The Shanghai Commercial & Savings Bank, Ltd.

Financial Statements for the Six Months Ended June 30, 2017 and 2016 and Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of The Shanghai Commercial & Savings Bank, Ltd. (the "Bank"), which comprised the balance sheets as of June 30, 2017 and 2016, and the statements of comprehensive income, changes in equity and cash flows for the six months then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as of June 30, 2017 and 2016, and its financial performance and its cash flows for the six months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks and Regulations Governing the Preparation of Financial Reports by Securities Firms.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the six months ended June 30, 2017. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters related to the Bank's financial statements as of June 30, 2017 and for the six months then ended are described as follows:

Allowance for Credit Losses on Discounts and Loans

The Bank primarily engages in the crediting business. As of June 30, 2017, the Bank's balance of discounts and loans amounted to $619,405,590 thousand, which was significant to the accompanying financial statements. The Bank conducted its impairment assessment on discounts and loans following the requirement of International Accounting Standard No. 39 as well as related regulations. The Bank's management periodically assesses the impairment on its loan portfolios, and any impairment is then determined by estimating the future cash flows from the loan portfolios. Refer to Notes 4, 5, 11 and 34 to the financial statements for disclosures related to impairment on loan portfolios. As the cash flow forecasts involves management's critical judgments for accounting estimations and the underlying assumptions, we then determined the impairment on loan portfolios to be a key audit matters.

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

1. Understood and tested the Bank's internal control procedures that were relevant to loan impairment assessment.

2. For loans individually assessed, made selections to assess the reasonableness of management's estimations of future cash flows from borrowers and fair values of collateral.

3. For loans collectively assessed, verified whether the underlying assumptions and critical parameters (loss given default and probability of default) adopted for the impairment model were consistent with the actual situation and then performed our own impairment calculation.

Measurement of Deferred Income Taxes

As of June 30, 2017, the Bank's balances of deferred income tax liabilities and assets amounted to $8,351,947 thousand and $579,347 thousand, respectively, and deferred income tax expense for the six months then ended amounted to $120,329 thousand, which were significant to the accompanying financial statements. The management measures deferred taxes following the requirements of International Accounting Standard No. 12. The management periodically assesses the realizability and reversal timing of all temporary differences to recognize deferred income tax assets and liabilities. Refer to Notes 4, 5 and 30 to the accompanying financial statement for disclosures regarding deferred taxes. As the realizability and reversal of temporary differences involves management's critical judgments for accounting estimations and the underlying assumptions, we determined the measurement of deferred income taxes to be a key audit matter.

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

1. Evaluated the financial forecast and underlying assumptions used by management supporting the realizability of deductible temporary differences, and recalculated the deferred income tax assets recognized;

2. Assessed the completeness and expected reversal timings of all taxable temporary differences, and recalculated the deferred income tax liabilities recognized.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the six months ended June 30, 2017 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

August 19, 2017

<u>Notice to Readers</u>

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

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

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.

BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	June 30, 2017		December 31, 2016		June 30, 2016	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
Cash and cash equivalents (Notes 6 and 31)	$ 21,867,254	2	$ 26,214,049	3	$ 18,167,060	2
Due from the central bank and call loans to banks, net (Notes 7 and 31)	89,302,439	8	74,414,215	8	79,593,557	8
Financial assets at fair value through profit or loss (Note 8)	1,774,134	-	9,567,774	1	25,211,055	2
Securities purchased under resell agreements (Note 9)	120,038	-	-	-	-	-
Receivables, net (Notes 10 and 31)	8,841,893	1	7,511,562	1	9,343,133	1
Current income tax assets (Note 29)	37,267	-	37,267		83,727	
Discounts and loans, net (Notes 11 and 31)	610,302,943	58	582,835,116	58	553,822,404	55
Available-for-sale financial assets, net (Notes 12 and 32)	173,816,878	17	163,926,680	16	184,657,921	18
Held-to-maturity financial assets (Notes 13 and 32)	72,357,352	7	62,225,661	6	70,596,643	7
Equity investments under the equity method (Note 14)	62,168,114	6	63,220,196	6	59,274,803	6
Other financial assets, net (Note 15)	8,599	-	1,570	-	465	-
Properties, net (Note 16)	12,351,624	1	12,423,357	1	12,491,741	1
Deferred income tax assets (Note 29)	579,347	-	617,761	-	619,519	-
Other assets, net (Notes 17 and 29)	1,985,804	-	2,618,225	-	2,125,396	-
Total	$ 1,055,513,686	100	$ 1,005,613,433	100	$ 1,015,987,424	100
LIABILITIES AND EQUITY						
Due to the central bank and banks (Notes 18 and 31)	$ 12,132,518	1	$ 13,080,686	1	$ 8,032,128	1
Borrowings from the central bank and banks	-	-	-	-	1,130,325	-
Financial liabilities at fair value through profit or loss (Note 8)	401,032	-	459,106	-	562,555	-
Securities sold under repurchase agreements (Note 19)	21,335,644	2	10,186,212	1	25,898,813	2
Payables (Notes 20 and 31)	24,342,648	3	19,246,698	2	27,188,152	3
Current income tax liabilities (Note 29)	857,320	-	691,677	-	827,862	-
Deposits and remittances (Notes 21 and 31)	820,267,824	78	789,785,025	79	781,470,374	77
Bank debentures (Note 22)	43,150,000	4	38,150,000	4	38,150,000	4
Other financial liabilities (Note 23)	3,169,845	-	3,280,387	-	7,768,890	1
Provisions (Note 24)	1,038,126	-	1,002,978	-	919,537	-
Deferred income tax liabilities (Note 29)	8,351,947	1	8,759,584	1	8,473,827	1
Other liabilities (Notes 25 and 31)	705,045	-	737,576	-	735,648	-
Total liabilities	935,751,949	89	885,379,929	88	901,158,111	89
Equity (Note 27)						
Ordinary shares	40,791,031	4	40,791,031	4	40,791,031	4
Capital surplus	4,647,655	-	4,647,655	-	4,639,910	-
Retained earnings						
Legal reserve	44,117,426	4	40,592,926	4	40,592,926	4
Special reserve	7,538,888	1	7,480,146	1	7,480,146	1
Unappropriated earnings	14,987,248	1	18,465,441	2	12,480,246	1
Total retained earnings	66,643,562	6	66,538,513	7	60,553,318	6
Other equity	7,762,633	1	8,339,449	1	8,928,198	1
Treasury shares	(83,144)	-	(83,144)	-	(83,144)	-
Total equity	119,761,737	11	120,233,504	12	114,829,313	11
Total	$ 1,055,513,686	100	$ 1,005,613,433	100	$ 1,015,987,424	100

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

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.

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

	For the Six Months Ended June 30			
	2017		2016	
	Amount	%	Amount	%
Interest revenue	$ 8,506,405	79	$ 8,339,056	82
Interest expenses	2,697,248	25	2,905,800	29
Net interest (Notes 28 and 31)	5,809,157	54	5,433,256	53
Net revenue other than from interest				
Service fee income, net (Notes 28 and 31)	1,243,805	12	1,340,624	13
Gains on financial assets and liabilities at fair value through profit or loss (Note 28)	577,335	5	414,958	4
Realized gains on available-for-sale financial assets	214,253	2	536,611	6
Foreign exchange (losses) gains, net	(129,502)	(1)	118,631	1
Share of profits of subsidiaries, associates and joint ventures, net	3,051,272	28	2,231,371	22
Other net revenue (Note 31)	34,013	-	122,799	1
Total net revenue other than from interest	4,991,176	46	4,764,994	47
Net revenue	10,800,333	100	10,198,250	100
Bad debt expenses (Note 11)	269,989	3	388,992	4
Operating expenses				
Personnel (Notes 4, 26, 28 and 31)	1,924,306	18	1,879,603	18
Depreciation and amortization (Note 28)	229,503	2	243,489	2
Other general and administrative (Note 31)	1,105,032	10	1,095,688	11
Total operating expenses	3,258,841	30	3,218,780	31
Profit before income tax	7,271,503	67	6,590,478	65
Income tax expense (Notes 4 and 29)	(1,047,799)	(10)	(914,154)	(9)
Net income	6,223,704	57	5,676,324	56

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THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.

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

	For the Six Months Ended June 30			
	2017		2016	
	Amount	%	Amount	%
Other comprehensive income (loss)				
Items that may be reclassified subsequently to profit or loss:				
Translation adjustments for foreign operations	$ (3,508,603)	(32)	$ (1,112,692)	(11)
Unrealized gain on available-for-sale financial assets	894,357	8	578,567	6
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method	1,547,878	14	348,655	3
Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 4 and 29)	489,552	5	98,144	1
Subtotal of items that may be reclassified subsequently to profit or loss	(576,816)	(5)	(87,326)	(1)
Other comprehensive loss for the period, net of income tax	(576,816)	(5)	(87,326)	(1)
Total comprehensive income for the period	$ 5,646,888	52	$ 5,588,998	55
Earnings per share (Note 30)				
Basic	$ 1.53		$ 1.40	
Diluted	$ 1.53		$ 1.39	

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

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.

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

	Share Capital (Note 27)			Retained Earnings (Note 27)			Other Equity			
	Ordinary Shares	Reserve for Capitalization	Capital Surplus (Note 27)	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain on Available-for-sale Financial Assets	Treasury Shares (Note 27)	Total Equity
Balance at January 1, 2016	$ 39,991,207	$ -	$ 4,639,910	$ 37,023,528	$ 7,480,146	$ 17,171,825	$ 3,707,655	$ 5,307,869	$ (83,144)	$ 115,238,996
Appropriation of 2015 earnings										
Legal reserve	-	-	-	3,569,398	-	(3,569,398)	-	-	-	-
Cash dividends	-	-	-	-	-	(5,998,681)	-	-	-	(5,998,681)
Share dividends	-	799,824	-	-	-	(799,824)	-	-	-	-
Net profit for the six months ended June 30, 2016	-	-	-	-	-	5,676,324	-	-	-	5,676,324
Other comprehensive income (loss) for the six months ended June 30, 2016, net of income tax	-	-	-	-	-	-	(986,005)	898,679	-	(87,326)
Total comprehensive income (loss) for the six months ended June 30, 2016	-	-	-	-	-	5,676,324	(986,005)	898,679	-	5,588,998
Balance at June 30, 2016	$ 39,991,207	$ 799,824	$ 4,639,910	$ 40,592,926	$ 7,480,146	$ 12,480,246	$ 2,721,650	$ 6,206,548	$ (83,144)	$ 114,829,313
Balance at January 1, 2017	$ 40,791,031	$ -	$ 4,647,655	$ 40,592,926	$ 7,480,146	$ 18,465,441	$ 2,442,274	$ 5,897,175	$ (83,144)	$ 120,233,504
Appropriation of 2016 earnings										
Legal reserve	-	-	-	3,524,500	-	(3,524,500)	-	-	-	-
Special reserve	-	-	-	-	58,742	(58,742)	-	-	-	-
Cash dividends	-	-	-	-	-	(6,118,655)	-	-	-	(6,118,655)
Net profit for the six months ended June 30, 2017	-	-	-	-	-	6,223,704	-	-	-	6,223,704
Other comprehensive income (loss) for the six months ended June 30, 2017, net of income tax	-	-	-	-	-	-	(2,911,028)	2,334,212	-	(576,816)
Total comprehensive income (loss) for the six months ended June 30, 2017	-	-	-	-	-	6,223,704	(2,911,028)	2,334,212	-	5,646,888
Balance at June 30, 2017	$ 40,791,031	$ -	$ 4,647,655	$ 44,117,426	$ 7,538,888	$ 14,987,248	$ (468,754)	$ 8,231,387	$ (83,144)	$ 119,761,737

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

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.

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

	For the Six Months Ended June 30	
	2017	**2016**
Cash flows from operating activities		
Net profit before income tax	$ 7,271,503	$ 6,590,478
Adjustments to reconcile net profit to net cash provided by operating activities		
Depreciation expenses	96,582	109,218
Amortization expenses	132,921	134,271
Bad debt expenses	269,989	388,992
Gains on financial assets and liabilities at fair value through profit or loss	(167,968)	(101,985)
Interest expenses	2,697,248	2,905,800
Dividend income	(22,828)	(59,652)
Interest revenue	(8,506,405)	(8,339,056)
Share of profit of subsidiaries, associates and joint ventures	(3,051,272)	(2,231,371)
Losses on disposal of properties and equipment, net	380	3,613
Other adjustments	235,889	455,912
Changes in operating assets and liabilities		
Increase in due from the Central Bank and call loans to banks	(6,236,502)	(26,636)
Decrease in financial assets at fair value through profit or loss	7,822,938	40,708
Increase in receivables	(1,654,372)	(1,438,995)
Decrease (increase) in discounts and loans	(27,686,720)	22,762,740
Increase in available-for-sale financial assets	(9,105,570)	(42,044,832)
Decrease (increase) in held-to-maturity financial assets	(10,131,654)	11,544,587
(Decrease) increase in other financial assets	(7,029)	31,804
Increase in due to the Central Bank and banks	(948,168)	(4,527,328)
Increase in financial liabilities at fair value through profit or loss	80,597	142,075
Increase in securities sold under repurchase agreements	11,149,432	19,578,137
Increase (decrease) in payables	(1,109,288)	4,174,522
Increase (decrease) in deposits and remittances	30,482,799	(16,678,877)
Decrease (increase) in other financial liabilities	(110,542)	3,788,917
Increase in employee benefit provisions	35,376	39,226
Decrease in other liabilities	(14,111)	(67,065)
Cash used in operations	(8,476,775)	(2,824,797)
Interest received	8,804,983	8,204,802
Dividends received	2,212,947	2,429,012
Interest paid	(2,610,694)	(2,989,595)
Income tax paid	(762,163)	(842,832)
Net cash (used in) generated from operating activities	(831,702)	3,976,590

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THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.

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

	For the Six Months Ended June 30	
	2017	**2016**
Cash flows from investing activities		
Acquisition of properties	$ (26,871)	$ (39,827)
Proceeds from disposal of properties	200	391
Increase (decrease) in refundable deposits	29,781	(185,195)
Decrease in other assets	469,746	377,559
Net cash generated from investing activities	472,856	152,928
Cash flows from financing activities		
Increase in borrowings from the Central Bank and banks	-	1,130,325
Issuance of bank debentures	5,000,000	-
Increase (decrease) in guarantee deposits received	(11,303)	9,757
Net cash generated from financing activities	4,988,697	1,140,082
Effects of exchange rate changes on the balance of cash held in foreign currencies	(205,003)	(57,260)
Net increase in cash and cash equivalents	4,424,848	5,212,340
Cash and cash equivalents at the beginning of the period	62,310,721	55,547,016
Cash and cash equivalents at the end of the period	$ 66,735,569	$ 60,759,356

Reconciliation of the cash and cash equivalents amounts in the statements of cash flows with the equivalent item reported in the balance sheets as of June 30, 2017 and 2016:

	2017	**2016**
Cash and cash equivalents in balance sheets	$ 21,867,254	$ 18,167,060
Due from the Central Bank and call loans to banks which fall in with the definition of cash and cash equivalents under IAS 7	44,748,277	42,592,296
Securities purchased under resell agreements which fall in with the definition of cash and cash equivalents under IAS7	120,038	-
Cash and cash equivalents in statements of cash flows	$ 66,735,569	$ 60,759,356

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

1. ORGANIZATION AND OPERATIONS

The Bank was incorporated in the Republic of China ("ROC") and engages in various commercial banking businesses under related laws and regulations.

The Bank has a head office in Taipei, 68 domestic branches three foreign branches located in Hong Kong, Dong Nai (Vietnam) and Singapore, and 3 representative offices located in Thailand, Cambodia and Indonesia.

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

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

2. AUTHORIZATION OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors and authorized for issue on August 19, 2017.

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

a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

<u>Amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers</u>

The amendments include additions of several accounting items and requirements for disclosures of impairment of non-financial assets as a consequence of the IFRSs endorsed and issued into effect by the FSC. In addition, as a result of the post implementation review of IFRSs in Taiwan, the amendments also include an emphasis on certain recognition and measurement considerations and add requirements for disclosures of related party transactions and goodwill.

The amendments stipulate that other companies or institutions of which the chairman of the board of directors or president serves as the chairman of the board of directors or the president of the Bank, or is the spouse or second immediate family of the chairman of the board of directors or president of the Bank are deemed to have a substantive related party relationship, unless it can be demonstrated that no control, joint control, or significant influence exists. Furthermore, the amendments require the disclosure of the names of the related parties and the relationships with whom the Bank has significant transactions. If the transactions or balance with a specific related party is 10% or more of the Bank's respective total transactions or balance, such transactions should be separately disclosed by the name of each related party.

The amendments also require additional disclosure if there is a significant difference between the actual operations after business combinations and the expected benefits on the acquisition dates.

When the amendments are applied retrospectively from January 1, 2017, the disclosures of related party transactions and impairment of goodwill are enhanced. Refer to Note 31 for related disclosures.

b. The Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed by the FSC for application starting from 2018

New, Amended or Revised Standards and Interpretations (the "New IFRSs")	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2014-2016 Cycle	Note 2
Amendment to IFRS 2 "Classification and Measurement of Share-based Payment Transactions"	January 1, 2018
Amendments to IFRS 4 "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts"	January 1, 2018
IFRS 9 "Financial Instruments"	January 1, 2018
Amendments to IFRS 9 and IFRS 7 "Mandatory Effective Date of IFRS 9 and Transition Disclosures"	January 1, 2018
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
Amendments to IFRS 15 "Clarifications to IFRS 15 Revenue from Contracts with Customers"	January 1, 2018
Amendment to IAS 7 "Disclosure Initiative"	January 1, 2017
Amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017
Amendment to IAS 40 "Transfers of Investment Property"	January 1, 2018
IFRIC 22 "Foreign Currency Transactions and Advance Consideration"	January 1, 2018

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

Note 2: The amendment to IFRS 12 is applied prospectively to changes in a method of disposal that occur in annual periods beginning on or after January 1, 2017; the amendment to IFRS 28 is effective for annual periods beginning on or after January 1, 2018.

The initial application of the above New IFRSs, whenever applied, would not have any material impact on the Bank's accounting policies, except for the following:

1) IFRS 9 "Financial Instruments"

Recognition, measurement and impairment of financial assets

With regard 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. Under IFRS 9, the requirement for the classification of financial assets is stated below.

For the Bank's debt instruments that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, their classification and measurement are as follows:

a) For debt instruments, if they are held within a business model whose objective is to collect contractual cash flows, the financial assets are measured at amortized cost and are assessed for impairment continuously with impairment loss recognized in profit or loss, if any. Interest revenue is recognized in profit or loss by using the effective interest method;

b) For debt instruments, if they are held within a business model whose objective is achieved by both the collection of contractual cash flows and the sale of financial assets, the financial assets are measured at fair value through other comprehensive income (FVTOCI) and are assessed for impairment. Interest revenue is recognized in profit or loss by using the effective interest method, and other gains or losses shall be recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses. When the debt instruments are derecognized or reclassified, the cumulative gains or losses previously recognized in other comprehensive income are reclassified from equity to profit or loss.

Except for the above, all other financial assets are measured at fair value through profit or loss. However, the Bank 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. No subsequent impairment assessment is required, and the cumulative gain or loss previously recognized in other comprehensive income cannot be reclassified from equity to profit or loss.

The Bank analyzed the current facts and circumstances of its financial assets that existing at June 30, 2017 and performed a preliminary assessment of the main impact of IFRS 9 on the classification and measurement of financial assets. Under IFRS 9:

a) Listed shares, emerging market shares, and unlisted shares classified as available-for-sale will be classified as at fair value through profit or loss or designated as at fair value through other comprehensive income, and the fair value gains or losses accumulated in other equity will be transferred directly to retained earnings instead of being reclassified to profit or loss on disposal. Besides this, unlisted shares measured at cost will be measured at fair value instead;

b) Mutual funds classified as available-for-sale will be classified as at fair value through profit or loss because the contractual cash flows are not solely payments of principal and interest on the principal outstanding, and they are not equity instruments;

c) Debt investments classified as available-for-sale will be classified as at FVTOCI under IFRS 9 because, on initial recognition, the contractual cash flows that are solely payments of principal and interest on the principal outstanding and these investments are held within a business model whose objective is to collect contractual cash flows and sell financial assets.

d) Debt investments classified as held-to-maturity financial assets with no active market and measured at amortized cost will be classified as measured at amortized cost under IFRS 9 because, on initial recognition, the contractual cash flows that are solely payments of principal and interest on the principal outstanding and these investments are held within a business model whose objective is to collect contractual cash flows.

IFRS 9 requires impairment loss on financial assets to be recognized by using the expected credit loss model. The loss allowance is required for financial assets measured at amortized cost, financial assets mandatorily measured at FVTOCI, lease receivables, contract assets arising from IFRS 15 “Revenue from Contracts with Customers”, certain written loan commitments and financial guarantee contracts. A loss allowance for the 12-month expected credit losses is required for a financial asset if its credit risk has not increased significantly since initial recognition. A loss allowance for full lifetime expected credit losses is required for a financial asset if its credit risk has increased significantly since initial recognition and is not low. However, a loss allowance for full lifetime expected credit losses is required for trade receivables that do not constitute a financing transaction.

For purchased or originated credit-impaired financial assets, the Bank takes into account the expected credit losses on initial recognition in calculating the credit-adjusted effective interest rate. Subsequently, any changes in expected losses are recognized as a loss allowance with a corresponding gain or loss recognized in profit or loss.

The Bank has performed a preliminary assessment that the Bank will apply the simplified approach to recognize lifetime expected credit losses for trade receivables and contract assets. In relation to the debt instrument investments and the financial guarantee contracts, the Bank will assess whether there has been a significant increase in the credit risk to determine whether to recognize 12-month or full lifetime expected credit losses. In general, the Bank anticipates that the application of the expected credit loss model of IFRS 9 will result in earlier recognition of credit losses for financial assets.

The Bank elects not to restate prior periods when applying the requirements for the recognition, measurement and impairment of financial assets under IFRS 9 and will provide the disclosures related to the classification and the adjustment information upon initial application of IFRS 9. Furthermore, the Bank will provide disclosure of the differences in amounts if the Bank continued to apply the existing accounting treatments in 2018.

2) IFRS 15 "Revenue from Contracts with Customers" and related amendment

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers, and will supersede IAS 18 "Revenue", IAS 11 "Construction Contracts" and a number of revenue-related interpretations.

When applying IFRS 15, an entity shall recognize revenue by applying the following steps:

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract; and
- Recognize revenue when the entity satisfies a performance obligation.

The Bank elects to retrospectively apply IFRS 15 to contracts that are not complete on January 1, 2018 and recognize the cumulative effect of the change in retained earnings on January 1, 2018.

In addition, the Bank will disclose the difference between the amount that results from applying IFRS 15 and the amount that results from applying current standards for 2018.

3) Amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Losses"

The amendment clarifies that the difference between the carrying amount of the debt instrument measured at fair value and its tax base gives rise to a temporary difference, even though there are unrealized losses on that asset, irrespective of whether the Bank expects to recover the carrying amount of the debt instrument by sale or by holding it and collecting contractual cash flows.

In addition, in determining whether to recognize a deferred tax asset, the Bank should assess a deductible temporary difference in combination with all of its other deductible temporary differences, unless the tax law restricts the utilization of losses as deduction against income of a specific type, in which case, a deductible temporary difference is assessed in combination only with other deductible temporary differences of the appropriate type. The amendment also stipulates that, when determining whether to recognize a deferred tax asset, the estimate of probable future taxable profit may include some of the Bank's assets for more than their carrying amount if there is sufficient evidence that it is probable that the Bank will achieve the higher amount, and that the estimate for future taxable profit should exclude tax deductions resulting from the reversal of deductible temporary differences.

When evaluating deferred tax assets, the Bank estimates probable future taxable profit using their carrying amounts. The above amendments will apply retroactively in 2018.

Except for the above impact, as of the date the financial statements were authorized for issue, the Bank is continuously assessing the possible impact that the application of other standards and interpretations will have on the Bank's financial position and financial performance, and will disclose the relevant impact when the assessment is completed.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 16 "Leases"	January 1, 2019
IFRS 17 "Insurance Contracts"	January 1, 2021
IFRIC 23 "Uncertainty Over Income Tax Treatments"	January 1, 2019

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

IFRS 16 "Leases"

IFRS 16 sets out the accounting standards for leases that will supersede IAS 17 and a number of related interpretations.

Under IFRS 16, if the Bank is a lessee, it shall recognize right-of-use assets and lease liabilities for all leases on the consolidated balance sheets except for low-value and short-term leases. The Bank may elect to apply the accounting method similar to the accounting for operating leases under IAS 17 to the low-value and short-term leases. On the consolidated statements of comprehensive income, the Bank should present the depreciation expense charged on right-of-use assets separately from the interest expense accrued on lease liabilities; interest is computed by using the effective interest method. On the consolidated statements of cash flows, cash payments for the principal portion of lease liabilities are classified within financing activities; cash payments for the interest portion are classified within operating activities.

The application of IFRS 16 is not expected to have a material impact on the accounting of the Bank as lessor.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY

Statement of Compliance

The interim financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks and the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis of Preparation

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

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

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

b. Level 2 inputs are 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 inputs are unobservable inputs for the asset or liability.

When the Bank prepared the financial statements, its investments in subsidiaries and associates were accounted for by the equity method. To make the current losses and profits as well as the other comprehensive income and equity equal to the current losses and profits and the other comprehensive income and equity which are attributable to the owners of the Bank in the consolidated financial statements, "equity investments under the equity method", the "share of profit or loss of subsidiaries, associates and joint ventures", and the "share of the other comprehensive income of subsidiaries, associates and joint ventures" were adjusted.

Other Significant Accounting Policies

Except for the following, the accounting policies applied in these financial statements are consistent with those applied in the financial statements for the year ended December 31, 2016.

a. Retirement benefits

   Defined benefit costs (including service cost, net interest and remeasurement) under the defined retirement benefit plans are determined using the projected unit credit method. Service cost and net interest on the net defined benefit liability (asset) are recognized as employee benefit expenses in the period in which they occur.

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

b. Taxation

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

   Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the 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 liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carryforwards and unused tax credits for purchases of machinery, equipment and technology, research and development expenditures, and personnel training expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

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

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

c. Allowance for credit losses on discounts and loans

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 Bank's past experience of collecting payments as well as observable changes in national or local economic conditions that correlate with defaults on loans and receivables.

For loans and receivables, the amount of the impairment loss recognized is the difference between an asset's carrying amount and the present value of its estimated future cash flows, discounted at the financial asset's original effective interest rate.

For loans and receivables, 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 amortized cost would have been had the impairment not been recognized.

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

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

Rule No. 10300329440 issued by the FSC on December 4, 2014 stipulates that banks may maintain a bad debt provision ratio at a minimum of 1.5% for housing mortgages in order to improve banks' risk cushion. The rule requires the 1.5% rate to be reached by no later than the end of 2014.

Rule No. 10410001840 issued by the FSC on April 23, 2015 stipulates that banks may maintain minimum 1.5% bad debt provision ratio for category one credit assets (including short-term trade financing) due from PRC businesses. This is, again, to improve banks' risk cushion.

Uncollectible assets could be written off after approval from the board of directors.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Except for the following, the key accounting judgments, estimates and associated assumptions applied in these financial statements are consistent with those applied in the financial statements for the year ended December 31, 2016.

a. Estimated impairment of loans and receivables

The Bank 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 conditions or economic conditions in related countries or territories. When analyzing expected cash flows, the management's estimates are based on past experiences of loss. The Bank regularly reviews the methods and assumptions in estimating expected cash flows in order to reduce the difference between the expected and actual losses.

b. Income taxes

The Bank's income tax calculation relies heavily on estimates. The Bank determines 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 taxes and deferred taxes in the current period.

The reliability of deferred tax assets 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.

6. CASH AND CASH EQUIVALENTS

	June 30, 2017	December 31, 2016	June 30, 2016
Cash on hand and working fund	$ 5,949,723	$ 9,021,160	$ 6,187,445
Notes and checks in clearing	1,067,219	3,148,468	826,481
Due from other banks - domestic	1,339,996	1,991,923	2,252,404
Due from other banks - foreign	13,510,316	12,052,498	8,900,730
	$ 21,867,254	$ 26,214,049	$ 18,167,060

The reconciliation of cash and cash equivalents reported in the statements of cash flows and the balance sheets as of December 31, 2016 is shown below. Refer to the statements of cash flows for the reconciliation for the period ended June 30, 2017 and 2016.

	December 31, 2016
Cash and cash equivalents balance on the balance sheets	$ 26,214,049
Due from the Central Bank and call loans to banks which fall in with the definition of cash and cash equivalents under IAS 7	36,096,672
Adjusted cash and cash equivalents balance on statements of cash flows	$ 62,310,721

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

	June 30, 2017	December 31, 2016	June 30, 2016
Call loans to banks	$ 64,535,900	$ 56,981,929	$ 59,964,537
Deposit reserves - I	8,062,812	1,952,103	3,301,022
Deposit reserves - II	16,563,539	15,353,754	16,204,576
Deposit reserves - foreign	140,188	126,429	123,422
	$ 89,302,439	$ 74,414,215	$ 79,593,557

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 on other deposit reserves.

Call loans to banks including the allowance for doubtful debt amounted to $1,977 thousand on June 30, 2017, $2,094 thousand on December 31, 2016 and $2,099 thousand on June 30, 2016.

8. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2017	December 31, 2016	June 30, 2016
Held-for-trading financial assets			
Commercial papers	$ 179,893	$ 5,582,305	$ 23,097,171
Forward contracts	257,069	143,022	314,380
Option contracts	211,767	228,605	350,887
Currency swap contracts	31,701	284,093	81,505
Negotiable certificates of deposit	-	2,499,958	70,312
Others	27,653	61,631	43,556
	708,083	8,799,614	23,957,811
Financial assets designated at fair value through profit or loss			
Structured corporate bonds contracts	1,066,051	768,160	1,253,244
	$ 1,774,134	$ 9,567,774	$ 25,211,055

(Continued)

	June 30, 2017	December 31, 2016	June 30, 2016
Held-for-trading financial liabilities			
Forward contracts	$ 158,091	$ 225,271	$ 64,396
Option contracts	212,459	223,552	360,066
Currency swap contracts	-	-	122,629
Others	30,482	10,283	15,464
	$ 401,032	$ 459,106	$ 562,555

(Concluded)

The Bank 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 were as follows:

	June 30, 2017	December 31, 2016	June 30, 2016
Currency swap contracts	$ 11,785,917	$ 27,288,257	$ 50,566,085
Option contracts	24,514,017	23,187,899	35,387,241
Forward contracts	20,999,646	17,127,109	21,526,281
Interest rate swap contracts	3,291,930	1,439,847	1,765,762
Futures contracts	-	-	5,112

9. SECURITIES PURCHASED UNDER RESALE AGREEMENTS (DECEMBER 31, 2016 and JUNE 30, 2016: NIL)

Securities purchased under resale agreements as of June 30, 2017 were $120,038 thousand. The aforementioned securities will be bought back one after another before July 12, 2017 at $120,058 thousand.

10. RECEIVABLES, NET

	June 30, 2017	December 31, 2016	June 30, 2016
Acceptances	$ 2,614,983	$ 2,116,838	$ 3,167,484
Credit cards receivable	2,025,646	1,869,147	2,076,963
Accrued interest	1,806,265	2,116,028	2,323,531
Accounts receivable due from sales of securities	1,182,180	-	272,036
Accounts receivable - factoring	936,452	1,008,988	1,046,589
Advances by guarantees	273,230	-	290,655
Others	338,814	737,820	528,717
	9,177,570	7,848,821	9,705,975
Less allowance for credit losses	(335,677)	(337,259)	(362,842)
	$ 8,841,893	$ 7,511,562	$ 9,343,133

Allowances for accounts receivable and other financial assets are categorized and assessed by credit risk as shown below (excluding part of acceptances and accrued interest):

Item	June 30, 2017	
	Total	**Allowance**
With objective evidence of impairment		
Individually assessed	$ 44,414	$ 44,414
Collectively assessed	100,616	71,146
With no objective evidence of impairment		
Collectively assessed	5,700,462	267,283
Grand total	$ 5,845,492	$ 382,843

Item	December 31, 2016	
	Total	**Allowance**
With objective evidence of impairment		
Individually assessed	$ 47,045	$ 47,045
Collectively assessed	183,883	124,966
With no objective evidence of impairment		
Collectively assessed	5,092,472	215,232
Grand total	$ 5,323,400	$ 387,243

Item	June 30, 2016	
	Total	**Allowance**
With objective evidence of impairment		
Collectively assessed	$ 211,715	$ 145,036
With no objective evidence of impairment		
Collectively assessed	6,222,017	240,353
Grand total	$ 6,433,732	$ 385,389

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

	For the Six Months Ended June 30	
	2017	**2016**
Balance at January 1	$ 387,243	$ 337,304
Provisions	730	46,483
Write-offs	(18,679)	(16,734)
Recoveries	16,875	18,777
Effects of exchange rate changes	(3,326)	(441)
Balance at June 30	$ 382,843	$ 385,389

11. DISCOUNTS AND LOANS, NET

	June 30, 2017	December 31, 2016	June 30, 2016
Loans	$ 610,707,372	$ 582,954,042	$ 556,302,350
Inward/outward documentary bills	6,369,855	6,673,666	4,351,713
Nonperforming loans	1,602,864	1,561,571	1,448,837
	618,680,091	591,189,279	562,102,900
Discount and premium adjustments	725,499	727,849	728,774
Allowance for credit losses	(9,102,647)	(9,082,012)	(9,009,270)
	$ 610,302,943	$ 582,835,116	$ 553,822,404

The Bank discontinues accruing interests when loans are deemed nonperforming. For the six months ended June 30, 2017 and 2016, the unrecognized interest revenue on the nonperforming loans amounted to $16,211 thousand and $15,269 thousand, respectively.

For the six months ended June 30, 2017 and 2016, the Bank 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:

Item	June 30, 2017	
	Total	Allowances
With objective evidence of impairment		
Individually assessed	$ 2,225,343	$ 555,620
Collectively assessed	5,270,000	1,993,675
With no objective evidence of impairment		
Collectively assessed	611,184,748	6,553,352
Grand total	$ 618,680,091	$ 9,102,647

Item	December 31, 2016	
	Total	Allowances
With objective evidence of impairment		
Individually assessed	$ 1,791,949	$ 426,026
Collectively assessed	4,895,576	2,072,848
With no objective evidence of impairment		
Collectively assessed	584,501,754	6,583,138
Grand total	$ 591,189,279	$ 9,082,012

Item	June 30, 2016	
	Total	Allowances
With objective evidence of impairment		
Individually assessed	$ 2,191,264	$ 579,153
Collectively assessed	5,844,716	2,503,758
With no objective evidence of impairment		
Collectively assessed	554,066,920	5,926,359
Grand total	$ 562,102,900	$ 9,009,270

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

	For the Six Months Ended June 30	
	2017	2016
Balance at January 1	$ 9,082,012	$ 9,140,613
Provisions	261,923	216,982
Write-offs	(255,481)	(728,376)
Recoveries	149,255	421,640
Effects of exchange rate changes	(135,062)	(41,589)
Balance at June 30	$ 9,102,647	$ 9,009,270

The details of bad debts expenses for the six months ended June 30, 2017 and 2016 are listed as below:

	For the Six Months Ended June 30	
	2017	2016
Provisions of loans and discounts	$ 261,923	$ 216,982
Provisions of guarantee liability	7,336	125,527
Provisions of receivables	730	46,483
	$ 269,989	$ 388,992

12. AVAILABLE-FOR-SALE FINANCIAL ASSETS, NET

	June 30, 2017	December 31, 2016	June 30, 2016
Government bonds	$ 47,167,027	$ 66,688,093	$ 72,134,589
Bank debentures	41,641,030	35,014,618	36,836,428
Business paper	39,692,489	22,038,165	25,319,012
Corporate bonds	31,818,460	28,450,192	35,389,479
Beneficiary certificates	7,601,107	7,928,479	8,065,208
Shares	3,301,168	3,243,256	3,306,058
Treasury bonds	2,051,609	-	2,640,851
Asset backed securities	520,498	423,756	498,801
Negotiable certificates of deposit	23,490	140,121	467,495
	$ 173,816,878	$ 163,926,680	$ 184,657,921

Part of the par-value of the abovementioned available-for-sale financial assets sold under repurchase agreements as of June 30, 2017, December 31, 2016 and June 30, 2016 were $20,049,000 thousand, $9,493,600 thousand and $24,422,900 thousand, respectively.

Part of the abovementioned asset 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 and disposal of such SIV. As of June 30, 2017, the unrealized accumulated impairment losses related to its SIV investments were $91,260 thousand.

For more information on the pledged assets, see Note 32.

13. HELD-TO-MATURITY FINANCIAL ASSETS

	June 30, 2017	December 31, 2016	June 30, 2016
Negotiable certificates of deposit	$ 69,300,000	$ 61,300,000	$ 69,900,000
Government bonds	1,098,914	93,735	93,652
Treasury bonds	999,302	-	-
Corporate bonds	959,136	831,926	602,991
	$ 72,357,352	$ 62,225,661	$ 70,596,643

For more information on the pledged assets, see Note 32.

14. EQUITY INVESTMENTS UNDER THE EQUITY METHOD

	June 30, 2017		December 31, 2016		June 30, 2016	
Equity Method	Carrying Value	% of Owner-ship	Carrying Value	% of Owner-ship	Carrying Value	% of Owner-ship
Investment in subsidiaries						
Domestic investments						
SCSB Asset Management Ltd.	$ 1,561,258	100.00	$ 1,570,420	100.00	$ 1,606,094	100.00
China Travel Service (Taiwan)	303,046	99.99	291,620	99.99	291,008	99.99
SCSB Life Insurance Agency	162,083	100.00	197,996	100.00	164,820	100.00
SCSB Property Insurance Agency	56,940	100.00	58,519	100.00	57,391	100.00
SCSB Marketing Ltd.	7,030	100.00	7,500	100.00	6,829	100.00
	2,090,357		2,126,055		2,126,142	
Foreign investments						
Shancom Reconstruction Inc.	59,498,067	100.00	60,493,276	100.00	56,555,600	100.00
Wresqueue Limitada	314,629	100.00	329,303	100.00	326,506	100.00
Paofoong Insurance Company Ltd.	265,061	40.00	271,562	40.00	266,555	40.00
	60,077,757		61,094,141		57,148,661	
Grand total	$ 62,168,114		$ 63,220,196		$ 59,274,803	

The Bank invested in Paofoong Insurance Company (Hong Kong) Ltd. by holding 40% shares directly and 60% indirectly by Shancom Reconstruction Inc. Therefore, Paofoong Insurance Company (Hong Kong) Ltd. was recorded as a subsidiary.

Among the foreign companies which the Bank invested in, balance of Shancom Reconstruction Inc. and Wresqueue Limitada were calculated according to the unqualified-opinion financial reports for the sample periods audited and issued by foreign accountants, while balances of Paofoong Insurance Company (Hong Kong) Ltd. was calculated according to the unaudited financial reports of the periods dated June 30, 2017 and 2016. Among the domestic companies which the Bank invested in, balances of China Travel Service, SCSB Asset management Ltd., SCSB Life Insurance Agency, SCSB Property Insurance Agency and SCSB Marketing Ltd. were calculated according to the unaudited financial reports of the same periods; 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 management of the Bank considered that, even if unaudited by the accountant, the financial statements of the aforementioned investees are not subject to significant adjustments.

15. OTHER FINANCIAL ASSETS, NET

	June 30, 2017	December 31, 2016	June 30, 2016
Nonperforming credit card receivables	$ 47,166	$ 49,984	$ 22,547
Bills purchased, net	8,599	1,570	465
	55,765	51,554	23,012
Allowance for nonperforming credit card receivables	(47,166)	(49,984)	(22,547)
	$ 8,599	$ 1,570	$ 465

The amount of nonperforming credit card receivables is made up of unsettled transactional for forward exchange contracts and credit cards receivables.

The balance of credit cards receivable which were reported as nonperforming was $2,752 thousand, $2,939 thousand and $3,381 thousand as of June 30, 2017, December 31, 2016 and June 30, 2016, respectively. The unrecognized interest revenue on the receivables amounted to $32 thousand and $38 thousand for the six months ended June 30, 2017 and 2016, respectively.

16. PROPERTIES, NET

	June 30, 2017	December 31, 2016	June 30, 2016
Land	$ 9,664,925	$ 9,664,925	$ 9,664,925
Buildings and improvements	2,313,490	2,359,879	2,411,970
Office equipment	211,687	226,516	230,618
Transportation equipment	14,689	11,687	13,345
Miscellaneous equipment	139,573	153,090	163,623
Construction-in-progress and prepayments	7,260	7,260	7,260
	$ 12,351,624	$ 12,423,357	$ 12,491,741

	Six Months Ended June 30, 2017				
Item	Balance at January 1, 2016	Additions	Disposals	Effects of Exchange Rate Changes, Net	Balance at June 30, 2016
Cost					
Land	$ 9,664,925	$ -	$ -	$ -	$ 9,664,925
Buildings and improvements	4,330,278	-	-	-	4,330,278
Office equipment	1,025,594	16,262	(8,449)	(1,940)	1,031,467
Transportation equipment	54,518	5,020	(1,370)	-	58,168
Miscellaneous equipment	534,933	5,589	(25)	(676)	539,821
	15,610,248	$ 26,871	$ (9,844)	$ (2,616)	15,624,659
Accumulated depreciation					
Buildings and improvements	1,970,399	$ 46,389	$ -	$ -	2,016,788
Office equipment	799,078	29,456	(7,959)	(795)	819,780
Transportation equipment	42,831	1,932	(1,284)	-	43,479
Miscellaneous equipment	381,843	18,805	(21)	(379)	400,248
	3,194,151	$ 96,582	$ (9,264)	$ (1,174)	3,280,295
Construction-in-progress and prepayments	7,260	$ -	$ -	$ -	7,260
Net amount	$ 12,423,357				$ 12,351,624

	Six Months Ended June 30, 2016				
Item	**Balance at January 1, 2016**	**Additions**	**Disposals**	**Effects of Exchange Rate Changes, Net**	**Balance at June 30, 2016**
Cost					
Land	$ 9,664,925	$ -	$ -	$ -	$ 9,664,925
Buildings and improvements	4,330,278	-	-	-	4,330,278
Office equipment	1,134,495	34,305	(140,910)	(447)	1,027,443
Transportation equipment	56,187	1,715	(2,270)	-	55,632
Miscellaneous equipment	536,661	3,807	(1,657)	(135)	538,676
	15,722,546	$ 39,827	$ (144,837)	$ (582)	15,616,954
Accumulated depreciation					
Buildings and improvements	1,866,406	$ 51,907	$ -	$ (5)	1,918,308
Office equipment	899,368	35,021	(137,239)	(325)	796,825
Transportation equipment	42,428	1,973	(2,114)	-	42,287
Miscellaneous equipment	356,328	20,317	(1,480)	(112)	375,053
	3,164,530	$ 109,218	$ (140,833)	$ (442)	3,132,473
Construction-in-progress and prepayments	7,260	$ -	$ -	$ -	7,260
Net amount	$ 12,565,276				$ 12,491,741

The Bank did not recognize any impairment losses on the properties on June 30, 2017, December 31, 2016 and June 30, 2016.

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

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

The Bank’s land, buildings, and improvements insured amounted to $6,899,140 thousand.

17. OTHER ASSETS, NET

	June 30, 2017	December 31, 2016	June 30, 2016
Prepaid expenses	$ 727,855	$ 1,375,596	$ 649,156
Refundable deposits, net of $17,360 thousand impairment loss	603,401	633,182	654,252
Deferred charges	287,847	357,593	435,275
Temporary payments and suspense	202,656	86,547	114,791
Computer software	135,906	137,288	244,332
Others	28,139	28,019	27,590
	$ 1,985,804	$ 2,618,225	$ 2,125,396

18. DUE TO THE CENTRAL BANK AND BANKS

	June 30, 2017	December 31, 2016	June 30, 2016
Due to banks	$ 562,682	$ 579,627	$ 539,033
Call loans from banks	7,098,167	7,817,155	1,881,212
Deposit transfer from Chunghwa Post Co., Ltd.	3,747,072	3,802,664	4,049,420
Overdraft on banks	724,597	881,240	1,562,463
	$ 12,132,518	$ 13,080,686	$ 8,032,128

19. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

Securities sold under repurchase agreements as of June 30, 2017, December 31, 2016 and June 30, 2016 were $21,335,644 thousand, $10,186,212 thousand and $25,898,813 thousand, respectively. The aforementioned securities will be sold back by December 28, 2017, September 22, 2017 and January 16, 2017 at $21,345,705 thousand, $10,193,351 thousand and $25,912,345 thousand, respectively.

20. PAYABLES

	June 30, 2017	December 31, 2016	June 30, 2016
Dividends payable	$ 17,112,139	$ 10,995,694	$ 16,187,389
Accounts payable	2,391,499	3,688,380	2,379,969
Liabilities on bank acceptances	2,647,628	2,145,798	3,204,345
Payable on marketable securities under custody	-	-	3,053,270
Accrued interest	1,111,266	1,024,683	1,136,302
Accrued expenses	690,395	958,010	692,244
Other accounts payable	77,606	113,581	202,596
Others	312,115	320,552	332,037
	$ 24,342,648	$ 19,246,698	$ 27,188,152

21. DEPOSITS AND REMITTANCES

	June 30, 2017	December 31, 2016	June 30, 2016
Time deposits	$ 319,891,121	$ 278,505,802	$ 296,333,618
Savings deposits	261,788,638	264,726,125	254,547,653
Demand deposits	222,834,957	230,535,871	219,601,120
Checking deposits	8,751,566	10,518,833	7,852,443
Negotiable certificates of deposits	6,760,300	4,529,100	2,884,200
Remittances	241,242	969,294	251,340
	$ 820,267,824	$ 789,785,025	$ 781,470,374

22. BANK DEBENTURES

	June 30, 2017	December 31, 2016	June 30, 2016
The subordinate bank debenture - 7 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 - 7 year maturity, first issued in 2012; maturity date is on April 2019	4,000,000	4,000,000	4,000,000
The subordinate bank debenture - 7 year maturity, second issued in 2012; maturity date is on May 2019	1,000,000	1,000,000	1,000,000
The subordinate bank debenture - 7 to 10 year maturity, third issued in 2012; maturity date is on November 2019 to 2022	5,000,000	5,000,000	5,000,000
The subordinate bank debenture - 7 to 10 year maturity, fourth issued in 2012; maturity date is on December 2019 to 2022	10,000,000	10,000,000	10,000,000
The subordinate bank debenture - 7 to 10 year maturity; first issued in 2014; maturity date is on March 2021 to 2024	6,700,000	6,700,000	6,700,000
The subordinate bank debenture - 7 year maturity; second issued in 2014; maturity date is on November 2021	3,300,000	3,300,000	3,300,000
The subordinate bank debenture - 7 year maturity; first issued in 2015; maturity date is on June 2022	2,150,000	2,150,000	2,150,000
The subordinate bank debenture - 8.5 year maturity; first issued in 2015; maturity date is on June 2024	3,000,000	3,000,000	3,000,000
The subordinate bank debenture - 7 to 10 year maturity; first issued in 2017; maturity date is on June 2024 to 2027	5,000,000	-	-
	$ 43,150,000	$ 38,150,000	$ 38,150,000

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

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

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

The third issuance of the 2012 bank debenture can be classified into two types, Types A and B, in accordance with the issued terms and methods of interest accrual. 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 the repayment of principals at maturity.

The fourth issuance of the 2012 bank debenture can be classified into two types, Types A and B, in accordance with the issued terms and methods of interest accrual. 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 the repayment of principals at maturity.

The first issuance of the 2014 bank debenture can be classified into two types, Types A and B, in accordance with the issued terms and methods of interest accrual. 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 1.70%; Type B, ten-years of subordinate bank debenture at a fixed annual interest rate of 1.85%. Their interests are paid annually with the repayment of principals at maturity.

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

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

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

The first issuance of the 2017 subordinated bank debenture can be classified into two types, Types A and B, in accordance with the issued terms and methods of interest accrual. Their terms and methods of interest accrual are as follows: Type A, seven-years of subordinated bank debenture at a fixed annual interest rate of 1.70%; Type B, ten-years of subordinated bank debenture at a fixed annual interest rate of 1.85%. Their interests are paid annually with the repayment of principals at maturity.

23. OTHER FINANCIAL LIABILITIES

	June 30, 2017	December 31, 2016	June 30, 2016
Appropriated loan funds	$ 2,416,248	$ 2,810,902	$ 3,351,072
Principals of structured instruments	753,597	469,485	4,417,818
	$ 3,169,845	$ 3,280,387	$ 7,768,890

24. PROVISIONS

	June 30, 2017	December 31, 2016	June 30, 2016
Reserve for possible losses on guarantees	$ 604,723	$ 604,785	$ 605,083
Reserve for employee benefits (Note 26)	427,015	391,638	310,890
Others	6,388	6,555	3,564
	$ 1,038,126	$ 1,002,978	$ 919,537

The movements of reserve for possible losses on guarantees were as follows:

	For the Six Months Ended June 30	
	2017	2016
Beginning balance	$ 604,785	$ 479,670
Reserve for possible losses on guarantees (Note 11)	7,336	125,527
Exchange differences	(7,398)	(114)
Ending balance	$ 604,723	$ 605,083

25. OTHER LIABILITIES

	June 30, 2017	December 31, 2016	June 30, 2016
Guarantee deposit received	$ 345,850	$ 357,153	$ 388,302
Deferred revenue	137,452	137,139	135,261
Received in advance	100,959	124,119	89,615
Temporary credit	34,101	37,355	39,700
Others	86,683	81,810	82,770
	$ 705,045	$ 737,576	$ 735,648

26. PENSION PLAN

Employee benefit expenses in respect of the Bank's defined benefit retirement plans for six months ended June 20, 2017 and 2016 were calculated using the actuarially determined pension cost discount rate as of December 31, 2016 and 2015. The employee benefit expenses for the period ended June 20, 2017 and 2016 were as follows:

	For the Six Months Ended June 30	
	2017	2016
Defined benefit plan	$ 96,680	$ 96,334
Employee preferential interest deposits	33,000	37,550
Other long-term employee benefits	309	360
	$ 129,989	$ 134,244

27. EQUITY

a. Share capital

	June 30, 2017	December 31, 2016	June 30, 2016
Ordinary shares			
Authorized shares (in thousand)	6,000,000	6,000,000	6,000,000
Authorized capital	$ 60,000,000	$ 60,000,000	$ 60,000,000
Issued and paid shares (in thousand)	4,079,103	4,079,103	3,999,121
Issued capital	$ 40,791,031	$ 40,791,031	$ 39,991,207

Issued ordinary shares with a par value of $10 per share entitle the holder with the right to vote and to receive dividends.

In the shareholders' meeting on June 14, 2016, it was resolved to increase the Bank's authorized shares and authorized capital to 79,982 thousand shares and $799,824 thousand. The meeting also determined a dividend rate of $0.2 per share. The Bank has set August 17, 2016 as the base date for the capital increase.

b. Capital surplus

	June 30, 2017	December 31, 2016	June 30, 2016
Share premium	$ 2,647,583	$ 2,647,583	$ 2,647,583
Treasury shares transaction	1,998,854	1,998,854	1,991,109
Proportionate share in equity-method investee's surplus from donated assets	1,218	1,218	1,218
	$ 4,647,655	$ 4,647,655	$ 4,639,910

Under the Company Law, capital surplus can only be used to offset a deficit. However, the capital surplus from shares issued in excess of par (including additional paid-in capital from the issuance of ordinary shares, conversion of bonds and treasury share transactions) and donations may be capitalized, 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 shares, cash dividend distributed to subsidiaries was then recorded as "capital surplus - treasury shares".

c. Appropriation of earnings and dividend policy

In accordance with the amendments to the Company Act in May 2015, the recipients of dividends and bonuses are limited to shareholders and do not include employees. The shareholders held their regular meeting on June 14, 2016 and, in that meeting, resolved amendments to the Bank's Articles of Incorporation, particularly the amendment to the policy on dividend distribution and the addition of the policy on the distribution of employees' compensation. For information about employees' compensation and remuneration and actual appropriations, refer to Note 28 (d).

According to the amendments to the Bank's Articles of Incorporation, a legal reserve shall be appropriated at the amount equal to 30% of earnings after tax. The legal reserve shall be appropriated until it reaches the Bank's paid-in capital. 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 less than its paid-in capital, the Bank may distribute cash earnings only up to 15% of its paid-in capital.

Except for non-ROC resident shareholders, all shareholders receiving the undistributed earnings generated after 1998 are allowed a tax credit equal to their proportionate share of the income tax paid by the Bank. However, earnings generated in 1997 and prior years, when distributed, are not entitled to an imputation tax credit.

The appropriations of earnings for 2016 and 2015 were approved in the shareholders' meetings on June 16, 2017 and June 14, 2016, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		Dividends Per Share (Dollars)	
	2016	**2015**	**2016**	**2015**
Legal reserve	$ 3,524,499	$ 3,569,398		
Special reserve	58,742	-		
Cash dividends - ordinary shares	6,118,655	5,998,681	1.50	1.50
Share dividends - ordinary shares	-	799,824	-	0.20
	$ 9,701,896	$ 10,367,903	$ 1.50	$ 1.70

The cash dividends from the 2016 earnings appropriation were not paid yet nor recorded as dividends payable accordingly as of June 30, 2017; for the relevant information, refer to Note 20.

d. Special reserve

The Bank has made a special reserve in the amount of $1,256,859 thousand due to its transfer of cumulative translation adjustments reported in equity to retained earnings upon first-time IFRS adoption. There was no change in the balance of the special reserve for the period ended June 30, 2017.

With Rule No. 10510001510 issued by the FSC on May 25, 2016, public banks shall make a special reserve for 0.5% to 1.0% of net profit when making the appropriations of earnings of 2016 to 2018 to cope with the staff transformation for financial technology development. Public banks may reverse the same amount of transfer or resettle the expense starting from 2017. The Bank has made a special reserve in the amount of $58,742 thousand from earnings of 2015 proposed by the Bank's board of directors on June 18, 2017.

e. Treasury shares

Purpose	Beginning Balance	Increase	Decrease	Ending Balance
For the six months ended June 30, 2017				
Shares held by subsidiaries	11,397	-	-	11,397
For the six months ended June 30, 2016				
Shares held by subsidiaries	11,174	-	-	11,174

In accordance with the shareholding ratio, the Bank reclassified its shares held by its subsidiaries, China Travel Service and Shanghai Commercial Bank (HK), as treasury shares with a carrying amount of $83,144 thousand (representing 7,698 thousand shares). The shares increased by 3,699 thousand shares over the years.

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

28. DETAILS OF COMPREHENSIVE INCOME STATEMENT ITEMS

a. Interest revenue, net

	For the Six Months Ended June 30	
	2017	2016
Interest revenue		
Discounts and loans	$ 6,708,253	$ 6,554,238
Securities investments	1,285,291	1,313,138
Due from banks	335,913	319,387
Credit and revolving	44,161	45,078
Others	132,787	107,215
	8,506,405	8,339,056
Interest expense		
Deposits	2,191,177	2,462,307
Bank debentures	312,933	309,393
Due to banks	132,541	76,024
Securities sold under repurchase agreements	35,915	28,132
Structured bond instruments	8,581	7,116
Others	16,101	22,828
	2,697,248	2,905,800
	$ 5,809,157	$ 5,433,256

b. Service fee revenue, net

	For the Six Months Ended June 30	
	2017	2016
Service fee revenue		
Trusts	$ 427,863	$ 332,306
Commissions	155,575	273,645
Loans	142,616	148,930
Guarantees	123,853	137,878
Credit cards	118,370	119,250
Remittances	81,738	87,153

(Continued)

	For the Six Months Ended June 30	
	2017	2016
Exchange	$ 78,764	$ 86,182
Others	307,603	331,078
	1,436,382	1,516,422
Service fee expenses		
Credit cards	61,245	56,424
Nominee	37,882	36,593
Foreign finance	28,608	30,799
Custody	28,706	20,646
Others	36,136	31,336
	192,577	175,798
	$ 1,243,805	$ 1,340,624

(Concluded)

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

	For the Six Months Ended June 30, 2017		
	Realized (Loss) Gain	Unrealized (Loss) Gain	Total
Held-for-trading financial assets	$ 3,776,747	$ 23,067	$ 3,799,814
Financial assets designated at fair value through profit or loss	-	6,230	6,230
Held-for-trading financial liabilities	(3,367,380)	138,671	(3,228,709)
	$ 409,367	$ 167,968	$ 577,335

	For the Six Months Ended June 30, 2016		
	Realized (Loss) Gain	Unrealized (Loss) Gain	Total
Held-for-trading financial assets	$ 4,109,424	$ 49,502	$ 4,158,926
Financial assets designated at fair value through profit or loss	-	(2,381)	(2,381)
Held-for-trading financial liabilities	(3,796,451)	54,864	(3,741,587)
	$ 312,973	$ 101,985	$ 414,958

d. Employee benefit expenses

	For the Six Months Ended June 30	
	2017	2016
Short-term employee benefits	$ 1,624,630	$ 1,573,955
Retirement benefits		
Defined contribution plan	31,099	28,207
Defined benefit plan	96,680	96,334
	1,752,409	1,698,496
Other employee benefits	171,897	181,107
	$ 1,924,306	$ 1,879,603

For the six months ended June 30, 2017 and 2016, the numbers of employees of the Bank were 2,454 and 2,421 respectively.

In compliance with the Company Act as amended in May 2015 and the resolution of the shareholders' meeting to amend the Articles of Incorporation of the Bank, the amendments stipulate distribution of employees' compensation and remuneration to directors and supervisors at the rates no less than 0.1% and no higher than 0.6%, respectively, of net profit before income tax, employees' compensation, and remuneration to directors and supervisors. For the six months ended June 30, 2016 and 2017, the employees' compensation and the remuneration to directors and supervisors were estimated within the aforementioned range respectively, as below:

	For the Six Months Ended June 30	
	2017	**2016**
Employees' compensation	$ 17,007	$ 18,663
Remuneration of directors	$ 27,498	$ 29,400

If there is a change in the amounts after the annual financial statements were authorized for issue, the difference is recorded as a change in the accounting estimate.

The employees' compensation and the remuneration of directors for 2016 and 2015, which have been approved reported in the shareholders' meetings on March 25, 2017 and March 12, 2016, respectively, were as follows:

	2016		2015	
	Cash	**Shares**	**Cash**	**Shares**
Employees' compensation	$ 34,000	$ -	$ 34,000	$ -
Remuneration of directors	52,000	-	55,000	-

There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2016 and 2015.

Information on the employees' compensation and remuneration of directors resolved in the shareholders' meetings in 2017 and 2016 are available on the Market Observation Post System website of the Taiwan Stock Exchange.

e. Depreciation and amortization

	For the Six Months Ended June 30	
	2017	**2016**
Depreciation expenses	$ 96,582	$ 109,218
Amortization expenses	132,921	134,271
	$ 229,503	$ 243,489

29. INCOME TAX

a. Income tax expense recognized in profit or loss

The major components of tax expenses were as follows:

	For the Six Months Ended June 30	
	2017	2016
Current tax		
In respect of the current year	$ 965,786	$ 948,888
In respect of prior periods	(38,316)	(24,395)
	927,470	924,493
Deferred tax		
In respect of the current year	131,458	(19,636)
In respect of prior periods	(11,129)	9,297
	120,329	(10,339)
Income tax expense recognized in profit or loss	$ 1,047,799	$ 914,154

b. Income tax expense recognized in other comprehensive income

	For the Six Months Ended June 30	
	2017	2016
Deferred income tax expense		
Arising on income and expenses recognized in other comprehensive income		
Exchange differences on translating foreign operations	$ (588,614)	$ (192,640)
Unrealized gain or loss on available-for-sale financial assets	69,062	94,496
Income tax expense recognized in other comprehensive income	$ (489,552)	$ (98,144)

c. Integrated income tax

	June 30, 2017	December 31, 2016	June 30, 2016
Unappropriated earnings			
Unappropriated earnings generated before January 1, 1998	$ 27,065	$ 27,065	$ 27,065
Unappropriated earnings generated on and after January 1, 1998	14,960,183	18,438,376	12,453,181
	$ 14,987,248	$ 18,465,441	$ 12,480,246
Imputation credits accounts	$ 2,308,583	$ 2,301,334	$ 2,161,394

The creditable ratio for distribution of earnings of 2016 and 2015 was 12.52% (expected) and 12.74% (actual), respectively.

d. The Bank's income tax returns through 2014 were assessed by the tax authorities.

30. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Six Months Ended June 30	
	2017	2016
Basic earnings per share	$ 1.53	$ 1.40
Diluted earnings per share	$ 1.53	$ 1.39

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

Net Profit for the Period

	For the Six Months Ended June 30	
	2017	2016
Earnings used in the computation of basic and diluted earnings per share	$ 6,223,704	$ 5,676,324

Weighted average number of ordinary shares outstanding (In thousand shares):

	For the Six Months Ended June 30	
	2017	2016
Weighted average number of ordinary shares in computation of basic earnings per share	4,067,706	4,067,706
Effect of potentially dilutive ordinary shares:		
Employees' compensation	1,708	1,715
Weighted average number of ordinary shares used in the computation of diluted earnings per share	4,069,414	4,069,421

Since the Bank offered to settle compensation paid to employees in cash or shares, the Bank assumed the entire amount of the compensation will be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

31. RELATED-PARTY TRANSACTIONS

Besides the information disclosed in other notes, the significant transactions and account balances with related parties are summarized as follows:

a. The Bank's related parties

Related Party	Relationship with the Bank
China Travel Service (Taiwan)	Subsidiary
SCSB Life Insurance Agency	Subsidiary
SCSB Property Insurance Agency	Subsidiary
SCSB Asset Management Ltd.	Subsidiary
SCSB Marketing Ltd.	Subsidiary
Shancom Reconstruction Inc.	Subsidiary
Wresqueue Limitada	Subsidiary
CTS Travel International Ltd.	Indirect subsidiary
SCSB Leasing (China) Co., Ltd.	Indirect subsidiary
Krinein Company (Krinein)	Indirect subsidiary
Empresa Inversiones Generales, S.A. (Empresa)	Indirect subsidiary
Safehaven Investment Corporation	Indirect subsidiary
Prosperity Realty Inc.	Indirect subsidiary
Shanghai Commercial Bank (HK)	Indirect subsidiary
Paofoong Insurance Company Ltd.	Subsidiary of Shanghai Commercial Bank (HK)
Shanghai Commercial Bank (Nominees) Ltd.	Subsidiary of Shanghai Commercial Bank (HK)
Shacom Futures Ltd.	Subsidiary of Shanghai Commercial Bank (HK)
Shanghai Commercial Bank Trustee Ltd.	Subsidiary of Shanghai Commercial Bank (HK)
Shacom Investment Ltd.	Subsidiary of Shanghai Commercial Bank (HK)
Shacom Property Holdings (BVI) Limited	Subsidiary of Shanghai Commercial Bank (HK)
Shacom Property (NY) Inc.	Subsidiary of Shanghai Commercial Bank (HK)
Shacom Property (CA) Inc.	Subsidiary of Shanghai Commercial Bank (HK)
Shacom Assets Investment Ltd.	Subsidiary of Shanghai Commercial Bank (HK)
Infinite Financial Solutions Limited	Subsidiary of Shanghai Commercial Bank (HK)
Shacom Insurance Brokers Ltd.	Subsidiary of Shanghai Commercial Bank (HK)
Shacom Securities Ltd.	Subsidiary of Shanghai Commercial Bank (HK)
Hai Kwang Property Management Co., Ltd.	Subsidiary of Shanghai Commercial Bank (HK)
Right Honour Investments Limited	Subsidiary of Shanghai Commercial Bank (HK)
KCC 23F Limited	Subsidiary of Shanghai Commercial Bank (HK)
KCC 25F Limited	Subsidiary of Shanghai Commercial Bank (HK)
KCC 26F Limited	Subsidiary of Shanghai Commercial Bank (HK)
Glory Step Investments Limited	Indirect subsidiary of Shanghai Commercial Bank (HK)
Silver Wisdom Investments Limited	Indirect subsidiary of Shanghai Commercial Bank (HK)
The SCSB Cultural & Educational Foundation	Donated by the Bank which exceed 1/3 total fund
The SCSB Charity Foundation	Donated by the Bank which exceed 1/3 total fund
Silks Place Taroko	Investment under equity method held by subsidiary
BC Reinsurance Limited	Investment under equity method held by subsidiary
Joint Electronic Teller Services Limited (JETCO)	Investment under equity method held by subsidiary
Bank Consortium Holding Limited	Investment under equity method held by subsidiary
Hong Kong Life Insurance Limited	Investment under equity method held by subsidiary
i-Tech Solutions Limited	Investment under equity method held by subsidiary

(Continued)

Related Party	Relationship with the Bank
Hung Ta Investment Corporation	The Chairman and the Bank's chairman are related by marriage
Hung Shen Investment Corporation	The Chairman and the Bank's chairman are related by marriage
Gengroup Merchandise Corp.	The director of the Bank is the chairman of the Company
GTM Electronics Co., Ltd.	The director of the Bank is the chairman of the Company
GTM Textile Co., Ltd.	The director of the Bank is the chairman of the Company
GTM Holdings Corporation	The director of the Bank is the chairman of the Company
GTM Development Co., Ltd.	The director of the Bank is the chairman of the Company
GTM Corporation	The director of the Bank is the chairman of the Company
Chi-Li Investment Co., Ltd.	The director of the Bank is the director of the Company
Chang Ho Hsing Co., Ltd.	The director of the Bank is the director of the Company
Xing Li Investment Co., Ltd.	The director of the Bank is the director of the Company
Goldsun Co., Ltd.	The director of the Bank is the director of the Company
Wei-Chi Steel Industrial Co., Ltd.	The director of the Bank is the director of the Company
CX Technology Corporation	The director of the Bank is the director of the Company
Beacon Extender Limited	The director of the Bank is the director of the Company
Nanyang Holdings Limited	The director of the Bank is the director of the Company
Tai Ping Carpets International Limited	The director of the Bank is the director of the Company
Yong An Enterprise Ltd.	The director of the Bank is the director of the Company
Great Malaysia Textile Investments Pte Ltd.	The director of the Bank is the director of the Company
Singapore Labour Foundation	The director of the Bank is the director of the Company
China National Petroleum Corporation	The director of the Bank is the director of the Company
Peninsular Inc.	The director of the Bank is the director of the Company
Merry Co Inc	The director of the Bank is the director of the Company
Peninsular Yarn and Fabric Merchandising Ltd.	The director of the Bank is the director of the Company

(Continued)

Related Party	Relationship with the Bank
Nanyang Industrial (China) Limited	The director of the Bank is the director of the Company
Capxon International Electronic Company Limited	The director of the Bank is the director of the Company
SIA Engineering	The director of the Bank is the director of the Company
NTUC Income Insurance Co-operative Limited	The director of the Bank is the chairman of the Company
Tripartite Alliance Limited	The director of the Bank is the chairman of the Company
Qin Mao Consultants Ltd.	The Chairman and the Bank's director are related by marriage
Lian Yi Investment Co., Ltd.	The director and the Bank's director are related by marriage
The Li-Jen Educational Foundation	The director of the Bank is the chairman of the Foundation
The Hsu Yuan-Tung Cultural & Educational Foundation	The director of the Bank is the chairman of the Foundation
Jin Hu Accounting Firm	The director of the Bank is the sole proprietor of the Company
Temasek Holdings Private Limited	The director of the Bank is the chairman of the Company (from July 1, 2017)
Others	The Bank's directors, managers and the relatives of the Bank's directors and managers

(Concluded)

b. Significant transactions and account balances

1) Due from foreign banks

	June 30, 2017	December 31, 2016	June 30, 2016
Shanghai Commercial Bank (HK)	$ 155,780	$ 286,710	$ 357,580

The interest income arising from the above transactions were $117 thousand and $288 thousand for the six months ended June 30, 2017 and 2016, respectively.

2) Due to banks

	June 30, 2017	December 31, 2016	June 30, 2016
Shanghai Commercial Bank (HK)	$ 17	$ 152	$ 232

3) Due from the Central Bank and call loans to banks (June 30, 2016: None)

	June 30, 2017	December 31, 2016	June 30, 2016
Shanghai Commercial Bank (HK)	$ -	$ 1,850,160	$ -

The interest expense of call loans arising from Shanghai Commercial Bank (HK) to banks was $5,841 thousand for the six months ended June 30, 2017.

4) Guarantees

	Maximum Balance	Ending Balance	Reserve for Possible Losses on Guarantees	Interest Rate (%)	Collateral
June 30, 2017					
China Travel Service (Taiwan)	$ 4,000	$ 4,000	$ -	1.00-1.00	Real estate
December 31, 2016					
China Travel Service (Taiwan)	$ 4,000	$ 4,000	$ -	0.50-1.00	Real estate
June 30, 2016					
China Travel Service (Taiwan)	$ 4,000	$ 4,000	$ -	0.50-1.00	Real estate

5) Deposits

	June 30, 2017			For the Six Months Ended June 30, 2017
	Maximum Balance	Ending Balance	Interest Rate (%)	Interest Expense
Empresa	$ 2,541,299	$ 776,478	0.45-1.40	$ 5,913
Krinein	799,544	446,580	0.45-1.40	3,106
SCSB Asset Management Ltd.	321,891	320,768	0.08-1.08	1,426
The SCSB Cultural & Educational Foundation	318,204	307,123	0.01-1.24	953
Employees	362,972	194,839	0.00-9.96	1,520
SCSB Life Insurance Agency	258,763	175,474	0.00-1.08	814
Shancom Reconstruction Inc.	170,049	170,049	0.13-1.40	1,123
Supervisors and management related	120,388	57,582	0.00-3.40	422
Others	315,443	275,075	0.00-3.50	793
	$ 5,208,553	$ 2,723,968		$ 16,070

	December 31, 2016			For the Year Ended December 31, 2017
	Maximum Balance	Ending Balance	Interest Rate (%)	Interest Expense
Empresa	$ 2,689,545	$ 818,605	0.25-0.60	$ 4,833
Krinein	844,116	470,808	0.25-0.60	2,746
SCSB Asset Management Ltd.	511,247	320,977	0.08-4.00	5,811
The SCSB Cultural & Educational Foundation	334,052	318,097	0.01-1.38	2,048
SCSB Life Insurance Agency	329,256	232,750	0.00-1.17	1,970
Employees	416,929	182,561	0.00-9.96	3,053
Shancom Reconstruction Inc.	179,263	179,263	0.08-0.60	1,038
Supervisors and management related	124,762	54,100	0.00-3.50	863
Others	412,539	293,643	0.00-3.30	1,476
	$ 5,841,709	$ 2,870,804		$ 23,838

	June 30, 2016			For the Six Months Ended June 30, 2016
	Maximum Balance	Ending Balance	Interest Rate (%)	Interest Expense
Empresa	$ 2,695,638	$ 818,109	0.25-0.60	$ 2,529
Krinein	846,029	470,523	0.25-0.60	1,421
SCSB Asset Management Ltd.	520,633	320,165	0.08-4.00	4,441
SCSB Life Insurance Agency	329,256	201,805	0.00-1.17	1,036
The SCSB Cultural & Educational Foundation	317,127	311,072	0.06-1.38	1,031
Supervisors and management related	101,097	93,585	0.00-3.80	426
Employees	361,784	210,040	0.22-10.17	1,582
Shancom Reconstruction Inc.	179,155	179,155	0.08-0.60	534
Others	283,569	215,022	0.00-3.30	821
	$ 5,634,288	$ 2,819,476		$ 13,821

6) Accrued receivables (accounted for as receivables)

	June 30, 2017	December 31, 2016	June 30, 2016
SCSB Life Insurance Agency	$ 16,352	$ 35,434	$ 26,777
SCSB Property Insurance Agency	312	274	444
	$ 16,664	$ 35,708	$ 27,221

7) Interest receivable (accounted for as receivables)

	June 30, 2017	December 31, 2016	June 30, 2016
Supervisors and management related	$ 104	$ 92	$ 118
Silks Place Taroko	-	-	20
	$ 104	$ 92	$ 138

8) Interest payable (accounted for as payables)

	June 30, 2017	December 31, 2016	June 30, 2016
Empresa	$ 2,446	$ 1,076	$ 1,120
Krinein	1,407	619	644
Shancom Reconstruction Inc.	535	236	245
Others	608	629	664
	$ 4,996	$ 2,560	$ 2,673

9) Guarantee deposits received (accounted for as other liabilities)

	June 30, 2017	December 31, 2016	June 30, 2016
The SCSB Cultural & Educational Foundation	$ 211	$ 211	$ 211
SCSB Life Insurance Agency	197	197	197
SCSB Property Insurance Agency	197	197	197
China Travel Service (Taiwan)	180	180	180
Others	67	67	67
	$ 852	$ 852	$ 852

10) Service fees (accounted for as service fee income, net)

	For the Six Months Ended June 30	
	2017	2016
SCSB Life Insurance Agency	$ 149,876	$ 268,155
SCSB Property Insurance Agency	5,697	5,487
	$ 155,573	$ 273,642

11) Rental income (accounted for other revenue, net)

	For the Six Months Ended June 30	
	2017	2016
The SCSB Cultural & Educational Foundation	$ 421	$ 421
SCSB Life Insurance Agency	395	395
SCSB Property Insurance Agency	395	395
China Travel Service (Taiwan)	369	360
Others	124	127
	$ 1,704	$ 1,698

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

12) Administrative and operating expense (accounted for as other general administrative expenses)

	For the Six Months Ended June 30	
	2017	2016
SCSB Marketing	$ 31,732	$ 29,639
China Travel Service (Taiwan)	460	446
	$ 32,192	$ 30,085

13) Loans

June 30, 2017

Category	Name	Maximum Balance	Ending Balance	Performance: Normal Loans	Performance: Nonperforming Loans	Collateral	Interest Rate (%)	Difference of Terms of the Transactions with Unrelated Parties	For the Six Months Ended June 30, 2017 Interest Income
Loans for personal house mortgage	Supervisors and management related (2)	$ 30,693	$ 19,951	$ 19,951	-	Real estate	1.86-2.10	None	$ 232
Others	Supervisors and management related (4)	81,492	76,340	76,340	-	Real estate	1.68-2.67	None	644
	Silks Place Taroko	5,000	-	-	-	Credit	1.63-1.63	None	7
		$ 117,185	$ 96,291	$ 96,291					$ 883

December 31, 2016

Category	Name	Maximum Balance	Ending Balance	Performance: Normal Loans	Performance: Nonperforming Loans	Collateral	Interest Rate (%)	Difference of Terms of the Transactions with Unrelated Parties	For the Year Ended December 31, 2016 Interest Income
Loans for personal house mortgage	Supervisors and management related (2)	$ 34,418	$ 23,679	$ 23,679	-	Real estate	1.86-2.15	None	$ 630
Others	Supervisors and management related (5)	76,367	63,029	63,029	-	Real estate	1.68-2.82	None	1,328
	CX Technology	37,739	-	-	-	Real estate	1.73-1.93	None	455
	Silks Place Taroko	44,000	-	-	-	Real estate	1.56-1.70	None	447
	Goldsun Co., Ltd.	100,000	-	-	-	Real estate	1.10-1.10		190
		$ 292,524	$ 86,708	$ 86,708					$ 3,050

June 30, 2016										
				Performance					For the Six Months Ended June 30, 2016
Category	Name	Maximum Balance	Ending Balance	Normal Loans	Nonperforming Loans	Collateral	Interest Rate (%)	Difference of Terms of the Transactions with Unrelated Parties	Interest Income
Loans for personal house mortgage	Supervisors and management related (2)	$ 40,681	$ 30,067	$ 30,067	-	Real estate	1.95-2.15	None	$ 346
Others	Supervisors and management related (10)	98,345	87,460	87,460	-	Real estate	1.77-2.82	None	877
	Silks Place Taroko	44,000	44,000	44,000	-	Real estate	1.63-1.70	None	267
	CX Technology	40,989	26,090	26,090	-	Syndicated loan	1.76-1.93	None	238
	Goldsun Co., Ltd.	100,000	-	-	-	Credit	1.10-1.10	None	190
		$ 324,015	$ 187,617	$ 187,617					$ 1,918

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

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

c. Compensation of directors, supervisors and management personnel

The compensation of key management personnel for the period ended June 30, 2017 and 2016 was as follows:

	For the Six Months Ended June 30	
	2017	2016
Salaries and other short-term employee benefits	$ 58,967	$ 57,446
Bonus to employees	66,752	70,326
Remuneration to directors and supervisors	27,498	29,400
Retirement benefits	6,698	6,451
	$ 159,915	$ 161,723

The remuneration of directors and key executives was determined having regard to the performance of individuals and market trends as assessed by the remuneration committee.

32. PLEDGED ASSETS

Under the Central Bank's clearing system of Real-Time Gross Settlement (RTGS), on June 30, 2017, December 31, 2016 and June 30, 2016, the assets listed below had been provided as collateral for day-term overdraft with the pledged amount adjustable at any time.

	June 30, 2017	December 31, 2016	June 30, 2016	Guaranty Purpose
Held-to-maturity financial assets	$ 15,000,000	$ 15,000,000	$ 15,000,000	Day-term overdraft with the pledge

On June 30, 2017, December 31, 2016 and June 30, 2016, the assets listed below were provided as refundable deposits for operating guarantees and for executing legal proceedings against defaulting borrowers as required by the court.

	June 30, 2017	December 31, 2016	June 30, 2016	Guaranty Purpose
Held-to-maturity financial assets	$ 44,604	$ 45,510	$ 41,545	Operating guarantee
Available-for-sale financial assets	148,368	264,597	261,450	Operating guarantee

33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

a. In addition to those disclosed in other notes, significant commitments and contingencies of the Bank as of June 30, 2017, December 31, 2016 and June 30, 2016 were as follows:

	June 30, 2017	December 31, 2016	June 30, 2016
Receivables under custody	$ 25,692,769	$ 26,581,295	$ 27,225,231
Consigned travelers' checks	232,550	266,872	245,709
Guarantee notes payable	112,306,426	112,183,213	142,867,317
Assets under trust	146,624,151	140,583,675	142,780,822
Securities in custody	9,704,347	8,768,283	9,558,240
Government bonds in brokerage accounts	38,505,500	56,237,500	58,417,000
Short-term bills in brokerage accounts	1,052,600	1,127,400	988,200

b. Operational risk and legal risk

Item	Reason and Amount	
	For the Six Months Ended June 30, 2017	For the Six Months Ended June 30, 2016
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	The Bank has been corrected by the Banking Bureau's letter dated June 27, 2016 (Ref. No. 10500119770) due to the data of interested parties archived incompletely.
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
Others	None	None

34. FINANCIAL INSTRUMENTS

a. Fair value information - financial instruments not measured at fair value

1) Fair value of financial instruments that are not measured at fair value

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

	June 30, 2017		December 31, 2016		June 30, 2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets						
Held-to-maturity financial assets	$ 72,357,352	$ 72,364,343	$ 62,225,661	$ 62,251,530	$ 70,596,643	$ 70,626,359
Financial liabilities						
Bank debentures	43,150,000	43,064,190	38,150,000	38,056,168	38,150,000	38,047,193

2) Fair value measurements recognized in the balance sheets

	June 30, 2017			
	Total	Level 1	Level 2	Level 3
Financial assets				
Held-to-maturity financial assets	$ 72,364,343	$ 959,536	$ 71,404,807	$ -
Financial liabilities				
Bank debentures	43,064,190	-	43,064,190	-

	December 31, 2016			
	Total	Level 1	Level 2	Level 3
Financial assets				
Held-to-maturity financial assets	$ 62,251,530	$ 833,175	$ 61,418,355	$ -
Financial liabilities				
Bank debentures	38,056,168	-	38,056,168	-

	June 30, 2016			
	Total	Level 1	Level 2	Level 3
Financial assets				
Held-to-maturity financial assets	$ 70,626,359	$ 602,567	$ 70,023,792	$ -
Financial liabilities				
Bank debentures	38,047,193	-	38,047,193	-

3) The evaluation method and assumptions used in measuring 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 financial instruments other than the above is determined by the discounted cash flow analysis or other generally accepted pricing models.

b. Fair value information - financial instruments measured at fair value

1) Fair value level

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

Financial Instruments Measured at Fair Value	June 30, 2017 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				
Shares	$ 1,677	$ 1,677	$ -	$ -
Commercial papers	179,893	-	179,893	-
Financial assets be designated as at FVTPL on initial recognition	1,066,051	-	-	1,066,051
Available-for-sale financial assets				
Shares	3,301,168	1,395,427	-	1,905,741
Bonds	121,147,015	47,819,384	72,338,242	989,389
Others	49,368,695	7,624,597	41,744,098	-
	$ 175,064,499	$ 56,841,085	$ 114,262,233	$ 3,961,181
Derivative instruments				
Assets				
Financial assets at fair value through profit or loss	$ 526,513	$ 17,049	$ 466,701	$ 42,763
Liabilities				
Financial liability at fair value through profit or loss	$ 401,032	$ -	$ 365,229	$ 35,803

Financial Instruments Measured at Fair Value	December 31, 2016 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				
Shares	$ 28,354	$ 28,354	$ -	$ -
Commercial papers	5,582,305	-	5,582,305	-
Others	2,499,958	-	2,499,958	-
Financial assets be designated as at FVTPL on initial recognition	768,160	-	-	768,160

(Continued)

Financial Instruments Measured at Fair Value	December 31, 2016			
	Total	Level 1	Level 2	Level 3
Available-for-sale financial assets				
Shares	$ 3,243,256	$ 1,433,691	$ -	$ 1,809,565
Bonds	130,576,659	44,267,346	85,657,742	651,571
Others	30,106,765	8,068,600	22,038,165	-
	$ 172,805,457	$ 53,797,991	$ 115,778,170	$ 3,229,296
Derivative instruments				
Assets				
Financial assets at fair value through profit or loss	$ 688,997	$ 26,717	$ 632,975	$ 29,305
Liabilities				
Financial liability at fair value through profit or loss	$ 459,106	$ -	$ 435,925	$ 23,181

(Concluded)

Financial Instruments Measured at Fair Value	June 30, 2016			
	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				
Shares	$ 15,433	$ 15,433	$ -	$ -
Commercial papers	23,097,171	-	23,097,171	-
Others	70,311	-	70,311	-
Financial assets be designated as at FVTPL on initial recognition	1,253,244	-	-	1,253,244
Available-for-sale financial assets				
Shares	3,306,058	1,501,915	-	1,804,143
Bonds	144,859,296	41,950,474	102,044,937	863,885
Others	36,492,567	8,532,703	27,959,864	-
	$ 209,094,080	$ 52,000,525	$ 153,172,283	$ 3,921,272
Derivative instruments				
Assets				
Financial assets at fair value through profit or loss	$ 774,896	$ 22,403	$ 720,929	$ 31,564
Liabilities				
Financial liabilities at fair value through profit or loss	$ 562,555	$ -	$ 536,721	$ 25,834

There are no transfers of financial instruments between Level 1 and Level 2 fair value measurement for the six months ended June 30, 2017 and 2016.

2) Reconciliation of Level 3 fair value measurements of financial assets and liabilities for the six months ended June 30, 2017 and 2016

For the six months ended June 30, 2017

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	$ 29,305	$ 5,356	$ -	$ 8,102	$ -	$ -	$ -	$ 42,763
Financial assets designated as at fair value	768,160	6,519	-	456,300	-	(164,928)	-	1,066,051
Available-for-sale financial assets	2,461,136	-	(14,228)	580,196	-	(131,974)	-	2,895,130
Liabilities								
Financial liabilities at FVTPL								
Held-for-trading financial liabilities	23,181	8,571	-	4,051	-	-		35,803

For the six months ended June 30, 2016

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	$ 4,333	$ 27,120	$ -	$ 11,513	$ -	$ (11,402)	$ -	$ 31,564
Financial assets designated as at fair value	1,048,847	(183,143)	-	710,490	-	(322,950)	-	1,253,244
Available-for-sale financial assets	3,247,523	-	(4,942)	546,071	-	(1,120,624)	-	2,668,028
Liabilities								
Financial liabilities at FVTPL								
Held-for-trading financial liabilities	1,903	23,876	-	5,757	-	(5,702)	-	25,834

3) Valuation techniques and inputs applied for Level 2 fair value measurement

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

4) Valuation techniques and inputs applied for Level 3 fair value measurement

Fair value evaluation categorized as Level 3 included but was not limited to FVTPL, equity securities investments, derivatives, and held to maturity financial assets.

Most fair value categorized as Level 3 only possess single, unobservable inputs. Non-active market debt instruments possess unobservable inputs. The non-active market equity instruments are independent and, thus, are irrelevant to each other. The table of quantified information of significant unobservable inputs is as follows:

	Fair Value	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted-average)	Notes
Non-derivative financial assets					
Financial assets at FVTPL					
Corporate bonds	$ 1,066,051	Bids from counterparties	Lack of market liquidity discount	0%-10%	The increase in discount from lack of market liquidity decreases fair value.
Available-for-sale financial assets					
Shares	1,905,741	Net assets method	N/A	N/A	N/A
Bonds	989,389	1.Hybrid Model 2.Monte Carlo Simulation	1. Dividend rate 2. Stock price volatility 3. Correlation coefficient 4. Credit Spread 5. Default rate Recovery rate	0%-10%	The increase in discount from lack of market liquidity decreases fair value.
Derivative financial assets					
Financial assets at FVTPL					
Interest rate swaps	8,486	Discounted cash flow	Discount of marketability	0%-10%	The increase in discount of marketability decreases fair value.
Options	34,277	Black-Scholes Model	Fluctuating	0%-15%	The increase in volatility decreases fair value.
Derivative financial liabilities					
Financial liability at FVTPL					
Options	35,803	Black-Scholes Model	Fluctuating	0%-15%	The increase in volatility decreases fair value.

5) Sensitivity analysis of alternative assumptions of Level 3 fair value measurement

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

June 30, 2017

	Changes in Fair Value Reflected in Profit or Loss		Changes in Fair Value Reflect in Other Comprehensive Income	
	Favorable	Unfavorable	Favorable	Unfavorable
Assets				
Financial assets at FVTPL				
Held-for-trading financial assets	$ 26,588	$ (3,082)	$ -	$ -
Financial assets designated as at fair value	-	(2,096)	-	-
Available-for-sale financial assets	-	-	-	(34,484)
Liabilities				
Financial liabilities at FVTPL				
Held-for-trading financial liabilities	149	(26,588)	-	-

December 31, 2016

	Changes in Fair Value Reflected in Profit or Loss		Changes in Fair Value Reflect in Other Comprehensive Income	
	Favorable	Unfavorable	Favorable	Unfavorable
Assets				
Financial assets at FVTPL				
Held-for-trading financial assets	$ 18,931	$ (1,074)	$ -	$ -
Financial assets designated as at fair value	-	(1,206)	-	-
Available-for-sale financial assets	-	-	18,096	(3,300)
Liabilities				
Financial liabilities at FVTPL				
Held-for-trading financial liabilities	-	(18,931)	-	-

June 30, 2016

	Changes in Fair Value Reflected in Profit or Loss		Changes in Fair Value Reflect in Other Comprehensive Income	
	Favorable	**Unfavorable**	**Favorable**	**Unfavorable**
Assets				
Financial assets at FVTPL				
Held-for-trading financial assets	$ 22,903	$ (105)	$ -	$ -
Financial assets designated as at fair value	-	(2,298)	-	-
Available-for-sale financial assets	-	-	18,041	(3,604)
Liabilities				
Financial liabilities at FVTPL				
Held-for-trading financial liabilities	-	(22,903)	-	-

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

June 30, 2017

	Changes in Fair Value Reflected in Profit or Loss		Changes in Fair Value Reflect in Other Comprehensive Income	
	Favorable	**Unfavorable**	**Favorable**	**Unfavorable**
Assets				
Financial assets at FVTPL				
Held-for-trading financial assets	$ 21,081	$ (4,478)	$ -	$ -
Financial assets designated as at fair value	2,096	-	-	-
Available-for-sale financial assets	-	-	36,582	-
Liabilities				
Financial liabilities at FVTPL				
Held-for-trading financial liabilities	1,724	(21,081)	-	-

December 31, 2016

	Changes in Fair Value Reflected in Profit or Loss		Changes in Fair Value Reflect in Other Comprehensive Income	
	Favorable	Unfavorable	Favorable	Unfavorable
Assets				
Financial assets at FVTPL				
Held-for-trading financial assets	$ 14,144	$ (2,599)	$ -	$ -
Financial assets designated as at fair value	1,206	-	-	-
Available-for-sale financial assets	-	-	4,280	(18,096)
Liabilities				
Financial liabilities at FVTPL				
Held-for-trading financial liabilities	1,663	(14,144)	-	-

June 30, 2016

	Changes in Fair Value Reflected in Profit or Loss		Changes in Fair Value Reflect in Other Comprehensive Income	
	Favorable	Unfavorable	Favorable	Unfavorable
Assets				
Financial assets at FVTPL				
Held-for-trading financial assets	$ 17,512	$ (306)	$ -	$ -
Financial assets designated as at fair value	2,298	-	-	-
Available-for-sale financial assets	-	-	4,574	(18,041)
Liabilities				
Financial liabilities at FVTPL				
Held-for-trading financial liabilities	276	(17,428)	-	-

c. Financial risk management

1) Risk management

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

The Bank established written risk management policies and procedures that are considered and approved by the Board to identify, measure, monitor, and control the credit risk, market risk, and liquidity risk.

The Bank's risk management department performs the Bank'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, operational 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 risk

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

To ensure that the credit risk is controlled within a tolerable range, the Bank 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 Bank examines and confirms credit risk in accordance with the rules before launching new products and business. Furthermore, the Bank also establishes a risk management system for complicated credit business such as factoring, credit derivative financial instruments and so on.

The Bank'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

Each major business applies procedures and methods for credit risk management as follows:

i. Credit business (including loan commitments and guarantees)

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 according to the conditions of the credit assets and the length of time the accounts were overdue. The Bank complies with the "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.

ii) Credit quality rating

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

iii. Debt investments and derivative financial instruments

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

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

b) Policies of credit risk hedging or mitigation

i. Collateral

The Bank applies series of policies to decrease credit risks in its lending business. Among those policies is to request collateral from creditors. To secure the creditor's rights, the Bank has established procedures for pledges, valuations, management, and disposals of collateral. The contracts between the Bank and the borrowers clearly state the protocols, including but not limited to the security of credit, procedures for collateral and for offsets. Collateral for business other than loan borrowings vary by the nature of the related financial instruments. Only asset-backed securities and other similar financial instruments are secured by a pool of financial assets.

ii. Limitation of credit risk and credit concentration management

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

iii. Other mechanisms for credit risk management

To further decrease credit risks, the contracts also proclaim that the Bank may decrease the balances, shorten the maturity period, demand immediate payback, or use borrowers' assets in the Bank to offset their liabilities.

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

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

June 30, 2017

	Maximum Exposure to Credit Risk Mitigated by			
	Collateral	Master Netting Arrangement	Other Credit Enhancements	Total
Receivables	$ 1,208,952	$ -	$ 522,845	$ 1,731,797
Discount and loans	414,152,134	-	71,584,067	485,736,201
Held-for-trading financial assets - short-term bills	-	-	179,898	179,898
Available-for-sale financial assets				
Bonds	-	-	6,324,149	6,324,149
Short-term bills	-	-	10,100,926	10,100,926

December 31, 2016

	Maximum Exposure to Credit Risk Mitigated by			
	Collateral	Master Netting Arrangement	Other Credit Enhancements	Total
Receivables	$ 1,046,328	$ -	$ 629,302	$ 1,675,630
Discount and loans	401,852,088	-	66,866,024	468,718,112
Held-for-trading financial assets - short-term bills	-	-	2,520,772	2,520,772
Available-for-sale financial assets - bonds	-	-	5,629,512	5,629,512

June 30, 2016

	Maximum Exposure to Credit Risk Mitigated by			
	Collateral	Master Netting Arrangement	Other Credit Enhancements	Total
Receivables	$ 1,463,719	$ -	$ 643,935	$ 2,107,654
Discount and loans	396,936,970	-	50,478,899	447,415,869
Held-for-trading financial assets - short-term bills	-	-	18,817,954	18,817,954
Available-for-sale financial assets - bonds	-	-	484,425	484,425

c) Credit risk exposures

The maximum exposure of the Bank'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:

	June 30, 2017	December 31, 2016	June 30, 2016
Developed and noncancelable loan commitments	$ 11,371,462	$ 10,225,184	$ 17,765,427
Noncancelable credit card commitments	999,309	1,018,299	1,116,963
Issued but unused letters of credit	9,322,313	8,913,916	8,302,038
Other guarantees	41,586,990	39,528,147	39,757,887

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

d) Information on concentration of credit risk

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

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

i. Counterparty

	June 30, 2017		December 31, 2016		June 30, 2016	
Counterparty	Amount	% to Total	Amount	% to Total	Amount	% to Total
Private sector	$ 386,693,869	63	$ 354,729,707	60	$ 322,691,777	57
Consumer	225,382,477	36	221,223,700	37	226,786,894	40
Financial institution	2,267,342	-	10,353,102	2	8,031,340	2
Others	4,336,403	1	4,882,770	1	4,592,889	1
	$ 618,680,091	100	$ 591,189,279	100	$ 562,102,900	100

ii. Region

Region	June 30, 2017 Amount	June 30, 2017 % to Total	December 31, 2016 Amount	December 31, 2016 % to Total	June 30, 2016 Amount	June 30, 2016 % to Total
R.O.C.	$ 522,443,509	84	$ 507,848,678	86	$ 499,199,185	89
Asia area	85,597,255	14	74,098,286	13	55,448,090	10
Others	10,639,327	2	9,242,315	1	7,455,625	1
	$ 618,680,091	100	$ 591,189,279	100	$ 562,102,900	100

iii. Collateral assumed

Collateral Assumed	June 30, 2017 Amount	June 30, 2017 % to Total	December 31, 2016 Amount	December 31, 2016 % to Total	June 30, 2016 Amount	June 30, 2016 % to Total
Unsecured	$ 138,270,252	22	$ 116,995,242	20	$ 110,523,201	20
Secured						
Properties	371,573,996	60	359,131,696	60	351,026,065	62
Guarantees	68,210,392	11	63,685,084	11	47,275,822	8
Financial collateral	18,822,155	3	23,397,024	4	25,697,213	5
Movable properties	5,302,670	1	5,471,724	1	6,356,212	1
Other collateral	16,500,626	3	22,508,509	4	21,224,387	4
	$ 618,680,091	100	$ 591,189,279	100	$ 562,102,900	100

e) Information on credit risk quality

Part of the financial assets held by the Bank, including cash and cash equivalents, due from the Central Bank and call loans to banks, financial assets at fair value through profit or loss, investments in bills and bonds with resale agreements, guarantee deposits paid, security businesses, clearing and settlement funds, etc. are assessed with 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:

a) Credit analysis of discounts and loans and receivables

June 30, 2017	Neither Past Due Nor Impaired				Overdue but Unimpaired Amount (B)	Impaired Amount (C)	Total (A)+(B)+(C)	Recognized Losses Amount (D)		Net Amount (A)+(B)+(C)-(D)
	Strong	Moderate	Special Mention	Subtotal (A)				Objective Evidence of Impairment	No Objective Evidence of Impairment	
Receivables										
Credit cards	$ 1,275,770	$ 584,989	$ 57,664	$ 1,918,423	$ 41,989	$ 66,290	$ 2,026,702	$ 57,416	$ 24,953	$ 1,944,333
Others	3,221,860	3,661,929	28,947	6,912,736	206,558	78,740	7,198,034	58,144	242,330	6,897,560
Discount and loans	392,376,175	159,309,537	51,991,377	603,677,089	7,507,659	7,495,343	618,680,091	2,549,295	6,553,352	609,577,444

December 31, 2016	Neither Past Due Nor Impaired				Overdue but Unimpaired Amount (B)	Impaired Amount (C)	Total (A)+(B)+(C)	Recognized Losses Amount (D)		Net Amount (A)+(B)+(C)-(D)
	Strong	Moderate	Special Mention	Subtotal (A)				Objective Evidence of Impairment	No Objective Evidence of Impairment	
Receivables										
Credit cards	$ 1,087,532	$ 605,495	$ 62,303	$ 1,755,330	$ 46,433	$ 69,544	$ 1,871,307	$ 58,509	$ 24,934	$ 1,787,864
Others	2,739,729	2,990,869	83,366	5,813,964	52,150	161,384	6,027,498	113,502	190,298	5,723,698
Discount and loans	380,937,930	145,160,295	48,615,618	574,713,843	8,844,522	7,630,914	591,189,279	2,498,874	6,583,138	582,107,267

June 30, 2016	Neither Past Due Nor Impaired				Overdue but Unimpaired Amount (B)	Impaired Amount (C)	Total (A)+(B)+(C)	Recognized Losses Amount (D)		Net Amount (A)+(B)+(C)-(D)
	Strong	Moderate	Special Mention	Subtotal (A)				Objective Evidence of Impairment	No Objective Evidence of Impairment	
Receivables										
Credit cards	$ 1,305,605	$ 598,923	$ 60,926	$ 1,965,454	$ 41,110	$ 73,779	$ 2,080,343	$ 59,510	$ 149,001	$ 1,871,832
Others	3,651,373	3,695,024	93,773	7,440,170	70,074	137,935	7,648,179	85,526	91,352	7,471,301
Discount and loans	355,258,612	155,109,661	36,286,235	546,654,508	7,412,412	8,035,980	562,102,900	3,082,911	5,926,359	553,093,630

b) Credit quality analysis of discounts and loans that are neither past due nor impaired

June 30, 2017	Neither Past Due Nor Impaired			
	Strong	Moderate	Special Mention	Total
Consumer banking				
Housing mortgages	$ 163,021,135	$ 5,057,779	$ 56,962	$ 168,135,876
Small scale credit loans	1,043,196	152,371	2,151	1,197,718
Others	20,317,414	582,795	1,994	20,902,203
Corporate banking				
Secured	99,325,270	104,814,835	38,613,212	242,753,317
Unsecured	108,669,160	48,701,757	13,317,058	170,687,975
Total	392,376,175	159,309,537	51,991,377	603,677,089

December 31, 2016	Neither Past Due Nor Impaired			
	Strong	Moderate	Special Mention	Total
Consumer banking				
Housing mortgages	$ 161,541,636	$ 5,508,781	$ 21,549	$ 167,071,966
Small scale credit loans	1,099,315	59,865	21,770	1,180,950
Others	19,239,496	647,472	2,534	19,889,502
Corporate banking				
Secured	100,395,626	88,727,854	34,954,325	224,077,805
Unsecured	98,661,857	50,216,323	13,615,440	162,493,620
Total	380,937,930	145,160,295	48,615,618	574,713,843

June 30, 2016	Neither Past Due Nor Impaired			
	Strong	Moderate	Special Mention	Total
Consumer banking				
Housing mortgages	$ 152,162,130	$ 19,000,924	$ 823,033	$ 171,986,087
Small scale credit loans	971,248	208,388	7,082	1,186,718
Others	16,291,234	3,557,543	444,021	20,292,798
Corporate banking				
Secured	92,411,737	81,760,501	24,768,418	198,940,656
Unsecured	93,422,263	50,582,305	10,243,681	154,248,249
Total	355,258,612	155,109,661	36,286,235	546,654,508

c) Delays caused by loan processing and other administrative issues may result in financial assets overdue but not impaired. According to the internal risk management rule of the Bank, financial assets past due within 90 days are normally not considered impaired, unless other circumstances reveal that the financial assets are impaired.

The aging analysis of financial assets that were overdue but not impaired is as follows:

Items	June 30, 2017		
	Past Due Up to a Month	Past Due One to Three Months	Total
Receivables			
Credit cards	$ 39,042	$ 2,947	$ 41,989
Others	140,410	66,148	206,558
Discounts and loans			
Consumer banking			
Housing mortgages	2,001,643	1,157,027	3,158,670
Small scale credit loans	9,899	6,154	16,053
Others	209,224	100,045	309,269
Corporate banking			
Secured	1,685,986	478,850	2,164,836
Unsecured	1,435,786	423,045	1,858,831

Items	December 31, 2016		
	Past Due Up to a Month	Past Due One to Three Months	Total
Receivables			
Credit cards	$ 42,419	$ 4,014	$ 46,433
Others	45,060	7,090	52,150
Discounts and loans			
Consumer banking			
Housing mortgages	1,987,870	959,968	2,947,838
Small scale credit loans	10,741	4,088	14,829
Others	209,234	95,474	304,708
Corporate banking			
Secured	4,050,630	792,679	4,843,309
Unsecured	431,307	302,531	733,838

Items	June 30, 2016		
	Past Due Up to a Month	Past Due One to Three Months	Total
Receivables			
Credit cards	$ 37,706	$ 3,404	$ 41,110
Others	63,837	6,237	70,074
Discounts and loans			
Consumer banking			
Housing mortgages	2,229,948	966,448	3,196,396
Small scale credit loans	12,938	2,116	15,054
Others	161,251	114,937	276,188
Corporate banking			
Secured	2,666,489	472,492	3,138,981
Unsecured	652,436	133,357	785,793

d) Credit quality analysis of security investments

(Amount in Thousands of New Taiwan Dollars)

June 30, 2017	Neither Past Due Nor Impaired						Past Due but Not Impaired (B)	Impaired Amount (C)	Total (A)+(B)+(C)	Recognized Losses Amount (D)	Net Amount (A)+(B)+ (C)-(D)
	Excellent	Good	Moderate	Normal	Unrated	Subtotal (A)					
Available-for-sale financial assets											
Bonds	$ 53,956,800	$ 20,083,616	$ 33,651,114	$ 111,879,004	$ 1,576,481	$ 121,147,015	$ -	$ 91,260	$ 121,238,275	$ 91,260	$ 121,147,015
Shares	-	-	-	-	10,902,275	10,902,275	-	-	10,902,275	-	10,902,275
Bills	2,052,253	-	39,715,335	-	-	41,767,588	-	-	41,767,588	-	41,767,588
Held-to-maturity financial assets											
Bonds	1,098,914	689,383	269,753	-	-	2,058,050	-	-	2,058,050	-	2,058,050
Bills	70,299,302	-	-	-	-	70,299,302	-	-	70,299,302	-	70,299,302
Financial assets at FVTPL											
Bonds	-	-	153,451	-	912,600	1,066,051	-	-	1,066,051	-	1,066,051

(Amount in Thousands of New Taiwan Dollars)

December 31, 2016	Neither Past Due Nor Impaired						Past Due but Not Impaired (B)	Impaired Amount (C)	Total (A)+(B)+(C)	Recognized Losses Amount (D)	Net Amount (A)+(B)+ (C)-(D)
	Excellent	Good	Moderate	Normal	Unrated	Subtotal (A)					
Available-for-sale financial assets											
Bonds	$ 70,877,182	$ 19,060,910	$ 26,079,780	$ 13,742,674	$ 816,113	$ 130,576,659	$ -	$ 96,666	$ 130,673,325	$ 96,666	$ 130,576,659
Shares	-	-	-	-	11,171,735	11,171,735	-	-	11,171,735	-	11,171,735
Bills	-	-	22,178,286	-	-	22,178,286	-	-	22,178,286	-	22,178,286
Held-to-maturity financial assets											
Bonds	93,735	714,668	117,258	-	-	925,661	-	-	925,661	-	925,661
Bills	61,300,000	-	-	-	-	61,300,000	-	-	61,300,000	-	61,300,000
Financial assets at FVTPL											
Bonds	-	161,110	155,942	-	451,108	768,160	-	-	768,160	-	768,160

(Amount in Thousands of New Taiwan Dollars)

June 30, 2016	Neither Past Due Nor Impaired						Past Due but Not Impaired (B)	Impaired Amount (C)	Total (A)+(B)+(C)	Recognized Losses Amount (D)	Net Amount (A)+(B)+ (C)-(D)
	Excellent	Good	Moderate	Normal	Unrated	Subtotal (A)					
Available-for-sale financial assets											
Bonds	$ 78,868,347	$ 19,340,068	$ 33,077,607	$ 12,948,854	$ 624,421	$ 144,859,297	$ -	$ 96,885	$ 144,956,182	$ 96,885	$ 144,859,297
Shares	-	-	-	-	111,371,266	11,371,266	-	-	11,371,266	-	11,371,266
Bills	2,645,922	-	25,781,437	-	-	28,427,359	-	-	28,427,359	-	28,427,359
Held-to-maturity financial assets											
Bonds	93,652	482,113	120,878	-	-	696,643	-	-	696,643	-	696,643
Bills	69,900,000	-	-	-	-	69,900,000	-	-	69,900,000	-	69,900,000
Financial assets designated as at fair value											
Bonds	-	-	478,164	161,475	613,605	1,253,244	-	-	1,253,244	-	1,253,244

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. Changes in above risk elements can cause risks to shift the net profit of the Bank or its investment structures.

The Bank'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 whereas the major foreign exchange risks include foreign currency positions held by the Bank.

b) Market risk management policies

The Bank monitors its market risk positions and tolerable loss according to the risk management objectives and limits approved by the Board of Directors.

The Bank also builds a market risk information system, which enables the Bank to effectively monitor the management of facilities, assessment of gains and losses, analysis of sensitivity factors of the Bank's financial instrument positions, etc. The results of the monitoring, assessment and analysis are reported in risk control meetings and serve as references for the decision making of management.

The Bank splits market risk exposure into trading and held-for-fixed-income portfolios which are controlled by both the Bank's operation and risk management sections. Routine control reports are reviewed by the Bank's Board of Directors and relevant committees.

c) Market risk management process

i. Recognition and measurement

The Bank'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. Monitoring and reporting

The Bank'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 Bank 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 variation of fair value of trading position and loss in earnings resulting from interest rate variation. Major relevant products include interest rate-related financial securities and derivatives instrument.

ii. Purpose of interest risk management

Interest rate risk management enhances the Bank's ability to measure, control and avoid negative influence of interest rate variation on earnings and economic values of balance sheet items. In addition, it enhances capital efficiency and strengthens operation.

iii. Procedures of interest risk management

The Bank carefully chooses investment target through conducting research about issuer's credit, financial status, country risks and interest rate trend. The Bank also establishes trading amount limit and stop-loss limit including limit for trading department, trading personnel and trading commodity, etc. according to trading book operation policies and market status which are approved by top management and the Board of Directors.

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

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

iv. Measurement methods

The Bank 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 Bank 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 periodically. In addition, the Bank regularly uses the DV01 to measure portfolio affected by interest rate.

e) Foreign exchange rate risk management

i. Definition of foreign exchange risk

Foreign exchange risk means losses resulting from transferring currencies at different times. The Bank's foreign exchange rate risk results mainly from spot and forward foreign exchange business. The Bank's foreign exchange rate risk is relatively insignificant due to the fact that customers' positions 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 Bank 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 Bank undertakes pressure test on a seasonal basis and uses 3% fluctuation in major foreign exchange rate (USD) as the sensitivity threshold and reports test results to the 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 Bank includes individual and general risk from price fluctuation 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 and to avoid decrease in earnings due to violent fluctuation in equity security prices, and to enhance capital efficiency and strengthen operation.

iii. Procedures of equity security price risk management

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

g) Market valuation technique

The Bank 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 Bank also performs sensitivity analysis based on major risk factors of various financial products in order to monitor the changes in various market risk factors of financial products.

i. Sensitivity analysis

i) Interest rate risk

The Bank has assessed the possible impact on income if global yield curve move between -100 to +100 base points simultaneously on June 30, 2017, December 31, 2016 and June 30, 2016.

ii) Foreign exchange rate risk

The Bank assesses the possible impact on income when exchange rates of NTD against various currencies fluctuate between -3% and +3% while other factors remain unchanged.

iii) Equity securities price risk

The Bank has assessed the possible impact on income when equity security prices on June 30, 2017, December 31, 2016 and June 30, 2016 rise or fall by 10% while other factors remain unchanged.

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

ii. Sensitivity analysis is summarized as follows:

June 30, 2017			
Major Risk	**Variation Range**	**Amount**	
		Equity	**Profit or Loss**
Foreign exchange risk	Various currencies/NTD increased 3%	$ 1,773,993	$ 37,572
Foreign exchange risk	Various currencies/NTD decreased 3%	(1,773,993)	(35,572)
Interest rate risk	Rate curve increased 100BPS	(3,673,129)	(42,233)
Interest rate risk	Rate curve decreased 100BPS	3,673,129	42,233
Price risk of equity securities	Price of equity securities increased 10%	378,698	154
Price risk of equity securities	Price of equity securities decreased 10%	(378,698)	(154)

December 31, 2016			
Major Risk	**Variation Range**	**Amount**	
		Equity	**Profit or Loss**
Foreign exchange risk	Various currencies/NTD increased 3%	$ 1,845,658	$ 25,281
Foreign exchange risk	Various currencies/NTD decreased 3%	(1,845,658)	(25,281)
Interest rate risk	Rate curve increased 100BPS	(4,170,214)	(12,308)
Interest rate risk	Rate curve decreased 100BPS	4,170,214	12,308
Price risk of equity securities	Price of equity securities increased 10%	441,797	2,502
Price risk of equity securities	Price of equity securities decreased 10%	(441,797)	(2,502)

June 30, 2016			
Major Risk	**Variation Range**	**Amount**	
		Equity	**Profit or Loss**
Foreign exchange risk	Various currencies/NTD increased 3%	$ 1,701,892	$ 42,688
Foreign exchange risk	Various currencies/NTD decreased 3%	(1,701,892)	(42,688)
Interest rate risk	Rate curve increased 100BPS	(4,348,091)	(21,607)
Interest rate risk	Rate curve decreased 100BPS	4,348,091	21,607
Price risk of equity securities	Price of equity securities increase 10%	442,885	1,037
Price risk of equity securities	Price of equity securities decrease 10%	(442,885)	(1,037)

4) Liquidity risk

a) The sources and definition of liquidity risk

Liquidity risk is the possibility that the Bank is unable to liquidate assets or obtain financing to fulfill matured financial liabilities which may result in financial loss. Liquidity risk may be present when, for example, deposits are withdrawn in advance of the original date of settlement, the market becomes worse and borrowing from other banks becomes difficult, the clients' credit deteriorates leading to the occurrence of defaults, liquidation of financial instruments becomes difficult, early redemption of interest-sensitive instruments happens, etc. The aforementioned factors may reduce cash balance to be used in the areas of loans, trading, and investment. In some extreme circumstances, the lack of liquidity may lead to the decrease in the overall assets and liabilities, and the need to liquidate the Bank's assets and the possibility of being unable to fulfill loan commitments. Liquidity risks include inherent risks that may be affected by some specific industry events or overall market condition. These events include but are not limited to credit, merger and acquisitions, systemic breakdown and natural disasters.

b) The management policies are as follows:

The Bank's management procedures are monitored by the independent department of risk management and 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 accounts according to the internal management purposes and external monitoring rules.

iv. Managing the maturity date of debt instruments.

The procedures for monitoring and reporting liquidity risk are applied and measured based on the estimated cash flows (the time gap is based on how the Bank 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 Bank holds certain position of highly liquid interest bearing assets to fulfill its obligation and for future needs. To manage the liquidity risk, the Bank 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 Bank analyzed cash outflows of non-derivative financial liabilities 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.

June 30, 2017	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	$ 12,132,518	$ -	$ -	$ -	$ -	$ 12,132,518
Securities sold under repurchase agreements	19,175,657	1,996,696	157,187	6,104	-	21,335,644
Payables	23,888,989	69,449	283,321	100,828	61	24,342,648
Deposits and remittances	472,749,881	144,825,224	86,274,153	109,105,430	7,313,136	820,267,824
Bank debentures	-	-	3,000,000	-	40,150,000	43,150,000
Other financial liabilities	3,169,845	-	-	-	-	3,169,845

December 31, 2016	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	$ 13,080,686	$ -	$ -	$ -	$ -	$ 13,080,686
Securities sold under repurchase agreements	8,313,896	1,229,764	137,377	505,175	-	10,186,212
Payables	18,859,964	173,464	152,263	60,910	97	19,246,698
Deposits and remittances	489,200,036	120,825,599	68,803,914	103,315,876	7,639,600	789,785,025
Bank debentures	-	-	-	3,000,000	35,150,000	38,150,000
Other financial liabilities	3,280,387	-	-	-	-	3,280,387

June 30, 2016	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	$ 8,032,128	$ -	$ -	$ -	$ -	$ 8,032,128
Borrowings from the Central Bank and banks	1,130,325	-	-	-	-	1,130,325
Securities sold under repurchase agreements	18,347,739	7,291,223	253,763	6,088	-	25,898,813
Payables	26,525,134	60,133	294,689	101,362	32	26,981,350
Deposits and remittances	471,906,416	106,387,106	85,229,366	110,283,781	7,663,705	781,470,374
Bank debentures	-	-	-	-	38,150,000	38,150,000
Other financial liabilities	7,768,890	-	-	-	-	7,768,890

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

i. Derivative financial liabilities in net settlement

June 30, 2017	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	$ 33,146	$ 69,737	$ 34,945	$ 41,879	$ -	$ 179,707
Rate derivatives	171	-	-	11,403	27,466	39,340

December 31, 2016	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	$ 46,225	$ 52,350	$ 53,213	$ 70,674	$ -	$ 222,462
Rate derivatives	-	-	-	474	31,587	32,061

June 30, 2016	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	$ 200,055	$ 27,648	$ 58,342	$ 53,392	$ 1,996	$ 341,433
Rate derivatives	-	-	-	-	41,297	41,297

ii. Derivative financial liabilities in total settlement

June 30, 2017	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	$ 11,580,592	$ 3,139,868	$ 2,677,761	$ 2,943,371	$ -	$ 20,341,592
Cash outflow	11,934,622	3,187,758	2,802,214	2,953,838	-	20,878,432

December 31, 2016	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	$ 3,199,316	$ 2,308,951	$ 2,579,862	$ 2,996,213	$ -	$ 11,084,342
Cash outflow	3,317,970	2,394,912	2,719,713	3,186,453	-	11,619,048

June 30, 2016	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	$ 24,236,163	$ 2,889,289	$ 1,998,320	$ 2,852,675	$ -	$ 31,976,447
Cash outflow	24,421,099	2,996,080	2,081,121	2,937,843	-	32,436,143

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.

June 30, 2017	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	$ 77,411	$ 172,421	$ 190,860	$ 1,490,187	$ 9,440,583	$ 11,371,462
Noncancelable credit card commitments	96,333	192,567	288,900	421,509	-	999,309
Issued but unused letters of credit	2,297,709	5,707,515	1,007,469	176,611	133,009	9,322,313
Other guarantees	3,785,879	8,880,831	4,133,882	10,649,131	14,137,267	41,586,990

December 31, 2016	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	$ 279,764	$ 175,742	$ 487,052	$ 951,392	$ 8,331,234	$ 10,225,184
Noncancelable credit card commitments	96,738	193,477	290,215	437,869	-	1,018,299
Issued but unused letters of credit	2,624,165	4,755,948	1,154,772	153,552	225,479	8,913,916
Other guarantees	4,357,686	4,993,347	7,262,568	8,939,532	13,975,014	39,528,147

June 30, 2016	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	$ 1,323,986	$ 74,773	$ 1,936,580	$ 2,086,663	$ 12,343,425	$ 17,765,427
Noncancelable credit card commitments	96,506	193,011	289,517	537,929	-	1,116,963
Issued but unused letters of credit	2,249,930	4,173,005	1,243,374	304,554	331,175	8,302,038
Other guarantees	2,570,251	7,031,582	5,131,945	12,236,768	12,787,341	39,757,887

d. Transfer of financial assets

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

June 30, 2017

Type of Financial Assets	The Book Value of Financial Assets Transferred	The Book Value of Related Financial Liabilities	The Fair Value of Financial Assets Transferred	The Fair Value of Related Financial Liabilities	Net Amount
Available-for-sale financial assets - purchased call options	$20,476,401	$21,335,644	$20,476,401	$21,335,644	$ (859,243)

December 31, 2016

Type of Financial Assets	The Book Value of Financial Assets Transferred	The Book Value of Related Financial Liabilities	The Fair Value of Financial Assets Transferred	The Fair Value of Related Financial Liabilities	Net Amount
Available-for-sale financial assets - purchased call options	$ 9,522,319	$10,816,212	$ 9,522,319	$10,816,212	$ (663,893)

June 30, 2016

Type of Financial Assets	The Book Value of Financial Assets Transferred	The Book Value of Related Financial Liabilities	The Fair Value of Financial Assets Transferred	The Fair Value of Related Financial Liabilities	Net Amount
Available-for-sale financial assets - purchased call options	$ 24,882,979	$ 25,898,813	$ 24,882,979	$ 25,898,813	$ (1,015,834)

e. Offsetting financial assets and financial liabilities

The Bank is eligible to present certain derivative assets and derivative liabilities on a net basis on the balance sheet since the offsetting criteria are met. Cash collateral has also been received for the net amount of the derivative assets and derivative liabilities. The cash collateral does not meet the offsetting criteria, but it can be offset against the net amount of the derivative assets and derivative liabilities in the case of default and insolvency or bankruptcy, in accordance with an associated collateral arrangement.

The tables below present the quantitative information on financial assets and financial liabilities that have been offset in the balance sheet or that are covered by enforceable master netting arrangements or similar agreements.

June 30, 2017

Financial Liabilities	Gross Amounts of Recognized Financial Liabilities	Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet	Net Amounts of Financial Liabilities Presented in the Balance Sheet	Related Amounts Not Offset in the Balance Sheet		Net Amount
				Financial Instruments	Cash Collateral Pledged	
Repurchase, securities lending and similar agreements	$ 21,335,644	$ -	$ 21,335,644	$ (20,476,401)	$ -	$ 859,243

December 31, 2016

Financial Liabilities	Gross Amounts of Recognized Financial Liabilities	Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet	Net Amounts of Financial Liabilities Presented in the Balance Sheet	Related Amounts Not Offset in the Balance Sheet		Net Amount
				Financial Instruments	Cash Collateral Pledged	
Repurchase, securities lending and similar agreements	$ 10,186,212	$ -	$ 10,186,212	$ (9,522,319)	$ -	$ 663,893

June 30, 2016

Financial Liabilities	Gross Amounts of Recognized Financial Liabilities	Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet	Net Amounts of Financial Liabilities Presented in the Balance Sheet	Related Amounts Not Offset in the Balance Sheet		Net Amount
				Financial Instruments	Cash Collateral Pledged	
Repurchase agreements	$ 24,882,979	$ -	$ 24,882,979	$ (25,898,813)	$ -	$ 1,015,834

35. 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 are affected by interest rate fluctuations were as follows:

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

	For the Six Months Ended June 30, 2017	
	Average Balance	Average Rate (%)
Interest-earning assets		
Cash and cash equivalents - due from other banks	$ 12,363,075	0.16
Due from the Central Bank and call loans to banks	82,722,848	0.88
Financial assets at fair value through profit or loss	3,955,382	1.54

(Continued)

	For the Six Months Ended June 30, 2017	
	Average Balance	Average Rate (%)
Securities purchased under agreement to resell	$ 33,076	0.32
Credit card revolving balances	697,274	12.67
Discounts and loans (excluding nonperforming loans)	591,318,261	2.25
Available-for-sale financial assets	160,284,077	1.49
Held-to-maturity financial assets	71,548,224	0.58
Bills purchased	5,186	2.29
Interest-bearing liabilities		
Due to the Central Bank and banks	12,735,898	2.08
Securities sold under agreement to repurchase	21,647,392	0.33
Negotiable certificates of deposits	5,575,352	0.49
Demand deposits	228,866,500	0.12
Savings deposits	129,438,001	0.31
Time deposits	292,014,559	0.84
Time-savings	134,135,473	1.04
Bank debentures	38,650,000	1.62
Appropriated loan funds	2,581,876	0.00
Structured deposit instruments principal	1,795,783	0.96

(Concluded)

	For the Six Months Ended June 30, 2016	
	Average Balance	Average Rate (%)
Interest-earning assets		
Cash and cash equivalents - due from other banks	$ 14,041,839	0.58
Due from the Central Bank and call loans to banks	95,707,478	0.63
Financial assets at fair value through profit or loss	23,642,948	0.51
Securities purchased under agreement to resell	764,745	0.38
Credit card revolving balances	721,883	12.49
Discounts and loans (excluding nonperforming loans)	562,756,887	2.30
Available-for-sale financial assets	146,501,197	1.63
Held-to-maturity financial assets	78,090,548	0.69
Bills purchased	7,809	1.73
Interest-bearing liabilities		
Due to the Central Bank and banks	16,263,746	0.88
Securities sold under agreement to repurchase	16,447,267	0.34
Borrowings from the Central Bank and banks	6,280	-
Negotiable certificates of deposits	2,608,103	0.48
Demand deposits	225,559,619	0.09
Savings deposits	123,621,238	0.34
Time deposits	308,515,497	0.89
Time-savings	132,147,788	1.23
Bank debentures	38,150,000	1.62
Appropriated loan funds	3,324,872	-
Structured deposit instruments principal	4,316,690	0.33

36. CAPITAL MANAGEMENT

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

According to the Banking Law and related regulations, the Bank should maintain a capital adequacy ratio of at least 9.25% for a stable financial position. If the capital adequacy ratio falls below the required capital adequacy ratio, the Central Regulator would restrict the distribution of earnings.

The following table which lists the equity capital, risk-weighted assets, and risk exposure as of June 30, 2017, December 31, 2016 and June 30, 2017 was prepared according to the "Regulations Governing the Capital Adequacy and Capital Category of Banks" that was modified by the Financial Supervisory Commission of the ROC. (Ref. No. 10200362920) on January 9, 2014.

The Bank conformed to the regulation on capital management as of June 30, 2017, December 31, 2016 and June 30, 2016.

	June 30, 2017	**December 31, 2016**	**June 30, 2016**
Analysis items			
Eligible capital			
Common equity	$ 91,015,078	$ 92,483,284	$ 88,153,446
Other Tier I capital	-	-	-
Tier II capital	7,811,050	2,636,241	5,012,474
Eligible capital	$ 98,826,128	$ 95,119,525	$ 93,165,920
Risk-weighted assets			
Credit risk			
Standardized approach	$ 686,118,119	$ 649,358,638	$ 610,376,606
Credit valuation adjustment	45,100	55,933	120,715
Internal rating based approach	N/A	N/A	N/A
Synthetic securitization	206,037	169,503	199,521
Operational risk			
Basic indicator approach	36,834,395	36,834,395	35,102,345
Standardized approach/alternative standardized approach	N/A	N/A	N/A
Advanced measurement approach	N/A	N/A	N/A
Market risk			
Standardized approach	32,342,735	36,377,200	37,570,271
Internal models approach	N/A	N/A	N/A
Total risk-weighted assets	$ 755,546,386	$ 722,795,669	$ 683,369,458
Capital adequacy ratio	13.08%	13.16%	13.63%
Ratio of common equity to risk-weighted assets	12.05%	12.80%	12.90%
Ratio of Tier I capital to risk-weighted assets	12.05%	12.80%	12.90%
Leverage ratio	8.27%	8.81%	8.30%

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 = net value of tier I capital ÷net value of exposure measurement

37. 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 of the Bank were as follows:

Ranking (Note 1)	June 30, 2017		
	Group Enterprise (Note 2)	**Total Balances of Credit Extensions (Note 3)**	**Ratio of Credit Extensions to Net Worth (%)**
1	A Group (head offices)	$ 6,573,438	5.49
2	B Group (real estate activities for sale and rental)	6,570,874	5.49
3	C Group (manufacture of wearing apparel)	3,952,485	3.30
4	D Group (manufacture of metallic furniture)	3,912,038	3.27
5	E Group (aviation industry)	3,871,380	3.23
6	F Group (television broadcasting and subscription programming)	3,729,000	3.11
7	G Group (activities of other holding companies)	3,270,914	2.73
8	H Group (manufacture of computers)	3,180,805	2.66
9	I Group (manufacture of computers)	3,127,398	2.61
10	J Group (wholesale of other specialized wholesale not elsewhere classified)	3,072,420	2.57

Ranking (Note 1)	December 31, 2016		
	Group Enterprise (Note 2)	Total Balances of Credit Extensions (Note 3)	Ratio of Credit Extensions to Net Worth (%)
1	A Group (smelting and refining of iron and steel)	$ 6,530,563	5.43
2	B Group (real estate activities for sale and rental)	5,420,412	4.51
3	C Group (manufacture of wearing apparel)	4,093,952	3.41
4	D Group (television broadcasting and subscription programming)	3,729,000	3.10
5	E Group (manufacture of metallic furniture)	3,722,078	3.10
6	F Group (manufacture of electric wires and cables)	3,669,314	3.05
7	G Group (manufacture of computers)	3,356,371	2.79
8	H Group (head offices)	3,350,922	2.79
9	I Group (activities of other holding companies)	3,110,233	2.59
10	J Group (smelting and refining of iron and steel)	3,056,246	2.54

Ranking (Note 1)	June 30, 2016		
	Group Enterprise (Note 2)	Total Balances of Credit Extensions (Note 3)	Ratio of Credit Extensions to Net Worth (%)
1	A Group (head offices)	$ 6,714,708	5.85
2	B Group (real estate activities for sale and rental)	5,321,311	4.63
3	C Group (manufacture of computers)	4,002,598	3.49
4	D Group (head offices)	3,637,983	3.17
5	E Group (manufacture of woven outerwear)	3,453,189	3.01
6	F Group (manufacture of electric wires and cables)	3,445,884	3.00
7	G Group (manufacture of metallic furniture)	3,343,380	2.91
8	H Group (smelting and refining of iron and steel)	2,944,879	2.56
9	I Group (real estate development activities)	2,805,987	2.44
10	J Group (manufacture of computers)	2,782,619	2.42

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 Bank 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.

c. Interest rate sensitivity information

Interest Rate Sensitivity Analysis
June 30, 2017

(In NT$ Thousands)

Items	1 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest-sensitive assets	$ 586,322,606	$ 11,144,394	$ 5,482,277	$ 65,707,039	$ 668,656,316
Interest-sensitive liabilities	255,102,435	253,938,588	58,191,925	45,021,734	612,254,682
Interest sensitivity gap	331,220,171	(242,794,194)	(52,709,648)	20,685,305	56,401,634
Net equity					119,761,737
Ratio of interest-sensitive assets to liabilities					109.21%
Ratio of interest sensitivity gap to net equity					47.09%

Interest Rate Sensitivity Analysis
December 31, 2016

(In NT$ Thousands)

Items	1 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest-sensitive assets	$ 560,103,327	$ 11,857,960	$ 3,062,876	$ 64,427,633	$ 639,451,796
Interest-sensitive liabilities	214,767,707	247,226,667	63,224,580	41,021,130	566,240,084
Interest sensitivity gap	345,335,620	(235,368,707)	(60,161,704)	23,406,503	73,211,712
Net equity					120,233,504
Ratio of interest-sensitive assets to liabilities					112.93%
Ratio of interest sensitivity gap to net equity					60.89%

Interest Rate Sensitivity Analysis
June 30, 2016

(In NT$ Thousands)

Items	1 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest-sensitive assets	$ 578,426,557	$ 12,134,295	$ 11,065,617	$ 61,746,847	$ 663,373,316
Interest-sensitive liabilities	223,499,479	244,486,882	66,984,254	44,116,205	579,086,820
Interest sensitivity gap	354,927,078	(232,352,587)	(55,918,637)	17,630,642	84,286,496
Net equity					114,829,313
Ratio of interest-sensitive assets to liabilities					114.56%
Ratio of interest sensitivity gap to net equity					73.40%

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
June 30, 2017

(In US$ Thousands)

Items	1 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest-sensitive assets	$ 5,897,929	$ 124,302	$ 130,703	$ 1,269,581	$ 7,422,515
Interest-sensitive liabilities	2,103,712	4,587,155	620,848	470	7,312,185
Interest sensitivity gap	3,794,217	(4,462,853)	(490,145)	1,269,111	110,330
Net equity					3,936,941
Ratio of Interest-sensitive assets to liabilities					101.51%
Ratio of interest sensitivity gap to net equity					2.80%

Interest Rate Sensitivity Analysis
December 31, 2016

(In US$ Thousands)

Items	1 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest-sensitive assets	$ 4,853,588	$ 126,861	$ 97,909	$ 1,041,959	$ 6,120,317
Interest-sensitive liabilities	1,692,839	4,350,788	579,813	15	6,623,455
Interest sensitivity gap	3,160,749	(4,223,927)	(481,904)	1,041,944	(503,138)
Net equity					3,731,410
Ratio of Interest-sensitive assets to liabilities					92.40%
Ratio of interest sensitivity gap to net equity					(13.48%)

Interest Rate Sensitivity Analysis
June 30, 2016

(In US$ Thousands)

Items	1 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest-sensitive assets	$ 4,973,362	$ 86,359	$ 145,623	$ 901,493	$ 6,106,837
Interest-sensitive liabilities	1,810,782	4,378,449	602,596	105	6,791,932
Interest sensitivity gap	3,162,580	(4,292,090)	(456,973)	901,388	(685,095)
Net equity					3,555,637
Ratio of Interest-sensitive assets to liabilities					89.91%
Ratio of interest sensitivity gap to net equity					(19.27%)

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).

d. Profitability

Items		June 30, 2017	June 30, 2016
Return on total assets	Before income tax	1.41	1.31
	After income tax	1.21	1.12
Return on equity	Before income tax	12.12	11.46
	After income tax	10.37	9.87
Profit margin		57.63	55.66

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

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

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

Note 4: Income before (after) income tax represents income for the six months ended June 30, 2017 and 2016.

e. Maturity analysis of assets and liabilities

1) New Taiwan dollars (thousands)

	Total	June 30, 2017					
		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	$ 711,846,509	$ 67,320,373	$ 74,456,454	$ 55,783,969	$ 55,003,828	$ 91,066,737	$ 368,215,148
Main capital outflow on maturity	916,381,968	43,075,033	85,044,002	156,588,217	134,041,948	192,087,130	305,545,638
Gap	(204,535,459)	24,245,340	(10,587,548)	(100,804,248)	(79,038,120)	(101,020,393)	62,669,510

	Total	December 31, 2016					
		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	$ 680,962,416	$ 76,064,594	$ 69,462,987	$ 53,868,539	$ 64,411,077	$ 94,177,832	$ 322,977,387
Main capital outflow on maturity	893,408,029	67,350,246	79,933,262	139,107,477	111,852,470	187,990,772	307,173,802
Gap	(212,445,613)	8,714,348	(10,470,275)	(85,238,938)	(47,441,393)	(93,812,940)	15,803,585

	Total	June 30, 2016					
		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	$ 702,812,108	$ 79,450,280	$ 98,204,710	$ 52,410,846	$ 61,002,867	$ 104,004,366	$ 307,739,039
Main capital outflow on maturity	909,227,713	61,487,131	109,218,903	126,966,335	122,142,046	193,110,700	296,302,598
Gap	(206,415,605)	17,963,149	(11,014,193)	(74,555,489)	(61,139,179)	(89,106,334)	11,436,441

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

2) U.S. dollars (thousands)

	Total	June 30, 2017				
		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	$ 8,915,807	$ 1,186,589	$ 872,903	$ 1,040,693	$ 1,131,878	$ 4,683,744
Main capital outflow on maturity	10,992,379	1,721,665	1,421,499	1,400,261	2,190,648	4,258,306
Gap	(2,076,572)	(535,076)	(548,596)	(359,568)	(1,058,770)	425,438

	Total	December 31, 2016				
		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	$ 7,448,927	$ 821,805	$ 806,221	$ 792,973	$ 887,450	$ 4,140,478
Main capital outflow on maturity	11,411,757	2,067,229	1,242,744	1,247,787	2,144,649	4,709,348
Gap	(3,962,830)	(1,245,424)	(436,523)	(454,814)	(1,257,199)	(568,870)

	Total	June 30, 2016				
		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	$ 7,124,965	$ 1,133,600	$ 708,980	$ 650,813	$ 926,026	$ 3,705,546
Main capital outflow on maturity	11,826,675	1,986,165	1,518,787	1,807,387	3,202,133	3,312,203
Gap	(4,701,710)	(852,565)	(809,807)	(1,156,574)	(2,276,107)	393,343

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

38. 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	June 30, 2017	December 31, 2016	June 30, 2016	Trust Liabilities	June 30, 2017	December 31, 2016	June 30, 2016
Bank deposits	$ 1,487,076	$ 1,293,449	$ 1,696,715	Depository of securities payable	$ 48,741,504	$ 48,947,788	$ 53,065,104
Short-term investments	78,980,926	75,096,493	74,728,283	Trust capital	100,781,756	95,739,344	90,449,853
Net asset value of collective investment trust funds	2,794,136	3,533,700	3,716,358	Accumulated (loss) gain and equity	(7,907,099)	(4,118,900)	(718,684)
Accounts receivable	40,320	38,166	26,748				
Land	13,032,791	10,543,430	8,774,794				
Buildings and improvements, net	140,646	130,906	81,165				
Construction-in-progress	1,334,166	914,161	633,883				
Depository of securities	48,741,371	48,947,788	53,065,104				
Other assets	64,729	70,139	73,223				
Total trust assets	$ 146,616,161	$ 140,568,232	$ 142,796,273	Total trust liabilities	$ 146,616,161	$ 140,568,232	$ 142,796,273

Trust Asset Lists

Item	June 30, 2017	December 31, 2016	June 30, 2016
Cash in banks	$ 1,487,076	$ 1,293,449	$ 1,696,715
Short-term investments			
Fund	58,857,801	57,918,782	59,854,443
Bond	17,120,836	14,334,858	11,733,336
Ordinary shares	2,577,976	2,366,254	586,312
Structured instruments	424,313	476,599	2,554,192
Net asset value of collective trust accounts	2,794,136	3,533,700	3,716,358
Receivables	40,320	38,166	26,748
Land	13,032,791	10,543,430	8,774,794
Buildings and improvements, net	140,646	130,906	81,165
Construction-in-progress	1,334,166	914,161	633,883
Depository of securities	48,741,371	48,947,788	53,065,104
Other assets	64,729	70,139	73,223
Total	$ 146,616,161	$ 140,568,232	$ 142,796,273

Income Statements of Trust Account

	For the Six Months Ended June 30	
	2017	2016
Trust income		
Interest revenue	$ 3,632	$ 6,397
Realized capital gains	953	126
Unrealized capital gains	77,178	29,852
Other revenue	220	192
	81,983	36,567

(Continued)

	For the Six Months Ended June 30	
	2017	2016
Trust expenses		
Tax expenditures	$ 5,031	$ 13,504
Management fees	1,570	1,222
Service fees	434	697
Realized investment losses	1,382	3,085
Unrealized capital losses	36,100	228,419
Other expenses	10	39
	44,527	246,966
Income before income tax	37,456	(210,399)
Income tax expense	-	-
Net income	$ 37,456	$ (210,399)

(Concluded)

39. EXCHANGE RATE INFORMATION FOR FOREIGN FINANCIAL ASSETS AND LIABILITIES

	June 30, 2017			December 31, 2016			June 30, 2016		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial assets									
Monetary items									
Cash and cash equivalents									
USD	$ 205,124	30.4200	$ 6,239,872	$ 69,502	32.2220	$ 2,239,493	$ 188,150	32.2950	$ 6,076,304
JPY	17,635,904	0.2715	4,788,148	17,729,142	0.2771	4,912,745	2,818,911	0.3145	886,548
CNH	361,948	4.4881	1,624,459	484,829	4.6254	2,242,528	632,969	4.8533	3,071,988
Due from the Central Bank and call loans to banks									
USD	1,090,699	30.4200	33,179,064	1,075,599	32.2220	34,657,951	1,344,449	32.2950	43,418,980
CNH	1,378,300	4.4881	6,185,948	445,300	4.6254	2,059,691	1,908,560	4.8533	9,262,814
HKD	470,000	3.8967	1,831,449	745,000	4.1545	3,095,103	-	-	-
Receivables									
USD	146,983	30.4200	4,471,223	92,925	32.2220	2,994,229	114,654	32.2950	3,702,751
JPY	851,697	0.2715	231,236	1,302,432	0.2771	360,904	2,441,766	0.3145	767,934
EUR	3,717	34.8066	129,376	3,296	33.9797	111,997	7,203	35.8733	258,395
Discounts and loans									
USD	4,587,515	30.4200	139,552,206	3,690,173	32.2220	118,904,754	3,383,459	32.2950	109,268,808
CNH	1,953,485	4.4881	8,767,436	3,963,219	4.6254	18,331,473	1,340,961	4.8533	6,508,926
HKD	1,673,021	3.8967	6,519,261	1,402,806	4.1545	5,827,958	1,521,664	4.1625	6,333,926
Available-for-sale financial assets									
USD	1,447,923	30.4200	44,045,818	1,230,865	32.2220	39,660,932	1,100,855	35.8733	8,614,023
AUD	204,357	23.4401	4,790,149	185,297	23.3400	4,324,832	231,569	24.0388	5,566,641
CNH	832,776	4.4881	3,737,582	972,269	4.62540	4,497,133	1,325,089	4.8533	6,431,054
Held-to-maturity financial assets									
USD	19,966	30.4200	607,366	14,947	32.2220	481,622	14,928	32.2950	482,100
AUD	15,007	23.4401	351,776	15,008	23.3400	350,287	5,028	24.0338	120,867
Financial assets at fair value through profit or loss									
USD	47,709	30.4200	1,451,303	37,101	32.2220	1,195,648	54,455	32.2950	1,758,624
EUR	141	34.8066	4,908	174	33.9797	5,912	1,568	35.8733	56,249
HKD	-	-	-	4,957	4.1545	20,594	7,690	4.1625	32,010
Nonmonetary items									
Structured corporate bonds contracts									
USD	70,089	30.4200	2,132,107	23,840	32.2220	768,172	38,806	32.2950	1,253,240
Equity investments under the equity method									
USD	1,966,229	30.4200	59,812,694	1,887,610	32.2220	60,822,569	1,761,329	32.2950	56,822,120
HKD	68,022	3.8967	265,061	65,366	4.1545	271,563	64,037	4.1625	266,554
Financial liabilities									
Monetary items									
Payables									
USD	114,847	30.4200	3,493,646	493,005	32.2220	15,885,607	115,537	32.2950	3,731,267
JPY	883,873	0.2715	239,972	1,527,712	0.2771	423,329	2,498,437	0.3145	785,758
EUR	3,202	34.8066	111,451	62,970	33.9797	2,139,702	7,108	35.8733	254,987
Due to the Central Bank and banks									
CNH	317,928	30.4200	9,671,370	127,737	32.2220	4,115,942	60,861	32.2950	1,965,506
USD	69,394	4.4881	311,447	1,288,398	4.6254	5,959,356	215,027	4.8533	1,043,591
HKD	130,000	23.4487	304,833	-	-	-	-	-	-
Deposits and remittances									
USD	7,079,476	30.4200	215,357,660	6,629,092	32.2220	213,602,602	6,661,446	32.2950	215,131,399
CNH	4,380,137	4.4881	19,658,493	4,360,519	4.6254	20,169,145	4,812,306	4.8533	23,355,565
EUR	270,336	34.8066	9,409,477	254,885	33.9797	8,660,916	14,905,297	0.3145	4,687,716
Financial liabilities at fair value through profit or loss									
USD	12,073	30.4200	367,261	12,642	32.2220	407,351	15,754	32.2950	508,775
EUR	144	34.8066	5,012	183	33.9797	6,218	1,566	35.8733	56,178
HKD	56	23.4401	1,313	12	23.3400	280	29	24.0388	697

40. 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: None

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

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: None.

10) Applying for approval the securitization product types and information according to Financial Asset Securitization or 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 3

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

c. Investments 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 4.

2) Significant direct or indirect transactions with the investees, prices and terms of payment, unrealized gain or loss: Table 4.

41. SEGMENT INFORMATION

According to the Article 23 of "Regulations Governing the Preparation of Financial Reports by Public Banks", the Bank does not prepare the segment information of IFRS 8.

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.

OVERDUE LOANS AND RECEIVABLE
JUNE 30, 2017, DECEMBER 31, 2016 AND JUNE 30, 2016
(In Thousands of New Taiwan Dollars, %)

Period			June 30, 2017					December 31, 2016					June 30, 2016				
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		$ 622,295	$ 223,343,835	0.28	$ 3,322,276	533,87	$ 546,377	$ 208,815,874	0.26	$ 3,315,650	606.84	$ 523,381	$ 180,595,185	0.29	$ 3,195,040	610.46
	Unsecured		324,444	168,422,643	0.19	2,952,679	910.07	207,984	160,796,728	0.13	2,924,781	1,406.25	153,685	153,759,806	0.10	2,864,969	1,864.18
Consumer banking	Housing mortgages (Note 4)		795,831	109,049,069	0.73	1,585,502	199.23	644,354	109,126,753	0.59	1,649,988	256.07	722,357	114,520,471	0.63	1,795,764	248.60
	Cash cards		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Small scale credit loans (Note 5)		8,334	517,898	1.61	12,563	150.74	9,167	473,433	1.94	16,207	176.80	7,886	451,036	1.75	14,710	186.53
	Others (Note 6)	Secured	367,904	109,267,043	0.34	1,157,013	314.49	253,830	104,587,353	0.24	1,097,716	432.46	233,445	106,018,294	0.22	1,071,835	459.14
		Unsecured	7,260	8,079,603	0.09	72,614	1,000.19	11,260	7,389,138	0.15	77,670	689.79	5,063	6,758,108	0.07	66,952	1,322.38
Total			2,126,068	618,680,091	0.34	9,102,647	428.14	1,672,972	591,189,279	0.28	9,082,012	542.87	1,645,817	562,102,900	0.29	9,009,270	547.40
			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 cards			11,460	2,029,187	0.56	81,534	711.47	13,797	1,869,147	0.74	82,304	596.54	12,927	2,137,355	0.60	207,678	1,606.54
Accounts receivable factored without recourse (Note 7)			-	936,452	-	9,365	-	-	1,008,988	-	10,342	-	-	1,046,589	-	10,718	-

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.

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.

OVERDUE LOANS AND RECEIVABLE
JUNE 30, 2017, DECEMBER 31, 2016 AND JUNE 30, 2016
(In Thousands of New Taiwan Dollars)

	June 30, 2017		December 31, 2016		June 30, 2016	
	Excluded NPL	Excluded Overdue Receivables	Excluded NPL	Excluded Overdue Receivables	Excluded NPL	Excluded Overdue Receivables
As a result of debt consultation and loan agreements (Note 1)	$ -	$ -	$ -	$ -	$ -	$ -
As a result of consumer debt clearance (Note 2)	-	38,932	-	40,580	-	42,878

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

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

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
JUNE 30, 2017
(In Thousands of New Taiwan Dollars)

Holding Company Name	Name	Security Issuer's Relationship with Holding Company	Financial Statement Account	June 30, 2017				Note
				Shares (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Shancom Reconstruction Inc.	Empresa Inversiones Generales, S.A.	Indirect subsidiary	Investment in subsidiaries	1	$ 1,692,043	100.00	$ 1,692,043	
	Krinein Company	Indirect subsidiary	Investment in subsidiaries	2	487,072	100.00	487,072	
	Safehaven Investment Corporation	Indirect subsidiary	Investment in subsidiaries	1	48,072	100.00	48,072	
Wresqueue Limitada	Prosperity Realty Inc.	Indirect subsidiary	Investment in subsidiaries	4	69,966	100.00	(4,492)	
China Travel Service (Taiwan)	Silks Place Taroko	-	Equity investments under the equity method	20,372	171,116	45.00	171,116	
	CTS Travel International Ltd.	Indirect subsidiary	Investment in subsidiaries	600	6,917	100.00	6,917	
	Joy Tour Service Co., Ltd.	-	Financial assets carried at cost	100	1,000	10.00	-	
	Shanghai Commercial & Savings Bank, Ltd.	The Bank	Financial assets carried at cost	28	859	-	-	
SCSB Life Insurance Agency	Geniron.Com.	-	Financial assets carried at cost	950	2,089	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	2,089	4.13	-	
	Prism Communication International Limited	-	Financial assets carried at cost	1,250	-	-	-	
SCSB Asset Management Ltd.	SCSB Leasing (China) Co., Ltd.	Indirect subsidiary	Investment in subsidiaries	NA	904,686	100.00	904,686	
Krinein Company	Shanghai Commercial Bank (HK)	Indirect subsidiary	Investment in subsidiaries	1,920	9,514,580	9.60	9,514,580	
Empresa Inversiones Generales, S.A.	Shanghai Commercial Bank (HK)	Indirect subsidiary	Investment in subsidiaries	9,600	47,572,898	48.00	47,572,898	

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.

RELATED INFORMATION OF INVESTEES
FOR THE SIX MONTHS ENDED JUNE 30, 2017
(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	$ 1,561,258	$ 15,545	160,000	-	160,000	100.00	
SCSB Life Insurance Agency	Taipei City	Insurance	100.00	162,083	54,087	5,000	-	5,000	100.00	
SCSB Property Insurance Agency	Taipei City	Insurance	100.00	56,940	1,221	5,000	-	5,000	100.00	
SCSB Marketing Ltd.	Taipei City	Marketing	100.00	7,030	730	500	-	500	100.00	
Paofoong Insurance Company Ltd.	Hong Kong	Insurance	40.00	265,061	9,965	500	-	500	100.00	
Shanghai Commercial Bank (HK)	Hong Kong	Banking and financial	57.60	57,252,793	2,883,899	11,520	-	11,520	57.60	
SCSB Leasing (China) Co., Ltd.	China	Leasing operation	100.00	904,686	17,196	NA	-	NA	100.00	
Non-financial business										
China Travel Service (Taiwan)	Taipei City	Travel services	99.99	303,046	11,426	38,943	-	38,943	99.99	
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	59,498,067	2,954,524	5	-	5	100.00	
Wresqueue Limitada	Liberia	Securities investment	100.00	314,629	3,774	176	-	176	100.00	
Empresa Inversiones Generales, S.A.	Panama	Securities investment	100.00	1,692,043	1,793,905	1	-	1	100.00	
Krinein Company	Cayman Islands	Securities investment	100.00	487,072	359,676	2	-	2	100.00	
Safehaven Investment Corporation	Liberia	Securities investment	100.00	48,072	138	1	-	1	100.00	
Prosperity Realty Inc.	America	Real estate services	100.00	69,966	3,160	4	-	4	100.00	
Silks Place Taroko	Hualien	Travel services	45.00	171,116	10,765	20,372	-	20,372	45.00	
CTS Travel International Ltd.	Taipei City	Travel services	100.00	6,917	24	600	-	600	100.00	

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

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

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.

INVESTMENT IN MAINLAND CHINA
JUNE 30, 2017
(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 June 30, 2017 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 December 31, 2016	Investment Flows		Accumulated Outflow of Investment as of June 30, 2017	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Value as of June 30, 2017 (Note 3)	Accumulated Inward Remittance of Earnings as of June 30, 2017
					Outflow	Inflow					
SCSB Leasing (China) Co., Ltd.	Leasing operation	US$ 30,000	(c)	US$ 30,000	US$ -	US$ -	US$ 30,000	100.00%	$ 17,196 (US$ 561)	$ 904,686 (US$ 29,740)	$ -
Bank of Shanghai	Approved by local government	US$ 885,883	(Note 4)	US$ 73,848	US$ -	US$ -	US$ 73,848	2.70%	-	10,732,049 (US$ 352,796)	-
Shanghai Commercial Bank Ltd. - Shenzhen Branch	Approved by local government	US$ 59,267	(Note 4)	US$ 36,339	US$ -	US$ -	US$ 36,339	57.60%	50,051 (US$ 1,632)	909,239 (US$ 29,890)	-
Shanghai Commercial Bank Ltd. - Shanghai Branch	Approved by local government	US$ 109,526	(Note 4)	US$ 64,717	US$ -	US$ -	US$ 64,717	57.60%	11,062 (US$ 361)	1,959,064 (US$ 64,401)	-

2. Upper limit on investment in mainland China:

Accumulated Investment in Mainland China as of June 30, 2017 (Note 4)	Investment Amounts Authorized by Investment Commission, MOEA (Notes 3)	Upper Limit on Investment Authorized by Investment Commission MOEA
$6,233,180 (US$204,904)	$6,264,999 (US$205,950)	$96,884,179

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

a. Directly invest.

b. Invest via a third company.

c. Others.

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

a. It should be specified if it is preparing for establishment and no investment gain (loss).

b. It should be specified if the investment gain (loss) is divided into the following three categories:

1) Financial report audited by international accounting firm associated with accounting firm in R.O.C.
2) Financial report audited by the accounting firm associated with the parent company in R.O.C.
3) Others.

Note 3: Calculated using the exchange rate on June 30, 2017.

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