

Stock code: 5876
Taiwan Stock Exchange

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

**Consolidated Financial Statements for the
Three Months Ended March 31, 2024 and 2023 and
Independent Auditors' Review Report**

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REPORT ON REVIEW OF FINANCIAL STATEMENTS TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of The Shanghai Commercial & Savings Bank, Ltd.

Introduction

We have reviewed the accompanying consolidated balance sheets of The Shanghai Commercial & Savings Bank, Ltd. (the “Bank”) and its subsidiaries (collectively referred to as the “Group”) as at March 31, 2024 and 2023, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three-month periods then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Public Bank, and International Accounting Standard 34 “Interim Financial Reporting” that came into effect as endorsed by the Financial Supervisory Commission of Taiwan. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Standard on Review Engagements 2410, “Review of Financial Information Performed by the Independent Auditor of the Entity” of Taiwan. 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 causes 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 at March 31, 2023 and 2024, and of its consolidated financial performance and its consolidated cash flows for the three-month periods then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Public Bank, and International Accounting Standard 34 “Interim Financial Reporting” that came into effect as endorsed by the Financial Supervisory Commission of Taiwan.

Puo-Ju Kuo Wei-Tai Wu
For and on behalf of PricewaterhouseCoopers, Taiwan
April 26, 2024

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than Taiwan. The standards, procedures and practices in Taiwan governing the review of such financial statements may differ from those generally accepted in countries and jurisdictions other than Taiwan. Accordingly, the accompanying consolidated financial statements and independent auditors’ report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in Taiwan and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers, Taiwan cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

March 31, 2024, December 31, 2023 and March 31, 2023

(Expressed in Thousands of New Taiwan Dollars)

Codes	ASSETS	Notes	March 31, 2024		December 31, 2023		March 31, 2023 (Adjusted)	
			Amount	%	Amount	%	Amount	%
11000	Cash and cash equivalents	6	\$ 51,640,310	2	\$ 57,458,262	3	\$ 58,300,151	3
11500	Due from the Central Bank and call loans to banks	7	398,513,001	17	385,084,350	16	349,508,612	15
12000	Financial assets measured at fair value through profit or loss	8	7,335,774	-	8,459,079	-	6,014,618	-
12100	Financial assets measured at fair value through other comprehensive income	9 and 11	420,460,059	17	388,589,217	16	394,892,836	17
12200	Investments in debt instruments measured at amortized cost	10 and 11	232,681,905	10	268,753,450	11	246,833,587	12
12500	Securities purchased under resell agreements	12	5,301,087	-	5,421,476	-	-	-
13000	Receivables, net	13	20,471,467	1	22,434,874	1	18,413,659	1
13200	Current income tax assets	34	98,340	-	201,172	-	3,936	-
13500	Discounts and loans, net	14	1,236,580,061	51	1,231,280,546	51	1,229,262,554	51
15000	Investments under the equity method, net	16	2,382,979	-	2,123,915	-	2,221,196	-
15500	Other financial assets, net	17	-	-	3,497	-	9,227	-
18500	Properties, net	18	23,669,062	1	22,964,969	1	22,015,672	1
18600	Right-of-use assets, net	19	2,005,215	-	1,860,185	-	1,906,040	-
18700	Investment properties, net	20	7,560,861	-	7,265,031	-	6,819,821	-
19000	Intangible assets, net	21	2,256,892	-	2,127,094	-	1,929,408	-
19300	Deferred income tax assets	34	3,766,581	-	4,387,317	-	4,025,889	-
19500	Other assets, net	22	10,981,279	1	14,881,306	1	11,217,811	-
10000	Total assets		\$ 2,425,704,873	100	\$ 2,423,295,740	100	\$ 2,353,375,017	100
Codes	LIABILITIES AND EQUITY							
21000	Deposits from the central bank and other banks	23	\$ 34,084,151	1	\$ 40,741,321	2	\$ 45,979,802	3
22000	Financial liabilities measured at fair value through profit or loss	8	6,012,922	-	7,042,083	-	4,327,950	-
22500	Securities sold under repurchase agreements	24	2,271,282	-	591,289	-	660,547	-
23000	Payables	25	36,128,384	2	38,174,213	2	35,371,544	2
23200	Current income tax liabilities	34	1,888,105	-	2,247,639	-	2,220,848	-
23500	Deposits and remittances	26	1,994,641,671	82	1,986,091,847	82	1,928,824,852	82
24000	Bank debentures	27	66,557,917	3	77,883,895	3	76,331,001	3
25500	Other financial liabilities	28	6,993,819	-	7,540,036	-	8,089,887	-
25600	Provisions	29	2,990,838	-	3,576,833	-	2,538,285	-
26000	Lease liabilities	19	2,011,652	-	1,874,005	-	1,960,172	-
29300	Deferred income tax liabilities	34	11,071,350	1	10,824,201	1	10,684,675	-
29500	Other liabilities	30	3,906,889	-	3,111,982	-	3,093,312	-
20000	Total liabilities		2,168,558,980	89	2,179,699,344	90	2,120,082,875	90
	Equity	32						
	Equity attributable to owners of the Bank							
	Share capital							
31101	Ordinary shares		48,616,031	2	48,616,031	2	48,616,031	2
31500	Capital surplus		27,548,445	1	27,548,445	1	27,405,763	1
	Retained earnings							
32001	Legal reserve		64,476,033	3	64,476,033	3	64,476,033	3
32003	Special reserve		13,252,879	1	13,252,879	-	7,669,374	-
32005	Unappropriated earnings		33,628,710	1	28,987,035	1	32,933,432	1
32000	Total retained earnings		111,357,622	5	106,715,947	4	105,078,839	4
32500	Other equity		5,298,310	-	519,765	-	(4,965,421)	-
32600	Treasury shares		(83,144)	-	(83,144)	-	(83,144)	-
31000	Total equity attributable to owners of the Bank		192,737,264	8	183,317,044	7	176,052,068	7
38000	Non-controlling interests		64,408,629	3	60,279,352	3	57,240,074	3
30000	Total equity		257,145,893	11	243,596,396	10	233,292,142	10
	Total liabilities and equity		\$ 2,425,704,873	100	\$ 2,423,295,740	100	\$ 2,353,375,017	100

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

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
For the Three Months Ended March 31, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars, except Earnings Per Share)

Codes	Notes	For the Three Months Ended March 31			
		2024		2023	
		Amount	%	Amount	%
41000	Interest income	\$ 21,307,683	173	\$ 17,986,168	158
51000	Interest expenses	(11,915,802)	(97)	(9,129,303)	(80)
49010	Net interest income	9,391,881	76	8,856,865	78
	Non-interest income				
49100	Service fee income, net	1,850,423	15	1,482,372	13
49200	Gain (loss) on financial assets and liabilities measured at fair value through profit or loss	(1,867,458)	(15)	276,903	2
49310	Realized gain on financial assets measured at fair value through other comprehensive income	468,068	4	101,629	1
49410	Gain on financial assets measured at amortized cost	41,565	-	-	-
49600	Foreign exchange gain, net	2,189,449	18	320,425	3
49700	Impairment loss on assets	314	-	59,986	-
49750	Proportionate share of profit of associates under the equity method	78,832	1	102,734	1
49800	Other non-interest income, net	188,387	1	190,122	2
49020	Total non-interest income	2,949,580	24	2,534,171	22
4xxxx	Consolidated net revenue	12,341,461	100	11,391,036	100
58200	Provisions for bad-debt expense, commitment and guarantee liability	(698,679)	(5)	(521,202)	(5)
	Operating expenses				
58500	Employee benefits	(2,918,505)	(24)	(2,745,353)	(24)
59000	Depreciation and amortization	(488,530)	(4)	(447,862)	(4)
59500	Other general and administrative	(1,527,502)	(12)	(1,182,911)	(10)
58400	Total operating expenses	(4,934,537)	(40)	(4,376,126)	(38)
61001	Profit before income tax	6,708,245	55	6,493,708	57
61005	Income tax expense	(1,438,612)	(12)	(1,237,922)	(11)
64000	Consolidated net income	5,269,633	43	5,255,786	46
	Other comprehensive income (loss)				
	Items that will not be reclassified subsequently to profit or loss:				
65201	Defined benefit plan remeasurements	-	-	3,888	-
65204	Gain on investments in equity instruments measured at fair value through other comprehensive income	3,076,153	25	1,320,105	12
65205	Financial liabilities designated at FVTPL which the amount of change derived from credit risk	1,602	-	717	-
65206	Proportionate share of other comprehensive income of associates under the equity method	45,078	-	29,742	-
65220	Income tax relating to items that will not be reclassified subsequently to profit or loss	(43,041)	-	(10,880)	-
	Items that may be reclassified subsequently to profit or loss:				
65301	Exchange differences on translating foreign operations	5,998,277	49	(2,190,417)	(19)
65306	Share of the other comprehensive income of associates accounted for using the equity method	60,690	-	176,070	2
65309	(Loss) gain on debt instruments measured at fair value through other comprehensive income	(143,409)	(1)	3,242,937	28
65310	(Gain) loss allowance for debt instruments measured at fair value through other comprehensive income	1,194	-	(62,075)	(1)
65320	Income tax relating to items that may be reclassified subsequently to profit or loss	(716,680)	(6)	(116,652)	(1)
65000	Other comprehensive income for the period, net of income tax	\$ 8,279,864	67	\$ 2,393,435	21
66000	Total comprehensive income for the period	13,549,497	110	7,649,221	67
	Net profit attributable to:				
67101	Owners of the Bank	\$ 4,334,529	35	\$ 4,260,189	37
67111	Non-controlling interests	935,104	8	995,597	9
67100		\$ 5,269,633	43	\$ 5,255,786	46
	Total comprehensive income attributable to:				
67301	Owners of the Bank	\$ 9,420,220	77	\$ 6,271,160	55
67311	Non-controlling interests	4,129,277	33	1,378,061	12
67300		\$ 13,549,497	110	\$ 7,649,221	67
	Earnings per share (in dollars)				
67500	Basic	\$0.89		\$0.88	
67700	Diluted	\$0.89		\$0.88	

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

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES
Consolidated Statements of Changes in Equity
For the Three Months Ended March 31, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars)

Codes		Equity Attributable to Owners of the Bank											
		Share Capital		Retained Earnings				Other Equity			Total Equity Attributable to Owners of the Bank	Non-controlling Interests	Total 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			
A1	Balance on January 1, 2023	\$48,616,031	\$ 27,405,763	\$64,476,033	\$7,669,374	\$28,537,216	\$ (126,464)	\$(6,677,607)	\$(36,294)	\$ (83,144)	\$169,780,908	\$55,862,013	\$225,642,921
D1	Net profit for the three months ended March 31, 2023	-	-	-	-	4,260,189	-	-	-	-	4,260,189	995,597	5,255,786
D3	Other comprehensive income for the three months ended March 31, 2023, net of income tax	-	-	-	-	3,888	(994,227)	3,000,593	717	-	2,010,971	382,464	2,393,435
D5	Total comprehensive income for the three months ended March 31, 2023	-	-	-	-	4,264,077	(994,227)	3,000,593	717	-	6,271,160	1,378,061	7,649,221
Q1	Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	132,139	-	(132,139)	-	-	-	-	-
Z1	Balance on March 31, 2023	\$48,616,031	\$27,405,763	\$64,476,033	\$7,669,374	\$32,933,432	\$ (1,120,691)	\$(3,809,153)	\$(35,577)	\$ (83,144)	\$176,052,068	\$57,240,074	\$233,292,142
A1	Balance on January 1, 2024	\$48,616,031	\$27,548,445	\$64,476,033	\$13,252,879	\$28,987,035	\$ (421,695)	\$945,607	\$(4,147)	\$ (83,144)	\$183,317,044	\$60,279,352	\$243,596,396
D1	Net profit for the three months ended March 31, 2024	-	-	-	-	4,334,529	-	-	-	-	4,334,529	935,104	5,269,633
D3	Other comprehensive income (loss) for the three months ended March 31, 2024, net of income tax	-	-	-	-	-	2,850,859	2,233,230	1,602	-	5,085,691	3,194,173	8,279,864
D5	Total comprehensive income (loss) for the three months ended March 31, 2024	-	-	-	-	4,334,529	2,850,859	2,233,230	1,602	-	9,420,220	4,129,277	13,549,497
Q1	Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	307,146	-	(307,146)	-	-	-	-	-
Z1	Balance on March 31, 2024	\$48,616,031	\$27,548,445	\$64,476,033	\$13,252,879	\$33,628,710	\$ 2,429,164	\$2,871,691	\$(2,545)	\$ (83,144)	\$192,737,264	\$64,408,629	\$257,145,893

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

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the Three Months Ended March 31, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars)

<u>Codes</u>		<u>For the Three Months Ended March 31</u>	
		<u>2024</u>	<u>2023 (Adjusted)</u>
	Cash flows from operating activities		
A00010	Consolidated net profit before income tax	\$ 6,708,245	\$ 6,493,708
	Adjustments to reconcile net profit to net cash provided by operating activities		
A20010	Depreciation expenses	394,162	375,486
A20200	Amortization expenses	94,368	72,376
A20300	Provisions for bad debt expense, commitment and guarantee liability	698,679	521,202
A20400	Gain on financial assets and liabilities at fair value through profit or loss	1,264,296	62,078
A20900	Interest expenses	11,915,802	9,129,303
A21200	Interest revenue	(21,307,683)	(17,986,168)
A21300	Dividend income	(272,183)	(38,872)
A22300	Proportionate share of profit of associates	(78,832)	(102,734)
A22500	Loss (gain) on disposal of properties and equipment, net	(213)	441
A23500	(Gain) loss on financial asset impairment	(314)	(59,986)
A29900	Others	(320,299)	32,272
A40000	Changes in operating assets and liabilities		
A41110	Due from the central bank and call loans to banks	17,495,301	27,079,568
A41120	Financial assets measured at fair value through profit or loss	974,191	1,204,244
	Financial assets measured at fair value through other comprehensive income	(22,633,541)	8,169,299
A41123	Investment in debt instruments measured at amortized cost	37,447,215	(36,090,348)
A41125	Receivables	(485,356)	71,455
A41160	Discounts and loans	6,095,418	670,442
A41190	Other financial assets	3,853	(9,315)
A41990	Other assets	3,906,780	(1,135,578)
	Changes in operating liabilities		
A42110	Due from the central bank and call loans to banks	(7,317,323)	(4,052,878)
A42120	Financial liabilities at fair value through profit or loss	(1,980,462)	(812,659)
A42140	Securities sold under repurchase agreements	1,679,993	(121,021)
A42150	Payables	(3,038,103)	549,997
A42160	Deposits and remittances	(17,889,084)	15,736,708
A42170	Other financial liabilities	(546,232)	4,748,029
A42180	Employee benefit provisions	(309,296)	(294,448)
A42990	Other liabilities	689,270	(122,213)
A33000	Cash from operations	13,188,652	14,090,388
A33100	Interest received	23,618,391	18,404,459
A33200	Dividends received	272,183	38,872
A33300	Interest paid	(10,977,658)	(7,239,500)
A33500	Income tax paid	(1,586,953)	(641,180)
AAAA	Net cash from operating activities	<u>24,514,615</u>	<u>24,653,039</u>

(Continued)

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the Three Months Ended March 31, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars)

<u>Codes</u>	<u>For the Three Months Ended March 31</u>	
	<u>2024</u>	<u>2023 (Adjusted)</u>
	Cash flows from investing activities	
B02700	\$ (535,264)	\$ (415,163)
B02800	769	602
B03700	(108,205)	(74,761)
B04500	(9,787)	(40,845)
BBBB	<u>(652,487)</u>	<u>(530,167)</u>
	Cash flows from financing activities	
C01400	2,500,000	11,150,558
C01500	(14,521,821)	-
C03100	(266,928)	(200,522)
CCCC	<u>(12,288,749)</u>	<u>10,950,036</u>
DDDD	<u>11,821,755</u>	<u>(2,020,175)</u>
EEEE	23,395,134	33,052,733
E00100	<u>356,404,573</u>	<u>254,717,189</u>
E00200	<u>\$ 379,799,707</u>	<u>\$ 287,769,922</u>
	Reconciliation of the amounts in the consolidated statements of cash flows with the equivalent items reported in the consolidated balance sheets as of March 31, 2024 and 2023:	
E00210	\$ 51,640,310	\$ 58,300,151
E00220	322,858,310	229,469,771
E00230	<u>5,301,087</u>	<u>-</u>
E00200	<u>\$ 379,799,707</u>	<u>\$ 287,769,922</u>

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

(Concluded)

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements For the Three Months Ended March 31, 2024 and 2023 (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 78 branches, including 4 foreign branches separately located in Wuxi China, Hong Kong, Dong Nai Vietnam and Singapore.

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

2. AUTHORIZATION OF CONSOLIDATED FINANCIAL STATEMENTS

On April 26, 2024, the consolidated financial statements were approved by the board of directors.

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

3.1 Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) that came into effect as endorsed by the Financial Supervisory Commission (“FSC”).

New standards, interpretations and amendments endorsed by FSC and became effective from 2024 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective Date Announced by IASB</u>
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	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
Amendments to IAS 7 and IFRS 7 “supplier finance arrangements”	January 1, 2024

The Group assesses the 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 Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group.

None.

3.3 IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective Date Announced by IASB</u>
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

New Standards, Interpretations and Amendments	Effective Date Announced by IASB
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17 “Initial application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
Amendments to IFRS 18 “The presentation and disclosure of financial statements”	January 1, 2027
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025

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” that came into effect as endorsed 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 2023 annual consolidated financial statements.

4.4.1 Retirement benefits

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

4.4.2 Taxation

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

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.

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 40. If the actual cash flows in the future are less than expected, significant impairment losses may occur.

6. CASH AND CASH EQUIVALENTS

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Cash in hand and working fund	\$ 13,031,801	\$ 13,977,753	\$ 14,126,829
Checks for clearing	2,306,390	2,601,367	1,369,655
Due from other banks	36,302,119	40,879,142	42,803,667
	<u>\$ 51,640,310</u>	<u>\$ 57,458,262</u>	<u>\$ 58,300,151</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, 2023 is shown below. For the reconciliation of the period ended March 31, 2024 and 2023, refer to the consolidated statements of cash flows.

	<u>December 31, 2023</u>
Cash and cash equivalents in the consolidated balance sheets	\$ 57,458,262
Due from the Central Bank and call loans to banks which are categorized as cash and cash equivalents under IAS 7	293,524,835
Securities purchased under resale agreements which are categorized as cash and cash equivalents under IAS 7	5,421,476
Cash and cash equivalents	<u>\$ 356,404,573</u>

The Group assesses the allowance for cash and cash equivalents based on the expected credit loss model. Due to the low credit risk of cash and cash equivalents, allowance losses are recognized based on the 12-month expected credit losses. On March 31, 2024, December 31 and March 31, 2023, cash and cash equivalents recognized as allowances were in the amounts of \$102 thousand, \$287 thousand and \$206 thousand, respectively.

According to the IFRSs Q&A regulations revised by the competent authority on January 5, 2024, the unused balance in the special fund account repatriated under the "Management, Utilization, and Taxation of Repatriated Offshore Funds Act " will be reclassified from investments in debt instruments measured at amortized cost to cash in hand and working fund under cash and cash equivalents. On March 31 and January 1, 2024, the amounts of cash in hand and working fund were adjusted from \$11,636,381 thousand and \$14,867,502 thousand to \$14,126,829 thousand and \$17,784,538 thousand respectively. The other assets and liabilities have not been reclassified and adjusted.

The Group did not take any cash and cash equivalents as pledged assets.

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

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Call loans to banks	\$ 349,871,862	\$ 328,690,548	\$ 297,575,309
Deposit reserves - I	10,673,957	19,737,639	15,534,648
Deposit reserves - II	31,883,015	31,192,990	31,176,671
Deposit reserves - foreign currency	204,197	197,314	213,359
Due from foreign central banks	5,879,970	5,265,859	5,008,625
	<u>\$ 398,513,001</u>	<u>\$ 385,084,350</u>	<u>\$ 349,508,612</u>

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

The Group assesses the loss allowance for due from the Central Bank and call loans to banks based on the expected credit loss model. Due to the low credit risk of dues from the Central Bank and call loans to banks, the loss allowance is recognized based on 12-month expected credit losses. On March 31, 2024, December 31 and March 31, 2023, the allowances recognized for the dues from the Central Bank and call loans to banks were in the amounts of \$2,932 thousand, \$6,178 thousand and \$5,948 thousand, respectively.

For information on the deposit of central bank and interbank pledges, please refer to Note 37.

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

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Financial assets at fair value through profit or loss			
Financial assets mandatorily classified as at FVTPL			
Government bonds	\$ 3,608,274	\$ 3,954,124	\$ 2,919,141
Forward contracts	2,318,121	3,598,005	1,873,449
Shares	464,510	268,073	347,169
Option contracts	437,704	163,104	105,176
Futures	312,420	276,513	167,303
Currency swap contract	174,019	182,455	481,780
Interest rate swap contracts	14,243	16,805	5,378
Corporate bonds	6,483	-	-
Beneficiary certificates	-	-	115,222
	<u>\$ 7,335,774</u>	<u>\$ 8,459,079</u>	<u>\$ 6,014,618</u>
Financial liabilities at fair value through profit or loss			
Held-for-trading financial liabilities			
Forward contracts	\$ 1,990,978	\$ 3,974,823	\$ 2,027,269
Currency swap contracts	838,834	561,322	74,024
Option contracts	396,128	134,523	86,685
Interest rate swap contracts	281,151	179,552	71,984
Futures	282	152	-
	<u>3,507,373</u>	<u>4,850,372</u>	<u>2,259,962</u>
Financial liabilities designated at FVTPL			
Bank debentures	2,505,549	2,191,711	2,067,988
	<u>\$ 6,012,922</u>	<u>\$ 7,042,083</u>	<u>\$ 4,327,950</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>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Forward contracts	\$ 511,114,064	\$ 504,657,042	\$ 850,006,449
Option contracts	116,077,335	90,656,965	87,894,307
Currency swap contract	102,351,320	77,618,517	73,739,067
Interest rate swap contracts	10,418,046	9,855,021	4,111,595
Future contracts	178,920	179,173	-
Assets swap contracts	6,464	-	-

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

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
The difference between the fair value and the maturity value			
— Fair value	\$ 2,505,549	\$ 2,191,711	\$ 2,067,988
— Maturity value	2,520,920	1,983,771	2,064,053
	<u>\$ (15,371)</u>	<u>\$ 207,940</u>	<u>\$ 3,935</u>

	<u>Effects of changes in credit risk</u>
Current amount of change	
From January 1, 2024 to March 31, 2024	\$ 1,602
From January 1, 2023 to March 31, 2023	\$ 717
Cumulative amount of change	
Up to March 31, 2024	\$ (2,545)
Up to December 31, 2023	\$ (4,147)
Up to March 31, 2023	\$ (35,577)

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

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

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

For information on the pledge of financial assets at fair value through profit or loss, please refer to Note 37.

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

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Investments in equity instruments measured at FVTOCI			
Shares	\$ 41,382,139	\$ 34,054,212	\$ 28,506,599
Investments in debt instruments measured at FVTOCI			
Corporate bonds	165,579,500	165,673,733	170,687,624
Bank debentures	127,580,194	121,359,891	111,810,446
Government bonds	76,913,366	59,118,214	59,300,927
Commercial papers	7,850,026	7,267,394	20,428,206
Asset-backed securities	1,154,834	1,115,773	1,181,235
Treasury bonds	-	-	2,977,799
	<u>379,077,920</u>	<u>354,535,005</u>	<u>366,386,237</u>
	<u>\$ 420,460,059</u>	<u>\$ 388,589,217</u>	<u>\$ 394,892,836</u>

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

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

Parts of the aforementioned financial assets at FVTOCI were sold under repurchase agreements as of March 31, 2024, December 31 and March 31, 2023. The par values of bonds and commercial papers sold under repurchase agreements were \$2,262,600 thousand, \$584,500 thousand and \$657,000 thousand, respectively.

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

10. INVESTMENTS IN DEBT INSTRUMENTS MEASURED AT AMORTIZED COST

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Negotiable certificates of deposit	\$ 169,800,000	\$ 208,800,000	\$ 203,410,000
Government bonds	29,250,377	26,745,038	17,758,573
Bank debentures	19,244,541	23,601,862	17,491,508
Treasury bonds	6,924,745	230,389	1,607,189
Corporate bonds	6,600,495	7,595,259	5,338,144
Asset-backed securities	868,035	1,787,876	1,233,133
	<u>232,688,193</u>	<u>268,760,424</u>	<u>246,838,547</u>
Less: Loss allowance	(6,288)	(6,974)	(4,960)
	<u>\$ 232,681,905</u>	<u>\$ 268,753,450</u>	<u>\$ 246,833,587</u>

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

The Bank will comply with the provisions of the IFRSs Q&A as amended by the competent authority on 5 January 2024. The repatriation of overseas funds has not been used in the special account for the management and use of repatriation of overseas funds and the taxation ordinance. The balance was reclassified from investments in debt instruments at amortized cost to cash and cash equivalent. Cash in hand and working capital under this item were reclassified on 31 March 2023 and 1 January 2023. The amounts amounted to 2,490,448 and 2,917,036 respectively, please refer to Note 6.

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

11. CREDIT RISK MANAGEMENT OF INVESTMENTS IN DEBT INSTRUMENTS

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

March 31, 2024	<u>At FVTOCI</u>	<u>At Amortized Cost</u>	<u>Total</u>
Total carrying amount	\$ 389,052,943	\$ 232,688,193	\$ 621,741,136
Loss allowance	(156,944)	(6,288)	(163,232)
Amortized cost	388,895,999	<u>\$ 232,681,905</u>	621,577,904
Fair value adjustment	(9,818,079)		(9,818,079)
	<u>\$ 379,077,920</u>		<u>\$ 611,759,825</u>
December 31, 2023	<u>At FVTOCI</u>	<u>At Amortized Cost</u>	<u>Total</u>
Total carrying amount	\$ 364,135,717	\$ 268,760,424	\$ 632,896,141
Loss allowance	(155,750)	(6,974)	(162,724)
Amortized cost	363,979,967	<u>\$ 268,753,450</u>	632,733,417
Fair value adjustment	(9,444,962)		(9,444,962)
	<u>\$ 354,535,005</u>		<u>\$ 623,288,455</u>
March 31, 2023	<u>At FVTOCI</u>	<u>At Amortized Cost</u>	<u>Total</u>
Total carrying amount	\$ 379,841,056	\$ 246,838,547	\$ 626,679,603
Loss allowance	(155,901)	(4,960)	(160,861)
Amortized cost	379,685,155	<u>\$ 246,833,587</u>	626,518,742
Fair value adjustment	(13,298,918)		(13,298,918)
	<u>\$ 366,386,237</u>		<u>\$ 613,219,824</u>

The Group implements a policy of investing in debt instruments with investment grade and have low credit risk. For the purpose of impairment assessment, the Group continues to track external rating information

and monitors changes in credit risk of the investments of debt instruments and reviews other information such as the bond yield curve and the debtor's material information to assess whether the credit risk of the debt instrument investments has increased significantly since the initial recognition.

The Group considered the historical default loss rate provided by the independent rating agencies, the debtor's current financial status and the industry's forward-looking forecast to measure the 12-month expected credit loss or full lifetime expected credit loss of the investments in debt instruments.

The Group's current credit risk rating mechanism and the total carrying amount of each credit rating investment in debt instruments were as follows:

March 31, 2024

Credit Rating	Definitions	Expected Credit Loss Recognition Base	Expected Credit Loss Rate	March 31, 2024 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%~2.030%	\$ 620,853,082
Stage 2	Credit risk has increased significantly since the initial recognition	Expected credit loss during the period of existence (no credit impairment)	0.396%~3.389%	792,059
Stage 3	Evidence of credit impairment	Expected credit loss during the period of existence (credit impairment)	40.417%	95,995

December 31, 2023

Credit Rating	Definitions	Expected Credit Loss Recognition Base	Expected Credit Loss Rate	December 31, 2023 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%~2.030%	\$ 632,079,797
Stage 2	Credit risk has increased significantly since the initial recognition	Expected credit loss during the period of existence (no credit impairment)	0.396%~2.970%	724,221
Stage 3	Evidence of credit impairment	Expected credit loss during the period of existence (credit impairment)	40.417%	92,123

March 31, 2023

Credit Rating	Definitions	Expected Credit Loss Recognition Base	Expected Credit Loss Rate	March 31, 2023 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%	\$ 625,640,851
Stage 2	Credit risk has increased significantly since the initial recognition	Expected credit loss during the period of existence (no credit impairment)	0.308%~3.086%	947,407
Stage 3	Evidence of credit impairment	Expected credit loss during the period of existence (credit impairment)	40.974%	91,345

Information on changes in allowance for impairment loss of investments in debt instruments at FVTOCI and at amortized cost is summarized as follows:

Investments in debt instruments at FVTOCI

	Credit Risk Rating			Total
	Stage 1 (12-Month ECLs)	Stage 2 (Lifetime ECLs without impairment)	Stage 3 (Lifetime ECLs with impairment)	
Balance at January 1, 2024	\$ 107,370	\$ 10,691	\$ 37,689	\$ 155,750
Stage transfer-to lifetime ECLs	(91)	91	-	-
Purchase of new debt instruments	9,670	-	-	9,670
Derecognition	(8,235)	-	-	(8,235)
Provisions (reversal)	(3,604)	1,741	894	(969)
Exchange rate and other changes	1,720	(992)	-	728
Balance at March 31, 2024	<u>\$ 106,830</u>	<u>\$ 11,531</u>	<u>\$ 38,583</u>	<u>\$ 156,944</u>
Balance at January 1, 2023	\$ 114,461	\$ 13,115	\$ 90,400	\$ 217,976
Purchase of new debt instruments	9,483	561	-	10,044
Derecognition	(7,991)	(1,254)	(52,429)	(61,674)
Provisions (reversal)	(9,604)	(121)	(421)	(10,146)
Exchange rate and other changes	(127)	95	(267)	(299)
Balance at March 31, 2023	<u>\$ 106,222</u>	<u>\$ 12,396</u>	<u>\$ 37,283</u>	<u>\$ 155,901</u>

Investments in debt instruments at amortized cost

	Credit Risk Rating		Total
	Stage 1 (12-Month ECLs)	Stage 2 (Lifetime ECLs without impairment)	
Balance at January 1, 2024	\$ 6,974	\$ -	\$ 6,974
Purchase of new debt instruments	120	-	120
Derecognition	(637)	-	(637)
Provisions (reversal)	(263)	-	(263)
Exchange rate and other changes	94	-	94
Balance at March 31, 2024	<u>\$ 6,288</u>	<u>\$ -</u>	<u>\$ 6,288</u>
Balance at January 1, 2023	\$ 3,197	\$ -	\$ 3,197
Purchase of new debt instruments	1,862	-	1,862
Derecognition	(62)	-	(62)
Provisions (reversal)	(10)	-	(10)
Exchange rate and other changes	(27)	-	(27)
Balance at March 31, 2023	<u>\$ 4,960</u>	<u>\$ -</u>	<u>\$ 4,960</u>

12. SECURITIES PURCHASED UNDER RESELL AGREEMENTS

Securities purchased under resell agreements as of March 31, 2024 and December 31, 2023 was \$5,301,087 thousand and \$5,421,476 thousand. The aforementioned securities will be bought back before April 26, 2024 and January 19, 2024 at \$5,305,394 thousand and \$5,426,224 thousand.

13. RECEIVABLES, NET

	March 31, 2024	December 31, 2023	March 31, 2023
Accrued interest	\$ 8,088,504	\$ 10,467,300	\$ 7,264,077
Credit card receivables	4,717,052	5,353,333	4,172,240
Acceptances	1,530,073	2,030,167	2,261,815
Accounts receivable due from sales of securities	2,386,041	1,065,530	1,365,903
Finance lease receivable	582,621	656,027	856,120
Accounts receivable - factoring	278,628	350,360	293,177
Others	3,370,768	2,896,684	2,486,493
	20,953,687	22,819,401	18,699,825
Less: Allowance for credit losses	(482,220)	(384,527)	(286,166)
	<u>\$ 20,471,467</u>	<u>\$ 22,434,874</u>	<u>\$ 18,413,659</u>

The changes in total carrying amount and the allowance of receivables and other financial assets for the three months ended March 31, 2024 and 2023 (including non-accrual loans and bills of exchange, refer to Note 17) are as follows:

For the Three Months Ended March 31, 2024

	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, 2024	\$ 21,833,723	\$ 292,822	\$ 207,560	\$ 493,672	\$ 22,827,777
Changes due to financial assets recognized at the beginning of the period:					
Transfer to lifetime ECLs	(119,401)	66,029	53,361	11	-
Transfer to ECLs on financial assets	(7,276)	(13,050)	(1,602)	21,928	-
Transfer to 12-month ECLs	152,431	(44,444)	(107,456)	(531)	-
Financial assets derecognized in the current period	(2,322,422)	(149,370)	(25,500)	(4,481)	(2,501,773)
Transfer or pay off the original credit	(1,424,476)	(2,181)	28,788	13,720	(1,384,149)
Purchased or originated financial assets	1,880,890	59,956	3,493	217	1,944,556
Write-offs	-	-	-	(13,003)	(13,003)
Exchange rate and other changes	62,205	95	7,495	17,659	87,454
Balance on March 31, 2024	\$ 20,055,674	\$ 209,857	\$ 166,139	\$ 529,192	\$ 20,960,862

	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, 2024	\$ 285,786	\$ 50,484	\$ 6,536	\$ 33,682	\$ 376,488	\$ 12,918	\$ 389,406
Changes due to financial assets recognized at the beginning of the period:							
Transfer to lifetime ECLs	(667)	502	165	-	-	-	-
Transfer to ECLs on financial assets	(45)	(2,419)	(237)	2,701	-	-	-
Transfer to 12-month ECLs	20,650	(18,417)	(2,007)	(226)	-	-	-
Financial assets derecognized in the current period	(5,610)	(16,132)	(84)	(2,023)	(23,849)	-	(23,849)
Provisions (reversal)	30,557	23,912	1,333	3,669	59,471	-	59,471
Purchased or originated financial assets	6,145	5,786	28	1,032	12,991	-	12,991
The difference of impairment under the regulation or decree	-	-	-	-	-	(2,613)	(2,613)
Changes in model/risk parameters	2,594	-	36	(522)	2,108	-	2,108
Write-offs	-	-	-	(13,003)	(13,003)	-	(13,003)
Recoveries after write-off	-	-	-	6,976	6,976	-	6,976
Exchange rate and other changes	59,517	518	250	241	60,526	(2,618)	57,908
Balance on March 31, 2024	\$ 398,927	\$ 44,234	\$ 6,020	\$ 32,527	\$ 481,708	\$ 7,687	\$ 489,395

For the Three Months Ended March 31, 2023

	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, 2023	\$ 18,796,576	\$ 197,863	\$ 232,180	\$ 93,135	\$ 19,319,754
Changes due to financial assets recognized at the beginning of the period:					
Transfer to lifetime ECLs	(106,769)	44,968	52,922	(1)	(8,880)
Transfer to ECLs on financial assets	(5,167)	(6,503)	(938)	21,855	9,247
Transfer to 12-month ECLs	104,002	(35,174)	(70,904)	(237)	(2,313)
Financial assets derecognized in the current period	(2,297,432)	(63,508)	(45,278)	(7,813)	(2,414,031)
Purchased or originated financial assets	3,482,426	4,794	41,822	24,979	3,554,021
Write-offs	-	-	-	(11,046)	(11,046)
Exchange rate and other changes	(1,709,853)	2	(3,647)	(20,987)	(1,734,485)
Balance on March 31, 2023	\$ 18,263,783	\$ 142,442	\$ 206,157	\$ 99,885	\$ 18,712,267

	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, 2023	\$ 225,459	\$ 57,396	\$ 7,017	\$ 27,226	\$ 317,098	\$ 10,300	\$ 327,398
Changes due to financial assets recognized at the beginning of the period:							
Transfer to lifetime ECLs	(929)	27,051	1,561	-	27,683	-	27,683
Transfer to ECLs on financial assets	(87)	(1,704)	(190)	9,596	7,615	-	7,615
Transfer to 12-month ECLs	98,402	(22,741)	(1,666)	(92)	73,903	-	73,903
Financial assets derecognized in the current period	(2,157)	(8,956)	(89)	(11,856)	(23,058)	-	(23,058)
Purchased or originated financial assets	5,156	7,502	62	551	13,271	-	13,271
The difference of impairment under the regulation or decree	-	-	-	-	-	(669)	(669)
Changes in model/risk parameters	(4,514)	-	(1,004)	(988)	(6,506)	-	(6,506)
Write-offs	-	-	-	(11,046)	(11,046)	-	(11,046)
Recoveries after write-off	-	-	-	7,124	7,124	-	7,124
Exchange rate and other changes	(126,174)	(1)	(111)	(48)	(126,334)	-	(126,334)
Balance on March 31, 2023	\$ 195,156	\$ 58,547	\$ 5,580	\$ 20,467	\$ 279,750	\$ 9,631	\$ 289,381

14. DISCOUNTS AND LOANS, NET

	March 31, 2024	December 31, 2023	March 31, 2023
Loans	\$ 1,214,136,283	\$ 1,216,051,334	\$ 1,216,481,869
Overdrafts	15,037,956	14,499,082	12,339,852
Inward/outward documentary bills	15,955,247	14,061,689	12,777,127
Non-performing loans	6,223,320	2,996,095	3,947,437
	1,251,352,806	1,247,608,200	1,245,546,285
Discount and premium adjustments	(177,121)	(126,610)	(49,232)
Provisions for loans and discounts	(14,595,624)	(16,201,044)	(16,234,499)
	\$ 1,236,580,061	\$ 1,231,280,546	\$ 1,229,262,554

The Group discontinues accruing interest when loans are deemed non-performing. For the three months ended March 31, 2024 and 2023, the unrecognized interest revenue on the non-performing loans amounted to \$118,078 thousand and \$61,856 thousand, respectively.

For the three months ended March 31, 2024 and 2023, the Group only had written off certain credits after completing the required legal procedures.

The changes in carrying amount and allowance for discounts and loans for the three months ended March 31, 2024 and 2023 are as follows:

For the Three Months Ended March 31, 2024

	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, 2024	\$ 1,192,170,250	\$ 7,379,856	\$ 29,962,734	\$ 18,052,189	\$ 43,171	\$ 1,247,608,200
Changes due to financial assets recognized at the beginning of the period:						
Transfer to lifetime ECLs	(5,592,695)	1,398,964	4,213,435	(19,704)	-	-
Transfer to ECLs on financial assets	(343,997)	(505,586)	(450,275)	1,299,858	-	-
Transfer to 12-month ECLs	2,227,993	(334,557)	(1,798,406)	(95,030)	-	-
Financial assets derecognized in the current period	(149,890,775)	(870,957)	(3,466,380)	(191,584)	-	(154,419,696)
Transfer or pay off the original credit	(22,456,766)	(106,580)	(673,465)	15,967	(16)	(23,220,860)
Purchased or originated financial assets	160,791,787	755,587	3,679,373	165,820	-	165,392,567
Write-offs	(597)	(195)	-	(2,439,517)	-	(2,440,299)
Exchange rate and other changes	16,570,386	112,718	1,206,441	541,596	1,753	18,432,894
Balance on March 31, 2024	\$ 1,193,475,596	\$ 7,829,250	\$ 32,673,457	\$ 17,329,595	\$ 44,908	\$ 1,251,352,806

	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, 2024	\$ 1,473,362	\$ 1,090,387	\$ 563,187	\$ 3,521,688	\$ 9,806	\$ 6,658,430	\$ 9,542,614	\$ 16,201,044
Changes due to financial assets recognized at the beginning of the period:								
Transfer to lifetime ECLs	(17,433)	12,160	15,837	(10,564)	-	-	-	-
Transfer to ECLs on financial assets	(717)	(53,131)	(7,531)	61,379	-	-	-	-
Transfer to 12-month ECLs	132,778	(54,832)	(27,897)	(50,049)	-	-	-	-
Financial assets derecognized in the current period	(258,419)	(57,427)	(17,993)	(60,105)	-	(393,944)	-	(393,944)
Provisions (reversal)	101,510	550,587	18,507	961,348	-	1,631,952	-	1,631,952
Purchased or originated financial assets	323,217	185,469	21,409	45,542	-	575,637	-	575,637
The difference of impairment under the regulation or decree	-	-	-	-	-	-	(1,433,276)	(1,433,276)
Changes in model/risk parameters	153,338	-	85,071	16,881	32	255,322	-	255,322
Write-offs	(7)	(41)	-	(2,439,497)	-	(2,439,545)	-	(2,439,545)
Recoveries of write-offs	-	-	-	42,785	-	42,785	-	42,785
Exchange rate and other changes	30,943	14,380	24,499	85,428	399	155,649	-	155,649
Balance on March 31, 2024	\$ 1,938,572	\$ 1,687,552	\$ 675,089	\$ 2,174,836	\$ 10,237	\$ 6,486,286	\$ 8,109,338	\$ 14,595,624

For the Three Months Ended March 31, 2023

	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, 2023	\$ 1,204,887,978	\$ 11,840,756	\$ 28,025,108	\$ 5,430,660	\$ 107,557	\$ 1,250,292,059
Changes due to financial assets recognized at the beginning of the period:						
Transfer to lifetime ECLs	(8,458,179)	1,429,251	7,012,424	(3,150)	-	(19,654)
Transfer to ECLs on financial assets	(227,245)	(212,768)	(81,315)	791,324	-	269,996
Transfer to 12-month ECLs	2,027,800	(635,637)	(1,391,431)	(7,697)	-	(6,965)
Financial assets derecognized in the current period	(169,241,973)	(1,617,935)	(2,816,521)	(489,786)	(380)	(174,166,595)
Purchased or originated financial assets	172,046,321	664,450	2,244,141	58,800	5,734	175,019,446
Write-offs	(145)	(62)	-	(281,105)	-	(281,312)
Exchange rate and other changes	(5,138,454)	(213,258)	(364,637)	157,075	(1,416)	(5,560,690)
Balance on March 31, 2023	\$ 1,195,896,103	\$ 11,254,797	\$ 32,627,769	\$ 5,656,121	\$ 111,495	\$ 1,245,546,285

	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, 2023	\$ 2,426,884	\$ 2,487,036	\$ 1,611,682	\$ 1,478,012	\$ 52,271	\$ 8,055,885	\$ 7,928,201	\$ 15,984,086
Changes due to financial assets recognized at the beginning of the period:								
Transfer to lifetime ECLs	2,028	252,454	98,231	(2,048)	-	350,665	-	350,665
Transfer to ECLs on financial assets	(1,228)	(79,955)	(1,000)	369,740	-	287,557	-	287,557
Transfer to 12-month ECLs	34,543	(134,544)	(26,386)	(5,341)	-	(131,728)	-	(131,728)
Financial assets derecognized in the current period	(288,792)	(113,665)	(11,155)	(148,965)	-	(562,577)	-	(562,577)
Purchased or originated financial assets	662,955	86,236	15,188	24,907	-	789,286	-	789,286
The difference of impairment under the regulation or decree	-	-	-	-	-	-	(275,575)	(275,575)
Changes in model/risk parameters	(55,052)	76,093	(15,874)	63,854	260	69,281	-	69,281
Write-offs	(7)	(27)	-	(281,083)	-	(281,117)	-	(281,117)
Recoveries of write-offs	-	-	-	57,350	-	57,350	-	57,350
Exchange rate and other changes	(14,804)	(24,978)	(25,203)	13,075	(819)	(52,729)	-	(52,729)
Balance on March 31, 2023	\$ 2,766,527	\$ 2,548,650	\$ 1,645,483	\$ 1,569,501	\$ 51,712	\$ 8,581,873	\$ 7,652,626	\$ 16,234,499

The details of bad debt expense, commitment and guarantee liability provisions for the three months ended March 31, 2024 and 2023 are listed as below:

	For the Three Months Ended March 31	
	2024	2023
Provisions for loans and discounts	\$ 635,691	\$ 526,909
Provisions for receivables and other financial assets	48,108	92,239
Provisions (reversal) for reserve of possible losses on guarantees	18,140	(97,865)
Other provisions (reversal)	(3,260)	(81)
	<u>\$ 698,679</u>	<u>\$ 521,202</u>

15. SUBSIDIARIES

15.1 Subsidiaries included in the consolidated financial statements

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

Investor	Investee	Nature of Activities	Proportion of Ownership (%)			Note
			March 31, 2024	December 31, 2023	March 31, 2023	
Domestic subsidiaries						
The Bank	China Travel Service (Taiwan)	Traveling	99.99	99.99	99.99	1.
The Bank	SCSB Marketing Ltd.	Human resource services	100.00	100.00	100.00	1.
The Bank	SCSB Asset Management Ltd.	Purchase, evaluation, auction and management of creditor's right of financial institutions	100.00	100.00	100.00	1.
China Travel Service (Taiwan)	CTS Travel International Ltd.	Traveling	100.00	100.00	100.00	1.
Foreign subsidiaries						
The Bank	Shancom Reconstruction Inc.	Investment holding	100.00	100.00	100.00	
The Bank	Wresqueue Limitada	Investment holding	100.00	100.00	100.00	1.
The Bank	Pafoong 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)	Pafoong Insurance Company Ltd.	Insurance	60.00	60.00	60.00	1.
Shanghai Commercial Bank (HK)	Right Honour Investments Limited	Property holding	100.00	100.00	100.00	1.
Shanghai Commercial Bank (HK)	KCC 23F Limited	Property holding	100.00	100.00	100.00	1.
Shanghai Commercial Bank (HK)	KCC 25F Limited	Property holding	100.00	100.00	100.00	1.
Shanghai Commercial Bank (HK)	KCC 26F Limited	Property holding	100.00	100.00	100.00	1.
Right Honour Investments Limited	Glory Step Westpoint Investment Limited	Property holding	100.00	100.00	100.00	1.
Right Honour Investments Limited	Silver Wisdom Westpoint Investment Limited	Property holding	100.00	100.00	100.00	1.

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

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

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

Name of Subsidiary	Principal Place of Business	Proportion of Ownership and Voting Rights Held by Non-controlling Interests		
		March 31, 2024	December 31, 2023	March 31, 2023
Shanghai Commercial Bank (H.K.)	Hong Kong	42.4%	42.4%	42.4%
		Profit Allocated to Non-controlling Interests For the Three Months Ended March 31		
Name of Subsidiary		2024	2023	March 31, 2023
Shanghai Commercial Bank (H.K.) (excluding NCI in its subsidiaries)		\$ 934,707	\$ 995,591	\$ 64,408,524
				December 31, 2023
				\$ 60,279,249
				March 31, 2023
				\$ 57,239,969

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

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Assets	\$ 923,484,061	\$ 904,483,975	\$ 870,514,360
Liabilities	(771,775,030)	(762,443,532)	(735,476,850)
NCI of SCB's subsidiaries	(441,346)	(423,306)	(398,105)
Equity	<u>\$ 151,267,685</u>	<u>\$ 141,617,137</u>	<u>\$ 134,639,405</u>
Equity attributable to:			
Owners of SCSB	\$ 87,130,187	\$ 81,571,471	\$ 77,552,297
NCI of SCSB	64,137,498	60,045,666	57,087,108
	<u>\$ 151,267,685</u>	<u>\$ 141,617,137</u>	<u>\$ 134,639,405</u>

	<u>For the Three Months Ended March 31</u>	
	<u>2024</u>	<u>2023</u>
Revenue	\$ 5,277,367	\$ 4,803,277
Net profit for the period	\$ 2,203,915	\$ 2,353,980
Other comprehensive income for the period	1,651,808	2,940,769
Total comprehensive income for the period	<u>\$ 3,855,723</u>	<u>\$ 5,294,749</u>
Profit attributable to:		
Owners of SCSB	\$ 1,268,974	\$ 1,351,791
NCI of SCSB	934,106	995,068
NCI of SCB's subsidiaries	835	7,121
	<u>\$ 2,203,915</u>	<u>\$ 2,353,980</u>
Total comprehensive income attributable to:		
Owners of SCSB	\$ 2,220,413	\$ 3,045,674
NCI of SCSB	1,634,471	2,241,954
NCI of SCB's subsidiaries	839	7,121
	<u>\$ 3,855,723</u>	<u>\$ 5,294,749</u>
Net cash inflow (outflow) from:		
Operating activities	\$ 30,852,613	\$ 42,273,321
Investing activities	13,390,355	7,793,218
Financing activities	(10,053,202)	9,925,164
Net cash inflow	<u>\$ 34,189,766</u>	<u>\$ 59,991,703</u>

16. INVESTMENTS UNDER THE EQUITY METHOD

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Investments in associates	\$ 2,382,979	\$ 2,123,915	\$ 2,221,196

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

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

	<u>For the Three Months Ended March 31</u>	
	<u>2024</u>	<u>2023</u>
Profit from continuing operations	\$ 78,832	\$ 102,734
Other comprehensive income for the period	105,768	205,812
Total comprehensive income for the period	<u>\$ 184,600</u>	<u>\$ 308,546</u>

17. OTHER FINANCIAL ASSETS, NET

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Non-performing receivables	\$ 7,175	\$ 4,844	\$ 3,215
Bills of exchange	-	3,532	9,227
	<u>7,175</u>	<u>8,376</u>	<u>12,442</u>
Allowance for non-performing credit card receivables	<u>(7,175)</u>	<u>(4,879)</u>	<u>(3,215)</u>
	<u>\$ -</u>	<u>\$ 3,497</u>	<u>\$ 9,227</u>

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

The balances of credit card receivables which were reported as non-performing amounted to \$7,175 thousand \$4,844 thousand and \$3,215 thousand as of March 31, 2024, December 31, 2023 and March 31, 2023, respectively. The unrecognized interest revenue on the receivables amounted to \$110 thousand and \$196 thousand for the three months ended March 31, 2024 and 2023, respectively.

18. PROPERTIES, NET

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Land	\$ 14,358,402	\$ 14,188,189	\$ 14,176,448
Buildings and improvements	4,121,419	4,062,212	4,154,000
Mechanical equipment	765,930	759,656	720,759
Miscellaneous equipment	562,997	567,044	608,222
Transportation equipment	50,086	50,541	54,454
Construction in progress and prepayments	<u>3,810,228</u>	<u>3,337,327</u>	<u>2,301,789</u>
	<u>\$ 23,669,062</u>	<u>\$ 22,964,969</u>	<u>\$ 22,015,672</u>

The Group did not have any impairment losses on the properties for the three months ended March 31, 2024, December 31, 2023 and March 31 2023.

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

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

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

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

19. LEASE ARRANGEMENTS

19.1 Right-of-use assets

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Carrying amount of right-of-use assets			
Buildings and improvements	\$ 1,885,684	\$ 1,727,270	\$ 1,800,989
Mechanical equipment	67,327	70,375	40,337
Transportation equipment	33,802	37,883	23,377
Office equipment	11,733	17,760	36,535
Land	<u>6,669</u>	<u>6,897</u>	<u>4,802</u>
	<u>\$ 2,005,215</u>	<u>\$ 1,860,185</u>	<u>\$ 1,906,040</u>

	For the Three Months Ended March 31	
	2024	2023
Increase in right-of-use assets	\$ 296,618	\$ 261,557
Depreciation expenses of right-of-use assets		
Buildings and improvements	186,613	180,718
Office equipment	8,077	3,324
Mechanical equipment	3,903	6,412
Transportation equipment	3,892	2,953
Land	\$ 586	\$ 556
	<u>\$ 203,071</u>	<u>\$ 193,963</u>

19.2 Lease liabilities

	March 31, 2024	December 31, 2023	March 31, 2023
Carrying amount of lease liabilities	\$ 2,011,652	\$ 1,874,005	\$ 1,960,172

The discount rate intervals for lease liabilities are as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Land	8.57%	8.57%	7.52%
Buildings and improvements	0.60%~8.57%	0.60%~8.57%	0.60%~7.52%
Mechanical equipment	0.60%~8.57%	0.60%~8.57%	0.60%~7.52%
Office equipment	0.95%~5.40%	0.95%~5.40%	0.75%~2.77%
Transportation equipment	0.60%~2.89%	0.60%~2.89%	0.60%~2.89%

19.3 Other lease information

	For the Three Months Ended March 31	
	2024	2023
Short-term lease expenses	\$ 10,184	\$ 10,216
Leases of low value assets	\$ 2,003	\$ 2,522
Variable lease payments which are not included in lease liabilities measurements	\$ 2,686	\$ 840
Total cash outflow for leases	<u>\$ 281,801</u>	<u>\$ 214,100</u>

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

20. INVESTMENT PROPERTIES, NET

	March 31, 2024	December 31, 2023	March 31, 2023
Land	\$ 6,450,793	\$ 6,190,385	\$ 5,736,139
Buildings and improvements	1,110,068	1,074,646	1,083,682
	<u>\$ 7,560,861</u>	<u>\$ 7,265,031</u>	<u>\$ 6,819,821</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. 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>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Fair value	\$ 16,857,196	\$ 16,199,516	\$ 10,194,406

The rental income from investment properties is stated below:

	<u>For the Three Months Ended March 31</u>	
	<u>2024</u>	<u>2023</u>
Rental income from investment properties	\$ 50,161	\$ 53,321

21. INTANGIBLE ASSETS, NET

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Bank license	\$ 1,484,447	\$ 1,429,013	\$ 1,430,121
Computer software	675,987	605,521	407,532
Goodwill	96,458	92,560	91,755
	<u>\$ 2,256,892</u>	<u>\$ 2,127,094</u>	<u>\$ 1,929,408</u>

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

Bank license	84 years
Computer software	3-5 years

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

The Group underwent the impairment assessment of the recoverable amount of goodwill, and the calculation of the recoverable amount was based on the value in use. The calculation of the value in use was based on the cash flow of AMK's future financial projections and was calculated using the annual discount rate to reflect the specific risks of AMK.

22. OTHER ASSETS, NET

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Prepaid expenses	\$ 6,887,521	\$ 10,505,597	\$ 6,888,273
Refundable deposits	1,777,519	2,144,079	1,837,155
Temporary payments and suspension	1,303,215	1,155,533	898,530
Deferred charges	78,824	87,685	95,676
Others	934,200	988,412	1,498,177
	<u>\$ 10,981,279</u>	<u>\$ 14,881,306</u>	<u>\$ 11,217,811</u>

For other information on asset pledges, please refer to Note 37.

23. DEPOSITS FROM THE CENTRAL BANK AND OTHER BANKS

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Call loans from banks	\$ 22,915,371	\$ 28,061,114	\$ 32,383,614
Due to banks	9,396,788	10,314,934	11,673,835
Deposit from Chunghwa Post Co., Ltd.	1,221,799	1,221,799	1,221,799
Bank overdrafts	550,193	1,143,474	700,554
	<u>\$ 34,084,151</u>	<u>\$ 40,741,321</u>	<u>\$ 45,979,802</u>

24. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

Securities sold under repurchase agreements as of March 31, 2024, December 31 and March 31, 2023 were \$2,271,282 thousand, \$591,289 thousand and \$660,547 thousand, respectively. The aforementioned securities will be repurchased by September 27, 2024, June 28, 2024 and September 22, 2023, at \$2,272,949 thousand, \$592,332 thousand and \$661,977 thousand, respectively.

25. PAYABLES

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Dividends payable	\$ 16,602,309	\$ 16,660,027	\$ 15,794,768
Accrued interest	9,803,325	8,693,328	8,662,314
Accounts payable	5,739,993	7,415,188	6,720,107
Acceptances	1,554,787	2,082,358	2,299,929
Accrued expenses	1,317,461	2,055,269	1,192,235
Others	1,110,509	1,268,043	702,191
	<u>\$ 36,128,384</u>	<u>\$ 38,174,213</u>	<u>\$ 35,371,544</u>

26. DEPOSITS AND REMITTANCES

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Time deposits	\$ 1,007,811,171	\$ 982,163,246	\$ 912,244,063
Savings deposits	592,933,572	593,639,181	557,576,007
Demand deposits	342,370,927	334,842,268	370,948,795
Negotiable certificates of deposit	39,445,300	63,454,500	77,909,800
Checking deposits	11,771,762	11,559,415	9,971,865
Remittances	308,939	433,237	174,322
	<u>\$ 1,994,641,671</u>	<u>\$ 1,986,091,847</u>	<u>\$ 1,928,824,852</u>

27. BANK DEBENTURES

27.1 The Bank

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
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
The subordinated bank debenture - 8.5 years maturity; second issued in 2015; maturity date is in June 2024	3,000,000	3,000,000	3,000,000
The subordinated bank debenture - 7-10 years maturity; first issued in 2017; maturity date is from June 2024 to 2027	5,000,000	5,000,000	5,000,000
The subordinated bank debenture - 7-10 years maturity; second issued in 2017; maturity date is from December 2024 to 2027	5,000,000	5,000,000	5,000,000
The subordinated bank debenture - 7-10 years maturity; first issued in 2018; maturity date is from June 2025 to 2028	5,000,000	5,000,000	5,000,000
The subordinated bank debenture; third issued in 2018; no maturity date	7,000,000	7,000,000	7,000,000
The bank debenture - 5 years maturity; first issued in 2019; maturity date is in September 2024	6,900,000	6,900,000	6,900,000
The bank debenture - 7 years maturity; first issued in 2020; maturity date is in March 2027 to 2030	10,000,000	10,000,000	10,000,000
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	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	2,000,000	2,000,000
The bank debenture - 3 years maturity; second issued in 2022; maturity date is in September 2025	1,000,000	1,000,000	1,000,000
The subordinated bank debenture; third issued in 2022; no maturity date	1,070,000	1,070,000	1,070,000
The bank debenture - 6 months maturity; first issued in	-	-	608,760

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
2023; maturity date is in July 2023			
The bank debenture - 3 years maturity; third issued in 2023; maturity date is in December 2026	2,000,000	2,000,000	-
The subordinated bank debenture - 10 years maturity; second issued in 2024; maturity date is in March 2034	2,500,000	-	-
	<u>\$ 55,470,000</u>	<u>\$ 58,070,000</u>	<u>\$ 56,678,760</u>

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 2015 subordinated bank debenture was at 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 with no maturity date was at a fixed annual interest rate of 2.15% with the interest paid annually.

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 was at a fixed annual interest rate of 1.40% with the interest paid annually and the repayment of principal at maturity.

The third issuance of the 2022 subordinated bank debenture was at a fixed annual interest rate of 3.25% with the interest paid annually and the repayment of principal at maturity.

The first issuance of the 2023 bank debenture was at a fixed annual interest rate of 4.60% plus the variable interest rate 0% or 0.5% with the interest paid repayment of principal at maturity.

The third issuance of the 2023 subordinated bank debenture was at a fixed annual interest rate of 1.60% with the interest paid annually and the repayment of principal at maturity.

The second issuance of the 2024 subordinated bank debenture was at a fixed annual interest rate of 1.95% with the interest paid annually and the repayment of principal at maturity.

27.2 SCB (HK)

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
The subordinate bank debenture with a 10 years maturity and maturity date on January 2029	\$ -	\$ 9,177,026	\$ 9,091,712
The subordinate bank debenture with a 10 years maturity and maturity date on February 2033	11,087,917	10,636,869	10,560,529
	<u>\$ 11,087,917</u>	<u>\$ 19,813,895</u>	<u>\$ 19,652,241</u>

The second issuance of the 2019 subordinated bank debenture was at a fixed interest rate of 5.00% with interest to be paid semi-annually and the repayment of principal at maturity on January 17, 2024, the outstanding bank debenture was fully redeemed by SCB.

The third issuance of the 2023 subordinated bank debenture was at a fixed interest rate of 6.375% with interest to be paid semi-annually and the repayment of principal at maturity.

28. OTHER FINANCIAL LIABILITIES

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Principals of structured instruments	\$ 4,928,617	\$ 5,586,047	\$ 4,113,200
Other financial liabilities	1,037,694	701,543	2,505,648
Appropriated loan funds	1,027,508	973,226	1,008,321
Bank borrowings	-	169,328	343,093
Commercial paper payable	-	109,892	119,625
	<u>\$ 6,993,819</u>	<u>\$ 7,540,036</u>	<u>\$ 8,089,887</u>

29. PROVISIONS

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Provision for employee benefits	\$ 1,292,720	\$ 1,577,836	\$ 1,183,267
Provision for guarantees liabilities	999,506	972,678	960,485
Provision for financing commitments	332,459	331,344	83,410
Provision for unexpected losses	3,565	3,565	3,565
Provision for settlement compensation	-	338,031	-
Provision for other operations	362,588	353,379	307,558
	<u>\$ 2,990,838</u>	<u>\$ 3,576,833</u>	<u>\$ 2,538,285</u>

From the year ended December 31, 2023, the Bank recognized a provision of \$338,031 thousand arising from a case in which an employee was involved in the issuance of false documents. Please refer to Note 38 for information on this lawsuit. The profit and loss account recognized for this liability provision is included in other non-interest income.

Provisions for changes in financing commitment and guarantee liability of the Group for the three months ended March 31, 2024 and 2023 were as follows:

For the Three Months Ended March 31, 2024

	12-Month ECLs	Lifetime ECLs (Collectively)	Lifetime ECLs (Individually)	Lifetime ECLs (Non-Purchased or Originated Credit Impairment on Commitment and Guarantee)	Impairment Under the Guidelines of IFRS 9	The Difference of Impairment under the Regulatory Decree	Total
Provisions for commitment and guarantee liability							
January 1, 2024	\$ 223,868	\$ 170,820	\$ 5,419	\$ 791	\$ 400,898	\$ 903,124	\$ 1,304,022
Changes due to commitment and guarantee recognized at the beginning of the period:							
Transfer to lifetime ECLs	(53)	37	16	-	-	-	-
Transfer to credit impaired commitment and guarantee	-	-	-	-	-	-	-
Transfer to 12-month ECLs	2,795	(105)	(2,690)	-	-	-	-
Commitment and guarantee derecognized in the current period	(106,761)	(170,517)	(1,285)	-	(278,563)	-	(278,563)
Provisions (reversal)	23,663	4,482	36	361	28,542	-	28,542
Purchased or originated commitment and guarantee	168,056	223,982	20	-	392,058	-	392,058
The difference of impairment under the regulation or decree	-	-	-	-	-	(140,636)	(140,636)
Changes in model/risk parameters	16,040	-	699	-	16,739	-	16,739
Exchange rate and other changes	9,564	59	161	19	9,803	-	9,803
March 31, 2024	\$ 337,172	\$ 228,758	\$ 2,376	\$ 1,171	\$ 569,477	\$ 762,488	\$ 1,331,965

For the Three Months Ended March 31, 2023

	12-Month ECLs	Lifetime ECLs (Collectively)	Lifetime ECLs (Individually)	Lifetime ECLs (Non-Purchased or Originated Credit Impairment on Commitment and Guarantee)	Impairment Under the Guidelines of IFRS 9	The Difference of Impairment under the Regulatory Decree	Total
Provisions for commitment and guarantee liability							
January 1, 2023	\$ 457,658	\$ 59,928	\$ 7,323	\$ 6,284	\$ 531,193	\$ 613,913	\$ 1,145,106
Changes due to commitment and guarantee recognized at the beginning of the period:							
Transfer to lifetime ECLs	(30)	1,445	15	-	1,430	-	1,430
Transfer to credit impaired commitment and guarantee	-	-	-	-	-	-	-
Transfer to 12-month ECLs	443	(1,273)	(1,701)	(4,199)	(6,730)	-	(6,730)
Commitment and guarantee derecognized in the current period	(231,152)	(53,877)	(2,177)	(995)	(288,201)	-	(288,201)
Purchased or originated commitment and guarantee	283,229	28,053	209	-	311,491	-	311,491
The difference of impairment under the regulation or decree	-	-	-	-	-	(100,136)	(100,136)
Changes in model/risk parameters	(14,901)	-	(818)	-	(15,719)	-	(15,719)
Exchange rate and other changes	(3,061)	(161)	(117)	(7)	(3,346)	-	(3,346)
March 31, 2023	\$ 492,186	\$ 34,115	\$ 2,734	\$ 1,083	\$ 530,118	\$ 513,777	\$ 1,043,895

30. OTHER LIABILITIES

	March 31, 2024	December 31, 2023	March 31, 2023
Guarantee deposits received	\$ 2,463,379	\$ 1,798,150	\$ 1,372,148
Deferred revenue	560,056	581,109	667,171
Temporary credit	74,901	113,209	90,645
Interest received in advance	21,579	49,022	16,414
Others	786,974	570,492	946,934
	<u>\$ 3,906,889</u>	<u>\$ 3,111,982</u>	<u>\$ 3,093,312</u>

31. PENSION PLAN

The expenses related to the post-retirement benefit plan for the three months ended March 31, 2024 and 2023 were recognized as employee benefit expenses in each period at the cost rate determined by the actuarial calculations as of December 31, 2023 and 2022. The breakdown of employee benefit expenses for the three months ended March 31, 2024 and 2023 was as follows:

	For the Three Months Ended March 31	
	2024	2023
Defined benefit liabilities	\$ 70,948	\$ 69,658
Retired employees' preferential deposit liabilities	7,500	7,500
	<u>\$ 78,448</u>	<u>\$ 77,158</u>

The amounts of the retired employees' preferential deposit benefit expenses in the consolidated statements of comprehensive income for 2024 will be \$287,633 thousand.

32. EQUITY

32.1 Share capital

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Ordinary shares			
Authorized shares (in thousands)	6,000,000	6,000,000	6,000,000
Authorized capital	<u>\$ 60,000,000</u>	<u>\$ 60,000,000</u>	<u>\$ 60,000,000</u>
Issued and fully paid shares (in thousands)	4,861,603	4,861,603	4,861,603
Issued capital	<u>\$ 48,616,031</u>	<u>\$ 48,616,031</u>	<u>\$ 48,616,031</u>

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

32.2 Capital surplus

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Share premium	\$ 24,049,635	\$ 24,049,635	\$ 24,049,635
Treasury shares transaction	2,065,480	2,065,480	2,056,000
Unclaimed dividends	1,346,594	1,346,594	1,213,392
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>\$ 27,548,445</u>	<u>\$ 27,548,445</u>	<u>\$ 27,405,763</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.

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(7).

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

The Bank held the board of directors and shareholders’ meeting on March 29, 2024 and June 13, 2023, respectively. The proposals and resolutions for the appropriations of earnings and dividends per share for 2023 and 2022 were as follows:

	Appropriation of Earnings		Dividends Per Share (In NT Dollar)	
	2023	2022	2023	2022
Special reserve	\$ (5,583,505)	\$ 5,583,505		
Cash dividends - ordinary shares	8,750,886	8,750,886	\$ 1.80	\$ 1.80
	\$ 3,167,381	\$ 14,334,391	\$ 1.80	\$ 1.80

The appropriation of earnings for 2023 will be resolved in the shareholders’ meeting on June 21, 2024.

32.4 Special reserve

The Bank made a special reserve due to the transfer of \$1,256,859 thousand of its cumulative translation adjustment reported in equity to retained earnings upon first-time IFRS adoption. There was no change in the balance of the special reserve for the three month ended March 31, 2024.

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 for the three month ended March 31, 2024.

The Group allocates the special reserve in accordance with Order No. Financial-Supervisory-Securities-Corporate-1090150022 on March 31, 2021, where:

- (1) With respect to the negative other equity interest for the period in which it arises, an equivalent amount of special reserve shall be set aside from the profit after tax for the period, plus other eligible items that are included in the undistributed earnings of the period. If there remains any insufficiency, it shall be set aside from the undistributed earnings of the previous period. Since the undistributed earnings of the previous period have been withdrawn, the Bank had included a special reserve of \$5,583,505 thousand.
- (2) With respect to the negative other equity interest accumulated from prior periods, an equivalent amount of special reserve shall be set aside from the undistributed earnings as at the prior period end. Where the undistributed earnings from the prior period are insufficient, the deficit can be made from the undistributed earnings of the current period which are contributed by the profit after tax of the current period plus any other eligible items. If subsequently there is any reversal of the negative

other equity interest, the amount of the reversal may be reversed from special reserve and booked for earnings distribution. Until December 31, 2022 the Bank had reversed the special reverse of \$5,583,505 thousand on March 29, 2024.

32.5 Treasury shares

On March 31, 2024, December 31, 2023 and March 31, 2023, Shancom Reconstruction Inc. and China Travel Service (Taiwan) held 11,370 thousand shares and 27 thousand shares of the Bank, respectively.

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

32.6. Non-controlling interests

	For the Three Months Ended March 31	
	2024	2023
Beginning balance	\$ 60,279,352	\$ 55,862,013
Attributed to non-controlling interests		
Net income	935,104	995,597
Translation adjustments for foreign operations	2,446,776	(728,619)
Unrealized gain on financial assets measured at FVTOCI	753,380	1,199,914
Realized gain on financial assets measured at FVTOCI	(4,764)	(2,003)
Gain on investments in debt instruments measured at FVTOCI	(2,016)	(4,432)
Share of other comprehensive profit and loss under the equity method	44,838	87,254
Income tax effect	(44,041)	(169,650)
Ending balance	<u>\$ 64,408,629</u>	<u>\$ 57,240,074</u>

33. DETAILS OF COMPREHENSIVE INCOME STATEMENT ITEMS

33.1 Interest income, net

	For the Three Months Ended March 31	
	2024	2023
Interest income		
Discounts and loans	\$ 13,127,692	\$ 12,422,087
Due from banks	4,229,621	2,844,120
Securities investments	3,862,084	2,649,784
Credit card interests	30,362	28,132
Others	57,924	42,045
	<u>21,307,683</u>	<u>17,986,168</u>
Interest expense		
Deposits	10,870,120	8,098,068
Bank debentures	619,921	406,798
Due to banks	293,271	398,830
Leased liability	17,641	13,936
Structured instruments	76,857	5,080
Securities sold under repurchase agreements	2,827	1,107
Others	35,165	205,484
	<u>11,915,802</u>	<u>9,129,303</u>
Interest income, net	<u>\$ 9,391,881</u>	<u>\$ 8,856,865</u>

33.2 Service fee income, net

	For the Three Months Ended March 31	
	2024	2023
Service fee income		
Trust and custody services	\$ 477,566	\$ 394,165
Loan service fees	397,312	355,849
Insurance commission fees	432,961	198,654
Guarantees related fees	180,130	193,481
Nominee and brokerage service charge	149,479	151,790
Credit card related fees	166,621	151,445
Exchange related fees	92,256	87,023
Inward/outward business	57,339	57,278
Others	185,427	193,121
	<u>2,139,091</u>	<u>1,782,806</u>
Service charge		
Credit card service charge	97,778	81,683
Nominee and brokerage service charge	28,856	27,714
Finance service charge	17,376	15,722
Custody service charge	7,064	7,504
Inter-bank service charge	3,914	3,917
Others	133,680	163,894
	<u>288,668</u>	<u>300,434</u>
Service fee income, net	<u>\$ 1,850,423</u>	<u>\$ 1,482,372</u>

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

	For the Three Months Ended March 31, 2024		
	Realized Gain (Loss)	Unrealized Gain (Loss)	Total
Financial assets mandatorily classified as at FVTPL	\$ 2,496,370	\$ (398,525)	\$ 2,087,845
Held-for-trading financial liabilities	(3,089,532)	(993,096)	(4,082,628)
Financial liabilities designated at FVTPL	-	127,325	127,325
	<u>\$ (603,162)</u>	<u>\$ (1,264,296)</u>	<u>\$ (1,867,458)</u>

	For the Three Months Ended March 31, 2023		
	Realized Gain (Loss)	Unrealized Gain (Loss)	Total
Financial assets mandatorily classified as at FVTPL	\$ 2,991,806	\$ (674,963)	\$ 2,316,843
Held-for-trading financial liabilities	(2,652,825)	693,065	(1,959,760)
Financial liabilities designated at FVTPL	-	(80,180)	(80,180)
	<u>\$ 338,981</u>	<u>\$ (62,078)</u>	<u>\$ 276,903</u>

33.4 Realized gain or loss on financial assets at FVTOCI

	For the Three Months Ended March 31	
	2024	2023
Dividend income	\$ 270,688	\$ 63,277
Disposal of debt instruments	197,380	38,352
	<u>\$ 468,068</u>	<u>\$ 101,629</u>

33.5 Other non-interest income

	For the Three Months Ended March 31	
	2024	2023
Rent revenue	\$ 130,861	\$ 130,579
Property transaction gain	357	406
Others	57,169	59,137
	<u>\$ 188,387</u>	<u>\$ 190,122</u>

33.6 Employment benefits expense

	For the Three Months Ended March 31	
	2024	2023
Short-term employment benefits	\$ 2,563,480	\$ 2,437,756
Retirement benefits		
Defined contribution plan	130,332	120,114
Defined benefit plan	70,948	69,658
Other benefit plan	153,745	117,825
	<u>\$ 2,918,505</u>	<u>\$ 2,745,353</u>

33.7 Employees' compensation and remuneration of directors

The employees' compensation and remuneration of directors were at the rates of no less than 0.1% and no higher than 0.6%, respectively, of net profit before income tax, employees' compensation and directors' remuneration.

The employees' compensation and the remuneration of directors for the three months ended March 31, 2024 and 2023 were as follows:

	For the Three Months Ended March 31	
	2024	2023
Employees' compensation	\$ 15,009	\$ 15,006
Remuneration of directors	\$ 14,499	\$ 14,499

The employees' compensation and the remuneration of directors for 2023 and 2022 as approved in the board meetings on March 29, 2024 and March 23, 2023, respectively, were as follows:

	For the Year Ended December 31			
	2023		2022	
	Cash	Shares	Cash	Shares
Employees' compensation	\$ 76,000	\$ -	\$ 76,000	\$ -
Remuneration of directors	46,000	-	48,500	-

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

There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2023 and 2022.

Information on the employees' compensation and remuneration of directors resolved by the Bank's board of directors in 2023 and 2022 is available on the Market Observation Post System website of the Taiwan Stock Exchange.

33.8 Depreciation and amortization

	For the Three Months Ended March 31	
	2024	2023
Depreciation expense		
Right-of-use assets	\$ 203,071	\$ 193,963
Properties	182,167	172,910
Investment properties	8,924	8,613
	<u>394,162</u>	<u>375,486</u>
Amortization expense		
Intangible assets	80,588	57,125
Other assets	13,780	15,251
	<u>94,368</u>	<u>72,376</u>
	<u>\$ 488,530</u>	<u>\$ 447,862</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 March 31	
	2024	2023
Current tax		
In respect of the current year	\$ 991,792	\$ 969,631
In respect of prior periods	(2,587)	2,160
Undistributed retained earnings	-	69
	<u>989,205</u>	<u>971,860</u>
Deferred tax		
In respect of the current year	449,407	266,062
Income tax expense recognized in profit or loss	<u>\$ 1,438,612</u>	<u>\$ 1,237,922</u>

34.2 Income tax expense recognized in other comprehensive income

	For the Three Months Ended March 31	
	2024	2023
Deferred income tax		
Recognized in other comprehensive income		
Translation adjustments for foreign operations	\$ (946,508)	\$ 194,493
Unrealized gain or loss on financial assets measured at FVTOCI	186,787	(322,025)
Income tax expense recognized in other comprehensive income	<u>\$ (759,721)</u>	<u>\$ (127,532)</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 2021 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: NTS Per Share	
	For the Three Months Ended March 31	
	2024	2023
Basic earnings per share	\$ 0.89	\$ 0.88
Diluted earnings per share	\$ 0.89	\$ 0.88

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

Net Profit for the Period

	For the Three Months Ended March 31	
	2024	2023
	Earnings used in the computation of basic and diluted earnings per share	\$ 4,334,529

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

	For the Three Months Ended March 31	
	2024	2023
	Weighted average number of ordinary shares in computation of basic earnings per share	4,850,206
Effect of potentially dilutive ordinary shares:		
Employees' compensation	1,372	1,304
Weighted average number of ordinary shares used in the computation of diluted earnings per share	4,851,578	4,851,510

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

36. RELATED-PARTY TRANSACTIONS

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

36.1 The Bank's related parties

Related Party	Relationship with the Bank
The SCSB Cultural & Educational Foundation	Substantive related party
The SCSB Charity Foundation	Substantive related party
Silks Place Taroko	Substantive related party
Hung Ta Investment Corporation	Substantive related party
Hung Shen Investment Corporation	Substantive related party
GTM Corporation	Substantive related party
Chi-Li Investment Co., Ltd.	Substantive related party
Qin Mao Consultants Co., Ltd.	Substantive related party
An Feng Co., Ltd	Substantive related party
Financial Information Service Co., Ltd.	Substantive related party
Wu-Yu International Co., Ltd.	Substantive related party
IBF Securities Co., Ltd.	Substantive related party
Taiwan Finance Corporation	Substantive related party
Other related parties	The relatives of the Bank's directors and related management

36.2 Significant transactions between related parties

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

36.2.1 Deposits

	March 31, 2024			For the Three Months Ended March 31, 2024
	Maximum Balance	Ending Balance	Interest Rate (%)	Interest Expense
Directors and related management	\$ 11,736,108	\$ 11,683,965	0.00~4.00	\$ 117,893
IBF Securities Co., Ltd.	5,365,987	5,231,683	0.55~1.45	7,902
Financial Information Service Co., Ltd.	965,709	965,709	0.55~1.45	3,224
Taiwan Finance Corporation	11	11	0.00~0.00	-
The SCSB Cultural & Educational Foundation	329,521	310,921	0.01~1.72	1,148
Employees	232,863	148,871	0.00~10.79	960
Others	169,971	166,689	0.00~4.80	541
	<u>\$ 18,800,170</u>	<u>\$ 18,507,849</u>		<u>\$ 131,668</u>

	December 31, 2023			For the Year Ended December 31, 2023
	Maximum Balance	Ending Balance	Interest Rate (%)	Interest Expense
Directors and related management	\$ 10,134,397	\$ 10,034,918	0.00~4.48	\$ 535,972
IBF Securities Co., Ltd.	5,023,843	4,579,118	0.43~1.55	27,606
Financial Information Service Co., Ltd.	965,290	965,290	0.43~1.50	13,560
Taiwan Finance Corporation	500,011	11	0.00~1.50	616
The SCSB Cultural & Educational Foundation	347,669	329,519	0.01~1.60	3,599
Employees	309,269	81,691	0.00~10.79	4,232
Others	398,140	169,510	0.00~4.60	2,295
	<u>\$ 17,678,619</u>	<u>\$ 16,160,057</u>		<u>\$ 587,880</u>

	March 31, 2023			For the Three Months Ended March 31, 2023
	Maximum Balance	Ending Balance	Interest Rate (%)	Interest Expense
Directors and related management	\$ 14,657,829	\$ 14,588,546	0.00~3.08	\$ 145,685
IBF Securities Co., Ltd.	4,359,517	4,267,397	0.43~1.55	5,983
Financial Information Service Co., Ltd.	954,607	954,607	0.43~1.50	3,339
Taiwan Finance Corporation	500,011	11	0.00~1.50	616
The SCSB Cultural & Educational Foundation	320,582	310,495	0.01~1.59	496
Employees	175,266	95,854	0.00~10.50	752
Others	241,746	236,671	0.00~1.47	425
	<u>\$ 21,209,558</u>	<u>\$ 20,453,581</u>		<u>\$ 157,296</u>

36.2.2 Interest receivable (accounted for as receivables)

	March 31, 2024	December 31, 2023	March 31, 2023
Directors and related management	\$ 3	\$ 10	\$ 25

36.2.3 Interest payable (accounted for as payables)

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Financial Information Service Co., Ltd.	\$ 5,034	\$ 2,249	\$ 3,944
IBF Securities Co., Ltd.	7,029	1,339	4,791
Directors and related management	276	183	144
The SCSB Cultural & Educational Foundation	105	93	83
The SCSB Charity Foundation	76	75	3
Others	4	-	117
	<u>\$ 12,524</u>	<u>\$ 3,939</u>	<u>\$ 9,082</u>

36.2.4 Guarantee deposits received (accounted for as other liabilities)

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
The SCSB Cultural & Educational Foundation	\$ 318	\$ 318	\$ 318

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

	<u>For the Three Months Ended March 31</u>	
	<u>2024</u>	<u>2023</u>
The SCSB Cultural & Educational Foundation	<u>\$ 321</u>	<u>\$ 321</u>

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

36.2.6 Loans

<u>March 31, 2024</u>									
Category	Name	Maximum Balance	Ending Balance	Performance		Collateral	Interest Rate (%)	Difference of Terms of the Transactions with Unrelated Parties	For the Three Months Ended March 31, 2024
				Normal Loans	Non-performing Loans				
Loans for personal house mortgages	Directors and related management (1)	\$ 9,663	\$ 9,604	\$ 9,604	-	Real estate	2.35-2.48	None	\$ 57
Others	Directors and related management (7)	185,890	177,767	177,767	-	Real estate/ financial instruments	2.06-2.21	None	12,162
Others	Directors and related management (1)	418	382	382	-	None	2.13-2.13	None	2
		<u>\$ 195,971</u>	<u>\$ 187,753</u>	<u>\$ 187,753</u>	<u>\$ -</u>				<u>\$ 12,221</u>
<u>December 31, 2023</u>									
Category	Name	Maximum Balance	Ending Balance	Performance		Collateral	Interest Rate (%)	Difference of Terms of the Transactions with Unrelated Parties	For the Year Ended December 31, 2023
				Normal Loans	Non-performing Loans				
Loans for personal house mortgages	Directors and related management (2)	\$ 29,899	\$ 14,663	\$ 14,663	-	Real estate	2.05-2.35	None	\$ 302
Others	Directors and related management (8)	187,772	172,105	172,105	-	Real estate/ financial instruments	1.93-2.32	None	36,345
	Directors and related management (2)	1,109	418	418	-	None	2.00-2.20	None	16
		<u>\$ 218,780</u>	<u>\$ 187,186</u>	<u>\$ 187,186</u>	<u>\$ -</u>				<u>\$ 36,663</u>
<u>March 31, 2023</u>									
Category	Name	Maximum Balance	Ending Balance	Performance		Collateral	Interest Rate (%)	Difference of Terms of the Transactions with Unrelated Parties	For the Three Months Ended March 31, 2023
				Normal Loans	Non-performing Loans				
Loans for personal house mortgages	Directors and related management (1)	\$ 9,899	\$ 9,839	\$ 9,839	-	Real estate	2.23-2.35	None	\$ 73
Others	Directors and related management (10)	200,355	198,664	198,664	-	Real estate/ financial instruments	1.93-2.21	None	9,549
		<u>\$ 210,254</u>	<u>\$ 208,503</u>	<u>\$ 208,503</u>	<u>\$ -</u>				<u>\$ 9,622</u>

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

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

36.3 Compensation of directors and management personnel

The compensation of key management personnel for the three months ended March 31, 2024 and 2023 was as follows:

	For the Three Months Ended March 31	
	2024	2023
Salaries and other short-term employee benefits	\$ 107,027	\$ 106,168
Remuneration of directors	31,580	29,589
Bonuses and employees' compensation	14,826	10,776
Post-employment benefits	14,389	13,573
Others	167	168
	<u>\$ 167,989</u>	<u>\$ 160,274</u>

37. PLEDGED ASSETS

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

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>	<u>Guaranty Purpose</u>
The Bank				
Investments in debt instruments measured at amortized cost	\$ 12,000,000	\$ 12,000,000	\$ 12,000,000	Day-term overdraft with the pledge

On March 31, 2024, December 31, 2023 and March 31, 2023, the Bank provided financial assets at FVTOCI listed below which had been provided as operating guarantees.

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>	<u>Guaranty Purpose</u>
The Bank				
Financial assets at FVTOCI	\$ 406,315	\$ 413,133	\$ 386,868	Operating guarantee

On March 31, 2024, December 31, 2023 and March 31, 2023, the Bank's subsidiaries provided financial assets as guarantees listed below:

	March 31, 2024	December 31, 2023	March 31, 2023	Guaranty Purpose
Investments in debt instruments measured at amortized cost	\$ 10,085,641	\$ 7,369,377	\$ 7,859,852	Operating guarantee
Financial assets at FVTOCI	8,090,088	5,651,041	7,678,726	Operating guarantee
Financial assets at FVTPL	3,636,578	3,969,778	2,920,761	Guaranteed loan
Deposit in Central Bank	581,287	42,920	935,927	Guaranteed loan
Deposit in Central Bank	2,121,921	2,120,400	2,295,518	Operating guarantee
Other assets	265,585	534,883	465,092	Guaranteed derivative
	<u>\$ 24,781,100</u>	<u>\$ 19,688,399</u>	<u>\$ 22,155,876</u>	

38. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

38.1 In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of March 31, 2024, December 31, 2023 and March 31, 2023, were as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Commitments of forward contracts with customers	\$ 508,858,982	\$ 485,804,738	\$ 872,531,816
Assets under trust	221,072,823	209,710,684	211,730,265
Guarantee notes payable	115,389,098	102,915,905	115,298,722
Government bonds in brokerage accounts	44,842,700	37,149,200	36,949,200
Receivables under custody	23,241,077	24,872,789	24,398,272
Securities in custody	213,329,159	221,552,070	268,926,841
Short-term bills in brokerage accounts	1,517,450	1,315,800	1,426,600

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 in August, 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 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. In April, 2022, Fiber Water Limited joined the lawsuit as a co-plaintiff due to the assignment of claims. After receiving Vegesentials' claim in September, 2020, the Bank instructed English legal counsel to defend the Bank in the proceedings. The trial process has been completed by the High Court of Justice of England and Wales in October, 2023. The English Court ordered that the Bank shall pay GBP 7,034,402 in January, 2024. Relevant information about the above litigation is available on the Market Observation Post System website of the Taiwan Stock Exchange.

In April, 2024, the Bank was on behalf of the subsidiary, SCB, to announce the receipt of notice from the U.S. Bankruptcy Court that debtors filed a complaint for damages. The plaintiffs (including the debtors) filed a complaint for damages against all defendants, including Shanghai Commercial Bank Ltd, New York Branch and its responsible person and three personnel, as well as the Bank, claimed that they had suffered damages totaling no less than US\$356,000,000 due to breach of contract and fiduciary duty etc. The Bank currently assesses that it will not have a significant impact on its finances and business. Relevant information about the above litigation is available on the Market Observation Post System website of the Taiwan Stock Exchange.

39. SIGNIFICANT SUBSEQUENT EVENTS

Please refer to Note 38.

40. FINANCIAL INSTRUMENTS

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

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

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

	March 31, 2024		December 31, 2023		March 31, 2023	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets						
Financial assets measured at amortized cost	\$ 232,681,905	\$ 232,465,006	\$ 268,753,450	\$ 268,546,735	\$ 246,833,587	\$ 231,537,579
Financial liabilities						
Bank debentures	66,557,917	66,783,753	77,883,895	78,117,554	76,331,001	76,213,800

40.1.2 Fair value level

	March 31, 2024			
	Total	Level 1	Level 2	Level 3
Financial assets				
Financial assets measured at amortized cost	\$ 232,465,006	\$ 37,568,257	\$ 194,896,749	\$ -
Financial liabilities				
Bank debentures	66,783,753	-	66,783,753	-
	December 31, 2023			
	Total	Level 1	Level 2	Level 3
Financial assets				
Financial assets measured at amortized cost	\$ 268,546,735	\$ 39,057,983	\$ 229,488,752	\$ -
Financial liabilities				
Bank debentures	78,117,554	-	78,117,554	-
	March 31, 2023			
	Total	Level 1	Level 2	Level 3
Financial assets				
Financial assets measured at amortized cost	\$ 231,537,579	\$ 15,297,671	\$ 216,239,908	\$ -
Financial liabilities				
Bank debentures	76,213,800	-	76,213,800	-

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

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

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

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

40.2.1 Fair value level

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

Financial Instruments Measured at Fair Value	March 31, 2024			
	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	\$ 464,510	\$ 408,135	\$ -	\$ 56,375
Bonds	3,614,757	3,608,274	6,483	-
Beneficiary certificates				-
Financial assets at FVTOCI				
Equity instruments	41,382,139	36,762,373	-	4,619,766
Debt instruments	379,077,920	220,724,263	158,341,904	11,753
	<u>\$ 424,539,326</u>	<u>\$ 261,503,045</u>	<u>\$ 158,348,387</u>	<u>\$ 4,687,894</u>
Liabilities				
Financial liabilities measured at FVTPL	\$ 2,505,549	\$ -	\$ 2,505,549	\$ -
Derivative financial instruments				
Assets				
Financial assets measured at FVTPL	\$ 3,256,507	\$ 329,088	\$ 2,927,419	\$ -
Liabilities				
Financial liabilities measured at FVTPL	\$ 3,507,373	\$ -	\$ 3,507,373	\$ -
Financial Instruments				
Measured at Fair Value				
	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	\$ 268,073	\$ 213,898	\$ -	\$ 54,175
Bonds	3,954,124	3,954,124	-	-
Financial assets at FVTOCI				
Equity instruments	34,054,212	29,564,922	-	4,489,290
Debt instruments	354,535,005	206,259,754	148,263,956	11,295
	<u>\$ 392,811,414</u>	<u>\$ 239,992,698</u>	<u>\$ 148,263,956</u>	<u>\$ 4,554,760</u>
Liabilities				
Financial liabilities measured at FVTPL	\$ 2,191,711	\$ -	\$ 2,191,711	\$ -
Derivative financial instruments				
Assets				
Financial assets measured at FVTPL	\$ 4,236,882	\$ 276,513	\$ 3,960,369	\$ -
Liabilities				
Financial liabilities measured at FVTPL	\$ 4,850,372	\$ 28,189	\$ 4,822,183	\$ -

Financial Instruments Measured at Fair Value	March 31, 2023			
	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	\$ 347,169	\$ 299,699	\$ 47,470	\$ -
Bonds	2,919,141	-	2,919,141	-
Beneficiary certificates	115,222	115,222	-	-
Financial assets at FVTOCI				
Equity instruments	28,506,599	25,609,615	-	2,896,984
Debt instruments	366,386,237	192,829,471	173,545,622	11,144
	<u>\$ 398,274,368</u>	<u>\$ 218,854,007</u>	<u>\$ 176,512,233</u>	<u>\$ 2,908,128</u>
Liabilities				
Financial liabilities measured at FVTPL				
	<u>\$ 2,067,988</u>	<u>\$ -</u>	<u>\$ 2,067,988</u>	<u>\$ -</u>
Derivative financial instruments				
Assets				
Financial assets measured at FVTPL				
	<u>\$ 2,633,086</u>	<u>\$ 170,788</u>	<u>\$ 2,462,298</u>	<u>\$ -</u>
Liabilities				
Financial liabilities measured at FVTPL				
	<u>\$ 2,259,962</u>	<u>\$ 20,635</u>	<u>\$ 2,239,327</u>	<u>\$ -</u>

There were no transfers of financial instruments between Level 1 and Level 2 fair value measurement for the three months ended March 31, 2024 and 2023.

40.2.2 Reconciliation of Level 3 fair value measurement

For the Three Months Ended March 31, 2024

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	\$ 54,175	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,200	\$ 56,375
Financial assets measured at FVTOCI	4,500,585	-	71,129	-	-	-	-	59,805	4,631,519

For the Three Months Ended March 31, 2023

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	\$ 2,902,389	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,739	\$ 2,908,128

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

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

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

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

Most financial instruments with fair value measurements classified as Level 3 only possess single, unobservable inputs. Non-active market equity 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:

Measuring at fair value on a repeatability basis	Fair Value March 31, 2024	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted-Average)	Notes
Financial assets measured at FVTPL Shares	\$ 56,375	Market approach	P/B ratio	100%	Positively correlated to fair value
Financial assets measured at FVTOCI Shares	4,619,766	1. Market approach	1. Market liquidity reduction	1. 10%-19%	1. Negatively correlated to fair value
		2. Net asset value method	2. Market liquidity reduction	2. 10%-19%	2. Negatively correlated to fair value
		3. Discounted dividend method	3. Capital cost	3. 11.5%	3. Negatively correlated to fair value
			4. Dividend yield	4. 1.7%	4. Negatively correlated to fair value
			5. Dividend growth rate	5. 15%-33%	5. Positively correlated to fair value
Bonds	11,753	Discounted cash flow method	Discount rate	0%-10%	Negatively correlated to fair value

Measuring at fair value on a repeatability basis	Fair Value December 31, 2023	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted-Average)	Notes
Financial assets measured at FVTPL Shares	\$ 54,175	Market approach	P/B ratio	100%	Positively correlated to fair value
Financial assets measured at FVTOCI Shares	4,489,290	1. Market approach	1. Market liquidity reduction	1. 10%-19%	1. Negatively correlated to fair value
		2. Net asset value method	2. Market liquidity reduction	2. 10%-19%	2. Negatively correlated to fair value
		3. Discounted dividend method	3. Capital cost	3. 11.5%	3. Negatively correlated to fair value
			4. Dividend yield	4. 1.7%	4. Negatively correlated to fair value
			5. Dividend growth rate	5. 15%-33%	5. Positively correlated to fair value
Bonds	11,295	Discounted cash flow method	Discount rate	0%-10%	Negatively correlated to fair value

					value
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	Fair Value March 31, 2023	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted-Average)	Notes
Financial assets measured at FVTOCI					
Shares	\$ 2,896,984	1. Market approach	1. Market liquidity reduction	1.10%-19%	1. The higher of the liquidity reduction, the lower of the fair value.
		2. Net asset value method	2. Market liquidity reduction	2.10%-19%	2. The higher of the liquidity reduction, the lower of the fair value.
Bonds	11,144	1. Counterparty quote 2. Discounted cash flow method	Discount rate	0%-10%	The higher of the discount rate, the lower of the fair value.

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

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

March 31, 2024

	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	\$ -	\$ -	\$ -	\$ (560)
Financial assets measured at FVTOCI	-	-	-	(20,673)

December 31, 2023

	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	\$ -	\$ -	\$ -	\$ (538)
Financial assets measured at FVTOCI	-	-	-	(20,360)

March 31, 2023

	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	\$ -	\$ -	\$ -	\$ -
	-	-	-	(20,530)

For financial instruments classified as Level 3, if the parameters were to go down by 1%, the influence on net income or other comprehensive income would be as follows:

March 31, 2024

	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	\$ -	\$ -	\$ 560	\$ -
Financial assets measured at FVTOCI	-	-	20,673	-

December 31, 2023

	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	\$ -	\$ -	\$ 538	\$ -
Financial assets measured at FVTOCI	-	-	20,360	-

March 31, 2023

	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	\$ -	\$ -	\$ -	\$ -
	-	-	20,530	-

40.3 Financial risk management

40.3.1 Risk management

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

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

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

40.3.2 Credit risks

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

To ensure that the credit risk is controlled within a tolerable range, the Group established an internal standard for credit risk. In that standard, all transactions are analyzed whether in the banking book or in the trading book, and either in-balance-sheet or off-balance-sheet, to identify the inherent and

potential risks. The Group examines and confirms credit risk in accordance with the rules before launching new products and business. Furthermore, the Group also establishes a risk management system for complicated credit business such as factoring, credit derivative financial instruments and so on.

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

(1) Procedures of credit risk management

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

A Credit business (including loan commitments and guarantees)

The Bank

a. The credit risk has increased significantly since initial recognition

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

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

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

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

- i. Changes in internal and external credit ratings from the significant increase in credit risk.
- ii. Information of overdue status (e.g. if the payment is overdue for more than 90 days).
- iii. The debtor has become bankrupt or may file for bankruptcy or financial restructuring.
- iv. The debtor has died or been dissolved.

- v. Contracts of other debt instruments of the debtor have defaulted.
- vi. The active market of the financial assets disappeared due to financial difficulties.
- vii. The debtor's creditor gives the borrower a concession that would not have been considered due to economic or contractual reasons related to the debtor's financial difficulties.
- viii. There is a purchase or initiation of financial assets at a significant discount reflecting that credit losses have occurred.

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

c. Measurement of expected credit loss

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

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

The estimation method and significant assumptions used to assess expected credit losses have not changed significantly since March 31, 2024.

d. Forward-looking information considerations

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

SCB (HK)

a. The credit risk has increased significantly since initial recognition

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

- i. Changes in internal and external credit ratings and probability of default in the next 12 months.
- ii. Information of overdue status (e.g. if the payment is overdue for more than 30 days).

- iii. Unfavorable changes in current or projected operating, financial or economic conditions that are expected to result in significant changes in the ability of the debtor to perform its debt obligations.
- iv. Significant changes in actual or expected results of the debtor's operations.
- v. The credit risk of other financial instruments of the same debtor has increased significantly.
- vi. There is doubt about the collateral rights under the debt, or the collateral price is affected by the surrounding economic environment, and the mortgage value will decline due to economic recession.
- vii. There are unfavorable changes in the business of the debtor industry which are affected by the surrounding economy or policy.
- viii. Key person in debt companies have financial difficulties, debt or dispute litigation, or serious illness or death, all of which have a negative impact on the ability of debt companies to meet their debt obligations.

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

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

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

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

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

c. Measurement of expected credit loss

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

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

The estimation method and significant assumptions used to assess expected credit losses have not changed significantly since March 31, 2024.

d. Forward-looking information considerations

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

B. Due from and call loans to bank

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

C. Debt investments and derivative financial instruments

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

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

(2) Policies of credit risk hedging or mitigation

A. Collateral

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

credit facilities at its discretion, accelerate the maturity of the borrowings, demand immediate payback, or offset borrowers' assets in the Group against the borrowings.

B. Credit risk limitation and credit concentration management

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

C. Other mechanisms for credit risk management

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

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

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

March 31, 2024

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	\$ 525,278	\$ 87,185	\$ -	\$ -	\$ 87,185
Discounts and loans	17,374,503	4,835,420	-	696,618	5,532,038

December 31, 2023

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	\$ 493,671	\$ 83,784	\$ -	\$ -	\$ 83,784
Discounts and loans	18,095,360	4,702,474	-	696,618	5,399,092

March 31, 2023

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	\$ 99,885	\$ 36,283	\$ -	\$ -	\$ 36,283
Discounts and loans	5,767,616	4,361,045	-	492,498	4,853,543

(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:

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Issued and non-cancelable loan commitments	\$ 82,370,235	\$ 81,905,609	\$ 87,932,577
Non-cancelable credit card commitments	79,524,045	53,413,665	56,551,862
Issued but unused letters of credit	35,932,269	33,873,125	34,350,791
Non-cancelable credit card commitments	568,272	601,495	561,022

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 reviews credit accounts.

Maximum exposure to credit risk of carrying amounts of financial assets are as follows:

	March 31, 2024			
	12-Month ECLs	Lifetime ECLs - Unimpaired	Lifetime ECLs - Impaired	Total
Discounts and loans				
Consumer banking				
-Mortgage	\$ 326,178,776	\$ 1,621,678	\$ 576,500	\$ 328,376,954
-Microcredit	22,606,282	1,376,899	1,084,344	25,067,525
-Others	46,992,186	1,087,891	80,998	48,161,075
Corporate banking				
-Secured	487,642,553	16,364,897	4,673,050	508,680,500
-Unsecured	310,055,799	20,051,342	10,959,611	341,066,752
Total	\$ 1,193,475,596	\$ 40,502,707	\$ 17,374,503	\$ 1,251,352,806
Accounts receivable (including non-performing receivables and bills of exchange)				
Credit cards	\$ 4,374,661	\$ 223,997	\$ 71,658	\$ 4,670,316
Others	15,681,013	151,999	457,534	16,290,546
Total	\$ 20,055,674	\$ 375,996	\$ 529,192	\$ 20,960,862
Debt instruments measured at FVTOCI	\$ 388,164,889	\$ 792,059	\$ 95,995	\$ 389,052,943
Investments in debt instruments measured at amortized cost	\$ 232,688,193	\$ -	\$ -	\$ 232,688,193

	December 31, 2023			
	12-Month ECLs	Lifetime ECLs without impairment	Lifetime ECLs with impairment	Total
Discounts and loans				
Consumer banking				
-Mortgage	\$ 330,824,659	\$ 1,491,658	\$ 448,153	\$ 332,764,470
-Microcredit	21,602,486	1,472,608	1,189,282	24,264,376
-Others	48,465,095	212,879	57,758	48,735,732
Corporate banking				
-Secured	488,494,403	15,340,953	3,961,153	507,796,509
-Unsecured	302,783,607	18,824,492	12,439,014	334,047,113
Total	\$ 1,192,170,250	\$ 37,342,590	\$ 18,095,360	\$ 1,247,608,200
Accounts receivable (including non-performing credit card receivables)				
Credit cards	\$ 4,451,180	\$ 247,833	\$ 65,823	\$ 4,764,836
Others	17,382,543	252,549	427,849	18,062,941
Total	\$ 21,833,723	\$ 500,382	\$ 493,672	\$ 22,827,777
Debt instruments measured at FVTOCI	\$ 363,319,373	\$ 724,221	\$ 92,123	\$ 364,135,717
Investments in debt instruments measured at amortized cost	\$ 268,760,424	\$ -	\$ -	\$ 268,760,424

	March 31, 2023			
	12-Month ECLs	Lifetime ECLs - Unimpaired	Lifetime ECLs - Impaired	Total
Discounts and loans				
Consumer banking				
-Mortgage	\$ 314,885,970	\$ 1,783,172	\$ 266,052	\$ 316,935,194
-Microcredit	24,167,638	216,799	707,780	25,092,217
-Others	49,086,370	210,855	64,100	49,361,325
Corporate banking				
-Secured	498,311,642	13,440,455	4,136,596	515,888,693
-Unsecured	309,444,483	28,231,285	593,088	338,268,856
Total	\$ 1,195,896,103	\$ 43,882,566	\$ 5,767,616	\$ 1,245,546,285
Accounts receivable (including non-performing receivables and bills of exchange)				
Credit cards	\$ 3,794,687	\$ 186,057	\$ 60,684	\$ 4,041,428
Others	14,469,096	162,542	39,201	14,670,839
Total	\$ 18,263,783	\$ 348,599	\$ 99,885	\$ 18,712,267
Debt instruments measured at FVTOCI	\$ 378,802,304	\$ 947,407	\$ 91,345	\$ 379,841,056
Investments in debt instruments measured at amortized cost	\$ 246,838,547	\$ -	\$ -	\$ 246,838,547

(4) Information on concentration of credit risk

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

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

A. Industry

Sector	March 31, 2024		December 31, 2023		March 31, 2023	
	Amount	%	Amount	%	Amount	%
Private sector	\$ 745,036,796	59	\$ 733,779,540	59	\$ 756,915,757	61
Consumer	445,768,084	36	449,791,296	36	433,089,214	35
Financial institution	53,229,779	4	55,368,356	4	47,451,672	3
Others	7,318,147	1	8,669,008	1	8,089,642	1
	<u>\$1,251,352,806</u>	<u>100</u>	<u>\$1,247,608,200</u>	<u>100</u>	<u>\$1,245,546,285</u>	<u>100</u>

B. Region

Region	March 31, 2024		December 31, 2023		March 31, 2023	
	Amount	%	Amount	%	Amount	%
Taiwan	\$ 769,148,348	61	\$ 772,965,385	62	\$ 748,161,464	60
Asia Pacific except Taiwan	338,232,065	27	330,073,919	26	349,176,036	28
Others	143,972,393	12	144,568,896	12	148,208,785	12
	<u>\$1,251,352,806</u>	<u>100</u>	<u>\$1,247,608,200</u>	<u>100</u>	<u>\$1,245,546,285</u>	<u>100</u>

C. Collateral

Collaterals Assumed	March 31, 2024		December 31, 2023		March 31, 2023	
	Amount	%	Amount	%	Amount	%
Unsecured	\$ 343,318,433	27	\$ 333,547,051	27	\$ 334,667,529	27
Secured						
Properties	794,657,646	64	800,385,330	64	793,342,096	64
Guarantee	65,961,226	5	64,391,553	5	64,672,131	5
Financial collateral	26,278,860	2	29,334,680	2	30,238,266	2
Personal properties	2,809,761	1	2,813,902	1	2,833,281	1
Other collateral	18,326,880	1	17,135,684	1	19,792,982	1
	<u>\$ 1,251,352,806</u>	<u>100</u>	<u>\$ 1,247,608,200</u>	<u>100</u>	<u>\$ 1,245,546,285</u>	<u>100</u>

(5) Information on credit risk quality

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

40.3.3 Market risk

(1) The sources and definition of market risk

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

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

(2) Market risk management policies

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

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

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

(3) Market risk management process

A. Recognition and measurement

The Group's operation and risk management sections both identify market risk factors of exposure positions, which are used to measure market risks. Market risk factors include interest rates, foreign exchange rates and market price of equity securities, and exposures, gains and losses and sensitivity (PV01, Delta, Beta) etc. Measurement of investment portfolio is affected by interest rate risk, foreign exchange risk and price of equity securities.

B. Monitoring and reporting

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

(4) Interest rate risk management

A. Definition of interest rate risk

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

B. Purpose of interest risk management

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

C. Procedures of interest risk management

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

When the Group undertakes business activities related to interest rate commodities, it will identify interest rate reprising risks and yield curve risks, and measure the possible impact of interest rate changes on the Group's earnings and economic value. The Group reports the analysis and monitoring of limit on interest rate risk position and various interest rate management objectives to the strategy management committee and the board of directors on a monthly.

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

D. Measurement methods

The Group measures risks of price reset periods gap from difference in maturity date and price reset date of assets, liabilities, and off-balance sheet items. The Group also established interest rate sensitivity monitoring index for major periods in order to maintain long-term profitability and business growth. Such interest rate indexes and results of pressure test are reviewed by management personnel regularly. In addition, the Group regularly uses DV01 and IRRBB 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%-10% fluctuation in major foreign exchange rate (USD) as the sensitivity threshold and reports test results to the board of directors.

(6) Equity securities price risk management

A. Definition of equity securities price risk

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

B. Purpose of equity security price risk management

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

C. Procedures of equity security price risk management

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

D. Measurement method

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

(7) Market valuation technique

The Group assesses its exposures to market risk and the anticipated loss under market pressures by using assumptions on changes in several market conditions. Limits of various financial instruments are set by the board of directors and monitored by its risk management department. The Group also establishes sensitivity analysis based on major risk factors of various financial products in order to monitor the changes in various market risk factors of financial products.

A. Sensitivity analysis

a. Interest rate risk

The Group assesses the possible impact on profit or loss and equity if global yield curve moves between -1 to +1 basis points simultaneously on March 31, 2024, December 31, 2023 and March 31, 2023 while other factors remain unchanged.

b. Foreign exchange rate risk

The Group assesses the possible impact on profit or loss and equity when exchange rates of NTD against various currencies fluctuate between -1% and +1% on March 31, 2024, December 31, 2023 and March 31, 2023 while other factors remain unchanged.

The functional currency of SCB (HK) is HKD, and the major foreign currency is 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 assesses the possible impact on profit or loss and equity when equity security prices on March 31, 2024, December 31, 2023 and March 31, 2023 rise or fall by 1% while other factors remain unchanged.

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

B. Sensitivity analysis is summarized as follows:

March 31, 2024			
Major Risk	Fluctuation Range	Amount	
		Equity	Profit or Loss
Foreign exchange risk	Foreign currency appreciated 1% against NTD	\$ 881,701	\$ (25,145)
	Foreign currency depreciated 1% against NTD	(881,701)	25,145
Interest rate risk	Interest rate curve edged up 1bp	(84,549)	12,846
	Interest rate curve edged down 1bp	84,549	(12,846)
Equity price risk	Equity price increased 1%	235,620	1,512
	Equity price decreased 1%	(235,620)	(1,512)

December 31, 2023			
Major Risk	Fluctuation Range	Amount	
		Equity	Profit or Loss
Foreign exchange risk	Foreign currency appreciated 1% against NTD	\$ 827,031	\$ (22,945)
	Foreign currency depreciated 1% against NTD	(827,031)	22,945
Interest rate risk	Interest rate curve edged up 1bp	(75,664)	11,123
	Interest rate curve edged down 1bp	75,664	(11,123)
Equity price risk	Equity price increased 1%	258,449	1,499
	Equity price decreased 1%	(258,449)	(1,499)

March 31, 2023			
Major Risk	Fluctuation Range	Amount	
		Equity	Profit or Loss
Foreign exchange risk	Foreign currency appreciated 1% against NTD	\$ 768,081	\$ (35,886)
	Foreign currency depreciated 1% against NTD	(768,081)	35,886
Interest rate risk	Interest rate curve edged up 1bp	(77,508)	5,296
	Interest rate curve edged down 1bp	77,508	(5,296)
Equity price risk	Equity price increased 1%	227,952	1,467
	Equity price decreased 1%	(227,952)	(1,467)

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.

March 31, 2024	0-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year	Total
Deposits from the central bank and other banks	\$ 16,085,962	\$ 6,579,951	\$ 2,167,634	\$ 2,528,055	\$ 6,722,549	\$ 34,084,151
Financial liabilities measured at FVTPL	-	-	-	-	2,520,920	2,520,920
Securities sold under repurchase agreements	2,092,948	150,030	28,304	-	-	2,271,282
Payables	31,879,400	2,022,198	828,965	695,924	701,897	36,128,384
Deposits and remittances	1,023,035,403	457,271,168	268,836,088	230,839,008	14,660,004	1,994,641,671
Bank debentures	-	3,000,000	7,256,978	356,978	55,943,961	66,557,917
Other financial liabilities	6,022,116	25,402	144,529	112,640	679,132	6,993,819
Lease liabilities	43,842	75,083	137,530	257,083	1,498,114	2,011,652

December 31, 2023	0-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year	Total
Deposits from the central bank and other banks	\$ 25,682,447	\$ 6,320,861	\$ 1,072,906	\$ 1,658,677	\$ 6,006,430	\$ 40,741,321
Financial liabilities measured at FVTPL	-	-	-	-	1,983,771	1,983,771
Securities sold under repurchase agreements	171,489	343,996	75,804	-	-	591,289
Payables	34,576,023	1,374,232	809,649	775,356	638,953	38,174,213
Deposits and remittances	1,069,675,652	399,978,575	213,964,079	288,463,943	14,009,598	1,986,091,847
Bank debentures	9,407,313	5,442,552	3,000,000	7,472,839	52,561,191	77,883,895
Other financial liabilities	6,623,741	86,329	77,038	130,953	621,975	7,540,036
Lease liabilities	42,360	67,293	97,995	193,102	1,473,255	1,874,005

March 31, 2023	0-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year	Total
Deposits from the central bank and other banks	\$ 24,029,176	\$ 10,721,711	\$ 1,233,497	\$ 3,708,013	\$ 6,287,405	\$ 45,979,802
Financial liabilities measured at FVTPL	-	-	-	-	2,064,053	2,064,053
Securities sold under repurchase agreements	129,098	503,362	28,087	-	-	660,547
Payables	32,473,980	1,163,049	424,712	783,025	526,778	35,371,544
Deposits and remittances	1,049,485,163	404,773,619	225,201,768	234,061,987	15,302,315	1,928,824,852
Bank debentures	-	-	1,176,618	5,667,858	69,486,525	76,331,001
Other financial liabilities	7,122,258	20,352	66,644	166,091	714,542	8,089,887
Lease liabilities	62,383	119,987	108,749	192,273	1,476,780	1,960,172

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. Net settled derivative financial liabilities

March 31, 2024	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	\$ 15,404	\$ 18,283	\$ 10,022	\$ 44,678	\$ -	\$ 88,387
Interest rate derivatives	738	1,418	3,895	3,051	271,660	280,762

December 31, 2023	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	\$ 31,952	\$ 6,219	\$ 1,520	\$ 18,151	\$ 5,183	\$ 63,025
Interest rate derivatives	2,981	2,726	3,067	3,022	167,908	179,704

March 31, 2023	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	\$ 29,412	\$ 28,327	\$ 3,435	\$ 13,328	\$ 801	\$ 75,303
Interest rate derivatives	-	-	1,362	2,985	67,638	71,985

B. Gross settled derivative financial liabilities

March 31, 2024	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	\$ 333,700,466	\$ 205,324,215	\$ 61,600,653	\$ 17,102,463	\$ 634,758	\$ 618,362,555
Cash outflow	335,569,302	207,151,095	62,999,072	17,568,328	639,960	623,927,757
Interest rate derivatives						
Cash inflow	5,349	9,688	9,983	19,806	-	44,826
Cash outflow	5,349	9,688	9,983	19,806	-	44,826

December 31, 2023	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	\$ 244,653,501	\$ 210,428,056	\$ 111,871,999	\$ 13,473,039	\$ 610,461	\$ 581,037,056
Cash outflow	245,949,321	212,204,080	112,483,851	13,492,973	614,100	584,744,325

March 31, 2023	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	\$ 341,148,706	\$ 186,794,791	\$ 165,050,746	\$ 168,080,256	\$ 2,410,805	\$ 863,485,304
Cash outflow	341,772,897	187,171,757	165,351,474	168,372,329	2,435,040	865,103,497

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 contractual cash flows and may differ from those included in the balance sheets.

March 31, 2024	0-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year	Total
Other guarantees	\$ 18,406,828	\$ 20,656,735	\$ 7,914,877	\$ 17,970,763	\$ 17,421,032	\$ 82,370,235
Non-cancelable loan commitment	22,174,795	3,624,628	2,521,325	4,195,120	47,008,176	79,524,044
Issued but unused letters of credit	30,372,338	4,248,620	882,654	280,209	148,448	35,932,269
Non-cancelable credit card commitments	85,184	170,368	255,552	57,168	-	568,272

December 31, 2023	0-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year	Total
Other guarantees	\$ 24,114,261	\$ 15,547,742	\$ 7,796,332	\$ 15,349,161	\$ 19,098,113	\$ 81,905,609
Non-cancelable loan commitment	3,683,613	1,183,119	1,021,936	3,196,432	44,328,565	53,413,665
Issued but unused letters of credit	28,904,264	4,302,930	268,134	185,820	211,977	33,873,125
Non-cancelable credit card commitments	90,164	180,328	270,492	60,511	-	601,495

March 31, 2023	0-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year	Total
Other guarantees	\$ 24,875,075	\$ 18,205,945	\$ 9,955,242	\$ 16,298,650	\$ 18,597,665	\$ 87,932,577
Non-cancelable loan commitment	3,521,215	774,882	2,419,464	5,103,117	44,733,184	56,551,862
Issued but unused letters of credit	28,925,410	4,246,841	909,059	269,481	-	34,350,791
Non-cancelable credit card commitments	84,097	168,194	252,292	56,439	-	561,022

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

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

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

41.1 The Bank

	For the Three Months Ended March 31, 2024	
	Average Balance	Average Rate (%)
Interest-earning assets		
Cash and cash equivalents - due from other banks	\$ 18,512,971	0.94
Due from the Central Bank and call loans to banks	82,712,586	2.68
Attached coupons and bond investments	6,321,214	1.20
Revolving credit card balances	630,218	12.14
Discounts and loans (excluding non-performing loans)	873,173,460	3.05
Financial assets measured at FVTOCI - investments in debt instruments	223,292,669	3.29
Financial assets measured at amortized cost	223,082,704	1.28

Interest-bearing liabilities		
Due to the Central Bank and other banks	14,025,868	3.41
Financial liabilities measured at FVTPL	2,417,055	6.22
Securities sold under repurchase agreements	1,140,335	0.99
Negotiable certificates of deposit	58,577,254	1.51
Demand deposits	281,681,011	0.78
Savings deposits	207,730,219	0.77
Time deposits	465,514,346	2.27
Time savings	246,685,412	1.58
Bank debentures	57,766,774	1.35
Other financial liabilities	6,441,156	4.96
Lease liabilities	720,596	1.02

	For the Three Months Ended March 31, 2023	
	Average Balance	Average Rate (%)
Interest-earning assets		
Cash and cash equivalents - due from other banks	\$ 19,963,430	0.71
Due from the Central Bank and call loans to banks	112,404,868	2.92
Revolving credit card balances	584,077	12.44
Discounts and loans (excluding non-performing loans)	849,585,289	2.90
Financial assets measured at FVTOCI - investments in debt instruments	205,759,625	2.47
Financial assets measured at amortized cost	205,681,777	1.05
Bills of exchange	4,823	3.37

Interest-bearing liabilities		
Due to the Central Bank and other banks	15,714,600	3.37
Financial liabilities measured at FVTPL	2,125,210	7.07
Securities sold under repurchase agreements	573,935	0.77
Negotiable certificates of deposit	69,998,600	1.45
Demand deposits	314,889,508	0.62
Savings deposits	207,904,804	0.66
Time deposits	437,807,281	1.89
Time savings	186,232,347	1.37
Bank debentures	56,611,422	1.32
Other financial liabilities	3,102,276	1.58
Lease liabilities	808,833	0.91

41.2 SCB (HK)

	For the Three Months Ended March 31, 2024	
	Average Balance	Average Rate (%)
Interest-earning assets		
Due from other banks	\$ 327,387,760	4.54
Discounts and loans (excluding non-performing loans)	360,888,512	6.35
Revolving credit card balances	121,599	28.42
Debt instruments (including financial assets measured at FVTOCI and at amortized cost)	189,296,378	2.78
Interest-bearing liabilities		
Due to other banks	19,569,478	4.06
Demand deposits	195,886,045	0.37
Time deposits	535,457,971	4.48
Bank debentures	12,726,508	6.66
	For the Three Months Ended March 31, 2023	
	Average Balance	Average Rate (%)
Interest-earning assets		
Due from other banks	\$ 247,000,107	2.92
Discounts and loans (excluding non-performing loans)	372,375,647	5.90
Revolving credit card balances	102,696	29.32
Debt instruments (including financial assets measured at FVTOCI and at amortized cost)	205,215,877	2.03
Interest-bearing liabilities		
Due to other banks	29,355,454	3.68
Demand deposits	234,037,705	0.26
Time deposits	448,141,463	3.73
Bank debentures	13,492,412	5.25

42. CAPITAL MANAGEMENT

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

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

43.1 Assets quality: As stated in Table 1

43.2 Concentration of credit risks

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

Ranking (Note 1)	March 31, 2024					
	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)	8,276,868	4.29%	N Group (hotel property development)	13,158,890	8.67%
2	B Group (general management agency)	7,335,564	3.81%	O Group (hotel property development)	11,240,216	7.41%
3	C Group (computer manufacturing)	6,470,576	3.36%	P Group (investment holding)	10,669,104	7.03%
4	D Group (real estate selling and leasing)	5,460,366	2.83%	Q Group (hotel property development)	8,495,401	5.60%
5	E Group (real estate development)	5,194,434	2.70%	R Group (property development)	7,994,179	5.27%
6	F Group (real estate development)	4,264,107	2.21%	K Group (other holding companies)	7,729,707	5.10%
7	G Group (apparel manufacturing)	4,092,577	2.12%	S Group (broadcasting and entertainment industry)	6,505,164	4.29%
8	H Group (wiring and cable system manufacturing)	4,041,385	2.10%	T Group (property investment and development)	6,303,818	4.16%
9	I Group (metal furniture manufacturing)	3,936,084	2.04%	U Group (Property development, garments and retail goods trade)	6,185,421	4.08%
10	J Group (electricity supply industry)	3,865,037	2.01%	V Group (hotel property development)	6,069,183	4.00%

Ranking (Note 1)	December 31, 2023					
	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)	7,845,897	4.28%	N Group (hotel property development)	12,643,950	8.90%
2	B Group (general management agency)	7,055,149	3.85%	O Group (hotel property development)	10,920,089	7.69%
3	E Group (real estate development)	5,317,880	2.90%	P Group (investment holding)	10,877,775	7.66%
4	D Group (real estate selling and leasing)	5,265,396	2.87%	K Group (other holding companies)	7,431,234	5.23%
5	K Group (other holding companies)	5,160,551	2.82%	Q Group (hotel property development)	7,205,515	5.07%
6	G Group (apparel manufacturing)	4,652,001	2.54%	R Group (property development)	7,113,840	5.01%
7	J Group (electricity supply industry)	4,605,801	2.51%	V Group (hotel property development)	7,107,272	5.00%
8	F Group (real estate development)	4,184,107	2.28%	S Group (broadcasting and entertainment industry)	6,251,009	4.40%
9	L Group (financial leasing industry)	4,170,449	2.27%	T Group (property investment and development)	5,866,795	4.13%
10	H Group (wiring and cable system manufacturing)	4,087,209	2.23%	W Group (property investment and development)	5,814,113	4.09%

Ranking (Note 1)	March 31, 2023					
	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)	8,043,837	4.57%	K Group (other holding companies)	13,581,729	10.06%
2	B Group (general management agency)	7,303,178	4.15%	N Group (hotel property development)	12,548,667	9.29%
3	M Group (computer manufacturing)	7,087,776	4.03%	O Group (hotel property development)	11,066,860	8.20%
4	D Group (real estate selling and leasing)	5,312,312	3.02%	P Group (investment holding)	10,162,291	7.53%
5	K Group (other holding companies)	5,101,649	2.90%	S Group (broadcasting and entertainment industry)	7,699,507	5.70%
6	G Group (apparel manufacturing)	4,766,658	2.71%	Q Group (hotel property development)	7,369,334	5.46%
7	E Group (real estate development)	4,583,014	2.60%	V Group (hotel property development)	7,264,901	5.38%
8	H Group (wiring and cable system manufacturing)	4,155,341	2.36%	R Group (property development)	6,159,449	4.56%
9	C Group (computer manufacturing)	3,927,438	2.23%	W Group (property investment and development)	5,960,521	4.41%
10	F Group (real estate development)	3,894,107	2.21%	T Group (property investment and development)	5,810,967	4.30%

Note 1: The top 10 credit extensions ranking is made by total credit balance, which excludes government-owned or state-run enterprises. If the borrower is an affiliate of the Group enterprise, the credit balance of the borrower is then aggregated to the Group enterprise's

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

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

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

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

43.3 Interest rate sensitivity information

43.3.1 The Bank

Interest Rate Sensitivity (NTD)

March 31, 2024					
Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate sensitive assets	\$ 901,136,496	\$ 38,963,403	\$ 17,107,429	\$ 77,020,614	\$1,034,227,942
Interest rate sensitive liabilities	243,985,929	499,067,418	177,186,853	55,034,980	975,275,180
Interest rate sensitivity gap	657,150,567	(460,104,015)	(160,079,424)	21,985,634	58,952,762
Net equity					192,809,692
Ratio of interest rate sensitive assets to liabilities					106.04%
Ratio of interest rate sensitivity gap to net equity					30.58%

December 31, 2023					
Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate sensitive assets	\$ 936,648,688	\$ 41,749,403	\$ 16,468,885	\$ 72,444,595	\$1,067,311,571
Interest rate sensitive liabilities	232,743,576	475,781,953	240,935,963	51,824,097	1,001,285,589
Interest rate sensitivity gap	703,905,112	(434,032,550)	(224,467,078)	20,620,498	66,025,982
Net equity					183,317,044
Ratio of interest rate sensitive assets to liabilities					106.59%
Ratio of interest rate sensitivity gap to net equity					36.02%

March 31, 2023					
Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate sensitive assets	\$ 908,712,637	\$ 44,781,506	\$ 5,893,834	\$ 74,097,399	\$1,033,485,376
Interest rate sensitive liabilities	232,888,323	492,443,758	176,719,737	61,539,439	963,591,257
Interest rate sensitivity gap	675,824,314	(447,662,252)	(170,825,903)	12,557,960	69,894,119
Net equity					176,052,068
Ratio of interest rate sensitive assets to liabilities					107.25%
Ratio of interest rate sensitivity gap to net equity					39.70%

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

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

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

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

Interest Rate Sensitivity (USD)

March 31, 2024					
Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate sensitive assets	\$ 8,254,740	\$ 132,922	\$ -	\$ -	\$ 8,387,662
Interest rate sensitive liabilities	3,196,732	4,087,115	523,589	97,726	7,905,162
Interest rate sensitivity gap	5,058,008	(3,954,193)	(523,589)	(97,726)	482,500
Net equity					6,025,679
Ratio of Interest rate sensitive assets to liabilities					106.10%
Ratio of interest rate sensitivity gap to net equity					8.01%

December 31, 2023					
Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate sensitive assets	\$ 7,870,158	\$ 132,032	\$ -	\$ -	\$ 8,002,190
Interest rate sensitive liabilities	3,419,212	4,092,541	533,186	90,294	8,135,233
Interest rate sensitivity gap	4,450,946	(3,960,509)	(533,186)	(90,294)	(133,043)
Net equity					5,970,267
Ratio of Interest rate sensitive assets to liabilities					98.36%
Ratio of interest rate sensitivity gap to net equity					(2.23%)

March 31, 2023					
Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate sensitive assets	\$ 8,260,275	\$ 226,039	\$ -	\$ -	\$ 8,486,314
Interest rate sensitive liabilities	3,386,554	4,423,615	723,036	76,601	8,609,806
Interest rate sensitivity gap	4,873,721	(4,197,576)	(723,036)	(76,601)	(123,492)
Net equity					5,783,957
Ratio of Interest rate sensitive assets to liabilities					98.57%
Ratio of interest rate sensitivity gap to net equity					(2.14%)

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).

43.3.2 SCB (HK)

Interest Rate Sensitivity (USD)

March 31, 2024					
Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate sensitive assets	\$ 6,685,096	\$ 417,191	\$ 687,228	\$ 1,431,052	\$ 9,220,567
Interest rate sensitive liabilities	6,197,504	1,080,566	581,525	517,473	8,377,068
Interest rate sensitivity gap	487,592	(663,375)	105,703	913,579	843,499
Net equity					4,781,123
Ratio of interest rate sensitive assets to liabilities					110.07%
Ratio of interest rate sensitivity gap to net equity					17.64%

December 31, 2023					
Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate sensitive assets	\$ 7,234,415	\$ 606,866	\$ 627,079	\$ 1,424,155	\$ 9,892,515
Interest rate sensitive liabilities	6,574,255	1,159,672	684,421	540,037	8,958,385
Interest rate sensitivity gap	660,160	(552,806)	(57,342)	884,118	934,130
Net equity					4,669,988
Ratio of interest rate sensitive assets to liabilities					110.43%
Ratio of interest rate sensitivity gap to net equity					20.00%

March 31, 2023					
Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate sensitive assets	\$ 6,083,901	\$ 341,828	\$ 564,075	\$ 2,174,087	\$ 9,163,891
Interest rate sensitive liabilities	5,914,681	1,015,960	1,021,081	487,884	8,439,606
Interest rate sensitivity gap	169,220	(674,132)	(457,006)	1,686,203	724,285
Net equity					4,423,399
Ratio of interest rate sensitive assets to liabilities					108.58%
Ratio of interest rate sensitivity gap to net equity					16.37%

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).

43.4 Profitability

The Group

Items		March 31, 2024	March 31, 2023
Return on total assets	Before income tax	1.11	1.11
	After income tax	0.87	0.90
Return on equity	Before income tax	10.72	11.32
	After income tax	8.42	9.16
Profit margin		42.70	46.14

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

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

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

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

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

43.5 Maturity analysis of assets and liabilities

43.5.1 The Bank

(1) Maturity analysis of New Taiwan Dollars assets and liabilities

	Total	March 31, 2024					
		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
Cash inflow on maturity	\$ 1,127,556,681	\$ 134,900,326	\$ 115,021,242	\$ 75,735,748	\$ 77,245,460	\$ 112,108,472	\$ 612,545,433
Cash outflow on maturity	1,480,345,875	52,110,419	82,637,384	261,679,339	287,438,789	249,891,175	546,588,769
Gap	(352,789,194)	82,789,907	32,383,858	(185,943,591)	(210,193,329)	(137,782,703)	65,956,664

	Total	December 31, 2023					
		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
Cash inflow on maturity	\$ 1,146,475,725	\$ 197,814,636	\$ 87,870,128	\$ 48,844,504	\$ 79,772,132	\$ 130,994,654	\$ 601,179,671
Cash outflow on maturity	1,485,744,011	59,584,976	102,784,539	223,495,973	260,424,468	314,524,600	524,929,455
Gap	(339,268,286)	138,229,660	(14,914,411)	(174,651,469)	(180,652,336)	(183,529,946)	76,250,216

	Total	March 31, 2023					
		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
Cash inflow on maturity	\$ 1,101,775,733	\$ 172,016,445	\$ 98,108,970	\$ 76,432,562	\$ 87,794,887	\$ 103,415,306	\$ 564,007,563
Cash outflow on maturity	1,439,409,646	44,152,266	84,811,588	258,849,123	272,833,644	257,028,137	521,734,888
Gap	(337,633,913)	127,864,179	13,297,382	(182,416,561)	(185,038,757)	(153,612,831)	42,272,675

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

(2) Maturity analysis of US Dollars assets and liabilities

	Total	March 31, 2024				
		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
Cash inflow on maturity	\$ 13,088,705	\$ 2,086,321	\$ 1,232,629	\$ 758,909	\$ 737,760	\$ 8,273,086
Cash outflow on maturity	14,618,133	3,172,497	2,614,122	2,211,584	2,109,601	4,510,329
Gap	(1,529,428)	(1,086,176)	(1,381,493)	(1,452,675)	(1,371,841)	3,762,757

	Total	December 31, 2023				
		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
Cash inflow on maturity	\$ 12,596,426	\$ 2,086,359	\$ 1,058,988	\$ 781,034	\$ 699,397	\$ 7,970,648
Cash outflow on maturity	14,461,735	2,799,344	2,512,152	2,016,397	2,193,700	4,940,142
Gap	(1,865,309)	(712,985)	(1,453,164)	(1,235,363)	(1,494,303)	3,030,506

	Total	March 31, 2023				
		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
Cash inflow on maturity	\$ 12,986,244	\$ 3,023,506	\$ 1,315,105	\$ 677,383	\$ 783,254	\$ 7,186,996
Cash outflow on maturity	15,034,266	3,133,286	2,143,387	1,854,445	2,421,760	5,481,388
Gap	(2,048,022)	(109,780)	(828,282)	(1,177,062)	(1,638,506)	1,705,608

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

43.5.2 SCB (HK)

Maturity analysis of US Dollars assets and liabilities

	Total	March 31, 2024				
		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
Cash inflow on maturity	\$ 9,336,910	\$ 3,139,625	\$ 752,933	\$ 694,620	\$ 1,192,494	\$ 3,557,238
Cash outflow on maturity	8,451,743	3,950,620	2,836,433	890,892	424,098	349,700
Gap	885,167	(810,995)	(2,083,500)	(196,272)	768,396	3,207,538

	Total	December 31, 2023				
		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
Cash inflow on maturity	\$ 10,032,717	\$ 3,184,480	\$ 1,469,969	\$ 713,016	\$ 1,152,510	\$ 3,512,742
Cash outflow on maturity	9,042,367	4,318,213	2,902,280	984,685	486,118	351,071
Gap	990,350	(1,133,733)	(1,432,311)	(271,669)	666,392	3,161,671

	Total	March 31, 2023				
		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
Cash inflow on maturity	\$ 9,254,945	\$ 1,823,622	\$ 897,480	\$ 605,698	\$ 1,144,181	\$ 4,783,964
Cash outflow on maturity	8,485,207	4,139,213	2,380,679	793,360	813,797	358,158
Gap	769,738	(2,315,591)	(1,483,199)	(187,662)	330,384	4,425,806

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

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

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

Balance Sheet of Trust Account

Trust Assets	Balance Sheet of Trust Account			Trust Liabilities	Balance Sheet of Trust Account		
	March 31, 2024	December 31, 2023	March 31, 2023		March 31, 2024	December 31, 2023	March 31, 2023
Bank deposit	\$ 8,084,942	\$ 7,291,392	\$ 6,987,274	Accounts payable	\$ 194	\$ 136	\$ 105
Short-term investments	107,030,498	102,850,714	99,872,020	Depository of security payable	58,748,908	54,771,849	55,302,197
Net asset value of collective investment trust fund	6,532,081	6,567,315	8,235,359	Trust capital	161,151,511	155,140,589	156,697,085
Accounts receivable	19,525	15,357	33,714	Accumulated (loss) gain and equity	(66,540)	(201,890)	(415,498)
Land	29,305,395	28,683,633	30,593,844				
Buildings and improvement, net	88,660	78,662	63,990				
Construction in progress	9,963,596	9,391,294	10,436,796				
Securities in custody	58,748,908	54,771,849	55,302,197				
Other assets	60,468	60,468	58,695				
Total trust assets	<u>\$ 219,834,073</u>	<u>\$ 209,710,684</u>	<u>\$ 211,583,889</u>	Total trust liabilities	<u>\$ 219,834,073</u>	<u>\$ 209,710,684</u>	<u>\$ 211,583,889</u>

Trust Asset Lists

Item	March 31, 2024	December 31, 2023	March 31, 2023
Cash in banks	\$ 8,084,942	\$ 7,291,392	\$ 6,987,274
Short-term investment			
Funds	65,736,000	65,398,463	67,320,692
Bonds	32,361,426	29,830,664	24,850,194
Common stocks	4,390,964	4,271,864	4,934,941
Structured instruments	4,350,096	3,150,933	2,554,227
Preferred stock	192,012	198,790	211,966
Net asset value of collective trust accounts	6,532,081	6,567,315	8,235,359
Receivables	19,525	15,357	33,714
Land	29,305,395	28,683,633	30,593,844
Buildings and improvement, net	88,660	78,662	63,990
Construction in progress	9,963,596	9,391,294	10,436,796
Securities in custody	58,748,908	54,771,849	55,302,197
Other assets - principal deferred expense	60,468	60,468	58,695
Total	<u>\$ 219,834,073</u>	<u>\$ 209,710,684</u>	<u>\$ 211,583,889</u>

Income Statements of Trust Account

	For the Three Months Ended March 31	
	2024	2023
Trust income		
Dividend revenue	\$ 61	\$ 233
Interest income	10,382	8,923
Donation gains	35	24
Realized investment gains	10,693	1,959
Unrealized investment gains	269,759	120,500
Other revenue	11,875	44,448
	<u>302,805</u>	<u>176,087</u>
Trust expenses		
Management expenses	1,875	4,249
Service expenses	444	1,729
Realized investment losses	1,857	2,903
Unrealized investment losses	387,097	732,317
Other expenses	(29)	-
	<u>391,244</u>	<u>741,198</u>
Loss before income tax	(88,439)	(565,111)
Income tax expense	(10)	-
Net loss	<u>\$ (88,449)</u>	<u>\$ (565,111)</u>

45. EXCHANGE RATE INFORMATION OF FOREIGN FINANCIAL ASSETS AND LIABILITIES

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

45.1 The Bank

	March 31, 2024			December 31, 2023			March 31, 2023		
	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	\$ 29,852,823	0.2114	\$ 6,310,887	\$ 27,630,882	0.2170	\$ 5,995,901	\$ 33,050,607	0.2287	\$ 7,558,674
CNY	1,084,560	4.4081	4,780,849	949,383	4.3280	4,108,930	311,805	4.4408	1,384,664
USD	139,505	31.9980	4,463,881	96,822	30.7050	2,972,920	149,183	30.4380	4,540,832
Due from the Central Bank and call loans to banks									
USD	1,195,884	31.9980	38,265,896	966,684	30.7050	29,682,032	1,700,304	30.4380	51,753,853
JPY	9,769,000	0.2114	2,065,167	95,000	0.2170	20,615	65,000	0.2287	14,866
CNY	431,500	4.4081	1,902,095	441,400	4.3280	1,910,379	465,100	4.4408	2,065,416
Receivables									
USD	50,998	31.9980	1,631,834	48,473	30.7050	1,488,363	72,467	30.4380	2,205,751
JPY	1,018,328	0.2114	215,275	957,279	0.2170	207,730	2,318,366	0.2287	530,210
HKD	22,672	4.0888	92,701	16,327	3.9294	64,155	16,240	3.8776	62,972
Discounts and loans									
USD	3,459,848	31.9980	110,708,216	3,305,698	30.7050	101,501,457	3,799,363	30.4380	115,645,011
CNY	2,960,142	4.4081	13,048,602	3,310,419	4.3280	14,327,493	2,994,292	4.4408	13,297,052
HKD	2,907,177	4.0888	11,886,865	4,374,670	3.9294	17,189,828	4,602,883	3.8776	17,848,139
Financial assets at FVTOCI									
USD	3,352,280	31.9980	107,266,255	3,138,985	30.7050	96,382,534	2,404,514	30.4380	73,188,597
AUD	917,598	20.8563	19,137,699	895,261	21.0084	18,808,001	733,482	20.4665	15,011,809
ZAR	1,862,691	1.6891	3,146,271	1,879,699	1.6578	3,116,165	1,856,363	1.7080	3,170,668
Financial assets measured at amortized cost									
USD	378,451	31.9980	12,109,675	501,504	30.7050	15,398,680	351,059	30.4380	10,685,534
AUD	203,000	20.8563	4,233,829	203,000	21.0084	4,264,705	203,000	20.4665	4,154,700
SGD	53,960	23.7022	1,278,971	60,028	23.3020	1,398,772	88,512	22.9444	2,030,855
Financial assets at FVTPL									
USD	29,583	31.9980	946,597	13,183	30.7050	404,784	15,314	30.4380	466,128
JPY	630,487	0.2114	133,285	83,997	0.2170	18,227	6,563	0.2287	1,501
EUR	1,884	34.4826	64,965	2,765	34.0181	94,060	56	33.2018	1,859
Non-monetary items									
Equity investments under the equity method									
USD	2,901,798	31.9980	92,851,732	2,832,580	30.7050	86,974,369	2,685,709	30.4380	81,747,611
HKD	101,360	4.0888	414,441	101,299	3.9294	398,044	96,330	3.8776	373,529
Financial liabilities									
Monetary items									
Payables									
USD	78,113	31.9980	2,499,460	85,299	30.7050	2,619,106	160,719	30.4380	4,891,965
JPY	835,598	0.2114	176,645	929,842	0.2170	201,776	2,578,999	0.2287	589,817
EUR	2,384	34.4826	82,207	16,635	34.0181	565,891	2,330	33.2018	77,360
Deposits from the central bank and other banks									
USD	171,186	31.9980	5,477,610	181,350	30.7050	5,568,352	15,433	30.4380	469,750
VND	2,124,000,000	0.0013	2,761,200	2,612,000,000	0.0013	3,395,600	2,064,000,000	0.0013	2,683,200
HKD	440,000	4.0888	1,799,072	860,000	3.9294	3,379,284	1,105,000	3.8776	4,284,748
Deposits and remittances									
USD	7,687,180	31.9980	245,974,386	7,869,931	30.7050	241,646,231	8,640,867	30.4380	263,010,710
JPY	187,635,438	0.2114	39,666,132	166,681,313	0.2170	36,169,845	119,292,941	0.2287	27,282,296
CNY	4,671,338	4.4081	20,591,725	4,692,992	4.3280	20,311,269	4,254,210	4.4408	18,892,096
Financial liabilities at FVTPL									
USD	108,158	31.9980	3,460,840	85,597	30.7050	2,628,256	78,936	30.4380	2,402,654
GBP	40	40.3959	1,616	4	39.1090	156	6	37.7492	226
ZAR	830	1.6891	1,402	984	1.6578	1,631	1,474	1.7080	2,518

45.2 SCB (HK)

	March 31, 2024			December 31, 2023			March 31, 2023		
	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									
CNY	\$ 838,475	4.4081	\$ 3,696,082	\$ 1,846,094	4.3280	\$ 7,989,895	\$ 814,261	4.4408	\$ 3,615,970
JPY	13,110,923	0.2114	2,771,649	9,636,225	0.2170	2,091,061	11,402,676	0.2287	2,607,792
USD	52,696	31.9980	1,686,167	57,221	30.7050	1,756,971	42,451	30.4380	1,292,124
Due from the Central Bank and call loans to banks									
USD	2,585,622	31.9980	82,734,733	3,117,544	30.7050	95,724,189	1,491,212	30.4380	45,389,511
CNY	6,269,481	4.4081	27,636,499	4,284,208	4.3280	18,542,052	6,923,326	4.4408	30,745,106
Receivables									
USD	30,849	31.9980	987,106	66,976	30.7050	2,056,498	27,439	30.4380	835,188
CNY	6,679	4.4081	29,442	12,892	4.3280	55,797	8,450	4.4408	37,525
Discounts and loans									
USD	3,778,398	31.9980	120,901,179	3,903,662	30.7050	119,861,942	4,773,254	30.4380	145,288,305
CNY	4,856,344	4.4081	21,407,250	5,279,312	4.3280	22,848,862	5,065,968	4.4408	22,496,951
GBP	451,627	40.3959	18,243,879	471,820	39.1090	18,452,408	527,944	37.7492	19,929,464
Financial liabilities									
Monetary items									
Payables									
USD	24,156	31.9980	772,944	17,701	30.7050	543,509	12,846	30.4380	391,007
CNY	9,461	4.4081	41,705	9,244	4.3280	40,008	9,140	4.4408	40,589
Deposits from the central bank and other banks									
USD	316,592	31.9980	10,130,311	336,382	30.7050	10,328,609	538,469	30.4380	16,389,919
CNY	1,060,123	4.4081	4,673,128	1,490,163	4.3280	6,449,425	1,720,102	4.4408	7,638,629
GBP	693	40.3959	27,994	1,241	39.1090	48,534	11,677	37.7492	440,797
Deposits and remittances									
USD	7,694,543	31.9980	246,209,987	7,961,036	30.7050	244,443,610	7,243,075	30.4380	220,464,717
CNY	11,741,783	4.4081	51,758,954	12,248,287	4.3280	53,010,586	14,751,301	4.4408	65,507,577

46. ADDITIONAL DISCLOSURES

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

46.1.1 Financing provided: The Bank - not applicable; investees - Table 2.

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

46.1.3 Marketable securities held: The Bank - not applicable; investees - Table 3.

46.1.4 Marketable securities (for investees) or investee investment (for the Bank) acquired and disposed of, at costs or prices of at least NT\$300 million or 10% of the issued capital: None.

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

46.1.6 Disposal of individual real estate at prices of at least \$300 million or 10% of the issued capital: None.

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

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

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

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

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

46.1.12 Derivative financial transactions: Please refer to Note 8; None for investees.

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 4.

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

46.4 Significant transactions and the amount among the parent and its subsidiaries: Table 5.

46.5 Information of major shareholders:

list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Not applicable.

47. SEGMENT INFORMATION

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

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

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

The operating segments information is as follows:

	For the Three Months Ended March 31, 2024				Total
	Taiwan	Hong Kong	Others	Other Adjustments	
Net interest income	\$ 4,788,132	\$ 4,103,084	\$ 500,665	\$ -	\$ 9,391,881
Non-interest income	<u>1,665,007</u>	<u>1,175,194</u>	<u>110,233</u>	<u>(854)</u>	<u>2,949,580</u>
Net revenue	6,453,139	5,278,278	610,898	(854)	12,341,461
Provisions for bad-debt expense, commitment and guarantee liability	(300,000)	(295,191)	(103,488)	-	(698,679)
Operating expenses	<u>(2,426,549)</u>	<u>(2,065,378)</u>	<u>(433,930)</u>	<u>(8,680)</u>	<u>(4,934,537)</u>
Profit before income tax	<u>\$ 3,726,590</u>	<u>\$ 2,917,709</u>	<u>\$ 73,480</u>	<u>\$ (9,534)</u>	<u>\$ 6,708,245</u>

	For the Three Months Ended March 31, 2023				Total
	Taiwan	Hong Kong	Others	Other Adjustments	
Net interest income	\$ 4,769,130	\$ 3,540,778	\$ 546,956	\$ 1	\$ 8,856,865
Non-interest income	<u>1,180,035</u>	<u>1,262,619</u>	<u>92,384</u>	<u>(867)</u>	<u>2,534,171</u>
Net revenue	5,949,165	4,803,397	639,340	(866)	11,391,036
Provisions for bad-debt expense, commitment and guarantee liability	(300,000)	(10,919)	(210,283)	-	(521,202)
Operating expenses	<u>(2,204,477)</u>	<u>(1,742,309)</u>	<u>(420,986)</u>	<u>(8,354)</u>	<u>(4,376,126)</u>
Profit before income tax	<u>\$ 3,444,688</u>	<u>\$ 3,050,169</u>	<u>\$ 8,071</u>	<u>\$ (9,220)</u>	<u>\$ 6,493,708</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.

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

OVERDUE LOANS AND RECEIVABLES
MARCH 31, 2024, DECEMBER 31, 2023 AND MARCH 31, 2023
(In Thousands of New Taiwan Dollars, %)

Date		March 31, 2024					December 31, 2023					March 31, 2023				
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	1,608,920	306,083,352	0.53	3,509,019	218.10	925,095	306,015,018	0.30	5,227,854	565.12	1,035,973	302,858,428	0.34	4,872,514	470.33
	Unsecured	2,821,874	230,557,579	1.22	3,091,646	109.56	139,203	227,288,694	0.06	2,599,071	1,867.11	179,737	225,365,176	0.08	2,573,566	1,431.85
Consumer banking	Mortgage (Note 4)	416,500	302,333,989	0.14	4,648,949	1,116.19	342,306	306,812,936	0.11	5,402,582	1,578.29	163,833	288,176,437	0.06	4,613,434	2,815.94
	Cash cards	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Microcredit (Note 5)	13,362	4,058,389	0.33	44,306	331.58	7,036	4,267,867	0.16	59,164	840.88	6,828	4,447,281	0.15	56,626	829.32
	Others (Note 6)	Secured	34,972	34,657,820	0.10	356,320	1,018.87	46,330	35,408,267	0.13	462,645	998.59	51,742	34,411,940	0.15	436,216
Unsecured		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total		4,895,628	877,691,129	0.56	11,650,240	237.97	1,459,970	879,792,782	0.17	13,751,316	941.89	1,438,113	855,259,262	0.17	12,552,356	872.84
		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		11,819	3,959,283	0.30	69,861	591.09	7,736	3,993,109	0.19	74,454	962.44	5,939	3,382,690	0.18	88,116	1,483.68
Accounts receivable factored without recourse (Note 7)		-	278,628	-	2,786	-	-	350,360	-	3,504	-	-	293,177	-	2,932	-

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

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

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

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

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

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

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

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

OVERDUE LOANS AND RECEIVABLES
MARCH 31, 2024, DECEMBER 31, 2023 AND MARCH 31, 2023
(In Thousands of New Taiwan Dollars)

	March 31, 2024		December 31, 2023		March 31, 2023	
	Excluded NPL	Excluded Overdue Receivables	Excluded NPL	Excluded Overdue Receivables	Excluded NPL	Excluded Overdue Receivables
As a result of debt consultation and loan agreements (Note 1)	-	-	-	-	-	-
As a result of consumer debt clearance (Note 2)	-	28,461	-	29,642	-	31,288

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).

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

LOANS AND OTHER INFORMATION

MARCH 31, 2024

(In Thousands of New Taiwan Dollars)

Information of Lenders, Borrowers and Others

No (Note 1)	Lender	Borrower	Corresponding Account	Related Parties	The Highest Period Balance	Ending Balance	Actual Amount	Interest Rate Range	Capital Loan (Note 2)	Business Dealing Amount	Reasons of Short-term Financing	Allowance	Collateral		Individual Fund Loan and Limit (Note 3)	Total Loan Limit (Note 3)
													Name	Value		
1	SCSB Leasing (China) Co., Ltd.	A Co., Ltd.	Entrusted loan receivables	N/A	\$ 79,346	\$ 132,243	\$ 79,346	6%-11%	1	\$ 79,346	-	\$ 1,587	Real estate	\$ 265,808	\$ 376,910	\$ 942,275
1	SCSB Leasing (China) Co., Ltd.	B Co., Ltd.	Entrusted loan receivables	N/A	17,632	110,203	17,632	6%-11%	1	17,632	-	10,579	Real estate	164,378	376,910	942,275

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.

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
MARCH 31, 2024
(Amounts in Thousands of New Taiwan Dollars)

Holding Company Name	Name	Security Issuer's Relationship with Holding Company	Financial Statement Account	March 31, 2024				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	\$ 22,899	100.00	\$ 22,899	Note
	Krinein Company	Indirect subsidiary	Investments in subsidiaries	2	31,630	100.00	31,630	Note
	Safehaven Investment Corporation	Indirect subsidiary	Investments in subsidiaries	1	55,194	100.00	55,194	Note
Shanghai Commercial Bank (HK)	Shanghai Commercial & Savings Bank, Ltd.	The Bank	Financial assets measured at FVTOCI	11,370	549,721	0.23	549,721	
Wresqueue Limitada	Prosperity Realty Inc.	Indirect subsidiary	Investments in subsidiaries	4	41,548	100.00	41,548	Note
China Travel Service (Taiwan)	Silks Place Taroko	-	Equity investments under the equity method	20,372	325,968	45.00	325,968	
	CTS Travel International Ltd.	Indirect subsidiary	Investments in subsidiaries	600	7,021	100.00	7,021	Note
	Joy Tour Service Co., Ltd.	-	Financial assets measured at FVTOCI	100	1,000	11.00	1,000	
	Shanghai Commercial & Savings Bank, Ltd.	The Bank	Financial assets measured at FVTOCI	27	1,345	-	1,345	
SCSB Asset Management Ltd.	SCSB Leasing (China) Co., Ltd.	Indirect subsidiary	Investments in subsidiaries	N/A	941,988	100.00	941,988	Note
	Fubon Financial Holding Co., Ltd. Preferred Shares C		Financial assets measured at FVTOCI	2	120,001	-	120,001	
Krinein Company	Shanghai Commercial Bank (HK)	Indirect subsidiary	Investments in subsidiaries	1,920	14,521,698	9.60	14,521,698	Note
Empresa Inversiones Generales, S.A.	Shanghai Commercial Bank (HK)	Indirect subsidiary	Investments in subsidiaries	9,600	72,608,489	48.00	72,608,489	Note

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

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

INVESTMENT IN MAINLAND CHINA

MARCH 31, 2024

(Amounts in Thousands of New Taiwan Dollars and US Dollars)

1. Investee company name, main business and products, total amount of paid-in capital, investment type, investment outflows and inflows, % ownership, investment gain (loss), carrying amount as of March 31, 2024 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, 2023	Investment Flows		Accumulated Outflow of Investment as of March 31, 2024	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of March 31, 2024 (Note 3)	Accumulated Inward Remittance of Earnings as of March 31, 2024
					Outflow	Inflow					
SCSB Leasing (China) Co., Ltd.	Leasing operation	NT\$ 959,940 US\$ 30,000	Note1(3)	NT\$ 959,940 US\$ 30,000	\$ -	\$ -	NT\$ 959,940 US\$ 30,000	100%	NT\$ (282) US\$ (9)	NT\$ 941,988 US\$ 29,439	\$ -
Bank of Shanghai	Banking business approved by local government	NT\$ 62,624,413 US\$ 1,957,135	Note 4	NT\$ 3,607,551 US\$ 112,743	-	-	NT\$ 3,607,551 US\$ 112,743	3%	-	NT\$ 12,617,337 US\$ 394,316	-
Shanghai Commercial Bank Ltd. - Shenzhen Branch	Banking business approved by local government	NT\$ 3,091,872 US\$ 96,627	Note 4	NT\$ 2,044,448 US\$ 63,893	-	-	NT\$ 2,044,448 US\$ 63,893	100%	NT\$ 60,507 US\$ 1,927	NT\$ 2,983,981 US\$ 93,255	-
Shanghai Commercial Bank Ltd. - Shanghai Branch	Banking business approved by local government	NT\$ 3,434,566 US\$ 107,337	Note 4	NT\$ 2,070,815 US\$ 64,717	-	-	NT\$ 2,070,815 US\$ 64,717	100%	NT\$ 20,900 US\$ 666	NT\$ 3,571,452 US\$ 111,615	-
The Shanghai Commercial & Savings Bank, Ltd. - Wuxi Branch	Banking business approved by local government	NT\$ 2,774,451 US\$ 86,707	Note1(1)	NT\$ 2,774,451 US\$ 86,707	-	-	NT\$ 2,774,451 US\$ 86,707	100%	NT\$ 23,333 US\$ 743	NT\$ 2,792,545 US\$ 87,272	-

2. Upper limit on investments in mainland China:

Accumulated Investment in Mainland China as of March 31, 2024 (Note 3)	Investment Amounts Authorized by Investment Commission, MOEA (Note 3)	Upper Limit on Investment Authorized by Investment Commission MOEA
\$ 11,457,204 (US\$ 358,060)	\$ 12,227,833 (US\$ 382,144)	\$ 154,287,536

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

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

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

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

Note 3: Calculated using the exchange rate on March 31, 2024.

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

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2024

(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	\$ 112	Note 4	-
		SCSB Asset Management Ltd.	From parent company to subsidiary	Deposits and remittances	45,309	Note 4	-
		SCSB Asset Management Ltd.	From parent company to subsidiary	Other liabilities	81	Note 4	-
		SCSB Asset Management Ltd.	From parent company to subsidiary	Interest expenses	126	Note 4	-
		SCSB Asset Management Ltd.	From parent company to subsidiary	Other non-interest income	54	Note 4	-
		SCSB Marketing	From parent company to subsidiary	Accounts payable	19	Note 4	-
		SCSB Marketing	From parent company to subsidiary	Deposits and remittances	14,629	Note 4	-
		SCSB Marketing	From parent company to subsidiary	Other liabilities	20	Note 4	-
		SCSB Marketing	From parent company to subsidiary	Interest expenses	38	Note 4	-
		SCSB Marketing	From parent company to subsidiary	Other non-interest income	18	Note 4	-
		SCSB Marketing	From parent company to subsidiary	Other non-interest income	21,929	Note 4	-
		China Travel Service (Taiwan)	From parent company to subsidiary	Accounts payable	336	Note 4	-
		China Travel Service (Taiwan)	From parent company to subsidiary	Deposits and remittances	167,014	Note 4	-
		China Travel Service (Taiwan)	From parent company to subsidiary	Other liabilities	189	Note 4	-
		China Travel Service (Taiwan)	From parent company to subsidiary	Interest expenses	165	Note 4	-
		China Travel Service (Taiwan)	From parent company to subsidiary	Other non-interest income	180	Note 4	-
		China Travel Service (Taiwan)	From parent company to subsidiary	Other business and administrative expenses	272	Note 4	-
		CTS Travel International Ltd.	From parent company to subsidiary	Accounts payable	23	Note 4	-
		CTS Travel International Ltd.	From parent company to subsidiary	Deposits and remittances	5,133	Note 4	-
		CTS Travel International Ltd.	From parent company to subsidiary	Interest expenses	21	Note 4	-
		Shancom Reconstruction Inc.	From parent company to subsidiary	Cash and cash equivalents	1,298,932	Note 4	-
		Shancom Reconstruction Inc.	From parent company to subsidiary	Due from the Central Bank and call loans to bank	89,738	Note 4	-
		Shancom Reconstruction Inc.	From parent company to subsidiary	Accounts payable	269	Note 4	-
		Shancom Reconstruction Inc.	From parent company to subsidiary	Deposits and remittances	80,600	Note 4	-
		Shancom Reconstruction Inc.	From parent company to subsidiary	Interest expenses	2,996	Note 4	-
		AMK Microfinance Institution Plc.	From parent company to subsidiary	Discounts and loans	3,247,797	Note 4	-
AMK Microfinance Institution Plc.	From parent company to subsidiary	Interest revenue	127	Note 4	-		
1	SCSB Asset Management Ltd.	The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Cash and cash equivalents	\$ 45,309	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Accounts receivable	112	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Other assets	81	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Interest revenue	126	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Other general and administrative expenses	57	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Right-of-use assets	170	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Lease liabilities	172	Note 4	-
		Shancom Reconstruction Inc.	From subsidiary to subsidiary	Cash and cash equivalents	2	Note 4	-

(Continued)

No.	Company Name	Counterparty	Nature of Relationship	Intercompany Transaction					
				Financial Statement Item	Amount	Term	Percentage of Consolidated Total Gross Sales or Total Assets (Note 3)		
2	SCSB Marketing	The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Cash and cash equivalents	\$ 14,629	Note 4	-		
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Accounts receivable	19	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	38	Note 4	-		
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Other general and administrative expenses	20	Note 4	-		
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Right-of-use assets	107	Note 4	-		
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Lease liabilities	109	Note 4	-		
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Other non-interest income	21,929	Note 4	-		
		3	China Travel Service (Taiwan)	The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Accounts receivable	336	Note 4	-
				The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Cash and cash equivalents	167,014	Note 4	-
The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company			Other assets	189	Note 4	-		
The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company			Interest revenue	165	Note 4	-		
The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company			Other general and administrative expenses	180	Note 4	-		
The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company			Other non-interest income	272	Note 4	-		
Shancom Reconstruction Inc.	From subsidiary to subsidiary			Cash and cash equivalents	182	Note 4	-		
CTS Travel International Ltd.	From subsidiary to subsidiary			Other general and administrative expenses	330	Note 4	-		
4	CTS Travel International Ltd.	The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Accounts receivable	\$ 23	Note 4	-		
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Cash and cash equivalents	5,133	Note 4	-		
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Interest revenue	21	Note 4	-		
		China Travel Service (Taiwan)	From subsidiary to subsidiary	Service fee income	330	Note 4	-		
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	\$ 1,298,932	Note 4	-		
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Cash and cash equivalents	80,600	Note 4	-		
		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	89,738	Note 4	-		
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Interest revenue	2,996	Note 4	-		
		SCSB Asset Management Ltd.	From subsidiary to subsidiary	Deposits and remittances	2	Note 4	-		
		China Travel Service (Taiwan)	From subsidiary to subsidiary	Deposits and remittances	182	Note 4	-		
6	AMK Microfinance Institution Plc.	The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Call loans to banks	\$ 3,247,797	Note 4	-		
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Interest expenses	127	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.