

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

**Consolidated Financial Statements for the
Six Months Ended June 30, 2016 and 2015 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated balance sheets of The Shanghai Commercial & Savings Bank, Ltd. (the "Bank") and its subsidiaries (collectively referred to as the "Group") as of June 30, 2016, December 31, 2015 and June 30, 2015, and the related consolidated statements of comprehensive income, changes in equity, and cash flows for the six months ended June 30, 2016 and 2015. These consolidated financial statements are the responsibility of the managements of the Group. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2016, December 31, 2015 and June 30, 2015, and their consolidated financial performance and their consolidated cash flows for the six months ended June 30, 2016 and 2015, in conformity with the Regulations Governing the Preparation of Financial Reports by Public Banks, and International Accounting Standard 34 "Interim Financial Reporting" endorsed by the Financial Supervisory Commission of the Republic of China.

We have also audited the parent company only financial statements of the Bank as of and for the six months ended June 30, 2016 and 2015 on which we have issued an unqualified report.

August 20, 2016

Notice to Readers

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

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

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2016		December 31, 2015		June 30, 2015	
	Amount	%	Amount	%	Amount	%
Cash and cash equivalents (note 6)	\$ 51,818,730	3	\$ 96,923,788	6	\$ 44,464,878	3
Due from the central bank and call loans to banks (note 7)	237,446,934	15	195,329,717	12	246,326,763	16
Financial assets at fair value through profit or loss (note 8)	27,809,678	2	27,991,683	2	37,464,837	2
Securities purchased under resell agreements (note 10)	-	-	10,245,428	1	4,882,013	-
Receivables, net (notes 11 and 35)	18,861,515	1	15,118,711	1	22,484,960	2
Current income tax assets	225,217	-	154,683	-	172,232	-
Discounts and loans, net (notes 4, 12 and 35)	815,859,351	50	847,606,449	52	832,006,589	53
Available-for-sale financial assets, net (notes 13 and 36)	360,377,415	22	304,480,067	19	249,868,789	16
Held-to-maturity financial assets, net (notes 14 and 36)	81,066,398	5	92,771,401	6	97,891,695	6
Equity investments under the equity method, net (note 16)	1,438,434	-	1,361,088	-	1,297,105	-
Other financial assets, net (note 17)	5,644	-	36,448	-	316,646	-
Properties, net (notes 18 and 24)	23,778,428	2	23,913,150	1	26,529,873	2
Investment properties, net (note 19)	4,282,550	-	4,226,143	-	20,425	-
Deferred income tax assets	818,927	-	962,789	-	763,572	-
Other assets, net (notes 20 and 34)	<u>3,712,053</u>	<u>-</u>	<u>3,747,335</u>	<u>-</u>	<u>3,491,475</u>	<u>-</u>
Total	<u>\$ 1,627,501,274</u>	<u>100</u>	<u>\$ 1,624,868,880</u>	<u>100</u>	<u>\$ 1,567,981,852</u>	<u>100</u>
LIABILITIES AND EQUITY						
Due to the Central Bank and banks (note 21)	\$ 33,424,186	2	\$ 37,919,750	2	\$ 36,873,446	2
Borrowings from the central bank and banks	1,130,325	-	-	-	1,545,650	-
Financial liabilities at fair value through profit or loss (note 8)	1,222,645	-	1,437,270	-	1,252,453	-
Securities sold under repurchase agreements (note 22)	25,898,813	2	6,320,676	1	10,196,680	1
Payables (notes 23, 34 and 35)	34,687,436	2	22,364,638	1	35,678,883	2
Current income tax liabilities	1,504,455	-	1,152,377	-	1,686,341	-
Deposits and remittances (notes 24 and 35)	1,315,191,878	81	1,343,639,313	83	1,277,980,498	82
Bank debentures (note 25)	38,150,000	2	38,150,000	2	37,150,000	2
Other financial liabilities (note 26)	7,768,890	-	3,979,973	-	6,961,212	1
Provisions (note 27)	1,615,510	-	1,534,882	-	1,320,633	-
Deferred income tax liabilities	9,837,119	1	9,958,414	1	9,235,281	1
Other liabilities (notes 28, 34 and 35)	<u>2,277,669</u>	<u>-</u>	<u>2,515,208</u>	<u>-</u>	<u>2,589,195</u>	<u>-</u>
Total liabilities	<u>1,472,708,926</u>	<u>90</u>	<u>1,468,972,501</u>	<u>90</u>	<u>1,422,470,272</u>	<u>91</u>
Equity attributable to owners of the Bank						
Share capital						
Ordinary shares	39,991,207	2	39,991,207	2	38,086,864	3
Reserve for capitalization	<u>799,824</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,904,343</u>	<u>-</u>
Total share capital	<u>40,791,031</u>	<u>2</u>	<u>39,991,207</u>	<u>2</u>	<u>39,991,207</u>	<u>3</u>
Capital surplus	<u>4,639,910</u>	<u>-</u>	<u>4,639,910</u>	<u>-</u>	<u>4,632,533</u>	<u>-</u>
Retained earnings						
Legal reserve	40,592,926	3	37,023,528	2	37,023,528	2
Special reserve	7,480,146	-	7,480,146	1	7,480,146	1
Unappropriated earnings	<u>12,480,246</u>	<u>1</u>	<u>17,171,825</u>	<u>1</u>	<u>11,382,372</u>	<u>1</u>
Total retained earnings	<u>60,553,318</u>	<u>4</u>	<u>61,675,499</u>	<u>4</u>	<u>55,886,046</u>	<u>4</u>
Other equity	<u>8,928,198</u>	<u>1</u>	<u>9,015,524</u>	<u>1</u>	<u>7,571,151</u>	<u>-</u>
Treasury stock	<u>(83,144)</u>	<u>-</u>	<u>(83,144)</u>	<u>-</u>	<u>(83,144)</u>	<u>-</u>
Total equity attributable to owners of the Bank	114,829,313	7	115,238,996	7	107,997,793	7
Non-controlling interests	<u>39,963,035</u>	<u>3</u>	<u>40,657,383</u>	<u>3</u>	<u>37,513,787</u>	<u>2</u>
Total equity (note 30)	<u>154,792,348</u>	<u>10</u>	<u>155,896,379</u>	<u>10</u>	<u>145,511,580</u>	<u>9</u>
Total	<u>\$ 1,627,501,274</u>	<u>100</u>	<u>\$ 1,624,868,880</u>	<u>100</u>	<u>\$ 1,567,981,852</u>	<u>100</u>

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

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

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

	For the Six Months Ended June 30			
	2016		2015	
	Amount	%	Amount	%
Net income				
Interest revenues	\$ 15,975,538	101	\$ 16,152,074	102
Interest expenses	<u>5,252,015</u>	<u>33</u>	<u>5,843,862</u>	<u>37</u>
Net interest (notes 31 and 34)	<u>10,723,523</u>	<u>68</u>	<u>10,308,212</u>	<u>65</u>
Net revenues other than interest				
Service fee incomes, net (note 31)	2,425,402	15	3,026,980	19
Gains on financial assets and liabilities at fair value through profit or loss (note 31)	470,524	3	532,931	3
Realized gains on available-for-sale financial assets	727,642	5	797,276	5
Foreign exchange gains, net	651,418	4	390,652	3
Share of profit of associates and joint ventures, net	71,899	-	173,849	1
Other net revenues (note 35)	<u>788,351</u>	<u>5</u>	<u>594,720</u>	<u>4</u>
Total net revenues other than interest	<u>5,135,236</u>	<u>32</u>	<u>5,516,408</u>	<u>35</u>
Consolidated net revenues	<u>15,858,759</u>	<u>100</u>	<u>15,824,620</u>	<u>100</u>
Bad debt expenses and reserve for possible losses on guarantees (note 12)	430,243	3	339,443	2
Operating expenses				
Personnel (notes 4, 29, 31 and 35)	3,674,626	23	3,391,514	21
Depreciation and amortization (note 31)	415,408	3	396,350	3
Other general and administrative	<u>2,120,381</u>	<u>13</u>	<u>2,051,085</u>	<u>13</u>
Total operating expenses	<u>6,210,415</u>	<u>39</u>	<u>5,838,949</u>	<u>37</u>
Profit before income tax	9,218,101	58	9,646,228	61
Income tax expense (note 32)	<u>(1,973,069)</u>	<u>(12)</u>	<u>(1,817,984)</u>	<u>(12)</u>
Net income	<u>7,245,032</u>	<u>46</u>	<u>7,828,244</u>	<u>49</u>
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss:				
Translation adjustments for foreign operations	(2,247,432)	(14)	(2,303,433)	(15)
Unrealized gain on available-for-sale financial assets	1,533,795	9	2,032,901	13

(Continued)

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

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

	For the Six Months Ended June 30			
	2016		2015	
	Amount	%	Amount	%
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method	\$ 45,970	-	\$ 8,861	-
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>(31,279)</u>	<u>-</u>	<u>(82,478)</u>	<u>-</u>
Subtotal of items that may be reclassified subsequently to profit or loss	<u>(698,946)</u>	<u>(5)</u>	<u>(344,149)</u>	<u>(2)</u>
Other comprehensive income for the period, net of income tax	<u>(698,946)</u>	<u>(5)</u>	<u>(344,149)</u>	<u>(2)</u>
Total comprehensive income for the period	<u>\$ 6,546,086</u>	<u>41</u>	<u>\$ 7,484,095</u>	<u>47</u>
Net profit attributable to:				
Owners of the Bank	\$ 5,676,324	36	\$ 6,070,008	38
Non-controlling interests	<u>1,568,708</u>	<u>10</u>	<u>1,758,236</u>	<u>11</u>
	<u>\$ 7,245,032</u>	<u>46</u>	<u>\$ 7,828,244</u>	<u>49</u>
Total comprehensive income attributable to:				
Owners of the Bank	\$ 5,588,998	35	\$ 5,886,864	37
Non-controlling interests	<u>957,088</u>	<u>6</u>	<u>1,597,231</u>	<u>10</u>
	<u>\$ 6,546,086</u>	<u>41</u>	<u>\$ 7,484,095</u>	<u>47</u>
Earnings Per Share (note 33)				
Basic	<u>\$1.40</u>		<u>\$1.49</u>	
Diluted	<u>\$1.39</u>		<u>\$1.49</u>	

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

(Concluded)

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Bank (Note 30)											
	Share Capital (Note 30)			Retained Earnings (Note 30)			Other Equity		Treasury Stock (Note 30)	Total	Non-controlling Interests (Note 30)	Total Equity
	Ordinary Shares	Reserve for Capitalization	Capital Surplus (Note 30)	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets				
Balance at January 1, 2015	\$ 38,086,864	\$ -	\$ 4,632,533	\$ 33,751,333	\$ 7,480,146	\$ 16,201,932	\$ 2,122,663	\$ 5,631,632	\$ (83,144)	\$ 107,823,959	\$ 37,505,364	\$ 145,329,323
Appropriation of 2014 earnings												
Legal reserve	-	-	-	3,272,195	-	(3,272,195)	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(5,713,030)	-	-	-	(5,713,030)	-	(5,713,030)
Share dividends	-	1,904,343	-	-	-	(1,904,343)	-	-	-	-	-	-
Net profit for the six months ended June 30, 2015	-	-	-	-	-	6,070,008	-	-	-	6,070,008	1,758,236	7,828,244
Other comprehensive income (loss) for the six months ended June 30, 2015, net of income tax	-	-	-	-	-	-	(1,065,195)	882,051	-	(183,144)	(161,005)	(344,149)
Total comprehensive income (loss) for the six months ended June 30, 2015	-	-	-	-	-	6,070,008	(1,065,195)	882,051	-	5,886,864	1,597,231	7,484,095
Change in non-controlling interest	-	-	-	-	-	-	-	-	-	-	(1,588,808)	(1,588,808)
Balance at June 30, 2015	<u>\$ 38,086,864</u>	<u>\$ 1,904,343</u>	<u>\$ 4,632,533</u>	<u>\$ 37,023,528</u>	<u>\$ 7,480,146</u>	<u>\$ 11,382,372</u>	<u>\$ 1,057,468</u>	<u>\$ 6,513,683</u>	<u>\$ (83,144)</u>	<u>\$ 107,997,793</u>	<u>\$ 37,513,787</u>	<u>\$ 145,511,580</u>
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	\$ 40,657,383	\$ 155,896,379
Appropriation of 2015 earnings												
Legal reserve	-	-	-	3,569,398	-	(3,569,398)	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(5,998,681)	-	-	-	(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	1,568,708	7,245,032
Other comprehensive income for the six months ended June 30, 2016, net of income tax	-	-	-	-	-	-	(986,005)	898,679	-	(87,326)	(611,620)	(698,946)
Total comprehensive income for the six months ended June 30, 2016	-	-	-	-	-	5,676,324	(986,005)	898,679	-	5,588,998	957,088	6,546,086
Change in non-controlling interest	-	-	-	-	-	-	-	-	-	-	(1,651,436)	(1,651,436)
Balance at June 30, 2016	<u>\$ 39,991,207</u>	<u>\$ 799,824</u>	<u>\$ 4,639,910</u>	<u>\$ 40,592,926</u>	<u>\$ 7,480,146</u>	<u>\$ 12,480,246</u>	<u>\$ 2,721,650</u>	<u>\$ 6,206,548</u>	<u>\$ (83,144)</u>	<u>\$ 114,829,313</u>	<u>\$ 39,963,035</u>	<u>\$ 154,792,348</u>

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

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

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

	For the Six Months Ended June 30	
	2016	2015
Cash flows from operating activities		
Consolidated net profit before income tax	\$ 9,218,101	\$ 9,646,228
Adjustments to reconcile net profit to net cash provided by operating activities		
Depreciation expenses	280,025	269,396
Amortization expenses	135,383	126,954
Bad debt expenses and reserve for possible losses on guarantees	430,243	339,443
Losses (gains) on financial assets and liabilities at fair value through profit or loss	(145,657)	288,250
Interest expenses	5,252,015	5,843,862
Interest revenues	(15,975,538)	(16,152,074)
Dividend income	(79,375)	(217,502)
Share of profit of associates and joint ventures	(71,899)	(173,849)
Losses (gains) on sale of properties and equipment, net	3,963	(18,888)
Other adjustments	531,608	203,088
Changes in operating assets and liabilities		
Increase in due from the central bank and call loans to banks	(22,484,742)	(17,225,367)
Decrease (increase) in financial assets at fair value through profit or loss	222,546	(3,299,205)
Increase in receivables	(3,993,287)	(3,359,239)
Decrease in discounts and loans	25,996,572	12,589,832
Increase in available-for-sale financial assets	(58,280,101)	(47,892,420)
Decrease in held-to-maturity financial assets	11,483,944	1,673,543
Decrease (increase) in other financial assets	31,690	(98,572)
Decrease in due to the Central Bank and banks	(3,991,263)	(1,377,197)
Increase (decrease) in financial liabilities at fair value through profit or loss	(145,070)	507,328
Increase in securities sold under repurchase agreements	19,578,137	3,721,608
Increase in payables	6,327,885	4,666,030
Increase (decrease) in deposits and remittances	(17,849,332)	22,924,708
Increase in other financial liabilities	3,788,917	1,330,696
Decrease in employee benefit provisions	(70,623)	(70,676)
Increase in other liabilities	338,876	12,590
Cash used in operation	(39,466,982)	(25,741,433)
Interest received	16,041,407	16,475,847
Dividend received	77,455	213,870
Interest paid	(5,355,112)	(5,672,961)
Income tax paid	(1,662,767)	(1,291,124)
Net cash used in operating activities	(30,365,999)	(16,015,801)

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THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

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

	For the Six Months Ended June 30	
	2016	2015
Cash flows from investing activities		
Capital returned by financial assets measured at cost	\$ -	\$ 6,608
Acquisition of properties	(341,165)	(925,330)
Proceeds from disposal of properties	400	21,905
Increase in refundable deposits	(249,049)	(113,994)
Acquisition of investment properties	(178,495)	-
Decrease (increase) in other assets	(216,611)	451,023
Acquisition of investment properties	-	(2,905,548)
Net cash used in investing activities	(984,920)	(3,465,336)
Cash flows from financing activities		
Increase in borrowings from the Central Bank and banks	1,130,325	1,545,650
Issuance of bank debentures	-	2,150,000
Repayment of bank debentures	-	(3,000,000)
Decrease in guarantee deposit received	(157,372)	(54,949)
Change in non-controlling interest	(1,651,436)	(1,588,808)
Net cash used in financing activities	(678,483)	(948,107)
Effects of exchange rate changes on the balance of cash held in foreign currencies	(277,570)	(2,792,354)
Net decrease in cash and cash equivalents	(32,306,972)	(23,221,598)
Cash and cash equivalents at the beginning of the period	202,637,807	210,945,525
Cash and cash equivalents at the end of the period	\$ 170,330,835	\$ 187,723,927

Reconciliation of the amounts in the consolidated statements of cash flows with the equivalent items reported in the consolidated balance sheets at June 30, 2016 and 2015:

	2016	2015
Cash and cash equivalents in consolidated balance sheets	\$ 51,818,730	\$ 44,464,878
Due from the Central Bank and call loans to banks fall in with the definition of cash and cash equivalents under IFRS 7	118,512,105	138,377,036
Securities purchased under resell agreements fall in with the definition of cash and cash equivalents under IFRS 7	-	4,882,013
Cash and cash equivalents in consolidated statements of cash flows	\$ 170,330,835	\$ 187,723,927

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

(Concluded)

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2016 AND 2015 (Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Stated)

1. ORGANIZATION AND OPERATIONS

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

The Bank has a head office in Taipei, 68 domestic branches, three foreign branches located in Hong Kong, Dong Nai (Vietnam) and Singapore (established in July 2016), and 3 agencies 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 as allowed under the Banking Law and Trust Law.

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

2. AUTHORIZATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Bank’s board of directors and authorized for issue on August 20, 2016.

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

- a. International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) endorsed by the FSC for application starting from 2017

Rule No. 1050026834 issued by the FSC endorsed the following IFRS, IAS, IFRIC and SIC (collectively, the “IFRSs”) for application starting January 1, 2017.

New IFRSs	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012-2014 Cycle	January 1, 2016 (Note 3)
Amendments to IFRS 10, IFRS 12 and IAS 28 “Investment Entities: Applying the Consolidation Exception”	January 1, 2016
Amendment to IFRS 11 “Accounting for Acquisitions of Interests in Joint Operations”	January 1, 2016
IFRS 14 “Regulatory Deferral Accounts”	January 1, 2016
Amendment to IAS 1 “Disclosure Initiative”	January 1, 2016
Amendments to IAS 16 and IAS 38 “Clarification of Acceptable Methods of Depreciation and Amortization”	January 1, 2016
Amendments to IAS 16 and IAS 41 “Agriculture: Bearer Plants”	January 1, 2016

(Continued)

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendment to IAS 19 “Defined Benefit Plans: Employee Contributions”	July 1, 2014
Amendment to IAS 36 “Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets”	January 1, 2014
Amendment to IAS 39 “Novation of Derivatives and Continuation of Hedge Accounting”	January 1, 2014
IFRIC 21 “Levies”	January 1, 2014
	(Concluded)

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

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

Note 3: The amendment to IFRS 5 is applied prospectively to changes in a method of disposal that occur in annual periods beginning on or after January 1, 2016; the remaining amendments are effective for annual periods beginning on or after January 1, 2016.

Except for the following, the initial application of the above New or amended IFRSs in 2017 would not have any material impact on the Bank and its subsidiaries’ (the Group) accounting policies:

- Annual Improvements to IFRSs: 2010-2012 Cycle

Several standards, including IFRS 8 “Operating Segments”, were amended in this annual improvement.

The amended IFRS 8 requires the Group to disclose the judgments made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have “similar economic characteristics”. The amendment also clarifies that a reconciliation of the total of the reportable segments’ assets to the entity’s assets should only be provided if the segments’ assets are regularly provided to the chief operating decision-maker. The judgements made in applying aggregation criteria should be disclosed retrospectively upon initial application of the amendment in 2017.

Except for the above impacts, as of the date the consolidated financial statements were authorized for issue, the Group continues assessing other possible impacts that application of the aforementioned amendments will have on the Group’s financial position and financial performance, and will disclose these other impacts when the assessment is completed.

b. New IFRSs in issue but not yet endorsed by the FSC

The Group has not applied the following IFRSs issued by the IASB but not yet endorsed by the FSC.

The FSC announced that the Group should apply IFRS 15 starting January 1, 2018. As of the date the consolidated financial statements were authorized for issue, the FSC has not announced the effective dates of other new IFRSs.

New IFRSs	Effective Date Announced by IASB (Note)
Amendment to IFRS 2 “Classification and Measurement of Share-based Payment Transactions”	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
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 15 “Revenue from Contracts with Customers”	January 1, 2018
Amendments to IFRS 15	January 1, 2018
IFRS 16 “Leases”	January 1, 2019
Amendment to IAS 7 “Disclosure Initiative”	January 1, 2017
Amendments to IAS 12 “Recognition of Deferred Tax Assets for Unrealized Losses”	January 1, 2017

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

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

1) IFRS 9 “Financial Instruments”

Recognition and measurement of financial assets

With regards to financial assets, all recognized financial assets that are within the scope of IAS 39 “Financial Instruments: Recognition and Measurement” are subsequently measured at amortized cost or fair value. Under IFRS 9, the requirement for the classification of financial assets is stated below.

For the Group’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 the 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 collecting of contractual cash flows and the selling 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 gain or loss 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 gain or loss previously recognized in other comprehensive income is 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 Group may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss. 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.

Impairment of financial assets

IFRS 9 requires impairment loss on financial assets to be recognized by using the “Expected Credit Losses Model”. The credit 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 Group 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.

Hedge accounting

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

2) IFRS 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.

When IFRS 15 and related amendment are effective, an entity may elect to apply this Standard either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying this Standard recognized at the date of initial application.

3) 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 Group 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 Group may elect to apply the accounting method similar to the accounting for operating lease under IAS 17 to the low-value and short-term leases. On the consolidated statements of comprehensive income, the Group should present the depreciation expense charged on the right-of-use asset separately from interest expense accrued on the lease liability; interest is computed by using effective interest method. On the consolidated statements of cash flows, cash payments for the principal portion of the lease liability are classified within financing activities; cash payments for 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 Group as lessor.

When IFRS 16 becomes effective, the Group may elect to apply this Standard either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of the initial application of this Standard recognized at the date of initial application.

4) 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 Group 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 Group 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 Group’s assets for more than their carrying amount if there is sufficient evidence that it is probable that the Group 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.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IAS 34 “Interim Financial Reporting” as endorsed by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual financial statements.

Basis of Consolidation

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

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

- 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.

Other Significant Accounting Policy

Except for the following, the accounting policies applied in these consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2015.

a. Pension benefit

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

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

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The same critical accounting judgments and key sources of estimation uncertainty of consolidated financial statements have been followed in these consolidated financial statements as were applied in the preparation of the financial statements for the year ended December 31, 2015.

6. CASH AND CASH EQUIVALENTS

	June 30, 2016	December 31, 2015	June 30, 2015
Cash on hand and working fund	\$ 7,526,142	\$ 7,781,738	\$ 8,033,931
Notes and checks in clearing	826,481	1,226,221	803,348
Due from other banks	<u>43,466,107</u>	<u>87,915,829</u>	<u>35,627,599</u>
	<u>\$ 51,818,730</u>	<u>\$ 96,923,788</u>	<u>\$ 44,464,878</u>

Reconciliation of the amounts of cash and cash equivalents reported in the consolidated statements of cash flows and consolidated balance sheets at December 31, 2015 was as below. As for reconciliation on June 30, 2016 and 2015, please refer to the consolidated statements of cash flows.

	December 31, 2015
Cash and cash equivalents in consolidated balance sheets	\$ 96,923,788
Due from the Central Bank and call loans to banks fall in with the definition of cash and cash equivalents under IFRS 7	95,468,591
Securities purchased under resell agreements fall in with the definition of cash and cash equivalents under IFRS 7	<u>10,245,428</u>
Cash and cash equivalents in consolidated statements of cash flows	<u><u>\$ 202,637,807</u></u>

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

	June 30, 2016	December 31, 2015	June 30, 2015
Call loans to banks	\$ 215,473,313	\$ 172,263,081	\$ 222,959,952
Deposit reserves - I	3,301,022	4,889,805	4,075,141
Deposit reserves - II	16,204,576	15,769,718	16,241,002
Deposit reserves - foreign	123,422	118,508	117,144
Due from foreign central banks	<u>2,344,601</u>	<u>2,288,605</u>	<u>2,933,524</u>
	<u><u>\$ 237,446,934</u></u>	<u><u>\$ 195,329,717</u></u>	<u><u>\$ 246,326,763</u></u>

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

Call loans to banks including allowance for doubtful debt \$2,099 thousand on June 30, 2016, \$2,138 thousand on December 31, 2015 and \$2,009 thousand on June 30, 2015.

8. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2016	December 31, 2015	June 30, 2015
<u>Held-for-trading financial assets</u>			
Commercial papers	\$ 23,097,171	\$ 23,421,182	\$ 32,869,794
Forward contracts	1,221,286	1,187,681	706,347
Corporate bonds	1,014,202	829,659	658,452
Government bonds	533,168	718,768	810,749
Option contracts	350,887	219,799	460,194
Listed stocks - domestic	131,266	177,785	197,150
Currency swap contracts	81,505	144,668	264,605
Negotiable certificate of deposit	70,312	79,681	9,578
Bank debentures	11,821	-	-
Others	<u>44,816</u>	<u>163,613</u>	<u>169,455</u>
	<u><u>26,556,434</u></u>	<u><u>26,942,836</u></u>	<u><u>36,146,324</u></u>

(Continued)

	June 30, 2016	December 31, 2015	June 30, 2015
<u>Financial assets designated at fair value through profit or loss</u>			
Structured corporate bonds contracts	\$ 1,253,244	\$ 1,048,847	\$ 1,313,530
Equity linked notes	-	-	4,983
	<u>1,253,244</u>	<u>1,048,847</u>	<u>1,318,513</u>
	<u>\$ 27,809,678</u>	<u>\$ 27,991,683</u>	<u>\$ 37,464,837</u>
<u>Held-for-trading financial liabilities</u>			
Forward contracts	\$ 724,486	\$ 1,113,845	\$ 624,828
Option contracts	360,066	217,089	462,444
Currency swap contracts	122,629	86,407	140,055
Interest rate swap contracts	15,464	19,929	24,996
Others	-	-	130
	<u>\$ 1,222,645</u>	<u>\$ 1,437,270</u>	<u>\$ 1,252,453</u>
			(Concluded)

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

The financial assets and liabilities at FVTPL contract (nominal) amounts of derivative transactions were as follows:

	June 30, 2016	December 31, 2015	June 30, 2015
Option contracts	\$ 35,387,241	\$ 30,833,603	\$ 39,279,257
Forward contracts	224,993,535	250,875,972	147,169,215
Currency swap contracts	50,566,085	44,199,717	58,353,619
Interest rate swap contracts	1,765,762	2,539,818	2,792,931
Fixed rate commercial papers	-	300,000	300,000
Future contracts	5,112	-	38,883

9. DERIVATIVE FINANCIAL INSTRUMENTS FOR HEDGING

Portion of bank debentures issued by the Bank in 2008 are exposed to the fair value risk due to fluctuations in interest rates. The Bank considered the significance of the exposure and entered into interest rate swap contracts to hedge such risk. The Bank assessed the effectiveness of hedges at the end of each month, and deemed the result was effective as the effectiveness of hedging instrument offset against the majority of fluctuation on the fair value of the hedged item was between 80% to 125%.

There were no outstanding interest rate swaps at the end of the reporting period.

Gains or losses on the hedging derivative financial instruments and on the hedged items as of the six months ended June 30, 2015 were as follows: (For the six months ended June 30, 2016: None)

	For the Six Months Ended June 30, 2015
Losses on the hedging instruments	<u>\$ (27,315)</u>
Gains on the hedged items	<u>\$ 27,600</u>

10. SECURITIES PURCHASED UNDER RESELL AGREEMENTS (JUNE 30, 2016: NIL)

Securities purchase under resell agreements as of December 31, 2015 and June 30, 2015 were \$10,245,428 thousand and \$4,882,013 thousand, respectively. The aforementioned securities will be bought back one after another before February 18, 2016 and September 9, 2015 at \$10,248,335 thousand and \$4,883,976 thousand, respectively.

11. RECEIVABLES, NET

	June 30, 2016	December 31, 2015	June 30, 2015
Acceptances	\$ 4,858,342	\$ 4,121,432	\$ 4,850,098
Accrued interest	4,636,251	4,704,713	4,094,104
Accounts receivable due from sales of securities	3,402,386	1,191,025	5,643,468
Credit cards receivable	3,023,742	3,066,438	3,020,109
Accounts receivable - factoring	1,046,589	965,523	1,220,864
Receivable of interbank clearing	-	-	1,587,132
Others	<u>2,303,665</u>	<u>1,447,006</u>	<u>2,441,807</u>
	19,270,975	15,496,137	22,857,582
Allowance for credit losses	<u>(409,460)</u>	<u>(377,426)</u>	<u>(372,622)</u>
	<u>\$ 18,861,515</u>	<u>\$ 15,118,711</u>	<u>\$ 22,484,960</u>

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

Item	June 30, 2016	
	Total	Allowances
With objective evidence of impairment		
Individually assessed	\$ 11,884	\$ 5,253
Collectively assessed	211,715	144,571
With no objective evidence of impairment		
Collectively assessed	<u>7,700,327</u>	<u>282,653</u>
Grand total	<u>\$ 7,923,926</u>	<u>\$ 432,477</u>

Item	December 31, 2015	
	Total	Allowances
With objective evidence of impairment		
Individually assessed	\$ 9,160	\$ 2,806
Collectively assessed	101,850	72,917
With no objective evidence of impairment		
Collectively assessed	<u>6,601,588</u>	<u>305,769</u>
Grand total	<u>\$ 6,712,598</u>	<u>\$ 381,492</u>

Item	June 30, 2015	
	Total	Allowances
With objective evidence of impairment		
Individually assessed	\$ 13,373	\$ 5,136
Collectively assessed	120,002	95,424
With no objective evidence of impairment		
Collectively assessed	<u>7,613,174</u>	<u>276,157</u>
Grand total	<u>\$ 7,746,549</u>	<u>\$ 376,717</u>

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

	For the Six Months Ended June 30	
	2016	2015
Balance at January 1	\$ 381,492	\$ 363,319
Provisions	59,375	8,126
Write-offs	(27,117)	(25,545)
Recoveries	20,267	31,937
Effect of exchange rate changes	<u>(1,540)</u>	<u>(1,120)</u>
Balance at June 30	<u>\$ 432,477</u>	<u>\$ 376,717</u>

12. DISCOUNTS AND LOANS, NET

	June 30, 2016	December 31, 2015	June 30, 2015
Loans	\$ 804,720,216	\$ 827,062,785	\$ 802,078,561
Inward/outward documentary bills	18,564,443	28,164,343	37,832,587
Nonperforming loans	<u>1,995,308</u>	<u>1,975,944</u>	<u>1,465,176</u>
	825,279,967	857,203,072	841,376,324
Discount and premium adjustment	728,775	693,185	648,283
Allowance for credit losses	<u>(10,149,391)</u>	<u>(10,289,808)</u>	<u>(10,018,018)</u>
	<u>\$ 815,859,351</u>	<u>\$ 847,606,449</u>	<u>\$ 832,006,589</u>

The Group discontinues accruing interests when loans are deemed nonperforming. For the six months ended June 30, 2016 and 2015, the unrecognized interest revenues on the nonperforming loans amounted to \$21,283 thousand and \$16,837 thousand, respectively.

For the six months ended June 30, 2016 and 2015, the Group only had written off certain credits after completing the required legal procedures.

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

Item	June 30, 2016	
	Total	Allowances
With objective evidence of impairment		
Individually assessed	\$ 2,724,128	\$ 665,961
Collectively assessed	6,540,923	2,512,890
With no objective evidence of impairment		
Collectively assessed	<u>816,014,916</u>	<u>6,970,540</u>
Grand total	<u>\$ 825,279,967</u>	<u>\$ 10,149,391</u>

Item	December 31, 2015	
	Total	Allowances
With objective evidence of impairment		
Individually assessed	\$ 2,297,849	\$ 822,780
Collectively assessed	12,945,173	2,874,777
With no objective evidence of impairment		
Collectively assessed	<u>841,960,050</u>	<u>6,592,251</u>
Grand total	<u>\$ 857,203,072</u>	<u>\$ 10,289,808</u>

Item	June 30, 2015	
	Total	Allowances
With objective evidence of impairment		
Individually assessed	\$ 2,232,690	\$ 838,826
Collectively assessed	9,197,982	2,664,775
With no objective evidence of impairment		
Collectively assessed	<u>829,945,652</u>	<u>6,514,417</u>
Grand total	<u>\$ 841,376,324</u>	<u>\$ 10,018,018</u>

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

	For the Six Months Ended June 30	
	2016	2015
Balance at January 1	\$ 10,289,808	\$ 10,058,437
Provisions	245,341	331,162
Write-offs	(747,092)	(351,941)
Recoveries	429,478	60,105
Effect of exchange rate changes	<u>(68,144)</u>	<u>(79,745)</u>
Balance at June 30	<u>\$ 10,149,391</u>	<u>\$ 10,018,018</u>

The details of bad debts expenses for the six months ended June 30, 2016 and 2015 are listed as below:

	For the Six Months Ended June 30	
	2016	2015
Provisions of loans and discounts	\$ 245,341	\$ 331,162
Provisions of reserve for possible losses on guarantees	125,527	-
Provisions of receivables	59,375	8,126
Provisions of receivables - call loans to banks	<u>-</u>	<u>155</u>
	<u>\$ 430,243</u>	<u>\$ 339,443</u>

13. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	June 30, 2016	December 31, 2015	June 30, 2015
Bank debentures	\$ 92,689,019	\$ 76,957,449	\$ 48,699,778
Negotiable certificate of deposit	81,010,063	78,255,735	63,508,209
Government bonds	72,134,589	50,867,076	44,737,129
Corporate bonds	61,995,141	59,011,065	53,723,229
Commercial papers	25,319,012	13,765,838	12,754,396
Stocks	16,024,731	16,846,304	16,773,540
Beneficiary certificates	8,065,208	8,189,300	7,855,428
Treasury bonds	2,640,851	-	1,193,954
Assets backed securities	<u>498,801</u>	<u>587,300</u>	<u>623,126</u>
	<u>\$ 360,377,415</u>	<u>\$ 304,480,067</u>	<u>\$ 249,868,789</u>

Part of par-value of aforementioned available-for-sale financial assets sold under repurchase agreements as of June 30, 2016, December 31, 2015 and June 30, 2015 were \$24,422,900 thousand, \$6,104,100 thousand and \$9,991,300 thousand.

Part of aforementioned assets backed securities were invested in Structured Investment Vehicles (SIV). The Group had recognized impairment losses in prior years which were partially realized due to the liquidation and disposal of SIV. As of June 30, 2016, the unrealized accumulated impairment losses related to its SIV investments were \$96,885 thousand.

About the pledged assets, please see Note 36.

14. HELD-TO-MATURITY FINANCIAL ASSETS

	June 30, 2016	December 31, 2015	June 30, 2015
Negotiable certificate of deposit	\$ 70,545,900	\$ 82,258,000	\$ 88,318,260
Government bonds	9,850,915	9,997,058	9,201,485
Corporate bonds	602,991	447,578	306,548
Bank debentures	<u>66,592</u>	<u>68,765</u>	<u>65,402</u>
	<u>\$ 81,066,398</u>	<u>\$ 92,771,401</u>	<u>\$ 97,891,695</u>

About the pledged assets, please see Note 36.

15. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership			Remarks	
			June 30, 2016	December 31, 2015	June 30, 2015		
<u>Domestic subsidiaries</u>							
The Bank	China Travel Services (Taiwan)	Traveling	99.99	99.99	99.99	1)	
	SCSB Life Insurance Agency	Insurance agency	100.00	100.00	100.00	1)	
	SCSB Property Insurance Agency	Insurance agency	100.00	100.00	100.00	1)	
	SCSB Marketing Ltd.	Human resource services	100.00	100.00	100.00	1)	
	SCSB Asset Management Ltd.	Purchase, evaluation, auction and management of creditor's right of financial institutions	100.00	100.00	100.00	1)	
China Travel Services (Taiwan)	CTS Travel International Ltd.	Traveling	100.00	100.00	100.00	1)	
<u>Foreign subsidiaries</u>							
The Bank	Shancom Reconstruction Inc.	Investment holding	100.00	100.00	100.00		
	Wresqueue Limitada	Investment holding	100.00	100.00	100.00	1)	
	Pafoong Insurance Company Ltd.	Insurance	40.00	40.00	40.00	1)	
SCSB Asset Management Ltd.	SCSB Leasing (China) Co., Ltd.	Leasing operation	100.00	100.00	100.00	1)	
Wresqueue Limitada	Prosperity Realty Inc.	Real estate service	100.00	100.00	100.00		
Shancom Reconstruction Inc.	Empresa Inversiones Generales, S.A.	Investment holding	100.00	100.00	100.00		
	Krinein Company	Investment holding	100.00	100.00	100.00		
	Safehaven Investment Corporation	Investment holding	100.00	100.00	100.00		
Empresa Inversiones Generales, S.A.	Shanghai Commercial Bank (HK)	Banking	48.00	48.00	48.00	3)	
Krinein Company	Shanghai Commercial Bank (HK)	Banking	9.60	9.60	9.60	3)	
Shanghai Commercial Bank (HK)	Shanghai Commercial Bank (Nominees) Ltd.	Nominee services	100.00	100.00	100.00	1)	
	Shanghai Commercial Bank Trustee Ltd.	Trustee services	60.00	60.00	60.00	1)	
	Shacom Futures Ltd.	Commodities trading	100.00	100.00	100.00	1)	
	Shacom Investment Ltd.	Investment in exchange fund bills and notes	100.00	100.00	100.00	1)	
	Shacom Property Holdings (BVI) Limited	Property holding	100.00	100.00	100.00	1)	
	Shacom Property (NY) Inc.	Property holding	100.00	100.00	100.00	1)	
	Shacom Property (CA) Inc.	Property holding	100.00	100.00	100.00	1)	
	Shacom Assets Investment Ltd.	Investment in bonds	100.00	100.00	100.00	1)	
	Infinite Financial Solutions Limited	I.T. application services provider	100.00	100.00	80.00	1)	
	Shacom Insurance Brokers Ltd.	Insurance broker	100.00	100.00	100.00	1)	
	Shacom Securities Ltd.	Securities brokerage services	100.00	100.00	100.00	1)	
	Hai Kwang Property Management Co., Ltd.	Property management	100.00	100.00	100.00	1)	
	Pafoong Insurance Company Ltd.	Insurance	60.00	60.00	60.00	1)	
	Right Honour Investments Limited	Property holding	100.00	100.00	100.00	1)	
		KCC 23F Limited	Property holding	100.00	100.00	100.00	2)
		KCC 25F Limited	Property holding	100.00	100.00	100.00	2)
	KCC 26F Limited	Property holding	100.00	100.00	100.00	2)	
Right Honour Investments Limited	Glory Step Investments Limited	Property holding	100.00	100.00	100.00	1)	
	Silver Wisdom Investments Limited	Property holding	100.00	100.00	100.00	1)	

Remarks:

1) The entity is an immaterial subsidiary; its financial statements have not been audited.

2) Shanghai Commercial Bank (H.K.), subsidiary of the Bank, acquired KCC 23F Limited, KCC 25F Limited and KCC 26F Limited for HK\$238,577 thousand, HK\$240,913 thousand and HK\$243,070 thousand, respectively, to expand its operation. Shanghai Commercial Bank (H.K.) acquired 100% of their shares and property development in March 2015.

3) This entity is the subsidiary that have material non-controlling subsidiary.

b. Details of subsidiaries that have material non-controlling interests

Name of Subsidiary	Principal Place of Business	Proportion of Ownership and Voting Rights Held by Non-controlling Interests		
		June 30, 2016	December 31, 2015	June 30, 2015
Shanghai Commercial Bank (H.K.)	Hong Kong	42.4%	42.4%	42.4%

Name of Subsidiary	Profit Allocated to Non-controlling Interests		Accumulated Non-controlling Interests		
	For the Six Months Ended June 30		December 31,		
	2016	2015	June 30, 2016	2015	June 30, 2015
Shanghai Commercial Bank (H.K.) (exclude non-controlling interest)	<u>\$ 1,569,988</u>	<u>\$ 1,756,808</u>	<u>\$ 39,855,054</u>	<u>\$ 40,479,071</u>	<u>\$ 37,374,455</u>

The summarized financial information below represents amounts before intragroup eliminations.

Shanghai Commercial Bank (H.K.) and its subsidiaries:

	June 30, 2016	December 31, 2015	June 30, 2015
Assets	\$ 669,368,972	\$ 678,911,848	\$ 645,460,377
Liabilities	(575,080,667)	(583,153,016)	(557,047,758)
Non-controlling interests of Shanghai Commercial Bank (H.K.)	<u>(290,535)</u>	<u>(289,324)</u>	<u>(265,343)</u>
Equity	<u>\$ 93,997,770</u>	<u>\$ 95,469,508</u>	<u>\$ 88,147,276</u>
Equity attributable to:			
Owners of Shanghai Commercial Bank (H.K.)	\$ 54,142,716	\$ 54,990,437	\$ 50,772,831
Non-controlling interests of Shanghai Commercial Bank (H.K.)	<u>39,855,054</u>	<u>40,079,071</u>	<u>37,374,445</u>
	<u>\$ 93,997,770</u>	<u>\$ 95,469,508</u>	<u>\$ 88,147,276</u>

	For the Six Months Ended June 30	
	2016	2015
Revenue	<u>\$ 7,683,691</u>	<u>\$ 7,738,209</u>
Net profit for the period	\$ 3,711,893	\$ 4,152,031
Non-controlling equity of Shanghai Commercial Bank (H.K.) and its subsidiaries	<u>(9,091)</u>	<u>(8,617)</u>
	3,702,802	4,143,414

(Continued)

	For the Six Months Ended June 30	
	2016	2015
Other comprehensive income for the period	\$ 625,512	\$ 1,759,048
Other comprehensive income for the period of Shanghai Commercial Bank (H.K.) and its subsidiaries	<u>(485)</u>	<u>(1,625)</u>
Total comprehensive income for the period	<u>\$ 4,328,800</u>	<u>\$ 5,900,837</u>
Profit attributable to:		
Owners of Shanghai Commercial Bank (H.K.)	\$ 2,132,814	\$ 2,386,606
Non-controlling interests of Shanghai Commercial Bank (H.K.)	<u>1,569,988</u>	<u>1,756,808</u>
	<u>\$ 3,702,802</u>	<u>\$ 4,143,414</u>
Total comprehensive income attributable to:		
Owners of Shanghai Commercial Bank (H.K.)	\$ 2,493,389	\$ 3,398,882
Non-controlling interests of Shanghai Commercial Bank (H.K.)	<u>1,835,411</u>	<u>2,501,955</u>
	<u>\$ 4,328,800</u>	<u>\$ 5,900,837</u>
Net cash inflow (outflow) from:		
Operating activities	\$ (30,548,616)	\$ (7,221,796)
Investing activities	(478,838)	12,500,906
Financing activities	<u>(4,136,516)</u>	<u>(3,878,607)</u>
Net cash inflow (outflow)	<u>\$ (35,163,970)</u>	<u>\$ 1,400,503</u>
Dividends paid to non-controlling interest Shanghai Commercial Bank (H.K.)	<u>\$ 1,651,436</u>	<u>\$ 1,588,808</u>

(Concluded)

16. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	June 30, 2016	December 31, 2015	June 30, 2015
Investments in associates	<u>\$ 1,438,434</u>	<u>\$ 1,361,088</u>	<u>\$ 1,297,105</u>

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

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

Associates information of business combinations were as follows:

	For the Six Months Ended June 30	
	2016	2015
Profits from continuing operations	\$ 71,899	\$ 173,849
Other comprehensive income	<u>45,970</u>	<u>8,861</u>
The comprehensive income for the period	<u>\$ 117,869</u>	<u>\$ 182,710</u>

17. OTHER FINANCIAL ASSETS, NET

	June 30, 2016	December 31, 2015	June 30, 2015
Nonperforming credit card receivables	\$ 23,017	\$ 3,066	\$ 3,095
Financial assets carried at cost	5,179	5,179	5,179
Bills purchased, net	465	32,269	112,467
Non-active market debt instruments	<u>-</u>	<u>-</u>	<u>200,000</u>
	28,661	40,514	320,741
Allowance for nonperforming credit card receivables	<u>(23,017)</u>	<u>(4,066)</u>	<u>(4,095)</u>
	<u>\$ 5,644</u>	<u>\$ 36,448</u>	<u>\$ 316,646</u>

The balance of credit cards receivable which was reported as nonperforming were \$3,381 thousand, \$2,700 thousand and \$2,417 thousand as of June 30, 2016, December 31, 2015 and June 30, 2015, respectively. The unrecognized interest revenues on the receivable amounted to \$38 thousand and \$34 thousand for the six months ended June 30, 2016 and 2015.

The Bank collected the principal of its investment in preferred stock of Taiwan High Speed Rail Corporation's ("THSRC"), amounting to \$200,000 thousand, recorded under debt investment with no active market in 2015. The Bank further signed a settlement agreement with THSRC pursuant to THSRC's financial plan and the Bank has received an indemnity amounted to \$85,863 thousand in February 2016.

18. PROPERTIES, NET

	June 30, 2016	December 31, 2015	June 30, 2015
Land	\$ 17,140,476	\$ 14,561,765	\$ 14,214,252
Building and improvement	5,796,735	4,770,318	4,686,023
Office equipment	319,892	321,334	345,669
Transportation equipment	29,851	32,166	33,095
Miscellaneous equipment	484,214	440,223	409,026
Construction-in-progress and prepayment	<u>7,260</u>	<u>3,787,344</u>	<u>6,841,808</u>
	<u>\$ 23,778,428</u>	<u>\$ 23,913,150</u>	<u>\$ 26,529,873</u>

For the Six Months Ended June 30, 2016						
	Balance at January 1, 2016	Additions	Disposals	Internal Transfer	Effect of Exchange Rate Changes, Net	Balance at June 30, 2016
<u>Cost</u>						
Land	\$ 15,008,837	\$ -	\$ -	\$ 2,781,530	\$ (147,803)	\$ 17,642,564
Building and improvement	7,752,895	44,511	-	1,147,232	(97,635)	8,847,003
Office equipment	2,187,612	65,211	(150,837)	-	(21,350)	2,080,236
Transportation equipment	96,684	1,715	(2,270)	-	(811)	95,318
Miscellaneous equipment	2,220,516	113,354	(24,697)	-	(22,727)	2,286,446
Construction-in-progress and prepayment	<u>3,813,932</u>	<u>116,374</u>	<u>-</u>	<u>(3,901,526)</u>	<u>(21,520)</u>	<u>7,260</u>
	<u>\$ 31,080,476</u>	<u>\$ 341,165</u>	<u>\$ (177,804)</u>	<u>\$ 27,236</u>	<u>\$ (312,246)</u>	<u>\$ 30,958,827</u>
<u>Accumulated depreciation</u>						
Land	447,072	\$ 37,058	\$ -	\$ 27,456	\$ (9,498)	502,088
Building and improvement	2,982,577	103,418	-	38	(35,765)	3,050,268
Office equipment	1,866,278	60,877	(147,166)	-	(19,645)	1,760,344
Transportation equipment	64,518	3,539	(2,114)	-	(476)	65,467
Miscellaneous equipment	1,780,293	63,128	(24,161)	-	(17,028)	1,802,232
Construction-in-progress and prepayment	<u>26,588</u>	<u>824</u>	<u>-</u>	<u>(27,262)</u>	<u>(150)</u>	<u>-</u>
	<u>\$ 7,167,326</u>	<u>\$ 268,844</u>	<u>\$ (173,441)</u>	<u>\$ 232</u>	<u>\$ (82,562)</u>	<u>\$ 7,180,399</u>
Net amount	<u>\$ 23,913,150</u>					<u>\$ 23,778,428</u>
For the Six Months Ended June 30, 2015						
	Balance at January 1, 2015	Additions	Disposals	Acquisitions through Business Combinations	Effect of Exchange Rate Changes, Net	Balance at June 30, 2015
<u>Cost</u>						
Land	\$ 12,860,807	\$ 257,414	\$ (590)	\$ 1,566,595	\$ (94,264)	\$ 14,589,962
Building and improvement	6,173,561	54,641	(2,900)	1,331,880	(53,963)	7,503,219
Office equipment	2,179,248	41,148	(17,669)	-	(23,320)	2,179,407
Transportation equipment	101,714	1,830	(7,691)	-	(966)	94,887
Miscellaneous equipment	2,084,720	49,565	(7,671)	-	(36,279)	2,090,335
Construction-in-progress and prepayment	<u>6,526,854</u>	<u>520,732</u>	<u>-</u>	<u>-</u>	<u>(156,247)</u>	<u>6,891,339</u>
	<u>\$ 29,926,904</u>	<u>\$ 925,330</u>	<u>\$ (36,521)</u>	<u>\$ 2,898,475</u>	<u>\$ (365,039)</u>	<u>\$ 33,349,149</u>
<u>Accumulated depreciation</u>						
Land	361,504	\$ 22,647	\$ -	\$ -	\$ (8,441)	375,710
Building and improvement	2,760,849	8,831	(2,841)	-	(22,643)	2,817,196
Office equipment	1,792,856	78,042	(16,151)	-	(21,009)	1,833,738
Transportation equipment	65,570	4,309	(7,561)	-	(526)	61,792
Miscellaneous equipment	1,640,307	79,021	(6,951)	-	(31,068)	1,681,309
Construction-in-progress and prepayment	<u>47,339</u>	<u>3,321</u>	<u>-</u>	<u>-</u>	<u>(1,129)</u>	<u>49,531</u>
	<u>\$ 6,668,425</u>	<u>\$ 269,171</u>	<u>\$ (33,504)</u>	<u>\$ -</u>	<u>\$ (84,816)</u>	<u>\$ 6,819,276</u>
Net amount	<u>\$ 23,258,479</u>					<u>\$ 26,529,873</u>

The Group did not recognize any impairment losses on the properties on June 30, 2016, December 31, and June 30, 2015.

The land owned by SCB (HK) is leasehold interest.

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

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

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

19. INVESTMENT PROPERTIES, NET

	June 30, 2016	December 31, 2015	June 30, 2015
Land	\$ 2,998,830	\$ 12,488	\$ 11,787
Building and improvement	1,283,720	9,012	8,638
Construction in progress and prepayments for real estate investments	<u>-</u>	<u>4,204,643</u>	<u>-</u>
	<u>\$ 4,282,550</u>	<u>\$ 4,226,143</u>	<u>\$ 20,425</u>

For the Six Months Ended June 30, 2016

	Balance at January 1, 2016	Additions	Internal Transfer	Effect of Exchange Rate Changes, Net	Balance at June 30, 2016
Cost					
Land	\$ 13,630	\$ -	\$ 3,059,566	\$ (42,511)	\$ 3,030,685
Building and improvement	14,510	48,783	1,253,203	(18,261)	1,298,235
Construction in progress and prepayments for real estate investments	<u>4,234,281</u>	<u>129,712</u>	<u>(4,340,005)</u>	<u>(23,988)</u>	<u>-</u>
	<u>4,262,421</u>	<u>\$ 178,495</u>	<u>\$ (27,236)</u>	<u>\$ (84,760)</u>	<u>4,328,920</u>
Less: Accumulated depreciation					
Land	1,142	\$ 971	\$ 30,195	\$ (453)	31,855
Building and improvement	5,498	9,290	(38)	(235)	14,515
Construction in progress and prepayments for real estate investments	<u>29,638</u>	<u>920</u>	<u>(38,389)</u>	<u>(169)</u>	<u>-</u>
	<u>36,278</u>	<u>\$ 11,181</u>	<u>\$ (232)</u>	<u>\$ (857)</u>	<u>46,370</u>
Net amount	<u>\$ 4,226,143</u>				<u>\$ 4,282,550</u>

For the Six Months Ended June 30, 2015

	Balance at January 1, 2015	Additions	Internal Transfer	Effect of Exchange Rate Changes, Net	Balance at June 30, 2015
Cost					
Land	\$ 13,110	\$ -	\$ -	\$ (306)	\$ 12,804
Building and improvement	<u>13,955</u>	<u>-</u>	<u>-</u>	<u>(325)</u>	<u>13,630</u>
	<u>27,065</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (631)</u>	<u>26,434</u>
Less: Accumulated depreciation					
Land	988	\$ 52	\$ -	\$ (23)	1,017
Building and improvement	<u>4,937</u>	<u>173</u>	<u>-</u>	<u>(118)</u>	<u>4,992</u>
	<u>5,925</u>	<u>\$ 225</u>	<u>\$ -</u>	<u>\$ (141)</u>	<u>6,009</u>
Net amount	<u>\$ 21,140</u>				<u>\$ 20,425</u>

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

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

The headquarters of the Shanghai Commercial Bank (H.K.) has been completed in the first half of 2016. Therefore, construction-in-progress and prepayment has been reclassified to properties.

Fair values of the investment properties as of June 30, 2016, December 31, 2015 and June 30, 2015 were \$14,638,874 thousand, \$13,852,858 thousand and \$111,730 thousand. Such fair values have been appraised by independent appraisers on respective dates.

Rental income from investment properties stated as below:

	For the Six Months Ended June 30	
	2016	2015
Rental income from investment properties	<u>\$ 20,631</u>	<u>\$ 474</u>

20. OTHER ASSETS, NET

	June 30, 2016	December 31, 2015	June 30, 2015
Prepaid expenses	\$ 1,564,463	\$ 2,103,991	\$ 1,651,533
Refundable deposits - less impairment loss of \$17,360 thousand	1,019,791	767,590	734,082
Deferred charges	457,111	527,569	608,114
Temporary payments and suspense	244,332	97,010	184,802
Computer software	119,220	97,692	92,973
Prepaid pension cost	10,667	40,644	42,458
Others	<u>296,469</u>	<u>112,839</u>	<u>177,513</u>
	<u>\$ 3,712,053</u>	<u>\$ 3,747,335</u>	<u>\$ 3,491,475</u>

21. DUE TO THE CENTRAL BANK AND BANKS

	June 30, 2016	December 31, 2015	June 30, 2015
Due to banks	\$ 3,054,856	\$ 2,119,914	\$ 3,566,789
Call loans from banks	24,280,402	29,850,471	28,134,812
Deposit transfer from Chunghwa Post Co., Ltd.	4,049,420	4,333,479	4,013,170
Overdraft on banks	<u>2,039,508</u>	<u>1,615,886</u>	<u>1,158,675</u>
	<u>\$ 33,424,186</u>	<u>\$ 37,919,750</u>	<u>\$ 36,873,446</u>

22. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

Securities sold under repurchase agreements as of June 30, 2016, December 31, 2015 and June 30, 2015 were \$25,898,813 thousand, \$6,320,676 thousand and \$10,196,680 thousand, respectively. The aforementioned securities will be sold back by January 16, 2017, September 23, 2016 and January 8, 2016 at \$25,912,345 thousand, \$6,327,321 thousand and \$10,207,250 thousand, respectively.

23. PAYABLES

	June 30, 2016	December 31, 2015	June 30, 2015
Dividends payable	\$ 16,187,389	\$ 10,188,708	\$ 15,189,893
Accounts payable	6,764,946	3,917,379	11,435,886
Liabilities on bank acceptances	4,895,204	4,208,591	4,978,874
Accounts payable due from purchase of securities	3,053,270	-	-
Accrued interests	2,152,092	2,212,798	2,692,239
Accrued expenses	1,097,223	1,351,934	1,133,836
Others	<u>537,312</u>	<u>485,228</u>	<u>248,155</u>
	<u>\$ 34,687,436</u>	<u>\$ 22,364,638</u>	<u>\$ 35,678,883</u>

24. DEPOSITS AND REMITTANCES

	June 30, 2016	December 31, 2015	June 30, 2015
Time deposits	\$ 604,927,117	\$ 645,110,688	\$ 627,383,027
Savings deposits	421,198,872	410,535,952	384,669,477
Demand deposits	278,030,764	274,961,422	240,948,418
Negotiable certificates of deposits	2,884,200	9,205,659	16,978,300
Checking deposits	7,844,087	3,463,000	7,685,699
Remittances	<u>306,838</u>	<u>362,592</u>	<u>315,577</u>
	<u>\$ 1,315,191,878</u>	<u>\$ 1,343,639,313</u>	<u>\$ 1,277,980,498</u>

25. BANK DEBENTURES

	June 30, 2016	December 31, 2015	June 30, 2015
The subordinate bank debenture - seven-year maturity; second issued in 2008; maturity date is on December 2015	\$ -	\$ -	\$ 2,000,000
The subordinate bank debenture - seven-year maturity; first issued in 2010; maturity date is on December 2017	3,000,000	3,000,000	3,000,000
The subordinate bank debenture - seven-year maturity, first issued in 2012; maturity date is on April 2019	4,000,000	4,000,000	4,000,000

(Continued)

	June 30, 2016	December 31, 2015	June 30, 2015
The subordinate bank debenture - seven-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 - seven to ten-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 - seven to ten-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 - seven-year to ten-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 - seven-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 - seven-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 – eight and a half year maturity; second issued in 2015; maturity date is on June 2024	<u>3,000,000</u>	<u>3,000,000</u>	<u>-</u>
Par value total	<u>\$ 38,150,000</u>	<u>\$ 38,150,000</u>	<u>\$ 37,150,000</u> (Concluded)

About the hedge transactions, please see Note 9.

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

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

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

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

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

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

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

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

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

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

26. OTHER FINANCIAL LIABILITIES

	June 30, 2016	December 31, 2015	June 30, 2015
Appropriated loan funds	\$ 3,351,072	\$ 3,574,873	\$ 4,334,380
Principals of structured instruments	<u>4,417,818</u>	<u>405,100</u>	<u>2,626,832</u>
	<u>\$ 7,768,890</u>	<u>\$ 3,979,973</u>	<u>\$ 6,961,212</u>

27. PROVISIONS

	June 30, 2016	December 31, 2015	June 30, 2015
Reserve for possible losses on guarantees	\$ 605,083	\$ 479,670	\$ 438,292
Reserve for employee benefits	602,643	679,656	511,114
Reserve for other operating	404,220	371,992	367,663
Others	<u>3,564</u>	<u>3,564</u>	<u>3,564</u>
	<u>\$ 1,615,510</u>	<u>\$ 1,534,882</u>	<u>\$ 1,320,633</u>

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

	For the Six Months Ended June 30	
	2016	2015
Beginning balance	\$ 479,670	\$ 438,436
Reserve for possible losses on guarantees (Note 12)	125,527	-
Exchange differences	<u>(114)</u>	<u>(144)</u>
Ending balance	<u>\$ 605,083</u>	<u>\$ 438,292</u>

28. OTHER LIABILITIES

	June 30, 2016	December 31, 2015	June 30, 2015
Guarantee deposit received	\$ 1,551,865	\$ 1,696,051	\$ 1,642,331
Deferred revenues	382,907	353,678	333,781
Interest received in advance	20,690	92,406	242,652
Temporary credit	39,713	28,293	24,635
Others	<u>282,494</u>	<u>344,780</u>	<u>345,796</u>
	<u>\$ 2,277,669</u>	<u>\$ 2,515,208</u>	<u>\$ 2,589,195</u>

29. RETIREMENT BENEFIT PLANS

Employee benefit expenses in respect of the Group's defined benefit retirement plans were calculated using the actuarially determined pension cost discount rate as of December 31, 2015 and 2014.

	For the Six Months Ended June 30	
	2016	2015
Defined benefit plan	\$ 96,681	\$ 97,118
Employee preferential interest deposits	37,550	33,575
Other long-term employee benefit	<u>360</u>	<u>438</u>
	<u>\$ 134,591</u>	<u>\$ 131,131</u>

30. EQUITY

a. Share capital

	June 30, 2016	December 31, 2015	June 30, 2015
<u>Common shares</u>			
Authorized shares (in thousand)	<u>6,000,000</u>	<u>6,000,000</u>	<u>6,000,000</u>
Authorized capital	<u>\$ 60,000,000</u>	<u>\$ 60,000,000</u>	<u>\$ 60,000,000</u>
Issued and paid shares (in thousand)	<u>3,999,121</u>	<u>3,999,121</u>	<u>3,808,686</u>
Issued capital	<u>\$ 39,991,207</u>	<u>\$ 39,991,207</u>	<u>\$ 38,086,864</u>

Issued common shares with par value of \$10 per share are entitled to 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 the dividend rate of \$0.2 per share. The base date was determined as August 17, 2016.

b. Capital surplus

	June 30, 2016	December 31, 2015	June 30, 2015
Share premium	\$ 2,647,583	\$ 2,647,583	\$ 2,647,583
Treasury stock transaction	1,991,109	1,991,109	1,983,732
Proportionate share in equity-method investee's surplus from donated assets	<u>1,218</u>	<u>1,218</u>	<u>1,218</u>
	<u>\$ 4,639,910</u>	<u>\$ 4,639,910</u>	<u>\$ 4,632,533</u>

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 issuance of common shares, conversion of bonds and treasury stock transactions) and donations may be capitalized, which however is limited to a certain percentage of the Bank's paid-in capital.

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

Since the shares held by subsidiaries were reclassified as treasury stocks, cash dividend distributed to subsidiaries was then recorded as "capital surplus - treasury stock".

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, had 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 distribution of employees' compensation. For information about the employees' compensation and remuneration and the actual appropriations, please refer to Note 31 (d).

On January 1, 2013, the Bank made a special reserve for the adoption of IFRS in accordance with Rule No. 1010012865 issued by the FSC on April 6, 2012 and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs."

Legal reserve should be appropriated at the amount equal to 30% of earnings after tax. 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 the 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 imputation tax credit.

The appropriations of earnings for 2015 and 2014 had been approved in the shareholders' meetings on June 14, 2016 and June 5, 2015, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		Dividends Per Share (Dollars)	
	2015	2014	2015	2014
Legal reserve	\$ 3,569,398	\$ 3,272,195		
Cash dividends - common stock	5,998,681	5,713,030	\$ 1.50	\$ 1.50
Stock dividends - common stock	<u>799,824</u>	<u>1,904,343</u>	<u>0.20</u>	<u>0.50</u>
	<u>\$ 10,367,903</u>	<u>\$ 10,889,568</u>	<u>\$ 1.70</u>	<u>\$ 2.00</u>

The capital increase of the Bank in 2016 had been approved by the FSC. For distribution of dividend, the Bank's board of directors determined the ex-dividend date, as August 17, 2016. The cash dividend was then paid on August 31, 2016, and the new shares are to be issued on September 20, 2016.

The capital increase of the Bank in 2015 had been approved by the FSC on July 8, 2015 under FSC No. 1040024866 rule. For distribution of dividend, the Bank's board of directors determined the ex-dividend date, as July 20, 2015. The cash dividend was then paid on July 31, 2015, and the new shares were to be issued on August 27, 2015.

The cash dividends in 2015 earnings appropriation were not paid yet as of June 30, 2016 and recorded as dividend payable accordingly, please refer to Note 23

d. Special reserve

The Bank has made a special reserve of \$1,256,859 thousand when it transferred cumulative translation adjustment reported in equity to retained earnings at the first-time adoption of IFRSs. There was no change in the balance of special reserve until June 30, 2016.

With Rule No. 10510001510 issued by the FSC on May 25, 2016, public banks should make a special reserve at the amount of 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 reverse the expenses since 2017.

e. Treasury stock

Purpose	Beginning Balance	Increase	Decrease	Ending Balance
<u>Six months ended June 30, 2016</u>				
Shares held by subsidiaries	<u>11,174</u>	<u>-</u>	<u>-</u>	<u>11,174</u>
<u>Six months ended June 30, 2015</u>				
Shares held by subsidiaries	<u>10,642</u>	<u>-</u>	<u>-</u>	<u>10,642</u>

The Bank reclassified its shares held by the subsidiaries as treasury stock with a carrying amount of \$83,144 thousand (representing 7,698 thousand shares). The shares increased by 3,476 thousand shares over the years.

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

f. Non-controlling interest

	For the Six Months Ended June 30	
	2016	2015
Beginning balance	\$ 40,657,383	\$ 37,505,364
Attribution to non-controlling interest		
Net Income	1,568,708	1,758,236
Translation adjustments for foreign operations	(807,047)	(901,550)
Unrealized gains on available-for-sale financial assets	347,948	882,287
Other comprehensive income - others	(97,589)	2,456
Income tax effect	(54,932)	(144,198)
Cash dividends distribution	<u>(1,651,436)</u>	<u>(1,588,808)</u>
Ending balance	<u>\$ 39,963,035</u>	<u>\$ 37,513,787</u>

31. DETAILS OF COMPREHENSIVE INCOME STATEMENT ITEMS

a. Interest revenues, net

	For the Six Months Ended June 30	
	2016	2015
Interest revenue		
Discounts and loans	\$ 11,131,312	\$ 11,434,431
Securities investments	3,411,572	2,430,605
Due from banks	1,233,304	2,064,846
Others	<u>199,350</u>	<u>222,192</u>
	<u>15,975,538</u>	<u>16,152,074</u>
Interest expense		
Deposits	4,676,499	5,313,277
Bank debentures	309,393	306,066
Due to banks	203,012	182,850
Securities sold under repurchase agreements	28,132	21,000
Others	<u>34,979</u>	<u>20,669</u>
	<u>5,252,015</u>	<u>5,843,862</u>
	<u>\$ 10,723,523</u>	<u>\$ 10,308,212</u>

b. Service fee revenue, net

		For the Six Months Ended June 30	
		2016	2015
Service fee revenues			
Trusts	\$	649,760	\$ 1,177,099
Nominee		443,898	422,042
Loans		410,244	413,477
Inward/outward business		219,929	268,650
Credit cards		211,448	217,442
Exchange		198,222	219,001
Guarantees		195,981	213,419
Others		<u>350,681</u>	<u>347,733</u>
		<u>2,680,163</u>	<u>3,278,863</u>
Service fee expenses			
Credit cards		56,424	48,641
Nominee		36,593	32,856
Finance		30,799	24,480
Custody		20,646	13,247
Factoring		4,731	6,586
Others		<u>105,568</u>	<u>126,073</u>
		<u>254,761</u>	<u>251,883</u>
		<u>\$ 2,425,402</u>	<u>\$ 3,026,980</u>

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

For the Six Months Ended June 30, 2016			
	Realized (Loss) Gain	Unrealized Gain	Total
Financial asset at fair value through profit or loss	\$ 4,119,199	\$ 83,951	\$ 4,203,150
Financial liabilities at fair value through profit or loss	<u>(3,794,332)</u>	<u>61,706</u>	<u>(3,732,626)</u>
	<u>\$ 324,867</u>	<u>\$ 145,657</u>	<u>\$ 470,524</u>
For the Six Months Ended June 30, 2015			
	Realized (Loss) Gain	Unrealized (Loss) Gain	Total
Financial asset at fair value through profit or loss	\$ 6,178,634	\$ (908,510)	\$ 5,270,124
Financial liabilities at fair value through profit or loss	<u>(5,357,453)</u>	<u>620,260</u>	<u>(4,737,193)</u>
	<u>\$ 821,181</u>	<u>\$ (288,250)</u>	<u>\$ 532,931</u>

d. Employee benefit expenses

	For the Six Months Ended June 30	
	2016	2015
Short-term employee benefits	\$ 3,146,187	\$ 2,856,067
Retirement benefits		
Defined contribution plan	157,270	130,693
Defined benefit plan	<u>96,681</u>	<u>97,118</u>
	3,400,138	3,083,878
Other employee benefits	<u>274,488</u>	<u>307,636</u>
	<u>\$ 3,674,626</u>	<u>\$ 3,391,514</u>

For the six months ended June 30, 2016 and 2015, the numbers of employees of the Group were 4,174 and 4,139 respectively.

In compliance with the Company Act as amended in May 2015, the shareholders held their meeting and resolved amendments to 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. For the six months ended June 30, 2016, the employees' compensation and the remuneration to directors were estimated within the aforementioned range respectively.

The Articles of Incorporation before the amendments stipulated to distribute bonus to employees and remuneration to directors and supervisors based on its past experiences. For the six months ended June 30, 2015, the estimated amounts of bonus to employees and remuneration to directors and supervisors were based on the Articles of Incorporation of the Bank before the amendment.

The appropriations of bonus to employees and remuneration to directors and supervisors for 2014 were approved in the shareholders' meeting on June 5, 2015. The amounts of the employees' compensation/bonus and remuneration to directors and supervisors are disclosed on the table below. After the amendments to the Articles of Incorporation of the Bank had been resolved in the shareholders' meeting held on June 14, 2016, the appropriations of the employees' compensation and remuneration to directors for 2015 were reported in the shareholders' meeting.

	2015		2014	
	Cash	Stock	Cash Bonus	Stock Bonus
Employees' compensation/Bonus to employees	\$ 34,000	\$ -	\$ 32,000	\$ -
Remuneration of directors and supervisors	55,000	-	58,800	-

There was no difference between the amounts of the employees' compensation and the remuneration to directors resolved by the Bank's board of directors on June 14, 2016 and the amounts of the bonus to employees and the remuneration to directors and supervisors approved in the shareholders' meeting on June 5, 2015, and the respective amounts recognized in the consolidated financial statements for the years ended December 31, 2015 and 2014.

Information on the employees' compensation and remuneration to directors and supervisors for 2015 resolved by the Bank's board of directors in 2016 and bonus to employees, directors and supervisors for 2014 resolved by the shareholders' meeting in 2015 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	
	2016	2015
Depreciation expense		
Properties	\$ 268,844	\$ 269,171
Investment properties	<u>11,181</u>	<u>225</u>
	280,025	269,621
Amortization expense		
Other assets	<u>135,383</u>	<u>126,954</u>
	<u>\$ 415,408</u>	<u>\$ 396,350</u>

32. 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	
	2016	2015
Current tax		
In respect of the current year	\$ 1,992,009	\$ 1,849,002
In respect of prior periods	<u>(32,554)</u>	<u>(13,949)</u>
	1,959,455	1,835,053
Deferred tax		
In respect of the current year	4,317	(17,172)
In respect of prior periods	<u>9,297</u>	<u>103</u>
	13,614	(17,069)
Income tax expense recognized in profit or loss	<u>\$ 1,973,069</u>	<u>\$ 1,817,984</u>

b. Income tax expense recognized in other comprehensive income

	For the Six Months Ended June 30	
	2016	2015
<u>Deferred income tax expense</u>		
Arising on income and expenses recognized in other comprehensive income		
Translation adjustments for foreign operations	\$ (192,640)	\$ (212,077)
Unrealized gain or loss on available-for-sale financial assets	<u>223,919</u>	<u>294,555</u>
Income tax expense recognized in other comprehensive income	<u>\$ 31,279</u>	<u>\$ 82,478</u>

c. Integrated income tax

	June 30, 2016	December 31, 2015	June 30, 2015
Unappropriated earnings			
Unappropriated earnings generated before January 1, 1998	\$ 27,065	\$ 27,065	\$ 27,065
Unappropriated earnings generated on and after January 1, 1998	<u>12,453,181</u>	<u>17,144,760</u>	<u>11,355,307</u>
	<u>\$ 12,480,246</u>	<u>\$ 17,171,825</u>	<u>\$ 11,382,372</u>
Imputation credits accounts	<u>\$ 2,161,394</u>	<u>\$ 1,342,024</u>	<u>\$ 2,128,987</u>

The creditable ratio for distribution of earnings of 2015 and 2014 was 12.61% (expected) and 13.16%, respectively.

d. Income tax assessments

Except 2012, The Bank's income tax returns through 2014 had been assessed by the tax authorities.

Income tax returns of the Bank's domestic subsidiary through 2014 had been assessed by the tax authorities.

33. EARNINGS PER SHARE

The numerators and denominators used in calculating basic earnings per share which were based on the equity of the Bank were as follows:

	Unit: NT\$ Per Share	
	For the Six Months Ended June 30	
	2016	2015
Basic earnings per share	<u>\$ 1.40</u>	<u>\$ 1.49</u>
Diluted earnings per share	<u>\$ 1.39</u>	<u>\$ 1.49</u>

When calculating earnings per share, if the base date of allotment of stock grants is earlier than the release date of financial statements, the influence of allotment of stock grants should be adjusted retrospectively. The basic and diluted after-tax earnings per share for the six months ended June 30, 2015 were adjusted retrospectively as follows:

	Unit: NT\$ Per Share	
	Before Adjusted Retrospectively	After Adjusted Retrospectively
Basic earnings per share	<u>\$ 1.52</u>	<u>\$ 1.49</u>
Diluted earnings per share	<u>\$ 1.52</u>	<u>\$ 1.49</u>

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	
	2016	2015
Earnings used in the computation of basic and diluted earnings per share	<u>\$ 5,676,324</u>	<u>\$ 6,070,008</u>

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

	For the Six Months Ended June 30	
	2016	2015
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	<u>1,715</u>	<u>1,399</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>4,069,421</u>	<u>4,069,105</u>

Since the Bank offered to settle compensation paid to employees in cash or shares, it 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.

34. BUSINESS COMBINATIONS

a. Subsidiaries acquired

	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
KCC 23F Limited	Property investment	March 2015	100.00	<u>\$ 959,362</u>
KCC 25F Limited	Property investment	March 2015	100.00	<u>\$ 968,756</u>
KCC 26F Limited	Property investment	March 2015	100.00	<u>\$ 977,430</u>

The Group acquired above-listed companies in March 2015 for \$2,905,548 thousand in cash (HK\$722,560 thousand) to acquire the property of these companies for expansion of the operation facilities of the Group.

The related acquisition costs of \$37,699 thousand (HK\$9,375 thousand) were excluded from the transfer price, and recognized in current operating expenses.

b. Assets acquired and liabilities assumed at the date of acquisition

	KCC 23F Limited	KCC 25F Limited	KCC 26F Limited
Current assets			
Refundable deposits	\$ 3,386	\$ 3,386	\$ 3,382
Non-current assets			
Refundable deposits	956,970	966,420	975,085
Current liabilities			
Accounts receivable and other receivables	<u>-</u>	<u>56</u>	<u>44</u>
	<u>\$ 960,356</u>	<u>\$ 969,750</u>	<u>\$ 978,423</u>

c. Goodwill arising on acquisition

	KCC 23F Limited	KCC 25F Limited	KCC 26F Limited
Fair value of identifiable net assets acquired	\$ 960,356	\$ 969,750	\$ 978,423
Less: Consideration transferred	<u>959,362</u>	<u>968,756</u>	<u>977,430</u>
Goodwill arising on acquisition	<u>\$ 994</u>	<u>\$ 994</u>	<u>\$ 993</u>

35. RELATED-PARTY TRANSACTIONS

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

Related Party	Relationship with the Bank
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
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
GTM Development Co., Ltd.	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 Corporation	The director of the Bank is the chairman of the Company

(Continued)

Related Party	Relationship with the Bank
Gengroup Merchandise Corp.	The director of the Bank is the director 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 (from June 5, 2015)
CX Technology Corporation	The director of the Bank is the director of the Company (from June 16, 2015)
Nan Ya Plastics Corporation	The director of the Bank is the director of the Company (due June 24, 2016)
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
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
Zhen Xin International Ltd.	The director and the Bank's director are related by marriage
Dian Jin Tang International Ltd.	The supervisors and the Bank's director are related by marriage
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
SIA Engineering	The director of the Bank is the chairman of the Company
NTUC INCOME	The director of the Bank is the chairman of the Company
Singapore Airlines	The director of the Bank is the chairman of the Company
Others	The Bank's directors, supervisors, managers, and the relatives of the Bank's directors, supervisors and managers (supervisors have resigned on June 5, 2015)
	(Concluded)

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

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

1) Guarantees (June 30, 2016: Nil)

	Maximum Balance	Ending Balance	Reserve for Possible Losses on Guarantees	Interest Rate (%)	Collateral
<u>December 31, 2015</u>					
CX Technology	<u>\$ 7,491</u>	<u>\$ -</u>	<u>\$ -</u>	0.00	-
<u>June 30, 2015</u>					
CX Technology	<u>\$ 3,548</u>	<u>\$ 3,548</u>	<u>\$ -</u>	0.00	-

2) Deposits

	June 30, 2016			Six Months Ended June 30, 2016
	Maximum Balance	Ending Balance	Interest Rate (%)	Interest Expense
Supervisors and management related	\$ 14,021,948	\$ 14,014,436	0.00-3.80	\$ 31,334
Employees	361,784	210,040	0.22-10.17	1,582
The SCSB Cultural & Educational Foundation	317,127	311,072	0.06-1.38	1,031
The SCSB Charity Foundation	57,240	56,211	0.06-1.17	209
Hung Ta Investment Corporation	22,062	492	0.00-0.13	5
CX Technology	14,738	10,505	0.00-0.08	1
Lian Yi Investment Co., Ltd.	10,678	9,327	0.11-0.13	6
Chang Ho Hsing Co., Ltd.	5,503	5,503	0.11-0.13	3
Hung Shen Investment Corporation	4,288	72	0.11-0.13	2
Qin Mao Consultants Ltd.	3,769	1	0.11-0.13	1
Goldsun Co., Ltd.	470	470	0.08-0.13	-
Silks Place Taroko	159	115	0.00-1.17	1
Chi-Li Investment Co., Ltd.	18	18	0.11-0.13	-
Gengroup Merchandise	<u>2</u>	<u>2</u>	0.11-0.13	<u>-</u>
	<u>\$ 14,819,786</u>	<u>\$ 14,618,264</u>		<u>\$ 34,175</u>

	December 31, 2015			Year Ended December 31, 2015
	Maximum Balance	Ending Balance	Interest Rate (%)	Interest Expense
Supervisors and management related	\$ 10,288,259	\$ 10,200,367	0.00-4.00	\$ 92,332
The SCSB Cultural & Educational Foundation	336,753	317,127	0.08-1.38	2,376
Employees	273,138	111,445	0.24-10.19	2,544
The SCSB Charity Foundation	57,753	57,240	0.08-1.31	534
Hung Ta Investment Corporation	50,698	3,618	0.00-0.17	8
CX Technology	39,972	7,463	0.00-0.08	1
Goldsun Co., Ltd.	37,173	52	0.02-0.17	2
Chi-Li Investment Co., Ltd.	34,161	18	0.13-0.17	7
Hung Shen Investment Corporation	14,751	4,288	0.13-0.17	8
Silks Place Taroko	10,333	114	0.00-1.31	3
Gengroup Merchandise	7,933	2	0.13-0.17	2
Chang Ho Hsing Co., Ltd.	5,499	5,499	0.13-0.17	4
	<u>\$ 11,156,423</u>	<u>\$ 10,707,233</u>		<u>\$ 97,821</u>
	June 30, 2015			Six Months Ended June 30, 2015
	Maximum Balance	Ending Balance	Interest Rate (%)	Interest Expense
Supervisors and management related	\$ 8,154,133	\$ 8,111,612	0.00-4.00	\$ 31,824
The SCSB Cultural & Educational Foundation	333,353	314,795	0.11-1.38	1,185
Employees	198,626	140,583	0.28-10.19	1,284
The SCSB Charity Foundation	56,517	56,029	0.11-1.31	267
CX Technology	34,442	14,726	0.00-0.02	-
Hung Ta Investment Corporation	4,579	766	0.00-0.17	1
Silks Place Taroko	10,333	302	0.00-1.31	2
Goldsun Co., Ltd.	167	167	0.02-0.17	-
Chi-Li Investment Co., Ltd.	89	89	0.17	-
Hung Shen Investment Corporation	1,764	80	0.17	1
Chang Ho Hsing Co., Ltd.	376	26	0.17	-
	<u>\$ 8,794,379</u>	<u>\$ 8,639,254</u>		<u>\$ 34,564</u>

3) Interest receivable (accounted for receivables, net)

	June 30, 2016	December 31, 2015	June 30, 2015
Supervisors and management related	\$ 118	\$ 129	\$ 152
Silks Place Taroko	20	12	16
Nan Ya Plastics	-	216	211
Goldsun Co., Ltd.	-	33	-
CX Technology	<u>-</u>	<u>-</u>	<u>6</u>
	<u>\$ 138</u>	<u>\$ 390</u>	<u>\$ 385</u>

4) Interest payable (accounted for payables)

	June 30, 2016	December 31, 2015	June 30, 2015
Supervisors and management related	\$ 197	\$ 259	\$ 136
The SCSB Cultural & Educational Foundation	114	67	97
The SCSB Charity Foundation	<u>8</u>	<u>23</u>	<u>24</u>
	<u>\$ 319</u>	<u>\$ 349</u>	<u>\$ 262</u>

5) Guarantee deposits received (accounted for other liabilities)

	June 30, 2016	December 31, 2015	June 30, 2015
The SCSB Cultural & Educational Foundation	<u>\$ 211</u>	<u>\$ 211</u>	<u>\$ 211</u>

6) Rental income (accounted for other net revenues)

	For the Six Months Ended June 30	
	2016	2015
The SCSB Cultural & Educational Foundation	<u>\$ 421</u>	<u>\$ 421</u>

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

7) Loans

June 30, 2016									
Category	Name	Maximum Balance	Ending Balance	Performance		Collateral	Interest Rate (%)	Difference of Terms of the Transactions with Unrelated Parties	Six Months Ended June 30, 2016 Interest Income
				Normal Loans	Non- performing Loans				
Loans for personal house mortgage	Supervisors and management related (17)	\$ 124,111	\$ 104,343	\$ 104,343	-	Real estate	1.37-2.72	None	\$ 1,113
Others	Supervisors and management related (2)	626,670	624,939	624,939	-	Real estate	2.20-2.82	None	23,375
	Goldsun Co., Ltd.	100,000	-	-	-	Credit	1.10-1.10	None	190
	Silks Place Taroko	44,000	44,000	44,000	-	Real estate	1.63-1.70	None	267
	CX Technology				-	Syndicated loan	1.76-1.93	None	
		<u>40,989</u>	<u>26,090</u>	<u>26,090</u>					<u>238</u>
		<u>\$ 935,770</u>	<u>\$ 799,372</u>	<u>\$ 799,372</u>					<u>\$ 25,183</u>

December 31, 2015									
Category	Name	Maximum Balance	Ending Balance	Performance		Collateral	Interest Rate (%)	Difference of Terms of the Transactions with Unrelated Parties	For the Year Ended December 31, 2015
				Normal Loans	Non-performing Loans				Interest Income
Loans for personal house mortgage	Supervisors and management related (12)	\$ 122,345	\$ 107,482	\$ 107,482	-	Real estate	1.44-2.87	None	\$ 2,462
Others	Supervisors and management related (3)	689,901	662,966	662,966	-	Real estate	2.20-2.97	None	32,560
	Nan Ya Plastics Corporation	1,135,688	607,844	607,844	-	Real estate	1.45-1.65	None	3,453
	Goldsun Co., Ltd.	100,000	100,000	100,000	-	Credit	1.10-1.10	None	115
	CX Technology	75,759	32,938	32,938	-	Syndicated loan	1.85-2.04	None	335
	Silks Place Taroko	<u>50,500</u>	<u>22,500</u>	<u>22,500</u>	-	Real estate	1.70-1.84	None	<u>504</u>
		<u>\$ 2,174,193</u>	<u>\$ 1,533,730</u>	<u>\$ 1,533,730</u>					<u>\$ 39,429</u>
June 30, 2015									
Category	Name	Maximum Balance	Ending Balance	Performance		Collateral	Interest Rate (%)	Difference of Terms of the Transactions with Unrelated Parties	Six Months Ended June 30, 2015
				Normal Loans	Non-performing Loans				Interest Income
Loans for personal house mortgage	Supervisors and management related (17)	\$ 136,561	\$ 122,328	\$ 122,328	-	Real estate	1.58-2.97	None	\$ 1,265
Others	Supervisors and management related (3)	887,438	885,022	885,022	-	Real estate	2.17-2.97	None	23,564
	Nan Ya Plastics	621,766	621,766	621,766	-	Real estate	1.45-1.57	None	868
	Silks Place Taroko	50,500	32,000	32,000	-	Real estate	1.84	None	283
	CX Technology	45,857	44,152	44,152	-	Syndicated loan	1.85-2.04	None	47
		<u>\$ 1,742,122</u>	<u>\$ 1,705,268</u>	<u>\$ 1,705,268</u>					<u>\$ 26,006</u>

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

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

c. Compensation of directors, supervisors and management personnel:

	For the Six Months Ended June 30	
	2016	2015
Salaries and other short-term employee benefits	\$ 165,004	\$ 142,111
Remuneration to directors and supervisors	27,500	29,400
Bonus to employees	72,125	73,732
Post-employment benefits	16,847	14,643
Others	<u>353</u>	<u>344</u>
	<u>\$ 281,829</u>	<u>\$ 260,230</u>

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

36. PLEDGED ASSETS

Under the Central Bank's clearing system of Real-Time Gross Settlement (RTGS), on June 30, 2016, December 31, 2015 and June 30, 2015, the assets listed below had been provided as collateral for day-term overdraft with the pledged amount adjustable anytime.

	June 30, 2016	December 31, 2015	June 30, 2015	Guaranty Purpose
Held-to-maturity financial assets	\$ 15,000,000	\$ 15,000,000	\$ 18,400,000	Day-term overdraft with the pledge

On June 30, 2016, December 31, 2015 and June 30, 2015, the assets listed below had been provided as refundable deposits for operating guarantee.

	June 30, 2016	December 31, 2015	June 30, 2015	Guaranty Purpose
Held-to-maturity financial assets	\$ 41,545	\$ 41,528	\$ 45,473	Operating guarantee
Available-for-sale financial assets	261,450	269,984	268,159	Operating guarantee

On June 30, 2016, December 31, 2015 and June 30, 2015, SCB HK provided its held-to-maturity financial assets and discounts and loans listed below for overseas branch operating guarantee.

	June 30, 2016	December 31, 2015	June 30, 2015	Guaranty Purpose
Held-to-maturity financial assets	\$ 9,757,268	\$ 9,919,784	\$ 9,121,812	Overseas branch operating guarantee
Discounts and loans	339,315	-	209,777	Pledge to the California government under local law

37. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

- a. In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of June 30, 2016, December 31, 2015 and June 30, 2015 were as follows:

	June 30, 2016	December 31, 2015	June 30, 2015
Receivables under custody	\$ 30,810,304	\$ 31,468,553	\$ 34,090,061
Consigned travelers' checks	245,709	260,864	265,420
Guarantee notes payable	142,877,507	120,611,060	114,895,371
Assets under trust	143,002,602	124,014,669	129,120,489
Securities in custody	192,858,298	204,172,028	208,662,086
Government bonds in brokerage accounts	58,417,000	50,149,000	40,918,000
Short-term bills in brokerage accounts	988,200	830,700	1,215,500
Commitments of forward contracts with customers	203,467,254	226,751,956	117,963,608

b. Operational risk and legal risk

Item	Reason and Amount	
	For the Six Months Ended June 30, 2016	For the Six Months Ended June 30, 2015
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	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.	None
A single or whole security events due to fraudulence, accident or against "Outlines Governing the Security Maintenance and Administration of Financial Institutions" which caused losses amount to \$50 million in the recent year.	None	None
Other	None	None

38. 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, management believes the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values or the fair values could not be reliably measured.

	June 30, 2016		December 31, 2015		June 30, 2015	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Financial assets</u>						
Held-to-maturity financial assets	\$ 81,066,398	\$ 81,147,299	\$ 92,771,401	\$ 92,876,566	\$ 97,891,695	\$ 98,006,381
<u>Financial liabilities</u>						
Bank debentures	38,150,000	38,047,193	38,150,000	38,104,437	37,150,000	37,030,213

2) Fair value hierarchy.

Financial Instruments Measured at Fair Value	June 30, 2016			
	Total	Level 1	Level 2	Level 3
Financial assets				
Held-for-trading financial assets	\$ 81,147,299	\$ 10,479,164	\$ 70,668,135	\$ -
Financial liabilities				
Bank debentures	38,047,193	-	38,047,193	-

Financial Instruments Measured at Fair Value	December 31, 2015			
	Total	Level 1	Level 2	Level 3
Financial assets				
Held-for-trading financial assets	\$ 92,876,566	\$ 10,474,839	\$ 82,401,727	\$ -
Financial liabilities				
Bank debentures	38,104,437	-	38,104,437	-
Financial Instruments Measured at Fair Value	June 30, 2015			
	Total	Level 1	Level 2	Level 3
Financial assets				
Held-for-trading financial assets	\$ 98,006,381	\$ 9,556,595	\$ 88,449,786	\$ -
Financial liabilities				
Bank debentures	37,030,213	-	37,030,213	-

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

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

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

b. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

Financial Instruments Measured at Fair Value	June 30, 2016			
	Total	Level 1	Level 2	Level 3
<u>Non-derivative instruments</u>				
Assets				
Financial assets at fair value through profit or loss				
Held-for-trading financial assets				
Stocks	\$ 131,266	\$ 131,266	\$ -	\$ -
Bonds	1,559,191	972,747	586,444	-
Commercial papers	23,100,208	-	23,100,208	-
Other	83,968	16,693	67,275	-
Financial assets designated as at FVTPL	1,253,244	-	-	1,253,244
Available-for-sale financial assets				
Stocks	16,024,731	2,105,666	-	13,919,065
Bonds	227,317,550	77,588,364	148,853,338	875,848
Other	117,035,134	9,245,447	107,789,687	-
	<u>\$ 386,505,292</u>	<u>\$ 90,060,183</u>	<u>\$ 280,396,952</u>	<u>\$ 16,048,157</u>
<u>Derivative instruments</u>				
Assets				
Financial assets at fair value through profit or loss	<u>\$ 1,681,801</u>	<u>\$ 22,403</u>	<u>\$ 1,627,834</u>	<u>\$ 31,564</u>
Liabilities				
Financial liabilities at fair value through profit or loss	<u>\$ 1,222,645</u>	<u>\$ -</u>	<u>\$ 1,196,811</u>	<u>\$ 25,834</u>

Financial Instruments Measured at Fair Value	December 31, 2015			
	Total	Level 1	Level 2	Level 3
<u>Non-derivative instruments</u>				
Assets				
Financial assets at fair value through profit or loss				
Held-for-trading financial assets				
Stocks	\$ 177,785	\$ 177,785	\$ -	\$ -
Bonds	1,548,427	1,059,917	488,510	-
Commercial papers	22,926,255	-	22,926,255	-
Other	721,282	30,618	690,664	-
Financial assets designated as at FVTPL	1,048,847	-	-	1,048,847
Available-for-sale financial assets				
Stocks	16,846,304	2,602,276	-	14,244,028
Bonds	187,422,890	68,268,794	117,990,512	1,163,584
Other	<u>100,210,873</u>	<u>8,860,970</u>	<u>91,021,232</u>	<u>328,671</u>
	<u>\$ 330,902,663</u>	<u>\$ 81,000,360</u>	<u>\$ 233,117,173</u>	<u>\$ 16,785,130</u>
<u>Derivative instruments</u>				
Assets				
Financial assets at fair value through profit or loss	<u>\$ 1,569,087</u>	<u>\$ 14,509</u>	<u>\$ 1,550,245</u>	<u>\$ 4,333</u>
Liabilities				
Financial liabilities at fair value through profit or loss	<u>\$ 1,437,270</u>	<u>\$ -</u>	<u>\$ 1,435,367</u>	<u>\$ 1,903</u>
Financial Instruments Measured at Fair Value	June 30, 2015			
	Total	Level 1	Level 2	Level 3
<u>Non-derivative instruments</u>				
Assets				
Financial assets at fair value through profit or loss				
Held-for-trading financial assets				
Stocks	\$ 197,150	\$ 197,150	\$ -	\$ -
Bonds	1,469,201	1,424,491	44,710	-
Commercial papers	32,376,979	-	32,376,979	-
Other	651,830	24,121	627,709	-
Financial assets designated as at FVTPL	1,318,513	4,983	-	1,313,530
Available-for-sale financial assets				
Stocks	16,773,540	2,607,807	-	14,165,733
Bonds	147,783,262	55,192,863	91,628,870	961,529
Other	<u>85,311,987</u>	<u>8,494,668</u>	<u>76,508,189</u>	<u>309,130</u>
	<u>\$ 285,882,462</u>	<u>\$ 67,946,083</u>	<u>\$ 201,186,457</u>	<u>\$ 16,749,922</u>
<u>Derivative instruments</u>				
Assets				
Financial assets at fair value through profit or loss	<u>\$ 1,451,163</u>	<u>\$ 16,627</u>	<u>\$ 1,427,981</u>	<u>\$ 6,555</u>
Liabilities				
Financial liabilities at fair value through profit or loss	<u>\$ 1,252,453</u>	<u>\$ 130</u>	<u>\$ 1,249,160</u>	<u>\$ 3,163</u>

There were no transfers between Levels 1 and 2 in the current and prior periods.

2) Reconciliation of Level 3 fair value measurements of financial instruments

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	
<u>Assets</u>								
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	15,736,283		(366,817)	546,071	-	(1,120,624)	-	14,794,913
<u>Liabilities</u>								
Financial liabilities at FVTPL								
Held-for-trading financial liabilities	1,903	23,876	-	5,757	-	(5,702)	-	25,834

For the six months ended June 30, 2015

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	
<u>Assets</u>								
Financial assets at FVTPL								
Held-for-trading financial assets	\$ 8,049	\$ (1,494)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,555
Financial assets designated as at fair value	1,343,900	(32,841)	-	543,449	-	(540,978)	-	1,313,530
Available-for-sale financial assets	13,157,639	-	1,405,749	1,625,702	-	(752,698)	-	15,436,392
<u>Liabilities</u>								
Financial liabilities at FVTPL								
Held-for-trading financial liabilities	3,703	(540)	-	-	-	-	-	3,163

3) Valuation techniques and inputs applied for the purpose of measuring 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 the purpose of measuring Level 3 fair value measurement

Fair value evaluation categorized as Level 3 included but not limited to FVTPL (bonds), derivatives, and available-for-sale financial assets (equity securities).

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 quantified information of significant unobservable inputs is tabled as follow.

	Fair Value	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted-average)	Notes
<u>Non-derivative financial assets</u>					
Financial assets at FVTPL Corporate bonds	\$ 1,253,244	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 Stocks	13,919,065	Net assets method	Lack of market liquidity discount	0%-10%	The increase in discount from lack of market liquidity decreases fair value.
Bonds	875,848	Bids from counterparties	Lack of market liquidity discount	0%-10%	The increase in discount from lack of market liquidity decreases fair value.
<u>Derivative financial assets</u>					
Financial assets at FVTPL Interest rate swap	5,730	Discounted cash flow	Fluctuating	0%-10%	The increase in volatility increases fair value.
Option	25,834	Discounted cash flow	Fluctuating	0%-10%	The increase in volatility increases fair value.
<u>Derivative financial liabilities</u>					
Financial liability at FVTPL Option	25,834	Discounted cash flow	Fluctuating	0%-10%	The increase in volatility increases fair value.

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

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

June 30, 2016

	Changes in Fair Value Reflected in Profit or Loss		Changes in Fair Value Reflected in Other Comprehensive Income	
	Favorable	Unfavorable	Favorable	Unfavorable
<u>Assets</u>				
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	-	-	139,310	(3,604)
<u>Liabilities</u>				
Financial liabilities at FVTPL Held-for-trading financial liabilities	-	(22,903)	-	-

December 31, 2015

	Changes in Fair Value Reflected in Profit or Loss		Changes in Fair Value Reflected in Other Comprehensive Income	
	Favorable	Unfavorable	Favorable	Unfavorable
<u>Assets</u>				
Financial assets at FVTPL				
Held-for-trading financial assets	\$ -	\$ (5,556)	\$ -	\$ -
Financial assets designated as at fair value	-	(1,565)	-	-
Available-for-sale financial assets	-	-	142,440	(4,635)
<u>Liabilities</u>				
Financial liabilities at FVTPL				
Held-for-trading financial liabilities	2,292	-	-	-

June 30, 2015

	Changes in Fair Value Reflected in Profit or Loss		Changes in Fair Value Reflected in Other Comprehensive Income	
	Favorable	Unfavorable	Favorable	Unfavorable
<u>Assets</u>				
Financial assets at FVTPL				
Held-for-trading financial assets	\$ -	\$ (2,626)	\$ -	\$ -
Financial assets designated as at fair value	-	(1,839)	-	-
Available-for-sale financial assets	-	-	141,772	(7,032)
<u>Liabilities</u>				
Financial liabilities at FVTPL				
Held-for-trading financial liabilities	322	-	-	-

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

June 30, 2016

	Changes in Fair Value Reflected in Profit or Loss		Changes in Fair Value Reflected in Other Comprehensive Income	
	Favorable	Unfavorable	Favorable	Unfavorable
<u>Assets</u>				
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	(139,190)
<u>Liabilities</u>				
Financial liabilities at FVTPL				
Held-for-trading financial liabilities	276	(17,428)	-	-

December 31, 2015

	Changes in Fair Value Reflected in Profit or Loss		Changes in Fair Value Reflected in Other Comprehensive Income	
	Favorable	Unfavorable	Favorable	Unfavorable
<u>Assets</u>				
Financial assets at FVTPL				
Held-for-trading financial assets	\$ -	\$ (8,592)	\$ -	\$ -
Financial assets designated as at fair value	1,565	-	-	-
Available-for-sale financial assets	-	-	4,801	(142,440)
<u>Liabilities</u>				
Financial liabilities at FVTPL				
Held-for-trading financial liabilities	5,325	-	-	-

June 30, 2015

	Changes in Fair Value Reflected in Profit or Loss		Changes in Fair Value Reflected in Other Comprehensive Income	
	Favorable	Unfavorable	Favorable	Unfavorable
<u>Assets</u>				
Financial assets at FVTPL				
Held-for-trading financial assets	\$ -	\$ (7,091)	\$ -	\$ -
Financial assets designated as at fair value	1,839	-	-	-
Available-for-sale financial assets	-	-	6,615	(141,772)
<u>Liabilities</u>				
Financial liabilities at FVTPL				
Held-for-trading financial liabilities	4,793	-	-	-

c. Financial risk management

1) Risk management

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

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

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

2) Credit risk

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

To ensure that the credit risk is controlled within a tolerable range, the Group established an internal standard for credit risk. In that standard, all transactions are analyzed whether in the banking book or in the trading book, and either in-balance-sheet or off-balance-sheet, to identify the inherent and potential risks. The Group examines and confirms credit risk in accordance with the rules before launching new products and business. Furthermore, the Group also establishes a risk management system for complicated credit business such as factoring, credit derivative financial instruments and so on.

The Group's foreign operation units adopt policies and standards same 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 (loan commitments and guarantees included)

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

i) Classification of credit assets

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

ii) Credit quality rating

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

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

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

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

ii. Due from and call loans to bank

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

iii. Debt investment and derivative financial instruments

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

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

b) Policies of credit risk hedging or mitigation

i. Collaterals

The Group applies series of policies to decrease credit risks in its lending business. Among those policies is to request collaterals from creditors. To secure the creditor's rights, the Group has established procedures for pledge, valuation, management, and disposal of collaterals. Collaterals for business other than loan borrowings vary by the nature of 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

To avoid excessive credit risk concentration, the credit policies of the Group regulate the credit balances of single counterparty and single group. Investment policies and equity-investment risk control policies further regulate the credit balances of single natural person, enterprise, or related party. The Group further implements concentration policies, which monitor and manage the credit limitation and concentration in one single counterparty, different enterprises, related parties, industries, and countries. The policies are based on individual criteria in different categories including but not limited to industries, enterprises, and stock-pledged loans.

iii. Other mechanism for credit risk management

To further decrease credit risks, the contracts also stipulate that the Group may decrease the balances, shorten the maturity period, demand immediate payback, or offset creditors' assets in the Group to offset the liabilities.

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

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

June 30, 2016

	Maximum Exposure to Credit Risk Mitigated by			
	Collateral	Master Netting Arrangement	Other Credit Enhancements	Total
Receivables	\$ 1,463,719	\$ 776,867	\$ 643,935	\$ 2,884,521
Discount and loans	624,977,307	-	50,478,899	675,456,206
Held-for-trading financial assets - short-term bills	-	-	18,817,954	18,817,954
Financial assets at fair value through profit or loss - bonds	-	-	484,425	484,425
Available-for-sale financial assets - bonds	-	-	4,020,813	4,020,813

December 31, 2015

	Maximum Exposure to Credit Risk Mitigated by			
	Collateral	Master Netting Arrangement	Other Credit Enhancements	Total
Receivables	\$ 969,324	\$ 56,218	\$ 594,256	\$ 1,619,798
Discount and loans	637,950,050	-	64,935,817	702,885,867
Available-for-sale financial assets - bonds	-	-	1,888,663	1,888,663
Available-for-sale financial assets - short-term bills	-	-	20,127,374	20,127,374
Held-to-maturity - bonds	-	-	4,163,543	4,163,543

June 30, 2015

	Maximum Exposure to Credit Risk Mitigated by			
	Collateral	Master Netting Arrangement	Other Credit Enhancements	Total
Receivables	\$ 1,384,512	\$ -	\$ 756,898	\$ 2,141,410
Discount and loans	631,164,695	-	68,901,821	700,066,516
Held-for-trading financial assets - short-term bills	-	-	16,645,001	16,645,001
Available-for-sale financial assets - bonds	-	-	3,926,211	3,926,211
Held-to-maturity - bonds	-	-	154,282	154,282

c) Credit risk exposures

The maximum exposure of the Group's assets in the balance sheet is equivalent to the book value while the pledged assets and other credit enhancements are not considered. Maximum credit exposure of the Group's off-balance sheet items (without considering collateral or other credit enhancements and irrevocable maximum exposure) are as follows:

	June 30, 2016	December 31, 2015	June 30, 2015
Developed and noncancelable loan commitments	\$ 40,519,445	\$ 33,212,793	\$ 28,938,723
Noncancelable credit card commitments	1,116,963	1,140,656	1,161,102
Issued but unused letters of credit	48,361,191	18,107,491	47,075,836
Other guarantees	48,265,079	44,601,074	52,179,311

The Group assessed that it could continually control and minimize credit risk exposure of its 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 significantly concentrated on same individuals or groups engaged in activities with similar economic characteristics, which may lead their ability to fulfill contractual obligations being affected by similar changes in economic or other conditions.

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

i. Counterparty

Counterparty	June 30, 2016		December 31, 2015		June 30, 2015	
	Amount	% to Total	Amount	% to Total	Amount	% to Total
Private sector	\$ 516,277,893	63	\$ 539,692,751	63	\$ 525,984,281	63
Consumer	290,547,784	35	298,262,841	35	297,151,089	35
Financial institution	10,358,570	1	10,362,140	1	9,712,093	1
Others	<u>8,095,720</u>	<u>1</u>	<u>8,885,340</u>	<u>1</u>	<u>8,528,861</u>	<u>1</u>
	<u>\$ 825,279,967</u>	<u>100</u>	<u>\$ 857,203,072</u>	<u>100</u>	<u>\$ 841,376,324</u>	<u>100</u>

ii. Region

Region	June 30, 2016		December 31, 2015		June 30, 2015	
	Amount	% to Total	Amount	% to Total	Amount	% to Total
R.O.C.	\$ 503,091,272	61	\$ 506,430,546	59	\$ 488,739,593	58
Asia Pacific excluding R.O.C.	248,778,785	30	280,633,893	33	285,227,927	34
Others	<u>73,409,910</u>	<u>9</u>	<u>70,138,633</u>	<u>8</u>	<u>67,408,806</u>	<u>8</u>
	<u>\$ 825,279,967</u>	<u>100</u>	<u>\$ 857,203,072</u>	<u>100</u>	<u>\$ 841,376,326</u>	<u>100</u>

iii. Collaterals assumed

Collaterals Assumed	June 30, 2016		December 31, 2015		June 30, 2015	
	Amount	% to Total	Amount	% to Total	Amount	% to Total
Unsecured	\$ 145,659,931	18	\$ 148,849,843	17	\$ 137,013,595	16
Secured						
Properties	549,108,868	67	549,613,371	64	363,022,943	43
Guarantee	52,910,624	6	42,548,357	5	66,297,863	8
Financial collateral	41,663,259	5	73,134,396	9	214,481,698	25
Movable properties	6,356,212	1	7,621,532	1	24,380,594	3
Other collaterals	<u>29,581,073</u>	<u>3</u>	<u>35,435,573</u>	<u>4</u>	<u>36,179,633</u>	<u>5</u>
	<u>\$ 825,279,967</u>	<u>100</u>	<u>\$ 857,203,072</u>	<u>100</u>	<u>\$ 841,376,326</u>	<u>100</u>

e) Information on credit risk quality

Part of the financial assets held by the Group, including cash and cash equivalents, due from the central bank and call loans to banks, financial assets at fair value through profit or loss, investment in bills and bonds with resale agreements, guarantee deposits paid, security business, and clearing and settlement fund, etc. are assessed 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:

i. Credit quality analysis of discounts and loans and receivables

i) The Bank and its domestic subsidiaries

June 30, 2016	Neither Past Due Nor Impaired				Overdue but Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Allowance for impairment (D)		Net Amount (A)+(B)+(C)-(D)
	Strong	Moderate	Special Mention	Subtotal (A)				Objective Evidence of Impairment	No Objective Evidence of Impairment	
Receivables										
Credit card	\$ 1,305,605	\$ 598,923	\$ 60,926	\$ 1,965,454	\$ 41,110	\$ 73,779	\$ 2,080,343	\$ 59,510	\$ 149,001	\$ 1,871,832
Others	4,187,248	3,695,021	93,773	7,976,042	70,074	137,936	8,184,052	85,061	119,083	7,979,908
Discounts and loans	355,258,612	155,109,661	36,286,235	546,654,508	7,412,412	8,035,980	562,102,900	3,082,910	5,926,360	553,093,630

December 31, 2015	Neither Past Due Nor Impaired				Overdue but Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Allowance for impairment (D)		Net Amount (A)+(B)+(C)-(D)
	Strong	Moderate	Special Mention	Subtotal (A)				Objective Evidence of Impairment	No Objective Evidence of Impairment	
Receivables										
Credit card	\$ 1,180,748	\$ 620,850	\$ 63,117	\$ 1,864,715	\$ 44,582	\$ 76,777	\$ 1,986,074	\$ 61,152	\$ 144,133	\$ 1,780,789
Others	3,500,252	2,826,576	103,921	6,430,749	50,370	28,573	6,509,692	11,765	142,778	6,355,149
Discounts and loans	366,370,487	158,686,404	43,116,809	568,173,700	4,233,253	13,150,614	585,557,567	3,617,913	5,522,700	576,416,954

June 30, 2015	Neither Past Due Nor Impaired				Overdue but Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Allowance for impairment (D)		Net Amount (A)+(B)+(C)-(D)
	Strong	Moderate	Special Mention	Subtotal (A)				Objective Evidence of Impairment	No Objective Evidence of Impairment	
Receivables										
Credit card	\$ 1,243,356	\$ 634,383	\$ 64,314	\$ 1,942,053	\$ 47,606	\$ 77,254	\$ 2,066,913	\$ 62,601	\$ 133,119	\$ 1,871,193
Others	3,883,019	3,819,059	77,791	7,779,869	67,586	42,954	7,890,409	32,930	127,635	7,729,844
Discounts and loans	337,854,738	182,448,161	31,819,927	552,122,826	13,742,328	9,822,789	575,687,943	3,424,689	5,485,886	566,777,368

ii) SCB (HK)

June 30, 2016	Neither Past Due Nor Impaired Amount						Past Due but Not Impaired Amount (B)	Impaired Amount (C)	Total (A)+(B)+(C)	Allowance for Impairment (D)		Net Amount (A)+(B)+(C)-(D)
	Pass	Special Mentioned	Sub-Standard	Doubtful	Loss	Subtotal (A)				Objective Evidence of Impairment	No Objective Evidence of Impairment	
Receivables												
Credit card	\$ 893,949	\$ 26,423	\$ -	\$ -	\$ -	\$ 920,372	\$ 14,993	\$ 11,884	\$ 947,249	\$ 5,253	\$ 14,569	\$ 927,427
Others	8,082,348	-	-	-	-	8,082,348	-	-	8,082,348	-	-	8,082,348
Discounts and loans	234,451,424	23,118,943	-	-	-	257,570,367	4,377,629	1,229,071	263,177,067	95,941	1,044,180	262,036,946

December 31, 2015	Neither Past Due Nor Impaired Amount						Past Due but Not Impaired Amount (B)	Impaired Amount (C)	Total (A)+(B)+(C)	Allowance for Impairment (D)		Net Amount (A)+(B)+(C)-(D)
	Pass	Special Mentioned	Sub-Standard	Doubtful	Loss	Subtotal (A)				Objective Evidence of Impairment	No Objective Evidence of Impairment	
Receivables												
Credit card	\$ 1,025,337	\$ 30,002	\$ -	\$ -	\$ -	\$ 1,055,339	\$ 14,296	\$ 8,791	\$ 1,078,426	\$ 2,806	\$ 17,858	\$ 1,057,762
Others	5,925,011	-	-	-	-	5,925,011	-	-	5,925,011	-	-	5,925,011
Discounts and loans	254,410,440	12,281,401	-	-	-	266,691,841	2,861,256	2,092,408	271,645,505	107,159	1,042,036	270,496,310

June 30, 2015	Neither Past Due Nor Impaired Amount						Past Due but Not Impaired Amount (B)	Impaired Amount (C)	Total (A)+(B)+(C)	Allowance for Impairment (D)		Net Amount (A)+(B)+(C)-(D)
	Pass	Special Mentioned	Sub-Standard	Doubtful	Loss	Subtotal (A)				Objective Evidence of Impairment	No Objective Evidence of Impairment	
Receivables												
Credit card	\$ 900,404	\$ 29,365	\$ -	\$ -	\$ -	\$ 929,769	\$ 13,355	\$ 13,167	\$ 956,291	\$ 5,029	\$ 14,403	\$ 936,859
Others	11,947,064	-	-	-	-	11,947,064	-	-	11,947,064	-	-	11,947,064
Discounts and loans	256,594,042	4,864,963	-	-	-	261,459,005	2,621,493	1,607,883	265,688,381	78,912	1,028,531	264,580,938

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

i) The Bank and its domestic subsidiaries

June 30, 2016	Neither Past Due Nor Impaired			
	Strong	Moderate	Special Mentioned	Total
Consumer banking				
Housing mortgage	\$ 152,162,130	\$ 19,000,924	\$ 823,033	\$ 171,986,087
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

December 31, 2015	Neither Past Due Nor Impaired			
	Strong	Moderate	Special Mentioned	Total
Consumer banking				
Housing mortgage	\$ 155,191,160	\$ 19,452,400	\$ 1,071,825	\$ 175,715,385
Credit loans	942,713	245,427	6,278	1,194,418
Others	16,419,302	3,788,254	230,630	20,438,186
Corporate banking				
Secured	94,216,232	87,312,102	28,680,098	210,208,432
Unsecured	99,601,080	47,888,221	13,127,978	160,617,279
Total	\$ 366,370,487	\$ 158,686,404	\$ 43,116,809	\$ 568,173,700

June 30, 2015	Neither Past Due Nor Impaired			
	Strong	Moderate	Special Mentioned	Total
Consumer banking				
Housing mortgage	\$ 147,689,758	\$ 22,028,964	\$ 6,525,681	\$ 176,244,403
Credit loans	782,275	251,813	106,194	1,140,282
Others	11,109,157	5,771,310	3,044,134	19,924,601
Corporate banking				
Secured	93,285,625	93,881,557	14,074,758	201,241,940
Unsecured	84,987,923	60,514,517	8,069,160	153,571,600
Total	\$ 337,854,738	\$ 182,448,161	\$ 31,819,927	\$ 552,122,826

ii) SCB (HK)

June 30, 2016	Neither Past Due Not Impaired					
	Pass	Special Mentioned	Sub-Standard	Doubtful	Loss	Subtotal
Consumer banking						
Housing mortgage	\$ 32,174,023	\$ 2,747,775	\$ -	\$ -	\$ -	\$ 34,921,798
Credit loans	2,901,628	123,683	-	-	-	3,025,311
Others	20,723,041	967,587	-	-	-	21,690,628
Corporate banking						
Secured	133,425,267	12,267,750	-	-	-	145,693,017
Unsecured	23,730,974	1,364,726	-	-	-	25,095,700
Discounts	3,172	-	-	-	-	3,172
Overdrafts	9,739,619	3,481,295	-	-	-	13,220,914
Inward/outward documentary bills	11,753,700	2,166,127	-	-	-	13,919,827
Total	\$ 234,451,424	\$ 23,118,943	\$ -	\$ -	\$ -	\$ 257,570,367

December 31, 2015	Neither Past Due Not Impaired					
	Pass	Special Mentioned	Sub-Standard	Doubtful	Loss	Subtotal
Consumer banking						
Housing mortgage	\$ 33,971,505	\$ 1,782,726	\$ -	\$ -	\$ -	\$ 35,754,231
Credit loans	1,480,171	109,384	-	-	-	1,589,555
Others	24,272,086	556,132	-	-	-	24,828,218
Corporate banking						
Secured	144,821,876	6,682,592	-	-	-	151,504,468
Unsecured	23,824,219	402,426	-	-	-	24,226,645
Discounts	993	-	-	-	-	993
Overdrafts	11,837,722	1,855,668	-	-	-	13,693,390
Inward/outward documentary bills	14,201,868	892,473	-	-	-	15,094,341
Total	\$ 254,410,440	\$ 12,281,401	\$ -	\$ -	\$ -	\$ 266,691,841

June 30, 2015	Neither Past Due Nor Impaired					
	Pass	Special Mentioned	Sub-Standard	Doubtful	Loss	Subtotal
Consumer banking						
Housing mortgage	\$ 32,982,325	\$ 754,144	\$ -	\$ -	\$ -	\$ 33,736,469
Credit loans	1,971,379	12,832	-	-	-	1,984,211
Others	23,796,054	108,991	-	-	-	23,905,045
Corporate banking						
Secured	145,777,767	2,671,151	-	-	-	148,448,918
Unsecured	18,836,670	86,995	-	-	-	18,923,665
Discounts	1,675	-	-	-	-	1,675
Overdrafts	13,134,684	846,052	-	-	-	13,980,736
Inward/outward documentary bills	20,093,488	384,798	-	-	-	20,478,286
Total	\$ 256,594,042	\$ 4,864,963	\$ -	\$ -	\$ -	\$ 261,459,005

iii. Delays caused by loan processing and other administrative issues may result in financial assets overdue but not impaired.

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

Items	June 30, 2016			
	Past Due Up to a Month	Past Due One to Three Months	Past Due Over Three Months	Total
Receivables				
Credit card	\$ 50,793	\$ 5,310	\$ -	\$ 56,103
Others	63,837	6,237	-	70,074
Discounts and loans				
Consumer banking				
Housing mortgage	3,185,722	1,032,148	22,997	4,240,867
Credit loans	23,161	2,395	-	25,556
Others	519,559	141,240	911	661,710
Corporate banking				
Secured	4,865,358	936,618	-	5,801,976
Unsecured	689,016	135,205	-	824,221
Subtotal loans	9,282,816	2,247,606	23,908	11,554,330
Overdrafts	-	31,185	-	31,185
Inward/outward documentary bills	69,975	134,551	-	204,526
Total	\$ 9,352,791	\$ 2,413,342	\$ 23,908	\$ 11,790,041

Items	December 31, 2015			
	Past Due Up to a Month	Past Due One to Three Months	Past Due Over Three Months	Total
Receivables				
Credit card	\$ 53,361	\$ 5,517	\$ -	\$ 58,878
Others	44,580	5,790	-	50,370
Discounts and loans				
Consumer banking				
Housing mortgage	2,604,709	305,653	2,284	2,912,646
Credit loans	12,532	1,499	-	14,031
Others	387,863	807	1,235	389,905
Corporate banking				
Secured	2,591,792	187,207	21,224	2,800,223
Unsecured	732,267	-	-	732,267
Subtotal loans	6,329,163	495,166	24,743	6,849,072
Overdrafts	-	1,711	3,166	4,877
Inward/outward documentary bills	71,342	57,220	111,998	240,560
Total	\$ 6,400,505	\$ 554,097	\$ 139,907	\$ 7,094,509

Items	June 30, 2015			
	Past Due Up to a Month	Past Due One to Three Months	Past Due Over Three Months	Total
Receivables				
Credit card	\$ 56,286	\$ 4,675	\$ -	\$ 60,961
Others	60,494	7,092	-	67,586
Discounts and loans				
Consumer banking				
Housing mortgage	5,040,631	1,017,041	2,229	6,059,901
Credit loans	32,436	7,487	-	39,923
Others	554,235	84,084	1,444	639,763
Corporate banking				
Secured	5,871,764	587,774	225,475	6,685,013
Unsecured	2,241,185	261,550	-	2,502,735
Subtotal loans	13,740,251	1,957,936	229,148	15,927,335
Overdrafts	-	8,928	-	8,928
Inward/outward documentary bills	105,155	91,114	231,289	427,558
Total	\$ 13,845,406	\$ 2,057,978	\$ 460,437	\$ 16,363,821

iv. Credit quality analysis of security investment

i) The Bank

June 30, 2016	Neither Past Due Nor Impaired						Past Due but Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Allowance for Impairment (D)	Net Amount (A)+(B)+(C)-(D)
	Excellent	Good	Moderate	Normal	Unrated	Subtotal (A)					
Available-for-sale financial assets											
Bonds	\$ 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
Stocks	-	-	-	-	11,371,266	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
Other financial assets	-	-	-	-	5,179	5,179	-	-	5,179	-	5,179

December 31, 2015	Neither Past Due Nor Impaired						Past Due but Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Allowance for Impairment (D)	Net Amount (A)+(B)+(C)-(D)
	Excellent	Good	Moderate	Normal	Unrated	Subtotal (A)					
Available-for-sale financial assets											
Bonds	\$ 58,296,075	\$ 17,510,367	\$ 26,727,806	\$ 12,701,713	\$ 500,000	\$ 115,735,961	\$ -	\$ 98,700	\$ 115,834,661	\$ 98,700	\$ 115,735,961
Stocks	-	-	-	-	11,839,684	11,839,684	-	-	11,839,684	-	11,839,684
Bills	-	-	1,000,340	-	-	1,000,340	-	-	1,000,340	-	1,000,340
Held-to-maturity financial assets											
Bonds	93,613	162,463	285,115	-	-	541,191	-	-	541,191	-	541,191
Bills	81,600,000	-	-	-	-	81,600,000	-	-	81,600,000	-	81,600,000
Financial assets designated as at fair value											
Bonds	-	164,500	325,047	329,000	230,300	1,048,847	-	-	1,048,847	-	1,048,847

June 30, 2015	Neither Past Due Nor Impaired						Past Due but Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Allowance for Impairment (D)	Net Amount (A)+(B)+(C)-(D)
	Excellent	Good	Moderate	Normal	Unrated	Subtotal (A)					
Available-for-sale financial assets											
Bonds	\$ 53,784,771	\$ 16,634,480	\$ 27,075,857	\$ 3,590,343	\$ 500,000	\$ 101,585,451	\$ -	\$ 92,739	\$ 101,678,190	\$ 92,739	\$ 101,585,451
Stocks	-	-	-	-	11,596,428	11,596,428	-	-	11,596,428	-	11,596,428
Bills	1,195,063	-	13,701,657	-	-	14,896,720	-	-	14,896,720	-	14,896,720
Held-to-maturity financial assets											
Bonds	93,532	-	306,548	-	-	400,080	-	-	400,080	-	400,080
Bills	87,700,000	-	-	-	-	87,700,000	-	-	87,700,000	-	87,700,000
Financial assets designated as at fair value											
Bonds	4,983	154,565	306,386	388,884	463,695	1,318,513	-	-	1,318,513	-	1,318,513
Other financial assets											
Debt	-	-	-	-	200,000	200,000	-	-	200,000	-	200,000
Stocks	-	-	-	-	5,179	5,179	-	-	5,179	-	5,179

ii) SCB (HK)

June 30, 2016	Neither Past Due Nor Impaired						Past Due but Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Allowance for Impairment (D)	Net Amount (A)+(B)+(C)-(D)
	Pass	Special Mentioned	Sub-Standard	Doubtful	Loss	Subtotal (A)					
Available-for-sale financial assets											
Bonds	\$ 82,458,253	\$ -	\$ -	\$ -	\$ -	\$ 82,458,253	\$ -	\$ -	\$ 82,458,253	\$ -	\$ 82,458,253
Stocks	12,718,673	-	-	-	-	12,718,673	-	-	12,718,673	-	12,718,673
Bills	80,542,568	-	-	-	-	80,542,568	-	-	80,542,568	-	80,542,568
Held-to-maturity financial assets											
Bonds	9,823,855	-	-	-	-	9,823,855	-	-	9,823,855	-	9,823,855
Bills	645,900	-	-	-	-	645,900	-	-	645,900	-	645,900

December 31, 2015	Neither Past Due Nor Impaired						Past Due but Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Allowance for Impairment (D)	Net Amount (A)+(B)+(C)-(D)
	Pass	Special Mentioned	Sub-Standard	Doubtful	Loss	Subtotal (A)					
Available-for-sale financial assets											
Bonds	\$ 71,686,929	\$ -	\$ -	\$ -	\$ -	\$ 71,686,929	\$ -	\$ -	\$ 71,686,929	\$ -	\$ 71,686,929
Stocks	13,195,920	-	-	-	-	13,195,920	-	-	13,195,920	-	13,195,920
Bills	77,255,395	-	-	-	-	77,255,395	-	-	77,255,395	-	77,255,395
Held-to-maturity financial assets											
Bonds	9,972,210	-	-	-	-	9,972,210	-	-	9,972,210	-	9,972,210
Bills	658,000	-	-	-	-	658,000	-	-	658,000	-	658,000

June 30, 2015	Neither Past Due Nor Impaired						Past Due but Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Allowance for Impairment (D)	Net Amount (A)+(B)+(C)-(D)
	Pass	Special Mentioned	Sub-Standard	Doubtful	Loss	Subtotal (A)					
Available-for-sale financial assets											
Bonds	\$ 46,197,811	\$ -	\$ -	\$ -	\$ -	\$ 46,197,811	\$ -	\$ -	\$ 46,197,811	\$ -	\$ 46,197,811
Stocks	13,032,540	-	-	-	-	13,032,540	-	-	13,032,540	-	13,032,540
Bills	62,559,839	-	-	-	-	62,559,839	-	-	62,559,839	-	62,559,839
Held-to-maturity financial assets											
Bonds	9,173,355	-	-	-	-	9,173,355	-	-	9,173,355	-	9,173,355
Bills	618,260	-	-	-	-	618,260	-	-	618,260	-	618,260

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 interest rates, foreign exchange rate, including equity securities price and commodity price.

The Group's financial instruments are exposed to price, interest rate and foreign exchange rate risks. Major market risk exposures of equity securities include listed stocks and funds. Major interest risk exposures consist of bonds and interest rate derivative instruments such as fixed and floating interest rate swap and bond options. Major foreign exchange risk is exposure to the foreign currencies held by the Group.

b) Market risk management policies

The Group monitors its market risk positions and tolerable loss according to the risk management objective and limit approved by the Bank's board of directors.

The Group also builds a market risk information system, which enables the Group to effectively monitor the management of facilities, assessment of gains and losses, analysis of sensitivity factors of the Group's all sorts of financial instruments positions, etc. Such policies would be reported in risk control meetings and serves as references for the decision making of management personnel.

The Group categorized market risk exposures into portfolios for trading and held-for-fixed-income which are managed and monitored under both the Group's trading and risk management department. Routine control report would be reviewed by the Bank's board of directors and relevant committees.

c) Market risk management process

i. Recognition and measurement

The Group's trading and risk management departments both identify the underlying market risk factors to measure market risks. Market risk factors are those elements which could affect the value of interest rates, foreign exchange rates and equity securities, such as exposures, gains and losses and sensitivity (PVO1, Delta, Beta) etc. The Group uses these factors to measure the impact on its equity securities and investment portfolios by market risk.

ii. Monitor and report

The Group's risk management department periodically reports to the Bank's board of directors about the information regarding the result of market risk management, total exposures, related gains and losses, sensitivity analysis and pressure test. Therefore, the Bank's board of directors could well understand market risk control. The Group has established explicit reporting process, the ceiling limit of trading and stop-loss limit for its daily transactions. Stop-loss orders must be taken when the limit is reached, unless approved by management. Trading department shall report to relevant committee regularly before disposal.

d) Interest rate management policies

i. Definition of interest rate risk

Interest rate risk represents risks that the Group suffers losses or changes in fair value of its trading portfolio resulting from interest rate variation. Major exposures consist of securities and derivatives.

ii. Purpose of interest risk management

Interest rate risk management enhances the Group's resilience 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 Group should carefully choose investment target through conducting research in sponsor's credit, financial status, country risks and interest rate trend. The Group should also establish trading amount limit and stop-loss limit including limit for trading room, trading personnel and trading product etc. according to trading book operation policies and market status which is approved by top management personnel and the Bank's board of directors.

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

When the risk tolerance is exceeded, risk management department should report to the Assets and Liabilities Management Committee immediately and conclude further actions.

iv. Measurement methods

The Group measures re-pricing risk resulting from the gap between different maturities and re-pricing dates of assets, liabilities, and even off-balance sheet items. The Group also establishes interest rate sensitivity indicators for its major debt instruments in order to maintain long-term profitability and business growth. Such interest rate indicators and results of pressure test is reviewed by management periodically. In addition, the Group uses the DV01 to measure portfolio that is affected by interest rate regularly.

e) Foreign exchange rate risk management

i. Definition of foreign exchange risk

Foreign exchange risk means gains and losses resulting from exchanging currencies at different time slots. The Group's foreign exchange rate risk mainly results from spot and forward foreign exchange business. The Group's foreign exchange rate risk is relatively insignificant due to the fact that the Group usually settles customers' positions within the same day.

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

In order to control foreign exchange rate risk within tolerable range, the Group has established trading limit, stop-loss limit and annual maximum loss for trading department as a whole and for trading personnel individually. Therefore, the risk is controlled within the tolerable range.

The Group performs pressure test assuming a 3% exchange rate fluctuation on its major foreign currencies (USD) at least once a quarter and reports the result to the Bank's board of directors.

f) Equity securities price risk management

i. Definition of equity securities price risk

The market risk of equity securities held by the Group includes risk caused by price fluctuation on individual equity security and general risk for price changes in entire equity security market.

ii. Purpose of equity security price risk management

The main purpose of equity security price risk management is to prevent deterioration of the Group's financial position and decrease in earnings due to violent fluctuation in equity security prices, to enhance capital efficiency and to improve operation.

iii. Procedures of equity security price risk management

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

iv. Measurement method

The Group controls its security price risk by the risk values.

g) Market valuation technique

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

i. Sensitivity analysis

i) Interest rate risk

The Group has assessed the possible impact on income if all yield curves worldwide move between -100 to +100 from base points simultaneously on June 30, 2016, December 31, 2015 and June 30, 2015. Please refer to the table below.

ii) Foreign exchange rate risk

The Group has assessed the possible impact on income when exchange rate to NTD of various currencies fluctuate between -3% and +3% while other factors remain unchanged. Please refer to the table below.

The functional currency of SCB is HKD, and its main foreign currency is USD. While they are connected to a linked exchange rate system, the Group assessed that there is no significant foreign exchange rate risk in SCB.

iii) Equity securities price risk

The Group has assessed the possible impact on income when the prices of equity securities rise or fall by 10% while other factors remain unchanged on June 30, 2016, December 31, 2015 and June 30, 2015. Please refer to the table below.

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

ii. Sensitivity analysis is summarized as follows:

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	(8,915,020)	(132,870)
Interest rate risk	Rate curve decreased 100BPS	8,915,020	132,870
Price risk of equity securities	Price of equity securities increase 10%	1,746,290	9,073
Price risk of equity securities	Price of equity securities decrease 10%	(1,746,290)	(9,073)

December 31, 2015			
Major Risk	Variation Range	Amount	
		Equity	Profit or Loss
Foreign exchange risk	Various currencies/NTD increased 3%	\$ 1,740,240	\$ 25,324
Foreign exchange risk	Various currencies/NTD decreased 3%	(1,740,240)	(25,324)
Interest rate risk	Rate curve increased 100BPS	(5,007,264)	(40,063)
Interest rate risk	Rate curve decreased 100BPS	5,007,264	40,063
Price risk of equity securities	Price of equity securities increase 10%	1,888,583	14,098
Price risk of equity securities	Price of equity securities decrease 10%	(1,888,583)	(14,098)

June 30, 2015			
Major Risk	Variation Range	Amount	
		Equity	Profit or Loss
Foreign exchange risk	Various currencies/NTD increased 3%	\$ 1,577,701	\$ 37,845
Foreign exchange risk	Various currencies/NTD decreased 3%	(1,577,701)	(37,845)
Interest rate risk	Rate curve increased 100BPS	(3,477,183)	401,622
Interest rate risk	Rate curve decreased 100BPS	3,477,183	(401,622)
Price risk of equity securities	Price of equity securities increase 10%	1,872,798	62,520
Price risk of equity securities	Price of equity securities decrease 10%	(1,872,798)	(62,520)

4) Liquidity risk

a) The sources and definition of liquidity risk

The liquidity risk is the possibility that the Group is unable to liquidate assets or obtain financing to fulfill matured financial liabilities which may result in financial loss. Liquidity risk may be present when, for example, deposits are withdrawn in advance of the original date of settlement, the market becomes worse and borrowing from other banks becomes difficult, the clients' credit deteriorates leading 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 for the loans, trading, and investment. In some extreme circumstances, the lack of liquidity may lead to the decrease in the overall assets and liabilities, the need to liquidate the Group's assets and the possibility of 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 management procedures are monitored by the independent department of risk management; the procedures are as follows:

- i. Regular financing and monitoring of cash flows to ensure the fulfillment of the requirements in the future.
- ii. Maintaining appropriate position of high liquidity assets which are easily realizable.
- iii. Monitoring of liquidity ratios of the balance sheet according to the internal management purposes and external monitoring rules.
- iv. Managing the maturity date of debt instruments.

The procedures for monitoring and reporting liquidation risk are applied and measured based on the estimated cash flows (the time gap is based on how the Group manages the liquidity risk) of 1 day, 10 days, and 1 month. Estimates of future cash flows are based on the maturity analysis of financial assets and liabilities. The risk management department also monitors the use of loan commitment, discount facilities, guarantee letters, and other types of contingent liabilities, and furthermore reports the related information to the risk management committee and the Bank's board of directors regularly.

The Group holds certain position of highly liquid interest bearing assets to fulfill its obligation and for future emergent needs. To manage the liquidity risk, the Group holds the following assets: Cash and cash equivalents, due from the Central Bank and banks, financial assets at fair value through profit or loss, and securities purchased under resell agreements, etc.

c) Maturity analysis

The analysis of cash outflows of non-derivative financial liabilities is illustrated according to the remaining terms from date of the balance sheet to maturity date of the contract. The disclosure of cash outflows of non-derivative financial liabilities is based on the cash flows of contracts so that the items could not correspond with all items in the balance sheet.

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	\$ 26,028,760	\$ 3,557,297	\$ 977,410	\$ 2,375,552	\$ 485,167	\$ 33,424,186
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	32,418,199	1,033,881	876,664	356,301	2,391	34,687,436
Deposits and remittances	807,317,827	222,886,149	142,990,832	131,147,854	10,849,216	1,315,191,878
Bank debentures	-	-	-	-	38,150,000	38,150,000
Other financial liabilities	7,768,890	-	-	-	-	7,768,890

December 31, 2015	Due in One Month	Due Between One Month and Three Months	Due Between Three Months and Six Months	Due Between Six Months and One Year	Due After One Year	Total
Due to the Central Bank and banks	\$ 31,404,207	\$ 2,598,470	\$ 1,747,015	\$ 344,290	\$ 1,825,768	\$ 37,919,750
Securities sold under repurchase agreements	2,879,887	188,518	167,936	3,084,335	-	6,320,676
Payables	19,883,044	1,279,402	726,293	444,106	31,793	22,364,638
Deposits and remittances	817,370,343	230,108,381	130,728,012	154,297,445	11,135,132	1,343,639,313
Bank debentures	-	-	-	-	38,150,000	38,150,000
Other financial liabilities	699,566	612,840	338,317	1,074,867	1,254,383	3,979,973

June 30, 2015	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	\$ 29,794,511	\$ 3,392,433	\$ 1,639,215	\$ 321,326	\$ 1,725,961	\$ 36,873,446
Borrowings from the Central Bank and banks	1,545,650	-	-	-	-	1,545,650
Securities sold under repurchase agreements	9,216,231	374,141	200,244	406,064	-	10,196,680
Payables	32,873,544	1,403,334	969,303	428,436	4,266	35,678,883
Deposits and remittances	741,269,057	228,245,741	171,644,644	129,298,001	7,523,055	1,277,980,498
Bank debentures	-	-	2,000,000	-	35,150,000	37,150,000
Other financial liabilities	6,961,212	-	-	-	-	6,961,212

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

i. Derivative financial liabilities of net settlement

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

December 31, 2015	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	\$ 54,878	\$ 37,544	\$ 52,485	\$ 72,051	\$ -	\$ 216,958
Rate derivatives	-	143	290	-	21,397	21,830

June 30, 2015	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	\$ 176,887	\$ 154,133	\$ 39,409	\$ 92,181	\$ -	\$ 462,610
Rate derivatives	130	-	-	1,062	27,098	28,290
Equity derivatives	34	-	-	-	-	34

ii. Derivative financial liabilities of total settlement

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	\$127,346,937	\$ 72,677,391	\$ 17,069,456	\$ 17,435,893	\$ 653,884	\$235,183,561
Cash outflow	127,759,605	72,778,026	17,172,453	17,540,737	652,577	235,903,398

December 31, 2015	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	\$112,503,019	\$ 94,720,152	\$ 73,551,567	\$122,100,340	\$ 49,265	\$402,924,343
Cash outflow	111,948,838	93,245,247	72,437,220	120,206,525	49,350	397,887,180

June 30, 2015	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	\$ 55,998,200	\$ 43,946,865	\$ 25,664,000	\$ 21,506,804	\$ 751,888	\$147,867,757
Cash outflow	56,164,539	44,245,267	25,910,561	21,683,605	753,097	148,757,069

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, 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	\$ 1,545,137	\$ 403,469	\$ 3,981,263	\$ 6,417,006	\$ 28,172,568	\$ 40,519,443
Noncancelable credit card commitments	96,506	193,011	289,517	537,929	-	1,116,963
Issued but unused letters of credit	42,309,083	4,173,005	1,243,374	304,554	331,175	48,361,191
Other guarantees	4,163,275	8,149,641	6,080,380	15,885,015	13,986,768	48,265,079

December 31, 2015	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	\$ 441,669	\$ 2,448,919	\$ 2,193,799	\$ 5,593,405	\$ 22,535,001	\$ 33,212,793
Noncancelable credit card commitments	98,553	197,105	295,658	549,340	-	1,140,656
Issued but unused letters of credit	12,618,738	3,902,171	1,025,115	337,671	223,796	18,107,491
Other guarantees	4,266,371	6,849,596	8,814,798	9,059,458	15,610,851	44,601,074

June 30, 2015	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	\$ 361,598	\$ 2,525,975	\$ 2,175,650	\$ 4,895,005	\$ 18,980,495	\$ 28,938,723
Noncancelable credit card commitments	100,319	200,638	300,958	559,187	-	1,161,102
Issued but unused letters of credit	40,974,600	4,584,396	1,121,044	245,304	150,492	47,075,836
Other guarantees	5,955,138	8,068,635	5,662,414	16,694,774	15,798,350	52,179,311

d. Transfer of financial assets

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

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)

December 31, 2015

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	\$ 6,453,944	\$ 6,320,676	\$ 6,453,944	\$ 6,320,676	\$ 133,268

June 30, 2015

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	\$ 10,175,220	\$ 10,196,680	\$ 10,175,220	\$ 10,196,680	\$ (21,460)

e. Offsetting financial assets and financial liabilities

The Group 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 paid for the net amount of the derivative assets and derivative liabilities. The cash collateral does not meet the offsetting criteria, but it can be set off 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, 2016

Financial Assets	Gross Amounts of Recognized Financial Assets	Gross Amounts of Recognized Financial Liabilities Set Off in the Balance Sheet	Net Amounts of Financial Assets Presented in the Balance Sheet	Related Amounts Not Set Off in the Balance Sheet		Net Amount
				Financial Instruments	Cash Collateral Received	
Derivative	\$ 742,107	\$ -	\$ 742,107	\$ (370,200)	\$ -	\$ 371,907
Reverse repurchase, securities borrowing and similar agreements	<u>1,524,735</u>	<u>747,868</u>	<u>776,867</u>	<u>-</u>	<u>-</u>	<u>776,867</u>
	<u>\$ 2,266,842</u>	<u>\$ 747,868</u>	<u>\$ 1,518,974</u>	<u>\$ (370,200)</u>	<u>\$ -</u>	<u>\$ 1,148,774</u>
Financial Liabilities	Gross Amounts of Recognized Financial Liabilities	Gross Amounts of Recognized Financial Assets Set Off in the Balance Sheet	Net Amounts of Financial Liabilities Presented in the Balance Sheet	Related Amounts Not Set Off in the Balance Sheet		Net Amount
				Financial Instruments	Cash Collateral Pledged	
Derivative	\$ 587,617	\$ -	\$ 587,617	\$ (370,200)	\$ -	\$ 217,417
Repurchase, securities borrowing and similar agreements	<u>749,845</u>	<u>747,868</u>	<u>1,977</u>	<u>-</u>	<u>-</u>	<u>1,977</u>
Repurchase	<u>25,898,813</u>	<u>-</u>	<u>25,898,813</u>	<u>(25,898,813)</u>	<u>-</u>	<u>-</u>
	<u>\$ 27,236,275</u>	<u>\$ 747,868</u>	<u>\$ 26,488,407</u>	<u>\$ (26,269,013)</u>	<u>\$ -</u>	<u>\$ 219,394</u>

December 31, 2015

Financial Assets	Gross Amounts of Recognized Financial Assets	Gross Amounts of Recognized Financial Liabilities Set Off in the Balance Sheet	Net Amounts of Financial Assets Presented in the Balance Sheet	Related Amounts Not Set Off in the Balance Sheet		Net Amount
				Financial Instruments	Cash Collateral Received	
Derivative	\$ 702,311	\$ -	\$ 702,311	\$ (396,479)	\$ -	\$ 305,832
Reverse repurchase, securities borrowing and similar agreements	<u>702,121</u>	<u>643,903</u>	<u>58,218</u>	<u>-</u>	<u>-</u>	<u>58,218</u>
	<u>\$ 1,404,432</u>	<u>\$ 643,903</u>	<u>\$ 760,529</u>	<u>\$ (396,479)</u>	<u>\$ -</u>	<u>\$ 364,050</u>
Financial Liabilities	Gross Amounts of Recognized Financial Liabilities	Gross Amounts of Recognized Financial Assets Set Off in the Balance Sheet	Net Amounts of Financial Liabilities Presented in the Balance Sheet	Related Amounts Not Set Off in the Balance Sheet		Net Amount
				Financial Instruments	Cash Collateral Pledged	
Derivative	\$ 806,032	\$ -	\$ 806,032	\$ (396,479)	\$ -	\$ 409,553
Repurchase, securities borrowing and similar agreements	<u>722,830</u>	<u>643,903</u>	<u>78,927</u>	<u>-</u>	<u>-</u>	<u>78,927</u>
Repurchase	<u>10,196,680</u>	<u>-</u>	<u>10,196,680</u>	<u>(10,196,680)</u>	<u>-</u>	<u>-</u>
	<u>\$ 11,725,542</u>	<u>\$ 643,903</u>	<u>\$ 11,081,639</u>	<u>\$ (10,593,159)</u>	<u>\$ -</u>	<u>\$ 488,480</u>

June 30, 2015

Financial Assets	Gross Amounts of Recognized Financial Assets	Gross Amounts of Recognized Financial Liabilities Set Off in the Balance Sheet	Net Amounts of Financial Assets Presented in the Balance Sheet	Related Amounts Not Set Off in the Balance Sheet		Net Amount
				Financial Instruments	Cash Collateral Received	
Derivative	\$ 346,680	\$ -	\$ 346,680	\$ (208,304)	\$ -	\$ 138,376
Reverse repurchase, securities borrowing and similar agreements	<u>2,454,569</u>	<u>2,454,569</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,801,249</u>	<u>\$ 2,454,569</u>	<u>\$ 346,680</u>	<u>\$ (208,304)</u>	<u>\$ -</u>	<u>\$ 138,376</u>

Financial Liabilities	Gross Amounts of Recognized Financial Liabilities	Gross Amounts of Recognized Financial Assets Set Off in the Balance Sheet	Net Amounts of Financial Liabilities Presented in the Balance Sheet	Related Amounts Not Set Off in the Balance Sheet		Net Amount
				Financial Instruments	Cash Collateral Pledged	
Derivative	\$ 258,333	\$ -	\$ 258,333	\$ (208,304)	\$ -	\$ 50,029
Repurchase, securities borrowing and similar agreements	4,439,798	2,454,569	1,985,229	-	-	1,985,229
Repurchase	<u>10,196,680</u>	<u>-</u>	<u>10,196,680</u>	<u>(10,196,680)</u>	<u>-</u>	<u>-</u>
	<u>\$ 14,894,811</u>	<u>\$ 2,454,569</u>	<u>\$ 12,440,242</u>	<u>\$ (10,404,984)</u>	<u>\$ -</u>	<u>\$ 2,035,258</u>

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

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

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

a. The Bank

	For the Six Months Ended June 30, 2016	
	Average Balance	Average Rate (%)
<u>Interest-earning assets</u>		
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

(Continued)

For the Six Months Ended June 30, 2016		
	Average Balance	Average Rate (%)
<u>Interest-bearing liabilities</u>		
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
(Concluded)		

For the Six Months Ended June 30, 2015		
	Average Balance	Average Rate (%)
<u>Interest-earning assets</u>		
Cash and cash equivalents - due from other banks	\$ 18,326,491	1.26
Due from the Central Bank and call loans to banks	64,220,359	0.85
Financial assets at fair value through profit or loss	35,652,516	0.76
Securities purchased under agreement to resell	10,085,149	0.55
Credit card revolving balances	757,300	14.68
Discounts and loans (excluding nonperforming loans)	575,383,907	2.38
Available-for-sale financial assets	96,997,992	1.72
Held-to-maturity financial assets	87,931,710	0.87
Bills purchased	18,044	1.90

<u>Interest-bearing liabilities</u>		
Due to the Central Bank and banks	14,452,547	1.43
Securities sold under agreement to repurchase	7,930,424	0.53
Borrowings from the Central Bank and banks	8,609	-
Negotiable certificates of deposits	15,977,678	0.71
Demand deposits	190,812,997	0.08
Savings deposits	118,648,065	0.38
Time deposits	341,510,124	1.11
Time-savings	117,520,175	1.32
Bank debentures	37,721,667	1.62
Appropriated loan funds	4,637,792	-
Structured deposit instruments principal	2,227,980	0.71

b. SCB (HK)

For the Six Months Ended June 30, 2016		
	Average Balance	Average Rate (%)
<u>Interest-earning assets</u>		
Due from other banks	\$ 200,841,222	0.89
Discounts and loans (excluding nonperforming loans)	264,957,385	3.42
Credit card revolving balances	222,158	28.39
Debt instruments (including available-for-sale financial assets and held-to-maturity financial assets)	165,184,152	2.52
<u>Interest-bearing liabilities</u>		
Due to other banks	25,319,282	1.11
Demand deposits	214,090,378	0.03
Time deposits	323,807,640	1.33
For the Six Months Ended June 30, 2015		
	Average Balance	Average Rate (%)
<u>Interest-earning assets</u>		
Due from other banks	\$ 219,179,317	1.56
Discounts and loans (excluding nonperforming loans)	101,250,191	2.49
Credit card revolving balances	223,046	26.75
Debt instruments (including available-for-sale financial assets and held-to-maturity financial assets)	269,826,333	3.32
<u>Interest-bearing liabilities</u>		
Due to other banks	23,552,311	0.81
Demand deposits	191,770,245	0.03
Time deposits	309,424,609	1.50

40. CAPITAL MANAGEMENT

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

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

The following table which lists the equity capital, risk-weighted assets, and risk exposure is calculated according to "Regulations Governing the Capital Adequacy and Capital Category of Banks" that was modified by Financial Supervisory Commission R.O.C. (Ref. No. 10200362920) on January 9, 2014.

The Group conformed to the regulation on capital management on June 30, 2016, December 31, 2015 and June 30, 2015.

	June 30, 2016	December 31, 2015	June 30, 2015
Analysis items			
Eligible capital			
Common equity	\$ 123,334,916	\$ 122,838,942	\$ 115,318,330
Other Tier I capital	-	-	-
Tier II capital	<u>33,755,774</u>	<u>36,778,099</u>	<u>34,315,165</u>
Eligible capital	<u>\$ 157,090,690</u>	<u>\$ 159,617,041</u>	<u>\$ 149,633,495</u>
Risk-weighted assets			
Credit risk			
Standardized approach	\$ 1,038,946,830	\$ 1,037,047,143	\$ 1,017,560,911
Credit valuation adjustment	535,974	787,474	460,669
Internal rating based approach	N/A	N/A	N/A
Synthetic securitization	199,521	568,101	563,448
Operational risk			
Basic indicator approach	52,578,287	52,578,287	48,404,335
Standardized approach/alternative standardized approach	N/A	N/A	N/A
Advanced measurement approach	N/A	N/A	N/A
Market risk			
Standardized approach	49,491,114	46,681,168	48,785,509
Internal models approach	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Total risk-weighted assets	<u>\$ 1,141,751,726</u>	<u>\$ 1,137,662,173</u>	<u>\$ 1,115,774,872</u>
Capital adequacy ratio	13.76%	14.03%	13.42%
Ratio of common equity to risk-weighted assets	10.80%	10.80%	10.34%
Ratio of Tier I capital to risk-weighted assets	10.80%	10.80%	10.34%
Leverage ratio	7.09%	7.07%	6.89%

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.

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

a. Assets quality: As stated in Table 1

b. Concentration of credit risks

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

Ranking (Note 1)	June 30, 2016					
	The Bank			SCB (HK)		
	Group Enterprise (Note 2)	Total Balances of Credit Extensions (Note 3)	Ratio of Credit Extensions to Net Worth (%)	Group Enterprise (Note 2)	Total Balances of Credit Extensions (Note 3)	Ratio of Credit Extensions to Net Worth (%) (Note 4)
1	A Group (head offices)	\$ 6,714,708	5.85%	a Group (hotels and property development)	\$ 6,571,324	4.34
2	B Group (real estate activities for sale and rental)	5,321,311	4.63%	b Group (holding company and steel trading)	6,175,812	4.27
3	C Group (manufacture of computers)	4,002,598	3.49%	c Group (import and export of garments and accessories)	5,446,072	4.12
4	D Group (head offices)	3,637,983	3.17%	d Group (hotel industry)	3,661,808	3.83
5	E Group (manufacture of woven outerwear)	3,453,189	3.01%	e Group (hotels and property development)	3,448,441	3.81
6	F Group (manufacture of electric wires and cables)	3,445,884	3.00%	f Group (property development)	3,388,643	3.34
7	G Group (manufacture of metallic furniture)	3,343,380	2.91%	g Group (property investment)	3,232,872	3.09
8	H Group (smelting and refining of iron and steel)	2,944,879	2.56%	h Group (import and export industry)	3,179,363	2.66
9	I Group (real estate development activities)	2,805,987	2.44%	i Group (property investment)	2,989,905	2.64
10	J Group (manufacture of computers)	2,782,619	2.42%	j Group (property investment)	2,936,301	2.58

Ranking (Note 1)	December 31, 2015					
	The Bank			SCB (HK)		
	Group Enterprise (Note 2)	Total Balances of Credit Extensions (Note 3)	Ratio of Credit Extensions to Net Worth (%)	Group Enterprise (Note 2)	Total Balances of Credit Extensions (Note 3)	Ratio of Credit Extensions to Net Worth (%) (Note 4)
1	B Group (real estate activities for sale and rental)	\$ 5,404,621	4.69	c Group (import and export of garments and accessories)	\$ 4,865,853	4.93
2	C Group (manufacture of computers)	4,236,880	3.68	d Group (hotel industry)	3,917,722	3.97
3	K Group (basic chemical material manufacturing)	3,876,574	3.36	a Group (hotels and property development)	3,905,726	3.96
4	D Group (head offices)	3,718,069	3.23	e Group (hotels and property development)	3,866,241	3.92
5	L Group (glass fiber manufacturing)	3,554,222	3.08	b Group (holding company and steel trading)	3,615,549	3.66
6	F Group (manufacture of electric wires and cables)	3,331,632	2.89	f Group (property development)	3,450,610	3.50
7	N Group (head offices)	3,290,000	2.85	g Group (property investment)	3,008,164	3.05
8	I Group (real estate development activities)	3,202,983	2.78	i Group (property investment)	2,949,369	2.99
9	O Group (head offices)	2,912,020	2.53	k Group (hotel and property investment)	2,554,321	2.59
10	P Group (head offices)	2,870,145	2.49	l Group (hotel and property holding)	2,458,597	2.49

Ranking (Note 1)	June 30, 2015					
	The Bank			SCB (HK)		
	Group Enterprise (Note 2)	Total Balances of Credit Extensions (Note 3)	Ratio of Credit Extensions to Net Worth (%)	Group Enterprise (Note 2)	Total Balances of Credit Extensions (Note 3)	Ratio of Credit Extensions to Net Worth (%) (Note 4)
1	K Group (basic chemical material manufacturing)	\$ 4,900,786	4.54	d Group (hotel industry)	\$ 3,797,596	4.34
2	B Group (real estate activities for sale and rental)	4,828,125	4.47	e Group (hotels and property development)	3,735,899	4.27
3	D Group (head offices)	3,952,965	3.66	a Group (hotels and property development)	3,602,958	4.12
4	C Group (manufacture of computers)	3,586,593	3.32	c Group (import and export of garments and accessories)	3,348,413	3.83
5	I Group (real estate development activities)	3,410,533	3.16	f Group (property development)	3,335,796	3.81
6	N Group (head offices)	3,091,300	2.86	b Group (holding company and steel trading)	2,922,885	3.34
7	M Group (manufacture of integrated circuits)	2,891,572	2.68	i Group (property investment)	2,705,003	3.09
8	O Group (head offices)	2,763,509	2.56	m Group (property investment)	2,329,931	2.66
9	P Group (head offices)	2,740,891	2.54	n Group (property development and investment)	2,308,106	2.64
10	L Inc. (glass fiber manufacturing)	2,613,433	2.42	o Group (property investment)	2,257,499	2.58

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

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

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

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

c. Interest rate sensitivity information

1) The Bank

Interest Rate Sensitivity Analysis
June 30, 2016

(In NT\$ Thousands)

Items	1 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to 1 Year (Included)	Over 1 Year	Total
Interest-sensitive assets	\$ 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%

Interest Rate Sensitivity Analysis
December 31, 2015

(In NTS Thousands)

Items	1 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to 1 Year (Included)	Over 1 Year	Total
Interest-sensitive assets	\$ 590,556,707	\$ 9,090,970	\$ 4,649,326	\$ 45,380,833	\$ 649,677,836
Interest-sensitive liabilities	207,103,677	254,975,644	70,256,181	43,245,314	575,580,816
Interest sensitivity gap	383,453,030	(245,884,674)	(65,606,855)	2,135,519	74,097,020
Net equity					115,238,996
Ratio of interest-sensitive assets to liabilities					112.87%
Ratio of interest sensitivity gap to net equity					64.30%

Interest Rate Sensitivity Analysis
June 30, 2015

(In NTS Thousands)

Items	1 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to 1 Year (Included)	Over 1 Year	Total
Interest-sensitive assets	\$ 576,155,593	\$ 9,700,210	\$ 8,982,439	\$ 44,132,046	\$ 638,970,288
Interest-sensitive liabilities	221,466,685	242,408,769	55,831,295	39,432,986	559,139,735
Interest sensitivity gap	354,688,908	(232,708,559)	(46,848,856)	4,699,060	79,830,553
Net equity					107,997,793
Ratio of interest-sensitive assets to liabilities					114.28%
Ratio of interest sensitivity gap to net equity					73.92%

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, 2016

(In US\$ Thousands)

Items	1 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to 1 Year (Included)	Over 1 Year	Total
Interest-sensitive assets	\$ 4,973,362	\$ 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%)

Interest Rate Sensitivity Analysis
December 31, 2015

(In US\$ Thousands)

Items	1 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to 1 Year (Included)	Over 1 Year	Total
Interest-sensitive assets	\$ 4,748,609	\$ 82,325	\$ 60,514	\$ 638,251	\$ 5,529,699
Interest-sensitive liabilities	1,748,278	4,157,011	453,858	2,601	6,361,748
Interest sensitivity gap	3,000,331	(4,074,686)	(393,344)	635,650	(832,049)
Net equity					3,502,705
Ratio of Interest-sensitive assets to liabilities					86.92%
Ratio of interest sensitivity gap to net equity					(23.75%)

Interest Rate Sensitivity Analysis
June 30, 2015

(In US\$ Thousands)

Items	1 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to 1 Year (Included)	Over 1 Year	Total
Interest-sensitive assets	\$ 4,553,802	\$ 204,070	\$ 123,544	\$ 485,058	\$ 5,366,474
Interest-sensitive liabilities	2,024,738	3,790,443	532,007	1,428	6,348,616
Interest sensitivity gap	2,529,064	(3,586,373)	(408,463)	483,630	(982,142)
Net equity					3,493,604
Ratio of interest-sensitive assets to liabilities					84.53%
Ratio of interest sensitivity gap to net equity					(28.11%)

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

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

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

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

2) SCB (HK)

Interest Rate Sensitivity Analysis
June 30, 2016

(In US\$ Thousands)

Items	1 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to 1 Year (Included)	Over 1 Year	Total
Interest-sensitive assets	\$ 4,285,293	\$ 551,919	\$ 611,799	\$ 530,990	\$ 5,980,001
Interest-sensitive liabilities	4,364,889	966,034	336,924	7,504	5,675,351
Interest sensitivity gap	(79,596)	(414,115)	274,875	523,486	(304,650)
Net equity					2,882,651
Ratio of interest-sensitive assets to liabilities					105.37%
Ratio of interest sensitivity gap to net equity					10.57%

Interest Rate Sensitivity Analysis
December 31, 2015

(In US\$ Thousands)

Items	1 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to 1 Year (Included)	Over 1 Year	Total
Interest-sensitive assets	\$ 5,052,545	\$ 747,725	\$ 43,675	\$ 647,264	\$ 6,491,209
Interest-sensitive liabilities	4,557,237	507,248	542,682	924	5,608,091
Interest sensitivity gap	495,308	240,477	(499,007)	646,340	883,118
Net equity					2,878,358
Ratio of interest-sensitive assets to liabilities					115.75%
Ratio of interest sensitivity gap to net equity					30.68%

Interest Rate Sensitivity Analysis
June 30, 2015

(In US\$ Thousands)

Items	1 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to 1 Year (Included)	Over 1 Year	Total
Interest-sensitive assets	\$ 6,596,477	\$ 283,057	\$ 210,005	\$ 301,886	\$ 7,391,425
Interest-sensitive liabilities	5,889,327	850,527	162,846	1,014	6,903,714
Interest sensitivity gap	630,233	(567,469)	47,159	377,788	487,711
Net equity					2,828,893
Ratio of interest-sensitive assets to liabilities					107.06%
Ratio of interest sensitivity gap to net equity					17.24%

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

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

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

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

d. Profitability

The Bank

Items		June 30, 2016	June 30, 2015
Return on total assets	Before income tax	1.31%	1.41%
	After income tax	1.12%	1.25%
Return on equity	Before income tax	11.46%	12.76%
	After income tax	9.87%	11.25%
Profit margin		55.66%	58.53%

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

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

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

Note 4: Income before (after) income tax represents income for the six months.

Note 5: The profitability disclosed each quarter is calculated as annual percentage rate.

e. Maturity analysis of assets and liabilities

1) The Bank

a) New Taiwan dollars (thousands)

	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

	Total	December 31, 2015					
		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	\$ 696,079,974	\$ 111,597,869	\$ 87,194,564	\$ 56,790,476	\$ 61,760,480	\$ 90,475,695	\$ 288,260,890
Main capital outflow on maturity	884,658,006	50,928,529	81,299,425	124,664,998	123,707,854	200,621,120	303,436,080
Gap	(188,578,032)	60,669,340	5,895,139	(67,874,522)	(61,947,374)	(110,145,425)	(15,175,190)

	Total	June 30, 2015					
		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	\$ 678,048,259	\$ 99,866,590	\$ 93,346,858	\$ 42,254,259	\$ 55,981,865	\$ 97,638,158	\$ 288,960,529
Main capital outflow on maturity	876,046,336	57,053,951	69,258,671	144,764,320	137,792,399	189,077,837	278,099,158
Gap	(197,998,077)	42,812,639	24,088,187	(102,510,061)	(81,810,534)	(91,439,679)	10,861,371

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

b) U.S. dollars (thousands)

	Total	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

	Total	December 31, 2015				
		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	\$ 6,947,224	\$ 1,352,677	\$ 665,343	\$ 709,148	\$ 799,172	\$ 3,420,884
Main capital outflow on maturity	11,748,381	2,022,802	1,519,884	1,807,451	3,059,179	3,339,065
Gap	(4,801,157)	(670,125)	(854,541)	(1,098,303)	(2,260,007)	81,819

	Total	June 30, 2015				
		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	\$ 6,832,250	\$ 902,939	\$ 767,751	\$ 942,505	\$ 981,951	\$ 3,237,104
Main capital outflow on maturity	12,046,126	2,235,559	1,608,134	1,807,343	3,101,676	3,293,414
Gap	(5,213,876)	(1,332,620)	(840,383)	(864,838)	(2,119,725)	(56,310)

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

2) SCB (HK)

U.S. dollars (thousands)

	Total	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	\$ 6,559,547	\$ 1,003,194	\$ 809,074	\$ 579,205	\$ 1,276,721	\$ 2,891,353
Main capital outflow on maturity	6,153,504	3,479,738	1,306,120	975,895	371,085	20,666
Gap	406,043	(2,476,544)	(497,046)	(396,690)	905,636	2,870,687

	Total	December 31, 2015				
		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	\$ 7,028,743	\$ 1,816,879	\$ 828,683	\$ 815,407	\$ 443,852	\$ 3,123,922
Main capital outflow on maturity	(25,964,523)	3,602,298	(30,685,362)	513,964	545,638	58,939
Gap	32,993,266	(1,785,419)	31,514,045	301,443	(101,786)	3,064,983

	Total	June 30, 2015				
		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	\$ 7,650,768	\$ 2,137,852	\$ 1,209,336	\$ 938,510	\$ 792,175	\$ 2,572,895
Main capital outflow on maturity	(26,233,055)	3,347,385	(30,630,781)	757,243	240,045	53,053
Gap	33,883,823	(1,209,533)	31,840,117	181,267	552,130	2,519,842

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

42. 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, 2016	December 31, 2015	June 30, 2015	Trust Liabilities	June 30, 2016	December 31, 2015	June 30, 2015
Bank deposit	\$ 1,696,715	\$ 1,683,612	\$ 2,027,688	Depository of security payable	\$ 53,065,104	\$ 40,167,441	\$ 40,523,042
Short-term investments	74,728,283	70,188,618	70,561,383	Trust capital	90,449,853	84,163,301	88,876,242
Net asset value of collective investment trust fund	3,716,358	4,457,498	5,168,613	Accumulated (loss) gain and equity	(718,684)	(559,008)	(533,942)
Account receivable	26,748	3,695	40,544				
Land	8,774,794	6,761,236	10,344,954				
Buildings and improvement, net	81,165	65,375	67,536				
Construction in progress	633,883	372,243	61,880				
Depository of security	53,065,104	40,167,441	40,523,042				
Other assets	73,223	72,016	69,702				
Total trust assets	<u>\$ 142,796,273</u>	<u>\$ 123,771,734</u>	<u>\$ 128,865,342</u>	Total trust liabilities	<u>\$ 142,796,273</u>	<u>\$ 123,771,734</u>	<u>\$ 128,865,342</u>

Trust Asset Lists

Item	June 30, 2016	December 31, 2015	June 30, 2015
Cash in banks	\$ 1,696,715	\$ 1,683,612	\$ 2,027,688
Short-term investment			
Funds	59,854,443	59,678,843	61,760,027
Bonds	11,733,336	8,197,302	6,334,020
Structured instruments	586,312	-	-
Common stocks	2,554,192	2,312,473	2,467,336
Net asset value of collective trust accounts	3,716,358	4,457,498	5,168,613
Receivable	26,748	3,695	40,544
Land	8,774,794	6,761,236	10,344,954
Buildings and improvement, net	81,165	65,375	67,536
Construction in progress	633,883	372,243	61,880
Depository of securities	53,065,104	40,167,441	40,523,042
Other assets	<u>73,223</u>	<u>72,016</u>	<u>69,702</u>
Total	<u>\$ 142,796,273</u>	<u>\$ 123,771,734</u>	<u>\$ 128,865,342</u>

Income Statements of Trust Account

	For the Six Months Ended June 30	
	2016	2015
Trust income		
Interest revenue	\$ 6,397	\$ 5,721
Realized investment gain	-	151
Realized capital gain	126	2,250
Unrealized capital gain	29,852	93,387
Other revenue	<u>192</u>	<u>144</u>
	<u>36,567</u>	<u>101,653</u>
Trust expenses		
Tax expenditures	13,504	4,063
Management fee	1,222	1,502
Service fee	697	22,365
Realized investment loss	203	-
Realized capital losses	2,882	144
Unrealized capital losses	228,419	41,596
Other expenses	<u>39</u>	<u>10</u>
	<u>246,966</u>	<u>69,680</u>
Income (loss) before income tax	(210,399)	31,973
Income tax expense	<u>-</u>	<u>-</u>
Net income (loss)	<u>\$ (210,399)</u>	<u>\$ 31,973</u>

43. EXCHANGE RATE INFORMATION FOR FOREIGN FINANCIAL ASSETS AND LIABILITIES

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

a. The Bank

	June 30, 2016			December 31, 2015			June 30, 2015		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Finance assets</u>									
Monetary items									
Cash and cash equivalents									
CNY	\$ 632,969	4.8533	\$ 3,070,663	\$ 1,036,194	4.9967	\$ 5,177,551	\$ 1,345,043	4.9799	\$ 6,698,180
USD	188,150	32.2950	6,076,304	217,533	32.9000	7,156,836	111,607	30.9130	3,450,107
JPY	2,818,911	0.3145	886,548	8,266,915	0.2732	2,258,521	12,080,439	0.2524	3,049,103
Due from the Central Bank and call loans to banks									
USD	1,344,449	32.2950	43,418,980	845,249	32.9000	27,808,692	638,949	30.9130	19,751,830
CNY	1,908,560	4.8533	9,262,814	583,560	4.9967	2,915,874	1,264,740	4.9799	6,298,279
GBP	30,800	43.285	1,333,178	23,000	48.7611	1,121,505	6,200	48.6231	301,463
CAD	40,400	24.9344	1,007,350	-	-	-	37,500	24.8997	933,739
Receivables									
USD	114,654	32.2950	3,702,751	92,386	32.9000	3,039,499	133,810	30.9130	4,136,469
JPY	2,441,766	0.3145	767,934	927,768	0.2732	253,466	1,792,110	0.2524	452,329
EUR	7,203	35.8733	258,395	3,687	35.9383	132,505	11,906	34.6040	411,995
Discounts and loans									
USD	3,383,459	32.2950	109,268,830	3,617,225	32.9000	119,006,703	3,896,126	30.9130	120,440,943
CNY	1,340,961	4.8533	6,507,915	4,271,107	4.9967	21,341,440	4,296,332	4.9799	21,395,304
EUR	240,115	35.8733	8,614,023	210,508	35.9383	7,565,300	193,655	34.6040	6,701,238
HKD	1,521,664	4.1625	6,333,928	1,399,421	4.2448	5,940,262	1,835,227	3.9877	6,701,222,706
Forward contract									
USD	7,118	32.2950	229,876	7,237	32.9000	238,097	11,421	30.9130	353,057
HKD	7,689	4.1625	32,005	2,011	4.2448	8,536	1,409	3.9877	5,619
Option contract									
USD	8,244	32.2950	266,240	6,572	32.9000	216,219	14,591	30.9130	451,052
AUD	29	24.0338	697	42	23.9923	1,008	112	23.7257	2,657
EUR	1,566	35.8733	56,178	12	35.9383	431	31	34.6040	1,073
Nonmonetary items									
Structured corporate bonds contracts									
USD	38,806	32.2950	1,253,240	31,880	32.9000	1,048,847	39,898	30.9130	1,233,367
Equity investments under the equity method									
USD	1,761,329	32.2950	56,822,106	1,753,788	32.9000	57,699,626	1,727,960	30.9130	53,416,429
HKD	64,037	4.1625	266,555	62,143	4.2448	263,784	60,815	3.9877	242,512
<u>Financial liabilities</u>									
Monetary items									
Payables									
USD	115,537	32.2950	3,731,267	81,431	32.9000	2,679,080	151,273	30.9130	4,676,302
JPY	2,498,437	0.3145	785,758	1,087,047	0.2732	296,981	1,830,746	0.2524	462,080
EUR	7,108	35.8733	254,987	3,516	35.9383	126,359	12,848	34.6040	444,592
Due to the Central Bank and banks									
AUD	60,861	32.2950	1,965,506	95,972	32.9000	3,157,479	162,609	30.9130	5,026,732
AUD	11,000	24.0388	264,427	7,440	23.9923	178,503	80,175	23.7257	1,902,208
CNY	215,027	4.8533	1,043,591	1,029,221	4.9967	5,142,709	595,453	4.9799	2,965,296
Borrowings from the Central Bank and banks									
USD	35,000	32.2950	1,130,325	-	-	-	50,000	30.9130	1,545,650
Deposits and remittances									
USD	6,661,446	32.2950	215,131,399	6,344,403	32.9000	208,730,859	6,103,945	30.9130	188,691,252
CNY	4,812,306	4.8533	23,355,565	5,775,637	4.9967	28,859,125	7,275,099	4.9799	36,229,266
JPY	14,905,297	0.3145	4,687,716	23,352,750	0.2732	6,379,971	26,393,339	0.2524	6,661,679

b. SCB (HK)

	June 30, 2016			December 31, 2015			June 30, 2015		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Finance assets</u>									
Monetary items									
Cash and cash equivalents									
USD	\$ 64,604	32.2950	\$ 2,086,386	\$ 67,223	32.9000	\$ 2,211,648	\$ 64,604	30.9130	\$ 1,997,103
JPY	618,147	0.3145	194,407	974,504	0.2732	266,238	618,147	0.2524	156,020
Due from the Central Bank and call loans to banks									
USD	3,172,347	32.2950	102,450,946	2,344,360	32.9000	77,129,444	3,172,347	30.9130	98,066,763
EUR	96,500	35.8733	3,461,773	51,617	35.9383	1,855,027	96,500	34.6040	3,339,286
Receivables									
USD	72,708	32.2950	2,348,105	54,911	32.9000	1,806,572	72,708	30.9130	2,247,622
EUR	96,500	35.8733	3,461,773	2,807	35.9383	100,879	2,962	34.6040	102,497
JPY	173,093	0.3145	54,438	173,091	0.2732	47,288	173,039	0.2524	43,675
Discounts and loans									
USD	3,234,184	32.2950	104,447,972	3,032,574	32.9000	99,771,685	3,234,184	30.9130	99,978,330
JPY	3,690,197	0.3145	1,160,567	3,647,577	0.2732	996,518	3,690,107	0.2524	931,383
<u>Financial liabilities</u>									
Monetary items									
Payables									
USD	99,845	32.2950	3,224,494	66,117	32.9000	2,175,249	99,845	30.9130	3,086,508
EUR	164,053	35.8733	5,885,122	164,053	0.2732	44,819	2,881	34.6040	99,694
JPY	2,881	0.3145	906	2,724	35.9383	97,896	164,188	0.2524	41,441
Due to the Central Bank and banks									
USD	444,283	32.2950	14,348,119	455,657	32.9000	14,991,115	444,283	30.9130	13,734,120
Deposits and remittances									
USD	4,976,244	32.2950	160,707,800	5,376,806	32.9000	176,896,933	4,976,244	30.9130	153,830,631
AUD	713,309	23.9923	17,113,924	105,969	35.9383	5,964,644	713,309	23.7257	16,923,755
EUR	125,000	35.8733	4,484,163	643,957	23.9923	15,450,010	125,000	34.6040	4,325,500

44. ADDITIONAL DISCLOSURES

a. Information about significant transactions and investees:

- 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 at costs or prices 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) Application for approval of securitization product types and information according to Financial Asset Securitization Clause of the Real State Securitization Act: None.
- 11) Other significant transactions which may have effects on decision making of financial statement users: None.
- 12) Names, locations, and other information of investees on which the Bank exercises significant influence: Table 3.
- 13) Derivative financial transactions: Note 8 on which the Bank exercises significant influence have no such transactions.

b. Information on 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.

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

45. SEGMENT INFORMATION

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

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

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

The operating Segments information is as follows:

	For the Six Months Ended June 30, 2016				
	Taiwan	Hong Kong	Others	Other Adjustments	Total
Net interest	\$ 5,433,256	\$ 5,277,253	\$ 13,014	\$ -	\$ 10,723,523
Net revenues other than interest	<u>4,764,994</u>	<u>2,416,669</u>	<u>200,880</u>	<u>(2,247,307)</u>	<u>5,135,236</u>
Net revenues	10,198,250	7,693,922	213,894	(2,247,307)	15,858,759
Bad debt expenses and reserve for possible losses on guarantees	(388,992)	(38,404)	(2,847)	-	(430,243)
Operating expenses	<u>(3,218,780)</u>	<u>(2,896,971)</u>	<u>(96,390)</u>	<u>1,726</u>	<u>(6,210,415)</u>
Profit before income tax	<u>\$ 6,590,478</u>	<u>\$ 4,758,547</u>	<u>\$ 114,657</u>	<u>\$ (2,245,581)</u>	<u>\$ 9,218,101</u>

	For the Six Months Ended June 30, 2015				
	Taiwan	Hong Kong	Others	Other Adjustments	Total
Net interest	\$ 5,394,638	\$ 5,037,673	\$ 31,218	\$ -	\$ 10,463,529
Net revenues other than interest	<u>4,975,731</u>	<u>2,705,221</u>	<u>166,990</u>	<u>(2,486,851)</u>	<u>5,361,091</u>
Net revenues	10,370,369	7,742,894	198,208	(2,486,851)	15,824,620
Bad debt expenses and reserve for possible losses on guarantees	(299,988)	(35,905)	(3,550)	-	(339,443)
Operating expenses	<u>(3,185,238)</u>	<u>(2,562,137)</u>	<u>(93,230)</u>	<u>1,656</u>	<u>(5,838,949)</u>
Profit before income tax	<u>\$ 6,885,143</u>	<u>\$ 5,144,852</u>	<u>\$ 101,428</u>	<u>\$ (2,485,195)</u>	<u>\$ 9,646,228</u>

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

Main operating clients

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

TABLE 1

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

OVERDUE LOANS AND RECEIVABLE
JUNE 30, 2016, DECEMBER 31, 2015 AND JUNE 30, 2015
(In Thousands of New Taiwan Dollars, %)

Date			June 30, 2016					December 31, 2015					June 30, 2015				
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		\$ 523,381	\$ 180,595,185	0.29	\$ 3,195,040	610.46	\$ 399,177	\$ 190,172,978	0.21	\$ 3,043,790	762.52	\$ 504,995	\$ 184,484,730	0.27	\$ 3,134,239	620.65
	Unsecured		153,685	153,759,806	0.10	2,864,969	1,864.18	361,217	162,006,389	0.22	3,368,258	932.47	471,496	157,318,408	0.30	3,472,650	736.52
Consumer banking	Housing mortgage (Note 4)		722,357	114,520,471	0.63	1,795,764	248.60	511,648	119,748,569	0.43	1,552,863	303.50	359,758	123,495,014	0.29	1,384,444	384.83
	Cash card		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Small scale credit loans (Note 5)		7,886	451,036	1.75	14,710	186.53	8,914	442,820	2.01	16,959	190.25	10,959	437,892	2.50	21,645	197.51
	Other (Note 6)	Secured	233,445	106,018,294	0.22	1,071,835	459.14	260,178	106,398,932	0.24	1,091,542	419.54	100,783	103,754,212	0.10	837,533	831.03
		Unsecured	5,063	6,758,108	0.07	66,952	1,322.38	6,609	6,787,879	0.10	67,201	1,016.81	2,867	6,172,534	0.05	60,064	2,095.01
Total			1,645,817	562,102,900	0.29	9,009,270	547.40	1,547,743	585,557,567	0.26	9,140,613	590.58	1,450,858	575,662,790	0.25	8,910,575	614.16
			Nonperforming Receivables (Note 1)	Accounts Receivable	Ratio of Nonperforming Receivables (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)	Nonperforming Receivables (Note 1)	Accounts Receivable	Ratio of Nonperforming Receivables (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)	Nonperforming Receivables (Note 1)	Accounts Receivable	Ratio of Nonperforming Receivables (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)
Credit card			12,927	2,137,355	0.60	207,678	1,606.54	11,699	2,064,558	0.57	203,451	1,739.05	9,819	2,065,418	0.48	195,720	1,993.28
Accounts receivable factored without recourse (Note 7)			-	1,046,589	-	10,718	-	-	965,523	-	9,907	-	-	1,220,864	-	12,224	-

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.

TABLE 1-1

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

OVERDUE LOANS AND RECEIVABLE
JUNE 30, 2016, DECEMBER 31, 2015 AND JUNE 30, 2015
(In Thousands of New Taiwan Dollars)

	June 30, 2016		December 31, 2015		June 30, 2015	
	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)	-	42,878	-	45,112	-	46,753

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).

TABLE 2**THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES****MARKETABLE SECURITIES HELD****JUNE 30, 2016****(In Thousands of New Taiwan Dollars)**

Holding Company Name	Name	Security Issuer's Relationship with Holding Company	Financial Statement Account	June 30, 2016				Note
				Shares (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Shancom Reconstruction Inc.	Empresa Inversiones Generales, S.A.	Indirect subsidiary	Equity investments under the equity method	1	\$ 1,783,558	100.00	\$ 1,783,558	Note
	Krinein Company	Indirect subsidiary	Equity investments under the equity method	2	513,243	100.00	513,243	Note
	Safehaven Investment Corporation	Indirect subsidiary	Equity investments under the equity method	1	50,713	100.00	50,713	Note
Wresqueue Limitada	Prosperity Realty Inc.	Indirect subsidiary	Equity investments under the equity method	4	74,279	100.00	(10,955)	Note
China Travel Service (Taiwan)	Silks Place Taroko	-	Equity investments under the equity method	20,372	149,939	45.00	149,939	
	CTS Travel International Ltd.	Indirect subsidiary	Equity investments under the equity method	600	6,886	100.00	6,886	Note
	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	27	859	-	-	Note
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	Equity investments under the equity method	N/A	918,758	100.00	918,758	Note
Krinein Company	Shanghai Commercial Bank (HK)	Indirect subsidiary	Equity investments under the equity method	1,920	9,054,063	9.60	9,054,063	Note
Empresa Inversiones Generales, S.A.	Shanghai Commercial Bank (HK)	Indirect subsidiary	Equity investments under the equity method	9,600	45,270,315	48.00	45,270,315	Note

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

TABLE 3**THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES****RELATED INFORMATION OF INVESTEEES****SIX MONTHS ENDED JUNE 30, 2016****(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 (%)	
<u>Equity investments under the equity method</u>										
<u>Financial business</u>										
SCSB Asset Management Ltd.	Taipei City	Purchase and management of creditor’s rights of financial institutions	100.00	\$ 1,606,094	\$ 15,221	160,000	-	160,000	100.00	Note 3
SCSB Life Insurance Agency	Taipei City	Insurance	100.00	164,820	54,756	5,000	-	5,000	100.00	Note 3
SCSB Property Insurance Agency	Taipei City	Insurance	100.00	57,391	1,401	5,000	-	5,000	100.00	Note 3
SCSB Marketing Ltd.	Taipei City	Marketing	100.00	6,829	671	500	-	500	100.00	Note 3
Paofoong Insurance Company Ltd.	Hong Kong	Insurance	40.00	266,555	8,481	500	-	500	100.00	Note 3
Shanghai Commercial Bank (HK)	Hong Kong	Banking and financial	57.60	54,491,728	2,138,051	11,520	-	11,520	57.60	Note 3
<u>Non-financial business</u>										
China Travel Service (Taiwan)	Taipei City	Travel services	99.99	291,008	6,815	38,943	-	38,943	99.99	Note 3
Kuo Hai Real Estate Management	Taipei City	Building material distribution	34.69	-	-	3,000	-	3,000	34.69	-
Shancom Reconstruction Inc.	Liberia	Securities investment	100.00	56,555,600	2,139,844	5	-	5	100.00	Note 3
Wresqueue Limitada	Liberia	Securities investment	100.00	326,506	4,182	176	-	176	100.00	Note 3
Empresa Inversiones Generales, S.A.	Panama	Securities investment	100.00	1,783,558	1,911,776	1	-	1	100.00	Note 3
Krinein Company	Cayman Islands	Securities investment	100.00	513,243	382,753	2	-	2	100.00	Note 3
Safehaven Investment Corporation	Liberia	Securities investment	100.00	50,713	147	1	-	1	100.00	Note 3
Prosperity Realty Inc.	America	Real estate services	100.00	74,279	3,521	4	-	4	100.00	Note 3
Silks Place Taroko	Hualien	Travel services	45.00	149,939	2,667	20,372	-	20,372	45.00	Note 3
CTS Travel International Ltd.	Taipei City	Travel services	100.00	6,886	24	600	-	600	100.00	Note 3
SCSB Leasing (China) Co., Ltd.	China	Leasing operation	100.00	918,758	13,691	N.A.	-	N.A.	100.00	Note 3

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

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

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

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

INVESTMENT IN MAINLAND CHINA
JUNE 30, 2016
(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, 2016 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, 2015	Investment Flows		Accumulated Outflow of Investment as of June 30, 2016	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Value as of June 30, 2016 (Note 4)	Accumulated Inward Remittance of Earnings as of June 30, 2016
					Outflow	Inflow					
SCSB Leasing (China) Co., Ltd.	Leasing operation	US\$ 30,000	(c)	US\$ 30,000	US\$ -	US\$ -	US\$ 30,000	100.00	\$ 13,691 (US\$ 418)	\$ 918,758 (US\$ 28,449)	\$ -
Bank of Shanghai	Approved by local government	US\$ 812,114	(Note 5)	US\$ 73,848	US\$ -	US\$ -	US\$ 73,848	3.00	-	6,894,990 (US\$ 213,500)	-
Shanghai Commercial Bank Ltd. - Shenzhen Branch	Approved by local government	US\$ 60,209	(Note 5)	US\$ 36,339	US\$ -	US\$ -	US\$ 36,339	57.60	48,616 (US\$ 1,483)	965,284 (US\$ 29,890)	-
Shanghai Commercial Bank Ltd. - Shanghai Branch	Approved by local government	US\$ 110,480	(Note 5)	US\$ 64,717	US\$ -	US\$ -	US\$ 64,717	57.60	25,549 (US\$ 779)	2,088,805 (US\$ 64,679)	-

2. Upper limit on investment in Mainland China:

Accumulated Investment in Mainland China as of June 30, 2016 (Note 4)	Investment Amounts Authorized by Investment Commission, MOEA (Note 4)	Upper Limit on Investment Authorized by Investment Commission MOEA (Note 3)
NT\$ 6,617,439 (US\$ 204,904)	NT\$ 6,651,155 (US\$ 205,950)	NT\$ 92,875,409

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

- a. To directly invest.
- b. To invest via third place 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 ROC.
 - 2) Financial report audited by the accounting firm associated with the parent company in ROC.
 - 3) Others.

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

Note 4: Calculated using the exchange rate on June 30, 2016.

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

TABLE 5-1

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS

SIX MONTHS ENDED JUNE 30, 2016

(In Thousands of New Taiwan Dollars)

No.	Company Name	Counterparty	Nature of Relationship	Intercompany Transaction			
				Financial Statements Item	Amount	Term	Percentage of Consolidated Total Gross Sales or Total Assets (Note 3)
0	The Shanghai Commercial & Savings Bank, Ltd.	SCSB Life Insurance Agency	Represents the transactions from parent company to subsidiary	Accounts receivables	\$ 26,777	Note 4	-
		SCSB Life Insurance Agency	Represents the transactions from parent company to subsidiary	Accounts payables	103	Note 4	-
		SCSB Life Insurance Agency	Represents the transactions from parent company to subsidiary	Deposits and remittances	201,805	Note 4	-
		SCSB Life Insurance Agency	Represents the transactions from parent company to subsidiary	Other liabilities	197	Note 4	-
		SCSB Life Insurance Agency	Represents the transactions from parent company to subsidiary	Interest expenses	1,036	Note 4	-
		SCSB Life Insurance Agency	Represents the transactions from parent company to subsidiary	Service fee incomes, net	268,155	Note 4	-
		SCSB Life Insurance Agency	Represents the transactions from parent company to subsidiary	Net revenues other than interest	395	Note 4	-
		SCSB Property Insurance Agency	Represents the transactions from parent company to subsidiary	Accounts receivables	444	Note 4	-
		SCSB Property Insurance Agency	Represents the transactions from parent company to subsidiary	Accounts payable	20	Note 4	-
		SCSB Property Insurance Agency	Represents the transactions from parent company to subsidiary	Deposits and remittances	55,654	Note 4	-
		SCSB Property Insurance Agency	Represents the transactions from parent company to subsidiary	Other liabilities	197	Note 4	-
		SCSB Property Insurance Agency	Represents the transactions from parent company to subsidiary	Interest expenses	293	Note 4	-
		SCSB Property Insurance Agency	Represents the transactions from parent company to subsidiary	Service fee incomes, net	5,487	Note 4	-
		SCSB Property Insurance Agency	Represents the transactions from parent company to subsidiary	Net revenues other than interest	395	Note 4	-
		SCSB Asset Management Ltd	Represents the transactions from parent company to subsidiary	Accounts payable	163	Note 4	-
		SCSB Asset Management Ltd.	Represents the transactions from parent company to subsidiary	Deposits and remittances	320,165	Note 4	-
		SCSB Asset Management Ltd.	Represents the transactions from parent company to subsidiary	Other liabilities	47	Note 4	-
		SCSB Asset Management Ltd.	Represents the transactions from parent company to subsidiary	Interest expenses	4,991	Note 4	-
		SCSB Asset Management Ltd.	Represents the transactions from parent company to subsidiary	Net revenues other than interest	85	Note 4	-
		SCSB Marketing	Represents the transactions from parent company to subsidiary	Accounts payable	5	Note 4	-
		SCSB Marketing	Represents the transactions from parent company to subsidiary	Deposits and remittances	9,638	Note 4	-
		SCSB Marketing	Represents the transactions from parent company to subsidiary	Other liabilities	20	Note 4	-
		SCSB Marketing	Represents the transactions from parent company to subsidiary	Interest expenses	41	Note 4	-
		SCSB Marketing	Represents the transactions from parent company to subsidiary	Net revenues other than interest	42	Note 4	-
		SCSB Marketing	Represents the transactions from parent company to subsidiary	Other general and administrative	29,639	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from parent company to subsidiary	Accounts payable	15	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from parent company to subsidiary	Deposits and remittances	59,911	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from parent company to subsidiary	Other liabilities	180	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from parent company to subsidiary	Interest expenses	224	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from parent company to subsidiary	Net revenues other than interest	360	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from parent company to subsidiary	Other general and administrative	446	Note 4	-
		CTS Travel International Ltd.	Represents the transactions from parent company to subsidiary	Accounts payable	39	Note 4	-
		CTS Travel International Ltd.	Represents the transactions from parent company to subsidiary	Deposits and remittances	7,103	Note 4	-
		CTS Travel International Ltd.	Represents the transactions from parent company to subsidiary	Interest expense	35	Note 4	-

(Continued)

No.	Company Name	Counterparty	Nature of Relationship	Intercompany Transaction			
				Financial Statements Item	Amount	Term	Percentage of Consolidated Total Gross Sales or Total Assets (Note 3)
		Shancom Reconstruction Inc. Shancom Reconstruction Inc. Shancom Reconstruction Inc. Shancom Reconstruction Inc. Shancom Reconstruction Inc. Shancom Reconstruction Inc.	Represents the transactions from parent company to subsidiary Represents the transactions from parent company to subsidiary Represents the transactions from parent company to subsidiary Represents the transactions from parent company to subsidiary Represents the transactions from parent company to subsidiary Represents the transactions from parent company to subsidiary	Cash and cash equivalents Due to the Central Bank and banks Accounts payables Deposits and remittances Interest revenues Interest expenses	\$ 357,580 232 2,009 1,467,787 288 4,484	Note 4 Note 4 Note 4 Note 4 Note 4 Note 4	- - - - - -
1	SCSB Life Insurance Agency	The Shanghai Commercial & Savings Bank, Ltd. The Shanghai Commercial & Savings Bank, Ltd. The Shanghai Commercial & Savings Bank, Ltd. The Shanghai Commercial & Savings Bank, Ltd. The Shanghai Commercial & Savings Bank, Ltd. The Shanghai Commercial & Savings Bank, Ltd. The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company Represents the transactions from subsidiary to parent company Represents the transactions from subsidiary to parent company Represents the transactions from subsidiary to parent company Represents the transactions from subsidiary to parent company Represents the transactions from subsidiary to parent company Represents the transactions from subsidiary to parent company	Cash and cash equivalents Accounts receivables Other assets Accounts payables Interest revenues Net revenues other than interest Other general and administrative expense	201,805 103 197 26,777 1,036 268,155 395	Note 4 Note 4 Note 4 Note 4 Note 4 Note 4 Note 4	- - - - - - -
2	SCSB Property Insurance Agency	The Shanghai Commercial & Savings Bank, Ltd. The Shanghai Commercial & Savings Bank, Ltd. The Shanghai Commercial & Savings Bank, Ltd. The Shanghai Commercial & Savings Bank, Ltd. The Shanghai Commercial & Savings Bank, Ltd. The Shanghai Commercial & Savings Bank, Ltd. The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company Represents the transactions from subsidiary to parent company Represents the transactions from subsidiary to parent company Represents the transactions from subsidiary to parent company Represents the transactions from subsidiary to parent company Represents the transactions from subsidiary to parent company Represents the transactions from subsidiary to parent company	Cash and cash equivalents Accounts receivable Other assets Accounts payables Interest revenues Net revenues other than interest Other general and administrative expense	55,654 20 197 444 293 5,487 395	Note 4 Note 4 Note 4 Note 4 Note 4 Note 4 Note 4	- - - - - - -
3	SCSB Asset Management Ltd.	The Shanghai Commercial & Savings Bank, Ltd. The Shanghai Commercial & Savings Bank, Ltd. The Shanghai Commercial & Savings Bank, Ltd. The Shanghai Commercial & Savings Bank, Ltd. The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company Represents the transactions from subsidiary to parent company Represents the transactions from subsidiary to parent company Represents the transactions from subsidiary to parent company Represents the transactions from subsidiary to parent company	Cash and cash equivalents Accounts receivable Other assets Interest revenues Other general and administrative expense	320,165 163 47 4,441 85	Note 4 Note 4 Note 4 Note 4 Note 4	- - - - -
4	SCSB Marketing	The Shanghai Commercial & Savings Bank, Ltd. The Shanghai Commercial & Savings Bank, Ltd. The Shanghai Commercial & Savings Bank, Ltd. The Shanghai Commercial & Savings Bank, Ltd. The Shanghai Commercial & Savings Bank, Ltd. The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company Represents the transactions from subsidiary to parent company Represents the transactions from subsidiary to parent company Represents the transactions from subsidiary to parent company Represents the transactions from subsidiary to parent company Represents the transactions from subsidiary to parent company	Cash and cash equivalents Accounts receivable Other assets Interest revenues Other general and administrative expense Net revenues other than interest	9,638 5 20 41 42 29,639	Note 4 Note 4 Note 4 Note 4 Note 4 Note 4	- - - - - -
5	China Travel Service (Taiwan)	The Shanghai Commercial & Savings Bank, Ltd. The Shanghai Commercial & Savings Bank, Ltd. The Shanghai Commercial & Savings Bank, Ltd. The Shanghai Commercial & Savings Bank, Ltd. The Shanghai Commercial & Savings Bank, Ltd. The Shanghai Commercial & Savings Bank, Ltd. Shancom Reconstruction Inc. CTS Travel International Ltd. CTS Travel International Ltd.	Represents the transactions from subsidiary to parent company Represents the transactions from subsidiary to parent company Represents the transactions from subsidiary to parent company Represents the transactions from subsidiary to parent company Represents the transactions from subsidiary to parent company Represents the transactions from subsidiary to parent company Represents the transactions from subsidiary to parent company Represents the transactions from subsidiary to parent company Represents the transactions from subsidiary to subsidiary	Cash and cash equivalents Accounts receivable Other assets Interest revenues Net revenues other than interest Other general and administrative expense Cash and cash equivalents Net revenues other than interest Other general and administrative expense	59,911 15 180 224 528 360 528 57 1,388	Note 4 Note 4 Note 4 Note 4 Note 4 Note 4 Note 4 Note 4 Note 4	- - - - - - - - -

(Continued)

No.	Company Name	Counterparty	Nature of Relationship	Intercompany Transaction			
				Financial Statements Item	Amount	Term	Percentage of Consolidated Total Gross Sales or Total Assets (Note 3)
6	CTS Travel International Ltd.	The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Cash and cash equivalents	\$ 7,103	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Accounts receivable	39	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Interest revenue	35	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from subsidiary to parent company	Net revenues other than interest	1,388	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from subsidiary to parent company	Other general and administrative expense	57	Note 4	-
7	Shancom Reconstruction Inc.	The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Due from the Central Bank and call loans to banks	232	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Due from the Central Bank and call loans to banks	1,467,787	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Accounts receivables	2,009	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Due to the Central Bank and banks	357,580	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Interest revenues	4,484	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from subsidiary to subsidiary	Deposits and remittances	528	Note 4	-

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

- Parent company fill in 0.
- Subsidiaries in accordance with the Company are numbered sequentially from 1.

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

- Transactions from parent company to subsidiary.
- Transactions from subsidiary to parent company.
- Transactions from subsidiary to subsidiary.
- Transactions from parent company to indirect subsidiary.
- Transactions from indirect subsidiary to parent company.

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

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

(Concluded)

TABLE 5-2

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS

SIX MONTHS ENDED JUNE 30, 2015

(In Thousands of New Taiwan Dollars)

No.	Company Name	Counterparty	Nature of Relationship	Intercompany Transaction			
				Financial Statements Item	Amount	Term	Percentage of Consolidated Total Gross Sales or Total Assets (Note 3)
0	The Shanghai Commercial & Savings Bank, Ltd.	SCSB Life Insurance Agency	Represents the transactions from parent company to subsidiary	Accounts receivables	\$ 28,512	Note 4	-
		SCSB Life Insurance Agency	Represents the transactions from parent company to subsidiary	Accounts payables	124	Note 4	-
		SCSB Life Insurance Agency	Represents the transactions from parent company to subsidiary	Deposits and remittances	210,109	Note 4	-
		SCSB Life Insurance Agency	Represents the transactions from parent company to subsidiary	Other liabilities	197	Note 4	-
		SCSB Life Insurance Agency	Represents the transactions from parent company to subsidiary	Interest expenses	1,326	Note 4	-
		SCSB Life Insurance Agency	Represents the transactions from parent company to subsidiary	Service fee incomes, net	156,641	Note 4	-
		SCSB Life Insurance Agency	Represents the transactions from parent company to subsidiary	Net revenues other than interest	395	Note 4	-
		SCSB Property Insurance Agency	Represents the transactions from parent company to subsidiary	Accounts receivables	310	Note 4	-
		SCSB Property Insurance Agency	Represents the transactions from parent company to subsidiary	Accounts payable	65	Note 4	-
		SCSB Property Insurance Agency	Represents the transactions from parent company to subsidiary	Deposits and remittances	82,537	Note 4	-
		SCSB Property Insurance Agency	Represents the transactions from parent company to subsidiary	Other liabilities	197	Note 4	-
		SCSB Property Insurance Agency	Represents the transactions from parent company to subsidiary	Interest expenses	566	Note 4	-
		SCSB Property Insurance Agency	Represents the transactions from parent company to subsidiary	Service fee incomes, net	5,726	Note 4	-
		SCSB Property Insurance Agency	Represents the transactions from parent company to subsidiary	Net revenues other than interest	395	Note 4	-
		SCSB Property Insurance Agency	Represents the transactions from parent company to subsidiary	Accounts payable	453	Note 4	-
		SCSB Asset Management Ltd.	Represents the transactions from parent company to subsidiary	Deposits and remittances	525,911	Note 4	-
		SCSB Asset Management Ltd.	Represents the transactions from parent company to subsidiary	Other liabilities	47	Note 4	-
		SCSB Asset Management Ltd.	Represents the transactions from parent company to subsidiary	Interest expenses	5,293	Note 4	-
		SCSB Asset Management Ltd.	Represents the transactions from parent company to subsidiary	Net revenues other than interest	81	Note 4	-
		SCSB Asset Management Ltd.	Represents the transactions from parent company to subsidiary	Accounts payable	5	Note 4	-
		SCSB Marketing	Represents the transactions from parent company to subsidiary	Deposits and remittances	9,245	Note 4	-
		SCSB Marketing	Represents the transactions from parent company to subsidiary	Other liabilities	20	Note 4	-
		SCSB Marketing	Represents the transactions from parent company to subsidiary	Interest expenses	53	Note 4	-
		SCSB Marketing	Represents the transactions from parent company to subsidiary	Net revenues other than interest	37	Note 4	-
		SCSB Marketing	Represents the transactions from parent company to subsidiary	Other general and administrative	28,376	Note 4	-
		SCSB Marketing	Represents the transactions from parent company to subsidiary	Accounts payable	36	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from parent company to subsidiary	Deposits and remittances	23,949	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from parent company to subsidiary	Other liabilities	180	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from parent company to subsidiary	Interest revenue	36	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from parent company to subsidiary	Interest expenses	84	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from parent company to subsidiary	Net revenues other than interest	360	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from parent company to subsidiary	Other general and administrative	424	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from parent company to subsidiary	Accounts payable	9	Note 4	-
		CTS Travel International Ltd.	Represents the transactions from parent company to subsidiary	Deposits and remittances	6,803	Note 4	-
		CTS Travel International Ltd.	Represents the transactions from parent company to subsidiary	Interest expense	15	Note 4	-

(Continued)

No.	Company Name	Counterparty	Nature of Relationship	Intercompany Transaction			
				Financial Statements Item	Amount	Term	Percentage of Consolidated Total Gross Sales or Total Assets (Note 3)
		Shancom Reconstruction Inc. Shancom Reconstruction Inc. Shancom Reconstruction Inc. Shancom Reconstruction Inc. Shancom Reconstruction Inc. Shancom Reconstruction Inc.	Represents the transactions from parent company to subsidiary Represents the transactions from parent company to subsidiary Represents the transactions from parent company to subsidiary Represents the transactions from parent company to subsidiary Represents the transactions from parent company to subsidiary Represents the transactions from parent company to subsidiary	Cash and cash equivalents Due to the Central Bank and banks Accounts payables Deposits and remittances Interest revenues Interest expenses	\$ 277,102 97 1,751 1,404,095 113 4,297	Note 4 Note 4 Note 4 Note 4 Note 4 Note 4	- - - - - -
1	SCSB Life Insurance Agency	The Shanghai Commercial & Savings Bank, Ltd. The Shanghai Commercial & Savings Bank, Ltd. The Shanghai Commercial & Savings Bank, Ltd. The Shanghai Commercial & Savings Bank, Ltd. The Shanghai Commercial & Savings Bank, Ltd. The Shanghai Commercial & Savings Bank, Ltd. The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company Represents the transactions from subsidiary to parent company Represents the transactions from subsidiary to parent company Represents the transactions from subsidiary to parent company Represents the transactions from subsidiary to parent company Represents the transactions from subsidiary to parent company Represents the transactions from subsidiary to parent company	Cash and cash equivalents Accounts receivables Other assets Accounts payables Interest revenues Net revenues other than interest Other general and administrative expense	210,109 124 197 28,512 1,326 156,641 395	Note 4 Note 4 Note 4 Note 4 Note 4 Note 4 Note 4	- - - - - - -
2	SCSB Property Insurance Agency	The Shanghai Commercial & Savings Bank, Ltd. The Shanghai Commercial & Savings Bank, Ltd. The Shanghai Commercial & Savings Bank, Ltd. The Shanghai Commercial & Savings Bank, Ltd. The Shanghai Commercial & Savings Bank, Ltd. The Shanghai Commercial & Savings Bank, Ltd. The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company Represents the transactions from subsidiary to parent company Represents the transactions from subsidiary to parent company Represents the transactions from subsidiary to parent company Represents the transactions from subsidiary to parent company Represents the transactions from subsidiary to parent company Represents the transactions from subsidiary to parent company	Cash and cash equivalents Accounts receivable Other assets Accounts payables Interest revenues Net revenues other than interest Other general and administrative expense	82,537 65 197 310 566 5,726 395	Note 4 Note 4 Note 4 Note 4 Note 4 Note 4 Note 4	- - - - - - -
3	SCSB Asset Management Ltd.	The Shanghai Commercial & Savings Bank, Ltd. The Shanghai Commercial & Savings Bank, Ltd. The Shanghai Commercial & Savings Bank, Ltd. The Shanghai Commercial & Savings Bank, Ltd. The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company Represents the transactions from subsidiary to parent company Represents the transactions from subsidiary to parent company Represents the transactions from subsidiary to parent company Represents the transactions from subsidiary to parent company	Cash and cash equivalents Accounts receivable Other assets Interest revenues Other general and administrative expense	525,911 453 47 5,293 81	Note 4 Note 4 Note 4 Note 4 Note 4	- - - - -
4	SCSB Marketing	The Shanghai Commercial & Savings Bank, Ltd. The Shanghai Commercial & Savings Bank, Ltd. The Shanghai Commercial & Savings Bank, Ltd. The Shanghai Commercial & Savings Bank, Ltd. The Shanghai Commercial & Savings Bank, Ltd. The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company Represents the transactions from subsidiary to parent company Represents the transactions from subsidiary to parent company Represents the transactions from subsidiary to parent company Represents the transactions from subsidiary to parent company Represents the transactions from subsidiary to parent company	Cash and cash equivalents Accounts receivable Other assets Interest revenues Net revenues other than interest Net revenues other than interest	9,245 5 20 53 37 28,376	Note 4 Note 4 Note 4 Note 4 Note 4 Note 4	- - - - - -
5	China Travel Service (Taiwan)	The Shanghai Commercial & Savings Bank, Ltd. The Shanghai Commercial & Savings Bank, Ltd. The Shanghai Commercial & Savings Bank, Ltd. The Shanghai Commercial & Savings Bank, Ltd. The Shanghai Commercial & Savings Bank, Ltd. The Shanghai Commercial & Savings Bank, Ltd. The Shanghai Commercial & Savings Bank, Ltd. Shancom Reconstruction Inc. CTS Travel International Ltd. CTS Travel International Ltd.	Represents the transactions from subsidiary to parent company Represents the transactions from subsidiary to parent company Represents the transactions from subsidiary to parent company Represents the transactions from subsidiary to parent company Represents the transactions from subsidiary to parent company Represents the transactions from subsidiary to parent company Represents the transactions from subsidiary to parent company Represents the transactions from subsidiary to parent company Represents the transactions from subsidiary to parent company Represents the transactions from subsidiary to subsidiary	Cash and cash equivalents Accounts receivable Other assets Interest revenues Interest expenses Net revenues other than interest Other general and administrative expense Cash and cash equivalents Net revenues other than interest Other general and administrative expense	23,949 36 180 84 36 424 360 424 57 1,377	Note 4 Note 4 Note 4 Note 4 Note 4 Note 4 Note 4 Note 4 Note 4 Note 4	- - - - - - - - - -

(Continued)

No.	Company Name	Counterparty	Nature of Relationship	Intercompany Transaction			
				Financial Statements Item	Amount	Term	Percentage of Consolidated Total Gross Sales or Total Assets (Note 3)
6	CTS Travel International Ltd.	The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Cash and cash equivalents	\$ 6,803	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Accounts receivable	9	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Interest revenue	15	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from subsidiary to parent company	Net revenues other than interest	1,377	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from subsidiary to parent company	Other general and administrative expense	57	Note 4	-
7	Shancom Reconstruction Inc.	The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Due from the Central Bank and call loans to banks	97	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Due from the Central Bank and call loans to banks	1,404,095	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Accounts receivables	1,751	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Due to the Central Bank and banks	277,102	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Interest revenues	4,297	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Interest expenses	113	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from subsidiary to subsidiary	Deposits and remittances	424	Note 4	-

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

- Parent company fill in 0.
- Subsidiaries in accordance with the Company are numbered sequentially from 1.

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

- Transactions from parent company to subsidiary.
- Transactions from subsidiary to parent company.
- Transactions from subsidiary to subsidiary.
- Transactions from parent company to indirect subsidiary.
- Transactions from indirect subsidiary to parent company.

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

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

(Concluded)