

Stock code: 5876
Taiwan Stock Exchange

**The Shanghai Commercial & Savings
Bank, Ltd.**

**Standalone Financial Statements for the
Six Months Ended June 30, 2022 and 2021
and Independent Auditors' Report**

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
The Shanghai Commercial & Savings Bank, Ltd.
Taipei, Taiwan

Opinion

We have audited the accompanying financial statements of The Shanghai Commercial & Savings Bank, Ltd. (the "Bank"), which comprise the balance sheets as of June 30, 2022, December 31, 2021 and June 30, 2021, the statements of comprehensive income, changes in equity and cash flows for the six months ended June 30, 2022 and 2021, 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 Bank as of June 30, 2022, December 31, 2021 and June 30, 2021, and its financial performance and its cash flows for the six months ended June 30, 2022 and 2021 in accordance with Taiwan's Regulations Governing the Preparation of Financial Reports by Public Banks and Regulations Governing the Preparation of Financial Reports by Securities Firms.

Basis for Opinion

We conducted our audits in accordance with Taiwan's Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in Taiwan. 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 Bank in accordance with The Norm of Professional Ethics for Certified Public Accountant of Taiwan, 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 six months ended June 30, 2022. 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.

Key audit matters of the Bank's financial statements as of and for the six months ended June 30, 2022 are described as follows:

Allowance for Impairment Losses on Discounts and Loans

The Bank primarily engages in the loan business. As of June 30, 2022, the loan business is significant to the accompanying financial statements. The Bank assessed its discounts and loans for impairment in accordance with IFRS 9 and recognized the allowance for bad debts according to authorities' regulations. The Bank's management applied the expected credit loss model in the impairment assessment of discounts and loans. The Bank assessed whether the credit risk had increased significantly since initial recognition by taking into consideration factors like the amount of impairment loss based on past experience, current market situation and perceptiveness. In addition, credit-impaired loans were also evaluated for the prospect of future recovery. Refer to Notes 4, 5, 14 and 37 to the financial statements for disclosures related to the impairment of loan portfolios. As the cash flow forecasts involved management's critical judgments in accounting estimates and assumptions, we determined the impairment assessment of loan portfolios as a key audit matter.

In response to the abovementioned key audit matter, the following procedures were performed:

1. We understood and tested the Group's internal control procedures that were relevant to the assessment of loan impairment.
2. We tested whether the method and important parameters adopted in the expected credit loss model had properly reflected actual situations and calculated the amount of impairment loss.
3. We tested the classification of credit assets and assessed that the allowance for loss met the requirements of the competent authorities' regulations.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Taiwan's Regulations Governing the Preparation of Financial Reports by Public Banks and Regulations Governing the Preparation of Financial Reports by Securities Firms for such internal control as management determines is necessary to ensure 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 Bank'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 Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Bank'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 auditing standards generally accepted in Taiwan 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 auditing standards generally accepted in Taiwan, 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 Bank'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 Bank'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 Bank 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 entities or business activities within the Bank to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the Bank 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 six months ended June 30, 2022 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 audits resulting in this independent auditors' report are Chun-Hung Chen and Shih-Tsung Wu.

Deloitte & Touche
Taipei, Taiwan

August 13, 2022

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 Taiwan and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally applied in Taiwan.

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 Taiwan. 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.

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.
Balance Sheets
June 30, 2022, December 31, 2021 and June 30, 2021
(Expressed in Thousands of New Taiwan Dollars)

Codes	ASSETS	June 30, 2022		December 31, 2021		June 30, 2021	
		Amount	%	Amount	%	Amount	%
11000	Cash and cash equivalents (Note 6)	\$ 30,084,529	2	\$ 35,872,472	3	\$ 27,338,220	2
11500	Due from the Central Bank and call loans to banks (Note 7)	116,067,672	8	79,087,362	6	70,571,571	5
12000	Financial assets measured at fair value through profit or loss (Note 8)	2,175,536	-	2,011,522	-	2,644,982	-
12100	Financial assets measured at fair value through other comprehensive income (Notes 9 and 11)	220,339,265	16	230,166,946	17	216,600,661	16
12200	Investments in debt instruments measured at amortized cost (Notes 10 and 11)	111,411,420	8	153,739,028	11	178,623,128	13
12500	Securities purchased under resell agreements (Note 12)	376,912	-	278,486	-	280,873	-
13000	Receivables, net (Note 13)	9,258,548	1	7,601,615	-	7,559,433	1
13200	Current income tax assets (Note 32)	138	-	1,024	-	903	-
13500	Discounts and loans, net (Note 14)	790,209,698	57	759,956,478	56	744,508,387	55
15000	Investments under the equity method, net (Note 15)	79,233,330	6	75,997,090	6	75,599,758	6
15500	Other financial assets, net (Note 16)	-	-	4,817	-	876,926	-
18500	Properties, net (Note 17)	12,610,385	1	12,356,199	1	12,141,973	1
18600	Right-of-use assets, net (Note 18)	748,418	-	712,482	-	782,904	-
19000	Intangible assets, net (Note 19)	192,575	-	170,199	-	126,190	-
19300	Deferred income tax assets (Note 32)	1,390,924	-	604,581	-	584,625	-
19500	Other assets, net (Note 20)	8,603,875	1	7,211,749	-	8,086,484	1
10000	Total assets	<u>\$ 1,382,703,225</u>	<u>100</u>	<u>\$ 1,365,772,050</u>	<u>100</u>	<u>\$ 1,346,327,018</u>	<u>100</u>
Codes	LIABILITIES AND EQUITY						
21000	Deposits from the central bank and other banks (Note 21)	\$ 11,297,824	1	\$ 16,104,744	1	\$ 18,188,314	1
21500	Due to the central bank and other banks	-	-	17,787,080	1	9,830,040	1
22000	Financial liabilities measured at fair value through profit or loss (Note 8)	3,137,431	-	2,780,535	-	2,550,592	-
22500	Securities sold under repurchase agreements (Note 22)	2,168,166	-	14,505,024	1	28,560,269	2
23000	Payables (Note 23)	30,593,220	2	23,863,369	2	21,477,490	2
23200	Current income tax liabilities (Note 32)	804,990	-	606,423	-	339,169	-
23500	Deposits and remittances (Note 24)	1,105,436,749	80	1,050,439,562	77	1,022,828,391	76
24000	Bank debentures (Note 25)	64,800,000	5	66,950,000	5	65,250,000	5
25500	Other financial liabilities (Note 26)	2,387,167	-	2,823,239	-	2,700,433	-
25600	Provisions (Notes 27 and 29)	1,811,844	-	1,811,506	-	1,719,776	-
26000	Lease liabilities (Note 18)	757,943	-	722,147	-	792,467	-
29300	Deferred income tax liabilities (Note 32)	9,476,557	1	8,408,491	1	8,722,782	1
29500	Other liabilities (Note 28)	1,026,479	-	1,168,114	-	1,392,533	-
20000	Total liabilities	<u>1,233,698,370</u>	<u>89</u>	<u>1,207,970,234</u>	<u>88</u>	<u>1,184,352,256</u>	<u>88</u>
	Equity (Note 30)						
	Share capital						
31101	Ordinary shares	44,816,031	3	44,816,031	4	44,816,031	4
31500	Capital surplus	16,666,144	1	16,666,144	1	16,550,661	1
	Retained earnings						
32001	Legal reserve	64,476,033	5	60,224,639	4	56,344,918	4
32003	Special reserve	7,669,374	-	7,669,374	1	7,669,374	1
32005	Unappropriated earnings	21,731,089	2	27,585,920	2	32,257,231	2
32000	Total retained earnings	93,876,496	7	95,479,933	7	96,271,523	7
32500	Other equity	(6,270,672)	-	922,852	-	4,419,691	-
32600	Treasury shares	(83,144)	-	(83,144)	-	(83,144)	-
30000	Total equity	<u>149,004,855</u>	<u>11</u>	<u>157,801,816</u>	<u>12</u>	<u>161,974,762</u>	<u>12</u>
	Total liabilities and equity	<u>\$ 1,382,703,225</u>	<u>100</u>	<u>\$ 1,365,772,050</u>	<u>100</u>	<u>\$ 1,346,327,018</u>	<u>100</u>

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

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.
Statements of Comprehensive Income
For the Six Months Ended June 30, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars, except Earnings Per Share)

Codes	For the Six Months Ended June 30			
	2022		2021	
	Amount	%	Amount	%
41000 Interest income	\$ 9,341,837	73	\$ 8,067,907	68
51000 Interest expenses	2,419,888	19	2,257,034	19
49010 Net interest income (Note 31)	6,921,949	54	5,810,873	49
Non-interest income				
49100 Service fee income, net (Note 31)	1,900,708	15	1,735,439	15
49200 Gain on financial assets and liabilities measured at fair value through profit or loss (Note 31)	(1,631,479)	(13)	129,603	1
49310 Realized gain on financial assets measured at fair value through other comprehensive income (Note 31)	469,941	4	456,578	4
49450 Gain on financial assets measured at amortized cost	-	-	5,420	-
49600 Foreign exchange gain, net	2,042,286	16	469,602	4
49700 Impairment (loss) gain on assets	(50,286)	-	1,212	-
49750 Proportionate share of profit of associates under the equity method (Note 31)	2,828,101	22	3,226,539	27
49800 Other non-interest income, net (Note 31)	265,173	2	48,446	-
49020 Total non-interest income	5,824,444	46	6,072,839	51
4xxxx Consolidated net revenue	12,746,393	100	11,883,712	100
58200 Provisions for bad-debt expense, commitment and guarantee liability (Note 14)	450,000	4	450,000	4
Operating expenses				
58500 Employee benefits (Note 31)	2,417,860	19	2,361,049	20
59000 Depreciation and amortization (Note 31)	326,582	2	311,407	2
59500 Other general and administrative	1,244,477	10	1,059,712	9
58400 Total operating expenses	3,988,919	31	3,732,168	31
61001 Profit before income tax	8,307,474	65	7,701,544	65
61003 Income tax expense (Note 32)	(1,050,901)	(8)	(397,392)	(3)
64000 Net income	7,256,573	57	7,304,152	62
Other comprehensive income (loss)				
Items that will not be reclassified subsequently to profit or loss:				
65204 Gain on investments in equity instruments measured at fair value through other comprehensive income	(1,854,347)	(15)	796,297	7
65205 Financial liabilities designated at FVTPL which the amount of change derived from credit risk (Note 8)	(24,830)	-	37,866	-
65207 Proportionate share of other comprehensive income of associates under the equity method	(979,584)	(8)	442,702	4
65220 Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 32)	1,691		(63)	-
65200 Subtotal of items that will not be reclassified subsequently to profit or loss	(2,857,070)	(23)	1,276,802	11
Items that may be reclassified subsequently to profit or loss:				
65301 Exchange differences on translating foreign operations	5,877,176	46	(603,951)	(5)
65306 Share of the other comprehensive income of associates accounted for using the equity method	(4,236,254)	(33)	(491,052)	(4)
65309 Gain on debt instruments measured at fair value through other comprehensive income	(6,739,138)	(53)	(851,954)	(8)
65310 Loss (reversal) allowance for debt instruments measured at fair value through other comprehensive income	49,385	1	(588)	-
65320 Income tax relating to items that may be reclassified subsequently to profit or loss (Note 32)	(80,747)	(1)	238,097	2
65300 Subtotal of items that may be reclassified subsequently to profit or loss	(5,129,578)	(40)	(1,709,448)	(15)
65000 Other comprehensive income for the period, net of income tax	(7,986,648)	(63)	(432,646)	(4)
66000 Total comprehensive income for the period	\$ (730,075)	(6)	\$ 6,871,506	58
Earnings per share (Note 33)				
67500 Basic	\$ 1.62		\$ 1.63	
67700 Diluted	\$ 1.62		\$ 1.63	

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

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.
Statements of Changes in Equity
For the Six Months Ended June 30, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars, except Earnings Per Share)

		Share Capital		Retained Earnings (Note 30)			Other Equity (Note 30)					
		Ordinary Shares (Note 30)	Capital Surplus (Note 30)	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Change in Financial Assets at FVTOCI	Change in Credit Risk From Financial Liabilities Designated at FVTPL	Treasury Shares	Total Equity	
A1	Balance on January 1, 2021	\$ 44,816,031	\$ 16,550,661	\$ 56,344,918	\$ 7,669,374	\$ 24,913,053	\$ (5,643,162)	\$ 10,529,113	\$ 6,412	\$ (83,144)	\$	155,103,256
D1	Net profit for the six months ended June 30, 2021	-	-	-	-	7,304,152	-	-	-	-		7,304,152
D3	Other comprehensive income (loss) for the six months ended June 30, 2021, net of income tax	-	-	-	-	-	(562,734)	92,222	37,866	-		(432,646)
D5	Total comprehensive income (loss) for the six months ended June 30, 2021	-	-	-	-	7,304,152	(562,734)	92,222	37,866	-		6,871,506
Q1	Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	40,026	-	(40,026)	-	-		-
Z1	Balance on June 30, 2021	<u>\$ 44,816,031</u>	<u>\$ 16,550,661</u>	<u>\$ 56,344,918</u>	<u>\$ 7,669,374</u>	<u>\$ 32,257,231</u>	<u>\$ (6,205,896)</u>	<u>\$ 10,581,309</u>	<u>\$ 44,278</u>	<u>\$ (83,144)</u>	<u>\$</u>	<u>161,974,762</u>
A1	Balance on January 1, 2022	\$ 44,816,031	\$ 16,666,144	\$ 60,224,639	\$ 7,669,374	\$ 27,585,920	\$ (6,863,788)	\$ 7,762,578	\$ 24,062	\$ (83,144)	\$	157,801,816
B1	Appropriation of 2021 earnings											
B1	Legal reserve	-	-	4,251,394	-	(4,251,394)	-	-	-	-		-
B5	Cash dividends	-	-	-	-	(8,066,886)	-	-	-	-		(8,066,886)
D1	Net profit for the six months ended June 30, 2022	-	-	-	-	7,256,573	-	-	-	-		7,256,573
D3	Other comprehensive income (loss) for the six months ended June 30, 2022, net of income tax	-	-	-	-	-	4,281,712	(12,243,530)	(24,830)	-		(7,986,648)
D5	Total comprehensive income (loss) for the six months ended June 30, 2022	-	-	-	-	7,256,573	4,281,712	(12,243,530)	(24,830)	-		(730,075)
Q1	Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	(793,124)	-	793,124	-	-		-
Z1	Balance on June 30, 2022	<u>\$ 44,816,031</u>	<u>\$ 16,666,144</u>	<u>\$ 64,476,033</u>	<u>\$ 7,669,374</u>	<u>\$ 21,731,089</u>	<u>\$ (2,582,076)</u>	<u>\$ (3,687,828)</u>	<u>\$ (768)</u>	<u>\$ (83,144)</u>	<u>\$</u>	<u>149,004,855</u>

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

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.

Statements of Cash Flows

For the Six Months Ended June 30, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

Codes		For the Six Months Ended June 30	
		2022	2021
	Cash flows from operating activities		
A00010	Net profit before income tax	\$ 8,307,474	\$ 7,701,544
A20010	Adjustments to reconcile net profit to net cash provided by operating activities		
A20100	Depreciation expenses	245,602	235,149
A20200	Amortization expenses	80,980	76,258
A20300	Provisions for bad debt expense, commitment and guarantee liability	450,000	450,000
A23500	Loss (reversal) on expected credit loss	50,461	(1,040)
A23800	Reversal of impairment loss on other assets	(175)	(172)
A20400	Gain on financial assets and liabilities at fair value through profit or loss	802,492	297,401
A20900	Interest expenses	2,419,888	2,257,034
A21200	Interest revenue	(9,341,837)	(8,067,907)
A21300	Dividend income	(85,922)	(30,692)
A22400	Proportionate share of profit of associates	(2,828,101)	(3,226,539)
A22500	Gain on disposal of properties and equipment, net	(207,549)	(2,996)
A29900	Others	(859,041)	(106,777)
A40000	Changes in operating assets and liabilities		
A41110	Due from the central bank and call loans to banks	(12,665,035)	17,376,969
A41120	Financial assets measured at fair value through profit or loss	(39,960)	(24,280)
A41123	Financial assets measured at fair value through other comprehensive income	2,135,443	17,709,805
A41125	Investment in debt instruments measured at amortized cost	42,324,661	(72,189,642)
A41150	Receivables	(1,326,885)	95,404
A41160	Discounts and loans	(30,882,274)	15,080,668
A41190	Other financial assets	5,037	421,113
A42110	Deposits from the central bank and other banks	(4,806,920)	2,240,430
A42120	Financial liabilities at fair value through profit or loss	(594,480)	(476,912)
A42140	Securities sold under repurchase agreements	(12,336,858)	2,778,858
A42150	Payables	(1,631,477)	(2,079,588)
A42160	Deposits and remittances	54,997,187	(15,725,465)
A42170	Other financial liabilities	(436,072)	536,978
A42180	Employee benefit provisions	1,760	(55,000)
A42990	Other liabilities	(3,917)	62,284
A33000	Cash from (used in) operations	33,774,482	(34,667,115)
A33100	Interest received	8,971,329	8,377,642
A33200	Dividends received	764,575	2,823,592
A33300	Interest paid	(2,121,316)	(2,313,144)
A33500	Income tax paid	(652,328)	(705,296)
AAAA	Net cash from (used in) operating activities	40,736,742	(26,484,321)

(Continued)

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.
Statements of Cash Flows
For the Six Months Ended June 30, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

<u>Codes</u>		<u>For the Six Months Ended June 30</u>	
		<u>2022</u>	<u>2021</u>
	Cash flows from investing activities		
B02700	Acquisition of properties	\$ (463,869)	\$ (143,552)
B02800	Proceeds from disposal of properties	326,576	4,911
B03700	Increase (decrease) in refundable deposits	(148,398)	241,151
B04500	Acquisition of intangible assets	(67,242)	(54,094)
B06800	Increase in other assets	(1,278,692)	(4,610,592)
BBBB	Net cash from (used in) investing activities	<u>(1,631,625)</u>	<u>(4,562,176)</u>
	Cash flows from financing activities		
C00300	Increase (decrease) in funds borrowed from central bank and Banks	(17,787,080)	3,778,030
C01500	Payments for bank debentures	(2,150,000)	(1,600,000)
C03100	Increase (decrease) in securities guarantee received	(137,526)	184,025
C04020	Payments for principal portion of lease liabilities	(155,786)	(151,539)
C05400	Acquisition of subsidiaries	(626,400)	(158,688)
CCCC	Net cash from (used in) financing activities	<u>(20,856,792)</u>	<u>2,051,828</u>
DDDD	Effects of exchange rate changes on the balance of cash held in foreign currencies	<u>377,433</u>	<u>(100,163)</u>
EEEE	Net increase (decrease) in cash and cash equivalents	18,625,758	(29,094,832)
E00100	Cash and cash equivalents at the beginning of the period	<u>71,814,474</u>	<u>88,509,671</u>
E00200	Cash and cash equivalents at the end of the period	<u>\$ 90,440,232</u>	<u>\$ 59,414,839</u>

Reconciliation of the cash and cash equivalent amounts in the statements of cash flows with the equivalent item reported in the balance sheets as of June 30, 2022 and 2021:

<u>Codes</u>		<u>June 30, 2022</u>	<u>June 30, 2021</u>
E00210	Cash and cash equivalents in balance sheets	\$ 30,084,529	\$ 27,338,220
E00220	Due from the Central Bank and call loans to banks which fall within the definition of cash and cash equivalents under IAS 7	59,978,791	31,795,746
E00230	Securities purchased under resale agreements which fall within the definition of cash and cash equivalents under IAS 7	<u>376,912</u>	<u>280,873</u>
E00200	Cash and cash equivalents in statements of cash flows	<u>\$ 90,440,232</u>	<u>\$ 59,414,839</u>

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

(Concluded)

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD

Notes to Standalone Financial Statements

For the Six Months Ended June 30, 2022 and 2021

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated)

1. ORGANIZATION AND OPERATIONS

The Shanghai Commercial & Savings Bank(the “Bank”) is incorporated in Taiwan and engages in the commercial banking businesses under related laws and regulations. The shares of the Bank have been listed and traded on the Taiwan Stock Exchange since October 19, 2018.

The Bank has its head office in Taipei and 76 branches, including 4 foreign branches separately located in Wuxi China, Vietnam Dong Nai, Hong Kong and Singapore.

The standalone financial statements are presented in the Bank’s functional currency, the New Taiwan dollar.

2. AUTHORIZATION OF FINANCIAL STATEMENTS

On August 13, 2022, the financial statements were approved by the board of directors and issued afterward.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

3.1 Initial application of International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC).

The Bank assesses the initial applicable amendments to the IFRSs approved and issued by the FSC will not result in significant changes to the Bank’s accounting policies.

3.2 New IFRSs endorsed by the FSC to be applied in 2023

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

Note 1: This amendment will be applied to annual reporting periods beginning on or after January 1, 2023.

Note 2: This amendment will be applied to changes in accounting estimates and accounting policies on or after the annual reporting period beginning on January 1, 2023.

Note 3: Except that deferred taxes are recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

As of the date the standalone financial statements were authorized for issue, the Bank is continuously assessing the possible impact that the application of other standards and interpretations will have on the Bank’s financial position and financial performance and will disclose the relevant impact when

the assessment is completed.

3.3 New IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023

Note : Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after their respective effective dates.

As of the date the standalone financial statements were authorized for issue, the Bank is continuously assessing the possible impact that the application of other standards and interpretations will have on the Bank’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Statement of Compliance

These interim standalone financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks and the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

4.2 Basis of Preparation

The standalone financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value.

The fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

4.2.1 Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

4.2.2 Level 2 inputs are observable parameters other than quoted prices included within Level 1, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

4.2.3 Level 3 inputs are unobservable inputs for an asset or liability.

When the Bank prepared the financial statements, its investments in subsidiaries and associates were accounted for using the equity method. To make the current loss and profit as well as the other comprehensive income and equity equal to the current loss and profit and the other comprehensive income and equity which are attributable to the owners of the Bank in the consolidated financial statements, “equity investments under the equity method”, the “share of profit or loss of subsidiaries, associates and joint ventures”, and the “share of the other comprehensive income of subsidiaries, associates and joint ventures” were adjusted.

4.3 Other Significant Accounting Policies

Except for the following, the accounting policies applied in these financial statements are consistent with those applied in the financial statements for the year ended December 31, 2021.

4.3.1 Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined annual pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

4.3.2 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

4.3.3 Modification of financial instruments

When a financial instrument is modified, the Bank assesses whether to derecognize financial assets or financial liabilities. If it causes derecognition, it will be treated as derecognition of financial assets or financial liabilities. If it does not result in derecognition, the Bank recalculates the total book value of financial assets or the amortized cost of financial liabilities based on the present value of the modified contractual cash flow discounted at the original effective interest rate, and recognizes the modified benefit or loss in profit or loss. The costs or charges incurred are used as adjustments to the book value of the financial assets or financial liabilities after the modification, and amortized in the remaining period after the modification.

Interest rate benchmark reform determines changes in the basis of contractual cash flow of financial assets or financial liabilities. If it is necessary for the direct result of the change in interest rate benchmark reform, and the new basis is economically equivalent to the basis before the change, the Bank adopts practical expedient practices, which are regarded as changes in the effective interest rate when determining changes in the basis. In addition to changes in the basis for determining contractual cash flows required by changes in interest rate benchmark reform, if additional changes are made to financial assets or financial liabilities, the Bank shall first apply practical expedients to the changes required by the changes in interest rate benchmark reform, and then apply the financial instrument amendments to any additional changes that do not apply the practical expedients.

5. CRITICAL ACCOUNTING JUDGMENTS AND MAIN SOURCES OF UNCERTAINTY IN ESTIMATES AND ASSUMPTIONS

In the application of the Bank's accounting policies, the management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The Bank takes the economic impact of COVID-19 into consideration in major accounting estimates, and the management will continue to review the estimates and underlying assumptions. Revisions to accounting estimate are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Estimates and assumptions of main sources of uncertainty

Estimated impairment of financial assets

Estimates of impairment on loans and receivables are based on management's assumptions about default rates and expected loss rates. The Bank considers historical experience, current market conditions and forward-looking information to make assumptions and select input values for impairment assessments. Refer to Note 37 for the important assumptions and input values used. If the actual cash flows in the future are less than expected, significant impairment losses may occur.

6. CASH AND CASH EQUIVALENTS

	June 30, 2022	December 31, 2021	June 30, 2021
Cash in hand and working fund	\$ 6,915,047	\$ 9,381,129	\$ 6,825,703
Checks for clearing	903,075	2,973,308	572,246
Due from banks - domestic	3,586,697	8,824,906	5,569,926
Due from banks - foreign	18,679,710	14,693,129	14,370,345
	<u>\$ 30,084,529</u>	<u>\$ 35,872,472</u>	<u>\$ 27,338,220</u>

The reconciliation of the amounts of cash and cash equivalents reported in the statements of cash flows and balance sheets as of December 31, 2021 is shown below. For the reconciliation of the period ended June 30, 2022 and 2021, refer to the statements of cash flows.

	December 31, 2021
Cash and cash equivalents in the balance sheets	\$ 35,872,472
Due from the Central Bank and call loans to banks which fall within the definition of cash and cash equivalents under IAS 7	35,663,516
Securities purchased under resale agreements which fall within the definition of cash and cash equivalents under IAS 7	278,486
Cash and cash equivalents balance on statements of cash flows	<u>\$ 71,814,474</u>

7. DUE FROM THE CENTRAL BANK AND CALL LOANS TO BANKS, NET

	June 30, 2022	December 31, 2021	June 30, 2021
Call loans to banks	\$ 85,182,128	\$ 51,843,213	\$ 42,248,336
Deposit reserves - I	6,400,530	3,692,689	5,679,389
Deposit reserves - II	24,267,321	23,341,841	22,437,923
Deposit reserves - foreign currency	217,693	209,619	205,923
	<u>\$ 116,067,672</u>	<u>\$ 79,087,362</u>	<u>\$ 70,571,571</u>

Deposit reserves are statutory reserves and determined monthly at prescribed rates based on average balances of customers' deposits. The entire balance of deposit reserve - II is subject to withdrawal restrictions while no restrictions are placed on other deposit reserves.

8. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Financial assets measured at FVTPL			
Financial assets mandatorily classified as at FVTPL			
Forward contracts	\$ 596,220	\$ 365,172	\$ 284,509
Currency swap contract	541,111	32,738	498,349
Shares	485,221	682,948	769,153
Beneficiary certificates	264,932	535,265	589,742
Option contracts	106,155	44,646	31,655
Interest rate swap contracts	53,036	174,292	293,709
Government bonds	49,809	49,286	49,978
Corporate bonds	-	81,200	78,610
Others	79,052	45,975	49,277
	<u>\$ 2,175,536</u>	<u>\$ 2,011,522</u>	<u>\$ 2,644,982</u>
Financial liabilities measured at FVTPL			
Held-for-trading financial liabilities			
Forward contracts	\$ 929,560	\$ 363,470	\$ 284,194
Option contracts	106,411	56,218	41,187
Currency swap contract	39,600	292,368	92,609
Others	-	355	734
	<u>1,075,571</u>	<u>712,411</u>	<u>418,724</u>
Financial liabilities designated at FVTPL			
Bank debentures	2,061,860	2,068,124	2,131,868
	<u>\$ 3,137,431</u>	<u>\$ 2,780,535</u>	<u>\$ 2,550,592</u>

The Bank engages in derivative transactions mainly to accommodate customers' needs and manage its exposure positions.

The financial assets and liabilities' at FVTPL contract (nominal) amounts of derivative transactions were as follows:

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Currency swap contract	\$ 53,748,601	\$ 80,094,212	\$ 90,441,333
Forward contracts	52,327,659	43,800,466	41,174,589
Option contracts	11,813,150	13,217,802	14,864,193
Interest rate swap contracts	2,700,943	2,602,994	2,517,443
Future contracts	-	35,527	-

Information for financial liabilities designated by the Bank at FVTPL is as follows:

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
The difference between the fair value and the maturity value			
— Fair value	\$ 2,061,860	\$ 2,068,124	\$ 2,131,868
— Maturity value	2,134,136	2,110,011	2,340,649
	<u>\$ (72,276)</u>	<u>\$ (41,887)</u>	<u>\$ (208,781)</u>
Effects of changes in credit risk			
Current amount of change			
From January1, 2022 to June 30, 2022	\$ (24,830)		
From January1, 2021 to June 30, 2021		\$ 37,866	
Effects of changes in credit risk			
Cumulative amount of change			
Up to June 30, 2022	\$ (768)		
Up to December 31, 2021		\$ 24,062	
Up to June 30, 2021		\$ 44,278	

The financial liabilities designated by the Bank at FVTPL were the second issuance of unsecured debentures amounting to US\$70,000 thousand with a 30-year maturity and interest of 0% rate on October 29, 2018. On the expiration of 5 years and every subsequent year, the Bank may exercise the option at the agreed redemption price. If the option is not exercised during the period, the payment will be made on the expiration date.

The Bank entered an interest rate swap contract to reduce the interest rate risk of the aforementioned financial bonds. The interest rate swap contract was measured at fair value and the fair value changes were included in profit or loss. The Bank designated the aforementioned financial bonds as financial liabilities measured at FVTPL for consistency.

The amount of change in the fair value of financial bonds attributable to the changes in the fair value of financial liabilities and the combination of the fair value of financial assets is calculated as the difference between the changes in the fair value of market risk factor. The amount of change in fair value attributable to the market risk factor is calculated using the benchmark yield curve at the balance sheet date. Fair value of financial bonds is based on the benchmark yield curve on the balance sheet date and the estimated credit risk spread by the creditor's interest rate quote on the similar maturity date of the combined company, such that the estimated future cash flow is discounted.

9. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVTOCI)

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Investments in equity instruments measured at FVTOCI			
Shares	\$ 13,888,286	\$ 9,537,603	\$ 7,857,320
Investments in debt instruments measured at FVTOCI			
Corporate bonds	85,411,129	90,713,308	84,695,608
Commercial papers	51,589,626	65,589,207	63,257,322
Bank debentures	35,380,626	32,128,356	31,924,654
Government bonds	28,327,840	26,030,862	26,971,954
Treasury bonds	3,983,054	3,486,483	-
Asset-backed securities	1,758,704	2,681,127	1,893,803
	<u>206,450,979</u>	<u>220,629,343</u>	<u>208,743,341</u>
	<u>\$ 220,339,265</u>	<u>\$ 230,166,946</u>	<u>\$ 216,600,661</u>

The Bank invests in ordinary shares for medium- and long-term strategic purposes and expects to make a profit through long-term investments. The management of the Bank considers that if the short-term fair value fluctuations of these investments are included in profit or loss, they are inconsistent with the aforementioned long-term investment plans. Therefore, the designated investments are selected to be measured at FVTOCI.

For the information on credit risk management and impairment assessment of investments in debt instruments at FVTOCI, refer to Note 11.

Parts of the aforementioned financial assets at FVTOCI were sold under repurchase agreements as of June 30, 2022, December 31 and June 30, 2021. The par values of bonds and commercial papers sold under repurchase agreements were \$2,155,968 thousand, \$14,466,728 thousand and \$28,301,046 thousand, respectively.

For the information on financial assets pledged at FVTOCI, refer to Note 35.

10. INVESTMENTS IN DEBT INSTRUMENTS MEASURED AT AMORTIZED COST

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Negotiable certificates of deposit	\$ 98,900,000	\$ 132,400,000	\$ 167,665,000
Restricted due from banks	3,729,338	3,835,505	4,090,180
Treasury bonds	3,496,248	11,987,492	1,499,507
Government bonds	2,597,139	2,719,660	2,442,785
Corporate bonds	2,040,851	1,938,275	2,065,402
Bank debentures	648,619	859,025	861,234
	<u>111,412,195</u>	<u>153,739,957</u>	<u>178,624,108</u>
Less: Loss allowance	(775)	(929)	(980)
	<u>\$ 111,411,420</u>	<u>\$ 153,739,028</u>	<u>\$ 178,623,128</u>

Restricted due from banks are the funds deposited into specific bank accounts by the Bank in compliance with Act of The Management, Utilization, and Taxation of Repatriated Offshore Funds.

For the information on the credit risk management and impairment of investment in debt instruments measured at amortized cost, refer to Note 11.

For the information on related financial assets at amortized cost pledged as collateral, refer to Note 35.

11. CREDIT RISK MANAGEMENT OF INVESTMENTS IN DEBT INSTRUMENTS

The investments in debt instruments were classified as financial assets measured at FVTOCI and financial assets at amortized cost.

<u>June 30, 2022</u>	<u>At FVTOCI</u>	<u>At Amortized Cost</u>	<u>Total</u>
Total carrying amount	\$ 212,606,109	\$ 111,412,195	\$ 324,018,304
Loss allowance	(136,922)	(775)	(137,697)
Amortized cost	<u>212,469,187</u>	<u>\$ 111,411,420</u>	<u>323,880,607</u>
Fair value adjustment	(6,018,208)		(6,018,208)
	<u>\$ 206,450,979</u>		<u>\$ 317,862,399</u>

December 31, 2021	At FVTOCI	At Amortized Cost	Total
Total carrying amount	\$ 220,045,335	\$ 153,739,957	\$ 373,785,292
Loss allowance	(87,537)	(929)	(88,466)
Amortized cost	219,957,798	\$ 153,739,028	373,696,826
Fair value adjustment	671,545		671,545
	<u>\$ 220,629,343</u>		<u>\$ 374,368,371</u>
June 30, 2021	At FVTOCI	At Amortized Cost	Total
Total carrying amount	\$ 207,043,001	\$ 178,624,108	\$ 385,667,109
Loss allowance	(81,868)	(980)	(82,848)
Amortized cost	206,961,133	\$ 178,623,128	385,584,261
Fair value adjustment	1,782,208		1,782,208
	<u>\$ 208,743,341</u>		<u>\$ 387,366,469</u>

The Bank implements a policy of investing in debt instruments with investment grade and have low credit risk for the purpose of impairment assessment. The Bank continues to track external rating information and monitor changes in credit risk of the investments of debt instruments and to review other information such as the bond yield curve and the debtor's material information to assess whether the credit risk of the debt instrument investments has increased significantly since the initial recognition.

The Bank considered the historical default loss rate provided by the independent rating agencies, the debtor's current financial status and the industry's forward-looking forecast to measure the 12-month expected credit loss or full-lifetime expected credit loss of the investments in debt instruments. The Bank's current credit risk rating mechanism and the total carrying amount of each credit rating investment in debt instruments were as follows:

		June 30, 2022		
Credit Rating	Definitions	Expected Credit Loss Recognition Base	Expected Credit Loss Rate	Total Carrying Amount
Stage 1	The debtor has a low credit risk and is fully capable of paying off contractual cash flows	12-month expected credit loss	0.000%~0.816%	\$ 322,894,367
Stage 2	Credit risk has increased significantly since the initial recognition	Expected credit loss during the period of existence (no credit impairment)	0.308%~4.512%	989,931
Stage 3	Evidence of credit impairment	Expected credit loss during the period of existence (credit impairment)	40.974%	134,006
		December 31, 2021		
Credit Rating	Definitions	Expected Credit Loss Recognition Base	Expected Credit Loss Rate	Total Carrying Amount
Stage 1	The debtor has a low credit risk and is fully capable of paying off contractual cash flows	12-month expected credit loss	0.000%~0.896%	\$ 372,992,636
Stage 2	Credit risk has increased significantly since the initial recognition	Expected credit loss during the period of existence (no credit impairment)	0.340%~7.017%	792,656
		June 30, 2021		
Credit Rating	Definitions	Expected Credit Loss Recognition Base	Expected Credit Loss Rate	Total Carrying Amount
Stage 1	The debtor has a low credit risk and is fully capable of paying off contractual cash flows	12-month expected credit loss	0.000%~ 0.896%	\$ 385,167,044
Stage 2	Credit risk has increased significantly since the initial recognition	Expected credit loss during the period of existence (no credit impairment)	0.340%~ 7.018%	500,065

Information on changes in allowance for impairment loss under the credit risk rating assessment of investments in debt instruments at FVTOCI and at amortized cost is summarized as follows:

Investments in debt instruments at FVTOCI

	Credit Risk Rating			Total
	Stage 1 (12-Month ECLs)	Stage 2 (Lifetime ECLs without impairment)	Stage 3 (Lifetime ECLs with impairment)	
Balance at January 1, 2022	\$ 72,550	\$ 14,987	\$ -	\$ 87,537
Credit rating change-normal to default	(201)	-	55,842	55,641
Purchase of new debt instruments	11,755	10,050	-	21,805
Derecognition	(12,110)	(11,556)	-	(23,666)
Model/risk parameter changes	(3,834)	683	-	(3,151)
Exchange rate and other changes	(3,960)	3,651	(935)	(1,244)
Balance at June 30, 2022	<u>\$ 64,200</u>	<u>\$ 17,815</u>	<u>\$ 54,907</u>	<u>\$ 136,922</u>
Balance at January 1, 2021	\$ 67,801	\$ 14,655	\$ -	\$ 82,456
Purchase of new debt instruments	13,896	522	-	14,418
Derecognition	(9,990)	(2,586)	-	(12,576)
Model/risk parameter changes	(2,727)	17	-	(2,710)
Exchange rate and other changes	187	93	-	280
Balance at June 30, 2021	<u>\$ 69,167</u>	<u>\$ 12,701</u>	<u>\$ -</u>	<u>\$ 81,868</u>

Investments in debt instruments at amortized cost

	Credit Risk Rating			Total
	Stage 1 (12-Month ECLs)	Stage 2 (Lifetime ECLs without impairment)		
Balance at January 1, 2022	\$ 929	\$ -	\$ -	\$ 929
Purchase of new debt instruments	37	-	-	37
Derecognition	(139)	-	-	(139)
Model/risk parameter changes	(66)	-	-	(66)
Exchange rate and other changes	14	-	-	14
Balance at June 30, 2022	<u>\$ 775</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 775</u>
Balance at January 1, 2021	\$ 1,402	\$ -	\$ -	\$ 1,402
Derecognition	(142)	-	-	(142)
Model/risk parameter changes	(30)	-	-	(30)
Exchange rate and other changes	(250)	-	-	(250)
Balance at June 30, 2021	<u>\$ 980</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 980</u>

12. SECURITIES PURCHASED UNDER RESALE AGREEMENTS

Securities purchased under resell agreements as of June 30, 2022, December 31, 2021 and June 30, 2021 were \$376,912 thousand, \$278,486 thousand and \$280,873 thousand, respectively. The aforementioned securities will be bought back one after another before July 21, 2022, February 22, 2022 and November 19, 2021 at \$377,482 thousand, \$278,770 thousand and \$281,323 thousand, respectively.

13. RECEIVABLES, NET

	June 30, 2022	December 31, 2021	June 30, 2021
Credit card receivables	\$ 2,934,301	\$ 2,758,920	\$ 2,201,010
Accrued interest	2,074,045	1,715,706	1,658,985
Acceptances	2,030,556	2,147,498	2,548,886
Accounts receivable due from sales of securities	1,225,622	38,661	195,608
Accounts receivable - factoring	469,892	567,807	423,041
Others	745,774	583,674	734,214
	9,480,190	7,812,266	7,761,744
Less: Allowance for credit losses	(221,642)	(210,651)	(202,311)
	<u>\$ 9,258,548</u>	<u>\$ 7,601,615</u>	<u>\$ 7,559,433</u>

The changes in total carrying amount and the allowance of receivables and other financial assets for the six months ended in June 30, 2022 and 2021 (including non-accrual loans and bills of exchange, refer to Note 16) are as follows:

For the Six Months Ended June 30, 2022

	12-Month ECLs	Lifetime ECLs (Collectively)	Lifetime ECLs (Non-Purchased or Originated Credit Impairment on Financial Assets)	Total
Receivables and other financial assets				
Beginning on January 1, 2022	\$ 7,545,954	\$ 211,438	\$ 61,840	\$ 7,819,232
Changes due to financial assets recognized at the beginning of the period:				
Transfer to lifetime ECLs	(46,525)	31,845	(318)	(14,998)
Transfer to ECLs on financial assets	(8,391)	(8,019)	26,806	10,396
Transfer to 12-month ECLs	26,356	(29,979)	(885)	(4,508)
Financial assets derecognized in the current period	(1,108,984)	(135,166)	(13,406)	(1,257,556)
Purchased or originated financial assets	2,814,342	45,002	640	2,859,984
Write-offs	-	-	(15,246)	(15,246)
Exchange rate and other changes	86,832	-	-	86,832
Balance on June 30, 2022	\$ 9,309,584	\$ 115,121	\$ 59,431	\$ 9,484,136

	12-Month ECLs	Lifetime ECLs (Collectively)	Lifetime ECLs (Non-Purchased or Originated Credit Impairment on Financial Assets)	Impairment Under the Guidelines of IFRS 9	The Difference of Impairment under the Regulatory Decree	Total
Allowance						
Beginning on January 1, 2022	\$ 115,036	\$ 49,299	\$ 29,756	\$ 194,091	\$ 18,709	\$ 212,800
Changes due to financial assets recognized at the beginning of the period:						
Transfer to lifetime ECLs	(552)	22,373	(136)	21,685	-	21,685
Transfer to ECLs on financial assets	(97)	(2,275)	7,437	5,065	-	5,065
Transfer to 12-month ECLs	306	(23,356)	(364)	(23,414)	-	(23,414)
Financial assets derecognized in the current period	(9,323)	(15,077)	(5,529)	(29,929)	-	(29,929)
Purchased or originated financial assets	20,344	16,158	501	37,003	-	37,003
The difference of impairment under the regulation or decree	-	-	-	-	362	362
Write-offs	-	-	(15,246)	(15,246)	-	(15,246)
Recoveries after write-off	-	-	14,827	14,827	-	14,827
Exchange rate and other changes	2,435	-	-	2,435	-	2,435
Balance on June 30, 2022	\$ 128,149	\$ 47,122	\$ 31,246	\$ 206,517	\$ 19,071	\$ 225,588

For the Six Months Ended June 30, 2021

	12-Month ECLs	Lifetime ECLs (Collectively)	Lifetime ECLs (Non-Purchased or Originated Credit Impairment on Financial Assets)	Total
Receivables and other financial assets				
Beginning on January 1, 2021	\$ 7,953,891	\$ 87,536	\$ 67,757	\$ 8,109,184
Changes due to financial assets recognized at the beginning of the period:				
Transfer to lifetime ECLs	(47,116)	60,202	(80)	13,006
Transfer to ECLs on financial assets	(10,493)	(18,116)	28,450	(159)
Transfer to 12-month ECLs	23,351	(29,536)	(1,230)	(7,415)
Financial assets derecognized in the current period	(1,062,030)	(3,719)	(15,338)	(1,081,087)
Purchased or originated financial assets	783,506	20,133	1,404	805,043
Write-offs	-	-	(15,452)	(15,452)
Exchange rate and other changes	(44,160)	-	-	(44,160)
Balance on June 30, 2021	\$ 7,596,949	\$ 116,500	\$ 65,511	\$ 7,778,960

	12-Month ECLs	Lifetime ECLs (Collectively)	Lifetime ECLs (Non-Purchased or Originated Credit Impairment on Financial Assets)	Impairment Under the Guidelines of IFRS 9	The Difference of Impairment under the Regulatory Decree	Total
Allowance						
Beginning on January 1, 2021	\$ 100,631	\$ 34,652	\$ 26,689	\$ 161,972	\$ 13,043	\$ 175,015
Changes due to financial assets recognized at the beginning of the period:						
Transfer to lifetime ECLs	(793)	19,909	(34)	19,082	-	19,082
Transfer to ECLs on financial assets	(174)	(13,149)	2,307	(11,016)	-	(11,016)
Transfer to 12-month ECLs	484	(18,415)	(407)	(18,338)	-	(18,338)
Financial assets derecognized in the current period	(18,106)	(5,771)	3,043	(20,834)	-	(20,834)
Purchased or originated financial assets	32,961	21,081	710	54,752	-	54,752
The difference of impairment under the regulation or decree	-	-	-	-	9,218	9,218
Write-offs	-	-	(15,452)	(15,452)	-	(15,452)
Recoveries after write-off	-	-	13,331	13,331	-	13,331
Exchange rate and other changes	(137)	-	-	(137)	-	(137)
Balance on June 30, 2021	\$ 114,866	\$ 38,307	\$ 30,187	\$ 183,360	\$ 22,261	\$ 205,621

14. DISCOUNTS AND LOANS, NET

	June 30, 2022	December 31, 2021	June 30, 2021
Loans	\$ 795,248,126	\$ 763,766,615	\$ 747,531,940
Inward/outward documentary bills	3,044,674	4,646,564	5,188,448
Non-performing loans	1,799,788	956,650	1,200,510
	800,092,588	769,369,829	753,920,898
Discount and premium adjustments	544,700	573,085	588,501
Provisions for loans and discounts	(10,427,590)	(9,986,436)	(10,001,012)
	\$ 790,209,698	\$ 759,956,478	\$ 744,508,387

The Bank discontinues accruing interest when loans are deemed non-performing. For the six months ended June 30, 2022 and 2021, the unrecognized interest revenue on the non-performing loans amounted to \$24,083 thousand and \$13,042 thousand, respectively.

For the six months ended June 30, 2022 and 2021, the Bank only had written off certain credits after completing the required legal procedures.

The changes in carrying amount and allowance for discounts and loans for the six months ended June 30, 2022 and 2021 are as follows:

For the Six Months Ended June 30, 2022

	12-Month ECLs	Lifetime ECLs (Collectively)	Lifetime ECLs (Individually)	Lifetime ECLs (Non-Purchased or Originated Credit Impairment on Financial Assets)	Total
Discounts and loans					
Beginning on January 1, 2022	\$ 757,403,898	\$ 10,931,130	\$ -	\$ 1,034,801	\$ 769,369,829
Changes due to financial assets recognized at the beginning of the period:					
Transfer to lifetime ECLs	(1,445,673)	1,538,292	-	(73)	92,546
Transfer to ECLs on financial assets	(950,519)	(979,390)	-	1,614,435	(315,474)
Transfer to 12-month ECLs	105,645	(101,983)	-	(1,615)	2,047
Financial assets derecognized in the current period	(212,749,615)	(1,841,332)	-	(430,996)	(215,021,943)
Purchased or originated financial assets	239,673,151	1,432,357	-	100,888	241,206,396
Write-offs	-	-	-	(248,130)	(248,130)
Exchange rate and other changes	4,905,376	76,404	-	25,537	5,007,317
Balance on June 30, 2022	\$ 786,942,263	\$ 11,055,478	\$ -	\$ 2,094,847	\$ 800,092,588

	12-Month ECLs	Lifetime ECLs (Collectively)	Lifetime ECLs (Individually)	Lifetime ECLs (Non-Purchased or Originated Credit Impairment on Financial Assets)	Impairment Under the Guidelines of IFRS 9	The Difference of Impairment under the Regulatory Decree	Total
Allowance							
Beginning on January 1, 2022	\$ 841,402	\$ 1,532,601	\$ -	\$ 243,441	\$ 2,617,444	\$ 7,368,992	\$ 9,986,436
Changes due to financial assets recognized at the beginning of the period:							
Transfer to lifetime ECLs	(1,196)	479,304	-	(4)	478,104	-	478,104
Transfer to ECLs on financial assets	(464)	(96,174)	-	456,497	359,859	-	359,859
Transfer to 12-month ECLs	80	(11,938)	-	(73)	(11,931)	-	(11,931)
Financial assets derecognized in the current period	(286,763)	(223,868)	-	(100,059)	(610,690)	-	(610,690)
Purchased or originated financial assets	391,515	156,883	-	5,591	553,989	-	553,989
The difference of impairment under the regulation or decree	-	-	-	-	-	(372,665)	(372,665)
Write-offs	-	-	-	(248,130)	(248,130)	-	(248,130)
Recoveries of write-offs	-	-	-	49,117	49,117	-	49,117
Exchange rate and other changes	85,791	140,001	-	17,709	243,501	-	243,501
Balance on June 30, 2022	\$ 1,030,365	\$ 1,976,809	\$ -	\$ 424,089	\$ 3,431,263	\$ 6,996,327	\$ 10,427,590

For the Six Months Ended June 30, 2021

	12-Month ECLs	Lifetime ECLs (Collectively)	Lifetime ECLs (Individually)	Lifetime ECLs (Non-Purchased or Originated Credit Impairment on Financial Assets)	Total
Discounts and loans					
Beginning on January 1, 2021	\$ 757,226,007	\$ 10,099,555	\$ -	\$ 1,873,113	\$ 769,198,675
Changes due to financial assets recognized at the beginning of the period:					
Transfer to lifetime ECLs	(2,384,870)	1,716,703	-	-	(668,167)
Transfer to ECLs on financial assets	(407,011)	(226,521)	-	541,484	(92,048)
Transfer to 12-month ECLs	190,620	(191,491)	-	-	(871)
Financial assets derecognized in the current period	(93,840,812)	(384,463)	-	(577,995)	(94,803,270)
Purchased or originated financial assets	81,230,469	554,205	-	7,795	81,792,469
Write-offs	-	-	-	(235,990)	(235,990)
Exchange rate and other changes	(1,085,666)	(182,178)	-	(2,056)	(1,269,900)
Balance on June 30, 2021	\$ 740,928,737	\$ 11,385,810	\$ -	\$ 1,606,351	\$ 753,920,898

	12-Month ECLs	Lifetime ECLs (Collectively)	Lifetime ECLs (Individually)	Lifetime ECLs (Non-Purchased or Originated Credit Impairment on Financial Assets)	Impairment Under the Guidelines of IFRS 9	The Difference of Impairment under the Regulatory Decree	Total
Allowance							
Beginning on January 1, 2021	\$ 1,830,599	\$ 1,391,989	\$ -	\$ 506,241	\$ 3,728,829	\$ 6,028,429	\$ 9,757,258
Changes due to financial assets recognized at the beginning of the period:							
Transfer to lifetime ECLs	(5,063)	125,073	-	-	120,010	-	120,010
Transfer to ECLs on financial assets	(1,377)	(24,185)	-	217,622	192,060	-	192,060
Transfer to 12-month ECLs	217	(26,908)	-	-	(26,691)	-	(26,691)
Financial assets derecognized in the current period	(849,587)	(30,685)	-	(71,864)	(952,136)	-	(952,136)
Purchased or originated financial assets	124,588	47,932	-	610	173,130	-	173,130
The difference of impairment under the regulation or decree	-	-	-	-	-	898,224	898,224
Write-offs	-	-	-	(235,990)	(235,990)	-	(235,990)
Recoveries of write-offs	-	-	-	134,694	134,694	-	134,694
Exchange rate and other changes	(56,880)	(1,301)	-	(1,366)	(59,547)	-	(59,547)
Balance on June 30, 2021	\$ 1,042,497	\$ 1,481,915	\$ -	\$ 549,947	\$ 3,074,359	\$ 6,926,653	\$ 10,001,012

The details of bad debt expense, commitment and guarantee liability provisions for the six months ended June 30, 2022 and 2021 are listed below:

	For the Six Months Ended June 30	
	2022	2021
Provisions for loans and discounts	\$ 396,666	\$ 404,597
Provisions for reserve of possible losses on guarantees	42,562	12,351
Provisions for receivables and other financial assets	10,772	32,864
Other provisions	-	188
	<u>\$ 450,000</u>	<u>\$ 450,000</u>

15. INVESTMENTS UNDER THE EQUITY METHOD

Equity Method	June 30, 2022		December 31, 2021		June 30, 2021	
	Carrying Amount	% of Ownership	Carrying Amount	% of Ownership	Carrying Amount	% of Ownership
Investment in subsidiaries						
Domestic investments						
SCSB Asset Management Ltd.	\$ 1,705,627	100.00	\$ 1,669,904	100.00	\$ 1,655,305	100.00
China Travel Service (Taiwan)	427,883	99.99	422,875	99.99	405,412	99.99
SCSB Marketing Ltd.	8,045	100.00	8,589	100.00	7,712	100.00
	<u>2,141,555</u>		<u>2,101,368</u>		<u>2,068,429</u>	
Foreign investments						
Shancom Reconstruction Inc.	71,271,904	100.00	69,271,539	100.00	69,025,666	100.00
Wresqueue Limitada	349,303	100.00	322,436	100.00	324,262	100.00
Paofoong Insurance Company Ltd.	350,607	40.00	320,385	40.00	317,586	40.00
AMK Microfinance Institution Plc (AMK)	5,119,961	99.99	3,981,362	99.99	3,863,815	99.99
	<u>77,091,775</u>		<u>73,895,722</u>		<u>73,531,329</u>	
Total	<u>\$ 79,233,330</u>		<u>\$ 75,997,090</u>		<u>\$ 75,599,758</u>	

The Bank invested in Paofoong Insurance Company (Hong Kong) Ltd. and held 40% equity directly and 60% indirectly through Shancom Reconstruction Inc. Therefore, Paofoong Insurance Company (Hong Kong) Ltd. was recorded as a subsidiary.

Among the subsidiaries of the Bank, Shancom Reconstruction Inc. and Wresqueue Limitada were consolidated based on their financial statements audited by foreign accountants for the same period of the Bank, and the rest were consolidated based on the financial statements that have not been audited by accountants for the same period of the Bank. The Bank recognized investment losses on Kuo Hai Construction over the years because of the investee's continuing operating losses. The carrying value of

Kuo Hai Construction was reduced to zero in 2002. However, if the financial statements of the unaudited subsidiaries mentioned above were audited by accountants, the audit will not have a significant impact on the Bank's financial statements.

The Bank's board of directors approved the investment in 912 thousand shares of AMK for US\$5,700 thousand capital increase on March 21, 2020, and this increase was funded by the Bank. The capital increase was approved by the FSC of Taiwan, National Bank of Cambodia and Cambodia Ministry of Commerce on May 27, 2020, May 7, 2021 and May 13, 2021, respectively. The Bank's shareholding ratio was maintained at 99.99%.

In addition, the Bank's board of directors approved the investment of 3,668 thousand shares in AMK for US\$22,500 thousand capital increase on November 13, 2021, and this increase was funded by the Bank. The capital increase was approved by the FSC of Taiwan, National Bank of Cambodia and Cambodia Ministry of Commerce on December 29, 2021, April 20, 2022, and May 10, 2022, respectively. The Bank's shareholding ratio was maintained at 99.99%.

16. OTHER FINANCIAL ASSETS, NET

	June 30, 2022	December 31, 2021	June 30, 2021
Non-performing receivables	\$ 3,946	\$ 1,928	\$ 3,164
Time deposit with original maturity of more than three months	-	-	863,020
Bills of exchange	-	5,038	14,052
	3,946	6,966	880,236
Allowance for non-performing credit card receivables	(3,946)	(2,149)	(3,310)
	<u>\$ -</u>	<u>\$ 4,817</u>	<u>\$ 876,926</u>

The amount of non-performing receivables is made up of unsettled transactional for forward exchange contracts and credit card receivables.

The balances of credit card receivables which were reported as non-performing amounted to \$3,946 thousand, \$1,928 thousand and \$3,164 thousand as of June 30, 2022, December 31, 2021 and June 30, 2021, respectively. The unrecognized interest revenue on the receivables amounted to \$180 thousand and \$128 thousand for the six months ended June 30, 2022 and 2021, respectively.

17. PROPERTIES, NET

	June 30, 2022	December 31, 2021	June 30, 2021
Land	\$ 9,570,379	\$ 9,641,323	\$ 9,641,323
Buildings and improvements	1,645,633	1,724,007	1,758,527
Mechanical equipment	270,467	262,520	261,619
Miscellaneous equipment	173,437	168,179	147,155
Transportation equipment	6,503	7,222	8,702
Construction in progress and prepayments	943,966	552,948	324,647
	<u>\$ 12,610,385</u>	<u>\$ 12,356,199</u>	<u>\$ 12,141,973</u>

For the Six Months Ended June 30, 2022					
Items	Balance at January 1, 2022	Additions	Disposals	Effects of Exchange Rate Changes, Net	Balance at June 30, 2022
Cost					
Land	\$ 9,641,323	\$ -	\$ (70,944)	\$ -	\$ 9,570,379
Buildings and improvements	4,243,202	-	(58,019)	-	4,185,183
Mechanical equipment	1,050,968	52,710	(37,497)	3,563	1,069,744
Miscellaneous equipment	620,441	19,510	(2,845)	1,758	638,864
Transportation equipment	41,179	631	(686)	-	41,124
	<u>15,597,113</u>	<u>\$ 72,851</u>	<u>\$ (169,991)</u>	<u>\$ 5,321</u>	<u>15,505,294</u>

Accumulated depreciation

Buildings and improvements	2,519,195	\$ 34,293	\$ (13,938)	\$ -	2,539,550
Mechanical equipment	788,448	42,434	(34,030)	2,425	799,277
Miscellaneous equipment	452,262	14,548	(2,353)	970	465,427
Transportation equipment	33,957	1,307	(643)	-	34,621
	<u>3,793,862</u>	<u>\$ 92,582</u>	<u>\$ (50,964)</u>	<u>\$ 3,395</u>	<u>3,838,875</u>
Construction-in-progress and prepayments	552,948	\$ 391,018	\$ -	\$ -	943,966
Net amount	<u>\$ 12,356,199</u>				<u>\$ 12,610,385</u>

For the Six Months Ended June 30, 2021

Items	Balance at January 1, 2021	Additions	Disposals	Effects of Exchange Rate Changes, Net	Balance at June 30, 2021
Cost					
Land	\$ 9,641,501	\$ -	\$ (178)	\$ -	\$ 9,641,323
Buildings and improvements	4,243,658	-	(456)	-	4,243,202
Mechanical equipment	1,005,808	20,457	(4,989)	(362)	1,020,914
Miscellaneous equipment	572,949	19,047	(2,717)	(189)	589,090
Transportation equipment	47,613	785	(6,410)	-	41,988
	<u>15,511,529</u>	<u>\$ 40,289</u>	<u>\$ (14,750)</u>	<u>\$ (551)</u>	<u>15,536,517</u>
Accumulated depreciation					
Buildings and improvements	2,450,165	\$ 34,606	\$ (96)	\$ -	2,484,675
Mechanical equipment	726,021	37,811	(4,303)	(234)	759,295
Miscellaneous equipment	432,176	12,188	(2,345)	(84)	441,935
Transportation equipment	37,890	1,487	(6,091)	-	33,286
	<u>3,646,252</u>	<u>\$ 86,092</u>	<u>\$ (12,835)</u>	<u>\$ (318)</u>	<u>3,719,191</u>
Construction-in-progress and prepayments	221,384	\$ 103,263	\$ -	\$ -	324,647
Net amount	<u>\$ 12,086,661</u>				<u>\$ 12,141,973</u>

The Bank did not have any impairment losses on the properties as of June 30, 2022, December 31, 2021 and June 30, 2021.

Depreciation expense of properties is computed using the straight-line method over the useful lives below:

Buildings and improvements	
Branches offices	43-55 years
Air conditioning and machine rooms	9 years
Mechanical equipment	3-8 years
Transportation equipment	5-10 years
Miscellaneous equipment	5-20 years

18. LEASE ARRANGEMENTS**18.1 Right-of-use assets****Right-of-use assets**

	June 30, 2022	December 31, 2021	June 30, 2021
Carrying amount of right-of-use assets			
Buildings and improvements	\$ 719,012	\$ 673,824	\$ 738,023
Transportation equipment	25,716	30,546	32,971
Mechanical equipment	3,690	8,112	11,910
	<u>\$ 748,418</u>	<u>\$ 712,482</u>	<u>\$ 782,904</u>

	For the Six Months Ended June 30	
	2022	2021
Increase in right-of-use assets	\$ 187,167	\$ 124,467
Depreciation expenses of right-of-use assets		
Buildings and improvements	\$ 142,358	\$ 137,585
Transportation equipment	6,241	6,520
Mechanical equipment	4,421	4,952
	<u>\$ 153,020</u>	<u>\$ 149,057</u>

18.2 Lease liabilities

	June 30, 2022	December 31, 2021	June 30, 2021
Carrying amount of lease liabilities	<u>\$ 757,943</u>	<u>\$ 722,147</u>	<u>\$ 792,467</u>

The discount rate intervals for lease liabilities are as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
Buildings and improvements	1.25%	1.25%	1.25%
Mechanical equipment	1.25%	1.25%	1.25%
Transportation equipment	1.25%	1.25%	1.25%

18.3 Other lease information

	For the Six Months Ended June 30	
	2022	2021
Short-term lease expenses	\$ 8,147	\$ 7,147
Leases of low value assets	\$ 643	\$ 595
Variable lease payments which are not included in lease liabilities measurements	\$ 1,564	\$ 1,632
Total cash outflow for leases	<u>\$ 166,140</u>	<u>\$ 160,913</u>

The Bank chooses to apply recognition exemption to the rentals of buildings, office equipment, transportation equipment that qualify as short-term lease and computer equipment which qualify as low value assets, and did not recognize related right-of-use assets and lease liabilities.

19. INTANGIBLE ASSETS, NET

	For the Six Months Ended June 30, 2022				
	Balance at January 1, 2022	Additions	Disposals	Effects of Exchange Rate Changes, Net	Balance at June 30, 2022
Cost					
Computer software	\$ 367,970	\$ 67,242	\$ (77,780)	\$ 2,719	\$ 360,151
Less: Accumulated amortization					
Computer software	197,771	45,840	(77,780)	1,745	167,576
Net amount	<u>\$ 170,199</u>				<u>\$ 192,575</u>

	For the Six Months Ended June 30, 2021				
	Balance at January 1, 2021	Additions	Disposals	Effects of Exchange Rate Changes, Net	Balance at June 30, 2021
Cost					
Computer software	\$ 280,617	\$ 54,094	\$ (56,500)	\$ (257)	\$ 277,954
Less: Accumulated amortization					
Computer software	172,043	\$ 36,379	\$ (56,500)	\$ (158)	151,764
Net amount	\$ 108,574				\$ 126,190

Amortization expense is computed using the straight-line method over the useful lives as follows:

Computer software 3-5 years

20. OTHER ASSETS, NET

	June 30, 2022	December 31, 2021	June 30, 2021
Prepaid expenses	\$ 7,325,005	\$ 6,074,824	\$ 7,039,267
Refundable deposits	760,763	612,365	509,184
Temporary payments and suspension	323,251	316,153	300,184
Deferred charges	141,199	175,516	213,064
Others	53,657	32,891	24,785
	<u>\$ 8,603,875</u>	<u>\$ 7,211,749</u>	<u>\$ 8,086,484</u>

21. DEPOSITS FROM THE CENTRAL BANK AND OTHER BANKS

	June 30, 2022	December 31, 2021	June 30, 2021
Call loans from banks	\$ 8,484,602	\$ 13,753,641	\$ 12,452,598
Deposit from Chunghwa Post Co., Ltd.	1,221,799	1,221,799	1,221,799
Due to banks	932,912	694,792	634,248
Bank overdrafts	658,511	434,512	3,879,669
	<u>\$ 11,297,824</u>	<u>\$ 16,104,744</u>	<u>\$ 18,188,314</u>

22. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

Securities sold under repurchase agreements as of June 30, 2022, December 31, 2021 and June 30, 2021 were \$2,168,166 thousand, \$14,505,024 thousand and \$28,560,269 thousand, respectively. The aforementioned securities will be brought back by December 29, 2022, September 13, 2022 and January 14, 2022 at \$2,168,901 thousand, \$14,508,047 thousand and \$28,565,102 thousand, respectively.

23. PAYABLES

	June 30, 2022	December 31, 2021	June 30, 2021
Dividends payable	\$ 22,975,604	\$ 14,908,719	\$ 14,072,262
Accounts payable	2,394,896	3,480,299	1,892,766
Acceptances	2,041,922	2,309,693	2,642,342
Accrued interest	1,529,557	1,235,115	1,362,006
Accrued expenses	955,732	1,276,132	876,758
Other accounts payable	186,890	144,588	149,625
Others	508,619	508,823	481,731
	<u>\$ 30,593,220</u>	<u>\$ 23,863,369</u>	<u>\$ 21,477,490</u>

24. DEPOSITS AND REMITTANCES

	June 30, 2022	December 31, 2021	June 30, 2021
Time deposits	\$ 375,143,976	\$ 354,691,317	\$ 333,615,837
Demand deposits	360,705,869	327,354,941	325,612,623
Savings deposits	348,229,621	349,162,449	337,103,971
Negotiable certificates of deposit	11,304,000	8,787,700	17,751,300
Checking deposits	9,853,077	10,223,711	8,502,125
Remittances	200,206	219,444	242,535
	<u>\$ 1,105,436,749</u>	<u>\$ 1,050,439,562</u>	<u>\$ 1,022,828,391</u>

25. BANK DEBENTURES

	June 30, 2022	December 31, 2021	June 30, 2021
The subordinated bank debenture - 7-10 years maturity, third issued in 2012; maturity date is from November 2019 to November 2022.	\$ 4,000,000	\$ 4,000,000	\$ 4,000,000
The subordinated bank debenture - 7-10 years maturity, fourth issued in 2012; maturity date is from December 2019 to December 2022.	5,700,000	5,700,000	5,700,000
The subordinated bank debenture - 7-10 years maturity, first issued in 2014; maturity date is from March 2021 to March 2024	5,100,000	5,100,000	5,100,000
The subordinated bank debenture - 7 years maturity, second issued in 2014; maturity date is in November 2021	-	-	3,300,000
The subordinated bank debenture - 7 years maturity; first issued in 2015; maturity date is in June 2022	-	2,150,000	2,150,000
The subordinated bank debenture - 8.5 years maturity; second issued in 2015; maturity date is in June 2024	3,000,000	3,000,000	3,000,000
The subordinated bank debenture - 7-10 years maturity; first issued in 2017; maturity date is from June 2024 to 2027	5,000,000	5,000,000	5,000,000
The subordinated bank debenture - 7-10 years maturity; second issued in 2017; maturity date is from December 2024 to 2027	5,000,000	5,000,000	5,000,000
The subordinated bank debenture - 7-10 years maturity; first issued in 2018; maturity date is from June 2025 to 2028	5,000,000	5,000,000	5,000,000
The subordinated bank debenture; third issued in 2018; no maturity date	7,000,000	7,000,000	7,000,000
The bank debenture - 3 years maturity; first issued in 2019; maturity date is in September 2022	3,100,000	3,100,000	3,100,000
The bank debenture - 5 years maturity; first issued in 2019; maturity date is in September 2024	6,900,000	6,900,000	6,900,000
The bank debenture - 7 years maturity; first issued in 2020; maturity date is in March 2027	3,000,000	3,000,000	3,000,000
The bank debenture - 10 years maturity; first issued in 2020; maturity date is in March 2030	7,000,000	7,000,000	7,000,000
The subordinated bank debenture - 7-10 years maturity; first issued in 2021; maturity date is from October 2028 to 2031	5,000,000	5,000,000	-
	<u>\$ 64,800,000</u>	<u>\$ 66,950,000</u>	<u>\$ 65,250,000</u>

The third issuance of the 2012 bank debenture was classified into two types, Types A and B, in accordance with the issued terms. Their terms and methods of interest accrual were as follows: Type A, seven-year of subordinated bank debenture at a fixed annual interest rate of 1.43%; Type B, ten-year of subordinated bank debenture at a fixed annual interest rate of 1.55%. The interests were paid annually with the repayment of principals at maturity.

The fourth issuance of the 2012 bank debenture was classified into two types, Types A and B, in accordance with the issued terms. Their terms and methods of interest accrual were as follows: Type A, seven-year of subordinate bank debenture at a fixed annual interest rate of 1.43%; Type B, ten-year of

subordinated bank debenture at a fixed annual interest rate of 1.55%. The interests were paid annually with the repayment of principals at maturity.

The first issuance of the 2014 bank debenture was classified into two types, Types A and B, in accordance with the issued terms. Their terms and methods of interest accrual were as follows: Type A, seven-year of subordinated bank debenture at a fixed annual interest rate of 1.70%; Type B, ten-year of subordinated bank debenture at a fixed annual interest rate of 1.85%. The interests were paid annually with the repayment of principals at maturity.

The second issuance of the 2014 seven-year subordinated bank debenture had a fixed interest rate of 1.83% with the interest paid annually and the repayment of principal at maturity.

The first issuance of the 2015 subordinated bank debenture had a fixed interest rate of 1.83% with the interest paid annually and the repayment of principal at maturity.

The second issuance of the 2015 subordinated bank debenture had a fixed interest rate of 1.83% with the interest paid annually and the repayment of principal at maturity.

The first issuance of the 2017 bank debenture was classified into two types, Types A and B, in accordance with the issued terms. Their terms and methods of interest accrual were as follows: Type A, seven-year of subordinated bank debenture at a fixed annual interest rate of 1.50%; Type B, ten-year of subordinated bank debenture at a fixed annual interest rate of 1.85%. The interests were paid annually with the repayment of principals at maturity.

The second issuance of the 2017 bank debenture was classified into two types in accordance with the issued terms and the methods of interest accrual: Types A and B. Their terms and methods of interest accrual were as follows: Type A, seven-year of subordinated bank debenture at a fixed annual interest rate of 1.30%; Type B, ten-year of subordinated bank debenture at a fixed annual interest rate of 1.55%. Their interests were paid annually with repayment of principals at maturity.

The first issuance of the 2018 bank debenture was classified into two types in accordance with the issued terms and the methods of interest accrual: Types A and B. Their terms were as follows: Type A, seven-year of subordinated bank debenture at a fixed annual interest rate of 1.25%; Type B, ten-year of subordinated bank debenture at a fixed annual interest rate of 1.45%. Their interests were paid annually with repayment of principals at maturity.

The third issuance of the 2018 subordinated bank debenture was at a fixed annual interest rate of 2.15% with the interest paid annually and the repayment of principal at maturity.

The first issuance of the 2019 bank debenture was classified into two types in accordance with the issued terms and the methods of interest accrual: Types A and B. Their terms were as follows: Type A, three-year bank debenture at a fixed annual interest rate of 0.65%; Type B, five-year bank debenture at a fixed annual interest rate of 0.69%. Their interests were paid annually with repayment of principals at maturity.

The first issuance of the 2020 bank debenture was classified into two types in accordance with the issued terms and the methods of interest accrual: Types A and B. Their terms were as follows: Type A, seven-year bank debenture at a fixed annual interest rate of 0.62%; Type B, ten-year bank debenture at a fixed annual interest rate of 0.64%. Their interests were paid annually with repayment of principals at maturity.

The first issuance of the 2021 bank debenture was classified into two types in accordance with the issued terms and the methods of interest accrual: Types A and B. Their terms were as follows: Type A, seven-year bank debenture at a fixed annual interest rate of 0.60%; Type B, ten-year bank subordinated debenture at a fixed annual interest rate of 0.72%. Their interests were paid annually with repayment of principals at maturity.

26. OTHER FINANCIAL LIABILITIES

	June 30, 2022	December 31, 2021	June 30, 2021
Appropriated loan funds	\$ 1,335,491	\$ 1,378,521	\$ 1,570,297
Principals of structured instruments	1,051,676	1,444,718	1,130,136
	<u>\$ 2,387,167</u>	<u>\$ 2,823,239</u>	<u>\$ 2,700,433</u>

27. PROVISIONS

	June 30, 2022	December 31, 2021	June 30, 2021
Provision for guarantees liabilities	\$ 1,142,567	\$ 1,144,582	\$ 1,050,360
Provision for employee benefits	583,995	582,236	585,440
Provision for financing commitment	78,958	77,582	77,633
Provision for unexpected losses	3,565	4,540	3,754
Provision for other operations	2,759	2,566	2,589
	<u>\$ 1,811,844</u>	<u>\$ 1,811,506</u>	<u>\$ 1,719,776</u>

Provisions for changes in financing commitment and guarantee liability provisions of the Bank for the six months ended June 30, 2022 and 2021 were as follows:

For the Six Months Ended June 30, 2022

	12-Month ECLs	Lifetime ECLs (Collectively)	Lifetime ECLs (Non-Purchased or Originated Credit Impairment on Financial Assets)	Impairment Under the Guidelines of IFRS 9	The Difference of Impairment under the Regulatory Decree	Total
Provisions for commitment and guarantee liability						
January 1, 2022	\$ 274,875	\$ 21,045	\$ 1,357	\$ 297,277	\$ 924,887	\$ 1,222,164
Changes due to financial assets recognized at the beginning of the period:						
Transfer to lifetime ECLs	(123)	9,568	-	9,445	-	9,445
Transfer to 12-month ECLs	-	(237)	433	196	-	196
Financial assets derecognized in the current period	(223,995)	(18,171)	-	(242,166)	-	(242,166)
Purchased or originated financial assets	265,773	21,843	564	288,180	-	288,180
The difference of impairment under the regulation or decree	-	-	-	-	(13,093)	(13,093)
Exchange rate and other changes	(43,201)	-	-	(43,201)	-	(43,201)
June 30, 2022	<u>\$ 273,329</u>	<u>\$ 34,048</u>	<u>\$ 2,354</u>	<u>\$ 309,731</u>	<u>\$ 911,794</u>	<u>\$ 1,221,525</u>

For the Six Months Ended June 30, 2021

	12-Month ECLs	Lifetime ECLs (Collectively)	Lifetime ECLs (Non-Purchased or Originated Credit Impairment on Financial Assets)	Impairment Under the Guidelines of IFRS 9	The Difference of Impairment under the Regulatory Decree	Total
Provisions for commitment and guarantee liability						
January 1, 2021	\$ 559,170	\$ 22,140	\$ 20,418	\$ 601,728	\$ 515,348	\$ 1,117,076
Changes due to financial assets recognized at the beginning of the period:						
Transfer to lifetime ECLs	(904)	20,891	(5,654)	14,333	-	14,333
Transfer to 12-month ECLs	8	(598)	-	(590)	-	(590)
Financial assets derecognized in the current period	(504,233)	(21,157)	(8,946)	(534,336)	-	(534,336)
Purchased or originated financial assets	286,712	13,191	-	299,903	-	299,903
The difference of impairment under the regulation or decree	-	-	-	-	233,041	233,041
Exchange rate and other changes	(1,434)	-	-	(1,434)	-	(1,434)
June 30, 2021	<u>\$ 339,319</u>	<u>\$ 34,467</u>	<u>\$ 5,818</u>	<u>\$ 379,604</u>	<u>\$ 748,389</u>	<u>\$ 1,127,993</u>

28. OTHER LIABILITIES

	June 30, 2022	December 31, 2021	June 30, 2021
Guarantee deposits received	\$ 463,056	\$ 600,582	\$ 872,122
Temporary credit	155,265	135,735	93,752
Revenue received in advance	153,442	174,176	137,453
Deferred revenue	147,766	147,841	146,071
Others	106,950	109,780	143,135
	<u>\$ 1,026,479</u>	<u>\$ 1,168,114</u>	<u>\$ 1,392,533</u>

29. PENSION PLAN

The expenses related to the post-retirement benefit plan for the six months ended June 30, 2022 and 2021 were recognized as employee benefit expenses in each period at the cost rate determined by the actuarial calculations as of December 31, 2021 and 2020. The breakdown of employee benefit expenses for the six months ended June 30, 2022 and 2021 was as follows:

	For the Six Months Ended June 30	
	2022	2021
Defined benefit plan	\$ 110,216	\$ 133,479
Employees' preferential deposit plan	15,000	15,000
	<u>\$ 125,216</u>	<u>\$ 148,479</u>

30. EQUITY

30.1 Share capital

	June 30, 2021	December 31, 2020	June 30, 2020
Ordinary shares			
Authorized shares (in thousands)	6,000,000	6,000,000	6,000,000
Authorized capital	<u>\$ 60,000,000</u>	<u>\$ 60,000,000</u>	<u>\$ 60,000,000</u>
Issued and paid shares (in thousands)	4,481,603	4,481,603	4,481,603
Issued capital	<u>\$ 44,816,031</u>	<u>\$ 44,816,031</u>	<u>\$ 44,816,031</u>

The issued ordinary shares have par value of \$10. Each shareholder is entitled with the right to vote and to receive dividends.

In order to increase the Bank's capital adequacy and working capital, the board of directors approved the investment of 380,000 thousand shares with par value of \$10 for capital increase on August 13, 2022.

30.2 Capital surplus

	June 30, 2022	December 31, 2021	June 30, 2021
Share premium	\$ 13,431,903	\$ 13,431,903	\$ 13,431,903
Treasury shares transaction	2,046,520	2,046,520	2,037,566
Unclaimed dividends	1,100,985	1,100,985	994,456
Recognition of changes in equity of subsidiaries	85,518	85,518	85,518
Proportionate share in investee's surplus from donated assets under the equity method	1,218	1,218	1,218
	<u>\$ 16,666,144</u>	<u>\$ 16,666,144</u>	<u>\$ 16,550,661</u>

The capital surplus from shares issued in excess of par (including additional paid-in capital from the issuance of ordinary shares, conversion of bonds and treasury share transactions) and donations may be capitalized from capital surplus into share capital, which is limited to a certain percentage of the Bank's paid-in capital. In addition, the capital surpluses generated by the issuance of employee stock options were both \$2,971,968 thousand on June 30, 2022, December 31, 2021 and June 30, 2021, which are limited to offset losses.

The capital surplus from investments accounted for using the equity method and dividends not yet collected by shareholders has limited use and can only be used to offset losses.

Since the shares held by subsidiaries were classified as treasury shares, cash dividend distributed to subsidiaries was then recorded as capital surplus - treasury shares according to the shareholding ratio.

When the equity of the Bank is not actually obtained or processed, the impact of the equity transaction recognized due to changes in the Bank's equity or the Bank's recognition of the adjustment to the capital reserve of the subsidiary identified using the equity method.

30.3 Retained earnings and dividend policy

According to the earnings distribution policy of the Bank, where the Bank made a surplus profit in its annual accounts, the profit shall be first utilized for paying taxes and then offsetting losses of previous years. As required by the law, 30% of profit shall be allocated as the legal reserve. However, when the amount of statutory surplus reserve has reached the amount of total paid-in capital of the Bank, the required allocation of 30% of profit to the legal reserve is waived and any amount exempted from allocation to capital reserve may be appropriated to or reversed from the special surplus reserve for distribution of special dividends. After the abovementioned appropriations, the balance and accumulated unappropriated earnings of the previous year, including the special reserve shall be available for earnings for distribution. The board of directors drafts a plan for surplus distribution and submits it to the shareholders' meeting for approval. The distribution of dividends or bonuses is subject to the attendance of more than two-thirds of the members of the board of directors and the resolution of more than half of the directors present. All or part of the dividends or bonuses shall be distributed in cash and reported to the shareholders in their meeting.

If the Bank has no deficit and the legal reserve has exceeded 25% of the Bank's paid-in capital, the excess may be corrected into capital (share capital) or distributed in cash. However, under the Banking Law Act, if legal reserve is less than its paid-in capital, the Bank is allowed to distribute cash earnings only up to 15% of its capital. For the estimation on the distribution basis of employees' compensation and remuneration of directors, refer to employee benefits expense in Note 31.8.

The Bank held the shareholders' meeting on June 17, 2022 and July 5, 2021 for the appropriations of earnings and dividends per share for 2021 and 2020 were as follows:

	Appropriation of Earnings		Dividends Per Share (In NT Dollar)	
	2021	2020	2021	2020
Legal reserve	\$ 4,251,394	\$ 3,879,720		
Cash dividends - ordinary shares	<u>8,066,886</u>	<u>7,618,725</u>	<u>\$ 1.80</u>	<u>\$ 1.70</u>
	<u>\$ 12,318,280</u>	<u>\$ 11,498,445</u>	<u>\$ 1.80</u>	<u>\$ 1.70</u>

30.4 Special reserve

The Bank made a special reserve due to the transfer of \$1,256,859 thousand of its cumulative translation adjustment reported in equity to retained earnings upon first-time IFRS adoption. There was no change in the balance of the special reserve for the six month ended June 30, 2022.

According to Rule No. 10510001510 issued by the FSC on May 25, 2016, public banks shall appropriate to a special reserve 0.5% to 1.0% of net profit. Public banks may reverse the same amount of transfers or resettle the expenses starting from 2017. However, in accordance with Rule No. 34 10802714560 issued by the FSC, starting from 2019, the special reserve method will no longer be used to respond to the development of financial technology and protect the rights and interests of domestic bank employees, and to transfer expenses for employees to pay or resettlement expenses, and employee education and training expenses in response to the needs of financial technology or banking business development shall be returned within the scope of the special surplus reserve balance mentioned above. The Bank made a special reserve in the amount of \$189,228 thousand according to the rule on June 30, 2022.

30.5 Treasury shares

On June 30, 2022, December 31, 2021 and June 30, 2021, Shancom Reconstruction Inc. and China Travel Service (Taiwan) held 11,370 thousand shares and 27 thousand shares of the Bank, respectively.

Under the Company Act, the Bank is not allowed to buy back more than 5% of its issued shares. In addition, the total cost of treasury shares may not exceed the sum of the retained earnings and realized capital surplus. The Bank is not allowed to exercise shareholders' rights on these shares before they are resold. The shares held by its subsidiaries are treated as treasury shares, except for participating in the Bank's cash addition and voting rights, the rest is the same as the general shareholder's rights.

31. DETAILS OF COMPREHENSIVE INCOME STATEMENT ITEMS

31.1 Interest income, net

	For the Six Months Ended June 30	
	2022	2021
Interest income		
Discounts and loans	\$ 7,316,383	\$ 6,432,481
Securities investments	1,643,241	1,365,921
Due from banks	312,168	201,246
Credit and revolving	41,368	42,933
Others	28,677	25,326
	<u>9,341,837</u>	<u>8,067,907</u>
Interest expense		
Deposits	1,812,308	1,674,776
Bank debentures	495,774	511,950
Due to banks	62,225	31,317
Securities sold under repurchase agreements	27,128	28,800
Leased liability	4,131	5,332
Structured bond instruments	547	1,855
Others	17,775	3,004
	<u>2,419,888</u>	<u>2,257,034</u>
Interest income, net	<u>\$ 6,921,949</u>	<u>\$ 5,810,873</u>

31.2 Service fee income, net

	For the Six Months Ended June 30	
	2022	2021
Service fee income		
Trust and custody services	\$ 528,440	\$ 665,262
Guarantees related fees	418,542	394,561
Insurance commission fees	400,366	147,541
Loan service fees	308,142	267,977
Credit card related fees	174,643	140,771
Exchange related fees	82,986	83,053
Inward/outward business	71,005	64,359
Others	282,121	290,163
	<u>2,266,245</u>	<u>2,053,687</u>
Service charge		
Credit card service charge	126,054	103,936
Nominee and brokerage service charge	52,759	50,324
Finance service charge	27,339	26,374
Custody service charge	21,580	25,426
Others	137,805	112,188
	<u>365,537</u>	<u>318,248</u>
Service fee income, net	<u>\$ 1,900,708</u>	<u>\$ 1,735,439</u>

31.3 Gain (loss) on financial assets and liabilities at FVTPL

For the Six Months Ended June 30, 2022			
	Realized Gain (Loss)	Unrealized Gain (Loss)	Total
Financial assets mandatorily classified as at FVTPL	\$ 4,958,581	\$ 124,054	\$ 5,082,635
Held-for-trading financial liabilities	(5,787,568)	(1,103,240)	(6,890,808)
Financial liabilities designated at FVTPL	-	176,694	176,694
	<u>\$ (828,987)</u>	<u>\$ (802,492)</u>	<u>\$ (1,631,479)</u>

For the Six Months Ended June 30, 2021			
	Realized Gain (Loss)	Unrealized Gain (Loss)	Total
Financial assets mandatorily classified as at FVTPL	\$ 4,092,995	\$ (14,931)	\$ 4,078,064
Held-for-trading financial liabilities	(3,665,991)	(343,347)	(4,009,338)
Financial liabilities designated at FVTPL	-	60,877	60,877
	<u>\$ 427,004</u>	<u>\$ (297,401)</u>	<u>\$ 129,603</u>

31.4 Realized gain or loss on financial assets at FVTOCI

For the Six Months Ended June 30		
	2022	2021
Disposal of debt instruments	\$ 385,647	\$ 428,153
Dividend income	84,294	28,425
	<u>\$ 469,941</u>	<u>\$ 456,578</u>

31.5 Share of profit of subsidiaries accounted for using the equity method

For the Six Months Ended June 30		
	2021	2020
Shancom Reconstruction Inc.	\$ 2,621,432	\$ 2,995,095
AMK Microfinance Institution Plc. (AMK)	154,901	88,049
China Travel Service (Taiwan)	24,479	9,423
SCSB Asset Management Ltd.	15,863	119,039
Paofoong Insurance Company Ltd.	7,985	11,098
Wresqueue Limitada	2,486	2,782
SCSB Marketing Ltd.	955	1,053
	<u>\$ 2,828,101</u>	<u>\$ 3,226,539</u>

31.6 Other non-interest revenue

For the Six Months Ended June 30		
	2021	2020
Gain on disposal of properties	\$ 207,549	\$ 2,996
Leased revenue	29,357	31,430
Others	28,267	14,020
	<u>\$ 265,173</u>	<u>\$ 48,446</u>

31.7 Employment benefits expense

For the Six Months Ended June 30		
	2022	2021
Short-term employment benefits	\$ 2,058,363	\$ 1,989,250
Retirement benefits		
Defined contribution plan	47,199	44,128
Defined benefit plan	110,216	133,479
Other benefit plan	202,082	194,192
	<u>\$ 2,417,860</u>	<u>\$ 2,361,049</u>

31.8 Employees' compensation and remuneration of directors

The employees' compensation and remuneration of directors were at the rates of no less than 0.1% and no higher than 0.6%, respectively, of net profit before income tax, employees' compensation and directors' remuneration. The employees' compensation and the remuneration of directors for the six months ended June 30, 2022 and 2021 were as follows:

	For the Six Months Ended June 30	
	2022	2021
Employees' compensation	\$ 30,006	\$ 29,984
Remuneration of directors	\$ 28,998	\$ 28,998

The employees' compensation and remuneration of directors for 2021 and 2020 as approved in the board meetings on March 26, 2022 and March 27, 2021, respectively, were as follows:

	For the Year Ended December 31			
	2021		2020	
	Cash	Shares	Cash	Shares
Employees' compensation	\$ 60,000	\$ -	\$ 60,000	\$ -
Remuneration of directors	50,800	-	58,000	-

If the amount of actual employees' compensation and directors' remuneration changes after the release date of financial report, it will be treated according to the changes in accounting estimation and will be adjusted in the next year.

There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2021 and 2020.

Information on the employees' compensation and remuneration of directors resolved by the Bank's board of directors in 2021 and 2020 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

31.9 Depreciation and amortization

	For the Six Months Ended June 30	
	2022	2021
Depreciation expense		
Properties	\$ 92,582	\$ 86,092
Right-of-use assets	153,020	149,057
	<u>245,602</u>	<u>235,149</u>
Amortization expense		
Intangible assets	45,840	36,379
Other assets	35,140	39,879
	<u>80,980</u>	<u>76,258</u>
	<u>\$ 326,582</u>	<u>\$ 311,407</u>

32. INCOME TAX

32.1 Income tax expense recognized in profit or loss

The major components of tax expenses were as follows:

	For the Six Months Ended June 30	
	2022	2021
Current tax		
In respect of the current year	\$ 872,530	\$ 696,758
In respect of prior periods	(24,296)	(177,433)
	<u>848,234</u>	<u>519,325</u>
Deferred tax		
In respect of the current year	202,904	(127,093)
In respect of prior periods	(237)	5,160
	<u>202,667</u>	<u>(121,933)</u>
Income tax expense recognized in profit or loss	<u>\$ 1,050,901</u>	<u>\$ 397,392</u>

32.2 Income tax expense recognized in other comprehensive income

	For the Six Months Ended June 30	
	2022	2021
Deferred income tax		
Recognized in other comprehensive income		
Translation adjustments for foreign operations	\$ (1,025,059)	\$ 131,935
Unrealized gain or loss on financial assets measured at FVTOCI	946,003	106,099
Income tax expense recognized in other comprehensive income	<u>\$ (79,056)</u>	<u>\$ 238,034</u>

31.3 Income tax assessments

The Bank's income tax returns through 2019 had been assessed by the tax authorities.

33. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Six Months Ended June 30	
	2022	2021
Basic earnings per share	\$ 1.62	\$ 1.63
Diluted earnings per share	<u>\$ 1.62</u>	<u>\$ 1.63</u>

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per share were as follows:

Net Profit for the Period

	For the Six Months Ended June 30	
	2022	2021
Earnings used in the computation of basic and diluted earnings per share	<u>\$ 7,256,573</u>	<u>\$ 7,304,152</u>

Weighted Average Number of Ordinary Shares Outstanding (in Thousands of Shares)

	For the Six Months Ended June 30	
	2022	2021
Weighted average number of ordinary shares in computation of basic earnings per share	4,470,206	4,470,206
Effect of potentially dilutive ordinary shares:		
Employees' compensation	1,054	1,343
Weighted average number of ordinary shares used in the computation of diluted earnings per share	4,471,260	4,471,549

In the computation of diluted earnings per share, it assumed the entire amount of the compensation would be settled in potential shares. If the Bank offered to settle compensation paid to employees in cash or shares, the potential shares are included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

34. RELATED-PARTY TRANSACTIONS

The relationship, significant transactions and account balances of the Bank and its related parties (except those disclosed in other notes) are summarized as follows:

34.1 The Bank's related parties

Related Party	Relationship with the Bank
China Travel Service (Taiwan)	Substantive related party
SCSB Asset Management Ltd.	Substantive related party
SCSB Marketing Ltd.	Substantive related party
Shancom Reconstruction Inc.	Substantive related party
Wresqueue Limitada	Substantive related party
CTS Travel International Ltd.	Substantive related party
SCSB Leasing (China) Co., Ltd.	Substantive related party
Krinein Company (Krinein)	Substantive related party
Empresa Inversiones Generales, S.A. (Empresa)	Substantive related party
Shanghai Commercial Bank, HK (SCB)	Substantive related party
The SCSB Cultural & Educational Foundation	Substantive related party
The SCSB Charity Foundation	Substantive related party
Silks Place Taroko	Substantive related party
Hung Ta Investment Corporation	Substantive related party
Hung Shen Investment Corporation	Substantive related party
GTM Corporation	Substantive related party
Chi-Li Investment Co., Ltd.	Substantive related party
Qin Mao Consultants Ltd.	Substantive related party
Yongye Investment Co., Ltd.	Substantive related party
Other related parties	The relatives of the Bank's directors and related management

34.2 Significant transactions between parties

34.2.1 Due from foreign banks

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Shanghai Commercial Bank (HK)	\$ <u>404,574</u>	\$ <u>230,954</u>	\$ <u>183,665</u>

The interest income arising from the above transactions were \$2 thousand and \$49 thousand for the six months ended June 30, 2022 and 2021, respectively.

34.2.2 Due to banks

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Shanghai Commercial Bank (HK)	\$ <u>50,610</u>	\$ <u>50,634</u>	\$ <u>35,569</u>

34.2.3 Guarantees

	<u>Maximum Balance</u>	<u>Ending Balance</u>	<u>Reserve for Possible Losses on Guarantees</u>	<u>Interest Rate (%)</u>	<u>Collateral</u>
<u>June 30, 2022</u>					
China Travel Service (Taiwan)	\$ <u>3,000</u>	\$ <u>3,000</u>	\$ <u>-</u>	1.00	Real estate
<u>December 31, 2021</u>					
China Travel Service (Taiwan)	\$ <u>4,000</u>	\$ <u>3,000</u>	\$ <u>-</u>	1.00	Real estate
<u>June 30, 2021</u>					
China Travel Service (Taiwan)	\$ <u>4,000</u>	\$ <u>4,000</u>	\$ <u>-</u>	1.00	Real estate

34.2.4 Deposits

	<u>June 30, 2022</u>			<u>For the Six Months Ended June 30, 2022</u>
	<u>Maximum Balance</u>	<u>Ending Balance</u>	<u>Interest Rate (%)</u>	<u>Interest Expense</u>
Directors and related management	\$ 789,981	\$ 711,760	0.00-2.08	\$ 1,178
Empresa	568,587	-	0.23	113
SCSB Asset Management Ltd.	380,318	372,965	0.03-1.16	1,445
The SCSB Cultural & Educational Foundation	320,769	319,332	0.01-1.21	518
Employees	280,431	157,452	0.00-9.82	1,151
Krinein	113,717	-	0.23	23
Shancom Reconstruction Inc.	88,822	88,822	0.03-0.55	125
Others	281,453	259,715	0.00-2.80	787
	<u>\$ 2,824,078</u>	<u>\$ 1,910,046</u>		<u>\$ 5,340</u>
	<u>December 31, 2021</u>			<u>For the Year Ended December 31, 2021</u>
	<u>Maximum Balance</u>	<u>Ending Balance</u>	<u>Interest Rate (%)</u>	<u>Interest Expense</u>
Empresa	\$ 1,289,454	\$ -	0.10-0.30	\$ 619
Directors and related management	587,974	366,290	0.12-2.18	1,458
Krinein	541,237	-	0.10-0.30	343
SCSB Asset Management Ltd.	458,559	318,305	0.03-0.78	2,840
The SCSB Cultural & Educational Foundation	334,283	320,723	0.01-1.00	1,051
Employees	283,275	133,209	0.12-9.78	1,969
Shancom Reconstruction Inc.	165,415	82,522	0.03-0.30	196
Others	277,588	256,790	0.00-2.05	1,012
	<u>\$ 3,937,785</u>	<u>\$ 1,477,839</u>		<u>\$ 9,488</u>

	June 30, 2021			For the Six Months Ended June 30, 2021
	Maximum Balance	Ending Balance	Interest Rate (%)	Interest Expense
Empresa	\$ 1,300,504	\$ -	0.10-0.30	\$ 625
Directors and related management	697,402	599,134	0.00-2.18	807
Krinein	545,875	-	0.10-0.30	346
SCSB Asset Management Ltd.	458,539	438,868	0.05-0.78	1,549
The SCSB Cultural & Educational Foundation	324,230	307,083	0.01-1.05	521
Employees	236,185	109,764	0.00-9.78	992
Shancom Reconstruction Inc.	166,832	83,171	0.05-0.78	143
Others	227,358	205,364	0.00-2.00	461
	<u>\$ 3,956,925</u>	<u>\$ 1,743,384</u>		<u>\$ 5,444</u>

34.2.5 Interest receivable (accounted for as receivables)

	June 30, 2022	December 31, 2021	June 30, 2021
Directors and related management	<u>\$ 11</u>	<u>\$ 11</u>	<u>\$ 72</u>

34.2.6 Interest payable (accounted for as payables)

	June 30, 2022	December 31, 2021	June 30, 2021
Shancom Reconstruction Inc.	\$ 41	\$ 9	\$ 12
Others	627	379	414
	<u>\$ 668</u>	<u>\$ 388</u>	<u>\$ 426</u>

34.2.7 Guarantee deposits received (accounted for as other liabilities)

	June 30, 2022	December 31, 2021	June 30, 2021
The SCSB Cultural & Educational Foundation	\$ 318	\$ 318	\$ 318
China Travel Service (Taiwan)	180	180	180
Others	80	81	67
	<u>\$ 578</u>	<u>\$ 579</u>	<u>\$ 565</u>

34.2.8 Rental income (accounted for as other non-interest revenue, net))

	For the Six Months Ended June 30	
	2022	2021
The SCSB Cultural & Educational Foundation	\$ 636	\$ 636
China Travel Service (Taiwan)	351	369
Others	163	127
	<u>\$ 1,150</u>	<u>\$ 1,132</u>

For the rental contracts with related parties, the rental is determined in proportion to similar rentals in the area, based on a reference of the rentals in the neighborhood, and is received on a monthly basis.

34.2.9 Administrative and operating expense (accounted for as other general administrative expenses)

	For the Six Months Ended June 30	
	2022	2021
SCSB Marketing	\$ 42,947	\$ 43,921
China Travel Service (Taiwan)	459	286
	<u>\$ 43,406</u>	<u>\$ 44,207</u>

34.2.10 Loans

June 30, 2022									For the Six Months Ended June 30, 2022
Category	Name	Maximum Balance	Ending Balance	Performance		Collateral	Interest Rate (%)	Difference of Terms of the Transactions with Unrelated Parties	Interest Income
				Normal Loans	Non-performing Loans				
Loans for personal house mortgages	Directors and related management (1)	\$ 180	\$ -	\$ -	-	Real estate	1.56-1.83	None	\$ 1
Others	Directors and related management (4)	<u>23,204</u>	<u>20,007</u>	<u>20,007</u>	-	Real estate	1.33-1.89	None	<u>172</u>
		<u>\$ 23,384</u>	<u>\$ 20,007</u>	<u>\$ 20,007</u>					<u>\$ 173</u>
December 31, 2021									For the Year Ended December 31, 2021
Category	Name	Maximum Balance	Ending Balance	Performance		Collateral	Interest Rate (%)	Difference of Terms of the Transactions with Unrelated Parties	Interest Income
				Normal Loans	Non-performing Loans				
Loans for personal house mortgages	Directors and related management (1)	\$ 608	\$ 180	\$ 180	-	Real estate	1.56-1.57	None	\$ 6
Others	Directors and related management (6)	<u>35,139</u>	<u>23,039</u>	<u>23,039</u>	-	Real estate	1.29-1.49	None	<u>395</u>
		<u>\$ 35,747</u>	<u>\$ 23,219</u>	<u>\$ 23,219</u>					<u>\$ 401</u>
June 30, 2021									For the Six Months Ended June 30, 2021
Category	Name	Maximum Balance	Ending Balance	Performance		Collateral	Interest Rate (%)	Difference of Terms of the Transactions with Unrelated Parties	Interest Income
				Normal Loans	Non-performing Loans				
Loans for personal mortgages	Directors and related management (1)	\$ 854	\$ 395	\$ 395	-	Real estate	1.57	None	\$ 4
Others	Hung Shen Investment Corporation	378,000	378,000	378,000	-	Real estate	1.46	None	2,760
Others	Directors and related management (5)	<u>25,410</u>	<u>21,587</u>	<u>21,587</u>	-	Real estate	1.30-2.40	None	<u>155</u>
		<u>\$ 404,264</u>	<u>\$ 399,982</u>	<u>\$ 399,982</u>					<u>\$ 2,919</u>

Employee deposits and loans have interest rates that are better than ordinary rates but within regulated limits, while other related party transactions have similar terms as non-related party transactions.

Under the provisions of Articles 32 and 33 of the Banking Act, the Bank shall not make unsecured loans to related party, except for consumer loans under certain limits and government loans. Secured loans to a related party should be fully guaranteed, and the relevant terms should not be superior to other similar credit clients.

34.2.11 Disposal of properties

Category	Transaction Amount		Gain (Loss) on Disposal	
	For the Six Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Others	<u>\$ 341,264</u>	<u>\$ -</u>	<u>\$ 208,377</u>	<u>\$ -</u>

34.3 Compensation of directors, supervisors and management personnel

The compensation of key management personnel for the period ended June 30, 2022 and 2021 was as follows:

	For the Six Months Ended June 30	
	2022	2021
Salaries and other short-term employee benefits	\$ 54,019	\$ 50,669
Remuneration of directors	43,518	53,148
Post-employment benefits	7,690	7,581
Bonuses and employees' compensation	1,682	1,501
	<u>\$ 106,909</u>	<u>\$ 112,899</u>

35 PLEDGED ASSETS

Under the Central Bank's clearing system of Real-Time Gross Settlement (RTGS), on June 30, 2022, December 31, 2021 and June 30, 2021, the assets listed below had been provided as collateral for day-term overdrafts with the pledged amount adjustable at any time.

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>	<u>Guaranty Purpose</u>
Investments in debt instruments measured at amortized cost	\$ 12,000,000	\$ 12,000,000	\$ 11,100,000	Day-term overdraft with the pledge

On June 30, 2022, December 31, 2021 and June 30, 2021, the assets listed below were provided as refundable deposits for operating guarantees.

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>	<u>Guaranty Purpose</u>
Financial assets at FVTOCI	\$ 383,543	\$ 346,624	\$ 350,383	Operating guarantee

36 SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

36.1 In addition to those disclosed in other notes, significant commitments and contingencies of the Bank as of June 30, 2022, December 31, 2021 and June 30, 2021 were as follows:

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Assets under trust	\$ 216,201,388	\$ 212,201,956	\$ 208,942,734
Guarantee notes payable	144,413,987	164,076,415	143,623,489
Government bonds in brokerage accounts	31,259,200	29,466,700	11,536,700
Receivables under custody	24,789,864	27,536,150	25,277,390
Securities in custody	24,728,594	22,440,302	19,531,975
Short-term bills in brokerage accounts	947,620	559,450	841,600

36.2 Material litigation

Vegesentials commenced civil proceedings before the Business and Property Courts of the High Court of Justice of England and Wales against the Bank on August 28, 2020. Vegesentials claimed that it relied upon a fraudulent document issued by a former employee of the Bank to enter into a transaction which stated (inter alia) that the counterparty had the funds to purchase some of its shares. Vegesentials therefore asked the Bank to compensate it for its loss on the basis of vicarious liability. After receiving Vegesentials' claim on September 18, 2020, the Bank engaged instructed English legal counsel to defend the Bank in the proceedings.

The Bank was notified by a British lawyer that Vegesentials claimed the amount of compensation over £10 million on April 25, 2022, but has only provided very limited evidence. Therefore, the Bank assesses that the litigation should have no significant impact on the Bank's financial business at this stage.

Relevant information about the above litigation is available in the material information on the Market Observation Post System website of the Taiwan Stock Exchange.

37 FINANCIAL INSTRUMENTS

37.1 Fair value information - financial instruments not measured at fair value

37.1.1 Financial assets and liabilities with significant differences between carrying amounts and fair values.

Except as detailed in the following table, the Bank's management considers that the carrying amounts of financial instruments not measured at fair values are approximates of their fair values or the fair values could not otherwise be reliably measured:

	June 30, 2022		December 31, 2021		June 30, 2021	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets						
Financial assets measured at amortized cost	\$ 111,411,420	\$ 111,318,767	\$ 153,739,028	\$ 153,818,987	\$ 178,623,128	\$ 178,786,738
Financial liabilities						
Bank debentures	64,800,000	64,927,893	66,950,000	67,174,049	65,250,000	65,539,175

37.1.2 Fair value level

	June 30, 2022			
	Total	Level 1	Level 2	Level 3
Financial assets				
Financial assets measured at amortized cost	\$ 111,318,767	\$ 8,929,322	\$ 102,389,445	\$ -
Financial liabilities				
Bank debentures	64,927,893	-	64,927,893	-
	December 31, 2021			
	Total	Level 1	Level 2	Level 3
Financial assets				
Financial assets measured at amortized cost	\$ 153,818,987	\$ 17,776,944	\$ 136,042,043	\$ -
Financial liabilities				
Bank debentures	67,174,049	-	67,174,049	-
	June 30, 2021			
	Total	Level 1	Level 2	Level 3
Financial assets				
Financial assets measured at amortized cost	\$ 178,786,738	\$ 7,613,470	\$ 171,173,268	\$ -
Financial liabilities				
Bank debentures	65,539,175	-	65,539,175	-

37.1.3 The evaluation method and assumptions used in measuring fair value

The fair value of financial assets and liabilities are determined as follows:

- The fair value of financial assets with standard clauses and terms is quoted market price.
- The fair value of financial instruments other than the above is determined by the discounted cash flow analysis or other generally accepted pricing models.

37.2 Fair value information - financial instrument measured at fair value under repetitive basis

37.2.1 Fair value level

Information of the financial instruments measured at fair value categorized by level is as follows:

Financial Instruments Measured at Fair Value	June 30, 2022			
	Total	Level 1	Level 2	Level 3
Non-derivative financial instruments				
Assets				
Financial assets measured at FVTPL				
Financial assets mandatorily classified as at FVTPL				
Shares	\$ 485,221	\$ 485,221	\$ -	\$ -
Bonds	49,809	-	49,809	-
Beneficiary certificates	264,932	264,932	-	-
Financial assets at FVTOCI				
Equity instruments	13,888,286	12,207,494	-	1,680,792
Debt instruments	206,450,979	66,889,349	139,428,222	133,408
	<u>\$ 221,139,227</u>	<u>\$ 79,846,996</u>	<u>\$ 139,478,031</u>	<u>\$ 1,814,200</u>
Liabilities				
Financial liabilities measured at FVTPL	<u>\$ 2,061,860</u>	<u>\$ -</u>	<u>\$ 2,061,860</u>	<u>\$ -</u>
Derivative financial instruments				
Assets				
Financial assets measured at FVTPL	<u>\$ 1,375,574</u>	<u>\$ 101,995</u>	<u>\$ 1,273,579</u>	<u>\$ -</u>
Liabilities				
Financial liabilities measured at FVTPL	<u>\$ 1,075,571</u>	<u>\$ 737</u>	<u>\$ 1,074,834</u>	<u>\$ -</u>
Financial Instruments Measured at Fair Value	December 31, 2021			
	Total	Level 1	Level 2	Level 3
Non-derivative financial instruments				
Assets				
Financial assets measured at FVTPL				
Financial assets mandatorily classified as at FVTPL				
Shares	\$ 682,948	\$ 682,948	\$ -	\$ -
Bonds	130,486	81,200	49,286	-
Beneficiary certificates	535,265	535,265	-	-
Financial assets at FVTOCI				
Equity instruments	9,537,603	7,588,006	-	1,949,597
Debt instruments	220,629,343	66,463,707	153,424,816	740,820
	<u>\$ 231,515,645</u>	<u>\$ 75,351,126</u>	<u>\$ 153,474,102</u>	<u>\$ 2,690,417</u>
Liabilities				
Financial liabilities measured at FVTPL	<u>\$ 2,068,124</u>	<u>\$ -</u>	<u>\$ 2,068,124</u>	<u>\$ -</u>
Derivative financial instruments				
Assets				
Financial assets measured at FVTPL	<u>\$ 662,823</u>	<u>\$ 47,996</u>	<u>\$ 614,827</u>	<u>\$ -</u>
Liabilities				
Financial liabilities measured at FVTPL	<u>\$ 712,411</u>	<u>\$ 6,838</u>	<u>\$ 705,573</u>	<u>\$ -</u>

Financial Instruments Measured at Fair Value	June 30, 2021			
	Total	Level 1	Level 2	Level 3
Non-derivative financial instruments				
Assets				
Financial assets measured at FVTPL				
Financial assets mandatorily classified as at FVTPL				
Shares	\$ 769,153	\$ 769,153	\$ -	\$ -
Bonds	128,588	78,610	49,978	-
Beneficiary certificates	589,742	589,742	-	-
Financial assets at FVTOCI				
Equity instruments	7,857,320	5,911,179	-	1,946,141
Debt instruments	208,743,341	62,677,993	146,065,348	-
	<u>\$ 218,088,144</u>	<u>\$ 70,026,677</u>	<u>\$ 146,115,326</u>	<u>\$ 1,946,141</u>
Liabilities				
Financial liabilities measured at FVTPL	<u>\$ 2,131,868</u>	<u>\$ -</u>	<u>\$ 2,131,868</u>	<u>\$ -</u>
Derivative financial instruments				
Assets				
Financial assets measured at FVTPL	<u>\$ 1,157,499</u>	<u>\$ 73,867</u>	<u>\$ 1,083,632</u>	<u>\$ -</u>
Liabilities				
Financial liabilities measured at FVTPL	<u>\$ 418,724</u>	<u>\$ -</u>	<u>\$ 418,724</u>	<u>\$ -</u>

There were no transfers of financial instruments between Level 1 and Level 2 fair value measurement for the six months ended June 30, 2022 and 2021.

37.2.2 Reconciliation of Level 3 fair value measurement

For the six months ended June 30, 2022

Items	Beginning Balance	Amount of Valuation Gain or Loss		Addition		Reduction		Exchange	Ending Balance
		Included in Profit or Loss	Included in Other Comprehensive Income	Buy or Issue	Transferred In	Sell Out, Disposal or Settlement	Transferred Out from Third Level		
Assets									
Financial assets mandatorily measured at FVTOCI	\$ 2,690,417	\$ -	\$ (257,652)	\$ 179,781	\$ -	\$ (565,769)	\$ (243,755)	\$ 11,218	\$ 1,814,200

For the six months ended June 30, 2021

Items	Beginning Balance	Amount of Valuation Gain or Loss		Addition		Reduction		Exchange	Ending Balance
		Included in Profit or Loss	Included in Other Comprehensive Income	Buy or Issue	Transferred In	Sell Out, Disposal or Settlement	Transferred Out from Third Level		
Assets									
Financial assets measured at FVTPL									
Financial assets mandatorily measured at FVTPL	\$ 487,597	\$ (347,102)	\$ -	\$ -	\$ -	\$ (139,648)	\$ -	\$ (847)	\$ -
Financial assets measured at FVTOCI	1,695,471	-	246,393	4,277	-	-	-	-	1,946,141
Liabilities									
Financial liabilities measured at FVTPL									
Held-for-trading financial liabilities	67,068	(67,068)	-	-	-	-	-	-	-

Some of the Bank's investments became listed between June 30, 2022 and January 1, 2022. After the assessment, the market's fair values are available for reference. Therefore, such financial assets have been transferred from Level 3 to Level 1.

37.2.3 Valuation techniques and inputs applied for Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Bonds	Valuation was based on observable market prices or assessed by cash-flow method through observable elements.
Derivatives	Valuation was based on widely-adapted pricing techniques. The inputs were assessed by observable elements in the market.
Others	Valuation was based on observable market prices or assessed by cash-flow method through observable elements.

37.2.4 Valuation techniques and inputs applied for Level 3 fair value measurement

The fair value of financial assets classified as Level 3 included but was not limited to bond investments measured at FVTPL, and investments in bonds and equity securities measured at FVTOCI.

Most financial instruments with fair value measurements categorized as Level 3 only possess single, unobservable inputs. Non-active market debt instruments possess unobservable inputs. The non-active market equity instruments are independent and, thus, are irrelevant to each other. The table of quantified information of significant unobservable inputs is as follows:

	Fair Value June 30, 2022	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted-Average)	Notes
Financial assets measured at FVTOCI Shares	\$ 1,680,792	1. Market approach 2. Net asset value method	Market liquidity reduction Market liquidity reduction	10%-19% 10%-19%	1. The higher of the liquidity reduction, and the lower of the fair value . 2. The higher of the liquidity reduction, and the lower of the fair value .
Bonds	\$ 133,408	1.Counterparty quote 2.Discounted cash flow method	Discount rate	0%-10%	The higher of the discount rate, and the lower of the fair value.

37.2.5 Sensitivity analysis of alternative assumptions of Level 3 fair value measurement

The Bank reasonably measured the fair values of its financial instruments; however, using different valuation models, evaluation methods and underlying assumptions may lead to different results. For financial instruments classified as Level 3 fair value measurements, if the parameters were to go up 1%, the influence on other comprehensive income would be as follows:

June 30, 2022

	Changes in Fair Value Reflected in Profit or Loss		Changes in Fair Value Reflect in Other Comprehensive Income	
	Favorable	Unfavorable	Favorable	Unfavorable
Assets				
Financial assets measured at FVTOCI	\$ -	\$ -	-	\$ (16,808)

December 31, 2021

	Changes in Fair Value Reflected in Profit or Loss		Changes in Fair Value Reflect in Other Comprehensive Income	
	Favorable	Unfavorable	Favorable	Unfavorable
Assets				
Financial assets measured at FVTOCI	\$ -	\$ -	\$ -	\$ (19,496)

June 30, 2021

	Changes in Fair Value Reflected in Profit or Loss		Changes in Fair Value Reflect in Other Comprehensive Income	
	Favorable	Unfavorable	Favorable	Unfavorable
Assets				
Financial assets measured at FVTOCI	\$ -	\$ -	\$ -	\$ (18,180)

For financial instruments classified as having Level 3 fair value measurements, if the parameters were to go down 1%, the influence of other comprehensive income would be as follows:

June 30, 2022

	Changes in Fair Value Reflected in Profit or Loss		Changes in Fair Value Reflect in Other Comprehensive Income	
	Favorable	Unfavorable	Favorable	Unfavorable
Assets				
Financial assets measured at FVTOCI	\$ -	\$ -	\$ 16,808	\$ -

December 31, 2021

	Changes in Fair Value Reflected in Profit or Loss		Changes in Fair Value Reflect in Other Comprehensive Income	
	Favorable	Unfavorable	Favorable	Unfavorable
Assets				
Financial assets measured at FVTOCI	\$ -	\$ -	\$ 19,496	\$ -

June 30, 2021

	Changes in Fair Value Reflected in Profit or Loss		Changes in Fair Value Reflect in Other Comprehensive Income	
	Favorable	Unfavorable	Favorable	Unfavorable
Assets				
Financial assets measured at FVTOCI	\$ -	\$ -	\$ 18,180	\$ -

37.3 Financial risk management**37.3.1 Risk management**

The Bank's objective in risk management is to establish a risk control mechanism weighing the entire risk of the Bank, restrictions from laws and regulations, to diversify, transfer and avoid risk, and to pursue the maximum benefits of the Bank's customers, shareholders, and employees. The Bank's major risks include credit risk, market risk (interest rate, exchange rate and equity securities), operational risk, liquidity risk and so on.

The Bank established written risk management policies and procedures that are considered and approved by the board of directors to identify, measure, monitor, and control the credit risk, market risk, and liquidity risk.

The Bank's risk management department performs the Bank's risk management activities pursuant

to the policies approved by the board of directors. Risk management department works with other business departments in order to identify, evaluate, and avoid any financial risks. The board of directors formulates the written policies for risk management; the policy included specific exposures such as currency risk, interest rate risk, credit risk, operational risk, derivative and non-derivative financial instruments. In addition, the department of internal audit is responsible for independent review of risk management and control environment.

37.3.2 Credit risk

Credit risk is the risk of counterparties' failure to fulfill their contractual obligations causing the Bank's financial losses. Both in-balance-sheet and off-balance-sheet items are exposed to credit risks. For the Bank's credit exposures, in-balance-sheet items mainly consisted of discounts and loans, credit card business, due from and call loans to banks, debt investments, and derivative instruments. Off-balance sheet items mainly consisted of financial guarantee, acceptances, letters of credit, loan commitments, and other services which also generate credit exposure.

To ensure that the credit risk is controlled within a tolerable range, the Bank established an internal standard for credit risk. In that standard, all transactions are analyzed whether in the banking book or in the trading book, and either in-balance-sheet or off-balance-sheet, to identify the inherent and potential risks. The Bank examines and confirms credit risk in accordance with the rules before launching new products and business. Furthermore, the Bank also establishes a risk management system for complicated credit business such as factoring, credit derivative financial instruments and so on.

The Bank's foreign operation units adopt policies and standards same with above to assess their asset quality and provision for contingent loss, and also include policies that comply with the regulations of the local financial supervisory commission.

(1) Procedures of credit risk management

Each major business applies procedures and methods for credit risk management as follows:

A. Credit business (including loan commitments and guarantees)

a. The credit risk has increased significantly after original recognition

The Bank assesses the change in the risk of default over the expected duration of each type of credit asset on each reporting date in order to determine whether the credit risk has increased significantly since original recognition. For this assessment, the Bank's considerations (including forward-looking information) show that the credit risk has increased significantly since original recognition and can be corroborated. The main considerations include:

- i. Changes in internal and external credit ratings (e.g. external TCRI ratings are above the high risk level).
- ii. Information of overdue status (e.g. if the payment is overdue for more than 30 days).
- iii. Unfavorable changes in current or projected operating, financial or economic conditions that are expected to result in significant changes in the ability of the debtor to perform its debt obligations.
- iv. Significant changes in actual or expected results of the debtor's operations.

- v. The credit risk of other financial instruments of the same debtor has increased significantly.

b. The definition of default and credit impairment on financial assets

The Bank's definition of default on financial assets is the same as the judgment of credit impairment on financial assets. If one or more of the following conditions are met, the Bank determines that the financial assets have defaulted and have credit impairment:

- i. Changes in internal and external credit ratings (e.g. external TCRI ratings are above the high risk level).
- ii. Information of overdue status (e.g. if the payment is overdue for more than 90 days).
- iii. The debtor has become bankrupt or may file for bankruptcy or financial restructuring.
- iv. The debtor has died or been dissolved.
- v. Contracts of other debt instruments of the debtor have defaulted.
- vi. The active market of the financial assets disappeared due to financial difficulties.
- vii. The debtor's creditor gives the borrower a concession that would not have been considered due to economic or contractual reasons related to the debtor's financial difficulties.
- viii. There is a purchase or initiation of financial assets at a significant discount reflecting that credit losses have occurred.

The aforementioned default and credit impairment definitions apply to all financial assets held by the Bank and are consistent with the definitions used for the internal credit risk management purposes of the financial assets and are applied to the relevant impairment assessment model.

c. Measurement of expected credit loss

For the objective of assessing expected credit loss, credit assets are classified according to the credit risk characteristics (such as the purpose of the borrowing, the nature of the industry, the type of collateral and the state of the borrowing) into two categories: corporate finance and personal finance. Further to this, the credit risk characteristics are divided according to each category.

The 12-month expected credit loss amounts of the Bank's financial instruments whose credit risk has not significantly increased since original recognition are used to measure the allowance loss of the financial instruments; for financial instruments whose credit risk has increased significantly or which have had credit impairment since original recognition, such financial instruments are measured at the amount of full-lifetime expected credit losses.

The estimation method and significant assumptions used to assess expected credit losses have not changed significantly since June 30, 2022.

d. Forward-looking information considerations

When measuring the expected credit losses, the Bank uses forward-looking economic factors that affect credit risk and takes such forward-looking information regarding expected credit losses into consideration. Based on professional economic judgment, the Bank uses the statistical analysis results of GDP growth rate to provide forecast information of economic factors on a quarterly basis and re-evaluates such data on each financial reporting date.

B. Due from and call loans to bank

The Bank assesses the credit position of counterparties and consults a credit rating agency for credit rating information and sets limits to the credit facilities.

C. Debt investments and derivative financial instruments

For the credit risk management of debt investments, the Bank identifies credit risk by using information from external institutions about credit ratings, quality of debts, region, and the risk of counterparties.

Most of the Bank's counterparties in derivative transactions are assessed at higher than investment grade, and the Bank controls the investments according to counterparties' facilities (including call loans); counterparties that do not have credit ratings or are not assessed at investment grade are reviewed case by case. Counterparties which are non-financial or non-banking clients are assessed according to the general procedures for the approval of credit facilities and control of credit exposure situations of the counterparties.

(2) Policies of credit risk hedging or mitigation

A. Collateral

The Bank applies series of policies to decrease credit risks in its lending business. Among those policies is to request collateral from creditors. To secure the creditor's rights, the Bank has established procedures for pledges, valuations, management, and disposals of collateral. The contracts between the Bank and the borrowers clearly state the protocols, including but not limited to the security of credit, procedures for collateral and for offsets. Collateral for business other than loan borrowings vary by the nature of the related financial instruments. Only asset-backed securities and other similar financial instruments are secured by a pool of financial assets.

B. Limitation of credit risk and credit concentration management

The credit policies of the Bank regulate the credit limitations, as applied to a single counterparty or Bank, to avoid excessive credit concentration. The Bank further implements concentration policies, which monitor and manage the credit limitation and concentration in one single counterparty, different enterprises, related parties, industries, and countries. The policies are based on individual criteria in different categories including but not limited to industries, enterprises, and share-pledge related loans.

C. Other mechanisms for credit risk management

To further decrease credit risks, the contracts also proclaim that the Bank may decrease the balances, shorten the maturity period, demand immediate payback, or use borrowers' assets in the Bank to offset their liabilities.

In most circumstances, the Bank applies gross settlement with counterparties. However, to

further decrease credit risks, the Bank applies net settlement or even terminates transactions with certain counterparties when default may occur.

The table below analyzes the collateral held as security and other credit enhancements, and their financial effects in respect of the financial assets recognized in the Bank's balance sheet:

June 30, 2022

Financial instruments subject to IFRS 9 impairment requirements and credit impairment	Book Value	Maximum Exposure to Credit Risk Mitigated by			
		Collateral	Master Netting Arrangement	Other Credit Enhancement	Total
Receivables	\$ 59,431	\$ -	\$ -	\$ -	\$ -
Discounts and loans	2,094,847	715,539	-	335,769	1,051,308

December 31, 2021

Financial instruments subject to IFRS 9 impairment requirements and credit impairment	Book Value	Maximum Exposure to Credit Risk Mitigated by			
		Collateral	Master Netting Arrangement	Other Credit Enhancement	Total
Receivables	\$ 61,840	\$ -	\$ -	\$ -	\$ -
Discounts and loans	1,034,801	660,275	-	245,455	905,730

June 30, 2021

Financial instruments subject to IFRS 9 impairment requirements and credit impairment	Book Value	Maximum Exposure to Credit Risk Mitigated by			
		Collateral	Master Netting Arrangement	Other Credit Enhancement	Total
Receivables	\$ 65,511	\$ -	\$ -	\$ -	\$ -
Discounts and loans	1,606,351	935,148	-	323,497	1,258,645

(3) Credit risk exposures

The maximum exposure of the Bank's assets in the balance sheet is equivalent to the book value, while the pledged assets and other credit instruments are not considered. The off-balance sheet items related to the maximum credit exposure (without considering collateral or other credit enhancements and irrevocable maximum exposure) are as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
Issued and non-cancelable loan commitments	\$ 34,532,824	\$ 25,552,557	\$ 23,492,018
Non-cancelable credit card commitments	563,448	576,919	616,370
Issued but unused letters of credit	9,833,540	8,376,214	9,867,564
Other guarantees	103,911,871	105,817,990	98,471,020

The Bank assessed that it could continually control and minimize credit risk exposure of off-balance sheet items because it adopts stricter procedures and regularly audits credit accounts.

The total carrying amounts of the financial assets with the largest credit risk exposure are as follows:

	June 30, 2022			
	12-Month ECLs	Lifetime ECLs - Unimpaired	Lifetime ECLs - Impaired	Total
Discounts and loans				
Consumer banking				
-Mortgage	\$ 260,840,216	\$ 1,653,966	\$ 227,326	\$ 262,721,508
-Microcredit	3,903,345	18,126	17,782	3,939,253
-Others	33,132,179	119,421	29,135	33,280,735
Corporate banking				
-Secured	284,538,930	2,452,074	1,361,616	288,352,620
-Unsecured	204,527,593	6,811,891	458,988	211,798,472
Total	\$ 786,942,263	\$ 11,055,478	\$ 2,094,847	\$ 800,092,588
Accounts receivable (including non-performing credit card receivables)				
Credit cards	\$ 2,502,960	\$ 66,555	\$ 58,749	\$ 2,628,264
Others	6,806,624	48,566	682	6,855,872
Total	\$ 9,309,584	\$ 115,121	\$ 59,431	\$ 9,484,136
Debt instruments measured at FVTOCI	\$ 211,482,172	\$ 989,931	\$ 134,006	\$ 212,606,109
Investments in debt instruments measured at amortized cost	\$ 111,412,195	\$ -	\$ -	\$ 111,412,195

	December 31, 2021			
	12-Month ECLs	Lifetime ECLs - Unimpaired	Lifetime ECLs - Impaired	Total
Discounts and loans				
Consumer banking				
-Mortgage	\$ 247,201,524	\$ 1,757,710	\$ 398,236	\$ 249,357,470
-Microcredit	3,185,505	13,837	11,679	3,211,021
-Others	32,708,402	94,983	22,978	32,826,363
Corporate banking				
-Secured	282,645,247	2,278,924	400,499	285,324,670
-Unsecured	191,663,220	6,785,676	201,409	198,650,305
Total	\$ 757,403,898	\$ 10,931,130	\$ 1,034,801	\$ 769,369,829
Accounts receivable (including non-performing credit card receivables)				
Credit cards	\$ 2,559,403	\$ 66,736	\$ 61,762	\$ 2,687,901
Others	4,986,551	144,702	78	5,131,331
Total	\$ 7,545,954	\$ 211,438	\$ 61,840	\$ 7,819,232
Debt instruments measured at FVTOCI	\$ 219,252,679	\$ 792,656	\$ -	\$ 220,045,335
Investments in debt instruments measured at amortized cost	\$ 153,739,957	\$ -	\$ -	\$ 153,739,957

	June 30, 2021			
	12-Month ECLs	Lifetime ECLs - Unimpaired	Lifetime ECLs - Impaired	Total
Discounts and loans				
Consumer banking				
-Mortgage	\$ 244,009,594	\$ 2,153,317	\$ 508,130	\$ 246,671,041
-Microcredit	3,032,090	17,132	14,343	3,063,565
-Others	30,408,273	166,666	20,187	30,595,126
Corporate banking				
-Secured	286,525,887	2,407,955	599,416	289,533,258
-Unsecured	176,952,893	6,640,740	464,275	184,057,908
Total	\$ 740,928,737	\$ 11,385,810	\$ 1,606,351	\$ 753,920,898
Accounts receivable (including non-performing credit card receivables)				
Credit cards	\$ 1,955,941	\$ 64,297	\$ 63,432	\$ 2,083,670
Others	5,641,008	52,203	2,079	5,695,290
Total	\$ 7,596,949	\$ 116,500	\$ 65,511	\$ 7,778,960
Debt instruments measured at FVTOCI	\$ 206,542,936	\$ 500,065	\$ -	\$ 207,043,001
Investments in debt instruments measured at amortized cost	\$ 178,624,108	\$ -	\$ -	\$ 178,624,108

(4) Information on concentration of credit risk

Concentration of credit risk exists if transaction counterparties are significantly concentrated on same individuals or Banks engaged in activities with similar economic characteristics, which may lead their ability to fulfill contractual obligations being affected by similar changes in economic or other conditions.

Concentration of credit risk can be on assets, liabilities or off-balance sheet items and can arise in the course of the enforcement and implementation of transactions (regardless of products or service) or in the combination of exposures across categories, including credit, due from and call loans to banks, marketable securities, receivables and derivatives, etc. The Bank maintained a diversified loan portfolio to mitigate the credit risk concentration to same customers; total transaction of same customers in discounts and loans and the balance of non-accrual loans are not material. The Bank's most significant concentrations of credit risk of discounts and loans and non-accrual loans by business, region, and collateral were summarized as follows:

A. Industry

Sector	June 30, 2022		December 31, 2021		June 30, 2021	
	Amount	%	Amount	%	Amount	%
Private sector	\$ 439,071,865	55	\$ 425,485,665	55	\$ 414,951,909	55
Consumer	340,600,362	43	325,533,833	42	322,311,352	43
Financial institution	16,478,401	2	13,890,089	2	11,668,551	1
Others	3,941,960	-	4,460,242	1	4,989,086	1
	<u>\$ 800,092,588</u>	<u>100</u>	<u>769,369,829</u>	<u>100</u>	<u>753,920,898</u>	<u>100</u>

B. Region

Region	June 30, 2022		December 31, 2021		June 30, 2021	
	Amount	%	Amount	%	Amount	%
Taiwan	\$ 688,684,545	86	\$ 666,844,470	87	\$ 650,974,838	86
Asia Pacific except Taiwan	84,065,102	11	78,982,586	10	82,405,522	11
Others	27,342,941	3	23,542,773	3	20,540,538	3
	<u>\$ 800,092,588</u>	<u>100</u>	<u>\$ 769,369,829</u>	<u>100</u>	<u>\$ 753,920,898</u>	<u>100</u>

C. Collateral

Collaterals Assumed	June 30, 2022		December 31, 2021		June 30, 2021	
	Amount	%	Amount	%	Amount	%
Unsecured	\$ 216,460,623	27	\$ 201,861,326	26	\$ 187,121,473	25
Secured						
Properties	481,449,261	60	464,627,521	60	461,203,528	61
Guarantee	69,297,907	9	71,056,646	9	73,817,838	10
Financial collateral	19,703,773	2	19,716,188	3	18,755,766	2
Personal properties	2,837,097	1	2,924,020	1	3,313,964	1
Other collateral	10,343,927	1	9,184,128	1	9,708,329	1
	<u>\$ 800,092,588</u>	<u>100</u>	<u>\$ 769,369,829</u>	<u>100</u>	<u>\$ 753,920,898</u>	<u>100</u>

(5) Information on credit risk quality

Part of the financial assets held by the Bank, including cash and cash equivalents, due from the Central Bank and call loans to banks, financial assets measured at fair value through profit or loss, investments in bills and bonds with resale agreements, guarantee deposits paid, security businesses, clearing and settlement funds, etc. are assessed with very low credit risk because the counterparties have good credit ratings.

37.3.3 Market risk

(1) The sources and definition of market risk

Market risk is the risk resulting from changes in fair value and future cash flows of on- and off-balance-sheet financial instruments caused by changes in market prices, interest rates, foreign exchange rate, including equity securities price and commodity price. Changes in above risk elements can cause risks to shift the net profit of the Bank or its investment structures.

The Bank's financial instruments are exposed to price, interest rate and foreign exchange rate risks. Major market price risk positions of equity securities include domestic listed shares and funds. Major interest risks include bonds and interest rate derivative instruments such as fixed and floating interest rate swap and bond options whereas the major foreign exchange risks include foreign currency positions held by the Bank.

(2) Market risk management policies

The Bank monitors its market risk positions and tolerable loss according to the risk management objectives and limits approved by the board of directors.

The Bank also builds a market risk information system, which enables the Bank to effectively monitor the management of facilities, assessment of gains and losses, analysis of sensitivity factors of the Bank's financial instrument positions, etc. The results of the monitoring, assessment and analysis are reported in risk control meetings and serve as references for the decision making of management.

The Bank splits market risk exposure into trading and held for fixed income portfolios which are controlled by both the Bank's operation and risk management sections. Routine control

reports are reviewed by the Bank's board of directors and relevant committees.

(3) Market risk management process

A. Recognition and measurement

The Bank's operation and risk management sections both identify market risk factors of exposure positions, which are used to measure market risks. Market risk factors include interest rates, foreign exchange rates and market price of equity securities, and exposures, gains and losses and sensitivity (DV01, Delta, Beta) etc. Measurement of investment portfolio is affected by interest rate risk, foreign exchange risk and price of equity securities.

B. Monitoring and reporting

The Bank's risk management department regularly reviews market risk management objective, positions and control of gains and losses, sensitivity analysis and pressure test and reports to the board of directors. Therefore, the board of directors could well understand market risk control. The Bank has established explicit notification process, the limit and stop-loss regulation for various transactions. Stop-loss order must be taken when the limit is reached, otherwise the trading department's reasons and plans must be approved by the management, and the department should report to relevant committee regularly.

(4) Interest rate risk management policies

A. Definition of interest rate risk

Interest rate risk represents risks of variation of fair value of trading position and loss in earnings resulting from interest rate variation. Major relevant products include interest rate-related financial securities and derivatives instrument.

B. Purpose of interest risk management

Interest rate risk management enhances the Bank's ability to measure, control and avoid negative influence of interest rate variation on earnings and economic values of balance sheet items. In addition, it enhances capital efficiency and strengthens operation.

C. Procedures of interest risk management

The Bank carefully chooses investment target through conducting research about issuer's credit, financial status, country risks and interest rate trend. The Bank also establishes trading amount limit and stop-loss limit including limit for trading department, trading personnel and trading commodity, etc. according to trading book operation policies and market status which are approved by top management and the board of directors.

The Bank identifies re-pricing risk of interest rate and yield curve risk and measures possible effects on the Bank's earnings and economic values of changes in interest rate. On a monthly basis, the Bank reports the analysis and monitoring of limit on interest rate risk position and various interest rate management objectives to the Strategy Management Committee and the board of directors.

Report to the Strategy Management Committee is required when certain risk management objective has exceeded limit in order to resolve response action.

D. Measurement methods

The Bank measures risks of price reset periods gap from difference in maturity date and price reset date of assets, liabilities, and off-balance sheet items. The Bank also established interest rate sensitivity monitoring index for major periods in order to maintain long-term profitability and business growth. Such interest rate indexes and results of pressure test are reviewed by management personnel periodically. In addition, the Bank regularly uses the DV01 to measure portfolio affected by interest rate.

(5) Foreign exchange rate risk management

A. Definition of foreign exchange risk

Foreign exchange risk means losses resulting from transferring currencies at different times. The Bank's foreign exchange rate risk results mainly from spot and forward foreign exchange business. The Bank's foreign exchange rate risk is relatively insignificant due to the fact that customers' positions are basically settled immediately on transaction date.

B. Policies, procedures and measurement method for foreign exchange rate risk management

In order to control foreign exchange rate risk within tolerable range, the Bank has established trading limit, stop-loss limit and maximum loss for trading department and trading personnel and the risk is controlled within the tolerable range.

The Bank undertakes pressure test on a seasonal basis and uses 3% fluctuation in major foreign exchange rate (USD) as the sensitivity threshold and reports test results to the Assets and Liabilities Management Committee.

(6) Equity securities price risk management

A. Definition of equity securities price risk

The market risk of equity securities held by the Bank includes individual and general risk from price fluctuation of both individual equity security and the entire equity security market.

B. Purpose of equity security price risk management

The main purpose of equity security price risk management is to prevent financial status from deteriorating and to avoid decrease in earnings due to violent fluctuation in equity security prices, and to enhance capital efficiency and strengthen operation.

C. Procedures of equity security price risk management

The Bank regularly uses β value to measure the degree of influence on investment portfolio system risk. Stop-loss point is set according to the policy approved by the assets and Liabilities Management Committee. Stop-loss action must be taken when limit is reached, otherwise the investment department must submit request to top management personnel for approval.

D. Measurement method

The Bank's control of security price risk is based on risk values.

(7) Market valuation technique

The Bank assesses its exposures to market risk and the anticipated loss under market pressures by using assumptions on several market position changes. Limits of various financial

instruments are set by the board of directors and monitored by the Assets and Liabilities Management Committee. The Bank also performs sensitivity analysis based on major risk factors of various financial products in order to monitor the changes in various market risk factors of financial products.

A. Sensitivity analysis

a. Interest rate risk

The Bank has assessed the possible impact on income and equity if global yield curve move between -1 and +1 basis points simultaneously on June 30, 2022, December 31, 2021 and June 30, 2021.

b. Foreign exchange rate risk

The Bank assesses the possible impact on income when exchange rates of NTD against various currencies fluctuate between -1% and +1% while other factors remain unchanged.

c. Equity securities price risk

The Bank has assessed the possible impact on income when equity security prices on June 30, 2022, December 31, 2021 and June 30, 2021 rise or fall by 1% while other factors remain unchanged.

The analysis assumed that the trends of equity instruments are consistent with historical data.

B. Sensitivity analysis is summarized as follows:

June 30, 2022			
Major Risk	Fluctuation Range	Amount	
		Equity	Profit or Loss
Foreign exchange risk	Foreign currency appreciated 1% against NTD	\$ 733,838	\$ (28,930)
	Foreign currency depreciated 1% against NTD	(733,838)	28,930
Interest rate risk	Interest rate curve edged up 1bp	(52,147)	(129)
	Interest rate curve edged down 1bp	52,147	129
Equity price risk	Equity price increased 1%	69,908	5,966
	Equity price decreased 1%	(69,908)	(5,966)

December 31, 2021			
Major Risk	Fluctuation Range	Amount	
		Equity	Profit or Loss
Foreign exchange risk	Foreign currency appreciated 1% against NTD	\$ 706,960	\$ 17,378
	Foreign currency depreciated 1% against NTD	(706,960)	(17,378)
Interest rate risk	Interest rate curve edged up 1bp	(49,092)	(220)
	Interest rate curve edged down 1bp	49,092	220
Equity price risk	Equity price increased 1%	51,694	9,755
	Equity price decreased 1%	(51,694)	(9,755)

June 30, 2021			
Major Risk	Fluctuation Range	Amount	
		Equity	Profit or Loss
Foreign exchange risk	Foreign currency appreciated 1% against NTD	\$ 700,657	\$ 23,058
	Foreign currency depreciated 1% against NTD	(700,657)	(23,058)
Interest rate risk	Interest rate curve edged up 1bp	(49,023)	(90)
	Interest rate curve edged down 1bp	49,023	90
Equity price risk	Equity price increased 1%	43,145	9,753
	Equity price decreased 1%	(43,145)	(9,753)

37.3.4 Liquidity risk

(1) The sources and definition of liquidity risk

Liquidity risk is the possibility that the Bank is unable to liquidate assets or obtain financing to fulfill matured financial liabilities which may result in financial loss. Liquidity risk may be present when, for example, deposits are withdrawn in advance of the original date of settlement, the market becomes worse and borrowing from other banks becomes difficult, the clients' credit deteriorates leading to the occurrence of defaults, liquidation of financial instruments becomes difficult, early redemption of interest-sensitive instruments happens, etc. The aforementioned factors may reduce cash balance to be used in the areas of loans, trading, and investment. In some extreme circumstances, the lack of liquidity may lead to the decrease in the overall assets and liabilities, and the need to liquidate the Bank's assets and the possibility of being unable to fulfill loan commitments. Liquidity risks include inherent risks that may be affected by some specific industry events or overall market condition. These events include but are not limited to credit, merger and acquisitions, systemic breakdown and natural disasters.

(2) The management policies are as follows:

The Bank's management procedures are monitored by the independent department of risk management and the procedures are as follows:

- A. Regular financing and monitoring of cash flows to ensure the fulfillment of the requirements in the future.
- B. Maintaining appropriate position of high liquidity assets which are easily realizable.
- C. Monitoring of liquidity ratios of the balance sheet accounts according to the internal management purposes and external monitoring rules.
- D. Managing the maturity date of debt instruments.

The procedures for monitoring and reporting liquidity risk are applied and measured based on the estimated cash flows (the time gap is based on how the Bank manages the liquidity risk) of 1 day, 10 days, and 1 month. Estimates of future cash flows are based on the maturity analysis of financial assets and liabilities. The risk management department also monitors the use of loan commitment, discount facilities, guarantee letters, and other types of contingent liabilities, and furthermore reports the related information to the risk management committee and the board of directors regularly.

The Bank holds certain position of highly liquid interest-bearing assets to fulfill its obligation and for future needs. To manage the liquidity risk, the Bank holds the following assets: Cash and cash equivalents, due from the Central Bank and banks, and financial assets measured at fair value through profit or loss, etc.

(3) Maturity analysis

The Bank analyzed cash outflows of non-derivative financial liabilities according to the remaining terms from date of the balance sheet to maturity date of the contract. The disclosure of cash outflows of non-derivative financial liabilities is based on the cash flows of contracts so that the items could not correspond with all items in the balance sheet.

June 30, 2022	0-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year	Total
Due to the central bank and banks	\$ 6,574,949	\$ 3,262,995	\$ 763,746	\$ 696,134	\$ -	\$ 11,297,824
Financial liabilities measured at FVTPL	-	-	-	-	2,134,136	2,134,136
Securities sold under repurchase agreements	1,765,335	105,474	289,161	8,196	-	2,168,166
PAYABLES	29,303,950	232,548	440,722	190,503	425,497	30,593,220
Deposits and remittances	689,695,026	149,026,712	126,465,543	130,491,489	9,757,979	1,105,436,749
Bank debentures	-	3,100,000	9,700,000	-	52,000,000	64,800,000
OTHER FINANCIAL LIABILITIES	1,094,798	35,615	75,672	153,634	1,027,448	2,387,167
Lease liabilities	-	1,139	5,577	33,048	718,179	757,943

December 31, 2021	0-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year	Total
Due to the central bank and banks	\$ 12,803,105	\$ 2,158,818	\$ 617,156	\$ 525,665	\$ -	\$ 16,104,744
Due to the central bank and other banks	-	-	-	17,787,080	-	17,787,080
Financial liabilities measured at FVTPL	-	-	-	-	2,110,011	2,110,011
Securities sold under repurchase agreements	13,699,906	625,552	169,347	10,219	-	14,505,024
Payables	22,839,892	274,049	227,187	179,869	342,372	23,863,369
Deposits and remittances	673,321,688	128,044,906	88,850,488	150,314,710	9,907,770	1,050,439,562
Bank debentures	-	-	2,150,000	12,800,000	52,000,000	66,950,000
Other financial liabilities	1,489,888	32,600	157,360	155,032	988,359	2,823,239
Lease liabilities	-	-	17,807	20,670	683,670	722,147

June 30, 2021	0-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year	Total
Due to the central bank and banks	\$ 15,514,771	\$ 1,345,087	\$ 632,322	\$ 696,134	\$ -	\$ 18,188,314
Due to the central bank and other banks	-	-	-	9,830,040	-	9,830,040
Financial liabilities measured at FVTPL	-	-	-	-	2,340,649	2,340,649
Securities sold under repurchase agreements	28,010,304	382,545	159,240	8,180	-	28,560,269
Payables	20,332,114	243,745	434,858	173,165	293,608	21,477,490
Deposits and remittances	638,439,864	141,658,649	113,973,419	119,158,748	9,597,711	1,022,828,391
Bank debentures	-	-	3,300,000	2,150,000	59,800,000	65,250,000
Other financial liabilities	1,213,289	31,704	125,644	313,161	1,016,635	2,700,433
Lease liabilities	-	41	735	30,247	761,444	792,467

The Bank evaluated the contractual maturity date to comprehend all derivative financial instruments on the balance sheet. Because the maturity analysis of derivative financial liabilities is based on the contractual cash flows, the amounts would not correspond with related items on the balance sheet. Maturity analysis of derivative financial liabilities is as follows:

A. Derivative financial liabilities in net settlement

June 30, 2022	0-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year	Total
Derivative financial liabilities measured at FVTPL						
Foreign exchange derivatives	\$ 12,225	\$ 23,591	\$ 42,170	\$ 28,349	\$ -	\$ 106,335
Equity securities derivatives	407	-	-	-	-	407

December 31, 2021	0-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year	Total
Derivative financial liabilities measured at FVTPL						
Foreign exchange derivatives	\$ 10,271	\$ 13,279	\$ 10,164	\$ 17,228	\$ 383	\$ 51,325
Interest rate derivatives	-	-	-	354	11,386	11,740
Equity securities derivatives	172	-	-	-	-	172

June 30, 2021	0-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year	Total
Derivative financial liabilities measured at FVTPL						
Foreign exchange derivatives	\$ 6,233	\$ 8,922	\$ 6,297	\$ 10,069	\$ 249	\$ 31,770
Interest rate derivatives	-	-	-	-	10,152	10,152
Equity securities derivatives	-	-	-	-	-	-

B. Derivative financial liabilities in total settlement

June 30, 2022	0-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year	Total
Derivative financial liabilities measured at FVTPL						
Foreign exchange derivatives						
Cash inflow	\$ 24,604,272	\$ 19,805,245	\$ 14,941,125	\$ 12,324,347	\$ -	\$ 71,674,989
Cash outflow	25,044,008	20,767,228	15,592,107	12,852,754	-	74,256,097

December 31, 2021	0-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year	Total
Derivative financial liabilities measured at FVTPL						
Foreign exchange derivatives						
Cash inflow	\$ 121,392,477	\$ 13,769,362	\$ 4,537,248	\$ 5,034,448	\$ 56,445	\$ 144,789,980
Cash outflow	122,246,212	14,254,248	4,654,495	5,252,414	56,416	146,463,785

June 30, 2021	0-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year	Total
Derivative financial liabilities measured at FVTPL						
Foreign exchange derivatives						
Cash inflow	\$ 54,833,805	\$ 17,343,492	\$ 8,200,030	\$ 8,373,591	\$ 55,720	\$ 88,806,638
Cash outflow	55,203,767	17,763,165	8,356,101	8,518,970	55,784	89,897,787

The analysis of cash outflows of off-balance sheet items is illustrated according to the remaining terms from date of the balance sheets to maturity date of the contract. For financial guarantee contracts, the largest amount is categorized under the nearest time-zone of being asked to fulfill the guarantees. The disclosure of cash outflows of off-balance-sheet items is based on the cash flows of contracts so that part items could not correspond with all items in the balance sheet.

June 30, 2022	0-30 days	31-90 days	91-180 days	181days-1year	Over 1 year	Total
Non-cancelable loan commitments	\$ 254,000	\$ 667,450	\$ 1,621,683	\$ 994,227	\$ 30,995,464	\$ 34,532,824
Non-cancelable credit card commitments	84,461	168,922	253,382	56,683	-	563,448
Issued but unused letters of credit	2,187,271	5,764,268	1,346,055	274,914	261,032	9,833,540
Other guarantees	44,488,269	22,406,398	6,560,438	15,524,609	14,932,157	103,911,871

December 31, 2021	0-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year	Total
Non-cancelable loan commitments	\$ 275,127	\$ 543,472	\$ 653,097	\$ 825,963	\$ 23,254,898	\$ 25,552,557
Non-cancelable credit card commitments	86,481	172,960	259,440	58,038	-	576,919
Issued but unused letters of credit	2,455,013	4,914,364	796,631	125,927	84,279	8,376,214
Other guarantees	30,666,948	34,816,162	7,865,140	16,579,704	15,890,036	105,817,990

June 30, 2021	0-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year	Total
Non-cancelable loan commitments	\$ 2,060	\$ 258,569	\$ 1,362,310	\$ 1,532,833	\$ 20,336,246	\$ 23,492,018
Non-cancelable credit card commitments	92,394	184,788	277,181	62,007	-	616,370
Issued but unused letters of credit	2,953,568	5,504,371	1,021,806	302,557	85,262	9,867,564
Other guarantees	26,572,444	36,489,296	8,487,581	14,058,499	12,863,200	98,471,020

37.5 Interest rate benchmarks

The financial instruments of the Bank affected by the interest rate benchmarks include loans and discounts, financial assets and liabilities measured at FVTPL, financial assets measured at FVTOCI and financial assets measured at amortized cost. The linked indicator interest rate types are USD LIBOR. The Secured Overnight Financing Rate (SOFR) is expected to replace USD LIBOR, although the two are fundamentally different. LIBOR is a forward-looking interest rate indicator that implies market expectations for future interest rate trends, and includes interbank credit discounts. SOFR is a retrospective interest rate index calculated with reference to actual transaction data, and does not include credit discounts. Therefore, when an existing contract linked USD LIBOR transferred to linked SOFR, additional adjustments shall be made to the aforementioned differences to ensure that the interest rate basis before and after the modification is economically equivalent.

In response to the reform, the Bank prepared interest rate benchmark transition plan which comprises the following work streams: risk management, contract management, product management, taxation and accounting, and customer communication. The plan is under the governance of the general manager of the bank.

If the Bank fails to complete the contract modification negotiation with the counterparty of the financial instrument before the exit of the current interest rate benchmark, there will be significant uncertainty about the interest rate base applicable to the financial instrument in the future. This situation will result in interest rate risk that was not anticipated when the Bank originally signed the contract. Changes in interest rate benchmark reform may also affect the existing financial instrument evaluation mechanism of the Bank, and it may even be necessary to establish a new evaluation model for certain financial instruments. In addition, if the amendments caused by changes in interest rate benchmark reform fail to meet the applicable conditions of IFRS 9 practical expedients, it may result in the recognition of financial assets or financial liabilities amendment gains and losses, which will increase the volatility of profit and loss. The Bank is working to complete the revision of financial instruments in a manner that complies with IFRS 9 practical expedients.

On June 30, 2022, the non-derivative financial instruments held by the Bank that have been affected by the interest rate benchmark reform and have not yet converted to alternative interest rate indicators are summarized as follows:

Financial assets	Book value
Discount and loans, net	
USD LIBOR	\$ 76,286,374
SGD SOR	465,104
Total	<u>76,751,478</u>
Financial assets measured at FVTOCI	
USD LIBOR	<u>17,642,604</u>
Total	<u>\$ 94,394,082</u>

On June 30, 2022, the non-derivative financial instruments held by the Bank that have been affected by the interest rate benchmark reform are summarized as follows:

	Nominal in currency	Book value Financial assets
Derivatives linked to USD LIBOR		
Interest rate swap	\$ 2,400,940	\$ 52,686

37.4 Transfer of financial assets

In the daily transactions of the Bank, most of the transferred financial assets not eligible for full derecognition are repurchase notes and bonds. The cash flows of the transactions have been transferred to outsiders and the liabilities for repurchasing the transferred financial assets in a fixed amount have been recognized; the Bank may repurchase the transferred financial assets in the future. The Bank is not eligible to conduct, sell, or pledge the transferred financial assets during the effective period prior to derecognition. However, the Bank is still exposed to the interest risks and credit risks. As a result, the transferred financial assets are not derecognized. The following tables show the transferred financial assets not qualified for derecognition and related financial liabilities.

June 30, 2022

Type of Financial Assets	The Book Value of Financial Assets Transferred	The Book Value of Related Financial Liabilities	The Fair Value of Financial Assets Transferred	The Fair Value of Related Financial Liabilities	Net Amount
Financial assets measured at FVTOCI					
Securities sold under repurchase agreements	\$ 2,130,896	\$ 2,168,166	\$ 2,130,896	\$ 2,168,166	\$ (37,270)

December 31, 2021

Type of Financial Assets	The Book Value of Financial Assets Transferred	The Book Value of Related Financial Liabilities	The Fair Value of Financial Assets Transferred	The Fair Value of Related Financial Liabilities	Net Amount
Financial assets measured at FVTOCI					
Securities sold under repurchase agreements	\$ 14,495,369	\$ 14,505,024	\$ 14,495,369	\$ 14,505,024	\$ (9,655)

June 30, 2021

Type of Financial Assets	The Book Value of Financial Assets Transferred	The Book Value of Related Financial Liabilities	The Fair Value of Financial Assets Transferred	The Fair Value of Related Financial Liabilities	Net Amount
Financial assets measured at FVTOCI					
Securities sold under repurchase agreements	\$ 28,504,295	\$ 28,560,269	\$ 28,504,295	\$ 28,560,269	\$ (55,974)

38. AVERAGE AMOUNT AND AVERAGE INTEREST RATE OF INTEREST-EARNING ASSETS AND INTEREST-BEARING LIABILITIES

Average amount and average interest rate of interest-earning assets and interest-bearing liabilities that were affected by interest rate fluctuations are as follows:

Average balances were calculated by the daily average balances of interest-earning assets and interest-bearing liabilities.

	For the Six Months Ended June 30, 2022	
	Average Balance	Average Rate (%)
Interest-bearing assets		
Cash and cash equivalents - due from other banks	\$ 30,115,653	0.05
Due from the Central Bank and call loans to banks	107,562,316	0.57
Financial assets measured at FVTPL	32,263	0.56
Securities purchased under resell agreements	287,435	0.74
Revolving credit card balances	562,326	12.72
Discounts and loans (excluding non-performing loans)	776,996,992	1.86
Financial assets measured at FVTOCI - investments in debt instruments	225,550,828	1.24
Other financial assets due from other banks (time deposits of more than three months)	125,755,136	0.39

Interest-bearing liabilities		
Due to the central bank and banks	16,308,061	0.64
Financial liabilities measured at FVTPL	2,006,976	5.64
Securities sold under repurchase agreements	18,068,417	0.30
Negotiable certificates of deposit	12,648,551	0.42
Demand deposits	363,674,165	0.08
Savings deposits	204,919,547	0.29
Time deposits	334,200,940	0.50
Time savings	146,250,142	0.85
Bank debentures	66,902,222	1.31
Other financial liabilities	1,344,780	0.66
Lease liabilities	675,706	1.22

	For the Six Months Ended June 30, 2021	
	Average Balance	Average Rate (%)
Interest-bearing assets		
Cash and cash equivalents - due from other banks	\$ 33,515,104	0.15
Due from the Central Bank and call loans to banks	83,858,936	0.39
Financial assets measured at FVTPL	73,821	0.24
Securities purchased under resell agreements	166,026	0.45
Revolving credit card balances	607,574	12.65
Discounts and loans (excluding non-performing loans)	753,041,007	1.69
Financial assets measured at FVTOCI - investments in debt instruments	223,458,294	1.05
Investments in debt instruments measured at amortized cost	131,268,899	0.29
Other financial assets due from other banks (time deposits of more than three months)	863,020	1.32

Interest-bearing liabilities		
Due to the central bank and banks	\$ 21,356,296	0.26
Financial liabilities measured at FVTPL	1,958,972	5.37
Securities sold under repurchase agreements	29,833,420	0.19
Negotiable certificates of deposit	13,508,510	0.29
Demand deposits	313,238,998	0.05
Savings deposits	187,152,208	0.25
Time deposits	352,770,774	0.49
Time savings	146,229,133	0.79
Bank debentures	65,989,785	1.39
Other financial liabilities	1,064,658	0.39
Lease liabilities	818,339	1.30

39. CAPITAL MANAGEMENT

All the Bank's risks were included in the scope of assessment of capital adequacy according to "Regulations Governing the Capital Adequacy". The business objectives and project budget are approved by the board of directors, and furthermore the Bank considered the development strategy, capital adequacy, debt ratio, and dividend policy in its assessments. The contents are included in stress test, estimate of capital adequacy ratio to ensure achieving the objective of capital adequacy and strengthening of the capital structure.

The Banking Act and related measures stipulate that in order to improve the financial foundation of a bank, the ratio of the Bank's own capital to the risky assets shall not be less than 10.5%, where the actual ratio is lower than the prescribed standard, the authorities may impose limit on its capital surplus distribution.

The Bank conformed to the regulation on capital management as of June 30, 2022, December 31, 2021 and June 30, 2021.

The following table lists the equity capital, risk-weighted assets, and risk exposure:

	June 30, 2022	December 31, 2021	June 30, 2021
Analysis items			
Eligible capital			
Ordinary equity	\$ 90,621,527	\$ 126,809,411	\$ 127,693,791
Other Tier I capital	7,000,000	-	-
Tier II capital	28,618,169	436,060	-
Eligible capital	<u>\$ 126,239,696</u>	<u>\$ 127,245,471</u>	<u>\$ 127,693,791</u>
Risk-weighted assets			
Credit risk			
Standardized approach	\$ 816,338,731	\$ 757,835,142	\$ 726,096,802
Credit valuation adjustment	268,599	91,574	58,946
Internal rating based approach	N/A	N/A	N/A
Synthetic securitization	703,482	1,072,451	757,521
Operational risk			
Basic indicator approach	43,642,713	43,642,713	43,657,033
Standardized approach/alternative standardized approach	N/A	N/A	N/A
Advanced measurement approach	N/A	N/A	N/A
Market risk			
Standardized approach	63,768,698	52,981,832	46,528,793
Internal models approach	N/A	N/A	N/A
Total risk-weighted assets	<u>\$ 924,722,223</u>	<u>\$ 855,623,712</u>	<u>\$ 817,099,095</u>
Capital adequacy ratio	13.65%	14.87%	15.63%
Ratio of ordinary equity to risk-weighted assets	9.80%	14.82%	15.63%
Ratio of Tier I capital to risk-weighted assets	10.56%	14.82%	15.63%
Leverage ratio	6.74%	8.73%	8.95%

Note 1: Eligible capital and risk-weighted assets are calculated under the "Regulations Governing the Capital Adequacy Ratio of Banks" and "Explanation of Methods for Calculating the Eligible Capital and Risk-weighted Assets of Banks".

Note 2: Formulas used were as follows:

- (1) Eligible capital = Ordinary equity + Other Tier I capital + Tier II capital.
- (2) Total risk-weighted assets = Risk-weighted assets for credit risk + Capital requirements for operational risk and market risk × 12.5.
- (3) Capital adequacy ratio = Eligible capital ÷ Total risk-weighted assets.
- (4) Ratio of ordinary equity to risk-weighted assets = Ordinary equity ÷ Total risk-weighted assets.
- (5) Ratio of Tier I capital to risk-weighted assets = (Ordinary equity + Other Tier I capital) ÷ Total

risk-weighted assets.

(6) Leverage ratio = Net value of tier I capital ÷ Net value of exposure measurement

40. ASSET QUALITY, CONCENTRATION OF CREDIT EXTENSIONS, INTEREST RATE SENSITIVITY, PROFITABILITY AND MATURITY ANALYSIS OF ASSETS AND LIABILITIES

40.1 Assets quality: As stated in Table 1

40.2 Concentration of credit risk

Top 10 credit extensions information of the Bank were as follows:

Ranking (Note 1)	June 30, 2022		
	Group Name (Note 2)	Credit Extension Balance (Note 3)	% of Net Asset Value
1	A Group (general management agency)	7,874,733	5.28%
2	B Group (general management agency)	6,626,745	4.45%
3	C Group (computer manufacturing)	6,227,590	4.18%
4	D Group (computer peripheral manufacturing and software)	5,484,544	3.68%
5	E Group (television program design and broadcasting)	5,301,167	3.56%
6	F Group (real estate selling and leasing)	5,198,299	3.49%
7	G Group (general management agency)	5,100,531	3.42%
8	H Group (other holding companies)	5,006,083	3.36%
9	I Group (apparel manufacturing)	4,671,892	3.14%
10	J Group (real estate selling and leasing)	4,494,275	3.02%

Ranking (Note 1)	December 31, 2021		
	Group Name (Note 2)	Credit Extension Balance (Note 3)	% of Net Asset Value
1	A Group (general management agency)	7,048,914	4.47%
2	K Group (computer manufacturing)	5,542,432	3.52%
3	H Group (other holding companies)	5,341,380	3.39%
4	G Group (general management agency)	5,225,283	3.31%
5	E Group (television program design and broadcasting)	4,923,767	3.12%
6	F Group (real estate selling and leasing)	4,865,089	3.09%
7	L Group (real estate development)	4,754,700	3.02%
8	C Group (computer manufacturing)	4,379,965	2.78%
9	I Group (apparel manufacturing)	4,376,397	2.78%
10	M Group (chemical materials manufacturing)	4,169,693	2.64%

Ranking (Note 1)	June 30, 2021		
	Group Name (Note 2)	Credit Extension Balance (Note 3)	% of Net Asset Value
1	A Group (general management agency)	6,297,898	3.89%
2	C Group (computer manufacturing)	5,589,050	3.45%
3	H Group (other holding companies)	5,432,253	3.35%
4	F Group (real estate selling and leasing)	5,187,426	3.20%
5	N Group (wiring and cable system manufacturing)	4,849,955	2.99%
6	B Group (general management agency)	4,440,869	2.74%
7	I Group (apparel manufacturing)	4,262,847	2.63%
8	G Group (general management agency)	3,947,618	2.44%
9	O Group (real estate development)	3,840,000	2.37%
10	P Group (wholesale of chemical materials and products)	3,821,558	2.36%

Note 1: The top 10 credit extensions ranking is made by total credit balance, which excluded government-owned or state-run enterprises. If the borrower is an affiliate of the Bank

enterprise, the credit balance of the borrower is then aggregated to the Bank enterprise's credit balance. The borrower is marked by specific codes as well as its major industry. The major industry of a borrower is determined by its maximum exposures by industries. The classification of industry should be in line with the Standard Industrial Classification System of the Republic of China published by the Directorate General of Budget, Accounting and Statistics under the Executive Yuan.

Note 2: "Bank Enterprise" conforms to the definition of Article 6 in "Supplementary Provisions to the Taiwan Stock Exchange Corporation Rules for Review of Securities Listings."

Note 3: Credit balance includes each item of loan (including import bill negotiated, export bill negotiated, discounts, overdrafts, short-term loans, short-term secured loans, marginal receivables, medium-term loans, medium-term secured loans, long-term loans, long-term secured loans and non-performing loans), exchange bills negotiated, accounts receivable - without recourse factoring, acceptances receivable and grantees issued.

40.3 Interest rate sensitivity information

Interest Rate Sensitivity (NTD)

June 30, 2022					
Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate sensitive assets	\$ 793,417,835	\$ 8,683,011	\$ 6,485,665	\$ 74,428,447	\$ 883,014,958
Interest rate sensitive liabilities	268,051,818	431,177,963	53,962,875	56,140,077	809,332,733
Interest rate sensitivity gap	525,366,017	(422,494,952)	(47,477,210)	18,288,370	73,682,225
Net equity					149,004,855
Ratio of interest rate sensitive assets to liabilities					109.10%
Ratio of interest rate sensitivity gap to net equity					49.45%

December 12, 2021					
Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate sensitive assets	\$ 818,439,615	\$ 24,251,062	\$ 6,847,424	\$ 73,859,608	\$ 923,397,709
Interest rate sensitive liabilities	255,753,646	401,021,104	91,728,331	57,669,835	806,172,916
Interest rate sensitivity gap	562,685,969	(376,770,042)	(84,880,907)	16,189,773	117,224,793
Net equity					157,801,816
Ratio of interest rate sensitive assets to liabilities					114.54%
Ratio of interest rate sensitivity gap to net equity					74.29%

June 30, 2021					
Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate sensitive assets	\$ 834,812,060	\$ 12,741,208	\$ 3,886,898	\$ 68,168,439	\$ 919,608,605
Interest rate sensitive liabilities	276,404,951	395,551,221	57,054,456	65,733,812	794,744,440
Interest rate sensitivity gap	558,407,109	(382,810,013)	(53,167,558)	2,434,627	124,864,165
Net equity					161,974,762
Ratio of interest rate sensitive assets to liabilities					115.71%
Ratio of interest rate sensitivity gap to net equity					77.09%

Note 1: The tables above refer only to the financial assets/liabilities denominated in NT dollars held by the whole bank, excluded contingent assets and liabilities.

Note 2: Interest rate-sensitive assets/liabilities refer to financial assets/liabilities which returns are driven by interest rate fluctuations.

Note 3: Interest rate sensitivity gap = Interest rate-sensitive assets - Interest rate-sensitive liabilities.

Note 4: Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets ÷ Interest rate-sensitive liabilities. (The interest rate-sensitive assets and liabilities are in the NT dollars).

Interest Rate Sensitivity (USD)

June 30, 2022					
Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate sensitive assets	\$ 7,272,348	\$ 62,850	\$ 136,616	\$ 1,571,264	\$ 9,043,078
Interest rate sensitive liabilities	2,708,647	6,491,128	513,360	70,194	9,783,329
Interest rate sensitivity gap	4,563,701	(6,428,278)	(376,744)	1,501,070	(740,251)
Net equity					5,011,093
Ratio of interest rate sensitive assets to liabilities					92.43%
Ratio of interest rate sensitivity gap to net equity					(14.77%)

December 12, 2021					
Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate sensitive assets	\$ 6,193,692	\$ 126,770	\$ 210,422	\$ 1,791,696	\$ 8,322,580
Interest rate sensitive liabilities	2,456,287	6,761,257	837,875	70,145	10,125,564
Interest rate sensitivity gap	3,737,405	(6,634,487)	(627,453)	1,721,551	(1,802,984)
Net equity					5,706,086
Ratio of interest rate sensitive assets to liabilities					82.19%
Ratio of interest rate sensitivity gap to net equity					(31.60%)

June 30, 2021					
Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate sensitive assets	\$ 5,775,935	\$ 44,488	\$ 168,729	\$ 1,771,529	\$ 7,760,681
Interest rate sensitive liabilities	2,648,347	6,330,876	689,800	70,038	9,739,061
Interest rate sensitivity gap	3,127,588	(6,286,388)	(521,071)	1,701,491	(1,978,380)
Net equity					5,807,212
Ratio of interest rate sensitive assets to liabilities					79.69%
Ratio of interest rate sensitivity gap to net equity					(34.07%)

Note 1: The tables above refer only to the financial assets/liabilities denominated in US dollars held by the whole bank, excluded contingent assets and liabilities.

Note 2: Interest rate-sensitive assets/liabilities refer to financial assets/liabilities which returns are driven by interest rate fluctuations.

Note 3: Interest rate sensitivity gap = Interest rate-sensitive assets - Interest rate-sensitive liabilities.

Note 4: Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets ÷ Interest rate-sensitive liabilities. (The interest rate-sensitive assets and liabilities are in the US dollars).

40.4 Profitability

Unit: %

Items		June 30, 2022	June 30, 2021
Return on total assets	Before income tax	1.21	1.14
	After income tax	1.06	1.08
Return on equity	Before income tax	10.83	9.72
	After income tax	9.46	9.21
Profit margin		56.93	61.46

Note 1: Return on total assets = Income before (after) income tax ÷ Average total assets.

Note 2: Return on equity = Income before (after) income tax ÷ Average equity.

Note 3: Profit margin = Income after income tax ÷ Total net revenue.

Note 4: Income before (after) income tax represents income YTD.

40.5 Maturity analysis of assets and liabilities

(1) In Thousands of New Taiwan Dollars

	Total	June 30, 2022					
		For remaining period to maturity date					
		0 to 10 Days	11 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year
Major cash inflow on maturity	\$ 942,492,096	\$ 97,214,398	\$ 90,331,226	\$ 55,475,449	\$ 66,212,572	\$ 105,489,822	\$ 527,768,629
Major cash outflow on maturity	1,231,736,185	39,880,095	85,654,535	196,343,021	238,955,359	200,460,115	470,443,060
Gap	(289,244,089)	57,334,303	4,676,691	(140,867,572)	(172,742,787)	(94,970,293)	57,325,569

	Total	December 31, 2021					
		For remaining period to maturity date					
		0 to 10 Days	11 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year
Major cash inflow on maturity	\$ 984,229,637	\$ 111,024,017	\$ 98,976,458	\$ 73,825,440	\$ 80,550,735	\$ 106,648,647	\$ 513,204,340
Major cash outflow on maturity	1,212,894,739	46,548,364	88,428,107	166,195,370	194,629,115	240,913,382	476,180,401
Gap	(228,665,102)	64,475,653	10,548,351	(92,369,930)	(114,078,380)	(134,264,735)	37,023,939

	Total	June 30, 2021					
		For remaining period to maturity date					
		0 to 10 Days	11 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year
Major cash inflow on maturity	\$ 967,741,868	\$ 155,565,795	\$ 87,257,465	\$ 72,704,001	\$ 66,762,491	\$ 94,666,714	\$ 490,785,402
Major cash outflow on maturity	1,182,102,820	40,356,734	96,540,239	178,586,715	208,942,440	188,092,185	469,584,507
Gap	(214,360,952)	115,209,061	(9,282,774)	(105,882,714)	(142,179,949)	(93,425,471)	21,200,895

Note: This table includes only financial assets/liabilities denominated in New Taiwan dollars held by the head office and domestic branches.

(2) In Thousands of US dollars

	Total	June 30, 2022				
		For remaining period to maturity date				
		1 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year
Major cash inflow on maturity	\$ 13,722,139	\$ 3,791,510	\$ 1,847,103	\$ 1,097,388	\$ 1,066,759	\$ 5,919,379
Major cash outflow on maturity	15,440,290	2,464,477	2,086,713	2,016,180	2,559,970	6,312,950
Gap	(1,718,151)	1,327,033	(239,610)	(918,792)	(1,493,211)	(393,571)

	Total	December 31, 2021				
		For remaining period to maturity date				
		0 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year
Major cash inflow on maturity	\$ 14,359,196	\$ 5,046,690	\$ 1,680,396	\$ 698,018	\$ 1,016,554	\$ 5,917,538
Major cash outflow on maturity	15,656,617	2,237,988	2,254,601	1,908,869	2,986,539	6,268,620
Gap	(1,297,421)	2,808,702	(574,205)	(1,210,851)	(1,969,985)	(351,082)

	Total	June 30, 2021				
		For remaining period to maturity date				
		1 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year
Major cash inflow on maturity	\$ 13,590,225	\$ 5,189,393	\$ 791,149	\$ 650,455	\$ 1,043,427	\$ 5,915,801
Major cash outflow on maturity	14,904,191	2,055,253	1,998,529	1,952,430	2,799,094	6,098,885
Gap	(1,313,966)	3,134,140	(1,207,380)	(1,301,975)	(1,755,667)	(183,084)

Note: This table includes only financial assets/liabilities denominated in US dollars held by the head office, domestic branches and OBU.

41. THE CONTENTS AND AMOUNTS OF TRUST ACTIVITIES BY PROCESSING TRUST ENTERPRISE ACT

The trust account balance sheets, income statements and the details of trust assets are as follows:

Balance Sheet of Trust Account

Trust Assets	June 30, 2022	December 31, 2021	June 30, 2021	Trust Liabilities	June 30, 2022	December 31, 2021	June 30, 2021
Bank deposits	\$ 8,311,791	\$ 7,375,059	\$ 6,490,593	Accounts payable	\$ 113	\$ 161	\$ 102
Short-term investments	94,745,849	90,663,600	88,276,154	Depository of securities payable	69,094,702	73,234,289	76,497,285
Net asset value of collective investment trust funds	6,869,672	7,960,305	6,834,967	Trust capital	147,690,296	138,760,691	132,293,230
Accounts receivable	12,476	9,518	8,254	Accumulated (loss) gain and equity	(583,723)	206,815	152,117
Land	29,420,121	27,760,022	26,819,834				
Buildings and improvements, net	85,792	92,954	158,665				
Construction in progress	7,604,059	5,049,288	3,801,830				
Securities in custody	69,094,702	73,234,289	76,497,285				
Other assets	56,926	56,921	55,152				
Total trust assets	<u>\$ 216,201,388</u>	<u>\$ 212,201,956</u>	<u>\$ 208,942,734</u>	Total trust liabilities	<u>\$ 216,201,388</u>	<u>\$ 212,201,956</u>	<u>\$ 208,942,734</u>

Trust Asset Lists

Items	June 30, 2022	December 31, 2021	June 30, 2021
Cash in banks	\$ 8,311,791	\$ 7,375,059	\$ 6,490,593
Short-term investments			
Funds	67,760,923	67,990,417	66,425,673
Bonds	19,772,216	15,997,545	17,083,461
Common stocks	4,776,388	3,469,653	3,006,588
Structured instruments	2,245,496	3,087,465	1,651,637
Preferred stock	190,826	118,520	108,795
Net asset value of collective trust accounts	6,869,672	7,960,305	6,834,967
Receivables	12,476	9,518	8,254
Land	29,420,121	27,760,022	26,819,834
Buildings and improvements, net	85,792	92,954	158,665
Construction in progress	7,604,059	5,049,288	3,801,830
Depository of securities	69,094,702	73,234,289	76,497,285
Other assets - principal deferred expense	56,926	56,921	55,152
Total	<u>\$ 216,201,388</u>	<u>\$ 212,201,956</u>	<u>\$ 208,942,734</u>

Income Statements of Trust Account

	For the Six Months Ended June 30	
	2022	2021
Trust income		
Interest revenue	\$ 9,315	\$ 7,888
Dividend income	1,430	-
Donation income	117	43
Realized investment gains	1,639	10,556
Unrealized investment gains	217,811	229,374
Other revenue	<u>106,537</u>	<u>58,430</u>
	<u>336,849</u>	<u>306,291</u>
Trust expenses		
Tax expenditures	51,765	113,520
Management expenses	4,204	3,702
Service expenses	1,841	4,322
Realized investment losses	8,246	24
Unrealized investment losses	1,027,187	146,164
Donation expenses	59	86
Other expenses	<u>1,430</u>	<u>-</u>
	<u>1,094,732</u>	<u>267,818</u>
Income (loss) before income tax	(757,883)	38,473
Income tax expense	-	-
Net income	<u>\$ (757,883)</u>	<u>\$ 38,473</u>

42. EXCHANGE RATE INFORMATION OF FOREIGN FINANCIAL ASSETS AND LIABILITIES

The information regarding significant financial assets/liabilities denominated in foreign currencies held by the Bank was as follows:

	June 30, 2022			December 31, 2021			(In Thousands of Foreign Currencies)		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Finance assets									
Monetary items									
Cash and cash equivalents									
JPY	\$ 44,430,453	0.2176	\$ 9,668,067	\$ 34,668,959	0.2404	\$ 8,334,418	\$ 29,362,716	0.2525	\$ 7,414,086
USD	229,038	29.7350	6,810,445	445,460	27.6550	12,319,196	289,389	27.8920	8,071,638
CNY	531,887	4.4374	2,360,195	215,743	4.3421	936,778	448,628	4.3151	1,935,875
Due from the Central Bank and call loans to banks									
USD	2,618,754	29.7350	77,868,650	1,825,454	27.6550	50,482,930	1,301,274	27.8920	36,295,134
CNY	1,167,900	4.4374	5,182,439	122,800	4.3421	533,210	1,143,300	4.3151	4,933,454
VND	680,000,000	0.0013	884,000	640,000,000	0.0012	768,000	630,000,000	0.0012	756,000
Receivables									
USD	80,206	29.7350	2,384,925	84,389	27.6550	2,333,778	71,771	27.8920	2,001,837
JPY	1,430,608	0.2176	311,300	1,660,240	0.2404	399,122	1,033,278	0.2525	260,903
CNY	18,263	4.4374	81,040	18,654	4.3421	80,998	19,095	4.3151	82,397
Discounts and loans									
USD	4,411,313	29.7350	131,170,392	4,145,859	27.6550	114,653,731	4,249,705	27.8920	118,532,772
HKD	4,270,630	3.7894	16,183,125	3,920,675	3.5465	13,904,674	3,623,343	3.5924	13,016,497
EUR	335,400	31.0344	10,408,938	464,115	31.3774	14,562,722	533,891	33.2082	17,729,559
Financial assets at FVTOCI									
USD	1,814,945	29.7350	53,967,390	2,101,469	27.6550	58,116,125	2,003,197	27.8920	55,873,171
AUD	491,631	20.4562	10,056,902	224,379	20.0969	4,509,322	200,415	20.9692	4,202,542
CNY	1,469,820	4.4374	6,522,179	2,428,982	4.3421	10,546,883	1,783,791	4.3151	7,697,237
Investment in debt instruments measured at amortized cost									
SGD	62,672	21.3498	1,338,035	71,265	20.4723	1,458,958	66,437	20.7383	1,377,790
USD	13,093	29.7350	389,320	17,974	27.6550	497,071	169,100	27.8920	4,716,537
Financial assets at FVTPL									
USD	21,890	29.7350	650,899	23,585	27.6550	652,243	26,422	27.8920	736,962
EUR	23	31.0344	714	42	31.3774	1,318	43	33.2082	1,428
CAD	17	23.0611	392	-	-	-	6	22.5044	135
Other financial assets									
CNY	-	-	-	-	-	-	200,000	4.3151	863,020
Non-monetary items									
Equity investments under the equity method									
USD	2,580,836	29.7350	76,741,158	2,660,471	27.6550	73,575,326	2,624,901	27.8920	73,213,743
HKD	92,523	3.7894	350,607	90,388	3.5465	320,385	88,405	3.5924	317,586
Finance assets									
Monetary items									
Payables									
USD	115,233	29.7350	3,426,453	89,044	27.6550	2,462,512	132,296	27.8920	3,690,000
JPY	1,478,765	0.2176	321,779	1,693,730	0.2404	407,173	1,204,037	0.2525	304,019
EUR	1,532	31.0344	47,545	2,576	31.3774	80,828	3,258	33.2082	108,192
Central Bank and interbank deposits									
HKD	1,173,000	3.7894	4,444,966	1,939,000	3.5465	6,876,664	1,850,000	3.5924	6,645,940
USD	76,384	29.7350	2,271,278	92,641	27.6550	2,561,987	262,953	27.8920	7,334,285
VND	1,457,000,000	0.0013	1,894,100	1,457,000,000	0.0012	1,748,400	1,223,000,000	0.0012	1,467,600
Deposits and remittances									
USD	9,701,054	29.7350	288,460,841	10,022,437	27.6550	277,170,495	9,444,565	27.8920	263,427,807
CNY	4,681,608	4.4374	20,774,167	4,132,735	4.3421	17,944,749	4,593,039	4.3151	19,819,423
EUR	598,703	31.0344	18,580,388	564,545	31.3774	17,713,954	561,302	33.2082	18,639,829
Financial liabilities at FVTPL									
USD	84,324	29.7350	2,507,374	88,223	27.6550	2,439,804	85,960	27.8920	2,397,596
CAD	17	23.0611	392	-	-	-	6	22.5044	135
EUR	10	31.0344	310	29	31.3774	910	30	33.2082	996

43. OTHERS

Owing to the global outbreak of corona virus pandemic, the Bank's business strategies always follow the stable and practical core values. Despite facing the global economic turmoil, the Bank still maintained a steady growth of capital. The interim consolidated financial statements included relevant material information properly.

44. ADDITIONAL DISCLOSURES

Information of significant transaction items 44.1 and other business investment 44.2 is as follows:

44.1.1 Financing provided: Table 2.

44.1.2 Endorsement/guarantee provided: The Bank - not applicable; investees - not applicable or none.

- 44.1.3 Marketable securities held: Table 3.
- 44.1.4 Marketable securities (for investees) or investee investment (for the Bank) acquired and disposed of, at costs or prices of at least NT\$300 million or 10% of the issued capital: Table 4.
- 44.1.5 Acquisition of individual real estate at costs of at least \$300 million or 10% of the issued capital: None.
- 44.1.6 Disposal of individual real estate at prices of at least \$300 million or 10% of the issued capital: Table 5.
- 44.1.7 Allowance for service fees to related-parties amounting to more than \$5 million: None.
- 44.1.8 Receivables from related parties amounting to at least \$300 million or 10% of the issued capital: None.
- 44.1.9 Sale of non-performing loans: None.
- 44.1.10 Application for approval of securitization product types and information according to Financial Asset Securitization Clause of the Real State Securitization Act: None.
- 44.1.11 Other significant transactions which may have effects on decision making of financial statement users: None.
- 44.1.12 Names, locations, and other information of investees on which the Bank exercises significant influence: Table 6
- 44.1.13 Derivative financial transactions: Note 8 on which the Bank exercises significant influence has no such transaction.
- 44.3 Investments in mainland China are as follows:
 - 44.3.1 Name of the investees in mainland China, main businesses and products, paid-in capital, method of investment, information on inflow or outflow of capital, percentage of ownership, investment income or loss, ending balance of investment, dividends remitted by the investee, and the limit of investment in mainland China: Table 7.
 - 44.3.2 Significant direct or indirect transactions with the investees, prices and terms of payment, unrealized gain or loss: Not applicable.
- 44.4 Information of major shareholders:
list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Not applicable.

45. SEGMENT INFORMATION

According to the Article 23 of “Regulations Governing the Preparation of Financial Reports by Public Banks”, the Bank does not prepare the segment information of IFRS 8.

TABLE 1

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.

OVERDUE LOANS AND RECEIVABLES
JUNE 30, 2022, DECEMBER 31, 2021 AND JUNE 30, 2021
(In Thousands of New Taiwan Dollars, %)

Date			June 30, 2022				December 31, 2021					June 30, 2021					
Business			Overdue Loans (Note 1)	Loans	NPL Ratio (%) (Note 2)	Loan Loss Reserve(LLR)	Coverage Ratio (Note 3)	Overdue Loans (Note 1)	Loans	NPL Ratio (%) (Note 2)	Loan Loss Reserve(LLR)	Coverage Ratio (Note 3)	Overdue Loans (Note 1)	Loans	NPL Ratio (%) (Note 2)	Loan Loss Reserve(LLR)	Coverage Ratio (Note 3)
Corporate banking	Secured		1,312,717	288,352,620	0.46	3,223,567	245.56	386,910	285,324,670	0.14	3,296,432	851.99	585,672	289,533,258	0.20	3,417,381	583.50
	Unsecured		316,604	211,798,472	0.15	2,737,242	864.56	153,242	198,650,305	0.08	2,105,034	1,373.67	262,201	184,057,908	0.14	2,074,296	791.11
Consumer banking	Mortgage (Note 4)		227,275	262,721,508	0.09	4,073,500	1,792.32	398,236	249,357,470	0.16	4,194,529	1,053.28	508,130	246,671,041	0.21	4,150,455	816.81
	Cash cards		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Microcredit (Note 5)		6,671	3,939,253	0.17	43,320	649.38	3,271	3,211,021	0.10	35,857	1,096.21	4,823	3,063,565	0.16	34,934	724.32
	Others (Note 6)	Secured	29,135	33,280,735	0.09	349,961	1,201.17	22,978	32,826,363	0.07	354,584	1,543.15	20,187	30,595,126	0.07	323,946	1,604.73
		Unsecured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total			1,892,402	800,092,588	0.24	10,427,590	551.02	964,637	769,369,829	0.13	9,986,436	1,035.25	1,381,013	753,920,898	0.18	10,001,012	724.18
			Overdue Loans (Note 1)	Accounts Receivable	Delinquency Ratio (%) (Note 2)	Allowance for Credit Losses	Coverage Ratio (Note 3)	Overdue Loans (Note 1)	Accounts Receivable	Delinquency Ratio (%) (Note 2)	Allowance for Credit Losses	Coverage Ratio (Note 3)	Overdue Loans (Note 1)	Accounts Receivable	Delinquency Ratio (%) (Note 2)	Allowance for Credit Losses	Coverage Ratio (Note 3)
Credit cards			6,954	2,736,960	0.25	89,511	1,287.19	5,064	2,797,758	0.18	89,820	1,773.70	5,826	2,210,140	0.26	86,885	1,491.33
Accounts receivable factored without recourse (Note 7)			-	469,892	-	4,699	-	-	567,807	-	5,678	-	-	423,042	-	4,230	-

Note 1: Non-performing loans represent the amounts of non-performing loans reported to the authorities and disclosed to the public, as required by the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrued Loans.” Non-performing credit card receivables represent the amounts of non-performing receivables reported to the authorities and disclosed to the public, as required by the Banking Bureau’s letter dated July 6, 2005 (Ref. No. 0944000378).

Note 2: Ratio of non-performing loans: Non-performing loans ÷ Outstanding loan balance.
Ratio of non-performing credit card receivables: Non-performing credit card receivables ÷ Outstanding credit card receivables balance.

Note 3: Coverage ratio of loans: Allowance for possible losses on loans ÷ Non-performing loans.
Coverage ratio of credit card receivable: Allowance for possible losses on credit card receivables ÷ Non-performing credit card receivables.

Note 4: Mortgage is fully secured by property, which is purchased (owned) by the borrower, the spouse or the minor children of the borrower and the rights on mortgage are pledged to the financial institution, for the purpose of purchasing or decorating property.

Note 5: Microcredit, as categorized in accordance with the Banking Bureau’s letter dated December 19, 2005 (Ref. No. 09440010950), are unsecured loans with small amounts exclusive of credit cards and cash cards.

Note 6: Other loans of consumer banking refer to secured or unsecured loans exclusive of mortgage, cash card, microcredit and credit card.

Note 7: As required by the Banking Bureau’s letter dated July 19, 2005 (Ref. No. 0945000494), factoring without recourse is disclosed as non-performing receivables in three months after the factors or insurance companies reject indemnification.

TABLE 1-1**THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.****OVERDUE LOANS AND RECEIVABLES
JUNE 30, 2022, DECEMBER 31, 2021 AND JUNE 30, 2021
(In Thousands of New Taiwan Dollars)**

	June 30, 2022		December 31, 2021		June 30, 2021	
	Excluded NPL	Excluded Overdue Receivables	Excluded NPL	Excluded Overdue Receivables	Excluded NPL	Excluded Overdue Receivables
As a result of debt consultation and loan agreements (Note 1)	-	-	-	-	-	-
As a result of consumer debt clearance (Note 2)	-	32,261	-	34,215	-	34,435

Note 1: The disclosure of excluded NPLs and excluded overdue receivables resulting from debt consultation and loan agreements is based on the Banking Bureau's letter dated April 25, 2006 (Ref. No. 09510001270).

Note 2: The disclosure of excluded NPLs and excluded overdue receivables resulting from consumer debt clearance is based on the Banking Bureau's letter dated September 15, 2008 (Ref. No. 09700318940) and September 20, 2016 (Ref. No. 10500134790).

TABLE 2**THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.**

LOANS AND OTHER INFORMATION
JUNE 30, 2022
(In Thousands of New Taiwan Dollars)

Information of Lenders, Borrowers and Others

No (Note 1)	Lender	Borrower	Corresponding Account	Related Parties	The Highest Period Balance	Ending Balance	Actual Amount	Interest Rate Range	Capital Loan (Note 2)	Business Dealing Amount	Reasons of Short-term Financing	Allowance	Collateral		Individual Fund Loan and Limit (Note 3)	Total Loan Limit (Note 3)
													Name	Value		
1	SCSB Leasing (China) Co., Ltd.	A Co., Ltd.	Entrusted loan receivables	N/A	\$ 79,873	\$ 79,873	\$ 79,873	6%~11%	1	\$ 79,873	-	\$ 799	Real estate	\$ 267,575	\$ 397,904	\$ 994,760
1	SCSB Leasing (China) Co., Ltd.	B Co., Ltd.	Entrusted loan receivables	N/A	57,686	48,811	48,811	6%~11%	1	48,811	-	17,585	Real estate	190,542	397,904	994,760

Note 1: The numbers refer to the following:

- (1) Issuer is 0.
- (2) Investees are numbered sequentially starting from 1.

Note 2: The nature of capital loans corresponds to the following values:

- (1) 1 for business dealing.
- (2) 2 for reasons of short-term financing facility.

Note 3: The amounts and calculation of the loan limit are as follows:

1. Individual fund loans and limits

- (1) For an enterprise or organization that has business dealing, the loan amount to the single enterprise or organization shall not exceed 40% of the net value as presented in the latest financial statements of the lender as audited by the accountant.
- (2) For an enterprise or organization that has no business dealings with the lender but has short-term financing facility, the loan amount to the single enterprise or organization shall not exceed 20% of the net value as presented in the latest financial statements of the lender as audited by the accountant.

2. Capital loans and total loan limits

- (1) For an enterprise or organization that has business dealing, the total accumulated loan balance of the single enterprise or organization shall not exceed twice the net value as presented in the latest financial statements of the lender as audited by the accountant.
- (2) For an enterprise or organization that has no business dealings with the lender but has short-term financing facility, the total accumulated loan balance of the single enterprise or organization shall not exceed 40% of the net value as presented in the latest financial statements of the lender as audited by the accountant.

The total accumulated loan balance of the above two parties shall not exceed twice the net value as presented in the latest financial statements of the lender as audited by the accountant.

TABLE 3

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.

MARKETABLE SECURITIES HELD

JUNE 30, 2022

(Amounts in Thousands of New Taiwan Dollars)

Holding Company Name	Name	Security Issuer's Relationship with Holding Company	Financial Statement Account	June 30, 2022				Note
				Shares (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
Shancom Reconstruction Inc.	Empresa Inversiones Generales, S.A.	Indirect subsidiary	Investment in subsidiaries	1	\$ 21,333	100.00	\$ 21,333	
	Krinein Company	Indirect subsidiary	Investment in subsidiaries	2	28,199	100.00	28,199	
	Safehaven Investment Corporation	Indirect subsidiary	Investment in subsidiaries	1	48,791	100.00	48,791	
Shanghai Commercial Bank (HK)	Shanghai Commercial & Savings Bank, Ltd	The Bank	Financial assets measured at FVTOCI	11,370	604,226	0.25	604,226	
Wresqueue Limitada	Prosperity Realty Inc.	Indirect subsidiary	Investment in subsidiaries	4	29,915	100.00	29,915	
China Travel Service (Taiwan)	Silks Place Taroko	-	Equity investments under the equity method	20,372	304,435	45.00	304,435	
	CTS Travel International Ltd.	Indirect subsidiary	Investment in subsidiaries	600	7,016	100.00	7,016	
	Joy Tour Service Co., Ltd.	-	Financial assets measured at FVTOCI	100	1,000	10.00	1,000	
	Shanghai Commercial & Savings Bank, Ltd.	The Bank	Financial assets measured at FVTOCI	27	1,477	-	1,477	
SCSB Asset Management Ltd.	SCSB Leasing (China) Co., Ltd.	Indirect subsidiary	Investment in subsidiaries	N/A	1,007,822	100.00	1,007,822	
Krinein Company	Shanghai Commercial Bank (HK)	Indirect subsidiary	Investment in subsidiaries	1,920	11,956,990	9.60	11,956,990	
Empresa Inversiones Generales, S.A.	Shanghai Commercial Bank (HK)	Indirect subsidiary	Investment in subsidiaries	9,600	59,784,950	48.00	59,784,950	

TABLE 4

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.

MARKETABLE SECURITIES (FOR INVESTEES) OR INVESTEE INVESTMENT (FOR THE BANK) ACQUIRED AND DISPOSED OF, AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 10% OF THE ISSUED CAPITAL
FOR THE SIX MONTHS ENDED JUNE 30, 2022

(Amounts in Thousands of New Taiwan Dollars and United States Dollars) (Share in Thousands)

Trading company	Name	Financial Statement Account	Counterparty	Relationship	Beginning		Buy		Sell				Ending	
					Shares	Amount	Shares	Amount	Shares	Price	Book Value	Disposal of Profit and Loss	Shares	Amount
The Shanghai Commercial & Savings Bank, Ltd.	AMK Microfinance Institution Plc.	Equity investments under the equity method	-		7,278,997	\$ 3,981,362 USD143,965 (Note 1)	3,667,500	\$ 626,400 USD22,500 (Note 2)	-	\$ -	\$ -	\$ -	10,946,497	\$5,119,961 USD172,186 (Note 1)

Note 1 : It included proportionate share of profit of associates under the equity method of NT\$154,900 thousand (US\$5,374 thousand) and net increase of NT\$357,299 thousand in owner’s other equity attributable to the parent company.

Note 2 : The acquisition of shares from non-controlling interests amounted to \$626,400 thousand.

TABLE 5**THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES****DISPOSAL OF ASSETS AT PRICES REACHEING \$300 MILLION OR 10% OF THE ISSUED CAPITAL
FOR THE SIX MONTHS ENDED JUNE 30, 2022
(Amounts in Thousands of New Taiwan Dollars)**

Seller	Property	Event Date (Note 1)	Original Acquisition Date	Carrying Amount	Transaction Amount	Collection	Gain (Loss) on Disposal (Note 2)	Counterparty	Relationship	Purpose of Disposal	Price Reference	Other Terms
The Shanghai Commercial & Savings Bank, Ltd.	Land, buildings and improvements	2021/11/13	2000/1/15	\$ 114,504	\$ 341,264	Full payment received	\$ 208,377	Other related party	The relatives of the Bank's directors	Revitalize assets to increase profits	With reference to the appraisal report issued by Colliers International Real Estate Appraisers Associates and Repro International Real Estate Appraisers	None

Note 1: The event date is the date of the resolution of the board of directors.

Note 2: The disposal gain of NT\$208,377 thousand was calculated by deducting the land value increment tax of NT\$18,383 thousand and the carrying amount of NT\$114,504 thousand from the transaction amount of NT\$341,264 thousand.

TABLE 6

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.

**RELATED INFORMATION OF INVESTEEES
FOR THE SIX MONTHS ENDED JUNE 30, 2022
(In Thousands of New Taiwan Dollars) (Share in Thousands)**

Investee Company (Note 1)	Location	Main Businesses and Products	Percentage of Ownership (%)	Carrying Amount	Investment Income (Loss) Recognized	Consolidated Investment(Note 2)				Note
						Shares (In Thousands)	Shares (Pro forma)	Shares (In Thousands)	Percentage of Ownership (%)	
Financial business										
Shanghai Commercial Bank (HK)	Hong Kong	Banking and financial	57.60	\$ 71,741,940	\$ 2,636,665	11,520	-	11,520	57.60	
AMK Microfinance Institution Plc.	Cambodia	Microfinance Institution	99.99	5,119,961	154,901	10,947	-	10,947	99.99	
SCSB Asset Management Ltd.	Taiwan	Purchase and management of creditor's rights of financial institutions	100.00	1,705,627	15,863	160,000	-	160,000	100.00	
SCSB Leasing (China) Co., Ltd.	China	Leasing operation	100.00	1,007,822	12,967	N/A	-	N/A	100.00	
Paofoong Insurance Company Ltd.	Hong Kong	Insurance	40.00	350,607	7,985	500	-	500	100.00	
SCSB Marketing Ltd.	Taiwan	Marketing	100.00	8,045	955	500	-	500	100.00	
Non-financial business										
Shancom Reconstruction Inc.	Liberia	Securities investment	100.00	71,271,904	2,621,432	5	-	5	100.00	
China Travel Service (Taiwan)	Taiwan	Travel services	99.99	427,883	24,479	38,943	-	38,943	99.99	
Wresqueue Limitada	Liberia	Securities investment	100.00	349,303	2,486	176	-	176	100.00	
Silks Place Taroko	Taiwan	Travel services	45.00	304,435	37,248	20,372	-	20,372	45.00	
Safehaven Investment Corporation	Liberia	Securities investment	100.00	48,791	154	1	-	1	100.00	
Prosperity Realty Inc.	US	Real estate services	100.00	29,915	1,897	4	-	4	100.00	
Krinein Company	Cayman Islands	Securities investment	100.00	28,199	110,098	2	-	2	100.00	
Empresa Inversiones Generales, S.A.	Panama	Securities investment	100.00	21,333	550,031	1	-	1	100.00	
CTS Travel International Ltd.	Taiwan	Travel services	100.00	7,016	1	600	-	600	100.00	
Kuo Hai Real Estate Management	Taiwan	Building material distribution	34.69	-	-	3,000	-	3,000	34.69	

Note 1: Investees are categorized into financial business and non-financial business.

Note 2: The Bank, board chairman, supervisors, managing directors, and the shares of investee companies invested in by related parties which comply with corporation law are considered.

TABLE 7

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.

INVESTMENT IN MAINLAND CHINA
JUNE 30, 2022

(Amounts in Thousands of New Taiwan Dollars and United States Dollars)

1. Investee company name, main business and products, total amount of paid-in capital, investment type, investment outflows and inflows, % ownership, investment gain (loss), carrying amount as of June 30, 2022 and inward remittance of earnings:

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital (Note 3)	Investment Type (Note 1)	Accumulated Outflow of Investment as of December 31, 2021	Investment Flows		Accumulated Outflow of Investment as of June 30, 2022	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of June 30, 2022 (Note 3)	Accumulated Inward Remittance of Earnings as of June 30, 2022
					Outflow	Inflow					
SCSB Leasing (China) Co., Ltd.	Leasing operation	NT\$ 892,050 US\$ 30,000	Note 1(c)	NT\$ 892,050 US\$ 30,000	NT\$ - US\$ -	NT\$ - US\$ -	NT\$ 892,050 US\$ 30,000	100%	NT\$ 12,967 US\$ 452	NT\$ 1,007,822 US\$ 33,893	\$ -
Bank of Shanghai	Banking business approved by local government	NT\$ 63,040,584 US\$ 2,120,080	Note 4	NT\$ 3,352,413 US\$ 112,743	NT\$ - US\$ -	NT\$ - US\$ -	NT\$ 3,352,413 US\$ 112,743	3%	NT\$ - US\$ -	NT\$ 12,396,323 US\$ 416,893	-
Shanghai Commercial Bank Ltd. - Shenzhen Branch	Banking business approved by local government	NT\$ 3,111,916 US\$ 104,655	Note 4	NT\$ 1,899,858 US\$ 63,893	NT\$ - US\$ -	NT\$ - US\$ -	NT\$ 1,899,858 US\$ 63,893	100%	NT\$ 57,726 US\$ 2,013	NT\$ 2,875,133 US\$ 96,692	-
Shanghai Commercial Bank Ltd. - Shanghai Branch	Banking business approved by local government	NT\$ 3,252,639 US\$ 109,388	Note 4	NT\$ 1,924,360 US\$ 64,717	NT\$ - US\$ -	NT\$ - US\$ -	NT\$ 1,924,360 US\$ 64,717	100%	NT\$ 83,991 US\$ 2,929	NT\$ 3,311,719 US\$ 111,374	-
The Shanghai Commercial & Savings Bank, Ltd. - Wuxi Branch	Banking business approved by local government	NT\$ 2,578,233 US\$ 86,707	Note 1(a)	NT\$ 2,578,233 US\$ 86,707	NT\$ - US\$ -	NT\$ - US\$ -	NT\$ 2,578,233 US\$ 86,707	100%	NT\$ (23,576) US\$ (822)	NT\$ 2,616,004 US\$ 87,977	-

2. Upper limit on investments in mainland China:

Accumulated Investment in Mainland China as of June 30, 2022 (Note 3)	Investment Amounts Authorized by Investment Commission, MOEA (Note 3)	Upper Limit on Investment Authorized by Investment Commission MOEA
\$10,646,914 (US\$358,060)	\$10,915,272 (US\$367,085)	\$121,149,211

Note 1: Methods of investment in mainland China are listed below:

- (a) Directly invest.
- (b) Invest indirectly via a third company.
- (c) Others.

Note 2: It should be specified from financial report audited by international accounting firm associated with accounting firm in the ROC.

Note 3: Calculated using the exchange rate on June 30, 2022.

Note 4: To invest via sub-subsidary of the Bank, “Shanghai Commercial Bank (HK)”.