Stock Code: 2807

STANDARD CHARTERED BANK
(TAIWAN) LIMITED

Financial Statements

With Independent Auditors' Report

For the Six Months Ended June 30, 2026 and 2025

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

Table of Contents

安永聯合會計師事務所

11012 台北市信義區基隆路一段333號9樓
9F, No. 333, Sec. 1, Keelung Road, Xinyi District,
Taipei City 11012, Taiwan, R.O.C.

Tel: 886 2 2757 8888
Fax: 886 2 2757 6050
ey.com/zh_tw

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 June 30, 2026, December 31, 2025 and June 30, 2025, and the related statements of comprehensive income, changes in equity and cash flows for the six months ended June 30, 2026 and 2025, 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 June 30, 2026, December 31, 2025 and June 30, 2025, and their financial performance and cash flows for the six months ended June 30, 2026 and 2025, 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 the International Accounting Standard (IAS) 34, *Interim Financial Reporting*, as 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 June 30, 2026, total outstanding loan balance of the Company was $321,293,208 thousand, accounting for 41% 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 non-listed equity instrument investments

As of June 30, 2026, the balance of the Company's non-listed equity instrument investments classified as financial assets at fair value through other comprehensive income was $1,235,044 thousand. Because there were no active market quoted prices for these non-listed equity instrument investments, fair value was determined by the Company's internal valuation techniques or external valuation experts 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 these financial instruments. Therefore, we determined the valuation of non-listed equity instrument investments is a key audit matter.

EY 安永

We performed the following audit procedures, including but not limited to: evaluating and testing the controls related to valuation of non-listed equity instrument investments, 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, understanding 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 non-listed equity instrument investments.

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 Accounting Standard (IAS) 34, *Interim Financial Reporting*, as 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.

Auditor's 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 auditor's 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 auditor's 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 auditor's 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.

/s/ Lin, Shr-huan

/s/ Chang, Cheng-tao
Ernst & Young, Taiwan
August 25, 2026

Notice to Readers
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.

<u>English Translation of Financial Statements Originally Issued in Chinese</u>

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Balance Sheets

June 30, 2026, December 31, 2025, and June 30, 2025

(Expressed in thousands of New Taiwan Dollars)

			June 30, 2026		December 31, 2025		June 30, 2025	
		Notes	Amount	%	Amount	%	Amount	%
	Assets							
11000	Cash and cash equivalents	6(1) & 7	$12,232,696	2	$8,058,486	1	$12,892,416	2
11500	Due from the Central Bank and call loans to banks	6(1), 6(2), 6(6) & 7	177,113,847	23	148,467,980	20	151,244,337	19
12000	Financial assets at fair value through profit or loss	6(3) & 7	72,328,119	9	73,732,117	10	90,122,434	11
12100	Financial assets at fair value through other comprehensive income	6(4) & 6(6)	138,150,883	18	105,252,295	14	107,733,019	14
12200	Debt instrument investments measured at amortised cost	6(5)	1,899,947	-	14,399,487	2	14,400,462	2
12300	Financial assets for hedging	6(6)	715,511	-	1,169,824	-	530,314	-
12500	Securities and bonds purchased under resell agreements	6(1), 6(7) & 7	18,002,337	2	33,328,390	4	37,497,086	5
13000	Receivables-net	6(8) & 7	28,577,646	4	27,803,864	4	28,518,079	4
13200	Current tax assets	6(22)	45,232	-	148,602	-	242,493	-
13500	Discounts and loans-net	6(6), 6(9) & 7	321,293,208	41	315,693,099	42	315,395,297	40
15500	Other financial assets-net	6(10) & 8	7,994,092	1	12,408,811	2	11,596,250	1
18500	Property and equipment-net	6(11)	2,493,959	-	2,545,493	-	2,755,834	-
18600	Right-of-use assets-net	6(33)	2,022,934	-	2,083,091	-	2,434,947	-
19000	Intangible assets-net	6(12)	3,252,644	-	3,249,491	-	3,229,840	-
19300	Deferred tax assets	6(22)	587,918	-	642,786	-	657,556	-
19500	Other assets-net	6(13), 7 & 8	2,601,525	-	4,073,533	1	15,017,754	2
	Total assets		$789,312,498	100	$753,057,349	100	$794,268,118	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)

June 30, 2026, December 31, 2025, and June 30, 2025

(Expressed in thousands of New Taiwan Dollars)

		Notes	June 30, 2026 Amount	%	December 31, 2025 Amount	%	June 30, 2025 Amount	%
	Liabilities							
21000	Deposits from the Central Bank and banks	6(14) & 7	$5,508,783	1	$959,419	-	$1,424,282	-
22000	Financial liabilities at fair value through profit or loss	6(3) & 7	47,478,280	6	51,495,404	7	67,535,945	9
22300	Financial liabilities for hedging	6(6)	346,794	-	578,379	-	3,141,556	-
23000	Payables	6(15)	5,239,697	1	3,232,327	1	4,768,125	1
23100	Related parties payable	7	5,877,338	1	4,176,510	1	5,398,714	1
23200	Current tax liabilities	6(22)	756,160	-	449,884	-	498,914	-
23500	Deposits and remittances	6(6), 6(16) & 7	643,081,057	81	612,989,915	81	629,836,733	79
24000	Financial debentures	6(17) & 7	9,558,400	1	9,432,250	1	8,793,580	1
25500	Other financial liabilities	6(18)	1,781,276	-	509,223	-	-	-
25600	Provisions	6(19) & 6(21)	344,185	-	336,492	-	397,046	-
26000	Lease liabilities	6(33)	2,192,474	-	2,254,610	-	2,593,937	-
29300	Deferred tax liabilities	6(22)	814,356	-	805,861	-	915,621	-
29500	Other liabilities	6(20) & 7	12,022,744	2	10,731,703	2	16,538,135	2
	Total liabilities		735,001,544	93	697,951,977	93	741,842,588	93
	Equity							
31101	Common stock	6(23)	29,105,720	4	29,105,720	4	29,105,720	4
31500	Capital surplus	6(23)	5,794,771	1	5,794,771	1	5,794,771	1
32000	Retained earnings	6(23)						
32001	Legal reserve		15,556,235	2	13,941,903	1	13,941,903	2
32003	Special reserve		195,312	-	785,466	-	785,466	-
32005	Unappropriated earnings		3,795,800	-	5,381,107	1	2,570,191	-
			19,547,347	2	20,108,476	2	17,297,560	2
32500	Other equity interest	6(23)	(136,884)	-	96,405	-	227,479	-
	Total equity		54,310,954	7	55,105,372	7	52,425,530	7
	Total liabilities and equity		$789,312,498	100	$753,057,349	100	$794,268,118	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 six months ended June 30, 2026 and 2025

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

			For the six months ended June 30			
			2026		2025	
		Notes	Amount	%	Amount	%
41000	Interest income	6(26) & 7	$9,409,900	90	$11,293,677	128
51000	Less: Interest expenses	6(26) & 7	6,265,206	60	7,766,781	87
49010	Net interest income		3,144,694	30	3,526,896	41
49020	Net non-interest income					
49100	Net service fee income	6(27) & 7	4,647,415	45	3,305,720	37
49200	Gains on financial assets or liabilities at fair value through profit or loss	6(28) & 7	2,488,119	24	540,122	6
49310	Realised gains on financial assets at fair value through other comprehensive income	6(4) & 6(29)	10,701	-	20,064	-
49450	Losses arising from derecognition of financial assets measured at amortised cost	6(9)	(1,654)	-	(833)	-
49600	Foreign exchange gains		80,436	1	1,337,660	15
49700	Impairment reversal (losses) gains on assets	6(31)	(5,177)	-	828	-
49800	Net other non-interest income	6(6), 6(30) & 7	38,929	-	92,131	1
	Total net non-interest income		7,258,769	70	5,295,692	59
	Net revenue		10,403,463	100	8,822,588	100
58200	Bad debt expenses, commitment and guarantee liability provisions	6(32)	28,093	-	505,905	6
58400	Operating expenses					
58500	Employee benefits expenses	6(21), 6(24), 6(34) & 7	2,936,635	28	2,586,349	29
59000	Depreciation and amortisation expenses	6(11), 6(12), 6(33) & 6(35)	340,831	3	361,867	4
59500	Other general and administrative expenses	6(36) & 7	2,582,555	25	2,548,264	29
	Total operating expenses		5,860,021	56	5,496,480	62
61001	Profit from continuing operations before tax		4,515,349	44	2,820,203	32
61003	Less: Income tax expenses	6(22)	824,107	8	322,232	4
61000	Profit		3,691,242	36	2,497,971	28
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)	130,698	1	90,275	1
65204	Revaluation losses from investments in equity instruments measured at fair value through other comprehensive income		7,527	-	(13,184)	-
65220	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(22)	(26,140)	-	(18,055)	-
	Total components of other comprehensive income that will not be reclassified to profit or loss		112,085	1	59,036	1
65300	Components of other comprehensive income that will be reclassified to profit or loss					
65305	(Losses) gains on hedging instruments	6(23)	(72,603)	(1)	933,216	11
65309	Revaluation (losses) gains from investments in debt instruments measured at fair value through other comprehensive income		(203,500)	(2)	73,925	1
65310	Impairment reversal gains (losses) from investments in debt instruments measured at fair value through other comprehensive income		5,810	-	(583)	-
65320	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(22)	29,477	-	(175,741)	(2)
	Total components of other comprehensive income that will be reclassified to profit or loss		(240,816)	(3)	830,817	10
65000	Other comprehensive income		(128,731)	(2)	889,853	11
66000	Total comprehensive income		$3,562,511	34	$3,387,824	39
67500	Basic earnings per share (NTD)	6(25)	$1.27		$0.86	

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 six months ended June 30, 2026 and 2025

(Expressed in thousands of New Taiwan Dollars)

			Retained earnings			Other items in stockholders' equity		
	Common Stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Total equity
Balance at January 1, 2025	$29,105,720	$5,794,771	$12,309,305	$419,435	$5,441,992	$(250,315)	$(339,839)	$52,481,069
Appropriation and distribution of retained earnings								
Legal reserve	-	-	1,632,598	-	(1,632,598)	-	-	-
Special reserve	-	-	-	366,031	(366,031)	-	-	-
Cash dividends	-	-	-	-	(3,443,363)	-	-	(3,443,363)
Net income	-	-	-	-	2,497,971	-	-	2,497,971
Other comprehensive income	-	-	-	-	72,220	71,868	745,765	889,853
Total comprehensive income	-	-	-	-	2,570,191	71,868	745,765	3,387,824
Balance at June 30, 2025	$29,105,720	$5,794,771	$13,941,903	$785,466	$2,570,191	$(178,447)	$405,926	$52,425,530
Balance at January 1, 2026	$29,105,720	$5,794,771	$13,941,903	$785,466	$5,381,107	$346,794	$(250,389)	$55,105,372
Appropriation and distribution of retained earnings								
Legal reserve	-	-	1,614,332	-	(1,614,332)	-	-	-
Cash dividends	-	-	-	-	(4,356,929)	-	-	(4,356,929)
Reversal of special reserve	-	-	-	(590,154)	590,154	-	-	-
Net income	-	-	-	-	3,691,242	-	-	3,691,242
Other comprehensive income	-	-	-	-	104,558	(175,207)	(58,082)	(128,731)
Total comprehensive income	-	-	-	-	3,795,800	(175,207)	(58,082)	3,562,511
Balance at June 30, 2026	$29,105,720	$5,794,771	$15,556,235	$195,312	$3,795,800	$171,587	$(308,471)	$54,310,954

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 six months ended June 30, 2026 and 2025

(expressed in thousands of New Taiwan Dollars)

	For the six months ended June 30	
	2026	2025
Cash flows from operating activities		
Profit before tax	$4,515,349	$2,820,203
Adjustments		
Adjustments to reconcile profit (loss)		
Depreciation expense	339,186	360,226
Amortisation expense	1,645	1,641
Bad debt expense, commitment and guarantee liability provisions	28,093	505,905
Interest expenses	6,265,206	7,766,781
Interest income	(9,409,900)	(11,293,677)
Net change in other provisions	94,349	(26,117)
Gain on disposal of property and equipment	-	(108,026)
Impairment losses (reversal gains) on assets	5,177	(828)
Total adjustments to reconcile profit (loss)	(2,676,244)	(2,794,095)
Changes in operating assets and liabilities		
Changes in operating assets		
Due from the Central Bank and call loans to banks	(20,314,398)	11,958,817
Financial assets at fair value through profit or loss	1,403,998	(29,047,940)
Financial assets at fair value through other comprehensive income	(33,099,900)	(6,868,260)
Debt instrument investments measured at amortised cost	12,500,131	1,600,153
Receivables	(820,564)	5,217,666
Discounts and loans	(5,557,137)	(9,661,257)
Other financial assets	4,414,627	158,618
Total changes in operating assets	(41,473,243)	(26,642,203)
Changes in operating liabilities		
Deposits from the Central Bank and banks	4,549,364	(11,527,513)
Financial liabilities at fair value through profit or loss	(4,017,124)	21,379,463
Payables	3,703,740	460,260
Deposits and remittances	30,091,142	(4,676,485)
Other financial liabilities	1,272,053	-
Other liabilities	1,291,041	8,516,613
Total changes in operating liabilities	36,890,216	14,152,338
Total changes in operating assets and liabilities	(4,583,027)	(12,489,865)
Total adjustments	(7,259,271)	(15,283,960)
Cash outflow generated from operating activities	(2,743,922)	(12,463,757)
Interest received	9,429,751	11,313,004
Interest paid	(6,237,825)	(7,721,399)
Income taxes paid	(346,865)	(593,536)
Net cash flows generated from (used in) operating activities	101,139	(9,465,688)
Cash flows from investing activities		
Purchase of property and equipment	(65,298)	(148,240)
Proceeds from disposal of property and equipment	-	223,994
Decrease (increase) in derivatives collateral	1,616,612	(10,443,697)
Purchase of intangible assets	(4,798)	(9,242)
(Increase) decrease in other assets	(174,236)	27,550
Net cash flows generated from (used in) investing activities	1,372,280	(10,349,635)
Cash flows from financing activities		
Decrease in financial instruments for hedging	154,610	6,941,108
Payments for lease liabilities	(217,624)	(218,719)
Cash dividends paid	(4,356,929)	(3,443,363)
Net cash flows (used in) generated from financing activities	(4,419,943)	3,279,026
Effect of foreign exchange rate changes	126,150	(1,049,340)
Net decrease in cash and cash equivalents	(2,820,374)	(17,585,637)
Cash and cash equivalents at beginning of period	111,038,595	142,704,020
Cash and cash equivalents at end of period	$108,218,221	$125,118,383
Composition of cash and cash equivalents		
Cash and cash equivalents reported in the statements of financial position	$12,232,696	$12,892,416
Due from the central bank and call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	77,983,188	74,728,881
Securities purchased under resell agreements qualifying for cash and cash equivalents under the definition of IAS 7	18,002,337	37,497,086
Cash and cash equivalents at end of period	$108,218,221	$125,118,383

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

1. Organisation and operations

Standard Chartered Bank (Taiwan) Limited (the "Company") formerly known as Hsinchu District's Mutual Loan Inc., was established on September 15, 1948. The main business items include the mutual loan business, deposits, loans, and payment collection and the business areas include Hsinchu, Taoyuan, Miaoli counties, and Hsinchu City. 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 authorised 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 June 30, 2026, the Company comprises a business department, a trust department, and an offshore banking unit, 53 branches in total.

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 authorisation for issuance of the financial statements

The financial statements were authorised for issuance by the Board of Directors on August 25, 2026.

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, 2026. The first-time adoption of these new standards and amendments had no material impact on the Company.

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

(2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which have been 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 18 "Presentation and Disclosure in Financial Statements"	1 January 2027 (Note)
b	Disclosure Initiative – Subsidiaries without Public Accountability: Disclosures (IFRS 19)	1 January 2027
c	Translation to a Hyperinflationary Presentation Currency (Amendments to IAS 21 and IAS 29)	1 January 2027
d	Amendments to the Fair Value Option for Investments in Associates and Joint Ventures (Amendments to IAS 28)	1 January 2027 (Note)

Note: On 25 September 2025, the FSC announced in a press release that Taiwan will adopt IFRS 18 in 2028. In addition, entities in Taiwan with a need for early adoption may elect to early adopt IFRS 18.

The abovementioned standards, amendments and interpretations have been issued by the IASB, endorsed by the FSC, and are effective for annual reporting periods beginning on or after 1 January 2027. The Company has assessed that the remaining new or amended standards and interpretations have no material impact on the Company.

(3) Standards or interpretations issued, revised or amended, by IASB which have not been 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 20 "Regulatory Assets and Regulatory Liabilities"	1 January 2029

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Company's financial statements were authorised for issue, the local effective dates are to be determined by FSC. The Company assessed that the abovementioned standards and interpretations are inapplicable or 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 Accounting Standard (IAS) 34, *Interim Financial Reporting*, as endorsed and became effective 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. The financial report includes DBU (Domestic Banking Unit) and OBU. Internal transactions and internal income and expenditure transactions from each branch are eliminated when compiling financial statements.

The Trust Department of the Company independently sets up accounts and prepares financial statements for the trust funds entrusted to be managed and used for internal management purposes. The Trust Department keeps a memorandum record for the trust assets entrusted for custody.

(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 recognised 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 recognised when the Company becomes the party of a financial instrument contract. Financial assets are classified into the following categories: measured at amortised 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 amortised cost

A. Debt instrument investments measured at amortised cost

When a financial asset meets both of the following conditions and is not designated as at FVTPL, it is measured at amortised 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 amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, and impairment loss are recognised in profit or loss. Any gain or loss on derecognition is recognised 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 recognised over the term of the agreement. On the selling/purchasing date, these agreements are recognised 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 (organisation), 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 categorised 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 amortise the discount premium and calculate the interest receivable on an accrual basis, as well as recognise 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 recognised as profit or loss in the current period. The reversal is limited by the fact that other comprehensive income recognised 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 recognised in income, should be recognised in other comprehensive income and accumulated under equity in “Unrealised 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 recognised at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at fair value. Dividends deriving from equity investments are recognised as income in profit or loss, and other net gains and losses of financial assets measured at FVOCI are recognised 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 amortised 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 amortised 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 recognised in profit or loss.

iv. Impairment of financial assets

The Company measures loss allowances for expected credit losses on financial assets measured at amortised 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 amortised 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 recognised 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 amortised 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 amortised cost are deducted from the gross carrying amount of the assets. For debt instrument investments at FVOCI, the loss allowance is recognised 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 derecognised 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 recognise 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 amortised 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 amortised 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 amortised 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 recognised 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 recognised amounts and intends either to settle on a net basis, or to realise 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 recognised 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 recognised 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 recognised asset or liability or an unrecognised 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 recognised 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 recognised asset or liability are recognised 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 amortised to profit or loss. Amortisation 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 amortisation begins. The adjustment shall be amortised fully by maturity of the financial instrument. When hedged items derecognised, unamortised fair value is recognised in profit or loss.

When an unrecognised 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 recognised as an asset or liability with a corresponding gain or loss recognised 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 recognised in other comprehensive income; and the ineffective portion of the gain or loss on the hedging instrument shall be recognised in profit or loss.

When profits or losses occurred from transaction of hedged items, gains and losses that were recognised 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 recognised 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 recognised 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 recognised 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 recognised when the recoverable amount is less than the carrying amount. For assets other than goodwill, reversal of impairment loss is recognised 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 amortised balance of the assets assuming no impairment loss was recognised 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	3-10 years

An item of property and equipment and any significant part initially recognised is derecognised 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 recognised 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 amortised using a straight-line method. Its amortisation 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 recognised when the recoverable amount is less than the carrying amount. Impairment losses cannot be reversed once an impairment loss has been recognised.

(c) Research and development

Research costs are expensed as incurred. Development expenditures, on an individual project, are recognised 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$100 thousand.

Otherwise, they will be recognised 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 amortisation and accumulated impairment losses. During the period of development, the asset is tested for impairment annually. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised 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 recognises 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 recognise the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

<u>Company as a lessor</u>

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 recognises lease payments from operating leases as rental income on a straight-line basis.

(10) Provisions

Provisions are recognised 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 recognised 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 recognised 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 recognised in the statements of comprehensive income under “Interest income” and “Income expense”.

Service fee income and expenses can only be recognised after the completion of loans and other services; if the service fee is earned from performing major projects, it should only be recognised 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 amortise 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 recognised as an employee benefits expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised 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 recognises actuarial gains and losses which are incurred by the change of actual experience and actuarial assumption in other comprehensive income, and recognise 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 recognise 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 recognised as an expense. For deferred share awards that are part of the annual performance bonus, the expense is recognised 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 recognises 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 unamortised 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 recognised 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 recognised directly in equity or other comprehensive income, all current and deferred taxes shall be recognised 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 realised 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 recognised for the carryforward 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 utilised. 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 recognised 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 capitalisation of retained earnings, additional paid-in capital, or decreases as a result of a reverse capitalisation 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.

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 recognised 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.

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

(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.

(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 6(12) for further disclosure of goodwill.

6. Contents of significant accounts

(1) Cash and cash equivalents

	June 30, 2026	December 31, 2025	June 30, 2025
Cash on hand	$2,243,466	$2,276,769	$2,202,987
Checks for clearing	1,032	632	813
Deposits with other banks	7,129,384	4,634,956	8,359,384
Deposits with other banks-affiliates	2,872,000	1,152,485	2,334,883
Subtotal	12,245,882	8,064,842	12,898,067
Less: allowance for bad debts	13,186	6,356	5,651
Total	$12,232,696	$8,058,486	$12,892,416

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

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:

	June 30, 2026	December 31, 2025	June 30, 2025
Cash and cash equivalents reported in the balance sheets	$12,232,696	$8,058,486	$12,892,416
Due from the Central Bank and call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	77,983,188	69,651,719	74,728,881
Securities and bonds purchased under resell agreements qualifying for cash and cash equivalents under the definition of IAS 7	18,002,337	33,328,390	37,497,086
Cash and cash equivalents reported in the statements of cash flows	$108,218,221	$111,038,595	$125,118,383

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

	June 30, 2026	December 31, 2025	June 30, 2025
Required reserve-checking account	$7,750,591	$17,279,019	$10,300,720
Required reserve-demand account	24,993,225	14,080,824	14,359,253
Required reserve-foreign currency	302,613	298,618	249,089
Required reserve-settlement account	5,531,720	3,000,426	3,015,755
Call loans to banks	32,198,420	36,069,838	35,816,189
Call loans to banks-affiliates	74,967,038	56,642,214	57,330,817
Interbank loan receivables, trade finance	31,371,197	21,097,591	30,173,569
Subtotal	177,114,804	148,468,530	151,245,392
Less: allowance for bad debts-call loans to banks	256	215	317
allowance for bad debts-interbank loan receivables, trade finance	701	335	738
Total	$177,113,847	$148,467,980	$151,244,337

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

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

"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.

As of June 30, 2026, December 31, 2025 and June 30, 2025, the Company's call loans to banks 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.

(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:

	June 30, 2026	December 31, 2025	June 30, 2025
Financial assets mandatorily measured at fair value through profit or loss:			
Government bonds	$2,600,253	$1,961,508	$10,201,395
Corporate bonds	4,253,069	6,232,958	7,305,587
Commercial paper	13,974,273	10,883,695	10,487,984
Subtotal	20,827,595	19,078,161	27,994,966
Derivative financial assets:			
Interest rate swap	37,070,425	35,274,917	33,629,719
Interest rate option	1,723,304	1,742,163	1,237,505
Spot/forward/swap	11,114,522	15,834,398	23,563,610
Cross currency swap	1,418,318	1,707,271	3,601,577
Foreign exchange option	49,684	61,831	55,207
Commodity swap	124,271	14,278	36,606
Commodity option	-	19,098	1,227
Credit contracts swap	-	-	2,017
Subtotal	51,500,524	54,653,956	62,127,468
Total	$72,328,119	$73,732,117	$90,122,434

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

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

	June 30, 2026	December 31, 2025	June 30, 2025
Derivative financial liabilities:			
Interest rate swap	$37,328,805	$36,083,236	$34,078,830
Interest rate option	136,026	147,593	164,486
Spot/forward/swap	7,593,916	12,888,407	29,631,286
Cross currency swap	2,217,656	2,236,503	3,562,855
Foreign exchange option	49,685	61,831	55,224
Commodity swap	124,403	14,272	36,563
Commodity option	-	19,094	1,227
Credit contracts swap	27,789	44,468	5,474
Total	$47,478,280	$51,495,404	$67,535,945

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

	June 30, 2026	December 31, 2025	June 30, 2025
Debt instruments:			
Negotiable certificates of deposit	$90,800,519	$35,184,479	$49,378,398
Treasury Bills	2,989,417	1,487,977	999,564
Government bonds	43,125,903	67,352,322	56,344,332
Subtotal	136,915,839	104,024,778	106,722,294
Equity instruments:			
Non-listed stock	1,235,044	1,227,517	1,010,725
Total	$138,150,883	$105,252,295	$107,733,019
The revaluation adjustment of hedged items included in the total calculation above	$4,485	$(8,739)	$(4,785)

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

As of June 30, 2026, December 31, 2025 and June 30, 2025, 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 or cross currency swap of cash flow hedge in order to reduce the impacts of fluctuations in interest rates or foreign exchange rate on the fair values or cash flows.

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

For the six months ended June 30, 2026 and 2025, dividend income of the above equity instrument investments were $10,333 thousand and $2,834 thousand, respectively, recorded under realised gains on financial assets at fair value through other comprehensive income.

As of June 30, 2026, December 31, 2025 and June 30, 2025, the Company’s allowance for impairments of the above financial assets at fair value through other comprehensive income were $23,979 thousand, $19,064 thousand and $3,586 thousand, respectively.

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

	For the six months ended June 30, 2026				
	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	$19,064	$-	$-	$-	$19,064
Changes due to financial instrument recognition:					
Financial assets derecognised during the period	(8,712)	-	-	-	(8,712)
New financial assets originated or purchased	13,572	-	-	-	13,572
Foreign currency exchange and other changes	55	-	-	-	55
Ending Balance	$23,979	$-	$-	$-	$23,979

	For the six months ended June 30, 2025				
	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	$4,147	$-	$-	$-	$4,147
Changes due to financial instrument recognition:					
Financial assets derecognised during the period	(1,400)	-	-	-	(1,400)
New financial assets originated or purchased	827	-	-	-	827
Foreign currency exchange and other changes	12	-	-	-	12
Ending Balance	$3,586	$-	$-	$-	$3,586

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

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

	For the six months ended June 30, 2026				
	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	$104,024,778	$-	$-	$-	$104,024,778
Changes due to financial instrument recognition:					
Financial assets derecognised during the period	(61,845,021)	-	-	-	(61,845,021)
New financial assets originated or purchased	94,787,448	-	-	-	94,787,448
Foreign currency exchange and other changes	(51,366)	-	-	-	(51,366)
Ending Balance	$136,915,839	$-	$-	$-	$136,915,839

	For the six months ended June 30, 2025				
	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	$99,775,335	$-	$-	$-	$99,775,335
Changes due to financial instrument recognition:					
Financial assets derecognised during the period	(58,242,325)	-	-	-	(58,242,325)
New financial assets originated or purchased	65,168,643	-	-	-	65,168,643
Foreign currency exchange and other changes	20,641	-	-	-	20,641
Ending Balance	$106,722,294	$-	$-	$-	$106,722,294

(5) Debt instrument investments measured at amortised cost

	June 30, 2026	December 31, 2025	June 30, 2025
Negotiable certificates of deposit	$-	$12,498,875	$12,499,247
Government bonds	1,899,947	1,900,612	1,901,215
Total	$1,899,947	$14,399,487	$14,400,462

As of June 30, 2026, December 31, 2025 and June 30, 2025, allowance for impairments of the above debt instrument investments were $1,149 thousand, $1,739 thousand and $902 thousand, respectively.

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

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

	For the six months ended June 30, 2026				
	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	$1,739	$-	$-	$-	$1,739
Changes due to financial instrument recognition:					
Financial assets derecognised during the period	(1,291)	-	-	-	(1,291)
Foreign currency exchange and other changes	701	-	-	-	701
Ending Balance	$1,149	$-	$-	$-	$1,149

	For the six months ended June 30, 2025				
	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	$1,171	$-	$-	$-	$1,171
Changes due to financial instrument recognition:					
Financial assets derecognised during the period	(52)	-	-	-	(52)
Foreign currency exchange and other changes	(217)	-	-	-	(217)
Ending Balance	$902	$-	$-	$-	$902

(6) Financial assets for hedging

Financial assets for hedging were as follows:

	June 30, 2026	December 31, 2025	June 30, 2025
Fair value hedge:			
Interest rate swap	$-	$20,584	$12,075
Cash flow hedge:			
Interest rate swap	130,704	10,152	517,804
Cross currency swap	584,807	1,139,088	435
Total	$715,511	$1,169,824	$530,314

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

Financial liabilities for hedging were as follows:

	June 30, 2026	December 31, 2025	June 30, 2025
Fair value hedge:			
Interest rate swap	$5,746	$-	$3,159
Cash flow hedge:			
Interest rate swap	341,048	449,507	50,596
Cross currency swap	-	128,872	3,087,801
Total	$346,794	$578,379	$3,141,556

(a) Fair value hedge

A fair value hedge is the hedging of the hedged items exposure to change in fair value of recognised assets or liabilities that are attributable to particular hedged risks that could affect profit or loss. As of June 30, 2026, December 31, 2025 and June 30, 2025, 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	June 30, 2026	Contract type	June 30, 2026
Financial assets at fair value through other comprehensive income:			
Government bonds-revaluation adjustment	$4,485	Interest rate swap	$(5,746)

Hedged items		Hedging instruments	
Underlying instruments	December 31, 2025	Contract type	December 31, 2025
Financial assets at fair value through other comprehensive income:			
Government bonds-revaluation adjustment	$(8,739)	Interest rate swap	$20,584

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

Hedged items		Hedging instruments	
Underlying instruments	June 30, 2025	Contract type	June 30, 2025
Financial assets at fair value through other comprehensive income:			
Government bonds-revaluation adjustment	$(4,785)	Interest rate swap	$8,916

For the six months ended June 30, 2026 and 2025, net gains on the hedging financial instruments listed above amounted to $51,129 thousand and $18,474 thousand, respectively. For the six months ended June 30, 2026 and 2025, net (losses) gains from the hedged risk of the hedged items amounted to $(24,012) thousand and $5,666 thousand, respectively.

(b)Cash flow hedge

The Company currently holds floating rate loans, which are exposed to cash flow risk arising from the fluctuation of interest rate.

The Company currently holds foreign currency call loans to banks, foreign currency government bonds 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.

	Financial instruments designated as hedging instruments	Fair value		
Hedged items		June 30, 2026	December 31, 2025	June 30, 2025
Discounts and loans	Interest rate swap	$(216,090)	$(439,355)	$467,208
Call loans to banks, government bonds and deposits and remittances	Cross currency swap	584,807	1,010,216	(3,087,366)
Total		$368,717	$570,861	$(2,620,158)

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

(7) Securities and bonds purchased under resell agreements

	June 30, 2026	December 31, 2025	June 30, 2025
Securities purchased under resell agreements	$18,002,337	$33,328,390	$37,497,086
Face value of debt instruments	$20,033,312	$35,427,493	$39,382,365
Interest rate	1.55%~3.62%	1.40%~3.65%	1.43%~4.40%
Last settlement date	2026.9.24	2026.3.16	2025.9.16
Resell price	$18,049,752	$33,395,157	$37,546,959

As of June 30, 2026, December 31, 2025 and June 30, 2025, allowance for impairments of the above securities and bonds purchased under resell agreements were $0 thousand, $0 thousand and $10 thousand, respectively.

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

	For the six months ended June 30, 2026				
	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	$-	$-	$-	$-	$-
Changes due to financial instrument recognition:					
Financial assets derecognised during the period	-	-	-	-	-
New financial assets originated or purchased	-	-	-	-	-
Ending Balance	$-	$-	$-	$-	$-

	For the six months ended June 30, 2025				
	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	$17	$-	$-	$-	$17
Changes due to financial instrument recognition:					
Financial assets derecognised during the period	(17)	-	-	-	(17)
New financial assets originated or purchased	10	-	-	-	10
Ending Balance	$10	$-	$-	$-	$10

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

(8) Receivables-net

	June 30, 2026	December 31, 2025	June 30, 2025
Accounts receivable factoring	$20,829,325	$20,984,309	$19,200,379
Credit cards accounts receivable	2,926,841	2,898,735	2,790,500
Accounts receivable	1,196,934	1,025,839	1,197,186
Interest receivable	1,746,527	1,782,339	2,135,850
Acceptances receivable	22,345	-	-
Accounts receivable-related parties	1,763,711	1,268,606	1,450,508
Unsettled bonds receivable	-	-	1,707,201
Other	469,643	229,719	410,311
Subtotal	28,955,326	28,189,547	28,891,935
Less: allowance for bad debts	377,680	385,683	373,856
Total	$28,577,646	$27,803,864	$28,518,079

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

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

	For the six months ended June 30, 2026							
	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	$22,416	$626	$-	$49,704	$-	$72,746	$312,937	$385,683
Changes due to financial instrument recognition:								
Transferred to lifetime expected credit losses	(22)	22	-	-	-	-	-	-
Transferred to credit impaired financial asset	(43)	(3)	-	46	-	-	-	-
Transferred to 12-month expected credit losses	5	(5)	-	-	-	-	-	-
Financial assets derecognised during the period	(7,672)	(153)	-	(2,659)	-	(10,484)	-	(10,484)
New financial assets originated or purchased	3,952	631	-	39,361	-	43,944	-	43,944
Differences in impairment provisions according to “Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Past-Due/Non-Performing Loans”	-	-	-	-	-	-	(966)	(966)
Bad-Debt Write offs	(3)	(628)	-	(40,813)	-	(41,444)	-	(41,444)
Foreign currency exchange and other changes	(254)	383	-	818	-	947	-	947
Ending balance	$18,379	$873	$-	$46,457	$-	$65,709	$311,971	$377,680

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

	For the six months ended June 30, 2025							
	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	$16,837	$73	$-	$58,494	$-	$75,404	$354,516	$429,920
Changes due to financial instrument recognition:								
Transferred to lifetime expected credit losses	(31)	31	-	-	-	-	-	-
Transferred to credit impaired financial asset	(27)	(3)	-	30	-	-	-	-
Transferred to 12-month expected credit losses	8	(8)	-	-	-	-	-	-
Financial assets derecognised during the period	(4,933)	(57)	-	(3,163)	-	(8,153)	-	(8,153)
New financial assets originated or purchased	3,240	847	-	58,876	-	62,963	-	62,963
Differences in impairment provisions according to “Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Past-Due/Non-Performing Loans”	-	-	-	-	-	-	(56,277)	(56,277)
Bad-Debt Write offs	1	(838)	-	(59,129)	-	(59,966)	-	(59,966)
Foreign currency exchange and other changes	5,783	33	-	(447)	-	5,369	-	5,369
Ending balance	$20,878	$78	$-	$54,661	$-	$75,617	$298,239	$373,856

Changes in the book value of receivables were as follows:

	For the six months ended June 30, 2026					
	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	$27,972,646	$35,778	$-	$181,123	$-	$28,189,547
Changes due to financial instrument recognition:						
Transferred to lifetime expected credit losses	(7,798)	7,863	-	(65)	-	-
Transferred to credit impaired financial asset	(14,094)	(10,598)	-	24,692	-	-
Transferred to 12-month expected credit losses	3,754	(3,718)	-	(36)	-	-
Financial assets derecognised during the period	(17,320,915)	(17,189)	-	(21,225)	-	(17,359,329)
New financial assets originated or purchased	11,809,796	247	-	9,272	-	11,819,315
Bad-Debt Write offs	(3)	(628)	-	(40,813)	-	(41,444)
Foreign currency exchange and other changes	6,325,807	5,921	-	15,509	-	6,347,237
Ending balance	$28,769,193	$17,676	$-	$168,457	$-	$28,955,326

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

	For the six months ended June 30, 2025					
	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	$33,767,228	$191,898	$-	$213,287	$-	$34,172,413
Changes due to financial instrument recognition:						
Transferred to lifetime expected credit losses	(19,761)	19,916	-	(155)	-	-
Transferred to credit impaired financial asset	(13,636)	(17,488)	-	31,124	-	-
Transferred to 12-month expected credit losses	4,206	(4,183)	-	(23)	-	-
Financial assets derecognised during the period	(15,912,066)	(63,008)	-	(26,030)	-	(16,001,104)
New financial assets originated or purchased	8,885,496	1,471	-	16,848	-	8,903,815
Bad-Debt Write offs	1	(838)	-	(59,129)	-	(59,966)
Foreign currency exchange and other changes	1,844,950	12,556	-	19,271	-	1,876,777
Ending balance	$28,556,418	$140,324	$-	$195,193	$-	$28,891,935

(9) Discounts and loans-net

	June 30, 2026	December 31, 2025	June 30, 2025
Short-term loans and overdrafts	$23,212,660	$18,038,530	$16,386,994
Short-term secured loans	1,103,790	1,399,600	1,196,548
Medium-term loans	45,905,287	48,460,837	57,397,083
Medium-term secured loans	157,255	129,409	149,988
Long-term loans	19,156,601	20,994,830	15,418,419
Long-term secured loans	236,599,934	231,747,544	230,125,422
Overdue loans	57,137	53,558	127,061
Subtotal	326,192,664	320,824,308	320,801,515
Add: premium adjustments on discounts and loans	6,829	44,126	143,899
Less: allowance for bad debts	4,906,285	5,175,335	5,550,117
Total	$321,293,208	$315,693,099	$315,395,297

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.

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

For the six months ended June 30, 2026 and 2025, the Company disposed credit assets in order to increase debt recovery, and recognised the losses arising from the derecognition of credit assets measured at amortised cost amounted to $1,654 thousand and $833 thousand, respectively.

As of June 30, 2026, December 31, 2025 and June 30, 2025, the amounts of outstanding loans with interest charges suspended amounted to $57,137 thousand, $53,558 thousand and $127,061 thousand, respectively. The amounts of interest not accrued derived from the aforementioned loans were $976 thousand, $1,378 thousand and $4,686 thousand, respectively.

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

	For the six months ended June 30, 2026							
	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	$505,482	$421,849	$-	$654,925	$-	$1,582,256	$3,593,079	$5,175,335
Changes due to financial instrument recognition:								
Transferred to lifetime expected credit losses	(38,140)	40,638	-	(2,498)	-	-	-	-
Transferred to credit impaired financial asset	(10,888)	(21,716)	-	32,604	-	-	-	-
Transferred to 12-month expected credit losses	35,645	(34,911)	-	(734)	-	-	-	-
Financial assets derecognised during the period	(74,157)	(140,601)	-	(120,172)	-	(334,930)	-	(334,930)
New financial assets originated or purchased	34,505	6,511	-	408,892	-	449,908	-	449,908
Differences in impairment provisions according to “Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Past-Due/Non-Performing Loans”	-	-	-	-	-	-	102	102
Bad-Debt Write offs	-	(5,095)	-	(420,498)	-	(425,593)	-	(425,593)
Foreign currency exchange and other changes	(41,168)	33,078	-	49,553	-	41,463	-	41,463
Ending balance	$411,279	$299,753	$-	$602,072	$-	$1,313,104	$3,593,181	$4,906,285

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

	For the six months ended June 30, 2025							
	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	$634,695	$628,879	$-	$636,136	$-	$1,899,710	$3,593,579	$5,493,289
Changes due to financial instrument recognition:								
Transferred to lifetime expected credit losses	(64,142)	67,983	-	(3,841)	-	-	-	-
Transferred to credit impaired financial asset	(16,579)	(27,245)	-	43,824	-	-	-	-
Transferred to 12-month expected credit losses	45,604	(45,294)	-	(310)	-	-	-	-
Financial assets derecognised during the period	(98,434)	(264,456)	-	(165,603)	-	(528,493)	-	(528,493)
New financial assets originated or purchased	66,040	19,345	-	689,693	-	775,078	-	775,078
Differences in impairment provisions according to "Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Past-Due/Non-Performing Loans"	-	-	-	-	-	-	(1,019)	(1,019)
Bad-Debt Write offs	-	(6,977)	-	(620,148)	-	(627,125)	-	(627,125)
Foreign currency exchange and other changes	90,764	283,849	-	63,774	-	438,387	-	438,387
Ending balance	$657,948	$656,084	$-	$643,525	$-	$1,957,557	$3,592,560	$5,550,117

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

	For the six months ended June 30, 2026					
	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	$315,513,529	$2,578,242	$-	$2,732,537	$-	$320,824,308
Changes due to financial instrument recognition:						
Transferred to lifetime expected credit losses	(728,270)	734,281	-	(6,011)	-	-
Transferred to credit impaired financial asset	(179,519)	(230,906)	-	410,425	-	-
Transferred to 12-month expected credit losses	875,486	(861,591)	-	(13,895)	-	-
Financial assets derecognised during the period	(43,092,819)	(249,805)	-	(270,562)	-	(43,613,186)
New financial assets originated or purchased	47,164,973	3,870	-	226,954	-	47,395,797
Bad-Debt Write offs	-	(5,095)	-	(420,498)	-	(425,593)
Foreign currency exchange and other changes	2,009,682	761	-	895	-	2,011,338
Ending balance	$321,563,062	$1,969,757	$-	$2,659,845	$-	$326,192,664

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

	For the six months ended June 30, 2025					
	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	$305,317,785	$3,515,607	$-	$2,684,878	$-	$311,518,270
Changes due to financial instrument recognition:						
Transferred to lifetime expected credit losses	(1,930,416)	1,940,582	-	(10,166)	-	-
Transferred to credit impaired financial asset	(216,980)	(332,382)	-	549,362	-	-
Transferred to 12-month expected credit losses	639,406	(628,148)	-	(11,258)	-	-
Financial assets derecognised during the period	(45,706,059)	(497,193)	-	(297,434)	-	(46,500,686)
New financial assets originated or purchased	53,159,479	840,979	-	461,885	-	54,462,343
Bad-Debt Write offs	-	(6,977)	-	(620,148)	-	(627,125)
Foreign currency exchange and other changes	1,921,862	25,327	-	1,524	-	1,948,713
Ending balance	$313,185,077	$4,857,795	$-	$2,758,643	$-	$320,801,515

(10) Other financial assets-net

	June 30, 2026	December 31, 2025	June 30, 2025
Restricted assets-debt instruments	$7,994,092	$12,408,811	$11,596,250
Non-accrual loans other than those reclassified from loans	6,962	6,870	6,553
Less: allowance for bad debts-non-accrual loans other than those reclassified from loans	6,962	6,870	6,553
Total	$7,994,092	$12,408,811	$11,596,250

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

	For the six months ended June 30, 2026							
	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	$-	$-	$-	$-	$-	$-	$6,870	$6,870
Differences in impairment provisions according to "Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Past-Due/Non-Performing Loans"	-	-	-	-	-	-	92	92
Ending balance	$-	$-	$-	$-	$-	$-	$6,962	$6,962

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

	For the six months ended June 30, 2025							
	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	$-	$-	$-	$-	$-	$-	$7,335	$7,335
Differences in impairment provisions according to "Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Past-Due/Non-Performing Loans"	-	-	-	-	-	-	(782)	(782)
Ending balance	$-	$-	$-	$-	$-	$-	$6,553	$6,553

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

	For the six months ended June 30, 2026					
	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	$-	$-	$-	$6,870	$-	$6,870
Foreign currency exchange and other changes	-	-	-	92	-	92
Ending balance	$-	$-	$-	$6,962	$-	$6,962

	For the six months ended June 30, 2025					
	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	$-	$-	$-	$7,335	$-	$7,335
Foreign currency exchange and other changes	-	-	-	(782)	-	(782)
Ending balance	$-	$-	$-	$6,553	$-	$6,553

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

(11) Property and equipment-net

	Land	Buildings	Office equipment	Leasehold improvements	Other equipment	Construction in progress	Total
Cost:							
2026.1.1	$1,423,131	$1,423,394	$325,161	$1,062,347	$591,365	$6,176	$4,831,574
Additions	-	-	11,042	2,501	-	51,755	65,298
Disposals	-	-	-	(1,815)	(8,467)	-	(10,282)
Reclassification	-	11,004	-	(11,004)	-	-	-
Other changes	-	-	-	-	-	-	-
2026.6.30	$1,423,131	$1,434,398	$336,203	$1,052,029	$582,898	$57,931	$4,886,590
2025.1.1	$1,586,514	$1,512,614	$326,169	$1,041,353	$611,053	$21,048	$5,098,751
Additions	-	280	1,068	72,009	4,607	70,276	148,240
Disposals	(83,929)	(88,239)	(4,262)	(21,512)	(19,845)	-	(217,787)
Reclassification	-	(15,646)	-	15,646	-	-	-
Other changes	-	-	-	-	-	(55,504)	(55,504)
2025.6.30	$1,502,585	$1,409,009	$322,975	$1,107,496	$595,815	$35,820	$4,973,700
Accumulated depreciation and impairment:							
2026.1.1	$-	$873,552	$273,969	$698,370	$440,190	$-	$2,286,081
Depreciation	-	21,495	16,846	46,117	32,374	-	116,832
Disposals	-	-	-	(1,815)	(8,467)	-	(10,282)
Reclassification	-	10,694	-	(10,694)	-	-	-
2026.6.30	$-	$905,741	$290,815	$731,978	$464,097	$-	$2,392,631
2025.1.1	$-	$921,347	$247,039	$631,972	$392,050	$-	$2,192,408
Depreciation	-	17,906	18,209	52,060	39,102	-	127,277
Disposals	-	(56,199)	(4,262)	(21,513)	(19,845)	-	(101,819)
Reclassification	-	(11,695)	-	11,695	-	-	-
2025.6.30	$-	$871,359	$260,986	$674,214	$411,307	$-	$2,217,866
Net carrying amount as of:							
2026.6.30	$1,423,131	$528,657	$45,388	$320,051	$118,801	$57,931	$2,493,959
2025.12.31	$1,423,131	$549,842	$51,192	$363,977	$151,175	$6,176	$2,545,493
2025.6.30	$1,502,585	$537,650	$61,989	$433,282	$184,508	$35,820	$2,755,834

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

(12) Intangible assets-net

	Work in Process	Goodwill	Capitalised Software	Total
Cost:				
2026.1.1	$76,751	$3,156,048	$79,659	$3,312,458
Additions	4,798	-	-	4,798
2026.6.30	$81,549	$3,156,048	$79,659	$3,317,256
2025.1.1	$49,945	$3,156,048	$75,930	$3,281,923
Additions	5,513	-	3,729	9,242
2025.6.30	$55,458	$3,156,048	$79,659	$3,291,165
Amortisation and Impairment:				
2026.1.1	$-	$-	$62,967	$62,967
Amortisations	-	-	1,645	1,645
2026.6.30	$-	$-	$64,612	$64,612
2025.1.1	$-	$-	$59,684	$59,684
Amortisations	-	-	1,641	1,641
2025.6.30	$-	$-	$61,325	$61,325
2026.6.30	$81,549	$3,156,048	$15,047	$3,252,644
2025.12.31	$76,751	$3,156,048	$16,692	$3,249,491
2025.6.30	$55,458	$3,156,048	$18,334	$3,229,840

(13) Other assets-net

	June 30, 2026	December 31, 2025	June 30, 2025
Refundable deposits	$281,794	$298,714	$294,088
Refundable deposits-derivative financial instruments	2,001,387	3,617,999	14,581,503
Prepaid fee	123,886	128,092	130,718
Prepaid pension cost	155,446	-	-
Other	39,012	28,728	11,445
Total	$2,601,525	$4,073,533	$15,017,754

Nil allowance for impairments of the above other assets as of June 30, 2026, December 31, 2025 and June 30, 2025.

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

(14) Deposits from the Central Bank and banks

	June 30, 2026	December 31, 2025	June 30, 2025
Deposits from banks	$793	$732	$1,234
Deposits from banks-affiliates	23,649	72,398	358,054
Overdrafts on banks	1,110,455	123,271	105,253
Overdrafts on banks-affiliates	343,594	715,679	215,215
Call loans from banks	48,542	47,339	41,216
Call loans from banks-affiliates	3,981,750	-	703,310
Total	$5,508,783	$959,419	$1,424,282

(15) Payables

	June 30, 2026	December 31, 2025	June 30, 2025
Accounts payable	$15,856	$10,743	$54,255
Accrued interest	782,855	715,609	1,102,171
Accrued expenses	1,134,864	1,681,555	987,401
Collection payable	51,225	53,859	48,722
Unsettled bonds payable	2,147,185	-	2,261,339
Acceptances payable	22,345	-	-
Temporary receipts in advance	98,112	17,113	29,248
Other	987,255	753,448	284,989
Total	$5,239,697	$3,232,327	$4,768,125

(16) Deposits and remittances

	June 30, 2026	December 31, 2025	June 30, 2025
Checking account deposits	$1,906,618	$1,792,132	$2,051,291
Demand deposits:			
Demand deposits	237,635,370	219,473,200	209,746,354
Saving account deposits	171,352,950	168,027,227	163,818,945
Subtotal of demand deposits	408,988,320	387,500,427	373,565,299
Time deposits:			
Time deposits	204,620,817	195,759,078	226,228,025
Time savings deposits	27,422,193	27,723,746	27,844,644
Subtotal of time deposits	232,043,010	223,482,824	254,072,669
Remittances	143,109	214,532	147,474
Total	$643,081,057	$612,989,915	$629,836,733

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

As of June 30, 2026, December 31, 2025 and June 30, 2025, 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.

(17) Financial debentures

As of June 30, 2026, December 31, 2025 and June 30, 2025, details of financial debentures issued by the Company were as follows:

Bond	Conditions for issuance	June 30, 2026	December 31, 2025	June 30, 2025
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	$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	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	100
113-1	10-year term, USD based, interest accrued and paid quarterly, based on compounded daily SOFR+2.04%; maturity date: December 6, 2034	9,556,200	9,430,050	8,791,380
Total		$9,558,400	$9,432,250	$8,793,580

(18) Other financial liabilities

	June 30, 2026	December 31, 2025	June 30, 2025
Structured deposits	$1,781,276	$509,223	$-

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

(19) Provisions

	June 30, 2026	December 31, 2025	June 30, 2025
Provision for employee benefits	$-	$36,342	$99,126
Provision for decommissioning, restoration and rehabilitation costs	186,792	186,792	195,059
Provision for guarantee liabilities	141,849	99,627	85,997
Provision for loan commitments	6,061	4,197	7,329
Other miscellaneous provisions	-	51	52
Other	9,483	9,483	9,483
Total	$344,185	$336,492	$397,046

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

	For the six months ended June 30, 2026							
	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	$4,272	$2,159	$-	$-	$-	$6,431	$97,444	$103,875
Changes due to financial instrument recognition:								
Transferred to lifetime expected credit losses	(52)	52	-	-	-	-	-	-
Transferred to 12-month expected credit losses	-	-	-	-	-	-	-	-
Financial assets derecognised during the period	(2,803)	(332)	-	-	-	(3,135)	-	(3,135)
New financial assets originated or purchased	2,036	-	-	-	-	2,036	-	2,036
Differences in impairment provisions according to “Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Past-Due/Non-Performing Loans”	-	-	-	-	-	-	42,483	42,483
Foreign currency exchange and other changes	507	2,144	-	-	-	2,651	-	2,651
Ending balance	$3,960	$4,023	$-	$-	$-	$7,983	$139,927	$147,910

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

	For the six months ended June 30, 2025							
	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	$6,398	$54	$-	$-	$-	$6,452	$80,139	$86,591
Changes due to financial instrument recognition:								
Transferred to lifetime expected credit losses	(8)	8	-	-	-	-	-	-
Transferred to 12-month expected credit losses	-	-	-	-	-	-	-	-
Financial assets derecognised during the period	(786)	6	-	-	-	(780)	-	(780)
New financial assets originated or purchased	1,421	6	-	-	-	1,427	-	1,427
Differences in impairment provisions according to "Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Past-Due/Non-Performing Loans"	-	-	-	-	-	-	4,315	4,315
Foreign currency exchange and other changes	1,825	-	-	-	-	1,825	-	1,825
Ending balance	$8,850	$74	$-	$-	$-	$8,924	$84,454	$93,378

(20) Other liabilities

	June 30, 2026	December 31, 2025	June 30, 2025
Advance received from customers	$747,865	$782,030	$791,191
Guarantee deposits received-derivatives financial instruments	6,651,850	8,381,430	11,239,181
Taxes payable	385,777	400,651	354,863
Deferred income	296,860	305,544	322,318
Guarantee deposits received	1,235	1,053	2,066
Other	3,939,157	860,995	3,828,516
Total	$12,022,744	$10,731,703	$16,538,135

(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.

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

For the six months ended June 30, 2026 and 2025, the pension expenses under defined contribution plans of the Company amounted to $79,164 thousand and $77,592 thousand, respectively, recorded under operating expenses-employee benefits expenses.

(b)Provision for employee benefits

i. Defined benefit plans

	June 30, 2026	December 31, 2025	June 30, 2025
Net defined benefit plans (assets) liabilities	$(155,446)	$36,342	$99,126

The Company adopted the defined benefit plans, which contribute 4.5% 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. As of June 30, 2026, the fair value of plan assets exceeded the present value of the defined benefit obligation, resulting in the recognition of a net defined benefit asset of $155,446 thousand by the Company.

ii. Costs recognised as profit or loss

For the six months ended June 30, 2026 and 2025, the costs recognised as profit or loss were $7,774 thousand and $12,247 thousand, respectively, recorded under operating expenses-employee benefits expenses.

iii. Primary actuarial assumptions

	For the six months ended June 30	
	2026	2025
Defined benefit plan discount rate	1.60%	1.50%
Incremental rate of future compensation levels	3.50%	3.50%

(22) Income tax

The major components of income tax expense for the six months ended June 30, 2026 and 2025 were as follows:

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

Income tax expenses recognised in profit or loss

	For the six months ended June 30	
	2026	2025
Current income tax expenses		
Current income tax charges	$755,264	$323,310
Adjustments in respect of current income tax of prior periods	1,246	-
Deferred income tax expenses		
Deferred tax expenses relating to origination and reversal of temporary differences	67,597	(1,078)
Income tax expenses	$824,107	$322,232

Income tax related to components of other comprehensive income

	For the six months ended June 30	
	2026	2025
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss:		
Remeasurements of defined benefit plans	$26,140	$18,055
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	(14,956)	(11,710)
Hedging instruments	(14,521)	187,451
Total	$(3,337)	$193,796

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

	For the six months ended June 30	
	2026	2025
Accounting profit before tax from continuing operations	$4,515,349	$2,820,203
Income tax from profit before tax at statutory rate	$903,070	$564,041
Permanent differences	(73,158)	(280,965)
Prior-year income tax adjustments	1,246	-
Basic income tax	-	38,315
Other adjustments per tax regulation	(7,051)	841
Income tax expenses	$824,107	$322,232

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

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

	For the six months ended June 30	
	2026	2025
Bad debt expenses and provisions for guarantee liabilities	$70,984	$4,803
Depreciation expenses	(1,704)	(779)
Expenses from share-based payments	(4,801)	-
Employee benefits	12,218	6,441
Provisions	(138)	6,627
Deferred income	1,298	1,752
Unrealised interest income on financial assets	(10,260)	(19,922)
Total	$67,597	$(1,078)

The Company’s temporary differences of deferred tax components, based on the income tax rate for June 30, 2026, December 31, 2025 and June 30, 2025 were as follows:

	June 30, 2026	December 31, 2025	June 30, 2025
Deferred tax assets			
Bad debt expenses and provisions for guarantee liabilities	$405,751	$476,735	$535,874
Depreciation expenses	44,136	42,432	40,310
Impairment losses on assets	395	395	395
Expenses from share-based payments	9,040	4,239	8,463
Employee benefits	-	7,268	19,825
Provisions	267	129	284
Deferred income	47,712	49,010	52,405
Unrealised losses on financial assets measured at fair value through other comprehensive income	3,518	-	-
Losses on hedging instruments	77,099	62,578	-
Total	$587,918	$642,786	$657,556
Deferred tax liabilities			
Unrealised interest income on financial assets	$124,975	$135,235	$155,595
Amortisation of goodwill	618,585	618,585	618,585
Land value increment tax	39,707	39,707	39,707
Employee benefits	31,089	-	-
Unrealised gains on financial assets measured at fair value through other comprehensive income	-	12,334	233
Gains on hedging instruments	-	-	101,501
Total	$814,356	$805,861	$915,621

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

The movements of deferred tax items were as follows:

	For the six months ended June 30	
	2026	2025
Beginning balance	$(163,075)	$(65,326)
Recognised in current period profit and loss	(67,597)	1,078
Recognised in other comprehensive income	4,233	(193,817)
Ending balance	$(226,439)	$(258,065)

The income tax returns of the prior years have been assessed and agreed up to the year 2024.

(23) Stockholders' equity

(a) Capital

As of June 30, 2026, the Company's authorised 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 capitalisation to shareholders' equity as realised capital surplus or distribution of cash dividends. The aforementioned realised 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 capitalised 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.

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

(d) Special reserve

In terms of the Financial Supervisory Commission, Executive Yuan, Jin-Guan-Zheng-(Fa)-Zi No. 1090150022 dated March 31, 2021, 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 unrealised 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 recognise 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.

For the six months ended June 30, 2026 and 2025, as the Company did not dispose of the aforementioned related assets, no reversal of the special reserve resulting from the first time adoption of IFRS was recognized.

(e) Other equity interest

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

	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Total
January 1, 2026	$346,794	$(250,389)	$96,405
Losses on hedging instruments	-	(58,082)	(58,082)
Financial assets at fair value through other comprehensive income			
Valuation adjustments	(175,207)	-	(175,207)
June 30, 2026	$171,587	$(308,471)	$(136,884)

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

	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Total
January 1, 2025	$(250,315)	$(339,839)	$(590,154)
Gains on hedging instruments	-	745,765	745,765
Financial assets at fair value through other comprehensive income			
Valuation adjustments	71,868	-	71,868
June 30, 2025	$(178,447)	$405,926	$227,479

(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.

According to Financial-Supervisory-Securities-Corporate No. 1090150022 issued by the Financial Supervisory Commission on March 31, 2021: 1) when a company distributes distributable surplus, it shall allocate an amount of special reserve equal to the cumulative net amount of other deductions from equity, which may not be distributed. If there is any deficiency, it is set aside from the undistributed earnings of the previous year. 2) For the net deduction of accumulated other equity in the previous period, it is deducted from the undistributed earnings of the previous period. If there is still any deficiency, the net profit after tax plus other comprehensive income for the current period shall be included in the undistributed surplus for the current period and shall be set aside. If there is a subsequent reversal of the net deduction of other equity items, the reversal of the special surplus reserve shall be included in distribution of retained earnings.

On May 29, 2026 and May 22, 2025, the Board of Directors, representing shareholders, approved the distribution of retained earnings and distributed cash dividends for 2025 and 2024 were as follows:

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

	2025	2024
Legal reserve appropriated	$1,614,332	$1,632,598
Special reserve appropriated	-	366,031
Cash dividends of ordinary shares	4,356,929	3,443,363
Total	$5,971,261	$5,441,992

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 six months ended June 30, 2026 and 2025, 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 six months ended June 30	
	2026 Units	2025 Units
Beginning balance	334,962	319,852
Less: exercised	38,924	28,468
lapsed	11,713	32,826
Ending balance	284,325	258,558

For the six months ended June 30, 2026 and 2025, the costs of the AESP charged to profit or loss were $6,476 thousand and $3,267 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)

(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 six months ended June 30	
	2026 Units	2025 Units
Beginning balance	59,405	157,972
Add: granted	171,833	21,804
dividend	1,128	719
Less: exercised	33,303	60,323
lapsed	4,980	3,113
Ending balance	194,083	117,059

For the six months ended June 30, 2026 and 2025, the costs of the RSA charged to profit or loss were $24,968 thousand and $3,992 thousand, respectively, recorded under operating expenses-employee benefits expenses.

(c) Long-term Incentive Plan Awards

Long-term Incentive Plan Awards ("LTIP") are granted with vesting subject to performance measures. Performance measures attached to awards granted previously include: relative total shareholder return ("TSR"); return on tangible equity ("RoTE") with a Common Equity Tier 1 ("CET1") underpin and strategic measures. Each measure is assessed independently over a 3-year period. Awards have an individual conduct gateway requirement that results in the award lapsing if not met.

For the six months ended June 30, 2026 and 2025, there was no change in the option movements of the LTIP and no related cost of stock warrants was recorded.

Awards granted is subject to relative TSR performance measures, the satisfaction of RoTE (subject to a capital underpin) 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 RoTE and strategic measures in the scorecard, to determine the accounting charge.

(d) 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 12 months from the award date. During this holding period, the upfront shares cannot be sold or transferred.

For the six months ended June 30, 2026 and 2025, the costs of the UFSA charged to profit or loss were $0 thousand and $1,565 thousand, respectively, recorded under operating expenses-employee benefits expenses.

(25) Earnings per share

	For the six months ended June 30	
	2026	2025
Net income attributable to common stockholders (after tax)	$3,691,242	$2,497,971
Common stock (in thousands)	2,910,572	2,910,572
Basic EPS (in dollars)	$1.27	$0.86

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 six months ended June 30	
	2026	2025
Interest income		
Interest income, discounts and loans	$4,623,954	$4,780,231
Interest income, accounts receivable factoring	264,989	397,527
Interest income, due from banks	2,939,438	3,673,213
Interest income, investment securities	953,890	921,778
Interest income, credit card recurrence	56,092	58,470
Interest income, other	571,537	1,462,458
Subtotal	9,409,900	11,293,677
Interest expenses		
Interest expenses, deposits	5,576,874	7,078,996
Interest expenses, due to banks	207,704	154,737
Interest expenses, financial debentures	319,877	359,819
Lease liabilities	22,923	24,704
Interest expenses, other	137,828	148,525
Subtotal	6,265,206	7,766,781
Total	$3,144,694	$3,526,896

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

(27) Net service fee income

	For the six months ended June 30	
	2026	2025
Service fees		
Service fees, loans	$61,805	$27,994
Service fees, insurance commissions	1,918,337	1,694,324
Service fees, credit cards	134,029	149,294
Service fees, trusts	2,874,134	1,605,416
Service fees, underwriting	47,587	112,946
Service fees, other	362,489	409,881
Subtotal	5,398,381	3,999,855
Service charges		
Service charges, interbank	80,852	82,782
Service charges, agency	118,226	111,105
Service charges, custodians	156,495	135,002
Service charges, credit cards	56,456	85,851
Service charges, other	338,937	279,395
Subtotal	750,966	694,135
Total	$4,647,415	$3,305,720

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

	For the six months ended June 30	
	2026	2025
Gains (losses) on disposal		
Interest-rate instruments	$107,409	$(28,681)
Derivative financial instruments	2,350,152	(335,359)
Subtotal	2,457,561	(364,040)
(Losses) gains on valuation		
Interest-rate instruments	34,728	50,080
Derivative financial instruments	(196,076)	724,710
Subtotal	(161,348)	774,790
Interest income	191,906	129,372
Total	$2,488,119	$540,122

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

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

	For the six months ended June 30	
	2026	2025
Dividend income-equity instruments	$10,333	$2,834
Gains on sale-debt instruments	368	17,230
Total	$10,701	$20,064

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

	For the six months ended June 30	
	2026	2025
Administrative support service income	$12,933	$3,076
Net gains on disposal of property and equipment	-	108,026
Rental income	2,082	2,060
Net gains on fair value hedge	27,117	24,140
Other	(3,203)	(45,171)
Total	$38,929	$92,131

(31) Impairment losses (reversal gains) on assets

	For the six months ended June 30	
	2026	2025
Impairment losses (reversal gains) - debt instruments	$5,177	$(821)
Impairment reversal gains - other	-	(7)
Total	$5,177	$(828)

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

	For the six months ended June 30	
	2026	2025
Bad debt (reversal gains) expenses	$(15,949)	$498,654
Provisions of guarantee liabilities	42,215	4,829
Provisions of loan commitments	1,879	2,362
Other (reversals) provisions	(52)	60
Total	$28,093	$505,905

(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 recognised in the balance sheets

A. Right-of-use assets

The carrying amount of right-of-use assets

	June 30, 2026	December 31, 2025	June 30, 2025
Buildings	$1,836,263	$1,867,799	$2,193,241
Transportation equipment	5,600	6,364	4,921
Other equipment	181,071	208,928	236,785
Total	$2,022,934	$2,083,091	$2,434,947

For the six months ended June 30, 2026 and 2025, the Company's additions to right-of-use assets were $191,689 thousand and $177,521 thousand, respectively.

B. Lease liabilities

	June 30, 2026	December 31, 2025	June 30, 2025
Lease liabilities	$2,192,474	$2,254,610	$2,593,937

Please refer to note 6(26) for the interest expenses on lease liabilities recognised for the six months ended June 30, 2026 and 2025 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 recognised in the statement of comprehensive income

Depreciation charges for right-of-use assets

	For the six months ended June 30	
	2026	2025
Buildings	$193,733	$204,374
Transportation equipment	764	718
Other equipment	27,857	27,857
Total	$222,354	$232,949

iii. Income and costs relating to leasing activities

	For the six months ended June 30	
	2026	2025
The expenses relating to short-term leases	$32	$163
The expenses relating to leases of low-value assets (Excluding the expenses relating to short-term leases of low-value assets)	66	63
Income from subleasing right-of-use assets	1,278	1,289

iv. Cash outflows relating to leasing activities

For the six months ended June 30, 2026 and 2025, the Company's total cash outflows for leases were $240,645 thousand and $243,649 thousand, respectively.

(34) Employee benefits expenses

	For the six months ended June 30	
	2026	2025
Salary expenses	$2,640,097	$2,233,316
Employee insurance	192,910	171,508
Pension		
Defined contribution plans	79,164	77,592
Defined benefit plans	7,774	12,247
Other	16,690	91,686
Total	$2,936,635	$2,586,349

(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 six months ended June 30, 2026 and 2025 were $452 thousand and $282 thousand, respectively, recorded under operating expenses-employee benefits expenses.

The accrued employee's remuneration of the Company for the years ended December 31, 2025 and 2024 were $650 thousand and $633 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, 2025 and 2024. 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 authorised for issue are adjusted in the year the compensation was recognised. If there is a change in the resolved amounts after the annual financial statements are authorised for issue, the differences are recorded as a change in accounting estimates and recognised in the following year.

For the six months ended June 30, 2026 and 2025, the average number of the Company's employees were 2,268 and 2,266, of which the number of directors who had not served concurrently as employees were 6 and 5, respectively.

(35) Depreciation and amortisation expenses

	For the six months ended June 30	
	2026	2025
Depreciation expenses		
Buildings	$21,495	$17,906
Office equipment	16,846	18,209
Leasehold improvements	46,117	52,060
Other equipment	32,374	39,102
Right-of-use assets	222,354	232,949
Subtotal	339,186	360,226
Amortisation expenses	1,645	1,641
Total	$340,831	$361,867

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

(36) Other general and administrative expenses

	For the six months ended June 30	
	2026	2025
Rental expenses	$3,418	$10,346
Office supplies	39,569	37,612
Postage	77,362	68,513
Repairs and maintenance	38,939	44,872
Advertising expenses	46,686	26,399
Utilities fees	18,445	23,470
Taxes	520,247	486,515
Professional service fees	45,280	26,456
Operational and advisory service fees	354,572	484,663
Consulting and technical support service fees	717,266	780,439
Wholesale banking business service fees	263,336	52,165
Building management fees	58,411	70,202
Computer management fees	110,125	144,216
Director's remuneration	2,402	3,540
Other	286,497	288,856
Total	$2,582,555	$2,548,264

(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	June 30, 2026 Level 1	Level 2	Level 3	Total
Non-derivative financial instruments				
Assets:				
Financial assets at fair value through profit or loss				
Debt instruments	$-	$20,827,595	$-	$20,827,595
Financial assets at fair value through other comprehensive income				
Debt instruments	34,821,677	102,094,162	-	136,915,839
Equity instruments	-	-	1,235,044	1,235,044
Other financial assets-net				
Restricted assets-debt instruments	-	7,994,092	-	7,994,092
Derivative financial instruments				
Assets:				
Financial assets at fair value through profit or loss	44,002	51,456,522	-	51,500,524
Financial assets for hedging	-	715,511	-	715,511
Liabilities:				
Financial liabilities at fair value through profit or loss	42,384	47,435,896	-	47,478,280
Financial liabilities for hedging	-	346,794	-	346,794

Financial instruments at fair value	December 31, 2025 Level 1	Level 2	Level 3	Total
Non-derivative financial instruments				
Assets:				
Financial assets at fair value through profit or loss				
Debt instruments	$-	$19,078,161	$-	$19,078,161
Financial assets at fair value through other comprehensive income				
Debt instruments	57,296,769	46,728,009	-	104,024,778
Equity instruments	-	-	1,227,517	1,227,517
Other financial assets-net				
Restricted assets-debt instruments	-	12,408,811	-	12,408,811
Derivative financial instruments				
Assets:				
Financial assets at fair value through profit or loss	15,249	54,638,707	-	54,653,956
Financial assets for hedging	-	1,169,824	-	1,169,824
Liabilities:				
Financial liabilities at fair value through profit or loss	12,584	51,482,820	-	51,495,404
Financial liabilities for hedging	-	578,379	-	578,379

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

Financial instruments at fair value	June 30, 2025 Level 1	Level 2	Level 3	Total
Non-derivative financial instruments				
Assets:				
Financial assets at fair value through profit or loss				
Debt instruments	$-	$27,994,966	$-	$27,994,966
Financial assets at fair value through other comprehensive income				
Debt instruments	45,000,543	61,721,751	-	106,722,294
Equity instruments	-	-	1,010,725	1,010,725
Other financial assets-net				
Restricted assets-debt instruments	-	11,596,250	-	11,596,250
Derivative financial instruments				
Assets:				
Financial assets at fair value through profit or loss	118,523	62,008,945	-	62,127,468
Financial assets for hedging	-	530,314	-	530,314
Liabilities:				
Financial liabilities at fair value through profit or loss	140,171	67,395,774	-	67,535,945
Financial liabilities for hedging	-	3,141,556	-	3,141,556

v. For the six months ended June 30, 2026 and 2025, the Company did not have any transfer of financial assets measured at fair value between Level 1 and Level 2.

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

Name	For the six months ended June 30, 2026 Beginning balance	Profit	Other comprehensive income	Purchased or issued	Transferred to retained earnings	Disposal cost	Ending balance
Financial assets at fair value through other comprehensive income-equity instruments	$1,227,517	$-	$7,527	$-	$-	$-	$1,235,044

Name	For the six months ended June 30, 2025 Beginning balance	Profit	Other comprehensive income	Purchased or issued	Transferred to retained earnings	Disposal cost	Ending balance
Financial assets at fair value through other comprehensive income-equity instruments	$1,023,909	$-	$(13,184)	$-	$-	$-	$1,010,725

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

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
June 30, 2026				
Financial assets at fair value through other comprehensive income-equity instruments	$-	$-	$108,574	$(84,005)

	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, 2025				
Financial assets at fair value through other comprehensive income-equity instruments	$-	$-	$101,354	$(81,972)

	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
June 30, 2025				
Financial assets at fair value through other comprehensive income-equity instruments	$-	$-	$76,673	$(63,698)

(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

	June 30, 2026				
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	$65,389	Net asset value approach	Net asset value	-0.10%~0.10%	The higher the net asset value, the higher the fair value.
	719,875	Market approach	Unlisted marketability discount	13.83%~23.84%	The higher the unlisted marketability discount rate, the lower the fair value.
	405,180	Income approach	Discount rate/ Sustainable growth rate	Discount rate: 7.41%~12.71%	The higher the discount rate, the lower the fair value.
				Sustainable growth rate: -0.20%~1.74%	The higher the sustainable growth rate, the higher the fair value.
	44,600	Asset approach	Unlisted marketability discount	14.94%~24.94%	The higher the unlisted marketability discount rate, the lower the fair value.

	December 31, 2025				
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	$54,924	Net asset value approach	Net asset value	-0.10%~0.10%	The higher the net asset value, the higher the fair value.
	750,818	Market approach	Unlisted marketability discount	13.94%~23.94%	The higher the unlisted marketability discount rate, the lower the fair value.
	376,866	Income approach	Discount rate/ Sustainable growth rate	Discount rate: 7.91%~13.82%	The higher the discount rate, the lower the fair value.
				Sustainable growth rate: -0.20%~1.76%	The higher the sustainable growth rate, the higher the fair value.
	44,909	Asset approach	Unlisted marketability discount	14.01%~24.01%	The higher the unlisted marketability discount rate, the lower the fair value.

	June 30, 2025				
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	$42,694	Net asset value approach	Net asset value	-0.10%~0.10%	The higher the net asset value, the higher the fair value.
	577,602	Market approach	Unlisted marketability discount	13.94%~23.94%	The higher the unlisted marketability discount rate, the lower the fair value.
	346,127	Income approach	Discount rate/ Sustainable growth rate	Discount rate: 8.54%~14.18%	The higher the discount rate, the lower the fair value.
				Sustainable growth rate: -0.20%~1.76%	The higher the sustainable growth rate, the higher the fair value.
	44,302	Asset approach	Unlisted marketability discount	14.01%~24.01%	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 amortised cost

i. Valuation of financial instruments measured at amortised 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 amortised 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.

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

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.

ii. Fair value of financial instruments measured at amortised cost

	June 30, 2026	
Financial assets	Book value	Fair value
Cash and cash equivalents	$12,232,696	$12,245,882
Due from the Central Bank and call loans to banks	177,113,847	177,250,815
Debt instrument investments measured at amortised cost	1,899,947	1,894,838
Securities and bonds purchased under resell agreements	18,002,337	18,017,907
Receivables-net	28,577,646	28,577,646
Discounts and loans-net	321,293,208	322,236,921

	December 31, 2025	
Financial assets	Book value	Fair value
Cash and cash equivalents	$8,058,486	$8,064,842
Due from the Central Bank and call loans to banks	148,467,980	148,656,655
Debt instrument investments measured at amortised cost	14,399,487	14,396,436
Securities and bonds purchased under resell agreements	33,328,390	33,361,596
Receivables-net	27,803,864	27,803,864
Discounts and loans-net	315,693,099	318,174,446

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

	June 30, 2025	
Financial assets	Book value	Fair value
Cash and cash equivalents	$12,892,416	$12,898,066
Due from the Central Bank and call loans to banks	151,244,337	151,859,175
Debt instrument investments measured at amortised cost	14,400,462	14,376,931
Securities and bonds purchased under resell agreements	37,497,086	37,523,474
Receivables-net	28,518,079	28,518,079
Discounts and loans-net	315,395,297	313,859,582

	June 30, 2026	
Financial liabilities	Book value	Fair value
Deposits from the Central Bank and banks	$5,508,783	$5,508,783
Payables	5,239,697	5,239,697
Related parties payable	5,877,338	5,877,338
Deposits and remittances	643,081,057	644,668,556
Financial debentures	9,558,400	9,558,400
Other financial liabilities	1,781,276	1,781,276

	December 31, 2025	
Financial liabilities	Book value	Fair value
Deposits from the Central Bank and banks	$959,419	$959,419
Payables	3,232,327	3,232,327
Related parties payable	4,176,510	4,176,510
Deposits and remittances	612,989,915	612,989,973
Financial debentures	9,432,250	9,432,250
Other financial liabilities	509,223	509,223

	June 30, 2025	
Financial liabilities	Book value	Fair value
Deposits from the Central Bank and banks	$1,424,282	$1,424,282
Payables	4,768,125	4,768,125
Related parties payable	5,398,714	5,398,714
Deposits and remittances	629,836,733	628,880,670
Financial debentures	8,793,580	8,793,580

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

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

Financial instruments measured at amortised cost	June 30, 2026				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Assets:					
Cash and cash equivalents	$12,232,696	$-	$12,245,882	$-	$12,245,882
Due from the Central Bank and call loans to banks	177,113,847	-	177,250,815	-	177,250,815
Debt instrument investments measured at amortised cost	1,899,947	-	1,894,838	-	1,894,838
Securities and bonds purchased under resell agreements	18,002,337	-	18,017,907	-	18,017,907
Receivables-net	28,577,646	-	28,577,646	-	28,577,646
Discounts and loans-net	321,293,208	-	5,177,887	317,059,034	322,236,921
Liabilities:					
Deposits from the Central Bank and banks	5,508,783	-	5,508,783	-	5,508,783
Payables	5,239,697	-	5,239,697	-	5,239,697
Related parties payable	5,877,338	-	5,877,338	-	5,877,338
Deposits and remittances	643,081,057	-	644,668,556	-	644,668,556
Financial debentures	9,558,400	-	9,558,400	-	9,558,400
Other Financial Liabilities	1,781,276	-	1,781,276	-	1,781,276

Financial instruments measured at amortised cost	December 31, 2025				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Assets:					
Cash and cash equivalents	$8,058,486	$-	$8,064,842	$-	$8,064,842
Due from the Central Bank and call loans to banks	148,467,980	-	148,656,655	-	148,656,655
Debt instrument investments measured at amortised cost	14,399,487	-	14,396,436	-	14,396,436
Securities and bonds purchased under resell agreements	33,328,390	-	33,361,596	-	33,361,596
Receivables-net	27,803,864	-	27,803,864	-	27,803,864
Discounts and loans-net	315,693,099	-	5,551,301	312,623,145	318,174,446
Liabilities:					
Deposits from the Central Bank and banks	959,419	-	959,419	-	959,419
Payables	3,232,327	-	3,232,327	-	3,232,327
Related parties payable	4,176,510	-	4,176,510	-	4,176,510
Deposits and remittances	612,989,915	-	612,989,973	-	612,989,973
Financial debentures	9,432,250	-	9,432,250	-	9,432,250
Other Financial Liabilities	509,223	-	509,223	-	509,223

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

	June 30, 2025				
Financial instruments measured		Fair value			
at amortised cost	Book value	Level 1	Level 2	Level 3	Total
Assets:					
Cash and cash equivalents	$12,892,416	$-	$12,898,066	$-	$12,898,066
Due from the Central Bank and call loans to banks	151,244,337	-	151,859,175	-	151,859,175
Debt instrument investments measured at amortised cost	14,400,462	-	14,376,931	-	14,376,931
Securities and bonds purchased under resell agreements	37,497,086	-	37,523,474	-	37,523,474
Receivables-net	28,518,079	-	28,518,079	-	28,518,079
Discounts and loans-net	315,395,297	-	6,250,592	307,608,990	313,859,582
Liabilities:					
Deposits from the Central Bank and banks	1,424,282	-	1,424,282	-	1,424,282
Payables	4,768,125	-	4,768,125	-	4,768,125
Related parties payable	5,398,714	-	5,398,714	-	5,398,714
Deposits and remittances	629,836,733	-	628,880,670	-	628,880,670
Financial debentures	8,793,580	-	8,793,580	-	8,793,580

(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 recognises 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 organisation 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 cover both the trading book and banking book. 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.

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.

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

	For the six months ended June 30					
	2026			2025		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Trading book VaR	$21,346	$48,379	$11,086	$24,287	$43,509	$13,026
Banking book- fair value VaR	19,556	24,981	15,520	25,989	33,627	19,966
Total VaR	31,255	53,444	24,208	40,936	59,088	23,403

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 books fair value portfolios, respectively.

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 authorised 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

Standardised Approach.

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

F. Exchange rate risk exposure information

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

	June 30, 2026		
	Foreign currency	Exchange rate	NTD
Long position			
USD	$24,361,525	31.854	$776,012,018
HKD	1,054,120	4.062	4,281,492
JPY	14,621,050	0.196	2,868,877
ZAR	946,282	1.942	1,837,367
GBP	37,035	42.148	1,560,935
Short position			
USD	24,335,300	31.854	775,176,638
HKD	1,048,392	4.062	4,258,227
JPY	14,571,351	0.196	2,859,126
ZAR	942,850	1.942	1,830,702
GBP	36,547	42.148	1,540,363

	December 31, 2025		
	Foreign currency	Exchange rate	NTD
Long position			
USD	$15,596,909	31.434	$490,265,439
CNY	10,687,183	4.466	47,733,852
GBP	90,877	42.271	3,841,508
HKD	155,931	4.038	629,687
JPY	1,677,293	0.201	336,350
Short position			
USD	15,566,336	31.434	489,304,436
CNY	10,796,872	4.466	48,223,770
GBP	90,397	42.271	3,821,191
HKD	173,941	4.038	702,417
JPY	1,516,900	0.201	304,186

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

	June 30, 2025		
	Foreign currency	Exchange rate	NTD
Long position			
USD	$8,388,807	29.305	$245,830,639
EUR	579,013	34.339	19,882,770
AUD	757,955	19.150	14,514,919
KRW	445,594,923	0.022	9,672,939
CAD	25,422	21.425	544,681
Short position			
USD	8,363,633	29.305	245,092,915
EUR	582,250	34.339	19,993,927
AUD	752,748	19.150	14,415,207
KRW	450,908,538	0.022	9,788,286
CAD	27,678	21.425	593,016

G. Interest rate sensitivity information

a. Interest rate sensitivity analysis (NTD)

June 30, 2026

Item	Day 1 to 90 days	Day 91 to 180 days	Day 181 to 1 Year	Over 1 year	Total
Interest rate sensitive assets	$512,721,832	$26,072,257	$17,945,471	$12,831,045	$569,570,605
Interest rate sensitive liabilities	318,170,842	13,129,191	20,885,667	3,296,799	355,482,499
Interest rate sensitive gap	194,550,990	12,943,066	(2,940,196)	9,534,246	214,088,106
Net worth					52,893,966
Ratio of interest rate sensitive assets to liabilities (%)					160.22
Ratio of interest rate sensitive gap to net worth (%)					404.75

June 30, 2025

Item	Day 1 to 90 days	Day 91 to 180 days	Day 181 to 1 Year	Over 1 year	Total
Interest rate sensitive assets	$438,426,666	$17,228,332	$28,979,975	$36,981,195	$521,616,168
Interest rate sensitive liabilities	335,416,725	34,955,874	36,378,228	2,734,445	409,485,272
Interest rate sensitive gap	103,009,941	(17,727,542)	(7,398,253)	34,246,750	112,130,896
Net worth					50,809,061
Ratio of interest rate sensitive assets to liabilities (%)					127.38
Ratio of interest rate sensitive gap to net worth (%)					220.69

b. Interest rate sensitivity analysis (USD)

June 30, 2026

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	$3,979,571	$623,057	$1,109,973	$298,922	$6,011,523
Interest rate sensitive liabilities	10,182,350	1,155,742	467,960	20,000	11,826,052
Interest rate sensitive gap	(6,202,779)	(532,685)	642,013	278,922	(5,814,529)
Net worth					25,174
Ratio of interest rate sensitive assets to liabilities (%)					50.83
Ratio of interest rate sensitive gap to net worth (%)					(23,097.36)

June 30, 2025

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	$5,228,069	$1,220,896	$1,680,054	$391,506	$8,520,525
Interest rate sensitive liabilities	8,631,555	1,622,904	1,296,153	301,375	11,851,987
Interest rate sensitive gap	(3,403,486)	(402,008)	383,901	90,131	(3,331,462)
Net worth					121,927
Ratio of interest rate sensitive assets to liabilities (%)					71.89
Ratio of interest rate sensitive gap to net worth (%)					(2,732.34)

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, Risk Identification, Inherent Risk Assessment, Control Design and Assessment, Risk and Control Monitoring, Residual Risk Assessment, 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 organisation 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 authorised 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.

Operational and technology risks are further classified into several categories: Transaction Processing Failure, Product Mismanagement, Client Service Disruption, Technology Risk, Change Mismanagement, People Risk, Physical Safety and Security, Third Party Risk Mismanagement, Corporate Governance Standards, Board Governance, Listing Requirements, Shareholder Relations, Financial Books and Records, Financial Regulatory Reporting, Tax Risk, 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 result in losses due to illegality, incompleteness or unfairness, which results in regulatory breaches or disputes. The Compliance, Financial Crime & Conduct Risk Department of the Company is responsible for 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 standard

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 overall 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 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 standards

The credit policies and standards are reviewed and approved by the Board or its delegated committees, which also oversees the delegation of credit approval and loan impairment provisioning authorities. Policies and standards 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 organisation 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 authorised 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. Standards 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 standards 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 collateralised 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.

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

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.

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

Standardised 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	June 30, 2026	December 31, 2025	June 30, 2025
Other guarantees	$13,016,870	$9,447,316	$8,104,849
Unused amount of irrevocable loan commitments	8,338,089	8,351,791	7,960,050
Unused amount of irrevocable letters of credit	668,017	149,338	1,100,855
Total	$22,022,976	$17,948,445	$17,165,754

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

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

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.

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

	June 30, 2026	December 31, 2025	June 30, 2025
Individual	$266,212,734	$259,872,434	$260,513,781
Manufacturing	15,257,243	15,685,857	19,637,445
Transportation and warehousing	3,651,613	3,903,469	5,320,129
Financial industry	7,315,419	6,351,767	4,239,803
Commercial	3,425,239	3,514,827	5,456,370
Government	4,800,000	4,800,000	5,300,000
Other	25,530,416	26,695,954	20,333,987
Total	$326,192,664	$320,824,308	$320,801,515

b. By area

	June 30, 2026	December 31, 2025	June 30, 2025
Domestic	$309,806,649	$302,547,428	$303,446,627
Overseas	16,386,015	18,276,880	17,354,888
Total	$326,192,664	$320,824,308	$320,801,515

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

c. By collateral

	June 30, 2026	December 31, 2025	June 30, 2025
Unsecured	$76,550,049	$81,461,825	$83,456,589
Secured			
-Real estate	236,704,268	229,601,924	229,948,966
-Movable assets	4,561,392	4,761,422	4,302,783
-Debt instruments	3,830,659	4,095,378	2,858,270
-Other	4,546,296	903,759	234,907
Total	$326,192,664	$320,824,308	$320,801,515

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.

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.

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

(i) Credit quality analysis

	June 30, 2026											
	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	$18,748,953	$2,080,372	$-	$20,829,325	$-	$-	$-	$-	$-	$-	$308,293	$20,521,032
-Credit cards receivable	1,575,427	1,192,476	-	2,767,903	15	5,161	-	5,176	38,715	115,047	61,965	2,864,876
Discounts and loans												
-Consumer banking	231,661,103	29,789,521	946,559	262,397,183	121,505	424,032	705,011	1,250,548	369,279	2,156,131	3,938,511	262,234,630
-Wholesale banking	44,866,419	14,299,460	-	59,165,879	36,379	682,830	-	719,209	8,484	68,814	962,146	59,000,240
-Non-accrual loans	-	-	-	-	-	-	-	-	5,628	51,509	5,628	51,509
Other financial assets												
-Non-accrual loans other than those reclassified form loans	-	-	-	-	-	-	-	-	6,962	-	6,962	-
Off-balance sheet items												
Loan commitments and Guarantees	17,712,923	4,270,439	-	21,983,362	7,760	31,854	-	39,614	-	-	147,910	21,875,066

	December 31, 2025											
	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	$10,533,580	$10,440,940	$-	$20,974,520	$9,789	$-	$-	$9,789	$-	$-	$310,264	$20,674,045
-Credit cards receivable	1,434,350	1,290,174	153	2,724,677	-	6,683	2,930	9,613	41,376	123,069	67,687	2,831,048
Discounts and loans												
-Consumer banking	223,135,072	31,287,104	1,034,225	255,456,401	302,336	577,889	922,557	1,802,782	377,251	2,210,298	4,194,799	255,651,933
-Wholesale banking	46,829,073	13,228,055	-	60,057,128	77,227	698,233	-	775,460	10,128	81,302	971,820	59,952,198
-Non-accrual loans	-	-	-	-	-	-	-	-	8,716	44,842	8,716	44,842
Other financial assets												
-Non-accrual loans other than those reclassified form loans	-	-	-	-	-	-	-	-	6,870	-	6,870	-
Off-balance sheet items												
Loan commitments and guarantees	13,646,311	4,269,874	-	17,916,185	826	31,434	-	32,260	-	-	103,875	17,844,570

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

	June 30, 2025											
	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	$15,560,782	$3,540,120	$-	$19,100,902	$99,477	$-	$-	$99,477	$-	$-	$292,004	$18,908,375
-Credit cards receivable	1,305,362	1,297,946	917	2,604,225	-	5,997	3,675	9,672	45,290	131,313	73,571	2,716,929
Discounts and loans												
-Consumer banking	218,413,786	36,173,077	1,250,777	255,837,640	209,732	692,438	1,177,127	2,079,297	371,676	2,160,881	4,491,431	255,958,063
-Wholesale banking	45,413,713	11,933,724	-	57,347,437	973,956	1,804,542	-	2,778,498	7,541	91,484	1,041,630	59,183,330
-Non-accrual loans	-	-	-	-	-	-	-	-	17,056	110,005	17,056	110,005
Other financial assets												
-Non-accrual loans other than those reclassified form loans	-	-	-	-	-	-	-	-	6,553	-	6,553	-
Off-balance sheet items												
Loan commitments and Guarantees	12,793,817	3,955,954	-	16,749,771	37,699	378,284	-	415,983	-	-	93,378	17,072,376

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

a. Asset quality of the Company

Period / Product			June 30, 2026				
			Non-performing loans	Loan balances	NPL ratio	Allowance for bad debts	Coverage ratio
Wholesale Banking	Secured		$17,551	$3,707,023	0.47%	$62,940	358.61%
	Unsecured		5,758	56,272,907	0.01%	904,665	15,711.44%
Consumer Banking	Mortgage		60,170	165,781,759	0.04%	2,674,663	4,445.18%
	Personal loan		139,613	24,902,788	0.56%	1,248,716	894.41%
	Others	Secured	32,044	68,424,625	0.05%	7,470	23.31%
		Unsecured	-	7,103,562	-%	7,831	-%
Total			255,136	326,192,664	0.08%	4,906,285	1,923.01%
			Overdue receivables	Accounts receivable	Overdue ratio	Allowance for bad debts	Coverage ratio
Credit card			7,219	2,926,841	0.25%	61,965	858.36%
Factoring loan receivable without recourse			-	20,829,325	-%	308,293	-%

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

Product \ Period			June 30, 2025				
			Non-performing loans	Loan balances	NPL ratio	Allowance for bad debts	Coverage ratio
Wholesale Banking	Secured		$57,369	$4,433,184	1.29%	$85,229	148.56%
	Unsecured		14,152	55,854,550	0.03%	972,856	6,874.34%
Consumer Banking	Mortgage		69,795	174,472,446	0.04%	2,678,865	3,838.19%
	Personal loan		230,903	32,632,593	0.71%	1,807,516	782.80%
	Others	Secured	16,402	52,681,160	0.03%	4,338	26.45%
		Unsecured	-	727,582	-%	1,313	-%
Total			388,621	320,801,515	0.12%	5,550,117	1,428.16%
			Overdue receivables	Accounts receivable	Overdue ratio	Allowance for bad debts	Coverage ratio
Credit card			7,017	2,790,500	0.25%	73,571	1,048.47%
Factoring loan receivable without recourse			-	19,200,379	-%	292,004	-%

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

	June 30, 2026		December 31, 2025	
	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	$267	$449	$318	$584
The amount under debt discharge program and rehabilitation program without default by debtors	124,504	10,846	121,014	10,989
	$124,771	$11,295	$121,332	$11,573

	June 30, 2025	
	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	$431	$759
The amount under debt discharge program and rehabilitation program without default by debtors	114,885	10,969
	$115,316	$11,728

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

b. Concentration of corporate credit risk for the Company

June 30, 2026				
Rank	Industry classification of group enterprise		Outstanding credit	% of net assets
1	A Company	Manufacture of Integrated Circuits	$4,459,560	8.21%
2	B Group	Packaging and testing of semi-conductors	3,798,000	6.99%
3	C Company	Electric power generation activities from non-renewable sources (Note 2)	3,161,800	5.82%
4	D Company	Electric power generation activities from non-renewable sources	2,760,400	5.08%
5	E Group	Wholesale of Motor Vehicles	2,450,000	4.51%
6	F Group	Electronic parts and components manufacturing not elsewhere classified	2,384,650	4.39%
7	G Group	Electronic parts and components manufacturing not elsewhere classified	2,272,345	4.18%
8	H Company	Intermediation Service Activities for Retail Sale (Note 3)	2,200,000	4.05%
9	I Company	Other service activities incidental to water transportation	2,175,000	4.00%
10	J Company	Real estate development activities	2,082,094	3.83%

June 30, 2025				
Rank	Industry classification of group enterprise		Outstanding credit	% of net assets
1	B Group	Packaging and testing of semi-conductors	$6,029,138	11.50%
2	I Company	Other service activities incidental to water transportation	4,375,000	8.35%
3	C Company	Electricity Transmission and Distribution Enterprise	3,413,197	6.51%
4	K Company	Electricity Transmission and Distribution Enterprise	3,353,933	6.40%
5	H Company	Retail sale via mail order houses or via internet	2,200,000	4.20%
6	L Group	Manufacture of automobile parts	2,051,351	3.91%
7	M Company	Electronic parts and components manufacturing not elsewhere classified	2,000,000	3.81%
8	J Company	Real estate development activities	1,982,984	3.78%
9	N Group	Manufacture of footwear	1,949,300	3.72%
10	F Group	Electronic parts and components manufacturing not elsewhere classified	1,730,570	3.30%

Note 1: 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.

Note 2: Original “Electricity Transmission and Distribution Enterprise”

Note 3: Original “Retail sale via mail order houses or via internet”

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 $162.4 billion as of June 30, 2026, 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.

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.

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

	June 30, 2026				
	Within 3 months	3 months~ 1 year	1~5 years	Over 5 years	Total
Deposits from the Central Bank and banks	$5,508,713	$70	$-	$-	$5,508,783
Payables	5,239,697	-	-	-	5,239,697
Related parties payable	5,877,338	-	-	-	5,877,338
Deposits and remittances	549,912,120	90,013,164	3,155,773	-	643,081,057
Financial debentures	2,200	-	-	9,556,200	9,558,400
Other financial liabilities	1,672,654	108,622	-	-	1,781,276
Lease liabilities	85,536	286,972	1,043,154	776,812	2,192,474
Total	$568,298,258	$90,408,828	$4,198,927	$10,333,012	$673,239,025

	December 31, 2025				
	Within 3 months	3 months~ 1 year	1~5 years	Over 5 years	Total
Deposits from the Central Bank and banks	$959,349	$70	$-	$-	$959,419
Payables	3,232,327	-	-	-	3,232,327
Related parties payable	4,176,510	-	-	-	4,176,510
Deposits and remittances	496,989,284	62,548,003	53,452,628	-	612,989,915
Financial debentures	2,200	-	-	9,430,050	9,432,250
Other financial liabilities	509,223	-	-	-	509,223
Lease liabilities	124,665	287,263	1,170,169	672,513	2,254,610
Total	$505,993,558	$62,835,336	$54,622,797	$10,102,563	$633,554,254

	June 30, 2025				
	Within 3 months	3 months~ 1 year	1~5 years	Over 5 years	Total
Deposits from the Central Bank and banks	$679,266	$745,016	$-	$-	$1,424,282
Payables	4,768,125	-	-	-	4,768,125
Related parties payable	5,398,714	-	-	-	5,398,714
Deposits and remittances	450,142,887	103,677,215	76,016,631	-	629,836,733
Financial debentures	2,200	-	-	8,791,380	8,793,580
Other financial liabilities	-	-	-	-	-
Lease liabilities	113,830	326,616	1,222,569	930,922	2,593,937
Total	$461,105,022	$104,748,847	$77,239,200	$9,722,302	$652,815,371

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

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:

a. Maturity analysis of net settled derivatives

	June 30, 2026					
	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	$77,398	$9,355	$21,315	$99	$-	$108,167
Interest rate derivative instruments	37,709	98,141	368,414	1,570,617	35,389,950	37,464,831
Credit contract derivative instruments	-	-	-	27,789	-	27,789
Derivative financial instruments for hedging						
Interest rate derivative instruments	-	64	4,566	4,491	337,673	346,794
	$115,107	$107,560	$394,295	$1,602,996	$35,727,623	$37,947,581

	December 31, 2025					
	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	$327,351	$151,224	$33,208	$5,698	$-	$517,481
Interest rate derivative instruments	34,061	168,090	356,508	1,079,718	34,592,717	36,231,094
Credit contract derivative instruments	-	-	44,468	-	-	44,468
Derivative financial instruments for hedging						
Interest rate derivative instruments	271	3,314	1,132	12,756	432,034	449,507
	$361,683	$322,628	$435,316	$1,098,172	$35,024,751	$37,242,550

	June 30, 2025					
	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	$112,681	$77,197	$31,118	$5,795	$2	$226,793
Interest rate derivative instruments	94,376	139,447	402,357	1,235,469	32,371,667	34,243,316
Credit contract derivative instruments	-	-	2,989	2,485	-	5,474
Derivative financial instruments for hedging						
Interest rate derivative instruments	-	-	-	10,953	42,802	53,755
	$207,057	$216,644	$436,464	$1,254,702	$32,414,471	$34,529,338

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

b. Maturity analysis of gross settled derivatives

	June 30, 2026					
	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	$134,379,690	$192,625,016	$149,439,925	$137,779,093	$27,188,542	$641,412,266
Cash inflow	132,255,924	189,293,725	146,398,351	135,957,331	26,363,051	630,268,382
Derivative financial instruments for hedging						
Foreign exchanges derivative instruments						
Cash outflow	-	-	-	-	-	-
Net cash flow	$(2,123,766)	$(3,331,291)	$(3,041,574)	$(1,821,762)	$(825,491)	$(11,143,884)

	December 31, 2025					
	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	$181,313,774	$188,721,062	$90,881,025	$64,385,607	$ 25,634,093	$550,935,561
Cash inflow	177,038,158	184,155,896	87,283,376	61,716,452	24,730,761	534,924,643
Derivative financial instruments for hedging						
Foreign exchanges derivative instruments						
Cash outflow	8,200,900	-	-	-	-	8,200,900
Net cash flow	$(12,476,516)	$(4,565,166)	$(3,597,649)	$(2,669,155)	$(903,332)	$(24,211,818)

	June 30, 2025					
	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	$165,337,797	$200,151,164	$149,419,525	$99,996,523	$19,616,135	$634,521,144
Cash inflow	157,525,411	192,788,019	142,210,486	93,816,058	18,184,913	604,524,887
Derivative financial instruments for hedging						
Foreign exchanges derivative instruments						
Cash outflow	6,571,800	5,820,300	19,420,999	16,276,680	-	48,089,779
Net cash flow	$(14,384,186)	$(13,183,445)	$(26,630,038)	$(22,457,145)	$(1,431,222)	$(78,086,036)

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

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.

	June 30, 2026				
	0~30 days	31~90 Days	91 days~1 year	Over 1 year	Total
Other guarantees	$866,065	$929,048	$9,474,712	$1,747,045	$13,016,870
Unused amount of irrevocable loan commitments	-	-	-	8,338,089	8,338,089
Unused amount of irrevocable letters of credit	15,749	44,045	608,223	-	668,017
	$881,814	$973,093	$10,082,935	$10,085,134	$22,022,976

	December 31, 2025				
	0~30 days	31~90 days	91 days~1 year	Over 1 year	Total
Other guarantees	$387,196	$3,559,655	$2,957,779	$2,542,686	$9,447,316
Unused amount of irrevocable loan commitments	-	-	-	8,351,791	8,351,791
Unused amount of irrevocable letters of credit	14,256	135,082	-	-	149,338
	$401,452	$3,694,737	$2,957,779	$10,894,477	$17,948,445

	June 30, 2025				
	0~30 days	31~90 Days	91 days~1 year	Over 1 year	Total
Other guarantees	$304,561	$678,997	$4,499,324	$2,621,967	$8,104,849
Unused amount of irrevocable loan commitments	-	-	-	7,960,050	7,960,050
Unused amount of irrevocable letters of credit	128,617	972,238	-	-	1,100,855
	$433,178	$1,651,235	$4,499,324	$10,582,017	$17,165,754

G. Structure analysis of maturity, New Taiwan Dollars

June 30, 2026

		Remaining period to maturity					
	Total	0~10 days	11~30 days	31~90 days	91~180 days	181 days~1 year	Over 1 year
Main capital inflow on maturity	$1,165,085,363	$177,084,152	$122,967,482	$207,240,433	$167,224,595	$185,428,690	$305,140,011
Main capital outflow on maturity	1,254,265,616	115,518,444	152,207,497	306,083,393	190,276,011	161,762,386	328,417,885
Gap	(89,180,253)	61,565,708	(29,240,015)	(98,842,960)	(23,051,416)	23,666,304	(23,277,874)

June 30, 2025

		Remaining period to maturity					
	Total	0~10 days	11~30 days	31~90 days	91~180 days	181 days~1 year	Over 1 year
Main capital inflow on maturity	$901,829,715	$74,326,586	$85,161,794	$153,113,931	$146,586,400	$121,724,535	$320,916,469
Main capital outflow on maturity	971,569,765	31,492,011	112,894,967	204,435,566	176,325,793	133,158,676	313,262,752
Gap	(69,740,050)	42,834,575	(27,733,173)	(51,321,635)	(29,739,393)	(11,434,141)	7,653,717

H. Structure analysis of maturity, US Dollars

June 30, 2026

Unit: in thousands of US Dollars

		Remaining period to maturity				
	Total	0~30 days	31~90 days	91~180 days	181 days~1 year	Over 1 year
Main capital inflow on maturity	$32,572,771	$9,771,289	$9,016,879	$6,772,983	$5,414,808	$1,596,812
Main capital outflow on maturity	35,044,944	10,388,605	10,376,702	6,087,473	5,061,630	3,130,534
Gap	(2,472,173)	(617,316)	(1,359,823)	685,510	353,178	(1,533,722)

June 30, 2025

Unit: in thousands of US Dollars

		Remaining period to maturity				
	Total	0~30 days	31~90 days	91~180 days	181 days~1 year	Over 1 year
Main capital inflow on maturity	$29,816,785	$9,309,036	$7,569,197	$6,563,660	$5,173,871	$1,201,021
Main capital outflow on maturity	32,449,449	8,929,694	9,845,703	6,539,747	4,170,331	2,963,974
Gap	(2,632,664)	379,342	(2,276,506)	23,913	1,003,540	(1,762,953)

(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:

	June 30, 2026					
	Financial assets under net executable settlement contracts or similar agreements					
				Relevant amounts not offset in balance sheet (d)		
	Total financial assets recognised (a)	Offset total financial liabilities recognised 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	$52,216,035	$-	$52,216,035	$44,974,592	$6,651,850	$589,593
Securities and bonds purchased under resell agreements	18,002,337	-	18,002,337	-	18,002,337	-
Total	$70,218,372	$-	$70,218,372	$44,974,592	$24,654,187	$589,593

	December 31, 2025					
	Financial assets under net executable settlement contracts or similar agreements					
				Relevant amounts not offset in balance sheet (d)		
	Total financial assets recognised (a)	Offset total financial liabilities recognised 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	$55,823,780	$-	$55,823,780	$42,659,512	$ 8,381,430	$ 4,782,838
Securities and bonds purchased under resell agreements	33,328,390	-	33,328,390	-	33,328,390	-
Total	$89,152,170	$-	$89,152,170	$42,659,512	$41,709,820	$4,782,838

	June 30, 2025					
	Financial assets under net executable settlement contracts or similar agreements					
				Relevant amounts not offset in balance sheet (d)		
	Total financial assets recognised (a)	Offset total financial liabilities recognised 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	$62,657,782	$-	$62,657,782	$36,617,985	$11,239,181	$14,800,616
Securities and bonds purchased under resell agreements	37,497,086	-	37,497,086	-	37,497,086	-
Total	$100,154,868	$-	$100,154,868	$36,617,985	$48,736,267	$14,800,616

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

June 30, 2026

Financial liabilities under net executable settlement contracts or similar agreements

	Total financial liabilities recognised (a)	Offset total financial assets recognised in balance sheet (b)	Net financial liabilities reported in balance sheet (c)=(a)-(b)	Relevant amounts not offset in balance sheet (d): Financial instruments (Note)	Relevant amounts not offset in balance sheet (d): Cash collateral pledged	Net amount (e)=(c)-(d)
Derivative financial liabilities	$47,825,074	$-	$47,825,074	$44,974,592	$2,001,387	$849,095

December 31, 2025

Financial liabilities under net executable settlement contracts or similar agreements

	Total financial liabilities recognised (a)	Offset total financial assets recognised in balance sheet (b)	Net financial liabilities reported in balance sheet (c)=(a)-(b)	Relevant amounts not offset in balance sheet (d): Financial instruments (Note)	Relevant amounts not offset in balance sheet (d): Cash collateral pledged	Net amount (e)=(c)-(d)
Derivative financial liabilities	$52,073,783	$-	$52,073,783	$42,659,512	$3,617,999	$5,796,272

June 30, 2025

Financial liabilities under net executable settlement contracts or similar agreements

	Total financial liabilities recognised (a)	Offset total financial assets recognised in balance sheet (b)	Net financial liabilities reported in balance sheet (c)=(a)-(b)	Relevant amounts not offset in balance sheet (d): Financial instruments (Note)	Relevant amounts not offset in balance sheet (d): Cash collateral pledged	Net amount (e)=(c)-(d)
Derivative financial liabilities	$70,677,501	$-	$70,677,501	$36,617,985	$14,581,503	$19,478,013

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	June 30, 2026	December 31, 2025	June 30, 2025
Regulatory capital	Common equity Tier 1 capital		$51,315,184	$51,894,536	$48,147,996
	Additional Tier 1 capital		-	-	-
	Tier 2 capital		12,719,801	12,578,445	12,113,760
	Total regulatory capital		64,034,985	64,472,981	60,261,756
Risk-weighted assets	Credit risk	Standardised approach (SA)	246,545,679	239,406,652	240,060,795
		Internal ratings-based approach (IRB)	-	-	-
		Securitisation	-	-	-
	Operational risk	Basic indicator approach (BIA)	-	-	-
		Standardised approach (SA) /Alternative standardised approach	28,751,239	28,751,239	25,553,686
		Advanced measurement approaches (AMA)	-	-	-
	Market risk	Standardised approach (SA)	14,569,391	11,079,810	109,257,163
		Internal models approach (IMA)	-	-	-
	Total risk-weighted assets		289,866,309	279,237,701	374,871,644
Capital Adequacy ratio			22.09%	23.09%	16.08%
Ratio of common equity Tier 1 capital to total risk-weighted assets			17.70%	18.58%	12.84%
Ratio of Tier 1 capital to total risk-weighted assets			17.70%	18.58%	12.84%
Leverage ratio			6.61%	7.09%	6.38%

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 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 South Africa Limited ("SCB South Africa")	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 India (“SCB India”)	Affiliate
Standard Chartered Bank Qatar (“SCB Qatar”)	Affiliate
Standard Chartered Bank Malaysia (“SCB Malaysia”)	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 Limited ("SCB Kenya")	Affiliate
Standard Chartered Bank United Arab Emirates ("SCB UAE")	Affiliate
Standard Chartered Bank Oman ("SCB Oman")	Affiliate
Standard Chartered Bank Sri Lanka ("SCB Sri Lanka ")	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

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

Name	Relationship
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.

Significant transactions with related parties

(1) Deposits

	For the six months ended June 30, 2026		
	Ending balance	Interest payable	Interest expense
SCB Hong Kong	$25,483,200	$698,574	$717,454
Members of key management directors	497,206	345	2,405
	$25,980,406	$698,919	$719,859

	2025		
	Ending balance	Interest payable	Interest expense
SCB Hong Kong	$50,293,600	$739,390	$2,835,898
Members of key management directors	354,340	261	4,772
	$50,647,940	$739,651	$2,840,670

	For the six months ended June 30, 2025		
	Ending balance	Interest payable	Interest expense
SCB Hong Kong	$73,261,500	$1,087,652	$1,650,570
Members of key management directors	379,509	278	3,244
	$73,641,009	$1,087,930	$1,653,814

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

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.

(2) Loans

June 30, 2026							
				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	$3,671	3	$756	$756	$-	Unsecured lending	None
Mortgage	15,579	3	15,251	15,251	-	House	None

December 31, 2025							
				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	$4,970	5	$3,671	$3,671	$-	Unsecured lending	None
Mortgage	29,027	5	27,314	27,314	-	House	None

June 30, 2025							
				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	$4,970	5	$4,295	$4,295	$-	Unsecured lending	None
Mortgage	13,808	4	12,815	12,815	-	House	None

For the six months ended June 30, 2026 and 2025, interest income on the above loans were $204 thousand and $112 thousand, respectively. As of June 30, 2026, December 31, 2025 and June 30, 2025 the interest receivables from the above transactions were $16 thousand, $36 thousand, and $22 thousand, respectively, recorded under receivables-net.

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

(3) Foreign exchange and derivative instruments

June 30, 2026

Name	Contracts	Contracts duration period	Notional	Gain (loss) on valuation	Balance sheet Account	Balance sheet Balance
SCB	Interest rate swap	2026.7.1~ 2036.12.16	$10,822,600,447	$685,423	Financial assets at fair value through profit or loss	$30,650,817
					Financial liabilities at fair value through profit or loss	(30,159,252)
	Spot/forward/swap	2026.7.1~ 2028.11.10	115,861,763	(532,067)	Financial assets at fair value through profit or loss	908,665
					Financial liabilities at fair value through profit or loss	(477,610)
	Cross currency swap	2026.8.10~ 2029.6.5	1,587,238	68,987	Financial asset at fair value through profit or loss	20,743
					Financial liabilities at fair value through profit or loss	(47,543)
	Foreign exchange option	2026.7.3~ 2027.11.18	18,452,781	24,537	Financial assets at fair value through profit or loss	10,861
					Financial liabilities at fair value through profit or loss	(38,923)
	Interest rate option	2026.7.7~ 2026.9.29	1,763,437	(2,271)	Financial liabilities at fair value through profit or loss	(3,020)
	Commodity swap	2026.7.14~ 2027.1.14	276,466	(132,730)	Financial liabilities at fair value through profit or loss	(124,403)
SCB Hong Kong	Spot/forward/swap	2026.7.1~ 2027.3.11	34,390,683	20,863	Financial assets at fair value through profit or loss	60,642
					Financial liabilities at fair value through profit or loss	(73,502)

December 31, 2025

Name	Contracts	Contracts duration period	Notional	Gain (loss) on valuation	Balance sheet Account	Balance sheet Balance
SCB	Interest rate swap	2026.1.2~ 2036.6.18	$8,602,145,298	$(244,606)	Financial assets at fair value through profit or loss	$28,360,245
					Financial liabilities at fair value through profit or loss	(28,554,103)
	Spot/forward/swap	2026.1.2~ 2026.12.10	196,141,563	2,106,717	Financial assets at fair value through profit or loss	1,700,767
					Financial liabilities at fair value through profit or loss	(737,645)
	Cross currency swap	2026.2.25~ 2026.8.10	1,098,619	(1,149,741)	Financial liabilities at fair value through profit or loss	(95,787)
	Foreign exchange option	2026.1.2~ 2027.11.18	24,660,795	(145,231)	Financial assets at fair value through profit or loss	4,666
					Financial liabilities at fair value through profit or loss	(57,265)
	Commodity swap	2026.1.8~ 2027.1.14	306,877	(4,291)	Financial assets at fair value through profit or loss	11,308
					Financial liabilities at fair value through profit or loss	(2,981)
	Commodity option	2026.1.22~ 2026.3.13	3,306,804	(7,647)	Financial assets at fair value through profit or loss	5,591
					Financial liabilities at fair value through profit or loss	(13,508)
	Interest rate option	2026.1.27~ 2026.3.23	509,223	(749)	Financial liabilities at fair value through profit or loss	(749)
SCB Hong Kong	Spot/forward/swap	2026.1.2~ 2026.11.16	11,043,051	45,662	Financial assets at fair value through profit or loss	38,340
					Financial liabilities at fair value through profit or loss	(72,063)

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

June 30, 2025						
					Balance sheet	
Name	Contracts	Contracts duration period	Notional	Gain (loss) on valuation	Account	Balance
SCB	Interest rate swap	2025.7.1~ 2035.9.19	$7,000,079,630	$(1,201,745)	Financial assets at fair value through profit or loss	$24,839,683
					Financial liabilities at fair value through profit or loss	(25,990,680)
	Spot/forward/swap	2025.7.1~ 2026.10.30	197,237,645	122,112	Financial assets at fair value through profit or loss	577,023
					Financial liabilities at fair value through profit or loss	(1,598,507)
	Cross currency swap	2025.9.10~ 2026.8.10	2,145,477	(1,181,313)	Financial liabilities at fair value through profit or loss	(127,359)
	Foreign exchange option	2025.7.1~ 2027.10.14	27,892,134	(147,238)	Financial assets at fair value through profit or loss	396
					Financial liabilities at fair value through profit or loss	(55,002)
	Commodity swap	2025.7.14- 2027.1.14	1,016,690	11,582	Financial assets at fair value through profit or loss	30,407
					Financial liabilities at fair value through profit or loss	(6,207)
	Commodity option	2025.8.28	189,308	(957)	Financial liabilities at fair value through profit or loss	(1,227)
SCB Hong Kong	Spot/forward/swap	2025.7.2~ 2026.3.5	16,734,588	76,646	Financial assets at fair value through profit or loss	30,097
					Financial liabilities at fair value through profit or loss	(32,836)

As of June 30, 2026, December 31, 2025 and June 30, 2025, no premium receivables or payables resulting from the above option contracts were recorded.

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

(4) Deposits with banks-affiliates

	For the six months ended June 30, 2026		
	Balance	Interest receivable	Net interest income
SCB Germany	$1,778,960	$-	$2,411
SCB Hong Kong	467,636	-	-
SCB Japan	200,688	-	16
SCB Singapore	196,740	-	-
SCB	155,420	-	-
Other	72,556	-	26,743
	$2,872,000	$-	$29,170

	2025		
	Balance	Interest receivable	Net interest income
SCB Hong Kong	$484,499	$-	$-
SCB Germany	205,980	-	5,524
SCB	160,016	-	-
SCB Japan	125,434	-	-
SCB New York	100,146	-	81,990
SCB Singapore	66,984	-	-
SCB Taipei	-	-	11,355
Other	9,426	-	-
	$1,152,485	$-	$98,869

	For the six months ended June 30, 2025		
	Balance	Interest receivable	Net interest income
SCB New York	$1,498,002	$-	$49,138
SCB Hong Kong	453,594	-	-
SCB	209,941	-	-
SCB Japan	125,916	-	-
SCB Taipei	-	-	11,355
SCB Germany	-	-	3,322
Other	47,430	-	-
	$2,334,883	$-	$63,815

The interest rate for above-mentioned transactions are no different from those of non-related parties. Please refer to 7(17) for the service charges from the above deposits.

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

(5) Call loans to banks-affiliates

	For the six months ended June 30, 2026		
	Balance	Interest receivable	Net interest income
SCB	$31,854,000	$22,634	$646,959
SCB Taipei	19,197,080	18,329	189,360
SCB Hong Kong	15,315,378	1,445	72,873
SCB Korea	8,600,580	72,377	188,477
Other	-	-	110
	$74,967,038	$114,785	$1,097,779

	2025		
	Balance	Interest receivable	Net interest income
SCB	$31,433,500	$3,545	$1,425,490
SCB Taipei	15,635,035	21,640	378,389
SCB Korea	9,272,883	76,269	112,988
Other	300,796	10	213,450
	$56,642,214	$101,464	$2,130,317

	For the six months ended June 30, 2025		
	Balance	Interest receivable	Net interest income
SCB	$29,304,600	$35,138	$700,179
SCB Taipei	17,769,607	34,139	222,078
SCB Hong Kong	10,256,610	1,228	155,778
Other	-	-	1,724
	$57,330,817	$70,505	$1,079,759

The interest rate for above-mentioned transactions are no different from those of non-related parties.

(6) Deposits from banks-affiliates

	For the six months ended June 30, 2026		
	Balance	Interest payable	Net interest expense
SCB Taipei	$23,649	$-	$6

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

	2025		
	Balance	Interest payable	Net interest expense
SCB Taipei	$72,398	$1	$13

	For the six months ended June 30, 2025		
	Balance	Interest payable	Net interest expense
SCB Taipei	$358,054	$-	$7

The interest rate for above-mentioned transactions are no different from those of non-related parties.

(7) Overdrafts on banks-affiliates

	For the six months ended June 30, 2026		
	Balance	Interest payable	Net interest expense
SCB New York	$343,293	$-	$1,323
Other	301	-	163
	$343,594	$-	$1,486

	2025		
	Balance	Interest payable	Net interest expense
SCB New York	$624,734	$-	$5,557
SCB Hong Kong	90,945	-	-
SCB Germany	-	-	730
Other	-	-	58
	$715,679	$-	$6,345

	For the six months ended June 30, 2025		
	Balance	Interest payable	Net interest expense
SCB Germany	$214,753	$-	$329
SCB New York	-	-	2,822
Other	462	-	50
	$215,215	$-	$3,201

The interest rate for above-mentioned transactions are no different from those of non-related parties.

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

(8) Call loans from banks-affiliates

	For the six months ended June 30, 2026		
	Balance	Interest payable	Net interest expense
SCB Hong Kong	$3,185,400	$321	$168,460
SCB Sri Lanka	796,350	2,403	12,830
Other	-	-	9,634
	$3,981,750	$2,724	$190,924

	2025		
	Balance	Interest payable	Net interest expense
SCB Hong Kong	$-	$-	$202,724
SCB Korea	-	-	33,467
SCB Taipei	-	-	15,394
Other	-	-	1,777
	$-	$-	$253,362

	For the six months ended June 30, 2025		
	Balance	Interest payable	Net interest expense
SCB Taipei	$703,310	$85	$14,369
SCB Hong Kong	-	-	96,185
SCB Korea	-	-	19,826
Other	-	-	1,745
	$703,310	$85	$132,125

The interest rate for above-mentioned transactions are no different from those of non-related parties.

(9) Securities and bonds purchased under resell agreements

	For the six months ended June 30, 2026		
	Ending balance	Interest receivable	Net interest income
SCB	$4,100,928	$8,247	$81,281

	2025		
	Ending balance	Interest receivable	Net interest income
SCB	$4,071,490	$5,779	$178,776

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

	For the six months ended June 30, 2025		
	Ending balance	Interest receivable	Net interest income
SCB	$16,798,391	$5,598	$54,017

The interest rate for above-mentioned transactions are no different from those of non-related parties.

(10) Accounts receivable-related parties (Interest and premium receivables not included)

	June 30, 2026	December 31, 2025	June 30, 2025
SCB Singapore	$753,596	$451,852	$551,768
SCB New York	287,091	225,817	148,447
SCB Hong Kong	226,922	171,941	336,984
SCB	186,598	165,444	133,915
SCB China	84,375	83,264	77,640
SCB India	50,622	-	74,858
Other	50,965	62,706	46,964
	$1,640,169	$1,161,024	$1,370,576

Accounts receivable-related parties included the receivables driven from service fee income and fee income of exclusive sales of insurance policy, etc.

(11) Accounts payable-related parties (Interest and premium payables not included)

	June 30, 2026	December 31, 2025	June 30, 2025
SCB	$4,053,789	$2,552,192	$3,348,001
SCB Hong Kong	333,561	274,478	276,136
SCB New York	308,598	224,538	161,260
SCB Singapore	229,333	153,754	261,389
Other	205,019	189,125	218,181
	$5,130,300	$3,394,087	$4,264,967

Related parties payable included service charge payable, group insurance expense payables, accounts payable to SCB for the share based payment scheme costs, service fee payables, and etc.

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

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

	For the six months ended June 30, 2026		
	Ending balance	Interest payable	Net interest expense
SCB Hong Kong	$9,556,200	$44,282	$319,877

	2025		
	Ending balance	Interest payable	Net interest expense
SCB Hong Kong	$9,430,050	$47,051	$704,410

	For the six months ended June 30, 2025		
	Ending balance	Interest payable	Net interest expense
SCB Hong Kong	$8,791,380	$45,574	$359,819

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

(13) Refundable deposits-derivative financial instruments

	For the six months ended June 30, 2026		
	Balance	Interest receivable	Net interest income
SCB	$34,403	$190	$1,224
SCB Hong Kong	69,123	276	695
Other	-	28	-
	$103,526	$494	$1,919

	2025		
	Balance	Interest receivable	Net interest income
SCB Hong Kong	$18,546	$180	$1,990
SCB	-	94	25,595
Other	-	28	-
	$18,546	$302	$27,585

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

	For the six months ended June 30, 2025		
	Balance	Interest receivable	Net interest income
SCB	$2,493,705	$3,572	$17,942
SCB Hong Kong	1,465	209	1,681
Other	-	26	-
	$2,495,170	$3,807	$19,623

The interest rate for above-mentioned transactions are no different from those of non-related parties.

(14) Guarantee deposits received-derivatives financial instruments

	For the six months ended June 30, 2026		
	Balance	Interest payable	Net interest expense
SCB	$713,340	$2,114	$7,956
SCB Hong Kong	-	162	-
Other	-	28	-
	$713,340	$2,304	$7,956

	2025		
	Balance	Interest payable	Net interest expense
SCB	$630,295	$1,198	$5,415
SCB Hong Kong	-	166	283
Other	-	28	-
	$630,295	$1,392	$5,698

	For the six months ended June 30, 2025		
	Balance	Interest payable	Net interest expense
SCB	$-	$(17)	$2,674
SCB Hong Kong	-	149	207
Other	-	26	-
	$-	$158	$2,881

The interest rate for above-mentioned transactions are no different from those of non-related parties.

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

(15) Advance received from affiliates

	June 30, 2026	December 31, 2025	June 30, 2025
SCB Singapore	$683,495	$730,451	$733,167

The advance service fee income from the Exclusivity Fee Sharing Agreement with SCB Singapore was recorded under other liabilities. (Please refer to note 9(2)).

(16) Guarantee

None.

(17) Net service fee income

	For the six months ended June 30	
	2026	2025
Service fees:		
SCB Singapore	$285,498	$261,330
Service charges:		
SCB New York	$197	$218

Net service fee income included the Exclusivity Fee Sharing Agreement with SCB Singapore and the service charges from the deposits with banks-affiliates.

(18) Net non-interest income

	For the six months ended June 30	
	2026	2025
SCB New York	$57,494	$58,146
SCB Hong Kong	51,934	91,222
SCB Singapore	33,593	39,307
SCB India	10,331	32,011
SCB	10,649	14,969
Other	21,022	15,005
	$185,023	$250,660

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

Net non-interest income included fee income, service income, rental income, service charges for providing the utility and information system usage to SCB Taipei.

(19) Other general and administrative expenses

	For the six months ended June 30	
	2026	2025
SCB	$1,464,685	$1,471,728
SCB Hong Kong	45,478	115,326
Other	303,888	199,360
	$1,814,051	$1,786,414

Other general and administrative expenses included information technology service fees, consulting and technical support service fees.

The salary and remuneration for directors and supervisors

	For the six months ended June 30	
	2026	2025
Salary and other short-term benefits	$218,357	$220,672
Post-employment benefits	3,438	3,703
	$221,795	$224,375

8. Pledged assets

Pledged assets	Pledged for	June 30, 2026	December 31, 2025	June 30, 2025
Negotiable certificates of deposit, bonds (recorded under other financial assets)	USD overdraft clearing deposits	$7,497,604	$11,910,925	$11,099,929

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

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

Pledged assets	Pledged for	June 30, 2026	December 31, 2025	June 30, 2025
Negotiable certificates of deposit, bonds (recorded under other financial assets)	Trust indemnity reserve	$198,524	$199,052	$198,440
	Operation Bond for securities broker	49,517	49,711	49,508
	Operation Bond for securities underwriter	39,614	39,769	39,606
	Operation Bond for securities dealer	9,903	9,942	9,902
	Bond for bills business	99,894	99,990	99,850
	Bond payment settlement reserve	99,036	99,422	99,015
		496,488	497,886	496,321
Guarantee deposits paid (recorded under other assets)	Bond payment settlement reserves, and self-regulatory fund deposits	40,300	40,300	40,300
	OTC derivatives default fund	20,000	20,000	20,000
Total		$556,788	$558,186	$556,621

9. <u>Significant commitments and contingent liabilities</u>

(1) Commitments and contingent liabilities

	June 30, 2026	December 31, 2025	June 30, 2025
Consignment collection for others	$2,571,485	$2,848,408	$3,048,339
Securities, consignments and goods in custody	19,466,098,156	12,398,557,709	9,393,840,147
Trust assets	206,914,081	181,595,296	163,511,146
Other guarantees	13,016,870	9,447,316	8,104,849
Unused amount of irrevocable loan commitments	8,338,089	8,351,791	7,960,050
Unused amount of irrevocable letters of credit	668,017	149,338	1,100,855

(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.

(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:

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

Trust balance sheet

June 30, 2026			
Trust assets		**Trust liabilities**	
Bank deposits	$-	Payables for securities under custody	$10,552,911
Short-term investments		Trust capital	196,361,170
Bonds	56,290,800		
Stocks	16,303,795		
Funds	101,842,089		
Structured notes	21,924,486		
Securities under custody	10,552,911		
Total trust assets	$206,914,081	Total trust liabilities	$206,914,081

Trust balance sheet

December 31, 2025			
Trust assets		**Trust liabilities**	
Bank deposits	$-	Payables for securities under custody	$9,329,332
Short-term investments		Trust capital	172,265,964
Bonds	57,455,491		
Stocks	14,077,879		
Funds	90,127,135		
Structured notes	10,605,459		
Securities under custody	9,329,332		
Total trust assets	$181,595,296	Total trust liabilities	$181,595,296

Trust balance sheet

June 30, 2025			
Trust assets		**Trust liabilities**	
Bank deposits	$103	Payables for securities under custody	$8,807,372
Short-term investments		Trust capital	154,703,774
Bonds	53,193,056		
Stocks	12,664,813		
Funds	83,350,458		
Structured notes	5,495,344		
Securities under custody	8,807,372		
Total trust assets	$163,511,146	Total trust liabilities	$163,511,146

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

Schedules of investment for trust business

Investment items	June 30, 2026	December 31, 2025	June 30, 2025
Bank deposits	$-	$-	$103
Short-term investments:			
Bonds	56,290,800	57,455,491	53,193,056
Common stock	16,303,795	14,077,879	12,664,813
Funds	101,842,089	90,127,135	83,350,458
Structured notes	21,924,486	10,605,459	5,495,344
Securities under custody	10,552,911	9,329,332	8,807,372
Total	$206,914,081	$181,595,296	$163,511,146

Foreign currency trust business engaged by the Offshore Banking Unit (OBU) as of June 30, 2026, December 31, 2025 and June 30, 2025, were included in the trust balance sheets and schedules of investment for trust business.

The Company does not have the right to decide on the use of the entrusted trust property, the profit or loss of the assets belongs to the beneficiary, and the subsequent evaluation of the trust assets is based on the cost, thus the profit or loss of the trust account of the Company is zero.

10. Significant loss due to disasters

None.

11. Significant subsequent events

None.

12. Others

(1) Profitability

Unit: %

Items		June 30, 2026	December 31, 2025	June 30, 2025
Return on assets (Annualized)	Before income tax	1.17	0.85	0.72
	After income tax	0.96	0.72	0.64
Return on equity (Annualized)	Before income tax	16.51	12.09	10.75
	After income tax	13.49	10.19	9.52
Net profit ratio		35.48	29.76	28.31

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 six months ended June 30, 2026, 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 securitised commodities according to the Regulation on Financial Asset Securitisation or the Regulation on Real Estate Securitisation: 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.

(2) The subsidiary lends funds to others, endorses guarantees for others, holds securities at the end of the period, and the cumulative amount of buying or selling the same securities reaches NT$300 million or 10% of the paid-in capital Information on transactions and derivatives transactions: Not applicable.

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

(3) Information on long term equity investments

Name of investee	Investee's location	Investee's operation	Percentage of ownership	Book value of investments	Gain recognised during the period	Holdings				
						Number of shares(thousand)	Pro forma number of shares(thousand)	Total		
								Shares (thousand)	Percentage	Remark
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%	$62,135	$10,253	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%	3,254	-	391	-	391	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%	403,916	-	8,491	-	8,491	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%	44,600	-	5,000	-	5,000	2.94%	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%	1,264	80	85	-	85	1.42%	Note 2
LINE Bank Taiwan Limited	3F/4F, No. 333, Rui-Guang Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	Commercial bank	4.06%	719,875	-	81,250	-	81,250	4.06%	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, 2025.

(4) 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.

(5) Major shareholder information:

Securities firms whose stocks have been listed on the stock exchange or traded over the counter at the securities firm's business premises should disclose the names, shareholding amounts and proportions of shareholders whose equity ratio exceeds 5%: Not applicable.

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) Wealth and Retail Banking ("WRB"): 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, establishing customer-focused wealth management and trust business through planning and implementation to execute investment and trust business service, and operating the Bank's businesses pursuant to the Banking Act and approved by the competent authorities, etc.

(2) Corporate and Investment Banking Client Coverage("CIB"): 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 handling, client due diligence 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)

	For the six months ended June 30, 2026			
	WRB	CIB	OB	Total
Net interest income	$3,105,805	$1,276,570	$ (1,237,681)	$3,144,694
Net service fee income	4,238,633	441,782	(33,000)	4,647,415
Other miscellaneous income	279,823	736,829	1,594,702	2,611,354
Net income	7,624,261	2,455,181	324,021	10,403,463
Bad debt (expenses, commitment and guarantee liability provisions) and reversal gains	12,826	(34,063)	(6,856)	(28,093)
Operating expenses	(4,602,146)	(1,276,752)	18,877	(5,860,021)
Segment profit	$3,034,941	$1,144,366	$336,042	$4,515,349

	For the six months ended June 30, 2025			
	WRB	CIB	OB	Total
Net interest income	$3,297,870	$1,385,936	$(1,156,910)	$3,526,896
Net service fee income	2,843,274	480,336	(17,890)	3,305,720
Other miscellaneous income	254,779	207,289	1,527,904	1,989,972
Net income	6,395,923	2,073,561	353,104	8,822,588
Bad debt (expenses, commitment and guarantee liability provisions) and reversal gains	(501,135)	(5,904)	1,134	(505,905)
Operating expenses	(4,075,588)	(1,359,401)	(61,491)	(5,496,480)
Segment profit	$1,819,200	$708,256	$292,747	$2,820,203

STANDARD CHARTERED BANK (TAIWAN) LIMITED SECURITIES DEPARTMENT

Financial Statements

For the Six Months Ended June 30, 2026 and 2025

Securities Department Financial Statements

Table of Contents

English Translation of Financial Statements Originally Issued in Chinese

STANDARD CHARTERED BANK (TAIWAN) LIMITED SECURITIES DEPARTMENT

Balance Sheets

June 30, 2026, December 31, 2025 and June 30, 2025

(Expressed in thousands of New Taiwan Dollars)

			June 30, 2026		December 31, 2025		June 30, 2025	
		Notes	Amount	%	Amount	%	Amount	%
	Assets							
110000	Current Assets							
112000	Financial assets at fair value through profit or loss	6(1)	$6,853,322	22	$8,194,466	17	$17,506,983	33
113200	Financial assets at fair value through other comprehensive income	6(2)	8,304,225	27	10,055,552	21	11,343,790	21
113300	Financial assets measured at amortised cost	6(3) & 6(8)	1,899,947	6	1,900,612	4	1,901,215	4
114010	Securities and bonds purchased under resell agreements	6(4) & 6(8)	13,711,409	44	27,518,399	57	20,698,695	38
114130	Accounts receivable	6(5) & 7	63,822	-	91,577	-	1,787,700	3
119000	Other current assets		29,936	-	69,275	-	103,610	-
	Current Assets		30,862,661	99	47,829,881	99	53,341,993	99
120000	Non-current assets							
129000	Other non-current assets	8	40,300	-	40,300	-	40,300	-
129080	Other financial assets	6(6), 6(8) & 8	396,594	1	397,897	1	396,471	1
	Non-current Assets		436,894	1	438,197	1	436,771	1
	Total assets		$31,299,555	100	$48,268,078	100	$53,778,764	100
	Liabilities and Equity							
210000	Current Liabilities							
214130	Accounts payable	6(7)	$2,174,994	7	$1,006	-	$2,385,484	4
	Current Liabilities		2,174,994	7	1,006	-	2,385,484	4
229110	Intercompany		26,780,305	86	45,396,999	94	48,948,848	91
	Total Liabilities		28,955,299	93	45,398,005	94	51,334,332	95
300000	Equity							
301110	Capital surplus		2,000,000	6	2,000,000	4	2,000,000	4
304040	Retained Earnings		358,297	1	865,765	2	454,735	1
305000	Other equity		(14,041)	-	4,308	-	(10,303)	-
	Total equity		2,344,256	7	2,870,073	6	2,444,432	5
	Total Liabilities and Equity		$31,299,555	100	$48,268,078	100	$53,778,764	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 six months ended June 30, 2026 and 2025

(Expressed in thousands of New Taiwan Dollars)

			For the six months ended June 30, 2026		For the six months ended June 30, 2025	
		Notes	Amount	%	Amount	%
400000	Operating Revenue					
401000	Brokerage handling fee revenue	7	$-	-	$15	-
404000	Revenue from underwriting business	7	47,587	13	88,937	19
411000	Losses on sale of trading securities	6(1)	(6,616)	(2)	(33,091)	(7)
421200	Interest income	6(1)	304,996	80	363,467	77
421500	Valuation gains on trading securities at fair value through profit or loss	6(1)	34,871	9	51,547	11
425300	Expected credit impairment losses and reversal gains		(2,253)	-	195	-
428000	Other operating income		1,060	-	1,924	-
	Total operating revenue		379,645	100	472,994	100
500000	Operating expenses					
502000	Brokerage handling fee expenses		5	-	14	-
531000	Employee benefit expenses		9,207	2	10,275	2
533000	Other operating expenses		12,136	3	7,970	2
	Total operating expenses		21,348	5	18,259	4
902005	Profit		358,297	95	454,735	96
805000	Other comprehensive income					
805600	Components of other comprehensive income that will be reclassified to profit or loss					
805615	Revaluation (losses) gains from investments in debt instruments measured at fair value through other comprehensive income		(20,072)	(5)	58,605	12
805618	Provision of impairment gains (losses) from investments in debt instruments measured at fair value through other comprehensive income		1,723	-	(183)	-
805000	Other comprehensive income		(18,349)	(5)	58,422	12
902006	Total comprehensive Income		$339,948	90	$513,157	108

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

1. Security department and operation

(1) 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 securitised commodities on their business premises (limited to fixed income securities)
(c) Foreign securities business on its own business premises
(d) Underwriting bonds and securitised commodities (limited to fixed income securities).

2. Date and procedures of authorisation 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 note 2.

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 Company’s financial statements note 3.

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 Accounting Standard (IAS) 34, Interim Financial Reporting, as endorsed and became effective by FSC. Significant accounting policies adopted in the financial statements are summarised 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 realise 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 realise 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 the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

(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

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 recognised in current period profit or loss.

(4) Financial instruments

Financial assets

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

Financial assets are recognised when securities department of the Company becomes the party of a financial instrument contract. Financial assets are classified into the following categories: measured at amortised 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 amortised cost

i. Debt instrument investments measured at amortised cost

When a financial asset meets both of the following conditions and is not designated as at FVTPL, it is measured at amortised 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 amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, and impairment loss are recognised in profit or loss. Any gain or loss on derecognition is recognised 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 recognised over the term of the agreement. On the selling/purchasing date, these agreements are recognised as securities and bonds sold under repurchase agreements or securities and bonds purchased under resell agreements.

iii. Receivables

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.

(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 amortise the discount premium and calculate the interest receivable on an accrual basis, as well as recognise 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 recognised as profit or loss in the current period. The reversal is limited by the fact that other comprehensive income recognised 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 recognised in income, should be recognised in other comprehensive income and accumulated under equity in “Unrealised 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 recognised at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at fair value. Dividends deriving from equity investments are recognised as income in profit or loss, and other net gains and losses of financial assets measured at FVOCI are recognised 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 amortised 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 amortised 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 recognised 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 amortised cost (Including securities and bonds purchased under resell agreements, receivables, financial assets measured at amortised 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 recognised 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 amortised 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 amortised cost are deducted from the gross carrying amount of the assets. For debt instrument investments at FVOCI, the loss allowance is recognised 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 derecognised 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 recognise 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.

(5) 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.

(6) Revenue recognition

(a) Profit or loss on disposal of trading securities, and relevant brokerage securities transaction charges are recognised at the trading date.
(b) Brokerage handling fee revenue are recognised at the trading date.
(c) Revenue from underwriting business are recognised right after the underwriting service are made.
(d) Interest income: interest income from investments in debt instruments measured at amortised 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.

5. Significant accounting judgments, estimates and assumptions

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.

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 recognised 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.

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

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

(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:

	June 30, 2026	December 31, 2025	June 30, 2025
Securities held for operations-dealing:			
Government bonds	$2,600,253	$1,961,508	$10,201,396
Corporate bonds	4,253,069	6,232,958	7,305,587
Total	$6,853,322	$8,194,466	$17,506,983

For the six months ended June 30, 2026 and 2025, relevant operating details of the securities department of the Company were as follows:

	For the six months ended June 30	
	2026	2025
Losses on sale of trading securities	$(5,454)	$(31,505)
Interest income	$90,262	$51,221
Valuation gains on trading securities measured at fair value through profit or loss	$34,871	$51,547

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

(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:

	June 30, 2026	December 31, 2025	June 30, 2025
Government bonds	$8,304,225	$10,055,552	$11,343,790
Revaluation adjustment of hedge items	$4,485	$-	$-

As of June 30, 2026, December 31, 2025 and June 30, 2025, the allowance for impairments of the above debt investment were $4,699 thousand, $2,976 thousand and $871 thousand, respectively.

Changes in the allowance for impairments of the above debt investme8nts were as follows:

	For the six months ended June 30, 2026				
	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	$2,976	$-	$-	$-	$2,976
Changes due to financial instrument recognition:					
Financial assets derecognised during the period	(1,109)	-	-	-	(1,109)
New financial assets originated or purchased	2,777	-	-	-	2,777
Foreign currency exchange and other changes	55	-	-	-	55
Ending Balance	$4,699	$-	$-	$-	$4,699

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

	For the six months ended June 30, 2025				
	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	$1,054	$-	$-	$-	$1,054
Changes due to financial instrument recognition:					
Financial assets derecognised during the period	(247)	-	-	-	(247)
New financial assets originated or purchased	52	-	-	-	52
Foreign currency exchange and other changes	12	-	-	-	12
Ending Balance	$871	$-	$-	$-	$871

Changes in the book value of the financial assets at fair value through other comprehensive income-debt instruments mentioned above were as follow:

	For the six months ended June 30, 2026				
	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	$10,055,552	$-	$-	$-	$10,055,552
Changes due to financial instrument recognition:					
Financial assets derecognised during the period	(2,751,515)	-	-	-	(2,751,515)
New financial assets originated or purchased	994,443	-	-	-	994,443
Foreign currency exchange and other changes	5,745	-	-	-	5,745
Ending Balance	$8,304,225	$-	$-	$-	$8,304,225

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

	For the six months ended June 30, 2025				
	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	$15,673,503	$-	$-	$-	$15,673,503
Changes due to financial instrument recognition:					
Financial assets derecognised during the period	(4,689,685)	-	-	-	(4,689,685)
New financial assets originated or purchased	298,063	-	-	-	298,063
Foreign currency exchange and other changes	61,909	-	-	-	61,909
Ending Balance	$11,343,790	$-	$-	$-	$11,343,790

(3) Financial assets measured at amortised cost

The financial assets measured at amortised cost of the securities department of the Company were as follows:

	June 30, 2026	December 31, 2025	June 30, 2025
Government bonds	$1,899,947	$1,900,612	$1,901,215

As of June 30, 2026, December 31, 2025 and June 30, 2025, the allowance of impairments of the above financial assets measured at amortised cost were $1,149 thousand, $614 thousand and $149 thousand, respectively.

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

	For the six months ended June 30, 2026				
	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	$614	$-	$-	$-	$614
Changes due to financial instrument recognition:					
Financial assets derecognised during the period	(166)	-	-	-	(166)
Foreign currency exchange and other changes	701	-	-	-	701
Ending Balance	$1,149	$-	$-	$-	$1,149

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

	For the six months ended June 30, 2025				
	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	$153	$-	$-	$-	$153
Changes due to financial instrument recognition:					
Financial assets derecognised during the period	(6)	-	-	-	(6)
Foreign currency exchange and other changes	2	-	-	-	2
Ending Balance	$149	$-	$-	$-	$149

(4) Securities and bonds purchased under resell agreements

	June 30, 2026	December 31, 2025	June 30, 2025
Bonds purchased under resell agreements	$13,711,409	$27,518,399	$20,698,695
Face value of bonds	$15,756,000	$29,831,760	$22,738,700
Interest rate	1.55%~1.80%	1.40%~1.68%	1.43%~1.72%
Last settlement date	2026.09.24	2026.03.16	2025.9.16
Resell price	$13,745,517	$27,570,659	$20,739,165

As of June 30, 2026, December 31, 2025 and June 30, 2025, allowance for impairments of the above securities and bonds purchased under resell agreements were $0 thousand, $0 thousand and $10 thousand, respectively.

Changes in the allowance for impairments of the above securities and bonds purchased under resell agreements were as follows:

	For the six months ended June 30, 2026				
	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	$-	$-	$-	$-	$-
Changes due to financial instrument recognition:					
Financial assets derecognised during the period	-	-	-	-	-
New financial assets originated or purchased	-	-	-	-	-
Ending Balance	$-	$-	$-	$-	$-

	For the six months ended June 30, 2025				
	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	$17	$-	$-	$-	$17
Changes due to financial instrument recognition:					
Financial assets derecognised during the period	(17)	-	-	-	(17)
New financial assets originated or purchased	10	-	-	-	10
Ending Balance	$10	$-	$-	$-	$10

(5) Accounts receivable

	June 30, 2026	December 31, 2025	June 30, 2025
Interest receivables	$59,991	$89,180	$79,498
Accounts receivable-related parties	3,831	2,397	1,001
Unsettled bonds receivable	-	-	1,707,201
Total	$63,822	$91,577	$1,787,700

(6) Other financial assets

	June 30, 2026	December 31, 2025	June 30, 2025
Restricted assets-debt instruments	$396,594	$397,897	$396,471

(7) Payables

	June 30, 2026	December 31, 2025	June 30, 2025
Unsettled bonds payable	$2,147,185	$-	$2,261,339
Other	27,809	1,006	124,145
Total	$2,174,994	$1,006	$2,385,484

(8) Fair value of financial instruments

(a) Fair value of financial instruments

	June 30, 2026	
	Book Value	Fair Value
Amortised cost	$1,899,947	$1,894,838
Securities and bonds purchased under resell agreements	13,711,409	13,726,854
Other financial assets	396,594	396,594

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

	December 31,2025	
	Book Value	Fair Value
Amortised cost	$1,900,612	$1,897,629
Securities and bonds purchased under resell agreements	27,518,399	27,550,949
Other financial assets	397,897	397,897

	June 30, 2025	
	Book Value	Fair Value
Amortised cost	$1,901,215	$1,894,696
Securities and bonds purchased under resell agreements	20,698,695	20,725,083
Other financial assets	396,471	396,471

(b) Information of financial risk

Please refer to the Company's financial statements on financial risk for more details.

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 Dubai (“SCB Dubai”)	Affiliate
Standard Chartered Bank France (“SCB France”)	Affiliate

Significant transactions with related parties

	For the six months ended June 30	
Name	2026	2025
Brokerage handling fee revenue:		
SCB	$-	$13
Other	-	2
Total	$-	$15
Revenue from underwriting business:		
SCB France	$47	$-
SCB Dubai	(23)	-
Total	$24	$-

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

Name	June 30, 2026	December 31, 2025	June 30, 2025
Accounts receivable-related parties:			
SCB	$3,765	$2,369	$996
Other	66	28	5
Total	$3,831	$2,397	$1,001

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	June 30, 2026	December 31, 2025	June 30, 2025
Negotiable certificates of deposit, bonds (recorded under other non-current financial assets)	Trust indemnity reserve	$198,524	$199,052	$198,440
	Operation Bond for securities broker	49,517	49,712	49,508
	Operation Bond for securities underwriter	39,614	39,769	39,606
	Operation Bond for securities dealer	9,903	9,942	9,902
	Bond payment settlement reserve	99,036	99,422	99,015
		396,594	397,897	396,471
Guarantee deposits paid (recorded under other non-current assets)	Bond payment settlement reserve, and self-regulatory fund deposit	40,300	40,300	40,300
Total		$436,894	$438,197	$436,771

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 six months ended June 30, 2026:

(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.

(5) Major shareholder information: Securities firms whose stocks have been listed on the stock exchange or traded over the counter at the securities firm’s business premises should disclose the names, shareholding amounts and proportions of shareholders whose equity ratio exceeds 5%: Not applicable.

Standard Chartered Bank (Taiwan) Limited Securities Department

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

June 30, 2026

(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		
B99607		-	-	$2,000,000	3.70%	$2,018,986	103.03	$2,060,603	$-	
A06104		-	-	1,200,000	1.13%	1,197,334	100.23	1,202,784	-	
B618DK		-	-	550,000	1.60%	549,546	99.95	549,714	-	
A11106		-	-	550,000	1.00%	547,507	99.65	548,054	-	
A11103		-	-	400,000	0.50%	397,548	99.63	398,535	-	
Other (Note)		-	-	2,100,000	0.25%~1.7%	2,084,419	97.94~101.49	2,093,632	-	
Total				$6,800,000		$6,795,340		$6,853,322	$-	

Note: 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

June 30, 2026

(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	
A11108		-	-	$1,850,000	1.25%	$1,846,981	$1,269	99.76	$1,845,603	
A10108		-	-	1,100,000	0.25%	1,073,962	124	99.91	1,098,991	
A15102		-	-	1,000,000	1.13%	997,860	685	99.44	994,443	
A11106		-	-	900,000	1.00%	895,644	617	99.55	895,985	
A11103		-	-	900,000	0.50%	881,345	456	99.44	894,957	
A10202		-	-	900,000	0.25%	877,242	605	97.31	875,814	
A05111		-	-	800,000	0.63%	788,821	151	99.86	798,848	
A96102		-	-	500,000	2.00%	506,760	246	100.39	501,927	
Other (Note)		-	-	400,000	1.00%	395,975	546	99.26~99.47	397,657	
Total				$8,350,000		$8,264,590	$4,699		$8,304,225	

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

Standard Chartered Bank (Taiwan) Limited Securities Department

Statement of financial assets measured at amortised cost

June 30, 2026

(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
A12106		-	-	$200,000	1.00%	$199,305	$(137)	
A11106		-	-	700,000	1.00%	698,997	(479)	
A10108		-	-	200,000	0.25%	199,853	(23)	
A11108		-	-	600,000	1.25%	600,812	(412)	
A96102		-	-	200,000	2.00%	200,980	(98)	
		-	-					
		-	-					
		-	-					
Total				$1,900,000		$1,899,947	$(1,149)	

Standard Chartered Bank (Taiwan) Limited Securities Department

Statement of securities and bonds purchased under resell agreements

June 30, 2026

(Expressed in thousands of New Taiwan Dollars)

Name	Terms			Bonds		Trading Amount	Note
	Start Date	Maturity Date	Interest rate	Type	Par value		
Taiwan Shin Kong Commercial Bank Company Limited	2026.06.17	2026.09.17	1.66%	A06109	$2,300,000	$2,164,806	
Taiwan Shin Kong Commercial Bank Company Limited	2026.05.25	2026.07.27	1.55%	A10108	2,000,000	1,932,240	
O-BANK CO., LTD.	2026.06.12	2026.07.13	1.63%	A07109	1,000,000	950,600	
SINOPAC SECURITIES CORPORATION	2026.05.28	2026.07.28	1.76%	B99513	1,020,000	817,731	
KGI SECURITIES CO. LTD.	2026.05.22	2026.07.24	1.68%	B99607	1,000,000	800,000	
KGI SECURITIES CO. LTD.	2026.06.05	2026.07.06	1.76%	B99503	1,000,000	800,000	
Other (Note)	2026.04.27~2026.06.26	2026.07.06~2026.09.24	1.65%~1.80%		7,436,000	6,246,032	
Total					$15,756,000	$13,711,409	

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

Standard Chartered Bank (Taiwan) Limited Securities Department

Statement of revenue from underwriting business

For the six months ended June 30, 2026

(Expressed in thousands of New Taiwan Dollars)

Month	Securities underwriting compensation	Consignment securities handling fee revenue	Underwriting operation revenue	Underwriting asset revenue	Other revenue	Total	Note
January	$-	$-	$-	$(19)	$-	$(19)	
February	-	-	-	21,439	-	21,439	
March	-	-	-	(708)	-	(708)	
April	-	-	-	3,371	-	3,371	
May	-	-	-	1,311	-	1,311	
June	-	-	-	22,193	-	22,193	
Total	$-	$-	$-	$47,587	$-	$47,587	

Standard Chartered Bank (Taiwan) Limited Securities Department

Statement of loss on sale of trading securities

For the six months ended June 30, 2026

(Expressed in thousands of New Taiwan Dollars)

Item	Revenue	Cost	Loss	Note
Securities trading at business establishment	$10,910,396	$10,917,012	$(6,616)	

Standard Chartered Bank (Taiwan) Limited Securities Department

Statement of interest income

For the six months ended June 30, 2026

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Bonds interest income		$161,613	
Interest income from bond purchased under resell agreements		143,383	
Total		$304,996	