Stock code: 5876
Taiwan Stock Exchange

The Shanghai Commercial & Savings Bank, Ltd.

Standalone Financial Statements for the Six Months Ended June 30, 2019 and 2018 and Independent Auditors' Report

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of The Shanghai Commercial & Savings Bank, Ltd. (the "Bank"), which comprised the balance sheets as of June 30, 2019, December 31, 2018 and June 30, 2018, the statements of comprehensive income, changes in equity and cash flows for the six months ended June 30, 2019 and 2018, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as of June 30, 2019, December 31, 2018 and June 30, 2018, and its financial performance and its cash flows for the six months ended June 30, 2019 and 2018 in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks and Regulations Governing the Preparation of Financial Reports by Securities Firms.

Basis for Opinion

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

Emphasis of Matter

As stated in Note 1 and Note 43 of the standalone financial Statements, the Bank merged SCSB Life Insurance Agency and SCSB Property Insurance Agency on May 6, 2019, which were both 100% owned by the Bank. This merger was in accordance with the IFRS Frequently Asked Questions (FAQ) set and related correspondence published by Accounting Research and Development Foundation. While preparing the comparative financial statements, the bank had regarded this merger from the beginning and restated the previous year's financial statements. We did not change the opinion due to this merger.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the six months ended June 30, 2019. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters indentified in the Bank's financial statements as of and for the six months ended June 30, 2019 is described as follows:

Allowance for Impairment Losses on Discounts and Loans

The Bank primarily engages in the crediting business. As of June 30, 2019, the balance of the Bank's discounts and loans amounted to $729,182,337 thousand, which is significant to the accompanying financial statements. Starting from January 1, 2019, the Bank assessed its discounts and loans for impairment in accordance with the requirement of International Financial Reporting Standard No. 9 as well as with reference to the related regulations. The Bank's management applied the expected credit loss model in the impairment assessment of discounts and loans. The Bank assessed whether the credit risk had increased significantly since initial recognition by taking into consideration factors like the amount of impairment loss based on past experience, current market situation and perceptiveness. In addition, credit-impaired loans were also evaluated for the prospect of future recovery. Refer to Notes 4, 5, 14 and 37 to the financial statements for disclosures related to the impairment of loan portfolios. As the cash flow forecasts involved management's critical judgments in accounting estimates and assumptions, we determined the impairment assessment of loan portfolios as a key audit matter.

In response to the abovementioned key audit matter, our key audit procedures performed included the following:

1. We understood and tested the Bank's internal control on loans and discounts and performed substantive procedures relevant in assessing loan impairment.

2. We tested whether the method and important parameters (default rate, default loss rate, default exposure amount and forward-looking information) adopted in the expected credit loss model properly reflected the actual situations and also calculated the amount of impairment losses.

3. We reviewed the loan accounts in which credit impairments had occurred and assessed the reasonableness of the estimated future cash flows and the value of collateral held.

4. We tested the classification of credit assets to assess whether the allowance for impairment met the requirements of competent authorities' regulations.

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

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

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

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

Auditors’ Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the six months ended June 30, 2019 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Chun-Hung Chen, and Tzu-Jung Kuo.

Deloitte & Touche
Taipei, Taiwan
Republic of China

August 10, 2019

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

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

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

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.
Balance Sheets
June 30, December 31, 2019 and June 30, 2018

(Expressed in Thousands of New Taiwan Dollars)

		June 30, 2019		December 31, 2018(Restated)		June 30, 2018(Restated)	
Codes	**ASSETS**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
11000	Cash and cash equivalents (Notes 6 and 34)	$ 24,781,285	2	$ 20,028,202	2	$ 30,132,170	3
11500	Due from the Central Bank and call loans to banks, net (Note 7)	86,764,676	7	82,203,377	7	80,257,138	7
12000	Financial assets measured at fair value through profit or loss (Note 8)	2,783,260	-	5,052,827	1	5,376,337	-
12100	Financial assets measured at fair value through other comprehensive income (Notes 9, 11 and 35)	189,353,705	16	187,598,121	16	178,306,144	16
12200	Debt instrument investments measured at amortized cost (Notes 10, 11 and 35)	101,850,072	8	96,596,605	8	81,532,814	7
12500	Securities purchased under resale agreements (Note 12)	3,379,281	-	438,017	-	195,282	-
13000	Receivables, net (Notes 13 and 34)	9,613,088	1	8,713,604	1	8,390,253	1
13200	Current income tax assets (Note 31)	75,098	-	37,655	-	91,138	-
13500	Discounts and loans, net (Notes 14 and 34)	719,779,253	58	682,776,179	58	661,947,546	59
15000	Equity investments under the equity method (Note 15)	73,306,527	6	70,154,506	6	64,121,889	6
15500	Other financial assets, net (Note 16)	6,096,372	1	2,461,333	-	793	-
18500	Properties, net (Note 17)	12,059,280	1	12,094,497	1	12,075,107	1
18600	Right-of-use assets, net (Note 18)	665,557	-	-	-	-	-
19300	Deferred income tax assets (Note 31)	598,328	-	797,096	-	781,713	-
19500	Other assets, net (Note 19)	2,480,599	-	2,822,128	-	2,178,856	-
10000	Total assets	$ 1,233,586,381	100	$ 1,171,774,147	100	$ 1,125,387,180	100
Codes	**LIABILITIES AND EQUITY**						
21000	Due to the Central Bank and banks (Notes 20 and 34)	$ 36,631,671	3	$ 16,473,754	2	$ 15,754,474	1
22000	Financial liabilities measured at fair value through profit or loss (Note 8)	2,766,794	-	2,581,351	-	513,155	-
22500	Securities sold under repurchase agreements (Note 21)	8,194,573	1	14,629,530	1	22,021,546	2
23000	Payables (Notes 22 and 34)	30,255,676	3	22,210,581	2	27,916,576	3
23200	Current income tax liabilities (Note 31)	825,648	-	790,372	-	909,721	-
23500	Deposits and remittances (Notes 23 and 34)	952,541,946	77	911,646,479	78	869,261,855	77
24000	Bank debentures (Note 24)	52,150,000	4	57,150,000	5	50,150,000	5
25500	Other financial liabilities (Note 25)	3,455,145	-	3,693,107	-	4,502,071	-
25600	Provisions (Notes 26 and 28)	1,364,445	-	1,341,663	-	1,235,885	-
26000	Lease liabilities (Note 18)	665,058	-	-	-	-	-
29300	Deferred income tax liabilities (Note 31)	9,618,982	1	9,235,350	1	8,932,532	1
29500	Other liabilities (Notes 27 and 34)	1,338,527	-	866,013	-	749,223	-
20000	Total liabilities	1,099,808,465	89	1,040,618,200	89	1,001,947,038	89
	Equity (Note 29)						
31101	Ordinary shares	41,016,031	3	41,016,031	4	40,791,031	4
31500	Capital surplus	5,893,238	1	5,893,238	-	5,342,186	1
	Retained earnings						
32001	Legal reserve	51,946,585	4	47,832,994	4	47,832,994	4
32003	Special reserve	7,669,374	1	7,600,814	1	7,600,814	1
32005	Unappropriated earnings	18,652,389	1	23,499,036	2	16,654,529	1
32000	Total retained earnings	78,268,348	6	78,932,844	7	72,088,337	6
32500	Other equity	8,683,443	1	5,396,978	-	5,301,732	-
32600	Treasury shares	(83,144)	-	(83,144)	-	(83,144)	-
30000	Total equity	133,777,916	11	131,155,947	11	123,440,142	11
	Total liabilities and equity	$ 1,233,586,381	100	$ 1,171,774,147	100	$ 1,125,387,180	100

The accompanying notes are an integral part of the financial statements
(Please refer to the audit report of Deloitte & Touche issued on August 10, 2019)

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.
Statements of Comprehensive Income
For the Six months ended June 30, 2019, December 31, 2018 and June 30, 2018

(Expressed in Thousands of New Taiwan Dollars, Except Earnings Per Share)

Codes		For the Six Months Ended June 30 2019 Amount	%	2018(Restated) Amount	%
41000	Interest revenue	$ 11,160,756	103	$ 9,815,863	122
51000	Interest expenses	4,779,501	44	3,430,186	43
	Net interest (Notes 30 and 34)	6,381,255	59	6,385,677	79
	Non-interest revenue				
49100	Service fee income, net (Notes 30 and 34)	1,635,732	15	1,400,755	17
49200	Realized gain on financial assets measured at fair value through other comprehensive income (Note 30)	333,799	3	(39,331)	-
49310	Realized gain (loss) on financial assets measured at fair value through other comprehensive income (Note 30)	106,020	1	37,725	-
49450	Gain (loss) on financial assets measured at amortized cost	-	-	(1,669)	-
49600	Foreign exchange gain, net	256,132	2	545,342	7
49700	Impairment loss on assets (Note 11)	(6,967)	-	(7,222)	-
49750	Proportionate share of profit of subsidiaries, associates and joint ventures under the equity method, net (Notes 15 and 30)	3,673,238	34	3,221,308	40
49800	Other non-interest revenue (Notes 30 and 34)	28,715	-	12,457	-
49020	Total non-interest revenue	6,026,669	55	5,169,365	64
4xxxx	Net revenue	12,407,924	114	11,555,042	143
58200	Bad debt expense, commitment and guarantee liability provisions (Note 14)	300,000	3	300,000	4
	Operating expenses				
58500	Employment benefits (Notes 28, 30 and 34)	2,075,397	19	1,997,482	25
59000	Depreciation and amortization (Note 30)	274,633	2	203,404	2
59500	Other general and administrative (Notes 30 and 34)	1,179,428	11	1,229,960	15
58400	Total operating expenses	3,529,458	32	3,430,846	42
61001	Profit before income tax	8,578,466	79	7,824,196	97
61003	Income tax expense (Note 31)	(994,189)	(9)	(1,174,493)	(15)
64000	Net income	7,584,277	70	6,649,703	82

(Continued)

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.

Statements of Comprehensive Income

For the Six months ended June 30, 2019, December 31, 2018 and June 30, 2018

(Expressed in Thousands of New Taiwan Dollars, Except Earnings Per Share)

		For the Six Months Ended June 30			
		2019		2018(Restated)	
Codes		Amount	%	Amount	%
	Other comprehensive income (loss)				
	Items that will not be reclassified subsequently to profit or loss:				
65204	Loss on investments in equity instruments measured at fair value through other comprehensive income	104,815	1	(246,970)	(3)
65205	Changes in the fair value attributable to changes in the credit risk of financial liabilities designated as at FVTPL(Note 8)	(10,316)	-	-	-
65207	Proportionate share of other comprehensive income of associates and joint ventures under equity method	188,385	2	1,380,781	17
65220	Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 31)	(32)	-	13,081	-
65200	Subtotal of items that will not be reclassified subsequently to profit or loss	282,852	3	1,146,892	14
	Items that may be reclassified subsequently to profit or loss:				
65301	Exchange difference on translation for foreign operations	729,311	7	1,589,729	20
65307	Share of the other comprehensive income of associates and joint ventures accounted for using the equity method	777,524	7	(67,934)	(1)
65309	Loss on debt instruments measured at fair value through other comprehensive income	1,960,525	18	(1,195,278)	(15)
65310	Allowance loss on debt instruments measured at fair value through other comprehensive income (Note 11)	7,133	-	7,212	-
65320	Income tax relating to items that may be reclassified subsequently to profit or loss (Note 31)	(493,650)	(5)	(64,961)	-
65300	Subtotal of items that may be reclassified subsequently to profit or loss	2,980,843	27	268,768	4
65000	Other comprehensive income for the period, net of income tax	3,263,695	30	1,415,660	18
66000	Total comprehensive income for the period	$ 10,847,972	100	$ 8,065,363	100
	Earnings per share (Note 32)				
67500	Basic	$ 1.85		$ 1.63	
67700	Diluted	$ 1.85		$ 1.63	

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

(Please refer to the audit report of Deloitte & Touche issued on August 10, 2019)

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.
Statements of Comprehensive Income
For the six months ended June 30, 2019, December 31, 2018 and June 30, 2018
(Expressed in Thousands of New Taiwan Dollars, Except Earnings Per Share)

		Share Capital		Retained Earnings (Note 29)			Other Equity (Note 29)					
Codes		Ordinary Shares (Note 29)	Capital Surplus (Note 29)	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Comprehensive Income	Gain (Loss) on Financial Assets measured at Fair Value through Other Comprehensive Income	Changes in Fair Value Attributable to Changes in the Credit Risk of Financial Liabilities at FVTPL	Treasury Shares	Total Equity
A1	Balance at January 1, 2018	$ 40,791,031	$ 4,655,555	$ 44,117,426	$ 7,538,888	$ 21,066,873	$ (1,564,469)	$ 5,887,639	$ -	$ -	$ (83,144)	$ 122,409,799
A3	Effect of retrospective application and retrospective restatement	-	-	-	-	55,374	-	(5,887,639)	5,453,000	-	-	(379,265)
A5	Balance at January 1, 2018 as restated	40,791,031	4,655,555	44,117,426	7,538,888	21,122,247	(1,564,469)	-	5,453,000	-	(83,144)	122,030,534
	Appropriation of 2017 earnings											
B1	Legal reserve	-	-	3,715,568	-	(3,715,568)	-	-	-	-	-	-
B5	Special reserve	-	-	-	61,926	(61,926)	-	-	-	-	-	-
B9	Cash dividends	-	-	-	-	(7,342,386)	-	-	-	-	-	(7,342,386)
C17	Dividends not yet collected	-	686,631	-	-	-	-	-	-	-	-	686,631
D1	Net profit for the six months ended June 30, 2018	-	-	-	-	6,649,703	-	-	-	-	-	6,649,703
D3	Other comprehensive income for the six months ended June 30, 2018, net of income tax	-	-	-	-	10,843	896,017	-	508,800	-	-	1,415,660
D5	Total comprehensive income for the six months ended June 30, 2018	-	-	-	-	6,660,546	896,017	-	508,800	-	-	8,065,363
Q1	Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	(8,384)	-	-	8,384	-	-	-
Z1	Balance at June 30, 2018	$ 40,791,031	$ 5,342,186	$ 47,832,994	$ 7,600,814	$ 16,654,529	$ (668,452)	$ -	$ 5,970,184	$ -	$ (83,144)	$ 123,440,142
A1	Balance at January 1, 2019	$ 41,016,031	$ 5,893,238	$ 47,832,994	$ 7,600,814	$ 23,499,036	$ (165,709)	$ -	$ 5,562,687	$ -	$ (83,144)	$ 131,155,947
A3	Effect of retrospective application and retrospective restatement	-	-	-	-	(22,797)	-	-	-	-	-	(22,797)
A5	Balance at January 1, 2019 as restated	41,016,031	5,893,238	47,832,994	7,600,814	23,476,239	(165,709)	-	5,562,687	-	(83,144)	131,133,150
	Appropriation of 2018 earnings											
B1	Legal reserve	-	-	4,113,591	-	(4,113,591)	-	-	-	-	-	-
B5	Cash dividends	-	-	-	68,560	(68,560)	-	-	-	-	-	-
B9	Share dividends	-	-	-	-	(8,203,206)	-	-	-	-	-	(8,203,206)
D1	Net profit for the six months ended June 30, 2019	-	-	-	-	7,584,277	-	-	-	-	-	7,584,277
D3	Other comprehensive income (loss) for the six months ended June 30, 2019, net of income tax	-	-	-	-	-	552,125	-	2,721,886	(10,316)	-	3,263,695
D5	Total comprehensive income (loss) for the six months ended June 30, 2019	-	-	-	-	7,584,277	552,125	-	2,721,886	(10,316)	-	10,847,972
Q1	Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	(22,770)	-	-	22,770	-	-	-
Z1	Balance at June 30, 2019	$ 41,016,031	$ 5,893,238	$ 51,946,585	$ 7,669,374	$ 18,652,389	$ 386,416	$ -	$ 8,307,343	$ (10,316)	$ (83,144)	$ 133,777,916

The accompanying notes are an integral part of the financial statements.
(Please refer to the audit report of Deloitte & Touche issued on August 10, 2019)

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.

Statements of Cash Flows

For the six months ended June 30, 2019, December 31, 2018 and June 30, 2018

(Expressed in Thousands of New Taiwan Dollars)

Codes		For the Six Months Ended June 30 2019	2018 (Restated)
	Cash flows from operating activities		
A00010	Net profit before income tax	$ 8,578,466	$ 7,824,196
A20010	Adjustments to reconcile net profit to net cash provided by operating activities		
A20100	Depreciation expenses	195,301	94,652
A20200	Amortization expenses	79,332	108,752
A20300	Bad debt expense, commitment and guarantee liability provisions	300,000	300,000
A21400	Expected credit impairment loss	6,967	7,222
A20400	(Gain) loss on financial assets and liabilities measured at fair value through profit or loss	(259,412)	426,924
A20900	Interest expenses	4,779,501	3,430,177
A21300	Interest revenue	(11,160,756)	(9,815,854)
A21200	Dividend income	(17,646)	(17,670)
A22400	Share of profit of subsidiaries, associates and joint ventures	(3,673,238)	(3,221,308)
A22500	Loss (gain) on disposal of properties and equipment, net	629	(345)
A29900	Other adjustments	693,053	(488,577)
A40000	Changes in operating assets and liabilities		
A41110	Increase in due from the Central Bank and call loans to banks	(6,518,987)	(780,471)
A41120	Decrease in financial assets measured at fair value through profit or loss	2,531,483	166,569
A41123	Increase in financial assets at fair value through other comprehensive income	(423,988)	(30,145,123)
A41125	Iecrease in debt instrument investments measured at amortized cost	(5,257,310)	21,416,743
A41150	Increase in receivables	(961,104)	(907,801)
A41160	Increase in discounts and loans	(37,385,060)	(31,277,539)
A41190	Increase in other financial assets	(3,635,039)	(158)
A42110	Increase in due to the Central Bank and banks	20,157,917	7,422,638
A42120	Increase (decrease) in financial liabilities measured at fair value through profit or loss	172,623	(213,915)
A42140	Decrease in securities sold under repurchase agreements	(6,434,957)	(7,770,521)
A42150	(Decrease) increase in payables	(439,791)	541,677
A42160	Increase in deposits and remittances	40,895,467	19,381,725
A42170	(Decrease) increase in other financial liabilities	(237,962)	1,453,652
A42180	(Decrease) increase in employment benefit provisions	(24,500)	33,000
A42990	Increase in other liabilities	10,991	42,084
A33000	Cash generated from (used in) operations	1,971,980	(21,989,271)
A33100	Interest received	11,361,457	10,118,094
A33200	Dividends received	2,195,921	2,124,626
A33300	Interest paid	(4,493,738)	(3,276,569)
A33500	Income tax paid	(922,920)	(858,355)
AAAA	Net cash generated from (used in) operating activities	10,112,700	(13,881,475)

(Continued)

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.

Statements of Cash Flows

For the six months ended June 30, 2019, December 31, 2018 and June 30, 2018

(Expressed in Thousands of New Taiwan Dollars)

Codes		For the Six Months Ended June 30 2019	For the Six Months Ended June 30 2018 (Restated)
	Cash flows from investing activities		
B02700	Acquisition of properties	(49,115)	(42,745)
B02800	Proceeds from disposal of properties	449	694
B03700	Increase in refundable deposits	(36,991)	23,890
B06800	Decrease in other assets	298,921	159,838
BBBB	Net cash generated from investing activities	213,264	141,677
	Cash flows from financing activities		
C04020	Payments for principals of lease liabilities	(109,226)	-
C01400	Issuance of bank debentures	-	5,000,000
C01500	Repayments of bank debentures	(5,000,000)	-
C03100	Decrease in guarantee deposits received	461,551	(43,536)
CCCC	Net cash generated from (used in) financing activities	(4,647,675)	4,956,464
DDDD	Effects of exchange rate changes on the balance of cash held in foreign currencies	58,370	86,615
EEEE	Net increase (decrease) in cash and cash equivalents	5,736,659	(8,696,719)
E00100	Cash and cash equivalents at the beginning of the period	60,487,611	86,324,626
E00200	Cash and cash equivalents at the end of the period	$ 66,224,270	$ 77,627,907

Reconciliation of the cash and cash equivalents amounts in the statements of cash flows with the equivalent item reported in the balance sheets as of June 30, 2019 and 2018:

		2019	2018
E00210	Cash and cash equivalents in balance sheets	$ 24,781,285	$ 30,132,170
E00220	Due from the Central Bank and call loans to banks which fall within the definition of cash and cash equivalents under IAS 7	38,063,704	47,300,455
E00230	Securities purchased under resale agreements which fall within the definition of cash and cash equivalents under IAS7	3,379,281	195,282
E00200	Cash and cash equivalents in statements of cash flows	$ 66,224,270	$ 77,627,907

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

(Please refer to the audit report of Deloitte & Touche issued on August 10, 2019)

1. ORGANIZATION AND OPERATIONS

The Bank was incorporated in Taiwan and engages in commercial banking businesses under related laws and regulations.

The Bank has a head office in Taipei, 71 domestic branches, 3 foreign branches located in Hong Kong, Vietnam and Singapore, and 3 representative offices located in Thailand, Cambodia and Indonesia.

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

The shares of the Bank have been listed and traded on the Taiwan Stock Exchange since October 19, 2018.

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

In order to integrate the use of resources and achieve the operating synergy, the Bank merged SCSB Life Insurance Agency and SCSB Property Insurance Agency on May 6, 2019, which are were both 100% owned by the Bank. The shareholder's equity would not be affected after the merger, refer to Note 43.

2. AUTHORIZATION OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors and authorized for issue on August 10, 2019.

3. APPLICATION OF NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

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

Aside from the following explanations, the applicable amendments to the Regulations Governing the Preparation of Financial Reports by Public Banks and the IFRSs approved and issued by the FSC will not result in significant changes in the Bank's accounting policies:

IFRS 16 "Lease"

IFRS 16 sets out the identification of lease agreements and the accounting standards for lessor and lessee that supersede IAS 17 and a number of related interpretations. For the related accounting policy, refer to Note 4.

Definition of Lease

When applying IFRS 16 for the first time, the Bank will choose whether a contract signed or changed on or after January 1, 2019 will be assessed as a lease according to IFRS 16. Currently, lease contracts under IAS 17 and IFRIC 4 are not allowed to be reassessed, which should be processed in accordance with the transitional provisions of IFRS 16.

The Bank as lessee

When IFRS 16 is applied, leases are recognized as the right-of-use assets and lease liabilities in the consolidated balance sheets, except for the low value underlying asset leases and short-term leases, which are recognized under a straight-line basis. However, assets, which are eligible for use under the definition of investment real estate, will be presented as investments in real estate.

The individual comprehensive income statements will represent the depreciation expense of the right-of-use assets and the interest expense arising from the effective interest method on the lease liabilities separately.

In the individual cash flow statements, the principal amount of lease liabilities is expressed as financing activities, and the interest payment portion is classified as operating activities.

Prior to the application of IFRS 16, the operating leases were recognized as expenses on a straight-line basis. Operating lease cash flows are expressed in operating activities in the individual cash flow statements. Contracts classified as finance leases are recognized in the individual balance sheets as lease assets and lease payables.

The Bank planned to adjust the cumulative effects of the retroactive application of IFRS 16 to the retained earnings on January 1, 2019, without restating the comparative information.

In accordance with the agreement of IAS 17 for operating leases, the measurement of lease liabilities on January 1, 2019 has been discounted by the remaining lease payments at the incremental borrowing rate of the lessee at that date. All right-of-use assets are measured at the amount of lease liabilities on that date. The identified right-of-use assets will be subject to an IAS 36 impairment assessment.

For the leases classified as financing leases under IAS 17, the carrying amount of the lease assets and lease liabilities on January 1, 2019 is the same as those on December 31, 2018.

The Bank as lessor

No adjustments were made to the lessor's lease during the transition and IFRS 16 was applied from January 1, 2019.

The adjustments of assets, liabilities and equities accounts that applied IFRS 16 for the first time are summarized as follows:

	Carrying Amount as of December 31, 2018	Adjustments Arising from Initial Application	Adjusted Carrying Amount as of January 1, 2019
Investments accounted for using equity method	$ 70,154,506	$ (28,496)	$ 70,126,010
Right-of-use assets	-	508,700	508,700
Total effect on assets	$ 70,154,506	$ 480,204	$ 70,634,710
Lease liabilities	$ 9,235,350	$ (5,699)	$ 9,229,651
Deferred income tax liabilities	-	508,700	508,700
Total effect on liabilities	$ 9,235,350	$ 503,001	$ 9,738,351
Retained earnings	$ 78,932,844	$ (22,797)	$ 78,910,047
Total effect on equities	$ 78,932,844	$ (22,797)	$ 78,910,047

3.2 IFRSs approved by the FSC for 2020

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020 (Note 1)
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020 (Note 2)

Note 1: The Bank shall apply these amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period.

Note 2: The Bank shall apply these amendments prospectively for annual reporting periods beginning on or after January 1, 2020

As of the date the individual 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.

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

New IFRSs	Effective Date Announced by IASB (Note 1)
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 17 "Insurance Contracts"	January 1, 2021

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

As of the date the individual 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 POLICIES

4.1 Statement of Compliance

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

4.2 Basis of Preparation

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

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

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

4.2.2. Level 2 inputs are observable parameters other than quoted prices included within Level 1, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

4.2.3 Level 3 inputs are unobservable inputs for an asset or liability.

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

4.3 Other Significant Accounting Policies

Except for the following, the accounting policies applied in these financial statements are consistent with those applied in the financial statements for the year ended December 31, 2018.

4.3.1. Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined annual 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.

4.3.2 Taxation

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

4.3.3 Leases

2019

The Bank assesses whether the contract is (or includes) the lease on the contract establishment date.

For contracts that include the lease and non-lease components, the Group distributes the consideration in the contract on a relatively separate price basis and deals with them separately.

(1) The Bank as lessor

When the lease terms transfer almost all the risks and rewards attached to the ownership of the assets to the lessee, they are classified as finance leases. All the other leases are classified as operating leases.

Under the finance leases regulations, lease payments include fixed payments, substantially fixed payments, variable lease payments which depend on an index or a rate, guaranteed residual values, and the exercise price of the purchase option that is reasonably certain to be exercised, and the rental termination penalties reflected in the lease term, less the incentives for the lease to be paid. The net amount of the leased investment is measured as the sum of the present value of both the lease receivable and the unguaranteed residual value plus the original direct costs and expressed as a finance lease receivable. The financing income is apportioned to each accounting period so as to reflect a periodic fixed rate of return that the Group's unexpired net lease investment is available for each period.

Under the operating leases regulation, the lease payments deducted from the lease incentives are recognized as income on a straight-line basis over the relevant lease periods. The original direct costs incurred in obtaining the operating leases are added to the carrying amount of the underlying assets and recognized as an expense on a straight-line basis over the lease terms.

(2) The Bank as lessee

The Bank recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities.

Right-of-use assets are depreciated using the straight-line basis from the commencement dates of the lease to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, substantially fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Bank uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Bank remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use asset has been reduced to zero, the remaining amount of remeasurement is recognized in profit or loss. Lease liabilities are presented separately in the consolidated balance sheets.

2018

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

(1) The Bank as lessor

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

(2) The Bank as lessee

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Estimated Impairment of Financial Assets

Estimates of impairment on loans and receivables, investments in debt instrument and financial guarantee contracts are based on the Bank's assumptions about default rates and expected loss rates. The Bank considers historical experience, current market conditions and forward-looking information to make assumptions and select input values for impairment assessments. For the important assumptions and input values used, refer to Note 37. If the actual cash flows in the future are less than expected, significant impairment losses may occur.

6. CASH AND CASH EQUIVALENTS

	June 30, 2019	December 31, 2018	June 30, 2018
Cash on hand and working fund	$ 6,810,128	$ 6,146,952	$ 6,450,245
Notes and checks in clearing	2,958,110	3,105,616	3,228,947
Due from banks - domestic	1,287,181	3,183,525	9,600,105
Due from banks - foreign	13,725,866	7,592,109	10,852,873
	$ 24,781,285	$ 20,028,202	$ 30,132,170

The reconciliation of cash and cash equivalents reported in the statements of cash flows and the balance sheets as of December 31, 2018 is shown below. Refer to the statements of cash flows for the reconciliation for the period ended June 30, 2019 and 2018.

	December 31, 2018
Cash and cash equivalents balance on the balance sheets	$ 20,028,202
Due from the Central Bank and call loans to banks which fall within the definition of cash and cash equivalents under IAS 7	40,021,392
Securities purchased under resale agreements which fall within the definition of cash and cash equivalents under IAS 7	438,017
Cash and cash equivalents balance on statements of cash flows	$ 60,487,611

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

	June 30, 2019	December 31, 2018	June 30, 2018
Call loans to banks	$ 61,560,542	$ 56,567,771	$ 50,740,913
Deposit reserves - I	4,411,620	5,825,635	10,530,119
Deposit reserves - II	20,630,519	19,651,176	18,823,383
Deposit reserves - foreign	161,995	158,795	162,723
	$ 86,764,676	$ 82,203,377	$ 80,257,138

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

The Bank assessed the due allowance from the Central Bank and call loans to banks based on the expected credit loss model. Due to the low credit risk of dues from the Central Bank and call loans to banks, the loss allowance is recognized as 12-month expected credit losses. On June 30, 2018, the allowance recognized for the dues from the Central Bank and call loans to banks were recognized in the amount of $1,988 thousand (June 30, 2019 and December 31, 2018: None)

8. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2019	December 31, 2018	June 30, 2018
Financial assets at fair value through profit or loss			
Financial assets measured at fair value through profit or loss			
Corporate bonds	$ 747,460	$ 1,101,474	$ 1,079,887
Beneficiary securities	679,300	2,630,217	3,038,239
Shares	641,481	789,294	656,372
Interest rate swap contracts	359,084	140,200	50,446
Forward contracts	206,848	235,151	385,023
Option contracts	77,879	65,156	89,824
Foreign exchange contract	34,574	55,729	51,121
Others	36,634	35,606	25,425
	$ 2,783,260	$ 5,052,827	$ 5,376,337
Financial liabilities at fair value through profit or loss			
Held-for-trading financial liabilities			
Forward contracts	$ 135,130	$ 190,861	$ 335,509
Option contracts	131,766	99,793	129,933
Foreign exchange contract	45,010	45,141	-
Others	8	3,035	47,713
	311,914	338,830	513,155
Financial liabilities designated at fair value through profit or loss			
Bank debentures	2,454,880	2,242,521	-
	$ 2,766,794	$ 2,581,351	$ 513,155

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, 2019	December 31, 2018	June 30, 2018
Forward contracts	$ 31,236,686	$ 19,762,077	$ 33,808,840
Option contracts	22,343,621	13,276,237	11,686,569
Currency swap contracts	17,381,113	19,892,282	10,252,130
Interest rate swap contracts	2,354,810	2,258,760	863,624
Asset swap contracts	558,954	1,014,354	856,324
Futures contracts	3,361	54,209	34,722

Information for financial liabilities designated by the Bank at FVTPL is as follows (June 30, 2018: None):

	June 30, 2019	December 31, 2018
The difference between the fair value and the maturity value		
－Fair value	$ 2,454,880	$ 2,242,521
－Maturity value	2,505,586	2,250,590
	$ (50,706)	$ (8,069)

	Effects of changes in credit risk
Current change amount of charge From January 1,2019 to June 30 ,2019	($ 10,316)
Cumulative change amount of charge Up to June 30, 2019	($ 10,316)

The financial liabilities designated by the Bank at FVTPL were the second issuance of unsecured debentures amounting to US$70,000 thousand with a 30-year maturity and a interest rate of 0% on October 29, 2018. On the expiration of 5 years and every subsequent year, the Bank may exercise the option at the agreed redemption price. If the option is not exercised during the period, the payment will be made on the expiration date.

The Bank arranged an interest rate swap contract to reduce the interest rate risk of the aforementioned financial bonds. The interest rate swap contract was measured at fair value and the fair value changes were included in profit or loss. The Bank designated the aforementioned financial bonds as financial liabilities measured at FVTPL for consistencies.

The amount of change in the fair value of the financial bonds and the combination of financial assets attributable to the changes in the fair value of financial liabilities and the combination of the fair value of financial assets is calculated as the difference between the changes in the fair value of market risk factor. The amount of change in fair value attributable to the market risk factor is calculated using the benchmark yield curve at the balance sheet date. Fair value of financial bonds and combined commodities is based on the benchmark yield curve on the balance sheet date and the estimated credit risk spread by the creditor's interest rate quote on the similar maturity date of the combined company, such that the estimated future cash flow is discounted

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	June 30, 2019	December 31, 2018	June 30, 2018
Investments in equity instruments measured at FVTOCI			
Shares	$ 4,686,874	$ 2,632,822	$ 4,317,697
Investments in debt instruments measured at FVTOCI			
Corporate bonds	51,435,635	48,533,201	44,029,648
Government bonds	47,262,989	50,861,134	47,047,689
Bank debentures	42,694,943	40,182,857	38,155,681
Commercial paper	40,625,522	43,122,083	38,290,993
Treasury bonds	1,498,160	1,991,732	6,169,548
Asset backed securities	1,149,582	274,292	294,888
	184,666,831	184,965,299	173,988,447
	$ 189,353,705	$ 187,598,121	$ 178,306,144

The Bank invests in ordinary shares for medium- and long-term strategic purposes and expects to make a profit through long-term investments. The management of the Bank considers that if the short-term fair value fluctuations of these investments are included in profit or loss, they are inconsistent with the aforementioned long-term investment plans. Therefore, the designated investments are selected to be measured at FVTOCI.

For the information on credit risk management and impairment assessment of investments in debt instruments at FVTOCI, refer to Note 11.

Part of the aforementioned financial assets at FVTOCI were sold under repurchase agreements as of June 30, 2019, December 31 and June 30, 2018. The par value of bonds and commercial papers sold under repurchase agreements were $7,717,500 thousand, $14,450,800 thousand and $21,620,800 thousand, respectively.

For the information on financial assets pledged at FVTOCI, refer to Note 35.

10. DEBT INSTRUMENT INVESTMENTS MEASURED AT AMORTIZED COST

	June 30, 2019	December 31, 2018	June 30, 2018
Negotiable certificates of deposit	$ 93,475,000	$ 88,165,000	$ 68,935,000
Corporate bonds	2,923,480	3,148,504	2,596,638
Government bonds	2,463,754	3,213,562	7,236,403
Treasury bonds	1,997,756	995,971	1,072,053
Bank debentures	991,641	1,075,256	1,694,126
	101,851,631	96,598,293	81,534,220
Less: Loss allowance	(1,559)	(1,688)	(1,406)
	$ 101,850,072	$ 96,596,605	$ 81,532,814

For the information on financial assets' related credit risk management and impairment at amortized cost, see Note 11.

For more information on the pledged assets, refer to Note 35.

11. CREDIT RISK MANAGEMENT OF INVESTMENTS IN DEBT INSTRUMENTS

The investments in debt instruments are classified as financial assets at FVTOCI and financial assets at amortized cost.

June 30, 2019

	At FVTOCI	At Amortized Cost	Total
Total carrying amount	$ 183,731,725	$ 101,851,631	$ 285,583,356
Allowance loss	(72,368)	(1,559)	(73,927)
Amortized cost	183,659,357	$ 101,850,072	285,509,429
Fair value adjustment	1,007,474		1,007,474
	$ 184,666,831		$ 286,516,903

December 31, 2018

	At FVTOCI	At Amortized Cost	Total
Total carrying amount	$ 185,994,201	$ 96,598,293	$ 282,592,494
Allowance loss	(65,235)	(1,688)	(66,923)
Amortized cost	185,928,966	$ 96,596,605	282,525,571
Fair value adjustment	(963,667)		(963,667)
	$ 184,965,299		$ 281,561,904

June 30, 2018

	At FVTOCI	At Amortized Cost	Total
Total carrying amount	$ 174,826,527	$ 81,534,220	$ 256,360,747
Allowance loss	(57,060)	(1,406)	(58,466)
Amortized cost	174,769,467	$ 81,532,814	256,302,281
Fair value adjustment	(781,020)		(781,020)
	$ 173,988,447		$ 255,521,261

The Bank implements a policy of only investing in debt instruments with investment grade and have low credit risk for the purpose of impairment assessment. The Bank continues to track external rating information and monitor changes in credit risk of the investments of debt instruments and to review other information such as the bond yield curve and the debtor's material information to assess whether the credit risk of the debt instrument investments has increased significantly since the original recognition.

The Bank considers the historical default loss rate provided by the independent rating agencies, the debtor's current financial status and the industry's forward-looking forecast to measure the 12-month expected credit loss or full-lifetime expected credit loss of the debt instrument investments. The Bank's current credit risk rating mechanism and the total carrying amount of each credit rating investment in debt instruments are as follows:

June 30, 2019

Credit Rating	Definitions	Expected Credit Loss Recognition Base	Expected Credit Loss Rate	June 30, 2019 Total Carrying Amount
Normal	The debtor has a low credit risk and is fully capable of paying off contractual cash flows	12-month expected credit loss	0.000%-1.242 %	$ 285,583,356

December 31, 2018

Credit Rating	Definitions	Expected Credit Loss Recognition Base	Expected Credit Loss Rate	December 31, 2018 Total Carrying Amount
Normal	The debtor has a low credit risk and is fully capable of paying off contractual cash flows	12-month expected credit loss	0.000%-1.096 %	$ 282,592,494

June 30, 2018

Credit Rating	Definitions	Expected Credit Loss Recognition Base	Expected Credit Loss Rate	June 30, 2018 Total Carrying Amount
Normal	The debtor has a low credit risk and is fully capable of paying off contractual cash flows	12-month expected credit loss	0.000%-0.080 %	$ 256,360,747

The information of changes in allowance for loss under the normal credit rating (12-month expected credit loss) assessment of investments in debt instruments at FVTOCI and at amortized cost is summarized as follows:

	At FVTOCI	At Amortized Cost	Total
Balance at January 1, 2019	$ 65,235	$ 1,688	$ 66,923
Purchase of new debt instruments	19,527	176	19,703
Derecognition	(12,492)	(244)	(12,736)
Exchange rate and other changes	98	(61)	37
Balance at June 30, 2019	$ 72,368	$ 1,559	$ 73,927
Balance on January 1, 2018 (IAS 39)	$ -	$ -	$ -
Retrospective application of the impact of IFRS 9	49,848	1,390	51,238
Balance at January 1, 2018 (IFRS 9)	49,848	1,390	51,238
Purchase of new debt instruments	15,780	133	15,913
Derecognition	(8,691)	-	(8,691)
Exchange rate and other changes	123	(117)	6
Balance at June 30, 2018	$ 57,060	$ 1,406	$ 58,466

12. SECURITIES PURCHASED UNDER RESALE AGREEMENTS

Securities purchased under resale agreements as of June 30, 2019, December 31, 2018 and June 30, 2018 were $3,379,281 thousand, $438,017 thousand and $195,282 thousand, respectively. The aforementioned securities will be bought back one after another before September 12, 2019, January 14, 2019 and July 27, 2018 at $3,382,162 thousand, $439,091 thousand and $195,318 thousand, respectively.

13. RECEIVABLES, NET

	June 30, 2019	December 31, 2018	June 30, 2017
Accrued interest	$ 2,594,035	$ 2,642,761	$ 2,292,891
Acceptances	2,590,286	2,944,806	2,759,624
Credit cards receivable	2,445,958	2,002,459	2,143,008
Accounts receivable – factoring	831,750	811,314	886,318
Accounts receivable due from sales of securities	788,347	4,323	49,628
Advances by guarantees	258,480	265,099	266,426
Others	510,720	480,222	410,474

	June 30, 2019	December 31, 2018	June 30, 2017
	10,019,576	9,150,984	8,808,369
Less allowance for credit losses	(406,488)	(437,380)	(418,116)
	$ 9,613,088	$ 8,713,604	$ 8,390,253

The changes in total carrying amount and the allowance of receivables and other financial assets for the six months ended in June 30, 2019 and 2018 (including collections not included in loans and buy remittance, refer to Note 16) are as follows:

For the Six Months Ended June30, 2019

	12-Month ECLs	Lifetime ECLs (Collectively)	Lifetime ECLs (Individually)	Lifetime ECLs (Non-Purchase or Original Credit Impairment on Financial Assets)	Total
Receivables and other financial assets					
Beginning on January 1, 2019	$ 8,358,096	$ 246,377	$ -	$ 549,876	$ 9,154,349
Changes due to financial assets recognized at the beginning of the period:					
Transfer to lifetime ECLs	(34,221)	26,513	-	(366)	(8,074)
Transfer to ECLs on financial assets	(9,409)	(608)	-	25,135	15,118
Transfer to 12-month ECLs	297,641	(255,885)	-	(21,957)	19,799
Financial assets derecognized in the current period	(1,219,493)	(27,743)	-	(2,010)	(1,249,246)
Purchased or original financial assets	1,128,700	9,278	-	2,444	1,140,422
Write-offs	(688)	(8,820)	-	(35,148)	(44,656)
Exchange rate and other changes	901,018	93,869	-	-	994,887
Balance on June 30, 2019	$ 9,421,644	$ 82,981	$ -	$ 517,974	$ 10,022,599

	12-Month Expected Credit Loss	Lifetime ECLs (Collectively)	Lifetime ECLs (Individually)	Lifetime ECLs (Non-Purchase or Original Credit Impairment on Financial Assets)	Impairment Under the Guidelines of IFRS 9	The difference of impairment under the decree regulation	Total
Allowance							
January 1, 2019	$ 27,948	$ 47,499	$ -	$ 334,242	$ 409,689	$ 30,863	$ 440,552
Changes due to financial assets recognized at the beginning of the period:							
Transfer to lifetime ECLs	(424)	11,803	-	(146)	11,233	-	11,233
Transfer to ECLs on financial assets	(173)	(903)	-	30,786	29,710	-	29,710
Transfer to 12-month ECLs	8,205	(24,997)	-	(23,285)	(40,077)	-	(40,077)
Financial assets derecognized in the current period	(7,259)	(7,080)	-	(9,451)	(23,790)	-	(23,790)
Purchased or original financial assets	8,629	7,393	-	1,757	17,779	-	17,779
The difference of impairment under the decree regulation	-	-	-	-	-	509	509
Write-offs	(688)	(8,820)	-	(35,148)	(44,656)	-	(44,656)
Recoveries after write-off	-	-	-	16,169	16,169	-	16,169
Exchange rate and other changes	1,754	151	-	-	1,905	-	1,905
Balance on June 30, 2019	$ 37,992	$ 25,046	$ -	$ 314,924	$ 377,962	$ 31,372	$ 409,334

For the Six Months Ended June30, 2018

	12-Month ECLs	Lifetime ECLs (Collectively)	Lifetime ECLs (Individually)	Lifetime ECLs (Non-Purchase or Original Credit Impairment on Financial Assets)	Total
Receivables and other financial assets					
Beginning on January 1, 2018	$ 6,767,717	$ 415,806	$ -	$ 466,555	$ 7,650,078
Changes due to financial assets recognized at the beginning of the period:					
Transfer to lifetime ECLs	(73,477)	35,956	-	(481)	(38,002)
Transfer to ECLs on financial assets	(9,079)	(9,016)	-	53,792	35,697
Transfer to 12-month ECLs	834,352	(417,891)	-	(1,466)	414,995
Financial assets derecognized in the current period	(592,612)	(34,682)	-	(2,961)	(630,255)
Purchased or original financial assets	1,255,694	17,806	-	89,678	1,363,178
Write-offs	(130)	(968)	-	(52,413)	(53,511)
Exchange rate and other changes	73,278	751	-	-	74,029
Balance on June 30, 2018	$ 8,255,743	$ 7,762	$ -	$ 552,704	$ 8,816,209

	12-Month Expected Credit Loss	Lifetime ECLs (Collectively)	Lifetime ECLs (Individually)	Lifetime ECLs (Non-Purchase or Original Credit Impairment on Financial Assets)	Impairment Under the Guidelines of IFRS 9	The difference of impairment under the decree regulation	Total
Allowance							
January 1, 2018	$ 27,726	$ 46,673	$ -	$ 360,380	$ 434,779	$ 24,479	$ 459,258
Changes due to financial assets recognized at the beginning of the period:							
Transfer to lifetime ECLs	(567)	9,093	-	(152)	8,374	-	8,374
Transfer to ECLs on financial assets	(167)	(1,781)	-	16,878	14,930	-	14,930
Transfer to 12-month ECLs	2,585	(31,755)	-	(640)	(29,810)	-	(29,810)
Financial assets derecognized in the current period	(1,676)	(2,488)	-	(8,900)	(13,064)	-	(13,064)
Purchased or original financial assets	3,896	4,499	-	2,627	11,022	-	11,022
The difference of impairment under the decree regulation	-	-	-	-	-	8,889	8,889
Write-offs	(130)	(968)	-	(52,413)	(53,511)	-	(53,511)
Recoveries after write-off	-	-	-	16,239	16,239	-	16,239
Exchange rate and other changes	2,229	607	-	-	2,836	-	2,836
Balance on June 30, 2018	$ 33,896	$ 23,880	$ -	$ 334,019	$ 391,795	$ 33,368	$ 425,163

14. DISCOUNTS AND LOANS, NET

	June 30, 2019	December 31, 2018	June 30, 2018
Loans	$ 720,581,767	$ 681,411,060	$ 660,235,491
Inward/outward documentary bills	6,421,164	8,483,067	8,380,916
Non-performing loans	1,528,714	1,630,114	1,727,019
	728,531,645	691,524,241	670,343,426
Discount and premium adjustments	650,692	707,959	746,658
Allowance for credit losses	(9,403,084)	(9,456,021)	(9,142,538)
	$ 719,779,253	$ 682,776,179	$ 661,947,546

The Bank discontinues accruing interest when loans are deemed non-performing. For the six months ended June 30, 2019 and 2018, the unrecognized interest revenue on the non-performing loans amounted to $14,645 thousand and $19,270 thousand, respectively.

For the six months ended June 30, 2019 and 2018, the Bank only had written off certain credits after completing the required legal procedures.

The changes in carrying amount and allowance for discounts and loans for the six months ended June 30, 2019 and 2018 are as follows:

For the Six Months Ended June 30, 2019

	12-Month ECLs	Lifetime ECLs (Collectively)	Lifetime ECLs (Individually)	Lifetime ECLs (Non-Purchase or Original Credit Impairment on Financial Assets)	Total
Discounts and loans					
Beginning on January 1, 2019	$ 678,754,664	$ 10,582,221	$ -	$ 2,187,356	$ 691,524,241
Changes due to financial assets recognized at the beginning of the period:					
Transfer to lifetime ECLs	(1,923,081)	1,561,923	-	(48)	(361,206)
Transfer to ECLs on financial assets	(446,734)	(533,123)	-	1,236,138	256,281
Transfer to 12-month ECLs	486,610	(4,467,757)	-	(332,357)	(4,313,504)
Financial assets derecognized in the current period	(71,420,280)	(1,391,009)	-	(808,236)	(73,619,525)
Purchased or original financial assets	112,698,190	299,121	-	5,519	113,002,830
Write-offs	-	(118,173)	-	(362,057)	(480,230)
Exchange rate and other changes	2,504,404	17,163	-	1,191	2,522,758
Balance at June 30, 2019	$ 720,653,773	$ 5,950,366	$ -	$ 1,927,506	$ 728,531,645

	12-Month ECLs	Lifetime ECLs (Collectively)	Lifetime ECLs (Individually)	Lifetime ECLs (Non-Purchase or Original Credit Impairment on Financial Assets)	Lifetime ECLs (Purchase or Original Credit Impairment on Financial Assets)	Impairment Under the Guidelines of IFRS 9	Total
Allowance							
January 1, 2019	$ 838,527	$ 1,144,852	$ -	$ 789,627	$ 2,773,006	$ 6,683,015	$ 9,456,021
Changes due to financial assets recognized at the beginning of the period:							
Transfer to lifetime ECLs	(2,176)	53,109	-	(8)	50,925	-	50,925
Transfer to ECLs on financial assets	(551)	(77,059)	-	87,751	10,141	-	10,141
Transfer to 12-month ECLs	259,707	(405,421)	-	(180,678)	(326,392)	-	(326,392)
Financial assets derecognized in the current period	(122,684)	(117,503)	-	(262,335)	(502,522)	-	(502,522)
Purchased or original financial assets	313,012	29,400	-	848	343,260	-	343,260
The difference of impairment under the decree regulation	-	-	-	-	-	683,480	683,480
Write-offs	-	(118,173)	-	(362,057)	(480,230)	-	(480,230)
Recoveries after write-off	-	-	-	142,302	142,302	-	142,302
Exchange rate and other changes	22,674	2,871	-	554	26,099	-	26,099
Balance at June 30, 2019	$ 1,308,509	$ 512,076	$ -	$ 216,004	$ 2,036,589	$ 7,366,495	$ 9,403,084

For the Six Months Ended June 30, 2018

	12-Month ECLs	Lifetime ECLs (Collectively)	Lifetime ECLs (Individually)	Lifetime ECLs (Non-Purchase or Original Credit Impairment on Financial Assets)	Total
Discounts and loans					
Beginning on January 1, 2018	$ 618,569,202	$ 18,495,197	$ -	$ 2,385,885	$ 639,450,284
Changes due to financial assets recognized at the beginning of the period:					
Transfer to lifetime ECLs	(2,636,362)	2,439,349	-	(12,600)	(209,613)
Transfer to ECLs on financial assets	(236,799)	(515,635)	-	334,903	(417,531)
Transfer to 12-month ECLs	11,713,721	(10,240,645)	-	(32,736)	1,440,340
Financial assets derecognized in the current period	(73,342,452)	(3,278,881)	-	(217,248)	(76,838,581)
Purchased or original financial assets	104,491,462	265,120	-	5,695	104,762,277
Write-offs	(8,277)	(126,685)	-	(373,663)	(508,625)
Exchange rate and other changes	2,636,643	27,784	-	448	2,664,875
Balance at June 30, 2018	$ 661,187,138	$ 7,065,604	$ -	$ 2,090,684	$ 670,343,426

	12-Month ECLs	Lifetime ECLs (Collectively)	Lifetime ECLs (Individually)	Lifetime ECLs (Non-Purchase or Original Credit Impairment on Financial Assets)	Impairment Under the Guidelines of IFRS 9	The difference of impairment under the decree regulation	Total
Allowance							
January 1, 2018	$ 676,218	$ 1,689,363	$ -	$ 644,281	$ 3,009,862	$ 6,268,883	$ 9,278,745
Changes due to financial assets recognized at the beginning of the period:							
Transfer to lifetime ECLs	(3,088)	388,783	-	(2,690)	383,005	-	383,005
Transfer to ECLs on financial assets	(600)	(37,227)	-	188,023	150,196	-	150,196
Transfer to 12-month ECLs	3,469	(986,114)	-	(5,103)	(987,748)	-	(987,748)
Financial assets derecognized in the current period	(131,538)	(221,194)	-	(48,405)	(401,137)	-	(401,137)
Purchased or original financial assets	81,101	21,748	-	1,019	103,868	-	103,868
The difference of impairment under the decree regulation	-	-	-	-	-	983,095	983,095
Write-offs	(8,277)	(126,685)	-	(373,663)	(508,625)	-	(508,625)
Recoveries after write-off	-	-	-	68,168	68,168	-	68,168
Exchange rate and other changes	45,437	24,059	-	3,475	72,971	-	72,971
Balance at June 30, 2018	$ 662,722	$ 752,733	$ -	$ 475,105	$ 1,890,560	$ 7,251,978	$ 9,142,538

The details of bad debt expense, commitment and guarantee liability provisions for the six months ended June 30, 2019 and 2018 are listed below:

Items	For the Six Months Ended June 30	
	2019	2018
Provisions for loans and discounts	$ 258,892	$ 231,279
Provisions for reserve of possible losses on guarantees	45,744	68,380
Provisions (reversal) for receivables	(4,636)	341
Total	$ 300,000	$ 300,000

15. INVESTMENTS UNDER THE EQUITY METHOD

	June 30, 2019		December 31, 2018		June 30, 2018	
Equity Method	Carrying Amount	% of Owner-ship	Carrying Amount	% of Owner-ship	Carrying Amount	% of Owner-ship
Investment in subsidiaries						
Domestic investments						
SCSB Asset Management Ltd.	$ 1,610,650	100.00	$ 1,589,390	100.00	$ 1,594,397	100.00
China Travel Service (Taiwan)	358,099	99.99	345,234	99.99	324,126	99.99
SCSB Marketing Ltd.	7,656	100.00	8,142	100.00	7,260	100.00
	1,976,405		1,942,766		1,925,783	
Foreign investments						
Shancom Reconstruction Inc.	68,123,421	100.00	65,068,986	100.00	61,585,367	100.00
Wresqueue Limitada	344,454	100.00	334,493	100.00	327,175	100.00
Paofoong Insurance Company Ltd.	310,267	40.00	293,178	40.00	283,564	40.00
AMK Microfinance Institution Plc. （AMK）	2,551,980	80.01	2,515,083	80.01	-	-
	71,330,122		68,211,740		62,196,106	
Total	$ 73,306,527		$ 70,154,506		$ 64,121,889	

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

Among the foreign companies which the Bank invested in, balance of Shancom Reconstruction Inc. Wresqueue Limitada and AMK Microfinance (AMK) were calculated according to the unqualified opinion financial reports for the sample periods audited and issued by foreign accountants, while balances of Paofoong Insurance Company (Hong Kong) Ltd. was calculated according to the unaudited financial reports of the periods dated June 30, 2019 and 2018. Among the domestic companies which the Bank invested in, balances of China Travel Service, SCSB Asset management Ltd., SCSB Life Insurance Agency, SCSB Property Insurance Agency and SCSB Marketing Ltd. were calculated according to the unaudited financial reports of the same periods; the carrying value of Kuo Hai has decreased to zero due to operating losses over the years.

The financial statements of the aforementioned investees are in significant if audited.

On September 18, 2017, the board made a resolution to purchase 80.01% of the shares of AMK Microfinance (AMK). The resolution was approved by the FSC and MOEAIC of Taiwan in November 2017 and January 2018, respectively. It was approved by the Cambodian authorities on July 9, 2018. The Group acquired an 80.01% equity of AMK for US$80,103 thousand (equivalent to NT$2,457,470 thousand) on August 28, 2018,please refer to Note 37 in the Bank's for the six months ended June 30,2019 consolidated financial statements. In addition, on November 10, 2018, the Bank's board approved to purchase additional 1,560 thousand shares of AMK. The additional investment was US$15,300 thousand. When the capital addition is completed, the Bank will hold 84.9% of AMK. The case was approved by the FSC and Cambodian authorities on January 19, 2019 and June, 29, 2019, respectively.

16. OTHER FINANCIAL ASSETS, NET

	June 30, 2019	December 31, 2018	June 30, 2018
Due from other banks	$ 6,096,195	$ 2,461,140	$ -
Non-performing receivables	2,838	3,164	7,047
Bills purchased, net	185	201	793
	6,099,218	2,464,505	7,480
Allowance for non-performing receivables	(2,846)	(3,172)	(7,047)
	$ 6,096,372	$ 2,461,333	$ 793

The Bank accounts for the deposit of other financial assets with a fixed deposit of more than three months on the original maturity date.

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

The balances of receivables which were reported as non-performing amounted to $2,838 thousand, $3,164 thousand and $7,047 thousand as of June 30, 2019, December 31, 2018 and June 30, 2018, respectively. The unrecognized interest revenue on the receivables amounted to $36 thousand and $160 thousand for the six months ended June 30, 2019 and 2018, respectively.

17. PROPERTIES, NET

	June 30, 2019	December 31, 2018	June 30, 2018
Land	$ 9,641,501	$ 9,641,501	$ 9,559,664
Buildings and improvements	2,055,408	2,100,372	2,147,245
Office equipment	183,690	198,528	215,221
Transportation equipment	13,226	14,301	15,603
Miscellaneous equipment	100,805	110,267	119,719
Construction-in-progress and prepayments	64,650	29,528	17,655
	$ 12,059,280	$ 12,094,497	$ 12,075,107

	Six Months Ended June 30, 2019				
Items	Balance at January 1, 2019	Additions	Disposals	Effects of Exchange Rate Changes, Net	Balance at June 30, 2019
Cost					
Land	$ 9,641,501	$ -	$ -	$ -	$ 9,641,501
Buildings and improvements	4,243,658	-	-	-	4,243,658
Office equipment	1,098,355	10,110	(3,970)	464	1,104,959
Transportation equipment	57,694	824	(2,190)	-	56,328
Miscellaneous equipment	549,602	3,059	(1,972)	135	550,824
	15,590,810	$ 13,993	$ (8,132)	$ 599	15,597,270
Accumulated depreciation					
Buildings and improvements	2,143,286	$ 44,964	$ -	$ -	2,188,250
Office equipment	899,827	24,339	(3,219)	322	921,269
Transportation equipment	43,393	1,767	(2,058)	-	43,102
Miscellaneous equipment	439,335	12,366	(1,777)	95	450,019
	3,525,841	$ 83,436	$ (7,054)	$ 417	3,602,640
Construction-in-progress and prepayments	29,528	$ 35,122	$ -	$ -	64,650
Net amount	$12,094,497				$12,059,280

Items	Six Months Ended June 30, 2018 Balance at January 1, 2018	Additions	Disposals	Effects of Exchange Rate Changes, Net	Balance at June 30, 2018
Cost					
Land	$ 9,559,664	$ -	$ -	$ -	$ 9,559,664
Buildings and improvements	4,244,114	-	-	-	4,244,114
Office equipment	1,055,476	33,566	(229)	871	1,089,684
Transportation equipment	57,017	4,040	(2,795)	-	58,262
Miscellaneous equipment	542,950	5,139	(588)	306	547,807
	15,459,221	$ 42,745	$ (3,612)	$ 1,177	15,499,531
Accumulated depreciation					
Buildings and improvements	2,050,161	$ 46,708	$ -	$ -	2,096,869
Office equipment	844,734	29,269	(172)	632	874,463
Transportation equipment	43,062	2,200	(2,603)	-	42,659
Miscellaneous equipment	411,904	16,475	(488)	197	428,088
	3,349,861	$ 94,652	$ (3,263)	$ 829	3,442,079
Construction-in-progress and prepayments	17,655	$ -	$ -	$ -	17,655
Net amount	$ 12,127,015				$ 12,075,107

The Bank did not recognize any impairment losses on the properties on June 30, 2019, December 31, 2018 and June 30, 2018.

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

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

18. LEASE ARRANGEMENTS-2019

18.1 Right-of-use assets

	June 30, 2019
Carrying amount of right-of-use assets	
Buildings and improvements	$ 632,761
Office equipment	10,064
Transportation equipment	22,732
	$ 665,557

	For the Six Months Ended June 30, 2019
Increase in right-of-use assets	$ 269,098
Depreciation expenses of right-of-use assets	
Buildings and improvements	$ 100,327
Office equipment	6,854
Transportation equipment	4,684
	$ 111,865

18.2 Lease liabilities

	June 30, 2019
Carrying amount of lease liabilities	$ 665,058

The discount rate intervals for lease liabilities are as follows:

	June 30, 2019
Buildings and improvements	1.25%
Office equipment	1.25%
Transportation equipment	1.25%

18.3 Other lease information

	For the Six Months Ended June 30, 2019
Short-term lease expenses	$ 16,110
Leases of low value assets	$ 1,085
Variable lease payments which are not included in lease liabilities measurements	$ 1,578
Total cash outflow for leases	$ 134,537

The Bank chose to apply recognition exemption to buildings, office equipments, transportation equipment that meet the standard of short-term lease and computer equipment rental which qualify as low value assets, and did not recognize those as related right-of-use assets and lease liabilities.

19. OTHER ASSETS, NET

	June 30, 2019	December 31, 2018	June 30, 2018
Prepaid expenses	$ 1,430,158	$ 1,800,552	$ 958,923
Refundable deposits	616,971	591,918	736,329
Temporary payments and suspense	181,877	160,655	156,970
Deferred charges	140,271	150,173	183,106
Computer software	104,485	112,377	115,473
Others	6,837	6,453	28,055
	$ 2,480,599	$ 2,822,128	$ 2,178,856

20. DUE TO THE CENTRAL BANK AND BANKS

	June 30, 2019	December 31, 2018	June 30, 2018
Call loans from banks	$ 29,900,109	$ 10,815,103	$ 11,581,191
Overdraft on banks	4,336,992	1,766,489	757,899
Deposit transferred from Chunghwa Post Co., Ltd.	1,839,203	2,325,303	2,739,467
Due to banks	555,367	644,719	675,917
Call loans from the Central Bank	-	922,140	-
	$ 36,631,671	$ 16,473,754	$ 15,754,474

21. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

Securities sold under repurchase agreements as of June 30, 2019, December 31, 2018 and June 30, 2018 were $8,194,573 thousand, $14,629,530 thousand and $22,021,546 thousand, respectively. The aforementioned securities will be sold back by April 30, 2020, September 19, 2019 and May 3, 2018 at $8,196,969 thousand, $14,636,445 thousand and $22,030,599 thousand, respectively.

22. PAYABLES

	June 30, 2019	December 31, 2018	June 30, 2018
Dividends payable(Note 29)	$ 20,365,279	$ 12,162,073	$ 18,498,283
Accounts payable	3,879,812	3,780,923	3,937,755
Liabilities on bank acceptances	2,602,898	2,995,542	2,869,420
Accrued interest	2,027,018	1,745,327	1,422,747
Accrued expenses	790,871	1,051,215	707,917
Other accounts payable	112,611	104,378	97,459
Others	477,187	371,123	382,995
	$ 30,255,676	$ 22,210,581	$ 27,916,576

23. DEPOSITS AND REMITTANCES

	June 30, 2019	December 31, 2018	June 30, 2018
Time deposits	$ 401,871,987	$ 387,233,786	$ 362,090,244
Savings deposits	289,823,443	278,418,010	266,835,054
Demand deposits	220,102,261	212,575,425	220,697,057
Checking deposits	31,145,200	21,550,500	9,003,700
Negotiable certificates of deposit	9,030,525	11,064,576	10,394,215
Remittances	568,530	804,182	241,585
	$ 952,541,946	$ 911,646,479	$ 869,261,855

24. BANK DEBENTURES

	June 30, 2019	December 31, 2018	June 30, 2018
The subordinate bank debenture - 7 years maturity; first issued in 2012; maturity date is on April 2019	$ -	$ 4,000,000	$ 4,000,000
The subordinate bank debenture - 7 years maturity; second issued in 2012; maturity date is on May 2019	-	1,000,000	1,000,000
The subordinate bank debenture - 7-10 years maturity, third issued in 2012; maturity date is from November 2019 to November 2022.	5,000,000	5,000,000	5,000,000
The subordinate bank debenture - 7-10 years maturity, fourth issued in 2012; maturity date is from December 2019 to December 2022.	10,000,000	10,000,000	10,000,000
The subordinate bank debenture - 7-10 years maturity, first issued in 2014; maturity date is from March 2021 to March 2024	6,700,000	6,700,000	6,700,000
The subordinate bank debenture - 7 years maturity, second issued in 2014; maturity date is on November 2021	3,300,000	3,300,000	3,300,000
The subordinate bank debenture - 7 years maturity; first issued in 2015; maturity date is on June 2022	2,150,000	2,150,000	2,150,000
The subordinate bank debenture - 8.5 years maturity; second issued in 2015; maturity date is on June 2024	3,000,000	3,000,000	3,000,000
The subordinate bank debenture - 7-10 years maturity; first issued in 2017; maturity date is from June 2024 to 2027	5,000,000	5,000,000	5,000,000

	June 30, 2019	December 31, 2018	June 30, 2018
The subordinate bank debenture - 7-10 years maturity; second issued in 2017; maturity date is from December 2024 to 2027	5,000,000	5,000,000	5,000,000
The subordinate bank debenture - 7-10 years maturity; first issued in 2018; maturity date is from June 2025 to 2028	5,000,000	5,000,000	5,000,000
The subordinate bank; third issued in 2018; no maturity date	7,000,000	7,000,000	-
	$ 52,150,000	$ 57,150,000	$ 50,150,000

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

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

The third issuance of the 2012 bank debenture was classified into two types, Types A and B, in accordance with the issued terms. Their terms and methods of interest accrual were as follows: Type A, seven-year 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%. The interests were paid annually with the repayment of principals at maturity.

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

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

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

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

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

The first issuance of the 2017 bank debenture was classified into two types, Types A and B, in accordance with the issued terms. Their terms and methods of interest accrual were as follows: Type A, seven-year of subordinate bank debenture at a fixed annual interest rate of 1.50%; Type B, ten-year of subordinate bank debenture at a fixed annual interest rate of 1.85%. The interests were paid annually with the repayment of principals at maturity.

The second issuance of the 2017 bank debenture was classified into two types in accordance with the issued terms and the methods of interest accrual: Types A and B. Their terms and methods of interest accrual were as follows: Type A, seven years of subordinate bank debenture at a fixed annual interest rate of 1.30%; Type B, ten years of subordinate bank debenture at a fixed annual interest rate of 1.55%. Their interests were paid annually with repayment of principals at maturity.

The first issuance of the 2018 bank debenture was classified into two types in accordance with the issued terms and the methods of interest accrual: Types A and B. Their terms were as follows: Type A, seven years of subordinate bank debenture at a fixed annual interest rate of 1.25%; Type B, ten years of subordinate bank debenture at a fixed annual interest rate of 1.45%. Their interests were paid annually with repayment of principals at maturity.

The third issuance of the 2018 subordinate bank debenture was at a fixed annual interest rate of 2.15% with the interest paid annually.

25. OTHER FINANCIAL LIABILITIES

	June 30, 2019	December 31, 2018	June 30, 2018
Appropriated loan funds	$ 1,833,519	$ 2,188,908	$ 2,725,253
Principals of structured instruments	1,621,626	1,504,199	1,776,818
	$ 3,455,145	$ 3,693,107	$ 4,502,071

26. PROVISIONS

	June 30, 2019	December 31, 2018	June 30, 2018
Reserve for guarantees liabilities	$ 648,308	$ 600,372	$ 598,156
Reserve for employment benefits (Note 28)	637,144	661,644	562,692
Reserve for financing commitment	72,546	73,229	68,635
Others	6,447	6,418	6,402
	$ 1,364,445	$ 1,341,663	$ 1,235,885

For the Six Months Ended June 30, 2019

	12-Month ECLs	Lifetime ECLs (Collectively)	Lifetime ECLs (Individually)	Lifetime ECLs (Non-Purchased or Original Credit Impairment on Financial Assets)	Impairment Under the Guidelines of IFRS 9	The difference of impairment under the decree regulation	Total
Commitment and guarantee liability provisions							
January 1, 2019	$ 102,373	$ 115,497	$ -	$ -	$ 217,870	$ 455,731	$ 673,601
Changes due to financial assets recognized at the beginning of the period:							
Transfer to duration expected credit losses	(41)	4,721	-	-	4,680	-	4,680
Transfer to credit impairment financial assets	(5)	-	-	888	883	-	883
Transfer to 12-month ECLs	15,519	(35,514)	-	-	(19,995)	-	(19,995)
Financial assets derecognized in the current period	(75,131)	(30,772)	-	-	(105,903)	-	(105,903)
Purchased or original financial assets	163,799	10,213	-	-	174,012	-	174,012
The difference of impairment under the decree regulation	-	-	-	-	-	(7,933)	(7,933)
Exchange rate and other changes	988	521	-	-	1,509	-	1,509
June 30, 2019	$ 207,502	$ 64,666	$ -	$ 888	$ 273,056	$ 447,798	$ 720,854

For the Six Months Ended June 30, 2018

	12-Month ECLs	Lifetime ECLs (Collectively)	Lifetime ECLs (Individually)	Lifetime ECLs (Non-Purchased or Original Credit Impairment on Financial Assets)	Impairment Under the Guidelines of IFRS 9	The difference of impairment under the decree regulation	Total
Commitment and guarantee liability provisions							
January 1, 2018	$ 59,333	$ 113,390	$ -	$ -	$ 172,723	$ 423,638	$ 596,361
Changes due to financial assets recognized at the beginning of the period:							
Transfer to lifetime ECLs	(21)	70,053	-	-	70,032	-	70,032
Transfer to 12-month ECLs	5,754	(2,529)	-	-	3,225	-	3,225
Financial assets derecognized in the current period	(45,251)	(33,890)	-	-	(79,141)	-	(79,141)
Purchased or original financial assets	62,799	13,446	-	-	76,245	-	76,245
The difference of impairment under the decree regulation	-	-	-	-	-	(1,981)	(1,981)
Exchange rate and other changes	2,012	38	-	-	2,050	-	2,050
June 30, 2018	$ 84,626	$ 160,508	$ -	$ -	$ 245,134	$ 421,657	$ 666,791

27. OTHER LIABILITIES

	June 30, 2019	December 31, 2018	June 30, 2018
Guarantee deposits received	$ 877,819	$ 415,874	$ 304,983
Deferred revenue	149,452	143,929	140,293
Interest received in advance	144,670	130,968	160,483
Temporary credit	33,068	67,235	70,619
Others	133,518	108,007	72,845
	$1,338,527	$ 866,013	$ 749,223

28. PENSION PLAN

Employment benefit expenses in respect of the Bank's defined benefit retirement plans for six months ended June 30, 2019 and 2018 were calculated using the respective year's actuarially determined pension cost discount rate as of December 31, 2018 and 2017. The employment benefit expenses for the periods ended June 30, 2019 and 2018 were as follows:

	For the Six Months Ended June 30	
	2019	2018
Defined benefit plan	$ 92,993	$ 92,885
Employee preferential interest deposits	5,500	33,000
Other long-term employment benefits	440	410
	$ 98,933	$ 126,295

29. EQUITY

29.1 Share capital

	June 30, 2019	December 31, 2018	June 30, 2018
Ordinary shares			
Authorized shares (in thousands)	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 thousands)	4,101,603	4,101,603	4,079,103
Issued capital	$ 41,016,031	$ 41,016,031	$ 40,791,031

The issued ordinary shares have par value of $10. Each shareholder is entitled with the right to vote and to receive dividends.

With the application of Initial Public Offering (IPO) on the Taiwan Stock Exchange ("TWSE"), the board of directors approved to issue 22,500 thousand new shares with a par value of $10 in additional capital on August 18, 2018. Subsequently, TWSE approved the IPO on September 7, 2018, and October 17, 2018 was the base date for capital addition.

The abovementioned new shares included public subscription, employee subscription and auction of 4,000 thousand shares, 2,500 thousand shares and 16,000 thousand shares, respectively. The public subscription and employee subscription were issued at a premium of $32.28 per share. The auction was issued at a premium to the average weighted average price of $34.31 per share. The net capital addition was $755,797 thousand after collecting the share proceeds and deducting relevant commission expense on October 17, 2018.

The Bank's board of directors decided to issue 380,000 thousand of new shares in additional capital on June 14, 2019. This cash increase was approved by the SEC on August 7, 2019.

29.2 Capital surplus

	June 30, 2019	December 31, 2018	June 30, 2018
Share premium	$ 3,189,155	$ 3,189,155	$ 2,647,583
Treasury shares transaction	2,016,234	2,016,234	2,006,754
Proportionate share in equity-method investee's surplus from donated assets	1,218	1,218	1,218
Dividends not yet collected	686,631	686,631	686,631
	$ 5,893,238	$ 5,893,238	$ 5,342,186

Under the Company Act, capital surplus is only allowed to offset a deficit. However, the capital surplus from shares issued in excess of par (including additional paid-in capital from the issuance of ordinary shares, conversion of bonds and treasury share transactions) and donations may be capitalized from capital surplus into share capital, which is limited to a certain percentage of the Bank's paid-in capital. In addition, the capital surpluses generated by the issuance of employee stock options were $2,609,220 thousand, $2,609,220 thousand and $2,601,445 thousand on June 30, 2019, December 31, 2018 and June 30, 2018, respectively, which are limited to offset losses.

The capital surplus from investments accounted for using the equity method and dividends yet to be collected by shareholder.
Since the shares held by subsidiaries were reclassified as treasury shares, cash dividend distributed to subsidiaries was then recorded as capital surplus - treasury shares according to the shareholding ratio.

29.3 Retained earnings and dividend policy

The Bank passed a resolution to amend the regulations on June 14, 2019, and authorized the board of directors to stipulate the company's surplus distribution or loss, which focused on special dividends and dividends distributed in cash and the report to the shareholders' meeting.

According to the Bank's revised earnings distribution policy, if there is surplus in the Bank's annual accounts, it should first complete the tax payment and then make up for the accumulated losses. According to the law, 30% of the statutory surplus reserve is required. However, when the statutory surplus reserve has reached the total paid-in capital of the Bank (not subject to the limit). It will appropriate or reverse the special surplus reserve from the balance and distribute the special dividend. The surplus balance and accumulated undistributed surplus in the previous year including the special surplus reserve will be an available surplus. The board of directors drafts a surplus allocation case and proposes for it to be recognized at the shareholder's meeting. The distribution of dividends or bonuses depends on the attendance of more than two-thirds of the board of directors and the resolution of more than half of the directors is required to distribute all or some of the dividends or bonuses in cash and the report to the shareholders' meeting.

According to the Bank's Articles of Incorporation, a legal reserve shall be appropriated at the amount equal to 30% of earnings after tax. The legal reserve shall be appropriated until it reaches the Bank's paid-in capital, the remaining profit together with undistributed retained earnings shall be as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders.

If the Bank has no deficit and the legal reserve has exceeded 25% of the Bank's paid-in capital, the excess may be corrected into capital (share capital) or distributed in cash. However, under the Banking Law, if legal reserve is less than its paid-in capital, the Bank is allowed to distribute cash earnings only up to 15% of its capital. For the basis of the employees' compensation and directors' remuneration estimates, refer to employee benefits expense in Note 30 (g).

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

The appropriations of earnings for 2018 and 2017 were approved in the shareholders' meetings on June 14, 2019 and June 15, 2018, respectively. The appropriations of earnings and dividends per share were as follows:

	Appropriation of Earnings		Dividends Per Share (In NT Dollars)	
	2018	**2017**	**2018**	**2017**
Legal reserve	$ 4,113,591	$ 3,715,568		
Special reserve	68,560	61,926		
Cash dividends - ordinary shares	8,203,206	7,342,386	$ 2.00	$ 1.80
	$ 12,385,357	$ 11,119,880	$ 2.00	$ 1.80

The cash dividends from the 2018 earnings appropriation were not yet paid nor were they recorded as dividends payable accordingly as of June 30, 2019; for the relevant information, refer to Note 22.

29.4 Special reserve

The Bank has made a special reserve in the amount of $1,256,859 thousand due to its transfer of cumulative translation adjustments reported in equity to retained earnings upon first-time IFRS adoption. There was no change in the balance of the special reserve for the six-month period ended June 30, 2019.

According to Rule No. 10510001510 issued by the FSC on May 25, 2016, public banks shall appropriate a special reserve for 0.5% to 1.0% of net profit when making appropriations of earnings from 2016 to 2018 to cope with staff transformation for financial technology development. Public banks may reverse the same amount of transfers or resettle the expenses starting from 2017. The Bank made a special reserve in the amount of $68,560 thousand and $61,926 thousand from earnings of 2018 and 2017 approved by the Bank's board and the shareholders' meeting on June 14, 2019 and June 15, 2018, respectively. As of June 30, 2019, the Bank made a special reserve in the amount of $216,228 thousand.

29.5 Treasury shares

On June 30, 2019, December 31, 2018 and June 30, 2018, Shancom Reconstruction Inc. and China Travel Service (Taiwan) held 11,370 thousand shares and 27 thousand shares of the Bank, respectively. Under the Securities and Exchange Act, the Bank shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as rights to receive dividends, to vote and to subscribe for new shares of capital increase by cash. Under the Company Act, the Bank is not allowed to buy back more than 5% of its issued shares. In addition, the total cost of treasury shares may not exceed the sum of the retained earnings and realized capital surplus. The Bank is not allowed to exercise shareholders' rights on these shares before they are resold.

The shares held by its subsidiaries are treated as treasury shares. However, the subsidiaries may still exercise shareholders' rights on these shares, except for voting rights and subscription rights on new shares by cash.

30. DETAILS OF COMPREHENSIVE INCOME STATEMENT ITEMS

30.1 Interest revenue, net

	For the Six Months Ended June 30	
	2019	2018
Interest revenue		
Discounts and loans	$ 8,401,211	$ 7,606,314
Securities investments	1,853,480	1,547,064
Due from banks	791,078	556,103
Credit and revolving	47,767	44,838
Others	67,220	61,544
	11,160,756	9,815,863
Interest expense		
Deposits	3,924,168	2,833,345
Bank debentures	513,877	370,380
Due to banks	255,540	127,684
Securities sold under repurchase agreements	40,411	59,630
Structured bond instruments	27,555	30,951
Leased liability	3,814	-
Others	14,136	9,196
	4,779,501	3,430,186
	$ 6,381,255	$ 6,385,677

30.2 Service fee income, net

	For the Six Months Ended June 30	
	2019	2018
Service fee income		
Trust and custody services	$ 478,007	$ 493,961
Commission income	367,371	231,524
Loan service fees	236,970	195,198
Guarantees	219,310	141,679
Credit card related fees	172,526	118,300
Remittance related fees	84,966	77,348
Exchange related fees	71,652	76,019
Others	302,366	278,511
	1,933,168	1,612,540
Service charge		
Credit card service charge	115,575	62,070
Nominee and brokerage service charge	41,931	40,036
Interbank service charge	31,628	29,284
Custody service charge	22,197	18,013
Others	86,105	62,382

	297,436	211,785
	$ 1,635,732	$ 1,400,755

30.3 Gain (loss) on financial assets and liabilities at FVTPL

	For the Six Months Ended June 30, 2019		
	Realized (Loss) Gain	Unrealized (Loss) Gain	Total
Financial assets mandatorily classified as at FVTPL	$ 1,733,205	$ 261,916	$ 1,995,121
Held-for-trading financial liabilities	(1,658,818)	177,491	(1,481,327)
Financial liabilities designated as at FVTPL	-	(179,995)	(179,995)
	$ 74,387	$ 259,412	$ 333,799

	For the Six Months Ended June 30, 2018		
	Realized (Loss) Gain	Unrealized (Loss) Gain	Total
Financial assets mandatorily at FVTPL	$ 2,003,873	$ (9,122)	$ 1,994,751
Held-for-trading financial liabilities	(1,616,280)	(417,802)	(2,034,082)
	$ 387,593	$ (426,924)	$ (39,331)

30.4 Realized gain or loss on financial assets at FVTOCI

	For the Six Months Ended June 30	
	2019	2018
Disposal of debt instruments investment	$ 100,777	$ 35,025
Dividend revenue	5,243	2,700
	$ 106,020	$ 37,725

30.5 Share of Profit of Associates Accounted for Using Equity Method

	For the Six Months Ended June 30	
	2019	2018
SCSB Asset Management Ltd.	$ 42,612	$ 18,545
China Travel Service(Taiwan)	12,865	7,896
SCSB Marketing Ltd.	914	729
Shancom Reconstruction Inc.	3,566,132	3,182,172
Wresqueue Limitada	6,504	5,119
Paofoong Insurance Company Ltd.	13,021	6,847
AMK Microfinance Institution Plc.（AMK）	31,190	-
	$ 3,673,238	$ 3,221,308

30.6 Other non-interest revenue

	For the Six Months Ended June 30	
	2019	2018
Leased revenue	$ 15,958	$ 23,518
Others	12,757	(11,061)
	$ 28,715	$ 12,457

30.7 Employment benefits expense

	For the Six Months Ended June 30	
	2019	2018
Short-term employee benefits	$ 1,774,596	$ 1,688,847
Retirement benefits		
Defined contribution plan	37,664	34,254
Defined benefit plan	92,993	92,885
Other employee benefits	170,144	181,496
	$ 2,075,397	$ 1,997,482

The amendments stipulate the distribution of employees' compensation and remuneration of directors at the rates of no less than 1‰ and no higher than 6‰, respectively, of net profit before income tax, employees' compensation and directors' remuneration. For the six months ended June 30, 2018 and 2019, the employees' compensation and the directors' remuneration which were estimated within the aforementioned ranges, respectively, were as follows:

	For the Six months Ended June 30	
	2019	2018
Employees' compensation	$ 16,994	$ 17,001
Remuneration of directors	$ 27,498	$ 27,498

If there are changes in actual employees' compensation and directors' remuneration after the release date of individual financial reports, they will be treated as the changes of accounting estimate and will be adjusted in the next year.

The employees' compensation and the remuneration of directors for 2018 and 2017 as approved in the board meetings on March 23, 2019 and March 24, 2018, respectively, were as follows:

	For the Year Ended December 31			
	2018		2017	
	Cash	Shares	Cash	Shares
Employees' compensation	$ 38,000	$ -	$ 38,000	$ -
Remuneration of directors	58,000	-	58,000	-

If there are changes in actual employees' compensation and directors' remuneration after the release date of financial reports, they will be treated as the changes of accounting estimate and will be adjusted in the next year.

There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2018 and 2017.

Information regarding to the employees' compensation and remuneration of directors resolved by the Bank's board in 2019 and 2018 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

30.8 Depreciation and amortization

	For the Six Months Ended June 30	
	2019	2018
Depreciation expense	$ 195,301	$ 94,652
Amortization expense	79,332	108,752
	$ 274,633	$ 203,404

30.9 Other business and administration expense

	For the Six Months Ended June 30	
	2019	2018
Tax expenditures	$ 477,401	$ 447,799
Postage expense	100,812	96,252
Insurance expense	88,229	86,581
Repairs and maintenance expense	70,639	70,518
Advertising expense	62,634	56,917
Donation	60,000	46,610
Service fees	55,042	41,435
Rent expense	18,773	124,076
Other	245,898	259,772
	$ 1,179,428	$ 1,229,960

31. INCOME TAX

31.1 Income tax expense recognized in profit or loss

The major components of tax expenses were as follows:

	For the Six Months Ended June 30	
	2019	2018
Current tax		
In respect of the current year	$ 886,129	$ 936,325
In respect of prior periods	13,641	(23,593)
	899,770	912,732
Deferred tax		
In respect of the current year	123,330	(9,423)
Adjustments from previous year	(28,911)	25,510
Effect of change in tax rate	-	245,674
	94,419	261,761
Income tax expense recognized in profit or loss	$ 994,189	$ 1,174,493

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

31.2 Income tax expense recognized in other comprehensive income

	For the Six Months Ended June 30	
	2019	2018
Deferred income tax expense		
Changes in tax rate	$ -	$ 12,900
Arising on income and expenses recognized in other comprehensive income		
Translation adjustments for foreign operations	(134,939)	(279,794)
Unrealized gain or loss on financial assets measured at FVTOCI	(358,743)	215,014
Deferred income tax expense (benefit) recognized in other comprehensive income	$ (493,682)	$ (51,880)

31.3 Income tax assessments

Except 2015, the Bank's income tax returns through 2016 had been assessed by the tax authorities.

32. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Six Months Ended June 30	
	2019	2018
Basic earnings per share	$ 1.85	$ 1.63
Diluted earnings per share	$ 1.85	$ 1.63

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	
	2019	2018
Earnings used in the computation of basic and diluted earnings per share	$ 7,584,277	$ 6,649,703

Weighted Average Number of Ordinary Shares Outstanding (In Thousands of Shares)

	For the Six Months Ended June 30	
	2019	2018
Weighted average number of ordinary shares in computation of basic earnings per share	4,090,206	4,067,706
Effect of potentially dilutive ordinary shares:		
Employees' compensation	1,587	1,816
Weighted average number of ordinary shares used in the computation of diluted earnings per share	4,091,793	4,069,522

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.

33. SHARE-BASED PAYMENT ARRANGEMENTS

Employee share option plan of the Bank

The board approved the issuance of new shares on August 18, 2018 and resolved to allocate 11.11% of the new shares for subscription by its employees according to the Company Law. According to IFRS 2 "share-based payment", the employee's share options should be measured at the fair value, and related compensation cost was $7,775 thousand. The relevant information of employee share options is as follows:

	2018
Employee Share Option	**Unit (thousand share)**
Options granted	2,500
Options exercised	2,473
Options expired	27
Weighted-average fair value of options granted (NT$/per share)	$ 3.11

Options granted were priced using the Black-Scholes pricing model, and the inputs to the model are as follows:

	Employee share option
Acquisition date share price (NT$/per share)	35.39
Exercise price (NT$/per share)	32.28
Expected volatility	19.93%
Option life (in days)	12
Dividend yield	-
Risk-free interest rate	0.36%

The expected volatility is based on the historical stock price volatility calculated by peers.

34. RELATED-PARTY TRANSACTIONS

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

34.1 The Bank's related parties

Related Party	Relationship with the Bank
China Travel Service (Taiwan)	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
Shanghai Commercial Bank, HK (SCB)	Third-tier subsidiary

The SCSB Cultural & Educational Foundation	Fund donated by the Bank which exceed 1/3 of total fund
The SCSB Charity Foundation	Fund donated by the Bank which exceed 1/3 of total fund
Silks Place Taroko	Investment under equity method held by subsidiary
Hung Ta Investment Corporation	The chairman and the Bank's chairman are related by marriage
Hung Shen Investment Corporation	The chairman and the Bank's chairman are related by marriage
GTM Corporation	The director of the Bank is the director of the related party
Chi-Li Investment Co., Ltd.	The director of the Bank is the director of the related party
Goldsun Co., Ltd.	The director of the Bank is the director of the related party
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
Other related parties	The Bank's directors and managers are the relatives of the Bank's directors and managers

34.2 Significant transactions between parties

34.2.1 Due from foreign banks

	June 30, 2019	December 31, 2018	June 30, 2018
Shanghai Commercial Bank (HK)	$ 163,757	$ 431,071	$ 437,767

The interest income arising from the above transactions were $49 thousand and $219 thousand for the six months ended June 30, 2019 and 2018, respectively.

34.2.2 Due to banks

	June 30, 2019	December 31, 2018	June 30, 2018
Shanghai Commercial Bank (HK)	$ 115	$ 6	$ 20

34.2.3 Guarantees

	Maximum Balance	Ending Balance	Reserve for Possible Losses on Guarantees	Interest Rate (%)	Collateral
June 30, 2019					
China Travel Service (Taiwan)	$ 7,000	$ 4,000	$ -	1.00	Real estate
December 31, 2018					
China Travel Service (Taiwan)	$ 7,000	$ 7,000	$ -	1.00	Real estate
June 30, 2018					
China Travel Service (Taiwan)	$ 4,000	$ 4,000	$ -	1.00	Real estate

34.2.4 Deposits

	June 30, 2019			For the Six Months Ended June 30, 2019
	Maximum Balance	Ending Balance	Interest Rate (%)	Interest Expense
Empresa	$ 2,611,233	$ 825,374	1.05-2.85	$ 12,747
Krinein	831,873	474,702	1.05-2.85	6,745
Directors and related management	476,063	225,076	0.00-4.90	868
Employees	450,770	205,728	0.00-9.96	2,238
The SCSB Cultural & Educational Foundation	315,002	304,427	0.01-1.07	949
SCSB Asset Management Ltd.	305,003	304,529	0.08-1.03	1,261
Shancom Reconstruction Inc.	180,757	180,757	0.48-2.85	2,450
Others	177,311	158,878	0.00-2.30	479
	$ 5,348,012	$ 2,679,471		$ 27,737

	December 31, 2018			For the Year Ended December 31, 2018
	Maximum Balance	Ending Balance	Interest Rate (%)	Interest Expense
Empresa	$ 2,560,769	$ 805,663	0.75-2.70	$ 19,042
Krinein	810,656	463,365	0.75-2.70	10,552
Employees	491,609	254,973	0.00-9.96	3,820
SCSB Asset Management Ltd.	410,357	279,796	0.08-1.03	2,982
Supervisors and related management	355,593	258,196	0.00-4.90	1,244
The SCSB Cultural & Educational Foundation	334,122	314,922	0.01-1.07	1,918
Shancom Reconstruction Inc.	176,440	176,440	0.25-2.70	3,937
Others	220,152	163,692	0.00-3.40	1,240
	$ 5,359,698	$ 2,717,047		$ 44,735

	June 30, 2018			For the Six Months Ended June 30, 2018
	Maximum Balance	Ending Balance	Interest Rate (%)	Interest Expense
Empresa	$ 2,547,856	$ 791,707	0.75-2.35	$ 8,314
Krinein	806,568	455,339	0.75-2.35	4,384
Employees	440,435	225,820	0.00-9.96	1,769
SCSB Asset Management Ltd.	410,368	337,577	0.08-1.03	1,701

The SCSB Cultural & Educational Foundation	311,664	304,770	0.01-1.07	951
Directors and related management	280,255	184,459	0.00-2.66	594
Shancom Reconstruction Inc.	173,384	173,384	0.25-2.35	1,588
Others	190,169	146,898	0.00-3.40	721
	$ 5,160,699	$ 2,619,954		$ 20,022

34.2.5 Interest receivable (accounted for as receivables)

	June 30, 2019	December 31, 2018	June 30, 2018
Directors and related management	$ 45	$ 54	$ 94

34.2.6 Interest payable (accounted for as payables)

	June 30, 2019	December 31, 2018	June 30, 2018
Empresa	$ 4,736	$ 4,955	$ 4,186
Krinein	2,724	2,850	2,408
Shancom Reconstruction Inc.	1,037	1,085	917
Others	871	600	807
	$ 9,368	$ 9,490	$ 8,318

34.2.7 Guarantee deposits received (accounted for as other liabilities)

	June 30, 2019	December 31, 2018	June 30, 2018
The SCSB Cultural & Educational Foundation	$ 211	$ 211	$ 211
China Travel Service (Taiwan)	180	180	180
Others	67	67	67
	$ 458	$ 458	$ 458

34.2.8 Rental income (accounted for other revenue, net)

	For the Six Months Ended June 30	
	2019	2018
The SCSB Cultural & Educational Foundation	$ 421	$ 421
China Travel Service (Taiwan)	369	369
Others	127	127
	$ 917	$ 917

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

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

	For the Six Months Ended June 30	
	2019	2018
SCSB Marketing	$ 39,127	$ 34,761
China Travel Service (Taiwan)	409	434
	$ 39,536	$ 35,195

34.2.10 Loans

June 30, 2019									For the Six Months Ended June 30, 2019
				Performance				Difference of Terms of the Transactions	
Category	Name	Maximum Balance	Ending Balance	Normal Loans	Non-performing Loans	Collateral	Interest Rate (%)	with Unrelated Parties	Interest Income
Loans for personal house mortgages	Directors and related management (1)	$ 12,950	$ 4,584	$ 4,584	-	Real estate	2.09	None	$ 72
Others	Directors and related management (5)	445,979	431,532	431,532	-	Real estate/	1.68-2.66	None	466
		$ 458,929	$ 436,116	$ 436,116					$ 538

December 31, 2017									For the Year Ended December 31, 2017
				Performance				Difference of Terms of the Transactions	
Category	Name	Maximum Balance	Ending Balance	Normal Loans	Non-performing Loans	Collateral	Interest Rate (%)	with Unrelated Parties	Interest Income
Loans for personal house mortgages	Supervisors and related management (1)	$ 16,747	$ 8,469	$ 8,469	-	Real estate	2.09-2.10	None	$ 264
Others	Supervisors and related management (4)	86,548	44,427	44,427	-	Real estate	1.68-2.66	None	1,549
	CX Technology				-				
	Silks Place Taroko	5,000			-	Real estate	1.63	None	6
		$ 108,295	$ 52,896	$ 52,896					$ 1,819

June 30, 2018									For the Six Months Ended June 30, 2017
				Performance				Difference of Terms of the Transactions	
Category	Name	Maximum Balance	Ending Balance	Normal Loans	Non-performing Loans	Collateral	Interest Rate (%)	with Unrelated Parties	Interest Income
Loans for personal house mortgages	Supervisors and related management (2)	$ 20,575	$ 12,377	$ 12,377	-	Real estate	1.86-2.09	None	$ 153
Others	Supervisors and related management (4)	88,139	71,246	71,246	-	Real estate	1.68-2.66	None	804
	Silks Place Taroko	5,000	-	-	-	Real estate	1.63	None	6
		$ 113,714	$ 83,623	$ 83,623					$ 963

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

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

34.3 Compensation of directors, supervisors and management personnel

The compensation of key management personnel for the period ended June 30, 2019 and 2018 was as follows:

	For the Six Months Ended June 30	
	2019	2018
Salaries and other short-term employment benefits	$ 47,135	$ 45,994
Bonuses of employees	938	3,908
Remuneration of directors and post-employment benefits	45,736	42,689
Retirement benefits	6,891	6,914
	$ 100,700	$ 99,505

35. PLEDGED ASSETS

Under the Central Bank's clearing system of Real-Time Gross Settlement (RTGS), on June 30, 2019, December 31, 2018 and June 30, 2018, the assets listed below had been provided as collateral for day-term overdrafts with the pledged amount adjustable at any time.

	June 30, 2019	December 31, 2018	June 30, 2018	Guarantee Purpose
Financial assets at amortized cost	$ 15,000,000	$ 15,000,000	$ 15,000,000	Day-term overdraft with the pledge

On June 30, 2019, December 31, 2018 and June 30, 2018, the assets listed below were provided as refundable deposits for operating guarantees and for executing legal proceedings against defaulting borrowers as required by the court.

	June 30, 2019	December 31, 2018	June 30, 2018	Guarantee Purpose
Financial assets at FVTOCI	$ 318,231	$ 323,074	$ 324,228	Operating guarantee

36. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

36.1 In addition to those disclosed in other notes, significant commitments and contingencies of the Bank as of June 30, 2019, December 31, 2018 and June 30, 2018 were as follows:

	June 30, 2019	December 31, 2018	June 30, 2018
Receivables under custody	$ 23,591,453	$ 23,479,365	$ 27,152,020
Consigned travelers' checks	185,226	192,808	219,446
Guarantee notes payable	131,147,681	132,530,055	125,481,688
Assets under trust	173,892,454	164,268,973	148,397,560
Securities in custody	17,510,774	14,013,060	14,021,458
Government bonds in brokerage accounts	44,830,200	39,161,200	38,007,500
Short-term bills in brokerage accounts	728,000	974,600	972,900

36.2 Operational risk and legal risk

Items	Reason and Amount	
	For the Six Months Ended June 30, 2019	For the Six Months Ended June 30, 2018
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	1. Fined NT$1 million by the Banking Bureau under its letter dated October 25, 2017 (Ref. No. 10620004740) for violating anti-money laundering rules. 2. Fined NT$2 million by the Banking Bureau under its letter dated October 25, 2017 (Ref. No. 10620004740) for violating banking transaction operations due to the actions of a teller in receipt of instructions from the fraudulent account on the communications application, LINE.
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 Banking Bureau on its letter dated April 17, 2019 (Ref. No. 1081028630) for violating anti-money laundering rules, which was corrected in accordance with the rules of Item 1 of Article 61 of the Banking Act. As for the DBU legal person's confirmation of identity operations, there are no adequate documents for the identification of the substantial beneficiaries to the customers with more complicated ownership structure; and for the transactions suspected of money laundering, there is no authenticity to verify the client's trading background and purpose, and to retain the relevant verification check, etc.	Corrected by the Banking Bureau under its letter dated October 25, 2017 (Ref. No. 10620004741) in response to the member of Yuanlin illegally keeping the application documents of the customer’s stamped Taiwan (foreign) currency current deposit withdrawal slip in violation of rules and regulations.
Single or whole security events due to fraudulence, accident or against “Outlines Governing the Security Maintenance and Administration of Financial Institutions” which caused losses amounting to $50 million in the recent year	None	None
Others	None	None

37. FINANCIAL INSTRUMENTS

37.1 Fair value information - financial instruments not measured at fair value

37.1.1 Fair value of financial instruments that are not measured at fair value

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

	June 30, 2019		December 31, 2018		June 30, 2018	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets						
Financial assets measured at amortized cost	$101,850,072	$101,944,449	$96,596,605	$96,576,374	$81,532,814	$81,529,096
Financial liabilities						
Bank debentures	52,150,000	52,446,307	57,150,000	57,478,175	50,150,000	50,276,135

37.1.2 Fair value level

	June 30, 2019			
	Total	Level 1	Level 2	Level 3
Financial assets				
Debt in investment instrument measured at amortized cost	$101,944,449	$5,123,496	$96,820,953	$ -
Financial liabilities				
Bank debentures	52,446,307	-	52,446,307	-

	December 31, 2018			
	Total	Level 1	Level 2	Level 3
Financial assets				
Debt in investment instrument measured at amortized cost	$96,576,374	$3,973,784	$92,602,590	$ -
Financial liabilities				
Bank debentures	57,478,175	-	57,478,175	-

	June 30, 2018			
	Total	Level 1	Level 2	Level 3
Financial assets				
Debt in investment instrument measured at amortized cost	$81,529,096	$4,655,010	$76,874,086	$ -
Financial liabilities				
Bank debentures	50,276,135	-	50,276,135	-

37.1.3 The evaluation method and assumptions used in measuring fair value

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

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

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

37.2 Fair value information - financial instruments measured at fair value

37.2.1 Fair value level

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

Financial Instruments Measured at Fair Value	June 30, 2019 Total	Level 1	Level 2	Level 3
Non-derivative instruments				
Assets				
Financial assets measured at FVTPL				
Financial assets mandatorily classified as at FVTPL				
Shares	$ 641,481	$ 641,481	$ -	$ -
Bonds	747,460	186,593	-	560,867
Others	679,300	679,300	-	-
Financial assets measured at FVTOCI				
Equity instruments	4,686,874	3,198,612	-	1,488,262
Debt instruments	184,666,831	58,511,624	126,155,207	-
	$ 191,421,946	$ 63,217,610	$ 126,155,207	$ 2,049,129
Liabilities				
Financial liabilities measured at FVTPL	$ 2,454,880	$ -	$ 2,454,880	$ -
Derivative instruments				
Assets				
Financial assets measured at FVTPL	$ 715,019	$ 36,872	$ 319,063	$ 359,084
Liabilities				
Financial liabilities measured at FVTPL	$ 311,914	$ 17,240	$ 239,995	$ 54,679

Financial Instruments Measured at Fair Value	December 31, 2018 Total	Level 1	Level 2	Level 3
Non-derivative instruments				
Assets				
Financial assets measured at FVTPL				
Financial assets mandatorily classified as at FVTPL				
Shares	$ 789,294	$ 789,294	$ -	$ -
Bonds	1,101,474	113,450	-	988,024
Others	2,630,217	2,630,217	-	-
Financial assets measured at FVTOCI				
Equity instruments	2,632,822	1,128,228	-	1,504,594
Debt instruments	184,965,299	53,174,069	131,024,517	766,713
	$ 192,119,106	$ 57,835,258	$ 131,024,517	$ 3,259,331
Liabilities				
Financial liabilities measured at FVTPL	$ 2,454,521	$ -	$ 2,242,521	$ -

Derivative instruments				
Assets				
Financial assets measured at FVTPL	$ 531,842	$ 35,606	$ 356,036	$ 140,200
Liabilities				
Financial liabilities measured at FVTPL	$ 338,830	$ 6,980	$ 294,021	$ 37,829

Financial Instruments Measured at Fair Value	June 30, 2018 Total	Level 1	Level 2	Level 3
Non-derivative instruments				
Assets				
Financial assets measured at FVTPL				
Financial assets mandatorily classified as at FVTPL				
Shares	$ 656,372	$ 656,372	$ -	$ -
Bonds	1,079,887	253,702	-	826,185
Others	3,038,239	3,038,239	-	-
Financial assets measured at FVTOCI				
Equity instruments	4,317,697	2,723,103	-	1,594,594
Debt instruments	173,988,447	55,124,184	118,102,624	761,639
	$ 183,080,642	$ 61,795,600	$ 118,102,624	$ 3,182,418
Derivative instruments				
Assets				
Financial assets measured at FVTPL	$ 601,839	$ 37,475	$ 516,101	$ 48,263
Liabilities				
Financial liabilities measured at FVTPL	$ 513,155	$ 144	$ 473,157	$ 39,854

There are no transfers of financial instruments between Level 1 and Level 2 fair value measurement for the six months ended June 30, 2019 and 2018.

37.2.2 Reconciliation of Level 3 fair value measurement

For the six months ended June 30, 2019

Items	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 measured at FVTPL								
Financial assets mandatorily measured at FVTPL	$ 1,128,224	$ 255,650	$ -	$ -	$ -	$ (463,923)	$ -	$ 919,951
Financial assets measured at FVTOCI	2,271,307	-	(9,840)	-	-	(618,564)	(154,641)	1,488,262
Liabilities								
Financial liabilities measured at FVTPL								
Held-for-trading financial liabilities	37,829	16,850	-	-	-	-	-	54,679

For the six months ended June 30, 2018

Items	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 measured at FVTPL								
Financial assets mandatorily measured at FVTPL	$ 736,163	$ 32,264	$ -	$ 489,328	$ -	$ (231,105)	$ (152,202)	$ 874,448
Financial assets measured at FVTOCI	2,747,625	-	(216,313)	-	-	(175,079)	-	2,356,233
Liabilities								
Financial liabilities at FVTPL								
Held-for-trading financial liabilities	32,263	22,286	-	-	-	(8,512)	(6,183)	39,854

37.2.3 Valuation techniques and inputs applied for Level 2 fair value measurement

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

37.2.4 Valuation techniques and inputs applied for Level 3 fair value measurement

Fair value evaluation for instruments categorized as Level 3 included but was not limited to instruments classified as measured at fair value through profit or loss, equity securities investments, derivatives, and held-to-maturity financial assets.

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

	Fair Value June 30, 2019	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted-Average)	Notes
Financial assets at fair value through profit or loss					
Bonds	$ 560,867	Counterparty quote and check with other quotations	Discount lack of market liquidity	0%-10%	The higher of the discount lack of liquidity, and the lower the fair value.
Financial assets at fair value through other comprehensive income					
Shares	1,488,262	1. Market approach	1. Market liquidity reduction	1. 10%-19%	1. The higher of the multiplier, and the higher of the fair value.
		2. Net asset value method	2. Market liquidity reduction	2. 10%-19%	2. The higher the liquidity reduction, and the lower of the fair value.
Derivative financial asset					

Financial assets at fair value through profit or loss Interest rate exchange	359,084	Discounted cash flow method	Discount rate	0%-10%	The higher of the discount rate, and the lower of the fair value.
Derivative financial liabilities					
Financial liabilities at fair value through profit or loss Sell options	54,679	Black-Scholes Model	Volatility	0%-15%	The higher of the volatility, and the higher of the fair value.

37.2.5 Sensitivity analysis of alternative assumptions of Level 3 fair value measurement

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

June 30, 2019

	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 fair value through profit or loss				
Financial assets mandatorily measured at fair value through profit or loss	$ -	$ (4,652)	$ -	$ -
Financial assets at fair value through other comprehensive income	-	-	14,883	-

December 31, 2018

	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 fair value through profit or loss				
Financial assets mandatorily measured at fair value through profit or loss	$ -	$ (3,920)	$ -	$ -
Financial assets at fair value through other comprehensive income	-	-	15,046	(24,821)

June 30, 2018

	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 fair value through profit or loss				
Financial assets mandatorily measured at fair value through profit or loss	$ -	$ (2,441)	$ -	$ -
Financial assets at fair value through other comprehensive income	-	-	15,904	(27,074)

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

June 30, 2019

	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 fair value through profit or loss				
Financial assets mandatorily measured at fair value through profit or loss	$ 4,652	$ -	$ -	$ -
Financial assets at fair value through other comprehensive income	-	-	-	(14,883)

December 31, 2018

	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 fair value through profit or loss				
Financial assets mandatorily measured at fair value through profit or loss	$ 3,920	$ -	$ -	$ -
Financial assets at fair value through other comprehensive income	-	-	24,821	(15,046)

June 30, 2018

	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 fair value through profit or loss				
Financial assets mandatorily measured at fair value through profit or loss	$ 2,441	$ -	$ -	$ -
Financial assets at fair value through other comprehensive income	-	-	27,074	(15,904)

37.3 Financial risk management

37.3.1 Risk management

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

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

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

37.3.2 Credit risk

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

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

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

(1) Procedures of credit risk management

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

A. Credit business (including loan commitments and guarantees)

a. The credit risk has increased significantly after original recognition

The Bank assesses the change in the risk of default over the expected duration of each type of credit asset on each reporting date in order to determine whether the credit risk has increased significantly since original recognition. For this assessment, the Bank's considerations (including forward-looking information) show that the credit risk has increased significantly since original recognition and can be corroborated. The main considerations include:

i. Changes in internal and external credit ratings (e.g. external TCRI ratings are above the high risk level).

ii. Information of overdue status (e.g. if the payment is overdue for more than 30 days).

iii. Unfavorable changes in current or projected operating, financial or economic conditions that are expected to result in significant changes in the ability of the debtor to perform its debt obligations.

iv. Significant changes in actual or expected results of the debtor's operations.

v. The credit risk of other financial instruments of the same debtor has increased significantly.

b. The definition of default and credit impairment on financial assets

The Bank's definition of default on financial assets is the same as the judgment of credit impairment on financial assets. If one or more of the following conditions are met, the Bank determines that the financial assets have defaulted and have credit impairment:

i. Changes in internal and external credit ratings (e.g. external TCRI ratings are above the high risk level).

ii. Information of overdue status (e.g. if the payment is overdue for more than 30 days).

iii. The debtor has become bankrupt or may file for bankruptcy or financial restructuring.

iv. The debtor has died or been dissolved.

v. Contracts of other debt instruments of the debtor have defaulted.

vi. The active market of the financial assets disappeared due to financial difficulties.

vii. The debtor's creditor gives the borrower a concession that would not have been considered due to economic or contractual reasons related to the debtor's financial difficulties.

viii. There is a purchase or initiation of financial assets at a significant discount reflecting that credit losses have occurred.

The aforementioned default and credit impairment definitions apply to all financial assets held by the Bank and are consistent with the definitions used for the internal credit risk management purposes of the financial assets and are applied to the relevant impairment assessment model.

c. Measurement of expected credit loss

For the objective of assessing expected credit loss, credit assets are classified according to the credit risk characteristics (such as the purpose of the borrowing, the nature of the industry, the type of collateral and the state of the borrowing) into two categories: corporate finance and personal finance. Further to this, the credit risk characteristics are divided according to each category.

The 12-month expected credit loss amounts of the Bank's financial instruments whose credit risk has not significantly increased since original recognition are used to measure the allowance loss of the financial instruments; for financial instruments whose credit risk has increased significantly or which have had credit impairment since original recognition, such financial instruments are measured at the amount of full-lifetime expected credit losses.

The estimation method and significant assumptions used to assess expected credit losses have not changed significantly since June 30, 2019.

d. Forward-looking information considerations

When measuring the expected credit losses, the Bank uses forward-looking economic factors that affect credit risk and takes such forward-looking information regarding expected credit losses into consideration. Based on professional economic judgment, the Bank uses the statistical analysis results of GDP growth rate to provide forecast information of economic factors on a quarterly basis and re-evaluates such data on each financial reporting date.

B. Due from and call loans to bank

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

C. Debt investments and derivative financial instruments

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

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

(2) Policies of credit risk hedging or mitigation

A. Collateral

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

B. Limitation of credit risk and credit concentration management

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

C. Other mechanisms for credit risk management

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

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

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

June 30, 2019

	Maximum Exposure to Credit Risk Mitigated by				
	Carrying Amount	**Collateral**	**Master Netting Arrangement**	**Other Credit Enhancements**	**Total**
Financial instruments with credit impairment under IFRS 9					
Receivables	$ 517,974	$ -	$ -	$ -	$ -
Discounts and loans	1,927,506	1,435,263	-	139,410	1,574,673

December 31, 2018

	Maximum Exposure to Credit Risk Mitigated by				
	Carrying Amount	**Collateral**	**Master Netting Arrangement**	**Other Credit Enhancements**	**Total**
Financial instruments with credit impairment under IFRS 9					

Receivables	$ 549,876	$ -	$ -	$ -	$ -
Discounts and loans	2,187,356	1,565,236	-	260,033	1,825,269

June 30, 2018

	Maximum Exposure to Credit Risk Mitigated by				
	Carrying Amount	Collateral	Master Netting Arrangement	Other Credit Enhancements	Total
Financial instruments with credit impairment under IFRS 9					
Receivables	$ 552,704	$ -	$ -	$ -	$ -
Discounts and loans	2,090,684	1,337,635	-	333,800	1,671,435

(3) Credit risk exposures

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

	June 30, 2019	December 31, 2018	June 30, 2018
Developed and non-cancelable loan commitments	$ 14,113,002	$ 11,153,260	$ 14,127,067
Non-cancelable credit card commitments	690,712	706,663	689,367
Issued but unused letters of credit	9,672,092	6,455,777	9,039,756
Other guarantees	61,639,948	50,735,948	46,863,113

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

The total carrying amounts of the financial assets with the largest credit risk exposure are as follows:

	June 30, 2019			
	12-Month Expected Credit Loss	Full-Lifetime Expected Credit Loss - Unimpaired	Full-Lifetime Expected Credit Loss - Impaired	Total
Discounts and loans				
Consumer banking				
Residential mortgage loans	$ 216,649,882	$ 1,968,863	$ 850,807	$ 219,469,552
Small scale credit loans	1,586,089	17,575	14,191	1,617,855
Others	25,721,526	129,199	110,281	25,961,006
Corporate banking				
Secured	276,706,490	2,638,424	598,509	279,943,423
Unsecured	199,989,786	1,196,305	353,718	201,539,809
Total	$ 720,653,773	$ 5,950,366	$ 1,927,506	$ 728,531,645

Accounts receivable (including non-performing credit card receivables)				
Credit cards	$ 2,218,856	$ 72,079	$ 68,358	$ 2,359,293
Others	7,202,788	10,902	449,616	7,663,306
Total	$ 9,421,644	$ 82,981	$ 517,974	$ 10,022,599
Debt instruments measured at fair value through other comprehensive income	$ 183,731,725	$ -	$ -	$ 183,731,725
Investments in debt instruments at amortized cost	$ 101,851,631	$ -	$ -	$ 101,851,631

	December 31, 2018			
	12-Month Expected Credit Loss	**Full-Lifetime Expected Credit Loss - Unimpaired**	**Full-Lifetime Expected Credit Loss - Impaired**	**Total**
Discounts and loans				
Consumer banking				
Residential mortgage loans	$ 207,105,869	$ 2,361,531	$ 702,222	$ 210,169,622
Small scale credit loans	1,395,565	10,306	17,516	1,423,387
Others	24,558,709	137,867	121,047	24,817,623
Corporate banking				
Secured	260,734,823	4,234,631	818,653	265,788,107
Unsecured	184,959,698	3,837,886	527,918	189,325,502
Total	$ 678,754,664	$ 10,582,221	$ 2,187,356	$691,524,241
Accounts receivable (including non-performing credit card receivables)				
Credit cards	$ 1,812,520	$ 56,397	$ 67,133	$ 1,936,050
Others	6,545,576	189,980	482,743	7,218,299
Total	$ 8,358,096	$ 246,377	$ 549,876	$ 9,154,349
Debt instruments measured at fair value through other comprehensive income	$ 185,994,201	$ -	$ -	$ 185,994,201
Investments in debt instruments at amortized cost	$ 96,598,293	$ -	$ -	$ 96,598,293

	June 30, 2018			
	12-Month Expected Credit Loss	**Full-Lifetime Expected Credit Loss - Unimpaired**	**Full-Lifetime Expected Credit Loss - Impaired**	**Total**
Discounts and loans				
Consumer banking				
Residential mortgage loans	$ 187,272,678	$ 2,876,740	$ 740,128	$ 190,889,546
Small scale credit loans	1,412,066	19,752	17,236	1,449,054
Others	22,571,178	188,093	105,216	22,864,487
Corporate banking				
Secured	259,338,983	2,195,238	787,669	262,321,890

Unsecured	190,592,233	1,785,781	440,435	192,818,449
Total	$ 661,187,138	$ 7,065,604	$ 2,090,684	$670,343,426
Accounts receivable (including non-performing credit card receivables)				
Credit cards	$ 2,034,100	$ 2,145	$ 72,879	$ 2,109,124
Others	6,221,643	5,617	479,825	6,707,085
Total	$ 8,255,743	$ 7,762	$ 552,704	$ 8,816,209
Debt instruments measured at fair value through other comprehensive income	$ 174,826,527	$ -	$ -	$ 174,826,527
Investments in debt instruments at amortized cost	$ 81,534,220	$ -	$ -	$ 81,534,220

(4) Information on concentration of credit risk

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

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

A. Industry

	June 30, 2019		December 31, 2018		June 30, 2018	
Industry	**Amount**	**% to Total**	**Amount**	**% to Total**	**Amount**	**% to Total**
Private sector	$ 425,558,731	58	$ 402,457,744	58	$ 400,285,695	60
Consumer	283,424,368	39	269,301,864	39	247,118,794	37
Financial institution	15,461,179	2	15,202,674	2	16,146,158	2
Others	4,087,367	1	4,561,959	1	6,792,779	1
	$ 728,531,645	100	$ 691,524,241	100	$ 670,343,426	100

B. Region

	June 30, 2019		December 31, 2018		June 30, 2018	
Region	**Amount**	**% to Total**	**Amount**	**% to Total**	**Amount**	**% to Total**
Taiwan	$ 613,015,554	84	$ 586,900,101	85	$ 567,150,560	85
Asia area (Except Taiwan)	97,786,391	14	90,530,536	13	89,739,080	13
Others	17,729,700	2	14,093,604	2	13,453,786	2
	$ 728,531,645	100	$ 691,524,241	100	$ 670,343,426	100

C. Collateral

Collateral	June 30, 2019 Amount	% to Total	December 31, 2018 Amount	% to Total	June 30, 2018 Amount	% to Total
Unsecured	$163,843,311	22	$150,614,006	22	$156,972,510	23
Secured						
Properties	450,491,105	62	433,709,678	62	404,415,736	61
Guarantees	65,361,536	9	57,973,177	8	65,202,622	10
Financial collateral	25,795,434	4	25,350,156	4	23,393,288	3
Movable properties	5,498,412	1	4,820,936	1	5,081,816	1
Other collateral	17,541,847	2	19,056,288	3	15,277,454	2
	$728,531,645	100	$691,524,241	100	$670,343,426	100

(5) 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 measured at fair value through profit or loss, investments in bills and bonds with resale agreements, guarantee deposits paid, security businesses, clearing and settlement funds, etc. are assessed with very low credit risk because the counterparties have good credit ratings.

47.3.3 Market risk

(1) The sources and definition of market risk

Market risk is the risk resulting from changes in fair value and future cash flows of on- and off-balance-sheet financial instruments caused by changes in market prices, interest rates, foreign exchange rate, including equity securities price and commodity price. Changes in above risk elements can cause risks to shift the net profit of the Bank or its investment structures.

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

(2) Market risk management policies

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

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

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

(3) Market risk management process

A. Recognition and measurement

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

B. Monitoring and reporting

The Bank's risk management department regularly reviews market risk management objective, positions and control of gains and losses, sensitivity analysis and pressure test and reports to the board of directors. Therefore, the board of directors could well understand market risk control. The Bank has established explicit notification process, the limit and stop-loss regulation for various transactions. Stop-loss order must be taken when the limit is reached, otherwise the trading department's reasons and plans must be approved by the management, and the department should report to relevant committee regularly.

(4) Interest rate management policies

A. Definition of interest rate risk

Interest rate risk represents risks of variation of fair value of trading position and loss in earnings resulting from interest rate variation. Major relevant products include interest rate-related financial securities and derivatives instrument.

B. Purpose of interest risk management

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

C. Procedures of interest risk management

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

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

Report to the strategy management committee is required when certain risk management objective has exceeded limit in order to resolve response action.

D. Measurement methods

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

(5) Foreign exchange rate risk management

A. Definition of foreign exchange risk

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

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

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

The Bank undertakes pressure test on a seasonal basis and uses 3% fluctuation in major foreign exchange rate (USD) as the sensitivity threshold and reports test results to the assets and liabilities management committee.

(6) Equity securities price risk management

A. Definition of equity securities price risk

The market risk of equity securities held by the Bank includes individual and general risk from price fluctuation of both individual equity security and the entire equity security market.

B. Purpose of equity security price risk management

The main purpose of equity security price risk management is to prevent financial status from deteriorating and to avoid decrease in earnings due to violent fluctuation in equity security prices, and to enhance capital efficiency and strengthen operation.

C. Procedures of equity security price risk management

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

D. Measurement method

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

(7) Market valuation technique

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

A. Sensitivity analysis

a. Interest rate risk

The Bank has assessed the possible impact on income if global yield curve move between -1 to +1 base points simultaneously on June 30, 2019, December 31, 2018 and June 30, 2018.

b. Foreign exchange rate risk

The Bank assesses the possible impact on income when exchange rates of NTD against various currencies fluctuate between -1% and +1% while other factors remain unchanged.

c. Equity securities price risk

The Bank has assessed the possible impact on income when equity security prices on June 30, 2019, December 31, 2018 and June 30, 2018 rise or fall by 1% while other factors remain unchanged.

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

B. Sensitivity analysis is summarized as follows:

June 30, 2019			
Major Risk	**Variation Range**	**Amount**	
		Equity	**Profit or Loss**
Foreign exchange risk	Foreign currency appreciated 1% against the NTD	$ 680,047	$ 15,747
	Foreign currency depreciated 1% against the NTD	(680,047)	(15,747)
Interest rate risk	Interest rate curve edged up 1bp	(43,986)	(10)
	Interest rate curve edged down1bp	43,986	10
Equity price risk	Equity price increased 1%	24,774	4,681
	Equity price decreased 1%	(24,774)	(4,681)

December 31, 2018			
Major Risk	**Variation Range**	**Amount**	
		Equity	**Profit or Loss**
Foreign exchange rate risk	Foreign currency appreciated 1% against the NTD	$ 656,270	$ 2,292
	Foreign currency depreciated 1% against the NTD	(656,270)	(2,292)
Interest rate risk	Interest rate curve edged up 1bp	(39,504)	(16)
	Interest rate curve edged down1bp	39,504	16
Equity price risk	Equity price increased 1%	11,450	11,874
	Equity price decreased 1%	(11,450)	(11,874)

June 30, 2018			
Major Risk	Variation Range	Amount	
		Equity	Profit or Loss
Foreign exchange rate risk	Foreign currency appreciated 1% against the NTD	$ 614,690	$ 1,240
	Foreign currency depreciated 1% against the NTD	(614,690)	(1,240)
Interest rate risk	Interest rate curve edged up 1bp	(36,452)	(103)
	Interest rate curve edged down1bp	36,452	103
Equity price risk	Equity price increased 1%	27,861	12,726
	Equity price decreased 1%	(27,861)	(12,726)

37.3.4 Liquidity risk

(1) The sources and definition of liquidity risk

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

(2) The management policies are as follows:

The Bank's management procedures are monitored by the independent department of risk management and the procedures are as follows:

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

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

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

D. Managing the maturity date of debt instruments.

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

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

(3) Maturity analysis

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

June 30, 2019	0~30 days	31~90 days	91~180 days	181 days~1 year	Over 1 year	Total
Due to the Central Bank and other banks	$ 28,824,332	$ 4,643,869	$ 2,135,420	$ 1,028,050	$ -	$ 36,631,671
Financial liabilities measured at FVTPL	-	-	-	-	2,505,586	2,505,586
Securities sold under repurchase agreements	7,534,171	411,834	240,427	8,141	-	8,194,573
Payables	28,866,920	407,304	620,873	263,753	96,826	30,255,676
Deposits and remittances	505,358,455	189,539,563	122,205,092	126,865,122	8,573,714	952,541,946
Bank debentures	-	-	1,000,000	4,300,000	46,850,000	52,150,000
Other financial liabilities	1,954,135	36,606	102,057	205,330	1,157,017	3,455,145
Lease liabilities	-	58,102	4,142	29,028	573,786	665,058

December 31, 2018	0~30 days	31~90 days	91~180 days	181 days~1 year	Over 1 year	Total
Due to the Central Bank and other banks	$ 7,722,132	$ 6,656,971	$ 919,329	$ 1,175,322	$ -	$ 16,473,754
Financial liabilities measured at FVTPL	-	-	-	-	2,250,590	2,250,590
Securities sold under repurchase agreements	10,835,957	3,010,998	219,247	563,328	-	14,629,530
Payables	21,541,966	241,050	291,180	117,850	18,535	22,210,581
Deposits and remittances	485,536,091	158,107,177	94,327,102	166,555,038	7,121,071	911,646,479
Bank debentures	-	-	5,000,000	5,300,000	46,850,000	57,150,000
Other financial liabilities	2,188,907	-	1,504,200	-	-	3,693,107

June 30, 2018	0~30 days	31~90 days	91~180 days	181 days~1 year	Over 1 year	Total
Due to the Central Bank and banks	$ 11,755,362	$ 1,538,766	$ 1,041,105	$ 1,419,241	$ -	$ 15,754,474
Securities sold under repurchase agreements	16,900,769	4,821,390	241,266	58,121	-	22,021,546
Payables	27,379,859	96,571	327,267	112,787	92	27,916,576
Deposits and remittances	501,513,245	149,667,015	96,656,280	113,958,192	7,467,123	869,261,855
Bank debentures	-	-	-	5,000,000	45,150,000	50,150,000
Other financial liabilities	2,725,253	-	1,776,818	-	-	4,502,071

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

A. Derivative financial liabilities in net settlement

June 30, 2019	0~30 days	31~90 days	91~180 days	181 days~1 year	Over 1 year	Total
Derivative financial liabilities measured at FVTPL						
Foreign exchange derivatives	$ 23,019	$ 41,003	$ 14,962	$ 15,181	$ -	$ 94,165
Rate derivatives	-	-	-	-	54,679	54,679
Equity securities derivatives	78	-	-	-	-	78

December 31, 2018	0~30 days	31~90 days	91~180 days	181 days~1 year	Over 1 year	Total
Derivative financial liabilities measured at FVTPL						
Foreign exchange derivatives	$ 18,491	$ 15,649	$ 13,939	$ 22,881	$ 745	$ 71,705
Rate derivatives	20	-	28,638		9,191	37,849
Equity securities derivatives	116	-	-	-	-	116

June 30, 2018	0~30 days	31~90 days	91~180 days	181 days~1 year	Over 1 year	Total
Derivative financial liabilities measured at FVTPL						
Foreign exchange derivatives	$ 44,252	$ 15,103	$ 10,248	$ 20,355	$ -	$ 89,958
Rate derivatives	-	-	121	23,682	16,050	39,853

B. Derivative financial liabilities in total settlement

June 30, 2019	0~30 days	31~90 days	91~180 days	181 days~1 year	Over 1 year	Total
Derivative financial liabilities measured at fair value through profit or loss						
Foreign exchange derivatives						
Cash inflow	$11,307,224	$11,399,919	$6,014,166	$6,209,527	$ -	$34,930,836
Cash outflow	11,431,901	11,500,963	6,073,336	6,310,462	-	35,316,662

December 31, 2018	0~30 days	31~90 days	91~180 days	181 days~1 year	Over 1 year	Total
Derivative financial liabilities measured at fair value through profit or loss						
Foreign exchange derivatives						
Cash inflow	$11,578,268	$14,000,994	$7,170,326	$2,750,125	$ -	$35,499,713
Cash outflow	11,773,264	14,258,079	7,480,181	2,857,210	-	36,368,734

June 30, 2018	0~30 days	31~90 days	91~180 days	181 days~1 year	Over 1 year	Total
Derivative financial liabilities measured at fair value through profit or loss						
Foreign exchange derivatives						
Cash inflow	$3,509,006	$4,803,296	$3,182,487	$4,732,657	$ -	$16,227,446
Cash outflow	3,585,409	4,951,387	3,241,735	5,010,979	-	16,789,510

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, 2019	0~30 days	31~90 days	91~180 days	181 days~1 year	Over 1 year	Total
Developed and non-cancelable loan commitments	$ 414,747	$ 141,873	$ 887,220	$ 1,655,118	$ 11,014,044	$ 14,113,002
Non-cancelable credit card commitments	69,969	140,007	209,977	270,759	-	690,712
Issued but unused letters of credit	3,550,250	5,093,393	814,364	59,763	154,322	9,672,092
Other guarantees	13,413,336	14,661,292	5,161,353	13,803,795	14,600,172	61,639,948

December 31, 2018	0~30 days	31~90 days	91~180 days	181 days~1 year	Over 1 year	Total
Developed and non-cancelable loan commitments	$ 465,281	$ 223,918	$ 507,914	$ 1,285,234	$ 8,670,913	$ 11,153,260
Non-cancelable credit card commitments	68,122	136,174	204,296	298,071	-	706,663
Issued but unused letters of credit	2,864,716	3,012,705	442,615	118,119	17,622	6,455,777
Other guarantees	11,584,484	9,746,310	4,974,115	10,331,534	14,099,505	50,735,948

June 30, 2018	0~30 days	31~90 days	91~180 days	181 days~1 year	Over 1 year	Total
Developed and non-cancelable loan commitments	$ 240,863	$ 23,060	$ 640,513	$ 1,558,062	$ 11,664,569	$ 14,127,067
Non-cancelable credit card commitments	66,455	132,841	199,296	290,775	-	689,367
Issued but unused letters of credit	3,095,873	4,751,385	955,558	163,090	73,850	9,039,756
Other guarantees	6,393,868	9,895,918	5,028,715	10,479,092	15,065,520	46,863,113

37.4 Transfer of financial assets

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

June 30, 2019

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
Financial assets measured at FVTOCI - purchased call options	$ 7,745,161	$ 8,194,573	$ 7,745,161	$ 8,194,573	$ (449,412)

December 31, 2018

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
Financial assets measured at FVTOCI - purchased call options	$ 14,605,863	$ 14,629,530	$ 14,605,863	$ 14,629,530	$ (23,667)

June 30, 2018

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
Financial assets measured at FVTOCI - purchased call options	$ 22,290,387	$ 22,021,546	$ 22,290,387	$ 22,021,546	$ 268,841

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

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

	For the Six Months Ended June 30, 2019	
	Average Balance	Average Rate (%)
Interest-earning assets		
Cash and cash equivalents - due from other banks	$ 13,776,415	0.76
Due from the Central Bank and call loans to banks	103,090,699	1.29
Financial assets measured at FVTPL	41,734	0.71
Securities purchased under resale agreements	1,202,761	2.45
Credit card revolving balances	665,680	12.59
Discounts and loans (excluding non-performing loans)	698,482,384	2.39
Financial assets measured at FVTOCI debt instrument investment	185,962,293	1.65
Financial assets measured at amortized cost	102,173,935	0.63
Other financial assets due from other banks (time deposits of more than three months)	5,644,625	2.61

(Continued)

	For the Six Months Ended June 30, 2019	
	Average Balance	Average Rate (%)
Interest-bearing liabilities		
Due to the Central Bank and banks	$25,109,237	2.04
Financial liabilities measured at FVTPL	2,164,941	4.88
Securities sold under repurchase agreements	18,133,057	0.45
Negotiable certificates of deposits	28,084,647	0.64
Demand deposits	215,138,642	0.27
Savings deposits	143,285,366	0.31
Time deposits	403,673,392	1.33
Time savings	141,239,574	1.03
Bank debentures	55,129,570	1.67
Structured deposit instruments principal	2,196,700	2.51

(Concluded)

	For the Six Months Ended June 30, 2018	
	Average Balance	Average Rate (%)
Interest-earning assets		
Cash and cash equivalents - due from other banks	$15,999,398	0.95
Due from the Central Bank and call loans to banks	97,724,309	0.98
Financial assets measured at FVTPL	8,836	1.05
Securities purchased under resale agreements	171,440	0.31
Credit card revolving balances	674,689	12.10
Discounts and loans (excluding non-performing loans)	648,339,353	2.33
Financial assets measured at FVTOCI debt instrument investment	165,069,158	1.55
Financial assets measured at amortized cost	102,455,008	0.52
Interest-bearing liabilities		
Due to the Central Bank and banks	15,952,877	1.60
Securities sold under repurchase agreements	34,421,368	0.35
Negotiable certificates of deposits	7,965,212	0.46
Demand deposits	217,908,557	0.20
Savings deposits	133,484,999	0.31
Time deposits	365,159,945	0.98
Time savings	134,858,695	1.02
Bank debentures	45,427,778	1.60
Structured deposit instruments principal	2,770,496	2.23

39. CAPITAL MANAGEMENT

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

According to the Banking Law and related regulations, the Bank should maintain a capital adequacy ratio of at least 9.875% for a stable financial position. If the capital adequacy ratio falls below the required capital adequacy ratio, the Central Regulator would restrict the distribution of earnings.

The following table which lists the equity capital, risk-weighted assets, and risk exposure as of June 30, 2019, December 31, 2018 and June 30, 2018 was prepared according to the "Regulations Governing the Capital Adequacy and Capital Category of Banks" that was modified by the Financial Supervisory Commission of the ROC. (Ref. No. 10200362920) on January 9, 2014.

The Bank conformed to the regulation on capital management as of June 30, 2019, December 31, 2018 and June 30, 2018.

	June 30, 2019	December 31, 2018	June 30, 2018
Analysis items			
Eligible capital			
Ordinary equity	$ 109,250,174	$ 108,950,004	$ 96,277,606
Other Tier I capital	-	-	-
Tier II capital	4,127,178	6,428,641	12,031,175
Eligible capital	$ 113,377,352	$ 115,378,645	$ 108,308,781
Risk-weighted assets			
Credit risk			
Standardized approach	$ 793,397,760	$ 735,843,008	$ 714,228,862
Credit valuation adjustment	47,923	44,419	63,421
Internal rating based approach	N/A	N/A	N/A
Synthetic securitization	459,833	109,717	117,955
Operational risk			
Basic indicator approach	39,612,469	39,612,469	37,712,634
Standardized approach/alternative standardized approach	N/A	N/A	N/A
Advanced measurement approach	N/A	N/A	N/A
Market risk			
Standardized approach	26,351,104	25,188,620	30,771,568
Internal models approach	N/A	N/A	N/A
Total risk-weighted assets	$ 859,869,089	$ 800,798,233	$ 782,894,440
Capital adequacy ratio	13.19%	14.41%	13.83%
Ratio of ordinary equity to risk-weighted assets	12.71%	13.61%	12.30%
Ratio of Tier I capital to risk-weighted assets	12.71%	13.61%	12.30%
Leverage ratio	8.45%	8.95%	8.21%

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 = Ordinary 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 ordinary equity to risk-weighted assets = Ordinary equity ÷ Total risk-weighted assets.

(5) Ratio of Tier I capital to risk-weighted assets = (Ordinary equity + Other Tier I capital) ÷ Total risk-weighted assets.

(6) Leverage ratio = Net value of tier I capital ÷ Net value of exposure measurement

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

40.1 Assets quality: as stated in Table 1

40.2 Concentration of credit risks

Top 10 credit extensions of the Bank were as follows:

Ranking (Note 1)	June 30, 2019		
	Categorized by Sector (Note 2)	Credit Amount (Note 3)	Credit Amount Stockholders' equity (%)
1	A Group (computer manufacturing)	$ 5,922,186	4.43
2	B Group (general management agency)	5,701,828	4.26
3	C Group (computer manufacturing)	5,360,937	4.01
4	D Group (real estate selling and leasing)	5,354,095	4.00
5	E Group (metallic furniture manufacturing)	5,177,653	3.87
6	F Group(chemical material and wholesale of chemical products)	4,313,707	3.22
7	G Group (wiring and cable system manufacturing)	4,225,125	3.16
8	H Group (Other computer peripheral manufacturing)	3,974,177	2.97
9	I Group (Other holding companies)	3,892,773	2.91
10	J Group (computer manufacturing)	3,841,556	2.87

Ranking (Note 1)	December 31, 2018		
	Categorized by Sector (Note 2)	Credit Amount (Note 3)	Credit Amount Stockholders' equity (%)
1	D Group (real estate activities for sale and rental with own or leased property)	$ 5,733,267	4,37
2	B Group (general management agency)	5,385,673	4.11
3	F Group (chemical material and chemical product wholesale)	5,298,681	4.04
4	A Group (computer manufacturing)	4,666,708	3.56
5	E Group (metallic furniture manufacturing)	4,599,252	3.51
6	C Group (computer manufacturing)	4,343,939	3.31
7	G Group (wiring and cable system manufacturing)	4,138,604	3.16
8	K Group (apparel manufacturing)	3,697,879	2.82
9	H Group (Other computer peripheral manufacturing)	3,510,792	2.68
10	L Group (retail industry via e-shopping and mail order)	3,104,632	2.37

Ranking (Note 1)	June 30, 2018		
	Categorized by Sector (Note 2)	Credit Amount (Note 3)	Credit Amount / Stockholders' equity (%)
1	D Group (real estate activities for sale and rental with own or leased property)	$ 6,943,757	5.63
2	B Group (general management agency)	5,752,868	4.66
3	F Group (chemical material and chemical product wholesale)	5,664,579	4.59
4	C Group (computer manufacturing)	5,078,243	4.11
5	A Group (computer manufacturing)	4,651,685	3.77
6	K Group (apparel manufacturing)	4,451,875	3.61
7	E Group (metallic furniture manufacturing)	4,298,520	3.48
8	M Group (wiring and cable system manufacturing)	3,473,258	2.81
9	L Group (retail industry via e-shopping and mail order)	3,441,584	2.79
10	N Group (television program design and broadcasting)	3,224,700	2.61

Note 1: The top 10 credit extensions ranking is made by total credit balance, which excluded government-owned or state-run enterprises. If the borrower is an affiliate of the Group enterprise, the credit balance of the borrower is then aggregated to the Group enterprise's credit balance. The borrower is marked by specific codes as well as its major industry. The major industry of a borrower is determined by its maximum exposures by industries. The classification of industry should be in line with the Standard Industrial Classification System of the Republic of China published by the Directorate General of Budget, Accounting and Statistics under the Executive Yuan.

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

Note 3: Credit balance includes each item of loan (including 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 non-performing loans), exchange bills negotiated, accounts receivable - without recourse factoring, acceptances receivable and grantees issued.

40.3 Interest rate sensitivity information

Interest Rate Sensitivity Analysis
June 30, 2019

(In Thousands of NT$)

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate sensitive assets	$ 683,678,774	$ 14,913,473	$ 16,869,852	$ 73,759,966	$ 789,222,065
Interest rate sensitive liabilities	315,582,958	299,134,119	60,669,004	51,621,051	727,007,132
Interest rate sensitivity gap	368,095,816	(284,220,646)	(43,799,152)	22,138,915	62,214,933
Net equity					133,777,916
Ratio of interest rate sensitive assets to liabilities					108.56%
Ratio of interest rate sensitivity gap to net equity					46.51%

Interest Rate Sensitivity Analysis
December 31, 2018

(In Thousands of NT$)

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate sensitive assets	$ 658,897,092	$ 10,687,289	$ 21,063,226	$ 73,929,131	$ 764,576,738
Interest rate sensitive liabilities	268,452,452	269,005,348	110,353,743	50,524,038	698,335,581
Interest rate sensitivity gap	390,444,640	(258,318,059)	(89,290,517)	23,405,093	66,241,157
Net equity					131,155,947
Ratio of interest rate sensitive assets to liabilities					109.49%
Ratio of interest rate sensitivity gap to net equity					50.51%

Interest Rate Sensitivity Analysis
June 30, 2017

(In Thousands of NT$)

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate sensitive assets	$ 620,192,057	$ 22,760,352	$ 17,524,980	$ 57,850,201	$ 718,327,590
Interest rate sensitive liabilities	289,324,778	261,132,816	58,409,065	49,239,655	658,106,314
Interest rate sensitivity gap	330,867,279	(238,372,464)	(40,884,085)	8,610,546	60,221,276
Net equity					123,440,142
Ratio of interest rate sensitive assets to liabilities					109.15%
Ratio of interest rate sensitivity gap to net equity					48.79%

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

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 the New Taiwan dollars).

Interest Rate Sensitivity Analysis
June 30, 2019

(In Thousands of US$)

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate sensitive assets	$ 5,823,377	$ 192,769	$ 199,476	$ 1,615,701	$ 7,831,323
Interest rate sensitive liabilities	2,585,547	4,060,057	833,283	76,886	7,555,773
Interest rate sensitivity gap	3,237,830	(3,867,288)	(633,807)	1,538,815	275,550
Net equity					4,308,051
Ratio of interest rate sensitive assets to liabilities					103.65%
Ratio of interest rate sensitivity gap to net equity					6.40%

Interest Rate Sensitivity Analysis
December 31, 2018

(In Thousands of US$)

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate sensitive assets	$ 5,539,454	$ 88,961	$ 78,232	$ 1,571,322	$ 7,277,969
Interest rate sensitive liabilities	2,707,616	3,976,449	687,813	70,530	7,442,408
Interest rate sensitivity gap	2,831,838	(3,887,488)	(609,581)	1,500,792	(164,439)
Net equity					4,266,899
Ratio of interest rate sensitive assets to liabilities					97.79%
Ratio of interest rate sensitivity gap to net equity					(3.85)%

Interest Rate Sensitivity Analysis
June 30, 2017

(In Thousands of NT$)

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate sensitive assets	$ 5,551,640	$ 80,465	$ 146,588	$ 1,629,303	$ 7,407,996
Interest rate sensitive liabilities	2,333,091	4,228,346	779,959	616	7,342,012
Interest rate sensitivity gap	3,218,549	(4,147,881)	(633,371)	1,628,687	65,984
Net equity					4,036,234
Ratio of interest rate sensitive assets to liabilities					100.90%
Ratio of interest rate sensitivity gap to net equity					1.63%

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

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 the US dollars).

40.4 Profitability

Items		June 30, 2019	June 30, 2018
Return on total assets	Before income tax	1.43	1.41
	After income tax	1.26	1.20
Return on equity	Before income tax	12.95	12.72
	After income tax	11.45	10.82
Profit margin		61.12	57.55

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

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

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

Note 4: Income before (after) income tax represents income YTD.

Note5: The quarterly profitability of each quarter is converted to the annual benchmark figures expressed in the annual rates.

40.5 Maturity analysis of assets and liabilities

(1) New Taiwan dollars (In Thousands)

	Total	June 30, 2019					
		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
Major cash inflow to maturity	$ 826,979,728	$ 81,820,843	$ 61,244,831	$ 70,523,949	$ 68,473,431	$ 121,399,478	$ 423,517,196
Major cash outflow to maturity	1,067,682,861	41,881,393	89,602,857	192,928,445	162,680,028	202,642,633	377,947,505
Gap	(240,703,133)	39,939,450	(28,358,026)	(122,404,496)	(94,206,597)	(81,243,155)	45,569,691

	Total	December 31, 2018					
		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
Major cash inflow to maturity	$ 805,209,799	$ 59,741,653	$ 82,353,990	$ 73,963,411	$ 64,700,918	$ 120,714,817	$ 403,735,010
Major cash outflow to maturity	1,025,382,416	41,194,433	80,712,801	165,681,308	139,229,021	261,357,144	337,207,709
Gap	(220,172,617)	18,547,220	1,641,189	(91,717,897)	(74,528,103)	(140,642,327)	66,527,301

	Total	June 30, 2017					
		by remaining period to maturity					
		0 to 10 Days	11 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year
Major cash inflow to maturity	$ 766,377,608	$ 82,241,759	$ 72,216,350	$ 59,031,736	$ 68,655,800	$ 110,636,866	$ 373,595,097
Major cash outflow to maturity	981,466,357	50,833,909	92,586,495	172,459,281	141,316,920	203,754,630	320,515,122
Gap	(215,088,749)	31,407,850	(20,370,145)	(113,427,545)	(72,661,120)	(93,117,764)	53,079,975

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 (In Thousands)

	Total	June 30, 2019				
		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
Major cash inflow to maturity	$ 10,357,495	$ 1,581,997	$ 966,999	$ 958,850	$ 1,113,494	$ 5,736,155
Major cash outflow to maturity	12,439,149	1,740,024	1,833,951	1,655,520	2,260,749	4,948,905
Gap	(2,081,654)	(158,027)	(866,952)	(696,670)	(1,147,255)	787,250

	Total	December 31, 2018				
		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
Major cash inflow to maturity	$ 19,753,818	$ 1,671,324	$ 888,960	$ 969,044	$ 5,444,378	$ 10,780,112
Major cash outflow to maturity	23,053,481	2,132,552	1,573,116	2,199,215	4,426,529	12,722,069
Gap	(3,299,663)	(461,228)	(684,156)	(1,230,171)	1,017,849	(1,941,957)

	Total	June 30, 2018				
		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
Major cash inflow to maturity	$ 10,012,165	$ 1,551,540	$ 918,133	$ 899,535	$ 1,179,767	$ 5,463,190
Major cash outflow to maturity	12,372,187	2,167,559	1,621,161	1,592,593	2,458,834	4,532,040
Gap	(2,360,022)	(616,019)	(703,028)	(693,058)	(1,279,067)	931,150

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

41. 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, 2019	December 31, 2018	June 30, 2018	Trust Liabilities	June 30, 2019	December 31, 2018	June 30, 2018
Bank deposits	$ 3,281,573	$ 2,674,179	$ 2,494,281	Account payable	$ 147	$ 196	$ 194
Short-term investments	83,240,662	81,749,855	81,804,840	Depository of securities			
Net asset value of				payable	64,474,400	57,599,477	48,827,606
collective investment	2,857,113	2,854,520	1,749,063	Trust capital	109,127,505	106,676,741	99,513,772
trust funds	17,792	1,966	8,423	Accumulated (loss) gain			
Accounts receivable	18,448,665	18,269,878	12,124,825	and equity	291,668	(420)	67,783
Land	184,448	210,482	281,286				
Buildings and							
improvements, net	1,334,801	861,566	1,058,004				
Construction-in-progress	64,474,400	57,599,477	48,827,606				
Depository of securities	54,266	54,071	61,027				
Other assets-principle							
deferred expense							
Total trust assets	$ 173,893,720	$ 164,275,994	$ 148,409,355	Total trust liabilities	$ 173,893,720	$ 164,275,994	$ 148,409,355

Trust Asset Lists

Items	June 30, 2019	December 31, 2018	June 30, 2018
Cash in banks	$ 3,281,573	$ 2,674,179	$ 2,494,281
Short-term investments			
Fund	61,152,589	60,062,308	61,204,400
Bond	19,508,844	18,904,978	17,692,795
Ordinary shares	2,170,412	2,513,566	2,612,777
Structured instruments	408,817	269,003	294,868
Net asset value of collective trust accounts	2,857,113	2,854,520	1,749,063
Receivables	17,792	1,966	8,423
Land	18,448,665	18,269,878	12,124,825
Buildings and improvements, net	184,448	210,482	281,286
Construction-in-progress	1,334,801	861,566	1,058,004
Depository of securities	64,474,400	57,599,477	48,827,606
Other assets	54,266	54,071	61,027
Total	$ 173,893,720	$ 164,275,994	$ 148,409,355

Income Statements of Trust Account

	For the Six Months Ended June 30	
	2019	2018
Trust income		
Interest revenue	$ 6,603	$ 5,103
Donation income	15	-
Realized capital gains	2,886	1,294
Unrealized capital gains	291,083	103,123
Other revenue	205	1,698
	300,792	111,218
Trust expenses		
Tax expenditures	23,688	1,834
Management fees	1,433	2,058
Service fees	674	1,337
Realized investment losses	10	125
Unrealized capital losses	1,920	11,025
Donation expenses	117	-
Other expenses	11	542
	27,853	16,921
Income before income tax	272,939	94,297
Income tax expense	-	-
Net income	$272,939	$ 94,297

42. EXCHANGE RATE INFORMATION FOR FOREIGN FINANCIAL ASSETS AND LIABILITIES

(In Thousands of Foreign Currencies)

	June 30, 2019			December 31, 2018			June 30, 2018		
	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									
JPY	$ 16,480,281	0.2884	$ 4,752,913	$ 9,475,621	0.2776	$ 2,630,432	$ 24,531,850	0.2769	$ 6,792,869
EUR	122,449	35.2979	4,322,193	52,272	35.1889	1,839,394	71,589	35.3754	2,532,490
USD	124,077	31.0530	3,852,963	86,998	30.7380	2,674,145	59,089	30.5830	1,807,119
Due from the Central Bank and call loans to banks									
USD	958,014	31.0530	29,749,209	611,964	30.7380	18,810,549	273,949	30.5830	8,378,182
CNY	2,042,600	4.5157	9,223,769	2,747,600	4.4748	12,294,960	1,850,500	4.6007	8,513,595
AUD	135,000	21.7402	2,934,927	79,000	21.6549	1,710,737	25,000	22.4602	561,505
Receivables									
USD	95,038	31.0530	2,951,215	379,719	30.7380	11,671,803	203,114	30.5830	6,211,835
ZAR	958,936	2.1909	2,100,933	1,103,239	2.1208	2,339,749	896,312	2.2162	1,986,407
EUR	32,599	35.2979	1,150,676	3,243	35.1889	114,118	26,868	35.3754	950,466
Discounts and loans									
USD	4,915,480	31.0530	152,640,400	4,747,030	30.7380	145,914,208	5,192,792	30.5830	158,811,158
HKD	4,654,897	3.9743	18,499,957	3,642,937	3.9238	14,294,156	3,243,591	3.8970	12,640,274
EUR	350,124	35.2979	12,358,642	249,512	35.1889	8,780,053	224,491	35.3754	7,941,459
Financial assets at FVTOCI									
USD	1,764,766	31.0530	54,801,279	1,695,157	30.7380	52,105,736	1,766,647	30.5830	54,029,365
CNY	1,483,931	4.5157	6,700,987	1,161,447	4.4748	5,197,243	856,816	4.6007	3,941,953
AUD	114,467	21.7402	2,488,535	125,471	21.6549	2,717,062	178,435	22.4602	4,007,686
Financial assets measured at amortized cost									
USD	52,580	31.0530	1,632,767	49,602	30.7380	1,524,666	50,712	30.5830	1,550,925
SGD	56,300	22.9394	1,291,488	47,481	22.4398	1,065,464	36,524	22.3535	816,439
AUD	5,000	21.7402	108,701	15,004	21.6549	324,910	15,005	22.4602	337,015
Financial assets at FVTPL									
USD	49,027	31.0530	1,522,435	59,055	30.7380	1,815,233	57,159	30.5830	1,748,094
EUR	1,832	35.2979	64,666	1,525	35.1889	53,663	1,182	35.3754	41,814
HKD	867	3.9743	3,446	1,564	3.9238	6,137	1,906	3.8970	7,428
Other financial assets									
CNY	1,350,000	4.5157	6,096,195	550,000	4.4748	2,461,140	-	-	-
Non-monetary items									
Equity investments under the equity method									
USD	2,303,943	31.0530	71,544,342	2,208,320	30.7380	67,879,340	2,024,410	30.5830	61,912,531
HKD	78,068	3.9743	310,266	74,718	3.9238	293,178	72,765	3.8970	283,565

(Continued)

	June 30, 2019			December 31, 2018			June 30, 2018		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial liabilities									
Monetary items									
Payables									
USD	$ 120,028	31.0530	$ 3,727,229	$ 252,902	30.7380	$ 7,773,702	$ 99,158	30.5830	$ 3,032,549
EUR	47,162	35.2979	1,664,720	55,700	35.1889	1,960,022	1,935	35.3754	68,451
JPY	1,603,204	0.2884	462,364	3,991,755	0.2776	1,108,111	1,641,119	0.2769	454,426
Central Bank and interbank deposits									
USD	389,977	31.0530	12,109,956	418,733	30.7380	12,871,015	333,012	30.5830	10,184,506
HKD	2,471,000	3.9743	9,820,495	306,003	3.9238	1,200,695	233,195	3.8970	908,761
EUR	122,506	35.2979	4,324,205	13	35.1889	457	442	35.3754	15,636
Deposits and remittances									
USD	7,164,101	31.0530	222,466,828	7,066,331	30.7380	217,204,882	6,996,370	30.5830	213,969,984
CNY	5,044,173	4.5157	22,777,972	5,712,780	4.4748	25,563,548	5,528,664	4.6007	25,435,724
EUR	377,316	35.2979	13,318,462	328,192	35.1889	11,548,715	338,727	35.3754	11,982,603
Financial liabilities at FVTPL									
USD	85,607	31.0530	2,658,354	79,475	30.7380	2,442,903	7,683	30.5830	234,969
EUR	582	35.2979	20,543	373	35.1889	13,125	26	35.3754	920
HKD	3,103	3.9743	12,332	-	-	-	3,046	3.8970	11,870

(Concluded)

43. Others

The Bank merged SCSB Life Insurance Agency and SCSB Property Insurance Agency on May 6, 2019. Since the SCSB Life Insurance Agency and SCSB Property Insurance Agency are all 100% owned by the Bank, according to the IFRS question and answer set published by the Accounting Research and Development Foundation, the "Issues for the treatment of corporate mergers under the joint control of IFRS3", as the IFRS3“Business Combinations ”does not clearly stipulate the business combination under common control, the relevant interpretation letter issued by Taiwan (R.O.C) should still be applied.

The merger of SCSB Life Insurance Agency and SCSB Property Insurance Agency was organized by the organization. According to the relevant interpretation letter issued by the Accounting Research and Development Foundation, when the Bank merged with SCSB Life Insurance Agency and SCSB Property Insurance Agency , it should accounte for their book value of all assets and liabilities, and prepared the consolidated balance sheet accordingly. When preparing comparative financial statements, it should be regarded that the previous comparative financial statements have been consolidated and recompiled from the outset.

The Bank's consolidated net assets of SCSB Life Insurance Agency and SCSB Property Insurance Agency amounted to the total of $169,729 thousand. The personal financial performance of SCSB Life Insurance Agency and SCSB Property Insurance Agency in the second quarter of 2018 has been included in the individual consolidated income statement of the Bank in the second quarter of the year of 2018, and has been retrospectively reorganized in the individual financial statements of the Bank from January 1 to June 30, 2018.

44. ADDITIONAL DISCLOSURES

Information of significant transaction items 48.1 and other business investment 48.2 is as follows:

44.1.1 Financing provided: The Bank - not applicable; investees - Table 2.

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

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

44.1.4 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: The Bank - not applicable; investees - Table 4.

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

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

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

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

44.1.9 Sale of non-performing loans: None.

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

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

44.1.12 Names, locations, and other information of investees on which the Bank exercises significant influence: The Bank - not applicable; investees - Table 5.

44.1.13 Derivative financial transactions: Note 8 on which the Bank exercises significant influence has no such transaction.

44.3 Investments in mainland China:

44.3.1 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 5.

44.3.2 Significant direct or indirect transactions with the investees, prices and terms of payment, unrealized gain or loss: Not applicable.

45. SEGMENT INFORMATION

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

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.

OVERDUE LOANS AND RECEIVABLE
JUNE 30, 2019, DECEMBER 31, 2018 AND JUNE 30, 2018
(In Thousands of New Taiwan Dollars, %)

Period			June 30, 2019					December 31, 2018					June 30, 2018				
Business			Non-performing Loans(Note 1)	Loans	Ratio of Non-performing Loans (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)	Non-performing Loans (Note 1)	Loans	Ratio of Non-performing Loans (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)	Non-performing Loans (Note 1)	Loans	Ratio of Non-performing Loans (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)
Corporate banking	Secured		$ 565,936	$ 250,641,574	0.23	$ 2,981,903	526.90	$ 554,999	$ 239,654,163	0.23	$ 2,981,948	537.29	$ 698,997	$ 236,628,973	0.30	$ 3,074,172	439.80
	Unsecured		191,816	195,224,394	0.10	2,080,413	1,084.59	339,234	183,056,416	0.19	2,188,385	645.10	221,619	187,204,963	0.12	2,094,200	944.96
Consumer banking	Housing mortgages (Note 4)		575,606	145,274,584	0.40	2,677,833	465.22	521,811	138,622,287	0.38	2,627,125	503.46	490,966	122,718,393	0.40	2,336,415	475.88
	Cash cards		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Small scale credit loans(Note 5)		4,325	703,868	0.61	11,311	261.53	5,817	564,768	1.03	11,783	202.56	5,779	550,068	1.05	11,382	196.95
	Others (Note 6)	Secured	385,484	129,424,077	0.30	1,575,370	408.67	327,497	122,458,132	0.27	1,570,020	479.40	385,217	116,675,493	0.33	1,557,149	404.23
		Unsecured	3,245	7,263,148	0.04	76,254	2,349.89	4,812	7,168,475	0.07	76,760	1,595.18	3,628	6,565,536	0.06	69,220	1,907.94
Total			1,726,412	728,531,645	0.24	9,403,084	544.66	1,754,170	691,524,241	0.25	9,456,021	539.06	1,806,206	670,343,426	0.27	9,142,538	506.17
			Non-performing Receivables (Note1)	Accounts Receivable	Ratio of Non-performing Receivables (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)	Non-performing Receivables (Note 1)	Accounts Receivable	Ratio of Non-performing Receivables (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)	Non-performing Receivables (Note 1)	Accounts Receivable	Ratio of Non-performing Receivables (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)
Credit cards			11,457	2,463,249	0.47	89,886	784.55	10,293	2,008,135	0.51	86,839	843.67	16,013	2,208,121	0.73	88,335	551.65
Accounts receivable factored without recourse (Note 7)			-	831,750	-	8,317	-	-	811,314	-	8,113	-	-	886,318	-	8,863	-

Note 1: Non-performing loans represent the amounts of non-performing 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 Non-performing/Non-accrued Loans."
Non-performing credit card receivables represent the amounts of non-performing 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 non-performing loans: Non-performing loans ÷ Outstanding loan balance.
Ratio of non-performing credit cards receivables: Non-performing credit cards receivables ÷ Outstanding credit cards receivables balance.

Note 3: Coverage ratio of loans: Allowance for possible losses on loans ÷ Non-performing loans.
Coverage ratio of credit cards receivable: Allowance for possible losses on credit cards receivable ÷ Non-performing 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 non-performing receivables in three months after the factors or insurance companies reject indemnification.

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.

OVERDUE LOANS AND RECEIVABLE
JUNE 30, 2019, DECEMBER 31, 2018 AND JUNE 30, 2018
(In Thousands of New Taiwan Dollars)

	June 30, 2019		December 31, 2018		June 30, 2018	
	Excluded NPL	Excluded Overdue Receivables	Excluded NPL	Excluded Overdue Receivables	Excluded NPL	Excluded Overdue Receivables
As a result of debt consultation and loan agreements (Note1)	$ -	$ -	$ -	$ -	$ -	$ -
As a result of consumer debt clearance (Note 2)	-	35,384	-	35,447	-	35,555

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.

LOANS AND OTHER INFORMATION
JUNE 30, 2019
(In Thousands of New Taiwan Dollars)

No.	Lender	Borrower	Corresponding Account	Related Parties	The Highest Balance in the Period	Ending Balance	Actual Amount	Interest Rate Range %	Capital Loan (Note 2)	Business Dealing Amount	Reasons of Short-term Financing	Allowance	Collateral		For Individual Fund Loan and Limit	Total Loan Limit
													Name	Value		
1	SCSB Leasing (China) Co., Ltd.	A Co., Ltd.	Entrusted loan receivables	N/A	$ 112,893	$ 112,893	$ 112,893	6%-11%	1	$ 112,893	-	$ 2,258	Real estate	$ 193,904	$ 377,369	$ 943,421
1	SCSB Leasing (China) Co., Ltd.	B Co., Ltd.	Entrusted loan receivables	N/A	112,893	101,603	101,603	6%-11%	1	101,603	-	2,032	Real estate	272,297	377,369	943,421

Note 1: The numbers refer to the following:
(1) Issuer is 0.
(2) Investees are numbered sequentially starting from 1.

Note 2: The nature of capital loans correspond to the following values:
(1) 1 for business dealing.
(2) 2 for reasons of short-term financing facility.

Note 3: The amounts and calculation of the loan limit are as follows:

1. Individual fund loans and limits

(1) For an enterprise or organization that has no business relationship with the lender but has short-term financing facility , the loan amount to the single enterprise or organization shall not exceed 40% of the net value as presented in the latest financial statements of the lender as audited by the accountant.

(2) For an enterprise or organization that has no business dealings with the lender but has short-term financing facility , the loan amount to the single enterprise or organization shall not exceed 20% of the net value as presented in the latest financial statements of the lender as audited by the accountant.

2. Capital loans and total loan limits

(1) For an enterprise or organization that has no business dealings with the lender but has short-term financing facility , the total accumulated loan balance of the single enterprise or organization shall not exceed twice the net value as presented in the latest financial statements of the lender as audited by the accountant.

(2) For an enterprise or organization that has no business dealings with the lender but has short-term financing facility, the total accumulated loan balance of the single enterprise or organization shall not exceed 40% of the net value as presented in the latest financial statements of the lender as audited by the accountant.

The total accumulated loan balance of the above two parties shall not exceed twice the net value as presented in the latest financial statements of the lender as audited by the accountant.

TABLE 3

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.

MARKETABLE SECURITIES HELD
JUNE 30, 2019
(In Thousands of New Taiwan Dollars)

Holding Company Name	Name	Security Issuer's Relationship with Holding Company	Financial Statement Account	June 30, 2018				Note
				Shares (Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
Shancom Reconstruction Inc.	Empresa Inversiones Generales, S.A.	Indirect subsidiary	Investment in subsidiaries	1	$ 1,775,158	100.00	$ 1,775,158	
	Krinein Company	Indirect subsidiary	Investment in subsidiaries	2	516,642	100.00	516,642	
	Safehaven Investment Corporation	Indirect subsidiary	Investment in subsidiaries	1	49,829	100.00	49,829	
Wresqueue Limitada	Prosperity Realty Inc.	Indirect subsidiary	Investment in subsidiaries	4	15,511	100.00	15,511	
China Travel Service (Taiwan)	Silks Place Taroko	-	Equity investments under the equity method	20,372	225,242	45.00	225,242	
	CTS Travel International Ltd.	Indirect subsidiary	Investment in subsidiaries	600	6,986	100.00	6,986	
	Joy Tour Service Co., Ltd.	-	Financial assets measured at FVTOCI	100	1,000	10.00	1,000	
	Shanghai Commercial & Savings Bank, Ltd.	The Bank	Financial assets measured at FVTOCI	27	1,563	-	1,563	
SCSB Asset Management Ltd.	SCSB Leasing (China) Co., Ltd.	Indirect subsidiary	Investment in subsidiaries	NA	964,097	100.00	964,097	
Krinein Company	Shanghai Commercial Bank (HK)	Indirect subsidiary	Investment in subsidiaries	1,920	11,032,570	9.60	11,032,570	
Empresa Inversiones Generales, S.A.	Shanghai Commercial Bank (HK)	Indirect subsidiary	Investment in subsidiaries	9,600	55,162,852	48.00	55,162,852	

TABLE 4

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.

RELATED INFORMATION OF INVESTEES
FOR THE SIX MONTHS ENDED JUNE 30, 2019
(In Thousands of New Taiwan Dollars) (In Thousands of Shares)

Investee Company	Location	Main Businesses and Products	Percentage of Ownership (%)	Carrying Amount	Investment Income (Loss) Recognized	Consolidated Investment				Note
						Shares (In Thousands)	Shares (Pro forma)	Shares (In Thousands)	Percentage of Ownership (%)	
Financial business										
SCSB Asset Management Ltd.	Taiwan	Purchase and management of creditor's rights of financial institutions	100.00	$ 1,610,650	$ 42,612	160,000	-	160,000	100.00	
SCSB Marketing Ltd.	Taiwan	Marketing	100.00	7,656	914	500	-	500	100.00	
Paofoong Insurance Company Ltd.	Hong Kong	Insurance	40.00	310,267	13,021	500	-	500	100.00	
Shanghai Commercial Bank (HK)	Hong Kong	Banking and financial	57.60	66,195,422	3,538,676	11,520	-	11,520	57.60	
SCSB Leasing (China) Co., Ltd.	China	Leasing operation	100.00	964,097	21,157	NA	-	NA	100.00	
AMK Microfinance Institution Plc.	Cambodia	Microfinance business	80.01	2,551,980	31,190	3,851	-	3,851	80.01	
Non-financial business										
China Travel Service (Taiwan)	Taiwan	Travel services	99.99	358,099	12,865	38,943	-	38,943	99.99	
Kuo Hai Real Estate Management	Taiwan	Building material distribution	34.69	-		3,000	-	3,000	34.69	
Shancom Reconstruction Inc.	Liberia	Securities investment	100.00	68,123,421	3,566,132	5	-	5	100.00	
Wresqueue Limitada	Liberia	Securities investment	100.00	344,454	6,504	176	-	176	100.00	
Empresa Inversiones Generales, S.A.	Panama	Securities investment	100.00	1,775,158	1,787,079	1	-	1	100.00	
Krinein Company	Cayman Islands	Securities investment	100.00	516,642	361,001	2	-	2	100.00	
Safehaven Investment Corporation	Liberia	Securities investment	100.00	49,829	201	1	-	1	100.00	
Prosperity Realty Inc.	America	Real estate services	100.00	15,511	5,629	4	-	4	100.00	
Silks Place Taroko	Taiwan	Travel services	45.00	225,242	11,412	20,372	-	20,372	45.00	
CTS Travel International Ltd.	Taiwan	Travel services	100.00	6,986	14	600	-	600	100.00	

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

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

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.

INVESTMENT IN MAINLAND CHINA
JUNE 30, 2019
(In Thousands of New Taiwan Dollars and U.S. Dollars)

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 amount as of June 30, 2018 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, 2018	Investment Flows		Accumulated Outflow of Investment as of June 30, 2019	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of June 30, 2019 (Note 3)	Accumulated Inward Remittance of Earnings as of June 30, 2019
					Outflow	Inflow					
SCSB Leasing (China) Co., Ltd.	Leasing operation	US$ 30,000	(c)	US$ 30,000	US$ -	US$ -	US$ 30,000	100	$ 21,157 US$ 681	$ 964,097 US$ 31,047	$ -
Bank of Shanghai	Banking operations approved by local government	US$ 1,589,155	(Note 4)	US$ 112,743	US$ -	US$ -	US$ 112,743	3	- US$ -	16,883,827 US$ 543,710	-
Shanghai Commercial Bank Ltd. - Shenzhen Branch	Banking operations approved by local government	US$ 101,949	(Note 4)	US$ 63,893	US$ -	US$ -	US$ 63,893	100	156,714 US$ 5,067	2,966,598 US$ 95,533	-
Shanghai Commercial Bank Ltd. - Shanghai Branch	Banking operations approved by local government	US$ 108,991	(Note 4)	US$ 64,717	US$ -	US$ -	US$ 64,717	100	46,975 US$ 1,519	3,470,177 US$ 111,750	-

2. Upper limit on investment in mainland China:

Accumulated Investment in Mainland China as of June 30, 2019 (Note 3)	Investment Amounts Authorized by Investment Commission, MOEA (Notes 3)	Upper Limit on Investment Authorized by Investment Commission MOEA
$8,426,325 (US$271,353)	$8,665,619 (US$279,059)	$109,913,101

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

(1) Directly invest.
(2) Invest indirectly via a third company.
(3) Others.

Note 2: It should be specified from financial report audited by international accounting firm associated with accounting firm in the R.O.C.

Note 3: Calculated using the exchange rate on June 30, 2019.

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