

Stock code: 5876
Taiwan Stock Exchange

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

**Consolidated Financial Statements for the
Nine Months Ended September 30, 2022 and 2021
and Independent Auditors' Review Report**

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INDEPENDENT AUDITORS' REVIEW REPORT

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

Introduction

We have reviewed the accompanying consolidated financial statements of The Shanghai Commercial & Savings Bank, Ltd. (the “Bank”) and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of September 30, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the nine months ended September 30, 2022 and 2021, and the notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of Taiwan. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of September 30, 2022 and 2021, and of its consolidated financial performance and its consolidated cash flows for the nine months ended September 30, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of Taiwan.

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

Deloitte & Touche
Taipei, Taiwan

November 12, 2022

Notice to Readers

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

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

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

September 30, 2022, December 31, 2021 and September 30, 2021

(Expressed in Thousands of New Taiwan Dollars)

Codes	ASSETS	September 30, 2022		December 31, 2021		September 30, 2021	
		Amount	%	Amount	%	Amount	%
11000	Cash and cash equivalents (Note 6)	\$ 66,211,118	3	\$ 70,381,813	3	\$ 56,306,581	3
11500	Due from the Central Bank and call loans to banks (Note 7)	365,658,251	16	211,566,159	10	253,743,662	12
12000	Financial assets measured at fair value through profit or loss (Note 8)	12,131,848	1	10,598,012	1	11,472,741	1
12100	Financial assets measured at fair value through other comprehensive income (Notes 9 and 11)	426,037,799	18	518,556,855	24	525,404,484	24
12200	Investments in debt instruments measured at amortized cost (Notes 10 and 11)	150,983,266	7	159,319,588	8	148,737,319	7
12500	Securities purchased under resell agreements (Note 12)	474,266	-	278,486	-	550,369	-
13000	Receivables, net (Note 13)	16,241,093	1	15,216,288	1	16,068,051	1
13200	Current income tax assets (Note 34)	109,606	-	62,485	-	105,952	-
13500	Discounts and loans, net (Note 14)	1,228,375,078	53	1,112,234,779	52	1,096,189,628	51
15000	Investments under the equity method, net (Note 16)	2,046,055	-	1,922,359	-	2,043,702	-
15500	Other financial assets, net (Note 17)	1,314	-	4,817	-	8,344	-
18500	Properties, net (Note 18)	21,908,995	1	20,596,416	1	20,544,840	1
18600	Right-of-use assets, net (Note 19)	1,839,828	-	1,809,919	-	1,844,023	-
18700	Investment properties, net (Note 20)	6,932,576	-	5,981,151	-	5,946,315	-
19000	Intangible assets, net (Note 21)	1,879,960	-	1,665,724	-	1,688,842	-
19300	Deferred income tax assets (Note 34)	4,004,971	-	1,236,260	-	831,186	-
19500	Other assets, net (Note 22)	10,302,070	-	8,201,600	-	9,189,530	-
10000	Total assets	<u>\$ 2,315,138,094</u>	<u>100</u>	<u>\$ 2,139,632,711</u>	<u>100</u>	<u>\$ 2,150,675,569</u>	<u>100</u>
Codes	LIABILITIES AND EQUITY						
21000	Deposits from the central bank and other banks (Note 23)	\$ 53,287,831	2	\$ 52,655,889	3	\$ 51,783,240	2
21500	Due to the central bank and other banks	198	-	17,787,080	1	14,095,280	1
22000	Financial liabilities measured at fair value through profit or loss (Note 8)	7,562,410	1	3,670,954	-	3,347,486	-
22500	Securities sold under repurchase agreements (Note 24)	576,184	-	14,505,024	1	30,014,475	1
23000	Payables (Notes 25)	29,363,974	1	29,428,955	1	29,143,904	1
23200	Current income tax liabilities (Note 34)	1,970,693	-	1,184,757	-	1,283,126	-
23500	Deposits and remittances (Note 26)	1,905,252,588	82	1,707,602,522	80	1,711,515,891	80
24000	Bank debentures (Note 27)	82,128,296	4	82,091,512	4	80,491,243	4
25500	Other financial liabilities (Note 28)	5,033,180	-	4,784,006	-	4,669,661	-
25600	Provisions (Note 29)	3,075,459	-	2,932,800	-	3,072,752	-
26000	Lease liabilities (Note 19)	1,891,568	-	1,868,929	-	1,913,007	-
29300	Deferred income tax liabilities (Note 34)	10,832,243	1	8,691,595	-	8,892,257	1
29500	Other liabilities (Note 30)	5,198,116	-	3,190,488	-	3,281,453	-
20000	Total liabilities	<u>2,106,172,740</u>	<u>91</u>	<u>1,930,394,511</u>	<u>90</u>	<u>1,943,503,775</u>	<u>90</u>
	Equity (Note 32)						
	Equity attributable to owners of the Bank						
	Share capital						
31101	Ordinary shares	<u>44,816,031</u>	<u>2</u>	<u>44,816,031</u>	<u>2</u>	<u>44,816,031</u>	<u>2</u>
31500	Capital surplus	<u>16,788,031</u>	<u>1</u>	<u>16,666,144</u>	<u>1</u>	<u>16,559,615</u>	<u>1</u>
	Retained earnings						
32001	Legal reserve	64,476,033	3	60,224,639	3	60,224,639	3
32003	Special reserve	7,669,374	-	7,669,374	-	7,669,374	-
32005	Unappropriated earnings	<u>26,731,578</u>	<u>1</u>	<u>27,585,920</u>	<u>1</u>	<u>24,368,942</u>	<u>1</u>
32000	Total retained earnings	<u>98,876,985</u>	<u>4</u>	<u>95,479,933</u>	<u>4</u>	<u>92,262,955</u>	<u>4</u>
32500	Other equity	<u>(7,333,612)</u>	<u>-</u>	<u>922,852</u>	<u>-</u>	<u>2,226,475</u>	<u>-</u>
32600	Treasury shares	<u>(83,144)</u>	<u>-</u>	<u>(83,144)</u>	<u>-</u>	<u>(83,144)</u>	<u>-</u>
31000	Total equity attributable to owners of the Bank	153,064,291	7	157,801,816	7	155,781,932	7
38000	Non-controlling interests	<u>55,901,063</u>	<u>2</u>	<u>51,436,384</u>	<u>3</u>	<u>51,389,862</u>	<u>3</u>
30000	Total equity	<u>208,965,354</u>	<u>9</u>	<u>209,238,200</u>	<u>10</u>	<u>207,171,794</u>	<u>10</u>
	Total liabilities and equity	<u>\$ 2,315,138,094</u>	<u>100</u>	<u>\$ 2,139,632,711</u>	<u>100</u>	<u>\$ 2,150,675,569</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 September 30, 2022 and 2021, and Nine Months Ended September 30, 2022 and 2021 (Reviewed, Not Audited)
(Expressed in Thousands of New Taiwan Dollars, except Earnings Per Share)

Codes	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
41000 Interest income	\$ 13,511,672	103	\$ 8,800,444	88	\$ 33,188,863	99	\$ 26,758,493	91
51000 Interest expenses	4,383,295	33	2,224,467	22	9,521,298	28	6,816,009	23
49010 Net interest income (Note 33)	9,128,377	70	6,575,977	66	23,667,565	71	19,942,484	68
Non-interest income								
49100 Service fee income, net (Note 33)	1,329,439	10	1,579,099	16	4,531,576	14	4,943,217	17
49200 Gain (loss) on financial assets and liabilities measured at fair value through profit or loss (Note 33)	(1,967,810)	(15)	(282,522)	(3)	(3,882,605)	(12)	(77,044)	-
49310 Realized gain on financial assets measured at fair value through other comprehensive income (Note 33)	1,952,117	15	1,282,936	13	2,512,432	7	2,042,376	7
49450 Gain on financial assets measured at amortized cost	-	-	-	-	-	-	5,420	-
49600 Foreign exchange gain, net	2,426,458	18	666,947	7	5,650,136	17	1,642,166	5
49700 Impairment loss on assets	(13,310)	-	(8,255)	-	(47,709)	-	(31,373)	-
49750 Proportionate share of profit of associates under the equity method (Note 16)	125,097	1	3,061	-	300,275	1	221,483	1
49800 Other non-interest income, net	153,425	1	135,934	1	720,926	2	639,307	2
49020 Total non-interest income	4,005,416	30	3,377,200	34	9,785,031	29	9,385,552	32
4xxxx Consolidated net revenue	13,133,793	100	9,953,177	100	33,452,596	100	29,328,036	100
58200 Provisions for bad-debt expense, commitment and guarantee liability (Note 14)	625,252	5	270,621	3	1,416,248	4	955,651	3
Operating expenses								
58500 Employee benefits (Note 33)	2,626,571	20	2,376,020	24	7,583,944	23	7,184,744	25
59000 Depreciation and amortization (Note 33)	451,035	3	410,150	4	1,300,078	4	1,228,648	4
59500 Other general and administrative	1,274,133	10	1,022,027	10	3,479,668	10	2,916,411	10
58400 Total operating expenses	4,351,739	33	3,808,197	38	12,363,690	37	11,329,803	39
61001 Profit before income tax	8,156,802	62	5,874,359	59	19,672,658	59	17,042,582	58
61003 Income tax expense (Note 34)	(1,126,478)	(8)	(1,036,408)	(10)	(3,443,904)	(11)	(2,692,414)	(9)
64000 Consolidated net income	7,030,324	54	4,837,951	49	16,228,754	48	14,350,168	49
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	(3,838,462)	(29)	(1,918,123)	(19)	(7,376,266)	(22)	(323,825)	(1)
65205 Financial liabilities designated at FVTPL which the amount of change derived from credit risk (Note 8)	(24,272)	-	(12,744)	-	(49,102)	-	25,122	-
65207 Proportionate share of other comprehensive income of associates under the equity method	(45)	-	(2,416)	-	1,054	-	(1,838)	-
65220 Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 34)	15,278	-	2,229	-	13,155	-	(6,610)	-
65200 Subtotal of items that will not be reclassified subsequently to profit or loss	(3,847,501)	(29)	(1,931,054)	(19)	(7,411,159)	(22)	(307,151)	(1)
Items that may be reclassified subsequently to profit or loss:								
65301 Exchange differences on translating foreign operations	9,822,701	75	(474,033)	(5)	18,811,177	56	(1,477,309)	(5)
65307 Share of the other comprehensive income of associates accounted for using the equity method	(158,750)	(1)	26,738	-	(353,177)	(1)	40,338	-
65309 Gain on debt instruments measured at fair value through other comprehensive income	(5,382,887)	(41)	(913,847)	(9)	(19,573,808)	(58)	(2,643,476)	(9)
65310 Loss allowance for debt instruments measured at fair value through other comprehensive income	17,365	-	8,157	-	55,072	-	31,389	-
65320 Income tax relating to items that may be reclassified subsequently to profit or loss (Note 34)	(553,137)	(5)	(99,174)	(1)	418,577	1	164,442	1
65300 Subtotal of items that may be reclassified subsequently to profit or loss	3,745,292	28	(1,452,159)	(15)	(642,159)	(2)	(3,884,616)	(13)
65000 Other comprehensive income for the period, net of income tax	(102,209)	(1)	(3,383,213)	(34)	(8,053,318)	(24)	(4,191,767)	(14)
66000 Total comprehensive income for the period	\$ 6,928,115	53	\$ 1,454,738	15	\$ 8,175,436	24	\$ 10,158,401	35
Net profit attributable to:								
67101 Owners of the Bank	\$ 5,732,269	44	\$ 3,594,900	36	\$ 12,988,842	39	\$ 10,899,052	37
67111 Non-controlling interests	1,298,055	10	1,243,051	13	3,239,912	10	3,451,116	12
67100	\$ 7,030,324	54	\$ 4,837,951	49	\$ 16,228,754	49	\$ 14,350,168	49
Total comprehensive income attributable to:								
67301 Owners of the Bank	\$ 3,937,549	30	\$ 1,416,941	14	\$ 3,207,474	9	\$ 8,288,447	28
67311 Non-controlling interests	2,990,566	23	37,797	1	4,967,962	15	1,869,954	7
67300	\$ 6,928,115	53	\$ 1,454,738	15	\$ 8,175,436	24	\$ 10,158,401	35
Earnings per share (Note 35)								
67500 Basic	\$ 1.28		\$ 0.80		\$ 2.91		\$ 2.44	
67700 Diluted	\$ 1.28		\$ 0.80		\$ 2.90		\$ 2.44	

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 Nine Months Ended September 30, 2022 and 2021 (Reviewed, Not Audited)
(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 on January 1, 2021	\$44,816,031	\$16,550,661	\$56,344,918	\$7,669,374	\$24,913,053	\$ (5,643,162)	\$10,529,113	\$6,412	\$ (83,144)	\$155,103,256	\$49,995,956	\$205,099,212	
	Appropriation of 2020 earnings													
B1	Legal reserve	-	-	3,879,721	-	(3,879,721)	-	-	-	-	-	-	-	
B5	Cash dividends	-	-	-	-	(7,618,725)	-	-	-	-	(7,618,725)	-	(7,618,725)	
C7	Changes in capital surplus from investments in associates under the equity method	-	8,954	-	-	-	-	-	-	-	8,954	-	8,954	
D1	Net profit for the nine months ended September 30, 2021	-	-	-	-	10,899,052	-	-	-	-	10,899,052	3,451,116	14,350,168	
D3	Other comprehensive income (loss) for the nine months ended September 30, 2021, net of income tax	-	-	-	-	-	(992,809)	(1,642,918)	25,122	-	(2,610,605)	(1,581,162)	(4,191,767)	
D5	Total comprehensive income (loss) for the nine months ended September 30, 2021	-	-	-	-	10,899,052	(992,809)	(1,642,918)	25,122	-	8,288,447	1,869,954	10,158,401	
Q1	Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	55,283	-	(55,283)	-	-	-	-	-	
O1	Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(476,048)	(476,048)	
Z1	Balance on September 30, 2021	<u>\$44,816,031</u>	<u>\$16,559,615</u>	<u>\$60,224,639</u>	<u>\$7,669,374</u>	<u>\$24,368,942</u>	<u>\$ (6,635,971)</u>	<u>\$8,830,912</u>	<u>\$31,534</u>	<u>\$ (83,144)</u>	<u>\$155,781,932</u>	<u>\$51,389,862</u>	<u>\$207,171,794</u>	
A1	Balance on January 1, 2022	\$44,816,031	\$16,666,144	\$60,224,639	\$7,669,374	\$27,585,920	\$ (6,863,788)	\$7,762,578	\$24,062	\$ (83,144)	\$157,801,816	\$51,436,384	\$209,238,200	
	Appropriation of 2021 earnings													
B1	Legal reserve	-	-	4,251,394	-	(4,251,394)	-	-	-	-	-	-	-	
B5	Cash dividends	-	-	-	-	(8,066,886)	-	-	-	-	(8,066,886)	-	(8,066,886)	
C7	Changes in capital surplus from investments in associates under the equity method	-	9,480	-	-	-	-	-	-	-	9,480	-	9,480	
C17	Unclaimed dividends	-	112,407	-	-	-	-	-	-	-	112,407	-	112,407	
D1	Net profit for the nine months ended September 30, 2022	-	-	-	-	12,988,842	-	-	-	-	12,988,842	3,239,912	16,228,754	
D3	Other comprehensive income (loss) for the nine months ended September 30, 2022, net of income tax	-	-	-	-	-	8,892,636	(18,624,902)	(49,102)	-	(9,781,368)	1,728,050	(8,053,318)	
D5	Total comprehensive income (loss) for the nine months ended September 30, 2022	-	-	-	-	12,988,842	8,892,636	(18,624,902)	(49,102)	-	3,207,474	4,967,962	8,175,436	
Q1	Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	(1,524,904)	-	1,524,904	-	-	-	-	-	
O1	Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(503,283)	(503,283)	
Z1	Balance on September 30, 2022	<u>\$44,816,031</u>	<u>\$16,788,031</u>	<u>\$64,476,033</u>	<u>\$7,669,374</u>	<u>\$26,731,578</u>	<u>\$2,028,848</u>	<u>\$ (9,337,420)</u>	<u>\$ (25,040)</u>	<u>\$ (83,144)</u>	<u>\$153,064,291</u>	<u>\$55,901,063</u>	<u>\$208,965,354</u>	

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

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the Nine Months Ended September 30, 2022 and 2021 (Reviewed, Not Audited)

(Expressed in Thousands of New Taiwan Dollars)

Codes		For the Nine Months Ended September 30	
		2022	2021
	Cash flows from operating activities		
A00010	Consolidated net profit before income tax	\$ 19,672,658	\$ 17,042,582
A20010	Adjustments to reconcile net profit to net cash provided by operating activities		
A20100	Depreciation expenses	1,127,828	1,068,988
A20200	Amortization expenses	172,250	159,660
A20300	Provisions for bad debt expense, commitment and guarantee liability	1,416,248	955,651
A20400	Loss on financial assets and liabilities at fair value through profit or loss	2,023,888	506,953
A20900	Interest expenses	9,521,298	6,816,009
A21200	Interest revenue	(33,188,863)	(26,758,493)
A21300	Dividend income	(2,105,589)	(1,231,091)
A22300	Proportionate share of profit of associates	(300,275)	(221,483)
A22500	(Gain) loss on disposal of properties and equipment, net	(201,651)	2,249
A23600	Impairment on financial assets	48,244	31,894
A23700	Reversal for impairment on non-financial assets	(535)	(521)
A29900	Others	(1,156,505)	(236,913)
A40000	Changes in operating assets and liabilities		
A41110	Due from the central bank and call loans to banks	(45,107,549)	(2,453,159)
A41120	Financial assets measured at fair value through profit or loss	520,925	1,363,784
A41123	Financial assets measured at fair value through other comprehensive income	98,000,889	(23,978,490)
A41125	Investment in debt instruments measured at amortized cost	9,911,937	(41,129,741)
A41150	Receivables	1,233,059	1,419,058
A41160	Discounts and loans	(74,900,346)	35,244,303
A41190	Other financial assets	3,523	1,289,601
A42110	Deposits from the central bank and other banks	(2,471,762)	4,877,560
A42120	Financial liabilities measured at FVTPL	601,858	(2,556,647)
A42140	Securities sold under repurchase agreements	(13,928,840)	4,233,064
A42150	Payables	(2,791,053)	(2,305,397)
A42160	Deposits and remittances	114,363,679	30,579,228
A42170	Other financial liabilities	240,457	723,527
A42180	Employee benefit provisions	160,314	153,746
A42990	Other liabilities	237,948	221,275
A33000	Cash from (used in) operations	83,104,035	5,817,197
A33100	Interest received	32,351,286	27,456,764
A33200	Dividends received	2,152,896	1,289,560
A33300	Interest paid	(7,707,923)	(6,925,511)
A33500	Income tax paid	(2,523,815)	(2,419,753)
AAAA	Net cash from (used in) operating activities	107,376,479	25,218,257

(Continued)

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the Nine Months Ended September 30, 2022 and 2021 (Reviewed, Not Audited)
(Expressed in Thousands of New Taiwan Dollars)

Codes		For the Nine Months Ended September 30	
		2022	2021
	Cash flows from investing activities		
B02700	Acquisition of properties	\$ (804,914)	\$ (545,464)
B02800	Proceeds from disposal of properties	317,272	5,182
B02600	Proceeds from assets for sale	-	261,345
B03700	Increase in refundable deposits	(440,405)	(153,775)
B03800	Decrease in refundable deposits	-	96,484
B04500	Acquisition of intangible assets	(111,462)	(144,713)
B05400	Acquisition of investment properties	(114,445)	(243,295)
B06700	Increase in other assets	(1,555,751)	(4,474,409)
BBBB	Net cash from (used in) investing activities	(2,709,705)	(5,198,645)
	Cash flows from financing activities		
C00300	Increase in funds borrowed from central bank and Banks	-	8,043,270
C00400	Decrease in funds borrowed from central bank and Banks	(17,786,882)	-
C01400	Proceeds from issuance of bank debentures	3,000,000	-
C01500	Payments for bank debentures	(5,250,000)	(1,600,000)
C03000	Increase in securities guarantee received	1,305,865	32,077
C03100	Decrease in securities guarantee received	-	(44,584)
C04020	Payments for principal portion of lease liabilities	(604,918)	(546,010)
C04500	Cash dividends	(8,057,406)	(7,609,771)
C05800	Changes in non-controlling interests	(503,283)	(476,048)
CCCC	Net cash from (used in) financing activities	(27,896,624)	(2,201,066)
DDDD	Effects of exchange rate changes on the balance of cash held in foreign currencies	17,419,313	(4,519,306)
EEEE	Net increase in cash and cash equivalents	94,189,463	13,299,240
E00100	Cash and cash equivalents at the beginning of the period	182,050,068	195,843,112
E00200	Cash and cash equivalents at the end of the period	\$276,239,531	\$209,142,352

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

Codes		September 30, 2022	September 30, 2021
E00210	Cash and cash equivalents in consolidated balance sheets	\$ 66,211,118	\$ 56,306,581
E00220	Due from the Central Bank and call loans to banks which fall within the definition of cash and cash equivalents under IAS 7	209,554,147	152,285,402
E00230	Securities purchased under resale agreements which fall within the definition of cash and cash equivalents under IAS 7	474,266	550,369
E00200	Cash and cash equivalents in consolidated statements of cash flows	\$ 276,239,531	\$ 209,142,352

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 Nine Months Ended September 30, 2022 and 2021 (Reviewed, Not Audited)
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Stated)

1. ORGANIZATION AND OPERATIONS

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

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

The 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 November 12, 2022.

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

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

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

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

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

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

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

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

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

New IFRSs	Effective Date Announced by IASB (Note 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
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2024
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

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

Note 2 : A seller-lessee shall apply the amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Statement of Compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. Under IFRSs, disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

4.2 Basis of Preparation

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

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

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

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

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

4.3 Basis of Consolidation

The consolidated financial statements contain the financial statements of the Bank and the subsidiaries

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

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

4.4 Other Significant Accounting Policies

Except for the following instructions, refer to the summary of major accounting policies in the annual consolidated financial statements for the year ended December 31, 2021.

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, and the management will continue to review the estimates and underlying assumptions. Revisions to accounting estimate are recognized in the period in which the estimate is revised if the revision affects only that period or in the

period of the revision and future periods if the revision affects both current and future periods.

Estimates and assumptions of main sources of uncertainty

Estimated impairment of financial assets

Estimates of impairment on loans and receivables, investments in debt instrument and financial guarantee contracts are based on the Group's assumptions about default rates and expected loss rates. The Group considers historical experience, current market conditions and forward-looking information to make assumptions and select input values for impairment assessments. For the important assumptions and input values used, refer to Note 39. If the actual cash flows in the future are less than expected, significant impairment losses may occur.

6. CASH AND CASH EQUIVALENTS

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Cash in hand and working fund	\$ 11,206,273	\$ 13,307,764	\$ 10,301,806
Checks for clearing	753,285	2,973,308	611,085
Due from other banks	54,251,560	54,100,741	45,393,690
	<u>\$ 66,211,118</u>	<u>\$ 70,381,813</u>	<u>\$ 56,306,581</u>

The reconciliation of the amounts of cash and cash equivalents reported in the consolidated statements of cash flows and consolidated balance sheets as of December 31, 2021 was shown below. For the reconciliation of the nine months ended September 30, 2022 and 2021, referred to the consolidated statements of cash flows.

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

The Group assesses the allowance for cash and cash equivalents based on the expected credit loss model. Due to the low credit risk of cash and cash equivalents, allowance losses were recognized based on the 12-month expected credit losses. On September 30, 2022, December 31, 2021 and September 30, 2021, cash and cash equivalents recognized as allowances were in the amounts of \$5,253 thousand, \$1,802 thousand and \$2,991 thousand, respectively.

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

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Call loans to banks	\$ 311,788,124	\$ 180,488,033	\$ 217,690,567
Deposit reserves - I	23,230,787	3,692,689	9,269,237
Deposit reserves - II	26,386,843	23,341,841	23,018,166
Deposit reserves - foreign currency	221,543	209,619	209,511
Due from foreign central banks	4,030,954	3,833,977	3,556,181
	<u>\$ 365,658,251</u>	<u>\$ 211,566,159</u>	<u>\$ 253,743,662</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 assessed 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 was recognized based on 12-month expected credit losses. On September 30, 2022, December 31, 2021 and September 30, 2021, the allowances recognized for the dues from the Central Bank and call loans to banks were in the amounts of \$14,643 thousand, \$8,561 thousand and \$7,520 thousand, respectively.

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

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Financial assets measured at FVTPL			
Financial assets mandatorily classified as at FVTPL			
Forward contracts	\$ 4,775,367	\$ 1,379,882	\$ 1,323,850
Government bonds	3,763,304	49,286	49,916
Shares	1,752,113	2,174,721	1,705,902
Currency swap contracts	1,190,519	32,739	217,485
Option contracts	309,005	44,646	211,314
Beneficiary certificates	257,000	535,265	492,139
Corporate bonds	-	6,039,499	7,112,056
Interest rate swap contracts	-	174,788	298,554
Bank debentures	-	11,075	11,156
Others	84,540	156,111	50,369
	<u>\$ 12,131,848</u>	<u>\$ 10,598,012</u>	<u>\$ 11,472,741</u>

Financial liabilities measured at FVTPL

Held-for-trading financial liabilities

Forward contracts	\$ 4,963,889	\$ 1,159,346	\$ 952,413
Option contracts	281,195	150,266	198,625
Currency swap contracts	165,725	292,368	75,612
Others	75,525	850	1,658
	<u>5,486,334</u>	<u>1,602,830</u>	<u>1,228,308</u>

Financial liabilities designated at FVTPL

Bank debentures	2,076,076	2,068,124	2,119,178
	<u>\$ 7,562,410</u>	<u>\$ 3,670,954</u>	<u>\$ 3,347,486</u>

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

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

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Forward contracts	\$ 641,239,795	\$ 226,300,397	\$ 338,706,291
Option contracts	274,808,123	143,179,103	273,910,163
Currency swap contracts	58,746,140	80,094,212	65,096,312
Interest rate swap contracts	2,868,892	2,886,697	2,799,656
Future contracts	106,342	158,533	196,676

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

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
The difference between the fair value and the maturity value			
— Fair value	\$ 2,076,076	\$ 2,068,124	\$ 2,119,178
— Maturity value	2,153,241	2,110,011	2,341,206
	<u>\$ (77,165)</u>	<u>\$ (41,887)</u>	<u>\$ (222,028)</u>

Effects of changes in credit risk

Current amount of change	
From July 1, 2022 to September 30, 2022	<u>\$ (24,272)</u>
From July 1, 2021 to September 30, 2021	<u>\$ (12,744)</u>
From January 1, 2022 to September 30, 2022	<u>\$ (49,102)</u>
From January 1, 2021 to September 30, 2021	<u>\$ 25,122</u>

	<u>Effects of changes in credit risk</u>
Cumulative amount of change	
Up to September 30, 2022	\$ (25,040)
Up to December 31, 2021	\$ 24,062
Up to September 30, 2021	\$ 31,534

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(FVTOCI)

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Investments in equity instruments measured at FVTOCI			
Shares	\$ 23,046,376	\$ 23,077,179	\$ 22,036,859
Investments in debt instruments measured at FVTOCI			
Corporate bonds	176,152,940	212,429,395	205,415,477
Bank debentures	141,684,176	158,984,827	160,028,203
Government bonds	55,376,028	52,308,637	64,044,820
Commercial papers	26,438,325	65,589,207	70,800,658
Treasury bonds	1,991,179	3,486,483	1,493,255
Asset-backed securities	1,348,775	2,681,127	1,585,212
	<u>402,991,423</u>	<u>495,479,676</u>	<u>503,367,625</u>
	<u>\$ 426,037,799</u>	<u>\$ 518,556,855</u>	<u>\$ 525,404,484</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 September 30, 2022, December 31, 2021 and September 30, 2021. The par values of bonds and commercial papers sold under repurchase agreements were \$566,008 thousand, \$14,466,728 thousand and \$29,756,821 thousand, respectively.

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

10. INVESTMENTS IN DEBT INSTRUMENTS MEASURED AT AMORTIZED COST

	September 30, 2022	December 31, 2021	September 30, 2021
Negotiable certificates of deposit	\$ 121,510,000	\$ 132,400,000	\$ 121,600,000
Government bonds	15,121,167	7,591,898	7,661,872
Bank debentures	5,690,490	859,025	861,018
Corporate bonds	5,342,245	2,646,795	2,653,560
Restricted due from banks	3,321,617	3,835,505	3,972,778
Treasury bonds	-	11,987,492	11,989,247
	150,985,519	159,320,715	148,738,475
Less: Loss allowance	(2,253)	(1,127)	(1,156)
	<u>\$ 150,983,266</u>	<u>\$ 159,319,588</u>	<u>\$ 148,737,319</u>

Restricted due from banks are the funds deposited into specific 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 financial assets measured at amortized cost, refer to Note 11.

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

11. CREDIT RISK MANAGEMENT OF INVESTMENTS IN DEBT INSTRUMENTS

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

September 30, 2022	At FVTOCI	At Amortized Cost	Total
Total carrying amount	\$ 422,087,946	\$ 150,985,519	\$ 573,073,465
Loss allowance	(211,446)	(2,253)	(213,699)
Amortized cost	421,876,500	<u>\$ 150,983,266</u>	572,859,766
Fair value adjustment	(18,885,077)		(18,885,077)
	<u>\$ 402,991,423</u>		<u>\$ 553,974,689</u>
December 31, 2021	At FVTOCI	At Amortized Cost	Total
Total carrying amount	\$ 495,101,456	\$ 159,320,715	\$ 654,422,171
Loss allowance	(156,374)	(1,127)	(157,501)
Amortized cost	494,945,082	<u>\$ 159,319,588</u>	654,264,670
Fair value adjustment	534,594		534,594
	<u>\$ 495,479,676</u>		<u>\$ 654,799,264</u>
September 30, 2021	At FVTOCI	At Amortized Cost	Total
Total carrying amount	\$ 500,687,791	\$ 148,738,475	\$ 649,426,266
Loss allowance	(159,037)	(1,156)	(160,193)
Amortized cost	500,528,754	<u>\$ 148,737,319</u>	649,266,073
Fair value adjustment	2,838,871		2,838,871
	<u>\$ 503,367,625</u>		<u>\$ 652,104,944</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 investment in debt instruments. The Group's current credit risk rating mechanism and the total carrying amount of each credit rating investments in debt instruments were as follows:

September 30, 2022

Credit Rating	Definitions	Expected Credit Loss Recognition Base	Expected Credit Loss Rate	September 30, 2022 Total Carrying Amount
Stage 1	The debtor has a low credit risk and is fully capable of paying off contractual cash flows	12-month expected credit loss	0.000%~ 0.816%	\$ 572,086,045
Stage 2	Credit risk has increased significantly since the initial recognition	Expected credit loss during the period of existence (no credit impairment)	0.308%~ 4.369%	844,113
Stage 3	Evidence of credit impairment	Expected credit loss during the period of existence (credit impairment)	40.974%	143,307

December 31, 2021

Credit Rating	Definitions	Expected Credit Loss Recognition Base	Expected Credit Loss Rate	December 31, 2021 Total Carrying Amount
Stage 1	The debtor has a low credit risk and is fully capable of paying off contractual cash flows	12-month expected credit loss	0.000%~ 0.896%	\$ 653,629,515
Stage 2	Credit risk has increased significantly since the initial recognition	Expected credit loss during the period of existence (no credit impairment)	0.340%~ 7.017%	792,656

September 30, 2021

Credit Rating	Definitions	Expected Credit Loss Recognition Base	Expected Credit Loss Rate	September 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%	\$ 648,956,670
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%	469,596

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

Investments in debt instruments at FVTOCI

	Credit Risk Rating			
	Stage 1 (12-Month ECLs)	Stage 2 (Lifetime ECLs without impairment)	Stage 3 (Lifetime ECLs with impairment)	Total
Balance at January 1, 2022	\$ 141,387	\$ 14,987	\$ -	\$ 156,374
Credit rating change-normal to default	(201)	-	55,842	55,641
Purchase of new debt instruments	27,831	10,050	-	37,881
Derecognition	(31,522)	(14,349)	-	(45,871)
Model/risk parameter changes	(534)	79	-	(455)
Exchange rate and other changes	3,075	1,925	2,876	7,876
Balance at September 30, 2022	<u>\$ 140,036</u>	<u>\$ 12,692</u>	<u>\$ 58,718</u>	<u>\$ 211,466</u>
Balance at January 1, 2021	\$ 112,993	\$ 14,655	\$ -	\$ 127,648
Purchase of new debt instruments	56,734	1,727	-	58,461
Derecognition	(26,770)	(3,772)	-	(30,542)
Model/risk parameter changes	3,285	704	-	3,989
Exchange rate and other changes	(884)	365	-	(519)
Balance at September 30, 2021	<u>\$ 145,358</u>	<u>\$ 13,679</u>	<u>\$ -</u>	<u>\$ 159,037</u>

Investments in debt instruments at amortized cost

	Credit Risk Rating		
	Stage 1 (12-Month ECLs)	Stage 2 (Lifetime ECLs without impairment)	Total
Balance at January 1, 2022	\$ 1,127	\$ -	\$ 1,127
Purchase of new debt instruments	1,313	-	1,313
Derecognition	(215)	-	(215)
Model/risk parameter changes	(50)	-	(50)
Exchange rate and other changes	78	-	78
Balance at September 30, 2022	<u>\$ 2,253</u>	<u>\$ -</u>	<u>\$ 2,253</u>
Balance at January 1, 2021	\$ 1,420	\$ -	\$ 1,420
Purchase of new debt instruments	212	-	212
Derecognition	(185)	-	(185)
Model/risk parameter changes	(41)	-	(41)
Exchange rate and other changes	(250)	-	(250)
Balance at September 30, 2021	<u>\$ 1,156</u>	<u>\$ -</u>	<u>\$ 1,156</u>

12. SECURITIES PURCHASED UNDER RESELL AGREEMENTS

Securities purchased under resell agreements as of September 30, 2022, December 31, 2021 and September 30, 2021 were \$474,266 thousand, \$278,486 thousand and \$550,369 thousand, respectively. The aforementioned securities would be sold back one after another before October 24, 2022, February 22, 2022 and November 19, 2021 at \$475,560 thousand, \$278,770 thousand and \$550,818 thousand, respectively.

13. RECEIVABLES, NET

	September 30, 2022	December 31, 2021	September 30, 2021
Accrued interest	\$ 5,761,904	\$ 4,177,202	\$ 3,840,782
Credit card receivables	3,737,460	3,531,776	3,200,635
Acceptances	2,295,986	2,884,310	3,389,771
Finance lease receivable	1,006,829	1,022,282	1,270,982
Accounts receivable due from sales of securities	986,502	1,134,651	2,143,835
Accounts receivable - factoring	571,160	567,807	472,094
Others	2,187,825	2,205,351	2,082,949
	<u>16,547,666</u>	<u>15,523,379</u>	<u>16,401,048</u>
Less: Allowance for credit losses	<u>(306,573)</u>	<u>(307,091)</u>	<u>(332,997)</u>
	<u>\$ 16,241,093</u>	<u>\$ 15,216,288</u>	<u>\$ 16,068,051</u>

The changes in total carrying amount and the allowance of receivables and other financial assets for the nine months ended September 30, 2022 and 2021 (including non-accrual loans and bills of exchange, refer to Note 17) are as follows:

For the Nine Months Ended September 30, 2022

	12-Month ECLs	Lifetime ECLs (Collectively)	Lifetime ECLs (Individually)	Lifetime ECLs (Non-Purchased or Originated Credit Impairment on Financial Assets)	Total
Receivables and other financial assets					
Beginning on January 1, 2022	\$ 14,987,610	\$ 211,438	\$ 255,549	\$ 75,748	\$ 15,530,345
Changes due to financial assets recognized at the beginning of the period:					
Transfer to lifetime ECLs	(124,081)	103,763	20,139	(81)	(260)
Transfer to ECLs on financial assets	(15,032)	(9,034)	(2,224)	38,653	12,363
Transfer to 12-month ECLs	89,637	(30,818)	(59,235)	(1,461)	(1,877)
Financial assets derecognized in the current period	(4,066,818)	(138,247)	(111,738)	(18,020)	(4,334,823)
Purchased or originated financial assets	4,109,078	49,549	71,733	14,154	4,244,514
Write-offs	-	-	-	(25,160)	(25,160)
Exchange rate and other changes	1,085,363	9,081	29,766	2,427	1,126,637
Balance on September 30, 2022	\$ 16,065,757	\$ 195,732	\$ 203,990	\$ 86,260	\$ 16,551,739

	12-Month ECLs	Lifetime ECLs (Collectively)	Lifetime ECLs (Individually)	Lifetime ECLs (Non-Purchased or Originated Credit Impairment on Financial Assets)	Impairment Under the Guidelines of IFRS 9	The Difference of Impairment under the Regulatory Decree	Total
Allowance							
Beginning on January 1, 2022	\$ 201,171	\$ 49,299	\$ 7,773	\$ 32,288	\$ 290,531	\$ 18,709	\$ 309,240
Changes due to financial assets recognized at the beginning of the period:							
Transfer to lifetime ECLs	(962)	30,707	2,325	(44)	32,026	-	32,026
Transfer to ECLs on financial assets	(198)	(2,571)	(431)	10,733	7,533	-	7,533
Transfer to 12-month ECLs	15,150	(22,896)	(3,351)	(669)	(11,766)	-	(11,766)
Financial assets derecognized in the current period	(10,551)	(16,064)	(285)	(3,763)	(30,663)	-	(30,663)
Purchased or originated financial assets	24,630	15,986	337	3,022	43,975	-	43,975
The difference of impairment under the regulation or decree	-	-	-	-	-	(14,136)	(14,136)
Changes in model/risk parameters	4,886	-	723	(2,228)	3,381	-	3,381
Write-offs	-	-	-	(25,160)	(25,160)	-	(25,160)
Recoveries after write-off	27,841	-	-	21,922	49,763	-	49,763
Exchange rate and other changes	(59,272)	3,024	1,055	332	(54,861)	-	(54,861)
Balance on September 30, 2022	\$ 202,695	\$ 57,485	\$ 8,146	\$ 36,433	\$ 304,759	\$ 4,573	\$ 309,332

For the Nine Months Ended September 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	(62,965)	35,652	15,943	(213)	(11,583)
Transfer to ECLs on financial assets	(15,595)	(18,785)	(3,276)	39,844	2,188
Transfer to 12-month ECLs	61,121	(29,713)	(36,662)	(1,889)	(7,143)
Financial assets derecognized in the current period	(5,116,972)	(21,567)	(84,567)	(19,835)	(5,242,941)
Purchased or originated financial assets	2,945,451	64,990	70,141	4,532	3,085,114
Write-offs	-	-	-	(25,887)	(25,887)
Exchange rate and other changes	(193,919)	-	(3,087)	(1,077)	(198,083)
Balance on September 30, 2021	\$ 16,030,387	\$ 118,113	\$ 184,833	\$ 78,300	\$ 16,411,633

	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	(1,059)	13,909	4,067	(1,898)	15,019	-	15,019
Transfer to ECLs on financial assets	(277)	(13,356)	(414)	5,076	(8,971)	-	(8,971)
Transfer to 12-month ECLs	31,425	(19,051)	(2,039)	(817)	9,518	-	9,518
Financial assets derecognized in the current period	(21,890)	(6,861)	(262)	7,868	(21,145)	-	(21,145)
Purchased or originated financial assets	35,701	24,089	489	4,181	64,460	-	64,460
The difference of impairment under the regulation or decree	-	-	-	-	-	12,712	12,712
Write-offs	-	-	-	(25,887)	(25,887)	-	(25,887)
Recoveries after write-off	-	-	-	22,269	22,269	-	22,269
Exchange rate and other changes	589	(2)	(76)	(33)	478	-	478
Balance on September 30, 2021	\$ 229,337	\$ 33,380	\$ 6,658	\$ 40,108	\$ 309,483	\$ 25,755	\$ 335,238

14. DISCOUNTS AND LOANS, NET

	September 30, 2022	December 31, 2021	September 30, 2021
Loans	\$ 1,221,927,565	\$ 1,105,944,691	\$ 1,086,709,419
Inward/outward documentary bills	16,236,489	16,970,829	19,997,070
Non-performing loans	4,126,035	1,283,245	1,395,434
	1,242,290,089	1,124,198,765	1,108,101,923
Discount and premium adjustments	30,160	237,257	244,418
Provisions for loans and discounts	(13,945,171)	(12,201,243)	(12,156,713)
	<u>\$ 1,228,375,078</u>	<u>\$ 1,112,234,779</u>	<u>\$ 1,096,189,628</u>

The Group discontinues accruing interest when loans are deemed non-performing. For the nine months ended September 30, 2022 and 2021, the unrecognized interest revenue on the non-performing loans amounted to \$48,784 thousand and \$18,466 thousand, respectively.

For the nine months ended September 30, 2022 and 2021, the Group only had written off certain credits after completing the required legal procedures.

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

For the Nine Months Ended September 30, 2022

	12-Month ECLs	Lifetime ECLs (Collectively)	Lifetime ECLs (Individually)	Lifetime ECLs (Non-Purchased or Originated Credit Impairment on Financial Assets)	Lifetime ECLs (Purchased or Originated Credit Impairment on Financial Assets)	Total
Discounts and loans						
Beginning on January 1, 2022	\$ 1,076,867,874	\$ 11,341,039	\$ 32,974,921	\$ 2,889,244	\$ 125,687	\$ 1,124,198,765
Changes due to financial assets recognized at the beginning of the period:						
Transfer to lifetime ECLs	(5,573,474)	2,240,765	3,927,010	(430,731)	-	163,570
Transfer to ECLs on financial assets	(1,843,974)	(1,220,935)	(1,067,826)	3,846,982	-	(285,753)
Transfer to 12-month ECLs	4,190,736	(457,245)	(3,730,971)	(3,246)	-	(726)
Financial assets derecognized in the current period	(360,059,955)	(2,517,560)	(13,133,236)	(345,520)	(7,818)	(376,064,089)
Purchased or originated financial assets	433,936,331	992,866	6,507,314	338,784	-	441,775,295
Write-offs	-	-	-	(466,634)	-	(466,634)
Exchange rate and other changes	48,578,266	226,341	3,963,669	191,415	9,970	52,969,661
Balance on September 30, 2022	\$ 1,196,095,804	\$ 10,605,271	\$ 29,440,881	\$ 6,020,294	\$ 127,839	\$ 1,242,290,089

	12-Month ECLs	Lifetime ECLs (Collectively)	Lifetime ECLs (Individually)	Lifetime ECLs (Non-Purchased or Originated Credit Impairment on Financial Assets)	Lifetime ECLs (Purchased or Originated Credit Impairment on Financial Assets)	Impairment Under the Guidelines of IFRS 9	The Difference of Impairment under the Regulatory Decree	Total
Allowance								
Beginning on January 1, 2022	\$ 1,941,240	\$ 1,730,047	\$ 609,415	\$ 504,492	\$ 47,057	\$ 4,832,251	\$ 7,368,992	\$ 12,201,243
Changes due to financial assets recognized at the beginning of the period:								
Transfer to lifetime ECLs	1,580	711,363	46,707	(30,346)	-	729,304	-	729,304
Transfer to ECLs on financial assets	(4,982)	(187,269)	(35,213)	1,139,004	-	911,540	-	911,540
Transfer to 12-month ECLs	129,408	(91,304)	(89,584)	(1,037)	-	(52,517)	-	(52,517)
Financial assets derecognized in the current period	(581,322)	(327,916)	(126,924)	(142,790)	-	(1,178,952)	-	(1,178,952)
Purchased or originated financial assets	988,333	128,191	117,257	146,141	-	1,379,922	-	1,379,922
The difference of impairment under the regulation or decree	-	-	-	-	-	-	(301,141)	(301,141)
Changes in model/risk parameters	(469,791)	63,355	191,082	149,749	2,812	(62,793)	-	(62,793)
Write-offs	-	-	-	(466,634)	-	(466,634)	-	(466,634)
Recoveries of write-offs	-	-	-	94,480	-	94,480	-	94,480
Exchange rate and other changes	135,732	393,665	95,596	58,772	6,954	690,719	-	690,719
Balance on September 30, 2022	\$ 2,140,198	\$ 2,420,132	\$ 808,336	\$ 1,451,831	\$ 56,823	\$ 6,877,320	\$ 7,067,851	\$ 13,945,171

For the Nine Months Ended September 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	(4,412,618)	1,560,487	2,163,731	(280)	-	(688,680)
Transfer to ECLs on financial assets	(534,231)	(231,389)	(45,802)	687,740	-	(123,682)
Transfer to 12-month ECLs	4,547,434	(238,985)	(4,289,405)	(512)	-	18,532
Financial assets derecognized in the current period	(228,062,754)	(738,718)	(3,520,661)	(724,418)	(654)	(233,047,205)
Purchased or originated financial assets	198,261,837	565,484	1,954,419	14,425	6,681	200,802,846
Write-offs	-	-	-	(454,727)	-	(454,727)
Exchange rate and other changes	(5,762,847)	(122,219)	(424,398)	(12,201)	(9,237)	(6,330,902)
Balance on September 30, 2021	\$ 1,065,596,106	\$ 11,033,330	\$ 29,345,561	\$ 1,990,939	\$ 135,987	\$ 1,108,101,923

	12-Month ECLs	Lifetime ECLs (Collectively)	Lifetime ECLs (Individually)	Lifetime ECLs (Non-Purchased or Originated Credit Impairment on Financial Assets)	Lifetime ECLs (Purchased or Originated Credit Impairment on Financial Assets)	Impairment Under the Guidelines of IFRS 9	The Difference of Impairment under the Regulatory Decree	Total
Allowance								
Beginning on January 1, 2021	\$ 3,084,995	\$ 1,468,387	\$ 425,972	\$ 729,263	\$ 48,338	\$ 5,756,955	\$ 6,028,429	\$ 11,785,384
Changes due to financial assets recognized at the beginning of the period:								
Transfer to lifetime ECLs	(23,158)	222,465	233,040	16,369	439	449,155	-	449,155
Transfer to ECLs on financial assets	(1,994)	(37,644)	(2,503)	289,565	-	247,424	-	247,424
Transfer to 12-month ECLs	92,743	(66,954)	(113,390)	(1,302)	-	(88,903)	-	(88,903)
Financial assets derecognized in the current period	(1,300,703)	(73,355)	(28,230)	(138,849)	-	(1,541,137)	-	(1,541,137)
Purchased or originated financial assets	445,682	107,166	7,511	63,105	-	623,464	-	623,464
The difference of impairment under the regulation or decree	-	-	-	-	-	-	1,076,049	1,076,049
Write-offs	-	-	-	(454,727)	-	(454,727)	-	(454,727)
Recoveries of write-offs	-	-	-	159,076	-	159,076	-	159,076
Exchange rate and other changes	(79,423)	(8,259)	(6,274)	(4,462)	(654)	(99,072)	-	(99,072)
Balance on September 30, 2021	\$ 2,218,142	\$ 1,611,806	\$ 516,126	\$ 658,038	\$ 48,123	\$ 5,052,235	\$ 7,104,478	\$ 12,156,713

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Provisions for loans and discounts	\$ 757,559	\$ 165,562	\$ 1,425,363	\$ 766,052
Provisions (reversal) for reserve of possible losses on guarantees	(144,777)	87,515	(44,841)	113,091
Provisions for receivables and other financial assets	8,143	15,595	30,350	71,593
Other provisions	4,327	1,949	5,376	4,915
	<u>\$ 625,252</u>	<u>\$ 270,621</u>	<u>\$ 1,416,248</u>	<u>\$ 955,651</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
			September 30, 2022	December 31, 2021	September 30, 2021	
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	1.
The Bank	Paofong Insurance Company Ltd.	Insurance	40.00	40.00	40.00	1.
The Bank	AMK Microfinance Institution Plc.	Microfinance	99.99	99.99	99.99	1.
SCSB Asset Management Ltd.	SCSB Leasing (China) Co., Ltd.	Leasing operation	100.00	100.00	100.00	1.
Wresqueue Limitada	Prosperity Realty Inc.	Real estate service	100.00	100.00	100.00	
Shancom Reconstruction Inc.	Empresa Inversiones Generales, S.A.	Investment holding	100.00	100.00	100.00	
Shancom Reconstruction Inc.	Krinein Company	Investment holding	100.00	100.00	100.00	
Shancom Reconstruction Inc.	Safehaven Investment Corporation	Investment holding	100.00	100.00	100.00	
Empresa Inversiones Generales, S.A.	Shanghai Commercial Bank (HK)	Banking	48.00	48.00	48.00	2.
Krinein Company	Shanghai Commercial Bank (HK)	Banking	9.60	9.60	9.60	2.
Shanghai Commercial Bank (HK)	Shanghai Commercial Bank (Nominees) Ltd.	Nominee services	100.00	100.00	100.00	1.
Shanghai Commercial Bank (HK)	Shanghai Commercial Bank Trustee Ltd.	Trustee services	60.00	60.00	60.00	1.
Shanghai Commercial Bank (HK)	Shacom Futures Ltd.	Commodities trading	100.00	100.00	100.00	1.
Shanghai Commercial Bank (HK)	Shacom Investment Ltd.	Investment in exchange fund bills and notes	100.00	100.00	100.00	1.
Shanghai Commercial Bank (HK)	Shacom Property Holdings (BVI) Limited	Property holding	100.00	100.00	100.00	1.
Shanghai Commercial Bank (HK)	Shacom Property (NY) Inc.	Property holding	100.00	100.00	100.00	1.
Shanghai Commercial Bank (HK)	Shacom Property (CA) Inc.	Property holding	100.00	100.00	100.00	1.
Shanghai Commercial Bank (HK)	Shacom Assets Investment Ltd.	Investment in bonds	100.00	100.00	100.00	1.
Shanghai Commercial Bank (HK)	Infinite Financial Solutions Limited	I.T. application services provider	100.00	100.00	100.00	1.
Shanghai Commercial Bank (HK)	Shacom Insurance Brokers Ltd.	Insurance broker	100.00	100.00	100.00	1.
Shanghai Commercial Bank (HK)	Shacom Securities Ltd.	Securities brokerage services	100.00	100.00	100.00	1.
Shanghai Commercial Bank (HK)	Hai Kwang Property Management Co., Ltd.	Property management	100.00	100.00	100.00	1.
Shanghai Commercial Bank (HK)	Paofong 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 reviewed.

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

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

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

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		
		September 30, 2022	December 31, 2021	September 30, 2021
Shanghai Commercial Bank (H.K.)	Hong Kong	42.4%	42.4%	42.4%
Name of Subsidiary	Profit Allocated to Non-controlling Interests			
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Shanghai Commercial Bank (H.K.) (excluding NCI in its subsidiaries)	\$ 1,298,055	\$ 1,243,050	\$ 3,239,907	\$ 3,451,112
Name of Subsidiary	Accumulated Non-controlling			
	September 30, 2022		December 31, 2021	
	2022	2021	2022	2021
Shanghai Commercial Bank (H.K.) (excluding NCI in its subsidiaries)	\$ 55,900,959	\$ 51,436,280	\$ 51,389,759	\$ 51,389,759

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

	September 30, 2022	December 31, 2021	September 30, 2021
Assets	\$ 933,605,177	\$ 830,423,785	\$ 851,005,579
Liabilities	(801,651,003)	(709,065,040)	(729,740,452)
NCI of SCB's subsidiaries	(394,605)	(342,667)	(343,026)
Equity	\$ 131,559,569	\$ 121,016,078	\$ 120,922,101
Equity attributable to:			
Owners of SCSB	\$ 75,778,312	\$ 69,705,262	\$ 69,651,131
NCI of SCSB	55,781,257	51,310,816	51,270,970
	\$ 131,559,569	\$ 121,016,078	\$ 120,922,101

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Revenue	\$ 5,669,207	\$ 5,101,073	\$ 14,863,406	\$ 14,755,293
Net profit for the period	\$ 3,055,808	\$ 2,937,104	\$ 7,641,710	\$ 8,153,943
Other comprehensive income for the period	(4,681,513)	(2,130,445)	(12,697,998)	(1,927,694)
Total comprehensive income for the period	\$ (1,625,705)	\$ 806,659	\$ (5,056,288)	\$ 6,226,249
Profit attributable to:				
Owners of SCSB	\$ 1,763,138	\$ 1,688,616	\$ 4,399,802	\$ 4,686,636
NCI of SCSB	1,297,865	1,243,009	3,238,744	3,449,885
NCI of SCB's subsidiaries	(5,195)	5,479	3,164	17,422
	\$ 3,055,808	\$ 2,937,104	\$ 7,641,710	\$ 8,153,943
Total comprehensive income attributable to:				
Owners of SCSB	\$ (933,430)	\$ 461,480	\$ (2,915,042)	\$ 3,576,284
NCI of SCSB	(687,109)	339,700	(2,145,795)	2,632,543
NCI of SCB's subsidiaries	(5,166)	5,479	4,549	17,422
	\$ (1,625,705)	\$ 806,659	\$ (5,056,288)	\$ 6,226,249

	For the Nine Months Ended September 30	
	2022	2021
Net cash inflow (outflow) from:		
Operating activities	\$ 40,969,829	\$ 34,582,194
Investing activities	1,038,735	386,424
Financing activities	(1,069,845)	(2,016,026)
Net cash inflow	\$ 40,938,719	\$ 32,952,592

16. INVESTMENTS UNDER THE EQUITY METHOD

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Investments in associates	\$ 2,046,055	\$ 1,922,359	\$ 2,043,702

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 September 30</u>		<u>For the Nine Months Ended September 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Profit from continuing operations	\$ 125,097	\$ 3,061	\$ 300,275	\$ 221,483
Other comprehensive income for the period	(146,899)	24,322	(340,212)	38,500
Total comprehensive income for the period	<u>\$ (21,802)</u>	<u>\$ 27,383</u>	<u>\$ (39,937)</u>	<u>\$ 259,983</u>

17. OTHER FINANCIAL ASSETS, NET

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Non-performing receivables	\$ 2,739	\$ 1,929	\$ 2,080
Bills of exchange	1,334	5,037	8,505
	4,073	6,966	10,585
Allowance for non-performing credit card receivables	(2,759)	(2,149)	(2,241)
	<u>\$ 1,314</u>	<u>\$ 4,817</u>	<u>\$ 8,344</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 \$2,544 thousand, \$1,928 thousand and \$2,080 thousand as of September 30, 2022, December 31, 2021 and September 30, 2021, respectively. The unrecognized interest revenue on the receivables amounted to \$171 thousand and \$128 thousand for the nine months ended September 30, 2022 and 2021, respectively.

18. PROPERTIES, NET

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Land	\$ 14,414,878	\$ 13,923,139	\$ 13,974,170
Buildings and improvements	4,351,477	4,178,069	4,240,364
Mechanical equipment	630,082	640,268	621,330
Miscellaneous equipment	616,898	630,676	630,755
Transportation equipment	58,082	61,640	61,348
Construction in progress and prepayments	1,837,578	1,162,624	1,016,873
	<u>\$ 21,908,995</u>	<u>\$ 20,596,416</u>	<u>\$ 20,544,840</u>

The Group did not have any impairment losses on the properties for the nine months ended September 30, 2022 and 2021.

The land held by the subsidiary SCB (HK) 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 mechanical 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 contract was signed and the transfer was completed in January 2021. The composition of assets held for sale is as follows:

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

19. LEASE ARRANGEMENTS

19.1 Right-of-use assets

	September 30, 2022	December 31, 2021	September 30, 2021
Carrying amount of right-of-use assets			
Buildings and improvements	\$ 1,703,700	\$ 1,657,419	\$ 1,736,740
Office equipment	51,258	61,237	16,402
Mechanical equipment	49,114	56,968	57,595
Transportation equipment	29,590	32,213	30,926
Land	6,166	2,082	2,360
	<u>\$ 1,839,828</u>	<u>\$ 1,809,919</u>	<u>\$ 1,844,023</u>

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Increase in right-of-use assets			\$ 467,535	\$ 337,107
Depreciation expenses of right-of-use assets				
Buildings and improvements	\$ 186,327	\$ 174,912	537,550	525,773
Office equipment	6,450	909	18,694	9,201
Mechanical equipment	4,653	4,459	14,525	14,247
Transportation equipment	3,947	3,196	10,543	10,062
Land	563	331	1,355	987
	<u>\$ 201,940</u>	<u>\$ 183,807</u>	<u>\$ 582,667</u>	<u>\$ 560,270</u>

19.2 Lease liabilities

	September 30, 2022	December 31, 2021	September 30, 2021
Carrying amount of lease liabilities	<u>\$ 1,891,568</u>	<u>\$ 1,868,929</u>	<u>\$ 1,913,007</u>

The discount rate intervals for lease liabilities are as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Land	6.65%	6.19%	6.19%
Buildings and improvements	0.44%~6.65%	0.67%~6.19%	0.67%~6.19%
Office equipment	0.75%~2.77%	0.75%~3.00%	0.75%~3.00%
Mechanical equipment	1.25%~6.65%	1.25%~6.19%	1.25%~6.19%
Transportation equipment	1.25%~2.92%	1.25%~4.90%	1.25%~2.92%

19.3 Other lease information

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Short-term lease expenses	<u>\$ 4,487</u>	<u>\$ 6,732</u>	<u>\$ 15,504</u>	<u>\$ 16,509</u>
Leases of low value assets	<u>\$ 3,094</u>	<u>\$ 3,160</u>	<u>\$ 9,082</u>	<u>\$ 9,521</u>
Variable lease payments which are not included in lease liabilities measurements	<u>\$ 1,316</u>	<u>\$ 834</u>	<u>\$ 2,880</u>	<u>\$ 2,466</u>
Total cash outflow for leases			<u>\$ 632,384</u>	<u>\$ 574,506</u>

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

20. INVESTMENT PROPERTIES, NET

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Land	\$ 5,783,632	\$ 4,954,491	\$ 4,903,936
Buildings and improvements	1,148,944	1,026,660	1,042,379
	<u>\$ 6,932,576</u>	<u>\$ 5,981,151</u>	<u>\$ 5,946,315</u>

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

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

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

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

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Fair value	\$ 10,314,402	\$ 10,082,090	\$ 9,109,327

The rental income from investment properties is stated below:

	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Rental income from investment properties	\$ 67,557	\$ 46,614	\$ 164,334	\$ 171,300

21. INTANGIBLE ASSETS, NET

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Bank license	\$ 1,504,250	\$ 1,319,857	\$ 1,332,908
Computer software	279,805	262,501	272,005
Goodwill	95,905	83,366	83,929
	<u>\$ 1,879,960</u>	<u>\$ 1,665,724</u>	<u>\$ 1,688,842</u>

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

Bank license	84 years
Computer software	3-5 years

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

The Group underwent the impairment assessment of the recoverable amount of goodwill, and the calculation of the recoverable amount was based on the value in use. The calculation of the value in use was based on the cash flow of AMK’s future financial projections and was calculated using the annual discount rate to reflect the specific risks of AMK. The assessment results showed no sign of impairment. The Group did not need to recognize impairment loss on goodwill for the nine months ended September 30, 2022 and 2021.

22. OTHER ASSETS, NET

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Prepaid expenses	\$ 7,300,593	\$ 6,285,682	\$ 7,007,353
Refundable deposits	1,518,687	992,321	1,215,412
Temporary payments and suspension	784,760	316,153	274,554
Deferred charges	132,677	210,061	241,227
Others	565,353	397,383	450,984
	<u>\$ 10,302,070</u>	<u>\$ 8,201,600</u>	<u>\$ 9,189,530</u>

23. DEPOSITS FROM THE CENTRAL BANK AND OTHER BANKS

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Call loans from banks	\$ 39,336,295	\$ 40,854,566	\$ 42,208,441
Due to banks	11,185,589	10,037,561	7,727,951
Bank overdrafts	1,544,148	541,963	625,049
Deposit from Chunghwa Post Co., Ltd.	1,221,799	1,221,799	1,221,799
	<u>\$ 53,287,831</u>	<u>\$ 52,655,889</u>	<u>\$ 51,783,240</u>

24. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

Securities sold under repurchase agreements as of September 30, 2022, December 31, 2021 and September 30, 2021 were \$576,184 thousand, \$14,505,024 thousand and \$30,014,475 thousand, respectively. The aforementioned securities will be repurchased by March 23, 2023, September 13, 2022 and September 13, 2022 at \$576,756 thousand, \$14,508,047 thousand and \$30,020,337 thousand, respectively.

25. PAYABLES

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Dividends payable	\$ 15,794,768	\$ 14,908,719	\$ 15,015,248
Accounts payable	4,565,006	6,920,914	5,443,989
Accrued interest	4,099,645	2,138,298	2,518,776
Acceptances	2,311,493	3,046,505	3,434,598
Accrued expenses	1,894,416	1,676,966	1,716,290
Others	698,646	737,553	1,015,003
	<u>\$ 29,363,974</u>	<u>\$ 29,428,955</u>	<u>\$ 29,143,904</u>

26. DEPOSITS AND REMITTANCES

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Time deposits	\$ 862,180,128	\$ 706,005,580	\$ 722,504,617
Savings deposits	579,677,463	554,410,590	548,085,068
Demand deposits	428,064,517	427,859,684	422,353,080
Negotiable certificates of deposit	24,949,400	8,787,700	10,109,600
Checking deposits	9,902,023	10,221,245	8,035,521
Remittances	479,057	317,723	428,005
	<u>\$ 1,905,252,588</u>	<u>\$ 1,707,602,522</u>	<u>\$ 1,711,515,891</u>

27. BANK DEBENTURES

27.1 The Bank

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
The subordinated bank debenture - 7-10 years maturity, third issued in 2012; maturity date is from November 2019 to November 2022.	\$ 4,000,000	\$ 4,000,000	\$ 4,000,000
The subordinated bank debenture - 7-10 years maturity, fourth issued in 2012; maturity date is from December 2019 to December 2022.	5,700,000	5,700,000	5,700,000
The subordinated bank debenture - 7-10 years maturity, first issued in 2014; maturity date is from March 2021 to March 2024	5,100,000	5,100,000	5,100,000
The subordinated bank debenture - 7 years maturity, second issued in 2014; maturity date is in November 2021	-	-	3,300,000
The subordinated bank debenture - 7 years maturity; first issued in 2015; maturity date is in June 2022	-	2,150,000	2,150,000
The subordinated bank debenture - 8.5 years maturity; second issued in 2015; maturity date is in June 2024	3,000,000	3,000,000	3,000,000
The subordinated bank debenture - 7-10 years maturity; first issued in 2017; maturity date is from June 2024 to 2027	5,000,000	5,000,000	5,000,000
The subordinated bank debenture - 7-10 years maturity; second issued in 2017; maturity date is from December 2024 to 2027	5,000,000	5,000,000	5,000,000
The subordinated bank debenture - 7-10 years maturity; first issued in 2018; maturity date is from June 2025 to 2028	5,000,000	5,000,000	5,000,000
The subordinated bank debenture; third issued in 2018; no maturity date	7,000,000	7,000,000	7,000,000
The bank debenture - 3 years maturity; first issued in 2019; maturity date is in September 2022	-	3,100,000	3,100,000
The bank debenture - 5 years maturity; first issued in 2019; maturity date is in September 2024	6,900,000	6,900,000	6,900,000
The bank debenture - 7 years maturity; first issued in 2020; maturity date is in March 2027	3,000,000	3,000,000	3,000,000
The bank debenture - 10 years maturity; first issued in 2020; maturity date is in March 2030	7,000,000	7,000,000	7,000,000
The subordinated bank debenture - 7-10 years maturity; first issued in 2021; maturity date is from October 2028 to 2031	5,000,000	5,000,000	-
The bank debenture - 3-5 years maturity; first issued in 2022; maturity date is from July 2025 to 2027	2,000,000	-	-
The bank debenture - 3 years maturity; second issued in 2022; maturity date is in September 2025	1,000,000	-	-
	<u>\$ 64,700,000</u>	<u>\$ 66,950,000</u>	<u>\$ 65,250,000</u>

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

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

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

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

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

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

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

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

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

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

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

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

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

The first issuance of the 2022 bank debenture was classified into two types in accordance with the issued terms and the methods of interest accrual: Types A and B. Their terms were as follows: Type A, three-year of bank debenture at a fixed annual interest rate of 1.60%; Type B, five-year of bank debenture at a fixed annual interest rate of 1.70%. Their interests were paid annually with repayment of principals at maturity.

The second issuance of the 2022 bank debenture, two-year of bank debenture, had a fixed annual interest rate of 1.40% with the interest paid annually and the repayment of principal at maturity.

27.2 SCB (HK)

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
The subordinate bank debenture with a 10 years maturity and maturity date on November 2027	\$ 7,917,841	\$ 6,879,578	\$ 6,925,109
The subordinate bank debenture with a 10 years maturity and maturity date on January 2029	9,510,455	8,261,934	8,316,134
	<u>\$ 17,428,296</u>	<u>\$ 15,141,512</u>	<u>\$ 15,241,243</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

	September 30, 2022	December 31, 2021	September 30, 2021
Principals of structured instruments	\$ 1,507,727	\$ 1,444,718	\$ 1,541,731
Appropriated loan funds	1,253,219	1,378,521	1,403,305
Bank borrowings	294,591	453,304	485,217
Other financial liabilities	1,977,643	1,507,463	1,239,408
	<u>\$ 5,033,180</u>	<u>\$ 4,784,006</u>	<u>\$ 4,669,661</u>

29. PROVISIONS

	September 30, 2022	December 31, 2021	September 30, 2021
Provision for employee benefits	\$ 1,583,272	\$ 1,332,971	\$ 1,437,990
Provision for guarantees liabilities	1,126,598	1,196,049	1,203,057
Provision for other operations	279,949	321,658	350,229
Provision for financing commitment	82,075	77,582	77,655
Provision for unexpected losses	3,565	4,540	3,821
	<u>\$ 3,075,459</u>	<u>\$ 2,932,800</u>	<u>\$ 3,072,752</u>

Provisions for changes in financing commitment and guarantee liability of the Group for the nine months ended September 30, 2022 and 2021 were as follows:

For the Nine Months Ended September 30, 2022

	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, 2022	\$ 319,092	\$ 21,043	\$ 7,252	\$ 1,357	\$ 348,744	\$ 924,887	\$ 1,273,631
Changes due to financial assets recognized at the beginning of the period:							
Transfer to lifetime ECLs	(404)	20,356	3,789	-	23,741	-	23,741
Transfer to credit impaired financial assets	-	(238)	-	871	633	-	633
Transfer to 12-month ECLs	1,752	-	(7,110)	-	(5,358)	-	(5,358)
Financial assets derecognized in the current period	(252,102)	(18,513)	(198)	-	(270,813)	-	(270,813)
Purchased or originated financial assets	254,145	33,010	869	570	288,594	-	288,594
The difference of impairment under the regulation or decree	-	-	-	-	-	(138,802)	(138,802)
Changes in model/risk parameters	57,115	-	49	-	57,164	-	57,164
Exchange rate and other changes	(9,561)	(10,986)	821	(391)	(20,117)	-	(20,117)
September 30, 2022	<u>\$ 370,037</u>	<u>\$ 44,672</u>	<u>\$ 5,472</u>	<u>\$ 2,407</u>	<u>\$ 422,588</u>	<u>\$ 786,085</u>	<u>\$ 1,208,673</u>

For the Nine Months Ended September 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	5,745	17,154	759	(4,492)	19,166	-	19,166
Transfer to credit impaired financial assets	-	-	-	-	-	-	-
Transfer to 12-month ECLs	1,271	(598)	(2,488)	-	(1,815)	-	(1,815)
Financial assets derecognized in the current period	(538,305)	(22,213)	(1,366)	(11,797)	(573,681)	-	(573,681)
Purchased or originated financial assets	321,182	44,308	543	-	366,033	-	366,033
The difference of impairment under the regulation or decree	-	-	-	-	-	303,388	303,388
Exchange rate and other changes	(2,610)	-	(41)	-	(2,651)	-	(2,651)
September 30, 2021	<u>\$ 395,568</u>	<u>\$ 60,791</u>	<u>\$ 1,488</u>	<u>\$ 4,129</u>	<u>\$ 461,976</u>	<u>\$ 818,736</u>	<u>\$ 1,280,712</u>

30. OTHER LIABILITIES

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Guarantee deposits received	\$ 3,464,058	\$ 1,980,597	\$ 1,861,144
Deferred revenue	718,801	596,736	564,025
Temporary credit	114,697	135,751	98,319
Interest received in advance	13,538	9,709	10,949
Others	887,022	467,695	747,016
	<u>\$ 5,198,116</u>	<u>\$ 3,190,488</u>	<u>\$ 3,281,453</u>

31. PENSION PLAN

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

	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Defined benefit plan	\$ 63,863	\$ 56,116	\$ 173,718	\$ 189,765
Employees' preferential deposit plan	7,500	7,500	22,500	22,500
	<u>\$ 71,363</u>	<u>\$ 63,616</u>	<u>\$ 196,218</u>	<u>\$ 212,265</u>

32. EQUITY

32.1 Share capital

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
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.

To improve capital adequacy and increase working capital, the Bank's board of directors approved to issue 380,000 thousand of new shares in additional capital on August 13, 2022. The issue price per share is \$37, and the total issue amount is \$14,060,000 thousand. TWSE approved the IPO on October 11, 2022, and the record date for capital increase was on November 6, 2022.

32.2 Capital surplus

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Share premium	\$ 13,431,903	\$ 13,431,903	\$ 13,431,903
Treasury shares transaction	2,056,000	2,046,520	2,046,520
Unclaimed dividends	1,213,392	1,100,985	994,456
Recognition of changes in equity of subsidiaries	85,518	85,518	85,518
Proportionate share in investee's surplus from donated assets under the equity method	1,218	1,218	1,218
	<u>\$ 16,788,031</u>	<u>\$ 16,666,144</u>	<u>\$ 16,559,615</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.

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

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

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

32.3 Retained earnings and dividend policy

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

If the Bank has no deficit and the legal reserve has exceeded 25% of the Bank's paid-in capital, the excess may be corrected into capital (share capital) or distributed in cash. However, under the Banking Act, if legal reserve is less than its paid-in capital, the Bank is allowed to distribute cash earnings only up to 15% of its capital. For the estimation on the distribution of employees' compensation and remuneration of directors, refer to employee benefits expense in Note 33(6).

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

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

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 nine months ended September 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. 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 as at September 30, 2021.

32.5 Treasury shares

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

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

32.6. Non-controlling interests

	For the Nine Months Ended September 30	
	2022	2021
Beginning balance	\$ 51,436,384	\$ 49,995,956
Attributed to non-controlling interests		
Net income	3,239,912	3,451,116
Translation adjustments for foreign operations	7,219,193	(716,527)
Unrealized gain on financial assets measured at FVTOCI	(6,017,160)	(858,333)
Realized gain on financial assets measured at FVTOCI	(39,873)	(140,471)
(Gain) loss on investments in debt instruments measured at FVTOCI	(3,143)	11,831
Share of other comprehensive profit and loss under the equity method	(156,161)	16,302
Income tax effect	725,194	106,036
Cash dividends distribution	(503,283)	(476,048)
Ending balance	<u>\$ 55,901,063</u>	<u>\$ 51,389,862</u>

33. DETAILS OF COMPREHENSIVE INCOME STATEMENT ITEMS

33.1 Interest revenue, net

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Interest income				
Discounts and loans	\$ 9,800,831	\$ 6,801,320	\$ 24,725,704	\$ 20,545,598
Securities investments	2,190,764	1,732,893	5,920,256	5,297,757
Due from banks	1,403,578	175,165	2,332,296	727,120
Others	116,499	91,066	210,607	188,018
	<u>13,511,672</u>	<u>8,800,444</u>	<u>33,188,863</u>	<u>26,758,493</u>
Interest expense				
Deposits	3,539,227	1,575,536	7,272,865	4,957,107
Bank debentures	455,223	431,431	1,319,810	1,297,922
Due to banks	229,903	100,283	496,044	229,907
Leased liability	8,248	9,054	24,062	21,842
Securities sold under repurchase agreements	778	15,184	27,906	43,984
Others	149,916	92,979	380,611	265,247
	<u>4,383,295</u>	<u>2,224,467</u>	<u>9,521,298</u>	<u>6,816,009</u>
Interest income, net	<u>\$ 9,128,377</u>	<u>\$ 6,575,977</u>	<u>\$ 23,667,565</u>	<u>\$ 19,942,484</u>

33.2 Service fee income, net

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Service fee income				
Trust and custody services	\$ 353,881	\$ 585,330	\$ 1,254,537	\$ 1,850,498
Loan service fees	316,266	242,027	1,018,055	841,520
Guarantees related fees	197,796	242,285	652,201	678,228
Nominee and brokerage service charge	165,544	137,393	490,036	623,198
Credit card related fees	130,318	122,452	371,580	333,436
Insurance commission fees	106,549	131,263	506,915	278,804
Exchange related fees	100,041	98,403	284,086	285,477
Inward/outward business	71,041	79,091	216,994	227,591
Others	183,662	178,288	553,353	543,442
	<u>1,625,098</u>	<u>1,816,532</u>	<u>5,347,757</u>	<u>5,662,194</u>
Service charge				
Credit card service charge	70,366	58,378	196,420	162,314
Nominee and brokerage service charge	26,850	15,574	79,609	65,898
Finance service charge	16,261	12,581	43,600	38,955
Custody service charge	9,298	11,467	30,878	36,893
Others	172,884	139,433	465,674	414,917
	<u>295,659</u>	<u>237,433</u>	<u>816,181</u>	<u>718,977</u>
Service fee income, net	<u>\$ 1,329,439</u>	<u>\$ 1,579,099</u>	<u>\$ 4,531,576</u>	<u>\$ 4,943,217</u>

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

	For the Three Months Ended September 30, 2022		
	Realized Gain (Loss)	Unrealized Gain (Loss)	Total
Financial assets mandatorily classified as at FVTPL	\$ 2,742,629	\$ 960,810	\$ 3,703,439
Held-for-trading financial liabilities	(3,668,001)	(2,158,904)	(5,826,905)
Financial liabilities designated at FVTPL	-	155,656	155,656
	<u>\$ (925,372)</u>	<u>\$ (1,042,438)</u>	<u>\$ (1,967,810)</u>
	For the Three Months Ended September 30, 2021		
	Realized Gain (Loss)	Unrealized Gain (Loss)	Total
Financial assets mandatorily classified as at FVTPL	\$ 2,399,252	\$ (677,827)	\$ 1,721,425
Held-for-trading financial liabilities	(2,459,758)	433,878	(2,025,880)
Financial liabilities designated at FVTPL	-	21,933	21,933
	<u>\$ (60,506)</u>	<u>\$ (222,016)</u>	<u>\$ (282,522)</u>
	For the Nine Months Ended September 30, 2022		
	Realized Gain (Loss)	Unrealized Gain (Loss)	Total
Financial assets mandatorily classified as at FVTPL	\$ 7,596,852	\$ 905,907	\$ 8,502,759
Held-for-trading financial liabilities	(9,455,569)	(3,262,145)	(12,717,714)
Financial liabilities designated at FVTPL	-	332,350	332,350
	<u>\$ (1,858,717)</u>	<u>\$ (2,023,888)</u>	<u>\$ (3,882,605)</u>
	For the Nine Months Ended September 30, 2021		
	Realized Gain (Loss)	Unrealized Gain (Loss)	Total
Financial assets mandatorily classified as at FVTPL	\$ 6,555,658	\$ (680,294)	\$ 5,875,364
Held-for-trading financial liabilities	(6,125,749)	90,532	(6,035,217)
Financial liabilities designated at FVTPL	-	82,809	82,809
	<u>\$ 429,909</u>	<u>\$ (506,953)</u>	<u>\$ (77,044)</u>

33.4 Realized gain or loss on financial assets at FVTOCI

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Dividend income	\$ 1,996,525	\$ 1,178,530	\$ 2,090,076	\$ 1,222,658
Disposal of debt instruments	(44,408)	104,406	422,356	819,718
	<u>\$ 1,952,117</u>	<u>\$ 1,282,936</u>	<u>\$ 2,512,432</u>	<u>\$ 2,042,376</u>

33.5 Employment benefits expense

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Short-term employment benefits	\$ 2,351,647	\$ 2,129,691	\$ 6,796,852	\$ 6,417,951
Retirement benefits				
Defined contribution plan	102,982	91,597	299,589	280,425
Defined benefit plan	63,863	56,116	173,718	189,765
Other benefit plan	108,079	98,616	313,785	296,603
	<u>\$ 2,626,571</u>	<u>\$ 2,376,020</u>	<u>\$ 7,583,944</u>	<u>\$ 7,184,744</u>

33.6 Compensation of employees 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 nine months ended September 30, 2022 and 2021, the employees' compensation and the remuneration of directors were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Employees' compensation	\$ 15,012	\$ 15,005	\$ 45,018	\$ 44,989
Remuneration of directors	\$ 14,499	\$ 14,499	\$ 43,497	\$ 43,497

The employees' compensation and the remuneration of directors for 2020 and 2019 as approved by board of director on March 26, 2022 and March 27, 2021, respectively, were as follows:

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

If the amount of the annual consolidated financial report changes after the release date, it will be treated according to the changes in accounting estimation and will be adjusted in the next year.

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

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

33.7 Depreciation and amortization

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Depreciation expense				
Right-of-use assets	\$ 201,940	\$ 163,505	\$ 582,667	\$ 484,734
Properties	179,268	183,807	520,188	560,270
Investment properties	8,670	7,944	24,973	23,984
	<u>389,878</u>	<u>355,256</u>	<u>1,127,828</u>	<u>1,068,988</u>
Amortization expense				
Intangible assets	43,484	35,804	119,495	100,671
Other assets	17,673	19,090	52,755	58,989
	<u>61,157</u>	<u>54,894</u>	<u>172,250</u>	<u>159,660</u>
	<u>\$ 451,035</u>	<u>\$ 410,150</u>	<u>\$ 1,300,078</u>	<u>\$ 1,228,648</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 September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Current tax				
In respect of the current year	\$ 963,915	\$ 918,586	\$ 3,168,158	\$ 2,979,016
In respect of prior periods	(15,733)	13,085	(36,348)	(255,083)
	<u>948,182</u>	<u>931,671</u>	<u>3,131,810</u>	<u>2,723,933</u>
Deferred tax				
In respect of the current year	178,677	104,737	312,712	(36,679)
In respect of prior periods	(381)	-	(618)	5,160
	<u>178,296</u>	<u>104,737</u>	<u>312,094</u>	<u>(31,519)</u>
Income tax expense recognized in profit or loss	<u>\$ 1,126,478</u>	<u>\$ 1,036,408</u>	<u>\$ 3,443,904</u>	<u>\$ 2,692,414</u>

34.2 Income tax expense recognized in other comprehensive income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Deferred income tax				
Recognized in other comprehensive income				
Translation adjustments for foreign operations	\$ (1,094,728)	\$ 46,460	\$ (2,119,787)	\$ 178,395
Unrealized gain or loss on financial assets measured at FVTOCI	556,869	(143,405)	2,551,519	(20,563)
Income tax expense recognized in other comprehensive income	<u>\$ (537,859)</u>	<u>\$ (96,945)</u>	<u>\$ 431,732</u>	<u>\$ 157,832</u>

34.3 Income tax assessments

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

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

35. EARNINGS PER SHARE

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

	Unit: NT\$ Per Share			
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Basic earnings per share	\$ 1.28	\$ 0.80	\$ 2.91	\$ 2.44
Diluted earnings per share	\$ 1.28	\$ 0.80	\$ 2.90	\$ 2.44

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 September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Earnings used in the computation of basic and diluted earnings per share	\$ 5,732,269	\$ 3,594,900	\$ 12,988,842	\$ 10,899,052

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
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	915	1,013	1,239	1,464
Weighted average number of ordinary shares used in the computation of diluted earnings per share	4,471,121	4,471,219	4,471,445	4,471,670

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. RELATED-PARTY TRANSACTIONS

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

36.1 The Bank's related parties

Related Party	Relationship with the Bank
The SCSB Cultural & Educational Foundation	Substantive related party
The SCSB Charity Foundation	Substantive related party
Silks Place Taroko	Substantive related party
Hung Shen Investment Corporation	Substantive related party
Hung Ta Investment Corporation	Substantive related party
GTM Corporation	Substantive related party
Chi-Li Investment Co., Ltd.	Substantive related party
Yongye Investment Co., Ltd.	Substantive related party
Qin Mao Consultants Ltd.	Substantive related party
Other related parties	The relatives of the Bank's directors and related management

36.2 Significant transactions between related parties

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

36.2.1 Deposits

	September 30, 2022			For the Nine Months Ended September 30, 2022
	Maximum Balance	Ending Balance	Interest Rate (%)	Interest Expense
Directors and related management	\$ 17,650,009	\$ 17,526,384	0.00-2.53	\$ 160,810
The SCSB Cultural & Educational Foundation	348,890	341,490	0.01 -1.34	811
Employees	305,881	167,136	0.00-10.05	1,959
Others	135,259	134,032	0.00-1.34	683
	<u>\$ 18,440,039</u>	<u>\$ 18,169,042</u>		<u>\$ 164,263</u>

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

	September 30, 2021			For the Nine Months Ended September 30, 2021
	Maximum Balance	Ending Balance	Interest Rate (%)	Interest Expense
Directors and related management	\$ 25,379,270	\$ 25,159,543	0.00-2.18	\$ 61,297
The SCSB Cultural & Educational Foundation	334,283	331,271	0.01-1.05	786
Employees	265,617	126,792	0.00-9.78	1,487
Others	98,917	98,323	0.00-0.82	389
	<u>\$ 26,078,087</u>	<u>\$ 25,715,929</u>		<u>\$ 63,959</u>

36.2.2 Interest receivable (accounted for as receivables)

	September 30, 2022	December 31, 2021	September 30, 2021
Directors and related management	<u>\$ 13</u>	<u>\$ 11</u>	<u>\$ 11</u>

36.2.3 Interest payable (accounted for as payables)

	September 30, 2022	December 31, 2021	September 30, 2021
Directors and related management	\$ 403	\$ 44	\$ 46
The SCSB Cultural & Educational Foundation	63	86	58
The SCSB Charity Foundation	21	15	14
	<u>\$ 487</u>	<u>\$ 145</u>	<u>\$ 118</u>

36.2.4 Guarantee deposits received (accounted for as other liabilities)

	September 30, 2022	December 31, 2021	September 30, 2021
The SCSB Cultural & Educational Foundation	<u>\$ 318</u>	<u>\$ 318</u>	<u>\$ 318</u>

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
The SCSB Cultural & Educational Foundation	\$ 318	\$ 318	\$ 954	\$ 954

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

36.2.6 Loans

September 30, 2022										For the Nine Months Ended September 30, 2022
Category	Name	Maximum Balance	Ending Balance	Performance		Collateral	Interest Rate (%)	Difference of Terms of the Transactions with Unrelated Parties		Interest Income
				Normal Loans	Non- performing Loans					
Loans for personal house mortgages	Directors and related management (2)	\$ 10,180	\$ 9,959	\$ 9,959	-	Real estate	1.56-2.10	None		\$ 34
Others	Directors and related management (8)					Real estate/ financial instruments	1.33-1.95	None		
		191,471	187,289	187,289	-					12,618
		<u>\$ 201,651</u>	<u>\$ 197,248</u>	<u>\$ 197,248</u>						<u>\$ 12,652</u>
December 31, 2021										For the Year Ended December 31 2021
Category	Name	Maximum Balance	Ending Balance	Performance		Collateral	Interest Rate (%)	Difference of Terms of the Transactions with Unrelated Parties		Interest Income
				Normal Loans	Non- performing Loans					
Loans for personal house mortgages	Directors and related management (1)	\$ 608	\$ 180	\$ 180	-	Real estate	1.56-1.57	None		\$ 6
Others	Directors and related management (9)					Real estate/ financial instruments	1.29-1.49	None		
		155,372	140,010	140,010	-					11,549
		<u>\$ 155,980</u>	<u>\$ 140,190</u>	<u>\$ 140,190</u>						<u>\$ 11,555</u>
September 30, 2021										For the Nine Months Ended September 30, 2021
Category	Name	Maximum Balance	Ending Balance	Performance		Collateral	Interest Rate (%)	Difference of Terms of the Transactions with Unrelated Parties		Interest Income
				Normal Loans	Non- performing Loans					
Loans for personal house mortgages	Directors and related management (1)	\$ 608	\$ 288	\$ 288	-	Real estate	1.56-1.57	None		\$ 5
Others	Directors and related management (9)					Real estate/ financial instruments	1.29-1.49	None		
		156,680	144,332	144,332	-					8,575
		<u>\$ 157,288</u>	<u>\$ 144,620</u>	<u>\$ 144,620</u>						<u>\$ 8,580</u>

Employee deposits and loans have better interest rates 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.

36.2.7 Disposal of property, plant and equipment (For the three months ended September 30, 2022 and 2021: None)

Category	Disposal price		Disposal profit	
	For the Nine Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Other related parties	\$ 341,264	\$ -	\$ 208,377	\$ -

36.3 Compensation of directors and management personnel

The compensation of key management personnel for the nine months ended September 30, 2022 and 2021 was as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Salaries and other short-term employee benefits	\$ 99,251	\$ 85,370	\$ 299,917	\$ 261,100
Remuneration of directors	30,752	22,125	92,855	77,848
Post-employment benefits	13,604	9,619	33,949	29,770
Bonuses and employees' compensation	4,211	2,562	14,266	10,220
Others	377	-	678	521
	<u>\$ 148,195</u>	<u>\$ 119,676</u>	<u>\$ 441,665</u>	<u>\$ 379,459</u>

37. PLEDGED ASSETS

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

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

On September 30, 2022, December 31, 2021 and September 30, 2021, the Bank provided financial assets at FVTOCI listed below which had been provided as operating guarantees.

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>	<u>Guaranty Purpose</u>
The Bank				
Financial assets at FVTOCI	\$ 364,598	\$ 346,624	\$ 348,644	Operating guarantee

On September 30, 2022, December 31, 2021 and September 30, 2021, SCB (HK) and its overseas branch provided financial assets at amortized cost listed below which had been provided as operating guarantees.

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>	<u>Guaranty Purpose</u>
The SCB (HK)				
Investments in debt instruments measured at amortized cost	\$ 12,502,511	\$ 4,872,533	\$ 4,936,440	Operating guarantee

On September 30, 2022, December 31, 2021 and September 30, 2021, SCB (HK) and its overseas branch provided financial assets at FVTOCI listed below which had been provided as operating guarantees.

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>	<u>Guaranty Purpose</u>
The SCB (HK)				
Financial assets at FVTOCI	\$ 7,883,512	\$ 21,270,542	\$ 21,450,432	Operating guarantee

38. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

	September 30, 2022	December 31, 2021	September 30, 2021
Commitments of forward contracts with customers	\$ 847,889,950	\$ 312,461,232	\$ 553,615,227
Securities in custody	241,540,032	242,180,397	240,275,174
Assets under trust	217,826,371	212,201,956	204,577,819
Guarantee notes payable	110,119,933	164,076,416	163,706,584
Receivables under custody	29,817,624	32,484,286	30,938,928
Government bonds in brokerage accounts	26,699,200	29,466,700	23,286,700
Short-term bills in brokerage accounts	1,232,350	559,450	873,440

38.2 Material litigation

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

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

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

39. FINANCIAL INSTRUMENTS

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

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

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

	September 30, 2022		December 31, 2021		September 30, 2021	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets						
Investments in debt instruments measured at amortized cost	\$ 150,983,266	\$ 146,397,624	\$ 159,319,588	\$ 159,375,166	\$ 148,737,319	\$ 148,871,795
Financial liabilities						
Bank debentures	82,128,296	82,146,780	82,091,512	82,882,006	80,491,243	81,511,176

39.1.2 Fair value level

	September 30, 2022			
	Total	Level 1	Level 2	Level 3
Financial assets				
Financial assets measured at amortized cost	\$ 146,397,624	\$ 17,272,988	\$ 129,124,636	-
Financial liabilities				
Bank debentures	82,146,780	-	82,146,780	-

		December 31, 2021			
		Total	Level 1	Level 2	Level 3
Financial assets					
Financial assets measured at amortized cost	\$	159,375,166	\$ 22,634,554	\$ 136,740,612	\$ -
Financial liabilities					
Bank debentures		82,882,006	-	82,882,006	-
		September 30, 2021			
		Total	Level 1	Level 2	Level 3
Financial assets					
Investments in debt instruments measured at amortized cost	\$	148,871,795	\$ 22,848,512	\$ 126,023,283	\$ -
Financial liabilities					
Bank debentures		81,511,176	-	81,511,176	-

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

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

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

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

39.2.1 Fair value level

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

Financial Instruments Measured at Fair Value		September 30, 2022			
		Total	Level 1	Level 2	Level 3
Non-derivative financial instruments					
Assets					
Financial assets measured at FVTPL					
Financial assets mandatorily classified as at FVTPL					
Shares	\$	1,752,113	\$ 1,710,676	\$ 41,437	\$ -
Bonds		3,763,304	3,763,304	-	-
Beneficiary certificates		257,000	257,000	-	-
Financial assets at FVTOCI					
Equity instruments		23,046,376	21,218,761	-	1,827,615
Debt instruments		402,991,423	124,932,726	278,047,049	11,648
	\$	<u>431,810,216</u>	<u>151,882,467</u>	<u>278,088,486</u>	<u>1,839,263</u>
Liabilities					
Financial liabilities measured at FVTPL	\$	<u>2,076,076</u>	<u>-</u>	<u>2,076,076</u>	<u>-</u>
Derivative financial instruments					
Assets					
Financial assets measured at FVTPL	\$	<u>6,359,431</u>	<u>177,668</u>	<u>6,181,763</u>	<u>-</u>
Liabilities					
Financial liabilities measured at FVTPL	\$	<u>5,486,334</u>	<u>5,654</u>	<u>5,480,680</u>	<u>-</u>

Financial Instruments Measured at Fair Value	December 31, 2021			
	Total	Level 1	Level 2	Level 3
Non-derivative financial instruments				
Assets				
Financial assets measured at FVTPL				
Financial assets mandatorily classified as at FVTPL				
Shares	\$ 2,174,721	\$ 2,138,464	\$ 36,257	\$ -
Bonds	6,099,860	92,275	6,007,585	-
Beneficiary certificates	535,265	535,265	-	-
Financial assets at FVTOCI				
Equity instruments	23,077,179	20,892,243	-	2,184,936
Debt instruments	495,479,676	198,770,322	295,958,341	751,013
	<u>\$ 527,366,701</u>	<u>\$ 222,428,569</u>	<u>\$ 302,002,183</u>	<u>\$ 2,935,949</u>
Liabilities				
Financial liabilities measured at FVTPL	<u>\$ 2,068,124</u>	<u>\$ -</u>	<u>\$ 2,068,124</u>	<u>\$ -</u>
Derivative financial instruments				
Assets				
Financial assets measured at FVTPL	<u>\$ 1,788,166</u>	<u>\$ 49,737</u>	<u>\$ 1,738,429</u>	<u>\$ -</u>
Liabilities				
Financial liabilities measured at FVTPL	<u>\$ 1,602,830</u>	<u>\$ 6,837</u>	<u>\$ 1,595,993</u>	<u>\$ -</u>
Financial Instruments Measured at Fair Value	September 30, 2021			
	Total	Level 1	Level 2	Level 3
Non-derivative financial instruments				
Assets				
Financial assets measured at FVTPL				
Financial assets mandatorily classified as at FVTPL				
Shares	\$ 1,705,902	\$ 1,674,714	\$ 31,188	\$ -
Bonds	7,173,128	320,764	6,852,364	-
Beneficiary certificates	492,139	492,139	-	-
Financial assets at FVTOCI				
Equity instruments	22,036,859	19,915,993	-	2,120,866
Debt instruments	503,367,625	203,269,565	300,087,783	10,277
	<u>\$ 534,775,653</u>	<u>\$ 225,673,175</u>	<u>\$ 306,971,335</u>	<u>\$ 2,131,143</u>
Liabilities				
Financial liabilities measured at FVTPL	<u>\$ 2,119,178</u>	<u>\$ -</u>	<u>\$ 2,119,178</u>	<u>\$ -</u>
Derivative financial instruments				
Assets				
Financial assets measured at FVTPL	<u>\$ 2,101,572</u>	<u>\$ 62,072</u>	<u>\$ 2,039,500</u>	<u>\$ -</u>
Liabilities				
Financial liabilities measured at FVTPL	<u>\$ 1,228,308</u>	<u>\$ 238</u>	<u>\$ 1,228,070</u>	<u>\$ -</u>

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

39.2.2 Reconciliation of Level 3 fair value measurement

For the Nine Months Ended September 30, 2022

Item	Beginning Balance	Amount of Valuation Gain or Loss		Addition		Reduction		Exchange	Ending Balance
		Included in Profit or Loss	Included in Other Comprehensive Income	Buy or Issue	Transferred In	Sell Out, Disposal or Settlement	Transferred Out from Third Level		
Assets									
Financial assets measured at FVTOCI	\$ 2,935,949	\$ -	\$ (411,393)	\$ 61,833	\$ -	\$ (657,855)	\$ (50,698)	\$ (38,573)	\$ 1,839,263

For the Nine Months Ended September 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	-	196,435	(257)	-	-	-	(5,620)	2,131,143
Liabilities									
Financial liabilities measured at FVTPL									
Held-for-trading financial liabilities	67,068	(67,068)	-	-	-	-	-	-	-

Some of the Group's investments became listed during the nine months ended September 30, 2022 and 2021. After the assessment, the market's fair values are available for reference. Therefore, such financial assets have been transferred from Level 3 to Level 1.

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

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

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

The fair value of financial assets classified as Level 3 included but was not limited to bond investments measured at FVTPL, and investments in 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 September 30, 2022	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted-Average)	Notes
Financial assets measured at FVTOCI					
Shares	1,827,615	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	11,648	1.Counterparty quote 2.Discouted cash flow method	Discount rate	0%-10%	The higher of the discount rate, and the lower of the fair value.

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

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

September 30, 2022

	Changes in Fair Value Reflected in Profit or Loss		Changes in Fair Value Reflected in Other Comprehensive Income	
	Favorable	Unfavorable	Favorable	Unfavorable
Assets				
Financial assets measured at FVTPL	\$ -	\$ -	\$ -	\$ (15,751)

December 31, 2021

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

September 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	\$ -	\$ -	\$ -	\$ (20,768)

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:

September 30, 2022

	Changes in Fair Value Reflected in Profit or Loss		Changes in Fair Value Reflected in Other Comprehensive Income	
	Favorable	Unfavorable	Favorable	Unfavorable
Assets				
Financial assets measured at FVTOCI	\$ -	\$ -	\$ 15,751	\$ -

December 31, 2021

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

September 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	\$ -	\$ -	\$ 20,768	\$ -

39.3 Financial risk management**39.3.1 Risk management**

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

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

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

39.3.2 Credit risks

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

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

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

(1) Procedures of credit risk management

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

A. Credit business (including loan commitments and guarantees)

The Bank

a. The credit risk has increased significantly since initial recognition

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

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

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

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

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

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

c. Measurement of expected credit loss

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

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

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

d. Forward-looking information considerations

When measuring the expected credit losses, the Bank uses forward-looking economic factors that affect credit risk and takes such forward-looking information regarding expected credit losses into consideration. Based on professional economic judgment, the Bank uses 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 September 30, 2022.

d. Forward-looking information considerations

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

B. Due from and call loans to bank

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

C. Debt investments and derivative financial instruments

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

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

(2) Policies of credit risk hedging or mitigation

A. Collateral

The Group applies series of policies to decrease credit risks in its lending business. Among those policies is to request collateral from creditors. To secure the creditor's rights, the Group has established procedures for pledges, valuations, management, and disposals of collateral. The contracts between the Group and the borrowers clearly state the protocols, including but not limited to the security of credit, procedures for collateral and for offsets. To further decrease credit risks, the contracts also proclaim that the Group may decrease the credit facilities at its discretion, accelerate the maturity of the borrowings, demand immediate payback, or offset borrowers' assets in the Group against the borrowings.

B. Credit risk limitation and credit concentration management

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

C. Other mechanisms for credit risk management

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

In most circumstances, the Group applies gross settlement with counterparties. However, to further decrease credit risks, the Group applies net settlement or even terminates transactions with certain counterparties when default may occur.

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

September 30, 2022

Financial instruments subject to IFRS 9 impairment requirements and credit impairment	Book Value	Maximum Exposure to Credit Risk Mitigated by			
		Collateral	Master Netting Arrangement	Other Credit Enhancement	Total
Receivables	\$ 86,260	\$ 22,563	\$ -	\$ -	\$ 22,563
Discounts and loans	6,148,133	5,117,989	-	394,112	5,512,101

December 31, 2021

Financial instruments subject to IFRS 9 impairment requirements and credit impairment	Book Value	Maximum Exposure to Credit Risk Mitigated by			
		Collateral	Master Netting Arrangement	Other Credit Enhancement	Total
Receivables	\$ 75,748	\$ 8,940	\$ -	\$ -	\$ 8,940
Discounts and loans	3,014,931	2,438,429	-	245,455	2,683,884

September 30, 2021

Financial instruments subject to IFRS 9 impairment requirements and credit impairment	Book Value	Maximum Exposure to Credit Risk Mitigated by			
		Collateral	Master Netting Arrangement	Other Credit Enhancement	Total
Receivables	\$ 78,300	\$ 9,783	\$ -	\$ -	\$ 9,783
Discounts and loans	2,126,926	1,314,736	-	283,813	1,598,549

(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:

	September 30, 2022	December 31, 2021	September 30, 2021
Issued and non-cancelable loan commitments	\$ 63,256,236	\$ 52,480,756	\$ 61,074,267
Non-cancelable credit card commitments	567,504	576,919	564,516
Issued but unused letters of credit	38,933,859	32,142,233	34,841,236
Other guarantees	97,223,035	113,845,852	114,640,658

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:

	September 30, 2022			
	12-Month ECLs	Lifetime ECLs - Unimpaired	Lifetime ECLs - Impaired	Total
Discounts and loans				
Consumer banking				
-Mortgage	\$ 292,874,747	\$ 1,729,229	\$ 285,827	\$ 294,889,803
-Microcredit	23,561,382	211,659	414,557	24,187,598
-Others	54,721,627	403,917	85,195	55,210,739
Corporate banking				
-Secured	503,922,886	11,764,404	4,903,989	520,591,279
-Unsecured	321,015,162	25,936,943	458,565	347,410,670
Total	\$ 1,196,095,804	\$ 40,046,152	\$ 6,148,133	\$ 1,242,290,089
Accounts receivable (including non-performing credit card receivables)				
Credit cards	\$ 3,406,172	\$ 159,264	\$ 60,061	\$ 3,625,497
Others	12,659,585	240,458	26,199	12,926,242
Total	\$ 16,065,757	\$ 399,722	\$ 86,260	\$ 16,551,739
Debt instruments measured at FVTOCI	\$ 421,100,526	\$ 844,113	\$ 143,307	\$ 422,087,946
Investments in debt instruments measured at amortized cost	\$ 150,985,519	\$ -	\$ -	\$ 150,985,519

	December 31, 2021			
	12-Month ECLs	Lifetime ECLs - Unimpaired	Lifetime ECLs - Impaired	Total
Discounts and loans				
Consumer banking				
-Mortgage	\$ 274,750,979	\$ 2,087,554	\$ 496,621	\$ 277,335,154
-Microcredit	17,233,134	423,747	157,303	17,814,184
-Others	50,131,068	181,585	36,133	50,348,786
Corporate banking				
-Secured	473,837,846	12,084,819	2,036,819	487,959,484
-Unsecured	260,914,847	29,538,255	288,055	290,741,157
Total	\$ 1,076,867,874	\$ 44,315,960	\$ 3,014,931	\$ 1,124,198,765
Accounts receivable (including non-performing credit card receivables)				
Credit cards	\$ 3,229,190	\$ 166,770	\$ 64,794	\$ 3,460,754
Others	11,758,420	300,217	10,954	12,069,591
Total	\$ 14,987,610	\$ 466,987	\$ 75,748	\$ 15,530,345
Debt instruments measured at FVTOCI	\$ 494,308,800	\$ 792,656	\$ -	\$ 495,101,456
Investments in debt instruments measured at amortized cost	\$ 159,320,715	\$ -	\$ -	\$ 159,320,715

	September 30, 2021			
	12-Month ECLs	Lifetime ECLs - Unimpaired	Lifetime ECLs - Impaired	Total
Discounts and loans				
Consumer banking				
-Mortgage	\$ 272,110,981	\$ 2,076,053	\$ 504,480	\$ 274,691,514
-Microcredit	16,682,384	84,639	205,231	16,972,254
-Others	49,963,658	188,706	42,413	50,194,777
Corporate banking				
-Secured	473,848,096	10,684,952	909,903	485,442,951
-Unsecured	252,990,987	27,344,541	464,899	280,800,427
Total	\$ 1,065,596,106	\$ 40,378,891	\$ 2,126,926	\$ 1,108,101,923
Accounts receivable (including non-performing credit card receivables)				
Credit cards	\$ 2,933,727	\$ 144,748	\$ 64,120	\$ 3,142,595
Others	13,096,660	158,198	14,180	13,269,038
Total	\$ 16,030,387	\$ 302,946	\$ 78,300	\$ 16,411,633
Debt instruments measured at FVTOCI	\$ 500,218,195	\$ 469,596	\$ -	\$ 500,687,791
Investments in debt instruments measured at amortized cost	\$ 148,738,475	\$ -	\$ -	\$ 148,738,475

(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	September 30, 2022		December 31, 2021		September 30, 2021	
	Amount	%	Amount	%	Amount	%
Private sector	\$ 774,350,123	62	\$ 710,332,622	63	\$ 699,501,755	63
Consumer	416,555,102	34	387,381,005	34	383,357,765	35
Financial institution	42,718,189	3	17,382,251	2	15,022,916	1
Others	8,666,675	1	9,102,887	1	10,219,487	1
	<u>\$ 1,242,290,089</u>	<u>100</u>	<u>1,124,198,765</u>	<u>100</u>	<u>1,108,101,923</u>	<u>100</u>

B. Region

Region	September 30, 2022		December 31, 2021		September 30, 2021	
	Amount	%	Amount	%	Amount	%
Taiwan	\$ 724,465,193	58	\$ 669,998,201	60	\$ 647,625,853	58
Asia Pacific except Taiwan	360,782,136	29	324,154,314	29	332,731,318	30
Others	157,042,760	13	130,046,250	11	127,744,752	12
	<u>\$ 1,242,290,089</u>	<u>100</u>	<u>\$ 1,124,198,765</u>	<u>100</u>	<u>\$ 1,108,101,923</u>	<u>100</u>

C. Collateral

Collaterals Assumed	September 30, 2022		December 31, 2021		September 30, 2021	
	Amount	%	Amount	%	Amount	%
Unsecured	\$ 339,580,777	27	\$ 287,613,071	26	\$ 277,682,514	25
Secured						
Properties	780,925,000	63	708,232,575	63	699,726,351	62
Guarantee	68,369,958	5	72,751,320	6	74,219,470	7
Financial collateral	31,082,800	2	35,356,195	3	36,075,246	3
Personal properties	2,849,678	1	2,924,020	1	2,812,030	1
Other collateral	19,481,876	2	17,321,584	1	17,586,312	2
	<u>\$ 1,242,290,089</u>	<u>100</u>	<u>\$ 1,124,198,765</u>	<u>100</u>	<u>\$ 1,108,101,923</u>	<u>100</u>

(5) Information on credit risk quality

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

39.3.3 Market risk

(1) The sources and definition of market risk

Market risk is the risk resulting from changes in fair value and future cash flows of on- and 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 investment commission and the board of directors on a monthly.

When risk management objective has exceeded its limit, it will be reported to the Investment Commission 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 investment commission. 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 September 30, 2022, December 31, 2021 and September 30, 2021 while other factors remain unchanged.

b. Foreign exchange rate risk

The Group assesses the possible impact on income when exchange rates of the NTD against various currencies fluctuate between -1% and +1% on September 30, 2022, December 31, 2021 and September 30, 2021 while other factors remain unchanged.

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

c. Equity securities price risk

The Group has assessed the possible impact on income when equity security prices on September 30, 2022, December 31, 2021 and September 30, 2021 increased or decreased 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:

September 30, 2022			
Major Risk	Fluctuation Range	Amount	
		Equity	Profit or Loss
Foreign exchange risk	Foreign currency appreciated 1% against the NTD	\$ 785,456	\$ (46,027)
	Foreign currency depreciated 1% against NTD	(785,456)	46,027
Interest rate risk	Interest rate curve edged up 1bp	(85,461)	(843)
	Interest rate curve edged down 1bp	85,461	843
Equity price risk	Equity price increased 1%	179,118	18,016
	Equity price decreased 1%	(179,118)	(18,016)

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

September 30, 2021			
Major Risk	Fluctuation Range	Amount	
		Equity	Profit or Loss
Foreign exchange risk	Foreign currency appreciated 1% against the NTD	\$ 706,184	\$ 22,408
	Foreign currency depreciated 1% against NTD	(706,184)	(22,408)
Interest rate risk	Interest rate curve edged up 1bp	(91,950)	(2,396)
	Interest rate curve edged down 1bp	91,950	2,396
Equity price risk	Equity price increased 1%	184,837	18,132
	Equity price decreased 1%	(184,837)	(18,132)

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.

September 30, 2022	0-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year	Total
Due to the central bank and banks	\$ 25,786,260	\$ 16,501,471	\$ 4,848,757	\$ 1,422,308	\$ 4,729,035	\$ 53,287,831
Due to the central bank and other banks	198	-	-	-	-	198
Financial liabilities measured at FVTPL	-	-	-	-	2,153,241	2,153,241
Securities sold under repurchase agreements	220,773	286,432	68,979	-	-	576,184
Payables	27,117,236	1,107,836	265,588	394,504	478,810	29,363,974
Deposits and remittances	1,159,303,815	370,609,799	160,328,991	201,475,590	13,534,393	1,905,252,588
Bank debentures	-	9,849,133	238,615	387,744	71,652,804	82,128,296
Other financial liabilities	3,819,598	34,564	76,953	145,918	956,147	5,033,180
Lease liabilities	37,048	73,214	99,364	200,369	1,481,573	1,891,568

December 31, 2021	0-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year	Total
Due to the central bank and banks	\$ 26,041,035	\$ 18,218,405	\$ 3,109,936	\$ 1,968,917	\$ 3,317,596	\$ 52,655,889
Due to the central bank and other banks	-	-	-	17,787,080	-	17,787,080
Financial liabilities measured at FVTPL	-	-	-	-	2,110,011	2,110,011
Securities sold under repurchase agreements	13,699,906	625,552	169,347	10,219	-	14,505,024
Payables	28,108,948	450,172	256,174	271,289	342,372	29,428,955
Deposits and remittances	1,076,075,464	295,952,045	142,149,806	180,896,875	12,528,332	1,707,602,522
Bank debentures	207,412	-	2,279,634	13,137,046	66,467,420	82,091,512
Other financial liabilities	3,450,655	32,600	157,360	155,032	988,359	4,784,006
Lease liabilities	35,161	60,936	103,471	174,593	1,494,768	1,868,929

September 30, 2021	0-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year	Total
Due to the central bank and banks	\$ 23,606,984	\$ 12,416,013	\$ 11,388,675	\$ 1,642,735	\$ 2,728,833	\$ 51,783,240
Due to the central bank and other banks	-	-	9,131,260	4,964,020	-	14,095,280
Financial liabilities measured at FVTPL	-	-	-	-	2,341,206	2,341,206
Securities sold under repurchase agreements	23,245,923	6,647,657	118,864	2,031	-	30,014,475
Payables	27,272,719	999,712	268,051	287,824	315,598	29,143,904
Deposits and remittances	1,086,211,548	291,760,352	169,737,771	152,803,554	11,002,666	1,711,515,891
Bank debentures	-	3,430,509	208,815	5,589,325	71,262,594	80,491,243
Other financial liabilities	3,334,957	31,200	100,585	279,431	923,488	4,669,661

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

September 30, 2022	0-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year	Total
Derivative financial liabilities measured at FVTPL						
Foreign exchange derivatives	\$ 11,339	\$ 68,964	\$ 30,395	\$ 11,981	\$ -	\$ 122,679
Interest rate derivatives	-	-	-	-	73,809	73,809

December 31, 2021	0-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year	Total
Derivative financial liabilities measured at FVTPL						
Foreign exchange derivatives	\$ 18,406	\$ 21,684	\$ 10,331	\$ 20,941	\$ 383	\$ 71,745
Interest rate derivatives	-	-	-	354	11,386	11,740
Equity securities derivatives	172	-	-	-	-	172

September 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	\$ 2,299	\$ 13,316	\$ 25,196	\$ 13,164	\$ -	\$ 53,975
Interest rate derivatives	-	-	-	-	5,412	5,412
Equity securities derivatives	238	-	-	-	-	238

B. Derivative financial liabilities in gross settlement

September 30, 2022	0-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year	Total
Derivative financial liabilities measured at FVTPL						
Foreign exchange derivatives						
Cash inflow	\$ 336,754,806	\$ 135,753,943	\$ 84,090,328	\$ 113,785,818	\$ 488,822	\$ 670,873,717
Cash outflow	336,906,073	137,399,636	86,242,801	114,433,289	489,938	675,471,737

December 31, 2021	0-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year	Total
Derivative financial liabilities measured at FVTPL						
Foreign exchange derivatives						
Cash inflow	\$ 169,388,812	\$ 57,397,514	\$ 42,764,988	\$ 51,157,774	\$ 82,446	\$ 320,791,534
Cash outflow	170,330,204	57,640,994	42,855,741	51,334,826	82,421	322,244,186
Interest rate derivatives						
Cash inflow	-	2,472	-	5,309	-	7,781
Cash outflow	-	2,472	-	5,309	-	7,781

September 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	\$ 189,657,915	\$ 41,335,144	\$ 54,400,382	\$ 48,785,224	\$ 151,383	\$ 334,330,048
Cash outflow	189,760,832	41,556,950	54,535,879	48,826,527	152,474	334,832,662

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.

September 30, 2022	0-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year	Total
Non-cancelable loan commitments	\$ 5,751,751	\$ 2,805,612	\$ 1,570,660	\$ 3,277,528	\$ 49,850,685	\$ 63,256,236
Non-cancelable credit card commitments	85,069	170,138	255,206	57,091	-	567,504
Issued but unused letters of credit	31,191,771	4,924,733	2,320,947	496,408	-	38,933,859
Other guarantees	33,091,685	16,114,309	14,620,415	15,037,644	18,358,982	97,223,035

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

September 30, 2021	0-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year	Total
Non-cancelable loan commitments	\$ 7,101,752	\$ 2,557,379	\$ 3,437,835	\$ 9,241,884	\$ 38,735,417	\$ 61,074,267
Non-cancelable credit card commitments	84,621	169,242	253,863	56,790	-	564,516
Issued but unused letters of credit	28,173,117	5,222,410	1,152,215	194,335	99,159	34,841,236
Other guarantees	31,070,844	36,437,248	13,734,516	17,775,112	15,622,938	114,640,658

39.3.5 Liquidity risk

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

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

Financial assets	Book value
Discount and loans, net	
USD LIBOR	\$ 115,341,652
SGD SOR	1,024,342
Total	116,365,994
Financial assets measured at FVTOCI	
USD LIBOR	16,465,476
Total	\$ 132,831,470
Financial liabilities	Book value
Due to the central bank and other banks	
USD LIBOR	\$ 3,150

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

	Nominal in currency	Book value Financial assets
Derivatives linked to USD LIBOR		
Interest rate swap	\$ 2,568,890	\$ (73,809)

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.

September 30, 2022

Type of Financial Assets	The Book Value of Financial Assets Transferred	The Book Value of Related Financial Liabilities	The Fair Value of Financial Assets Transferred	The Fair Value of Related Financial Liabilities	Net Amount
Financial assets measured at FVTOCI					
Securities sold under repurchase agreements	\$ 566,008	\$ 576,184	\$ 566,008	\$ 576,184	\$ (10,176)

December 31, 2021

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

September 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	\$ 29,756,821	\$ 30,014,475	\$ 29,756,821	\$ 30,014,475	\$ (257,654)

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

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

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

40.1 The Bank

For the Nine Months Ended September 30, 2022		
	Average Balance	Average Rate (%)
Interest-bearing assets		
Cash and cash equivalents - due from other banks	\$ 28,391,035	0.08
Due from the Central Bank and call loans to banks	114,778,557	0.99
Financial assets measured at FVTPL	37,379	0.76
Securities purchased under resell agreements	322,247	1.49
Credit card revolving balances	562,643	12.76
Discounts and loans (excluding non-performing loans)	787,180,012	2.05
Financial assets measured at FVTOCI - investments in debt instruments	216,085,696	1.44
Investments in debt instruments measured at amortized cost	123,384,879	0.49
Interest-bearing liabilities		
Due to the central bank and banks	16,203,390	0.92
Financial liabilities measured at FVTPL	2,046,021	5.64
Securities sold under repurchase agreements	12,332,488	0.30
Negotiable certificates of deposit	12,144,324	0.54
Demand deposits	362,086,140	0.15
Savings deposits	205,417,299	0.34
Time deposits	351,076,394	0.66
Time savings	147,396,769	0.91
Bank debentures	66,671,314	1.32
Other financial liabilities	1,437,171	0.88
Lease liabilities	693,800	1.17
For the Nine Months Ended September 30, 2021		
	Average Balance	Average Rate (%)
Interest-bearing assets		
Cash and cash equivalents - due from other banks	\$ 35,938,813	0.15
Due from the Central Bank and call loans to banks	85,454,664	0.36
Financial assets measured at FVTPL	72,959	0.32
Securities purchased under resell agreements	205,040	0.45
Credit card revolving balances	588,810	12.74
Discounts and loans (excluding non-performing loans)	749,757,153	1.69
Financial assets measured at FVTOCI - investments in debt instruments	220,813,578	1.04
Investments in debt instruments measured at amortized cost	137,618,786	0.29

	For the Nine Months Ended September 30, 2021	
	Average Balance	Average Rate (%)
Interest-bearing liabilities		
Due to the central bank and banks	\$ 19,791,648	0.25
Financial liabilities measured at FVTPL	1,954,931	5.38
Securities sold under repurchase agreements	30,384,422	0.19
Negotiable certificates of deposit	14,893,310	0.28
Demand deposits	321,267,715	0.05
Savings deposits	189,410,723	0.25
Time deposits	345,125,622	0.48
Time savings	145,786,291	0.79
Bank debentures	65,743,190	1.40
Other financial liabilities	1,141,216	0.44
Lease liabilities	801,013	1.28

40.2 SCB (HK)

	For the Nine Months Ended September 30, 2022	
	Average Balance	Average Rate (%)
Interest-bearing assets		
Due from other banks	\$ 217,869,528	0.95
Discounts and loans (excluding non-performing loans)	389,474,615	3.83
Credit card revolving balances	106,038	29.85
Debt instruments (including investments in debt instruments measured at FVTOCI and amortized cost)	288,178,270	1.57

Interest-bearing liabilities

Due to banks	36,452,837	1.46
Demand deposits	307,357,534	0.02
Time deposits	436,378,525	1.12
Bank debentures	17,392,546	4.60

	For the Nine Months Ended September 30, 2021	
	Average Balance	Average Rate (%)
Interest-bearing assets		
Due from other banks	\$ 158,090,210	0.35
Discounts and loans (excluding non-performing loans)	358,591,454	3.32
Credit card revolving balances	103,276	29.48
Debt instruments (including investments in debt instruments measured at FVTOCI and amortized cost)	263,546,688	1.65

Interest-bearing liabilities

Due to banks	31,123,331	0.70
Demand deposits	266,536,743	0.02
Time deposits	389,220,064	0.76
Bank debentures	15,201,769	4.53

41. CAPITAL MANAGEMENT

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

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

42.1 Assets quality: As stated in Table 1

42.2 Concentration of credit extensions

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

Ranking (Note 1)	September 30, 2022					
	The Bank			SCB (HK)		
	Group Name (Note 2)	Credit Extension Balance (Note 3)	% of Net Asset Value	Group Name (Note 2)	Credit Extension Balance (Note 3)	% of Net Asset Value (Note 4)
1	A Group (general management agency)	8,943,658	5.84%	F Group (other holding companies)	14,963,304	11.34%
2	B Group (general management agency)	7,410,573	4.84%	O Group (hotel property development)	13,043,461	9.88%
3	C Group (computer manufacturing)	6,845,008	4.47%	P Group (hotel property development)	11,836,410	8.97%
4	D Group (real estate selling and leasing)	5,552,610	3.63%	Q Group (property investment and development)	11,131,854	8.44%
5	E Group (television program design and broadcasting)	5,447,901	3.56%	R Group (investment holding)	9,711,243	7.36%
6	F Group (other holding companies)	5,306,045	3.47%	S Group (property development)	8,083,879	6.13%
7	G Group (apparel manufacturing)	4,796,193	3.13%	T Group (broadcasting and entertainment industry)	8,049,668	6.10%
8	H Group (general management agency)	4,361,062	2.85%	U Group (hotel property development)	6,770,530	5.13%
9	I Group (real estate development)	4,354,700	2.85%	V Group (property investment and development)	5,889,958	4.46%
10	J Group (real estate selling and leasing)	4,037,782	2.64%	W Group (automobile retail)	5,825,426	4.41%

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

Ranking (Note 1)	September 30, 2021					
	The Bank			SCB (HK)		
	Group Name (Note 2)	Credit Extension Balance (Note 3)	% of Net Asset Value	Group Name (Note 2)	Credit Extension Balance (Note 3)	% of Net Asset Value (Note 4)
1	A Group (general management agency)	7,112,301	4.57%	F Group (other holding companies)	18,087,164	14.92%
2	F Group (other holding companies)	5,384,745	3.46%	O Group (hotel property development)	10,398,943	8.58%
3	E Group (television program design and broadcasting)	5,340,186	3.43%	Q Group (property investment and development)	10,174,791	8.39%
4	M Group (wiring and cable system manufacturing)	5,159,625	3.31%	U Group (hotel property development)	7,408,423	6.11%
5	H Group (general management agency)	5,074,909	3.26%	P Group (hotel property development)	7,400,270	6.10%
6	D Group (real estate selling and leasing)	4,906,243	3.15%	T Group (broadcasting and entertainment industry)	7,042,666	5.81%
7	N Group (other computer peripheral manufacturing)	4,808,799	3.09%	X Group (property investment)	5,718,698	4.72%
8	I Group (real estate development)	4,679,000	3.00%	Y Group (investment holding and steel sales)	5,259,434	4.34%
9	G Group (apparel manufacturing)	4,306,748	2.76%	Z Group (import and export of garments and accessories)	5,181,957	4.27%
10	L Group (chemical materials manufacturing)	4,269,811	2.74%	A Group (property investment)	4,195,847	3.46%

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).

42.3 Interest rate sensitivity information

42.3.1 The Bank

Interest Rate Sensitivity (NTD)

September 30, 2022					
Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate sensitive assets	\$ 793,753,691	\$ 32,248,045	\$ 10,673,273	\$ 66,374,138	\$ 903,049,147
Interest rate sensitive liabilities	199,691,447	437,937,677	151,205,489	65,386,466	854,221,079
Interest rate sensitivity gap	594,062,244	(405,689,632)	(140,532,216)	987,672	48,828,068
Net equity					153,064,291
Ratio of interest rate sensitive assets to liabilities					105.72%
Ratio of interest rate sensitivity gap to net equity					31.90%

December 31, 2021					
Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate sensitive assets	\$ 818,439,615	\$ 24,251,062	\$ 6,847,424	\$ 73,859,608	\$ 923,397,709
Interest rate sensitive liabilities	255,753,646	401,021,104	91,728,331	57,669,835	806,172,916
Interest rate sensitivity gap	562,685,969	(376,770,042)	(84,880,907)	16,189,773	117,224,793
Net equity					157,801,816
Ratio of interest rate sensitive assets to liabilities					114.54%
Ratio of interest rate sensitivity gap to net equity					74.29%

September 30, 2021					
Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate sensitive assets	\$ 786,574,828	\$ 23,750,468	\$ 12,768,866	\$ 69,691,882	\$ 892,786,044
Interest rate sensitive liabilities	275,064,824	394,555,098	70,022,115	62,238,100	801,880,137
Interest rate sensitivity gap	511,510,004	(370,804,630)	(57,253,249)	7,453,782	90,905,907
Net equity					155,781,932
Ratio of interest rate sensitive assets to liabilities					111.34%
Ratio of interest rate sensitivity gap to net equity					58.35%

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

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

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

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

Interest Rate Sensitivity (USD)

September 30, 2022					
Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate sensitive assets	\$ 6,862,233	\$ 83,490	\$ 83,046	\$ 1,856,778	\$ 8,885,547
Interest rate sensitive liabilities	3,146,568	5,600,462	659,204	72,139	9,478,373
Interest rate sensitivity gap	3,715,665	(5,516,972)	(576,158)	1,784,639	(592,826)
Net equity					4,811,073
Ratio of Interest rate sensitive assets to liabilities					93.75%
Ratio of interest rate sensitivity gap to net equity					(12.32%)

December 31, 2021					
Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate sensitive assets	\$ 6,193,692	\$ 126,770	\$ 210,422	\$ 1,791,696	\$ 8,322,580
Interest rate sensitive liabilities	2,456,287	6,761,257	837,875	70,145	10,125,564
Interest rate sensitivity gap	3,737,405	(6,634,487)	(627,453)	1,721,551	(1,802,984)
Net equity					5,706,086
Ratio of Interest rate sensitive assets to liabilities					82.19%
Ratio of interest rate sensitivity gap to net equity					(31.60%)

September 30, 2021					
Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate sensitive assets	\$ 6,888,752	\$ 165,685	\$ 181,892	\$ 1,727,103	\$ 8,963,432
Interest rate sensitive liabilities	2,627,618	6,677,800	758,490	70,182	10,134,090
Interest rate sensitivity gap	4,261,134	(6,512,115)	(576,598)	1,656,921	(1,170,658)
Net equity					5,595,213
Ratio of Interest rate sensitive assets to liabilities					88.45%
Ratio of interest rate sensitivity gap to net equity					(20.92%)

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

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

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

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

42.3.2 SCB (HK)

Interest Rate Sensitivity (USD)

September 30, 2022					
Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate sensitive assets	\$ 5,588,413	\$ 932,950	\$ 603,141	\$ 2,532,502	\$ 9,657,006
Interest rate sensitive liabilities	6,874,774	718,626	521,682	453,287	8,568,369
Interest rate sensitivity gap	(1,286,361)	214,324	81,459	2,079,215	1,088,637
Net equity					4,189,055
Ratio of interest rate sensitive assets to liabilities					112.71%
Ratio of interest rate sensitivity gap to net equity					25.99%

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

September 30, 2021					
Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate sensitive assets	\$ 6,841,357	\$ 948,670	\$ 1,102,802	\$ 3,127,675	\$ 12,020,504
Interest rate sensitive liabilities	7,253,693	1,234,578	666,745	793,448	9,948,464
Interest rate sensitivity gap	(412,336)	(285,908)	436,057	2,334,227	2,072,040
Net equity					4,384,731
Ratio of interest rate sensitive assets to liabilities					120.83%
Ratio of interest rate sensitivity gap to net equity					47.26%

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

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

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

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

42.4 Profitability

The Group

Unit: %

Items		September 30, 2022	September 30, 2021
Return on total assets	Before income tax	1.18	1.07
	After income tax	0.97	0.90
Return on equity	Before income tax	12.54	11.02
	After income tax	10.35	9.28
Profit margin		48.51	48.93

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

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

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

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

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

42.5 Maturity analysis of assets and liabilities

42.5.1 The Bank

(1) In Thousands of New Taiwan Dollars

	Total	September 30, 2022					
		For remaining period to maturity date					
		0 to 10 Days	11 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year
Major cash inflow on maturity	\$ 974,991,058	\$ 107,918,259	\$ 101,094,115	\$ 52,589,449	\$ 60,775,529	\$ 128,576,545	\$ 524,037,161
Major cash outflow on maturity	1,312,071,482	42,342,451	100,647,914	211,223,116	226,196,780	239,376,442	492,284,797
Gap	(337,080,424)	65,575,808	446,201	(158,633,667)	(165,421,251)	(110,799,897)	31,752,364

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

	Total	September 30, 2021					
		For remaining period to maturity date					
		0 to 10 Days	11 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year
Major cash inflow on maturity	\$ 952,155,805	\$ 118,330,029	\$ 87,726,082	\$ 68,150,300	\$ 71,770,891	\$ 106,972,211	\$ 499,206,292
Major cash outflow on maturity	1,191,745,741	47,217,883	98,678,757	168,019,601	212,895,233	196,197,964	468,736,303
Gap	(239,589,936)	71,112,146	(10,952,675)	(99,869,301)	(141,124,342)	(89,225,753)	30,469,989

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

(2) In Thousands of US dollars

	Total	September 30, 2022				
		For remaining period to maturity date				
		0 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year
Major cash inflow on maturity	\$ 13,429,913	\$ 4,057,168	\$ 1,337,052	\$ 1,088,755	\$ 707,453	\$ 6,239,485
Major cash outflow on maturity	15,491,135	2,745,427	2,059,777	1,970,401	2,517,176	6,198,354
Gap	(2,061,222)	1,311,741	(722,725)	(881,646)	(1,809,723)	41,131

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

	Total	September 30, 2021				
		For remaining period to maturity date				
		0 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year
Major cash inflow on maturity	\$ 13,869,332	\$ 4,342,671	\$ 1,855,433	\$ 1,021,106	\$ 879,444	\$ 5,770,678
Major cash outflow on maturity	15,358,468	2,025,196	2,226,644	1,892,728	2,891,939	6,321,961
Gap	(1,489,136)	2,317,475	(371,211)	(871,622)	(2,012,495)	(551,283)

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

42.5.2 SCB (HK)

In Thousands of US dollars

	Total	September 30, 2022				
		For remaining period to maturity date				
		0 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year
Major cash inflow on maturity	\$ 9,714,344	\$ 1,075,809	\$ 1,039,404	\$ 1,236,058	\$ 1,119,390	\$ 5,243,683
Major cash outflow on maturity	8,595,534	4,860,014	2,646,447	505,553	283,749	299,771
Gap	1,118,810	(3,784,205)	(1,607,043)	730,505	835,641	4,943,912

	Total	December 31, 2021				
		For remaining period to maturity date				
		0 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year
Major cash inflow on maturity	\$ 11,251,276	\$ 2,030,424	\$ 1,082,054	\$ 1,326,440	\$ 1,042,141	\$ 5,770,217
Major cash outflow on maturity	9,174,182	5,048,281	2,412,323	840,980	324,836	547,762
Gap	2,077,094	(3,017,857)	(1,330,269)	485,460	717,305	5,222,455

	Total	September 30, 2021				
		For remaining period to maturity date				
		0 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year
Major cash inflow on maturity	\$ 12,479,021	\$ 2,848,139	\$ 1,054,183	\$ 1,105,175	\$ 1,623,897	\$ 5,847,627
Major cash outflow on maturity	9,989,411	5,853,843	2,313,511	939,573	333,562	548,922
Gap	2,489,610	(3,005,704)	(1,259,328)	165,602	1,290,335	5,298,705

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

43. 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	September 30, 2022	December 31, 2021	September 30, 2021	Trust Liabilities	September 30, 2022	December 31, 2021	September 30, 2021
Bank deposit	\$ 8,011,604	\$ 7,375,059	\$ 6,242,825	Accounts payable	\$ 114	\$ 161	\$ 120
Short-term investments	97,111,873	90,663,600	88,797,283	Depository of security payable	67,671,500	73,234,289	71,489,669
Net asset value of collective investment trust fund	6,231,747	7,960,305	8,099,194	Trust capital	150,797,408	138,760,691	132,703,457
Accounts receivable	32,114	9,518	9,718	Accumulated (loss) gain and equity	(794,568)	206,815	206,317
Land	30,306,678	27,760,022	25,238,669				
Buildings and improvement, net	74,642	92,954	96,908				
Construction in progress	8,176,185	5,049,288	4,368,960				
Securities in custody	67,671,500	73,234,289	71,489,669				
Other assets	58,111	56,921	56,337				
Total trust assets	<u>\$ 217,674,454</u>	<u>\$ 212,201,956</u>	<u>\$ 204,399,563</u>	Total trust liabilities	<u>\$ 217,674,454</u>	<u>\$ 212,201,956</u>	<u>\$ 204,399,563</u>

Trust Asset Lists

Item	September 30, 2022	December 31, 2021	September 30, 2021
Cash in banks	\$ 8,011,604	\$ 7,375,059	\$ 6,242,825
Short-term investment			
Funds	68,018,357	67,990,417	66,785,459
Bonds	21,867,817	15,997,545	16,305,529
Common stocks	4,829,141	3,469,653	3,184,492
Structured instruments	2,191,105	3,087,465	2,411,008
Preferred stock	205,453	118,520	110,795
Net asset value of collective trust accounts	6,231,747	7,960,305	8,099,194
Receivables	32,114	9,518	9,718
Land	30,306,678	27,760,022	25,238,669
Buildings and improvement, net	74,642	92,954	96,908
Construction in progress	8,176,185	5,049,288	4,368,960
Depository of securities	67,671,500	73,234,289	71,489,669
Other assets - principal deferred expense	58,111	56,921	56,337
Total	<u>\$ 217,674,454</u>	<u>\$ 212,201,956</u>	<u>\$ 204,399,563</u>

Income Statements of Trust Account

	For the Nine Months Ended September 30	
	2022	2021
Trust income		
Interest income	\$ 15,805	\$ 11,150
Dividend income	83,849	78,511
Donation income	117	43
Realized investment gains	2,189	14,989
Unrealized investment gains	153,471	242,040
Other revenue	73,636	58,357
	<u>329,067</u>	<u>405,090</u>
Trust expenses		
Tax expenditures	10,954	31,745
Management expenses	6,313	5,319
Service expenses	3,182	6,557
Realized investment losses	12,856	9
Unrealized investment losses	1,094,168	191,432
Donation expenses	659	806
Other expenses	1,430	-
	<u>1,129,562</u>	<u>235,868</u>
Income (loss) before income tax	<u>(800,495)</u>	<u>169,222</u>
Income tax expense	-	-
Net income (loss)	<u>\$ (800,495)</u>	<u>\$ 169,222</u>

44. EXCHANGE RATE INFORMATION OF FOREIGN FINANCIAL ASSETS AND LIABILITIES

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

44.1 The Bank

	September 30, 2022			December 31, 2020			September 30, 2021		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial assets									
Monetary items									
Cash and cash equivalents									
JPY	\$ 44,086,332	0.2199	\$ 9,694,584	\$ 34,668,959	0.2404	\$ 8,334,418	\$ 30,759,855	0.2489	\$ 7,656,128
USD	169,785	31.8150	5,401,710	445,460	27.6550	12,319,196	390,026	27.8420	10,859,104
CNY	502,955	4.4635	2,244,940	215,743	4.3421	936,778	605,475	4.3003	2,603,724
Due from the Central Bank and call loans to banks									
USD	2,528,904	31.8150	80,457,081	1,825,454	27.6550	50,482,930	2,560,974	27.8420	71,302,638
CNY	947,750	4.4635	4,230,282	122,800	4.3421	533,210	753,000	4.3003	3,238,126
VND	910,000,000	0.0013	1,183,000	640,000,000	0.0012	768,000	500,000,000	0.0012	600,000
Receivables									
USD	72,229	31.8150	2,297,966	84,389	27.6550	2,333,778	100,833	27.8420	2,807,392
JPY	1,399,297	0.2199	307,705	1,660,240	0.2404	399,122	1,418,331	0.2489	353,023
EUR	3,776	31.2105	117,851	2,632	31.3774	82,589	1,933	32.3079	62,451
Discounts and loans									
USD	4,273,727	31.8150	135,968,625	4,145,859	27.6550	114,653,731	3,992,086	27.8420	111,147,658
HKD	4,367,533	4.0530	17,701,611	3,920,675	3.5465	13,904,674	3,769,048	3.5765	13,480,000
EUR	306,990	31.2105	9,581,311	464,115	31.3774	14,562,722	499,149	32.3079	16,126,456
Financial assets at FVTOCI									
USD	1,925,168	31.8150	61,249,220	2,101,469	27.6550	58,116,125	2,062,742	27.8420	57,430,863
AUD	529,247	20.6718	10,940,488	224,379	20.0969	4,509,322	205,628	20.0323	4,119,202
CNY	1,474,169	4.4635	6,579,953	2,428,982	4.3421	10,546,883	2,147,415	4.3003	9,234,529
Financial assets measured at amortized cost									
AUD	135,000	20.6718	2,790,693	-	-	-	-	-	-
USD	53,087	31.8150	1,688,963	17,974	27.6550	497,071	17,958	27.8420	499,987
SGD	61,325	22.1916	1,360,900	71,265	20.4723	1,458,958	71,546	20.4533	1,463,352
Financial assets at FVTPL									
USD	26,298	31.8150	836,671	23,585	27.6550	652,243	23,406	27.8420	651,670
GPP	39	35.4737	1,383	6	37.3467	219	10	37.4280	374
EUR	31	31.2105	968	42	31.3774	1,318	34	32.3079	1,098
Non-monetary items									
Equity investments under the equity method									
USD	2,553,931	31.8150	81,253,315	2,660,471	27.6550	73,575,326	2,640,191	27.8420	73,508,198
HKD	90,963	4.0530	368,673	90,388	3.5465	320,385	89,785	3.5765	321,116
Financial liabilities									
Monetary items									
Payables									
USD	73,457	31.8150	2,337,034	89,044	27.6550	2,462,512	125,215	27.8420	3,486,236
JPY	1,401,210	0.2199	308,126	1,693,730	0.2404	407,173	1,470,885	0.2489	366,096
EUR	3,470	31.2105	108,300	2,576	31.3774	80,828	2,079	32.3079	67,168
Deposits from the central bank and other banks									
HKD	1,250,000	4.0530	5,066,250	1,939,000	3.5465	6,876,664	1,644,000	3.5765	5,902,602
VND	1,835,000,000	0.0013	2,385,500	1,457,000,000	0.0012	1,748,400	1,259,000,000	0.0012	1,510,800
USD	70,889	31.8150	2,255,334	92,641	27.6550	2,561,987	56,584	27.8420	1,575,412
Deposits and remittances									
USD	9,358,848	31.8150	297,751,749	10,022,437	27.6550	277,170,495	9,987,439	27.8420	278,070,277
JPY	99,271,639	0.2199	21,829,833	44,879,369	0.2404	10,789,000	40,645,129	0.2489	10,116,573
CNY	4,483,969	4.4635	20,014,196	4,132,735	4.3421	17,944,749	4,625,454	4.3003	19,890,840
Financial liabilities at FVTPL									
USD	87,002	31.8150	2,767,969	88,223	27.6550	2,439,804	82,901	27.8420	2,308,130
GBP	39	35.4737	1,383	6	37.3467	219	10	37.4280	374
EUR	19	31.2105	593	29	31.3774	910	21	32.3079	678

44.2 SCB (HK)

	September 30, 2022			December 31, 2020			September 30, 2021		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial assets									
Monetary items									
Cash and cash equivalents									
JPY	\$ 22,403,176	0.2199	\$ 4,926,458	\$ 19,334,657	0.2404	\$ 4,648,052	\$ 16,852,661	0.2489	\$ 4,194,627
CNY	829,014	4.4635	3,700,304	715,171	4.3421	3,105,344	618,745	4.3003	2,660,789
USD	87,489	31.8150	2,783,463	182,804	27.6550	5,055,445	167,945	27.8420	4,675,925
Due from the Central Bank and call loans to banks									
USD	1,332,524	31.8150	42,394,251	1,903,114	27.6550	52,630,618	2,728,594	27.8420	75,969,514
CNY	6,427,663	4.4635	28,689,874	2,263,641	4.3421	9,828,956	1,119,223	4.3003	4,812,995
Receivables									
USD	33,473	31.8150	1,064,943	47,682	27.6550	1,318,646	51,927	27.8420	1,445,752
CNY	22,905	4.4635	102,236	42,236	4.3421	183,393	66,956	4.3003	287,931
Discounts and loans									
USD	4,849,776	31.8150	154,295,623	4,775,423	27.6550	132,064,323	4,790,222	27.8420	133,369,361
CNY	5,156,447	4.4635	23,015,801	5,418,566	4.3421	23,527,955	5,500,738	4.3003	23,654,824
GBP	534,636	35.4737	18,965,517	496,453	37.3467	18,540,881	500,057	37.4280	18,716,133
Financial liabilities									
Monetary items									
Payables									
USD	27,489	31.8150	874,563	25,560	27.6550	706,862	102,929	27.8420	2,865,749
CNY	8,909	4.4635	39,765	40,825	4.3421	177,266	41,030	4.3003	176,441
Deposits from the central bank and other banks									
USD	619,571	31.8150	19,711,651	579,281	27.6550	16,020,016	722,583	27.8420	20,118,156
CNY	2,355,100	4.4635	10,511,989	1,480,145	4.3421	6,426,938	1,800,094	4.3003	7,740,944
GBP	24,277	35.4737	861,195	154,590	37.3467	5,773,426	175,596	37.4280	6,572,207
Deposits and remittances									
USD	7,377,137	31.8150	234,703,614	8,005,923	27.6550	221,403,801	8,657,219	27.8420	241,034,291
CNY	14,849,653	4.4635	66,281,426	15,498,812	4.3421	67,297,392	13,433,024	4.3003	57,766,033

45. OTHERS

Despite facing the global outbreak of corona virus pandemic, the Bank's business strategies follow the stable and practical core values. The annual consolidated financial statements included relevant material information.

46. ADDITIONAL DISCLOSURES

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

46.1.1 Financing provided: Table 2.

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

46.1.3 Marketable securities held: Table 3.

46.1.4 Marketable securities (for investees) or investee investment (for the Bank) acquired and disposed of, at costs or prices of at least NT\$300 million or 10% of the issued capital: Table 4.

46.1.5 Acquisition of individual real estate at costs of at least NT\$300 million or 10% of the issued capital: None.

46.1.6 Disposal of individual real estate at prices of at least NT\$300 million or 10% of the issued capital: Table 5.

46.1.7 Allowance for service fees to related-parties amounting to more than NT\$5 million: None.

46.1.8 Receivables from related parties amounting to at least NT\$300 million or 10% of the issued capital: None.

46.1.9 Sale of non-performing loans: Table 6.

46.1.10 Application for approval of securitization product types and information according to Financial Asset Securitization Clause of the Real State Securitization Act: None.

46.1.11 Other significant transactions which may have effects on decision making of financial statement users: None.

46.1.12 Names, locations, and other information of investees on which the Bank exercises significant influence: None.

46.1.13 Derivative financial transactions: Note 8 on which the Bank exercises significant influence has no such transactions.

46.3 Investments in Mainland China:

46.3.1 Name of the investees in mainland China, main businesses and products, paid-in capital, method of investment, information on inflow or outflow of capital, percentage of ownership, investment income or loss, ending balance of investment, dividends remitted by the investee, and the limit of investment in mainland China: Table 7.

46.3.2 Significant direct or indirect transactions with the investees, prices and terms of payment, unrealized gain or loss: None.

46.4 Significant transactions and the amount among the parent and its subsidiaries: Table 8.

46.5 Information of major shareholders:

list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: None.

47. SEGMENT INFORMATION

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

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

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

The operating segments information is as follows:

	For the Nine Months Ended September 30, 2022				
	Taiwan	Hong Kong	Others	Other Adjustments	Total
Net interest income	\$ 11,474,324	\$ 10,591,298	\$ 1,601,935	\$ 8	\$ 23,667,565
Non-interest income	5,276,203	4,269,817	250,967	(11,956)	9,785,031
Net revenue	16,750,527	14,861,115	1,852,902	(11,948)	33,452,596
Provisions for bad-debt expense, commitment and guarantee liability	(700,000)	(424,674)	(291,574)	-	(1,416,248)
Operating expenses	(6,147,878)	(5,060,140)	(1,131,494)	(24,178)	(12,363,690)
Profit before income tax	<u>\$ 9,902,649</u>	<u>\$ 9,376,301</u>	<u>\$ 429,834</u>	<u>\$ (36,126)</u>	<u>\$ 19,672,658</u>

	For the Nine Months Ended September 30, 2021				
	Taiwan	Hong Kong	Others	Other Adjustments	Total
Net interest income	\$ 8,690,479	\$ 9,986,037	\$ 1,265,962	\$ 6	\$ 19,942,484
Non-interest income	4,323,765	4,771,493	302,206	(11,912)	9,385,552
Net revenue	13,014,244	14,757,530	1,568,168	(11,906)	29,328,036
Provisions for bad-debt expense, commitment and guarantee liability	(675,000)	(122,706)	(157,945)	-	(955,651)
Operating expenses	(5,583,599)	(4,711,694)	(1,012,011)	(22,499)	(11,329,803)
Profit before income tax	<u>\$ 6,755,645</u>	<u>\$ 9,923,130</u>	<u>\$ 398,212</u>	<u>\$ (34,405)</u>	<u>\$ 17,042,582</u>

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

Main operating clients

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

TABLE 1

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

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

Date		September 30, 2022					December 31, 2021					September 30, 2021					
Business		Overdue Loans (Note 1)	Loans	NPL Ratio (%) (Note 2)	Loan Loss Reserve(LLR)	Coverage Ratio (Note 3)	Overdue Loans (Note 1)	Loans	NPL Ratio (%) (Note 2)	Loan Loss Reserve(LLR)	Coverage Ratio (Note 3)	Overdue Loans (Note 1)	Loans	NPL Ratio (%) (Note 2)	Loan Loss Reserve(LLR)	Coverage Ratio (Note 3)	
Corporate banking	Secured	1,593,724	296,508,971	0.54	3,873,218	243.03	386,910	285,324,670	0.14	3,296,432	851.99	432,127	282,189,982	0.15	3,267,390	756.12	
	Unsecured	148,700	230,198,575	0.06	2,386,717	1,605.06	153,242	198,650,305	0.08	2,105,034	1,373.67	313,610	184,305,404	0.17	2,166,362	690.78	
Consumer banking	Mortgage (Note 4)		211,927	271,026,260	0.08	4,185,094	1,974.78	398,236	249,357,470	0.16	4,194,529	1,053.28	413,356	245,752,500	0.17	4,110,360	994.39
	Cash cards		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Microcredit (Note 5)		9,113	4,144,771	0.22	46,640	511.80	3,271	3,211,021	0.10	35,857	1,096.21	3,658	3,204,952	0.11	35,820	979.22
	Others (Note 6)	Secured	36,138	33,618,576	0.11	356,778	987.27	22,978	32,826,363	0.07	354,584	1,543.15	28,786	31,572,983	0.09	345,406	1,199.91
		Unsecured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total		1,999,602	835,497,153	0.24	10,848,447	542.53	964,637	769,369,829	0.13	9,986,436	1,035.25	1,191,537	747,025,821	0.16	9,925,338	832.99	
		Overdue Loans (Note 1)	Accounts Receivable	Delinquency Ratio (%) (Note 2)	Allowance for Credit Losses	Coverage Ratio (Note 3)	Overdue Loans (Note 1)	Accounts Receivable	Delinquency Ratio (%) (Note 2)	Allowance for Credit Losses	Coverage Ratio (Note 3)	Overdue Loans (Note 1)	Accounts Receivable	Delinquency Ratio (%) (Note 2)	Allowance for Credit Losses	Coverage Ratio (Note 3)	
Credit cards		5,537	3,043,461	0.18	87,783	1,585.39	5,064	2,797,758	0.18	89,820	1,773.70	5,120	2,626,371	0.19	87,534	1,709.65	
Accounts receivable factored without recourse (Note 7)		-	571,160	-	5,712	-	-	567,807	-	5,678	-	-	472,094	-	4,721	-	

Note 1: Overdue loans represent the amounts of overdue 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.”
Overdue credit card receivables represent the amounts of overdue 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 NPL: Non-performing loans ÷ Outstanding loan balance.
Ratio of delinquency: 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.

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

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

	September 30, 2022		December 31, 2021		September 30, 2021	
	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)	-	32,082	-	34,215	-	33,836

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

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

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

LOANS AND OTHER INFORMATION
SEPTEMBER 30, 2022
(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	\$ 80,343	\$ 133,905	\$ 80,343	6%~11%	1	\$ 80,343	-	\$ 803	Real estate	\$ 269,149	\$ 400,244	\$ 1,000,611
1	SCSB Leasing (China) Co., Ltd.	B Co., Ltd.	Entrusted loan receivables	N/A	58,026	111,588	17,854	6%~11%	1	17,854	-	5,637	Real estate	191,663	400,244	1,000,611

Note 1: The numbers refer to the following:

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

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

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

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

1. Individual fund loans and limits

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

2. Capital loans and total loan limits

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

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

TABLE 3**THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES**

MARKETABLE SECURITIES HELD
SEPTEMBER 30, 2022
(Amounts in Thousands of New Taiwan Dollars)

Holding Company Name	Name	Security Issuer's Relationship with Holding Company	Financial Statement Account	September 30, 2022				Note
				Shares (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
Shancom Reconstruction Inc.	Empresa Inversiones Generales, S.A.	Indirect subsidiary	Investments in subsidiaries	1	\$ 22,825	100.00	\$ 22,825	Note
	Krinein Company	Indirect subsidiary	Investments in subsidiaries	2	30,214	100.00	30,214	Note
	Safehaven Investment Corporation	Indirect subsidiary	Investments in subsidiaries	1	52,289	100.00	52,289	Note
Shanghai Commercial Bank (HK)	Shanghai Commercial & Savings Bank, Ltd.	The Bank	Financial assets measured at FVTOCI	11,370	560,388	0.25	560,388	
Wresqueue Limitada	Prosperity Realty Inc.	Indirect subsidiary	Investments in subsidiaries	4	38,470	100.00	38,470	Note
China Travel Service (Taiwan)	Silks Place Taroko	-	Equity investments under the equity method	20,372	282,668	45.00	282,668	
	CTS Travel International Ltd.	Indirect subsidiary	Investments in subsidiaries	600	7,017	100.00	7,017	Note
	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	1,369	-	1,369	
SCSB Asset Management Ltd.	SCSB Leasing (China) Co., Ltd.	Indirect subsidiary	Investments in subsidiaries	N/A	1,016,375	100.00	1,016,375	Note
Krinein Company	Shanghai Commercial Bank (HK)	Indirect subsidiary	Investments in subsidiaries	1,920	12,629,719	9.60	12,629,719	Note
Empresa Inversiones Generales, S.A.	Shanghai Commercial Bank (HK)	Indirect subsidiary	Investments in subsidiaries	9,600	63,148,593	48.00	63,148,593	Note

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

TABLE 4

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.

**MARKETABLE SECURITIES (FOR INVESTEES) OR INVESTEE INVESTMENT (FOR THE BANK) ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 10% OF THE ISSUED CAPITAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022
(Amounts in Thousands of New Taiwan Dollars and US Dollars) (Share in Thousands)**

Trading company	Name	Financial Statement Account	Counterparty	Relationship	Beginning		Buy		Sell				Ending	
					Shares	Amount	Shares	Amount	Shares	Price	Book Value	Disposal Profit and Loss	Shares	Amount
The Shanghai Commercial & Savings Bank, Ltd.	AMK Microfinance Institution Plc.	Equity investments under the equity method	-	None	7,278,997	NT\$3,981,362 US\$ 143,965 (Note 1 and Note 3)	3,667,500	NT\$ 626,400 US\$ 22,500 (Note 2)	-	\$ -	\$ -	\$ -	10,946,497	NT\$5,524,575 US\$ 173,647 (Note 1 and Note 3)

Note 1 : It included share of ownership interests in subsidiary accounted for using the equity method of NT\$240,718 thousand (US\$8,203 thousand), and net increase of NT\$676,095 thousand in owner’s other equity attributable to the parent company.

Note 2 : Proceeds from capital increase by cash is \$626,400 thousand.

Note 3 : It has been written off when the consolidated financial statements are prepared.

TABLE 5

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

**DISPOSAL OF ASSETS AT PRICES REACHEING \$300 MILLION OR 10% OF THE ISSUED CAPITAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022
(In Thousands of New Taiwan Dollars)**

Seller	Property	Event Date (Note 1)	Original Acquisition Date	Carrying Amount	Transaction Amount	Collection	Gain (Loss) on Disposal (Note 2)	Counterparty	Relationship	Purpose of Disposal	Price Reference	Other Terms
The Shanghai Commercial & Savings Bank, Ltd.	Land, buildings and improvements	2021/11/13	2010/1/15	\$ 114,504	\$ 341,264	Full payment received	\$ 208,377	Other related party	The relatives of the Bank's directors	Revitalize assets to increase profits	With reference to the appraisal report issued by Colliers International Real Estate Appraisers Associates and Repro International Real Estate Appraisers	None

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

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

TABLE 6

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

**SALE OF NON-PERFORMING LOANS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022
(In Thousands of New Taiwan Dollars)**

Date	Trading Partners	Creditor's Rights	Carrying Amount	Price	Disposal (loss) profit	Collateral Condition	Relationship
111/7/22	China Orient Asset Management Corporation Shenzhen Office	Joint credit loan	\$ 41,785	\$ 35,032	\$ (6,753)	None	None

TABLE 7**THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES****INVESTMENT IN MAINLAND CHINA****SEPTEMBER 30, 2022****(Amounts in Thousands of New Taiwan Dollars and US Dollars)**

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

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment as of December 31, 2021	Investment Flows		Accumulated Outflow of Investment as of September 30, 2022	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of September 30, 2022 (Note 3)	Accumulated Inward Remittance of Earnings as of September 30, 2022
					Outflow	Inflow					
SCSB Leasing (China) Co., Ltd.	Leasing operation	NT\$ 954,450 US\$ 30,000	Note1(3)	NT\$ 954,450 US\$ 30,000	- -	- -	NT\$ 954,450 US\$ 30,000	100%	NT\$ 15,562 US\$ 532	NT\$ 1,016,375 US\$ 31,946	\$ -
Bank of Shanghai	Banking business approved by local government	NT\$ 63,411,409 US\$ 1,993,129	Note 4	NT\$ 3,586,919 US\$ 112,743	- -	- -	NT\$ 3,586,919 US\$ 112,743	3%	NT\$ - US\$ -	NT\$ 11,148,102 US\$ 350,404	-
Shanghai Commercial Bank Ltd. - Shenzhen Branch	Banking business approved by local government	NT\$ 3,133,440 US\$ 98,489	Note 4	NT\$ 2,032,756 US\$ 63,893	- -	- -	NT\$ 2,032,756 US\$ 63,893	100%	NT\$ 36,686 US\$ 1,255	NT\$ 2,992,283 US\$ 94,053	-
Shanghai Commercial Bank Ltd. - Shanghai Branch	Banking business approved by local government	NT\$ 3,423,588 US\$ 107,609	Note 4	NT\$ 2,058,971 US\$ 64,717	- -	- -	NT\$ 2,058,971 US\$ 64,717	100%	NT\$ 150,702 US\$ 5,155	NT\$ 3,542,782 US\$ 111,356	-
The Shanghai Commercial & Savings Bank, Ltd. - Wuxi Branch	Banking business approved by local government	NT\$ 2,758,583 US\$ 86,707	Note1(1)	NT\$ 2,758,583 US\$ 86,707	- -	- -	NT\$ 2,758,583 US\$ 86,707	100%	NT\$ 43,749 US\$ 1,496	NT\$ 2,752,783 US\$ 86,525	-

2. Upper limit on investments in mainland China:

Accumulated Investment in Mainland China as of September 30, 2022 (Note 3)	Investment Amounts Authorized by Investment Commission, MOEA (Note 3)	Upper Limit on Investment Authorized by Investment Commission MOEA
\$ 11,391,679 (US\$ 358,060)	\$ 12,157,901 (US\$382,144)	\$ 125,379,212

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

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

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

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

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

TABLE 8

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022
(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	\$ 174	Note 4	-
		SCSB Asset Management Ltd.	From parent company to subsidiary	Deposits and remittances	306,361	Note 4	-
		SCSB Asset Management Ltd.	From parent company to subsidiary	Other liabilities	61	Note 4	-
		SCSB Asset Management Ltd.	From parent company to subsidiary	Interest expenses	2,363	Note 4	-
		SCSB Asset Management Ltd.	From parent company to subsidiary	Other non-interest income	173	Note 4	-
		SCSB Marketing	From parent company to subsidiary	Accounts payable	8	Note 4	-
		SCSB Marketing	From parent company to subsidiary	Deposits and remittances	12,380	Note 4	-
		SCSB Marketing	From parent company to subsidiary	Other liabilities	20	Note 4	-
		SCSB Marketing	From parent company to subsidiary	Interest expenses	47	Note 4	-
		SCSB Marketing	From parent company to subsidiary	Other non-interest income	59	Note 4	-
		SCSB Marketing	From parent company to subsidiary	Other non-interest income	65,461	Note 4	-
		China Travel Service (Taiwan)	From parent company to subsidiary	Accounts payable	269	Note 4	-
		China Travel Service (Taiwan)	From parent company to subsidiary	Deposits and remittances	144,592	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	596	Note 4	-
		China Travel Service (Taiwan)	From parent company to subsidiary	Other non-interest income	527	Note 4	-
		China Travel Service (Taiwan)	From parent company to subsidiary	Other general and administrative expenses	923	Note 4	-
		CTS Travel International Ltd.	From parent company to subsidiary	Accounts payable	36	Note 4	-
		CTS Travel International Ltd.	From parent company to subsidiary	Deposits and remittances	5,127	Note 4	-
		CTS Travel International Ltd.	From parent company to subsidiary	Interest expenses	34	Note 4	-
		Shancom Reconstruction Inc.	From parent company to subsidiary	Cash and cash equivalents	1,361,726	Note 4	-
		Shancom Reconstruction Inc.	From parent company to subsidiary	Deposits and remittances	66,778	Note 4	-
		Shancom Reconstruction Inc.	From parent company to subsidiary	Accounts payable	130	Note 4	-
		Shancom Reconstruction Inc.	From parent company to subsidiary	Deposits and remittances	95,169	Note 4	-
		Shancom Reconstruction Inc.	From parent company to subsidiary	Interest expenses	948	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)
1	SCSB Asset Management Ltd.	The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Cash and cash equivalents	\$ 306,361	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Accounts receivable	174	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Other assets	61	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Interest revenue	2,363	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Other general and administrative expenses	170	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Right-of-use assets	510	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Lease liabilities	512	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Interest expenses	5	Note 4	-
		Shancom Reconstruction Inc.	From subsidiary to subsidiary	Interest revenue	4,557	Note 4	-
		Shancom Reconstruction Inc.	From subsidiary to subsidiary	Accounts receivable	1,720	Note 4	-
		Shancom Reconstruction Inc.	From subsidiary to subsidiary	Cash and cash equivalents	224,674	Note 4	-
2	SCSB Marketing	The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Cash and cash equivalents	12,380	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Accounts receivable	8	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	47	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Other general and administrative expenses	61	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Right-of-use assets	227	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Lease liabilities	230	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Interest expenses	2	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Other non-interest income	65,461	Note 4	-
3	China Travel Service (Taiwan)	The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Accounts receivable	269	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Cash and cash equivalents	144,592	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	596	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Other general and administrative expenses	527	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Other non-interest income	923	Note 4	-
		Shancom Reconstruction Inc.	From subsidiary to subsidiary	Cash and cash equivalents	164	Note 4	-
		CTS Travel International Ltd.	From subsidiary to subsidiary	Other general and administrative expenses	792	Note 4	-
4	CTS Travel International Ltd.	The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Accounts receivable	36	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Cash and cash equivalents	5,127	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Interest revenue	34	Note 4	-
		China Travel Service (Taiwan)	From subsidiary to subsidiary	Service fee income	712	Note 4	-
		China Travel Service (Taiwan)	From subsidiary to subsidiary	Other non-interest income	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)
5	Shancom Reconstruction Inc.	The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Due from the Central Bank and call loans to banks	\$ 1,361,726	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Accounts receivable	130	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Cash and cash equivalents	161,947	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Interest revenue	948	Note 4	-
		China Travel Service (Taiwan)	From subsidiary to subsidiary	Deposits and remittances	164	Note 4	-
		SCSB Asset Management Ltd.	From subsidiary to subsidiary	Interest expenses	4,557	Note 4	-
		SCSB Asset Management Ltd.	From subsidiary to subsidiary	Accounts payable	1,720	Note 4	-
		SCSB Asset Management Ltd.	From subsidiary to subsidiary	Deposits and remittances	224,474	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.