	103,974
Discounts and loans	496,409	9,834,659
Other financial assets	1,632,908	3,586
Total changes in operating assets	35,597,225	(12,959,191)
Changes in operating liabilities		
Deposits from the Central Bank and banks	(380,218)	(7,092,565)
Financial liabilities at fair value through profit or loss	(5,016,018)	34,527,077
Payables	(765,995)	(316,013)
Deposits and remittances	12,956,803	7,663,088
Other financial liabilities	(216,622)	134,751
Other liabilities	(262,569)	2,057,993
Total changes in operating liabilities	6,315,381	36,974,331
Total changes in operating assets and liabilities	41,912,606	24,015,140
Total adjustments	37,714,405	19,302,944
Cash inflow generated from operating activities	43,469,003	22,162,993
Interest received	18,339,927	9,519,032
Interest paid	(12,324,253)	(4,159,495)
Income taxes paid	(746,958)	(210,013)
Net cash flows generated from operating activities	48,737,719	27,312,517
Cash flows from investing activities		
Purchase of property and equipment	(237,673)	(150,761)
Proceeds from disposal of property and equipment	360,262	278,918
Increase in derivatives collateral	(731,506)	(2,965,142)
Purchase of intangible assets	-	(63,365)
Disposal of intangible assets	15,511	-
Increase in other assets	(82,600)	(6,985)
Net cash flows used in investing activities	(676,006)	(2,907,335)
Cash flows from financing activities		
Decrease in funds borrowed from the Central Bank and banks	-	(970,260)
Decrease (increase) in financial instruments for hedging	837,755	(710,172)
Payment of lease liabilities	(367,626)	(408,119)
Cash dividends paid	(1,900,218)	(1,616,747)
Net cash flows used in financing activities	(1,430,089)	(3,705,298)
Effect of foreign exchange rate changes	2,507	609,236
Net increase in cash and cash equivalents	46,634,131	21,309,120
Cash and cash equivalents at beginning of period	99,271,572	77,962,452
Cash and cash equivalents at end of period	$145,905,703	$99,271,572
Composition of cash and cash equivalents		
Cash and cash equivalents reported in the statements of financial position	$16,057,392	$16,772,114
Due from the central bank and call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	108,458,277	68,639,204
Securities purchased under resell agreements qualifying for cash and cash equivalents under the definition of IAS 7	21,390,034	13,860,254
Cash and cash equivalents at end of period	$145,905,703	$99,271,572

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

1. Organization and operations

Standard Chartered Bank (Taiwan) Limited (the “Company”) was established on September 15, 1948, in the Taoyuan, Hsinchu, and Miaoli areas. The original name of the Company was Hsinchu District’s Mutual Loan Inc., which specialized in the mutual loan business, deposits, loans, and payment collection. In compliance with the Banking Act of the Republic of China (“ROC”), the Company restructured to become The Small and Medium Business Bank of Hsinchu District on January 1, 1978, and in addition to the original lines of business, the Company started to conduct checking deposit and regular banking businesses.

Pursuant to an approval granted by the Securities and Futures Commission (“SFC”), which subsequently changed its name to the Securities and Futures Bureau (“SFB”) on July 1, 2004, the Company’s shares were authorized to be publicly issued beginning March 1982 and publicly traded beginning March 22, 1983. Additionally, pursuant to approval granted by the Ministry of Finance (“MOF”), the Company established a Trust Department in January 1989, pursuant to approval granted by the SFC, the Company established the securities trading business in October 1989 and established the securities broker business in July 1992. In March 1993, pursuant to approval granted by the MOF, the Company established the International Business Department to operate the foreign exchange business, which was formally operated in August at the same year. In September 1994, pursuant to approval granted by the Taiwan provincial government MOF, the Company started cross-regional operations. On January 16, 1995, the Company established an Offshore Banking Unit (“OBU”), which began operations immediately.

The Company was approved by the MOF to operate as a commercial bank in September 1998 and changed its name to Hsinchu International Bank Co., Ltd. on April 20, 1999.

During 2006, Standard Chartered Bank provided a tender offer to acquire the outstanding shares of Hsinchu International Bank Co., Ltd. Accordingly, Standard Chartered Bank acquired over 95% of the outstanding shares. After completion of the acquisition of shares, Hsinchu International Bank Co., Ltd. immediately submitted the delisting application, which was approved by the related authorities on January 18, 2007. On June 30, 2007, the operations of Standard Chartered Bank, Taipei Branch were transferred to Hsinchu International Bank Co., Ltd.; subsequently, Hsinchu International Bank Co., Ltd. was renamed Standard Chartered Bank (Taiwan) Limited on July 2, 2007. As of December 31, 2023, the Company comprises 53 branches, a business department, a trust department, and an offshore banking unit.

The Company acquired the outstanding assets, liabilities and operations of American Express Bank, Taipei Branch ("AEB") and Asia Trust Investment Co., Ltd. ("ATIC") on August 1 and December 27, 2008, respectively.

On October 9, 2014, the Company terminated trading of securities in the stock exchange market, trading of securities at the business establishment, margin purchase and short sale of securities, trading of futures and dissolved the securities branch.

On May 6, 2015, the Company was approved to start engaging in underwriting of bonds and marketable securities (limited to fixed income securities).

Approved by the board of directors in June 2016 and by the Insurance Bureau in July 2016, Standard Chartered Life Insurance Agency Co., Ltd. ("SCLIA") and Taiwan Standard Chartered Insurance Agency Co., Ltd. ("TSCIA"), which were 100 percent owned subsidiaries, were merged into the Company through absorption on October 1, 2016. The Company's stockholders' equity was not affected by the mergers. After the mergers, the assets, liabilities, rights and obligations of these two subsidiaries, as of the date of mergers, were generally assumed by the Company. Since the Company no longer has other subsidiaries, therefore, the Company only issues individual financial statements as of the fourth quarter of 2016.

The Company was approved by the Financial Supervisory Commissions R.O.C. ("FSC") to dissolve the International Business Department on October 21, 2016.

2. Date and procedures of authorization for issuance of the financial statements

The financial statements were authorized for issuance by the Board of Directors on March 12, 2024.

3. Newly issued or revised standards and interpretations

(1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Company applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are endorsed by Financial Supervisory Commission ("FSC") and became effective for annual periods beginning on or after January 1, 2023. The first-time adoption of these new standards and amendments had no material impact on the Company.

(2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are endorsed by FSC, and not yet adopted by the Company as at the end of the reporting period are listed below.

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

Item	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2024
b	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	January 1, 2024
c	Non-current Liabilities with Covenants – Amendments to IAS 1	January 1, 2024
d	Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	January 1, 2024

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after January 1, 2024. The Company assessed that the abovementioned standards and interpretations have no material impact on the Company.

(3) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Company as at the end of the reporting period are listed below.

Item	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 "Insurance Contracts"	January 1, 2023
c	Lack of Exchangeability – Amendments to IAS 21	January 1, 2025

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Company's financial statements were authorized for issue, the local effective dates are to be determined by FSC. The Company assessed that the abovementioned standards and interpretations have no material impact on the Company.

4. Summary of significant accounting policies

(1) Statement of compliance

The financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations developed by the International Financial Reporting Interpretations Committee (IFRIC) or the former Standing Interpretations Committee endorsed by FSC.

(2) Basis of preparation

The financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value.

(3) Foreign currency transactions

Except for accounts in the OBU of the Company that are denominated in US Dollars, accounts in all entities are denominated in New Taiwan Dollars. For those transactions denominated in foreign currencies, assets and liabilities are recorded in their original foreign currencies, while all income and expense accounts are denominated in original foreign currencies and translated into New Taiwan Dollars at the daily closing exchange rates. At the report date, the financial statements amount in all foreign currencies are translated into New Taiwan Dollars at ruling exchange rates assigned on that date. The Company's financial statements are presented in New Taiwan Dollars, the functional currency of the Company. All financial information presented in New Taiwan Dollars is expressed in thousands of New Taiwan Dollars, unless otherwise specified. Foreign exchange differences arising from the conversion of currency are recognized in current period profit or loss.

(4) Cash and cash equivalents

Cash and cash equivalents include cash on hand, checks for clearing, and due from banks, but cash that is either restricted to be used only for specified purposes or by regulation or contracts is excluded. According to the statements of cash flow prepared under the definition of IAS 7, cash and cash equivalents include highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Such investments are normally those with less than three months' maturity from the date of acquisition, due from the Central Bank and call loans to banks, and securities and bonds purchased under resell agreements.

(5) Financial instruments

(a) Financial assets

Financial assets held by the Company are recorded on the trading date.

Financial assets are recognized when the Company becomes the party of a financial instrument contract. Financial assets are classified into the following categories: measured at amortized cost, fair value through other comprehensive income (FVOCI), and fair value through profit or loss (FVTPL).

The Company shall reclassify all affected financial assets only when it changes its business model for managing its financial assets.

i. Financial assets measured at amortized cost

A. Debt instrument investments measured at amortized cost

When a financial asset meets both of the following conditions and is not designated as at FVTPL, it is measured at amortized cost;

a. it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

b. its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, and impairment loss are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

B. Securities and bonds under repurchase/resell agreements

Securities and bonds sold/purchased with a commitment to repurchase/resell at predetermined price are treated as financing transactions. The difference between the cost and the repurchase/resell price is treated as interest expenses/revenue and recognized over the term of the agreement. On the selling/purchasing date, these agreements are recognized as securities and bonds sold under repurchase agreements or securities and bonds purchased under resell agreements.

C. Loans and receivables

Loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Credit maturing less than one year is called short-term credit; credit maturing more than one year but less than seven years is called medium-term credit; and credit maturing more than seven years is called long-term credit. Loans with collateral, pledged assets, qualified guarantees and other legally guaranteed objects to secure credit are secured loans.

Loans are recorded initially at principal and reported at their outstanding balances after netting with any provisions for doubtful accounts. In accordance with the Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans approved by FSC, an allowance for doubtful accounts is determined by evaluating the collectability of loans and days past due of receivables (including non-performing loans and interest receivable). Any non-performing loans or non-accrual loans shall be written off after subtracting the estimated recoverable portion.

However, when requested by the competent authority or any financial examination agency (organization), loans must be immediately written off, and a report must be made to the subsequent board meeting. Collections after written off shall be reversed from the allowance for bad debt expense.

Principal or interest overdue over 3 months is categorized as overdue accounts. If principal or interest of any outstanding loan is overdue for over 6 months, both the principal and accrued interest are reclassified as non-performing loan. Accrued interest on a non-performing loan will only be calculated and booked into memo accounts.

Loans and receivables should be evaluated at every reporting date whether or not the credit risks have increased significantly after initial recognition. One estimate is by comparing the default risk at reporting date and initial recognition date, and considering the reasonableness and verifiable information of the increase in credit risk since initial recognition as the estimate basis for default risk and expected loss rate to calculate the expected credit loss. Another estimate follows Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans issued by FSC and other related regulations. Final provision will be based on the higher of the two estimates.

Reserves for guarantees and financing commitments are appropriately provided, based on the possibilities of bad debts arising from off balance sheet loan commitments and financial guarantee contracts.

ii. Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

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

Debt instrument investments at fair value through other comprehensive income should be valued at fair value on the reporting date, and the changes in value shall be listed in other comprehensive income as adjustment items. It should also use the effective rate to amortize the discount premium and calculate the interest receivable on an accrual basis, as well as recognize the credit impairment loss. If the impairment loss related to the events after impairment recognition is reduced in the subsequent period, it is reversed and recognized as profit or loss in the current period. The reversal is limited by the fact that other comprehensive income recognized as impairment adjustment items cannot be negative. Prior to derecognition, the changes in the remaining book values of financial assets, other than foreign currency related financial asset exchange losses, interest income calculated according to effective interest rate, and impairment losses recognized in income, should be recognized in other comprehensive income and accumulated under equity in “Unrealized profit or loss on financial assets at fair value through other comprehensive income.” Upon derecognition, the accumulated profit or loss under equity should be reclassified as profit or loss in the current period.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income. A financial asset measured at FVOCI is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at fair value. Dividends deriving from equity investments are recognized as income in profit or loss, and other net gains and losses of financial assets measured at FVOCI are recognized in OCI. On derecognition, gains and losses accumulated in OCI of equity investments are reclassified to retained earnings.

iii. Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value, which take into account any dividend and interest income, are recognized in profit or loss.

iv. Impairment of financial assets

The Company measures loss allowances for expected credit losses on financial assets measured at amortized cost (including cash and cash equivalents, due from the Central Bank and call loan to banks, securities and bonds purchased under resell agreements, receivables, discounts and loans, financial assets measured at amortized cost and other assets), debt investments measured at FVOCI, and contract assets.

The Company takes into consideration the reasonable information supported by evidence that can be obtained without excessive cost or input, which includes qualitative and quantitative information, an analysis based on the Company's past experience, credit evaluation, and prospective information, when determining whether there is a significant increase in the credit risk of financial assets since initial recognition. If a financial asset or portfolio of financial assets does not experience a significant increase in credit risk since initial recognition, the loss allowances are measured at 12-month ECL; and such assets are classified as Stage 1 assets. However, if a financial asset, or portfolio of financial assets, experiences a significant increase in credit risk since initial recognition, an ECL allowance should be recognized for default events that may occur over the lifetime of the asset; and such assets are classified as Stage 2 assets.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses during the expected lifetime of financial assets. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets at amortized cost and debt instrument investments at FVOCI are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.
Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt instrument investments at FVOCI, the loss allowance is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company’s procedures for recovery of amounts due.

Please refer to note 6(37) for information on financial risks for the Company’s judgment on whether the credit risk has significantly increased after initial recognition and prospective adjustments.

v. Derecognition of financial assets

Financial assets are derecognized when the contractual rights to the cash flows from the assets expire, or when the Company transfers substantially all the risks and rewards of ownership of the financial assets.

If majority of the risks and rewards are not kept nor transferred, while the Company still possess the ownership of the financial assets, then the Company shall continuously recognize it as assets according to the extent of its own involvement.

vi. Reclassification of financial assets

Only when the business model of financial assets management is changed does the Company reclassifies the affected financial assets according to regulations.

(b) Financial liabilities

The financial liabilities held by the Company include financial liabilities measured at fair value through profit or loss and hedge derivatives.

i. Financial liabilities at fair value through profit or loss

A financial liability is held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term; on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. A derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument, is classified as instrument held for trading as well. Financial liabilities held for trading include obligations to deliver financial assets borrowed by a short seller.

ii. Financial liabilities measured at amortized cost

All financial liabilities not classified as FVTPL described as above, derivative financial liabilities for hedging, loan commitment, financial guarantee contract on below-market rate of interest are measured at amortized cost.

iii. Financial debentures

The issuance of a debt instrument is recorded at its fair value using a valuation technique. If the issuing price of such debt instrument is different from its face value, the difference is amortized as interest income or expense by the interest method over the period from the acquisition date to the maturity date.

The difference between the payment and carrying amount of a debt instrument at the early extinguishment date should be recognized as extraordinary losses or gains in the current period if it is material.

iv. Derecognition of a financial liability

The Company shall remove a financial liability from its balance sheets when, and only when, it is extinguished.

v. Mutual offset of financial assets and liabilities

Financial assets and financial liabilities shall be offset only when the Company currently has legally enforceable rights to set off the recognized amounts and intends either to settle on a net basis, or to realize the assets and settle the liabilities at the same time.

(c) Derivatives and hedging accounting

The Company uses derivative instruments to hedge its foreign currency risks, interest rate risks and transaction prices risks. A derivative is classified in the balance sheet as financial assets or liabilities at fair value through profit or loss except for derivatives that are designated as and effective hedging instruments which are classified as financial assets or liabilities for hedging.

Derivative instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The changes in fair value of derivatives are taken directly to profit or loss, except for the effective portion of hedges, which is recognized in either profit or loss or equity according to types of hedges used.

For the purpose of hedging, there are two types:

i. Fair value hedge is a hedge of the exposure to changes in fair value of a recognized asset or liability or an unrecognized firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect profit or loss.

ii. Cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction and could affect profit or loss.

In conformity with all the conditions for applying hedge accounting, the related accounting treatments are as follows:

i. Fair value hedge

Changes in the fair value of derivatives that are designated and qualified as fair value hedging instruments against the exposure to changes in fair value of a recognized asset or liability are recognized through profit or loss in the current period.

Any adjustments to the carrying amount of a hedged financial instrument for which the effective interest method is used shall be amortized to profit or loss. Amortization may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged. The adjustment is based on a recalculated effective interest rate at the date amortization begins. The adjustment shall be amortized fully by maturity of the financial instrument. When hedged items derecognized, unamortized fair value is recognized in profit or loss.

When an unrecognized firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognized as an asset or liability with a corresponding gain or loss recognized in profit or loss.

ii. Cash flow hedge

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge shall be recognized in other comprehensive income; and the ineffective portion of the gain or loss on the hedging instrument shall be recognized in profit or loss.

When profits or losses occurred from transaction of hedged items, gains and losses that were recognized in other comprehensive income will be reclassified to profits or losses. If the hedged item is a non-financial asset or non-financial liability, the amount recognized in other comprehensive income shall adjust to the carrying amount of the hedged item.

When a forecast transaction or firm commitment are not expected to occur, the previous cumulative other comprehensive income will be recognized in profit or losses. When the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument that has been recognized in other comprehensive income from the period when the hedge was effective shall remain separately in equity until the forecast transaction occurs.

(6) Non-financial asset impairment

In terms of IAS 36, the Company, at each report date, the recoverable amount of an asset is estimated and compared with the carrying amount whenever there is an indication that the non-financial asset may be impaired. An impairment loss is recognized when the recoverable amount is less than the carrying amount. For assets other than goodwill, reversal of impairment loss is recognized when the recoverable amount of the asset has increased from its prior-period estimation. The carrying amount after the reversal shall not exceed the recoverable amount or the depreciated or amortized balance of the assets assuming no impairment loss was recognized in prior periods.

(7) Property and equipment

Property and equipment is stated at cost or measured at cost plus any revaluation increments (land revaluation based on the announcement of the adjustment in current land value), net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located. Each part of an item of property and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	5-50 years
Office equipment	3-6 years
Leasehold improvements	Not exceed the shorter of 10 years or lease term
Other equipment	3-5 years

An item of property and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year and adjusted prospectively, if appropriate.

(8) Intangible assets

(a) Computer software

Computer software system expenses, which are recorded on the basis of the actual cost of acquisition, are amortized using a straight-line method. Its amortization method, useful life and residual value are referred to the regulation of properties and equipment. The Company use cost model to proceed subsequently measurement.

(b) Goodwill

Goodwill under the purchasing method is the portion in excess of the identifiable net assets measured using fair value. Goodwill is carried at cost less accumulated impairment.

Goodwill relating to cash-generating units is tested for impairment periodically each year. An impairment loss is recognized when the recoverable amount is less than the carrying amount. Impairment losses cannot be reversed once an impairment loss has been recognized.

(c) Research and development

Research costs are expensed as incurred. Development expenditures, on an individual project, are recognized as an intangible asset when the Company can demonstrate:

i. The technical feasibility of completing the intangible asset so that it will be available for use or sale
ii. Its intention to complete and its ability to use or sell the asset
iii. How the asset will generate future economic benefits
iv. The availability of resources to complete the asset
v. The ability to measure reliably the expenditure during development. The amount of the expenditure exceeds US$500 thousand.

Otherwise, they will be recognized in profit or loss as incurred.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. During the period of development, the asset is tested for impairment annually. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit.

(9) Leases

The Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether, throughout the period of use, has both of the following:

(a) the right to obtain substantially all of the economic benefits from use of the identified asset; and
(b) the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Company for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Company estimates the stand-alone price, maximising the use of observable information.

Company as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, or leases without the right to direct the use of the identified asset, the Company recognizes right-of-use asset and lease liability for all leases which the Company is the lessee of those lease contracts.

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if the rate can be readily determined.

After the commencement date, the Company measures the lease liability on an amortised cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Company measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

(a) the amount of the initial measurement of the lease liability;
(b) any lease payments made at or before the commencement date;
(c) any initial direct costs incurred by the lessee.

For subsequent measurement of the right-of-use asset, the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Company measures the right-of-use applying a cost model.

The Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Company applies IAS 36, *Impairment of Assets*, to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Company accounted for as short-term leases or leases of low-value assets, the Company presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements of comprehensive income.

For short-term leases or leases of low-value assets, the Company elects to recognize the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

Company as a lessor

At inception of a contract, the Company classifies each of its leases as an operating lease.

For a contract that contains lease components and non-lease components, the Company allocates the consideration in the contract applying IFRS 15.

The Company recognizes lease payments from operating leases as rental income on a straight-line basis.

(10) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

(11) Revenue and expense recognition

Other than those classified as financial assets at fair value through profit or loss, all the interests and expenses resulting from the interest accrual financial instruments are required to be calculated using the effective interest rate method according to the related policies, and recognized in the statements of comprehensive income under “Interest income” and “Income expense”.

Service fee income and expenses can only be recognized after the completion of loans and other services; if the service fee is earned from performing major projects, it should only be recognized after completion of the major projects. For example, service fee resulting from syndication loans, the service fee income and expenses are related to subsequent loans, it should amortize according to the materiality within the service period or included in the calculation of the effective rates of loans and receivables.

(12) Employee benefits

(a) Short-term employee benefits (including employee bonus, remuneration of directors and supervisors): The Company charges the short-term and non-discounted benefits to be paid in the near future to current expenses in the periods during which services are rendered by employees.

(b) Post-employment benefits: The Company pension plans comprise defined contribution plans and defined benefit plans.

i. A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefits expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that is due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

ii. A defined benefit plan is a post-employment benefit plan under which benefit is paid to an employee on the basis of their ages, service periods and compensated salaries at the date of retirement. The Company recognizes actuarial gains and losses which are incurred by the change of actual experience and actuarial assumption in other comprehensive income, and recognize pension asset or liability in balance sheets in which asset or liability is the amount of actuarial present value of defined benefit obligation deducting fair value of plan assets. The calculation of defined benefit obligation is performed annually by an actuary using the projected unit credit method. The actuarial present value of defined benefit obligation is calculated by discounting future cash flow at the yield rate on AA credit rated bonds that have maturity dates approximating the terms of the obligation and that are denominated in the same currency in which the benefits are expected to be paid. Pension cost for the period is calculated on a year-to-date basis by using actuarially determined pension cost rate at the end of the previous fiscal year. In terms of the amendment of Article 12 of Regulations Governing the Preparation of Financial Reports by Public Banks according to Jin-Guan-Yin-(Fa)-Zi No. 10310006010 as announced by FSC on October 21, 2014, the Company elected to recognize the remeasurements of defined benefit plans in retained earnings, and will not reclassify amounts into profit or loss in the subsequent period.

(13) Share-based compensation

IFRS 2, *Share-based payment*, requires that all share-based payments are accounted for using a fair value method and the fair value of the employee services received in exchange for the grant of the options is recognized as an expense. For deferred share awards that are part of the annual performance bonus, the expense is recognized over the period from the start of the performance period to the vesting date.

For equity-settled awards, the total amount to be expensed over the vesting period is determined by reference to the fair value of the options at the date of grant, which excludes the impact of any non-market vesting conditions (for example, profitability and growth targets). The fair value of equity instruments granted is based on market prices, if available, at the date of grant. In the absence of market prices, the fair value of the instruments is estimated using an appropriate valuation technique, such as a binomial option pricing model. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each reporting date, the Company revises its estimates of the number of options that are expected to vest. It recognizes the impact of the revision of original estimates, if any, in the statements of comprehensive income, and a corresponding adjustment to equity over the remaining vesting period. Forfeitures prior to vesting attributable to factors other than the failure to satisfy a non-market vesting condition are treated as a cancellation and the remaining unamortized charge is debited to the statements of comprehensive income at the time of cancellation. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

Cash-settled awards are revalued at each reporting date and all unpaid amounts are recognized as liabilities, with any changes in fair value charged or credited to staff costs in the statements of comprehensive income until the awards are exercised. Where forfeitures occur prior to vesting that are attributable to factors other than a failure to satisfy market-based performance conditions, the cumulative charge incurred up to the date of forfeiture is credited to the statements of comprehensive income.

(14) Income tax

Income tax expense include both current taxes and deferred taxes. Except for expenses recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profits or losses. Current taxes include tax payables and tax deduction receivables on taxable gains (losses) for the year calculated using statutory tax rate on the reporting date or the actual legislative tax rate, as well as tax adjustments related to prior years. Deferred taxes arise due to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the assets are realized or the liabilities are settled, based on statutory tax rate on the reporting date or the actual legislative tax rate.

A deferred tax asset should be recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized. Such unused tax losses, unused tax credits, and deductible temporary differences shall also be reassessed on each reporting date and adjusted based on the probability that future taxable profit will be available for use.

In accordance with the Income Tax Act, a surtax of 5 percent on undistributed earnings is recognized as current income tax expense in the year of the resolution of earnings distribution proposal by its board of directors on behalf of the shareholders' meeting.

The basic income tax calculation of the Company is based on the Income Basic Tax Act. The calculation of the Company's basic income is the sum of the taxable income as defined in accordance with the Income Tax Act and the provisions or tax benefits that are included in the Income Tax Act and other laws. The amount of basic tax of the Company is the amount of basic income as calculated in accordance with the preceding rules, and then multiplied by the tax rate prescribed by the Executive Yuan. The greater of income basic tax expense or income tax expense is the current tax expense actually liable by the Company.

(15) Earnings per share of common stock

Earnings per share (“EPS”) are computed by dividing the amount of net income (or loss) attributable to common stock outstanding for the period by the weighted-average number of issued common shares outstanding during the period. If the number of common shares or potential common shares outstanding increases as a result of capitalization of retained earnings, additional paid-in capital, or decreases as a result of a reverse capitalization due to losses, the calculation of basic EPS and diluted EPS for all periods presented is adjusted retrospectively. If these changes occur after the report date but before the issuance date of the financial statements, such EPS calculations are also adjusted retrospectively. When calculating diluted EPS, the net income (or loss) attributable to common shareholders and the weighted-average number of shares outstanding shall be adjusted for the effects of all dilutive potential common shares.

(16) Change in accounting policy

From January 1, 2023, in response to the changing of trading system for debt securities of the Standard Chartered Group, to more properly reflect the economic substance while calculating the cost, gain and loss of investment, in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, the company had been approved the below change of accounting policy by Financial Supervisory Commission of the Republic of China through Jin-Guan-Yin-(Wai)-Zi No. 1110233582 on March 13, 2023. The inventory costing method to the investment on debt securities was changed from Weighted Average Cost to First In First Out method beginning on January 1, 2023. However, due to the limitation and constraint of current transaction system design for debt securities, it is impractical to determine the effects of above mentioned change for the period ended December 31, 2022 and the cumulative effect of the change. Retrospective application is also impractical.

5. Significant accounting judgments, estimates and assumptions

When preparing financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms and the IFRSs endorsed by FSC, the Company is required to make judgments, estimates, and assumptions on valuation of below assets that may causes differences between actual results and estimates. Subsequently, it affects the adoption of accounting policies, reported amounts of assets, liabilities, revenues, and expenses.

The Company keeps testing applicable judgements, estimates and assumptions. Adjustment will be done due to any impacts of changes in the uncertainty mentioned above; and changes will be recognized in the period when they applied.

Below shows the management judgments, estimates, and assumptions that contain risk, and may cause adjustments in the current and future accounting period due to uncertainty:

(1) Impairment evaluation of loans and receivables

The Company’s financial asset impairment losses are measured using the 12-month and lifetime expected credit loss value based on whether the credit risks after initial recognition has significant increase or not. To measure the 12-month and lifetime expected credit losses, the Company evaluates the default rate of the financial assets, issuer, or the counterparty, multiplies it with the loss rate given default and the default exposure, and discounts the impact of time value of money. The Company’s assumption is based on historical experiences, current market conditions and prospective information. The impairment valuation inputs are then determined subsequently. Please refer to note 6(37) for detailed information of primary assumption and inputs.

(2) Valuation of financial instruments

Fair value of financial instruments in determined using valuation techniques when there is no active market or quoted price. Under this circumstance, fair value is assessed through relevant observable information or model. If there are no observable market parameters, the fair value of financial instruments can be evaluated based on appropriate assumptions. When valuation technique is used to determine fair value, all models shall be calibrated to ensure that all outputs reflect the actual data and the market price. The valuation techniques are adopted, as much as possible, from observable data. However, for credit risk (risk between itself and counterparty), the management shall estimate volatility and correlation. The changes of the valuation techniques will influence fair value of financial instruments. Please refer to note 6(37) for further disclosure of valuation of financial instruments.

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

(3) Goodwill impairment

Please refer to note 4 for the assessment of goodwill impairment which requires the Company to make subjective judgments to identify cash generating units and estimate the recoverable amount of relevant cash generating units. Please refer to note 4 and note 6(12) for further disclosure of goodwill.

6. Contents of significant accounts

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand	$2,573,564	$3,699,592
Checks for clearing	1,069,680	1,154,696
Deposits with other banks	5,178,472	5,152,414
Deposits with other banks-affiliates	7,242,043	6,765,908
Subtotal	16,063,759	16,772,610
Less: allowance for bad debts	6,367	496
Total	$16,057,392	$16,772,114

Statements of cash flows were prepared under the definition of IAS 7, cash and cash equivalents were consolidated by part of components of the items listed as follows:

	December 31, 2023	December 31, 2022
Cash and cash equivalents reported in the balance sheets	$16,057,392	$16,772,114
Due from the Central Bank and call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	108,458,277	68,639,204
Securities and bonds purchased under resell agreements qualifying for cash and cash equivalents under the definition of IAS 7	21,390,034	13,860,254
Cash and cash equivalents reported in the statements of cash flows	$145,905,703	$99,271,572

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

Changes in the allowance for bad debts of cash and cash equivalents were as follows:

	2023							
	12-month expected credit losses	Lifetime expected credit losses (group evaluation)	Lifetime expected credit losses (individual evaluation)	Lifetime expected credit losses (non-purchased or originated credit impaired financial assets)	Lifetime expected credit losses (purchased or originated credit impaired financial assets)	Impairment losses according to IFRS 9 (total)	Differences in impairment provisions according to "Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Past-Due/Non-Performing Loans"	Total
Beginning balance	$496	$-	$-	$-	$-	$496	$-	$496
Changes due to financial instrument recognition:								
Financial assets derecognized during the period	(496)	-	-	-	-	(496)	-	(496)
New financial assets originated or purchased	1,395	4,972	-	-	-	6,367	-	6,367
Ending balance	$1,395	$4,972	$-	$-	$-	$6,367	$-	$6,367

	2022							
	12-month expected credit losses	Lifetime expected credit losses (group evaluation)	Lifetime expected credit losses (individual evaluation)	Lifetime expected credit losses (non-purchased or originated credit impaired financial assets)	Lifetime expected credit losses (purchased or originated credit impaired financial assets)	Impairment losses according to IFRS 9 (total)	Differences in impairment provisions according to "Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Past-Due/Non-Performing Loans"	Total
Beginning balance	$156	$-	$-	$-	$-	$156	$-	$156
Changes due to financial instrument recognition:								
Financial assets derecognized during the period	(156)	-	-	-	-	(156)	-	(156)
New financial assets originated or purchased	496	-	-	-	-	496	-	496
Ending balance	$496	$-	$-	$-	$-	$496	$-	$496

(2) Due from the Central Bank and call loans to banks

	December 31, 2023	December 31, 2022
Required reserve-checking account	$5,855,877	$3,721,011
Required reserve-demand account	14,687,836	20,827,552
Required reserve-foreign currency	261,339	261,232
Required reserve-settlement account	4,000,844	4,000,037
Call loans to banks	68,018,294	34,174,301
Call loans to banks-affiliates	65,006,416	52,583,093
Subtotal	157,830,606	115,567,226
Less: allowance for bad debts	770	-
Total	$157,829,836	$115,567,226

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

Pursuant to the Banking Law, the "required reserves" are deposited with the Central Bank. These reserves are for deposits and for interbank settlements.

"Required reserve" is calculated at prescribed rates on a monthly basis on the average balances of various deposit accounts and no interest is accrued on the checking account and the foreign currency account. Balances can be withdrawn on demand. Demand account accrues interests, other than the monthly adjustments to the account, no withdrawal is allowed.

The required reserve-settlement account is placed with the Central Bank for interbank settlement.

Changes in the allowance for bad debts of Due from the Central Bank and call loans to banks were as follows:

	2023							
	12-month expected credit losses	Lifetime expected credit losses (group evaluation)	Lifetime expected credit losses (individual evaluation)	Lifetime expected credit losses (non-purchased or originated credit impaired financial assets)	Lifetime expected credit losses (purchased or originated credit impaired financial assets)	Impairment losses according to IFRS 9 (total)	Differences in impairment provisions according to "Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Past-Due/Non-Performing Loans"	Total
Beginning balance	$-	$-	$-	$-	$-	$-	$-	$-
New financial assets originated or purchased	770	-	-	-	-	770	-	770
Ending balance	$770	$-	$-	$-	$-	$770	$-	$770

	2022							
	12-month expected credit losses	Lifetime expected credit losses (group evaluation)	Lifetime expected credit losses (individual evaluation)	Lifetime expected credit losses (non-purchased or originated credit impaired financial assets)	Lifetime expected credit losses (purchased or originated credit impaired financial assets)	Impairment losses according to IFRS 9 (total)	Differences in impairment provisions according to "Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Past-Due/Non-Performing Loans"	Total
Beginning balance	$328	$-	$-	$-	$-	$328	$-	$328
Changes due to financial instrument recognition:								
Financial assets derecognized during the period	(328)	-	-	-	-	(328)	-	(328)
Ending balance	$-	$-	$-	$-	$-	$-	$-	$-

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

(3) Financial assets at fair value through profit or loss

The financial assets at fair value through profit or loss of the Company were as follows:

	December 31, 2023	December 31, 2022
Financial assets mandatorily measured at fair value through profit or loss:		
Government bonds	$4,689,853	$6,161,743
Corporate bonds	3,507,823	-
Financial bonds	201,248	-
Subtotal	8,398,924	6,161,743
Derivative financial assets:		
Interest rate swap	15,495,218	17,504,058
Interest rate option	1,034,773	1,028,680
Forward/swap	17,553,847	21,563,896
Cross currency swap	1,233,674	4,059,147
Foreign exchange option	73,236	189,795
Commodity swap	14,112	12,749
Commodity option	3,465	22,039
Subtotal	35,408,325	44,380,364
Total	$43,807,249	$50,542,107

The financial liabilities at fair value through profit or loss of the Company were as follows:

	December 31, 2023	December 31, 2022
Derivative financial liabilities:		
Interest rate swap	$15,786,058	$17,251,191
Interest rate option	87,985	167,890
Forward/swap	21,850,499	22,690,322
Cross currency swap	1,501,693	3,999,415
Foreign exchange option	72,973	189,325
Commodity swap	14,139	12,791
Commodity option	3,475	21,906
Total	$39,316,822	$44,332,840

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

(4) Financial assets at fair value through other comprehensive income

	December 31, 2023	December 31, 2022
Debt instruments:		
Negotiable certificates of deposit	$65,952,546	$75,642,738
Treasury Bills	2,471,246	1,471,304
Government bonds	56,312,757	67,148,881
Subtotal	124,736,549	144,262,923
Equity instruments:		
Non-listed stock	1,087,024	1,147,642
Total	$125,823,573	$145,410,565
The revaluation adjustment of hedged items included in the total calculation above	$(23,133)	$(43,235)

Please refer to note 6(37) for credit risk and market risk information.

As of December 31, 2023 and 2022, the Company’s financial assets at fair value through other comprehensive income mentioned above have adopted interest rate swaps as instruments for fair value hedging in order to reduce the impacts of fluctuations in interest rates on the fair values.

For the years ended December 31, 2023 and 2022, dividend income of the above equity instrument investments were $18,878 thousand and $19,938 thousand, respectively, recorded under realized gains on financial assets at fair value through other comprehensive income.

As of December 31, 2023 and 2022, the Company’s allowance for impairments of the above financial assets at fair value through other comprehensive income were $ 3,963 thousand and $4,537 thousand, respectively.

Changes in the allowance for impairments of the above debt instrument investments were as follows:

	2023				
	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses (non-purchased or originated credit impaired financial assets)	Lifetime expected credit losses (purchased or originated credit impaired financial assets)	Impairment losses according to IFRS 9 (total)
Beginning balance	$4,537	$-	$-	$-	$4,537
Changes due to financial instrument recognition:					
Financial assets derecognized during the period	(4,449)	-	-	-	(4,449)
New financial assets originated or purchased	3,875	-	-	-	3,875
Ending Balance	$3,963	$-	$-	$-	$3,963

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

	2022				
	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses (non-purchased or originated credit impaired financial assets)	Lifetime expected credit losses (purchased or originated credit impaired financial assets)	Impairment losses according to IFRS 9 (total)
Beginning balance	$6,041	$-	$-	$-	$6,041
Changes due to financial instrument recognition:					
Financial assets derecognized during the period	(3,731)	-	-	-	(3,731)
New financial assets originated or purchased	1,398	-	-	-	1,398
Foreign currency exchange and other changes	829	-	-	-	829
Ending Balance	$4,537	$-	$-	$-	$4,537

Changes in the book value of the above debt instrument investments were as follow:

	2023				
	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses (non-purchased or originated credit impaired financial assets)	Lifetime expected credit losses (purchased or originated credit impaired financial assets)	Impairment losses according to IFRS 9 (total)
Beginning balance	$144,262,923	$-	$-	$-	$144,262,923
Changes due to financial instrument recognition:					
Financial assets derecognized during the period	(121,779,930)	-	-	-	(121,779,930)
New financial assets originated or purchased	102,251,703	-	-	-	102,251,703
Foreign currency exchange and other changes	1,853	-	-	-	1,853
Ending Balance	$124,736,549	$-	$-	$-	$124,736,549

	2022				
	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses (non-purchased or originated credit impaired financial assets)	Lifetime expected credit losses (purchased or originated credit impaired financial assets)	Impairment losses according to IFRS 9 (total)
Beginning balance	$166,131,134	$-	$-	$-	$166,131,134
Changes due to financial instrument recognition:					
Financial assets derecognized during the period	(104,019,274)	-	-	-	(104,019,274)
New financial assets originated or purchased	82,222,272	-	-	-	82,222,272
Foreign currency exchange and other changes	(71,209)	-	-	-	(71,209)
Ending Balance	$144,262,923	$-	$-	$-	$144,262,923

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

(5) Debt instrument investments measured at amortized cost

	December 31, 2023	December 31, 2022
Negotiable certificates of deposit	$5,359,641	$25,658,710
Government bonds	4,718,441	4,751,499
Total	$10,078,082	$30,410,209

As of December 31, 2023 and 2022, allowance for impairments of the above debt instrument investments were $628 thousand and $1,590 thousand, respectively.

Changes in the allowance for impairments of the above debt instrument investments were as follows:

	2023				
	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses (non-purchased or originated credit impaired financial assets)	Lifetime expected credit losses (purchased or originated credit impaired financial assets)	Impairment losses according to IFRS 9 (total)
Beginning balance	$1,590	$-	$-	$-	$1,590
Changes due to financial instrument recognition:					
Financial assets derecognized during the period	(1,103)	-	-	-	(1,103)
New financial assets originated or purchased	328	-	-	-	328
Foreign currency exchange and other changes	(187)	-	-	-	(187)
Ending Balance	$628	$-	$-	$-	$628

	2022				
	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses (non-purchased or originated credit impaired financial assets)	Lifetime expected credit losses (purchased or originated credit impaired financial assets)	Impairment losses according to IFRS 9 (total)
Beginning balance	$293	$-	$-	$-	$293
New financial assets originated or purchased	1,289	-	-	-	1,289
Foreign currency exchange and other changes	8	-	-	-	8
Ending Balance	$1,590	$-	$-	$-	$1,590

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

(6) Financial assets for hedging

Financial assets for hedging were as follows:

	December 31, 2023	December 31, 2022
Fair value hedge:		
Interest rate swap	$46,382	$44,549
Cash flow hedge:		
Interest rate swap	6,231	1,033
Cross currency swap	189,308	701,961
Total	$241,921	$747,543

Financial liabilities for hedging were as follows:

	December 31, 2023	December 31, 2022
Fair value hedge:		
Interest rate swap	$2,654	$1,571
Cash flow hedge:		
Interest rate swap	60,450	108,537
Cross currency swap	507,163	391,598
Total	$570,267	$501,706

(a) Fair value hedge

A fair value hedge is the hedging of the hedged items exposure to change in fair value of recognized assets or liabilities that are attributable to particular hedged risks that could affect profit or loss. As of December 31, 2023 and 2022, mark-to-market adjustments of hedged items and the corresponding hedging instruments accounted as fair value hedge were as follows:

Hedged items		Hedging instruments	
Underlying instruments	December 31, 2023	Contract type	December 31, 2023
Financial assets at fair value through other comprehensive income:			
Government bonds-revaluation adjustment	$(23,133)	Interest rate swap	$43,728

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

Hedged items		Hedging instruments	
Underlying instruments	December 31, 2022	Contract type	December 31, 2022
Financial assets at fair value through other comprehensive income:			
Government bonds-revaluation adjustment	$(43,235)	Interest rate swap	$42,978

For the years ended December 31, 2023 and 2022, net gains on the hedging financial instruments listed above amounted to $96,725 thousand and $183,055 thousand, respectively. For the years ended December 31, 2023 and 2022, net gains (losses) from the hedged risk of the hedged items amounted to $13,338 thousand and $(46,476) thousand, respectively.

(b)Cash flow hedge

The Company currently holds floating rate loans and foreign currency time deposits with fixed rate, which are exposed to cash flow risk arising from the fluctuation of interest rate and foreign exchange rate. Interest rate swap and cross currency swap are designated as hedging instruments to reduce the cash flow risk resulting from the changes in interest rate and foreign exchange rate.

Hedged items	Financial instruments designated as hedging instruments	Fair value December 31, 2023	Fair value December 31, 2022
Discounts and loans-floating interest rate	Interest rate swap	$(54,219)	$(107,504)
Deposits and remittances-fixed interest rate	Cross currency swap	(317,855)	310,363
Total		$(372,074)	$202,859

(7) Securities and bonds purchased under resell agreements

	December 31, 2023	December 31, 2022
Securities purchased under resell agreements	$21,390,034	$13,860,254
Face value of debt instruments	$23,174,135	$14,452,469
Interest rate	1.15%~5,34%	0.88%~4.30%
Last settlement date	2024.1.29	2023.2.2
Resell price	$21,416,152	$13,883,394

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

As of December 31, 2023 and 2022, allowance for impairments of the above securities and bonds purchased under resell agreements were $55 thousand and $47 thousand, respectively.

Changes in the allowance for bad debts of securities and bonds purchased under resell agreements and instruments were as follows:

	2023				
	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses (non-purchased or originated credit impaired financial assets)	Lifetime expected credit losses (purchased or originated credit impaired financial assets)	Impairment losses according to IFRS 9 (total)
Beginning balance	$47	$-	$-	$-	$47
Changes due to financial instrument recognition:					
Financial assets derecognized during the period	(47)	-	-	-	(47)
New financial assets originated or purchased	55	-	-	-	55
Ending Balance	$55	$-	$-	$-	$55

	2022				
	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses (non-purchased or originated credit impaired financial assets)	Lifetime expected credit losses (purchased or originated credit impaired financial assets)	Impairment losses according to IFRS 9 (total)
Beginning balance	$79	$-	$-	$-	$79
Changes due to financial instrument recognition:					
Financial assets derecognized during the period	(79)	-	-	-	(79)
New financial assets originated or purchased	47	-	-	-	47
Ending Balance	$47	$-	$-	$-	$47

(8) Receivables-net

	December 31, 2023	December 31, 2022
Accounts receivable factoring	$24,009,114	$13,157,138
Credit cards accounts receivable	3,380,301	3,397,756
Accounts receivable	760,245	582,177
Interest receivable	1,685,704	1,665,697
Acceptances receivable	5,863	94,890
Accounts receivable-related parties	1,583,537	1,144,024
Other	89,247	156,443
Subtotal	31,514,011	20,198,125
Less: allowance for bad debts	353,176	273,549
Total	$31,160,835	$19,924,576

Please refer to note 6(37) for relating information on credit risk and market risk.

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

Changes in the allowance for bad debts of receivables listed above were as follows:

	2023							
	12-month expected credit losses	Lifetime expected credit losses (group evaluation)	Lifetime expected credit losses (individual evaluation)	Lifetime expected credit losses (non-purchased or originated credit impaired financial assets)	Lifetime expected credit losses (purchased or originated credit impaired financial assets)	Impairment losses according to IFRS 9 (total)	Differences in impairment provisions according to "Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Past-Due/Non-Performing Loans"	Total
Beginning balance	$41,091	$9,273	$-	$90,808	$-	$141,172	$132,377	$273,549
Changes due to financial instrument recognition:								
Transferred to lifetime expected credit losses	(103)	103	-	-	-	-	-	-
Transferred to credit impaired financial asset	(400)	(15)	-	415	-	-	-	-
Transferred to 12-month expected credit losses	28	(28)	-	-	-	-	-	-
Financial assets derecognized during the period	(17,747)	(8,576)	-	(10,672)	-	(36,995)	-	(36,995)
New financial assets originated or purchased	11,988	1,358	-	89,443	-	102,789	-	102,789
Differences in impairment provisions according to "Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Past-Due/Non-Performing Loans"	-	-	-	-	-	-	115,246	115,246
Bad-Debt Write offs	(75)	(1,032)	-	(91,041)	-	(92,148)	-	(92,148)
Foreign currency exchange and other changes	(5,179)	1,188	-	(5,274)	-	(9,265)	-	(9,265)
Ending balance	$29,603	$2,271	$-	$73,679	$-	$105,553	$247,623	$353,176

	2022							
	12-month expected credit losses	Lifetime expected credit losses (group evaluation)	Lifetime expected credit losses (individual evaluation)	Lifetime expected credit losses (non-purchased or originated credit impaired financial assets)	Lifetime expected credit losses (purchased or originated credit impaired financial assets)	Impairment losses according to IFRS 9 (total)	Differences in impairment provisions according to "Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Past-Due/Non-Performing Loans"	Total
Beginning balance	$53,664	$3,335	$-	$111,987	$-	$168,986	$121,744	$290,730
Changes due to financial instrument recognition:								
Transferred to lifetime expected credit losses	(209)	209	-	-	-	-	-	-
Transferred to credit impaired financial asset	(680)	(25)	-	705	-	-	-	-
Transferred to 12-month expected credit losses	31	(31)	-	-	-	-	-	-
Financial assets derecognized during the period	(14,952)	(2,741)	-	(12,132)	-	(29,825)	-	(29,825)
New financial assets originated or purchased	7,663	7,168	-	62,751	-	77,582	-	77,582
Differences in impairment provisions according to "Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Past-Due/Non-Performing Loans"	-	-	-	-	-	-	10,633	10,633
Bad-Debt Write offs	(111)	(358)	-	(64,166)	-	(64,635)	-	(64,635)
Foreign currency exchange and other changes	(4,315)	1,716	-	(8,337)	-	(10,936)	-	(10,936)
Ending balance	$41,091	$9,273	$-	$90,808	$-	$141,172	$132,377	$273,549

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

Changes in the book value of receivables were as follows:

	2023					
	12-month expected credit losses	Lifetime expected credit losses (group evaluation)	Lifetime expected credit losses (individual evaluation)	Lifetime expected credit losses (non-purchased or originated credit impaired financial assets)	Lifetime expected credit losses (purchased or originated credit impaired financial assets)	Total
Beginning balance	$17,081,891	$2,818,698	$-	$297,536	$-	$20,198,125
Changes due to financial instrument recognition:						
Transferred to lifetime expected credit losses	(457,683)	457,693	-	(10)	-	-
Transferred to credit impaired financial asset	(24,074)	(14,019)	-	38,093	-	-
Transferred to 12-month expected credit losses	8,636	(8,613)	-	(23)	-	-
Financial assets derecognized during the period	(12,360,758)	(45,861)	-	(66,083)	-	(12,472,702)
New financial assets originated or purchased	24,354,726	15,292	-	24,857	-	24,394,875
Bad-Debt Write offs	(75)	(1,032)	-	(91,041)	-	(92,148)
Foreign currency exchange and other changes	2,367,568	(2,924,057)	-	42,350	-	(514,139)
Ending balance	$30,970,231	$298,101	$-	$245,679	$-	$31,514,011

	2022					
	12-month expected credit losses	Lifetime expected credit losses (group evaluation)	Lifetime expected credit losses (individual evaluation)	Lifetime expected credit losses (non-purchased or originated credit impaired financial assets)	Lifetime expected credit losses (purchased or originated credit impaired financial assets)	Total
Beginning balance	$18,936,046	$279,153	$-	$355,979	$-	$19,571,178
Changes due to financial instrument recognition:						
Transferred to lifetime expected credit losses	(10,733)	10,742	-	(9)	-	-
Transferred to credit impaired financial asset	(22,587)	(8,626)	-	31,213	-	-
Transferred to 12-month expected credit losses	112,319	(112,301)	-	(18)	-	-
Financial assets derecognized during the period	(16,532,797)	(9,886)	-	(74,175)	-	(16,616,858)
New financial assets originated or purchased	12,782,306	2,608,673	-	26,158	-	15,417,137
Bad-Debt Write offs	(111)	(358)	-	(64,166)	-	(64,635)
Foreign currency exchange and other changes	1,817,448	51,301	-	22,554	-	1,891,303
Ending balance	$17,081,891	$2,818,698	$-	$297,536	$-	$20,198,125

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

(9) Discounts and loans-net

	December 31, 2023	December 31, 2022
Bill negotiations and bills and notes discounted	$301,729	$157,584
Short-term loans and overdrafts	28,263,637	37,009,287
Short-term secured loans	223,465	611,857
Medium-term loans	53,285,920	52,700,900
Medium-term secured loans	982,924	2,839,690
Long-term loans	10,906,466	10,412,218
Long-term secured loans	197,141,022	188,682,150
Overdue loans	84,970	76,778
Subtotal	291,190,133	292,490,464
Add: premium adjustments on discounts and loans	335,582	202,155
Less: allowance for bad debts	5,164,625	4,828,261
Total	$286,361,090	$287,864,358

Please refer to note 6(37) for relating information on credit risk and market risk.

Allowance for bad debt is provided by evaluating the risk of non-recovery of specific outstanding loans, and the risk of non-recovery is assessed by the probability of default.

As of December 31, 2023 and 2022, the amounts of outstanding loans with interest charges suspended amounted to $84,970 thousand and $76,778 thousand, respectively. The amounts of interest not accrued derived from the aforementioned loans were $3,996 thousand and $2,700 thousand, respectively.

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

Changes in the allowance for bad debts of discounts and loans were as follows:

	2023							
	12-month expected credit losses	Lifetime expected credit losses (group evaluation)	Lifetime expected credit losses (individual evaluation)	Lifetime expected credit losses (non-purchased or originated credit impaired financial assets)	Lifetime expected credit losses (purchased or originated credit impaired financial assets)	Impairment losses according to IFRS 9 (total)	Differences in impairment provisions according to "Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Past-Due/Non-Performing Loans"	Total
Beginning balance	$461,639	$369,168	$-	$617,245	$-	$1,448,052	$3,380,209	$4,828,261
Changes due to financial instrument recognition:								
Transferred to lifetime expected credit losses	(31,912)	32,084	-	(172)	-	-	-	-
Transferred to credit impaired financial asset	(11,852)	(12,710)	-	24,562	-	-	-	-
Transferred to 12-month expected credit losses	13,472	(13,313)	-	(159)	-	-	-	-
Financial assets derecognized during the period	(144,768)	(231,999)	-	(146,778)	-	(523,545)	-	(523,545)
New financial assets originated or purchased	342,865	270,455	-	1,020,982	-	1,634,302	-	1,634,302
Differences in impairment provisions according to "Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Past-Due/Non-Performing Loans"	-	-	-	-	-	-	38,311	38,311
Bad-Debt Write offs	-	(1,529)	-	(963,270)	-	(964,799)	-	(964,799)
Foreign currency exchange and other changes	(95,920)	170,668	-	77,347	-	152,095	-	152,095
Ending balance	$533,524	$582,824	$-	$629,757	$-	$1,746,105	$3,418,520	$5,164,625

	2022							
	12-month expected credit losses	Lifetime expected credit losses (group evaluation)	Lifetime expected credit losses (individual evaluation)	Lifetime expected credit losses (non-purchased or originated credit impaired financial assets)	Lifetime expected credit losses (purchased or originated credit impaired financial assets)	Impairment losses according to IFRS 9 (total)	Differences in impairment provisions according to "Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Past-Due/Non-Performing Loans"	Total
Beginning balance	$331,674	$225,609	$-	$673,079	$-	$1,230,362	$3,315,252	$4,545,614
Changes due to financial instrument recognition:								
Transferred to lifetime expected credit losses	(9,909)	10,058	-	(149)	-	-	-	-
Transferred to credit impaired financial asset	(3,453)	(7,753)	-	11,206	-	-	-	-
Transferred to 12-month expected credit losses	18,308	(18,258)	-	(50)	-	-	-	-
Financial assets derecognized during the period	(102,854)	(95,178)	-	(116,253)	-	(314,285)	-	(314,285)
New financial assets originated or purchased	277,757	234,083	-	557,176	-	1,069,016	-	1,069,016
Differences in impairment provisions according to "Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Past-Due/Non-Performing Loans"	-	-	-	-	-	-	64,957	64,957
Bad-Debt Write offs	(281)	(884)	-	(522,692)	-	(523,857)	-	(523,857)
Foreign currency exchange and other changes	(49,603)	21,491	-	14,928	-	(13,184)	-	(13,184)
Ending balance	$461,639	$369,168	$-	$617,245	$-	$1,448,052	$3,380,209	$4,828,261

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

Changes in the book values of discounts and loans were as follows:

	2023					
	12-month expected credit losses	Lifetime expected credit losses (group evaluation)	Lifetime expected credit losses (individual evaluation)	Lifetime expected credit losses (non-purchased or originated credit impaired financial assets)	Lifetime expected credit losses (purchased or originated credit impaired financial assets)	Total
Beginning balance	$282,944,004	$6,782,828	$-	$2,763,632	$-	$292,490,464
Changes due to financial instrument recognition:						
Transferred to lifetime expected credit losses	(1,717,172)	1,718,928	-	(1,756)	-	-
Transferred to credit impaired financial asset	(566,858)	(367,922)	-	934,780	-	-
Transferred to 12-month expected credit losses	3,315,238	(3,306,017)	-	(9,221)	-	-
Financial assets derecognized during the period	(96,950,598)	(2,121,036)	-	(608,399)	-	(99,680,033)
New financial assets originated or purchased	96,473,286	985,652	-	566,419	-	98,025,357
Bad-Debt Write offs	-	(1,529)	-	(963,270)	-	(964,799)
Foreign currency exchange and other changes	521,304	797,572	-	268	-	1,319,144
Ending balance	$284,019,204	$4,488,476	$-	$2,682,453	$-	$291,190,133

	2022					
	12-month expected credit losses	Lifetime expected credit losses (group evaluation)	Lifetime expected credit losses (individual evaluation)	Lifetime expected credit losses (non-purchased or originated credit impaired financial assets)	Lifetime expected credit losses (purchased or originated credit impaired financial assets)	Total
Beginning balance	$290,329,774	$9,051,184	$-	$3,142,682	$-	$302,523,640
Changes due to financial instrument recognition:						
Transferred to lifetime expected credit losses	(2,050,416)	2,060,832	-	(10,416)	-	-
Transferred to credit impaired financial asset	(346,186)	(150,507)	-	496,693	-	-
Transferred to 12-month expected credit losses	3,282,919	(3,276,884)	-	(6,035)	-	-
Financial assets derecognized during the period	(106,875,959)	(3,072,418)	-	(758,737)	-	(110,707,114)
New financial assets originated or purchased	95,884,158	983,099	-	419,159	-	97,286,416
Bad-Debt Write offs	(281)	(884)	-	(522,692)	-	(523,857)
Foreign currency exchange and other changes	2,719,995	1,188,406	-	2,978	-	3,911,379
Ending balance	$282,944,004	$6,782,828	$-	$2,763,632	$-	$292,490,464

(10) Other financial assets-net

	December 31, 2023	December 31, 2022
Restricted assets-debt instruments	$10,521,438	$12,154,175
Non-accrual loans other than those reclassified from loans	7,082	7,253
Less: allowance for bad debts-non-accrual loans other than those reclassified from loans	7,082	7,253
Total	$10,521,438	$12,154,175

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

Changes in the allowance for bad debts of non-accrual loans other than those reclassified from loans were as follows:

	2023							
	12-month expected credit losses	Lifetime expected credit losses (group evaluation)	Lifetime expected credit losses (individual evaluation)	Lifetime expected credit losses (non-purchased or originated credit impaired financial assets)	Lifetime expected credit losses (purchased or originated credit impaired financial assets)	Impairment losses according to IFRS 9 (total)	Differences in impairment provisions according to "Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Past-Due/Non-Performing Loans"	Total
Beginning balance	$-	$-	$-	$-	$-	$-	$7,253	$7,253
Differences in impairment provisions according to "Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Past-Due/Non-Performing Loans"	-	-	-	-	-	-	(171)	(171)
Ending balance	$-	$-	$-	$-	$-	$-	$7,082	$7,082

	2022							
	12-month expected credit losses	Lifetime expected credit losses (group evaluation)	Lifetime expected credit losses (individual evaluation)	Lifetime expected credit losses (non-purchased or originated credit impaired financial assets)	Lifetime expected credit losses (purchased or originated credit impaired financial assets)	Impairment losses according to IFRS 9 (total)	Differences in impairment provisions according to "Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Past-Due/Non-Performing Loans"	Total
Beginning balance	$-	$-	$-	$-	$-	$-	$6,645	$6,645
Differences in impairment provisions according to "Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Past-Due/Non-Performing Loans"	-	-	-	-	-	-	608	608
Ending balance	$-	$-	$-	$-	$-	$-	$7,253	$7,253

Changes in the book values of non-accrual loans other than those reclassified from loans were as follows:

	2023					
	12-month expected credit losses	Lifetime expected credit losses (group evaluation)	Lifetime expected credit losses (individual evaluation)	Lifetime expected credit losses (non-purchased or originated credit impaired financial assets)	Lifetime expected credit losses (purchased or originated credit impaired financial assets)	Total
Beginning balance	$-	$-	$-	$7,253	$-	$7,253
Changes due to financial instrument recognition:						
Foreign currency exchange and other changes	-	-	-	(171)	-	(171)
Ending balance	$-	$-	$-	$7,082	$-	$7,082

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

	2022					
	12-month expected credit losses	Lifetime expected credit losses (group evaluation)	Lifetime expected credit losses (individual evaluation)	Lifetime expected credit losses (non-purchased or originated credit impaired financial assets)	Lifetime expected credit losses (purchased or originated credit impaired financial assets)	Total
Beginning balance	$-	$-	$-	$6,645	$-	$6,645
Changes due to financial instrument recognition:						
Foreign currency exchange and other changes	-	-	-	608	-	608
Ending balance	$-	$-	$-	$7,253	$-	$7,253

(11) Property and equipment-net

	Land	Buildings	Office equipment	Leasehold improvements	Other equipment	Construction in progress	Total
Cost:							
2023.1.1	$1,871,873	$1,809,190	$374,615	$925,997	$541,582	$7,042	$5,530,299
Additions	-	8,170	10,846	69,880	147,079	1,698	237,673
Disposals	(73,439)	(226,724)	(40,806)	(2,550)	(110,146)	-	(453,665)
Reclassification	-	-	-	-	8,740	(8,740)	-
2023.12.31	$1,798,434	$1,590,636	$344,655	$993,327	$587,255	$-	$5,314,307
2022.1.1	$2,018,583	$1,922,357	$284,543	$568,096	$450,326	$524,442	$5,768,347
Additions	-	4,266	13,905	38,956	57,376	36,258	150,761
Disposals	(146,710)	(117,433)	(54,371)	(20,780)	(45,756)	-	(385,050)
Reclassification	-	-	130,538	339,725	79,636	(549,899)	-
Other changes	-	-	-	-	-	(3,759)	(3,759)
2022.12.31	$1,871,873	$1,809,190	$374,615	$925,997	$541,582	$7,042	$5,530,299
Accumulated depreciation and impairment:							
2023.1.1	$7,095	$1,057,474	$236,964	$490,782	$386,311	$-	$2,178,626
Depreciation	-	43,004	38,355	71,504	70,974	-	223,837
Disposals	-	(147,921)	(40,806)	(2,550)	(110,146)	-	(301,423)
2023.12.31	$7,095	$952,557	$234,513	$559,736	$347,139	$-	$2,101,040
2022.1.1	$7,095	$1,099,634	$267,361	$451,269	$368,625	$-	$2,193,984
Depreciation	-	47,187	23,974	60,293	63,442	-	194,896
Impairment	9,049	1,190	-	-	-	-	10,239
Disposals	(9,049)	(90,537)	(54,371)	(20,780)	(45,756)	-	(220,493)
2022.12.31	$7,095	$1,057,474	$236,964	$490,782	$386,311	$-	$2,178,626
Net carrying amount as of:							
2023.12.31	$1,791,339	$638,079	$110,142	$433,591	$240,116	$-	$3,213,267
2022.12.31	$1,864,778	$751,716	$137,651	$435,215	$155,271	$7,042	$3,351,673

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

(12) Intangible assets-net

	Work in Process	Goodwill	Capitalized Software	Total
Cost:				
2023.1.1	$112,247	$3,156,048	$58,556	$3,326,851
Disposals	(15,511)	-	-	(15,511)
2023.12.31	$96,736	$3,156,048	$58,556	$3,311,340
2022.1.1	$48,882	$3,156,048	$58,556	$3,263,486
Additions	63,365	-	-	63,365
2022.12.31	$112,247	$3,156,048	$58,556	$3,326,851
Amortization and Impairment:				
2023.1.1	$-	$-	$58,556	$58,556
Impairment	7,553	-	-	7,553
2023.12.31	$7,553	$-	$58,556	$66,109
2022.1.1	$-	$-	$58,556	$58,556
Amortizations	-	-	-	-
2022.12.31	$-	$-	$58,556	$58,556
2023.12.31	$89,183	$3,156,048	$-	$3,245,231
2022.12.31	$112,247	$3,156,048	$-	$3,268,295

(13) Other assets-net

	December 31, 2023	December 31, 2022
Refundable deposits	$309,571	$321,054
Refundable deposits-derivative financial instruments	5,732,804	5,001,298
Prepaid fee	173,354	130,450
Other	54,005	40,660
Total	$6,269,734	$5,493,462

As of December 31, 2023 and 2022, allowance for impairments of the above other assets were $0 thousand and $2 thousand, respectively, recorded under refundable deposits.

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

Changes in the allowance for impairments of other assets were as follows:

	2023							
	12-month expected credit losses	Lifetime expected credit losses (group evaluation)	Lifetime expected credit losses (individual evaluation)	Lifetime expected credit losses (non-purchased or originated credit impaired financial assets)	Lifetime expected credit losses (purchased or originated credit impaired financial assets)	Impairment losses according to IFRS 9 (total)	Differences in impairment provisions according to "Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Past-Due /Non-Performing Loans"	Total
Beginning balance	$2	$-	$-	$-	$-	$2	$-	$2
Changes due to financial instrument recognition:								
Financial assets derecognized during the period	(2)	-	-	-	-	(2)	-	(2)
Ending balance	$-	$-	$-	$-	$-	$-	$-	$-

	2022							
	12-month expected credit losses	Lifetime expected credit losses (group evaluation)	Lifetime expected credit losses (individual evaluation)	Lifetime expected credit losses (non-purchased or originated credit impaired financial assets)	Lifetime expected credit losses (purchased or originated credit impaired financial assets)	Impairment losses according to IFRS 9 (total)	Differences in impairment provisions according to "Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Past-Due /Non-Performing Loans"	Total
Beginning balance	$3	$-	$-	$-	$-	$3	$-	$3
Changes due to financial instrument recognition:								
Financial assets derecognized during the period	(3)	-	-	-	-	(3)	-	(3)
New financial assets originated or purchased	2	-	-	-	-	2	-	2
Ending balance	$2	$-	$-	$-	$-	$2	$-	$2

(14) Deposits from the Central Bank and banks

	December 31, 2023	December 31, 2022
Deposits from banks	$7,695	$67,796
Deposits from banks-affiliates	14,773	53,401
Overdrafts on banks	46,889	110,666
Overdrafts on banks-affiliates	1,850	1,406,385
Call loans from banks-affiliates	1,186,823	-
Total	$1,258,030	$1,638,248

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

(15) Payables

	December 31, 2023	December 31, 2022
Accounts payable	$18,343	$50,550
Accrued interest	1,028,024	532,858
Accrued expenses	1,447,463	1,640,685
Collection payable	76,607	27,096
Unsettled bonds payable	-	1,967,260
Acceptances payable	5,863	94,890
Temporary receipts in advance	38,947	8,770
Other	649,269	755,340
Total	$3,264,516	$5,077,449

(16) Deposits and remittances

	December 31, 2023	December 31, 2022
Checking account deposits	$2,229,746	$1,927,193
Demand deposits:		
Demand deposits	226,051,339	243,003,631
Saving account deposits	167,053,310	163,462,679
Subtotal of demand deposits	393,104,649	406,466,310
Time deposits:		
Time deposits	178,847,250	153,972,185
Time savings deposits	26,058,064	25,020,601
Subtotal of time deposits	204,905,314	178,992,786
Remittances	223,739	120,356
Total	$600,463,448	$587,506,645

As of December 31, 2023, and 2022, the Company's foreign currency time deposits with fixed rate mentioned above have adopted cross currency swap of cash flow hedge in order to reduce the impact of cash flows that were affected by interest rate and foreign exchange rate fluctuation. Please refer to note 6(6) for further information.

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

(17) Financial debentures

As of December 31, 2023 and 2022, details of financial debentures issued by the Company were as follows:

Bond	Conditions for issuance	December 31, 2023	December 31, 2022
91-1A	5-year term, interest accrued and paid semiannually, annual interest rate for the first 3 years is 4.25%, and 4.5% for the last 2 years; maturity date: July 19, 2007	$1,000	$1,000
94-1	No maturity date, interest accrued and paid semiannually, based on the average one year regular floating rate of the nine largest banks plus 1.493%	1,100	1,100
94-2	No maturity date, interest accrued and paid semiannually, based on the average one year regular floating rate of the nine largest banks plus 1.493%	100	100
103-2	10-year term, USD based, interest accrued and paid semiannually, annual rate is 4.50%; maturity date: December 18, 2024	6,149,150	6,146,643
Total		$6,151,350	$6,148,843

(18) Other financial liabilities

	December 31, 2023	December 31, 2022
Structured deposits	$15,373	$231,995

(19) Provisions

	December 31, 2023	December 31, 2022
Provision for employee benefits	$508,201	$645,198
Provision for decommissioning, restoration and rehabilitation costs	169,271	158,580
Provision for guarantee liabilities	107,799	76,227
Provision for loan commitments	24,678	27,404
Other miscellaneous provisions	53	36
Other	9,483	8,596
Total	$819,485	$916,041

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

The changes in the book values of guarantee liabilities, loan commitments and other miscellaneous provisions were as follows:

	2023							
	12-month expected credit losses	Lifetime expected credit losses (group evaluation)	Lifetime expected credit losses (individual evaluation)	Lifetime expected credit losses (non-purchased or originated credit impaired financial assets)	Lifetime expected credit losses (purchased or originated credit impaired financial assets)	Impairment losses according to IFRS 9 (total)	Differences in impairment provisions according to "Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Past-Due/Non-Performing Loans"	Total
Beginning balance	$27,836	$2,064	$-	$-	$-	$29,900	$73,767	$103,667
Changes due to financial instrument recognition:								
Transferred to lifetime expected credit losses	(1)	1	-	-	-	-	-	-
Transferred to 12-month expected credit losses	1,828	(1,828)	-	-	-	-	-	-
Financial assets derecognized during the period	(17,365)	(235)	-	-	-	(17,600)	-	(17,600)
New financial assets originated or purchased	14,327	4	-	-	-	14,331	-	14,331
Differences in impairment provisions according to "Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Past-Due/Non-Performing Loans"	-	-	–	-	-	-	33,209	33,209
Foreign currency exchange and other changes	(1,077)	-	–	-	-	(1,077)	-	(1,077)
Ending balance	$25,548	$6	$-	$-	$-	$25,554	$106,976	$132,530

	2022							
	12-month expected credit losses	Lifetime expected credit losses (group evaluation)	Lifetime expected credit losses (individual evaluation)	Lifetime expected credit losses (non-purchased or originated credit impaired financial assets)	Lifetime expected credit losses (purchased or originated credit impaired financial assets)	Impairment losses according to IFRS 9 (total)	Differences in impairment provisions according to "Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Past-Due/Non-Performing Loans"	Total
Beginning balance	$26,991	$845	$-	$-	$-	$27,836	$72,753	$100,589
Changes due to financial instrument recognition:								
Transferred to lifetime expected credit losses	(3,817)	3,817	-	-	-	-	-	-
Transferred to 12-month expected credit losses	34	(34)	-	-	-	-	-	-
Financial assets derecognized during the period	(11,982)	(4,160)	-	-	-	(16,142)	-	(16,142)
New financial assets originated or purchased	12,904	710	-	-	-	13,614	-	13,614
Differences in impairment provisions according to "Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Past-Due/Non-Performing Loans"	-	-	–	-	-	-	1,014	1,014
Foreign currency exchange and other changes	3,706	886	–	-	-	4,592	-	4,592
Ending balance	$27,836	$2,064	$-	$-	$-	$29,900	$73,767	$103,667

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

(20) Other liabilities

	December 31, 2023	December 31, 2022
Advance received from customers	$998,554	$1,139,102
Guarantee deposits received-derivatives financial instruments	3,759,313	4,476,656
Taxes payable	412,248	499,157
Deferred income	339,980	325,618
Guarantee deposits received	2,746	2,455
Other	1,287,315	619,737
Total	$6,800,156	$7,062,725

(21) Employee benefits

(a) Defined contribution plans

The Company's defined contribution plans follow the Labor Pension Act of the R.O.C. and make monthly cash contributions to the employees' individual pension accounts at the Bureau of Labor Insurance at the rate of 6% of the employees' monthly salary. Under these plans, the Company has no legal or constructive obligation to make other payments after the making the fixed amounts of contributions to the Bureau of Labor Insurance.

For the years ended December 31, 2023 and 2022, the pension expenses under defined contribution plans of the Company amounted to $159,924 thousand and $156,503 thousand, respectively, recorded under operating expenses-employee benefits expenses.

(b) Provision for employee benefits

i. Defined benefit plans

	December 31, 2023	December 31, 2022
Defined benefit plans	$508,201	$645,198

The reconciliation between present value of defined benefits obligation and fair value of defined benefits plan assets was disclosed below:

	December 31, 2023	December 31, 2022
Present value of defined benefits obligation	$1,816,762	$1,942,416
Less: fair value of defined benefits plan assets	1,308,561	1,297,218
Liability recognized in balance sheets	$508,201	$645,198

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

The Company adopted the defined benefit plans, which contribute 5% of eligible employees' monthly salary to the retirement reserve trust account at the Bank of Taiwan. Employees' pension is calculated based on the employees' years of service under the Labor Standard Act and the employees' final average monthly salary at the time of retirement. Final average monthly salary refers to the average 6-month monthly salary preceding retirement including basic monthly salary, meal allowance, car allowance, shift allowance, sales incentives, and overtime payment.

ii. Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenue, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The bank of Taiwan labor pension reserve account balance amounted to $1,308,561 thousand as of December 31, 2023. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

iii. Changes in present value of defined benefit obligation

The changes in present value of defined benefit obligation were as follows:

	2023	2022
DBO at beginning of period	$1,942,416	$2,493,711
Current service cost and interest cost	45,356	42,850
Remeasurements of the net defined benefit liabilities		
Actuarial (gain) loss-experience changes	(10,839)	(146,800)
Actuarial (gain) loss-financial assumption changes	-	(126,102)
Benefits paid from plan assets	(55,441)	(141,316)
Benefits paid directly by the Bank	(104,730)	(179,927)
DBO at end of period	$1,816,762	$1,942,416

iv. Changes in fair value of plan assets

The changes in fair value of defined benefit plan assets were as follows:

	2023	2022
Fair value of plan assets at beginning of period	$1,297,218	$1,286,701
Interest income	15,004	5,066
Remeasurement of the net defined benefit assets		
Actuarial gain-return on plan assets (exclude interest)	13,086	101,894
Employer contributions	38,694	44,873
Benefit paid from plan assets	(55,441)	(141,316)
Fair value of plan assets at end of period	$1,308,561	$1,297,218

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

v. Changes in asset ceiling

The Company has an unconditional right to the surplus of the plans. As a result, the asset ceiling does not apply to the defined benefit plans.

vi. Cost recognized as profit or loss

The cost recognized as profit or loss were as follows:

	2023	2022
Current service cost	$22,950	$33,203
Net interest on the net defined benefit liabilities	7,402	4,581
	$30,352	$37,784

vii. Remeasurements of defined benefit plans recognized in other comprehensive income

Remeasurements of defined benefit plans recognized in other comprehensive income were as follows:

	2023	2022
Cumulated surplus at beginning of period	$5,451	$380,247
(Reversal) recognized in current period	(23,925)	(374,796)
Cumulated surplus at end of period	$(18,474)	$5,451

viii. Primary actuarial assumptions

	2023	2022
Defined benefit plan discount rate	1.20%	1.20%
Incremental rate of future compensation levels	3.50%	3.50%

The Company expected to contribute to its defined benefit plans $43,169 thousand within one year as of December 31, 2023.

Weighted average duration of the defined benefit obligation is 7.3 years.

ix. The sensitivity analysis

When calculating the present value of defined benefits obligation, the Company must make judgements and estimates to determine the actuarial assumptions, including changes in discount rate and future salaries. Any changes in the actuarial assumptions may materially affect the amount of defined benefit obligation of the Company.

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

As of December 31, 2023 and 2022, the effects of changes in actuarial assumptions on the present value of defined benefit obligation were as follows:

	Effect on DBO	
	0.5% Increase	0.5% Decrease
December 31, 2023		
Discount rate	$(64,653)	$68,432
Incremental rate of future compensation levels	68,276	(65,121)
December 31, 2022		
Discount rate	$(72,897)	$77,379
Incremental rate of future compensation levels	76,916	(73,160)

Except significant assumptions independently used for the aforementioned sensitivity analysis, the other assumptions were kept unchanged to estimate the effect of the change of single assumption. In real case, changes of several assumptions might be connected together. Sensitivity analysis was performed under the same approach as that adopted to calculate the defined benefit obligation in balance sheets.

The approach adopted to perform the sensitivity analysis during this period remained the same as previous period.

(22) Income tax

The major components of income tax expense for the years ended December 31, 2023 and 2022 were as follows:

<u>Income tax expenses recognized in profit or loss</u>

	For the years ended December 31	
	2023	2022
Current income tax expenses		
Current income tax charges	$927,857	$428,085
Adjustments in respect of current income tax of prior periods	(2,662)	(437)
Deferred income tax expenses		
Deferred tax expenses relating to origination and reversal of temporary differences	(3,361)	17,642
Income tax expenses	$921,834	$445,290

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

Income tax related to components of other comprehensive income

	For the years ended December 31	
	2023	2022
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss:		
Remeasurements of defined benefit plans	$4,785	$74,959
Income tax related to components of other comprehensive income that will be reclassified to profit or loss:		
Investments in debt instruments measured at fair value through other comprehensive income	25,761	(5,947)
Hedging instruments	57,341	(51,654)
Total	$87,887	$17,358

The differences between the expected income tax at statutory rates and the income tax expenses were as follows:

	For the years ended December 31	
	2023	2022
Accounting profit before tax from continuing operations	$5,754,598	$2,860,049
Income tax from profit before tax at statutory rate	$1,150,920	$572,010
Permanent differences	(232,211)	(141,245)
Prior-year income tax adjustments	(2,662)	(437)
Basic income tax	-	-
Other adjustments per tax regulation	5,787	14,962
Income tax expenses	$921,834	$445,290

The components of deferred income tax expenses (benefits) were as follows:

	For the years ended December 31	
	2023	2022
Bad debt expenses and provisions for guarantee liabilities	$(44,971)	$(45,073)
Depreciation expenses	(276)	(125)
Impairment losses on assets	-	(238)
Expenses from share-based payments	(3,181)	3,179
Employee benefits	22,614	37,404
Provisions	(297)	3,042
Deferred income	(2,200)	17,327
Unrealized interest income on financial assets	24,950	2,126
Total	$ (3,361)	$17,642

The Company’s temporary differences of deferred tax components, based on the income tax rate for December 31, 2023 and 2022 were as follows:

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

	December 31, 2023	December 31, 2022
Deferred tax assets		
Bad debt expenses and provisions for guarantee liabilities	$504,951	$459,981
Depreciation expenses	36,213	35,937
Impairment losses on assets	395	395
Expenses from share-based payments	7,377	4,196
Employee benefits	101,641	129,040
Provisions	7,481	7,184
Deferred income	57,610	55,410
Unrealized losses on financial assets measured at fair value through other comprehensive income	-	25,027
Losses on hedging instruments	-	52,265
Total	$715,668	$769,435
Deferred tax liabilities		
Unrealized interest income on financial assets	$158,565	$133,615
Amortization of goodwill	618,585	618,585
Land value increment tax	58,889	66,941
Unrealized gains on financial assets measured at fair value through other comprehensive income	2,340	1,830
Gains on hedging instruments	5,076	-
Total	$843,455	$820,971

The movements of deferred tax items were as follows:

	For the years ended December 31	
	2023	2022
Beginning balance	$(51,536)	$(16,182)
Land value increment tax	8,051	-
Recognized in current period profit and loss	3,361	(17,642)
Recognized in other comprehensive income	(87,663)	(17,712)
Ending balance	$(127,787)	$(51,536)

The income tax returns of the prior years have been assessed and agreed up to the year 2021(except that 2020 tax return is still reviewing by tax authority).

(23) Stockholders' equity

(a) Capital

As of December 31, 2023, the Company's authorized capital was $30,000,000 thousand, representing 3,000,000 thousand shares with par value of NT$10 per share; paid-in capital was $29,105,720 thousand and 2,910,572 thousand of shares were issued.

(b) Capital surplus

The R.O.C. Company Act as amended in January 2012 requires capital surplus to be used to offset an accumulated deficit before capitalization to shareholders' equity as realized capital surplus or distribution of cash dividends. The aforementioned realized capital surplus includes the proceeds received in excess of the par value of common stock issued and any amounts donated to the Company. In accordance with "Regulations Governing the Offering and Issuance of Securities", the amount of capital surplus capitalized each year may not exceed 10% of the Company's issued share capital.

(c) Legal reserve

Whenever the Company generates a profit in accordance with "The Banking Act of The Republic of China". The Company, at the time of distributing its earnings for each fiscal year, shall set aside 30% of its after-tax earnings as legal reserve, until the legal reserve equals its paid-in capital. Otherwise, the maximum cash profits, which may be distributed, shall not exceed 15% of the Company's paid in capital. In addition to the legal reserve, a special reserve can be appropriated after being approved during the stockholders' meeting.

(d) Special reserve

In terms of the Financial Supervisory Commission, Executive Yuan, Jin-Guan-Zheng-(Fa)-Zi No. 1010012865 dated April 6, 2012, the first time a public company adopts International Financial Reporting Standards ("IFRS"), it must set aside special reserves equal in amounts to those portions of unrealized revaluation gains and cumulative translation adjustments (both of which are sub accounts under booked shareholder equity) that is shifted to retained earnings as a result of the claiming of an IFRS 1 exemption. However, if the increment of retained earnings resulted from first time adoption of IFRS is not sufficient at the date of transition; the Company could recognize that incremental amount only. When the Company subsequently uses, disposes of, or reclassifies the assets in question, a proportional amount of the special reserve set aside previously may be reversed to distributable earnings. In accordance with that regulation, under the situation of not having sufficient increment of retained earnings resulted from first time adoption of IFRS, the Company can shift that incremental amount $239,413 thousand to special reserves.

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

For the years ended December 31, 2023 and 2022, due to a disposal of assets mentioned above by the Company, the proportional amount of the special reserve resulted from the first time adoption of IFRS was reversed and increased unappropriated retained earnings amounted to $12,419 thousand and $0 thousand, respectively.

(e) Other equity interest

Changes in the Company's other equity interest were as follows:

	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Total
January 1, 2023	$(482,169)	$(209,062)	$(691,231)
Gains on hedging instruments	-	229,364	229,364
Financial assets at fair value through other comprehensive income			
Valuation adjustments	237,745	-	237,745
December 31, 2023	$(244,424)	$20,302	$(224,122)

	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Total
January 1, 2022	$(187,016)	$(2,445)	$(189,461)
Gains on hedging instruments	-	(206,617)	(206,617)
Financial assets at fair value through other comprehensive income			
Valuation adjustments	(295,153)	-	(295,153)
December 31, 2022	$(482,169)	$(209,062)	$(691,231)

(f) Dividend policy and appropriation of earnings

The Articles of Incorporation approved by the Board of Directors on June 25, 2019, from the profit earned by the Company as shown in the final annual account after tax, 30% of the profit shall be first set aside for the legal reserve, then an amount shall be set aside for the special reserve. The remaining profit, if any, shall be distributed to shareholders as dividend and bonus in accordance with the shareholders' resolution.

On June 6, 2023 and June 15, 2022, the Board of Directors, representing shareholders, approved the distribution of retained earnings and distributed cash dividends for 2022 and 2021 were as follows:

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

	2022	2021
Legal reserve appropriated	$814,379	$688,938
Cash dividends of ordinary shares	1,900,218	1,616,747
Total	$2,714,597	$2,305,685

The relevant information about earnings distribution or deficit compensation can be accessed through Market Observation Post System or other sites.

(24) Share-based payments

The SC PLC Group operates a number of share-based arrangements for its executive directors and employees. For the years ended December 31, 2023 and 2022, the share-based payment schemes adopted by the Company were as follows:

(a) All Employee Sharesave Plans (Original: International Sharesave Schemes “ISS”)

Under the All Employee Sharesave Plans (“AESP”), employees may open a savings contract. Within a period of six months after the third anniversary, if appropriate, employees may purchase ordinary shares in the SC PLC Group at a discount of up to 20% on the share price at the date of invitation (this is known as the “option exercise price”). There are no performance measures attached to options granted under the AESP.

The option movements of the AESP were as follows:

	For the years ended December 31	
	2023 Units	2022 Units
Beginning balance	262,858	337,922
Add: granted	62,179	52,636
Less: exercised	54,429	55,893
lapsed	23,669	71,807
Ending balance	246,939	262,858

For the years ended December 31, 2023 and 2022, the costs of the AESP charged to profit or loss were $3,644 thousand and $2,043 thousand, respectively, recorded under operating expenses-employee benefits expenses.

Options under the AESP are valued using a binomial option-pricing model. The same fair value is applied to all employees including executive directors.

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

The fair value per option granted and the assumptions used in the calculation are as follows:

	2023	2022
Grant date	September 28	November 28
Share price at grant date	£ 7.35	£ 5.80
Exercise price	£ 5.88	£ 4.23
Vested period (years)	3	3
Expected volatility (%)	36.70	39.30
Expected option life (years)	3.50	3.33
Risk-free rate (%)	4.48	3.21
Expected dividend yield (%)	3.00	3.40
Fair value	£ 3.05	£ 2.08

The expected volatility is based on historical volatility over the last three years, or three years prior to grant. The expected life is the average expected period to exercise. The risk-free rate of return is the yield on zero-coupon UK Government bonds of a term consistent with the assumed option life. The expected dividend yield is based on historical dividend for three years prior to grant.

(b)Restricted Share Awards (Original: Restricted Share Scheme “RSS”)

Restricted Share Awards (“RSA”) are used to deliver 2 types of awards, buy-out awards and deferred awards.

Buy-out awards are made outside of the annual performance process as compensation to new joiners who forfeit granted-but-unvested variable remuneration awards on leaving their previous employers, vest in instalments on the anniversaries of the award date specified at the time of grant. This enables the Company to meet regulatory requirements relating to buyouts, and is in line with market practices. In line with similar plans operated by the competitors of the Company, RSA is not subject to an annual limit and does not have any performance measures.

Deferred awards are used to deliver the deferred portion of variable remuneration, in line with both market practices and regulatory requirements. These awards vest in instalments on anniversaries of the award date specified at the time of grant. Deferred awards are not subject to any plan limit. This enables the Company to meet regulatory requirements relating to deferral levels, and is in line with market practices.

The option movements of the RSA were as follows:

	For the years ended December 31	
	2023 Units	2022 Units
Beginning balance	179,106	158,169
Add: granted	59,412	91,301
dividend	1,172	784
Less: exercised	72,680	65,831
lapsed	27,139	5,317
Ending balance	139,871	179,106

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

For the years ended December 31, 2023 and 2022, the costs of the RSA charged to profit or loss were $13,258 thousand and $10,926 thousand, respectively, recorded under operating expenses-employee benefits expenses.

	2023					
Grant date	November 20		September 18		June 19	
Share price at grant date	£ 6.60		£ 7.43		£ 6.75	
Vesting period	Expected dividend yield (%)	Fair value (£)	Expected dividend yield (%)	Fair value (£)	Expected dividend yield (%)	Fair value (£)
3 months	-	-	3.0	7.38	3.3	6.70
4 months	3.0	6.54	-	-	-	-
6 months	-	-	3.0	7.32	3.3	6.64
7 months	3.0	6.49	-	-	-	-
9 months	-	-	3.0	7.27	3.3	6.48, 6.59
10 months	3.0	6.44	-	-	-	-
1 year	3.0	6.25, 6.30, 6.35, 6.39	3.0	7.06, 7.11, 7.16, 7.22,	3.3	6.18, 6.38, 6.43, 6.54
2 years	3.0	6.12, 6.16, 6.21	3.0	6.85, 6.90, 6.95,7.01	3.3	5.98, 6.18, 6.33
3 years	3.0	5.94, 5.98, 6.03	3.0	6.65, 6.70, 6.80	3.3	5.98, 5.79, 6.13
4 years	3.0	5.76	-	-	-	-
5 years	-	-	-	-	-	-

	2023	
Grant date	March 13	
Share price at grant date	£ 7.40	
Vesting period	Expected dividend yield (%)	Fair value (£)
3 months	3.1	7.34
4 months	-	-
6 months	-	-
7 months	-	-
9 months	-	-
10 months	-	-
1 year	3.1	7.12, 7.18
2 years	3.1	6.91, 6.96
3 years	3.1	6.70, 6.75
4 years	3.1	6.50, 6.55
5 years	3.1	6.35

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

	2022					
Grant date	November 28		November 9		June 20	
Share price at grant date	£ 5.90		£ 5.62		£ 6.04	
Vesting period	Expected dividend yield (%)	Fair value (£)	Expected dividend yield (%)	Fair value (£)	Expected dividend yield (%)	Fair value (£)
4 months	-	-	3.4	5.56	-	-
1 year	3.4	5.71	3.4	5.44	3.4	5.84
1.4 years	-	-	3.4	5.38	3.4	-
2 years	3.4	5.52	3.4	5.26	3.4	5.65
2.4 years	-	-	3.4	5.20	3.4	-
3 years	3.4	5.34	3.4	5.08	3.4	5.46
4 years	3.4	5.16	3.4	4.92	3.4	5.28
5 years	3.4	4.99	-	-	3.4	5.11
6 years	-	-	-	-	-	-

	2022	
Grant date	March 14	
Share price at grant date	£ 4.88	
Vesting period	Expected dividend yield (%)	Fair value (£)
4 months	-	-
1 year	3.4	4.72
1.4 years	3.4	-
2 years	3.4	4.56
2.4 years	3.4	-
3 years	3.4	4.41
4 years	3.4	4.27
5 years	3.4	4.13
6 years	3.4	3.99

(c) Performance Share Awards (Original: Performance Share Plan “PSP”)

The Company’s previous plan for delivering performance shares is now closed to new grants; however, under the plan, outstanding vested awards still exist. Under the PSA, half the awards were dependent upon total shareholder return (“TSR”) performance and the others were subject to a target of defined Earnings Per Share (“EPS”) growth. Both measures used the same 3-year period and were assessed independently.

The option movements of the PSA (PSP) were as follows:

	For the years ended December 31	
	2023 Units	2022 Units
Beginning balance	-	194
Less: exercised	-	194
Ending balance	-	-

For the years ended December 31, 2023 and 2022, no cost of the PSA (PSP) charged to profit or loss recorded under operating expenses-employee benefits expenses.

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

(d) Long-term Incentive Plan Awards

Long-term Incentive Plan Awards (“LTIP”) are granted with vesting subject to performance measures. Before 2016, performance measures attached to awards granted previously include: total shareholder return (“TSR”); return on equity (“RoE”) with a Common Equity Tier 1 (“CET1”) underpin; strategic measures; earnings per share (“EPS”) growth; and return on risk-weighted assets (“RoRWA”). Each measure is assessed independently over a 3-year period. Awards granted from 2016 have an individual conduct gateway requirement that results in the award lapsing if not met.

For the years ended December 31, 2023 and 2022, no related cost of stock warrants was recorded.

	2023	2022
Grant date	March 13	March 14
Share price at grant date	£7.40	£4.88
Vesting period (years)	3/4/5/6/7	3/4/5/6/7
Expected dividend yield (%)	3.10	3.40
Fair value (RoE)	£1.91/1.85	£1.24/1.20
Fair value (TSR)	£1.08/1.04	£0.70/0.68
Fair value (Strategic)	£2.54/2.46	£1.65/1.60

Awards granted is subject to the satisfaction of RoE (subject to a capital underpin) and relative TSR performance measures and achievement of a strategic scorecard. The fair value of the TSR component is calculated using the probability of meeting the measures over a-three-year performance period, using a Monte Carlo simulation model. The number of shares expected to vest is evaluated at each reporting date, based on the expected performance against the RoE and strategic measures in the scorecard, to determine the accounting charge.

(e) Upfront Shares Awards (UFSA)

Upfront Shares are awards to the Material Risk Takers (MRTs) who are met specific criteria after assessment and identification process as part of their non-deferred variable compensation for that performance year. Typically, upfront shares are ordinary Standard Chartered PLC shares that are purchased with beneficial ownership transferred to the individual (after any relevant tax deductions or withholdings) through a specified nominee arrangement. Upfront shares awarded to MRTs are subject to a minimum retention period of twelve months from the award date. During this holding period, the upfront shares cannot be sold or transferred.

For the years ended December 31, 2023 and 2022, the costs of the UFSA charged to profit or loss were $12,165 thousand and $233 thousand, respectively, recorded under operating expenses-employee benefits expenses.

(25) Earnings per share

	For the years ended December 31	
	2023	2022
Net income attributable to common stockholders (after tax)	$4,832,765	$2,414,759
Common stock (in thousands)	2,910,572	2,910,572
Basic EPS (in dollars)	$1.66	$0.83

Since the Company's implementation of share-based payment transactions would proceed by cash settlement, there is no impact on the Company's weighted-average shares of common stock outstanding during the period.

(26) Net interest income

	For the years ended December 31	
	2023	2022
Interest income		
Interest income, discounts and loans	$9,125,693	$6,841,511
Interest income, accounts receivable factoring	761,997	293,656
Interest income, due from banks	5,149,351	1,593,839
Interest income, investment securities	1,866,042	838,346
Interest income, credit card recurrence	113,280	119,873
Interest income, other	1,662,365	594,554
Subtotal	18,678,728	10,281,779
Interest expenses		
Interest expenses, deposits	11,666,851	4,135,214
Interest expenses, due to banks	773,870	137,700
Interest expenses, financial debentures	278,550	254,087
Lease liabilities	44,077	47,729
Interest expenses, other	229,491	160,511
Subtotal	12,992,839	4,735,241
Total	$5,685,889	$5,546,538

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

(27) Net service fee income

	For the years ended December 31	
	2023	2022
Service fees		
Service fees, loans	$156,827	$176,542
Service fees, insurance commissions	2,507,905	1,697,780
Service fees, credit cards	372,101	409,531
Service fees, trusts	2,003,563	1,757,354
Service fees, underwriting	25,220	28,857
Service fees, other	759,470	477,732
Subtotal	5,825,086	4,547,796
Service charges		
Service charges, interbank	172,468	167,650
Service charges, agency	199,769	195,989
Service charges, custodians	136,167	140,422
Service charges, credit cards	238,021	143,895
Service charges, other	379,441	250,528
Subtotal	1,125,866	898,484
Total	$4,699,220	$3,649,312

(28) Gains on financial assets or liabilities at fair value through profit or loss

	For the years ended December 31	
	2023	2022
Gains (losses) on disposal		
Interest-rate instruments	$11,855	$152
Derivative financial instruments	12,830,106	14,719,944
Subtotal	12,841,961	14,720,096
Gains (losses) on valuation		
Interest-rate instruments	13,070	13,530
Derivative financial instruments	(7,134,809)	(11,692,403)
Subtotal	(7,121,739)	(11,678,873)
Interest income	63,524	33,405
Total	$5,783,746	$3,074,628

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

(29) Realized (losses) gains on financial assets at fair value through other comprehensive income

	For the years ended December 31	
	2023	2022
Dividend income-equity instruments	$18,878	$19,938
Losses on sale-debt instruments	(270,705)	(84,779)
Total	$(251,827)	$(64,841)

(30) Net other non-interest income (losses)

	For the years ended December 31	
	2023	2022
Administrative support service income	$4,820	$4,820
Net gains on disposal of assets	208,020	114,361
Rental income	4,350	4,484
Net gains on fair value hedge	110,063	136,579
Other	(143,979)	(30,104)
Total	$183,274	$230,140

(31) Impairment losses on assets

	For the years ended December 31	
	2023	2022
Impairment losses-property and equipment	$-	$10,239
Gains on reversal-debt instruments	(1,180)	(563)
Impairment (gains on reversal) losses-other	7,559	(33)
Total	$6,379	$9,643

(32) Bad debt expenses, commitment and guarantee liability provisions

	For the years ended December 31	
	2023	2022
Bad debt expenses	$1,139,357	$507,172
Provisions of guarantee liabilities	31,562	1,508
(Reversal) provisions of loan commitments	(2,617)	1,547
Other provisions	18	18
Total	$1,168,320	$510,245

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

(33) Leases

(a) The Company as a lessee

The Company leases various properties, including real estate such as land and buildings, transportation equipment, and other equipment. The lease terms range from 1 to 19 years.

The Company's leases effect on the financial position, financial performance and cash flows were as follows:

i. Amounts recognized in the balance sheets

A. Right-of-use assets

The carrying amount of right-of-use assets

	December 31, 2023	December 31, 2022
Buildings	$2,271,231	$2,507,057
Transportation equipment	1,945	3,612
Other equipment	2,296	19,371
Total	$2,275,472	$2,530,040

For the years ended December 31, 2023 and 2022, the Company's additions to right-of-use assets were $168,995 thousand and $132,192 thousand, respectively.

B. Lease liabilities

	December 31, 2023	December 31, 2022
Lease liabilities	$2,410,888	$2,628,067

Please refer to note 6(26) for the interest expenses on lease liabilities recognized for the years ended December 31, 2023 and 2022 and refer to note 6(37) Disclosure of financial instruments for the maturity analysis of lease liabilities.

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

ii. Amounts recognized in the statement of comprehensive income

Depreciation charges for right-of-use assets

	For the years ended December 31	
	2023	2022
Buildings	$380,024	$359,544
Transportation equipment	1,667	1,726
Other equipment	17,075	63,949
Total	$398,766	$425,219

iii. Income and costs relating to leasing activities

	For the years ended December 31	
	2023	2022
The expenses relating to short-term leases	$1,514	$503
The expenses relating to leases of low-value assets (Excluding the expenses relating to short-term leases of low-value assets)	342	350
Income from subleasing right-of-use assets	2,368	2,506

iv. Cash outflows relating to leasing activities

For the years ended December 31, 2023 and 2022, the Company’s total cash outflows for leases were $413,559 thousand and $456,701 thousand, respectively.

(34) Employee benefits expenses

	For the years ended December 31	
	2023	2022
Salary expenses	$4,395,927	$4,309,415
Employee insurance	320,556	314,561
Pension		
Defined contribution plans	159,924	156,503
Defined benefit plans	30,352	37,784
Other	213,964	171,753
Total	$5,120,723	$4,990,016

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

In accordance with the Articles of Incorporation, from the profit earned by the Company as shown in the final annual account before tax, 0.01% shall be reserved as employees' remuneration. However, if the Company has an accumulated deficit, it shall be set aside first to compensate the losses.

The accrued employee's remuneration of the Company for the years ended December 31, 2023 and 2022 were $575 thousand and $286 thousand, respectively, recorded under operating expenses-employee benefits expenses. There was no difference between actual and estimated distributed bonuses for the years ended December 31, 2023 and 2022. Relevant information can be accessed through Market Observation Post System.

Material difference between estimated amounts and the amounts resolved by the Board of Directors on or before the annual financial statements are authorized for issue are adjusted in the year the compensation was recognized. If there is a change in the resolved amounts after the annual financial statements are authorized for issue, the differences are recorded as a change in accounting estimates and recognized in the following year.

For the years ended December 31, 2023 and 2022, the average number of the Company's employees were 2,607 and 2,708, of which the number of directors who had not served concurrently as employees were all 6.

(35) Depreciation and amortization expenses

	For the years ended December 31	
	2023	2022
Depreciation expenses		
Buildings	$43,004	$47,187
Office equipment	38,355	23,974
Leasehold improvements	71,504	60,293
Other equipment	70,974	63,442
Right-of-use assets	398,766	425,219
Subtotal	622,603	620,115
Amortization expenses	-	-
Total	$622,603	$620,115

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

(36) Other general and administrative expenses

	For the years ended December 31	
	2023	2022
Rental expenses	$3,551	$2,413
Office supplies	73,035	64,070
Postage	150,796	159,606
Repairs and maintenance	116,351	117,459
Advertising expenses	131,288	138,749
Utilities fees	55,090	54,015
Taxes	843,890	665,409
Professional service fees	87,107	86,910
Operational and advisory service fees	986,452	947,442
Consulting and technical support service fees	815,732	704,695
Wholesale banking business service fees	91,088	87,486
Building management fees	100,332	102,715
Computer management fees	327,964	278,094
Director’s remuneration	6,853	6,414
Other	191,511	390,072
Total	$3,981,040	$3,805,549

(37) Disclosure of financial instruments

(a) Financial instruments measured at fair value

i. Valuation of financial instruments measured at fair value:

A. Financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, financial instruments for hedging and other financial assets-debt instruments: for investment securities that have directly observable market values available, securities are valued using inputs proxied from the same or closely related or inputs proxied from a different underlying. Certain instruments cannot be proxied as set out above, and in such cases the positions are valued using non-market observable inputs. The fair value for such instruments is usually proxied from internal assessments of the underlying cash flows. Equity instruments are evaluated by independent professional departments or external experts.

B. Derivative financial assets and liabilities: wherever possible, fair values have been calculated using unadjusted quoted market prices in active markets, the market data used for price may include those sourced from recent trade data involving external counterparties or third parties such as Reuters, Bloomberg, and brokers. Where quoted market prices are not available, fair values have been determined using the prices sources from consensus pricing providers, to the extent possible, use market observable inputs, such as Totem or Markit or similar instruments' prices.

ii. The Company makes a credit valuation adjustment ("CVA") against derivative products. CVA is an estimate of the adjustment to fair value to account for the possibility that the counterparty may default and the Company would not receive the full market value of the transactions. CVA is determined by applying the counterparty's probability of default to counterparty's loss given default ("LGD") and exposure at default ("EAD"), whereas, debit valuation adjustment ("DVA") is calculated on its derivative liabilities and issued debt designated at fair value, including structured notes. DVA is determined by applying the Company's PD to the Company's negative expected exposure against the counterparty. Collateral held are taken into account for the calculation of CVA and DVA.

Internal model is used to calculate the probability of default ("PD") and the loss given default ("LGD"); whereas exposure at default ("EAD") is on simulation basis. The methodology used to determine DVA on derivative liabilities is consistent with the methodology used to determine counterparty CVA on derivative assets.

iii. The definition of fair value hierarchy of financial instruments measured at fair value

A. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Active markets are defined as markets that meet the following criteria: (1) the asset or liability traded in the market have similar attributes; (2) there is a willing buyer and seller for the asset or liability in the market at any given time; (3) price information on the asset or liability can be accessed by the general public.

B. Level 2 inputs are inputs other than quoted prices in active markets that are observable, including those inputs that can be observed directly (quoted prices) or indirectly (derived from quoted prices) from active markets. For example:

a. The quoted price in similar financial instruments' active market was referred to the fair value of financial instruments held by and based on similar financial instruments' recent quoted prices; the judgment of similar financial instruments should follow the characteristics of the financial instruments and trading conditions. The factors that require the fair value of financial instruments to be adjusted with compatible similar financial instruments which have observable trading prices might include recent financial instruments trading price already have time gap (i.e. has been a while since last trading time), the difference between the financial instruments trading conditions, transaction prices involved with a related party, and the correlation between observable transaction price of similar financial instruments and the price of financial instruments held.

b. Quoted prices for identical or similar assets or liabilities in markets those are not active.

c. Fair value determined based on a valuation model. Inputs for the model (for example, interest rates, yield curves, volatilities, etc.) can be observed from the market (these observable inputs are obtained from market information, and when they are being used in the model, the resulting valuation for the asset or liability shall represent prices anticipated by the market participants).

d. Inputs are derived principally from or corroborated by observable market data by correlation or other means.

C. Level 3 means to measure the fair value of the input parameters are not based on observable market data (inputs which are unobservable). For example, the option pricing model with historical volatility cannot represent the expectation of future volatility for the overall market participant.

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

iv. Fair value hierarchy information of financial instruments measured at fair value

Financial instruments at fair value	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Non-derivative financial instruments				
Assets:				
Financial assets at fair value through profit or loss				
Debt instruments	$-	$8,398,924	$-	$8,398,924
Financial assets at fair value through other comprehensive income				
Debt instruments	32,628,912	92,107,637	-	124,736,549
Equity instruments	-	-	1,087,024	1,087,024
Other financial assets-net				
Restricted assets-debt instruments	-	10,521,438	-	10,521,438
Derivative financial instruments				
Assets:				
Financial assets at fair value through profit or loss	3,541	35,404,784	-	35,408,325
Financial assets for hedging	-	241,921	-	241,921
Liabilities:				
Financial liabilities at fair value through profit or loss	2,552	39,314,270	-	39,316,822
Financial liabilities for hedging	-	570,267	-	570,267

Financial instruments at fair value	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Non-derivative financial instruments				
Assets:				
Financial assets at fair value through profit or loss				
Debt instruments	$-	$6,161,743	$-	$6,161,743
Financial assets at fair value through other comprehensive income				
Debt instruments	18,393,421	125,869,502	-	144,262,923
Equity instruments	-	-	1,147,642	1,147,642
Other financial assets-net				
Restricted assets-debt instruments	-	12,154,175	-	12,154,175
Derivative financial instruments				
Assets:				
Financial assets at fair value through profit or loss	16,716	44,886,674	-	44,903,390
Financial assets for hedging	-	224,517	-	224,517
Liabilities:				
Financial liabilities at fair value through profit or loss	23,495	44,706,363	-	44,729,858
Financial liabilities for hedging	-	104,688	-	104,688

v. For the years ended December 31, 2023 and 2022, the Company did not have any transfer of financial assets measured at fair value between Level 1 and Level 2.

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

vi. The table shows the changes for financial assets measured at fair value classified as Level 3:

	2023						
Name	Beginning balance	Profit	Other comprehensive income	Purchased or issued	Transferred out from level 3	Disposal or discharge	Ending balance
Financial assets at fair value through other comprehensive income-equity instruments	$1,147,642	$-	$(60,618)	$-	$-	$-	$1,087,024

	2022						
Name	Beginning balance	Profit	Other comprehensive income	Purchased or issued	Transferred out from level 3	Disposal or discharge	Ending balance
Financial assets at fair value through other comprehensive income-equity instruments	$747,969	$-	$(37,827)	$437,500	$-	$-	$1,147,642

vii. For Level 3 of fair value, the sensitivity analysis of value based on reasonable possible substitution assumption.

The Company's measurement of financial instruments at fair value was reasonable. Only when using different valuation models would the results of the valuations be different.

Level 3 financial instruments the Company invested are non-listed equity investment, and sensitivity analysis was conducted for those equity investments. Below are the valuation techniques and the range of reasonable changes for the material unobservable inputs that the Company applied. The impact to other comprehensive income under this assumption is describe as follows:

	Fair value changes reflected in profit or loss of the period		Fair value changes reflected on other comprehensive income	
Financial instruments at fair value	Beneficial changes	Adverse changes	Beneficial changes	Adverse changes
December 31, 2023				
Financial assets at fair value through other comprehensive income equity instruments	$-	$-	$84,793	$(69,778)

	Fair value changes reflected in profit or loss of the period		Fair value changes reflected on other comprehensive income	
Financial instruments at fair value	Beneficial changes	Adverse changes	Beneficial changes	Adverse changes
December 31, 2022				
Financial assets at fair value through other comprehensive income equity instruments	$-	$-	$86,400	$(74,312)

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

viii. The quantitative information on significant unobservable inputs (Level 3) used in the fair value measurement

	December 31, 2023				
Item	Fair value	Valuation technique	Material unobservable inputs	Reasonable change range	Correlation between input and fair value
Financial asset at fair value through other comprehensive income-equity instruments	$47,431	Net asset value approach	Net asset value	-0.10%~0.10%	The higher the net asset value, the higher the fair value.
	741,813	Market approach	Unlisted marketability discount	2.51%~12.51%	The higher the unlisted marketability discount rate, the lower the fair value.
	254,580	Income approach	Discount rate/ Sustainable growth rate	Discount rate: 8.75%~14.39%	The higher the discount rate, the lower the fair value.
				Sustainable growth rate: -0.20%~1.73%	The higher the sustainable growth rate, the higher the fair value.
	43,200	Asset approach	Unlisted marketability discount	15.43%~25.43%	The higher the unlisted marketability discount rate, the lower the fair value.

	December 31, 2022				
Item	Fair value	Valuation technique	Material unobservable inputs	Reasonable change range	Correlation between input and fair value
Financial asset at fair value through other comprehensive income-equity instruments	$42,980	Net asset value approach	Net asset value	-0.10%~0.10%	The higher the net asset value, the higher the fair value.
	823,063	Market approach	Unlisted marketability discount	6.41% ~ 16.41%	The higher the unlisted marketability discount rate, the lower the fair value.
	239,249	Income approach	Discount rate/ Sustainable growth rate	Discount rate: 9.17%~14.89%	The higher the discount rate, the lower the fair value.
				Sustainable growth rate: -0.20%~1.69%	The higher the sustainable growth rate, the higher the fair value.
	42,350	Asset approach	Unlisted marketability discount	15.62%~25.62%	The higher the unlisted marketability discount rate, the lower the fair value.

ix. The valuation procedure to fair value attributed to Level 3

The level 3 of fair value from financial instruments of the Company was valued by the independent departments and external specialists. Appropriate valuation methods are applied according to the underlying characteristics and data collections. The applied valuation model and related inputs are in accordance with that of the market and the basic principles that the industry approves. The Company checks the valuation model on a periodic basis. When necessary, the Company will calibrate and adjust accordingly to ensure the reasonableness of the valuation results, and that they are in line with the market condition.

(b)Financial instruments measured at amortized cost

i. Valuation of financial instruments measured at amortized cost:

A. Non-derivative short-term financial assets and liabilities with short maturity dates, including cash and cash equivalents, receivables-net, payables, related parties payable and other financial liabilities, the fair values are the amounts those carried.

B. Due from the Central Bank and call loans to banks, funds borrowed from the Central Bank and banks and deposits from the Central Bank and banks: the fair value of floating rate placements and borrowings and overnight deposits is their carrying amounts. The estimated fair value of fixed interest-bearing deposits or interest earning loans is based on discounted cash flows using the prevailing money market rates for debts with a similar credit risk and remaining maturity.

C. Debt instrument investments measured at amortized cost: for debt instruments that have direct observable market values, market values were used as fair values; for debt instruments that do not have direct observable market values, fair values were measured via valuation technique.

D. Securities purchased under resell agreements and debt instruments: for securities that have direct observable market values, market values were used as fair values; for securities that do not have direct observable market values, fair values were measured via valuation technique.

E. Discounts and loans-net: discounts and loans are presented net of provisions for impairment. The fair value of discounts and loans to customers with a residual maturity of less than one year generally approximates the carrying value. The estimated fair value with a residual maturity of more than one year represents the discounted amount of future cash flows expected to be received, including assumptions relating to prepayment rates. Expected cash flows are discounted at current market rates or secondary syndication market prices to determine fair value.

F. Deposits and remittances: the estimated fair value of deposits and remittances with no stated maturity and floating rate deposits is the amount repayable on demand. The estimated fair value of fixed interest-bearing deposits is based on discounting cash flows using the prevailing market rates with a similar credit risk and remaining maturity.

G. Financial debentures payable-net: the aggregate fair values are calculated based on quoted market prices. For those notes which quoted market prices are not available, a discounted cash flow model is used based on a current market related yield curve appropriate for the remaining term to maturity. The fair value of subordinated debt is estimated based on its book value on the balance sheet.

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

ii. Fair value of financial instruments measured at amortized cost

	December 31, 2023	
Financial assets	Book value	Fair value
Cash and cash equivalents	$16,057,392	$16,063,759
Due from the Central Bank and call loans to banks	157,829,836	157,867,072
Debt instrument investments measured at amortized cost	10,078,082	10,069,934
Securities and bonds purchased under resell agreements	21,390,034	21,355,115
Receivables-net	31,160,835	31,160,835
Discounts and loans-net	286,361,090	286,266,041

	December 31, 2022	
Financial assets	Book value	Fair value
Cash and cash equivalents	$16,772,114	$16,772,610
Due from the Central Bank and call loans to banks	115,567,226	115,593,098
Debt instrument investments measured at amortized cost	30,410,209	30,387,186
Securities and bonds purchased under resell agreements	13,860,254	13,827,862
Receivables-net	19,924,576	19,924,576
Discounts and loans-net	287,864,358	288,443,965

	December 31, 2023	
Financial liabilities	Book value	Fair value
Deposits from the Central Bank and banks	$1,258,030	$1,258,030
Payables	3,264,516	3,264,516
Related parties payable	5,962,550	5,962,550
Deposits and remittances	600,463,448	598,489,153
Financial debentures	6,151,350	6,151,350
Other financial liabilities	15,373	15,373

	December 31, 2022	
Financial liabilities	Book value	Fair value
Deposits from the Central Bank and banks	$1,638,248	$1,638,223
Payables	5,077,449	5,077,449
Related parties payable	4,291,102	4,291,102
Deposits and remittances	587,506,645	586,759,445
Financial debentures	6,148,843	6,148,843
Other financial liabilities	231,995	231,995

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

iii. Fair value hierarchy information of financial instruments measured at amortized cost:

Financial instruments measured at amortized cost	December 31, 2023				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Assets:					
Cash and cash equivalents	$16,057,392	$-	$16,063,759	$-	$16,063,759
Due from the Central Bank and call loans to banks	157,829,836	-	157,867,072	-	157,867,072
Debt instrument investments measured at amortized cost	10,078,082	-	10,069,934	-	10,069,934
Securities and bonds purchased under resell agreements	21,390,034	-	21,355,115	-	21,355,115
Receivables-net	31,160,835	-	31,160,835	-	31,160,835
Discounts and loans-net	286,361,090	-	-	286,266,041	286,266,041
Liabilities:					
Deposits from the Central Bank and banks	1,258,030	-	1,258,030	-	1,258,030
Payables	3,264,516	-	3,264,516	-	3,264,516
Related parties payable	5,962,550	-	5,962,550	-	5,962,550
Deposits and remittances	600,463,448	-	598,489,153	-	598,489,153
Financial debentures	6,151,350	-	6,151,350	-	6,151,350
Other financial liabilities	15,373	-	15,373	-	15,373

Financial instruments measured at amortized cost	December 31, 2022				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Assets:					
Cash and cash equivalents	$16,772,114	$-	$16,772,610	$-	$16,772,610
Due from the Central Bank and call loans to banks	115,567,226	-	115,593,098	-	115,593,098
Debt instrument investments measured at amortized cost	30,410,209	-	30,387,186	-	30,387,186
Securities and bonds purchased under resell agreements	13,860,254	-	13,827,862	-	13,827,862
Receivables-net	19,924,576	-	19,924,576	-	19,924,576
Discounts and loans-net	287,864,358	-	10,500,000	277,943,965	288,443,965
Liabilities:					
Deposits from the Central Bank and banks	1,638,248	-	1,638,223	-	1,638,223
Payables	5,077,449	-	5,077,449	-	5,077,449
Related parties payable	4,291,102	-	4,291,102	-	4,291,102
Deposits and remittances	587,506,645	-	586,759,445	-	586,759,445
Financial debentures	6,148,843	-	6,148,843	-	6,148,843
Other financial liabilities	231,995	-	231,995	-	231,995

(c) Information on financial risk

The Company's risk management framework encompasses servicing client interests and fulfilling long term operation goals while keeping overall risk tolerance and compliance to local regulations. This framework serves to diversify or transfer risk in an effective manner, benefiting not only our customers and shareholders but ourselves as well. The Company encounters credit risk, operational risk, market risk (interest rate, exchange rate, equity, and commodity), and liquidity risk both on and off the balance sheets in our day-to-day operations.

The Company has formulated both the risk management policies and operation procedures into structured operation manuals, which have been approved by the Board of Directors. These manuals set out a clear guidance on distinguishing, measuring, monitoring, and managing credit risk, operational risk, market risk, and liquidity risk.

i. Market risk

A. Strategy and procedure of market risk management

The Company recognizes market risk as loss resulting from changes in market prices and rates. The Company is exposed to market risk arising principally from customer-driven transactions. The objective of the Company's market risk policies and processes is to obtain the best balance of risk and return while meeting customers' requirements.

B. Market risk management organization and structure

The department, Market Risk Taiwan, follows the regulatory requirements of the Taiwan Financial Supervisory Commission to develop the market risk management policies and procedures, which include the banking books and trading books. The market risk policies, procedures and limits are annually reviewed by the department and are in line with the guidance of Group Market Risk Committee.

Market risk limits are proposed by the business within the terms of the agreed policies. Limits are presented to the Executive Risk Committee or delegated manager for approval with its authority delegated by the Board. The risk appetite requires approval from the Board.

The department monitors exposures against these limits on a daily basis. Related market risk management results are reported to the Executive Risk Committee at a minimum on a quarterly basis.

The Company also receives strong support from SCB regional and group business and market risk management functions based outside of Taiwan.

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

C. The scope and characteristics of market risk report and evaluation system

The scope of market risk report produced by Market Risk Taiwan covers market exposures in both trading book and banking book. The primary categories of market risk for the Company are interest rate risk and currency exchange rate risk linked to trading products in financial markets, as the Company has not held any risk exposures relating to commodities price risk or equity price risk.

The Company measures the risk of losses arising from future potential adverse movements in market rates, prices and volatilities using a Value at Risk ("VaR") methodology. VaR, in general, is a quantitative measure of market risk which applies recent historical market conditions to estimate the potential future loss in market value that will not be exceeded in a set time period at a set statistical confidence level.

The table below lists the market risk (such as exchange rate or interest rate) of financial instruments of the Company. Market risk represents potential losses that the Company may suffer in one day when unfavorable changes occur on the Company's position at a 97.5% confidence interval under a certain price probability distribution.

	For the years ended December 31					
	2023			2022		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Trading book VaR	$16,311	$29,985	$10,236	$15,701	$28,890	$7,110
Banking book fair value VaR	47,533	68,482	14,737	49,037	65,205	30,295
Total VaR	50,191	70,828	23,608	53,060	69,274	31,750

Losses beyond the confidence interval are not captured by a VaR calculation, which therefore gives no indication of the size of unexpected losses in these situations. The Company complements the VaR measurement by stress testing of market risk exposures to highlight the potential risk that may arise from extreme market events that are rare but plausible. Stress testing is an integral part of the market risk management framework and considers both historical market events and forward looking scenarios. Stress testing is applied to trading and banking book fair value portfolios, respectively.

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

D. Policies for market risk hedge/mitigation, as well as the strategy and procedure for maintaining efficiency in risk hedge/mitigation tools

Market risk is mitigated by the Company's standard process as risk is measured, monitored, reported and controlled on a portfolio basis.

Market risk policies, procedures and limits are annually reviewed by Market Risk Taiwan with approval by the delegated authority. The Traded Risk Type Framework is presented to the Board for approval.

All products used in risk mitigation must be authorized products in their own right with appropriate product programs.

Any product a business uses for risk mitigation must be explicitly referenced in the market risk limit for the business.

E. Method used for regulatory capital calculation

Standardized Approach/Delta-Plus for Options.

F. Exchange rate risk exposure information

The significant exposure to foreign currency exchange rates was as follows:

	December 31, 2023		
	Foreign currency	Exchange rate	NTD
Long position			
USD	$5,360,340	30.746	$164,807,687
CNY	18,543,598	4.341	80,497,103
EUR	324,993	34.043	11,063,856
GBP	109,166	39.202	4,279,549
HKD	99,676	3.937	392,434
Short position			
USD	5,348,336	30.746	164,438,604
CNY	18,464,002	4.341	80,151,577
EUR	326,044	34.043	11,099,645
GBP	108,565	39.202	4,255,994
HKD	88,916	3.937	350,072

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

	December 31, 2022		
	Foreign currency	Exchange rate	NTD
Long position			
USD	$9,972,966	30.733	$306,501,291
CNY	4,952,941	4.411	21,849,312
THB	4,483,698	0.882	3,956,031
HKD	378,627	3.941	1,492,241
SGD	58,077	22.887	1,329,233
Short position			
USD	10,006,504	30.733	307,532,015
CNY	4,838,995	4.411	21,346,655
THB	4,506,997	0.882	3,976,588
HKD	348,054	3.941	1,371,747
SGD	57,050	22.887	1,305,731

G. Interest rate sensitivity information

a. Interest rate sensitivity analysis (NTD)

December 31, 2023

Item	Day 1 to 90 days	Day 91 to 180 days	Day 181 to 1 Year	Over 1 year	Total
Interest rate sensitive assets	$374,607,853	$7,305,187	$35,256,034	$28,294,459	$445,463,533
Interest rate sensitive liabilities	290,952,057	21,232,757	27,507,654	8,074,428	347,766,896
Interest rate sensitive gap	83,655,796	(13,927,570)	7,748,380	20,220,031	97,696,637
Net worth					49,621,312
Ratio of interest rate sensitive assets to liabilities (%)					128.09
Ratio of interest rate sensitive gap to net worth (%)					196.88

December 31, 2022

Item	Day 1 to 90 days	Day 91 to 180 days	Day 181 to 1 Year	Over 1 year	Total
Interest rate sensitive assets	$368,567,587	$24,638,868	$67,630,141	$34,050,229	$494,886,825
Interest rate sensitive liabilities	307,527,398	8,485,949	13,274,094	2,964,582	332,252,023
Interest rate sensitive gap	61,040,189	16,152,919	54,356,047	31,085,647	162,634,802
Net worth					47,293,907
Ratio of interest rate sensitive assets to liabilities (%)					148.95
Ratio of interest rate sensitive gap to net worth (%)					343.88

b. Interest rate sensitivity analysis (USD)

December 31, 2023

Units: in thousands of US Dollars

Item	Day 1 to 90 days	Day 91 to 180 days	Day 181 to 1 Year	Over 1 year	Total
Interest rate sensitive assets	$4,139,346	$381,508	$1,245,334	$233,107	$5,999,295
Interest rate sensitive liabilities	6,287,042	1,528,752	918,303	365,505	9,099,602
Interest rate sensitive gap	(2,147,696)	(1,147,244)	327,031	(132,398)	(3,100,307)
Net worth					31,636
Ratio of interest rate sensitive assets to liabilities (%)					65.93
Ratio of interest rate sensitive gap to net worth (%)					(9,799.93)

December 31, 2022

Units: in thousands of US Dollars

Item	Day 1 to 90 days	Day 91 to 180 days	Day 181 to 1 Year	Over 1 year	Total
Interest rate sensitive assets	$4,269,330	$68,890	$800,509	$49,290	$5,188,019
Interest rate sensitive liabilities	7,773,101	624,247	1,026,038	215,853	9,639,239
Interest rate sensitive gap	(3,503,771)	(555,357)	(225,529)	(166,563)	(4,451,220)
Net worth					681
Ratio of interest rate sensitive assets to liabilities (%)					53.82
Ratio of interest rate sensitive gap to net worth (%)					(653,629.96)

ii. Operational risk

A. Strategy and procedure of operational risk management

The Company has set up and follows the Operational and Technology Risk Type Framework ("O&T RTF") for operational risk management. The O&T RTF builds on Enterprise Risk Management Framework ("ERMF") and covers the operational risk related to inadequate or failed internal processes, technology events, human errors, or from the impact of external events (including legal risks). According to the O&T RTF, operational risks should be managed through the Risk and Control Self-Assessment ("RCSA") cycle, which includes the following stages: Process Universe, Inherent Risk Assessment, Control Design Assessment, Risk and Control Monitoring, Residual Risk Assessment, and Response and Reporting. Responsibility for the management of operational risk rests with businesses and functions. O&T RTF sets out the respective responsibilities of the Three Lines of Defense.

B. Operational risk management organization and structure

Governance over operational risk management is achieved through a defined structure of committees.

The Executive Risk Committee ("ERC") is designed to oversee and to challenge the effectiveness of risk management and control. They may also be authorized to take certain risk acceptance and control decisions which are outside the authority of individual managers. The ERC oversees the management of operational risks at the country level and ensures that an appropriate and robust risk management framework is in place to monitor and manage operational risk. Its scope includes all client segments, products and functions.

The Company also receives strong support from SCB regional and group business and operational risk management functions based outside of Taiwan.

C. The scope and characteristics of operational risk report and evaluation system

According to O&T RTF, the First line of Defense ("1LoD") is required to comply with the applicable laws and regulatory expectations, and manage the risk that arises from first line activities, and comply with policies set by the Second Line of Defense ("2LoD"). The 2LoD is responsible to provide challenge, guidance, and oversight over the 1LoD, set policies that the 1LoD must adhere to, assess the overall risk levels relating to Operational Risk sub-types, and to confirm the effectiveness of their policies to the Country Head of OR.

The operational risk subtypes include transaction processing, product management, client service resilience, technology risk, change management, people management, safety and security, corporate governance, enterprise risk governance, financial books and records, financial regulatory reporting, tax obligations, and legal enforceability.

The 1LoD defines monitors, i.e. Key Control Indicators ("KCIs") and Control Sample Tests ("CSTs"), and sets benchmark thresholds for Key Control Indicators. Group Internal Audit acts as the Third Line of Defence ("3LoD"), independently assessing whether the First and Second Line controls and risk management processes are effective.

D. Policies for operational risk hedge/mitigation, as well as the strategy and procedure for maintaining efficiency in risk hedge/mitigation tools

The Company conducts its risk identification and assessment (including loss incidents and self-assessment) in accordance with the O&T RTF. The identified risk shall be escalated to the authority defined in O&T RTF for risk monitoring by the management.

Risk management information shall at least include: detailed information of operational risk exposure, risk ratings (including impact and likelihood ratings), risk and mitigation action ownership, target date for reducing risk exposure within appetite. Risk management information must also ensure data quality by verified and monitored data source.

E. Method used for regulatory capital calculation

Basic Indicator Approach.

iii. Compliance and legal risk

Compliance and legal risks arise from the possibility that an entity may not be able to comply with laws or regulations, and a contract or legal documentation may likely cause loss due to illegality, incompleteness or unfairness, which results in a regulations breach or disputes. The Conduct, Financial Crime and Compliance Department of the Company is responsible for taking charge of the planning, management, and execution of the regulatory compliance system. And as the designated department in charge of the planning, implementation and supervision of each department’s executions for Treating Customers Fairly Principles, also including Money laundering, terrorist financing, and financial crime supervision, such as the planning and implementation of policies and procedures for identifying, assessing and monitoring money laundering and terrorist financing risks, and coordinating and supervising the implementation of the company-wide Anti-Money Laundering and Counter Terrorist Financing risk identification and assessment. The Legal Department of the Company is responsible for providing advisory services to legal aspects of transaction documents including legality and enforceability of such transaction documents. The two departments together are to make sure that the financial structure and operations of the Company follows relevant regulatory compliance and legal matters.

iv. Credit risk management

A. Credit risk strategy, goal, policy and procedure

The management of risk lies at the heart of the Company's business. One of the main risks we incur arises from extending credit to customers through our trading and lending operations.

Effective risk management is fundamental to being able to generate profits continuously and sustainably and is thus a central part of the financial and operational management of the Company.

a. Strategy and Goal

Through our enterprise risk management framework ("ERMF"), we manage enterprise-wide risks with the objective of optimizing risk-adjusted returns while remaining within our risk appetite.

Under the ERMF, we use a set of principles that describe the risk management culture we wish to sustain:

- Balancing risk and return: A sustainable franchise is built by managing the integrate risks and in the interest of all the stakeholders; risks that the Company is taken are consistent with the approved strategy and within the Company's risk tolerances and risk appetite. The Company manages the risk profile to maintain a low probability of an unexpected loss event that would materially undermine the confidence of the investors;

- Conduct of business: The Company demonstrate the 'Here for Good' through the conduct. The Company seeks to achieve good outcomes for clients and investors in the markets which the Company operates, while abiding by the relevant laws and regulations. The Company treats all colleagues fairly and with respect;

- Responsibility and accountability: The Company takes individual responsibility to ensure risk-taking is disciplined and focused, particularly within our area of authority. The Company makes sure risk taking is transparent, controlled and reported within risk appetite;

- Anticipation: The Company seeks to anticipate material future risks, learn lessons from events that have produced adverse outcomes and ensure awareness of known risks; and

- Competitive advantage: The Company seeks competitive advantage through efficient and effective risk management and control.

b. Policies and procedures

The credit policies and procedures are considered and approved by the Board, which also oversees the delegation of credit approval and loan impairment provisioning authorities. Policies and procedures that are specific to each business are established. These are consistent with the Group-wide credit policies, but are more detailed and adapted to reflect the different risk environments and portfolio characteristics.

B. Credit risk management organization and structure

Ultimate responsibility for the effective management of risk rests with the Company Board. The Executive Risk Committee, through its authority delegated by the Board, is directly responsible for the management of credit risk.

The management of credit risk includes approving standards (and policies) for the measurement and management of credit risk, approval of delegated approval authority framework and responsibilities to sub-committees and to Risk Officers. The Risk function is independent of the origination, trading and sales functions to ensure that the necessary balance in risk/return decisions is not compromised. The Board receives regular reports on risk management and is authorized to investigate or seek any information relating to an activity within its term of reference.

Internal Audit is an independent function that reports to the Board. It provides assurance that policies and procedures are being complied with. The findings and recommended corrective actions from the audits are reported to all relevant management and governance bodies.

C. The scope and characteristics of credit risk report and evaluation system

Risk measurement plays a central role, along with judgment and experience, in informing risk-taking and portfolio management decisions.

Various risk measurement systems are available to the Risk function to enable them to assess and manage the credit portfolio. These include systems to calculate probability of default (“PD”), loss given default (“LGD”) and exposure at default (“EAD”) on a transaction, counterparty and portfolio basis.

A number of internal risk management reports are produced on a regular basis, providing information such as individual counterparty, counterparty group, portfolio exposure, credit grade migration, the status of accounts or portfolios showing signs of weakness or financial deterioration, models performance and updates on credit markets.

The Company regularly monitors credit exposures, portfolio performance, and external trends which may impact risk management outcomes. Internal risk management reports are presented to risk committees, containing information on key environmental, political and economic trends across major portfolios and countries, portfolio delinquency and loan impairment performance.

D. Policies for credit risk hedge and mitigation, as well as the strategy and procedure for maintaining efficiency in risk hedge and mitigation tools

Potential credit losses from any given accounts, customers or portfolios are mitigated using a range of tools such as collateral, netting agreements, credit insurance, credit derivatives and other guarantees. The reliance that can be placed on these mitigates is carefully assessed in light of potential issues such as legal certainty and enforceability, market valuation correlation and counterparty risk of the guarantor.

Risk mitigation policies determine the eligibility of collateral types. Collateral types which are eligible for risk mitigation include: cash, residential, commercial and industrial property; fixed assets such as motor vehicles, aircrafts, plants and machineries, marketable securities, commodities, bank guarantees and letters of credit. The Company also enters into collateralized reverse repurchase agreements.

Where guarantees or credit derivatives are used as Credit Risk Mitigation (“CRM”), the creditworthiness is assessed and established using the credit approval process in addition to that of the obligor or main counterparty.

Collateral is valued in accordance with the CRM, which prescribes the frequency of valuation for different collateral types, based on the level of price volatility of each type of collateral and the nature of the underlying product or risk exposure. Collateral held against impaired loans is maintained at fair value.

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

Certain credit exposures, e.g. non-recourse receivable service, are mitigated using credit default insurance.

Bilateral and multilateral netting agreements are used to reduce settlement counterparty risk. Settlement exposures are generally netted using bilateral netting documentation in legally approved jurisdictions, Delivery vs. Payment or Payment vs. Payment systems.

E. Method used for regulatory capital calculation

Standardized Approach.

F. Maximum exposure to credit risk

Without taking collateral or other credit enhancement mitigation effects into account, the maximum exposure to credit risk of on-balance-sheet financial assets are equal to their carrying values. Maximum exposures of financial instruments (without taking collateral or other credit enhancement, and irrevocable maximum exposure) were as follows:

	Maximum exposure to credit risk	
Off-balance-sheet items	December 31, 2023	December 31, 2022
Other guarantees	$10,276,860	$7,117,800
Unused amount of irrevocable loan commitments	6,292,069	4,900,906
Unused amount of irrevocable letters of credit	783,507	579,931
Total	$17,352,436	$12,598,637

Due to the Company’s use of a stricter selection process for credit risk followed by subsequent periodic review, the Company’s management assessed a more sustainable control to minimize the Company’s off-balance-sheet items for credit risk.

G. Concentrations of credit risk

Financial instruments counterparties are significantly concentrated onto one person or multiple people. Concentration of credit risk exists if a number of counterparties are engaged in similar activities, activities in the same region, or have similar economic characteristics that would cause their abilities to meet contractual obligations to be similarly affected by changes in economic or other conditions.

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

The Company’s concentration of credit risk is derived from assets, liabilities, off-balance sheets items, compliance or enforcement by transactions (regardless of the product or service), or arises from a combination of categories including credit, due from banks and call loans to banks, portfolio investments, and other receivables and derivatives. The Company currently has no concentration of transaction to a single counterparty nor a single transaction with a counterparty for the Company’s discounts and loans, and non-performing loans that are significant. The following table illustrates the diversification of the loan portfolio among industry sectors, geographical regions and collateral types of the Company:

a. By industry

	December 31, 2023	December 31, 2022
Individual	$229,322,384	$215,647,619
Manufacturing	31,596,041	30,678,030
Transportation and warehousing	6,015,033	9,703,048
Financial industry	6,786,592	6,326,450
Commercial	2,806,094	2,529,841
Government	-	10,500,000
Other	14,663,989	17,105,476
Total	$291,190,133	$292,490,464

b. By area

	December 31, 2023	December 31, 2022
Domestic	$273,934,706	$263,857,407
Overseas	17,255,427	28,633,057
Total	$291,190,133	$292,490,464

c. By collateral

	December 31, 2023	December 31, 2022
Unsecured	$85,762,048	$88,107,761
Secured		
- Real estate	197,024,037	187,960,034
- Movable assets	5,628,723	10,929,695
- Debt instruments	1,825,347	2,366,737
- Other	949,978	3,126,237
Total	$291,190,133	$292,490,464

H. Credit quality and impairment analysis on financial assets

The main criteria for identifying significant increase in credit risk since initial recognition are as follows:

a. Internal/external risk rating of credit extensions at the reporting date deteriorates significantly compared to that at the initial recognition date.
b. Significant change in the probability of default over the lifetime since origination.
c. Borrowers that fail to make payment and are past due over 30 days.
d. Borrowers that have outstanding amounts unpaid, past maturity dates and are overdue for the agreed grace period.
e. Borrowers that have significant deterioration in ability to repay and face the compulsory enforcement, debt restructuring or legal action.
f. Borrowers that have been placed as Early Alert – Non-Purely Precautionary (EA-NPP) are concluded by Credit Issue Committee (CIC) to have fundamental deterioration in creditworthiness which requires closer scrutiny and monitoring.

Definitions of default and credit impaired financial assets:

An account is in default when the borrower fails to make payments and account is over 90 days past due.

Besides, if there is objective evidence that borrower cannot make payments or there is evidence that borrower is in financial difficulty, the account can be considered as impaired:

a. Borrower is deceased.
b. Borrower has declared bankruptcy or may declare bankruptcy or financial restructuring.
c. Enterprise has been temporarily suspended.
d. Borrower has applied for debt restructuring program (including internal or government programs) due to financial difficulty.

Consideration factors of forward-looking information:

To determine if there has either been a significant increase in credit risk post deal origination and to assess expected credit loss (ECL) for financial assets, the Company adopts a forward looking approach to generate multiple macroeconomic scenarios to ensure that ECL has been evaluated in a range of possible outcomes.

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

The Company applies historical data to analyze and to identify key macroeconomic variables, such as real GDP, import and export values, consumer price index, and unemployment rate, that will have critical impact on the portfolio’s credit performance as well as credit expected loss.

The Company generates base macroeconomic scenario by obtaining the forecasts of exchange rates, GDP and inflation rates from the economic research team. Moreover, to incorporate the non-linearity of ECL as well as to increase the visibility of macroeconomic forecasts, multiple macroeconomic scenarios are generated via Monte Carlo simulation, and the weighted average result of multiple scenario outcomes is applied to evaluate against the criteria of significant increase in credit risk and as well as to estimate ECL.

Some of the financial assets held by the Company, such as cash and cash equivalents, due from the Central Bank and call loans to banks, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, derivative financial assets for hedging, and securities purchased under resell agreements and debt instruments are excluded from this analysis since the counterparty is normally with good credit quality and can be considered as low credit risk. Below tables provide the credit quality analysis for other financial assets.

(i) Credit quality analysis

	December 31, 2023											
	Stage 1				Stage 2				Stage 3			
	Investment grade	Sub-investment grade	High risk grade	Subtotal	Investment grade	Sub-investment grade	High risk grade	Subtotal	Individually impaired	Collectively impaired	Allowance of bad debt	Total
Balance sheet items												
Accounts receivable												
-Accounts receivable factoring	$11,798,578	$11,961,839	$-	$23,760,417	$248,697	$-	$-	$248,697	$-	$-	$244,091	$23,765,023
-Credit cards receivable	1,753,611	1,387,477	86	3,141,174	23	9,770	3,997	13,790	59,251	166,086	100,963	3,279,338
Discounts and loans												
-Consumer banking	185,692,000	35,781,765	2,526,343	224,000,108	144,007	1,483,203	1,388,587	3,015,797	316,758	2,084,388	4,020,482	225,396,569
-Wholesale banking	44,232,135	15,786,959	-	60,019,094	996,787	474,251	1,644	1,472,681	68,934	127,402	1,127,564	60,560,548
-Non-accrual loans	-	-	-	-	-	-	-	-	16,579	68,391	16,579	68,391
Other financial assets												
-Non-accrual loans other than those reclassified form loans	-	-	-	-	-	-	-	-	7,082	-	7,082	-
Off-balance sheet items												
Loan commitments and guarantees	11,990,971	5,120,230	-	17,111,201	1,744	239,491	-	241,235	-	-	132,530	17,219,906

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

	December 31, 2022											
	Stage 1				Stage 2				Stage 3			
	Investment grade	Sub-investment grade	High risk grade	Subtotal	Investment grade	Sub-investment grade	High risk grade	Subtotal	Individually impaired	Collectively impaired	Allowance of bad debt	Total
Balance sheet items												
Accounts receivable												
-Accounts receivable factoring	$10,387,836	$-	$-	$10,387,836	$2,769,302	$-	$-	$2,769,302	$-	$-	$135,571	$13,021,567
-Credit cards receivable	1,768,647	1,334,779	79	3,103,505	-	8,952	4,002	12,954	73,702	207,595	131,162	3,266,594
Discounts and loans												
-Consumer banking	177,210,657	32,027,413	2,319,137	211,557,207	188,737	708,413	904,636	1,801,786	353,378	2,166,924	3,656,517	212,222,778
-Wholesale banking	56,296,101	15,090,696	-	71,386,797	2,134,568	2,846,474	-	4,981,042	81,153	85,399	1,153,412	75,380,979
-Non-accrual loans	-	-	-	-	-	-	-	-	18,332	58,446	18,332	58,446
Other financial assets												
-Non-accrual loans other than those reclassified form loans	-	-	-	-	-	-	-	-	7,253	-	7,253	-
Off-balance sheet items												
Loan commitments and guarantees	8,165,967	2,871,296	-	11,037,263	581,222	980,152	-	1,561,374	-	-	103,667	12,494,970

I. Asset quality of non-performing loans and overdue receivables

a. Asset quality of the Company

Product \ Period			December 31, 2023				
			Non-performing loan	Loan balances	NPL ratio	Allowance for bad debts	Coverage ratio
Wholesale Banking	Secured		$76,717	$5,547,413	1.38%	$96,751	126.11%
	Unsecured		21,970	56,199,027	0.04%	1,047,289	4,766.90%
Consumer Banking	Mortgage		64,193	157,335,332	0.04%	2,395,163	3,731.19%
	Personal loan		241,114	35,726,315	0.67%	1,618,374	671.21%
	Others	Secured	14,470	35,537,222	0.04%	5,119	35.38%
		Unsecured	-	844,824	-%	1,929	-%
Total			418,464	291,190,133	0.14%	5,164,625	1,234.19%
			Overdue receivables	Accounts receivable	Overdue ratio	Allowance for bad debts	Coverage ratio
Credit card			7,328	3,380,301	0.22%	100,963	1,377.77%
Factoring loan receivable without recourse			-	24,009,114	-%	244,091	-%

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

Product \ Period			December 31, 2022				
			Non-performing loan	Loan balances	NPL ratio	Allowance for bad debts	Coverage ratio
Wholesale Banking	Secured		$58,119	$7,725,322	0.75%	$89,537	154.06%
	Unsecured		16,613	68,872,739	0.02%	1,082,207	6,514.22%
Consumer Banking	Mortgage		26,873	152,895,910	0.02%	2,327,883	8,662.53%
	Personal loan		150,156	30,342,086	0.49%	1,308,694	871.56%
	Others	Secured	14,666	31,645,368	0.05%	17,153	116.96%
		Unsecured	-	1,009,039	-%	2,787	-%
Total			266,427	292,490,464	0.09%	4,828,261	1,812.23%
			Overdue receivables	Accounts receivable	Overdue ratio	Allowance for bad debts	Coverage ratio
Credit card			8,272	3,397,756	0.24%	131,162	1,585.61%
Factoring loan receivable without recourse			-	13,157,138	-%	135,571	-%

The information below shows that may be exempted from reporting as overdue loans and overdue receivables.

	December 31, 2023		December 31, 2022	
	Loans that may be exempted from reporting as overdue loans	Receivables that may be exempted from reporting as overdue receivables	Loans that may be exempted from reporting as overdue loans	Receivables that may be exempted from reporting as overdue receivables
The amount under inter-bank debt relief program without default by debtors	$903	$2,012	$1,185	$3,240
The amount under debt discharge program and rehabilitation program without default by debtors	115,164	14,577	129,887	18,342
	$116,067	$16,589	$131,072	$21,582

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

b. Concentration of corporate credit risk for the Company

December 31, 2023				
Rank	Industry classification of group enterprise		Outstanding credit	% of net assets
1	A Group	Packaging and testing of semi- conductors	$5,528,676	10.92%
2	B Company	Other service activities incidental to water transportation	4,825,000	9.53%
3	C Group	Electronic parts and components manufacturing not elsewhere classified	4,666,376	9.22%
4	D Company	Electricity transmission and distribution enterprise	3,967,312	7.84%
5	E Group	Manufacture of automobile parts	2,952,189	5.83%
6	F Company	Electronic parts and components manufacturing not elsewhere classified	2,859,355	5.65%
7	G Group	Electronic parts and components manufacturing not elsewhere classified	2,272,373	4.49%
8	H Group	Manufacture of cement	2,100,000	4.15%
9	I Company	Food manufacturing not elsewhere classified	2,021,705	3.99%
10	J Company	Electronic parts and components manufacturing not elsewhere classified	2,000,000	3.95%

December 31, 2022				
Rank	Industry classification of group enterprise		Outstanding credit	% of net assets
1	A Group	Packaging and testing of semi- conductors	$5,294,258	11.21%
2	H Group	Manufacture of cement	3,807,205	8.06%
3	D Company	Electricity transmission and distribution enterprise	3,698,012	7.83%
4	E Group	Manufacture of automobile parts	3,339,654	7.07%
5	C Group	Electronic parts and components manufacturing not elsewhere classified	2,969,334	6.29%
6	K Group	Air transport	2,393,125	5.07%
7	L Group	Vessel carries	2,113,363	4.48%
8	M Group	Other service activities incidental to water transportation	2,067,532	4.38%
9	B Company	Other service activities incidental to water transportation	1,900,000	4.02%
10	N Company	Real estate development activities	1,830,103	3.88%

Note: The above listed group enterprises refer to a group of corporate entities defined by Article 6 of the Supplementary Provisions to the Taiwan Stock exchange Corporation Criteria for Review of Securities Listings.

v. Liquidity risk management mechanism

A. Definition and sources of liquidity risk

Liquidity risk is the potential that the Company either does not have sufficient liquid financial resources available to meet all its obligations as they fall due, or can only access these financial resources at excessive cost.

B. Management procedures of liquidity risk

The Liquidity Risk Framework governs liquidity risk and is managed by Asset and Liability Committee. The Company maintains a liquid portfolio of marketable securities as a liquidity buffer as required by local regulations. In total, it maintains a liquidity buffer of $148 billion as of December 31, 2023, which is equivalent to 20.58 % of the Company's total assets. The level of the Company's aggregate liquid reserves is in accordance with local regulatory minimum liquidity requirements.

The asset side of the balance sheet is of equal importance to the Company's balance sheet as the liability side. The Company's balance sheet is fluid as evidenced by the majority of wholesale banking lending and fixed income assets are contractually less than one year in tenor.

The Company is of the view that capital is not a mitigation for liquidity risk; liquid reserves and a short tenured book are the appropriate mitigation. Accordingly, the Company does not hold capital in respect of liquidity risk.

C. Financial assets held for liquidity risk management

The Company holds cash and high quality liquid assets to support the repay liability and the potential urgency for cash demand emerges from market environment. The assets held for liquidity risk management include cash and cash equivalents, due from the Central Bank and call loans to banks, financial assets at fair value through profit or loss, discounts and loans, and financial assets at fair value through other comprehensive income.

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

D. Maturity analysis of non-derivatives liabilities

The table below shows the analysis of non-derivative liabilities based on time remaining until the contractual maturity dates.

	December 31, 2023				
	Within 3 months	3 months~ 1 year	1~5 years	Over 5 years	Total
Deposits from the Central Bank and banks	$1,257,120	$910	$-	$-	$1,258,030
Payables	3,264,516	-	-	-	3,264,516
Related parties payable	5,962,550	-	-	-	5,962,550
Deposits and remittances	484,169,702	108,487,150	7,806,596	-	600,463,448
Financial debentures	2,200	6,149,150	-	-	6,151,350
Other financial liabilities	-	-	15,373	-	15,373
Lease liabilities	106,575	250,468	907,280	1,146,565	2,410,888
Total	$494,762,663	$114,887,678	$8,729,249	$1,146,565	$619,526,155

	December 31, 2022				
	Within 3 months	3 months~ 1 year	1~5 years	Over 5 years	Total
Deposits from the Central Bank and banks	$1,570,598	$67,650	$-	$-	$1,638,248
Payables	5,077,449	-	-	-	5,077,449
Related parties payable	4,291,102	-	-	-	4,291,102
Deposits and remittances	502,457,507	72,430,557	12,618,581	-	587,506,645
Financial debentures	2,200	-	6,146,643	-	6,148,843
Other financial liabilities	201,262	30,733	-	-	231,995
Lease liabilities	104,088	240,986	979,728	1,303,265	2,628,067
Total	$513,704,206	$72,769,926	$19,744,952	$1,303,265	$607,522,349

E. Maturity analysis of derivative financial liabilities

The Company evaluates the maturity of the derivative financial liabilities listed on the balance sheets to analyze their basic elements. The amount disclosed is based on contractual cash flows and may be different from those included in the balance sheets. The maturity analysis of net settled derivative liabilities were as follows:

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

a. Maturity analysis of net settled derivatives

	December 31, 2023					
	0~30 days	31~90 days	91~180 days	181 days-1 year	Over 1 year	Total
Derivative financial instruments at fair value through profit or loss						
Foreign exchange derivative instruments	$82,435	$5,004	$167,082	$83,254	$-	$337,775
Interest rate derivative instruments	36,999	356,318	614,930	733,501	14,132,295	15,874,043
Derivative financial instruments for hedging						
Interest rate derivative instruments	-	-	-	-	63,104	63,104
	$119,434	$361,322	$782,012	$816,755	$14,195,399	$16,274,922

	December 31, 2022					
	0~30 days	31~90 days	91~180 days	181 days-1 year	Over 1 year	Total
Derivative financial instruments at fair value through profit or loss						
Foreign exchange derivative instruments	$188,425	$303,929	$224,677	$110,480	$-	$827,511
Interest rate derivative instruments	30,592	107,142	255,521	1,118,966	15,906,860	17,419,081
Derivative financial instruments for hedging						
Interest rate derivative instruments	1,571	5,420	-	20,362	82,755	110,108
	$220,588	$416,491	$480,198	$1,249,808	$15,989,615	$18,356,700

b. Maturity analysis of gross settled derivatives

	December 31, 2023					
	0~30 days	31~90 days	91~180 days	181 days-1 year	Over 1 year	Total
Derivative financial instruments at fair value through profit or loss						
Foreign exchange derivative instruments						
Cash outflow	$263,643,149	$375,286,131	$187,280,406	$69,498,687	$13,361,226	$909,069,599
Cash inflow	257,088,727	366,019,166	184,340,096	69,094,286	12,817,114	889,359,389
Derivative financial instruments for hedging						
Foreign exchanges derivative instruments						
Cash outflow	-	897,055	4,970,830	13,552,300	5,283,859	24,704,044
Net cash flow	$(6,554,422)	$(10,164,020)	$(7,911,140)	$(13,956,701)	$(5,827,971)	$(44,414,254)

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

	December 31, 2022					
	0~30 days	31~90 days	91~180 days	181 days-1 year	Over 1 year	Total
Derivative financial instruments at fair value through profit or loss						
Foreign exchange derivative instruments						
Cash outflow	$213,563,145	$325,267,124	$157,691,114	$117,801,330	$16,839,046	$831,161,759
Cash inflow	207,021,170	316,805,143	153,486,699	111,275,441	15,291,043	803,879,496
Derivative financial instruments for hedging						
Foreign exchanges derivative instruments						
Cash outflow	-	-	1,295,698	13,208,948	-	14,504,646
Net cash flow	$(6,541,975)	$(8,461,981)	$(5,500,113)	$(19,734,837)	$(1,548,003)	$(41,786,909)

F. Maturity analysis of off-balance-sheet items

Tables below show the maturity analysis of off-balance-sheet items for the Company. The amount of the guarantee and committed credit lines will be allocated to the earliest period when such obligation can be exercised anytime by clients. The amount disclosed is based on contractual cash flows and may be different from that included in the balance sheets.

	December 31, 2023				
	0~30 days	31~90 Days	91 days~1 year	Over 1 year	Total
Other guarantees	$358,298	$3,398,405	$5,404,528	$1,115,629	$10,276,860
Unused amount of irrevocable loan commitments	-	-	-	6,292,069	6,292,069
Unused amount of irrevocable letters of credit	71,235	486,015	226,257	-	783,507
	$429,533	$3,884,420	$5,630,785	$7,407,698	$17,352,436

	December 31, 2022				
	0~30 days	31~90 Days	91 days~1 year	Over 1 year	Total
Other guarantees	$462,513	$901,349	$4,095,544	$1,658,394	$7,117,800
Unused amount of irrevocable loan commitments	-	-	158,679	4,742,227	4,900,906
Unused amount of irrevocable letters of credit	119,452	450,902	9,577	-	579,931
	$581,965	$1,352,251	$4,263,800	$6,400,621	$12,598,637

G. Structure analysis of maturity, New Taiwan Dollars

December 31, 2023

	Total	Remaining period to maturity					
		0~10 days	11~30 days	31~90 days	91~180 days	181 days~1 year	Over 1 year
Main capital inflow on maturity	$1,135,053,020	$109,763,191	$186,128,593	$280,160,773	$161,628,407	$133,137,219	$264,234,837
Main capital outflow on maturity	1,194,631,434	80,507,215	162,368,961	371,032,327	203,015,805	94,450,206	283,256,920
Gap	(59,578,414)	29,255,976	23,759,632	(90,871,554)	(41,387,398)	38,687,013	(19,022,083)

December 31, 2022

	Total	Remaining period to maturity					
		0~10 days	11~30 days	31~90 days	91~180 days	181 days~1 year	Over 1 year
Main capital inflow on maturity	$1,112,345,432	$101,934,749	$122,339,849	$242,910,608	$175,726,437	$207,443,404	$261,990,385
Main capital outflow on maturity	1,176,223,902	92,271,756	131,173,895	330,812,220	181,426,664	167,540,249	272,999,118
Gap	(63,878,470)	9,662,993	(8,834,046)	(87,901,612)	(5,700,227)	39,903,155	(11,008,733)

H. Structure analysis of maturity, US Dollars

December 31, 2023

Units: in thousands of US Dollars

	Total	Remaining period to maturity				
		0~30 days	31~90 days	91~180 days	181 days~1 year	Over 1 year
Main capital inflow on maturity	$36,452,760	$11,519,401	$12,569,191	$7,747,744	$3,692,534	$923,890
Main capital outflow on maturity	39,546,215	12,097,501	13,150,438	7,158,141	3,637,520	3,502,615
Gap	(3,093,455)	(578,100)	(581,247)	589,603	55,014	(2,578,725)

December 31, 2022

Units: in thousands of US Dollars

	Total	Remaining period to maturity				
		0~30 days	31~90 days	91~180 days	181 days~1 year	Over 1 year
Main capital inflow on maturity	$34,776,753	$9,363,231	$11,255,573	$6,462,609	$6,638,566	$1,056,774
Main capital outflow on maturity	37,442,511	10,589,456	12,131,955	5,776,782	5,545,375	3,398,943
Gap	(2,665,758)	(1,226,225)	(876,382)	685,827	1,093,191	(2,342,169)

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

iv. The offsetting information for financial assets and financial liabilities

The Company has signed total net executable settlement contracts and similar agreements. When both parties choose to conduct the settlement using the net amount, it is acceptable to use the net amount after offsetting the financial assets and financial liabilities. If not, the total value is used in the settlement. If one party defaults, the other party has the right to select the net amount during the settlement.

The table below shows the relevant offsetting information for financial assets and financial liabilities:

	December 31, 2023					
	Financial assets under net executable settlement contracts or similar agreements					
				Relevant amounts not offset in balance sheet (d)		
	Total financial assets recognized (a)	Offset total financial liabilities recognized in balance sheet (b)	Net financial assets reported in balance sheet (c)=(a)-(b)	Financial instruments (Note)	Cash collateral received	Net amount (e)=(c)-(d)
Derivative financial assets	$35,650,246	$-	$35,650,246	$16,805,370	$3,759,313	$15,085,563
Securities and bonds purchased under resell agreements	21,390,034	-	21,390,034	-	21,390,034	-
Total	$57,040,280	$-	$57,040,280	$16,805,370	$25,149,347	$15,085,563

	December 31, 2022					
	Financial assets under net executable settlement contracts or similar agreements					
				Relevant amounts not offset in balance sheet (d)		
	Total financial assets recognized (a)	Offset total financial liabilities recognized in balance sheet (b)	Net financial assets reported in balance sheet (c)=(a)-(b)	Financial instruments (Note)	Cash collateral received	Net amount (e)=(c)-(d)
Derivative financial assets	$45,127,907	$-	$45,127,907	$25,330,538	$4,476,656	$15,320,713
Securities and bonds purchased under resell agreements	13,860,254	-	13,860,254	-	13,860,254	-
Total	$58,988,161	$-	$58,988,161	$25,330,538	$18,336,910	$15,320,713

	December 31, 2023					
	Financial liabilities under net executable settlement contracts or similar agreements					
				Relevant amounts not offset in balance sheet (d)		
	Total financial liabilities recognized (a)	Offset total financial assets recognized in balance sheet (b)	Net financial liabilities reported in balance sheet (c)=(a)-(b)	Financial instruments (Note)	Cash collateral pledged	Net amount (e)=(c)-(d)
Derivative financial liabilities	$39,887,089	$-	$39,887,089	$16,805,370	$5,732,804	$17,348,915

	December 31, 2022					
	Financial liabilities under net executable settlement contracts or similar agreements					
				Relevant amounts not offset in balance sheet (d)		
	Total financial liabilities recognized (a)	Offset total financial assets recognized in balance sheet (b)	Net financial liabilities reported in balance sheet (c)=(a)-(b)	Financial instruments (Note)	Cash collateral pledged	Net amount (e)=(c)-(d)
Derivative financial liabilities	$44,834,546	$-	$44,834,546	$25,330,538	$5,001,298	$14,502,710

Note: Includes net amount settlements and financial guarantees of non-cash items.

v. Capital management

A. Summary

The goals of the Company’s capital management are shown below:

a. To maintain adequate levels of capital so as to support business growth and to meet regulatory capital requirements, which is the Company’s fundamental goal for capital management. The Company calculates qualified capital and regulatory capital requirement in accordance with rules issued by the regulator.

b. To hold adequate levels of capital so as to take on all risks arising from the business. The assessment of adequate capital takes into consideration the risk profile and characteristics. The risk management process is conducted through capital risk appetite.

B. Capital management procedures

The Company maintains the capital adequacy ratio in line with the regulatory requirement and reports to the regulator on a quarterly basis. The Company’s capital is managed by the Asset and Liability Committee. The regulatory capital is the aggregate amount of Tier 1 Capital and Tier 2 Capital following the “Regulations Governing the Capital Adequacy and Capital Category of Banks”:

a. Tier 1 Capital: The aggregate amount of Common Equity and additional Tier 1 Capital.

i) Common equity Tier 1 capital: Consists of the common equity deducting intangible assets, the deferred tax assets due to losses from previous years, the insufficiency of operation reserves and loan loss provisions, the revaluation surplus of real estate, and the statutory adjustment items calculated in accordance with other rules for calculation methods.

The common equity Tier 1 capital shall be the sum of the following items:

- Common stock and additional paid-in capital in excess of par-common stock
- Capital collected in advance
- Capital reserve
- Legal reserve
- Special reserve
- Accumulated profit or loss
- Non-controlling interests
- Other items in stockholders’ equity

ii) Additional Tier 1 capital: Consists of the aggregate amount of non-cumulative perpetual preferred stock and its capital stock premium, non-cumulative perpetual subordinated debts, etc.

b. Tier 2 capital: Consists of the aggregate amount of cumulative perpetual preferred stock and its capital stock premium, cumulative perpetual subordinated debts, convertible subordinated debts, long-term subordinated debts and non-perpetual preferred stock and its capital stock premium, and allowed operational reserves and loan-loss provisions, etc.

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

C. Capital adequacy

Item \ Period-end			December 31, 2023	December 31, 2022
Regulatory capital	Common equity Tier 1 capital		$47,408,567	$44,165,236
	Additional Tier 1 capital		-	-
	Tier 2 capital		3,251,558	4,235,280
	Total regulatory capital		50,660,125	48,400,516
Risk-weighted assets	Credit risk	Standardized approach (SA)	251,169,326	230,777,722
		Internal ratings-based approach (IRB)	-	-
		Securitization	-	-
	Operational risk	Basic indicator approach (BIA)	26,002,241	23,397,382
		Standardized approach (SA) /Alternative standardized approach	-	-
		Advanced measurement approaches (AMA)	-	-
	Market risk	Standardized approach (SA)	50,601,409	42,072,468
		Internal models approach (IMA)	-	-
	Total risk-weighted assets		327,772,976	296,247,572
Capital Adequacy ratio			15.46%	16.34%
Ratio of common equity Tier 1 capital to total risk-weighted assets			14.46%	14.91%
Ratio of Tier 1 capital to total risk-weighted assets			14.46%	14.91%
Leverage ratio			6.50%	6.12%

Note: Capital Adequacy was prepared in compliance with Regulations Governing the Capital Adequacy and Capital Category of Banks.

7. Related party transactions

Name and relationship of related parties

Name	Relationship
Standard Chartered PLC ("SC PLC")	The ultimate parent company
Standard Chartered Bank Hong Kong Limited ("SCB Hong Kong")	Parent company of SC NEA
Standard Chartered NEA Limited ("SC NEA")	Parent company
Standard Chartered Bank ("SCB")	Affiliate
Standard Chartered Bank Taipei Branch ("SCB Taipei")	Affiliate
Standard Chartered Bank New York ("SCB New York")	Affiliate
Standard Chartered Bank Japan ("SCB Japan")	Affiliate
Standard Chartered Bank Singapore ("SCB Singapore")	Affiliate
Standard Chartered Bank Germany ("SCB Germany")	Affiliate
Standard Chartered Global Business Services Private Limited	Affiliate
Standard Chartered Global Business Services Sdn Bhd	Affiliate
Standard Chartered Bank South Africa Limited ("SCB South Africa")	Affiliate
Standard Chartered Bank China Limited ("SCB China")	Affiliate
Standard Chartered Bank Thailand Limited ("SCB Thailand")	Affiliate
Standard Chartered Bank Korea Limited ("SCB Korea")	Affiliate
Standard Chartered Bank Vietnam Limited ("SCB Vietnam")	Affiliate
Standard Chartered Bank North America ("SCB North America")	Affiliate
Standard Chartered Bank Philippines Limited ("SCB Philippines")	Affiliate
Standard Chartered Bank Macau Limited ("SCB Macau")	Affiliate
Standard Chartered Bank Indonesia ("SCB Indonesia")	Affiliate
Standard Chartered Bank Dubai ("SCB Dubai")	Affiliate
Standard Chartered Bank France ("SCB France")	Affiliate
Standard Chartered Bank Australia ("SCB Australia")	Affiliate
Standard Chartered Bank India ("SCB India")	Affiliate
Standard Chartered Bank Qatar ("SCB Qatar")	Affiliate
Standard Chartered Bank Malaysia ("SCB Malaysia")	Affiliate
Standard Chartered Bank Angola ("SCB Angola")	Affiliate
Standard Chartered Bank Sweden ("SCB Sweden")	Affiliate
Standard Chartered Bank Cameroon ("SCB Cameroon")	Affiliate
Standard Chartered Bank Bahrain ("SCB Bahrain")	Affiliate
Standard Chartered Bank Turkey ("SCB Turkey")	Affiliate
Standard Chartered Bank Kenya ("SCB Kenya")	Affiliate
Standard Chartered Bank United Arab Emirates ("SCB UAE")	Affiliate
Standard Chartered Bank Mauritius ("SCB Mauritius")	Affiliate
Standard Chartered Bank Oman ("SCB Oman")	Affiliate
Standard Chartered Bank Jordan ("SCB Jordan")	Affiliate
Standard Chartered Bank Nepal ("SCB Nepal")	Affiliate
Standard Chartered Bank Saudi Arabia ("SCB Saudi")	Affiliate
Directors, President and Vice Presidents	The senior management of the Company
Others	According to IAS No.24, "Related Party Disclosure", related party should include: (1) Members of key management personnel or directors. (2) Spouse, and first or second-degree blood relatives of senior management, members of key management personnel or directors. (3) Senior management, members of key management personnel or directors and entities which people listed above are their directors, supervisors or presidents.

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

Significant transactions with related parties

(1) Deposits

December 31, 2023			
Name	Ending balance	Percentage of deposits (%)	Interest rate (%)
Deposits by individual related parties not over 1% of total deposits	$324,456	0.05%	0.00~9.05

December 31, 2022			
Name	Ending balance	Percentage of deposits (%)	Interest rate (%)
Deposits by individual related parties not over 1% of total deposits	$618,325	0.11	0.00~7.95

The interest rates applied to the related parties are based on the board rate for all significant impacts, and the deposit conditions are the same as those for general deposits. The interest rate on employee (members of key management personnel or directors) savings accounts was calculated based on the interest rate of time savings deposits with three-year term offered to the general public plus 3% with the maximum amount of $480 thousand.

For the years ended December 31, 2023 and 2022, interest expenses on the above deposits were $3,504 thousand and $3,150 thousand, respectively. As of December 31, 2023 and 2022, the interest payables on the above transaction were $267 thousand and $171 thousand, respectively, recorded under related parties payable.

As of December 31, 2023 and 2022, the time deposits of SCB Hong Kong were $23,059,313 thousand and $15,366,607 thousand, and the interest payables resulting from the above time deposits were $437,591 thousand and $264,321 thousand, respectively, recorded under related parties payable. For the years ended December 31, 2023 and 2022, interest expenses on the time deposits of SCB Hong Kong were $740,465 thousand and $296,402 thousand, respectively.

(2) Loans

December 31, 2023							
				Repayment			
Type of loan	Maximum Balance during the period	Number of accounts or name of related party	Ending balance	On-schedule	Overdue	Collateral	Difference between terms and conditions offered to the accounts and to the general public
Employee consumer loans	$7,412	7	$5,539	$5,539	$-	Unsecured lending	None
Mortgage	41,086	9	37,324	37,324	-	House	None

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

December 31, 2022							
				Repayment			
Type of loan	Maximum Balance during the period	Number of accounts or name of related party	Ending balance	On-schedule	Overdue	Collateral	Difference between terms and conditions offered to the accounts and to the general public
Employee consumer loans	$9,486	9	$6,781	$6,781	$-	Unsecured lending	None
Mortgage	68,772	13	41,788	41,788	-	House	None

For the years ended December 31, 2023 and 2022, interest income on the above loans were $910 thousand and $7,850 thousand, respectively. As of December 31, 2023 and 2022, the interest receivables from the above transaction were both $52 thousand, recorded under receivables-net.

(3) Foreign exchange and derivative instruments

December 31, 2023						
					Balance sheet	
Name	Contracts	Contracts duration period	Notional	Gain (loss) on valuation	Account	Balance
SCB	Interest rate swap	2024.1.2~ 2034.6.20	$2,688,918,510	$(488,898)	Financial assets at fair value through profit or loss	$11,289,516
					Financial liabilities at fair value through profit or loss	(11,131,906)
	Interest rate option	2024.9.30	1,537,288	(39,656)	Financial assets at fair value through profit or loss	39,583
	Spot/forward/swap	2024.1.2~ 2024.12.27	200,527,108	815,378	Financial assets at fair value through profit or loss	1,456,018
					Financial liabilities at fair value through profit or loss	(1,974,732)
	Cross currency swap	2024.2.22~ 2024.10.28	2,178,005	(210,017)	Financial assets at fair value through profit or loss	43,283
					Financial liabilities at fair value through profit or loss	(46,445)
	Foreign exchange option	2024.1.2~ 2025.7.2	32,413,795	126,407	Financial assets at fair value through profit or loss	6,052
					Financial liabilities at fair value through profit or loss	(67,035)
	Commodity swap	2024.1.16~ 2024.7.15	230,897	(14,759)	Financial liabilities at fair value through profit or loss	(14,140)
	Commodity option	2024.1.16~ 2024.10.15	466,573	12,759	Financial assets at fair value through profit or loss	5
					Financial liabilities at fair value through profit or loss	(3,480)
SCB Hong Kong	Spot/forward/swap	2024.1.2~ 2024.12.9	10,253,474	51,321	Financial assets at fair value through profit or loss	62,984
					Financial liabilities at fair value through profit or loss	(55,412)
SCB Germany	Spot/forward/swap	2024.1.16~ 2024.3.27	7,798,455	273,162	Financial assets at fair value through profit or loss	165,786
					Financial liabilities at fair value through profit or loss	(66,310)

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

December 31, 2022						
					Balance sheet	
Name	Contracts	Contracts duration period	Notional	Gain (loss) on valuation	Account	Balance
SCB	Interest rate swap	2023.1.3~ 2033.3.15	$1,893,241,870	$492,120	Financial assets at fair value through profit or loss	$13,280,664
					Financial liabilities at fair value through profit or loss	(12,634,156)
	Interest rate option	2023.6.12~ 2024.9.30	1,567,394	71,206	Financial assets at fair value through profit or loss	79,243
					Financial liabilities at fair value through profit or loss	(4)
	Spot/forward/swap	2023.1.3~ 2024.6.26	210,884,393	(1,325,087)	Financial assets at fair value through profit or loss	1,818,896
					Financial liabilities at fair value through profit or loss	(3,152,988)
	Cross currency swap	2023.2.23~ 2024.10.28	3,097,874	104,783	Financial assets at fair value through profit or loss	206,855
	Foreign exchange option	2023.1.3~ 2024.7.19	31,385,317	(151,270)	Financial assets at fair value through profit or loss	1,220
					Financial liabilities at fair value through profit or loss	(188,610)
	Commodity swap	2023.1.4~ 2023.7.5	71,055	8,489	Financial assets at fair value through profit or loss	6,711
					Financial liabilities at fair value through profit or loss	(6,092)
	Commodity option	2023.1.17~ 2023.4.26	2,085,064	(16,234)	Financial assets at fair value through profit or loss	2,940
					Financial liabilities at fair value through profit or loss	(19,174)
SCB Singapore	Spot/forward/swap	2023.1.3	1,047	1	Financial assets at fair value through profit or loss	1
SCB Hong Kong	Spot/forward/swap	2023.1.3~ 2023.12.29	11,138,635	(24,609)	Financial assets at fair value through profit or loss	72,783
					Financial liabilities at fair value through profit or loss	(116,532)
SCB Germany	Spot/forward/swap	2023.1.30~ 2023.10.16	3,464,879	(173,686)	Financial assets at fair value through profit or loss	1,569
					Financial liabilities at fair value through profit or loss	(175,255)
SCB Korea	Spot/forward/swap	2023.2.21~ 2023.3.7	2,100,520	(89,759)	Financial liabilities at fair value through profit or loss	(89,759)

As of December 31, 2023 and 2022, the premium receivables resulting from the above option contracts were $0 thousand and $445 thousand, respectively, recorded under receivables-net. As of December 31, 2023 and 2022, no premium payables resulting from the above option contracts were recorded.

(4) Deposits with banks-affiliates

	2023		
	Balance	Interest rate %	Interest income
SCB Taipei	$3,700,000	0.40~1.42	$42,111
SCB New York	2,295,828	3.25~3.81	56,451
SCB Hong Kong	706,560	0.00	-
Other	539,655	0.00~2.46	2,327
	$7,242,043		$100,889

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

	2022		
	Balance	Interest rate %	Interest income
SCB Taipei	$6,100,000	0.15~1.29	$29,775
SCB New York	62,474	0.75~2.87	14,427
Other	603,434	-0.63~2.87	480
	$6,765,908		$44,682

As of December 31, 2023 and 2022, interest receivables resulting from the above deposits with other banks from affiliates were $433 thousand and $862 thousand, respectively, recorded under receivables-net. For the years ended December 31, 2023 and 2022, the service charges from the above deposits were $31,577 thousand and $29,277 thousand, respectively, recorded under net service fee income.

(5) Call loans to banks-affiliates

	2023		
	Balance	Interest rate %	Net interest income
SCB Hong Kong	$44,273,880	-0.45~5.75	$1,744,036
SCB Taipei	20,732,536	0.40~5.39	370,162
Other	-	-0.30~4.94	79
	$65,006,416		$2,114,277

	2022		
	Balance	Interest rate %	Net interest income
SCB Hong Kong	$35,571,294	-0.80~7.50	$374,112
SCB Taipei	16,732,300	-0.37~2.02	84,067
Other	279,499	-0.17~4.40	(168)
	$52,583,093		$458,011

As of December 31, 2023 and 2022, the interest receivables resulting from the above call loans to banks from affiliates were $500,361 thousand and $179,430 thousand, respectively, recorded under receivables-net.

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

(6) Deposits from banks-affiliates

	2023		
	Balance	Interest rate %	Net interest expense
SCB Taipei	$14,773	0.01	$10

	2022		
	Balance	Interest rate %	Net interest expense
SCB Taipei	$53,401	0.01	$13

As of December 31, 2023 and 2022, no interest payables resulting from the above deposits from banks to affiliates were recorded.

(7) Overdrafts on banks-affiliates

	2023		
	Balance	Interest rate %	Net interest expense
SCB Thailand	$1,559	0.00	$-
SCB Hong Kong	291	5.13~7.13	78
SCB New York	-	4.40~5.40	10,786
Other	-	1.50~6.40	1,397
	$1,850		$12,261

	2022		
	Balance	Interest rate %	Net interest expense
SCB New York	$1,388,163	0.10~3.90	$8,805
SCB Germany	-	1.50	902
Other	18,222	0.10~5.75	492
	$1,406,385		$10,199

As of December 31, 2023 and 2022, no interest payables resulting from the above overdrafts on banks to affiliates were recorded.

(8) Call loans from banks-affiliates

	2023		
	Balance	Interest rate %	Net interest expense
SCB Hong Kong	$1,186,823	-0.16~9.00	$668,421
SCB Korea	-	4.29~5.34	42,485
Other	-	0.00~5.34	11,995
	$1,186,823		$722,901

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

	2022		
	Balance	Interest rate %	Net interest expense
SCB Hong Kong	$-	-0.60~4.90	$75,019
SCB Korea	-	0.07~4.31	19,062
SCB Taipei	-	0.06~3.80	8,632
Other	-	-0.14~1.02	287
	$-		$103,000

As of December 31, 2023 and 2022, the interest payables resulting from the above call loans from banks to affiliates were $49 thousand, and $0 thousand, respectively, recorded under related parties payable.

(9) The detail of securities and bonds purchased under resell agreements and debt instruments acquired from affiliates were as follows:

Name	December 31, 2023	December 31, 2022
SCB	$1,730,699	$1,614,138

For the years ended December 31, 2023 and 2022, the interest income resulting from the above transactions were $19,668 thousand and $49,889 thousand, respectively. As of December 31, 2023 and 2022, the interest receivable resulting from the above transactions were $3,594 thousand and $5,302 thousand, respectively, recorded under receivables-net.

(10) The issuance of financial debentures to affiliates were as follows:

Name	Bond (Note)	December 31, 2023	December 31, 2022
SCB	103-2	$6,149,150	$6,146,643

Note: The issuance conditions and details of financial debentures are stated in note 6(17).

For the years ended December 31, 2023 and 2022, the interest expenses on the above transactions were $278,550 thousand and $254,087 thousand, respectively. As of December 31, 2023 and 2022, the interest payables on the above transactions were $10,761 thousand and $10,757 thousand, respectively, recorded under related parties payable.

(11) Guarantee

None.

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

(12) For the year ended December 31, 2023, operational and advisory service fees, consulting and technical support service fees and wholesale banking business service fees were $986,452 thousand, $815,732 thousand and $91,088 thousand, respectively. For the year ended December 31, 2022, operational and advisory service fees, consulting and technical support service fees and wholesale banking business service fees were $947,442 thousand, $704,695 thousand and $87,486 thousand, respectively. As of December 31, 2023 and 2022, the fees payables resulting from above services fees were $4,724,643 thousand and $3,520,291 thousand due to SCB, $0 and $187 thousand due to SCB Singapore, respectively, recorded under related parties payable. For the years ended December 31, 2023 and 2022, the group insurance expenses for entering the group insurance amounted to $38,633 thousand and $35,223 thousand, respectively. Furthermore, as of December 31, 2023 and 2022, the group insurance expense payables were $73,856 thousand and $35,223 thousand, respectively, recorded under related parties payable.

(13) For the years ended December 31, 2023 and 2022, the related costs of the executive share option scheme amounted to $29,067 thousand and $13,202 thousand, respectively. As of December 31, 2023 and 2022, the estimated accounts payable to SCB for the share-based payment scheme costs amounted to $42,317 thousand and $36,884 thousand, respectively, recorded under related parties payable.

(14) For the years ended December 31, 2023 and 2022, expenses resulting from operating and other business related activities with affiliates were as follows:

Name	For the years ended December 31	
	2023	2022
Technical support service fees:		
SCB	$13,069	$3,610
SCB Hong Kong	8,756	14,735
SCB Singapore	2,447	2,409
Other	721	16
Total	$24,993	$20,770
Information technology service fees:		
Standard Chartered Global Business Services Sdn Bhd	$121,966	$142,641
Standard Chartered Global Business Services Private Limited	96,551	93,592
Total	$218,517	$236,233

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

Name	For the years ended December 31	
	2023	2022
Consultant service income, origination income, and trading income:		
SCB Hong Kong	$248,401	$54,872
SCB	124,450	182,213
SCB Singapore	89,876	15,581
SCB New York	62,551	41,981
Other	66,407	22,376
Total	$591,685	$317,023
Consultant service fees, origination fees, and trading fees:		
SCB New York	$156,422	$53,734
SCB Hong Kong	49,295	14,216
SCB	40,103	36,157
SCB Germany	29,046	13,779
SCB Japan	17,032	11,049
SCB France	15,848	15,809
SCB Korea	9,606	11,968
Other	42,641	13,215
Total	$359,993	$169,927

As of December 31, 2023 and 2022, technical support service fees payables and information technology service fees payables were $129,395 thousand and $115,556 thousand, respectively, recorded under related parties payable. As of December 31, 2023 and 2022, consultant service income, origination income, trading income and technical support service receivables were $694,655 thousand and $538,194 thousand, respectively, recorded under receivables-net. As of December 31, 2023 and 2022, consultant service fees, origination fees and trading fees payables were $543,671 thousand and $307,712 thousand, respectively, recorded under related parties payable.

(15) The Company has signed a rental contract with SCB Taipei which was calculated by either the main rental contract or market situation and the rental area. The rentals were received monthly. For the years ended December 31, 2023 and 2022, the rentals were $2,400 thousand and $2,537 thousand. As of December 31, 2023 and 2022, the utility and information system usage income receivables from SCB Taipei were $32 thousand and $71 thousand, respectively, recorded under receivables-net. For the years ended December 31, 2023 and 2022, the related recharges from expense allocation were $710 thousand and $704 thousand, respectively.

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

(16) For the years ended December 31, 2023 and 2022, the administrative support service income from SCB Taipei to the Company were both $4,820 thousand. As of December 31, 2023 and 2022, no receivable resulting from administrative support service was recorded.

(17) The Company entered into the Exclusivity Fee Sharing Agreement with SCB Singapore. For the years ended December 31, 2023 and 2022, the service fee income were $535,328 thousand and $508,702 thousand, respectively, recorded under net service fee income. As of December 31, 2023 and 2022, the service income receivables were $384,411 thousand and $419,668 thousand, respectively, recorded under receivables-net. As of December 31, 2023 and 2022, advance service fee income totaled $933,485 thousand and $1,080,098 thousand, respectively, recorded under other liabilities. (Please refer to note 9(2)).

The salary and remuneration for directors and supervisors

	For the years ended December 31	
	2023	2022
Salary and other short-term benefits	$209,190	$192,049
Post-employment benefits	1,000	1,371
Total	$210,190	$193,420

8. Pledged assets

Pledged assets	Pledged for	December 31, 2023	December 31, 2022
Negotiable certificates of deposit, bonds (recorded under other financial assets)	USD overdraft clearing deposits	$10,070,829	$11,697,333

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

Refundable security deposits set as pledged assets made in accordance with the relevant regulations of governing bank operations are as follows:

Pledged assets	Pledged for	December 31, 2023	December 31, 2022
Negotiable certificates of deposit, bonds (recorded under other financial assets)	Trust indemnity reserve	$150,289	$153,125
	Operation Bond for securities broker	50,096	51,042
	Operation Bond for securities underwriter	40,077	40,833
	Operation Bond for securities dealer	10,019	10,208
	Bond for bills business	99,936	99,551
	Bond payment settlement reserve	100,192	102,083
		450,609	456,842
Guarantee deposits paid (recorded under other assets)	Bond payment settlement reserve, and self-regulatory fund deposit	40,300	40,300
	OTC derivatives default fund	20,000	-
Total		$510,909	$497,142

(1) USD overdraft clearing deposits are security deposits for the overdraft facility of the Company.

(2) Reserves for indemnity obligations are provided in the way of deposits placed in the Central Bank of Republic of China for conducting trust and custodian businesses.

(3) Operation Bond for securities broker is placed for operating business of foreign bond agency approved by the competent authority in accordance with the Regulations Governing Securities Firms. (Amounts required in accordance with relevant regulations for securities broker are $50,000 thousand.)

(4) Operation Bond for securities underwriter and dealer is placed in accordance with the Regulations Governing Securities Firms. (Amounts required in accordance with relevant regulations for securities underwriter and dealer are $40,000 thousand and $10,000 thousand, respectively.)

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

(5) A Bond for bills business is posted in the Central Bank of the Republic of China in accordance with the Regulations Governing Bills Houses Security Deposit Amount, Purpose, and Administration. (Amounts required in accordance with the relevant regulations for a financial institution engaging in bills finance business are $50,000 thousand.)

(6) Bond payment settlement reserves are placed in the Taipei Exchange's electronic bond trading system in accordance with relevant regulations.

(7) Self-regulatory fund deposits are placed in Taiwan Securities Association in accordance with relevant regulations.

(8) OTC derivatives default fund is placed in Taiwan Futures Exchange before conducting clearing operation in accordance with Taiwan Futures Exchange OTC Derivative Clearing Enforcement Rules. (Amounts required in accordance with relevant regulations for derivatives settlement obligation are $20,000 thousand)

9. Significant commitments and contingent liabilities

(1) Commitments and contingent liabilities

	December 31, 2023	December 31, 2022
Consignment collection for others	$2,797,170	$3,693,355
Securities, consignments and goods in custody	6,275,563,416	4,518,805,496
Trust assets	125,845,965	104,526,769
Subtotal	$6,404,206,551	$4,627,025,620
Other guarantees	$10,276,860	$7,117,800
Unused amount of irrevocable loan commitments	$6,292,069	$4,900,906
Unused amount of irrevocable letters of credit	$783,507	$579,931

(2) Significant service agreements

The Company entered into a bancassurance agreement with PCA Life Assurance Co., Ltd. ("PCA") and SCLIA on July 4, 2014 to continue the tripartite partnership and to promote and sell approved insurance products. SCLIA entered into the exclusivity fee sharing agreement with SCB Singapore on December 30, 2014. Since SCLIA has merged into the Company through absorption on October 1, 2016. As of the date of merger, rights and obligations related to the service agreements of SCLIA were generally assumed by the Company.

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

(3) Disclosures required by Article 17 of the Trust Enterprise Law on trust balance sheets, trust statements of comprehensive income, and trust assets were as follows:

Trust balance sheet

December 31, 2023

Trust assets		Trust liabilities	
Bank deposits	$2,891	Accounts payable	$1
Short-term investments		Payables for securities under custody	5,395,367
Bonds	40,057,821	Trust capital and accumulated earnings	
Stocks	9,622,831	Trust capitals	142,644,968
Funds	68,355,143	Accumulated earnings	(22,194,371)
Structured notes	2,411,911		
Securities under custody	5,395,367		
Accounts receivable	1		
Total trust assets	$125,845,965	Total trust liabilities	$125,845,965

Trust balance sheet

December 31, 2022

Trust assets		Trust liabilities	
Bank deposits	$3,538	Accounts payable	$1
Short-term investments		Payables for securities under custody	5,413,002
Bonds	27,395,115	Trust capital and accumulated earnings	
Stocks	9,248,723	Trust capitals	132,253,897
Funds	61,166,695	Accumulated earnings	(33,140,131)
Structured notes	1,299,696		
Securities under custody	5,413,002		
Total trust assets	$104,526,769	Total trust liabilities	$104,526,769

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

Trust statement of comprehensive income

	For the years ended December 31 2023	For the years ended December 31 2022
Trust revenue:		
Interest revenue	$5,548,826	$5,043,158
Realized gain on investments-bonds	88,589	104,604
Realized gain on investments-stocks	1,293,254	826,039
Realized gain on investments-funds	440,714	1,027,120
Realized gain on investments-structured notes	31,246	16,129
Unrealized gain on investments-bonds	869,823	151,060
Unrealized gain on investments-stocks	985,869	316,513
Unrealized gain on investments-funds	1,354,440	681,524
Unrealized gain on investments-structured notes	11,188	72
	10,623,949	8,166,219
Trust expenses:		
Management expense	18	18
Realized loss on investments-bonds	261,786	273,797
Realized loss on investments-stocks	505,583	571,786
Realized loss on investments-funds	2,309,692	2,211,382
Realized loss on investments-structured notes	4,721	26,963
Unrealized loss on investments-bonds	2,398,201	3,686,100
Unrealized loss on investments-stocks	4,566,949	6,381,633
Unrealized loss on investments-funds	13,521,389	18,103,565
Unrealized loss on investments-structured notes	80,177	364,472
	23,648,516	31,619,716
Net losses before income tax	(13,024,567)	(23,453,497)
Income tax expense	-	-
Net losses after income tax	$(13,024,567)	$(23,453,497)

Schedules of investment for trust business

Investment items	December 31, 2023	December 31, 2022
Bank deposits	$2,891	$3,538
Short-term investments:		
Bonds	40,057,821	27,395,115
Common stock	9,622,831	9,248,723
Funds	68,355,143	61,166,695
Structured notes	2,411,911	1,299,696
Securities under custody	5,395,367	5,413,002
Accounts receivable	1	-
Total	$125,845,965	$104,526,769

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

Foreign currency trust business engaged by the Offshore Banking Unit (OBU) as of December 31, 2023 and 2022, were included in the trust balance sheets, trust statements of comprehensive income and schedules of investment for trust business.

10. Significant loss due to disasters

None.

11. Significant subsequent events

None.

12. Others

(1) Profitability

Unit: %

Items		December 31, 2023	December 31, 2022
Return on assets (Annualized)	Before income tax	0.81	0.41
	After income tax	0.68	0.35
Return on equity (Annualized)	Before income tax	11.76	6.10
	After income tax	9.88	5.15
Net profit ratio		29.03	18.89

Note 1: Return on assets = net income before / after tax ÷ average assets
Note 2: Return on equity = net income before / after tax ÷ average equity
Note 3: Net profit ratio = net income after tax ÷ net revenue

13. Other disclosure items

For the year ended December 31, 2023, relevant information of any major transactions that the Company was required to disclose were as follows:

(1) Related information on significant transactions

(a) Information regarding securities for which the purchase or sale amount for the period exceeded NT$300 million or 10% of the Company's paid in capital: None
(b) Information on the acquisition of real estate for which the purchase amount exceeded NT$300 million or 10% of the Company's paid in capital: None.
(c) Information on the disposal of real estate for which the sale amount exceeded NT$300 million or 10% of the Company's paid in capital: None.

(d) Information regarding discounted processing fees on transactions with related parties for which the amount exceeded NT$5 million: None.
(e) Information regarding due from related parties for which the amount exceeded NT$300 million or 10% of the Company's paid in capital: Notes 6(8) and 7.
(f) Information regarding selling non-performing loans:
    i. Summary table of NPL disposal: None.
    ii. Disposal of a single batch of NPL up to NT$1 billion and information on each transaction: None.
(g) Information on applications for handling securitized commodities according to the Regulation on Financial Asset Securitization or the Regulation on Real Estate Securitization: None.
(h) Business relationship, and material transaction and amount between the parent party and subsidiaries and among subsidiaries themselves: Not applicable.
(i) Other material transaction items which were significant to the financial statements users to make financial decisions: None.

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

(2) Information on long-term equity investments

Name of investee	Investee's location	Investee's operation	Percentage of ownership	Book value of investments	Gain (loss) recognized during the period	Holdings					
						Number of shares(thousand)	Pro forma number of shares(thousand)	Total		Remark
								Shares (thousand)	Percentage	
Taiwan Small and Medium Enterprises Development Co., Ltd.	8F., No.181, Fushing N. Rd., Songshan District, Taipei City 10596, Taiwan (R.O.C.)	Small and medium enterprises improvement services	4.84%	$41,264	$1,709	3,417	-	3,417	4.84%	Note 2
Universal Venture Fund Co., Ltd.	8F., No.70, Sec. 3, Nanjing E. Rd., Jhongshan District, Taipei City 10489, Taiwan (R.O.C.)	Venture capital services	4.76%	4,618	-	558	-	558	4.76%	Note 2
Financial Information Service Co., Ltd.	No.81, Sec. 3, Kangning Rd., Neihu District, Taipei City 11485, Taiwan (R.O.C.)	Information technology services	1.14%	253,007	16,329	5,938	-	5,938	1.14%	Note 2
Taiwan Financial Asset Service Corporation	10F., No.300, Sec. 4, Jhongsiao E. Rd., Da'an Dist., Taipei City 106, Taiwan (R.O.C.)	Asset auction notarization	2.94%	43,200	725	5,000	-	5,000	2.94%	Note 2
TSC BioVenture Capital Corp.	5F., No.50, Sec. 1, Sinsheng S. Rd., Jhongjheng Dist., Taipei City 100, Taiwan (R.O.C.)	Venture capital services	5.00%	1,549	-	43	-	43	5.00%	Note 2
Sunny Asset Management Corp.	11F., No.85 and No.87, Sec. 2, Nanjing E. Rd., Jhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	NPL acquisition services	1.42%	1,573	115	85	-	85	1.42%	Note 2
LINE Bank Taiwan Limited	15F., No206, Sec. 1, Keelung Rd., Xinyi Dist., Taipei City 110, Taiwan (R.O.C.)	Commercial bank	5.42%	741,813	-	81,250	-	81,250	5.42%	Note 2
Windance Co., Ltd.	No.243-1, Jhongyang Rd., North District, Hsinchu City 30041, Taiwan (R.O.C.)	Residential and commercial lease/sale services	2.73%	-	-	18,850	-	18,850	2.73%	Note 2

Note 1: The book value of investments recorded under financial assets at fair value through other comprehensive income.

Note 2: Shares held by the Company were unchanged as compared to December 31, 2022.

(3) Information on investments in Mainland China

(a) Name, main operating items and other information of the invested company in Mainland China: None.

(b) Amount limitation of investments in Mainland China: None.

14. Operating segment financial information

The Company presents the following segment information for the decision makers of the Company to allocate resources and evaluate each segment's performance. The information focuses on the results from the operations of the relevant segments and their respective profits before tax. Reported segments in accordance with IFRS 8 are as follows:

(1) Consumer, Private, and Business Banking ("CPBB"): In charge of developing a long-term sustainable customer-focused strategy and building a high performance culture through robust execution. Responsible for retail clients segment development in customer value propositions, product development and developing customer-focused planning and promotion of wealth management and trust to conduct investment, financing and trust services.

(2) Corporate, Commercial and Institutional Banking ("CCIB"): In charge of developing a sustainable client-focused strategy by engaging in the development, promotion, credit analysis, risk management, client on-boarding, integrated client documentation handing, client due diligence, and sale products and services to Corporate clients and Financial institutions clients. Responsible for business development and maintenance, sales channel management, operation process and risk management, enhancement of customer experience and service quality, analysis of business operations, evaluation of product performance, and project execution, etc.

(3) Other Banking ("OB"): Including asset and liability management and other income, and expense that cannot be classified under a specific department.

Management monitors each segment's performance in order to allocate the required resources and to evaluate its performance. Segments' performance is evaluated according to its operating gain or loss. The disclosures of profit or loss are in accordance with the accounting policies of the Company specified under note 4. Segmental gains and losses include inter department transfer pricing expenses as well as head office allocated expenses. Income tax expense (income) is not allocated to the reportable segments for disclosure purposes.

Majority of the Company's business is located domestically, so there is no geographic information applicable. There is no income from one single client that represents more than 10% of the income of the Company.

The disclosures of profit or loss are in accordance with the accounting policies of the SC PLC Group. The Company's information and reconciliation of operating segments were as follows:

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

	2023			
	Consumer, Private, and Business Banking	Corporate, Commercial and Institutional Banking	Other Banking	Total
Net interest income	$7,355,520	$2,703,023	$(4,372,654)	$5,685,889
Net service fee income	3,983,865	755,180	(39,825)	4,699,220
Other miscellaneous income	496,456	488,055	5,277,664	6,262,175
Net income	11,835,841	3,946,258	865,185	16,647,284
Bad debt expense, commitment and guarantee liability provisions	(1,072,150)	(89,513)	(6,657)	(1,168,320)
Operating expenses	(7,254,093)	(2,362,508)	(107,765)	(9,724,366)
Segment profit	$3,509,598	$1,494,237	$750,763	$5,754,598

	2022			
	Consumer, Private, and Business Banking	Corporate, Commercial and Institutional Banking	Other Banking	Total
Net interest income	$5,162,686	$1,390,931	$(1,007,079)	$5,546,538
Net service fee income	2,935,972	733,277	(19,937)	3,649,312
Other miscellaneous income	495,710	1,532,560	1,561,854	3,590,124
Net income	8,594,368	3,656,768	534,838	12,785,974
Bad debt expense, commitment and guarantee liability (provisions) reversal	(444,737)	(65,179)	(329)	(510,245)
Operating expenses	(7,058,452)	(2,217,143)	(140,085)	(9,415,680)
Segment profit	$1,091,179	$1,374,446	$394,424	$2,860,049

Standard Chartered Bank (Taiwan) Limited

Statement of cash and cash equivalents

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Cash on hand			
TWD		$1,884,945	
USD	USD1@30.746	198,143	
CNH	CNH1@4.332	96,094	
JPY	JPY1@0.217	122,639	
HKD	HKD1@3.937	103,513	
EUR	EUR1@34.043	107,063	
GBP	GBP1@39.202	30,601	
SGD	SGD1@23.333	30,566	
Subtotal		2,573,564	
Checks for clearing		1,069,680	
Deposits with other banks	Bank of China Taipei Branch	4,805,536	
	Others (Note)	372,936	
Subtotal		5,178,472	
Deposits with other banks-affiliates	SCB Taipei	3,700,000	
	SCB New York	2,295,828	
	SCB Hong Kong	706,560	
	Others (Note)	539,655	
Subtotal		7,242,043	
Subtotal		16,063,759	
Less: Allowance for bad debts		6,367	
Total		$16,057,392	

Note: Individual accounts less than 5% of the total.

Standard Chartered Bank (Taiwan) Limited

Statement of financial assets measured at fair value through profit or loss

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Name of financial instrument	Description	Shares or units	Par Value	Total amount	Interest rate	Acquisition cost	Fair value		Fair value changes attributable to the changes in credit risk	Note
							Unit price	Total amount		
Government bonds				$4,650,000	0.13%~3.00%	$4,637,725	97.18~119.16	$4,689,853	$-	
Corporate bonds				3,500,000	0.52%~1.65%	3,476,116	97.49~100.42	3,507,823		
Financial bonds				200,000	1.42%	199,660	100.07	201,248		
Subtotal				$8,350,000		$8,313,501		$8,398,924		
Derivative financial assets										
Interest rate swap								15,495,218		
Interest rate option								1,034,773		
Forward/ Swap								17,553,847		
Cross currency swap								1,233,674		
Foreign exchange option								73,236		
Commodity swap								14,112		
Commodity option								3,465		
Subtotal								35,408,325		
Total								$43,807,249		

Standard Chartered Bank (Taiwan) Limited

Statement of financial assets measured at fair value through other comprehensive income

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Name of financial instrument	Description	Shares or units	Par Value	Total amount	Interest rate	Acquisition cost	Accumulated impairment	Fair value		Note
								Unit price	Total amount	
Debt Instruments										
Negotiable certificates of deposit				$65,945,000	0.52%~1.38%	$65,945,000	$2,223	99.88~100.19	$65,952,546	
Treasury bills				2,498,000	0.00%	2,468,604	7	98.93	2,471,246	
Government bonds				56,383,700	0.00%~3.88%	56,653,854	1,733	96.47~101.65	56,312,757	
Subtotal				124,826,700		125,067,458	3,963		124,736,549	
Equity instrument										
Non-listed stock				-		1,259,238	-		1,087,024	
Total				$124,826,700		$126,326,696	$3,963		$125,823,573	

Standard Chartered Bank (Taiwan) Limited Securities Department

Statement of financial assets measured at amortized cost

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Name of financial instrument	Description	Shares or units	Par value	Total Amount	Interest rate	Carrying amount	Accumulated impairment	Note
Negotiable certificates of deposit				$5,360,000	1.15%~1.50%	$5,359,641	$359	
Government bonds				4,700,000	0.25%~3.00%	4,718,441	269	
Total				$10,060,000		$10,078,082	$628	

Standard Chartered Bank (Taiwan) Limited

Statement of financial assets and liabilities for hedging

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Face Value	Carrying amount	Note
Government bonds	$23,174,135	$21,390,034	

Standard Chartered Bank (Taiwan) Limited

Statement of receivables

December 31, 2023

(Expressed in Thousands of New Taiwan Dollars)

Item	Amount	Allowance for bad debts	Premium/ discount adjustment	Net amount	Note
Accounts receivable factoring	$24,009,114	$244,091	$-	$23,765,023	
Credit cards accounts receivable	3,380,301	100,963	-	3,279,338	
Accounts receivable:					
Wealth management handling fee receivable	414,508	-	-	414,508	
Income receivable	79,345	-	-	79,345	
Accounts receivable	266,392	-	-	266,392	
Subtotal	760,245	-	-	760,245	
Interest receivable:					
Interest rate instruments	618,591	-	-	618,591	
Loans	545,499	-	-	545,499	
Call loans to banks	326,860	-	-	326,860	
Other (Note)	194,754	8,056	-	186,698	
Subtotal	1,685,704	8,056	-	1,677,648	
Acceptances receivable	5,863	59	-	5,804	
Accounts receivable-related parties	1,583,537	-	-	1,583,537	
Other (Note)	89,247	7	-	89,240	
Total	$31,514,011	$353,176	$-	$31,160,835	

Note: Individual accounts less than 5% of the total.

Standard Chartered Bank (Taiwan) Limited

Statement of discounts and loans

December 31, 2023

(Expressed in Thousands of New Taiwan Dollars)

Item	Amount	Allowance for bad debts	Premium/discount adjustment	Net amount	Note
Bills negotiation and bills and notes discounted	$301,729	$-	$-	$301,729	
Short term loans and overdrafts	28,263,637	-	-	28,263,637	
Short-term secured loans	223,465	-	-	223,465	
Medium-term loans	53,285,920	-	-	53,285,920	
Medium-term secured loans	982,924	-	-	982,924	
Long-term loans	10,906,466	-	-	10,906,466	
Long-term secured loans	197,141,022	-	-	197,141,022	
Overdue loans	84,970	-	-	84,970	
Add: Premium / Discount adjustment	-	-	335,582	335,582	
Less: Allowance for bad debts	-	5,164,625	-	5,164,625	
Total	$291,190,133	$5,164,625	$335,582	$286,361,090	

Statement of other financial assets

December 31, 2023

(Expressed in Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Restricted assets-debt instruments		$10,521,438	
Non-accrual loans other than those reclassified from loans		7,082	
Less: Allowance for bad debts-non-accrual loans other than those reclassified from loans		7,082	
Total		$10,521,438	

Standard Chartered Bank (Taiwan) Limited

Statement of changes in property and equipment

For the year ended December 31, 2023

(Expressed in Thousands of New Taiwan Dollars)

Item	Beginning Balance	Increase	Decrease	Reclassify	Other changes	Ending balance	Collateral	Note
Cost:								
Land	$1,871,873	$-	$73,439	$-	$-	$1,798,434		
Buildings	1,809,190	8,170	226,724	-	-	1,590,636		
Office equipment	374,615	10,846	40,806	-	-	344,655		
Leasehold improvements	925,997	69,880	2,550	-	-	993,327		
Other equipment	541,582	147,079	110,146	8,740	-	587,255		
Work in progress	7,042	1,698	-	(8,740)	-	-		
Total	$5,530,299	$237,673	$453,665	$-	$-	$5,314,307		

Statement of changes in accumulated depreciation of property and equipment

For the year ended December 31, 2023

(Expressed in Thousands of New Taiwan Dollars)

Item	Beginning balance	Increase	Decrease	Reclassify	Other changes	Ending balance	Note
Buildings	$1,055,499	$43,004	$147,921	$-	$-	$950,582	
Office equipment	236,964	38,355	40,806	-	-	234,513	
Leasehold improvements	490,782	71,504	2,550	-	-	559,736	
Other equipment	386,311	70,974	110,146	-	-	347,139	
Total	$2,169,556	$223,837	$301,423	$-	$-	$2,091,970	

Statement of changes in accumulated impairment of property and equipment

For the year ended December 31, 2023

(Expressed in Thousands of New Taiwan Dollars)

Item	Beginning balance	Increase	Decrease	Ending balance	Note
Land	$7,095	$-	$-	$7,095	
Buildings	1,975	-	-	1,975	
Total	$9,070	$-	$-	$9,070	

Standard Chartered Bank (Taiwan) Limited

Statement of changes in right-of-use assets

For the year ended December 31, 2023

(Expressed in Thousands of New Taiwan Dollars)

Item	Beginning balance	Increase	Decrease	Ending balance	Note
Buildings	$3,344,987	$168,995	$33,908	$3,480,074	
Transportation	5,001	-	-	5,001	
Other Equipment	272,869	-	265,617	7,252	
Total	$3,622,857	$168,995	$299,525	$3,492,327	

Statement of changes in accumulated depreciation of right-of-use assets

For the year ended December 31, 2023

(Expressed in Thousands of New Taiwan Dollars)

Item	Beginning balance	Increase	Decrease	Ending balance	Note
Buildings	$837,930	$380,024	$9,111	$1,208,843	
Transportation	1,389	1,667	-	3,056	
Other Equipment	253,498	17,075	265,617	4,956	
Total	$1,092,817	$398,766	$274,728	$1,216,855	

Standard Chartered Bank (Taiwan) Limited

Statement of changes in intangible assets

For the year ended December 31, 2023

(Expressed in Thousands of New Taiwan Dollars)

Item	Beginning balance	Increase	Decrease	Ending Balance	Note
Goodwill	$3,156,048	$-	$-	$3,156,048	
Other	112,247	-	23,064	89,183	Note 1
Total	$3,268,295	$-	$23,064	$3,245,231	

Note 1: A decrease of $23,064 thousand includes impairment of $7,553 thousand.

Standard Chartered Bank (Taiwan) Limited

Statement of deferred tax assets

December 31, 2023

(Expressed in Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Bad debt expenses and provisions for guarantee liabilities		$504,951	
Depreciation expenses		36,213	
Impairment losses on assets		395	
Expenses from share-based payments		7,377	
Employee benefits		101,641	
Provisions		7,481	
Deferred income		57,610	
Total		$715,668	

Standard Chartered Bank (Taiwan) Limited

Statement of other assets

December 31, 2023

(Expressed in Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Refundable deposits:			
Lease deposits	$108,257		
Bond payment settlement reserves, and self-regulatory fund deposits	60,300		
Credit card deposits	91,183		
Other (Note)	49,831		
Subtotal	309,571		
Refundable deposits-derivative financial instruments	5,732,804		
Prepaid fees	173,354		
Other (Note)	54,005		
Total	$6,269,734		

Note: Individual accounts less than 5% of the total.

Standard Chartered Bank (Taiwan) Limited

Statement of financial liabilities measured at fair value through profit or loss

December 31, 2023

(Expressed in Thousands of New Taiwan Dollars)

Name of financial instrument	Description	Shares of units	Par value	Total amount	Interest rate	Fair value		Fair value changes attributable to the changes in credit risk	Note
						Unit price	Total amount		
Derivative financial liabilities									
Interest rate swap							$15,786,058		
Interest rate option							87,985		
Forward/swap							21,850,499		
Cross currency swap							1,501,693		
Foreign exchange option							72,973		
Commodity swap							14,139		
Commodity option							3,475		
Total							$39,316,822		

Standard Chartered Bank (Taiwan) Limited

Statement of payables

December 31, 2023

(Expressed in Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Accrued interest		$1,028,024	
Accrued expenses		1,447,463	
Other (Note)		789,029	
Total		$3,264,516	

Note: Individual accounts less than 5% of the total.

Statement of deposits and remittances

December 31, 2023

(Expressed in Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Check accounts deposits		$2,229,746	
Demand deposits		226,051,339	
Saving account deposits		167,053,310	
Time deposits		178,847,250	
Time saving deposits		26,058,064	
Remittances		223,739	
Total		$600,463,448	

Standard Chartered Bank (Taiwan) Limited

Statement of financial debentures

December 31, 2023

(Expressed in Thousands of New Taiwan Dollars)

Bond name	Trustee	Issuance date	Interest payment date	Coupon rate	Amount					Repayment	Collateral	Note
					Total amount	Repayment paid	Ending balance	Unamortized premiums (amounts)	Carrying amount			
91-1		2002.7.19	2007.7.19	Note 1	$8,000,000	$7,999,000	$1,000	$-	$1,000			Bond A
94-1		2005.1.28	Note 2	Note 3	7,636,700	7,635,600	1,100	-	1,100			
94-2		2005.1.28	Note 2	Note 3	2,363,300	2,363,200	100	-	100			
103-2		2014.12.18	2024.12.18	Note 4	6,588,808	439,658	6,149,150	-	6,149,150			
Total					$24,588,808	$18,437,458	$6,151,350	$-	$6,151,350			

Note 1: 5-year term, interest accrued and paid semi-annually, annual interest rate for the first 3 years is 4.25% and 4.5% for the last 2 years.

Note 2: No maturity date.

Note 3: Interest accrued and paid semi-annually, based on the average one-year regular floating rate of the nine largest banks plus 1.493%.

Note 4: 10-year term, USD200,000 thousand at oar, interest accrued and paid semi-annually, annual rate is 4.5%.

Standard Chartered Bank (Taiwan) Limited

Statement of provisions

December 31, 2023

(Expressed in Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Provision for employee benefits		$508,201	
Provision for decommission, restoration and rehabilitation cost		169,271	
Provision for guarantee liability		107,799	
Other (Note)		34,214	
Total		$819,485	

Note: Individual accounts less than 5% of the total.

Standard Chartered Bank (Taiwan) Limited

Statement of lease liabilities

December 31, 2023

(Expressed in Thousands of New Taiwan Dollars)

Item	Description	Lease term	Discount rate	Ending balance	Note
Buildings	Leases	2019.02.01~2036.07.31	0.37%~3.34%	$2,406,461	
Transportations	Car rental	2022.03.01~2025.03.21	1.39%	2,049	
Other equipment	IT	2020.08.01~2025.07.31	2.06%	2,378	
Total				$2,410,888	

Standard Chartered Bank (Taiwan) Limited

Statement of deferred tax liabilities

December 31, 2023

(Expressed in Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Unrealized interest income on financial assets		$158,565	
Amortization of goodwill		618,585	
Land value increment tax		58,889	
Unrealized gains on financial assets measured at fair value through other comprehensive income		2,340	
Gain on hedging instruments		5,076	
Total		$843,455	

Statement of other liabilities

December 31, 2023

(Expressed in Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Advance received from customers		$998,554	
Refundable deposits-derivatives financial instruments		3,759,313	
Taxes payable		412,248	
Deferred income		339,980	
Guarantee deposits received		2,746	
Other (Note)		1,287,315	
Total		$6,800,156	

Note: Individual accounts less than 5% of the total.

Standard Chartered Bank (Taiwan) Limited

Statement of interest income

For the year ended December 31, 2023

(Expressed in Thousands of New Taiwan Dollars)

Item	Amount	Note
Interest income - discounts and loans	$9,125,693	
Interest income - accounts receivable factoring	761,997	
Interest income - due from banks:		
Due from the Central Bank	68,246	
Due from banks	5,081,105	
Subtotal	5,149,351	
Interest income - investment securities	1,866,042	
Interest income - credit card recurrence	113,280	
Other (Note)	1,662,365	
Total	$18,678,728	

Note: Individual accounts less than 5% of the total.

Statement of interest expenses

For the year ended December 31, 2023

(Expressed in Thousands of New Taiwan Dollars)

Item	Amount	Note
Interest expenses - deposits:		
Time deposits interest	$6,175,966	
Demand deposits interest	5,490,885	
Subtotal	11,666,851	
Interest expenses - due to banks	773,870	
Interest expenses - financial debentures	278,550	
Interest expenses - lease liabilities	44,077	
Other (Note)	229,491	
Total	$12,992,839	

Note: Individual accounts less than 5% of the total.

Standard Chartered Bank (Taiwan) Limited

Statement of net service income

For the year ended December 31, 2023

(Expressed in Thousands of New Taiwan Dollars)

Item	Amount	Note
Service fee:		
Service fee - loans	$156,827	
Service fee - insurance commissions	2,507,905	
Service fee - credit cards	372,101	
Service fee - trusts	2,003,563	
Service fee - underwriting	25,220	
Other (Note)	759,470	
Subtotal	5,825,086	
Service charge:		
Service charge - interbank	172,468	
Service charge - agency	199,769	
Service charge - custodians	136,167	
Service charge - credit cards	238,021	
Other (Note)	379,441	
Subtotal	1,125,866	
Total	$4,699,220	

Note: Individual accounts less than 5% of the total.

Standard Chartered Bank (Taiwan) Limited

Statement of gains on financial assets or liabilities at fair value through profit or loss

For the year ended December 31, 2023

(Expressed in Thousands of New Taiwan Dollars)

Amount	Total	Note
Gains on disposal:		
Interest-rate instruments		
Government bonds	$17,605	
Corporate bonds	(5,750)	
Subtotal	11,855	
Derivative financial instruments	12,830,106	
Subtotal	12,841,961	
Gains (losses) on valuation:		
Interest rate instruments		
Government bonds	5,603	
Corporate bonds	7,467	
Subtotal	13,070	
Derivative financial instruments	(7,134,809)	
Subtotal	(7,121,739)	
Interest income	63,524	
Total	$5,783,746	

Standard Chartered Bank (Taiwan) Limited

Statement of impairment losses and reversal of impairment loss on assets

For the year ended December 31, 2023

(Expressed in Thousands of New Taiwan Dollars)

Item	Amount on impairment loss	Amount on reversal of impairment loss	Note
Impairment losses - debt instrument investments	$-	$1,180	
Impairment losses - other	7,561	2	
Total	$7,561	$1,182	

Standard Chartered Bank (Taiwan) Limited

Statement of employee benefits

For the year ended December 31, 2023

(Expressed in Thousands of New Taiwan Dollars)

Item	Employee benefit expense	Other general and administrative expense	Total	Note
Salary expenses	$4,395,927	$-	$4,395,927	
Employee insurance	320,556	-	320,556	
Pension expenses:				
Define contribution plan	159,924	-	159,924	
Define benefit plan	30,352	-	30,352	
Director's remuneration	-	6,853	6,853	
Other (Note 1)	213,964	-	213,964	
Total	$5,120,723	$6,853	$5,127,576	

Note 1: Individual accounts less than 5% of the total.

Note 2:

a. The average numbers of the Company's employees for the years ended December 31, 2023 and 2022 were 2,607 and 2,708, respectively, of which the number of directors who had not served concurrently as employees were both 6.

b. The average employee benefit expense for the year ended December 31, 2023 was $1,968 thousand. (refer to table above "Total of employee benefit expense"- "Director's remuneration"/ "Total number to employees"- "The number of directors who had not served concurrently as employees")

The average employee benefit expense for the year ended December 31, 2022 was $1,847 thousand. (refer to "Total of employee benefit expense"- "Director's remuneration" for 2022/ "Total number to employees"- "The number of directors who had not served concurrently as employees" for 2022)

c. The average salary expense for the year ended December 31, 2023 was $1,690 thousand. (refer to table above "Total salary expense"/ "Total number of employees"- "The number of directors who had not served concurrently as employees")

The average salary expense for the year ended December 31, 2022 was $1,595 thousand. (refer to "Total salary expense" for 2022/ "Total number of employees"- "The number of directors who had not served concurrently as employees" for 2022)

d. The change of average salary expense increased 6%.

e. The Supervisor's remuneration for the years ended December 31, 2023 and 2022 were both $0.

f. The amount of remuneration paid by the Company to independent directors is determined according to the role (such as: chairman, members), the number and nature of participating committees, the frequency of meetings of various committees, and the external market data. The Company’s approach to performance, reward and benefits is consistent with effective risk management and the delivery of our strategy and values. The elements of the Company’s remuneration are as follows:

Fixed remuneration: refers to base salary, allowances and other benefits. Salaries reflect individual’s skills and experience and are reviewed annually against market information and in the context of annual performance assessment and affordability. Benefits are provided to employees in line with relevant regulation and local market practice.

Variable remuneration: rewards and incentivizes the achievement of the Company and business unit’s as well as individual objectives including the adherence to the Company’s Valued Behaviours. All employees are subject to the Company’s deferral mechanism, which applies a graduated level of deferral over a defined threshold. Variable remuneration is subject to the Company’s Regulation of Variable Compensation Standard, which enables the Company to suspend payment or vesting of awards, apply in-year adjustments, apply malus to unvested awards, and apply claw-back to vested variable remuneration, in appropriate circumstances.

The proportion of fixed to variable remuneration awarded to employees is carefully monitored.

Standard Chartered Bank (Taiwan) Limited

Statement of depreciation and amortization expenses

For the year ended December 31, 2023

(Expressed in Thousands of New Taiwan Dollars)

Item	Amount	Note
Depreciation expenses:		
Buildings	$43,004	
Office equipment	38,355	
Leasehold improvements	71,504	
Other equipment	70,974	
Right-of-use assets	398,766	
Subtotal	622,603	
Amortization expenses	-	
Total	$622,603	

Standard Chartered Bank (Taiwan) Limited

Statement of other general and administrative expenses

For the year ended December 31, 2023

(Expressed in Thousands of New Taiwan Dollars)

Item	Amount	Note
Rental expenses	$3,551	
Office supplies	73,035	
Postage	150,796	
Repairs and maintenance	116,351	
Advertising expenses	131,288	
Utilities fees	55,090	
Taxes	843,890	
Professional service fees	87,107	
Operational and advisory service fees	986,452	
Consulting and technical support service fees	815,732	
Wholesale banking business service fees	91,088	
Building management fees	100,332	
Computer management fees	327,964	
Director's remuneration	6,853	
Other (Note)	191,511	
Total	$3,981,040	

Note : Individual accounts less than 5% of the total.

STANDARD CHARTERED BANK (TAIWAN) LIMITED SECURITIES DEPARTMENT

Financial Statements

For the Years Ended December 31, 2023 and 2022

Securities Department Financial Statements

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English Translation of Financial Statements Originally Issued in Chinese

STANDARD CHARTERED BANK (TAIWAN) LIMITED SECURITIES DEPARTMENT

Balance Sheets

December 31, 2023 and 2022

(Expressed in thousands of New Taiwan Dollars)

			December 31, 2023		December 31, 2022	
		Note	Amount	%	Amount	%
	Assets					
110000	Current Assets					
112000	Financial assets at fair value through profit or loss	6(1)	$8,398,924	15	$6,161,743	9
113200	Financial assets at fair value through other comprehensive income	6(2)	23,683,845	41	47,788,786	74
113300	Financial assets measured at amortized cost	6(3) & 6(8)	4,718,441	8	4,751,499	7
114010	Securities and bonds purchased under resell agreements	6(4) & 6(8)	19,659,335	34	5,175,877	8
114130	Accounts receivable	6(5) & 7	311,344	1	560,623	1
119000	Other current assets		72,009	-	98,287	-
	Current Assets		56,843,898	99	64,536,815	99
120000	Non-current assets					
129000	Other non-current assets	8	40,300	-	40,300	-
129080	Other financial assets	6(6), 6(8) & 8	350,673	1	357,291	1
	Non-current Assets		390,973	1	397,591	1
	Total assets		$57,234,871	100	$64,934,406	100
	Liabilities and Equity					
210000	Current Liabilities					
214130	Accounts payable	6(7) & 7	$-	-	$1,985,833	3
	Current Liabilities		-	-	1,985,833	3
229110	Intercompany		54,882,066	96	60,974,866	94
	Total Liabilities		54,882,066	96	62,960,699	97
300000	Equity					
301110	Capital surplus		2,000,000	3	2,000,000	3
304040	Retained earnings		431,385	1	242,370	-
305000	Other equity		(78,580)	-	(268,663)	-
	Total equity		2,352,805	4	1,973,707	3
	Total liabilities and equity		$57,234,871	100	$64,934,406	100

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

English Translation of Financial Statements Originally Issued in Chinese

STANDARD CHARTERED BANK (TAIWAN) LIMITED SECURITIES DEPARTMENT

Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

(Expressed in thousands of New Taiwan Dollars)

			2023		2022	
		Note	Amount	%	Amount	%
400000	Operating revenue					
401000	Brokerage handling fee revenue	7	$463	-	$4,975	2
404000	Revenue from underwriting business	7	25,220	6	28,857	10
411000	Losses on sale of trading securities	6(1)	(21,741)	(5)	(91,501)	(33)
421200	Interest income	6(1)	440,160	95	319,788	115
421500	Valuation gains on trading securities at fair value through profit or loss	6(1)	13,079	3	13,530	5
425300	Expected credit reversal gains		1,569	-	79	-
428000	Other operating income	7	2,580	1	3,538	1
	Total operating revenue		461,330	100	279,266	100
500000	Operating expenses					
502000	Brokerage handling fee expenses		11	-	9	-
528000	Other operating losses	7	-	-	1,720	-
531000	Employee benefit expenses		17,955	4	19,323	7
533000	Other operating expenses		11,979	2	15,844	6
	Total operating expenses		29,945	6	36,896	13
902005	Profit		431,385	94	242,370	87
805000	Other comprehensive income					
805600	Components of other comprehensive income that will be reclassified to profit or loss					
805615	Revaluation gains (losses) from investments in debt instruments measured at fair value through other comprehensive income		190,553	41	(217,135)	(78)
805618	Provision of impairment losses from investments in debt instruments measured at fair value through other comprehensive income		(1,544)	-	(55)	-
805000	Other comprehensive income		189,009	41	(217,190)	(78)
902006	Total comprehensive Income		$620,394	135	$25,180	9

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

English Translation of Financial Statements Originally Issued in Chinese

STANDARD CHARTERED BANK (TAIWAN) LIMITED SECURITIES DEPARTMENT

Notes to the Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

1. Organization and operations

(1) Standard Chartered Bank (Taiwan) Limited (hereinafter referred to as the Company) established the first securities brokerage office in Taoyuan City in October 1989. After that, it continued to provide securities brokerage business at various places, and started securities financing and refinancing in January 1993 and over the counter securities trading business in August 1995. On October 9, 2014, the Company terminated trading of securities in the stock exchange market, trading of securities at the business establishment, margin purchase and short sale of securities, trading of futures and dissolved the securities branch. On May 6, 2015, the Company was approved to start engaging in underwriting of bonds and marketable securities (limited to fixed income securities). On July 27, 2015, the securities department of the Company and offshore banking unit (OBU) started engaging in foreign exchange trading; the Company was approved to conduct its own foreign securities business on November 10, 2017.

(2) Main business includes:

(a) Foreign exchange trading
(b) Various bonds and securitized commodities on their business premises (limited to fixed income securities)
(c) Foreign securities business on its own business premises
(d) Underwriting bonds and securitized commodities (limited to fixed income securities).

2. Date and procedures of authorization for issuance of the financial statements

The date and procedure of the securities department's financial statements are the same as the Company's financial statements. Please refer to the Company's financial statements.

3. Newly issued or revised standards and interpretations

The application of the newly issued and revised standards and interpretations by the securities department of the Company is the same as the financial statements of the Company. Please refer to the financial statements of the Company.

4. Summary of significant accounting policies

The financial statements of the securities department of the Company have been prepared in conformity with Regulations Governing the Preparation of Financial Reports by Securities Firms, and International Financial Reporting Standards (IFRS), International Accounting Standard (IAS), Interpretations developed by the International Financial Reporting Interpretations Committee (IFRIC) or the former Standing Interpretations Committee endorsed by FSC. Significant accounting policies adopted in the financial statements are summarized as below:

(1) Current and non-current distinction

Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
(b) The Company holds the asset primarily for the purpose of trading;
(c) The Company expects to realize the asset within 12 months after the reporting period;
(d) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) The Company expects to settle the liability in its normal operating cycle
(b) The Company holds the liability primarily for the purpose of trading
(c) The liability is due to be settled within 12 months after the reporting period
(d) The Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(2) Foreign currency

Except for accounts in the OBU of the Company that are denominated in US Dollars, accounts in all entities are denominated in New Taiwan Dollars. For those transactions denominated in foreign currencies, assets and liabilities are recorded in their original foreign currencies, while all income and expense accounts are denominated in original foreign currencies and translated into New Taiwan Dollars at the daily closing exchange rates. At the report date, the financial statements amount in all foreign currencies are translated into New Taiwan Dollars at ruling exchange rates assigned on that date. The Company's financial statements are presented in New Taiwan Dollars, the functional currency of the Company. All financial information presented in New Taiwan Dollars is expressed in thousands of New Taiwan Dollars, unless otherwise specified. Foreign exchange differences arising from the conversion of currency are recognized in current period profit or loss.

(3) Financial instruments

<u>Financial assets</u>

Financial assets held by securities department of the Company are recorded on the trading date.

Financial assets are recognized when securities department of the Company becomes the party of a financial instrument contract. Financial assets are classified into the following categories: measured at amortized cost, fair value through other comprehensive income (FVOCI), and fair value through profit or loss (FVTPL).

Securities department of the Company shall reclassify all affected financial assets only when it changes its business model for managing its financial assets.

(a) Financial assets measured at amortized cost

i. Debt instrument investments measured at amortized cost

When a financial asset meets both of the following conditions and is not designated as at FVTPL, it is measured at amortized cost;

A. it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
B. its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, and impairment loss are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

ii. Securities and bonds under repurchase/resell agreements

Securities and bonds sold/purchased with a commitment to repurchase/resell at predetermined price are treated as financing transactions. The difference between the cost and the repurchase/resell price is treated as interest expenses/revenue and recognized over the term of the agreement. On the selling/purchasing date, these agreements are recognized as securities and bonds sold under repurchase agreements or securities and bonds purchased under resell agreements.

iii. Loans and receivables

Loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Credit maturing less than one year is called short-term credit; credit maturing more than one year but less than seven years is called medium-term credit; and credit maturing more than seven years is called long-term credit. Loans with collateral, pledged assets, qualified guarantees and other legally guaranteed objects to secure credit are secured loans.

Loans are recorded initially at principal and reported at their outstanding balances after netting with any provisions for doubtful accounts. In accordance with the Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans approved by FSC, an allowance for doubtful accounts is determined by evaluating the collectability of loans and days past due of receivables (including non-performing loans and interest receivable). Any non-performing loans or non-accrual loans shall be written off after subtracting the estimated recoverable portion.

However, when requested by the competent authority or any financial examination agency (organization), loans must be immediately written off, and a report must be made to the subsequent board meeting. Collections after written off shall be reversed from the allowance for bad debt expense.

Principal or interest overdue over 3 months is categorized as overdue accounts. If principal or interest of any outstanding loan is overdue for over 6 months, both the principal and accrued interest are reclassified as non-performing loan. Accrued interest on a non-performing loan will only be calculated and booked into memo accounts.

Loans and receivables should be evaluated at every reporting date whether or not the credit risks have increased significantly after initial recognition. One estimate is by comparing the default risk at reporting date and initial recognition date, and considering the reasonableness and verifiable information of the increase in credit risk since initial recognition as the estimate basis for default risk and expected loss rate to calculate the expected credit loss. Another estimate follows Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans issued by the FSC and other related regulations. Final provision will be based on the higher of the two estimates.

Reserves for guarantees and financing commitments are appropriately provided, based on the possibilities of bad debts arising from off balance sheet loan commitments and financial guarantee contracts.

(b) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

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

Debt instrument investments at fair value through other comprehensive income should be valued at fair value on the reporting date, and the changes in value shall be listed in other comprehensive income as adjustment items. It should also use the effective rate to amortize the discount premium and calculate the interest receivable on an accrual basis, as well as recognize the credit impairment loss. If the impairment loss related to the events after impairment recognition is reduced in the subsequent period, it is reversed and recognized as profit or loss in the current period. The reversal is limited by the fact that other comprehensive income recognized as impairment adjustment items cannot be negative. Prior to derecognition, the changes in the remaining book values of financial assets, other than foreign currency related financial asset exchange losses, interest income calculated according to effective interest rate, and impairment losses recognized in income, should be recognized in other comprehensive income and accumulated under equity in “Unrealized profit or loss on financial assets at fair value through other comprehensive income.” Upon derecognition, the accumulated profit or loss under equity should be reclassified as profit or loss in the current period.

On initial recognition of an equity investment that is not held for trading, securities department of the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. A financial asset measured at FVOCI is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at fair value. Dividends deriving from equity investments are recognized as income in profit or loss, and other net gains and losses of financial assets measured at FVOCI are recognized in OCI. Upon derecognition, gains and losses accumulated in OCI of equity investments are reclassified to retained earnings.

(c) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, securities department of the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value, which take into account any dividend and interest income, and recognized in profit or loss.

(d) Impairment of financial assets

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Securities department of the Company measures loss allowances for expected credit losses on financial assets measured at amortized cost (Including securities and bonds purchased under resell agreements, receivables, financial assets measured at amortized cost), debt investments measured at FVOCI and contract assets.

Securities department of the Company takes into consideration the reasonable information supported by evidence that can be obtained without excessive cost or input, which includes qualitative and quantitative information, an analysis based on securities department of the Company's past experience, credit evaluation, and prospective information, when determining whether there is a significant increase in the credit risk of financial assets since initial recognition. If a financial asset or portfolio of financial assets does not experience a significant increase in credit risk since initial recognition, the loss allowances are measured at 12-month ECL; and such assets are classified as Stage 1 assets. However, if a financial asset, or portfolio of financial assets, experiences a significant increase in credit risk since initial recognition, an ECL allowance should be recognized for default events that may occur over the lifetime of the asset; and such assets are classified as Stage 2 assets.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the securities department of the Company is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses during the expected lifetime of financial assets. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to securities department of the Company in accordance with the contract and the cash flows that securities department of the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, securities department of the Company assesses whether financial assets at amortized cost and debt instrument investments at FVOCI are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt instrument investments at FVOCI, the loss allowance is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when securities department of the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with securities department of the Company's procedures for recovery of amounts due.

Please refer to the Company's financial report for the judgment on whether the credit risk has significantly increased after initial recognition and prospective adjustments.

(e) Derecognition of financial assets

Financial assets are derecognized when the contractual rights to the cash flows from the assets expire, or when the Company transfers substantially all the risks and rewards of ownership of the financial assets.

If majority of the risks and rewards are not kept nor transferred, while securities department of the Company still possess the ownership of the financial assets, then securities department of the Company shall continuously recognize it as assets according to the extent of its own involvement.

(f) Reclassification of financial assets

Only when the business model of financial assets management is changed does securities department of the Company reclassifies the affected financial assets according to regulations.

(4) Refundable security deposits

According to the Regulations Governing Securities Firms, the securities department of the Bank lodged operation bond and recorded them under other non-current assets, based on the nature of security business.

Based on settlement reserves placed in the Taipei Exchange's electronic bond trading system, which was prepared in accordance with the related regulation, those who had engaged transactions using this system should deposit an amount as settlement reserves for bond proprietary trading; those who had engaged transactions in Taiwan Securities Association fund should deposit an amount as self-regulatory fund deposits.

(5) Revenue recognition

(a) Profit or loss on disposal of trading securities, and relevant brokerage securities transaction charges are recognized at the trading date.
(b) Brokerage handling fee revenue are recognized at the trading date.
(c) Revenue from underwriting business are recognized right after the underwriting service are made.
(d) Interest income: interest income from investments in debt instruments measured at amortized cost and fair value through other comprehensive income are required to be calculated using the effective interest rate method; interest income from securities purchased under resell agreements are measured at accrual basis, according to its principal amount, interest rate and settlement date.
(e) Operating expenses: Expenses derived from the operating of securities department are mainly classified under employee benefits expense and other operating expense.

(6) Change in accounting policy

From January 1, 2023, in response to the changing of trading system for debt securities of the Standard Chartered Group, to more properly reflect the economic substance while calculating the cost, gain and loss of investment, in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, the company had been approved the below change of accounting policy by Financial Supervisory Commission of the Republic of China through Jin-Guan-Yin-(Wai)-Zi No. 1110233582 on March 13, 2023. The inventory costing method to the investment on debt securities was changed from Weighted Average Cost to First In First Out method beginning on January 1, 2023. However, due to the limitation and constraint of current transaction system design for debt securities, it is impractical to determine the effects of above mentioned change for the period ended December 31, 2022 and the cumulative effect of the change. Retrospective application is also impractical.

5. <u>Significant accounting judgments, estimates and assumptions</u>

When preparing financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Firms and the IFRSs endorsed by the FSC, securities department of the Company is required to make judgments, estimates, and assumptions on valuation of below assets that may causes differences between actual results and estimates. Subsequently, it affects the adoption of accounting policies, reported amounts of assets, liabilities, revenues, and expenses.

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

The securities department of the Company keeps testing applicable judgements, estimates and assumptions. Adjustment will be done due to any impacts of changes in the uncertainty mentioned above; and changes will be recognized in the period when they applied.

Below shows the management judgments, estimates, and assumptions that contain risk, and may cause adjustments in the current and future accounting period due to uncertainty.

Valuation of financial instruments

Fair value of financial instruments in determined using valuation techniques when there is no active market or quoted price. Under this circumstance, fair value is assessed through relevant observable information or model. If there are no observable market parameters, the fair value of financial instruments can be evaluated based on appropriate assumptions. When valuation technique is used to determine fair value, all models shall be calibrated to ensure that all outputs reflect the actual data and the market price. The valuation techniques are adopted, as much as possible, from observable data. However, for credit risk (risk between itself and counterparty), the management shall estimate volatility and correlation.

6. Contents of significant accounts

As of December 31, 2023, the Offshore banking unit of the securities department of the Company has not yet completed relevant business. The following details do not include the amount of Offshore banking unit.

(1) Financial assets at fair value through profit or loss

The financial assets at fair value through profit or loss of the securities department of the Company were as follows:

	December 31, 2023	December 31, 2022
Securities held for operations-dealing:		
Government bonds	$4,689,853	$6,161,743
Corporate bonds	3,507,823	-
Financial bonds	201,248	-
Total	$8,398,924	$6,161,743

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

For the years ended December 31, 2023 and 2022, relevant operating details of the securities department of the Company were as follows:

	2023	2022
Gains on sale of trading securities	$11,855	$152
Interest income	$63,524	$33,405
Valuation gains on trading securities measured at fair value through profit or loss	$13,079	$13,530

(2) Financial assets at fair value through other comprehensive income

The financial assets at fair value through other comprehensive income of securities department of the Company were as follows:

	December 31, 2023	December 31, 2022
Government bonds	$23,683,845	$47,788,786
Revaluation adjustment of hedge items	$-	$27

As of December 31, 2023 and 2022, the allowance for impairments of the above debt investment were $1,108 thousand and $2,652 thousand respectively.

Changes in the allowance for impairments of the above debt investments were as follows:

	2023				
	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses (non-purchased or originated credit impaired financial assets)	Lifetime expected credit losses (purchased or originated credit impaired financial assets)	Impairment losses according to IFRS 9 (total)
Beginning balance	$2,652	$-	$-	$-	$2,652
Changes due to financial instrument recognition:					
Financial assets derecognized during the period	(1,039)	-	-	-	(1,039)
New financial assets originated or purchased	265	-	-	-	265
Foreign currency exchange and other changes	(770)	-	-	-	(770)
Ending Balance	$1,108	$-	$-	$-	$1,108

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

	2022				
	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses (non-purchased or originated credit impaired financial assets)	Lifetime expected credit losses (purchased or originated credit impaired financial assets)	Impairment losses according to IFRS 9 (total)
Beginning balance	$2,707	$-	$-	$-	$2,707
Changes due to financial instrument recognition:					
Financial assets derecognized during the period	(579)	-	-	-	(579)
New financial assets originated or purchased	115	-	-	-	115
Foreign currency exchange and other changes	409	-	-	-	409
Ending Balance	$2,652	$-	$-	$-	$2,652

Changes in the book value of the financial assets at fair value through other comprehensive income-debt instruments mentioned above were as follow:

	2023				
	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses (non-purchased or originated credit impaired financial assets)	Lifetime expected credit losses (purchased or originated credit impaired financial assets)	Impairment losses according to IFRS 9 (total)
Beginning balance	$47,788,786	$-	$-	$-	$47,788,786
Changes due to financial instrument recognition:					
Financial assets derecognized during the period	(28,747,025)	-	-	-	(28,747,025)
New financial assets originated or purchased	4,644,104	-	-	-	4,644,104
Foreign currency exchange and other changes	(2,020)	-	-	-	(2,020)
Ending Balance	$23,683,845	$-	$-	$-	$23,683,845

	2022				
	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses (non-purchased or originated credit impaired financial assets)	Lifetime expected credit losses (purchased or originated credit impaired financial assets)	Impairment losses according to IFRS 9 (total)
Beginning balance	$44,508,058	$-	$-	$-	$44,508,058
Changes due to financial instrument recognition:					
Financial assets derecognized during the period	(7,776,903)	-	-	-	(7,776,903)
New financial assets originated or purchased	11,072,620	-	-	-	11,072,620
Foreign currency exchange and other changes	(14,989)	-	-	-	(14,989)
Ending Balance	$47,788,786	$-	$-	$-	$47,788,786

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

(3) Financial assets measured at amortized cost

The financial assets measured at amortized cost of the securities department of the Company were as follows:

	December 31, 2023	December 31, 2022
Government bonds	$4,718,441	$4,751,499

As of December 31, 2023 and 2022, the allowance of impairments of the above financial assets measured at amortized cost were $269 thousand and $301 thousand respectively.

Changes in the allowance for impairments of the above debt investments were as follows:

	2023				
	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses (non-purchased or originated credit impaired financial assets)	Lifetime expected credit losses (purchased or originated credit impaired financial assets)	Impairment losses according to IFRS 9 (total)
Beginning balance	$301	$-	$-	$-	$301
Changes due to financial instrument recognition:					
Financial assets derecognized during the period	(97)	-	-	-	(97)
New financial assets originated or purchased	148	-	-	-	148
Foreign currency exchange and other changes	(83)	-	-	-	(83)
Ending Balance	$269	$-	$-	$-	$269

	2022				
	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses (non-purchased or originated credit impaired financial assets)	Lifetime expected credit losses (purchased or originated credit impaired financial assets)	Impairment losses according to IFRS 9 (total)
Beginning balance	$293	$-	$-	$-	$293
Foreign currency exchange and other changes	8	-	-	-	8
Ending Balance	$301	$-	$-	$-	$301

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

(4) Securities and bonds purchased under resell agreements

	December 31, 2023	December 31, 2022
Bonds purchased under resell agreements	$19,659,335	$5,175,877
Face value of bonds	$21,437,000	$5,676,600
Interest rate	1.15%~1.40%	0.88%~1.26%
Last settlement date	2024.1.29	2023.2.2
Resell price	$19,677,495	$5,180,613

As of December 31, 2023 and 2022, allowance for impairments of the above securities and bonds purchased under resell agreements were $55 thousand and $47 thousand, respectively.

Changes in the allowance for impairments of the above securities and bonds purchased under resell agreements were as follows:

	2023				
	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses (non-purchased or originated credit impaired financial assets)	Lifetime expected credit losses (purchased or originated credit impaired financial assets)	Impairment losses according to IFRS 9 (total)
Beginning balance	$47	$-	$-	$-	$47
Changes due to financial instrument recognition:					
Financial assets derecognized during the period	(47)	-	-	-	(47)
New financial assets originated or purchased	55	-	-	-	55
Ending Balance	$55	$-	$-	$-	$55

	2022				
	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses (non-purchased or originated credit impaired financial assets	Lifetime expected credit losses (purchased or originated credit impaired financial assets	Impairment losses according to IFRS 9 (total)
Beginning balance	$79	$-	$-	$-	$79
Changes due to financial instrument recognition:					
Financial assets derecognized during the period	(79)	-	-	-	(79)
New financial assets originated or purchased	47	-	-	-	47
Ending Balance	$47	$-	$-	$-	$47

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

(5) Accounts receivable

	December 31, 2023	December 31, 2022
Interest receivables	$307,884	$552,679
Accounts receivable-related parties	3,460	7,944
Total	$311,344	$560,623

(6) Other financial assets

	December 31, 2023	December 31, 2022
Restricted assets-debt instruments	$350,673	$357,291

(7) Payables

	December 31, 2023	December 31, 2022
Unsettled trades payable	$-	$1,967,260
Accounts payable-related parties	-	18,573
Total	$-	$1,985,833

(8) Fair value of financial instruments

(a) Fair value of financial instruments

	December 31, 2023	
	Book Value	Fair Value
Amortized cost	$4,718,441	$4,703,664
Securities and bonds purchased under resell agreements	19,659,335	19,633,946
Other financial assets	350,673	350,673

	December 31,2022	
	Book Value	Fair Value
Amortized cost	$4,751,499	$4,714,444
Securities and bonds purchased under resell agreements	5,175,877	5,143,533
Other financial assets	357,291	357,291

(b) Information of financial risk

Please refer to the Company's financial statements on financial risk for more details.

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

7. Related party transactions

Name and relationship of related parties

Name	Relationship with the Company
Standard Chartered PLC ("SC PLC")	The ultimate parent company
Standard Chartered Bank Hong Kong Limited ("SCB Hong Kong")	Parent company of SC NEA
Standard Chartered NEA Limited ("SC NEA")	Parent company
Standard Chartered Bank ("SCB")	Affiliate
Standard Chartered Bank Singapore ("SCB Singapore")	Affiliate
Standard Chartered Bank North America ("SCB North America")	Affiliate
Standard Chartered Bank Dubai ("SCB Dubai")	Affiliate
Standard Chartered Bank India ("SCB India")	Affiliate

Significant transactions with related parties

Name	2023	2022
Brokerage handling fee revenue:		
SCB	$397	$1,882
SCB Hong Kong	66	3,093
Total	$463	$4,975
Revenue from underwriting:		
SCB	$1,935	$-
Other	10	-
Total	$1,945	$-
Other operating income:		
SCB	$-	$18
Other operating losses		
SCB India	$-	$873
SCB Dubai	-	681
SCB North America	-	166
Total	$-	$1,720

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

Name	December 31, 2023	December 31, 2022
Accounts receivable-related parties:		
SCB Hong Kong	$3,063	$3,096
Other	397	4,848
Total	$3,460	$7,944
Accounts payable-related parties:		
SCB	$-	$10,518
SCB Dubai	-	6,235
SCB North America	-	1,297
Other	-	523
Total	$-	$18,573

8. Pledged assets

Refundable security deposits set as pledged assets made in accordance with the relevant regulations of governing bank operations were as follows:

Pledged assets	Pledged for	December 31, 2023	December 31, 2022
Negotiable certificates of deposit, bonds (recorded under other non-current financial assets)	Trust indemnity reserve	$150,289	$153,125
	Operation Bond for securities broker	50,096	51,042
	Operation Bond for securities underwriter	40,077	40,833
	Operation Bond for securities dealer	10,019	10,208
	Bond payment settlement reserve	100,192	102,083
		350,673	357,291
Guarantee deposits paid (recorded under other non-current assets)	Bond payment settlement reserve, and self-regulatory fund deposit	40,300	40,300
Total		$390,973	$397,591

(1) Reserves for indemnity obligations are provided in the way of deposits placed in the Central Bank of Republic of China for conducting trust and custodian business.

(2) Operation Bond for securities broker is placed for operating business of foreign bond agency approved by the competent authority in accordance with the Regulations Governing Securities Firms. (Amounts required in accordance with relevant regulations for securities broker are $50,000 thousand.)

(3) Operation Bond for securities underwriter and dealer is placed in accordance with the Regulations Governing Securities Firms. (Amounts required in accordance with relevant regulations for securities underwriter and dealer are $40,000 thousand and $10,000 thousand, respectively.)

(4) Bond payment settlement reserves are placed in the Taipei Exchange's electronic bond trading system in accordance with relevant regulations.

(5) Self-regulatory fund deposits are placed in Taiwan Securities Association in accordance with relevant regulations.

9. Significant commitments and contingent liabilities

None.

10. Significant loss due to disasters

None.

11. Significant subsequent events

None.

12. Others

None.

13. Other disclosure items

The following is the information on significant transactions required by the 'Regulations Governing the Preparation of Financial Reports by Securities Issuers' for the securities department of the Company for the year ended December 31, 2023:

(1) Related information on significant transactions:

(a) Loans to other parties: None.
(b) Guarantees and endorsements for other parties: None.
(c) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.
(d) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(e) Service charge discounts on transactions with related parties in an aggregate amount of NT$5 million or more: None.

(f) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock: None.

(g) Details of material transactions between parent company and subsidiaries: None.

(2) Information on long-term equity investments: None.

(3) Related information on overseas branches and representative offices: None.

(4) Information on investments in Mainland China: None.

Standard Chartered Bank (Taiwan) Limited Securities Department

Statement of financial assets measured at fair value through profit or loss

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Name of financial instrument	Description	Shares or units	Par value	Total amount	Interest rate	Acquisition cost	Fair value		Fair value changes attributable to the changes in credit risk	Note
							Unit price	Total amount		
A09112		-	-	$1,300,000	0.13%	$1,275,413	100.04	$1,275,971	$-	
A93103		-	-	1,200,000	3.00%	1,203,308	102.32	1,231,228	-	
A09107		-	-	800,000	0.25%	789,632	100.12	790,565	-	
B67520		-	-	600,000	1.45%	600,181	101.24	607,633	-	
B903YD		-	-	450,000	1.49%	449,755	100.74	453,103	-	
Other (Note)		-	-	4,000,000	0.52%~2.50%	3,995,212	100.43~103.73	4,040,424	-	
Total				$8,350,000		$8,313,501		$8,398,924	$-	

Note 1: Individual accounts less than 5% of the total.

Standard Chartered Bank (Taiwan) Limited Securities Department

Statement of financial assets measured at fair value through other comprehensive income

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Name of financial instrument	Description	Shares or units	Par value	Total amount	Interest rate	Acquisition cost	Accumulated impairment	Fair value		Note
								Unit price	Total amount	
A93103		-	-	$4,600,000	3.00%	$4,676,584	$70	98.55	$4,608,842	
A94103		-	-	2,800,000	2.38%	2,906,483	274	97.67	2,838,812	
A03106		-	-	2,700,000	1.50%	2,719,006	46	99.36	2,701,625	
A08101		-	-	2,450,000	0.63%	2,445,620	19	100.16	2,449,576	
A93109		-	-	1,600,000	3.00%	1,661,236	112	97.88	1,625,952	
A04105		-	-	1,550,000	1.63%	1,586,744	103	98.25	1,559,018	
A08107		-	-	1,448,900	0.50%	1,449,455	56	99.63	1,444,141	
A03113		-	-	1,400,000	1.63%	1,425,968	77	98.53	1,405,076	
A12106		-	-	1,200,000	1.00%	1,295,694	162	91.80	1,189,488	
Other (Note)		-	-	3,900,000	0.25%~1.00%	3,865,310	189	99.05~100.48	3,861,315	
Total				$23,648,900		$24,032,100	$1,108		$23,683,845	

Note 1: Individual accounts less than 5% of the total.

Standard Chartered Bank (Taiwan) Limited Securities Department

Statement of financial assets measured at amortized cost

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Name of financial instrument	Description	Shares or units	Par value	Total Amount	Interest rate	Carrying amount	Accumulated impairment	Note
A09101		-	-	$800,000	0.50%	$801,129	$49	
A11106		-	-	700,000	1.00%	698,111	54	
A93109		-	-	600,000	3.00%	613,854	42	
A11108		-	-	600,000	1.25%	603,608	47	
A03106		-	-	600,000	1.50%	601,145	10	
A08107		-	-	400,000	0.50%	400,270	16	
A08101		-	-	250,000	0.63%	250,019	2	
Other(Note)		-	-	750,000	0.25%~3.00%	750,305	49	
Total				$4,700,000		$4,718,441	$269	

Note: Individual accounts less than 5% of the total.

Standard Chartered Bank (Taiwan) Limited Securities Department

Statement of securities and bonds purchased under resell agreements

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

	Terms			Bonds			
Name	Start Date	Maturity Date		Type	Par value	Trading Amount	Note
Taiwan Life Insurance Co., Ltd.	2023.12.19	2024.01.19	1.20%	A02105	$1,200,000	$1,020,000	
Taiwan Life Insurance Co., Ltd.	2023.12.14	2024.01.15	1.20%	A02109	1,200,000	1,020,000	
Taiwan Life Insurance Co., Ltd.	2023.12.27	2024.01.29	1.20%	A00104	1,150,000	1,012,000	
Other (Note)	2023.12.01~2023.12.29	2024.01.02~2024.01.29	1.15%~1.40%		17,887,000	16,607,390	
Total					$21,437,000	$19,659,390	

Note: Individual accounts less than 5% of the total.

Standard Chartered Bank (Taiwan) Limited Securities Department

Statement of revenue from underwriting business

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Month	Securities underwriting compensation	Consignment securities handling fee revenue	Underwriting operation revenye	Underwriting asset revenue	Other revenue	Total	Note
January	$-	$-	$-	$1,114	$-	$1,114	
February	-	-	-	-	-	-	
March	-	-	-	-	-	-	
April	-	-	-	-	-	-	
May	-	-	-	424	-	424	
June	-	-	-	3,586	-	3,586	
July	-	-	-	726	-	726	
August	-	-	-	10	-	10	
September	-	-	-	-	-	-	
October	-	-	-	-	-	-	
November	-	-	-	18,283	-	18,283	
December	-	-	-	1,077	-	1,077	
Total	$-	$-	$-	$25,220	$-	$25,220	

Standard Chartered Bank (Taiwan) Limited Securities Department

Statement of loss on sale of trading securities

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Revenue	Cost	Loss	Note
Dealing				
Securities trading at business establishment	$30,040,080	$30,061,821	$(21,741)	

Standard Chartered Bank (Taiwan) Limited Securities Department

Statement of interest income

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Bonds interest income		$325,627	
Interest income from bond purchased under resell agreements		114,533	
Total		$440,160	