

# THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

| ASSETS  | June 30, 2014           |            | December 31, 2013       |            | June 30, 2013           |            |
|---|-------------------------|------------|-------------------------|------------|-------------------------|------------|
|   | Amount                  | %          | Amount                  | %          | Amount                  | %          |
| Cash and cash equivalents (note 6)                                  | \$ 33,966,146           | 2          | \$ 58,055,252           | 4          | \$ 37,240,888           | 3          |
| Due from the central bank and call loans to banks (note 7)          | 215,135,495             | 15         | 221,625,832             | 16         | 231,146,094             | 17         |
| Financial assets at fair value through profit or loss (note 8)      | 32,745,989              | 2          | 33,043,474              | 2          | 34,873,722              | 2          |
| Derivative financial assets for hedging (note 9)                    | 65,865                  | -          | 104,418                 | -          | 140,528                 | -          |
| Securities purchased under resell agreements (note 10)              | 3,800,406               | -          | 1,588,177               | -          | 986,987                 | -          |
| Receivables, net (notes 11 and 33)                                  | 16,122,240              | 1          | 15,253,958              | 1          | 16,433,283              | 1          |
| Discounts and loans, net (notes 4, 12, 33 and 34)                   | 809,699,062             | 56         | 775,609,470             | 54         | 725,587,451             | 53         |
| Available-for-sale financial assets, net (notes 13 and 34)          | 199,207,559             | 14         | 185,448,671             | 13         | 177,149,471             | 13         |
| Held-to-maturity financial assets, net (notes 14 and 34)            | 116,604,868             | 8          | 116,575,221             | 8          | 121,880,605             | 9          |
| Equity investments under the equity method, net (note 15)           | 1,048,389               | -          | 979,906                 | -          | 951,252                 | -          |
| Other financial assets, net (note 16)                               | 231,763                 | -          | 221,642                 | -          | 217,465                 | -          |
| Properties, net (note 17)   | 22,302,820              | 2          | 21,719,502              | 2          | 21,657,176              | 2          |
| Investment properties, net (note 18)                                | 174,398                 | -          | 355,318                 | -          | 415,228                 | -          |
| Deferred income tax assets  | 764,242                 | -          | 924,324                 | -          | 769,983                 | -          |
| Other assets, net (note 19)   | <u>2,689,451</u>        | <u>-</u>   | <u>4,442,779</u>        | <u>-</u>   | <u>4,742,745</u>        | <u>-</u>   |
| Total   | <u>\$ 1,454,558,693</u> | <u>100</u> | <u>\$ 1,435,947,944</u> | <u>100</u> | <u>\$ 1,374,192,878</u> | <u>100</u> |
| <b>LIABILITIES AND EQUITY</b>                                       |                         |            |                         |            |                         |            |
| Due to the central bank and banks (note 20)                         | \$ 44,668,431           | 3          | \$ 38,999,190           | 3          | \$ 35,970,890           | 3          |
| Borrowings from the central bank and banks                          | -                       | -          | 3,932,016               | -          | 1,499,450               | -          |
| Financial liabilities at fair value through profit or loss (note 8) | 604,781                 | -          | 1,529,591               | -          | 2,163,666               | -          |
| Derivative financial liabilities for hedging (note 9)               | 8,048                   | -          | 24,429                  | -          | 40,362                  | -          |
| Securities sold under repurchase agreements (note 21)               | 7,927,202               | 1          | 5,746,867               | -          | 4,218,105               | -          |
| Payables (notes 22 and 33)  | 27,621,143              | 2          | 21,840,540              | 2          | 31,130,924              | 2          |
| Current income tax liabilities                                      | 1,630,224               | -          | 939,494                 | -          | 1,457,654               | -          |
| Deposits and remittances (notes 23 and 33)                          | 1,181,855,705           | 81         | 1,179,265,585           | 82         | 1,125,431,187           | 82         |
| Bank debentures (note 24)   | 39,765,907              | 3          | 33,104,321              | 2          | 33,140,260              | 3          |
| Other financial liabilities (note 25)                               | 6,392,553               | -          | 6,680,824               | 1          | 4,492,584               | -          |
| Provisions (note 26)  | 1,204,070               | -          | 1,218,629               | -          | 1,086,199               | -          |
| Deferred income tax liabilities                                     | 8,034,886               | 1          | 8,019,995               | 1          | 7,429,781               | 1          |
| Other liabilities (notes 27 and 33)                                 | <u>2,157,555</u>        | <u>-</u>   | <u>2,470,300</u>        | <u>-</u>   | <u>2,367,842</u>        | <u>-</u>   |
| Total liabilities   | <u>1,321,870,505</u>    | <u>91</u>  | <u>1,303,771,781</u>    | <u>91</u>  | <u>1,250,428,904</u>    | <u>91</u>  |
| Total equity (note 29)  |                         |            |                         |            |                         |            |
| Equity attributable to owners of the Bank                           |                         |            |                         |            |                         |            |
| Share capital   |                         |            |                         |            |                         |            |
| Ordinary shares   | 37,157,916              | 3          | 37,157,916              | 3          | 37,157,916              | 3          |
| Reserve for capitalization  | <u>928,948</u>          | <u>-</u>   | <u>-</u>                | <u>-</u>   | <u>-</u>                | <u>-</u>   |
|   | 38,086,864              | 3          | 37,157,916              | 3          | 37,157,916              | 3          |
| Capital surplus   | <u>4,625,336</u>        | <u>-</u>   | <u>4,625,336</u>        | <u>-</u>   | <u>4,624,995</u>        | <u>-</u>   |
| Retained earnings   |                         |            |                         |            |                         |            |
| Legal reserve   | 33,751,333              | 2          | 30,708,270              | 2          | 30,708,270              | 2          |
| Special reserve   | 7,480,146               | 1          | 7,480,146               | 1          | 7,480,146               | 1          |
| Unappropriated earnings   | <u>10,626,499</u>       | <u>1</u>   | <u>14,913,809</u>       | <u>1</u>   | <u>9,692,063</u>        | <u>1</u>   |
| Total retained earnings   | <u>51,857,978</u>       | <u>4</u>   | <u>53,102,225</u>       | <u>4</u>   | <u>47,880,479</u>       | <u>4</u>   |
| Other equity  | 4,720,114               | -          | 4,116,983               | -          | 2,949,315               | -          |
| Treasury stock  | <u>(83,144)</u>         | <u>-</u>   | <u>(83,144)</u>         | <u>-</u>   | <u>(83,144)</u>         | <u>-</u>   |
| Total equity attributable to owners of the Bank                     | 99,207,148              | 7          | 98,919,316              | 7          | 92,529,561              | 7          |
| Non-controlling interests   | <u>33,481,040</u>       | <u>2</u>   | <u>33,256,847</u>       | <u>2</u>   | <u>31,234,413</u>       | <u>2</u>   |
|   | <u>132,688,188</u>      | <u>9</u>   | <u>132,176,163</u>      | <u>9</u>   | <u>123,763,974</u>      | <u>9</u>   |
| Total   | <u>\$ 1,454,558,693</u> | <u>100</u> | <u>\$ 1,435,947,944</u> | <u>100</u> | <u>\$ 1,374,192,878</u> | <u>100</u> |

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

# THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

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

|  | For the Six Months Ended June 30 |             |                    |             |
|--|----------------------------------|-------------|--------------------|-------------|
|  | 2014                             |             | 2013               |             |
|  | Amount                           | %           | Amount             | %           |
| Interest revenues  | \$ 15,405,377                    | 108         | \$ 13,278,186      | 100         |
| Interest expenses  | <u>5,460,783</u>                 | <u>38</u>   | <u>4,697,849</u>   | <u>35</u>   |
| Net interest (notes 30 and 33)   | <u>9,944,594</u>                 | <u>70</u>   | <u>8,580,337</u>   | <u>65</u>   |
| Net revenues other than interest   |                                  |             |                    |             |
| Service fee incomes, net (note 30)   | 2,546,191                        | 18          | 2,660,080          | 20          |
| Gains on financial assets and liabilities at fair value through profit or loss (note 30) | 451,271                          | 3           | 338,848            | 3           |
| Realized gains on available-for-sale financial assets                                    | 392,224                          | 3           | 708,613            | 5           |
| Foreign exchange gains, net  | 250,363                          | 2           | 426,158            | 3           |
| Share of profit of associates and joint ventures, net                                    | 76,071                           | -           | 34,836             | -           |
| Other net revenues (note 33)   | <u>539,193</u>                   | <u>4</u>    | <u>470,192</u>     | <u>4</u>    |
| Total net revenues other than interest   | <u>4,255,313</u>                 | <u>30</u>   | <u>4,638,727</u>   | <u>35</u>   |
| Consolidated net revenues  | <u>14,199,907</u>                | <u>100</u>  | <u>13,219,064</u>  | <u>100</u>  |
| Bad debt expenses (note 12)  | <u>351,600</u>                   | <u>3</u>    | <u>402,491</u>     | <u>3</u>    |
| Operating expenses   |                                  |             |                    |             |
| Personnel (notes 4, 28, 30 and 33)   | 3,119,546                        | 22          | 2,899,241          | 22          |
| Depreciation and amortization (note 30)  | 384,212                          | 3           | 335,729            | 2           |
| Other general and administrative   | <u>1,647,303</u>                 | <u>11</u>   | <u>1,556,163</u>   | <u>12</u>   |
| Total operating expenses   | <u>5,151,061</u>                 | <u>36</u>   | <u>4,791,133</u>   | <u>36</u>   |
| Profit before income tax   | 8,697,246                        | 61          | 8,025,440          | 61          |
| Income tax expense (note 31)   | <u>(1,880,318)</u>               | <u>(13)</u> | <u>(1,678,517)</u> | <u>(13)</u> |
| Consolidated net income  | <u>6,816,928</u>                 | <u>48</u>   | <u>6,346,923</u>   | <u>48</u>   |
| Other comprehensive income   |                                  |             |                    |             |
| Translation adjustments for foreign operations   | 87,494                           | 1           | 2,245,783          | 17          |
| Unrealized gain (loss) on available-for-sale financial assets                            | 666,083                          | 5           | (1,355,332)        | (10)        |
| Cash flow hedges   | 16,381                           | -           | 16,177             | -           |

(Continued)

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|   | For the Six Months Ended June 30 |            |                     |            |
|---|----------------------------------|------------|---------------------|------------|
|   | 2014                             |            | 2013                |            |
|   | Amount                           | %          | Amount              | %          |
| Share of the other comprehensive income of associates and joint ventures      | \$ 228                           | -          | \$ (223)            | -          |
| Income tax relating to the components of other comprehensive income (note 31) | <u>(76,949)</u>                  | <u>(1)</u> | <u>(332,079)</u>    | <u>(3)</u> |
| Other comprehensive income for the period, net of income tax                  | <u>693,237</u>                   | <u>5</u>   | <u>574,326</u>      | <u>4</u>   |
| Total comprehensive income for the period                                     | <u>\$ 7,510,165</u>              | <u>53</u>  | <u>\$ 6,921,249</u> | <u>52</u>  |
| Net profit attributable to:   |                                  |            |                     |            |
| Owner of the Bank   | \$ 5,258,388                     | 37         | \$ 4,908,603        | 37         |
| Non-controlling interests   | <u>1,558,540</u>                 | <u>11</u>  | <u>1,438,320</u>    | <u>11</u>  |
|   | <u>\$ 6,816,928</u>              | <u>48</u>  | <u>\$ 6,346,923</u> | <u>48</u>  |
| Total comprehensive income attributable to:                                   |                                  |            |                     |            |
| Owner of the Bank   | \$ 5,861,519                     | 41         | \$ 4,933,459        | 37         |
| Non-controlling interests   | <u>1,648,646</u>                 | <u>12</u>  | <u>1,987,790</u>    | <u>15</u>  |
|   | <u>\$ 7,510,165</u>              | <u>53</u>  | <u>\$ 6,921,249</u> | <u>52</u>  |
| Earnings Per Share (note 32)  |                                  |            |                     |            |
| Basic   | <u>\$ 1.38</u>                   |            | <u>\$ 1.29</u>      |            |
| Diluted   | <u>\$ 1.38</u>                   |            | <u>\$ 1.29</u>      |            |

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

(Concluded)