The Shanghai Commercial & Savings Bank, Ltd.

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

INDEPENDENT AUDITORS' REPORT

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

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

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

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Bank as of June 30, 2016, December 31, 2015 and June 30, 2015 and the results of its operations and its cash flows for the six months ended June 30, 2016 and 2015, in conformity with the Regulations Governing the Preparation of Financial Reports by Public Banks and Regulations Governing the Preparation of Financial Reports by Securities Firms.

August 20, 2016

Notice to Readers

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

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

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.

BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	June 30, 2016		December 31, 2015		June 30, 2015	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
Cash and cash equivalents (notes 6 and 32)	$ 18,167,060	2	$ 22,852,149	2	$ 21,138,338	2
Due from the central bank and call loans to banks (notes 7 and 32)	79,593,557	8	59,424,018	6	51,634,379	5
Financial assets at fair value through profit or loss (note 8)	25,211,055	2	25,204,642	3	35,235,340	4
Securities purchased under resell agreements (note 10)	-	-	10,245,428	1	4,882,013	1
Receivables, net (notes 11 and 32)	9,343,133	1	7,598,666	1	9,123,901	1
Current income tax assets (note 30)	83,727	-	98,643	-	62,895	-
Discounts and loans, net (notes 12 and 32)	553,822,404	55	577,110,139	58	567,400,498	58
Available-for-sale financial assets, net (notes 13 and 33)	184,657,921	18	142,341,823	14	128,078,599	13
Held-to-maturity financial assets (notes 14 and 33)	70,596,643	7	82,141,191	8	88,100,080	9
Equity investments under the equity method, net (note 15)	59,274,803	6	60,163,431	6	55,768,863	6
Other financial assets, net (note 16)	465	-	31,269	-	311,467	-
Properties, net (note 17)	12,491,741	1	12,565,276	1	12,507,252	1
Deferred income tax assets	619,519	-	588,149	-	581,923	-
Other assets, net (note 18)	2,125,396	-	2,452,031	-	2,120,552	-
Total	$ 1,015,987,424	100	$ 1,002,816,855	100	$ 976,946,100	100
LIABILITIES AND EQUITY						
Due to the central bank and banks (notes 19 and 32)	$ 8,032,128	1	$ 12,559,456	1	$ 15,713,738	2
Borrowings from the central bank and banks	1,130,325	-	-	-	1,545,650	-
Financial liabilities at fair value through profit or loss (note 8)	562,555	-	475,344	-	907,986	-
Securities sold under repurchase agreements (note 20)	25,898,813	2	6,320,676	1	10,196,680	1
Payables (notes 21 and 32)	27,188,152	3	17,098,744	2	23,575,068	2
Current income tax liabilities	827,862	-	742,989	-	906,219	-
Deposits and remittances (notes 22 and 32)	781,470,374	77	798,149,251	80	762,633,449	78
Bank debentures (note 23)	38,150,000	4	38,150,000	4	37,150,000	4
Other financial liabilities (note 24)	7,768,890	1	3,979,973	-	6,961,212	1
Provisions (note 25)	919,537	-	754,898	-	653,964	-
Deferred income tax liabilities	8,473,827	1	8,553,572	1	7,735,227	1
Other liabilities (notes 26 and 32)	735,648	-	792,956	-	969,114	-
Total liabilities	901,158,111	89	887,577,859	89	868,948,307	89
Equity (note 28)						
Share capital						
Ordinary shares	39,991,207	4	39,991,207	4	38,086,864	4
Reserve for capitalization	799,824	-	-	-	1,904,343	-
Total share capital	40,791,031	4	39,991,207	4	39,991,207	4
Capital surplus	4,639,910	-	4,639,910	-	4,632,533	-
Retained earnings						
Legal reserve	40,592,926	4	37,023,528	3	37,023,528	4
Special reserve	7,480,146	1	7,480,146	1	7,480,146	1
Unappropriated earnings	12,480,246	1	17,171,825	2	11,382,372	1
Total retained earnings	60,553,318	6	61,675,499	6	55,886,046	6
Other equity	8,928,198	1	9,015,524	1	7,571,151	1
Treasury stock	(83,144)	-	(83,144)	-	(83,144)	-
Total equity	114,829,313	11	115,238,996	11	107,997,793	11
Total	$ 1,015,987,424	100	$ 1,002,816,855	100	$ 976,946,100	100

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

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.

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

	For the Six Months Ended June 30			
	2016		2015	
	Amount	%	Amount	%
Interest revenues	$ 8,339,056	82	$ 8,647,085	84
Interest expenses	2,905,800	29	3,407,764	33
Net interest (notes 29 and 32)	5,433,256	53	5,239,321	51
Net revenues other than interest				
Service fee incomes, net (notes 29 and 32)	1,340,624	13	1,434,828	14
Gains on financial assets and liabilities at fair value through profit or loss (note 29)	414,958	4	500,641	5
Realized gains on available-for-sale financial assets	536,611	6	509,825	5
Foreign exchange gains, net	118,631	1	144,909	1
Share of profit of subsidiaries, associates and joint ventures, net	2,231,371	22	2,475,976	24
Other net revenues (note 32)	122,799	1	64,869	-
Total net revenues other than interest	4,764,994	47	5,131,048	49
Net revenues	10,198,250	100	10,370,369	100
Bad debt expenses and reserve for possible losses on guarantees (note 12)	388,992	4	299,988	3
Operating expenses				
Personnel (notes 4, 29 and 32)	1,879,603	18	1,790,623	17
Depreciation and amortization (note 29)	243,489	2	250,797	2
Other general and administrative (note 32)	1,095,688	11	1,143,818	11
Total operating expenses	3,218,780	31	3,185,238	30
Profit before income tax	6,590,478	65	6,885,143	67
Income tax expense (notes 4 and 30)	(914,154)	(9)	(815,135)	(8)
Net income	5,676,324	56	6,070,008	59

(Continued)

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.

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

	For the Six Months Ended June 30			
	2016		2015	
	Amount	%	Amount	%
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss:				
Translation adjustments for foreign operations	$ (1,112,692)	(11)	$ (1,299,202)	(13)
Unrealized gain (loss) on available-for-sale financial assets	578,567	6	(149,609)	(1)
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method	348,655	3	1,008,491	10
Income tax relating to items that may be reclassified subsequently to profit or loss	98,144	1	257,176	2
Subtotal of items that may be reclassified subsequently to profit or loss	(87,326)	(1)	(183,144)	(2)
Other comprehensive income for the period, net of income tax	(87,326)	(1)	(183,144)	(2)
Total comprehensive income for the period	$ 5,588,998	55	$ 5,886,864	57
Earnings per share (note 31)				
Basic	$ 1.40		$ 1.49	
Diluted	$ 1.39		$ 1.49	

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

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.

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

	Share Capital (Note 28)			Retained Earnings (Note 28)			Other Equity			
	Ordinary Shares	Reserve for Capitalization	Capital Surplus (Note 28)	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain on Available-for-sale Financial Assets	Treasury Stock (Note 28)	Total Equity
Balance at January 1, 2015	$ 38,086,864	$ -	$ 4,632,533	$ 33,751,333	$ 7,480,146	$ 16,201,932	$ 2,122,663	$ 5,631,632	$ (83,144)	$ 107,823,959
Appropriation of 2014 earnings										
Legal reserve	-	-	-	3,272,195	-	(3,272,195)	-	-	-	-
Cash dividends	-	-	-	-	-	(5,713,030)	-	-	-	(5,713,030)
Share dividends	-	1,904,343	-	-	-	(1,904,343)	-	-	-	-
Net profit for the six months ended June 30, 2015	-	-	-	-	-	6,070,008	-	-	-	6,070,008
Other comprehensive income (loss) for the six months ended June 30, 2015, net of income tax	-	-	-	-	-	-	(1,065,195)	882,051	-	(183,144)
Total comprehensive income (loss) for the six months ended June 30, 2015	-	-	-	-	-	6,070,008	(1,065,195)	882,051	-	5,886,864
Balance at June 30, 2015	$ 38,086,864	$ 1,904,343	$ 4,632,533	$ 37,023,528	$ 7,480,146	$ 11,382,372	$ 1,057,468	$ 6,513,683	$ (83,144)	$ 107,997,793
Balance at January 1, 2016	$ 39,991,207	$ -	$ 4,639,910	$ 37,023,528	$ 7,480,146	$ 17,171,825	$ 3,707,655	$ 5,307,869	$ (83,144)	$ 115,238,996
Appropriation of 2015 earnings										
Legal reserve	-	-	-	3,569,398	-	(3,569,398)	-	-	-	-
Cash dividends	-	-	-	-	-	(5,998,681)	-	-	-	(5,998,681)
Share dividends	-	799,824	-	-	-	(799,824)	-	-	-	-
Net profit for the six months ended June 30, 2016	-	-	-	-	-	5,676,324	-	-	-	5,676,324
Other comprehensive income for the six months ended June 30, 2016, net of income tax	-	-	-	-	-	-	(986,005)	898,679	-	(87,326)
Total comprehensive income for the six months ended June 30, 2016	-	-	-	-	-	5,676,324	(986,005)	898,679	-	5,588,998
Balance at June 30, 2016	$ 39,991,207	$ 799,824	$ 4,639,910	$ 40,592,926	$ 7,480,146	$ 12,480,246	$ 2,721,650	$ 6,206,548	$ (83,144)	$ 114,829,313

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

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.

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

	For the Six Months Ended June 30	
	2016	**2015**
Cash flows from operating activities		
Net profit before income tax	$ 6,590,478	$ 6,885,143
Adjustments to reconcile net profit to net cash provided by operating activities		
Depreciation expenses	109,218	124,424
Amortization expenses	134,271	126,373
Bad debt expenses and reserve for possible losses on guarantees	388,992	299,988
Losses (gains) on financial assets and liabilities at fair value through profit or loss	(101,985)	305,891
Interest expenses	2,905,800	3,407,764
Dividend income	(59,652)	(41,531)
Interest revenues	(8,339,056)	(8,647,085)
Share of profit of associates and joint ventures	(2,231,371)	(2,475,976)
Losses (gains) on sale of properties and equipment, net	3,613	(18,888)
Other adjustments	455,912	109,314
Changes in operating assets and liabilities		
Increase in due from the central bank and call loans to banks	(26,636)	(1,812,424)
Decrease (increase) in financial assets at fair value through profit or loss	40,708	(3,183,443)
Decrease (increase) in receivables	(1,438,995)	695,715
Decrease in discounts and loans	22,762,740	10,968,461
Increase in available-for-sale financial assets	(42,044,832)	(26,903,382)
Decrease in held-to-maturity financial assets	11,544,587	1,665,569
Increase in other financial assets	31,804	(98,411)
Increase (decrease) in due to the Central Bank and banks	(4,527,328)	6,000,138
Increase in financial liabilities at fair value through profit or loss	142,075	491,822
Increase in securities sold under repurchase agreements	19,578,137	3,721,608
Increase (decrease) in payables	4,174,522	(481,182)
Decrease in deposits and remittances	(16,678,877)	(12,961,456)
Increase in other financial liabilities	3,788,917	1,330,696
Increase in employee benefit provisions	39,226	11,634
Increase (decrease) in other liabilities	(67,065)	86,190
Cash used in operation	(2,824,797)	(20,393,048)
Interest received	8,204,802	8,813,351
Dividend received	2,429,012	2,314,413
Interest paid	(2,989,595)	(3,353,806)
Income tax paid	(842,832)	(651,975)
Net cash generated from (used in) operating activities	3,976,590	(13,271,065)

(Continued)

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.

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

	For the Six Months Ended June 30	
	2016	**2015**
Cash flows from investing activities		
Acquisition of equity investments under the equity method	$ -	$ (400,000)
Acquisition of properties	(39,827)	(371,243)
Proceeds from disposal of properties	391	21,824
Increase in refundable deposits	(185,195)	(10,189)
Decrease in other assets	377,559	507,504
Net cash generated from (used in) investing activities	152,928	(252,104)
Cash flows from financing activities		
Increase in borrowings from the Central Bank and banks	1,130,325	1,545,650
Issuance of bank debentures	-	2,150,000
Repayment of bank debentures	-	(3,000,000)
Increase in guarantee deposit received	9,757	40,044
Net cash generated from financing activities	1,140,082	735,694
Effects of exchange rate changes on the balance of cash held in foreign currencies	(57,260)	(61,428)
Net increase (decrease) in cash and cash equivalents	5,212,340	(12,848,903)
Cash and cash equivalents at the beginning of the period	55,547,016	60,150,111
Cash and cash equivalents at the end of the period	$ 60,759,356	$ 47,301,208

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

	2016	**2015**
Cash and cash equivalents in balance sheets	$ 18,167,060	$ 21,138,338
Due from the Central Bank and call loans to banks fall in with the definition of cash and cash equivalents under IFRS 7	42,592,296	21,280,857
Securities purchased under resell agreements fall in with the definition of cash and cash equivalents under IFRS 7	-	4,882,013
Cash and cash equivalents in statements of cash flows	$ 60,759,356	$ 47,301,208

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

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

1. ORGANIZATION AND OPERATIONS

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

The Bank has a head office in Taipei, 68 domestic branches, three foreign branches located in Hong Kong, Dong Nai (Vietnam) and Singapore (established in July 2016), and 3 agencies located in Thailand, Cambodia, and Indonesia.

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

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

2. AUTHORIZATION OF FINANCIAL STATEMENTS

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

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

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

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

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

(Continued)

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendment to IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014
Amendment to IAS 27 "Equity Method in Separate Financial Statements"	January 1, 2016
Amendment to IAS 36 "Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets"	January 1, 2014
Amendment to IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting"	January 1, 2014
IFRIC 21 "Levies"	January 1, 2014

(Concluded)

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

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

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

The initial application of the above New or amended IFRSs in 2017 would not have any material impact on the Bank's accounting policies. As of the date the financial statements were authorized for issue, the Bank is continuously assessing the possible impact that the application of the New or amended IFRSs in 2017 will have on the Bank's financial position and financial performance, and will disclose the relevant impact when the assessment is completed.

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

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

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

New IFRSs	Effective Date Announced by IASB (Note)
Amendment to IFRS 2 "Classification and Measurement of Share-based Payment Transactions"	January 1, 2018
IFRS 9 "Financial Instruments"	January 1, 2018
Amendments to IFRS 9 and IFRS 7 "Mandatory Effective Date of IFRS 9 and Transition Disclosures"	January 1, 2018
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
Amendment to IFRS 15	January 1, 2018
IFRS 16 "Leases"	January 1, 2019
Amendment to IAS 7 "Disclosure Initiative"	January 1, 2017
Amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017

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

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

1) IFRS 9 "Financial Instruments"

Recognition and measurement of financial assets

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

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

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

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

Except for the above, all other financial assets are measured at fair value through profit or loss. However, the Bank may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss. No subsequent impairment assessment is required, and the cumulative gain or loss previously recognized in other comprehensive income cannot be reclassified from equity to profit or loss.

Impairment of financial assets

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

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

Hedge accounting

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

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

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

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

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

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

3) IFRS 16 "Leases"

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

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

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

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

4) Amendments to IAS 12 “Recognition of Deferred Tax Assets for Unrealized Losses”

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY

Statement of Compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks and the Regulations Governing the Preparation of Financial Reports by Securities Firms. Disclosure information included in the interim financial reports is less than disclosures required in a full set of annual reports.

Basis of Preparation

The financial statements have been prepared on the historical cost basis except for financial instruments assets that 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.

The Bank applies equity method to account for investments in subsidiaries, associates and joint ventures in the preparation of the Bank only financial statements. To equalize the net income, other comprehensive income, and equity in the Bank only financial statements with income, other comprehensive income and equity attributed to the Bank (Parent company) in the consolidated financial statements, the effects of differences in accounting procedures between the Bank only financial statements and the consolidated financial statements are adjusted in "investment accounted by equity method", "gain and loss in subsidiaries, associates, and joint ventures by equity method", "other comprehensive income in subsidiaries, associates, and joint ventures", and other related equity items.

Other Significant Accounting Policy

Except for the following items, the Bank only financial statements applied the same accounting policies as those applied in the financial statements for the year ended December 31, 2015.

a. Retirement benefit

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

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

b. Income tax

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

6. CASH AND CASH EQUIVALENTS

	June 30, 2016	December 31, 2015	June 30, 2015
Cash on hand and working fund	$ 6,187,445	$ 6,078,806	$ 6,351,947
Notes and checks in clearing	826,481	1,226,221	803,348
Due from other banks - domestic	2,252,404	4,810,593	3,511,003
Due from other banks - foreign	8,900,730	10,736,529	10,472,040
	$ 18,167,060	$ 22,852,149	$ 21,138,338

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

	December 31, 2015
Cash and cash equivalents in balance sheets	$ 22,852,149
Due from the Central Bank and call loans to banks fall in with the definition of cash and cash equivalents under IFRS 7	22,449,439
Securities purchased under resell agreements fall in with the definition of cash and cash equivalents under IFRS 7	10,245,428
Cash and cash equivalents in statements of cash flow	$ 55,547,016

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

	June 30, 2016	December 31, 2015	June 30, 2015
Call loans to banks	$ 59,964,537	$ 38,645,987	$ 31,201,092
Deposit reserves - I	3,301,022	4,889,805	4,075,141
Deposit reserves - II	16,204,576	15,769,718	16,241,002
Deposit reserves - foreign	123,422	118,508	117,144
	$ 79,593,557	$ 59,424,018	$ 51,634,379

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

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

8. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2016	December 31, 2015	June 30, 2015
Held-for-trading financial assets			
Commercial papers	$ 23,097,171	$ 23,421,182	$ 32,869,794
Option contracts	350,887	219,799	460,194
Forward contracts	314,380	233,828	250,405
Currency swap contracts	81,505	144,668	264,605
Negotiable certificate of deposit	70,312	79,681	-
Others	43,556	56,637	71,829
	23,957,811	24,155,795	33,916,827
Financial assets designated at fair value through profit or loss			
Structured corporate bonds contracts	1,253,244	1,048,847	1,313,530
Equity linked notes	-	-	4,983
	1,253,244	1,048,847	1,318,513
	$ 25,211,055	$ 25,204,642	$ 35,235,340

(Continued)

	June 30, 2016	December 31, 2015	June 30, 2015
Held-for-trading financial liabilities			
Option contracts	$ 360,066	$ 217,089	$ 462,444
Currency swap contracts	122,629	86,407	140,055
Forward contracts	64,396	151,919	280,361
Interest rate swap contracts	15,464	19,929	24,996
Others	-	-	130
	$ 562,555	$ 475,344	$ 907,986

(Concluded)

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

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

	June 30, 2016	December 31, 2015	June 30, 2015
Currency swap contracts	$ 50,566,085	$ 44,199,717	$ 58,353,619
Option contracts	35,387,241	30,833,603	39,279,257
Forward contracts	21,526,281	24,124,106	29,205,607
Interest rate swap contracts	1,765,762	2,539,818	2,792,931
Fixed rate commercial papers	-	300,000	300,000
Futures contracts	5,112	-	38,883

9. DERIVATIVE FINANCIAL INSTRUMENTS FOR HEDGING

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

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

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

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

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

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

11. RECEIVABLES, NET

	June 30, 2016	December 31, 2015	June 30, 2015
Acceptances	$ 3,167,484	$ 2,386,863	$ 2,825,910
Accrued interest	2,323,531	2,159,307	1,971,110
Credit cards receivable	2,076,963	1,986,074	2,064,496
Accounts receivable - factoring	1,046,589	965,523	1,220,864
Accounts receivable due from sales of securities	272,036	-	935,193
Advances by guarantees	290,655	13,645	-
Others	528,717	420,858	431,558
	9,705,975	7,932,270	9,449,131
Less allowance for credit losses	(362,842)	(333,604)	(325,230)
	$ 9,343,133	$ 7,598,666	$ 9,123,901

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

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

Item	December 31, 2015 Total	December 31, 2015 Allowances
With objective evidence of impairment		
Collectively assessed	$ 101,850	$ 72,917
With no objective evidence of impairment		
Collectively assessed	4,952,388	264,387
Grand total	$ 5,054,238	$ 337,304

Item	June 30, 2015 Total	Allowances
With objective evidence of impairment		
Individually assessed	$ 206	$ 107
Collectively assessed	120,002	95,424
With no objective evidence of impairment		
Collectively assessed	6,171,239	233,116
Grand total	$ 6,291,447	$ 328,647

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

	Six Months Ended June 30 2016	2015
Balance at January 1	$ 337,304	$ 321,150
Provisions	46,483	740
Write-offs	(16,734)	(18,351)
Recoveries	18,777	25,400
Effect of exchange rate changes	(441)	(292)
Balance at June 30	$ 385,389	$ 328,647

12. DISCOUNTS AND LOANS, NET

	June 30, 2016	December 31, 2015	June 30, 2015
Loans	$ 556,302,350	$ 571,441,121	$ 557,535,656
Inward/outward documentary bills	4,351,713	12,819,263	17,017,622
Nonperforming loans	1,448,837	1,297,183	1,109,512
	562,102,900	585,557,567	575,662,790
Discount and premium adjustment	728,774	693,185	648,283
Allowance for credit losses	(9,009,270)	(9,140,613)	(8,910,575)
	$ 553,822,404	$ 577,110,139	$ 567,400,498

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

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

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

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

Item	December 31, 2015 Total	December 31, 2015 Allowances
With objective evidence of impairment		
Individually assessed	$ 2,140,979	$ 750,878
Collectively assessed	6,882,248	2,558,067
With no objective evidence of impairment		
Collectively assessed	576,534,340	5,831,668
Grand total	$ 585,557,567	$ 9,140,613

Item	June 30, 2015 Total	June 30, 2015 Allowances
With objective evidence of impairment		
Individually assessed	$ 2,056,208	$ 765,640
Collectively assessed	7,766,581	2,659,049
With no objective evidence of impairment		
Collectively assessed	565,840,001	5,485,886
Grand total	$ 575,662,790	$ 8,910,575

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

	Six Months Ended June 30 2016	Six Months Ended June 30 2015
Balance at January 1	$ 9,140,613	$ 8,903,226
Provisions	216,982	299,093
Write-offs	(728,376)	(293,368)
Recoveries	421,640	54,849
Effect of exchange rate changes	(41,589)	(53,225)
Balance at June 30	$ 9,009,270	$ 8,910,575

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

	Six Months Ended June 30	
	2016	**2015**
Provisions of loans and discounts	$ 216,982	$ 299,093
Provisions of reserve for possible losses on guarantees	125,527	-
Provisions of receivables	46,483	740
Provisions of receivables - call loans to banks	-	155
	$ 388,992	$ 299,988

13. AVAILABLE-FOR-SALE FINANCIAL ASSETS, NET

	June 30, 2016	December 31, 2015	June 30, 2015
Government bonds	$ 72,134,589	$ 50,867,076	$ 44,236,011
Corporate bonds	35,389,479	32,004,498	27,035,043
Bank debentures	36,836,428	32,277,087	29,691,271
Commercial papers	25,319,012	13,765,838	12,754,396
Beneficiary certificates	8,065,208	8,189,300	7,855,428
Stocks	3,306,058	3,650,384	3,741,000
Treasury bonds	2,640,851	-	1,193,954
Negotiable certificate of deposit	467,495	1,000,340	948,370
Assets backed securities	498,801	587,300	623,126
	$ 184,657,921	$ 142,341,823	$ 128,078,599

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

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

About the pledged assets, please see Note 33.

14. HELD-TO-MATURITY FINANCIAL ASSETS

	June 30, 2016	December 31, 2015	June 30, 2015
Negotiable certificate of deposit	$ 69,900,000	$ 81,600,000	$ 87,700,000
Corporate bonds	602,991	447,578	306,548
Government bonds	93,652	93,613	93,532
	$ 70,596,643	$ 82,141,191	$ 88,100,080

About the pledged assets, please see Note 33.

15. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Equity Method	June 30, 2016 Carrying Value	June 30, 2016 % of Owner-ship	December 31, 2015 Carrying Value	December 31, 2015 % of Owner-ship	June 30, 2015 Carrying Value	June 30, 2015 % of Owner-ship
Investment in subsidiaries						
Domestic investments						
SCSB Asset Management Ltd.	$ 1,606,094	100.00	$ 1,617,716	100.00	$ 1,606,753	100.00
China Travel Service (Taiwan)	291,008	99.99	284,193	99.99	235,463	99.99
SCSB Life Insurance Agency	164,820	100.00	230,063	100.00	201,738	100.00
SCSB Property Insurance Agency	57,391	100.00	60,990	100.00	59,422	100.00
SCSB Marketing Ltd.	6,829	100.00	7,059	100.00	6,546	100.00
	2,126,142		2,200,021		2,109,922	
Foreign investments						
Shancom Reconstruction Inc.	56,555,600	100.00	57,371,201	100.00	53,111,547	100.00
Wresqueue Limitada	326,506	100.00	328,425	100.00	304,882	100.00
Paofoong Insurance Company Ltd.	266,555	40.00	263,784	40.00	242,512	40.00
	57,148,661		57,963,410		53,658,941	
	59,274,803		60,163,431		55,768,863	
Associates						
Kuo Hai Real Estate Management	-	34.69	-	34.69	-	34.69
Grand total	$ 59,274,803		$ 60,163,431		$ 55,768,863	

The Bank increased its investment in SCSB Assets Management Ltd. in an amount of $400,000 thousand in January 2015. SCSB Assets Management Ltd. then invested US$8,053 thousand to SCSB Leasing (China) Co., Ltd. which had been approved by the Financial Supervisory Commission in the same month.

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

Calculation of the carrying amounts of equity-method foreign investments was based on the investees' audited financial statements, on which other auditors had expressed unqualified opinions in their reports. The financial statements used were as follows: Shancom Reconstruction and Wresqueue Limitada - audited financial statements for the same period as that of the audited financial statements of the Bank; Paofoong Insurance - unaudited financial statements for the six month period ended June 30, 2016 and 2015. Calculation of the carrying amounts of equity-method domestic investments was based on unaudited financial statements of China Travel Services (Taiwan), SCSB Assets Management, SCSB Life Insurance Agency, SCSB Property Insurance Agency, and SCSB Marketing. The Bank decreased the carrying amount of Kuo Hai to zero and recognized losses on this investment because of the investee's continuing operating losses over the years. The Bank deemed the impact on its financial statements is immaterial, if the investees' financial statements have been audited.

16. OTHER FINANCIAL ASSETS, NET

	June 30, 2016	December 31, 2015	June 30, 2015
Bills purchased, net	$ 465	$ 32,269	$ 112,467
Nonperforming credit card receivables	22,547	2,700	2,417
Non-active market debt instruments	-	-	200,000
	23,012	34,969	314,884
Allowance for nonperforming credit card receivables	(22,547)	(3,700)	(3,417)
	$ 465	$ 31,269	$ 311,467

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

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

17. PROPERTIES, NET

	June 30, 2016	December 31, 2015	June 30, 2015
Land	$ 9,664,925	$ 9,664,925	$ 9,564,567
Building and improvement	2,411,970	2,463,872	2,462,902
Office equipment	230,618	235,127	260,606
Transportation equipment	13,345	13,759	15,026
Miscellaneous equipment	163,623	180,333	196,891
Construction-in-progress and prepayment	7,260	7,260	7,260
	$ 12,491,741	$ 12,565,276	$ 12,507,252

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

Item	Six Months Ended June 30, 2015 Balance at January 1, 2015	Additions	Disposals	Effect of Exchange Rate Changes, Net	Balance at June 30, 2015
Cost					
Land	$ 9,309,190	$ 255,968	$ (591)	$ -	$ 9,564,567
Building and improvement	4,226,890	54,640	(2,900)	-	4,278,630
Office equipment	1,199,876	25,425	(11,448)	(480)	1,213,373
Transportation equipment	58,876	-	(2,193)	-	56,683
Miscellaneous equipment	528,367	28,940	(6,304)	(155)	550,848
	15,323,199	$ 364,973	$ (23,436)	$ (635)	15,664,101
Accumulated depreciation					
Building and improvement	1,767,184	$ 51,386	$ (2,842)	$ -	1,815,728
Office equipment	912,109	50,943	(9,934)	(351)	952,767
Transportation equipment	41,676	2,045	(2,064)	-	41,657
Miscellaneous equipment	339,694	20,050	(5,660)	(127)	353,957
	3,060,663	$ 124,424	$ (20,500)	$ (478)	3,164,109
Construction-in-progress and prepayment	990	$ 6,270	$ -	$ -	7,260
Net amount	$ 12,263,526				$ 12,507,252

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

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

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

The Bank’s building and improvement insured are amounted to $7,056,206 thousand.

18. OTHER ASSETS, NET

	June 30, 2016	December 31, 2015	June 30, 2015
Refundable deposits - less impairment loss of $17,360 thousand	$ 654,252	$ 469,057	$ 453,727
Prepaid expenses	649,156	1,249,032	737,575
Deferred charges	435,275	511,772	582,770
Temporary payments and suspense	244,332	97,010	184,802
Computer software	114,791	97,691	92,929
Prepaid pension cost	-	-	51,388
Others	27,590	27,469	17,361
	$ 2,125,396	$ 2,452,031	$ 2,120,552

19. DUE TO THE CENTRAL BANK AND BANKS

	June 30, 2016	December 31, 2015	June 30, 2015
Due to banks	$ 539,033	$ 448,550	$ 459,476
Call loans from banks	1,881,212	6,360,588	10,217,522
Deposit transfer from Chunghwa Post Co., Ltd.	4,049,420	4,333,479	4,013,170
Overdraft on banks	1,562,463	1,416,839	1,023,570
	$ 8,032,128	$ 12,559,456	$ 15,713,738

20. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

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

21. PAYABLES

	June 30, 2016	December 31, 2015	June 30, 2015
Dividends payable	$ 16,187,389	$ 10,188,708	$ 15,189,893
Liabilities on bank acceptances	3,204,345	2,474,022	2,954,686
Accounts payable due from purchase of securities	3,053,270	-	-
Accounts payable	2,379,969	1,792,995	3,076,667
Accrued interests	1,136,302	1,220,097	1,391,234
Accrued expenses	692,244	988,106	714,771
Other accounts payable	202,596	132,386	149,961
Others	332,037	302,430	97,856
	$ 27,188,152	$ 17,098,744	$ 23,575,068

22. DEPOSITS AND REMITTANCES

	June 30, 2016	December 31, 2015	June 30, 2015
Time deposits	$ 296,333,618	$ 314,254,278	$ 317,483,874
Savings deposits	254,547,653	252,923,321	235,395,869
Demand deposits	219,601,120	218,026,668	188,217,639
Checking deposits	7,852,443	9,207,650	7,692,607
Negotiable certificates of deposits	2,884,200	3,463,000	13,619,100
Remittances	251,340	274,334	224,360
	$ 781,470,374	$ 798,149,251	$ 762,633,449

23. BANK DEBENTURES

	June 30, 2016	December 31, 2015	June 30, 2015
The subordinate bank debenture - seven-year maturity; second issued in 2008; maturity date is on December 2015	$ -	$ -	$ 2,000,000
The subordinate bank debenture - seven-year maturity; first issued in 2010; maturity date is on December 2017	3,000,000	3,000,000	3,000,000
The subordinate bank debenture - seven-year maturity, first issued in 2012; maturity date is on April 2019	4,000,000	4,000,000	4,000,000
The subordinate bank debenture - seven-year maturity, second issued in 2012; maturity date is on May 2019	1,000,000	1,000,000	1,000,000
The subordinate bank debenture - seven to ten-year maturity, third issued in 2012; maturity date is on November 2019 to 2022	5,000,000	5,000,000	5,000,000
The subordinate bank debenture - seven to ten-year maturity, fourth issued in 2012; maturity date is on December 2019 to 2022	10,000,000	10,000,000	10,000,000
The subordinate bank debenture - seven-year to ten-year maturity; first issued in 2014; maturity date is on March 2021 to 2024	6,700,000	6,700,000	6,700,000
The subordinate bank debenture - seven-year maturity; second issued in 2014; maturity date is on November 2021	3,300,000	3,300,000	3,300,000
The subordinate bank debenture - seven-year maturity; first issued in 2015; maturity date is on June 2022	2,150,000	2,150,000	2,150,000
The subordinate bank debenture - eight and a half year maturity; second issued in 2015; maturity date is on June 2024	3,000,000	3,000,000	-
Par value total	$ 38,150,000	$ 38,150,000	$ 37,150,000

About the hedge transactions, please see Note 9.

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

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

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

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

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

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

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

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

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

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

24. OTHER FINANCIAL LIABILITIES

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

25. PROVISIONS

	June 30, 2016	December 31, 2015	June 30, 2015
Reserve for possible losses on guarantees	$ 605,083	$ 479,670	$ 438,292
Reserve for employee benefits	310,890	271,664	212,108
Others	3,564	3,564	3,564
	$ 919,537	$ 754,898	$ 653,964

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

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

26. OTHER LIABILITIES

	June 30, 2016	December 31, 2015	June 30, 2015
Guarantee deposit received	$ 388,302	$ 378,545	$ 380,154
Deferred revenues	135,261	133,704	132,406
Received in advance	89,615	77,887	318,164
Temporary credit	39,700	28,283	75,184
Others	82,770	174,537	63,206
	$ 735,648	$ 792,956	$ 969,114

27. PENSION PLAN

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

	For the Six Months Ended June 30	
	2016	2015
Defined benefit plan	$ 96,334	$ 96,401
Employee preferential interest deposits	37,550	33,575
Other long-term employee benefit	360	438
	$ 134,244	$ 130,414

28. EQUITY

a. Share capital

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

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

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

b. Capital surplus

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

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

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

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

c. Appropriation of earnings and dividend policy

In accordance with the amendments to the Company Act in May 2015, the recipients of dividends and bonuses are limited to shareholders and do not include employees. The shareholders held their regular meeting on June 14, 2016 and, in that meeting, had resolved amendments to the Bank's Articles of Incorporation particularly the amendment to the policy on dividend distribution and the addition of the policy on distribution of employees' compensation. For information about the employees' compensation and remuneration and the actual appropriations, please refer to Note 31,d.

On January 1, 2013, the Bank made a special 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 Law, if the Bank's legal reserve is less than its paid-in capital, the Bank may distribute cash earnings only up to 15% of the paid-in capital.

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

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

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

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

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

The cash dividends in 2015 earnings appropriation were not paid yet as of June 30, 2016 and recorded as dividend payable accordingly, please refer to Note 20.

d. Special reserve

The Bank has made a special reserve $1,256,859 thousand due to transferring its cumulative translation adjustment reported in equity to retained earnings while first-time adopting. There was no change in the balance of special reserve for the period ended on June 30, 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.

e. Treasury stock

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

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

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

29. DETAILS OF COMPREHENSIVE INCOME STATEMENT ITEMS

a. Interest revenues, net

	Six Months Ended June 30	
	2016	2015
Interest revenue		
Discounts and loans	$ 6,554,238	$ 6,970,546
Securities investments	1,313,138	1,167,788
Due from banks	319,387	330,582
Credit and revolving	45,078	55,596
Others	107,215	122,573
	8,339,056	8,647,085
Interest expense		
Deposits	2,462,307	2,962,186
Bank debentures	309,393	306,066
Due to banks	76,024	103,336
Securities sold under repurchase agreements	28,132	21,000
Structured bond instruments	7,116	7,898
Others	22,828	7,278
	2,905,800	3,407,764
	$ 5,433,256	$ 5,239,321

b. Service fee revenue, net

	Six Months Ended June 30	
	2016	2015
Service fee revenues		
Trusts	$ 332,306	$ 441,737
Commissions	273,645	154,660
Loans	148,930	179,504
Guarantees	137,878	156,676
Credit cards	119,250	125,526
Remittances	87,153	89,664
Exchange	86,182	113,621
Others	331,078	337,321
	1,516,422	1,598,709
Service fee expenses		
Credit cards	56,424	52,849
Nominee	36,593	32,856
Foreign finance	30,799	24,480
Custody	20,646	13,247
Others	31,336	40,449
	175,798	163,881
	$ 1,340,624	$ 1,434,828

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

	Six Months Ended June 30, 2016		
	Realized (Loss) Gain	Unrealized Gain	Total
Financial asset through profit or loss	$ 4,109,424	$ 47,121	$ 4,156,545
Financial liabilities through profit or loss	(3,796,451)	54,864	(3,741,587)
	$ 312,973	$ 101,985	$ 414,958

	Six Months Ended June 30, 2015		
	Realized (Loss) Gain	Unrealized (Loss) Gain	Total
Financial asset through profit or loss	$ 6,161,246	$ (913,834)	$ 5,247,412
Financial liabilities through profit or loss	(5,354,714)	607,943	(4,746,771)
	$ 806,532	$ (305,891)	$ 500,641

d. Employee benefit expenses

	Six Months Ended June 30	
	2016	2015
Short-term employee benefits	$ 1,573,955	$ 1,543,269
Retirement benefits		
Defined contribution plan	28,207	25,915
Defined benefit plan	96,334	96,401
	1,698,496	1,665,585
Other employee benefits	181,107	125,038
	$ 1,879,603	$ 1,790,623

For the six months ended June 30 in 2016 and 2015, the numbers of employees of the Bank were 2,421 and 2,444 respectively.

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

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

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

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

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

Information on the employees' compensation and remuneration to directors and supervisors for 2015 resolved by the Bank's board of directors in 2016 and bonus to employees, directors and supervisors for 2014 resolved by the shareholders' meeting in 2015 are available on the Market Observation Post System website of the Taiwan Stock Exchange.

e. Depreciation and amortization

	Six Months Ended June 30	
	2016	**2015**
Depreciation expenses	$ 109,218	$ 124,424
Amortization expenses	134,271	126,373
	$ 243,489	$ 250,797

30. INCOME TAX

a. Income tax expense recognized in profit or loss

The major components of tax expenses were as follows:

	Six Months Ended June 30	
	2016	**2015**
Current tax		
In respect of the current year	$ 948,888	$ 841,342
In respect of prior periods	(24,395)	(814)
	924,493	840,528
Deferred tax		
In respect of the current year	(19,636)	(25,496)
In respect of prior periods	9,297	103
	(10,339)	(25,393)
Income tax expense recognized in profit or loss	$ 914,154	$ 815,135

b. Income tax expense recognized in other comprehensive income

	Six Months Ended June 30	
	2016	2015
Deferred income tax expense		
Arising on income and expenses recognized in other comprehensive income		
Exchange differences on translating foreign operations	$ (192,640)	$ (212,077)
Unrealized gain or loss on available-for-sale financial assets	94,496	(45,099)
Income tax expense recognized in other comprehensive income	$ (98,144)	$ (257,176)

c. Integrated income tax

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

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

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

31. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Six Months Ended June 30	
	2016	2015
Basic earnings per share	$ 1.40	$ 1.49
Diluted earnings per share	$ 1.39	$ 1.49

When calculating earnings per share, if the base date of allotment of stock grants is earlier than the release date of financial statements, the influence of allotment of stock grants should be adjusted retrospectively. The basic and diluted after-tax earnings per share for the six months ended June 30, 2014 were adjusted retrospectively as follows:

Unit: NT$ Per Share

	Before Adjusted Retrospectively	**After Adjusted Retrospectively**
Basic earnings per share	$ 1.52	$ 1.49
Diluted earnings per share	$ 1.52	$ 1.49

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

Net Profit for the Period

	For the Six Months Ended June 30	
	2016	**2015**
Earnings used in the computation of basic and diluted earnings per share	$ 5,676,324	$ 6,070,008

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

	For the Six Months Ended June 30	
	2016	**2015**
Weighted average number of ordinary shares in computation of basic earnings per share	4,067,706	4,067,706
Effect of potentially dilutive ordinary shares:		
Employees' compensation	1,715	1,399
Weighted average number of ordinary shares used in the computation of diluted earnings per share	4,069,421	4,069,105

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

32. RELATED-PARTY TRANSACTIONS

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

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

(Continued)

Related Party	Relationship with the Bank
GTM Development Co., Ltd.	The director of the Bank is the chairman of the Company
GTM Electronics Co., Ltd.	The director of the Bank is the chairman of the Company
GTM Textile Co., Ltd.	The director of the Bank is the chairman of the Company
GTM Holdings Corporation	The director of the Bank is the chairman of the Company
GTM Corporation	The director of the Bank is the chairman of the Company
Gengroup Merchandise Corp.	The director of the Bank is the director of the Company
Chi-Li Investment Co., Ltd.	The director of the Bank is the director of the Company
Chang Ho Hsing Co., Ltd.	The director of the Bank is the director of the Company
Xing Li Investment Co., Ltd.	The director of the Bank is the director of the Company
Goldsun Co., Ltd.	The director of the Bank is the director of the Company (from June 5, 2015)
CX Technology Corporation	The director of the Bank is the director of the Company (from June 16, 2015)
Nan Ya Plastics Corporation	The director of the Bank is the director of the Company (due June 24, 2016)
Beacon Extender Limited	The director of the Bank is the director of the Company
Nanyang Holdings Limited	The director of the Bank is the director of the Company
Tai Ping Carpets International Limited	The director of the Bank is the director of the Company
Qin Mao Consultants Ltd.	The chairman and the Bank’s director are related by marriage
Lian Yi Investment Co., Ltd.	The director and the Bank’s director are related by marriage
Zhen Xin International Ltd.	The director and the Bank’s director are related by marriage
Dian Jin Tang International Ltd.	The supervisors and the Bank’s director are related by marriage
Yong An Enterprise Ltd.	The director of the Bank is the director of the Company
Great Malaysia Textile Investments Pte Ltd.	The director of the Bank is the director of the Company
Singapore Labour Foundation	The director of the Bank is the director of the Company
China National Petroleum Corporation	The director of the Bank is the director of the Company
SIA Engineering	The director of the Bank is the chairman of the Company
NTUC INCOME	The director of the Bank is the chairman of the Company

(Continued)

Related Party	Relationship with the Bank
Singapore Airlines	The director of the Bank is the chairman of the Company
Others	The Bank's directors, supervisors, managers, and the relatives of the Bank's directors, supervisors and managers (supervisors have resigned on June 5, 2015)

(Concluded)

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

1) Due from foreign banks

	June 30, 2016	December 31, 2015	June 30, 2015
Shanghai Commercial Bank (HK)	$ 357,580	$ 326,985	$ 277,102

The interest income arising from the above transactions were $288 thousand and $106 thousand for the six months ended June 30, 2016 and 2015.

2) Due to banks

	June 30, 2016	December 31, 2015	June 30, 2015
Shanghai Commercial Bank (HK)	$ 232	$ 348	$ 97

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

The interest income arising from the above transactions were $7 thousand for the six months ended June 30, 2015.

4) Guarantees

	Maximum Balance	Ending Balance	Reserve for Possible Losses on Guarantees	Interest Rate (%)	Collateral
June 30, 2016					
China Travel Service (Taiwan)	$ 4,000	$ 4,000	$ -	0.50-1.00	Real estate
December 31, 2015					
China Travel Service (Taiwan)	$ 7,000	$ 5,000	$ -	0.50-1.00	Real estate
CX Technology	$ 7,491	$ -	$ -	0.00	-
June 30, 2015					
China Travel Service (Taiwan)	$ 4,000	$ 4,000	$ -	0.50	Real estate
CX Technology	$ 3,548	$ 3,548	$ -	0.00	-

5) Deposits

	June 30, 2016			Six Months Ended June 30, 2016
	Maximum Balance	Ending Balance	Interest Rate (%)	Interest Expense
Empresa	$ 2,695,638	$ 818,109	0.25-0.60	$ 2,529
Krinein	846,029	470,523	0.25-0.60	1,421
SCSB Asset Management Ltd.	520,633	320,165	0.08-4.00	4,441
SCSB Life Insurance Agency	329,256	201,805	0.00-1.17	1,036
The SCSB Cultural & Educational Foundation	317,127	311,072	0.06-1.38	1,031
Supervisors and management related	101,097	93,585	0.00-3.80	426
Employees	361,784	210,040	0.22-10.17	1,582
Shancom Reconstruction Inc.	179,155	179,155	0.08-0.60	534
China Travel Service (Taiwan)	77,840	59,911	0.00-3.30	224
SCSB Property Insurance Agency	60,043	55,654	0.00-1.31	293
The SCSB Charity Foundation	57,240	56,211	0.06-1.17	209
Hung Ta Investment Corporation	22,062	492	0.00-0.13	5
SCSB Marketing	19,166	9,638	0.00-1.19	41
CX Technology	14,738	10,505	0.00-0.08	1
Lian Yi Investment Co., Ltd.	10,678	9,327	0.11-0.13	6
CTS Travel International Ltd.	7,593	7,103	0.00-1.30	35
Chang Ho Hsing Co., Ltd.	5,503	5,503	0.11-0.13	3
Hung Shen Investment	4,288	72	0.11-0.13	2
Qin Mao Consultants Ltd.	3,769	1	0.11-0.13	1
Goldsun Co., Ltd.	470	470	0.08-0.13	-
Silks Place Taroko	159	115	0.00-1.17	1
Chi-Li Investment Co., Ltd.	18	18	0.11-0.13	-
Gengroup Merchandise Corp.	2	2	0.11-0.13	-
	$ 5,634,288	$ 2,819,476		$ 13,821

	December 31, 2015			Year Ended December 31, 2015
	Maximum Balance	Ending Balance	Interest Rate (%)	Interest Expense
Empresa	$ 2,740,381	$ 830,941	0.25-0.75	$ 4,968
Krinein	858,937	477,903	0.25-0.75	2,823
SCSB Asset Management Ltd.	778,118	523,622	0.02-4.00	10,557
The SCSB Cultural & Educational Foundation	336,753	317,127	0.08-1.38	2,376
Employees	273,138	111,445	0.24-10.19	2,544
Supervisors and management related	272,396	184,503	0.00-4.00	1,332
SCSB Life Insurance Agency	271,836	268,872	0.00-1.31	2,602
Shancom Reconstruction Inc.	189,088	181,965	0.02-0.75	1,072
SCSB Property Insurance Agency	98,026	59,199	0.00-1.31	945

(Continued)

	December 31, 2015			Year Ended December 31, 2015
	Maximum Balance	Ending Balance	Interest Rate (%)	Interest Expense
China Travel Service (Taiwan)	$ 74,961	$ 69,826	0.00-3.25	$ 235
The SCSB Charity Foundation	57,753	57,240	0.08-1.31	534
Hung Ta Investment Corporation	50,698	3,618	0.00-0.17	8
CX Technology	39,972	7,463	0.00-0.08	1
Goldsun Co., Ltd.	37,173	52	0.02-0.17	2
Chi-Li Investment Co., Ltd.	34,161	18	0.13-0.17	7
SCSB Marketing	17,225	9,869	0.00-1.33	99
Hung Shen Investment Corporation	14,751	4,288	0.13-0.17	8
Silks Place Taroko	10,333	114	0.00-1.31	3
Gengroup Merchandise Corp.	7,933	2	0.13-0.17	2
CTS Travel International Ltd.	7,514	7,514	0.00-1.31	36
Chang Ho Hsing Co., Ltd.	5,499	5,499	0.13-0.17	4
	$ 6,176,646	$ 3,121,080		$ 30,158

(Concluded)

	June 30, 2015			Six Months Ended June 30, 2015
	Maximum Balance	Ending Balance	Interest Rate (%)	Interest Expense
Empresa	$ 2,574,876	$ 778,617	0.25-0.75	$ 2,422
SCSB Asset Management Ltd.	777,452	525,911	0.02-4.00	5,293
Krinein	807,062	447,810	0.25-0.75	1,360
The SCSB Cultural & Educational Foundation	333,353	314,795	0.11-1.38	1,185
SCSB Life Insurance Agency	271,836	210,109	0.00-1.31	1,326
Shancom Reconstruction Inc.	177,668	177,668	0.02-0.75	515
Supervisors and management related	189,841	134,929	0.00-4.00	599
Employees	198,626	140,583	0.28-10.19	1,284
SCSB Property Insurance Agency	98,026	82,537	0.00-1.31	566
The SCSB Charity Foundation	56,517	56,029	0.11-1.31	267
China Travel Service (Taiwan)	56,931	23,949	0.00-3.00	84
CX Technology	34,442	14,726	0.00-0.02	-
SCSB Marketing	17,225	9,245	0.00-1.33	53
CTS Travel International Ltd.	7,213	6,803	0.00-1.31	15
Hung Ta Investment Corporation	4,579	766	0.00-0.17	1
Silks Place Taroko	10,333	302	0.00-1.31	2
Goldsun Co., Ltd.	167	167	0.02-0.17	-
Chi-Li Investment Co., Ltd.	89	89	0.17	-
Hung Shen Investment Corporation	1,764	80	0.17	1
Chang Ho Hsing Co., Ltd.	376	26	0.17	-
	$ 5,618,376	$ 2,925,141		$ 14,973

6) Accrued receivables (accounted for receivables)

	June 30, 2016	December 31, 2015	June 30, 2015
SCSB Life Insurance Agency	$ 26,777	$ 33,358	$ 28,512
SCSB Property Insurance Agency	444	245	310
	$ 27,221	$ 33,603	$ 28,822

7) Interest receivable (accounted for receivables)

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

8) Interest payable (accounted for payables)

	June 30, 2016	December 31, 2015	June 30, 2015
Empresa	$ 1,120	$ 1,151	$ 974
Krinein	644	662	560
SCSB Asset Management Ltd.	163	678	453
Shancom Reconstruction Inc.	245	252	217
Supervisors and management related	197	259	136
SCSB Life Insurance Agency	103	138	124
The SCSB Cultural & Educational Foundation	114	67	97
SCSB Property Insurance Agency	20	31	65
China Travel Service (Taiwan)	15	32	36
The SCSB Charity Foundation	8	23	24
CTS Travel International Ltd.	39	26	9
SCSB Marketing	5	4	5
	$ 2,673	$ 3,323	$ 2,700

9) Guarantee deposits received (accounted for other liabilities)

	June 30, 2016	December 31, 2015	June 30, 2015
The SCSB Cultural & Educational Foundation	$ 211	$ 211	$ 211
SCSB Life Insurance Agency	197	197	197
SCSB Property Insurance Agency	197	197	197
China Travel Service (Taiwan)	180	180	180
SCSB Asset Management Ltd.	47	47	47
SCSB Marketing	20	20	20
	$ 852	$ 852	$ 852

10) Service fees (accounted for service fee incomes, net)

	Six Months Ended June 30	
	2016	2015
SCSB Life Insurance Agency	$ 268,155	$ 156,641
SCSB Property Insurance Agency	5,487	5,726
	$ 273,642	$ 162,367

11) Rental income (accounted for other net revenues)

	Six Months Ended June 30	
	2016	2015
The SCSB Cultural & Educational Foundation	$ 421	$ 421
SCSB Life Insurance Agency	395	395
SCSB Property Insurance Agency	395	395
China Travel Service (Taiwan)	360	360
SCSB Asset Management Ltd.	85	81
SCSB Marketing	42	37
	$ 1,698	$ 1,689

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.

12) Administrative expense (accounted for other general administrative expense)

	Six Months Ended June 30	
	2016	2015
SCSB Marketing	$ 29,639	$ 28,376
China Travel Service (Taiwan)	446	424
	$ 30,085	$ 28,800

13) Loans

June 30, 2016

Category	Name	Maximum Balance	Ending Balance	Performance		Collateral	Interest Rate (%)	Difference of Terms of the Transactions with Unrelated Parties	Six Months Ended June 30, 2016 Interest Income
				Normal Loans	Nonperforming Loans				
Loans for personal house mortgage	Supervisors and management related (17)	$ 124,111	$ 104,343	$ 104,343	-	Real estate	1.37-2.72	None	$ 1,113
	Goldsun Co., Ltd	100,000	-	-	-	Credit	1.10-1.10	None	190
	Supervisors and management related (2)	14,915	13,184	13,184	-	Real estate	2.20-2.82	None	110
	Silks Place Taroko	44,000	44,000	44,000	-	Real estate	1.63-1.70	None	267
	CX Technology	40,989	26,090	26,090	-	Syndicated loan	1.76-1.93	None	238
		$ 324,015	$ 187,617	$ 187,617					$ 1,918

December 31, 2015

Category	Name	Maximum Balance	Ending Balance	Performance		Collateral	Interest Rate (%)	Difference of Terms of the Transactions with Unrelated Parties	Six Months Ended June 30, 2016 Interest Income
				Normal Loans	Nonperforming Loans				
Loans for personal house mortgage	Supervisors and management related (12)	$ 122,345	$ 107,482	$ 107,482	-	Real estate	1.44-2.87	None	$ 2,462
Others	Supervisors and management related (3)	32,024	5,089	5,089	-	Real estate	2.20-2.97	None	364
	China Travel Service (Taiwan)	10,000	-	-	-	Real estate	1.60-1.60	None	36
	SCSB Property Insurance Agency	25,712	-	-	-	Real estate	2.81-2.81	None	-
	Nan Ya Plastics	1,135,688	607,844	607,844	-	Real estate	1.45-1.65	None	3,453
	Goldsun Co., Ltd.	100,000	100,000	100,000	-	Credit	1.10-1.10	None	115
	CX Technology	75,759	32,938	32,938	-	Syndicated loan	1.85-2.04	None	335
	Silks Place Taroko	50,500	22,500	22,500	-	Real estate	1.70-1.84	None	504
		$ 1,552,028	$ 875,853	$ 875,853					$ 7,269

June 30, 2015

Category	Name	Maximum Balance	Ending Balance	Performance		Collateral	Interest Rate (%)	Difference of Terms of the Transactions with Unrelated Parties	Six Months Ended June 30, 2016 Interest Income
				Normal Loans	Nonperforming Loans				
Loans for personal house mortgage	Supervisors and management related (17)	$ 127,432	$ 115,745	$ 115,745	-	Real estate	1.58-2.87	None	$ 1,265
Others	Nan Ya Plastics	621,766	621,766	621,766	-	Syndicated loan	1.45-1.57	None	868
	Supervisors and management related (3)	33,163	20,112	20,112	-	Real estate	2.20-2.97	None	236
	Silks Place Taroko	50,500	32,000	32,000	-	Real estate	1.84	None	283
	CX Technology	45,857	44,152	44,152	-	Syndicated loan	1.85-2.04	None	47
	SCSB Property Insurance Agency	25,274	25,153	25,153	-	Real estate	2.81	None	-
	China Travel Service (Taiwan)	10,000	-	-	-	Real estate	1.60	None	36
		$ 913,992	$ 858,928	$ 858,928					$ 2,735

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

Under the provisions of 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:

	Six Months Ended June 30	
	2016	2015
Bonus to employees	$ 70,326	$ 71,927
Salaries and other short-term employee benefits	57,446	50,725
Remuneration to directors and supervisors	27,500	29,400
Retirement benefit	6,451	5,241
	$ 161,723	$ 157,293

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

33. PLEDGED ASSETS

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

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

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

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

34. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

	June 30, 2016	December 31, 2015	June 30, 2015
Receivables under custody	$ 27,225,231	$ 28,378,873	$ 30,086,099
Consigned travelers' checks	245,709	260,864	265,420
Guarantee notes payable	142,867,317	120,546,679	114,870,508
Assets under trust	142,780,822	123,780,417	128,876,527
Securities in custody	9,558,240	5,999,733	2,505,508
Government bonds in brokerage accounts	58,417,000	50,149,000	40,918,000
Short-term bills in brokerage accounts	988,200	830,700	1,215,500

b. Operational risk and legal risk

Item	Reason and Amount	
	For the Six Months Ended June 30, 2016	For the Six Months Ended June 30, 2015
Chief director and staff indicted by prosecutor for breaking law in the conduct of operational activities in recent year	None	None
Violating the law and being punished by authorities in the recent year	None	None
Deficiency corrected by authorities in the recent year	None	None
Punished by authorities according to Bank law No. 61-1 in the recent year	The Bank has been corrected by the Banking Bureau's letter dated June 27, 2016 (Ref. No. 10500119770) due to the data of interested parties archived incompletely.	None
A single or whole security events due to fraudulence, accident or against "Outlines Governing the Security Maintenance and Administration of Financial Institutions" which caused losses amount to $50 million in the recent year	None	None
Other	None	None

35. FINANCIAL INSTRUMENTS

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

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

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

	June 30, 2016		December 31, 2015		June 30, 2015	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets						
Held-to-maturity financial assets	$ 70,596,643	$ 70,626,359	$ 82,141,191	$ 82,192,337	$ 88,100,080	$ 88,141,533
Financial liabilities						
Bank debentures	38,150,000	38,047,193	38,150,000	38,104,437	37,150,000	37,030,213

2) Fair value measurements recognized in the balance sheets

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

	December 31, 2015			
	Total	Level 1	Level 2	Level 3
Financial assets				
Held-to-maturity financial assets	$ 82,192,337	$ 448,610	$ 81,743,727	$ -
Financial liabilities				
Bank debentures	38,104,437	-	38,104,437	-

	June 30, 2015			
	Total	Level 1	Level 2	Level 3
Financial assets				
Held-to-maturity financial assets	$ 88,141,533	$ 310,007	$ 87,831,526	$ -
Financial liabilities				
Bank debentures	37,030,213	-	37,030,213	-

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

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

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

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

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

1) Fair value hierarchy

The Bank measures financial instruments in fair value. The fair value levels are presented below.

Financial Instruments Measured at Fair Value	June 30, 2016			
	Total	Level 1	Level 2	Level 3
Non-derivative instruments				
Assets				
Financial assets at fair value through profit or loss				
Held-for-trading financial assets				
Stocks	$ 15,433	$ 15,433	$ -	$ -
Commercial papers	23,097,171	-	23,097,171	-
Other	70,311	-	70,311	-
Financial assets be designated as at FVTPL on initial recognition	1,253,244	-	-	1,253,244

(Continued)

Financial Instruments Measured at Fair Value	June 30, 2016			
	Total	Level 1	Level 2	Level 3
Available-for-sale financial assets				
Stocks	$ 3,306,058	$ 1,501,915	$ -	$ 1,804,143
Bonds	144,859,296	41,950,474	102,044,937	863,885
Other	36,492,567	8,532,703	27,959,864	-
	$ 209,094,080	$ 52,000,525	$ 153,172,283	$ 3,921,272
Derivative instruments				
Assets				
Financial assets at fair value through profit or loss	$ 774,896	$ 22,403	$ 720,929	$ 31,564
Liabilities				
Financial liabilities at fair value through profit or loss	$ 562,555	$ -	$ 536,721	$ 25,834

Financial Instruments Measured at Fair Value	December 31, 2015			
	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	$ 39,698	$ 39,698	$ -	$ -
Commercial papers	22,923,455	-	22,923,455	-
Other	577,408	-	577,408	-
Financial assets be designated as at FVTPL on initial recognition	1,048,847	-	-	1,048,847
Available-for-sale financial assets				
Stocks	3,650,384	1,882,917	-	1,767,467
Bonds	115,735,961	36,642,342	77,942,234	1,151,385
Other	22,955,478	8,860,969	13,765,838	328,671
	$ 166,931,231	$ 47,425,926	$ 115,208,935	$ 4,296,370
Derivative instruments				
Assets				
Financial assets at fair value through profit or loss	$ 615,234	$ 14,509	$ 596,392	$ 4,333
Liabilities				
Financial liabilities at fair value through profit or loss	$ 475,344	$ -	$ 473,441	$ 1,903

Financial Instruments Measured at Fair Value	June 30, 2015			
	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	$ 33,317	$ 33,717	$ -	$ -
Commercial papers	32,372,282	-	32,372,282	-
Other	516,006	-	516,006	-
Financial assets be designated as at FVTPL on initial recognition	1,318,513	4,983	-	1,313,530

(Continued)

Financial Instruments Measured at Fair Value	June 30, 2015 Total	Level 1	Level 2	Level 3
Available-for-sale financial assets				
Stocks	$ 3,741,000	$ 2,000,717	$ -	$ 1,740,283
Bonds	101,585,451	30,546,419	70,088,964	950,068
Other	22,752,148	8,494,668	13,948,350	309,130
	$ 162,318,717	$ 41,080,104	$ 116,925,602	$ 4,313,011
Derivative instruments				
Assets				
Financial assets at fair value through profit or loss	$ 995,222	$ 16,627	$ 972,040	$ 6,555
Liabilities				
Financial liabilities at fair value through profit or loss	$ 907,986	$ 130	$ 904,693	$ 3,163

(Concluded)

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

2) Reconciliation of Level 3 fair value measurements of financial instruments is as follows:

Six months ended June 30, 2016

Item	Beginning Balance	Amount of Valuation Gain or Loss		Addition		Reduction		Ending Balance
		Included in Profit or Loss	Included in Other Comprehensive Income	Buy or Issue	Transferred In	Sell Out, Disposal or Settlement	Transferred Out from Third Level	
Assets								
Financial assets at FVTPL								
Held-for-trading financial assets	$ 4,333	$ 27,120	$ -	$ 11,513	$ -	$ (11,402)	$ -	$ 31,564
Financial assets designated as at fair value	1,048,847	(183,143)	-	710,490	-	(322,950)	-	1,253,244
Available-for-sale financial assets	3,247,523	-	(4,942)	546,071	-	(1,120,624)	-	2,668,028
Liabilities								
Financial liabilities at FVTPL								
Held-for-trading financial liabilities	1,903	23,876	-	5,757	-	(5,702)	-	25,834

Six months ended June 30, 2015

Item	Beginning Balance	Amount of Valuation Gain or Loss		Addition		Reduction		Ending Balance
		Included in Profit or Loss	Included in Other Comprehensive Income	Buy or Issue	Transferred In	Sell Out, Disposal or Settlement	Transferred Out from Third Level	
Assets								
Financial assets at FVTPL								
Held-for-trading financial assets	$ 8,049	$ (1,494)	$ -	$ -	$ -	$ -	$ -	$ 6,555
Financial assets designated as at fair value	1,343,900	(32,841)	-	543,449	-	(540,978)	-	1,313,530
Available-for-sale financial assets	2,700,180	-	(33,164)	1,085,164	-	(752,699)	-	2,999,481
Liabilities								
Financial liabilities at FVTPL								
Held-for-trading financial liabilities	3,703	(540)	-	-	-	-	-	3,163

3) Valuation techniques and inputs applied for the purpose of measuring Level 2 fair value measurement

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

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

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

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

	Fair Value	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted-average)	Notes
Non-derivative financial assets					
Financial assets at FVTPL					
Corporate bonds	$ 1,253,244	Bids from counterparties	Lack of market liquidity discount	0%-10%	The increase in discount from lack of market liquidity decreases fair value.
Available-for-sale financial assets					
Stocks	1,804,143	Net assets method	Lack of market liquidity discount	0%-10%	The increase in discount from lack of market liquidity decreases fair value.
Bonds	863,885	Bids from counterparties	Lack of market liquidity discount	0%-10%	The increase in discount from lack of market liquidity decreases fair value.
Derivative financial assets					
Financial assets at FVTPL					
Interest rate swap	5,730	Discounted cash flow	Fluctuating	0%-10%	The increase in volatility increases fair value.
Option	25,834	Discounted cash flow	Fluctuating	0%-10%	The increase in volatility increases fair value.
Derivative financial liabilities					
Financial liability at FVTPL					
Option	25,834	Discounted cash flow	Fluctuating	0%-10%	The increase in volatility increases fair value.

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

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

June 30, 2016

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

December 31, 2015

	Changes in Fair Value Reflected in Profit or Loss		**Changes in Fair Value Reflect in Other Comprehensive Income**	
	Favorable	**Unfavorable**	**Favorable**	**Unfavorable**
Assets				
Financial assets at FVTPL				
Held-for-trading financial assets	$ -	$ (5,556)	$ -	$ -
Financial assets designated as at fair value	-	(1,565)	-	-
Available-for-sale financial assets	-	-	17,675	(4,635)
Liabilities				
Financial liabilities at FVTPL				
Held-for-trading financial liabilities	2,292	-	-	-

June 30, 2015

	Changes in Fair Value Reflected in Profit or Loss		Changes in Fair Value Reflect in Other Comprehensive Income	
	Favorable	Unfavorable	Favorable	Unfavorable
Assets				
Financial assets at FVTPL				
Held-for-trading financial assets	$ -	$ (2,626)	$ -	$ -
Financial assets designated as at fair value	-	(1,839)	-	-
Available-for-sale financial assets	-	-	17,403	(7,032)
Liabilities				
Financial liabilities at FVTPL				
Held-for-trading financial liabilities	322	-	-	-

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

June 30, 2016

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

December 31, 2015

	Changes in Fair Value Reflected in Profit or Loss		Changes in Fair Value Reflect in Other Comprehensive Income	
	Favorable	**Unfavorable**	**Favorable**	**Unfavorable**
Assets				
Financial assets at FVTPL				
Held-for-trading financial assets	$ -	$ (8,592)	$ -	$ -
Financial assets designated as at fair value	1,565	-	-	-
Available-for-sale financial assets	-	-	4,801	(17,675)
Liabilities				
Financial liabilities at FVTPL				
Held-for-trading financial liabilities	5,325	-	-	-

June 30, 2015

	Changes in Fair Value Reflected in Profit or Loss		Changes in Fair Value Reflect in Other Comprehensive Income	
	Favorable	**Unfavorable**	**Favorable**	**Unfavorable**
Assets				
Financial assets at FVTPL				
Held-for-trading financial assets	$ -	$ (7,091)	$ -	$ -
Financial assets designated as at fair value	1,839	-	-	-
Available-for-sale financial assets	-	-	6,615	(17,403)
Liabilities				
Financial liabilities at FVTPL				
Held-for-trading financial liabilities	4,793	-	-	-

c. Financial risk management information

1) Risk management

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

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

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

2) Credit risk

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

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

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

a) Procedures of credit risk management

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

i. Credit business (loan commitments and guarantees included)

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

i) Classification of credit assets

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

ii) Credit quality rating

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

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

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

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

ii. Due from and call loans to bank

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

iii. Debt investment and derivative financial instruments

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

Most of the Bank's counterparties in derivative transactions are assessed at higher than investment grade and the Bank controls the 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 Bank applies series of policies to decrease credit risks in its lending business. Among those policies is to request collaterals from creditors. To secure the creditor's rights, the Bank has established procedures for pledge, valuation, management, and disposal of collaterals. Collaterals for business other than loan borrowings vary by the nature of financial instruments. Only asset-backed securities and other similar financial instruments are secured by a pool of financial assets.

ii. Limitation of credit risk and credit concentration management

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

iii. Other mechanism for credit risk management

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

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

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

June 30, 2016

	Maximum Exposure to Credit Risk Mitigated by		
	Collateral	Other Credit Enhancements	Total
Receivables	$ 1,463,719	$ 643,935	$ 2,107,654
Discount and loans	396,936,970	50,478,899	447,415,868
Held-for-trading financial assets - short-term bills	-	18,817,954	18,817,954
Financial assets at fair value through profit or loss - bonds	-	484,425	484,425
Available-for-sale financial assets - bonds	-	4,020,813	4,020,813

December 31, 2015

	Maximum Exposure to Credit Risk Mitigated by		
	Collateral	Other Credit Enhancements	Total
Receivables	$ 969,324	$ 594,256	$ 1,563,580
Discount and loans	399,261,486	64,935,817	464,197,303
Available-for-sale financial assets - bonds	-	1,888,663	1,888,663
Available-for-sale financial assets - short-term bills	-	20,127,374	20,127,374
Held-to-maturity - bonds	-	4,163,543	4,163,543

June 30, 2015

	Maximum Exposure to Credit Risk Mitigated by		
	Collateral	Other Credit Enhancements	Total
Receivables	$ 1,384,512	$ 756,898	$ 2,141,410
Discount and loans	393,812,941	68,907,821	462,720,762
Held-for-trading financial assets - short-term bills	-	16,645,001	16,645,001
Available-for-sale financial assets - bonds	-	3,926,211	3,926,211
Held-to-maturity - bonds	-	154,282	154,282

c) Credit risk exposures

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

	June 30, 2016	December 31, 2015	June 30, 2015
Developed and noncancelable loan commitments	$ 17,765,427	$ 15,356,779	$ 15,931,839
Noncancelable credit card commitments	1,116,963	1,140,656	1,161,102
Issued but unused letters of credit	8,302,038	7,664,308	9,036,084
Other guarantees	39,757,887	42,416,804	43,839,801

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

d) Information on concentration of credit risk

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

Concentration of credit risk derives from assets, liabilities or off-balance sheet through the enforcement and implement of transaction (regardless of products or service) or combination of exposures across categories, including in credit, due from and call loans to banks, marketable securities, receivables and derivative etc. The Bank maintained a diversified loan portfolio to mitigate the credit risk concentrating to same customers, and total transaction of same customers in the discounts and loans and the balance of non-accrual loans is not material. The Bank's most significant concentrations of credit risk of discounts and loans and non-accrual loans by business, region, and collateral were summarized as follows:

i. Counterparty

	June 30, 2016		December 31, 2015		June 30, 2015	
Counterparty	Amount	% to Total	Amount	% to Total	Amount	% to Total
Private sector	$ 322,691,777	57	$ 342,458,611	58	$ 333,522,846	58
Consumer	226,786,894	40	232,044,484	40	232,848,495	40
Financial institution	8,031,340	2	6,346,368	1	5,528,168	1
Others	4,592,889	1	4,708,104	1	3,763,281	1
	$ 562,102,900	100	$ 585,557,567	100	$ 575,662,790	100

ii. Region

Region	June 30, 2016 Amount	% to Total	December 31, 2015 Amount	% to Total	June 30, 2015 Amount	% to Total
R.O.C.	$ 499,199,185	89	$ 501,920,266	86	$ 486,935,440	85
Asia area	55,448,090	10	77,970,721	13	83,984,084	14
Americas	4,941,751	1	2,298,103	-	2,903,980	1
Europe	1,646,101	-	2,568,051	1	1,608,767	-
Africa	770,888	-	701,726	-	230,519	-
International organizations	96,885	-	98,700	-	-	-
	$ 562,102,900	100	$ 585,557,567	100	$ 575,662,790	100

iii. Collaterals assumed

Collaterals Assumed	June 30, 2016 Amount	% to Total	December 31, 2015 Amount	% to Total	June 30, 2015 Amount	% to Total
Unsecured	$ 110,523,201	20	$ 115,954,058	20	$ 108,676,967	19
Secured						
Properties	351,026,065	62	351,591,872	60	345,146,460	60
Guarantee	47,275,822	8	60,465,950	10	66,297,862	12
Financial collateral	25,697,213	5	25,750,604	5	25,534,275	4
Movable properties	6,356,212	1	7,621,532	1	8,880,668	1
Other collaterals	21,224,387	4	24,173,551	4	21,126,558	4
	$ 562,102,900	100	$ 585,557,567	100	$ 575,662,790	100

e) Information on credit risk quality

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

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

a) Credit analysis of discounts and loans and receivables

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

December 31, 2015	Neither Past Due Nor Impaired				Overdue but Unimpaired Amount (B)	Impaired Amount (C)	Total (A)+(B)+(C)	Recognized Losses Amount (D)		Net Amount (A)+(B)+(C)-(D)
	Strong	Moderate	Special Mention	Subtotal (A)				Objective Evidence of Impairment	No Objective Evidence of Impairment	
Receivables										
Credit card	$ 1,180,748	$ 620,850	$ 63,117	$ 1,864,715	$ 44,582	$ 76,777	$ 1,986,074	$ 61,152	$ 144,133	$ 1,780,789
Others	2,942,956	2,826,576	103,921	5,873,453	50,370	25,073	5,948,896	11,765	119,254	5,817,877
Discount and loans	366,370,487	158,686,404	43,116,809	568,173,700	8,360,640	9,023,227	585,557,567	3,308,945	5,831,668	576,416,954

June 30, 2015	Neither Past Due Nor Impaired				Overdue but Unimpaired Amount (B)	Impaired Amount (C)	Total (A)+(B)+(C)	Recognized Losses Amount (D)		Net Amount (A)+(B)+(C)-(D)
	Strong	Moderate	Special Mention	Subtotal (A)				Objective Evidence of Impairment	No Objective Evidence of Impairment	
Receivables										
Credit card	$ 1,243,356	$ 634,383	$ 64,314	$ 1,942,053	$ 47,606	$ 77,254	$ 2,066,913	$ 62,601	$ 133,119	$ 1,871,193
Others	3,377,245	3,819,059	77,791	7,274,095	67,586	42,954	7,384,635	32,930	98,997	7,252,708
Discount and loans	337,854,738	182,423,008	31,819,927	552,097,673	13,742,328	9,822,789	575,662,790	3,424,689	5,485,886	566,752,215

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

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

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

June 30, 2015	Neither Past Due Nor Impaired			
	Strong	Moderate	Special Mentioned	Total
Consumer banking				
Housing mortgage	$ 147,689,758	$ 22,028,964	$ 6,525,681	$ 176,244,403
Small scale credit loans	782,275	251,813	106,194	1,140,282
Others	11,109,157	5,771,310	3,044,134	19,924,601
Corporate banking				
Secured	93,285,625	93,881,557	14,074,758	201,241,940
Unsecured	84,987,923	60,489,364	8,069,160	153,546,447
Total	337,854,738	182,423,008	31,819,927	552,097,673

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

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

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

Items	December 31, 2015		
	Past Due Up to A Month	Past Due One to Three Months	Total
Receivables			
Credit card	$ 41,005	$ 3,577	$ 44,582
Others	44,580	5,790	50,370
Discounts and loans			
Consumer banking			
Housing mortgage	3,230,700	803,789	4,034,489
Small scale credit loans	18,665	3,821	22,486
Others	414,932	150,121	565,053
Corporate banking			
Secured	2,325,003	122,784	2,447,787
Unsecured	1,121,648	169,177	1,290,825

Items	June 30, 2015		
	Past Due Up to A Month	Past Due One to Three Months	Total
Receivables			
Credit card	$ 44,207	$ 3,399	$ 47,606
Others	60,494	7,092	67,586
Discounts and loans			
Consumer banking			
Housing mortgage	4,635,109	950,814	5,585,923
Small scale credit loans	25,785	7,487	33,272
Others	371,161	61,885	433,046
Corporate banking			
Secured	5,058,080	201,748	5,259,828
Unsecured	2,168,709	261,550	2,430,259

d) Credit quality analysis of security investment

(Amount in Thousands of New Taiwan Dollars)

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

(Amount in Thousands of New Taiwan Dollars)

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

(Amount in Thousands of New Taiwan Dollars)

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

3) Market risk

a) The sources and definition of market risk

Market risk is the risk resulting from changes in fair value and future cash flows of on- and off-balance-sheet financial instruments caused by changes in market prices, interest rates, foreign exchange rate, including equity securities price and commodity price.

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

b) Market risk management policies

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

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

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

c) Market risk management process

i. Recognition and measurement

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

ii. Monitor and report

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

d) Interest rate management policies

i. Definition of interest rate risk

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

ii. Purpose of interest risk management

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

iii. Procedures of interest risk management

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

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

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

iv. Measurement methods

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

e) Foreign exchange rate risk management

i. Definition of foreign exchange risk

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

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

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

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

f) Equity securities price risk management

i. Definition of equity securities price risk

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

ii. Purpose of equity security price risk management

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

iii. Procedures of equity security price risk management

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

iv. Measurement method

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

g) Market valuation technique

The Bank assesses its exposures to market risk and the anticipated loss under market pressures by using assumptions on changes in several market conditions. Limits of various financial instruments are set by the Bank's board of directors and monitored by its risk management department. The Bank 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 Bank has assessed the possible impact on income if all yield curves worldwide move between - 100 to +100 from base points simultaneously on June 30, 2016, December 31, 2015 and June 30, 2015. Please refer to the table below.

ii) Foreign exchange rate risk

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

iii) Equity securities price risk

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

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

ii. Sensitivity analysis is summarized as follows:

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

December 31, 2015			
Major Risk	**Variation Range**	**Amount**	
		Equity	**Profit or Loss**
Foreign exchange risk	Various currencies/NTD increased 3%	$ 1,740,240	$ 25,324
Foreign exchange risk	Various currencies/NTD decreased 3%	(1,740,240)	(25,324)
Interest rate risk	Rate curve increased 100BPS	(2,795,663)	(14,458)
Interest rate risk	Rate curve decreased 100BPS	2,795,663	14,458
Price risk of equity securities	Price of equity securities increase 10%	534,427	3,523
Price risk of equity securities	Price of equity securities decrease 10%	(534,427)	(3,523)

June 30, 2015			
Major Risk	**Variation Range**	**Amount**	
		Equity	**Profit or Loss**
Foreign exchange risk	Various currencies/NTD increased 3%	$ 1,577,701	$ 37,845
Foreign exchange risk	Various currencies/NTD decreased 3%	(1,577,701)	(37,845)
Interest rate risk	Rate curve increased 100BPS	(2,363,060)	(21,367)
Interest rate risk	Rate curve decreased 100BPS	2,363,060	21,367
Price risk of equity securities	Price of equity securities increase 10%	529,014	3,252
Price risk of equity securities	Price of equity securities decrease 10%	(529,014)	(3,252)

4) Liquidity risk

a) The sources and definition of liquidity risk

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

b) The management policies are as follows:

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

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

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

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

iv. Managing the maturity date of debt instruments.

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

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

c) Maturity analysis

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

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

December 31, 2015	Due in One Month	Due Between One Month and Three Months	Due Between Three Months and Six Months	Due Between Six Months and One Year	Due After One Year	Total
Due to the Central Bank and banks	$ 12,559,456	$ -	$ -	$ -	$ -	$ 12,559,456
Securities sold under repurchase agreements	2,879,887	188,518	167,936	3,084,335	-	6,320,676
Payables	16,391,692	256,211	250,908	175,857	24,076	17,098,744
Deposits and remittances	473,505,656	115,810,011	90,945,644	110,139,687	7,748,253	798,149,251
Bank debentures	-	-	-	-	38,150,000	38,150,000
Other financial liabilities	3,979,973	-	-	-	-	3,979,973

June 30, 2015	Due in One Month	Due Between One Month and Three Months	Due Between Three Months and Six Months	Due Between Six Months and One Year	Due After One Year	Total
Due to the Central Bank and banks	$ 15,713,738	$ -	$ -	$ -	$ -	$ 15,713,738
Borrowings from the Central Bank and banks	1,545,650	-	-	-	-	1,545,650
Securities sold under repurchase agreements	9,216,231	374,141	200,244	406,064	-	10,196,680
Payables	23,016,481	87,910	354,006	116,640	31	23,575,068
Deposits and remittances	424,372,768	121,423,745	102,418,860	107,743,958	6,674,118	762,633,449
Bank debentures	-	-	2,000,000	-	35,150,000	37,150,000
Other financial liabilities	6,961,212	-	-	-	-	6,961,212

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

i. Derivative financial liabilities of net settlement

June 30, 2016	Due in One Month	Due Between One Month and Three Months	Due Between Three Months and Six Months	Due Between Six Months and One Year	Due After One Year	Total
Derivative financial liabilities at fair value through profit or loss						
Foreign exchange derivatives	$ 200,055	$ 27,648	$ 58,342	$ 53,392	$ 1,996	$ 341,433
Rate derivatives	-	-	-	-	41,297	41,297

December 31, 2015	Due in One Month	Due Between One Month and Three Months	Due Between Three Months and Six Months	Due Between Six Months and One Year	Due After One Year	Total
Derivative financial liabilities at fair value through profit or loss						
Foreign exchange derivatives	$ 54,878	$ 37,544	$ 52,485	$ 72,051	$ -	$ 216,958
Rate derivatives	-	143	290	-	21,397	21,830

June 30, 2015	Due in One Month	Due Between One Month and Three Months	Due Between Three Months and Six Months	Due Between Six Months and One Year	Due After One Year	Total
Derivative financial liabilities at fair value through profit or loss						
Foreign exchange derivatives	$ 176,887	$ 154,133	$ 39,409	$ 92,181	$ -	$ 462,610
Rate derivatives	130	-	-	1,062	27,098	28,290
Equity security derivatives	34	-	-	-	-	34

ii. Derivative financial liabilities of total settlement

June 30, 2016	Due in One Month	Due Between One Month and Three Months	Due Between Three Months and Six Months	Due Between Six Months and One Year	Due After One Year	Total
Derivative financial liabilities at fair value through profit or loss						
Foreign exchange derivatives						
Cash inflow	$ 24,236,163	$ 2,889,289	$ 1,998,320	$ 2,852,675	$ -	$ 31,976,447
Cash outflow	24,421,099	2,996,080	2,081,121	2,937,843	-	32,436,143

December 31, 2015	Due in One Month	Due Between One Month and Three Months	Due Between Three Months and Six Months	Due Between Six Months and One Year	Due After One Year	Total
Derivative financial liabilities at fair value through profit or loss						
Foreign exchange derivatives						
Cash inflow	$ 7,509,778	$ 4,325,595	$ 3,223,178	$ 3,361,808	$ -	$ 18,420,359
Cash outflow	7,587,632	4,305,835	3,249,183	3,357,482	-	18,500,132

June 30, 2015	Due in One Month	Due Between One Month and Three Months	Due Between Three Months and Six Months	Due Between Six Months and One Year	Due After One Year	Total
Derivative financial liabilities at fair value through profit or loss						
Foreign exchange derivatives						
Cash inflow	$ 12,879,052	$ 9,485,802	$ 4,460,006	$ 3,197,148	$ 50,920	$ 30,072,928
Cash outflow	13,055,328	9,764,309	4,641,652	3,280,872	51,299	30,793,460

The analysis of cash outflows of off-balance-sheet items is illustrated according to the remaining terms from date of the balance sheet to maturity date of the contract. For financial guarantee contracts, the largest amount is categorized under the nearest time-zone of being asked to fulfill the guarantees. The disclosure of cash outflows of off-balance-sheet items is based on the cash flows of contracts so that part items could not correspond with all items in the balance sheet.

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

December 31, 2015	Due in One Month	Due Between One Month and Three Months	Due Between Three Months and Six Months	Due Between Six Months and One Year	Due After One Year	Total
Developed and noncancelable loan commitments	$ 117,831	$ 29,680	$ 1,859,629	$ 3,115,329	$ 10,234,310	$ 15,356,779
Noncancelable credit card commitments	98,553	197,105	295,658	549,340	-	1,140,656
Issued but unused letters of credit	2,157,555	3,920,171	1,025,115	337,671	223,796	7,664,308
Other guarantees	3,931,755	6,426,425	8,488,709	8,366,474	15,203,441	42,416,804

June 30, 2015	Due in One Month	Due Between One Month and Three Months	Due Between Three Months and Six Months	Due Between Six Months and One Year	Due After One Year	Total
Developed and noncancelable loan commitments	$ -	$ 1,069,962	$ 1,459,588	$ 2,332,713	$ 11,069,576	$ 15,931,839
Noncancelable credit card commitments	100,319	200,638	300,958	559,187	-	1,161,102
Issued but unused letters of credit	2,934,848	4,584,396	1,121,044	245,304	150,492	9,036,084
Other guarantees	4,371,946	6,822,600	4,571,556	13,629,633	14,444,066	43,839,801

d. Transfer of financial assets

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

<u>June 30, 2016</u>

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

December 31, 2015

Type of Financial Assets	The Book Value of Financial Assets Transferred	The Book Value of Related Financial Liabilities	The Fair Value of Financial Assets Transferred	The Fair Value of Related Financial Liabilities	Net Amount
Available-for-sale financial assets - purchased call options	$ 6,453,944	$ 6,320,676	$ 6,453,944	$ 6,320,676	$ 133,268

June 30, 2015

Type of Financial Assets	The Book Value of Financial Assets Transferred	The Book Value of Related Financial Liabilities	The Fair Value of Financial Assets Transferred	The Fair Value of Related Financial Liabilities	Net Amount
Available-for-sale financial assets - purchased call options	$ 10,175,220	$ 10,196,680	$ 10,175,220	$ 10,196,680	$ (21,460)

e. Offsetting financial assets and financial liabilities

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

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

June 30, 2016

Financial 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
Repurchase	$ 25,898,813	$ -	$ 25,898,813	$ (25,898,813)	$ -	$ -

December 31, 2015

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
Repurchase	$ 6,320,676	$ -	$ 6,320,676	$ (6,320,676)	$ -	$ -

June 30, 2015

Financial Liabilities	Gross Amounts of Recognized Financial Liabilities	Gross Amounts of Recognized Financial Assets Set Off in the Balance Sheet	Net Amounts of Financial Liabilities Presented in the Balance Sheet	Related Amounts Not Set Off in the Balance Sheet		Net Amount
				Financial Instruments	Cash Collateral Pledged	
Repurchase	$ 10,196,680	$ -	$ 10,196,680	$ (10,196,680)	$ -	$ -

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

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

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

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

	Six Months Ended June 30, 2015	
	Average Balance	Average Rate (%)
Interest-earning assets		
Cash and cash equivalents - due from other banks	$ 18,326,491	1.26
Due from the Central Bank and call loans to banks	64,220,359	0.85
Financial assets at fair value through profit or loss	35,652,516	0.76
Securities purchased under agreement to resell	10,085,149	0.55
Credit card revolving balances	757,300	14.68
Discounts and loans (excluding nonperforming loans)	575,383,907	2.38
Available-for-sale financial assets	96,997,992	1.72
Held-to-maturity financial assets	87,931,710	0.87
Bills purchased	18,044	1.90
Interest-bearing liabilities		
Due to the Central Bank and banks	14,452,547	1.43
Securities sold under agreement to repurchase	7,930,424	0.53
Borrowings from the Central Bank and banks	8,609	-
Negotiable certificates of deposits	15,977,678	0.71
Demand deposits	190,812,997	0.08
Savings deposits	118,648,065	0.38
Time deposits	341,510,124	1.11
Time-savings	117,520,175	1.32
Bank debentures	37,721,667	1.62
Appropriated loan funds	4,637,792	-
Structured deposit instruments principal	2,227,980	0.71

37. CAPITAL MANAGEMENT

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

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

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

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

	June 30, 2016	December 31, 2015	June 30, 2015
Analysis items			
Eligible capital			
Common equity	$ 88,153,446	$ 87,522,286	$ 80,431,400
Other Tier I capital	-	-	-
Tier II capital	5,012,474	8,587,590	8,632,068
Eligible capital	$ 93,165,920	$ 96,109,876	$ 89,063,468
Risk-weighted assets			
Credit risk			
Standardized approach	$ 610,376,606	$ 621,384,694	$ 605,266,551
Credit valuation adjustment	120,715	94,990	128,844
Internal rating based approach	N/A	N/A	N/A
Synthetic securitization	199,521	568,101	563,448
Operational risk			
Basic indicator approach	35,102,345	35,102,345	32,782,452
Standardized approach/alternative standardized approach	N/A	N/A	N/A
Advanced measurement approach	N/A	N/A	N/A
Market risk			
Standardized approach	37,570,271	34,878,351	35,342,382
Internal models approach	N/A	N/A	N/A
Total risk-weighted assets	$ 683,369,458	$ 692,028,481	$ 674,083,677
Capital adequacy ratio	13.63%	13.89%	13.21%
Ratio of common equity to risk-weighted assets	12.90%	12.65%	11.93%
Ratio of Tier I capital to risk-weighted assets	12.90%	12.65%	11.93%
Leverage ratio	8.30%	8.33%	7.84%

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.

38. 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 the Bank were below:

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

Ranking (Note 1)	December 31, 2015		
	Group Enterprise (Note 2)	**Total Balances of Credit Extensions (Note 3)**	**Ratio of Credit Extensions to Net Worth (%)**
1	B Group (real estate activities for sale and rental)	$ 5,404,621	4.69
2	C Group (manufacture of computers)	4,236,880	3.68
3	K Group (basic chemical material manufacturing)	3,876,574	3.36
4	D Group (head offices)	3,718,069	3.23
5	L Inc. (glass fiber manufacturing)	3,554,222	3.08
6	F Group (manufacture of electric wires and cables)	3,331,632	2.89
7	N Group (head offices)	3,290,000	2.85
8	I Group (real estate activities for sale and rental)	3,202,983	2.78
9	O Group (head offices)	2,912,020	2.53
10	P Group (head offices)	2,870,145	2.49

Ranking (Note 1)	June 30, 2015		
	Group Enterprise (Note 2)	Total Balances of Credit Extensions (Note 3)	Ratio of Credit Extensions to Net Worth (%)
1	K Group (basic chemical material manufacturing)	$ 4,900,786	4.54
2	B Group (real estate activities for sale and rental)	4,828,125	4.47
3	D Group (head offices)	3,952,965	3.66
4	C Group (manufacture of computers)	3,586,593	3.32
5	I Group (real estate development activities)	3,410,533	3.16
6	N Group (head offices)	3,091,300	2.86
7	M Group (manufacture of integrated circuits)	2,891,572	2.68
8	O Group (head offices)	2,763,509	2.56
9	P Group (head offices)	2,740,891	2.54
10	L Inc. (glass fiber manufacturing)	2,613,433	2.42

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

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

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

c. Interest rate sensitivity information

Interest Rate Sensitivity Analysis
June 30, 2016

(In NT$ Thousand)

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

Interest Rate Sensitivity Analysis
December 31, 2015

(In NT$ Thousand)

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

Interest Rate Sensitivity Analysis
June 30, 2015

(In NT$ Thousand)

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

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

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

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

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

Interest Rate Sensitivity Analysis
June 30, 2016

(In US$ Thousand)

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

Interest Rate Sensitivity Analysis
December 31, 2015

(In US$ Thousand)

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

Interest Rate Sensitivity Analysis
June 30, 2015

(In US$ Thousand)

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

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

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

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

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

d. Profitability

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

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

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

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

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

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

e. Maturity analysis of assets and liabilities

1) New Taiwan dollars (thousands)

	Total	June 30, 2016					
		By Remaining Period to Maturity					
		0 to 10 Days	11 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	$ 702,812,108	$ 79,450,280	$ 98,204,710	$ 52,410,846	$ 61,002,867	$ 104,004,366	$ 307,739,039
Main capital outflow on maturity	909,227,713	61,487,131	109,218,903	126,966,335	122,142,046	193,110,700	296,302,598
Gap	(206,415,605)	17,963,149	(11,014,193)	(74,555,489)	(61,139,179)	(89,106,334)	11,436,441

	Total	December 31, 2015					
		By Remaining Period to Maturity					
		0 to 10 Days	11 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	$ 696,079,974	$ 111,597,869	$ 87,194,564	$ 56,790,476	$ 61,760,480	$ 90,475,695	$ 288,260,890
Main capital outflow on maturity	884,658,006	50,928,529	81,299,425	124,664,998	123,707,854	200,621,120	303,436,080
Gap	(188,578,032)	60,669,340	5,895,139	(67,874,522)	(61,947,374)	(110,145,425)	(15,175,190)

	Total	June 30, 2015					
		By Remaining Period to Maturity					
		0 to 10 Days	11 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	$ 678,048,259	$ 99,866,590	$ 93,346,858	$ 42,254,259	$ 55,981,865	$ 97,638,158	$ 288,960,529
Main capital outflow on maturity	876,046,336	57,053,951	69,258,671	144,764,320	137,792,399	189,077,837	278,099,158
Gap	(197,998,077)	42,812,639	24,088,187	(102,510,061)	(81,810,534)	(91,439,679)	10,861,371

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

2) U.S. dollars (thousands)

	Total	June 30, 2016				
		By Remaining Period to Maturity				
		1 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	$ 7,124,965	$ 1,133,600	$ 708,980	$ 650,813	$ 926,026	$ 3,705,546
Main capital outflow on maturity	11,826,675	1,986,165	1,518,787	1,807,387	3,202,133	3,312,203
Gap	(4,701,710)	(852,565)	(809,807)	(1,156,574)	(2,276,107)	393,343

	Total	December 31, 2015				
		By Remaining Period to Maturity				
		1 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	$ 6,947,224	$ 1,352,677	$ 665,343	$ 709,148	$ 799,172	$ 3,420,884
Main capital outflow on maturity	11,748,381	2,022,802	1,519,884	1,807,451	3,059,179	3,339,065
Gap	(4,801,157)	(670,125)	(854,541)	(1,098,303)	(2,260,007)	81,819

	Total	June 30, 2015				
		By Remaining Period to Maturity				
		1 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	$ 6,832,250	$ 902,939	$ 767,751	$ 942,505	$ 981,951	$ 3,237,104
Main capital outflow on maturity	12,046,126	2,235,559	1,608,134	1,807,343	3,101,676	3,293,414
Gap	(5,213,876)	(1,332,620)	(840,383)	(864,838)	(2,119,725)	(56,310)

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

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

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

Balance Sheet of Trust Account

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

Trust Asset Lists

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

Income Statements of Trust Account

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

40. EXCHANGE RATE INFORMATION FOR FOREIGN FINANCIAL ASSETS AND LIABILITIES

	June 30, 2016			December 31, 2015			June 30, 2015		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial assets									
Monetary items									
Cash and cash equivalents									
CNY	$ 632,969	4.8533	$ 3,070,663	$ 1,036,194	4.9967	$ 5,177,551	$ 1,345,043	4.9799	$ 6,698,180
USD	188,150	32.2950	6,076,304	217,533	32.9000	7,156,836	111,607	30.9130	3,450,107
JPY	2,818,911	0.3145	886,548	8,266,915	0.2732	2,258,521	12,080,439	0.2524	3,049,103
Due from the Central Bank and call loans to banks									
USD	1,344,449	32.2950	43,418,980	845,249	32.9000	27,808,692	638,949	30.9130	19,751,830
CNY	1,908,560	4.8533	9,262,814	583,560	4.9967	2,915,874	1,264,740	4.9799	6,298,279
GBP	30,800	43.285	1,333,178	23,000	48.7611	1,121,505	6,200	48.6231	301,463
CAD	40,400	24.9344	1,007,350	-	-	-	37,500	24.8997	933,739
Receivables									
USD	114,654	32.2950	3,702,751	92,386	32.9000	3,039,499	133,810	30.9130	4,136,469
JPY	2,441,766	0.3145	767,934	927,768	0.2732	253,466	1,792,110	0.2524	452,329
EUR	7,203	35.8733	258,395	3,687	35.9383	132,505	11,906	34.6040	411,995
Discounts and loans									
USD	3,383,459	32.2950	109,268,830	3,617,225	32.9000	119,006,703	3,896,126	30.9130	120,440,943
CNY	1,340,961	4.8533	6,507,915	4,271,107	4.9967	21,341,440	4,296,332	4.9799	21,395,304
EUR	240,115	35.8733	8,614,023	210,508	35.9383	7,565,300	193,655	34.6040	6,701,238
HKD	1,521,664	4.1625	6,333,928	1,399,421	4.2448	5,940,262	1,835,227	3.9877	6,701,222,706
Forward contract									
USD	7,118	32.2950	229,876	7,237	32.9000	238,097	11,421	30.9130	353,057
HKD	7,689	4.1625	32,005	2,011	4.2448	8,536	1,409	3.9877	5,619
Option contract									
USD	8,244	32.2950	266,240	6,572	32.9000	216,219	14,591	30.9130	451,052
AUD	29	24.0338	696	42	23.9923	1,008	112	23.7257	2,657
EUR	1,566	35.8733	56,178	12	35.9383	431	31	34.6040	1,073
Nonmonetary items									
Structured corporate bonds contracts									
USD	38,806	32.2950	1,253,240	31,880	32.9000	1,048,847	39,898	30.9130	1,233,367
Equity investments under the equity method									
USD	1,761,329	32.2950	56,822,106	1,753,788	32.9000	57,699,626	1,727,960	30.9130	53,416,429
HKD	64,037	4.1625	266,555	62,143	4.2448	263,784	60,815	3.9877	242,512
Financial liabilities									
Monetary items									
Payables									
USD	115,537	32.2950	3,731,267	81,431	32.9000	2,679,080	151,273	30.9130	4,676,302
JPY	2,498,437	0.3145	785,758	1,087,047	0.2732	296,981	1,830,746	0.2524	462,080
EUR	7,108	35.8733	254,987	3,516	35.9383	126,359	12,848	34.6040	444,592
Due to the Central Bank and banks									
USD	60,861	32.2950	1,965,506	95,972	32.9000	3,157,479	162,609	30.9130	5,026,732
AUD	11,000	24.0388	264,427	7,440	23.9923	178,503	80,175	23.7257	1,902,208
CNY	215,027	4.8533	1,043,591	1,029,221	4.9967	5,142,709	595,453	4.9799	2,965,296
Borrowings from the Central Bank and banks									
USD	35,000	32.2950	1,130,325	-	-	-	50,000	30.9130	1,545,650
Deposits and remittances									
USD	6,661,446	32.2950	215,131,399	6,344,403	32.9000	208,730,859	6,103,945	30.9130	188,691,252
CNY	4,812,306	4.8533	23,355,565	5,775,637	4.9967	28,859,125	7,275,099	4.9799	36,229,266
JPY	14,905,297	0.3145	4,687,716	23,352,750	0.2732	6,379,971	26,393,339	0.2524	6,661,679

41. ADDITIONAL DISCLOSURES

a. Information about significant transactions and investees:

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

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

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

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

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

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

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

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

9) Sale of non-performing loans: None.

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

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

12) Names, locations, and other information of investees on which the Bank exercises significant influence: Table 3.

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

b. Investment in Mainland China:

1) Name of the investees in Mainland China, main businesses and products, paid-in capital, method of investment, information on inflow or outflow of capital, percentage of ownership, investment income or loss, ending balance of investment, dividends remitted by the investee, and the limit of investment in Mainland China: Table 4.

2) Significant direct or indirect transactions with the investees, prices and terms of payment, unrealized gain or loss: Table 5.

42. SEGMENT INFORMATION

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

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.

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

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

Note 1: Nonperforming loans represent the amounts of nonperforming loans reported to the authorities and disclosed to the public, as required by the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/Non-accrued Loans." Nonperforming credit card receivables represent the amounts of nonperforming receivables reported to the authorities and disclosed to the public, as required by the Banking Bureau's letter dated July 6, 2005 (Ref. No. 0944000378).

Note 2: Ratio of nonperforming loans: Nonperforming loans ÷ Outstanding loan balance.
Ratio of nonperforming credit cards receivables: Nonperforming credit cards receivables ÷ Outstanding credit cards receivables balance.

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

Note 4: Housing mortgage is fully secured by house, which is purchased (owned) by the borrower, the spouse or the minor children of the borrower and the rights on mortgage are pledged to the financial institution, for the purpose of purchasing or decorating house.

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

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

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

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.

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

	June 30, 2016		December 31, 2015		June 30, 2015	
	Excluded NPL	Excluded Overdue Receivables	Excluded NPL	Excluded Overdue Receivables	Excluded NPL	Excluded Overdue Receivables
As a result of debt consultation and loan agreements (Note 1)	$ -	$ -	$ -	$ -	$ -	$ -
As a result of consumer debt clearance (Note 2)	-	42,878	-	45,112	-	46,753

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

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

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
JUNE 30, 2016
(Amounts in Thousands of New Taiwan Dollars)

Holding Company Name	Name	Security Issuer's Relationship with Holding Company	Financial Statement Account	June 30, 2016				Note
				Shares (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Shancom Reconstruction Inc.	Empresa Inversiones Generales, S.A.	Indirect subsidiary	Equity investments under the equity method	1	$ 1,783,558	100.00	$ 1,783,558	
	Krinein Company	Indirect subsidiary	Equity investments under the equity method	2	513,243	100.00	513,243	
	Safehaven Investment Corporation	Indirect subsidiary	Equity investments under the equity method	1	50,713	100.00	50,713	
Wresqueue Limitada	Prosperity Realty Inc.	Indirect subsidiary	Equity investments under the equity method	4	74,279	100.00	(10,955)	
China Travel Service (Taiwan)	Silks Place Taroko	-	Equity investments under the equity method	20,372	149,939	45.00	149,939	
	CTS Travel International Ltd.	Indirect subsidiary	Equity investments under the equity method	600	6,886	100.00	6,886	
	Joy Tour Service Co., Ltd.	-	Financial assets carried at cost	100	1,000	10.00	-	
	Shanghai Commercial & Savings Bank, Ltd.	The Bank	Financial assets carried at cost	27	859	-	-	
SCSB Life Insurance Agency	Geniron.Com.	-	Financial assets carried at cost	950	2,089	4.13	-	
	Prism Communication International Limited	-	Financial assets carried at cost	1,250	-	-	-	
SCSB Property Insurance Agency	Geniron.Com.	-	Financial assets carried at cost	950	2,089	4.13	-	
	Prism Communication International Limited	-	Financial assets carried at cost	1,250	-	-	-	
SCSB Asset Management Ltd.	SCSB Leasing (China) Co., Ltd.	Indirect subsidiary	Equity investments under the equity method	N/A	918,758	100.00	918,758	
Krinein Company	Shanghai Commercial Bank (HK)	Indirect subsidiary	Equity investments under the equity method	1,920	9,054,063	9.60	9,054,063	
Empresa Inversiones Generales, S.A.	Shanghai Commercial Bank (HK)	Indirect subsidiary	Equity investments under the equity method	9,600	45,270,315	48.00	45,270,315	

TABLE 3

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.

RELATED INFORMATION OF INVESTEES
SIX MONTHS ENDED JUNE 30, 2016
(In Thousands of New Taiwan Dollars) (Share in Thousands)

Investee Company	Location	Main Businesses and Products	Percentage of Ownership (%)	Carrying Amount	Investment Income (Loss) Recognized	Consolidated Investment (Note 2)				Note
						Shares (In Thousands)	Shares (Pro forma)	Shares (In Thousands)	Percentage of Ownership (%)	
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	$ 1,606,094	$ 15,221	160,000	-	160,000	100.00	
SCSB Life Insurance Agency	Taipei City	Insurance	100.00	164,820	54,756	5,000	-	5,000	100.00	
SCSB Property Insurance Agency	Taipei City	Insurance	100.00	57,391	1,401	5,000	-	5,000	100.00	
SCSB Marketing Ltd.	Taipei City	Marketing	100.00	6,829	671	500	-	500	100.00	
Paofoong Insurance Company Ltd.	Hong Kong	Insurance	40.00	266,555	8,481	500	-	500	100.00	
Shanghai Commercial Bank (HK)	Hong Kong	Banking and financial	57.60	54,491,728	2,138,051	11,520	-	11,520	57.60	
Non-financial business										
China Travel Service (Taiwan)	Taipei City	Travel services	99.99	291,008	6,815	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	56,555,600	2,139,844	5	-	5	100.00	
Wresqueue Limitada	Liberia	Securities investment	100.00	326,506	4,182	176	-	176	100.00	
Empresa Inversiones Generales, S.A.	Panama	Securities investment	100.00	1,783,558	1,911,776	1	-	1	100.00	
Krinein Company	Cayman Islands	Securities investment	100.00	513,243	382,753	2	-	2	100.00	
Safehaven Investment Corporation	Liberia	Securities investment	100.00	50,713	147	1	-	1	100.00	
Prosperity Realty Inc.	America	Real estate services	100.00	74,279	3,521	4	-	4	100.00	
Silks Place Taroko	Hualien	Travel services	45.00	149,939	2,667	20,372	-	20,372	45.00	
CTS Travel International Ltd.	Taipei City	Travel services	100.00	6,886	24	600	-	600	100.00	
SCSB Leasing (China) Co., Ltd.	China	Leasing operation	100.00	918,758	13,691	N.A.	-	N.A.	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.

INVESTMENT IN MAINLAND CHINA
JUNE 30, 2016
(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 June 30, 2016 and inward remittance of earnings:

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type (Note 1)	Accumulated Outflow of Investment as of December 31, 2015	Investment Flows		Accumulated Outflow of Investment as of June 30, 2016	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Notes 2 and 6)	Carrying Value as of June 30, 2016 (Note 4)	Accumulated Inward Remittance of Earnings as of June 30, 2016
					Outflow	Inflow					
SCSB Leasing (China) Co., Ltd.	Leasing operation	US$ 30,000	(c)	US$ 30,000	US$ -	US$ -	US$ 30,000	100.00	$ 13,691 (US$ 418)	$ 918,758 (US$ 28,449)	$ -
Bank of Shanghai	Approved by local government	US$ 812,114	(Note 5)	US$ 73,848	US$ -	US$ -	US$ 73,848	3.00	-	6,894,990 (US$ 213,500)	-
Shanghai Commercial Bank Ltd. - Shenzhen Branch	Approved by local government	US$ 60,209	(Note 5)	US$ 36,339	US$ -	US$ -	US$ 36,339	57.60	48,616 (US$ 1,483)	965,284 (US$ 29,890)	-
Shanghai Commercial Bank Ltd. - Shanghai Branch	Approved by local government	US$ 110,480	(Note 5)	US$ 64,717	US$ -	US$ -	US$ 64,717	57.60	25,549 (US$ 779)	2,088,805 (US$ 64,679)	-

2. Upper limit on investment in Mainland China:

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

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

a. To directly invest.
b. To invest via third place company.
c. Others.

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

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

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

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

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

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

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