The Shanghai Commercial & Savings Bank, Ltd. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2014 and 2013 and Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated balance sheets of The Shanghai Commercial & Savings Bank, Ltd. (the "Bank") and its subsidiaries (collectively referred to as the "Group") as of December 31, 2014 and 2013, and the related consolidated statements of comprehensive income, changes in equity, and cash flows for the years ended December 31, 2014 and 2013. These consolidated financial statements are the responsibility of the managements of the Group. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2014 and 2013, and their consolidated financial performance and their consolidated cash flows for the years ended December 31, 2014 and 2013, in conformity with the Regulations Governing the Preparation of Financial Reports by Public Banks, related regulations, and International Financial Reporting Standards endorsed by the Financial Supervisory Commission of the Republic of China.

We have also audited the parent company only financial statements of the Bank as of and for the years ended December 31, 2014 and 2013 on which we have issued an unqualified report.

March 14, 2015

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

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

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

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars)

	2014		2013	
ASSETS	**Amount**	**%**	**Amount**	**%**
Cash and cash equivalents (note 6)	$ 64,578,504	4	$ 58,055,252	4
Due from the central bank and call loans to banks (note 7)	227,645,569	15	221,625,832	16
Financial assets at fair value through profit or loss (note 8)	35,253,380	2	33,043,474	2
Derivative financial assets for hedging (note 9)	27,315	-	104,418	-
Securities purchased under resell agreements (note 10)	11,046,883	1	1,588,177	-
Receivables, net (notes 11 and 33)	19,383,489	1	15,253,958	1
Discounts and loans, net (notes 4, 12, 33 and 34)	851,128,367	55	775,609,470	54
Available-for-sale financial assets, net (notes 13 and 34)	203,621,863	13	185,448,671	13
Held-to-maturity financial assets, net (notes 14 and 34)	99,818,624	7	116,575,221	8
Equity investments under the equity method, net (note 15)	1,156,200	-	979,906	-
Other financial assets, net (note 16)	224,843	-	221,642	-
Properties, net (note 17)	23,258,479	2	21,719,502	2
Investment properties, net (note 18)	21,140	-	355,318	-
Deferred income tax assets (note 31)	953,167	-	924,324	-
Other assets, net (note 19)	4,105,803	-	4,442,779	-
Total	$ 1,542,223,626	100	$ 1,435,947,944	100
LIABILITIES AND EQUITY				
Due to the central bank and banks (note 20)	$ 38,880,983	3	$ 38,999,190	3
Borrowings from the central bank and banks	-	-	3,932,016	-
Financial liabilities at fair value through profit or loss (note 8)	1,361,043	-	1,529,591	-
Derivative financial liabilities for hedging (note 9)	-	-	24,429	-
Securities sold under repurchase agreements (note 21)	6,475,072	-	5,746,867	-
Payables (notes 22 and 33)	25,165,527	2	21,840,540	2
Current income tax liabilities (note 31)	1,081,936	-	939,494	-
Deposits and remittances (notes 23 and 33)	1,266,845,785	82	1,179,265,585	82
Bank debentures (note 24)	38,027,600	3	33,104,321	2
Other financial liabilities (note 25)	5,630,516	-	6,680,824	1
Provisions (note 26)	1,377,249	-	1,218,629	-
Deferred income tax liabilities (note 31)	9,382,436	1	8,019,995	1
Other liabilities (notes 27 and 33)	2,666,156	-	2,470,300	-
Total liabilities	1,396,894,303	91	1,303,771,781	91
Equity attributable to owners of the Bank				
Share capital				
Ordinary shares	38,086,864	2	37,157,916	3
Capital surplus	4,632,533	-	4,625,336	-
Retained earnings				
Legal reserve	33,751,333	2	30,708,270	2
Special reserve	7,480,146	1	7,480,146	1
Unappropriated earnings	16,201,932	1	14,913,809	1
Total retained earnings	57,433,411	4	53,102,225	4
Other equity	7,754,295	1	4,116,983	-
Treasury stock	(83,144)	-	(83,144)	-
Total equity attributable to owners of the Bank	107,823,959	7	98,919,316	7
Non-controlling interests	37,505,364	2	33,256,847	2
Total equity (note 29)	145,329,323	9	132,176,163	9
Total	$ 1,542,223,626	100	$ 1,435,947,944	100

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

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2014		2013	
	Amount	**%**	**Amount**	**%**
Interest revenues	$ 31,828,177	108	$ 27,427,035	101
Interest expenses	11,228,454	38	9,775,009	36
Net interest (notes 30 and 33)	20,599,723	70	17,652,026	65
Net revenues other than interest				
Service fee incomes, net (note 30)	5,062,280	17	4,774,386	18
Gains on financial assets and liabilities at fair value through profit or loss (note 30)	1,154,368	4	1,022,144	4
Realized gains on available-for-sale financial assets	685,150	2	1,196,460	5
Foreign exchange gains, net	210,536	1	543,227	2
Share of profit of associates and joint ventures, net	176,973	1	114,364	-
Other net revenues (note 33)	1,425,000	5	1,735,034	6
Total net revenues other than interest	8,714,307	30	9,385,615	35
Consolidated net revenues	29,314,030	100	27,037,641	100
Bad debt expenses (note 12)	873,990	3	736,933	3
Operating expenses				
Personnel (notes 4, 28, 30 and 33)	6,421,805	22	6,106,984	22
Depreciation and amortization (note 30)	738,714	3	727,303	3
Other general and administrative	3,629,602	12	3,294,802	12
Total operating expenses	10,790,121	37	10,129,089	37
Profit before income tax	17,649,919	60	16,171,619	60
Income tax expense (note 31)	(3,598,025)	(12)	(3,129,561)	(12)
Consolidated net income	14,051,894	48	13,042,058	48
Other comprehensive income				
Translation adjustments for foreign operations	4,953,273	17	2,000,224	8
Unrealized gain on available-for-sale financial assets	1,945,644	7	509,945	2
Cash flow hedges	24,429	-	32,109	-
Defined benefit plan loss (note 28)	(88,548)	-	(15,900)	-

(Continued)

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2014		2013	
	Amount	**%**	**Amount**	**%**
Share of the other comprehensive income of associates and joint ventures	$ 7,137	-	$ (388)	-
Income tax relating to the components of other comprehensive income (note 31)	(749,726)	(3)	(234,951)	(1)
Other comprehensive income for the period, net of income tax	6,092,209	21	2,291,039	9
Total comprehensive income for the period	$ 20,144,103	69	$ 15,333,097	57
Net profit attributable to:				
Owner of the Bank	$ 10,907,317	37	$ 10,143,546	37
Non-controlling interests	3,144,577	11	2,898,512	11
	$ 14,051,894	48	$ 13,042,058	48
Total comprehensive income attributable to:				
Owner of the Bank	$ 14,471,133	50	$ 11,322,873	42
Non-controlling interests	5,672,970	19	4,010,224	15
	$ 20,144,103	69	$ 15,333,097	57
Earnings Per Share (note 32)				
Basic	$2.87		$2.67	
Diluted	$2.87		$2.67	

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

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company (note 29)											
			Retained Earnings			Other Equity						
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Cash Flow Hedges	Treasury Stock	Total	Non-controlling Interests	Total Equity
Balance at January 1, 2013	$ 37,157,916	$ 4,618,140	$ 27,849,676	$ 6,223,287	$ 14,472,600	$ (1,423,907)	$ 4,404,904	$ (56,538)	$ (83,144)	$ 93,162,934	$ 30,567,237	$ 123,730,171
Special reserve under Rule No. 1010012865 issued by the FSC	-	-	-	1,256,859	(1,256,859)	-	-	-	-	-	-	-
Appropriation of 2012 earnings												
Legal reserve	-	-	2,858,594	-	(2,858,594)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(5,573,687)	-	-	-	-	(5,573,687)	-	(5,573,687)
Change in capital surplus from investments in associates and joint ventures accounted for by using equity method	-	7,196	-	-	-	-	-	-	-	7,196	-	7,196
Net profit for the year ended December 31, 2013	-	-	-	-	10,143,546	-	-	-	-	10,143,546	2,898,512	13,042,058
Other comprehensive income for the year ended December 31, 2013, net of income tax	-	-	-	-	(13,197)	1,014,499	145,916	32,109	-	1,179,327	1,111,712	2,291,039
Total comprehensive income for the year ended December 31, 2013	-	-	-	-	10,130,349	1,014,499	145,916	32,109	-	11,322,873	4,010,224	15,333,097
Change in non-controlling interest	-	-	-	-	-	-	-	-	-	-	(1,320,614)	(1,320,614)
Balance at December 31, 2013	37,157,916	4,625,336	30,708,270	7,480,146	14,913,809	(409,408)	4,550,820	(24,429)	(83,144)	98,919,316	33,256,847	132,176,163
Appropriation of 2013 earnings												
Legal reserve	-	-	3,043,063	-	(3,043,063)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(5,573,687)	-	-	-	-	(5,573,687)	-	(5,573,687)
Share dividends	928,948	-	-	-	(928,948)	-	-	-	-	-	-	-
Change in capital surplus from investments in associates and joint ventures accounted for by using equity method	-	7,197	-	-	-	-	-	-	-	7,197	-	7,197
Net profit for the year ended December 31,2014, net of income tax	-	-	-	-	10,907,317	-	-	-	-	10,907,317	3,144,577	14,051,894
Other comprehensive income (loss) for the year ended December 31, 2014, net of income tax	-	-	-	-	(73,496)	2,532,071	1,080,812	24,429	-	3,563,816	2,528,393	6,092,209
Total comprehensive income (loss) for the year ended December 31, 2014	-	-	-	-	10,833,821	2,532,071	1,080,812	24,429	-	14,471,133	5,672,970	20,144,103
Change in non-controlling interest	-	-	-	-	-	-	-	-	-	-	(1,424,453)	(1,424,453)
Balance at December 31, 2014	$ 38,086,864	$ 4,632,533	$ 33,751,333	$ 7,480,146	$ 16,201,932	$ 2,122,663	$ 5,631,632	$ -	$ (83,144)	$ 107,823,959	$ 37,505,364	$ 145,329,323

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

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars)

	2014	2013
Cash flows from operating activities		
Consolidated net profit before income tax	$ 17,649,919	$ 16,171,619
Adjustments to reconcile net profit to net cash provided by operating activities		
Depreciation expenses	458,313	475,575
Amortization expenses	280,401	251,728
Bad debt expenses	873,990	736,933
Gains on financial assets and liabilities at fair value through profit or loss	(338,843)	(166,455)
Interest expenses	11,228,454	9,775,009
Interest revenues	(31,828,177)	(27,427,035)
Dividend income	(402,745)	(358,713)
Share of profit of associates and joint ventures	(176,973)	(114,364)
Losses (gains) on sale of properties and equipment, net	13,500	(277,219)
Gains on disposal of investments	(190,657)	(845,805)
Other adjustments	833,794	461,339
Changes in operating assets and liabilities		
Decrease (increase) in due from the central bank and call loans to banks	366,300	(52,404,946)
Increase in financial assets at fair value through profit or loss	(1,210,660)	(3,357,776)
Decrease (increase) in receivables	(2,898,253)	930,482
Increase in discounts and loans	(60,900,855)	(114,264,020)
Increase in available-for-sale financial assets	(10,703,395)	(11,348,214)
Increase in held-to-maturity financial assets	17,321,001	8,731,307
Decrease (increase) in other financial assets	(3,201)	24,048
Increase (decrease) in due to the Central Bank and banks	(1,868,464)	(6,492,097)
Increase (decrease) in financial liabilities at fair value through profit or loss	(713,350)	139,563
Increase (decrease) in securities sold under repurchase agreements	728,205	(2,735,640)
Increase in payables	475,717	200,728
Increase in deposits and remittances	58,935,294	89,638,324
Increase (decrease) in other financial liabilities	(1,050,308)	1,676,220
Decrease in employee benefit provisions	34,345	44,018
Increase (decrease) in other liabilities	(90,605)	99,952
Cash used in operation	(3,177,253)	(90,435,439)
Interest received	30,038,255	26,337,730
Dividend received	393,777	352,826
Interest paid	(10,886,870)	(9,837,599)
Income tax paid	(2,659,002)	(2,662,370)
Net cash generated from (used in) operating activities	13,708,907	(76,244,852)

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THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars)

	2014	2013
Cash flows from investing activities		
Acquisition of properties	$ (1,043,946)	$ (1,904,209)
Proceeds from disposal of properties	3,074	373,242
Increase in refundable deposits	-	(60,276)
Decrease in refundable deposits	19,657	-
Decrease (increase) in other assets	(248,907)	1,036,056
Acquisition of investment properties	(1,551)	(8,248)
Net cash used in investing activities	(1,271,673)	(563,435)
Cash flows from financing activities		
Decrease in borrowings from the Central Bank and banks	(3,932,016)	(1,875,984)
Issuance of bank debentures	10,000,000	-
Repayment of bank debentures	(5,000,000)	(2,000,000)
Increase in guarantee deposit received	157,316	-
Decrease in guarantee deposit received	-	(81,999)
Change in non-controlling interest	(1,424,453)	(1,320,614)
Payment of cash dividend	(5,573,687)	(5,573,687)
Net cash used in financing activities	(5,772,840)	(10,852,284)
Effects of exchange rate changes on the balance of cash held in foreign currencies	11,871,453	3,463,085
Net increase (decrease) in cash and cash equivalents	18,535,847	(84,197,486)
Cash and cash equivalents at the beginning of the period	192,409,678	276,607,164
Cash and cash equivalents at the end of the period	$ 210,945,525	$ 192,409,678

Reconciliation of the amounts in the consolidated statements of cash flows with the equivalent items reported in the consolidated balance sheets at December 31, 2014 and 2013

	2014	2013
Cash and cash equivalents in consolidated balance sheets	$ 64,578,504	$ 58,055,252
Due from the Central Bank and call loans to banks fall in with the definition of cash and cash equivalents under IFRS 7	135,320,138	132,766,249
Securities purchased under resell agreements fall in with the definition of cash and cash equivalents under IFRS 7	11,046,883	1,588,177
Cash and cash equivalents in consolidated statements of cash flows	$ 210,945,525	$ 192,409,678

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

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

1. ORGANIZATION AND OPERATIONS

The Bank was incorporated in the Republic of China ("ROC") and engaged in various commercial banking businesses under related laws and regulations. The Bank has a head office in Taipei, 68 domestic branches and two foreign branches, Hong Kong branch and Dong Nai (Vietnam) branch.

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

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

2. AUTHORIZATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors and authorized for issue on March 14, 2015.

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

a. The amendments to the Regulations Governing the Preparation of Financial Reports by Public Banks and the 2013 version of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) endorsed by the FSC not yet effective

Rule No. 1030029342 and Rule No. 1030010325 issued by the FSC on April 3, 2014, stipulated that the Group should apply the 2013 version of IFRS, IAS, IFRIC and SIC (collectively, the "IFRSs") endorsed by the FSC and the related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers starting January 1, 2015.

New, Amended and Revised Standards and Interpretations (the "New IFRSs")	Effective Date Announced by IASB (Note)
Improvements to IFRSs (2009) - amendment to IAS 39	January 1, 2009 and January 1, 2010, as appropriate
Amendment to IAS 39 "Embedded Derivatives"	Effective for annual periods ending on or after June 30, 2009
Improvements to IFRSs (2010)	July 1, 2010 and January 1, 2011, as appropriate
Annual Improvements to IFRSs 2009-2011 Cycle	January 1, 2013
Amendment to IFRS 7 "Disclosure - Offsetting Financial Assets and Financial Liabilities"	January 1, 2013
Amendment to IFRS 7 "Disclosure - Transfer of Financial Assets"	July 1, 2011

(Continued)

New, Amended and Revised Standards and Interpretations (the "New IFRSs")	Effective Date Announced by IASB (Note)
IFRS 10 "Consolidated Financial Statements"	January 1, 2013
IFRS 11 "Joint Arrangements"	January 1, 2013
IFRS 12 "Disclosure of Interests in Other Entities"	January 1, 2013
Amendments to IFRS 10, IFRS 11 and IFRS 12 "Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance"	January 1, 2013
Amendments to IFRS 10 and IFRS 12 and IAS 27 "Investment Entities"	January 1, 2014
IFRS 13 "Fair Value Measurement"	January 1, 2013
Amendment to IAS 1 "Presentation of Other Comprehensive Income"	July 1, 2012
Amendment to IAS 12 "Deferred Tax: Recovery of Underlying Assets"	January 1, 2012
IAS 19 (Revised 2011) "Employee Benefits"	January 1, 2013
IAS 28 (Revised 2011) "Investments in Associates and Joint Ventures"	January 1, 2013
Amendment to IAS 32 "Offsetting Financial Assets and Financial Liabilities"	January 1, 2014
IFRIC 20 "Stripping Costs in Production Phase of a Surface Mine"	January 1, 2013

(Concluded)

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

Except for the following, whenever applied, the initial application of the above 2013 IFRSs version and the related amendments to the Regulations Governing the Preparation of Financial Reports by Public Banks would not have any material impact on the Group's accounting policies.

1) IFRS 13 "Fair Value Measurement"

   IFRS 13 establishes a single source of guidance for fair value measurements. It defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The disclosure requirements in IFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only will be extended by IFRS 13 to cover all assets and liabilities within its scope.

   The fair value measurements under IFRS 13 will be applied prospectively from January 1, 2015.

2) Amendment to IAS 1 "Presentation of Items of Other Comprehensive Income"

   The amendment to IAS 1 requires items of other comprehensive income to be grouped into those items that (1) will not be reclassified subsequently to profit or loss; and (2) may be reclassified subsequently to profit or loss. Income taxes on related items of other comprehensive income are grouped on the same basis. Under current IAS 1, there were no such requirements.

The Group will apply the above amendments in presenting the statement of comprehensive income, starting from the year 2015. Items not expected to be reclassified to profit or loss are remeasurements of the defined benefit plans. Items expected to be reclassified to profit or loss are the exchange differences on translating foreign operations, unrealized gains (loss) on available-for-sale financial assets, cash flow hedges, and share of the other comprehensive income (except the share of the actuarial gains (loss) arising from defined benefit plans) of associates accounted for using the equity method. However, the application of the above amendments will not result in any impact on the net profit for the year, other comprehensive income for the year (net of income tax), and total comprehensive income for the year.

3) Revision to IAS 19 "Employee Benefits"

The interest cost and expected return on plan assets used in current IAS 19 are replaced with a "net interest" amount, which is calculated by applying the discount rate to the net defined benefit liability or asset.

In addition, the revised IAS 19 introduces certain changes in the presentation of the defined benefit cost and also includes more extensive disclosure.

On initial application of the revised IAS 19 in 2015, the changes in cumulative employee benefit costs as of December 31, 2013 resulting from the retrospective application are adjusted to deferred tax assets and other equity and retained earnings. In addition, in preparing the consolidated financial statements for the year ended December 31, 2015, the Group would elect not to present 2014 comparative information about the sensitivity of the defined benefit obligation.

The anticipated impact of the initial application of the revised IAS 19 is detailed as follows:

	Carrying Amount	**Adjustments Arising from Initial Application**	**Adjusted Carrying Amount**
Impact on assets, liabilities and equity			
December 31, 2014			
Deferred tax assets	$ 953,167	$ -	$ 953,167
Retained earnings	$ 57,433,411	($ 1,949)	$ 57,431,462
Other equity	$ 7,754,295	$ 1,949	$ 7,756,244
January 1, 2014			
Deferred tax assets	$ 924,324	$ -	$ 924,324
Retained earnings	$ 53,102,225	$ -	$ 53,102,225
Other equity	$ 4,116,983	$ -	$ 4,116,983
Impact on total comprehensive income for the year ended December 31, 2014			
Operating expense	($ 10,790,121)	($ 2,348)	($ 10,792,469)
Income tax expense	($ 3,598,025)	$ 399	($ 3,597,626)

(Continued)

	Carrying Amount	Adjustments Arising from Initial Application	Adjusted Carrying Amount
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit plan	($ 88,548)	$ 2,348	($ 86,200)
Income tax relating to items that will not be reclassified	($ 749,726)	($ 399)	($ 750,125)

(Concluded)

4) Amendments to IFRS 7 "Disclosure - Offsetting Financial Assets and Financial Liabilities"

The amendments to IFRS 7 require disclosure of information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under enforceable master netting arrangements and similar arrangements.

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

The Group has not applied the following New IFRSs issued by the IASB but not yet endorsed by the FSC. As of the date the consolidated financial statements were authorized for issue, the FSC has not announced their effective dates.

New IFRSs	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012-2014 Cycle	January 1, 2016 (Note 4)
IFRS 9 "Financial Instruments"	January 1, 2018
Amendments to IFRS 9 and IFRS 7 "Mandatory Effective Date of IFRS 9 and Transition Disclosures"	January 1, 2018
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	January 1, 2016 (Note 3)
Amendments to IFRS 10, IFRS 12 and IAS 28 "Investment Entities: Applying the Consolidation Exception"	January 1, 2016
Amendment to IFRS 11 " Accounting for Acquisitions of Interests in Joint Operations"	January 1, 2016
IFRS 14 "Regulatory Deferral Accounts"	January 1, 2016
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2017
Amendment to IAS 1 "Disclosure Initiative"	January 1, 2016
Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"	January 1, 2016
Amendments to IAS 16 and IAS 41 "Agriculture: Bearer Plants"	January 1, 2016
Amendment to IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014
Amendment to IAS 27 "Equity Method in Separate Financial Statements"	January 1, 2016
Amendment to IAS 36 "Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets"	January 1, 2014
Amendment to IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting"	January 1, 2014
IFRIC 21 "Levies"	January 1, 2014

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

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

Note 3: Prospectively applicable to transactions occurring in annual periods beginning on or after January 1, 2016.

Note 4: The amendment to IFRS 5 is applied prospectively to changes in a method of disposal that occur in annual periods beginning on or after January 1, 2016; the remaining amendments are effective for annual periods beginning on or after January 1, 2016.

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

1) IFRS 9 "Financial Instruments"

Recognition and measurement of financial assets

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

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

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

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

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

The impairment of financial assets

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

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

Hedge accounting

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

2) Amendment to IAS 36 "Recoverable Amount Disclosures for Non-financial Assets"

In issuing IFRS 13 "Fair Value Measurement", on May 2011, the IASB made consequential amendment to the disclosure requirements in IAS 36 "Impairment of Assets", introducing a requirement to disclose in every reporting period the recoverable amount of an asset or each cash-generating unit. The amendment clarifies that such disclosure of recoverable amounts is required only when an impairment loss has been recognized or reversed during the period. Furthermore, the Group is required to disclose the discount rate used in measurements of the recoverable amount based on fair value less costs of disposal measured using a present value technique.

3) Annual Improvements to IFRSs: 2010-2012 Cycle

The amended IFRS 8 requires an entity to disclose the judgments made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have "similar economic characteristics". The amendment also clarifies that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segments' assets are regularly provided to the chief operating decision-maker.

IFRS 13 was amended to clarify that the issuance of IFRS 13 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of not discounting is immaterial.

IAS 24 was amended to clarify that a management entity providing key management personnel services to the Group is a related party of the Group. Consequently, the Group is required to disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

4) Annual Improvements to IFRSs: 2011-2013 Cycle

The scope in IFRS 13 of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis was amended to clarify that it includes all contracts that are within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within IAS 32.

5) Annual Improvements to IFRSs: 2012-2014 Cycle

Several standards including IFRS 5 "Non-current assets held for sale and discontinued operations", IFRS 7, IAS 19 and IAS 34 were amended in this annual improvement.

The amendments to IFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset. In addition, the amendments clarify that the disclosures of offsetting of accounts are not explicitly required for all interim periods; however, the disclosures may need to be included in condensed interim financial statements to comply with IAS 34 under specific conditions.

IAS 19 was amended to clarify that the depth of the market for high quality corporate bonds used to estimate discount rate for post-employment benefits should be assessed by the market of the corporate bonds denominated in the same currency as the benefits to be paid, i.e. assessed at currency level (instead of country or regional level).

6) IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers, and will supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts" and a number of revenue-related interpretations from January 1, 2017.

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, related regulations and IAS 34 "Interim Financial Reporting" endorsed by the FSC. Disclosure information included in interim financial reports is less than disclosures required in a full set of annual reports.

Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments, investment properties, biological assets that are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Classification of Current and Non-current Assets and Liabilities

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

Basis of Consolidation

a. Consolidation

The consolidated financial statements incorporate the financial statements of the Bank and entities controlled by the Bank (its subsidiaries).

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Bank.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Attribution of total comprehensive income to non-controlling interests

Total comprehensive income of subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

b. The subsidiaries in the consolidated financial statements

Detail information of the subsidiaries is as follows:

			Percentage of Ownership	
			December 31	
Name of Investor	Name of Investee	Main Businesses and Products	2014	2013
Domestic subsidiaries				
The Bank	China Travel Services (Taiwan)	Traveling	99.99	99.99
The Bank	SCSB Life Insurance Agency	Insurance agency	100.00	100.00
The Bank	SCSB Property Insurance Agency	Insurance agency	100.00	100.00
The Bank	SCSB Marketing Ltd.	Human resource services	100.00	100.00
The Bank	SCSB Asset Management Ltd.	Purchase, evaluation, auction and management of creditor's right of financial institutions	100.00	100.00
China Travel Services (Taiwan)	CTS Travel International Ltd.	Traveling	100.00	100.00
Foreign subsidiaries				
The Bank	Shancom Reconstruction Inc.	Investment holding	100.00	100.00
The Bank	Wresqueue Limitada	Investment holding	100.00	100.00
The Bank	Paofoong Insurance Company (Hong Kong) Ltd.	Insurance	40.00	40.00
SCSB Asset Management Ltd.	SCSB Leasing (China) Co., Ltd.	Leasing operation	100.00	100.00
Wresqueue Limitada	Prosperity Realty Inc.	Real estate service	100.00	100.00
Shancom Reconstruction Inc.	Empresa Inversiones Generales, S.A.	Investment holding	100.00	100.00
Shancom Reconstruction Inc.	Krinein Company	Investment holding	100.00	100.00
Shancom Reconstruction Inc.	Safehaven Investment Corporation	Investment holding	100.00	100.00
Empresa Inversiones Generales, S.A.	Shanghai Commercial Bank	Banking	48.00	48.00

(Continued)

Name of Investor	Name of Investee	Main Businesses and Products	Percentage of Ownership December 31 2014	Percentage of Ownership December 31 2013
Krinein Company	Shanghai Commercial Bank	Banking	9.60	9.60
Shanghai Commercial Bank	Shanghai Commercial Bank (Nominees) Ltd.	Nominee services	100.00	100.00
Shanghai Commercial Bank	Shanghai Commercial Bank Trustee Ltd.	Trustee services	60.00	60.00
Shanghai Commercial Bank	Shacom Futures Ltd.	Commodities trading	100.00	100.00
Shanghai Commercial Bank	Shacom Investment Ltd.	Investment in exchange fund bills and notes	100.00	100.00
Shanghai Commercial Bank	Shacom Property Holdings (BVI) Limited	Property holding	100.00	100.00
Shanghai Commercial Bank	Shacom Property (NY) Inc.	Property holding	100.00	100.00
Shanghai Commercial Bank	Shacom Property (CA) Inc.	Property holding	100.00	100.00
Shanghai Commercial Bank	Shacom Assets Investment Ltd.	Investment in bonds	100.00	100.00
Shanghai Commercial Bank	Infinite Financial Solutions Ltd.	I.T. application services provider	80.00	80.00
Shanghai Commercial Bank	Shacom Insurance Brokers Ltd.	Insurance broker	100.00	100.00
Shanghai Commercial Bank	Shacom Securities Ltd.	Securities brokerage services	100.00	100.00
Shanghai Commercial Bank	Hai Kwang Property Management Co., Ltd.	Property management	100.00	100.00
Shanghai Commercial Bank	Paofoong Insurance Company (Hong Kong) Ltd.	Insurance	60.00	60.00
Shanghai Commercial Bank	Right Honour Investments Limited	Property holding	100.00	100.00
Right Honour Investments Limited	Glory Step Investments Limited	Property holding	100.00	100.00
Right Honour Investments Limited	Silver Wisdom Investments Limited	Property holding	100.00	100.00

(Concluded)

Foreign Currencies

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

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

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

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

Financial Instruments

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

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

a. Financial assets

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

1) Categories

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

a) Financial assets at FVTPL

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

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

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

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

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

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

b) Held-to-maturity financial assets

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

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

c) Available-for-sale financial assets

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

AFS financial assets are measured at fair value. AFS monetary financial assets relating to changes from interest revenues under effective interest rate method and dividends on AFS equity investments are recognized in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment loss at the end of each reporting period and are presented in a separate line item as financial assets carried at cost. If, in a subsequent period, the fair value of the financial assets can be reliably measured, the financial assets are remeasured at fair value. The difference between carrying amount and fair value is recognized in profit or loss or other comprehensive income on financial assets. Any impairment losses are recognized in profit and loss.

d) Loans and receivables

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

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

2) Impairment of financial assets

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

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

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

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

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

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

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

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

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

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

Under guidelines issued by the Banking Bureau of the Financial Supervisory Commission the credit clients are categorized into five groups, normal, notice, warning, difficult, and uncollectible based on the clients' financial conditions. Furthermore, after assessing the value of the collaterals, the Bank will assess the possibilities of recovery.

Under the policy of the Bank, the minimum standard allowance for all accounts, and for accounts classified as normal (except the government's claims), notice, warning, difficult, and uncollectible is recognized at 1% (2013:0.5%), 2%, 10%, 50%, and 100%, respectively.

Rule No. 10300329440 issued by FSC on December 4, 2014 stipulated that banks may maintain bed debt provision ratio no lower than 1.5% for housing mortgage in order improve banks' risk cushions. The Rule requires the 1.5% rate shall be reached no latter than the end of 2014; however, the Bank has rasied the provision ratio to meet the Rule in 2014 at once.

The uncollectible assets could be written off after the board of directors' approval

3) Derecognition of financial assets

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

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

b. Financial liabilities

1) Subsequent measurement of financial liabilities

a) Financial liabilities at FVTPL

Financial liabilities at FVTPL are all held for trading, and stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The method to determine fair value is stated in Note 36.

b) Financial guarantee contracts

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

2) Derecognition of financial liabilities

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

c. Derivative financial instruments

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

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

Investment in Associates and Jointly Controlled Entities

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

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

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

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

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

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

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

When a group entity transacts with its associate and jointly controlled entity, profits and losses resulting from the transactions with the associate are recognized in the Group' consolidated financial statements only to the extent of interests in the associate and the jointly controlled entity that are not related to the Group.

Hedge Accounting

The Group designates certain hedging instruments, which include derivatives and embedded derivatives, as either fair value hedges or cash flow hedges.

a. Fair value hedges

   Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognized in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognized in profit or loss in the line item relating to the hedged item.

Hedge accounting is discontinued prospectively when the Group revokes the designated hedging relationship, or when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer meets the criteria for hedge accounting.

b. Cash flow hedges:

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, and is included in the other gains and losses line item.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains or losses that were recognized in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment in the same period or periods during which the hedged forecast cash flows affect profit or loss. If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the associated gains and losses that were recognized in other comprehensive income are removed and are included in the initial cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued prospectively when the Group revokes the designated hedging relationship, or when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer meets the criteria for hedge accounting. The cumulative gain or loss on the hedging instrument that has been previously recognized in other comprehensive income from the period when the hedge was effective remains separately in equity until the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

Nonperforming Loans

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

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

Securities Purchased/Sold Under Resell/Repurchase Agreements

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

Properties

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

Depreciation is provided on a straight-line basis over estimated useful lives, and the critical components shall be identified and depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period. Change in accounting estimate takes effect prospectively.

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

Investment Properties

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

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

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

Intangible Assets

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

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

Impairment of Tangible and Intangible Assets Other Than Goodwill

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

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

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

Collaterals Assumed

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

Provisions

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

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

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

Revenue Recognition

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

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

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

Leasing

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

a. The Group as lessor

   Amounts due from lessees under finance leases are recognized as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

   Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Contingent rents arising under operating leases are recognized as income in the period in which they are incurred.

b. The Group as lessee

   Operating lease payments are recognized as an expense on a straight-line basis over the lease term. Contingent rents arising under operating leases are recognized as an expense in the period in which they are incurred.

Retirement Benefit Costs

a. Short-term employee benefit

   Periodic payment to employees for their regular work in the current period is recognized as current expense.

b. Retirement benefit costs

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

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

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period.

The retirement benefit obligation recognized in the consolidated balance sheets represents the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses and unrecognized past service cost, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the unrecognized past service cost and actuarial losses, plus the present value of available refunds and reductions in future contributions to the plan.

Curtailment or settlement gains or losses on the defined benefit plan are recognized when the curtailment or settlement occurs.

c. Employee preferential deposits

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

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

d. Other long-term employee benefit

The Bank provides death benefit to employees who die on the job other than occupational injuries. For employees with retirement eligibility, death benefits are determined as their pension benefits. For those without retirement eligibility, death benefits are determined based on the length of employment: if employment is less than 1 year, death benefit is determined at one month salary; if employment is about 1 to 5 years, death benefit is determined as one month salary for each year of employment; if employment is more than 5 years, death benefit is determined in line with the employee's pension benefit based on years of service before Labor Pension Act was enacted.

Taxation

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

a. Current tax

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

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

b. Deferred tax

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

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

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

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

c. Current and deferred tax of this period

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

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

a. Impairment of loans and receivables

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

b. Fair value of the financial instruments

Valuation techniques are applied in evaluating the financial instruments with no active market or no quoted prices. Under the circumstances, the fair values are assessed based on observable information or models of similar financial instruments. If there is no observable market parameter, the fair values of financial instruments are assessed based on appropriate assumptions. When the fair values are determined by use of valuation models, all the models should be adjusted to ensure that they could generate the actual data and market price. The data which the models adopt must be as observable as possible. On the other hand, for the credit risk fluctuations, the management should adopt appropriate estimation method.

c. Useful lives of property, plant and equipment

As described in Note 4, the Group reviews the estimated useful lives of property, plant and equipment at each balance sheet date.

d. Assessing impairment of available-for-sale equity investment

The objective evidence of impairment of available-for-sale equity investment is the substantial decrease in fair value that brings it even lower than the cost. Judgment is applied when determining whether the fair value decreases substantially or continually. When applying judgment, the Group’s management should take into consideration the historical market record, historical price of the equity investment and the industry of the investees.

e. Assessing impairment of properties and intangible assets

If there is objective evidence that impairment on properties and intangibles exists, the Group estimates the recoverable amount of the asset. The evidence includes (1) the market price falls down in current period more than expected; (2) the market interest rate or other index goes up in current period, and it could affect the discount rate and furthermore reduce the recoverable amount; (3) the assets are obsolete or destroyed; (4) the performance of the asset is not as good as expected.

f. Held-to-maturity financial assets

Management has reviewed the Group's held-to-maturity financial assets in light of its capital maintenance and liquidity requirements and has confirmed the Group's positive intention and ability to hold those assets to maturity.

g. Income tax

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

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

h. Post-employment benefit

The present value of post-employment benefit obligation is calculated based on actuarial valuations. Any changes in these assumptions will affect the carrying amount of post-employment benefit obligation.

One of the assumptions is discount rate. The actuary determines the appropriate discount rate according to actual conditions every year and estimates the future cash outflow for payment of post-employment benefit obligation. To determine appropriate discount rate, the interest rates of high quality corporate bonds and government bonds are taken into consideration. The currency and maturity of these bonds should be the same as the payment of post-employment benefit obligation.

Other assumptions of post-employment benefit are based upon the market condition.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2014	2013
Cash on hand and working fund	$ 8,172,468	$ 7,291,795
Notes and checks in clearing	1,971,079	1,085,547
Due from other banks	54,434,957	49,677,910
	$ 64,578,504	$ 58,055,252

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

	December 31	
	2014	2013
Call loans to banks	$ 200,427,848	$ 193,025,434
Deposit reserves - I	9,417,680	11,063,816
Deposit reserves - II	15,692,084	15,662,521
Deposit reserves - foreign	105,019	83,062
Due from foreign central banks	2,002,938	1,790,999
	$ 227,645,569	$ 221,625,832

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

8. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2014	2013
Held-for-trading financial assets		
Commercial papers	$ 30,095,516	$ 25,283,493
Forward contracts	1,188,817	535,500
Government bonds	874,408	679,731
Listed stock - domestic	794,159	753,428
Option contracts	526,038	1,013,430
Currency swap contract	239,261	28,793
Negotiable certificate of deposit	8,693	2,617,783

(Continued)

	December 31	
	2014	2013
Treasury bonds	$ -	$ 495,387
Others	182,588	90,126
	33,909,480	31,497,671
Financial assets designated at fair value through profit or loss		
Structured corporate bonds contracts	1,343,900	1,545,803
	$ 35,253,380	$ 33,043,474
Held-for-trading financial liabilities		
Forward contracts	$ 724,290	$ 416,293
Option contracts	529,497	1,013,367
Currency swap contracts	77,152	58,992
Interest rate swap contracts	30,104	40,939
	$ 1,361,043	$ 1,529,591

(Concluded)

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

The financial assets and liabilities at FVTPL contract (nominal) amounts of derivative transactions as of December 31, 2014 and 2013 were as follows:

	December 31	
	2014	2013
Option contracts	$ 37,395,169	$ 106,709,404
Forward contracts	91,895,979	53,309,343
Currency swap contracts	43,820,461	27,219,048
Interest rate swap contracts	3,161,742	4,480,042
Fixed rate commercial papers	500,000	600,000
Future contracts	221,846	-

9. DERIVATIVE FINANCIAL INSTRUMENTS FOR HEDGING

	December 31	
	2014	2013
Derivative financial assets under hedge accounting		
Fair value hedges - interest rate swaps	$ 27,315	$ 104,418
Derivative financial liabilities under hedge accounting		
Cash flow hedges - interest rate swaps	$ -	$ 24,429

a. Fair value hedges

Portion of bank debentures issued by the Group, including second issue in 2007 and first issue in 2008, and the corporate bonds held by the Group are exposed to the fair value risk due to fluctuations in interest rates. The Group considered the significance of the exposure and entered into interest rate swap contracts to hedge such risk. The Group assessed the effectiveness of hedges at the end of each month, and deemed the result was effective as the effectiveness of hedging instrument in offsetting the fluctuations in the fair value of the hedged items was between 80% and 125%.

The outstanding interest rate swaps of the Group at the end of the reporting period were as follows:

Notional Amount (In Thousands)	**Maturity Date**	**Range of Interest Rates Paid**	**Range of Interest Rates Received**
December 31, 2014			
$3,000,000	2015.6.14	0.8880%	2.9500%-3.0400%
December 31, 2013			
$4,000,000	2014.12.10-2015.6.10	0.8630%	2.5283%-3.0400%

Gains or losses on the hedging derivative financial instruments and on the hedged items as of the years ended 2014 and 2013 were as follows:

	For the Years Ended December 31	
	2014	**2013**
Gains on the hedging instruments	$ 76,721	$ 85,119
Losses on the hedged items	($ 77,103)	($ 85,196)

b. Cash flow hedges

The Group debentures first issued in 2007 were exposed to cash flow risk caused by the fluctuation of interest rates. The Group considered the significance of the exposure and entered into interest rate swap contracts to hedge the cash flow risk. The Group assessed the effectiveness of hedges at the end of each month, and deemed the result was effective as the effectiveness of hedging instrument in offsetting the cash flows of the hedged item was between 80% and 125%.

The outstanding interest rate swaps of the Group at the end of the reporting period were as follows: (December 31, 2014: None)

Notional Amount (In Thousands)	**Maturity Date**	**Range of Interest Rates Paid**	**Range of Interest Rates Received**
December 31, 2013			
$2,000,000	2014.9.29	2.5450%	0.8680%

10. SECURITIES PURCHASED UNDER RESELL AGREEMENTS

Securities purchase under resell agreements as of December 31, 2014 and 2013 were $11,046,883 thousand and $1,588,177 thousand, respectively. The aforementioned securities will be bought back one after another before February 13, 2015 and February 6, 2014 at $11,052,129 thousand and $1,588,956 thousand, respectively.

11. RECEIVABLES, NET

	December 31	
	2014	2013
Acceptances	$ 4,703,076	$ 4,382,382
Accrued interest	4,266,018	3,393,173
Accounts receivable due from sales of securities	3,549,963	2,108,169
Credit cards receivable	3,200,334	3,343,788
Accounts receivable - factoring	1,690,896	1,301,819
Others	2,332,841	1,070,968
	19,743,128	15,600,299
Allowance for credit losses	(359,639)	(346,341)
	$ 19,383,489	$ 15,253,958

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

	December 31, 2014	
Item	Total	Allowances
With objective evidence of impairment		
Individually assessed	$ 15,341	$ 4,671
Collectively assessed	213,358	165,243
With no objective evidence of impairment		
Collectively assessed	7,584,897	193,405
Grand total	$ 7,813,596	$ 363,319

	December 31, 2013	
Item	Total	Allowances
With objective evidence of impairment		
Individually assessed	$ 34,561	$ 18,830
Collectively assessed	179,794	72,339
With no objective evidence of impairment		
Collectively assessed	7,138,656	259,690
Grand total	$ 7,353,011	$ 350,859

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

	For the Years Ended December 31	
	2014	2013
Balance at January 1	$ 350,859	$ 310,329
Provisions	31,038	58,041
Write-offs	(78,575)	(84,452)
Recoveries	56,545	66,155
Effect of exchange rate changes	3,452	786
Balance at December 31	$ 363,319	$ 350,859

12. DISCOUNTS AND LOANS, NET

	December 31	
	2014	2013
Loans	$ 820,254,280	$ 743,343,358
Inward/outward documentary bills	39,238,039	38,410,329
Nonperforming loans	1,128,435	2,361,886
	860,620,754	784,115,573
Discount and premium adjustment	566,050	342,184
Allowance for credit losses	(10,058,437)	(8,848,287)
	$ 851,128,367	$ 775,609,470

The Bank discontinues accruing interests when loans are deemed nonperforming. For the years ended December 31, 2014 and 2013, the unrecognized interest revenues on the nonperforming loans amounted to $19,164 thousand and $42,229 thousand, respectively.

For the years ended December 31, 2014 and 2013, the Group only had written off certain credits after completing the required legal procedures.

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

	December 31, 2014	
Item	Total	Allowances
With objective evidence of impairment		
Individually assessed	$ 1,729,107	$ 738,733
Collectively assessed	10,426,135	3,289,690
With no objective evidence of impairment		
Collectively assessed	848,465,512	6,030,014
Grand total	$ 860,620,754	$ 10,058,437

Item	December 31, 2013 Total	Allowances
With objective evidence of impairment		
Individually assessed	$ 3,356,189	$ 966,646
Collectively assessed	11,723,129	5,058,607
With no objective evidence of impairment		
Collectively assessed	769,036,255	2,823,034
Grand total	$ 784,115,573	$ 8,848,287

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

	For the Years Ended December 31 2014	2013
Balance at January 1	$ 8,848,287	$ 8,742,345
Provisions	844,547	678,892
Write-offs	(363,988)	(859,326)
Recoveries	564,158	237,744
Effect of exchange rate changes	165,433	48,632
Balance at December 31	$ 10,058,437	$ 8,848,287

The details of bad debts expenses for the years ended December 31, 2014 and 2013 are listed as below:

	For the Years Ended December 31 2014	2013
Provisions of loans and discounts	$ 844,547	$ 678,892
Provisions of receivables	31,038	
Provisions of others	(1,595)	58,041
	$ 873,990	$ 736,933

13. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	December 31 2014	2013
Negotiable certificate of deposit	$ 55,316,353	$ 48,565,599
Corporate bonds	48,728,181	46,765,873
Bank debentures	39,769,731	40,708,669
Government bonds	34,733,959	29,268,138
Stocks	15,059,931	12,145,174
Beneficiary certificates	9,323,742	7,052,858
Assets backed securities	689,966	942,360
	$ 203,621,863	$ 185,448,671

Part of par-value of aforementioned available-for-sale financial assets sold under repurchase agreements as of December 31, 2014 and 2013 were $6,261,945 thousand and $5,739,464 thousand.

Part of aforementioned assets backed securities were invested in Structured Investment Vehicles (SIV). The Group had recognized impairment losses in prior years which were partially realized due to the liquidation and disposal of SIV. As of December 31, 2014, the unrealized accumulated impairment losses related to its SIV investments were $95,010 thousand.

About the pledged assets, please see Note 34.

14. HELD-TO-MATURITY FINANCIAL ASSETS

	December 31	
	2014	**2013**
Negotiable certificate of deposit	$ 89,833,400	$ 106,200,000
Government bonds	9,603,945	8,949,841
Corporate bonds	313,514	755,464
Bank debentures	67,765	669,916
	$ 99,818,624	$ 116,575,221

About the pledged assets, please see Note 34.

15. EQUITY INVESTMENTS UNDER THE EQUITY METHOD

	December 31, 2014		December 31, 2013	
Equity Method	**Carrying Value**	**% of Owner-ship**	**Carrying Value**	**% of Owner-ship**
Domestic investments				
Kuo Hai Real Estate Management (Kuo Hai)	$ -	34.69	$ -	34.69
Silks Place Taroko	96,207	45.00	79,248	45.00
	96,207		79,248	
Foreign investments				
Hong Kong Life Insurance	357,031	16.67	300,123	16.67
Bank Consortium Holding	263,145	14.29	223,144	14.29
BC Reinsurance	267,195	21.00	214,240	21.00
Joint Electronic Teller Services	160,905	20.00	152,326	20.00
I-Tech Solutions Limited	11,717	50.00	10,825	50.00
	1,059,993		900,658	
Grand total	$ 1,156,200		$ 979,906	

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

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

As of the year ended 2013 and 2012, profit or loss of the subsidiaries and the amount of other comprehensive income under equity method were based on the associates’ financial statements audited by the auditors for the same years.

Associates Information of business combinations were as follows:

	December 31 2014	December 31 2013
Total assets	$ 42,872,526	$ 34,457,302
Total liabilities	$ 35,544,081	$ 28,183,559

	For the Years Ended December 31 2014	For the Years Ended December 31 2013
Operating income	$ 9,689,347	$ 8,173,046
Net income	$ 1,087,939	$ 875,668

16. OTHER FINANCIAL ASSETS, NET

	December 31 2014	December 31 2013
Non-active market debt instruments	$ 200,000	$ 200,000
Financial assets carried at cost	11,787	11,787
Bills purchased, net	14,056	10,855
Nonperforming credit card receivables	2,680	3,518
	228,523	226,160
Allowance for nonperforming credit card receivables	(3,680)	(4,518)
	$ 224,843	$ 221,642

The balance of credit cards receivable which was reported as nonperforming were $2,150 thousand and $3,518 thousand as of December 31, 2014 and 2013, respectively. The unrecognized interest revenues on the receivable amounted to $31 thousand and $49 thousand for the years ended December 31, 2014 and 2013.

17. PROPERTIES, NET

	December 31 2014	December 31 2013
Land	$ 12,499,303	$ 11,726,008
Building and improvement	3,412,712	3,492,487
Office equipment	386,392	453,010
Transportation equipment	36,144	23,915
Miscellaneous equipment	444,413	412,623
Construction-in-progress and prepayment	6,479,515	5,611,459
	$ 23,258,479	$ 21,719,502

	For the Year Ended December 31, 2014					
	Balance at January 1, 2014	Additions	Disposals	Internal Transfer	Effect of Exchange Rate Changes, Net	Balance at December 31, 2014
Cost						
Land	$ 12,038,052	$ 288,683	$ -	$ 347,009	$ 187,063	$ 12,860,807
Building and improvement	6,049,679	16,705	-	3,999	103,178	6,173,561
Office equipment	2,170,649	105,057	(155,548)	-	59,090	2,179,248
Transportation equipment	94,876	22,468	(17,988)	-	2,358	101,714
Miscellaneous equipment	1,938,240	110,954	(60,197)	-	95,723	2,084,720
Construction-in-progress and prepayment	5,649,659	500,079	-	-	377,116	6,526,854
	27,941,155	$ 1,043,946	($ 233,733)	$ 351,008	$ 824,528	29,926,904
Accumulated depreciation						
Land	312,044	$ 20,662	$ -	$ 1,040	$ 27,758	361,504
Building and improvement	2,557,192	142,782	-	2,826	58,049	2,760,849
Office equipment	1,717,639	169,260	(146,779)	-	52,736	1,792,856
Transportation equipment	70,961	10,323	(17,115)	-	1,401	65,570
Miscellaneous equipment	1,525,617	106,348	(53,265)	-	61,607	1,640,307
Construction-in-progress and prepayment	38,200	6,452	-		2,687	47,339
	6,221,653	$ 455,827	$ (217,159)	$ 3,866	$ 204,238	6,668,425
Net amount	$ 21,719,502					$ 23,258,479

	For the Year Ended December 31, 2013					
	Balance at January 1, 2013	Additions	Disposals	Internal Transfer	Effect of Exchange Rate Changes, Net	Balance at December 31, 2013
Cost						
Land	$ 9,701,100	$ 1,288,523	$ (21,364)	$ 1,004,766	$ 65,027	$ 12,038,052
Building and improvement	5,840,044	126,340	(57,302)	95,460	45,137	6,049,679
Office equipment	2,151,421	169,961	(174,670)	(346)	24,283	2,170,649
Transportation equipment	92,259	6,795	(5,070)	-	892	94,876
Miscellaneous equipment	1,880,522	123,830	(103,356)	(185)	37,429	1,938,240
Construction-in-progress and prepayment	6,249,803	188,760	-	(924,709)	135,805	5,649,659
	25,915,149	$ 1,904,209	$ (361,762)	$ 174,986	$ 308,573	27,941,155
Accumulated depreciation						
Land	285,315	$ 19,815	$ -	($ 398)	$ 7,312	312,044
Building and improvement	2,398,231	139,626	(4,016)	1,401	21,950	2,557,192
Office equipment	1,701,529	159,042	(163,993)	(160)	21,221	1,717,639
Transportation equipment	67,062	8,136	(4,752)	-	515	70,961
Miscellaneous equipment	1,451,482	138,002	(92,978)	(101)	29,212	1,525,617
Construction-in-progress and prepayment	31,069	6,319	-	-	812	38,200
	5,934,688	$ 470,940	($ 265,739)	$ 742	$ 81,022	6,221,653
Net amount	$ 19,980,461					$ 21,719,502

For the need to expand operation facilities, the Bank purchased an office building in 2012. As of December 31, 2012, the title of the building was not transferred to the Bank yet and the payment made by the Bank was recorded as prepayments. The Bank obtained ownership of the property in year 2013 and transferred the balance into land, building and improvement.

The Group did not recognize any impairment losses on the properties for the years ended December 31, 2014 and 2013.

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

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

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

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

18. INVESTMENT PROPERTIES, NET

	December 31	
	2014	2013
Land	$ 12,122	$ 350,401
Building and improvement	9,018	4,917
	$ 21,140	$ 355,318

	For the Year Ended December 31, 2014				
	Balance at January 1, 2014	Additions	Internal Transfer	Effect of Exchange Rate Changes, Net	Balance at December 31, 2014
Cost					
Land	$ 351,968	$ 1,551	($ 347,009)	$ 6,600	$ 13,110
Building and improvement	10,280	-	2,900	775	13,955
	362,248	$ 1,551	$ (344,109)	$ 7,375	27,065
Less: Accumulated depreciation					
Land	1,567	$ 391	($ 1,040)	$ 70	988
Building and improvement	5,363	2,095	(2,826)	305	4,937
	6,930	$ 2,486	($ 3,866)	$ 375	5,925
Net amount	$ 355,318				$ 21,140

	For the Year Ended December 31, 2013				
	Balance at January 1, 2013	Additions	Internal Transfer	Effect of Exchange Rate Changes, Net	Balance at December 31, 2013
Cost					
Land	$ 507,932	$ 8,248	($ 176,489)	$ 12,277	$ 351,968
Building and improvement	9,074	-	972	234	10,280
	517,006	$ 8,248	($ 175,517)	$ 12,511	362,248
Less: Accumulated depreciation					
Land	577	574	398	18	1,567
Building and improvement	2,626	4,061	(1,401)	77	5,363
	3,203	$ 4,635	($ 1,003)	$ 95	6,930
Net amount	$ 513,803				$ 355,318

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

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

Fair value of the investment properties as of December 31, 2014 and 2013 were $111,128 thousand and $424,015 thousand. Such fair values have been appraised by independent appraisers on respective dates.

Rental income from investment properties stated as below:

	For the Years Ended December 31	
	2014	**2013**
Rental income from investment properties	$ 2,822	$ 3,246

19. OTHER ASSETS, NET

	December 31	
	2014	**2013**
Prepaid expenses	$ 2,175,978	$ 2,713,303
Deferred charges	593,590	619,501
Refundable deposits - less impairment loss of $17,360 thousand	621,539	559,264
Current tax assets (Note 31)	92,329	64,446
Temporary payments and suspense	285,652	128,662
Prepaid pension cost (Note 28)	53,193	132,655
Computer software	77,408	106,836
Others	206,114	118,112
	$ 4,105,803	$ 4,442,779

20. DUE TO THE CENTRAL BANK AND BANKS

	December 31	
	2014	**2013**
Due to banks	$ 1,500,349	$ 1,736,792
Call loans from banks	33,240,148	33,367,107
Deposit transfer from Chunghwa Post Co., Ltd.	3,688,078	3,077,873
Overdraft on banks	452,408	817,418
	$ 38,880,983	$ 38,999,190

21. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

Securities sold under repurchase agreements as of December 31, 2014 and 2013 were $6,475,072 thousand and $5,746,867 thousand, respectively. The aforementioned securities will be sold back by December 24, 2015 and December 25, 2014 at $6,483,572 thousand and $5,751,602 thousand, respectively.

22. PAYABLES

	December 31 2014	December 31 2013
Dividends payable	$ 9,476,871	$ 9,125,171
Liabilities on bank acceptances	6,562,959	4,406,017
Accounts payable	4,896,096	4,700,367
Accrued interests	2,536,447	2,102,071
Accrued expenses	1,418,777	1,248,931
Others	274,377	257,983
	$ 25,165,527	$ 21,840,540

23. DEPOSITS AND REMITTANCES

	December 31 2014	December 31 2013
Time deposits	$ 376,131,260	$ 598,000,039
Savings deposits	638,175,376	365,449,483
Demand deposits	226,361,120	203,101,293
Checking deposits	8,765,411	8,321,010
Negotiable certificates of deposits	16,978,300	3,952,900
Remittances	434,318	440,860
	$ 1,266,845,785	$ 1,179,265,585

24. BANK DEBENTURES

	December 31 2014	December 31 2013
The subordinate bank debenture - seven-year maturity; first issued in 2007; maturity date is on September 2014	$ -	$ 3,300,000
The subordinate bank debenture - seven-year maturity; second issued in 2007; maturity date is on December 2014	-	1,700,000
The subordinate bank debenture - seven-year maturity; first issued in 2008; maturity date is on June 2015	3,000,000	3,000,000
The subordinate bank debenture - seven-year maturity; second issued in 2008; maturity date is on December 2015	2,000,000	2,000,000
The subordinate bank debenture - seven-year maturity; first issued in 2010; maturity date is on December 2017	3,000,000	3,000,000
The subordinate bank debenture - seven-year maturity, first issued in 2012; maturity date is on April 2019	4,000,000	4,000,000
The subordinate bank debenture - seven-year maturity, second issued in 2012; maturity date is on May 2019	1,000,000	1,000,000
The subordinate bank debenture - seven to ten-year maturity, third issued in 2012; maturity date is on November 2019 to 2022	5,000,000	5,000,000
The subordinate bank debenture - seven to ten-year maturity, fourth issued in 2012; maturity date is on December 2019 to 2022	10,000,000	10,000,000

(Continued)

	December 31	
	2014	2013
The subordinate bank debenture - seven to ten-year maturity; first issued in 2014; maturity date is on March 2021 to 2024	$ 6,700,000	$ -
The subordinate bank debenture - seven-year maturity; second issued in 2014; maturity date is on November 2021	3,300,000	-
Total par value	38,000,000	33,000,000
Unrealized loss	27,600	104,321
	$ 38,027,600	$ 33,104,321

(Concluded)

About the hedge transactions, please see Note 9.

The first issuance of the 2007 subordinate bank debenture bears an interest rate at a target rate plus 0.45% with interest paid quarterly and repayment of principal at maturity.

The second issuance of the 2007 subordinated bank debenture bears a fixed interest rate of 3.015% with interest paid annually and repayment of principal at maturity.

The first issuance of the 2008 subordinated bank debenture bears a fixed interest rate of 3.15% with interest paid annually and repayment of principal at maturity.

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

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

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

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

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

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

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

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

25. OTHER FINANCIAL LIABILITIES

	December 31	
	2014	2013
Appropriated loan funds	$ 4,945,637	$ 5,028,946
Principals of structured instruments	684,879	1,651,878
	$ 5,630,516	$ 6,680,824

26. PROVISIONS

	December 31	
	2014	2013
Reserve for employee benefits	$ 589,163	$ 532,004
Reserve for possible losses on guarantees	438,436	438,079
Reserve for other operating	346,086	244,817
Others	3,564	3,729
	$ 1,377,249	$ 1,218,629

27. OTHER LIABILITIES

	December 31	
	2014	2013
Guarantee deposit received	$ 1,728,854	$ 1,492,479
Deferred revenues	424,921	472,418
Interest received in advance	115,207	164,572
Temporary credit	74,368	155,206
Others	322,806	185,625
	$ 2,666,156	$ 2,470,300

28. PENSION PLAN

The Bank

a. Defined contribution plan

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

The Bank makes contributions to its pension funds at the predetermined rate specified in the defined contribution plan and immediately recognizes as pension expense. Contributions made to the defined contribution plan for the year ended December 31, 2014 and 2013 were $48,463 thousand and $45,147 thousand, respectively.

b. Defined benefit plan

The Bank adopted a defined benefit plan under the Labor Standards Law, under which pension benefits are calculated on the basis of the length of service and average monthly salaries of the latest six months before retirement. The Bank contributes amounts equal to 8% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name.

The plan assets are invested in domestic (foreign) equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of Bureau of Labor Funds, Ministry of Labor or under the mandated management. However, in accordance with Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund the return generated by employees' pension contribution should not be below the interest rate for a 2-year time deposit with local banks.

Present value of plan assets and defined benefit obligations of the Bank was calculated by certificated Actuaries.

The principal assumptions used for the purposes of the actuarial valuations were as follow:

	December 31, 2014	**December 31, 2013**
Discount rate	1.900%	1.900%
Expected return on plan assets	2.000%	2.000%
Expected rates of salary increase	2.750%	2.750%

The assessment of the overall expected rate of return was based on historical return trends and analysts' predictions of the market for the asset over the life of the related obligation, by reference to the aforementioned use of the plan assets and the impact of the related minimum return.

The pension cost of defined benefit plan was as follows:

	Year Ended December 31	
	2014	**2013**
Current service	$ 186,301	$ 177,796
Interest cost	40,582	32,514
Expected return on plan assets	(46,967)	(41,517)
	$ 179,916	$ 168,793

The Bank recognized $78,376 thousand and $7,410 thousand under defined benefit plan in other comprehensive income for the years ended December 31, 2014 and 2013. As of December 31, 2014 and 2013, the cumulative amount of actuarial loss recognized in other comprehensive income was $169,375 thousand and $90,999 thousand, respectively.

The amounts disclosed in the balance sheets in respect of the Bank's obligation on its defined benefit plans were as follows:

	December 31, 2014	**December 31, 2013**
Present value of funded defined benefit obligation	$ (2,348,805)	$ (2,181,061)
Fair value of plan assets	2,390,394	2,304,226
Prepaid pension	$ 41,589	$ 123,165

Changes of present value of defined benefit obligation were as follows:

	Year Ended December 31	
	2014	2013
Defined benefit obligation January 1	$ 2,181,061	$ 2,065,625
Current service cost	186,301	177,796
Interest cost	40,582	32,514
Actuarial losses/(gains)	76,282	(6,924)
Benefit obligation extinguished on settlement	(135,421)	(87,950)
Defined benefit obligation at December 31	$ 2,348,805	$ 2,181,061

Changes in the fair value of the plan assets were as follows:

	Year Ended December 31	
	2014	2013
Fair value of plan assets at January 1	$ 2,304,226	$ 2,191,187
Expected return on plan assets	46,967	41,517
Actuarial loss	(2,094)	(14,334)
Contribution from the employee	176,716	173,806
Assets distributed on settlement	(135,421)	(87,950)
Fair value of plan assets at December 31	$ 2,390,394	$ 2,304,226

For the years ended December 31, 2014 and 2013, the actual returns on plan assets were $44,873 thousand and $27,183 thousand, respectively.

The major categories of the pension plan assets were as follows:

	December 31, 2014	December 31, 2013
Cash	19%	23%
Equity investments	48%	45%
Others	33%	32%
	100%	100%

The Bank choses to disclose the history of experience adjustments as the amounts determined for each accounting period prospectively from the date of transition to IFRSs:

	December 31, 2014	December 31, 2013	December 31, 2012	January 1,2012
Present value of defined benefit obligation	$ 2,348,805	$ 2,181,061	$ 2,065,625	$ 1,918,428
Fair value of plan assets	$ 2,390,394	$ 2,304,226	$ 2,191,187	$ 2,121,206
Deficit	$ 41,589	$ 123,165	$ 125,562	$ 202,728
Experience adjustments on plan liabilities	($ 76,282)	$ 6,924	($ 64,962)	$ -
Experience adjustments on plan assets	($ 2,094)	($ 14,334)	($ 18,627)	$ -

The Group expects to make contributions of $181,576 thousand and $178,586 thousand, to the defined benefit plans for the years ended December 31, 2015 and 2014, respectively.

c. Employee preferential interest deposits

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

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

	December 31, 2014	December 31, 2013
Discount rate	4.00%	4.00%
Expected return of deposit fund	2.00%	2.00%
Expected rates of account balance decrease	1.00%	1.00%
Expected probabilities of preferential interest deposits system change	50.00%	50.00%

The gains and losses recognized under the preferential deposit plan were as follows:

	Year Ended December 31	
	2014	2013
Interest cost	$ 6,190	$ 5,496
Amortized amount of prior cost	31,671	27,941
	$ 37,861	$ 33,437

The Bank recognized actuarial loss of $10,172 thousand and $8,490 thousand in the financial statements of comprehensive income for the years ended December 31, 2014 and 2013. The cumulative amount of actuarial loss recognized in other comprehensive income was $44,567 thousand and $34,395 thousand, respectively.

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

	December 31, 2014	December 31, 2013
Present value of preferential interest deposit for retired employees	$ 191,870	$ 162,935

d. Other long-term employee benefit liability

The Bank provides death benefit to employees who die on the job other than occupational injuries. For employees with retirement eligibility, death benefits are determined as their pension benefits. For those without retirement eligibility, death benefits are determined based on the length of employment: if employment is less than 1 year, death benefit is determined as one month salary; if employment is about 1 to 5 years, death benefit is determined as one month salary for each year of employment; if employment is more than 5 years, death benefit is determined in line with the employee's pension benefit based on years of service before LPA was enacted.

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

	December 31, 2014	December 31, 2013
Other long-term employee benefit obligations	$ 8,604	$ 11,275

For the years ended December 31, 2014 and 2013, the Bank recognized the gain of $2,671 thousand and $3,542 thousand in the statements of comprehensive income in respect of the employee death benefit.

Subsidiaries

a. Defined contribution plan

Domestic subsidiaries of the Bank adopted the Labor Pension Act (the "LPA"), which is a defined contribution plan. Under the Act, the Bank makes monthly contributions of amounts equal to 6% of salaries and wages to a pension fund administered by the pension fund monitoring committee. The pension fund contributed by foreign subsidiaries under local regulation is a defined contribution plan. The plan assets are held separately from those of the subsidiaries through the independently administered funds.

Contributions made to the defined contribution plans for the years ended December 31, 2014 and 2013 were $204,966 thousand and $190,956 thousand, respectively.

b. Defined benefit plan

Domestic and foreign subsidiaries recognized relevant expenses according to the calculation of qualified actuaries. Total amount of defined benefit pension plan recognized as expenses in the comprehensive income statement were $1,019 thousand and $1,440 thousand for the years ended 2014 and 2013, respectively.

29. EQUITY

a. Share capital

	December 31	
	2014	2013
Common shares		
Authorized shares (in thousand)	6,000,000	3,800,000
Authorized capital	$ 60,000,000	$ 38,000,000
Issued and paid shares (in thousand)	3,808,686	3,715,792
Issued capital	$ 38,086,864	$ 37,157,916

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

In the stockholders meeting dated on June 6, 2014, it was resolved to increase the Bank's authorized shares and authorized capital to 6,000,000 thousand shares and $60,000,000 thousand, and meanwhile increase capital by distributing a stock dividend of $928,948 thousand, representing 92,895 thousand shares of common shares. The meeting also determined the dividend ratio at $0.25 per share. The registration of the new shares has been completed by August 2014.

b. Capital surplus

	December 31	
	2014	2013
Share premium	$ 2,647,583	$ 2,647,583
Treasury stock transaction	1,983,732	1,976,535
Proportionate share in equity-method investee's surplus from donated assets	1,218	1,218
	$ 4,632,533	$ 4,625,336

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

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

Since the shares held by subsidiaries were reclassified as treasury stocks, cash dividend distributed to subsidiaries was then recorded as "capital surplus - treasury stock". Cash dividend distributed to subsidiaries amounted to $7,197 thousand and $7,196 thousand for the years ended December 31, 2014 and 2013.

c. Appropriation of earnings and dividend policy

The Bank's Articles provide that the Bank's annual earnings after tax shall be used first to offset any deficit from prior years, and then set aside legal reserve required by laws or regulations until the balance of legal reserve has reached the Bank's paid-in capital. Special reserve shall then be appropriated as necessary. The remainder together with the accumulated earnings in prior years can be distributed at the Board of Directors' discretion as follows:

1) Bonus to shareholders;

2) Remuneration to directors and supervisors; and

3) Bonus to employees of at least 0.1% of net income less the appropriations for legal reserve and dividends; and

4) The remaining amount shall be accumulated to the next year.

For the years ended December 31, 2014 and 2013, the estimated amounts of bonus to employees were $32,000 thousand and $30,000 thousand, respectively, while the estimated amounts of remuneration to directors and supervisors were $58,800 thousand and $56,600 thousand. The Bank based its estimation of bonus and remuneration on its past experiences. Material differences between these estimates and the amounts proposed by the board of directors in the following year are adjusted in the current year. If the actual amounts subsequently resolved by the shareholders differ from the proposed amounts, the differences are recorded in the year of shareholders' resolution as a change in accounting estimate. If a share bonus is resolved to be distributed to employees, the number of shares is determined by dividing the amount of bonus by the fair value of the stock. When calculating the number of shares for year 2011, the fair value of the stock was based on the Bank's equity, which is the net equity value in the latest audited financial statements. For computing the shares of the stock dividends issued in 2012, the fair value is valued following IFRS 2 "Share-based Payment".

Started in 2013, the Bank appropriates and reverses special reserves in accordance with Rule No. 1010012865 issued by the FSC on April 6, 2012 and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs."

Legal reserve shall be appropriated until it has reached the Bank's paid-in capital. This reserve may be used to offset a deficit. If the Bank has no deficit and the legal reserve has exceeded 25% of the Bank's paid-in capital, the excess may be transferred to capital or distributed in cash. However, under the Banking Law, if the Bank's legal reserve is still less than its paid-in capital, the Bank may distribute cash earnings only up to 15% of the paid-in capital.

Under the Integrated Income Tax System, which took effect on January 1, 1998, resident shareholders are allowed a tax credit for the income tax paid by the Bank on earnings generated since 1998. An imputation credit account (ICA) is maintained by the Bank for such income tax and the tax credit allocated to each shareholder.

The appropriations of earnings for 2013 and 2012 had been approved in the shareholders' meetings on June 6, 2014 and April 11, 2013, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		Dividends Per Share (Dollars)	
	2013	**2012**	**2013**	**2012**
Legal reserve	$ 3,043,063	$ 2,858,594		
Cash dividends - common stock	5,573,687	5,573,687	$ 1.50	$ 1.50
Stock dividends - common stock	928,948	-	0.25	-
	$ 9,545,698	$ 8,432,281	$ 1.75	$ 1.50

The registration of the new shares has been completed by August 20, 2014.

The bonus to employees and the remuneration to directors and supervisors for 2013 and 2012 approved in the shareholders' meeting on June 6, 2014 and June 11, 2013, respectively, were as follows:

	2013		2012	
	Cash	**Stock**	**Cash**	**Stock**
Bonus to employees	$ 30,000	$ -	$ 28,000	$ -
Remuneration to directors and supervisors	56,600	-	56,600	-

There was no difference between the amounts approved and the amounts recognized in the financial statements.

The appropriations of earnings and the bonus to employees and remuneration to directors for 2012 were based on the Bank's financial statements for 2012 prepared in conformity with the Regulations Governing the Preparation of Financial Reports for Public Banks prior to amendment by IFRSs, and accounting principles generally accepted in the ROC.

Information on the bonus to employees and remuneration to directors and supervisors can be accessed through the Market Observation Post System website of the Taiwan Stock Exchange Corporation.

d. Special reserve

The Bank has made a special reserve $1,256,859 thousand due to transferring its cumulative translation adjustment reported in equity to retained earnings while first-time adopting. There was no change in the balance of special reserve for the period ended on December 31, 2014.

e. Treasury stock

Purpose	Beginning Balance	Increase	Decrease	Ending Balance
Year ended December 31, 2014				
Shares held by subsidiaries	10,382	260	-	10,642
Year ended December 31, 2013				
Shares held by subsidiaries	10,382	-	-	10,382

The Bank reclassified its shares held by the subsidiaries as treasury stock with a carrying amount of $83,144 thousand (representing 7,698 thousand shares). The shares increased by 2,944 thousand shares over the years.

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

f. Non-controlling interest

	For the Years Ended December 31	
	2014	2013
Beginning balance	$ 33,256,847	$ 30,567,237
Attribution to non-controlling interest		
Net Income	3,144,577	2,898,512
Translation adjustments for foreign operations	2,143,754	785,762
Unrealized gains on available-for-sale financial assets	523,097	391,055
Other comprehensive income - others	(51,520)	(388)
Income tax effect	(86,938)	(64,717)
Cash dividends distribution	(1,424,453)	(1,320,614)
Ending balance	$ 37,505,364	$ 33,256,847

30. DETAILS OF COMPREHENSIVE INCOME STATEMENT ITEMS

a. Interest revenues, net

	For the Years Ended December 31	
	2014	2013
Interest revenue		
Discounts and loans	$ 22,022,633	$ 18,640,574
Securities investments	5,014,876	4,883,270
Due from banks	4,323,956	3,254,973
Others	466,712	648,218
	31,828,177	27,427,035
Interest expense		
Deposits	10,152,874	8,902,963
Bank debentures	627,354	556,554
Due to banks	360,829	183,865
Securities sold under repurchase agreements	44,517	32,692
Others	42,880	98,935
	11,228,454	9,775,009
	$ 20,599,723	$ 17,652,026

b. Service fee revenue, net

	For the Years Ended December 31	
	2014	2013
Service fee revenues		
Trusts	$ 1,711,504	$ 1,652,456
Loans	772,636	741,441
Nominee	647,218	602,931
Inward/outward business	584,326	583,029
Credit cards	437,033	383,551
Exchange	401,287	371,149
Guarantees	345,349	283,812
Others	634,453	614,412
	5,533,806	5,232,781
Service fee expenses		
Credit cards	100,588	104,620
Nominee	65,736	64,047
Finance	46,550	69,552
Custody	24,695	24,966
Factoring	16,485	16,120
Others	217,472	179,090
	471,526	458,395
	$ 5,062,280	$ 4,774,386

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

	For the Year Ended December 31, 2014		
	Realized (Loss) Gain	Unrealized (Loss) Gain	Total
Financial asset at fair value through profit or loss	$ 4,307,709	$ 862,251	$ 5,169,960
Financial liabilities at fair value through profit or loss	(3,492,184)	(523,408)	(4,015,592)
	$ 815,525	$ 338,843	$ 1,154,368

	For the Year Ended December 31, 2013		
	Realized (Loss) Gain	Unrealized (Loss) Gain	Total
Financial asset at fair value through profit or loss	$ 4,829,473	$ 1,043,748	$ 5,873,221
Financial liabilities at fair value through profit or loss	(3,973,784)	(877,293)	(4,851,077)
	$ 855,689	$ 166,455	$ 1,022,144

d. Employee benefit expenses

	For the Years Ended December 31	
	2014	2013
Short-term employee benefits	$ 4,017,304	$ 4,183,428
Retirement benefits		
Defined contribution plan	253,429	236,103
Defined benefit plan	180,935	170,233
	434,364	406,336
Other employee benefits	1,970,137	1,517,220
	$ 6,421,805	$ 6,106,984

e. Depreciation and amortization

	For the Years Ended December 31	
	2014	2013
Depreciation expense		
Properties	$ 452,913	$ 470,940
Investment properties	5,400	4,635
	458,313	475,575
Amortization expense		
Other assets	280,401	251,728
	$ 738,714	$ 727,303

31. INCOME TAX

a. Income tax expense recognized in profit or loss

The major components of tax expenses were as follows:

	For the Years Ended December 31	
	2014	2013
Current tax		
In respect of the current year	$ 2,955,446	$ 2,591,406
In respect of prior periods	100,299	3,904
	3,055,745	2,595,310
Deferred tax		
In respect of the current year	540,429	532,310
In respect of prior periods	1,851	1,941
	542,280	534,251
Income tax expense recognized in profit or loss	$ 3,598,025	$ 3,129,561

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

	Year Ended December 31	
	2014	2013
Profit before tax from continuing operations	$ 17,649,919	$ 16,171,619
Income tax expense calculated at the statutory rate	$ 4,080,672	$ 3,662,170
Add (deduct) tax effect of:		
Tax-exempt gain on sale of land	-	(49,641)
Tax-exempt cash divided	(26,632)	(22,227)
Permanente difference - investment income	(20,826)	(11,655)
Tax-exempt gains on securities transactions	(24,876)	(21,455)
Tax-exempt income from subsidiaries	(178,671)	(10,151)
Tax-exempt income from offshore banking unit (OBU)	(508,180)	(438,198)
Others	36,465	(95,300)
	3,357,952	3,013,543
Additional income tax on unappropriated earnings	60,119	110,173
Additional income tax under the Alternative Minimum Tax Act	77,804	-
Adjustments for prior years' tax	102,150	5,845
Income tax expense recognized in profit or loss	$ 3,598,025	$ 3,129,561

The applicable tax rate used above is the corporate tax rate of 17% payable by the Group in ROC, while the applicable tax rate used by subsidiaries in China is 25%. Tax rates used by other group entities operating is16.5%.

b. Income tax expense recognized in other comprehensive income

	For the Years Ended December 31	
	2014	2013
Deferred income tax expense		
Arising on income and expenses recognized in other comprehensive income		
Translation adjustments for foreign operations	($ 513,029)	($ 199,962)
Unrealized gain or loss on available-for-sale financial assets	(251,750)	(37,692)
Gain from defined benefit plan	15,053	2,703
Income tax expense recognized in other comprehensive income	($ 749,726)	($ 234,951)

c. Current tax assets and liabilities

	December 31	
	2014	2013
Current tax assets		
Benefit of tax losses to be carried back to recover taxes paid in prior periods		
Tax refund receivable	$ 92,329	$ 64,446
Current tax liabilities		
Income tax payable	$ 1,081,936	$ 939,494

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2014

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Translation Differences	Closing Balance
Temporary differences					
Doubtful debts	$ 720,059	$ 35,617	$ -	$ 15,327	$ 771,003
Impairment loss on available-for-sale financial assets	46,431	(27,694)	-	-	18,737
Investment loss of domestic subsidiaries recognized under equity method	53,209	(5,337)	-	-	47,872
Unrealized foreign exchange loss	7,425	(6,136)	-	-	1,289
Recognized deferred benefit contribution	1,071	(1,071)	-	-	-
Defined employee benefit plan	37,577	3,315	15,053	-	55,945
Impairment loss of financial assets carried at cost	1,445	-	-	-	1,445
Others	57,107	(8,388)	-	8,157	56,876
	$ 924,324	$ (9,694)	$ 15,053	$ 23,484	$ 953,167

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Translation Differences	Closing Balance
Temporary differences					
Unrealized gain on financial instruments	$(1,051,683)	$ (100,032)	$ (251,750)	$ (62,977)	$(1,466,442)
Investment income and exchange differences on translation of foreign subsidiaries recognized under equity method	(6,934,275)	(397,670)	(513,029)	-	(7,844,974)
Recognized deferred depreciation expenses	(33,628)	(34,884)	-	(2,099)	(70,611)
Others	(409)	-	-	-	(409)
	$(8,019,995)	$ (532,586)	$ (764,779)	$ (65,076)	$(9,382,436)

For the year ended December 31, 2013

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Translation Differences	Closing Balance
Temporary differences					
Doubtful debts	$ 877,578	$ (163,674)	$ -	$ 6,155	$ 720,059
Impairment loss on available-for-sale financial assets	99,607	(53,176)	-	-	46,431
Investment loss of domestic subsidiaries recognized under equity method	54,008	(799)	-	-	53,209
Unrealized foreign exchange loss	702	6,723	-	-	7,425
Recognized deferred benefit contribution	2,626	(1,555)	-	-	1,071
Defined employee benefit plan	33,428	1,446	2,703	-	37,577
Impairment loss of financial assets carried at cost	1,445	-	-	-	1,445
Others	41,536	12,024	-	3,547	57,107
	$ 1,110,930	$ (199,011)	$ 2,703	$ 9,702	$ 924,324

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Translation Differences	Closing Balance
Temporary differences					
Unrealized gain on financial instruments	$ (932,554)	$ 27,577	$ (125,670)	$ (21,036)	$(1,051,683)
Investment income and exchange differences on translation of foreign subsidiaries recognized under equity method	(6,366,624)	(363,843)	(203,808)	-	(6,934,275)
Recognized deferred depreciation expenses	(33,515)	738	-	(851)	(33,628)
Others	(695)	286	-	-	(409)
	$(7,333,388)	$ (335,242)	$ (329,478)	$ (21,887)	$(8,019,995)

e. Integrated income tax

	December 31 2014	December 31 2013
Unappropriated earnings		
Unappropriated earnings generated before January 1, 1998	$ 27,065	$ 27,065
Unappropriated earnings generated on and after January 1, 1998	16,174,867	14,886,744
	$ 16,201,932	$ 14,913,809
Imputation credits accounts	$ 2,035,024	$ 2,101,309

The creditable ratio for distribution of earnings of 2014 and 2013 was 12.58% (expected) and 16.77%, respectively.

Under the Income Tax Law, the imputation tax credits distributed to each shareholder are based on the ICA balance as of the date of dividend distribution. When the Bank pays dividend to its foreign shareholders, it should withhold income tax in accordance with related tax law, and therefore foreign shareholders are not entitled to the imputed tax credit. Only if earnings distributed include those which have been taxed for the 10% unappropriated earning tax, then the foreign shareholders are allowed a tax credit equal to their proportionate share of such additional 10% tax. The actual imputation credits allocated to shareholders of the Bank was based on the balance of the Imputation Credit Accounts (ICA) as of the date of dividend distribution. Therefore, the expected creditable ratio for the 2014 earnings may differ from the actual creditable ratio to be used in allocating imputation credits to the shareholders.

f. Income tax assessments

The Bank's income tax returns through 2011 had been assessed by the tax authorities; however, the Bank is currently filing appeals to the assessments of 2011 and 2008.

Income tax returns of the Bank's domestic subsidiary, SCSB Life Insurance Agency, through 2012 had been assessed by the tax authorities.

Income tax returns of other domestic subsidiaries of the Bank, including SCSB Property Insurance Agency, SCSB Asset Management Ltd., SCSB Marketing and China Travel Service (Taiwan) through 2011 had been assessed by the tax authorities.

32. EARNINGS PER SHARE

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

	Amount (Numerator)		Shares	Earnings Per Share (Dollars)	
	Before Income Tax	After Income Tax	(Denominator in Thousands)	Before Income Tax	After Income Tax
For the year ended December 31, 2014					
Basic earnings per share	$ 12,750,056	$ 10,907,317	3,798,045	$ 3.36	$ 2.87
Effect of dilutive potential common shares					
Bonus to employees	-	-	1,838		
Diluted earnings per share					
Income for the year attributable to common shareholders plus effect of potential dilutive common shares	$ 12,750,056	$ 10,907,317	3,799,883	$ 3.36	$ 2.87
For the year ended December 31, 2014					
Basic earnings per share	$ 11,628,224	$ 10,143,546	3,798,045	$ 3.06	$ 2.67
Effect of dilutive potential common shares					
Bonus to employees	-	-	1,628		
Diluted earnings per share					
Income for the year attributable to common shareholders plus effect of potential dilutive common shares	$ 11,628,224	$ 10,143,546	3,799,673	$ 3.06	$ 2.67

The weight average number of shares outstanding used for the earnings per share computation was adjusted retroactively. This adjustment caused the basic and diluted after-tax earnings per share for the year ended December 31, 2013 were as follows:

Unit: NT$ Per Share

	Before Adjusted Retrospectively	After Adjusted Retrospectively
Basic earnings per share	$ 2.74	$ 2.67
Diluted earnings per share	$ 2.74	$ 2.67

Since the Bank can offer to settle bonus to employees in cash or shares, the Bank assumes the entire amount of the bonus would be settled in shares and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

33. RELATED-PARTY TRANSACTIONS

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

Related Party	Relationship with the Group
The SCSB Cultural & Educational Foundation	More than 1/3 of total fund was donated by the Bank
The SCSB Charity Foundation	More than 1/3 of total fund was donated by the Bank
Silks Place Taroko	Investment in Associate
BC Reinsurance Limited	Investment in Associate
Joint Electronic Teller Services Limited	Investment in Associate
Bank Consortium Holding Limited	Investment in Associate
Hong Kong Life Insurance Limited	Investment in Associate
i-Tech Solutions Limited	Investment in Associate
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
Others	The Group's directors, supervisors, managers, and the relatives of the Bank's directors, supervisors and managers

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

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

1) Deposits

	December 31, 2014			Year Ended December 31, 2014
	Maximum Balance	Ending Balance	Interest Rate (%)	Interest Expense
Supervisors and management related	$ 6,950,671	$ 6,879,306	0.00-3.20	$ 28,523
The SCSB Cultural & Educational Foundation	348,336	333,353	0.11-1.38	2,151
Employees	268,426	119,020	0.28-10.18	2,622
The SCSB Charity Foundation	90,248	56,490	0.11-1.31	619
Hung Ta Investment Corporation	48,626	4,579	0.00-0.17	4
Silks Place Taroko	17,344	1,764	0.17-0.17	4
Hung Shen Investment Corporation	15,131	336	0.00-1.31	4
	$ 7,738,782	$ 7,394,848		$ 33,927

	December 31, 2013			Year Ended December 31, 2013
	Maximum Balance	Ending Balance	Interest Rate (%)	Interest Expense
Supervisors and management related	$ 2,532,827	$ 2,445,599	0.01-3.25	$ 32,459
The SCSB Cultural & Educational Foundation	295,723	275,560	0.11-1.38	3,077
Employees	246,338	123,616	0.28-10.20	2,575
The SCSB Charity Foundation	90,200	90,021	0.28-1.31	397
Hung Ta Investment Corporation	49,303	343	0.17-0.17	2
Silks Place Taroko	13,858	305	0.17-1.31	2
	$ 3,228,249	$ 2,935,444		$ 38,512

2) Interest receivable (accounted for receivables, net)

	December 31	
	2014	2013
Supervisors and management related	$ 139	$ 147
Silks Place Taroko	22	35
	$ 161	$ 182

3) Interest payable (accounted for payables)

	December 31	
	2014	2013
Supervisors and management related	$ 142	$ 191
The SCSB Cultural & Educational Foundation	71	89
The SCSB Charity Foundation	24	6
	$ 237	$ 286

4) Guarantee deposits received (accounted for other liabilities)

	December 31	
	2014	2013
The SCSB Cultural & Educational Foundation	$ 211	$ 211

5) Rental income (accounted for other net revenues)

	For the Years Ended December 31	
	2014	2013
The SCSB Cultural & Educational Foundation	$ 802	$ 802

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

6) Loans

December 31, 2014

Category	Name	Maximum Balance	Ending Balance	Performance: Normal Loans	Performance: Non-performing Loans	Collateral	Interest Rate (%)	Difference of Terms of the Transactions with Unrelated Parties	Year Ended December 31, 2014: Interest Income
Loans for personal house mortgage	Supervisors and management related (17)	$ 130,789	$ 115,288	$ 115,288	-	Real estate	1.58-2.87	None	$ 2,614
Others	Supervisors and management related	1,260,986	1,236,687	1,236,687	-	Real estate	2.17-2.97	None	45,398
	Silks Place Taroko	66,000	39,000	39,000	-	Real estate	1.84-1.84	None	973
		$ 1,457,775	$1,390,975	$ 1,390,975					$ 48,985

December 31, 2013

Category	Name	Maximum Balance	Ending Balance	Performance: Normal Loans	Performance: Non-performing Loans	Collateral	Interest Rate (%)	Difference of Terms of the Transactions with Unrelated Parties	Year Ended December 31, 2013: Interest Income
Loans for personal house mortgage	Supervisors and management related (16)	$ 127,848	$ 113,310	$ 113,310		Real estate	1.58-2.17	None	$ 2,285
Others	Supervisors and management related	1,269,322	1,264,687	1,264,687		Real estate	2.17-2.97	None	55,840
	Silks Place Taroko	68,000	63,500	63,500		Real estate	1.84-1.84	None	910
		$ 1,465,170	$ 1,441,497	$ 1,441,497					$ 59,035

7) Donated expense (accounted for other general administrative expense) (year ended December 31, 2014: None)

	Year Ended December 31
	2013
The SCSB Charity Foundation	$ 60,000

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

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

c. Compensation of directors, supervisors and management personnel:

	For the Years Ended December 31	
	2014	**2013**
Salaries and other short-term employee benefits	$ 369,137	$ 351,548
Remuneration to directors and supervisors	77,282	76,121
Bonus to employees	66,736	63,679
Post-employment benefits	28,978	27,308
Others	705	712
	$ 542,838	$ 519,368

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

34. PLEDGED ASSETS

Under the Central Bank's clearing system of Real-Time Gross Settlement (RTGS), on December 31, 2014 and 2013, the assets listed below had been provided as collateral for day-term overdraft with the pledged amount adjustable anytime.

	December 31		
	2014	**2013**	**Guaranty Purpose**
Held-to-maturity financial assets	$ 22,800,000	$ 8,600,000	Day-term overdraft with the pledge

On December 31, 2014 and 2013, the assets listed below had been provided as refundable deposits for operating guarantee and for executing legal proceedings against defaulting borrowers as required by the court.

	December 31		
	2014	**2013**	**Guaranty Purpose**
Held-to-maturity financial assets	$ 204,118	$ 205,807	Operating guarantee and executing legal proceedings against defaulted borrowers as required by the court
Available-for-sale financial assets	107,013	112,351	Operating guarantee and executing legal proceedings against defaulted borrowers as required by the court

On December 31, 2014 and 2013, SCB HK provided its held-to-maturity financial assets and discounts and loans listed below for overseas branch operating guarantee.

	December 31		
	2014	2013	Guaranty Purpose
Held-to-maturity financial assets	$ 9,364,439	$ 8,706,852	Overseas branch operating guarantee
Discounts and loans	220,696	218,139	Pledge to the California government under local law

35. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

a. In addition to those disclosed in other notes, significant commitments and contingencies of the Bank as of December 31, 2014 and 2013 were as follows:

	December 31	
	2014	2013
Receivables under custody	$ 33,805,502	$ 37,189,408
Consigned travelers' checks	272,813	242,685
Guarantee notes payable	95,592,978	78,588,623
Assets under trust	134,087,160	123,394,073
Securities in custody	263,309,486	237,795,019
Government bonds in brokerage accounts	38,215,000	22,308,300
Short-term bills in brokerage accounts	960,055	1,109,164
Commitments of forward contracts with customers	62,944,354	31,531,679

b. Operational risk and legal risk

Item	Reason and Amount	
	For the Years Ended December 31	
	2014	2013
Chief director and staff indicted by prosecutor for breaking law in the conduct of operational activities in recent year	None	None
Violating the law and being punished by authorities in the recent year	None	None
Deficiency corrected by authorities in the recent year	None	None
Punished by authorities according to Bank law No. 61-1 in the recent year	None	None
A single or whole security events due to fraudulence, accident or against “Outlines Governing the Security Maintenance and Administration of Financial Institutions” which caused losses amount to $50 million in the recent year.	None	None
Other	None	None

c. Construction contracts

In order to expand the office space, SCB HK has signed a contract to rebuild its head office in 2014. The total amount of the contract is approximately HK$556,700 thousand and among which HK$108,670 thousand has been paid as of December 31, 2014.

36. FINANCIAL INSTRUMENTS

a. Fair value information

1) Financial instruments not measured at fair value

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

	December 31			
	2014		2013	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**
Financial assets				
Held-to-maturity financial assets	$ 99,818,623	$ 99,912,324	$ 116,575,221	$ 116,702,461
Financial liabilities				
Bank debentures	38,027,600	37,831,808	33,104,321	32,976,719

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

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

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

b) The fair value of derivative with active market is based on market price. The fair value of option derivative without market price is measured by using option pricing model. The fair value of non-option derivative without market price is measured by discounted cash flow method that uses the yield curve for the duration. The fair value of forward foreign exchange contract is measured by the forward exchange rate and the quoted interest rate which are derived from the yield curve of contractual maturity period. Interest rate swap contracts are measured based on the present value discounted from the estimated future cash flow.

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

3) Fair value measurements recognized in the consolidated balance sheets

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

a) Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities;

b) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

c) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial Instruments Measured at Fair Value	December 31, 2014 Total	Level 1	Level 2	Level 3
Non-derivative instruments				
Assets				
Financial assets at fair value through profit or loss				
Held-for-trading financial assets				
Stocks	$ 794,159	$ 794,159	$ -	$ -
Bonds	874,408	874,408	-	-
Other	30,259,871	21,005	30,238,866	-
Financial assets designated as at FVTPL	1,343,900	-	-	1,343,900
Available-for-sale financial assets				
Stocks	15,059,931	2,852,855	-	12,207,076
Bonds	123,921,837	47,854,837	75,717,689	349,311
Other	64,640,095	10,112,207	53,926,636	601,252
Other financial assets				
Debt investment with no active market	200,000	-	-	200,000
	$ 237,094,201	$ 62,509,471	$ 159,883,191	$ 14,701,539
Derivative instruments				
Assets				
Financial assets at fair value through profit or loss	$ 1,981,042	$ 22,526	$ 1,950,467	$ 8,049
Derivative instruments held for hedging	27,315	-	27,315	-
	$ 2,008,357	$ 22,526	$ 1,977,782	$ 8,049
Liabilities				
Financial liability at fair value through profit or loss	$ 1,361,043	$ -	$ 1,357,340	$ 3,703

Financial Instruments Measured at Fair Value	December 31, 2013 Total	Level 1	Level 2	Level 3
Non-derivative instruments				
Assets				
Financial assets at fair value through profit or loss				
Held-for-trading financial assets				
Stocks	$ 753,428	$ 753,428	$ -	$ -
Bonds	680,761	680,761	-	-
Other	28,479,295	10,177	28,469,118	-
Financial assets designated as at FVTPL	1,545,803	-	-	1,545,803
Available-for-sale financial assets				
Stocks	12,145,174	2,306,688	-	9,838,486
Bonds	117,685,040	47,574,706	69,664,812	445,522
Other	55,618,457	7,779,122	46,881,763	957,572
Other financial assets				
Debt investment with no active market	200,000	-	-	200,000
	$ 217,107,958	$ 59,104,882	$ 145,015,693	$ 12,987,383
Derivative instruments				
Assets				
Financial assets at fair value through profit or loss	$ 1,584,187	$ -	$ 1,488,216	$ 95,971
Derivative instruments held for hedging	104,418	-	104,418	-
	$ 1,688,605	$ -	$ 1,592,634	$ 95,971

(Continued)

Financial Instruments Measured at Fair Value	December 31, 2013 Total	Level 1	Level 2	Level 3
Liabilities				
Financial liability at fair value through profit or loss	$ 1,529,591	$ -	$ 1,439,520	$ 90,071
Derivative instruments held for hedging	24,429	-	24,429	-
	$ 1,554,020	$ -	$ 1,463,949	$ 90,071

(Concluded)

There were no transfers of financial instruments between level 1 and level 2 fair value measurement for the years ended December 31, 2014 and 2013.

4) Reconciliation of level 3 fair value measurements of financial assets and liabilities for the years ended December 31, 2014 and 2013 is as follows:

For the year ended December 31, 2014

Item	Beginning Balance	Amount of Valuation Gain or Loss		Addition		Reduction		Ending Balance
		Included in Profit or Loss	Included in Other Comprehensive Income	Buy or Issue	Transferred In	Sell Out, Disposal or Settlement	Transferred Out from Third Level	
Assets								
Financial assets at FVTPL								
Held-for-trading financial assets	$ 95,971	($ 79,599)	$ -	$ 11,402	$ -	($ 19,725)	$ -	$ 8,049
Financial assets designated as at fair value	1,545,803	113,067	-	1,092,615	-	(1,407,585)	-	1,343,900
Available-for-sale financial assets	10,860,597	-	1,843,169	1,593,096	-	(1,139,223)	-	13,157,639
Other financial assets								
Debt investments with no active markets	200,000	-	-	-	-	-	-	200,000
Liabilities								
Financial liabilities at FVTPL								
Held-for-trading financial liabilities	90,071	(82,206)	-	5,701	-	(9,863)	-	3,703

For the year ended December 31, 2013

Item	Beginning Balance	Amount of Valuation Gain or Loss		Addition		Reduction		Ending Balance
		Included in Profit or Loss	Included in Other Comprehensive Income	Buy or Issue	Transferred In	Sell Out, Disposal or Settlement	Transferred Out from Third Level	
Assets								
Financial assets at FVTPL								
Held-for-trading financial assets	$ 32,678	$ 69,924	$ -	$ -	$ -	($ 6,631)	$ -	$ 95,971
Financial assets designated as at fair value	2,636,578	41,312	69,342	387,244	-	(1,588,673)	-	1,545,803
Available-for-sale financial assets	7,955,290	-	2,104,794	2,237,439	-	(1,055,943)	(380,983)	10,860,597
Other financial assets								
Debt investments with no active markets	200,000	-	-	-	-	-	-	200,000
Liabilities								
Financial liabilities at FVTPL								
Held-for-trading financial liabilities	20,533	72,853	-	-	-	(3,315)	-	90,071

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

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

December 31, 2014

	Changes in Fair Value Reflected in Profit or Loss		**Changes in Fair Value Reflected in Other Comprehensive Income**	
	Favorable	**Unfavorable**	**Favorable**	**Unfavorable**
Assets				
Financial assets at FVTPL				
Held-for-trading financial assets	$ 910	$ (1,357)	$ -	$ -
Financial assets designated as at fair value	-	(1,846)	-	-
Available-for-sale financial assets	-	-	122,071	(5,282)
Liabilities				
Financial liabilities at FVTPL				
Held-for-trading financial liabilities	-	(910)	-	-

December 31, 2013

	Changes in Fair Value Reflected in Profit or Loss		**Changes in Fair Value Reflected in Other Comprehensive Income**	
	Favorable	**Unfavorable**	**Favorable**	**Unfavorable**
Assets				
Financial assets at FVTPL				
Held-for-trading financial assets	$ 83,273	$ (3,964)	$ -	$ -
Financial assets designated as at fair value	-	(1,198)	-	-
Available-for-sale financial assets	-	-	94,575	(5,612)
Liabilities				
Financial liabilities at FVTPL				
Held-for-trading financial liabilities	-	(83,273)	-	-

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

December 31, 2014

	Changes in Fair Value Reflected in Profit or Loss		Changes in Fair Value Reflected in Other Comprehensive Income	
	Favorable	**Unfavorable**	**Favorable**	**Unfavorable**
Assets				
Financial assets at FVTPL				
Held-for-trading financial assets	$ -	$ (6,305)	$ -	$ -
Financial assets designated as at fair value	1,846	-	-	-
Available-for-sale financial assets	-	-	4,340	(122,071)
Liabilities				
Financial liabilities at FVTPL				
Held-for-trading financial liabilities	4,973	-	-	-

December 31, 2013

	Changes in Fair Value Reflected in Profit or Loss		Changes in Fair Value Reflected in Other Comprehensive Income	
	Favorable	**Unfavorable**	**Favorable**	**Unfavorable**
Assets				
Financial assets at FVTPL				
Held-for-trading financial assets	$ 77,086	$ (3,938)	$ -	$ -
Financial assets designated as at fair value	1,198	-	-	-
Available-for-sale financial assets	-	-	5,870	(94,575)
Liabilities				
Financial liabilities at FVTPL				
Held-for-trading financial liabilities	-	(77,086)	-	-

b. Financial risk management

1) Risk management

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

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

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

2) Credit risks

Credit risk is the risk of counterparties' failure to fulfill their contractual obligations causing the Group's financial losses. Both in-balance-sheet and off-balance-sheet items are exposed to credit risks. For the Group's credit exposures, in-balance-sheet items mainly consisted of discounts and loans, credit card business, due from and call loans to banks, debt investments, and 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 Group established an internal standard for credit risk. In that standard, all transactions are analyzed whether in the banking book or in the trading book, and either in-balance-sheet or off-balance-sheet, to identify the inherent and potential risks. The Group examines and confirms credit risk in accordance with the rules before launching new products and business. Furthermore, the Group also establishes a risk management system for complicated credit business such as factoring, credit derivative financial instruments and so on.

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

a) Procedures of credit risk management

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

i. Credit business (loan commitments and guarantees included)

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

i) Classification of credit assets

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

In Shanghai Commercial Bank (HK), credit assets are divided into "pass", "special mention", "substandard", "doubtful", and "loss".

ii) Credit quality rating

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

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

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

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

ii. Due from and call loans to bank

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

iii. Debt investment and derivative financial instruments

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

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

iv. Other systems of credit risk management

The Group adopted a series of policies and measures to reduce credit risk of its loan business, among which is requiring the borrower to provide collateral. The Group has standard procedures for the assessment, management and disposal of collateral to ensure claims are enforced. The Group's loan contracts with clients include terms that lower the credit risk.

Collaterals of non-credit business are required depending on the nature of the financial instruments. Asset-based securities and other similar financial instruments are assessed as a group of assets or pool of financial instruments.

To avoid the risk of excessive concentration of credit, the Group has set a standard to limit credit to a single counterparty or a single group. In addition, the Group has set credit limits on industry, group companies, countries, business and other loans secured by stocks to control and monitor various asset concentration risk. And there is a system to monitor a single counterparty, group companies, affiliates, industry, nationality, ultimate risk country and other types of credit risk concentration.

The Group's transactions are usually settled on a gross basis, but some on a net basis, or upon default, all the transactions with the counterparty are terminated and settled on a net basis, in order to further reduce credit risk.

b) Credit risk exposures

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

	December 31	
	2014	**2013**
Developed and noncancelable loan commitments	$ 348,585,181	$ 327,153,669
Noncancelable credit card commitments	1,029,402	1,363,773
Issued but unused letters of credit	18,298,976	52,945,361
Other guarantees	45,595,364	49,525,790

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

c) 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 Group maintains a diversified loan portfolio to mitigate the credit risk concentration to same customers; total discounts and loans transactions with same customers and non-performing loans are not material. The Group's most significant concentrations of credit risk of discounts and loans and non-performing loans by business, region, and collateral were summarized as follows:

i. Counterparty

	December 31			
	2014		**2013**	
Counterparty	**Amount**	**% to Total**	**Amount**	**% to Total**
Private sector	$ 548,979,550	64	$ 493,088,791	63
Consumer	293,850,036	34	265,388,026	34
Financial institution	7,932,830	1	22,188,937	3
Others	9,858,338	1	3,449,819	-
	$ 860,620,754	100	$ 784,115,573	100

ii. Region

Region	December 31			
	2014		2013	
	Amount	% to Total	Amount	% to Total
ROC.	$ 482,878,926	56	$ 457,077,635	58
Asia Pacific except ROC.	312,105,767	36	272,874,406	35
Others	65,636,061	8	54,163,532	7
	$ 860,620,754	100	$ 784,115,573	100

iii. Collaterals assumed

Collaterals Assumed	December 31			
	2014		2013	
	Amount	% to Total	Amount	% to Total
Unsecured	$ 141,624,158	16	$ 149,758,521	19
Secured				
Properties	522,996,796	61	469,465,148	60
Guarantee	107,649,182	13	80,691,706	10
Financial collateral	39,725,331	5	35,718,402	5
Movable properties	10,027,039	1	11,225,797	1
Other collaterals	38,598,248	4	37,255,999	5
	$ 860,620,754	100	$ 784,115,573	100

d) Information on credit risk quality

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

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

i. Credit quality analysis of discounts and loans and receivables

i) The Bank and its domestic subsidiaries

December 31, 2014	Neither Past Due Nor Impaired				Overdue but Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Allowance for Impairment (D)		Net Amount (A)+(B)+(C)-(D)
	Strong	Moderate	Special Mention	Subtotal (A)				Objective Evidence of Impairment	No Objective Evidence of Impairment	
Receivables										
Credit card	1,281,997	629,108	79,868	1,990,973	44,376	84,216	2,119,565	69,110	120,498	1,929,957
Others	2,878,770	5,046,667	322,902	8,248,339	57,066	138,429	8,443,834	96,223	54,730	8,292,881
Discounts and loans	339,035,638	191,480,030	23,310,956	553,826,624	22,199,070	10,861,945	586,887,639	3,925,355	4,977,871	577,984,413

December 31, 2013	Neither Past Due Nor Impaired				Overdue but Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Allowance for Impairment (D)		Net Amount (A)+(B)+(C)-(D)
	Strong	Moderate	Special Mention	Subtotal (A)				Objective Evidence of Impairment	No Objective Evidence of Impairment	
Receivables										
Credit card	$ 1,399,884	$ 652,385	$ 71,228	$ 2,123,497	$ 54,010	$ 97,887	$ 2,275,394	$ 23,687	$ 139,683	$ 2,112,024
Others	3,097,371	2,267,950	329,216	5,694,537	574,540	390,111	6,659,188	62,522	92,643	6,504,023
Discounts and loans	308,253,255	162,363,411	29,806,757	500,423,423	32,014,273	13,652,104	546,089,800	5,900,435	1,911,743	538,277,622

ii) SCB (HK)

December 31, 2014	Neither Past Due Nor Impaired Amount						Past Due but Not Impaired Amount (B)	Impaired Amount (C)	Total (A)+(B)+(C)	Allowance for Impairment (D)		Net Amount (A)+(B)+(C)-(D)
	Pass	Special Mentioned	Sub-Standard	Doubtful	Loss	Subtotal (A)				Objective Evidence of Impairment	No Objective Evidence of Impairment	
Receivables												
Credit card	1,021,464	34,275	-	-	-	1,055,739	12,542	14,637	1,082,918	4,582	17,176	1,061,160
Others	8,099,491	-	-	-	-	8,099,491	-	-	8,099,491	-	-	8,098,641
Discounts and loans	263,102,923	5,088,345	-	-	-	268,191,268	4,248,550	1,293,297	273,733,115	103,069	1,052,142	272,577,904

December 31, 2013	Neither Past Due Nor Impaired Amount						Past Due but Not Impaired Amount (B)	Impaired Amount (C)	Total (A)+(B)+(C)	Allowance for Impairment (D)		Net Amount (A)+(B)+(C)-(D)
	Pass	Special Mentioned	Sub-Standard	Doubtful	Loss	Subtotal (A)				Objective Evidence of Impairment	No Objective Evidence of Impairment	
Receivables												
Credit card	$ 1,006,426	$ 28,515	$ -	$ -	$ -	$ 1,034,941	$ 19,914	$ 17,057	$ 1,071,912	$ 4,960	$ 26,364	$ 1,040,588
Others	5,597,323	-	-	-	-	5,597,323	-	-	5,597,323	-	-	5,597,323
Discounts and loans	226,900,524	4,401,808	-	-	-	231,302,332	5,296,227	1,427,214	238,025,773	124,818	911,291	236,989,664

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

i) The Bank and its domestic subsidiaries

December 31, 2014	Neither Past Due Nor Impaired			
	Strong	Moderate	Special Mentioned	Total
Consumer banking				
Housing mortgage	$ 158,475,924	$ 9,489,826	$ 2,086,280	$ 170,052,030
Credit loans	126,325	103,492	143,741	373,558
Others	17,288,388	1,772,615	443,941	19,504,944
Corporate banking				
Secured	91,937,339	96,781,822	11,316,869	200,036,030
Unsecured	71,207,662	83,342,275	9,320,125	163,870,062
Total	339,035,638	191,490,030	23,310,956	553,836,624

December 31, 2013	Neither Past Due Nor Impaired			
	Strong	Moderate	Special Mentioned	Total
Consumer banking				
Housing mortgage	$ 142,353,144	$ 9,802,375	$ 1,639,871	$ 153,795,390
Credit loans	297,155	191,927	137,865	626,947
Others	13,837,889	1,615,484	278,070	15,731,443
Corporate banking				
Secured	81,111,034	83,538,413	16,866,302	181,515,749
Unsecured	70,654,033	67,215,212	10,884,649	148,753,894
Total	$ 308,253,255	$ 162,363,411	$ 29,806,757	$ 500,423,423

ii) SCB (HK)

December 31, 2014	Neither Past Due Not Impaired					
	Pass	Special Mentioned	Sub-Standard	Doubtful	Loss	Subtotal
Consumer banking						
Housing mortgage	$ 31,894,289	$ 546,589	$ -	$ -	$ -	$ 32,440,878
Credit loans	2,034,779	32,523	-	-	-	2,067,302
Others	23,614,959	169,397	-	-	-	23,784,356
Corporate banking						
Secured	148,130,283	2,897,337	-	-	-	151,027,620
Unsecured	20,416,211	72,138	-	-	-	20,488,349
Discounts	629	-	-	-	-	629
Overdrafts	12,911,274	758,209	-	-	-	13,669,483
Inward/outward documentary bills	24,100,499	612,152	-	-	-	24,712,651
Total	$ 263,102,923	$ 5,088,345	$ -	$ -	$ -	$ 268,191,268

December 31, 2013	Neither Past Due Not Impaired					
	Pass	Special Mentioned	Sub-Standard	Doubtful	Loss	Subtotal
Consumer banking						
Housing mortgage	$ 27,507,554	$ 502,112	$ -	$ -	$ -	$ 28,009,666
Credit loans	1,488,851	19,449	-	-	-	1,508,300
Others	21,061,291	225,641	-	-	-	21,286,932
Corporate banking						
Secured	120,427,856	2,067,939	-	-	-	122,495,795
Unsecured	22,104,764	195,639	-	-	-	22,300,403
Discounts	1,175	-	-	-	-	1,175
Overdrafts	11,855,327	925,390	-	-	-	12,780,717
Inward/outward documentary bills	22,453,706	465,638	-	-	-	22,919,344
Total	$ 226,900,524	$ 4,401,808	$ -	$ -	$ -	$ 231,302,332

iii. Credit quality analysis of security investment

i) The Bank

December 31, 2014	Neither Past Due Nor Impaired						Past Due but Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Allowance for Impairment (D)	Net Amount (A)+(B)+ (C)-(D)
	Excellent	Good	Moderate	Normal	Unrated	Subtotal (A)					
Available-for-sale financial assets											
Bonds	$ 43,279,582	$ 18,052,273	$ 19,973,516	$ 4,680,870	$ 701,791	$ 86,688,032	$ -	$ 95,010	$ 86,783,042	$ 95,010	$ 86,688,032
Stocks	-	-	-	-	13,383,815	13,383,815	-	-	13,383,815	-	13,383,815
Bills	-	-	1,389,717	-	-	1,389,717			1,389,717		1,389,717
Held-to-maturity financial assets											
Bonds	252,160	-	313,514	-	-	565,674	-	-	565,674	-	565,674
Bills	89,200,000	-	-	-	-	89,200,000	-	-	89,200,000	-	89,200,000
Financial assets at FVTPL											
Bonds	-	-	95,010	314,625	934,265	1,343,900	-	-	1,343,900	-	1,343,900
Other financial assets											
Debt	-	-	-	-	200,000	200,000	-	-	200,000	-	200,000
Stocks	-	-	-	-	11,787	11,787	-	-	11,787	-	11,787

December 31, 2013	Neither Past Due Nor Impaired						Past Due but Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Allowance for Impairment (D)	Net Amount (A)+(B)+ (C)-(D)
	Excellent	Good	Moderate	Normal	Unrated	Subtotal (A)					
Available-for-sale financial assets											
Bonds	$ 39,471,416	$ 16,758,748	$ 19,118,209	$ 735,326	$ 195,022	$ 76,278,721	$ -	$ 238,244	$ 76,516,965	$ 238,244	$ 76,278,721
Stocks	-	1,105,544	374,600	-	9,213,313	10,693,457	-	23,150	10,716,607	23,150	10,693,457
Bills	-	-	-	-	1,683,836	1,683,836	-	-	1,683,836	-	1,683,836
Held-to-maturity financial assets											
Bonds	255,481	-	591,629	-	-	847,110	-	-	847,110	-	847,110
Bills	106,200,000	-	-	-	-	106,200,000	-	-	106,200,000	-	106,200,000
Financial assets at FVTPL											
Bonds	-	-	370,808	-	1,174,995	1,545,803	-	-	1,545,803	-	1,545,803
Other financial assets											
Debt	-	-	-	-	200,000	200,000	-	-	200,000	-	200,000
Stocks	-	-	-	-	11,787	11,787	-	-	11,787	-	11,787

ii) SCB (HK)

December 31, 2014	Neither Past Due Nor Impaired						Past Due but Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Allowance for Impairment (D)	Net Amount (A)+(B)+ (C)-(D)
	Pass	Special Mention	Sub-Standard	Doubtful	Loss	Subtotal (A)					
Available-for-sale financial assets											
Bonds	$ 37,233,804	$ -	$ -	$ -	$ -	$ 37,233,804	$	$	$ 37,233,804	$	$ 37,233,804
Stocks	10,999,859	-	-	-	-	10,999,859			10,999,859		10,999,859
Bills	53,926,636	-	-	-	-	53,926,636			53,926,636		53,926,636
Held-to-maturity financial assets											
Bonds	633,400	-	-	-	-	633,400			633,400		633,400
Bills	9,419,550			-	-	9,419,550			9,419,550		9,419,550

December 31, 2013	Neither Past Due Nor Impaired						Past Due but Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Allowance for Impairment (D)	Net Amount (A)+(B)+ (C)-(D)
	Pass	Special Mention	Sub-Standard	Doubtful	Loss	Subtotal (A)					
Available-for-sale financial assets											
Bonds	$ 41,406,319	$ -	$ -	$ -	$ -	$ 41,406,319	$ -	$ -	$ 41,406,319	$ -	$ 41,406,319
Stocks	8,504,575	-	-	-	-	8,504,575	-	-	8,504,575	-	8,504,575
Bills	46,881,763	-	-	-	-	46,881,763	-	-	46,881,763	-	46,881,763
Held-to-maturity financial assets											
Bonds	9,528,111	-	-	-	-	9,528,111	-	-	9,528,111	-	9,528,111

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

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

Items	December 31, 2014			
	Past Due Up to a Month	Past Due One to Three Months	Past Due Over Three Months	Total
Receivables				
Credit card	$ 51,689	$ 5,229	$ -	$ 56,918
Others	53,709	3,357	-	57,066
Discounts and loans				
Consumer banking				
Housing mortgage	9,817,198	573,701	2,364	10,393,263
Credit loans	42,062	1,356	-	43,418
Others	800,225	58,452	1,764	860,441
Corporate banking				
Secured	9,573,997	1,172,293	-	10,746,290
Unsecured	3,831,854	157,270	-	3,989,124
Subtotal loans	24,065,336	1,963,072	4,128	26,032,536
Overdrafts	-	79,458	-	79,458
Inward/outward documentary bills	232,622	102,289	715	335,626
Total	$ 24,297,958	$ 2,144,819	$ 4,843	$ 26,447,620

Items	December 31, 2013			
	Past Due Up to a Month	Past Due One to Three Months	Past Due Over Three Months	Total
Receivables				
Credit card	$ 64,533	$ 9,391	$ -	$ 73,924
Others	562,884	11,656	-	574,540
Discounts and loans				
Consumer banking				
Housing mortgage	8,897,936	494,673	5,874	9,398,483
Credit loans	31,333	2,667	-	34,000
Others	1,154,737	25,166	54,718	1,234,621
Corporate banking				
Secured	16,425,861	883,480	8,220	17,317,561
Unsecured	8,509,481	596,917	-	9,106,398
Subtotal loans	35,019,348	2,002,903	68,812	37,091,063
Overdrafts	-	69,558	-	69,558
Inward/outward documentary bills	90,705	58,579	595	149,879
Total	$ 35,110,053	$ 2,131,040	$ 69,407	$ 37,310,500

3) Market risk

a) The sources and definition of market risk

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

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

b) Market risk management policies

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

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

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

c) Market risk management process

i. Recognition and measurement

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

ii. Monitoring and reporting

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

d) Interest rate management policies

i. Definition of interest rate risk

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

ii. Purpose of interest risk management

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

iii. Procedures of interest risk management

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

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

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

iv. Measurement methods

The Group measures risks of price reset periods gap from difference in maturity date and price reset date of assets, liabilities, and off-balance sheet items. The Group also established interest rate sensitivity monitoring 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 regularly. In addition, the Group regularly uses DV01 to measure portfolio affected by interest rate

e) Foreign exchange rate risk management

i. Definition of foreign exchange risk

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

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

In order to control foreign exchange rate risk within tolerable range, the Group 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 Group undertakes pressure test on a seasonal basis and uses 3% fluctuation in major foreign exchange rate (USD) as the sensitivity threshold and reports test results to the Assets and Liabilities Management Committee.

f) Equity securities price risk management

i. Definition of equity securities price risk

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

ii. Purpose of equity security price risk management

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

iii. Procedures of equity security price risk management

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

iv. Measurement method

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

g) Market valuation technique

The Group assesses its exposures to market risk and the anticipated loss under market pressures by using assumptions on several market position changes. Limits of various financial instruments are set by the Board of Directors and monitored by the Assets and Liabilities Management Committee. The Group also performs sensitivity analysis based on major risk factors of various financial instruments in order to monitor the changes in various market risk factors of financial instruments.

i. Sensitivity analysis

i) Interest rate risk

The Group has assessed the possible impact on income if global yield curve moves between -100 to +100 base points simultaneously on December 31, 2014 and 2013.

ii) Foreign exchange rate risk

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

The functional currency of SCB (HK) is HKD, and the net on-balance-sheet position of SCB (HK) was denominated in USD; these two currencies were closely connected, there is immaterial foreign exchange risk arising from the translation of foreign-currency denominated financial assets and financial liabilities into HKD.

iii) Equity securities price risk

The Group has assessed the possible impact on income when equity security prices on December 31, 2014 and 2013 rise or fall by 10% while other factors remain unchanged.

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

ii. Sensitivity analysis is summarized as follows:

December 31, 2014			
Major Risk	**Variation Range**	**Amount**	
		Equity	**Profit or Loss**
Foreign exchange risk	Various currencies/NTD increased 3%	$ 1,591,500	($ 21,631)
Foreign exchange risk	Various currencies/NTD decreased 3%	(1,591,500)	21,631
Interest rate risk	Rate curve increased 100BPS	(2,977,500)	316,354
Interest rate risk	Rate curve decreased 100BPS	2,977,500	(316,354)
Price risk of equity securities	Price of equity securities increased 10%	1,779,048	73,280
Price risk of equity securities	Price of equity securities decreased 10%	(1,779,048)	(73,280)

December 31, 2013			
Major Risk	**Variation Range**	**Amount**	
		Equity	**Profit or Loss**
Foreign exchange risk	Various currencies/NTD increased 3%	$ 1,398,977	$ (69,141)
Foreign exchange risk	Various currencies/NTD decreased 3%	(1,398,977)	69,141
Interest rate risk	Rate curve increased 100BPS	(3,268,990)	331,837
Interest rate risk	Rate curve decreased 100BPS	3,404,360	(331,837)
Price risk of equity securities	Price of equity securities increased 10%	1,437,254	72,923
Price risk of equity securities	Price of equity securities decreased 10%	(1,437,254)	(72,923)

4) Liquidity risk

a) The sources and definition of liquidity risk

Liquidity risk is the possibility that the Group is unable to liquidate assets or obtain financing to fulfill matured financial liabilities 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 Group's assets and the possibility of being unable to fulfill loan commitments. Liquidity risks include inherent risks that may be affected by some specific industry events or overall market condition. These events include but are not limited to credit, merger and acquisitions, systemic breakdown and natural disasters.

b) The management policies are as follows:

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

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

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

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

iv. Managing the maturity date of debt instruments.

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

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

c) Maturity analysis

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

December 31, 2014	Due in One Month	Due Between One Month and Three Months	Due Between Three Months and Six Months	Due Between Six Months and One Year	Due After One Year	Total
Due to the Central Bank and banks	$ 32,778,139	$ 3,251,847	$ 1,058,103	$ 12,620	$ 1,780,274	$ 38,880,983
Securities sold under repurchase agreements	3,158,917	437,743	140,341	2,738,071		6,475,072
Payables	22,760,719	1,215,937	779,975	401,696	7,200	25,165,527
Deposits and remittances	748,456,411	234,326,644	133,212,595	142,950,111	7,900,024	1,266,845,785
Bank debentures	27,600	-	3,000,000	2,000,000	33,000,000	38,027,600
Other financial liabilities	5,630,516	-	-	-	-	5,630,516

December 31, 2013	Due in One Month	Due Between One Month and Three Months	Due Between Three Months and Six Months	Due Between Six Months and One Year	Due After One Year	Total
Due to the Central Bank and banks	$ 31,009,535	$ 2,723,198	$ 4,819,262	$ 447,195	$ -	$ 38,999,190
Borrowings from the Central Bank and banks	3,932,016	-	-	-	-	3,932,016
Securities sold under repurchase agreements	4,223,883	563,110	158,861	801,013	-	5,746,867
Payables	19,790,828	1,191,510	493,257	359,407	5,538	21,840,540
Deposits and remittances	673,261,463	225,417,556	131,540,720	139,343,197	9,702,649	1,179,265,585
Bank debentures	104,321	-	-	5,000,000	28,000,000	33,104,321
Other financial liabilities	6,680,824	-	-	-	-	6,680,824

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

i. Derivative financial liabilities in net settlement

December 31, 2014	Due in One Month	Due Between One Month and Three Months	Due Between Three Months and Six Months	Due Between Six Months and One Year	Due After One Year	Total
Derivative financial liabilities at fair value through profit or loss						
Foreign exchange derivatives	$ 106,791	$ 114,070	$ 120,398	$ 185,406	$ 1,860	$ 528,525
Rate derivatives	-	9	81	-	33,716	33,806

December 31, 2013	Due in One Month	Due Between One Month and Three Months	Due Between Three Months and Six Months	Due Between Six Months and One Year	Due After One Year	Total
Derivative financial liabilities at fair value through profit or loss						
Foreign exchange derivatives	$ 184,156	$ 306,809	$ 207,060	$ 216,685	$ 8,586	$ 923,296
Rate derivatives	-	-	-	24,576	130,863	155,439

ii. Derivative financial liabilities in total settlement

December 31, 2014	Due in One Month	Due Between One Month and Three Months	Due Between Three Months and Six Months	Due Between Six Months and One Year	Due After One Year	Total
Derivative financial liabilities at fair value through profit or loss						
Foreign exchange derivatives						
Cash inflow	$ 47,457,996	$ 18,445,208	$ 12,834,951	$ 11,990,642	$ 13,583	$ 90,742,380
Cash outflow	47,662,423	18,787,999	13,297,934	12,267,896	13,365	92,029,617

December 31, 2013	Due in One Month	Due Between One Month and Three Months	Due Between Three Months and Six Months	Due Between Six Months and One Year	Due After One Year	Total
Derivative financial liabilities at fair value through profit or loss						
Foreign exchange derivatives						
Cash inflow	$ 14,620,253	$ 18,843,063	$ 10,021,167	$ 4,343,290	$ 119,113	$ 47,946,886
Cash outflow	14,636,338	18,908,275	10,086,586	4,339,485	120,215	48,090,899

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.

December 31, 2014	Due in One Month	Due Between One Month and Three Months	Due Between Three Months and Six Months	Due Between Six Months and One Year	Due After One Year	Total
Developed and noncancelable loan commitments	$ 29,999,718	$ 60,011,950	$ 89,674,614	$ 167,074,794	$ 1,824,105	$ 348,585,181
Noncancelable credit card commitments	88,940	177,881	266,821	495,760	-	1,029,402
Issued but unused letters of credit	11,852,381	5,290,530	752,649	379,675	23,741	18,298,976
Other guarantees	5,098,178	6,709,177	6,829,597	9,803,720	17,154,692	45,595,364

December 31, 2013	Due in One Month	Due Between One Month and Three Months	Due Between Three Months and Six Months	Due Between Six Months and One Year	Due After One Year	Total
Developed and noncancelable loan commitments	$ 21,083,303	$ 41,471,469	$ 60,440,520	$ 119,706,865	$ 84,451,512	$ 327,153,669
Noncancelable credit card commitments	86,327	172,654	258,980	517,961	327,851	1,363,773
Issued but unused letters of credit	45,682,343	5,114,987	783,483	1,249,312	115,236	52,945,361
Other guarantees	8,188,175	8,285,412	6,172,059	9,999,572	16,880,572	49,525,790

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

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

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

a. The Bank

	Year Ended December 31, 2014	
	Average Balance	**Average Rate (%)**
Interest-earning assets		
Cash and cash equivalents - due from other banks	$ 16,019,608	2.53
Due from the Central Bank and call loans to banks	44,252,008	0.91
Financial assets at fair value through profit or loss	31,036,145	0.86
Securities purchased under agreement to resell	6,017,633	0.56
Credit card revolving balances	801,548	16.22
Discounts and loans (excluding nonperforming loans)	564,078,490	2.39
Available-for-sale financial assets	86,052,505	1.74
Held-to-maturity financial assets	103,539,431	0.88
Bills purchased	11,284	1.56
Interest-bearing liabilities		
Due to the Central Bank and banks	19,230,276	0.81
Securities sold under agreement to repurchase	8,186,857	0.54
Borrowings from the Central Bank and banks	993,745	0.54
Negotiable certificates of deposits	5,431,735	0.70
Demand deposits	173,800,581	0.08
Savings deposits	115,108,080	0.38
Time deposits	332,354,080	1.13
Time-savings	117,460,851	1.32
Bank debentures	37,537,204	1.67
Appropriated loan funds	5,176,632	0.01
Structured deposit instruments principal	1,926,554	0.84

	Year Ended December 31, 2013	
	Average Balance	**Average Rate (%)**
Interest-earning assets		
Cash and cash equivalent - due from other banks	$ 5,572,615	1.24
Due from the Central Bank and call loans to banks	70,522,285	0.72
Financial assets at fair value through profit or loss	28,132,432	1.00
Securities purchased under agreement to resell	881,025	0.66

(Continued)

	Year Ended December 31, 2013	
	Average Balance	Average Rate (%)
Credit card revolving balances	$ 873,860	16.64
Discounts and loans (excluding nonperforming loans)	500,856,184	2.32
Available-for-sale financial assets	70,340,987	1.78
Held-to-maturity financial assets	111,852,604	0.88
Bills purchased	11,610	1.37
Interest-bearing liabilities		
Due to the Central Bank and banks	10,358,458	0.86
Securities sold under agreement to repurchase	5,285,585	0.62
Borrowings from the Central Bank and banks	524,487	0.34
Negotiable certificates of deposits	4,453,795	0.76
Demand deposits	159,227,036	0.08
Savings deposits	110,529,543	0.38
Time deposits	299,764,236	1.02
Time-savings	124,076,415	1.33
Bank debentures	33,741,935	1.65
Appropriated loan funds	3,240,128	0.01
Structured deposit instruments principal	2,840,018	0.88

(Concluded)

b. SCB (HK)

	Year Ended December 31, 2014	
	Average Balance	Average Rate (%)
Interest-earning assets		
Due from other banks	$ 199,787,009	1.88
Discounts and loans (excluding nonperforming loans)	265,437,175	3.25
Credit card revolving balances	251,207	27.12
Debt instruments (including available-for-sale financial assets, financial assets at fair value through profit or loss, and held-to-maturity financial assets	102,636,505	2.46
Interest-bearing liabilities		
Due to other banks	24,302,398	0.97
Demand deposits	177,591,375	0.03
Time deposits	298,182,974	1.47

	Year Ended December 31, 2013	
	Average Balance	Average Rate (%)
Interest-earning assets		
Due from other banks	$ 180,700,249	1.33
Discounts and loans (excluding nonperforming loans)	222,351,499	3.17
Credit card revolving balances	271,182	29.93
Debt instruments (including available-for-sale financial assets, financial assets at fair value through profit or loss, and held-to-maturity financial assets	100,072,587	2.56
Interest-bearing liabilities		
Due to other banks	14,892,129	1.10
Demand deposits	158,128,974	0.03
Time deposits	271,154,587	1.32

38. CAPITAL MANAGEMENT

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

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

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

The Group conformed to the regulation on capital management on December 31, 2014 and 2013.

	December 31	
	2014	2013
Analysis items		
Eligible capital		
Common equity	$ 114,893,612	$ 105,080,449
Other Tier I capital	-	-
Tier II capital	33,574,394	25,893,412
Eligible capital	$ 148,468,006	$ 130,973,861

(Continued)

	December 31	
	2014	2013
Risk-weighted assets		
Credit risk		
Standardized approach	$ 1,020,964,307	$ 938,585,223
Credit valuation adjustment	415,212	331,797
Internal rating based approach	N/A	N/A
Synthetic securitization	547,245	814,876
Operational risk		
Basic indicator approach	48,404,335	44,858,190
Standardized approach/alternative standardized approach	N/A	N/A
Advanced measurement approach	N/A	N/A
Market risk		
Standardized approach	50,100,026	45,105,719
Internal models approach	N/A	N/A
Total risk-weighted assets	$ 1,120,431,125	$ 1,029,695,805
Capital adequacy ratio	13.25%	12.72%
Ratio of common equity to risk-weighted assets	10.25%	10.20%
Ratio of Tier I capital to risk-weighted assets	10.25%	10.20%
Leverage ratio	4.38%	4.18%

(Concluded)

Note 1: Eligible capital and risk-weighted assets are calculated under the "Regulations Governing the Capital Adequacy Ratio of Banks" and "Explanation of Methods for Calculating the Eligible Capital and Risk-weighted Assets of Banks".

Note 2: Formulas used were as follows:

1) Eligible capital = Common equity + Other Tier I capital + Tier II capital.

2) Total risk-weighted assets = Risk-weighted assets for credit risk + Capital requirements for operational risk and market risk × 12.5.

3) Capital adequacy ratio = Eligible capital ÷ Total risk-weighted assets.

4) Ratio of common equity to risk-weighted assets = Common equity ÷ Total risk-weighted assets.

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

6) Leverage ratio = Average net value of tier I capital of recent 3 months ÷ Average net value of exposure measurement of recent 3 months

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

a. Assets quality: As stated in Table 1

b. Concentration of credit risks

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

Ranking (Note 1)	December 31, 2014					
	The Bank			SCB (HK)		
	Group Enterprise (Note 2)	Total Balances of Credit Extensions (Note 3)	Ratio of Credit Extensions to Net Worth (%)	Group Enterprise (Note 2)	Total Balances of Credit Extensions (Note 3)	Ratio of Credit Extensions to Net Worth (%) (Note 4)
1	A Group (plastic leather, plates, pipe manufacturing)	5,426,608	5.03	a Group (hotels and property development)	4,257,279	4.80
2	B Group (real estate rental)	4,721,742	4.38	b Group (hotel industry)	3,877,886	4.37
3	C Group (liquid crystal panel and components manufacturing)	4,631,781	4.30	c Group (hotels and property development)	3,550,879	4.00
4	D Group (real estate development)	3,665,584	3.40	d Inc. (holding company and steel trading)	3,237,488	3.65
5	E Inc. (head offices)	3,167,000	2.94	e Group (import and export of garments and accessories)	2,975,320	3.35
6	F Group (semi-conductor manufacturing)	2,876,361	2.67	f Group (property development)	2,695,301	3.04
7	G Group (head offices)	2,833,946	2.63	g Group (property investment)	2,428,759	2.74
8	H Group (glass fiber manufacturing)	2,824,036	2.62	h Group (property development and investment)	2,378,407	2.68
9	I Group (civil aviation)	2,811,059	2.61	i Group (retailing of gold and jewelries)	2,332,019	2.63
10	J Group (head offices)	2,790,134	2.59	j Group (hotel and property investment)	2,295,621	2.59

Ranking (Note 1)	December 31, 2013					
	The Bank			SCB (HK)		
	Group Enterprise (Note 2)	Total Balances of Credit Extensions (Note 3)	Ratio of Credit Extensions to Net Worth (%)	Group Enterprise (Note 2)	Total Balances of Credit Extensions (Note 3)	Ratio of Credit Extensions to Net Worth (%) (Note 4)
1	D Group (real estate development)	$ 5,508,541	5.57	a Group (hotels and property development)	$ 5,509,099	7.00
2	K Group (computer manufacturing)	3,676,123	3.72	k Group (automobile dealer)	3,612,464	4.59
3	B Group (real estate rental)	3,588,084	3.63	c Group (hotels and property development)	2,601,747	3.30
4	I Group (civil aviation)	2,896,951	2.93	l Inc. (property investment)	2,533,084	3.22
5	H Group (glass fiber manufacturing)	2,797,756	2.83	g Group (property investment)	2,365,604	3.00
6	G Group (head offices)	2,771,514	2.80	m Group (property investment and construction)	2,353,073	2.99
7	L Group (computer manufacturing)	2,607,190	2.64	n Group (trading of hardware, steel and plastics)	2,240,536	2.85
8	M Inc. (paper exporation)	1,851,781	1.87	j Group (hotels and property investment)	2,100,199	2.67
9	N Inc. (real estate development)	1,609,000	1.63	e Group (import and export of garments and accessories)	1,955,456	2.48
10	O Inc. (wholesale of other specialized wholesale trade not elsewhere classified)	1,584,557	1.60	i Group (retailing of gold and jewelries)	1,849,212	2.35

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

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

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

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

c. Interest rate sensitivity information

1) The Bank

Interest Rate Sensitivity Analysis
December 31, 2014

(In NT$ Thousands)

Items	1 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to 1 Year (Included)	Over 1 Year	Total
Interest-sensitive assets	$ 572,640,244	$ 300,603	$ 1,086,882	$ 46,065,968	$ 620,093,697
Interest-sensitive liabilities	243,242,320	231,355,851	56,902,220	35,910,307	567,410,698
Interest sensitivity gap	329,397,924	(231,055,248)	(55,815,338)	10,155,661	52,682,999
Net equity					107,823,959
Ratio of interest-sensitive assets to liabilities					109.28%
Ratio of interest sensitivity gap to net equity					48.86%

Interest Rate Sensitivity Analysis
December 31, 2013

(In NT$ Thousands)

Items	1 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to 1 Year (Included)	Over 1 Year	Total
Interest-sensitive assets	$ 562,472,052	$ 350,835	$ 1,487,523	$ 48,047,790	$ 612,358,200
Interest-sensitive liabilities	251,096,785	229,578,782	60,766,562	31,482,494	572,924,623
Interest sensitivity gap	311,375,267	(229,227,947)	(59,279,039)	16,565,296	39,433,577
Net equity					98,919,316
Ratio of interest-sensitive assets to liabilities					106.88%
Ratio of interest sensitivity gap to net equity					39.86%

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

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

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

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

Interest Rate Sensitivity Analysis
December 31, 2014

(In US$ Thousands)

Items	1 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to 1 Year (Included)	Over 1 Year	Total
Interest-sensitive assets	$ 5,015,196	$ 88,838	$ 14,488	$ 459,383	$ 5,577,905
Interest-sensitive liabilities	1,942,201	3,667,990	544,541	71	6,154,803
Interest sensitivity gap	3,072,995	(3,579,152)	(530,053)	459,312	(576,898)
Net equity					3,404,609
Ratio of Interest-sensitive assets to liabilities					90.63%
Ratio of interest sensitivity gap to net equity					(16.94%)

Interest Rate Sensitivity Analysis
December 31, 2013

(In US$ Thousands)

Items	1 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to 1 Year (Included)	Over 1 Year	Total
Interest-sensitive assets	$ 5,238,148	$ 46,883	$ 39,443	$ 467,504	$ 5,791,978
Interest-sensitive liabilities	2,248,078	3,124,225	492,973	60	5,865,336
Interest sensitivity gap	2,990,070	(3,077,342)	(453,530)	467,444	(73,358)
Net equity					3,320,777
Ratio of interest-sensitive assets to liabilities					98.75%
Ratio of interest sensitivity gap to net equity					(2.21%)

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

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

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

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

2) SCB (HK)

Interest Rate Sensitivity Analysis
December 31, 2014

(In US$ Thousands)

Items	1 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to 1 Year (Included)	Over 1 Year	Total
Interest-sensitive assets	$ 4,225,998	$ 815,907	$ 442,610	$ 622,510	$ 6,107,025
Interest-sensitive liabilities	4,098,136	436,933	500,810	2,199	5,038,078
Interest sensitivity gap	127,862	378,974	(58,200)	620,311	1,068,947
Net equity					2,765,581
Ratio of interest-sensitive assets to liabilities					121.22%
Ratio of interest sensitivity gap to net equity					38.65%

Interest Rate Sensitivity Analysis
December 31, 2013

(In US$ Thousands)

Items	1 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to 1 Year (Included)	Over 1 Year	Total
Interest-sensitive assets	$ 3,673,563	$ 553,702	$ 432,930	$ 650,373	$ 5,310,568
Interest-sensitive liabilities	3,859,940	339,700	472,636	13,588	4,685,864
Interest sensitivity gap	(186,377)	214,002	(39,706)	636,785	624,704
Net equity					2,610,550
Ratio of interest-sensitive assets to liabilities					113.33%
Ratio of interest sensitivity gap to net equity					23.93%

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

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

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

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

d. Profitability

The Bank

Items		December 31	
		2014	**2013**
Return on total assets	Before income tax	1.34%	1.29%
	After income tax	1.14%	1.12%
Return on equity	Before income tax	12.33%	12.11%
	After income tax	10.55%	10.56%
Profit margin		56.01%	57.18%

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

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

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

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

e. Maturity analysis of assets and liabilities

1) The Bank

a) New Taiwan dollars (thousands)

	Total	December 31, 2014					
		By Remaining Period to Maturity					
		0 to 10 Days	11 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	$ 674,851,856	$ 118,459,745	$ 96,558,368	$ 40,223,363	$ 44,726,618	$ 84,211,343	$ 290,672,419
Main capital outflow on maturity	858,473,732	42,243,280	98,654,832	133,807,202	115,275,453	190,419,163	278,073,802
Gap	(183,621,876)	76,216,465	(2,096,464)	(93,583,839)	(70,548,835)	(106,207,820)	12,598,617

	Total	December 31, 2013					
		By Remaining Period to Maturity					
		0 to 10 Days	11 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	$ 657,452,875	$ 131,972,215	$ 87,389,345	$ 26,306,543	$ 30,585,471	$ 43,097,264	$ 338,102,037
Main capital outflow on maturity	825,821,246	27,658,695	68,939,078	134,593,653	120,881,413	180,572,057	293,176,350
Gap	(168,368,371)	104,313,520	18,450,267	(108,287,110)	(90,295,942)	(137,474,793)	44,925,687

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

b) U.S. dollars (thousands)

	Total	December 31, 2014				
		By Remaining Period to Maturity				
		1 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	$ 7,105,016	$ 1,008,120	$ 857,511	$ 1,076,660	$ 726,628	$ 3,436,097
Main capital outflow on maturity	11,817,596	1,642,342	1,717,128	2,013,789	3,036,575	3,407,762
Gap	(4,712,580)	(634,222)	(859,617)	(937,129)	(2,309,947)	28,335

	Total	December 31, 2013				
		By Remaining Period to Maturity				
		1 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	$ 7,252,139	$ 1,114,425	$ 1,056,177	$ 2,249,733	$ 663,832	$ 2,167,972
Main capital outflow on maturity	10,829,266	1,821,573	1,746,227	1,857,449	3,377,455	2,026,562
Gap	(3,577,127)	(707,148)	(690,050)	392,284	(2,713,623)	141,410

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

2) SCB (HK)

U.S. dollars (thousands)

	Total	December 31, 2014				
		By Remaining Period to Maturity				
		1 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	$ 6,661,072	$ 1,145,968	$ 741,703	$ 899,379	$ 1,082,983	$ 2,791,039
Main capital outflow on maturity	(26,411,986)	3,400,107	(30,837,758)	469,261	501,395	55,009
Gap	33,073,058	(2,254,139)	31,579,461	430,118	581,588	2,736,030

	Total	December 31, 2013				
		By Remaining Period to Maturity				
		1 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	$ 15,090,221	$ 1,020,868	$ 1,202,425	$ 949,013	$ 2,163,177	$ 9,754,738
Main capital outflow on maturity	4,842,724	3,062,002	926,517	385,124	469,081	-
Gap	10,247,497	(2,041,134)	275,908	563,889	1,694,096	9,754,738

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

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

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

Balance Sheet of Trust Account
December 31, 2014 and 2013

Trust Assets	2014	2013	Trust Liabilities	2014	2013
Bank deposit	$ 2,952,877	$ 2,876,769	Depository of security payable	$ 41,270,953	$ 39,634,525
Short-term investments	71,492,962	65,359,013	Trust capital	92,703,094	82,803,992
Net asset value of collective investment trust fund	3,723,569	2,955,896	Accumulated (loss) gain and equity	(220,468)	(17,282)
Account receivable	107,048	112,005			
Land	14,020,068	11,299,486			
Buildings and improvement, net	116,588	116,455			
Depository of security	41,270,953	39,634,525			
Other assets	69,514	67,086			
Total trust assets	$ 133,753,579	$ 122,421,235	Total trust liabilities	$ 133,753,579	$ 122,421,235

Trust Asset Lists

	December 31	
	2014	2013
Cash in banks	$ 2,952,877	$ 2,876,769
Short-term investment		
Funds	63,009,799	58,666,252
Bonds	6,117,209	4,690,407
Common stocks	2,365,954	2,002,354
Net asset value of collective trust accounts	3,723,569	2,955,896
Receivable	107,048	112,005
Land	14,020,068	11,299,486
Buildings and improvement, net	116,588	116,455
Depository of securities	41,270,953	39,634,525
Other assets	69,514	67,086
Total	$ 133,753,579	$ 122,421,235

Income Statements of Trust Account

	For the Year Ended December 31	
	2014	2013
Trust income		
Cash dividends income	$ 111,291	$ 76,230
Interest revenue	8,994	7,101
Donation	25	26
Realized investment gain	35	850
Realized capital gain	7,386	7,135
Unrealized capital gain	140,162	165,888
Other revenue	64	66
	267,957	257,296
Trust expenses		
Tax expenditures	7,735	15,352
Management fee	2,355	2,080
Service fee	19,944	13,314
Realized capital losses	281	88
Unrealized capital losses	6,657	291
Other expenses	19	19
	36,991	31,144
Income before income tax	230,966	226,152
Income tax expense	-	-
Net income	$ 230,966	$ 226,152

41. EXCHANGE RATE INFORMATION FOR FOREIGN FINANCIAL ASSETS AND LIABILITIES

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

a. The Bank

	December 31					
	2014			2013		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Finance assets						
Monetary items						
Cash and cash equivalents						
CNY	$ 1,688,540	5.1123	$ 8,632,323	$ 1,639,501	4.9141	$ 8,056,672
USD	185,884	31.6700	5,886,946	195,586	29.7880	5,826,116
JPY	3,409,959	0.2655	905,344	2,423,039	0.2840	688,143
Due from the Central Bank and call loans to banks						
USD	324,604	31.6700	10,280,209	498,514	29.7880	14,849,735
CNY	1,035,775	5.1123	5,295,193	469,648	4.9141	2,307,897
JPY	3,312,500	0.2655	879,469	4,616,500	0.2840	1,311,086
Receivables						
CNY	174,864	5.1123	893,957	4,273	4.9141	20,998
JPY	2,343,016	0.2655	622,071	348,596	0.2840	99,001
ZAR	88,253	2.7399	241,804	19,956	2.8574	57,023
Discounts and loans						
USD	4,450,279	31.6700	140,940,336	4,476,876	29.7880	133,357,182
CNY	3,013,225	5.1123	15,404,510	2,586,160	4.9141	12,708,649
HKD	2,157,620	4.0825	8,808,484	2,167,054	3.8416	8,324,955
Option contract						
USD	15,990	31.6700	506,403	30,670	29.7880	913,598
AUD	402	26.0137	10,458	40	26.5947	1,064
EUR	68	38.5376	2,621	6	41.1283	247

(Continued)

	December 31					
	2014			2013		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Nonmonetary items						
Structured corporate bonds contracts						
USD	$ 42,434	31.6700	$ 1,343,900	$ 45,445	29.7880	$ 1,353,720
HKD	-	-	-	50,000	3.8416	192,083
Equity investments under the equity method						
USD	1,687,587	31.6700	53,445,904	1,594,655	29.7880	47,501,583
HKD	58,619	4.0825	239,315	55,326	3.8416	212,540
Financial liabilities						
Monetary items						
Payables						
USD	103,595	31.6700	3,280,854	92,171	29.7880	2,745,590
JPY	1,949,411	0.2655	517,569	1,324,265	0.2840	376,091
CNY	35,705	5.1123	182,535	1,947	4.9141	9,566
Due to the Central Bank and banks						
USD	165,864	31.6700	5,252,913	326,051	29.7880	9,712,407
CNY	21,629	5.1123	110,574	27,875	4.9141	136,981
VND	10,000,000	0.0015	14,907	21,100,000	0.0014	29,540
Borrowings from the Central Bank and banks						
USD	-	-	-	132,000	29.7880	3,932,016
Deposits and remittances						
USD	6,012,248	31.6700	190,407,894	5,387,498	29.7880	160,482,790
CNY	6,445,902	5.1123	32,953,385	5,061,147	4.9141	24,870,982
AUD	272,011	26.0137	7,076,013	275,678	26.5947	7,331,574

(Concluded)

b. SCB (HK)

	December 31					
	2014			2013		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Finance assets						
Monetary items						
Cash and cash equivalents						
USD	$ 101,042	31.6700	$ 3,200,000	$ 54,670	29.7880	$ 1,628,510
JPY	1,038,803	0.2655	275,802	338,886	0.2840	96,244
Due from the Central Bank and call loans to banks						
USD	1,866,354	31.6700	59,107,431	1,619,676	29.7880	48,246,909
EUR	89,953	38.5376	3,466,573	50,108	41.1283	2,060,857
Receivables						
USD	51,678	31.6700	1,636,642	52,029	29.7880	1,549,840
EUR	2,008	38.5376	77,384	3,748	41.1283	154,149
JPY	184,573	0.2655	49,004	326,958	0.2840	92,856
Discounts and loans						
USD	3,176,332	31.6700	100,594,434	2,717,880	29.7880	80,960,209
JPY	3,669,811	0.2655	974,335	3,484,145	0.2840	989,497
Financial liabilities						
Monetary items						
Payables						
USD	63,429	31.6700	2,008,796	69,126	29.7880	2,059,125
JPY	175,899	0.2655	46,701	318,646	0.2840	90,495
EUR	1,927	38.5376	74,262	3,616	41.1283	148,720
Due to the Central Bank and banks						
USD	628,906	31.6700	19,917,453	416,258	29.7880	12,399,493
Deposits and remittances						
USD	4,544,973	31.6700	143,939,295	4,350,741	29.7880	129,599,873
EUR	101,630	38.5376	3,916,576	97,512	41.1283	4,010,503
AUD	748,871	26.0137	19,480,906	777,187	26.5947	20,669,055

42. ADDITIONAL DISCLOSURES

a. and b. Additional disclosures for the Bank and investees are the following:

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

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

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

4) Marketable securities (for investees) or investee investment (for the Bank) acquired and disposed of, at costs or prices of at least NT$300 million or 10% of the issued capital: Table 3.

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

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

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

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

9) Sale of non-performing loans: Table 4.

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

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

12) Names, locations, and other information of investees on which the Bank exercises significant influence: Table 5.

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

c. Investment in Mainland China:

1) Name of the investees in Mainland China, main businesses and products, paid-in capital, method of investment, information on inflow or outflow of capital, percentage of ownership, investment income or loss, ending balance of investment, dividends remitted by the investee, and the limit of investment in Mainland China: Table 6.

2) Significant direct or indirect transactions with the investees, prices and terms of payment, unrealized gain or loss: Table 6.

d. Significant transactions and the amount among the parent and its subsidiaries: Table 7.

43. SEGMENT INFORMATION

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

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

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

The operating Segments information is as follows:

	Year Ended December 31, 2014				
	Taiwan	Hong Kong	Others	Other Adjustments	Total
Net interest	$ 10,693,775	$ 9,855,457	$ 50,491	$ -	$ 20,599,723
Net revenues other than interest	8,778,574	4,029,084	326,085	(4,419,436)	8,714,307
Net revenues	19,472,349	13,884,541	376,576	(4,419,436)	29,314,030
Provision for credit allowance	(797,500)	(51,966)	(24,524)	-	(873,990)
Operating expenses	(5,924,793)	(4,668,041)	(199,907)	2,620	(10,790,121)
Income before income tax	$ 12,750,056	$ 9,164,534	$ 152,145	($ 4,416,816)	$ 17,649,919

	Year Ended December 31, 2013				
	Taiwan	Hong Kong	Others	Other Adjustments	Total
Net interest	$ 9,166,744	$ 8,455,929	$ 41,782	($ 12,429)	$ 17,652,026
Net revenues other than interest	8,572,923	4,555,339	251,310	(3,993,957)	9,385,615
Net revenues	17,739,667	13,011,268	293,092	(4,006,386)	27,037,641
Provision for credit allowance	(598,997)	(93,063)	(44,873)	-	(736,933)
Operating expenses	(5,512,446)	(4,441,783)	(177,592)	2,732	(10,129,089)
Income before income tax	$ 11,628,224	$ 8,476,422	$ 70,627	($ 4,003,654)	$ 16,171,619

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

Main operating clients

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

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

OVERDUE LOANS AND RECEIVABLE
DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars, %)

Date			December 31, 2014					December 31, 2013				
Business			Nonperforming Loans (Note 1)	Loans	Ratio of Nonperforming Loans (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)	Nonperforming Loans (Note 1)	Loans	Ratio of Nonperforming Loans (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)
Corporate banking	Secured		$ 407,092	$ 185,088,687	0.22	$ 3,216,869	790.21	$ 608,568	$ 175,731,075	0.35	$ 2,166,704	356.03
	Unsecured		262,131	170,389,440	0.15	3,443,540	1,313.67	923,632	160,744,816	0.57	3,837,722	415.50
Consumer banking	Housing mortgage (Note 4)		207,818	124,978,388	0.17	1,343,287	646.38	229,899	119,224,125	0.19	1,075,437	467.79
	Cash card		-	-	-	-	-	-	-	-	-	-
	Small scale credit loans (Note 5)		12,742	492,540	2.59	36,469	286.21	14,821	684,718	2.16	24,945	168.31
	Other (Note 6)	Secured	57,169	100,252,521	0.06	799,327	1,398.18	68,652	84,905,554	0.08	643,244	936.96
		Unsecured	6,397	5,696,113	0.11	63,734	996.31	18,045	4,799,512	0.38	64,126	355.37
Total			953,349	586,897,639	0.16	8,903,226	933.89	1,863,617	546,089,800	0.34	7,812,178	419.19
			Nonperforming Receivables (Note 1)	Accounts Receivable	Ratio of Nonperforming Receivables (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)	Nonperforming Receivables (Note 1)	Accounts Receivable	Ratio of Nonperforming Receivables (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)
Credit card			12,059	2,118,357	0.57	188,013	1,559.11	13,894	2,274,361	0.61	163,370	1,175.83
Accounts receivable factored without recourse (Note 7)			-	1,690,896	-	16,909	-	-	1,301,819	-	13,018	-
Excluded NPL as a result of debt consultation and loan agreements (Note 8)			-					-				
Excluded overdue receivables as a result of debt consultation and loan agreements (Note 8)			-					-				
Excluded NPL as a result of consumer debt clearance (Note 9)			-					-				
Excluded overdue receivables as a result of consumer debt clearance (Note 9)			50,615					55,917				

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

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

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

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

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

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

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

Note 8: 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 9: The disclosure of excluded NPLs and excluded overdue receivables resulting from consumer debt clearance is based on the Banking Bureau's letter dated September 15, 2008 (Ref. No. 09700318940).

TABLE 2

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2014
(Amounts in Thousands of New Taiwan Dollars)

Holding Company Name	Name	Security Issuer's Relationship with Holding Company	Financial Statement Account	December 31, 2014				Note
				Shares (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Shancom Reconstruction Inc.	Empresa Inversiones Generales, S.A.	Indirect subsidiary	Equity investments under the equity method	1	$ 1,732,203	100.00	$ 1,732,203	Note
	Krinein Company	Indirect subsidiary	Equity investments under the equity method	2	498,698	100.00	498,698	Note
	Safehaven Investment Corporation	Indirect subsidiary	Equity investments under the equity method	1	49,279	100.00	49,279	Note
Wresqueue Limitada	Prosperity Realty Inc.	Indirect subsidiary	Equity investments under the equity method	4	72,841	100.00	(19,477)	Note
China Travel Service (Taiwan)	Silks Place Taroko	-	Equity investments under the equity method	20,372	96,207	45.00	96,207	
	CTS Travel International Ltd.	Indirect subsidiary	Equity investments under the equity method	600	6,755	100.00	6,755	Note
	Joy Tour Service Co., Ltd.	-	Financial assets carried at cost	100	1,000	10.00	-	
	Shanghai Commercial & Savings Bank, Ltd.	The Bank	Financial assets carried at cost	26	859	-	-	
SCSB Life Insurance Agency	Geniron.Com.	-	Financial assets carried at cost	950	5,394	4.13	-	
	Prism Communication International Limited	-	Financial assets carried at cost	1,250	-	-	-	
SCSB Property Insurance Agency	Geniron.Com.	-	Financial assets carried at cost	950	5,394	4.13	-	
	Prism Communication International Limited	-	Financial assets carried at cost	1,250	-	-	-	
SCSB Asset Management Ltd.	SCSB Leasing (China) Co., Ltd.	Indirect subsidiary	Equity investments under the equity method	N/A	681,986	100.00	681,986	Note
Krinein Company	Shanghai Commercial Bank (HK)	Indirect subsidiary	Equity investments under the equity method	1,920	8,522,235	9.60	8,522,235	Note
Empresa Inversiones Generales, S.A.	Shanghai Commercial Bank (HK)	Indirect subsidiary	Equity investments under the equity method	9,600	42,611,176	48.00	42,611,176	Note

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

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED AT COSTS OR PRICES OF AT LEAST $300 MILLION OR 10% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2014
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Share in Thousands)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Shares	Amount
Shanghai Commercial Bank (HK)	Bank of Shanghai	Available-for-sale financial assets	-	-	141,120	$ 8,488,718 (HK$2,079,294)	11,200	$ 1,814,741 (HK$ 444,517)	-	$ -	$ -	$ -	152,320	$ 10,303,459 (HK$2,523,811)

Note 1: Calculated using the exchange rate on December 31, 2014.

Note 2: Unrealized gain on available-for-sale financial assets $859,346 thousand included.

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

SALE OF NONPERFORMING LOANS
DECEMBER 31, 2014
(In Thousands of New Taiwan Dollars)

Summary of sale of nonperforming loans

Transaction Date	Counterparty	Content	Carrying Value (Note)	Selling Price	Gain on Disposal	Other Terms	Nature of Relationship
January 15, 2014	Macquarie Bank Limited	Loans	$ 396,722	$ 519,838	$ 123,116	None	None
February 27, 2014	Deutsche Bank	Loans	99,945	162,951	63,006	None	None
September 10, 2014	Barclays Bank PLC	Loans	-	52,967	52,967	None	None

Note: The carrying value is the balance after being full or partial write-off.

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

RELATED INFORMATION OF INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2014
(In Thousands of New Taiwan Dollars) (Share in Thousands)

Investee Company	Location	Main Businesses and Products	Percentage of Ownership (%)	Carrying Amount	Investment Income (Loss) Recognized	Consolidated Investment (Note 2)				Note
						Shares (In Thousands)	Shares (Pro forma)	Shares (In Thousands)	Percentage of Ownership (%)	
Equity investments under the equity method										
Financial business										
SCSB Asset Management Ltd.	Taipei City	Purchase and management of creditor's rights of financial institutions	100.00	$ 1,217,599	$ 1,856	120,000	-	120,000	100.00	Note 3
SCSB Life Insurance Agency	Taipei City	Insurance	100.00	219,731	87,071	5,000	-	5,000	100.00	Note 3
SCSB Property Insurance Agency	Taipei City	Insurance	100.00	97,700	3,607	5,000	-	5,000	100.00	Note 3
SCSB Marketing Ltd.	Taipei City	Marketing	100.00	10,554	790	500	-	500	100.00	Note 3
Paofoong Insurance Company Ltd.	Hong Kong	Insurance	40.00	239,315	12,115	500	-	500	100.00	Note 3
Shanghai Commercial Bank (HK)	Hong Kong	Banking and financial	57.60	51,133, 411	4,277,122	11,520	-	11,520	57.60	Note 3
Non-financial business										
China Travel Service (Taiwan)	Taipei City	Travel services	99.99	220,069	31,392	38,943	-	38,943	99.99	Note 3
Kuo Hai Real Estate Management	Taipei City	Building material distribution	34.69	-	-	3,000	-	3,000	34.69	
Shancom Reconstruction Inc.	Liberia	Securities investment	100.00	53,136,384	4,268,563	5	-	5	100.00	Note 3
Wresqueue Limitada	Liberia	Securities investment	100.00	309,520	5,778	176	-	176	100.00	Note 3
Empresa Inversiones Generales, S.A.	Panama	Securities investment	100.00	1,732,203	1,659,700	1	-	1	100.00	Note 3
Krinein Company	Cayman Islands	Securities investment	100.00	498,698	332,885	2	-	2	100.00	Note 3
Safehaven Investment Corporation	Liberia	Securities investment	100.00	49,279	301	1	-	1	100.00	Note 3
Prosperity Realty Inc.	America	Real estate services	100.00	72,841	-	4	-	4	100.00	Note 3
Silks Place Taroko	Hualien	Travel services	45.00	96,207	16,959	20,372	-	20,327	45.00	
CTS Travel International Ltd	Taipei City	Travel services	100.00	6,755	104	600	-	600	100.00	Note 3
SCSB Leasing (China) Co., Ltd.	China	Leasing operation	100.00	681,986	(2,657)	N/A	-	N/A	100.00	Note 3

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

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

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

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

INVESTMENT IN MAINLAND CHINA
DECEMBER 31, 2014
(Amounts in Thousands of New Taiwan Dollars and Foreign Currency)

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

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type (Note 1)	Accumulated Outflow of Investment as of December 31, 2013	Investment Flows		Accumulated Outflow of Investment as of December 31, 2014	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Notes 2)	Carrying Value as of December 31, 2014 (Note 3)	Accumulated Inward Remittance of Earnings as of December 31, 2014
					Outflow	Inflow					
SCSB Leasing (China) Co., Ltd.	Leasing operation	US$ 21,947	(3)	US$ 20,000	US$ 1,947	US$ -	US$ 21,947	100.00%	($ 2,657) (US$ 88)	$ 681,986 (US$ 21,534)	$ -
Bank of Shanghai	Approved by local government	US$ 759,339	(Note 4)	US$ 41,400	US$ 30,178	US$ -	US$ 71,578	3.00%	-	10,304,058 (US$325,357)	-
Shanghai Commercial Bank Ltd. - Shenzhen Branch	Approved by local government	US$ 64,468	(Note 4)	US$ 36,339	US$ -	US$ -	US$ 36,339	57.60%	201,584 (US$ 6,652)	1,643,408 (US$ 51,892)	-
Shanghai Commercial Bank Ltd. - Shanghai Branch	Approved by local government	US$ 32,169	(Note 4)	US$ 18,348	US$ -	US$ -	US$ 18,348	57.60%	22,976 (US$ 758)	1,008,808 (US$ 31,854)	-

2. Upper limit on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2014 (Note 4)	Investment Amounts Authorized by Investment Commission, MOEA (Notes 3)	Upper Limit on Investment Authorized by Investment Commission MOEA
$4,693,874 (US$148,212)	$6,269,077 (US$197,950)	$87,197,594

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

(1) To directly invest.
(2) To invest via third place company.
(3) Others.

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

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

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

A. Financial report audited by international accounting firm associated with accounting firm in R.O.C.
B. Financial report audited by the accounting firm associated with the parent company in R.O.C.
C. Others.

Note 3: Calculated using the exchange rate on December 31, 2014.

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

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Amounts in Thousands of New Taiwan Dollars)

No.	Company Name	Counterparty	Nature of Relationship	Intercompany Transaction			
				Financial Statements Item	Amount	Term	Percentage of Consolidated Total Gross Sales or Total Assets (Note 3)
0	The Shanghai Commercial & Savings Bank, Ltd.	SCSB Life Insurance Agency	Represents the transactions from parent company to subsidiary	Accounts receivables	$ 7,314	Note 4	-
		SCSB Life Insurance Agency	Represents the transactions from parent company to subsidiary	Accounts payables	142	Note 4	-
		SCSB Life Insurance Agency	Represents the transactions from parent company to subsidiary	Deposits and remittances	233,010	Note 4	-
		SCSB Life Insurance Agency	Represents the transactions from parent company to subsidiary	Other liabilities	197	Note 4	-
		SCSB Life Insurance Agency	Represents the transactions from parent company to subsidiary	Interest expenses	2,343	Note 4	-
		SCSB Life Insurance Agency	Represents the transactions from parent company to subsidiary	Service fee incomes, net	238,770	Note 4	-
		SCSB Life Insurance Agency	Represents the transactions from parent company to subsidiary	Net revenues other than interest	752	Note 4	-
		SCSB Life Insurance Agency	Represents the transactions from parent company to subsidiary	Accounts receivables	241	Note 4	-
		SCSB Life Insurance Agency	Represents the transactions from parent company to subsidiary	Accounts payables	68	Note 4	-
		SCSB Life Insurance Agency	Represents the transactions from parent company to subsidiary	Deposits and remittances	93,112	Note 4	-
		SCSB Life Insurance Agency	Represents the transactions from parent company to subsidiary	Other liabilities	597	Note 4	-
		SCSB Life Insurance Agency	Represents the transactions from parent company to subsidiary	Interest expenses	1,128	Note 4	-
		SCSB Life Insurance Agency	Represents the transactions from parent company to subsidiary	Service fee incomes, net	12,388	Note 4	-
		SCSB Life Insurance Agency	Represents the transactions from parent company to subsidiary	Net revenues other than interest	752	Note 4	-
		SCSB Asset Management Ltd.	Represents the transactions from parent company to subsidiary	Accounts payables	104	Note 4	-
		SCSB Asset Management Ltd.	Represents the transactions from parent company to subsidiary	Deposits and remittances	380,646	Note 4	-
		SCSB Asset Management Ltd.	Represents the transactions from parent company to subsidiary	Other liabilities	47	Note 4	-
		SCSB Asset Management Ltd.	Represents the transactions from parent company to subsidiary	Interest expenses	6,201	Note 4	-
		SCSB Asset Management Ltd.	Represents the transactions from parent company to subsidiary	Net revenues other than interest	162	Note 4	-
		SCSB Asset Management Ltd.	Represents the transactions from parent company to subsidiary	Other general and administrative	100	Note 4	-
		SCSB Marketing	Represents the transactions from parent company to subsidiary	Accounts payables	5,611	Note 4	-
		SCSB Marketing	Represents the transactions from parent company to subsidiary	Deposits and remittances	13,457	Note 4	-
		SCSB Marketing	Represents the transactions from parent company to subsidiary	Other liabilities	20	Note 4	-
		SCSB Marketing	Represents the transactions from parent company to subsidiary	Interest expenses	106	Note 4	-
		SCSB Marketing	Represents the transactions from parent company to subsidiary	Net revenues other than interest	74	Note 4	-
		SCSB Marketing	Represents the transactions from parent company to subsidiary	Other general and administrative	63,268	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from parent company to subsidiary	Accounts receivables	5	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from parent company to subsidiary	Discounts and loans	10,000	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from parent company to subsidiary	Accounts payables	39	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from parent company to subsidiary	Deposits and remittances	59,132	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from parent company to subsidiary	Other liabilities	1,510	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from parent company to subsidiary	Interest revenues	9	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from parent company to subsidiary	Interest expenses	388	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from parent company to subsidiary	Net revenues other than interest	686	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from parent company to subsidiary	Other general and administrative	1,488	Note 4	-

(Continued)

No.	Company Name	Counterparty	Nature of Relationship	Intercompany Transaction			
				Financial Statements Item	Amount	Term	Percentage of Consolidated Total Gross Sales or Total Assets (Note 3)
		CTS Travel International Ltd.	Represents the transactions from parent company to subsidiary	Deposits and remittances	$ 5,516	Note 4	-
		CTS Travel International Ltd.	Represents the transactions from parent company to subsidiary	Interest expenses	30	Note 4	-
		Shancom Reconstruction Inc.	Represents the transactions from parent company to subsidiary	Cash and cash equivalents	686,339	Note 4	-
		Shancom Reconstruction Inc.	Represents the transactions from parent company to subsidiary	Due from the central bank and call loans to banks	28	Note 4	-
		Shancom Reconstruction Inc.	Represents the transactions from parent company to subsidiary	Accounts payables	2,555	Note 4	-
		Shancom Reconstruction Inc.	Represents the transactions from subsidiary to parent company	Deposits and remittances	1,426,086	Note 4	-
		Shancom Reconstruction Inc.	Represents the transactions from subsidiary to parent company	Interest revenues	5,773	Note 4	-
		Shancom Reconstruction Inc.	Represents the transactions from subsidiary to parent company	Interest expenses	9,954	Note 4	-
1	SCSB Life Insurance Agency	The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Cash and cash equivalents	233,010	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Accounts receivables	142	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Other liabilities	197	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Accounts payables	7,314	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Interest revenues	2,343	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Net revenues other than interest	752	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Other general and administrative expense	238,770	Note 4	-
2	SCSB Property Insurance Agency	The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Cash and cash equivalents	93,112	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Accounts receivables	68	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Other liabilities	597	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Accounts Payables	241	Note 4	
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Interest revenues	1,128	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Net revenues other than interest	752	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Other general and administrative expense	12,388	Note 4	-
3	SCSB Asset Management Ltd.	The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Cash and cash equivalents	380,646	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Accounts receivables	104	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Other assets	47	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Interest revenues	6,201	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Net revenues other than interest	162	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Net revenues other than interest	100	Note 4	-
4	SCSB Marketing	The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Cash and cash equivalents	13,457	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Accounts receivables	5,611	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Other assets	20	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Interest revenues	106	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Net revenues other than interest	74	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Net revenues other than interest	63,268	Note 4	-

(Continued)

No.	Company Name	Counterparty	Nature of Relationship	Intercompany Transaction			
				Financial Statements Item	**Amount**	**Term**	**Percentage of Consolidated Total Gross Sales or Total Assets (Note 3)**
5	China Travel Service (Taiwan)	The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Accounts receivables	$ 39	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Cash and cash equivalents	59,132	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Other assets	1,510	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Accounts payables	5	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Other financial liabilities	10,000	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Interest revenues	388	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Interest expenses	9	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Net revenues other than interest	686	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Net revenues other than interest	1,488	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd	Represents the transactions from subsidiary to subsidiary	Cash and cash equivalents	324	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd	Represents the transactions from subsidiary to subsidiary	Other liabilities	210	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd	Represents the transactions from subsidiary to subsidiary	Net revenues other than interest	114	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd	Represents the transactions from subsidiary to subsidiary	Other general and administrative expense	2,414	Note 4	-
6	CTS Travel International Ltd.	The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Cash and cash equivalents	5,516	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Interests revenues	30	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from subsidiary to subsidiary	Accounts receivables	210	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from subsidiary to subsidiary	Net revenues other than interest	114	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from subsidiary to subsidiary	Net revenues other than interest	2,414	Note 4	-
7	Shancom Reconstruction Inc.	The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Cash and cash equivalents	28	Note 4	
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Due from the Central Bank and call loans to banks	686,339	Note 4	
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Accounts receivables	2,555	Note 4	
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Due to the Central Bank and banks	1,426,080	Note 4	
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Interest revenue	9,954	Note 4	
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Interest expenses	5,773	Note 4	
		China Travel Service (Taiwan)	Represents the transactions from subsidiary to subsidiary	Deposits and remittances	324	Note 4	

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

i. Parent company fill in 0.
ii. Subsidiaries in accordance with the company are numbered sequentially from 1.

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

i. Transactions from parent company to subsidiary.
ii. Transactions from subsidiary to parent company.
iii. Transactions from subsidiary to subsidiary.
iv. Transactions from parent company to Indirect subsidiary.
v. Transactions from Indirect subsidiary to parent Company.

(Continued)

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

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

(Concluded)

TABLE 7-2

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
YEAR ENDED DECEMBER 31, 2013
(Amounts in Thousands of New Taiwan Dollars)

No.	Company Name	Counterparty	Nature of Relationship	Intercompany Transaction			
				Financial Statements Item	Amount	Term	Percentage of Consolidated Total Gross Sales or Total Assets (Note 3)
0	The Shanghai Commercial & Savings Bank, Ltd.	SCSB Life Insurance Agency	Represents the transactions from parent company to subsidiary	Accounts receivables	$ 10,065	Note 4	-
		SCSB Life Insurance Agency	Represents the transactions from parent company to subsidiary	Accounts payables	124	Note 4	-
		SCSB Life Insurance Agency	Represents the transactions from parent company to subsidiary	Deposits and remittances	196,477	Note 4	-
		SCSB Life Insurance Agency	Represents the transactions from parent company to subsidiary	Other liabilities	197	Note 4	-
		SCSB Life Insurance Agency	Represents the transactions from parent company to subsidiary	Interest expenses	2,036	Note 4	-
		SCSB Life Insurance Agency	Represents the transactions from parent company to subsidiary	Service fee incomes, net	171,699	Note 4	-
		SCSB Life Insurance Agency	Represents the transactions from parent company to subsidiary	Net revenues other than interest	752	Note 4	-
		SCSB Property Insurance Agency	Represents the transactions from parent company to subsidiary	Accounts receivables	306	Note 4	-
		SCSB Property Insurance Agency	Represents the transactions from parent company to subsidiary	Accounts payables	65	Note 4	-
		SCSB Property Insurance Agency	Represents the transactions from parent company to subsidiary	Deposits and remittances	89,509	Note 4	-
		SCSB Property Insurance Agency	Represents the transactions from parent company to subsidiary	Other liabilities	197	Note 4	-
		SCSB Property Insurance Agency	Represents the transactions from parent company to subsidiary	Interest expenses	1,039	Note 4	-
		SCSB Property Insurance Agency	Represents the transactions from parent company to subsidiary	Service fee incomes, net	12,807	Note 4	-
		SCSB Property Insurance Agency	Represents the transactions from parent company to subsidiary	Net revenues other than interest	752	Note 4	-
		SCSB Asset Management Ltd.	Represents the transactions from parent company to subsidiary	Accounts payables	18	Note 4	-
		SCSB Asset Management Ltd.	Represents the transactions from parent company to subsidiary	Deposits and remittances	333,719	Note 4	-
		SCSB Asset Management Ltd.	Represents the transactions from parent company to subsidiary	Other liabilities	47	Note 4	-

(Continued)

No.	Company Name	Counterparty	Nature of Relationship	Intercompany Transaction			
				Financial Statements Item	Amount	Term	Percentage of Consolidated Total Gross Sales or Total Assets (Note 3)
		SCSB Asset Management Ltd.	Represents the transactions from parent company to subsidiary	Interest expenses	$ 2,300	Note 4	-
		SCSB Asset Management Ltd.	Represents the transactions from parent company to subsidiary	Net revenues other than interest	179	Note 4	-
		SCSB Marketing	Represents the transactions from parent company to subsidiary	Accounts payables	5,105	Note 4	-
		SCSB Marketing	Represents the transactions from parent company to subsidiary	Deposits and remittances	12,342	Note 4	-
		SCSB Marketing	Represents the transactions from parent company to subsidiary	Other liabilities	20	Note 4	-
		SCSB Marketing	Represents the transactions from parent company to subsidiary	Interest expenses	88	Note 4	-
		SCSB Marketing	Represents the transactions from parent company to subsidiary	Net revenues other than interest	74	Note 4	-
		SCSB Marketing	Represents the transactions from parent company to subsidiary	Other general and administrative	56,513	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from parent company to subsidiary	Accounts payables	35	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from parent company to subsidiary	Deposits and remittances	85,711	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from parent company to subsidiary	Other liabilities	180	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from parent company to subsidiary	Interest expenses	108	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from parent company to subsidiary	Net revenues other than interest	686	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from parent company to subsidiary	Other general and administrative expense	1,611	Note 4	-
		CTS Travel International Ltd.	Represents the transactions from parent company to subsidiary	Accounts payables	20	Note 4	-
		CTS Travel International Ltd.	Represents the transactions from parent company to subsidiary	Deposits and remittances	5,380	Note 4	-
		CTS Travel International Ltd.	Represents the transactions from parent company to subsidiary	Deposits and remittances	1,803	Note 4	-
		CTS Travel International Ltd.	Represents the transactions from parent company to subsidiary	Interest expenses	30	Note 4	-
		Shancom Reconstruction Inc.	Represents the transactions from parent company to subsidiary	Cash and cash equivalents	348,271	Note 4	-
		Shancom Reconstruction Inc.	Represents the transactions from parent company to subsidiary	Due from the Central Bank and call loans to banks	1,536,640	Note 4	-
		Shancom Reconstruction Inc.	Represents the transactions from parent company to subsidiary	Due to the Central Bank and banks	195	Note 4	-
		Shancom Reconstruction Inc.	Represents the transactions from parent company to subsidiary	Due to the Central Bank and banks	576,240	Note 4	-

(Continued)

No.	Company Name	Counterparty	Nature of Relationship	Intercompany Transaction			
				Financial Statements Item	Amount	Term	Percentage of Consolidated Total Gross Sales or Total Assets (Note 3)
		Shancom Reconstruction Inc.	Represents the transactions from parent company to subsidiary	Accounts payables	$ 1,977	Note 4	-
		Shancom Reconstruction Inc.	Represents the transactions from parent company to subsidiary	Deposits and remittances	1,309,315	Note 4	-
		Shancom Reconstruction Inc.	Represents the transactions from parent company to subsidiary	Interest revenues	15,246	Note 4	-
		Shancom Reconstruction Inc.	Represents the transactions from parent company to subsidiary	Interest expenses	13,898	Note 4	-
1	SCSB Life Insurance Agency	The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Cash and cash equivalents	196,477	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Accounts receivables	124	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Other assets	197	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Accounts payables	10,065	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Interest revenues	2,036	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Service fee incomes, net	171,699	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Other general and administrative expense	752	Note 4	-
2	SCSB Property Insurance Agency	The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Cash and cash equivalents	89,509	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Accounts receivables	65	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Other assets	197	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Accounts payables	306	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Interest revenues	1,039	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Service fee incomes, net	12,807	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Other general and administrative expense	752	Note 4	-
3	SCSB Asset Management Ltd.	The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Cash and cash equivalents	333,719	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Accounts receivables	18	Note 4	-

(Continued)

No.	Company Name	Counterparty	Nature of Relationship	Intercompany Transaction			
				Financial Statements Item	Amount	Term	Percentage of Consolidated Total Gross Sales or Total Assets (Note 3)
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Other assets	$ 47	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Interest revenues	2,300	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Other general and administrative expense	179	Note 4	-
4	SCSB Marketing	The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Cash and cash equivalents	12,342	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Accounts receivables	5,105	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Other assets	20	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Interest revenues	88	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Net revenues other than interest	74	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Net revenues other than interest	56,513	Note 4	-
5	China Travel Service (Taiwan)	The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Cash and cash equivalents	85,711	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Accounts receivables	35	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Other assets	180	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Interest revenues	108	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Net revenues other than interest	1,611	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Other general and administrative expense	686	Note 4	-
		Shancom Reconstruction Inc.	Represents the transactions from subsidiary to parent company	Cash and cash equivalents	328	Note 4	-
		CTS Travel International Ltd.	Represents the transactions from subsidiary to parent company	Other liabilities	210	Note 4	-
		CTS Travel International Ltd.	Represents the transactions from subsidiary to subsidiary	Net revenues other than interest	114	Note 4	-
		CTS Travel International Ltd.	Represents the transactions from subsidiary to subsidiary	Other general and administrative expense	2,362	Note 4	-

(Continued)

No.	Company Name	Counterparty	Nature of Relationship	Intercompany Transaction			
				Financial Statements Item	Amount	Term	Percentage of Consolidated Total Gross Sales or Total Assets (Note 3)
6	CTS Travel International Ltd.	The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Cash and cash equivalents	$ 5,380	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Accounts receivables	20	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Other assets	1,803	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Interest revenues	30	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from subsidiary to parent company	Accounts receivables	210	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from subsidiary to parent company	Net revenues other than interest	2,362	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from subsidiary to subsidiary	Other general and administrative expense	114	Note 4	-
7	Shancom Reconstruction Inc.	The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Cash and cash equivalents	195	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Cash and cash equivalents	1,309,315	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Due from the Central Bank and call loans to banks	576,240	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Accounts receivables	1,977	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Due to the Central Bank and banks	348,271	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Due to the Central Bank and banks	1,536,640	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Interest revenues	13,898	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Interest expenses	15,246	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from subsidiary to subsidiary	Deposits and remittances	328	Note 4	-

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

i. Parent company fill in 0.
ii. Subsidiaries in accordance with the company are numbered sequentially from 1.

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

i. Transactions from parent company to subsidiary.
ii. Transactions from subsidiary to parent company.
iii. Transactions from subsidiary to subsidiary.

(Continued)

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

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

(Concluded)