DBS BANK (TAIWAN) LTD

FINANCIAL STATEMENTS AND

INDEPENDENT AUDITORS' REPORT

31 DECEMBER 2023 AND 2022

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

DBS BANK (TAIWAN) LTD

31 DECEMBER 2023 AND 2022 FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR23000140
To the Board of Directors of DBS Bank (Taiwan) Ltd

Our opinion

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

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

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants, Jin-Guan-Yin-Fa-Zi Letter No. 10802731571 and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in Auditors' responsibility 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Company's 2023 financial statements. 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.

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Recognition and measurement of expected credit losses of bills discounted and loans

Description

For the accounting policy for the recognition and measurement of expected credit losses ("ECL") of bills discounted and loans, please refer to Note 4(5); for the critical accounting estimates and assumption uncertainty of ECL of bills discounted and loans, please refer to Note 5; for details on bills discounted and loans, please refer to Note 6(8); for on-balance sheet and off-balance sheet items' credit risk information, please refer to Note 12(3)B. The Company's gross bills discounted and loans and its allowance for credit losses as at 31 December 2023 were NTD $472,444,268 thousand and NTD $7,434,768 thousand, respectively.

The Company's recognition and measurement of ECL of bills discounted and loans is pursuant to IFRS 9, 'Financial Instruments' and takes into account the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans, and related requirements of administrative orders promulgated by the competent authority. The Company's primary considerations of the ECL calculation are the judgement of whether there is significant increase of credit risk or credit-impairment at initial recognition of the bills discounted and loans, based on the reasonable and verifiable information about past events, current conditions and assessments of future economic conditions. The Company recognises ECL according to which stage the financial asset belongs: no significant increase in credit risk (Stage 1), significant increase in credit risk (Stage 2), and credit-impaired (Stage 3). 12-month ECL are recognised for assets in Stage 1, and lifetime ECL are recognised for assets in Stage 2 and Stage 3. In addition, the Company takes into account relevant laws and regulations of the competent authority in assessment of the allowance for credit losses. Because the considerations stated above involve professional judgement, assumptions, and estimates made by management, and these amounts were material with respect to the total assets, we have thus assessed the recognition and measurement of ECL of the Company's bills discounted and loans as the key audit matter in our audit of the Company.

How our audit addressed the matter

The main audit procedures that we performed are set out below:

- Obtained and gained an understanding of the Company's internal control policies for its credit risk management and recognition and measurement of ECL of bills discounted and loans and sample tested related controls (i.e. management's periodical credit review and assessment process on collateral values).
- Held discussions with management to understand the ECL model, its methodology (including the proxies, assumptions and the reasonableness of the three stages classification indicators) and financial reporting process;

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- Performed the following procedures on bills discounted and loans as at 31 December 2023: sample tested the data inputs to ECL model, examined management's related documents on evaluating the ECL and evaluated whether the allowance for credit losses comply with the competent authority's related regulations.

Business combinations

Description

The Company acquired Citi (Taiwan) Commercial Bank Co., Ltd.'s consumer banking business and its related assets and liabilities on 12 August 2023 with the purchase consideration in the amount of NTD $22,071,000 thousand. The accounting treatment of this acquisition was recorded in accordance with IFRS 3 Business Combinations. For the accounting policy for the business combinations, please refer to Note 4(22); for the fair value of identifiable assets acquired and liabilities assumed, please refer to Note 6(38).

Because the fair valuation of assets acquired and liabilities assumed in the acquisition involves management's judgement and estimates and the transaction amounts were material, we have thus assessed the above-mentioned acquisition as one of the key audit matters.

How our audit addressed the matter

The main audit procedures that we performed are set out below:

- Held discussions with management to understand the overall integration and financial reporting process and related supporting for this acquisition;
- Obtained and read the acquisition agreement, related Board of Directors meeting minutes and approval letters issued by the competent authority;
- Obtained purchase price allocation related documents from the specialists appointed by the management and engaged our specialist to assist in evaluating the reasonableness of intangible assets identified and key assumption used;
- Sample tested the identifiable assets acquired and liabilities assumed and examined payment documents for the acquisition consideration.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' responsibilities for the audit of the financial statements

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgement 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 Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained

up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of 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.

Lin, Wei Chi   Wu, Wei-Tai

For and on behalf of PricewaterhouseCoopers, Taiwan
13 March 2024

The accompanying financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.
As the financial statements are the responsibility of the management, PricewaterhouseCoopers 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.

DBS BANK (TAIWAN) LTD
BALANCE SHEETS
31 DECEMBER 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

			31 December 2023		31 December 2022	
	ASSETS	Notes	AMOUNT	%	AMOUNT	%
	ASSETS					
11000	Cash and cash equivalents	6(1) and 7	$ 25,267,083	3	$ 6,918,165	2
11500	Due from Central Bank and call loans to other banks	6(2) and 7	173,116,323	20	98,835,964	20
12000	Financial assets at fair value through profit or loss	6(3) and 7	30,056,307	4	12,564,175	3
12100	Financial assets at fair value through other comprehensive income	6(4) and 8	87,539,487	10	74,718,320	15
12200	Investments in debt instruments at amortised cost	6(5) and 8	-	-	1,179,405	-
12300	Financial assets for hedging	6(6) and 7	908,916	-	1,301,270	-
13000	Receivables — net	6(7) and 7	53,836,944	6	19,798,528	4
13200	Current income tax assets		267,168	-	57,184	-
13500	Bills discounted and loans — net	6(8) and 7	465,009,500	53	270,190,437	55
15500	Other financial assets — net	6(9)	1,315,389	-	5,907	-
18500	Property and equipment — net	6(10)	7,599,131	1	1,653,734	-
18600	Right-of-use assets — net	6(11)	5,645,896	-	2,549,614	1
18700	Investment properties — net	6(12)	132,632	-	134,072	-
19000	Intangible assets — net	6(13)	23,175,771	3	387,968	-
19300	Deferred income tax assets	6(36)	1,019,101	-	304,223	-
19500	Other assets — net	6(14) and 7	1,625,268	-	1,765,461	-
	TOTAL ASSETS		$ 876,514,916	100	$ 492,364,427	100
	LIABILITIES AND EQUITY					
	LIABILITIES					
21000	Due to Central Bank and other banks	6(15) and 7	$ 394,171	-	$ 10,229,756	2
22000	Financial liabilities at fair value through profit or loss	6(16) and 7	9,922,020	1	7,964,540	2
22300	Financial liabilities for hedging	6(6) and 7	2,269,724	-	506,302	-
23000	Payables	6(17) and 7	11,658,561	1	9,738,714	2
23200	Current income tax liabilities		30,468	-	1,322	-
23500	Deposits and remittances	6(18) and 7	726,377,980	83	415,693,101	84
24000	Bank debentures	6(19) and 7	3,069,075	-	3,072,500	1
25500	Other financial liabilities	6(20) and 7	17,869,901	2	4,005,746	1
25600	Provisions	6(21)(22)	4,754,231	1	787,354	-
26000	Lease liabilities		5,721,247	1	2,589,886	1
29300	Deferred income tax liabilities	6(36)	346,266	-	98,074	-
29500	Other liabilities	6(23) and 7	5,098,419	1	1,287,461	-
	TOTAL LIABILITIES		787,512,063	90	455,974,756	93
	EQUITY					
31100	Share capital					
31101	Common shares	6(24)	76,250,000	9	24,250,000	5
31103	Preferred shares	6(24)	8,000,000	1	8,000,000	2
32000	Retained earnings	6(25)				
32001	Legal reserve		1,840,990	-	1,622,851	-
32003	Special reserve		8,607	-	8,607	-
32011	Retained earnings		2,586,692	-	2,502,926	-
32500	Other equity	6(26)	316,564	-	5,287	-
	TOTAL EQUITY		89,002,853	10	36,389,671	7
	TOTAL LIABILITIES AND EQUITY		$ 876,514,916	100	$ 492,364,427	100

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

DBS BANK (TAIWAN) LTD
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT FOR EARNINGS PER SHARE)

			Year ended 31 December				Changes Percentage
			2023		2022		
	Items	Notes	AMOUNT	%	AMOUNT	%	(%)
41000	Interest income	6(28) and 7	$ 17,804,830	111	$ 8,353,934	93	113
51000	Less: Interest expense	6(28) and 7	(8,669,533)	(54)	(3,085,087)	(34)	181
	Net interest income		9,135,297	57	5,268,847	59	73
	Net non-interest income						
49100	Net fee and commission income	6(29) and 7	4,112,217	25	2,483,888	28	66
49200	Gains or losses on financial assets and financial liabilities at fair value through profit or loss	6(30) and 7	1,754,260	11	1,818,461	20	(4)
49310	Realised gains or losses on financial assets and financial liabilities at fair value through other comprehensive income	6(4)	91,331	-	58,974	1	55
49600	Foreign exchange gains		918,521	6	(853,567)	(10)	(208)
49700	Impairment losses on assets		(18,606)	-	(1,247)	-	1392
58089	Reversal of (Provision for) other operating reserve	6(21)	2,230	-	(15,736)	-	(114)
49800	Other non-interest income	6(31) and 7	134,729	1	198,842	2	(32)
	Net revenues		16,129,979	100	8,958,462	100	80
58200	Bad debts expense and reserve on commitments and guarantee liabilities	6(32)	(1,094,755)	(7)	(201,580)	(2)	443
	Operating expenses						
58500	Employee benefit expenses	6(22)(27)(33) and 7	(7,485,175)	(46)	(4,631,084)	(52)	62
59000	Depreciation and amortisation expenses	6(34)	(1,270,229)	(8)	(810,293)	(9)	57
59500	Other general and administrative expenses	6(35) and 7	(5,539,247)	(34)	(2,497,946)	(28)	122
	Total operating expenses		(14,294,651)	(88)	(7,939,323)	(89)	80
61001	**Income before income tax**		740,573	5	817,559	9	(9)
61003	Income tax expense	6(36)	(103,830)	(1)	(140,901)	(1)	(26)
64000	**Net income**		$ 636,743	4	$ 676,658	8	(6)
	Other Comprehensive Income						
	Items that will not be reclassified to profit or loss:						
65201	Remeasurement arising on defined benefit plan	6(22)	$ (190,647)	(1)	$ 63,089	1	(402)
65204	Gains (Losses) on equity instruments classified at fair value through other comprehensive income	6(4)	133,009	1	(81,074)	(1)	(264)
65220	Income tax related to other comprehensive income not reclassifiable to profit or loss	6(36)	38,129	-	(12,618)	-	(402)
	Items that may be reclassified subsequently to profit or loss:						
65301	Translation differences for foreign operations	6(26)	(4,899)	-	75,902	1	(106)
65305	Net valuation taken to cash flow hedge reserve	6(6)(26)	147,802	1	(208,094)	(3)	(171)
65309	Gains (Losses) on debt instruments classified at fair value through other comprehensive income	6(4)	25,975	-	20,845	-	25
65310	(Reversal of impairment loss) Impairment loss on debt instruments classified at fair value through other comprehensive income	6(4)	9,390	-	1,242	-	656
65000	**Other comprehensive loss – net**		$ 158,759	1	$ (140,708)	(2)	(213)
66000	**Total comprehensive income**		$ 795,502	5	$ 535,950	6	48
	Earnings Per Share (in New Taiwan dollars)						
	Basic and diluted earnings per share	6(37)	$	0.13	$	0.28	

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

DBS BANK (TAIWAN) LTD
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		Share Capital		Retained Earnings			Other equity			
	Notes	Common shares	Preferred shares	Legal reserve	Special reserve	Retained earnings	Translation differences for foreign operations	Cashflow hedge reserve	Revaluation reserve on financial assets at fair value through other comprehensive income	Total equity
For the year ended 31 December 2022										
Balance at 1 January 2022		$ 24,250,000	$ 8,000,000	$1,406,017	$ 8,607	$ 2,174,951	$ (39,594)	$ (1,330)	$ 237,390	$ 36,036,041
Net income		-	-	-	-	676,658	-	-	-	676,658
Other comprehensive income		-	-	-	-	50,471	75,902	(208,094)	(58,987)	(140,708)
Total comprehensive income		-	-	-	-	727,129	75,902	(208,094)	(58,987)	535,950
Appropriation of net income for 2021										
Legal reserve		-	-	216,834	-	(216,834)	-	-	-	-
Cash dividends - Preferred shares		-	-	-	-	(182,320)	-	-	-	(182,320)
Balance at 31 December 2022		$ 24,250,000	$ 8,000,000	$1,622,851	$ 8,607	$ 2,502,926	$ 36,308	$ (209,424)	$ 178,403	$ 36,389,671
For the year ended 31 December 2023										
Balance at 1 January 2023		$ 24,250,000	$ 8,000,000	$1,622,851	$ 8,607	$ 2,502,926	$ 36,308	$ (209,424)	$ 178,403	$ 36,389,671
Net income		-	-	-	-	636,743	-	-	-	636,743
Other comprehensive income		-	-	-	-	(152,518)	(4,899)	147,802	168,374	158,759
Total comprehensive income		-	-	-	-	484,225	(4,899)	147,802	168,374	795,502
Issue of shares	6(24)	52,000,000	-	-	-	-	-	-	-	52,000,000
Appropriation of net income for 2022										
Legal reserve	6(25)	-	-	218,139	-	(218,139)	-	-	-	-
Cash dividends - Preferred shares	6(25)	-	-	-	-	(182,320)	-	-	-	(182,320)
Balance at 31 December 2023		$ 76,250,000	$ 8,000,000	$1,840,990	$ 8,607	$ 2,586,692	$ 31,409	$ (61,622)	$ 346,777	$ 89,002,853

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

DBS BANK (TAIWAN) LTD

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	For the year ended 31 December 2023	For the year ended 31 December 2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 740,573	$ 817,559
Adjustments			
Adjustments to reconcile profit (loss)			
Bad debts expense and reserve on commitments and guarantee liabilities	6(32)	1,723,832	611,144
Depreciation expense	6(34)	1,052,991	536,267
Amortisation expense	6(34)	217,238	274,026
Interest income	6(28)	(17,804,830)	(8,353,934)
Interest expense	6(28)	8,669,533	3,085,087
Gains on disposal of property and equipment	6(10)(31)	(21,135)	(66,742)
Losses on retirement of assets	6(31)	326	2,273
Dividend income	6(4)	(17,112)	(16,978)
(Reversal of) Provision for other operating reserve	6(21)	(2,230)	15,736
Impairment on non-financial assets	6(10)	9,228	-
Impairment on financial assests		9,378	1,247
Changes in operating assets and liabilities			
Changes in operating assets			
Increase in bills discounted and loans		(1,504,724)	(608,101)
(Increase) Decrease in due from Central Bank and call loans to other banks		(5,372,550)	261,942
Decrease in receivables		1,625,914	11,359,212
Increase in financial assets at fair value through profit or loss		(17,492,132)	(2,159,406)
Increase in financial assets at fair value through other comprehensive income		(12,662,182)	(18,871,589)
Decrease (Increase) in debt instruments at amortised cost		1,179,480	(10,803)
Decrease (Increase) in financial assets for hedging		392,354	(1,299,389)
Increase in other financial assets		(249,915)	(5,967)
Decrease (Increase) in other assets		1,505,136	(955,483)
Changes in operating liabilities			
(Decrease) Increase in Due to Central Bank and other banks		(9,835,585)	1,046,822
Increase in deposits and remittances		25,460,839	56,886,800
Decrease in payables		(916,349)	(2,028,379)
Increase in financial liabilities at fair value through profit or loss		1,957,480	4,174,900
Increase in financial liabilities for hedging		1,763,422	350,517
Increase in other financial liabilities		12,680,652	2,545,607
Increase (Decrease) in provisions		15,775	(39,423)
Increase (Decrease) in other liabilities		1,903,936	(122,571)
Cash (outflow) inflow (used in) generated from operations		(4,970,657)	47,430,374
Interest paid		(7,497,340)	(2,483,027)
Interest received		17,146,309	8,004,158
Income tax (paid) received		(273,679)	6,666
Dividend received		17,112	16,978
Net cash flows generated from operating activities		4,421,745	52,975,149
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment		(1,321,659)	(305,398)
Proceeds from disposal of property and equipment		-	83,455
Acquisition of intangible assets		-	(117,971)
Net proceeds from acquisition of new business		32,788,444	-
Net cash flows generated from (used in) investing activities		31,466,785	(339,914)
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in fund borrowed from Central Bank and other banks		-	(201,040)
Payments of lease liabilities	6(11)	(574,090)	(355,752)
Issue of bank debentures	6(19)	3,069,075	-
Repayment of bank debentures	6(19)	(3,072,500)	-
Cash dividend paid ─ preferred shares	6(25)	(182,320)	(182,320)
Issue of shares	6(24)	52,000,000	-
Net cash flows generated from (used in) financing activities		51,240,165	(739,112)
Impact from changes in exchange rates		128,032	138,089
Net increase in cash and cash equivalents		87,256,727	52,034,212
Cash and cash equivalents at beginning of year		98,203,776	46,169,564
Cash and cash equivalents at end of year		$ 185,460,503	$ 98,203,776

(Continued)

DBS BANK (TAIWAN) LTD
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		For the year ended 31 December	
	Notes	2023	2022
The components of cash and cash equivalents	6(1)		
Cash and cash equivalents reported in the statement of financial position		$ 25,267,083	$ 6,918,165
Due from central bank and call loans to other banks qualified as cash and cash equivalents as defined by IAS 7		160,193,420	91,285,611
Cash and cash equivalents at end of reporting period		$ 185,460,503	$ 98,203,776

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

DBS BANK (TAIWAN) LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)

1. History and Organization

DBS Bank (Taiwan) Ltd (the "Company") obtained the approval from the regulator to set up preparatory office on 25 February 2011 and was incorporated under the Company Act of the Republic of China on 9 September 2011.

In 2012, according to the Business Mergers and Acquisitions Act and the Financial Institutions Merger Act, the Company acquired specific assets and liabilities items from DBS Bank Ltd, Taipei Branch.

In 2016, the Company acquired DBS Insurance Agency (Taiwan) Ltd (the "dissolving company") and assumes all, if any, assets, liabilities, rights, and obligations of the dissolving company as of the combination date. In 2017, the Company acquired ANZ Bank (Taiwan) Limited's retail and wealth management business and related assets and liabilities by way of demerger in accordance with Article 35 of the Business Mergers and Acquisitions Act and applicable laws and regulations. In 2023, the Company acquired Citi (Taiwan) Commercial Bank Co., Ltd.'s consumer banking business and its related assets and liabilities in accordance with the Business Mergers and Acquisitions Act and other applicable laws and regulations.

As of 31 December 2023, the Company's operations is composed of 75 branches, including offshore banking unit. The total number of employees were 5,442 and 2,212 as of 31 December 2023 and 2022, respectively.

The Company's core business includes accepting deposits, granting loans, investing in securities, conducting foreign exchange transactions, conducting acceptance services, providing guarantee services, issuing letters of credit, issuing credit cards and conducting trust and agency services, wealth management, life insurance and property insurance agency services.

The Company was incorporated as company limited by shares under the provisions of the Company Act of the Republic of China (ROC).

DBS Bank Ltd holds 100% common shares of the Company. The ultimate parent company of the Company is DBS Group Holdings Ltd.

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These financial statements were authorised for issuance by the Board of Directors on 13 March 2024.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS®") Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by the FSC and became effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, 'Disclosure of accounting policies'	1 January 2023
Amendments to IAS 8, 'Definition of accounting estimates'	1 January 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	1 January 2023
Amendments to IAS 12, 'International tax reform - pillar two model rules'	23 May 2023

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC and will become effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	1 January 2024
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	1 January 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	1 January 2024
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	1 January 2024

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(3) <u>IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC</u>

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	1 January 2023
Amendments to IFRS 17, 'Insurance contracts'	1 January 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	1 January 2023
Amendments to IAS 21, 'Lack of exchangeability'	1 January 2025

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

4. <u>Summary of Significant Accounting Policies</u>

Significant accounting policies adopted in the financial reports are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) <u>Compliance statement</u>

The financial statements of the Company have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms and the International Financial Reporting Standards, International Accounting Standards, IFRIC® Interpretations, and SIC® Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) <u>Basis of preparation</u>

A. Except for the following significant items, these financial statements have been prepared under the historical cost convention:

(A) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

(B) Financial assets at fair value through other comprehensive income.

(C) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

(D) Gold (XAU) at fair value.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

(3) Foreign currency transactions

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Company's financial statements are presented in "New Taiwan dollars", which is the Company's functional currency.

Foreign currency transactions and balances

A. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Except foreign exchange gains and losses qualify as cash flow hedge accounting are deferred in other comprehensive income, foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

B. Monetary assets and liabilities denominated in foreign currencies are re-translated at the exchange rates prevailing at the balance sheet date. Foreign exchange differences arising from this translation are recognised in profit or loss.

C. Non-monetary assets and liabilities measured at fair values through profit or loss in foreign currencies are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities measured at fair values through other comprehensive income in foreign currencies are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities measured at cost in a foreign currency are translated using the historical exchange rates at the dates of the initial transactions.

(4) Cash and cash equivalents

In the balance sheet, cash and cash equivalents includes cash on hand, deposits held at call with banks and short-term highly liquid investments which are readily convertible to known amount of cash and subject to an insignificant risk of changes in value. In the statement of cash flows, cash and cash equivalents refer to cash and cash equivalents in balance sheets, due from Central Bank and call loan to other banks which meet the definition of cash and cash equivalents of IAS 7 that came into effect as endorsed by the FSC.

(5) Financial assets and financial liabilities

All financial assets and liabilities of the Company including derivatives are recognised in the balance sheet and are properly classified in accordance with IFRSs.

A. Financial assets

(A) Regular way purchase or sale

Financial assets held by the Company are all accounted for using trade date accounting.

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

a. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

b. Financial assets at fair value through profit or loss are initially recognised at fair value. Transaction costs are recognised in profit and loss. Subsequent measurements are at fair value with changes in fair value being recorded in profit and loss.

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

a. Financial assets at fair value through other comprehensive income comprise equity instruments which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:

(a) The objective of the Company's business model is achieved both by collecting contractual cash flows and selling financial assets; and

(b) The assets' contractual cash flows represent solely payments of principal and interest.

b. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value:

(a) The changes in fair value of equity instruments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(b) The changes in fair value of debt instruments that were recognised in other comprehensive income and they are subsequently remeasured at fair value and changes therein (except for those relating to impairment, interest income and foreign currency exchange gains and losses) are recognised in other comprehensive income until the assets are sold. When they are sold, the accumulated fair value adjustments in other comprehensive income are reclassified to the income statement.

(D) Investments in debt instruments at amortised cost

a. Financial assets at amortised cost are those that meet all of the following criteria:

(a) The objective of the Company's business model is achieved by collecting contractual cash flows.

(b) The assets' contractual cash flows represent solely payments of principal and interest.

b. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.

c. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

(E) Bills discounted and loans

a. Bills discounted and loans include bills negotiated, bills discounted, loans and overdue loans. Bills discounted and loans shall be measured using effective interest rate method. They are allowed to be measured at original amount if the effect of discounting is insignificant.

b. When the obligor is in financial difficulty then renegotiated or restructured credit facility, the financial assets fully or partially should be derecognised under IFRS 9. The Company will derecognise the original financial asset and recognise a new asset and related profit and loss.

c. When the obligor is in financial difficulty then renegotiated or restructured credit facility, but the financial assets were not derecognised; renegotiated or restructured credit facility not because the obligor is in financial difficulty. The modification does not result in derecognition, the Company recalculates the gross carrying amount and recognises a modification gain or loss in profit or loss.

(F) Receivables

Receivables include those that are originally generated and those that are not originally generated. The former originated directly from money, products or services that the Company provides to the debtors, while the latter refers to all the other receivables. Receivables shall be measured at amortised cost using effective interest rate method. Short-term receivables without interests are allowed to be measured at original amount if the effect of discounting is insignificant.

(G) Impairment of financial assets

The Company assesses expected credit losses (“ECL”) at each reporting date for debt instruments measured at fair value through other comprehensive income, financial assets held at amortised cost (including bills discounted and loans and receivables), certain loan commitments, letters of credit and financial guarantee contracts. After considering all reasonable and verifiable information (including forward-looking information): for credit assets which have no significant increase in credit risks since initial recognition, allowance (provision) is accrued based on the credit loss that is expected to result from a default occurring within the next 12 months; for credit assets which have significant increase in credit risks or which are credit-impaired, allowance (provision) is accrued based on the credit loss that is expected to result from a default occurring over their lifetime.

For credit assets, the Company assesses the loss allowance at the balance sheet date in accordance with "Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans", Jinguanyinguo No.10410001840 of FSC, Jinguanyinguo No. 10300329440 of FSC, and other applicable laws as well as IFRS 9 requirements. The loss allowance is provisioned at the higher of the amounts assessed in compliance with the aforementioned domestic regulations and IFRS 9.

B. Financial liabilities

Financial liabilities held by the Company include financial liabilities at fair value through profit or loss and financial liabilities carried at amortised cost.

(A) Financial liabilities at fair value through profit or loss

a. Financial liabilities at fair value through profit or loss are financial liabilities held for trading. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in a short period of time, and derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges. Financial liabilities that meet one of the following criteria are designated as at fair value through profit or loss on initial recognition:

- Hybrid (combined) contracts; or
- They eliminate or significantly reduce a measurement or recognition inconsistency; or
- They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management policy.

b. At initial recognition and subsequently, the Company measures the financial liabilities at fair value and recognises the gain or loss in profit or loss. Except for the circumstances to avoid inappropriate accounting appropriation, fair value movements arising from credit risk for financial liabilities designated as at fair value through profit or loss should be recognised in other comprehensive income. These amounts are not transferred to the income statement even when realised.

(B) Financial liabilities carried at amortised cost

Financial liabilities carried at amortised cost include liabilities not classified as financial liabilities at fair value through profit or loss and financial guarantee contracts.

C. Derecognition of financial assets

The Company derecognises a financial asset when one of the following conditions is met:

(A) The contractual rights to receive cash flows from the financial asset expire.

(B) The contractual rights to receive cash flows from the financial asset have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.

(C) The contractual rights to receive cash flows from the financial asset have been transferred; however, it has not retained control of the financial asset.

D. Derecognition of financial liabilities

Financial liabilities are derecognised when the obligation of the contracts are fulfilled, cancelled or expired.

(6) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(7) Derivative financial instruments

Derivative instruments are initially recognised at fair value at the contract date and subsequently measured by fair value. The fair value includes the public quotation in an active market or the latest trade price, and the result of evaluation model such as cash flow discounting model or option pricing model. All derivatives are recognised as assets when the fair value is positive and as liabilities when the fair value is negative.

(8) Hedge accounting

A. At the inception of the hedging relationship, there is formal designation and documentation of the hedging relationship and the Company's risk management objective and strategy for undertaking the hedge. That documentation shall include identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Company will assess whether the hedging relationship meets the hedge effectiveness requirements.

B. The Company designates the hedging relationship as cash flow hedge: a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction.

C. Cash flow hedges

(A) The cash flow hedge reserve associated with the hedged item is adjusted to the lower of the following (in absolute amounts):

a. the cumulative gain or loss on the hedging instrument from inception of the hedge; and

b. the cumulative change in fair value of the hedged item from inception of the hedge.

(B) The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income. The gain or loss on the hedging instrument relating to the ineffective portion is recognised in profit or loss.

(C) The amount that has been accumulated in the cash flow hedge reserve in accordance with is accounted for as follows:

a. If a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or a hedged forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the Company shall remove that amount from the cash flow hedge reserve and include it directly in the initial cost or other carrying amount of the asset or liability.

b. For cash flow hedges other than those covered by item a. above, that amount shall be reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment in the same period or periods during which the hedged expected future cash flows affect profit or loss.

c. If that amount is a loss and the Company expects that all or a portion of that loss will not be recovered in one or more future periods, it shall immediately reclassify the amount that is not expected to be recovered into profit or loss as a reclassification adjustment.

(D) When the hedging instrument expires, or is sold, terminated, exercised or when the hedging relationship ceases to meet the qualifying criteria, if the forecast transaction is still expected to occur, the amount that has been accumulated in the cash flow hedge reserve shall remain in the cash flow hedge reserve until the forecast transaction occurs; if the forecast transaction is no longer expected to occur, the amount shall be immediately reclassified from the cash flow hedge reserve to profit or loss.

(9) Property and equipment

A. The property and equipment of the Company are initially recognised at cost.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Cost model is applied for the subsequent measurement of property and equipment. Land is not depreciated. Other property and equipment are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately. If computer software is an integral part of the related hardware, it is classified as computer equipment. The estimated useful lives of property and equipment are as follows:

Buildings	50	years
Accessories to buildings (Listed under buildings)	1~5	years
Machinery and computer equipment	3~5	years
Other equipment	5	years
Leasehold improvements	1~5	years

D. On each balance sheet date, the Company reviews and appropriately adjusts the residual value and useful life of the assets.

E. Any gain or loss on disposal is calculated by the difference between the carrying amounts and proceeds on disposal, which is recognised under "other non-interest income" in the statement of comprehensive income. For those properties disposed of and leased back by the Company without specific leasing period, gains on disposal of assets should be deferred and amortised over 10 years in conformity with the Jinguanyinfa No.12000702070 issued by the FSC. Otherwise, it should be deferred and amortised over the remaining leasing period. The deferred revenue is recognised under “other liabilities”.

(10) Leasing arrangements (lessee) – right-of-use assets/ lease liabilities

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following:

(A) Fixed payments, less any lease incentives receivable;

(B) Variable lease payments that depend on an index or a rate;

(C) Amounts expected to be payable by the lessee under residual value guarantees;

(D) The exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and

(E) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(A) The amount of the initial measurement of lease liability;

(B) Any lease payments made at or before the commencement date;

(C) Any initial direct costs incurred by the lessee;

(D) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset’s useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(11) Investment property

Investment property is initially recognised at its cost and is subsequently measured using the cost model. Depreciated cost is used to calculate depreciation expense after initial measurement. The depreciation method, remaining useful life and residual value should apply the same rules as applicable for property and equipment.

(12) Intangible assets

A. Computer software is stated at cost and amortised on a straight-line basis over their estimated useful lives of 3-5 years. If computer software is an integral part of the related hardware, it is classified as computer equipment. Identifiable intangible assets arising from the acquisition are customer relationship and core deposit, which are amortised on a straight-line basis over their estimated useful lives of 10 years.

B. Pursuant to IFRS 3, 'Business Combinations' as endorsed by the FSC, goodwill arises in a business combination accounted for by applying the acquisition method, which is measured as the excess of the consideration transferred over the net amounts of the identifiable assets acquired and the liabilities assumed.

(13) Foreclosed properties

Foreclosed properties are initially recognised at its cost and are subsequently stated at the lower of carrying amount or fair value less selling cost on the financial reporting date.

(14) Impairment of non-financial assets

A. The Company assesses the recoverable amount of assets with indications of impairment. An impairment loss is recognised when recoverable amount is lower than its book value. The recoverable amount is the higher of its value of use and its fair value less selling cost. Except for goodwill, impairment loss is reversed when previous events of impairment do not exist or are reduced, to the extent of the book value less depreciation or amortisation before impairment loss.

B. The Company is required to perform impairment testing on its goodwill annually. Furthermore, any impairment loss is required to be recognised when impairment occurs and the carrying amount is also needed to be accounted for. Impairment loss of goodwill that has been recognised shall not be reversed.

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(15) Provisions and contingent liability

A. Provisions are recognised when present obligation (legal or constructive) has arisen as a result of past event, the outflow of economic benefits is highly probable upon settlement and the amount is reliably measurable. Provisions are measured at best estimate of settlement of the obligation. The discount rate reflects the current market assessments on the time value of money and the risk specific to the liabilities before tax. Provisions are not recognised for future operating loss.

B. Contingent liability is a possible obligation that arises from past event, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Or it could be a present obligation as a result of past event but the payment is not probable or the amount cannot be measured reliably. The Company should not recognise any contingent liabilities but made appropriate disclosure in compliance with relevant regulations.

(16) <u>Financial guarantee contracts and loan commitment</u>

A. A financial guarantee contract is a contract that requires the Company to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

B. The Company initially recognises financial guarantee contracts at fair value on the date of issuance. The Company charges a service fee when the contract is signed and therefore the service fee income charged is the fair value at the date that the financial guarantee contract is signed. Service fee received in advance is recognised in deferred accounts and amortised through straight-line method during the contract term.

C. Subsequently, the Company should measure the financial guarantee contract issued at the higher of:

(A) Provisions recognised in accordance with IFRSs; and

(B) The amount initially recognised less, if appropriate, cumulative amortisation of revenues recognised in accordance with IFRSs.

D. The Company's assessment of provisions for losses for loan commitments and financial guarantee contracts is described in Note 4(5) "Impairment of financial assets". The increase in liabilities due to financial guarantee contract is recognised in "bad debts expense and reserve on commitments and guarantee liabilities".

E. In addition to the assessment of provisions for losses for financial guarantee contract described above, the Company also assesses provisions for losses in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans" and other applicable laws. The greater of the two amounts is recognised and included in the guarantee liability reserve.

(17) <u>Employee benefits</u>

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid and should be recognised as expenses when the service is rendered.

B. Pensions

(A) Defined contribution plans

The contributions are recognised as pension expenses in the period as incurred. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(B) Defined benefit plans

a. Net obligation is recognised at the net amount of actuarial present value of defined benefit obligation less the fair value of fund, which is adjusted with the net unrecognised gain and loss on pension and recognises the pension assets or liabilities. Defined benefit obligation is assessed annually using projected unit credit method by the actuary. The actuarial present value of the defined benefit obligation is determined using the market yield of government bonds of which the currency and maturity are the same with the defined benefit obligation to discount the future cash flow.

b. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Employees', directors' and supervisors' compensation

Employees', directors' and supervisors' compensation are recognised as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as charged in estimates.

(18) Share-based payment – employee compensation plan

Employee benefits include share-based compensation, namely, the DBSH Share Plan, the DBSH Employee Share Plan and iShares (the "Plans").

Equity instruments granted and ultimately vested under the Plans are recognised in the statement of comprehensive income based on the fair value of the equity instruments at date of grant. The expense is accounted for as employee benefit expense and payable from employee compensation plan over the vesting period.

(19) Income tax

A. The tax expense for the period comprises current and deferred income tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities.

An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the shareholders resolve to retain the earnings.

C. Deferred income tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the balance sheet. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

D. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred income tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

F. The interim period income tax rate is recognized based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

G. If a change in tax rate is enacted or substantively enacted in an interim period, the Company recognizes the effect of the change immediately in the interim period in which the change occurs.

(20) <u>Interest income and expense</u>

Other than those classified as financial assets and liabilities at fair value through profit or loss, all the interest income and interest expense generated from interest-bearing financial instruments are calculated by effective interest rate according to relevant regulations and recognised as “interest income” and “interest expense” in the statement of comprehensive income.

(21) <u>Fee and commission income and expense</u>

The Company earns fee and commission income from a diverse range of products and services provided to its customers. Fee and commission income are recognised when the Company has satisfied its performance obligation in providing the promised products and services to the customer. Fee and commission income is accounted for as follows: income earned on the execution of a significant act is recognised as revenue when the act is completed (for example, brokerage fees, underwriting fees, bancassurance sales commission and variable service fees); income earned for a service provided over a period of time is recognised on equal proportion basis over the period during which the related service is provided or credit risk is undertaken (for example, income from issuance of financial guarantees, bancassurance fixed service fees, wealth management and other management advisory and service fees.) Directly related expenses, such as card-related expenses, are recognised in profit and loss as occurred.

(22) Business combinations

The Company uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred and liabilities incurred or assumed. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

If the measurement of the assets acquired and the liabilities assumed from business combination is incomplete by the end of the reporting period in which the combination occurs, the Company shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the Company shall retrospectively adjust the provisional amounts recognised at the acquisition date or recognise additional assets or liabilities to reflect new information obtained about facts and circumstances that existed as of the acquisition date.

(23) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker. The Chief Operating Decision-Maker is responsible for allocating resources and assessing performance of the operating segments.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. The following is a brief description of the Company's critical accounting estimates that involve management's judgement.

(1) Expected credit losses of loans and receivables

At each reporting date, the Company assesses expected credit losses of loans and receivables after taking into consideration all reasonable and verifiable information that includes forward-looking. Measurement of expected credit losses involves determining whether there is significant increase in credit risk on the asset since initial recognition, or whether the asset is credit-impaired, calculating probability of default, loss given default, and exposure at default of the credit loss model, and adjusting parameters of the model after incorporating forward-looking factors.

Please refer to Note 12(3)B for the assessment on loans and receivables' expected credit losses.

(2) Fair value of financial instruments

The majority of the Company's financial instruments reported at fair value are based on quoted and observable market prices or on internally developed models that are based on independently sourced market parameters. The fair value of financial instruments without an observable market price in a liquid market may be determined using valuation models. The choice of model requires significant judgement for complex products. Policies and procedures have been established to facilitate the exercise of judgement in determining the risk characteristics of various financial instruments, discount rates and other factors used in the valuation process.

Please refer to Note 12(1)(2) for details on the fair value information and the fair value evaluation input hierarchy of the Company's financial instruments measured at fair value.

(3) Impairment assessment of goodwill

The impairment assessment of goodwill relies on the Company's subjective judgement, including identifying cash-generating units, allocating goodwill as well as other assets and liabilities to related cash-generating units, and determining the recoverable amounts of related cash-generating units.

Please refer to Note 6(13) for the information of goodwill impairment.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	31 December 2023	31 December 2022
Cash on hand	$ 2,134,963	$ 674,946
Foreign currency on hand	981,722	249,141
Checks for clearance	274,173	129,150
Due from banks	21,877,290	5,866,406
Subtotal	25,268,148	6,919,643
Less: Allowance for credit losses	(1,065)	(1,478)
Total	$ 25,267,083	$ 6,918,165

For the purpose of preparing the statements of cash flows, cash and cash equivalents are combined with part of the amount of each account.

	31 December 2023	31 December 2022
Cash and cash equivalents on the balance sheet	$ 25,267,083	$ 6,918,165
Due from Central Bank and call loans to other banks (except reserve for deposits – account B)	160,193,420	91,285,611
Cash and cash equivalents on the statement of cash flows	$ 185,460,503	$ 98,203,776

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

	31 December 2023	31 December 2022
Reserve for deposits – account A	$ 5,447,787	$ 12,111,796
Reserve for deposits – account B	12,922,903	7,550,353
Reserve for deposits – foreign currency account	377,496	184,350
Reserve for deposits – Financial Information Service Center	4,653,900	1,622,659
Call loans to banks	149,715,581	77,367,396
Subtotal	173,117,667	98,836,554
Less: Allowance for credit losses	(1,344)	(590)
Total	$ 173,116,323	$ 98,835,964

The reserve deposited with the Central Bank of the Republic of China is maintained in accordance with statutory reserve rates. The reserves for deposits of account B are not allowed to be withdrawn, except for monthly adjustments.

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

	31 December 2023	31 December 2022
Financial assets mandatorily measured at fair value through profit or loss:		
Government bonds	$ -	$ 205,046
Corporate bonds	15,545,342	4,766,521
Bills and bonds under reverse repurchase agreements	3,411,299	-
Commercial paper	3,009,304	-
Derivative financial instruments		
Forward exchange contracts	5,362,469	4,888,542
Non-delivery forwards	46,998	49,026
Interest rate swaps	1,836,958	2,315,900
Cross currency swaps	348,689	159,807
Forward exchange options	226,396	54,060
Futures	267,007	125,273
Commodity options	1,845	-
Total	$ 30,056,307	$ 12,564,175

As of 31 December 2023 and 2022, the credit valuation adjustment of the Company amounted to $28,308 thousand and $34,991 thousand, respectively. As of 31 December 2023 and 2022, amounts recognised in “Futures” in relation to future deposit are $265,514 thousand and $125,273 thousand, respectively.

The bills and bonds under reverse repurchase agreements that the Company invested in are for trading purposes and are therefore recognised as “Financial assets at fair value through profit or loss”.

Please refer to Note 6(30) for the net profit on the financial assets at fair value through profit or loss of the Company for the years ended 31 December 2023 and 2022.

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

	31 December 2023	31 December 2022
Equity instruments		
Unlisted stocks	$ 49,881	$ 49,881
Valuation adjustment	329,669	196,660
Subtotal	379,550	246,541
Debt instruments		
Negotiable certificates of deposit	51,585,000	57,540,000
Government bonds	9,086,123	13,552,535
Corporate bonds	2,800,000	-
Commercial paper	21,950,000	3,400,000
Bank debenture	1,733,595	-
Valuation adjustment	5,219	(20,756)
Subtotal	87,159,937	74,471,779
Total	$ 87,539,487	$ 74,718,320

A. The Company classified strategic investments and investments in equity instruments not held for trading as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $379,550 thousand and $246,541 thousand as of 31 December 2023 and 2022, respectively.

B. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	For the years ended 31 December	
	2023	2022
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income (loss)	$ 133,009	$ (81,074)
Dividend income recognised in profit or loss held at end of period	$ 17,112	$ 16,978
Debt instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive profit	$ 100,195	$ 62,841
Cumulative other comprehensive income reclassified to (loss) profit		
Reclassified due to recognition of impairment	$ (9,390)	$ (1,242)
Reclassified due to derecognition	74,220	41,996
	$ 64,830	$ 40,754
Interest income recognised in profit or loss	$ 1,083,552	$ 344,920

C. Please refer to Note 8 for the Company's financial assets at fair value through other comprehensive income pledged as collateral, as of 31 December 2023 and 2022.

D. For information relating to credit risk, please refer to Note 12(3)B.

(5) Investments in debt instruments at amortised cost

	31 December 2023	31 December 2022
Corporate bonds	$ -	$ 1,179,480
Less: Accumulated impairment	-	(75)
Total	$ -	$ 1,179,405

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	For the years ended 31 December	
	2023	2022
Interest income	$ 21,423	$ 24,323
Reversal of impairment losses (impairment losses)	75	(5)
Total	$ 21,498	$ 24,318

B. For information relating to credit risk, please refer to Note 12(3)B.

(6) Financial assets / liabilities for hedging

A. The Company's details of financial assets / liabilities for hedging are as follows:

	Designated as hedging instrument	
Cash flow hedges		Fair value
Hedged item	Derivatives designated	31 December 2023
USD Core Deposit	FX swap	$ (1,360,808)

	Designated as hedging instrument	
Cash flow hedges		Fair value
Hedged item	Derivatives designated	31 December 2022
USD Core Deposit	FX swap	$ 541,917
USD Call Loans from Other Banks	FX swap	$ 253,051

The Company is predominantly exposed to variability in future cash flows due to foreign currency fluctuations against NTD arising from USD-denominated core deposit and call loans from other banks. The Company entered into foreign exchange swaps (FX swap) to protect against the variability of cash flows due to changes in foreign currency exchange rates and designated only the change in the spot element as the hedging instrument. Hedging ratio is determined by comparing the amount of USD core deposit and USD call loans from other banks designated as hedged items with the notional amount of hedging instruments. The Company applied a dynamic process to adjust the position and maturity of hedging instruments, in order to match those of the USD core deposit and USD call loans from other banks designated as hedged items. As the Company is able to do so, hedging ineffectiveness is greatly reduced.

B. Transaction information associated with the Company adopting hedge accounting is as follows: The following table contains details of the hedging instruments used in the Company's hedging strategies as of 31 December 2023 and 2022:

31 December 2023	Hedged item	Notional principal (Millions of USD)	Contract period	Carrying amount - assets	Carrying amount - liabilities	Total carrying amount	Changes in fair value in relation to recognising hedge ineffectiveness
Cash flow hedges							
Exchange rate risk							
FX swap	USD Core Deposit	$ 4,055	2023.1.10 ~2024.5.30	$ 908,916	$ (2,269,724)	$ (1,360,808)	$ -

31 December 2022	Hedged item	Notional principal (Millions of USD)	Contract period	Carrying amount - assets	Carrying amount - liabilities	Total carrying amount	Changes in fair value in relation to recognising hedge ineffectiveness
Cash flow hedges							
Exchange rate risk							
FX swap	USD Core Deposit	$ 1,915	2022.1.6 ~2023.12.28	$ 1,018,148	$ (476,231)	$ 541,917	$ -
FX swap	USD Call Loans from Other Banks	210	2022.1.14 ~2023.9.8	283,122	(30,071)	253,051	$ -
		$ 2,125		$ 1,301,270	$ (506,302)	$ 794,968	

The following table contains details of the hedged item as of 31 December 2023 and 2022:

31 December 2023	Other equity - hedge instruments related to other comprehensive income	Carrying amount - liabilities (Note)	Balance sheet line items	Changes in fair value in relation to recognising hedge ineffectiveness
Cash flow hedges				
Exchange rate risk				
USD Core Deposit	$ (61,622)	$ 124,450,991	Deposits and remittances	$ -

Note: The amount of NTD of USD Core Deposit is equivalent to USD 4,055 million.

31 December 2022	Other equity - hedge instruments related to other comprehensive income	Carrying amount - liabilities (Note)	Balance sheet line items	Changes in fair value in relation to recognising hedge ineffectiveness
Cash flow hedges				
Exchange rate risk				
USD Core Deposit	$ (162,809)	$ 58,838,375	Deposits and remittances	$ -
USD Call Loans from Other Banks	$ (46,615)	$ 6,452,250	Due to Central Bank and other banks	$ -

Note: The amount of NTD of USD Core Deposit and USD Call Loans from Other Banks are equivalent to USD 1,915 million and USD 210 million, respectively.

C. The following table shows a reconciliation of each component of equity and an analysis of other comprehensive income in relation to hedge accounting:

		Other equity - cash flow hedge reserve
At 1 January 2023	$	(209,424)
Amounts recognised in OCI:		
Cash flow change - foreign exchange risk		
Net valuation taken to equity		3,138,849
Transferred to profit or loss as the hedged item has affected profit or loss		(2,991,047)
At 31 December 2023	$	(61,622)

		Other equity - cash flow hedge reserve
At 1 January 2022	$	(1,330)
Amounts recognised in OCI:		
Cash flow change - foreign exchange risk		
Net valuation taken to equity		269,851
Transferred to profit or loss as the hedged item has affected profit or loss		(477,945)
At 31 December 2022	$	(209,424)

D. The following table sets out the maturity profile of the hedging instruments used in cash flow hedges:

(Expressed in Millions of USD)

	Maturity Date		
	Less than one month	One to three months	Three months to one year
At 31 December 2023			
Cash flow hedges			
Exchange rate risk			
FX swap			
Notional amount	$ 970	$ 2,345	$ 740
Average exchange rate (NTD/USD)	31.77~31.94	30.76~31.07	29.78~30.33

(Expressed in Millions of USD)

	Maturity Date		
	Less than one month	One to three months	Three months to one year
At 31 December 2022			
Cash flow hedges			
Exchange rate risk			
FX swap			
Notional amount	$ 70	$ 560	$ 1,495
Average exchange rate (NTD/USD)	27.48~29.92	30.23~30.24	29.83~30.23

(7) Receivables – net

	31 December 2023	31 December 2022
Factoring receivable	$ 7,866,836	$ 10,226,214
Interest receivable	2,169,993	948,470
Acceptances receivable	435,159	642,670
Credit card receivable	42,267,915	7,651,072
Fee and commission receivable - bancassurance	250,903	62,346
Other receivables	1,752,166	532,013
Subtotal	54,742,972	20,062,785
Less: Allowance for credit losses	(906,028)	(264,257)
Total	$ 53,836,944	$ 19,798,528

(8) Bills discounted and loans – net

	31 December 2023	31 December 2022
Short-term loans and overdrafts	$ 102,856,737	$ 70,225,778
Medium-term loans	107,296,206	77,650,061
Long-term loans	260,894,162	125,254,137
Overdue loans	1,397,163	911,244
Subtotal	472,444,268	274,041,220
Less: Allowance for credit losses	(7,434,768)	(3,850,783)
Total	$ 465,009,500	$ 270,190,437

The Company conducted itself and cooperated with the government, Central Bank, Small and Medium Enterprise Credit Guarantee Fund of Taiwan in providing relief package and refinancing plan. The amount of bills discounted and loans were $461,367 thousand and $726,523 thousand as at 31 December 2023 and 2022, respectively.

The Company had assessed the appropriateness of allowance for credit losses for bills discounted and loans and receivables for the years ended 31 December 2023 and 2022. Please refer to Note 12(3)B for information relating to credit risk of bills discounted and loans and receivables.

Please refer to Note 12(3)B(I)d for information relating to the movements in allowance for credit losses for the years ended 31 December 2023 and 2022.

Interest income on overdue loans of bills discounted and loans and receivables is not accrued.

(9) Other financial assets – net

	31 December 2023	31 December 2022
Clean bills purchased	$ -	$ 5,967
Overdue receivable	132,160	160,668
Other miscellaneous financial assets-Gold (XAU)	1,315,452	-
Subtotal	1,447,612	166,635
Less: Allowance for credit losses-Overdue receivable	(132,160)	(160,728)
Less: Accumulated impairment-Other miscellaneous financial assets-Gold (XAU)	(63)	-
Total	$ 1,315,389	$ 5,907

(Blank)

(10) Property and equipment – net

The following are the movements of property and equipment:

	Land		Buildings		Machinery and computer equipment (Note 2)		Other equipment		Leasehold improvements		Prepayments for equipment		Total
At 1 January 2023														
Cost	$	981,902	$	455,455	$	765,681	$	206,139	$	837,315	$	186,980	$	3,433,472
Accumulated depreciation		-		(282,154)		(583,605)		(169,122)		(744,857)		-		(1,779,738)
	$	981,902	$	173,301	$	182,076	$	37,017	$	92,458	$	186,980	$	1,653,734
For the year ended 31 December 2023														
At 1 January 2023	$	981,902	$	173,301	$	182,076	$	37,017	$	92,458	$	186,980	$	1,653,734
Acquired in a business combination		3,522,430		976,519		2,442		58,564		102,202		-		4,662,157
Additions (Note 1)		-		633		40,762		38,852		134,005		1,162,068		1,376,320
Reclassifications		-		-		1,141,043		11,051		231,687		(1,001,670)		382,111
Disposals		-		-		(107)		(47)		(172)		-		(326)
Depreciation		-		(34,416)		(312,346)		(32,899)		(88,426)		-		(468,087)
Impairment		-		-		(2,281)		(6,947)		-		-		(9,228)
Exchange difference		-		382		2,068		-		-		-		2,450
At 31 December 2023	$	4,504,332	$	1,116,419	$	1,053,657	$	105,591	$	471,754	$	347,378	$	7,599,131
At 31 December 2023														
Cost	$	4,504,332	$	1,432,318	$	1,884,030	$	304,938	$	1,295,467	$	347,378	$	9,768,463
Accumulated depreciation		-		(315,899)		(830,373)		(199,347)		(823,713)		-		(2,169,332)
	$	4,504,332	$	1,116,419	$	1,053,657	$	105,591	$	471,754	$	347,378	$	7,599,131

Note 1: Including additional cost (excluding reversal in current period) amounting to $54,661 thousand of decommissioning assets.

Note 2: The computer equipment includes computer software, which is an essential part of the computer equipment. Therefore, it has been reclassified under computer equipment in accordance with the parent company's policy.

	Land	Buildings	Machinery and computer equipment	Other equipment	Leasehold improvements	Prepayments for equipment	Total
At 1 January 2022							
Cost	$ 1,007,636	$ 490,495	$ 734,189	$ 205,196	$ 853,088	$ 3,891	$ 3,294,495
Accumulated depreciation	-	(291,067)	(572,196)	(153,747)	(741,147)	-	(1,758,157)
	$ 1,007,636	$ 199,428	$ 161,993	$ 51,449	$ 111,941	$ 3,891	$ 1,536,338
For the year ended 31 December 2022							
At 1 January 2022	$ 1,007,636	$ 199,428	$ 161,993	$ 51,449	$ 111,941	$ 3,891	$ 1,536,338
Additions (Note 1)	-	-	45,546	8,202	34,817	246,669	335,234
Reclassifications	-	3,000	56,758	-	3,810	(63,580)	(12)
Disposals	(25,734)	(12,094)	(50)	(205)	(1,894)	-	(39,977)
Depreciation	-	(16,929)	(82,171)	(22,429)	(56,216)	-	(177,745)
Exchange difference	-	(104)	-	-	-	-	(104)
At 31 December 2022	$ 981,902	$ 173,301	$ 182,076	$ 37,017	$ 92,458	$ 186,980	$ 1,653,734
At 31 December 2022							
Cost	$ 981,902	$ 455,455	$ 765,681	$ 206,139	$ 837,315	$ 186,980	$ 3,433,472
Accumulated depreciation	-	(282,154)	(583,605)	(169,122)	(744,857)	-	(1,779,738)
	$ 981,902	$ 173,301	$ 182,076	$ 37,017	$ 92,458	$ 186,980	$ 1,653,734

Note 1: Including additional cost (excluding reversal in current period) amounting to $29,836 thousand of decommissioning assets.

As of 31 December 2023 and 2022, the above property and equipment were not pledged as collateral by the Company.

The self-owned branch (Chung-Hsiao branch) has been disposed of with the approval from the Company's Board of Directors on 26 August 2014. The transaction was completed in January 2015 with proceeds amounting to $828,800 thousand in accordance with the contract. Part of the properties disposed of was leased back by the Company. In accordance with Jinguanyinfa No. 10200070270 issued by the FSC, the Company has recognized both $21,135 thousand under "gains on disposal of assets" for the years ended 31 December 2023 and 2022. The Company has recognised $21,133 thousand and $42,268 thousand under "deferred revenue" as of 31 December 2023 and 2022, respectively.

(11) Leasing arrangements－lessee

A. The Company leases various assets including buildings and related equipment and other equipment. Rental contracts are typically made for periods of 1 to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

Carrying amount	31 December 2023	31 December 2022
Buildings and related equipment	$ 5,629,066	$ 2,519,043
Equipment	16,476	30,223
Others	354	348
Total	$ 5,645,896	$ 2,549,614

	For the years ended 31 December	
Depreciation expenses	2023	2022
Buildings and related equipment	$ 567,837	$ 342,456
Equipment	14,923	13,885
Others	704	742
Total	$ 583,464	$ 357,083

C. For the years ended 31 December 2023 and 2022, the additions to right-of-use assets were $3,308,133 thousand and $773,859 thousand, respectively.

D. The information on income and expense accounts relating to lease contracts is as follows:

	For the years ended 31 December	
Items affecting profit or loss	2023	2022
Expenses		
Interest expense on lease liabilities	$ 35,602	$ 15,642
Expense on leases of low-value assets	21,069	20,412
Expense on variable lease payments	17,755	42,814
Revenue		
Gain on sublease of right-of-use assets	3,205	3,142
Gain on sale and leaseback transaction	21,135	21,135

E. For the years ended 31 December 2023 and 2022, the Company's total cash outflow for leases were $609,709 thousand and $415,836 thousand, respectively.

F. For sale and leaseback transaction, please refer to Note 6(10).

(12) Investment properties – net

The following are the movements of investment properties:

	Land		Buildings		Total	
At 1 January 2023						
Cost	$	98,000	$	93,418	$	191,418
Accumulated depreciation		-		(57,346)		(57,346)
	$	98,000	$	36,072	$	134,072
For the year ended 31 December 2023						
At 1 January 2023	$	98,000	$	36,072	$	134,072
Depreciation		-		(1,440)		(1,440)
At 31 December 2023	$	98,000	$	34,632	$	132,632
At 31 December 2023						
Cost	$	98,000	$	93,418	$	191,418
Accumulated depreciation		-		(58,786)		(58,786)
	$	98,000	$	34,632	$	132,632

	Land		Buildings		Total	
At 1 January 2022						
Cost	$	98,000	$	93,418	$	191,418
Accumulated depreciation		-		(55,907)		(55,907)
	$	98,000	$	37,511	$	135,511
For the year ended 31 December 2022						
At 1 January 2022	$	98,000	$	37,511	$	135,511
Depreciation		-		(1,439)		(1,439)
At 31 December 2022	$	98,000	$	36,072	$	134,072
At 31 December 2022						
Cost	$	98,000	$	93,418	$	191,418
Accumulated depreciation		-		(57,346)		(57,346)
	$	98,000	$	36,072	$	134,072

A. The fair value of the investment properties held by the Company as of 31 December 2023 and 2022 were $185,946 thousand and $172,510 thousand, respectively, which was regularly valued by independent valuers annually. Valuations were made using the income approach and compare approach which is classified as level 2 of the fair value evaluation input hierarchy.

B. The rental income from the lease of the investment properties for the years ended 31 December 2023 and 2022 were $282 thousand and $217 thousand, respectively. Direct operating expense for the years ended 31 December 2023 and 2022 were $539 thousand and $471 thousand, respectively.

(13) Intangible assets – net

	Goodwill	Computer Software (Note)	Customer Relationship	Core Deposit	Total
At 1 January 2023					
Cost	$ -	$ 1,820,146	$ -	$ -	$ 1,820,146
Accumulated amortisation	-	(1,432,178)	-	-	(1,432,178)
	$ -	$ 387,968	$ -	$ -	$ 387,968
For the year ended 31 December 2023					
At 1 January 2023	$ -	$ 387,968	$ -	$ -	$ 387,968
Acquired in a business combination	17,781,009	-	3,500,000	2,112,000	23,393,009
Reclassification	-	(387,968)	-	-	(387,968)
Amortisation	-	-	(135,484)	(81,754)	(217,238)
At 31 December 2023	$ 17,781,009	$ -	$ 3,364,516	$ 2,030,246	$ 23,175,771
At 31 December 2023					
Cost	$ 17,781,009	$ -	$ 3,500,000	$ 2,112,000	$ 23,393,009
Accumulated amortisation	-	-	(135,484)	(81,754)	(217,238)
	$ 17,781,009	$ -	$ 3,364,516	$ 2,030,246	$ 23,175,771

Note: The computer equipment includes computer software, which is an essential part of the computer equipment. Therefore, it has been reclassified under computer equipment in accordance with the parent company's policy.

	Goodwill	Computer Software	Customer Relationship	Core Deposit	Total
At 1 January 2022					
Cost	$ -	$ 1,715,025	$ -	$ -	$ 1,715,025
Accumulated amortisation	-	(1,170,843)	-	-	(1,170,843)
	$ -	$ 544,182	$ -	$ -	$ 544,182
For the year ended 31 December 2022					
At 1 January 2022	$ -	$ 544,182	$ -	$ -	$ 544,182
Additions	-	117,971	-	-	117,971
Disposals - Cost	-	(12,850)	-	-	(12,850)
Disposals - Accumulated amortisation	-	12,707	-	-	12,707
Amortisation	-	(274,026)	-	-	(274,026)
Exchange difference	-	(16)	-	-	(16)
At 31 December 2022	$ -	$ 387,968	$ -	$ -	$ 387,968
At 31 December 2022					
Cost	$ -	$ 1,820,146	$ -	$ -	$ 1,820,146
Accumulated amortisation	-	(1,432,178)	-	-	(1,432,178)
	$ -	$ 387,968	$ -	$ -	$ 387,968

A. The Company acquired the assets and liabilities of the consumer banking business of Citi (Taiwan) Commercial Bank Co., Ltd. by cash payment on 12 August 2023. In accordance with the accounting treatment of the acquisition method, the amount of the excess of the consideration transferred over the net of the identifiable assets acquired and the liabilities assumed was $17,781,009 thousand, which was recognised as "Goodwill".

B. Goodwill is allocated to the Company's cash-generating units identified according to operating segment. Management determines the recoverable amount based on the value-in-use of assets used in the operations of the cash-generating unit and considers their expected period of use as the basis for cash flow assessment.

C. The impairment test for goodwill is performed annually. The Company has obtained the purchase price allocation report provided by an independent third-party professional institution. After evaluation, the Company believes that the key assumptions which the recoverable amount of the cash-generating unit based on will not cause the carrying amount to exceed the recoverable amount. Therefore, there is no need to recognise impairment loss of goodwill. For the year ended 31 December 2023, the main assumption used to calculate the value in use were sustainable growth rate of 1.3% and discount rate of 10.3%. The sustainable growth rate and discount rate the management adopted were consistent with the projection included in industry reports and reflected specific risks relating to the relevant industry.

(14) Other assets – net

	31 December 2023	31 December 2022
Prepaid expenses (Note)	$ 84,491	$ 1,347,611
Refundable deposits	1,278,268	327,101
Other deferred assets	249,012	88,097
Others	13,497	2,652
Total	$ 1,625,268	$ 1,765,461

Please refer to Note 7(2)F for the Company's refundable deposits with related parties as of 31 December 2023 and 2022. The balances of refundable deposits and foreclosed properties are net of accumulated impairments.

Note: At the year ended 31 December 2022, the Company's prepaid expenses included prepaid acquisition consideration amounting to $1,109,800 thousand, and this prepayment was already settled on 10 August 2023.

(15) Due to Central Bank and other banks

	31 December 2023	31 December 2022
Call loans from other banks	$ -	$ 10,139,250
Overdrafts with other banks	42,401	7,465
Due to other banks	351,770	83,041
Total	$ 394,171	$ 10,229,756

Please refer to Note 6(28) for the interest expense on due to Central Bank and other banks of the

Company for the years ended 31 December 2023 and 2022.

(16) Financial liabilities at fair value through profit or loss

		31 December 2023		31 December 2022
Financial liabilities for trading purposes				
Derivative financial instruments				
Forward exchange contracts	$	7,451,592	$	5,385,702
Non-delivery forwards		45,430		57,937
Interest rate swaps		1,835,339		2,295,354
Cross currency swaps		361,362		171,473
Foreign exchange options		226,468		54,074
Commodity options		1,829		-
Total	$	9,922,020	$	7,964,540

Please refer to Note 6(30) for the net profit on the financial liabilities at fair value through profit or loss of the Company for the years ended 31 December 2023 and 2022.

(17) Payables

		31 December 2023		31 December 2022
Factoring payable	$	2,367,109	$	5,276,858
Acceptances payable		435,159		642,670
Employees' salaries and bonus payable		1,547,738		1,086,899
Interest payable		2,003,008		866,417
Receipts under custody		298,327		67,537
Accounts payable		1,652,435		350,215
Refundable stock proceeds		111,358		111,373
Service fees payable		683,943		308,716
Tax payable		226,893		114,348
Collections payable for customers— checks for clearing		274,173		129,150
Other payables		2,058,418		784,531
Total	$	11,658,561	$	9,738,714

(18) Deposits and remittances

		31 December 2023		31 December 2022
Checking deposits	$	930,182	$	477,330
Demand deposits		213,865,492		135,634,042
Time deposits		323,166,192		203,076,366
Savings deposits		188,376,846		60,167,127
Negotiable certificates of deposit		-		16,284,250
Remittance		39,268		53,986
Total	$	726,377,980	$	415,693,101

(19) Bank debentures

	31 December 2023	31 December 2022
Subordinated bonds	$ 3,069,075	$ 3,072,500

The "USD denominated long-term unsecured subordinated bond in 2018" issued on 13 December 2018, which had been issued for five years and met the early redemption criteria. The Company fully redeemed it. The Company issued the "USD denominated long-term unsecured subordinated bond in 2023" on 13 December 2023. The issuance condition of bank debentures are as follow:

	USD denominated long-term unsecured subordinated bond in 2023
Par value	USD 100,000,000
Stated interest rate	Compounded Daily SOFR+1.27%
Period	10 years (Issue date:13 December 2023)
Term of interest payment	Coupon paid quarterly
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date

	USD denominated long-term unsecured subordinated bond in 2018
Par value	USD 100,000,000
Stated interest rate	Benchmark Replacement (ISDA Fallback Rate and Adjustment) (Note)
Period	10 years (Issue date:13 December 2018)
Term of interest payment	Coupon paid quarterly
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date

Note: Until 30 June 2023, the stated interest rate was three months US dollar LIBOR rate +1.25%.

(20) Other financial liabilities

	31 December 2023	31 December 2022
Principal of structured investment deposits	$ 16,838,434	$ 4,005,746
Gold account	1,031,467	-
Total	$ 17,869,901	$ 4,005,746

(21) Provisions

	31 December 2023	31 December 2022
Guarantee liability reserve	$ 434,708	$ 283,014
Financing commitment reserve	75,904	46,335
Other reserve	300	285
Employee benefit liability reserve	2,625,519	304,709
Severance payable	1,322,009	-
Decommissioning liability	287,892	137,217
Other operating provisions	7,899	15,794
Total	$ 4,754,231	$ 787,354

A. For the year ended 31 December 2023, employee benefit liability reserve assumed from acquiring the assets and liabilities of the consumer banking business of Citi (Taiwan) Commercial Bank Co., Ltd. on the acquisition date was $2,108,513 thousand. For information of change in present value of defined benefit obligations, please refer to Note (22)B.(B).

B. Severance payable

In the transaction of acquiring Citi (Taiwan) Commercial Bank Co., Ltd.'s consumer banking business and its related assets and liabilities, the Company has agreed with Citi (Taiwan) Commercial Bank Co., Ltd. to provide preferential retirement policy for the employees of the transferee. Part of the costs incurred by the preferential retirement policy will be borne by the Company, so the Company recognised the severance cost amounting to $1,322,009 thousand.

C. The table below shows the movements in other operating provisions for the years ended 31 December 2023 and 2022:

	For the years ended 31 December	
	2023	2022
At 1 January	$ 15,794	$ 27,058
(Reversal) Increase in provisions	(2,230)	15,736
Decrease in provisions	(5,758)	(29,597)
Exchange difference	93	2,597
At 31 December	$ 7,899	$ 15,794

For information of credit risk relating to guarantee liability reserve, financing commitment reserve and other reserve, please refer to Note 12(3)B.

(22) Pensions

A. Defined contribution plans

The Company has established a defined contribution plan pursuant to the Labor Pension Act, which covers employees with R.O.C. nationality and those who chose or are required to apply the Labor Pension Act. The contributions are made monthly based on not less than 6% of the employees' salaries and are deposited in the employees' individual pension fund accounts at the Bureau of Labor Insurance. The payment of pension benefits is based on the employees' individual pension fund accounts and the cumulative profit in such accounts. The employees can choose to receive such pension benefits monthly or in lump sum. Under the defined contribution plan, the Company recognised pension expense of $225,692 thousand and $142,204 thousand for the years ended 31 December 2023 and 2022, respectively.

B. Defined benefit plans

The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on 1 July 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 5% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by the end of 31 December every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions to cover the deficit by next March.

(A) The amounts recognised in the balance sheet are determined as follows:

	31 December 2023	31 December 2022
Present value of defined benefit obligations	$ 2,745,398	$ 431,545
Fair value of plan assets	(119,879)	(126,836)
Net defined benefit liability	$ 2,625,519	$ 304,709

(B) Change in present value of defined benefit obligations are as follows:

	For the years ended 31 December	
	2023	2022
Balance at 1 January	$ 431,545	$ 480,784
Current service cost	43,025	19,773
Interest expense	17,121	3,318
Paid pension	(45,350)	(19,159)
Liabilities assumed from Citi (Taiwan) Commercial Bank Co., Ltd	2,108,513	-
Remeasurements:		
- Change in financial assumptions	43,911	(49,688)
- Experience adjustments	146,633	(3,483)
Balance at 31 December	$ 2,745,398	$ 431,545

(C) Change in fair value of plan assets are as follows:

	For the years ended 31 December	
	2023	2022
Balance at 1 January	$ 126,836	$ 108,968
Interest income	2,166	779
Paid pension	(29,260)	-
Remeasurements: Return on plan assets	(103)	9,918
Employer contributions	20,240	7,171
Balance at 31 December	$ 119,879	$ 126,836

(D) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan ("Fund") in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor

Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of 31 December 2023 and 2022 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(E) The principal actuarial assumptions used were as follows:

	2023	2022
Discount rate	1.40%	1.70%
Future salary increase rate	3.50%	3.50%

Assumptions regarding future mortality rate are set based on the 6th chart of life span estimate used by the Taiwan Life Insurance Enterprises.

(F) The present value of defined benefit obligations would be affected by the main actuarial assumptions. The analysis was as follows:

	Discount rate		Future salary increase rate	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
31 December 2023				
Effect on present value of defined benefit obligation	$ (36,686)	$ 37,636	$ 36,819	$ (36,080)
31 December 2022				
Effect on present value of defined benefit obligation	$ (11,339)	$ 11,754	$ 11,520	$ (11,174)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same. The methods used in preparing the sensitivity analysis did not change compared to the previous period.

(G) Expected contributions to the defined benefit pension plans of the Company for the year ending 31 December 2024 amount to $1,979,028 thousand.

(H) As of 31 December 2023, the weighted average duration of the retirement plan is 5.5 years.

(23) Other liabilities

	31 December 2023	31 December 2022
Advanced receipts	$ 824,384	$ 387,994
Credit cards and other deferred revenue	1,875,456	728,796
Guarantee deposits received	2,041,115	132,566
Temporary receipts and suspense accounts	319,500	32,411
Others	37,964	5,694
Total	$ 5,098,419	$ 1,287,461

(24) Share capital

A. As of 31 December 2023, the authorised and paid-in capital were $90,000,000 thousand dollars and $84,250,000 thousand dollars consisting of 9,000,000 thousand and 8,425,000 thousand of shares, respectively, with par value of $10 dollars per share. Paid-in capital includes common shares and preferred shares amounting to $76,250,000 thousand and $8,000,000 thousand, respectively.

B. The Company issued 800 million shares of non-cumulative, perpetual preferred shares A via private placement amounting to $8,000,000 thousand to DBS Group Holdings Ltd (the ultimate parent company) with effective date on 20 January 2015. It was resolved by the Board in August 2014 and was approved by the FSC on 12 November 2014 in the letter Jinguanyinwai No. 10300282580 and Ministry of Economic Affairs on 3 February 2015 in the letter Jinsoxan No. 10401016840. The dividends are fixed at an annual rate of 4.0%. The distributable dividends are calculated based on the issue price, and are distributed annually by cash subject to the Company's Articles of Incorporation. The shareholders at the annual shareholders' meeting of the Company have the discretion to approve the distribution of the dividends on the Preferred Shares.

On 31 October 2019, the Board of Directors and on 12 December 2019, the extraordinary shareholders' meeting, resolved to amend the preferred shares' dividend rate to 2.279% and extend the redemption year to 10 years.

C. On 31 January 2019, the Board of Directors and on 5 March 2019, the shareholders' meeting, resolved to raise additional $2,250,000 thousand by issuing 225,000 thousand common shares through private placement with the effective date of 14 June 2019.

D. On 3 February 2023, the Board of Directors and on 6 March 2023, the shareholders' meeting, resolved to raise additional $52,000,000 thousand by issuing 5,200,000 thousand common shares through private placement with the effective date of 28 June 2023.

(25) Retained earnings

A. According to the Company's Articles of Incorporation and related regulations, after paying tax and off-setting accumulated deficit, if there is a still a surplus in the net income, the Company shall set aside 30% of the surplus as legal reserve, then set aside or reverse special reserve as required by law. The allocation of the distributable earnings, which are the sum of the remaining surplus plus retained earnings, will be proposed by Board of Directors and resolved at the shareholders' meeting. The legal reserve is to be used exclusively to offset any accumulated deficit or to increase capital by issuing new shares or to distribute cash to shareholders in proportion to their share ownership and is not to be used for any other purposes. Where legal reserve is distributed by issuing new shares or by cash, only the portion of legal reserve which exceeds 25% of the paid-in capital may be distributed. Unless and until the accumulated legal reserve equals the Company's paid-in capital, the maximum cash profits which may be distributed shall not exceed 15% of the Company's paid-in capital. In the event that the accumulated legal reserve equals or exceeds the Company's paid-in capital or the Company is sound in both its finance and business operations based on the competent authorities regulation and have set aside legal reserve in compliance with the Company Act, the restrictions stipulated in the preceding paragraph shall not apply.

B. In addition to legal reserve, the Company sets aside special reserve in accordance with the Company's Articles of Incorporation or applicable laws. In accordance with Jinguanzhengfa No. 1010012865, the Company shall set aside the same amount of special reserve from the debit balance on other equity at the balance sheet date from its current year's net income and unappropriated earnings. Unless the debit balance on other equity items is reserved subsequently, the reserved amount could not be included in the distributable earnings. In accordance with the Jinguanyinfa No. 10510001510 promulgated by the FSC on 25 May 2016, upon the distribution of earnings from 2016 through 2018, the Company shall set aside 0.5% to 1% of net income after tax as special reserve. Starting from the 2017 fiscal year, special reserve as mentioned above may be reversed in an amount equal to employees' transfer or arrangement expenditures that were incident to the development of financial technology. In accordance with Jin-Guan-Yin-Fa-Zi Letter No. 10802714560 promulgated by the FSC on 15 May 2019, starting from the 2019 fiscal year, the Company is no longer required to set aside a special reserve for such purpose, and the Company is permitted to reverse the special reserve to the extent of the staff cost that were paid for employee transfer and training, etc., that were provided in response to the development of financial technology.

C. The earnings distribution for 2022 of the Company has been resolved by the shareholder's meeting on 20 April 2023, setting $218,139 thousand aside as legal reserve, distributing $182,320 thousand of cash dividends on preferred shares and not to distribute dividends on common shares. The earnings distribution for 2023 of the Company has been proposed by the Board on 13 March 2024, setting $145,268 thousand aside as legal reserve, distributing $182,320 thousand of cash dividends on preferred shares and not to distribute dividends on common shares. The appropriation of the Company's 2023 earnings is pending until the confirmation (declaration) from the shareholders' meeting. More information regarding the earnings distribution is available at the website of the Market Observation Post System.

(26) Other equity items

	For the year ended 31 December 2023			
	Translation differences for foreign operations	Cashflow hedge reserve	Revaluation reserve on financial assets at fair value through other comprehensive income	Total
At 1 January 2023	$ 36,308	$ (209,424)	$ 178,403	$ 5,287
Financial assets at fair value through other comprehensive income				
- Valuation adjustment for the period	-	-	233,204	233,204
- Transferred to profit or loss	-	-	(64,830)	(64,830)
Cash flow hedges - net valuation taken to equity	-	147,802	-	147,802
Changes in translation difference of foreign operating entities	(4,899)	-	-	(4,899)
At 31 December 2023	$ 31,409	$ (61,622)	$ 346,777	$ 316,564

	For the year ended 31 December 2022			
	Translation differences for foreign operations	Cashflow hedge reserve	Revaluation reserve on financial assets at fair value through other comprehensive income	Total
At 1 January 2022	$ (39,594)	$ (1,330)	$ 237,390	$ 196,466
Financial assets at fair value through other comprehensive income				
- Valuation adjustment for the period	-	-	(18,233)	(18,233)
- Transferred to profit or loss	-	-	(40,754)	(40,754)
Cash flow hedges - net valuation taken to equity	-	(208,094)	-	(208,094)
Changes in translation difference of foreign operating entities	75,902	-	-	75,902
At 31 December 2022	$ 36,308	$ (209,424)	$ 178,403	$ 5,287

(27) Share-based payment

A. The Company's ultimate parent company, DBS Group Holdings Ltd, introduced the DBSH Share Plan, DBSH Employee Share Plan and iShares.

(A) DBSH Share Plan

The DBSH Share Plan (the "Share Plan") caters to Group executives as determined by the Committee appointed to administer the Share Plan from time to time. Participants are awarded shares of the ultimate company, their equivalent cash value or a combination. Awards made under the Share Plan consist of main award and retention award (15% of main awards). The vesting of main award is staggered over a period of 1-4 years after grant. 25% of the award will vest each year, and the retention award will vest 4 years after grant. The fair value of the shares awarded is computed based on the market price of the ordinary shares at the time of the award and is recognised through comprehensive income statement over the vesting period. Actions that violate the Company's governance provisions will result in shares being recalled.

(B) DBSH Employee Share Plan

The DBSH Employee Share Plan (the "ESP") caters to employees who are not eligible to participate in the above listed Share Plan. Eligible employees are awarded ordinary shares of the ultimate company, their equivalent cash value or a combination of both at the discretion of the Committee, when time-based conditions are met. The awards structure and vesting conditions are similar to the Share Plan. Actions that violate the Company's governance provisions will result in shares being recalled.

(C) iShares

iShares is for the Company's employees who are VP or below and have been employed. Qualified employees could purchase shares of the ultimate parent company for no more than 10% of their monthly salary (no more than SG$1,000 or equivalent foreign currency). The ultimate parent company would purchase its shares worth 25% of the employees' purchase amount for qualified employees, and these shares will be distributed to the employees after 3 years. Employees who leave the Company within 3 years will not be able to receive the additional 25% worth of shares.

B. The following table sets out the movements of the awards during the year:

	2023		
Number of shares	Share Plan	ESP	iShares
Balance at 1 January	568,437	-	71,460
Granted	194,021	-	32,902
Transfer	(61,507)	-	34
Vested	(199,795)	-	(28,374)
Forfeited	(10,823)	-	(2,818)
Balance at 31 December	490,333	-	73,204
Weighted average fair value of the shares granted during the period	SGD 29.95	-	SGD 28.04

	2022		
Number of shares	Share Plan	ESP	iShares
Balance at 1 January	527,814	9,843	74,185
Granted	189,691	-	26,498
Transfer	34,746	-	232
Vested	(168,937)	(9,843)	(24,651)
Forfeited	(14,877)	-	(4,804)
Balance at 31 December	568,437	-	71,460
Weighted average fair value of the shares granted during the period	SGD 32.46	-	SGD 29.36

C. Expense incurred by share-based payment transactions for the years ended 31 December 2023 and 2022, were $144,982 thousand and $85,828 thousand, respectively.

D. As of 31 December 2023 and 2022, liabilities incurred by share-based payment transactions were both $0 thousand.

(Blank)

(28) Net interest income

	For the years ended 31 December	
Interest income	2023	2022
Interest income from bills discounted and loans	$ 10,351,068	$ 6,136,334
Interest income from securities investment	1,104,975	369,243
Interest income from factoring receivable	372,959	226,565
Interest income from call loans to banks and due from banks	4,831,140	1,255,938
Interest income from credit card revolving	738,886	360,126
Others	405,802	5,728
Subtotal	17,804,830	8,353,934
Interest expense		
Interest expense of deposits	(7,515,566)	(2,799,524)
Interest expense of Central Bank and other bank's deposit and of due to the Central Bank and other banks	(340,845)	(132,756)
Interest expense of bank debentures	(206,739)	(91,781)
Interest expense of the lease liability	(35,602)	(15,642)
Interest expense of structured investment deposits	(372,676)	(19,484)
Others	(198,105)	(25,900)
Subtotal	(8,669,533)	(3,085,087)
Total	$ 9,135,297	$ 5,268,847

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(29) Net fee and commission income

	For the years ended 31 December	
Fee and commission income	2023	2022
Fee income on loans	$ 168,690	$ 143,128
Fee income on trust business	2,293,856	1,062,064
Fee income on guarantee	243,657	198,547
Fee income on factoring	26,739	28,088
Fee income on remittance	49,035	42,200
Fee income on insurance (bancassurance) business	1,707,480	808,297
Fee income on credit cards and cash advance cards	2,736,886	839,009
Others	66,512	42,394
Subtotal	7,292,855	3,163,727
Fee and commission expense		
Interbank service fee	(13,475)	(6,835)
Trust business service fee	(15,510)	(15,992)
Commission expense on factoring	(8,432)	(11,423)
Credit cards and cash advance cards service fee	(2,926,553)	(517,508)
Others (Note)	(216,668)	(128,081)
Subtotal	(3,180,638)	(679,839)
Total	$ 4,112,217	$ 2,483,888

Note: The value of each item does not exceed 5% of this account's total ending balance.

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

	For the years ended 31 December	
	2023	2022
Realised gain or loss on financial assets and financial liabilities at fair value through profit or loss		
Bonds	$ 227,226	$ 33,243
Interest-linked instruments	(166,725)	(105,144)
Exchange rate-linked instruments	2,023,945	871,269
Other financial instruments	36,288	(47,562)
Subtotal	2,120,734	751,806
Unrealised gain or loss on financial assets and financial liabilities at fair value through profit or loss		
Bonds	27,591	(16,252)
Interest-linked instruments	(17,340)	53,476
Exchange rate-linked instruments	(378,525)	1,026,721
Other financial instruments	1,800	2,710
Subtotal	(366,474)	1,066,655
Total	$ 1,754,260	$ 1,818,461

A. The realised gains or losses on the financial assets and liabilities at fair value through profit or loss of the Company for the years ended 31 December 2023 and 2022 including the gain and loss on disposal, were $1,965,886 thousand and $691,828 thousand, the dividend income were $7,497 thousand and $7,482 thousand, and the net interest income were $147,351 thousand and $52,496 thousand, respectively. Credit risk adjustment is considered and incorporated into the aforementioned unrealised gain or loss.

B. Interest rate derivatives include interest rate swaps and interest rate futures.

C. Net income on the foreign exchange derivatives include realised and unrealised gains and losses on forward exchange contracts, non-delivery forwards, cross currency swaps and foreign exchange options.

(31) Other non-interest income

	For the years ended 31 December	
	2023	2022
Gains on disposal of assets	$ 21,135	$ 66,742
Rental income	6,009	4,830
Advisory fee	28,024	59,697
Loss on retirement of assets	(326)	(2,273)
Others (Note)	79,887	69,846
Total	$ 134,729	$ 198,842

Note: The value of each item does not exceed 5% of this account's total ending balance.

(32) Bad debts expense and reserve on commitments and guarantee liabilities

	For the years ended 31 December	
	2023	2022
Provision for (reversal of) bad debt expenses:		
Cash and cash equivalents	$ (413)	$ 368
Due from banks and due from Central Bank and call loans to other banks	754	141
Bills discounted and loans	1,295,439	663,313
Receivables and other financial assets	311,847	(51,871)
Guarantee liability reserve, financing commitment reserve and other reserve	116,546	(298)
Bad debt recovery	(629,418)	(410,073)
Total	$ 1,094,755	$ 201,580

(33) Employee benefit expenses

	For the years ended 31 December	
	2023	2022
Salaries and bonuses	$ 6,595,608	$ 4,084,478
Labor and health insurance expense	446,995	265,315
Pension costs	283,672	164,516
Other employee benefit expense	158,900	116,775
Total	$ 7,485,175	$ 4,631,084

A. For the years ended 31 December 2023 and 2022, the amount of employee and benefit expenses arising from acquiring the assets and liabilities of the consumer banking business of Citi (Taiwan) Commercial Bank Co., Ltd. were $203,208 thousand and $46,745 thousand, respectively.

B. In accordance with the Articles of Incorporation, if there are profits earned, at least 0.001% of those profits shall be allocated to employees as employees' compensation. However, when there is accumulated deficit, the Company shall retain the amount upfront.

C. The employees' compensation was estimated and accrued at $7 thousand and $8 thousand based on 0.001% of distributable profit of current year for the years ended 31 December 2023 and 2022, respectively. The employees' compensation is recognised as "Salaries and bonuses" in the employee benefit expenses and it will be distributed in the form of cash.

For the year ended 31 December 2022, employees' compensation as resolved at the meeting of Board of Directors were in agreement with those amounts recognised in the 2022 financial statements. Differences, if any, are accounted for changes in accounting estimates.

Information about the appropriation of employees' compensation by the Company as resolved by the meeting of Board of Directors and the shareholders is posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(34) Depreciation and amortisation expenses

	For the years ended 31 December	
	2023	2022
Property and equipment depreciation	$ 468,087	$ 177,745
Right-of-use assets depreciation	583,464	357,083
Investment properties depreciation	1,440	1,439
Intangible assets amortisation	217,238	274,026
Total	$ 1,270,229	$ 810,293

For the year ended 31 December 2023 and 2022, the amount of depreciation and amortisation expenses arising from acquiring the assets and liabilities of the consumer banking business of Citi (Taiwan) Commercial Bank Co., Ltd. were $132,367 thousand and $19,679 thousand, respectively.

(35) Other general and administrative expenses

	For the years ended 31 December	
	2023	2022
Service fee to affiliates	$ 977,929	$ 564,078
Rental expense	75,149	76,538
Tax	810,864	460,621
Insurance expense	203,039	146,250
Repairs and maintenance	161,225	139,449
Advertisement expense	90,858	159,405
Expenses of acquiring Citi (Taiwan) Commercial Bank Co., Ltd.'s consumer banking business (Note 1)	2,030,247	216,918
Others (Note 2)	1,189,936	734,687
Total	$ 5,539,247	$ 2,497,946

Note 1: The expenses of acquiring Citi (Taiwan) Commercial Bank Co., Ltd.'s consumer banking business are mainly composed of computer maintenance fee, rental expense, repairs and maintenance, advertising expense and government fee.

Note 2: The value of each item does not exceed 5% of this account's total ending balance.

For the years ended 31 December 2023 and 2022, the amount of expenses arising from acquiring the assets and liabilities of the consumer banking business of Citi (Taiwan) Commercial Bank Co., Ltd. were totally $2,365,822 thousand and $283,342 thousand, respectively, which were recognised as "Operating expenses".

(36) Income tax

A. Income tax expense

(A) Components of income tax expense:

	For the years ended 31 December	
	2023	2022
Current tax		
Current tax on profits for the period	$ 84,211	$ 23,907
Tax on undistributed surplus earnings	16,334	16,182
Adjustments in respect of prior years	(7,704)	(749)
Subtotal	92,841	39,340
Deferred tax		
Origination and reversal of temporary differences which made income tax expense increase	10,989	101,561
Subtotal	10,989	101,561
Income tax expense	$ 103,830	$ 140,901

(B) Income tax in relation to components of other comprehensive income:

	For the years ended 31 December	
	2023	2022
Remeasurement arising on defined benefit plan	$ (38,129)	$ 12,618

B. Reconciliation between income tax expense and accounting profit

	For the years ended 31 December	
	2023	2022
Tax calculated based on profit before tax and statutory rate	$ 148,115	$ 163,512
Effects from items disallowed by tax regulation	(59,552)	(38,044)
Tax on undistributed surplus earnings	16,334	16,182
Effects from Alternative Minimum Tax	6,637	-
Adjustments in respect of prior years	(7,704)	(749)
Income tax expense	$ 103,830	$ 140,901

C. Details of temporary differences resulting in deferred income tax assets or liabilities are as follows:

	2023				
	1 January	Recognised in profit or loss	Recognised in other comprehensive income	Business combination	31 December
Temporary differences:					
– Deferred income tax assets					
Allowance for credit losses	$ 253,646	$ -	$ -	$ -	$ 253,646
Salary expenses – employee stock options	8,176	3,674	-	-	11,850
Decommissioning liabilities	15,461	4,151	-	19,269	38,881
Unrealised pension expense	13,424	4,327	38,129	421,703	477,583
Provisions and impairment losses	4,797	(4,797)	-	-	-
Deferred fee income (Note)	8,719	228,422	-	-	237,141
Subtotal	304,223	235,777	38,129	440,972	1,019,101
– Deferred income tax liabilities					
Unrealised (gain) loss on financial instruments	(98,074)	30,650	-	-	(67,424)
Provisions and impairment losses	-	(714)	-	-	(714)
Goodwill amortisation	-	(276,702)	-	-	(276,702)
Decommissioning assets	-	-	-	(1,426)	(1,426)
Subtotal	(98,074)	(246,766)	-	(1,426)	(346,266)
Total	$ 206,149	$ (10,989)	$ 38,129	$ 439,546	$ 672,835

Note: The increase in current period is primarily due to the deferred fee income generated after acquiring Citi (Taiwan) Commercial Bank Co., Ltd.'s consumer banking business.

	2022				
	1 January	Recognised in profit or loss	Recognised in other comprehensive income	Business combination	31 December
Temporary differences:					
– Deferred income tax assets					
Allowance for credit losses	$ 273,153	$ (19,507)	$ -	$ -	$ 253,646
Unrealised (gain) or loss on financail instruments	24,440	(24,440)	-	-	-
Salary expenses – employee stock options	5,613	2,563	-	-	8,176
Decommissioning liabilities	14,234	1,227	-	-	15,461
Unrealised pension expense	26,846	(804)	(12,618)	-	13,424
Provisions and impairment losses	-	4,797	-	-	4,797
Deferred fee income	30,939	(22,220)	-	-	8,719
Subtotal	375,225	(58,384)	(12,618)	-	304,223
– Deferred income tax liabilities					
Unrealised (gain) loss on financial instruments	-	(98,074)	-	-	(98,074)
Provisions and impairment losses	(1,823)	1,823	-	-	-
Subtotal	(1,823)	(96,251)	-	-	(98,074)
Total	$ 373,402	$ (154,635)	$ (12,618)	$ -	$ 206,149

D. Tax returns of the Company have been assessed by the Tax Authorities through 2019.

(37) Earnings per share

A. Basic earnings per share

Basic earnings per share is calculated by dividing profits attributable to common shareholders of the parent company with the weighted-average outstanding common shares during the period.

	For the year ended 31 December 2023		
	Amount after tax	Weighted average number of outstanding common shares (in thousands)	Earnings per share (in dollars)
Profits attributable to common shareholders of the parent	$ 636,743	5,089,110	$ 0.13

	For the year ended 31 December 2022		
	Amount after tax	Weighted average number of outstanding common shares (in thousands)	Earnings per share (in dollars)
Profits attributable to common shareholders of the parent	$ 676,658	2,425,000	$ 0.28

B. The Company declared preferred shares cash dividends amounting to both $182,320 thousand for year 2022 on 20 April 2023 and for year 2021 on 25 April 2022. The impact on its basic earnings per share of profits attributable to the parent company would be a decrease of $0.04 dollar and $0.08 dollar per share, respectively.

(38) Business combinations

To expand business scale as well as improve business efficiency and competitiveness of the Company, it was resolved at the Board meeting on 27 January 2022 and the shareholders' meeting on 1 March 2022 to acquire the assets and liabilities of the consumer banking business of Citi (Taiwan) Commercial Bank Co., Ltd. in accordance with the Business Mergers and Acquisitions Act and other applicable laws and regulations. The acquisition was approved by the FSC on 22 December 2022, in its letters Jinguanyinwai No. 11101491841, and the acquisition date was 12 August 2023 with mutual consent.

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In this case, an independent third party was entrusted to conduct an evaluation and analysis of the acquisition price allocation based on the acquisition date. Based on the preliminary evaluation, the fair value details of the identifiable assets acquired and liabilities assumed by the Company are as follows:

		12 August 2023
Purchase consideration		
Cash	$	22,071,000
Fair value of identifiable assets acquired and liabilities assumed		55,969,244
Cash and cash equivalents		35,167,290
Receivables－net		194,629,907
Bills discounted and loans－net		1,183,503
Other financial assets－net		4,662,157
Property and equipment－net		439,546
Intangible assets－net		5,612,000
Other assets－net		253,417
Payables		(1,699,605)
Deposits and remittances		(285,224,040)
Other financial liabilities		(1,183,503)
Provisions		(3,591,768)
Other liabilities		(1,928,157)
Total identifiable net assets		4,289,991
Goodwill	$	17,781,009

As of the issuance date of the financial statements, the market evaluation and calculation required for evaluating the fair value of the identifiable net assets acquired have not yet been completed, so the evaluation and analysis of the above-mentioned purchase price allocation is tentative.

Net revenues and income before income tax included in the statement of comprehensive income since the acquisition date contributed by the acquired portfolio were $5,185,164 thousand and $1,276,036 thousand, respectively. The above-mentioned income before income tax excluded costs and expenses arising from acquisition for the year ended 31 December 2023. Had the assets and liabilities of the consumer banking business of Citi (Taiwan) Commercial Bank Co., Ltd. been consolidated from 1 January 2023, the statement of comprehensive income would show net revenues of $26,382,726 thousand and income before income tax of $3,627,385 thousand.

7. Related Party Transactions

(1) Names and relationship of related parties

Names of related parties	Relationship with the Company
DBS Group Holdings Ltd	The ultimate parent company of the Company
DBS Bank Ltd	The parent company of the Company
DBS Bank Ltd, Hong Kong Branch	Controlled by the same company
DBS Bank Ltd, Taipei Branch	Controlled by the same company
DBS Bank Ltd, Korea Branch	Controlled by the same company
DBS Bank (China) Ltd	Controlled by the same company
DBS Bank (Hong Kong) Ltd	Controlled by the same company
DBS Vickers Securities (Singapore) Pte Ltd	Controlled by the same company
PT Bank DBS Indonesia	Controlled by the same company
Others (each related party's deposits or loans less than 1% of total deposits or loans)	Directors and executives of the Company and affiliated entities and their relatives

(2) Significant transactions with related parties

A. Deposits

	31 December 2023		
Name	Ending balance	Percentage of deposits (%)	Interest rate (%)
Others (Deposits of each related party less than 1% of total deposits)	$ 139,940	0.02	0%~4.00%

	31 December 2022		
Name	Ending balance	Percentage of deposits (%)	Interest rate (%)
Parent			
DBS Bank Ltd	$ 16,284,250	3.92	0.77%~5.23%
Others (Deposits of each related party less than 1% of total deposits)	313,088	0.08	0%~3.70%
	$ 16,597,338	4.00	

The interest rates and other terms and conditions provided to related parties were the same as those offered to the general depositors.

For the years ended 31 December 2023 and 2022, interest expense paid by the Company as a result of the aforementioned transactions were $204,710 thousand and $225,814 thousand, respectively.

B. Loans and receivables

31 December 2023

Types	Number of accounts or name of related party	Maximum balance during the period	Ending balance	Loan status: Normal loans	Loan status: Overdue loans	Collateral	Whether terms and conditions of the related party transactions are different from those of transactions with third parties
Receivables	52	$ 4,264	$ 2,175	$ 2,175	$ -	None	None
Residential mortgage loans	2	3,874	3,840	3,840	-	Real estate	None
Micro credit loans	1	380	358	358	-	None	None
Total			$ 6,373	$ 6,373	$ -		

31 December 2022

Types	Number of accounts or name of related party	Maximum balance during the period	Ending balance	Loan status: Normal loans	Loan status: Overdue loans	Collateral	Whether terms and conditions of the related party transactions are different from those of transactions with third parties
Receivables	27	$ 3,254	$ 1,534	$ 1,534	$ -	None	None

For the years ended 31 December 2023 and 2022, interest income recognised by the Company under the aforementioned transactions were $35 thousand and $0 thousand, respectively.

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C. Interbank funds transfer

Interbank funds transfer transactions of the Company and its related parties:

Types	Name	31 December 2023	31 December 2022
Due from banks	Parent and its branches		
	DBS Bank Ltd	$ 716,795	$ 811,577
	DBS Bank Ltd, Hong Kong Branch	346,549	197,898
	Other related parties		
	DBS Bank (Hong Kong) Ltd	44,429	70,477
	DBS Bank (China) Ltd	10,764	9,090
	PT Bank DBS Indonesia	85	84
		$ 1,118,622	$ 1,089,126
Call loans to banks	Parent and its branches		
	DBS Bank Ltd	$ 3,621,509	$ 18,957,325
	DBS Bank Ltd, Taipei Branch	110,803,322	58,410,071
	DBS Bank (Hong Kong) Ltd	15,345,375	-
		$ 129,770,206	$ 77,367,396
Call loans from and due to other banks	Parent and its branches		
	DBS Bank Ltd	$ -	$ 6,452,250
	DBS Bank Ltd, Taipei Branch	351,770	3,770,041
		$ 351,770	$ 10,222,291

Interest income (expense) received from (paid to) related parties for the interbank funds transfer transactions between the Company and its related parties:

Types	Name	For the years ended 31 December 2023	2022
Interest income	Parent and its branches		
	DBS Bank Ltd	$ 962,894	$ 206,596
	DBS Bank Ltd, Taipei Branch	2,910,947	891,433
	DBS Bank (Hong Kong) Ltd	352,972	-
	DBS Bank Ltd, Korea Branch	204	-
		$ 4,227,017	$ 1,098,029
Interest expense	Parent and its branches		
	DBS Bank Ltd	$ 152,700	$ 107,972
	DBS Bank Ltd, Taipei Branch	263,474	91,654
		$ 416,174	$ 199,626

D. Financial assets for hedging

	31 December 2023	31 December 2022
Parent's branch		
DBS Bank Ltd, Taipei Branch	$ 908,916	$ 1,301,270

For the detail of the above-mentioned derivative financial instruments such as contract duration period and notional amounts, please refer to Note 6(6).

E. Interest receivable and other receivables

	31 December 2023	31 December 2022
Parent and its branches		
DBS Bank Ltd	$ 185,686	$ 99,695
DBS Bank Ltd, Taipei Branch	486,968	57,351
DBS Bank (Hong Kong) Ltd	86,949	-
Other related parties		
DBS Vickers Securities (Singapore) Pte Ltd	578,193	-
	$ 1,337,796	$ 157,046

F. Refundable deposits

The refundable deposits to Parent's branch are set aside in accordance with relevant regulations and contracts by the Company with regards to the risk of derivatives. For the years ended 31 December 2023 and 2022, interest income recognised by the Company under the aforementioned transactions were $23,228 thousand and $0 thousand, respectively.

G. Bank debentures

	31 December 2023	31 December 2022
Ultimate parent company		
DBS Group Holdings Ltd	$ -	$ 3,072,500
Other related parties		
DBS Bank (Hong Kong) Ltd	3,069,075	-
	$ 3,069,075	$ 3,072,500

For the years ended 31 December 2023 and 2022, interest expense recognised by the Company under the aforementioned transactions were $206,739 thousand and $91,781 thousand, respectively.

For the years ended 31 December 2023 and 2022, the Company's bank debentures were issued and sold solely to DBS Bank (Hong Kong) Ltd and DBS Group Holdings Ltd, respectively, please refer to Note 6(19).

H. Affiliates' service fees payable

	31 December 2023	31 December 2022
Parent		
DBS Bank Ltd	$ 672,188	$ 300,559
Other related parties		
DBS Bank (Hong Kong) Ltd	3,962	4,839
DBS Bank (China) Ltd	7,793	3,318
	$ 683,943	$ 308,716

I. Financial liabilities for hedging

	31 December 2023	31 December 2022
Parent's branch		
DBS Bank Ltd, Taipei Branch	$ 2,122,981	$ 491,505

For the detail of the above-mentioned derivative financial instruments such as contract duration period and notional amounts, please refer to Note 6(6).

J. Interest payable and other payables

	31 December 2023	31 December 2022
Ultimate parent company		
DBS Group Holdings Ltd	$ -	$ 9,702
Parent and its branches		
DBS Bank Ltd	6,576	249,911
DBS Bank Ltd, Taipei Branch	44,567	30,130
Other related parties		
DBS Vickers Securities (Singapore) Pte Ltd	102,942	763
DBS Bank (Hong Kong) Ltd	10,677	-
	$ 164,762	$ 290,506

K. Other financial liabilities – Principal of structured investment deposits

	31 December 2023	31 December 2022
Others	$ 43,289	$ 8,296

For the years ended 31 December 2023 and 2022, interest expense recognised by the Company under the aforementioned transactions were both $0 thousand.

L. Guarantee deposits received

	31 December 2023	31 December 2022
Parent's branch		
DBS Bank Ltd, Taipei Branch	$ 1,995,456	$ 558

For the years ended 31 December 2023 and 2022, interest expense recognised by the Company under the aforementioned transactions were $66,410 thousand and $4 thousand, respectively.

M. Net fee and commission income

	For the years ended 31 December	
	2023	2022
Parent and its branches		
DBS Bank Ltd	$ 1,090,601	$ 448,127
DBS Bank Ltd, Hong Kong Branch	30	86
DBS Bank Ltd, Taipei Branch	3	-
Other related parties		
DBS Vickers Securities (Singapore) Pte Ltd	(14,533)	(15,932)
	$ 1,076,101	$ 432,281

N. Other income

	For the years ended 31 December	
	2023	2022
Parent's branch		
DBS Bank Ltd, Taipei Branch	$ 56,649	$ 54,803

O. Service fee to affiliates

	For the years ended 31 December	
	2023	2022
Parent		
DBS Bank Ltd	$ 1,698,842	$ 708,441
Other related parties		
DBS Bank (Hong Kong) Ltd	17,233	19,206
DBS Bank (China) Ltd	15,363	5,155
DBS Vickers Securities (Singapore) Pte Ltd	-	198
	$ 1,731,438	$ 733,000

P. Guarantees

	31 December 2023				
	Maximum balance during the period	Ending Balance	Balance of guarantee liability reserve	Range of fees charged	Collateral
Parent					
DBS Bank Ltd	$ 3,000,000	$ 3,000,000	$ 30,000	0.90% p.a.	None

	31 December 2022				
	Maximum balance during the period	Ending Balance	Balance of guarantee liability reserve	Range of fees charged	Collateral
Parent					
DBS Bank Ltd	$ 3,000,000	$ 3,000,000	$ 30,000	0.90% p.a.	None

Q. Non-derivative financial instruments

	For the years ended 31 December	
	2023	2022
	Notional amounts	
Parent's branch		
DBS Bank Ltd, Taipei Branch		
Outright bond purchase transactions		
Bonds	$ -	$ 1,300,000
Outright bond sale transactions		
Bonds	$ -	$ 550,000

For the years ended 31 December 2023 and 2022, the (losses) gains on the financial assets and liabilities at fair value through profit or loss of the Company were $0 thousand and $778 thousand, respectively.

R. Derivative financial instruments

The principal and amount receivable (payable) incurred from derivative financial instrument transactions with related parties as of 31 December 2023 and 2022 were as follows:

Parent and its branches

	31 December 2023			
	Contract duration period	Notional amounts	Valuation gain (loss) in current period	Receivable from (payable to) related parties (including valuation adjustment)
DBS Bank Ltd				
Forward exchange contracts	2022.12.29~2025.1.2	$ 108,410,973	$ (1,590,160)	$ (1,589,919)
Non-delivery forwards	2023.5.15~2024.9.30	$ 9,106,342	$ (4,685)	$ (4,685)
Interest rate swaps	2020.3.16~2032.9.30	$ 25,869,214	$ (6,132)	$ (40,312)
Foreign exchange options	2023.6.21~2024.10.28	$ 9,398,204	$ (2,987)	$ (2,987)
Commodity options	2023.12.4~2024.1.22	$ 1,159,875	$ (1,812)	$ (1,812)
Cross Currency Swap contracts	2023.6.21~2024.3.18	$ 1,473,156	$ (100,306)	$ (100,306)

	31 December 2022			
	Contract duration period	Notional amounts	Valuation gain (loss) in current period	Receivable from (payable to) related parties (including valuation adjustment)
DBS Bank Ltd				
Forward exchange contracts	2022.1.6~2024.1.3	$ 68,358,490	$ (503,513)	$ (503,513)
Non-delivery forwards	2022.6.29~2023.2.3	$ 2,884,385	$ (5,815)	$ (5,815)
Interest rate swaps	2019.8.29~2032.9.30	$ 18,463,039	$ (12,300)	$ (18,438)
Foreign exchange options	2022.1.25~2023.8.10	$ 3,237,326	$ 2,863	$ 2,863

	31 December 2023			
	Contract duration period	Notional amounts	Valuation gain (loss) in current period	Receivable from (payable to) related parties (including valuation adjustment)
DBS Bank Ltd, Hong Kong Branch				
Forward exchange contracts	2023.1.17~2024.11.4	$ 10,981,247	$ 69,718	$ 69,718
Interest rate swaps	2014.11.5~2027.1.4	$ 35,095,322	$ (553)	$ (2,223)

	31 December 2022			
	Contract duration period	Notional amounts	Valuation gain (loss) in current period	Receivable from (payable to) related parties (including valuation adjustment)
DBS Bank Ltd, Hong Kong Branch				
Forward exchange contracts	2022.1.11~2023.12.21	$ 15,564,858	$ 7,097	$ 7,097
Non-delivery forwards	2022.9.21~2023.3.23	$ 2,222,220	$ (11,976)	$ (11,976)
Interest rate swaps	2014.11.5~2027.1.4	$ 34,749,981	$ 16,353	$ 2,712

	31 December 2023			
	Contract duration period	Notional amounts	Valuation gain (loss) in current period	Receivable from (payable to) related valuation adjustment)
DBS Bank Ltd, Taipei Branch				
Forward exchange contracts	2021.5.6~2024.12.20	$ 247,153,418	$ (1,118,355)	$ (1,230,590)
Non-delivery forwards	2023.12.08~2024.01.12	$ 153,454	$ 2,692	$ 2,692
Interest rate swaps	2015.4.16~2034.3.31	$ 118,465,062	$ (38,883)	$ 165,842
Cross currency swap contracts	2022.9.7~2024.9.12	$ 2,549,135	$ 94,732	$ 248,383

	31 December 2022			
	Contract duration period	Notional amounts	Valuation gain (loss) in current period	Receivable from (payable to) related parties (including valuation adjustment)
DBS Bank Ltd, Taipei Branch				
Forward exchange contracts	2021.1.4~2024.8.19	$ 213,405,465	$ (361,564)	$ (320,609)
Non-delivery forwards	2022.12.5~2023.3.7	$ 1,812,080	$ 4,845	$ 4,845
Interest rate swaps	2015.4.16~2032.3.16	$ 132,355,425	$ 442,431	$ 218,498
Cross currency swap contracts	2022.2.16~2024.9.12	$ 2,350,700	$ 159,808	$ 159,808

Receivable from (payable to) related parties (including valuation adjustment) recognised as “Financial assets (liabilities) at fair value through profit or loss”. For the years ended 31 December 2023 and 2022, the temporary payment for future transactions to Head Office, DBS Bank were $207,845 thousand and $66,125 thousand, respectively.

S. Key management personnel compensation

	For the years ended 31 December	
	2023	2022
Salary and other short-term employee benefits	$ 231,978	$ 211,389
Post-employment benefits	1,295	1,403
Total	$ 233,273	$ 212,792

8. Pledged Assets

As of 31 December 2023 and 2022, the Company’s assets provided for reserve for trust funds, intraday overdraft during settlement (Note), interbank transactions, insurance agency business’ operational guarantee deposits, bills finance business’ deposit, credit card clearing and settlement deposits, security department’s operational guarantee deposits and clearing and settlement fund and guarantees with the court for the provisional seizure were as follows:

Item	31 December 2023	31 December 2022
Financial assets at fair value through other comprehensive income		
- Government bonds	$ 820,500	$ 654,900
- Negotiable certificates of deposit	10,300,000	10,030,000
Total	$ 11,120,500	$ 10,684,900

Note: To comply with the Central Bank's clearing system of Real-time Gross Settlement (RTGS), as of 31 December 2023 and 2022, negotiable certificates of deposit amounting to $2,300,000 thousand and $2,000,000 thousand, respectively, had been provided as collateral for intraday overdraft. However, pledged amounts may be adjusted anytime.

9. Significant Contingent Liabilities and Unrecognised Contractual Commitments

(1) Commitments

Capital expenditure contracted but yet to be incurred: None.

(2) Others

	31 December 2023	31 December 2022
Non-cancellable loan commitments	$ 10,551,579	$ 17,587,774
Undrawn credit commitments for credit cards	13,277,951	1,948,434
Undrawn letters of credit issued	618,996	764,237
Guarantees	43,276,928	28,191,743
Collections receivable for customers	175,066	136,681
Trust assets	301,801,846	79,631,067

(3) Content and amount of trust operations per "Trust Enterprise Act"

The trust balance sheet, income statement and schedule of investments as required to be disclosed in compliance with the Article 17 of the "Enforcement Rules of the Trust Enterprise Act" are as follows:

A. Trust balance sheet

	31 December 2023	31 December 2022
Trust assets		
Fund investments	$ 99,355,490	$ 32,371,764
Offshore structured products	17,677,215	7,182,026
Foreign bonds	140,949,278	21,932,926
Foreign stocks	35,625,615	10,357,222
Real estate	6,141,769	6,718,021
Real estate presale trust	2,052,479	1,069,108
Total	$ 301,801,846	$ 79,631,067
Trust liabilities		
Trust capital	$ 301,801,846	$ 79,631,067
Total	$ 301,801,846	$ 79,631,067

B. Schedule of investments

	31 December 2023	31 December 2022
Fund investments		
Overseas mutual funds	$ 77,099,281	$ 18,928,113
Domestic mutual funds	22,256,209	13,443,651
Offshore structured products	17,677,215	7,182,026
Foreign bonds	140,949,278	21,932,926
Foreign stocks	35,625,615	10,357,222
Real estate		
Land	2,522,807	3,222,430
Buildings	3,425,632	3,139,673
Advances	193,330	355,918
Real estate presale trust	2,052,479	1,069,108
Total	$ 301,801,846	$ 79,631,067

Note: Foreign currency money trust operated by the Offshore Banking Unit (OBU) as of 31 December 2023 and 2022 was included in the trust balance sheet and schedule of investments for the trust business.

C. The Company has no right to determine the utilisation of trust assets. Such right is vested in the Trust Settlor. Hence, there were no trust profit or loss for the years ended 31 December 2023 and 2022.

(4) Due to some of the Company’s institutional banking clients engaging in complex and high-risk derivative transactions (e.g. Target Redemption Forwards (TRF)) that resulted in losses and complaints on disputes from these transactions (“TRF dispute cases”), the clients have appealed to the Company as well as the regulators, filed lawsuits, submitted the TRF dispute for the arbitration or filed complaints to the Financial Ombudsman Institution. Based on the principle of fair dealing and to protect customers’ interests, when complaints are received from a client, the Company will negotiate with the client following the Company’s internal procedures and the guidance from regulators and cooperate with the relevant dispute resolution mechanism according to the individual cases condition to settle the disputes. As of 31 December 2023, all TRF dispute cases have been judged by arbitration or compensated after negotiation with the clients. However, only one case is currently under the court's review as the client has applied to annul the arbitration judgment due to the dissatisfaction with the decision.

10. Significant Losses from Disasters

None.

11. Significant Subsequent Event

None.

12. Others

(1) Information of fair value of financial instruments

A. The fair value of financial instruments not measured at fair value

The book value of the financial instruments which are not measured at fair value approaches its fair value, or its fair value cannot be measured reliably. Methods and assumptions adopted by the Company are summarized as follows:

(A) For financial assets and liabilities not carried at fair value in the financial statements, the Company has ascertained that their fair values were not materially different from their carrying amounts at period-end. This method applies to the following short-term financial instruments such as cash and cash equivalents, due from Central Bank and call loans to other banks, receivables, investments in debt instruments at amortised cost, investment in bills and bonds under reverse repurchase agreements, receivables, other financial assets, due to the Central Bank and other banks, fund borrowed from Central Bank and other banks, payables and other financial liabilities.

(B) Bills discounted and loans: The interest on bills discounted and loans are mainly based on a floating rate basis. Thus, considering the possibility of expected recoveries, the carrying amount is approximate to its current fair value.

(C) Deposits and remittances: Most deposits and remittances have maturity of less than one year. Those within maturity over one year are mainly on a floating rate basis and therefore the carrying value is deemed as the current fair value.

(D) Refundable deposits: Due to uncertainty of the maturity date, the fair value is estimated at the book value.

(E) The fair value of the bank debentures issued by the Company is estimated using discounted cash flow method. As of 31 December 2023 and 2022, the Company has ascertained that its fair value was not materially different from its carrying amount at period-end.

(F) Investments in debt instruments at amortised cost

Item	Carrying value	Fair value
31 December 2023 Corporate bonds	$ -	$ -
31 December 2022 Corporate bonds	$ 1,179,405	$ 1,156,905

The fair values of the above debt instruments carried at amortised cost are classified as level 1 of the fair value evaluation input hierarchy.

B. Financial instruments measured at fair value

The financial instruments measured at fair value are recognised as financial assets and financial liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income and derivative financial assets for hedging.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at measurement date.

(A) Financial instruments are initially recognised by fair value, which is transaction price in most cases. Subsequent recognitions are measured by fair value except that certain financial instruments are recognised by amortised cost. In the subsequent measurements, the best evidence of fair value is the quoted market price in an active market.

(B) If the quoted market price of a financial instrument is available in an active market, the quoted price is the fair value. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the aforementioned conditions are not met, the market is regarded as inactive. Generally, the indications of an inactive market include large difference of selling price and purchasing price, significant increase in the difference of selling price and purchasing price or small volume of tractions.

(C) Valuations of OTC traded products are determined using generally accepted models (discounted cash flows, Black-Scholes model, interpolation techniques) based on quoted market prices for similar instruments or underlying. The majority of valuation techniques employ only observable market data as inputs including but not limited to yield curves, volatilities and foreign exchange rates.

(D) For illiquid complex financial instruments where mark-to-market is not possible, the Company will value these products using an approved valuation model. Prices and parameters used as inputs to the model or to any intermediate technique involving a transformation process must be derived from approved market reliable sources. Where possible, the inputs must be checked against multiple sources for reliability and accuracy.

The Company utilises comparable trading multiples (market approach) and net asset values in arriving at the valuation for unquoted equity positions.

C. Fair value adjustment

(A) The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Company's financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs. In accordance with the Company's "Valuation Policy" and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial instruments at the balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

(B) Credit valuation adjustments are taken to reflect the impact on fair value of counterparty credit risk and the Company's credit quality.

(2) Fair value evaluation input hierarchy

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial instruments have been defined as follows:

(A) Level 1

Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where market in which transactions for the asset or liability takes place with sufficient frequency and volume to provide pricing information on an ongoing basis.

(B) Level 2

Inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The Company's investment in government bonds, corporate bonds, most of derivatives, and financial liabilities designated as at fair value through profit or loss on initial recognition are all classified within Level 2.

(C) Level 3

Unobservable inputs for the asset or liability. When there is reliance on unobservable inputs to the valuation model attributing to a significant contribution to the instrument value, the financial instrument will be categorised as Level 3. The Company's investment in unlisted equity instruments are classified within Level 3.

B. Fair value input hierarchy information on financial instruments

Fair value input hierarchy information on financial instruments as of 31 December 2023 and 2022 are as follows:

	31 December 2023			
	Total	Level 1	Level 2	Level 3
Recurring fair value measurements				
Non-derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss				
Financial assets mandatorily measured at fair value through profit or loss				
Debt instruments	21,965,945	$ -	$ 21,965,945	$ -
Financial assets at fair value through other comprehensive income				
Equity instruments	379,550	-	-	379,550
Debt instruments	87,159,937	-	87,159,937	-
Derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss	8,090,362	267,007	7,823,355	-
Financial assets for hedging	908,916	-	908,916	-
Liabilities				
Financial liabilities at fair value through profit or loss	9,922,020	-	9,922,020	-
Financial liabilities for hedging	2,269,724	-	2,269,724	-

	31 December 2022			
	Total	Level 1	Level 2	Level 3
Recurring fair value measurements				
Non-derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss				
Financial assets mandatorily measured at fair value through profit or loss				
Debt instruments	$ 4,971,567	$ -	$ 4,971,567	$ -
Financial assets at fair value through other comprehensive income				
Equity instruments	246,541	-	-	246,541
Debt instruments	74,471,779	-	74,471,779	-
Derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss	7,592,608	125,273	7,467,335	-
Financial assets for hedging	1,301,270	-	1,301,270	-
Liabilities				
Financial liabilities at fair value through profit or loss	7,964,540	-	7,964,540	-
Financial liabilities for hedging	506,302	-	506,302	-

C. For the years ended 31 December 2023 and 2022, there were no transfers between Level 1 and Level 2.

(Blank)

D. Movement of financial assets measured at fair value reported in level 3

	For the year ended 31 December 2023									
				Increase			Decrease			
Item	Beginning Balance	Current period P&L	Current period OCI	Purchase or issue	Transfer into level 3	Transfer from level 3 financial liabilities to financial assets	Sell, dispose, or settle	Transfer out of level 3	Transfer from level 3 financial assets to financial liabilities	Ending Balance
Financial assets at fair value through other comprehensive income	$ 246,541	$ -	$ 133,009	$ -	$ -	$ -	$ -	$ -	$ -	$ 379,550

	For the year ended 31 December 2022									
				Increase			Decrease			
Item	Beginning Balance	Current period P&L	Current period OCI	Purchase or issue	Transfer into level 3	Transfer from level 3 financial liabilities to financial assets	Sell, dispose, or settle	Transfer out of level 3	Transfer from level 3 financial assets to financial liabilities	Ending Balance
Financial assets at fair value through other comprehensive income	$ 327,615	$ -	$ (81,074)	$ -	$ -	$ -	$ -	$ -	$ -	$ 246,541

(Blank)

E. Fair value measurement to Level 3, and the effect of changes in significant unobservable inputs to reflect reasonably possible alternatives

The fair value measurement that the Company made onto the financial instruments is deemed reasonable; however, different valuation input could result in different valuation result. The following is the effect of profit or loss or of other comprehensive income from financial assets categorised as Level 3 if the inputs used to valuation models have increased/ decreased by 10%:

	Fair value change recognised in profit or loss		Fair value change recognised in other comprehensive income	
31 December 2023	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets at fair value through other comprehensive income	$ -	$ -	$ 37,955	$ (37,955)

	Fair value change recognised in profit or loss		Fair value change recognised in other comprehensive income	
31 December 2022	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets at fair value through other comprehensive income	$ -	$ -	$ 24,654	$ (24,654)

Favorable and unfavorable changes of the Company refer to the favorable and unfavorable movements of fair value. Movements in fair value are derived from different methodologies applied for fair value adjustments and different unobservable inputs used.

F. Quantitative information of fair value measurement of significant unobservable inputs (Level 3)

	31 December 2023				
	Fair value	Valuation technique	Significant unobservable inputs	Range (weighted average)	Relationship of inputs to fair value
Recurring fair value measurements					
Non-derivative financial instruments					
Financial assets at fair value through other comprehensive income					
Equity instruments (other unlisted companies)	$ 375,222	Market approach	Price to earnings ratio multiple,	7.21~24.03	The higher the price to earnings ratio multiple, the higher the fair value
			price to book ratio multiple,	0.11~2.07	The higher the price to book ratio multiple, the higher the fair value
			Discount for lack of marketability	30%~40%	The higher the discount for lack of marketability, the lower the fair value
Venture capital shares	$ 4,328	Net asset value	Not applicable	Not applicable	Not applicable

		31 December 2022				
		Fair value	Valuation technique	Significant unobservable inputs	Range (weighted average)	Relationship of inputs to fair value
Recurring fair value measurements						
Non-derivative financial instruments						
Financial assets at fair value through other comprehensive income						
Equity instruments (other unlisted companies)	$	242,244	Market approach	Price to earnings ratio multiple,	6.29~15.05	The higher the price to earnings ratio multiple, the higher the fair value
				price to book ratio multiple,	0.22~1.94	The higher the price to book ratio multiple, the higher the fair value
				Discount for lack of marketability	30%~40%	The higher the discount for lack of marketability, the lower the fair value
Venture capital shares	$	4,297	Net asset value	Not applicable	Not applicable	Not applicable

G. Valuation procedures for fair value evaluation input hierarchy classified as Level 3

The Company's independent department is responsible for verifying the fair value of the financial instruments classified as level 3 of the fair value evaluation input hierarchy. Independent department assesses independency, reliability, consistency and representativeness of the data sources and reviews valuation model and inputs for recalibration periodically to ensure that valuation procedures and results in line with the requirements under IFRSs.

(3) Management objective and policy for financial risk

Objectives of the Company's financial risk management are based on the principles of serving customers and meeting operational objectives of financial related operations, holistic risk appetite and external regulation limits, in order to effectively allocate transfer and avoid risks, and meet the objective of satisfying customers, shareholders and employees. Major risks faced by the Company's operations include various credit risk, market risk (including interest rate, exchange rate, equity instruments, and commodity prices) and liquidity risk.

The Company has established risk management policies and risk controls and mitigation processes in writing which have been approved by the Board, in order to effectively identify measure, monitor and control credit risk, market risk and liquidity risk.

A. Risk management framework

Risk management of the Company is performed by the risk management department according to risk management policies approved by the Board. Risk management department closely work with other business departments to identify, evaluate and control various financial risks. The risk management policies which include specific risk exposures such as exchange rate risk, interest rate risks, credit risk, risk of derivative and non-derivative instruments. In addition, internal audit department is responsible for independent audit of risk management and control environment.

B. Credit risk

(A) Source and definition of credit risk

Credit risk of the Company is the risk of financial loss if a client or counterparty fails to meet its contractual obligations. Credit risk arises from both on-balance sheet items and off-balance sheet items. On-balance sheet items include mainly bill discounted and loans and credit card business, due from and call loans to other banks, debt instruments and derivatives, etc. Off-balance sheet items mainly include guarantees, bank acceptances, letters of credit and loan commitments.

(B) Credit risk management policies

To ensure credit risk is aligned with its risk appetite and within tolerable extent, the Company requires detailed analysis of products and businesses, including all transactions in banking book and trading book and on and off balance sheet, to identify existing and potential credit risk. Related credit risk is examined according to relevant operational rules before new products and businesses are released.

The "Core Credit Risk Policies (CCRPs)" set forth the principles by which the Company conducts its credit risk management and control activities. It, supplemented by a number of operational standards and guidelines, constitutes the Company's strategy towards credit risk. The Credit policy clearly sets out relevant regulations and internal credit approving rules in granting credits. It also sets out principles regarding delegation of authorities, end-to-end credit process, assignment of credit risk ratings and setting of credit limits and dealing with affiliates / related parties. The objective of credit is to enhance the business of the Company, to enable functioning of management and monitoring of credit, to ensure regulations are followed and to maintain asset quality.

In addition, assessment of asset quality and loss provision is performed according to relevant risk management rules as well as regulations of local financial supervisory bodies.

Procedures and methods used in credit risk management for the core businesses of the Company are as follows:

a. Credit business (including loan commitment and guarantees)

Credit asset classification and credit quality rating are set out below:

(a) Credit assets classification

Credit assets are categorised into five categories. Other than normal credit assets shall be classified as Category One, the remaining non-performing loans are assessed based on the related regulations as follows: Category Two for assets requiring special mention. Category Three for assets deemed recoverable. Category Four for assets that are doubtful. Category Five for assets that are not recoverable. The Company has established its policies governing the procedures to evaluate assets and deal with non-performing and non-accrual loans.

(b) Credit risk grading

In response to the characteristics and scale of business, the Company sets up credit risk grading for risk management purposes (such as internal evaluation model of credit risk).

The wholesale borrowers are assessed individually using both judgmental credit risk models and statistical credit risk models. They are further reviewed and evaluated by experienced credit risk managers who consider relevant credit risk factors in the final determination of the borrower's risk. The model is reviewed periodically to see if the results of the model are consistent with the actual situation, and the parameters are adjusted to optimize the calculation effect.

DBS Group's rating method comprises 19 rating levels for the wholesale exposures based on risk acceptance criteria at credit inception. To ensure effective risk management and credit monitoring, the Company categorises credits into "Green", "Watchlist-Amber", "Watchlist-Red" and "Watchlist-Weak".

Credit risk grading of the retail exposures is categorised by days past due with four levels and the definitions are illustrated below:

Credit risk grading	Wholesale exposures	Retail exposures
Exceptional ~ Satisfactory	Internal credit rating (ACRR) 1 to 5, or green	Days overdue < 30 days
Acceptable ~ Marginal	Internal credit rating (ACRR) 6A to 7B, or green	Not Applicable
Special mention	Internal credit rating (ACRR) 8A to 9, or amber, red and weak	30 days ≦ Days overdue < 90 days
Non-performing Asset	Default or internal credit rating (ACRR) 10A to 11	Default, days overdue ≧ 90 days

b. Due from and call loans to other banks

The Company evaluates credit conditions of counterparties before proceeding with transactions, and sets up different limits according to credit ratings by reference to credit information from domestic and foreign credit rating agencies.

c. Debt instruments and derivatives

The Company identifies credit risk and manages credit risk of debt instruments according to credit ratings of debt instruments from external agencies, credit quality of bonds, geographic conditions and counterparty risks.

Counterparties of derivative transactions are mostly financial institutions which receive above investment grade ratings. Credit risk is managed through counterparty limits (including call loan limits). Counterparties which are without credit ratings or are rated below investment grade are subject to individual reviews. Non-financial institutions customers' counterparty risk exposure is managed by derivative instrument risk limits and conditions approved through general credit sanction procedures.

(C) Measurement of expected credit loss (ECL)

a. ECLs are unbiased estimates of credit losses determined by evaluating a range of possible outcomes and taking into account past events, current conditions and assessments of future economic conditions. The ECL associated with a financial asset is typically a product of its probability of default (PD), loss given default (LGD) and exposure at default (EAD) discounted using the original effective interest rate to the reporting date.

   Under IFRS 9, ECL will be assessed using an approach which classifies financial assets into three stages, each of which is associated with an ECL requirement that is reflective of the assessed credit risk profile. A financial asset is classified under:

   - Stage 1, if it was not credit-impaired upon origination, and there has not been a significant increase in its credit risk. Stage 1 ECL will be the credit loss that is expected to result from a default occurring within the next 12 months;
   - Stage 2, if it was not credit-impaired upon origination but has since experienced a significant increase in credit risk. Stage 2 ECL will be the life-time expected credit loss arising from a default during the remaining life of the asset; and
   - Stage 3, if it has been credit-impaired with an objective evidence of default. Stage 3 ECL are also measured as life-time expected credit loss.

   DBS Group leverages the models/ parameters implemented under the Basel regulatory capital rules where feasible and available, with appropriate adjustments to meet the IFRS 9 requirements. For portfolio without appropriate Basel models/ parameters, other relevant historical information, loss experience or proxies will be utilised, with a view to maximise the use of available information that is reliable and supportable.

b. Expected Life

   For most financial instruments, the remaining contractual life represents the maximum contractual period over which the Company is exposed to the credit risk of the customers under IFRS 9.

   However, for some retail revolving products (i.e. credit cards), the expected remaining life may exceed the contractual maturity. For such products, a behavioural expected remaining life is estimated using the Company's internal historical data based on the period over which the Company is exposed to the credit risk of such customers.

c. Assessment of significant increase in credit risk

   The Company assesses whether a financial asset has experienced a significant increase in credit risk since origination, is dependent on a range of qualitative and quantitative factors taken into consideration at each reporting date.

   For wholesale exposures, financial assets are deemed to have experienced a significant increase in credit risk when:

(a) The observed change in its PD, as observed by downgrades in the Company's internal credit risk rating for this asset between initial recognition and reporting date, is more than pre-specified thresholds; or

(b) Exposure is placed within internal credit "watchlists" for closer scrutiny of developing credit issues.

For retail exposures, days past due is the main driver, supplemented with a PD-based criterion.

In any event, all retail and wholesale exposures that are more than 30 days past due are considered to have experienced a significant increase in credit risk and are classified as Stage 2. A Stage 2 exposure can migrate back to Stage 1 if it is assessed that there is evidence of a sustainable improvement in its credit profile.

The Company has not adopted the low credit risk exemption.

(D) Definition of default for credit-impaired financial assets

According to the definition stated in IFRS 9, a financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. The definition of default that will be applied upon adoption of IFRS 9 is consistent with that specified in the Basel regulatory capital rules. Exposures are classified as Stage 3 if these are deemed to be credit-impaired or have demonstrated objective evidence of default as at the reporting date.

The Company assesses whether there is evidence that a financial asset or a group of financial assets is impaired at each balance sheet date. The Company carries out regular and systematic reviews of all credit facilities extended to customers. The criteria that the Company uses to determine whether there is evidence of default include:

a. Significant financial difficulty of the issuer or obligor, including breach of covenants and/ or financial conditions;
b. A breach of contract, such as a default or delinquency in interest or principal payments;
c. Granting of a concession, that the Company would not otherwise consider, for economic or legal reasons relating to the borrower's financial difficulty; and
d. High probability of bankruptcy or other financial reorganisation of the borrower.

A Stage 3 exposure that is restructured can be upgraded to Stage 2 if there are reasonable grounds to conclude that the obligor is able to service future principal and interest payments on the credit facility in accordance with the restructured terms.

(E) Write-off policy

The Company writes off non-performing/ non-accrual loans, in whole or in part, when the Company has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of future recoveries.

(F) ECL Modelling – Point-in-Time (PiT) and Forward-Looking Adjustments

Portfolio-specific adjustments are made to DBS Group's existing ECL models and processes to meet the requirements of IFRS 9.

For the wholesale portfolios, credit risk cycle indices (CCIs) have been developed for significant industries and geographies using expected default frequencies. Expected default frequency is a market-based default risk measure driven by equity prices, market volatility and leverage. CCIs are then used as inputs to convert the through-the-cycle PDs derived from Basel models /parameters into the point-in-time equivalents, and to incorporate forward-looking factors. LGD are determined using historical loss data, which are adjusted for both the latest and forecasted recovery experience. Basel EAD are reduced by contractual repayments to derive the forecasted EAD for Stage 2 exposures. No adjustments are made to Basel EAD for Stage 1 exposures.

For retail portfolios, historical loss experience is adjusted to determine the forecast loss rates, taking into account relevant macroeconomic variables, such as property price indices and unemployment rates.

(G) Hedging and mitigation of credit risk

a. Collateral

The Company has put in place policies to determine the eligibility of collateral for credit risk mitigation. Amongst those, requesting borrowers to provide collateral is one of the most usual means. The Company has specific criteria for acceptable collateral and collateral valuation, management and disposing procedures regarding the collateral valuation management, collateral assessment for credit facility in order to protect the credit right. Besides, protection of creditor's right, collateral terms and offsetting terms are all addressed in the credit extension contract in case of any occurrence of credit event, of which the amount may be deductible, loan repayment schedule may be shortened or deemed as matured, or various types of deposits can be used to offset its liabilities to mitigate credit risks.

Collateral for other non-credit extension business depends on the nature of financial asset.

b. Credit risk limit and credit risk concentration control

The Company follows the applicable laws and regulations with regard to the limits on large exposures to the same entity or the same affiliated group and reports to Credit Risk Committee on this monthly. In addition, in order to control concentration risk of various assets, limits are established based on the major industry and country groups and regularly monitored in respect of credit assets exposures and reports to Credit Risk Committee monthly.

c. Master netting arrangement

The transactions of the Company are usually gross-settled. However, the Company enters into master netting arrangements with counterparties where it is appropriate and feasible to do so to mitigate counterparty risk. The credit risk is reduced by a master netting arrangement to the extent that if an event of default occurs, all amounts with the counterparty are settled on a net basis.

(H) Credit risk concentration

The credit risks are deemed significantly concentrated when the financial instrument transactions significantly concentrate on a single person, or when there are multiple trading counterparties engaging in similar business activities with similar economic characteristics making the effects on their abilities of fulfilling the contractual obligation due to economy or other forces similar.

The credit risks of the Company concentrate on accounts on and off balance sheets that occurs through obligation fulfilling or implementation of transactions (either product or service), or through trans-type exposure portfolio, including loans, due from and call loans to other banks, securities investment, receivables and derivatives. The Company does not significantly carry out transactions with single client or single counterparty, and the credit risk concentration by industry, geography and type of collateral are shown as follows:

a. By Industry

	31 December 2023		31 December 2022	
Industry	Amount	%	Amount	%
Private owned businesses	$ 159,516,230	30.44	$ 149,155,570	47.61
Public owned businesses	-	-	12,290	0.01
Government agencies	5,000,000	0.95	-	-
Individuals	354,682,400	67.69	159,643,247	50.96
Financial institutions	4,824,561	0.92	4,457,374	1.42
Total	$ 524,023,191	100.00	$ 313,268,481	100.00

Note: Credit exposures include bills discounted and loans (including non-performing loans), guarantees, clean bills purchased, factoring receivable and acceptances receivable.

b. By Geography

Major operations of the Company reside within Taiwan. There is no other significant credit risk concentration by geography.

c. By type of collaterals

Collateral	31 December 2023 Amount		31 December 2023 %	31 December 2022 Amount		31 December 2022 %
Unsecured	$	189,271,538	36.12	$	131,820,612	42.08
Secured						
- Financial instruments		7,685,862	1.47		7,167,322	2.29
- Real estate		314,525,519	60.02		159,518,270	50.92
- Letter of guarantee		7,033,866	1.34		7,850,862	2.50
- Other collateral		5,506,406	1.05		6,911,415	2.21
Total	$	524,023,191	100.00	$	313,268,481	100.00

Note: Credit exposures include bills discounted and loans (including non-performing loans), guarantees, clean bills purchased, factoring receivable and acceptances receivable.

(I) Maximum exposure to credit risk

a. For on-balance sheet financial assets, the maximum credit exposure is the carrying amounts, without taking collateral held or other credit enhancements into account. Please refer to Note 9(2) for the maximum exposure to credit risk of off-balance sheet financial instruments, before taking into account any collateral held or other credit enhancements. Based on the Company's assessment, the credit risk exposure of off-balance sheet items can be controlled and minimized because the Company adopts stricter process of credit evaluation and reviews it on a regular basis.

b. The description of collateral for each class of financial asset is set out below:

(a) Due from banks, due from Central Bank and call loans to other banks, government bonds, treasury bills and corporate bonds: Collateral is generally not sought for these assets.

(b) Derivatives: The Company maintains collateral agreements and enters into master netting agreements with most of the counterparties for derivative transactions.

(c) Receivables, bills discounted and loans and loan commitments:

Institutional banking

The Company has put in place policies to determine the eligibility of collateral for credit risk mitigation, with a Loan-to-Valuation ("LTV") ratio from 40% ~ 90%, taking into consideration factors such as property type, liquidity, marketability and regulations. The policy also governs the regular revaluation of all collaterals to reflect the current market value. The maximum LTV ratio is required to be approved by the Board.

Mortgage loans

Residential mortgage exposures are generally fully secured by residential properties. The collaterals are classified into three categories by its location. The Company has set up standard LTV ratio and lending limits according to loan purpose, collaterals' type and location and borrower's payment capability, under the rulings of Central Bank of the Republic of China (Taiwan).

Auto loans

The collaterals are classified into two categories according to the vehicle's condition (brand-new or used). The Company has set up standard LTV ratio and lending limits according to loan purpose, borrower's payment capability and borrower's credit ratings within the Company.

The Company follows the Basel and local regulators' rules for eligible collateral and guarantees recognition.

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c. Maximum exposure to credit risk – gross carrying amount of financial instruments subject to ECL as at 31 December 2023 and 2022.

(a) Bills discounted and loans (Note)

31 December 2023	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Differences provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans	Total
Gross carrying amount analysed by internal ratings					
Internal ratings-Satisfactory	$ 411,070,552	$ -	$ -	$ -	$ 411,070,552
Internal ratings-Marginal	46,570,089	-	-	-	46,570,089
Internal ratings-Special mention	2,558,966	2,858,397	-	-	5,417,363
Internal ratings-Non-performing assets	-	-	10,411,695	-	10,411,695
Gross carrying amount	460,199,607	2,858,397	10,411,695	-	473,469,699
Allowance for credit losses	(1,901,707)	(141,409)	(2,648,097)	-	(4,691,213)
Differences provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans	-	-	-	(2,773,564)	(2,773,564)
Total	$ 458,297,900	$ 2,716,988	$ 7,763,598	$ (2,773,564)	$ 466,004,922

Note: The above amounts included interest receivable and short-term advance of $1,025,431 thousand, and the related allowance for credit losses of $30,009 thousand.

(a) Bills discounted and loans (Note)

31 December 2022	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Differences provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans	Total
Gross carrying amount analysed by internal ratings					
Internal ratings-Satisfactory	$ 197,019,947	$ -	$ -	$ -	$ 197,019,947
Internal ratings-Marginal	65,962,440	1,398,704	-	-	67,361,144
Internal ratings-Special mention	3,075,436	1,925,738	-	-	5,001,174
Internal ratings-Non-performing assets	-	-	5,196,970	-	5,196,970
Gross carrying amount	266,057,823	3,324,442	5,196,970	-	274,579,235
Allowance for credit losses	(449,755)	(80,582)	(1,140,216)	-	(1,670,553)
Differences provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans	-	-	-	(2,191,727)	(2,191,727)
Total	$ 265,608,068	$ 3,243,860	$ 4,056,754	$ (2,191,727)	$ 270,716,955

Note: The above amounts included interest receivable and short-term advance of $538,015 thousand, and the related allowance for credit losses of $11,497 thousand.

(b) Receivables and other financial assets (Note)

31 December 2023	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Differences provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans	Total
Gross carrying amount analysed by internal ratings					
Internal ratings-Satisfactory	$ 46,156,167	$ -	$ -	$ -	$ 46,156,167
Internal ratings-Marginal	3,840,915	483,687	-	-	4,324,602
Internal ratings-Special mention	1,472	-	-	-	1,472
Internal ratings-Non-performing assets	-	-	1,715,612	-	1,715,612
Gross carrying amount	49,998,554	483,687	1,715,612	-	52,197,853
Allowance for credit losses and accumulated impairment	(191,707)	(7,017)	(718,656)	-	(917,380)
Differences provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans	-	-	-	(90,862)	(90,862)
Total	$ 49,806,847	$ 476,670	$ 996,956	$ (90,862)	$ 51,189,611

Note: The above amounts included factoring receivable, acceptances receivable, credit card receivable, overdue receivable and other miscellaneous financial assets.

(b) Receivables and other financial assets (Note)

31 December 2022	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Differences provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans	Total
Gross carrying amount analysed by internal ratings					
Internal ratings-Satisfactory	$ 13,897,132	$ -	$ -	$ -	$ 13,897,132
Internal ratings-Marginal	4,425,990	4,701	-	-	4,430,691
Internal ratings-Non-performing assets	-	-	468,040	-	468,040
Gross carrying amount	18,323,122	4,701	468,040	-	18,795,863
Allowance for credit losses	(44,920)	(64)	(241,327)	-	(286,311)
Differences provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans	-	-	-	(127,177)	(127,177)
Total	$ 18,278,202	$ 4,637	$ 226,713	$ (127,177)	$ 18,382,375

Note: The above amounts included factoring receivable, acceptances receivable, credit card receivable, overdue receivable and clean bills purchased.

(c) Due from banks, due from Central Bank and call loans to other banks

As of 31 December 2023 and 2022, the gross carrying amount for above-mentioned assets was $195,594,541 thousand and $104,759,093 thousand (included interest receivable of $599,584 thousand and $56,133 thousand). These assets were classified as Stage 1, with internal rating as Satisfactory and with allowance for credit losses amounting to $(2,409) thousand and $(2,068) thousand, totaling $195,592,132 thousand and $104,757,025 thousand, respectively.

(d) Financial assets at fair value through other comprehensive income – debt instruments (Note)

31 December 2023	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Gross carrying amount analysed by internal ratings				
Internal ratings-Satisfactory	$ 87,292,361	$ -	$ -	$ 87,292,361
Internal ratings-Marginal	-	302,213	-	302,213
Gross carrying amount	87,292,361	302,213	-	87,594,574
Valuation adjustment	5,588	(369)	-	5,219
Accumulated impairment	(10,587)	(1,302)	-	(11,889)
Total	$ 87,287,362	$ 300,542	$ -	$ 87,587,904

Note: The above amounts included interest receivable of $439,856 thousand.

(d) Financial assets at fair value through other comprehensive income–debt instruments (Note)

31 December 2022	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Gross carrying amount analysed by internal ratings				
Internal ratings-Satisfactory	$ 74,786,019	$ -	$ -	$ 74,786,019
Gross carrying amount	74,786,019	-	-	74,786,019
Valuation adjustment	(20,756)	-	-	(20,756)
Accumulated impairment	(2,499)	-	-	(2,499)
Total	$ 74,762,764	$ -	$ -	$ 74,762,764

Note: The above amounts included interest receivable of $293,484 thousand.

(e) Investments in debt instruments at amortised cost

As of 31 December 2023 and 2022, the gross carrying amount for above-mentioned assets were $0 thousand and $1,186,309 thousand (included interest receivable of $0 thousand and $6,829 thousand). These assets were classified as Stage 1, with internal rating as Satisfactory and with accumulated impairment amounting to $0 thousand and $(75) thousand, totaling $0 thousand and $1,186,234 thousand, respectively.

(f) Off-balance sheet items (Note)

31 December 2023	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Differences provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans	Total
Gross carrying amount analysed by internal ratings					
Internal ratings-Satisfactory	$ 25,070,841	$ -	$ -	$ -	$ 25,070,841
Internal ratings-Marginal	40,243,181	966,988	-	-	41,210,169
Internal ratings-Special mention	1,178,200	125,321	-	-	1,303,521
Internal ratings-Non-performing assets	-	-	140,923	-	140,923
Gross carrying amount	66,492,222	1,092,309	140,923	-	67,725,454
Impairment allowance	(82,514)	(2,730)	(14,092)	-	(99,336)
Differences provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans	-	-	-	(411,576)	(411,576)
Total	$ 66,409,708	$ 1,089,579	$ 126,831	$ (411,576)	$ 67,214,542

Note: The above amounts included non-cancellable loan commitments, undrawn credit commitments for credit cards, undrawn letters of credit issued and guarantees.

(f) Off-balance sheet items (Note)

31 December 2022	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Differences provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans	Total
Gross carrying amount analysed by internal ratings					
Internal ratings-Satisfactory	$ 27,233,385	$ -	$ -	$ -	$ 27,233,385
Internal ratings-Marginal	18,078,965	490,341	-	-	18,569,306
Internal ratings-Special mention	1,570,704	821,863	-	-	2,392,567
Internal ratings-Non-performing assets	-	-	296,930	-	296,930
Gross carrying amount	46,883,054	1,312,204	296,930	-	48,492,188
Impairment allowance	(39,798)	(1,514)	(31,429)	-	(72,741)
Differences provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans	-	-	-	(256,893)	(256,893)
Total	$ 46,843,256	$ 1,310,690	$ 265,501	$ (256,893)	$ 48,162,554

Note: The above amounts included non-cancellable loan commitments, undrawn credit commitments for credit cards, undrawn letters of credit issued and guarantees.

d. Changes in allowance for credit losses and accumulated impairment:

(a) Bills discounted and loans

The following table explains the changes in the allowance for credit losses between the beginning and the end of the period attributable to these factors:

For the year ended 31 December 2023	12-month ECL (Stage 1)(a)	Lifetime ECL (Stage 2)(b)	Lifetime ECL (credit-impaired financial assets that were not purchased or originated) (Stage 3)(c)	Impairment recognised in accordance with IFRS 9 (d)=(a)+(b)+(c)	Differences provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans(e)	Total (f)=(d)+(e)
The beginning balances	$ 449,755	$ 80,582	$ 1,140,216	$ 1,670,553	$ 2,191,727	$ 3,862,280
Acquired in a business combination	1,567,332	10,704	1,627,721	3,205,757	395,005	3,600,762
Changes from financial instruments recognised at the beginning:						
Transferred to lifetime ECL	(3,577)	45,289	(639)	41,073	-	41,073
Transferred to credit-impaired financial assets	(7,837)	(4,769)	363,230	350,624	-	350,624
Transferred to 12-month ECL	599	(1,618)	(16,974)	(17,993)	-	(17,993)
Financial assets derecognised during the period	(188,482)	(29,056)	(258,059)	(475,597)	-	(475,597)
New financial assets originated or purchased	81,517	40,277	1,052,440	1,174,234	-	1,174,234
Differences provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans	-	-	-	-	186,832	186,832
Write-offs	-	-	(1,268,545)	(1,268,545)	-	(1,268,545)
Exchange and other movement	2,400	-	8,707	11,107	-	11,107
The ending balances	$ 1,901,707	$ 141,409	$ 2,648,097	$ 4,691,213	$ 2,773,564	$ 7,464,777

The following table explains the changes in gross carrying amount for the same portfolio as discussed above to help explain their significance to the changes in the allowance for credit losses:

Bills discounted and loans	12-month ECL (Stage 1)	Lifetime ECL (Stage 2)	Lifetime ECL (credit-impaired financial assets that were not purchased or originated) (Stage 3)	Total
The beginning balances	$ 266,057,823	$ 3,324,442	$ 5,196,970	$ 274,579,235
Acquired in a business combination	192,382,964	290,203	6,088,598	198,761,765
Changes from financial instruments recognised at the beginning:				
Transferred to lifetime ECL	(1,564,273)	1,578,594	(2,755)	11,566
Transferred to credit-impaired financial assets	(915,716)	(161,523)	999,756	(77,483)
Transferred to 12-month ECL	2,078,628	(1,471,642)	(139,200)	467,786
Financial assets derecognised during the period	(70,393,632)	(861,069)	(872,642)	(72,127,343)
New financial assets originated or purchased	72,603,611	159,392	409,613	73,172,616
Write-offs	-	-	(1,268,545)	(1,268,545)
Exchange and other movement	(49,798)	-	(100)	(49,898)
The ending balances	$ 460,199,607	$ 2,858,397	$ 10,411,695	$ 473,469,699

Note: The above amounts included interest receivable and short-term advance of $1,025,431 thousand, and the related allowance for credit losses of $30,009 thousand.

(a) Bills discounted and loans

The following table explains the changes in the allowance for credit losses between the beginning and the end of the period attributable to these factors:

For the year ended 31 December 2022	12-month ECL (Stage 1)(a)	Lifetime ECL (Stage 2)(b)	Lifetime ECL (credit-impaired financial assets that were not purchased or originated) (Stage 3)(c)	Impairment recognised in accordance with IFRS 9 (d)=(a)+(b)+(c)	Differences provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans(e)	Total (f)=(d)+(e)
The beginning balances	$ 455,115	$ 91,649	$ 865,809	$ 1,412,573	$ 2,210,681	$ 3,623,254
Changes from financial instruments recognised at the beginning:						
Transferred to lifetime ECL	(1,648)	12,054	(95)	10,311	-	10,311
Transferred to credit-impaired financial assets	(11,033)	(3,537)	569,569	554,999	-	554,999
Transferred to 12-month ECL	404	(4,705)	-	(4,301)	-	(4,301)
Financial assets derecognised during the period	(192,965)	(19,673)	(125,541)	(338,179)	-	(338,179)
New financial assets originated or purchased	196,251	4,659	281,542	482,452	-	482,452
Differences provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans	-	-	-	-	(18,954)	(18,954)
Write-offs	-	-	(459,418)	(459,418)	-	(459,418)
Exchange and other movement	3,631	135	8,350	12,116	-	12,116
The ending balances	$ 449,755	$ 80,582	$ 1,140,216	$ 1,670,553	$ 2,191,727	$ 3,862,280

The following table explains the changes in gross carrying amount for the same portfolio as discussed above to help explain their significance to the changes in the allowance for credit losses:

Bills discounted and loans	12-month ECL (Stage 1)	Lifetime ECL (Stage 2)	Lifetime ECL (credit-impaired financial assets that were not purchased or originated) (Stage 3)	Total
The beginning balances	$ 268,507,620	$ 1,792,290	$ 3,981,395	$ 274,281,305
Changes from financial instruments recognised at the beginning:				
Transferred to lifetime ECL	(1,209,338)	1,982,490	(210)	772,942
Transferred to credit-impaired financial assets	(1,967,161)	(88,886)	2,209,898	153,851
Transferred to 12-month ECL	133,103	(157,304)	(10,103)	(34,304)
Financial assets derecognised during the period	(79,077,011)	(274,131)	(697,196)	(80,048,338)
New financial assets originated or purchased	76,389,082	57,205	163,308	76,609,595
Write-offs	-	-	(459,418)	(459,418)
Exchange and other movement	3,281,528	12,778	9,296	3,303,602
The ending balances	$ 266,057,823	$ 3,324,442	$ 5,196,970	$ 274,579,235

Note: The above amounts included interest receivable and short-term advance of $538,015 thousand, and the related allowance for credit losses of $11,497 thousand.

(b) Receivables and other financial assets

The following table explains the changes in the allowance of credit losses and accumulated impairment between the beginning and the end of the period attributable to these factors:

For the year ended 31 December 2023	12-month ECL (Stage 1)(a)	Lifetime ECL (Stage 2)(b)	Lifetime ECL (credit-impaired financial assets that were not purchased or originated) (Stage 3)(c)	Impairment recognised in accordance with IFRS 9 (d)=(a)+(b)+(c)	Differences provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans(e)	Total (f)=(d)+(e)
The beginning balances	$ 44,920	$ 64	$ 241,327	$ 286,311	$ 127,177	$ 413,488
Acquired in a business combination	159,549	3,205	610,482	773,236	-	773,236
Changes from financial instruments recognised at the beginning:						
Financial assets derecognised during the period	(41,884)	(64)	(45,336)	(87,284)	-	(87,284)
New financial assets originated or purchased	29,122	3,812	429,597	462,531	-	462,531
Differences provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans	-	-	-	-	(36,315)	(36,315)
Write-offs	-	-	(517,414)	(517,414)	-	(517,414)
The ending balances	$ 191,707	$ 7,017	$ 718,656	$ 917,380	$ 90,862	$ 1,008,242

The following table explains the changes in gross carrying amount for the same portfolio as discussed above to help explain their significance to the changes in the allowance for credit losses and accumulated impairment:

Receivables and other financial assets	12-month ECL (Stage 1)	Lifetime ECL (individual assessment) (Stage 2)	Lifetime ECL (credit-impaired financial assets that were not purchased or originated) (Stage 3)	Total
The beginning balances	$ 18,323,122	$ 4,701	$ 468,040	$ 18,795,863
Acquired in a business combination	33,509,700	142,215	1,584,017	35,235,932
Changes from financial instruments recognised at the beginning:				
Financial assets derecognised during the period	(15,151,985)	(4,701)	(272,049)	(15,428,735)
New financial assets originated or purchased	13,317,717	341,472	453,018	14,112,207
Write-offs	-	-	(517,414)	(517,414)
The ending balances	$ 49,998,554	$ 483,687	$ 1,715,612	$ 52,197,853

Note: The amount of allowance for credit losses related to interest receivable and short-term advance is $30,009 thousand. Please refer to Note 12(3)B(I)d(a).

(b) Receivables and other financial assets

The following table explains the changes in the allowance of credit losses between the beginning and the end of the period attributable to these factors:

For the year ended 31 December 2022	12-month ECL (Stage 1)(a)	Lifetime ECL (Stage 2)(b)	Lifetime ECL (credit-impaired financial assets that were not purchased or originated) (Stage 3)(c)	Impairment recognised in accordance with IFRS 9 (d)=(a)+(b)+(c)	Differences provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans(e)	Total (f)=(d)+(e)
The beginning balances	$ 46,583	$ 412	$ 72,106	$ 119,101	$ 464,500	$ 583,601
Changes from financial instruments recognised at the beginning:						
Financial assets derecognised during the period	(43,660)	(412)	(38,108)	(82,180)	-	(82,180)
New financial assets originated or purchased	41,997	64	325,525	367,586	-	367,586
Differences provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans	-	-	-	-	(337,323)	(337,323)
Write-offs	-	-	(118,196)	(118,196)	-	(118,196)
The ending balances	$ 44,920	$ 64	$ 241,327	$ 286,311	$ 127,177	$ 413,488

The following table explains the changes in gross carrying amount for the same portfolio as discussed above to help explain their significance to the changes in the allowance for credit losses:

Receivables and other financial assets	12-month ECL (Stage 1)	Lifetime ECL (individual assessment) (Stage 2)	Lifetime ECL (credit-impaired financial assets that were not purchased or originated) (Stage 3)	Total
The beginning balances	$ 29,552,524	$ 26,357	$ 532,699	$ 30,111,580
Changes from financial instruments recognised at the beginning:				
Financial assets derecognised during the period	(23,896,434)	(26,357)	(338,501)	(24,261,292)
New financial assets originated or purchased	12,667,032	4,701	392,038	13,063,771
Write-offs	-	-	(118,196)	(118,196)
The ending balances	$ 18,323,122	$ 4,701	$ 468,040	$ 18,795,863

Note: The amount of allowance for credit losses related to interest receivable and short-term advance is $11,497 thousand. Please refer to Note 12(3)B(I)d(a).

(c) Due from banks, due from Central Bank and call loans to other banks

For the years ended 31 December 2023 and 2022, the beginning balances of the allowance for credit losses of due from banks, due from Central Bank and call loans to other banks and refundable deposits classified in Stage 1 under IFRS 9 were $2,068 thousand and $1,559 thousand, respectively; the ending balances were $2,409 thousand and $2,068 thousand, respectively. The movements of allowance for credit losses during the period attributed to changes in financial assets derecognised were $(2,068) thousand and $(1,559) thousand, respectively; changes in new financial assets purchased or originated were $2,409 thousand and $2,068 thousand, respectively.

The total gross carrying amounts for the same portfolio as discussed above as at 1 January 2023 and 2022 were $104,759,093 thousand and $52,711,111 thousand, respectively. The movements of gross carrying amount during the period of years ended 31 December 2023 and 2022 attributed to change in financial assets derecognised were $(104,759,093) thousand and $(52,711,111) thousand, respectively; change in purchased or originated financial assets were $195,594,541 thousand and $104,759,093 thousand, respectively. The total gross carrying amounts for the same portfolio as discussed above as at 31 December 2023 and 2022 were $195,594,541 thousand and $104,759,093 thousand, respectively.

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(d) Financial assets at fair value through other comprehensive income − debt instruments

The following table explains the changes in the allowance of credit losses between the beginning and the end of the period attributable to these factors:

For the year ended 31 December 2023	12-month ECL (Stage 1)(a)	Lifetime ECL (Stage 2)(b)	Lifetime ECL (credit-impaired financial assets that were not purchased or originated) (Stage 3)(c)	Impairment recognised in accordance with IFRS 9 (d)=(a)+(b)+(c)
The beginning balances	$ 2,499	$ -	$ -	$ 2,499
Changes from financial instruments recognised at the beginning:				
Financial assets derecognised during the period	(11,711)	-	-	(11,711)
New financial assets originated or purchased	19,799	1,302	-	21,101
The ending balances	$ 10,587	$ 1,302	$ -	$ 11,889

The following table explains the changes in gross carrying amount for the same portfolio as discussed above to help explain their significance to the changes in the allowance for credit losses:

Financial assets at fair value through other comprehensive income–debt instruments	12-month ECL (Stage 1)	Lifetime ECL (Stage 2)	Lifetime ECL (credit-impaired financial or originated) (Stage 3)	Total
The beginning balances	$ 74,765,263	$ -	$ -	$ 74,765,263
Changes from financial instruments recognised at the beginning:				
Financial assets derecognised during the period	(63,224,167)	-	-	(63,224,167)
New financial assets originated or purchased	75,756,853	301,844	-	76,058,697
The ending balances	$ 87,297,949	$ 301,844	$ -	$ 87,599,793

Note: The above amounts included interest receivable of $439,856 thousand.

(d) Financial assets at fair value through other comprehensive income－debt instruments

The following table explains the changes in the allowance of credit losses between the beginning and the end of the period attributable to these factors:

For the year ended 31 December 2022	12-month ECL (Stage 1)(a)	Lifetime ECL (Stage 2)(b)	Lifetime ECL (credit-impaired financial assets that were not purchased or originated) (Stage 3)(c)	Impairment recognised in accordance with IFRS 9 (d)=(a)+(b)+(c)
The beginning balances	$ 1,257	$ -	$ -	$ 1,257
Changes from financial instruments recognised at the beginning:				
Financial assets derecognised during the period	(928)	-	-	(928)
New financial assets originated or purchased	2,170	-	-	2,170
The ending balances	$ 2,499	$ -	$ -	$ 2,499

The following table explains the changes in gross carrying amount for the same portfolio as discussed above to help explain their significance to the changes in the allowance for credit losses:

Financial assets at fair value through other comprehensive income–debt instruments	12-month ECL (Stage 1)	Lifetime ECL (Stage 2)	Lifetime ECL (credit-impaired financial or originated) (Stage 3)	Total
The beginning balances	$ 55,737,764	$ -	$ -	$ 55,737,764
Changes from financial instruments recognised at the beginning:				
Financial assets derecognised during the period	(40,849,292)	-	-	(40,849,292)
New financial assets originated or purchased	59,876,791	-	-	59,876,791
The ending balances	$ 74,765,263	$ -	$ -	$ 74,765,263

Note: The above amounts included interest receivable of $293,484 thousand.

(e) Investments in debt instruments at amortised cost

For the years ended 31 December 2023 and 2022, the beginning balance of the accumulated impairment of investments in debt instruments at amortised cost classified in Stage 1 under IFRS 9 were $75 thousand and $70 thousand, respectively; the ending balance were $0 thousand and $75 thousand, respectively. The movements of accumulated impairment during the period attributed to changes in financial assets derecognised were $(75) thousand and $0 thousand, respectively; changes in exchange and other movement were $0 thousand and $5 thousand, respectively.

The total gross carrying amount for the same portfolio as discussed above as at 1 January 2023 and 2022 were $1,186,309 thousand and $1,175,245 thousand, respectively. The movements of gross carrying amount during the period of years ended 31 December 2023 and 2022 attributed to change in financial assets derecognised were $(1,186,309) thousand and $0 thousand, respectively; change in purchased or originated financial assets were $0 thousand and $11,064 thousand, respectively. The total gross carrying amount for the same portfolio as discussed above as at 31 December 2023 and 2022 were $0 thousand and $1,186,309 thousand, respectively.

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(f) Guarantee liability reserve and loan commitment reserve (financing commitment reserve and other reserve)

The following table explains the changes in the provisions between the beginning and the end of the period attributable to these factors:

For the year ended 31 December 2023	12-month ECL (Stage 1)(a)	Lifetime ECL (Stage 2)(b)	Lifetime ECL (credit-impaired financial assets that were not purchased or originated) (Stage 3)(c)	Impairment recognised in accordance with IFRS 9 (d)=(a)+(b)+(c)	Differences provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans(e)	Total (f)=(d)+(e)
The beginning balances	$ 39,798	$ 1,514	$ 31,429	$ 72,741	$ 256,893	$ 329,634
Acquired in a business combination	64,899	-	-	64,899	-	64,899
Changes from financial instruments recognised at the beginning:						
Transferred to lifetime ECL	(484)	2,638	-	2,154	-	2,154
Transferred to 12-month ECL	224	(611)	-	(387)	-	(387)
Financial assets derecognised during the period	(23,206)	(900)	(17,337)	(41,443)	-	(41,443)
New financial assets originated or purchased	1,283	89	-	1,372	-	1,372
Differences provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans	-	-	-	-	154,683	154,683
The ending balances	$ 82,514	$ 2,730	$ 14,092	$ 99,336	$ 411,576	$ 510,912

The following table explains the changes in gross carrying amount for the same portfolio as discussed above to help explain their significance to the changes in the provisions:

	12-month ECL (Stage 1)	Lifetime ECL (Stage 2)	Lifetime ECL (credit-impaired financial assets that were not purchased or originated) (Stage 3)	Total
The beginning balances	$ 46,883,054	$ 1,312,204	$ 296,930	$ 48,492,188
Acquired in a business combination	16,152,465	-	-	16,152,465
Changes from financial instruments recognised at the beginning:				
Transferred to lifetime ECL	(832,809)	707,209	-	(125,600)
Transferred to 12-month ECL	493,841	(494,400)	-	(559)
Financial assets derecognised during the period	(17,546,688)	(501,619)	(156,007)	(18,204,314)
New financial assets originated or purchased	21,342,359	68,915	-	21,411,274
The ending balances	$ 66,492,222	$ 1,092,309	$ 140,923	$ 67,725,454

(f) Guarantee liability reserve and loan commitment reserve (financing commitment reserve and other reserve)

The following table explains the changes in the provisions between the beginning and the end of the period attributable to these factors:

For the year ended 31 December 2022	12-month ECL (Stage 1)(a)	Lifetime ECL (Stage 2)(b)	Lifetime ECL (credit-impaired financial assets that were not purchased or originated) (Stage 3)(c)	Impairment recognised in accordance with IFRS 9 (d)=(a)+(b)+(c)	Differences provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans(e)	Total (f)=(d)+(e)
The beginning balances	$ 33,253	$ 1,171	$ -	$ 34,424	$ 294,712	$ 329,136
Changes from financial instruments recognised at the beginning:						
Transferred to lifetime ECL	(1,743)	738	31,429	30,424	-	30,424
Transferred to 12-month ECL	520	(429)	-	91	-	91
Financial assets derecognised during the period	(16,459)	(151)	-	(16,610)	-	(16,610)
New financial assets originated or purchased	24,227	185	-	24,412	-	24,412
Differences provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans	-	-	-	-	(37,819)	(37,819)
The ending balances	$ 39,798	$ 1,514	$ 31,429	$ 72,741	$ 256,893	$ 329,634

The following table explains the changes in gross carrying amount for the same portfolio as discussed above to help explain their significance to the changes in the provisions:

	12-month ECL (Stage 1)	Lifetime ECL (Stage 2)	Lifetime ECL (credit-impaired financial assets that were not purchased or originated) (Stage 3)	Total
The beginning balances	$ 52,854,815	$ 1,037,945	$ -	$ 53,892,760
Changes from financial instruments recognised at the beginning:				
Transferred to lifetime ECL	(2,200,030)	817,589	296,930	(1,085,511)
Transferred to 12-month ECL	379,137	(341,467)	-	37,670
Financial assets derecognised during the period	(28,753,711)	(255,051)	-	(29,008,762)
New financial assets originated or purchased	24,602,843	53,188	-	24,656,031
The ending balances	$ 46,883,054	$ 1,312,204	$ 296,930	$ 48,492,188

(J) Disclosure requirements in the Regulations Governing the Preparation of Financial Reports by Public Banks:

a. Asset quality non-performing loans and overdue receivables

Month / Year			31 December 2023				
Business / Items			Amount of non-performing loans (Note 1)	Gross loans	Non-performing loan ratio (%) (Note 2)	Allowance for credit losses	Coverage ratio (%) (Note 3)
Institutional banking	Secured loans		$ 679,393	$ 27,508,892	2.47%	$ 285,972	42.09%
	Unsecured loans		38,679	90,169,665	0.04%	1,576,728	4076.44%
Consumer banking	Residential mortgage loans (Note 4)		223,062	204,263,434	0.11%	3,095,106	1387.55%
	Cash card services		12	69,679	0.02%	760	6333.33%
	Micro credit loans (Note 5)		315,870	55,694,812	0.57%	1,018,324	322.39%
	Other (Note 6)	Secured loans	211,508	88,914,232	0.24%	905,771	428.24%
		Unsecured loans	197,734	5,823,554	3.40%	552,107	279.22%
Gross loan business			$ 1,666,258	$ 472,444,268	0.35%	$ 7,434,768	446.20%
			Amount of overdue accounts	Balance of accounts receivable	Overdue account ratio (%)	Allowance for credit losses	Coverage ratio
Credit card business			$ 425,264	$ 42,400,075	1.00%	$ 909,575	213.88%
Factoring without recourse (Note 7)			-	7,866,836	0.00%	93,945	0.00%

Month / Year			31 December 2022				
Business / Items			Amount of non-performing loans (Note 1)	Gross loans	Non-performing loan ratio (%) (Note 2)	Allowance for credit losses	Coverage ratio (%) (Note 3)
Institutional banking	Secured loans		$ 820,835	$ 36,365,615	2.26%	$ 418,491	50.98%
	Unsecured loans		57,463	78,518,566	0.07%	1,305,976	2272.73%
Consumer banking	Residential mortgage loans (Note 4)		142,741	86,613,020	0.16%	1,326,478	929.29%
	Cash card services		-	77,586	0.00%	805	0.00%
	Micro credit loans (Note 5)		44,474	17,054,290	0.26%	181,955	409.13%
	Other (Note 6)	Secured loans	96,168	53,991,290	0.18%	559,217	581.50%
		Unsecured loans	29,681	1,420,853	2.09%	57,861	194.94%
Gross loan business			$ 1,191,362	$ 274,041,220	0.43%	$ 3,850,783	323.23%
			Amount of overdue accounts	Balance of accounts receivable	Overdue account ratio (%)	Allowance for credit losses	Coverage ratio
Credit card business			$ 30,608	$ 7,651,072	0.40%	$ 114,528	374.18%
Factoring without recourse (Note 7)			160,668	10,386,882	1.55%	291,511	181.44%

Note 1: The amount recognised as non-performing loans was in compliance with the "Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans". The amount included in overdue accounts for credit cards is in compliance with the Explanatory Letter Jin-Guan-Yin (4) No. 0944000378 dated 6 January 2005.

Note 2: Non-performing loan ratio=non-performing loans/gross loans. Overdue account ratio for credit cards=overdue accounts/balance of accounts receivable.

Note 3: Coverage ratio for loans=allowance for credit losses of loans/non-performing loans. Coverage ratio for accounts receivable of credit cards=allowance for credit losses for accounts receivable of credit cards/overdue accounts.

Note 4: For residential mortgage loans, the borrower provides his/her (or spouses) house as collateral in full and mortgages it to the financial institution for the purpose of obtaining funds to purchase or add improvements to a house.

Note 5: Micro credit loans referred to those fit the norms of the Explanatory Letter Jin-Guan-Yin (4) No. 09440010950 dated 19 December 2005, excluding credit card and cash card services.

Note 6: Other consumer finance referred as secured or unsecured consumer loans other than residential mortgage loan, cash card services and micro credit loans, and excluding credit card services.

Note 7: Pursuant to the Explanatory Letter Jin-Guan-Yin-Wai No. 09850003180 dated 24 August 2009, the amount of factoring without recourse is recognised as overdue accounts within three months after the factor or insurance company resolves not to compensate the loss.

b. Non-performing loans and overdue receivables exempted from reporting to the competent authority are as follows:

	31 December 2023	
	Total amount of non-performing loans exempted from reporting to competent authority	Total amount of overdue receivables exempted from reporting to competent authority
Restructured loans in accordance with debt restructuring negotiation exempt from reporting to the competent authority (Note 1)	$ 8,848	$ 10,162
Restructured loans in accordance with consumer act and rehabilitation program (Note 2)	5,004,133	1,023,602
Total	$ 5,012,981	$ 1,033,764

	31 December 2022	
	Total amount of non-performing loans exempted from reporting to competent authority	Total amount of overdue receivables exempted from reporting to competent authority
Restructured loans in accordance with debt restructuring negotiation exempt from reporting to the competent authority (Note 1)	$ 15,307	$ 16,482
Restructured loans in accordance with consumer act and rehabilitation program (Note 2)	1,148,363	173,599
Total	$ 1,163,670	$ 190,081

Note 1: Additional disclosure requirement pertaining to the way and information disclosure of the total amount of non-performing loan is in accordance with the Explanatory Letter Jin-Guan-Yin (1) No. 09510001270 dated 25 April 2006.

Note 2: Additional disclosure requirement pertaining to the way and information disclosure of loan in the process of debt liquidation and restructuring program is in accordance with the Explanatory Letter Jin-Guan-Yin (1) No. 09700318940 dated 15 September 2008 and Jin-Guan-Yin-Fa No. 10500134790 dated 20 September 2016.

c. Outstanding loan amounts of significant credit risk concentration are as follows:

31 December 2023			
Rank (Note 1)	Industry Classification of Group /Enterprise (Note 2)	Total exposure (Note 3)	% of equity for the period
1	Group A – Real Estate	$ 5,894,415	6.62%
2	Company B – Real Estate	4,567,000	5.13%
3	Company C – Real Estate	4,400,000	4.94%
4	Company D – Finance Service	3,896,036	4.38%
5	Group E – Finance Service	3,682,284	4.14%
6	Group F – Real Estate	3,612,116	4.06%
7	Group G – Retail Trade	3,357,335	3.77%
8	Group H – Service	3,320,723	3.73%
9	Group I – Real Estate	3,182,422	3.58%
10	Company J – Real Estate	3,094,400	3.48%

31 December 2022			
Rank (Note 1)	Industry Classification of Group /Enterprise (Note 2)	Total exposure (Note 3)	% of equity for the period
1	Group A – Manufacture of Computers, Electronic and Optical Products	$ 6,847,972	18.82%
2	Group B – Real Estate	5,724,084	15.73%
3	Company C – Real Estate	4,150,000	11.40%
4	Group D – Wholesale Trade	4,078,934	11.21%
5	Company E – Finance Service	3,996,036	10.98%
6	Company F – Real Estate	3,650,000	10.03%
7	Group G – Real Estate	3,268,712	8.98%
8	Group H – Finance Service	3,196,328	8.78%
9	Company I – Real Estate	3,092,900	8.50%
10	Group J – Electricity and Gas Supply	2,562,550	7.04%

Note 1: Ranking the top ten enterprise groups other than government and government sponsored enterprises according to their total amounts of outstanding loans. Industry type should be filled in accordance with "Standard Industrial Classification System" of Directorate-General of Budget, Accounting and Statistics.

Note 2: Groups are those who met the definition of Article 6 of "Supplementary Provisions to the Taiwan Stock Exchange Corporation Rules for Review of Securities Listings."

Note 3: Total amounts of credit extensions were various loans (including import bills negotiations, export bills negotiations, bills discounted, overdrafts, short-term loans, short-term loans secured, accounts receivable financing, mid-term loans, mid-term loan secured, long-term loans, long-term loans secured, and overdue loans), Clean bills purchased, factoring without recourse, acceptances receivable, and guarantees.

C. Liquidity risk

(A) Source and definition of liquidity risk

Liquidity risk is the risk induced by a bank not being able to obtain funding with reasonable cost to fulfill its obligation for contracts or liabilities falling due. Liquidity risk may be from withdrawals of deposits, repayments of loans, commitments to extend loans to our customers and other operating activities to induce capital needs. The Company's objective to manage liquidity risk is to ensure it can maintain its ability to obtain external funds in a fixed period of time under normal market pressure and appropriate conditions.

(B) Risk measurement principle

a. Risk preference

Maximum cumulative cash outflow (MCO Measure) is the primary tool the Company uses to manage liquidity risk. Maximum cumulative cash outflow predicts the Company's funding ability in the survival period when cash flow is dry under various circumstances in the future, and so the Company's ability of funding supply to balance it at any time. If the Company's counterbalancing capacity exceeds the liquidity risk exposure of all contracts of the survival period of time as defined, then liquidity is sufficient. However, if the counterbalancing capacity cannot cover requests of liquidity risk exposure, liquidity is insufficient.

b. Risk control

Monitoring major liquidity control measures (ex: loan to deposit ratio, liquidity coverage ratio and concentration measures regarding top depositors) and balance sheet analysis and cash flow maturity mismatch analysis to supplement maximum cumulative cash outflow helps the to understand balance sheet structure and make better decisions.

(C) Liquidity risk management policy

The Board reviews core inputs and also delegates “Market and Liquidity Risk Committee” to review assumption of maximum cumulative cash outflow (except core assumption), including circumstance assumptions, survival period and lowest level of liquidity assets under each condition assumption and limits of risk controls and etc.

The Company always keeps sufficient liquidity cash reserve and hold bonds of highest grade and best liquidity.

(D) Maturity analysis for financial assets and non-derivative financial liabilities

a. Financial assets held for liquidity risk management

In order to fulfill the payment obligation and potential emergent fund demand in the market, as well as manage the liquidity risk at the same time, sound earning assets with high liquidity were held by the Company, including cash and cash equivalents, due from Central Bank and call loans to other banks, financial assets at fair value through profit or loss, bills discounted and loans, financial assets at fair value through other comprehensive income, investments in debt instruments at amortised cost, and other financial assets. The following table illustrates the analysis made on cash inflow of financial assets of the Company.

31 December 2023	0~30 days	31~90 days	91~180 days	181 days~1 year	over 1 year	Total
Cash and cash equivalents	$ 25,268,148	$ -	$ -	$ -	$ -	$ 25,268,148
Due from Central Bank and call loans to other banks	104,093,421	60,473,038	1,666,888	2,631,808	4,252,512	173,117,667
Financial assets at fair value through profit or loss	5,336,781	-	5,042,964	994,807	10,856,907	22,231,459
Financial assets at fair value through other comprehensive income	21,771,003	7,129,115	21,848,315	12,595,533	24,195,521	87,539,487
Receivables	26,164,497	11,950,434	7,831,056	3,218,543	5,578,442	54,742,972
Bills discounted and loans	46,095,739	39,906,744	33,716,547	52,365,881	300,359,357	472,444,268
Other financial assets	-	-	-	-	1,447,612	1,447,612
Total	$ 228,729,589	$ 119,459,331	$ 70,105,770	$ 71,806,572	$ 346,690,351	$ 836,791,613

31 December 2022	0~30 days	31~90 days	91~180 days	181 days~1 year	over 1 year	Total
Cash and cash equivalents	$ 6,919,643	$ -	$ -	$ -	$ -	$ 6,919,643
Due from Central Bank and call loans to other banks	74,233,873	20,559,340	1,104,244	1,518,928	1,420,169	98,836,554
Financial assets at fair value through profit or loss	125,273	200,050	-	-	4,771,517	5,096,840
Financial assets at fair value through other comprehensive income	21,577,979	10,674,912	15,332,736	9,978,093	17,154,600	74,718,320
Investments in debt instruments at amortised cost	-	-	-	1,179,480	-	1,179,480
Receivables	10,322,236	5,861,793	2,317,469	511,258	1,050,029	20,062,785
Bills discounted and loans	26,843,782	36,892,292	24,929,054	30,364,243	155,011,849	274,041,220
Other financial assets	5,967	-	-	-	-	5,967
Total	$ 140,028,753	$ 74,188,387	$ 43,683,503	$ 43,552,002	$ 179,408,164	$ 480,860,809

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b. Maturity analysis on non-derivative financial liabilities

The following table illustrates the analysis made on cash outflow of non-derivative financial liabilities of the Company by the remaining maturity from the balance sheet date to the contract expiration date.

31 December 2023	0-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year	Total
Due to Central Bank and other banks	$ 394,171	$ -	$ -	$ -	$ -	$ 394,171
Payables	5,583,988	1,523,510	2,316,523	117,043	2,117,497	11,658,561
Deposits and remittances	165,564,322	134,162,525	83,664,151	111,670,612	231,316,370	726,377,980
Bank debentures	-	-	-	-	3,069,075	3,069,075
Other financial liabilities	6,290,657	6,036,222	2,256,196	2,330,066	956,760	17,869,901
Lease liabilities	66,597	136,727	225,319	421,937	4,870,667	5,721,247
Total	$ 177,899,735	$ 141,858,984	$ 88,462,189	$ 114,539,658	$ 242,330,369	$ 765,090,935

31 December 2022	0-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year	Total
Due to Central Bank and other banks	$ 3,777,506	$ 2,150,750	$ 2,765,250	$ 1,536,250	$ -	$ 10,229,756
Payables	2,419,045	3,334,258	3,351,771	126,360	507,280	9,738,714
Deposits and remittances	95,842,484	106,008,341	55,655,428	73,497,399	84,689,449	415,693,101
Bank debentures	-	-	-	-	3,072,500	3,072,500
Other financial liabilities	1,075,304	1,593,934	362,367	572,806	401,335	4,005,746
Lease liabilities	29,104	54,178	105,166	228,398	2,173,040	2,589,886
Total	$ 103,143,443	$ 113,141,461	$ 62,239,982	$ 75,961,213	$ 90,843,604	$ 445,329,703

(E) Maturity analysis on derivative financial assets and liabilities

Derivatives of the Company settled on a net basis includes:

a. Foreign exchange derivatives: Non-delivery forwards, foreign exchange options and cross currency swaps;
b. Interest rate derivatives: interest rate swaps settled by net cash flow, interest rate futures and other interest rate contracts; and
c. Commodity and equity derivatives: commodity options, commodity swaps, equity swaps and other future contract.

Derivatives of the Company settled on a gross basis includes:

a. Foreign exchange derivatives: foreign exchange swaps, foreign exchange options and cross currency swaps; and
b. Interest rate derivatives: other interest rate contracts.

The table below shows the remaining periods of derivative financial instruments from balance sheet date to the maturity date. According to the assessment, the maturities on the contract are the most fundamental element to understand all the derivatives on the balance sheet. Amounts shown in the table are based on contractual cash flows; therefore, certain disclosed amounts may not be consistent with the corresponding accounts on the balance sheet. Maturity analysis on derivative financial assets and liabilities are as follows:

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(Expressed in Millions of New Taiwan Dollars)

	31 December 2023					
	0~30 days	31~90 days	91~180 days	181 days~1 year	Over 1 year	Total
Derivative financial assets and liabilities at fair value through profit or loss						
Foreign exchange derivatives						
– Cash outflow	$ (317,015)	$ (272,002)	$ (102,895)	$ (41,166)	$ (57)	$ (733,135)
– Cash inflow	315,083	271,063	103,391	41,112	57	730,706
Interest rate derivatives						
– Cash outflow	(106)	(285)	(283)	(340)	(982)	(1,996)
– Cash inflow	98	206	262	351	1,090	2,007
Subtotal cash outflow	(317,121)	(272,287)	(103,178)	(41,506)	(1,039)	(735,131)
Subtotal cash inflow	315,181	271,269	103,653	41,463	1,147	732,713
Total	$ (1,940)	$ (1,018)	$ 475	$ (43)	$ 108	$ (2,418)

	31 December 2022					
	0~30 days	31~90 days	91~180 days	181 days~1 year	Over 1 year	Total
Derivative financial assets and liabilities at fair value through profit or loss						
Foreign exchange derivatives						
– Cash outflow	$ (195,762)	$ (231,970)	$ (112,228)	$ (61,883)	$ (10,162)	$ (612,005)
– Cash inflow	195,555	232,278	112,838	62,870	10,158	613,699
Interest rate derivatives						
– Cash outflow	(66)	(182)	(225)	(462)	(1,495)	(2,430)
– Cash inflow	72	191	219	442	1,544	2,468
Subtotal cash outflow	(195,828)	(232,152)	(112,453)	(62,345)	(11,657)	(614,435)
Subtotal cash inflow	195,627	232,469	113,057	63,312	11,702	616,167
Total	$ (201)	$ 317	$ 604	$ 967	$ 45	$ 1,732

(F) Maturity analysis for off balance sheet items

The table below shows the maturity analysis of off-balance sheet items. The amount of the guarantee and committed credit lines will be allocated to the earliest period when such obligation can be exercised by customers. Amounts shown in the table are based on contractual cash flows; the disclosed amounts might not coincide with relevant items on balance sheet.

31 December 2023	0-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year	Total
Non-cancellable loan commitments	$ 647,149	$ 1,294,298	$ 1,941,447	$ 6,647,215	$ 21,470	$ 10,551,579
Undrawn credit commitments for credit cards	13,277,951	-	-	-	-	13,277,951
Undrawn letters of credit issued	121,023	228,917	41,996	205,405	21,655	618,996
Guarantees	10,069,791	9,053,073	4,799,335	14,165,925	5,188,804	43,276,928
Total	$ 24,115,914	$ 10,576,288	$ 6,782,778	$ 21,018,545	$ 5,231,929	$ 67,725,454

31 December 2022	0-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year	Total
Non-cancellable loan commitments	$ 427,555	$ 3,420,441	$ 3,847,996	$ 9,891,782	$ -	$ 17,587,774
Undrawn credit commitments for credit cards	1,948,434	-	-	-	-	1,948,434
Undrawn letters of credit issued	172,609	523,808	67,820	-	-	764,237
Guarantees	979,638	6,569,028	2,734,365	9,829,383	8,079,329	28,191,743
Total	$ 3,528,236	$ 10,513,277	$ 6,650,181	$ 19,721,165	$ 8,079,329	$ 48,492,188

(G) Disclosure requirements in the Regulations Governing the Preparation of Financial Reports by Public Banks:

a. Structure analysis of time to maturity (NTD)

(Expressed in thousands of NTD)

31 December 2023

	Total	0 ~ 10 days	11 ~ 30 days	31 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year
Primary funds inflow upon maturity	822,951,669	119,746,579	96,117,027	102,549,251	90,133,003	92,185,928	322,219,881
Primary funds outflow upon maturity	1,027,593,191	93,735,279	102,374,011	241,050,738	138,686,078	165,817,812	285,929,273
Gap	(204,641,522)	26,011,300	(6,256,984)	(138,501,487)	(48,553,075)	(73,631,884)	36,290,608

31 December 2022

	Total	0 ~ 10 days	11 ~ 30 days	31 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year
Primary funds inflow upon maturity	532,384,913	112,035,128	36,729,459	95,618,447	68,735,531	56,666,988	162,599,360
Primary funds outflow upon maturity	673,652,347	65,535,203	71,230,216	173,569,978	114,777,616	118,444,088	130,095,246
Gap	(141,267,434)	46,499,925	(34,500,757)	(77,951,531)	(46,042,085)	(61,777,100)	32,504,114

Note: The amounts listed above represent the funds denominated in NT dollars only.

b. Structure analysis of time to maturity (USD)

(Expressed in thousands of USD)

31 December 2023

	Total	0 ~ 30 days	31 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year
Primary funds inflow upon maturity	19,455,211	8,218,506	8,171,394	2,234,185	652,087	179,039
Primary funds outflow upon maturity	25,284,844	7,709,740	5,273,289	2,930,425	2,510,335	6,861,055
Gap	(5,829,633)	508,766	2,898,105	(696,240)	(1,858,248)	(6,682,016)

31 December 2022

	Total	0 ~ 30 days	31 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year
Primary funds inflow upon maturity	15,078,722	5,276,313	5,583,688	2,522,216	1,420,755	275,750
Primary funds outflow upon maturity	20,261,710	5,067,925	5,174,751	2,813,689	2,354,090	4,851,255
Gap	(5,182,988)	208,388	408,937	(291,473)	(933,335)	(4,575,505)

Note: The amounts listed above represent the funds denominated in US dollars only.

D. Market risk

(A) Source and definition of market risk

Market risk refers to the changes in profit and loss on and off the balance sheet as a result of change in market price, such as interest rate, exchange rate, equity securities, commodity prices, and in correlation and intrinsic volatility among them. Market risk position is categorised into trading book and banking book. Trading book refers to management of positions based on trading spread for profit making, support clients' investment and hedging. It is revaluated daily and allocated market risk capital. Others which are held to maturity and hedged are not included in trading book are in banking book. Trading book of the Company mainly invests in interest rate, exchange rate and derivatives, with no trading position in equity securities and commodity price instruments.

(B) Measurement of market risk in trading book

a. Risk preference limits: Including expected shortfall ("ES") and stress test limit.

b. Risk control limit

(a) Interest rate sensitivity ("PV01"): Changes in profit and loss by one basis point change in interest rates.

(b) FX Delta: Change in profit and loss due to an increase of 100% in foreign exchange rates.

(c) Equity Delta: Change in profit and loss due to an increase of 100% in equity prices.

(d) Credit spread limit: Change in profit and loss by one basis point change in credit spreads.

(e) Commodity Delta: Change in profit and loss due to an increase of 100% in commodity prices.

(f) Jump to Default: Change in profit and loss before and after default. Jump to Default generally is positive and is income after default for buyers. It is compensation for sellers if it is negative.

(g) Grids: Change in profit and loss when exchange rate, interest rate or volatility changes.

c. Spot loss limit: Market risk stop loss limit based on actual loss.

(C) Measurement of market risk in banking book

Interest rate risk in the Company's banking book includes interest rate risk on and off balance sheet. Identification and measurement of interest rate risk in banking book include:

a. Repricing risk: Caused by different maturity (fixed rate) and pricing date (floating rate) of positions on and off balance sheet.

b. Yield curve risk: Change in slope and shape of yield curve.

c. Interest rate basis risk: Due to inconsistent changes in repricing of different products which makes income different from payment of similar pricing periods.

d. Intrinsic option risk: Sourced from options hidden on and off balance sheet, including rights of early withdraw of deposits.

In conclusion, interest rate risk measurement indices are listed below:

Interest rate sensitivity ("PV01") is the measurement tool of risk in price volatility. It can quantitatively analyze interest gap sensitivity of a one basis point change in interest rate. PV01 is used for risk grid measure of the following risk types:

a. Repricing risk: Cumulative PV01 as measurement of parallel moving of yield curve.
b. Yield curve risk: PV01 of difference periods can be used to measure yield curve risk when yield curve moving is not parallel.
c. Interest rate basis risk: PV01 is used when spread between prescribed interest rate of products and market interest rate change.

(D) Market risk management framework and policy

Market risk management policy has been approved by the Board. The policy will be reviewed when the effectiveness and completeness of the policy are affected by new changes or development. All policies are reviewed at least annually. The Board delegates control over limit, monitor, and approval of daily transactions to Market and Liquidity Risk Committee. Changes in various risks and settlement of limit breaking events are required to be reported to the Board.

The objective of Market and Liquidity Risk Committee is to monitor and review market risk management and organization structure, including structure, policies and procedures, personnel, processes, models, information, risk methodology and systems in relation to market risk, to review and assess positions involved in market risk and significant transactions and issues affecting profit and loss. The Committee comprises the general manager and representatives from Risk Management, Treasury & Markets, Treasury & Liquidity Management and Finance.

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(E) Sensitivity analysis

a. Analysis of changes in profit and loss:

(Expressed in millions of NTD)

31 December 2023	USD:NTD=30.69	Effects on Profit and loss	Effects on Equity
Risk Type	Changes		
Interest rate risk	Main interest rates increase by 0.25%	(95.40)	(357.50)
Interest rate risk	Main interest rates decrease by 0.25%	95.40	357.50
Exchange rate risk	USD appreciates by 3% against NTD, JPY, RMB and other currencies	47.00	-
Exchange rate risk	USD depreciates by 3% against NTD, JPY, RMB and other currencies	(47.00)	-

31 December 2022	USD:NTD=30.73	Effects on Profit and loss	Effects on Other comprehensive income
Risk Type	Changes		
Interest rate risk	Main interest rates increase by 0.25%	(21.30)	(102.00)
Interest rate risk	Main interest rates decrease by 0.25%	21.30	102.00
Exchange rate risk	USD appreciates by 3% against NTD, JPY, RMB and other currencies	51.30	-
Exchange rate risk	USD depreciates by 3% against NTD, JPY, RMB and other currencies	(51.30)	-

(F) Information of concentration of exchange rate risk

The table below represents the financial assets and liabilities in foreign currency of the Company as of 31 December 2023 and 2022 by currency and shown in book value.

	31 December 2023				31 December 2022		
Financial assets	In thousands of foreign currency	Exchange rate	Amount (in thousands of NTD)	Financial assets	In thousands of foreign currency	Exchange rate	Amount (in thousands of NTD)
Monetary items				Monetary items			
USD	$ 5,579,031	30.69	$ 171,225,810	USD	$ 3,594,038	30.73	$ 110,427,512
JPY	69,277,892	0.22	15,032,950	EUR	110,586	32.76	3,622,333
EUR	202,804	33.99	6,892,981	CNY	738,949	4.42	3,265,173
CNY	1,019,978	4.32	4,411,220	AUD	129,798	20.87	2,708,689
AUD	103,169	20.96	2,162,597	JPY	9,140,904	0.23	2,130,440
Financial liabilities				Financial liabilities			
Monetary items				Monetary items			
USD	$ 9,218,375	30.69	$ 282,919,849	USD	$ 6,746,960	30.73	$ 207,301,009
EUR	731,178	33.99	24,851,634	AUD	200,489	20.87	4,183,880
JPY	69,440,498	0.22	15,068,265	JPY	16,663,852	0.23	3,883,854
AUD	699,162	20.96	14,655,676	EUR	110,751	32.76	3,627,753
CNY	1,312,273	4.32	5,674,611	CNY	804,537	4.42	3,554,431

Note 1: The above CNY positions include CNH positions.

Note 2: The above foreign currencies (including forward exchange contracts) are the top five in position expressed into the same currency.

(G) Disclosure requirements in the Regulations Governing the Preparation of Financial Reports by Public Banks:

a. Analysis on interest rate sensitive assets and liabilities (NTD)

(Expressed in thousands of NTD, %)

31 December 2023

Items	1 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year	Total
Interest-rate-sensitive assets	$ 447,474,225	$ 29,388,943	$ 20,656,735	$ 86,246,517	$ 583,766,420
Interest-rate-sensitive liabilities	124,638,723	195,496,177	76,201,858	3,996,198	400,332,956
Interest-rate-sensitive gap	322,835,502	(166,107,234)	(55,545,123)	82,250,319	183,433,464
Total equity					89,385,019
Ratio of interest-rate-sensitive assets to liabilities (%)					145.82%
Ratio of interest-rate-sensitive gap to equity (%)					205.22%

31 December 2022

Items	1 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year	Total
Interest-rate-sensitive assets	$ 271,102,231	$ 18,508,985	$ 14,801,165	$ 31,450,871	$ 335,863,252
Interest-rate-sensitive liabilities	160,525,483	22,100,885	32,621,282	729,456	215,977,106
Interest-rate-sensitive gap	110,576,748	(3,591,900)	(17,820,117)	30,721,415	119,886,146
Total equity					36,042,031
Ratio of interest-rate-sensitive assets to liabilities (%)					155.51%
Ratio of interest-rate-sensitive gap to equity (%)					332.63%

Note 1: The amounts listed above represent the items denominated in New Taiwan Dollars (i.e., excluding foreign currency) for all domestic branches, of the Company, excluding contingent assets and contingent liabilities.

Note 2: Interest-rate-sensitive assets and liabilities are those interest earned assets and interest bearing liabilities, revenues and costs which are sensitive to changes in interest rates.

Note 3: Interest-rate-sensitive gap = Interest-rate-sensitive assets - interest-rate-sensitive liabilities

Note 4: Ratio of interest-rate-sensitive assets to liabilities＝Interest-rate-sensitive assets / interest-rate-sensitive liabilities (refer to NTD denominated interest-rate-sensitive assets and interest-rate-sensitive liabilities)

b. Analysis on interest rate sensitive assets and liabilities (USD)

(Expressed in thousands of USD, %)

31 December 2023

Items	1 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year	Total
Interest-rate-sensitive assets	$ 5,024,548	$ 51,282	$ 3,595	$ 50,340	$ 5,129,765
Interest-rate-sensitive liabilities	7,310,021	1,047,769	718,233	40,763	9,116,786
Interest-rate-sensitive gap	(2,285,473)	(996,487)	(714,638)	9,577	(3,987,021)
Total equity					(8,846)
Ratio of interest-rate-sensitive assets to liabilities (%)					56.27%
Ratio of interest-rate-sensitive gap to equity (%)					45071.46%

31 December 2022

Items	1 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year	Total
Interest-rate-sensitive assets	$ 3,056,003	$ 71,249	$ -	$ 1,592	$ 3,128,844
Interest-rate-sensitive liabilities	5,116,901	705,450	603,818	14,526	6,440,695
Interest-rate-sensitive gap	(2,060,898)	(634,201)	(603,818)	(12,934)	(3,311,851)
Total equity					7,141
Ratio of interest-rate-sensitive assets to liabilities (%)					48.58%
Ratio of interest-rate-sensitive gap to equity (%)					(46377.97%)

Note 1: The amounts listed above represent the items denominated in US dollars (i.e., excluding foreign currency) for all domestic branches, of the Company, excluding contingent assets and contingent liabilities.

Note 2: Interest-rate-sensitive assets and liabilities are those interest earned assets and interest bearing liabilities, revenues and costs which are sensitive to changes in interest rates.

Note 3: Interest-rate-sensitive gap = Interest-rate-sensitive assets - interest-rate-sensitive liabilities

Note 4: Ratio of interest-rate-sensitive assets to liabilities＝Interest-rate-sensitive assets / interest-rate-sensitive liabilities (refer to USD denominated interest-rate-sensitive assets and interest-rate-sensitive liabilities)

(4) Transfer of financial assets

The transferred financial assets are not fully derecognised. During the Company's daily operating activities, the transferred financial assets that do not meet derecognition conditions are mainly debt instruments with purchase agreements. Since the cash flow of the contract has been transferred and related liabilities of transferred financial assets that will be repurchased at a fixed price in the future have been reflected, the financial assets were not derecognised.

The Company did not have the financial assets which meet the aforementioned criteria and related financial liabilities at each balance sheet date.

(5) Offsetting financial assets and financial liabilities

There are financial assets and liabilities held by the Company for which net settlement agreements (such as global master repurchase agreement or similar agreements) have been signed with counterparties, but do not meet the accounting standards for reporting on a net basis. Such financial assets and liabilities can be offset for settlement at a net balance if both parties opt for a net settlement. Otherwise, the financial assets and liabilities are settled on a gross basis. Where one party defaults, the counterparty can opt for settlement on a net basis.

The offsetting of financial assets and financial liabilities are set as follows:

(Blank)

(Expressed in thousands of NTD)

31 December 2023						
Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements						
Item	Gross amounts of recognised financial assets (a)	Gross amount set off in the balance sheet (b)	Amounts presented in the balance sheet (c)=(a)-(b)	Amounts not set off in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash collateral received	
Derivatives	$ 8,090,362	$ -	$ 8,090,362	$ 7,113,444	$ -	$ 976,918
Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements						
Item	Gross amounts of recognised financial liabilities (a)	Gross amount set off in the balance sheet (b)	Amounts presented in the balance sheet (c)=(a)-(b)	Amounts not set off in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash collateral pledged	
Derivatives	$ 9,922,020	$ -	$ 9,922,020	$ 7,113,444	$ -	$ 2,808,576

(Expressed in thousands of NTD)

31 December 2022						
Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements						
Item	Gross amounts of recognised financial assets (a)	Gross amount set off in the balance sheet (b)	Amounts presented in the balance sheet (c)=(a)-(b)	Amounts not set off in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash collateral received	
Derivatives	$ 7,592,608	$ -	$ 7,592,608	$ 4,090,552	$ -	$ 3,502,056
Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements						
Item	Gross amounts of recognised financial liabilities (a)	Gross amount set off in the balance sheet (b)	Amounts presented in the balance sheet (c)=(a)-(b)	Amounts not set off in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash collateral pledged	
Derivatives	$ 7,964,540	$ -	$ 7,964,540	$ 4,090,552	$ -	$ 3,873,988

(6) Evaluation and effect of interest rate benchmark reform

The Financial Conduct Authority ("FCA") announced in 2017 that after the end of 2021, several representative banks will no longer be required to provide London Interbank Offered Rate ("LIBOR") quotations, which means the banks have no more quoting obligation and will successively cease to provide LIBOR quotations then. As the result, LIBOR will not be available after the end of 2021. In addition, the ICE Benchmark Administration ("IBA") conducted public consultation on the withdrawal of LIBOR for each currency. Based on the results of the consultation, IBA officially announced on 5 March 2021 that LIBOR settings will cease to be provided by any bank in the case of all sterling, euro, Swiss franc and Japanese yen settings, and the 1-week and 2-month US dollar settings after 31 December 2021; and in the case of overnight, 1-month, 3-month, 6-month and 12-month US dollar settings after 30 June 2023.

In response to the global major interest rate benchmark reform, the Company's cross-functional ad hoc team which was supervised by the Assets and Liabilities Management Committee was established in 2020. The team follows timetable to establish conversion plan and take responsibility for the performance of the LIBOR reform. The Assets and Liabilities Management Committee take responsibility for supervision and management. The Assets and Liabilities Management Committee listens to the report of the team in regular meetings to make necessary decisions. Important issues would be reported to the board of directors at proper time.

All the converted contract terms and signed supplementary agreement of the existing risk exposures related to LIBOR have been finalized as of 30 June 2023.

(7) Capital management

The Company complies with the "Regulations Governing the Capital Adequacy and Capital Category of Banks" announced by FSC to establish its "Capital Management Policy", in order to maintain the capital adequacy ratio above the lowest level required by law and also allocate capital efficiently in consideration of the whole exposure and characteristics of eligible capital.

The objectives and procedures of capital management of the Company:

A. Capital management objectives

(A) Meeting the minimum regulated capital adequacy ratio is the most basic objective for the eligible capital of the Company. The calculation of eligible capital and capital required by law should be made in compliance with regulations of competent authorities.

(B) The objective of capital management of the Company is to be in compliance with regulatory capital adequacy ratio requirements, optimise shareholder returns, maintain business activities and market access, and maintain stability of capital adequacy ratio or capital supply to ensure sufficient capital for the implementation of business strategy.

B. Capital management policy and standard

The objective of capital management policy and standard of the Company is to be in compliance with capital adequacy ratio agreed by the Board and rules regarding capital adequacy management. The Assets and Liabilities Committee is responsible for capital management of the Company. In addition to assessing the status of internal and external risk indices, trends and objectives, it is also responsible for implementing and monitoring over the assessment of the needs for regulated capital and risk capital.

To ensure capital of the Company is sufficient to absorb risk from operations, credit, market and operational risks are assessed within the scope of capital assessment and management of the assessment of capital needs is conducted in compliance with methodology regulated by FSC. The Company also established sound risk management systems and policies to maintain adequate capital fitting risk characteristics and operating environment of the Company. Systems and policies will be amended in accordance with changes in overall operating strategy, management objectives, and external regulations. Capital management and standard are subject to review at least once a year.

In addition to assessment of changes in capital adequacy under normal operating situations in accordance with operating plans and budget targets, the Company also implemented regular stress test under relevant regulations of competent authority in order to evaluate whether capital on hand is sufficient to cover potential losses incurred under stress.

Eligible capital of the Company is categorised as Tier 1 capital and Tier 2 capital in compliance with "Regulation Governing the Capital Adequacy and Capital Category of Banks" and ratios of total eligible capital to total risk - weighted assets, including the Common Equity Capital Ratio, Tier 1 Capital Ratio and Capital adequacy ratio, are calculated in compliance with this regulation.

C. Capital adequacy ratio

The following table shows calculations of self-owned capital, risk weighted capital and capital adequacy ratio of the Company. The Company complied with the capital requirements imposed by local competent authorities for the years ended 31 December 2023 and 2022.

(Expressed in Thousands of New Taiwan Dollars, %)

			31 December 2023	31 December 2022
Eligible capital		Common Equity	57,908,915	27,955,384
		Additional Tier 1 Capital	8,000,000	8,000,000
		Tier 2 Capital	8,255,374	6,258,109
		Total Eligible Capital	74,164,289	42,213,493
Total risk-weighted assets	Credit risk	Standardised Approach	409,427,881	247,508,418
		Internal Rating Approach	-	-
		Credit Valuation Adjustment	3,089,945	4,702,721
		Asset securitisation	-	-
	Operational risk	Basic Indicator Approach	21,321,797	17,121,331
		Standardised Approach/ Alternative Standardised Approach	-	-
		Advanced Measurement Approach	-	-
	Market risk	Standardised Approach	24,253,526	13,183,378
		Internal Model Approach	-	-
	Total risk-weighted assets		458,093,149	282,515,848
Capital adequacy ratio (%)			16.19	14.94
Common Equity Capital Ratio (%)			12.64	9.90
Tier 1 Capital Ratio (%)			14.39	12.73
Leverage ratio (%)			6.66	6.36

Note 1: The calculation of eligible capital, total risk-weighted assets and exposure measurement of the table should comply with "Regulation Governing the Capital Adequacy and Capital Category of Banks" and "Calculation method and table of self-owned capital and risk-weighted assets".

Note 2: The following formulas of the table are shown below:

(1) Eligible capital = Common Equity + Additional Tier 1 Capital + Tier 2 capital

(2) Total risk-weighted assets = credit risk-weighted assets + (operational risk + market risk) * 12.5

(3) Capital adequacy ratio = Eligible capital / Total risk-weighted assets

(4) Common Equity Capital Ratio = Common Equity / Total risk-weighted assets

(5) Tier 1 Capital Ratio = (Common equity + Additional Tier 1 Capital) / Total risk-weighted assets

(6) Leverage ratio = Tier 1 capital / Total Exposures

(8) Profitability

Item		31 December 2023	31 December 2022
Return on assets ratio	Before income tax	0.11%	0.18%
	After income tax	0.09%	0.15%
Return on equity ratio	Before income tax	1.18%	2.26%
	After income tax	1.02%	1.87%
Net income ratio		3.95%	7.55%

Note 1: Return on assets ratio = Income before (after) income tax / average total assets.

Note 2: Return on equity ratio = Income before (after) income tax / average equity.

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

Note 4: The term "Income before (after) income tax" represents net income from 1 January to the balance sheet date of the reporting period.

(9) Financial impacts on climate-related risks

The Company has established the Sustainability Council (the "council") under the Board of Directors to provide oversight on the Company's sustainability agenda and direct its efforts in managing material environmental, social and governance (the "ESG") matters. The council's primary responsibilities encompass all environmental and social factors that affects the Company's performance and prospects, across the Company's three Sustainability Pillars: "Responsible Banking", "Responsible Business Practices", and "Impact Beyond Banking". TW Task Force on Climate-related Financial Disclosure ("TCFD") working group has been set up under the council as a specialized function which is responsible for planning and forming the climate risk management and measurement framework based on the recommendation from TCFD and enhancing the capacity in managing potential climate-related risks, as a result of monitoring the impacts of climate related events on the Company's operation and financial condition promptly.

To avoid the financial risks generated from climate events, the Company has approved the "Responsible Financing Standard" in October 2022, which clearly specified the roles and responsibilities of climate risk management with the principal of three lines defense and the standards were revised in October 2023 to strengthen ESG risk assessment and management, such as introducing ESG risk questionnaires, ESG necessary verification questions, and ESG risk scoring and reporting mechanisms, and actively implement the ESG risk assessment and reporting mechanism when taking on the investing and financing business for institutional banking, in order to mitigate the impact of climate events on the Company's operation and finance. In addition, the Company has included environmental risk scheme under the "Risk Appetite Policy" in October 2022. It has committed to proactively manage the Company's reputational risk and potential credit risk emerging from environmental factors, with focus on managing portfolio exposures to material climate transition and physical risks.

Aligning with the recommendation from TCFD, the Company has assessed the potential risk and impact of climate events on the operation and financial condition. Additionally, the Company also echoed to DBS Group's net zero commitments, policy, methodologies as well as the targets of carbon reduction and managed physical and transition risk on climate related topics. Relevant information has been disclosed in detail in the TCFD report published in June 2023. The Company will continue to review the achievement of the goals and simulate the possible impact on the Company's operation and finance under specific climate scenarios and policy actions in accordance with the "Operation Plan on Climate Changes Scenario Analysis for Local Banks" made by FSC and disclose the results every year regularly in sustainability reports.

As of 31 December 2023, there is no significant financial impact of climate events to the Company.

13. Supplementary Disclosures

(1) Information on significant transactions:

A. Information regarding stock of long-term equity instruments 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 receivables from related parties for which the amount exceeded NT$300 million or 10% of the Company's paid-in capital:

(Expressed in thousands of NTD)

Creditor	Counterparty	Relationship with the Company	Accounts Receivables from related parties as of 31 December 2023	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for credit losses
					Amount overdue	Action taken		
The Company	DBS Bank Ltd, Taipei Branch	Controlled by the same company	$ 486,968	Not applicable	$ -	Not applicable	$ 486,960	$ -
The Company	DBS Vickers Securities (Singapore) Pte Ltd	Controlled by the same company	578,193	Not applicable	-	Not applicable	578,193	-

F. Information on sale of non-performing loans: None.

G. Information on applications for handling securitization products according to the Financial Asset Securitization Act or the Real Estate Securitization Act: None.

H. Business relationship and material transaction between the parent company and subsidiaries: Not applicable.

I. Other material transaction items which were significant to the users of the financial reports: None.

(2) Information regarding loans to others, guarantees for others, securities held at period end, purchasing or selling the same securities over NT $300 million or 10% of the paid-in capital and derivative transactions of investee companies: Not applicable.

(3) Supplementary disclosure regarding investee companies and consolidated stocks held: Not applicable.

(4) Related information on investments in Mainland China: None.

(5) Information on major shareholders: An issuer whose stock is listed on the TWSE or listed on the TPEx shall disclose the names, numbers of shares held, and shareholding percentages of shareholders who hold 5 percent or more of the issuer's equity: Not applicable.

14. Segment Information

(1) General information – products and services generating income of each reportable segment

The Company has three reportable segments: Institutional and market banking, consumer banking and others. Main income sources of products and services are as follows:

Institutional and market banking: general corporate deposits and loans, policy financing, small and medium enterprises project loans, guaranteed acceptance, accounts receivable factoring and financing, cash management, trade finance, money market and financial instruments investment.

Consumer banking: mortgage loans, auto loans, consumer loans, credit card business, wealth management, deposits and insurance agency business.

Others: income and expense not attributable to above operating segments and expense from supporting office that cannot be directly amortised are classified as others.

(2) Measurement of segment information

A. Measurement of profit and loss, asset and liabilities of segments

All principles used to measure profit and loss, assets and liabilities of segments of the Company are consistent with the significant accounting policies detailed in Note 4. The measurement of profit and loss is based on pre-tax profit and loss.

In order to create a fair and reasonable performance measuring program, intra-transactions amongst segments of the Company are deemed as trading with third parties and interest income and expense are calculated based on internal interest rate determined by reference with market condition. Internal income and expense of each segment are offset in external financial statements.

Income and expense are directly classified under segmental profit and loss if attributable to the segment or allocated to each segment based on reasonable standards of calculation if the indirect expense is not able to be directly attributable to the segments. All other unallocated items are included in others.

B. Recognition element for segments

The Company has specific performance indicators and the Chief Operating Decision-Maker regularly reviews and evaluates performances, through which the Company uses as a reference to determine resource allocation.

(3) Segment profit and loss

	For the year ended 31 December 2023			
	Institutional and market banking	Consumer banking	Others	Total
Net interest income	$ 2,142,472	$ 7,203,288	$ (210,463)	$ 9,135,297
Net non-interest income (Note)	2,967,515	4,405,473	(378,306)	6,994,682
Net revenues	5,109,987	11,608,761	(588,769)	16,129,979
Bad debts expense and reserve on commitments and guarantee liabilities	(245,366)	(842,695)	(6,694)	(1,094,755)
Operating expenses	(2,579,357)	(8,975,868)	(2,739,426)	(14,294,651)
Income before income tax	$ 2,285,264	$ 1,790,198	$ (3,334,889)	$ 740,573

	For the year ended 31 December 2022			
	Institutional and market banking	Consumer banking	Others	Total
Net interest income	$ 2,065,341	$ 3,232,518	$ (29,012)	$ 5,268,847
Net non-interest income (Note)	1,382,767	2,160,008	146,840	3,689,615
Net revenues	3,448,108	5,392,526	117,828	8,958,462
Bad debts expense and reserve on commitments and guarantee liabilities	5,990	(242,404)	34,834	(201,580)
Operating expenses	(2,314,528)	(5,134,263)	(490,532)	(7,939,323)
Income before income tax	$ 1,139,570	$ 15,859	$ (337,870)	$ 817,559

Note: Including net fee and commission income, gains (losses) on financial assets and financial liabilities at fair value through profit or loss, realised gains (losses) on financial assets at fair value through other comprehensive income, foreign exchange gains (losses) and other non-interest income.

(4) Information of revenue by location

The Company's major businesses are all located domestically. Revenues from external clients that were from a single foreign country were not material. Thus, there is no need to disclose information of revenue by location.

(5) Important client information

Not applicable as there is no single source of the customers constitutes over 10% of the Company's total revenue.

Details of Significant Accounts

According to the Regulations Governing the Preparation of Financial Reports by Public Banks, the following table provides the Company's correspondence details of significant accounts and notes to the financial statements.

Details of significant accounts	Notes to the financial report
Bills discounted and loans	Note 6(8)
Property and equipment movement	Note 6(10)
Property and equipment accumulated depreciation movement	Note 6(10)
Property and equipment accumulated impairment movement	Note 6(10)
Financial liabilities at fair value through profit or loss	Note 6(16)
Payables	Note 6(17)
Other financial liabilities	Note 6(20)
Interest income	Note 6(28)
Interest expense	Note 6(28)
Net fee and commission income	Note 6(29)
Gains or (losses) on financial assets and financial liabilities at fair value through profit or loss	Note 6(30)
Realised gains or losses on financial assets and financial liabilities at fair value through other comprehensive income	Note 6(4)
Other non-interest income	Note 6(31)
Bad debts expense and reserve on commitments and guarantee liabilities	Note 6(32)
Depreciation and amortisation expenses	Note 6(34)
Other general and administrative expenses	Note 6(35)

(Blank)

DBS BANK (TAIWAN) LTD
DETAILS OF CASH AND CASH EQUIVALENTS
31 DECEMBER 2023
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Item	Description	Amount
Cash on hand		$ 2,134,963
Foreign currency on hand		
USD	USD 12,281 thousand @30.69	376,907
SGD	SGD 4,685 thousand @23.29	109,123
JPY	JPY 816,412 thousand @0.22	177,158
HKD	HKD 25,530 thousand @3.93	100,303
EUR	EUR 3,522 thousand @33.99	119,718
CNY	CNY 22,776 thousand @4.33	98,513
	Subtotal	981,722
Checks for clearance		274,173
Due from banks		
CNY	CNY 613,393 thousand @4.33	2,653,777
USD	USD 75,255 thousand @30.69	2,309,626
JPY	JPY 56,290,461 thousand @0.22	12,214,771
EUR	EUR 72,203 thousand @33.99	2,454,061
Others (Note)		2,245,055
	Subtotal	21,877,290
Less: allowance for credit losses		(1,065)
	Total	$ 25,267,083

Note：The value of each item does not exceed 5% of "due from banks" total ending balance.

DBS BANK (TAIWAN) LTD
DETAILS OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS
31 DECEMBER 2023
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Financial instrument type	Description (Maturity date)	Shares / units	Par value	Total	Interest rate (Note 1)	Acquisition cost (Note 2)	Fair value		Change in fair value attributable to changes in its credit risk	Note
							Unit price	Total amount		
Financial assets mandatorily measured at fair value through profit or loss										
1.Commercial paper	2024.1.11~2024.5.27	-	$ -	$ -	1.440%~1.600%	$ 3,010,000	$ -	$ 3,009,304	$ -	
2.Bills and bonds under reverse repurchase agreements	2024.1.2~2024.1.12	-	-	3,410,000	1.440%~1.560%	3,411,734	-	3,411,299	-	
3.Corporate bonds										
B20245	2024.6.14	-	-	1,300,000	0.850%	1,295,813	99.76	1,296,876	-	
B50160	2024.4.29	-	-	1,150,000	0.930%	1,147,835	99.86	1,148,336	-	
B50180	2028.12.25	-	-	1,100,000	1.800%	1,100,000	100.33	1,103,674	-	
B60440	2033.4.11	-	-	800,000	2.100%	800,000	100.94	807,494	-	
Others	-	-	-	11,250,000	0.300%~2.150%	11,191,955	-	11,188,962	-	Note3
Subtotal				15,600,000		15,535,603		15,545,342		
4.Derivative financial instruments										
Forward exchange contracts		-	-	-	-	-	-	5,362,469	-	
Non-delivery FX forwards		-	-	-	-	-	-	46,998	-	
Interest rate swaps		-	-	-	-	-	-	1,836,958	-	
Cross currency swaps		-	-	-	-	-	-	348,689	-	
Futures		-	-	-	-	-	-	267,007	-	
Forward exchange options		-	-	-	-	-	-	226,396	-	
Commodity options		-	-	-	-	-	-	1,845	-	
Subtotal								8,090,362		
Total								$ 30,056,307		

Note 1：The interest rate indicated is coupon rate.
Note 2：The bond's acquisition cost are par value plus amortised the premium or discount value of bond.
Note 3：The value of each item does not exceed 5% of this account’s total ending balance.

DBS BANK (TAIWAN) LTD
DETAILS OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME
31 DECEMBER 2023
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Financial instrument type	Description (Maturity date)	Shares	Par value	Total	Interest rate	Acquisition cost (Note 2)	Accumulated impairment	Fair value		Note
								Unit price	Total amount	
1.Equity instruments										
Unlisted stocks										
Financial information service co., ltd.	-	-	$ -	$ -	-	$ 45,500	Not applicable	$ -	$ 369,447	
Others	-	-	-	-	-	4,381	Not applicable	-	10,103	Note 1
				-		49,881			379,550	
2.Debt instruments										
Negotiable certificates of deposit	2024.1.3~2025.12.22	-	-	-	0.533%~1.488%	51,585,000	$ 1,124	-	51,611,739	Note 3
Commercial paper	2024.1.12~2024.10.21	-	-	-	1.400%~1.580%	21,950,000	1,218	-	21,936,633	
Government bonds										Note 3
A11108	2027.9.23	-	-	1,650,000	1.250%	1,659,193	66	100.42	1,656,936	
A12101	2028.1.17	-	-	1,400,000	1.000%	1,393,942	56	99.33	1,390,562	
A12106	2028.5.26	-	-	1,000,000	1.000%	996,593	40	99.33	993,312	
A12201	2033.1.10	-	-	800,000	1.250%	804,121	32	100.32	802,534	
A11103	2027.2.24	-	-	750,000	0.500%	736,357	29	98.07	735,506	
A96102	2027.2.14	-	-	600,000	2.000%	613,017	25	102.66	615,961	
A06104	2027.3.1	-	-	600,000	1.125%	598,249	24	100.09	600,511	
A12102	2033.2.17	-	-	500,000	1.125%	496,366	20	99.24	496,207	
A09112	2025.12.8	-	-	500,000	0.125%	487,732	20	98.10	490,500	
Others	-	-	-	1,300,000	0.750%~3.000%	1,300,553	41	-	1,273,184	Note 1
Subtotal				9,100,000		9,086,123	353		9,055,213	

DBS BANK (TAIWAN) LTD
DETAILS OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Cont.)
31 DECEMBER 2023
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Financial instrument type	Description (Maturity date)	Shares	Par value	Total	Interest rate	Acquisition cost (Note 2)	Accumulated impairment	Fair value		Note
								Unit price	Total amount	
Corporate bonds										
B644CV	2028.7.5	-	$ -	$ 700,000	1.620%	$ 700,000	$ 140	$ 100.01	$ 700,080	
B618DM	2033.6.1	-	-	600,000	1.800%	600,000	95	99.99	599,933	
B94658	2028.6.14	-	-	600,000	1.570%	600,000	427	99.44	596,652	
B801AQ	2026.7.5	-	-	300,000	1.500%	300,000	1,332	99.88	299,631	
B903Z4	2033.6.15	-	-	300,000	1.780%	300,000	55	99.80	299,406	
B618DK	2028.6.1	-	-	300,000	1.600%	300,000	47	100.08	300,245	
Subtotal				2,800,000		2,800,000	2,096		2,795,947	
Bank debentures										
Inter-American Development Bank 3,1% 17/28	2028.2.22	-	-	999,458	3.100%	941,248	-	95.78	957,286	
Asian Development Bank (ADB) 3% 16/26	2026.10.14	-	-	503,083	3.000%	482,740	4,302	96.99	487,964	
Asian Development Bank 4.25% 17jan2028	2028.1.17	-	-	314,427	4.250%	309,607	2,796	100.23	315,155	
Subtotal				1,816,968		1,733,595	7,098		1,760,405	
Subtotal									87,159,937	
Total									$ 87,539,487	

Note 1：The value of each item does not exceed 5% of this account's total ending balance.

Note 2：The bond's acquisition cost are par value plus amortised the premium or discount value of bond.

Note 3：The par value amount of $11,120,500 thousand provided for guarantees as pledged assets, please refer to Note 8.

DBS BANK (TAIWAN) LTD
DETAILS OF RECEIVABLES
31 DECEMBER 2023
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Item	Amount	Allowance for credit losses	Adjustment for discounts or premiums	Net amount	Note
Factoring receivable	$ 7,866,836	$ (93,495)	$ -	$ 7,773,341	
Credit card receivable	42,267,915	(777,415)	-	41,490,500	
Others	4,608,221	(35,118)	-	4,573,103	Note
	$ 54,742,972	$ (906,028)	$ -	$ 53,836,944	

Note：The value of each item does not exceed 5% of this account’s total ending balance.

DBS BANK (TAIWAN) LTD
DETAILS OF RIGHT-OF-USE ASSETS MOVEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Item	Beginning Balance	Addition	Decrease	Ending Balance	Note
Cost					
Buildings and related equipment	$ 3,617,913	$ 3,686,800	$ (75,421)	$ 7,229,292	
Equipment	69,881	1,176	-	71,057	
Others	3,508	709	-	4,217	
Subtotal	3,691,302	3,688,685	(75,421)	7,304,566	
Less: Accumulated depreciation					
Buildings and related equipment	(1,098,870)	(539,261)	37,906	(1,600,225)	
Equipment	(39,658)	(44,295)	29,372	(54,581)	
Others	(3,160)	(704)	-	(3,864)	
Subtotal	(1,141,688)	(584,260)	67,278	(1,658,670)	
Total	$ 2,549,614	$ 3,104,425	$ (8,143)	$ 5,645,896	

Note: The amount of addition includes lease modification.

DBS BANK (TAIWAN) LTD
DETAILS OF DEPOSITS AND REMITTANCES
31 DECEMBER 2023
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Item	Amount	Note
Checking deposits	$ 930,182	
Demand deposits		
Demand deposits	48,500,732	
Foreign currency demand deposits	165,364,760	
Subtotal	213,865,492	
Time deposits		
Time deposits	163,454,820	
Foreign currency time deposits	159,711,372	
Subtotal	323,166,192	
Savings deposits		
Interest drawing savings deposits	60,145,153	
Savings account deposits	96,524,984	
Non-drawing time savings deposits	29,464,458	
Staff demand savings deposits	2,242,251	
Subtotal	188,376,846	
Remittance		
Remittances outstanding	39,267	
Remittances under custody	1	
Subtotal	39,268	
Total	$ 726,377,980	

DBS BANK (TAIWAN) LTD
DETAILS OF BANK DEBENTURES
31 DECEMBER 2023
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

					Amount							
Name of debentures	Trustee	Initial date	Interest payment date	Interest rate	Issue amount	Redemption amount	Ending balance	Adjustment for discounts or premiums	Book value	Redemption plan	Secured / unsecured (Y/N)	Note
USD denominated long-term unsecured subordinated bond in 2023	No public offer	2023.12.13	Every year 3/13, 6/13, 9/13, 12/13	Compounded Daily SOFR+1.27%	USD 100,000,000	$ -	$ 3,069,075	$ -	$ 3,069,075	Repaid on maturity	N	

DBS BANK (TAIWAN) LTD
DETAILS OF LEASE LIABILITIES
31 DECEMBER 2023
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Item	Description	Lease period	Discount rate	Ending balance	Note
Buildings and related equipments	Office and branches etc.	2019.11.1~2032.10.31	0.33%~1.33%	$ 5,704,001	
Equipments	Data center	2019.8.1~2026.1.23	0.38%~1.07%	16,949	
Others	Transportation for business and senior management	2023.6.1~2024.6.19	1.33%	297	
Total				$ 5,721,247	

DBS BANK (TAIWAN) LTD
DETAILS OF IMPAIRMENT LOSSES AND REVERSAL OF IMPAIRMENT LOSS
31 DECEMBER 2023
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Items	Impairment	Reversal of impairment loss	Note
Financial assets at fair value through other comprehensive income - debt instruments	$ (9,390)	$ -	
Investments in debt instruments at amortised cost	-	75	
Property and equipment	(9,228)	-	
Other financial assets	(63)	-	
	$ (18,681)	$ 75	

DBS BANK (TAIWAN) LTD
DETAILS OF EMPLOYEE BENEFITS EXPENSES
FOR THE YEAR ENDED 31 DECEMBER 2023
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Item	Amount: Employee benefit expenses	Amount: Other general and administrative expenses	Amount: Total	Note
Salaries and bonuses	$ 6,595,608	$ -	$ 6,595,608	
Labor and health insurance expense	446,995	-	446,995	
Pension costs	283,672	-	283,672	
Directors’remuneration	-	6,388	6,388	
Other employee benefit expense	158,900	-	158,900	
	$ 7,485,175	$ 6,388	$ 7,491,563	

Note:

1. For the years ended 31 December 2023 and 2022, numbers of employees were 3,625 and 2,117, respectively. Numbers of directors not concurrently serve as employees were both 6.
2. For the years ended 31 December 2023 and 2022, the average amount for the employee benefits expenses were $2,068 thousand and $2,194 thousand, respectively. [(Total employee benefit expenses - directors' remuneration)] / [(numbers of employees - numbers of directors not concurrently serve as employees)].
3. For the years ended 31 December 2023 and 2022, the average amount for the salaries and bonuses were $1,822 thousand and $1,935 thousand, respectively. [(Total salaries and bonuses)] / [(numbers of employees - numbers of directors not concurrently serve as employees)].
4. The average adjustment of salaries and bonuses decreased by 5.84%. [(The average amount of the salaries and bonuses 2023) - (the average amount of the salaries and bonuses in 2022)] / [(the average amount of the salaries and bonuses in 2022)]. The fluctuation in average adjustment of salaries and bonuses is primarily due to changes in the employee structure resulting from the acquisition of the consumer banking business of Citi (Taiwan) Commercial Bank Co., Ltd. If excluding the impact of the aforementioned acquisition and the employee salaries and bonuses generated from the acquisition, the average salaries and bonuses annual growth rate of the Company would reach 10.34%.
5. For the years ended 31 December 2023 and 2022, the remuneration of supervisors were both $0. The company has set up an audit committee; therefore there is no supervisor.
6. Directors: The Company takes into account the time invested by the directors and independent directors, the responsibilities of other relevant committees, the risks and other factors, as well as the payment standards of the Group, affiliated companies and major foreign banks, to determine the compensation of the directors, and submits the compensation figures to the shareholders' meeting for approval.
   Managers and Employees：To attract talents to join and work together with the Company to achieve the goal of becoming the best bank in Asia, the employees’ salary offered is higher than the legal minimum wage. This salary is based on an appropriate level, taking into account market dynamics as well as job responsibilities and professional skills. In addition, a robust performance management system ensures external competitiveness and internal fairness. The overall compensation is determined by the employee's role, performance, contribution to the achievement of the Company goals, and competitiveness of the salary in the market. A robust performance management system is an important key to ensure the fairness of salaries and benefits, so that employees' salaries can be calculated according to employees’ performance and to ensure that employees are not unfairly treated due to non-job-related factors such as gender or age.
7. For the years ended 31 December 2023 and 2022, the average numbers of employees were used in calculating the average amount for the employee benefits expenses and the average amount for the salaries and bonuses.

DBS BANK (TAIWAN) LTD

DISCLOSURE FOR SECURITIES DEPARTMENT

31 DECEMBER 2023 AND 2022

DBS BANK (TAIWAN) LTD

31 DECEMBER 2023 AND 2022 DISCLOSURE FOR SECURITIES DEPARTMENT

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DBS BANK (TAIWAN) LTD - SECURITIES DEPARTMENT
BALANCE SHEETS
31 DECEMBER 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	ASSETS	Notes	31 December 2023 AMOUNT	%	31 December 2022 AMOUNT	%
	Current Assets					
112000	Financial assets at fair value through profit or loss	6(1)	$ 18,956,641	67	$ 4,971,567	99
112010	Financial assets at fair value through other comprehensive income	6(2)	9,055,213	32	-	-
114170	Other receivables	6(3)	162,246	1	32,902	1
	Total Current Assets		28,174,100	100	5,004,469	100
	Non-current assets					
125000	Property and equipment	6(4)	822	-	22	-
	TOTAL ASSETS		$ 28,174,922	100	$ 5,004,491	100
	LIABILITIES AND EQUITY					
	Current liabilities					
214170	Other payables	6(5)	$ 2,139	-	$ 4,166	-
	Non-current liabilities					
229000	Other non-current liabilities	6(6)	26,534,462	94	3,594,666	72
	TOTAL LIABILITIES		26,536,601	94	3,598,832	72
	EQUITY					
301110	Working capital	1	1,000,000	4	1,000,000	20
32011	Unappropriated retained earnings		668,879	2	405,659	8
304041	Other equity	6(7)	(30,558)	-	-	-
	TOTAL EQUITY		1,638,321	6	1,405,659	28
	TOTAL LIABILITIES AND EQUITY		$ 28,174,922	100	$ 5,004,491	100

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

DBS BANK (TAIWAN) LTD - SECURITIES DEPARTMENT
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Items	Notes	Year ended 31 December			
			2023		2022	
			AMOUNT	%	AMOUNT	%
	Revenues					
401000	Brokerage handling fee revenue	7	$ 3,322	1	$ 1,505	29
410000	Gain (Loss) on sale of operating securities	6(8)	108,158	28	(19,252)	(378)
421200	Interest income	6(9)	247,688	64	40,884	803
421500	Gain (Loss) on operating securities at fair value through profit or loss	6(10)	28,286	7	(18,043)	(354)
425300	Expected credit losses	6(2)	(352)	-	-	-
	Total Revenues		387,102	100	5,094	100
	Expenses					
521200	Finance costs	6(9)	(28)	-	(21)	-
531000	Employee benefits expenses	6(11)	(109,818)	(28)	(112,219)	(2203)
532000	Depreciation and amortization expenses	6(12)	(588)	-	(67)	(1)
533000	Other operating expenses	6(13)	(13,448)	(4)	(841)	(17)
	Total Expenses		(123,882)	(32)	(113,148)	(2221)
902005	**Net income (loss)**		$ 263,220	68	$ (108,054)	(2121)
	Other comprehensive income					
	Items that may be reclassified subsequently to profit or loss					
805615	Unrealized losses on debt instruments classified at fair value through other comprehensive income	6(2)	$ (30,558)	(8)	$ -	-
80500	**Other comprehensive loss – net**		(30,558)	(8)	-	-
902006	**Total comprehensive income (loss)**		$ 232,662	60	$ (108,054)	(2121)

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

DBS BANK (TAIWAN) LTD - SECURITIES DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)

1. Organisation and Operations

The Company's securities department was approved by the FSC on 7 May 2013, 30 October 2014 and 28 January 2015 to obtain securities licenses for dealing, underwriting and agent buying and selling of foreign bonds, respectively. On 13 June 2013, 30 March 2015 and 3 June 2015, the above-mentioned businesses were conducted. The Company's Offshore Banking Unit was approved by the FSC on 28 January 2015 and 5 November 2019 to handle the business of brokers' agent buying and selling of foreign bonds and the business premises to buy and sell various bonds and securitized products. As at 31 December 2023, the working capital of the Company's securities department was $1,000,000 thousand.

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

For approval date and procedures of the financial reports, please refer to Note 2 of the Company's financial report.

3. Application of New Standards, Amendments and Interpretations

For new standards and interpretations, please refer to Note 3 of the Company's financial report.

4. Summary of Significant Accounting Policies

These financial statements of the Company's securities department were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Firms. Significant accounting policies adopted in the financial reports are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Basis of preparation

Except of financial assets and financial liabilities at fair value through profit or loss, and financial assets at fair value through other comprehensive income, these financial statements have been prepared under the historical cost convention.

(2) Classification of current and non-current items

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

(A)Assets arising from operating activities that are expected to be realised or consumed, or are intended to be sold within the normal operating cycle;

(B)Assets held mainly for trading purposes;

(C)Assets that are expected to be realised within 12 months from the balance sheet date; and

(D)Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than 12 months after the balance sheet date.

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

(A)Liabilities arising from operating activities are expected to be paid off within the normal operating cycle;

(B)Liabilities arising mainly from trading activities;

(C)Liabilities to be paid off within 12 months form the balance sheet date; and

(D)Liabilities for which the repayment date cannot be extended unconditionally to more than 12 months after the balance sheet date.

(3) Cash and cash equivalents

In the balance sheet, cash and cash equivalents includes cash on hand, deposits held at call with banks and short-term highly liquid investments which are readily convertible to known amount of cash and subject to an insignificant risk of changes in value.

(4) Financial assets and financial liabilities

All financial assets and liabilities of the Company's securities department are recognised in the balance sheet and are properly classified in accordance with IFRSs.

A. Financial assets

(A)The Company's securities department recognised financial assets traded under regular way purchases and regular way sales on the trading date.

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

a. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

b. Financial assets at fair value through profit or loss are initially recognised at fair value. Transaction costs are recognised in profit and loss. Subsequent measurements are at fair value with changes in fair value being recorded in profit and loss.

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

a. Financial assets at fair value through other comprehensive income comprise equity instruments which are not held for trading, and for which the Company's securities department has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:

(a)The objective of the Company's securities department business model is achieved both by collecting contractual cash flows and selling financial assets; and

(b)The assets' contractual cash flows represent solely payments of principal and interest.

b. At initial recognition, the Company's securities department measures the financial assets at fair value plus transaction costs. The Company's securities department subsequently measures the financial assets at fair value.

(a)The changes in fair value of equity instruments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company's securities department and the amount of the dividend can be measured reliably.

(b)The changes in fair value of debt instruments that were recognised in other comprehensive income and they are subsequently remeasured at fair value and changes therein (except for those relating to impairment, interest income and foreign currency exchange gains and losses) are recognised in other comprehensive income until the assets are sold. When they are sold, the accumulated fair value adjustments in other comprehensive income are reclassified to the income statement.

(D)Receivables

Receivables include those that are originally generated and those that are not originally generated. The former originated directly from money, products or services that the Company's securities department provides to the debtors, while the latter refers to all the other receivables. Receivables shall be measured at amortised cost using effective interest rate method. Short-term receivables without interests are allowed to be measured at original amount if the effect of discounting is insignificant.

B. Financial liabilities

Financial liabilities at fair value through profit or loss

(A) Financial liabilities at fair value through profit or loss are financial liabilities held for trading. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in a short period of time.

(B) Financial liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs are recognised in profit and loss. Subsequent measurements are at fair value with changes in fair value being recorded in profit and loss.

C. Derecognition of financial assets

The Company's securities department derecognises a financial asset when one of the following conditions is met:

(A) The contractual rights to receive cash flows from the financial asset expire.

(B) The contractual rights to receive cash flows from the financial asset have been transferred and the Company's securities department has transferred substantially all risks and rewards of ownership of the financial asset.

(C) The contractual rights to receive cash flows from the financial asset have been transferred; however, it has not retained control of the financial asset.

D. Derecognition of financial liabilities

Financial liabilities are derecognised when the obligation of the contracts are fulfilled, cancelled or expired.

(5) Property and equipment

A. The property and equipment of the Company's securities department are initially recognised at cost.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company's securities department and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Cost model is applied for the subsequent measurement of property and equipment. Property and equipment are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately. If computer software is an integral part of the related hardware, it is classified as computer equipment. The estimated useful lives of property and equipment are as follows:

Machinery and computer equipment	3~5	years
Other equipment	5	years
Leasehold improvements	1~5	years

D. On each balance sheet date, the Company reviews and appropriately adjusts the residual value and useful life of the assets.

(6) Revenue recognition

The income of the Company's securities department is recognized based on the accrual basis.

A. Brokerage handling fee income (handling fee income from agent buying and selling of foreign bonds) and underwriting business income: income is recognised as revenue as the services are provided.

B. Interest income: interest income is calculated by accruing the expected life of the financial instrument, and discounted the future estimated cash receipts by using the effective interest rate method.

C. Gain (loss) on sales of operating securities: gain and loss are recognised on the trading date.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The Company's securities department does not have any accounting policies that involve applying critical judgements, estimates and assumptions, as well any accounting policies that may significantly impact recognised amounts within the financial report.

6. Details of Significant Accounts

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

	31 December 2023	31 December 2022
Financial assets mandatorily measured at fair value through profit or loss:		
Government bonds	$ -	$ 205,046
Corporate bonds	15,545,342	4,766,521
Bills and bonds under reverse repurchase agreements	3,411,299	-
Total	$ 18,956,641	$ 4,971,567

The methods and assumptions are used by management to estimate the fair value of financial instruments and related financial risk, please refer to Note 12(1) of the Company's financial report. As of 31 December 2023 and 2022, financial assets at fair value through profit or loss were classified as Level 2 of the fair value evaluation input hierarchy.

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

	31 December 2023	31 December 2022
Debt instruments		
Government bonds	$ 9,055,213	$ -

A. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	For the years ended 31 December	
Debt instrumrnts at fair value through other other comprehensive income	2023	2022
Fair value change recognized in other comprehensive loss	$ (30,910)	$ -
Cumulative other comprehensive income reclassified to loss		
Reclassified due to recognition of impairment	$ (352)	$ -

B. Please refer to Note 8 for the Company's financial assets at fair value through other comprehensive income pledged as collateral, as of 31 December 2023 and 2022.

C. For information relating to credit risk, please refer to Note 12(3)B of the Company's financial report.

(3) Other receivables

	31 December 2023	31 December 2022
Interest receivable	$ 162,246	$ 32,902

(4) <u>Property and equipment</u>

	Machinery and computer equipment	Other equipment	Leasehold improvements	Total
At 1 January 2023				
Cost	$ -	$ 334	$ -	$ 334
Accumulated depreciation	-	(312)	-	(312)
	$ -	$ 22	$ -	$ 22
For the years ended 31 December 2023				
At 1 January 2023	$ -	$ 22	$ -	$ 22
Additions	881	497	10	1,388
Depreciation	(365)	(215)	(8)	(588)
At 31 December 2023	$ 516	$ 304	$ 2	$ 822
At 31 December 2023				
Cost	$ 881	$ 831	$ 10	$ 1,722
Accumulated depreciation	(365)	(527)	(8)	(900)
	$ 516	$ 304	$ 2	$ 822

	Machinery and computer equipment	Other equipment	Leasehold improvements	Total
At 1 January 2022				
Cost	$ -	$ 334	$ -	$ 334
Accumulated depreciation	-	(245)	-	(245)
	$ -	$ 89	$ -	$ 89
For the years ended 31 December 2022				
At 1 January 2022	$ -	$ 89	$ -	$ 89
Depreciation	-	(67)	-	(67)
At 31 December 2022	$ -	$ 22	$ -	$ 22
At 31 December 2022				
Cost	$ -	$ 334	$ -	$ 334
Accumulated depreciation	-	(312)	-	(312)
	$ -	$ 22	$ -	$ 22

(5) Other payables

	31 December 2023	31 December 2022
Tax payable	$ 2,139	$ 4,166

(6) Other non-current liabilities

It represents the inter-office balance between securities department and other units of the Company. As of 31 December 2023 and 2022, the ending balances are $26,534,462 thousand (credit balance) and $3,594,666 thousand (credit balance), respectively.

(7) Other equity item

	Revaluation reserve on financial assets at fair value through other comprehensive income	
	2023	2022
At 1 January 2023	$ -	$ -
Financial assets at fair value through other comprehensive income		
- Valuation adjustment for the period	(30,910)	-
- Transferred to loss	352	-
At 31 December 2023	$ (30,558)	$ -

(8) Gain (Loss) on sale of operating securities

	For the years ended 31 December	
	2023	2022
Government bonds	$ 26,845	$ (29,682)
Corporate bonds	48,669	10,430
Bills and bonds under reverse repurchase agreement	32,644	-
Total	$ 108,158	$ (19,252)

(9) Interest income and Finance costs

	For the years ended 31 December	
	2023	2022
Interest income		
Government bonds	$ 115,855	$ 9,984
Corporate bonds	131,833	30,900
Total	$ 247,688	$ 40,884
Finance cost		
Other	$ 28	$ 21

(10) Gain (Loss) on operating securities at fair value through profit or loss

	For the years ended 31 December	
	2023	2022
Government bonds	$ 1,708	$ (3,036)
Corporate bonds	25,279	(15,007)
Bills and bonds under reverse repurchase agreement	1,299	-
Total	$ 28,286	$ (18,043)

(11) Employee benefits expenses

	For the years ended 31 December	
	2023	2022
Salaries and bonuses	$ 100,280	$ 103,217
Labor and health insurance expense	5,474	5,138
Pension costs	2,618	2,795
Other employee benefit expense	1,446	1,069
Total	$ 109,818	$ 112,219

A. For the years ended 31 December 2023 and 2022, the number of employees were 28 and 27, respectively. There were no directors acting concurrently as employees.

B. For the years ended 31 December 2023 and 2022, the average employee benefit expenses were $3,922 thousand and $4,156 thousand, respectively.

C. For the years ended 31 December 2023 and 2022, the average salaries and bonuses were $3,581 thousand and $3,823 thousand, respectively.

D. For the year ended 31 December 2023, the average salaries and bonuses has decreased by 6.33%. This fluctuation in average adjustment of salaries and bonuses is primarily due to changes in the employee structure of the Company's securities department.

E. For the years ended 31 December 2023 and 2022, the remuneration of supervisors were both $0. The Company has set up an audit committee; therefore, there is no supervisor.

F. Managers and Employees: To attract talents to join and work together with the Company to achieve the goal of becoming the best bank in Asia, the employees' salary offered is higher than the legal minimum wage. This salary is based on an appropriate level, taking into account market dynamics as well as job responsibilities and professional skills. In addition, a robust performance management system ensures external competitiveness and internal fairness. The overall compensation is determined by the employee's role, performance, contribution to the achievement of the Company's goals, and competitiveness of the salary in the market. A robust performance management system is an important key to ensure the fairness of salaries and benefits, so that employees' salaries can be calculated according to employees' performance and to ensure that employees are not unfairly treated due to non-job-related factors such as gender or age.

G. For the years ended 31 December 2023 and 2022, the average number of employees were used in calculating the average amount for the employee benefit expenses and the average amount for the salaries and bonuses.

(12) Depreciation and amortization expenses

	For the years ended 31 December	
	2023	2022
Depreciation expense	$ 588	$ 67

(13) Other operation expenses

	For the years ended 31 December	
	2023	2022
Data services	$ 4,084	$ -
Rental related expenses	3,131	8
Custodian expenses	2,609	410
Tax	1,354	28
IT maintanance	938	-
Others (Note)	1,332	395
Total	$ 13,448	$ 841

Note: The value of each item does not exceed 5% of this account's total ending balance.

7. Related Party Transactions

(1) Names and relationship of related parties

Names of related parties	Relationship with the Company
DBS Bank Ltd	The parent company of the Company
DBS Bank Ltd, Hong Kong Branch	Controlled by the same company
DBS Bank Ltd, Taipei Branch	Controlled by the same company

(2) Significant transactions with related parties

A. Brokerage handling fee revenue

	For the years ended 31 December	
	2023	2022
Parent and its branches		
DBS Bank Ltd	$ 3,292	$ 1,419
DBS Bank Ltd, Hong Kong Branch	30	86
	$ 3,322	$ 1,505

The above account represents brokerage commission revenue from the related parties. The trading price and collection terms were the same as normal trades.

8. Pledged Assets

In accordance with Regulations Governing Securities Firms, Taipei Exchange Rules for Administration of Additional Deposits by Securities Firms to the Joint Responsibility System Clearing and Settlement Fund and Taipei Exchange Regulations Governing Bond Payment Settlement Reserves for the Electronic Bond Trading System, the Company's securities department pledged "Financial assets at fair value through other comprehensive income for operational guarantee deposits and clearing and settlement funds. These were deposited to the designated bank of the Securities and Futures Bureau and the Taipei Exchange. As of 31 December 2023 and 2022, operational guarantee deposits were all $100,000 thousand and clearing and settlement funds were all $50,000 thousand. Please refer to Note 8 of the Company's financial statements.

9. Significant Contingent Liabilities and Unrecognised Contractual Commitments

None.

10. Significant Losses from Disasters

None.

11. Significant Subsequent Event

None.

12. Other

For the years ended 31 December 2023 and 2022, the gain of the securities department of the Company's Offshore Banking Unit were $20,764 thousand and $8,289 thousand, respectively.

13. Supplementary Disclosures

(1) Related information on significant transactions

None.

(2) Related information on invested enterprises

None.

(3) Related information on overseas branch offices and representative offices

None.

(4) Related information on investments in Mainland China

None.

(5) Information on major shareholders: A securities firm whose stock is listed on the TWSE or listed on the TPEx shall disclose the names, numbers of shares held, and shareholding percentages of shareholders who hold 5 percent or more of the securities firm's equity

Not applicable.

Details of Significant Account

According to the "Regulations Governing the Preparation of Financial Reports by Securities Firms", the following table provides the Company's securities department correspondence details of significant accounts and notes to the financial statements.

Details of significant accounts	Notes to the financial statements
Accounts receivable	Note 6(3)
Property and equipment	Note 6(4)
Property and equipment accumulated depreciation	Note 6(4)
Other payables	Note 6(5)
Other non-current liabilities	Note 6(6)
Interest income	Note 6(9)
Finance cost	Note 6(9)
Profit (loss) on operating securities at fair value through profit or loss	Note 6(10)
Employee benefits expenses, Depreciation and amortization expenses and Other operating expenses	Notes 6(11), 6(12) and 6(13)

DBS BANK (TAIWAN) LTD - SECURITIES DEPARTMENT
DETAILS OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS
31 DECEMBER 2023
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Financial instrument type	Description (Maturity date)	Shares /Units	Par Value	Total	Interest rate (Note 1)	Acquisition cost (Note 2)	Fair Value		Change in fair value attributable to changes in its credit risk	Note
							Unit price	Total amount		
Financial assets mandatorily measured at fair value through profit or loss:										
1.Corporate bonds										
B20245	2024.6.14	-	$ -	$ 1,300,000	0.850%	$ 1,295,813	$ 99.76	$ 1,296,876	$ -	
B50160	2024.4.29	-	-	1,150,000	0.930%	1,147,835	99.86	1,148,336	-	
B50180	2028.12.25	-	-	1,100,000	1.800%	1,100,000	100.33	1,103,674	-	
B60440	2033.4.11	-	-	800,000	2.100%	800,000	100.94	807,494	-	
Others	-	-	-	11,250,000	0.300%~2.150%	11,191,955	-	11,188,962	-	Note 3
Subtotal				15,600,000		15,535,603		15,545,342		
2.Bills and bonds under reverse repurchase agreements	2024.1.2~2024.1.12	-	-	3,410,000	1.440%~1.560%	3,411,734	-	3,411,299	-	
Total				$ 19,010,000		$ 18,947,337		$ 18,956,641		

Note 1：The interest rate indicated is coupon rate.

Note 2：The bond's acquisition cost are par value plus amortised the premium or discount value of bond.

Note 3：The value of each item does not exceed 5% of this account's total ending balance.

DBS BANK (TAIWAN) LTD - SECURITIES DEPARTMENT
DETAILS OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME
31 DECEMBER 2023
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Financial instrument type	Description (Maturity date)	Shares	Par Value	Total	Interest rate	Acquisition cost (Note 2)	Accumulated impairment	Fair Value Unit price	Fair Value Total amount	Note
Debt instruments										
1.Government bonds										Note 3
A11108	2027.9.23	-	-	$ 1,650,000	1.250%	$ 1,659,193	66	100.42	$ 1,656,936	
A12101	2028.1.17	-	-	1,400,000	1.000%	1,393,942	56	99.33	1,390,562	
A12106	2028.5.26	-	-	1,000,000	1.000%	996,593	40	99.33	993,312	
A12201	2033.1.10	-	-	800,000	1.250%	804,121	32	100.32	802,534	
A11103	2027.2.24	-	-	750,000	0.500%	736,357	29	98.07	735,506	
A96102	2027.2.14	-	-	600,000	2.000%	613,017	25	102.66	615,961	
A06104	2027.3.1	-	-	600,000	1.125%	598,249	24	100.09	600,511	
A12102	2033.2.17	-	-	500,000	1.125%	496,366	20	99.24	496,207	
A09112	2025.12.8	-	-	500,000	0.125%	487,732	20	98.10	490,500	
Others	-	-	-	1,300,000	0.750%~3.000%	1,300,553	41	-	1,273,184	Note 1
Subtotal				9,100,000		9,086,123	353		9,055,213	
Total				$ 9,100,000		$ 9,086,123	$ 353		$ 9,055,213	

Note 1：The value of each item does not exceed 5% of this account’s total ending balance.
Note 2：The bond's acquisition cost are par value plus amortised the premium or discount value of bond.
Note 3：The par value amount of $820,500 thousand provided for guarantees as pledged assets, please refer to Note 8 of the Company's financial report.

DBS BANK (TAIWAN) LTD - SECURITIES DEPARTMENT
DETAILS OF BROKERAGE HANDLING FEE REVENUE
FOR THE YEAR ENDED 31 DECEMBER 2023
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Handling fee revenues from brokered trading					
Month	Revenues from brokered trading - TWSE	Revenues from brokered trading - OTC	Handling fees from securities financing	Other handling fee revenues	Total	Note
January	$ -	$ -	$ -	$ -	$ -	
February	-	-	-	33	33	
March	-	-	-	-	-	
April	-	-	-	-	-	
May	-	-	-	-	-	
June	-	-	-	47	47	
July	-	-	-	1,462	1,462	
August	-	-	-	135	135	
September	-	-	-	658	658	
October	-	-	-	277	277	
November	-	-	-	75	75	
December	-	-	-	635	635	
Total	$ -	$ -	$ -	$ 3,322	$ 3,322	

DBS BANK (TAIWAN) LTD - SECURITIES DEPARTMENT
DETAILS OF GAIN (LOSS) ON SALE OF OPERATING SECURITIES
FOR THE YEAR ENDED 31 DECEMBER 2023
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Item	Revenue from sale of securities	Cost of sold securities	Gain on sale of securities	Note
Dealer				
Taiwan Stock Exchange				
Bonds	$ 22,041,923	$ 21,970,088	$ 71,835	
Over-The-Counter				
Bonds	95,516,531	95,506,761	9,770	
Foreign trading market				
Bonds	3,169,979	3,143,426	26,553	
Total	$ 120,728,433	$ 120,620,275	$ 108,158	