The Shanghai Commercial & Savings Bank, Ltd. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2017 and 2016 and Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of The Shanghai Commercial & Savings Bank, Ltd. (the Bank) and its subsidiaries (the Group), which comprise the consolidated balance sheets as of December 31, 2017 and 2016, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2017 and 2016, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), interpretations of IAS (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China (FSC).

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the years ended December 31, 2017 and 2016. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters related to the Group's consolidated financial statements for the years ended December 31, 2017 and 2016 for the Group, which are described as follows:

Allowance for Credit Losses on Discounts and Loans

The Group primarily engages in the crediting business. As of December 31, 2017, the balance of discounts and loans amounted to $937,161,436 thousand, which was significant to the consolidated financial statements for the year ended December 31, 2017. The Group conducted its impairment assessment on discounts and loans following the requirement of International Accounting Standard No. 39 as well as with reference to related regulations. The Group's management periodically assessed the impairment on its loan portfolios and the impairment was then determined by estimating the future cash flows from the loan portfolios. Refer to Notes 4, 5, 11 and 36 to the consolidated financial statements for disclosures related to impairment on loan portfolios. As the cash flow forecasts involved management's critical judgments in accounting estimations and the underlying assumptions, we then determined the impairment on loan portfolios as a key audit matter.

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

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

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

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

Measurements of Deferred Income Taxes

As of December 31, 2017, the balances of deferred income tax liabilities and assets amounted to $9,897,033 thousand and $753,867 thousand, respectively, and deferred income tax expense for the year then ended amounted to $581,479 thousand, which were significant to the consolidated financial statements for the year ended December 31, 2017. The management measured the deferred tax following the requirement of International Accounting Standard No. 12. The management periodically assessed the realizability and reversal timing of all temporary differences to recognize deferred income tax assets and liabilities. Refer to Notes 4, 5 and 31 to consolidated financial statement for disclosures regarding deferred taxes. As the realizability and reversal of temporary differences involved management's critical judgments in accounting estimations and the underlying assumptions, we determined the measurement of deferred income taxes as a key audit matter.

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

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

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

Other Matter

We have also audited the parent company only financial statements of the Bank as of and for the years ended December 31, 2017 and 2016 on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the years ended December 31, 2017 and 2016 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 24, 2018

<u>*Notice to Readers*</u>

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in 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 applied in the Republic of China.

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

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars)

	2017		2016	
ASSETS	**Amount**	**%**	**Amount**	**%**
Cash and cash equivalents (note 6)	$ 74,683,305	4	$ 66,775,994	4
Due from the central bank and call loans to banks (note 7)	219,570,594	13	244,371,302	15
Financial assets at fair value through profit or loss (note 8)	10,767,854	1	12,744,976	1
Securities purchased under resale agreements (note 9)	195,061	-	-	-
Receivables, net (notes 10 and 33)	16,705,711	1	15,326,174	1
Current income tax assets (note 31)	90,429	-	112,400	-
Discounts and loans, net (notes 11, 33 and 34)	926,652,676	53	849,330,659	52
Available-for-sale financial assets, net (notes 12 and 34)	340,550,108	20	351,138,563	21
Held-to-maturity financial assets, net (notes 13 and 34)	112,498,032	7	72,666,706	5
Equity investments under the equity method, net (note 15)	1,472,690	-	1,421,566	-
Other financial assets, net (note 16)	5,814	-	6,749	-
Properties, net (note 17)	21,291,727	1	22,280,250	1
Investment properties, net (note 18)	5,292,397	-	5,760,628	-
Deferred income tax assets (note 31)	753,867	-	1,010,874	-
Other assets, net (note 19)	2,969,532	-	4,002,465	-
Total	$ 1,733,499,797	100	$ 1,646,949,306	100
LIABILITIES AND EQUITY				
Due to the central bank and banks (note 20)	$ 33,741,735	2	$ 35,428,666	2
Financial liabilities at fair value through profit or loss (note 8)	872,808	-	1,377,770	-
Securities sold under repurchase agreements (note 21)	29,792,067	2	10,186,212	1
Payables (notes 22 and 33)	29,282,966	2	25,340,348	2
Current income tax liabilities (note 31)	2,427,171	-	873,972	-
Deposits and remittances (notes 23 and 33)	1,403,780,604	81	1,354,361,910	82
Bank debentures (note 24)	52,516,310	3	38,150,000	2
Other financial liabilities (note 25)	3,284,108	-	3,280,387	-
Provisions (note 26)	2,099,179	-	1,796,539	-
Deferred income tax liabilities (note 31)	9,897,033	1	10,884,851	1
Other liabilities (notes 27 and 33)	2,772,722	-	2,246,221	-
Total liabilities	1,570,466,703	91	1,483,926,876	90
Equity attributable to owners of the Bank				
Share capital				
Ordinary shares	40,791,031	3	40,791,031	2
Capital surplus	4,655,555	-	4,647,655	-
Retained earnings				
Legal reserve	44,117,426	3	40,592,926	3
Special reserve	7,538,888	-	7,480,146	-
Unappropriated earnings	21,066,873	1	18,465,441	1
Total retained earnings	72,723,187	4	66,538,513	4
Other equity	4,323,170	-	8,339,449	1
Treasury shares	(83,144)	-	(83,144)	-
Total equity attributable to owners of the Bank	122,409,799	7	120,233,504	7
Non-controlling interests	40,623,295	2	42,788,926	3
Total equity (note 29)	163,033,094	9	163,022,430	10
Total	$ 1,733,499,797	100	$ 1,646,949,306	100

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

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2017		2016	
	Amount	%	Amount	%
Interest revenues	$ 34,524,484	99	$ 31,774,881	98
Interest expenses	10,547,675	30	9,808,954	30
Net interest (notes 30 and 34)	23,976,809	69	21,965,927	68
Net revenues other than interest				
Service fee incomes, net (note 30)	5,072,374	14	4,750,997	15
Gains on financial assets and liabilities at fair value through profit or loss (note 30)	1,321,414	4	590,393	2
Realized gains on available-for-sale financial assets	1,312,016	4	1,995,269	6
Foreign exchange gains, net	1,280,460	4	1,603,112	5
Share of profit of associates and joint ventures, net (note 15)	237,742	1	154,231	-
Other net revenues (note 34)	1,563,635	4	1,395,347	4
Total net revenues other than interest	10,787,641	31	10,489,349	32
Consolidated net revenues	34,764,450	100	32,455,276	100
Bad debt expenses (note 11)	832,442	2	687,149	2
Operating expenses				
Personnel (notes 28, 30 and 34)	7,562,586	22	7,311,826	23
Depreciation and amortization (note 30)	922,231	3	920,086	3
Other general and administrative	4,238,314	12	4,317,055	13
Total operating expenses	12,723,131	37	12,548,967	39
Profit before income tax	21,208,877	61	19,219,160	59
Income tax expense (note 31)	(4,589,911)	(13)	(4,107,035)	(12)
Consolidated net income	16,618,966	48	15,112,125	47
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(98,615)	-	(101,487)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (note 31)	16,717	-	14,674	-
	(81,898)	-	(86,813)	-

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THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2017		2016	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	$ (8,599,699)	(25)	$ (2,531,099)	(8)
Unrealized gain (loss) on available-for-sale financial assets	(1,475,943)	(4)	2,790,758	8
Share of the other comprehensive income of associates and joint ventures accounted for using the equity method	16,594	-	(67,649)	-
Income tax relating to items that may be reclassified subsequently to profit or loss (note 31)	1,186,376	3	(448,899)	(1)
	(8,872,672)	(26)	(256,889)	(1)
Other comprehensive loss for the period, net of income tax	(8,954,570)	(26)	(343,702)	(1)
Total comprehensive income for the period	$ 7,664,396	22	$ 14,768,423	46
Net profit attributable to:				
Owners of the Bank	$ 12,385,227	36	$ 11,748,332	36
Non-controlling interests	4,233,739	12	3,363,793	11
	$ 16,618,966	48	$ 15,112,125	47
Total comprehensive income (loss) attributable to:				
Owners of the Bank	$ 8,287,050	24	$ 10,985,444	34
Non-controlling interests	(622,654)	(2)	3,782,979	12
	$ 7,664,396	22	$ 14,768,423	46
Earnings per share (note 32)				
Basic	$3.04		$2.89	
Diluted	$3.04		$2.89	

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
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company (Note 29)										
			Retained Earnings			Other Equity					
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Treasury Stock	Total	Non-controlling Interests	Total Equity
Balance at January 1, 2016	$ 39,991,207	$ 4,639,910	$ 37,023,528	$ 7,480,146	$ 17,171,825	$ 3,707,655	$ 5,307,869	$ (83,144)	$ 115,238,996	$ 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)	-	-	-	-	-	-
Change in capital surplus from investments in associates and joint ventures accounted for by using equity method	-	7,745	-	-	-	-	-	-	7,745	-	7,745
Net profit for the year ended December 31, 2016, net of income tax	-	-	-	-	11,748,332	-	-	-	11,748,332	3,363,793	15,112,125
Other comprehensive income (loss) for the year ended December 31, 2016, net of income tax	-	-	-	-	(86,813)	(1,265,381)	589,306	-	(762,888)	419,186	(343,702)
Total comprehensive income (loss) for the year ended December 31, 2016	-	-	-	-	11,661,519	(1,265,381)	589,306	-	10,985,444	3,782,979	14,768,423
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	(1,651,436)	(1,651,436)
Balance at December 31, 2016	40,791,031	4,647,655	40,592,926	7,480,146	18,465,441	2,442,274	5,897,175	(83,144)	120,233,504	42,788,926	163,022,430
Appropriation of 2016 earnings											
Legal reserve	-	-	3,524,500	-	(3,524,500)	-	-	-	-	-	-
Special dividends	-	-	-	58,742	(58,742)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(6,118,655)	-	-	-	(6,118,655)	-	(6,118,655)
Change in capital surplus from investments in associates and joint ventures accounted for by using equity method	-	7,900	-	-	-	-	-	-	7,900	-	7,900
Net profit for the year ended December 31, 2017	-	-	-	-	12,385,227	-	-	-	12,385,227	4,233,739	16,618,966
Other comprehensive loss for the year ended December 31, 2017, net of income tax	-	-	-	-	(81,898)	(4,006,743)	(9,536)	-	(4,098,177)	(4,856,393)	(8,954,570)
Total comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	12,303,329	(4,006,743)	(9,536)	-	8,287,050	(622,654)	7,664,396
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	(1,542,977)	(1,542,977)
Balance at December 31, 2017	$ 40,791,031	$ 4,655,555	$ 44,117,426	$ 7,538,888	$ 21,066,873	$ (1,564,469)	$ 5,887,639	$ (83,144)	$ 122,409,799	$ 40,623,295	$ 163,033,094

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
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars)

	2017	2016
Cash flows from operating activities		
Consolidated net profit before income tax	$ 21,208,877	$ 19,219,160
Adjustments to reconcile net profit to net cash provided by operating activities		
Depreciation expenses	660,850	646,030
Amortization expenses	261,381	274,056
Bad debt expenses	832,443	687,149
(Gains) losses on financial assets and liabilities at fair value through profit or loss	(342,529)	252,343
Interest expenses	10,547,675	9,808,954
Interest revenues	(34,524,484)	(31,774,881)
Dividend income	(599,149)	(222,929)
Share of profit of associates and joint ventures	(237,742)	(154,231)
(Gains) losses on disposal of properties and equipment, net	(283,275)	18,829
Other adjustments	(34,569)	225,820
Changes in operating assets and liabilities		
Decrease (increase) in due from the central bank and call loans to banks	36,783,347	(49,401,946)
Decrease in financial assets at fair value through profit or loss	3,186,381	15,018,924
Increase in receivables	(2,230,913)	(447,984)
Increase in discounts and loans	(77,515,498)	(7,752,476)
Increase in available-for-sale financial assets	(7,388,918)	(50,080,411)
(Increase) decrease in held-to-maturity financial assets	(40,710,374)	19,861,303
Decrease in other financial assets	935	31,011
Decrease in due to the Central Bank and banks	(1,686,931)	(1,952,440)
Decrease in financial liabilities at fair value through profit or loss	(261,895)	(117,042)
Increase in securities sold under repurchase agreements	19,605,855	3,865,536
Increase in payables	3,707,529	3,699,824
Increase in deposits and remittances	71,361,823	22,346,149
Decrease in other financial liabilities	(231,970)	(699,586)
Increase in employee benefits provisions	378,915	113,680
Decrease in other liabilities	681,184	109,797
Cash gathered from (used in) operation	3,168,948	(46,425,361)
Interest received	34,931,595	31,993,216
Dividends received	580,751	206,933
Interest paid	(9,860,548)	(10,133,677)
Income tax paid	(2,410,366)	(3,952,444)
Net cash gathered from (used in) operating activities	26,410,380	(28,311,333)

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THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars)

	2017	2016
Cash flows from investing activities		
Acquisition of properties	$ (722,230)	$ (703,949)
Proceeds from disposal of properties	544,973	853
Increase in refundable deposits	(1,016)	(257,843)
Decrease in refundable deposits	96,163	30
Acquisition of investment properties	(4,009)	(210,017)
Decrease (increase) in other assets	447,298	(323,854)
Net cash gathered from (used in) investing activities	361,179	(1,494,780)
Cash flows from financing activities		
Issuance of bank debentures	17,556,062	-
Repayment of bank debentures	(3,000,000)	-
Increase in guarantee deposit received	245,150	-
Decrease in guarantee deposit received	(8,708)	(328,022)
Change in non-controlling interest	(1,542,977)	(1,651,436)
Payment of cash dividend	(6,110,755)	(5,990,935)
Net cash gathered from (used in) financing activities	7,138,772	(7,970,393)
Effects of exchange rate changes on the balance of cash held in foreign currencies	(5,963,928)	(1,597,251)
Net increase (decrease) in cash and cash equivalents	27,946,403	(39,373,757)
Cash and cash equivalents at the beginning of the year	163,264,050	202,637,807
Cash and cash equivalents at the end of the year	$ 191,210,453	$ 163,264,050

Reconciliation of the amounts in the consolidated statements of cash flows with the equivalent items reported in the consolidated balance sheets at December 31, 2017 and 2016:

	2017	2016
Cash and cash equivalents in consolidated balance sheets	$ 74,683,305	$ 66,775,994
Due from the Central Bank and call loans to banks fall in with the definition of cash and cash equivalents under IFRS 7	116,332,087	96,488,056
Securities purchased under resale agreements fall in with the definition of cash and cash equivalents under IFRS 7	195,061	-
Cash and cash equivalents in consolidated statements of cash flows	$ 191,210,453	$ 163,264,050

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

1. ORGANIZATION AND OPERATIONS

The Bank was incorporated in Taiwan 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, and 3 representative offices located in Thailand, Cambodia and Indonesia.

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

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

2. AUTHORIZATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors and authorized for issue on March 24, 2018.

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

a. Initial application of the amendments to IFRS, IAS, IIFRIC, and SIC (collectively, the "IFRSs") endorsed and issued into effect by the FSC.

   Amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers

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

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

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

When the amendments are applied retrospectively from January 1, 2017, the disclosures of related party transactions and impairment of goodwill are enhanced. Refer to Note 33 for related disclosures.

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

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

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

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

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

- IFRS 9 "Financial Instruments" and related amendments

  Recognition, measurement and impairment of financial assets

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

  For the 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 contractual cash flows, the financial assets are measured at amortized cost and are assessed for impairment continuously with impairment loss recognized in profit or loss, if any. Interest revenue is recognized in profit or loss by using the effective interest method;

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

Except for the above, all other financial assets are measured at fair value through profit or loss. However, the 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.

The Group analyzed the current facts and circumstances of its financial assets existing at December 31, 2017 and performed a preliminary assessment of the main impact of IFRS 9 on the classification and measurement of financial assets. Under IFRS 9:

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

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

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

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

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

For purchased or originated credit-impaired financial assets, the 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.

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

The Group elects not to restate prior periods when applying the requirements for the recognition, measurement and impairment of financial assets under IFRS 9. Cumulative effect by the initial application will recognize in the first application date and will provide the disclosures related to the classification and the adjustment information upon initial application of IFRS 9.

The expected impact to assets, liabilities and equity on January 1, 2018, which retrospectively apply impairment, classification and measurement of financial assets of IFRS 9, as shown below:

	The Book Value On December 31, 2017	Adjustment By Initial Application	The Book Value On January 1, 2018, After Adjustment
Impact on assets, liabilities and equity			
Cash and cash equivalents	$ 74,683,305	$ (255)	$ 74,683,050
Due from the central bank and call loans to banks	219,570,594	(237,537)	219,333,057
Financial assets at fair value through profit or loss	10,767,854	2,814,681	13,582,535
Receivables, net	16,705,711	(21,012)	16,684,699
Discounts and loans, net	926,652,676	(68,399)	926,584,277
AFS financial assets, net	340,550,108	(340,550,108)	-
Held-to-maturity financial assets, net	112,498,032	(112,498,032)	-
Other financial assets, net	5,814	(5,179)	635
Financial assets at fair value through other comprehensive income	-	337,948,061	337,948,061
Financial assets at amortized cost - current	-	112,235,720	112,235,720
Deferred income tax assets	753,867	(53,453)	700,414
Other assets, net	2,969,532	(166)	2,969,366
Impact on assets	$ 1,705,157,493	$ (435,679)	$ 1,704,721,814
Financial liability held for trading	$ 872,808	$ (8,512)	$ 864,296
Deferred income tax liabilities	9,897,033	(54,543)	9,842,490
Other liabilities	2,772,722	22,931	2,795,653
Impact on liabilities	$ 13,542,563	$ (40,124)	$ 13,502,439

(Continued)

	The Book Value On December 31, 2017	Adjustment By Initial Application	The Book Value On January 1, 2018, After Adjustment
Retained earnings	$ 72,723,187	$ 55,471	$ 72,778,658
Unrealized gain (loss) on AFS financial assets	5,887,639	(5,887,639)	-
Equity instruments at fair value through other comprehensive income	-	4,154,126	4,154,126
Debt instruments at fair value through other comprehensive income	-	1,298,874	1,298,874
Non-controlling interests	40,623,295	(16,386)	40,606,909
Impact on equity	$ 119,234,121	$ (395,554)	$ 118,838,567

(Concluded)

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2015-2017 Cycle	January 1, 2019
Amendments to IFRS 9 “Prepayment Features with Negative Compensation”	January 1, 2019 (Note 2)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 16 “Leases”	January 1, 2019 (Note 3)
IFRS 17”Insurance Contracts”	January 1, 2021
Amendments to IAS 19 “Plan Amendment, Curtailment or Settlement”	January 1, 2019
Amendments to IAS 28 “Amended by Long-term Interests in Associates and Joint Ventures”	January 1, 2019
IFRIC 23 “Uncertainty Over Income Tax Treatments”	January 1, 2019

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

Note 2: FSC permits the Bank to elect applying the amendments in advance at January 1, 2018.

Note 3: On December 19, 2017, the FSC announced that Taiwan’s enterprises should apply IFRS 16 as of January 1, 2019.

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 leases 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 right-of-use assets separately from interest expense accrued on lease liabilities; interest is computed by using the effective interest method. On the consolidated statements of cash flows, cash payments for the principal portion of lease liabilities are classified within financing activities; cash payments for the interest portion are classified within operating activities.

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

When IFRS 16 is effective, the Group 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks and related regulations endorsed by the FSC.

Basis of Preparation

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

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

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.

Classification of Current and Non-current Assets and Liabilities

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

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Bank and entities controlled by the Bank (its subsidiaries). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition up to the effective date of disposal, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Bank. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Refer to Note 14 and attachment 4 for detailed accounts, stock holding and operating activities.

Business Combinations

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

Goodwill is measured as the excess of the sum of the consideration transferred and the fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree, the excess are recognized immediately in profit or loss as a bargain purchase gain.

Foreign Currencies

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

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

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

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

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

Financial Instruments

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

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

a. Financial assets

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

1) Categories

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

a) Financial assets at FVTPL

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

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

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

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

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

  Fair value is determined in the manner described in Note 37.

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

b) Held-to-maturity financial assets

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

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

c) AFS financial assets

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

AFS financial assets are measured at fair value. Changes in the carrying amount of AFS monetary financial assets relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and dividends on AFS equity investments are recognized in profit or loss. Other changes in the carrying amount of AFS financial assets are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of or is determined to be impaired.

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

d) Loans and receivables

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

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

2) Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

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

According to the local statutes, the Bank's allowances for bad debts and guarantee liabilities for the "acquisition of residential home repair loans and construction loans" and "category one credit assets (including short-term trade financing) due from to PRC businesses" should be at least 1.5%.

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

3) Derecognition of financial assets

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

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

b. Financial liabilities

1) Subsequent measurement of financial liabilities

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

a) Financial liabilities at FVTPL

Financial liabilities at FVTPL are all held for trading, and stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The method to determine fair value is stated in Note 37.

b) Financial guarantee contracts

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

2) Derecognition of financial liabilities

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

c. Derivative financial instruments

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

   Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the contracts are not measured at fair value through profit or loss.

Investment in Associates and Jointly Controlled Entities

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Joint venture arrangements that involve the establishment of a separate entity in which ventures have joint control over the economic activity of the entity are referred to as jointly controlled entities.

The Group applies equity method to account for investments in associates and jointly controlled entities.

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

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

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

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

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

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

Nonperforming Loans

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

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

Securities Purchased/Sold Under Resale/Repurchase Agreements

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

Properties and Equipment

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

Depreciation is provided on a straight-line basis over estimated useful lives and the critical components are identified and depreciated separately. Depreciation expense of the land and buildings held by SCB (HK) is 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. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period by the Group. Change in accounting estimate takes effect prospectively.

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

Investment Properties

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

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

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

Intangible Assets

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

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

Impairment of Tangible and Intangible Assets Other Than Goodwill

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

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

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

Collaterals Assumed

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

Provisions

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

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

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

Revenue Recognition

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

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

Dividend revenue is recognized when the right of shareholder to receive dividend is established.

Leasing

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

a. The Group as lessor

   Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease.

b. The Group as lessee

   Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

Employee Benefits

a. Short-term employee benefits

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

b. Retirement benefit costs

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

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

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

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

c. Employee preferential deposits

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

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

d. Other long-term employee benefits

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

Taxation

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

a. Current tax

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

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

b. Deferred tax

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

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

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

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

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

c. Current and deferred tax of this period

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

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

a. Impairment of loans and receivables

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

b. Income tax

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

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

6. CASH AND CASH EQUIVALENTS

	December 31	
	2017	2016
Cash on hand and working fund	$ 8,003,789	$ 10,832,370
Notes and checks in clearing	3,031,515	3,148,468
Due from other banks	63,648,001	52,795,156
	$ 74,683,305	$ 66,775,994

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

	December 31	
	2017	2016
Call loans to banks	$ 191,951,410	$ 224,222,791
Deposit reserves - I	7,216,386	1,952,103
Deposit reserves - II	17,480,443	15,353,754
Deposit reserves - foreign	162,265	126,429
Due from foreign central banks	2,760,090	2,716,225
	$ 219,570,594	$ 244,371,302

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 $1,929 thousand on December 31, 2017 and $2,094 thousand on December 31, 2016.

8. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31 2017	December 31 2016
Financial assets at fair value through profit or loss		
Held-for-trading financial assets		
Corporate bonds	$ 4,778,819	$ 1,214,072
Government bonds	2,554,333	411,056
Forward contracts	826,065	1,136,996
Option contracts	160,891	228,605
Stocks	137,537	528,771
Currency swap contract	56,775	284,093
Commercial papers	-	5,582,305
Negotiable certificate of deposit	-	2,499,958
Others	35,858	90,960
	8,550,278	11,976,816
Financial assets designated at fair value through profit or loss		
Equity link to notes	1,512,158	-
Structured corporate bonds contracts	705,418	768,160
	2,217,576	768,160
	$ 10,767,854	$ 12,744,976
Financial liabilities at fair value through profit or loss		
Held-for-trading financial liabilities		
Forward contracts	$ 633,686	$ 1,143,935
Option contracts	161,881	223,552
Others	77,241	10,283
	$ 872,808	$ 1,377,770

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

The financial assets and liabilities at FVTPL contract (nominal) amounts of derivative transactions as of December 31, 2017 and 2016 were as follows:

	December 31 2017	December 31 2016
Forward contracts	$ 60,673,953	$ 199,336,614
Option contracts	50,357,650	23,187,899
Currency swap contracts	16,797,075	27,288,257
Interest rate swap contracts	3,304,661	1,439,847
Asset swap contracts	712,320	-

9. SECURITIES PURCHASED UNDER RESALE AGREEMENTS (DECEMBER 31, 2016: NONE)

Securities purchased under resale agreements as of December 31, 2017 were $195,061 thousand. The aforementioned securities will be bought back one after another before January 24, 2018 at $195,111 thousand.

10. RECEIVABLES, NET

	December 31	
	2017	2016
Accrued interest	$ 4,784,102	$ 4,824,328
Acceptances	3,766,600	3,490,181
Credit cards receivable	2,818,845	2,875,810
Accounts receivable due from sales of securities	2,697,892	1,363,988
Accounts receivable - factoring	648,656	1,008,988
Others	2,426,682	2,143,656
	17,142,777	15,706,951
Allowance for credit losses	(437,066)	(380,777)
	$ 16,705,711	$ 15,326,174

The allowance for accounts receivable and other financial assets (excluding part of acceptances and accrued interest) is categorized and assessed by credit risk as below:

	December 31, 2017	
Item	Total	Allowance
With objective evidence of impairment		
Individually assessed	$ 47,730	$ 44,564
Collectively assessed	191,022	106,411
With no objective evidence of impairment		
Collectively assessed	6,803,331	331,929
Grand total	$ 7,042,083	$ 482,904

	December 31, 2016	
Item	Total	Allowance
With objective evidence of impairment		
Individually assessed	$ 55,321	$ 49,928
Collectively assessed	183,883	124,966
With no objective evidence of impairment		
Collectively assessed	6,825,162	255,909
Grand total	$ 7,064,366	$ 430,803

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

	For the Year Ended December 31	
	2017	2016
Balance at January 1	$ 430,803	$ 381,492
Provisions	73,329	64,782
Write-offs	(48,130)	(52,161)
Recoveries	33,989	39,333
Effect of exchange rate changes	(7,087)	(2,643)
Balance at December 31	$ 482,904	$ 430,803

11. DISCOUNTS AND LOANS, NET

	December 31	
	2017	2016
Loans	$ 913,989,681	$ 836,493,583
Inward/outward documentary bills	20,267,780	20,248,785
Nonperforming loans	2,162,624	2,103,065
	936,420,085	858,845,433
Discount and premium adjustment	741,351	727,849
Allowance for credit losses	(10,508,760)	(10,242,623)
	$ 926,652,676	$ 849,330,659

The Bank discontinues accruing interests when loans are deemed nonperforming. For the years ended December 31, 2017 and 2016, the unrecognized interest revenues on the nonperforming loans amounted to $34,385 thousand and $33,374 thousand, respectively.

For the years ended December 31, 2017 and 2016, the Group only had written off certain credits after completing the required legal procedures.

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

	December 31, 2017	
Item	Total	Allowances
With objective evidence of impairment		
Individually assessed	$ 2,267,445	$ 592,864
Collectively assessed	7,132,495	1,779,209
With no objective evidence of impairment		
Collectively assessed	927,020,145	8,136,687
Grand total	$ 936,420,085	$ 10,508,760

Item	December 31, 2016	
	Total	Allowances
With objective evidence of impairment		
Individually assessed	$ 2,291,123	$ 491,091
Collectively assessed	7,105,251	2,113,035
With no objective evidence of impairment		
Collectively assessed	849,449,059	7,638,497
Grand total	$ 858,845,433	$ 10,242,623

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

	For the Year Ended December 31	
	2017	2016
Balance at January 1	$ 10,242,623	$ 10,289,808
Provisions	757,028	496,841
Write-offs	(482,279)	(949,629)
Recoveries	274,176	490,401
Effect of exchange rate changes	(282,788)	(84,798)
Balance at December 31	$ 10,508,760	$ 10,242,623

The details of bad debts expenses for the years ended December 31, 2017 and 2016 are listed as below:

	For the Year Ended December 31	
	2017	2016
Provisions of loans and discounts	$ 757,028	$ 496,841
Provisions of receivables	73,329	64,782
Provisions of reserve for possible losses on guarantees	2,086	125,526
	$ 832,443	$ 687,149

12. AFS FINANCIAL ASSETS

	December 31	
	2017	2016
Bank debentures	$ 104,945,766	$ 95,012,778
Corporate bonds	81,930,624	59,028,111
Negotiable certificate of deposit	65,594,624	79,180,202
Government bonds	39,133,662	66,688,093
Commercial papers	24,758,245	22,038,165
Stocks	17,299,887	20,838,979
Beneficiary certificates	3,585,605	7,928,479
Treasury bills	2,979,877	-
Assets backed securities	321,818	423,756
	$ 340,550,108	$ 351,138,563

Part of the aforementioned AFS financial assets were sold under repurchase agreements as of December 31, 2017 and 2016. The par value of bonds and commercial papers sold under repurchase agreements were $28,773,500 thousand and $9,493,600 thousand, respectively.

Part of the aforementioned asset backed securities were invested in Structured Investment Vehicles (SIV). The Group's recognized impairment losses in prior years amounted to $92,737 thousand and realized gains on available-for-sale financial assets amounted to $52,724 thousand due to the liquidation and disposal of SIV in August 2017.

About the pledged assets, see Note 34.

13. HELD-TO-MATURITY FINANCIAL ASSETS

	December 31	
	2017	**2016**
Negotiable certificate of deposit	$ 98,000,000	$ 61,944,440
Government bonds	11,282,971	9,824,731
Corporate bonds	2,356,690	831,926
Bank debentures	58,371	65,609
	$ 112,498,032	$ 72,666,706

About the pledged assets, see Note 34.

14. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

The consolidated financial statements include the Bank and entities controlled by the Bank (subsidiaries).

			Proportion of Ownership December 31		
Investor	**Investee**	**Nature of Activities**	**2017**	**2016**	**Remark**
Domestic subsidiaries					
The Bank	China Travel Service (Taiwan)	Traveling	99.99	99.99	
	SCSB Life Insurance Agency	Insurance agency	100.00	100.00	
	SCSB Property Insurance Agency	Insurance agency	100.00	100.00	
	SCSB Marketing Ltd.	Human resource services	100.00	100.00	
	SCSB Asset Management Ltd.	Purchase, evaluation, auction and management of creditor's right of financial institutions	100.00	100.00	
China Travel Service (Taiwan)	CTS Travel International Ltd.	Traveling	100.00	100.00	
Foreign subsidiaries					
The Bank	Shancom Reconstruction Inc.	Investment holding	100.00	100.00	
	Wresqueue Limitada	Investment holding	100.00	100.00	
	Paofoong Insurance Company Ltd.	Insurance	40.00	40.00	
SCSB Asset Management Ltd.	SCSB Leasing (China) Co., Ltd.	Leasing operation	100.00	100.00	
Wresqueue Limitada	Prosperity Realty Inc.	Real estate service	100.00	100.00	
Shancom Reconstruction Inc.	Empresa Inversiones Generales, S.A.	Investment holding	100.00	100.00	
	Krinein Company	Investment holding	100.00	100.00	
	Safehaven Investment Corporation	Investment holding	100.00	100.00	
Empresa Inversiones Generales, S.A.	Shanghai Commercial Bank (HK)	Banking	48.00	48.00	*
Krinein Company	Shanghai Commercial Bank (HK)	Banking	9.60	9.60	*.

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership December 31 2017	2016	Remark
Shanghai Commercial Bank (HK)	Shanghai Commercial Bank (Nominees) Ltd.	Nominee services	100.00	100.00	
	Shanghai Commercial Bank Trustee Ltd.	Trustee services	60.00	60.00	
	Shacom Futures Ltd.	Commodities trading	100.00	100.00	
	Shacom Investment Ltd.	Investment in exchange fund bills and notes	100.00	100.00	
	Shacom Property Holdings (BVI) Limited	Property holding	100.00	100.00	
	Shacom Property (NY) Inc.	Property holding	100.00	100.00	
	Shacom Property (CA) Inc.	Property holding	100.00	100.00	
	Shacom Assets Investment Ltd.	Investment in bonds	100.00	100.00	
	Infinite Financial Solutions Limited	I.T. application services provider	100.00	100.00	
	Shacom Insurance Brokers Ltd.	Insurance broker	100.00	100.00	
	Shacom Securities Ltd.	Securities brokerage services	100.00	100.00	
	Hai Kwang Property Management Co., Ltd.	Property management	100.00	100.00	
	Paofoong Insurance Company Ltd.	Insurance	60.00	60.00	
	Right Honour Investments Limited	Property holding	100.00	100.00	
	KCC 23F Limited	Property holding	100.00	100.00	
	KCC 25F Limited	Property holding	100.00	100.00	
	KCC 26F Limited	Property holding	100.00	100.00	
Right Honour Investments Limited	Glory Step Investments Limited	Property holding	100.00	100.00	
	Silver Wisdom Investments Limited	Property holding	100.00	100.00	

(Concluded)

Remarks:

* This entity is a subsidiary with material non-controlling interests.

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

Name of Subsidiary	Principal Place of Business	Proportion of Ownership and Voting Rights Held by Non-controlling Interests December 31 2017	2016
Shanghai Commercial Bank (H.K.)	Hong Kong	42.4%	42.4%

Name of Subsidiary	Profit Allocated to Non-controlling Interests For the Year Ended December 31 2017	2016	Accumulated Non-controlling Interests December 31 2017	2016
Shanghai Commercial Bank (H.K.) (excluding NCI in its subsidiaries)	$ 4,232,809	$ 3,361,316	$ 40,524,110	$ 42,690,152

Summarized financial information in respect of the Group's subsidiary that has material non-controlling interests is set out below. The summarized financial information below represents amounts before intragroup eliminations.

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

	December 31 2017	December 31 2016
Assets	$ 701,302,572	$ 704,726,783
Liabilities	(605,434,536)	(603,746,320)
Non-controlling interests of Shanghai Commercial Bank (H.K.)	(292,305)	(296,140)
Equity	$ 95,575,731	$ 100,684,323
Owners of Shanghai Commercial Bank (H.K.)	$ 55,051,621	$ 57,994,171
Non-controlling interests of Shanghai Commercial Bank (H.K.)	40,524,110	42,690,152
	$ 95,575,731	$ 100,684,323

	For the Year Ended December 31 2017	For the Year Ended December 31 2016
Revenue	$ 18,161,848	$ 16,173,554
Net profit for the period	$ 10,006,689	$ 7,943,511
Profit allocated to NCI in subsidiaries of Shanghai Commercial Bank (H.K.)	(23,648)	(15,878)
	9,983,041	7,927,633
Other comprehensive income for the period	(1,265,401)	3,185,818
Other comprehensive income allocated to NCI in subsidiaries of Shanghai Commercial Bank (H.K.)	(23,843)	(14,631)
Total comprehensive income for the period	$ 8,693,797	$ 11,098,820
Profit attributable to:		
Owners of Shanghai Commercial Bank (H.K.)	$ 5,750,232	$ 4,566,317
Non-controlling interests in Shanghai Commercial Bank (H.K.)	4,232,809	3,361,316
	$ 9,983,041	$ 7,927,633
Total comprehensive income attributable to:		
Owners of Shanghai Commercial Bank (H.K.)	$ 5,007,627	$ 6,392,920
Non-controlling interests of Shanghai Commercial Bank (H.K.)	3,686,170	4,705,900
	$ 8,693,797	$ 11,098,820
Net cash inflow (outflow) from:		
Operating activities	$(76,860,148)	$ (75,390,520)
Investing activities	77,090,511	35,841,221
Financing activities	4,131,951	(4,215,120)
Net cash inflow	$ 4,362,314	$ (43,764,419)
Dividends paid to non-controlling interest Shanghai Commercial Bank (H.K.)	$ 1,542,977	$ 1,651,436

15. EQUITY INVESTMENTS UNDER THE EQUITY METHOD

	December 31	
	2017	2016
Investments in associates	$ 1,472,690	$ 1,421,566

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:

	December 31	
	2017	2016
Profits from continuing operations	$ 237,742	$ 154,231
Other comprehensive income	16,594	(67,649)
The comprehensive income for the period	$ 254,336	$ 86,582

16. OTHER FINANCIAL ASSETS, NET

	December 31	
	2017	2016
Nonperforming receivables	$ 45,838	$ 50,026
Financial assets carried at cost	5,179	5,179
Bills purchased, net	635	1,570
	51,652	56,775
Allowance for nonperforming credit card receivables	(45,838)	(50,026)
	$ 5,814	$ 6,749

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

The balance of credit cards receivable reported as nonperforming were $2,463 thousand and $2,939 thousand as of December 31, 2017 and 2016, respectively. The unrecognized interest revenues on the receivable amounted to $22 thousand and $32 thousand for the years ended December 31, 2017 and 2016.

17. PROPERTIES, NET

	December 31 2017	December 31 2016
Land	$ 14,457,948	$ 15,619,473
Buildings and improvements	5,060,612	5,656,624
Office equipment	346,656	296,292
Transportation equipment	29,023	28,263
Miscellaneous equipment	907,655	672,338
Construction-in-progress and prepayments	489,833	7,260
	$ 21,291,727	$ 22,280,250

For the Year Ended December 31, 2017

	Balance at January 1, 2017	Additions	Disposals	Internal Transfer	Effect of Exchange Rate Changes, Net	Balance at December 31, 2017
Cost						
Land	$ 16,151,114	$ -	$ (150,836)	$ (470,535)	$ (521,779)	$ 15,007,964
Buildings and improvements	8,880,407	5,153	(110,267)	(710)	(375,905)	8,398,678
Office equipment	2,076,748	171,321	(31,101)	-	(94,135)	2,122,833
Transportation equipment	93,078	9,651	(7,683)	-	(3,107)	91,939
Miscellaneous equipment	2,414,173	506,547	(156,024)	-	(161,554)	2,603,142
Construction-in-progress and prepayments	7,260	29,558	-	468,917	(12,921)	492,814
	29,622,780	$ 722,230	$ (455,911)	$ (2,328)	$ (1,169,401)	28,717,370
Accumulated depreciation						
Land	531,641	$ 67,980	$ -	$ (2,547)	$ (47,058)	550,016
Buildings and improvements	3,223,783	241,513	(21,821)	(23)	(105,386)	3,338,066
Office equipment	1,780,456	109,849	(28,450)	-	(85,678)	1,776,177
Transportation equipment	64,815	6,727	(6,842)	-	(1,784)	62,916
Miscellaneous equipment	1,741,835	199,578	(137,100)	-	(108,826)	1,695,487
Construction-in-progress and prepayment	-	535	-	2,528	(82)	2,981
	7,342,530	$ 626,182	$ (194,213)	$ (42)	$ (348,814)	7,425,643
Net amount	$ 22,280,250					$ 21,291,727

For the Year Ended December 31, 2016

	Balance at January 1, 2016	Additions	Disposals	Internal Transfer	Effect of Exchange Rate Changes, Net	Balance at December 31, 2016
Cost						
Land	$ 15,008,837	$ -	$ -	$ 1,253,147	$ (110,870)	$ 16,151,114
Buildings and improvements	7,752,895	78,185	(14,639)	1,114,374	(80,408)	8,880,407
Office equipment	2,187,612	112,736	(198,793)	-	(24,807)	2,076,748
Transportation equipment	96,684	3,641	(6,230)	-	(1,017)	93,078
Miscellaneous equipment	2,220,516	394,499	(141,496)	-	(59,346)	2,414,173
Construction-in-progress and prepayments	3,813,932	114,888	-	(3,842,520)	(79,040)	7,260
	31,080,476	$ 703,949	$ (361,158)	$ (1,444,999)	$ (355,488)	29,622,780
Accumulated depreciation						
Land	447,072	$ 73,806	$ -	$ 20,180	$ (9,417)	531,641
Buildings and improvements	2,982,577	282,814	(14,639)	5,773	(32,742)	3,223,783
Office equipment	1,866,278	125,359	(189,019)	-	(22,162)	1,780,456
Transportation equipment	64,518	6,745	(5,901)	-	(547)	64,815
Miscellaneous equipment	1,780,293	127,374	(131,917)	-	(33,915)	1,741,835
Construction-in-progress and prepayments	26,588	812	-	(26,847)	(553)	-
	7,167,326	$ 616,910	$ (341,476)	$ (894)	$ (99,336)	7,342,530
Net amount	$ 23,913,150					$ 22,280,250

The Group did not recognize any impairment losses on the properties for the years ended December 31, 2017 and 2016.

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

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

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

The SCB (HK) main building was built in 2016. Construction-in-progress and prepayments were readjusted to land and buildings and improvements. The Group has been held in accordance with the purpose of accounting for properties and equipment and investing properties respectively (Note 18).

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 the declining balance method and the rate is 25% in the year of purchasing and 20% in the subsequent years.

18. INVESTMENT PROPERTIES, NET

	December 31	
	2017	2016
Land	$ 4,138,753	$ 4,469,821
Buildings and improvements	1,153,644	1,290,807
	$ 5,292,397	$ 5,760,628

	For the Year Ended December 31, 2017				
	Balance at January 1, 2017	Additions	Internal Transfer	Effect of Exchange Rate Changes, Net	Balance at December 31, 2017
Cost					
Land	$ 4,510,324	$ -	$ 1,618	$ (340,258)	$ 4,171,684
Buildings and improvements	1,315,811	4,009	710	(113,550)	1,206,980
	5,826,135	$ 4,009	$ 2,328	$ (453,808)	5,378,664
Less: Accumulated depreciation					
Land	40,503	$ 3,373	$ 19	$ (10,964)	32,931
Buildings and improvements	25,004	31,295	23	(2,986)	53,336
	65,507	$ 34,668	$ 42	$ (13,950)	86,267
Net amount	$ 5,760,628				$ 5,292,397

	For the Year Ended December 31, 2016				
	Balance at January 1, 2016	Additions	Internal Transfer	Effect of Exchange Rate Changes, Net	Balance at December 31, 2016
Cost					
Land	$ 13,630	$ -	$ 4,499,002	$ (2,308)	$ 4,510,324
Buildings and improvements	14,510	82,281	1,219,913	(893)	1,315,811
Construction in progress and prepayments for real estate investments	4,234,281	127,736	(4,273,916)	(88,101)	-
	4,262,421	$ 210,017	$ 1,444,999	$ (91,302)	5,826,135

(Continued)

	For the Year Ended December 31, 2016				
	Balance at January 1, 2016	Additions	Internal Transfer	Effect of Exchange Rate Changes, Net	Balance at December 31, 2016
Less: Accumulated depreciation					
Land	$ 1,142	$ 2,810	$ 36,593	$ (42)	$ 40,503
Buildings and improvements	5,498	25,404	(5,772)	(126)	25,004
Construction in progress and prepayments for real estate investments	29,638	906	(29,927)	(617)	-
	36,278	$ 29,120	$ 894	$ (785)	65,507
Net amount	$ 4,226,143				$ 5,760,628

(Concluded)

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

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

The fair value of investment properties has been measured mainly by independent appraiser, Cushman & Wakefield, on the balance sheet date. The valuation applies common level three input valuation models such as the direct comparison approach and the income capitalization approach. The applied unobservable inputs include sales proofs from market, potential market rents, and related costs such as building costs, consulting costs, and financing costs. The fair value stated as below:

	For the Year Ended December 31	
	2017	2016
Fair value	$ 12,687,784	$ 13,818,183

Rental income from investment properties stated as below:

	For the Year Ended December 31	
	2017	2016
Rental income from investment properties	$ 290,746	$ 166,366

19. OTHER ASSETS, NET

	December 31	
	2017	2016
Prepaid expenses	$ 1,488,796	$ 2,208,384
Deferred charges	261,657	375,013
Refundable deposits, net of $17,360 thousand impairment loss	894,174	1,020,366
Temporary payments and suspense	90,759	86,547
Computer software	120,099	140,658
Others	114,047	171,497
	$ 2,969,532	$ 4,002,465

20. DUE TO THE CENTRAL BANK AND BANKS

	December 31	
	2017	2016
Due to banks	$ 4,916,117	$ 4,011,826
Call loans from banks	23,854,791	26,138,638
Deposit transfer from Chunghwa Post Co., Ltd.	3,383,529	3,802,664
Overdraft on banks	1,587,298	1,475,538
	$ 33,741,735	$ 35,428,666

21. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

Securities sold under repurchase agreements as of December 31, 2017 and 2016 were $29,792,067 thousand and $10,186,212 thousand, respectively. The aforementioned securities will be sold back by September 21, 2018 and September 22, 2017 at $29,803,070 thousand and $10,193,351 thousand, respectively.

22. PAYABLES

	December 31	
	2017	2016
Dividends payable	$ 11,842,528	$ 10,995,694
Accounts payable	9,198,128	7,032,472
Liabilities on bank acceptances	3,812,355	3,519,141
Accrued interests	2,563,767	1,938,508
Accrued expenses	1,479,901	1,416,195
Others	386,287	438,338
	$ 29,282,966	$ 25,340,348

23. DEPOSITS AND REMITTANCES

	December 31	
	2017	2016
Time deposits	$ 649,212,987	$ 603,584,606
Savings deposits	448,189,639	443,131,254
Demand deposits	289,514,027	293,242,685
Checking deposits	9,906,049	10,496,084
Negotiable certificates of deposits	6,417,900	2,884,200
Remittances	540,002	1,027,081
	$ 1,403,780,604	$ 1,354,361,910

24. BANK DEBENTURES

a. The Bank

	December 31	
	2017	2016
The subordinate bank debenture - 7 year maturity; first issued in 2010; maturity date is on June 2017	$ -	$ 3,000,000
The subordinate bank debenture - 7 year maturity; first issued in 2012; maturity date is on April 2019	4,000,000	4,000,000
The subordinate bank debenture - 7 year maturity; second issued in 2012; maturity date is on May 2019	1,000,000	1,000,000
The subordinate bank debenture - 7-10 year maturity, third issued in 2012; maturity date is from December 2019 to December 2022	5,000,000	5,000,000
The subordinate bank debenture - 7-10 year maturity, fourth issued in 2012; maturity date is from December 2019 to December 2022	10,000,000	10,000,000
The subordinate bank debenture - 7-10 year maturity, first issued in 2014; maturity date is on March 2021 to March 2024	6,700,000	6,700,000
The subordinate bank debenture - 7 year maturity, second issued in 2014; maturity date is on November 2021	3,300,000	3,300,000
The subordinate bank debenture - 7 year maturity; first issued in 2015; maturity date is on June 2022	2,150,000	2,150,000
The subordinate bank debenture - 8.5 year maturity; second issued in 2015; maturity date is on June 2024	3,000,000	3,000,000
The subordinate bank debenture - 7-10 year maturity, first issued in 2017; maturity date is on June 2024 to June 2027	5,000,000	-
The subordinate bank debenture - 7-10 year maturity, second issued in 2017; maturity date is on December 2024 to December 2027	5,000,000	-
	$ 45,150,000	$ 38,150,000

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.

The first issuance of the 2017 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 2017 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 1.30%; 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.

b. SCB (HK)

	December 31	
	2017	**2016**
The bank debenture - 5 year maturity; first issued in 2017; maturity date is on November 2022	$ 7,366,310	$ -

The first issuance of the 2017 subordinated bank debenture bears a fixed interest rate of 3.75% with interest paid annually and repayment of principal at maturity.

25. OTHER FINANCIAL LIABILITIES

	December 31	
	2017	**2016**
Appropriated loan funds	$ 2,077,200	$ 2,810,902
Principals of structured instruments	1,206,908	469,485
	$ 3,284,108	$ 3,280,387

26. PROVISIONS

	December 31	
	2017	2016
Reserve for employee benefits	$ 1,124,108	$ 785,004
Reserve for possible losses on guarantees	596,361	604,785
Reserve for other operating	375,146	403,186
Reserve for unexpected losses	3,564	3,564
	$ 2,099,179	$ 1,796,539

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

	December 31	
	2017	2016
Opening balance	$ 604,785	$ 479,670
Reserve for possible losses on guarantees (Note 11)	2,086	125,527
Exchange differences	(10,510)	(412)
Closing balance	$ 596,361	$ 604,785

27. OTHER LIABILITIES

	December 31	
	2017	2016
Guarantee deposit received	$ 1,510,737	$ 1,342,222
Deferred revenues	841,744	485,343
Interest received in advance	41,294	39,708
Temporary credit	40,983	37,364
Others	337,964	341,584
	$ 2,772,722	$ 2,246,221

28. PENSION PLAN

The Bank

a. Defined contribution plan

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

The Bank makes contributions to its pension fund at the predetermined rate specified in the defined contribution plan and immediately recognizes as pension expense. Contributions made to the defined contribution plan for the years ended December 31, 2017 and 2016 were $63,286 thousand and $57,916 thousand, respectively.

b. Defined benefit plan

The Bank adopted a defined benefit plan under the Labor Standards Act, under which pension benefits are calculated on the basis of the length of service and average monthly salaries of the last six months before retirement. The Bank contributes amounts equal to 8% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Group has no right to influence the investment policy and strategy.

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

	December 31	
	2017	**2016**
Present value of defined benefit obligation	$ 2,652,156	$ 2,543,556
Fair value of plan assets	(2,462,967)	(2,439,424)
Net defined benefit liability	$ 189,189	$ 104,132

Movements in net defined benefit liability (asset) were as follows:

	Present Value of the Defined Benefit Obligation	**Fair Value of the Plan Assets**	**Net Defined Benefit Liability (Asset)**
Balance at January 1, 2016	$ 2,419,046	$ (2,390,026)	$ 29,020
Service cost			
Current service cost	193,809	-	193,809
Net interest expense (income)	43,825	(44,965)	(1,140)
Recognized in profit or loss	237,634	(44,965)	192,669
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	21,669	21,669
Actuarial loss - changes in demographic assumptions	11,906	-	11,906
Actuarial loss - experience adjustments	39,719	-	39,719
Recognized in other comprehensive income	51,625	21,669	73,294
Contributions from the employer	-	(190,851)	(190,851)
Benefits paid	(164,749)	164,749	-
Balance at December 31, 2016	$ 2,543,556	$ (2,439,424)	$ 104,132

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability (Asset)
Balance at January 1, 2017	$ 2,543,556	$ (2,439,424)	$ 104,132
Service cost			
Current service cost	193,244	-	193,244
Net interest expense (income)	46,719	(46,604)	115
Recognized in profit or loss	239,963	(46,604)	193,359
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	18,886	18,886
Actuarial loss - changes in demographic assumptions	8,936	-	8,936
Actuarial loss - experience adjustments	52,700	-	52,700
Recognized in other comprehensive income	61,636	18,886	80,522
Contributions from the employer	-	(188,824)	(188,824)
Benefits paid	(192,999)	192,999	-
Balance at December 31, 2017	$ 2,562,156	$ (2,462,967)	$ 189,189

(Concluded)

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

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

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

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

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

	December 31	
	2017	2016
Discount rates	1.90%	1.90%
Expected rates of salary increase	2.75%	2.75%

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

	December 31	
	2017	2016
Discount rate(s)		
0.25% increase	$ (72,813)	$ (72,724)
0.25% decrease	$ 75,666	$ 75,677
Expected rate(s) of salary increase		
0.25% increase	$ 73,669	$ 73,677
0.25% decrease	$ (71,257)	$ (71,169)

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

	December 31	
	2017	2016
The average duration of the defined benefit obligation	12.0 years	12.0 years
The expected contributions to the plan for the next year	$ 194,017	$ 196,099

c. Employee preferential interest deposits

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

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

	December 31	
	2017	2016
Discount rate	4.00%	4.00%
Expected return of deposit fund	2.00%	2.00%
Expected rates of account balance decrease	2.00%	2.00%
Expected probabilities of preferential interest deposits system change	50.00%	50.00%

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

	December 31	
	2017	2016
Present value of preferential interest deposit for retired employees	$ 334,276	$ 282,279

The Bank and subsidiaries recognized $68,714 thousand and $62,337 thousand in defined benefit plans, loss of $17,814 thousand and $13,014 thousand in defined other comprehensive income for the years ended December 31, 2017 and 2016.

d. Other long-term employee benefits liability

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

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

	December 31	
	2017	**2016**
Other long-term employee benefits obligations	$ 6,227	$ 5,227

For the years ended December 31, 2017 and 2016, the Bank recognized loss of $1,000 thousand and gains of $1,288 thousand in the statements of comprehensive income in respect of the employee death benefit.

Subsidiaries

a. Defined contribution plan

Domestic subsidiaries of the Bank adopted the LPA, which is a defined contribution plan. Under the LPA., the Bank's domestic subsidiaries makes monthly contributions of amounts equal to 6% of salaries and wages to a pension fund administered by the pension fund monitoring committee. Foreign subsidiaries also contribute pension funds to their defined contribution plans under local regulations. The plan assets of the different plans of domestic and foreign subsidiaries are independently administered funds.

Contributions made to the defined contribution plan for the years ended December 31, 2017 and 2016 were $231,012 thousand and $241,828 thousand, respectively. Income tax expense recognized in other comprehensive income

b. Defined benefit plan

Domestic and foreign subsidiaries recognized relevant expenses according to the calculation of qualified actuaries. The expenses recognized in the statements of comprehensive income for the defined benefit pension plans were gains of $258 thousand and loss of $665 thousand for the years ended December 31, 2017 and 2016, respectively. The expenses recognized in other comprehensive profit of $279 thousand and $15,179 thousand for the year ended December 31, 2017 and 2016, respectively.

Long-term employee benefits liability

	December 31	
	2017	2016
Defined benefit liability	$ 783,605	$ 497,498
Present value of preferential interest deposit for retired employees	334,276	282,279
Other long-term employee benefits obligations	6,227	5,227
	$ 1,124,108	$ 785,004

29. EQUITY

a. Share capital

	December 31	
	2017	2016
Ordinary shares		
Authorized shares (in thousands)	6,000,000	6,000,000
Authorized capital	$ 60,000,000	$ 60,000,000
Issued and paid shares (in thousands)	4,079,103	4,079,103
Issued capital	$ 40,791,031	$ 40,791,031

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

b. Capital surplus

	December 31	
	2017	2016
Share premium	$ 2,647,583	$ 2,647,583
Treasury shares transaction	2,006,754	1,998,854
Proportionate share in equity-method investee's surplus from donated assets	1,218	1,218
	$ 4,655,555	$ 4,647,655

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

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

Since the shares held by subsidiaries were reclassified as treasury shares, cash dividend distributed to subsidiaries was then recorded as "capital surplus - treasury shares". Cash dividend distributed to subsidiaries amounted to $7,900 thousand and $7,745 thousand for the years ended December 31, 2017 and 2016.

c. Retained 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 consequential amendments to the Company's Articles of Incorporation had been adopted by resolution of the board in the directors' meeting held on March 14, 2016 and the shareholders in their meeting on June 14, 2016. For information about the employees' compensation and remuneration and the actual appropriations, refer to Note 30 (d).

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

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 Act, if the Bank's legal reserve is still less than its paid-in capital, the Bank may distribute cash earnings only up to 15% of the paid-in capital.

Except for non-Taiwan 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 2016 and 2015 had been approved in the shareholders' meetings on June 16, 2017 and June 14, 2016, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		Dividends Per Share (Dollars)	
	2016	**2015**	**2016**	**2015**
Legal reserve	$ 3,524,500	$ 3,569,398		
Special reserve	58,742	-		
Cash dividends - ordinary shares	6,118,655	5,998,681	$ 1.50	$ 1.50
Share dividends - ordinary shares	-	799,824	-	0.20
	$ 9,701,897	$ 10,367,903	$ 1.50	$ 1.70

d. Special reserve

The Bank has made a special reserve of $1,256,859 thousand due to transferring its cumulative translation adjustment reported in equity to retained earnings during first-time adoption. There was no change in the balance of special reserve for the period ended on December 31, 2016.

With Rule No. 10510001510 issued by the FSC on May 25, 2016, Public Banks should make a special reserve for 0.5% to 1.0% of net profit when making the appropriations of earnings of 2016 to 2018 to cope with the staff transformation of financial technology development. Public Banks may reverse the same amount of transfer or resettle the expenses since 2017. The Bank has made a special reserve of $ thousand from earnings of 2017 proposed by the Bank's board of directors on March 24, 2018.

e. Treasury shares

Purpose	Beginning Balance	Increase	Decrease	Ending Balance
Year ended December 31, 2017				
Shares held by subsidiaries	11,397	-	-	11,397
Year ended December 31, 2016				
Shares held by subsidiaries	11,174	223	-	11,397

The Bank reclassified its shares held by the subsidiaries as treasury shares with a carrying amount of $83,144 thousand (representing 7,698 thousand shares). The shares increased by 3,699 thousand shares over the years.

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

f. Non-controlling interests

	For the Year Ended December 31	
	2017	2016
Beginning balance	$ 42,788,926	$ 40,657,383
Attribution to non-controlling interests		
Net income	4,233,739	3,363,793
Translation adjustments for foreign operations	(4,055,996)	(1,509,177)
Unrealized gains on AFS financial assets	(950,418)	2,234,832
Income tax effect	150,021	(306,460)
Cash dividends distribution	(1,542,977)	(1,651,436)
Ending balance	$ 40,623,295	$ 42,788,926

30. DETAILS OF COMPREHENSIVE INCOME STATEMENT ITEMS

a. Interest revenues, net

	For the Year Ended December 31	
	2017	2016
Interest revenue		
Discounts and loans	$ 23,705,256	$ 21,835,809
Securities investments	7,094,491	6,818,808
Due from banks	3,305,253	2,735,647
Others	419,484	384,617
	34,524,484	31,774,881
Interest expense		
Deposits	9,028,320	8,649,130
Bank debentures	674,102	622,440
Due to banks	663,608	416,385
Securities sold under repurchase agreements	83,376	62,157
Others	98,269	58,842
	10,547,675	9,808,954
	$ 23,976,809	$ 21,965,927

b. Service fee revenue, net

	For the Year Ended December 31	
	2017	2016
Service fee revenues		
Trusts	$ 1,710,789	$ 1,348,557
Nominee	918,660	869,812
Loans	773,434	749,791
Inward/outward business	401,002	438,795
Credit cards	408,742	417,989
Exchange	401,745	405,696
Guarantees	357,819	335,593
Others	675,626	714,231
	5,647,817	5,280,464
Service fee expenses		
Credit cards	124,957	114,197
Nominee	76,296	73,848
Finance	58,578	64,180
Custody	46,664	52,304
Factoring	8,807	9,266
Others	260,141	215,672
	575,443	529,467
	$ 5,072,374	$ 4,750,997

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

	For the Year Ended December 31, 2017		
	Realized Gain (Loss)	Unrealized Gain (Loss)	Total
Financial asset at fair value through profit or loss	$ 5,794,496	$ 101,452	$ 5,895,948
Specified financial asset at fair value through profit or loss	25,856	(1,990)	23,866
Financial liabilities at fair value through profit or loss	(4,841,467)	243,067	(4,598,400)
	$ 978,885	$ 342,529	$ 1,321,414

	For the Year Ended December 31, 2016		
	Realized Gain (Loss)	Unrealized Gain (Loss)	Total
Financial asset at fair value through profit or loss	$ 9,461,953	$ (166,564)	$ 9,295,389
Specified financial asset at fair value through profit or loss	25,055	(1,302)	23,753
Financial liabilities at fair value through profit or loss	(8,644,272)	(84,477)	(8,728,749)
	$ 842,736	$ (252,343)	$ 590,393

d. Employee benefits expense

	For the Year Ended December 31	
	2017	2016
Short-term employee benefits	$ 6,752,878	$ 6,228,393
Retirement benefits		
Defined contribution plan	294,298	299,744
Defined benefit plan	193,101	193,334
Other employee benefits	322,309	590,355
	$ 7,562,586	$ 7,311,826

For the years ended December 31, 2017 and 2016, the numbers of employees of the Group were 4,266 and 4,217 respectively.

1) Compensation to employees and remuneration to directors for 2017 and 2016

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

The compensation to employees and the directors remuneration for 2017 and 2016 approved in the meeting of the Bank's board of direct on March 24, 2018 and March 25, 2017, respectively, were as follows:

	For the Year Ended December 31			
	2017		2016	
	Cash	Share	Cash	Share
Employees' compensation	$ 38,000	$ -	$ 34,000	$ -
Directors' remuneration	58,000	-	52,000	-

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

There was no difference between the actual amounts of employees' compensation and directors' remuneration paid and the amounts recognized in the consolidated financial statements for the year ended December 31, 2017 and 2016.

Information on the employees' compensation and directors' remuneration resolved by the Bank's board of directors in 2017 and 2016 and bonus to employees and directors resolved by the meeting of the Bank's board of direct in 2017 and 2016 are available on the Market Observation Post System website of the Taiwan Stock Exchange.

e. Depreciation and amortization

	For the Year Ended December 31	
	2017	2016
Depreciation expense		
Properties	$ 626,182	$ 616,910
Investment properties	34,668	29,120
	660,850	646,030
Amortization expense		
Other assets	261,381	274,056
	$ 922,231	$ 920,086

31. INCOME TAX

a. Income tax expense recognized in profit or loss

The major components of tax expenses were as follows:

	For the Year Ended December 31	
	2017	2016
Current tax		
In respect of the current year	$ 4,014,160	$ 3,693,628
In respect of prior periods	(5,728)	(54,989)
	4,008,432	3,638,639
Deferred tax		
In respect of the current year	592,608	459,098
In respect of prior periods	(11,129)	9,298
	581,479	468,396
Income tax expense recognized in profit or loss	$ 4,589,911	$ 4,107,035

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

	For the Year Ended December 31	
	2017	**2016**
Profit before tax from continuing operations	$ 21,208,877	$ 19,219,160
Income tax expense calculated at the statutory rate	$ 5,097,268	$ 4,549,561
Add (deduct) tax effect of:		
Tax-exempt cash divided	(19,061)	(19,684)
Permanente difference - investment income	(35,418)	(22,938)
Tax-exempt gains on securities transactions	(61,255)	(144,926)
Tax-exempt income from subsidiaries	(129,431)	(852)
Tax-exempt income from offshore banking unit (OBU)	(586,485)	(529,158)
Tax-exempt gain on sale of land	(40,054)	-
Others	62,655	43,719
	4,288,219	3,875,722
Additional income tax on unappropriated earnings	197,195	149,156
Additional income tax under the Alternative Minimum Tax Act	110,225	137,146
Adjustments for prior years' tax	(5,728)	(54,989)
Income tax expense recognized in profit or loss	$ 4,589,911	$ 4,107,035

The applicable tax rate used above is the corporate tax rate of 17% payable by the Group in Taiwan, while the applicable tax rate used by subsidiaries in China is 25%. Tax rate used by subsidiary in Hong Kong is 16.5%.

In February 2018, it was announced by the President of the ROC that the Income Tax Act in the ROC was amended and, starting from 2018, the corporate income tax rate will be adjusted from 17% to 20%. In addition, the rate of the corporate surtax applicable to 2018 unappropriated earnings will be reduced from 10% to 5%.

As the status of the 2018 appropriation of earnings is uncertain, the potential income tax consequences of the 2017 unappropriated earnings are not reliably determinable.

b. Income tax expense recognized in other comprehensive income

	For the Year Ended December 31	
	2017	**2016**
Deferred income tax expense		
Arising on income and expenses recognized in other comprehensive income		
Translation adjustments for foreign operations	$ 862,858	$ 110,744
Unrealized gain or loss on AFS financial assets	323,518	(559,643)
Gain from defined benefit plan	16,717	14,674
Income tax expense recognized in other comprehensive income	$ 1,203,093	$ (434,225)

c. Current tax assets and liabilities

	December 31 2017	December 31 2016
Current tax assets		
Benefit of tax losses to be carried back to recover taxes paid in prior periods		
Tax refund receivable	$ 90,429	$ 112,400
Current tax liabilities		
Income tax payable	$ 2,427,171	$ 873,972

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2017

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Translation Differences	Closing Balance
Temporary differences					
Doubtful debts	$ 771,957	$ (182,206)	$ -	$ (40,569)	$ 549,182
Impairment loss on available-for-sale financial assets	18,737	(14,264)	-	-	4,473
Unrealized loss on financial instruments	18,242	-	(16,085)	-	2,157
Investment loss of domestic subsidiaries recognized under equity method	33,142	(4,240)	-	-	28,902
Unrealized foreign exchange loss	-	18,192	-	-	18,192
Defined employee benefits plan	95,582	6,509	16,717	-	118,808
Impairment loss of financial assets carried at cost	1,445	-	-	-	1,445
Others	71,769	11,376	(19,695)	(32,742)	30,708
	$ 1,010,874	$ (164,633)	$ (19,063)	$ (73,311)	$ 753,867

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Translation Differences	Closing Balance
Temporary differences					
Unrealized gain on financial instruments	$ (1,913,481)	$ 39,481	$ 339,603	$ 173,784	$ (1,360,613)
Investment income and exchange differences on translation of foreign subsidiaries recognized under equity method	(8,705,635)	(414,106)	754,351	-	(8,365,390)
Recognized deferred depreciation expenses	(112,440)	(54,856)	-	8,724	(158,572)
Unrealized foreign exchange loss	(12,549)	12,549	-	-	-
Other comprehensive income	(140,354)	-	128,202	-	(12,152)
Others	(392)	86	-	-	(306)
	$ (10,884,851)	$ (416,846)	$ 1,222,156	$ 182,508	$ (9,897,033)

For the year ended December 31, 2016

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Translation Differences	Closing Balance
Temporary differences					
Doubtful debts	$ 762,077	$ 23,321	$ -	$ (13,441)	$ 771,957
Impairment loss on available-for-sale financial assets	18,737	-	-	-	18,737
Unrealized loss on financial instruments	2,983	(5,616)	20,875	-	18,242
Investment loss of domestic subsidiaries recognized under equity method	36,978	(3,836)	-	-	33,142
Unrealized foreign exchange loss	4,721	(4,721)	-	-	-
Defined employee benefits plan	75,162	5,746	14,674	-	95,582
Impairment loss of financial assets carried at cost	1,445	-	-	-	1,445
Others	60,686	12,688	-	(1,605)	71,769
	$ 962,789	$ 27,582	$ 35,549	$ (15,046)	$ 1,010,874

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Translation Differences	Closing Balance
Temporary differences					
Unrealized gain on financial instruments	$ (1,321,009)	$ (44,686)	$ (580,518)	$ 32,732	$ (1,913,481)
Investment income and exchange differences on translation of foreign subsidiaries recognized under equity method	(8,559,575)	(397,158)	251,098	-	(8,705,635)
Recognized deferred depreciation expenses	(77,421)	(41,602)	-	6,583	(112,440)
Unrealized foreign exchange gain	-	(12,549)	-	-	(12,549)
Other comprehensive income	-	-	(140,354)	-	(140,354)
Others	(409)	17	-	-	(392)
	$ (9,958,414)	$ (495,978)	$ (469,774)	$ 39,315	$ (10,884,851)

e. Integrated income tax

	December 31 2017	December 31 2016
Unappropriated earnings		
Unappropriated earnings generated before December 31, 1997	$ 27,065	$ 27,065
Unappropriated earnings generated on and after January 1, 1998	21,039,808	18,438,376
	$ 21,066,873	$ 18,465,441
Imputation credits accounts	$ 2,644,703	$ 2,301,334

	For the Year Ended December 31 2017 (Expected)	For the Year Ended December 31 2016
Creditable ratio for distribution of earnings	Note	12.48%

Note: Since the amended Income Tax Act announced in February 2018 abolished the imputation tax system, no creditable ratio for the distribution of earnings in 2018 is expected.

f. Income tax assessments

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 2016 had been assessed by the tax authorities.

32. EARNINGS PER SHARE

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

Unit: NT$ Per Share

	For the Year Ended December 30	
	2017	**2016**
Basic earnings per share	$ 3.04	$ 2.89
Diluted earnings per share	$ 3.04	$ 2.89

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

Net Profit for the Period

	For the Year Ended December 30	
	2017	**2016**
Earnings used in the computation of basic and diluted earnings per share	$ 12,385,227	$ 11,748,332

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

	For the Year Ended December 31	
	2017	**2016**
Weighted average number of ordinary shares in computation of basic earnings per share	4,067,706	4,067,706
Effect of potentially dilutive ordinary shares:		
Employees' compensation	1,781	1,693
Weighted average number of ordinary shares used in the computation of diluted earnings per share	4,069,487	4,069,399

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.

33. RELATED-PARTY TRANSACTIONS

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

a. The Bank's related parties:

Related Party	Relationship with the Bank
The SCSB Cultural & Educational Foundation	Fund donated by the Bank which exceed 1/3 of total fund
The SCSB Charity Foundation	Fund donated by the Bank which exceed 1/3 of total fund
Silks Place Taroko	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 Corporation	The director of the Bank is the chairman of the company
Chi-Li Investment Co., Ltd.	The director of the Bank is the director of the company
Chang Ho Hsing Co., Ltd.	The director of the Bank is the director of the company
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)
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

b. Significant transactions between related parties:

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

1) Deposits

	December 31, 2017			For the Year Ended December 31, 2017
	Maximum Balance	Ending Balance	Interest Rate (%)	Interest Expense
Supervisors and management related	$ 16,916,369	$ 16,688,059	0.00-3.40	$ 58,953
Employees	440,089	216,980	0.00-9.96	3,027
The SCSB Cultural & Educational Foundation	332,374	311,573	0.01-1.24	1,921
Others	70,025	58,932	0.00-1.03	332
	$ 17,758,857	$ 17,275,544		$ 64,233

	December 31, 2016			For the Year Ended December 31, 2016
	Maximum Balance	Ending Balance	Interest Rate (%)	Interest Expense
Supervisors and management related	$ 8,587,759	$ 8,517,097	0.00-3.50	$ 129,090
Employees	416,929	182,561	0.00-9.96	3,053
The SCSB Cultural & Educational Foundation	334,052	318,097	0.01-1.38	2,048
Others	228,544	127,784	0.00-1.17	417
	$ 9,567,284	$ 9,145,539		$ 134,608

2) Interest receivable (accounted for receivables, net)

	December 31	
	2017	2016
Supervisors and management related	$ 103	$ 92

3) Interest payable (accounted for payables)

	December 31	
	2017	2016
The SCSB Cultural & Educational Foundation	$ 154	$ 167
Supervisors and management related	70	159
The SCSB Charity Foundation	17	8
Hung Ta Investment Corporation	2	1
	$ 243	$ 335

4) Guarantee deposits received (accounted for other liabilities)

	December 31	
	2017	2016
The SCSB Cultural & Educational Foundation	$ 211	$ 211

5) Rental income (accounted for other net revenues)

	For the Year Ended December 31	
	2017	2016
The SCSB Cultural & Educational Foundation	$ 842	$ 842

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

6) Loans

		December 31, 2017							For the Year Ended December 31, 2017
				Performance				Difference of Terms of the Transactions	
Category	Name	Maximum Balance	Ending Balance	Normal Loans	Non-performing Loans	Collateral	Interest Rate (%)	with Unrelated Parties	Interest Income
Loans for personal house mortgage	Supervisors and management related (6)	$ 24,296	$ 16,184	$ 16,184	-	Real estate	1.86-2.10	None	$ 423
Others	Supervisors and management related (2)	626,072	620,712	620,712	-	Real estate	1.68-2.67	None	31,237
	Silks Place Taroko	10,000	-	-	-	Real estate	1.63	None	15
		$ 660,368	$ 636,896	$ 636,896					$ 31,675

		December 31, 2016							For the Year Ended December 31, 2017
				Performance				Difference of Terms of the Transactions	
Category	Name	Maximum Balance	Ending Balance	Normal Loans	Non-performing Loans	Collateral	Interest Rate (%)	with Unrelated Parties	Interest Income
Loans for personal house mortgage	Supervisors and management related (6)	$ 34,418	$ 23,679	$ 23,679	-	Real estate	2.20-2.82	None	$ 1,786
Others	Supervisors and management related (2)	754,912	741,574	741,574	-	Real estate	2.20-2.82	None	28,511
	Goldsun Co., Ltd.	100,000	-	-	-	Note	1.10-1.10	None	190
	Silks Place Taroko	44,000	-	-	-	Real estate	1.56-1.70	None	447
	CX Technology	37,739	-	-	-	Note	1.73-1.93	None	455
		$ 971,069	$ 765,253	$ 765,253					$ 31,389

Note: The loans were settled before the director became a related party.

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 Year Ended December 31	
	2017	2016
Salaries and other short-term employee benefits	$ 434,818	$ 433,365
Remuneration to directors	78,553	79,798
Bonus to employees	69,572	74,456
Post-employment benefits	36,059	36,480
Others	789	762
	$ 619,791	$ 624,861

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

34. PLEDGED ASSETS

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

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

On December 31, 2017 and 2016, the assets listed below have been provided as refundable deposits for operating guarantee and for executing legal proceedings against defaulting borrowers as required by the court.

	December 31		
	2017	**2016**	**Guaranty Purpose**
Held-to-maturity financial assets	$ 43,590	$ 45,510	Operating guarantee
AFS financial assets	261,448	264,597	Operating guarantee

On December 31, 2017 and 2016, SCB HK and its overseas branch provided its held-to-maturity financial assets and discounts and loans listed below for overseas branch operating guarantee.

	December 31		
	2017	**2016**	**Guaranty Purpose**
Held-to-maturity financial assets	$ 9,002,542	$ 9,738,377	Overseas branch operating guarantee
Discounts and loans	-	420,456	Pledge to the California government under local law

35. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

	December 31	
	2017	**2016**
Receivables under custody	$ 30,714,450	$ 30,169,577
Consigned travelers' checks	234,878	266,872
Guarantee notes payable	91,909,617	112,196,753
Assets under trust	141,739,679	140,792,718
Securities in custody	259,152,600	215,934,735
Government bonds in brokerage accounts	23,499,500	56,237,500
Short-term bills in brokerage accounts	1,312,500	1,127,400
Commitments of forward contracts with customers	69,226,070	182,209,505

b. Operational risk and legal risk

Item	Situation and Amount For the Year Ended December 31	
	2017	2016
Director or staff indicted for illegal operational conduct	None	None
Punished by the relevant authorities for violating the law	1. Fined 1 million NTD by the Banking Bureau letter dated October 25, 2017 (Ref. No. 10620006740) for violating of anti-money laundering rules. 2. Fined 2 million NTD by the Banking Bureau in its letter dated October 25, 2017 (Ref. No. 10620004740) for violating of banking transaction operations due to the actions of a teller in receipt of instructions from the fraudulent account on the communications application LINE.	None
Correctional action request by the relevant authorities	None	None
Punished by the relevant authorities according to the bank Act, No. 61-1	Corrected by the Banking Bureau letter dated October 25, 2017 (Ref. No. 10620006740) for the member of Yuanlin illegally kept the application documents of the customer's stamped Taiwan (foreign) currency current deposit withdrawal slip in violation of rules and regulations.	The Bank has been corrected by the Banking Bureau's letter dated June 27, 2016 (Ref. No. 10500119770) due to the incomplete record of interested parties.
A single or whole security events due to fraudulence, accident or against the "Outlines Governing the Security Maintenance and Administration of Financial Institutions" causing material losses amounting to $50 million	None	None
Other	None	None

36. FINANCIAL INSTRUMENTS

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

1) Financial instruments not measured at fair value

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

	December 31			
	2017		2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Held-to-maturity financial assets	$ 112,498,032	$ 112,543,724	$ 72,666,706	$ 72,694,258
Financial liabilities				
Bank debentures	52,516,310	52,445,408	38,150,000	38,056,168

2) Fair value level

	December 31, 2017			
	Total	Level 1	Level 2	Level 3
Financial assets				
Held-to-maturity financial assets	$ 112,543,724	$ 9,980,698	$ 102,563,026	$ -
Financial liabilities				
Bank debentures	52,445,408	-	52,445,408	-

	December 31, 2016			
	Total	Level 1	Level 2	Level 3
Financial assets				
Held-to-maturity financial assets	$ 72,694,258	$ 10,632,419	$ 62,061,839	$ -
Financial liabilities				
Bank debentures	38,056,168	-	38,056,168	-

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

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

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

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

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

1) Fair value level

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

Financial Instruments Measured at Fair Value	December 31, 2017 Total	Level 1	Level 2	Level 3
Non-derivative instruments				
Assets				
Financial assets at fair value through profit or loss				
Held-for-trading financial assets				
Stocks	$ 137,537	$ 137,537	$ -	$ -
Bonds	7,333,152	4,362,878	2,970,274	-
Other	226	226	-	-
Financial assets designated as at FVTPL	2,217,576	-	1,512,158	705,418
AFS financial assets				
Stocks	17,299,887	15,350,795	-	1,949,092
Bonds	226,331,870	107,407,670	117,990,175	934,025
Other	96,918,351	4,190,550	92,727,801	-
	$ 350,238,599	$ 131,449,656	$ 215,200,408	$ 3,588,535
Derivative instruments				
Assets				
Financial assets at fair value through profit or loss	$ 1,079,363	$ 15,946	$ 1,032,672	$ 30,745
Liabilities				
Financial liabilities at fair value through profit or loss	$ 872,808	$ -	$ 840,545	$ 32,263

Financial Instruments Measured at Fair Value	December 31, 2016 Total	Level 1	Level 2	Level 3
Non-derivative instruments				
Assets				
Financial assets at fair value through profit or loss				
Held-for-trading financial assets				
Stocks	$ 528,771	$ 528,771	$ -	$ -
Commercial papers	5,582,305	-	5,582,305	-
Bonds	1,625,128	765,281	859,847	-
Other	2,557,642	17,466	2,540,176	-
Financial assets designated as at FVTPL	768,160	-	-	768,160
AFS financial assets				
Stocks	20,838,979	18,889,446	-	1,949,533
Bonds	221,152,738	82,950,215	137,539,011	663,512
Other	109,146,846	8,573,234	100,573,612	-
	$ 362,200,569	$ 111,724,413	$ 247,094,951	$ 3,381,205

(Continued)

Financial Instruments Measured at Fair Value	December 31, 2016 Total	Level 1	Level 2	Level 3
Derivative instruments				
Assets				
Financial assets at fair value through profit or loss	$ 1,682,970	$ 26,717	$ 1,626,948	$ 29,305
Liabilities				
Financial liabilities at fair value through profit or loss	$ 1,377,770	$ -	$ 1,354,590	$ 23,180

(Concluded)

There were no transfers of financial instruments between Level 1 and Level 2 fair value measurement for the years ended December 31, 2017 and 2016.

2) Reconciliation of Level 3 fair value measurement is as follows:

For the year ended December 31, 2017

Item	Beginning Balance	Amount of Valuation Gain or Loss		Addition		Reduction		Exchange	Ending Balance
		Included in Profit or Loss	Included in Other Comprehensive Income	Buy or Issue	Transferred In	Sell Out, Disposal or Settlement	Transferred Out from Third Level		
Assets									
Financial assets at FVTPL									
Held-for-trading financial assets	$ 29,305	$ (1,026)	$ -	$ 8,102	$ -	$ (5,636)	$ -	$ -	$ 30,745
Financial assets designated as at fair value	768,160	(70,112)	-	581,160	-	(573,790)	-	-	705,418
AFS financial assets	2,613,045	-	63,600	494,442	-	(275,732)	-	(12,238)	2,883,117
Liabilities									
Financial liabilities at FVTPL									
Held-for-trading financial liabilities	23,180	7,848	-	4,052	-	(2,817)	-	-	32,263

For the year ended December 31, 2016

Item	Beginning Balance	Amount of Valuation Gain or Loss		Addition		Reduction		Exchange	Ending Balance
		Included in Profit or Loss	Included in Other Comprehensive Income	Buy or Issue	Transferred In	Sell Out, Disposal or Settlement	Transferred Out from Third Level		
Assets									
Financial assets at FVTPL									
Held-for-trading financial assets	$ 4,333	$ 21,818	$ -	$ 15,001	$ -	$ (11,847)	$ -	$ -	$ 29,305
Financial assets designated as at fair value	1,048,847	(22,911)	-	386,664	-	(644,440)	-	-	768,160
AFS financial assets	15,736,283	-	1,572	337,212	-	(1,125,171)	(11,725,833)	(611,018)	2,613,045
Liabilities									
Financial liabilities at FVTPL									
Held-for-trading financial liabilities	1,903	(19,700)	-	7,500	-	(5,923)	-	-	23,180

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 discounted cash flow analysis 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 (Bond), derivatives, and AFS (equity security).

Most fair value categorized as Level 3 only possesses 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 follows.

	Fair Value December 31, 2017	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted-average)	Notes
Non-derivative financial assets					
Financial assets at FVTPL					
Corporate bonds	$ 705,418	Bids from counterparties	Lack of market liquidity discount	0%-10%	The increase in discount from lack of market liquidity decreases fair value.
AFS financial assets					
Stocks	1,949,092	Net assets method	N/A	N/A	N/A
Bonds	934,025	1. Bids from counterparties 2. Discounted cash flow	Discount rate	0%-10%	The increase in discount rate decreases the fair value
Derivative financial assets					
Financial assets at FVTPL					
Interest rate swap	4,665	Discounted cash flow	Discount rate	0%-10%	The increase in discount of marketability decreases fair value.
Option	26,080	Black-Scholes Model	Fluctuating	0%-15%	The increase in volatility decreases fair value.
Derivative financial liabilities					
Financial liability at FVTPL					
Option	32,263	Black-Scholes Model	Fluctuating	0%-15%	The increase in volatility decreases fair value.

5) Sensitivity analysis of 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 methods and underlying assumptions may lead to different results. For financial instruments classified as Level 3 fair value measurements, if the parameters went up 1%, the influence on net income or other comprehensive income would be as follows:

December 31, 2017

	Changes in Fair Value Reflected in Profit or Loss		**Changes in Fair Value Reflected in Other Comprehensive Income**	
	Favorable	**Unfavorable**	**Favorable**	**Unfavorable**
Assets				
Financial assets at FVTPL				
Held-for-trading financial assets	$ 19,351	$ (3,902)	$ -	$ -
Financial assets designated as at fair value	-	(1,530)	-	-
AFS financial assets	-	-	19,536	(29,708)
Liabilities				
Financial liabilities at FVTPL				
Held-for-trading financial liabilities	42	(19,351)	-	-

December 31, 2016

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

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

December 31, 2017

	Changes in Fair Value Reflected in Profit or Loss		Changes in Fair Value Reflected in Other Comprehensive Income	
	Favorable	**Unfavorable**	**Favorable**	**Unfavorable**
Assets				
Financial assets at FVTPL				
Held-for-trading financial assets	$ 17,772	$ (5,767)	$ -	$ -
Financial assets designated as at fair value	1,530	-	-	-
AFS financial assets	-	-	31,777	(19,536)
Liabilities				
Financial liabilities at FVTPL				
Held-for-trading financial liabilities	1,987	(17,772)	-	-

December 31, 2016

	Changes in Fair Value Reflected in Profit or Loss		Changes in Fair Value Reflected in Other Comprehensive Income	
	Favorable	**Unfavorable**	**Favorable**	**Unfavorable**
Assets				
Financial assets at FVTPL				
Held-for-trading financial assets	$ 14,144	$ (2,599)	$ -	$ -
Financial assets designated as at fair value	1,206	-	-	-
AFS financial assets	-	-	4,280	(19,615)
Liabilities				
Financial liabilities at FVTPL				
Held-for-trading financial liabilities	1,663	(14,144)	-	-

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, restrictions from laws and regulations, to diversify, transfer, and avoid risk, and to pursue the maximum benefits of the Group's customers, shareholders, and employees. The Group's major risks include credit, market (interest rate, exchange rate and equity securities), operational, liquidity and so on.

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

The Group's risk management department performs the Group's risk management activities pursuant to the policies approve by the Board. The 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 includes specific exposures such as currency, interest rate, and credit risks, and derivative and non-derivative financial instruments. In addition, the department of internal audit is responsible for independent review of risk management and control environment.

2) Credit risks

Credit risk is the risk of counterparties' failure to fulfill their contractual obligations causing the Group's financial losses. Both balance sheet and off-balance sheet items are exposed to credit risks. For the Group's credit exposures, balance sheet items mainly consisted of discounts and loans, credit card business, due from and call loans to banks, debt investments, and derivative instruments. Off-balance sheet items mainly consisted of financial guarantees, acceptances, letters of credit, loan commitments, and other services also generating 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 standards before launching new products and business. Furthermore, the Group also establishes a risk management system for complicated credit business such as factoring, credit derivative financial instruments and so on.

The Group's foreign operation units adopt policies and standards same as above to assess their asset quality and provision for contingent loss, and also include policies that comply with the regulations of local financial supervisory commissions.

a) Procedures of credit risk management

The major procedures and methods for credit risk management are as follows:

i. Credit business (including loan commitments and guarantees)

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

i) Classification of credit assets

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

ii) Credit quality rating

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

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

For individual personal clients' credit loans and mortgage loans, internal credit rating models are used in 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 sets 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 are 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. The contracts between the Group and borrowers clearly state the protocols, including but not limited to the security of credit, procedures for collateral and for setoff. To further decrease credit risks, the contracts also proclaim that the Group may decrease credit facilities at its discretion, accelerate the maturity of borrowings, demand immediate payback, or offset borrowers' assets in the Group against borrowings.

ii. Limitation of credit risk and credit concentration management

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

iii. Other mechanism for credit risk management

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

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

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

December 31, 2017

	Maximum Exposure to Credit Risk Mitigated by			
	Collateral	**Master Netting Arrangement**	**Other Credit Enhancements (Describe)**	**Total**
Receivables	$ 1,001,320	$ 237,666	$ 325,008	$ 1,563,994
Discount and loans abstract	675,102,674	-	67,827,337	742,930,011
AFS financial assets Debt investments	-	-	4,885,811	4,885,811
Held-to-maturity financial assets Debt investments			699,996	699,996

December 31, 2016

	Maximum Exposure to Credit Risk Mitigated by			
	Collateral	**Master Netting Arrangement**	**Other Credit Enhancements (Describe)**	**Total**
Receivables	$ 1,046,328	$ -	$ 941,192	$ 1,987,520
Discount and loans abstract	650,265,829	-	66,866,024	717,131,853
Held-for-trading financial assets				
Short-term securities	-	-	2,520,772	2,520,772
AFS financial assets				
Debt investments	-	-	5,629,512	5,629,512

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 instruments are not considered. The off-balance sheet items related to the maximum credit exposure (without considering collateral or other credit enhancements and irrevocable maximum exposure) are as follows:

	December 31	
	2017	2016
Developed and noncancelable loan commitments	$ 45,128,830	$ 41,586,144
Noncancelable credit card commitments	723,940	1,018,299
Issued but unused letters of credit	40,071,454	46,274,643
Other guarantees	54,027,628	49,507,750

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

d) Information on concentration of credit risk

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

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

i. Counterparty

	December 31			
	2017		2016	
Counterparty	**Amount**	**% to Total**	**Amount**	**% to Total**
Private sector	$ 574,780,027	62	$ 553,893,815	64
Consumer	293,075,878	31	283,089,212	33
Financial institution	56,434,808	6	13,504,170	2
Others	12,129,372	1	8,358,236	1
	$ 936,420,085	100	$ 858,845,433	100

ii. Region

Region	December 31 2017 Amount	% to Total	2016 Amount	% to Total
Taiwan	$ 545,495,672	58	$ 513,129,106	60
Asia Pacific except Taiwan	300,072,958	32	265,139,629	31
Others	90,851,455	10	80,576,698	9
	$ 936,420,085	100	$ 858,845,433	100

iii. Collaterals assumed

Collaterals Assumed	December 31 2017 Amount	% to Total	2016 Amount	% to Total
Unsecured	$ 196,309,942	21	$ 157,180,928	18
Secured				
Properties	596,744,027	64	558,147,926	65
Guarantee	72,127,646	8	67,682,835	8
Financial collateral	42,595,036	5	40,300,297	5
Movable properties	5,083,199	1	5,471,724	1
Other collaterals	23,560,235	1	30,061,723	3
	$ 936,420,085	100	$ 858,845,433	100

e) Information on credit risk quality

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

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

i. Credit quality analysis of discounts and loans and receivables

i) The Bank and its domestic subsidiaries

December 31, 2017	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	$ 1,138,410	$ 590,339	$ 68,632	$ 1,797,381	$ 43,898	$ 61,895	$ 1,903,174	$ 54,761	$ 153,871	$ 1,694,542
Others	3,645,049	2,834,591	54,729	6,534,369	25,605	172,461	6,732,435	94,985	164,310	6,473,140
Discounts and loans	399,724,446	171,189,472	54,047,553	624,961,471	7,328,708	7,160,105	639,450,284	2,231,706	6,961,871	630,256,707

December 31, 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	$ 1,087,532	$ 605,495	$ 62,303	$ 1,755,330	$ 46,433	$ 69,544	$ 1,871,307	$ 58,509	$ 24,934	$ 1,787,864
Others	3,452,806	2,990,869	83,366	6,477,041	52,150	161,384	6,740,575	113,502	215,497	6,411,576
Discounts and loans	380,937,930	145,160,295	48,615,618	574,713,843	8,844,522	7,630,914	591,189,279	2,500,323	6,581,689	582,107,267

ii) SCB (HK)

December 31, 2017	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	$ 880,362	$ 21,332	$ -	$ -	$ -	$ 901,694	$ 12,054	$ 4,396	$ 918,144	$ 1,230	$ 13,747	$ 903,167
Others	7,634,862	-	-	-	-	7,634,862	-	-	7,634,862	-	-	7,634,862
Discounts and loans	275,148,695	10,583,450	-	-	-	285,732,145	8,997,822	2,239,834	296,969,801	140,367	1,174,816	295,654,618

December 31, 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	$ 957,926	$ 27,218	$ -	$ -	$ -	$ 985,144	$ 13,286	$ 8,276	$ 1,006,706	$ 2,883	$ 15,478	$ 988,345
Others	6,138,389	-	-	-	-	6,138,389	-	-	6,138,389	-	-	6,138,389
Discounts and loans	230,944,513	25,451,401	-	-	-	256,395,914	8,551,390	2,708,850	267,656,154	105,252	1,055,359	266,495,543

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

i) The Bank and its domestic subsidiaries

December 31, 2017	Neither Past Due Nor Impaired			
	Strong	Moderate	Special Mentioned	Total
Consumer banking				
Housing mortgage	$ 170,702,780	$ 4,684,742	$ 55,095	$ 175,442,617
Credit loans	1,027,455	85,683	1,753	1,114,891
Others	21,014,231	666,962	1,947	21,683,140
Corporate banking				
Secured	95,742,767	114,509,786	38,355,788	248,608,341
Unsecured	111,237,213	51,242,299	15,632,970	178,112,482
Total	399,724,446	171,189,472	54,047,553	624,961,471

December 31, 2016	Neither Past Due Nor Impaired			
	Strong	Moderate	Special Mentioned	Total
Consumer banking				
Housing mortgage	$ 161,541,636	$ 5,508,781	$ 21,549	$ 167,071,966
Credit loans	1,099,315	59,865	21,770	1,180,950
Others	19,239,496	1,629,512	2,534	20,871,542
Corporate banking				
Secured	100,395,626	88,727,854	34,954,325	224,077,805
Unsecured	98,661,857	49,234,283	13,615,440	161,511,580
Total	380,937,930	145,160,295	48,615,618	574,713,843

ii) SCB (HK)

December 31, 2017	Neither Past Due Not Impaired					
	Pass	Special Mentioned	Sub-Standard	Doubtful	Loss	Subtotal
Consumer banking						
Housing mortgage	$ 31,260,005	$ 1,913,866	$ -	$ -	$ -	$ 33,173,871
Credit loans	1,764,707	37,091	-	-	-	1,801,798
Others	21,521,166	595,089	-	-	-	22,116,255
Corporate banking						
Secured	160,638,063	4,124,718	-	-	-	164,762,781
Unsecured	40,600,800	405,736	-	-	-	41,006,536
Discounts	-	-	-	-	-	-
Overdrafts	7,891,931	2,391,180	-	-	-	10,283,111
Inward/outward documentary bills	11,472,023	1,115,770	-	-	-	12,587,793
Total	$ 275,148,695	$ 10,583,450	$ -	$ -	$ -	$ 285,732,145

December 31, 2016	Neither Past Due Not Impaired					
	Pass	Special Mentioned	Sub-Standard	Doubtful	Loss	Subtotal
Consumer banking						
Housing mortgage	$ 31,864,534	$ 3,140,915	$ -	$ -	$ -	$ 35,005,449
Credit loans	2,627,860	120,363	-	-	-	2,748,223
Others	18,877,533	1,688,873	-	-	-	20,566,406
Corporate banking						
Secured	131,818,356	11,760,624	-	-	-	143,578,980
Unsecured	24,158,870	2,289,381	-	-	-	26,448,251
Discounts	1,786	-	-	-	-	1,786
Overdrafts	10,639,216	4,024,855	-	-	-	14,664,071
Inward/outward documentary bills	10,956,358	2,426,390	-	-	-	13,382,748
Total	$ 230,944,513	$ 25,451,401	$ -	$ -	$ -	$ 256,395,914

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

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

Items	December 31, 2017			
	Past Due Up to a Month	Past Due One to Three Months	Past Due Over Three Months	Total
Receivables				
Credit card	$ 50,842	$ 5,110	$ -	$ 55,952
Others	19,677	5,928	-	25,605
Discounts and loans				
Consumer banking				
Housing mortgage	2,512,443	1,089,669	-	3,602,112
Credit loans	25,502	5,906	-	31,408
Others	241,098	118,638	-	359,736
Corporate banking				
Secured	9,294,962	1,441,179	-	10,736,141
Unsecured	895,206	502,575	-	1,397,781
Subtotal loans	12,969,211	3,157,967	-	16,127,178
Overdrafts	-	4,548	-	4,548
Inward/outward documentary bills	159,554	35,250	-	194,804
Total	$ 13,128,765	$ 3,197,765	$ -	$ 16,326,530

Items	December 31, 2016			
	Past Due Up to a Month	Past Due One to Three Months	Past Due Over Three Months	Total
Receivables				
Credit card	$ 54,014	$ 5,705	$ -	$ 59,719
Others	45,060	7,090	-	52,150
Discounts and loans				
Consumer banking				
Housing mortgage	2,424,032	998,697	8,890	3,431,619
Credit loans	20,899	4,229	-	25,128
Others	326,093	96,546	-	422,639
Corporate banking				
Secured	7,335,265	1,274,832	154,181	8,764,278
Unsecured	4,235,823	302,531	-	4,538,354
Subtotal loans	14,342,112	2,676,835	163,071	17,182,018
Overdrafts	-	53,004	-	53,004
Inward/outward documentary bills	63,416	97,474	-	160,890
Total	$ 14,405,528	$ 2,827,313	$ 163,071	$ 17,395,912

iv. Credit quality analysis of security investment

i) The Bank

December 31, 2017	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)					
AFS financial assets											
Bonds	$ 47,220,435	$ 20,579,999	$ 36,765,613	$ 12,404,846	$ 1,527,753	$ 118,498,646	$ -	$ -	$ 118,498,646	$ -	$ 118,498,646
Stocks	4,071	-	-	-	3,562,671	3,566,742	-	-	3,566,742	-	3,566,742
Bills	2,987,553	-	24,773,729	-	-	27,761,282	-	-	27,761,282	-	27,761,282
Others	-	-	-	-	3,585,605	3,585,605	-	-	3,585,605	-	3,585,605
Held-to-maturity financial assets											
Bonds	3,004,646	1,375,887	264,400	-	-	4,644,933	-	-	4,644,933	-	4,644,933
Bills	98,800,000	-	-	-	-	98,800,000	-	-	98,800,000	-	98,800,000
Financial assets at FVTPL											
Bonds	-	-	260,218	-	445,200	705,418	-	-	705,418	-	705,418

December 31, 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)					
AFS financial assets											
Bonds	$ 70,877,182	$ 19,060,910	$ 26,079,782	$ 13,742,674	$ 816,113	$ 130,576,659	$ -	$ 96,666	$ 130,673,325	$ 96,666	$ 130,576,659
Stocks	-	-	-	-	11,171,735	11,171,735	-	-	11,171,735	-	11,171,735
Bills	-	-	22,178,286	-	-	22,178,286	-	-	22,178,286	-	22,178,286
Others	-	-	-	-	3,243,256	3,243,256	-	-	3,243,256	-	3,243,256
Held-to-maturity financial assets											
Bonds	93,735	714,668	117,258	-	-	925,661	-	-	925,661	-	925,661
Bills	61,300,000	-	-	-	-	61,300,000	-	-	61,300,000	-	61,300,000
Financial assets at FVTPL											
Bonds	-	161,110	155,942	-	451,108	768,160	-	-	768,160	-	768,160

ii) SCB (HK)

December 31, 2017	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 Mention	Sub-Standard	Doubtful	Loss	Subtotal (A)					
AFS financial assets											
Bonds	$ 107,833,224	$ -	$ -	$ -	$ -	$ 107,833,224	$ -	$ -	$ 107,833,224	$ -	$ 107,833,224
Stocks	13,733,145	-	-	-	-	13,733,145	-	-	13,733,145	-	13,733,145
Bills	65,571,464	-	-	-	-	65,571,464	-	-	65,571,464	-	65,571,464
Held-to-maturity financial assets											
Bonds	9,053,099	-	-	-	-	9,053,099	-	-	9,053,099	-	9,053,099
Bills	1,512,158	-	-	-	-	1,512,158	-	-	1,512,158	-	1,512,158

December 31, 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 Mention	Sub-Standard	Doubtful	Loss	Subtotal (A)					
AFS financial assets											
Bonds	$ 90,576,077	$ -	$ -	$ -	$ -	$ 90,576,079	$ -	$ -	$ 90,576,079	$ -	$ 90,576,079
Stocks	17,595,723	-	-	-	-	17,595,723	-	4,171	17,599,894	4,171	17,595,723
Bills	79,040,081	-	-	-	-	79,040,081	-	-	79,040,081	-	79,040,081
Held-to-maturity financial assets											
Bonds	9,796,605	-	-	-	-	9,796,605	-	-	9,796,605	-	9,796,605
Bills	644,440	-	-	-	-	644,440	-	-	644,440	-	644,440

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 balance sheet and off-balance sheet financial instruments caused by changes in market prices, interest rates, foreign exchange rate, including equity securities price and commodity price. Changes in above risk elements can cause risks to shift the net profit of the Group or its investment structures.

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

b) Market risk management policies

The Group monitors its market risk and tolerable loss according to the risk management objectives and limits approved by the board of directors.

The Group also builds a market risk information system, which enables the Group to effectively monitor the management of the investment limits, assessment of gains and losses, and analysis of sensitivity factors. The results of the monitoring, assessment and analysis are reported to the board of directors in risk control meetings and serve as references for the decision making of the management.

The Group splits market risk exposures into trading and held-for-fixed-income portfolios which are controlled by both the Group's operation and risk management section. Routine control reports are reviewed by the board of directors and relevant committees.

c) Market risk management process

i. Recognition and measurement

The Group's operation and risk management sections both identify market risk factors of exposure positions, which are used to measure market risks. Market risk factors include interest rates, foreign exchange rates and market price of equity securities, and exposures, gains and losses, and sensitivity (PVO1, Delta, Beta) etc. Measurement of investment portfolio is affected by interest rate risk, foreign exchange risk and price of equity securities.

ii. Monitoring and reporting

The Group's risk management department regularly reviews market risk management objective, positions and control of gains and losses, sensitivity analysis and pressure test, and reports to the board of directors. Therefore, the board of directors have a good understanding of market risk control. The Group has established explicit notification processes, and the limit and stop-loss regulations for various transactions. Stop-loss orders must be taken when the limit is reached, otherwise the trading department's reasons and plans must be approved by management, and the department should report to the relevant committee regularly.

d) Interest rate management policies

i. Definition of interest rate risk

Interest rate risk represents risks of changes in fair value of investment portfolio and loss in earnings resulting from changes in interest rates. Major products include interest rate-related financial securities and derivative instruments.

ii. Purpose of interest risk management

Interest rate risk management enhances the Group's ability to deal with a contingency, to measure, manage and avoid negative influence on earnings and economic values of balance sheet items affected by the changes in interest rates. In addition, it enhances the efficiency of capital and the business management.

iii. Procedures of interest risk management

The Group carefully chooses investment target through conducting research about issuers' credit, financial status, country risks and interest rate trend. The Group also establishes trading amount limits and stop-loss limits, including limits for trading departments, trading personnel and trading commodities, etc., which are approved by top management and the board of directors.

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

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

iv. Measurement methods

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

e) Foreign exchange rate risk management

i. Definition of foreign exchange risk

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

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

In order to keep foreign exchange rate risk within a tolerable range, the Group has established trading limits, stop-loss limits and maximum losses for trading departments and trading personnel.

The Group performs pressure tests on a quarterly basis and applies 3% threshold to major foreign exchange rates and reports test results to the 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 individual and general risk from price fluctuations of both individual equity security and the entire equity security market.

ii. Purpose of equity security price risk management

The main purpose of equity security price risk management is to prevent the Group's financial status from deteriorating and to avoid decrease in earnings due to violent fluctuations in equity security prices, and to enhance capital efficiency and strengthen operations.

iii. Procedures of equity security price risk management

The Group regularly uses β value to measure the degree of influence on investment portfolio system risk. Stop-loss point is set according to the policy approved by the Assets and Liabilities Management Committee. Stop-loss action must be taken when stop-loss limit is reached, unless top Management approvals otherwise on submissions of a request from an investment department.

iv. Measurement method

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

g) Market valuation technique

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

i. Sensitivity analysis

i) Interest rate risk

The Group has assessed the possible impact on income If global yield curve had moved between -100 to +100 base points simultaneously on December 31, 2017 and 2016.

ii) Foreign exchange rate risk

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

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

iii) Equity securities price risk

The Group has assessed the possible impact on income If equity security prices on December 31, 2017 and 2016 had risen or fallen by 10% while other factors remained unchanged.

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

ii. Sensitivity analysis is summarized as follows:

December 31, 2017			
Major Risk	**Variation Range**	**Amount**	
		Equity	**Profit or Loss**
Foreign exchange risk	Various currencies/NTD increased 3%	$ 1,758,054	$ 29,702
Foreign exchange risk	Various currencies/NTD decreased 3%	(1,758,054)	(29,702)
Interest rate risk	Rate curve increased 100BPS	(4,151,352)	(125,608)
Interest rate risk	Rate curve decreased 100BPS	4,151,352	125,608
Price risk of equity securities	Price of equity securities increased 10%	(1,282,610)	(9,109)
Price risk of equity securities	Price of equity securities decreased 10%	1,282,610	9,109

December 31, 2016			
Major Risk	**Variation Range**	**Amount**	
		Equity	**Profit or Loss**
Foreign exchange risk	Various currencies/NTD increased 3%	$ 1,845,658	$ 25,281
Foreign exchange risk	Various currencies/NTD decreased 3%	(1,845,658)	(25,281)
Interest rate risk	Rate curve increased 100BPS	(5,144,093)	(92,690)
Interest rate risk	Rate curve decreased 100BPS	5,144,093	92,690
Price risk of equity securities	Price of equity securities increased 10%	2,232,095	48,942
Price risk of equity securities	Price of equity securities decreased 10%	(2,232,095)	(48,942)

4) Liquidity risk

a) The sources and definition of liquidity risk

Liquidity risk is the possibility that the Group is unable to liquidate assets or obtain financing to fulfill matured financial liabilities, resulting the possibility of financial loss. Liquidity risk may be present when, for example, deposits are withdrawn in advance of the original date of settlement, the market becomes worse and borrowing from other banks becomes difficult, the clients' credit deteriorates leading to the occurrence of defaults, liquidation of financial instruments becomes difficult, early redemption of interest-sensitive instruments happens, etc. The aforementioned factors may reduce cash balance to be used in the areas of loans, trading, and investment. In some extreme circumstances, the lack of liquidity may lead to a decrease in 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 conditions. These events include, but are not limited to, credit, merger and acquisitions, systemic breakdowns 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 future requirements.

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

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

iv. Managing the maturity date of debt instruments.

The procedures for monitoring and reporting liquidity risk are applied and measured based on the estimated cash flows (the time gap is based on how the 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 commitments, discount facilities, guarantee letters, and other types of contingent liabilities, and furthermore reports the related information to the risk management committee and the board of directors regularly.

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

c) Maturity analysis

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

December 31, 2017	Due in One Month	Due Between One Month and Three Months	Due Between Three Months and Six Months	Due Between Six Months and One Year	Due After One Year	Total
Due to the Central Bank and banks	$ 20,056,566	$ 10,261,297	$ 1,193,282	$ 2,230,590	$ -	$ 33,741,735
Securities sold under repurchase agreements	23,183,519	6,461,947	135,398	11,203	-	29,792,067
Payables	27,340,806	1,145,431	603,131	185,438	8,160	29,282,966
Deposits and remittances	864,239,367	272,802,063	130,489,985	127,637,545	8,611,644	1,403,780,604
Bank debentures	-	-	139,125	139,125	52,238,060	52,516,310
Other financial liabilities	2,077,200	-	1,206,908	-	-	3,284,108

December 31, 2016	Due in One Month	Due Between One Month and Three Months	Due Between Three Months and Six Months	Due Between Six Months and One Year	Due After One Year	Total
Due to the Central Bank and banks	$ 29,217,338	$ 2,165,595	$ 2,416,371	$ 1,629,362	$ -	$ 35,428,666
Securities sold under repurchase agreements	8,313,896	1,229,764	137,377	505,175	-	10,186,212
Payables	23,405,127	1,080,246	552,242	301,656	1,077	25,340,348
Deposits and remittances	853,119,997	245,126,324	116,361,284	131,483,826	8,270,479	1,354,361,910
Bank debentures	-	-	-	3,000,000	35,150,000	38,150,000
Other financial liabilities	2,810,902	-	469,485	-	-	3,280,387

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

i. Derivative financial liabilities in net settlement

December 31, 2017	Due in One Month	Due Between One Month and Three Months	Due Between Three Months and Six Months	Due Between Six Months and One Year	Due After One Year	Total
Derivative financial liabilities at fair value through profit or loss						
Foreign exchange derivatives	$ 65,149	$ 38,509	$ 21,863	$ 14,572	$ -	$ 140,093
Rate derivatives	2,781	1,115	-	1,411	21,888	27,195

December 31, 2016	Due in One Month	Due Between One Month and Three Months	Due Between Three Months and Six Months	Due Between Six Months and One Year	Due After One Year	Total
Derivative financial liabilities at fair value through profit or loss						
Foreign exchange derivatives	$ 46,225	$ 52,350	$ 53,213	$ 70,674	$ -	$ 222,462
Rate derivatives	-	-	-	474	31,587	32,061

ii. Derivative financial liabilities in total settlement

December 31, 2017	Due in One Month	Due Between One Month and Three Months	Due Between Three Months and Six Months	Due Between Six Months and One Year	Due After One Year	Total
Derivative financial liabilities at fair value through profit or loss						
Foreign exchange derivatives						
Cash inflow	$ 22,829,837	$ 15,526,414	$ 7,654,489	$ 6,784,448	$ 33,185,750	$ 85,980,938
Cash outflow	23,078,672	15,479,520	7,685,355	6,821,903	33,185,750	86,251,200

December 31, 2016	Due in One Month	Due Between One Month and Three Months	Due Between Three Months and Six Months	Due Between Six Months and One Year	Due After One Year	Total
Derivative financial liabilities at fair value through profit or loss						
Foreign exchange derivatives						
Cash inflow	$ 131,647,760	$ 29,160,938	$ 15,522,526	$ 16,962,624	$ -	$ 193,293,848
Cash outflow	131,758,836	29,216,707	15,662,244	17,126,025	-	193,763,812

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 first instance 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 part items may not correspond with all items in the balance sheet.

December 31, 2017	Due in One Month	Due Between One Month and Three Months	Due Between Three Months and Six Months	Due Between Six Months and One Year	Due After One Year	Total
Developed and noncancelable loan commitments	$ 462,269	$ 545,745	$ 785,050	$ 1,160,470	$ 42,175,296	$ 45,128,830
Noncancelable credit card commitments	69,788	139,503	209,291	305,358	-	723,940
Issued but unused letters of credit	35,075,325	3,923,988	715,471	271,530	85,140	40,071,454
Other guarantees	5,004,188	8,793,636	5,794,198	18,758,569	15,677,037	54,027,628

December 31, 2016	Due in One Month	Due Between One Month and Three Months	Due Between Three Months and Six Months	Due Between Six Months and One Year	Due After One Year	Total
Developed and noncancelable loan commitments	$ 727,737	$ 3,147,353	$ 1,823,228	$ 1,855,245	$ 34,032,581	$ 41,586,144
Noncancelable credit card commitments	96,738	193,477	290,215	437,869	-	1,018,299
Issued but unused letters of credit	39,984,892	4,755,948	1,154,772	153,552	225,479	46,274,643
Other guarantees	5,913,478	6,240,340	9,037,561	13,316,979	14,999,392	49,507,750

d. Transfer of financial assets

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

December 31, 2017

Type of Financial Assets	The Book Value of Financial Assets Transferred	The Book Value of Related Financial Liabilities	The Fair Value of Financial Assets Transferred	The Fair Value of Related Financial Liabilities	Net Amount
AFS financial assets - purchased call options	$ 29,738,732	$ 29,792,067	$ 29,738,732	$ 29,791,067	$ (53,335)

December 31, 2016

Type of Financial Assets	The Book Value of Financial Assets Transferred	The Book Value of Related Financial Liabilities	The Fair Value of Financial Assets Transferred	The Fair Value of Related Financial Liabilities	Net Amount
AFS financial assets - purchased call options	$ 9,522,319	$ 10,186,212	$ 9,522,319	$ 10,186,212	$ (663,893)

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 when offsetting criteria are met. Cash collateral has also been received for the net amount of the derivative assets and derivative liabilities. The cash collateral does not meet the offsetting criteria, but it can be off set 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.

December 31, 2017

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	$ 399,954	$ -	$ 399,954	$ (191,759)	$ -	$ 208,195
Reverse repurchase, securities borrowing and similar agreements	1,531,380	1,293,714	237,666	-	-	237,666
Reverse repurchase	195,061	-	195,061	(195,061)	-	-
	$ 2,126,395	$ 1,293,714	$ 832,681	$ (386,820)	$ -	$ 445,861

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: Financial Instruments	Related Amounts Not Set Off in the Balance Sheet: Cash Collateral Pledged	Net Amount
Derivative	$ 412,455	$ -	$ 412,455	$ (191,759)	$ (92,899)	$ 127,797
Repurchase, securities borrowing and similar agreements	1,295,392	1,293,714	1,678	-	-	1,678
Repurchase	29,792,067	-	29,792,067	(29,738,732)	-	53,335
	$ 31,499,914	$ 1,293,714	$ 30,206,200	$ (29,930,491)	$ (92,899)	$ 182,810

December 31, 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: Financial Instruments	Related Amounts Not Set Off in the Balance Sheet: Cash Collateral Received	Net Amount
Derivative	$ 700,153	$ -	$ 700,153	$ (414,425)	$ -	$ 285,728
Reverse repurchase, securities borrowing and similar agreements	983,019	671,129	311,890	-	-	311,890
	$ 1,683,172	$ 671,129	$ 1,012,043	$ (414,425)	$ -	$ 597,618

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: Financial Instruments	Related Amounts Not Set Off in the Balance Sheet: Cash Collateral Pledged	Net Amount
Derivative	$ 680,124	$ -	$ 680,124	$ (414,425)	$ 67,346	$ 333,045
Repurchase, securities borrowing and similar agreements	844,459	671,129	173,330	-	-	173,330
Repurchase	10,186,212	-	10,186,212	(9,522,319)	-	663,893
	$ 11,710,795	$ 671,129	$ 11,039,666	$ (9,936,744)	$ 67,346	$ 1,170,268

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

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

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

a. The Bank

	For the Year Ended December 31, 2017	
	Average Balance	Average Rate (%)
Interest-earning assets		
Cash and cash equivalents - due from other banks	$ 14,197,759	0.39
Due from the Central Bank and call loans to banks	86,322,902	0.94
Financial assets at fair value through profit or loss	2,390,117	1.61
Securities purchased under agreements to resell	94,808	0.32
Credit card revolving balances	692,383	12.83
Discounts and loans (excluding nonperforming loans)	611,856,214	2.23
AFS financial assets	157,259,879	1.56
Held-to-maturity financial assets	80,709,990	0.56
Bills purchased	3,901	2.44
Interest-bearing liabilities		
Due to the Central Bank and banks	12,435,877	1.67
Securities sold under agreement to repurchase	24,878,497	0.34
Borrowings from the Central Bank and banks	5	0.00
Negotiable certificates of deposits	6,277,153	0.48
Demand deposits	222,297,456	0.14
Savings deposits	130,647,358	0.31
Time deposits	312,626,818	0.88
Time-savings	134,171,025	1.03
Bank debentures	40,991,398	1.64
Structured deposit instruments principal	1,894,661	1.41

	For the Year Ended December 31, 2016	
	Average Balance	Average Rate (%)
Interest-earning assets		
Cash and cash equivalents - due from other banks	$ 14,640,128	0.54
Due from the Central Bank and call loans to banks	88,351,313	0.71
Financial assets at fair value through profit or loss	21,043,186	0.54
Securities purchased under agreements to resell	382,373	0.38
Credit card revolving balances	719,194	12.42
Discounts and loans (excluding nonperforming loans)	562,286,901	2.25
AFS financial assets	154,102,485	1.61
Held-to-maturity financial assets	73,094,455	0.66
Bills purchased	4,594	1.92
Interest-bearing liabilities		
Due to the Central Bank and banks	16,236,614	1.02
Securities sold under agreement to repurchase	19,198,075	0.32
Borrowings from the Central Bank and banks	3,140	0.67

(Continued)

	For the Year Ended December 31, 2016	
	Average Balance	Average Rate (%)
Negotiable certificates of deposits	$ 2,517,892	0.42
Demand deposits	229,441,952	0.09
Savings deposits	124,087,541	0.33
Time deposits	292,703,290	0.84
Time-savings	132,927,273	1.18
Bank debentures	38,150,000	1.63
Structured deposit instruments principal	3,292,668	0.37

(Concluded)

b. SCB (HK)

	For the Year Ended December 31, 2017	
	Average Balance	Average Rate (%)
Interest-earning assets		
Due from other banks	$ 181,211,996	1.31
Discounts and loans (excluding nonperforming loans)	278,755,499	3.49
Credit card revolving balances	177,340	30.43
Debt instruments (including AFS financial assets, and held-to-maturity financial assets	173,603,467	2.49
Interest-bearing liabilities		
Due to other banks	29,341,333	1.62
Demand deposits	233,768,648	0.03
Time deposits	305,835,904	1.36

	For the Year Ended December 31, 2016	
	Average Balance	Average Rate (%)
Interest-earning assets		
Due from other banks	$ 206,590,895	0.97
Discounts and loans (excluding nonperforming loans)	263,057,163	3.43
Credit card revolving balances	216,961	28.83
Debt instruments (including AFS financial assets, and held-to-maturity financial assets	172,702,811	2.44
Interest-bearing liabilities		
Due to other banks	26,424,005	1.03
Demand deposits	224,317,921	0.03
Time deposits	324,065,853	1.25

38. CAPITAL MANAGEMENT

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

According to the Banking Act and its related regulations, the Group should maintain a capital adequacy ratio of at least 9.25% to stabilize its financial foundation. If the capital adequacy ratio falls below 9.25%, the Regulator will restrict the distribution earnings.

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

The Group conformed to the regulations on capital management as of December 31, 2017 and 2016.

	December 31	
	2017	2016
Analysis items		
Eligible capital		
Common equity	$ 131,558,520	$ 127,846,862
Other Tier I capital	-	-
Tier II capital	38,799,107	31,804,087
Eligible capital	$ 170,357,627	$ 159,650,949
Risk-weighted assets		
Credit risk		
Standardized approach	$ 1,155,796,074	$ 1,101,533,543
Credit valuation adjustment	582,289	430,108
Internal rating based approach	N/A	N/A
Synthetic securitization	128,727	169,503
Operational risk		
Basic indicator approach	58,480,032	55,646,738
Standardized approach/alternative standardized approach	N/A	N/A
Advanced measurement approach	N/A	N/A
Market risk		
Standardized approach	41,936,975	48,245,112
Internal models approach	N/A	N/A
Total risk-weighted assets	$ 1,256,924,097	$ 1,206,025,004
Capital adequacy ratio	13.55%	13.24%
Ratio of common equity to risk-weighted assets	10.47%	10.60%
Ratio of Tier I capital to risk-weighted assets	10.47%	10.60%
Leverage ratio	7.14%	7.27%

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

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

a. Assets quality: As stated in Table 1

b. Concentration of credit risks

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

Ranking (Note 1)	December 31, 2017					
	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 (real estate activities for sale and rental)	$ 6,984,188	5.71	a Group (automobile retailer)	$ 12,296,661	12.38
2	B Group (head office)	6,047,732	4.94	b Group (construction industry)	7,648,175	7.70
3	C Group (manufacture of wearing apparel)	4,384,764	3.58	c Group (hotels property development)	7,485,257	7.53
4	D Group (manufacture of computers)	4,197,543	3.43	d Group (import and export of garments and accessories)	5,421,534	5.46
5	E Group (manufacture of metallic furniture)	3,892,169	3.18	e Group (Investment holding and steel sales)	4,405,474	4.43
6	F Group (Chemical materials and wholesale)	3,510,810	2.87	f Group (hotels property development)	4,293,122	4.32
7	G Group (manufacture of computers)	3,507,761	2.87	g Group (property investment)	3,889,379	3.91
8	H Group (television broadcasting and subscription programming)	3,329,000	2.72	h Group (Securities trading)	3,587,670	3.61
9	I Group (manufacture of electric wires and cables)	3,305,735	2.70	I Group (property development)	3,487,615	3.51
10	J Group (Semiconductor packaging and test)	3,000,000	2.45	j Group (property investment and development)	3,391,006	3.41

Ranking (Note 1)	December 31, 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	B Group (head offices)	$ 6,530,563	5.43	k Group (hotel and property development)	$ 7,123,439	6.86
2	A Group (real estate activities for sale and rental)	5,420,412	4.51	e Group (holding company and steel trading)	5,553,663	5.35
3	C Group (manufacture of wearing apparel)	4,093,952	3.41	f Group (hotels and property development)	5,250,959	5.06
4	H Group (head offices)	3,729,000	3.10	d Group (import and export of garments and accessories)	4,989,091	4.80
5	E Group (manufacture of metallic furniture)	3,722,078	3.10	l Group (hotel industry)	3,503,391	3.37
6	I Group (manufacture of electric wires and cables)	3,669,314	3.05	i Group (property development)	3,438,393	3.31
7	G Group (manufacture of computers)	3,356,371	2.79	m Group (property investment)	3,010,353	2.90
8	K Group (head offices)	3,350,922	2.79	n Group (hotels and property holding)	2,749,237	2.65
9	L Group (activities of other holding companies)	3,110,233	2.59	o Group (automobile retailer)	2,712,951	2.61
10	M Group (smelting and refining of iron and steel)	3,056,246	2.54	p Group (import and export of garments and accessories)	2,620,926	2.52

Note 1: The top 10 credit extensions ranking is compiled by total credit balance, excluding government-owned or state-owned 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 Taiwan 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 of the "Supplementary Provisions to the Taiwan Stock Exchange Corporation Rules for Review of Securities Listings."

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

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

c. Interest rate sensitivity information

1) The Bank

Interest Rate Sensitivity Analysis
December 31, 2017

(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	$ 627,377,467	$ 14,326,046	$ 11,897,066	$ 54,654,693	$ 708,255,272
Interest-sensitive liabilities	291,462,340	246,518,755	53,969,888	49,696,224	641,647,207
Interest sensitivity gaps	335,915,127	(232,192,709)	(42,072,822)	4,958,469	66,608,065
Net equity					122,409,799
Ratio of interest-sensitive assets to liabilities					110.38%
Ratio of interest sensitivity gaps to net equity					54.41%

Interest Rate Sensitivity Analysis
December 31, 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	$ 560,103,327	$ 11,857,960	$ 3,062,876	$ 64,427,633	$ 639,451,796
Interest-sensitive liabilities	214,767,707	247,226,667	63,224,580	41,021,130	566,240,084
Interest sensitivity gaps	345,335,620	(235,368,707)	(60,161,704)	23,406,503	73,211,712
Net equity					120,233,504
Ratio of interest-sensitive assets to liabilities					112.93%
Ratio of interest sensitivity gaps to net equity					60.89%

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

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

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

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

Interest Rate Sensitivity Analysis
December 31, 2017

(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	$ 5,801,590	$ 87,900	$ 84,393	$ 1,479,082	$ 7,452,965
Interest-sensitive liabilities	2,279,237	4,695,896	508,088	37	7,483,258
Interest sensitivity gaps	3,522,353	(4,607,996)	(423,695)	1,479,045	(30,293)
Net equity					4,124,319
Ratio of Interest-sensitive assets to liabilities					99.60%
Ratio of interest sensitivity gaps to net equity					(0.73%)

Interest Rate Sensitivity Analysis
December 31, 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	$ 4,853,588	$ 126,861	$ 97,909	$ 1,041,959	$ 6,120,317
Interest-sensitive liabilities	1,692,839	4,350,788	579,813	15	6,623,455
Interest sensitivity gaps	3,160,749	(4,223,927)	(481,904)	1,041,944	(503,138)
Net equity					3,731,410
Ratio of Interest-sensitive assets to liabilities					92.40%
Ratio of interest sensitivity gaps to net equity					(13.48%)

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 in which returns are driven by interest rate fluctuations.

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

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

2) SCB (HK)

Interest Rate Sensitivity Analysis
December 31, 2017

(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	$ 5,214,212	$ 546,956	$ 236,550	$ 917,152	$ 6,914,870
Interest-sensitive liabilities	4,934,452	653,656	419,047	251,934	6,259,089
Interest sensitivity gaps	279,760	(106,700)	182,497	665,218	655,781
Net equity					3,220,280
Ratio of interest-sensitive assets to liabilities					110.48%
Ratio of interest sensitivity gaps to net equity					20.36%

Interest Rate Sensitivity Analysis
December 31, 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	$ 5,223,662	$ 575,193	$ 815,589	$ 584,816	$ 7,199,260
Interest-sensitive liabilities	5,123,455	835,068	433,391	103	6,392,017
Interest sensitivity gaps	100,207	(259,875)	382,198	584,713	807,243
Net equity					3,101,391
Ratio of interest-sensitive assets to liabilities					112.63%
Ratio of interest sensitivity gaps to net equity					26.03%

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 in 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 Group

Items		December 31, 2017	December 31, 2016
Return on total assets	Before income tax	1.25%	1.17%
	After income tax	0.98%	0.92%
Return on equity	Before income tax	13.01%	12.05%
	After income tax	10.19%	9.48%
Profit margin		47.80%	46.56%

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

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

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

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

e. Maturity analysis of assets and liabilities

1) The Bank

a) New Taiwan dollars (thousands)

	Total	December 31, 2017					
		By Remaining Period to Maturity					
		0 to 10 Days	11 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	$ 751,174,401	$ 114,610,130	$ 66,158,634	$ 49,422,567	$ 64,503,870	$ 96,215,751	$ 360,263,449
Main capital outflow on maturity	959,707,096	58,321,271	96,136,710	177,362,153	122,944,382	188,435,899	316,506,681
Gap	(208,532,695)	56,288,859	(29,978,076)	(127,939,586)	(58,440,512)	(92,220,148)	43,756,768

	Total	December 31, 2016					
		By Remaining Period to Maturity					
		0 to 10 Days	11 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	$ 680,962,416	$ 76,064,594	$ 69,462,987	$ 53,868,539	$ 64,411,077	$ 94,177,832	$ 322,977,387
Main capital outflow on maturity	893,408,029	67,350,246	79,933,262	139,107,477	111,852,470	187,990,772	307,173,802
Gap	(212,445,613)	8,714,348	(10,470,275)	(85,238,938)	(47,441,393)	(93,812,940)	15,803,585

Note: This table includes only financial assets/liabilities denominated in New Taiwan dollars held by the Bank.

b) U.S. dollars (thousands)

	Total	December 31, 2017				
		By Remaining Period to Maturity				
		1 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	$ 9,725,056	$ 1,317,963	$ 1,076,952	$ 1,028,980	$ 1,017,016	$ 5,284,145
Main capital outflow on maturity	12,733,460	2,145,987	1,840,395	1,602,570	2,383,892	4,760,616
Gap	(3,008,404)	(828,024)	(763,443)	(573,590)	(1,366,876)	(523,529)

	Total	December 31, 2016				
		By Remaining Period to Maturity				
		1 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	$ 8,344,723	$ 1,301,676	$ 1,036,613	$ 866,813	$ 939,859	$ 4,199,762
Main capital outflow on maturity	13,063,001	2,498,737	1,363,748	1,423,517	2,384,946	5,392,053
Gap	(4,718,278)	(1,197,061)	(327,135)	(556,704)	(1,445,087)	(1,192,291)

Note: This table includes only financial assets/liabilities denominated in U.S. dollars held by the Bank.

2) SCB (HK)

U.S. dollars (thousands)

	Total	December 31, 2017				
		By Remaining Period to Maturity				
		1 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	$ 7,754,319	$ 1,278,187	$ 720,210	$ 928,803	$ 578,458	$ 4,248,661
Main capital outflow on maturity	6,860,449	4,058,496	1,479,999	661,071	411,820	249,063
Gap	893,870	(2,780,309)	(759,789)	267,732	166,638	3,999,598

	Total	December 31, 2016				
		By Remaining Period to Maturity				
		1 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	$ 7,897,138	$ 1,696,262	$ 858,361	$ 872,781	$ 1,263,710	$ 3,206,024
Main capital outflow on maturity	6,801,237	4,161,367	1,323,051	875,459	441,244	116
Gap	1,095,901	(2,465,105)	(464,690)	(2,678)	822,466	3,205,908

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

40. THE CONTENTS AND AMOUNTS OF TRUST ACTIVITIES BY PROCESSING TRUST ENTERPRISE ACT

The trust account balance sheets, income statements and the details of trust assets are as follows:

Balance Sheet of Trust Account
December 31, 2017 and 2016

Trust Assets	2017	2016	Trust Liabilities	2017	2016
Bank deposit	$ 1,941,919	$ 1,293,449	Account payables	$ 201	$ -
Short-term investments	76,465,160	75,096,493	Depository of security payable	47,209,686	48,947,788
Net asset value of collective investment trust fund	2,061,025	3,533,700	Trust capital	110,708,014	95,739,344
Account receivable	13,974	38,166	Accumulated loss and equity	(16,386,744)	(4,118,900)
Land	12,314,494	10,543,430			
Buildings and improvement, net	177,267	130,906			
Construction in progress	1,286,794	914,161			
Depository of security	47,209,686	48,947,788			
Other assets	60,838	70,139			
Total trust assets	$ 141,531,157	$ 140,568,232	Total trust liabilities	$ 141,531,157	$ 140,568,232

Trust Asset Lists

	December 31 2017	December 31 2016
Cash in banks	$ 1,941,919	$ 1,293,449
Short-term investment		
Funds	57,319,104	57,918,782
Bonds	16,283,109	14,334,858
Common stocks	2,522,050	2,366,254
Principals of structured instruments	340,897	476,599
Net asset value of collective trust accounts	2,061,025	3,533,700
Receivable	13,974	38,166
Land	12,314,494	10,543,430
Buildings and improvement, net	177,267	130,906
Construction in progress	1,286,794	914,161
Depository of securities	47,209,686	48,947,788
Other assets	60,838	70,139
Total	$ 141,531,157	$ 140,568,232

Income Statements of Trust Account

	For the Year Ended December 31	
	2017	2016
Trust income		
Cash dividends income	$ 100,616	$ 83,717
Interest revenue	7,703	9,338
Donation revenue	2,144	24
Realized investment gain	4,350	636
Unrealized investment gain	96,258	36,595
Other revenue	1,516	351
	212,587	130,661
Trust expenses		
Tax expenditures	7,567	469
Management fee	3,333	2,361
Service fee	1,519	2,961
Realized investment losses	892	3,625
Unrealized investment losses	2,990	129,275
Other expenses	21	49
	16,322	138,740
Loss before income tax	196,265	(8,079)
Income tax expense	-	-
Net loss	$ 196,265	$ (8,079)

41. EXCHANGE RATE INFORMATION FOR FOREIGN FINANCIAL ASSETS AND LIABILITIES

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

a. The Bank

	December 31					
	2017			2016		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Finance assets						
Monetary items						
Cash and cash equivalents						
CNH	$ 1,809,507	4.5498	$ 8,232,895	$ 489,829	4.6254	$ 2,242,528
JPY	23,858,401	0.2632	6,279,531	17,729,142	0.2771	4,912,745
USD	149,419	29.6800	4,434,756	69,502	32.2220	2,239,493
Due from the Central Bank and call loans to banks						
USD	594,049	29.6800	17,631,374	1,075,599	32.2220	34,657,951
CNH	1,023,300	4.5498	4,655,810	445,300	4.6254	2,059,691
CAD	37,000	23.6249	874,121	45,000	23.9142	1,067,139
Receivables						
USD	36,079	29.6800	1,070,825	92,925	32.2220	2,994,229
EUR	29,520	35.4453	1,046,310	3,296	33.9797	111,997
JPY	2,126,413	0.2632	559,672	1,302,432	0.2771	360,904
Discounts and loans						
USD	4,974,317	29.6800	147,637,729	3,690,173	32.2220	118,904,754
HKD	2,634,690	3.7963	10,002,074	1,402,806	4.1545	5,827,958
EUR	187,457	35.4453	6,644,470	157,609	33.9797	5,355,507
AFS financial assets						
USD	1,653,716	29.6800	49,082,291	1,230,865	32.2220	39,660,932
AUD	181,849	23.1326	4,206,640	185,297	23.3400	4,324,832
CNH	820,434	4.5498	3,732,811	972,269	4.6254	4,497,133

(Continued)

	December 31					
	2017			2016		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Held-to-maturity financial assets						
USD	$ 19,985	29.6800	$ 593,155	$ 14,947	32.2220	$ 481,622
AUD	15,006	23.1326	347,128	15,008	23.3400	350,287
Financial assets at fair value through profit or loss						
USD	34,357	29.6800	1,019,716	37,101	32.2220	1,195,648
HKD	3,090	3.7963	11,731	4,957	4.1545	20,594
EUR	92	35.4453	3,261	174	33.9797	5,912
Nonmonetary items						
Structured corporate bonds contracts						
USD	23,767	29.6800	705,405	23,840	32.2220	768,172
Equity investments under the equity method						
USD	1,967,774	29.6800	58,403,532	1,887,610	32.2220	60,822,569
HKD	98,324	3.7963	373,267	65,366	4.1545	271,563
Financial liabilities						
Monetary items						
Payables						
USD	83,571	29.6800	2,480,387	493,005	32.2220	15,885,607
JPY	1,379,695	0.2632	363,136	1,527,712	0.2771	423,324
EUR	3,421	35.4453	121,258	62,970	33.9797	2,139,702
Due to the Central Bank and banks						
USD	249,843	29.6800	7,415,340	127,737	32.2220	4,115,942
CNH	55,684	4.5498	253,351	1,288,398	4.6254	5,959,356
HKD	60,000	3.7963	227,778	200,000	4.1545	830,900
Deposits and remittances						
USD	7,375,340	29.6800	218,900,091	6,629,092	32.2220	213,602,602
CNH	4,265,705	4.5498	19,408,105	4,360,519	4.6254	20,169,145
EUR	375,405	35.4453	13,306,343	254,885	33.9797	8,660,916
Financial liabilities at fair value through profit or loss						
USD	9,884	29.6800	293,357	12,642	32.2220	407,351
EUR	125	35.4453	4,431	183	33.9797	6,218
HKD	-	3.7963	-	4,937	4.1545	20,511

(Concluded)

b. SCB (HK)

	December 31					
	2017			2016		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Finance assets						
Monetary items						
Cash and cash equivalents						
EUR	$ 95,274	35.4453	$ 3,377,016	$ 1,216,866	33.9797	$ 41,348,742
USD	46,118	29.6800	1,368,782	353,507	32.2220	11,390,703
CNH	467,338	4.5498	2,126,294	201,802	4.6254	933,415
Due from the Central Bank and call loans to banks						
USD	1,760,922	29.6800	52,264,165	21,746,952	32.2220	700,730,287
CNH	4,277,708	4.5498	19,462,716	2,742,069	4.6254	12,683,167
Receivables						
USD	87,759	29.6800	2,604,687	296,363	32.2220	9,549,409
CNH	6,252	4.5498	28,445	25,794	4.6254	119,308
Discounts and loans						
USD	3,340,999	29.6800	99,160,850	23,950,888	32.2220	771,745,513
Nonmonetary items						
Forward exchange contract						
CNH	102,315	4.5498	465,513	201,587	4.6254	932,421
Financial liabilities						
Monetary items						
Payables						
USD	110,071	29.6800	3,266,907	413,312	32.2220	13,317,739
CNH	18,742	4.5498	85,272	45,621	4.6254	211,015

(Continued)

	December 31					
	2017			2016		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Due to the Central Bank and banks						
USD	$ 499,460	29.6800	$ 14,823,973	$ 3,810,757	32.2220	$ 122,790,212
GBP	77,429	39.9166	3,090,702	603,645	39.6024	23,905,791
CNH	906,421	4.5498	4,124,034	749,961	4.6254	3,468,870
Deposits and remittances						
USD	5,989,729	29.6800	177,775,157	48,709,073	32.2220	1,569,503,750
CNH	13,003,772	4.5498	59,164,562	11,772,673	4.6254	54,453,322
Nonmonetary items						
Forward exchange contract						
USD	1,118	29.6800	33,182	1,017	32.2220	32,770
CNH	109,113	4.5498	496,442	189,809	4.6254	877,943

(Concluded)

42. ADDITIONAL DISCLOSURES

a. Information of significant transaction;

b. Other business investments are as follows:

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: Refer to Table 2.

4) Marketable securities (for investees) or investee investments (for the Bank) acquired and disposed of at costs or prices of at least NT$300 million or 10% of the issued capital: None.

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

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

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

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

9) Sale of non-performing loans: Refer to Table 3.

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

11) Other significant transactions that may affect decision making of financial statement users: None.

12) Names, locations, and other information of investees on which the Bank exercises significant influence: Refer to Table 4.

13) Derivative financial transactions: Refer to Note 8; investees - None.

c. Investment in Mainland China:

1) Name of the investees in Mainland China, main businesses and products, paid-in capital, method of investment, information on inflow or outflow of capital, percentage of ownership, investment income or loss, ending balance of investment, dividends remitted by the investee, and the limit of investment in Mainland China: Refer to Table 5.

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

d. Significant transactions and the amount among the parent and its subsidiaries: Refer to Table 6.

43. SEGMENT INFORMATION

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

The Group provides income before tax of each reportable segment to the main decision makers as the basis of resource allocation and for the assessment of segment performance.

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

The reportable segments information are as follows:

	For the Year Ended December 31, 2017				
	Taiwan	Hong Kong	Others	Other Adjustments	Total
Net interest	$ 11,781,632	$ 12,114,030	$ 81,147	$ -	$ 23,976,809
Net revenues other than interest	4,345,938	5,872,452	344,574	(13,065)	10,549,899
Net revenues	16,127,570	17,986,482	425,721	(13,065)	34,526,708
Provision for credit allowance	(599,928)	(231,463)	(1,051)	-	(832,442)
Operating expenses	(6,566,790)	(5,946,168)	(215,336)	5,163	(12,723,131)
Income before income tax	$ 8,960,852	$ 11,808,851	$ 209,334	$ (7,902)	$ 20,971,135

	For the Year Ended December 31, 2016				
	Taiwan	Hong Kong	Others	Other Adjustments	Total
Net interest	$ 10,915,718	$ 10,976,146	$ 74,063	$ -	$ 21,965,927
Net revenues other than interest	4,964,063	5,082,195	301,294	(12,434)	10,335,118
Net revenues	15,879,781	16,058,341	375,357	(12,434)	32,301,045
Provision for credit allowance	(599,988)	(84,921)	(2,240)	-	(687,149)
Operating expenses	(6,384,525)	(5,947,805)	(221,324)	4,687	(12,548,967)
Income before income tax	$ 8,895,268	$ 10,025,615	$ 151,793	$ (7,747)	$ 19,064,929

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

Main operating clients

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

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

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

Date			December 31, 2017					December 31, 2016				
Business			Nonperforming Loans (Note 1)	Loans	Ratio of Nonperforming Loans (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)	Nonperforming Loans (Note 1)	Loans	Ratio of Nonperforming Loans (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)
Corporate banking	Secured		$ 744,556	$ 229,504,975	0.32	$ 3,534,816	474.75	$ 546,377	$ 208,815,874	0.26	$ 3,315,650	606.84
	Unsecured		210,116	177,557,033	0.12	2,996,802	1,426.26	207,984	160,796,728	0.13	2,924,781	1,406.25
Consumer banking	Housing mortgage (Note 4)		731,647	113,749,849	0.64	1,548,108	211.59	644,354	109,126,753	0.59	1,649,988	256.07
	Cash card		-	-	-	-	-	-	-	-	-	-
	Small scale credit loans (Note 5)		7,854	549,833	1.43	12,013	152.95	9,167	473,433	1.94	16,207	176.80
	Other (Note 6)	Secured	364,301	112,508,318	0.32	1,177,545	323.23	253,830	104,587,353	0.24	1,097,716	432.46
		Unsecured	6,927	5,580,276	0.12	50,293	726.04	11,260	7,389,138	0.15	77,670	689.79
Total			2,065,401	639,450,284	0.32	9,319,577	451.22	1,672,972	591,189,279	0.28	9,082,012	542.87
			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			11,526	1,958,995	0.59	81,941	710.92	13,797	1,870,970	0.74	82,304	596.54
Accounts receivable factored without recourse (Note 7)			-	648,656	-	6,493	-	-	1,008,988	-	10,342	-

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 real estate, which is purchased (owned) by the borrower, the spouse or the minor children of the borrower, and the mortgage right are pledged to the financial institution for the purpose of purchase or decoration 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 cards.

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

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.

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

	December 31, 2017		December 31, 2016	
	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)	-	36,589	-	40,580

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

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

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2017
(Amounts in Thousands of New Taiwan Dollars)

Holding Company Name	Name	Security Issuer's Relationship with Holding Company	Financial Statement Account	December 31, 2017				Note
				Shares (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Shancom Reconstruction Inc.	Empresa Inversiones Generales, S.A.	Indirect subsidiary	Investments in subsidiaries	1	$ 1,659,525	100.00	$ 1,659,525	Note
	Krinein Company	Indirect subsidiary	Investments in subsidiaries	2	478,422	100.00	478,422	Note
	Safehaven Investment Corporation	Indirect subsidiary	Investments in subsidiaries	1	47,079	100.00	47,079	Note
Wresqueue Limitada	Prosperity Realty Inc.	Indirect subsidiary	Investments in subsidiaries	4	68,264	100.00	319	Note
China Travel Service (Taiwan)	Silks Place Taroko	-	Equity investments under the equity method	20,372	186,816	45.00	186,816	Note
	CTS Travel International Ltd.	Indirect subsidiary	Investments in subsidiaries	600	6,952	100.00	6,952	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	28	859	-	-	
SCSB Life Insurance Agency	Geniron.Com.	-	Financial assets carried at cost	950	2,089	4.13	-	Note
	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	-	Note
	Prism Communication International Limited	-	Financial assets carried at cost	1,250	-	-	-	
SCSB Asset Management Ltd.	SCSB Leasing (China) Co., Ltd.	Indirect subsidiary	Investments in subsidiaries	Not applicable	911,807	100.00	911,807	Note
Krinein Company	Shanghai Commercial Bank (HK)	Indirect subsidiary	Investments in subsidiaries	1,920	9,282,202	9.60	9,282,202	Note
Empresa Inversiones Generales, S.A.	Shanghai Commercial Bank (HK)	Indirect subsidiary	Investments in subsidiaries	9,600	46,411,009	48.00	46,411,009	Note

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

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

INFORMATION OF SALE OF NON-PERFORMING LOANS
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Date	Instruments	Content	Carrying Amount (Note)	Price	Gain on disposal	Collateral condition	Relationship between SCSB
August 29, 2017	SC Lowy Primary Investments, Ltd.	Loans	$ -	$ 30,522	$ 30,522	None	None

Note: The book value is total or partial write-off of bad debts.

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

RELATED INFORMATION OF INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars) (Share in Thousands)

Investee Company	Location	Main Businesses and Products	Percentage of Ownership (%)	Carrying Amount	Investment Income (Loss) Recognized	Consolidated Investment (Note 2)				Note
						Shares (In Thousands)	Shares (Pro forma)	Shares (In Thousands)	Percentage of Ownership (%)	
Equity investments under the equity method										
Financial business										
SCSB Asset Management Ltd.	Taipei City	Purchase and management of creditor's rights of financial institutions	100.00	$ 1,637,786	$ 75,300	160,000	-	160,000	100.00	
SCSB Life Insurance Agency	Taipei City	Insurance	100.00	191,579	83,583	5,000	-	5,000	100.00	
SCSB Property Insurance Agency	Taipei City	Insurance	100.00	57,959	2,240	5,000	-	5,000	100.00	
SCSB Marketing Ltd.	Taipei City	Marketing	100.00	7,780	1,480	500	-	500	100.00	
Paofoong Insurance Company Ltd.	Hong Kong	Insurance	40.00	269,803	21,938	500	-	500	100.00	
Shanghai Commercial Bank (HK)	Hong Kong	Banking and financial	57.60	55,861,579	5,445,883	11,520	-	11,520	57.60	
SCSB Leasing (China) Co., Ltd.	China	Leasing operation	100.00	911,807	33,877	Not applicable	-	Not applicable	100.00	
Non-financial business										
China Travel Service (Taiwan)	Taipei City	Travel services	99.99	316,327	24,944	38,943	-	38,943	99.99	
Kuo Hai Real Estate Management	Taipei City	Building material distribution	34.69	-	-	3,000	-	3,000	34.69	
Shancom Reconstruction Inc.	Liberia	Securities investment	100.00	58,089,977	5,228,648	5	-	5	100.00	
Wresqueue Limitada	Liberia	Securities investment	100.00	312,375	9,268	176	-	176	100.00	
Empresa Inversiones Generales, S.A.	Panama	Securities investment	100.00	1,659,525	1,784,493	1	-	1	100.00	
Krinein Company	Cayman Islands	Securities investment	100.00	478,422	359,294	2	-	2	100.00	
Safehaven Investment Corporation	Liberia	Securities investment	100.00	47,079	344	1	-	1	100.00	
Prosperity Realty Inc.	America	Real estate services	100.00	68,264	7,945	4	-	4	100.00	
Silks Place Taroko	Hualien	Travel services	45.00	186,816	26,464	20,372	-	20,372	45.00	
CTS Travel International Ltd.	Taipei City	Travel services	100.00	6,952	59	600	-	600	100.00	

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

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

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

INVESTMENT IN MAINLAND CHINA
DECEMBER 31, 2017
(Amounts in Thousands of New Taiwan Dollars and Foreign Currency)

1. Investee company name, main business and products, total amount of paid-in capital, investment type, investment outflows and inflows, % ownership, investment gain (loss), carrying value as of December 31, 2013 and inward remittance of earnings:

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type (Note 1)	Accumulated Outflow of Investment as of December 31, 2016	Investment Flows		Accumulated Outflow of Investment as of December 31, 2017	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Value as of December 31, 2017 (Note 3)	Accumulated Inward Remittance of Earnings as of December 31, 2017
					Outflow	Inflow					
SCSB Leasing (China) Co., Ltd.	Leasing operation	US$ 30,000	c	US$ 30,000	US$ -	US$ -	US$ 30,000	100.00	$ 33,877 (US$ 1,115)	$ 911,807 (US$ 30,721)	$ -
Bank of Shanghai	Approved by local government	US$ 1,196,589	Note 4	US$ 73,848	US$ -	US$ -	US$ 73,848	2.70	- (US$ -)	7,836,127 (US$ 264,020)	-
Shanghai Commercial Bank Ltd. - Shenzhen Branch	Approved by local government	US$ 61,475	Note 4	US$ 36,339	US$ -	US$ -	US$ 36,339	57.60	93,657 (US$ 3,082)	887,122 (US$ 29,890)	-
Shanghai Commercial Bank Ltd. - Shanghai Branch	Approved by local government	US$ 110,503	Note 4	US$ 64,717	US$ -	US$ -	US$ 64,717	57.60	23,060 (US$ 759)	1,909,268 (US$ 64,328)	-

2. Upper limit on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2017 (Note 3)	Investment Amounts Authorized by Investment Commission, MOEA (Note 3)	Upper Limit on Investment Authorized by Investment Commission MOEA
$6,081,551 (US$204,904)	$6,112,596 (US$205,950)	$97,819,856

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

a. To directly invest.
b. To invest via countries other than Taiwan or China.
c. Others.

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

a. It should be specified if the investment company preparing with no investment gain (loss);

b. It should be specified if the investment gain (loss) is allocated to one of the following three categories:

1) Financial report audited by an international accounting firm associated with a accounting firm in Taiwan.
2) Financial report audited by the accounting firm associated with the parent company in Taiwan.
3) Others.

Note 3: Calculated using the exchange rate on December 31, 2017.

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

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Amounts in Thousands of New Taiwan Dollars)

No.	Company Name	Counterparty	Nature of Relationship	Intercompany Transaction			
				Financial Statements Item	Amount	Term	Percentage of Consolidated Total Gross Sales or Total Assets (Note 3)
0	The Shanghai Commercial & Savings Bank, Ltd.	SCSB Life Insurance Agency	Represents the transactions from parent company to subsidiary	Accounts receivables	$ 35,188	Note 4	-
		SCSB Life Insurance Agency	Represents the transactions from parent company to subsidiary	Accounts payables	87	Note 4	-
		SCSB Life Insurance Agency	Represents the transactions from parent company to subsidiary	Deposits and remittances	218,605	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	1,618	Note 4	-
		SCSB Life Insurance Agency	Represents the transactions from parent company to subsidiary	Service fee incomes, net	280,637	Note 4	-
		SCSB Life Insurance Agency	Represents the transactions from parent company to subsidiary	Net revenues other than interest	790	Note 4	-
		SCSB Property Insurance Agency	Represents the transactions from parent company to subsidiary	Accounts receivables	657	Note 4	-
		SCSB Property Insurance Agency	Represents the transactions from parent company to subsidiary	Accounts payables	17	Note 4	-
		SCSB Property Insurance Agency	Represents the transactions from parent company to subsidiary	Deposits and remittances	56,367	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	540	Note 4	-
		SCSB Property Insurance Agency	Represents the transactions from parent company to subsidiary	Service fee incomes, net	11,916	Note 4	-
		SCSB Property Insurance Agency	Represents the transactions from parent company to subsidiary	Net revenues other than interest	790	Note 4	-
		SCSB Asset Management Ltd.	Represents the transactions from parent company to subsidiary	Accounts payables	165	Note 4	-
		SCSB Asset Management Ltd.	Represents the transactions from parent company to subsidiary	Deposits and remittances	409,217	Note 4	-
		SCSB Asset Management Ltd.	Represents the transactions from parent company to subsidiary	Other liabilities	47	Note 4	-
		SCSB Asset Management Ltd.	Represents the transactions from parent company to subsidiary	Interest expenses	2,904	Note 4	-
		SCSB Asset Management Ltd.	Represents the transactions from parent company to subsidiary	Net revenues other than interest	170	Note 4	-
		SCSB Marketing	Represents the transactions from parent company to subsidiary	Accounts payables	5,893	Note 4	-
		SCSB Marketing	Represents the transactions from parent company to subsidiary	Deposits and remittances	11,085	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	74	Note 4	-
		SCSB Marketing	Represents the transactions from parent company to subsidiary	Net revenues other than interest	84	Note 4	-
		SCSB Marketing	Represents the transactions from parent company to subsidiary	Other general and administrative	72,921	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from parent company to subsidiary	Accounts payables	215	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from parent company to subsidiary	Deposits and remittances	98,392	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	656	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from parent company to subsidiary	Net revenues other than interest	732	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from parent company to subsidiary	Other general and administrative	2,599	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)
		CTS Travel International Ltd.	Represents the transactions from parent company to subsidiary	Accounts payables	$ 21	Note 4	-
		CTS Travel International Ltd.	Represents the transactions from parent company to subsidiary	Deposits and remittances	7,598	Note 4	-
		CTS Travel International Ltd.	Represents the transactions from parent company to subsidiary	Interest expenses	59	Note 4	-
		Shancom Reconstruction Inc.	Represents the transactions from parent company to subsidiary	Cash and cash equivalents	231,068	Note 4	-
		Shancom Reconstruction Inc.	Represents the transactions from parent company to subsidiary	Due from the Central Bank and call loans to banks	24	Note 4	-
		Shancom Reconstruction Inc.	Represents the transactions from parent company to subsidiary	Accounts payables	4,365	Note 4	-
		Shancom Reconstruction Inc.	Represents the transactions from parent company to subsidiary	Deposits and remittances	1,368,785	Note 4	-
		Shancom Reconstruction Inc.	Represents the transactions from parent company to subsidiary	Interest expenses	26,027	Note 4	-
1	SCSB Life Insurance Agency	The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Cash and cash equivalents	218,605	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Accounts receivables	87	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Other liabilities	197	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Accounts payables	35,188	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Interest revenues	1,618	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Net revenues other than interest	790	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Other general and administrative expense	280,637	Note 4	-
2	SCSB Property Insurance Agency	The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Cash and cash equivalents	56,367	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Accounts receivables	17	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Other liabilities	197	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Accounts Payables	657	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Interest revenues	540	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Net revenues other than interest	790	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Other general and administrative expense	11,916	Note 4	-
3	SCSB Asset Management Ltd.	The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Cash and cash equivalents	409,217	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Accounts receivables	165	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Other assets	47	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Interest revenues	2,904	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Net revenues other than interest	170	Note 4	-
4	SCSB Marketing	The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Cash and cash equivalents	11,805	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Accounts receivables	5,893	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Other assets	20	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Interest revenues	74	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Net revenues other than interest	72,791	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Net revenues other than interest	84	Note 4	-
5	China Travel Service (Taiwan)	The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Accounts receivables	215	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Cash and cash equivalents	98,392	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Other assets	180	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Interest revenues	656	Note 4	-

(Continued)

No.	Company Name	Counterparty	Nature of Relationship	Intercompany Transaction			
				Financial Statements Item	Amount	Term	Percentage of Consolidated Total Gross Sales or Total Assets (Note 3)
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Net revenues other than interest	$ 732	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Net revenues other than interest	2,599	Note 4	-
		Shancom Reconstruction Inc.	Represents the transactions from subsidiary to subsidiary	Cash and cash equivalents	1,069	Note 4	-
		CTS Travel International Ltd.	Represents the transactions from subsidiary to subsidiary	Net revenues other than interest	120	Note 4	-
		CTS Travel International Ltd.	Represents the transactions from subsidiary to subsidiary	Other general and administrative expense	2,693	Note 4	-
6	CTS Travel International Ltd.	The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Cash and cash equivalents	7,598	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Interests revenues	59	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Accounts receivables	21	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from subsidiary to subsidiary	Net revenues other than interest	2,693	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from subsidiary to subsidiary	Net revenues other than interest	120	Note 4	-
7	Shancom Reconstruction Inc.	The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Cash and cash equivalents	24	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Due from other banks	1,368,785	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Accounts receivables	4,365	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Due to the Central Bank and banks	231,068	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Interest revenue	26,027	Note 4	
		China Travel Service (Taiwan)	Represents the transactions from subsidiary to subsidiary	Deposits and remittances	1,069	Note 4	-

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

a. Parent company fill in 0.
b. Subsidiaries are numbered sequentially from 1 in accordance to company type.

Note 2: There are five of transactional relationships and these are to be noted as follows:

a. Transactions from parent company to subsidiary.
b. Transactions from subsidiary to parent company.
c. Transactions from subsidiary to subsidiary.
d. Transactions from parent company to indirect subsidiary.
e. 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 refers only to the financial assets/liabilities on the balance sheets, it will be counted by the percentage of its final amount divided by the consolidated total assets. Otherwise, if the account refers to income statement, it will be counted by the percentage of its average amount divided by the consolidated total net revenue.

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

(Concluded)

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Amounts in Thousands of New Taiwan Dollars)

No.	Company Name	Counterparty	Nature of Relationship	Intercompany Transaction			
				Financial Statements Item	Amount	Term	Percentage of Consolidated Total Gross Sales or Total Assets (Note 3)
0	The Shanghai Commercial & Savings Bank, Ltd.	SCSB Life Insurance Agency	Represents the transactions from parent company to subsidiary	Accounts receivables	$ 35,434	Note 4	-
		SCSB Life Insurance Agency	Represents the transactions from parent company to subsidiary	Accounts payables	101	Note 4	-
		SCSB Life Insurance Agency	Represents the transactions from parent company to subsidiary	Deposits and remittances	232,750	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	1,970	Note 4	-
		SCSB Life Insurance Agency	Represents the transactions from parent company to subsidiary	Service fee incomes, net	415,763	Note 4	-
		SCSB Life Insurance Agency	Represents the transactions from parent company to subsidiary	Net revenues other than interest	790	Note 4	-
		SCSB Property Insurance Agency	Represents the transactions from parent company to subsidiary	Accounts receivables	274	Note 4	-
		SCSB Property Insurance Agency	Represents the transactions from parent company to subsidiary	Accounts payables	17	Note 4	-
		SCSB Property Insurance Agency	Represents the transactions from parent company to subsidiary	Deposits and remittances	56,899	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	577	Note 4	-
		SCSB Property Insurance Agency	Represents the transactions from parent company to subsidiary	Service fee incomes, net	11,320	Note 4	-
		SCSB Property Insurance Agency	Represents the transactions from parent company to subsidiary	Net revenues other than interest	790	Note 4	-
		SCSB Asset Management Ltd.	Represents the transactions from parent company to subsidiary	Accounts payables	135	Note 4	-
		SCSB Asset Management Ltd.	Represents the transactions from parent company to subsidiary	Deposits and remittances	320,977	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	5,811	Note 4	-
		SCSB Asset Management Ltd.	Represents the transactions from parent company to subsidiary	Net revenues other than interest	170	Note 4	-
		SCSB Asset Management Ltd.	Represents the transactions from parent company to subsidiary	Other general and administrative	33	Note 4	-
		SCSB Marketing	Represents the transactions from parent company to subsidiary	Accounts payables	5,780	Note 4	-
		SCSB Marketing	Represents the transactions from parent company to subsidiary	Deposits and remittances	10,612	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	79	Note 4	-
		SCSB Marketing	Represents the transactions from parent company to subsidiary	Net revenues other than interest	78	Note 4	-
		SCSB Marketing	Represents the transactions from parent company to subsidiary	Other general and administrative	68,231	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from parent company to subsidiary	Accounts payables	15	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from parent company to subsidiary	Deposits and remittances	90,833	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from parent company to subsidiary	Interest revenues	180	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from parent company to subsidiary	Interest expenses	333	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from parent company to subsidiary	Net revenues other than interest	720	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from parent company to subsidiary	Other general and administrative	2,140	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)
		CTS Travel International Ltd.	Represents the transactions from parent company to subsidiary	Accounts payables	$ 23	Note 4	-
		CTS Travel International Ltd.	Represents the transactions from parent company to subsidiary	Deposits and remittances	7,515	Note 4	-
		CTS Travel International Ltd.	Represents the transactions from parent company to subsidiary	Interest expenses	70	Note 4	-
		Shancom Reconstruction Inc.	Represents the transactions from parent company to subsidiary	Cash and cash equivalents	286,710	Note 4	-
		Shancom Reconstruction Inc.	Represents the transactions from parent company to subsidiary	Due from the Central Bank and call loans to banks	152	Note 4	-
		Shancom Reconstruction Inc.	Represents the transactions from parent company to subsidiary	Call loans from banks	1,850,160	Note 4	-
		Shancom Reconstruction Inc.	Represents the transactions from parent company to subsidiary	Accounts payables	1,931	Note 4	-
		Shancom Reconstruction Inc.	Represents the transactions from parent company to subsidiary	Deposits and remittances	1,468,677	Note 4	-
		Shancom Reconstruction Inc.	Represents the transactions from parent company to subsidiary	Interest expenses	14,416	Note 4	-
1	SCSB Life Insurance Agency	The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Cash and cash equivalents	232,750	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Accounts receivables	101	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Other liabilities	197	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Accounts payables	35,434	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Interest revenues	1,970	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Net revenues other than interest	790	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Other general and administrative expense	415,763	Note 4	-
2	SCSB Property Insurance Agency	The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Cash and cash equivalents	56,899	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Accounts receivables	17	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Other liabilities	197	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Accounts Payables	274	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Interest revenues	577	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Net revenues other than interest	790	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Other general and administrative expense	11,320	Note 4	-
3	SCSB Asset Management Ltd.	The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Cash and cash equivalents	320,977	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Accounts receivables	135	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Other assets	47	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Interest revenues	5,811	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Net revenues other than interest	170	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Net revenues other than interest	33	Note 4	-
4	SCSB Marketing	The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Cash and cash equivalents	10,612	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Accounts receivables	5,780	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Other assets	20	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Interest revenues	79	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Net revenues other than interest	68,231	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Net revenues other than interest	78	Note 4	-
5	China Travel Service (Taiwan)	The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Accounts receivables	15	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Cash and cash equivalents	90,833	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Other assets	180	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Interest revenues	333	Note 4	-

(Continued)

No.	Company Name	Counterparty	Nature of Relationship	Intercompany Transaction			
				Financial Statements Item	Amount	Term	Percentage of Consolidated Total Gross Sales or Total Assets (Note 3)
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Net revenues other than interest	$ 720	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Net revenues other than interest	2,140	Note 4	-
		Shancom Reconstruction Inc.	Represents the transactions from subsidiary to subsidiary	Cash and cash equivalents	3,037	Note 4	-
		CTS Travel International Ltd.	Represents the transactions from subsidiary to subsidiary	Net revenues other than interest	120	Note 4	-
		CTS Travel International Ltd.	Represents the transactions from subsidiary to subsidiary	Other general and administrative expense	2,606	Note 4	-
6	CTS Travel International Ltd.	The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Cash and cash equivalents	7,515	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Interests revenues	70	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Accounts receivables	23	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from subsidiary to subsidiary	Net revenues other than interest	2,606	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from subsidiary to subsidiary	Net revenues other than interest	120	Note 4	-
7	Shancom Reconstruction Inc.	The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Cash and cash equivalents	152	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Due from other banks	1,468,677	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	1,850,160	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Accounts receivables	1,931	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Due to the Central Bank and banks	286,710	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Interest revenue	14,416	Note 4	
		China Travel Service (Taiwan)	Represents the transactions from subsidiary to subsidiary	Deposits and remittances	3,037	Note 4	-

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

a. Parent company fill in 0.
b. Subsidiaries are numbered sequentially from 1 in accordance to company type.

Note 2: There are five of transactional relationships and these are to be noted as follows:

a. Transactions from parent company to subsidiary.
b. Transactions from subsidiary to parent company.
c. Transactions from subsidiary to subsidiary.
d. Transactions from parent company to indirect subsidiary.
e. Transactions from Indirect subsidiary to parent Company.

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(Concluded)