



Taiwan Depository & Clearing Corporation

2023 ANNUAL REPORT

Taiwan Depository & Clearing Corporation

2023
A N N U A L
R E P O R T

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Chairman / **Bing-Huei Lin**



Letter to the Shareholders

To the shareholders of TDCC:

In 2023, Taiwan's economy influenced by the international economic climate and interest rate hikes, was estimated by the Directorate General of Budget, Accounting and Statistics to have a growth rate of 1.4%. However, the capital market demonstrated robust resilience, with market prices and volumes rising in tandem. In the year 2023, the securities and futures industry recorded profits of NT\$ 99.8 billion, representing a significant increase of 50% compared to the previous year. The combined average daily turnover of stocks listed on TWSE or TPEx, and emerging stocks amounted to NT\$ 361.9 billion, marking an 18% increase. Overall, market trading activity remained vibrant.

As a key player in the securities and financial markets, TDCC has long been committed to supporting policy initiatives and industry development. We have actively optimized core operations such as securities registration, centralized custody, book-entry transfers, and settlement, establishing efficient, robust, and secure services with remarkable results. Furthermore, TDCC has fostered a culture of diversity and innovation over the years, possessing characteristics conducive to interdisciplinary collaboration and transformation. We spare no effort in driving market reforms and have earned the trust of investors and regulatory authorities. In 2023, we also achieved impressive results in various innovative services.

In the aspect of developing shareholder services, TDCC successfully launched the shareholders affairs electronic notification platform (eNotice) in the mid of 2023, which received enthusiastic responses from investors. Within six months, nearly a thousand issuing companies have signed contracts, accounting for 70.3% of companies offering stock dividends and cash dividends. The electronic voting platform (eVoting) also achieved the target electronic voting rate of 60% within three years. The total number of companies, votes cast, and shares voted reached record highs. Moreover, the video shareholder meeting platform (eMeeting) provided issuing companies with an additional convenient channel for shareholder participation in shareholder meetings. In 2023, 96 companies adopted this platform, representing a growth of 33.3% compared to the previous year.

In the pursuit of diversified services within the fund market, TDCC has established a onshore fund centralized clearing platform. This platform facilitates transactional information and centralized processing mechanisms for onshore fund subscriptions, redemptions, and income distributions. Through centralized processing and consolidated fund flows, we aim to establish standardized and automated mechanisms within the fund market, thereby reducing operational costs for securities investment trusts and sales agents while enhancing the efficiency of fund flows. Additionally, our Fund Clear has undergone phased upgrades, incorporating specialized sections for ESG funds, data and

statistics, and investment education. We have optimized query functionalities and introduced interactive charts. Simultaneously, we are promoting financial education initiatives such as dollar cost averaging investments, retirement planning, and anti-fraud education.

In fostering the robust development of Fintech, TDCC has actively promoted open securities business. By the end of 2023, our securities, futures, investment trusts and consulting sectors have all successfully commenced operations online. Furthermore, we have collaborated with three third-party service providers (TSPs) to offer investors a diverse range of convenient information query services. Additionally, TDCC's ePassbook App has experienced rapid growth, with a user base exceeding 4.5 million. We continue to promote open finance by expanding our banking connections. Investors can now utilize the ePassbook App to access deposit balances and transaction details from 16 financial institutions. This coverage includes deposits from over 90% of the top twenty financial institutions nationwide.

In alignment with the ESG investment trend, our ESG IR Platform discloses corporate governance evaluations of domestic companies and ratings from six global ESG rating agencies. In 2023, we released the "Code of Conduct for ESG Ratings Providers" and introduced shareholder meeting voting disclosure services for Taiwan's over 600 listed companies, enhancing information transparency and aligning with international standards.

The most effective way to anticipate the future is shaping it. As we approach the Year of the Golden Dragon, TDCC remains committed to driving market development across three major dimensions: "Innovative Inclusivity," "Intelligent Resilience," and "Sustainable Development." We have outlined specific initiatives under each dimension as follows:

I. Expanding innovative business to implement inclusive finance

TDCC continues to strengthen its core business through digital transformation and the development of innovative financial services to meet the market's digital demands. We aim to provide diverse and convenient innovative financial services, including electronic notification services for ETF dividend distributions to enhance investors' digital experiences. We are also advancing the comprehensive conversion of the digital book-entry transfer operation platform (eSMART), developing functions for stock market settlement, delivery, and custody transfer operations. Moreover, we are persistently promoting the onshore fund centralized clearing platform and planning the gross payment and receipt system for subscriptions and redemptions of direct customer of securities investment trusts. Additionally, we offer investors more diverse channels to apply for the conversion to the ePassbook App, thereby demonstrating the new value of inclusive finance.

II. Implementing AI to strengthen cybersecurity resilience

The TDCC is deepening the application of AI innovation by introducing generative AI tools to empower employees and optimize application scenarios for participants. We are constructing an open financial data-sharing platform to provide various visualization data services, aiding regulatory authorities in enhancing supervisory efficiency. Additionally, we are undertaking the construction of a new server room's information infrastructure, reinforcing the security and operations of server rooms, and enhancing the functions of the Security Operations Center (SOC) for information security monitoring, thereby enhancing the cybersecurity defense capabilities of the financial industry.

III. Driving the influence of green finance towards sustainable development

We are establishing a carbon emission reporting platform for the financial industry, providing channels for carbon emission reporting and regulatory oversight functions for regulatory authorities. Additionally, we are offering institutional investors digitally generated due diligence governance reports to enhance the quality of ESG information disclosure and practice responsible investment. Furthermore, we are actively working towards achieving net-zero transformation, setting targets to achieve net-zero emissions by 2030, thereby promoting sustainable finance.

Through the development and application of innovative finance, we aim to ensure that the benefits of market development are shared by all, thus promoting the accessibility of inclusive finance. This is a long-term goal of the TDCC. We will continue to deepen our four major visions: "Innovation," "Resilience," "Inclusivity," and "Sustainability," ingraining a corporate culture of mutual benefit and symbiosis. We will expand AI innovation application businesses, create more outstanding financial infrastructure, enhance operational resilience, and embrace market changes with confidence.



Chairman
Taiwan Depository & Clearing Corporation





Operational Overview



President / **Daniel Chen**

In accordance with guidance from regulatory authorities, TDCC adheres to the mission of serving the market, so we continues to innovate in providing a digital financial environment, heading for enhancing market operational efficiency. We are progressively implementing proactive measures such as the adoption of zero-trust network deployments to establish a robust cybersecurity resilience. Furthermore, TDCC offers diversified supervisory services to assist regulatory authorities in strengthening market supervision. We also align with the business development needs of the financial market by providing comprehensive and convenient digital services to industry participants and investors, thus promoting financial inclusion. Through participation in international organizations and relevant conferences, we continuously enhance the innovative development and international visibility of Taiwan's capital market. We are committed to achieving the policy goal of net-zero emissions in Scope 1 and 2 greenhouse gas emissions by 2030 through practical actions, thus promoting ESG sustainable development. These efforts have yielded tangible results. The 2023 business review and the 2024 business plan are described below.

2023 Business Review

I. Implementation of Important Business Projects

(I) Provide a digital financial environment and implement financial inclusion

1. Promotion of open securities related services

In order to enhance the market functionality and competitiveness of financial intermediaries, the regulatory authorities have tasked TDCC with leading the promotion of open securities public data inquiry services. TDCC has thus convened securities and futures relevant organizations, Taiwan Securities Association, Chinese National Futures Association, and Securities Investment Trust & Consulting Associations, as well as FISC, to jointly form the "Open Securities Promotion Committee". This committee is responsible for progressively completing and announcing self-regulatory norms, public contract templates, cybersecurity regulations, API specifications, operational norms, and third-party service provider (TSP) usage declarations for the 24 public data inquiry items across 7 major categories of open securities. The new services were launched in June 2023. As of December 2023, collaborations have been facilitated between 13 securities, futures, and investment trust companies and 3 TSP companies to provide public data inquiry services.

2. Promoted the participation of operators in the "Onshore Fund Centralized Clearing Platform" to enhance efficiency in fund market payment and receipt processes

TDCC established the "Onshore Fund Centralized Clearing Platform", under the guidance of regulatory authorities and with the collaborative assistance of relevant fund market associations and participants, was officially launched by the end of June, 2023. This platform significantly reduces operational costs for market players, effectively enhances the overall efficiency of payment and receipt processes in the market, and increases the back-office service capacity of the fund market in Taiwan.

3. Establishment of the "eNotice Platform," offering digitalized shareholder affairs notification services to enhance dividend distribution efficiency

In accordance with regulatory policies and in response to the recommendations of the Capital Markets Committee of U.S. Chamber of Commerce to "establish electronic operational platforms and paperless environments" regarding the "electronic dissemination of shareholder information by issuing companies," TDCC has planned and implemented the "Shareholders Affairs Electronic Notification Platform (eNotice)." This platform launched by the end of June, 2023, providing investors with a more convenient digital experience, significantly reducing operational costs for issuers and shareholder services entities, and demonstrating proactive ESG initiatives.

4. Actively guiding the usage of electronic voting by emerging companies, aiming to achieve a 60% electronic voting rate across the overall securities market within 3 years

TDCC actively promotes the usage of electronic voting among emerging companies and advocates the adoption by directors, supervisors, and major shareholders of these companies. In 2023, 305 emerging companies utilized electronic voting, achieving a voting rate of 33.11%. 2,092 companies' general shareholders' meetings of those listed on TWSE or TPEX and emerging companies, adopted electronic voting, with a total of 383.5 billion shares. This marks an increase of 23.1 billion shares compared to the previous year 2022. The total number of electronic voting transactions amounted to 13.14 million in 2023, representing an increase of 2.64 million transactions compared to the previous year. Both the total share count and number of transactions for electronic voting have reached historic highs. Furthermore, the electronic voting rates over the past three years were 62.70%, 59.74%, and 60.51%, respectively, achieving the regulatory authority's goal of attaining a 60% electronic voting rate within three years.

5. First-ever domestic release of "Code of Conduct for ESG Ratings Providers", to promote the healthy development of the market

In alignment with the Sustainable Development Action Plan for companies listed on TWSE or TPEX, TDCC has released the first "Code of Conduct for ESG Ratings Providers" in the country. As the entity utilizing ESG ratings, TDCC has released the world's first guidelines, aiming to enhance the transparency of ESG ratings through close collaboration with domestic and international ESG rating agencies. Our goal is to safeguard the interests of rated companies in Taiwan.

6. Continuously optimizing comprehensive asset integration services of the ePassbook App including securities, funds, bank deposits, and dividend distribution

The ePassbook App has expanded its services beyond electronic securities passbooks function, to include diversified asset integration services such as securities, funds, bank deposits, and dividend distribution since it launched on March 2017.

To expand the scope of banking services, TDCC actively negotiated with the Bank of Taiwan and Chunghwa Post, which have a large number of depositors, to participate App environment. By the end of 2023, the App provided query services for deposit balances and transaction details for 16 financial institutions. Starting from June 30, 2023, investors can also apply for electronic dividend distribution notices (eNotice) through the App. The ePassbook App visualizes the distribution amounts through graphical representation and offers query services for aggregated information.

7. Commissioned by regulatory authorities, TDCC plans to undertake the review process for onshore and offshore fund raising cases

Starting from January 1, 2024, the regulatory authority has entrusted TDCC with the review process for onshore and offshore fund raising cases excluding ETFs. In response, TDCC has established a dedicated fund review team in 2024 to oversee the planning and execution of the fund review system.

To ensure full understanding of the adjustments and operation of the review mechanism by industry participants, TDCC conducted two advocacy seminars in 2023 and established a "Fund Raising Case Review Area" on TDCC's official website. This zone provides investment trust companies and regulatory authorities with relevant information on fund raising review operations.

(II) Assist the regulatory authority to strengthen market supervision and provide diverse supervision services

1. Provided regulatory authorities with visualized supervisory information including the "Annual Industry Survey Report" and "Onshore Fund Monthly Report Data"

Assistance has been provided to the supervisory authority in consolidating the pertinent information from "Onshore Fund Monthly Report Data" and the "Annual Industry Survey Report," as well as in generating designated graphical representations. Additionally, a cross-period data query functionality has been developed to visualize and depict fund market information over different timeframes, thereby transforming single data points into comparative data across multiple periods, ultimately enhancing the supervisory efficiency of the authority. These functionalities were launched by the end of June 2023.

Moreover, regarding the information contained within the "Annual Industry Survey Report," efforts have been made to expand the data analysis from a 5-year period to a 10-year period, along with the incorporation of enhanced query capabilities. This expansion aims to facilitate the supervisory authority's observation of long-term developmental trends within the fund industry.

2. Providing access for Central Bank to quarterly and monthly supervision information on foreign currency-denominated bonds by TDCC's big data information platform

TDCC integrates system interfaces to regularly incorporate statistical information on foreign currency-denominated bonds into the big data information platform on a quarterly and monthly basis. This facilitates the Central Bank to conduct cross-referencing among the three major analytical subjects and eight major analytical dimensions, enabling visualized, multidimensional analysis and querying of supervision-related information on foreign currency-denominated bonds. This effectively enhances the efficiency and accuracy of the Central Bank's data compilation related to these matters.

3. Incorporated interest rate risk supervision information and enhance the quality of digital supervision reporting

In response to the regulatory authority's demand for enhanced digital supervision reporting data collection and analysis in the bills finance companies, TDCC has introduced additional evaluation information for Fixed Rate Commercial Paper (FRCP) contracts, analysis of interest rate-sensitive assets and liabilities, and added a dashboard for interest rate risk supervision. Additionally, starting from August 2023, the system automatically generates four categories of customized management dashboards, totaling 21 sheets, including credit risk analysis, bond balance and risk, profit and loss comparison, and financial/business supervisory indicators. These enhancements enable the regulatory authority to promptly access risk supervision information.

4. Utilized the big data information platform to provide regulatory authorities with information on the fund utilization and compliance status of non-guarantee commercial papers

TDCC has added information on the issuance and subsequent issuance of non-guarantee commercial paper by fund utilization category to the big data information platform "Customer Relationship Management Platform," to assist regulatory authorities in monitoring the fund utilization of non-guarantee commercial paper and to grasp the situation of adjustment of the issuance multiples during the buffer period.

5. Compilation of bond/bill business statistics commissioned by the Bills Finance Association

TDCC has been entrusted by the Bills Finance Association to assist in compiling statistical information on the bond/bill balances, trading volumes, and interest rates of bills finance companies. Additionally, it has established standards for consistency in reporting content and calculation bases across various categories, effectively streamlining the reporting procedures for bills finance companies and enhancing the quality of statistical information.

6. To assist regulatory authorities in overseeing offshore structured product markets and clarify related reporting procedures

In response to industry demands, TDCC has deliberated on simplifying the reporting documents for offshore structured products sales agencies as OBU, OSU, or OIU. We have also added relevant management mechanisms, whereby reporting agencies will inform TDCC of sales agency information in advance. This facilitates the acceptance of English-language documents for production reporting procedures. The implementation launched on June 15, 2023, effectively streamlining reporting operations for industry participants.

7. Provided regulatory authorities with various ad-hoc data retrieval options and established an electronic real-time transmission mechanism

In 2023, TDCC collaborated with the Securities and Futures Bureau, Financial Supervisory Commission to facilitate market supervision data retrieval, providing securities market data as a reference for constructing inclusive financial measurement indicators. Furthermore, to aid regulatory authorities in accessing real-time supervision data and mitigate the risks associated with manual transmission and storage of personal information, TDCC has electronically transmitted market supervision data required by regulatory authorities in an encrypted manner.

(III) Assisting the regulatory authority in strengthening corporate governance of the market, providing digital services for stockholders' affairs, improving ESG information transparency and promoting sustainable development.

1. Proactively responding to ACGA evaluation topics to assist regulatory authorities in promoting Taiwan's "CG WATCH" ranking to third place

In response to the Asian Corporate Governance Association's (ACGA) "CG WATCH 2023" evaluation, TDCC provided explanations of various reform measures concerning such as electronic voting, visual shareholder meetings, voting disclosure, investor engagement, and proxy advisory services. During the due diligence conducted by the ACGA in July 2023, TDCC presented briefing materials to regulatory authorities and the ACGA, demonstrated platform functionalities, and showcased the mobile situation room, demonstrating the commitment to reform. These efforts contributed to Taiwan's elevation to the third position in the ACGA's rankings of "2023 CG Watch".

2. Establishment of a "Shareholder Meeting Voting Disclosure Service on Each Separate Proposal" to align with international corporate governance practice

The Asian Corporate Governance Association has consistently advocated for the adoption of shareholder meeting voting disclosure service as a standard practice across Asian markets. In light of this, TDCC has launched the "Shareholder Meeting Voting Disclosure Service on Each Separate Proposal" at the end of 2023, offering institutional investors a one-stop disclosure system. Currently, institutional investors can disclose their voting records for the first half of 2023.

3. Assisted regulatory authorities in auditing the cyber security operations of securities investment consulting businesses

As the announcement by the regulatory authority on October 5, 2023, the audit of the cyber security operations of securities investment consulting businesses has been entrusted to TDCC. In accordance with the directives of the regulatory authority, TDCC has intensified the auditing of cyber security operations of securities investment consulting businesses engaged in the fund electronic trading platforms. This includes conducting audits on the overall internal control systems and operational procedures of securities investment consulting businesses, focusing on cyber security management as a routine audit priority for all approved entities engaged in fund electronic trading platform.

4. To ensure the legal compliance of proxy solicitation and the handling of proxy solicitation matters on behalf of soliciting agents, and to audit the shareholder meeting operations of contentious companies

To enhance the effectiveness of shareholder meeting proxy solicitation procedures and ensure compliance with legal requirements by solicitors and proxy solicitation agents, TDCC expended audit scope regarding the signing of proxy solicitation contracts in the 2023 audit plan. Commencing from July 2023, we have executed audit operations to safeguard shareholder rights and maintain corporate stability.

In compliance with directives from regulatory authorities, TDCC has intensified audits of contentious company's securities-related operations and shareholder meeting proceedings. When necessary, we convene negotiation meetings and promptly report voting results and director and supervisor election outcomes to regulatory authorities. This facilitates the regulatory authorities' real-time understanding of the latest developments in contentious companies and strengthens the management of shareholder meeting convening by TDCC.

5. Organized commissioned studies on the development of voting policy guidelines and the feasibility of establishing proxy advisory institutions

In alignment with the recommendations put forth by the ACGA to establish a proxy advisory institution in Taiwan, TDCC has diligently engaged with securities and futures relevant organizations as directed by regulatory authorities. We have commissioned the Securities and Futures Institute to conduct studies on formulating voting policies and establishing proxy advisory institutions. The research findings were subsequently submitted to regulatory authorities by the end of March 2023, serving as valuable references for future policy implementation.

6. Establishment of a Financial Industry Carbon Emission Reporting Platform

As part of efforts to establish digital information for Scope 1 and 2 emissions within the financial industry, regulatory authorities have instructed TDCC and the TWSE to develop a Financial Industry Carbon Emission Reporting Platform. In accordance with the reporting format mandated by regulatory authorities, TDCC has designed reporting interfaces and facilitated the transfer of reporting data to the Market Observation Post System for disclosure. This platform enables 177 financial institutions to complete carbon emission reporting digitally and automatically generates four regulatory reports, assisting regulatory authorities in monitoring carbon emission reporting within the financial industry.

7. TDCC actively demonstrates its commitment to ESG sustainable development through practical actions and has rewarded recognition through numerous domestic and international sustainability awards

In terms of environment (E), TDCC has completed ISO 14064-1 greenhouse gas inventory and verification, as well as ISO 50001 energy management system verification and implementation of Task Force on Climate-Related Financial Disclosures (TCFD). We have established the policy objective of achieving net-zero emissions for Scope 1 and 2 greenhouse gases by 2030 and have developed corresponding plans for implementation, including comprehensive energy-saving measures implemented in 2023. Additionally, TDCC has conducted carbon reduction benefit calculations for digital market services and disclosed the carbon reduction benefits of two digital services, eSMART-foreign investor/securities investment trust account opening and ePassbook App, in our sustainability report.

As for the social (S) aspect, TDCC continues to engage in corporate social responsibility by actively contributing to societal welfare and ensuring comprehensive care for our employees. Furthermore, we collaborate with local governments to provide assistance to the elderly, disable individuals, and vulnerable groups, implement programs to support underprivileged students in rural areas, and reduce disparities in educational resources between urban and rural areas. Additionally, we persist in promoting various cultural philanthropic activities to exert positive societal influence across multiple dimensions.

In terms of corporate governance (G), TDCC has established a Sustainable Development Committee under the Board of Directors, responsible for approving sustainable development policies, systems, or related management guidelines, as well as concrete implementation plans. The committee plans to adopt Sustainability Accounting Standards Board (SASB) standards and provides meeting manuals, minutes, audio recordings, and financial reports of shareholder meetings on TDCC's official website to enhance corporate transparency.

TDCC actively engages in sustainable development initiatives across the Environmental (E), Social (S), and Governance (G) dimensions. This commitment has led to the consecutive recognition of various domestic and international awards, including the Asian Corporate Social Responsibility Award, Excellence in Corporate Social Responsibility, Taiwan Corporate Sustainability Award (TCSA), and others. We have also received certifications such as the Ministry of Education's Sports Enterprise Certification and the Ministry of Culture's Arts and Business Award, demonstrating TDCC's commitment to ESG sustainability performance. In addition, TDCC has set a target of achieving net-zero emissions by 2030, actively responding to the impacts of climate change through annual carbon reduction plans. This demonstrates our commitment to corporate social responsibility and our ability to influence the market positively.

(IV) Providing comprehensive service functionalities to meet the needs of overall market development

1. Providing book-entry transfer functionality for over-the-counter (OTC) ETF dual-currency trading

In compliance with regulatory authorities' directives to facilitate over-the-counter (OTC) ETF dual-currency trading, TDCC implemented the subscription and redemption operations for OTC foreign currency-denominated ETFs on September 28, 2023, along with the cross-currency conversion operations between New Taiwan Dollar (NTD) ETFs and dual-currency ETFs. Additionally, in alignment with the provision that dual-currency ETFs may distribute dividends in foreign currency at the discretion of securities investment trust enterprises, TDCC updated the existing beneficiary register on November 20, 2023, to include the supplementary file "ETF Beneficiary Owner Register - Foreign Currency Account Information" (FBA), and provided it to securities investment trust enterprises.

2. Providing book-entry transfer services for offshore investment activities, where overseas Chinese and foreigners use domestic securities as collateral

In response to regulatory authorities' permission for overseas Chinese and foreigners to utilize stocks listed on TWSE or TPEX and emerging stocks in Taiwan as collateral for offshore investment activities, TDCC introduced system functionalities related to the submission, return, and disposal of securities collateral on August 28, 2023. Additionally, we revised relevant coordination measures to provide a basis for conducting related book-entry transfer operations by TDCC and custodian institutions.

3. Establishing the "T+1 Settlement Cycle Project Team" in collaboration with securities and futures organizations to study optimization measures aimed at shortening the settlement cycle.

TDCC was responsible for convening the "Optimization of Settlement and Delivery System Working Group," jointly formulating three major initiatives for business promotion.

(1) Optimizing the efficiency of securities lending and transfer:

This operational system adjustment was implemented on September 20, 2023. TDCC has conducted 9 advocacy seminars, providing explanations to securities firms on matters such as confirming balances before submitting reports to reduce the impact of reporting failures.

(2) Continuously optimizing Straight-Through-Processing (STP) and automated file collection efficiency:

This initiative includes features such as expanding the supervisor authority of the Virtual Matching Utility (VMU) and extending the opening hours for reconciliation functions, which implemented on December 29, 2023. Subsequently, TDCC will continue to provide inventory checks optimization and automated file collection to market participants.

(3) Studying the enhancement of automation in securities firm's back-office operations:

TDCC is planning to have the head office of securities firms coordinate the acceptance of book-entry transfer transactions from customers at various branches. This involves implementing a "Operations Center" model to automate the reconciliation process such as book-entry transfer transactions, including media transmission, account reconciliation, and report filing.

4. Planning for sub-brokerage custody services

TDCC established a cross-border custody system for sub-brokerage custody-related functions on December 22, 2023. This system includes features such as settlement, corporate actions, transmission of client details from securities firms, and reconciliation of custody positions. It allows for the comparison of client position data transmitted by securities firms with overseas custody accounts to ensure the integrity of investors' overseas assets and to assist regulatory authorities in market supervision.

Through standardization and automated operation, this initiative aimed at accelerating the implementation of TDCC's sub-brokerage custody services and enhancing the development of securities firms' global wealth asset management businesses.

5. Providing information for hedging relevant tax reduction in call (put) warrants

In needs with tax supervision, the Ministry of Finance has instructed the Financial Supervisory Commission to direct securities and futures organizations and TDCC to provide transaction records related to hedge of warrants issuers to the revenue service offices of the National Taxation Bureau. TDCC actively assists the competent authorities in relevant policies by providing book-entry transfer functions and related supervisory transaction data, aiming to promote the prosperous development of the warrant trading market in Taiwan.

6. Planning to implement digital notification for ETF earning distributions

TDCC plans to provide digital notification services for ETF earning distributions. Simultaneously, it is planning to integrate electronic notification functions into the TDCC ePassbook App. Investors will also be able to receive ETF eNotice push notification through the App in the future, enabling them to access consolidated information on benefit distributions. Furthermore, TDCC is actively promoting electronic notification services for dividend payment, organizing a lottery worth millions of dollars. Through television, radio, print media, and financial technology exhibitions to promote adoption among issuing companies and investors.

7. Providing batch import transactions data functionality related to repurchase agreement of sustainable development bonds

In alignment with the Central Bank's initiative to include sustainable development bonds in open market operations, TDCC has implemented a new connection method to the Central Bank's Delivery Unit (BDU) and provided functionality for batch uploading of delivery instructions. Additionally, we have incorporated authentication features for newly added government certificates and established procedures for receiving files containing relevant basic data of customized transferable securities. These enhancements effectively improving the efficiency of open market operations and delivery procedures for bond transactions.

8. Assisted regulatory authorities in drafting the "National Anti-Money Laundering, Counter-Terrorist Financing, and Proliferation Financing Risk Assessment Report"

TDCC has systematically assessed 96 sub-criteria across six evaluation criteria, namely "License Granting", "Risk Assessment of Financial Institutions", "Customer Due Diligence", "Reporting of Suspected Money Laundering or Terrorist Financing Transactions and Targeted Financial Sanctions", "Internal Controls, Legal Compliance, and Group Requirements", and "Supervisory Activities", as outlined in the National Anti-Money Laundering, Counter-Terrorist Financing, and Proliferation Financing Risk Assessment Report. Each criterion was meticulously reviewed to reflect TDCC's operational status, assisting regulatory authorities in report preparation.

(V) Continuously strengthening cybersecurity defense capabilities to improve operational security

1. Gradually implementing zero-trust network deployment in phases, reinforcing connection authentication and authorization control

With the data and services become more cloud-based, the proliferation of mobile users, and the diversification of access devices, the traditional network model based on trust boundaries has become inadequate to meet the demands of new forms of work. In accordance with the Financial Cybersecurity Action Plan 2.0, TDCC implemented the core mechanism of zero-trust network identity authentication on December 8, 2023.



2. Enhanced audit of TDCC's outsourced vendor's cybersecurity management

To ensure that external vendors comply with TDCC's contractual and cybersecurity requirements for entrusted tasks, TDCC expanded due diligence audits of 20 entrusted vendors in 2023. Based on audit findings, vendors were requested to make improvements, and their progress was tracked during TDCC's cybersecurity meetings.

3. Upgrading system software versions to enhance the resilience of information system operations

TDCC has been sequentially performing system software version upgrades for various systems including the TDCC Global Website, Futures Trading System, Issuance Operations Platform, ePassbook Database Server, Security Token Offering Information Reporting and Customer Inquiry System, and Inquiry Database. After the upgrades, TDCC will gain access to original equipment manufacturer (OEM) technical support and maintenance, providing a stable operating environment for TDCC's various business information systems.

4. Assessing the effectiveness of cybersecurity monitoring and protection in alignment with the financial cybersecurity action plan 2.0

TDCC regularly conducts DDoS attack defense drills, red and blue team exercises, intrusion and attack simulation, and other network attack techniques to evaluate the effectiveness of cybersecurity monitoring and defense deployments, thereby strengthening the overall cybersecurity defense capabilities.

(VI) Actively participating in international organizations and related conferences to contribute to the innovative development and international visibility of Taiwan's capital market

1. Assisted the regulatory authority in organizing the 14th Taipei Corporate Governance Forum

TDCC successfully coordinated and collaborated with the Taiwan Stock Exchange (TWSE), Taipei Exchange (TPEX), Taiwan Futures Exchange (TAIFEX), and Taiwan Corporate Governance Association (TCGA) to jointly organize the 14th Taipei Corporate Governance Forum (TAICGOF) from September 4th to 5th, 2023. The event was concluded smoothly, effectively enhancing the corporate governance standards in Taiwan and international visibility.

2. Participated in international forums to exchange experiences with international peers, enhancing international visibility

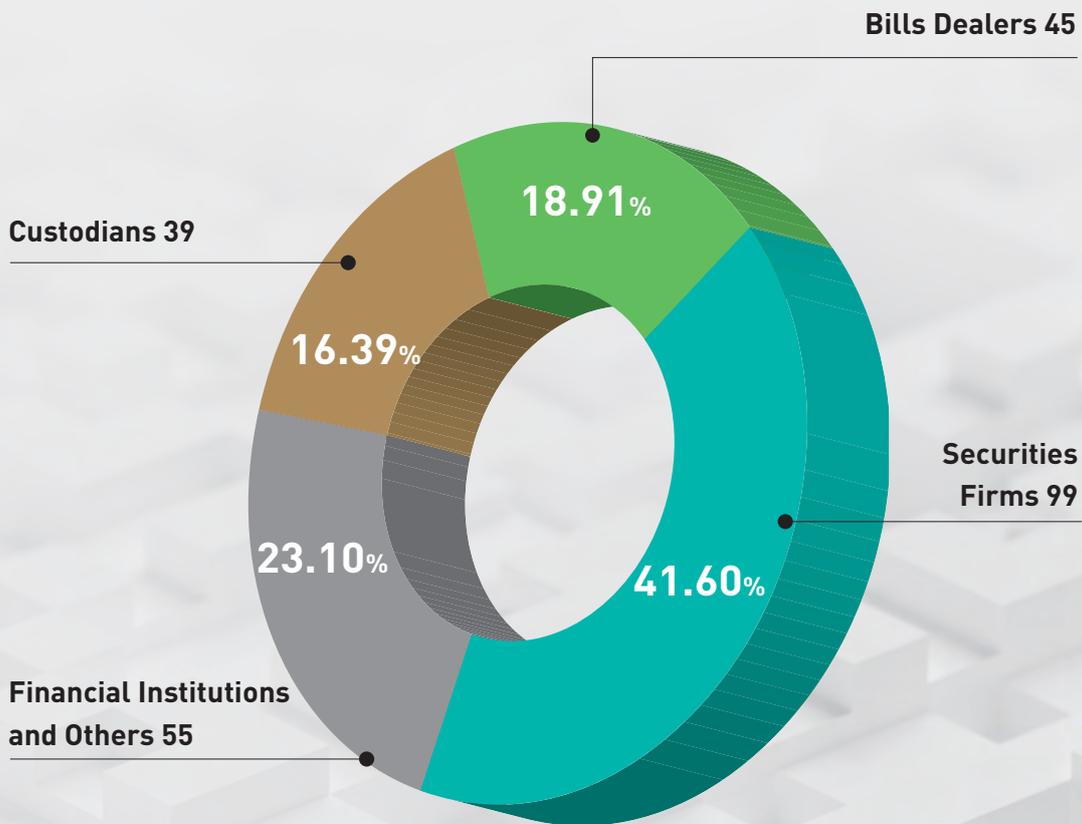
In October 2023, TDCC attended the 25th Annual General Meeting of the Asia-Pacific Central Securities Depository Group held in Vietnam, and shared ESG practical experience. During the event, TDCC was invited by the International Securities Services Association (ISSA) to join its ESG Working Group to play a more proactive role. Additionally, TDCC attended the 2023 Responsible Investor Asia Forum (RI ASIA) held in Singapore, leveraging the forum to enhance international visibility.

In November 2023, TDCC attended the Asian Corporate Governance Association (ACGA) Annual Conference held in India, where it briefed representatives of various foreign institutional investors on the progress in the field of corporate governance in Taiwan. Furthermore, the "CG WATCH 2023" report once again recognized Taiwan, Japan, South Korea, and India as one of the most advanced markets for electronic voting (including cross-border voting) in the Asian market.

II. Operational Performance

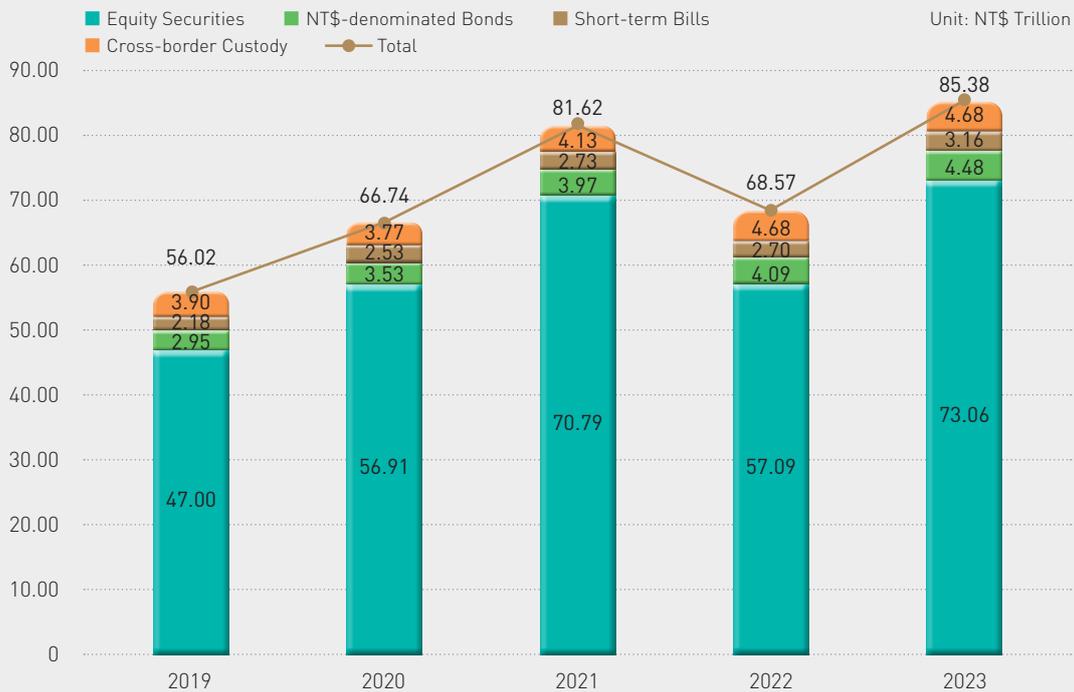
(I) Participants

In 2023, TDCC conducted the book-entry transfer operation with a total of 238 participants, including 99 securities firms, 45 bills dealers, 39 custodians, and 55 financial institutions. Additionally, we carried out the issuance registration operation with a total of 7,832 participants, including 2,870 general issuers and 4,962 short-term bills issuers, bringing the total number of participants to 8,070.



(II) Custody Business

In 2023, the balance of equity securities held in custody was approximately NT\$ 73.06 trillion, while NTD-denominated bonds totaled NT\$ 4.48 trillion, short-term bills amounted to NT\$ 3.16 trillion, and cross-border custody reached NT\$ 4.68 trillion. The total custody balance increased approximately 24.5% as NT\$ 85.38 trillion, compared to 2022 as NT\$ 68.57 trillion.



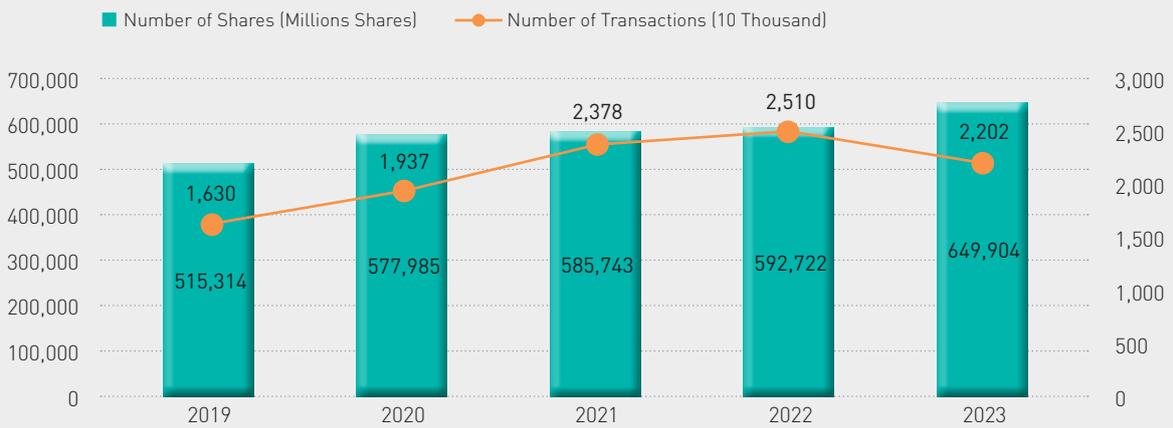
(III) Clearing and Settlement Business

In 2023, the volume of clearing and settlement operations for equity securities was approximately NT\$ 86 trillion, fixed income products amounted to about NT\$ 93.1 trillion, cross-border custody reached around NT\$ 1.5 trillion, and mutual fund business were approximately NT\$ 0.2 trillion. The total reached NT\$ 180.8 trillion, showing a growth of 9.7% compared to the NT\$ 164.8 trillion in 2022.

	Equity Securities Market	Fixed Income Products		Cross-border Custody	Fund Market
		Bonds	Bills		
Amount of Total Transaction	NT\$ 86 trillion	NT\$ 9.08 trillion	NT\$ 84 trillion	NT\$ 1.5 trillion	NT\$ 221.7 billion
Amount of Average Daily Transactions	NT\$ 361.9 billion	NT\$ 43.5 billion	NT\$ 329.3 billion	NT\$ 6.05 billion	NT\$ 900 million
Number of Daily Transactions	2.82 million	637	2,500	57	50,000

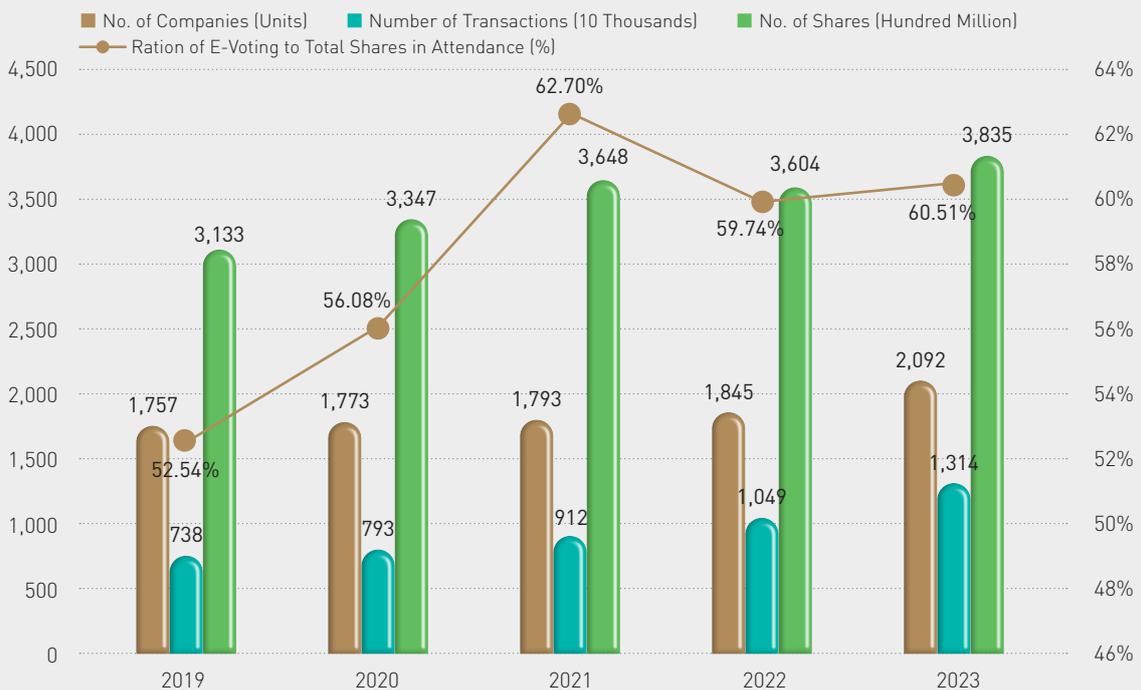
(IV) Book-Entry Transfer Business

In 2023, 22.02 million entries were processed for the book-entry transfer and distribution of equity securities in the ledger.



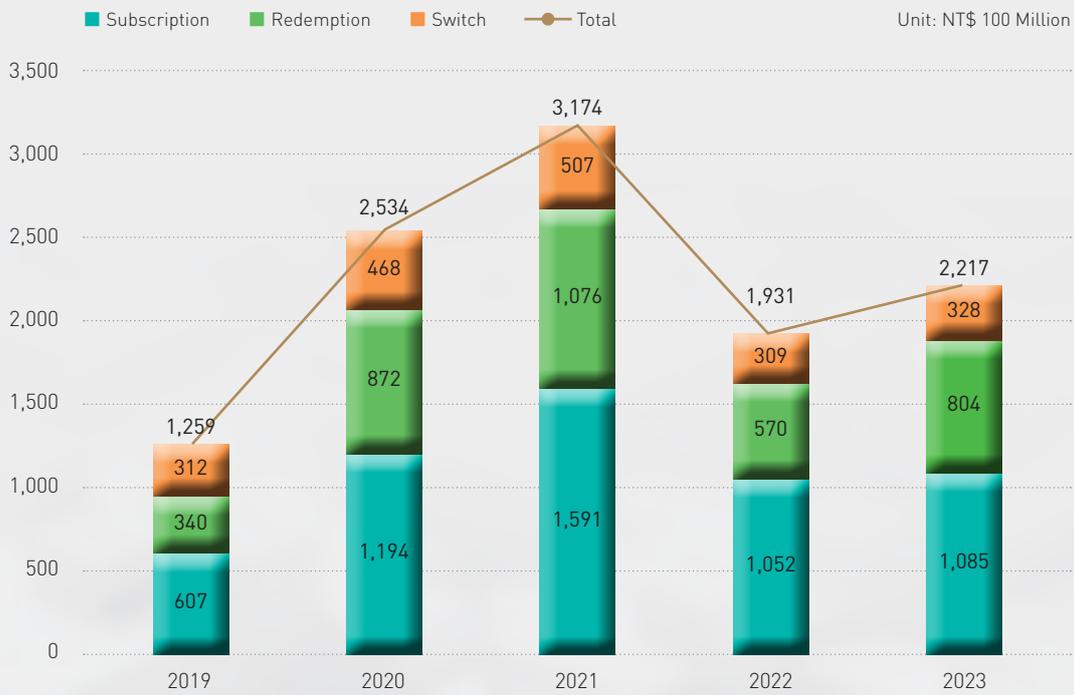
(V) E-Voting Business

In 2023, a total of 2,092 listed on TWSE or TPEX and emerging market companies implemented electronic voting for shareholders' meetings, achieving a participation rate of approximately 60.51% of the outstanding shares, thereby reaching the goal of exceeding 60% within three years.



(VI) Fund Business

In 2023, the amount of the payment and receipt operations of the fund trading platform was approximately 221.7 billion, including NT\$ 108.5 billion for subscription, NT\$ 80.4 billion for redemption, and NT\$ 32.8 billion for switch, This represents a 14.8% increase compared to 2022 as NT\$ 193.1 billion.



2024 Business Plan

In 2024, TDCC will continue to focus on financial technology, promoting information integration and digital transformation, deepening diversified services, and creating maximum value in the financial market through cross-category, cross-industry, and cross-border data integration. In response to rapid market changes, TDCC will continue to deepen its expertise in digital and cybersecurity fields, and actively promote the development of digital financial services, adhering to the concept of mutual benefit with market participants, and establishing a financial technology service ecosystem through public-private collaboration. The key focus areas for our business expansion in 2024 are as follows:

I. Deliberation on the mechanisms for digital innovation services in financial markets

In terms of equity products, TDCC is considering opening up the establishment of back-office operation centers for securities brokers to coordinate the execution of trading and account reconciliation operations of their headquarter and branch offices, as well as planning to establish the “application platform for ePassbooks” through which investors can apply to convert all paper passbooks into ePassbooks, providing a diverse and convenient application conversion channels. Additionally, to improve the operational efficiency of securities brokers and achieve energy-saving and carbon-reduction effects, TDCC is considering assisting in the electronic transmission of relevant documents for investor inheritance, gifting, etc., and providing foreign investors with automated functions for ETF subscription and redemption operations to enhance ETF subscription and redemption efficiency.

In the fixed income product domain, TDCC is referencing international trends and innovative technologies to establish a dynamic inquiry platform for participants in bond/bill settlement messages, enabling bond/bill traders to promptly and efficiently access settlement information for the day.

II. Entrusted to handle fund raising declaration review and continuing to promote onshore fund centralized clearing platform

Starting from January 1, 2024, TDCC has been entrusted by the Financial Supervisory Commission (FSC) to review onshore fund raising cases for non-index equity mutual funds, and will begin assisting in the review of offshore funds eligible for application under the effective registration system for focused cultivation projects starting October 1. To ensure the completeness of the review process, TDCC and the regulatory authority continuously update the review focus items and establish communication mechanisms with securities and futures relevant organizations to discuss fund review standards and actual review situations, aiming to provide policy recommendations to the regulatory authority.

Additionally, to enhance the overall effectiveness of the “Onshore Fund Centralized Clearing Platform” service, TDCC plans to provide B2C gross fund payment services for customers of securities investment trust industry in 2024, assisting industry players in expanding fund business and making service offerings more comprehensive to collectively create market synergies. Furthermore, we will consider promoting the mechanism for net fund payments for onshore funds in the future.

III. Provision of video shareholders’ meetings and electronic transmission services of shareholders affairs notification for public companies

In 2024, TDCC’s video shareholders’ meeting platform (eMeeting) will streamline the process for foreign investors to apply for participation in video conferences. Previously, applications had to be submitted by custodian institutions, but now, a more convenient online application process will be implemented. Additionally, TDCC will introduce a fully English interface on the platform (including English agendas for shareholder meetings) to facilitate the participation of foreign investors.

Furthermore, TDCC plans to introduce electronic notification services for ETF income distribution and is considering adding electronic notification services for events such as the expiration of the public tender offer period and payment of consideration on the shareholders affairs electronic notification platform (eNotice).

IV. Improve ESG information transparency, implement corporate social responsibility, and practice sustainable development

In 2024, TDCC will assist regulatory authorities in establishing a carbon emissions reporting platform for the financial industry, providing channels for financial institutions to report carbon emissions and supervisory information on the implementation status of relevant industry operators. We will also continue to enhance the functionality of TDCC ESG Investor Relations Platform to provide institutional investors with digitally produced due diligence governance reports.

Furthermore, to demonstrate our commitment to promoting ESG and achieving green sustainability, TDCC have set a target of achieving net-zero Scope 1 and 2 greenhouse gas emissions by 2030. In 2024, we will continue to implement various carbon reduction measures and consider aligning with international sustainability disclosure standards to enhance the transparency of sustainability reporting.

V. Researching relevant supportive measures to address the future transition to shorten settlement cycle (T+1)

To adapt to the future change of shortening the settlement cycle for TWSE or TPEX-listed stocks from the current T+2 to T+1, TDCC, in collaboration with the Taiwan Stock Exchange, Taipei Exchange, Taiwan Futures Exchange, and the Taiwan Securities Association, has formed a task force to plan and develop related complementary measures. TDCC will continue to enhance the efficiency of securities borrowing and lending transfers, Straight Through Processing (STP) for reconciliation operations, and automated filing efficiency. Additionally, we are deliberating on strengthening the system automation of backend operations centers for securities firms.

VI. Enhancing cybersecurity capabilities to ensure trading network security

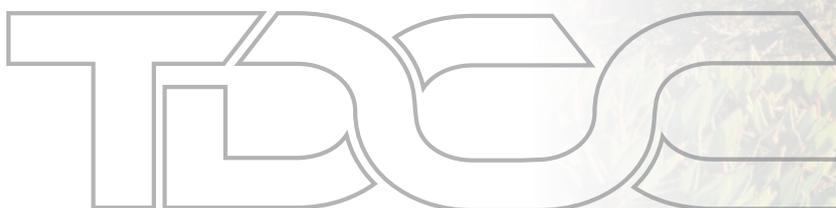
TDCC is scheduled to complete the phased relocation of the new server room by the end of July 2026. The significant infrastructure was scheduled to be completed in 2024 with the establishment of seismic protection equipment of the new server room. Furthermore, TDCC initiated the construction and testing of the network and other information environments to provide a stable information operating environment.

Additionally, to enhance the preservation of critical market data and safeguard investor rights, TDCC continued to promote cloud data backup mechanisms in 2024. It also established and optimized the functions of the Security Operations Center (SOC) and developed advanced features such as machine learning models for cybersecurity risk assessment and security monitoring dashboards to swiftly detect cybersecurity incidents and enhance response capabilities.



Outlook

Since its foundation, TDCC has entered its fourth decade and will continue to advance in three key directions. Firstly, it aims to strengthen digital transformation of core business and develop innovative financial services to meet the diverse needs of participants digitally. This includes the creation of a comprehensive backend core service platform, eSMART, and the optimization of the "ePassbook" App, leveraging digital innovation to enhance operational efficiency and establish market infrastructure to support the sustainable development of the securities market. Secondly, TDCC will drive the application of big data, fostering a culture where data is integral to decision-making. Utilizing regulatory technology and the Big Data and Analytics Application Platform, we will integrate diverse internal and external data to provide visualized data services to the market and government. This will aid regulatory authorities in cross-market supervision and risk management and create an data sharing platform of open finance. Thirdly, TDCC is committed to advancing sustainable development in the market. With years of dedication to backend financial market services, we has earned market trust through rigorous processes and proactive innovation



management. TDCC is dedicated to sustainable financial services, expanding digital carbon reduction for low-carbon sustainability, and providing ESG sustainable investment services. Additionally, TDCC assists in the sustainable development of the financial market, serving as an accelerator for Taiwan's sustainable finance.

Looking ahead to the following year, strengthening resilience, enhancing innovation, promoting sustainability, implementing inclusivity, and fostering international connections will be the crucial points of capital market development. This aligns with TDCC's development vision of "Innovation, Resilience, Inclusivity, and Sustainability." TDCC will continue to uphold its core value of "Altruism and Common Good" and integrate it into the promotion of all its businesses. TDCC will also play a constructive key role, actively collaborating with securities and futures relevant organizations and industry players, continuously investor-oriented, expanding cross-domain application scenarios, and embracing the future of the Taiwan capital market.







Company Profile

Taiwan Depository & Clearing Corporation (TDCC) was formerly Taiwan Securities Central Depository Co., Ltd. (TSCD), which was established in line with the direction of the competent authority to increase the efficiency of the securities market and resolve the heavy workload of processing materialized securities by related securities businesses by providing a secure and efficient central depository. It was jointly invested by Taiwan Stock Exchange (TWSE), Yuanta Securities Finance Co., Ltd., and securities firms, and was officially established in October 1989. TSCD went into operation in January 1990, providing securities central depository and book-entry, centralized trading and over-the-counter market securities settlement, emerging stocks clearing and settlement, and registration of securities issued in dematerialized form. It was also entrusted by the competent authority to conduct audits on stock-related matters.

In order to take into account the synergies of back-end operation for cross-product investment by market participants, prevent resource investment delicately, and follow the trend of back-office integration in international securities markets, the competent authority resolved to merge TSCD with Debt Instruments Depository and Clearing Co., Ltd. Taiwan (DIDC), which handled short-term bills and reported to Ministry of Finance, in July 2005. Through the integration of clearing, settlement, and depository platforms, the new entity aims to leverage the benefits of integration by effectively reducing the cost of investment, increasing operational efficiency, expanding the scope of service, and stimulating market development. The merger of the two companies was completed on March 27, 2006, and the new entity was named Taiwan Depository & Clearing Corporation (TDCC).

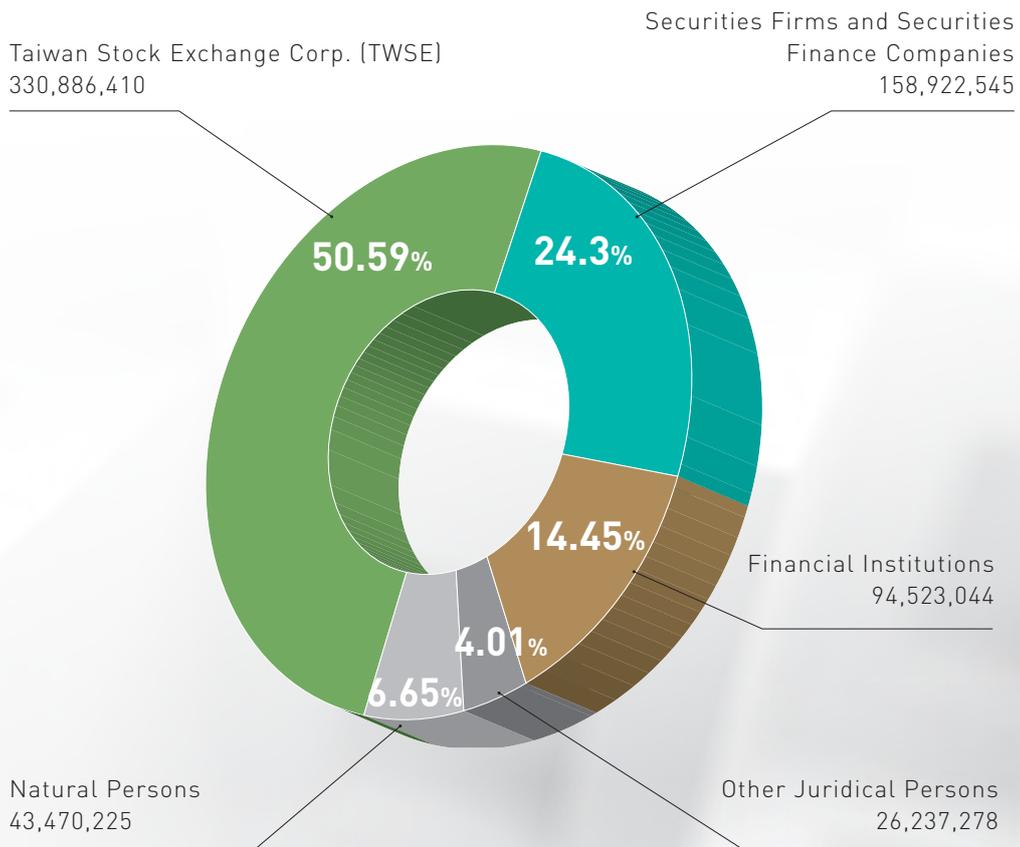
Subsequently, considering the development trend in shareholders' meetings in the global securities market in recent years, TDCC and Taiwan Integrated Shareholder Service Company (TISSC) resolved to promote the merger of the two companies in November 2013. The merger was completed on March 24, 2014, with TDCC as the surviving company. Through the merger, TDCC has become the only back-end organization in Taiwan's financial market, acting as a diversified market platform that provides equity securities, fixed-income securities, bills, mutual funds, futures, and corporate action services.

In alignment with regulatory policies and to foster the development of the securities and futures markets, the main institutions invested by TDCC are as follows:

Invested Institutions	Investment Date	Shareholding Percentage
Taiwan Ratings Corporation	1997.01.30	19%
TAIWAN-CA Inc.	1999.11.30	18.08%
FundRich Securities	2015.11.06	57.10%

Shareholder Structure

As of the end of 2023, TDCC has 1,838 shareholders, comprising 110 institutional investors and 1,728 individual shareholders. The Taiwan Stock Exchange holds the largest shareholding of 330,886,410 (about 50.59%), and securities firms and securities finance companies hold 158,922,545 (about 24.30%) of the shares. Followed by 94,523,044 shares held by financial institutions (about 14.45%), 26,237,278 shares held by other juridical persons (about 4.01%) and 43,470,225 shares held by natural persons (about 6.65%). The shareholding structure as of the end of 2023 is as follows:



December 31, 2023

Board of Directors and Supervisors

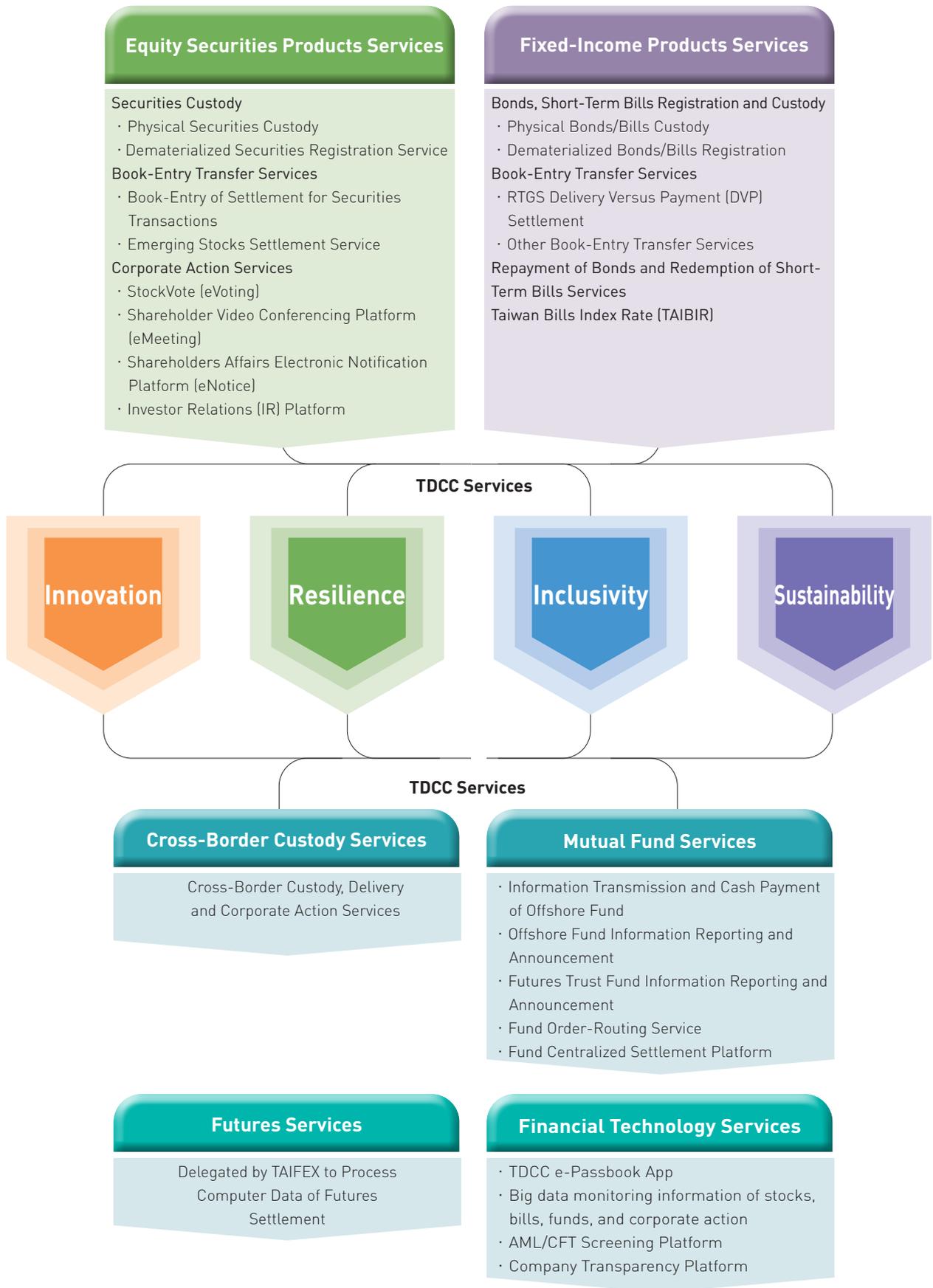
The board of directors is comprised of seven directors, representing the Taiwan Stock Exchange, Yuanta Securities Finance Co., Ltd., and KGI Securities Co., Ltd. There are three supervisors, including one standing supervisor. The directors, supervisors, and shareholder representatives of TDCC are as follows:

December 31, 2023

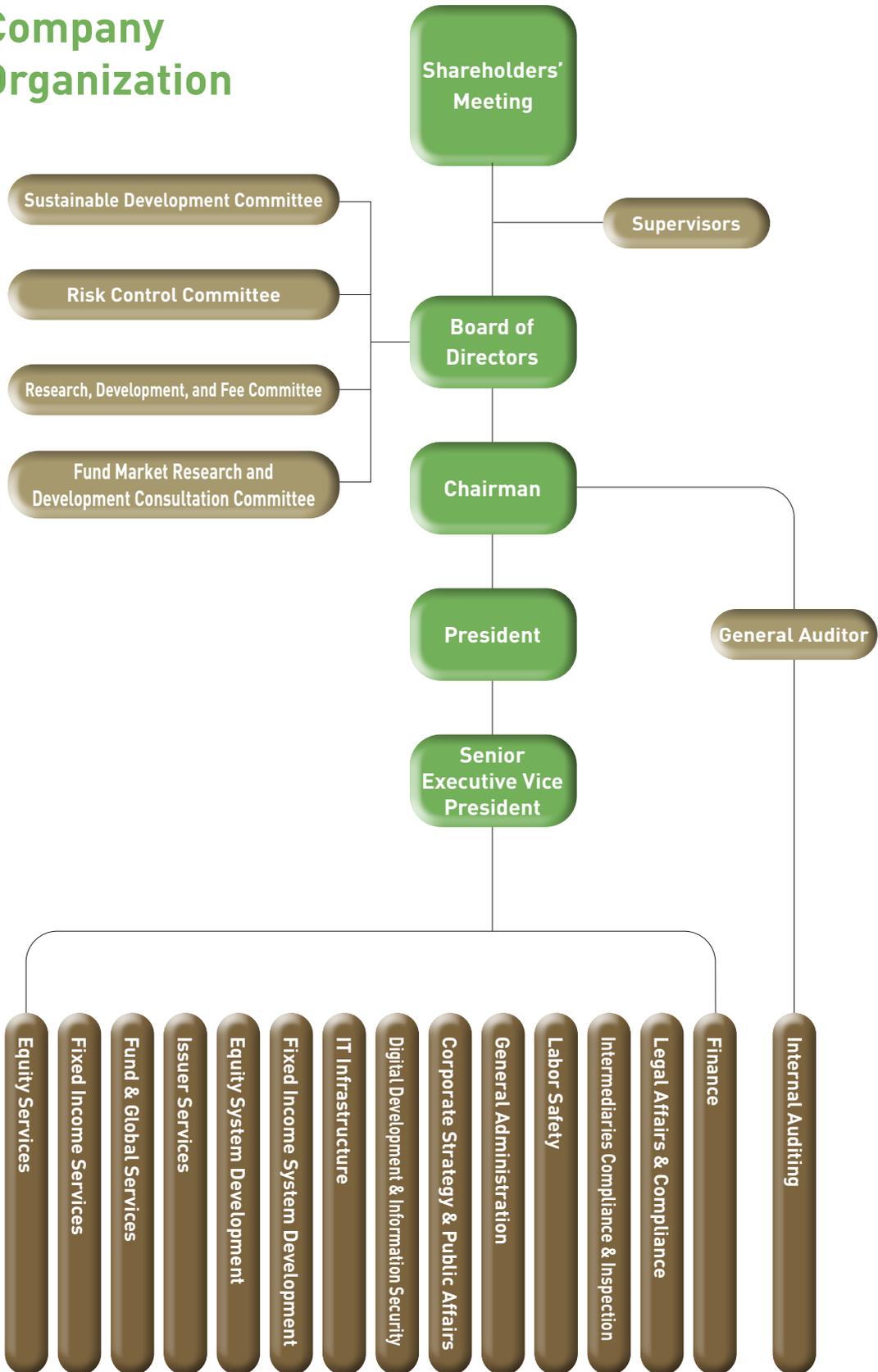
Title	Name	Shareholder Represented
Chairman	Bing-Huei Lin	Taiwan Stock Exchange Corporation (TWSE)
Director	Sherman Lin	Taiwan Stock Exchange Corporation (TWSE)
Director	Daniel Chen	Taiwan Stock Exchange Corporation (TWSE)
Director	Chao-Liang Kuo	Taiwan Stock Exchange Corporation (TWSE)
Director	Hung-Tu Liao	Taiwan Stock Exchange Corporation (TWSE)
Director	Wei-Cheng Huang	Yuanta Securities Finance Co., Ltd. (YSFC)
Director	Falco Mi	KGI Securities Co., Ltd.
Standing Supervisor	Cheng-En Chan	Taiwan Securities Association
Supervisor	Chung-Che Huang	Taiwan Securities Association
Supervisor	Hsiu-Fen Hung	Taiwan Futures Exchange Corporation

Business Scope and Multiple Roles of TDCC

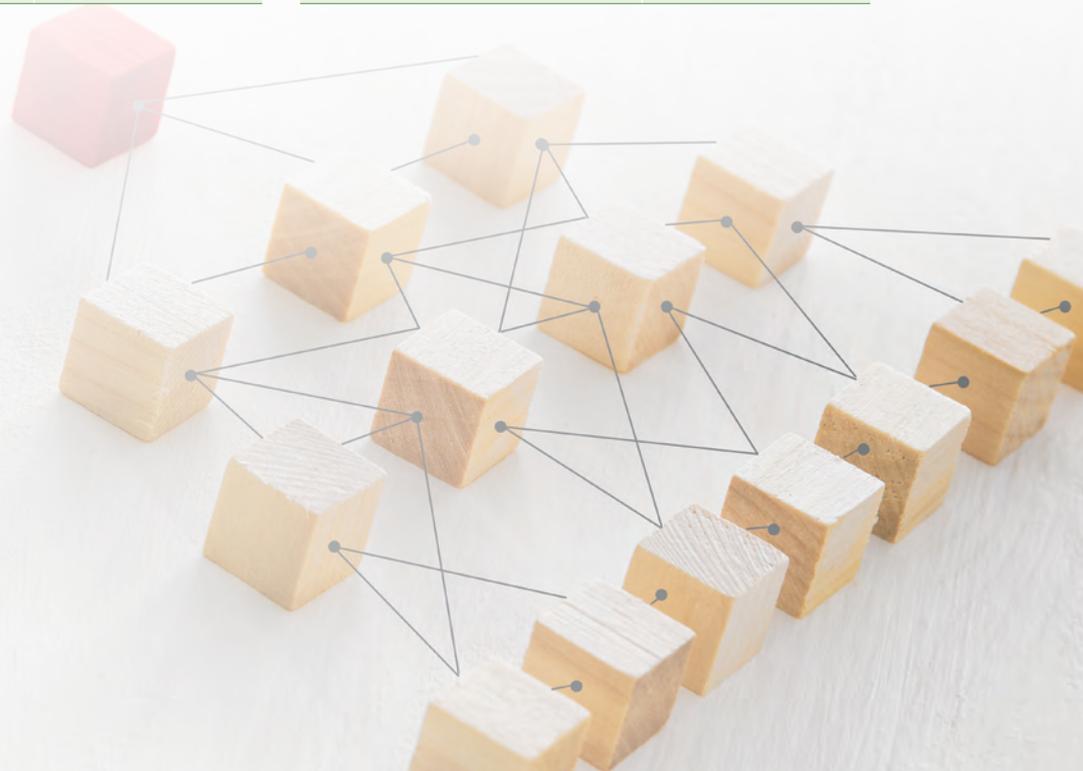
TDCC specializes in providing centralized custody and book-entry settlement services for securities as its core technology. Its application scope originates from equity securities and gradually encompasses a diverse range of products including fixed-income securities, futures, cross-border securities, funds, and more, thus moving towards diversified development. In recent years, it has also actively provided value-added services to regulatory authorities and investors, assisting in the sound development of domestic financial markets. Originating from the back-end of the capital market, TDCC has progressively transformed into a regulatory supplementary institution for regulatory authorities, and a data hub across commodities and markets. Together with financial industries and investors, we are striving towards sustainable finance.



Company Organization



Title	Name	Title	Name
Chairman	Bing-Huei Lin	Senior Vice President of Equity System Development	Jeff Yang
President	Daniel Chen	Senior Vice President of Fixed Income System Development	Feng-Chung Chen
Senior Executive Vice President	Gloria Ching	Senior Vice President of IT Infrastructure	Li-Chung Wu
Senior Executive Vice President	Jane Chang	Senior Vice President of Digital Development & Information Security	Win-Cheng Wang
Senior Executive Vice President	Kuang-Hui Chen	Senior Vice President of Corporate Strategy & Public Affairs	Eric Hsu
General Auditor of Internal Auditing	Olivia Chang	Executive Vice President of General Administration and Labor Safety	Jennifer Chen
Senior Vice President of Equity Services	Victor Wang	Senior Vice President of Intermediaries Compliance & Inspection	Tzu-Ting Chen
Senior Vice President of Fixed Income Services	Yuan-Hua Hsiao	Vice President of Legal Affairs & Compliance	Hui-Hua Pai
Senior Vice President of Fund & Global Services	Julie Wang	Senior Vice President of Finance	Stephanie Lin
Executive Vice President of Issuer Services	Chen-Chen Huang		



Management Team



Chairman / **Bing-Huei Lin**

President / **Daniel Chen**



Senior Executive
Vice President /
Jane Chang

Senior Executive
Vice President /
Kuang-Hui Chen

General Auditor of
Internal Auditing /
Olivia Chang

Senior Executive
Vice President /
Gloria Ching



Senior Vice President
of Equity Services /
Victor Wang

Executive Vice President
of Issuer Services /
**Chen-Chen
Huang**

Senior Vice President
of Fixed Income Services /
Yuan-Hua Hsiao

Senior Vice President
of Fund & Global Services /
Julie Wang



Senior Vice President
of Fixed Income System
Development /

Feng-Chung Chen

Senior Vice President of
Digital Development &
Information Security /

Win-Cheng Wang

Senior Vice President
of IT Infrastructure /
Li-Chung Wu

Senior Vice President
of Equity System
Development /

Jeff Yang



Senior Vice
President of Finance /

Stephanie Lin

Vice President
of Legal Affairs
& Compliance /

Hui-Hua Pai

Senior Vice President
of Intermediaries
Compliance &
Inspection /

**Tzu-Ting
Chen**

Senior Vice
President of
Corporate Strategy
& Public Affairs /

Eric Hsu

Executive Vice President
of General Administration
and Labor Safety /

Jennifer Chen

Supervisors' Report

To the 2024 Annual Shareholders' Meeting,

Taiwan Depository & Clearing Corporation

The Board of directors have compiled and submitted to us for examination the 2023 balance sheets, statements of comprehensive income, statements of changes in equity, statements of cash flows, consolidated financial statements, operations report and proposal for earning distribution for year 2023, etc. The undersigned Supervisors, accompanied by Deloitte & Touche, CPAs have completed our examination and found them correct. This report is hereby prepared in accordance with Article 219 of the Company Act and submitted for your approval.

Taiwan Depository & Clearing Corporation

Standing Supervisor

Cheng-En Chang

Supervisors

Hank Huang

Shiu-Feng Hung

April 24, 2024

Internal Control Statement

Based on self-assessment, the following declarations are made regarding the Taiwan Depository & Clearing Corporation (hereinafter referred to as TDCC) internal control system for the period from January 1, 2023 to December 31, 2023.

1. TDCC is fully aware that the establishment, implementation and maintenance of the company's internal control system are the responsibility of the board of directors and of the company's management. TDCC has already established an internal control system. The objective of the system's establishment was to provide a reasonable level of assurance that the company's goals for the efficiency and effectiveness of the company's operations (including profitability, performance and asset protection, etc.), the reliability, timeliness, transparency of its reports and adherence to relevant laws and regulations can be met.
2. Any internal control system has certain pre-ordained limitations. No matter how carefully designed the system may be, even the most effective internal control system can only provide a reasonable level of assurance for the three objectives noted above. In addition, the effectiveness of the internal control system is liable to be affected at changes in the environment and circumstances. However, TDCC's internal control system has a selfmonitoring function; as soon as any failing in the system comes to light, the company will immediately take steps to improve it.
3. TDCC has evaluated the result of the design and implementation of the internal control system in accordance with the criteria items from the Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets (hereinafter referred to as "these Regulations"). The criteria items adopted by these Regulations are classified into five components in line with the management control procedures: (1) Control environment; (2) Risk assessment; (3) Control activities; (4) Information and communication; (5) Monitoring activities. Each components in turn contains a number of items. Please refer to these Regulations for details of these items.
4. The above-mentioned internal control criteria items have been used by TDCC to assess the effectiveness of the design and implementation of the internal control system.
5. Based on the results of the assessment, TDCC believes that the design and implementation of the company's internal control system (including Supervision and management over subsidiaries, overall implementation of information security) during the above mentioned period are acceptable in terms of the efficiency and effectiveness of the company's operations, the reliability, timeliness, transparency of its reports and adherence to relevant laws and regulations, except for the items listed in the appendix, and can therefore provide a reasonable degree of assurance for the achievement of the above objectives.
6. Any false, hidden or illegal matters of this Declaration will lead to lawsuit responsibility according to the Article 174 of the Securities Exchange Act.
7. This Declaration was approved by TDCC's Board of Directors on March 20, 2024.

Taiwan Depository & Clearing Corporation

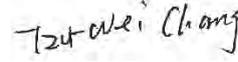
Chairman:
Bing-Huei Lin



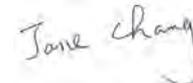
President:
Daniel Chen



Chief Internal Auditor:
Tzu-Wei Chang



Information Security Officer:
Jane Chang



March 20, 2024

Enhancement and Improvements of Internal Control System

(Baseline Date: December 31, 2023)

Items needs Improvement	Improvement Measures	Estimated Time for Completion of Improvement
<p>subsidiary : Fundrich Securities Co., Ltd</p> <p>Due to the incomplete internal control system over information security, Fundrich Securities was fined by the regulatory authorities on August 2, 2023.</p>	<p>The related operational procedures have been enhanced and implemented accordingly, and they will be continuously updated based on the latest regulations.</p>	<p>Improvements were completed.</p>

Note: Please list in detail the sanctions imposed by the competent authority including warnings, disciplinary actions, administrative fines of greater than or equal to NT\$240,000, and the improvement of information security deficiencies inspected by the competent authority.





Financial Report

Independent Auditors' Report

The Board of Directors and Stockholders
Taiwan Depository & Clearing Corporation

Opinion

We have audited the accompanying consolidated financial statements of Taiwan Depository & Clearing Corporation (the "Corporation") and subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Business Entity Accounting Act, Regulation on Business Entity Accounting Handling relevant to preparation of financial statements, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The description of each key audit matter of the consolidated financial statements for the year ended December 31, 2023 are as follows:

Accuracy of Operating Revenues

The operating revenues of Taiwan Depository & Clearing Corporation and subsidiaries mainly include securities settlement revenue, securities recording revenue, transfer processing services revenue and bills and bonds clearing and custodial services revenue. These revenues are recorded on the books based on the related laws and contracts. In 2023, the Group's principal operating revenues amounted to \$6,027,436 thousand, which is material to the financial statements. We considered the accuracy of operating revenues as key audit matter.

The main audit procedures we performed for operating revenues are listed below:

1. We acquire an understanding of the Group's nature of the industry and evaluate the procedures for internal control in the recording of operating revenues, including understanding of the information environment of the system for calculating operating revenues.
2. We verify whether the calculation methods with respect to operating revenues complied with the statutory provisions or the related contracts.
3. We recalculate operating revenues and confirmed the accuracy of operating revenues.

Existence and Classification of Bank Deposit

As stated in Notes 6 and 11, as of December 31, 2023, the Group had cash and cash equivalents of \$3,371,943 thousand, other financial assets (time deposits with original maturities of more than 3 months) of \$11,075,595 thousand, default damage fund of \$3,731,787 thousand. Because of the significance of the accounts, we considered the existence and classification of the bank deposits as key audit matter.

The main audit procedures we performed for bank deposits are listed below:

1. We obtained an understanding of the cash cycle and tested the operating effectiveness of internal controls.
2. We checked the amounts on bank statements against those in the ledger, and sent a written confirmation request to the bank. If there is any discrepancy, we obtained a bank reconciliation statement and tested the correctness of the reconciliation items.
3. We ascertained whether bank deposits designated for specific purposes or otherwise restricted have been reclassified to the appropriate account.
4. We performed an inventory count of certificates of deposit and checked the results of inventory testing against the ledger.
5. We performed test of large inflows and outflows of cash and verified whether the transactions were related to the Group's business. We obtained explanations for large or irregular transactions.

Other Matter

We have also audited the parent company only financial statements of Taiwan Depository & Clearing Corporation as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Business Entity Accounting Act, Regulation on Business Entity Accounting Handling relevant to preparation of financial statements, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the supervisors, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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 consolidated financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Tung-Ju Hsieh and Jr-Shian Ke.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 20, 2024

Notice to Readers

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

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

Taiwan Depository & Clearing Corporation and Subsidiaries

Consolidated Balance Sheets

December 31, 2023 and 2022

ASSETS	2023		2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents	\$ 3,371,943	7	\$ 6,583,330	17
Financial assets at fair value through profit or loss - current	5,753,668	13	5,052,690	13
Financial assets at amortized cost - current	2,552,428	6	1,750,248	4
Other financial assets - time deposits with original maturities of more than 3 months	11,075,595	25	9,948,699	25
Notes and accounts receivable, net				
Unrelated parties	587,583	1	466,784	1
Related parties	314,734	1	232,693	1
Other financial assets - others	1,837,729	4	719,660	2
Other current assets	144,814	-	131,907	-
Total current assets	<u>25,638,494</u>	<u>57</u>	<u>24,886,011</u>	<u>63</u>
NONCURRENT ASSETS				
Financial assets at fair value through other comprehensive income - noncurrent	2,346,814	5	2,243,828	6
Financial assets at amortized cost - noncurrent	11,059,169	25	6,888,062	17
Default damage fund	3,731,787	8	3,491,239	9
Investments accounted for using the equity method	111,094	-	104,678	-
Property and equipment	709,601	2	814,393	2
Right-of-use assets	197,285	-	288,071	1
Investment properties	208,754	1	212,031	1
Intangible assets	202,490	1	208,786	-
Goodwill	237,545	1	237,545	1
Deferred tax assets	18,098	-	20,479	-
Refundable deposits	154,586	-	151,525	-
Operation guarantee deposits	70,000	-	70,000	-
Other noncurrent assets	31,136	-	11,449	-
Total noncurrent assets	<u>19,078,359</u>	<u>43</u>	<u>14,742,086</u>	<u>37</u>
TOTAL	<u>\$ 44,716,853</u>	<u>100</u>	<u>\$ 39,628,097</u>	<u>100</u>

(In Thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	2023		2022	
	Amount	%	Amount	%
CURRENT LIABILITIES				
Accrued expenses	\$ 601,685	1	\$ 599,014	2
Lease liabilities - current	99,332	-	95,773	-
Current tax liabilities	718,957	2	512,524	1
Receipts under custody	1,724,315	4	650,273	2
Other current liabilities	104,864	-	114,526	-
Total current liabilities	3,249,153	7	1,972,110	5
NONCURRENT LIABILITIES				
Lease liabilities - noncurrent	101,413	1	194,076	1
Deferred tax liabilities	35,673	-	35,673	-
Guarantee deposits	80,296	-	61,025	-
Net defined benefit liabilities	417,009	1	416,359	1
Total noncurrent liabilities	634,391	2	707,133	2
Total liabilities	3,883,544	9	2,679,243	7
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION				
Capital stock	6,540,395	15	5,839,638	15
Capital surplus	478,821	1	478,821	1
Legal reserve	4,541,220	10	4,099,392	11
Special reserve	21,124,763	47	19,542,132	49
Unappropriated earnings	5,510,355	12	4,483,745	11
Other equity - unrealized gain on financial assets at fair value through other comprehensive income	2,205,429	5	2,102,420	5
Total equity attributable to owners of the Corporation	40,400,983	90	36,546,148	92
NON-CONTROLLING INTERESTS	432,326	1	402,706	1
Total equity	40,833,309	91	36,948,854	93
TOTAL	\$ 44,716,853	100	\$ 39,628,097	100

Taiwan Depository & Clearing Corporation and Subsidiaries
Consolidated Statements of Comprehensive Income

For The Years Ended December 31, 2023 and 2022

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUES				
Securities settlement	\$ 1,796,912	20	\$ 1,569,591	19
Securities recording	2,338,605	25	2,060,485	25
Maintenance services	384,266	4	376,757	4
Transfer processing services	619,128	7	576,124	7
Bills and bonds clearing and custodial services	1,891,919	21	1,718,531	21
Futures clearing services	382,163	4	467,710	6
Registration and distribution and electronic voting services	248,609	3	232,412	3
Mutual fund services	602,410	7	480,157	6
Brokerage fee	489,697	5	380,208	4
Others	406,179	4	430,581	5
Total operating revenues	9,159,888	100	8,292,556	100
OPERATING EXPENSES				
Personnel	1,281,205	14	1,391,049	17
General and administrative	1,891,831	21	1,777,142	21
Total operating expenses	3,173,036	35	3,168,191	38
Total operating income	5,986,852	65	5,124,365	62
NONOPERATING INCOME AND EXPENSES				
Interest income	382,957	4	220,713	3
Net gain/(loss) arising on financial assets at fair value through profit or loss	276,140	3	(82,258)	(1)
Share of profit or loss of associates accounted for using equity method	31,320	1	27,416	–
Dividend income	83,333	1	85,283	1
Other income	18,176	–	19,171	–
Expected credit (loss)/gain	(1,195)	–	142	–
Other expenses	(21,058)	–	(14,079)	–
Total nonoperating income and expenses	769,673	9	256,388	3

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

	2023		2022	
	Amount	%	Amount	%
INCOME BEFORE INCOME TAX	\$ 6,756,525	74	\$ 5,380,753	65
INCOME TAX EXPENSE	(1,273,215)	(14)	(1,072,427)	(13)
NET INCOME	5,483,310	60	4,308,326	52
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain/(loss) on investment in equity instruments at fair value through other comprehensive income	102,986	1	282,624	3
Remeasurement of defined benefit plans	30,409	–	166,319	2
Share of the other comprehensive income/(loss) of associates accounted for using equity method	(188)	–	94	–
Income tax relating to items that will not be reclassified subsequently to profit or loss	42	–	(17)	–
Other comprehensive income for the year, net of income tax	133,249	1	449,020	5
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	\$ 5,616,559	61	\$ 4,757,346	57
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 5,415,081	59	\$ 4,251,899	51
Non-controlling interests	68,229	1	56,427	1
	\$ 5,483,310	60	\$ 4,308,326	52
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 5,548,330	60	\$ 4,700,919	57
Non-controlling interests	68,229	1	56,427	–
	\$ 5,616,559	61	\$ 4,757,346	57
EARNINGS PER SHARE				
Basic earnings per share	\$ 8.28		\$ 6.50	

Independent Auditors' Report

The Board of Directors and Stockholders
Taiwan Depository & Clearing Corporation

Opinion

We have audited the accompanying financial statements of Taiwan Depository & Clearing Corporation (the "Corporation"), which comprise the balance sheets as of December 31, 2023 and 2022, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Business Entity Accounting Act, Regulation on Business Entity Accounting Handling relevant to preparation of financial statements, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Corporation in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The description of each key audit matter of the financial statements for the year ended December 31, 2023 are as follows:

Accuracy of Operating Revenues

The operating revenues of Taiwan Depository & Clearing Corporation mainly include securities settlement revenue, securities recording revenue, transfer processing services revenue and bills and bonds clearing and custodial services revenue. These revenues are

recorded on the books based on the related laws and contracts. In 2023, the Corporation's principal operating revenues amounted to \$6,027,436 thousand, which is material to the financial statements. We considered the accuracy of operating revenues as key audit matter.

The main audit procedures we performed for operating revenues are listed below:

1. We evaluate the procedures for internal control in the recording of operating revenues, including understanding of the information environment of the system for calculating operating revenues.
2. We verify whether the calculation methods with respect to operating revenues complied with the statutory provisions or the related contracts.
3. We recalculate operating revenues and confirmed the accuracy of operating revenues.

Existence and Classification of Bank Deposit

As stated in Notes 6 and 11, as of December 31, 2023, the Corporation had cash and cash equivalents of \$3,276,527 thousand, other financial assets (time deposits with original maturities of more than 3 months) of \$10,395,395 thousand, and default damage fund of \$3,731,787 thousand. Because of the significance of the accounts, we considered the existence and classification of the bank deposits as key audit matter.

The main audit procedures we performed for bank deposits are listed below:

1. We obtained an understanding of the cash cycle and tested the operating effectiveness of internal controls.
2. We checked the amounts on bank statements against those in the ledger, and sent a written confirmation request to the bank. If there is any discrepancy, we obtained a bank reconciliation statement and tested the correctness of the reconciliation items.
3. We ascertained whether bank deposits designated for specific purposes or otherwise restricted have been reclassified to the appropriate account.
4. We performed an inventory count of certificates of deposit and checked the results of inventory testing against the ledger.
5. We performed test of large inflows and outflows of cash and verified whether the transactions were related to the Corporation's business. We obtained explanations for large or irregular transactions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Business Entity Accounting Act, Regulation on Business Entity Accounting Handling relevant to preparation of financial statements, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of 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 Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the supervisors, are responsible for overseeing the Corporation's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation'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 Corporation'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 Corporation to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Corporation to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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 for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Tung-Ju Hsieh and Jr-Shian Ke.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 20, 2024

Notice to Readers

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

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

Taiwan Depository & Clearing Corporation

Balance Sheets

December 31, 2023 and 2022

ASSETS	2023		2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents	\$ 3,276,527	7	\$ 6,560,304	17
Financial assets at fair value through profit or loss - current	5,733,081	13	5,007,363	13
Financial assets at amortized cost - current	2,552,428	6	1,750,248	4
Other financial assets - time deposits with original maturities of more than 3 months	10,395,395	24	9,237,499	24
Notes and accounts receivable, net				
Unrelated parties	478,826	1	382,977	1
Related parties	318,378	1	233,982	-
Other financial assets - others	1,837,245	4	719,338	2
Other current assets	127,517	-	113,545	-
Total current assets	24,719,397	56	24,005,256	61
NONCURRENT ASSETS				
Financial assets at fair value through other comprehensive income - noncurrent	2,346,814	5	2,243,828	6
Financial assets at amortized cost - noncurrent	11,059,169	25	6,888,062	18
Default damage fund	3,731,787	8	3,491,239	9
Investments accounted for using the equity method	686,542	2	640,700	2
Property and equipment	701,976	2	808,464	2
Right-of-use assets	186,955	-	273,613	1
Investment properties	208,754	1	212,031	-
Intangible assets	157,518	-	187,048	-
Goodwill	237,545	1	237,545	1
Deferred tax assets	18,098	-	20,479	-
Refundable deposits	147,169	-	148,056	-
Other noncurrent assets	372	-	372	-
Total noncurrent assets	19,482,699	44	15,151,437	39
TOTAL	\$ 44,202,096	100	\$ 39,156,693	100

(In Thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	2023		2022	
	Amount	%	Amount	%
CURRENT LIABILITIES				
Accrued expenses	\$ 571,894	1	\$ 575,510	2
Lease liabilities - current	92,318	-	89,494	-
Current tax liabilities	690,436	2	489,081	1
Receipts under custody	1,724,315	4	650,273	2
Other current liabilities	101,362	-	111,774	-
Total current liabilities	3,180,325	7	1,916,132	5
NONCURRENT LIABILITIES				
Lease liabilities - noncurrent	97,799	1	185,734	1
Deferred tax liabilities	35,673	-	35,673	-
Guarantee deposits	70,307	-	56,647	-
Net defined benefit liabilities	417,009	1	416,359	1
Total noncurrent liabilities	620,788	2	694,413	2
Total liabilities	3,801,113	9	2,610,545	7
EQUITY				
Capital stock	6,540,395	15	5,839,638	15
Capital surplus	478,821	1	478,821	1
Legal reserve	4,541,220	10	4,099,392	11
Special reserve	21,124,763	48	19,542,132	50
Unappropriated earnings	5,510,355	12	4,483,745	11
Other equity - unrealized gain on financial assets at fair value through other comprehensive income	2,205,429	5	2,102,420	5
Total equity	40,400,983	91	36,546,148	93
TOTAL	\$ 44,202,096	100	\$ 39,156,693	100

Taiwan Depository & Clearing Corporation
Statements of Comprehensive Income

For The Years Ended December 31, 2023 and 2022

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUES				
Securities settlement	\$ 1,796,912	20	\$ 1,569,591	20
Securities recording	2,338,605	27	2,060,485	26
Maintenance services	384,266	4	376,757	5
Transfer processing services	619,128	7	576,124	7
Bills and bonds clearing and custodial services	1,891,919	22	1,718,531	21
Futures clearing services	382,163	4	467,710	6
Registration and distribution and electronic voting services	248,609	3	232,412	3
Mutual fund services	672,747	8	552,575	7
Others	408,164	5	393,729	5
Total operating revenues	8,742,513	100	7,947,914	100
OPERATING EXPENSES				
Personnel	1,179,012	14	1,299,165	17
General and administrative	1,762,596	20	1,670,993	21
Total operating expenses	2,941,608	34	2,970,158	38
Total operating income	5,800,905	66	4,977,756	62
NONOPERATING INCOME AND EXPENSES				
Interest income	371,113	4	213,682	3
Net gain/(loss) arising on financial assets at fair value through profit or loss	275,880	3	(82,585)	(1)
Share of profit or loss of subsidiaries and associates accounted for using equity method	122,137	2	101,251	1
Dividend income	83,333	1	85,283	1
Other income	18,007	–	19,149	–
Expected credit (loss)/gain	(1,195)	–	142	–
Other expenses	(20,032)	–	(13,795)	–
Total nonoperating income and expenses	849,243	10	323,127	4

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

	2023		2022	
	Amount	%	Amount	%
INCOME BEFORE INCOME TAX	\$ 6,650,148	76	\$ 5,300,883	66
INCOME TAX EXPENSE	(1,235,067)	(14)	(1,048,984)	(13)
NET INCOME	5,415,081	62	4,251,899	53
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain/(loss) on investment in equity instruments at fair value through other comprehensive income	102,986	1	282,624	4
Remeasurement of defined benefit plans	30,409	-	166,319	2
Share of the other comprehensive income/(loss) of subsidiaries and associates accounted for using equity method	(188)	-	94	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	42	-	(17)	-
Other comprehensive income for the year, net of income tax	133,249	1	449,020	6
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	\$ 5,548,330	63	\$ 4,700,919	59
EARNINGS PER SHARE				
Basic earnings per share	\$ 8.28		\$ 6.50	

Taiwan Depository & Clearing Corporation
Schedule for Appropriation of Earnings

For Year 2023

(In New Taiwan Dollars)

	Amount	Amount
Earnings, beginning of year		\$ 65,034,267
After-tax net income in 2023	5,415,080,884	
Add: Remeasurement of defined benefit plans	30,407,584	
Less: Investments accounted for using the equity method	(168,154)	
The total amount of after-tax net income for the period and other items adjusted to the current year's undistributed earnings other than after-tax net income for the period		5,445,320,314
Reserved items:		
Legal reserve (10%)	(544,532,031)	
Special reserve (32.40%)	(1,764,283,782)	(2,308,815,813)
Earnings available to appropriation in 2023		3,201,538,768
Appropriation of earnings:		
Stockholder's cash dividends (NT\$2.9 per share)	(1,896,714,556)	
Stockholder's stock dividends (NT\$1.9 per share)	(1,242,675,060)	(3,139,389,616)
Unappropriated retained earnings at end of 2023		\$ 62,149,152

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11F, 363, Fushin N. Rd, Taipei, Taiwan, R.O.C.

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<https://www.tdcc.com.tw>



11F No.363, Fushin N. Rd., Taipei, Taiwan, R.O.C.

Tel:02-2719-5805 Fax:02-2719-5403

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