The Shanghai Commercial & Savings Bank, Ltd. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2013 and 2012 and Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated balance sheets of The Shanghai Commercial & Savings Bank, Ltd. (the "Bank") and its subsidiaries (collectively referred to as the "Group") as of December 31, 2013, December 31, 2012 and January 1, 2012, and the related consolidated statements of comprehensive income, changes in equity, and cash flows for the years ended December 31, 2013 and 2012. These consolidated financial statements are the responsibility of the managements of the Group. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the Rules Governing the Audit of Financial Statements of Financial Institutions by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Group's managements, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2013, December 31, 2012 and January 1, 2012, and their consolidated financial performance and their consolidated cash flows for the years ended December 31, 2013 and 2012, in conformity with the Regulations Governing the Preparation of Financial Reports by Public Banks and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed by the Financial Supervisory Commission of the Republic of China.

We have also audited the parent company only financial statements of the Bank as of and for the years ended December 31, 2013 and 2012 on which we have issued an unqualified report.

March 15, 2014

Notice to Readers

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

For reader's convenience, the auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If inconsistencies arise between the English version and the original Chinese version or if differences arise in the interpretation between the two versions, the Chinese version of the auditors' report and consolidated financial statements shall prevail.

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	December 31, 2013		December 31, 2012		January 1, 2012	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
Cash and cash equivalents (notes 4 and 6)	$ 58,055,252	4	$ 81,421,293	6	$ 67,523,351	5
Due from the central bank and call loans to banks (note 7)	221,625,832	16	230,403,343	17	173,128,149	14
Financial assets at fair value through profit or loss (notes 4 and 8)	33,043,474	2	28,422,113	2	29,468,500	2
Derivative financial assets for hedging, net (notes 4 and 9)	104,418	-	189,613	-	296,410	-
Securities purchased under resell agreements (notes 4 and 10)	1,588,177	-	730,712	-	5,579,661	1
Receivables, net (notes 4,11 and 33)	15,253,958	1	16,258,258	1	17,820,074	1
Discounts and loans, net (notes 4, 12, 33 and 34)	775,609,470	54	656,688,212	49	636,418,527	50
Available-for-sale financial assets, net (notes 4, 13 and 34)	185,448,671	13	171,880,320	13	133,602,655	11
Held-to-maturity financial assets, net (notes 4, 14 and 34)	116,575,221	8	125,137,107	9	173,884,651	14
Equity investments under the equity method, net (notes 4 and 15)	979,906	-	909,893	-	840,899	-
Other financial assets, net (notes 4 and 16)	221,642	-	246,528	-	228,760	-
Properties, net (notes 4 and 17)	21,719,502	2	19,980,461	2	18,199,857	1
Investment properties, net (notes 4 and 18)	355,318	-	513,803	-	35,827	-
Deferred income tax assets (notes 4 and 31)	924,324	-	1,110,930	-	1,033,644	-
Other assets, net (notes 4 and 19)	4,442,779	-	5,579,460	1	5,845,151	1
Total	$ 1,435,947,944	100	$ 1,339,472,046	100	$ 1,263,906,116	100
LIABILITIES AND EQUITY						
Due to the central bank and banks (note 20)	$ 38,999,190	3	$ 44,942,497	3	$ 23,670,601	2
Borrowings from the central bank and banks	3,932,016	-	5,808,000	-	20,932,855	2
Financial liabilities at fair value through profit or loss (notes 4 and 8)	1,529,591	-	510,609	-	474,469	-
Derivative financial liabilities for hedging, net (notes 4 and 9)	24,429	-	62,087	-	104,452	-
Securities sold under repurchase agreements (notes 4 and 21)	5,746,867	-	8,482,507	1	15,463,445	1
Payables (notes 22 and 33)	21,840,540	2	24,674,582	2	24,756,854	2
Current income tax liabilities (notes 4 and 31)	939,494	-	1,015,293	-	175,947	-
Deposits and remittances (notes 23 and 33)	1,179,265,585	82	1,079,106,614	81	1,028,377,697	81
Bank debentures (note 24)	33,104,321	2	35,189,440	3	15,295,357	1
Other financial liabilities (note 25)	6,680,824	1	5,004,604	-	5,540,279	1
Provisions (notes 4 and 26)	1,218,629	-	1,100,097	-	1,065,373	-
Deferred income tax liabilities (notes 4 and 31)	8,019,995	1	7,333,388	1	6,873,575	1
Other liabilities (notes 27 and 33)	2,470,300	-	2,512,157	-	2,685,596	-
Total liabilities	1,303,771,781	91	1,215,741,875	91	1,145,416,500	91
Equity attributable to owners of the Bank (note 29)						
Share capital						
Ordinary shares	37,157,916	3	37,157,916	3	35,388,492	3
Capital surplus	4,625,336	-	4,618,140	-	4,611,242	-
Retained earnings						
Legal reserve	30,708,270	2	27,849,676	2	25,246,387	2
Special reserve	7,480,146	1	6,223,287	1	6,223,287	1
Unappropriated earnings	14,913,809	1	14,472,600	1	14,737,587	1
Total retained earnings	53,102,225	4	48,545,563	4	46,207,261	4
Other equity	4,116,983	-	2,924,459	-	2,604,037	-
Treasury stock	(83,144)	-	(83,144)	-	(83,144)	-
Total equity attributable to owners of the Bank	98,919,316	7	93,162,934	7	88,727,888	7
Non-controlling interests	33,256,847	2	30,567,237	2	29,761,728	2
Total equity	132,176,163	9	123,730,171	9	118,489,616	9
Total	$ 1,435,947,944	100	$ 1,339,472,046	100	$ 1,263,906,116	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
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31				Percentage Increase (Decrease)
	2013		2012		
	Amount	%	Amount	%	%
Interest revenues	$ 27,427,035	101	$ 25,100,781	102	9
Interest expenses	9,775,009	36	9,170,534	37	7
Net interest (notes 4,30 and 33)	17,652,026	65	15,930,247	65	11
Net revenues other than interest (note 4)					
Service fee incomes, net (note 30)	4,774,386	18	4,657,577	19	3
Gains on financial assets and liabilities at fair value through profit or loss (note 30)	1,022,144	4	323,654	1	216
Realized gains on available-for-sale financial assets	1,196,460	5	1,008,868	4	19
Foreign exchange gains, net	543,227	2	993,810	4	(45)
Share of profit of associates and joint ventures, net	114,364	-	109,114	1	5
Other net revenues (note 33)	1,735,034	6	1,577,818	6	10
Total net revenues other than interest	9,385,615	35	8,670,841	35	8
Consolidated net revenues	27,037,641	100	24,601,088	100	10
Bad debt expenses (notes 4 and 12)	736,933	3	307,962	1	139
Operating expenses					
Personnel (notes 4, 30 and 33)	6,106,984	22	5,674,868	23	8
Depreciation and amortization (notes 4 and 30)	727,303	3	563,243	2	29
Other general and administrative	3,294,802	12	3,071,405	13	7
Total operating expenses	10,129,089	37	9,309,516	38	9
Profit before income tax	16,171,619	60	14,983,610	61	8
Income tax expense (notes 4 and 31)	(3,129,561)	(12)	(2,809,891)	(12)	11
Consolidated net income	13,042,058	48	12,173,719	49	7

(Continued)

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31				Percentage Increase (Decrease)
	2013		2012		
	Amount	%	Amount	%	%
Other comprehensive income					
Translation adjustments for foreign operations	2,000,224	8	(2,818,848)	(12)	171
Unrealized gain (loss) on available-for-sale financial assets	509,945	2	2,597,334	11	(80)
Cash flow hedges	32,109	-	34,297	-	(6)
Actuarial gains and losses of defined benefit plan (notes 4 and 28)	(15,900)	-	(109,494)	-	(85)
Share of the other comprehensive income of associates and joint ventures	(388)	-	684	-	(157)
Income tax relating to the components of other comprehensive income (notes 4 and 31)	(234,951)	(1)	30,764	-	(864)
Other comprehensive income for the period, net of income tax	2,291,039	9	(265,263)	(1)	964
Total comprehensive income for the period	$ 15,333,097	57	$ 11,908,456	48	29
Net profit attributable to:					
Owner of the Bank	$ 10,143,546	37	$ 9,506,880	38	7
Non-controlling interests	2,898,512	11	2,666,839	11	9
	$ 13,042,058	48	$ 12,173,719	49	7
Total comprehensive income attributable to:					
Owner of the Bank	$ 11,322,873	42	$ 9,736,422	39	16
Non-controlling interests	4,010,224	15	2,172,034	9	85
	$ 15,333,097	57	$ 11,908,456	48	29
Earnings Per Share (note 32)					
Basic	$ 2.74		$ 2.57		
Diluted	$ 2.74		$ 2.56		

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

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company (note 29)											
			Retained Earnings			Other Equity						
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Cash Flow Hedges	Treasury Shares	Total	Non-controlling Interests	Total Equity
Balance at January 1, 2012	$ 35,388,492	$ 4,611,242	$ 25,246,387	$ 6,223,287	$ 14,737,587	$ -	$ 2,694,872	$ (90,835)	$ (83,144)	$ 88,727,888	$ 29,761,728	$ 118,489,616
Appropriation of 2011 earnings												
Legal reserve	-	-	2,603,289	-	(2,603,289)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(5,308,274)	-	-	-	-	(5,308,274)	-	(5,308,274)
Share dividends	1,769,424	-	-	-	(1,769,424)	-	-	-	-	-	-	-
Change in capital surplus from investments in associates and joint ventures accounted for by using equity method	-	6,898	-	-	-	-	-	-	-	6,898	-	6,898
Net profit for the year ended December 31, 2012	-	-	-	-	9,506,880	-	-	-	-	9,506,880	2,666,839	12,173,719
Other comprehensive income (loss) for the year ended December 31, 2012, net of income tax	-	-	-	-	(90,880)	(1,423,907)	1,710,032	34,297	-	229,542	(494,805)	(265,263)
Total comprehensive income (loss) for the year ended December 31, 2012	-	-	-	-	9,416,000	(1,423,907)	1,710,032	34,297	-	9,736,422	2,172,034	11,908,456
Change in non-controlling interest	-	-	-	-	-	-	-	-	-	-	(1,366,525)	(1,366,525)
Balance at December 31, 2012	37,157,916	4,618,140	27,849,676	6,223,287	14,472,600	(1,423,907)	4,404,904	(56,538)	(83,144)	93,162,934	30,567,237	123,730,171
Special reserve under Rule No. 1010012865 issued by the FSC	-	-	-	1,256,859	(1,256,859)	-	-	-	-	-	-	-
Appropriation of 2012 earnings												
Legal reserve	-	-	2,858,594	-	(2,858,594)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(5,573,687)	-	-	-	-	(5,573,687)	-	(5,573,687)
Change in capital surplus from investments in associates and joint ventures accounted for by using equity method	-	7,196	-	-	-	-	-	-	-	7,196	-	7,196
Net profit for the year ended December 31, 2013	-	-	-	-	10,143,546	-	-	-	-	10,143,546	2,898,512	13,042,058
Other comprehensive income for the year ended December 31, 2013, net of income tax	-	-	-	-	(13,197)	1,014,499	145,916	32,109	-	1,179,327	1,111,712	2,291,039
Total comprehensive income for the year ended December 31, 2013	-	-	-	-	10,130,349	1,014,499	145,916	32,109	-	11,322,873	4,010,224	15,333,097
Change in non-controlling interest	-	-	-	-	-	-	-	-	-	-	(1,320,614)	(1,320,614)
Balance at December 31, 2013	$ 37,157,916	$ 4,625,336	$ 30,708,270	$ 7,480,146	$ 14,913,809	$ (409,408)	$ 4,550,820	$ (24,429)	$ (83,144)	$ 98,919,316	$ 33,256,847	$ 132,176,163

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

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2013	2012
Net decrease in cash and cash equivalents		
Cash flows from operating activities		
Consolidated net profit before income tax	$ 16,171,619	$ 14,983,610
Adjustments to reconcile net profit to net cash provided by operating activities		
Depreciation expenses	475,575	379,854
Amortization expenses	251,728	183,389
Bad debt expenses	736,933	307,962
Gains on financial assets and liabilities at fair value through profit or loss	(166,455)	(41,377)
Interest expenses	9,775,009	9,170,534
Interest revenues	(27,427,035)	(25,100,781)
Dividend income	(358,713)	(237,211)
Share of profit of associates and joint ventures	(114,364)	(109,114)
Gains on sale of properties and equipment, net	(277,219)	(82,425)
Gains on disposal of investments	(845,805)	(676,650)
Reversal of impairment losses on financial assets	-	(18,826)
Other adjustments	461,339	1,057,285
Changes in operating assets and liabilities		
Decrease (increase) in due from the central bank and call loans to banks	(52,404,946)	5,241,601
Decrease (increase) in financial assets at fair value through profit or loss	(3,357,776)	1,286,514
Decrease in receivables	930,482	114,321
Increase in discounts and loans	(114,264,020)	(29,290,563)
Increase in available-for-sale financial assets	(11,348,214)	(37,956,037)
Decrease in held-to-maturity financial assets	8,731,307	48,314,402
Decrease (increase) in other financial assets	24,048	(21,964)
Increase (decrease) in due to the Central Bank and banks	(6,492,097)	17,641,397
Increase (decrease) in financial liabilities at fair value through profit or loss	139,563	(91,643)
Decrease in securities sold under repurchase agreements	(2,735,640)	(6,980,938)
Increase (decrease) in payables	200,728	(701,494)
Increase in deposits and remittances	89,638,324	66,710,061
Increase (decrease) in other financial liabilities	1,676,220	(535,675)
Increase in employee benefit provisions	44,018	9,058
Increase in other liabilities	99,952	107,404
Cash generated from (used in) operation	(90,435,439)	63,662,694
Interest received	26,337,730	24,580,463
Dividend received	352,826	292,982
Interest paid	(9,837,599)	(8,787,334)
Income tax paid	(2,662,370)	(1,740,577)
Net cash generated from (used in) operating activities	(76,244,852)	78,008,228

(Continued)

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2013	**2012**
Cash flows from investing activities		
Acquisition of properties	(1,904,209)	(2,192,334)
Proceeds from disposal of properties	373,242	133,818
Increase in refundable deposits	(60,276)	(16,219)
Decrease in other assets	1,036,056	(1,053,660)
Acquisition of investment properties	(8,248)	(837,418)
Net cash used in investing activities	(563,435)	(3,965,813)
Cash flows from financing activities		
Decrease in borrowings from the Central Bank and banks	(1,875,984)	(12,956,597)
Issuance of bank debentures	-	20,000,000
Repayment of bank debentures	(2,000,000)	-
Decrease in guarantee deposit received	(81,999)	(201,415)
Change in non-controlling interest	(1,320,614)	(1,366,525)
Payment of cash dividend	(5,573,687)	(5,308,274)
Net cash generated from (used in) financing activities	(10,852,284)	167,189
Effects of exchange rate changes on the balance of cash held in foreign currencies	3,463,085	(1,504,610)
Net increase (decrease) in cash and cash equivalents	(84,197,486)	72,704,994
Cash and cash equivalents at the beginning of the period	276,607,164	203,902,170
Cash and cash equivalents at the end of the period	$ 192,409,678	$ 276,607,164

Reconciliation of the amounts in the consolidated statements of cash flows with the equivalent items reported in the consolidated balance sheets at December 31, 2013 and 2012:

	2013	**2012**
Cash and cash equivalents in consolidated balance sheets	$ 58,055,252	$ 81,421,293
Due from the Central Bank and call loans to banks fall in with the definition of cash and cash equivalents under IFRS 7	132,766,249	194,455,159
Securities purchased under resell agreements fall in with the definition of cash and cash equivalents under IFRS 7	1,588,177	730,712
Cash and cash equivalents in consolidated statements of cash flows	$ 192,409,678	$ 276,607,164

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

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Stated)

1. ORGANIZATION AND OPERATIONS

The Bank is incorporated in the Republic of China ("ROC") and engaged in various commercial banking businesses under related laws and regulations. The Bank has a head office in Taipei, 68 domestic branches and two foreign branches, Hong Kong branch and Dong Nai (Vietnam) branch.

The operations of the Bank's Trust Department include services related to planning, managing and operating a trust business as allowed under the Banking Law and Trust Law.

2. AUTHORIZATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors and authorized for issue on March 15, 2014.

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

a. New, amended and revised standards and interpretations in issue but not yet effective

The Bank and its subsidiaries (collectively, the "Group") has not applied the following International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) issued by the IASB. On January 28, 2014, the Financial Supervisory Commission (FSC) announced the framework for the adoption of updated IFRSs version in the ROC. Under this framework, starting January 1, 2015, the previous version of IFRSs endorsed by the FSC (the 2010 IFRSs version) currently applied by listed companies will be replaced by the updated IFRSs without IFRS 9 (the 2013 IFRSs version). However, as of the date that the consolidated financial statements were authorized for issue, the FSC has not endorsed the following new, amended and revised standards and interpretations issued by the IASB (the "New IFRSs") in the 2013 IFRSs version. Furthermore, the FSC has not announced the effective date for the following New IFRSs that are not included in the 2013 IFRSs version.

	Effective Date Announced by IASB (Note 1)
<u>The New IFRSs included in the 2013 IFRSs version not yet endorsed by the FSC</u>	
Improvements to IFRSs (2009) - amendment to IAS 39	January 1, 2009 and January 1, 2010, as appropriate
Amendment to IAS 39 "Embedded Derivatives"	Effective for annual periods ending on or after June 30, 2009
Improvements to IFRSs (2010)	July 1, 2010 and January 1, 2011, as appropriate

	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2009-2011 Cycle	January 1, 2013
Amendment to IFRS 1 "Limited Exemption from Comparative IFRS 7 Disclosures for First-Time Adopters"	July 1, 2010
Amendment to IFRS 1 "Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters"	July 1, 2011
Amendment to IFRS 1 "Government Loans"	January 1, 2013
Amendment to IFRS 7 "Disclosure - Offsetting Financial Assets and Financial Liabilities"	January 1, 2013
Amendment to IFRS 7 "Disclosure - Transfer of Financial Assets"	July 1, 2011
IFRS 10 "Consolidated Financial Statements"	January 1, 2013
IFRS 11 "Joint Arrangements"	January 1, 2013
IFRS 12 "Disclosure of Interests in Other Entities"	January 1, 2013
Amendments to IFRS 10, IFRS 11 and IFRS 12 "Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance"	January 1, 2013
Amendments to IFRS 10 and IFRS 12 and IAS 27 "Investment Entities"	January 1, 2014
IFRS 13 "Fair Value Measurement"	January 1, 2013
Amendment to IAS 1 "Presentation of Other Comprehensive Income"	July 1, 2012
Amendment to IAS 12 "Deferred tax: Recovery of Underlying Assets"	January 1, 2012
IAS 19 (Revised 2011) "Employee Benefits"	January 1, 2013
IAS 27 (Revised 2011) "Separate Financial Statements"	January 1, 2013
IAS 28 (Revised 2011) "Investments in Associates and Joint Ventures"	January 1, 2013
Amendment to IAS 32 "Offsetting Financial Assets and Financial Liabilities"	January 1, 2014
IFRIC 20 "Stripping Costs in Production Phase of a Surface Mine"	January 1, 2013

<u>The New IFRSs not included in the 2013 IFRSs version</u>

Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
IFRS 9 "Financial Instruments"	Note 3
Amendments to IFRS 9 and IFRS 7 "Mandatory Effective Date of IFRS 9 and Transition Disclosures"	Note 3
IFRS 14 "Regulatory Deferral Accounts"	January 1, 2016
Amendment to IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014
Amendment to IAS 36 "Impairment of Assets: Recoverable Amount Disclosures for Non-Financial Assets"	January 1, 2014
Amendment to IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting"	January 1, 2014
IFRIC 21 "Levies"	January 1, 2014

(Concluded)

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

Note 2: The amendment to IFRS 2 applies to share-based payment transactions for which the grant date is on or after 1 July 2014; the amendment to IFRS 3 applies to business combinations for which the acquisition date is on or after 1 July 2014; the amendment to IFRS 13 is effective immediately; the remaining amendments are effective for annual periods beginning on or after July 1, 2014.

Note 3: IASB tentatively decided that an entity should apply IFRS 9 for annual periods beginning on or after January 1, 2018.

b. Significant impending changes in accounting policy would result from adoption of the new, amended or revised standards and interpretations in issue but not yet effective

Except for the following items, the Group believes that the adoption of aforementioned new, amended or revised standards or interpretations will not have a significant effect on the Group's accounting policies.

1) IFRS 9, "Financial Instruments"

Recognition and measurement of financial assets

With regards to financial assets, all recognized financial assets that are within the scope of IAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at amortized cost or fair value. Specifically, financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. All other financial assets are measured at their fair values at the end of reporting period. However, the Group may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss.

Recognition and measurement of financial liabilities

As for financial liabilities, the main changes in the classification and measurement relate to the subsequent measurement of financial liabilities designated as at fair value through profit or loss. The amount of change in the fair value of such financial liability attributable to changes in the credit risk of that liability is presented in other comprehensive income and the remaining amount of change in the fair value of that liability is presented in profit or loss, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. If the above accounting treatment would create or enlarge an accounting mismatch in profit or loss, the Group presents all gains or losses on that liability in profit or loss.

Hedge accounting

The main changes in hedge accounting amended the application requirements for hedge accounting to better reflect the entity's risk management activities. Compared with IAS 39, the main changes include: (1) enhancing types of transactions eligible for hedge accounting, specifically broadening the risk eligible for hedge accounting of non-financial items; (2) changing the way hedging derivative instruments are accounted for to reduce profit or loss volatility; and (3) replacing retrospective effectiveness assessment with the principle of economic relationship between the hedging instrument and the hedged item.

2) IFRS 13, "Fair Value Measurement"

IFRS 13 establishes a single source of guidance for fair value measurements. It defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The disclosure requirements in IFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only will be extended by IFRS 13 to cover all assets and liabilities within its scope.

3) Amendments to IAS 1, "Presentation of Items of Other Comprehensive Income"

The amendments to IAS 1 require items of other comprehensive income to be grouped into those that (1) will not be reclassified subsequently to profit or loss; and (2) will be reclassified subsequently to profit or loss when specific conditions are met. Income taxes on related items of other comprehensive income are grouped on the same basis. Previously, there were no such requirements.

4) Revision to IAS 19 "Employee Benefits"

<u>Amendment in 2013</u>

Amended IAS 19 states that contributions from employees or third parties affect remeasurements of the net defined benefit liability (asset) if they are not linked to service. If the contributions are linked to service, those contributions could be recognized as a reduction of service cost in which they are payable when they are linked solely to the employees' service rendered in that period. If the contribution is dependent on the number of years of service, an entity is required to attribute those contributions to periods of service.

5) Amendment to IAS 36 "Recoverable Amount Disclosures for Non-Financial Assets"

In issuing IFRS 13 "Fair Value Measurement", the IASB made consequential amendment to the disclosure requirements in IAS 36 "Impairment of Assets", introducing a requirement to disclose in every reporting period the recoverable amount of an asset or each cash-generating unit. The amendment made on May 29, 2013 clarifies that such disclosure of recoverable amounts is required only when an impairment loss has been recognized or reversed during the period. Furthermore, the Group is required to disclose the discount rate used in measurements of the recoverable amount based on fair value less costs of disposal measured using a present value technique.

6) Annual Improvements to IFRSs: 2010-2012 Cycle

The amended IFRS 8 requires an entity to disclose the judgments made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'. The amendment also clarifies that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segments' assets are regularly provided to the chief operating decision-maker.

IFRS 13 was amended to clarify that the issuance of IFRS 13 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of not discounting is immaterial.

7) Annual Improvements to IFRSs: 2011-2013 Cycle

The scope in IFRS 13 of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis was amended to clarify that it includes all contracts that are within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within IAS 32.

c. Material impact on the financial statements that would result from new and revised standards, amendments and interpretations in issue but not yet effective.

As of the date that the financial statements were authorized for issue, the Group continues evaluating the impact on its financial statements resulting from the initial adoption of the abovementioned standards or interpretations. The related impact will be disclosed whenever the Bank completes the evaluation.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

On June 4, 2009, the FSC announced the "Framework for the Adoption of IFRSs by the Companies in the ROC." In this framework, starting 2013, companies with shares listed on the TSE or traded on the Taiwan GreTai Securities Market or Emerging Stock Market and financial institutions (excluding credit cooperative, credit card company, insurance broker and insurance agency) should prepare their financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers/Public Banks and the International Financial Reporting Standards (IFRSs), International Accounting Standards (IAS), and the Interpretations approved by the FSC.

The Group's consolidated financial statements for the years ended December 31, 2013 is its first IFRS consolidated financial statements. The date of transition to IFRS was January 1, 2012. The impact of the transition was disclosed in Note 45 to the consolidated financial statements.

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 by the FSC.

Basis of Presentation

The consolidated financial statements have been prepared on historical cost basis except for financial instruments that are measured at fair value. Historical cost is generally determined based on the fair value of the consideration given in exchange for assets.

The opening consolidated balance sheet as of the date of transition to IFRSs was prepared in accordance with IFRS 1 "First-time Adoption of International Financial Reporting Standards". The applicable IFRSs have been applied retrospectively by the Group except for certain aspects where other IFRSs prohibit retrospective application and specified areas where IFRS 1 grants limited exemptions from the requirements of other IFRSs. Please refer to Note 45 to the consolidated financial statements for the exemptions elected by the Group.

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 noncurrent. Nevertheless, these accounts are properly categorized according to the nature of each account and sequenced by liquidity.

Basis of Consolidation

a. Consolidation

The consolidated financial statements incorporate the financial statements of the Bank and entities controlled by the Bank (its subsidiaries).

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Bank.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Attribution of total comprehensive income to non-controlling interests

Total comprehensive income of subsidiaries is attributed to the owners of the Bank and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

b. The subsidiaries in the consolidated financial statements

Detail information of the subsidiaries is as follows:

			Percentage of Ownership			
Name of Investor	Name of Investee	Main Businesses and Products	December 31, 2013	December 31, 2012	January 1, 2012	Note
Domestic subsidiaries						
The Bank	China Travel Services (Taiwan)	Traveling	99.99	99.99	99.85	
The Bank	SCSB Life Insurance Agency	Insurance agency	100.00	100.00	100.00	
The Bank	SCSB Property Insurance Agency	Insurance agency	100.00	100.00	100.00	
The Bank	SCSB Marketing Ltd.	Human resource services	100.00	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	100.00	
China Travel Services (Taiwan)	CTS Travel International Ltd.	Traveling	100.00	100.00	100.00	
Foreign subsidiaries						
The Bank	Shancom Reconstruction Inc.	Investment holding	100.00	100.00	100.00	
The Bank	Wresqueue Limitada	Investment holding	100.00	100.00	100.00	
The Bank	Paofoong Insurance Company (Hong Kong) Ltd.	Insurance	40.00	40.00	40.00	
SCSB Asset Management Ltd.	SCSB Leasing (China) Co., Ltd.	Leasing operation	100.00	100.00	-	1
Wresqueue Limitada	Prosperity Realty Inc.	Real estate service	100.00	100.00	100.00	
Shancom Reconstruction Inc.	Empresa Inversiones Generales, S.A.	Investment holding	100.00	100.00	100.00	
Shancom Reconstruction Inc.	Krinein Company	Investment holding	100.00	100.00	100.00	
Shancom Reconstruction Inc.	Safehaven Investment Corporation	Investment holding	100.00	100.00	100.00	
Empresa Inversiones Generales, S.A.	Shanghai Commercial Bank	Banking	48.00	48.00	48.00	
Krinein Company	Shanghai Commercial Bank	Banking	9.60	9.60	9.60	
Shanghai Commercial Bank	Shanghai Commercial Bank (Nominees) Ltd.	Nominee services	100.00	100.00	100.00	
Shanghai Commercial Bank	Shanghai Commercial Bank Trustee Ltd.	Trustee services	60.00	60.00	60.00	
Shanghai Commercial Bank	Shacom Futures Ltd.	Commodities trading	100.00	100.00	100.00	
Shanghai Commercial Bank	Shacom Investment Ltd.	Investment in exchange fund bills and notes	100.00	100.00	100.00	
Shanghai Commercial Bank	Shacom Property Holdings (BVI) Limited	Property holding	100.00	100.00	100.00	
Shanghai Commercial Bank	Shacom Property (NY) Inc.	Property holding	100.00	100.00	100.00	
Shanghai Commercial Bank	Shacom Property (CA) Inc.	Property holding	100.00	100.00	100.00	
Shanghai Commercial Bank	Shacom Assets Investment Ltd.	Investment in bonds	100.00	100.00	100.00	
Shanghai Commercial Bank	Infinite Financial Solutions Ltd.	I.T. application services provider	80.00	80.00	80.00	
Shanghai Commercial Bank	Shacom Insurance Brokers Ltd.	Insurance broker	100.00	100.00	100.00	
Shanghai Commercial Bank	Shacom Securities Ltd.	Securities brokerage services	100.00	100.00	100.00	
Shanghai Commercial Bank	Hai Kwang Property Management Co., Ltd.	Property management	100.00	100.00	100.00	
Shanghai Commercial Bank	Paofoong Insurance Company (Hong Kong) Ltd.	Insurance	60.00	60.00	60.00	
Shanghai Commercial Bank	Right Honour Investments Limited	Property holding	100.00	100.00	100.00	2
Right Honour Investments Limited	Glory Step Investments Limited	Property holding	100.00	100.00	100.00	2
Right Honour Investments Limited	Silver Wisdom Investments Limited	Property holding	100.00	100.00	100.00	2

Note 1: The subsidiary, SCSB Asset Management Ltd., established a wholly owned entity, SCSB Leasing (China) Co., Ltd., in Shanghai, China to engage in nationwide finance leasing business upon receiving the FSC's approval on January 5, 2012.

Note 2: For the need to expand the operating facilities, Shanghai Commercial Bank established 3 subsidiaries which were wholly owned entities as the vehicles to acquire business premise in 2011.

Foreign Currencies

In preparing the financial statements of each individual entity, 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 arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Nonmonetary 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.

Nonmonetary 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 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, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising are recognized in other comprehensive income and accumulated in equity (attributed to the owners of the Bank and non-controlling interests as appropriate).

Financial Instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

a. Financial assets

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

1) Categories

The Group owned financial assets which are classified into the following specified categories: Financial assets at fair value through profit or loss (FVTPL), held-to-maturity financial assets, available-for-sale (AFS) financial assets and loans and receivables.

a) Financial assets at FVTPL

Financial assets at FVTPL are either classified as held for trading or designated as at FVTPL.

A financial asset is designated as at FVTPL on initial recognition when:

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

- The financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is 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

- If a contract contains one or more embedded derivatives, the entire combined contract (asset or liability) can be designated as at fair value through profit or loss.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss.

b) Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity other than those that the entity upon initial recognition designates as at fair value through profit or loss, or designates as available for sale, or meet the definition of loans and receivables.

Subsequent to initial recognition, held-to-maturity financial assets are measured at amortized cost using the effective interest method less any impairment.

c) Available-for-sale financial assets

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (i) loans and receivables, (ii) held-to-maturity financial assets or (iii) financial assets at fair value through profit or loss.

AFS financial assets are measured at fair value. AFS monetary financial assets relating to changes from interest revenues under effective interest rate method and dividends on AFS equity investments are recognized in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment loss at the end of each reporting period and are presented in a separate line item as financial assets carried at cost. If, in a subsequent period, the fair value of the financial assets can be reliably measured, the financial assets are remeasured at fair value. The difference between carrying amount and fair value is recognized in profit or loss or other comprehensive income on financial assets. Any impairment losses are recognized in profit and loss.

Dividends on AFS equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established.

d) Loans and receivables

Loans and receivables (including due from the Central Bank and call loan to banks, securities purchased under resell agreements, receivables, discounts and loans, debt investments with no active market and other financial assets) are measured at amortized cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

Cash on hand and due from other banks were included in cash and cash equivalents on consolidated balance sheets. For the consolidated statements of cash flows, cash and cash equivalents contained those cash and cash equivalent in the consolidated balance sheet, due from the central bank and call loans to banks and securities purchased under resell agreements which fall in with the definition of cash and cash equivalents under IFRS No. 7 approved by FSC.

2) Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets carried at amortized cost, such as loans and receivables, are assessed for impairment on a collective basis even if they are assessed not to be impaired individually. Objective evidence of impairment for a portfolio of loans and receivables could include the Group’s past experience of collecting payments, as well as observable changes in national or local economic conditions that correlate with default on loans and receivables.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the financial asset’s original effective interest rate.

For financial assets carried at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognized.

For available-for-sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

In respect of available-for-sale equity securities, impairment loss previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income. In respect of available-for-sale debt securities, impairment loss are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset’s carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The objective evidences of other financial assets contains significant financial difficulties or defaults of the issuer or debtor, the increasing possibilities of debtors' bankruptcy or debt restructuring, and inactive market due to the issuer's financial difficulties.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of financial assets that are carried at cost, where the carrying amount is reduced through the use of an allowance account. When financial assets are considered uncollectible, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

Under guidelines issued by the Banking Bureau of the Financial Supervisory Commission the credit clients are categorized into five groups, normal, notice, warning, difficult, and uncollectible based on the clients' financial conditions. Furthermore, after assessing the value of the collaterals, the Bank will assess the possibilities of recovery.

Under the policy of the Bank, the minimum standard allowance for all accounts, and for accounts classified as normal (except the government's claims), notice, warning, difficult, and uncollectible is recognized at 0.5%, 2%, 10%, 50%, and 100%, respectively.

The uncollectible assets could be written off after the board of directors' approval.

3) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

b. Financial liabilities

1) Subsequent measurement of financial liabilities

a) Financial liabilities at FVTPL

Financial liabilities at FVTPL are all held for trading, and stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The method to determine fair value is stated in Note 36.

b) Financial guarantee contracts

Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as at fair value through profit or loss, are subsequently measured at the higher of the best estimate of the obligation under the contract or the amount initially recognized less cumulative amortization recognized.

2) Derecognition of financial liabilities

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

c. Derivative financial instruments

Derivatives are initially recognized at fair value at the date 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 hedge relationship. When the fair value of derivative financial instruments is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instruments is negative, the derivative is recognized as a financial liability.

Derivatives embedded in non-derivative host contracts 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 contracts are not measured at fair value through profit or loss.

Investment in associates and jointly controlled entities

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. Joint venture arrangements that involve the establishment of a separate entity in which venturers have joint control over the economic activity of the entity are referred to as jointly controlled entities.

The results and assets and liabilities of associates and jointly controlled entities are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate and jointly controlled entity 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 and jointly controlled entity. The Group also recognizes the changes in the Group's share of equity of associates and jointly controlled entity attributable to the Group.

When the Group subscribes for additional new shares of the associate and jointly controlled entity 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 and jointly controlled entity. 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 and jointly controlled entity, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate and jointly controlled entity 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 and jointly controlled entity equals or exceeds its interest in that associate and jointly controlled entity which includes 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 and jointly controlled entity, 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 and jointly controlled entity.

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 and jointly controlled entity 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.

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 forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which it ceases to have significant influence and joint control. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate and the jointly controlled entity attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate and the jointly controlled entity. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate and the jointly controlled entity on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

When a group entity transacts with its associate and jointly controlled entity, profits and losses resulting from the transactions with the associate are recognized in the Group' consolidated financial statements only to the extent of interests in the associate and the jointly controlled entity that are not related to the Group.

Hedge Accounting

The Group designates certain hedging instruments, which include derivatives and embedded derivatives, as either fair value hedges or cash flow hedges.

a. Fair value hedges

   Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognized in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognized in profit or loss in the line item relating to the hedged item.

   Hedge accounting is discontinued prospectively when the Group revokes the designated hedging relationship, or when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer meets the criteria for hedge accounting.

b. Cash flow hedges:

   The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, and is included in the other gains and losses line item.

   If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains or losses that were recognized in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment in the same period or periods during which the hedged forecast cash flows affect profit or loss. If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the associated gains and losses that were recognized in other comprehensive income are removed and are included in the initial cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued prospectively when the Group revokes the designated hedging relationship, or when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer meets the criteria for hedge accounting. The cumulative gain or loss on the hedging instrument that has been previously recognized in other comprehensive income from the period when the hedge was effective remains separately in equity until the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

Nonperforming Loans

Under guidelines issued by the Banking Bureau of the Financial Supervisory Commission the balance of loans and other credits extended by the Bank and the related accrued interest thereon are classified as nonperforming.

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

Securities Purchased/Sold Under Resell/Repurchase Agreements

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

Properties

Properties are stated at cost, less subsequent accumulated depreciation and subsequent accumulated impairment loss.

Depreciation is provided on a straight-line basis over estimated useful lives, and the critical components shall be identified and depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period. Change in accounting estimate takes effect prospectively.

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.

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 and accumulated impairment loss. 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.

Intangible Assets

Intangible assets that have finite useful lives and are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. 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 shall be 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. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

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.

Impairment of Tangible and Intangible Assets Other Than Goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible 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 subsequently is 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.

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.

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.

Revenue Recognition

Interest revenues from loans are estimated on accrual basis. Interest revenue from nonperforming 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 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.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

a. The Group as lessor

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Contingent rents arising under operating leases are recognized as income in the period in which they are incurred.

b. The Group as lessee

Operating lease payments are recognized as an expense on a straight-line basis over the lease term. Contingent rents arising under operating leases are recognized as an expense in the period in which they are incurred.

Retirement Benefit Costs

a. Short-term employee benefit

Periodic payment to employees for their regular work in the current period is recognized as current expense.

b. Retirement benefit costs

The Group currently provides both defined contribution and benefit retirement plans to its employees. Pursuant to local rules, employees working overseas apply to 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.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period.

Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognized in the consolidated balance sheets represents the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses and unrecognized past service cost, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the unrecognized past service cost and actuarial losses, plus the present value of available refunds and reductions in future contributions to the plan.

Curtailment or settlement gains or losses on the defined benefit plan are recognized when the curtailment or settlement occurs.

c. Employee preferential deposits

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

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

d. Other long-term employee benefit

The Bank provides death benefit to employees who die on the job other than occupational injuries. For employees with retirement eligibility, death benefits are determined as their pension benefits. For those without retirement eligibility, death benefits are determined based on the length of employment: if employment is less than 1 year, death benefit is determined at one month salary; if employment is about 1 to 5 years, death benefit is determined as one month salary for each year of employment; if employment is more than 5 years, death benefit is determined in line with the employee's pension benefit based on years of service before Labor Pension Act was enacted.

Taxation

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

a. Current tax

According to the Income Tax Law, an additional tax at 10% of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the earnings.

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

b. 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 generally recognized on all deductible temporary differences.

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 liability is settled or the asset 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.

c. Current and deferred tax of this period

Current 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 and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates 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.

a. Impairment of loans and receivables

The Group periodically reviews its loan portfolio for impairment. Recognition of impairment depends on whether any observable objective evidence of impairment exists. The evidence should contain observable data indicating the unfavorable changes in payment condition or the economic condition in related countries or territories. When analyzing the expected cash flow, the management’s estimates are based on past experiences of loss. The Group reviews regularly the method and assumptions in estimating expected cash flows in order to reduce the difference between the expected and actual losses.

b. Fair value of the financial instruments

Valuation techniques are applied in evaluating the financial instruments with no active market or no quoted prices. Under the circumstances, the fair values are assessed based on observable information or models of similar financial instruments. If there is no observable market parameter, the fair values of financial instruments are assessed based on appropriate assumptions. When the fair values are determined by use of valuation models, all the models should be adjusted to ensure that they could generate the actual data and market price. The data which the models adopt must be as observable as possible. On the other hand, for the credit risk fluctuations, the management should adopt appropriate estimation method.

c. Useful lives of property, plant and equipment

As described in Note 4, the Group reviews the estimated useful lives of property, plant and equipment at each balance sheet date.

d. Assessing impairment of available-for-sale equity investment

The objective evidence of impairment of available-for-sale equity investment is the substantial decrease in fair value that brings it even lower than the cost. Judgment is applied when determining whether the fair value decreases substantially or continually. When applying judgment, the Group's management should take into consideration the historical market record, historical price of the equity investment and the industry of the investees.

e. Assessing impairment of properties and intangible assets

If there is objective evidence that impairment on properties and intangibles exists, the Group estimates the recoverable amount of the asset. The evidence includes (1) the market price falls down in current period more than expected; (2) the market interest rate or other index goes up in current period, and it could affect the discount rate and furthermore reduce the recoverable amount; (3) the assets are obsolete or destroyed; (4) the performance of the asset is not as good as expected.

f. Held-to-maturity financial assets

Management has reviewed the Group's held-to-maturity financial assets in light of its capital maintenance and liquidity requirements and has confirmed the Group's positive intention and ability to hold those assets to maturity.

g. Income tax

The Group's income tax calculation relies heavily on estimates. The Group determined the final amount of tax through many transactions and calculations. If the actual amount differs from the original estimation, the difference will be adjusted in the recognition of current tax and deferred tax in the current period.

The reliability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences are available in the future. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognized in profit or loss for the period in which such reversal takes place.

h. Post-employment benefit

The present value of post-employment benefit obligation is calculated based on actuarial valuations. Any changes in these assumptions will affect the carrying amount of post-employment benefit obligation.

One of the assumptions is discount rate. The actuary determines the appropriate discount rate according to actual conditions every year and estimates the future cash outflow for payment of post-employment benefit obligation. To determine appropriate discount rate, the interest rates of high quality corporate bonds and government bonds are taken into consideration. The currency and maturity of these bonds should be the same as the payment of post-employment benefit obligation.

Other assumptions of post-employment benefit are based upon the market condition.

6. CASH AND CASH EQUIVALENTS

	December 31, 2013	December 31, 2012	January 1, 2012
Cash on hand and working fund	$ 7,291,795	$ 7,301,725	$ 6,731,165
Notes and checks in clearing	1,085,547	3,454,632	3,152,489
Due from other banks	49,677,910	70,664,936	57,639,697
	$ 58,055,252	$ 81,421,293	$ 67,523,351

Reconciliation of the amounts of cash and cash equivalents reported in the consolidated statements of cash flows and consolidated balance sheets at January 1, 2012 was as below. As for reconciliation at December 31, 2013 and 2012, please refer to the consolidated statements of cash flows.

	January 1, 2012
Cash and cash equivalents in consolidated balance sheets	$ 67,523,351
Due from the Central Bank and call loans to banks fall in with the definition of cash and cash equivalents under IFRS 7	130,799,158
Securities purchased under resell agreements fall in with the definition of cash and cash equivalents under IFRS 7	5,579,661
Cash and cash equivalents in consolidated statements of cash flows	$ 203,902,170

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

	December 31, 2013	December 31, 2012	January 1, 2012
Call loans to banks	$ 193,025,434	$ 204,589,642	$ 152,500,670
Deposit reserves - I	11,063,816	10,537,532	5,521,927
Deposit reserves - II	15,662,521	13,831,156	13,190,507
Deposit reserves - foreign	83,062	89,963	84,086
Due from foreign central banks	1,790,999	1,355,050	1,830,959
	$ 221,625,832	$ 230,403,343	$ 173,128,149

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

8. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31, 2013	December 31, 2012	January 1, 2012
Held-for-trading financial assets			
Commercial papers	$ 25,283,493	$ 20,957,000	$ 21,728,340
Negotiable certificate of deposit	2,617,783	2,463,021	1,604,864
Option contracts	1,013,430	190,077	115,503
Listed stock - domestic	753,428	517,630	453,835
Government bonds	679,731	1,100,090	705,850
Forward contracts	535,500	302,002	366,088
Treasury bonds	495,387	-	991,800
Acceptances	72,455	466	1,403
Currency swap contracts	28,793	123,890	181,620
Bank debentures	-	65,671	539,051
Others	17,671	65,688	163,037
	31,497,671	25,785,535	26,851,391
Financial assets designated at fair value through profit or loss			
Structured corporate bonds contracts	1,545,803	2,371,322	2,171,656
Structured bank debentures contracts	-	265,256	445,453
	1,545,803	2,636,578	2,617,109
	$ 33,043,474	$ 28,422,113	$ 29,468,500
Held-for-trading financial liabilities			
Option contracts	$ 1,013,367	$ 190,009	$ 117,015
Forward contracts	416,293	226,395	232,018
Currency swap contracts	58,992	23,359	36,942
Interest rate swap contracts	40,939	70,846	88,494
	$ 1,529,591	$ 510,609	$ 474,469

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

The financial assets and liabilities at FVTPL contract (nominal) amounts of derivative transactions as of December 31, 2013, December 31, 2012 and January 1, 2012 were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Option contracts	$ 106,709,404	$ 59,838,060	$ 17,114,513
Forward contracts	53,309,343	57,784,772	70,757,000
Currency swap contracts	27,219,048	33,449,192	17,636,907
Interest rate swap contracts	4,480,042	4,447,511	5,740,256
Fixed rate commercial papers	600,000	400,000	800,000
Credit default swap contracts	-	263,760	275,005

9. DERIVATIVE FINANCIAL INSTRUMENTS FOR HEDGING

	December 31, 2013	December 31, 2012	January 1, 2012
Derivative financial assets under hedge accounting			
Fair value hedges - interest rate swaps	$ 104,418	$ 189,613	$ 296,410
Derivative financial liabilities under hedge accounting			
Fair value hedges - interest rate swaps	$ -	$ 5,549	$ 13,617
Cash flow hedges – interest rate swaps	24,429	56,538	90,835
	$ 24,429	$ 62,087	$ 104,452

a. Fair value hedges

Portion of bank debentures issued by the Group, including first issue in 2006 (fully paid in May 2013), second issue in 2007 and first issue in 2008, and the corporate bonds held by the Group are exposed to the fair value risk due to fluctuations in interest rates. The Group considered the significance of the exposure and entered into interest rate swap contracts to hedge such risk. The Group assessed the effectiveness of hedges at the end of each month, and deemed the results were effective as the hedging instruments offset against the majority of fluctuations on fair values of hedged items.

The outstanding interest rate swaps of the Group at the end of the reporting period were as follows:

Notional Amount (In Thousands)	Maturity Date	Range of Interest Rates Paid	Range of Interest Rates Received
December 31, 2013			
$4,000,000	2014.12.10.-2015.6.10	0.8630%	2.5283%-3.0400%

Notional Amount (In Thousands)	Maturity Date	Range of Interest Rates Paid	Range of Interest Rates Received
December 31, 2012			
$7,500,000	2013.5.15-2015.6.10	0.7220%-1.3100%	0.8860%-3.0400%

Notional Amount (In Thousands)	Maturity Date	Range of Interest Rates Paid	Range of Interest Rates Received
January 1, 2012			
$7,650,000	2012.8.26-2015.6.10	0.6970%-2.9000%	0.8500%-3.0400%

Gains or losses on the hedging derivative financial instruments and on the hedged items as of the year ended 2013 and 2012 were as follows:

	For the Year Ended December 31	
	2013	2012
Gains on the hedging instruments	$ 85,119	$ 105,917
Losses on the hedged items	$ 85,196	$ 106,797

b. Cash flow hedges

The Group debentures first issued in 2007 were exposed to cash flow risk caused by the fluctuation of interest rates. The Group considered the significance of the exposure and entered into interest rate swap contracts to hedge the cash flow risk. The Group assessed the effectiveness of hedges at the end of each month, and deemed the result was effective as the hedging instrument offset against the majority of fluctuation on the cash flow of the hedged item.

The outstanding interest rate swaps of the Group at the end of the reporting period were as follows:

Notional Amount (In Thousands)	Maturity Date	Range of Interest Rates Paid	Range of Interest Rates Received
December 31, 2013			
$2,000,000	2014.9.29	2.5450%	0.8680%

Notional Amount (In Thousands)	Maturity Date	Range of Interest Rates Paid	Range of Interest Rates Received
December 31, 2012			
$2,000,000	2014.9.29	2.5450%	0.9010%

Notional Amount (In Thousands)	Maturity Date	Range of Interest Rates Paid	Range of Interest Rates Received
January 1, 2012			
$2,000,000	2014.9.29	2.5450%	0.8610%

10. SECURITIES PURCHASED UNDER RESELL AGREEMENTS

Securities purchase under resell agreements as of December 31, 2013, December 31, 2012 and January 1, 2012 were $1,588,177 thousand, $730,712 thousand and $5,579,661 thousand, respectively. The aforementioned securities will be bought back one after another before February 6, 2014, January 11, 2013 and February 6, 2012 at $1,588,956 thousand, $730,886 thousand and $5,581,810 thousand, respectively.

11. RECEIVABLES, NET

	December 31, 2013	December 31, 2012	January 1, 2012
Acceptances	$ 4,382,382	$ 5,754,860	$ 6,784,794
Accrued interest	3,393,173	3,000,084	2,913,789
Credit cards receivable	3,343,788	3,602,607	3,847,751
Accounts receivable due from sales of securities	2,108,169	2,271,971	1,458,194
Accounts receivable - factoring	1,301,819	1,516,266	1,683,924
Others	1,070,968	418,163	1,397,439
	15,600,299	16,563,951	18,085,891
Allowance for credit losses	(346,341)	(305,693)	(265,817)
	$ 15,253,958	$ 16,258,258	$ 17,820,074

Allowance for account receivable and other financial assets are categorized and assessed by credit risk as below:

Item	December 31, 2013 Total	December 31, 2013 Allowances
With objective evidence of impairment		
Individually assessed	$ 34,561	$ 18,830
Collectively assessed	179,794	72,339
With no objective evidence of impairment		
Collectively assessed	7,138,656	259,690
Grand total	$ 7,353,011	$ 350,859

Item	December 31, 2012 Total	December 31, 2012 Allowances
With objective evidence of impairment		
Individually assessed	$ 130,357	$ 59,592
Collectively assessed	100,366	25,314
With no objective evidence of impairment		
Collectively assessed	8,015,477	225,423
Grand total	$ 8,246,200	$ 310,329

Item	January 1, 2012 Total	January 1, 2012 Allowances
With objective evidence of impairment		
Individually assessed	$ 62,001	$ 30,786
Collectively assessed	106,942	30,843
With no objective evidence of impairment		
Collectively assessed	8,879,434	209,534
Grand total	$ 9,048,377	$ 271,163

The changes in allowance for receivables and other financial assets are listed below:

	For the Year Ended December 31	
	2013	2012
Balance at January 1	$ 310,329	$ 271,163
Provisions (Reversals)	58,041	(2,101)
Write-offs	(84,452)	(53,969)
Recoveries	66,155	97,397
Effect of exchange rate changes	786	(2,161)
Balance at December 31	$ 350,859	$ 310,329

12. DISCOUNTS AND LOANS, NET

	December 31, 2013	December 31, 2012	January 1, 2012
Loans	$ 743,343,358	$ 633,213,997	$ 608,494,924
Inward/outward documentary bills	38,410,329	30,462,550	34,963,528
Nonperforming loans	2,361,886	1,629,341	890,544
	784,115,573	665,305,888	644,348,996
Discount and premium adjustment	342,184	124,669	(12,604)
Allowance for credit losses	(8,848,287)	(8,742,345)	(7,917,865)
	$ 775,609,470	$ 656,688,212	$ 636,418,527

The Bank discontinues accruing interests when loans are deemed nonperforming. For the years ended December 31, 2013 and 2012, the unrecognized interest revenues on the nonperforming loans amounted to $42,229 thousand and $21,368 thousand, respectively.

For the years ended December 31, 2013 and 2012, the Group only had written off certain credits after completing the required legal procedures.

Allowances for discounts and loans are categorized and assessed by credit risk as below:

	December 31, 2013	
Item	Total	Allowances
With objective evidence of impairment		
Individually assessed	$ 3,356,189	$ 966,646
Collectively assessed	11,723,129	5,058,607
With no objective evidence of impairment		
Collectively assessed	769,036,255	2,823,034
Grand total	$ 784,115,573	$ 8,848,287

Item	December 31, 2012 Total	Allowances
With objective evidence of impairment		
Individually assessed	$ 4,082,241	$ 1,258,600
Collectively assessed	9,682,848	4,654,852
With no objective evidence of impairment		
Collectively assessed	651,540,799	2,828,893
Grand total	$ 665,305,888	$ 8,742,345

Item	January 1, 2012 Total	Allowances
With objective evidence of impairment		
Individually assessed	$ 3,811,306	$ 1,051,694
Collectively assessed	8,800,665	3,692,257
With no objective evidence of impairment		
Collectively assessed	631,737,025	3,173,914
Grand total	$ 644,348,996	$ 7,917,865

The changes in allowance for discount and loans are summarized below:

	For the Year Ended December 31 2013	2012
Balance at January 1	$ 8,742,345	$ 7,917,865
Provisions	678,892	310,063
Write-offs	(859,326)	(239,128)
Recoveries	237,744	821,549
Effect of exchange rate changes	48,632	(68,004)
Balance at December 31	$ 8,848,287	$ 8,742,345

The details of bad debts expenses for the years ended December 31, 2013 and 2012 are listed as below:

	For the Year Ended December 31 2013	2012
Provisions of loans and discounts	$ 678,892	$ 310,063
Provisions of receivables	58,041	(2,101)
	$ 736,933	$ 307,962

13. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	December 31, 2013	December 31, 2012	January 1, 2012
Negotiable certificate of deposit	$ 48,565,599	$ 289,528	$ 301,872
Corporate bonds	46,765,873	40,506,066	23,882,347
Bank debentures	40,708,669	90,169,410	82,851,900
Government bonds	29,268,138	23,230,755	14,045,916
Listed stock	12,145,174	9,326,060	9,193,273
Beneficiary certificates	7,052,858	6,873,472	1,786,359
Assets backed securities	942,360	491,255	549,037
Treasury bonds	-	993,774	991,951
	$ 185,448,671	$ 171,880,320	$ 133,602,655

Part of par-value of aforementioned available-for-sale financial assets sold under repurchase agreements as of December 31, 2013, December 31, 2012 and January 1, 2012 were $5,739,464 thousand, $8,480,800 thousand and $15,470,483 thousand.

Part of aforementioned assets backed securities were invested in Structured Investment Vehicles (SIV). The Bank had recognized impairment losses in prior years which were partially realized due to the liquidation of SIV. For the year ended December 31, 2012, the Bank has reversed impairment loss of $42,413 thousand due to repayment of principal. The Bank has realized impairment loss of $312,801 thousand due to clearing of investment for the year ended December 31, 2013. As of December 31, 2013, the unrealized accumulated impairment losses related to its SIV investments were $238,244 thousand.

About the pledged assets, please see Note 34.

14. HELD-TO-MATURITY FINANCIAL ASSETS

	December 31, 2013	December 31, 2012	January 1, 2012
Negotiable certificate of deposit	$ 106,200,000	$ 114,600,000	$ 160,800,000
Government bonds	8,949,841	8,757,373	9,297,223
Corporate bonds	755,464	968,642	1,390,761
Bank debentures	669,916	811,092	2,208,596
Assets backed securities		-	69,415
Collateralized loans obligation		-	118,656
	$ 116,575,221	$ 125,137,107	$ 173,884,651

About the pledged assets, please see Note 34.

15. EQUITY INVESTMENTS UNDER THE EQUITY METHOD

Equity Method	December 31, 2013 Carrying Value	December 31, 2013 % of Owner-ship	December 31, 2012 Carrying Value	December 31, 2012 % of Owner-ship	January 1, 2012 Carrying Value	January 1, 2012 % of Owner-ship
Domestic investments						
Kuo Hai Real Estate Management (Kuo Hai)	$ -	34.69	$ -	34.69	$ -	34.69
Silks Place Taroko	79,248	45.00	86,187	45.00	103,131	45.00
	79,248		86,187		103,131	
Foreign investments						
Hong Kong Life Insurance	300,123	16.67	279,513	16.67	247,877	16.67
Bank Consortium Holding	223,144	14.29	200,857	14.29	184,310	14.29
BC Reinsurance	214,240	21.00	184,579	21.00	138,393	21.00
Joint Electronic Teller Services	152,326	20.00	148,347	20.00	154,843	20.00
I-Tech Solutions Limited	10,825	50.00	10,410	50.00	12,345	50.00
	900,658		823,706		737,768	
Grand total	$ 979,906		$ 909,893		$ 840,899	

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

The foreign investments of subsidiaries are all held by SCB HK with appropriate approvals by its board of directors.

As of the year ended 2013 and 2012, profit or loss of the subsidiaries and the amount of other comprehensive income under equity method were based on the associates' financial statements audited by the auditors for the same years.

Associates Information of business combinations were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Total assets	$ 34,457,302	$ 31,332,060	$ 26,602,901
Total liabilities	$ 28,183,559	$ 25,677,407	$ 21,365,851

	For the Year Ended December 31 2013	For the Year Ended December 31 2012
Operating income	$ 8,173,046	$ 6,609,649
Net income	$ 875,668	$ 994,446

16. OTHER FINANCIAL ASSETS, NET

	December 31, 2013	December 31, 2012	January 1, 2012
Non-active market debt instruments	$ 200,000	$ 200,000	$ 200,000
Financial assets carried at cost	11,787	11,787	11,787
Bills purchased, net	10,855	35,741	17,973
Nonperforming credit card receivables	3,518	3,636	4,346
	226,160	251,164	234,106
Allowance for nonperforming credit card receivables	(4,518)	(4,636)	(5,346)
	$ 221,642	$ 246,528	$ 228,760

The balance of credit cards receivable which was reported as nonperforming were $3,518 thousand, $3,636 thousand and $4,346 thousand as of December 31, 2013, December 31, 2012 and January 1, 2012, respectively. The unrecognized interest revenues on the receivable amounted to $49 thousand and $39 thousand for the years ended December 31, 2013 and 2012.

17. PROPERTIES, NET

	December 31, 2013	December 31, 2012	January 1, 2012
Land	$ 11,726,008	$ 9,415,785	$ 8,448,836
Building and improvement	3,492,487	3,441,813	3,604,938
Office equipment	453,010	449,892	302,067
Transportation equipment	23,915	25,197	20,494
Miscellaneous equipment	412,623	429,040	410,486
Construction-in-progress and prepayment	5,611,459	6,218,734	5,413,036
	$ 21,719,502	$ 19,980,461	$ 18,199,857

	For the Year Ended December 31, 2013					
	Balance at January 1, 2013	Additions	Disposals	Internal Transfer	Effect of Exchange Rate Changes, Net	Balance at December 31, 2013
Cost						
Land	$ 9,701,100	$ 1,288,523	$ (21,364)	$ 1,004,766	$ 65,027	$ 12,038,052
Building and improvement	5,840,044	126,340	(57,302)	95,460	45,137	6,049,679
Office equipment	2,151,421	169,961	(174,670)	(346)	24,283	2,170,649
Transportation equipment	92,259	6,795	(5,070)	-	892	94,876
Miscellaneous equipment	1,880,522	123,830	(103,356)	(185)	37,429	1,938,240
Construction-in-progress and prepayment	6,249,803	188,760	-	(924,709)	135,805	5,649,659
	25,915,149	$ 1,904,209	$ (361,762)	$ 174,986	$ 308,573	27,941,155
Accumulated depreciation						
Land	285,315	19,815	-	(398)	7,312	312,044
Building and improvement	2,398,231	139,626	(4,016)	1,401	21,950	2,557,192
Office equipment	1,701,529	159,042	(163,993)	(160)	21,221	1,717,639
Transportation equipment	67,062	8,136	(4,752)	-	515	70,961
Miscellaneous equipment	1,451,482	138,002	(92,978)	(101)	29,212	1,525,617
Construction-in-progress and prepayment	31,069	6,319	-	-	812	38,200
	5,934,688	$ 470,940	$ (265,739)	$ 742	$ 81,022	6,221,653
Net amount	$ 19,980,461					$ 21,719,502

	For the Year Ended December 31, 2012					
	Balance at January 1, 2012	Additions	Disposals	Internal Transfer	Effect of Exchange Rate Changes, Net	Balance at December 31, 2012
Cost						
Land	$ 8,725,527	$ 746,626	$ (23,114)	$ 324,875	$ (72,814)	$ 9,701,100
Building and improvement	5,903,129	2,619	(19,076)	21,948	(68,576)	5,840,044
Office equipment	2,025,154	271,900	(108,085)	-	(37,548)	2,151,421
Transportation equipment	96,472	13,398	(16,447)	-	(1,164)	92,259
Miscellaneous equipment	1,844,690	134,803	(45,166)	-	(53,805)	1,880,522
Construction-in-progress and prepayment	5,438,921	1,022,988	-	-	(212,106)	6,249,803
	24,033,893	$ 2,192,334	$ (211,888)	$ 346,823	$ (446,013)	25,915,149
Accumulated depreciation						
Land	276,691	19,279	-	389	(11,044)	285,315
Building and improvement	2,298,191	124,434	(1,577)	5,082	(27,899)	2,398,231
Office equipment	1,723,087	114,949	(103,108)	-	(33,399)	1,701,529
Transportation equipment	75,978	6,901	(14,986)	-	(831)	67,062
Miscellaneous equipment	1,434,204	99,732	(40,824)	-	(41,630)	1,451,482
Construction-in-progress and prepayment	25,885	6,294	-	-	(1,110)	31,069
	5,834,036	$ 371,589	$ (160,495)	$ 5,471	$ (115,913)	5,934,688
Net amount	$ 18,199,857					$ 19,980,461

For the need to expand operation facilities, the Bank purchased an office building in 2012. As of December 31, 2012, the title of the building was not transferred to the Bank yet and the payment made by the Bank was recorded as prepayments. The Bank obtained ownership of the property in year 2013 and transferred the balance into land, building and improvement.

For the demand to expand office premise, SCB (HK) pulled down and rebuilt its head office building as well as the leased out building nearby; therefore, the leased out building and related uncompleted constructions were reclassified as construction-in-progress.

The Bank did not recognize any impairment losses on the properties for the years ended December 31, 2013 and 2012.

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

Depreciation expense of properties is computed using the straight-line method over below useful lives:

Building and improvement	
Branch	43-55 years
Air conditioning and Machine room	9 years
Office equipment	3-8 years
Transportation equipment	5-10 years
Miscellaneous equipment	5-20 years

Depreciation expense of the land and buildings held by SCB (HK) is computed using the straight-line method over the useful lives under 40 years. Other equipment is computed using declining balance method and the rate is 25% in the year of purchasing and 20% in the subsequent years.

18. INVESTMENT PROPERTIES, NET

	December 31, 2013	December 31, 2012	January 1, 2012
Land	$ 350,401	$ 507,355	$ 18,130
Building and improvement	4,917	6,448	17,697
	$ 355,318	$ 513,803	$ 35,827

	For the Year Ended December 31, 2013				
	Balance at January 1, 2013	Additions	Internal Transfer	Effect of Exchange Rate Changes, Net	Balance at December 31, 2013
Cost					
Land	$ 507,932	$ 8,248	$ (176,489)	$ 12,277	$ 351,968
Building and improvement	9,074	-	972	234	10,280
	517,006	$ 8,248	$ (175,517)	$ 12,511	362,248
Less: Accumulated depreciation					
Land	577	574	398	18	1,567
Building and improvement	2,626	4,061	(1,401)	77	5,363
	3,203	$ 4,635	$ (1,003)	$ 95	6,930
Net amount	$ 513,803				$ 355,318

	For the Year Ended December 31, 2012				
	Balance at January 1, 2012	Additions	Internal Transfer	Effect of Exchange Rate Changes, Net	Balance at December 31, 2012
Cost					
Land	$ 18,153	$ 823,991	$ (324,875)	$ (9,337)	$ 507,932
Building and improvement	18,149	13,427	(21,948)	(554)	9,074
	36,302	$ 837,418	$ (346,823)	$ (9,891)	517,006
Less: Accumulated depreciation					
Land	23	953	(389)	(10)	577
Building and improvement	452	7,312	(5,082)	(56)	2,626
	475	$ 8,265	$ (5,471)	$ (66)	3,203
Net amount	$ 35,827				$ 513,803

Depreciation expense of investment properties is computed using the straight-line method over below useful lives:

Land	Period of the lease term
Building and improvement	Years of leasing or 40 years, whichever is shorter

Fair value of the investment properties as of December 31, 2013, December 31, 2012 and January 1, 2012 were $424,015 thousand, $542,856 thousand and $29,229 thousand. Such fair values have been appraised by independent appraisers on respective dates.

Rental income from investment properties stated as below:

	For the Year Ended December 31	
	2013	2012
Rental income from investment properties	$ 3,246	$ 6,146

19. OTHER ASSETS, NET

	December 31, 2013	December 31, 2012	January 1, 2012
Prepaid expenses	$ 2,713,303	$ 4,013,827	$ 4,299,651
Deferred charges	619,501	378,787	264,574
Refundable deposits - less impairment loss of $17,360 thousand	559,264	490,683	475,005
Prepaid pension cost	132,655	127,202	202,778
Temporary payments and suspense	128,662	231,286	219,943
Computer software	106,836	130,448	147,936
Others	182,558	207,227	235,264
	$ 4,442,779	$ 5,579,460	$ 5,845,151

20. DUE TO THE CENTRAL BANK AND BANKS

	December 31, 2013	December 31, 2012	January 1, 2012
Due to banks	$ 1,736,792	$ 20,998,310	$ 1,187,232
Call loans from banks	33,367,107	20,053,098	20,814,507
Deposit transfer from Chunghwa Post Co., Ltd.	3,077,873	2,651,994	1,632,803
Overdraft on banks	817,418	1,239,095	36,059
	$ 38,999,190	$ 44,942,497	$ 23,670,601

21. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

Securities sold under repurchase agreements as of December 31, 2013, December 31, 2012 and January 1, 2012 were $5,746,867 thousand, $8,482,507 thousand and $15,463,445 thousand, respectively. The aforementioned securities will be sold back by December 25, 2014, December 26, 2013 and September 28, 2012 at $5,751,602 thousand, $8,487,995 thousand and $15,471,415 thousand, respectively.

22. PAYABLES

	December 31, 2013	December 31, 2012	January 1, 2012
Dividends payable	$ 9,125,171	$ 8,720,717	$ 8,430,948
Accounts payable	4,700,367	7,027,218	6,433,990
Liabilities on bank acceptances	4,406,017	5,793,242	6,851,144
Accrued interests	2,102,071	2,108,976	1,715,602
Accrued expenses	1,248,931	895,708	840,140
Others	257,983	128,721	485,030
	$ 21,840,540	$ 24,674,582	$ 24,756,854

23. DEPOSITS AND REMITTANCES

	December 31, 2013	December 31, 2012	January 1, 2012
Time deposits	$ 598,000,039	$ 546,744,646	$ 536,141,153
Savings deposits	365,449,483	337,787,039	306,604,390
Demand deposits	203,101,293	180,628,896	173,777,896
Checking deposits	8,321,010	8,626,665	8,731,696
Negotiable certificates of deposits	3,952,900	4,864,300	2,632,200
Remittances	440,860	455,068	490,362
	$ 1,179,265,585	$ 1,079,106,614	$ 1,028,377,697

24. BANK DEBENTURES

	December 31, 2013	December 31, 2012	January 1, 2012
The subordinate bank debenture – five to seven-year maturity; first issued in 2006, maturity date is on May 2013	$ -	$ 2,000,000	$ 2,000,000
The subordinate bank debenture - seven-year maturity; first issued in 2007; maturity date is on September 2014	3,300,000	3,300,000	3,300,000
The subordinate bank debenture - seven-year maturity; second issued in 2007; maturity date is on December 2014	1,700,000	1,700,000	1,700,000
The subordinate bank debenture - seven-year maturity; first issued in 2008; maturity date is on June 2015	3,000,000	3,000,000	3,000,000
The subordinate bank debenture - seven-year maturity; second issued in 2008; maturity date is on December 2015	2,000,000	2,000,000	2,000,000
The subordinate bank debenture - seven-year maturity; first issued in 2010; maturity date is on December 2017	3,000,000	3,000,000	3,000,000
The subordinate bank debenture - seven-year maturity, first issued in 2012; maturity date is on April 2019	4,000,000	4,000,000	-
The subordinate bank debenture - seven-year maturity, second issued in 2012; maturity date is on May 2019	1,000,000	1,000,000	-
The subordinate bank debenture - seven to ten-year maturity, third issued in 2012; maturity date is on November 2019 to 2022	5,000,000	5,000,000	-
The subordinate bank debenture - seven to ten-year maturity, fourth issued in 2012; maturity date is on December 2019 to 2022	10,000,000	10,000,000	-
Par value total	33,000,000	35,000,000	15,000,000
Unrealized loss	104,231	189,440	295,357
	$ 33,104,321	$ 35,189,440	$ 15,295,357

About the hedge transactions, please see Note 9.

The first issuance of the 2006 bank debenture can be classified into three types in accordance with the issued term and the methods of interest accrual: Type A, B and C. Their terms and methods of interest accrual are as follows: Type A, five years of senior bank debenture at a fixed annual interest rate of 1.92%, and the Bank debenture had been matured in May 2011; Type B, seven years of senior bank debenture at a fixed annual interest rate of 2.03%, and the Bank debenture had been matured in May 2013; Type C, seven years of subordinate bank debenture at a fixed annual interest rate of 2.25%, and the Bank debenture had been matured in May 2013.

The first issuance of the 2007 subordinate bank debenture bears an interest rate at a target rate plus 0.45% with interest paid quarterly and repayment of principal at maturity.

The second issuance of the 2007 subordinated bank debenture bears a fixed interest rate of 3.015% with interest paid annually and repayment of principal at maturity.

The first issuance of the 2008 subordinated bank debenture bears a fixed interest rate of 3.15% with interest paid annually and repayment of principal at maturity.

The second issuance of the 2008 subordinated bank debenture bears a fixed interest rate of 3.05% with interest paid annually and repayment of principal at maturity.

The first issuance of the 2010 subordinated bank debenture bears a fixed interest rate of 1.5% with interest paid annually and repayment of principal at maturity.

The first issuance of the 2012 subordinated bank debenture bears a fixed interest rate of 1.48% with interest paid annually and repayment of principal at maturity.

The second issuance of the 2012 subordinated bank debenture bears a fixed interest rate of 1.54% with interest paid annually and repayment of principal at maturity.

The third issuance of the 2012 bank debenture can be classified into two types in accordance with the issued term and the methods of interest accrual: Type A and B. Their terms and methods of interest accrual are as follows: Type A, seven years of subordinate bank debenture at a fixed annual interest rate of 1.43%; Type B, ten years of subordinate bank debenture at a fixed annual interest rate of 1.55%. Their interests are paid annually with repayment of principals at maturity.

The fourth issuance of the 2012 bank debenture can be classified into two types in accordance with the issued term and the methods of interest accrual: Type A and B. Their terms and methods of interest accrual are as follows: Type A, seven years of subordinate bank debenture at a fixed annual interest rate of 1.43%; Type B, ten years of subordinate bank debenture at a fixed annual interest rate of 1.55%. Their interests are paid annually with repayment of principals at maturity.

25. OTHER FINANCIAL LIABILITIES

	December 31, 2013	December 31, 2012	January 1, 2012
Appropriated loan funds	$ 5,028,946	$ 2,686,388	$ 2,908,185
Principals of structured instruments	1,651,878	2,318,216	2,632,094
	$ 6,680,824	$ 5,004,604	$ 5,540,279

26. PROVISIONS

	December 31, 2013	December 31, 2012	January 1, 2012
Reserve for possible losses on guarantees	$ 438,079	$ 437,936	$ 438,172
Reserve for employee benefits	532,004	479,316	484,048
Others	248,546	182,845	143,153
	$ 1,218,629	$ 1,100,097	$ 1,065,373

27. OTHER LIABILITIES

	December 31, 2013	December 31, 2012	January 1, 2012
Guarantee deposit received	$ 1,492,479	$ 1,550,269	$ 1,805,069
Deferred revenues	472,418	120,570	109,747
Interest received in advance	164,572	490,059	452,257
Temporary credit	155,206	79,441	49,426
Others	185,625	271,818	269,097
	$ 2,470,300	$ 2,512,157	$ 2,685,596

28. PENSION PLAN

The Bank

a. Defined contribution plan

The pension plan under the Labor Pension Act (the "LPA") is a defined contribution plan. Under the Act, the Bank makes monthly contributions of amounts equal to 6% of salaries and wages to a pension fund.

The Bank makes contributions to its pension funds at the predetermined rate specified in the defined contribution plan and immediately recognizes as pension expense. Contributions made to the defined contribution plan for the years ended December 31, 2013 and 2012 were $45,147 thousand and $41,795 thousand, respectively.

b. Defined benefit plan

The Bank adopted a defined benefit plan under the Labor Standards Law, under which pension benefits are calculated on the basis of the length of service and average monthly salaries of the latest six months before retirement. The Bank contributes amounts equal to 8% 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.

The plan assets are invested in domestic (foreign) equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of Bureau of Labor Funds, Ministry of Labor or under the mandated management. However, in accordance with Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund the return generated by employees' pension contribution should not be below the interest rate for a 2-year time deposit with local banks.

Present value of plan assets and defined benefit obligations of the Bank was calculated by certificated Actuaries.

The principal assumptions used for the purposes of the actuarial valuations were as follow:

	December 31, 2013	December 31, 2012	January 1, 2012
Discount rate	1.900%	1.625%	1.750%
Expected return on plan assets	2.000%	1.875%	2.000%
Expected rates of salary increase	2.750%	2.500%	2.500%

The assessment of the overall expected rate of return was based on historical return trends and analysts' predictions of the market for the asset over the life of the related obligation, by reference to the aforementioned use of the plan assets and the impact of the related minimum return.

The pension cost of defined benefit plan was as follows:

	Year Ended December 31	
	2013	2012
Current service	$ 177,796	$ 175,504
Interest cost	32,514	33,041
Expected return on plan assets	(41,517)	(43,567)
	$ 168,793	$ 164,978

The Bank recognized actuarial loss of $7,410 thousand and $83,589 thousand in other comprehensive income for the years ended December 31, 2013 and 2012. As of December 31, 2013 and 2012, the cumulative amount of actuarial loss recognized in other comprehensive income was $90,999 thousand and $83,589 thousand, respectively.

The Bank recognized employee benefit expense of $168,793 thousand and $164,978 thousand under defined benefit plan in other comprehensive income for the years ended December 31, 2013 and 2012.

The amounts disclosed in the consolidated balance sheets in respect of the Bank's obligation on its defined benefit plans were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Present value of funded defined benefit obligation	$ (2,181,061)	$ (2,065,625)	$ (1,918,428)
Fair value of plan assets	2,304,226	2,191,187	2,121,206
Prepaid pension	$ 123,165	$ 125,562	$ 202,778

Changes of present value of defined benefit obligation were as follows:

	Year Ended December 31	
	2013	2012
Defined benefit obligation January 1	$ 2,065,625	$ 1,918,428
Current service cost	177,796	175,504
Interest cost	32,514	33,041
Actuarial (gains)/losses	(6,924)	64,962
Benefit obligation extinguished on settlement	(87,950)	(126,310)
Defined benefit obligation at December 31	$ 2,181,061	$ 2,065,625

Changes in the fair value of the plan assets were as follows:

	Year Ended December 31	
	2013	2012
Fair value of plan assets at January 1	$ 2,191,187	$ 2,121,206
Expected return on plan assets	41,517	43,567
Actuarial loss	(14,334)	(18,627)
Contribution from the employee	173,806	171,351
Assets distributed on settlement	(87,950)	(126,310)
Fair value of plan assets at December 31	$ 2,304,226	$ 2,191,187

The major categories of the pension plan assets were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Cash	23%	25%	23%
Equity investments	45%	37%	41%
Others	32%	38%	36%
	100%	100%	100%

The Group choses to disclose the history of experience adjustments as the amounts determined for each accounting period prospectively from the date of transition to IFRSs:

	December 31, 2013	December 31, 2012	January 1, 2012
Present value of defined benefit obligation	$ 2,181,061	$ 2,065,625	$ 1,918,428
Fair value of plan assets	$ 2,304,226	$ 2,191,187	$ 2,121,206
Deficit	$ 123,165	$ 125,562	$ 202,778
Experience adjustments on plan liabilities	$ 6,924	$ (64,962)	$ -
Experience adjustments on plan assets	$ (14,334)	$ (18,627)	$ -

c. Employee preferential interest deposits

According to the Bank's employee preferential deposits policy, the Bank paid preferential interests on certain deposits of presently active and retired employees. Under Regulations Governing the Preparation of Financial Reports by Public Banks, only benefits representing the markups from market interest rate which is paid to retired employees should be actuarially determined and recognized.

The Bank performed actuarial valuation on preferential interest expenses for retired employees according to related actuarial assumptions under Rule No. 10110000850 issued by the FSC on March 15, 2012. The principal assumptions of the actuarial valuations were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Discount rate	4.00%	4.00%	4.00%
Expected return of deposit fund	2.00%	2.00%	2.00%
Expected rates of account balance decrease	1.00%	1.00%	1.00%
Expected probabilities of preferential interest deposits system change	50.00%	50.00%	50.00%

The gains and losses recognized under the preferential deposit plan were as follows:

	Year Ended December 31	
	2013	2012
Interest cost	$ 5,496	$ 3,788
Amortized amount of prior cost	27,941	25,704
	$ 33,437	$ 29,492

The Bank recognized actuarial loss of $8,490 thousand and $25,905 thousand in the consolidated statements of comprehensive income for the years ended December 31, 2013 and 2012. The cumulative amount of actuarial loss recognized in other comprehensive income was $34,395 thousand and $25,905 thousand, respectively.

The amounts included in the consolidated balance sheets in respect of the Bank's obligation under the preferential interest deposit plan for retired employees were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Present value of preferential interest deposit for retired employees	$ 162,935	$ 137,403	$ 94,715

d. Other long-term employee benefit liability

The Bank provides death benefit to employees who die on the job other than occupational injuries. For employees with retirement eligibility, death benefits are determined as their pension benefits. For those without retirement eligibility, death benefits are determined based on the length of employment: if employment is less than 1 year, death benefit is determined as one month salary; if employment is about 1 to 5 years, death benefit is determined as one month salary for each year of employment; if employment is more than 5 years, death benefit is determined in line with the employee's pension benefit based on years of service before LPA was enacted.

The obligations for employee death benefit on the consolidated balance sheets were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Other long-term employee benefit obligations	$ 11,275	$ 14,817	$ 20,304

For the years ended December 31, 2013 and 2012, the Bank recognized the gain of $3,542 thousand and $5,487 thousand in the statements of comprehensive income in respect of the employee death benefit.

Subsidiaries

a. Defined contribution plan

Domestic subsidiaries of the Bank adopted the Labor Pension Act (the “LPA”), which is a defined contribution plan. Under the Act, the Bank makes monthly contributions of amounts equal to 6% of salaries and wages to a pension fund administered by the pension fund monitoring committee. The pension fund contributed by foreign subsidiaries under local regulation is a defined contribution plan. The plan assets are held separatedly from those of the subsidiaries by the independently administered fund.

Contributions made to the defined contribution plans for the years ended December 31, 2013 and 2012 were $190,956 thousand and $137,667 thousand, respectively.

b. Defined benefit plan

Domestic and foreign subsidiaries recognized relevant expenses according to the calculation of qualified actuaries.Total amount of defined benefit pension plan recognized as expenses in the comprehensive income statement were 1,440 thousand and 1,669 thousand for the year ended 2013 and 2012, respectively.

29. EQUITY

a. Share capital

	December 31, 2013	December 31, 2012	January 1, 2012
Common shares			
Authorized shares (in thousand)	3,800,000	3,800,000	3,800,000
Authorized capital	$ 38,000,000	$ 38,000,000	$ 38,000,000
Issued and paid shares (in thousand)	3,715,792	3,715,792	3,538,849
Issued capital	$ 37,157,916	$ 37,157,916	$ 35,388,492

Issued common shares with par value of $10 per share entitled the right to vote and to receive dividends.

In their meeting on April 27, 2012, the shareholders resolved to increase capital to $37,157,916 thousand by distributing stock dividend of $1,769,424 thousand, representing 176,943 thousand shares of common stock. It also determined the dividend ratio of 0.05:1.00 share based on the outstanding shares registered on the ex-dividend date.

b. Capital surplus

	December 31, 2013	December 31, 2012	January 1, 2012
Share premium	$ 2,647,583	$ 2,647,583	$ 2,647,583
Treasury stock transaction	1,976,535	1,969,339	1,962,441
Proportionate share in equity-method investee’s surplus from donated assets	1,218	1,218	1,218
	$ 4,625,336	$ 4,618,140	$ 4,611,242

Under the Company Law, capital surplus can only be used to offset a deficit. However, the capital surplus from share issued in excess of par (including additional paid-in capital from issuance of common shares, conversion of bonds and treasury stock transactions) and donations may be capitalized, which however is limited to a certain percentage of the Bank's paid-in capital.

The capital surplus from investments using equity method may not be used for any purpose.

Since the shares held by subsidiaries were reclassified as treasury stocks, cash dividend distributed to subsidiaries was then recorded as "capital surplus - treasury stock". Cash dividend distributed to subsidiaries amounted to $7,196 thousand and $6,898 thousand for the years ended December 31, 2013 and 2012, respectively.

c. Appropriation of earnings and dividend policy

The Bank's Articles provide that the Bank's annual earnings after tax shall be used first offsetting against any deficit from prior years, and then set aside legal reserve required by laws or regulations until the balance of legal reserve has reached the Bank's paid-in capital. Special reserve shall then be appropriated as necessary. The remainder together with the accumulated earnings in prior years can be distributed at the Board of Directors' discretion as follows:

1) Bonus to shareholders;

2) Remuneration to directors and supervisors; and

3) Bonus to employees of at least 0.1% of net income less the appropriations for legal reserve and dividends; and

4) The remaining amount shall accumulate to the next year.

For the years ended December 31, 2013 and 2012, the estimated amounts of bonus to employees were $30,000 thousand and $28,000 thousand, respectively, while the estimated amounts of remuneration to directors and supervisors were both $56,600 thousand. The Bank based its estimation of bonus and remuneration on its past experiences. Material differences between these estimates and the amounts proposed by the board of directors in the following year are adjusted in the current year. If the actual amounts subsequently resolved by the shareholders differ from the proposed amounts, the differences are recorded in the year of shareholders' resolution as a change in accounting estimate. If a share bonus is resolved to be distributed to employees, the number of shares is determined by dividing the amount of bonus by the fair value of the stock. When calculating the number of shares for year 2011, the fair value of the stock was based on the Bank's equity, which is the net equity value in the latest audited financial statements. For computing the shares of the stock dividends issued in 2012, the fair value is valued following IFRS 2 "Share-based Payment".

Pursuant to 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," an entity shall provide a special reserve at the amount of increase in the entity's retained earnings due to transferring the entity's unrealized revaluation increment and cumulative translation adjustments (gain) reported in equity to retained earnings as a result of the election of optional exemptions while first time adopting IFRSs. However, if the net increase in retained earnings as a result of the first-time adoption of IFRSs is less than the amount subject to the aforementioned special reserve provision, then the provision of special reserve is limited to the lower amount. The special reserve appropriated as above may be restored to retained earnings in proportion to the usage, disposal or reclassification of the related assets and thereafter distributed. The special reserve may be further used to offset against deficits in subsequent years; however, the shortage of special reserve should be restored from future earnings before distribution until the reason to appropriate such reserve is vanished. Following FSC's requirement, the Bank has made a special reserve $1,256,859 thousand.

Legal reserve shall be appropriated until it has reached the Bank's paid-in capital. This reserve may be used to offset a deficit. If the Bank has no deficit and the legal reserve has exceeded 25% of the Bank's paid-in capital, the excess may be transferred to capital or distributed in cash. However, under the Banking Law, if the Bank's legal reserve is still less than its paid-in capital, the Bank may distribute cash earnings only up to 15% of the paid-in capital.

Under the Integrated Income Tax System, which took effect on January 1, 1998, resident shareholders are allowed a tax credit for the income tax paid by the Bank on earnings generated since 1998. An imputation credit account (ICA) is maintained by the Bank for such income tax and the tax credit allocated to each shareholder.

The appropriations of earnings for 2012 and 2011 had been approved in the shareholders' meetings on June 11, 2013 and April 27, 2012, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		Dividends Per Share (Dollars)	
	2012	2011	2012	2011
Legal reserve	$ 2,858,594	$ 2,603,289	$ -	$ -
Cash dividends - common stock	5,573,687	5,308,274	1.50	1.50
Stock dividends - common stock	-	1,769,424	-	0.50
	$ 8,432,281	$ 9,680,987	$ 1.50	$ 2.00

The bonus to employees and the remuneration to directors and supervisors for 2012 and 2011 approved in the shareholders' meeting on June 11, 2013 and April 27, 2012, respectively, were as follows:

	2012		2011	
	Cash	Stock	Cash	Stock
Bonus to employees	$ 28,000	$ -	$ 28,000	$ -
Remuneration to directors and supervisors	56,600	-	55,000	-

There was no difference between the amount approved and recognized above.

The appropriation of earnings, bonus to employees and remuneration to directors for 2012 were based on the Bank's financial statements for 2012 prepared in conformity with the version of the Regulations Governing the Preparation of Financial Reports for Public Banks prior to the IFRS amendment and accounting principles generally accepted in the ROC.

Information on the bonus to employees and remuneration to directors and supervisors can be accessed through the Market Observation Post System website of the Taiwan Stock Exchange Corporation's website.

d. Treasury stock

Purpose	Beginning Balance	Increase	Decrease	Ending Balance
Year ended December 31, 2013				
Shares held by subsidiaries	10,382	-	-	10,382
Year ended December 31, 2012				
Shares held by subsidiaries	9,888	494	-	10,382

The Bank reclassified its shares held by the subsidiaries as treasury stock with a carrying amount of $83,144 thousand (representing 7,698 thousand shares). The shares increased by 2,684 thousand shares over the years.

Under the Company Law, the Bank is not allowed to buy more than 5% of its issued stock. In addition, the total cost of treasury stocks may not exceed the sum of the retained earnings and realized capital surplus. The Bank may not exercise shareholders' rights on these stocks before they are resold. The Bank's stocks held by its subsidiaries are treated as treasury stocks. However, the subsidiaries may still exercise shareholders' rights on these stocks, except for voting rights and subscription right on capital increase by cash. Under the Securities and Exchange Act, the Bank shall neither pledge treasury stocks nor exercise shareholders' rights on these shares, such as rights to dividends, to vote and to subscribe for shares on capital increase by cash.

e. Non-controlling interest

	For the Year Ended December 31	
	2013	2012
Beginning balance	$ 30,567,237	$ 29,761,728
Attribution to non-controlling interest		
Net Income	2,898,512	2,666,839
Translation adjustments for foreign operations	785,762	(1,215,455)
Unrealized gains on available-for-sale financial assets	391,055	861,306
Other comprehensive income - others	(388)	684
Income tax effect	(64,717)	(141,340)
Cash dividends distribution	(1,320,614)	(1,366,525)
Ending balance	$ 33,256,847	$ 30,567,237

30. DETAILS OF COMPREHENSIVE INCOME STATEMENT ITEMS

a. Interest revenues, net

	For the Year Ended December 31	
	2013	2012
Interest revenue		
Discounts and loans	$ 18,640,574	$ 16,507,822
Securities investments	4,883,270	5,271,001
Due from banks	3,254,973	2,667,013
Others	648,218	654,945
	27,427,035	25,100,781
Interest expense		
Deposits	8,902,963	8,558,467
Bank debentures	556,554	329,809
Due to banks	183,865	114,494
Securities sold under repurchase agreements	32,692	94,112
Others	98,935	73,652
	9,775,009	9,170,534
	$ 17,652,026	$ 15,930,247

b. Service fee revenue, net

	For the Year Ended December 31	
	2013	**2012**
Service fee revenues		
Trusts	$ 1,652,456	$ 1,360,740
Loans	741,441	598,595
Nominee	602,931	526,641
Inward/outward business	583,029	606,816
Credit cards	383,551	468,552
Exchange	371,149	366,403
Guarantees	283,812	271,838
Others	614,412	904,714
	5,232,781	5,104,299
Service fee expenses		
Credit cards	104,620	105,498
Finance	69,552	68,984
Nominee	64,047	64,640
Custody	24,966	15,073
Factoring	16,120	19,015
Others	179,090	173,512
	458,395	446,722
	$ 4,774,386	$ 4,657,577

c. Gains (losses) on financial assets and liabilities at fair value through profit or loss

	For the Year Ended December 31, 2013		
	Realized (Loss) Gain	**Unrealized (Loss) Gain**	**Total**
Financial asset at fair value through profit or loss	$ 4,829,473	$ 1,043,748	$ 5,873,221
Financial liabilities at fair value through profit or loss	(3,973,784)	(877,293)	(4,851,077)
	$ 855,689	$ 166,455	$ 1,022,144

	For the Year Ended December 31, 2012		
	Realized (Loss) Gain	**Unrealized (Loss) Gain**	**Total**
Financial asset at fair value through profit or loss	$ 4,235,524	$ 23,574	$ 4,259,098
Financial liabilities at fair value through profit or loss	(3,953,247)	17,803	(3,935,444)
	$ 282,277	$ 41,377	$ 323,654

d. Employee benefit expenses

	For the Year Ended December 31	
	2013	2012
Short-term employee benefits	$ 4,183,428	$ 3,959,924
Retirement benefits		
Defined contribution plan	236,103	179,462
Defined benefit plan	170,233	166,647
	406,336	346,109
Other employee benefits	1,517,220	1,368,835
	$ 6,106,984	$ 5,674,868

e. Depreciation and amortization

	For the Year Ended December 31	
	2013	2012
Depreciation expense		
Properties	$ 470,940	$ 371,589
Investment properties	4,635	8,265
	475,575	379,854
Amortization expense		
Other assets	251,728	183,389
	$ 727,303	$ 563,243

31. INCOME TAX

a. Income tax expense recognized in profit or loss

The major components of tax expenses were as follows:

	For the Year Ended December 31	
	2013	2012
Current tax		
In respect of the current year	$ 2,591,406	$ 2,634,462
In respect of prior periods	3,904	(67,990)
	2,595,310	2,566,472
Deferred tax		
In respect of the current year	532,310	220,127
In respect of prior periods	1,941	23,292
	534,251	243,419
Income tax expense recognized in profit or loss	$ 3,129,561	$ 2,809,891

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

	Year Ended December 31	
	2013	2012
Profit before tax from continuing operations	$ 16,171,619	$ 14,983,610
Income tax expense calculated at the statutory rate	$ 3,662,170	$ 3,400,790
Add (deduct) tax effect of:		
Tax-exempt gain on sale of land	(49,641)	(14,950)
Tax-exempt cash dividend	(22,227)	(16,304)
Permanent difference - investment income	(11,655)	(16,781)
Tax-exempt gains on securities transactions	(21,455)	(17,751)
Tax-exempt income from subsidiaries	(10,151)	(37,430)
Tax-exempt income from offshore banking unit (OBU)	(438,198)	(428,819)
Others	(95,300)	(11,961)
	3,013,543	2,856,794
Additional income tax on unappropriated earnings	110,173	156
Tax credits	-	(2,361)
Adjustments for prior years' tax	5,845	(44,698)
Income tax expense recognized in profit or loss	$ 3,129,561	$ 2,809,891

The applicable tax rate used above is the corporate tax rate of 17% payable by the Group in ROC, while the applicable tax rate used by subsidiaries in China is 25% ; in other foreign countries is 16.5%.

b. Income tax expense recognized in other comprehensive income

	For the Year Ended December 31	
	2013	2012
Deferred income tax expense		
Arising on income and expenses recognized in other comprehensive income		
Translation adjustments for foreign operations	$ (199,962)	$ 272,823
Unrealized gain or loss on available-for-sale financial assets	(37,692)	(260,673)
Actuarial gains and loss under defined plan	2,703	18,614
Income tax expense recognized in other comprehensive income	$ (234,951)	$ 30,764

c. Current tax assets and liabilities

	December 31, 2013	December 31, 2012	January 1, 2012
Current tax assets			
Tax refund receivable	$ 64,446	$ 40,733	$ 40,733
Current tax liabilities			
Income tax payable	$ 939,494	$ 1,015,293	$ 175,947

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2013

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Translation Differences	Closing Balance
Temporary differences					
Doubtful debts	$ 877,578	$ (163,674)	$ -	$ 6,155	$ 720,059
Impairment loss on available-for-sale financial assets	99,607	(53,176)	-	-	46,431
Investment loss of domestic subsidiaries recognized under equity method	54,008	(799)	-	-	53,209
Unrealized foreign exchange loss	702	6,723	-	-	7,425
Recognized deferred benefit contribution	2,626	(1,555)	-	-	1,071
Defined employee benefit plan	33,428	1,446	2,703	-	37,577
Impairment loss of financial assets carried at cost	1,445	-	-	-	1,445
Others	41,536	12,024	-	3,547	57,107
	$1,110,930	$ (199,011)	$ 2,703	$ 9,702	$ 924,324

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Translation Differences	Closing Balance
Temporary differences					
Unrealized gain on financial instruments	$ (932,554)	$ 27,577	$ (125,670)	$ (21,036)	$(1,051,683)
Investment income and exchange differences on translation of foreign subsidiaries recognized under equity method	(6,366,624)	(363,843)	(203,808)	-	(6,934,275)
Recognized deferred depreciation expenses	(33,515)	738	-	(851)	(33,628)
Others	(695)	286	-	-	(409)
	$(7,333,388)	$ (335,242)	$ (329,478)	$ (21,887)	$(8,019,995)

For the year ended December 31, 2012

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Translation Differences	Closing Balance
Temporary differences					
Doubtful debts	$ 780,468	$ 106,990	$ -	$ (9,880)	$ 877,578
Impairment loss on available-for-sale financial assets	120,695	(21,088)	-	-	99,607
Unrealized valuation loss of financial instruments	7,056	(7,056)	-	-	-
Investment loss of domestic subsidiaries recognized under equity method	54,998	(990)	-	-	54,008
Unrealized foreign exchange loss	9,689	(8,987)	-	-	702
Recognized deferred benefit contribution	5,278	(2,652)	-	-	2,626
Defined employee benefit plan	19,552	(4,738)	18,614	-	33,428
Impairment loss of financial assets carried at cost	1,445	-	-	-	1,445
Others	34,463	5,136	-	1,937	41,536
	$1,033,644	$ 66,615	$ 18,614	$ (7,943)	$1,110,930

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Translation Differences	Closing Balance
Temporary differences					
Unrealized gain on financial instruments	$ (525,149)	$ 15,829	$ (443,548)	$ 20,314	$ (932,554)
Investment income and exchange differences on translation of foreign subsidiaries recognized under equity method	(6,339,248)	(300,199)	272,823	-	(6,366,624)
Recognized deferred depreciation expenses	(2,054)	(32,093)	-	632	(33,515)
Others	(7,124)	6,429	-	-	(695)
	$(6,873,575)	$ (310,034)	$ (170,725)	$ 20,946	$(7,333,388)

e. Integrated income tax

	December 31, 2013	December 31, 2012	January 1, 2012
Unappropriated earnings			
Unappropriated earnings generated before January 1, 1998	$ 27,065	$ 27,065	$ 27,065
Unappropriated earnings generated on and after January 1, 1998	14,886,744	14,445,535	14,710,522
	$ 14,913,809	$ 14,472,600	$ 14,737,587
Imputation credits accounts	$ 2,101,309	$ 2,777,894	$ 5,151,494

The creditable ratio for distribution of earnings of 2013 and 2012 was 14.12% (expected) and 24.11%, respectively.

Under the Income Tax Law, the imputation tax credits distributed to each shareholder are based on the ICA balance as of the date of dividend distribution. When the Bank pays dividend to its foreign shareholders, it should withhold income tax in accordance with related tax law, and therefore foreign shareholders are not entitled to the imputed tax credit. Only if earnings distributed include those which have been taxed for the 10% unappropriated earning tax, then the foreign shareholders are allowed a tax credit equal to their proportionate share of such additional 10% tax. The actual imputation credits allocated to shareholders of the Bank was based on the balance of the Imputation Credit Accounts (ICA) as of the date of dividend distribution. Therefore, the expected creditable ratio for the 2013 earnings may differ from the actual creditable ratio to be used in allocating imputation credits to the shareholders.

According to legal interpretation No. 10204562810 announced by the Taxation Administration of the Ministry of Finance, when calculating imputation credits in the year of first-time adoption of IFRSs, the cumulative retained earnings include the net increase or net decrease in retained earnings arising from first-time adoption of IFRSs

f. Income tax assessments

The Bank's income tax returns through 2011 had been assessed by the tax authorities; however, the Bank is currently filing appeals to the assessments of 2011 and 2008. Income tax returns of the Bank's domestic subsidiary, SCSB Life Insurance Agency, through 2012 had been assessed by the tax authorities.

Income tax returns of other domestic subsidiaries of the Bank, including SCSB Property Insurance Agency, SCSB Asset Management Ltd., SCSB Marketing and China Travel Service(Taiwan) through 2011 had been assessed by the tax authorities.

32. EARNINGS PER SHARE

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

	Amount (Numerator)		Shares	Earnings Per Share (Dollars)	
	Before Income Tax	After Income Tax	(Denominator in Thousands)	Before Income Tax	After Income Tax
For the year ended December 31, 2013					
Basic earnings per share	$ 11,628,224	$ 10,143,546	3,705,410	$ 3.14	$ 2.74
Effect of dilutive potential common shares					
Bonus to employees	-	-	1,615		
Diluted earnings per share					
Income for the year attributable to common shareholders plus effect of potential dilutive common shares	$ 11,628,224	$ 10,143,546	3,707,025	$ 3.14	$ 2.74
For the year ended December 31, 2012					
Basic earnings per share	$ 10,691,851	$ 9,506,880	3,705,410	$ 2.89	$ 2.57
Effect of dilutive potential common shares					
Bonus to employees	-	-	1,586		
Diluted earnings per share					
Income for the year attributable to common shareholders plus effect of potential dilutive common shares	$ 10,691,851	$ 9,506,880	3,706,996	$ 2.88	$ 2.56

If the Bank offered to settle bonuses paid to employees in cash or shares, the Bank assumed the entire amount of the bonus would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. Such dilutive effect of the potential shares was included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

33. RELATED-PARTY TRANSACTIONS

a. The Bank's related parties were as follows:

Related Party	Relationship with the Bank
The SCSB Cultural & Educational Foundation	More than 1/3 of total fund was donated by the Bank
The SCSB Charity Foundation	More than 1/3 of total fund was donated by the Bank
Silks Place Taroko	Investment in Associate
BC Reinsurance Limited	Investment in Associate
Joint Electronic Teller Services Limited (JETCO)	Investment in Associate
Bank Consortium Holding Limited	Investment in Associate
Hong Kong Life Insurance Limited	Investment in Associate
i-Tech Solutions Limited	Investment in Associate
Hung Ta Investment Corporation	The chairman and the Bank's chairman are related by marriage
Others	The Bank's directors, supervisors, managers, and the relatives of the Bank's directors, supervisors and managers

b. The significant transactions and account balances with the above parties (except those disclosed in other notes) are summarized as follows:

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.

1) Deposits

	December 31, 2013			Year Ended December 31, 2013
	Maximum Balance	**Ending Balance**	**Interest Rate (%)**	**Interest Expense**
Supervisors and management related	$ 2,532,827	$ 2,445,599	0.01-3.25	$ 32,459
The SCSB Cultural & Educational Foundation	295,723	275,560	0.11-1.38	3,077
Employees	246,338	123,616	0.28-10.20	2,575
The SCSB Charity Foundation	90,200	90,021	0.28-1.31	397
Hung Ta Investment Corporation	49,303	343	0.17-0.17	2
Silks Place Taroko	13,858	305	0.17-1.31	2
	$ 3,228,249	$ 2,935,444		$ 38,512

	December 31, 2012			Year Ended December 31, 2012
	Maximum Balance	**Ending Balance**	**Interest Rate (%)**	**Interest Expense**
Supervisors and management related	$ 3,755,973	$ 3,632,884	0.01-5.30	$ 32,098
The SCSB Cultural & Educational Foundation	290,249	280,609	0.11-1.38	3,183
Employees	247,996	89,249	0.35-10.18	2,811
The SCSB Charity Foundation	52,065	30,272	0.28-1.38	562
Hung Ta Investment Corporation	46,238	436	0.17-0.17	12
Silks Place Taroko	204	114	0.17-1.31	1
	$ 4,392,725	$ 4,033,564		$ 38,667

	January 1, 2012		
	Maximum Balance	**Ending Balance**	**Interest Rate (%)**
Supervisors and management related	$ 3,480,766	$ 2,652,669	0.01-5.30
Employees	410,067	72,280	0.26-10.15
The SCSB Cultural & Educational Foundation	394,481	254,373	0.92-1.31
The SCSB Charity Foundation	72,117	52,042	0.23-1.38
Hung Ta Investment Corporation	61,165	7,539	0.13-0.17
Silks Place Taroko	12,161	114	0.13-1.31
	$ 4,430,757	$ 3,039,017	

2) Interest receivable (accounted for receivables, net)

	December 31, 2013	December 31, 2012	January 1, 2012
Supervisors and management related	$ 147	$ 160	$ 202
Silks Place Taroko	35	12	27
	$ 182	$ 172	$ 229

3) Interest payable (accounted for payables)

	December 31, 2013	December 31, 2012	January 1, 2012
Supervisors and management related	$ 191	$ 289	$ 180
The SCSB Cultural & Educational Foundation	89	244	222
The SCSB Charity Foundation	6	4	25
	$ 286	$ 537	$ 427

4) Guarantee deposits received (accounted for other liabilities)

	December 31, 2013	December 31, 2012	January 1, 2012
The SCSB Cultural & Educational Foundation	$ 211	$ 211	$ 211

5) Rental income (accounted for other net revenues)

	For the Year Ended December 31	
	2013	2012
The SCSB Cultural & Educational Foundation	$ 802	$ 802

For the rental contracts with related parties, the rent is determined in proportion to the area rented by reference to the rent in neighborhood and received on a monthly basis.

6) Donated expense (accounted for Other general administrative expense)

	Year Ended December 31	
	2013	2012
The SCSB Charity Foundation	$ 60,000	$ -

7) Loans

December 31, 2013

Category	Name	Maximum Balance	Ending Balance	Performance: Normal Loans	Performance: Non-performing Loans	Collateral	Interest Rate (%)	Difference of Terms of the Transactions with Unrelated Parties	Year Ended December 31, 2013 Interest Income
Loans for personal house mortgage	Supervisors and management related (16)	$ 127,848	$ 113,310	$ 113,310		Real estate	1.58-2.17	None	$ 2,285
Others	Supervisors and management related	1,269,322	1,264,687	1,264,687		Real estate	2.17-2.97	None	55,840
	Silks Place Taroko	68,000	63,500	63,500		Real estate	1.84-1.84	None	910
		$1,465,170	$1,441,497	$1,441,497					$ 59,035

December 31, 2012

Category	Name	Maximum Balance	Ending Balance	Performance: Normal Loans	Performance: Non-performing Loans	Collateral	Interest Rate (%)	Difference of Terms of the Transactions with Unrelated Parties	Year Ended December 31, 2012 Interest Income
Loans for personal house mortgage	Supervisors and management related (26)	$ 172,008	$ 121,239	$ 121,239		Real estate	1.58-2.62	None	$ 2,834
Others	Supervisors and management related	2,599,288	1,980,501	1,980,501		Real estate	1.80-3.23	None	81,852
	Silks Place Taroko	67,400	22,000	22,000		Real estate	1.59-1.84	None	423
		$2,838,696	$2,123,740	$2,123,740					$ 85,109

January 1, 2012

Category	Name	Maximum Balance	Ending Balance	Performance: Normal Loans	Performance: Non-performing Loans	Collateral	Interest Rate (%)	Difference of Terms of the Transactions with Unrelated Parties
Loans for personal house mortgage	Supervisors and management related (29)	$ 187,211	$ 159,554	$ 159,554	-	Real estate	1.41-2.42	None
Others	Supervisors and management related	2,953,440	2,938,272	2,938,272	-	Real estate	2.03-4.25	None
	Silks Place Taroko	75,000	56,400	56,400	-	Real estate	1.42-1.59	None
		$3,215,651	$3,154,226	$3,154,226				

Except for the additional disclosures made in the financial statements, the Group did not have material related party transactions. Employee deposits and loans have interest rates that are better than ordinary rates but within regulated limits, while other related party transactions have similar terms as non-related party transactions.

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

c. Compensation of directors, supervisors and management personnel:

	For the Year Ended December 31 2013	For the Year Ended December 31 2012
Salaries and other short-term employee benefits	$ 351,548	$ 343,165
Remuneration to directors and supervisors	76,121	67,325
Bonus to employees	63,679	62,518
Post-employment benefits	27,308	20,169
Others	712	1,292
	$ 519,368	$ 494,469

34. PLEDGED ASSETS

Under the Central Bank's clearing system of Real-Time Gross Settlement (RTGS), on December 31, 2013, December 31, 2012 and January 1, 2012, the assets listed below had been provided as collateral for day-term overdraft with the pledged amount adjustable anytime.

	December 31, 2013	December 31, 2012	January 1, 2012	Guaranty Purpose
Held-to-maturity financial assets	$ 8,600,000	$ 9,000,000	$ 9,500,000	Day-term overdraft with the pledge

On December 31, 2013, December 31, 2012 and January 1, 2012, the assets listed below had been provided as refundable deposits for operating guarantee and for executing legal proceedings against defaulting borrowers as required by the court.

	December 31, 2013	December 31, 2012	January 1, 2012	Guaranty Purpose
Held-to-maturity financial assets	$ 205,807	$ 219,948	$ 225,741	Operating guarantee and executing legal proceedings against defaulted borrowers as required by the court
Available-for-sale financial assets	112,351	113,279	113,534	Operating guarantee and executing legal proceedings against defaulted borrowers as required by the court

On December 31, 2013, December 31, 2012 and January 1, 2012, SCB HK provided its held-to-maturity financial assets and discounts and loans listed below for overseas branch operating guarantee.

	December 31, 2013	December 31, 2012	January 1, 2012	Guaranty Purpose
Held-to-maturity financial assets	$ 8,706,852	$ 8,375,692	$ 8,685,341	Overseas branch operating guarantee
Discounts and loans	218,139	222,706	242,467	Pledge to the California government under local law

35. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

a. In addition to those disclosed in other notes, significant commitments and contingencies of the Bank as of December 31, 2013, December 31, 2012 and January 1, 2012 were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Receivables under custody	37,189,408	32,802,461	40,891,511
Loans made on behalf of others	-	800,000	800,000
Consigned travelers' checks	242,685	259,376	292,202
Guarantee notes payable	78,588,623	61,548,419	44,949,359
Assets under trust	123,394,073	111,832,419	100,151,245
Securities in custody	237,795,019	194,424,789	170,305,275
Government bonds in brokerage accounts	22,308,300	19,012,000	15,953,100
Short-term bills in brokerage accounts	1,109,164	909,400	715,500
Commitments of forward contracts with customers	31,531,679	44,086,256	53,818,666

b. Operational risk and legal risk

Item	Reason and Amount	
	Year Ended December 31	
	2013	2012
Chief director and staff indicted by prosecutor for breaking law in the conduct of operational activities in recent year	None	None
Violating the law and being punished by authorities in the recent year	None	None
Deficiency corrected by authorities in the recent year	None	None
Punished by authorities according to Bank law No. 61-1 in the recent year	None	None
A single or whole security events due to fraudulence, accident or against "Outlines Governing the Security Maintenance and Administration of Financial Institutions" which caused losses amount to $50 million in the recent year.	None	None
Other	None	None

c. Construction contracts

In order to expand the office space, SCB HK has entered into a memorandum with a non-related party to rebuild its head office in June 2013. To date, the formal contract is not yet signed. The total price of contract is approximately about HK$556,700 thousand.

36. FINANCIAL INSTRUMENTS

a. Fair value information

1) Financial instruments not measured at fair value

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

	December 31, 2013		December 31, 2012		January 1, 2012	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets						
Held-to-maturity financial assets	$ 116,575,221	$ 116,702,461	$ 125,137,107	$ 125,126,438	$ 173,884,651	$ 173,851,848
Financial liabilities						
Bank debentures	33,104,321	32,976,719	35,189,440	34,800,684	15,295,357	14,940,214

2) The evaluation method and assumptions used in measuring at fair value.

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

a) The fair value of financial assets with standard clauses and terms is quoted market price.

b) The fair value of derivative with active market is based on market price. The fair value of option derivative without market price is measured by using option pricing model. The fair value of non-option derivative without market price is measured by discounted cash flow method that uses the yield curve for the duration. The fair value of forward foreign exchange contract is measured by the forward exchange rate and the quoted interest rate which are derived from the yield curve of contractual maturity period. Interest rate swap contracts are measured based on the present value discounted from the estimated future cash flow.

c) The fair value of financial instruments other than the above is determined by the discounted cash flow analysis or other generally accepted pricing models.

3) Fair value measurements recognized in the consolidated balance sheets

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

a) Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities;

b) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

c) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial Instruments Measured at Fair Value	December 31, 2013 Total	Level 1	Level 2	Level 3
Non-derivative instruments				
Assets				
Financial assets at fair value through profit or loss				
Held-for-trading financial assets				
Stocks	$ 753,428	$ 753,428	$ -	$ -
Bonds	680,761	680,761	-	-
Other	28,479,295	10,177	28,469,118	-
Financial assets designated as at FVTPL	1,545,803	2,306,688	-	1,545,803
Available-for-sale financial assets				
Stocks	12,145,174	47,574,706	380,983	9,457,503
Bonds	117,685,040	7,779,122	69,664,812	445,522
Other	55,618,457		46,881,763	957,572
Other financial assets				
Debt investment with no active market	200,000	-	-	200,000
	$ 217,107,958	$ 59,104,882	$ 145,396,676	$ 12,606,400
Derivative instruments				
Assets				
Financial assets at fair value through profit or loss	1,584,187	-	1,488,216	95,971
Derivative instruments held for hedging	104,418	-	104,418	-
	$ 1,688,605	$ -	$ 1,592,634	$ 95,971
Liabilities				
Financial liability at fair value through profit or loss	1,529,591	-	1,439,520	90,071
Derivative instruments held for hedging	24,429	-	24,429	-
	$ 1,554,020	$ -	$ 1,463,949	$ 90,071

Financial Instruments Measured at Fair Value	December 31, 2012 Total	Level 1	Level 2	Level 3
Non-derivative instruments				
Assets				
Financial assets at fair value through profit or loss				
Held-for-trading financial assets				
Stocks	$ 517,630	$ 517,630	$ -	$ -
Bonds	1,173,849	779,101	394,748	-
Other	23,465,942	45,455	23,420,487	-
Financial assets designated as at FVTPL	2,636,578	-	-	2,636,578
Available-for-sale financial assets				
Stocks	9,326,060	2,450,738	-	6,875,322
Bonds	154,397,486	45,161,309	108,445,737	790,440
Other	8,156,774	6,873,472	993,774	289,528
Other financial assets				
Debt investment with no active market	200,000	-	-	200,000
	$ 199,874,319	$ 55,827,705	$ 133,254,746	$ 10,791,868
Derivative instruments				
Assets				
Financial assets at fair value through profit or loss	628,114	-	595,436	32,678
Derivative instruments held for hedging	189,613	-	189,613	-
	$ 817,727	$ -	$ 785,049	$ 32,678
Liabilities				
Financial liability at fair value through profit or loss	510,609	-	490,076	20,533
Derivative instruments held for hedging	62,087	-	62,087	-
	$ 572,696	$ -	$ 552,163	$ 20,533

Financial Instruments Measured at Fair Value	January 1, 2012 Total	Level 1	Level 2	Level 3
Non-derivative instruments				
Assets				
Financial assets at fair value through profit or loss				
Held-for-trading financial assets				
Stocks	$ 453,835	$ 453,835	$ -	$ -
Bonds	1,323,469	780,572	542,897	-
Other	24,370,915	44,508	24,326,407	-
Financial assets designated as at FVTPL	2,617,109	-	-	2,617,109
Available-for-sale financial assets				
Stocks	9,193,273	2,099,177	-	7,094,096
Bonds	121,329,200	49,237,781	70,040,484	2,050,935
Other	3,080,182	1,786,359	991,951	301,872
Other financial assets				
Debt investment with no active market	200,000	-	-	200,000
	$ 162,567,983	$ 54,402,232	$ 95,901,739	$ 12,264,012
Derivative instruments				
Assets				
Financial assets at fair value through profit or loss	703,172	-	595,076	108,096
Derivative instruments held for hedging	296,410	-	296,410	-
	$ 999,582	$ -	$ 891,486	$ 108,096
Liabilities				
Financial liability at fair value through profit or loss	474,469	-	406,334	68,135
Derivative instruments held for hedging	104,452	-	104,452	-
	$ 578,921	$ -	$ 510,786	$ 68,135

There were no transfers of financial instruments between level 1 and level 2 fair value measurement for the years ended December 31, 2013 and 2012.

4) Reconciliation of level 3 fair value measurements of financial assets and liabilities for the years ended December 31, 2013 and 2012 is as follows:

For the year ended December 31, 2013

Item	Beginning Balance	Amount of Valuation Gain or Loss		Addition		Reduction		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 at FVTPL								
Held-for-trading financial assets	$ 32,678	$ 69,924	$ -	$ -	$ -	($ 6,631)	$ -	$ 95,971
Financial assets designated as at fair value	2,636,578	41,312	69,342	387,244	-	(1,588,673)	-	1,545,803
Available-for-sale financial assets	7,955,290	-	2,104,794	2,237,439	-	(1,055,943)	(380,983)	10,860,597
Other financial assets								
Debt investments with no active markets	200,000	-	-	-	-		-	200,000
Liabilities								
Financial liabilities at FVTPL								
Held-for-trading financial liabilities	20,533	72,853	-	-	-	(3,315)	-	90,071

For the year ended December 31, 2012

Item	Beginning Balance	Amount of Valuation Gain or Loss		Addition		Reduction		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 at FVTPL								
Held-for-trading financial assets	$ 108,096	$ 11,659	$ -	$ 26,356	$ -	($ 113,433)	$ -	$ 32,678
Financial assets designated as at fair value	2,617,109	43,060	(110,711)	464,640	-	(377,520)	-	2,636,578
Available-for-sale financial assets	9,446,903	-	(164,612)	294,279	-	(1,621,280)	-	7,955,290
Other financial assets								
Debt investments with no active markets	200,000	-	-	-	-	-	-	200,000
Liabilities								
Financial liabilities at FVTPL								
Held-for-trading financial liabilities	68,135	(4,063)	-	13,178	-	(56,717)	-	20,533

5) Sensitivity analysis for alternative assumptions of level 3 fair value measurements of financial instruments.

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

December 31, 2013

	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 at FVTPL				
Held-for-trading financial assets	$ 83,273	($ 3,964)	$ -	$ -
Financial assets designated as at fair value	-	(1,198)	-	-

	Changes in Fair Value Reflected in Profit or Loss		Changes in Fair Value Reflected in Other Comprehensive Income	
	Favorable	Unfavorable	Favorable	Unfavorable
Available-for-sale financial assets	-	-	94,575	(5,612)
Liabilities				
Financial liabilities at FVTPL				
Held-for-trading financial liabilities	-	(83,273)	-	-

December 31, 2012

	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 at FVTPL				
Held-for-trading financial assets	$ 13,783	$ (1,077)	$ -	$ -
Financial assets designated as at fair value	-	(4,510)	-	-
Available-for-sale financial assets	-	-	68,753	(7,313)
Liabilities				
Financial liabilities at FVTPL				
Held-for-trading financial liabilities	-	(13,783)	-	-

January 1, 2012

	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 at FVTPL				
Held-for-trading financial assets	$ 43,148	$ (26,938)	$ -	$ -
Financial assets designated as at fair value	-	(7,552)	-	-
Available-for-sale financial assets	-	-	70,941	(24,869)
Liabilities				
Financial liabilities at FVTPL				
Held-for-trading financial liabilities	10,102	(43,148)	-	-

For financial instruments those were classified as the level 3 if the parameters went down 1%, the influence of net income or other comprehensive income is as follows:

December 31, 2013

	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 at FVTPL				
Held-for-trading financial assets	$ 77,086	($ 3,938)	$ -	$ -
Financial assets designated as at fair value	1,198	-	-	-
Available-for-sale financial assets	-	-	5,870	(94,575)
Liabilities				
Financial liabilities at FVTPL				
Held-for-trading financial liabilities	-	(77,086)	-	-

December 31, 2012

	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 at FVTPL				
Held-for-trading financial assets	$ 5,171	$ (5,355)	$ -	$ -
Financial assets designated as at fair value	4,510	-	-	-
Available-for-sale financial assets	-	-	7,558	(68,753)
Liabilities				
Financial liabilities at FVTPL				
Held-for-trading financial liabilities	4,412	(5,171)	-	-

January 1, 2012

	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 at FVTPL				
Held-for-trading financial assets	$ 24,146	$ (46,187)	$ -	$ -
Financial assets designated as at fair value	7,552	-	-	-
Available-for-sale financial assets	-	-	39,121	(70,941)
Liabilities				
Financial liabilities at FVTPL				
Held-for-trading financial liabilities	29,626	(24,146)	-	-

b. Financial risk management

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 were considered and approved by the board to identify, measure, monitor, and control the credit risk, market risk, and liquidity risk.

The Group's risk management department performs the Group's risk management activities pursuant to the policies approve by the Board. Risk management department works with other business departments in order to identify, evaluate, and avoid any financial risks. The board 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.

2) Credit risks

Credit risk is the risk resulted from counterparties' failure to fulfill the contractual obligations causing the Group's financial losses. Both in-balance-sheet and off-balance-sheet items were covered in credit risks. For the Group's credit exposures, in-balance-sheet items are mainly consisted of discounts and loans, credit card business, due from and call loans to banks, debt investments, and derivatives instruments. Off-balance sheet items are 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 with 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.

a) Procedures of credit risk management

Major procedures and methods for credit risk management are as follows:

i. Credit business (loan commitments and guarantees included)

The classification of credit assets and credit quality levels are as follows:

i) Classification of credit assets

Credit assets are divided into normal, notice, warning, difficult and uncollectible by the conditions of credit assets and the length of overdue time. The Bank established its "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans'' and "Credit Asset Valuation Guidelines" to manage credit issues related to nonperforming loans.

As for Shanghai Commercial Bank(HK), Credit assets are divided into "pass", "special mention", "substandard", "doubtful", and "loss".

ii) Credit quality rating

The Group establishes a credit quality rating guide (either using internal rating models or credit rating table) based on the business characteristics, scale and other factors and uses it in its risk management.

In order to assess the corporate clients' credit risk, the Group develops a credit rating model by using statistical methods or professional judgments and by considering clients' information. The model is reviewed regularly to determine whether the computation agrees to the actual situation, and makes adjustments to each parameter to optimize the calculation results.

For individual personal clients' credit loans and mortgage loans, internal credit rating model is used in the credit evaluation; other credits are assessed on a case by case basis.

The clients are assessed and ranked annually. In addition, to ensure the rationality of the credit rating system, the design, process and associated risk factors are reviewed and the models are evaluated based on the actual defaults on an annual basis.

ii. 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 set limits to the credit facilities.

iii. Debt investment 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 investment 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 counterparty.

iv. Other systems of credit risk management

The Group adopted a series of policies and measures to reduce credit risk for its loan business, among which requiring the borrower to provide collateral is frequently used. The Group has standard procedures for the assessment, management and disposal of collateral to ensure claims. The Group's loan contracts with clients include terms that lower the credit risks.

Collaterals of non-credit business are required depending on the nature of the financial instruments. Asset-based securities and other similar financial instruments are assessed as a group of assets or pool of financial instruments.

To avoid the risk of excessive concentration of credit, the Group has set a standard to limit credit to a single counterparty or a single group. In addition, the Group has set credit limits on industry, group companies, countries, business and other loans secured by stocks to control and monitor various asset concentration risk. And there is a system to monitor a single counterparty, group companies, affiliates, industry, nationality, ultimate risk country and other types of credit risk concentration.

The Group's transactions are usually settled on a gross basis, but some on a net basis, or upon default, all the transactions with the counterparty are terminated and settled on a net basis, in order to further reduce credit risk.

b) Credit risk exposures

The maximum exposure of the Group's assets in the balance sheet 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, 2013	December 31, 2012	January 1, 2012
Developed and noncancelable loan commitments	$ 27,961,325	$ 23,805,025	$ 24,689,731
Noncancelable credit card commitments	54,585,915	55,888,538	54,718,959
Issued but unused letters of credit	52,945,361	51,024,405	51,212,596
Other guarantees	49,525,789	49,720,336	50,002,768

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

c) Information on concentration of credit risk

Concentration of credit risk exists if transaction counterparties 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 through the enforcement and implementation of transactions (regardless of products or service) or 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 were not material. The Group's most significant concentrations of credit risk of discounts and loans and non-performing loans by business, region, and collateral were summarized as follows:

i. Counterparty

	December 31, 2013		December 31, 2012		January 1, 2012	
Counterparty	**Amount**	**% to Total**	**Amount**	**% to Total**	**Amount**	**% to Total**
Private sector	$ 493,088,791	63	$ 410,382,523	62	$ 403,745,350	63
Consumer	265,388,026	34	234,024,564	35	221,194,773	34
Financial institution	22,188,937	3	17,564,988	3	15,911,644	2
Others	3,449,819	-	3,333,813	-	3,497,229	1
	$ 784,115,573	100	$ 665,305,888	100	$ 644,348,996	100

ii. Region

	December 31, 2013		December 31, 2012		January 1, 2012	
Region	**Amount**	**% to Total**	**Amount**	**% to Total**	**Amount**	**% to Total**
R.O.C.	$ 457,077,635	58	$ 411,492,703	62	$ 381,366,455	59
Asia Pacific excluding R.O.C.	272,874,406	35	202,838,930	30	212,945,472	33
Others	54,163,532	7	50,974,255	8	50,037,069	8
	$ 784,115,573	100	$ 665,305,888	100	$ 644,348,996	100

iii. Collaterals assumed

	December 31, 2013		December 31, 2012		January 1, 2012	
Collaterals Assumed	**Amount**	**% to Total**	**Amount**	**% to Total**	**Amount**	**% to Total**
Unsecured	$ 149,758,521	19	$ 133,432,877	20	$ 140,019,541	22
Secured						
Properties	469,465,148	60	420,756,755	63	406,971,333	63
Guarantee	80,691,706	10	39,941,792	6	28,346,234	4
Financial collateral	35,718,402	5	31,315,857	5	29,596,567	5
Movable properties	11,225,797	1	14,895,429	2	16,885,783	3
Other collaterals	37,255,999	5	24,963,178	4	22,529,538	3
	$ 784,115,573	100	$ 665,305,888	100	$ 644,348,996	100

d) 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, investment in bills and bonds with resale agreements, guarantee deposits paid, security business, and clearing and settlement fund, etc. are assessed to have very low credit risk because the counterparties have good credit ratings.

In addition to the above, the credit analysis of the remaining financial assets is as follows:

i. Credit quality analysis of discounts and loans and receivables

i) The Bank and its domestic subsidiaries

December 31, 2013	Neither Past Due Nor Impaired				Overdue but Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Allowance for impairment (D)		Net Amount (A)+(B)+(C)-(D)
	Strong	Moderate	Special Mention	Subtotal (A)				Objective Evidence of Impairment	No Objective Evidence of Impairment	
Receivables										
Credit card	$ 1,399,884	$ 652,385	$ 71,228	$ 2,123,497	$ 54,010	$ 96,854	$ 2,274,361	$ 23,687	$ 139,683	$ 2,110,991
Others	3,097,371	2,267,950	329,216	5,694,537	574,540	391,144	6,660,221	62,522	92,643	6,505,056
Discounts and loans	308,253,255	162,363,411	29,806,757	500,423,423	32,014,273	13,652,104	546,089,800	5,900,435	1,911,743	538,277,622

December 31, 2012	Neither Past Due Nor Impaired				Overdue but Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Allowance for impairment (D)		Net Amount (A)+(B)+(C)-(D)
	Strong	Moderate	Special Mention	Subtotal (A)				Objective Evidence of Impairment	No Objective Evidence of Impairment	
Receivables										
Credit card	$ 1,442,698	$ 692,821	$ 91,111	$ 2,226,630	$ 61,126	$ 104,002	$ 2,391,758	$ 25,314	$ 109,293	$ 2,257,151
Others	2,427,591	2,774,930	376,686	5,579,207	517,007	1,067,587	7,163,801	54,070	85,454	7,024,277
Discounts and loans	275,900,955	135,602,166	29,768,415	441,271,536	11,386,283	12,083,246	464,741,065	5,737,333	2,058,775	456,944,957

January 1, 2012	Neither Past Due Nor Impaired				Overdue but Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Allowance for impairment (D)		Net Amount (A)+(B)+(C)-(D)
	Strong	Moderate	Special Mention	Subtotal (A)				Objective Evidence of Impairment	No Objective Evidence of Impairment	
Receivables										
Credit card	$ 1,545,141	$ 679,782	$ 100,981	$ 2,325,904	$ 61,891	$ 111,040	$ 2,498,835	$ 30,646	$ 82,527	$ 2,385,662
Others	2,892,362	3,079,715	289,824	6,261,901	412,743	457,324	7,131,968	25,862	93,664	7,012,442
Discounts and loans	245,737,374	136,617,253	21,229,364	403,583,991	17,247,117	9,045,858	429,876,966	4,479,898	2,368,923	423,028,145

ii) SCB (HK)

December 31, 2013	Neither Past Due Nor Impaired Amount						Past Due but Not Impaired Amount (B)	Impaired Amount (C)	Total (A)+(B)+(C)	Allowance for Impairment (D)		Net Amount (A)+(B)+(C)-(D)
	Pass	Special Mentioned	Sub-Standard	Doubtful	Loss	Subtotal (A)				Objective Evidence of Impairment	No Objective Evidence of Impairment	
Receivables												
Credit card	$ 1,006,426	$ 28,515	$ -	$ -	$ -	$ 1,034,941	$ 19,914	$ 17,057	$ 1,071,912	$ 4,960	$ 26,364	$ 1,040,588
Others	5,597,323	-	-	-	-	5,597,323	-	-	5,597,323	-	-	5,597,323
Discounts and loans	226,900,524	4,401,808	-	-	-	231,302,332	5,296,227	1,427,214	238,025,773	124,818	911,291	236,989,664

December 31, 2012	Neither Past Due Nor Impaired Amount						Past Due but Not Impaired Amount (B)	Impaired Amount (C)	Total (A)+(B)+(C)	Allowance for Impairment (D)		Net Amount (A)+(B)+(C)-(D)
	Pass	Special Mentioned	Sub-Standard	Doubtful	Loss	Subtotal (A)				Objective Evidence of Impairment	No Objective Evidence of Impairment	
Receivables												
Credit card	$ 1,162,822	$ 27,259	$ -	$ -	$ -	$ 1,190,081	$ 7,714	$ 16,690	$ 1,214,485	$ 5,522	$ 29,676	$ 1,179,287
Others	5,797,543	-	-	-	-	5,797,543	-	-	5,797,543	-	-	5,797,543
Discounts and loans	189,805,850	4,131,140	-	-	-	193,936,990	4,945,990	1,681,843	200,564,823	176,119	770,118	199,618,586

January 1, 2012	Neither Past Due Nor Impaired Amount						Past Due but Not Impaired Amount (B)	Impaired Amount (C)	Total (A)+(B)+(C)	Allowance for Impairment (D)		Net Amount (A)+(B)+(C)-(D)
	Pass	Special Mentioned	Sub-Standard	Doubtful	Loss	Subtotal (A)				Objective Evidence of Impairment	No Objective Evidence of Impairment	
Receivables												
Credit card	$ 1,305,479	$ 21,657	$ -	$ -	$ -	$ 1,327,136	$ 9,926	$ 15,939	$ 1,353,001	$ 5,121	$ 32,343	$ 1,315,537
Others	7,106,433	-	-	-	-	7,106,433	-	-	7,106,433	-	-	7,106,433
Discounts and loans	203,667,393	3,104,399	-	-	-	206,771,792	4,134,125	3,566,113	214,472,030	264,053	804,991	213,402,986

ii. Credit quality analysis of discounts and loans that are neither past due nor impaired

i) The Bank and its domestic subsidiaries

December 31, 2013	Neither Past Due Nor Impaired			
	Strong	Moderate	Special Mentioned	Total
Consumer banking				
Housing mortgage	$ 142,553,144	$ 9,802,375	$ 1,639,871	$ 153,795,390
Credit loans	297,155	191,927	137,865	626,947
Others	13,837,889	1,615,484	278,070	15,731,443
Corporate banking				
Secured	81,111,034	83,538,413	16,866,302	181,515,749
Unsecured	70,645,033	67,215,212	10,884,649	148,753,894
Total	$ 308,253,255	$ 162,363,411	$ 29,806,757	$ 500,423,423

December 31, 2012	Neither Past Due Nor Impaired			
	Strong	Moderate	Special Mentioned	Total
Consumer banking				
Housing mortgage	$ 132,213,942	$ 10,907,113	$ 1,143,547	$ 144,264,602
Credit loans	460,525	124,715	353,542	938,782
Others	12,192,472	1,744,282	150,390	14,087,144
Corporate banking				
Secured	61,908,586	61,207,688	19,911,064	143,027,338
Unsecured	69,125,430	61,618,368	8,209,872	138,953,670
Total	$ 275,900,955	$ 135,602,166	$ 29,768,415	$ 441,271,536

January 1, 2012	Neither Past Due Nor Impaired			
	Strong	Moderate	Special Mentioned	Total
Consumer banking				
Housing mortgage	$ 121,305,110	$ 11,502,877	$ 919,884	$ 133,727,871
Credit loans	773,123	123,260	246,886	1,143,269
Others	9,958,526	1,628,467	92,333	11,679,326
Corporate banking				
Secured	42,895,509	62,285,074	12,698,083	117,878,666
Unsecured	70,805,106	61,077,575	7,272,178	139,154,859
Total	$ 245,737,374	$ 136,617,253	$ 21,229,364	$ 403,583,991

ii) SCB (HK)

December 31, 2013	Neither Past Due Not Impaired					
	Pass	Special Mentioned	Sub-Standard	Doubtful	Loss	Subtotal
Consumer banking						
Housing mortgage	$ 27,507,554	$ 502,112	$ -	$ -	$ -	$ 28,009,666
Credit loans	1,488,851	19,449	-	-	-	1,508,300
Others	21,061,291	225,641	-	-	-	21,286,932
Corporate banking						
Secured	120,427,856	2,067,939	-	-	-	122,495,795
Unsecured	22,104,764	195,639	-	-	-	22,300,403
Loans subtotal	192,590,316	3,010,780	-	-	-	195,601,096
Discounts	1,175	-	-	-	-	1,175
Overdrafts	11,855,327	925,390	-	-	-	12,780,717
Inward/outward documentary bills	22,453,706	465,638	-	-	-	22,919,344
Total	$ 226,900,524	$ 4,401,808	$ -	$ -	$ -	$ 231,302,332

December 31, 2012	Neither Past Due Not Impaired					
	Pass	Special Mentioned	Sub-Standard	Doubtful	Loss	Subtotal
Consumer banking						
Housing mortgage	$ 24,691,972	$ 501,927	$ -	$ -	$ -	$ 25,193,899
Credit loans	844,702	20,257	-	-	-	864,959
Others	17,231,692	285,623	-	-	-	17,517,315
Corporate banking						
Secured	101,562,011	2,235,245	-	-	-	103,797,256
Unsecured	17,533,819	171,972	-	-	-	17,705,791
Loans subtotal	161,864,196	3,215,024	-	-	-	165,079,220
Discounts	1,607	-	-	-	-	1,607
Overdrafts	9,447,242	618,242	-	-	-	10,065,484
Inward/outward documentary bills	18,492,805	297,874	-	-	-	18,790,679
Total	$ 189,805,850	$ 4,131,140	$ -	$ -	$ -	$ 193,936,990

January 1, 2012	Neither Past Due Nor Impaired					
	Pass	Special Mentioned	Sub-Standard	Doubtful	Loss	Subtotal
Consumer banking						
Housing mortgage	$ 25,859,108	$ 337,508	$ -	$ -	$ -	$ 26,196,616
Credit loans	764,670	2,767	-	-	-	767,437
Others	20,167,717	175,681	-	-	-	20,343,398
Corporate banking						
Secured	102,330,797	1,648,076	-	-	-	103,978,873
Unsecured	21,819,233	124,632	-	-	-	21,943,865
Loans subtotal	170,941,525	2,288,664	-	-	-	173,230,189
Discounts	4,361	-	-	-	-	4,361
Overdrafts	8,519,743	552,741	-	-	-	9,072,484
Inward/outward documentary bills	24,201,764	262,994	-	-	-	24,464,758
Total	$ 203,667,393	$ 3,104,399	$ -	$ -	$ -	$ 206,771,792

iii. Credit quality analysis of security investment

i) The Bank

December 31, 2013	Neither Past Due Nor Impaired						Past Due but Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Allowance for Impairment (D)	Net Amount (A)+(B)+(C)-(D)
	Excellent	Good	Moderate	Normal	Unrated	Subtotal (A)					
Available-for-sale financial assets											
Bonds	$ 39,471,416	$ 16,758,748	$ 19,118,209	$ 735,326	$ 195,022	$ 76,278,721	$ -	$ 238,244	$ 76,516,965	$ 238,244	$ 76,278,721
Stocks	-	1,105,544	374,600	-	9,213,313	10,693,457	-	23,150	10,693,457	23,150	10,693,457
Bills	-	-	1,683,836	-	-	1,683,836	-	-	1,683,836	-	1,683,836
Held-to-maturity financial assets											
Bonds	255,481	-	591,629	-	-	847,110	-	-	847,110	-	847,110
Bills	106,200,000	-	-	-	-	106,200,000	-	-	106,200,000	-	106,200,000
Financial assets at FVTPL											
Bonds	-	-	370,808	-	1,174,995	1,545,803	-	-	1,545,803	-	1,545,803
Other financial assets											
Stocks	-	-	-	-	200,000	200,000	-	-	200,000	-	200,000

December 31, 2012	Neither Past Due Nor Impaired						Past Due but Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Allowance for Impairment (D)	Net Amount (A)+(B)+(C)-(D)
	Excellent	Good	Moderate	Normal	Unrated	Subtotal (A)					
Available-for-sale financial assets											
Bonds	$ 24,952,249	$ 13,230,726	$ 20,949,500	$ 711,287	$ 300,000	$ 60,143,762	$ -	$ 522,662	$ 60,666,424	$ 522,662	$ 60,143,762
Stocks	-	1,010,075	316,329	-	9,270,373	10,596,777	-	34,293	10,631,070	34,293	10,596,777
Bills	993,774	-	-	-	289,528	1,283,302	-	-	1,283,302	-	1,283,302
Held-to-maturity financial assets											
Bonds	285,743	-	433,832	520,232	-	1,212,807	-	-	1,212,807	-	1,212,807
Bills	114,600,000	-	-	-	-	114,600,000	-	-	114,600,000	-	114,600,000
Financial assets at FVTPL											
Bonds	-	609,840	719,695	290,400	1,016,643	2,636,578	-	-	2,636,578	-	2,636,578
Other financial assets											
Stocks	-	-	-	-	200,000	200,000	-	-	200,000	-	200,000

January 1, 2012	Neither Past Due Nor Impaired						Past Due but Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Allowance for Impairment (D)	Net Amount (A)+(B)+(C)-(D)
	Excellent	Good	Moderate	Normal	Unrated	Subtotal (A)					
Available-for-sale financial assets											
Bonds	$ 15,724,510	$ 8,714,662	$ 16,568,066	$ 1,195,185	$ 150,000	$ 42,352,423	$ -	$ 589,186	$ 42,941,609	$ 589,186	$ 42,352,423
Stocks	-	889,469	356,702	-	4,027,479	5,273,650	-	34,293	5,307,943	34,293	5,273,650
Bills	991,951		-	-	301,872	1,293,823	-		1,293,823	-	1,293,823
Held-to-maturity financial assets											
Bonds	316,487	69,689	1,571,509	391,803	-	2,349,488	-	-	2,349,488	-	2,349,488
Bills	160,800,000	-	-	-	-	160,800,000	-	-	160,800,000	-	160,800,000
Financial assets at FVTPL											
Bonds	-	151,390	901,326	302,780	1,261,613	2,617,109	-	-	2,617,109		2,617,109
Other financial assets											
Stocks	-	-	-		200,000	200,000	-	-	200,000	-	200,000

ii) SCB (HK)

December 31, 2013	Neither Past Due Nor Impaired						Past Due but Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Allowance for Impairment (D)	Net Amount (A)+(B)+ (C)-(D)
	Pass	Special Mentioned	Sub-Standard	Doubtful	Loss	Subtotal (A)					
Available-for-sale financial assets											
Bonds	$ 41,406,319	$ -	$ -	$ -	$ -	$ 41,406,319	$ -	$ -	$ 41,406,319	$ -	$ 41,406,319
Stocks	8,504,575	-	-	-	-	8,504,575	-	-	8,504,575	-	8,504,575
Bills	46,881,763	-	-	-	-	46,881,763	-	-	46,881,763	-	46,881,763
Held-to-maturity financial assets											
Bonds	9,528,111	-	-	-	-	9,528,111	-	-	9,528,111	-	9,528,111

December 31, 2012	Neither Past Due Nor Impaired						Past Due but Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Allowance for Impairment (D)	Net Amount (A)+(B)+ (C)-(D)
	Pass	Special Mentioned	Sub-Standard	Doubtful	Loss	Subtotal (A)					
Available-for-sale financial assets											
Bonds	$ 94,253,724	$ -	$ -	$ -	$ -	$ 94,253,724	$ -	$ -	$ 94,253,724	$ -	$ 94,253,724
Stocks	5,602,755	-	-	-	-	5,602,755	-	142,113	5,744,868	142,113	5,602,755
Held-to-maturity financial assets											
Bonds	9,324,300	-	-	-	-	9,324,300	-	-	9,324,300	-	9,324,300

January 1, 2012	Neither Past Due Nor Impaired						Past Due but Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Allowance for Impairment (D)	Net Amount (A)+(B)+ (C)-(D)
	Pass	Special Mentioned	Sub-Standard	Doubtful	Loss	Subtotal (A)					
Available-for-sale financial assets											
Bonds	$ 78,976,777	$ -	$ -	$ -	$ -	$ 78,976,777	$ -	$ -	$ 78,976,777	$ -	$ 78,976,777
Stocks	5,705,982	-	-	-	-	5,705,982	-	-	5,705,982	-	5,705,982
Held-to-maturity financial assets											
Bonds	10,735,163	-	-	-	-	10,735,163	-	-	10,735,163	-	10,735,163

The delay in the borrowers' processing and other administrative reasons may be the reason for the past due but not impaired financial assets.

Aging analysis of past due but not impaired financial assets is as follows:

Items	December 31, 2013			
	Past Due Upto a Month	**Past Due One to Three Months**	**Past Due Over Three Months**	**Total**
Receivables				
Credit card	$ 64,533	$ 9,391	$ -	$ 73,924
Others	562,884	11,656	-	574,540
Discounts and loans				
Consumer banking				
Housing mortgage	8,897,936	494,673	5,874	9,398,483
Credit loans	31,333	2,667	-	34,000
Others	1,154,737	25,166	54,718	1,234,621
Corporate banking				
Secured	16,425,861	883,480	8,220	17,317,561
Unsecured	8,509,481	596,917	-	9,106,398
Subtotal loans	35,019,348	2,002,903	68,812	37,091,063
Overdrafts	-	69,558	-	69,558
Inward/outward documentary bills	90,705	58,579	595	149,879
Total	35,110,053	2,131,040	69,407	37,310,500

Items	December 31, 2012			
	Past Due Upto a Month	**Past Due One to Three Months**	**Past Due Over Three Months**	**Total**
Receivables				
Credit card	$ 56,269	$ 12,571	$ -	$ 68,840
Others	512,550	4,457	-	517,007
Discounts and loans				
Consumer banking				
Housing mortgage	2,745,549	343,470	-	3,089,019
Credit loans	37,577	1,505	-	39,082
Others	373,250	11,645	45,871	430,766
Corporate banking				
Secured	7,238,499	187,827	-	7,426,326
Unsecured	5,018,809	155,610	-	5,174,419
Subtotal loans	15,413,684	700,057	45,871	16,159,612
Overdrafts	-	29,364	-	29,364
Inward/outward documentary bills	137,370	5,927	-	143,297
Total	15,551,054	735,348	45,871	16,332,273

Items	January 1, 2012			
	Past Due Upto a Month	Past Due One to Three Months	Past Due Over Three Months	Total
Receivables				
Credit card	$ 57,849	$ 13,968	$ -	$ 71,817
Others	389,153	23,590	-	412,743
Discounts and loans				
Consumer banking				
Housing mortgage	2,887,507	747,515	7,175	3,642,197
Credit loans	71,886	29,958	-	101,844
Others	512,568	117,484	7,315	637,367
Corporate banking				
Secured	4,629,338	1,781,486	-	6,410,824
Unsecured	6,906,580	3,609,530	-	10,516,110
Subtotal loans	15,007,879	6,285,973	14,490	21,308,342
Overdrafts	10,518	1,839	1,193	13,550
Inward/outward documentary bills	47,491	11,859	-	59,350
Total	15,065,888	6,299,671	15,683	21,381,242

3) Market risk

a) 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.

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 stocks and funds. Major interest risks include bonds and interest rate derivative instruments such as fixed and floating interest rate swap and bond options. Major foreign exchange risks include foreign currency positions held by the Group.

b) 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. Such policies are reported to the Board of Directors in risk control meetings and serve as references for the decision making of the management.

The Group has split 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 Group’s Board of Directors and relevant committees.

c) Market risk management process

i. 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 (PVO1, Delta, Beta) etc. Measurement of investment portfolio is affected by interest rate risk, foreign exchange risk and price of equity securities.

ii. Monitor and report

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.

d) Interest rate management policies

i. 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.

ii. 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 of earnings and economic values of balance sheet items affected by the changes in interest rate on, and expects to raise up the efficiency of capital and the business management.

iii. Procedures of interest risk management

The Group carefully chooses investment target through conducting research in 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, trading personnel and trading commodity, etc. which are approved by top management and the Board of Directors.

The Group identifies re-pricing risk of interest rate and yield curve risk and measures possible effects on the Group's earnings and economic values of changes in interest rate. On a monthly basis, the Group reports the analysis and monitoring of limit on interest rate risk position and various interest rate management objectives to the Assets and Liabilities Management Committee and the Board of Directors.

Report to the Assets and Liabilities Management Committee is required when certain risk management objective has exceeded limit in order to resolve response action.

iv. Measurement methods

The Group measures risks of price reset periods gap from difference in maturity date and price reset date of assets, liabilities, and off-balance sheet items. The Group also established interest rate sensitivity monitoring index for major periods in order to maintain long-term profitability and business growth. Such interest rate indexes and results of pressure test are reviewed by management personnel regularly. In addition, the Group regularly uses DV01 to measure portfolio that is affected by interest rate.

e) Foreign exchange rate risk management

i. Definition of foreign exchange risk

Foreign exchange risk means gains and 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.

ii. 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 trading personnel 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 a scenario and reports test results to the Assets and Liabilities Management Committee.

f) Equity securities price risk management

i. 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.

ii. Purpose of equity security price risk management

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

iii. 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.

iv. Measurement method

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

g) Market valuation technique

The Group assesses its exposures to market risk and the anticipated loss under market pressures by using assumptions on several market position changes. Limits of various financial instruments are set by the Board of Directors and monitored by the Assets and Liabilities Management Committee. The Group also performs sensitivity analysis based on major risk factors of various financial instruments in order to monitor the changes in various market risk factors of financial instruments.

i. Sensitivity analysis

i) Interest rate risk

The Group has assessed the possible impact on income if global yield curve moves between -100 to +100 base points simultaneously on December 31, 2013, December 31, 2012 and January 1, 2012.

ii) Foreign exchange rate risk

The Group assesses the possible impact on income when various currencies to NTD exchange rate fluctuate between -3% and +3% while other factors remain unchanged.

The functional currency of SCB (HK) is HKD, and the net on-balance-sheet position of SCB (HK) was denominated in USD; these two currencies were closely connected, there is immaterial foreign exchange risk arising from the translation of foreign-currency denominated financial assets and financial liabilities into HKD.

iii) Equity securities price risk

The Group has assessed the possible impact on income when equity security prices on December 31, 2013, December 31, 2012 and January 1, 2012 rises or falls by 10% while other factors remain unchanged.

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

ii. Sensitivity analysis is summarized as follows:

December 31, 2013			
Major Risk	**Variation Range**	**Amount**	
		Equity	**Profit or Loss**
Foreign exchange risk	Various currencies/NTD increased 3%	$ 1,398,977	$ (69,141)
Foreign exchange risk	Various currencies /NTD decreased 3%	(1,398,977)	69,141
Interest rate risk	Rate curve increased 100BPS	(3,268,990)	331,837
Interest rate risk	Rate curve decreased 100BPS	3,404,360	(331,837)
Price risk of equity securities	Price of equity securities increase 10%	1,281,035	72,923
Price risk of equity securities	Price of equity securities decrease 10%	(1,281,035)	(72,923)

December 31, 2012			
Major Risk	**Variation Range**	**Amount**	
		Equity	**Profit or Loss**
Foreign exchange risk	Various currencies /NTD increased 3%	$ 1,255,070	$ (1,874)
Foreign exchange risk	Various currencies /NTD decreased 3%	(1,255,070)	1,874
Interest rate risk	Rate curve increased 100BPS	(2,530,161)	(298,609)
Interest rate risk	Rate curve decreased 100BPS	2,707,354	304,324
Price risk of equity securities	Price of equity securities increase 10%	603,065	6,441
Price risk of equity securities	Price of equity securities decrease 10%	(603,065)	(6,441)

January 1, 2012			
Major Risk	**Variation Range**	**Amount**	
		Equity	**Profit or Loss**
Foreign exchange risk	Various currencies /NTD increased 3%	$ 1,215,086	$ (13,411)
Foreign exchange risk	Various currencies /NTD decreased 3%	(1,215,686)	13,411
Interest rate risk	Rate curve increased 100BPS	(2,697,262)	(137,012)
Interest rate risk	Rate curve decreased 100BPS	2,752,668	137,012
Price risk of equity securities	Price of equity securities increase 10%	299,558	3,550
Price risk of equity securities	Price of equity securities decrease 10%	(299,558)	(3,550)

4) Liquidity risk

a) The sources and definition of liquidity risk

The 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 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 for 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, the need to liquidate the Group's assets and the possibility of 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.

b) The management policies are as follows:

The management procedures are monitored by the independent department of risk management; the procedures are as follows:

i. Regular financing and monitoring of cash flows to ensure the fulfillment of the requirements in the future

ii. Maintaining appropriate position of high liquidity assets which are easily realizable.

iii. Monitoring of liquidity ratios of the balance sheet according to the internal management purposes and external monitoring rules.

iv. Managing the maturity date of debt instruments.

The procedures for monitoring and reporting liquidation 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 emergent 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.

c) Maturity analysis

The analysis of cash outflows of non-derivative financial liabilities is illustrated according to the remaining terms from date of the balance sheet 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 balance sheet.

December 31, 2013	Due in One Month	Due Between One Month and Three Months	Due Between Three Months and Six Months	Due Between Six Months and One Year	Due After One Year	Total
Due to the Central Bank and banks	$ 31,009,535	$ 2,723,198	$ 4,819,262	$ 447,195	$ -	$ 38,999,190
Borrowings from the Central Bank and banks	3,932,016	-	-	-	-	3,932,016
Securities sold under repurchase agreements	4,223,883	563,110	158,861	801,013	-	5,746,867
Payables	19,790,828	1,191,510	493,257	359,407	5,538	21,840,540
Deposits and remittances	673,261,463	225,417,556	131,540,720	139,343,197	9,702,649	1,179,265,585
Bank debentures	104,321	-	-	5,000,000	28,000,000	33,104,321
Other financial liabilities	6,680,824	-	-	-	-	6,680,824

December 31, 2012	Due in One Month	Due Between One Month and Three Months	Due Between Three Months and Six Months	Due Between Six Months and One Year	Due After One Year	Total
Due to the Central Bank and banks	$ 39,768,671	$ 1,938,277	$ 139,761	$ -	$ 3,095,788	$ 44,942,497
Borrowings from the Central Bank and banks	5,808,000	-	-	-	-	5,808,000
Securities sold under repurchase agreements	7,204,558	1,073,676	157,273	47,000	-	8,482,507
Payables	22,436,035	1,079,188	685,104	467,382	6,873	24,674,582
Deposits and remittances	650,992,077	170,294,616	128,895,114	120,565,499	8,359,308	1,079,106,614
Bank debentures	189,440	-	2,000,000	-	33,000,000	35,189,440
Other financial liabilities	5,004,604	-	-	-	-	5,004,604

January 1, 2012	Due in One Month	Due Between One Month and Three Months	Due Between Three Months and Six Months	Due Between Six Months and One Year	Due After One Year	Total
Due to the Central Bank and banks	$ 21,862,543	$ 1,808,058	$ -	$ -	$ -	$ 23,670,601
Borrowings from the Central Bank and banks	17,708,691	-	-	-	3,224,164	20,932,855
Securities sold under repurchase agreements	14,169,558	1,123,280	163,377	7,230	-	15,463,445
Payables	22,041,476	1,235,752	936,359	539,648	3,619	24,756,854
Deposits and remittances	626,973,562	204,269,388	100,112,857	89,346,678	7,675,212	1,028,377,697
Bank debentures	295,357	-	-	-	15,000,000	15,295,357
Other financial liabilities	5,540,279	-	-	-	-	5,540,279

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

i. Derivative financial liabilities of net settlement

December 31, 2013	Due in One Month	Due Between One Month and Three Months	Due Between Three Months and Six Months	Due Between Six Months and One Year	Due After One Year	Total
Derivative financial liabilities at fair value through profit or loss						
Foreign exchange derivatives	$ 184,156	$ 306,809	$ 207,060	$ 216,685	$ 8,586	$ 923,296
Rate derivatives	-	-	-	24,576	130,863	155,439

December 31, 2012	Due in One Month	Due Between One Month and Three Months	Due Between Three Months and Six Months	Due Between Six Months and One Year	Due After One Year	Total
Derivative financial liabilities at fair value through profit or loss						
Foreign exchange derivatives	$ 16,990	$ 15,922	$ 31,908	$ 104,432	$ -	$ 169,252
Rate derivatives	390	7,408	5,016	-	78,566	91,380

January 1, 2012	Due in One Month	Due Between One Month and Three Months	Due Between Three Months and Six Months	Due Between Six Months and One Year	Due After One Year	Total
Derivative financial liabilities at fair value through profit or loss						
Foreign exchange derivatives	$ 11,346	$ 20,438	$ 4,444	$ 13,342	$ -	$ 49,570
Rate derivatives	-	-	-	435	3,823	4,258

ii. Derivative financial liabilities of total settlement

December 31, 2013	Due in One Month	Due Between One Month and Three Months	Due Between Three Months and Six Months	Due Between Six Months and One Year	Due After One Year	Total
Derivative financial liabilities at fair value through profit or loss						
Foreign exchange derivatives						
Cash inflow	$ 14,620,253	$ 18,843,063	$ 10,021,167	$ 4,343,290	$ 119,113	$ 47,946,886
Cash outflow	14,636,338	18,908,275	10,086,586	4,339,485	120,215	48,090,899

December 31, 2012	Due in One Month	Due Between One Month and Three Months	Due Between Three Months and Six Months	Due Between Six Months and One Year	Due After One Year	Total
Derivative financial liabilities at fair value through profit or loss						
Foreign exchange derivatives						
Cash inflow	$ 28,801,817	$ 15,474,788	$ 11,141,055	$ 3,558,809	$ 104,742	$ 59,081,211
Cash outflow	28,828,756	15,485,432	11,142,637	3,549,538	103,637	59,110,000

January 1, 2012	Due in One Month	Due Between One Month and Three Months	Due Between Three Months and Year	Due Between Year and One Year	Due After One Year	Total
Derivative financial liabilities at fair value through profit or loss						
Foreign exchange derivatives						
Cash inflow	$ 22,952,493	$ 18,216,123	$ 21,877,414	$ 11,904,236	$ 138,650	$ 75,088,916
Cash outflow	22,888,310	18,116,974	21,862,000	11,900,691	137,450	74,905,425

The analysis of cash outflows of off-balance-sheet items is illustrated according to the remaining terms from date of the balance sheet to maturity date of the contract. For financial guarantee contracts, the largest amount is categorized under the nearest time-zone of being asked to fulfill the guarantees. 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, 2013	Due in One Month	Due Between One Month and Three Months	Due Between Three Months and Six Months	Due Between Six Months and One Year	Due After One Year	Total
Developed and noncancelable loan commitments	$ 1,419,901	$ 2,277,228	$ 1,502,351	$ 2,567,535	$ 20,194,310	$ 27,961,325
Noncancelable credit card commitments	23,538	981,098	2,155,303	13,835,847	37,590,129	54,585,915
Issued but unused letters of credit	45,682,343	5,114,987	783,483	1,249,312	115,236	52,945,361
Other guarantees	8,188,175	8,285,412	6,172,059	9,999,572	16,880,571	49,525,789

December 31, 2012	Due in One Month	Due Between One Month and Three Months	Due Between Three Months and Six Months	Due Between Six Months and One Year	Due After One Year	Total
Developed and noncancelable loan commitments	$ 156,597	$ 1,059,520	$ 2,123,008	$ 3,536,426	$ 16,929,474	$ 23,805,025
Noncancelable credit card commitments	34,580	1,043,549	2,152,439	5,176,748	47,481,222	55,888,538
Issued but unused letters of credit	44,990,693	4,951,989	474,584	536,690	70,449	51,024,405
Other guarantees	6,921,023	10,290,907	6,480,264	9,563,819	16,464,323	49,720,336

January 1, 2012	Due in One Month	Due Between One Month and Three Months	Due Between Three Months and Six Months	Due Between Six Months and One Year	Due After One Year	Total
Developed and noncancelable loan commitments	$ 770,545	$ 429,180	$ 1,861,564	$ 2,793,829	$ 18,834,613	$ 24,689,731
Noncancelable credit card commitments	42,119	646,651	1,186,546	3,260,110	49,583,533	54,718,959
Issued but unused letters of credit	45,239,898	4,964,952	682,767	116,072	208,907	51,212,596
Other guarantees	7,302,784	10,821,807	5,452,758	10,108,418	16,317,001	50,002,768

37. 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 is affected by interest rate fluctuations was as follows:

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

a. The Bank

	Year Ended December 31, 2013	
	Average Balance	Average Rate (%)
Interest-earning assets		
Cash and cash equivalents - due from other banks	$ 5,572,615	1.24
Due from the Central Bank and call loans to banks	70,522,285	0.72
Financial assets at fair value through profit or loss	28,132,432	1.00
Securities purchased under agreement to resell	881,025	0.66
Credit card revolving balances	873,860	16.64
Discounts and loans (excluding nonperforming loans)	500,856,184	2.32
Available-for-sale financial assets	70,340,987	1.78
Held-to-maturity financial assets	111,852,604	0.88
Bills purchased	11,610	1.37
Interest-bearing liabilities		
Due to the Central Bank and banks	10,358,458	0.86
Securities sold under agreement to repurchase	5,285,585	0.62
Borrowings from the Central Bank and banks	524,487	0.34
Negotiable certificates of deposits	4,453,795	0.76
Demand deposits	159,227,036	0.08
Savings deposits	110,529,543	0.38
Time deposits	299,764,236	1.02
Time-savings	124,076,415	1.33
Bank debentures	33,741,935	1.65
Appropriated loan funds	3,240,128	0.01
Structured deposit instruments principal	2,840,018	0.88

	Year Ended December 31, 2012	
	Average Balance	Average Rate (%)
Interest-earning assets		
Cash and cash equivalent - due from other banks	$ 2,654,154	0.23
Due from the Central Bank and call loans to banks	65,243,107	0.72
Financial assets at fair value through profit or loss	25,758,546	1.31
Securities purchased under agreement to resell	3,343,927	0.79
Credit card revolving balances	894,593	16.62
Discounts and loans (excluding nonperforming loans)	438,373,978	2.33

	Year Ended December 31, 2012	
	Average Balance	Average Rate (%)
Available-for-sale financial assets	50,143,003	2.18
Held-to-maturity financial assets	139,219,996	0.90
Bills purchased	11,223	1.66
Interest-bearing liabilities		
Due to the Central Bank and banks	10,309,831	0.84
Securities sold under agreement to repurchase	13,072,652	0.72
Borrowings from the Central Bank and banks	411,590	0.26
Negotiable certificates of deposits	2,765,820	0.81
Demand deposits	147,495,247	0.08
Savings deposits	104,544,668	0.38
Time deposits	274,664,302	1.00
Time-savings	102,132,800	1.32
Bank debentures	19,283,513	1.71
Appropriated loan funds	2,803,411	0.01
Structured deposit instruments principal	4,280,459	1.15

b. SCB (HK)

	Year Ended December 31, 2013	
	Average Balance	Average Rate (%)
Interest-earning assets		
Due from other banks	$ 180,700,249	1.33
Discounts and loans (excluding nonperforming loans)	222,351,499	3.17
Credit card revolving balances	271,182	29.93
Debt instruments (including available-for-sale financial assets, financial assets at fair value through profit or loss, and held-to-maturity financial assets	100,072,587	2.56
Interest-bearing liabilities		
Due to other banks	14,892,129	1.10
Demand deposits	158,128,974	0.03
Time deposits	271,154,587	1.32

	Year Ended December 31, 2012	
	Average Balance	Average Rate (%)
Interest-earning assets		
Due from other banks	$ 166,367,016	1.31
Discounts and loans (excluding nonperforming loans)	201,315,606	3.06
Credit card revolving balances	293,536	28.81
Debt instruments (including available-for-sale financial assets, financial assets at fair value through profit or loss, and held-to-maturity financial assets	96,925,516	2.80
Interest-bearing liabilities		
Due to other banks	11,061,260	0.64
Demand deposits	142,442,078	0.03
Time deposits	260,976,824	1.46

38. CAPITAL MANAGEMENT

All the Group's risks were included in the assessment of capital adequacy range according to "Regulations Governing the Capital Adequacy" annual. The business projects and budget objective were approved by the Board of Directors, and furthermore the Bank considered the development strategy, capital adequacy, debt ratio, and dividend policy. The contents are included in stress test, estimate of each capital adequacy ratio to ensure achieving the objective of capital adequacy and strengthening the capital structure.

According to the Banking Law and related regulations, the Group should maintain a capital adequacy ratio of at least 8% to strengthen the financial basis. If the capital adequacy ratio falls below 8%, the Central Regulator would restrict the distributed earnings.

The following table which lists the equity capital, risk-weighted assets, and risk exposure is calculated according to "Regulations Governing the Capital Adequacy and Capital Category of Banks" that was modified by Financial Supervisory Commission R.O.C (Ref. No. 10110007010) on November 26, 2012.

The Group conformed to the regulation on capital management on December 31, 2013, December 31, 2012 and January 1, 2012.

	December 31, 2013
Analysis items	
Eligible capital	
Common equity	$ 105,080,449
Other Tier I capital	-
Tier II capital	25,893,412
Eligible capital	$ 130,973,861
Risk-weighted assets	
Credit risk	
Standardized approach	$ 938,585,223
Credit valuation adjustment	331,797

	December 31, 2013
Internal rating based approach	N/A
Synthetic securitization	814,876
Operational risk	
Basic indicator approach	44,858,190
Standardized approach/alternative standardized approach	N/A
Advanced measurement approach	N/A
Market risk	
Standardized approach	45,105,719
Internal models approach	N/A
Total risk-weighted assets	$1,029,695,805
Capital adequacy ratio	12.72%
Ratio of common equity to risk-weighted assets	10.20%
Ratio of Tier I capital to risk-weighted assets	10.20%
Leverage ratio	4.18%

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 = Common 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 common equity to risk-weighted assets = Common equity ÷ Total risk-weighted assets.

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

6) Leverage ratio = Tier I capital ÷ Exposure measurement

	December 31, 2012	January 1, 2012
Analysis items		
Eligible capital		
Tier I capital	$ 113,019,734	$ 108,817,768
Tier II capital	27,857,947	9,965,290
Tier III capital	-	-
Eligible capital	$ 140,877,681	$ 118,783,058
Risk-weighted assets		
Credit risk		
Standardized approach	$ 774,192,322	$ 721,990,580
Internal rating based approach	N/A	N/A

	December 31, 2012	January 1, 2012
Synthetic securitization	126,049	164,095
Operational risk		
Basic indicator approach	41,856,013	41,405,728
Standardized approach/alternative standardized approach	N/A	N/A
Advanced measurement approach	N/A	N/A
Market risk		
Standardized approach	51,444,269	28,538,723
Internal models approach	N/A	N/A
Total risk-weighted assets	$ 867,618,653	$ 792,099,126
Capital adequacy ratio	16.24%	15.00%
Ratio of Tier I capital to risk-weighted assets	13.03%	13.74%
Ratio of Tier II capital to risk-weighted assets	3.21%	1.26%
Ratio of Tier III capital to risk-weighted assets	-	-
Ratio of common shareholders' equity to total assets	2.77%	2.80%
Leverage ratio	8.75%	9.19%

Note 1: Eligible capital, risk-weighted assets and exposure measurement 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 = Tier I capital + Tier II capital + Tier III 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 Tier I capital to risk-weighted assets = Tier I capital ÷ Total risk-weighted assets.

5) Ratio of Tier II capital to risk-weighted assets = Tier II capital ÷ Total risk-weighted assets.

6) Ratio of Tier III capital to risk-weighted assets = Tier III capital ÷ Total risk-weighted assets.

7) Ratio of common shares to total assets = Common shares ÷ Total assets.

8) Leverage ratio = Tier I capital ÷ Adjusted average total asset (the average total asset excludes goodwill, deferred losses on the sale of nonperforming loans and items deducted from tier I capital because of ineligibility as defined under the "Explanation of Methods for Calculating the Eligible Capital and Risk-weighted Assets of Banks").

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

a. Assets quality: As stated in Table 1

b. Concentration of credit risks

Top 10 credit extensions information of head office and SCB (HK) was as below:

Ranking (Note 1)	December 31, 2013					
	The Bank			SCB (HK)		
	Group Enterprise (Note 2)	Total Balances of Credit Extensions (Note 3)	Ratio of Credit Extensions to Net Worth (%)	Group Enterprise (Note 2)	Total Balances of Credit Extensions (Note 3)	Ratio of Credit Extensions to Net Worth (%) (Note 4)
1	A Group (journalism publishing)	$ 5,508,541	5.57	a Group (hotels and property development)	$ 5,509,099	7.00
2	B Group (petroleum and coal)	3,676,123	3.72	b Group (automobile dealer)	3,612,464	4.59
3	C Group (real estate rental)	3,588,084	3.63	c Group (hotels and property development)	2,601,747	3.30
4	D Group (civil aviation)	2,896,951	2.93	d Inc. (property investment)	2,533,084	3.22
5	E Group (knitting outerwear manufacturing)	2,797,756	2.83	e Group (property investment)	2,365,604	3.00
6	F Inc. (head offices)	2,771,514	2.80	f Group (property investment and construction)	2,353,073	2.99
7	G Group (computer manufacturing)	2,607,190	2.64	g Group (trading of hardware, steel and plastics)	2,240,536	2.85
8	H Inc. (paper exportation)	1,851,781	1.87	h Group (hotels and property development)	2,100,199	2.67
9	I Inc. (real estate development)	1,609,000	1.63	i Group (import and export of garments and accessories)	1,955,456	2.48
10	J Inc.(Other Specialized Wholesale Trade)	1,584,557	1.60	j Group (retailing of gold and jewelries)	1,849,212	2.35

Ranking (Note 1)	December 31, 2012					
	The Bank			SCB (HK)		
	Group Enterprise (Note 2)	Total Balances of Credit Extensions (Note 3)	Ratio of Credit Extensions to Net Worth (%)	Group Enterprise (Note 2)	Total Balances of Credit Extensions (Note 3)	Ratio of Credit Extensions to Net Worth (%) (Note 4)
1	A Group (journalism publishing)	$ 6,732,356	7.23	a Group (hotels and property development)	$ 5,324,206	7.14
2	K Group (petroleum and coal)	5,808,076	6.23	c Group (hotels and property development)	3,187,608	4.27
3	B Inc. (computer manufacturing)	5,199,674	5.58	b Group (automobile dealer)	2,686,123	3.60
4	C Group (real estate rental)	3,627,460	3.89	d Inc. (property investment)	2,655,545	3.56
5	L Group (liquid crystal panel and components manufacturing)	3,086,282	3.31	i Group (import and export of wearing apparel and accessories)	2,170,945	2.91
6	D Group (civil aviation)	2,591,003	2.78	h Group (hotels and property investment)	1,928,185	2.59
7	M Group (ocean freight transportation forwarding services)	2,554,050	2.74	k Group (property investment and construction)	1,792,947	2.40
8	N Inc. (computer manufacturing)	2,048,739	2.20	l Group (property investment)	1,773,034	2.38
9	O Inc. (wholesale of other specialized wholesale trade not elsewhere classified)	1,752,716	1.88	e Group (property investment)	1,758,791	2.36
10	H Inc. (paper exportation)	1,633,506	1.75	m Group (real estate investment)	1,654,558	2.22

Ranking (Note 1)	January 1, 2012					
	The Bank			SCB (HK)		
	Group Enterprise (Note 2)	Total Balances of Credit Extensions (Note 3)	Ratio of Credit Extensions to Net Worth (%) (Note 4)	Group Enterprise (Note 2)	Total Balances of Credit Extensions (Note 3)	Ratio of Credit Extensions to Net Worth (%) (Note 4)
1	A Group (journalism publishing)	$ 6,073,843	6.85	a Group (hotels and property development)	$ 5,384,750	7.40
2	K Group (petroleum and coal)	5,664,128	6.38	d Group (property investments)	2,887,240	3.97
3	C Group. (real estate rental)	3,960,518	4.46	n (property investments)	2,728,029	3.75
4	L Group (liquid crystal panel and components manufacturing)	3,731,355	4.21	c Group (hotels and property development)	2,564,090	3.52
5	D Group (civil aviation)	3,441,157	3.88	l Group (property investment)	2,004,879	2.76
6	P Inc. (chemical materials)	3,101,486	3.50	o Group (import and export metals)	1,902,968	2.62
7	N Group (computer manufacturing)	2,380,308	2.68	m Group (real estate investment)	1,868,201	2.57
8	Q Inc. (petroleum and coal)	1,823,974	2.06	e Group (property investments)	1,863,099	2.56
9	H Inc. (paper exportation)	1,732,683	1.95	p Group (property investment)	1,856,010	2.55
10	R Inc. (computer components manufacturing)	1,707,026	1.92	q Group (import and export of knitted apparel)	1,804,478	2.48

Note 1: The ranking is made by total credit balance, which excluded government-owned or state-run enterprises. If the borrower is an affiliate of a 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 (included 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 nonperforming loans), exchange bills negotiated, accounts receivable - without recourse factoring, acceptances receivable and grantees issued.

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

c. Interest rate sensitivity information

1) The Bank

Interest Rate Sensitivity Analysis
December 31, 2013

(In NT$ Thousands)

Items	1 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to 1 Year (Included)	Over 1 Year	Total
Interest-sensitive assets	$ 562,472,052	$ 350,835	$ 1,487,523	$ 48,047,790	$ 612,358,200
Interest-sensitive liabilities	251,096,785	229,578,782	60,766,562	31,482,494	572,924,623
Interest sensitivity gap	311,375,267	(229,227,947)	(59,279,039)	16,565,296	39,433,577
Net equity					98,919,316
Ratio of interest-sensitive assets to liabilities					106.88%
Ratio of interest sensitivity gap to net equity					39.86%

Interest Rate Sensitivity Analysis
December 31, 2012

(In NT$ Thousands)

Items	1 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to 1 Year (Included)	Over 1 Year	Total
Interest-sensitive assets	$ 523,402,191	$ 1,944,241	$ 953,896	$ 39,389,292	$ 565,689,620
Interest-sensitive liabilities	221,724,424	216,075,322	51,510,247	33,271,187	522,581,180
Interest sensitivity gap	301,677,767	(214,131,081)	(50,556,351)	6,118,105	43,108,440
Net equity					93,162,934
Ratio of interest-sensitive assets to liabilities					108.25%
Ratio of interest sensitivity gap to net equity					46.27%

Interest Rate Sensitivity Analysis
January 1, 2012

(In NT$ Thousands)

Items	1 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to 1 Year (Included)	Over 1 Year	Total
Interest-sensitive assets	$ 511,000,695	$ 7,000,152	$ 1,951,821	$ 23,199,742	$ 543,152,410
Interest-sensitive liabilities	247,436,889	187,968,024	25,373,811	14,417,740	475,196,464
Interest sensitivity gap	263,563,806	(180,967,872)	(23,421,990)	8,782,002	67,955,946
Net equity					88,727,888
Ratio of interest-sensitive assets to liabilities					114.30%
Ratio of interest sensitivity gap to net equity					76.59%

Note 1: The tables above refer only to the financial assets/liabilities denominated in N.T. 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 in New Taiwan dollars).

Interest Rate Sensitivity Analysis
December 31, 2013

(In US$ Thousands)

Items	1 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to 1 Year (Included)	Over 1 Year	Total
Interest-sensitive assets	$ 5,238,148	$ 46,883	$ 39,443	$ 467,504	$ 5,791,978
Interest-sensitive liabilities	2,248,078	3,124,225	492,973	60	5,865,336
Interest sensitivity gap	2,990,070	(3,077,342)	(453,530)	467,444	(73,358)
Net equity					3,320,777
Ratio of interest-sensitive assets to liabilities					98.75%
Ratio of interest sensitivity gap to net equity					(2.21%)

Interest Rate Sensitivity Analysis
December 31, 2012

(In US$ Thousands)

Items	1 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to 1 Year (Included)	Over 1 Year	Total
Interest-sensitive assets	$ 5,563,054	$ 45,188	$ 26,885	$ 337,427	$ 5,972,554
Interest-sensitive liabilities	2,729,994	3,115,163	426,760	1	6,271,918
Interest sensitivity gap	2,833,060	(3,069,975)	(399,875)	337,426	(299,364)
Net equity					3,208,090
Ratio of interest-sensitive assets to liabilities					95.23%
Ratio of interest sensitivity gap to net equity					(9.33%)

Interest Rate Sensitivity Analysis
January 1, 2012

(In US$ Thousands)

Items	1 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to 1 Year (Included)	Over 1 Year	Total
Interest-sensitive assets	$ 4,711,658	$ 175,844	$ 9,582	$ 250,056	$ 5,147,140
Interest-sensitive liabilities	2,782,107	2,767,136	374,194	1,615	5,925,052
Interest sensitivity gap	1,929,551	(2,591,292)	(364,612)	248,441	(777,912)
Net equity					2,930,441
Ratio of interest-sensitive assets to liabilities					86.87%
Ratio of interest sensitivity gap to net equity					(26.55%)

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

2) SCB (HK)

Interest Rate Sensitivity Analysis
December 31, 2013

(In US$ Thousands)

Items	1 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to 1 Year (Included)	Over 1 Year	Total
Interest-sensitive assets	$ 3,673,563	$ 553,702	$ 432,930	$ 650,373	$ 5,310,568
Interest-sensitive liabilities	3,859,940	339,700	472,636	13,588	4,685,864
Interest sensitivity gap	(186,377)	214,002	(39,706)	636,785	624,704
Net equity					2,610,550
Ratio of interest-sensitive assets to liabilities					113.33%
Ratio of interest sensitivity gap to net equity					23.93%

Interest Rate Sensitivity Analysis
December 31, 2012

(In US$ Thousands)

Items	1 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to 1 Year (Included)	Over 1 Year	Total
Interest-sensitive assets	$ 3,834,946	$ 429,767	$ 383,322	$ 651,604	$ 5,299,639
Interest-sensitive liabilities	3,998,831	317,158	321,960	3,024	4,640,973
Interest sensitivity gap	(163,885)	112,609	61,362	648,580	658,666
Net equity					2,568,386
Ratio of interest-sensitive assets to liabilities					114.19%
Ratio of interest sensitivity gap to net equity					25.65%

Interest Rate Sensitivity Analysis
January 1, 2012

(In US$ Thousands)

Items	1 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to 1 Year (Included)	Over 1 Year	Total
Interest-sensitive assets	$ 3,200,349	$ 400,012	$ 249,389	$ 730,584	$ 4,580,334
Interest-sensitive liabilities	3,510,367	445,106	290,729	15,182	4,261,384
Interest sensitivity gap	(310,018)	(45,094)	(41,340)	715,402	318,950
Net equity					2,301,813
Ratio of interest-sensitive assets to liabilities					107.48%
Ratio of interest sensitivity gap to net equity					13.86%

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

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

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

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

d. Profitability

The Bank

Items		December 31, 2013	December 31, 2012
Return on total assets	Before income tax	1.29%	1.27%
	After income tax	1.12%	1.13%
Return on equity	Before income tax	12.11%	11.76%
	After income tax	10.56%	10.45%
Profit margin		57.18%	58.42%

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 revenues.

Note 4: Income before (after) income tax represents income for the year ended December 31, 2013.

e. Maturity analysis of assets and liabilities

1) The Bank

a) New Taiwan dollars (thousands)

	Total	December 31, 2013					
		By Remaining Period to Maturity					
		0 to 10 Days	11 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	$ 657,452,875	$ 131,972,215	$ 87,389,345	$ 26,306,543	$ 30,585,471	$ 43,097,264	$ 338,102,037
Main capital outflow on maturity	696,340,317	24,926,647	63,474,983	118,201,367	96,292,985	131,395,200	262,049,135
Gap	(38,887,442)	107,045,568	23,914,362	(91,894,824)	(65,707,514)	(88,297,936)	76,052,092

	Total	December 31, 2012					
		By Remaining Period to Maturity					
		0 to 10 Days	11 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	$ 624,376,208	$ 108,516,122	$ 116,554,893	$ 28,012,506	$ 33,203,347	$ 38,017,659	$ 300,071,681
Main capital outflow on maturity	650,019,393	28,675,280	74,817,614	86,196,359	96,298,625	121,347,612	242,683,903
Gap	(25,643,185)	79,840,842	41,737,279	(58,183,853)	(63,095,278)	(83,329,953)	57,387,778

	Total	January 1, 2012					
		By Remaining Period to Maturity					
		0 to 10 Days	11 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	$ 599,746,037	$ 105,854,018	$ 90,237,245	$ 71,323,150	$ 33,836,631	$ 32,920,594	$ 265,574,399
Main capital outflow on maturity	624,932,054	50,959,204	74,385,292	114,856,596	76,512,975	108,932,244	199,285,743
Gap	(25,186,017)	54,894,814	15,851,953	(43,533,446)	(42,676,344)	(76,011,650)	66,288,656

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

b) U.S. dollars (thousands)

	Total	December 31, 2013				
		By Remaining Period to Maturity				
		1 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	$ 7,252,139	$ 1,114,425	$ 1,056,177	$ 2,249,733	$ 663,832	$ 2,167,972
Main capital outflow on maturity	5,970,015	1,530,991	1,165,060	985,699	1,633,956	654,309
Gap	1,282,124	(416,566)	(108,883)	1,264,034	(970,124)	1,513,663

	Total	December 31, 2012				
		By Remaining Period to Maturity				
		1 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	$ 7,888,634	$ 2,096,789	$ 1,492,593	$ 2,250,888	$ 569,881	$ 1,478,483
Main capital outflow on maturity	7,303,323	2,359,487	1,236,638	1,072,571	1,794,285	840,342
Gap	585,311	(262,698)	255,955	1,178,317	(1,224,404)	638,141

	Total	January 1, 2012				
		By Remaining Period to Maturity				
		1 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	$ 9,703,588	$ 4,426,230	$ 1,212,835	$ 2,117,171	$ 544,492	$ 1,402,860
Main capital outflow on maturity	6,321,836	2,225,749	1,202,268	861,961	1,329,545	702,313
Gap	3,381,752	2,200,481	10,567	1,255,210	(785,053)	700,547

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

2) SCB (HK)

U.S. dollars (thousands)

	Total	December 31, 2013				
		By Remaining Period to Maturity				
		1 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	$ 15,090,221	$ 1,020,868	$ 1,202,425	$ 949,013	$ 2,163,177	$ 9,754,738
Main capital outflow on maturity	4,842,724	3,062,002	926,517	385,124	469,081	-
Gap	10,247,497	(2,041,134)	275,908	563,889	1,694,096	9,754,738

	Total	December 31, 2012				
		By Remaining Period to Maturity				
		1 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	$ 5,683,881	$ 957,556	$ 1,126,914	$ 453,171	$ 652,922	$ 2,493,318
Main capital outflow on maturity	4,828,000	3,221,451	899,093	326,119	323,307	58,030
Gap	855,881	(2,263,895)	227,821	127,052	329,615	2,435,288

	Total	January 1, 2012				
		By Remaining Period to Maturity				
		1 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	$ 5,144,728	$ 893,744	$ 828,604	$ 452,594	$ 423,142	$ 2,546,644
Main capital outflow on maturity	4,411,285	2,722,881	921,931	451,713	309,067	5,693
Gap	733,443	(1,829,137)	(93,327)	881	114,075	2,540,951

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

40. 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, 2013	December 31, 2012	January 1, 2012	Trust Liabilities	December 31, 2013	December 31, 2012	January 1, 2012
Bank deposit	$ 2,876,769	$ 1,654,196	$ 1,229,072	Depository of security payable	$ 39,634,525	$ 32,269,224	$ 24,669,782
Short-term investments	65,359,013	67,668,012	65,291,106	Trust capital	82,803,992	79,562,029	76,102,231
Net asset value of collective investment trust fund	2,955,896	2,829,483	2,642,463	Accumulated (loss) gain and equity	(17,282)	1,166	(620,768)
Account receivable	112,005	35,124	10,816				
Land	11,299,486	7,218,037	6,120,878				
Buildings and improvement, net	116,455	97,714	124,898				
Depository of security	39,634,525	32,269,224	24,669,782				
Other assets	67,086	60,629	62,230				
Total trust assets	$ 122,421,235	$ 111,832,419	$ 100,151,245	Total trust liabilities	$ 122,421,235	$ 111,832,419	$ 100,151,245

Trust Asset Lists

Item	December 31, 2013	December 31, 2012	January 1, 2012
Cash in banks	$ 2,876,769	$ 1,654,196	$ 1,229,072
Short-term investment			
Funds	58,666,252	61,267,393	59,493,967
Bonds	4,690,407	3,883,764	3,110,889
Common stocks	2,002,354	2,489,467	2,659,037
Short-term bills/securities purchased under resell agreements	-	25,388	25,213
Collective trust accounts	-	2,000	2,000
Net asset value of collective trust accounts	2,955,896	2,829,483	2,642,463
Receivable	112,005	35,124	10,816
Land	11,299,486	7,218,037	6,120,878
Buildings and improvement, net	116,455	97,714	124,898
Depository of securities	39,634,525	32,269,224	24,669,782
Other assets	67,086	60,629	62,230
Total	$ 122,421,235	$ 111,832,419	$ 100,151,245

Income Statements of Trust Account

	For the Year Ended December 31 2013	2012
Trust income		
Cash dividends income	$ 76,230	$ 68,479
Interest revenue	7,101	4,620
Donation	26	-
Realized investment gain	850	1,390
Realized capital gain	7,135	4,116
Unrealized capital gain	165,888	154,613
Other revenue	66	58
	257,296	233,276
Trust expenses		
Tax expenditures	15,352	8,380
Management fee	2,080	2,266
Service fee	13,314	6,606
Realized capital losses	88	176
Unrealized capital losses	291	12,356
Other expenses	19	15
	31,144	29,799
Income before income tax	226,152	203,477
Income tax expense	-	-
Net income	$ 226,152	$ 203,477

41. SUBSEQUENT EVENTS

a. The Bank planned to increase its investment in SCSB Leasing (China) Co. Ltd through SCSB Asset Management Ltd. The investment plan was approved by FSC on February 27, 2014 and the Bank had injected a capital of $100,000 thousand to SCSB Asset Management Ltd on March 6, 2014. However, the registration of the capital injection has not been completed as of the date that the financial statements are ready for issue.

b. The appropriations of earnings for 2013 had been proposed in the board meeting on March 15, 2014. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (Dollars)
Legal reserve	$ 3,043,064	$ -
Cash dividends	5,573,687	1.50
Stock dividends	928,948	0.25

The 2013 appropriations of earnings, bonus to employees and remuneration to directors and supervisors is pending for approval by shareholders in their meeting scheduled for June 6, 2014.

c. The Board of Directors approved to establish a remuneration committee in the board meeting held on March 15, 2014.

42. EXCHANGE RATE INFORMATION FOR FOREIGN FINANCIAL ASSETS AND LIABILITIES

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

a. The Bank

	December 31, 2013			December 31, 2012			January 1, 2012		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Finance assets									
Monetary items									
Cash and cash equivalents									
CNY	$1,639,501	4.9141	$8,056,672	$ 133,743	4.6587	$ 623,069	$ 109,087	4.7975	$ 523,345
USD	195,586	29.7880	5,826,116	36,688	29.0400	1,065,420	189,290	30.2780	5,731,323
JPY	2,423,039	0.2840	688,143	893,281	0.3361	300,232	1,353,519	0.3898	527,602
Due from the Central Bank and call loans to banks									
USD	498,514	29.7880	14,849,735	1,934,464	29.0400	56,176,835	1,197,708	30.2780	36,264,203
CNY	469,648	4.9141	2,307,897	834,000	4.6587	3,885,356	285,000	4.7975	1,367,288
HKD	400,000	3.8416	1,536,640	595,000	3.7463	2,229,049	400,000	3.8972	1,558,880
Receivables									
USD	57,628	29.7880	1,716,623	38,812	29.0400	1,127,100	125,208	30.2780	3,791,048
EUR	23,568	41.1283	969,312	28,056	38.4548	1,078,888	13,024	39.2146	510,731
JPY	348,596	0.2840	99,001	1,034,141	0.3361	347,575	1,942,456	0.3898	757,169
Discounts and loans									
USD	4,476,876	29.7880	133,357,182	3,418,632	29.0400	99,277,073	3,348,617	30.2780	101,389,426
CNY	2,586,160	4.9141	12,708,649	1,332,348	4.6587	6,207,010	144,608	4.7975	693,757
HKD	2,167,054	3.8416	8,324,955	1,997,189	3.7463	7,482,069	2,013,033	3.8972	7,845,192
Option contract									
USD	30,670	29.7880	913,598	5,661	29.0400	164,395	1,385	30.2780	41,935
Nonmonetary items									
Structured corporate bonds contracts									
USD	45,445	29.7880	1,353,716	75,207	29.0400	2,184,011	65,690	30.2780	1,988,962
HKD	50,000	3.8416	192,080	50,000	3.7463	187,315	46,875	3.8972	182,681
Structured bank debenture contracts									
USD	-	-	-	9,134	29.0400	265,251	14,712	30.2780	445,450
Equity investments under the equity method									
USD	1,594,655	29.7880	47,501,583	1,506,373	29.0400	43,745,073	1,410,604	30.2780	42,710,267
HKD	55,326	3.8416	212,540	52,982	3.7463	198,487	49,599	3.8972	193,298
Financial liabilities									
Monetary items									
Payables									
USD	92,171	29.7880	2,745,590	107,438	29.0400	3,120,000	98,416	30.2780	2,979,840
JPY	1,324,265	0.2840	376,091	810,573	0.3361	272,434	1,942,767	0.3898	757,291
EUR	6,647	41.1283	273,380	23,589	38.4548	907,110	5,965	39.2146	233,915
Due to the Central Bank and banks									
USD	326,051	29.7880	9,712,407	613,921	29.0400	17,828,266	656,644	30.2780	19,881,867
HKD	200,000	3.8416	768,320	455,000	3.7463	1,704,567	710,000	3.8972	2,767,012
CNY	27,875	4.9141	136,981						
Borrowings from the Central Bank and banks									
USD	132,000	29.7880	3,932,016	200,000	29.0400	5,808,000	220,000	30.2780	6,661,160
Deposits and remittances									
USD	5,387,498	29.7880	160,482,790	5,393,942	29.0400	156,640,076	5,014,774	30.2780	151,837,327
CNY	5,061,147	4.9141	24,870,982	2,288,647	4.6587	10,662,120	526,752	4.7983	2,527,514
AUD	275,678	26.5947	7,331,574	136,813	30.1203	4,120,849	198,461	30.7503	6,102,735

b. SCB (HK)

	December 31, 2013			December 31, 2012			January 1, 2012		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Finance assets									
Monetary items									
Cash and cash equivalents									
USD	$ 54,670	29.7880	$1,628,510	$ 55,799	29.0109	$1,618,779	$ 85,185	30.2880	$2,580,083
JPY	338,886	0.2840	96,244	422,393	0.3374	142,515	197,854	0.3904	77,242
Due from the Central Bank and call loans to banks									
USD	1,619,676	29.7880	48,246,909	1,889,130	29.0109	54,805,362	1,144,084	30.2880	34,652,016
EUR	50,108	41.1283	2,060,857	48,100	38.3222	1,843,298	89,796	39.1881	3,518,935
Receivables									
USD	52,029	29.7880	1,549,840	65,831	29.0109	1,909,817	71,593	30.2880	2,168,409
EUR	3,748	41.1283	154,149	3,194	38.3222	122,401	2,283	39.1881	89,466
JPY	326,958	0.2840	92,856	292,842	0.3374	98,805	273,254	0.3904	106,678
Discounts and loans									
USD	2,717,880	29.7880	80,960,209	2,230,284	29.0109	64,702,546	2,217,263	30.2880	67,156,462
JPY	3,484,145	0.2840	989,497	4,127,116	0.3374	1,392,489	5,152,569	0.3904	2,011,563
Non-monetary items									
Payables									
USD	69,126	29.7880	2,059,125	73,588	29.0109	2,134,854	84,689	30.2880	2,565,060
EUR	3,616	41.1283	148,720	3,043	38.3222	116,614	2,403	39.1881	94,169
JPY	318,646	0.2840	90,495	245,711	0.3374	82,903	264,649	0.3904	103,319
Due to the Central Bank and banks									
USD	416,258	29.7880	12,399,493	301,727	29.0109	8,753,372	13,297	30.2880	402,740
Due to the Central Bank and banks									
USD	-	-	-	-	-	-	237,852	30.2880	7,204,061
JPY	-	-	-	-	-	-	3,880,000	0.3904	1,514,752
Deposits and remittances									
USD	4,350,741	29.7880	129,599,873	4,446,906	29.0109	129,008,745	4,107,492	30.2880	124,407,718
AUD	777,187	26.5947	20,669,055	676,250	30.1641	20,398,473	774,838	30.7332	23,813,251
EUR	97,512	41.1283	4,010,503	108,121	38.3222	4,143,435	135,689	39.1881	5,317,394

43. ADDITIONAL DISCLOSURES

a. and b. Additional disclosures for the Bank and investees are the following:

1) Financing provided: The Bank - not applicable; investees - not applicable or none.

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

3) Marketable securities held: The Bank - not applicable; investees - Table 2.

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 3.

5) Acquisition of individual real estate at costs of at least $300 million or 10% of the issued capital: Table 4.

6) Disposal of individual real estate at prices of at least $300 million or 10% of the issued capital: None

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

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

9) Sale of non-performing loans: Table 5.

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

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

12) Names, locations, and other information of investees on which the Bank exercises significant influence: Table 6.

13) Derivative financial transactions: Notes 8 on which the Bank exercises significant influence have no such transactions.

c. Investment in Mainland China:

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

2) Significant direct or indirect transactions with the investees, prices and terms of payment, unrealized gain or loss: Table 7.

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

44. SEGMENT INFORMATION

Information reported to the chief operating decision maker focuses on the principal geographical areas and profit or loss of the segments. The Group’s main reportable segments were Hong Kong and others.

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

The Bank 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 operating Segments information is as follows:

	Year Ended December 31, 2013				
	Taiwan	Hong Kong	Others	Other Adjustments	Total
Net interest	$ 9,166,744	$ 8,455,929	$ 41,782	$ (12,429)	$ 17,652,026
Net revenues other than interest	8,572,923	4,555,339	251,310	(3,993,957)	9,385,615
Net revenues	17,739,667	13,011,268	293,092	(4,006,386)	27,037,641
Provision for credit allowance	(598,997)	(93,063)	(44,873)	-	(736,933)
Operating expenses	(5,512,446)	(4,441,783)	(177,592)	2,732	(10,129,089)
Income before income tax	$ 11,628,224	$ 8,476,422	$ 70,627	$ (4,003,654)	$ 16,171,619

	Year Ended December 31, 2012				
	Taiwan	Hong Kong	Others	Other Adjustments	Total
Net interest	$ 8,547,418	$ 7,369,576	$ 13,351	$ (98)	$ 15,930,247
Net revenues other than interest	7,726,991	4,424,169	299,330	(3,779,649)	8,670,841
Net revenues	16,274,409	11,793,745	312,681	(3,779,747)	24,601,088
Provision for credit allowance	(478,750)	173,219	(2,431)	-	(307,962)
Operating expenses	(5,103,808)	(4,064,361)	(196,552)	55,205	(9,309,516)
Income before income tax	$ 10,691,851	$ 7,902,603	$ 113,698	$ (3,724,542)	$ 14,983,610

The Group did not periodically provide all information of assets of each operating segment to the operating decision maker, thus the measurement of assets were zero.

Main operating clients

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

45. FIRST-TIME ADOPTION OF IFRSs

a. Basis of preparation of financial information under IFRSs

The Group's consolidated financial statements for the year ended December 31, 2013 are the first IFRS interim financial report prepared in accordance with the significant accounting policies stated in Note 4 and the requirements under IFRS 1 "First-time Adoption of IFRS."

b. The Group identified and reconciled the significant differences between IFRSs and ROC GAAP as follows:

1) Reconciliation of consolidated balance sheet as of January 1, 2012:

ROC GAAP Item	ROC GAAP Amount	Effect of Transition to IFRSs	IFRSs Amount	IFRSs Item	Note
Cash and cash equivalents	$ 69,354,310	(1,830,959)	$ 67,523,351	Cash and cash equivalents	5(9)
Due from the Central Bank and banks	171,297,190	1,830,959	173,128,149	Due from the Central Bank and banks	5(9)
Financial assets at fair value through profit or loss	29,468,500	-	29,468,500	Financial assets at fair value through profit or loss	
Derivative financial assets for hedging	-	296,410	296,410	Derivative financial assets for hedging	5(9)
Securities purchased under resell agreements	5,579,661	-	5,579,661	Securities purchased under resell agreements	
Receivables, net	17,860,807	(40,733)	17,820,074	Receivables, net	5(9)
Discounts and loans, net	636,418,527	-	636,418,527	Discounts and loans, net	
Available-for-sale financial assets	126,508,559	7,094,096	133,602,655	Available-for-sale financial assets	5(2)
Held-to-maturity financial assets	173,884,651	-	173,884,651	Held-to-maturity financial assets	
Equity investments under the equity method	840,899	-	840,899	Equity investments under the equity method	
Other financial assets	3,357,677	(3,128,917)	228,760	Other financial assets	5(2), 5(9)
Properties	18,199,857	-	18,199,857	Property and equipment, net	
Deferred tax assets	-	1,033,644	1,033,644	Deferred tax assets	5(8)
Investment property, net	-	35,827	35,827	Investment property, net	5(7)
Other assets	5,908,928	(63,777)	5,845,151	Other assets	5(4),5(9)
Total	$ 1,258,679,566	$ 5,226,550	$ 1,263,906,116	Total	
Due to the Central Banks and banks	$ 23,670,601	$ -	$ 23,670,601	Due to the Central Banks and banks	
Borrowings from the Central Bank and banks	20,932,855	-	20,932,855	Borrowings from the Central Bank and banks	
Financial liabilities at fair value through profit or loss	474,469	-	474,469	Financial liabilities at fair value through profit or loss	
Derivative financial liabilities for hedging	-	104,452	104,452	Derivative financial liabilities for hedging	5(9)
Securities sold under repurchase agreements	15,463,445	-	15,463,445	Securities sold under repurchase agreements	
Payables	25,550,476	(793,622)	24,756,854	Payables	5(3),5(9)
Income tax payable	-	175,947	175,947	Income tax payable	5(9)
Borrowings from the Central Bank and banks	20,932,855	-	20,932,855	Borrowings from the Central Bank and banks	
Deposits and remittances	1,028,377,697	-	1,028,377,697	Deposits and remittances	
Bank debentures	15,295,357	-	15,295,357	Bank debentures	
Other financial liabilities	5,644,731	(104,452)	5,540,279	Other financial liabilities	5(9)
Provisions	-	1,065,373	1,065,373	Provisions	5(5),5(9)
Deferred tax liabilities	5,873,036	1,000,539	6,873,575	Deferred tax liabilities	5(4), 5(5), 5(8), 5(9)
Other liabilities	3,018,276	(322,680)	2,685,596	Other liabilities	5(3),5(9)
Total liabilities	1,144,300,943	1,115,557	416,500	Total liabilities	
Capital stock	35,388,492	-	35,388,492	Share capital	
Capital surplus	4,611,242	-	4,611,242	Capital surplus	
Retained earnings	44,950,403	1,256,858	46,207,261	Retained earnings	4
Other shareholders' equity	1,437,894	1,166,143	2,604,037	Other shareholders' equity	5(2)
Treasury stock	(83,144)	-	(83,144)	Treasury stock	
Minority interest in subsidiaries	28,073,736	1,687,992	29,761,728	Non-controlling interest	5(2)
Total shareholders' equity	114,378,623	4,110,993	118,489,616	Total shareholders' equity	
Total	$ 1,258,679,566	$ 5,226,550	$ 1,263,906,116	Total	

2) Reconciliation of the consolidated balance sheet as of December 31, 2012

ROC GAAP Item	ROC GAAP Amount	Effect of Transition to IFRSs	IFRSs Amount	IFRSs Item	Note
Cash and cash equivalents	$ 82,776,343	$ (1,355,050)	$ 81,421,293	Cash and cash equivalents	5(9)
Due from the Central Bank and banks	229,048,293	1,355,050	230,403,343	Due from the Central Bank and banks	5(9)
Financial assets at fair value through profit or loss	28,625,531	(203,418)	28,422,113	Financial assets at fair value through profit or loss	5(1)
Derivative financial assets for hedging	-	189,613	189,613	Derivative financial assets for hedging	5(9)
Securities purchased under resell agreements	730,712	-	730,712	Securities purchased under resell agreements	
Receivables, net	16,099,819	158,439	16,258,258	Receivables, net	5(1),5(9)
Discounts and loans, net	656,688,212	-	656,688,212	Discounts and loans, net	
Available-for-sale financial assets	165,004,998	6,875,322	171,880,320	Available-for-sale financial assets	5(2)
Held-to-maturity financial assets	125,137,107	-	125,137,107	Held-to-maturity financial assets	
Equity investment under the equity method	909,893	-	909,893	Equity investment under the equity method	
Other financial assets	3,132,062	(2,885,534)	246,528	Other financial assets	5(2),5(9)
Properties	19,992,948	(12,487)	19,980,461	Property and equipment, net	5(6)
Deferred tax assets	-	1,110,930	1,110,930	Deferred tax assets	5(8)
Investment property, net	-	513,803	513,803	Investment property, net	5(7)
Other assets	6,201,144	(621,684)	5,579,460	Other assets	5(4),5(9)
Total	$ 1,334,347,062	$ 5,124,984	$ 1,339,472,046	Total	
Due to the Central Banks and banks	$ 44,942,497	$ -	$ 44,942,497	Due to the Central Banks and banks	
Borrowings from the Central Bank and banks	5,808,000	-	5,808,000	Borrowings from the Central Bank and banks	
Financial liabilities at fair value through profit or loss	510,609	-	510,609	Financial liabilities at fair value through profit or loss	
Derivative financial liabilities for hedging	-	62,087	62,087	Derivative financial liabilities for hedging	5(9)
Securities sold under repurchase agreements	8,482,507	-	8,482,507	Securities sold under repurchase agreements	
Payables	26,314,738	(1,640,156)	24,674,582	Payables	5(1),5(3),5(9)

ROC GAAP Item	ROC GAAP Amount	Effect of Transition to IFRSs	IFRSs Amount	IFRSs Item	Note
Income tax payable	-	1,015,293	1,015,293	Income tax payable	5(9)
Deposits and remittances	1,079,106,614	-	1,079,106,614	Deposits and remittances	
Bank debentures	35,189,440	-	35,189,440	Bank debentures	
Other financial liabilities	5,066,691	(62,087)	5,004,604	Other financial liabilities	5(9)
Provisions		1,100,097	1,100,097	Provisions	5(3),5(5),5(9)
Deferred tax liabilities	6,277,139	1,056,249	7,333,388	Deferred tax liabilities	5(4),5(5),5(8)
Other liabilities	2,835,233	(323,076)	2,512,157	Other liabilities	5(3),5(9)
Total liabilities	1,214,533,468	1,208,407	1,215,741,875	Total liabilities	
Capital stock	37,157,916	-	37,157,916	Capital stock	
Capital surplus	4,618,140	-	4,618,140	Capital surplus	
Retained earnings	47,401,351	1,144,212	48,545,563	Retained earnings	4,5(1),5(4),5(5),5(6)
Other shareholders' equity	1,798,734	1,125,725	2,924,459	Other shareholders' equity	5(2)
Treasury stock	(83,144)	-	(83,144)	Treasury stock	
Minority interest in subsidiaries	28,920,597	1,646,640	30,567,237	Non-controlling interest	5(2)
Total shareholders' equity	119,813,594	3,916,577	123,730,171	Total shareholders' equity	
Total	$ 1,334,347,062	$ 5,124,984	$ 1,339,472,046	Total	

3) Reconciliation of the statement of comprehensive income for the year ended December 31, 2012

ROC GAAP Item	ROC GAAP Amount	Effect of Transition to IFRSs	IFRSs Amount	IFRSs Item	Note
Interest income	$ 25,100,781	$ -	$ 25,100,781	Interest income	
Interest cost	9,183,242	(12,708)	9,170,534	Interest cost	5(5)
Net interest income	15,917,539	12,708	15,930,247	Net interest income	
Other noninterest income and gains, net					
Net service fee income	4,657,577	-	4,657,577	Net service fee income	
Net gain on financial assets and liabilities at fair value through profit or loss	328,256	(4,602)	323,654	Net gain on financial assets and liabilities at fair value through profit or loss	5(1)
Net gain on available-for-sale financial assets	1,008,868	-	1,008,868	Net gain on available-for-sale financial assets	
Foreign exchange gain (loss)	993,810	-	993,810	Foreign exchange gain (loss)	
Investment loss recognized by the equity method	109,114	-	109,114	Share of the loss of associates accounted for by the equity method	
Other noninterest income, net	1,577,818	-	1,577,818	Other noninterest income, net	
Total other noninterest income and gains, net	8,675,443	(4,602)	8,670,841	Total other noninterest income and gains, net	
Net profit	24,592,982	8,106	24,601,088	Net profit	
Allowance for possible losses	307,962	-	307,962	Allowance for possible losses and reserve for guarantees	
Operating expenses					
Personnel expense	5,656,524	18,344	5,674,868	Employee benefits	5(4),5(5)
Depreciation and amortization	550,756	12,487	563,243	Depreciation and amortization	5(6)
Other and business and management expense	3,071,405	-	3,071,405	Other and business and management expense	
Total operating expenses	9,278,685	30,831	9,309,516	Total operating expenses	
Income before income tax	15,006,335	(22,725)	14,983,610	Income before income tax	
Income tax expense	2,810,850	(959)	2,809,891	Income tax expense	5(4),5(5)
Consolidated net income	$ 12,195,485	$ (21,766)	12,173,719	Consolidated net income	
			(2,639,362)	Exchange differences resulting from translating the financial statements of foreign operations	5(12)
			2,464,979	Unrealized valuation gains and losses from financial assets	5(12)
			(90,880)	Actuarial gains and losses	5(4),5(5)
			(265,263)	Other comprehensive income for the period, net of tax effect	
			$ 11,908,456	Total comprehensive income for the period	

4) Exemptions granted by IFRS 1

IFRS 1, "First-time Adoption of IFRSs," establishes the procedures for entities' first-time preparation of consolidated financial statements in accordance with IFRSs. According to IFRS 1, the Group is required to determine the accounting policies to be adopted under IFRSs and retrospectively apply those accounting policies in the financial statements at the date of transition to IFRSs (i.e. January 1, 2012, the "Transition Date"), except for optional exemptions to such retrospective application provided under IFRS 1. The main optional exemptions adopted by the Group are summarized as follows:

<u>Business combination</u>

The Bank chose to be exempted from retrospectively adopting IFRS 3 "Business Combination" for all business combinations completed before the date of transition to IFRSs. Therefore, goodwill, non-controlling interest and assets/liabilities acquired in past business combinations included in the balance sheet prepared under IFRSs as of Transition Date were stated at the same amount as reported in the balance sheet prepared under ROC GAAP as of December 31, 2011.

Such exemption is also applicable to acquisitions of investments in associates.

Deemed cost

On transition date, the Group measured the properties, investment properties and intangible assets at cost which is line with ROC GAAP.

Share-based payment transactions

The Group chose to exempt from retrospectively adopting IFRS 2 "Share-based Payment" for all share-based transactions granted and vested prior to the Transition Date.

Employee benefits

The Group decided to recognize all previously unrecognized cumulative actuarial gains and losses related to employee benefit plan in retained earnings on transition date.

Cumulative translation differences

The Bank determined the balance of translation differences of foreign operations calculated under IFRSs at the Transition Date as zero. The balance of previously recognized cumulative translation adjustment was transferred into the Bank's retained earnings.

Assets and liabilities of subsidiaries and associates

The Bank first-time adopted IFRSs later than some of its subsidiaries and associates; therefore, the Bank measured the assets and liabilities of these subsidiaries and associates at their book value as shown in their financial statements prepared under IFRSs. However, the book value is subject to adjustments according the optional exemptions and accounting policies chosen by the Bank.

Leases

The Group selected to determine whether arrangements in existence at the Transition Date contain lease elements by applying IFRIC 4 "Determining whether an Arrangement contains a Lease" based on facts and circumstances existing at the Transition Date.

The effects of the optional exemptions selected by the Group are further disclosed in item 7, "Significant reconciliation items of IFRSs transition".

5) Significant reconciliation items of IFRSs transition

The Group identified significant differences between the accounting policies set forth under ROC GAAP and IFRSs as follows:

a) Regular way purchases of financial assets

The Group currently applies settlement date basis accounting to its regular way purchases bonds and short-term bills (otherwise, trade date basis accounting is applied). With the adoption of IFRSs, trade date basis accounting shall apply to all regular way purchases of securities for consistency. As a result, receivables as of December 31, 2012 increased by $199,172 thousand while financial assets at FVTPL and payables decreased by $203,418 thousand and $62 thousand, respectively. In addition, financial assets and liabilities at FVTPL decreased by $4,602 thousand for the year ended December 31, 2012.

b) Financial assets carried at cost

Under "Regulations Governing the Preparation of Financial Reports by Public Banks", financial assets carried at cost shall be recognized if, and only if: The equity investments are not traded in Taiwan Stock Exchange or GreTai Securities Market and the Bank cannot exercise significant influence on the investee. With the adoption of IFRSs, these equity investments shall be designated as financial assets at FVTPL or available for sale financial assets and measured at fair value.

As of the date on December 31, 2012 and January 1, 2012, available for sale financial assets increased by \$6,875,322 thousand, and \$7,094,096 thousand; unrealized gain on financial assets increased by \$2,767,571 thousand and \$2,714,653 thousand; non-controlling equity increased by 1,646,640 thousand and 1,687,992 thousand; financial assets carried at cost decreased by \$2,695,921 thousand, and \$2,832,507 thousand; and cumulative translation adjustments decreased by \$234,810 thousand, and \$141,056 thousand, respectively.

c) Customer loyalty programmers

Under ROC GAAP, bonus payable is accrued when approved by the company's management. According to IFRIC13 "Customer Loyalty Programmers", bonus would be measured at fair value and recorded as deferred revenue, and recognized as revenue at conversion.

As of the date on December 31, 2012 and January 1, 2012, payables decreased by \$120,570 thousand, and \$109,747 thousand, and other liabilities - deferred revenue increased by \$120,570 thousand, and \$109,747 thousand.

d) Employee benefits - actuarial gains and losses on defined benefit plan

The Group's defined benefit plans is under actuary again in compliance with IAS 19 "Employee Benefits" and decreased the carrying amount of prepaid pension cost (included in other assets) and deferred tax liabilities by \$66,421 thousand and \$11,291 thousand, respectively, on the transition date following the exemption provided by IFRS 1.

Under ROC GAAP, actuarial gains and losses are amortized over the expected average remaining working lives of the participating employees under the corridor approach. However, under IAS 19 "Employee Benefits" and "Regulations Governing the Preparation of Financial Reports by Public Banks," the Group shall recognize the full amount of actuarial gains and losses as other comprehensive income immediately and charge to retained earnings in the consolidated statement of changes in shareholders' equity. The subsequent reclassification to current earnings is not permitted.

As of December 31, 2012, the Group decreased prepaid pension cost (classified under other assets) by \$144,349 thousand, and decreased deferred tax liabilities by \$24,539 thousand in accordance with the actuarial calculations under IFRSs. For the year ended December 31, 2012, the pension cost was decreased by \$5,661 thousand and income tax expense was increased by \$962 thousand.

e) Employee benefits - other employee benefits

Under IAS 19 "Employee Benefits" approved by the FSC, the Bank's policies regarding consolation benefit and favorable post-retirement savings are deemed as long term benefits to employees and are within the scope of IAS 19. Long term benefit obligation and benefit cost for these policies shall be recognized based on the result of actuarial valuation.

As of December 31, 2012 and January 1, 2012, the adoption of IAS 19 for the long-term benefit provided by the Bank increased the employee benefit liability by $152,220 thousand, and $115,018 thousand, respectively and decreased deferred income tax liability by $25,877 thousand, and $19,522 thousand, respectively. For the year ended December 31, 2012, employee benefit cost was increased by $24,005 thousand, interest expense was decreased by $12,708 thousand, and income tax expense was decreased by $1,921 thousand.

f) Property and equipment

In compliance with "Regulations Governing the Preparation of Financial Reports by Public Banks" and IAS 16 "Property, Plant and Equipment", critical components of property, plant and equipment shall be identified and depreciated separately.

For the year ended 2012, the Group increased and decreased depreciation expense and accumulated depreciation by $12,487 thousand.

g) Investment properties

Under ROC GAAP, properties held for rentals were classified under other assets. However, under IFRS, property held to earn rentals or for capital appreciation or both should be recorded as investment property; therefore, the properties held for such purposes were reclassified to investment properties.

As of December 31, 2012 and January 1, 2012, properties reclassified to investment properties amounted to $513,803 thousand, and $35,827 thousand, respectively, in compliance with IAS 40.

h) Deferred income tax asset/liability

Under ROC GAAP, the deferred tax liabilities and assets of the same taxable enterprise should be presented and reported on a net basis. However, under IFRSs, an entity can offset its deferred tax assets against its deferred tax liabilities only when the following criteria are met at the same time: 1) an entity has the legal right to offset its current tax assets and liabilities; 2) the deferred tax assets/liabilities are generated by the same entity and generated in the same jurisdiction (or generated by different entities but one entity expects to realize significant portion of these deferred tax assets/liabilities on a net basis in one foreseeable period or expects to realize the deferred tax assets/liabilities in the same period.

As a result, as of December 31, 2012 and January 1, 2012, deferred tax assets increased by $1,110,930 thousand and $1,033,644 thousand, respectively, and deferred tax liabilities increased by the same amounts which are under operating activity.

i) Differences of presentation

In order to comply with the "Regulations Governing the Preparation of Financial Reports by Public Banks" and IFRSs starting in 2013, certain accounts in the balance sheet and statement of other comprehensive income are reclassified in accordance with IFRSs.

6) Material adjustment of consolidated cash flow statement

According to ROC GAAP, interest received is classified under operating activity and dividend received is classified under financing activity, and the consolidated cash flow statement which is under indirect method should disclose supplementary information for the amount of interest paid. According to IAS 7 "Cash Flow Statement", interest and dividend received and paid should be disclosed independently, and should be classified on the same basis under operating, investment, or financing activities. Therefore, under IFRS, interest collection, interest payment and dividend received for the year ended December 31, 2013 which should be disclosed independently were $24,580,463 thousand, $8,787,334 thousand and $292,982 thousand.

Except for the abovementioned differences, there are no other material differences between the accounting policies under ROC GAAP and the accounting policies adopted for "Consolidated Cash Flow Statement" under IFRSs.

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

OVERDUE LOANS AND RECEIVABLE
DECEMBER 31, 2013, DECEMBER 31, 2012 AND JANUARY 1, 2012
(In Thousands of New Taiwan Dollars, %)

Date		December 31, 2013					December 31, 2012					January 1, 2012				
Business		Nonperforming Loans (Note 1)	Loans	Ratio of Nonperforming Loans (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)	Nonperforming Loans (Note 1)	Loans	Ratio of Nonperforming Loans (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)	Nonperforming Loans (Note 1)	Loans	Ratio of Nonperforming Loans (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)
Corporate banking	Secured	$ 608,568	$ 175,731,075	0.35	$ 2,166,704	356.03	$ 498,288	$ 133,374,195	0.37	$ 2,824,090	566.76	$ 434,634	$ 111,309,452	0.39	$ 2,302,569	529.77
	Unsecured	923,632	160,744,816	0.57	3,837,722	415.50	285,954	143,756,723	0.20	2,796,730	978.03	279,970	147,812,213	0.19	2,542,246	908.04
Consumer banking	Housing mortgage (Note 4)	229,899	119,224,125	0.19	1,075,437	467.79	157,213	113,217,530	0.14	1,344,670	855.32	234,268	111,118,178	0.21	1,465,931	625.75
	Cash card	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Small scale credit loans (Note 5)	14,821	684,718	2.16	24,945	168.31	15,098	986,335	1.53	60,326	399.56	17,977	1,194,867	1.50	62,603	348.24
	Other (Note 6) Secured	68,652	84,905,554	0.08	643,244	936.96	58,567	68,377,337	0.09	688,132	1,174.95	18,274	53,329,189	0.03	424,054	2,320.53
	Other (Note 6) Unsecured	18,045	4,799,512	0.38	64,126	355.37	10,832	5,028,945	0.22	82,160	758.49	4,000	5,113,067	0.08	51,418	1,285.45
Total		1,863,617	546,089,800	0.34	7,812,178	419.19	1,025,952	464,741,065	0.22	7,796,108	759.89	989,123	429,876,966	0.23	6,848,821	692.41
		Nonperforming Receivables (Note 1)	Accounts Receivable	Ratio of Nonperforming Receivables (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)	Nonperforming Receivables (Note 1)	Accounts Receivable	Ratio of Nonperforming Receivables (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)	Nonperforming Receivables (Note 1)	Accounts Receivable	Ratio of Nonperforming Receivables (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)
Credit card		13,894	2,274,361	0.61	163,370	1,175.83	12,409	2,390,307	0.52	134,607	1,084.75	13,622	2,497,397	0.55	113,173	830.81
Accounts receivable factored without recourse (Note 7)		-	1,301,819	-	13,018	-	-	1,516,266	-	15,163	-	-	1,683,924	-	16,839	-
Excluded NPL as a result of debt consultation and loan agreements (Note 8)		-					-					-				
Excluded overdue receivables as a result of debt consultation and loan agreements (Note 8)		-					-					-				
Excluded NPL as a result of consumer debt clearance (Note 9)		-					-					-				
Excluded overdue receivables as a result of consumer debt clearance (Note 9)		55,917					58,224					60,602				

Note 1: Nonperforming loans represent the amounts of nonperforming 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 Nonperforming/Non-accrued Loans." Nonperforming credit card receivables represent the amounts of nonperforming 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 nonperforming loans: Nonperforming loans ÷ Outstanding loan balance.
Ratio of nonperforming credit cards receivables: Nonperforming credit cards receivables ÷ Outstanding credit cards receivables balance.

Note 3: Coverage ratio of loans: Allowance for possible losses on loans ÷ Nonperforming loans.
Coverage ratio of credit cards receivable: Allowance for possible losses on credit cards receivable ÷ Nonperforming credit cards receivable.

Note 4: Housing mortgage is fully secured by house, 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 house.

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

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

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

Note 8: 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 9: 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).

TABLE 2

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2013
(Amounts in Thousands of New Taiwan Dollars)

Holding Company Name	Name	Security Issuer's Relationship with Holding Company	Financial Statement Account	December 31, 2013 Shares (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	Note
Shancom Reconstruction Inc.	Empresa Inversiones Generales, S.A.	Indirect subsidiary	Equity investments under the equity method	1	$ 1,618,305	100.00	$ 1,618,305	Note
	Krinein Company	Indirect subsidiary	Equity investments under the equity method	2	465,945	100.00	465,945	Note
	Safehaven Investment Corporation	Indirect subsidiary	Equity investments under the equity method	1	46,056	100.00	46,056	Note
Wresqueue Limitada	Prosperity Realty Inc.	Indirect subsidiary	Equity investments under the equity method	4	68,512	100.00	(22,784)	Note
China Travel Service (Taiwan)	Silks Place Taroko	-	Equity investments under the equity method	20,372	79,248	45.00	79,248	
	CTS Travel International Ltd.	Indirect subsidiary	Equity investments under the equity method	600	6,650	100.00	6,650	Note
	Joy Tour Service Co., Ltd.	-	Financial assets carried at cost	100	1,000	10.00	-	
SCSB Life Insurance Agency	Geniron.Com.	-	Financial assets carried at cost	950	5,394	4.13	-	
	Prism Communication International Limited	-	Financial assets carried at cost	1,250	-	-	-	
SCSB Property Insurance Agency	Geniron.Com.	-	Financial assets carried at cost	950	5,393	4.13	-	
	Prism Communication International Limited	-	Financial assets carried at cost	1,250	-	-	-	
SCSB Asset Management Ltd.	SCSB Leasing (China) Co., Ltd.	Indirect subsidiary	Equity investments under the equity method	N/A	601,843	100.00	601,843	Note
Krinein Company	Shanghai Commercial Bank (HK)	Indirect subsidiary	Equity investments under the equity method	1,920	7,560,767	9.60	7,560,767	Note
Empresa Inversiones Generales, S.A.	Shanghai Commercial Bank (HK)	Indirect subsidiary	Equity investments under the equity method	9,600	37,803,833	48.00	37,803,833	Note

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

TABLE 3

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES (FOR INVESTEES) OR INVESTEE INVESTMENT (FOR THE BANK) ACQUIRED AND DISPOSED OF, AT COST OR PRICES OF AT LEAST NT$300 MILLION OR 10% OF THE ISSUED CAPITAL
DECEMBER 31, 2013
(Amounts in Thousands of New Taiwan Dollars) (Share in Thousands)

Acquirer/Disposer	Investment Type and Name	Recorded Accounts	Counterparty	Relation	January 1, 2013		Acquisition		Disposal				December 31, 2013	
					Shares	Amount (Note)	Shares	Amount (Note)	Shares	Prices	Book Value	Gain/Loss on Disposal	Shares	Amount (Note)
Shanghai Commercial Bank (HK)	Bank of Shanghai	Available-for-sale financial assets	-	Indirect subsidiary	127,020	$ 5,168,857 (HK$1,345,496)	14,100	$ 954,000 (HK$ 248,334)	-	-	-	-	141,120	$ 6,122,857 (HK$1,593,830)

Note: Calculated using the exchange rate on December 31, 2013.

TABLE 4

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COST OF AT LEAST NT$300 MILLION OR 10% OF THE PAID-IN CAPITAL
DECEMBER 31, 2013
(Amounts in Thousands of New Taiwan Dollars and Foreign Currency)

Company Name	Real Estate Type	Trade Date	Trade Amount	Payment	Counterparty	Relation	Prior Transaction if Counterparty is Related Party				Price Base	Goal and Usage	Other
							Owner	Relationship	Transfer Date	Amount			
The Bank	Commercial building (3rd-12th floor and part of B1)	November 21, 2012	$ 2,280,000	paid	Yuanta Development and Yuankun Development	A third party	Not applicable	Not applicable	Not applicable	Not applicable	Commissioned two property appraisal companies to assess in October 2012 and in accordance with the provisions of the board of directors to purchase with no more than 23 billion.	For office use	Not applicable
Silver Wisdom Investments Limited and Glory Step Investments Limited	House and related commercial premises	January 2012 to December 2013	HK$ 478,491	HK$431,359 paid, the remaining HK$47,132 to be paid in subsequent period.	Personal (non-related-party)	A third party	Not applicable	Not applicable	Not applicable	Not applicable	Market price	For office use	Not applicable

Note: If appraisal is required in acquiring assets in accordance with regulation, appraisal result is required to be shown in the column "price base".

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

SALE OF NONPERFORMING LOANS
DECEMBER 31, 2013
(In Thousands of New Taiwan Dollars)

1. Summary of sale of nonperforming loans

Transaction Date	Counterparty	Content	Carrying Value (Note)	Selling Price	Gain (Loss) on Disposal	Other Terms	Nature of Relationship
December 11, 2013	Deutsche Bank	Loans	$ 707,097	$ 1,186,940	$ 479,843	None	None

Note: The carrying value is the balance after full or partial write-off.

2. Related information of sale of nonperforming loans with selling price above $1 million in single transaction (excluding sale to related parties):

Counterparty: Deutsche Bank Transaction date: December 11, 2013

Portfolio of Loans		Loan Amount (Note 1)	Carrying Value	Allocation(Note 2)
Incorporated	Secured	$ 1,074,832	$ 707,097	$ 1,074,832
	Non-secured	333,928	-	112,108
Total		1,408,760	707,097	1,186,940

Note 1: The loan amounts were those that could be redeemed by buyers from creditors, including the sum of non-performing loan balance (carrying amount before deducting allowance for doubtful debts) and the amount of doubtful debt written off.

Note 2: Allocation of the selling price was assessed at the recoverable amount of total selling price of debts at the time of selling by the Bank.

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

RELATED INFORMATION OF INVESTEES
YEAR ENDED DECEMBER 31, 2013
(In Thousands of New Taiwan Dollars) (Share in Thousands)

Investee Company	Location	Main Businesses and Products	Percentage of Ownership (%)	Carrying Amount	Investment Income (Loss) Recognized	Consolidated Investment (Note 2)				Note
						Shares (In Thousands)	Shares (Pro forma)	Shares (In Thousands)	Percentage of Ownership (%)	
Equity investments under the equity method										
Financial business										
SCSB Asset Management Ltd.	Taipei City	Purchase and management of creditor's rights of financial institutions	100.00	$ 1,095,555	$ (15,145)	110,000	-	110,000	100.00	Note 3
SCSB Life Insurance Agency	Taipei City	Insurance	100.00	182,661	69,094	5,000	-	5,000	100.00	Note 3
SCSB Property Insurance Agency	Taipei City	Insurance	100.00	94,093	4,112	5,000	-	5,000	100.00	Note 3
SCSB Marketing Ltd.	Taipei City	Marketing	100.00	9,764	726	500	-	500	100.00	Note 3
Paofoong Insurance Company Ltd.	Hong Kong	Insurance	40.00	212,582	10,217	500	-	500	100.00	Note 3
Shanghai Commercial Bank (HK)	Hong Kong	Banking and financial	57.60	45,364,599	3,941,728	11,520	-	11,520	57.60	Note 3
Non-financial business										
China Travel Service (Taiwan)	Taipei City	Travel services	99.99	188,639	4,696	38,943	-	38,943	99.99	Note 3
Kuo Hai Real Estate Management	Taipei City	Building material distribution	34.69	-	-	3,000	-	3,000	34.69	
Shancom Reconstruction Inc.	Liberia	Securities investment	100.00	47,216,138	3,929,962	5	-	5	100.00	Note 3
Wresqueue Limitada	Liberia	Securities investment	100.00	285,448	4,329	176	-	176	100.00	Note 3
Empresa Inversiones Generales, S.A.	Panama	Securities investment	100.00	1,618,305	1,512,691	1	-	1	100.00	Note 3
Krinein Company	Cayman Islands	Securities investment	100.00	465,945	303,050	2	-	2	100.00	Note 3
Safehaven Investment Corporation	Liberia	Securities investment	100.00	46,056	295	1	-	1	100.00	Note 3
Prosperity Realty Inc.	America	Real estate services	100.00	68,512	-	4	-	4	100.00	Note 3
Silks Place Taroko	Hualien	Travel services	45.00	79,248	(6,939)	20,372	-	20,372	45.00	
CTS Travel International Ltd	Taipei City	Travel services	100.00	6,650	131	600	-	600	100.00	Note 3
SCSB Leasing (China) Co., Ltd.	China	Leasing operation	100.00	601,843	(11,666)	N/A	-	N/A	100.00	Note 3

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

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

Note 3: Framework for the preparation of consolidated financial statement requires write-off of the whole amount in preparing the consolidated financial statements.

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

INVESTMENT IN MAINLAND CHINA
DECEMBER 31, 2013
(Amounts in Thousands of New Taiwan Dollars and Foreign Currency)

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 value as of December 31, 2013 and inward remittance of earnings:

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type (Note 1)	Accumulated Outflow of Investment as of January 1, 2012	Investment Flows		Accumulated Outflow of Investment as of December 31, 2013	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Notes 2 and 6)	Carrying Value as of December 31, 2013 (Note 4)	Accumulated Inward Remittance of Earnings as of December 31, 2013
					Outflow	Inflow					
SCSB Leasing (China) Co., Ltd.	Leasing operation	US$ 20,000	(3)	US$ 20,000	US$ -	US$ -	US$ 20,000	100.00	$ 11,666 (-US$ 393)	$ 601,843 (US$ 20,204)	$ -
Bank of Shanghai	Approved by local government	US$ 776,015	(Note 5)	US$ 22,953	US$ 18,447	US$ -	US$ 41,400	3.00	-	7,987,569 (US$ 268,147)	-
Shanghai Commercial Bank Ltd. - Shenzhen Branch	Approved by local government	US$ 66,226	(Note 5)	US$ 36,339	US$ -	US$ -	US$ 36,339	57.60	162,767 (US$ 5,482)	1,545,747 (US$ 51,892)	-
Shanghai Commercial Bank Ltd. - Shanghai Branch	Approved by local government	US$ 31,854	(Note 5)	US$ 18,348	US$ -	US$ -	US$ 18,348	57.60	773 (US$ 26)	948,857 (US$ 31,854)	-

2. Upper limit on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2013 (Note 4)	Investment Amounts Authorized by Investment Commission, MOEA (Notes 4 and 7)	Upper Limit on Investment Authorized by Investment Commission MOEA (Note 3)
3,458,000 (US$116,087)	2,908,500 (US$97,640)	NT$52,697,735

Note 1: Routes of investment in Mainland China are listed below:
(1) To directly invest.
(2) To invest via third place company.
(3) Others.

Note 2: In the column of "Investment Gain (Loss)"
(1) It should be specified if it is preparing for establishment and no investment gain(loss).
(2) It should be specified if the investment gain(loss) is divided into the following three categories:
A. Financial report audited by international accounting firm associated with accounting firm in R.O.C.
B. Financial report audited by the accounting firm associated with the parent company in R.O.C.
C. Others.

Note 3: Under the "Regulatory Principles for Investments in Mainland China Enterprises by Banks, Financial Holding Companies, and Their Affiliated Enterprises", when a Taiwan bank or its third-area subsidiary bank applies to establish a branch or subsidiary bank, or make equity investment in Mainland Area, or a subsidiary company with over 50 percent of total outstanding voting shares or capital owned by Taiwan bank makes investments in Mainland Area, the cumulative allocated operating capital and total amount of investment combined shall not exceed 15 percent of the bank's net worth at the time of application.

Note 4: Calculated using the exchange rate on December 31, 2013.

Note 5: To invest via sub-subsidiary of the Bank, "Shanghai Commercial Bank (HK)".

Note 6: Financial report audited by international accounting firm associated with accounting firm in R.O.C..

Note 7: The sub-subsidiary of the Bank, "Shanghai Commercial Bank (HK)", attended cash capital increase of the Shanghai Commercial & Savings Bank, LTD in December, 2013, and the Bank is now applying to the Investment Commission.

TABLE 8-1

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
YEAR ENDED DECEMBER 31, 2013
(Amounts in Thousands of New Taiwan Dollars)

No.	Company Name	Counterparty	Nature of Relationship	Intercompany Transaction			
				Financial Statements Item	Amount	Term	Percentage of Consolidated Total Gross Sales or Total Assets (Note 3)
0	The Shanghai Commercial & Savings Bank, Ltd.	SCSB Life Insurance Agency	Represents the transactions from parent company to subsidiary	Accounts receivables	$ 10,065	Note 4	-
		SCSB Life Insurance Agency	Represents the transactions from parent company to subsidiary	Accounts payables	124	Note 4	-
		SCSB Life Insurance Agency	Represents the transactions from parent company to subsidiary	Deposits and remittances	196,477	Note 4	-
		SCSB Life Insurance Agency	Represents the transactions from parent company to subsidiary	Other liabilities	197	Note 4	-
		SCSB Life Insurance Agency	Represents the transactions from parent company to subsidiary	Interest expenses	2,036	Note 4	-
		SCSB Life Insurance Agency	Represents the transactions from parent company to subsidiary	Service fee incomes, net	171,699	Note 4	-
		SCSB Life Insurance Agency	Represents the transactions from parent company to subsidiary	Net revenues other than interest	752	Note 4	-
		SCSB Property Insurance Agency	Represents the transactions from parent company to subsidiary	Accounts receivables	306	Note 4	-
		SCSB Property Insurance Agency	Represents the transactions from parent company to subsidiary	Accounts payables	65	Note 4	-
		SCSB Property Insurance Agency	Represents the transactions from parent company to subsidiary	Deposits and remittances	89,509	Note 4	-
		SCSB Property Insurance Agency	Represents the transactions from parent company to subsidiary	Other liabilities	197	Note 4	-
		SCSB Property Insurance Agency	Represents the transactions from parent company to subsidiary	Interest expenses	1,039	Note 4	-
		SCSB Property Insurance Agency	Represents the transactions from parent company to subsidiary	Service fee incomes, net	12,807	Note 4	-
		SCSB Property Insurance Agency	Represents the transactions from parent company to subsidiary	Net revenues other than interest	752	Note 4	-
		SCSB Asset Management Ltd.	Represents the transactions from parent company to subsidiary	Accounts payables	18	Note 4	-
		SCSB Asset Management Ltd.	Represents the transactions from parent company to subsidiary	Deposits and remittances	333,719	Note 4	-
		SCSB Asset Management Ltd.	Represents the transactions from parent company to subsidiary	Other liabilities	47	Note 4	-
		SCSB Asset Management Ltd.	Represents the transactions from parent company to subsidiary	Interest expenses	2,300	Note 4	-
		SCSB Asset Management Ltd.	Represents the transactions from parent company to subsidiary	Net revenues other than interest	179	Note 4	-

No.	Company Name	Counterparty	Nature of Relationship	Intercompany Transaction			
				Financial Statements Item	Amount	Term	Percentage of Consolidated Total Gross Sales or Total Assets (Note 3)
		SCSB Marketing	Represents the transactions from parent company to subsidiary	Accounts payables	5,105	Note 4	-
		SCSB Marketing	Represents the transactions from parent company to subsidiary	Deposits and remittances	12,342	Note 4	-
		SCSB Marketing	Represents the transactions from parent company to subsidiary	Other liabilities	20	Note 4	-
		SCSB Marketing	Represents the transactions from parent company to subsidiary	Interest expenses	88	Note 4	-
		SCSB Marketing	Represents the transactions from parent company to subsidiary	Net revenues other than interest	74	Note 4	-
		SCSB Marketing	Represents the transactions from parent company to subsidiary	Other general and administrative	56,513	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from parent company to subsidiary	Accounts payables	35	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from parent company to subsidiary	Deposits and remittances	85,711	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from parent company to subsidiary	Other liabilities	180	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from parent company to subsidiary	Interest expenses	108	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from parent company to subsidiary	Net revenues other than interest	686	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from parent company to subsidiary	Other general and administrative expense	1,611	Note 4	-
		CTS Travel International Ltd.	Represents the transactions from parent company to subsidiary	Accounts payables	20	Note 4	-
		CTS Travel International Ltd.	Represents the transactions from parent company to subsidiary	Deposits and remittances	5,380	Note 4	-
		CTS Travel International Ltd.	Represents the transactions from parent company to subsidiary	Deposits and remittances	1,803	Note 4	-
		CTS Travel International Ltd.	Represents the transactions from parent company to subsidiary	Interest expenses	30	Note 4	-
		Shancom Reconstruction Inc.	Represents the transactions from parent company to subsidiary	Cash and cash equivalents	348,271	Note 4	-
		Shancom Reconstruction Inc.	Represents the transactions from parent company to subsidiary	Due from the Central Bank and call loans to banks	1,536,640	Note 4	-
		Shancom Reconstruction Inc.	Represents the transactions from parent company to subsidiary	Due to the Central Bank and banks	195	Note 4	-
		Shancom Reconstruction Inc.	Represents the transactions from parent company to subsidiary	Due to the Central Bank and banks	576,240	Note 4	-
		Shancom Reconstruction Inc.	Represents the transactions from parent company to subsidiary	Accounts payables	1,977	Note 4	-
		Shancom Reconstruction Inc.	Represents the transactions from parent company to subsidiary	Deposits and remittances	1,309,315	Note 4	-
		Shancom Reconstruction Inc.	Represents the transactions from parent company to subsidiary	Interest revenues	15,246	Note 4	-
		Shancom Reconstruction Inc.	Represents the transactions from parent company to subsidiary	Interest expenses	13,898	Note 4	-

No.	Company Name	Counterparty	Nature of Relationship	Intercompany Transaction: Financial Statements Item	Amount	Term	Percentage of Consolidated Total Gross Sales or Total Assets (Note 3)
1	SCSB Life Insurance Agency	The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Cash and cash equivalents	196,477	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Accounts receivables	124	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Other assets	197	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Accounts payables	10,065	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Interest revenues	2,036	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Service fee incomes, net	171,699	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Other general and administrative expense	752	Note 4	-
2	SCSB Property Insurance Agency	The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Cash and cash equivalents	89,509	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Accounts receivables	65	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Other assets	197	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Accounts payables	306	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Interest revenues	1,039	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Service fee incomes, net	12,807	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Other general and administrative expense	752	Note 4	-
3	SCSB Asset Management Ltd.	The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Cash and cash equivalents	333,719	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Accounts receivables	18	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Other assets	47	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Interest revenues	2,300	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Other general and administrative expense	179	Note 4	-
4	SCSB Marketing	The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Cash and cash equivalents	12,342	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Accounts receivables	5,105	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Other assets	20	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Interest revenues	88	Note 4	-

No.	Company Name	Counterparty	Nature of Relationship	Intercompany Transaction			
				Financial Statements Item	Amount	Term	Percentage of Consolidated Total Gross Sales or Total Assets (Note 3)
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Net revenues other than interest	74	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Net revenues other than interest	56,513	Note 4	-
5	China Travel Service (Taiwan)	The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Cash and cash equivalents	85,711	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Accounts receivables	35	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Other assets	180	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Interest revenues	108	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Net revenues other than interest	1,611	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Other general and administrative expense	686	Note 4	-
		Shancom Reconstruction Inc.	Represents the transactions from subsidiary to parent company	Cash and cash equivalents	328	Note 4	-
		CTS Travel International Ltd.	Represents the transactions from subsidiary to parent company	Other liabilities	210	Note 4	-
		CTS Travel International Ltd.	Represents the transactions from subsidiary to subsidiary	Net revenues other than interest	114	Note 4	-
		CTS Travel International Ltd.	Represents the transactions from subsidiary to subsidiary	Other general and administrative expense	2,362	Note 4	-
6	CTS Travel International Ltd.	The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Cash and cash equivalents	5,380	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Accounts receivables	20	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Other assets	1,803	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Interest revenues	30	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from subsidiary to parent company	Accounts receivables	210	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from subsidiary to parent company	Net revenues other than interest	2,362	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from subsidiary to subsidiary	Other general and administrative expense	114	Note 4	-
7	Shancom Reconstruction Inc.	The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Cash and cash equivalents	195	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Cash and cash equivalents	1,309,315	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Due from the Central Bank and call loans to banks	576,240	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Accounts receivables	1,977	Note 4	-

No.	Company Name	Counterparty	Nature of Relationship	Intercompany Transaction			
				Financial Statements Item	Amount	Term	Percentage of Consolidated Total Gross Sales or Total Assets (Note 3)
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Due to the Central Bank and banks	348,271	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Due to the Central Bank and banks	1,536,640	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Interest revenues	13,898	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Interest expenses	15,246	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from subsidiary to subsidiary	Deposits and remittances	328	Note 4	-

Note 1: The transactions between parent company and subsidiaries should indicate the number filled in the column like follows:
i. Parent company fill in 0.
ii. Subsidiaries in accordance with the company are numbered sequentially from 1.

Note 2: There are three types of relations in companies and only have to mark their type in nature of relationship column:
i. Transactions from parent company to subsidiary.
ii. Transactions from subsidiary to parent company.
iii. Transactions from subsidiary to subsidiary.

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

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

(Concluded)

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
YEAR ENDED DECEMBER 31, 2012
(Amounts in Thousands of New Taiwan Dollars)

No.	Company Name	Counterparty	Nature of Relationship	Intercompany Transaction			
				Financial Statements Item	Amount	Term	Percentage of Consolidated Total Gross Sales or Total Assets (Note 3)
0	The Shanghai Commercial & Savings Bank, Ltd.	SCSB Life Insurance Agency	Represents the transactions from parent company to subsidiary	Deposits and remittances	$ 210,538	Note 4	-
		SCSB Life Insurance Agency	Represents the transactions from parent company to subsidiary	Accounts receivables	7,617	Note 4	-
		SCSB Life Insurance Agency	Represents the transactions from parent company to subsidiary	Accounts payables	133	Note 4	-
		SCSB Life Insurance Agency	Represents the transactions from parent company to subsidiary	Other liabilities	197	Note 4	-
		SCSB Life Insurance Agency	Represents the transactions from parent company to subsidiary	Service fee incomes, net	228,511	Note 4	-
		SCSB Life Insurance Agency	Represents the transactions from parent company to subsidiary	Net revenues other than interest	698	Note 4	-
		SCSB Life Insurance Agency	Represents the transactions from parent company to subsidiary	Interest expenses	2,039	Note 4	-
		SCSB Property Insurance Agency	Represents the transactions from parent company to subsidiary	Deposits and remittances	85,501	Note 4	-
		SCSB Property Insurance Agency	Represents the transactions from parent company to subsidiary	Accounts receivables	364	Note 4	-
		SCSB Property Insurance Agency	Represents the transactions from parent company to subsidiary	Accounts payables	60	Note 4	-
		SCSB Property Insurance Agency	Represents the transactions from parent company to subsidiary	Other liabilities	197	Note 4	-
		SCSB Property Insurance Agency	Represents the transactions from parent company to subsidiary	Service fee incomes, net	14,264	Note 4	-
		SCSB Property Insurance Agency	Represents the transactions from parent company to subsidiary	Net revenues other than interest	698	Note 4	-
		SCSB Property Insurance Agency	Represents the transactions from parent company to subsidiary	Interest expenses	1,008	Note 4	-
		SCSB Asset Management Ltd.	Represents the transactions from parent company to subsidiary	Deposits and remittances	342,653	Note 4	-
		SCSB Asset Management Ltd.	Represents the transactions from parent company to subsidiary	Accounts payables	200	Note 4	-
		SCSB Asset Management Ltd.	Represents the transactions from parent company to subsidiary	Other liabilities	47	Note 4	-
		SCSB Asset Management Ltd.	Represents the transactions from parent company to subsidiary	Net revenues other than interest	179	Note 4	-

(Continued)

No.	Company Name	Counterparty	Nature of Relationship	Intercompany Transaction			
				Financial Statements Item	Amount	Term	Percentage of Consolidated Total Gross Sales or Total Assets (Note 3)
		SCSB Asset Management Ltd.	Represents the transactions from parent company to subsidiary	Interest expenses	$ 2,916	Note 4	-
		SCSB Marketing	Represents the transactions from parent company to subsidiary	Deposits and remittances	11,121	Note 4	-
		SCSB Marketing	Represents the transactions from parent company to subsidiary	Accounts payables	3,810	Note 4	-
		SCSB Marketing	Represents the transactions from parent company to subsidiary	Other liabilities	20	Note 4	-
		SCSB Marketing	Represents the transactions from parent company to subsidiary	Net revenues other than interest	74	Note 4	-
		SCSB Marketing	Represents the transactions from parent company to subsidiary	Other general and administrative	48,779	Note 4	-
		SCSB Marketing	Represents the transactions from parent company to subsidiary	Interest expenses	87	Note 4	-
		SCSB Marketing	Represents the transactions from parent company to subsidiary	Accounts payables	5	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from parent company to subsidiary	Deposits and remittances	40,315	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from parent company to subsidiary	Deposits and remittances	1,510	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from parent company to subsidiary	Interest revenues	143	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from parent company to subsidiary	Interest expenses	44	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from parent company to subsidiary	Accounts payables	6	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from parent company to subsidiary	Other general and administrative expense	1,586	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from parent company to subsidiary	Other general and administrative revenue	686	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from parent company to subsidiary	Other liabilities	180	Note 4	-
		CTS Travel International Ltd.	Represents the transactions from parent company to subsidiary	Deposits and remittances	5,221	Note 4	-
		CTS Travel International Ltd.	Represents the transactions from parent company to subsidiary	Deposits and remittances	1,604	Note 4	-
		CTS Travel International Ltd.	Represents the transactions from parent company to subsidiary	Interest expenses	18	Note 4	-
		CTS Travel International Ltd.	Represents the transactions from parent company to subsidiary	Accounts payables	20	Note 4	-
		Shancom Reconstruction Inc.	Represents the transactions from parent company to subsidiary	Cash and cash equivalents	219,323	Note 4	-
		Shancom Reconstruction Inc.	Represents the transactions from parent company to subsidiary	Deposits and remittances	1,270,404	Note 4	-
		Shancom Reconstruction Inc.	Represents the transactions from parent company to subsidiary	Interest payable	1,553	Note 4	-

(Continued)

No.	Company Name	Counterparty	Nature of Relationship	Intercompany Transaction			
				Financial Statements Item	Amount	Term	Percentage of Consolidated Total Gross Sales or Total Assets (Note 3)
		Shancom Reconstruction Inc.	Represents the transactions from parent company to subsidiary	Interest expenses	$ 21,578	Note 4	-
		Shancom Reconstruction Inc.	Represents the transactions from parent company to subsidiary	Due to banks	228	Note 4	-
		Shancom Reconstruction Inc.	Represents the transactions from parent company to subsidiary	Due to the Central Bank and banks	992,770	Note 4	-
		Shancom Reconstruction Inc.	Represents the transactions from parent company to subsidiary	Due from the Central Bank and call loans to banks	1,498,520	Note 4	-
		Shancom Reconstruction Inc.	Represents the transactions from parent company to subsidiary	Interest revenues	10,231	Note 4	-
1	SCSB Life Insurance Agency	The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Cash and cash equivalents	210,538	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Accounts payables	7,617	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Accounts receivables	133	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Other assets	197	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Service fee incomes, net	228,511	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Other general and administrative	698	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Interest revenues	2,039	Note 4	-
2	SCSB Property Insurance Agency	The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Cash and cash equivalents	85,501	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Accounts payables	364	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Accounts receivables	60	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Other assets	197	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Service fee incomes, net	14,264	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Other general and administrative	698	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Interest revenues	1,008	Note 4	-
3	SCSB Asset Management Ltd.	The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Cash and cash equivalents	342,653	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Accounts receivables	200	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Other assets	47	Note 4	-

(Continued)

No.	Company Name	Counterparty	Nature of Relationship	Intercompany Transaction			
				Financial Statements Item	Amount	Term	Percentage of Consolidated Total Gross Sales or Total Assets (Note 3)
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Other general and administrative	$ 179	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Interest revenues	2,916	Note 4	-
4	SCSB Marketing	The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Cash and cash equivalents	11,121	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Accounts receivables	3,810	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Other assets	20	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Other general and administrative	74	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Service fee incomes, net	48,779	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Interest revenues	87	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Accounts receivables	5	Note 4	-
5	China Travel Service (Taiwan)	The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Cash and cash equivalents	40,315	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Other assets	1,510	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Interest expenses	143	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Interest revenues	44	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Accounts receivables	6	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Other assets	180	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Net revenues other than interest	1,586	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Other general and administrative	686	Note 4	-
		Shancom Reconstruction Inc.	Represents the transactions from subsidiary to subsidiary	Cash and cash equivalents	679	Note 4	-
		CTS Travel International Ltd.	Represents the transactions from parent company to subsidiary	Other general and administrative	2,297	Note 4	-
		CTS Travel International Ltd.	Represents the transactions from subsidiary to subsidiary	Other liabilities	265	Note 4	-
		CTS Travel International Ltd.	Represents the transactions from parent company to subsidiary	Net revenues other than interest	114	Note 4	-

(Continued)

No.	Company Name	Counterparty	Nature of Relationship	Intercompany Transaction			
				Financial Statements Item	Amount	Term	Percentage of Consolidated Total Gross Sales or Total Assets (Note 3)
6	CTS Travel International Ltd.	The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Cash and cash equivalents	$ 5,221	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Other assets	1,604	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Interest revenues	18	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Accounts receivables	20	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from subsidiary to subsidiary	Net revenues other than interest	2,297	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from subsidiary to subsidiary	Accounts receivables	265	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from subsidiary to subsidiary	Net revenues other than interest	114	Note 4	-
7	Shancom Reconstruction Inc.	The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Due to the Central Bank and banks	219,323	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Cash and cash equivalents	1,270,404	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Interest receivable	1,553	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Interest revenues	21,578	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Cash and cash equivalents	228	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Due from the Central Bank and call loans to banks	992,770	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Due to the Central Bank and banks	1,498,520	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Interest expenses	10,231	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from subsidiary to subsidiary	Deposits and remittances	679	Note 4	-

Note 1: The transactions between parent company and subsidiaries should indicate the number filled in the column like follows:

i. Parent company fill in 0.
ii. Subsidiaries in accordance with the company are numbered sequentially from 1.

Note 2: There are three types of relations in companies and only have to mark their type in nature of relationship column:

i. Transactions from parent company to subsidiary.
ii. Transactions from subsidiary to parent company.
iii. Transactions from subsidiary to subsidiary.

(Continued)

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

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

(Concluded)