

Stock code: 5876
Taiwan Stock Exchange

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

**Consolidated Financial Statements for the
Six Months Ended June 30, 2021 and 2020 and
Independent Auditors' Report**

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying 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 June 30, 2021, December 31, 2020 and June 30, 2020, and the consolidated statements of comprehensive income for the three months ended June 30, 2021 and 2020 and for the six months ended June 30, 2021 and 2020, as well as the consolidated statements of changes in equity and cash flows for the six months ended June 30, 2021 and 2020, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2021, December 31, 2020 and June 30, 2020, its consolidated financial performance for the three months ended June 30, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the six months ended June 30, 2021 and 2020, 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.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the six months ended June 30, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter identified in the Group's consolidated financial statements as of and for the six months ended June 30, 2021 is described as follows:

Allowance for Impairment Losses on Discounts and Loans

The Group primarily engages in the loan business. As of June 30, 2021, the loan business is significant to the accompanying consolidated financial statements. The Bank conducted its impairment assessment of discounts and loans and recognized allowance for bad debts according to the requirements of IFRS 9 and the authorities' regulations. The Bank's management assessed the impairment of discounts and loans by using the expected credit loss model. The Group assesses whether the credit risk has increased significantly since initial recognition by taking into consideration factors like the amount of loss on impairment, past experience, current market situation and prospective information, etc. In addition, credit-impaired loans are also evaluated for possible future recovery. Refer to Notes 4, 5, 14 and 40 to the consolidated financial statements for disclosures related to impairment of loan portfolios. As the cash flow forecasts involved management's critical judgments in accounting estimation and the underlying assumptions, we then determined the impairment of loan portfolios as a key audit matter.

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

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

Other Matter

We have also audited the standalone financial statements for the six months ended June 30, 2021 and 2020 on which we have issued an unqualified opinion.

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

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 Standards 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission (FSC) of Taiwan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the auditing standards generally accepted in Taiwan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the six months ended June 30, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Chun-Hung Chen and Tzu-Jung Kuo.

Deloitte & Touche
Taipei, Taiwan

August 21, 2021

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 audit such consolidated financial statements are those generally applied in Taiwan.

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

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

June 30, 2021, December 31, 2020 and June 30, 2020

(Expressed in Thousands of New Taiwan Dollars)

Codes	ASSETS	June 30, 2021		December 31, 2020		June 30, 2020	
		Amount	%	Amount	%	Amount	%
11000	Cash and cash equivalents (Note 6)	\$ 76,777,023	4	\$ 80,572,282	4	\$ 71,446,115	4
11500	Due from the Central Bank and call loans to banks (Note 7)	176,436,191	8	208,799,780	10	228,591,647	11
12000	Financial assets measured at fair value through profit or loss (Note 8)	11,993,284	1	13,657,815	1	13,792,776	1
12100	Financial assets measured at fair value through other comprehensive income (Notes 9 and 11)	497,642,595	23	508,237,023	24	513,447,861	24
12200	Investment in debt instruments measured at amortized cost (Notes 10 and 11)	183,607,759	9	107,685,748	5	91,135,595	4
12500	Securities purchased under resell agreements (Note 12)	280,873	-	146,817	-	1,168,783	-
13000	Receivables, net (Notes 13)	15,964,273	1	18,542,624	1	22,634,063	1
13200	Current income tax assets (Note 34)	131,350	-	122,342	-	236,398	-
13300	Assets for sale (Note 18)	-	-	85,844	-	-	-
13500	Discounts and loans, net (Notes 14)	1,114,555,961	53	1,136,430,305	54	1,136,986,364	54
15000	Investments under the equity method, net (Note 16)	2,082,232	-	1,880,035	-	1,780,130	-
15500	Other financial assets, net (Note 17)	876,926	-	1,298,179	-	2,709,590	-
18500	Properties, net (Note 18)	20,542,834	1	20,623,537	1	21,107,688	1
18600	Right-of-use assets, net (Note 19)	1,929,985	-	2,206,304	-	2,321,139	-
18700	Investment properties, net (Note 20)	5,981,512	-	5,806,484	-	5,704,941	-
19000	Intangible assets, net (Note 21)	1,662,737	-	1,657,682	-	1,737,406	-
19300	Deferred income tax assets (Note 34)	832,174	-	1,263,521	-	831,435	-
19500	Other assets, net (Note 22)	9,192,777	-	4,725,468	-	4,473,641	-
10000	Total assets	<u>\$ 2,120,490,486</u>	<u>100</u>	<u>\$ 2,113,741,790</u>	<u>100</u>	<u>\$ 2,120,105,572</u>	<u>100</u>
Codes	LIABILITIES AND EQUITY						
21000	Deposits from the central bank and other banks (Note 23)	\$ 56,556,101	3	\$ 46,817,661	2	\$ 54,591,657	3
21500	Due to the central bank and other banks	9,830,040	1	6,052,010	-	234,450	-
22000	Financial liabilities measured at fair value through profit or loss (Note 8)	3,409,569	-	6,134,500	-	5,132,524	-
22500	Securities sold under repurchase agreements (Note 24)	28,560,269	1	25,781,411	1	32,268,848	2
23000	Payables (Notes 25)	31,339,595	2	31,908,782	2	43,620,036	2
23200	Current income tax liabilities (Note 34)	1,033,930	-	1,251,695	-	1,963,710	-
23500	Deposits and remittances (Notes 26)	1,674,066,295	79	1,685,896,814	80	1,675,603,567	79
24000	Bank debentures (Note 27)	80,515,912	4	82,223,874	4	82,954,624	4
25500	Other financial liabilities (Note 28)	4,439,015	-	4,480,945	-	6,041,712	-
25600	Provisions (Note 29)	2,841,592	-	2,815,862	-	2,648,678	-
26000	Lease liabilities (Note 19)	1,999,473	-	2,287,181	-	2,383,133	-
29300	Deferred income tax liabilities (Note 34)	9,005,250	-	9,920,049	1	9,607,827	1
29500	Other liabilities (Notes 30)	3,566,618	-	3,071,794	-	3,459,684	-
20000	Total liabilities	<u>1,907,163,659</u>	<u>90</u>	<u>1,908,642,578</u>	<u>90</u>	<u>1,920,510,450</u>	<u>91</u>
	Equity (Note 32)						
	Equity attributable to owners of the Bank						
	Share capital						
31101	Ordinary shares	44,816,031	2	44,816,031	2	44,816,031	2
31500	Capital surplus	16,550,661	1	16,550,661	1	16,432,561	1
	Retained earnings						
32001	Legal reserve	56,344,918	3	56,344,918	3	56,344,918	3
32003	Special reserve	7,669,374	-	7,669,374	-	7,669,374	-
32005	Unappropriated earnings	32,257,231	2	24,913,053	1	18,614,564	1
32000	Total retained earnings	96,271,523	5	88,927,345	4	82,628,856	4
32500	Other equity	4,419,691	-	4,892,363	-	6,044,480	-
32600	Treasury shares	(83,144)	-	(83,144)	-	(83,144)	-
31000	Total equity attributable to owners of the Bank	161,974,762	8	155,103,256	7	149,838,784	7
38000	Non-controlling interests	51,352,065	2	49,995,956	3	49,756,338	2
30000	Total equity	<u>213,326,827</u>	<u>10</u>	<u>205,099,212</u>	<u>10</u>	<u>199,595,122</u>	<u>9</u>
	Total liabilities and equity	<u>\$ 2,120,490,486</u>	<u>100</u>	<u>\$ 2,113,741,790</u>	<u>100</u>	<u>\$ 2,120,105,572</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 June 30, 2021 and 2020, and Six Months Ended June 30, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars, except Earnings Per Share)

Codes	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2021		2020		2021		2020	
	Amount	%	Amount	%	Amount	%	Amount	%
41000 Interest income	\$ 8,953,839	97	\$ 10,674,503	118	\$ 17,958,049	93	\$ 23,073,950	122
51000 Interest expenses	2,208,979	24	4,321,968	48	4,591,542	24	9,426,623	50
49010 Net interest (Notes 33)	6,744,860	73	6,352,535	70	13,366,507	69	13,647,327	72
Non-interest income								
49100 Service fee income, net (Note 33)	1,463,429	16	1,630,298	18	3,364,118	17	3,380,334	18
49200 Gain on financial assets and liabilities measured at fair value through profit or loss (Note 33)	446,573	5	518,341	6	205,478	1	290,475	1
49310 Realized gain on financial assets measured at fair value through other comprehensive income (Note 33)	368,731	4	274,915	3	759,440	4	792,812	4
49450 Gain (loss) on investment in debt instruments measured at amortized cost	(119)	-	(7)	-	5,420	-	1,741	-
49600 Foreign exchange gain (loss), net	(35,246)	(1)	123,675	1	975,219	5	490,141	3
49700 Impairment gain (loss) on assets	5,681	-	(37,003)	-	(23,118)	-	(43,444)	-
49750 Proportionate share of profit of associates under the equity method (Note 16)	65,218	1	(9,881)	-	218,422	1	18,557	-
49800 Other non-interest revenue, net	173,178	2	169,512	2	503,373	3	387,755	2
49020 Total non-interest revenue	2,487,445	27	2,669,850	30	6,008,352	31	5,318,371	28
4xxxx Consolidated net revenue	9,232,305	100	9,022,385	100	19,374,859	100	18,965,698	100
58200 Provisions for bad-debt expense, commitment and guarantee liability (Note 14)	353,359	4	379,033	4	685,030	3	707,816	4
Operating expenses								
58500 Employee benefits (Notes 31 and 33)	2,454,443	27	2,353,369	26	4,808,724	25	4,667,701	25
59000 Depreciation and amortization (Note 33)	409,173	4	427,757	5	818,498	4	853,657	4
59500 Other general and administrative	899,201	10	906,563	10	1,894,384	10	1,873,550	10
58400 Total operating expenses	3,762,817	41	3,687,689	41	7,521,606	39	7,394,908	39
61001 Profit before income tax	5,116,129	55	4,955,663	55	11,168,223	58	10,862,974	57
61003 Income tax expense (Note 34)	(509,357)	(5)	(827,750)	(9)	(1,656,006)	(9)	(1,986,140)	(10)
64000 Consolidated net income	4,606,772	50	4,127,913	46	9,512,217	49	8,876,834	47
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	(553,270)	(6)	662,728	7	1,594,298	8	(2,447,591)	(13)
65205 Financial liabilities designated at FVTPL which the amount of change derived from credit risk	21,659	-	100,379	1	37,866	-	99,010	1
65207 Proportionate share of other comprehensive income of associates under the equity method	(511)	-	-	-	578	-	-	-
65220 Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 34)	(7,061)	-	(13,786)	-	(8,839)	-	10,354	-
65200 Subtotal of items that will not be reclassified subsequently to profit or loss	(539,183)	(6)	749,321	8	1,623,903	8	(2,338,227)	(12)
Items that may be reclassified subsequently to profit or loss:								
65301 Exchange differences on translating foreign operations	(2,454,160)	(27)	(2,792,167)	(31)	(1,003,276)	(5)	(2,086,030)	(11)
65307 Share of the other comprehensive income of associates accounted for using the equity method	15,030	-	(55,553)	(1)	13,600	-	(60,060)	-
65309 Gain (loss) on debt instruments measured at fair value through other comprehensive income	239,016	3	3,694,649	41	(1,729,629)	(9)	1,531,170	8
65310 (Reversal of) loss allowance for debt instruments measured at fair value through other comprehensive income	(6,842)	-	38,029	1	23,232	-	42,620	-
65320 Income tax relating to items that may be reclassified subsequently to profit or loss (Note 34)	213,058	2	(653,006)	(7)	263,616	2	116,580	-
65300 Subtotal of items that may be reclassified subsequently to profit or loss	(1,993,898)	(22)	231,952	3	(2,432,457)	(12)	(455,720)	(3)
65000 Other comprehensive income for the period, net of income tax	(2,533,081)	(28)	981,273	11	(808,554)	(4)	(2,793,947)	(15)
66000 Total comprehensive income for the period	\$ 2,073,691	22	\$ 5,109,186	57	\$ 8,703,663	45	\$ 6,082,887	32
Net profit attributable to:								
67101 Owners of the Bank	\$ 3,582,287	39	\$ 3,172,791	35	\$ 7,304,152	38	\$ 6,772,455	36
67111 Non-controlling interests	1,024,485	11	955,122	11	2,208,065	11	2,104,379	11
67100	\$ 4,606,772	50	\$ 4,127,913	46	\$ 9,512,217	49	\$ 8,876,834	47
Total comprehensive income attributable to:								
67301 Owners of the Bank	\$ 2,366,407	25	\$ 4,999,936	56	\$ 6,871,506	36	\$ 5,458,451	29
67311 Non-controlling interests	(292,716)	(3)	109,250	1	1,832,157	9	624,436	3
67300	\$ 2,073,691	22	\$ 5,109,186	57	\$ 8,703,663	45	\$ 6,082,887	32
Earnings per share (Note 35)								
67500 Basic	\$0.80		\$0.71		\$1.63		\$1.52	
67700 Diluted	\$0.80		\$0.70		\$1.63		\$1.51	

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 Six Months Ended June 30, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

		Equity Attributable to Owners of the Bank (Note 32)											
		Share Capital		Retained Earnings			Other Equity						
		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
Codes													
A1	Balance at January 1, 2020	\$ 44,816,031	\$ 16,432,561	\$ 51,946,585	\$ 7,669,374	\$ 25,566,273	\$ (1,905,481)	\$ 9,170,839	\$ (45,419)	\$ (83,144)	\$ 153,567,619	\$ 50,658,706	\$ 204,226,325
B1	Appropriation of 2019 earnings												
B5	Legal reserve		-	4,398,333	-	(4,398,333)	-	-	-	-	-	-	-
	Cash dividends	-	-	-	-	(9,187,286)	-	-	-	-	(9,187,286)	-	(9,187,286)
D1	Net profit for the six months ended June 30, 2020	-	-	-	-	6,772,455	-	-	-	-	6,772,455	2,104,379	8,876,834
D3	Other comprehensive income (loss) for the six months ended June 30, 2020, net of income tax	-	-	-	-	-	(920,169)	(492,845)	99,010	-	(1,314,004)	(1,479,943)	(2,793,947)
D5	Total comprehensive income (loss) for the six months ended June 30, 2020	-	-	-	-	6,772,455	(920,169)	(492,845)	99,010	-	5,458,451	624,436	6,082,887
Q1	Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	(138,545)	-	138,545	-	-	-	-	-
O1	Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(1,526,804)	(1,526,804)
Z1	Balance at June 30, 2020	\$ 44,816,031	\$ 16,432,561	\$ 56,344,918	\$ 7,669,374	\$ 18,614,564	\$ (2,825,650)	\$ 8,816,539	\$ 53,591	\$ (83,144)	\$ 149,838,784	\$ 49,756,338	\$ 199,595,122
A1	Balance at 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 six months ended June 30, 2021	-	-	-	-	7,304,152	-	-	-	-	7,304,152	2,208,065	9,512,217
D3	Other comprehensive income (loss) for the six months ended June 30, 2021, net of income tax	-	-	-	-	-	(562,734)	92,222	37,866	-	(432,646)	(375,908)	(808,554)
D5	Total comprehensive income (loss) for the six months ended June 30, 2021	-	-	-	-	7,304,152	(562,734)	92,222	37,866	-	6,871,506	1,832,157	8,703,663
Q1	Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	40,026	-	(40,026)	-	-	-	-	-
O1	Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(476,048)	(476,048)
Z1	Balance at June 30, 2021	\$ 44,816,031	\$ 16,550,661	\$ 56,344,918	\$ 7,669,374	\$ 32,257,231	\$ (6,205,896)	\$ 10,581,309	\$ 44,278	\$ (83,144)	\$ 161,974,762	\$ 51,352,065	\$ 213,326,827

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 Six Months Ended June 30, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

Codes		For the Six Months Ended June 30	
		2021	2020
	Cash flows from operating activities		
A00010	Consolidated net profit before income tax	\$ 11,168,223	\$ 10,862,974
A20010	Adjustments to reconcile net profit to net cash provided by operating activities		
A20100	Depreciation expenses	713,732	747,272
A20200	Amortization expenses	104,766	106,385
A20300	Provisions for bad debt expense, commitment and guarantee liability	685,030	707,816
A21400	Loss on expected credit loss	23,290	43,444
A21900	Reversal of impairment loss on other assets	(172)	-
A20400	Gain (loss) on financial assets and liabilities at fair value through profit or loss	284,937	(190,117)
A20900	Interest expenses	4,591,542	9,426,623
A21200	Interest revenue	(17,958,049)	(23,073,950)
A21300	Dividend income	(46,395)	(30,050)
A22400	Proportionate share of profit of associates	(218,422)	(18,557)
A22500	Gain (loss) on disposal of properties and equipment, net	1,831	(5,649)
A29900	Others	(348,136)	(259,060)
A40000	Changes in operating assets and liabilities		
A41110	Due from the central bank and call loans to banks	31,338,350	(8,042,212)
A41120	Financial assets measured at fair value through profit or loss	1,569,575	(2,115,209)
A41123	Financial assets measured at fair value through other comprehensive income	8,155,008	(32,255,110)
A41125	Investment in debt instruments measured at amortized cost	(75,955,850)	14,546,972
A41150	Receivables	1,446,295	(5,453,432)
A41160	Discounts and loans	17,961,307	(30,823,338)
A41190	Other financial assets	421,001	2,574,629
A42110	Deposits from the central bank and other banks	9,647,204	(19,344,461)
A42120	Financial liabilities at fair value through profit or loss	(2,949,370)	1,301,453
A42140	Securities sold under repurchase agreements	2,778,858	21,208,227
A42150	Payables	209,380	7,375,387
A42160	Deposits and remittances	(10,012,590)	29,986,809
A42170	Other financial liabilities	360,059	716,178
A42180	Employee benefit provisions	(2,359)	(202,153)
A42990	Other liabilities	(6,721)	(59,103)
A33000	Cash from (used in) operations	(16,037,676)	(22,268,232)
A33100	Interest received	18,682,026	24,086,477
A33200	Dividends received	46,395	30,050
A33300	Interest paid	(4,903,454)	(9,907,013)
A33500	Income tax paid	(1,767,752)	(2,819,971)
AAAA	Net cash from (used in) operating activities	(3,980,461)	(10,878,689)

(Continued)

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the Six Months Ended June 30, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

Codes		For the Six Months Ended June 30	
		2021	2020
	Cash flows from investing activities		
B02700	Acquisition of properties	(339,861)	(304,115)
B02800	Proceeds from disposal of properties	4,924	1,335
B02600	Proceeds from assets for sale	261,345	-
B03700	Increase in refundable deposits	(4,005)	(226,316)
B03800	Decrease in refundable deposits	280,634	92
B04500	Acquisition of intangible assets	(81,852)	(51,567)
B05400	Acquisition of investment properties	(244,032)	(152,406)
B06800	Increase in other assets	(4,783,523)	(803,777)
BBBB	Net cash from (used in) investing activities	(4,906,370)	(1,536,754)
	Cash flows from financing activities		
C00400	Increase in funds borrowed from central bank and banks	3,778,030	234,450
C01400	Proceeds from issuance of bank debentures	-	10,000,000
C01500	Payments for bank debentures	(1,600,000)	-
C03000	Increase in securities deposits received	411,361	29,947
C03100	Decrease in securities deposits received	(159,820)	(351,560)
C04020	Payments for principal portion of lease liabilities	(466,229)	(377,059)
C05800	Changes in non-controlling interests	(476,048)	(1,526,804)
CCCC	Net cash from (used in) financing activities	1,487,294	8,008,974
DDDD	Effects of exchange rate changes on the balance of cash held in foreign currencies	(2,211,036)	(1,208,962)
EEEE	Net (decrease) increase in cash and cash equivalents	(9,610,573)	(5,615,431)
E00100	Cash and cash equivalents at the beginning of the period	195,843,112	208,424,935
E00200	Cash and cash equivalents at the end of the period	\$ 186,232,539	\$ 202,809,504

Reconciliation of the amounts in the consolidated statements of cash flows with the equivalent items reported in the consolidated balance sheets as of June 30, 2021 and 2020:

Codes	June 30, 2021	June 30, 2020
E00210 Cash and cash equivalents in consolidated balance sheets	\$76,777,023	\$71,446,115
E00220 Due from the Central Bank and call loans to banks which fall within the definition of cash and cash equivalents under IAS 7	109,174,643	130,194,606
E00230 Securities purchased under resale agreements which fall within the definition of cash and cash equivalents under IAS 7	280,873	1,168,783
E00200 Cash and cash equivalents in consolidated statements of cash flows	<u>\$186,232,539</u>	<u>\$202,809,504</u>

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 Six Months Ended June 30, 2021 and 2020

(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, Vietnam, Singapore and Wuxi China, and 4 representative offices separately located in Thailand, Cambodia, Indonesia and 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

The consolidated financial statements were approved by the board of directors on August 21, 2021.

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).

Aside from the following explanations, the applicable amendments to the IFRSs approved and issued by the FSC will not result in significant changes to the Group’s accounting policies:

3.1.1 Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform — Phase 2”

The Group chose to apply the amendment of the practical expedient to account for changes in the basis for determining the contractual cash flow of financial assets, financial liabilities and lease liabilities. If the change is necessary as a direct consequence of interest rate benchmark reform, and the new basis is economically equivalent to the previous basis, then the effective interest rate should be adjusted.

3.1.2 Amendment to IFRS 16 “COVID-19 related rent concessions after June 30, 2021”

The Group chose to apply the amendment to extend the applicable conditions of practical expedients to payments due before June 30, 2022. For accounting policies related to practical expedients, please refer to the summary of significant accounting policies in the 2020 consolidated financial report.

3.2 New IFRSs endorsed by the FSC to be applied in 2022

New IFRSs	Effective Date Announced by IASB
“Annual Improvements to IFRSs Standards 2018-2020”	January 1, 2022 (Note 1)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 2)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 3)
Amendments to IAS 37 “Onerous Contract - Cost of Fulfilling a Contract”	January 1, 2022 (Note 4)

Note 1: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 2: This amendment will be applied to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2022.

Note 3: This amendment will be applied to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 4: This amendment will be applied to contracts in which parties will not have fulfilled all obligations on 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.

3.3 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	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 and Table 4.

4.4 Other Significant Accounting Policies

Except for the following instructions, refer to the summary of major accounting policies in the annual consolidated financial statements for the year ended December 31, 2020.

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.

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 40. If the actual cash flows in the future are less than expected, significant impairment losses may occur. In addition, the estimates of probability of default will have greater uncertainty due to COVID-19 development and the fluctuations of the market in 2021.

6. CASH AND CASH EQUIVALENTS

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Cash on hand and working fund	\$ 10,506,315	\$ 10,069,077	\$ 10,770,717
Checks for clearing	572,246	1,018,144	734,061
Due from other banks	65,698,462	69,485,061	59,941,337
	<u>\$ 76,777,023</u>	<u>\$ 80,572,282</u>	<u>\$ 71,446,115</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, 2020 is shown below. For the reconciliation of the six-month period ended June 30, 2021 and 2020, refer to the consolidated statements of cash flows.

	<u>December 31, 2020</u>
Cash and cash equivalents in the consolidated balance sheets	\$ 80,572,282
Due from the Central Bank and call loans to banks which are categorized as cash and cash equivalents under IAS 7	115,124,013
Securities purchased under resale agreements which are categorized as cash and cash equivalents under IAS 7	146,817
Cash and cash equivalents	<u>\$ 195,843,112</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 June 30, 2021, December 31, 2020 and June 30, 2020, cash and cash equivalents recognized as allowances were in the amounts of \$3,727 thousand, \$4,299 thousand and \$6,093 thousand, respectively.

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

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Call loans to banks	\$ 144,458,756	\$ 166,909,572	\$ 194,926,519
Deposit reserves - I	5,679,389	16,057,031	9,834,279
Deposit reserves - II	22,437,923	22,407,116	21,267,745
Deposit reserves - foreign currency	205,923	205,158	177,404
Due from foreign central banks	3,654,200	3,220,903	2,385,700
	<u>\$ 176,436,191</u>	<u>\$ 208,799,780</u>	<u>\$ 228,591,647</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 June 30, 2021, December 31, 2020 and June 30, 2020, the allowances recognized for the dues from the Central Bank and call loans to banks were in the amounts of \$6,261 thousand, \$23,470 thousand and \$5,813 thousand, respectively.

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

	June 30, 2021	December 31, 2020	June 30, 2020
Financial assets at fair value through profit or loss			
Financial assets mandatorily classified as at FVTPL			
Corporate bonds	\$ 7,256,668	\$ 7,554,990	\$ 8,191,403
Shares	1,687,980	1,148,316	1,134,333
Forward contracts	1,190,968	3,204,220	1,992,063
Beneficiary certificates	589,742	505,928	482,596
Currency swap contract	498,349	44,866	75,572
Option contracts	308,517	439,409	947,060
Interest rate swap contracts	295,085	309,673	419,021
Bank debentures	66,710	62,417	147,364
Government bonds	49,978	340,921	356,691
Others	49,287	47,075	46,673
	<u>\$ 11,993,284</u>	<u>\$ 13,657,815</u>	<u>\$ 13,792,776</u>
Financial liabilities at fair value through profit or loss			
Held-for-trading financial liabilities			
Forward contracts	\$ 878,272	\$ 3,203,318	\$ 1,644,842
Option contracts	304,711	484,306	984,651
Currency swap contract	92,609	175,573	135,544
Others	2,109	26,203	13,622
	<u>1,277,701</u>	<u>3,889,400</u>	<u>2,778,659</u>
Financial liabilities designated at FVTPL			
Bank debentures	2,131,868	2,245,100	2,353,865
	<u>\$ 3,409,569</u>	<u>\$ 6,134,500</u>	<u>\$ 5,132,524</u>

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

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

	June 30, 2021	December 31, 2020	June 30, 2020
Option contracts	\$ 349,304,206	\$ 277,761,331	\$ 392,705,334
Forward contracts	275,467,076	278,429,579	563,194,850
Currency swap contract	90,441,333	44,267,235	29,715,942
Interest rate swap contracts	3,020,345	3,351,580	3,297,131
Asset exchange transactions	-	140,495	530,010
Future contracts	-	28,739	33,438

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

	June 30, 2021	December 31, 2020	June 30, 2020
The difference between the fair value and the maturity value			
— Fair value	\$ 2,131,868	\$ 2,245,100	\$ 2,353,865
— Maturity value	2,340,649	2,364,343	2,575,207
	<u>\$ (208,781)</u>	<u>\$ (119,243)</u>	<u>\$ (221,342)</u>

	<u>Effects of changes in credit risk</u>
Current amount of change	
From April 1, 2021 to June 30, 2021	\$ 21,659
From April 1, 2020 to June 30, 2020	\$ 100,379
From January1, 2021 to June 30, 2021	\$ 37,866
From January1, 2020 to June 30, 2020	\$ 99,010
Cumulative amount of change	
Up to June 30, 2021	\$ 44,278
Up to December 31, 2020	\$ 6,412
Up to June 30, 2020	\$ 53,591

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 and the combination of financial assets attributable to the changes in the fair value of financial liabilities and the combination of the fair value of financial assets 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 and combined commodities 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 AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	June 30, 2021	December 31, 2020	June 30, 2020
Investments in equity instruments measured at FVTOCI			
Shares	\$ 23,176,067	\$ 20,407,824	\$ 21,014,572
Investments in debt instruments measured at FVTOCI			
Corporate bonds	193,957,093	191,477,949	173,515,510
Bank debentures	171,815,781	146,254,410	158,220,103
Commercial papers	63,257,322	64,736,070	50,697,908
Government bonds	43,542,529	81,851,329	105,581,503
Asset-backed securities	1,893,803	3,010,124	2,128,626
Treasury bonds	-	499,317	2,289,639
	474,466,528	487,829,199	492,433,289
	<u>\$ 497,642,595</u>	<u>\$ 508,237,023</u>	<u>\$ 513,447,861</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 June 30, 2021, December 31, 2020 and June 30, 2020. The par values of bonds and commercial papers sold under repurchase agreements were \$28,301,046 thousand, \$24,684,350 thousand and \$31,318,812 thousand, respectively.

For the information on financial assets pledged at FVTOCI, refer to Note 38.

10. INVESTMENTS IN DEBT INSTRUMENTS MEASURED AT AMORTIZED COST

	June 30, 2021	December 31, 2020	June 30, 2020
Negotiable certificates of deposit	\$ 167,665,000	\$ 98,765,000	\$ 81,485,000
Government bonds	7,427,441	3,690,354	3,874,321
Corporate bonds	2,065,402	2,681,798	2,873,688
Treasury bonds	1,499,507	-	-
Bank debentures	861,234	863,056	1,026,798
Restricted due from banks	4,090,180	1,686,960	1,877,295
	183,608,764	107,687,168	91,137,102
Less: Loss allowance	(1,005)	(1,420)	(1,507)
	<u>\$ 183,607,759</u>	<u>\$ 107,685,748</u>	<u>\$ 91,135,595</u>

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

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

For the information on related financial assets at amortized cost pledged as collateral, refer to Note 38.

11. CREDIT RISK MANAGEMENT OF INVESTMENTS IN DEBT INSTRUMENTS

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

June 30, 2021	At FVTOC	At Amortized Cost	Total
Total carrying amount	\$ 470,860,155	\$ 183,608,764	\$ 654,468,919
Loss allowance	(150,880)	(1,005)	(151,885)
Amortized cost	470,709,275	<u>\$ 183,607,759</u>	654,317,034
Fair value adjustment	<u>3,757,253</u>		<u>3,757,253</u>
	<u>\$ 474,466,528</u>		<u>\$ 658,074,287</u>
December 31, 2020	At FVTOC	At Amortized Cost	Total
Total carrying amount	\$ 482,468,017	\$ 107,687,168	\$ 590,155,185
Loss allowance	(127,648)	(1,420)	(129,068)
Amortized cost	482,340,369	<u>\$ 107,685,748</u>	590,026,117
Fair value adjustment	<u>5,488,830</u>		<u>5,488,830</u>
	<u>\$ 487,829,199</u>		<u>\$ 595,514,947</u>
June 30, 2020	At FVTOC	At Amortized Cost	Total
Total carrying amount	\$ 488,699,530	\$ 91,137,102	\$ 579,836,632
Loss allowance	(134,345)	(1,507)	(135,852)
Amortized cost	488,565,185	<u>\$ 91,135,595</u>	579,700,780
Fair value adjustment	<u>3,868,104</u>		<u>3,868,104</u>
	<u>\$ 492,433,289</u>		<u>\$ 583,568,883</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 probability and 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:

June 30, 2021

Credit Rating	Definitions	Expected Credit Loss Recognition Base	Expected Credit Loss Rate	June 30, 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%	\$ 653,968,854
Stage 2	Credit risk has increased significantly since the initial recognition	Expected credit loss during the period of existence (no credit impairment)	0.340%~7.018%	500,065

December 31, 2020

Credit Rating	Definitions	Expected Credit Loss Recognition Base	Expected Credit Loss Rate	December 31, 2020 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%	\$ 589,660,590
Stage 2	Credit risk has increased significantly since the initial recognition	Expected credit loss during the period of existence (no credit impairment)	0.528%~7.905%	494,595

June 30, 2020

Credit Rating	Definitions	Expected Credit Loss Recognition Base	Expected Credit Loss Rate	June 30, 2020 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%	\$ 579,359,433
Stage 2	Credit risk has increased significantly since the initial recognition	Expected credit loss during the period of existence (no credit impairment)	0.337%~7.906%	477,199

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 - Unimpaired)	Total
Balance at January 1, 2021	\$ 112,993	\$ 14,655	\$ 127,648
Purchase of new debt instruments	42,345	522	42,867
Derecognition	(19,021)	(2,586)	(21,607)
Model/risk parameter changes	2,178	17	2,195
Exchange rate and other changes	(316)	93	(223)
Balance at June 30, 2021	<u>\$ 138,179</u>	<u>\$ 12,701</u>	<u>\$ 150,880</u>
Balance at January 1, 2020	\$ 84,260	\$ 7,465	\$ 91,725
Purchase of new debt instruments	29,717	7,598	37,315
Derecognition	(21,156)	(2,927)	(24,083)
Model/risk parameter changes	30,122	139	30,261
Exchange rate and other changes	(943)	70	(873)
Balance at June 30, 2020	<u>\$ 122,000</u>	<u>\$ 12,345</u>	<u>\$ 134,345</u>

Investments in debt instruments at amortized cost

	Credit Risk Rating		
	Stage 1 (12-Month ECLs)	Stage 2 (Lifetime ECLs - Unimpaired)	Total
Balance at January 1, 2021	\$ 1,420	\$ -	\$ 1,420
Purchase of new debt instruments	18	-	18
Derecognition	(146)	-	(146)
Model/risk parameter changes	(37)	-	(37)
Exchange rate and other changes	(250)	-	(250)
Balance at June 30, 2021	<u>\$ 1,005</u>	<u>\$ -</u>	<u>\$ 1,005</u>
Balance at January 1, 2020	\$ 1,569	\$ -	\$ 1,569
Purchase of new debt instruments	89	-	89
Derecognition	(83)	-	(82)
Model/risk parameter changes	(56)	-	(56)
Exchange rate and other changes	(12)	-	(13)
Balance at June 30, 2020	<u>\$ 1,507</u>	<u>\$ -</u>	<u>\$ 1,507</u>

12. SECURITIES PURCHASED UNDER RESELL AGREEMENTS

Securities purchased under resell agreements as of June 30, 2021, December 31, 2020 and June 30, 2020 were \$280,873 thousand, \$146,817 thousand and \$1,168,783 thousand, respectively. The aforementioned securities will be bought back one after another before November 19, 2021, January 11, 2021 and July 20, 2020 at \$281,323 thousand, \$146,943 thousand and \$1,170,036 thousand, respectively.

13. RECEIVABLES, NET

	June 30, 2021	December 31, 2020	June 30, 2020
Accrued interest	\$ 3,800,427	\$ 4,462,802	\$ 4,894,487
Acceptances	3,508,541	2,573,938	2,639,703
Credit card receivables	3,044,693	3,383,489	2,795,729
Accounts receivable due from sales of securities	2,368,671	3,629,263	7,021,639
Finance lease receivable	1,066,990	1,126,746	1,259,969
Accounts receivable - factoring	423,041	479,948	1,224,425
Others	2,066,722	3,149,496	3,172,702
	16,279,085	18,805,682	23,008,654
Less: Allowance for credit losses	(314,812)	(263,058)	(374,591)
	<u>\$ 15,964,273</u>	<u>\$ 18,542,624</u>	<u>\$ 22,634,063</u>

The changes in total carrying amount and the allowance of receivables and other financial assets for the six months ended June 30, 2021 and 2020 (including non-accrual loans and bills of exchange, refer to Note 17) are as follows:

For the Six Months Ended June 30, 2021

	12-Month ECLs	Lifetime ECLs (Collectively)	Lifetime ECLs (Individually)	Lifetime ECLs (Non-Purchased or Originated Credit Impairment on Financial Assets)	Total
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	(64,662)	60,202	17,546	(80)	13,006
Transfer to ECLs on financial assets	(11,308)	(18,116)	(4,050)	33,315	(159)
Transfer to 12-month ECLs	65,191	(29,536)	(41,342)	(1,728)	(7,415)
Financial assets derecognized in the current period	(4,697,809)	(3,719)	(82,324)	(15,908)	(4,799,760)
Purchased or originated financial assets	2,542,130	20,133	82,284	1,902	2,646,449
Write-offs	-	-	-	(17,951)	(17,951)
Exchange rate and other changes	(344,611)	-	(2,169)	(907)	(347,687)
Balance at June 30, 2021	\$ 15,902,197	\$ 116,500	\$ 196,286	\$ 81,468	\$ 16,296,451

	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	(983)	19,909	689	(34)	19,581	-	19,581
Transfer to ECLs on financial assets	(192)	(13,149)	(422)	4,244	(9,519)	-	(9,519)
Transfer to 12-month ECLs	20,982	(18,415)	(1,933)	(717)	(83)	-	(83)
Financial assets derecognized in the current period	(18,625)	(5,771)	(173)	3,043	(21,526)	-	(21,526)
Purchased or originated financial assets	35,093	21,081	512	1,641	58,327	-	58,327
The difference of impairment under the regulatory decree	-	-	-	-	-	9,218	9,218
Write-offs	-	-	-	(17,951)	(17,951)	-	(17,951)
Recoveries after write-off	-	-	-	13,879	13,879	-	13,879
Exchange rate and other changes	(373)	-	(39)	(27)	(439)	-	(439)
Balance at June 30, 2021	\$ 220,750	\$ 38,307	\$ 3,527	\$ 33,427	\$ 296,011	\$ 22,261	\$ 318,272

For the Six Months Ended June 30, 2020

	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, 2020	\$ 17,426,381	\$ 68,740	\$ 225,847	\$ 425,093	\$ 18,146,061
Changes due to financial assets recognized at the beginning of the period:					
Transfer to lifetime ECLs	(311,003)	198,562	34,118	(2,213)	(80,536)
Transfer to ECLs on financial assets	(16,099)	(21,637)	(4,319)	43,817	1,762
Transfer to 12-month ECLs	3,022,611	(26,378)	(64,870)	(36,803)	2,894,560
Financial assets derecognized in the current period	(6,324,816)	(5,953)	(84,256)	(98,115)	(6,513,140)
Purchased or originated financial assets	8,714,034	30,625	38,718	1,798	8,785,175
Write-offs	-	-	-	(25,164)	(25,164)
Exchange rate and other changes	(192,716)	(3,146)	(1,647)	(17)	(197,526)
Balance at June 30, 2020	\$ 22,318,392	\$ 240,813	\$ 143,591	\$ 308,396	\$ 23,011,192

	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, 2020	\$ 112,791	\$ 29,000	\$ 4,639	\$ 175,097	\$ 321,527	\$ 27,453	\$ 348,980
Changes due to financial assets recognized at the beginning of the period:							
Transfer to lifetime ECLs	(997)	55,331	718	(186)	54,866	-	54,866
Transfer to ECLs on financial assets	(273)	(14,211)	(351)	4,486	(10,349)	-	(10,349)
Transfer to 12-month ECLs	42,231	(15,112)	(1,733)	(804)	24,582	-	24,582
Financial assets derecognized in the current period	(6,977)	(4,911)	(77)	(46,969)	(58,934)	-	(58,934)
Purchased or originated financial assets	17,824	25,836	39	534	44,233	-	44,233
The difference of impairment under the regulatory decree	-	-	-	-	-	(14,955)	(14,955)
Write-offs	-	-	-	(25,164)	(25,164)	-	(25,164)
Recoveries after write-off	-	-	-	22,063	22,063	-	22,063
Exchange rate and other changes	(1,702)	(6,802)	1,009	(698)	(8,193)	-	(8,193)
Balance at June 30, 2020	\$ 162,897	\$ 69,131	\$ 4,244	\$ 128,359	\$ 364,631	\$ 12,498	\$ 377,129

14. DISCOUNTS AND LOANS, NET

	June 30, 2021	December 31, 2020	June 30, 2020
Loans	\$ 1,104,765,227	\$ 1,131,175,205	\$ 1,128,035,871
Inward/outward documentary bills	20,250,138	14,907,025	18,194,605
Non-performing loans	1,466,452	1,843,511	1,511,357
	1,126,481,817	1,147,925,741	1,147,741,833
Discount and premium adjustments	269,836	289,948	602,136
Less: Allowance for credit losses	(12,195,692)	(11,785,384)	(11,357,605)
	<u>\$ 1,114,555,961</u>	<u>\$ 1,136,430,305</u>	<u>\$ 1,136,986,364</u>

The Group discontinues accruing interest when loans are deemed non-performing. For the six months ended June 30, 2021 and 2020, the unrecognized interest revenue on the non-performing loans amounted to \$13,042 thousand and \$10,891 thousand, respectively.

For the six months ended June 30, 2021 and 2020, 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 six months ended June 30, 2021 and 2020 are as follows:

For the Six Months Ended June 30, 2021

	12-Month ECLs	Lifetime ECLs (Collectively)	Lifetime ECLs (Individually)	Lifetime ECLs (Non-Purchased or Originated Credit Impairment on Financial Assets)	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	(2,863,475)	1,739,855	455,643	(190)	-	(668,167)
Transfer to ECLs on financial assets	(545,090)	(265,918)	(40,563)	759,523	-	(92,048)
Transfer to 12-month ECLs	4,071,789	(216,339)	(3,852,075)	(4,246)	-	(871)
Financial assets derecognized in the current period	(157,749,328)	(416,133)	(2,834,331)	(617,184)	(530)	(161,617,506)
Purchased or originated financial assets	143,202,355	561,233	1,912,968	(4,438)	7,011	145,679,129
Write-offs	-	-	-	(236,652)	-	(236,652)
Exchange rate and other changes	(4,041,908)	(184,810)	(265,417)	(9,670)	(6,004)	(4,507,809)
Balance at June 30, 2021	<u>\$ 1,083,633,628</u>	<u>\$ 11,456,558</u>	<u>\$ 28,883,902</u>	<u>\$ 2,368,055</u>	<u>\$ 139,674</u>	<u>\$ 1,126,481,817</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, 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	223,134	125,391	10,362	(156)	-	358,731	-	358,731
Transfer to ECLs on financial assets	(2,515)	(43,303)	(2,478)	239,646	-	191,350	-	191,350
Transfer to 12-month ECLs	67,516	(40,079)	(104,482)	(3,673)	-	(80,718)	-	(80,718)
Financial assets derecognized in the current period	(1,043,191)	(46,097)	(22,607)	(86,482)	-	(1,198,377)	-	(1,198,377)
Purchased or originated financial assets	264,312	61,824	4,858	100,286	-	431,280	-	431,280
The difference of impairment under the regulatory decree	-	-	-	-	-	-	898,224	898,224
Write-offs	-	-	-	(236,652)	-	(236,652)	-	(236,652)
Recoveries of write-offs	-	-	-	137,727	-	137,727	-	137,727
Exchange rate and other changes	(195,004)	(7,654)	97,561	14,596	(756)	(91,257)	-	(91,257)
Balance at June 30, 2021	<u>\$ 2,399,247</u>	<u>\$ 1,518,469</u>	<u>\$ 409,186</u>	<u>\$ 894,555</u>	<u>\$ 47,582</u>	<u>\$ 5,269,039</u>	<u>\$ 6,926,653</u>	<u>\$ 12,195,692</u>

For the Six Months Ended June 30, 2020

	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, 2020	\$ 1,093,187,813	\$ 4,722,758	\$ 20,823,939	\$ 3,908,495	\$ 119,666	\$ 1,122,762,671
Changes due to financial assets recognized at the beginning of the period:						
Transfer to lifetime ECLs	(3,809,032)	3,572,495	(22,345)	(11,274)	-	(270,156)
Transfer to ECLs on financial assets	(542,439)	(357,733)	(86,433)	832,859	-	(153,746)
Transfer to 12-month ECLs	5,428,265	(1,092,690)	(4,343,696)	(40,130)	-	(48,251)
Financial assets derecognized in the current period	(195,216,235)	(905,817)	(10,750,155)	(2,256,121)	(48,282)	(209,176,610)
Purchased or originated financial assets	239,750,248	574,625	5,975,464	83,155	59,644	246,443,136
Write-offs	-	(1,450)	-	(437,413)	-	(438,863)
Exchange rate and other changes	(11,221,811)	(14,410)	(183,662)	45,557	(2,022)	(11,376,348)
Balance at June 30, 2020	\$ 1,127,576,809	\$ 6,497,778	\$ 11,413,112	\$ 2,125,128	\$ 129,006	\$ 1,147,741,833

	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, 2020	\$ 1,977,769	\$ 479,449	\$ 343,507	\$ 436,801	\$ 53,135	\$ 3,290,661	\$ 7,968,884	\$ 11,259,545
Changes due to financial assets recognized at the beginning of the period:								
Transfer to lifetime ECLs	(13,526)	795,945	(22,378)	(737)	-	759,304	-	759,304
Transfer to ECLs on financial assets	(1,064)	(88,665)	(980)	440,138	-	349,429	-	349,429
Transfer to 12-month ECLs	975,716	(98,862)	(118,023)	(5,507)	-	753,324	-	753,324
Financial assets derecognized in the current period	(462,320)	(68,174)	(131,688)	(17,178)	-	(679,360)	-	(679,360)
Purchased or originated financial assets	762,157	140,862	43,527	3,670	-	950,216	-	950,216
The difference of impairment under the regulatory decree	-	-	-	-	-	-	(2,176,533)	(2,176,533)
Write-offs	-	-	-	(437,413)	-	(437,413)	-	(437,413)
Recoveries of write-offs	-	-	-	123,752	-	123,752	-	123,752
Exchange rate and other changes	320,551	7,161	15,121	115,027	(2,519)	455,341	-	455,341
Balance at June 30, 2020	\$ 3,559,283	\$ 1,167,716	\$ 129,086	\$ 658,553	\$ 50,616	\$ 5,565,254	\$ 5,792,351	\$ 11,357,605

The details of bad debt expense, commitment and guarantee liability provisions for the six months ended June 30, 2021 and 2020 are listed as below:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Provisions for loans and discounts	\$ 357,961	\$ 240,202	\$ 600,490	\$ 459,462
Provisions for reserve of possible losses on guarantees	14,315	105,594	25,576	200,032
(Reversal) provisions for receivables	(15,796)	28,784	55,998	43,633
Other (reversal) provisions	(3,121)	4,453	2,966	4,689
	<u>\$ 353,359</u>	<u>\$ 379,033</u>	<u>\$ 685,030</u>	<u>\$ 707,816</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 (i.e. subsidiaries).

Investor	Investee	Nature of Activities	Proportion of Ownership (%)			Remark
			June 30, 2021	December 31, 2020	June 30, 2020	
Domestic subsidiaries						
The Bank	China Travel Service (Taiwan)	Traveling agency	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 agency	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	
The Bank	Pafoong Insurance Company Ltd.	Insurance	40.00	40.00	40.00	1.
The Bank	AMK Microfinance Institution Plc.	Microfinance	99.99	99.99	84.89	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)	Pafoong 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.

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

Remark 2: This entity is a subsidiary with material non-controlling interests.

The Bank's board of directors approved the investment of 962 thousand shares from AMK's external shareholders for US\$26,120 thousand on March 21, 2020. The case was approved by the FSC of Taiwan, National Bank of Cambodia, and Cambodia Ministry of Commerce on May 27, 2020, June 23, 2020 and August 6, 2020, respectively. Hence, the Bank's shareholding ratio increased to 99.99% on August 6, 2020. Since the transaction did not change the bank's control over AMK, it was treated as an equity transaction. Difference arising from the equity transaction which was debited to unappropriated earnings was \$200,035 thousand (refer to Notes 32 and 36). In addition, the Bank's board of directors approved the investment of 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, National Bank of Cambodia, and Cambodia Ministry of Commerce on May 27, 2020, May 7, 2021 and May 13, 2021, respectively. The Bank's shareholding ratio was maintained at 99.99%.

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					
		June 30, 2021		December 31, 2020		June 30, 2020	
Shanghai Commercial Bank (H.K.)	Hong Kong	42.4%		42.4%		42.4%	
Name of Subsidiary	Profit Allocated to Non-controlling Interests					Accumulated Non-controlling December 31, 2020	June 30, 2020
	For the Three Months Ended June 30		For the Six Months Ended June 30				
	2021	2020	2021	2020			
Shanghai Commercial Bank (H.K.) (excluding NCI in its subsidiaries)	\$ 1,035,239	\$ 946,235	\$ 2,218,819	\$ 2,088,986	\$ 51,159,819	\$ 49,798,941	\$ 55,328,374

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

	June 30, 2021	December 31, 2020	June 30, 2020
Assets	\$ 832,731,370	\$ 822,438,994	\$ 897,007,956
Liabilities	(711,732,331)	(704,656,770)	(774,739,424)
NCI of SCB's subsidiaries	(339,089)	(331,891)	(353,324)
Equity	\$ 120,659,950	\$ 117,450,333	\$ 121,915,208
Equity attributable to:			
Owners of SCSB	\$ 69,500,131	\$ 67,651,392	\$ 66,586,834
NCI of SCSB	51,159,819	49,798,941	55,328,374
	\$ 120,659,950	\$ 117,450,333	\$ 121,915,208

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Revenue	\$ 4,581,726	\$ 4,792,100	\$ 9,654,220	\$ 9,948,573
Net profit for the period	\$ 2,420,353	\$ 2,224,709	\$ 5,204,896	\$ 4,917,711
Net profit allocated to NCI of SCB's subsidiaries	5,493	6,976	11,943	9,142
	2,425,846	2,231,685	5,216,839	4,926,853
Other comprehensive income for the period	(3,115,969)	(1,761,748)	(895,712)	(3,465,214)
OCI allocated to NCI of SCB's subsidiaries	-	19	-	(28)
Total comprehensive income for the period	\$ (690,123)	\$ 469,956	\$ 4,321,127	\$ 1,461,111
Profit attributable to:				
Owners of SCSB	\$ 1,390,607	\$ 1,285,450	\$ 2,998,020	\$ 2,837,867
NCI of SCSB	1,035,239	946,235	2,218,819	2,088,986
	\$ 2,425,846	\$ 2,231,685	\$ 5,216,839	\$ 4,926,853
Total comprehensive income attributable to:				
Owners of SCSB	\$ (397,511)	\$ 270,694	\$ 2,488,969	\$ 841,888
NCI of SCSB	(292,612)	199,262	1,832,158	619,723
	\$ (690,123)	\$ 469,956	\$ 4,321,127	\$ 1,461,611

	For the Six Months Ended June 30	
	2021	2020
Net cash inflow (outflow) from:		
Operating activities	\$ 26,845,045	\$ (5,789,036)
Investing activities	(13,526)	(391,742)
Financing activities	(1,452,541)	(4,724,249)
Net cash outflow	\$ 25,378,978	\$ (10,905,027)

16. INVESTMENTS UNDER THE EQUITY METHOD

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Investments in associates	\$ 2,082,232	\$ 1,880,035	\$ 1,780,130

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 June 30</u>		<u>For the Six Months Ended June 30</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Profit (loss) from continuing operations	\$ 65,218	\$ (9,881)	\$ 218,422	\$ 18,557
Other comprehensive income (loss)	14,519	(55,553)	14,178	(60,060)
Total comprehensive income (loss) for the period	<u>\$ 79,737</u>	<u>\$ (65,434)</u>	<u>\$ 232,600</u>	<u>\$ (41,503)</u>

17. OTHER FINANCIAL ASSETS, NET

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Fixed deposit with original maturity of more than three months	\$ 863,020	\$ 1,297,620	\$ 2,709,590
Non-performing receivables	3,315	3,721	2,538
Bills of exchange	14,051	565	-
	<u>880,386</u>	<u>1,301,906</u>	<u>2,712,128</u>
Allowance for non-performing credit card receivables	(3,460)	(3,727)	(2,538)
	<u>\$ 876,926</u>	<u>\$ 1,298,179</u>	<u>\$ 2,709,590</u>

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

The balances of credit card receivables which were reported as non-performing amounted to \$3,315 thousand, \$3,721 thousand and \$2,538 thousand as of June 30, 2021, December 31, 2020 and June 30, 2020, respectively. The unrecognized interest revenue on the receivables amounted to \$128 thousand and \$85 thousand for the six months ended June 30, 2021 and 2020, respectively.

18. PROPERTIES, NET

	June 30, 2021	December 31, 2020	June 30, 2020
Land	\$ 14,011,063	\$ 14,080,843	\$ 14,378,707
Buildings and improvements	4,291,037	4,388,944	4,621,132
Mechanical equipment	624,482	613,331	589,416
Transportation equipment	65,327	78,360	104,502
Miscellaneous equipment	643,909	695,125	770,207
Construction in progress and prepayments	907,016	766,934	643,724
	<u>\$ 20,542,834</u>	<u>\$ 20,623,537</u>	<u>\$ 21,107,688</u>

For the Six Months Ended June 30, 2021						
	Balance at January 1, 2021	Additions	Disposals	Internal Transfers	Effects of Exchange Rate Changes, Net	Balance at June 30, 2021
Cost						
Land	\$ 14,795,777	\$ -	\$ (154)	\$ -	\$ (44,674)	\$ 14,750,949
Buildings and improvements	8,089,013	6,943	(459)	-	(33,259)	8,062,238
Mechanical equipment	2,507,360	128,721	(17,167)	4,574	(13,927)	2,609,561
Transportation equipment	191,100	785	(21,006)	-	(1,435)	169,444
Miscellaneous equipment	2,635,679	35,097	(4,927)	1,169	(17,218)	2,649,800
Construction in progress and prepayments	770,438	168,315	-	(5,743)	(22,319)	910,691
	<u>28,989,367</u>	<u>\$ 339,861</u>	<u>\$ (43,713)</u>	<u>\$ -</u>	<u>\$ (132,832)</u>	<u>29,152,683</u>
Accumulated depreciation						
Land	714,934	\$ 31,435	\$ -	\$ -	\$ (6,483)	739,886
Buildings and improvements	3,700,069	81,538	(96)	-	(10,310)	3,771,201
Mechanical equipment	1,894,029	117,941	(16,379)	-	(10,512)	1,985,079
Transportation equipment	112,741	7,887	(15,953)	-	(558)	104,117
Miscellaneous equipment	1,940,553	82,226	(4,530)	-	(12,358)	2,005,891
Construction in progress and prepayments	3,504	202	-	-	(31)	3,675
	<u>8,365,830</u>	<u>\$ 321,229</u>	<u>\$ (36,958)</u>	<u>\$ -</u>	<u>\$ (40,252)</u>	<u>8,609,849</u>
Net amount	<u>\$ 20,623,537</u>					<u>\$ 20,542,834</u>

For the Six Months Ended June 30, 2020						
	Balance at January 1, 2020	Additions	Disposals	Internal Transfers	Effects of Exchange Rate Changes, Net	Balance at June 30, 2020
Cost						
Land	\$ 15,175,664	\$ -	\$ -	\$ -	\$ (80,995)	\$ 15,094,669
Buildings and improvements	8,363,142	10,783	-	-	(62,510)	8,311,415
Mechanical equipment	2,533,270	126,158	(41,471)	3,486	(24,042)	2,597,401
Transportation equipment	259,195	14,064	(14,410)	-	(3,700)	255,149
Miscellaneous equipment	2,677,220	69,821	(14,140)	40	(35,079)	2,697,862
Construction in progress and prepayments	522,769	100,862	-	30,662	(7,109)	647,184
	<u>29,531,260</u>	<u>\$ 321,688</u>	<u>\$ (70,021)</u>	<u>\$ 34,188</u>	<u>\$ (213,435)</u>	<u>29,603,680</u>
Accumulated depreciation						
Land	692,427	\$ 33,639	\$ -	\$ -	\$ (10,104)	715,962
Buildings and improvements	3,626,564	84,906	-	-	(21,187)	3,690,283
Mechanical equipment	1,952,456	105,449	(35,168)	3,880	(18,632)	2,007,985
Transportation equipment	155,660	10,718	(13,730)	-	(2,001)	150,647
Miscellaneous equipment	1,887,459	83,752	(13,664)	(3,880)	(26,012)	1,927,655
Construction in progress and prepayments	3,266	212	-	31	(49)	3,460
	<u>8,317,832</u>	<u>\$ 318,676</u>	<u>\$ (62,562)</u>	<u>\$ 31</u>	<u>\$ (77,985)</u>	<u>8,495,992</u>
Net amount	<u>\$ 21,213,428</u>					<u>\$ 21,107,688</u>

The Group did not have any impairment losses on the properties for the six months ended June 30, 2021 and 2020.

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 their useful lives as follows:

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

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 land, buildings and improvements have completed the signing and transfer procedures in January 2021. 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><u>\$ 85,844</u></u>

19. LEASE ARRANGEMENTS

19.1 Right-of-use assets

	June 30, 2021	December 31, 2020	June 30, 2020
Carrying amount of right-of-use assets			
Land	\$ 2,697	\$ 3,318	\$ 4,167
Buildings and improvements	1,863,376	2,140,558	2,230,535
Office equipment	17,878	24,590	21,549
Mechanical equipment	11,910	8,565	33,543
Transportation equipment	34,124	29,273	31,345
	<u>\$ 1,929,985</u>	<u>\$ 2,206,304</u>	<u>\$ 2,321,139</u>

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Increase in right-of-use assets			\$ 234,282	\$ 343,545
Depreciation expenses of right-of-use assets				
Land	\$ 329	\$ 345	\$ 656	\$ 693
Buildings and improvements	175,899	189,621	350,861	380,195
Office equipment	2,963	6,561	8,292	13,165
Mechanical equipment	4,683	5,368	9,788	10,953
Transportation equipment	3,489	3,418	6,866	6,427
	<u>\$ 187,363</u>	<u>\$ 205,313</u>	<u>\$ 376,463</u>	<u>\$ 411,433</u>

19.2 Lease liabilities

	June 30, 2021	December 31, 2020	June 30, 2020
Carrying amount of lease liabilities	<u>\$ 1,999,473</u>	<u>\$ 2,287,181</u>	<u>\$ 2,383,133</u>

The discount rate intervals for lease liabilities are as follows:

	June 30, 2021	December 31, 2020	June 30, 2020
Land	6.87%	7.60%	7.83%
Buildings and improvements	0.67%~6.87%	0.67%~7.60%	1.25%~7.83%
Office equipment	0.75%~3.00%	0.75%~3.00%	2.13%~3.00%
Mechanical equipment	1.25%~6.87%	1.25%~7.60%	1.25%~7.83%
Transportation equipment	1.25%~2.92%	1.25%~3.00%	1.25%~3.00%

19.3 Other lease information

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Short-term lease expenses	<u>\$ 4,788</u>	<u>\$ 10,596</u>	<u>\$ 9,777</u>	<u>\$ 16,636</u>
Leases of low value assets	<u>\$ 3,111</u>	<u>\$ 3,322</u>	<u>\$ 6,361</u>	<u>\$ 6,731</u>
Variable lease payments which are not included in lease liabilities measurements	<u>\$ 775</u>	<u>\$ 806</u>	<u>\$ 1,632</u>	<u>\$ 1,521</u>
Total cash outflow for leases			<u>\$ 483,999</u>	<u>\$ 374,614</u>

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

20. INVESTMENT PROPERTIES, NET

	June 30, 2021	December 31, 2020	June 30, 2020
Land	\$ 4,927,153	\$ 4,731,808	\$ 4,563,289
Buildings and improvements	1,054,359	1,074,676	1,141,652
	<u>\$ 5,981,512</u>	<u>\$ 5,806,484</u>	<u>\$ 5,704,941</u>

	For the Six Months Ended June 30, 2021			
	Balance at January 1, 2021	Additions	Effects of Exchange Rate Changes, Net	Balance at June 30, 2021
Cost				
Land	\$ 4,772,658	\$ 240,280	\$ (43,746)	\$ 4,969,192
Buildings and improvements	<u>1,212,902</u>	<u>3,752</u>	<u>(10,890)</u>	<u>1,205,764</u>
	<u>5,985,560</u>	<u>\$ 244,032</u>	<u>\$ (54,636)</u>	<u>6,174,956</u>
Accumulated depreciation				
Land	40,850	\$ 1,562	\$ (373)	42,039
Buildings and improvements	<u>138,226</u>	<u>14,478</u>	<u>(1,299)</u>	<u>151,405</u>
	<u>179,076</u>	<u>\$ 16,040</u>	<u>\$ (1,672)</u>	<u>193,444</u>
Net amount	<u>\$ 5,806,484</u>			<u>\$ 5,981,512</u>

	For the Six Months Ended June 30, 2020			
	Balance at January 1, 2020	Additions	Effects of Exchange Rate Changes, Net	Balance at June 30, 2020
Cost				
Land	\$ 4,526,211	\$ 143,637	\$ (65,388)	\$ 4,604,460
Buildings and improvements	<u>1,280,513</u>	<u>8,769</u>	<u>(18,001)</u>	<u>1,271,281</u>
	<u>5,806,724</u>	<u>\$ 152,406</u>	<u>\$ (83,389)</u>	<u>5,875,741</u>
Accumulated depreciation				
Land	40,089	1,667	(585)	41,171
Buildings and improvements	<u>115,994</u>	<u>15,496</u>	<u>(1,861)</u>	<u>129,629</u>
	<u>156,083</u>	<u>\$ 17,163</u>	<u>\$ (2,446)</u>	<u>170,800</u>
Net amount	<u>\$ 5,650,641</u>			<u>\$ 5,704,941</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 lives 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 has been measured mainly by an independent appraiser, Cushman & Wakefield, on the balance sheet date. The valuation applies common 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:

	June 30, 2021	December 31, 2020	June 30, 2020
Fair value	<u>\$ 9,151,013</u>	<u>\$ 10,754,332</u>	<u>\$ 12,240,732</u>

The rental income from investment properties is stated below:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Rental income from investment properties	<u>\$ 57,339</u>	<u>\$ 50,130</u>	<u>\$ 124,686</u>	<u>\$ 138,381</u>

21. INTANGIBLE ASSETS, NET

	June 30, 2021	December 31, 2020	June 30, 2020
Bank license	\$ 1,339,436	\$ 1,357,706	\$ 1,431,471
Computer software	239,221	215,272	217,173
Goodwill	84,080	84,704	88,762
	<u>\$ 1,662,737</u>	<u>\$ 1,657,682</u>	<u>\$ 1,737,406</u>

For the Six Months Ended June 30, 2021					
	Balance at January 1, 2021	Additions	Disposals	Effects of Exchange Rate Changes, Net	Balance at June 30, 2021
Cost					
Operating license	\$ 1,396,577	\$ -	\$ -	\$ (10,289)	\$ 1,386,288
Computer software	478,901	81,852	(57,353)	(1,729)	501,671
Goodwill	<u>84,704</u>	<u>-</u>	<u>-</u>	<u>(624)</u>	<u>84,080</u>
	<u>1,960,182</u>	<u>\$ 81,852</u>	<u>\$ (57,353)</u>	<u>\$ (12,642)</u>	<u>1,972,039</u>
Less: Accumulated depreciation					
Operating license	38,871	\$ 8,296	\$ -	\$ (315)	46,852
Computer software	<u>263,629</u>	<u>56,571</u>	<u>(56,923)</u>	<u>(827)</u>	<u>262,450</u>
	<u>302,500</u>	<u>\$ 64,867</u>	<u>\$ (56,923)</u>	<u>\$ (1,142)</u>	<u>309,302</u>
Net amount	<u>\$ 1,657,682</u>				<u>\$ 1,662,737</u>

For the Six Months Ended June 30, 2020					
	Balance at January 1, 2020	Additions	Disposals	Effects of Exchange Rate Changes, Net	Balance at June 30, 2020
Cost					
Operating license	\$ 1,490,662	\$ -	\$ -	\$ (27,187)	\$ 1,463,475
Computer software	503,949	51,567	(113,252)	(4,054)	438,210
Goodwill	90,411	-	-	(1,649)	88,762
	<u>2,085,022</u>	<u>\$ 51,567</u>	<u>\$ (113,252)</u>	<u>\$ (32,890)</u>	<u>1,990,447</u>
Less: Accumulated depreciation					
Operating license	23,708	\$ 8,879	\$ -	\$ (583)	32,004
Computer software	253,559	51,974	(82,603)	(1,893)	221,037
	<u>277,267</u>	<u>\$ 60,853</u>	<u>\$ (82,603)</u>	<u>\$ (2,476)</u>	<u>253,041</u>
Net amount	<u>\$ 1,807,755</u>				<u>\$ 1,737,406</u>

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

Bank license	84 years
Computer software	3-5 years

The Group acquired goodwill mainly from the control premium generated by the acquisition of Cambodian AMK on August 28, 2018. In addition, the consideration paid of this acquisition included the expected synergies, revenue growth, future market development and other values.

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 did not need to recognize impairment loss on goodwill for the six months ended June 30, 2021 and 2020.

22. OTHER ASSETS, NET

	June 30, 2021	December 31, 2020	June 30, 2020
Prepaid expenses	\$ 7,357,794	\$ 2,722,603	\$ 2,503,713
Refundable deposits	884,353	1,163,628	1,106,216
Temporary payments and suspension	300,184	219,166	271,866
Deferred charges	255,837	293,070	300,658
Others	394,609	327,001	291,188
	<u>\$ 9,192,777</u>	<u>\$ 4,725,468</u>	<u>\$ 4,473,641</u>

23. DEPOSITS FROM THE CENTRAL BANK AND OTHER BANKS

	June 30, 2021	December 31, 2020	June 30, 2020
Call loans from banks	\$ 43,703,754	\$ 35,895,400	\$ 43,288,417
Due to banks	7,210,392	9,311,438	8,406,379
Bank overdrafts	4,420,156	389,024	1,294,666
Deposit from Chunghwa Post Co., Ltd.	1,221,799	1,221,799	1,602,195
	<u>\$ 56,556,101</u>	<u>\$ 46,817,661</u>	<u>\$ 54,591,657</u>

24. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

Securities sold under repurchase agreements as of June 30, 2021, December 31, 2020 and June 30, 2020 were \$28,560,269 thousand, \$25,781,411 thousand and \$32,268,848 thousand, respectively. The aforementioned securities will be repurchased by January 14, 2022, September 29, 2021 and April 23, 2021 at \$28,565,102 thousand, \$25,787,641 thousand and \$32,279,152 thousand, respectively.

25. PAYABLES

	June 30, 2021	December 31, 2020	June 30, 2020
Dividends payable	\$ 14,072,262	\$ 14,076,764	\$ 22,266,809
Accounts payable	9,287,964	10,245,613	12,611,157
Acceptances	3,601,998	2,608,951	2,656,400
Accrued interest	2,329,027	2,687,621	4,022,968
Accrued expenses	1,357,787	1,606,808	1,252,048
Others	690,557	683,025	810,654
	<u>\$ 31,339,595</u>	<u>\$ 31,908,782</u>	<u>\$ 43,620,036</u>

26. DEPOSITS AND REMITTANCES

	June 30, 2021	December 31, 2020	June 30, 2020
Time deposits	\$ 713,723,257	\$ 773,344,702	\$ 849,460,456
Savings deposits	532,852,773	518,354,786	476,935,044
Demand deposits	400,968,218	375,424,247	321,598,758
Negotiable certificates of deposit	17,751,300	9,218,600	18,462,000
Checking deposits	8,498,994	9,145,403	8,405,787
Remittances	271,753	409,076	741,522
	<u>\$ 1,674,066,295</u>	<u>\$ 1,685,896,814</u>	<u>\$ 1,675,603,567</u>

27. BANK DEBENTURES

27.1 The Bank

	June 30, 2021	December 31, 2020	June 30, 2020
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	6,700,000	6,700,000
The subordinated bank debenture - 7 years maturity, second issued in 2014; maturity date is in November 2021	3,300,000	3,300,000	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 June 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 December 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 June 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
	<u>\$ 65,250,000</u>	<u>\$ 66,850,000</u>	<u>\$ 66,850,000</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 had a fixed interest rate of 1.83% with the interest paid annually and the repayment of principal at maturity.

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

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

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

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

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

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

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

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

27.2 SCB (HK)

	June 30, 2021	December 31, 2020	June 30, 2020
The subordinate bank debenture with a 10 years maturity and maturity date on November 2027	\$ 6,936,540	\$ 6,986,031	\$ 7,318,689
The subordinate bank debenture with a 10 years maturity and maturity date on January 2029	8,329,372	8,387,843	8,785,935
	<u>\$ 15,265,912</u>	<u>\$ 15,373,874</u>	<u>\$ 16,104,624</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

	June 30, 2021	December 31, 2020	June 30, 2020
Principals of structured instruments	\$ 1,130,136	\$ 416,965	\$ 2,490,164
Appropriated loan funds	1,570,297	1,746,491	1,817,888
Bank borrowings	368,222	546,442	629,761
Other financial liabilities	1,370,360	1,771,047	1,103,899
	<u>\$ 4,439,015</u>	<u>\$ 4,480,945</u>	<u>\$ 6,041,712</u>

29. PROVISIONS

	June 30, 2021	December 31, 2020	June 30, 2020
Reserve for employee benefits	\$ 1,285,487	\$ 1,294,159	\$ 1,159,692
Reserve for guarantees liabilities	1,116,255	1,092,208	1,003,264
Reserve for other operations	358,463	347,866	398,132
Reserve for financing commitment	77,633	78,064	84,025
Reserve for unexpected losses	3,754	3,565	3,565
	<u>\$ 2,841,592</u>	<u>\$ 2,815,862</u>	<u>\$ 2,648,678</u>

Provisions for changes in financing commitment and guarantee liability of the Group for the six months ended June 30, 2021 and 2020 were as follows:

For the Six Months Ended June 30, 2021

	12-Month ECLs	Lifetime ECLs (Collectively)	Lifetime ECLs (Individually)	Lifetime ECLs (Non-Purchased or Originated Credit Impairment on Financial Assets)	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 financial assets recognized at the beginning of the period:							
Transfer to lifetime ECLs	10,905	20,891	14	(5,654)	26,156	-	26,156
Transfer to 12-month ECLs	1,800	(598)	(2,467)	-	(1,265)	-	(1,265)
Financial assets derecognized in the current period	(515,422)	(21,157)	(1,327)	(8,945)	(546,851)	-	(546,851)
Purchased or originated financial assets	300,904	13,191	400	-	314,495	-	314,495
The difference of impairment under the regulatory decree	-	-	-	-	-	233,041	233,041
Exchange rate and other changes	(2,167)	(1)	208	-	(1,960)	-	(1,960)
June 30, 2021	\$ 404,305	\$ 34,466	\$ 909	\$ 5,819	\$ 445,499	\$ 748,389	\$ 1,193,888

For the Six Months Ended June 30, 2020

	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
Provisions for commitment and guarantee liability							
January 1, 2020	\$ 197,485	\$ 53,270	\$ 3,009	\$ 1,675	\$ 255,439	\$ 628,601	\$ 884,040
Changes due to financial assets recognized at the beginning of the period:							
Transfer to lifetime ECLs	(161)	15,813	54	-	15,706	-	15,706
Transfer to 12-month ECLs	173	(1,702)	(533)	-	(2,062)	-	(2,062)
Financial assets derecognized in the current period	(84,862)	(51,562)	(1,567)	(68)	(138,059)	-	(138,059)
Purchased or originated financial assets	442,193	16,160	6,183	-	464,536	-	464,536
The difference of impairment under the regulatory decree	-	-	-	-	-	(154,150)	(154,150)
Exchange rate and other changes	15,557	608	1,113	-	17,278	-	17,278
June 30, 2020	\$ 570,385	\$ 32,587	\$ 8,259	\$ 1,607	\$ 612,838	\$ 474,451	\$ 1,087,289

30. OTHER LIABILITIES

	June 30, 2021	December 31, 2020	June 30, 2020
Guarantee deposits received	\$ 2,319,987	\$ 1,954,771	\$ 1,894,326
Deferred revenue	576,777	572,742	680,532
Temporary credit	93,771	42,062	282,650
Interest received in advance	11,458	12,659	12,452
Others	564,625	489,560	589,724
	<u>\$ 3,566,618</u>	<u>\$ 3,071,794</u>	<u>\$ 3,459,684</u>

31. PENSION PLAN

The expenses related to the post-retirement benefit plan for the six months ended June 30, 2021 and 2020 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 six months ended June 30, 2021 and 2020 was as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Defined benefit plan	\$ 68,810	\$ 46,156	\$ 133,649	\$ 95,524
Employees' preferential deposit plan	7,500	7,500	15,000	15,000
	<u>\$ 76,310</u>	<u>\$ 53,656</u>	<u>\$ 148,649</u>	<u>\$ 110,524</u>

32. EQUITY

32.1 Share capital

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

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

	June 30, 2021	December 31, 2020	June 30, 2020
Share premium	\$ 13,431,903	\$ 13,431,903	\$ 13,431,903
Treasury shares transaction	2,037,566	2,037,566	2,026,768
Unclaimed dividends	994,456	994,456	887,154
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>\$ 16,550,661</u>	<u>\$ 16,550,661</u>	<u>\$ 16,432,561</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 June 30, 2021, December 31, 2020 and June 30, 2020, which are limited 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(f).

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 on March 27, 2021 and shareholders' meeting on June 19, 2020, respectively. The proposals and resolutions for the appropriations of earnings and dividends per share for 2020 and 2019 were as follows:

	Appropriation of Earnings		Dividends Per Share (In NT Dollar)	
	2020	2019	2020	2019
Legal reserve	\$ 3,879,720	\$ 4,398,333		
Cash dividends - ordinary shares	7,618,725	9,187,286	\$ 1.70	\$ 2.05
	<u>\$ 11,498,445</u>	<u>\$ 13,585,619</u>	<u>\$ 1.70</u>	<u>\$ 2.05</u>

According to "The postponement of shareholders' meetings in response to the COVID-19" issued by the FSC, the Bank cancelled the shareholders' meetings. The appropriation of earnings for 2020 has been resolved in the shareholders' meeting on July 5, 2021.

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 six months ended June 30, 2021.

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 when making appropriations of earnings from 2016 to 2018 to cope with staff transformation for financial technology development. 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 for the six months ended June 30, 2021.

32.5 Treasury shares

On June 30, 2021, December 31, 2020 and June 30, 2020, 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 Six Months Ended June 30	
	2021	2020
Beginning balance	\$ 49,995,956	\$ 50,658,706
Attributed to non-controlling interests		
Net income	2,208,065	2,104,379
Translation adjustments for foreign operations	(428,124)	(956,254)
Unrealized gain on financial assets measured at FVTOCI	99,557	(274,360)
Realized gain on financial assets measured at FVTOCI	(121,275)	(155,536)
Gain on investments in debt instruments at FVTOCI	10,260	10,793
Share of other comprehensive profit and loss under the equity method	6,020	(25,477)
Income tax effect	57,654	(79,109)
Cash dividends distribution of subsidiaries	(476,048)	(1,526,804)
Ending balance	<u>\$ 51,352,065</u>	<u>\$ 49,756,338</u>

33. DETAILS OF COMPREHENSIVE INCOME STATEMENT ITEMS

33.1 Interest revenue, net

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Interest income				
Discounts and loans	\$ 6,912,186	\$ 7,577,429	\$ 13,744,278	\$ 16,051,844
Securities investments	1,742,292	2,346,227	3,564,864	5,030,569
Due from banks	264,069	708,967	551,955	1,839,086
Others	35,292	41,880	96,952	152,451
	<u>8,953,839</u>	<u>10,674,503</u>	<u>17,958,049</u>	<u>23,073,950</u>
Interest expense				
Deposits	1,610,950	3,537,248	3,381,571	7,701,437
Bank debentures	431,196	451,555	866,491	883,916
Due to banks	59,888	258,032	129,624	675,598
Securities sold under repurchase agreements	14,263	19,873	28,800	32,855
Leased liability	2,126	15,000	12,788	34,045
Others	90,556	40,260	172,268	98,772
	<u>2,208,979</u>	<u>4,321,968</u>	<u>4,591,542</u>	<u>9,426,623</u>
Interest income, net	<u>\$ 6,744,860</u>	<u>\$ 6,352,535</u>	<u>\$ 13,366,507</u>	<u>\$ 13,647,327</u>

33.2 Service fee income, net

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Service fee income				
Trust and custody services	\$ 512,968	\$ 506,637	\$ 1,265,168	\$ 1,088,929
Loan service fees	274,738	310,491	599,493	602,923
Guarantees related fees	210,322	167,561	435,943	330,962
Nominee and brokerage service charge	197,063	190,323	485,805	452,285
Credit card related fees	110,046	104,581	210,984	218,509
Exchange related fees	94,160	96,343	187,074	196,483
Inward/outward business	77,061	65,124	148,500	137,719
Insurance commission fees	54,746	121,687	147,541	230,904
Others	182,351	276,571	365,154	554,173
	<u>1,713,455</u>	<u>1,839,318</u>	<u>3,845,662</u>	<u>3,812,887</u>
Service charge				
Credit card service charge	55,431	50,290	103,936	111,814
Nominee and brokerage service charge	25,017	21,792	50,324	44,075
Finance service charge	14,044	12,764	26,374	28,929
Custody service charge	12,079	10,704	25,426	22,206
Interbank service charge	3,152	3,285	6,178	6,550
Others	140,303	110,185	269,306	218,979
	<u>250,026</u>	<u>209,020</u>	<u>481,544</u>	<u>432,553</u>
Service fee income, net	<u>\$ 1,463,429</u>	<u>\$ 1,630,298</u>	<u>\$ 3,364,118</u>	<u>\$ 3,380,334</u>

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

	For the Three Months Ended June 30, 2021		
	Realized Gain (Loss)	Unrealized Gain (Loss)	Total
Financial assets mandatorily classified as at FVTPL	\$ 2,268,945	\$ (204,072)	\$ 2,064,873
Held-for-trading financial liabilities	(2,019,184)	384,600	(1,634,584)
Financial liabilities designated at FVTPL	-	16,284	16,284
	<u>\$ 249,761</u>	<u>\$ 196,812</u>	<u>\$ 446,573</u>

	For the Three Months Ended June 30, 2020		
	Realized Gain (Loss)	Unrealized Gain (Loss)	Total
Financial assets mandatorily classified as at FVTPL	\$ 1,536,921	\$ 21,376	\$ 1,558,297
Held-for-trading financial liabilities	(1,317,219)	266,303	(1,050,916)
Financial liabilities designated at FVTPL	-	10,960	10,960
	<u>\$ 219,702</u>	<u>\$ 298,639</u>	<u>\$ 518,341</u>

	For the Six Months Ended June 30, 2021		
	Realized Gain (Loss)	Unrealized Gain (Loss)	Total
Financial assets mandatorily classified as at FVTPL	\$ 4,156,406	\$ (2,467)	\$ 4,153,939
Held-for-trading financial liabilities	(3,665,991)	(343,346)	(4,009,337)
Financial liabilities designated at FVTPL	-	60,876	60,876
	<u>\$ 490,415</u>	<u>\$ (284,937)</u>	<u>\$ 205,478</u>

	For the Six Months Ended June 30, 2020		
	Realized Gain (Loss)	Unrealized Gain (Loss)	Total
Financial assets mandatorily classified as at FVTPL	\$ 3,029,934	\$ 318,793	\$ 3,348,727
Held-for-trading financial liabilities	(2,929,576)	(32,339)	(2,961,915)
Financial liabilities designated at FVTPL	-	(96,337)	(96,337)
	<u>\$ 100,358</u>	<u>\$ 190,117</u>	<u>\$ 290,475</u>

33.4 Realized gain or loss on financial assets at FVTOCI

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Disposal of debt instruments	\$ 327,671	\$ 255,622	\$ 715,312	\$ 772,866
Dividend income	41,060	19,293	44,128	19,946
	<u>\$ 368,731</u>	<u>\$ 274,915</u>	<u>\$ 759,440</u>	<u>\$ 792,812</u>

33.5 Employment benefits expense

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Short-term employment benefits	\$ 2,199,482	\$ 2,114,157	\$ 4,288,260	\$ 4,194,295
Retirement benefits				
Defined contribution plan	94,927	96,495	188,828	187,752
Defined benefit plan	68,810	48,156	133,649	95,524
Other benefit plan	91,224	94,561	197,987	190,130
	<u>\$ 2,454,443</u>	<u>\$ 2,353,369</u>	<u>\$ 4,808,724</u>	<u>\$ 4,667,701</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. For the six months ended June 30, 2021 and 2020, the employees' compensation and the remuneration of directors were as follows:

	For the Six Months Ended June 30	
	2021	2020
Employees' compensation	\$ 29,984	\$ 30,009
Remuneration of directors	\$ 28,998	\$ 28,998

The employees' compensation and the remuneration of directors for 2020 and 2019 as approved in the

board meetings on March 27, 2021 and March 21, 2020, respectively, were as follows:

	For the Year Ended December 31			
	2020		2019	
	Cash	Shares	Cash	Shares
Employees' compensation	\$ 60,000	\$ -	\$ 60,000	\$ -
Remuneration of directors	58,000	-	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, 2020 and 2019.

Information on the employees' compensation and remuneration of directors resolved by the Bank's board of directors in 2020 and 2019 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

33.7 Depreciation and amortization

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Depreciation expense				
Properties	\$ 161,919	\$ 161,194	\$ 321,229	\$ 318,676
Right-of-use assets	187,363	205,313	376,463	411,433
Investment properties	8,002	8,558	16,040	17,163
	<u>357,284</u>	<u>375,065</u>	<u>713,732</u>	<u>747,272</u>
Amortization expense				
Intangible assets	32,493	30,256	64,867	60,853
Other assets	19,396	22,436	39,899	45,532
	<u>51,889</u>	<u>52,692</u>	<u>104,766</u>	<u>106,385</u>
	<u>\$ 409,173</u>	<u>\$ 427,757</u>	<u>\$ 818,498</u>	<u>\$ 853,657</u>

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 June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Current tax				
In respect of the current year	\$ 1,302,923	\$ 1,214,828	\$ 2,060,430	\$ 2,215,194
In respect of prior periods	(259,986)	(138,484)	(268,168)	(142,913)
	<u>1,042,937</u>	<u>1,076,344</u>	<u>1,792,262</u>	<u>2,072,281</u>
Deferred tax				
In respect of the current year	(538,740)	(219,480)	(141,416)	(57,027)
In respect of prior periods	5,160	(29,114)	5,160	(29,114)
	<u>(533,580)</u>	<u>(248,594)</u>	<u>(136,256)</u>	<u>(86,141)</u>
Income tax expense recognized in profit or loss	<u>\$ 509,357</u>	<u>\$ 827,750</u>	<u>\$ 1,656,006</u>	<u>\$ 1,986,140</u>

34.2 Income tax expense recognized in other comprehensive income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Deferred income tax expense				
Income tax expense recognized in other comprehensive income				
Translation adjustments for foreign operations	\$ 307,008	\$ 379,531	\$ 131,935	\$ 229,569
Unrealized gain or loss on financial assets measured at FVTOCI	(101,011)	(1,046,323)	122,842	(102,635)
Income tax expense recognized in other comprehensive income	<u>\$ 205,997</u>	<u>\$ (666,792)</u>	<u>\$ 254,777</u>	<u>\$ 126,934</u>

34.3 Income tax assessments

The Bank's income tax returns through 2018 had been assessed by the tax authorities.

Income tax returns of the Bank's domestic subsidiaries through 2019 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 June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Basic earnings per share	\$ 0.80	\$ 0.71	\$ 1.63	\$ 1.52
Diluted earnings per share	\$ 0.80	\$ 0.70	\$ 1.63	\$ 1.51

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 June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Earnings used in the computation of basic and diluted earnings per share	\$ 3,582,287	\$ 3,172,791	\$ 7,304,152	\$ 6,772,455

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Weighted average number of ordinary shares in computation of basic earnings per share	4,470,206	4,470,206	4,470,206	4,470,206
Effect of potentially dilutive ordinary shares:				
Employees' compensation	663	659	1,343	1,363
Weighted average number of ordinary shares used in the computation of diluted earnings per share	4,470,869	4,470,865	4,471,549	4,471,569

The Bank assumed the entire amount of the compensation will be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share.

36. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

The Bank acquired equity interest from AMK's external shareholders, after which the shareholding in AMK held by the Bank further increased from 84.89% to 99.99% on August 31, 2020.

The above transaction was treated as equity transactions. Therefore, the difference resulting from equity transaction was adjusted by reducing the unappropriated earnings by \$200,035 thousand in 2020.

37. 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:

37.1 The Bank's related parties

Related Party	Relationship with the Bank
The SCSB Cultural & Educational Foundation	Exceeding 1/3 of total fund donated by the Bank
The SCSB Charity Foundation	Exceeding 1/3 of total fund donated by the Bank
Silks Place Taroko	Investment under the equity method held by subsidiary
Hung Ta Investment Corporation	The chairman is a relative of the Bank's director
Hung Shen Investment Corporation	The chairman is a relative of the Bank's director
GTM Corporation	The director of the Bank is the director of the company
Chi-Li Investment Co., Ltd.	The director of the Bank is the director of the company
Qin Mao Consultants Ltd.	The chairman and the Bank's director are related by marriage
Lian Yi Investment Co., Ltd.	The director and the Bank's director are related by marriage
Other related parties	The relatives of the Bank's directors and managers

37.2 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.

37.2.1 Deposits

	June 30, 2021			For the Six Months Ended June 30, 2021
	Maximum Balance	Ending Balance	Interest Rate (%)	Interest Expense
Directors and related management	\$ 25,085,018	\$ 24,986,750	0.00~2.18	\$ 41,385
The SCSB Cultural & Educational Foundation	324,230	307,083	0.01~1.05	521
Employees	236,185	109,764	0.00~9.78	992
Others	97,881	96,288	0.00~0.82	249
	<u>\$ 25,743,314</u>	<u>\$ 25,499,885</u>		<u>\$ 43,147</u>
	December 31, 2020			For the Year Ended December 31, 2020
	Maximum Balance	Ending Balance	Interest Rate (%)	Interest Expense
Directors and related management	\$ 15,552,217	\$ 15,130,654	0.00~4.90	\$ 202,557
The SCSB Cultural & Educational Foundation	343,549	324,225	0.01~1.07	1,539
Employees	423,740	252,079	0.00~9.97	3,022
Others	84,046	82,756	0.00~1.90	363
	<u>\$ 16,403,552</u>	<u>\$ 15,789,714</u>		<u>\$ 207,481</u>
	June 30, 2020			For the Six Months Ended June 30, 2020
	Maximum Balance	Ending Balance	Interest Rate (%)	Interest Expense
Directors and related management	\$ 15,318,651	\$ 15,245,649	0.00~4.90	\$ 129,083
The SCSB Cultural & Educational Foundation	314,721	308,222	0.01~1.07	865
Employees	359,135	188,884	0.00~9.97	1,700
Others	60,694	60,499	0.00~1.07	179
	<u>\$ 16,053,201</u>	<u>\$ 15,803,254</u>		<u>\$ 131,827</u>

37.2.2 Interest receivable (accounted for as receivables)

	June 30, 2021	December 31, 2020	June 30, 2020
Directors and related management	\$ 72	\$ 89	\$ 95

37.2.3 Interest payable (accounted for as payables)

	June 30, 2021	December 31, 2020	June 30, 2020
Directors and related management	\$ 77	\$ 48	\$ 90
The SCSB Cultural & Educational Foundation	45	38	70
The SCSB Charity Foundation	14	15	15
	<u>\$ 136</u>	<u>\$ 101</u>	<u>\$ 175</u>

37.2.4 Guarantee deposits received (accounted for as other liabilities)

	June 30, 2021	December 31, 2020	June 30, 2020
The SCSB Cultural & Educational Foundation	\$ 318	\$ 318	\$ 318

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
The SCSB Cultural & Educational Foundation	\$ 318	\$ 318	\$ 636	\$ 636

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.

37.2.6 Loans

June 30, 2021									
Category	Name	Maximum Balance	Ending Balance	Performance		Collateral	Interest Rate (%)	Difference of Terms of the Transactions with Unrelated Parties	For the Six Months Ended June 30, 2021
				Normal Loans	Non-performing Loans				Interest Income
Loans for personal house mortgages	Directors and related management (1)	\$ 854	\$ 395	\$ 395	-	Real estate	1.57-1.57	None	\$ 4
Others	Hung Shen Investment Corporation	378,000	378,000	378,000	-	Real estate	1.46-1.46	None	2,759
Others	Directors and related management (9)	247,003	132,294	132,294	-	Real estate/ financial instruments	1.30-2.40	None	7,205
		<u>\$ 625,857</u>	<u>\$ 510,689</u>	<u>\$ 510,689</u>					<u>\$ 9,968</u>
December 31, 2020									
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, 2020
				Normal Loans	Non-performing Loans				Interest Income
Loans for personal house mortgages	Directors and related management (1)	\$ 1,062	\$ 607	\$ 607	-	Real estate	1.56-1.83	None	\$ 14
Others	Hung Shen Investment Corporation	388,000	378,000	378,000	-	Real estate	1.46-1.71	None	5,847
Others	Directors and related management (14)	1,163,269	1,094,478	1,094,478	-	Real estate/ financial instruments	1.29-2.26	None	63,232
		<u>\$ 1,552,331</u>	<u>\$ 1,473,085</u>	<u>\$ 1,473,085</u>					<u>\$ 69,093</u>

June 30, 2020									
Category	Name	Maximum Balance	Ending Balance	Performance		Collateral	Interest Rate (%)	Difference of Terms of the Transactions with Unrelated Parties	For the Six Months Ended June 30, 2020
				Normal Loans	Non-performing Loans				Interest Income
Others	Directors and related management (10)	\$ 2,237,809	\$ 473,639	\$ 473,639	-	Real estate/ financial instruments	1.33-2.26	None	\$ 32,484
Others	Hung Shen Investment Corporation	388,000	388,000	388,000	-	Real estate	1.46-1.71	None	3,069
		<u>\$ 2,625,809</u>	<u>\$ 861,639</u>	<u>\$ 861,639</u>					<u>\$ 35,553</u>

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

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

37.3 Compensation of directors and management personnel

The compensation of key management personnel for the six months ended June 30, 2021 and 2020 was as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Salaries and other short-term employee benefits	\$ 86,363	\$ 106,547	\$ 175,730	\$ 192,408
Remuneration of directors	29,365	31,733	55,723	56,222
Post-employment benefits	9,742	10,845	20,151	21,197
Bonuses issued to employees	2,662	4,967	7,658	11,108
Others	180	183	521	322
	<u>\$ 128,312</u>	<u>\$ 154,275</u>	<u>\$ 259,783</u>	<u>\$ 281,257</u>

38. PLEDGED ASSETS

Under the Central Bank's clearing system of Real-Time Gross Settlement (RTGS), on June 30, 2021, December 31, 2020 and June 30, 2020, the assets listed below had been provided as collateral for day-term overdrafts with the pledged amount adjustable at any time.

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>	<u>Guaranty Purpose</u>
The Bank				
Investments in debt instruments measured at amortized cost	\$ 11,100,000	\$ 11,100,000	\$ 11,100,000	Day-term overdraft with the pledge

On June 30, 2021, December 31, 2020 and June 30, 2020, the Bank provided financial assets at FVTOCI listed below which had been provided as operating guarantees.

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>	<u>Guaranty Purpose</u>
The Bank				
Financial assets at FVTOCI	\$ 350,383	\$ 339,588	\$ 340,544	Operating guarantee

On June 30, 2021, December 31, 2020 and June 30, 2020, SCB (HK) and its overseas branch provided financial assets at amortized cost listed below which had been provided as operating guarantees.

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>	<u>Guaranty Purpose</u>
The SCB (HK)				
Investments in debt instruments measured at amortized cost	\$ 4,984,660	\$ 1,249,343	\$ 1,299,875	Operating guarantee

On June 30, 2021, December 31, 2020 and June 30, 2020, SCB (HK) and its overseas branch provided financial assets at FVTOCI listed below which had been provided as operating guarantees.

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>	<u>Guaranty Purpose</u>
The SCB (HK)				
Financial assets at FVTOCI	\$ 3,592,118	\$ 14,497,847	\$ 39,055,604	Operating guarantee

39. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of June 30, 2021, December 31, 2020 and June 30, 2020, were as follows:

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Commitments of forward contracts with customers	\$ 567,730,799	\$ 501,101,372	\$ 908,310,554
Securities in custody	254,484,370	230,840,454	220,751,714
Assets under trust	209,129,638	199,810,665	187,084,056
Guarantee notes payable	143,623,489	162,081,230	162,454,204
Receivables under custody	30,504,635	27,636,732	25,618,046
Government bonds in brokerage accounts	11,536,700	30,612,200	36,912,200
Short-term bills in brokerage accounts	841,600	1,261,600	721,200
Consigned travelers' checks	-	-	144,538

40. FINANCIAL INSTRUMENTS

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

40.1.1 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:

	June 30, 2021		December 31, 2020		June 30, 2020	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets						
Investment in debt instruments measured at amortized cost	\$ 183,607,759	\$ 183,763,402	\$ 107,685,748	\$ 107,419,195	\$ 91,135,595	\$ 91,406,837
Financial liabilities						
Bank debentures	80,515,912	81,628,481	82,223,874	83,479,721	82,954,624	83,865,317

40.1.2 Fair value level

	June 30, 2021			
	Total	Level 1	Level 2	Level 3
Financial assets				
Investment in debt instruments measured at amortized cost	\$ 183,763,402	\$ 12,590,134	\$ 171,173,268	\$ -
Financial liabilities				
Bank debentures	81,628,481	-	81,628,481	-
	December 31, 2020			
	Total	Level 1	Level 2	Level 3
Financial assets				
Investment in debt instruments measured at amortized cost	\$ 107,419,195	\$ 5,138,129	\$ 102,281,066	\$ -
Financial liabilities				
Bank debentures	83,479,721	-	83,479,721	-
	June 30, 2020			
	Total	Level 1	Level 2	Level 3
Financial assets				
Investment in debt instruments measured at amortized cost	\$ 91,406,837	\$ 6,339,380	\$ 85,067,457	\$ -
Financial liabilities				
Bank debentures	83,865,317	-	83,865,317	-

40.1.3 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.

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

40.2.1 Fair value level

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

Financial Instruments Measured at Fair Value	June 30, 2021			
	Total	Level 1	Level 2	Level 3
Non-derivative instruments				
Assets				
Financial assets measured at FVTPL				
Financial assets mandatorily classified as at FVTPL				
Shares	\$ 1,687,980	\$ 1,656,649	\$ 31,331	\$ -
Bonds	7,373,356	383,196	6,990,160	-
Beneficiary certificates	589,742	589,742	-	-
Financial assets measured at FVTOCI				
Equity instruments	23,176,067	20,994,172	-	2,181,895
Debt instruments	474,466,528	189,955,934	284,500,269	10,325
	<u>\$ 507,293,673</u>	<u>\$ 213,579,693</u>	<u>\$ 291,521,760</u>	<u>\$ 2,192,220</u>
Liabilities				
Financial liabilities measured at FVTPL	<u>\$ 2,131,868</u>	<u>\$ -</u>	<u>\$ 2,131,868</u>	<u>\$ -</u>
Derivative financial instruments				
Assets				
Financial assets measured at FVTPL	<u>\$ 2,342,206</u>	<u>\$ 73,878</u>	<u>\$ 2,268,328</u>	<u>\$ -</u>
Liabilities				
Financial liabilities measured at FVTPL	<u>\$ 1,277,701</u>	<u>\$ -</u>	<u>\$ 1,277,701</u>	<u>\$ -</u>
Financial Instruments Measured at Fair Value	December 31, 2020			
	Total	Level 1	Level 2	Level 3
Non-derivative instruments				
Assets				
Financial assets measured at FVTPL				
Financial assets mandatorily classified as at FVTPL				
Shares	\$ 1,148,316	\$ 1,116,702	\$ 31,614	\$ -
Bonds	7,958,328	733,730	7,044,749	179,849
Beneficiary certificates	505,928	505,928	-	-
Financial assets measured at FVTOCI				
Equity instruments	20,407,824	18,477,657	-	1,930,167
Debt instruments	487,829,199	210,287,819	277,530,962	10,418
	<u>\$ 517,849,595</u>	<u>\$ 231,121,836</u>	<u>\$ 284,607,325</u>	<u>\$ 2,120,434</u>
Liabilities				
Financial liabilities measured at FVTPL	<u>\$ 2,245,100</u>	<u>\$ -</u>	<u>\$ 2,245,100</u>	<u>\$ -</u>
Derivative financial instruments				
Assets				
Financial assets measured at FVTPL	<u>\$ 4,045,244</u>	<u>\$ 47,077</u>	<u>\$ 3,690,419</u>	<u>\$ 307,748</u>
Liabilities				
Financial liabilities measured at FVTPL	<u>\$ 3,889,400</u>	<u>\$ 39,235</u>	<u>\$ 3,783,097</u>	<u>\$ 67,068</u>
Financial Instruments Measured at Fair Value	June 30, 2020			
	Total	Level 1	Level 2	Level 3
Non-derivative instruments				
Assets				
Financial assets measured at FVTPL				
Financial assets mandatorily classified as at FVTPL				
Shares	\$ 1,134,333	\$ 1,107,002	\$ 27,331	\$ -
Bonds	8,695,458	803,513	7,328,693	563,252
Beneficiary certificates	482,596	482,596	-	-
Financial assets measured at FVTOCI				
Equity instruments	21,014,572	19,206,675	-	1,807,897
Debt instruments	492,433,289	207,387,874	285,034,495	10,920
	<u>\$ 523,760,248</u>	<u>\$ 228,987,660</u>	<u>\$ 292,390,519</u>	<u>\$ 2,382,069</u>
Liabilities				
Financial liabilities measured at FVTPL	<u>\$ 2,353,865</u>	<u>\$ -</u>	<u>\$ 2,353,865</u>	<u>\$ -</u>
Derivative financial instruments				
Assets				
Financial assets measured at FVTPL	<u>\$ 3,480,389</u>	<u>\$ 50,410</u>	<u>\$ 3,010,958</u>	<u>\$ 419,021</u>
Liabilities				
Financial liabilities measured at FVTPL	<u>\$ 2,778,659</u>	<u>\$ 24,264</u>	<u>\$ 2,703,349</u>	<u>\$ 51,046</u>

There were no transfers of financial instruments between Level 1 and Level 2 fair value measurement for the six months ended June 30, 2021 and 2020.

40.2.2 Reconciliation of Level 3 fair value measurement

For the Six Months Ended June 30, 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									
Financial assets mandatorily classified as at FVTPL	\$ 487,597	\$ (347,949)	\$ -	\$ -	\$ -	\$ (139,648)	\$ -	\$ -	\$ -
Financial assets measured at FVTOCI	1,940,585	-	248,448	4,277	-	-	-	(1,090)	2,192,220
Liabilities									
Financial liabilities measured at FVTPL									
Held-for-trading financial liabilities	67,068	(67,068)	-	-	-	-	-	-	-

For the Six Months Ended June 30, 2020

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									
Financial assets mandatorily classified as at FVTPL	\$ 852,574	\$ 129,699	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 982,273
Financial assets measured at FVTOCI	1,813,473	-	(24,430)	33,680	-	-	-	(3,906)	1,818,817
Liabilities									
Financial liabilities measured at FVTPL									
Held-for-trading financial liabilities	57,765	(6,719)	-	-	-	-	-	-	51,046

40.2.3 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.

40.2.4 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 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 June 30, 2021	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted-Average)	Notes
Financial assets measured at FVTOCI					
Shares	2,181,895	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	10,325	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.

40.2.5 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:

June 30, 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	\$ -	\$ (313)	\$ -	\$ -
Financial assets measured at FVTOCI	-	-	-	(20,637)

December 31, 2020

	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	\$ -	\$ (4,512)	\$ -	\$ -
Financial assets measured at FVTOCI	-	-	-	(16,424)

June 30, 2020

	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	\$ -	\$ (14,541)	\$ -	\$ -
Financial assets measured at FVTOCI	-	-	-	(16,656)

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:

June 30, 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	\$ 313	\$ -	\$ -	\$ -
Financial assets measured at FVTOCI	-	-	20,637	-

December 31, 2020

	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	\$ 4,512	\$ -	\$ -	\$ -
Financial assets measured at FVTOCI	-	-	16,424	-

June 30, 2020

	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	\$ 14,541	\$ -	\$ -	\$ -
Financial assets measured at FVTOCI	-	-	16,656	-

40.3 Financial risk management

40.3.1 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.

40.3.2 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 June 30, 2021.

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 June 30, 2021.

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:

June 30, 2021

Financial instruments subject to IFRS 9 impairment requirements and credit impairment	Maximum Exposure to Credit Risk Mitigated by				
	Book Value	Collateral	Master Netting Arrangement	Other Credit Enhancement	Total
Receivables	\$ 81,468	\$ 9,591	\$ -	\$ -	\$ 9,591
Discounts and loans	2,507,729	1,530,257	-	323,497	1,853,754

December 31, 2020

Financial instruments subject to IFRS 9 impairment requirements and credit impairment	Maximum Exposure to Credit Risk Mitigated by				
	Book Value	Collateral	Master Netting Arrangement	Other Credit Enhancement	Total
Receivables	\$ 82,825	\$ 9,007	\$ -	\$ -	\$ 9,007
Discounts and loans	2,620,109	1,722,158	-	232,857	1,955,015

June 30, 2020

Financial instruments subject to IFRS 9 impairment requirements and credit impairment	Maximum Exposure to Credit Risk Mitigated by				
	Book Value	Collateral	Master Netting Arrangement	Other Credit Enhancement	Total
Receivables	\$ 308,396	\$ 4,259	\$ -	\$ -	\$ 4,259
Discounts and loans	2,254,134	1,520,458	-	182,922	1,703,380

(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:

	June 30, 2021	December 31, 2020	June 30, 2020
Issued and non-cancelable loan commitments	\$ 53,487,461	\$ 56,881,727	\$ 59,182,053
Non-cancelable credit card commitments	616,370	651,646	645,041
Issued but unused letters of credit	32,902,303	32,719,060	34,382,319
Other guarantees	107,145,595	104,521,028	97,267,111

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:

	June 30, 2021			
	12-Month ECLs	Lifetime ECLs - Unimpaired	Lifetime ECLs - Impaired	Total
Discounts and loans				
Consumer banking				
-Mortgage	\$ 273,390,474	\$ 2,501,397	\$ 601,494	\$ 276,493,365
-Microcredit	15,581,568	87,880	274,514	15,943,962
-Others	51,979,192	306,601	25,342	52,311,135
Corporate banking				
-Secured	488,577,062	10,233,334	1,044,879	499,855,275
-Unsecured	254,105,332	27,211,248	561,500	281,878,080
Total	\$ 1,083,633,628	\$ 40,340,460	\$ 2,507,729	\$ 1,126,481,817
Accounts receivable (including non-performing credit card receivables)				
Credit cards	\$ 2,490,116	\$ 155,157	\$ 67,854	\$ 2,713,127
Others	13,412,081	157,629	13,614	13,583,324
Total	\$ 15,902,197	\$ 312,786	\$ 81,468	\$ 16,296,451
Debt instruments measured at FVTOCI	\$ 470,360,090	\$ 500,065	\$ -	\$ 470,860,155
Investments in debt instruments measured at amortized cost	\$ 183,608,764	\$ -	\$ -	\$ 183,608,764

	December 31, 2020			
	12-Month ECLs	Lifetime ECLs - Unimpaired	Lifetime ECLs - Impaired	Total
Discounts and loans				
Consumer banking				
-Mortgage	\$ 276,042,517	\$ 2,165,375	\$ 562,131	\$ 278,770,023
-Microcredit	14,132,617	151,629	161,580	14,445,826
-Others	51,660,037	202,005	49,312	51,911,354
Corporate banking				
-Secured	505,743,454	12,246,503	1,240,602	519,230,559
-Unsecured	253,980,660	28,980,835	606,484	283,567,979
Total	\$ 1,101,559,285	\$ 43,746,347	\$ 2,620,109	\$ 1,147,925,741
Accounts receivable (including non-performing credit card receivables)	\$ 2,923,203	\$ 167,022	\$ 70,947	\$ 3,161,172
Credit cards	15,486,132	147,888	11,878	15,645,898
Others	\$ 18,409,335	\$ 314,910	\$ 82,825	\$ 18,807,070
Total				
Debt instruments measured at FVTOCI	\$ 481,973,422	\$ 494,595	\$ -	\$ 482,468,017
Investments in debt instruments measured at amortized cost	\$ 107,687,168	\$ -	\$ -	\$ 107,687,168

	June 30, 2020			
	12-Month ECLs	Lifetime ECLs - Unimpaired	Lifetime ECLs - Impaired	Total
Discounts and loans				
Consumer banking				
-Mortgage	\$ 272,745,210	\$ 2,267,073	\$ 529,591	\$ 275,541,874
-Microcredit	13,529,685	63,439	182,250	13,775,374
-Others	51,263,806	239,626	55,752	51,559,184
Corporate banking				
-Secured	506,139,415	9,174,594	1,006,638	516,320,647
-Unsecured	283,898,693	6,166,158	479,903	290,544,754
Total	\$ 1,127,576,809	\$ 17,910,890	\$ 2,254,134	\$ 1,147,741,833
Accounts receivable (including non-performing credit card receivables)	\$ 2,442,459	\$ 157,507	\$ 70,434	\$ 2,670,400
Credit cards	19,875,933	226,897	237,962	20,340,792
Others	\$ 22,318,392	\$ 384,404	\$ 308,396	\$ 23,011,192
Total				
Debt instruments measured at FVTOCI	\$ 488,222,331	\$ 477,199	\$ -	\$ 488,699,530
Investments in debt instruments measured at amortized cost	\$ 91,137,102	\$ -	\$ -	\$ 91,137,102

(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	June 30, 2021		December 31, 2020		June 30, 2020	
	Amount	%	Amount	%	Amount	%
Private sector	\$ 707,984,851	63	\$ 727,245,269	63	\$ 730,289,664	64
Consumer	388,478,937	34	390,287,673	34	384,343,582	33
Financial institution	19,045,816	2	17,910,294	2	20,887,218	2
Others	10,972,213	1	12,482,505	1	12,221,369	1
	<u>\$ 1,126,481,817</u>	<u>100</u>	<u>\$ 1,147,925,741</u>	<u>100</u>	<u>\$ 1,147,741,833</u>	<u>100</u>

B. Region

Region	June 30, 2021		December 31, 2020		June 30, 2020	
	Amount	%	Amount	%	Amount	%
Taiwan	\$ 654,338,481	58	\$ 661,839,169	58	\$ 642,176,570	56
Asia Pacific except Taiwan	343,630,405	31	356,071,837	31	376,534,037	33
Others	128,512,931	11	130,014,735	11	129,031,226	11
	<u>\$ 1,126,481,817</u>	<u>100</u>	<u>\$ 1,147,925,741</u>	<u>100</u>	<u>\$ 1,147,741,833</u>	<u>100</u>

C. Collateral

Collaterals Assumed	June 30, 2021		December 31, 2020		June 30, 2020	
	Amount	%	Amount	%	Amount	%
Unsecured	\$ 277,895,705	25	\$ 280,626,148	24	\$ 284,050,002	24
Secured						
Properties	711,087,816	63	730,573,644	64	732,766,237	64
Guarantee	75,644,186	7	76,304,205	7	70,219,861	6
Financial collateral	41,324,265	3	38,160,939	3	36,650,280	3
Movable properties	3,313,964	1	3,684,467	1	4,278,112	1
Other collateral	17,215,881	1	18,576,338	1	19,777,341	2
	<u>\$ 1,126,481,817</u>	<u>100</u>	<u>\$ 1,147,925,741</u>	<u>100</u>	<u>\$ 1,147,741,833</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.

40.3.3 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 in-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 (DV01, Delta, Beta) etc. Measurement of investment portfolio is affected by interest rate risk, foreign exchange risk and price of equity securities.

B. Monitoring and reporting

The 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 basis.

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 June 30, 2021, December 31, 2020 and June 30, 2020 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 June 30, 2021, December 31, 2020 and June 30, 2020 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 June 30, 2021, December 31, 2020 and June 30, 2020 rise or fall by 1% while other factors remain unchanged.

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

B. Sensitivity analysis is summarized as follows:

June 30, 2021			
Major Risk	Fluctuation Range	Amount	
		Equity	Profit or Loss
Foreign exchange risk	Foreign currency appreciated 1% against NTD	\$ 700,657	\$ 23,058
	Foreign currency depreciated 1% against NTD	(700,657)	(23,058)
Interest rate risk	Interest rate curve edged up 1bp	(77,386)	(1,497)
	Interest rate curve edged down 1bp	77,386	1,497
Equity price risk	Equity price increased 1%	201,467	18,302
	Equity price decreased 1%	(201,467)	(18,302)

December 31, 2020			
Major Risk	Fluctuation Range	Amount	
		Equity	Profit or Loss
Foreign exchange risk	Foreign currency appreciated 1% against NTD	\$ 695,598	\$ 26,503
	Foreign currency depreciated 1% against NTD	(695,598)	(26,503)
Interest rate risk	Interest rate curve edged up 1bp	(73,898)	(3,342)
	Interest rate curve edged down 1bp	73,898	3,342
Equity price risk	Equity price increased 1%	180,992	11,763
	Equity price decreased 1%	(180,992)	(11,763)

June 30, 2020			
Major Risk	Fluctuation Range	Amount	
		Equity	Profit or Loss
Foreign exchange risk	Foreign currency appreciated 1% against NTD	\$ 678,033	\$ 22,664
	Foreign currency depreciated 1% against NTD	(678,033)	(22,664)
Interest rate risk	Interest rate curve edged up 1bp	(86,348)	(4,827)
	Interest rate curve edged down 1bp	86,348	4,827
Equity price risk	Equity price increased 1%	191,348	8,540
	Equity price decreased 1%	(191,348)	(8,540)

40.3.4 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.

June 30, 2021	0-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year	Total
Deposits from the central bank and other banks	\$ 36,796,310	\$ 14,396,875	\$ 1,423,460	\$ 1,677,191	\$ 2,262,265	\$ 56,556,101
Due to the central bank and other banks	-	-	-	9,830,040	-	9,830,040
Financial liabilities measured at FVTPL	-	-	-	-	2,340,649	2,340,649
Securities sold under repurchase agreements	28,010,304	382,545	159,240	8,180	-	28,560,269
Payables	29,774,556	343,575	477,231	450,625	293,608	31,339,595
Deposits and remittances	1,038,814,942	312,663,109	162,415,497	149,473,101	10,699,646	1,674,066,295
Bank debentures	-	130,923	3,509,476	2,490,400	74,385,113	80,515,912
Other financial liabilities	2,951,871	31,704	125,644	313,161	1,016,635	4,439,015
Lease liabilities	33,899	64,132	98,646	204,725	1,598,071	1,999,473

December 31, 2020	0-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year	Total
Deposits from the central bank and other banks	\$ 27,036,180	\$ 12,196,668	\$ 3,265,218	\$ 1,399,007	\$ 2,920,588	\$ 46,817,661
Due to the central bank and other banks	-	-	2,522,250	3,529,760	-	6,052,010
Financial liabilities measured at FVTPL	-	-	-	-	2,364,343	2,364,343
Securities sold under repurchase agreements	21,081,371	4,139,127	526,931	33,982	-	25,781,411
Payables	30,480,415	625,081	264,585	284,596	254,105	31,908,782
Deposits and remittances	1,005,052,057	313,807,777	170,852,338	184,964,952	11,219,690	1,685,896,814
Bank debentures	210,744	1,600,000	131,712	3,642,457	76,638,961	82,223,874
Other financial liabilities	2,790,654	30,999	97,769	257,198	1,304,325	4,480,945
Lease liabilities	37,704	104,011	111,203	289,837	1,744,426	2,287,181

June 30, 2020	0-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year	Total
Deposits from the central bank and other banks	\$ 32,112,814	\$ 11,994,610	\$ 6,186,971	\$ 1,507,182	\$ 2,790,080	\$ 54,591,657
Due to the central bank and other banks	-	-	-	-	234,450	234,450
Financial liabilities measured at FVTPL	-	-	-	-	2,575,207	2,575,207
Securities sold under repurchase agreements	24,312,424	7,689,934	218,407	48,083	-	32,268,848
Payables	41,927,950	556,463	582,178	352,425	201,020	43,620,036
Deposits and remittances	942,312,302	372,709,378	188,527,328	161,656,705	10,397,854	1,675,603,567
Bank debentures	220,838	-	138,022	1,958,860	80,636,904	82,954,624
Other financial liabilities	4,280,456	25,925	87,164	189,989	1,458,178	6,041,712
Lease liabilities	40,572	112,222	107,810	309,136	1,813,393	2,383,133

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

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

December 31, 2020	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	\$ 22,568	\$ 40,706	\$ 25,262	\$ 22,436	\$ -	\$ 110,972
Interest rate derivatives	-	-	-	40,283	26,786	67,069
Equity securities derivatives	578	-	-	-	-	578

June 30, 2020	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	\$ 25,707	\$ 12,308	\$ 6,194	\$ 17,513	\$ -	\$ 61,722
Interest rate derivatives	-	-	17,807	-	33,239	51,046
Equity securities derivatives	97	-	-	-	-	97

B. Derivative financial liabilities in gross settlement

June 30, 2021	0-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year	Total
Derivative financial liabilities measured at FVTPL						
Foreign exchange derivatives						
Cash inflow	\$ 199,531,899	\$ 70,326,528	\$ 40,653,078	\$ 18,583,025	\$ 111,441	\$ 329,205,971
Cash outflow	199,793,590	70,670,460	40,726,946	18,679,608	111,505	329,982,109

December 31, 2020	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	\$ 122,239,801	\$ 54,962,642	\$ 94,258,175	\$ 32,844,775	\$ 426,975	\$ 304,732,368
Cash outflow	122,890,662	55,343,874	94,444,452	33,028,403	426,972	306,134,363

June 30, 2020	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	\$ 297,458,660	\$ 173,449,109	\$ 136,681,757	\$ 205,502,803	\$ 134,524,388	\$ 947,616,717
Cash outflow	297,787,707	173,796,467	136,822,398	205,613,507	134,526,441	948,546,520

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.

June 30, 2021	0-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year	Total
Non-cancelable loan commitments	\$ 1,458,628	\$ 715,060	\$ 9,387,139	\$ 6,355,753	\$ 35,570,881	\$ 53,487,461
Non-cancelable credit card commitments	92,394	184,788	277,181	62,007	-	616,370
Issued but unused letters of credit	25,988,307	5,504,371	1,021,806	302,557	85,262	32,902,303
Other guarantees	27,971,100	37,650,880	9,575,213	16,755,884	15,192,518	107,145,595

December 31, 2020	0-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year	Total
Non-cancelable loan commitments	\$ 7,017,759	\$ 2,229,107	\$ 3,274,688	\$ 10,125,895	\$ 34,234,279	\$ 56,881,728
Non-cancelable credit card commitments	66,012	132,089	198,100	255,445	-	651,646
Issued but unused letters of credit	27,112,987	4,108,707	1,296,551	200,815	-	32,719,060
Other guarantees	40,491,873	23,032,143	8,204,885	18,595,591	14,196,536	104,521,028

June 30, 2020	0-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year	Total
Non-cancelable loan commitments	\$ 3,575,590	\$ 2,542,729	\$ 3,258,101	\$ 4,756,401	\$ 45,049,232	\$ 59,182,053
Non-cancelable credit card commitments	65,343	130,750	196,092	252,856	-	645,041
Issued but unused letters of credit	27,897,971	4,281,605	1,665,768	370,950	166,025	34,382,319
Other guarantees	28,804,724	29,632,198	6,713,602	17,198,072	14,918,515	97,267,111

40.3.5 Liquidity risk

The financial instruments of the Group affected by the interest rate benchmarks include derivatives and non-derivative financial assets. The linked indicator interest rate types are USD LIBOR, GBP LIBOR, EUR LIBOR, CHF LIBOR, JPY LIBOR.

The Group gives close attention to the market and the output from the various industry working groups managing the transition to new benchmark interest rates. This includes announcements made by LIBOR regulators (including the UK Financial Conduct Authority (FCA) and Intercontinental Exchange Benchmark Administration (IBA)) regarding the transition from LIBOR to the Secured Overnight Financing Rate (SOFR), the Sterling Overnight Index Average Rate (SONIA), the Euro Short-Term Rate (€STR), the Swiss Average Rate Overnight Rate (SARON) and the Tokyo Overnight Average rate (TONA) respectively. According to IBA's tentative plan, one-week and two-month USD LIBOR, GBP LIBOR, EUR LIBOR, CHF LIBOR and JPY LIBOR are expected to be available until the end of 2021, and the remaining USD LIBOR is expected to be available until the end of June 2023.

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. The plan is under the governance of the general manager of the bank.

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's 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's practical expedients.

On June 30, 2021, the non-derivative financial instruments held by the Group that have been affected by the interest rate benchmark reform and have not yet converted to alternative interest rate indicators are summarized as follows:

	Book value	Transition progress
Financial assets linked to USD LIBOR		
Financial assets measured at FVOCI	\$ 6,805,565	1. Expected to expire before December 2021.
	27,407,615	2. The contingency clause has not been updated yet.
Discount and loans	64,915,551	1. The contingency clause has been updated.
	<u>134,479,646</u>	2. The contract is being negotiated with the counterparty, and the contract modification or conversion clause is expected to be completed in the in the second half of 2021.
Total	<u>233,608,377</u>	
Financial assets linked to GBP LIBOR		
Discount and loans	<u>14,425,090</u>	The contract is being negotiated with the counterparty, and the contract modification or conversion clause is expected to be completed in the in the second half of 2021.
Financial assets linked to JPY LIBOR		
Discount and loans	<u>1,254,645</u>	The contract is being negotiated with the counterparty, and the contract modification or conversion clause is expected to be completed in the in the second half of 2021.
Financial assets linked to EUR LIBOR		
Discount and loans	<u>17,487,263</u>	The contract is being negotiated with the counterparty, and the contract modification or conversion clause is expected to be completed in the in the second half of 2021.
Financial assets linked to CHF LIBOR		
Discount and loans	<u>262,000</u>	The contract is being negotiated with the counterparty, and the contract modification or conversion clause is expected to be completed in the in the second half of 2021.
Financial assets linked to SGD LIBOR		
Discount and loans	<u>749,262</u>	The contract is being negotiated with the counterparty, and the contract modification or conversion clause is expected to be completed in the second half of 2021.
Total Non-derivative financial assets subject to the interest rate benchmark reform	<u>\$ 267,786,637</u>	
Financial liabilities linked to USD LIBOR		
Central bank and interbank deposits	\$ 5,578,404	1. The contingency clause has been updated.
	418,000	2. Expire before December 2021.
Total	<u>5,996,404</u>	
Total Non-derivative financial liabilities subject to the interest rate benchmark reform	<u>\$ 5,996,404</u>	

On June 30, 2021, 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	Transition progress
		Financial assets	Financial liabilities
Derivatives linked to USD LIBOR			
Interest rate swap	<u>\$2,147,000</u>	<u>\$293,028</u>	<u>\$ -</u>

To convert transition derivatives according to ISDA protocol

40.4 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 do not qualified for derecognition and related financial liabilities.

June 30, 2021

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

December 31, 2020

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	\$ 25,014,292	\$ 25,781,411	\$ 25,014,292	\$ 25,781,411	\$ (767,119)

June 30, 2020

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	\$ 31,684,669	\$ 32,268,848	\$ 31,684,669	\$ 32,268,848	\$ (584,179)

41. 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.

41.1 The Bank

	For the Six Months Ended June 30, 2021	
	Average Balance	Average Rate (%)
Interest-bearing assets		
Cash and cash equivalents - due from other banks	\$ 33,515,104	0.15
Due from the Central Bank and call loans to banks	83,858,936	0.39
Financial assets measured at FVTPL	73,821	0.24
Securities purchased under resell agreements	166,026	0.45
Revolving credit card balances	607,574	12.65
Discounts and loans (excluding non-performing loans)	753,041,007	1.32
Financial assets measured at FVTOCI - investments in debt instruments	223,458,294	1.05
Investment in debt instruments measured at amortized cost	131,268,899	0.29
Other financial assets due from other banks (time deposits of more than three months)	863,020	1.32
Interest-bearing liabilities		
Due to the Central Bank and banks	21,356,296	0.26
Financial liabilities measured at FVTPL	1,958,972	5.37
Securities sold under repurchase agreements	29,833,420	0.19
Negotiable certificates of deposit	13,508,510	0.29
Demand deposits	313,238,998	0.05
Savings deposits	187,152,208	0.25
Time deposits	352,770,774	0.49
Time savings	146,229,133	0.79
Bank debentures	65,989,785	1.39
Other financial liabilities	1,064,658	0.39
Lease liabilities	818,339	1.30

For the Six Months Ended June 30, 2020		
	Average Balance	Average Rate (%)
Interest-bearing assets		
Cash and cash equivalents - due from other banks	\$ 16,276,396	0.30
Due from the Central Bank and call loans to banks	120,227,600	1.07
Financial assets measured at FVTPL	87,028	0.50
Securities purchased under resell agreements	1,663,565	1.52
Revolving credit card balances	665,946	12.57
Discounts and loans (excluding non-performing loans)	736,971,732	2.02
Financial assets measured at FVTOCI - investments in debt instruments	214,930,789	1.36
Investment in debt instruments measured at amortized cost	94,357,113	0.57
Other financial assets due from other banks (time deposits of more than three months)	2,709,590	1.55

Interest-bearing liabilities

Due to the Central Bank and banks	28,381,156	1.42
Financial liabilities measured at FVTPL	2,096,804	5.12
Securities sold under repurchase agreements	18,145,316	0.36
Negotiable certificates of deposit	18,074,108	0.57
Demand deposits	240,364,453	0.15
Savings deposits	155,097,672	0.28
Time deposits	424,026,686	1.02
Time savings	148,748,709	0.97
Bank debentures	62,118,817	1.46
Other financial liabilities	2,210,188	2.82
Lease liabilities	884,347	1.22

41.2 SCB (HK)

For the Six Months Ended June 30, 2021		
	Average Balance	Average Rate (%)
Interest-bearing assets		
Due from other banks	\$ 162,203,818	0.36
Discounts and loans (excluding non-performing loans)	363,702,642	3.33
Revolving credit card balances	105,958	29.03
Debt instruments (including financial assets measured at FVTOCI and at amortized cost)	253,770,118	1.74
Interest-bearing liabilities		
Due to other banks	28,749,070	0.67
Demand deposits	262,362,288	0.02
Time deposits	395,168,329	0.78
Bank debentures	15,257,024	4.54

For the Six Months Ended June 30, 2020		
	Average Balance	Average Rate (%)
Interest-bearing assets		
Due from other banks	\$ 150,452,515	1.43
Discounts and loans (excluding non-performing loans)	377,677,744	4.00
Revolving credit card balances	137,817	32.46
Debt instruments (including financial assets measured at FVTOCI and at amortized cost)	260,813,423	2.50
Interest-bearing liabilities		
Due to other banks	45,651,322	1.67
Demand deposits	228,937,289	0.03
Time deposits	427,733,536	2.00
Bank debentures	16,127,263	4.52

42. 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.

In order to improve the financial base of the Bank, the ratio of own capital to risky assets shall not be less than 10.5% in accordance with the Rules of the Banking Act and relevant measures. If the capital adequacy ratio falls below required standards, the Central Regulator would restrict the earnings distribution.

The Group conformed to the regulation on capital management as of June 30, 2021, December 31, 2020 and June 30, 2020.

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

	June 30, 2021	December 31, 2021	June 30, 2020
Analysis items			
Eligible capital			
Common equity	\$ 172,545,484	\$ 165,191,816	\$ 162,394,200
Other Tier I capital	6,012,568	6,104,095	5,994,527
Tier II capital	47,936,021	50,765,432	52,232,883
Eligible capital	<u>\$ 226,494,073</u>	<u>\$ 222,061,343</u>	<u>\$ 220,621,610</u>
Risk-weighted assets			
Credit risk			
Standardized approach	\$ 1,308,764,490	\$ 1,429,205,765	\$ 1,460,940,367
Credit valuation adjustment (CVA)	1,547,492	1,327,408	2,470,917
Internal rating based approach	N/A	N/A	N/A
Synthetic securitization	757,521	1,204,050	851,450
Operational risk			
Basic indicator approach	68,763,627	68,763,627	67,569,151
Standardized approach			
/alternative standardized approach	N/A	N/A	N/A
Advanced measurement approach	N/A	N/A	N/A
Market risk			
Standardized approach	83,350,035	80,030,662	76,423,436
Internal models approach	N/A	N/A	N/A
Total risk-weighted assets	<u>\$ 1,463,183,165</u>	<u>\$ 1,580,531,512</u>	<u>\$ 1,608,255,321</u>
Capital adequacy ratio	15.48%	14.05%	13.72%
Ratio of common equity to risk-weighted assets	11.79%	10.45%	10.10%
Ratio of Tier I capital to risk-weighted assets	12.20%	10.84%	10.47%
Leverage ratio	7.86%	7.57%	7.36%

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

Note 2: Formulas used were as follows:

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

(4) Ratio of ordinary equity to risk-weighted assets = Ordinary equity ÷ Total risk-weighted assets.

(5) Ratio of Tier I capital to risk-weighted assets = (Ordinary equity + Other Tier I capital) ÷ Total risk-weighted assets.

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

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

43.1 Assets quality: As stated in Table 1

43.2 Concentration of credit risks

Top 10 credit extensions information of the Group was as below:

Ranking (Note 1)	June 30, 2021					
	The Bank			SCB (HK)		
	Categorized by Sector (Note 2)	Credit Amount (Note 3)	Credit Amount / Stockholders' equity	Categorized by Sector (Note 2)	Credit Amount (Note 3)	Credit Amount / Stockholders' equity (Note 4)
1	A Group (general management institution)	6,297,898	3.89%	a Group (other holding companies)	18,199,057	15.01%
2	B Group (computer manufacturing)	5,589,050	3.45%	b Group (hotel property development)	10,115,427	8.35%
3	C Group (financial insurance and business services)	5,432,253	3.35%	c Group (property investment and development)	9,723,078	8.02%
4	D Group (real estate selling and leasing)	5,187,426	3.20%	d Group (hotel property development)	7,652,043	6.31%
5	E Group (wiring and cable system manufacturing)	4,849,955	2.99%	e Group (hotel property development)	7,404,177	6.11%
6	F Group (general management institution)	4,440,869	2.74%	f Group (broadcasting and entertainment industry)	7,065,907	5.83%
7	G Group (apparel manufacturing)	4,262,847	2.63%	g Group (automobile retail)	5,931,545	4.89%
8	H Group (electricity supply industry)	3,947,618	2.44%	h Group (property investment)	5,906,744	4.87%
9	I Group (real estate selling and leasing)	3,840,000	2.37%	i Group (securities trading industry)	5,632,717	4.65%
10	J Group (wholesale of chemical materials and products)	3,821,558	2.36%	j Group (import and export of garments and accessories)	5,185,088	4.28%

Ranking (Note 1)	December 31, 2020					
	The Bank			SCB (HK)		
	Categorized by Sector (Note 2)	Credit Amount (Note 3)	Credit Amount / Stockholders' equity	Categorized by Sector (Note 2)	Credit Amount (Note 3)	Credit Amount / Stockholders' equity (Note 4)
1	A Group (general management institution)	6,365,394	4.10%	a Group (other holding companies)	18,245,451	15.19%
2	H Group (electricity supply industry)	5,697,983	3.67%	g Group (automobile retail)	9,565,969	7.96%
3	B Group (computer manufacturing)	5,493,784	3.54%	b Group (hotel property development)	9,429,226	7.85%
4	C Group (financial insurance and business services)	5,473,133	3.53%	c Group (property investment and development)	9,187,186	7.65%
5	D Group (real estate selling and leasing)	5,234,067	3.37%	d Group (hotel property development)	8,014,091	6.67%
6	K Group (metallic furniture manufacturing)	5,099,207	3.29%	e Group (hotel property development)	7,259,917	6.04%
7	E Group (wiring and cable system manufacturing)	4,394,663	2.83%	f Group (broadcasting and entertainment industry)	7,107,874	5.92%
8	F Group (general management institution)	4,280,262	2.76%	h Group (property investment)	5,867,824	4.88%
9	L Group (general management institution)	4,214,850	2.72%	j Group (import and export of garments and accessories)	5,160,321	4.29%
10	M Group (apparel manufacturing)	4,022,186	2.59%	k Group (hotel property development)	5,011,580	4.17%

Ranking (Note 1)	June 30, 2020					
	The Bank			SCB (HK)		
	Categorized by Sector (Note 2)	Credit Amount (Note 3)	Credit Amount / Stockholders' equity	Categorized by Sector (Note 2)	Credit Amount (Note 3)	Credit Amount / Stockholders' equity (Note 4)
1	C Group (financial insurance and business services)	5,679,633	3.79%	a Group (other holding companies)	22,336,676	19.27%
2	A Group (general management institution)	5,164,261	3.45%	g Group (automobile retail)	10,555,682	9.10%
3	H Group (electricity supply industry)	5,075,875	3.39%	b Group (hotel property development)	8,765,412	7.56%
4	K Group (metallic furniture manufacturing)	5,042,209	3.37%	c Group (property investment and development)	8,304,235	7.16%
5	F Group (general management institution)	4,796,138	3.20%	d Group (hotel property development)	8,142,940	7.02%
6	L Group (general management institution)	4,416,750	2.95%	e Group (hotel property development)	6,847,132	5.91%
7	E Group (wiring and cable system manufacturing)	4,266,922	2.85%	h Group (property investment)	5,567,288	4.80%
8	N Group (computer manufacturing)	4,241,063	2.83%	j Group (import and export of garments and accessories)	5,015,083	4.33%
9	B Group (computer manufacturing)	4,165,117	2.78%	k Group (hotel property development)	4,874,850	4.20%
10	O Group (financial leasing industry)	3,995,723	2.67%	l Group (property investment)	4,528,489	3.91%

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 industries. 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).

43.3 Interest rate sensitivity information

43.3.1 The Bank

Interest Rate Sensitivity Analysis June 30, 2021

(In NTS Thousands)

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

Interest Rate Sensitivity Analysis December 31, 2020

(In NTS Thousands)

Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate sensitive assets	\$ 762,861,814	\$ 31,686,878	\$ 11,715,579	\$ 68,693,820	\$ 874,958,091
Interest rate sensitive liabilities	275,225,198	368,663,054	89,503,236	68,471,532	801,863,020
Interest rate sensitivity gap	487,636,616	(336,976,176)	(77,787,657)	222,288	73,095,071
Net equity					155,103,256
Ratio of interest rate sensitive assets to liabilities					109.12%
Ratio of interest rate sensitivity gap to net equity					47.13%

Interest Rate Sensitivity Analysis June 30, 2020

(In NTS Thousands)

Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate sensitive assets	\$ 734,306,810	\$ 33,740,299	\$ 20,303,181	\$ 73,524,806	\$ 861,875,096
Interest rate sensitive liabilities	309,680,420	342,181,917	66,497,428	71,162,923	789,522,688
Interest rate sensitivity gap	424,626,390	(308,441,618)	(46,194,247)	2,361,883	72,352,408
Net equity					149,838,784
Ratio of interest rate sensitive assets to liabilities					109.16%
Ratio of interest rate sensitivity gap to net equity					48.29%

Note 1: These 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 the New Taiwan dollars).

Interest Rate Sensitivity Analysis
June 30, 2021

(In US\$ Thousands)

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

Interest Rate Sensitivity Analysis
December 31, 2020

(In US\$ Thousands)

Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate sensitive assets	\$ 6,678,300	\$ 367,516	\$ 252,925	\$ 1,849,737	\$ 9,148,478
Interest rate sensitive liabilities	2,538,240	6,230,177	817,905	70,034	9,656,356
Interest rate sensitivity gap	4,140,060	(5,862,661)	(564,980)	1,779,703	(507,878)
Net equity					5,519,885
Ratio of Interest rate sensitive assets to liabilities					94.74%
Ratio of interest rate sensitivity gap to net equity					(9.20%)

Interest Rate Sensitivity Analysis
June 30, 2020

(In US\$ Thousands)

Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate sensitive assets	\$ 6,134,757	\$ 130,114	\$ 348,847	\$ 1,646,707	\$ 8,260,425
Interest rate sensitive liabilities	3,064,518	4,944,527	722,659	70,123	8,801,827
Interest rate sensitivity gap	3,070,239	(4,814,413)	(373,812)	1,576,584	(541,402)
Net equity					5,088,768
Ratio of Interest rate sensitive assets to liabilities					93.85%
Ratio of interest rate sensitivity gap to net equity					(10.64%)

Note 1: These tables above refer only to the financial assets/liabilities denominated in the 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 the U.S. dollars).

43.3.2 SCB (HK)

Interest Rate Sensitivity Analysis June 30, 2021

(In US\$ Thousands)

Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate sensitive assets	\$ 6,782,693	\$ 705,005	\$ 1,321,863	\$ 3,239,035	\$ 12,048,596
Interest rate sensitive liabilities	6,354,916	1,421,356	644,393	780,919	9,201,584
Interest rate sensitivity gap	427,777	(716,351)	677,470	2,458,116	2,847,012
Net equity					4,368,174
Ratio of interest rate sensitive assets to liabilities					130.94%
Ratio of interest rate sensitivity gap to net equity					65.18%

Interest Rate Sensitivity Analysis December 31, 2020

(In US\$ Thousands)

Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate sensitive assets	\$ 7,549,663	\$ 348,739	\$ 1,056,552	\$ 2,706,604	\$ 11,661,558
Interest rate sensitive liabilities	6,374,657	1,114,910	871,945	772,134	9,133,646
Interest rate sensitivity gap	1,175,006	(766,171)	184,607	1,934,470	2,527,912
Net equity					4,227,784
Ratio of interest rate sensitive assets to liabilities					127.68%
Ratio of interest rate sensitivity gap to net equity					59.79%

Interest Rate Sensitivity Analysis June 30, 2020

(In US\$ Thousands)

Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate sensitive assets	\$ 7,165,904	\$ 353,525	\$ 453,764	\$ 2,233,815	\$ 10,207,008
Interest rate sensitive liabilities	6,676,588	874,914	910,250	950,766	9,412,518
Interest rate sensitivity gap	489,316	(521,389)	(456,486)	1,283,049	794,490
Net equity					3,892,580
Ratio of interest rate sensitive assets to liabilities					108.44%
Ratio of interest rate sensitivity gap to net equity					20.41%

Note 1: These tables above refer only to the financial assets/liabilities denominated in the 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 in the U.S. dollars).

43.4 Profitability

The Group

Items		June 30, 2021	June 30, 2020
Return on total assets	Before income tax	1.06	1.04
	After income tax	0.90	0.85
Return on equity	Before income tax	10.68	10.76
	After income tax	9.09	8.79
Profit margin		49.10	46.80

Note 1: $\text{Return on total assets} = \text{Income before (after) income tax} \div \text{Average total assets}$.

Note 2: $\text{Return on equity} = \text{Income before (after) income tax} \div \text{Average equity}$.

Note 3: $\text{Profit margin} = \text{Income after income tax} \div \text{Total net revenue}$.

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.

43.5 Maturity analysis of assets and liabilities

43.5.1 The Bank

(1) In New Taiwan Dollars

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

	Total	December 31, 2020					
		by 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	\$ 935,678,121	\$ 94,550,579	\$ 86,404,851	\$ 69,883,647	\$ 95,556,519	\$ 121,737,422	\$ 467,545,103
Major cash outflow on maturity	1,217,470,374	71,336,979	92,156,790	157,880,743	167,909,621	252,688,539	475,497,702
Gap	(281,792,253)	23,213,600	(5,751,939)	(87,997,096)	(72,353,102)	(130,951,117)	(7,952,599)

	Total	June 30, 2020					
		by 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	\$ 912,944,905	\$ 96,390,892	\$ 74,062,295	\$ 74,398,789	\$ 92,558,118	\$ 126,596,458	\$ 448,938,353
Major cash outflow on maturity	1,167,918,948	50,519,402	83,800,102	201,922,849	179,812,933	216,684,758	435,178,904
Gap	(254,974,043)	45,871,490	(9,737,807)	(127,524,060)	(87,254,815)	(90,088,300)	13,759,449

Note: These tables include only financial assets/liabilities denominated in the New Taiwan dollars.

(2) In U.S. dollars

	Total	June 30, 2021				
		by 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	\$ 13,590,225	\$ 5,189,393	\$ 791,149	\$ 650,455	\$ 1,043,427	\$ 5,915,801
Major cash outflow on maturity	14,904,191	2,055,253	1,998,529	1,952,430	2,799,094	6,098,885
Gap	(1,313,966)	3,134,140	(1,207,380)	(1,301,975)	(1,755,667)	(183,084)

	Total	December 31, 2020				
		by 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	\$ 13,329,661	\$ 4,023,059	\$ 913,061	\$ 1,110,672	\$ 1,088,577	\$ 6,194,292
Major cash outflow on maturity	15,456,793	2,428,962	1,998,277	1,884,755	2,861,930	6,282,869
Gap	(2,127,132)	1,594,097	(1,085,216)	(774,083)	(1,773,353)	(88,577)

	Total	June 30, 2020				
		by 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	\$ 11,874,224	\$ 2,640,480	\$ 1,125,184	\$ 809,223	\$ 1,418,102	\$ 5,881,235
Major cash outflow on maturity	14,041,371	2,213,100	2,144,760	1,650,715	2,442,576	5,590,220
Gap	(2,167,147)	427,380	(1,019,576)	(841,492)	(1,024,474)	291,015

Note: These tables include only financial assets/liabilities denominated in the U.S. dollars.

43.5.2 SCB (HK)

In Thousands of U.S. dollars

	Total	June 30, 2021				
		by 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	\$ 12,535,098	\$ 2,092,042	\$ 1,331,758	\$ 1,257,465	\$ 2,018,595	\$ 5,835,238
Major cash outflow on maturity	9,296,468	4,935,472	2,393,194	1,078,250	340,646	548,906
Gap	3,238,630	(2,843,430)	(1,061,436)	179,215	1,677,949	5,286,332

	Total	December 31, 2020				
		by 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	\$ 12,930,661	\$ 3,418,276	\$ 1,036,717	\$ 985,904	\$ 1,620,638	\$ 5,869,126
Major cash outflow on maturity	9,217,346	4,710,162	2,290,065	825,221	593,698	798,200
Gap	3,713,315	(1,291,886)	(1,253,348)	160,683	1,026,940	5,070,926

	Total	June 30, 2020				
		by 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	\$ 10,719,889	\$ 2,418,927	\$ 1,194,812	\$ 820,401	\$ 1,055,915	\$ 5,229,834
Major cash outflow on maturity	9,520,939	5,088,802	2,457,882	708,700	718,041	547,514
Gap	1,198,950	(2,669,875)	(1,263,070)	(111,701)	337,874	4,682,320

Note: These tables include only financial assets/liabilities held by SCB.

44. THE CONTENTS AND AMOUNTS OF TRUST ACTIVITIES UNDER TRUST ENTERPRISE ACT

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

Balance Sheet of Trust Account

Trust Assets	June 30, 2021	December 31, 2020	June 30, 2020	Trust Liabilities	June 30, 2021	December 31, 2020	June 30, 2020
Bank deposit	\$ 6,490,593	\$ 7,491,220	\$ 4,927,747	Accounts payable	\$ 102	\$ 474	\$ 91
Short-term investments	88,276,154	83,471,837	83,765,025	Depository of security payable	76,497,285	74,965,228	70,765,013
Net asset value of collective investment trust fund	6,834,967	5,773,176	4,023,669	Trust capital	132,293,230	124,472,786	115,962,772
Accounts receivable	8,254	26,088	14,476	Accumulated (loss) gain and equity	152,117	187,974	173,694
Land	26,819,834	24,675,486	20,924,757				
Buildings and improvement, net	158,665	176,641	169,326				
Construction in progress	3,801,830	2,991,661	2,258,434				
Depository of security	76,497,285	74,965,228	70,765,013				
Other assets	55,152	55,125	53,123				
Total trust assets	<u>\$ 208,942,734</u>	<u>\$ 199,626,462</u>	<u>\$ 186,901,570</u>	Total trust liabilities	<u>\$ 208,942,734</u>	<u>\$ 199,626,462</u>	<u>\$ 186,901,570</u>

Trust Asset Lists

Item	June 30, 2021	December 31, 2020	June 30, 2020
Cash in banks	\$ 6,490,593	\$ 7,491,220	\$ 4,927,747
Short-term investment			
Funds	66,425,673	62,304,964	61,584,753
Bonds	17,083,461	17,760,377	18,967,349
Common stocks	3,006,588	2,746,266	2,587,901
Structured instruments	1,651,637	572,208	519,897
Preferred stock	108,795	88,022	105,125
Net asset value of collective trust accounts	6,834,967	5,773,176	4,023,669
Receivables	8,254	26,088	14,476
Land	26,819,834	24,675,486	20,924,757
Buildings and improvement, net	158,665	176,641	169,326
Construction in progress	3,801,830	2,991,661	2,258,434
Depository of securities	76,497,285	74,965,228	70,765,013
Other assets - principal deferred expense	55,152	55,125	53,123
Total	<u>\$ 208,942,734</u>	<u>\$ 199,626,462</u>	<u>\$ 186,901,570</u>

Income Statements of Trust Account

	For the Six Months Ended June 30	
	2021	2020
Trust income		
Interest income	\$ 7,888	\$ 7,821
Donation income	43	23
Realized investment gains	10,556	6,108
Unrealized investment gains	229,374	210,846
Other revenue	58,430	56,816
	<u>306,291</u>	<u>281,614</u>
Trust expenses		
Tax expenditures	113,520	4,841
Management expenses	3,702	1,913
Service expenses	4,322	1,455
Realized investment losses	24	106
Unrealized investment losses	146,164	127,049
Donation expenses	86	920
Other expenses	-	11
	<u>267,818</u>	<u>136,295</u>
Income (loss) before income tax	38,473	145,319
Income tax expense	-	-
Net income (loss)	<u>\$ 38,473</u>	<u>\$ 145,319</u>

45. 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:

45.1 The Bank

	June 30, 2021			December 31, 2020			June 30, 2020		
	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									
USD	\$ 289,389	27.8920	\$ 8,071,638	\$ 610,234	28.0990	\$ 17,146,965	\$ 908,046	29.4450	\$ 26,737,414
JPY	29,362,716	0.2525	7,414,086	18,800,695	0.2725	5,123,189	14,435,993	0.2734	3,946,800
CNY	448,628	4.3151	1,935,875	827,545	4.3254	3,579,463	872,498	4.1686	3,637,095
Due from the Central Bank and call loans to banks									
USD	1,301,274	27.8920	36,295,134	2,305,174	28.0990	64,773,084	1,484,714	29.4450	43,717,404
CNY	1,143,300	4.3151	4,933,454	553,300	4.3254	2,393,244	722,960	4.1686	3,013,731
VND	630,000,000	0.0012	756,000	520,000,000	0.0012	624,000	760,000,000	0.0013	988,000
Receivables									
USD	71,771	27.8920	2,001,837	-	-	-	208,358	29.4450	6,135,101
JPY	1,033,278	0.2525	260,903	2,390,667	0.2725	651,457	1,323,250	0.2734	361,777
EUR	6,187	33.2082	205,459	20,869	34.5814	721,679	17,463	33.1183	578,345
Discounts and loans									
USD	4,249,705	27.8920	118,532,772	4,408,807	28.0990	123,883,068	4,557,397	29.4450	134,192,555
EUR	533,891	33.2082	17,729,559	503,399	34.5814	17,408,242	496,694	33.1183	16,449,661
HKD	3,623,343	3.5924	13,016,497	4,033,377	3.6247	14,619,782	4,876,154	3.7991	18,524,997
Financial assets at FVTOCI									
USD	2,003,197	27.8920	55,873,171	2,132,552	28.0990	59,922,579	1,882,899	29.4450	55,441,961
CNY	1,783,791	4.3151	7,697,237	1,646,956	4.3254	7,123,743	1,452,600	4.1686	6,055,308
AUD	200,415	20.9692	4,202,542	92,031	21.6531	1,992,756	85,345	20.2552	1,728,680
Investment in debt instruments measured at amortized cost									
USD	169,100	27.8920	4,716,537	107,324	28.0990	3,015,697	52,357	29.4450	1,541,652
SGD	66,437	20.7383	1,377,790	60,628	21.2613	1,289,030	67,072	21.1371	1,417,708
Financial assets at FVTPL									
USD	26,422	27.8920	736,962	34,070	28.0990	957,333	54,363	29.4450	1,600,719
EUR	43	33.2082	1,428	57	34.5814	1,971	47	33.1183	1,557
GBP	4	38.6472	155	13	38.3383	498	6	36.2424	217
Other financial assets									
CNY	200,000	4.3151	863,020	300,000	4.3254	1,297,620	650,000	4.1686	2,709,590
Non-monetary items									
Equity investments under the equity method									
USD	2,624,901	27.8920	73,213,743	2,610,607	28.0990	73,355,441	2,441,485	29.4450	71,889,526
HKD	88,405	3.5924	317,586	85,310	3.6247	309,224	82,233	3.7991	312,411
Financial liabilities									
Monetary items									
Payables									
USD	132,296	27.8920	3,690,000	180,448	28.0990	5,070,408	122,166	29.4450	3,597,178
JPY	1,204,037	0.2525	304,019	1,285,370	0.2725	350,263	609,023	0.2734	166,507
EUR	3,258	33.2082	108,192	4,142	34.5814	143,236	2,315	33.1183	76,669
Deposits from the central bank and other banks									
USD	262,953	27.8920	7,334,285	157,241	28.0990	4,418,315	168,304	29.4450	4,955,711
HKD	1,850,000	3.5924	6,645,940	1,932,000	3.6247	7,002,920	1,606,177	3.7991	6,102,027
VND	1,223,000,000	0.0012	1,467,600	1,070,000,000	0.0012	1,284,000	1,247,000,000	0.0013	1,621,100
Deposits and remittances									
USD	9,444,565	27.8920	263,427,807	9,488,737	28.0990	266,624,021	8,583,236	29.4450	252,733,384
CNY	4,593,039	4.3151	19,819,423	5,142,221	4.3254	22,242,163	5,445,583	4.1686	22,700,457
EUR	561,302	33.2082	18,639,829	433,662	34.5814	14,996,639	430,542	33.1183	14,258,819
Financial liabilities at FVTPL									
USD	85,960	27.8920	2,397,596	92,085	28.0990	2,587,496	87,909	29.4450	2,588,481
EUR	30	33.2082	996	44	34.5814	1,522	35	33.1183	1,159
GBP	4	38.6472	155	13	38.3383	498	6	36.2424	217

45.2 SCB (HK)

	June 30, 2021			December 31, 2020			June 30, 2020		
	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	\$ 145,709	33.2082	\$ 4,838,734	\$ 114,040	34.5814	\$ 3,943,663	\$ 117,190	33.1183	\$ 3,881,134
JPY	15,104,658	0.2525	3,813,926	7,992,744	0.2725	2,178,023	13,150,987	0.2734	3,595,480
CNY	703,357	4.3151	3,035,056	3,168,571	4.3254	13,705,337	2,334,540	4.1686	9,731,763
USD	38,310	27.8920	1,068,543	98,931	28.0990	2,779,862	60,843	29.4450	1,791,522
Due from the Central Bank and call loans to banks									
USD	2,428,966	27.8920	67,748,720	2,499,454	28.0990	70,232,158	2,730,824	29.4450	80,409,113
CNY	1,708,791	4.3151	7,373,604	1,989,966	4.3254	8,607,399	3,201,162	4.1686	13,344,364
Receivables									
USD	59,038	27.8920	1,646,688	58,257	28.0990	1,636,963	96,967	29.4450	2,855,193
CNY	7,783	4.3151	33,584	6,270	4.3254	27,120	-	-	-
Discounts and loans									
USD	4,857,365	27.8920	135,481,625	4,691,083	28.0990	131,814,741	4,325,866	29.4450	127,375,124
CNY	5,427,315	4.3151	23,419,407	5,598,884	4.3254	24,217,413	5,800,931	4.1686	24,181,761
GBP	489,457	38.6472	18,916,143	498,340	38.3383	19,105,508	-	-	-
Financial liabilities									
Monetary items									
Payables									
USD	102,929	27.8920	2,870,896	26,582	28.0990	746,928	92,785	29.4450	2,732,054
CNY	41,030	4.3151	177,049	589,303	4.3254	2,548,971	-	-	-
Deposits from the central bank and other banks									
USD	737,373	27.8920	20,566,808	345,747	28.0990	9,715,145	481,146	29.4450	14,167,344
GBP	170,596	38.6472	6,593,058	162,209	38.3383	6,218,817	135,623	36.2424	4,915,303
CNY	1,290,047	4.3151	5,566,682	1,705,144	4.3254	7,375,430	3,010,142	4.1686	12,548,078
Deposits and remittances									
USD	7,890,982	27.8920	220,095,270	8,216,863	28.0990	230,885,633	8,364,255	29.4450	246,285,488
CNY	13,308,395	4.3151	57,427,055	13,087,454	4.3254	56,608,474	12,385,250	4.1686	51,629,153

46. OTHERS

Owing to the global outbreak of corona virus pandemic, most countries eased monetary policy sharply to cushion themselves from economic recession. The impacts on the banking industry include reduction of interest rates, increase in credit risk and high volatility of market value. 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 annual consolidated financial statements included relevant material information.

47. ADDITIONAL DISCLOSURES

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

- 47.1.1 Financing provided: The Bank - not applicable; investees - Table 2.
- 47.1.2 Endorsement/guarantee provided: The Bank - not applicable; investees - not applicable or none.
- 47.1.3 Marketable securities held: The Bank - not applicable; investees - Table 3.
- 47.1.4 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.
- 47.1.5 Acquisition of individual real estate at costs of at least \$300 million or 10% of the issued capital: None.
- 47.1.6 Disposal of individual real estate at prices of at least \$300 million or 10% of the issued capital: None.
- 47.1.7 Allowance for service fees to related-parties amounting to more than \$5 million: None.
- 47.1.8 Receivables from related parties amounting to at least \$300 million or 10% of the issued capital: None.
- 47.1.9 Sale of non-performing loans: None.
- 47.1.10 Application for approval of securitization product types and information according to Financial Asset Securitization Act or Clauses of the Real Estate Securitization Act: None.
- 47.1.11 Other significant transactions which may have effects on decision making of financial statement users: None.
- 47.1.12 Related information and proportionate share in investees: Table 4.
- 47.1.13 Derivative financial transactions: Note 8 on which the Bank exercises significant influence has no such transactions.

47.3 Investments in Mainland China:

- 47.3.1 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.
- 47.3.2 Significant direct or indirect transactions with the investees, prices and terms of payment, unrealized gain or loss: Not applicable.

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

47.5 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.

48. 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 Six Months Ended June 30, 2021				
	Taiwan	Hong Kong	Others	Other Adjustments	Total
Net interest income	\$ 5,810,873	\$ 6,729,407	\$ 826,223	\$ 4	\$ 13,366,507
Non-interest income	2,846,300	2,928,704	188,699	44,649	6,008,352
Net revenue	8,657,173	9,658,111	1,014,922	44,653	19,374,859
Provisions for bad-debt expense, commitment and guarantee liability	(450,000)	(135,156)	(99,874)	-	(685,030)
Operating expenses	(3,732,168)	(3,096,618)	(676,571)	(16,249)	(7,521,606)
Profit before income tax	\$ 4,475,005	\$ 6,426,337	\$ 238,477	\$ 28,404	\$ 11,168,223

	For the Six Months Ended June 30, 2020				
	Taiwan	Hong Kong	Others	Other Adjustments	Total
Net interest income	\$ 6,024,369	\$ 6,981,335	\$ 641,620	\$ 3	\$ 13,647,327
Non-interest income	2,353,985	2,672,231	293,513	(1,358)	5,318,371
Net revenue	8,378,354	9,653,566	935,133	(1,355)	18,965,698
Provisions for bad-debt expense, commitment and guarantee liability	(300,000)	(335,410)	(72,406)	-	(707,816)
Operating expenses	(3,614,952)	(3,086,679)	(676,434)	(16,843)	(7,394,908)
Profit before income tax	\$ 4,463,402	\$ 6,231,477	\$ 186,293	\$ (18,198)	\$ 10,862,974

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
JUNE 30, 2021, DECEMBER 31, 2020 AND JUNE 30, 2020
(In Thousands of New Taiwan Dollars, %)**

Date		June 30, 2021					December 31, 2020					June 30, 2020					
Business		Non-performing Loans (Note 1)	Loans	Ratio of Non-performing Loans (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)	Non-performing Loans (Note 1)	Loans	Ratio of Non-performing Loans (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)	Non-performing Loans (Note 1)	Loans	Ratio of Non-performing Loans (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)	
Corporate banking	Secured	585,672	289,533,258	0.20	3,417,381	583.50	794,595	302,634,799	0.26	3,426,243	431.19	663,145	293,845,450	0.23	3,268,770	492.92	
	Unsecured	262,201	184,057,908	0.14	2,074,296	791.11	314,647	185,808,307	0.17	2,016,435	640.86	164,210	191,874,709	0.09	2,000,541	1,218.28	
Consumer banking	Mortgage (Note 4)		508,130	246,671,041	0.21	4,150,455	816.81	496,246	247,234,190	0.20	3,955,777	797.14	434,393	241,670,676	0.18	3,839,261	883.82
	Cash cards		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Microcredit (Note 5)		4,823	3,063,565	0.16	34,934	724.32	3,817	2,623,542	0.15	28,156	737.65	5,602	2,540,684	0.22	28,197	503.34
	Others (Note 6)	Secured	20,187	30,595,126	0.07	323,946	1,604.73	43,054	30,897,837	0.14	330,647	767.98	48,721	29,251,782	0.17	316,786	650.20
		Unsecured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total		1,381,013	753,920,898	0.18	10,001,012	724.18	1,652,359	769,198,675	0.21	9,757,258	590.50	1,316,071	759,183,301	0.17	9,453,555	718.32	
		Non-performing Receivables (Note 1)	Accounts Receivable	Ratio of Non-performing Receivables (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)	Non-performing Receivables (Note 1)	Accounts Receivable	Ratio of Non-performing Receivables (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)	Non-performing Receivables (Note 1)	Accounts Receivable	Ratio of Non-performing Receivables (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)	
Credit cards		5,826	2,210,140	0.26	86,885	1,491.33	6,100	2,510,175	0.24	88,570	1,451.97	4,427	2,123,594	0.21	84,328	1,904.86	
Accounts receivable factored without recourse (Note 7)		-	423,042	-	4,230	-	-	479,948	-	4,799	-	-	1,224,425	-	12,244	-	

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 receivables: Non-performing receivables ÷ Outstanding receivables balance.

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

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

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

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

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

TABLE 1-1**THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES**

OVERDUE LOANS AND RECEIVABLES
JUNE 30, 2021, DECEMBER 31, 2020 AND JUNE 30, 2020
(In Thousands of New Taiwan Dollars)

	June 30, 2021		December 31, 2020		June 30, 2020	
	Excluded NPL	Excluded Overdue Receivables	Excluded NPL	Excluded Overdue Receivables	Excluded NPL	Excluded Overdue Receivables
As a result of debt negotiations and loan agreements (Note 1)	\$ -	\$ -	\$ -	-	\$ -	\$ -
As a result of consumer debt clearance (Note 2)	-	34,435	-	34,574	-	34,397

Note 1: The disclosure of excluded NPLs and excluded overdue receivables resulting from debt negotiations 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
JUNE 30, 2021
(Amounts in Thousands of New Taiwan Dollars)

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	\$ 56,096	\$ 56,096	\$ 56,096	6%~11%	1	\$ 56,096	-	\$ 1,122	Real estate	\$ 185,290	\$ 380,654	\$ 951,634
1	SCSB Leasing (China) Co., Ltd.	B Co., Ltd.	Entrusted loan receivables	N/A	86,302	77,672	77,672	6%~11%	1	77,672	-	1,553	Real estate	260,201	380,654	951,634
1	SCSB Leasing (China) Co., Ltd.	C Co., Ltd.	Entrusted loan receivables	N/A	146,713	-	-	6%~11%	2	-	Operation turnovers	-	Real estate	-	190,327	380,654

Note 1: The numbers refer to the following:

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

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

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

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

1. Individual fund loans and limits

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

2. Capital loans and total loan limits

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

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

TABLE 3**THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES****MARKETABLE SECURITIES HELD****JUNE 30, 2021****(Amounts in Thousands of New Taiwan Dollars)**

Holding Company Name	Name	Security Issuer's Relationship with Holding Company	Financial Statement Account	June 30, 2021				Note
				Shares (In Thousands)	Carrying Amount (Note 1)	Percentage of Ownership (%)	Market Value or Net Asset Value	
Shancom Reconstruction Inc.	Empresa Inversiones Generales, S.A.	Indirect subsidiary	Investments in subsidiaries	1	\$ 20,062	100.00	\$ 20,062	Note1
	Krinein Company	Indirect subsidiary	Investments in subsidiaries	2	26,350	100.00	26,350	Note1
	Safehaven Investment Corporation	Indirect subsidiary	Investments in subsidiaries	1	45,532	100.00	45,532	Note1
Wresqueue Limitada	Prosperity Realty Inc.	Indirect subsidiary	Investments in subsidiaries	4	25,851	100.00	25,851	Note1
China Travel Service (Taiwan)	Silks Place Taroko	-	Equity investments under the equity method	20,372	295,369	45.00	295,369	Note1
	CTS Travel International Ltd.	Indirect subsidiary	Investments in subsidiaries	600	7,014	100.00	7,014	
	Joy Tour Service Co., Ltd.	-	Financial assets measured at FVTOCI	100	1,000	10.00	1,000	
	Shanghai Commercial & Savings Bank, Ltd.	The Bank	Financial assets measured at FVTOCI	27	1,259	-	1,259	
SCSB Asset Management Ltd.	SCSB Leasing (China) Co., Ltd.	Indirect subsidiary	Investments in subsidiaries	N/A	960,421	100.00	960,421	Note1
Krinein Company	Shanghai Commercial Bank (HK)	Indirect subsidiary	Investments in subsidiaries	1,920	11,583,355	9.60	11,583,355	Note1
Empresa Inversiones Generales, S.A.	Shanghai Commercial Bank (HK)	Indirect subsidiary	Investments in subsidiaries	9,600	57,916,776	48.00	57,916,776	Note1

Note1: A consolidated entity; the related intercompany transaction was eliminated in the consolidated financial statements.

TABLE 4**THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES**

**RELATED INFORMATION OF INVESTEEES
FOR THE SIX MONTHS ENDED JUNE 30, 2020
(Amounts in Thousands of New Taiwan Dollars) (Share in Thousands)**

Investee Company	Location	Main Businesses and Products	Percentage of Ownership (%)	Carrying Amount	Investment Income (Loss) Recognized	Consolidated Investment (Note 2)				Note
						Shares (In Thousands)	Shares (Pro forma)	Shares (In Thousands)	Percentage of Ownership (%)	
Equity investments under the equity method										
Financial business										
SCSB Asset Management Ltd.	Taiwan	Purchase and management of creditor’s rights of financial institutions	100.00	\$ 1,655,305	\$ 119,039	160,000	-	160,000	100.00	
SCSB Marketing Ltd.	Taiwan	Marketing	100.00	7,712	1,053	500	-	500	100.00	
Paofoong Insurance Company Ltd.	Hong Kong	Insurance	40.00	317,586	11,098	500	-	500	100.00	
Shanghai Commercial Bank (HK)	Hong Kong	Banking and financial	57.60	69,500,131	2,998,020	11,520	-	11,520	57.60	
SCSB Leasing (China) Co., Ltd.	China	Leasing operation	100.00	960,421	8,774	N/A	-	N/A	100.00	
AMK Microfinance Institution Plc.	Cambodia	Microfinance institution	99.99	3,863,815	88,049	7,279	-	7,279	99.99	
Non-financial business										
China Travel Service (Taiwan)	Taiwan	Travel services	99.99	405,412	9,423	38,943	-	38,943	99.99	
Kuo Hai Real Estate Management	Taiwan	Building material distribution	34.69	-	-	3,000	-	3,000	34.69	
Shancom Reconstruction Inc.	Liberia	Securities investment	100.00	69,025,666	2,995,095	5	-	5	100.00	
Wresqueue Limitada	Liberia	Securities investment	100.00	324,262	2,782	176	-	176	100.00	
Empresa Inversiones Generales, S.A.	Panama	Securities investment	100.00	20,062	545,092	1	-	1	100.00	
Krinein Company	Cayman Islands	Securities investment	100.00	26,350	109,003	2	-	2	100.00	
Safehaven Investment Corporation	Liberia	Securities investment	100.00	45,532	122	1	-	1	100.00	
Prosperity Realty Inc.	USA	Real estate services	100.00	25,851	2,237	4	-	4	100.00	
Silks Place Taroko	Taiwan	Travel services	45.00	295,369	22,251	20,372	-	20,372	45.00	
CTS Travel International Ltd.	Taiwan	Travel services	100.00	7,014	2	600	-	600	100.00	

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

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

TABLE 5**THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES****INVESTMENT IN MAINLAND CHINA****JUNE 30, 2021****(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 June 30, 2021 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, 2020	Investment Flows		Accumulated Outflow of Investment as of June 30, 2021	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of June 30, 2021 (Note 3)	Accumulated Inward Remittance of Earnings as of June 30, 2021
					Outflow	Inflow					
SCSB Leasing (China) Co., Ltd.	Leasing operation	NT\$ 836,760 US\$ 30,000	Note1(c)	NT\$ 836,760 US\$ 30,000	- -	- -	NT\$ 836,760 US\$ 30,000	100%	NT\$ 8,774 US\$ 314	NT\$ 960,421 US\$ 34,434	\$ -
Bank of Shanghai	Banking business approved by local government	NT\$ 61,302,593 US\$ 2,197,856	Note 4	NT\$ 3,144,628 US\$ 112,743	- -	- -	NT\$ 3,144,628 US\$ 112,743	3%	- -	NT\$ 15,082,992 US\$ 540,764	-
Shanghai Commercial Bank Ltd. - Shenzhen Branch	Banking business approved by local government	NT\$ 3,024,475 US\$ 108,435	Note 4	NT\$ 1,782,104 US\$ 63,893	- -	- -	NT\$ 1,782,104 US\$ 63,893	100%	NT\$ 127,624 US\$ 4,560	NT\$ 2,742,064 US\$ 98,310	-
Shanghai Commercial Bank Ltd. - Shanghai Branch	Banking business approved by local government	NT\$ 3,104,907 US\$ 111,319	Note 4	NT\$ 1,805,087 US\$ 64,717	- -	- -	NT\$ 1,805,087 US\$ 64,717	100%	NT\$ 30,784 US\$ 1,100	NT\$ 3,130,239 US\$ 112,227	-
The Shanghai Commercial & Savings Bank, Ltd. - Wuxi Branch	Banking business approved by local government	NT\$ 2,358,240 US\$ 84,549	Note1(a)	NT\$ 2,358,240 US\$ 84,549	- -	- -	NT\$ 2,358,240 US\$ 84,549	100%	NT\$ (30,793) US\$ (1,100)	NT\$ 2,470,291 US\$ 88,566	-

2. Upper limit on investments in mainland China:

Accumulated Investment in Mainland China as of June 30, 2021 (Note 3)	Investment Amounts Authorized by Investment Commission, MOEA (Note 3)	Upper Limit on Investment Authorized by Investment Commission MOEA
\$ 9,926,819 (US\$ 355,902)	\$ 10,178,544 (US\$364,927)	\$ 127,996,097

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

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

Note 2: Financial report audited by the accounting firm associated with the parent company in Taiwan.

Note 3: Calculated using the exchange rate on June 30, 2021.

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

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2021
(Amounts 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	\$ 183	Note 4	-
		SCSB Asset Management Ltd.	From parent company to subsidiary	Deposits and remittances	709,390	Note 4	-
		SCSB Asset Management Ltd.	From parent company to subsidiary	Other liabilities	47	Note 4	-
		SCSB Asset Management Ltd.	From parent company to subsidiary	Interest expenses	4,725	Note 4	-
		SCSB Asset Management Ltd.	From parent company to subsidiary	Net revenue other than from interest	79	Note 4	-
		SCSB Marketing	From parent company to subsidiary	Accounts payable	914	Note 4	-
		SCSB Marketing	From parent company to subsidiary	Deposits and remittances	11,080	Note 4	-
		SCSB Marketing	From parent company to subsidiary	Other liabilities	20	Note 4	-
		SCSB Marketing	From parent company to subsidiary	Interest expenses	28	Note 4	-
		SCSB Marketing	From parent company to subsidiary	Net revenue other than from interest	40	Note 4	-
		SCSB Marketing	From parent company to subsidiary	Net revenue other than from interest	43,921	Note 4	-
		China Travel Service (Taiwan)	From parent company to subsidiary	Accounts payable	55	Note 4	-
		China Travel Service (Taiwan)	From parent company to subsidiary	Deposits and remittances	91,037	Note 4	-
		China Travel Service (Taiwan)	From parent company to subsidiary	Other liabilities	180	Note 4	-
		China Travel Service (Taiwan)	From parent company to subsidiary	Interest expenses	161	Note 4	-
		China Travel Service (Taiwan)	From parent company to subsidiary	Net revenue other than from interest	351	Note 4	-
		China Travel Service (Taiwan)	From parent company to subsidiary	Other general and administrative expenses	286	Note 4	-
		CTS Travel International Ltd.	From parent company to subsidiary	Accounts payable	25	Note 4	-
		CTS Travel International Ltd.	From parent company to subsidiary	Deposits and remittances	5,173	Note 4	-
		CTS Travel International Ltd.	From parent company to subsidiary	Interest expenses	23	Note 4	-
		Shancom Reconstruction Inc.	From parent company to subsidiary	Due from other banks	183,665	Note 4	-
		Shancom Reconstruction Inc.	From parent company to subsidiary	Due from the Central Bank and call loans to banks	35,569	Note 4	-
		Shancom Reconstruction Inc.	From parent company to subsidiary	Accounts payable	12	Note 4	-
		Shancom Reconstruction Inc.	From parent company to subsidiary	Deposits and remittances	83,169	Note 4	-
		Shancom Reconstruction Inc.	From parent company to subsidiary	Interest revenue	1	Note 4	-
		Shancom Reconstruction Inc.	From parent company to subsidiary	Interest expenses	1,006	Note 4	-
1	SCSB Asset Management Ltd.	The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Cash and cash equivalents	709,390	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Accounts receivable	183	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Interest revenue	4,725	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Other assets	47	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Other general and administrative expenses	80	Note 4	-

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)
2	SCSB Marketing	The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Cash and cash equivalents	\$ 11,080	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Accounts receivable	914	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	28	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Right-of-use assets	292	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Lease liabilities	294	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Net revenue other than from interest	40	Note 4	-
3	China Travel Service (Taiwan)	The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Accounts receivable	55	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Cash and cash equivalents	91,037	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	161	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Other general and administrative expenses	351	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Net revenue other than from interest	286	Note 4	-
		Shancom Reconstruction Inc.	From subsidiary to subsidiary	Cash and cash equivalents	529	Note 4	-
		CTS Travel International Ltd.	From subsidiary to subsidiary	Net revenue other than from interest	491	Note 4	-
4	CTS Travel International Ltd.	The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Accounts receivable	25	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Cash and cash equivalents	5,173	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Interest revenue	23	Note 4	-
		China Travel Service (Taiwan)	From subsidiary to subsidiary	Net revenue other than from interest	491	Note 4	-
5	Shancom Reconstruction Inc.	The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Due from other banks	35,569	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Accounts receivable	12	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Due from other banks	83,169	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	Interest revenue	1,006	Note 4	-
		China Travel Service (Taiwan)	From subsidiary to subsidiary	Deposits and remittances	529	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.