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2022 Annual Report

Considerate • Efficient • Respectful

三地上銀 一心為您

處處為您著想 ....

上海商業儲蓄銀行

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.

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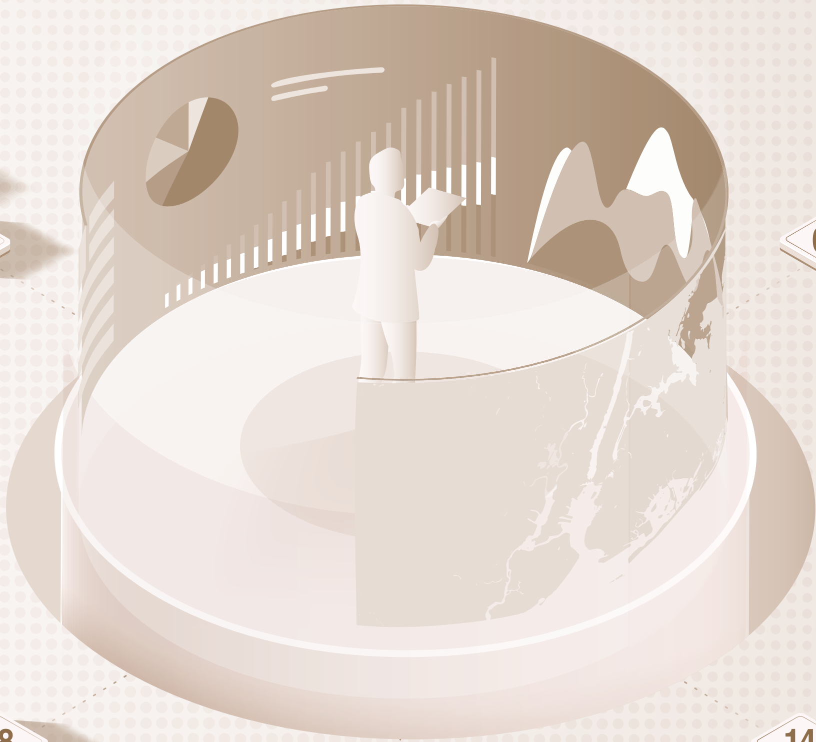

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▲ Hackathon FinTech Competition

▲ Trust Welfare Seminar

▲ Cloud Space Start-up Office

▲ North Xinzhuang Branch

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Business Activities

▲ ISO 14001 and ISO 45001

▲ ISO 10002

▲ ISO 14067

▲ New IT Core System Project Ceremony

▲ Strategic Partnership Signing Ceremony with Bloomberg

▲ TIPS A-rank Verification

ESG

▶ The Bank involved in various social welfare activities to fulfill ESG. ◀

Innovation

▶ The Bank continued to bring innovative products and services to meet customers' needs. ◀

Honor

▶ The Bank received awards to affirm its outstanding performance. ◀

Honor

▶ The Bank received awards to affirm its outstanding performance. ◀

Letter to Shareholders

LEE CHING YEN STEPHEN
Chairman

1. Foreword

In 2022, the COVID-19 pandemic and the Russian-Ukraine War have led to heightened inflations and tightened monetary policies, which resulted in significant fluctuations of international financial markets and slowdown of economic growth. SCSB stably expanded business with consideration to these economic and financial situations: after-tax EPS was NT$3.33, up 4.4% from the previous year; NPL ratio was 0.16%, liquid reserves ratio was 29.89%, capital adequacy ratio was 15.66% at the end of the year. These indicate steady overall operations that have managed to strike a balance between profit growth, asset safety, liquidity sufficiency, and capital adequacy.

The results of SCSB's operating performance in 2022, business plans and future development strategies for 2023, the impact of external competitive environment, regulatory environment and macroeconomic environment, and the latest affirmed credit ratings are illustrated as follows:

2. Operating Performance in 2022

(1) Overview of Global & Domestic Financial Environment

In 2022, the repressed market demand due to inflation led to international economic decline, and consequently slowed down the growth of Taiwan's import and export. This is reflected in its annual economic growth of 2.45%, which is lower than 6.53% in the previous year. In terms of financial situation, the Fed adopted a rigorously tightened monetary policy, raising interest rates seven times by a total of 4.25% within one year and strengthening the US dollar. As a result, the USD to NTD exchange rate closed at NT$30.708 at the end of the year with NTD depreciating 9.8% over the year. As prices in Taiwan remained fairly stable, the Central Bank of the Republic of China (Taiwan) raised interest rates by 0.625% for the whole year, adopting a moderately tight monetary policy. Due to the massive overselling of foreign capitals in the stock market, the TAIEX closed at 14,138 at the end of the year, down by 22.4%.

(2) Organizational Changes

SCSB is among the first banks that received the FSC's approval to launch High Net-worth wealth management services. To enhance the development, SCSB upgraded the Wealth Succession Management Center, originally under the Wealth Management Department, and rename the unit "Success Wealth Management Department", in the middle of 2022. Focusing on asset allocation and asset inheritance, the department provides differentiated wealth management services those are tailored to each High Net-worth customer. To expand non-interest incomes, SCSB promoted "Treasury Department and Overseas Branches Functional Enhancement Plan" to remake departmental organization, optimize and upgrade transaction systems, attract quality recruits of financial transaction, more intensively develop financial products, and more vigorously promote treasury marketing, thereby providing customers with more comprehensive financial products and services.

To continuously improve competitiveness in digital finance, SCSB constructed cross-functional teams and established digital technology innovation centers in the northern and southern regions, thereby intensifying cooperation with startup companies in FinTech and recruiting a workforce of digital finance. To improve competitiveness in information technology, SCSB established the Southern Region IT Development Center, so as to attract IT talents in southern Taiwan. To deepen corporate culture of treating customers fairly principles, SCSB renamed Consumer Protection Committee as "Consumer Protection and Treating Customers Fairly Committee", elevated the level of the convener to that of the President and committee member, and upgraded the business of consumer protection and treating customers fairly principles, of which the Channel Management Department was originally in charge, to a duty of the Head Office.

LIN, CHIH-HUNG
President

(3) Operational Plans, Strategies and Results

The 2022 business plan focused on developing diversified core businesses, which include corporate banking, personal banking, wealth management, treasury marketing, deposits and remittances. SCSB also improved resource sharing between business departments and sales personnel on all four lines, strengthened digital banking, continuously innovated financial products and services, recruited workforce from various fields, and promoted sustainable development, thereby improving corporate image.

The results of 2022 business plans and strategies were reflected on the growth of main businesses and profits, year on year, in which the average deposit balance was NT$1,112.3 billion, up 8.1%, and average loan balance was NT$800.5 billion, up 6.7%; profit before income tax was NT$16.62 billion, up 8.3%, net income after income tax was NT$14.94 billion, up 4.8%; EPS was NT$3.33, up 4.4%, however raising interest rates resulted in loss on valuation of bonds investments, and then decreased the shareholders' equity; after-tax return on assets and after-tax return on equity were 1.04% and 9.12% respectively.

(4) Budget Implementation

As for main businesses and net income after income tax, the budgets achieving ratio of operational targets for average deposit balance was 104.0%, average loan balance was 101.6%, and net income was 96.7%.

(5) Income, Expense and Profit

Unit: NT$ Billion, except as indicated

Item / Year	2022	2021	Change(%)
Net interest income	16.29	11.64	40%
Total non-interest income	11.81	11.95	-1%
Net revenue	28.10	23.59	19%
Provisions for bad-debt expense, commitment and guarantee liability	2.8	0.9	211%
Total operating expenses	8.68	7.34	18%
Profit before income tax	16.62	15.35	8%
Net income	14.94	14.26	5%
Earnings Per Share (in dollars)	3.33	3.19	4%
ROA (after income tax)	1.04%	1.05%	-0.01%
ROE (after income tax)	9.12%	9.11%	0.01%

Note：Change of ROA (after income tax) and Change of ROE (after income tax) both based on net increase or net decrease.

(6) Research and Development

In 2022, SCSB continued to develop innovative financial products and services with a customer-centered approach based on customers' needs. SCSB also strengthened the application of FinTech and developed innovative digital finance services. In terms of corporate banking, SCSB continued to cooperate with government policies by enhancing the integration of six core strategic industries, green and electric vehicles, and other related industries; opened accounts for the purpose of handling loan-related receipts and disbursements in OBU for domestic juridical persons to fulfill international capital management needs; signed the Equator Principles and included its spirit in the criteria of credit review; and promoted sustainability-linked loans and issued green bonds to enhance promotion of sustainable finance. In terms of personal banking, SCSB planned to establish AI loan managers, strengthen the sales performance of sales personnel, implement precision marketing, initiate the new-generation electronic mortgage loan system, and promote digital marketing of personal banking. In terms of customer finance, SCSB promoted High Net-worth wealth management business, vigorously promoted asset inheritance and the comprehensive Trust 2.0 business, built a smart financial system, and continuously introduced more diverse investment and financial products.

In terms of deposits and remittances, SCSB launched preferential rate time deposits in response to interest hike in the market; in connection with environmental issues, SCSB promoted retail deposits and launched the “Loving Our Planet” time deposit scheme; SCSB also optimized deposit operations and increase the functionalities of digital transactions. In terms of digital banking, SCSB established a cross-functional team, built a digital financial ecosystem, enhanced the promotion of digital sub-brands, introduced robotic process automation (RPA) and RegTech, and continuously optimized corporate and personal online banking, eWB, and mobile banking transactions and services function, and launched eWB mobile app to increase the proportion of digital financial transactions.

In order to promote sustainable development, SCSB connected with international initiatives of sustainable development, signed agreements on climate-related financial disclosures, established a climate risk management policy, adopted the Equator Principles, introduced ISO 14064 greenhouse gases management systems and ISO 50001 energy management systems, obtained ISO 14067 credit card and debit card carbon footprint certification, adopted green and renewable energy, obtained certifications of ISO 45001 occupational health and safety management systems and ISO 14001 environmental management systems, and promoted energy conservation, carbon reduction, and paperless policies. To optimize treating customers fairly principles, SCSB obtained certification from the ISO 10002 complaints handling management system, thus demonstrating attention to customer opinions. To construct a more comprehensive financial service network and improve the coverage of financial services in metropolitan areas, SCSB applied to the FSC for the establishment of new branches in Tainan City and Miaoli County in 2022, thereby developing new markets and new customers, creating new sources of income, and expanding the scale of profit.

In addition, in order to create competitive advantage in sustainable operations, SCSB has signed contracts to formally initiate new IT core system construction projects. Based on the structure of "sensitive front desks, stable cores, and big middle platforms," SCSB invested in constructing new IT core systems, updated IT infrastructure, created key application platforms, and optimized information security, risk control, and compliance, thereby laying a foundation for digital development. To fulfill capital needs in business developments, optimize capital structure and improve capital adequacy, by the end of the year, SCSB issued 380 million ordinary shares for cash replenishment at NT$37 per share, thus raising a capital of NT$14.06 billion.

3. Business Plans for 2023

(1) Business Guidelines

In 2023, SCSB's strategic focus is on "multiple cores and digital sustainability." SCSB will strive to develop multiple cores, expand profit engines, increase non-interest incomes, improve capital efficiency, make good use of FinTech, accelerate the digital transformation, promote sustainable development, and create sustainable values.

(2) Business Targets

Taking into account factors including economic growth forecasts, market competition, as well as the growth result in 2022 and business strategies for 2023, SCSB is setting up appropriate growth for 2023 targets.

(3) Business Policies

A. Fundamental Policy: Maintain stable operations with integrity, achieve healthy and balanced growth, pursue sustainable development, and create excellent performances.

B. Operating Policy: Develop various core businesses, corporate banking, personal banking, wealth management, treasury marketing, and deposits and remittances with equal emphasis, and strengthen digital banking business.

C. Sales Policy: Unite sales personnel on all four lines to promote integrated marketing, provide all-around financial products and services, and attach importance to treating customers fairly and financial consumer protection.

D. Management Policy: Implement the three lines of defense in internal control, optimize risk management, enhance information security governance, fully implement corporate governance, and deepen sustainable environment.

4. Future Development Strategies

SCSB's main development strategies for 2023 are as follows:

(1) Overall operations: Maintain stable operations with integrity, achieve a balanced and healthy growth, place equal emphasis on operations and management, and perfect finance and businesses.

(2) Channel development: Continue to gain greater presence in the Asia-Pacific region, intensify the tri-shanghai banks strategic alliance, strengthen cross-border finance, and establish comprehensive service networks.

(3) Business development: Develop multiple cores, improve the flexibility of financial operations, expand High Net-worth wealth management services, and strengthen family finance.

(4) Customer relations: Treat customers fairly, adopt customer segmentation, focus on high value customers, and support integrated marketing.

(5) Digital banking: Accelerate digital transformation, make good use of smart finance, implement scenario-based finance, and promote inclusive finance.

(6) Information technology: Stabilize system maintenance and operation, upgrade core systems, strengthen information utilization, and create robust information security governance.

(7) Risk management: Enhance climate risk management, improve alert ability, maintain asset quality, and strengthen capital management.

(8) Human resources: Attract a diverse workforce, enhance professional competencies, strengthen management succession, and enrich human capital.

(9) Internal management: Implement internal control, fully implement the three lines of defense, strengthen the culture of compliance, and implement money laundering prevention.

(10) Sustainable development: Implement responsible finance, promote sustainable finance, fulfill corporate social responsibilities, and create new and sustainable values.

5. The Impact of the External Competitive Environment, Regulatory Environment, and Macroeconomic Environment

(1) External Competitive Environment

The world is still under the impacts of the COVID-19 pandemic, inflation, and geopolitical conflicts, which have resulted in a slowdown in economic growth. Economic outlook has turned cautious and conservative, while the external business environment is continuously changing and there are many competitors in the market. In response to such competitive external environment, SCSB will use value competition to replace price competition, continue to promote digital transformation and upgrade, delve into customer relationships, and continue to strengthen presence in the Asia-Pacific region in pursuit of a competitive position.

(2) Regulatory Environment

In response to the impact of climate change and the international concern for sustainability-related issues, and to help companies respond to such issue as soon as possible by setting carbon reduction goals, the FSC has officially initiated the Sustainable Development Roadmap for TWSE/TPEx-Listed Companies and sustainable finance assessments. It also continued to promote measures concerning treating elderly customers fairly in the banking industry, urged the financial services industry to implement treating customers fairly principles, published the Green Finance Action Plan 3.0, which requires banks to implement Carbon Footprint Verification for investments and finance, and collaborated with the industry in deepening sustainable development. It also promoted Financial Cyber Security Action Plan 2.0 to facilitate continuous improvement of information security in finance. SCSB will cooperate with these FSC policies by promoting transition into green operations and sustainable finance to realize sustainable development, as well as continue to improve fair treatment principles, streamline information security governance, and create robust information resilience.

(3) Macroeconomic Environment

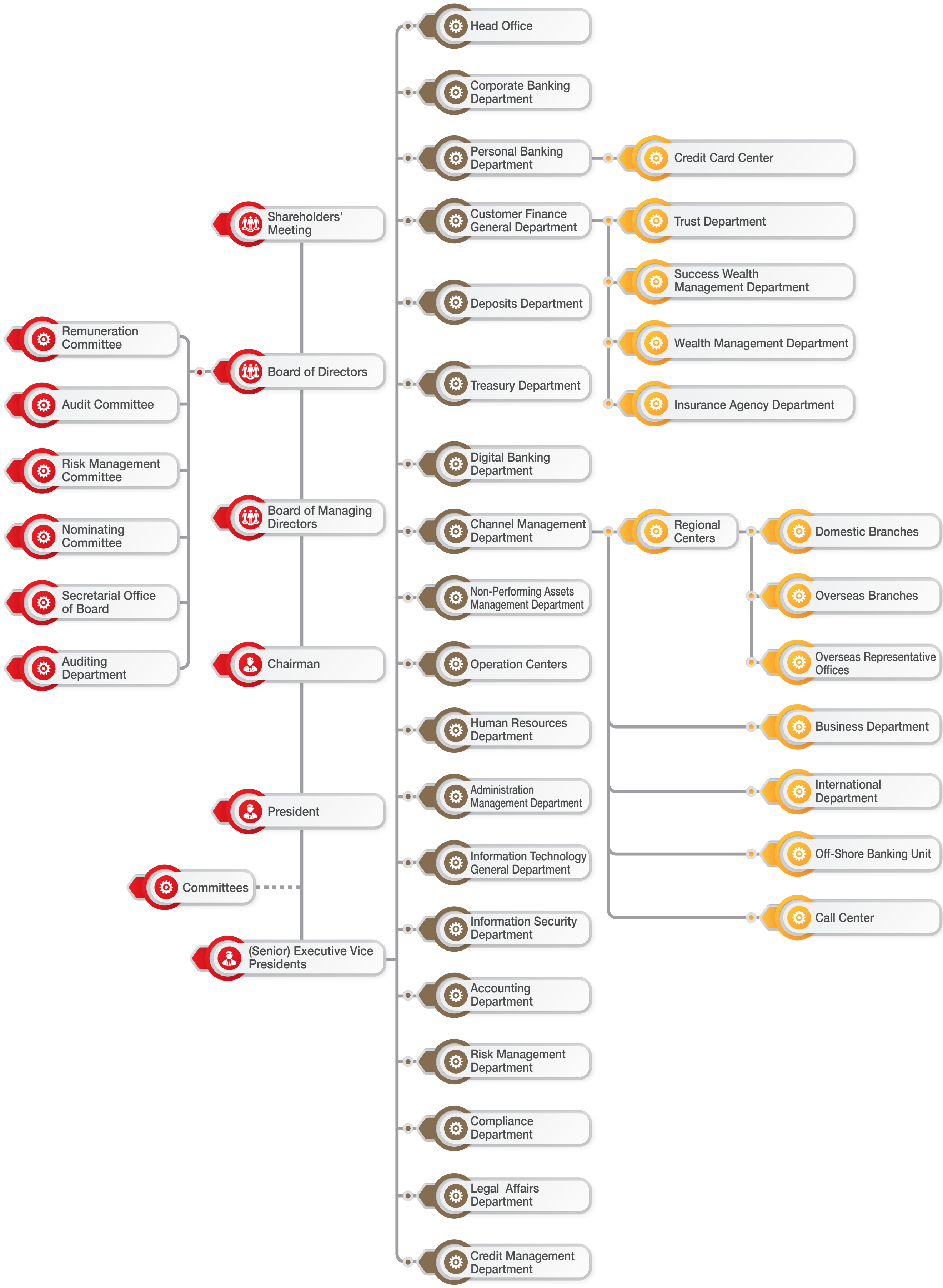
International political and economic uncertainties in 2023, such as ongoing international trade and technology disputes, inflation, and the Russia-Ukraine war, will continue to bring impact on global economy. In 2023, there is a concern that the economy might experience a mild recession, while the banking industry remains under pressure from too many competitors and excess capital in the market. Confronting such volatile external challenges, SCSB will examine changes to the business environment at all times, flexibly adopt appropriate operational measures, and anticipate future development trends, to stably expand businesses, seize market opportunities, and create sources of revenue and profit.

6. Credit Ratings

Rating Agency	Ratings		Outlook	Release Date
	Long-term	Short-term		
Taiwan Ratings	twAA	twA-1+	Stable	2022/12/16
Fitch	AA(twn)	F1+(twn)	Stable	2023/3/31
Standard & Poor's	BBB+	A-2	Stable	2023/1/12
Fitch	A-	F2	Stable	2023/3/31

In the future, SCSB will continue steady operations, accelerate digital transformation, promote sustainable development, and uphold business motto of "serving society and supporting industry " and adopt "developing diversified core businesses, driving digital transformation, strengthening international financial services, building up talent pools, and creating sustainable values" as development strategy. SCSB will also uphold the service ideals for “considerate, efficient and respectful” and “always placing customers’ needs first” and work together to create the outstanding performance. SCSB welcomes and appreciates the continued guidance and support from all shareholders.

Organization Chart



Headquarters and Branches

OFFICES	ADDRESS	TEL/FAX
● Headquarters	3F~12F, No.149, Min Sheng E. Rd., Sec. 2, Taipei, Taiwan Web Site: https://www.scsb.com.tw	(02) 2581-7111 (02) 6608-2668
● Business Department	No.69, Min Chuan W. Rd., Taipei, Taiwan	(02) 2581-7111 (02) 2591-0653
● International Department	No.69, Min Chuan W. Rd., Taipei, Taiwan	(02) 2581-7111 (02) 2567-1907
● Trust Department	2F, No.16, Jen Ai Rd., Sec. 2, Taipei, Taiwan	(02) 2356-8111 (02) 2394-1556
● Insurance Agency Department	2F, No.149, Min Sheng E. Rd., Sec. 2, Taipei, Taiwan	(02) 2515-5511 (02) 2503-7373
● Off Shore Banking Unit	3F, No.69, Min Chuan W. Rd., Taipei, Taiwan	(02) 2581-7111 (02) 2591-0673
● Credit Card Center	4F, No.87, Jheng Jhou Rd., Taipei, Taiwan	(02) 2558-2111 (02) 2559-2319
● Savings Department Branch	No.149, Min Sheng E. Rd., Sec. 2, Taipei, Taiwan	(02) 2515-9111 (02) 2505-5360
● Cheng Chung Branch	No.28, Kuan Chien Rd., Taipei, Taiwan	(02) 2312-3111 (02) 2382-1750
● East Taipei Branch	No.89, Sung Chiang Rd., Taipei, Taiwan	(02) 2515-2111 (02) 2507-8962
● Hsin Yi Branch	No.40, Tun Hua S. Rd., Sec. 2, Taipei, Taiwan	(02) 2701-8111 (02) 2708-4442
● Min Sheng Branch	No.203, Fu Hsing N. Rd., Taipei, Taiwan	(02) 2546-5111 (02) 2719-7206
● Chung Hsiao Branch	No.225, Tun Hua S. Rd., Sec. 1, Taipei, Taiwan	(02) 2740-9111 (02) 2773-3966
● Jen Ai Branch	No.16, Jen Ai Rd., Sec. 2, Taipei, Taiwan	(02) 2393-3111 (02) 2393-4773
● Shung Shan Branch	No.319, Pa Teh Rd., Sec. 4, Taipei, Taiwan	(02) 2767-9111 (02) 2769-3732
● Lung Shang Branch	No.57, Neijiang St., Taipei, Taiwan	(02) 2311-5111 (02) 2371-9953
● Chung Shan Branch	No.46, Nan King E. Rd., Sec. 1, Taipei, Taiwan	(02) 2562-5111 (02) 2562-5471
● Nei Hu Branch	No.166, Cheng Kung Rd., Sec. 4, Taipei, Taiwan	(02)2792-1111 (02)2794-2884
● Sung Nan Branch	No.275, Hsin Yi Rd., Sec. 4, Taipei, Taiwan	(02) 2703-7111 (02) 2704-1722
● Shih Lin Branch	No.328, Chung Cheng Rd., Shihlin, Taipei, Taiwan	(02) 2833-6111 (02) 2835-6871
● Nan King East Road Branch	No.163, Nan King E. Rd., Sec. 4, Taipei, Taiwan	(02) 2546-7111 (02) 2713-3783
● World Trade Center Branch	No.171-6, Sung Teh Rd., Taipei, Taiwan	(02) 2759-7111 (02) 2727-7894
● Cheng Teh Branch	No.77, Cheng Teh Rd., Sec. 2, Taipei, Taiwan	(02) 2550-6111 (02) 2550-2445
● San Ming Branch	No.141, Min Sheng E. Rd., Sec. 5, Taipei, Taiwan	(02) 2748-7111 (02) 2760-5300
● Tien Mou Branch	No.125, Chung Shan N. Rd., Sec. 7, Taipei, Taiwan	(02) 2873-9111 (02) 2873-4111
● Nei Hu Technology Park Branch	No.259, Tiding Blvd., Sec. 2, Taipei, Taiwan	(02) 2657-6111 (02) 2657-5608
● Hsi Hu Branch	No.48, Lane 188, Ruei Guang Rd., Taipei, Taiwan	(02) 2659-9111 (02) 2657-8797
● Nangang Branch	No.200, Chong Yang Rd., Taipei, Taiwan	(02) 2783-2111 (02) 2651-2111
● Wen Shan Branch	No.251, Roosevelt Rd., Sec. 5, Taipei, Taiwan	(02) 8663-2111 (02) 8663-6588

OFFICES	ADDRESS	TEL/FAX
• Dun Pei Branch	No.142, Min Chuan E. Rd., Sec. 3, Taipei, Taiwan	(02) 2716-8111 (02) 2716-1868
• Sung Chiang Branch	No.143, Chang Chun Rd., Taipei, Taiwan	(02) 2563-6111 (02) 2563-5569
• Yongji Branch	No.369, Yongji Rd., Taipei, Taiwan	(02) 2766-2111 (02) 2760-5656
• San Chung Branch	No.192-2, Chongyang Rd., Sec. 3, Sanchong Dist., New Taipei City, Taiwan	(02) 2982-6111 (02) 2980-0960
• Pan Chiao Branch	No.69, Chung Cheng Rd., Panchiao Dist., New Taipei City, Taiwan	(02) 2965-7111 (02) 2965-5474
• Yung Ho Branch	No.295, Fu Ho Rd., Yungho Dist., New Taipei City, Taiwan	(02) 2231-2111 (02) 2923-6544
• Hsin Chuang Branch	No.85, Chung Ping Rd., Hsinchuang Dist., New Taipei City, Taiwan	(02) 8991-2111 (02) 2277-4863
• Hsin Tien Branch	No.75, Min Chuan Rd., Hsintien Dist., New Taipei City, Taiwan	(02) 8665-7111 (02) 8911-9930
• Lu Chou Branch	No.249, San Min Rd., Luchou Dist., New Taipei City, Taiwan	(02) 2289-0111 (02) 2289-6629
• Chung Ho Branch	No.146, Chung Shan Rd., Sec. 2, Chungho Dist., New Taipei City, Taiwan	(02) 2246-9111 (02) 2249-4055
• North San Chung Branch	No.45, Tze Chiang Rd., Sec. 4, Sanchung Dist., New Taipei City, Taiwan	(02) 2286-2111 (02) 2286-2380
• Tu Cheng Branch	No.50, Chin Cheng Rd., Sec. 3, Tucheng Dist., New Taipei City, Taiwan	(02) 2263-6111 (02) 2266-6152
• Hsi Chih Branch	No.81-2, Hsin Tai 5th Rd., Sec. 1, Hsichih Dist., New Taipei City, Taiwan	(02) 2698-3111 (02) 2698-0272
• Hwa Jiang Branch	No.58, Juang Jing Rd., Panchiao Dist., New Taipei City, Taiwan	(02) 2256-4111 (02) 2250-3986
• Shu Lin Branch	No.17, Shu Hsin Rd., Shulin Dist., New Taipei City, Taiwan	(02) 2687-7111 (02) 2687-7211
• North Chung Ho Branch	No.106, Chung Shan Rd., Sec. 3, Chungho Dist., New Taipei City, Taiwan	(02) 2228-7111 (02) 2223-6538
• Erh Chung Branch	No.10-2, Lane 609, Chung Hsin Rd., Sec. 5, Sanchung Dist., New Taipei City, Taiwan	(02) 2278-7111 (02) 2278-4093
• Dan Feng Branch	No.708-5, Chung Cheng Rd., Hsinchuang Dist., New Taipei City, Taiwan	(02) 2903-8111 (02) 2903-8205
• North Xinzhuang Branch	No.738-3, Zhongyang Rd., Xinzhuang Dist., New Taipei City, Taiwan	(02) 8991-0111 (02) 8993-3111
• Lin Kou Branch	No.81, Wenhua 3rd Rd., Sec. 2, LinKou Dist., New Taipei City, Taiwan	(02) 8979-4111 (02) 8979-6111
• Keelung Branch	No.205, Ren Er Rd., Keelung, Taiwan	(02) 2427-7111 (02) 2426-3125
• Yilan Branch	No.160, Chung Cheng Rd., Sec. 1, Wujie, Yilan, Taiwan	(03) 953-2111 (03) 957-5896
• Tao Yuan Branch	No.178, San Min Rd., Sec. 3, Taoyuan Dist., Taoyuan City, Taiwan	(03) 336-9111 (03) 335-7851
• North Tao Yuan Branch	No.139, Tongde 6th St., Taoyuan Dist., Taoyuan City, Taiwan	(03) 357-8111 (03) 357-0375
• Chung Li Branch	No.18, Chung Mei Rd., Sec. 1, Zhongli Dist., Taoyuan City, Taiwan	(03) 426-3111 (03) 426-3198
• Yang Mei Branch	No.125, Hsin Cheng Rd., Yangmei Dist., Taoyuan City, Taiwan	(03) 488-0111 (03) 488-2777
• Yen Ping Branch	No.551, Yen Ping Rd., Zhongli Dist., Taoyuan City, Taiwan	(03) 426-2111 (03) 426-6022
• Nan Kan Branch	No.538, Min Sheng N. Rd., Sec. 1, Guishan Dist., Taoyuan City, Taiwan	(03) 212-1111 (03) 212-0666
• Guanyin Branch	No.323, Da Guan Rd., Sec. 2, Guanyin Dist., Taoyuan City, Taiwan	(03) 263-0111 (03) 476-1611

OFFICES	ADDRESS	TEL/FAX
• Hsin Chu Branch	No.115, Bei Da Rd., Hsinchu, Taiwan	(03) 532-4111 (03) 542-8898
• Chu Ko Branch	No.95, Puding 2nd Rd, East Dist., Hsinchu, Taiwan	(03) 563-9111 (03) 563-9088
• North Hsinchu Branch	No.198, Chung Cheng Rd., Hsinpu, Hsinchu, Taiwan	(03) 588-0111 (03) 588-6111
• Chu Pei Branch	No.208, Guangming 6th Rd., Dong Sec. 1, Chupei, Hsinchu, Taiwan	(03) 667-6111 (03) 667-6122
• Taichung Branch	No.46, San Min Rd., Sec. 2, Taichung, Taiwan	(04) 2221-4111 (04) 2220-2060
• Chung Kang Branch	No.489, Taiwan Blvd., Sec. 2, West Dist., Taichung, Taiwan	(04) 2326-8111 (04) 2328-6528
• Ta Li Branch	No.127, Yih Min Rd., Sec. 2, Tali Dist., Taichung, Taiwan	(04) 2482-4111 (04) 2481-9876
• Feng Yuan Branch	No.95, San Min Rd., Fengyuan Dist., Taichung, Taiwan	(04) 2524-0111 (04) 2523-0996
• Shizheng Branch	No.406, Shizheng Rd, Xitun Dist., Taichung, Taiwan	(04) 2253-7111 (04) 2253-0111
• Nantun Branch	No.458, Henan Rd., Sec. 4, Nantun Dist., Taichung, Taiwan	(04) 2259-1111 (04) 2252-3999
• Yuan Lin Branch	No.129-1, Datong Rd., Sec. 2, Yuanlin, Changhua, Taiwan	(04) 833-5111 (04) 833-6750
• Tainan Branch	No.305, Chin Hwa Rd., Sec. 2, Tainan, Taiwan	(06) 263-6111 (06) 263-4441
• East Tainan Branch	No.66, Min Chu Rd., Sec. 2, Tainan, Taiwan	(06) 223-7111 (06) 223-6924
• Yung Kang Branch	No.689, Hsiao Tung Rd., Yungkang Dist., Tainan, Taiwan	(06) 312-1111 (06) 313-3874
• Kaohsiung Branch	No.61, Chung Cheng 3rd Rd., Kaohsiung, Taiwan	(07) 231-5111 (07) 282-1243
• Chien Chin Branch	No.420, Cheng Kung 1st Rd., Kaohsiung, Taiwan	(07) 272-1111 (07) 251-6002
• North Kaohsiung Branch	No.160, Bo'ai 4th Rd., Zuoying Dist., Kaohsiung, Taiwan	(07) 961-8111 (07) 348-1229
• Feng Shan Branch	No.163, Guang Yeuan Rd., Fengshan Dist., Kaohsiung, Taiwan	(07) 710-5111 (07) 719-4111
• East Kaohsiung Branch	No.13-30, Renhsiung Rd., Renwu Dist., Kaohsiung, Taiwan	(07) 375-2111 (07) 375-2108
• Ping Tung Branch	No.468, Chung Cheng Rd., Pingtung, Taiwan	(08) 738-5111 (08) 737-3891
• Hong Kong Branch	10F, Peninsula Office Tower, 18 Middle Rd., Tsim Sha Tsui, Kowloon, Hong Kong	852-39601111 852-21961000
• Dong Nai Branch	Floor 11, Sonadezi Building, No.1, Road 1, Bien Hoa 1 Industrial Zone, An Binh Ward, Bien Hoa City, Dong Nai Province, Vietnam	84-251-8875111 84-251-8826875
• Singapore Branch	3 Temasek Avenue, #26-02, Centennial Tower, Singapore 039190	65-6771-5111 65-6771-5578
• Wuxi Branch	2-18-210 and 2-18-104, Longshan Road, Xinwu District, Wuxi, Jiangsu Province, China	86-510-81157111 86-510-85210625
• Bangkok Representative Office	Room 1601, 16F, Sathorn Square Office Tower, No. 98, North Sathorn Road, Silom, Bangrak, Bangkok 10500 Thailand	66-2-1081611 66-2-1081311
• Phnom Penh Representative Office	13F, Phnom Penh Tower, No. 445, Preah Monivong Blvd., Sangkat Boeung Prolit, Khan 7 Makara, Phnom Penh, Kingdom of Cambodia	855-23-964811 855-23-964711
• Jakarta Representative Office	GD. Menara Batavia Lt. 8, Jl. KH. Mas Mansyur Kav. 126 Kel. Karet Tengsin, Kec. Tanah Abang, Jakarta Pusat, Indonesia	62-21-57908111 62-21-57907111
• Bac Ninh Representative Office	3F., Viet Long Complex Building, No.30, Ly Thai To Street, Ninh Xa Ward, Bac Ninh City, Bac Ninh Province, Vietnam	84-222-3656111 84-222-3630111

Deloitte.

勤業眾信

勤業眾信聯合會計師事務所
11073 台北市信義區松仁路100號20樓

Deloitte & Touche
20F, Taipei Nan Shan Plaza
No. 100, Songren Rd.
Xinyi Dist., Taipei 11073, Taiwan

Tel: +886 (2) 2725-9988
Fax: +886 (2) 4051-6888
www.deloitte.com.tw

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of The Shanghai Commercial & Savings Bank, Ltd. (the "Bank") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year ended December 31, 2022 and 2021, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, its consolidated financial performance and its consolidated cash flows for the year ended December 31, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), and SIC interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of Taiwan.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters related to the Group's consolidated financial statements as of and for the year ended December 31, 2022 are described as follows:

Allowance for Impairment Losses of Discounts and Loans

The Group primarily engages in the loan business. As of December 31, 2022, the loan business is significant to the accompanying consolidated financial statements. The Bank conducted its impairment assessment of discounts and loans and recognized allowance for bad debts according to the requirements of IFRS 9 and the authorities' regulations. The Bank's management assessed the impairment of discounts and loans by using the expected credit loss model. The Group assesses whether the credit risk has increased significantly since initial recognition by taking into consideration factors like the amount of loss on impairment, past experience, current market situation and prospective information, etc. In addition, credit-impaired loans are also evaluated for possible future recovery. Refer to Notes 4, 5, 14 and 40 to the consolidated financial statements for disclosures related to impairment of loan portfolios. As the cash flow forecasts involved management's critical judgments in accounting estimation and the underlying assumptions, we then determined the impairment of loan portfolios as a key audit matter.

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

1. We understood and tested the Group's internal control procedures that were relevant to the assessment of loan impairment.

2. We verified that the method and important parameters adopted in the expected credit loss model had properly reflected actual situations and calculated the amount of impairment loss.

3. We tested the classification of credit assets and confirmed that the allowance for loss met the requirements of the competent authorities' regulations.

Other Matter

We have also audited the parent company only financial statements of the Bank as of and for the year ended December 31, 2022 and 2021 on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, IAS, SIC endorsed and issued into effect by the FSC, and for such internal control as management determines is necessary to ensure the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan

February 24, 2023

Notice to Readers

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

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

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

Codes	ASSETS	December 31, 2022 Amount	%	December 31, 2021 Amount	%
11000	Cash and cash equivalents (Note 6)	$ 63,757,313	3	$ 70,381,813	3
11500	Due from the Central Bank and call loans to banks (Note 7)	336,553,517	15	211,566,159	10
12000	Financial assets measured at fair value through profit or loss (Note 8)	7,988,907	-	10,598,012	1
12100	Financial assets measured at fair value through other comprehensive income (Notes 9 and 11)	400,783,774	17	518,556,855	24
12200	Investments in debt instruments measured at amortized cost (Notes 10 and 11)	213,901,918	9	159,319,588	8
12500	Securities purchased under resell agreements (Note 12)	-	-	278,486	-
13000	Receivables, net (Notes 13)	18,992,356	1	15,216,288	1
13200	Current income tax assets (Note 34)	25,905	-	62,485	-
13500	Discounts and loans, net (Notes 14)	1,234,305,369	53	1,112,234,779	52
15000	Investments under the equity method, net (Note 16)	1,937,372	-	1,922,359	-
15500	Other financial assets, net (Note 17)	-	-	4,817	-
18500	Properties, net (Note 18)	21,906,365	1	20,596,416	1
18600	Right-of-use assets, net (Note 19)	1,871,270	-	1,809,919	-
18700	Investment properties, net (Note 20)	6,895,605	-	5,981,151	-
19000	Intangible assets, net (Note 21)	1,925,844	-	1,665,724	-
19300	Deferred income tax assets (Note 34)	4,396,598	-	1,236,260	-
19500	Other assets, net (Note 22 and 31)	10,112,912	1	8,201,600	-
10000	Total assets	$ 2,325,355,025	100	$ 2,139,632,711	100
Codes	**LIABILITIES AND EQUITY**				
21000	Deposits from the central bank and other banks (Note 23)	$ 50,192,934	2	$ 52,655,889	3
21500	Due to the central bank and other banks	-	-	17,787,080	1
22000	Financial liabilities measured at fair value through profit or loss (Note 8)	5,791,587	-	3,670,954	-
22500	Securities sold under repurchase agreements (Note 24)	781,568	-	14,505,024	1
23000	Payables (Notes 25)	33,071,071	1	29,428,955	1
23200	Current income tax liabilities (Note 34)	2,052,522	-	1,184,757	-
23500	Deposits and remittances (Notes 26)	1,920,666,353	83	1,707,602,522	80
24000	Bank debentures (Note 27)	65,244,424	3	82,091,512	4
25500	Other financial liabilities (Note 28)	3,339,871	-	4,784,006	-
25600	Provisions (Note 29)	2,926,505	-	2,932,800	-
26000	Lease liabilities (Note 19)	1,925,887	-	1,868,929	-
29300	Deferred income tax liabilities (Note 34)	10,452,067	1	8,691,595	-
29500	Other liabilities (Notes 30)	3,267,315	-	3,190,488	-
20000	Total liabilities	2,099,712,104	90	1,930,394,511	90
	Equity (Note 32)				
	Equity attributable to owners of the Bank				
	Share capital				
31101	Ordinary shares	48,616,031	2	44,816,031	2
31500	Capital surplus	27,405,763	1	16,666,144	1
	Retained earnings				
32001	Legal reserve	64,476,033	3	60,224,639	3
32003	Special reserve	7,669,374	-	7,669,374	-
32005	Unappropriated earnings	28,537,216	1	27,585,920	1
32000	Total retained earnings	100,682,623	4	95,479,933	4
32500	Other equity	(6,840,365)	-	922,852	-
32600	Treasury shares	(83,144)	-	(83,144)	-
31000	Total equity attributable to owners of the Bank	169,780,908	7	157,801,816	7
38000	Non-controlling interests	55,862,013	3	51,436,384	3
30000	Total equity	225,642,921	10	209,238,200	10
	Total liabilities and equity	$ 2,325,355,025	100	$ 2,139,632,711	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 Year Ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars, except Earnings Per Share)

		For the Year Ended December 31				
		2022		2021		Change
Codes		Amount	%	Amount	%	%
41000	Interest income	$ 50,043,879	112	$ 35,519,115	93	41
51000	Interest expenses	16,800,536	37	9,048,820	24	86
49010	Net interest income (Notes 33)	33,243,343	75	26,470,295	69	26
	Non-interest income					
49100	Service fee income, net (Note 33)	5,647,708	13	6,313,428	16	(11)
49200	Gain (loss) on financial assets and liabilities measured at fair value through profit or loss (Note 33)	(2,512,366)	(6)	(173,417)	-	1,349
49310	Realized gain on financial assets measured at fair value through other comprehensive income (Note 33)	2,502,696	5	2,254,204	6	11
49450	Gain on financial assets measured at amortized cost	-	-	5,420	-	(100)
49600	Foreign exchange gain, net	4,334,914	10	2,250,123	6	93
49700	Impairment loss on assets	(59,189)	-	(29,274)	-	102
49750	Proportionate share of profit of associates under the equity method (Note 16)	526,569	1	273,442	1	93
49800	Other non-interest income, net	915,647	2	808,281	2	13
49020	Total non-interest income	11,355,979	25	11,702,207	31	(3)
4xxxx	Consolidated net revenue	44,599,322	100	38,172,502	100	17
58200	Provisions for bad-debt expense, commitment and guarantee liability (Note 14)	4,336,995	10	1,241,757	3	249
	Operating expenses					
58500	Employee benefits (Notes 33)	10,590,464	24	9,338,175	25	13
59000	Depreciation and amortization (Note 33)	1,762,644	4	1,659,855	4	6
59500	Other general and administrative	4,677,469	10	3,793,366	10	23
58400	Total operating expenses	17,030,577	38	14,791,396	39	15
61001	Profit before income tax	23,231,750	52	22,139,349	58	5
61003	Income tax expense (Note 34)	(4,135,726)	(9)	(3,468,731)	(9)	19
64000	Consolidated net income	19,096,024	43	18,670,618	49	2
	Other comprehensive income (loss)					
	Items that will not be reclassified subsequently to profit or loss:					
65201	Remeasurement of defined benefit plans	99,014	-	(136,717)	-	172
65204	Gain (loss) on investments in equity instruments measured at fair value through other comprehensive income	(5,807,747)	(13)	95,071	-	(6,209)
65205	Financial liabilities designated at FVTPL which the amount of change derived from credit risk (Note 8)	(60,356)	-	17,650	-	(442)
65207	Proportionate share of other comprehensive income of associates under the equity method	(21,563)	-	(1,404)	-	1,436
65220	Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 34)	(148,329)	(1)	11,806	-	(1,356)
65200	Subtotal of items that will not be reclassified subsequently to profit or loss	(5,938,981)	(14)	(13,594)	-	43,588
	Items that may be reclassified subsequently to profit or loss:					
65301	Exchange differences on translating foreign operations	14,335,022	32	(2,652,075)	(7)	641
65307	Share of the other comprehensive income of associates accounted for using the equity method	(522,670)	(1)	(32,530)	-	1,507
65309	Gain (loss) on debt instruments measured at fair value through other comprehensive income	(17,216,386)	(38)	(4,817,412)	(13)	257
65310	Loss allowance for debt instruments measured at fair value through other comprehensive income (Note 11)	61,602	-	28,726	-	114
65320	Income tax relating to items that may be reclassified subsequently to profit or loss (Note 34)	620,660	1	934,545	3	(34)
65300	Subtotal of items that may be reclassified subsequently to profit or loss	(2,721,772)	(6)	(6,538,746)	(17)	(58)
65000	Other comprehensive income for the period, net of income tax	(8,660,753)	(20)	(6,552,340)	(17)	32
66000	Total comprehensive income for the period	$ 10,435,271	23	$ 12,118,278	32	(14)
	Net profit attributable to:					
67101	Owners of the Bank	$ 14,937,870	34	$ 14,255,581	37	5
67111	Non-controlling interests	4,158,154	9	4,415,037	12	(6)
67100		$ 19,096,024	43	$ 18,670,618	49	2
	Total comprehensive income attributable to:					
67301	Owners of the Bank	$ 5,506,359	12	$ 10,201,802	27	(46)
67311	Non-controlling interests	4,928,912	11	1,916,476	5	157
67300		$ 10,435,271	23	$ 12,118,278	32	(14)
	Earnings per share (Note 35)					
67500	Basic	$3.33		$3.19		4
67700	Diluted	$3.33		$3.19		4

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 Year Ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

Codes		Equity Attributable to Owners of the Bank (Note 32): Share Capital: Ordinary Shares	Capital Surplus	Retained Earnings: Legal Reserve	Retained Earnings: Special Reserve	Retained Earnings: Unappropriated Earnings	Other Equity: Exchange Differences on Translating Foreign Operations	Other Equity: Change in Financial Assets at FVTOCI	Other Equity: Change in Credit Risk From Financial Liabilities Designated at FVTPL	Treasury Shares	Total Equity Attributable to Owners of the Bank	Non-controlling Interests (Note 32)	Total Equity
A1	Balance on January 1, 2021	$ 44,816,031	$ 16,550,661	$ 56,344,918	$ 7,669,374	$ 24,913,053	$ (5,643,162)	$ 10,529,113	$ 6,412	$ (83,144)	$ 155,103,256	$ 49,995,956	$ 205,099,212
	Appropriation of 2020 earnings												
B1	Legal reserve	-	-	3,879,721	-	(3,879,721)	-	-	-	-	-	-	-
B5	Cash dividends	-	-	-	-	(7,618,725)	-	-	-	-	(7,618,725)	-	(7,618,725)
C7	Changes in capital surplus from investments in associates under the equity method	-	8,954	-	-	-	-	-	-	-	8,954	-	8,954
C17	Unclaimed dividends	-	106,529	-	-	-	-	-	-	-	106,529	-	106,529
D1	Net profit for the year ended December 31, 2021	-	-	-	-	14,255,581	-	-	-	-	14,255,581	4,415,037	18,670,618
D3	Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	(110,225)	(1,220,626)	(2,740,578)	17,650	-	(4,053,779)	(2,498,561)	(6,552,340)
D5	Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	14,145,356	(1,220,626)	(2,740,578)	17,650	-	10,201,802	1,916,476	12,118,278
Q1	Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	25,957	-	(25,957)	-	-	-	-	-
O1	Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(476,048)	(476,048)
Z1	Balance on December 31, 2021	44,816,031	16,666,144	60,224,639	7,669,374	27,585,920	(6,863,788)	7,762,578	24,062	(83,144)	157,801,816	51,436,384	209,238,200
	Appropriation of 2021 earnings												
B1	Legal reserve	-	-	4,251,394	-	(4,251,394)	-	-	-	-	-	-	-
B5	Cash dividends	-	-	-	-	(8,066,886)	-	-	-	-	(8,066,886)	-	(8,066,886)
C7	Changes in capital surplus from investments in associates under the equity method	-	9,480	-	-	-	-	-	-	-	9,480	-	9,480
C17	Unclaimed dividends	-	112,407	-	-	-	-	-	-	-	112,407	-	112,407
D1	Net profit for the year ended December 31, 2022	-	-	-	-	14,937,870	-	-	-	-	14,937,870	4,158,154	19,096,024
D3	Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	79,274	6,737,324	(16,187,753)	(60,356)	-	(9,431,511)	770,758	(8,660,753)
D5	Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	15,017,144	6,737,324	(16,187,753)	(60,356)	-	5,506,359	4,928,912	10,435,271
E1	Issue of ordinary shares for capital increase by cash	3,800,000	10,260,000	-	-	-	-	-	-	-	14,060,000	-	14,060,000
N1	Share-based payment transaction	-	357,732	-	-	-	-	-	-	-	357,732	-	357,732
Q1	Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	(1,747,568)	-	1,747,568	-	-	-	-	-
O1	Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(503,283)	(503,283)
Z1	Balance on December 31, 2022	$ 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

ccompanying 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 Year Ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

Codes		For the Year Ended December 31 2022	2021
	Cash flows from operating activities		
A00010	Consolidated net profit before income tax	$ 23,231,750	$ 22,139,349
A20010	Adjustments to reconcile net profit to net cash provided by operating activities		
A20100	Depreciation expenses	1,521,094	1,445,349
A20200	Amortization expenses	241,550	214,506
A20300	Provisions for bad debt expense, commitment and guarantee liability	4,336,995	1,241,757
A20400	(Loss) gain on financial assets and liabilities measured at fair value through profit or loss	(296,449)	608,765
A20900	Interest expenses	16,800,536	9,048,820
A21200	Interest revenue	(50,043,879)	(35,519,115)
A21300	Dividend income	(2,142,869)	(1,285,004)
A21900	Share-based payment transaction	357,732	-
A22300	Proportionate share of profit of associates	(526,569)	(273,442)
A22500	(Gain) loss on disposal of properties and equipment, net	(195,228)	9,728
A23500	Loss on financial asset impairment	59,730	29,732
A23800	(Gain) on non-financial asset impairment	(541)	(458)
A29900	Others	(856,044)	(370,072)
A40000	Changes in operating assets and liabilities		
A41110	Due from the central bank and call loans to banks	(41,194,553)	(1,160,905)
A41120	Financial assets measured at fair value through profit or loss	3,904,366	2,557,642
A41123	Financial assets measured at fair value through other comprehensive income	120,138,824	(20,490,376)
A41125	Investment in debt instruments measured at amortized cost	(53,532,052)	(51,815,782)
A41150	Receivables	404,585	2,674,895
A41160	Discounts and loans	(94,099,174)	16,873,205
A41190	Other financial assets	5,037	1,293,187
A42110	Deposits from the central bank and other banks	(4,630,510)	6,271,597
A42120	Financial liabilities at fair value through profit or loss	1,739,036	(2,720,636)
A42140	Securities sold under repurchase agreements	(13,723,456)	(11,276,387)
A42150	Payables	124,349	(1,584,048)
A42160	Deposits and remittances	149,854,982	30,659,135
A42170	Other financial liabilities	(1,623,990)	301,719
A42180	Employee benefit provisions	(24,725)	(54,763)
A42990	Other liabilities	239,115	44,863
A33000	Cash from (used in) operations	60,069,642	(31,136,739)
A33100	Interest received	47,412,880	35,854,912
A33200	Dividends received	2,190,133	1,343,473
A33300	Interest paid	(14,155,168)	(9,536,911)
A33500	Income tax paid	(3,712,477)	(3,220,206)
AAAA	Net cash from (used in) operating activities	91,805,010	(6,695,471)

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

Codes		For the Year Ended December 31 2022	2021
	Cash flows from investing activities		
B02700	Acquisition of properties	$ (1,247,367)	$ (843,564)
B02800	Proceeds from disposal of properties	326,924	5,208
B02600	Proceeds from assets for sale	-	261,345
B03700	Increase in refundable deposits	(786,474)	(46)
B03800	Decrease in refundable deposits	-	163,666
B04500	Acquisition of intangible assets	(271,345)	(169,240)
B05400	Acquisition of investment properties	(276,213)	(335,733)
B06700	Increase in other assets	(888,558)	(3,744,492)
BBBB	Net cash from (used in) investing activities	(3,143,033)	(4,662,856)
	Cash flows from financing activities		
C00300	Increase in funds borrowed from central bank and Banks	-	11,735,070
C00400	Decrease in funds borrowed from central bank and Banks	(17,787,080)	-
C01400	Proceeds from issuance of bank debentures	4,070,000	5,000,000
C01500	Payments for bank debentures	(22,367,720)	(4,900,000)
C03000	Increase in guarantee deposits received	18,016	141,806
C03100	Decrease in guarantee deposits received	(278,319)	(89,106)
C04020	Payments for principal portion of lease liabilities	(814,716)	(745,095)
C04500	Cash dividend	(8,057,406)	(7,609,771)
C04600	Cash capital increase	14,060,000	-
C05800	Changes in non-controlling interests	(503,283)	(476,048)
CCCC	Net cash from (used in) financing activities	(31,660,508)	3,056,856
DDDD	Effects of exchange rate changes on the balance of cash held in foreign currencies	12,748,616	(5,491,573)
EEEE	Net increase (decrease) in cash and cash equivalents	69,750,085	(13,793,044)
E00100	Cash and cash equivalents at the beginning of the period	182,050,068	195,843,112
E00200	Cash and cash equivalents at the end of the period	$ 251,800,153	$ 182,050,068

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

Codes		December 31, 2022	December 31, 2021
E00210	Cash and cash equivalents in consolidated balance sheets	$ 63,757,313	$ 70,381,813
E00220	Due from the Central Bank and call loans to banks which fall within the definition of cash and cash equivalents under IAS 7	188,042,840	111,389,769
E00230	Securities purchased under resale agreements which fall within the definition of cash and cash equivalents under IAS 7	-	278,486
E00200	Cash and cash equivalents in consolidated statements of cash flows	$ 251,800,153	$ 182,050,068

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 Year Ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Stated)

1. ORGANIZATION AND OPERATIONS

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

The Bank has its head office in Taipei and 76 branches, including 4 foreign branches separately located in Wuxi China, Hong Kong, Vietnam Dong Nai 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 February 24, 2023, the consolidated financial statements were approved by the board of directors and issued afterward.

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

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

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

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

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

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

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

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

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

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

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

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

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of other standards and interpretations 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

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks and IFRSs as endorsed and issued into effect by the FSC.

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 Classification of Current and Non-current Assets and Liabilities

Since the operating cycle in the banking industry cannot be reasonably identified, accounts included in the Group's consolidated financial statements are not classified as current or non-current. Nevertheless, these accounts are properly categorized according to the nature of each account and sequenced by liquidity.

4.4 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-group transactions, account balances, income and losses have been eliminated. The comprehensive income of the subsidiaries is attributed to the owner of the Bank and non-controlling interests, even if the non-controlling interests have negative balance.

For details on subsidiaries, shareholding ratios and business items, refer to Note 15 and Table 5.

4.5 Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred and the fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

4.6 Foreign Currencies

In preparing the financial statements of each individual entity in the Group, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including of the associates or branches in other countries or currencies used are different from the currency of the Bank) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income (attributed to the owners of the Bank and non-controlling interests as appropriate).

4.7 Financial Instruments

Financial assets and financial liabilities are recognized in the consolidated balance sheets when the Group becomes one of the parties of the contract.

For financial assets and financial liabilities other than financial assets or financial liabilities at fair value through profit or loss (FVTPL), the fair value is directly attributable to the transaction costs of acquiring or issuing financial assets or financial liabilities. Transaction costs directly attributable to the acquisition or issue of financial assets or financial liabilities at FVTPL are recognized as current expenses.

4.7.1 Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

(1) Measurement

The Group owns financial assets which are classified into the following specified categories: Financial assets at FVTPL, financial assets at amortized cost, investments in debt instruments at fair value through other comprehensive income (FVTOCI) and investments in equity instruments at FVTOCI.

A. Financial assets at FVTPL

A financial asset is classified as at FVTPL when the financial asset is mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on re-measurement (excluding any dividends or interest arising from such financial assets) recognized in profit or loss. Fair value is determined in the manner described in Note 40.

B. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

a. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

b. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, accounts receivable at amortized cost and others, are measured at amortized cost, which equals to gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for:

a. Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such a financial asset; and
b. Financial assets that have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such a financial asset.

Cash equivalents include accounts due from the Central Bank that are highly liquid, convertible into fixed cash at any time, and have a low-risk of value changes within three months from the date of acquisition, which are used to meet short-term cash commitments.

C. Investments in debt instruments at FVTOCI

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

a. The financial asset is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of the financial assets; and

b. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

D. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group’s right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

(2) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including discounts and loans and accounts receivable), investments in debt instruments that are measured at FVTOCI, lease receivables, loan commitments, as well as contract assets at the estimated credit loss on each balance sheet date.

For such financial assets, the Group recognizes lifetime expected credit losses (ECLs) when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of such a financial asset.

Under the guidelines of the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans" issued by the Banking Bureau of the Financial Supervisory Commission, the credit accounts are categorized into five groups: Normal credit assets, assets that require special mention, substandard assets, doubtful assets and full-amount loss based on clients' financial conditions. After assessing the value of the collateral, the Group will assess the possibilities of recovery.

Under the above guidelines, in addition to the minimum standard allowance for all accounts, allowance is provided for accounts classified as normal (except government accounts), accounts with notice, accounts with warning, difficult accounts and uncollectible accounts at rates of 1%, 2%, 10%, 50%, and 100%, respectively.

According to the local statutes, the Bank's allowances for bad debts and guarantee liabilities for the "acquisition of residential home repair loans and construction loans" and "category one credit assets (including short-term trade financing) due from PRC businesses" should be at least 1.5%. In addition, the minimum allowance for bad debts for SME loans handled in accordance with the " Regulations for the Central Bank's Handling of Bank Acceptance of SME Loans Affected by the Severe Special Contagious Pneumonia Epidemic" is 0.5%.

Debts that are determined to be uncollectible are written off after being reported to the board of directors for approval.

(3) Derecognition of financial assets

When the contractual rights from the cash flows of financial assets have lapsed or the financial assets and all the risks and rewards of the assets have been transferred to other enterprises, the financial assets are derecognized.

When a financial asset is totally derecognized, the difference between the carrying amount and the sum of any accumulated gain or loss recognized in other comprehensive income is recognized as profit or loss.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

On derecognition of a financial asset other than in its entirety, the Group allocates the previous carrying amount of the financial asset between the part it continues to recognize and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part that is no longer recognized is treated in the same way as when the financial asset is derecognized in entirety. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

4.7.2 Equity instruments

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Group's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Group's own equity instruments.

4.7.3 Financial liabilities

(1) Subsequent measurement

All financial liabilities are measured at amortized cost using effective interest rate, except for the following situations:

A. Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when such financial liabilities are either held for trading or designated as at FVTPL.

Financial liabilities held for trading are stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any interest or dividends paid on such financial liability.

A financial liability may be designated as at FVTPL upon initial recognition when doing so results in more relevant information and if:

a. Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

b. The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and has performance evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

c. The contract contains one or more embedded derivatives so that the entire combined contract (asset or liability) can be designated as at FVTPL.

For a financial liability designated as at FVTPL, the amount of changes in fair value attributable to changes in the credit risk of the liability is presented in other comprehensive income and will not be subsequently reclassified to profit or loss. The remaining amount of changes in the fair value of that liability which does not incorporate any interest or dividends paid on such financial liability is presented in profit or loss. The gain or loss accumulated in other comprehensive income will be transferred to retained earnings when the financial liability is derecognized. If this accounting treatment related to credit risk would create or enlarge an accounting mismatch, all changes in the fair value of the liability are presented in profit or loss.

Fair value is determined in the manner described in Note 40.

B. Financial guarantee contracts

The financial guarantee contracts issued by the Group and not measured at FVTPL are measured at the higher of the allowance for the expected credit losses and the amortized amount after initial recognition.

(2) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

4.7.4 Derivatives

Derivatives signed by the Group include forward foreign exchange contracts, interest rate swaps and others to manage the Group's interest rate and exchange rate risk.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument; in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that are within the scope of IFRS 9 "Financial Instruments" are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets that is within the scope of IFRS 9 (e.g. those embedded in the principal contract of financial liabilities) are treated as separate derivatives when they meet the definition of a derivative; their risks and characteristics are not closely related to those of the host contracts; and the host contracts are not measured at FVTPL.

4.8 Investment in Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The Group applies equity method to account for investments in associates.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of equity of associates attributable to the Group.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Group subscribes for additional new shares of the associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus. If the Group's ownership interest is reduced due to the additional subscription of the new shares of associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for by the equity method is insufficient, the shortage is debited to retained earnings.

When the Group's share of losses of an associate equals or exceeds its interest in that associate, including any carrying amount of the investment accounted for by the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate, the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is deducted from investment and the carrying amount of investment is net of impairment loss. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

4.9 Non-performing Loans

Under the guidelines of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans", the balance of loans and other credits extended by the Bank and the related accrued interest thereon are classified as non-performing.

Non-performing loans in the lending business are classified as discounts and loans; otherwise, are classified as other financial assets.

4.10 Securities Purchased/Sold Under Resale/Repurchase Agreements

Securities purchased under resale agreements and securities sold under repurchase agreements are generally treated as collateralized financing transactions. Interest earned on resale agreements or interest incurred on repurchase agreements is recognized as interest income or interest expense over the life of each agreement.

4.11 Properties and Equipment

Properties and equipment are stated at cost, less recognized accumulated depreciation.

Depreciation is provided on a straight-line basis over estimated useful lives and the critical components are identified and depreciated separately. Depreciation expense of the land and buildings held by SCB (HK) is depreciated using the straight-line method over the useful lives under 40 years. Other equipment is computed using the straight-line method within the durability of 4 to 10 years. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period by the Group. Change in accounting estimates takes effect retrospectively.

Any gain or loss on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

4.12 Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation. Depreciation is recognized using the straight-line method.

Any gain or loss on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

4.13 Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

4.14 Intangible Assets

4.14.1 Acquisition as separate asset

Intangible assets that have finite useful lives and are acquired separately are carried at cost less accumulated amortization. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful lives, residual value, and amortization method are reviewed at the end of each reporting period. The residual value of an intangible asset with a finite useful life is assumed to be zero unless the Group expects to dispose of the intangible asset before the end of its economic life. Change in accounting estimate takes effect prospectively.

4.14.2 Acquisition by business combination

The intangible assets acquired from business combination are recognized at the fair value on the acquisition date and are recognized separately from goodwill. Subsequent measurement is the same as intangible assets acquired separately.

4.14.3 Derecognition

Any gain or loss on the disposal or retirement of an item of intangible assets is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

4.15 Impairment of Property and Equipment, Right-of-Use Assets, Intangible Assets Other Than Goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property and equipment, right-of-use assets and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

4.16 Collaterals Assumed

Collaterals assumed are recorded at their appraised values. At balance sheet date, these collaterals are individually revalued at the lower of cost or net realizable value.

4.17 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

4.18 Revenue Recognition

Interest revenue from loans is estimated on accrual basis. Interest revenue from non-performing Bank-extended loans and other credits are recognized only when collection is made. In accordance with the Ministry of Finance regulations, the interest from the relief and extension of specific loans is recorded as deferred income and recognized as income upon collection. Service fees are recorded as income upon receipt or when the related services are substantially completed.

The costs of acquisition of loans and accounts receivable and extra fees received are accounted for as adjustments to the book value and the effective interest of loans and accounts receivable.

Dividend revenue is recognized when the right of shareholder to receive dividend is established. The premise is that the economic benefits associated with the transaction are likely to flow into the Group and the amount of revenue can be reliably measured.

4.19 Leasing

The Group assesses whether the contract is (or includes) a lease on the contract date. For contracts that include the lease and non-lease components, the Group distributes the consideration in the contract on a relatively separate price basis and deals with them separately.

4.19.1 The Group as lessor

When the lease terms transfer almost all the risks and rewards attached to the ownership of the assets to the lessee, the leases are classified as finance leases. All other leases are classified as operating leases.

Under finance leases, lease payments include fixed payments, substantially fixed payments, variable lease payments which depend on an index or a rate, guaranteed residual values, and the exercise price of the purchase option that is reasonably certain to be exercised, and the rental termination penalties reflected in the lease term, less the incentives for the lease to be paid. The net amount of the lease investment is measured as the sum of the present value of both the lease receivable and the unguaranteed residual value plus the original direct costs and expressed as a finance lease receivable. The financing income is apportioned to each accounting period so as to reflect a periodic fixed rate of return that the Group's unexpired net lease investment is available for each period. Under operating leases, the lease payments deducted from the lease incentives are recognized as income on a straight-line basis over the relevant lease periods. The original direct costs incurred in obtaining the operating leases are added to the carrying amount of the underlying assets and recognized as an expense on a straight-line basis over the lease terms.

4.19.2 The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight line basis over the lease terms. Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and adjusted for any remeasurement of the lease liabilities.

Right-of-use assets are depreciated using the straight-line method from the commencement dates of the lease to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, substantially fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use asset has been reduced to zero, the remaining amount of remeasurement is recognized in profit or loss. Lease liabilities are presented separately in the consolidated balance sheets.

The Group and the lessor conducted rent negotiations directly related to COVID-19, and adjusted the rent due before June 30, 2022, which resulted in a decrease in rent. These negotiations did not significantly change other lease terms. The Group chose to adopt practical expedients to deal with all rent negotiations. Therefore, the Group does not have to assess whether the negotiation is a lease modification, but recognize the decrease in lease payments in rent concessions or circumstances when they occur in profit or loss (accounted for as other non-interest revenue, and the lease liability is relatively reduced).

4.20 Employee Benefits

4.20.1 Short-term employee benefits

Liabilities related to short-term employee benefits are measured and recognized at the undiscounted amount expected to be paid to employees for their services.

4.20.2 Retirement benefit costs

The Group currently has both defined contribution and defined benefit retirement plans for its employees. Pursuant to local rules, employees working overseas are enrolled in defined contribution retirement benefit plan.

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Group's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

4.20.3 Employee preferential deposits

The Bank provides current and retired employees preferential interests rates for deposits under certain balances. Differences between preferential rate and interest at market rate are recognized as employee benefits.

Under rule No. 30 of the Regulations Governing the Preparation of Financial Reports by Public Banks, post-retirement preferential interests provided to retired employees should be measured and recognized using actuarial calculation pursuant to IAS No. 19 if variables for use in the actuarial assumptions are stipulated in official governing rules, then the rules should be applied first.

4.20.4 Other long-term employee benefits

Current employees who are eligible for retirement will be given a pension according to the retirement plan. If employees do not have the qualification to retire, (a) the pension will be issued for one month if the service lasts less than one year; (b) if the service lasts more than one year and less than five years, they will receive pension for one month for serving each full year; (c) if the service lasts for more than five years, the pension is calculated according to the actuarial calculation method. However, the calculation method is only applicable to the service that existed before the application of the new system.

4.21 Share-based payment arrangements

The fair value at the acquisition date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share option. It is recognized as an expense in full at the grant date if vested immediately. The Group apply for cash capital increase to reserve employee subscriptions, and the acquisition date based on the day when the number of shares subscribed by employees is confirmed

4.22 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

4.22.1 Current tax

The Group determines the current income (loss) in accordance with the laws and regulations established by each jurisdiction of income tax declaration., and calculates the payable (recoverable) income tax.

According to the Taiwan Income Tax Law, an additional tax on unappropriated earnings is recognized in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current period's income tax expenses.

4.22.2 Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized on all taxable temporary differences. Deferred tax assets are recognized on deductible temporary difference and loss carry forwards provided that taxable income will be available for use in deducting the benefits of the temporary differences probably.

Deferred tax liabilities are recognized on taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to use the benefits of the temporary differences and are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

4.22.3 Current tax and deferred tax of the period

Current tax and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current tax and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

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 on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The Group takes the economic impact of COVID-19 into consideration in major accounting estimates such as cash flow estimation, growth rate, discount rate, and profitability, and the management will continue to review the estimates and underlying assumptions. Revisions to accounting estimate are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Estimates and assumptions of main sources of uncertainty

Estimated impairment of financial assets

Estimates of impairment on loans and receivables, investments in debt instrument and financial guarantee contracts are based on the Group's assumptions about default rates and expected loss rates. The Group considers historical experience, current market conditions and forward-looking information to make assumptions and select input values for impairment assessments. For the important assumptions and input values used, refer to Note 40. If the actual cash flows in the future are less than expected, significant impairment losses may occur.

6. CASH AND CASH EQUIVALENTS

	December 31, 2022	December 31, 2021
Cash on hand and working fund	$ 14,867,502	$ 13,307,764
Checks for clearing	2,423,884	2,973,308
Due from other banks	46,465,927	54,100,741
	$ 63,757,313	$ 70,381,813

The Group assessed the allowance for cash and cash equivalents based on the expected credit loss model. Due to the low credit risk of cash and cash equivalents, allowance losses were recognized based on the 12-month expected credit losses. On December 31, 2022 and 2021, cash and cash equivalents recognized as allowances were in the amounts of $311 thousand and $1,802 thousand, respectively.

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

	December 31, 2022	December 31, 2021
Call loans to banks	$ 290,467,003	$ 180,488,033
Deposit reserves - I	12,780,472	3,692,689
Deposit reserves - II	28,882,268	23,341,841
Deposit reserves - foreign currency	217,659	209,619
Due from foreign central banks	4,206,115	3,833,977
	$ 336,553,517	$ 211,566,159

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

The Group assessed the loss allowance for due from the Central Bank and call loans to banks based on the expected credit loss model. Due to the low credit risk of dues from the Central Bank and call loans to banks, the loss allowance was recognized based on 12-month expected credit losses. On December 31, 2022 and 2021, the allowances recognized for the dues from the Central Bank and call loans to banks were in the amounts of $7,769 thousand and $8,561 thousand, respectively.

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

	December 31, 2022	December 31, 2021
Financial assets at fair value through profit or loss		
Financial assets mandatorily classified as at FVTPL		
Government bonds	$ 3,621,989	$ 49,286
Forward contracts	3,069,923	1,379,882
Shares	565,856	2,174,721
Beneficiary certificates	251,237	535,265
Currency swap contract	196,437	32,739
Option contracts	178,505	44,646
Corporate bonds	-	6,039,499
Interest rate swap contracts	-	174,788
Bank debentures	-	11,075
Others	104,960	156,111
	$ 7,988,907	$ 10,598,012

	December 31, 2022	December 31, 2021
Financial liabilities at fair value through profit or loss		
Held-for-trading financial liabilities		
Forward contracts	$ 2,986,383	$ 1,159,346
Currency swap contract	522,200	292,368
Interest rate swap contracts	176,821	850
Option contracts	97,848	150,266
	3,783,252	1,602,830
Financial liabilities designated at FVTPL		
Bank debentures	2,008,335	2,068,124
	$ 5,791,587	$ 3,670,954

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:

	December 31, 2022	December 31, 2021
Forward contracts	$ 490,213,536	$ 226,300,397
Option contracts	56,529,087	143,179,103
Currency swap contract	55,114,047	80,094,212
Interest rate swap contracts	2,601,485	2,886,697
Future contracts	-	158,533

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

	December 31, 2022	December 31, 2021
The difference between the fair value and the maturity value		
－Fair value	$ 2,008,335	$ 2,068,124
－Maturity value	1,973,649	2,110,011
	$ 34,686	$ (41,887)

	Effects of changes in credit risk
Current amount of change	
From January1, 2022 to December 31, 2022	$ (60,356)
From January1, 2021 to December 31, 2021	$ 17,650
Cumulative amount of change	
Up to December 31, 2022	$ (36,294)
Up to December 31, 2021	$ 24,062

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

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

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

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

	December 31, 2022	December 31, 2021
Investments in equity instruments measured at FVTOCI		
Shares	$ 22,073,286	$ 23,077,179
Investments in debt instruments measured at FVTOCI		
Corporate bonds	169,460,409	212,429,395
Bank debentures	119,245,194	158,984,827
Government bonds	53,810,795	52,308,637
Commercial papers	34,959,789	65,589,207
Asset-backed securities	1,234,301	2,681,127
Treasury bonds	-	3,486,483
	378,710,488	495,479,676
	$ 400,783,774	$ 518,556,855

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 December 31, 2022 and 2021. The par values of bonds and commercial papers sold under repurchase agreements were $775,000 thousand and $14,466,728 thousand, respectively.

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

10. INVESTMENTS IN DEBT INSTRUMENTS MEASURED AT AMORTIZED COST

	December 31, 2022	December 31, 2021
Negotiable certificates of deposit	$ 178,510,000	$ 132,400,000
Government bonds	17,387,739	7,591,898
Treasury bonds	-	11,987,492
Corporate bonds	6,395,097	2,646,795
Bank debentures	8,695,243	859,025
Restricted due from banks	2,917,036	3,835,505
	213,905,115	159,320,715
Less: Loss allowance	(3,197)	(1,127)
	$ 213,901,918	$ 159,319,588

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

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

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

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.

December 31, 2022	At FVTOCI	At Amortized Cost	Total
Total carrying amount	$ 395,453,946	$ 213,905,115	$ 609,359,061
Loss allowance	(217,976)	(3,197)	(221,173)
Amortized cost	395,235,970	$ 213,901,918	609,137,888
Fair value adjustment	(16,525,482)		(16,525,482)
	$ 378,710,488		$ 592,612,406

December 31, 2021	At FVTOCI	At Amortized Cost	Total
Total carrying amount	$ 495,101,456	$ 159,320,715	$ 654,422,171
Loss allowance	(156,374)	(1,127)	(157,501)
Amortized cost	494,945,082	$ 159,319,588	654,264,670
Fair value adjustment	534,594		534,594
	$ 495,479,676		$ 654,799,264

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:

December 31, 2022

Credit Rating	Definitions	Expected Credit Loss Recognition Base	Expected Credit Loss Rate	December 31, 2022 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%	$ 608,240,887
Stage 2	Credit risk has increased significantly since the initial recognition	Expected credit loss during the period of existence (no credit impairment)	0.308%~3.40%	919,451
Stage 3	Evidence of credit impairment	Expected credit loss during the period of existence (credit impairment)	40.974%~56.123%	198,723

December 31, 2021

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

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

Investments in debt instruments at FVTOCI

	Credit Risk Rating			
	Stage 1 (12-Month ECLs)	Stage 2 (Lifetime ECLs without impairment)	Stage 3 (Lifetime ECLs with impairment)	Total
Balance at January 1, 2022	$ 141,387	$ 14,987	$ -	$ 156,374
Credit rating change-normal to default	(385)	-	89,748	89,363
Purchase of new debt instruments	24,639	12,041	-	36,680
Derecognition	(37,892)	(16,295)	-	(54,187)
Model/risk parameter changes	(14,040)	(121)	-	(14,161)
Exchange rate and other changes	752	2,503	652	3,907
Balance at December 31, 2022	$ 114,461	$ 13,115	$ 90,400	$ 217,976
Balance at January 1, 2021	$ 112,993	$ 14,655	$ -	$ 127,648
Purchase of new debt instruments	63,317	3,343	-	66,660
Derecognition	(33,074)	(4,495)	-	(37,569)
Model/risk parameter changes	(31)	710	-	679
Exchange rate and other changes	(1,818)	774	-	(1,044)
Balance at December 31, 2021	$ 141,387	$ 14,987	$ -	$ 156,374

Investments in debt instruments at amortized cost

	Credit Risk Rating		
	Stage 1 (12-Month ECLs)	Stage 2 (Lifetime ECLs without impairment)	Total
Balance at January 1, 2022	$ 1,127	$ -	$ 1,127
Purchase of new debt instruments	2,385	-	2,385
Derecognition	(238)	-	(238)
Model/risk parameter changes	(112)	-	(112)
Exchange rate and other changes	35	-	35
Balance at December 31, 2022	$ 3,197	$ -	$ 3,197
Balance at January 1, 2021	$ 1,420	$ -	$ 1,420
Purchase of new debt instruments	205	-	205
Derecognition	(198)	-	(198)
Model/risk parameter changes	(46)	-	(46)
Exchange rate and other changes	(254)	-	(254)
Balance at December 31, 2021	$ 1,127	$ -	$ 1,127

12. SECURITIES PURCHASED UNDER RESELL AGREEMENTS

Securities purchased under resell agreements as of December 31, 2021 were $278,486 thousand. The aforementioned securities would be sold back one after another before February 22, 2022 at $278,770 thousand.

13. RECEIVABLES, NET

	December 31, 2022	December 31, 2021
Accrued interest	$ 7,615,346	$ 4,177,202
Credit card receivables	4,207,980	3,531,776
Acceptances	1,919,816	2,884,310
Accounts receivable due from sales of securities	1,323,772	1,134,651
Finance lease receivable	1,064,713	1,022,282
Accounts receivable - factoring	451,234	567,807
Others	2,734,974	2,205,351
	19,317,835	15,523,379
Less: Allowance for credit losses	(325,479)	(307,091)
	$ 18,992,356	$ 15,216,288

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

For the Year Ended December 31, 2022

	12-Month ECLs	Lifetime ECLs (Collectively)	Lifetime ECLs (Individually)	Lifetime ECLs (Non-Purchased or Originated Credit Impairment on Financial Assets)	Total
Receivables and other financial assets					
Beginning on January 1, 2022	$ 14,987,610	$ 211,438	$ 255,549	$ 75,748	$ 15,530,345
Changes due to financial assets recognized at the beginning of the period:					
Transfer to lifetime ECLs	(149,944)	52,515	39,146	(75)	(58,358)
Transfer to ECLs on financial assets	(20,709)	(9,554)	(2,290)	47,089	14,536
Transfer to 12-month ECLs	115,798	(29,762)	(88,099)	(1,631)	(3,694)
Financial assets derecognized in the current period	(4,243,302)	(138,713)	(116,537)	(21,475)	(4,520,027)
Purchased or originated financial assets	6,056,419	102,859	117,954	24,657	6,301,889
Write-offs	-	-	-	(32,860)	(32,860)
Exchange rate and other changes	2,050,704	9,080	26,457	1,682	2,087,923
Balance on December 31, 2022	$ 18,796,576	$ 197,863	$ 232,180	$ 93,135	$ 19,319,754

	12-Month ECLs	Lifetime ECLs (Collectively)	Lifetime ECLs (Individually)	Lifetime ECLs (Non-Purchased or Originated Credit Impairment on Financial Assets)	mpairment Under the Guidelines of IFRS 9	The Difference of mpairment under the Regulatory Decree	Total
Allowance							
Beginning on January 1, 2022	$ 201,171	$ 49,299	$ 7,773	$ 32,288	$ 290,531	$ 18,709	$ 309,240
Changes due to financial assets recognized at the beginning of the period:							
Transfer to lifetime ECLs	(1,015)	20,905	2,408	(44)	22,254	-	22,254
Transfer to ECLs on financial assets	(282)	(2,732)	(425)	8,952	5,513	-	5,513
Transfer to 12-month ECLs	33,643	(20,836)	(3,289)	(719)	8,799	-	8,799
Financial assets derecognized in the current period	(5,547)	(16,104)	(391)	(12,657)	(34,699)	-	(34,699)
Purchased or originated financial assets	25,207	25,155	509	4,460	55,331	-	55,331
The difference of impairment under the regulation or decree	-	-	-	-	-	(8,409)	(8,409)
Write-offs	-	-	-	(32,860)	(32,860)	-	(32,860)
Recoveries after write-off	122,313	-	-	29,988	152,301	-	152,301
Exchange rate and other changes	(150,031)	1,709	432	(2,182)	(150,072)	-	(150,072)
Balance on December 31, 2022	$ 225,459	$ 57,396	$ 7,017	$ 27,226	$ 317,098	$ 10,300	$ 327,398

For the Year Ended December 31, 2021

	12-Month ECLs	Lifetime ECLs (Collectively)	Lifetime ECLs (Individually)	Lifetime ECLs (Non-Purchased or Originated Credit Impairment on Financial Assets)	Total
Receivables and other financial assets					
Beginning on January 1, 2021	$ 18,413,266	$ 87,536	$ 226,341	$ 82,825	$ 18,809,968
Changes due to financial assets recognized at the beginning of the period:					
Transfer to lifetime ECLs	(57,383)	34,044	15,153	(55)	(8,241)
Transfer to ECLs on financial assets	(20,696)	(7,670)	(3,384)	47,127	15,377
Transfer to 12-month ECLs	64,374	(29,329)	(36,259)	(2,158)	(3,372)
Financial assets derecognized in the current period	(6,194,365)	(22,211)	(84,646)	(23,259)	(6,324,481)
Purchased or originated financial assets	3,301,570	149,068	143,892	4,253	3,598,783
Write-offs	-	-	-	(31,686)	(31,686)
Exchange rate and other changes	(519,156)	-	(5,548)	(1,299)	(526,003)
Balance on December 31, 2021	$ 14,987,610	$ 211,438	$ 255,549	$ 75,748	$ 15,530,345

	12-Month ECLs	Lifetime ECLs (Collectively)	Lifetime ECLs (Individually)	Lifetime ECLs (Non-Purchased or Originated Credit Impairment on Financial Assets)	mpairment Under the Guidelines of IFRS 9	The Difference of mpairment under the Regulatory Decree	Total
Allowance							
Beginning on January 1, 2021	$ 184,848	$ 34,652	$ 4,893	$ 29,349	$ 253,742	$ 13,043	$ 266,785
Changes due to financial assets recognized at the beginning of the period:							
Transfer to lifetime ECLs	(1,116)	17,654	2,178	(28)	18,688	-	18,688
Transfer to ECLs on financial assets	(409)	(1,912)	(420)	5,003	2,262	-	2,262
Transfer to 12-month ECLs	45,528	(17,657)	(1,802)	(901)	25,168	-	25,168
Financial assets derecognized in the current period	(24,162)	(6,743)	(352)	(1,731)	(32,988)	-	(32,988)
Purchased or originated financial assets	40,124	23,305	811	5,055	69,295	-	69,295
The difference of impairment under the regulation or decree	-	-	-	-	-	5,666	5,666
Write-offs	-	-	-	(31,686)	(31,686)	-	(31,686)
Recoveries after write-off	-	-	-	29,645	29,645	-	29,645
Exchange rate and other changes	(43,642)	-	2,465	(2,418)	(43,595)	-	(43,595)
Balance on December 31, 2021	$ 201,171	$ 49,299	$ 7,773	$ 32,288	$ 290,531	$ 18,709	$ 309,240

14. DISCOUNTS AND LOANS, NET

	December 31, 2022	December 31, 2021
Loans	$ 1,232,717,614	$ 1,105,944,691
Inward/outward documentary bills	13,671,841	16,970,829
Non-performing loans	3,902,604	1,283,245
	1,250,292,059	1,124,198,765
Discount and premium adjustments	(2,604)	237,257
Allowance for credit losses	(15,984,086)	(12,201,243)
	$ 1,234,305,369	$ 1,112,234,779

The Group discontinues accruing interest when loans are deemed non-performing. For the year ended December 31, 2022 and 2021, the unrecognized interest revenue on the non-performing loans amounted to $57,162 thousand and $17,034 thousand, respectively.

For the year ended December 31, 2022 and 2021, the Group only had written off certain credits after completing the required legal procedures.

The changes in carrying amount and allowance for discounts and loans for the year ended December 31, 2022 and 2021 are as follows:

For the Year Ended December 31, 2022

	12-Month ECLs	Lifetime ECLs (Collectively)	Lifetime ECLs (Individually)	Lifetime ECLs (Non-Purchased or Originated Credit Impairment on Financial Assets)	Lifetime ECLs (Purchased or Originated Credit Impairment on Financial Assets)	Total
Discounts and loans						
Beginning on January 1, 2022	$ 1,076,867,874	$ 11,341,039	$ 32,974,921	$ 2,889,244	$ 125,687	$ 1,124,198,765
Changes due to financial assets recognized at the beginning of the period:						
Transfer to lifetime ECLs	(6,200,596)	1,642,335	4,885,061	(56,073)	-	270,727
Transfer to ECLs on financial assets	(2,148,157)	(1,431,478)	(1,083,311)	4,798,397	-	135,451
Transfer to 12-month ECLs	4,574,757	(426,960)	(4,152,229)	(5,842)	-	(10,274)
Financial assets derecognized in the current period	(444,276,811)	(2,481,565)	(15,461,393)	(943,564)	(9,720)	(463,173,053)
Purchased or originated financial assets	539,184,504	3,018,896	7,605,374	559,843	-	550,368,617
Write-offs	-	-	-	(1,797,416)	-	(1,797,416)
Exchange rate and other changes	36,886,407	178,489	3,256,685	(13,929)	(8,410)	40,299,242
Balance on December 31, 2022	$ 1,204,887,978	$ 11,840,756	$ 28,025,108	$ 5,430,660	$ 107,557	$ 1,250,292,059

	12-Month ECLs	Lifetime ECLs (Collectively)	Lifetime ECLs (Individually)	Lifetime ECLs (Non-Purchased or Originated Credit Impairment on Financial Assets)	Lifetime ECLs (Purchased or Originated Credit Impairment on Financial Assets)	Impairment Under the Guidelines of IFRS 9	The Difference of Impairment under the Regulatory Decree	Total
Allowance								
Beginning on January 1, 2022	$ 1,941,240	$ 1,730,047	$ 609,415	$ 504,492	$ 47,057	$ 4,832,251	$ 7,368,992	$ 12,201,243
Changes due to financial assets recognized at the beginning of the period:								
Transfer to lifetime ECLs	(6,962)	983,269	60,265	(117)	-	1,036,455	-	1,036,455
Transfer to ECLs on financial assets	(14,571)	(160,141)	(35,724)	2,278,548	-	2,068,112	-	2,068,112
Transfer to 12-month ECLs	119,722	(76,750)	(75,052)	(2,548)	-	(34,628)	-	(34,628)
Financial assets derecognized in the current period	(537,436)	(388,363)	(142,685)	(124,658)	-	(1,193,142)	-	(1,193,142)
Purchased or originated financial assets	858,012	159,475	245,986	242,570	-	1,506,043	-	1,506,043
The difference of impairment under the regulation or decree	-	-	-	-	-	-	559,208	559,208
Changes in model/risk parameters	(633,805)	47,203	848,458	185,631	-	447,487	-	447,487
Write-offs	-	-	-	(1,797,416)	-	(1,797,416)	-	(1,797,416)
Recoveries of write-offs	-	-	-	170,645	-	170,645	-	170,645
Exchange rate and other changes	700,684	192,296	101,019	20,865	5,214	1,020,078	1	1,020,079
Balance on December 31, 2022	$ 2,426,884	$ 2,487,036	$ 1,611,682	$ 1,478,012	$ 52,271	$ 8,055,885	$ 7,928,201	$ 15,984,086

For the Year Ended December 31, 2021

	12-Month ECLs	Lifetime ECLs (Collectively)	Lifetime ECLs (Individually)	Lifetime ECLs (Non-Purchased or Originated Credit Impairment on Financial Assets)	Lifetime ECLs (Purchased or Originated Credit Impairment on Financial Assets)	Total
Discounts and loans						
Beginning on January 1, 2021	$ 1,101,559,285	$ 10,238,670	$ 33,507,677	$ 2,480,912	$ 139,197	$ 1,147,925,741
Changes due to financial assets recognized at the beginning of the period:						
Transfer to lifetime ECLs	(5,570,416)	1,071,404	3,979,354	(1,575)	-	(521,233)
Transfer to ECLs on financial assets	(459,450)	(244,532)	(1,117,355)	1,554,929	-	(266,408)
Transfer to 12-month ECLs	2,473,800	(137,826)	(2,334,095)	(1,690)	-	189
Financial assets derecognized in the current period	(474,270,142)	(1,118,041)	(4,559,209)	(697,463)	(3,621)	(480,648,476)
Purchased or originated financial assets	460,915,865	1,664,238	4,198,461	250,918	6,356	467,035,838
Write-offs	-	-	-	(674,681)	-	(674,681)
Exchange rate and other changes	(7,781,068)	(132,874)	(699,912)	(22,106)	(16,245)	(8,652,205)
Balance on December 31, 2021	$ 1,076,867,874	$ 11,341,039	$ 32,974,921	$ 2,889,244	$ 125,687	$ 1,124,198,765

	12-Month ECLs	Lifetime ECLs (Collectively)	Lifetime ECLs (Individually)	Lifetime ECLs (Non-Purchased or Originated Credit Impairment on Financial Assets)	Lifetime ECLs (Purchased or Originated Credit Impairment on Financial Assets)	Impairment Under the Guidelines of IFRS 9	The Difference of Impairment under the Regulatory Decree	Total
Allowance								
Beginning on January 1, 2021	$ 3,084,995	$ 1,468,387	$ 425,972	$ 729,263	$ 48,338	$ 5,756,955	$ 6,028,429	$ 11,785,384
Changes due to financial assets recognized at the beginning of the period:								
Transfer to lifetime ECLs	157,466	49,528	70,918	(1,374)	-	276,538	-	276,538
Transfer to ECLs on financial assets	(1,604)	(36,828)	(19,395)	308,760	-	250,933	-	250,933
Transfer to 12-month ECLs	47,870	(28,781)	(64,655)	(1,121)	-	(46,687)	-	(46,687)
Financial assets derecognized in the current period	(1,835,160)	(132,765)	(38,757)	(148,424)	-	(2,155,106)	-	(2,155,106)
Purchased or originated financial assets	827,260	421,005	22,661	102,088	-	1,373,014	-	1,373,014
The difference of impairment under the regulation or decree	-	-	-	-	-	-	1,340,563	1,340,563
Write-offs	-	-	-	(674,681)	-	(674,681)	-	(674,681)
Recoveries of write-offs	-	-	-	178,543	-	178,543	-	178,543
Exchange rate and other changes	(339,587)	(10,499)	212,671	11,438	(1,281)	(127,258)	-	(127,258)
Balance on December 31, 2021	$ 1,941,240	$ 1,730,047	$ 609,415	$ 504,492	$ 47,057	$ 4,832,251	$ 7,368,992	$ 12,201,243

The details of bad debt expense, commitment and guarantee liability provisions for the year ended December 31, 2022 and 2021 are listed below:

	For the Year Ended December 31	
	2022	2021
Provisions for loans and discounts	$ 4,389,535	$ 1,039,255
Provisions (reversal) for receivables	48,789	88,091
Provisions (reversal) for reserve of possible losses on guarantees	(97,617)	107,718
Other provisions (reversal)	(3,712)	6,693
	$ 4,336,995	$ 1,241,757

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

Note 1: This entity is a subsidiary with material non-controlling interests.

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

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

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

Name of Subsidiary	Principal Place of Business	Proportion of Ownership and Voting Rights Held by Non-controlling Interests	
		December 31, 2022	December 31, 2021
Shanghai Commercial Bank (H.K.)	Hong Kong	42.4%	42.4%

Name of Subsidiary	Profit Allocated to Non-controlling Interests For the Year Ended December 31		Accumulated Non-controlling December 31	
	2022	2021	2022	2021
Shanghai Commercial Bank (H.K.) (excluding NCI in its subsidiaries)	$ 4,158,148	$ 4,415,032	$ 55,861,908	$ 51,436,280

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

	December 31, 2022	December 31, 2021
Assets	$ 880,162,595	$ 830,423,785
Liabilities	(748,359,010)	(709,065,040)
NCI of SCB's subsidiaries	(398,647)	(342,667)
Equity	$ 131,404,938	$ 121,016,078
Equity attributable to:		
Owners of SCSB	$ 75,689,244	$ 69,705,262
NCI of SCSB	55,715,694	51,310,816
	$ 131,404,938	$ 121,016,078

	For the Year Ended December 31	
	2022	2021
Revenue	$ 20,002,747	$ 18,878,464
Net profit for the period	$ 9,826,962	$ 10,426,991
Other comprehensive income for the period	(11,537,451)	(3,106,182)
Total comprehensive income for the period	$ (1,710,489)	7,320,809
Profit attributable to:		
Owners of SCSB	5,650,090	5,994,491
NCI of SCSB	4,159,094	4,412,612
NCI of SCB's subsidiaries	17,778	19,888
	$ 9,826,962	$ 10,426,991
Total comprehensive income attributable to:		
Owners of SCSB	$ (996,292)	$ 4,205,330
NCI of SCSB	(733,381)	3,095,591
NCI of SCB's subsidiaries	19,184	19,888
	$ (1,710,489)	$ 7,320,809
Cash flows		
Operating activities	$ 42,442,189	$ 11,997,551
Investing activities	1,270,739	445,454
Financing activities	(9,905,280)	(2,117,071)
Net cash inflow	$ 33,807,648	$ 10,325,934
Dividends paid to non-controlling interests SCB (HK)	$ 503,283	$ 476,048

16. INVESTMENTS UNDER THE EQUITY METHOD

	December 31, 2022	December 31, 2021
Investments in associates	$ 1,937,372	$ 1,922,359

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:

	For the Year Ended December 31	
	2022	2021
Profit from continuing operations	$ 526,569	$ 273,442
Other comprehensive income for the period	(544,233)	(33,934)
Total comprehensive income for the period	$ (17,664)	$ 239,508

17. OTHER FINANCIAL ASSETS, NET

	December 31, 2022	December 31, 2021
Non-performing receivables	$ 1,919	$ 1,928
Bills of exchange	-	5,038
	1,919	6,966
Allowance	(1,919)	(2,149)
	$ -	$ 4,817

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

The balances of credit card receivables which were reported as non-performing amounted to $1,919 thousand and $1,928 thousand as of December 31, 2022 and 2021, respectively. The unrecognized interest revenue on the receivables amounted to $174 thousand and $140 thousand for the year ended December 31, 2022 and 2021, respectively.

18. PROPERTIES, NET

	December 31, 2022	December 31, 2021
Land	$ 14,264,757	$ 13,923,139
Buildings and improvements	4,233,363	4,178,069
Mechanical equipment	663,484	640,268
Transportation equipment	54,120	61,640
Miscellaneous equipment	628,736	630,676
Construction in progress and prepayments	2,061,905	1,162,624
	$ 21,906,365	$ 20,596,416

	For the Year Ended December 31, 2022					
	Balance at January 1, 2022	Additions	Disposals	Internal Transfers	Effects of Exchange Rate Changes, Net	Balance at December 31, 2022
Cost						
Land	$ 14,684,562	$ -	$ (61,176)	$ -	$ 555,220	$ 15,178,606
Buildings and improvements	8,014,287	1,742	(58,360)	-	409,681	8,367,350
Mechanical equipment	2,698,674	269,450	(169,105)	7,289	187,098	2,993,406
Miscellaneous equipment	152,109	1,841	(3,690)	-	11,110	161,370
Transportation equipment	2,690,488	125,072	(55,045)	12,018	217,208	2,989,741
Construction in progress and prepayments	1,166,451	849,262	(32)	(19,307)	70,219	2,066,593
	29,406,571	$ 1,247,367	$ (347,408)	$ -	$ 1,450,536	31,757,066
Accumulated depreciation						
Land	$ 761,423	$ 66,213	$ -	$ -	$ 86,213	913,849
Buildings and improvements	3,836,218	167,861	(13,939)	-	143,847	4,133,987
Mechanical equipment	2,058,406	275,731	(150,519)	-	146,304	2,329,922
Miscellaneous equipment	90,469	14,024	(3,149)	-	5,906	107,250
Transportation equipment	2,059,812	176,113	(48,105)	-	173,185	2,361,005
Construction in progress and prepayments	3,827	422	-	-	439	4,688
	8,810,155	$ 700,364	$ (215,712)	$ -	$ 555,894	9,850,701
Net amount	$ 20,596,416					$ 21,906,365

	For the Year Ended December 31, 2021					
	Balance at January 1, 2021	Additions	Disposals	Internal Transfers	Effects of Exchange Rate Changes, Net	Balance at December 31, 2021
Cost						
Land	$ 14,795,777	$ -	$ (154)	$ -	$ (111,061)	$ 14,684,562
Buildings and improvements	8,089,013	7,006	(459)	-	(81,273)	8,014,287
Mechanical equipment	2,507,360	279,738	(58,563)	4,840	(34,701)	2,698,674
Miscellaneous equipment	191,100	2,486	(46,943)	8,401	(2,935)	152,109
Transportation equipment	2,635,678	113,360	(15,683)	1,794	(44,661)	2,690,488
Construction in progress and prepayments	770,438	440,974	-	(15,035)	(29,926)	1,166,451
	28,989,366	$ 843,564	$ (121,802)	$ -	$ (304,557)	29,406,571
Accumulated depreciation						
Land	714,934	$ 62,563	$ -	$ -	$ (16,074)	761,423
Buildings and improvements	3,700,069	163,264	(96)	-	(27,019)	3,836,218
Mechanical equipment	1,894,029	247,099	(55,974)	-	(26,748)	2,058,406
Miscellaneous equipment	112,740	15,381	(36,143)	-	(1,509)	90,469
Transportation equipment	1,940,553	167,043	(14,653)	-	(33,131)	2,059,812
Construction in progress and prepayments	3,504	402	-	-	(79)	3,827
	8,365,829	$ 655,752	$ (106,866)	$ -	$ (104,560)	8,810,155
Net amount	$ 20,623,537					$ 20,596,416

The Group did not have any impairment losses on the properties for the year ended December 31, 2022 and 2021.

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

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

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

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

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

19. LEASE ARRANGEMENTS

19.1 Right-of-use assets

	December 31, 2022	December 31, 2021
Carrying amount of right-of-use assets		
Buildings and improvements	$ 1,752,678	$ 1,657,419
Office equipment	43,534	61,237
Mechanical equipment	43,406	56,968
Transportation equipment	26,326	32,213
Land	5,326	2,082
	$ 1,871,270	$ 1,809,919

	For the Year Ended December 31	
	2022	2021
Increase in right-of-use assets	$ 722,788	$ 524,884
Depreciation expenses of right-of-use assets		
Buildings and improvements	$ 727,718	$ 698,992
Office equipment	25,244	23,824
Mechanical equipment	18,226	19,165
Transportation equipment	13,782	14,411
Land	1,977	1,285
	$ 786,947	$ 757,677

19.2 Lease liabilities

	December 31, 2022	December 31, 2021
Carrying amount of lease liabilities	$ 1,925,887	$ 1,868,929

The discount rate intervals for lease liabilities are as follows:

	December 31, 2022	December 31, 2021
Land	7.52%	6.19%
Buildings and improvements	0.44%~7.52%	0.67%~6.19%
Mechanical equipment	0.60%~7.52%	1.25%~6.19%
Office equipment	0.75%~2.77%	0.75%~3.00%
Transportation equipment	0.60%~2.92%	1.25%~4.90%

19.3 Other lease information

	For the Year Ended December 31	
	2022	2021
Short-term lease expenses	$ 34,142	$ 61,612
Leases of low value assets	$ 65,628	$ 62,069
Variable lease payments which are not included in lease liabilities measurements	$ 3,799	$ 3,314
Total cash outflow for leases	$ 918,285	$ 834,236

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

20. INVESTMENT PROPERTIES, NET

	December 31, 2022	December 31, 2021
Land	$ 5,786,767	$ 4,954,491
Buildings and improvements	1,108,838	1,026,660
	$ 6,895,605	$ 5,981,151

	For the Year Ended December 31, 2022			
	Balance at January 1, 2022	Additions	Effect of Exchange Rate Changes, Net	Balance at December 31, 2022
Cost				
Land	$ 4,997,529	$ 276,213	$ 564,241	$ 5,837,983
Buildings and improvements	1,190,367		131,955	1,322,322
	6,187,896	$ 276,213	$ 696,196	7,160,305
Less: Accumulated depreciation				
Land	43,038	$ 3,286	$ 4,892	51,216
Buildings and improvements	163,707	30,497	19,280	213,484
	206,745	$ 33,783	$ 24,172	264,700
Net amount	$ 5,981,151			$ 6,895,605

	For the Year Ended December 31, 2021			
	Balance at January 1, 2021	Additions	Effect of Exchange Rate Changes, Net	Balance at December 31, 2021
Cost				
Land	$ 4,772,658	$ 332,000	$ (107,129)	$ 4,997,529
Buildings and improvements	1,212,902	3,733	(26,268)	1,190,367
	5,985,560	$ 335,733	$ (133,397)	6,187,896
Less: Accumulated depreciation				
Land	40,850	$ 3,108	$ (920)	43,038
Buildings and improvements	138,226	28,812	(3,331)	163,707
	179,076	$ 31,920	$ (4,251)	206,745
Net amount	$ 5,806,484			$ 5,981,151

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

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

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

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

	December 31, 2022	December 31, 2021
Fair value	$ 10,356,677	$ 10,082,090

The rental income from investment properties is stated below:

	For the Year Ended December 31	
	2022	2021
Rental income from investment properties	$ 255,019	$ 214,903

21. INTANGIBLE ASSETS, NET

	December 31, 2022	December 31, 2021
Bank license	$ 1,447,971	$ 1,319,857
Computer software	385,265	262,501
Goodwill	92,608	83,366
	$ 1,925,844	$ 1,665,724

For the Year Ended December 31, 2022

	Balance at January 1, 2022	Additions	Disposals	Effects of Exchange Rate Changes, Net	Balance at December 31, 2022
Cost					
Operating license	$ 1,374,509	$ -	$ -	$ 152,386	$ 1,526,895
Computer software	590,298	271,345	(82,206)	26,842	806,279
Goodwill	83,366	-	-	9,242	92,608
	2,048,173	$ 271,345	$ (82,206)	$ 188,470	2,425,782
Less: Accumulated depreciation					
Operating license	$ 54,652	$ 17,669	$ -	$ 6,603	$ 78,924
Computer software	327,797	155,931	(82,206)	19,492	421,014
	382,449	$ 173,600	$ (82,206)	$ 26,095	499,938
Net amount	$ 1,665,724				$ 1,925,844

For the Year Ended December 31, 2021

	Balance at January 1, 2021	Additions	Disposals	Effects of Exchange Rate Changes, Net	Balance at December 31, 2021
Cost					
Operating license	$ 1,396,577	$ -	$ -	$ (22,068)	$ 1,374,509
Computer software	478,901	169,240	(54,087)	(3,756)	590,298
Goodwill	84,704	-	-	(1,338)	83,366
	1,960,182	$ 169,240	$ (54,087)	$ (27,162)	2,048,173
Less: Accumulated depreciation					
Operating license	$ 38,871	$ 16,525	$ -	$ (744)	$ 54,652
Computer software	263,629	120,258	(54,087)	(2,003)	327,797
	302,500	$ 136,783	$ (54,087)	$ (2,747)	382,449
Net amount	$ 1,657,682				$ 1,665,724

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

Bank license	84 years
Computer software	3-5 years

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

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

22. OTHER ASSETS, NET

	December 31, 2022	December 31, 2021
Prepaid expenses	$ 6,739,705	$ 6,285,682
Refundable deposits	1,831,196	992,321
Temporary payments and suspension	809,684	316,153
Deferred charges	119,015	210,061
Others	613,312	397,383
	$ 10,112,912	$ 8,201,600

23. DEPOSITS FROM THE CENTRAL BANK AND OTHER BANKS

	December 31, 2022	December 31, 2021
Call loans from banks	$ 33,480,297	$ 40,854,566
Due to banks	14,815,531	10,037,561
Deposit from Chunghwa Post Co., Ltd.	1,221,799	1,221,799
Bank overdrafts	675,307	541,963
	$ 50,192,934	$ 52,655,889

24. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

Securities sold under repurchase agreements as of December 31, 2022 and 2021 were $781,568 thousand and $14,505,024 thousand, respectively. The aforementioned securities will be repurchased by June 29, 2023 and September 13, 2022 at $782,732 thousand and $14,508,047 thousand, respectively.

25. PAYABLES

	December 31, 2022	December 31, 2021
Dividends payable	$ 15,794,768	$ 14,908,719
Accounts payable	7,645,361	6,920,914
Accrued interest	4,885,116	2,138,298
Accrued expenses	1,995,261	1,676,966
Acceptances	1,939,985	3,046,505
Others	810,580	737,553
	$ 33,071,071	$ 29,428,955

26. DEPOSITS AND REMITTANCES

	December 31, 2022	December 31, 2021
Time deposits	$ 880,556,212	$ 706,005,580
Savings deposits	569,250,494	554,410,590
Demand deposits	398,316,462	427,859,684
Negotiable certificates of deposit	57,658,800	8,787,700
Checking deposits	14,568,090	10,221,245
Remittances	316,295	317,723
	$ 1,920,666,353	$ 1,707,602,522

27. BANK DEBENTURES

27.1 The Bank

	December 31, 2022	December 31, 2021
The subordinated bank debenture - 7-10 years maturity, third issued in 2012; maturity date is from November 2019 to November 2022.	$ -	$ 4,000,000
The subordinated bank debenture - 7-10 years maturity, fourth issued in 2012; maturity date is from December 2019 to December 2022.	-	5,700,000
The subordinated bank debenture - 7-10 years maturity, first issued in 2014; maturity date is from March 2022 to March 2024	5,100,000	5,100,000
The subordinated bank debenture - 7 years maturity; first issued in 2015; maturity date is in June 2022	-	2,150,000
The subordinated bank debenture - 8.5 years maturity; second issued in 2015; maturity date is in June 2024	3,000,000	3,000,000
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
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
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
The subordinated bank debenture; third issued in 2018; no maturity date	7,000,000	7,000,000

	December 31, 2022	December 31, 2021
The bank debenture - 5 years maturity; first issued in 2019; maturity date is in September 2024	6,900,000	6,900,000
The bank debenture - 3 years maturity; first issued in 2019; maturity date is in September 2022	-	3,100,000
The bank debenture - 7 years maturity; first issued in 2021; maturity date is in March 2027	3,000,000	3,000,000
The bank debenture - 10 years maturity; first issued in 2021; maturity date is in March 2030	7,000,000	7,000,000
The subordinated bank debenture - 7-10 years maturity; first issued in 2022; maturity date is from October 2028 to 2031	5,000,000	5,000,000
The bank debenture – 3-5 years maturity; first issued in 2022; maturity date is from July 2025 to 2027	2,000,000	-
The bank debenture - 3 years maturity; first issued in 2022; maturity date is in September 2025	1,000,000	-
The subordinated bank debenture; third issued in 2022; no maturity date	1,070,000	-
	$ 56,070,000	$ 66,950,000

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

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

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

The second issuance of the 2014 subordinated bank debenture: seven-year of subordinated bank debenture 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 2015 subordinated bank debenture had a fixed interest rate of 1.83% with the interest paid annually and the repayment of principal at maturity

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

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

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

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

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

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

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

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

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

The second issuance of the 2022 bank debenture 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.

27.2 SCB (HK)

	December 31, 2022	December 31, 2021
The subordinate bank debenture- 10 years maturity, first issued in 2017, maturity date is in November 2027	$ -	$ 6,879,578
The subordinate bank debenture- 10 years maturity, second issued in 2019, maturity date is in January 2029	9,174,424	8,261,934
	$ 9,174,424	$ 15,141,512

The first issuance of the 2017 subordinated bank debenture had a fixed interest rate of 3.75% with interest to be paid semi-annually and the repayment of principal was in November 2022.

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

The third issuance of the 2023 subordinated bank debenture was issued in February 2023. The ten-years of subordinated bank debenture had 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

	December 31, 2022	December 31, 2021
Principals of structured instruments	$ 1,338,189	$ 1,444,718
Appropriated loan funds	1,161,543	1,378,521
Bank borrowings	291,106	453,304
Commercial paper payable	174,855	-
Other financial liabilities	374,178	1,507,463
	$ 3,339,871	$ 4,784,006

29. PROVISIONS

	December 31, 2022	December 31, 2021
Provision for employee benefits (Note 31)	$ 1,488,430	$ 1,332,971
Provision for guarantees liabilities	1,063,830	1,196,049
Provision for other operations	289,404	321,658
Provision for financing commitment	81,276	77,582
Provision for unexpected losses	3,565	4,540
	$ 2,926,505	$ 2,932,800

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

For the Year Ended December 31, 2022

	12-Month ECLs	Lifetime ECLs (Collectively)	Lifetime ECLs (Individually)	Lifetime ECLs (Non-Purchased or Originated Credit Impairment on Financial Assets)	Impairment Under the Guidelines of IFRS 9	The Difference of Impairment under the Regulatory Decree	Total
Provisions for commitment and guarantee liability							
January 1, 2022	$ 319,092	$ 21,043	$ 7,252	$ 1,357	$ 348,744	$ 924,887	$ 1,273,631
Changes due to financial assets recognized at the beginning of the period:							
Transfer to lifetime ECLs	(1,332)	9,351	3,122	-	11,141	-	11,141
Transfer to credit impaired financial assets	(2)	(238)	-	5,098	4,858	-	4,858
Transfer to 12-month ECLs	1,580	-	(6,966)	-	(5,386)	-	(5,386)
Financial assets derecognized in the current period	(248,816)	(18,957)	(254)	(670)	(268,697)	-	(268,697)
Purchased or originated financial assets	372,568	54,075	3,677	4,774	435,094	-	435,094
The difference of impairment under the regulation or decree	-	-	-	-	-	(310,974)	(310,974)
Changes in model/risk parameters	36,632	-	(285)	-	36,347	-	36,347
Exchange rate and other changes	(22,064)	(5,346)	777	(4,275)	(30,908)	-	(30,908)
December 31, 2022	$ 457,658	$ 59,928	$ 7,323	$ 6,284	$ 531,193	$ 613,913	$ 1,145,106

For the Year Ended December 31, 2021

	12-Month ECLs	Lifetime ECLs (Collectively)	Lifetime ECLs (Individually)	Lifetime ECLs (Non-Purchased or Originated Credit Impairment on Financial Assets)	Impairment Under the Guidelines of IFRS 9	The Difference of Impairment under the Regulatory Decree	Total
Provisions for commitment and guarantee liability							
January 1, 2021	$ 608,285	$ 22,140	$ 4,081	$ 20,418	$ 654,924	$ 515,348	$ 1,170,272
Changes due to financial assets recognized at the beginning of the period:							
Transfer to lifetime ECLs	(2,978)	3,093	5,556	(3,899)	1,772	-	1,772
Transfer to credit impaired financial assets	-	-	-	-	-	-	-
Transfer to 12-month ECLs	350	(598)	(2,164)	-	(2,412)	-	(2,412)
Financial assets derecognized in the current period	(556,395)	(22,213)	(1,364)	(15,162)	(595,134)	-	(595,134)
Purchased or originated financial assets	274,936	18,622	395	-	293,953	-	293,953
The difference of impairment under the regulation or decree	-	-	-	-	-	409,539	409,539
Exchange rate and other changes	(5,106)	(1)	748	-	(4,359)	-	(4,359)
December 31, 2021	$ 319,092	$ 21,043	$ 7,252	$ 1,357	$ 348,744	$ 924,887	$ 1,273,631

30. OTHER LIABILITIES

	December 31, 2022	December 31, 2021
Guarantee deposits received	$ 1,765,731	$ 1,980,597
Deferred revenue	688,078	596,736
Temporary credit	37,884	135,751
Interest received in advance	17,963	9,709
Others	757,659	467,695
	$ 3,267,315	$ 3,190,488

31. PENSION PLAN

The Bank

(1) Defined contribution plans

The Bank adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The total amounts of contributions to the defined contribution plans for the year ended December 31, 2022 and 2021 were $97,354 thousand and $87,910 thousand, respectively.

(2) Defined benefit plans

The defined benefit plans adopted by the Bank in accordance with the Labor Standards Law is operated by the government of Taiwan. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Bank contribute amounts equal to 10% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Bank assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Bank is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Bank has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Bank's defined benefit plans were as follows:

	December 31, 2022	December 31, 2021
Present value of the defined benefit obligation	$ 3,179,013	$ 3,232,621
Fair value of the plan assets	(3,371,630)	(3,179,529)
Net defined benefit (assets) liabilities	$ (192,617)	$ 53,092

Movements in net defined benefit (assets) liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit (assets) Liabilities
Balance on January 1, 2021	$ 3,081,512	$ (2,925,648)	$ 155,864
Service cost			
Current service cost	173,431	-	173,431
Interest expense (income)	29,549	(29,821)	(272)
Recognized in profit or loss	202,980	(29,821)	173,159
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(19,064)	(19,064)
Changes in demographic assumptions	71,125	-	71,125
Changes in financial assumptions	73,020	-	73,020
Experience adjustments	(21,612)	-	(21,612)
Recognized in other comprehensive income	122,533	(19,064)	103,469
Contributions from the employer	-	(379,400)	(379,400)
Benefits paid	(174,404)	174,404	-
Balance on December 31, 2021	$ 3,232,621	$ (3,179,529)	$ 53,092

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit (assets) Liabilities
Balance on January 1, 2022	$ 3,232,621	$ (3,179,529)	$ 53,092
Service cost			
Current service cost	148,264	-	148,264
Interest expense (income)	23,573	(24,636)	(1,063)
Recognized in profit or loss	171,837	(24,636)	147,201
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(173,711)	(173,711)
Changes in demographic assumptions	-	-	-
Changes in financial assumptions	(122,042)	-	(122,042)
Experience adjustments	181,452	-	181,452)
Recognized in other comprehensive income	59,410	(173,711)	(114,301)
Contributions from the employer	-	(278,609)	(278,609)
Benefits paid	(284,855)	284,855	-
Balance on December 31, 2022	$ 3,179,013	$ (3,371,630)	$ (192,617)

Through the defined benefit plans under the Labor Standards Law, the Bank is exposed to the following risks:

A. Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

B. Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.

C. Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31, 2022	December 31, 2021
Discount rate	1.25%	0.75%
Expected rate of salary increase	2.75%	2.75%

If possible reasonable changes in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	December 31, 2022	December 31, 2021
Discount rate		
0.25% increase	$ (67,832)	$ (73,992)
0.25% decrease	$ 69,932	$ 76,433
Expected rate of salary increase		
0.25% increase	$ 57,246	$ 62,261
0.25% decrease	$ (55,768)	$ (60,544)

The sensitivity analysis presented above may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31, 2022	December 31, 2021
Average duration of the defined benefit obligation	8.8 years	9.5 years
Expected contributions to the plans for the next year	$ 286,271	$ 389,834

(3) Employee preferential deposit plan

The Bank's obligation to pay the quota deposits of current staff and retired employees is based on the Bank's relevant employee preferential deposit benefits. In accordance with the guidelines for the Regulations Governing the Preparation of Financial Reports by Public Banks, the Bank needs to measure on the excess interest arising from the post-retirement preferential deposit interest rate through actuarial process .

The actuarial assumptions of the retired employees' preferential deposit and welfare expenses are based on the Banking Bureau's requirement dated March 15, 2012 (Ref. No. 10110000850). The assumptions are as follows:

	December 31, 2022	December 31, 2021
Discount rate	4.00%	4.00%
Deposit rate of return	2.00%	2.00%
Preferential deposit withdrawal rate	2.00%	2.00%
Change in the preferential deposit policy	50.00%	50.00%

The amount of the Bank's obligations arising from the preferential deposit plan for retired employees is included in the balance sheet as follows:

	December 31, 2022	December 31, 2021
Retired employees' preferential deposit liabilities, net	$ 562,070	$ 518,675

The amounts of the retired employees' preferential deposit benefit expenses in the consolidated statements of comprehensive income for the year ended December 31, 2022 and 2021 were $87,859 thousand and $68,225 thousand, respectively; and in other comprehensive losses were $15,597 thousand and $28,986 thousand, respectively.

(4) Other long-term employee benefit liabilities

Current employees who are eligible for retirement will be given a pension according to the retirement plan. If employees do not have the qualification to retire, (a) the pension will be paid for one month if the service lasts less than one year; (b) if the service lasts more than one year and less than five years, they will receive pension for one month for serving each full year; (c) if the service lasts for more than five years, the pension is calculated according to the actuarial calculation method. However, the calculation method is only applicable to the service that existed before the application of the new system.

The amounts of the Bank's obligations arising from the employee's pension were included in the balance sheets as follows:

	December 31, 2022	December 31, 2021
Other long-term employee benefit liabilities, net	$ 12,462	$ 10,469

The Bank recognized employee pension benefit cost of $1,993 thousand and $166 thousand in the consolidated statements of comprehensive income for the year ended December 31,2022 and 2021, respectively.

SUBSIDIARIES

(1) Defined contribution plans

The Bank adopted a pension plan under the LPA, which is a defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages. Retirement benefits provided by foreign subsidiaries in accordance with local laws and regulations are funded, and the pension funds are held as independently managed funds separate from the assets of the foreign subsidiaries.

The total amounts of contributions to the defined contribution plans as reported in the consolidated statements of comprehensive income for the year ended December 31, 2022 and 2021 were $312,279 thousand and $281,049 thousand, respectively.

(2) Defined benefit plans

Domestic and foreign subsidiaries recognize the relevant costs based on the results of the evaluation of the actuary. Costs of the defined benefit plans recognized in the consolidated statements of comprehensive loss in 2022 and 2021 were $409 thousand and $217 thousand, respectively; and other comprehensive were loss and income $311 thousand and $4,262 thousand, respectively.

Provision for employee benefits

	December 31, 2022	December 31, 2021
Defined benefit liabilities	$ 913,898	$ 803,827
Retired employees' preferential deposit liabilities	562,070	518,675
Other long-term employment benefits	12,462	10,469
	$ 1,488,430	$ 1,332,971

32. EQUITY

32.1 Share capital

	December 31, 2022	December 31, 2021
Ordinary shares		
Authorized shares (in thousands)	6,000,000	6,000,000
Authorized capital	$ 60,000,000	$ 60,000,000
Issued and paid shares (in thousands)	4,861,603	4,481,603
Issued capital	$ 48,616,031	$ 44,816,031

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

To improve capital adequacy and increase working capital, the Bank's board of directors approved to issue 380,000 thousand of new shares in additional capital on August 13, 2022. The issue price per share is $37, and the total issue amount is $14,060,000 thousand. TWSE approved the IPO on October 11, 2022. The Bank's board of directors decided that the base date for capital increase is on December 15, 2022, the full share payment was received by December 14, 2022, and the change of registration was completed on December 28, 2022.

32.2 Capital surplus

	December 31, 2022	December 31, 2021
Share premium	$ 24,049,635	$ 13,431,903
Treasury shares transaction	2,056,000	2,046,520
Unclaimed dividends	1,213,392	1,100,985
Recognition of changes in equity of subsidiaries	85,518	85,518
Proportionate share in investee's surplus from donated assets under the equity method	1,218	1,218
	$ 27,405,763	$ 16,666,144

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(6).

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

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

	Appropriation of Earnings		Dividends Per Share (In NT Dollar)	
	2021	2020	2021	2020
Legal reserve	$ 4,251,394	$ 3,879,721		
Cash dividends - ordinary shares	8,066,886	7,618,725	$ 1.80	$ 1.70
	$ 12,318,280	$ 11,498,446	$ 1.80	$ 1.70

The appropriations of earnings and dividends per share for 2022 are subjected to the approval of the board directors' meeting on March 23, 2023 and shareholders' meetings on June 13, 2023.

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 year ended December 31, 2022.

According to Rule No. 10510001510 issued by the FSC on May 25, 2016, public banks shall appropriate to a special reserve 0.5% to 1.0% of net profit. Public banks may reverse the same amount of transfers or resettle the expenses starting from 2017. However, in accordance with Rule No. 10802714560 issued by the FSC, starting from 2019, the special reserve method will no longer be used to respond to the development of financial technology and protect the rights and interests of domestic bank employees, and to transfer expenses for employees to pay or resettlement expenses, and employee education and training expenses in response to the needs of financial technology or banking business development shall be returned within the scope of the special surplus reserve balance mentioned above. The Bank made a special reserve in the amount of $189,228 thousand according to the rule as at December 31, 2022.

32.5 Treasury shares

On December 31, 2022 and 2021, SCB (HK) 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 Year Ended December 31	
	2022	2021
Beginning balance	$ 51,436,384	$ 49,995,956
Attributed to non-controlling interests		
Net income	4,158,154	4,415,037
Translation adjustments for foreign operations	5,344,692	(1,078,618)
Unrealized gain (loss) on financial assets measured at FVTOCI	(4,863,642)	(1,458,282)
Realized gain (loss) on financial assets measured at FVTOCI	(37,744)	(158,189)
(Gain) loss on investments in debt instruments measured at FVTOCI	(11,421)	10,447
Share of other comprehensive profit and loss under the equity method	(230,755)	(14,692)
Income tax effect	569,628	200,773
Cash dividends distribution	(503,283)	(476,048)
Ending balance	$ 55,862,013	$ 51,436,384

33. DETAILS OF COMPREHENSIVE INCOME STATEMENT ITEMS

33.1 Interest revenue, net

	For the Year Ended December 31 2022	2021
Interest income		
Discounts and loans	$ 36,468,706	$ 27,296,634
Securities investments	8,389,840	7,045,440
Due from banks	4,884,775	991,248
Others	300,558	185,793
	50,043,879	35,519,115
Interest expense		
Deposits	13,567,774	6,520,098
Bank debentures	1,754,769	1,729,058
Due to banks	836,373	325,098
Securities sold under repurchase agreements	30,543	57,868
Leased liability	37,623	36,106
Others	573,454	380,592
	16,800,536	9,048,820
Interest income, net	$ 33,243,343	$ 26,470,295

33.2 Service fee income, net

	For the Year Ended December 31 2022	2021
Service fee income		
Trust and custody services	$ 1,558,483	$ 2,284,778
Loan service fees	1,261,898	1,044,224
Guarantees related fees	833,044	893,958
Nominee and brokerage service charge	630,968	806,506
Insurance commission fees	552,085	409,896
Credit card related fees	520,317	462,882
Exchange related fees	380,037	385,494
Inward/outward business	275,497	301,928
Others	737,962	730,938
	6,750,291	7,320,604
Service charge		
Credit card service charge	273,967	229,360
Nominee and brokerage service charge	106,733	91,277
Finance service charge	58,933	53,107
Custody service charge	38,616	47,980
Inter-bank service charge	11,456	12,267
Others	612,878	573,185
	1,102,583	1,007,176
Service fee income, net	$ 5,647,708	$ 6,313,428

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

	For the Year Ended December 31, 2022 Realized Gain (Loss)	Unrealized Gain (Loss)	Total
Financial assets mandatorily classified as at FVTPL	$ 10,309,621	$ 470,033	$ 10,779,654
Held-for-trading financial liabilities	(13,118,436)	(508,348)	(13,626,784)
Financial liabilities designated at FVTPL	-	334,764	334,764
	$ (2,808,815)	$ 296,449	$ (2,512,366)

	For the Year Ended December 31, 2021		
	Realized Gain (Loss)	Unrealized Gain (Loss)	Total
Financial assets mandatorily classified as at FVTPL	$ 8,390,916	$ (290,311)	$ 8,100,605
Held-for-trading financial liabilities	(7,955,568)	(446,700)	(8,402,268)
Financial liabilities designated at FVTPL	-	128,246	128,246
	$ 435,348	$ (608,765)	$ (173,417)

33.4 Realized gain or loss on financial assets at FVTOCI

	For the Year Ended December 31	
	2022	2021
Dividend income	$ 2,125,492	$ 1,277,460
Disposal of debt instruments interest	377,204	976,744
	$ 2,502,696	$ 2,254,204

33.5 Employment benefits expense

	For the Year Ended December 31	
	2022	2021
Short-term employment benefits	$ 9,604,528	$ 8,396,863
Retirement benefits		
Defined contribution plan	409,633	368,959
Defined benefit plan	153,749	193,824
Other benefit plan	422,554	378,529
	$ 10,590,464	$ 9,338,175

33.6 Compensation of employees and remuneration of directors

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

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

	For the Year Ended December 31, 2021
	Cash
Compensation of employees	$ 60,000
Remuneration of directors	$ 50,800

The compensation of employees and the remuneration of directors for 2022 were as follows:

	For the Year Ended December 31, 2022
	Cash
Compensation of employees	$ 76,000
Remuneration of directors	$ 48,500

The employees' compensation and remuneration of directors in 2022 are subject to the resolution of the board of directors on March 23, 2023.

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 year ended December 31, 2021 and 2020.

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.

33.7 Depreciation and amortization

	For the Year Ended December 31	
	2022	2021
Depreciation expense		
Right-of-use assets	$ 786,947	$ 757,677
Properties	700,364	655,752
Investment properties	33,783	31,920
	1,521,094	1,445,349
Amortization expense		
Intangible assets	173,600	136,783
Other assets	67,950	77,723
	241,550	214,506
	$ 1,762,644	$ 1,659,855

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 Year Ended December 31	
	2022	2021
Current tax		
In respect of the current year	$ 4,668,033	$ 3,649,684
In respect of prior periods	(71,290)	(281,974)
Tax on the repatriation of earnings	-	277,000
	4,596,743	3,644,710
Deferred tax		
In respect of the current year	(460,780)	372,861
In respect of prior periods	(237)	5,160
Effect of deferred income tax on the repatriation of earnings from subsidiaries	-	(554,000)
	(461,017)	(175,979)
Income tax expense recognized in profit or loss	$ 4,135,726	$ 3,468,731

The reconciliation of accounting profit and income tax expenses is as follows：

	For the Year Ended December 31	
	2022	2021
Profit before tax from continuing operations	$ 23,231,750	$ 22,139,349
Income tax expense calculated at the statutory rate	$ 6,042,504	$ 6,376,298
Add (deduct) tax effect of：		
Tax-exempt cash dividend	(273,198)	(102,570)
Permanent difference - investment income	(792,757)	(867,587)
Tax-exempt gain on security transactions	29,791	(79,038)
Tax-exempt income from subsidiaries	90,902	(812,997)
Tax-exempt income from offshore banking unit (OBU)	(673,488)	(547,040)
Others	(309,165)	(26,221)
	4,114,589	3,940,845
Tax on unappropriated earnings	92,664	81,700
Adjustments for prior years' current tax	(71,290)	(281,974)
Adjustments for prior years' deferred tax	(237)	5,160
Tax on the repatriation of earnings	-	277,000
Effect of deferred income tax on the repatriation of earnings from subsidiaries	-	(554,000)
Income tax expense recognized in profit or loss	$ 4,135,726	$ 3,468,731

34.2 Income tax expense recognized in other comprehensive income

	For the Year Ended December 31	
	2022	2021
Deferred income tax		
Recognized in other comprehensive income		
Translation adjustments for foreign operations	$ (1,603,824)	$ (162,087)
Unrealized gain or loss on financial assets measured at FVTOCI	2,095,896	1,081,947
Defined benefit plans remeasurement	(19,741)	26,491
Income tax expense recognized in other comprehensive income	$ 472,331	$ 946,351

34.3 Current tax assets and liabilities

	December 31, 2022	December 31, 2021
Current tax assets		
Tax refund receivable	$ 25,905	$ 62,485
Current tax liabilities		
Income tax payable	$ 2,052,522	$ 1,184,757

34.4 Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the Year Ended December 31, 2022

Deferred Tax Assets	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Translation Difference	Ending Balance
Temporary differences					
Doubtful debts	$ 844,779	$ 544,120	$ -	$ 42,569	$ 1,431,468
Impairment loss on financial assets at FVTOCI	12,499	16,813	-	-	29,312
Unrealized loss on financial instruments	25,538	12,365	1,955,491	435,379	2,428,773
Investment loss of domestic subsidiaries recognized under equity method	11,175	(11,175)	-	-	-
Unrealized foreign exchange loss	20,818	75,115	-	(1)	95,932
Cumulative translation adjustment	19,324	-	-	(3,081)	16,243
Employee benefits plan	169,853	(12,668)	(19,741)	2,323	139,767
Others	132,274	110,703	-	12,126	255,103
	$ 1,236,260	$ 735,273	$ 1,935,750	$ 489,315	$ 4,396,598
Deferred Tax Liabilities					
Temporary differences					
Unrealized gain on financial instruments	$ (139,498)	$ -	$ 140,405	$ (907)	$ -
Investment gain of foreign subsidiaries recognized under equity method	(8,314,050)	(268,704)	(1,603,824)	(10)	(10,186,588)
Recognized deferred depreciation expenses	(236,838)	(2,389)	-	239,227	-
Exceed amount of contribution to pension liabilities	-	(3,088)	-	-	(3,088)
Others	(1,209)	(75)	-	(261,107)	(262,391)
	$ (8,691,595)	$ (274,256)	$ (1,463,419)	$ (22,797)	$ (10,452,067)

For the Year Ended December 31, 2021

Deferred Tax Assets	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Translation Difference	Ending Balance
Temporary differences					
Doubtful debts	$ 794,317	$ 58,951	$ -	$ (8,489)	$ 844,779
Impairment loss on financial assets at FVTOCI	11,556	943	-	-	12,499
Unrealized loss on financial instruments	5,590	19,948	369,542	(369,542)	25,538
Investment loss of domestic subsidiaries recognized under equity method	17,395	(6,220)	-	-	11,175
Unrealized foreign exchange loss	54,185	(33,367)	-	-	20,818
Cumulative translation adjustment	20,086	-	-	(762)	19,324
Employee benefits plan	170,025	(26,663)	26,491	-	169,853
Others	190,367	(56,740)	-	(1,353)	132,274
	$ 1,263,521	$ (43,148)	$ 396,033	$ (380,146)	$ 1,236,260
Deferred Tax Liabilities					
Temporary differences					
Unrealized gain on financial instruments	$ (946,243)	$ 89,239	$ 712,405	$ 5,101	$ (139,498)
Investment gain of foreign subsidiaries recognized under equity method	(8,744,558)	143,763	(162,087)	448,832	(8,314,050)
Recognized deferred depreciation expenses	(228,318)	(13,596)	-	5,076	(236,838)
Others	(930)	(279)	-	-	(1,209)
	$ (9,920,049)	$ 219,127	$ 550,318	$ 459,009	$ (8,691,595)

34.5 Income tax assessments

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

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

35. EARNINGS PER SHARE

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

Unit: NT$ Per Share

	For the Year Ended December 31	
	2022	2021
Basic earnings per share	$ 3.33	$ 3.19
Diluted earnings per share	$ 3.33	$ 3.19

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 Year Ended December 31	
	2022	2021
Earnings used in the computation of basic and diluted earnings per share	$ 14,937,870	$ 14,255,581

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

	For the Year Ended December 31	
	2022	2021
Weighted average number of ordinary shares in computation of basic earnings per share	4,487,904	4,470,206
Effect of potentially dilutive ordinary shares:		
Employees' compensation	1,968	1,606
Weighted average number of ordinary shares used in the computation of diluted earnings per share	4,489,872	4,471,812

In the computation of diluted earnings per share, it assumed the entire amount of the compensation will 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. SHARE-BASED PAYMENT ARRANGEMENTS

Employee share option plan of the Bank

The board of directors approved the issuance of new shares on August 13, 2022 and resolved to allocate 15% of the new shares for subscription by its employees according to the Company Law. According to IFRS 2 "share-based payment", the employee's share options should be measured at fair value, and the related compensation costs were $357,732 thousand. The relevant information of employee share options is as follows:

Employee Share Option	For the Year Ended December 31 2022 Unit (In Thousands of Shares)
Options granted	57,000
Options exercised	53,990
Options expired	3,010
Weighted-average fair value of options granted (NT$ per share)	$ 6.276

Options granted were priced using the Black-Scholes pricing model, and the inputs to the model are as follows:

	For the Year Ended December 31 2022
Acquisition date share price (NT$/per share)	43.20
Exercise price (NT$/per share)	37.00
Expected volatility	18.40%
Option life (in days)	56
Dividend yield	-
Risk-free interest rate	1.07%

The expected volatility is based on the historical stock price volatility calculated by peers.

37. RELATED-PARTY TRANSACTIONS

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

37.1 The Bank's related parties

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

37.2 Significant transactions between related parties

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

37.2.1 Deposits

	December 31, 2022			For the Year Ended December 31, 2022
	Maximum Balance	Ending Balance	Interest Rate (%)	Interest Expense
Directors and related management	$ 15,095,030	$ 14,900,426	0.00-3.08	$ 317,768
Employees	341,554	68,685	0.00-10.05	3,137
The SCSB Cultural & Educational Foundation	348,890	320,500	0.01-1.47	1,296
Others	135,479	133,630	0.00-1.47	1,034
	$ 15,920,953	$ 15,423,241		$ 323,235

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

37.2.2 Interest receivable (accounted for as receivables)

	December 31, 2022	December 31, 2021
Directors and related management	$ 34	$ 11

37.2.3 Interest payable (accounted for as payables)

	December 31, 2022	December 31, 2021
Directors and related management	$ 1,910	$ 44
The SCSB Cultural & Educational Foundation	131	86
The SCSB Charity Foundation	25	15
	$ 2,066	$ 145

37.2.4 Guarantee deposits received (accounted for as other liabilities)

	December 31, 2022	December 31, 2021
The SCSB Cultural & Educational Foundation	$ 318	$ 318

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

	For the Year Ended December 31	
	2022	2021
The SCSB Cultural & Educational Foundation	$ 1,275	$ 1,272

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

37.2.6 Loans

		December 31, 2022							For the Year Ended December 31, 2022
				Performance					
Category	Name	Maximum Balance	Ending Balance	Normal Loans	Non-performing Loans	Collateral	Interest Rate (%)	Difference of Terms of the Transactions with Unrelated Parties	Interest Income
Loans for personal house mortgages	Directors and related management (2)	$ 7,812	$ 7,150	$ 7,150	-	Real estate	1.33-2.10	None	$ 127
Others	Directors and related management (5)	194,255	188,420	188,420	-	Real estate/ financial instruments	1.36-2.23	None	19,902
		$ 202,067	$ 195,570	$ 195,570					$ 20,029

		December 31, 2021							For the Year Ended December 31, 2021
				Performance					
Category	Name	Maximum Balance	Ending Balance	Normal Loans	Non-performing Loans	Collateral	Interest Rate (%)	Difference of Terms of the Transactions with Unrelated Parties	Interest Income
Loans for personal house mortgages	Directors and related management (1)	$ 608	$ 180	$ 180	-	Real estate	1.56-1.57	None	$ 6
Others	Directors and related management (9)	155,372	140,010	140,010	-	Real estate/ financial instruments	1.29-1.49	None	11,549
		$ 155,980	$ 140,190	$ 140,190					$ 11,555

37.2.7 Disposal of property, plant and equipment

Name of related-party	Transaction Amount For the Year Ended December 31 2022	2021	Gain (Loss) on Disposal December 31 2022	2021
Others	$ 341,264	$ -	$ 208,377	$ -

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

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

37.3 Compensation of directors and management personnel

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

	For the Year Ended December 31 2022	2021
Salaries and other short-term employee benefits	$ 569,715	$ 498,603
Bonuses and compensation of employees	108,349	84,217
Remuneration of directors	113,001	124,334
Post-employment benefits	46,602	39,841
Others	985	864
	$ 838,652	$ 747,859

38. PLEDGED ASSETS

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

	December 31, 2022	December 31, 2021	Guaranty Purpose
The Bank			
Investments in debt instruments measured at amortized cost	$ 12,000,000	$ 12,000,000	Day-term overdraft with the pledge

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

	December 31, 2022	December 31, 2021	Guaranty Purpose
The Bank			
Financial assets at FVTOCI	$ 374,374	$ 346,624	Operating guarantee

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

	December 31, 2022	December 31, 2021	Guaranty Purpose
The SCB (HK)			
Investments in debt instruments measured at amortized cost	$ 14,492,470	$ 4,872,533	Operating guarantee

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

		December 31, 2022		December 31, 2021	Guaranty Purpose
The SCB (HK)					
Financial assets at FVTOCI	$	7,687,498	$	21,270,542	Operating guarantee

39. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

		December 31, 2022		December 31, 2021
Commitments of forward contracts with customers	$	486,066,103	$	312,461,232
Securities in custody		287,735,328		242,180,397
Assets under trust		204,855,065		212,201,956
Guarantee notes payable		116,972,245		164,076,416
Receivables under custody		27,204,605		32,484,286
Government bonds in brokerage accounts		25,149,200		29,466,700
Short-term bills in brokerage accounts		1,563,190		559,450

39.2 Material litigation

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

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

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

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:

	December 31, 2022		December 31, 2021	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Investments in debt instruments measured at amortized cost	$ 213,901,918	$ 205,229,349	$ 159,319,588	$ 159,375,166
Financial liabilities				
Bank debentures	65,244,424	65,097,666	82,091,512	82,882,006

40.1.2 Fair value level

	December 31, 2022			
	Total	Level 1	Level 2	Level 3
Financial assets				
Investments in debt instruments measured at amortized cost	$ 205,229,349	$ 19,211,561	$ 186,017,788	$ -
Financial liabilities				
Bank debentures	65,097,666	-	65,097,666	-

	December 31, 2021			
	Total	Level 1	Level 2	Level 3
Financial assets				
Investments in debt instruments measured at amortized cost	$ 159,375,166	$ 22,634,554	$ 136,740,612	$ -
Financial liabilities				
Bank debentures	82,882,006	-	82,882,006	-

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	December 31, 2022			
	Total	Level 1	Level 2	Level 3
Non-derivative financial instruments				
Assets				
Financial assets measured at FVTPL				
Financial assets mandatorily classified as at FVTPL				
Shares	$ 565,856	$ 517,630	$ 48,226	$ -
Bonds	3,621,989	3,621,989	-	-
Beneficiary certificates	251,237	251,237	-	-
Financial assets measured at FVTOCI				
Equity instruments	22,073,286	19,182,219	-	2,891,067
Debt instruments	378,710,488	185,720,588	192,978,578	11,322
	$ 405,222,856	$ 209,293,663	$ 193,026,804	$ 2,902,389
Liabilities				
Financial liabilities measured at FVTPL	$ 2,008,335	$ -	$ 2,008,335	$ -
Derivative financial instruments				
Assets				
Financial assets measured at FVTPL	$ 3,549,825	$ 105,779	$ 3,444,046	$ -
Liabilities				
Financial liabilities measured at FVTPL	$ 3,783,252	$ 74,180	$ 3,709,072	$ -

Financial Instruments Measured at Fair Value	December 31, 2021 Total	Level 1	Level 2	Level 3
Non-derivative financial instruments				
Assets				
Financial assets measured at FVTPL				
Financial assets mandatorily classified as at FVTPL				
Shares	$ 2,174,721	$ 2,138,464	$ 36,257	$ -
Bonds	6,099,860	92,275	6,007,585	-
Beneficiary certificates	535,265	535,265	-	-
Financial assets measured at FVTOCI				
Equity instruments	23,077,179	20,892,243	-	2,184,936
Debt instruments	495,479,676	198,770,322	295,958,341	751,013
	$ 527,366,701	$ 222,428,569	$ 302,002,183	$ 2,935,949
Liabilities				
Financial liabilities measured at FVTPL	$ 2,068,124	$ -	$ 2,068,124	$ -
Derivative financial instruments				
Assets				
Financial assets measured at FVTPL	$ 1,788,166	$ 49,737	$ 1,738,429	$ -
Liabilities				
Financial liabilities measured at FVTPL	$ 1,602,830	$ 6,837	$ 1,595,993	$ -

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

40.2.2 Reconciliation of Level 3 fair value measurement

For the Year Ended December 31, 2022

Item	Beginning Balance	Amount of Valuation Gain or Loss		Addition		Reduction		Exchange	Ending Balance
		Included in Profit or Loss	Included in Other Comprehensive Income	Buy or Issue	Transferred In	Sell Out, Disposal or Settlement	Transferred Out from Third Level		
Assets									
Financial assets measured at FVTOCI	$ 2,935,949	$ -	$ 778,783	$ 497,085	$ -	$ (896,769)	$ (373,253)	$ (39,406)	$ 2,902,389

For the Year Ended December 31, 2021

Item	Beginning Balance	Amount of Valuation Gain or Loss		Addition		Reduction		Exchange	Ending Balance
		Included in Profit or Loss	Included in Other Comprehensive Income	Buy or Issue	Transferred In	Sell Out, Disposal or Settlement	Transferred Out from Third Level		
Assets									
Financial assets measured at FVTPL									
Financial assets mandatorily classified as at FVTPL	$ 487,597	$ (347,949)	$ -	$ -	$ -	$ (139,648)	$ -	$ -	$ -
Financial assets measured at FVTOCI	1,940,585	-	248,958	756,599	-	(8,094)	-	(2,099)	2,935,949
Liabilities									
Financial liabilities measured at FVTPL									
Held-for-trading financial liabilities	67,068	(67,068)	-	-	-	-	-	-	-

Some of the Group's investments became listed during the years ended December 31, 2022 and 2021. After the assessment, the market's fair values are available for reference. Therefore, such financial assets have been transferred from Level 3 to Level 1.

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 debt instruments possess unobservable inputs. The non-active market equity instruments are independent and thus, are irrelevant to each other. The quantified information of significant unobservable inputs is as follows:

	Fair Value December 31, 2022	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted-Average)	Notes
Financial assets measured at FVTOCI					
Shares	2,891,067	1. Market approach	Market liquidity reduction	10%-19%	1. The higher of the liquidity reduction, and the lower of the fair value.
		2. Net asset value method	Market liquidity reduction	10%-19%	2. The higher of the liquidity reduction, and the lower of the fair value
Bonds	11,322	1.Counterparty quote 2.Discounted cash flow method	Discount rate	0%-10%	The higher of the discount rate, and the lower of the fair value.

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

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

December 31, 2022

	Changes in Fair Value Reflected in Profit or Loss		Changes in Fair Value Reflected in Other Comprehensive Income	
	Favorable	Unfavorable	Favorable	Unfavorable
Assets				
Financial assets measured at FVTOCI	$ -	$ -	$ -	$ (20,692)

December 31, 2021

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

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

December 31, 2022

	Changes in Fair Value Reflected in Profit or Loss		Changes in Fair Value Reflected in Other Comprehensive Income	
	Favorable	Unfavorable	Favorable	Unfavorable
Assets				
Financial assets measured at FVTOCI	$ -	$ -	$ 20,692	$ -

December 31, 2021

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

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 December 31, 2022.

d. Forward-looking information considerations

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

SCB (HK)

a. The credit risk has increased significantly since initial recognition

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

i. Changes in internal and external credit ratings and probability of default in the next 12 months.

ii. Information of overdue status (e.g. if the payment is overdue for more than 30 days).

iii. Unfavorable changes in current or projected operating, financial or economic conditions that are expected to result in significant changes in the ability of the debtor to perform its debt obligations.

iv. Significant changes in actual or expected results of the debtor's operations.

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

vi. There is doubt about the collateral rights under the debt, or the collateral price is affected by the surrounding economic environment, and the mortgage value will decline due to economic recession.

vii. There are unfavorable changes in the business of the debtor industry which are affected by the surrounding economy or policy.

viii. Key person in debt companies have financial difficulties, debt or dispute litigation, or serious illness or death, all of which have a negative impact on the ability of debt companies to meet their debt obligations.

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

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

i. Information of overdue status (e.g. if the payment is overdue for more than 90 days).

ii. The debtor has become bankrupt or may file for bankruptcy or financial restructuring.

iii. The debtor has died or been dissolved.

iv. Contracts of other debt instruments of the debtor have defaulted.

v. The active market of the financial assets disappeared due to financial difficulties.

vi. The debtor's creditor gives the borrower a concession that would not have been considered due to economic or contractual reasons related to the debtor's financial difficulties.

vii. The debtor's overall debt rises and is not proportional to its business growth.

viii. If the debtor invests in a project or delays the construction of a project, the cost exceeds the budget, and the creditor needs to arrange for debt restructuring.

ix. There is a purchase or initiation of financial assets at a significant discount reflecting that credit losses have occurred.

x. Estimated debt contract payments failed to be fully recovered.

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

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

c. Measurement of expected credit loss

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

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

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

d. Forward-looking information considerations

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

B. Due from and call loans to bank

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

C. Debt investments and derivative financial instruments

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

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

(2) Policies of credit risk hedging or mitigation

A. Collateral

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

B. Credit risk limitation and credit concentration management

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

C. Other mechanisms for credit risk management

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

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

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

December 31, 2022

Financial instruments subject to IFRS 9 impairment requirements and credit impairment	Book Value	Maximum Exposure to Credit Risk Mitigated by Collateral	Master Netting Arrangement	Other Credit Enhancement	Total
Receivables	$ 93,135	$ 31,566	$ -	$ -	$ 31,566
Discounts and loans	5,538,217	4,486,807	-	399,830	4,886,637

December 31, 2021

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

(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:

	December 31 2022	December 31 2021
Guarantees	$ 93,781,340	$ 113,845,852
Issued and non-cancelable loan commitments	61,917,238	52,480,756
Issued but unused letters of credit	34,928,867	32,142,233
Non-cancelable credit card commitments	565,212	576,919

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

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

	December 31, 2022			
	12-Month ECLs	Lifetime ECLs without impairment	Lifetime ECLs with impairment	Total
Discounts and loans				
Consumer banking				
-Mortgage	$ 307,851,465	$ 1,729,681	$ 267,595	$ 309,848,741
-Microcredit	23,553,545	210,347	394,443	24,158,335
-Others	49,848,356	300,059	60,446	50,208,861
Corporate banking				
-Secured	502,636,742	10,791,346	4,257,764	517,685,852
-Unsecured	320,997,870	26,834,431	557,969	348,390,270
Total	$ 1,204,887,978	$ 39,865,864	$ 5,538,217	$ 1,250,292,059
Accounts receivable (including non-performing credit card receivables)				
Credit cards	$ 3,840,222	$ 185,820	$ 58,897	$ 4,084,939
Others	14,956,354	244,223	34,238	15,234,815
Total	$ 18,796,576	$ 430,043	$ 93,135	$ 19,319,754
Debt instruments measured at FVTOCI	$ 394,335,772	$ 919,451	$ 198,723	$ 395,453,946
Investments in debt instruments measured at amortized cost	$ 213,905,115	$ -	$ -	$ 213,905,115

	December 31, 2021			
	12-Month ECLs	Lifetime ECLs without impairment	Lifetime ECLs with impairment	Total
Discounts and loans				
Consumer banking				
-Mortgage	$ 274,750,979	$ 2,087,554	$ 496,621	$ 277,335,154
-Microcredit	17,233,134	423,747	157,303	17,814,184
-Others	50,131,068	181,585	36,133	50,348,786
Corporate banking				
-Secured	473,837,846	12,084,819	2,036,819	487,959,484
-Unsecured	260,914,847	29,538,255	288,055	290,741,157
Total	$ 1,076,867,874	$ 44,315,960	$ 3,014,931	$ 1,124,198,765
Accounts receivable (including non-performing credit card receivables)				
Credit cards	$ 3,229,190	$ 166,770	$ 64,794	$ 3,460,754
Others	11,758,420	300,217	10,954	12,069,591
Total	$ 14,987,610	$ 466,987	$ 75,748	$ 15,530,345
Debt instruments measured at FVTOCI	$ 494,308,800	$ 792,656	$ -	$ 495,101,456
Investments in debt instruments measured at amortized cost	$ 159,320,715	$ -	$ -	$ 159,320,715

(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

	December 31			
	2022		2021	
Sector	Amount	%	Amount	%
Private sector	$ 772,378,513	62	$ 710,332,622	63
Consumer	425,112,209	34	387,381,005	34
Financial institution	44,358,876	3	17,382,251	2
Others	8,442,461	1	9,102,887	1
	$ 1,250,292,059	100	$ 1,124,198,765	100

B. Region

	December 31			
	2022		2021	
Region	Amount	%	Amount	%
Taiwan	$ 740,631,628	59	$ 669,998,201	60
Asia Pacific except Taiwan	358,683,517	29	324,154,314	29
Others	150,976,914	12	130,046,250	11
	$ 1,250,292,059	100	$ 1,124,198,765	100

C. Collateral

Collaterals Assumed	December 31 2022 Amount	%	2021 Amount	%
Unsecured	$ 346,693,987	28	$ 287,613,071	26
Secured				
Properties	786,351,726	63	708,232,575	63
Guarantee	66,649,625	5	72,751,320	6
Financial collateral	29,133,983	2	35,356,195	3
Personal properties	2,654,608	1	2,924,020	1
Other collateral	18,808,130	1	17,321,584	1
	$ 1,250,292,059	100	$ 1,124,198,765	100

(5) Information on credit risk quality

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

40.3.3 Market risk

(1) The sources and definition of market risk

Market risk is the risk resulting from changes in fair value and future cash flows of on- and 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, and regularly uses various hypothetical scenarios of yield curve changes to measure the possible impact of interest rate changes on earnings and economic value. The Group also established interest rate sensitivity monitoring index for major periods in order to maintain long-term profitability and business growth. Such interest rate indexes and results of pressure test are reviewed by management personnel regularly. In addition, the Group regularly uses DV01 to measure portfolio affected by interest rate.

(5) Foreign exchange rate risk management

A. Definition of foreign exchange rate risk

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

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

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

The Group undertakes pressure test on a seasonal basis and uses 3% fluctuation in major foreign exchange rate (USD) as the sensitivity threshold and reports test results to the board of directors.

(6) Equity securities price risk management

A. Definition of equity securities price risk

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

B. Purpose of equity security price risk management

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

C. Procedures of equity security price risk management

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

D. Measurement method

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

(7) Market valuation technique

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

A. Sensitivity analysis

a. Interest rate risk

The Group has assessed the possible impact on income if global yield curve moves between -1 to +1 basis points simultaneously on December 31, 2022 and 2021 while other factors remain unchanged.

b. Foreign exchange rate risk

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

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

c. Equity securities price risk

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

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

B. Sensitivity analysis is summarized as follows:

December 31, 2022			
Major Risk	Fluctuation Range	Amount	
		Equity	Profit or Loss
Foreign exchange risk	Foreign currency appreciated 1% against NTD	$ 753,482	$ (41,383)
	Foreign currency depreciated 1% against NTD	(753,482)	41,383
Interest rate risk	Interest rate curve edged up 1bp	(77,350)	2,120
	Interest rate curve edged down 1bp	77,350	(2,120)
Equity price risk	Equity price increased 1%	179,406	5,525
	Equity price decreased 1%	(179,406)	(5,525)

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

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.

December 31, 2022	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	$ 26,356,167	$ 13,382,384	$ 2,390,597	$ 2,102,785	$ 5,961,001	$ 50,192,934
Financial liabilities measured at FVTPL	-	-	-	-	1,973,649	1,973,649
Securities sold under repurchase agreements	282,962	322,301	176,305	-	-	781,568
Payables	30,302,433	511,563	1,157,146	586,827	513,102	33,071,071
Deposits and remittances	1,106,895,826	406,869,621	158,491,769	235,591,421	12,817,716	1,920,666,353
Bank debentures	230,408	-	-	3,230,408	61,783,608	65,244,424
Other financial liabilities	2,228,520	22,001	70,860	157,499	860,991	3,339,871
Lease liabilities	34,285	72,932	100,359	172,512	1,545,799	1,925,887

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

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

A. Derivative financial liabilities in net settlement

December 31, 2022	0~30 days	31~90 days	91~180 days	181 days~1 year	Over 1 year	Total
Derivative financial liabilities measured at FVTPL						
Foreign exchange derivatives	$ 27,467	$ 80,352	$ 4,895	$ 7,429	$ -	$ 120,143
Interest rate derivatives	-	-	-	-	176,821	176,821

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

B. Derivative financial liabilities in total settlement

December 31, 2022	0~30 days	31~90 days	91~180 days	181 days~1 year	Over 1 year	Total
Derivative financial liabilities measured at FVTPL						
Foreign exchange derivatives						
Cash inflow	$ 151,856,558	$ 143,846,979	$ 98,039,834	$ 120,190,668	$ 132,675	$ 514,066,714
Cash outflow	152,996,684	145,080,434	98,299,033	120,244,851	131,013	516,752,015

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

The analysis of cash outflows of in-balance-sheet items is illustrated according to the remaining days from the balance sheet date to maturity date of the contract. For financial guarantee contracts, the largest amount is categorized under the earliest possible date to take responsibility. The disclosure of cash outflows of off-balance sheet items is based on the cash flows of contracts so that part items could not correspond with all items in the balance sheet.

December 31, 2022	0~30 days	31~90 days	91~180 days	181 days~1 year	Over 1 year	Total
Guarantees	$ 26,525,486	$ 21,997,238	$ 7,964,723	$ 17,227,357	$ 20,066,536	$ 93,781,340
Non-cancelable loan commitments	10,300,516	593,697	1,325,592	3,292,340	46,405,093	61,917,238
Issued but unused letters of credit	30,238,307	3,840,073	414,208	398,111	38,168	34,928,867
Non-cancelable credit card commitments	84,725	169,451	254,176	56,860	-	565,212

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

40.3.5 Interest rate benchmarks

The financial instruments of the Group affected by the interest rate benchmarks include loans and discounts, financial assets and liabilities measured at FVTPL, financial assets measured at FVTOCI and financial assets measured at amortized cost. The linked indicator interest rate types are USD LIBOR. The Group prepared interest rate benchmark transition plan which comprises the following work streams: risk management, contract management, product management, taxation and accounting, and customer communication, etc. And the discussions have been started with financial instrument counterparties on how to amend the affected contracts, and it is expected that the amendment will be completed before the conversion of the interest rate benchmarks.

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

Financial assets	Book value
Discount and loans, net	
USD LIBOR	$ 92,469,052
SGD SOR	462,724
Total	92,931,776
Financial assets measured at FVOCI	
USD LIBOR	12,971,793
Total	$ 105,903,569

Financial liabilities	Book value
Due to the central bank and other banks	
USD LIBOR	$ 3,471

On December 31, 2022, the derivative financial instruments held by the Group that have been affected by the interest rate benchmark reform are summarized as follows:

	Nominal in currency	Book value Financial liabilities
Derivatives linked to USD LIBOR		
Interest rate swap	$ 2,601,480	$ 176,821

40.4 Transfer of financial assets

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

December 31, 2022

Type of Financial Assets	The Book Value of Financial Assets Transferred	The Book Value of Related Financial Liabilities	The Fair Value of Financial Assets Transferred	The Fair Value of Related Financial Liabilities	Net Amount
Financial assets measured at FVTOCI					
Securities sold under repurchase agreements	$ 775,000	$ 781,568	$ 775,000	$ 781,568	$ (6,568)

December 31, 2021

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

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 Year Ended December 31, 2022	
	Average Balance	Average Rate (%)
Interest-bearing assets		
Cash and cash equivalents - due from other banks	$ 28,307,552	0.14
Due from the Central Bank and call loans to banks	118,280,029	1.43
Financial assets measured at FVTPL	28,034	0.76
Securities purchased under resell agreements	367,351	2.26
Revolving credit card balances	567,115	12.72
Discounts and loans (excluding non-performing loans)	800,526,592	2.23
Financial assets measured at FVTOCI - investments in debt instruments	210,176,698	1.62
Financial assets measured at amortized cost	131,360,907	0.61
Interest-bearing liabilities		
Due to the Central Bank and other banks	15,729,524	1.36
Financial liabilities measured at FVTPL	2,082,380	5.69
Securities sold under repurchase agreements	9,580,930	0.32
Negotiable certificates of deposit	17,378,827	0.94
Demand deposits	357,207,941	0.23
Savings deposits	205,448,414	0.40
Time deposits	367,022,288	0.90
Time savings	155,373,923	1.00
Bank debentures	65,786,353	1.33
Other financial liabilities	1,548,790	1.11
Lease liabilities	709,014	1.13

	For the Year Ended December 31, 2021	
	Average Balance	Average Rate (%)
Interest-bearing assets		
Cash and cash equivalents - due from other banks	$ 35,846,262	0.13
Due from the Central Bank and call loans to banks	88,418,432	0.33
Financial assets measured at FVTPL	74,234	0.39
Securities purchased under resell agreements	226,777	0.44
Revolving credit card balances	581,817	12.76
Discounts and loans (excluding non-performing loans)	750,285,481	1.69
Financial assets measured at FVTOCI - investments in debt instruments	221,078,414	1.04
Financial assets measured at amortized cost	137,887,108	0.29
Interest-bearing liabilities		
Due to the Central Bank and other banks	19,025,112	0.25
Financial liabilities measured at FVTPL	1,952,383	5.42
Securities sold under repurchase agreements	28,793,111	0.20
Negotiable certificates of deposit	13,440,286	0.29
Demand deposits	328,518,862	0.05
Savings deposits	191,813,250	0.25
Time deposits	341,271,648	0.47
Time savings	145,822,564	0.79
Bank debentures	66,217,312	1.39
Other financial liabilities	1,234,755	0.42
Lease liabilities	784,667	1.28

41.2 SCB (HK)

	For the Year Ended December 31, 2022	
	Average Balance	Average Rate (%)
Interest-bearing assets		
Due from other banks	$ 222,476,937	1.45
Discounts and loans (excluding non-performing loans)	377,859,653	4.24
Revolving credit card balances	103,657	29.93
Debt instruments (including financial assets measured at FVTOCI and at amortized cost)	266,939,045	1.62
Interest-bearing liabilities		
Due to other banks	34,180,028	1.84
Demand deposits	289,014,426	0.05
Time deposits	431,808,083	1.59
Bank debentures	16,216,851	4.70

	For the Year Ended December 31, 2021	
	Average Balance	Average Rate (%)
Interest-bearing assets		
Due from other banks	$ 157,246,529	0.32
Discounts and loans (excluding non-performing loans)	352,452,249	3.40
Revolving credit card balances	101,346	29.41
Debt instruments (including financial assets measured at FVTOCI and at amortized cost)	267,063,774	1.61
Interest-bearing liabilities		
Due to other banks	32,376,308	0.74
Demand deposits	266,974,433	0.02
Time deposits	384,189,790	0.75
Bank debentures	15,089,032	4.53

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.

The Banking Act and related measures stipulate that in order to improve the financial foundation of a bank, the ratio of the Group's own capital to the risky assets shall not be less than 10.50%, where the actual ratio is lower than the prescribed standard, the authorities may impose limit on its capital surplus distribution.

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

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

	December 31	
	2022	2021
Analysis items		
Eligible capital		
Common equity	$ 188,857,653	$ 170,375,493
Other Tier I capital	8,070,000	6,470,659
Tier II capital	42,150,235	51,378,379
Eligible capital	$ 239,077,888	$ 228,224,531
Risk-weighted assets		
Credit risk		
Standardized approach	$ 1,405,441,150	$ 1,325,138,207
Credit valuation adjustment (CVA)	590,331	751,052
Internal rating based approach	N/A	N/A
Synthetic securitization	493,720	1,072,451
Operational risk		
Basic indicator approach	70,041,661	68,453,256
Standardized approach/ alternative standardized approach	N/A	N/A
Advanced measurement approach	N/A	N/A
Market risk		
Standardized approach	60,564,114	90,991,498
Internal models approach	N/A	N/A
Total risk-weighted assets	$ 1,537,130,976	$ 1,486,406,464
Capital adequacy ratio	15.55%	15.35%
Ratio of common equity to risk-weighted assets	12.29%	11.46%
Ratio of Tier I capital to risk-weighted assets	12.81%	11.90%
Leverage ratio	7.95%	7.72%

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

Note 2: Formulas used were as follows:

(1) Eligible capital = Ordinary equity + Other Tier I capital + Tier II capital.

(2) Total risk-weighted assets = Risk-weighted assets for credit risk + Capital requirements for operational risk and market risk × 12.5.

(3) Capital adequacy ratio = Eligible capital ÷ Total risk-weighted assets.

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

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

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

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

43.1 Assets quality: As stated in Table 1

43.2 Concentration of credit extensions

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

Ranking (Note 1)	December 31, 2022					
	The Bank			SCB (HK)		
	Group Name (Note 2)	Credit Extension Balance (Note 3)	% of Net Asset Value	Group Name (Note 2)	Credit Extension Balance (Note 3)	% of Net Asset Value (Note 4)
1	A Group (general management agency)	8,134,468	4.79%	G Group (other holding companies)	14,577,710	11.06%
2	B Group (general management agency)	7,164,388	4.22%	N Group (hotel property development)	12,670,455	9.61%
3	C Group (computer manufacturing)	6,094,194	3.59%	O Group (hotel property development)	11,338,725	8.60%
4	D Group (computer and peripheral manufacturing)	5,796,910	3.41%	P Group (investment holding)	10,668,776	8.09%
5	E Group (real estate selling and leasing)	5,398,074	3.18%	Q Group (broadcasting and entertainment industry)	8,466,546	6.42%
6	F Group (general management agency)	5,354,805	3.15%	R Group (property investment and development)	7,963,481	6.04%
7	G Group (other holding companies)	5,179,960	3.05%	S Group (hotel property development)	7,488,937	5.68%
8	H Group (real estate development)	4,726,940	2.78%	T Group (property development)	7,436,799	5.64%
9	I Group (apparel manufacturing)	4,689,638	2.76%	U Group (hotel property development)	6,005,915	4.56%
10	J Group (real estate development)	4,390,700	2.59%	V Group(property investment and development)	5,785,132	4.39%

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

Note 1: The top 10 credit extensions ranking is made by total credit balance, which excluded government-owned or state-run enterprises. If the borrower is an affiliate of the Group enterprise, the credit balance of the borrower is then aggregated to the Group enterprise's credit balance. The borrower is marked by specific codes as well as its major industry. The major industry of a borrower is determined by its maximum exposures by industries. The classification of industry should be in line with the Standard Industrial Classification System of the Republic of China published by the Directorate General of Budget, Accounting and Statistics under the Executive Yuan.

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

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

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

43.3 Interest rate sensitivity information

43.3.1 The Bank

Interest Rate Sensitivity (NTD)

December 31, 2022					
Items	**1 to 90 Days**	**91 to 180 Days**	**181 Days to 1 Year**	**Over 1 Year**	**Total**
Interest rate sensitive assets	$ 873,639,602	$ 44,527,449	$ 13,464,679	$ 66,479,264	$ 998,110,994
Interest rate sensitive liabilities	233,477,743	446,634,062	178,390,522	62,396,172	920,898,499
Interest rate sensitivity gap	640,161,859	(402,106,613)	(164,925,843)	4,083,092	77,212,495
Net equity					169,780,908
Ratio of interest rate sensitive assets to liabilities					108.38%
Ratio of interest rate sensitivity gap to net equity					45.48%

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

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)

December 31, 2022					
Items	**1 to 90 Days**	**91 to 180 Days**	**181 Days to 1 Year**	**Over 1 Year**	**Total**
Interest rate sensitive assets	$ 8,295,467	$ 225,102	$ -	$ -	$ 8,520,569
Interest rate sensitive liabilities	3,095,077	4,833,427	781,061	70,569	8,780,134
Interest rate sensitivity gap	5,200,390	(4,608,325)	(781,061)	(70,569)	(259,565)
Net equity					5,526,542
Ratio of Interest rate sensitive assets to liabilities					97.04%
Ratio of interest rate sensitivity gap to net equity					(4.70%)

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

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)

December 31, 2022					
Items	**1 to 90 Days**	**91 to 180 Days**	**181 Days to 1 Year**	**Over 1 Year**	**Total**
Interest rate sensitive assets	$ 6,597,150	$ 410,199	$ 355,696	$ 2,403,649	$ 9,766,694
Interest rate sensitive liabilities	6,503,554	756,969	638,404	457,105	8,356,032
Interest rate sensitivity gap	93,596	(346,770)	(282,708)	1,946,544	1,410,662
Net equity					3,470,413
Ratio of interest rate sensitive assets to liabilities					116.88%
Ratio of interest rate sensitivity gap to net equity					40.65%

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

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

Unit: %

Items		**December 31, 2022**	**December 31, 2021**
Return on total assets	Before income tax	1.04	1.04
	After income tax	0.86	0.88
Return on equity	Before income tax	10.68	10.69
	After income tax	8.78	9.01
Profit margin		42.82	48.91

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.

43.5 Maturity analysis of assets and liabilities

43.5.1 The Bank

(1) In Thousands of New Taiwan Dollars

	Total	December 31, 2022					
		For remaining period to maturity date					
		0 to 10 Days	11 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year
Major cash inflow on maturity	$ 1,060,684,715	$ 168,042,249	$ 77,263,976	$ 68,843,424	$ 82,448,991	$ 122,819,118	$ 541,266,957
Major cash outflow on maturity	1,385,257,536	48,112,388	93,805,058	245,110,503	224,444,131	260,795,545	512,989,911
Gap	(324,572,821)	119,929,861	(16,541,082)	(176,267,079)	(141,995,140)	(137,976,427)	28,277,046

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

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

(2) In Thousands of US dollars

	Total	December 31, 2022				
		For remaining period to maturity date				
		0 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year
Major cash inflow on maturity	$ 12,844,167	$ 3,286,872	$ 1,865,893	$ 665,005	$ 655,138	$ 6,371,259
Major cash outflow on maturity	15,118,127	2,835,384	2,030,725	1,768,280	2,449,547	6,034,191
Gap	(2,273,960)	451,488	(164,832)	(1,103,275)	(1,794,409)	337,068

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

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

43.5.2 SCB (HK)

In Thousands of US dollars

	Total	December 31, 2022				
		For remaining period to maturity date				
		0 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year
Major cash inflow on maturity	$ 9,841,415	$ 2,078,312	$ 1,074,516	$ 797,175	$ 812,878	$ 5,078,534
Major cash outflow on maturity	8,393,730	4,851,349	2,329,388	518,237	391,177	303,579
Gap	1,447,685	(2,773,037)	(1,254,872)	278,938	421,701	4,774,955

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

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	December 31, 2022	December 31, 2021	Trust Liabilities	December 31, 2022	December 31, 2021
Bank deposit	$ 7,388,829	$ 7,375,059	Accounts payable	$ 219	$ 161
Short-term investments	95,997,237	90,663,600	Depository of security payable	55,607,507	73,234,289
Net asset value of collective investment trust fund	6,362,452	7,960,305	Trust capital	149,976,189	138,760,691
Accounts receivable	2,982	9,518	Accumulated (loss) gain and equity	(728,850)	206,815
Land	30,408,073	27,760,022			
Buildings and improvement, net	66,366	92,954			
Construction in progress	8,962,925	5,049,288			
Securities in custody	55,607,507	73,234,289			
Other assets	58,694	56,921			
Total trust assets	$ 204,855,065	$ 212,201,956	Total trust liabilities	$ 204,855,065	$ 212,201,956

Trust Asset Lists

Item	December 31, 2022	December 31, 2021
Cash in banks	$ 7,388,829	$ 7,375,059
Short-term investment		
Funds	66,800,237	67,990,417
Bonds	22,752,279	15,997,545
Common stock	4,656,074	3,469,653
Structured instruments	1,581,390	3,087,465
Preferred stock	207,257	118,520
Net asset value of collective trust accounts	6,362,452	7,960,305
Receivables	2,982	9,518
Land	30,408,073	27,760,022
Buildings and improvement, net	66,366	92,954
Construction in progress	8,962,925	5,049,288
Depository of securities	55,607,507	73,234,289
Other assets - principal deferred expense	58,694	56,921
Total	$ 204,855,065	$ 212,201,956

Income Statements of Trust Account

	For the Year Ended December 31	
	2022	2021
Trust income		
Cash dividends on common stock	$ 70,601	$ 73,892
Interest income	28,583	14,959
Donation income	1,048	631
Realized investment gains	872	18,385
Unrealized investment gains	70,676	227,319
Other revenue	77,459	59,401
	249,239	394,587
Trust expenses		
Tax expenditures	71,132	36,632
Management expenses	8,314	7,151
Service expenses	3,721	9,437
Realized investment losses	11,289	3
Unrealized investment losses	894,503	163,950
Donation expenses	1,317	2,679
Other expenses	2,803	-
	993,079	219,852
(Loss) income before income tax	(743,840)	174,735
Income tax expense	-	-
Net (loss) income	$ (743,840)	$ 174,735

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

	December 31					
	2022			2021		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial assets						
Monetary items						
Cash and cash equivalents						
JPY	$ 44,650,776	0.2319	$ 10,354,515	$ 34,668,959	0.2404	$ 8,334,418
USD	136,532	30.7210	4,194,400	445,460	27.6550	12,319,196
CNY	493,149	4.4107	2,175,132	215,743	4.3421	936,778
Due from the Central Bank and call loans to banks						
USD	2,284,904	30.7210	70,194,536	1,825,454	27.6550	50,482,930
CNY	722,850	4.4107	3,188,274	122,800	4.3421	533,210
VND	1,024,000,000	0.0013	1,331,200	640,000,000	0.0012	768,000
Receivables						
USD	24,885	30.7210	764,492	84,389	27.6550	2,333,778
JPY	2,533,404	0.2319	587,496	1,660,240	0.2404	399,122
EUR	2,722	32.7517	89,150	2,632	31.3774	82,585
Discounts and loans						
USD	3,950,030	30.7210	121,348,872	4,145,859	27.6550	114,653,731
HKD	4,296,461	3.9402	16,928,916	3,920,675	3.5465	13,904,674
CNY	2,811,861	4.4107	12,402,275	2,301,941	4.3421	9,995,258
Financial assets at FVTOCI						
USD	1,889,221	30.7210	58,038,758	2,101,469	27.6550	58,116,125
AUD	524,145	20.7858	10,894,773	224,379	20.0969	4,509,322
CNY	1,471,420	4.4107	6,489,992	2,428,982	4.3421	10,546,883
Financial assets measured at amortized cost						
USD	190,426	30.7210	5,850,077	17,974	27.6550	497,071
AUD	135,000	20.7858	2,806,083	-	-	-
SGD	71,820	22.8596	1,641,776	71,265	20.4723	1,458,958
Financial assets at FVTPL						
USD	14,782	30.7210	454,118	23,585	27.6550	652,243
EUR	28	32.7517	917	42	31.3774	1,318
JPY	1,145	0.2319	266	-	-	-
Non-monetary items						
Equity investments under the equity method						
USD	2,638,520	30.7210	81,057,973	2,660,471	27.6550	73,575,326
HKD	94,620	3.9402	372,822	90,338	3.5465	320,384
Financial liabilities						
Monetary items						
Payables						
USD	96,942	30.7210	2,978,155	89,044	27.6550	2,462,512
JPY	2,545,598	0.2319	590,324	1,693,730	0.2404	407,173
EUR	2,357	32.7517	77,196	2,576	31.3774	80,828
Deposits from the central bank and other banks						
HKD	1,435,000	3.9402	5,654,187	1,939,000	3.5465	6,876,664
VND	2,154,000,000	0.0013	2,800,200	1,457,000,000	0.0012	1,748,400
USD	19,705	30.7210	605,357	92,641	27.6550	2,561,987
Deposits and remittances						
USD	8,909,249	30.7210	273,701,039	10,022,437	27.6550	277,170,495
JPY	101,952,839	0.2319	23,642,863	44,879,369	0.2404	10,789,000
CNY	5,006,666	4.4107	22,082,902	4,132,735	4.3421	17,944,749
Financial liabilities at FVTPL						
USD	84,130	30.7210	2,584,558	88,223	27.6550	2,439,807
HKD	2,961	3.9402	11,667	-	-	-
EUR	15	32.7517	491	29	31.3774	910

45.2 SCB (HK)

	December 31					
	2022			2021		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial assets						
Monetary items						
Cash and cash equivalents						
JPY	$ 23,047,337	0.2319	$ 5,344,677	$ 19,334,657	0.2404	$ 4,648,052
CNY	979,902	4.4107	4,322,054	715,171	4.3421	3,105,344
USD	40,100	30.7210	1,231,912	182,804	27.6550	5,055,445
Due from the Central Bank and call loans to banks						
USD	1,784,833	30.7210	54,831,855	1,903,114	27.6550	52,630,618
CNY	5,733,012	4.4107	25,286,596	2,263,641	4.3421	9,828,956
Receivables						
USD	41,077	30.7210	1,261,927	47,682	27.6550	1,318,646
CNY	62,535	4.4107	275,823	42,236	4.3421	183,393
Discounts and loans						
USD	4,769,003	30.7210	146,508,541	4,775,423	27.6550	132,064,323
CNY	5,077,972	4.4107	22,397,411	5,418,566	4.3421	23,527,955
GBP	534,157	37.0465	19,788,647	496,453	37.3467	18,540,881
Financial liabilities						
Monetary items						
Payables						
USD	16,994	30.7210	522,073	25,560	27.6550	706,862
CNY	30,290	4.4107	133,600	40,825	4.3421	177,266
Deposits from the central bank and other banks						
USD	519,693	30.7210	15,965,489	579,281	27.6550	16,020,016
CNY	1,675,151	4.4107	7,388,589	1,480,145	4.3421	6,426,938
GBP	48,074	37.0465	1,780,973	154,590	37.3467	5,773,426
Deposits and remittances						
USD	7,522,890	30.7210	231,110,704	8,005,923	27.6550	221,403,801
CNY	14,384,756	4.4107	63,446,843	15,498,812	4.3421	67,297,392

46. OTHERS

Facing the global pandemic of corona virus pneumonia and its recent impact in my country, the Bank's business strategies always follow the stable and practical core values. Despite of the global economic turmoil, the Bank still maintained a steady growth of capital. The annual consolidated financial statements included relevant material information.

47. ADDITIONAL DISCLOSURES

47.1 Information of significant transaction items and 47.2 Other business investment is as follows:

47.1.1 Financing provided: Table 2.

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

47.1.3 Marketable securities held: Table 3.

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

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

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

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

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

47.1.9 Sale of non-performing loans: Table 6.

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

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

47.1.12 Names, locations, and other information of investees on which the Bank exercises significant influence: Table 7.

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

47.3 Investments in Mainland China:

47.3.1 Name of the investees in Mainland China, main businesses and products, paid-in capital, method of investment, information on inflow or outflow of capital, percentage of ownership, investment income or loss, ending balance of investment, dividends remitted by the investee, and the limit of investment in Mainland China: Table 8.

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

47.4 Significant transactions and the amount among the parent and its subsidiaries: Table 9.

47.5 Information of major shareholders:

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

48. SEGMENT INFORMATION

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

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

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

The operating segments information is as follows:

	For the Year Ended December 31, 2022				
	Taiwan	Hong Kong	Others	Other Adjustments	Total
Net interest	$ 16,285,490	$ 14,765,010	$ 2,192,833	$ 10	$ 33,243,343
Net revenue other than from interest	5,769,548	5,225,432	374,881	(13,882)	11,355,979
Net revenue	22,055,038	19,990,442	2,567,714	(13,872)	44,599,322
Provisions for bad-debt expense, commitment and guarantee liability	(2,800,037)	(1,077,374)	(459,584)	-	(4,336,995)
Operating expenses	(8,680,584)	(6,774,145)	(1,544,084)	(31,764)	(17,030,577)
Profit before income tax	$ 10,574,417	$ 12,138,923	$ 564,046	$ (45,636)	$ 23,231,750

	For the Year Ended December 31, 2021				
	Taiwan	Hong Kong	Others	Other Adjustments	Total
Net interest	$ 11,640,622	$ 13,114,166	$ 1,715,500	$ 7	$ 26,470,295
Net revenue other than from interest	5,548,567	5,770,164	280,814	102,662	11,702,207
Net revenue	17,189,189	18,884,330	1,996,314	102,669	38,172,502
Provisions for bad-debt expense, commitment and guarantee liability	(900,164)	(80,450)	(261,143)	-	(1,241,757)
Operating expenses	(7,344,213)	(6,088,138)	(1,328,868)	(30,177)	(14,791,396)
Profit before income tax	$ 8,944,812	$ 12,715,742	$ 406,303	$ 72,492	$ 22,139,349

The Group did not periodically provide information on all assets of each operating segment to the chief operating decision maker, thus the amount of assets was zero.

Main operating clients

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

TABLE 1

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

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

Date			December 31, 2022					December 31, 2021				
Business			Overdue Loans (Note 1)	Loans	NPL Ratio (%) (Note 2)	Loan Loss Reserve(LLR)	Coverage Ratio (Note 3)	Overdue Loans (Note 1)	Loans	NPL Ratio (%) (Note 2)	Loan Loss Reserve(LLR)	Coverage Ratio (Note 3)
Corporate banking	Secured		1,013,908	299,689,193	0.34	4,847,067	478.06	386,910	285,324,670	0.14	3,296,432	851.99
	Unsecured		134,505	233,376,778	0.06	2,579,213	1,917.56	153,242	198,650,305	0.08	2,105,034	1,373.67
Consumer banking	Mortgage (Note 4)		171,119	280,661,983	0.06	4,521,331	2,642.21	398,236	249,357,470	0.16	4,194,529	1,053.28
	Cash cards		-	-	-	-	-	-	-	-	-	-
	Microcredit (Note 5)		7,177	4,484,800	0.16	57,945	807.37	3,271	3,211,021	0.10	35,857	1,096.21
	Others (Note 6)	Secured	45,530	33,807,766	0.13	421,160	925.02	22,978	32,826,363	0.07	354,584	1,543.15
		Unsecured	-	-	-	-	-	-	-	-	-	-
Total			1,372,239	852,020,520	0.16	12,426,716	905.58	964,637	769,369,829	0.13	9,986,436	1,035.25
			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			4,755	3,339,569	0.14	87,936	1,849.34	5,064	2,797,758	0.18	89,820	1,773.70
Accounts receivable factored without recourse (Note 7)			-	451,234	-	4,512	-	-	567,807	-	5,678	-

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

Note 2: Ratio of NPL: Non-performing loans ÷ Outstanding loan balance.
Ratio of delinquency: Non-performing receivables ÷ Outstanding receivables balance.

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

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

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

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

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

TABLE 1-1

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

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

	December 31, 2022		December 31, 2021	
	Excluded NPL	Excluded Overdue Receivables	Excluded NPL	Excluded Overdue Receivables
As a result of debt consultation and loan agreements (Note 1)	-	-	-	-
As a result of consumer debt clearance (Note 2)	-	32,242	-	34,215

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

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

TABLE 2

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

LOANS AND OTHER INFORMATION
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Information of Lenders, Borrowers and Others

No (Note 1)	Lender	Borrower	Corresponding Account	Related Parties	The Highest Period Balance	Ending Balance	Actual Amount	Interest Rate Range	Capital Loan (Note 2)	Business Dealing Amount	Reasons of Short-term Financing	Allowance	Collateral		Individual Fund Loan and Limit (Note 3)	Total Loan Limit (Note 3)
													Name	Value		
1	SCSB Leasing (China) Co., Ltd.	A Co., Ltd.	Entrusted loan receivables	N/A	$ 79,393	$ 132,321	$ 79,393	6%~11%	1	$ 79,393	-	$ 1,588	Real estate	$ 265,965	$ 395,510	$ 988,774
1	SCSB Leasing (China) Co., Ltd.	B Co., Ltd.	Entrusted loan receivables	N/A	57,339	110,268	17,643	6%~11%	1	17,643	-	11,141	Real estate	189,395	395,510	988,774

Note 1: The numbers refer to the following:
(1) Issuer is 0.
(2) Investees are numbered sequentially starting from 1.

Note 2: The nature of capital loans corresponds to the following values:
(1) 1 for business dealing.
(2) 2 for reasons of short-term financing facility.

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

1. Individual fund loans and limits

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

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

2. Capital loans and total loan limits

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

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

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

TABLE 3

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2022
(Amounts in Thousands of New Taiwan Dollars)

Holding Company Name	Name	Security Issuer's Relationship with Holding Company	Financial Statement Account	December 31, 2022				Note
				Shares (In Thousands)	Carrying Amount (Note 1)	Percentage of Ownership (%)	Market Value or Net Asset Value	
Shancom Reconstruction Inc.	Empresa Inversiones Generales, S.A.	Indirect subsidiary	Investments in subsidiaries	1	$ 22,040	100.00	$ 22,040	Note1
	Krinein Company	Indirect subsidiary	Investments in subsidiaries	2	29,239	100.00	29,239	Note1
	Safehaven Investment Corporation	Indirect subsidiary	Investments in subsidiaries	1	50,618	100.00	50,618	Note1
Shanghai Commercial Bank (HK)	Shanghai Commercial & Savings Bank, Ltd.	The Bank	Financial assets measured at FVTOCI	11,370	500,849	0.25	500,849	
Wresqueue Limitada	Prosperity Realty Inc.	Indirect subsidiary	Investments in subsidiaries	4	34,181	100.00	34,181	Note1
China Travel Service (Taiwan)	Silks Place Taroko	-	Equity investments under the equity method	20,372	303,680	45.00	303,680	
	CTS Travel International Ltd.	Indirect subsidiary	Investments in subsidiaries	600	7,018	100.00	7,018	Note1
	Joy Tour Service Co., Ltd.	-	Financial assets measured at FVTOCI	100	1,000	10.00	1,000	
	Shanghai Commercial & Savings Bank, Ltd.	The Bank	Financial assets measured at FVTOCI	27	1,225	-	1,225	
SCSB Asset Management Ltd.	SCSB Leasing (China) Co., Ltd.	Indirect subsidiary	Investments in subsidiaries	N/A	997,843	100.00	997,843	Note1
Krinein Company	Shanghai Commercial Bank (HK)	Indirect subsidiary	Investments in subsidiaries	1,920	12,614,874	9.60	12,614,874	Note1
Empresa Inversiones Generales, S.A.	Shanghai Commercial Bank (HK)	Indirect subsidiary	Investments in subsidiaries	9,600	63,074,370	48.00	63,074,370	Note1

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

TABLE 4

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES (FOR INVESTEES) OR INVESTEE INVESTMENT (FOR THE BANK) ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 10% OF THE ISSUED CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(Amounts in Thousands of New Taiwan Dollars and US Dollars) (Share in Thousands)

Trading company	Name	Financial Statement Account	Counterparty	Relationship	Beginning		Buy		Sell				Ending	
					Shares	Amount	Shares	Amount	Shares	Price	Book Value	Disposal Profit and Loss	Shares	Amount
The Shanghai Commercial & Savings Bank, Ltd.	AMK Microfinance Institution Plc.	Equity investments under the equity method	-	None	7,278,997	NT$3,981,362 US$ 143,965 (Note 1 and Note 3)	3,667,500	NT$ 626,400 US$ 22,500 (Note 2)	-	$ -	$ -	$ -	10,946,497	NT$5,411,382 US$ 176,146 (Note 1 and Note 3)

Note 1：It included share of ownership interests in subsidiary accounted for using the equity method of $319,956 thousand (US$10,734 thousand), and net increase of NT$483,664 thousand in owner's other equity attributable to the parent company.

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

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

TABLE 5

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

DISPOSAL OF ASSETS AT PRICES REACHEING $300 MILLION OR 10% OF THE ISSUED CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

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

Note 1: The event date is the date of the resolution of the board of directors, and the relevant transactions have been completed by March 31, 2022.

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

TABLE 6

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

SALE OF NON-PERFORMING LOANS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Date	Trading Partners	Creditor's Rights	Carrying Amount	Price	Disposal (loss) profit	Collateral Condition	Relationship
2022/7/22	China Orient Asset Management Corporation Shenzhen Office	Joint credit loan	$ 41,785	$ 35,032	$ (6,753)	None	None

TABLE 7

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

RELATED INFORMATION OF INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars) (Share in Thousands)

Investee Company	Location	Main Businesses and Products	Percentage of Ownership (%)	Carrying Amount	Investment Income (Loss) Recognized	Consolidated Investment (Note 2)				Note
						Shares (In Thousands)	Shares (Pro forma)	Total Shares (In Thousands)	Percentage of Ownership (%)	
Equity investments under the equity method										
Financial business										
SCSB Asset Management Ltd.	Taiwan	Purchase and management of creditor's rights of financial institutions	100.00	$ 1,687,053	$ 14,829	160,000	-	160,000	100.00	
SCSB Marketing Ltd.	Taiwan	Marketing	100.00	8,971	1,882	500	-	500	100.00	
Paofoong Insurance Company Ltd.	Hong Kong	Insurance	40.00	372,821	16,547	500	-	500	100.00	
Shanghai Commercial Bank (HK)	Hong Kong	Banking and financial	57.60	75,689,244	5,650,090	11,520	-	11,520	57.60	
SCSB Leasing (China) Co., Ltd.	China	Leasing operation	100.00	997,843	9,047	N/A	-	N/A	100.00	
AMK Microfinance Institution Plc.	Cambodia	Microfinance institution	99.99	5,411,382	319,956	10,946	-	10,946	99.99	
Non-financial business										
China Travel Service (Taiwan)	Taiwan	Travel services	99.99	475,080	71,314	38,943	-	38,943	99.99	
Kuo Hai Real Estate Management	Taiwan	Building material distribution	34.69	-	-	3,000	-	3,000	34.69	
Shancom Reconstruction Inc.	Liberia	Securities investment	100.00	75,279,562	5,615,708	5	-	5	100.00	
Wresqueue Limitada	Liberia	Securities investment	100.00	365,017	6,488	176	-	176	100.00	
Empresa Inversiones Generales, S.A.	Panama	Securities investment	100.00	22,040	566,793	1	-	1	100.00	
Krinein Company	Cayman Islands	Securities investment	100.00	29,239	113,554	2	-	2	100.00	
Safehaven Investment Corporation	Liberia	Securities investment	100.00	50,618	360	1	-	1	100.00	
Prosperity Realty Inc.	US	Real estate services	100.00	34,181	5,141	4	-	4	100.00	
Silks Place Taroko	Taiwan	Travel services	45.00	303,680	83,758	20,372	-	20,372	45.00	
CTS Travel International Ltd.	Taiwan	Travel services	100.00	7,018	2	600	-	600	100.00	

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

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

TABLE 8

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

INVESTMENT IN MAINLAND CHINA
DECEMBER 31, 2022
(Amounts in Thousands of New Taiwan Dollars and US Dollars)

1. Investee company name, main business and products, total amount of paid-in capital, investment type, investment outflows and inflows, % ownership, investment gain (loss), carrying amount as of December 31, 2022 and inward remittance of earnings:

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment as of December 31, 2021	Investment Flows		Accumulated Outflow of Investment as of December 31, 2022	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2022 (Note 3)	Accumulated Inward Remittance of Earnings as of December 31, 2022
					Outflow	Inflow					
SCSB Leasing (China) Co., Ltd.	Leasing operation	NT$ 921,630 US$ 30,000	Note1(c)	NT$ 921,630 US$ 30,000	$ - -	$ - -	NT$ 921,630 US$ 30,000	100%	NT$ 9,047 US$ 304	NT$ 997,843 US$ 32,481	$ -
Bank of Shanghai	Banking business approved by local government	NT$ 62,661,324 US$ 2,039,690	Note 4	NT$ 3,463,578 US$ 112,743	- -	- -	NT$ 3,463,578 US$ 112,743	3%	- -	NT$ 11,100,534 US$ 361,334	-
Shanghai Commercial Bank Ltd. - Shenzhen Branch	Banking business approved by local government	NT$ 3,088,125 US$ 100,522	Note 4	NT$ 1,962,857 US$ 63,893	- -	- -	NT$ 1,962,857 US$ 63,893	100%	NT$ (91,714) US$ (3,082)	NT$ 2,916,112 US$ 94,992	-
Shanghai Commercial Bank Ltd. - Shanghai Branch	Banking business approved by local government	NT$ 3,339,778 US$ 108,713	Note 4	NT$ 1,988,171 US$ 64,717	- -	- -	NT$ 1,988,171 US$ 64,717	100%	NT$ 163,708 US$ 5,501	NT$ 3,437,058 US$ 111,880	-
The Shanghai Commercial & Savings Bank, Ltd. - Wuxi Branch	Banking business approved by local government	NT$ 2,663,726 US$ 86,707	Note1(a)	NT$ 2,663,726 US$ 86,707	- -	- -	NT$ 2,663,726 US$ 86,707	100%	NT$ 54,504 US$ 1,832	NT$ 2,776,464 US$ 90,377	-

2. Upper limit on investments in mainland China:

Accumulated Investment in Mainland China as of December 31, 2022 (Note 3)	Investment Amounts Authorized by Investment Commission, MOEA (Note 3)	Upper Limit on Investment Authorized by Investment Commission MOEA
$10,999,961 (US$ 358,060)	$11,739,836 (US$ 382,144)	$135,385,753

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

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

Note 2: Except for SCSB Leasing (China) Co., Ltd., the financial report audited by the accounting firm associated with the parent company in Taiwan.

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

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

TABLE 9

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

No.	Company Name	Counterparty	Nature of Relationship	Intercompany Transaction			
				Financial Statement Item	Amount	Term	Percentage of Consolidated Total Gross Sales or Total Assets (Note 3)
0	The Shanghai Commercial & Savings Bank, Ltd.	SCSB Asset Management Ltd.	From parent company to subsidiary	Accounts payable	$ 412	Note 4	-
		SCSB Asset Management Ltd.	From parent company to subsidiary	Deposits and remittances	538,426	Note 4	-
		SCSB Asset Management Ltd.	From parent company to subsidiary	Other liabilities	61	Note 4	-
		SCSB Asset Management Ltd.	From parent company to subsidiary	Interest expenses	9,080	Note 4	-
		SCSB Asset Management Ltd.	From parent company to subsidiary	Net revenue other than from interest	231	Note 4	-
		SCSB Marketing	From parent company to subsidiary	Accounts payable	9,162	Note 4	-
		SCSB Marketing	From parent company to subsidiary	Deposits and remittances	13,400	Note 4	-
		SCSB Marketing	From parent company to subsidiary	Other liabilities	20	Note 4	-
		SCSB Marketing	From parent company to subsidiary	Interest expenses	73	Note 4	-
		SCSB Marketing	From parent company to subsidiary	Net revenue other than from interest	80	Note 4	-
		SCSB Marketing	From parent company to subsidiary	Net revenue other than from interest	97,666	Note 4	-
		China Travel Service (Taiwan)	From parent company to subsidiary	Accounts payable	236	Note 4	-
		China Travel Service (Taiwan)	From parent company to subsidiary	Deposits and remittances	141,319	Note 4	-
		China Travel Service (Taiwan)	From parent company to subsidiary	Other liabilities	180	Note 4	-
		China Travel Service (Taiwan)	From parent company to subsidiary	Interest expenses	1,029	Note 4	-
		China Travel Service (Taiwan)	From parent company to subsidiary	Net revenue other than from interest	703	Note 4	-
		China Travel Service (Taiwan)	From parent company to subsidiary	Other general and administrative expenses	2,299	Note 4	-
		CTS Travel International Ltd.	From parent company to subsidiary	Accounts payable	14	Note 4	-
		CTS Travel International Ltd.	From parent company to subsidiary	Deposits and remittances	5,166	Note 4	-
		CTS Travel International Ltd.	From parent company to subsidiary	Interest expenses	45	Note 4	-
		Shancom Reconstruction Inc.	From parent company to subsidiary	Cash and cash equivalents	327,121	Note 4	-
		Shancom Reconstruction Inc.	From parent company to subsidiary	Deposits and remittances	66,778	Note 4	-
		Shancom Reconstruction Inc.	From parent company to subsidiary	Accounts payable	212	Note 4	-
		Shancom Reconstruction Inc.	From parent company to subsidiary	Deposits and remittances	92,291	Note 4	-
		Shancom Reconstruction Inc.	From parent company to subsidiary	Interest expenses	1,514	Note 4	-
1	SCSB Asset Management Ltd.	The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Cash and cash equivalents	538,426	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Accounts receivable	412	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Other assets	61	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Interest revenue	9,080	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Other general and administrative expenses	227	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Right-of-use assets	453	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Lease liabilities	456	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Interest expenses	7	Note 4	-

No.	Company Name	Counterparty	Nature of Relationship	Intercompany Transaction			
				Financial Statement Item	Amount	Term	Percentage of Consolidated Total Gross Sales or Total Assets (Note 3)
2	SCSB Marketing	The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Cash and cash equivalents	$ 134,000	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Accounts receivable	9,162	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	73	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Other general and administrative expenses	80	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Right-of-use assets	207	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Lease liabilities	210	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Interest expenses	3	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Net revenue other than from interest	97,666	Note 4	-
3	China Travel Service (Taiwan)	The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Accounts receivable	236	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Cash and cash equivalents	141,319	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Other assets	180	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Interest revenue	1,029	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Other general and administrative expenses	703	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Net revenue other than from interest	2,299	Note 4	-
		Shancom Reconstruction Inc.	From subsidiary to subsidiary	Cash and cash equivalents	183	Note 4	-
		CTS Travel International Ltd.	From subsidiary to subsidiary	Other general and administrative expenses	1,088	Note 4	-
4	CTS Travel International Ltd.	The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Accounts receivable	14	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Cash and cash equivalents	5,166	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Interest revenue	45	Note 4	-
		China Travel Service (Taiwan)	From subsidiary to subsidiary	Service fee income	1,088	Note 4	-
5	Shancom Reconstruction Inc.	The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Deposits from the central bank and other banks	327,121	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Deposits from the central bank and other banks	92,291	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Accounts receivable	212	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Cash and cash equivalents	66,778	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Interest revenue	1,514	Note 4	-
		China Travel Service (Taiwan)	From subsidiary to subsidiary	Deposits and remittances	183	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.

Deloitte.

勤業眾信
勤業眾信聯合會計師事務所
11073 台北市信義區松仁路100號20樓

Deloitte & Touche
20F, Taipei Nan Shan Plaza
No. 100, Songren Rd.
Xinyi Dist., Taipei 11073, Taiwan

Tel: +886 (2) 2725-9988
Fax: +886 (2) 4051-6888
www.deloitte.com.tw

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of The Shanghai Commercial & Savings Bank, Ltd. (the "Bank"), which comprise the balance sheets as of December 31, 2022 and 2021, the statements of comprehensive income, changes in equity and cash flows for the year ended December 31, 2022 and 2021, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as of December 31, 2022 and 2021, and its financial performance and its cash flows for the year ended December 31, 2022 and 2021 in accordance with Taiwan's Regulations Governing the Preparation of Financial Reports by Public Banks and Regulations Governing the Preparation of Financial Reports by Securities Firms.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters of the Bank's financial statements as of and for the year ended December 31, 2022 are described as follows:

Allowance for Impairment Losses on Discounts and Loans

The Bank primarily engages in the loan business. As of December 31, 2022, the loan business is significant to the accompanying financial statements. The Bank assessed its discounts and loans for impairment in accordance with IFRS 9 and recognized the allowance for bad debts according to authorities' regulations. The Bank's management applied the expected credit loss model in the impairment assessment of discounts and loans. The Bank assessed whether the credit risk had increased significantly since initial recognition by taking into consideration factors like the amount of impairment loss based on past experience, current market situation and perceptiveness. In addition, credit-impaired loans were also evaluated for the prospect of future recovery. Refer to Notes 4, 5, 14 and 38 to the financial statements for disclosures related to the impairment of loan portfolios. As the cash flow forecasts involved management's critical judgments in accounting estimates and assumptions, we determined the impairment assessment of loan portfolios as a key audit matter.

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

1. We understood and tested The Bank's internal control procedures that were relevant to the assessment of loan impairment.

2. We tested whether the method and important parameters adopted in the expected credit loss model had properly reflected actual situations and calculated the amount of impairment loss.

3. We tested the classification of credit assets and assessed that the allowance for loss met the requirements of the competent authorities' regulations.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Taiwan's Regulations Governing the Preparation of Financial Reports by Public Banks and Regulations Governing the Preparation of Financial Reports by Securities Firms for such internal control as management determines is necessary to ensure the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Bank to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the Bank audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan

February 24, 2023

Notice to Readers

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

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

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

Codes	ASSETS	December 31, 2022 Amount	%	December 31, 2021 Amount	%
11000	Cash and cash equivalents	$ 30,624,554	2	$ 35,872,472	3
11500	Due from the Central Bank and call loans to banks	119,437,332	8	79,087,362	6
12000	Financial assets measured at fair value through profit or loss	1,986,652	-	2,011,522	-
12100	Financial assets measured at fair value through other comprehensive income	199,170,985	13	230,166,946	17
12200	Investments in debt instruments measured at amortized cost	195,275,787	13	153,739,028	11
12500	Securities purchased under resell agreements	-	-	278,486	-
13000	Receivables, net	8,790,407	1	7,601,615	-
13200	Current income tax assets	143	-	1,024	-
13500	Discounts and loans, net	840,002,195	56	759,956,478	56
15000	Investments under the equity method, net	83,599,886	5	75,997,090	6
15500	Other financial assets, net	-	-	4,817	-
18500	Properties, net	12,994,755	1	12,356,199	1
18600	Right-of-use assets, net	764,585	-	712,482	-
19000	Intangible assets, net	315,822	-	170,199	-
19300	Deferred income tax assets	2,022,262	-	604,581	-
19500	Other assets, net	8,520,247	1	7,211,749	-
10000	Total assets	$ 1,503,505,612	100	$ 1,365,772,050	100
Codes	**LIABILITIES AND EQUITY**				
21000	Deposits from the central bank and other banks	$ 12,109,095	1	$ 16,104,744	1
21500	Due to the central bank and other banks	-	-	17,787,080	1
22000	Financial liabilities measured at fair value through profit or loss	3,435,146	-	2,780,535	-
22500	Securities sold under repurchase agreements	781,568	-	14,505,024	1
23000	Payables	25,714,122	2	23,863,369	2
23200	Current income tax liabilities	1,245,964	-	606,423	-
23500	Deposits and remittances	1,218,395,510	81	1,050,439,562	77
24000	Bank debentures	56,070,000	4	66,950,000	5
25500	Other financial liabilities	2,499,732	-	2,823,239	-
25600	Provisions	1,617,087	-	1,811,506	-
26000	Lease liabilities	772,365	-	722,147	-
29300	Deferred income tax liabilities	10,155,644	1	8,408,491	1
29500	Other liabilities	928,471	-	1,168,114	-
20000	Total liabilities	1,333,724,704	89	1,207,970,234	88
	Equity				
	Share capital				
31101	Ordinary shares	48,616,031	3	44,816,031	4
31500	Capital surplus	27,405,763	2	16,666,144	1
	Retained earnings				
32001	Legal reserve	64,476,033	4	60,224,639	4
32003	Special reserve	7,669,374	1	7,669,374	1
32005	Unappropriated earnings	28,537,216	2	27,585,920	2
32000	Total retained earnings	100,682,623	7	95,479,933	7
32500	Other equity	(6,840,365)	(1)	922,852	-
32600	Treasury shares	(83,144)	-	(83,144)	-
30000	Total equity	169,780,908	11	157,801,816	12
	Total liabilities and equity	$ 1,503,505,612	100	$ 1,365,772,050	100

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

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.
Statements of Comprehensive Income
For the Year ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars, except Earnings Per Share)

Codes		2022 Amount	%	2021 Amount	%	Change %
41000	Interest income	$ 24,028,423	86	$ 16,021,891	68	50
51000	Interest expenses	7,742,933	28	4,381,269	19	77
49010	Net interest income	16,285,490	58	11,640,622	49	40
	Non-interest income					
49100	Service fee income, net	3,059,695	11	3,420,118	14	(11)
49200	Gain on financial assets and liabilities measured at fair value through profit or loss	(1,871,819)	(7)	(116,342)	-	1,509
49310	Realized gain on financial assets measured at fair value through other comprehensive income	1,625,146	6	1,095,311	5	48
49450	Gain on financial assets measured at amortized cost	-	-	5,420	-	(100)
49600	Foreign exchange gain, net	2,759,558	10	1,101,814	5	150
49700	Impairment gain (loss) on assets	(85,945)	-	(4,172)	-	1,960
49750	Proportionate share of profit of associates under the equity method	6,046,724	21	6,404,583	27	(6)
49800	Other non-interest income, net	282,913	1	46,418	-	509
49020	Total non-interest income	11,816,272	42	11,953,150	51	(1)
4xxxx	Net revenue	28,101,762	100	23,593,772	100	19
58200	Provisions for bad-debt expense, commitment and guarantee liability (Note 14)	2,800,037	10	900,164	4	211
	Operating expenses					
58500	Employee benefits	5,332,083	19	4,564,595	19	17
59000	Depreciation and amortization	679,051	2	631,324	3	8
59500	Other general and administrative	2,669,450	10	2,148,294	9	24
58400	Total operating expenses	8,680,584	31	7,344,213	31	18
61001	Profit before income tax	16,621,141	59	15,349,395	65	8
61003	Income tax expense	(1,683,271)	(6)	(1,093,814)	(5)	54
64000	Net income	14,937,870	53	14,255,581	60	5
	Other comprehensive income (loss)					
	Items that will not be reclassified subsequently to profit or loss:					
65201	Remeasurement of defined benefit plans	98,703	-	(132,455)	(1)	175
65204	Gain (loss) on investments in equity instruments measured at fair value through other comprehensive income	(3,166,163)	(11)	962,319	4	(429)
65205	Financial liabilities designated at FVTPL which the amount of change derived from credit risk	(60,356)	-	17,650	-	(442)
65207	Proportionate share of other comprehensive income of associates under the equity method	(1,619,592)	(6)	(551,964)	(2)	193
65220	Income tax relating to items that will not be reclassified subsequently to profit or loss	(19,167)	-	25,740	-	(174)
65200	Subtotal of items that will not be reclassified subsequently to profit or loss	(4,766,575)	(17)	321,290	1	(1,584)
	Items that may be reclassified subsequently to profit or loss:					
65301	Exchange differences on translating foreign operations	8,748,570	31	(1,289,632)	(5)	778
65307	Share of the other comprehensive income of associates accounted for using the equity method	(5,188,650)	(18)	(1,643,022)	(7)	216
65309	Gain (loss) on debt instruments measured at fair value through other comprehensive income	(7,840,494)	(28)	(1,968,286)	(8)	298
65310	Loss allowance for debt instruments measured at fair value through other comprehensive income	81,910	-	5,081	-	1,512
65320	Income tax relating to items that may be reclassified subsequently to profit or loss	(466,272)	(1)	520,790	2	(190)
65300	Subtotal of items that may be reclassified subsequently to profit or loss	(4,664,936)	(16)	(4,375,069)	(18)	7
65000	Other comprehensive income for the period, net of income tax	(9,431,511)	(33)	(4,053,779)	(17)	133
66000	Total comprehensive income for the period	$ 5,506,359	20	$ 10,201,802	43	(46)
	Earnings per share					
67500	Basic	$ 3.33		$ 3.19		
67700	Diluted	$ 3.33		$ 3.19		

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

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.
Statements of Changes in Equity
For the Year ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars, except Earnings Per Share)

Codes		Share Capital: Ordinary Shares	Capital Surplus	Retained Earnings: Legal Reserve	Retained Earnings: Special Reserve	Retained Earnings: Unappropriated Earnings	Other Equity: Exchange Differences on Translating Foreign Operations	Other Equity: Change in Financial Assets at FVTOCI	Other Equity: Change in Credit Risk From Financial Liabilities Designated at FVTPL	Treasury Shares	Total Equity
A1	Balance on January 1, 2021	$ 44,816,031	$ 16,550,661	$ 56,344,918	$ 7,669,374	$ 24,913,053	$ (5,643,162)	$ 10,529,113	$ 6,412	$ (83,144)	$ 155,103,256
	Appropriation of 2020 earnings										
B1	Legal reserve	-	-	3,879,721	-	(3,879,721)	-	-	-	-	-
B9	Cash dividends	-	-	-	-	(7,618,725)	-	-	-	-	(7,618,725)
C7	Changes in capital surplus from investments in associates under the equity method	-	8,954	-	-	-	-	-	-	-	8,954
C17	Dividends not yet collected	-	106,529	-	-	-	-	-	-	-	106,529
D1	Net profit for the year ended December 31, 2021	-	-	-	-	14,255,581	-	-	-	-	14,255,581
D3	Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	(110,225)	(1,220,626)	(2,740,578)	17,650	-	(4,053,779)
D5	Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	14,145,356	(1,220,626)	(2,740,578)	17,650	-	10,201,802
Q1	Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	25,957	-	(25,957)	-	-	-
Z1	Balance on December 31, 2021	44,816,031	16,666,144	60,224,639	7,669,374	27,585,920	(6,863,788)	7,762,578	24,062	(83,144)	157,801,816
	Appropriation of 2021 earnings										
B1	Legal reserve	-	-	4,251,394	-	(4,251,394)	-	-	-	-	-
B9	Cash dividends	-	-	-	-	(8,066,886)	-	-	-	-	(8,066,886)
C7	Changes in capital surplus from investments in associates under the equity method	-	9,480	-	-	-	-	-	-	-	9,480
C17	Dividends not yet collected	-	112,407	-	-	-	-	-	-	-	112,407
D1	Net profit for the year ended December 31, 2022	-	-	-	-	14,937,870	-	-	-	-	14,937,870
D3	Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	79,274	6,737,324	(16,187,753)	(60,356)	-	(9,431,511)
D5	Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	15,017,144	6,737,324	(16,187,753)	(60,356)	-	5,506,359
E1	Issue of ordinary shares for capital increase by cash	3,800,000	10,260,000	-	-	-	-	-	-	-	14,060,000
N1	Share-based payment transaction	-	357,732	-	-	-	-	-	-	-	357,732
Q1	Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	(1,747,568)	-	1,747,568	-	-	-
Z1	Balance on December 31, 2022	$ 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

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

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.
Statements of Cash Flows
For the Year ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

Codes		For the Year Ended December 31 2022	2021
	Cash flows from operating activities		
A00010	Net profit before income tax	$ 16,621,141	$ 15,349,395
A20010	Adjustments to reconcile net profit to net cash provided by operating activities		
A20100	Depreciation expenses	499,761	473,952
A20200	Amortization expenses	179,290	157,372
A20300	Provisions for bad debt expense, commitment and guarantee liability	2,800,037	900,164
A20400	(Gain) loss on financial assets and liabilities at fair value through profit or loss	(202,500)	459,411
A20900	Interest expenses	7,742,933	4,381,269
A21200	Interest revenue	(24,028,423)	(16,021,891)
A21300	Dividend income	(1,366,011)	(513,944)
A21900	Share-based payment transaction	357,732	-
A22400	Proportionate share of profit of subsidiaries	(6,046,724)	(6,404,583)
A22500	Gain on disposal of properties and equipment, net	(186,405)	(906)
A23500	Loss on financial asset impairment	86,486	4,630
A23800	Reversal of impairment on non-financial assets	(541)	(458)
A29900	Others	(942,439)	(416,532)
A40000	Changes in operating assets and liabilities		
A41110	Due from the central bank and call loans to banks	(9,516,147)	12,728,949
A41120	Financial assets measured at fair value through profit or loss	400,954	483,154
A41123	Financial assets measured at fair value through other comprehensive income	21,052,813	3,246,718
A41125	Investment in debt instruments measured at amortized cost	(41,542,989)	(47,308,683)
A41150	Receivables	301,653	83,703
A41160	Discounts and loans	(83,964,062)	(684,841)
A41190	Other financial assets	5,037	1,293,148
A42110	Deposits from the central bank and other banks	(3,995,649)	156,860
A42120	Financial liabilities at fair value through profit or loss	420,671	(303,169)
A42140	Securities sold under repurchase agreements	(13,723,456)	(11,276,387)
A42150	Payables	946,030	539,711
A42160	Deposits and remittances	167,955,948	11,885,706
A42170	Other financial liabilities	(323,507)	659,784
A42180	Employee benefit provisions	(121,358)	(164,168)
A42990	Other liabilities	(90,092)	109,382
A33000	Cash from (used in) operations	33,320,183	(30,182,254)
A33100	Interest received	22,583,231	16,303,014
A33200	Dividends received	2,064,136	3,310,243
A33300	Interest paid	(6,717,781)	(4,559,608)
A33500	Income tax paid	(1,200,691)	(952,343)
AAAA	Net cash from (used in) operating activities	50,049,078	(16,080,948)

(Continued)

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.
Statements of Cash Flows
For the Year ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

Codes		For the Year Ended December 31 2022	2021
	Cash flows from investing activities		
B02700	Acquisition of properties	$ (967,318)	$ (448,376)
B02800	Proceeds from disposal of properties	326,800	5,168
B03700	Increase in refundable deposits	(495,123)	-
B03800	Decrease in refundable deposits	-	137,970
B04500	Acquisition of intangible assets	(255,639)	(141,520)
B06800	Increase in other assets	(688,024)	(3,670,152)
BBBB	Net cash from (used in) investing activities	(2,079,304)	(4,116,910)
	Cash flows from financing activities		
C00300	Increase in funds borrowed from central bank and Banks	-	11,735,070
C00400	Decrease in funds borrowed from central bank and Banks	(17,787,080)	-
C01400	Proceeds from issuance of bank debentures	4,070,000	5,000,000
C01500	Payments for bank debentures	(14,950,000)	(4,900,000)
C03100	Decrease in securities guarantee received	(149,266)	(87,515)
C04020	Payments for principal portion of lease liabilities	(316,074)	(306,182)
C04500	Cash dividends	(8,066,886)	(7,618,725)
C04600	Proceeds from capital increase by cash	14,060,000	-
C05400	Acquisition of subsidiaries	(626,400)	(158,688)
CCCC	Net cash from (used in) financing activities	(23,765,706)	3,663,960
DDDD	Effects of exchange rate changes on the balance of cash held in foreign currencies	1,103,351	(161,299)
EEEE	Net increase (decrease) in cash and cash equivalents	25,307,419	(16,695,197)
E00100	Cash and cash equivalents at the beginning of the period	71,814,474	88,509,671
E00200	Cash and cash equivalents at the end of the period	$ 97,121,893	$ 71,814,474

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

Codes		December 31, 2022	December 31, 2021
E00210	Cash and cash equivalents in balance sheets	$ 30,624,554	$ 35,872,472
E00220	Due from the Central Bank and call loans to banks which fall within the definition of cash and cash equivalents under IAS 7	66,497,339	35,663,516
E00230	Securities purchased under resale agreements which fall within the definition of cash and cash equivalents under IAS 7	-	278,486
E00200	Cash and cash equivalents in statements of cash flows	$ 97,121,893	$ 71,814,474

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

上海商業儲蓄銀行
THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.

總　　行：臺北市民生東路二段149號3至12樓
Headquarters：3~12F, No. 149, Min Sheng E. Rd., Sec. 2, Taipei, Taiwan
TEL：(02) 2581-7111　Web Site：https://www.scsb.com.tw