

Stock code: 5876
Taiwan Stock Exchange

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

**Consolidated Financial Statements for the
Three Months Ended March 31, 2022 and 2021 and
Independent Auditors' Review Report**

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INDEPENDENT AUDITORS' REVIEW REPORT

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

Introduction

We have reviewed the accompanying consolidated financial statements of The Shanghai Commercial & Savings Bank, Ltd. (the “Bank”) and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of March 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2022 and 2021, and the notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of Taiwan. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with Statement of Auditing Standards No. 65 “Review of Financial Information Performed by the Independent Auditor of the Entity”. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2022 and 2021, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of Taiwan.

The engagement partners on the reviews resulting in this independent auditors' review report are Chun-Hung Chen and Shih-Tsung Wu.

Deloitte & Touche
Taipei, Taiwan

May 2, 2022

Notice to Readers

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

For the convenience of readers, the independent auditors' review report and the accompanying consolidated 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' review report and consolidated financial statements shall prevail.

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

March 31, 2022, December 31, 2021 and March 31, 2021

(Expressed in Thousands of New Taiwan Dollars)

Codes	ASSETS	March 31, 2022 (Reviewed)		December 31, 2021 (Audited)		March 31, 2021 (Reviewed)	
		Amount	%	Amount	%	Amount	%
11000	Cash and cash equivalents (Note 6)	\$ 60,994,662	3	\$ 70,381,813	3	\$ 85,535,518	4
11500	Due from the Central Bank and call loans to banks (Note 7)	275,978,795	13	211,566,159	10	182,430,013	9
12000	Financial assets measured at fair value through profit or loss (Note 8)	8,433,721	-	10,598,012	1	14,219,249	1
12100	Financial assets measured at fair value through other comprehensive income (Notes 9 and 11)	522,759,443	24	518,556,855	24	514,247,550	24
12200	Investments in debt instruments measured at amortized cost (Notes 10 and 11)	136,479,322	6	159,319,588	8	141,292,379	7
12500	Securities purchased under resell agreements (Note 12)	287,750	-	278,486	-	178,726	-
13000	Receivables, net (Notes 13)	14,693,220	1	15,216,288	1	15,827,742	1
13200	Current income tax assets (Note 34)	7,180	-	62,485	-	87,345	-
13500	Discounts and loans, net (Notes 14)	1,142,636,680	52	1,112,234,779	52	1,125,730,937	53
15000	Investments under the equity method, net (Note 16)	1,980,801	-	1,922,359	-	2,053,082	-
15500	Other financial assets, net (Note 17)	26,023	-	4,817	-	1,308,480	-
18500	Properties, net (Note 18)	20,751,564	1	20,596,416	1	20,690,084	1
18600	Right-of-use assets, net (Note 19)	1,685,906	-	1,809,919	-	2,008,951	-
18700	Investment properties, net (Note 20)	6,164,303	-	5,981,151	-	6,004,203	-
19000	Intangible assets, net (Note 21)	1,707,679	-	1,665,724	-	1,711,302	-
19300	Deferred income tax assets (Note 34)	2,334,393	-	1,236,260	-	877,962	-
19500	Other assets, net (Note 22)	9,351,936	-	8,201,600	-	4,537,514	-
10000	Total assets	<u>\$ 2,206,273,378</u>	<u>100</u>	<u>\$ 2,139,632,711</u>	<u>100</u>	<u>\$ 2,118,741,037</u>	<u>100</u>
Codes	LIABILITIES AND EQUITY						
21000	Deposits from the central bank and other banks (Note 23)	\$53,156,098	3	\$52,655,889	3	\$48,000,356	2
21500	Due to the central bank and other banks	19,090,466	1	17,787,080	1	7,447,550	-
22000	Financial liabilities measured at fair value through profit or loss (Note 8)	4,700,827	-	3,670,954	-	5,312,526	-
22500	Securities sold under repurchase agreements (Note 24)	24,989,355	1	14,505,024	1	32,846,295	2
23000	Payables (Notes 25)	28,709,960	1	29,428,955	1	30,771,697	2
23200	Current income tax liabilities (Note 34)	1,646,514	-	1,184,757	-	1,163,884	-
23500	Deposits and remittances (Notes 26)	1,760,286,337	80	1,707,602,522	80	1,678,038,344	79
24000	Bank debentures (Note 27)	82,597,937	4	82,091,512	4	80,848,686	4
25500	Other financial liabilities (Note 28)	4,150,761	-	4,784,006	-	4,431,403	-
25600	Provisions (Note 29)	2,869,085	-	2,932,800	-	2,675,716	-
26000	Lease liabilities (Note 19)	1,739,104	-	1,868,929	-	2,070,071	-
29300	Deferred income tax liabilities (Note 34)	8,954,875	1	8,691,595	-	9,805,999	1
29500	Other liabilities (Notes 30)	4,006,890	-	3,190,488	-	3,599,326	-
20000	Total liabilities	<u>1,996,898,209</u>	<u>91</u>	<u>1,930,394,511</u>	<u>90</u>	<u>1,907,011,853</u>	<u>90</u>
	Equity (Note 32)						
	Equity attributable to owners of the Bank						
	Share capital						
31101	Ordinary shares	<u>44,816,031</u>	<u>2</u>	<u>44,816,031</u>	<u>2</u>	<u>44,816,031</u>	<u>2</u>
31500	Capital surplus	<u>16,666,144</u>	<u>1</u>	<u>16,666,144</u>	<u>1</u>	<u>16,550,661</u>	<u>1</u>
	Retained earnings						
32001	Legal reserve	60,224,639	3	60,224,639	3	56,344,918	3
32003	Special reserve	7,669,374	-	7,669,374	-	7,669,374	1
32005	Unappropriated earnings	31,189,219	1	27,585,920	1	28,688,425	1
32000	Total retained earnings	<u>99,083,232</u>	<u>4</u>	<u>95,479,933</u>	<u>4</u>	<u>92,702,717</u>	<u>5</u>
32500	Other equity	<u>(2,797,688)</u>	<u>-</u>	<u>922,852</u>	<u>-</u>	<u>5,622,090</u>	<u>-</u>
32600	Treasury shares	<u>(83,144)</u>	<u>-</u>	<u>(83,144)</u>	<u>-</u>	<u>(83,144)</u>	<u>-</u>
31000	Total equity attributable to owners of the Bank	157,684,575	7	157,801,816	7	159,608,355	8
38000	Non-controlling interests	<u>51,690,594</u>	<u>2</u>	<u>51,436,384</u>	<u>3</u>	<u>52,120,829</u>	<u>2</u>
30000	Total equity	<u>209,375,169</u>	<u>9</u>	<u>209,238,200</u>	<u>10</u>	<u>211,729,184</u>	<u>10</u>
	Total liabilities and equity	<u>\$ 2,206,273,378</u>	<u>100</u>	<u>\$ 2,139,632,711</u>	<u>100</u>	<u>\$ 2,118,741,037</u>	<u>100</u>

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

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
For the Three Months Ended March 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars, except Earnings Per Share)

Codes	For the Three Months Ended March 31			
	2022(Reviewed)		2021(Reviewed)	
	Amount	%	Amount	%
41000 Interest income	\$ 9,032,343	90	\$ 9,004,210	89
51000 Interest expenses	2,282,366	23	2,382,563	24
49010 Net interest income (Notes 33)	6,749,977	67	6,621,647	65
Non-interest income				
49100 Service fee income, net (Note 33)	1,735,720	17	1,900,689	19
49200 Gain on financial assets and liabilities measured at fair value through profit or loss (Note 33)	(676,508)	(7)	(241,095)	(2)
49310 Realized gain on financial assets measured at fair value through other comprehensive income (Note 33)	354,708	4	390,709	4
49450 Gain (loss) on financial assets measured at amortized cost	-	-	5,539	-
49600 Foreign exchange gain, net	1,419,673	14	1,010,465	10
49700 Impairment loss on assets	(46,357)	-	(28,799)	-
49750 Proportionate share of profit of associates under the equity method (Note 16)	91,186	1	153,204	1
49800 Other non-interest income, net	400,098	4	330,195	3
49020 Total non-interest income	3,278,520	33	3,520,907	35
4xxxx Consolidated net revenue	10,028,497	100	10,142,554	100
58200 Provisions for bad-debt expense, commitment and guarantee liability (Note 14)	440,332	5	331,671	4
Operating expenses				
58500 Employee benefits (Notes 33)	2,444,504	24	2,354,281	23
59000 Depreciation and amortization (Note 33)	411,181	4	409,325	4
59500 Other general and administrative	1,077,281	11	995,183	10
58400 Total operating expenses	3,932,966	39	3,758,789	37
61001 Profit before income tax	5,655,199	56	6,052,094	59
61003 Income tax expense (Note 34)	(1,085,510)	(11)	(1,146,649)	(11)
64000 Consolidated net income	4,569,689	45	4,905,445	48
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	(501,344)	(5)	2,147,568	21
65205 Financial liabilities designated at FVTPL which the amount of change derived from credit risk (Note 8)	11,111	-	16,207	-
65206 Proportionate share of other comprehensive income of associates under the equity method	(62)	-	1,089	-
65220 Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 34)	(1,203)	-	(1,778)	-
65200 Subtotal of items that will not be reclassified subsequently to profit or loss	(491,498)	(5)	2,163,086	21
Items that may be reclassified subsequently to profit or loss:				
65301 Exchange differences on translating foreign operations	3,851,312	38	1,450,884	14
65306 Share of the other comprehensive income of associates accounted for using the equity method	(82,461)	(1)	(1,430)	-
65309 Gain on debt instruments measured at fair value through other comprehensive income	(8,531,199)	(85)	(1,968,645)	(19)
65310 Loss allowance for debt instruments measured at fair value through other comprehensive income	47,433	1	30,074	-
65320 Income tax relating to items that may be reclassified subsequently to profit or loss (Note 34)	773,693	8	50,558	1
65300 Subtotal of items that may be reclassified subsequently to profit or loss	(3,941,222)	(39)	(438,559)	(4)
65000 Other comprehensive income for the period, net of income tax	(4,432,720)	(44)	1,724,527	17
66000 Total comprehensive income for the period	\$ 136,969	1	\$ 6,629,972	65
Net profit attributable to:				
67101 Owners of the Bank	\$ 3,640,800	36	\$ 3,721,865	37
67111 Non-controlling interests	928,889	9	1,183,580	11
67100	\$ 4,569,689	45	\$ 4,905,445	48
Total comprehensive income attributable to:				
67301 Owners of the Bank	\$ (117,241)	(1)	\$ 4,505,099	44
67311 Non-controlling interests	254,210	2	2,124,873	21
67300	\$ 136,969	1	\$ 6,629,972	65
Earnings per share (Note 35)				
67500 Basic	\$0.81		\$0.83	
67700 Diluted	\$0.81		\$0.83	

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

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES
Consolidated Statements of Changes in Equity
For the Three Months Ended March 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

		Equity Attributable to Owners of the Bank (Note 32)											
		Share Capital		Retained Earnings			Other Equity						
Codes		Ordinary Shares	Capital Surplus	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 Attributable to Owners of the Bank	Non-controlling Interests (Note 32)	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	\$49,995,956	\$205,099,212
D1	Net profit for the three months ended March 31, 2021	-	-	-	-	3,721,865	-	-	-	-	3,721,865	1,183,580	4,905,445
D3	Other comprehensive income for the three months ended March 31, 2021, net of income tax	-	-	-	-	-	601,447	165,580	16,207	-	783,234	941,293	1,724,527
D5	Total comprehensive income for the three months ended March 31, 2021	-	-	-	-	3,721,865	601,447	165,580	16,207	-	4,505,099	2,124,873	6,629,972
Q1	Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	53,507	-	(53,507)	-	-	-	-	-
Z1	Balance on March 31, 2021	<u>\$44,816,031</u>	<u>\$16,550,661</u>	<u>\$56,344,918</u>	<u>\$7,669,374</u>	<u>\$28,688,425</u>	<u>\$ (5,041,715)</u>	<u>\$10,641,186</u>	<u>\$22,619</u>	<u>\$ (83,144)</u>	<u>\$159,608,355</u>	<u>\$52,120,829</u>	<u>\$211,729,184</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	\$51,436,384	\$209,238,200
D1	Net profit for the three months ended March 31, 2022	-	-	-	-	3,640,800	-	-	-	-	3,640,800	928,889	4,569,689
D3	Other comprehensive income (loss) for the three months ended March 31, 2022, net of income tax	-	-	-	-	-	1,709,520	(5,478,672)	11,111	-	(3,758,041)	(674,679)	(4,432,720)
D5	Total comprehensive income (loss) for the three months ended March 31, 2022	-	-	-	-	3,640,800	1,709,520	(5,478,672)	11,111	-	(117,241)	254,210	136,969
Q1	Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	(37,501)	-	37,501	-	-	-	-	-
Z1	Balance on March 31, 2022	<u>\$44,816,031</u>	<u>\$16,666,144</u>	<u>\$60,224,639</u>	<u>\$7,669,374</u>	<u>\$31,189,219</u>	<u>\$ (5,154,268)</u>	<u>\$2,321,407</u>	<u>\$35,173</u>	<u>\$ (83,144)</u>	<u>\$157,684,575</u>	<u>\$51,690,594</u>	<u>\$209,375,169</u>

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

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the Three Months Ended March 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

Codes		For the Three Months Ended March 31	
		2022 (Reviewed)	2021 (Reviewed)
	Cash flows from operating activities		
A00010	Consolidated net profit before income tax	\$ 5,655,199	\$ 6,052,094
A20010	Adjustments to reconcile net profit to net cash provided by operating activities		
A20100	Depreciation expenses	356,144	356,447
A20200	Amortization expenses	55,037	52,878
A20300	Provisions for bad debt expense, commitment and guarantee liability	440,332	331,671
A20400	Gain on financial assets and liabilities at fair value through profit or loss	382,255	481,749
A20900	Interest expenses	2,282,366	2,382,563
A21200	Interest revenue	(9,032,343)	(9,004,210)
A21300	Dividend income	(6,377)	(4,349)
A22300	Proportionate share of profit of associates	(91,186)	(153,204)
A22500	(Gain) loss on disposal of properties and equipment, net	(207,460)	4,338
A23500	Loss on expected credit loss	46,357	28,799
A29900	Others	(452,474)	(770,914)
A40000	Changes in operating assets and liabilities		
A41110	Due from the central bank and call loans to banks	(6,311,681)	(1,418,980)
A41120	Financial assets measured at fair value through profit or loss	1,733,105	(503,524)
A41123	Financial assets measured at fair value through other comprehensive income	(3,685,017)	(6,381,190)
A41125	Investment in debt instruments measured at amortized cost	23,021,870	(33,575,640)
A41150	Receivables	824,319	2,576,748
A41160	Discounts and loans	(20,612,509)	10,663,640
A41190	Other financial assets	(21,274)	(10,401)
A42110	Deposits from the central bank and other banks	(398,124)	642,411
A42120	Financial liabilities at fair value through profit or loss	1,261,378	(1,515,775)
A42140	Securities sold under repurchase agreements	10,484,331	7,064,884
A42150	Payables	(1,329,398)	(1,094,321)
A42160	Deposits and remittances	32,072,809	(8,350,832)
A42170	Other financial liabilities	(647,202)	49,896
A42180	Employee benefit provisions	(231,650)	(213,157)
A42990	Other liabilities	196,121	38,545
A33000	Cash from (used in) operations	35,784,928	(32,269,834)
A33100	Interest received	9,205,294	9,292,263
A33200	Dividends received	6,390	4,362
A33300	Interest paid	(2,031,131)	(2,586,290)
A33500	Income tax paid	(505,062)	(564,328)
AAAA	Net cash from (used in) operating activities	42,460,419	(26,123,827)

(Continued)

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the Three Months Ended March 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

<u>Codes</u>		For the Three Months Ended March 31	
		2022 (Reviewed)	2021 (Reviewed)
	Cash flows from investing activities		
B02700	Acquisition of properties	\$ (186,576)	\$ (148,819)
B02600	Proceeds from assets for sale	-	261,345
B02800	Proceeds from disposal of properties	313,480	879
B03700	Increase in refundable deposits	(407,864)	(8,844)
B03800	Decrease in refundable deposits	20	174,781
B04500	Acquisition of intangible assets	(29,540)	(54,869)
B05400	Acquisition of investment properties	(15,754)	(137,579)
B06800	Increase in other assets	(726,478)	(285,510)
BBBB	Net cash from (used in) investing activities	(1,052,712)	(198,616)
	Cash flows from financing activities		
C00300	Increase in funds borrowed from central bank and Banks	1,303,386	1,395,540
C01500	Payments for bank debentures	-	(1,600,000)
C03000	Increase in securities guarantee received	522,677	400,885
C03100	Decrease in securities guarantee received	(41,200)	(1,109)
C04020	Payments for principal portion of lease liabilities	(190,702)	(294,620)
CCCC	Net cash from (used in) financing activities	1,594,161	(99,304)
DDDD	Effects of exchange rate changes on the balance of cash held in foreign currencies	3,999,841	1,032,022
EEEE	Net increase (decrease) in cash and cash equivalents	47,001,709	(25,389,725)
E00100	Cash and cash equivalents at the beginning of the period	182,050,068	195,843,112
E00200	Cash and cash equivalents at the end of the period	\$ 229,051,777	\$ 170,453,387

Reconciliation of the amounts in the consolidated statements of cash flows with the equivalent items reported in the consolidated balance sheets as of March 31, 2022 and 2021:

<u>Codes</u>		March 31, 2022	March 31, 2021
E00210	Cash and cash equivalents in consolidated balance sheets	\$ 60,994,662	\$ 85,535,518
E00220	Due from the Central Bank and call loans to banks which fall within the definition of cash and cash equivalents under IAS 7	167,769,365	84,739,143
E00230	Securities purchased under resale agreements which fall within the definition of cash and cash equivalents under IAS 7	287,750	178,726
E00200	Cash and cash equivalents in consolidated statements of cash flows	\$ 229,051,777	\$ 170,453,387

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

(Concluded)

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements For the Three Months Ended March 31, 2022 and 2021 (Reviewed, Not Audited)

(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 engaged in the commercial banking businesses under related laws and regulations.

The Bank has its head office in Taipei and 72 domestic branches in Taiwan, 4 foreign branches separately located in Hong Kong, Dong Nai, Vietnam, Singapore and Wuxi China, and 4 representative offices separately located in Thailand, Cambodia, Indonesia and Bac Ninh Vietnam.

The operations of the Bank’s trust department include services related to planning, managing and operating a trust business under the Banking Act and Trust Enterprise Act.

The shares of the Bank have been listed and traded on the Taiwan Stock Exchange since October 19, 2018.

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

2. AUTHORIZATION OF CONSOLIDATED FINANCIAL STATEMENTS

On May 2, 2022, the consolidated 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 the 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 Group 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 in issue by IASB but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
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 “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
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 2)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 3)
Amendments to IAS 12 “Deferred Tax Related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 4)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after their respective effective dates.

Note 2: This amendment will be applied to annual reporting periods beginning on or after January 1, 2023.

Note 3: 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 4: Except for the recognition of deferred income tax on temporary differences between lease and decommissioning obligations on January 1, 2022, the amendment is applicable to transactions that occur after January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group'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 consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, and IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC. Under IFRSs, disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

4.2 Basis of Preparation

The consolidated 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.

4.3 Basis of Consolidation

The consolidated financial statements contain the financial statements of the Bank and the subsidiaries controlled by the Bank. The consolidated statements of comprehensive income have included the operating gains and losses of acquired or divested companies in the current period from the date of acquisition or to the date of disposal. The financial statements of subsidiaries have been adjusted to align their accounting policies with the Bank's accounting policies. In the preparation of the consolidated financial statements, all intra-company transactions, account balances, income and losses have been eliminated. The comprehensive income of the subsidiaries is attributed to the owner of the Bank and non-controlling interests, even if the non-controlling interests have negative balance.

For details on subsidiaries, shareholding ratios and business items, refer to Note 15.

4.4 Other Significant Accounting Policies

Except for the following instructions, refer to the summary of major accounting policies in the 2021 annual consolidated financial statements.

4.4.1 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.

4.4.2 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.

4.4.3 Modification of financial instruments

When a financial instrument is modified, the Group assesses whether to derecognise 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 Group 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 Group 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 Group 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 Group'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 Group takes the economic impact of COVID-19 into consideration in major accounting estimates such as cash flow estimation, growth rate, discount rate, and profitability, 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, investments in debt instrument and financial guarantee contracts are based on the Group's assumptions about default rates and expected loss rates. The Group considers historical experience, current market conditions and forward-looking information to make assumptions and select input values for impairment assessments. For the important assumptions and input values used, refer to Note 39. If the actual cash flows in the future are less than expected, significant impairment losses may occur.

6. CASH AND CASH EQUIVALENTS

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Cash in hand and working fund	\$ 10,770,614	\$ 13,307,764	\$ 10,879,671
Checks for clearing	658,781	2,973,308	649,342
Due from other banks	49,565,267	54,100,741	74,006,505
	<u>\$ 60,994,662</u>	<u>\$ 70,381,813</u>	<u>\$ 85,535,518</u>

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

	<u>December 31, 2021</u>
Cash and cash equivalents in the consolidated balance sheets	\$ 70,381,813
Due from the Central Bank and call loans to banks which are categorized as cash and cash equivalents under IAS 7	111,389,769
Securities purchased under resale agreements which are categorized as cash and cash equivalents under IAS 7	278,486
Cash and cash equivalents	<u>\$ 182,050,068</u>

The Group assesses the allowance for cash and cash equivalents based on the expected credit loss model. Due to the low credit risk of cash and cash equivalents, allowance losses are recognized based on the 12-month expected credit losses. On March 31, 2022, December 31 and March 31, 2021, cash and cash equivalents recognized as allowances were in the amounts of \$4,477 thousand, \$1,802 thousand and \$9,111 thousand, respectively.

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

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Call loans to banks	\$ 238,701,360	\$ 180,488,033	\$ 135,405,952
Deposit reserves - I	9,501,141	3,692,689	20,839,688
Deposit reserves - II	23,746,413	23,341,841	22,115,358
Deposit reserves - foreign currency	221,621	209,619	198,340
Due from foreign central banks	3,808,260	3,833,977	3,870,675
	<u>\$ 275,978,795</u>	<u>\$ 211,566,159</u>	<u>\$ 182,430,013</u>

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

The Group assesses the loss allowance for due from the Central Bank and call loans to banks based on the expected credit loss model. Due to the low credit risk of dues from the Central Bank and call loans to banks, the loss allowance is recognized based on 12-month expected credit losses. On March 31, 2022, December 31 and March 31, 2021, the allowances recognized for the dues from the Central Bank and call loans to banks were in the amounts of \$9,841 thousand, \$8,561 thousand and \$28,647 thousand, respectively.

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

	March 31, 2022	December 31, 2021	March 31, 2021
Financial assets at fair value through profit or loss			
Financial assets mandatorily classified as at FVTPL			
Corporate bonds	\$ 3,234,807	\$ 6,039,499	\$ 7,601,918
Forward contracts	2,178,422	1,379,882	2,916,172
Shares	1,804,796	2,174,721	1,493,821
Beneficiary certificates	383,935	535,265	713,719
Option contracts	290,269	44,646	240,868
Government bonds	203,920	49,286	192,407
Currency swap contract	144,041	32,739	654,396
Interest rate swap contracts	105,696	174,788	287,783
Bank debentures	11,436	11,075	67,848
Others	76,399	156,111	50,317
	<u>\$ 8,433,721</u>	<u>\$ 10,598,012</u>	<u>\$ 14,219,249</u>
Financial liabilities at fair value through profit or loss			
Held-for-trading financial liabilities			
Forward contracts	\$ 2,096,198	\$ 1,159,346	\$ 2,736,654
Option contracts	316,146	150,266	284,914
Currency swap contract	263,211	292,368	56,783
Others	924	850	21,455
	<u>2,676,479</u>	<u>1,602,830</u>	<u>3,099,806</u>
Financial liabilities designated at FVTPL			
Bank debentures	2,024,348	2,068,124	2,212,720
	<u>\$ 4,700,827</u>	<u>\$ 3,670,954</u>	<u>\$ 5,312,526</u>

The Group engaged 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:

	March 31, 2022	December 31, 2021	March 31, 2021
Forward contracts	\$ 375,739,795	\$ 226,300,397	\$ 398,248,866
Option contracts	308,182,149	143,179,103	336,478,610
Currency swap contract	64,861,192	80,094,212	80,253,881
Interest rate swap contracts	2,899,293	2,886,697	3,847,889
Future contracts	157,415	158,533	258,561
Asset exchange transactions	-	-	142,525

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

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
The difference between the fair value and the maturity value			
— Fair value	\$ 2,024,348	\$ 2,068,124	\$ 2,212,720
— Maturity value	2,105,477	2,110,011	2,376,603
	<u>\$ (81,129)</u>	<u>\$ (41,887)</u>	<u>\$ (163,883)</u>
	<u>Effects of changes in credit risk</u>		
Current amount of change			
From January 1, 2022 to March 31, 2022	<u>\$ 11,111</u>		
From January 1, 2021 to March 31, 2021			
		<u>\$ 16,207</u>	
	<u>Effects of changes in credit risk</u>		
Cumulative amount of change			
Up to March 31, 2022	<u>\$ 35,173</u>		
Up to December 31, 2021		<u>\$ 24,062</u>	
Up to March 31, 2021		<u>\$ 22,619</u>	

The financial liabilities designated by the Group at FVTPL were the second issuance of unsecured debentures amounting to US\$70,000 thousand with a 30-year maturity and fixed interest rate of 0% on October 29, 2018. On the expiration of 5 years and every subsequent year, the Group 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 Group 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 Group 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 credit risk was 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 was calculated using the benchmark yield curve at the balance sheet date. Fair value of financial bonds was 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

	March 31, 2022	December 31, 2021	March 31, 2021
Investments in equity instruments measured at FVTOCI			
Shares	\$ 28,368,444	\$ 23,077,179	\$ 23,655,607
Investments in debt instruments measured at FVTOCI			
Corporate bonds	187,203,877	212,429,395	183,255,261
Bank debentures	161,819,848	158,984,827	158,577,634
Commercial papers	72,973,251	65,589,207	74,989,189
Government bonds	61,699,024	52,308,637	71,356,862
Treasury bonds	7,970,403	3,486,483	2,412,997
Asset-backed securities	2,724,596	2,681,127	-
	<u>494,390,999</u>	<u>495,479,676</u>	<u>490,591,943</u>
	<u>\$ 522,759,443</u>	<u>\$ 518,556,855</u>	<u>\$ 514,247,550</u>

The Group 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 Group 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 March 31, 2022, December 31 and March 31, 2021. The par values of bonds and commercial papers sold under repurchase agreements were \$24,975,188 thousand, \$14,466,728 thousand and \$32,603,753 thousand, respectively.

For the information on financial assets pledged at FVTOCI, refer to Note 37.

10. INVESTMENTS IN DEBT INSTRUMENTS MEASURED AT AMORTIZED COST

	March 31, 2022	December 31, 2021	March 31, 2021
Negotiable certificates of deposit	\$ 112,400,000	\$ 132,400,000	\$ 132,765,000
Treasury bonds	8,989,781	11,987,492	299,908
Government bonds	7,753,356	7,591,898	3,616,717
Corporate bonds	2,761,025	2,646,795	2,071,819
Bank debentures	728,513	859,025	868,735
Restricted due from banks	3,847,749	3,835,505	1,671,248
	<u>136,480,424</u>	<u>159,320,715</u>	<u>141,293,427</u>
Less: Loss allowance	<u>(1,102)</u>	<u>(1,127)</u>	<u>(1,048)</u>
	<u>\$ 136,479,322</u>	<u>\$ 159,319,588</u>	<u>\$ 141,292,379</u>

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

For information on the credit risk management and impairment of financial assets measured at amortized cost, refer to Note 11.

For the information on related financial assets at amortized cost pledged as collateral, refer to Note 37

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.

March 31, 2022	At FVTOCI	At Amortized Cost	Total
Total carrying amount	\$ 502,550,006	\$ 136,480,424	\$ 639,030,430
Loss allowance	(203,807)	(1,102)	(204,909)
Amortized cost	502,346,199	<u>\$ 136,479,322</u>	638,825,521
Fair value adjustment	(7,955,200)		(7,955,200)
	<u>\$ 494,390,999</u>		<u>\$ 630,870,321</u>
December 31, 2021	At FVTOCI	At Amortized Cost	Total
Total carrying amount	\$ 495,101,456	\$ 159,320,715	\$ 654,422,171
Loss allowance	(156,374)	(1,127)	(157,501)
Amortized cost	494,945,082	<u>\$ 159,319,588</u>	654,264,670
Fair value adjustment	534,594		534,594
	<u>\$ 495,479,676</u>		<u>\$ 654,799,264</u>
March 31, 2021	At FVTOCI	At Amortized Cost	Total
Total carrying amount	\$ 487,167,319	\$ 141,293,427	\$ 628,460,746
Loss allowance	(157,722)	(1,048)	(158,770)
Amortized cost	487,009,597	<u>\$ 141,292,379</u>	628,301,976
Fair value adjustment	3,582,346		3,582,346
	<u>\$ 490,591,943</u>		<u>\$ 631,884,322</u>

The Group implements a policy of investing in debt instruments with investment grade and have low credit risk, For the purpose of impairment assessment, the Group continues to track external rating information and monitors changes in credit risk of the investments of debt instruments and reviews 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 Group 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 Group's current credit risk rating mechanism and the total carrying amount of each credit rating investment in debt instruments were as follows:

March 31, 2022

Credit Rating	Definitions	Expected Credit Loss Recognition Base	Expected Credit Loss Rate	March 31, 2022 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%	\$ 637,950,018
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%	951,570
Stage 3	Evidence of credit impairment	Expected credit loss during the period of existence (credit impairment)	43.364%	128,842

December 31, 2021

Credit Rating	Definitions	Expected Credit Loss Recognition Base	Expected Credit Loss Rate	December 31, 2021 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%	\$ 653,629,515
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

March 31, 2021

Credit Rating	Definitions	Expected Credit Loss Recognition Base	Expected Credit Loss Rate	March 31, 2021 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%~ 0.915%	\$ 627,992,854
Stage 2	Credit risk has increased significantly since the initial recognition	Expected credit loss during the period of existence (no credit impairment)	0.337%~ 7.904%	467,892

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			
	Stage 1 (12-Month ECLs)	Stage 2 (Lifetime ECLs without impairment)	Stage 3 (Lifetime ECLs with impairment)	Total
Balance at January 1, 2022	\$ 141,387	\$ 14,987	\$ -	\$ 156,374
Credit rating change-normal to default	(201)	-	55,842	55,641
Purchase of new debt instruments	13,411	7,486	-	20,897
Derecognition	(10,851)	(5,472)	-	(16,323)
Model/risk parameter changes	(14,114)	292	-	(13,822)
Exchange rate and other changes	(1,270)	2,281	29	1,040
Balance at March 31, 2022	<u>\$ 128,362</u>	<u>\$ 19,574</u>	<u>\$ 55,871</u>	<u>\$ 203,807</u>
Balance at January 1, 2021	\$ 112,993	\$ 14,655	\$ -	\$ 127,648
Purchase of new debt instruments	22,577	-	-	22,577
Derecognition	(8,784)	(2,201)	-	(10,985)
Model/risk parameter changes	17,124	215	-	17,339
Exchange rate and other changes	1,144	(1)	-	1,143
Balance at March 31, 2021	<u>\$ 145,054</u>	<u>\$ 12,668</u>	<u>\$ -</u>	<u>\$ 157,722</u>

Investments in debt instruments at amortized cost

	Credit Risk Rating		
	Stage 1 (12-Month ECLs)	Stage 2 (Lifetime ECLs without impairment)	Total
Balance at January 1, 2022	\$ 1,127	\$ -	\$ 1,127
Purchase of new debt instruments	51	-	51
Derecognition	(63)	-	(63)
Model/risk parameter changes	(24)	-	(24)
Exchange rate and other changes	11	-	11
Balance at March 31, 2022	<u>\$ 1,102</u>	<u>\$ -</u>	<u>\$ 1,102</u>
Balance at January 1, 2021	\$ 1,420	\$ -	\$ 1,420
Purchase of new debt instruments	14	-	14
Derecognition	(142)	-	(142)
Model/risk parameter changes	(4)	-	(4)
Exchange rate and other changes	(240)	-	(240)
Balance at March 31, 2021	<u>\$ 1,048</u>	<u>\$ -</u>	<u>\$ 1,048</u>

12. SECURITIES PURCHASED UNDER RESELL AGREEMENTS

Securities purchased under resell agreements as of March 31, 2022, December 31 and March 31, 2021 were \$287,750 thousand, \$278,486 thousand and \$178,726 thousand, respectively. The aforementioned securities will be bought back one after another before May 6, 2022, February 11, 2022 and May 20, 2021 at \$288,004 thousand, \$278,770 thousand and \$178,857 thousand, respectively.

13. RECEIVABLES, NET

	March 31, 2022	December 31, 2021	March 31, 2021
Accrued interest	\$ 4,183,390	\$ 4,177,202	\$ 4,264,009
Credit card receivables	3,226,354	3,531,776	3,009,100
Acceptances	2,819,296	2,884,310	2,512,494
Accounts receivable due from sales of securities	1,292,303	1,134,651	2,343,110
Finance lease receivable	1,071,001	1,022,282	928,975
Accounts receivable - factoring	403,139	567,807	411,127
Others	2,043,140	2,205,351	2,692,169
	<u>15,038,623</u>	<u>15,523,379</u>	<u>16,160,984</u>
Less: Allowance for credit losses	<u>(345,403)</u>	<u>(307,091)</u>	<u>(333,242)</u>
	<u>\$ 14,693,220</u>	<u>\$ 15,216,288</u>	<u>\$ 15,827,742</u>

The changes in total carrying amount and the allowance of receivables and other financial assets for the three months ended March 31, 2022 and 2021 (including non-accrual loans and bills of exchange, refer to Note 17) are as follows:

For the Three Months Ended March 31, 2022

	12-Month ECLs	Lifetime ECLs (Collectively)	Lifetime ECLs (Individually)	Lifetime ECLs (Non-Purchased or Originated Credit Impairment on Financial Assets)	Total
Receivables and other financial assets					
Beginning on January 1, 2022	\$ 14,987,610	\$ 211,438	\$ 255,549	\$ 75,748	\$ 15,530,345
Changes due to financial assets recognized at the beginning of the period:					
Transfer to lifetime ECLs	(69,316)	41,728	16,435	(113)	(11,266)
Transfer to ECLs on financial assets	(8,744)	(6,311)	(1,128)	30,267	14,084
Transfer to 12-month ECLs	65,237	(29,812)	(37,784)	(383)	(2,742)
Financial assets derecognized in the current period	(3,141,544)	(131,606)	(111,430)	(9,223)	(3,393,803)
Purchased or originated financial assets	1,584,746	36,431	44,254	14,856	1,680,287
Write-offs	-	-	-	(7,421)	(7,421)
Exchange rate and other changes	1,252,608	-	5,786	424	1,258,818
Balance on March 31, 2022	<u>\$ 14,670,597</u>	<u>\$ 121,868</u>	<u>\$ 171,682</u>	<u>\$ 104,155</u>	<u>\$ 15,068,302</u>

	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	\$ 201,171	\$ 49,299	\$ 7,773	\$ 32,288	\$ 290,531	\$ 18,709	\$ 309,240
Changes due to financial assets recognized at the beginning of the period:							
Transfer to lifetime ECLs	(796)	29,259	1,515	(51)	29,927	-	29,927
Transfer to ECLs on financial assets	(61)	(1,623)	(408)	12,695	10,603	-	10,603
Transfer to 12-month ECLs	1,760	(23,534)	(2,096)	(157)	(24,027)	-	(24,027)
Financial assets derecognized in the current period	(9,477)	(14,624)	(125)	(8,593)	(32,819)	-	(32,819)
Purchased or originated financial assets	2,272	9,403	47	400	12,122	-	12,122
The difference of impairment under the regulation or decree	-	-	-	-	-	9,924	9,924
Changes in model/risk parameters	1,823	-	645	(1,093)	1,375	-	1,375
Write-offs	-	-	-	(7,421)	(7,421)	-	(7,421)
Recoveries after write-off	27,716	-	-	8,084	35,800	-	35,800
Exchange rate and other changes	4,041	-	219	75	4,335	-	4,335
Balance on March 31, 2022	\$ 228,449	\$ 48,180	\$ 7,570	\$ 36,227	\$ 320,426	\$ 28,633	\$ 349,059

For the Three Months Ended March 31, 2021

	12-Month ECLs	Lifetime ECLs (Collectively)	Lifetime ECLs (Individually)	Lifetime ECLs (Non-Purchased or Originated Credit Impairment on Financial Assets)	Total
Receivables and other financial assets					
Beginning on January 1, 2021	\$ 18,413,266	\$ 87,536	\$ 226,341	\$ 82,825	\$ 18,809,968
Changes due to financial assets recognized at the beginning of the period:					
Transfer to lifetime ECLs	(67,225)	72,401	15,539	(523)	20,192
Transfer to ECLs on financial assets	(4,397)	(16,821)	(2,596)	20,494	(3,320)
Transfer to 12-month ECLs	68,239	(29,615)	(42,491)	(731)	(4,598)
Financial assets derecognized in the current period	(4,612,737)	(2,198)	(76,982)	(12,226)	(4,704,143)
Purchased or originated financial assets	2,247,042	15,208	77,669	579	2,340,498
Write-offs	-	-	-	(9,036)	(9,036)
Exchange rate and other changes	(279,150)	-	1,921	(486)	(277,715)
Balance on March 31, 2021	\$ 15,765,038	\$ 126,511	\$ 199,401	\$ 80,896	\$ 16,171,846

	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	\$ 184,848	34,652	4,893	29,349	253,742	13,043	266,785
Changes due to financial assets recognized at the beginning of the period:							
Transfer to lifetime ECLs	2,387	29,733	1,038	(868)	32,290	-	32,290
Transfer to ECLs on financial assets	(78)	(12,779)	(195)	2,032	(11,020)	-	(11,020)
Transfer to 12-month ECLs	11,781	(19,904)	(1,186)	(241)	(9,550)	-	(9,550)
Financial assets derecognized in the current period	(17,457)	(4,083)	(101)	(3,733)	(25,374)	-	(25,374)
Purchased or originated financial assets	59,611	18,577	29	906	79,123	-	79,123
The difference of impairment under the regulation or decree	-	-	-	-	-	6,325	6,325
Write-offs	-	-	-	(9,036)	(9,036)	-	(9,036)
Recoveries after write-off	-	-	-	6,988	6,988	-	6,988
Exchange rate and other changes	(217)	(1)	50	31	(137)	-	(137)
Balance on March 31, 2021	\$ 240,875	46,195	4,528	25,428	317,026	19,368	336,394

14. DISCOUNTS AND LOANS, NET

	March 31, 2022	December 31, 2021	March 31, 2021
Loans	\$ 1,138,150,256	\$ 1,105,944,691	\$ 1,119,099,903
Inward/outward documentary bills	15,659,111	16,970,829	16,623,166
Non-performing loans	1,340,944	1,283,245	1,596,978
	1,155,150,311	1,124,198,765	1,137,320,047
Discount and premium adjustments	185,183	237,257	263,259
Provisions for loans and discounts	(12,698,814)	(12,201,243)	(11,852,369)
	<u>\$ 1,142,636,680</u>	<u>\$ 1,112,234,779</u>	<u>\$ 1,125,730,937</u>

The Group discontinues accruing interest when loans are deemed non-performing. For the three months ended March 31, 2022 and 2021, the unrecognized interest revenue on the non-performing loans amounted to \$21,205 thousand and \$25,507 thousand, respectively.

For the three months ended March 31, 2022 and 2021, the Group 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 three months ended March 31, 2022 and 2021 are as follows:

For the Three Months Ended March 31, 2022

	12-Month ECLs	Lifetime ECLs (Collectively)	Lifetime ECLs (Individually)	Lifetime ECLs (Non-Purchased or Originated Credit Impairment on Financial Assets)	Lifetime ECLs (Purchased or Originated Credit Impairment on Financial Assets)	Total
Discounts and loans						
Beginning on January 1, 2022	\$ 1,076,867,874	\$ 11,341,039	\$ 32,974,921	\$ 2,889,244	\$ 125,687	\$ 1,124,198,765
Changes due to financial assets recognized at the beginning of the period:						
Transfer to lifetime ECLs	(5,805,153)	1,994,121	3,867,960	(1,731)	-	55,197
Transfer to ECLs on financial assets	(960,746)	(934,824)	(769,046)	2,092,129	-	(572,487)
Transfer to 12-month ECLs	4,196,131	(141,070)	(4,047,554)	(3,115)	-	4,392
Financial assets derecognized in the current period	(159,469,972)	(1,252,913)	(3,114,508)	(374,732)	(315)	(164,212,440)
Purchased or originated financial assets	178,207,596	453,117	2,214,829	116,910	-	180,992,452
Write-offs	-	-	-	(1,249)	-	(1,249)
Exchange rate and other changes	13,475,629	149,972	927,870	128,822	3,388	14,685,681
Balance on March 31, 2022	<u>\$ 1,106,511,359</u>	<u>\$ 11,609,442</u>	<u>\$ 32,054,472</u>	<u>\$ 4,846,278</u>	<u>\$ 128,760</u>	<u>\$ 1,155,150,311</u>

	12-Month ECLs	Lifetime ECLs (Collectively)	Lifetime ECLs (Individually)	Lifetime ECLs (Non-Purchased or Originated Credit Impairment on Financial Assets)	Lifetime ECLs (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	\$ 1,941,240	\$ 1,730,047	\$ 609,415	\$ 504,492	\$ 47,057	\$ 4,832,251	\$ 7,368,992	\$ 12,201,243
Changes due to financial assets recognized at the beginning of the period:								
Transfer to lifetime ECLs	(6,881)	203,709	31,652	(1,386)	-	227,094	-	227,094
Transfer to ECLs on financial assets	(879)	(101,546)	(21,747)	433,531	-	309,359	-	309,359
Transfer to 12-month ECLs	61,824	(32,424)	(62,831)	(1,198)	-	(34,629)	-	(34,629)
Financial assets derecognized in the current period	(362,442)	(130,079)	(11,097)	(7,146)	-	(510,764)	-	(510,764)
Purchased or originated financial assets	433,283	30,542	21,450	143,543	-	628,818	-	628,818
The difference of impairment under the regulation or decree	-	-	-	-	-	-	(129,883)	(129,883)
Changes in model/risk parameters	(347,804)	-	199,356	(87,594)	-	(236,042)	-	(236,042)
Write-offs	-	-	-	(1,249)	-	(1,249)	-	(1,249)
Recoveries of write-offs	-	-	-	37,722	-	37,722	-	37,722
Exchange rate and other changes	33,898	118,716	20,830	32,324	1,377	207,145	-	207,145
Balance on March 31, 2022	<u>\$ 1,752,239</u>	<u>\$ 1,818,965</u>	<u>\$ 787,028</u>	<u>\$ 1,053,039</u>	<u>\$ 48,434</u>	<u>\$ 5,459,705</u>	<u>\$ 7,239,109</u>	<u>\$ 12,698,814</u>

For the Three Months Ended March 31, 2021

	12-Month ECLs	Lifetime ECLs (Collectively)	Lifetime ECLs (Individually)	Lifetime ECLs (Non-Purchased or Originated Credit Impairment on Financial Assets)	Lifetime ECLs (Purchased or Originated Credit Impairment on Financial Assets)	Total
Discounts and loans						
Beginning on January 1, 2021	\$ 1,101,559,285	\$ 10,238,670	\$ 33,507,677	\$ 2,480,912	\$ 139,197	\$ 1,147,925,741
Changes due to financial assets recognized at the beginning of the period:						
Transfer to lifetime ECLs	(2,830,818)	2,210,346	490,156	(235)	-	(130,551)
Transfer to ECLs on financial assets	(24,724)	(592,656)	(28,822)	614,174	-	(32,028)
Transfer to 12-month ECLs	3,486,137	(226,812)	(3,259,097)	(518)	-	(290)
Financial assets derecognized in the current period	(84,678,848)	(745,192)	(2,021,703)	(319,519)	(405)	(87,765,667)
Purchased or originated financial assets	70,399,058	89,597	1,634,223	8,983	-	72,131,861
Write-offs	-	-	-	(236,297)	-	(236,297)
Exchange rate and other changes	4,731,323	329,233	353,942	11,873	907	5,427,278
Balance on March 31, 2021	\$ 1,092,641,413	\$ 11,303,186	\$ 30,676,376	\$ 2,559,373	\$ 139,699	\$ 1,137,320,047

	12-Month ECLs	Lifetime ECLs (Collectively)	Lifetime ECLs (Individually)	Lifetime ECLs (Non-Purchased or Originated Credit Impairment on Financial Assets)	Lifetime ECLs (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	\$ 3,084,995	\$ 1,468,387	\$ 425,972	\$ 729,263	\$ 48,338	\$ 5,756,955	\$ 6,028,429	\$ 11,785,384
Changes due to financial assets recognized at the beginning of the period:								
Transfer to lifetime ECLs	23,998	154,657	67,054	(1,369)	(271)	244,069	-	244,069
Transfer to ECLs on financial assets	(258)	(130,951)	(427)	194,234	-	62,598	-	62,598
Transfer to 12-month ECLs	(512,592)	(65,263)	(78,291)	(974)	-	(657,120)	-	(657,120)
Financial assets derecognized in the current period	(235,986)	(28,561)	(9,049)	(33,787)	-	(307,383)	-	(307,383)
Purchased or originated financial assets	114,902	69,993	6,038	27,545	-	218,478	-	218,478
The difference of impairment under the regulation or decree	-	-	-	-	-	-	681,887	681,887
Write-offs	-	-	-	(236,297)	-	(236,297)	-	(236,297)
Recoveries of write-offs	-	-	-	63,605	-	63,605	-	63,605
Exchange rate and other changes	(10,093)	(3,004)	4,663	5,033	549	(2,852)	-	(2,852)
Balance on March 31, 2021	\$ 2,464,966	\$ 1,465,258	\$ 415,960	\$ 747,253	\$ 48,616	\$ 5,142,053	\$ 6,710,316	\$ 11,852,369

The details of bad debt expense, commitment and guarantee liability provisions for the three months ended March 31, 2022 and 2021 are listed as below:

	For the Three Months Ended March 31	
	2022	2021
Provisions for loans and discounts	\$ 253,953	\$ 242,529
Provisions for reserve of possible losses on guarantees	177,838	11,261
Provisions for receivables and other financial assets	7,105	71,794
Other provisions	1,436	6,087
	<u>\$ 440,332</u>	<u>\$ 331,671</u>

15. SUBSIDIARIES

15.1 Subsidiaries included in the consolidated financial statements

The consolidated financial statements include the Bank and entities controlled by the Bank.

Investor	Investee	Nature of Activities	Proportion of Ownership (%)			Note
			March 31, 2022	December 31, 2021	March 31, 2021	
Domestic subsidiaries						
The Bank	China Travel Service (Taiwan)	Traveling	99.99	99.99	99.99	1.
The Bank	SCSB Marketing Ltd.	Human resource services	100.00	100.00	100.00	1.
The Bank	SCSB Asset Management Ltd.	Purchase, evaluation, auction and management of creditor's right of financial institutions	100.00	100.00	100.00	1.
China Travel Service (Taiwan)	CTS Travel International Ltd.	Traveling	100.00	100.00	100.00	1.
Foreign subsidiaries						
The Bank	Shancom Reconstruction Inc.	Investment holding	100.00	100.00	100.00	
The Bank	Wresqueue Limitada	Investment holding	100.00	100.00	100.00	1.
The Bank	Paofoong Insurance Company Ltd.	Insurance	40.00	40.00	40.00	1.
The Bank	AMK Microfinance Institution Plc.	Microfinance	99.99	99.99	99.99	1.
SCSB Asset Management Ltd.	SCSB Leasing (China) Co., Ltd.	Leasing operation	100.00	100.00	100.00	1.
Wresqueue Limitada	Prosperity Realty Inc.	Real estate service	100.00	100.00	100.00	
Shancom Reconstruction Inc.	Empresa Inversiones Generales, S.A.	Investment holding	100.00	100.00	100.00	
Shancom Reconstruction Inc.	Krinein Company	Investment holding	100.00	100.00	100.00	
Shancom Reconstruction Inc.	Safehaven Investment Corporation	Investment holding	100.00	100.00	100.00	
Empresa Inversiones Generales, S.A.	Shanghai Commercial Bank (HK)	Banking	48.00	48.00	48.00	2.
Krinein Company	Shanghai Commercial Bank (HK)	Banking	9.60	9.60	9.60	2.
Shanghai Commercial Bank (HK)	Shanghai Commercial Bank (Nominees) Ltd.	Nominee services	100.00	100.00	100.00	1.
Shanghai Commercial Bank (HK)	Shanghai Commercial Bank Trustee Ltd.	Trustee services	60.00	60.00	60.00	1.
Shanghai Commercial Bank (HK)	Shacom Futures Ltd.	Commodities trading	100.00	100.00	100.00	1.
Shanghai Commercial Bank (HK)	Shacom Investment Ltd.	Investment in exchange fund bills and notes	100.00	100.00	100.00	1.
Shanghai Commercial Bank (HK)	Shacom Property Holdings (BVI) Limited	Property holding	100.00	100.00	100.00	1.
Shanghai Commercial Bank (HK)	Shacom Property (NY) Inc.	Property holding	100.00	100.00	100.00	1.
Shanghai Commercial Bank (HK)	Shacom Property (CA) Inc.	Property holding	100.00	100.00	100.00	1.
Shanghai Commercial Bank (HK)	Shacom Assets Investment Ltd.	Investment in bonds	100.00	100.00	100.00	1.
Shanghai Commercial Bank (HK)	Infinite Financial Solutions Limited	I.T. application services provider	100.00	100.00	100.00	1.
Shanghai Commercial Bank (HK)	Shacom Insurance Brokers Ltd.	Insurance broker	100.00	100.00	100.00	1.
Shanghai Commercial Bank (HK)	Shacom Securities Ltd.	Securities brokerage services	100.00	100.00	100.00	1.
Shanghai Commercial Bank (HK)	Hai Kwang Property Management Co., Ltd.	Property management	100.00	100.00	100.00	1.
Shanghai Commercial Bank (HK)	Paofoong Insurance Company Ltd.	Insurance	60.00	60.00	60.00	1.
Shanghai Commercial Bank (HK)	Right Honour Investments Limited	Property holding	100.00	100.00	100.00	1.
Shanghai Commercial Bank (HK)	KCC 23F Limited	Property holding	100.00	100.00	100.00	1.
Shanghai Commercial Bank (HK)	KCC 25F Limited	Property holding	100.00	100.00	100.00	1.
Shanghai Commercial Bank (HK)	KCC 26F Limited	Property holding	100.00	100.00	100.00	1.
Right Honour Investments Limited	Glory Step Westpoint Investment Limited	Property holding	100.00	100.00	100.00	1.
Right Honour Investments Limited	Silver Wisdom Westpoint Investment Limited	Property holding	100.00	100.00	100.00	1.

Note 1: The entity is an immaterial subsidiary; its financial statements have not been reviewed.

Note 2: The entity is a subsidiary with material non-controlling interests.

The Bank's board of directors approved the investment in 912 thousand shares 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 and Cambodia Ministry of Commerce on May 27, 2020 and May 13, 2021, respectively.

The Bank's board of directors approved the investment in 3,668 thousand shares 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 on December 29, 2021. As of the date of approval of the financial report, it has yet to be approved by the Cambodian authorities.

15.2 Details of subsidiaries that have material non-controlling interests (“NCI”)

Name of Subsidiary	Principal Place of Business	Proportion of Ownership and Voting Rights Held by Non-controlling Interests			
		March 31, 2022	December 31, 2021	March 31, 2021	
Shanghai Commercial Bank (H.K.)	Hong Kong	42.4%	42.4%	42.4%	
Name of Subsidiary	Profit Allocated to Non-controlling Interests For the Three Months Ended March 31		Accumulated Non-controlling		
	2022	2021	March 31, 2022	December 31, 2021	March 31, 2021
Shanghai Commercial Bank (H.K.) (excluding NCI in its subsidiaries)	\$ 928,741	\$ 1,183,234	\$ 51,577,686	\$ 51,310,816	\$ 51,907,778

The summarized financial information of the following subsidiaries is compiled based on the amounts before the eliminations of inter-company transactions:

Shanghai Commercial Bank (SCB) (H.K.) and its subsidiaries

	March 31, 2022	December 31, 2021	March 31, 2021
Assets	\$ 866,941,307	\$ 830,423,785	\$ 838,118,628
Liabilities	(744,939,504)	(709,065,040)	(715,352,401)
NCI of SCB's subsidiaries	(356,319)	(342,667)	(342,224)
Equity	<u>\$ 121,645,484</u>	<u>\$ 121,016,078</u>	<u>\$ 122,424,003</u>
Equity attributable to:			
Owners of SCSB	\$ 70,067,798	\$ 69,705,262	\$ 70,516,225
NCI of SCSB	51,577,686	51,310,816	51,907,778
	<u>\$ 121,645,484</u>	<u>\$ 121,016,078</u>	<u>\$ 122,424,003</u>
	For the Three Months Ended March 31		
	2022	2021	
Revenue	<u>\$ 4,489,107</u>	<u>\$ 5,072,494</u>	
Net profit for the period	\$ 2,193,973	\$ 2,797,097	
Other comprehensive income for the period	(1,599,229)	2,205,390	
Total comprehensive income for the period	<u>\$ 594,744</u>	<u>\$ 5,002,487</u>	
Profit attributable to:			
Owners of SCSB	\$ 1,261,686	\$ 1,607,413	
NCI of SCSB	928,741	1,183,234	
NCI of SCB's subsidiaries	3,546	6,450	
	<u>\$ 2,193,973</u>	<u>\$ 2,797,097</u>	
Total comprehensive income attributable to:			
Owners of SCSB	\$ 340,530	\$ 2,877,717	
NCI of SCSB	250,668	2,118,320	
NCI of SCB's subsidiaries	3,546	6,450	
	<u>\$ 594,744</u>	<u>\$ 5,002,487</u>	
Net cash inflow (outflow) from:			
Operating activities	\$ 22,860,939	\$ 17,338,751	
Investing activities	294,932	181,607	
Financing activities	215,523	(177,427)	
Net cash inflow	<u>\$ 23,371,394</u>	<u>\$ 17,342,931</u>	

16. INVESTMENTS UNDER THE EQUITY METHOD

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Investments in associates	\$ 1,980,801	\$ 1,922,359	\$ 2,053,082

The Group decreased the carrying value of Kuo Hai to zero and recognized losses on this investment because of the investee's continuous operating losses over the years.

Information on comprehensive income of immaterial associates was summarized as follows:

	<u>For the Three Months Ended March 31</u>	
	<u>2022</u>	<u>2021</u>
Profit from continuing operations	\$ 91,186	\$ 153,204
Other comprehensive income for the period	(82,523)	(341)
Total comprehensive income for the period	\$ 8,663	\$ 152,863

17. OTHER FINANCIAL ASSETS, NET

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Bills of exchange	\$ 26,304	\$ 5,037	\$ 7,856
Non-performing receivables	3,375	1,929	3,006
Time deposit with original maturity of more than three months	-	-	1,300,770
	29,679	6,966	1,311,632
Allowance for non-performing credit card receivables	(3,656)	(2,149)	(3,152)
	\$ 26,023	\$ 4,817	\$ 1,308,480

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

The balances of credit card receivables which were reported as non-performing amounted to \$3,368 thousand, \$1,928 thousand and \$3,006 thousand as of March 31, 2022, December 31, 2021 and March 31, 2021, respectively. The unrecognized interest revenue on the receivables amounted to \$168 thousand and \$108 thousand for the three months ended March 31, 2022 and 2021, respectively.

18. PROPERTIES, NET

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Land	\$ 13,971,454	\$ 13,923,139	\$ 14,116,806
Buildings and improvements	4,165,679	4,178,069	4,382,320
Mechanical equipment	629,570	640,268	605,747
Transportation equipment	60,186	61,640	71,314
Miscellaneous equipment	613,722	630,676	675,262
Construction in progress and prepayments	1,310,953	1,162,624	838,635
	\$ 20,751,564	\$ 20,596,416	\$ 20,690,084

The Group did not have any impairment losses on the properties for the three months ended March 31, 2022 and 2021.

The land which was owned by SCB (HK) disclosed above is a leasehold interest.

Depreciation expense of properties held by SCSB is computed using the straight-line method over the useful life as follows:

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

Depreciation expense of the land held by SCB (HK) is computed using the straight-line method; depreciation expense of the buildings is computed over the lease term or the straight-line method of less than 40 durable years. Other equipment is computed using the straight-line method within the durability of 4 to 10 years.

The board of directors of the subsidiary SCSB Asset Management Ltd. approved the plan to dispose of land, buildings and improvements on December 16, 2020, and completed the signing and transfer procedures in January 2021, so the assets were reclassified as assets held for sale. Because the selling price exceeds the book value, no impairment loss was recognized. The composition of assets held for sale is as follows:

	December 31, 2020
Land	\$ 54,859
Buildings and improvements	30,985
Assets held for sale—net	<u>\$ 85,844</u>

19. LEASE ARRANGEMENTS

19.1 Right-of-use assets

	March 31, 2022	December 31, 2021	March 31, 2021
Carrying amount of right-of-use assets			
Land	\$ 1,749	\$ 2,082	\$ 3,034
Buildings and improvements	1,543,810	1,657,419	1,948,485
Mechanical equipment	53,894	56,968	19,794
Office equipment	56,881	61,237	3,270
Transportation equipment	29,572	32,213	34,368
	<u>\$ 1,685,906</u>	<u>\$ 1,809,919</u>	<u>\$ 2,008,951</u>

	For the Three Months Ended March 31	
	2022	2021
Increase in right-of-use assets	\$ 248,114	\$ 95,914
Depreciation expenses of right-of-use assets		
Land	\$ 282	\$ 327
Buildings and improvements	166,833	174,962
Mechanical equipment	4,854	5,105
Office equipment	5,989	5,329
Transportation equipment	3,523	3,377
	<u>\$ 181,481</u>	<u>\$ 189,100</u>

19.2 Lease liabilities

	March 31, 2022	December 31, 2021	March 31, 2021
Carrying amount of lease liabilities	<u>\$ 1,739,104</u>	<u>\$ 1,868,929</u>	<u>\$ 2,070,071</u>

The discount rate intervals for lease liabilities are as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Land	5.16%	6.19%	7.52%
Buildings and improvements	0.67%~5.16%	0.67%~6.19%	0.67%~7.52%
Mechanical equipment	1.25%~5.16%	1.25%~6.19%	1.25%~7.52%
Office equipment	0.75%~3.00%	0.75%~3.00%	0.75%~3.00%
Transportation equipment	1.25%~2.92%	1.25%~4.90%	1.25%~2.92%

19.3 Other lease information

	For the Three Months Ended March 31	
	2022	2021
Short-term lease expenses	\$ 6,425	\$ 4,989
Leases of low value assets	<u>\$ 2,994</u>	<u>\$ 3,250</u>
Variable lease payments which are not included in lease liabilities measurements	<u>\$ 901</u>	<u>\$ 857</u>
Total cash outflow for leases	<u>\$ 201,022</u>	<u>\$ 303,656</u>

The Group chooses to apply recognition exemption to the rentals of buildings, office equipment, and 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.

20. INVESTMENT PROPERTIES, NET

	March 31, 2022	December 31, 2021	March 31, 2021
Land	\$ 5,114,894	\$ 4,954,491	\$ 4,924,603
Buildings and improvements	1,049,409	1,026,660	1,079,600
	<u>\$ 6,164,303</u>	<u>\$ 5,981,151</u>	<u>\$ 6,004,203</u>

The land held by the subsidiary SCB (HK) is a leasehold interest.

Depreciation expense of investment properties is computed using the straight-line method over useful life as follows:

Land	Period of the lease term
Buildings and improvements	Period of the lease term or 40 years, whichever is shorter

The fair value of investment properties were measured mainly by Cushman & Wakefield, an independent appraiser, on the balance sheet date. The valuation applies popular Level 3 input valuation models such as the “direct comparison approach” and the “income capitalization approach”. The applied unobservable inputs include sales proofs from market, potential market rentals, and related costs such as building costs, consulting costs, and financing costs. The fair value is stated below:

	March 31, 2022	December 31, 2021	March 31, 2021
Fair value	<u>\$ 10,377,437</u>	<u>\$ 10,082,090</u>	<u>\$ 10,877,238</u>

The rental income from investment properties is stated below:

	For the Three Months Ended March 31	
	2022	2021
Rental income from investment properties	<u>\$ 44,809</u>	<u>\$ 67,347</u>

21. INTANGIBLE ASSETS, NET

	March 31, 2022	December 31, 2021	March 31, 2021
Bank license	\$ 1,359,529	\$ 1,319,857	\$ 1,373,098
Computer software	262,011	262,501	252,276
Goodwill	86,139	83,366	85,928
	<u>\$ 1,707,679</u>	<u>\$ 1,665,724</u>	<u>\$ 1,711,302</u>

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

Bank license	84 years
Computer software	3-5 years

Goodwill was mainly from the control premium generated by the acquisition of Cambodian AMK on August 28, 2018. It also included the expected synergies, revenue growth, and future market development.

The Group underwent the impairment assessment of the recoverable amount of goodwill, and the calculation of the recoverable amount was based on the value in use. The calculation of the value in use was based on the cash flow of AMK’s future financial projections and was calculated using the annual discount rate to reflect the specific risks of AMK. The assessment results showed no sign of impairment. The Group regularly assesses the impairment of goodwill at the end of each year. As there is no sign of impairment on March 31, 2022 and 2021, no impairment assessment was performed.

22. OTHER ASSETS, NET

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Prepaid expenses	\$ 6,460,408	\$ 6,285,682	\$ 2,017,898
Refundable deposits	1,414,406	992,321	1,003,317
Temporary payments and suspension	306,505	316,153	276,251
Deferred charges	196,306	210,061	278,391
Others	974,311	397,383	961,657
	<u>\$ 9,351,936</u>	<u>\$ 8,201,600</u>	<u>\$ 4,537,514</u>

23. DEPOSITS FROM THE CENTRAL BANK AND OTHER BANKS

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Call loans from banks	\$ 41,161,336	\$ 40,854,566	\$ 37,094,289
Due to banks	10,102,015	10,037,561	8,782,032
Deposit from Chunghwa Post Co., Ltd.	1,221,799	1,221,799	1,221,799
Bank overdrafts	670,948	541,963	902,236
	<u>\$ 53,156,098</u>	<u>\$ 52,655,889</u>	<u>\$ 48,000,356</u>

24. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

Securities sold under repurchase agreements as of March 31, 2022, December 31, 2021 and March 31, 2021 were \$24,989,355 thousand, \$14,505,024 thousand and \$32,846,295 thousand, respectively. The aforementioned securities will be repurchased by November 14, 2022, September 13, 2022 and September 24, 2021 at \$24,995,481 thousand, \$14,508,047 thousand and \$32,853,380 thousand, respectively.

25. PAYABLES

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Dividends payable	\$ 14,908,719	\$ 14,908,719	\$ 14,072,262
Accounts payable	6,708,719	6,920,914	10,022,058
Acceptances	2,844,654	3,046,505	2,550,930
Accrued interest	2,412,942	2,138,298	2,457,339
Accrued expenses	1,168,153	1,676,966	1,055,216
Others	666,773	737,553	613,892
	<u>\$ 28,709,960</u>	<u>\$ 29,428,955</u>	<u>\$ 30,771,697</u>

26. DEPOSITS AND REMITTANCES

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Time deposits	\$ 728,751,927	\$ 706,005,580	\$ 748,148,048
Savings deposits	559,887,900	554,410,590	525,491,426
Demand deposits	441,723,919	427,859,684	382,156,441
Negotiable certificates of deposit	19,892,300	8,787,700	13,977,500
Checking deposits	9,756,151	10,221,245	8,039,929
Remittances	274,140	317,723	225,000
	<u>\$ 1,760,286,337</u>	<u>\$ 1,707,602,522</u>	<u>\$ 1,678,038,344</u>

27. BANK DEBENTURES

27.1 The Bank

	March 31, 2022	December 31, 2021	March 31, 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	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 - 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 - 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 - 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>\$ 66,950,000</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 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 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 subordinated bank debenture, seven-year of 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 of bank debenture at a fixed annual interest rate of 0.65%; Type B, five-year of 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 of bank debenture at a fixed annual interest rate of 0.62%; Type B, ten-year of 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 of subordinated bank debenture at a fixed annual interest rate of 0.60%; Type B, ten-year of subordinated bank debenture at a fixed annual interest rate of 0.72%. Their interests were paid annually with repayment of principals at maturity.

27.2 SCB (HK)

	March 31, 2022	December 31, 2021	March 31, 2021
The subordinate bank debenture with a 10 years maturity and maturity date on November 2027	\$ 7,109,460	\$ 6,879,578	\$ 7,087,975
The subordinate bank debenture with a 10 years maturity and maturity date on January 2029	8,538,477	8,261,934	8,510,711
	<u>\$ 15,647,937</u>	<u>\$ 15,141,512</u>	<u>\$ 15,598,686</u>

The first issuance of the 2017 subordinated bank debenture had a fixed interest rate of 3.75% with interest to be paid semi-annually.

The second issuance of the 2019 subordinated bank debenture had a fixed interest rate of 5.00% with interest to be paid semi-annually.

28. OTHER FINANCIAL LIABILITIES

	March 31, 2022	December 31, 2021	March 31, 2021
Appropriated loan funds	\$ 1,499,467	\$ 1,378,521	\$ 1,672,158
Principals of structured instruments	1,003,128	1,444,718	760,156
Bank borrowings	467,262	453,304	328,806
Other financial liabilities	1,180,904	1,507,463	1,670,283
	<u>\$ 4,150,761</u>	<u>\$ 4,784,006</u>	<u>\$ 4,431,403</u>

29. PROVISIONS

	March 31, 2022	December 31, 2021	March 31, 2021
Provision for guarantees liabilities	\$ 1,325,163	\$ 1,196,049	\$ 1,106,970
Provision for employee benefits	1,111,360	1,332,971	1,085,759
Provision for other operations	350,582	321,658	401,856
Provision for financing commitment	78,415	77,582	77,539
Provision for unexpected losses	3,565	4,540	3,592
	<u>\$ 2,869,085</u>	<u>\$ 2,932,800</u>	<u>\$ 2,675,716</u>

Provisions for changes in financing commitment and guarantee liability of the Group for the three months ended March 31, 2022 and 2021 were as follows:

For the Three Months Ended March 31, 2022

	12-Month ECLs	Lifetime ECLs (Collectively)	Lifetime ECLs (Individually)	Lifetime ECLs (Non-Purchased or Originated Credit Impairment on Commitment and Guarantee)	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	\$ 319,092	\$ 21,043	\$ 7,252	\$ 1,357	\$ 348,744	\$ 924,887	\$ 1,273,631
Changes due to commitment and guarantee recognized at the beginning of the period:							
Transfer to lifetime ECLs	(1,148)	9,224	4	-	8,080	-	8,080
Transfer to credit impaired commitment and guarantee	-	(147)	-	-	(147)	-	(147)
Transfer to 12-month ECLs	1,562	-	(6,265)	-	(4,703)	-	(4,703)
Commitment and guarantee derecognized in the current period	(220,396)	(18,039)	(143)	(6)	(238,584)	-	(238,584)
Purchased or originated commitment and guarantee	279,785	20,337	1,272	-	301,394	-	301,394
The difference of impairment under the regulation or decree	-	-	-	-	-	58,174	58,174
Changes in model/risk parameters	50,973	-	2,651	-	53,624	-	53,624
Exchange rate and other changes	(48,057)	2	164	-	(47,891)	-	(47,891)
March 31, 2022	<u>\$ 381,811</u>	<u>\$ 32,420</u>	<u>\$ 4,935</u>	<u>\$ 1,351</u>	<u>\$ 420,517</u>	<u>\$ 983,061</u>	<u>\$ 1,403,578</u>

For the Three Months Ended March 31, 2021

	12-Month ECLs	Lifetime ECLs (Collectively)	Lifetime ECLs (Individually)	Lifetime ECLs (Non-Purchased or Originated Credit Impairment on Commitment and Guarantee)	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	\$ 608,285	\$ 22,140	\$ 4,081	\$ 20,418	\$ 654,924	\$ 515,348	\$ 1,170,272
Changes due to commitment and guarantee recognized at the beginning of the period:							
Transfer to lifetime ECLs	1,670	2,837	748	(5,654)	(399)	-	(399)
Transfer to credit impaired commitment and guarantee	(1)	-	-	-	(1)	-	(1)
Transfer to 12-month ECLs	2,001	(596)	(2,209)	-	(804)	-	(804)
Commitment and guarantee derecognized in the current period	(487,084)	(20,756)	(123)	(8,286)	(516,249)	-	(516,249)
Purchased or originated commitment and guarantee	293,254	14,986	152	-	308,392	-	308,392
The difference of impairment under the regulation or decree	-	-	-	-	-	220,322	220,322
Exchange rate and other changes	2,949	-	27	-	2,976	-	2,976
March 31, 2021	<u>\$ 421,074</u>	<u>\$ 18,611</u>	<u>\$ 2,676</u>	<u>\$ 6,478</u>	<u>\$ 448,839</u>	<u>\$ 735,670</u>	<u>\$ 1,184,509</u>

30. OTHER LIABILITIES

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Guarantee deposits received	\$ 2,433,116	\$ 1,980,597	\$ 2,337,527
Deferred revenue	572,461	596,736	597,843
Temporary credit	145,365	135,751	92,110
Interest received in advance	9,178	9,709	12,298
Others	846,770	467,695	559,548
	<u>\$ 4,006,890</u>	<u>\$ 3,190,488</u>	<u>\$ 3,599,326</u>

31. PENSION PLAN

The expenses related to the post-retirement benefit plan for the three months ended March 31, 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, 2020 and 2019. The breakdown of employee benefit expenses for the three months ended March 31, 2022 and 2021 was as follows:

	<u>For the Three Months Ended March 31</u>	
	<u>2022</u>	<u>2021</u>
Defined benefit liabilities	\$ 61,741	\$ 64,839
Retired employees' preferential deposit liabilities	7,500	7,500
	<u>\$ 69,241</u>	<u>\$ 72,339</u>

32. EQUITY

32.1 Share capital

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
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 fully 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 share has par value of \$10. Each shareholder is entitled with the right to vote and receive dividends.

32.2 Capital surplus

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
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 all \$2,971,968 thousand on March 31, 2022, December 31, 2021 and March 31, 2021, which are restricted to offset losses.

The capital surplus from investments accounted for using the equity method, 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 company is not actually obtained or processed, the impact of the equity transaction recognized due to changes in the company's equity or the company's recognition of the adjustment to the capital reserve of the subsidiary identified using the equity method.

32.3 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 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 of employees' compensation and remuneration of directors, refer to employee benefits expense in Note 33(6).

The Bank has made special reserves for the adoption of IFRS in accordance with Rule No. 1010012865 issued by the FSC on April 6, 2012 and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs".

The Bank held the board of directors and shareholders' meeting on March 26, 2022 and July 5, 2021, respectively. The proposals and resolutions 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	8,066,886	7,618,725	\$ 1.80	\$ 1.70
	<u>\$ 12,318,280</u>	<u>\$ 11,498,445</u>	<u>\$ 1.80</u>	<u>\$ 1.70</u>

The appropriation of earnings for 2021 will be resolved in the shareholders' meeting on June 17, 2022.

32.4 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 three month ended March 31, 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.

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 March 31, 2022.

32.5 Treasury shares

On March 31, 2022, December 31, 2021 and March 31, 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.

32.6. Non-controlling interests

	For the Three Months Ended March 31	
	2022	2021
Beginning balance	\$ 51,436,384	\$ 49,995,956
Attributed to non-controlling interests		
Net income	928,889	1,183,580
Translation adjustments for foreign operations	1,560,377	592,746
Unrealized gain on financial assets measured at FVTOCI	(2,531,109)	360,775
Realized gain on financial assets measured at FVTOCI	(25,354)	(95,721)
(Gain) loss on investments in debt instruments measured at FVTOCI	(5,641)	12,825
Share of other comprehensive profit and loss under the equity method	(35,012)	(172)
Income tax effect	362,060	70,840
Ending balance	<u>\$ 51,690,594</u>	<u>\$ 52,120,829</u>

33. DETAILS OF COMPREHENSIVE INCOME STATEMENT ITEMS

33.1 Interest income, net

	For the Three Months Ended March 31	
	2022	2021
Interest income		
Discounts and loans	\$ 6,937,837	\$ 6,832,092
Securities investments	1,780,277	1,822,572
Due from banks	247,570	287,886
Others	66,659	61,660
	<u>9,032,343</u>	<u>9,004,210</u>
Interest expense		
Deposits	1,616,393	1,770,621
Bank debentures	426,014	435,295
Due to banks	108,838	69,736
Securities sold under repurchase agreements	17,182	14,537
Leased liability	7,808	10,662
Others	106,131	81,712
	<u>2,282,366</u>	<u>2,382,563</u>
Interest income, net	<u>\$ 6,749,977</u>	<u>\$ 6,621,647</u>

33.2 Service fee income, net

	For the Three Months Ended March 31	
	2022	2021
Service fee income		
Trust and custody services	\$ 506,772	\$ 752,200
Loan service fees	409,110	324,755
Guarantees related fees	248,832	225,621
Insurance commission fees	208,592	92,795
Nominee and brokerage service charge	160,212	288,742
Credit card related fees	113,362	100,938
Exchange related fees	90,446	92,914
Inward/outward business	71,133	71,439
Others	182,963	182,803
	<u>1,991,422</u>	<u>2,132,207</u>
Service charge		
Credit card service charge	63,835	48,505
Nominee and brokerage service charge	26,068	25,307
Finance service charge	12,633	12,330
Custody service charge	10,987	13,347
Inter-bank service charge	2,601	3,026
Others	139,578	129,003
	<u>255,702</u>	<u>231,518</u>
Service fee income, net	<u>\$ 1,735,720</u>	<u>\$ 1,900,689</u>

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

	For the Three Months Ended March 31, 2022		
	Realized Gain (Loss)	Unrealized Gain (Loss)	Total
Financial assets mandatorily classified as at FVTPL	\$ 2,539,116	\$ (644,933)	\$ 1,894,183
Held-for-trading financial liabilities	(2,833,369)	165,613	(2,667,756)
Financial liabilities designated at FVTPL	-	97,065	97,065
	<u>\$ (294,253)</u>	<u>\$ (382,255)</u>	<u>\$ (676,508)</u>
	For the Three Months Ended March 31, 2021		
	Realized Gain (Loss)	Unrealized Gain (Loss)	Total
Financial assets mandatorily classified as at FVTPL	\$ 1,887,461	\$ 201,605	\$ 2,089,066
Held-for-trading financial liabilities	(1,646,807)	(727,946)	(2,374,753)
Financial liabilities designated at FVTPL	-	44,592	44,592
	<u>\$ 240,654</u>	<u>\$ (481,749)</u>	<u>\$ (241,095)</u>

33.4 Realized gain or loss on financial assets at FVTOCI

	For the Three Months Ended March 31	
	2022	2021
Disposal of debt instruments	\$ 348,831	\$ 387,641
Dividend income	5,877	3,068
	<u>\$ 354,708</u>	<u>\$ 390,709</u>

33.5 Employment benefits expense

	For the Three Months Ended March 31	
	2022	2021
Short-term employment benefits	\$ 2,186,793	\$ 2,088,778
Retirement benefits		
Defined contribution plan	93,901	93,901
Defined benefit plan	61,741	64,839
Other benefit plan	102,069	106,763
	<u>\$ 2,444,504</u>	<u>\$ 2,354,281</u>

33.6 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 three months ended March 31, 2022 and 2021 were as follows:

	For the Three Months Ended March 31	
	2022	2021
Employees' compensation	\$ 15,008	\$ 14,993
Remuneration of directors	\$ 14,499	\$ 14,499

The employees' compensation and the 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 the annual consolidated financial report changes after the release date, 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 consolidated 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 on the Market Observation Post System website of the Taiwan Stock Exchange.

33.7 Depreciation and amortization

	For the Three Months Ended March 31	
	2022	2021
Depreciation expense		
Properties	\$ 166,700	\$ 159,310
Right-of-use assets	181,481	189,100
Investment properties	7,963	8,037
	356,144	356,447
Amortization expense		
Intangible assets	37,581	32,374
Other assets	17,456	20,504
	55,037	52,878
	\$ 411,181	\$ 409,325

34. INCOME TAXES RELATING TO CONTINUING OPERATIONS

34.1 Income tax expense recognized in profit or loss

The major components of tax expenses were as follows:

	For the Three Months Ended March 31	
	2022	2021
Current tax		
In respect of the current year	\$ 1,057,006	\$ 757,507
In respect of prior periods	8,120	(8,182)
	<u>1,065,126</u>	<u>749,325</u>
Deferred tax		
In respect of the current year	20,384	397,324
Income tax expense recognized in profit or loss	<u>\$ 1,085,510</u>	<u>\$ 1,146,649</u>

34.2 Income tax expense recognized in other comprehensive income

	For the Three Months Ended March 31	
	2022	2021
Deferred income tax		
Recognized in other comprehensive income		
Translation adjustments for foreign operations	\$ (468,887)	\$ (175,073)
Unrealized gain or loss on financial assets measured at FVTOCI	1,241,377	223,853
Income tax expense recognized in other comprehensive income	<u>\$ 772,490</u>	<u>\$ 48,780</u>

34.3 Income tax assessments

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

Income tax returns of the Bank's domestic subsidiaries through 2020 had been assessed by the tax authorities.

35. EARNINGS PER SHARE

The numerators and denominators used in calculating basic earnings per share were as follows:

	Unit: NT\$ Per Share	
	For the Three Months Ended March 31	
	2022	2021
Basic earnings per share	\$ 0.81	\$ 0.83
Diluted earnings per share	\$ 0.81	\$ 0.83

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 Three Months Ended March 31	
	2022	2021
Earnings used in the computation of basic and diluted earnings per share	\$ 3,640,800	\$ 3,721,865

Weighted average number of ordinary shares outstanding (in thousands of shares):

	For the Three Months Ended March 31	
	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	1,282	1,726
Weighted average number of ordinary shares used in the computation of diluted earnings per share	4,471,488	4,471,932

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.

36. RELATED-PARTY TRANSACTIONS

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

36.1 The Bank's related parties

Related Party	Relationship with the Bank
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

36.2 Significant transactions between related parties

Balances and transactions between the Bank and its subsidiaries, which are related parties of the Bank, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Bank and other related parties are disclosed below.

36.2.1 Deposits

	March 31, 2022			For the Three Months Ended March 31, 2022
	Maximum Balance	Ending Balance	Interest Rate (%)	Interest Expense
Directors and related management	\$ 17,264,577	\$ 17,264,577	0.00-2.08	\$ 22,907
Employees	254,834	254,834	0.00-9.78	515
The SCSB Cultural & Educational Foundation	320,769	320,769	0.01-1.08	247
Others	117,736	117,736	0.00-1.08	168
	<u>\$ 17,957,916</u>	<u>\$ 17,957,916</u>		<u>\$ 28,837</u>

	December 31, 2021			For the Year Ended December 31, 2021
	Maximum Balance	Ending Balance	Interest Rate (%)	Interest Expense
Directors and related management	\$ 21,792,053	\$ 21,570,369	0.00-2.18	\$ 78,902
Employees	283,275	133,209	0.00-9.78	1,969
The SCSB Cultural & Educational Foundation	334,283	320,723	0.01-1.05	1,051
Others	108,992	107,624	0.00-0.82	541
	<u>\$ 22,518,603</u>	<u>\$ 22,131,925</u>		<u>\$ 82,463</u>

	March 31, 2021			For the Three Months Ended March 31, 2021
	Maximum Balance	Ending Balance	Interest Rate (%)	Interest Expense
Directors and related management	\$ 17,735,591	\$ 17,668,227	0.00-2.18	\$ 18,225
Employees	203,711	114,517	0.00-9.78	487
The SCSB Cultural & Educational Foundation	324,230	315,414	0.01-1.05	259
Others	92,816	92,153	0.00-0.82	114
	<u>\$ 18,356,348</u>	<u>\$ 18,190,311</u>		<u>\$ 19,085</u>

36.2.2 Interest receivable (accounted for as receivables)

	March 31, 2022	December 31, 2021	March 31, 2021
Directors and related management	<u>\$ 12</u>	<u>\$ 11</u>	<u>\$ 89</u>

36.2.3 Interest payable (accounted for as payables)

	March 31, 2022	December 31, 2021	March 31, 2021
Directors and related management	\$ 166	\$ 44	\$ 71
The SCSB Cultural & Educational Foundation	43	86	45
The SCSB Charity Foundation	16	15	15
	<u>\$ 225</u>	<u>\$ 145</u>	<u>\$ 131</u>

36.2.4 Guarantee deposits received (accounted for as other liabilities)

	March 31, 2022	December 31, 2021	March 31, 2021
The SCSB Cultural & Educational Foundation	<u>\$ 318</u>	<u>\$ 318</u>	<u>\$ 318</u>

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

	For the Three Months Ended March 31	
	2022	2021
The SCSB Cultural & Educational Foundation	<u>\$ 318</u>	<u>\$ 318</u>

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

36.2.6 Loans

March 31, 2022									
Category	Name	Maximum Balance	Ending Balance	Performance		Collateral	Interest Rate (%)	Difference of Terms of the Transactions with Unrelated Parties	For the Three Months Ended March 31, 2022
				Normal Loans	Non-performing Loans				Interest Income
Loans for personal house mortgages	Directors and related management (1)	\$ 180	\$ 72	\$ 72	-	Real estate	1.56-1.72	None	\$ 1
Others	Directors and related management (9)	155,195	154,280	154,280	-	Real estate/ financial instruments	1.33-1.69	None	1,966
		<u>\$ 155,375</u>	<u>\$ 154,352</u>	<u>\$ 154,352</u>					<u>\$ 1,967</u>
December 31, 2021									
Category	Name	Maximum Balance	Ending Balance	Performance		Collateral	Interest Rate (%)	Difference of Terms of the Transactions with Unrelated Parties	For the Year Ended December 31, 2021
				Normal Loans	Non-performing Loans				Interest Income
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 (9)	155,372	140,010	140,010	-	Real estate/ financial instruments	1.29-1.49	None	11,549
		<u>\$ 155,980</u>	<u>\$ 140,190</u>	<u>\$ 140,190</u>					<u>\$ 11,555</u>
March 31, 2021									
Category	Name	Maximum Balance	Ending Balance	Performance		Collateral	Interest Rate (%)	Difference of Terms of the Transactions with Unrelated Parties	For the Three Months Ended March 31, 2021
				Normal Loans	Non-performing Loans				Interest Income
Loans for personal house mortgages	Directors and related management (1)	\$ 958	\$ 501	\$ 501	-	Real estate	1.57	None	\$ 2
Others	Hung Shen Investment Corporation	378,000	378,000	378,000	-	Real estate	1.46	None	1,380
Others	Directors and related management (9)	253,248	248,148	248,148	-	Real estate/ financial instruments	1.30-2.40	None	7,932
		<u>\$ 632,206</u>	<u>\$ 626,649</u>	<u>\$ 626,649</u>					<u>\$ 9,314</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 Group 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.

36.3 Compensation of directors and management personnel

The compensation of key management personnel for the three months ended March 31, 2022 and 2021 was as follows:

	For the Three Months Ended March 31	
	2022	2021
Salaries and other short-term employee benefits	\$ 88,087	\$ 89,367
Bonuses and employees' compensation	7,864	4,996
Remuneration of directors	21,549	26,358
Post-employment benefits	10,222	10,409
Others	301	341
	<u>\$ 128,023</u>	<u>\$ 131,471</u>

37. PLEDGED ASSETS

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

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

On March 31, 2022, December 31, 2021 and March 31, 2021, the Bank provided financial assets at FVTOCI listed below which had been provided as operating guarantees.

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>	<u>Guaranty Purpose</u>
The Bank				
Financial assets at FVTOCI	\$ 344,931	\$ 346,624	\$ 348,588	Operating guarantee

On March 31, 2022, December 31, 2021 and March 31, 2021, SCB (HK) and its overseas branch provided financial assets at amortized cost listed below which had been provided as operating guarantees.

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>	<u>Guaranty Purpose</u>
The SCB (HK)				
Investments in debt instruments measured at amortized cost	\$ 4,995,091	\$ 4,872,533	\$ 1,270,731	Operating guarantee

On March 31, 2022, December 31, 2021 and March 31, 2021, SCB (HK) and its overseas branch provided financial assets at FVTOCI listed below which had been provided as operating guarantees.

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>	<u>Guaranty Purpose</u>
The SCB (HK)				
Financial assets at FVTOCI	\$ 14,557,167	\$ 21,270,542	\$ 19,429,659	Operating guarantee

38. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Commitments of forward contracts with customers	\$ 620,741,499	\$ 312,461,232	\$ 684,068,371
Securities in custody	267,744,063	242,180,397	248,938,160
Assets under trust	214,712,910	212,368,082	209,286,524
Guarantee notes payable	170,662,108	164,076,416	157,055,506
Government bonds in brokerage accounts	32,939,200	29,466,700	14,962,200
Receivables under custody	32,225,389	32,484,286	29,056,617
Short-term bills in brokerage accounts	981,580	559,450	2,083,900

38.2 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 alleges that it has suffered loss and damage as a result of its reliance on the document in circumstances where the counterparty failed to perform. In particular but without limitation, Vegesentials alleges that it lost the opportunity to pursue other arrangements that would have been profitable. 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.

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

39. FINANCIAL INSTRUMENTS

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

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

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

	March 31, 2022		December 31, 2021		March 31, 2021	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets						
Financial assets measured at amortized cost	\$ 136,479,322	\$ 136,410,987	\$ 159,319,588	\$ 159,375,166	\$ 141,292,379	\$ 141,571,136
Financial liabilities						
Bank debentures	82,597,937	82,936,404	82,091,512	82,882,006	80,848,686	82,170,480

39.1.2 Fair value level

	March 31, 2022			
	Total	Level 1	Level 2	Level 3
Financial assets				
Financial assets measured at amortized cost	\$ 136,410,987	\$ 19,736,423	\$ 116,674,564	\$ -
Financial liabilities				
Bank debentures	82,936,404	-	82,936,404	-
	December 31, 2021			
	Total	Level 1	Level 2	Level 3
Financial assets				
Financial assets measured at amortized cost	\$ 159,375,166	\$ 22,634,554	\$ 136,740,612	\$ -
Financial liabilities				
Bank debentures	82,882,006	-	82,882,006	-
	March 31, 2021			
	Total	Level 1	Level 2	Level 3
Financial assets				
Financial assets measured at amortized cost	\$ 141,571,136	\$ 5,305,702	\$ 136,265,434	\$ -
Financial liabilities				
Bank debentures	82,170,480	-	82,170,480	-

39.1.3 The evaluation method and assumptions used in measuring fair value.

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

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

39.2 Fair value information – financial instrument measured at fair value under repetitive basis

39.2.1 Fair value level

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

Financial Instruments Measured at Fair Value	March 31, 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	\$ 1,804,796	\$ 1,767,477	\$ 37,319	\$ -
Bonds	3,450,163	215,359	3,234,804	-
Beneficiary certificates	383,935	383,935	-	-
Financial assets at FVTOCI				
Equity instruments	28,368,444	26,263,024	-	2,105,420
Debt instruments	494,390,999	195,145,592	298,750,811	494,596
	<u>\$ 528,398,337</u>	<u>\$ 223,775,387</u>	<u>\$ 302,022,934</u>	<u>\$ 2,600,016</u>
Liabilities				
Financial liabilities measured at FVTPL	<u>\$ 2,024,348</u>	<u>\$ -</u>	<u>\$ 2,024,348</u>	<u>\$ -</u>
Derivative financial instruments				
Assets				
Financial assets measured at FVTPL	<u>\$ 2,794,827</u>	<u>\$ 79,362</u>	<u>\$ 2,715,465</u>	<u>\$ -</u>
Liabilities				
Financial liabilities measured at FVTPL	<u>\$ 2,676,479</u>	<u>\$ 7,855</u>	<u>\$ 2,668,624</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	\$ 2,174,721	\$ 2,138,464	\$ 36,257	\$ -
Bonds	6,099,860	92,275	6,007,585	-
Beneficiary certificates	535,265	535,265	-	-
Financial assets at FVTOCI				
Equity instruments	23,077,179	20,892,243	-	2,184,936
Debt instruments	495,479,676	198,770,322	295,958,341	751,013
	<u>\$ 527,366,701</u>	<u>\$ 222,428,569</u>	<u>\$ 302,002,183</u>	<u>\$ 2,935,949</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>\$ 1,788,166</u>	<u>\$ 49,737</u>	<u>\$ 1,738,429</u>	<u>\$ -</u>
Liabilities				
Financial liabilities measured at FVTPL	<u>\$ 1,602,830</u>	<u>\$ 6,837</u>	<u>\$ 1,595,993</u>	<u>\$ -</u>

Financial Instruments Measured at Fair Value	March 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	\$ 1,493,821	\$ 1,461,845	\$ 31,976	\$ -
Bonds	7,862,173	671,974	6,998,387	191,812
Beneficiary certificates	713,719	713,719	-	-
Financial assets at FVTOCI				
Equity instruments	23,655,607	21,597,662	-	2,057,945
Debt instruments	490,591,943	134,622,258	355,959,149	10,536
	<u>\$ 524,317,263</u>	<u>\$ 159,067,458</u>	<u>\$ 362,989,512</u>	<u>\$ 2,260,293</u>
Liabilities				
Financial liabilities measured at FVTPL	<u>\$ 2,212,720</u>	<u>\$ -</u>	<u>\$ 2,212,720</u>	<u>\$ -</u>
Derivative financial instruments				
Assets				
Financial assets measured at FVTPL	<u>\$ 4,149,536</u>	<u>\$ 69,318</u>	<u>\$ 3,793,993</u>	<u>\$ 286,225</u>
Liabilities				
Financial liabilities measured at FVTPL	<u>\$ 3,099,806</u>	<u>\$ 3,409</u>	<u>\$ 3,026,491</u>	<u>\$ 69,906</u>

There were no transfers of financial instruments between Level 1 and Level 2 fair value measurement for the three months ended March 31, 2022 and 2021.

39.2.2 Reconciliation of Level 3 fair value measurement

For the Three Months Ended March 31, 2022

Item	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 FVTOCI	\$ 2,935,949	\$ -	\$ (75,848)	\$ 486,333	\$ -	\$ (472,044)	\$ (307,281)	\$ 32,907	\$ 2,600,016

For the Three Months Ended March 31, 2021

Item	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	\$ 487,597	\$ (9,560)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 478,037
Financial assets mandatorily classified as at FVTPL	1,940,585	-	125,986	406	-	-	-	-	2,068,481
Financial assets measured at FVTOCI									
Liabilities									
Financial liabilities measured at FVTPL									
Held-for-trading financial liabilities	67,068	2,838	-	-	-	-	-	-	69,906

Some of the Group's investments have been listed during the three months ended March 31, 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.

39.2.3 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 using 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 using cash flow method through observable elements.

39.2.4 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 classified 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 quantified information of significant unobservable inputs is as follows:

	Fair Value March 31, 2022	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted-Average)	Notes
Financial assets measured at FVTOCI					
Shares	2,105,420	1. Market approach	Market liquidity reduction	10%-19%	1. The higher of the liquidity reduction, and the lower of the fair value.
		2. Net asset value method	Market liquidity reduction	10%-19%	2. The higher of the liquidity reduction, and the lower of the fair value
Bonds	494,596	1.Counterparty quote 2.Discouted cash flow method	Discount rate	0%-10%	The higher of the discount rate, and the lower of the fair value.

39.2.5 Sensitivity analysis of alternative assumptions of Level 3 fair value measurements

The Group 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 having Level 3 fair value measurements, if the parameters were to go up 1%, the influence on net income or other comprehensive income would be as follows:

March 31, 2022

	Changes in Fair Value Reflected in Profit or Loss		Changes in Fair Value Reflected in Other Comprehensive Income	
	Favorable	Unfavorable	Favorable	Unfavorable
Assets				
Financial assets measured at FVTOCI	\$ -	\$ -	\$ -	\$ (19,919)

December 31, 2021

	Changes in Fair Value Reflected in Profit or Loss		Changes in Fair Value Reflected in Other Comprehensive Income	
	Favorable	Unfavorable	Favorable	Unfavorable
Assets				
Financial assets measured at FVTPL				
Financial assets mandatorily classified as at FVTPL	\$ -	\$ (362)	\$ -	\$ -
Financial assets measured at FVTOCI	-	-	-	(20,719)

March 31, 2021

	Changes in Fair Value Reflected in Profit or Loss		Changes in Fair Value Reflected in Other Comprehensive Income	
	Favorable	Unfavorable	Favorable	Unfavorable
Assets				
Financial assets measured at FVTPL				
Financial assets mandatorily classified as at FVTPL	\$ -	\$ (5,051)	\$ -	\$ -
Financial assets measured at FVTOCI	-	-	-	(17,672)

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

March 31, 2022

	Changes in Fair Value Reflected in Profit or Loss		Changes in Fair Value Reflected in Other Comprehensive Income	
	Favorable	Unfavorable	Favorable	Unfavorable
Assets				
Financial assets measured at FVTOCI	\$ -	\$ -	\$ 19,919	\$ -

December 31, 2021

	Changes in Fair Value Reflected in Profit or Loss		Changes in Fair Value Reflected in Other Comprehensive Income	
	Favorable	Unfavorable	Favorable	Unfavorable
Assets				
Financial assets measured at FVTPL				
Financial assets mandatorily classified as at FVTPL	\$ 362	\$ -	\$ -	\$ -
Financial assets measured at FVTOCI	-	-	20,719	-

March 31, 2021

	Changes in Fair Value Reflected in Profit or Loss		Changes in Fair Value Reflected in Other Comprehensive Income	
	Favorable	Unfavorable	Favorable	Unfavorable
Assets				
Financial assets measured at FVTPL				
Financial assets mandatorily classified as at FVTPL	\$ 5,051	\$ -	\$ -	\$ -
Financial assets measured at FVTOCI	-	-	17,672	-

39.3 Financial risk management

39.3.1 Risk management

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

The Group 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, operation risk and liquidity risk.

The Group's risk management department performs the Group'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, derivative and non-derivative financial instruments. In addition, the department of internal audit is responsible for independent review of risk management and control environment.

39.3.2 Credit risks

Credit risk is the risk of counterparties' failure to fulfill their contractual obligations causing the Group's financial losses. Both in-balance-sheet and off-balance-sheet items are exposed to credit risks. For the Group'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 Group 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 Group examines and confirms credit risk in accordance with the rules before launching new products and business. Furthermore, the Group also establishes a risk management system for complicated credit business such as factoring, credit derivative financial instruments and so on.

The Group's foreign operation units adopt policies and standards same as 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

The major procedures and methods for credit risk management are as follows:

A Credit business (including loan commitments and guarantees)

The Bank

a. The credit risk has increased significantly since initial 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 initial recognition. For this assessment, the Bank's considerations (including forward-looking information) show that the credit risk has increased significantly since initial recognition and can be corroborated. The main considerations include:

- i. Changes in internal and external credit ratings from the significant increase in credit risk.
- 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 become credit impaired:

- i. Changes in internal and external credit ratings from the significant increase in credit risk.
- 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 initial recognition are used to measure the allowance for loss of the financial instruments; for financial instruments whose credit risk has increased significantly or which have had credit impairment since initial 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 March 31, 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 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.

SCB (HK)

a. The credit risk has increased significantly since initial recognition

SCB assesses the change in the risk of default in the next 12 months of each type of credit asset on each reporting date in order to determine whether the credit risk has increased significantly since initial recognition. For this assessment, SCB considerations (including forward-looking information) show that the credit risk has increased significantly since initial recognition and can be corroborated. The main considerations include:

- i. Changes in internal and external credit ratings and probability of default in the next 12 months.
- 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.
- vi. There is doubt about the collateral rights under the debt, or the collateral price is affected by the surrounding economic environment, and the mortgage value will decline due to economic recession.
- vii. There are unfavorable changes in the business of the debtor industry which are affected by the surrounding economy or policy.
- viii. Key person in debt companies have financial difficulties, debt or dispute litigation, or serious illness or death, all of which have a negative impact on the ability of debt companies to meet their debt obligations.

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

SCB'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, SCB determines that the financial assets have defaulted and have credit impairment:

- i. Information of overdue status (e.g. if the payment is overdue for more than 90 days).
- ii. The debtor has become bankrupt or may file for bankruptcy or financial restructuring.
- iii. The debtor has died or been dissolved.
- iv. Contracts of other debt instruments of the debtor have defaulted.
- v. The active market of the financial assets disappeared due to financial difficulties.
- vi. 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.
- vii. The debtor's overall debt rises and is not proportional to its business growth.
- viii. If the debtor invests in a project or delays the construction of a project, the cost exceeds the budget, and the creditor needs to arrange for debt restructuring.
- ix. There is a purchase or initiation of financial assets at a significant discount reflecting that credit losses have occurred.
- x. Estimated debt contract payments failed to be fully recovered.

The aforementioned default and credit impairment definitions apply to all financial assets held by SCB 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.

If the financial assets no longer meet the definition of default and credit impairment for six consecutive months, their statuses are judged to have returned to performance level and are no longer regarded as financial assets that have defaulted and have been credited.

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.

For financial instruments whose credit risk has not significantly increased since initial recognition, SCB measures the allowance for loss of the financial instruments based on the 12-month expected credit loss amounts; for financial instruments and operating lease receivables whose financial risk has significantly increased or which have had credit impairment since initial recognition, such instruments and operating lease receivables are measured at the amount of expected credit losses during the duration of the period.

The estimation method and significant assumptions used to assess expected credit losses have not changed significantly since March 31, 2022.

d. Forward-looking information considerations

When measuring the expected credit losses, SCB 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, SCB 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 Group 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 Group identifies credit risk by using information from external institutions about credit ratings, quality of debts, region, and the risk of counterparties.

Most of the Group's counterparties in derivative transactions are assessed at higher than investment grade, and the Group 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 Group 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

Group has established procedures for pledges, valuations, management, and disposals of collateral. The contracts between the Group and the borrowers clearly state the protocols, including but not limited to the security of credit, procedures for collateral and for offsets. To further decrease credit risks, the contracts also proclaim that the Group may decrease the credit facilities at its discretion, accelerate the maturity of the borrowings, demand immediate payback, or offset borrowers' assets in the Group against the borrowings.

B. Credit risk limitation and credit concentration management

The credit policies of the Group regulate the credit limitations, as applied to a single counterparty or group, to avoid excessive credit concentration. The Group 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

The contracts between the Group and the borrowers clearly state the protocols, including but not limited to the security of the credit, procedures for collateral and set off. To further decrease credit risks, the contracts also proclaim that the Group may decrease the balances, shorten the maturity period, demand immediate payback, or use borrowers' assets in the Group to offset their liabilities.

In most circumstances, the Group applies gross settlement with counterparties. However, to further decrease credit risks, the Group 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 Group's consolidated balance sheets:

March 31, 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	\$ 104,155	\$ 23,416	\$ -	\$ -	\$ 23,416
Discounts and loans	4,975,038	4,265,497	-	264,525	4,530,022

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	\$ 75,748	\$ 8,940	\$ -	\$ -	\$ 8,940
Discounts and loans	3,014,931	2,438,429	-	245,455	2,683,884

March 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	\$ 80,896	\$ 9,484	\$ -	\$ -	\$ 9,484
Discounts and loans	2,699,072	1,600,517	-	261,496	1,862,013

(3) Credit risk exposures

The maximum exposure of the Group's assets in the consolidated balance sheets 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:

	March 31, 2022	December 31, 2021	March 31, 2021
Issued and non-cancelable loan commitments	\$ 58,252,140	\$ 52,480,756	\$ 61,613,831
Non-cancelable credit card commitments	568,153	576,919	602,109
Issued but unused letters of credit	32,945,015	32,142,233	34,884,638
Other guarantees	121,016,135	113,845,852	106,766,642

The Group 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.

Total carrying amounts of the financial assets with the largest credit risk exposure in the Group are as follows:

	March 31, 2022			
	12-Month ECLs	Lifetime ECLs - Unimpaired	Lifetime ECLs - Impaired	Total
Discounts and loans				
Consumer banking				
-Mortgage	\$ 279,617,114	\$ 2,070,095	\$ 420,586	\$ 282,107,795
-Microcredit	19,311,251	178,053	233,307	19,722,611
-Others	49,328,173	206,613	38,376	49,573,162
Corporate banking				
-Secured	478,175,489	13,388,027	3,877,708	495,441,224
-Unsecured	280,079,332	27,821,126	405,061	308,305,519
Total	\$ 1,106,511,359	\$ 43,663,914	\$ 4,975,038	\$ 1,155,150,311
Accounts receivable (including non-performing credit card receivables)				
Credit cards	\$ 2,958,370	\$ 157,965	\$ 64,075	\$ 3,180,410
Others	11,712,227	135,585	40,080	11,887,892
Total	\$ 14,670,597	\$ 293,550	\$ 104,155	\$ 15,068,302
Debt instruments measured at FVTOCI	\$ 501,469,594	\$ 951,570	\$ 128,842	\$ 502,550,006
Investments in debt instruments measured at amortized cost	\$ 136,480,424	\$ -	\$ -	\$ 136,480,424

	December 31, 2021			
	12-Month ECLs	Lifetime ECLs - Unimpaired	Lifetime ECLs - Impaired	Total
Discounts and loans				
Consumer banking				
-Mortgage	\$ 274,750,979	\$ 2,087,554	\$ 496,621	\$ 277,335,154
-Microcredit	17,233,134	423,747	157,303	17,814,184
-Others	50,131,068	181,585	36,133	50,348,786
Corporate banking				
-Secured	473,837,846	12,084,819	2,036,819	487,959,484
-Unsecured	243,475,192	24,435,473	244,596	268,155,261
Total	\$ 1,076,867,874	\$ 44,315,960	\$ 3,014,931	\$ 1,124,198,765
Accounts receivable (including non-performing credit card receivables)				
Credit cards	\$ 3,229,190	\$ 166,770	\$ 64,794	\$ 3,460,754
Others	11,758,420	300,217	10,954	12,069,591
Total	\$ 14,987,610	\$ 466,987	\$ 75,748	\$ 15,530,345
Debt instruments measured at FVTOCI	\$ 494,308,800	\$ 792,656	\$ -	\$ 495,101,456
Investments in debt instruments measured at amortized cost	\$ 159,320,715	\$ -	\$ -	\$ 159,320,715

	March 31, 2021			
	12-Month ECLs	Lifetime ECLs - Unimpaired	Lifetime ECLs - Impaired	Total
Discounts and loans				
Consumer banking				
-Mortgage	\$ 274,479,039	\$ 2,206,669	\$ 614,531	\$ 277,300,239
-Microcredit	15,268,030	123,215	199,168	15,590,413
-Others	52,108,547	238,858	48,439	52,395,844
Corporate banking				
-Secured	498,545,167	10,992,021	1,076,625	510,613,813
-Unsecured	252,240,630	28,418,799	760,309	281,419,738
Total	\$ 1,092,641,413	\$ 41,979,562	\$ 2,699,072	\$ 1,137,320,047
Accounts receivable (including non-performing credit card receivables)				
Credit cards	\$ 2,695,374	\$ 163,094	\$ 66,635	\$ 2,925,103
Others	13,069,664	162,818	14,261	13,246,743
Total	\$ 15,765,038	\$ 325,912	\$ 80,896	\$ 16,171,846
Debt instruments measured at FVTOCI	\$ 486,699,427	\$ 467,892	\$ -	\$ 487,167,319
Investments in debt instruments measured at amortized cost	\$ 141,293,427	\$ -	\$ -	\$ 141,293,427

(4) Information on concentration of credit risk

Concentration of credit risk exists if transaction counterparties are significantly concentrated on same individuals or groups 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 Group maintains a diversified loan portfolio to mitigate the credit risk concentration to same customers; total discounts and loans transactions with same customers and non-performing loans are not material. The Group's most significant concentrations of credit risk of discounts and loans and non-performing loans by industry, region, and collateral were summarized as follows:

A. Industry

Sector	March 31, 2022		December 31, 2021		March 31, 2021	
	Amount	%	Amount	%	Amount	%
Private sector	\$ 735,000,368	64	\$ 710,332,622	63	\$ 719,099,001	63
Consumer	393,245,377	34	387,381,005	34	390,137,092	34
Financial institution	18,142,737	1	17,382,251	2	15,998,042	2
Others	8,761,829	1	9,102,887	1	12,085,912	1
	<u>\$1,155,150,311</u>	<u>100</u>	<u>\$1,124,198,765</u>	<u>100</u>	<u>\$1,137,320,047</u>	<u>100</u>

B. Region

Region	March 31, 2022		December 31, 2021		March 31, 2021	
	Amount	%	Amount	%	Amount	%
Taiwan	\$ 677,732,863	59	\$ 669,998,201	60	\$ 653,830,755	57
Asia Pacific except Taiwan	337,211,292	29	324,154,314	29	352,353,945	31
Others	140,206,156	12	130,046,250	11	131,135,347	12
	<u>\$1,155,150,311</u>	<u>100</u>	<u>\$1,124,198,765</u>	<u>100</u>	<u>\$1,137,320,047</u>	<u>100</u>

C. Collateral

Collaterals Assumed	March 31, 2022		December 31, 2021		March 31, 2021	
	Amount	%	Amount	%	Amount	%
Unsecured	\$ 303,416,289	26	\$ 287,613,071	26	\$ 278,183,388	24
Secured						
Properties	722,722,162	63	708,232,575	63	725,197,953	64
Guarantee	75,621,837	7	72,751,320	6	76,026,610	7
Financial collateral	31,828,795	3	35,356,195	3	36,208,092	3
Personal properties	2,822,223	-	2,924,020	1	3,517,465	-
Other collateral	18,739,005	1	17,321,584	1	18,186,539	2
	<u>\$ 1,155,150,311</u>	<u>100</u>	<u>\$ 1,124,198,765</u>	<u>100</u>	<u>\$ 1,137,320,047</u>	<u>100</u>

(5) Information on credit risk quality

Part of the financial assets held by the Group, cash and cash equivalents, financial assets 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 to have very low credit risk because the counterparties have good credit ratings.

39.3.3 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 Group or its investment structures.

The Group'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 Group.

(2) Market risk management policies

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

The Group also builds a market risk information system, which enables the Group to effectively monitor the management of the investment limits, assessment of gains and losses, and analysis of sensitivity factors. The results of the monitoring, assessment and analysis are reported to the board of directors in risk control meetings and serve as references for the decision making of the management.

The Group splits market risk exposures into trading and held-for-fixed-income portfolios which are controlled by both the Group's operation and risk management section. Routine control reports are reviewed by the board of directors and relevant committees.

(3) Market risk management process

A. Recognition and measurement

The Group'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 (PV01, 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 Group'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 Group 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

A. Definition of interest rate risk

Interest rate risk represents risks of changes in fair value of investment portfolio and loss in earnings resulting from changes in interest rates. Major products include interest rate-related financial securities and derivative instruments.

B. Purpose of interest risk management

Interest rate risk management enhances the Group's ability to deal with a contingency, to measure, manage and avoid negative influence on earnings and economic values of balance sheet items affected by the changes in interest rates. In addition, it enhances the efficiency of capital and the business management.

C. Procedures of interest risk management

The Group carefully chooses investment target through conducting research about issuers' credit, financial status, country risks and interest rate trend. The Group also establishes trading amount limit and stop-loss limit including limit for trading department, trader and trading commodity, etc. which are approved by top management and the board of directors.

When the Group undertakes business activities related to interest rate commodities, it will identify interest rate reprising risks and yield curve risks, and measure the possible impact of interest rate changes on the Group's earnings and economic value. The Group 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 on a monthly.

When risk management objective has exceeded its limit, it will be reported to the strategy management committee for resolution of response actions.

D. Measurement methods

The Group 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 Group 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 regularly. In addition, the Group regularly uses DV01 to measure portfolio affected by interest rate.

(5) Foreign exchange rate risk management

A. Definition of foreign exchange rate risk

Foreign exchange risk means losses resulting from currencies exchange at different times. The Group's foreign exchange rate risk results mainly from spot and forward foreign exchange. The Group's foreign exchange rate risk is relatively insignificant due to the fact that transactions 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 Group has established trading limit, stop-loss limit and maximum loss for trading department and trader and the risk is controlled within the tolerable range.

The Group 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 board of directors.

(6) Equity securities price risk management

A. Definition of equity securities price risk

The market risk of equity securities held by the Group includes individual and general risk from price fluctuations 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 Group 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 Group's control of security price risk is based on risk values.

(7) Market valuation technique

The Group assesses its exposures to market risk and the anticipated loss under market pressures by using assumptions on changes in several market conditions. Limits of various financial instruments are set by the board of directors and monitored by its risk management department. The Group also establishes 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 Group has assessed the possible impact on income if global yield curve moves between -1 to +1 basis points simultaneously on March 31, 2022, December 31, 2021 and March 31, 2021 while other factors remain unchanged.

b. Foreign exchange rate risk

The Group assesses the possible impact on income when exchange rates of the NTD against various currencies fluctuate between -1% and +1% on March 31, 2022, December 31, 2021 and March 31, 2021 while other factors remain unchanged.

The functional currency of SCB (HK) is the HKD, and the major foreign currency is the USD; as the two currencies were under the Linked Exchange Rate System, there was insignificant foreign exchange rate risk.

c. Equity securities price risk

The Group has assessed the possible impact on income when equity security prices on March 31, 2022, December 31, 2021 and March 31, 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:

March 31, 2022			
Major Risk	Fluctuation Range	Amount	
		Equity	Profit or Loss
Foreign exchange risk	Foreign currency appreciated 1% against the NTD	\$ 726,803	\$ 7,872
	Foreign currency depreciated 1% against NTD	(726,803)	(7,872)
Interest rate risk	Interest rate curve edged up 1bp	(88,363)	(2,639)
	Interest rate curve edged down 1bp	88,363	2,639
Equity price risk	Equity price increased 1%	221,783	19,848
	Equity price decreased 1%	(221,783)	(19,848)

December 31, 2021			
Major Risk	Fluctuation Range	Amount	
		Equity	Profit or Loss
Foreign exchange risk	Foreign currency appreciated 1% against the NTD	\$ 706,960	\$ 17,378
	Foreign currency depreciated 1% against NTD	(706,960)	(17,378)
Interest rate risk	Interest rate curve edged up 1bp	(85,373)	(762)
	Interest rate curve edged down 1bp	85,373	762
Equity price risk	Equity price increased 1%	191,250	24,093
	Equity price decreased 1%	(191,250)	(24,093)

March 31, 2021			
Major Risk	Fluctuation Range	Amount	
		Equity	Profit or Loss
Foreign exchange risk	Foreign currency appreciated 1% against the NTD	\$ 726,326	\$ 22,256
	Foreign currency depreciated 1% against NTD	(726,326)	(22,256)
Interest rate risk	Interest rate curve edged up 1bp	(74,913)	(2,293)
	Interest rate curve edged down 1bp	74,913	2,293
Equity price risk	Equity price increased 1%	212,781	17,135
	Equity price decreased 1%	(212,781)	(17,135)

39.3.4 Liquidity risk

(1) The sources and definition of liquidity risk

Liquidity risk is the possibility that the Group 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 Group'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 management procedures are monitored by the independent department of risk management; 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 Group 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 Group holds certain position of highly liquid interest bearing assets to fulfill its obligation and for future needs. To manage the liquidity risk, the Group holds the following assets: Cash and cash equivalents, due from the Central Bank and banks, and financial assets at fair value through profit or loss, etc.

(3) Maturity analysis

The Group analyzed cash outflows of non-derivative financial liabilities according to the remaining terms from date of the balance sheets 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 consolidated balance sheets.

March 31, 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	\$ 30,319,990	\$ 14,574,967	\$ 2,081,416	\$ 3,332,105	\$ 2,847,620	\$ 53,156,098
Due to the central bank and other banks	976	-	19,089,490	-	-	19,090,466
Financial liabilities measured at FVTPL	-	-	-	-	2,105,477	2,105,477
Securities sold under repurchase agreements	24,560,887	167,361	166,520	94,587	-	24,989,355
Payables	26,521,231	532,925	233,695	1,044,558	377,551	28,709,960
Deposits and remittances	1,125,026,947	298,601,372	164,790,586	160,873,288	10,994,144	1,760,286,337
Bank debentures	-	2,283,947	3,314,313	10,048,259	66,951,418	82,597,937
Other financial liabilities	2,775,165	33,743	80,038	155,647	1,106,168	4,150,761
Lease liabilities	30,682	60,980	91,802	161,243	1,394,397	1,739,104

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	\$ 26,041,035	\$ 18,218,405	\$ 3,109,936	\$ 1,968,917	\$ 3,317,596	\$ 52,655,889
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	28,108,948	450,172	256,174	271,289	342,372	29,428,955
Deposits and remittances	1,076,075,464	295,952,045	142,149,806	180,896,875	12,528,332	1,707,602,522
Bank debentures	207,412	-	2,279,634	13,137,046	66,467,420	82,091,512
Other financial liabilities	3,450,655	32,600	157,360	155,032	988,359	4,784,006
Lease liabilities	35,161	60,936	103,471	174,593	1,494,768	1,868,929

March 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	\$ 27,745,600	\$ 14,560,791	\$ 1,610,665	\$ 1,719,768	\$ 2,363,532	\$ 48,000,356
Due to the central bank and other banks	-	-	4,070,470	3,377,080	-	7,447,550
Financial liabilities measured at FVTPL	-	-	-	-	2,376,603	2,376,603
Securities sold under repurchase agreements	23,987,089	8,518,138	276,391	64,677	-	32,846,295
Payables	29,050,806	494,127	249,735	706,420	270,609	30,771,697
Deposits and remittances	1,025,326,898	289,632,419	180,515,155	171,800,598	10,763,274	1,678,038,344
Bank debentures	-	133,617	213,787	3,647,404	76,853,878	80,848,686
Other financial liabilities	2,823,992	31,060	117,831	263,201	1,195,319	4,431,403
Lease liabilities	34,597	66,109	100,166	182,257	1,686,942	2,070,071

The Group evaluated the contractual maturity date to comprehend all derivative financial instruments on the consolidated balance sheets. 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 consolidated balance sheets. Maturity analysis of derivative financial liabilities is as follows:

A. Derivative financial liabilities in net settlement

March 31, 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	\$ 26,402	\$ 34,698	\$ 9,839	\$ 28,098	\$ -	\$ 99,037
Rate derivatives	-	-	-	-	-	-
Equity securities derivatives	202	-	-	-	-	202

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	\$ 18,406	\$ 21,684	\$ 10,331	\$ 20,941	\$ 383	\$ 71,745
Rate derivatives	-	-	-	354	11,386	11,740
Equity securities derivatives	172	-	-	-	-	172

March 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	\$ 10,351	\$ 16,017	\$ 9,739	\$ 10,417	\$ -	\$ 46,524
Rate derivatives	-	-	53,022	-	16,883	69,905
Equity securities derivatives	325	-	-	-	-	325

B. Derivative financial liabilities in total settlement

March 31, 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	\$ 124,082,175	\$ 103,068,636	\$ 104,212,820	\$ 93,523,853	\$ 4,272	\$ 424,891,756
Cash outflow	124,598,526	103,458,810	104,718,585	93,885,756	4,240	426,665,917
Interest rate derivatives						
Cash inflow	2,840	2,997	-	-	-	5,837
Cash outflow	2,840	2,997	-	-	-	5,837

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	\$ 169,388,812	\$ 57,397,514	\$ 42,764,988	\$ 51,157,774	\$ 82,446	\$ 320,791,534
Cash outflow	170,330,204	57,640,994	42,855,741	51,334,826	82,421	322,244,186
Interest rate derivatives						
Cash inflow	-	2,472	-	5,309	-	7,781
Cash outflow	-	2,472	-	5,309	-	7,781

March 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	\$ 201,382,696	\$ 141,033,958	\$ 80,986,103	\$ 17,415,339	\$ 417,529	\$ 441,235,625
Cash outflow	201,560,485	141,424,703	81,349,442	17,645,441	417,265	442,397,336
Interest rate derivatives						
Cash inflow	-	4,704	-	9,931	5,466	20,101
Cash outflow	-	4,704	-	9,931	5,466	20,101

The analysis of cash outflows of in-balance-sheet items is illustrated according to the remaining days from the balance sheet date to maturity date of the contract. For financial guarantee contracts, the largest amount is categorized under the earliest possible date to take responsibility. 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.

March 31, 2022	0-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year	Total
Non-cancelable loan commitments	\$ 8,860,741	\$ 1,639,292	\$ 3,799,284	\$ 5,126,213	\$ 38,826,610	\$ 58,252,140
Non-cancelable credit card commitments	28,389	56,777	170,332	255,499	57,156	568,153
Issued but unused letters of credit	26,531,927	4,414,376	1,820,690	155,864	22,158	32,945,015
Other guarantees	39,368,483	30,684,753	16,021,181	17,237,095	17,704,623	121,016,135

December 31, 2021	0-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year	Total
Non-cancelable loan commitments	\$ 6,803,687	\$ 1,445,480	\$ 1,860,146	\$ 6,235,606	\$ 36,135,837	\$ 52,480,756
Non-cancelable credit card commitments	86,481	172,960	259,440	58,038	-	576,919
Issued but unused letters of credit	26,221,032	4,914,364	796,631	125,927	84,279	32,142,233
Other guarantees	31,644,411	36,114,248	9,525,589	18,454,608	18,106,996	113,845,852

March 31, 2021	0-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year	Total
Non-cancelable loan commitments	\$ 13,027,338	\$ 1,537,193	\$ 459,212	\$ 12,331,983	\$ 34,258,105	\$ 61,613,831
Non-cancelable credit card commitments	90,256	180,512	270,768	60,573	-	602,109
Issued but unused letters of credit	26,947,182	6,193,398	1,660,909	83,149	-	34,884,638
Other guarantees	29,834,117	31,042,387	14,582,491	17,277,894	14,029,753	106,766,642

39.3.5 Interest rate benchmarks

The financial instruments of the Group 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 to USD LIBOR is transferred to SOFR, additional adjustments shall be made to the aforementioned differences to ensure that the interest rate bases before and after the modification are economically equivalent.

In response to the reform, the Group prepared interest rate benchmark transition plan which comprises the following work streams: risk management, contract management, product management, taxation and accounting, and customer communication.

If the Group 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 Group originally signed the contract. Changes in interest rate benchmark reform may also affect the existing financial instrument evaluation mechanism of the Group, 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 Group is working to complete the revision of financial instruments in a manner that complies with IFRS 9 practical expedients.

On March 31, 2022, the non-derivative financial instruments held by the Group that have been affected by the interest rate benchmark reform and not yet converted to alternative interest rate indicators are summarized as follows:

Financial assets	Book value
Discount and loans, net	
USD LIBOR	\$ 159,095,878
JPY LIBOR	4,096
EUR LIBOR	79,898
SGD SOR	656,818
Total	159,836,690
Financial assets measured at FVOCI	
USD LIBOR	14,833,532
Total	\$ 174,670,222
Financial liabilities	Book value
Due to the central bank and other banks	
USD LIBOR	\$ 1,572

On March 31, 2022, the non-derivative financial instruments held by the Group 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	\$ 2,307,280	\$ 105,227

39.4 Transfer of financial assets

In the daily transactions of the Group, 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 Group may repurchase the transferred financial assets in the future. The Group is not eligible to conduct, sell, or pledge the transferred financial assets during the effective period prior to derecognition. However, the Group 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 that are not qualified for derecognition and related financial liabilities.

March 31, 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	\$ 24,975,275	\$ 24,989,355	\$ 24,975,275	\$ 24,989,355	\$ (14,080)

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)

March 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	\$ 32,603,753	\$ 32,846,295	\$ 32,603,753	\$ 32,846,295	\$ (242,542)

40. 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.

40.1 The Bank

For the Three Months Ended March 31, 2022		
	Average Balance	Average Rate (%)
Interest-bearing assets		
Cash and cash equivalents - due from other banks	\$ 29,869,621	0.04
Due from the Central Bank and call loans to banks	94,619,606	0.30
Financial assets measured at FVTPL	60,686	0.53
Securities purchased under resell agreements	281,497	0.47
Revolving credit card balances	565,620	12.71
Discounts and loans (excluding non-performing loans)	770,622,893	1.70
Financial assets measured at FVTOCI - investments in debt instruments	226,172,952	1.13
Investments in debt instruments measured at amortized cost	140,700,375	0.29
Interest-bearing liabilities		
Due to the central bank and banks	15,460,643	0.56
Financial liabilities measured at FVTPL	1,956,779	5.63
Securities sold under repurchase agreements	24,621,638	0.28
Negotiable certificates of deposit	11,601,471	0.35
Demand deposits	359,900,982	0.04
Savings deposits	206,379,269	0.26
Time deposits	326,416,940	0.43
Time savings	146,181,469	0.79
Bank debentures	66,950,000	1.31
Other financial liabilities	1,388,569	0.17
Lease liabilities	679,552	1.25
For the Three Months Ended March 31, 2021		
	Average Balance	Average Rate (%)
Interest-bearing assets		
Cash and cash equivalents - due from other banks	\$ 30,693,055	0.14
Due from the Central Bank and call loans to banks	83,559,694	0.42
Financial assets measured at FVTPL	97,641	0.24
Securities purchased under resell agreements	153,838	0.47
Revolving credit card balances	617,030	12.31
Discounts and loans (excluding non-performing loans)	757,985,009	1.70
Financial assets measured at FVTOCI - investments in debt instruments	229,196,406	1.07
Investments in debt instruments measured at amortized cost	125,288,161	0.30
Other financial assets due from other banks (time deposits of more than three months)	1,300,770	2.63

For the Three Months Ended March 31, 2021		
	Average Balance	Average Rate (%)
Interest-bearing liabilities		
Due to the central bank and banks	\$ 22,244,589	0.28
Financial liabilities measured at FVTPL	1,962,811	5.38
Securities sold under repurchase agreements	29,336,308	0.20
Negotiable certificates of deposit	9,995,011	0.31
Demand deposits	305,872,928	0.05
Savings deposits	184,599,901	0.25
Time deposits	366,323,975	0.51
Time savings	147,558,298	0.80
Bank debentures	66,729,570	1.39
Other financial liabilities	824,635	0.60
Lease liabilities	828,340	1.26

40.2 SCB (HK)

For the Three Months Ended March 31, 2022		
	Average Balance	Average Rate (%)
Interest-bearing assets		
Due from other banks	\$ 169,121,651	0.39
Discounts and loans (excluding non-performing loans)	353,973,203	3.42
Revolving credit card balances	100,500	30.7
Debt instruments (including financial assets measured at FVTOCI and at amortized cost)	287,080,812	1.49

Interest-bearing liabilities		
Due to banks	35,280,302	0.95
Demand deposits	279,987,617	0.02
Time deposits	391,031,139	0.79
Bank debentures	15,610,532	4.53

For the Three Months Ended March 31, 2021		
	Average Balance	Average Rate (%)
Interest-bearing assets		
Due from other banks	\$ 167,123,359	0.41
Discounts and loans (excluding non-performing loans)	375,663,723	3.32
Revolving credit card balances	109,132	28.8
Debt instruments (including financial assets measured at FVTOCI and at amortized cost)	255,676,870	1.8

Interest-bearing liabilities		
Due to banks	29,155,897	0.72
Demand deposits	265,878,319	0.02
Time deposits	409,152,822	0.82
Bank debentures	15,567,646	4.53

41. CAPITAL MANAGEMENT

All the Group'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.

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

42.1 Assets quality: As stated in Table 1

42.2 Concentration of credit risks

Top 10 credit extensions information of the Bank and SCB(HK) were as below:

Ranking (Note 1)	March 31, 2022					
	The Bank			SCB (HK)		
	Group Name (Note 2)	Credit Extension Balance (Note 3)	% of Net Asset Value	Group Name (Note 2)	Credit Extension Balance (Note 3)	% of Net Asset Value (Note 4)
1	A Group (general management agency)	7,195,805	4.56%	G Group (other holding companies)	17,209,290	14.11%
2	B Group (other computer peripheral manufacturing)	5,677,377	3.60%	P Group (property investment and development)	11,252,120	9.22%
3	C Group (computer manufacturing)	5,640,959	3.58%	Q Group (hotel property development)	11,013,037	9.03%
4	D Group (general management agency)	5,428,847	3.44%	R Group (hotel property development)	10,816,045	8.87%
5	E Group (television and broadcasting)	5,379,432	3.41%	S Group (property development)	7,491,352	6.14%
6	F Group (real estate selling and leasing)	5,007,619	3.18%	T Group (broadcasting and entertainment industry)	7,228,861	5.93%
7	G Group (other holding companies)	4,868,079	3.09%	U Group (hotel property development)	7,030,697	5.76%
8	H Group (computer manufacturing)	4,729,620	3.00%	V Group (property investment)	5,710,901	4.68%
9	I Group (apparel manufacturing)	4,528,812	2.87%	W Group (import and export of garments and accessories)	5,369,822	4.40%
10	J Group (wiring and cable system manufacturing)	4,500,514	2.85%	X Group (investment holding and steel sales)	5,342,902	4.38%

Ranking (Note 1)	December 31, 2021					
	The Bank			SCB (HK)		
	Group Name (Note 2)	Credit Extension Balance (Note 3)	% of Net Asset Value	Group Name (Note 2)	Credit Extension Balance (Note 3)	% of Net Asset Value (Note 4)
1	A Group (general management agency)	7,048,914	4.47%	G Group (other holding companies)	17,939,234	14.78%
2	C Group (computer manufacturing)	5,542,432	3.52%	P Group (property investment and development)	10,851,531	8.94%
3	G Group (other holding companies)	5,341,380	3.39%	Q Group (hotel property development)	10,502,737	8.65%
4	D Group (general management agency)	5,225,283	3.31%	R Group (hotel property development)	7,317,087	6.03%
5	E Group (television program design and broadcasting)	4,923,767	3.12%	U Group (hotel property development)	7,141,344	5.88%
6	F Group (real estate selling and leasing)	4,865,089	3.09%	T Group (broadcasting and entertainment industry)	6,996,414	5.77%
7	K Group (real estate development)	4,754,700	3.02%	V Group (property investment)	5,695,838	4.69%
8	H Group (computer manufacturing)	4,379,965	2.78%	X Group (investment holding and steel sales)	5,407,724	4.46%
9	I Group (apparel manufacturing)	4,376,397	2.78%	W Group (import and export of garments and accessories)	5,316,198	4.38%
10	L Group (chemical materials manufacturing)	4,169,693	2.64%	Y Group (property investment and development)	4,366,722	3.60%

Ranking (Note 1)	March 31, 2021					
	The Bank			SCB (HK)		
	Group Name (Note 2)	Credit Extension Balance (Note 3)	% of Net Asset Value	Group Name (Note 2)	Credit Extension Balance (Note 3)	% of Net Asset Value (Note 4)
1	A Group (general management agency)	6,385,654	4.00%	G Group (other holding companies)	18,565,576	15.12%
2	G Group (other holding companies)	5,541,099	3.47%	Q Group (hotel property development)	9,739,278	7.93%
3	H Group (computer manufacturing)	5,303,413	3.32%	P Group (property investment and development)	9,554,794	7.78%
4	F Group (real estate selling and leasing)	5,294,137	3.32%	U Group (hotel property development)	8,175,038	6.66%
5	M Group (metallic furniture manufacturing)	5,086,822	3.19%	R Group (hotel property development)	7,496,162	6.11%
6	N Group (general management agency)	4,565,583	2.86%	T Group (broadcasting and entertainment industry)	7,209,057	5.87%
7	D Group (general management agency)	4,537,778	2.84%	Z Group (automobile retail)	7,033,361	5.73%
8	J Group (wiring and cable system manufacturing)	4,344,169	2.72%	V Group (property investment)	5,990,477	4.88%
9	I Group (apparel manufacturing)	4,189,462	2.62%	W Group (import and export of garments and accessories)	5,186,078	4.22%
10	O Group (general management agency)	4,038,075	2.53%	X Group (investment holding and steel sales)	4,845,507	3.95%

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 Group enterprise, the credit balance of the borrower is then aggregated to the Group 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: "Group 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 guarantees issued.

Note 4: It is net equity of SCB (HK).

42.3 Interest rate sensitivity information

42.3.1 The Bank

Interest Rate Sensitivity (NTD)

March 31, 2022					
Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate sensitive assets	\$ 809,013,539	\$ 22,903,013	\$ 7,475,503	\$ 72,605,238	\$ 911,997,293
Interest rate sensitive liabilities	273,933,871	427,836,868	72,282,504	56,341,568	830,394,811
Interest rate sensitivity gap	535,079,668	(404,933,855)	(64,807,001)	16,263,670	81,602,482
Net equity					157,684,575
Ratio of interest rate sensitive assets to liabilities					109.83%
Ratio of interest rate sensitivity gap to net equity					51.75%

December 31, 2021					
Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 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%

March 31, 2021					
Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate sensitive assets	\$ 796,277,736	\$ 25,685,342	\$ 9,768,517	\$ 62,640,580	\$ 894,372,175
Interest rate sensitive liabilities	259,896,950	387,744,687	75,315,812	68,076,674	791,034,123
Interest rate sensitivity gap	536,380,786	(362,059,345)	(65,547,295)	(5,436,094)	103,338,052
Net equity					159,608,355
Ratio of interest rate sensitive assets to liabilities					113.06%
Ratio of interest rate sensitivity gap to net equity					64.74%

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 denominated in NT dollars).

Interest Rate Sensitivity (USD)

March 31, 2022					
Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate sensitive assets	\$ 6,847,542	\$ 430,574	\$ 138,770	\$ 1,335,909	\$ 8,752,795
Interest rate sensitive liabilities	2,522,090	6,729,391	723,521	70,144	10,045,146
Interest rate sensitivity gap	4,325,452	(6,298,817)	(584,751)	1,265,765	(1,292,351)
Net equity					5,518,270
Ratio of Interest rate sensitive assets to liabilities					87.13%
Ratio of interest rate sensitivity gap to net equity					(23.42%)

December 31, 2021					
Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 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%)

March 31, 2021					
Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate sensitive assets	\$ 5,833,130	\$ 225,090	\$ 175,423	\$ 1,787,162	\$ 8,020,805
Interest rate sensitive liabilities	2,530,025	6,236,298	798,446	70,135	9,634,904
Interest rate sensitivity gap	3,303,105	(6,011,208)	(623,023)	1,717,027	(1,614,099)
Net equity					5,599,311
Ratio of Interest rate sensitive assets to liabilities					83.25%
Ratio of interest rate sensitivity gap to net equity					(28.83%)

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

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 denominated in US dollars).

42.3.2 SCB (HK)

Interest Rate Sensitivity (USD)

March 31, 2022					
Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate sensitive assets	\$ 6,162,095	\$ 402,993	\$ 1,306,821	\$ 2,900,252	\$ 10,772,161
Interest rate sensitive liabilities	7,100,559	749,871	768,731	497,091	9,116,252
Interest rate sensitivity gap	(938,464)	(346,878)	538,090	2,403,161	1,655,909
Net equity					4,304,723
Ratio of interest rate sensitive assets to liabilities					118.16%
Ratio of interest rate sensitivity gap to net equity					38.47%

December 31, 2021					
Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate sensitive assets	\$ 6,369,856	\$ 893,914	\$ 664,635	\$ 2,911,276	\$ 10,839,681
Interest rate sensitive liabilities	6,605,646	1,156,657	882,240	506,801	9,151,344
Interest rate sensitivity gap	(235,790)	(262,743)	(217,605)	2,404,475	1,688,337
Net equity					4,423,704
Ratio of interest rate sensitive assets to liabilities					118.45%
Ratio of interest rate sensitivity gap to net equity					38.17%

March 31, 2021					
Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate sensitive assets	\$ 6,765,964	\$ 817,079	\$ 939,650	\$ 2,853,403	\$ 11,376,096
Interest rate sensitive liabilities	6,344,910	922,879	862,405	779,308	8,909,502
Interest rate sensitivity gap	421,054	(105,800)	77,245	2,074,095	2,466,594
Net equity					4,337,467
Ratio of interest rate sensitive assets to liabilities					127.68%
Ratio of interest rate sensitivity gap to net equity					56.87%

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

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 denominated in US dollars).

42.4 Profitability

The Group

Items		March 31, 2022	March 31, 2021
Return on total assets	Before income tax	1.04	1.14
	After income tax	0.84	0.93
Return on equity	Before income tax	10.81	11.62
	After income tax	8.73	9.41
Profit margin		45.57	48.36

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.

Note 5: The quarterly profitability of each quarter is converted to the annual benchmark figures expressed in the annual rates.

42.5 Maturity analysis of assets and liabilities

42.5.1 The Bank

(1) In Thousands of New Taiwan Dollars

	Total	March 31, 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	\$ 970,408,684	\$ 97,170,213	\$ 99,706,474	\$ 70,778,647	\$ 75,411,281	\$ 103,459,573	\$ 523,882,496
Major cash outflow on maturity	1,239,660,212	46,453,098	97,374,153	160,178,307	220,642,720	212,170,909	502,841,025
Gap	(269,251,528)	50,717,115	2,332,321	(89,399,660)	(145,231,439)	(108,711,336)	21,041,471

	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	March 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	\$ 963,771,794	\$ 125,812,092	\$ 101,392,955	\$ 71,283,253	\$ 78,697,710	\$ 100,875,026	\$ 485,710,758
Major cash outflow on maturity	1,176,725,612	47,170,637	94,699,095	160,866,717	215,569,596	198,138,310	460,281,257
Gap	(212,953,818)	78,641,455	6,693,860	(89,583,464)	(136,871,886)	(97,263,284)	25,429,501

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

(2) In Thousands of US dollars

	Total	March 31, 2022				
		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	\$ 13,782,245	\$ 4,873,351	\$ 1,321,794	\$ 826,694	\$ 1,051,566	\$ 5,708,840
Major cash outflow on maturity	15,137,968	1,909,850	2,147,856	1,933,821	2,859,042	6,287,399
Gap	(1,355,723)	2,963,501	(826,062)	(1,107,127)	(1,807,476)	(578,559)

	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	March 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	\$ 10,917,675	\$ 1,521,888	\$ 1,271,622	\$ 935,691	\$ 1,105,232	\$ 6,083,242
Major cash outflow on maturity	15,052,128	2,150,713	1,885,638	2,059,329	2,752,162	6,204,286
Gap	(4,134,453)	(628,825)	(614,016)	(1,123,638)	(1,646,930)	(121,044)

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

42.5.2 SCB (HK)

In Thousands of US dollars

	Total	March 31, 2022				
		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	\$ 10,921,850	\$ 1,616,314	\$ 1,246,046	\$ 526,456	\$ 1,808,644	\$ 5,724,390
Major cash outflow on maturity	9,126,951	5,218,771	2,691,690	434,889	233,992	547,609
Gap	1,794,899	(3,602,457)	(1,445,644)	91,567	1,574,652	5,176,781

	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	\$ 11,251,276	\$ 2,030,424	\$ 1,082,054	\$ 1,326,440	\$ 1,042,141	\$ 5,770,217
Major cash outflow on maturity	9,174,182	5,048,281	2,412,323	840,980	324,836	547,762
Gap	2,077,094	(3,017,857)	(1,330,269)	485,460	717,305	5,222,455

	Total	March 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	\$ 11,865,313	\$ 2,688,716	\$ 851,537	\$ 1,080,878	\$ 1,765,803	\$ 5,478,379
Major cash outflow on maturity	8,990,996	5,012,447	2,314,912	599,788	515,401	548,448
Gap	2,874,317	(2,323,731)	(1,463,375)	481,090	1,250,402	4,929,931

Note: This table includes only financial assets/liabilities held by SCB.

43. 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	March 31, 2022	December 31, 2021	March 31, 2021	Trust Liabilities	March 31, 2022	December 31, 2021	March 31, 2021
Bank deposit	\$ 7,246,458	\$ 7,375,059	\$ 6,536,046	Accounts payable	\$ 110	\$ 161	\$ 106
Short-term investments	93,656,561	90,663,600	87,703,846	Depository of security payable	71,025,031	73,234,289	78,825,959
Net asset value of collective investment trust fund	7,095,376	7,960,305	5,622,227	Trust capital	143,971,534	138,760,691	130,016,847
Accounts receivable	8,469	9,518	25,647	Accumulated (loss) gain and equity	(448,030)	206,815	255,693
Land	29,070,475	27,760,022	26,645,867				
Buildings and improvement, net	102,285	92,954	168,509				
Construction in progress	6,287,069	5,049,288	3,515,379				
Securities in custody	71,025,031	73,234,289	78,825,959				
Other assets	56,921	56,921	55,125				
Total trust assets	<u>\$ 214,548,645</u>	<u>\$ 212,201,956</u>	<u>\$ 209,098,605</u>	Total trust liabilities	<u>\$ 214,548,645</u>	<u>\$ 212,201,956</u>	<u>\$ 209,098,605</u>

Trust Asset Lists

Item	March 31, 2022	December 31, 2021	March 31, 2021
Cash in banks	\$ 7,246,458	\$ 7,375,059	\$ 6,536,046
Short-term investment			
Funds	68,562,205	67,990,417	65,846,010
Bonds	17,837,001	15,997,545	17,187,690
Common stocks	4,209,291	3,469,653	3,184,117
Structured instruments	2,869,031	3,087,465	1,373,436
Preferred stock	179,033	118,520	112,593
Net asset value of collective trust accounts	7,095,376	7,960,305	5,622,227
Receivables	8,469	9,518	25,647
Land	29,070,475	27,760,022	26,645,867
Buildings and improvement, net	102,285	92,954	168,509
Construction in progress	6,287,069	5,049,288	3,515,379
Depository of securities	71,025,031	73,234,289	78,825,959
Other assets - principal deferred expense	56,921	56,921	55,125
Total	<u>\$ 214,548,645</u>	<u>\$ 212,201,956</u>	<u>\$ 209,098,605</u>

Income Statements of Trust Account

	For the Three Months Ended March 31	
	2022	2021
Trust income		
Interest income	\$ 3,769	\$ 3,746
Realized investment gains	1,429	13,759
Unrealized investment gains	171,560	275,127
Other revenue	105,312	55,985
	<u>282,070</u>	<u>348,617</u>
Trust expenses		
Tax expenditures	37,571	12,874
Management expenses	2,082	1,690
Service expenses	1,173	2,161
Realized investment losses	2,531	2
Unrealized investment losses	862,909	179,518
Other expenses	121	86
	<u>906,387</u>	<u>196,331</u>
Income (loss) before income tax	(624,317)	152,286
Income tax expense	-	-
Net income (loss)	<u>\$ (624,317)</u>	<u>\$ 152,286</u>

44. EXCHANGE RATE INFORMATION OF FOREIGN FINANCIAL ASSETS AND LIABILITIES

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

44.1 The Bank

	March 31, 2022			December 31, 2021			March 31, 2021		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial assets									
Monetary items									
Cash and cash equivalents									
JPY	\$ 39,306,470	0.2340	\$ 9,197,714	\$ 34,668,959	0.2404	\$ 8,334,418	\$ 27,558,537	0.2577	\$ 7,101,835
USD	210,988	28.5750	6,028,982	445,460	27.6550	12,319,196	175,703	28.5050	5,008,414
CNY	317,330	4.4929	1,425,732	215,743	4.3421	936,778	575,628	4.3359	2,495,865
Due from the Central Bank and call loans to banks									
USD	2,392,654	28.5750	68,370,088	1,825,454	27.6550	50,482,930	1,268,874	28.5050	36,169,253
CNY	407,800	4.4929	1,832,205	122,800	4.3421	533,210	1,101,300	4.3359	4,775,127
JPY	4,038,500	0.2340	945,009	1,038,500	0.2404	249,655	38,500	0.2784	10,178
Receivables									
USD	84,488	28.5750	2,414,245	84,389	27.6550	2,333,778	80,875	28.5050	2,305,342
JPY	1,766,252	0.2340	413,303	1,660,240	0.2404	399,122	1,292,736	0.2577	333,138
EUR	2,277	31.9354	72,717	343	37.3467	12,802	13,788	33.3893	460,372
Discounts and loans									
USD	4,500,399	28.5750	128,598,901	4,145,859	27.6550	114,653,731	4,327,360	28.5050	123,351,397
HKD	3,948,478	3.6504	14,413,524	3,920,675	3.5465	13,904,674	3,623,344	3.6663	13,284,266
EUR	448,396	31.9354	14,319,706	464,115	31.3774	14,562,722	494,293	33.3893	16,504,097
Financial assets at FVTOCI									
USD	1,645,777	28.5750	47,028,078	2,101,469	27.6550	58,116,125	2,071,840	28.5050	59,057,799
CNY	2,533,027	4.4929	11,380,637	2,428,982	4.3421	10,546,883	1,592,223	4.3359	6,903,720
AUD	467,615	21.4498	10,030,248	224,379	20.0969	4,509,322	201,728	21.6852	4,374,512
Financial assets measured at amortized cost									
SGD	70,989	21.1252	1,499,657	71,265	20.4723	1,458,958	60,454	21.1595	1,279,176
USD	16,097	28.5750	459,972	17,974	27.6550	497,071	22,461	28.5050	640,251
Financial assets at FVTPL									
USD	17,859	28.5750	510,321	23,585	27.6550	652,243	35,790	28.5050	1,020,194
EUR	93	31.9354	2,970	42	31.3774	1,318	60	33.3893	2,003
GBP	43	37.5333	1,614	6	37.3467	1,777	2	39.1616	78
Other financial assets									
CNY	-	-	-	-	-	-	300,000	4.3359	1,300,770
Non-monetary items									
Equity investments under the equity method									
USD	2,594,803	28.5750	74,146,496	2,660,471	27.6550	73,575,326	2,521,882	28.5050	71,886,246
HKD	91,292	3.6504	333,252	90,388	3.5465	320,385	87,008	3.6663	318,997
Financial liabilities									
Monetary items									
Payables									
USD	79,987	28.5750	2,285,629	89,044	27.6550	2,462,512	98,677	28.5050	2,812,788
JPY	1,703,466	0.2340	398,611	1,693,730	0.2404	407,173	1,047,895	0.2577	270,043
EUR	2,227	31.9354	71,120	2,576	31.3774	80,828	2,027	33.3893	67,680
Deposits from the central bank and other banks									
HKD	1,518,000	3.6504	5,541,307	1,939,000	3.5465	6,876,664	1,881,000	3.6663	6,896,310
USD	137,800	28.5750	3,937,635	92,641	27.6550	2,561,987	129,970	28.5050	3,704,795
VND	1,185,000,000	0.0013	1,540,500	1,457,000,000	0.0012	1,748,400	1,205,000,000	0.0012	1,446,000
Due to the central bank and other banks									
HKD	976	3.6504	3,563	-	-	-	-	-	-
Deposits and remittances									
USD	9,828,557	28.5750	280,851,016	10,022,437	27.6550	277,170,495	9,333,310	28.5050	266,046,002
CNY	4,395,808	4.4929	19,749,926	4,132,735	4.3421	17,944,749	4,934,199	4.3359	21,394,193
EUR	557,499	31.9354	17,803,954	564,545	31.3774	17,713,954	585,357	33.3893	19,544,660
Financial liabilities at FVTPL									
USD	80,662	28.5750	2,304,917	88,223	27.6550	2,439,804	91,399	28.5050	2,605,328
EUR	75	31.9354	2,395	29	31.3774	910	47	33.3893	1,569
GBP	43	37.5333	1,614	6	37.3467	1,777	2	39.1616	78

45.2 SCB (HK)

	March 31, 2022			December 31, 2021			March 31, 2021		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial assets									
Monetary items									
Cash and cash equivalents									
EUR	\$ 143,505	31.9354	\$ 4,582,890	\$ 155,899	31.3774	\$ 4,891,705	\$ 148,055	33.3893	\$ 4,943,453
JPY	16,1337,685	0.2340	3,776,218	19,334,657	0.2404	4,648,052	18,771,834	0.2577	4,837,502
USD	129,060	28.5750	3,687,890	182,804	27.6550	5,055,445	133,643	28.505	3,809,494
Due from the Central Bank and call loans to banks									
USD	1,718,593	28.5750	49,108,795	1,903,114	27.6550	52,630,618	2,450,122	28.505	69,840,728
CNY	2,941,001	4.4929	13,213,623	2,263,641	4.3421	9,828,956	1,855,360	4.3359	8,044,655
Receivables									
USD	37,144	28.5750	1,061,390	47,682	27.6550	1,318,646	68,206	28.505	1,944,212
CNY	7,765	4.4929	34,887	42,236	4.3421	183,393	6,093	4.3359	26,419
Discounts and loans									
USD	4,816,589	28.5750	137,634,031	4,775,423	27.6550	132,064,323	4,732,940	28.505	134,912,455
CNY	5,430,525	4.4929	24,398,806	5,418,566	4.3421	23,527,955	5,479,352	4.3359	23,757,922
Financial liabilities									
Monetary items									
Payables									
USD	26,419	28.5750	754,923	25,560	27.6550	706,862	87,044	28.505	2,481,189
CNY	115,896	4.4929	520,709	40,825	4.3421	177,266	505,652	4.3359	2,192,457
Deposits from the central bank and other banks									
USD	600,148	28.5750	17,149,229	579,281	27.6550	16,020,016	390,090	28.505	11,119,515
CNY	2,000,097	4.4929	8,986,236	1,480,145	4.3421	6,426,938	1,380,096	4.3359	5,983,958
GBP	93,590	37.5333	3,512,742	154,590	37.3467	5,773,426	206,605	39.1616	8,090,982
Deposits and remittances									
USD	7,938,371	28.5750	226,838,951	8,005,923	27.6550	221,403,801	7,948,390	28.505	226,568,857
CNY	14,128,696	4.4929	63,478,818	15,498,812	4.3421	67,297,392	13,361,864	4.3359	57,935,706

45. 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.

46. ADDITIONAL DISCLOSURES

46.1 Information of significant transaction items and 46.2 Other business investment is as follows:

- 46.1.1 Financing provided: The Bank - not applicable; investees - Table 2.
- 46.1.2 Endorsement/guarantee provided: The Bank - not applicable; investees - not applicable or none.
- 46.1.3 Marketable securities held: The Bank - not applicable; investees - Table 3.
- 46.1.4 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: None.
- 46.1.5 Acquisition of individual real estate at costs of at least \$300 million or 10% of the issued capital: None.
- 46.1.6 Disposal of individual real estate at prices of at least \$300 million or 10% of the issued capital: Table 4.
- 46.1.7 Allowance for service fees to related-parties amounting to more than \$5 million: None.
- 46.1.8 Receivables from related parties amounting to at least \$300 million or 10% of the issued capital: None.
- 46.1.9 Sale of non-performing loans: None.
- 46.1.10 Application for approval of securitization product types and information according to Financial Asset Securitization Clause of the Real State Securitization Act: None.
- 46.1.11 Other significant transactions which may have effects on decision making of financial statement users: None.
- 46.1.12 Names, locations, and other information of investees on which the Bank exercises significant influence: None.
- 46.1.13 Derivative financial transactions: Note 8 on which the Bank exercises significant influence has no such transactions.

46.3 Investments in Mainland China:

- 46.3.1 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 5.
- 46.3.2 Significant direct or indirect transactions with the investees, prices and terms of payment, unrealized gain or loss: Not applicable.

46.4 Significant transactions and the amount among the parent and its subsidiaries: Table 6.

46.5 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.

47. SEGMENT INFORMATION

Information reported to the chief operating decision maker focuses on the major geographical areas and profit or loss of the segments. The Group's segments mainly operate in Taiwan and Hong Kong.

The Group provides income before tax of each operating segment to the chief operating decision maker as the basis of resource allocation and assessment of segment performance.

The significant accounting policies of each operating segment are in line with the Group's significant accounting policies stated in Note 4.

The operating segments information is as follows:

	For the Three Months Ended March 31, 2022				
	Taiwan	Hong Kong	Others	Other Adjustments	Total
Net interest	\$ 3,125,769	\$ 3,128,679	\$ 495,526	\$ 3	\$ 6,749,977
Net revenue other than from interest	<u>1,834,469</u>	<u>1,359,572</u>	<u>85,089</u>	<u>(610)</u>	<u>3,278,520</u>
Net revenue	4,960,238	4,488,251	580,615	(607)	10,028,497
Provisions for bad-debt expense, commitment and guarantee liability	(229,327)	(145,940)	(65,065)	-	(440,332)
Operating expenses	<u>(1,951,590)</u>	<u>(1,587,177)</u>	<u>(386,306)</u>	<u>(7,893)</u>	<u>(3,932,966)</u>
Profit before income tax	<u>\$ 2,779,321</u>	<u>\$ 2,755,134</u>	<u>\$ 129,244</u>	<u>\$ (8,500)</u>	<u>\$ 5,655,199</u>

	For the Three Months Ended March 31, 2021				
	Taiwan	Hong Kong	Others	Other Adjustments	Total
Net interest	\$ 2,924,692	\$ 3,275,406	\$ 421,546	\$ 3	\$ 6,621,647
Net revenue other than from interest	<u>1,539,567</u>	<u>1,798,798</u>	<u>183,133</u>	<u>(591)</u>	<u>3,520,907</u>
Net revenue	4,464,259	5,074,204	604,679	(588)	10,142,554
Provisions for bad-debt expense, commitment and guarantee liability	(224,973)	(57,582)	(49,116)	-	(331,671)
Operating expenses	<u>(1,865,526)</u>	<u>(1,547,646)</u>	<u>(337,693)</u>	<u>(7,924)</u>	<u>(3,758,789)</u>
Profit before income tax	<u>\$ 2,373,760</u>	<u>\$ 3,468,976</u>	<u>\$ 217,870</u>	<u>\$ (8,512)</u>	<u>\$ 6,052,094</u>

The Group did not periodically disclose information on all assets of each operating segment to the operating management, there was no amount of assets.

Main operating clients

The Group's revenue from any single external client did not exceed 10% of the total revenue, thus main operating clients were not disclosed.

TABLE 1

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

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

Date		March 31, 2022					December 31, 2021					March 31, 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	1,345,959	287,087,301	0.47	3,679,250	273.36	386,910	285,324,670	0.14	3,296,432	851.99	606,664	295,963,831	0.20	3,266,852	538.49	
	Unsecured	209,806	208,747,888	0.10	2,213,514	1,055.03	153,242	198,650,305	0.08	2,105,034	1,373.67	615,012	183,489,526	0.34	2,146,337	348.99	
Consumer banking	Mortgage (Note 4)		316,414	253,751,072	0.12	3,994,762	1,262.51	398,236	249,357,470	0.16	4,194,529	1,053.28	549,147	245,716,499	0.22	3,961,089	721.32
	Cash cards		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Microcredit (Note 5)		4,707	3,396,185	0.14	36,789	781.58	3,271	3,211,021	0.10	35,857	1,096.21	4,543	2,718,425	0.17	29,485	649.02
	Others (Note 6)	Secured	25,221	32,981,101	0.08	344,962	1,367.76	22,978	32,826,363	0.07	354,584	1,543.15	43,054	30,741,759	0.14	329,221	764.67
		Unsecured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total		1,902,107	785,963,547	0.24	10,269,277	539.89	964,637	769,369,829	0.13	9,986,436	1,035.25	1,818,420	758,630,040	0.24	9,732,984	535.24	
		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		5,592	2,755,978	0.20	90,738	1,622.64	5,064	2,797,758	0.18	89,820	1,773.70	6,242	2,359,054	0.26	88,057	1,410.72	
Accounts receivable factored without recourse (Note 7)		-	403,139	-	4,031	-	-	567,807	-	5,678	-	-	411,126	-	4,111	-	

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 receivables: Allowance for possible losses on credit card receivables ÷ Non-performing credit card receivables.

Note 4: Housing 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: Small scale credit loans, 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 housing mortgage, cash card, small scale credit loans 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.

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

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

	March 31, 2022		December 31, 2021		March 31, 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)	-	33,653	-	34,215	-	34,741

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. AND SUBSIDIARIES

LOANS AND OTHER INFORMATION

MARCH 31, 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	\$ 80,872	\$ 80,872	\$ 80,872	6%~11%	1	\$ 80,872	-	\$ 809	Real estate	\$ 270,922	\$ 402,881	\$ 1,077,202
1	SCSB Leasing (China) Co., Ltd.	B Co., Ltd.	Entrusted loan receivables	N/A	58,408	58,408	58,408	6%~11%	1	58,408	-	17,805	Real estate	192,925	402,881	1,077,202

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 no business relationship with the lender but has short-term financing facility, 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 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 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. AND SUBSIDIARIES****MARKETABLE SECURITIES HELD****MARCH 31, 2022****(Amounts in Thousands of New Taiwan Dollars)**

Holding Company Name	Name	Security Issuer's Relationship with Holding Company	Financial Statement Account	March 31, 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	Investments in subsidiaries	1	\$ 20,501	100	\$ 20,501	Note
	Krinein Company	Indirect subsidiary	Investments in subsidiaries	2	27,051	100	27,051	Note
	Safehaven Investment Corporation	Indirect subsidiary	Investments in subsidiaries	1	46,813	100	46,813	Note
Wresqueue Limitada	Prosperity Realty Inc.	Indirect subsidiary	Investments in subsidiaries	4	28,530	100	28,530	Note
China Travel Service (Taiwan)	Silks Place Taroko	-	Equity investments under the equity method	20,372	290,812	45	290,812	Note
	CTS Travel International Ltd.	Indirect subsidiary	Investments in subsidiaries	600	7,016	100	7,016	
	Joy Tour Service Co., Ltd.	-	Financial assets measured at FVTOCI	100	1,000	10	1,000	
	Shanghai Commercial & Savings Bank, Ltd.	The Bank	Financial assets measured at FVTOCI	27	1,396	-	1,396	
SCSB Asset Management Ltd.	SCSB Leasing (China) Co., Ltd.	Indirect subsidiary	Investments in subsidiaries	N/A	1,015,032	100	1,015,032	Note
Krinein Company	Shanghai Commercial Bank (HK)	Indirect subsidiary	Investments in subsidiaries	1,920	11,677,966	9.6	11,677,966	Note
Empresa Inversiones Generales, S.A.	Shanghai Commercial Bank (HK)	Indirect subsidiary	Investments in subsidiaries	9,600	58,389,832	48	58,389,832	Note

Note: A consolidated entity; the related intercompany transaction was eliminated in the consolidated financial statements.

TABLE 4**THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES****DISPOSAL OF ASSETS AT PRICES REACHEING \$300 MILLION OR 10% OF THE ISSUED CAPITAL
FOR THE THREE MONTHS ENDED MARCH 31, 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 5

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

INVESTMENT IN MAINLAND CHINA

MARCH 31, 2022

(Amounts in Thousands of New Taiwan Dollars and US 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 March 31, 2022 and inward remittance of earnings:

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment as of December 31, 2021	Investment Flows		Accumulated Outflow of Investment as of March 31, 2022	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of March 31, 2022 (Note 3)	Accumulated Inward Remittance of Earnings as of March 31, 2022
					Outflow	Inflow					
SCSB Leasing (China) Co., Ltd.	Leasing operation	NT\$ 857,250 US\$ 30,000	Note1(3)	NT\$ 857,250 US\$ 30,000	- -	- -	NT\$ 857,250 US\$ 30,000	100%	NT\$ 7,644 US\$ 273	NT\$ 1,015,032 US\$ 35,522	\$ -
Bank of Shanghai	Banking business approved by local government	NT\$ 68,828,910 US\$ 2,233,733	Note 4	NT\$ 3,221,631 US\$ 112,743	- -	- -	NT\$ 3,221,631 US\$ 112,743	3%	- -	NT\$ 12,716,050 US\$ 445,006	-
Shanghai Commercial Bank Ltd. - Shenzhen Branch	Banking business approved by local government	NT\$ 3,148,911 US\$ 110,198	Note 4	NT\$ 1,825,742 US\$ 63,893	- -	- -	NT\$ 1,825,742 US\$ 63,893	100%	NT\$ (93,247) US\$ (3,335)	NT\$ 2,830,773 US\$ 99,065	-
Shanghai Commercial Bank Ltd. - Shanghai Branch	Banking business approved by local government	NT\$ 3,176,627 US\$ 111,168	Note 4	NT\$ 1,849,288 US\$ 64,717	- -	- -	NT\$ 1,849,288 US\$ 64,717	100%	NT\$ 18,548 US\$ 663	NT\$ 3,188,202 US\$ 111,573	-
The Shanghai Commercial & Savings Bank, Ltd. - Wuxi Branch	Banking business approved by the local government	NT\$ 2,415,988 US\$ 84,549	Note1(1)	NT\$ 2,415,988 US\$ 84,549	- -	- -	NT\$ 2,415,988 US\$ 84,549	100%	NT\$ 14,367 US\$ 514	NT\$ 2,576,527 US\$ 90,167	-

2. Upper limit on investments in mainland China:

Accumulated Investment in Mainland China as of March 31, 2022 (Note 3)	Investment Amounts Authorized by Investment Commission, MOEA (Note 3)	Upper Limit on Investment Authorized by Investment Commission MOEA
\$ 10,169,900,899 (US\$ 355,902)	\$ 10,427,789 (US\$ 364,927)	\$ 125,625,101

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

- (1) Directly invest.
- (2) Invest indirectly via a third company.
- (3) Others.

Note 2: In the column of “Investment Gain (Loss)”:

- (1) It should be specified if it is preparing for establishment and no investment gain (loss).
- (2) It should be specified if the investment gain (loss) is divided into the following three categories:
 - (a) Financial report audited by international accounting firm associated with accounting firm in Taiwan.
 - (b) Financial report audited by the accounting firm associated with the parent company in Taiwan.
 - (c) Others.

Note 3: Calculated using the exchange rate on March 31, 2022.

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

TABLE 6

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2022

(In Thousands of New Taiwan Dollars)

No.	Company Name	Counterparty	Nature of Relationship	Intercompany Transaction			
				Financial Statement Item	Amount	Term	Percentage of Consolidated Total Gross Sales or Total Assets (Note 3)
0	The Shanghai Commercial & Savings Bank, Ltd.	SCSB Asset Management Ltd.	From parent company to subsidiary	Accounts payable	\$ 132	Note 4	-
		SCSB Asset Management Ltd.	From parent company to subsidiary	Deposits and remittances	317,205	Note 4	-
		SCSB Asset Management Ltd.	From parent company to subsidiary	Other liabilities	61	Note 4	-
		SCSB Asset Management Ltd.	From parent company to subsidiary	Interest expenses	606	Note 4	-
		SCSB Asset Management Ltd.	From parent company to subsidiary	Other non-interest income	58	Note 4	-
		SCSB Asset Management Ltd.	From parent company to subsidiary	Other non-interest income	20	Note 4	-
		SCSB Asset Management Ltd.	From parent company to subsidiary	Other general and administrative expenses	2	Note 4	-
		SCSB Marketing	From parent company to subsidiary	Accounts payable	4	Note 4	-
		SCSB Marketing	From parent company to subsidiary	Deposits and remittances	13,062	Note 4	-
		SCSB Marketing	From parent company to subsidiary	Other liabilities	20	Note 4	-
		SCSB Marketing	From parent company to subsidiary	Interest expenses	14	Note 4	-
		SCSB Marketing	From parent company to subsidiary	Other non-interest income	18	Note 4	-
		SCSB Marketing	From parent company to subsidiary	Other non-interest income	21,301	Note 4	-
		China Travel Service (Taiwan)	From parent company to subsidiary	Other non-interest income	176	Note 4	-
		China Travel Service (Taiwan)	From parent company to subsidiary	Other general and administrative expenses	107	Note 4	-
		China Travel Service (Taiwan)	From parent company to subsidiary	Accounts payable	151	Note 4	-
		China Travel Service (Taiwan)	From parent company to subsidiary	Deposits and remittances	126,676	Note 4	-
		China Travel Service (Taiwan)	From parent company to subsidiary	Interest expenses	132	Note 4	-
		China Travel Service (Taiwan)	From parent company to subsidiary	Other liabilities	180	Note 4	-
		CTS Travel International Ltd.	From parent company to subsidiary	Accounts payable	14	Note 4	-
		CTS Travel International Ltd.	From parent company to subsidiary	Deposits and remittances	5,157	Note 4	-
		CTS Travel International Ltd.	From parent company to subsidiary	Interest expenses	11	Note 4	-
		Shancom Reconstruction Inc.	From parent company to subsidiary	Cash and cash equivalents	423,999	Note 4	-
		Shancom Reconstruction Inc.	From parent company to subsidiary	Due from the Central Bank and call loans to banks	50,620	Note 4	-
		Shancom Reconstruction Inc.	From parent company to subsidiary	Accounts payable	21	Note 4	-
		Shancom Reconstruction Inc.	From parent company to subsidiary	Deposits and remittances	85,292	Note 4	-
		Shancom Reconstruction Inc.	From parent company to subsidiary	Interest expenses	45	Note 4	-

(Continued)

No.	Company Name	Counterparty	Nature of Relationship	Intercompany Transaction			
				Financial Statement Item	Amount	Term	Percentage of Consolidated Total Gross Sales or Total Assets (Note 3)
1	SCSB Asset Management Ltd.	The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Interest revenue	\$ 706	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Cash and cash equivalents	317,205	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Accounts receivable	132	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Other assets	61	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Interest revenue	606	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Other general and administrative expenses	57	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Right-of-use assets	623	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Lease liabilities	624	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Interest expenses	2	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Other assets	20	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Other non-interest income	2	Note 4	-
		Shancom Reconstruction Inc.	From subsidiary to parent company	Interest revenue	1,760	Note 4	-
		Shancom Reconstruction Inc.	From subsidiary to parent company	Cash and cash equivalents	285,618	Note 4	-
2	SCSB Marketing	The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Cash and cash equivalents	13,602	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Accounts receivable	4	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Other assets	20	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Interest revenue	14	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Other general and administrative expenses	21	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Right-of-use assets	267	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Lease liabilities	270	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Interest expenses	1	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Other non-interest income	21,301	Note 4	-
3	China Travel Service (Taiwan)	The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Accounts receivable	151	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Other financial assets	50,000	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Cash and cash equivalents	76,676	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Other assets	180	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Interest revenue	132	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Other general and administrative expenses	176	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Other non-interest income	107	Note 4	-
		Shancom Reconstruction Inc.	From subsidiary to subsidiary	Cash and cash equivalents	164	Note 4	-
		CTS Travel International Ltd.	From subsidiary to subsidiary	Other non-interest income	29	Note 4	-
		CTS Travel International Ltd.	From subsidiary to subsidiary	Other general and administrative expenses	250	Note 4	-

(Continued)

No.	Company Name	Counterparty	Nature of Relationship	Intercompany Transaction			
				Financial Statement Item	Amount	Term	Percentage of Consolidated Total Gross Sales or Total Assets (Note 3)
4	CTS Travel International Ltd.	The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Accounts receivable	\$ 14	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Cash and cash equivalents	5,157	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Interest revenue	11	Note 4	-
		China Travel Service (Taiwan)	From subsidiary to subsidiary	Service fee income	227	Note 4	-
		China Travel Service (Taiwan)	From subsidiary to subsidiary	Other general and administrative expenses	29	Note 4	-
		China Travel Service (Taiwan)	From subsidiary to subsidiary	Other non-interest income	23	Note 4	-
5	Shancom Reconstruction Inc.	The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Cash and cash equivalents	135,912	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Due from the Central Bank and call loans to banks	423,999	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Accounts receivable	21	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Interest expenses	45	Note 4	-
		China Travel Service (Taiwan)	From subsidiary to subsidiary	Deposits and remittances	164	Note 4	-
		SCSB Asset Management Ltd.	From subsidiary to subsidiary	Interest expenses	1,760	Note 4	-
		SCSB Asset Management Ltd.	From subsidiary to subsidiary	Deposits and remittances	285,618	Note 4	-

Note 1: The parent company and subsidiaries are indicated by the following numbers:

- (1) Parent company: 0.
- (2) Subsidiaries: 1 onward.

Note 2: The directional flow of the various transactions are indicated according to the following types:

- (1) Transactions from parent company to subsidiary.
- (2) Transactions from subsidiary to parent company.
- (3) Transactions from subsidiary to subsidiary.
- (4) Transactions from parent company to indirect subsidiary.
- (5) Transactions from indirect subsidiary to parent company.

Note 3: The percentages are recalculated by the consolidated total assets or the consolidated net sales. If the account belongs to the balance sheets, it will be based on the percentage of its final amount divided by the consolidated total assets. Otherwise, if the account belongs to the income statements, it will be based on the percentage of its average amount divided by the consolidated net revenue.

Note 4: All transactions with related parties were carried out at arm's length.