

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

**Consolidated Financial Statements for the
Six Months Ended June 30, 2015 and 2014 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated balance sheets of The Shanghai Commercial & Savings Bank, Ltd. (the "Bank") and its subsidiaries (collectively referred to as the "Group") as of June 30, 2015, December 31, 2014 and June 30, 2014, and the related consolidated statements of comprehensive income, changes in equity, and cash flows for the six months ended June 30, 2015 and 2014. These consolidated financial statements are the responsibility of the managements of the Group. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2015, December 31, 2014 and June 30, 2014, and their consolidated financial performance and their consolidated cash flows for the six months ended June 30, 2015 and 2014, in conformity with the Regulations Governing the Preparation of Financial Reports by Public Banks, and International Accounting Standard 34 "Interim Financial Reporting" endorsed by the Financial Supervisory Commission of the Republic of China.

We have also audited the parent company only financial statements of the Bank as of and for the six months ended June 30, 2015 and 2014 on which we have issued an unqualified report.

August 22, 2015

Notice to Readers

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

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

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2015		December 31, 2014		June 30, 2014	
	Amount	%	Amount	%	Amount	%
Cash and cash equivalents (note 6)	\$ 44,464,878	3	\$ 64,578,504	4	\$ 33,966,146	2
Due from the central bank and call loans to banks (note 7)	246,326,763	16	227,645,569	15	215,135,495	15
Financial assets at fair value through profit or loss (note 8)	37,464,837	2	35,253,380	2	32,745,989	2
Derivative financial assets for hedging (note 9)	-	-	27,315	-	65,865	-
Securities purchased under resell agreements (note 10)	4,882,013	-	11,046,883	1	3,800,406	-
Receivables, net (notes 11 and 34)	22,484,960	2	19,383,489	1	16,122,240	1
Discounts and loans, net (notes 4, 12, 34 and 35)	832,006,589	53	851,128,367	55	809,699,062	56
Available-for-sale financial assets, net (notes 13 and 35)	249,868,789	16	203,621,863	13	199,207,559	14
Held-to-maturity financial assets, net (notes 14 and 35)	97,891,695	6	99,818,624	7	116,604,868	8
Equity investments under the equity method, net (note 16)	1,297,105	-	1,156,200	-	1,048,389	-
Other financial assets, net (note 17)	316,646	-	224,843	-	231,763	-
Properties, net (note 18)	26,529,873	2	23,258,479	2	22,302,820	2
Investment properties, net (note 19)	20,425	-	21,140	-	174,398	-
Deferred income tax assets	763,572	-	953,167	-	764,242	-
Other assets, net (note 20)	<u>3,663,707</u>	<u>-</u>	<u>4,105,803</u>	<u>-</u>	<u>2,689,451</u>	<u>-</u>
Total	<u>\$ 1,567,981,852</u>	<u>100</u>	<u>\$ 1,542,223,626</u>	<u>100</u>	<u>\$ 1,454,558,693</u>	<u>100</u>
LIABILITIES AND EQUITY						
Due to the central bank and banks (note 21)	\$ 36,873,446	2	\$ 38,880,983	3	\$ 44,668,431	3
Borrowings from the central bank and banks	1,545,650	-	-	-	-	-
Financial liabilities at fair value through profit or loss (note 8)	1,252,453	-	1,361,043	-	604,781	-
Derivative financial liabilities for hedging (note 9)	-	-	-	-	8,048	-
Securities sold under repurchase agreements (note 22)	10,196,680	1	6,475,072	-	7,927,202	1
Payables (notes 23 and 34)	35,678,883	2	25,165,527	2	27,621,143	2
Current income tax liabilities	1,686,341	-	1,081,936	-	1,630,224	-
Deposits and remittances (notes 23 and 34)	1,277,980,498	82	1,266,845,785	82	1,181,855,705	81
Bank debentures (note 25)	37,150,000	2	38,027,600	3	39,765,907	3
Other financial liabilities (note 26)	6,961,212	1	5,630,516	-	6,392,553	-
Provisions (note 27)	1,320,633	-	1,377,249	-	1,204,070	-
Deferred income tax liabilities	9,235,281	1	9,382,436	1	8,034,886	1
Other liabilities (notes 28 and 34)	<u>2,589,195</u>	<u>-</u>	<u>2,666,156</u>	<u>-</u>	<u>2,157,555</u>	<u>-</u>
Total liabilities	<u>1,422,470,272</u>	<u>91</u>	<u>1,396,894,303</u>	<u>91</u>	<u>1,321,870,505</u>	<u>91</u>
Equity attributable to owners of the Bank						
Share capital						
Ordinary shares	38,086,864	3	38,086,864	2	37,157,916	3
Reserve for capitalization	<u>1,904,343</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>928,948</u>	<u>-</u>
Total share capital	<u>39,991,207</u>	<u>3</u>	<u>38,086,864</u>	<u>2</u>	<u>38,086,864</u>	<u>3</u>
Capital surplus	<u>4,632,533</u>	<u>-</u>	<u>4,632,533</u>	<u>-</u>	<u>4,625,336</u>	<u>-</u>
Retained earnings						
Legal reserve	37,023,528	2	33,751,333	2	33,751,333	2
Special reserve	7,480,146	1	7,480,146	1	7,480,146	1
Unappropriated earnings	<u>11,382,372</u>	<u>1</u>	<u>16,201,932</u>	<u>1</u>	<u>10,626,499</u>	<u>1</u>
Total retained earnings	<u>55,886,046</u>	<u>4</u>	<u>57,433,411</u>	<u>4</u>	<u>51,857,978</u>	<u>4</u>
Other equity	<u>7,571,151</u>	<u>-</u>	<u>7,754,295</u>	<u>1</u>	<u>4,720,114</u>	<u>-</u>
Treasury stock	<u>(83,144)</u>	<u>-</u>	<u>(83,144)</u>	<u>-</u>	<u>(83,144)</u>	<u>-</u>
Total equity attributable to owners of the Bank	107,997,793	7	107,823,959	7	99,207,148	7
Non-controlling interests	<u>37,513,787</u>	<u>2</u>	<u>37,505,364</u>	<u>2</u>	<u>33,481,040</u>	<u>2</u>
Total equity (note 30)	<u>145,511,580</u>	<u>9</u>	<u>145,329,323</u>	<u>9</u>	<u>132,688,188</u>	<u>9</u>
Total	<u>\$ 1,567,981,852</u>	<u>100</u>	<u>\$ 1,542,223,626</u>	<u>100</u>	<u>\$ 1,454,558,693</u>	<u>100</u>

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

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

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

	For the Six Months Ended June 30			
	2015		2014	
	Amount	%	Amount	%
Interest revenues	\$ 16,307,391	103	\$ 15,405,377	108
Interest expenses	<u>5,843,862</u>	<u>37</u>	<u>5,460,783</u>	<u>38</u>
Net interest (notes 31 and 34)	<u>10,463,529</u>	<u>66</u>	<u>9,944,594</u>	<u>70</u>
Net revenues other than interest				
Service fee incomes, net (note 31)	3,026,980	19	2,546,191	18
Gains on financial assets and liabilities at fair value through profit or loss (note 31)	377,614	2	451,271	3
Realized gains on available-for-sale financial assets	797,276	5	392,224	3
Foreign exchange gains, net	390,652	3	250,363	2
Share of profit of associates and joint ventures, net	173,849	1	76,071	-
Other net revenues (note 34)	<u>594,720</u>	<u>4</u>	<u>539,193</u>	<u>4</u>
Total net revenues other than interest	<u>5,361,091</u>	<u>34</u>	<u>4,255,313</u>	<u>30</u>
Consolidated net revenues	<u>15,824,620</u>	<u>100</u>	<u>14,199,907</u>	<u>100</u>
Bad debt expenses (note 12)	<u>339,443</u>	<u>2</u>	<u>351,600</u>	<u>3</u>
Operating expenses				
Personnel (notes 4, 29, 31 and 34)	3,391,514	21	3,119,546	22
Depreciation and amortization (note 31)	396,350	3	384,212	3
Other general and administrative	<u>2,051,085</u>	<u>13</u>	<u>1,647,303</u>	<u>11</u>
Total operating expenses	<u>5,838,949</u>	<u>37</u>	<u>5,151,061</u>	<u>36</u>
Profit before income tax	9,646,228	61	8,697,246	61
Income tax expense (note 32)	<u>(1,817,984)</u>	<u>(12)</u>	<u>(1,880,318)</u>	<u>(13)</u>
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss:				
Translation adjustments for foreign operations	(2,303,433)	(15)	87,494	1
Unrealized gain on available-for-sale financial assets	2,032,901	13	666,083	5
Cash flow hedges	-	-	16,381	-

(Continued)

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

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

	For the Six Months Ended June 30			
	2015		2014	
	Amount	%	Amount	%
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method	\$ 8,861	-	\$ 228	-
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>(82,478)</u>	<u>-</u>	<u>(76,949)</u>	<u>(1)</u>
Subtotal of items that may be reclassified subsequently to profit or loss	<u>(344,149)</u>	<u>(2)</u>	<u>693,237</u>	<u>5</u>
Other comprehensive income for the period, net of income tax	<u>(344,149)</u>	<u>(2)</u>	<u>693,237</u>	<u>5</u>
Consolidated net income	<u>7,484,095</u>	<u>47</u>	<u>7,510,165</u>	<u>53</u>
Total comprehensive income for the period	<u>\$ 7,484,095</u>	<u>47</u>	<u>\$ 7,510,165</u>	<u>53</u>
Net profit attributable to:				
Owners of the Bank	\$ 6,070,008	38	\$ 5,258,388	37
Non-controlling interests	<u>1,758,236</u>	<u>11</u>	<u>1,558,540</u>	<u>11</u>
	<u>\$ 7,828,244</u>	<u>49</u>	<u>\$ 6,816,928</u>	<u>48</u>
Total comprehensive income attributable to:				
Owners of the Bank	\$ 5,886,864	37	\$ 5,861,519	41
Non-controlling interests	<u>1,597,231</u>	<u>10</u>	<u>1,648,646</u>	<u>12</u>
	<u>\$ 7,484,095</u>	<u>47</u>	<u>\$ 7,510,165</u>	<u>53</u>
Earnings Per Share (note 33)				
Basic	<u>\$1.52</u>		<u>\$1.32</u>	
Diluted	<u>\$1.52</u>		<u>\$1.32</u>	

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

(Concluded)

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Bank (note 30)												Non-controlling Interests	Total Equity
							Other Equity			Treasury Stocks	Total			
	Share Capital			Retained Earnings			Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Cash Flow Hedges					
	Ordinary Shares	Reserve for Capitalization	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings								
Balance at January 1, 2014	\$ 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)	-	-	-	-	-	-	-	
Net profit for the six months ended June 30, 2014	-	-	-	-	-	5,258,388	-	-	-	-	5,258,388	1,558,540	6,816,928	
Other comprehensive income for the six months ended June 30, 2014, net of income tax	-	-	-	-	-	-	45,371	541,379	16,381	-	603,131	90,106	693,237	
Total comprehensive income for the six months ended June 30, 2014	-	-	-	-	-	5,258,388	45,371	541,379	16,381	-	5,861,519	1,648,646	7,510,165	
Change in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	(1,424,453)	(1,424,453)	
Balance at June 30, 2014	<u>\$ 37,157,916</u>	<u>\$ 928,948</u>	<u>\$ 4,625,336</u>	<u>\$ 33,751,333</u>	<u>\$ 7,480,146</u>	<u>\$ 10,626,499</u>	<u>\$ (364,037)</u>	<u>\$ 5,092,199</u>	<u>\$ (8,048)</u>	<u>\$ (83,144)</u>	<u>\$ 99,207,148</u>	<u>\$ 33,481,040</u>	<u>\$ 132,688,188</u>	
Balance at January 1, 2015	\$ 38,086,864	\$ -	\$ 4,632,533	\$ 33,751,333	\$ 7,480,146	\$ 16,201,932	\$ 2,122,663	\$ 5,631,632	\$ -	\$ (83,144)	\$ 107,823,959	\$ 37,505,364	\$ 145,329,323	
Appropriation of 2014 earnings														
Legal reserve	-	-	-	3,272,195	-	(3,272,195)	-	-	-	-	-	-	-	
Cash dividends	-	-	-	-	-	(5,713,030)	-	-	-	-	(5,713,030)	-	(5,713,030)	
Share dividends	-	1,904,343	-	-	-	(1,904,343)	-	-	-	-	-	-	-	
Net profit for the six months ended June 30, 2015	-	-	-	-	-	6,070,008	-	-	-	-	6,070,008	1,758,236	7,828,244	
Other comprehensive income (loss) for the six months ended June 30, 2015, net of income tax	-	-	-	-	-	-	(1,065,195)	882,051	-	-	(183,144)	(161,005)	(344,149)	
Total comprehensive income (loss) for the six months ended June 30, 2015	-	-	-	-	-	6,070,008	(1,065,195)	882,051	-	-	5,886,864	1,597,231	7,484,095	
Change in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	(1,588,808)	(1,588,808)	
Balance at June 30, 2015	<u>\$ 38,086,864</u>	<u>\$ 1,904,343</u>	<u>\$ 4,632,533</u>	<u>\$ 37,023,528</u>	<u>\$ 7,480,146</u>	<u>\$ 11,382,372</u>	<u>\$ 1,057,468</u>	<u>\$ 6,513,683</u>	<u>\$ -</u>	<u>\$ (83,144)</u>	<u>\$ 107,997,793</u>	<u>\$ 37,513,787</u>	<u>\$ 145,511,580</u>	

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

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

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

	For the Six Months Ended June 30	
	2015	2014
Cash flows from operating activities		
Consolidated net profit before income tax	\$ 9,646,228	\$ 8,697,246
Adjustments to reconcile net profit to net cash provided by operating activities		
Depreciation expenses	269,396	241,885
Amortization expenses	126,954	142,327
Bad debt expenses	339,443	351,600
Losses on financial assets and liabilities at fair value through profit or loss	288,250	47,961
Interest expenses	5,843,862	5,460,783
Interest revenues	(16,307,391)	(15,405,377)
Dividend income	(217,502)	(193,691)
Share of profit of associates and joint ventures	(173,849)	(76,071)
Losses (gains) on sale of properties and equipment, net	(18,888)	1,992
Gains on disposal of investments	(126,129)	(122,324)
Other adjustments	203,088	509,530
Changes in operating assets and liabilities		
Increase in due from the central bank and call loans to banks	(17,225,367)	(18,320,437)
Increase in financial assets at fair value through profit or loss	(3,143,888)	(691,788)
Increase in receivables	(3,359,239)	(343,709)
Decrease (increase) in discounts and loans	12,589,832	(34,096,034)
Increase in available-for-sale financial assets	(47,766,291)	(11,723,673)
Decrease (increase) in held-to-maturity financial assets	1,673,543	(24,495)
Increase in other financial assets	(98,572)	(10,121)
Increase (decrease) in due to the Central Bank and banks	(1,377,197)	5,614,198
Increase (decrease) in financial liabilities at fair value through profit or loss	507,328	36,708
Increase (decrease) in securities sold under repurchase agreements	3,721,608	2,180,335
Increase (decrease) in payables	4,666,030	(309,539)
Increase in deposits and remittances	22,924,708	1,611,002
Increase (decrease) in other financial liabilities	1,330,696	(288,271)
Decrease in employee benefit provisions	(70,676)	(79,454)
Increase in other liabilities	12,590	188,945
Cash used in operation	(25,741,433)	(56,600,472)
Interest received	16,475,847	14,361,811
Dividend received	213,870	190,823
Interest paid	(5,672,961)	(5,080,833)
Income tax paid	(1,291,124)	(1,209,863)
Net cash used in operating activities	(16,015,801)	(48,338,534)

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THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

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

	For the Six Months Ended June 30	
	2015	2014
Cash flows from investing activities		
Acquisition of properties	\$ 6,608	\$ -
Proceeds from disposal of properties	(925,330)	(624,341)
Increase in refundable deposits	21,905	1,599
Decrease in refundable deposits	(113,994)	-
Decrease in other assets	-	29,219
Acquisition of investment properties	451,023	1,501,522
	<u>(2,905,548)</u>	<u>-</u>
Net cash generated from (used in) investing activities	<u>(3,465,336)</u>	<u>907,999</u>
Cash flows from financing activities		
Decrease in borrowings from the Central Bank and banks	1,545,650	(3,932,016)
Issuance of bank debentures	2,150,000	6,700,000
Repayment of bank debentures	(3,000,000)	-
Decrease in guarantee deposit received	(54,949)	(353,644)
Change in non-controlling interest	<u>(1,588,808)</u>	<u>(1,424,453)</u>
Net cash generated from (used in) financing activities	<u>(948,107)</u>	<u>989,887</u>
Effects of exchange rate changes on the balance of cash held in foreign currencies	<u>(2,792,354)</u>	<u>(218,866)</u>
Net decrease in cash and cash equivalents	(23,221,598)	(46,659,514)
Cash and cash equivalents at the beginning of the period	<u>210,945,525</u>	<u>192,409,678</u>
Cash and cash equivalents at the end of the period	<u>\$ 187,723,927</u>	<u>\$ 145,750,164</u>
Reconciliation of the amounts in the consolidated statements of cash flows with the equivalent items reported in the consolidated balance sheets at June 30, 2015 and 2014:		
	2015	2014
Cash and cash equivalents in consolidated balance sheets	\$ 44,464,878	\$ 33,966,146
Due from the Central Bank and call loans to banks fall in with the definition of cash and cash equivalents under IFRS 7	138,377,036	107,983,612
Securities purchased under resell agreements fall in with the definition of cash and cash equivalents under IFRS 7	<u>4,882,013</u>	<u>3,800,406</u>
Cash and cash equivalents in consolidated statements of cash flows	<u>\$ 187,723,927</u>	<u>\$ 145,750,164</u>

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

(Concluded)

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2015 AND 2014 (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 August 22, 2015.

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

- a. The amendments to the Guidelines 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 Financial Supervisory Commission (FSC)

Rule No. 1030010325 and Rule No. 10310006010 issued by the FSC, 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 Public Banks.

Except for the following, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Public Banks and the 2013 IFRSs version did 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 by 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. Refer to Note 38 for related disclosures.

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 retrospectively applied the above amendments starting in 2015. Items not to be reclassified to profit or loss are remeasurements of the defined benefit plans. Items to be reclassified to profit or loss are the exchange differences on translating foreign operations, unrealized gain (loss) on available-for-sale financial assets, cash flow hedges, and share of the other comprehensive income (except the share of the remeasurements of the defined benefit plans) of associates and joint ventures accounted for using the equity method. However, the application of the above amendments did not have any impact on the net profit for the period, other comprehensive income for the period (net of income tax), and total comprehensive income for the period.

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 disclosures.

The Group did not disclose the sensitivity analysis of defined benefit obligation in the comparative period.

The revision to IAS 19 has immaterial impact on the financial statements of the Group.

4) IFRS 12 “Disclosure of Interests in Other Entities”

IFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than in the current standards.

5) 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. Refer to Note 38 for related disclosure.

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)

(Continued)

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

(Concluded)

Note 1: Unless stated otherwise, the above New 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 and the related amendments to the Regulations Governing the Preparation of Financial Reports by Public Banks, whenever applied, would not have any material impact on the Group's accounting policies, except for the following:

1) IFRS 9 "Financial Instruments"

Recognition and measurement of financial assets

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

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

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

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 5, 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

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.

The revisions of IAS 40 clarify that the Group may apply simultaneously IAS 40 and IFRS 3 to justify whether the acquired investment property shall be categorized as assets acquisition or enterprises acquisition.

5) IFRS 15 “Revenue from Contracts with Customers”

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

6) Annual Improvements to IFRSs: 2012-2014 Cycle

Several standards including IFRS 7 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.

The amendments to IAS 34 clarify that a measure of total liabilities for a reportable segment would be disclosed in interim financial reporting when such amounts are regularly provided to the chief operating decision maker of the Group and there has been a material change from the amounts disclosed in the last annual financial statements for that reportable segment.

7) Amendment to IAS 1 “Disclosure Initiative”

The amendment clarifies that the consolidated financial statements should be prepared for the purpose of disclosing material information. To improve the understandability of its consolidated financial statements, the Group should disaggregate the disclosure of material items into their different natures or functions, and disaggregate material information from immaterial information.

The amendment further clarifies that the Group should consider the understandability and comparability of its consolidated financial statements to determine a systematic order in presenting its footnotes.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continually 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, 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 Consolidation

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

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

- a. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- b. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- c. Level 3 inputs are unobservable inputs for the asset or liability.

Other Significant Accounting Policy

The same accounting policies of these financial statements have been followed as were applied in the preparation of the financial statements for the year ended December 31, 2014, except for those described below.

- a. Pension benefit

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

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

- b. Income tax

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

- c. Business combinations

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

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The same critical accounting judgments and key sources of estimation uncertainty of consolidated financial statements have been followed in these consolidated financial statements as were applied in the preparation of the financial statements for the year ended December 31, 2014.

6. CASH AND CASH EQUIVALENTS

	June 30, 2015	December 31, 2014	June 30, 2014
Cash on hand and working fund	\$ 8,033,931	\$ 8,172,468	\$ 7,104,726
Notes and checks in clearing	803,348	1,971,079	882,036
Due from other banks	<u>35,627,599</u>	<u>54,434,957</u>	<u>25,979,384</u>
	<u>\$ 44,464,878</u>	<u>\$ 64,578,504</u>	<u>\$ 33,966,146</u>

Reconciliation of the amounts of cash and cash equivalents reported in the consolidated statements of cash flows and consolidated balance sheets at December 31, 2014 was as below. As for reconciliation at June 30, 2015 and 2014, please refer to the consolidated statements of cash flows.

	December 31, 2014
Cash and cash equivalents in consolidated balance sheets	\$ 64,578,504
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
Securities purchased under resell agreements fall in with the definition of cash and cash equivalents under IFRS 7	<u>11,046,883</u>
Cash and cash equivalents in consolidated statements of cash flows	<u>\$ 210,945,525</u>

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

	June 30, 2015	December 31, 2014	June 30, 2014
Call loans to banks	\$ 222,961,961	\$ 200,429,748	\$ 194,573,518
Deposit reserves - I	4,075,141	9,417,680	2,687,795
Deposit reserves - II	16,241,002	15,692,084	15,885,671
Deposit reserves - foreign	117,144	105,019	96,772
Due from foreign central banks	<u>2,933,524</u>	<u>2,002,938</u>	<u>1,891,739</u>
	246,328,772	227,647,469	215,135,495
Allowance	<u>(2,009)</u>	<u>(1,900)</u>	<u>-</u>
	<u>\$ 246,326,763</u>	<u>\$ 227,645,569</u>	<u>\$ 215,135,495</u>

Deposit reserves are statutory reserves and determined monthly at prescribed rates based on average balances of customers' deposits. The entire balance of deposit reserve - II is subject to withdrawal restrictions while no restrictions are placed to other deposit reserves. The changes in allowance for call loans to banks are summarized below: (For the six months ended June 30, 2014: None)

	For the Six Months Ended June 30, 2015
Balance at January 1	\$ 1,900
Provisions	155
Effect of exchange rate changes	<u>(46)</u>
Balance at June 30	<u>\$ 2,009</u>

8. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2015	December 31, 2014	June 30, 2014
<u>Held-for-trading financial assets</u>			
Commercial papers	\$ 32,869,794	\$ 30,095,516	\$ 28,485,581
Government bonds	810,749	874,408	850,429
Forward contracts	706,347	1,188,817	459,713
Corporate bonds	658,452	-	-
Option contracts	460,194	526,038	148,720
Currency swap contracts	264,605	239,261	56,761
Listed stocks - domestic	197,150	794,159	659,150
Negotiable certificate of deposit	9,578	8,693	17,591
Treasury bonds	-	-	496,654
Others	169,455	182,588	137,840
	<u>36,146,324</u>	<u>33,909,480</u>	<u>31,312,439</u>
<u>Financial assets designated at fair value through profit or loss</u>			
Structured corporate bonds contracts	1,313,530	1,343,900	1,433,550
Equity linked notes	4,983	-	-
	<u>1,318,513</u>	<u>1,343,900</u>	<u>1,433,550</u>
	<u>\$ 37,464,837</u>	<u>\$ 35,253,380</u>	<u>\$ 32,745,989</u>
<u>Held-for-trading financial liabilities</u>			
Forward contracts	\$ 624,828	\$ 724,290	\$ 391,915
Option contracts	462,444	529,497	149,881
Currency swap contracts	140,055	77,152	27,704
Interest rate swap contracts	24,996	30,104	35,281
Others	130	-	-
	<u>\$ 1,252,453</u>	<u>\$ 1,361,043</u>	<u>\$ 604,781</u>

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 June 30, 2015, December 31, 2014 and June 30, 2014 were as follows:

	June 30, 2015	December 31, 2014	June 30, 2014
Option contracts	\$ 39,279,257	\$ 37,395,169	\$ 43,262,841
Forward contracts	147,169,215	91,895,979	25,029,018
Currency swap contracts	58,353,619	43,820,461	22,763,273
Interest rate swap contracts	2,792,931	3,161,742	3,405,922
Fixed rate commercial papers	300,000	500,000	800,000
Future contracts	38,883	221,846	233,993

9. DERIVATIVE FINANCIAL INSTRUMENTS FOR HEDGING (JUNE 30, 2015: NIL)

	December 31, 2014	June 30, 2014
<u>Derivative financial assets under hedge accounting</u>		
Fair value hedges - interest rate swaps	<u>\$ 27,315</u>	<u>\$ 65,865</u>
<u>Derivative financial liabilities under hedge accounting</u>		
Cash flow hedges - interest rate swaps	<u>\$ -</u>	<u>\$ 8,048</u>

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 offset against the majority of fluctuation on the cash flow of the hedged item was between 80% to 125%.

The outstanding interest rate swaps of the Group at the end of the reporting period were as follows:
(June 30, 2015: None)

Notional Amount (In Thousands)	Maturity Date	Range of Interest Rates Paid	Range of Interest Rates Received
<u>December 31, 2014</u>			
\$ 3,000,000	2015.6.10	0.8880%	2.9500%-3.0400%
<u>June 30, 2014</u>			
\$ 4,000,000	2014.12.10-2015.6.10	0.8770%	2.5283%-3.0400%

Gains or losses on the hedging derivative financial instruments and on the hedged items as of the six months ended 2015 and 2014 were as follows:

	For the Six Months Ended June 30	
	2015	2014
Losses on the hedging instruments	<u>\$ 27,315</u>	<u>\$ 38,553</u>
Gains on the hedged items	<u>\$ 27,600</u>	<u>\$ 38,414</u>

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 offset against the majority of fluctuation on the cash flow 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:
(June 30, 2015 and December 31, 2014: None)

Notional Amount (In Thousands)	Maturity Date	Range of Interest Rates Paid	Range of Interest Rates Received
<u>June 30, 2014</u>			
\$ 2,000,000	2014.9.29	2.5450%	0.8770%

10. SECURITIES PURCHASED UNDER RESELL AGREEMENTS

Securities purchase under resell agreements as of June 30, 2015, December 31, 2014 and June 30, 2014 were \$4,882,013 thousand, \$11,046,883 thousand and \$3,800,406 thousand, respectively. The aforementioned securities will be bought back one after another before September 9, 2015, February 13, 2015 and September 3, 2014 at \$4,883,976 thousand, \$11,052,129 thousand and \$3,802,912 thousand, respectively.

11. RECEIVABLES, NET

	June 30, 2015	December 31, 2014	June 30, 2014
Accounts receivable due from sales of securities	\$ 5,643,468	\$ 3,549,963	\$ 1,246,200
Acceptances	4,850,098	4,703,076	4,789,902
Accrued interest	4,094,104	4,266,018	3,828,075
Credit cards receivable	3,020,109	3,200,334	3,214,952
Receivable of interbank clearing	1,587,132	827,183	-
Accounts receivable - factoring	1,220,864	1,690,896	1,629,665
Others	<u>2,441,807</u>	<u>1,505,658</u>	<u>1,775,186</u>
	22,857,582	19,743,128	16,483,980
Allowance for credit losses	<u>(372,622)</u>	<u>(359,639)</u>	<u>(361,740)</u>
	<u>\$ 22,484,960</u>	<u>\$ 19,383,489</u>	<u>\$ 16,122,240</u>

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

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

Item	December 31, 2014	
	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	<u>7,584,897</u>	<u>193,405</u>
Grand total	<u>\$ 7,813,596</u>	<u>\$ 363,319</u>

Item	June 30, 2014	
	Total	Allowances
With objective evidence of impairment		
Individually assessed	\$ 17,532	\$ 6,366
Collectively assessed	244,321	98,695
With no objective evidence of impairment		
Collectively assessed	<u>7,718,057</u>	<u>260,020</u>
Grand total	<u>\$ 7,979,910</u>	<u>\$ 365,081</u>

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

	For the Six Months Ended June 30	
	2015	2014
Balance at January 1	\$ 363,319	\$ 350,859
Provisions	8,126	18,106
Write-offs	(25,545)	(33,856)
Recoveries	31,937	29,260
Effect of exchange rate changes	<u>(1,120)</u>	<u>712</u>
Balance at June 30	<u>\$ 376,717</u>	<u>\$ 365,081</u>

12. DISCOUNTS AND LOANS, NET

	June 30, 2015	December 31, 2014	June 30, 2014
Loans	\$ 802,078,561	\$ 820,254,280	\$ 773,960,033
Inward/outward documentary bills	37,832,587	39,238,039	43,132,467
Nonperforming loans	<u>1,465,176</u>	<u>1,128,435</u>	<u>1,469,101</u>
	841,376,324	860,620,754	818,561,601
Discount and premium adjustment	648,283	566,050	474,530
Allowance for credit losses	<u>(10,018,018)</u>	<u>(10,058,437)</u>	<u>(9,337,069)</u>
	<u>\$ 832,006,589</u>	<u>\$ 851,128,367</u>	<u>\$ 809,699,062</u>

The Group discontinues accruing interests when loans are deemed nonperforming. For the six months ended June 30, 2015 and 2014, the unrecognized interest revenues on the nonperforming loans amounted to \$16,837 thousand and \$14,222 thousand, respectively.

For the six months ended June 30, 2015 and 2014, the Group only had written off certain credits after completing the required legal procedures.

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

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

Item	December 31, 2014	
	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	<u>848,465,512</u>	<u>6,030,014</u>
Grand total	<u>\$ 860,620,754</u>	<u>\$ 10,058,437</u>

Item	June 30, 2014	
	Total	Allowances
With objective evidence of impairment		
Individually assessed	\$ 2,259,090	\$ 929,246
Collectively assessed	9,451,487	5,272,401
With no objective evidence of impairment		
Collectively assessed	<u>806,851,024</u>	<u>3,135,422</u>
Grand total	<u>\$ 818,561,601</u>	<u>\$ 9,337,069</u>

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

	For the Six Months Ended June 30	
	2015	2014
Balance at January 1	\$ 10,058,437	\$ 8,848,287
Provisions	331,162	333,494
Write-offs	(351,941)	(183,619)
Recoveries	60,105	336,776
Effect of exchange rate changes	<u>(79,745)</u>	<u>2,131</u>
Balance at June 30	<u>\$ 10,018,018</u>	<u>\$ 9,337,069</u>

The details of bad debts expenses for the six months ended June 30, 2015 and 2014 are listed as below:

	For the Six Months Ended June 30	
	2015	2014
Provisions of loans and discounts	\$ 331,162	\$ 333,494
Provisions of receivables	8,126	18,106
Provisions of receivables - call loans to banks	<u>155</u>	<u>-</u>
	<u>\$ 339,443</u>	<u>\$ 351,600</u>

13. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	June 30, 2015	December 31, 2014	June 30, 2014
Negotiable certificate of deposit	\$ 63,508,209	\$ 55,316,353	\$ 50,587,968
Corporate bonds	53,723,229	48,728,181	47,367,756
Bank debentures	48,699,778	39,769,731	38,458,661
Government bonds	44,737,129	34,733,959	41,638,240
Stocks	16,773,540	15,059,931	12,224,437
Commercial papers	12,754,396	-	-
Beneficiary certificates	7,855,428	9,323,742	8,114,810
Treasury bonds	1,193,954	-	-
Assets backed securities	<u>623,126</u>	<u>689,966</u>	<u>815,687</u>
	<u>\$ 249,868,789</u>	<u>\$ 203,621,863</u>	<u>\$ 199,207,559</u>

Part of par-value of aforementioned available-for-sale financial assets sold under repurchase agreements as of June 30, 2015, December 31, 2014 and June 30, 2014 were \$9,991,300 thousand, \$6,261,945 thousand and \$7,918,620 thousand.

Part of aforementioned assets backed securities were invested in Structured Investment Vehicles (SIV). The Group had recognized impairment losses in prior years which were partially realized due to the liquidation and disposal of SIV. As of June 30, 2015, the unrealized accumulated impairment losses related to its SIV investments were \$92,739 thousand.

About the pledged assets, please see Note 34.

14. HELD-TO-MATURITY FINANCIAL ASSETS

	June 30, 2015	December 31, 2014	June 30, 2014
Negotiable certificate of deposit	\$ 88,318,260	\$ 89,833,400	\$ 106,798,492
Government bonds	9,201,485	9,603,945	8,995,949
Corporate bonds	306,548	313,514	444,221
Bank debentures	<u>65,402</u>	<u>67,765</u>	<u>366,206</u>
	<u>\$ 97,891,695</u>	<u>\$ 99,818,624</u>	<u>\$ 116,604,868</u>

About the pledged assets, please see Note 34.

15. SUBSIDIARIES

a. Consolidation principles

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

The financial statements of subsidiaries have been adjusted so that the accounting policies of subsidiaries are consistent with those of the Group.

All transactions, account balances, revenues, and expenses among entities have been eliminated in the compilation of the consolidated financial statements.

Allocation of income to non-controlling interests

The comprehensive income of a subsidiary is allocated to equity and non-controlling interests of the Bank, even if non-controlling interests become negative.

b. Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership			Remark
			June 30, 2015	December 31, 2014	June 30, 2014	
<u>Domestic subsidiaries</u>						
The Bank	CTS Travel International Ltd.	Traveling	99.99	99.99	99.99	1)
	SCSB Life Insurance Agency	Insurance agency	100.00	100.00	100.00	1)
	SCSB Property Insurance Agency	Insurance agency	100.00	100.00	100.00	1)
	SCSB Marketing Ltd.	Human resource services	100.00	100.00	100.00	1)
	SCSB Asset Management Ltd.	Purchase, evaluation, auction and management of creditor's right of financial institutions	100.00	100.00	100.00	1)
CTS Travel International Ltd.	China Travel Services (Taiwan)	Traveling	100.00	100.00	100.00	1)
<u>Foreign subsidiaries</u>						
The Bank	Shancom Reconstruction Inc.	Investment holding	100.00	100.00	100.00	
	Wresqueue Limitada	Investment holding	100.00	100.00	100.00	1)
	Paofong Insurance Company Ltd.	Insurance	40.00	40.00	40.00	1)
SCSB Asset Management Ltd.	SCSB Leasing (China) Co., Ltd.	Leasing operation	100.00	100.00	100.00	1)
Wresqueue Limitada	Prosperity Realty Inc.	Real estate service	100.00	100.00	100.00	
Shancom Reconstruction Inc.	Empresa Inversiones Generales, S.A.	Investment holding	100.00	100.00	100.00	
	Krinein Company	Investment holding	100.00	100.00	100.00	
	Safehaven Investment Corporation	Investment holding	100.00	100.00	100.00	
Empresa Inversiones Generales, S.A.	Shanghai Commercial Bank (HK)	Banking	48.00	48.00	48.00	3)
Krinein Company	Shanghai Commercial Bank (HK)	Banking	9.60	9.60	9.60	3)
Shanghai Commercial Bank (HK)	Shanghai Commercial Bank (Nominees) Ltd.	Nominee services	100.00	100.00	100.00	1)
	Shanghai Commercial Bank Trustee Ltd.	Trustee services	60.00	60.00	60.00	1)
	Shacom Futures Ltd.	Commodities trading	100.00	100.00	100.00	1)
	Shacom Investment Ltd.	Investment in exchange fund bills and notes	100.00	100.00	100.00	1)
	Shacom Property Holdings (BVI) Limited	Property holding	100.00	100.00	100.00	1)
	Shacom Property (NY) Inc.	Property holding	100.00	100.00	100.00	1)
	Shacom Property (CA) Inc.	Property holding	100.00	100.00	100.00	1)
	Shacom Assets Investment Ltd.	Investment in bonds	100.00	100.00	100.00	1)
	Infinite Financial Solutions Limited	I.T. application services provider	80.00	80.00	80.00	1)

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership			Remark
			June 30, 2015	December 31, 2014	June 30, 2014	
Right Honour Investments Limited	Shacom Insurance Brokers Ltd.	Insurance broker	100.00	100.00	100.00	1)
	Shacom Securities Ltd.	Securities brokerage services	100.00	100.00	100.00	1)
	Hai Kwang Property Management Co., Ltd.	Property management	100.00	100.00	100.00	1)
	Pafoong Insurance Company Ltd.	Insurance	60.00	60.00	60.00	1)
	Right Honour Investments Limited	Property holding	100.00	100.00	100.00	1)
	KCC 23F Limited	Property holding	100.00	-	-	2)
	KCC 25F Limited	Property holding	100.00	-	-	2)
	KCC 26F Limited	Property holding	100.00	-	-	2)
	Glory Step Investments Limited	Property holding	100.00	100.00	100.00	1)
	Silver Wisdom Investments Limited	Property holding	100.00	100.00	100.00	1)

(Concluded)

Remarks:

- 1) The entity is an immaterial subsidiary; its financial statements have not been audited.
 - 2) Shanghai Commercial Bank (H.K.), subsidiary of the Bank, acquired KCC 23F Limited, KCC 25F Limited and KCC 26F Limited for HK\$238,577 thousand, HK\$240,913 thousand and HK\$243,070 thousand, respectively, to expand its operation. Shanghai Commercial Bank (H.K.) acquired 100% of their shares and property development.
 - 3) This entity is the subsidiary that have material non-controlling subsidiary.
- c. Details of subsidiaries that have material non-controlling interests

Name of Subsidiary	Principal Place of Business	Proportion of Ownership and Voting Rights Held by Non-controlling Interests		
		June 30, 2015	December 31, 2014	June 30, 2014
Shanghai Commercial Bank (H.K.)	Hong Kong	42.4%	42.4%	42.4%

Name of Subsidiary	Profit Allocated to Non-controlling Interests		Accumulated Non-controlling Interests		
	For the Six Months Ended June 30		December 31,		
	2015	2014	June 30, 2015	2014	June 30, 2014
Shanghai Commercial Bank (H.K.) (exclude non-controlling interest)	<u>\$ 1,756,808</u>	<u>\$ 1,557,191</u>	<u>\$ 37,546,299</u>	<u>\$ 37,528,401</u>	<u>\$ 33,506,625</u>

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

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

	June 30, 2015	December 31, 2014	June 30, 2014
Assets	\$ 645,865,692	\$ 622,488,937	\$ 562,927,855
Liabilities	(557,047,758)	(533,715,653)	(483,649,843)
Non-controlling interests of Shanghai Commercial Bank (H.K.)	<u>(265,343)</u>	<u>(262,904)</u>	<u>(252,953)</u>
Equity	<u>\$ 88,552,591</u>	<u>\$ 88,510,380</u>	<u>\$ 79,025,059</u>

(Continued)

	June 30, 2015	December 31, 2014	June 30, 2014
Equity attributable to:			
Owners of Shanghai Commercial Bank (H.K.)	\$ 51,006,292	\$ 50,981,979	\$ 45,518,434
Non-controlling interests of Shanghai Commercial Bank (H.K.)	<u>37,546,299</u>	<u>37,528,401</u>	<u>33,506,625</u>
	<u>\$ 88,552,591</u>	<u>\$ 88,510,380</u>	<u>\$ 79,025,059</u> (Concluded)

	For the Six Months Ended June 30	
	2015	2014
Revenue	<u>\$ 7,738,209</u>	<u>\$ 6,708,308</u>
Net profit for the period	\$ 4,152,031	\$ 3,679,918
Non-controlling equity of Shanghai Commercial Bank (H.K.) and its subsidiaries	<u>(8,617)</u>	<u>(7,298)</u>
	4,143,414	3,672,620
Other comprehensive income for the period	1,759,048	72,708
Other comprehensive income for the period of Shanghai Commercial Bank (H.K.) and its subsidiaries	<u>(1,625)</u>	<u>210</u>
Total comprehensive income for the period	<u>\$ 5,900,837</u>	<u>\$ 3,745,538</u>
Profit attributable to:		
Owners of Shanghai Commercial Bank (H.K.)	\$ 2,386,606	\$ 2,115,429
Non-controlling interests of Shanghai Commercial Bank (H.K.)	<u>1,756,808</u>	<u>1,557,191</u>
	<u>\$ 4,143,414</u>	<u>\$ 3,672,620</u>
Total comprehensive income attributable to:		
Owners of Shanghai Commercial Bank (H.K.)	\$ 3,398,882	\$ 2,157,430
Non-controlling interests of Shanghai Commercial Bank (H.K.)	<u>2,501,955</u>	<u>1,588,108</u>
	<u>\$ 5,900,837</u>	<u>\$ 3,745,538</u>
Net cash inflow (outflow) from:		
Operating activities	\$ (7,221,796)	\$ (15,945,612)
Investing activities	12,500,906	15,003,287
Financing activities	<u>(3,878,607)</u>	<u>(3,745,480)</u>
Net cash inflow (outflow)	<u>\$ 1,400,503</u>	<u>\$ (4,687,805)</u>
Dividends paid to non-controlling interest Shanghai Commercial Bank (H.K.)	<u>\$ 1,588,808</u>	<u>\$ 1,424,453</u>

16. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	June 30, 2015	December 31, 2014	June 30, 2014
Investments in associates	\$ <u>1,297,105</u>	\$ <u>1,156,200</u>	\$ <u>1,048,389</u>

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

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

Associates information of business combinations were as follows:

	For the Six Months Ended June 30	
	2015	2014
Profits from continuing operations	\$ 173,849	\$ 76,071
Other comprehensive income	<u>8,861</u>	<u>228</u>
The comprehensive income for the period	\$ <u>182,710</u>	\$ <u>76,299</u>

17. OTHER FINANCIAL ASSETS, NET

	June 30, 2015	December 31, 2014	June 30, 2014
Non-active market debt instruments	\$ 200,000	\$ 200,000	\$ 200,000
Financial assets carried at cost	5,179	11,787	11,787
Bills purchased, net	112,467	14,056	20,976
Nonperforming credit card receivables	<u>3,095</u>	<u>2,680</u>	<u>2,341</u>
	320,741	228,523	235,104
Allowance for nonperforming credit card receivables	<u>(4,095)</u>	<u>(3,680)</u>	<u>(3,341)</u>
	\$ <u>316,646</u>	\$ <u>224,843</u>	\$ <u>231,763</u>

The balance of credit cards receivable which was reported as nonperforming were \$2,417 thousand, \$2,150 thousand and \$2,341 thousand as of June 30, 2015, December 31, 2014 and June 30, 2014, respectively. The unrecognized interest revenues on the receivable amounted to \$34 thousand and \$31 thousand for the six months ended June 30, 2015 and 2014.

18. PROPERTIES, NET

	June 30, 2015	December 31, 2014	June 30, 2014
Land	\$ 14,214,252	\$ 12,499,303	\$ 12,174,182
Building and improvement	4,686,023	3,412,712	3,436,111
Office equipment	345,669	386,392	424,592

(Continued)

	June 30, 2015	December 31, 2014	June 30, 2014
Transportation equipment	\$ 33,095	\$ 36,144	\$ 39,118
Miscellaneous equipment	409,026	444,413	372,425
Construction-in-progress and prepayment	<u>6,841,808</u>	<u>6,479,515</u>	<u>5,856,392</u>
	<u>\$ 26,529,873</u>	<u>\$ 23,258,479</u>	<u>\$ 22,302,820</u>
			(Concluded)

For the Six Months Ended June 30, 2015						
	Balance at January 1, 2015	Additions	Disposals	Acquisitions through Business Combinations	Effect of Exchange Rate Changes, Net	Balance at June 30, 2015
<u>Cost</u>						
Land	\$ 12,860,807	\$ 257,414	\$ (590)	\$ 1,566,595	\$ (94,264)	\$ 14,589,962
Building and improvement	6,173,561	54,641	(2,900)	1,331,880	(53,963)	7,503,219
Office equipment	2,179,248	41,148	(17,669)	-	(23,320)	2,179,407
Transportation equipment	101,714	1,830	(7,691)	-	(966)	94,887
Miscellaneous equipment	2,084,720	49,565	(7,671)	-	(36,279)	2,090,335
Construction-in-progress and prepayment	<u>6,526,854</u>	<u>520,732</u>	<u>-</u>	<u>-</u>	<u>(156,247)</u>	<u>6,891,339</u>
	<u>29,926,904</u>	<u>\$ 925,330</u>	<u>\$ (36,521)</u>	<u>\$ 2,898,475</u>	<u>\$ (365,039)</u>	<u>33,349,149</u>
<u>Accumulated depreciation</u>						
Land	361,504	\$ 22,647	\$ -	\$ -	\$ (8,441)	375,710
Building and improvement	2,760,849	82,056	(2,841)	-	(22,868)	2,817,196
Office equipment	1,792,856	78,042	(16,151)	-	(21,009)	1,833,738
Transportation equipment	65,570	4,309	(7,561)	-	(526)	61,792
Miscellaneous equipment	1,640,307	79,021	(6,951)	-	(31,068)	1,681,309
Construction-in-progress and prepayment	<u>47,339</u>	<u>3,321</u>	<u>-</u>	<u>-</u>	<u>(1,129)</u>	<u>49,531</u>
	<u>6,668,425</u>	<u>\$ 269,396</u>	<u>\$ (33,504)</u>	<u>\$ -</u>	<u>\$ (85,041)</u>	<u>6,819,276</u>
Net amount	<u>\$ 23,258,479</u>					<u>\$ 26,529,873</u>

For the Six Months Ended June 30, 2014						
	Balance at January 1, 2014	Additions	Disposals	Internal Transfer	Effect of Exchange Rate Changes, Net	Balance at June 30, 2014
<u>Cost</u>						
Land	\$ 12,038,052	\$ 265,744	\$ -	\$ 188,459	\$ 5,370	\$ 12,497,625
Building and improvement	6,049,679	14,933	-	(6,360)	6,786	6,065,038
Office equipment	2,170,649	55,784	(47,032)	-	2,383	2,181,784
Transportation equipment	94,876	20,823	(10,729)	-	(17)	104,953
Miscellaneous equipment	1,938,240	30,519	(12,245)	-	4,933	1,961,447
Construction-in-progress and prepayment	<u>5,649,659</u>	<u>236,538</u>	<u>-</u>	<u>-</u>	<u>11,672</u>	<u>5,897,869</u>
	<u>27,941,155</u>	<u>\$ 624,341</u>	<u>\$ (70,006)</u>	<u>\$ 182,099</u>	<u>\$ 31,127</u>	<u>28,708,716</u>
<u>Accumulated depreciation</u>						
Land	312,044	\$ 10,221	\$ -	\$ 510	\$ 668	323,443
Building and improvement	2,557,192	69,166	-	(658)	3,227	2,628,927
Office equipment	1,717,639	82,665	(45,230)	-	2,118	1,757,192
Transportation equipment	70,961	4,979	(10,197)	-	92	65,835
Miscellaneous equipment	1,525,617	70,139	(10,988)	-	4,254	1,589,022
Construction-in-progress and prepayment	<u>38,200</u>	<u>3,217</u>	<u>-</u>	<u>-</u>	<u>60</u>	<u>41,477</u>
	<u>6,221,653</u>	<u>\$ 240,387</u>	<u>\$ (66,415)</u>	<u>\$ (148)</u>	<u>\$ 10,419</u>	<u>6,405,896</u>
Net amount	<u>\$ 21,719,502</u>					<u>\$ 22,302,820</u>

For the demand to expand office premise, SCB (HK) pulled down and rebuilt its head office building as well as the leased out building nearby; therefore, the leased out building and related uncompleted constructions were reclassified as construction-in-progress.

The Group did not recognize any impairment losses on the properties on June 30, 2015, December 31, and June 30, 2014.

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.

19. INVESTMENT PROPERTIES, NET

	June 30, 2015	December 31, 2014	June 30, 2014
Land	\$ 11,787	\$ 12,122	\$ 165,063
Building and improvement	<u>8,638</u>	<u>9,018</u>	<u>9,335</u>
	<u>\$ 20,425</u>	<u>\$ 21,140</u>	<u>\$ 174,398</u>

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

For the Six Months Ended June 30, 2014					
	Balance at January 1, 2014	Additions	Internal Transfer	Effect of Exchange Rate Changes, Net	Balance at June 30, 2014
Cost					
Land	\$ 351,968	\$ -	\$ (188,459)	\$ 2,867	\$ 166,376
Building and improvement	<u>10,280</u>	<u>-</u>	<u>6,360</u>	<u>(42)</u>	<u>16,598</u>
	<u>362,248</u>	<u>\$ -</u>	<u>\$ (182,099)</u>	<u>\$ 2,825</u>	<u>182,974</u>
Less: Accumulated depreciation					
Land	1,567	\$ 249	\$ (510)	\$ 7	1,313
Building and improvement	<u>5,363</u>	<u>1,249</u>	<u>658</u>	<u>(7)</u>	<u>7,263</u>
	<u>6,930</u>	<u>\$ 1,498</u>	<u>\$ 148</u>	<u>\$ -</u>	<u>8,576</u>
Net amount	<u>\$ 355,318</u>				<u>\$ 174,398</u>

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

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

Fair value of the investment properties as of June 30, 2015, December 31, 2014 and June 30, 2014 were \$111,730 thousand, \$111,128 thousand and \$251,778 thousand. Such fair values have been appraised by independent appraisers on respective dates.

Rental income from investment properties stated as below:

	For the Six Months Ended June 30	
	2015	2014
Rental income from investment properties	<u>\$ 474</u>	<u>\$ 872</u>

20. OTHER ASSETS, NET

	June 30, 2015	December 31, 2014	June 30, 2014
Prepaid expenses	\$ 1,651,533	\$ 2,175,978	\$ 814,808
Deferred charges	608,114	593,590	620,043
Refundable deposits - less impairment loss of \$17,360 thousand	734,082	621,539	587,210
Current tax assets	172,232	92,329	157,973
Temporary payments and suspense	184,802	285,652	137,069
Prepaid pension cost	42,458	53,193	130,892
Computer software	92,973	77,408	97,366
Others	<u>177,513</u>	<u>206,114</u>	<u>144,090</u>
	<u>\$ 3,663,707</u>	<u>\$ 4,105,803</u>	<u>\$ 2,689,451</u>

21. DUE TO THE CENTRAL BANK AND BANKS

	June 30, 2015	December 31, 2014	June 30, 2014
Due to banks	\$ 3,566,789	\$ 1,500,349	\$ 1,574,727
Call loans from banks	28,134,812	33,240,148	37,467,834
Deposit transfer from Chunghwa Post Co., Ltd.	4,013,170	3,688,078	3,310,084
Overdraft on banks	<u>1,158,675</u>	<u>452,408</u>	<u>2,315,786</u>
	<u>\$ 36,873,446</u>	<u>\$ 38,880,983</u>	<u>\$ 44,668,431</u>

22. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

Securities sold under repurchase agreements as of June 30, 2015, December 31, 2014 and June 30, 2014 were \$10,196,680 thousand, \$6,475,072 thousand and \$7,927,202 thousand, respectively. The aforementioned securities will be sold back by January 8, 2016, December 24, 2015 and January 2, 2015 at \$10,207,250 thousand, \$6,483,572 thousand and \$7,935,787 thousand, respectively.

23. PAYABLES

	June 30, 2015	December 31, 2014	June 30, 2014
Dividends payable	\$ 15,189,893	\$ 9,476,871	\$ 14,698,545
Accounts payable	11,435,886	4,896,096	4,372,567
Liabilities on bank acceptances	4,978,874	6,562,959	4,830,070
Accrued interests	2,692,239	2,536,447	2,499,223
Accrued expenses	1,133,836	1,418,777	963,668
Others	<u>248,155</u>	<u>274,377</u>	<u>257,070</u>
	<u>\$ 35,678,883</u>	<u>\$ 25,165,527</u>	<u>\$ 27,621,143</u>

24. DEPOSITS AND REMITTANCES

	June 30, 2015	December 31, 2014	June 30, 2014
Time deposits	\$ 627,383,027	\$ 638,175,376	\$ 610,846,126
Savings deposits	384,669,477	376,131,260	353,551,876
Demand deposits	240,948,418	226,361,120	206,024,110
Negotiable certificates of deposits	16,978,300	16,978,300	2,705,800
Checking deposits	7,685,699	8,765,411	8,259,990
Remittances	<u>315,577</u>	<u>434,318</u>	<u>467,803</u>
	<u>\$ 1,277,980,498</u>	<u>\$ 1,266,845,785</u>	<u>\$ 1,181,855,705</u>

25. BANK DEBENTURES

	June 30, 2015	December 31, 2014	June 30, 2014
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	2,000,000
The subordinate bank debenture - seven-year maturity; first issued in 2010; maturity date is on December 2017	3,000,000	3,000,000	3,000,000
The subordinate bank debenture - seven-year maturity; first issued in 2012; maturity date is on April 2019	4,000,000	4,000,000	4,000,000
The subordinate bank debenture - seven-year maturity; second issued in 2012; maturity date is on May 2019	1,000,000	1,000,000	1,000,000
The subordinate bank debenture - seven to ten-year maturity, third issued in 2012; maturity date is on November 2019 to 2022	5,000,000	5,000,000	5,000,000
The subordinate bank debenture - seven to ten-year maturity, fourth issued in 2012; maturity date is on December 2019 to 2022	10,000,000	10,000,000	10,000,000
The subordinate bank debenture - seven-year to ten-year maturity; first issued in 2014; maturity date is on March 2021 to 2024	6,700,000	6,700,000	6,700,000
The subordinate bank debenture - seven-year maturity; second issued in 2014; maturity date is on November 2021	3,300,000	3,300,000	-
The subordinate bank debenture - seven-year maturity; first issued in 2015; maturity date is on June 2022	2,150,000	-	-
Par value total	37,150,000	38,000,000	39,700,000
Unrealized loss	-	27,600	65,907
	<u>\$ 37,150,000</u>	<u>\$ 38,027,600</u>	<u>\$ 39,765,907</u>

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.

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

26. OTHER FINANCIAL LIABILITIES

	June 30, 2015	December 31, 2014	June 30, 2014
Appropriated loan funds	\$ 4,334,380	\$ 4,945,637	\$ 5,332,069
Principals of structured instruments	<u>2,626,832</u>	<u>684,879</u>	<u>1,060,484</u>
	<u>\$ 6,961,212</u>	<u>\$ 5,630,516</u>	<u>\$ 6,392,553</u>

27. PROVISIONS

	June 30, 2015	December 31, 2014	June 30, 2014
Reserve for employee benefits	\$ 511,114	\$ 589,163	\$ 456,571
Reserve for possible losses on guarantees	438,292	438,436	438,090
Reserve for other operating	367,663	346,086	305,782
Others	<u>3,564</u>	<u>3,564</u>	<u>3,627</u>
	<u>\$ 1,320,633</u>	<u>\$ 1,377,249</u>	<u>\$ 1,204,070</u>

28. OTHER LIABILITIES

	June 30, 2015	December 31, 2014	June 30, 2014
Guarantee deposit received	\$ 1,642,331	\$ 1,728,854	\$ 1,146,651
Deferred revenues	333,781	424,921	527,451
Interest received in advance	242,652	115,207	202,502
Temporary credit	24,635	74,368	75,720
Others	<u>345,796</u>	<u>322,806</u>	<u>205,231</u>
	<u>\$ 2,589,195</u>	<u>\$ 2,666,156</u>	<u>\$ 2,157,555</u>

29. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Bank and the subsidiaries of the Group adopted a pension plan under the Labor Pension Act (the “LPA”), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees’ individual pension accounts at 6% of monthly salaries and wages.

Pension funds of foreign subsidiaries are separate from their assets, and held by independent management funds.

The Bank and subsidiaries have recognized \$130,693 thousand and \$121,159 thousand in defined contribution plans respectively in the six months ended on June 30, 2015 and 2014 in the consolidated income statements.

b. Defined benefit plans

The defined benefit plan adopted by the Bank and subsidiaries of the Group in accordance with the Labor Standards Law is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Bank and subsidiaries contribute 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 and are managed by the Bureau of Labor Funds, Ministry of Labor (“the Bureau”); the Group has no right to influence the investment policy and strategy.

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

	December 31, 2014
Present value of defined benefit obligation	\$ 2,348,805
Fair value of plan assets	<u>(2,390,394)</u>
Net defined benefit liability (asset)	<u>\$ (41,589)</u>

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

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability (Asset)
Balance at January 1, 2014	\$ 2,181,061	\$ (2,304,226)	\$ (123,165)
Service cost			
Current service cost	186,301	-	186,301
Past service cost and loss (gain) on settlements	<u>40,582</u>	<u>(44,619)</u>	<u>(4,037)</u>
Recognized in profit or loss	<u>226,883</u>	<u>(44,619)</u>	<u>182,264</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)			
Actuarial loss - changes in demographic assumptions	-	(254)	(254)
Actuarial loss - experience adjustments	13,554	-	13,554
Recognized in other comprehensive income	<u>62,728</u>	<u>-</u>	<u>62,728</u>
Contributions from the employer	<u>76,282</u>	<u>(254)</u>	<u>76,028</u>
Benefits paid	-	(176,716)	(176,716)
Balance at December 31, 2014	<u>(135,421)</u>	<u>135,421</u>	<u>-</u>
	<u>\$ 2,348,805</u>	<u>\$ (2,390,394)</u>	<u>\$ (41,589)</u>

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

- 1) Investment risk: The plan assets are invested in domestic/and foreign/equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the (government/corporate) bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

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

	December 31, 2014
Discount rates	1.90%
Expected rates of salary increase	2.75%
Turnover rate	2.00%
The average duration of the defined benefit obligation	12.7 years

The Bank and subsidiaries recognize \$97,118 thousand and \$91,101 thousand in defined benefit plans respectively in the six months ended on June 30, 2015 and 2014 in the consolidated income statements.

c. Complementary employee deposit

Based on internal rules related to complementary employee deposit, the Bank is obliged to pay current employees complementary deposit. The Bank calculates the excessive interest, which is from the difference between complementary rate and market rate, based on financial reporting standards for public listed banks.

The Group has recognized expenses for \$33,576 thousand and \$21,298 thousand in consolidated comprehensive income statement six months ended June 30, 2014 and 2015.

d. Other long-term employee benefit liabilities

Employees eligible for retirement qualification decrease from causes other than occupational hazards are entitled to pension according to retirement standards. Those employees, who are not eligible for retirement qualification and enlisted less than one year, are entitled to one month. Those employees, who are not eligible for retirement qualification and enlisted between one year and five years, are entitled to one month for the first year, and each additional enlisted year would entitle to one additional month. Those employees, who enlist more than five years, their enlisted years based on previous pension regulations are entitled to retirement qualification.

The Bank has recognized reversing revenues related to employee benefit pensions for \$438 thousand and expenses for \$542 thousand in comprehensive income statement six months ended June 30, 2014 and 2015.

30. EQUITY

a. Share capital

	June 30, 2015	December 31, 2014	June 30, 2014
<u>Common shares</u>			
Authorized shares (in thousand)	6,000,000	6,000,000	3,800,000
Authorized capital	<u>\$ 60,000,000</u>	<u>\$ 60,000,000</u>	<u>\$ 38,000,000</u>
Issued and paid shares (in thousand)	3,808,686	3,808,686	3,715,792
Issued capital	<u>\$ 38,086,864</u>	<u>\$ 38,086,864</u>	<u>\$ 37,157,916</u>

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

In the shareholders' meeting dated on June 5, 2015, it was resolved to increase the Bank's authorized shares and authorized capital to 190,434 thousand shares and \$1,904,343 thousand. The meeting also determined the dividend ratio at \$0.5 per share. The registration of the new shares has been completed by August 2015.

b. Capital surplus

	June 30, 2015	December 31, 2014	June 30, 2014
Share premium	\$ 2,647,583	\$ 2,647,583	\$ 2,647,583
Treasury stock transaction	1,983,732	1,983,732	1,976,535
Proportionate share in equity-method investee's surplus from donated assets	<u>1,218</u>	<u>1,218</u>	<u>1,218</u>
	<u>\$ 4,632,533</u>	<u>\$ 4,632,533</u>	<u>\$ 4,625,336</u>

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

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

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

c. Appropriation of earnings and dividend policy

The Bank's Articles provide that the Bank's annual earnings after tax shall be used first offsetting against 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 accumulate to the next year.

In accordance with the amendments to the Company Act in May 2015, earning distribution can be made to shareholders only and bonus to employees, and directors and supervisors are no longer allowed. As a result, the Bank will make consequential amendments to its Articles of Incorporation to be approved in the 2016 annual shareholders' meeting. For information about the accrual basis of the employee remuneration and remuneration to directors and supervisors for the three months ended June 30, 2015 and 2014, and the six months ended June 30, 2015 and 2014, and the actual appropriations for the years ended December 31, 2014 and 2013, please refer to Note 31 (d) for employee benefit.

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

Legal reserve 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 2014 and 2013 had been approved in the shareholders' meetings on June 6, 2015 and June 6, 2014, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		Dividends Per Share (Dollars)	
	2014	2013	2014	2013
Legal reserve	\$ 3,272,195	\$ 3,043,063		
Cash dividends - common stock	5,713,030	5,573,687	\$ 1.5	\$ 1.50
Stock dividends - common stock	<u>1,904,343</u>	<u>928,948</u>	<u>0.5</u>	<u>0.25</u>
	<u>\$ 10,889,568</u>	<u>\$ 9,545,698</u>	<u>\$ 2.0</u>	<u>\$ 1.75</u>

The capital increase of the Bank had been approved by the Financial Supervisory Commission on July 8, 2015, approved by FSC No. 1040024866 rule. The Board of Directors then determined the ex-dividend date, as July 20, 2015. The cash dividend was then paid on July 31, 2015, and the new shares were to be issued on August 27, 2015.

The capital increase of the Bank had been approved by the Financial Supervisory Commission on July 8, 2014, approved by FSC No. 1030024909 rule. The Board of Directors then determined the ex-dividend date, as August 3, 2014. The cash dividend was then paid on August 15, 2014, and the new shares were to be issued on September 19, 2014.

The cash dividends in 2014 earnings appropriation were not paid yet as of June 30, 2015 and recorded as dividend payable accordingly.

The registration of the new shares issuance has been completed by August 13, 2015.

d. Special reserve

The Bank has made a special reserve \$1,256,859 thousand due to transferring its cumulative translation adjustment reported in equity to retained earnings while first-time adopting. There was no change in the balance of special reserve for the period ended on June 30, 2015.

e. Treasury stock

Purpose	Beginning Balance	Increase	Decrease	Ending Balance
<u>Six months ended June 30, 2015</u>				
Shares held by subsidiaries	<u>10,642</u>	<u>-</u>	<u>-</u>	<u>10,642</u>
<u>Six months ended June 30, 2014</u>				
Shares held by subsidiaries	<u>10,382</u>	<u>-</u>	<u>-</u>	<u>10,382</u>

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

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

f. Non-controlling interest

	For the Six Months Ended June 30	
	2015	2014
Beginning balance	\$ 37,505,364	\$ 33,256,847
Attribution to non-controlling interest		
Net Income	1,758,236	1,558,540
Translation adjustments for foreign operations	(901,550)	31,338
Unrealized gains on available-for-sale financial assets	882,287	69,416
Other comprehensive income - others	2,456	228
Income tax effect	(144,198)	(10,876)
Cash dividends distribution	<u>(1,588,808)</u>	<u>(1,424,453)</u>
Ending balance	<u>\$ 37,513,787</u>	<u>\$ 33,481,040</u>

31. DETAILS OF COMPREHENSIVE INCOME STATEMENT ITEMS

a. Interest revenues, net

	For the Six Months Ended June 30	
	2015	2014
Interest revenue		
Discounts and loans	\$ 11,434,431	\$ 10,611,789
Securities investments	2,585,922	2,493,572
Due from banks	2,064,846	2,081,800
Others	<u>222,192</u>	<u>218,216</u>
	<u>16,307,391</u>	<u>15,405,377</u>
Interest expense		
Deposits	5,313,277	4,942,175
Bank debentures	306,066	304,980
Due to banks	182,850	169,075
Securities sold under repurchase agreements	21,000	22,082
Others	<u>20,669</u>	<u>22,471</u>
	<u>5,843,862</u>	<u>5,460,783</u>
	<u>\$ 10,463,529</u>	<u>\$ 9,944,594</u>

b. Service fee revenue, net

	For the Six Months Ended June 30	
	2015	2014
Service fee revenues		
Trusts	\$ 1,177,099	\$ 833,032
Loans	413,477	408,443
Nominee	422,042	342,356
Inward/outward business	268,650	289,111
Credit cards	217,442	213,234
Exchange	213,419	197,536
Guarantees	219,001	184,211
Others	<u>347,733</u>	<u>312,419</u>
	<u>3,278,863</u>	<u>2,780,342</u>
Service fee expenses		
Credit cards	48,641	48,466
Finance	32,839	32,641
Nominee	24,480	23,752
Custody	13,247	11,888
Factoring	6,586	8,201
Others	<u>126,090</u>	<u>109,203</u>
	<u>251,883</u>	<u>234,151</u>
	<u>\$ 3,026,980</u>	<u>\$ 2,546,191</u>

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

	For the Six Months Ended June 30, 2015		
	Realized (Loss) Gain	Unrealized (Loss) Gain	Total
Financial asset at fair value through profit or loss	\$ 6,023,317	\$ (908,510)	\$ 5,114,807
Financial liabilities at fair value through profit or loss	<u>(5,357,453)</u>	<u>620,260</u>	<u>(4,737,193)</u>
	<u>\$ 665,864</u>	<u>\$ (288,250)</u>	<u>\$ 377,614</u>
	For the Six Months Ended June 30, 2014		
	Realized (Loss) Gain	Unrealized (Loss) Gain	Total
Financial asset at fair value through profit or loss	\$ 1,940,124	\$ (1,014,358)	\$ 925,766
Financial liabilities at fair value through profit or loss	<u>(1,440,892)</u>	<u>966,397</u>	<u>(474,495)</u>
	<u>\$ 499,232</u>	<u>\$ (47,961)</u>	<u>\$ 451,271</u>

d. Employee benefit expenses

	For the Six Months Ended June 30	
	2015	2014
Short-term employee benefits	\$ 2,856,067	\$ 2,674,342
Retirement benefits		
Defined contribution plan	130,693	121,159
Defined benefit plan	<u>97,118</u>	<u>91,101</u>
	3,083,878	2,886,602
Other employee benefits	<u>307,636</u>	<u>232,944</u>
	<u>\$ 3,391,514</u>	<u>\$ 3,119,546</u>

For the six months ended June 30 in 2015 and 2014, the numbers of employees of the Bank were 2,444 and 2,360 respectively.

Under the Company Act as amended in May 2015, the Bank's Articles of Incorporation should stipulate a fixed amount or ratio of annual profit to be distributed as employee remuneration. The Bank will amend its policies for distribution of employee remuneration according to the act above mentioned at the shareholder's meeting in 2016.

For the six months ended June 30, 2015 and 2014, the estimated amounts of bonus to employees were \$15,978 thousand and \$15,008 thousand, respectively, while the estimated amounts of remuneration to directors and supervisors were \$29,400 thousand and \$28,290 thousand, respectively. 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.

The bonus to employees and the remuneration to directors and supervisors for 2014 and 2013 approved in the shareholders' meeting on June 5, 2015 and June 6, 2014, respectively, were as follows:

	2014		2013	
	Cash	Stock	Cash	Stock
Bonus to employees	\$ 32,000	\$ -	\$ 30,000	\$ -
Remuneration to directors and supervisors	58,800	-	56,600	-

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

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.

e. Depreciation and amortization

	For the Six Months Ended June 30	
	2015	2014
Depreciation expense		
Properties	\$ 269,396	\$ 240,387
Investment properties	<u>225</u>	<u>1,498</u>
	269,621	241,885
Amortization expense		
Other assets	<u>126,729</u>	<u>142,327</u>
	<u>\$ 396,350</u>	<u>\$ 384,212</u>

32. INCOME TAX

a. Income tax expense recognized in profit or loss

The major components of tax expenses were as follows:

	For the Six Months Ended June 30	
	2015	2014
Current tax		
In respect of the current year	\$ 1,849,002	\$ 1,644,604
In respect of prior periods	<u>(13,949)</u>	<u>151,324</u>
	1,835,053	1,795,928
Deferred tax		
In respect of the current year	(17,172)	82,539
In respect of prior periods	<u>103</u>	<u>1,851</u>
	<u>(17,069)</u>	<u>84,390</u>
Income tax expense recognized in profit or loss	<u>\$ 1,817,984</u>	<u>\$ 1,880,318</u>

b. Income tax expense recognized in other comprehensive income

	For the Six Months Ended June 30	
	2015	2014
<u>Deferred income tax expense</u>		
Arising on income and expenses recognized in other comprehensive income		
Translation adjustments for foreign operations	\$ (212,077)	\$ 21,662
Unrealized gain or loss on available-for-sale financial assets	<u>294,555</u>	<u>55,287</u>
Income tax expense recognized in other comprehensive income	<u>\$ 82,478</u>	<u>\$ 76,949</u>

c. Integrated income tax

	June 30, 2015	December 31, 2014	June 30, 2014
Unappropriated earnings			
Unappropriated earnings generated before January 1, 1998	\$ 27,065	\$ 27,065	\$ 27,065
Unappropriated earnings generated on and after January 1, 1998	<u>11,355,307</u>	<u>16,174,867</u>	<u>10,599,434</u>
	<u>\$ 11,382,372</u>	<u>\$ 16,201,932</u>	<u>\$ 10,626,499</u>
Imputation credits accounts	<u>\$ 2,128,987</u>	<u>\$ 1,555,032</u>	<u>\$ 2,456,903</u>

The creditable ratio for distribution of earnings of 2014 and 2013 was 13.16% (expected) and 16.77%, respectively.

d. 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 2013 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 2012 had been assessed by the tax authorities.

33. EARNINGS PER SHARE

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

	Amount (Numerator)		Shares (Denominator in Thousands)	Earnings Per Share (Dollars)	
	Before	After		Before	After
	Income Tax	Income Tax		Income Tax	Income Tax
<u>For the six months ended June 30, 2015</u>					
Basic earnings per share	\$ 6,885,143	\$ 6,070,008	3,987,947	<u>\$ 1.73</u>	<u>\$ 1.52</u>
Effect of dilutive potential common shares					
Bonus to employees	<u>-</u>	<u>-</u>	<u>1,399</u>		
Diluted earnings per share					
Income for the year attributable to common shareholders plus effect of potential dilutive common shares	<u>\$ 6,885,143</u>	<u>\$ 6,070,008</u>	<u>3,989,346</u>	<u>\$ 1.72</u>	<u>\$ 1.52</u>
<u>For the six months ended June 30, 2014</u>					
Basic earnings per share	\$ 6,256,367	\$ 5,258,388	3,987,947	<u>\$ 1.57</u>	<u>\$ 1.32</u>
Effect of dilutive potential common shares					
Bonus to employees	<u>-</u>	<u>-</u>	<u>1,668</u>		
Diluted earnings per share					
Income for the year attributable to common shareholders plus effect of potential dilutive common shares	<u>\$ 6,256,367</u>	<u>\$ 5,258,388</u>	<u>3,989,615</u>	<u>\$ 1.57</u>	<u>\$ 1.32</u>

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

Unit: NT\$ Per Share

	Before Adjusted Retrospectively	After Adjusted Retrospectively
Basic earnings per share	<u>\$ 1.38</u>	<u>\$ 1.32</u>
Diluted earnings per share	<u>\$ 1.38</u>	<u>\$ 1.32</u>

The Group is allowed to settle bonuses paid to employees in cash or shares; accordingly, under IAS 33, the Group assumes the entire amount of the bonus will 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.

34. BUSINESS COMBINATIONS

a. Subsidiaries acquired

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

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

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

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

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

c. Goodwill arising on acquisition

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

35. RELATED-PARTY TRANSACTIONS

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

Related Party	Relationship with the Bank
The SCSB Cultural & Educational Foundation	Donated by the Bank which exceed 1/3 total fund
The SCSB Charity Foundation	Donated by the Bank which exceed 1/3 total fund
Silks Place Taroko	Investment under equity method held by subsidiary
BC Reinsurance Limited	Investment under equity method held by subsidiary
Joint Electronic Teller Services Limited (JETCO)	Investment under equity method held by subsidiary
Bank Consortium Holding Limited	Investment under equity method held by subsidiary
Hong Kong Life Insurance Limited	Investment under equity method held by subsidiary
i-Tech Solutions Limited	Investment under equity method held by subsidiary
Hung Ta Investment Corporation	The Chairman and the Bank's chairman are related by marriage
Hung Shen Investment Corporation	The Chairman and the Bank's chairman are related by marriage
Taipei Foreign Exchange Market Development Foundation	The director of the Bank is the supervisor of the company
Financial Information Service Co., Ltd.	The director of the Bank is the supervisor of the company
Gengroup Merchandise Corp.	The director of the Bank is the chairman of the Company
GTM Development Co., Ltd.	The director of the Bank is the chairman of the Company
Chung Kee Investment Co., Ltd.	The director of the Bank is the chairman of the Company
GTM Electronics Co., Ltd.	The director of the Bank is the chairman of the Company
GTM Textile Co., Ltd.	The director of the Bank is the chairman of the Company
GTM Holdings Corporation	The director of the Bank is the chairman of the Company
GTM Corporation	The director of the Bank is the chairman of the Company
Chi-Li Investment Co., Ltd.	The director of the Bank is the director of the Company
Chang Ho Hsing Co., Ltd.	The director of the Bank is the director of the Company
Goldsun Co., Ltd.	The director of the Bank is the director of the Company
CX Technology Corporation	The director of the Bank is the director of the Company
Nan Ya Plastics Corporation	The director of the Bank is the director of the Company
Intron Scientific Co., Ltd.	The director of the Bank is the director of the Company
Beacon Extender Limited	The director of the Bank is the director of the Company
Nanyang Holdings Limited	The director of the Bank is the director of the Company

(Continued)

Related Party	Relationship with the Bank
Tai Ping Carpets International Limited	The director of the Bank is the director of the Company
Yong An Enterprise Ltd.	The director of the Bank is the director of the Company
Great Malaysia Textile Investments Pte Ltd.	The director of the Bank is the director of the foreign company
Singapore Labour Foundation	The director of the Bank is the director of the foreign company
China National Petroleum Corporation	The director of the Bank is the director of the foreign company
SIA Engineering	The director of the Bank is the director of the foreign company
NTUC INCOME	The director of the Bank is the chairman of the foreign company
Singapore Airlines	The director of the Bank is the chairman of the foreign company
An Feng Enterprise Co., Ltd.	Legal representative
Taipei Forex Inc.	Legal representative
Grand Cathay Venture Capital III Co., Ltd.	Legal representative
Zun Pin Venture Capital Co., Ltd.	Legal representative
Taiwan Finance Corporation	Legal representative
International Bills Finance Corporation	Legal representative
Others	The Bank's directors, supervisors, managers, and the relatives of the Bank's directors, supervisors and managers

(Concluded)

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

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

1) Guarantees

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

2) Deposits

	June 30, 2015			Six Months Ended June 30, 2015
	Maximum Balance	Ending Balance	Interest Rate (%)	Interest Expense
Supervisors and management related	\$ 8,154,133	\$ 8,111,612	0.00-4.00	\$ 31,824
The SCSB Cultural & Educational Foundation	333,353	314,795	0.11-1.38	1,185
Employees	198,626	140,583	0.28-10.19	1,284
The SCSB Charity Foundation	56,517	56,029	0.11-1.31	267
CX Technology	34,442	14,726	0.00-0.02	-
International Bills Finance Corporation	9,001	9,001	0.17-0.94	42
Hung Ta Investment Corporation	4,579	766	0.00-0.17	1
Silks Place Taroko	10,333	302	0.00-1.31	2
Goldsun Co., Ltd.	167	167	0.02-0.17	-
Chi-Li Investment Co., Ltd.	89	89	0.17	-
Hung Shen Investment Corporation	1,764	80	0.17	1
Taiwan Finance Corporation	217	79	0.00	-
Chang Ho Hsing Co., Ltd.	376	26	0.17	-
Zun Pin Venture Capital Co., Ltd.	<u>24,000</u>	<u>-</u>	0.94	<u>76</u>
	<u>\$ 8,827,597</u>	<u>\$ 8,648,255</u>		<u>\$ 34,682</u>

	December 31, 2014		
	Maximum Balance	Ending Balance	Interest Rate (%)
Supervisors and management related	\$ 6,950,671	\$ 6,879,306	0.00-3.20
The SCSB Cultural & Educational Foundation	348,336	333,353	0.11-1.38
Employees	268,426	119,020	0.28-10.18
The SCSB Charity Foundation	90,248	56,490	0.11-0.31
International Bills Finance Corporation	46,000	9,001	0.17-0.94
Hung Ta Investment Corporation	48,626	4,579	0.00-0.17
Hung Shen Investment Corporation	15,131	1,764	0.17
Silks Place Taroko	17,344	336	0.00-1.31
Chang Ho Hsing Co., Ltd.	5,375	376	0.17
Taiwan Finance Corporation	8,500	202	0.00
Chi-Li Investment Co., Ltd.	19,088	89	0.17
An Feng Enterprise Co., Ltd.	291	38	0.17
Zun Pin Venture Capital Co., Ltd.	44,400	-	0.89-0.94
Genggroup Merchandise Corp.	<u>7,744</u>	<u>-</u>	0.17
	<u>\$ 7,870,180</u>	<u>\$ 7,404,554</u>	

	June 30, 2014			Six Months Ended June 30, 2014
	Maximum Balance	Ending Balance	Interest Rate (%)	Interest Expense
Supervisors and management related	\$ 4,402,612	\$ 4,364,269	0.00-3.20	\$ 21,419
The SCSB Cultural & Educational Foundation	275,561	268,734	0.11-1.38	1,157
Employees	212,928	121,078	0.28-10.18	189
The SCSB Charity Foundation	90,248	90,248	0.28-1.31	346
International Bills Finance Corporation	46,000	46,000	0.17-0.60	125
Hung Shen Investment Corporation	2,379	840	0.17	2
Hung Ta Investment Corporation	3,970	358	0.00-0.17	-
Silks Place Taroko Taiwan Finance Corporation	9,356	303	0.00-1.31	2
Chi-Li Investment Co., Ltd.	566	156	0.00	-
Chang Ho Hsing Co., Ltd.	84	84	0.17	1
An Feng Enterprise Co., Ltd.	38	38	0.17	-
Gengroup Merchandise Corp.	291	31	0.17	-
Zun Pin Venture Capital Co., Ltd.	2,003	5	0.17	2
	<u>44,400</u>	<u>-</u>	0.89-0.94	<u>119</u>
	<u>\$ 5,090,436</u>	<u>\$ 4,892,144</u>		<u>\$ 23,362</u>

2) Interest receivable (accounted for receivables, net)

	June 30, 2015	December 31, 2014	June 30, 2014
Nan Ya Plastics	\$ 211	\$ -	\$ -
Supervisors and management related	152	139	171
Silks Place Taroko	16	22	29
CX Technology	<u>6</u>	<u>-</u>	<u>-</u>
	<u>\$ 385</u>	<u>\$ 161</u>	<u>\$ 200</u>

3) Interest payable (accounted for payables)

	June 30, 2015	December 31, 2014	June 30, 2014
Supervisors and management related	\$ 136	\$ 142	\$ 167
The SCSB Cultural & Educational Foundation	97	71	96
The SCSB Charity Foundation	24	24	24
International Bills Finance Corporation	<u>5</u>	<u>5</u>	<u>15</u>
	<u>\$ 262</u>	<u>\$ 242</u>	<u>\$ 302</u>

4) Guarantee deposits received (accounted for other liabilities)

	June 30, 2015	December 31, 2014	June 30, 2014
The SCSB Cultural & Educational Foundation	<u>\$ 211</u>	<u>\$ 211</u>	<u>\$ 211</u>

5) Rental income (accounted for other net revenues)

	For the Six Months Ended June 30	
	2015	2014
The SCSB Cultural & Educational Foundation	<u>\$ 421</u>	<u>\$ 421</u>

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

6) Loans

June 30, 2015									
Category	Name	Maximum Balance	Ending Balance	Performance		Collateral	Interest Rate (%)	Difference of Terms of the Transactions with Unrelated Parties	Six Months Ended June 30, 2015 Interest Income
				Normal Loans	Non-performing Loans				
Loans for personal house mortgage	Supervisors and management related (17)	\$ 136,561	\$ 122,328	\$ 122,328	-	Real estate	1.58-2.97	None	\$ 1,265
Others	Supervisors and management related (3)	887,438	885,022	885,022	-	Real estate	2.17-2.97	None	23,564
	Nan Ya Plastics	621,766	621,766	621,766	-	Syndicated loan	1.45-1.57	None	868
	Silks Place Taroko	50,500	32,000	32,000	-	Real estate	1.84	None	283
	CX Technology	<u>45,857</u>	<u>44,152</u>	<u>44,152</u>	-	Syndicated loan	1.85-2.04	None	<u>47</u>
		<u>\$ 1,742,122</u>	<u>\$ 1,705,268</u>	<u>\$ 1,705,268</u>					<u>\$ 26,006</u>
December 31, 2014									
Category	Name	Maximum Balance	Ending Balance	Performance		Collateral	Interest Rate (%)	Difference of Terms of the Transactions with Unrelated Parties	
				Normal Loans	Non-performing Loans				
Loans for personal house mortgage	Supervisors and management related (17)	\$ 130,789	\$ 115,288	\$ 115,288	-	Real estate	1.58-2.87	None	
Others	Supervisors and management related	1,260,986	1,236,687	1,236,687	-	Real estate	2.17-2.97	None	
	Silks Place Taroko	<u>66,000</u>	<u>39,000</u>	<u>39,000</u>	-	Real estate	1.84-1.84	None	
		<u>\$ 1,457,775</u>	<u>\$ 1,390,975</u>	<u>\$ 1,390,975</u>					

June 30, 2014									
Category	Name	Maximum Balance	Ending Balance	Performance		Collateral	Interest Rate (%)	Difference of Terms of the Transactions with Unrelated Parties	Six Months Ended June 30, 2015 Interest Income
				Normal Loans	Non-performing Loans				
Loans for personal house mortgage	Supervisors and management related (17)	\$ 130,789	\$ 120,617	\$ 120,617	-	Real estate	1.58-2.87	None	\$ 1,335
Others	Supervisors and management related	1,181,905	1,179,490	1,179,490	-	Real estate	2.17-2.97	None	45,297
	Silks Place Taroko	<u>66,000</u>	<u>57,000</u>	<u>57,000</u>	-	Real estate	1.84-1.84	None	<u>463</u>
		<u>\$ 1,378,694</u>	<u>\$ 1,357,107</u>	<u>\$ 1,357,107</u>					<u>\$ 47,095</u>

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

7) Other related parties transactions

The Group invests in shares of related parties

	June 30, 2015	December 31, 2014	June 30, 2014
Taiwan Finance Corporation	\$ 703,645	\$ 708,777	\$ 689,772
International Bills Finance Corporation	454,306	455,341	461,921
Financial Information Service Co., Ltd.	91,921	94,489	85,206
Taipei Forex Inc.	20,603	20,841	18,993
Nan Ya Plastics Corporation	12,308	-	-
An Feng Enterprise Co., Ltd.	4,569	4,416	4,585
Zun Pin Venture Capital Co., Ltd.	<u>102</u>	<u>2,549</u>	<u>3,267</u>
	<u>\$ 1,287,454</u>	<u>\$ 1,286,413</u>	<u>\$ 1,263,744</u>

The Group invests bonds of related parties

	June 30, 2015	December 31, 2014	June 30, 2014
Nan Ya Plastics Corporation	<u>\$ 601,267</u>	<u>\$ -</u>	<u>\$ -</u>

Related parties invest shares of the Group (thousand shares)

	June 30, 2015	December 31, 2014	June 30, 2014
Hung Ta Investment Corporation	33,228	22,048	32,242
Chi-Li Investment Co., Ltd.	22,714	22,919	19,336
GTM Holdings Corporation	11,026	11,026	10,757
Hung Shen Investment Corporation	9,821	9,821	9,582
Chung Kee Investment Co., Ltd.	7,683	10,190	13,025
Gengroup Merchandise Corp.	5,288	5,288	5,159
Chang Ho Hsing Co., Ltd.	3,647	3,647	3,558
GTM Corporation	3,309	3,289	3,208
International Bills Finance Corporation	<u>167</u>	<u>-</u>	<u>-</u>
	<u>96,883</u>	<u>88,228</u>	<u>96,867</u>

c. Compensation of directors, supervisors and management personnel:

	For the Six Months Ended June 30	
	2015	2014
Salaries and other short-term employee benefits	\$ 142,111	\$ 131,222
Remuneration to directors and supervisors	29,400	28,290
Bonus to employees	73,732	65,564
Post-employment benefits	14,643	14,059
Others	<u>344</u>	<u>120</u>
	<u>\$ 260,230</u>	<u>\$ 239,255</u>

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

36. PLEDGED ASSETS

Under the Central Bank's clearing system of Real-Time Gross Settlement (RTGS), on June 30, 2015, December 31, 2014 and June 30, 2014, the assets listed below had been provided as collateral for day-term overdraft with the pledged amount adjustable anytime.

	June 30, 2015	December 31, 2014	June 30, 2014	Guaranty Purpose
Held-to-maturity financial assets	\$ 18,400,000	\$ 22,800,000	\$ 19,000,000	Day-term overdraft with the pledge

On June 30, 2015, December 31, 2014 and June 30, 2014, 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.

	June 30, 2015	December 31, 2014	June 30, 2014	Guaranty Purpose
Held-to-maturity financial assets	\$ 45,473	\$ 204,118	\$ 205,817	Operating and interbank clearing guarantee
Available-for-sale financial assets	268,159	313,904	315,590	Operating and interbank clearing guarantee

On June 30, 2015, December 31, 2014 and June 30, 2014, SCB HK provided its held-to-maturity financial assets and discounts and loans listed below for overseas branch operating guarantee.

	June 30, 2015	December 31, 2014	June 30, 2014	Guaranty Purpose
Held-to-maturity financial assets	\$ 9,121,812	\$ 9,364,439	\$ 8,753,522	Overseas branch operating guarantee
Discounts and loans	209,777	220,696	213,332	Pledge to the California government under local law

37. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

- a. In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of June 30, 2015, December 31, 2014 and June 30, 2014 were as follows:

	June 30, 2015	December 31, 2014	June 30, 2014
Receivables under custody	\$ 34,090,061	\$ 33,805,502	\$ 35,340,683
Consigned travelers' checks	265,420	272,813	270,698
Guarantee notes payable	114,895,371	95,592,978	95,194,038
Assets under trust	129,120,489	134,087,160	127,351,320
Securities in custody	208,662,086	263,309,486	240,649,410
Government bonds in brokerage accounts	40,918,000	38,215,000	37,020,600
Short-term bills in brokerage accounts	1,215,500	960,055	1,508,720
Commitments of forward contracts with customers	117,963,608	62,944,254	39,983,692

- b. Operational risk and legal risk

Item	Reason and Amount	
	For the Six Months Ended June 30	
	2015	2014
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\$232,519 thousand has been paid as of June 30, 2015.

38. FINANCIAL INSTRUMENTS

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

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

Except as detailed in the following table, 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:

	June 30, 2015		December 31, 2014		June 30, 2014	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Financial assets</u>						
Held-to-maturity financial assets	\$ 97,891,695	\$ 98,006,381	\$ 99,818,623	\$ 99,912,324	\$ 116,604,868	\$ 116,740,103
<u>Financial liabilities</u>						
Bank debentures	37,150,000	37,030,213	38,027,600	37,831,808	39,765,907	39,657,752

2) Fair value level.

Financial Instruments Measured at Fair Value	June 30, 2015			
	Total	Level 1	Level 2	Level 3
Financial assets				
Held-for-trading financial assets	\$ 98,006,381	\$ 9,556,595	\$ 88,449,786	\$ -
Financial liabilities				
Bank debentures	37,030,213	-	37,030,213	-

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

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

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

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

1) Fair value level

Financial Instruments Measured at Fair Value	June 30, 2015			
	Total	Level 1	Level 2	Level 3
<u>Non-derivative instruments</u>				
Assets				
Financial assets at fair value through profit or loss				
Held-for-trading financial assets				
Stocks	\$ 197,150	\$ 197,150	\$ -	\$ -
Bonds	1,469,201	1,424,491	44,710	-
Other	33,028,809	24,121	33,004,688	-
Financial assets designated as at FVTPL	1,318,513	4,983	-	1,313,530
Available-for-sale financial assets				
Stocks	16,773,540	2,607,807	-	14,165,733
Bonds	147,783,262	55,192,863	91,628,870	961,529
Other	85,311,987	8,494,668	76,508,189	309,130
	<u>\$ 285,882,462</u>	<u>\$ 67,946,083</u>	<u>\$ 201,186,457</u>	<u>\$ 16,749,922</u>
<u>Derivative instruments</u>				
Assets				
Financial assets at fair value through profit or loss	<u>\$ 1,451,163</u>	<u>\$ 16,627</u>	<u>\$ 1,427,981</u>	<u>\$ 6,555</u>
Liabilities				
Financial liabilities at fair value through profit or loss	<u>\$ 1,252,453</u>	<u>\$ 130</u>	<u>\$ 1,249,160</u>	<u>\$ 3,163</u>
Financial Instruments Measured at Fair Value	December 31, 2014			
	Total	Level 1	Level 2	Level 3
<u>Non-derivative instruments</u>				
Assets				
Financial assets at fair value through profit or loss				
Held-for-trading financial assets				
Stocks	\$ 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
	<u>\$ 236,894,201</u>	<u>\$ 62,509,471</u>	<u>\$ 159,883,191</u>	<u>\$ 14,501,539</u>
<u>Derivative instruments</u>				
Assets				
Financial assets at fair value through profit or loss	<u>\$ 1,981,042</u>	<u>\$ 22,526</u>	<u>\$ 1,950,467</u>	<u>\$ 8,049</u>
Derivative instruments held for hedging	<u>27,315</u>	<u>-</u>	<u>27,315</u>	<u>-</u>
	<u>\$ 2,008,357</u>	<u>\$ 22,526</u>	<u>\$ 1,977,782</u>	<u>\$ 8,049</u>
Liabilities				
Financial liabilities at fair value through profit or loss	<u>\$ 1,361,043</u>	<u>\$ -</u>	<u>\$ 1,357,340</u>	<u>\$ 3,703</u>

Financial Instruments Measured at Fair Value	June 30, 2014			
	Total	Level 1	Level 2	Level 3
<u>Non-derivative instruments</u>				
Assets				
Financial assets at fair value through profit or loss				
Held-for-trading financial assets				
Stocks	\$ 659,150	\$ 659,150	\$ -	\$ -
Bonds	850,429	850,429	-	-
Other	29,119,466	10,150	29,109,316	-
Financial assets designated as at FVTPL	1,433,550	-	-	1,433,550
Available-for-sale financial assets				
Stocks	12,224,437	2,547,805	-	9,676,632
Bonds	128,280,344	44,230,630	83,339,398	710,316
Other	58,702,778	8,875,523	48,962,980	864,275
	<u>\$ 231,270,154</u>	<u>\$ 57,173,687</u>	<u>\$ 161,411,694</u>	<u>\$ 12,684,773</u>
<u>Derivative instruments</u>				
Assets				
Financial assets at fair value through profit or loss	\$ 683,394	\$ -	\$ 664,202	\$ 19,192
Derivative instruments held for hedging	65,865	-	65,865	-
	<u>\$ 749,259</u>	<u>\$ -</u>	<u>\$ 730,067</u>	<u>\$ 19,192</u>
Liabilities				
Financial liabilities at fair value through profit or loss	\$ 604,781	\$ -	\$ 591,586	\$ 13,195
Derivative instruments held for hedging	8,048	-	8,048	-
	<u>\$ 612,829</u>	<u>\$ -</u>	<u>\$ 599,634</u>	<u>\$ 13,195</u>

There were no transfers of financial instruments between level 1 and level 2 fair value measurement for the six months ended June 30, 2015 and 2014.

- 2) Reconciliation of level 3 fair value measurements of financial assets and liabilities for the six months ended June 30, 2015 and 2014 is as follows:

For the six months ended June 30, 2015

Item	Beginning Balance	Amount of Valuation Gain or Loss		Addition		Reduction		Ending Balance
		Included in Profit or Loss	Included in Other Comprehensive Income	Buy or Issue	Transferred In	Sell Out, Disposal or Settlement	Transferred Out from Third Level	
<u>Assets</u>								
Financial assets at FVTPL								
Held-for-trading financial assets	\$ 8,049	\$ (1,494)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,555
Financial assets designated as at fair value	1,343,900	(32,841)	-	543,449	-	(540,978)	-	1,313,530
Available-for-sale financial assets	13,157,639	-	1,405,749	1,625,702	-	(752,698)	-	15,436,392
<u>Liabilities</u>								
Financial liabilities at FVTPL								
Held-for-trading financial liabilities	3,703	(540)	-	-	-	-	-	3,163

For the six months ended June 30, 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	
<u>Assets</u>								
Financial assets at FVTPL								
Held-for-trading financial assets	\$ 95,971	\$ (69,977)	\$ -	\$ 12,923	\$ -	\$ (19,725)	\$ -	\$ 19,192
Financial assets designated as at fair value	1,545,803	20,594	-	447,735	-	(580,582)	-	1,433,550
Available-for-sale financial assets	10,860,597	-	213,319	761,339	-	(584,032)	-	11,251,223
<u>Liabilities</u>								
Financial liabilities at FVTPL								
Held-for-trading financial liabilities	90,071	(73,475)	-	6,461	-	(9,862)	-	13,195

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

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

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

Fair value evaluation categorized as level 3 included but not limited to FVTPL, equity securities investment, derivatives, and held to maturity financial assets.

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

	Fair Value	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted-average)	Notes
<u>Non-derivative financial assets</u>					
Financial assets at FVTPL					
Corporate bonds	\$ 1,313,530	Bids from counterparties	Lack of market liquidity discount	0%-10%	The increase in discount from lack of market liquidity decreases fair value.
Available-for-sale financial assets					
Stocks	14,165,733	Net assets method	Lack of market liquidity discount	0%-10%	The increase in discount from lack of market liquidity decreases fair value.
Bonds	961,529	Bids from counterparties	Lack of market liquidity discount	0%-10%	The increase in discount from lack of market liquidity decreases fair value.
Time deposit	309,130	Discounted cash flow	Lack of market liquidity discount	0%-10%	The increase in discount from lack of market liquidity decreases fair value.

(Continued)

	Fair Value	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted-average)	Notes
<u>Derivative financial assets</u>					
Financial assets at FVTPL					
Interest rate swap	\$ 3,392	Discounted cash flow	Fluctuating	0%-10%	The increase in volatility decreases fair value.
Option	3,163	Discounted cash flow	Fluctuating	0%-10%	The increase in volatility decreases fair value.
<u>Derivative financial liabilities</u>					
Financial liability at FVTPL					
Option	3,163	Discounted cash flow	Fluctuating	0%-10%	The increase in volatility decreases fair value.

(Concluded)

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

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

June 30, 2015

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

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
<u>Assets</u>				
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)
<u>Liabilities</u>				
Financial liabilities at FVTPL				
Held-for-trading financial liabilities	-	(910)	-	-

June 30, 2014

	Changes in Fair Value Reflected in Profit or Loss		Changes in Fair Value Reflected in Other Comprehensive Income	
	Favorable	Unfavorable	Favorable	Unfavorable
<u>Assets</u>				
Financial assets at FVTPL				
Held-for-trading financial assets	\$ 10,796	\$ (479)	\$ -	\$ -
Financial assets designated as at fair value	-	(1,201)	-	-
Available-for-sale financial assets	-	-	96,766	(8,594)
<u>Liabilities</u>				
Financial liabilities at FVTPL				
Held-for-trading financial liabilities	-	(10,796)	-	-

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

June 30, 2015

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

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
<u>Assets</u>				
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)
<u>Liabilities</u>				
Financial liabilities at FVTPL				
Held-for-trading financial liabilities	4,973	-	-	-

June 30, 2014

	Changes in Fair Value Reflected in Profit or Loss		Changes in Fair Value Reflected in Other Comprehensive Income	
	Favorable	Unfavorable	Favorable	Unfavorable
<u>Assets</u>				
Financial assets at FVTPL				
Held-for-trading financial assets	\$ 2,556	\$ (419)	\$ -	\$ -
Financial assets designated as at fair value	1,201	-	-	-
Available-for-sale financial assets	-	-	6,396	(96,766)
<u>Liabilities</u>				
Financial liabilities at FVTPL				
Held-for-trading financial liabilities	-	(2,556)	-	-

c. Financial risk management

1) Risk management

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

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

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

2) Credit risk

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

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

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

a) Procedures of credit risk management

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

i. Credit business (loan commitments and guarantees included)

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

i) Classification of credit assets

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

ii) Credit quality rating

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

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

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

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

ii. Due from and call loans to bank

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

iii. Debt investment and derivative financial instruments

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

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

b) Policies of credit risk hedging or mitigation

i. Collaterals

The Group applies series of policies to decrease credit risks in its lending business. Among those policies is to request collaterals from creditors. To secure the creditor's rights, the Group has established procedures for pledge, valuation, management, and disposal of collaterals. The contracts between the Group and the creditors clearly state the protocols, including but not limited to the security of credit, procedures for collateral and for setoff. To further decrease credit risks, the contracts also proclaim that the Group may decrease the credit facilities at its discretion, accelerate the maturity of the borrowings, demand immediate payback, or offset creditors' assets in the Group against the borrowings.

ii. Limitation of credit risk and credit concentration management

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

iii. Other mechanism for credit risk management

The Group applies series of policies to decrease credit risks. Among those policies is to require collaterals from creditors. The Group has procedures for valuation, management, and disposal of collateral to secure the credits. The contracts between the Group and the creditors clearly state the protocols, including but not limited to the secure of the credit, procedures for collateral and setoff. To further decrease credit risks, the contracts also proclaim that the Group may decrease the balances, shorten the maturity period, demand immediate payback, or offset creditors' assets in the Group to offset the liabilities.

Collaterals for business other than loan borrowings vary by the natures of financial instruments related. Only asset-backed securities and other similar financial instruments are secured by a pool of financial assets.

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

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

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

June 30, 2015

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

December 31, 2014

	Maximum Exposure to Credit Risk Mitigated by			
	Collateral	Master Netting Arrangement	Other Credit Enhancements	Total
Receivables	\$ 1,235,278	\$ 626,798	\$ 1,208,048	\$ 3,070,124
Discount and loans	616,752,306	-	84,536,431	701,288,737
Held-for-trading financial assets - short-term bills	-	-	11,981,394	11,981,394
Financial assets designated as at fair value	-	-	157,052	157,052
Available-for-sale financial assets - bonds	-	-	4,176,918	4,176,918
Held-to-maturity - bonds	-	-	157,906	157,906

June 30, 2014

	Maximum Exposure to Credit Risk Mitigated by			
	Collateral	Master Netting Arrangement	Other Credit Enhancements	Total
Receivables	\$ 1,244,681	\$ 41,173	\$ 899,547	\$ 2,185,401
Discount and loans	592,312,206	-	76,998,031	669,310,237
Held-for-trading financial assets - short-term bills	-	-	4,634,397	4,634,397
Available-for-sale financial assets - bonds	-	-	5,571,178	5,571,178
Held-to-maturity - bonds	-	-	148,680	148,680

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

c) Credit risk exposures

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

	June 30, 2015	December 31, 2014	June 30, 2014
Developed and noncancelable loan commitments	\$ 346,321,444	\$ 348,585,181	\$ 335,590,753
Noncancelable credit card commitments	1,161,102	1,029,402	1,222,416
Issued but unused letters of credit	47,075,836	18,298,976	52,789,142
Other guarantees	52,179,311	45,595,364	53,952,809

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

d) Information on concentration of credit risk

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

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

i. Counterparty

Counterparty	June 30, 2015		December 31, 2014		June 30, 2014	
	Amount	% to Total	Amount	% to Total	Amount	% to Total
Private sector	\$ 525,984,281	63	\$ 548,979,550	64	\$ 511,328,364	62
Consumer	297,151,089	35	293,850,036	34	279,873,582	34
Financial institution	9,712,093	1	7,932,830	1	22,488,421	3
Others	<u>8,528,861</u>	<u>1</u>	<u>9,858,338</u>	<u>1</u>	<u>4,871,234</u>	<u>1</u>
	<u>\$ 841,376,324</u>	<u>100</u>	<u>\$ 860,620,754</u>	<u>100</u>	<u>\$ 818,561,601</u>	<u>100</u>

ii. Region

Region	June 30, 2015		December 31, 2014		June 30, 2014	
	Amount	% to Total	Amount	% to Total	Amount	% to Total
R.O.C.	\$ 488,739,593	58	\$ 482,878,926	56	\$ 469,251,339	57
Asia Pacific excluding R.O.C.	285,227,927	34	312,105,767	36	290,077,842	36
Others	<u>67,408,806</u>	<u>8</u>	<u>65,636,061</u>	<u>8</u>	<u>59,232,420</u>	<u>7</u>
	<u>\$ 841,376,326</u>	<u>100</u>	<u>\$ 860,620,754</u>	<u>100</u>	<u>\$ 818,561,601</u>	<u>100</u>

iii. Collaterals assumed

Collaterals Assumed	June 30, 2015		December 31, 2014		June 30, 2014	
	Amount	% to Total	Amount	% to Total	Amount	% to Total
Unsecured	\$ 137,013,595	16	\$ 141,624,158	16	\$ 144,508,864	18
Secured						
Properties	363,022,943	43	522,996,796	61	491,082,128	60
Guarantee	66,297,863	8	107,649,182	13	95,030,626	12
Financial collateral	214,481,698	25	39,725,331	5	36,704,587	4
Movable properties	24,380,594	3	10,027,039	1	10,467,808	1
Other collaterals	<u>36,179,633</u>	<u>5</u>	<u>38,598,248</u>	<u>4</u>	<u>40,767,588</u>	<u>5</u>
	<u>\$ 841,376,326</u>	<u>100</u>	<u>\$ 860,620,754</u>	<u>100</u>	<u>\$ 818,561,601</u>	<u>100</u>

e) Information on credit risk quality

Part of the financial assets held by the Group, including 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 with very low credit risk because the counterparties have good credit ratings.

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

i. Credit quality analysis of discounts and loans and receivables

i) The Bank and its domestic subsidiaries

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

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

June 30, 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	\$ 1,437,228	\$ 652,919	\$ 65,471	\$ 2,155,618	\$ 52,670	\$ 92,837	\$ 2,301,125	\$ 75,868	\$ 100,433	\$ 2,124,824
Others	2,476,300	3,708,465	508,417	6,693,182	336,305	195,438	7,224,925	22,927	138,065	7,063,933
Discounts and loans	347,989,703	153,178,610	38,269,947	539,438,260	18,960,380	10,646,680	569,045,320	6,086,425	2,191,003	560,767,892

ii) SCB (HK)

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

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

June 30, 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	\$ 850,556	\$ 37,156	\$ -	\$ -	\$ -	\$ 887,712	\$ 11,607	\$ 16,849	\$ 916,168	\$ 6,266	\$ 20,522	\$ 889,380
Others	6,044,103	-	-	-	-	6,044,103	-	-	6,044,103	-	-	6,044,103
Discounts and loans	239,839,983	3,192,652	-	-	-	243,032,635	5,419,748	1,063,898	249,516,281	115,222	944,419	248,456,640

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

i) The Bank and its domestic subsidiaries

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

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

June 30, 2014	Neither Past Due Nor Impaired			
	Strong	Moderate	Special Mentioned	Total
Consumer banking				
Housing mortgage	\$ 156,415,101	\$ 10,038,050	\$ 1,976,594	\$ 168,429,745
Credit loans	221,478	169,944	160,242	551,664
Others	16,402,424	1,771,750	337,712	18,511,886
Corporate banking				
Secured	102,517,382	68,863,608	18,634,920	190,015,910
Unsecured	72,433,318	72,335,258	17,160,479	161,929,055
Total	\$ 347,989,703	\$ 153,178,610	\$ 38,269,947	\$ 539,438,260

ii) SCB (HK)

June 30, 2015	Neither Past Due Not Impaired					
	Pass	Special Mentioned	Sub-Standard	Doubtful	Loss	Subtotal
Consumer banking						
Housing mortgage	\$ 32,982,325	\$ 754,144	\$ -	\$ -	\$ -	\$ 33,736,469
Credit loans	1,971,379	12,832	-	-	-	1,984,211
Others	23,796,054	108,991	-	-	-	23,905,045
Corporate banking						
Secured	145,777,767	2,671,151	-	-	-	148,448,918
Unsecured	18,836,670	86,995	-	-	-	18,923,665
Discounts	1,675	-	-	-	-	1,675
Overdrafts	13,134,684	846,052	-	-	-	13,980,736
Inward/outward documentary bills	20,093,488	384,798	-	-	-	20,478,286
Total	\$ 256,594,042	\$ 4,864,963	\$ -	\$ -	\$ -	\$ 261,459,005

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

June 30, 2014	Neither Past Due Nor Impaired					
	Pass	Special Mentioned	Sub-Standard	Doubtful	Loss	Subtotal
Consumer banking						
Housing mortgage	\$ 29,201,767	\$ 425,548	\$ -	\$ -	\$ -	\$ 29,627,315
Credit loans	1,202,652	35,792	-	-	-	1,238,444
Others	21,967,874	183,475	-	-	-	22,151,349
Corporate banking						
Secured	128,861,923	1,361,102	-	-	-	130,223,025
Unsecured	21,298,844	95,789	-	-	-	21,394,633
Discounts	2,222	-	-	-	-	2,222
Overdrafts	12,233,112	719,707	-	-	-	12,952,819
Inward/outward documentary bills	25,071,589	371,239	-	-	-	25,442,828
Total	\$ 239,839,983	\$ 3,192,652	\$ -	\$ -	\$ -	\$ 243,032,635

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

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

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

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	June 30, 2014			
	Past Due Up to a Month	Past Due One to Three Months	Past Due Over Three Months	Total
Receivables				
Credit card	\$ 55,038	\$ 9,194	\$ 45	\$ 64,277
Others	326,907	15,728	655	343,290
Discounts and loans				
Consumer banking				
Housing mortgage	4,376,991	750,146	2,295	5,129,432
Credit loans	33,010	1,527	-	34,537
Others	411,981	51,749	2,750	466,480
Corporate banking				
Secured	9,972,533	2,247,921	60,174	12,280,628
Unsecured	5,406,005	943,392	-	6,349,397
Subtotal loans	20,200,520	3,994,735	65,219	24,260,474
Overdrafts	-	59,850	-	59,850
Inward/outward documentary bills	42,023	17,781	-	59,804
Total	\$ 20,242,543	\$ 4,072,366	\$ 65,219	\$ 24,380,128

iii. Credit quality analysis of security investment

i) The Bank

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

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

June 30, 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	\$ 49,034,125	\$ 18,359,429	\$ 20,403,471	\$ 2,021,013	\$ 701,994	\$ 90,520,032	\$ -	\$ 89,547	\$ 90,609,579	\$ 89,547	\$ 90,520,032
Stocks	-	-	-	-	11,938,761	11,938,761	-	-	11,938,761	-	11,938,761
Bills	-	-	-	-	1,624,988	1,624,988	-	-	1,624,988	-	1,624,988
Held-to-maturity financial assets											
Bonds	253,819	-	294,975	-	-	548,794	-	-	548,794	-	548,794
Bills	106,500,000	-	-	-	-	106,500,000	-	-	106,500,000	-	106,500,000
Financial assets at FVTPL											
Bonds	-	-	90,345	-	1,343,205	1,433,550	-	-	1,433,550	-	1,433,550
Other financial assets											
Debt	-	-	-	-	200,000	200,000	-	-	200,000	-	200,000
Stocks	-	-	-	-	11,787	11,787	-	-	11,787	-	11,787

ii) SCB (HK)

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

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 Mentioned	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

June 30, 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 Mentioned	Sub-Standard	Doubtful	Loss	Subtotal (A)					
Available-for-sale financial assets											
Bonds	\$ 35,760,312	\$ -	\$ -	\$ -	\$ -	\$ 35,760,312	\$ -	\$ -	\$ 35,760,312	\$ -	\$ 35,760,312
Stocks	8,400,486	-	-	-	-	8,400,486	-	-	8,400,486	-	8,400,486
Bills	48,962,980	-	-	-	-	48,962,980	-	-	48,962,980	-	48,962,980
Held-to-maturity financial assets											
Bonds	9,257,582	-	-	-	-	9,257,582	-	-	9,257,582	-	9,257,582
Bills	298,492	-	-	-	-	298,492	-	-	298,492	-	298,492

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 risk exposures of equity securities include domestic listed stocks and funds. Major interest risk exposures consist of bonds and interest rate derivative instruments such as fixed and floating interest rate swap and bond options. Major foreign exchange risk is resulted from the foreign currencies held by the Group.

b) Market risk management policies

The Group monitors its market risk positions and tolerable loss according to the risk management objective and limit approved by the Board of Directors.

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

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

c) Market risk management process

i. Recognition and measurement

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

ii. Monitor and report

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

d) Interest rate management policies

i. Definition of interest rate risk

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

ii. Purpose of interest risk management

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

iii. Procedures of interest risk management

The Group should carefully choose investment target through conducting research in sponsor's credit, financial status, country risks and interest rate trend. The Group should also establish trading amount limit and stop-loss limit including limit for trading room, trading personals and trading product etc. according to trading book operation policies and market status which is approved by top management personnel 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 economic values of changes in interest rate. On a monthly basis, the Group reports the analysis monitoring of limit on interest rate risk position and various interest rate management objectives to the Assets and Liabilities Management Committee and the Board of Directors.

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

iv. Measurement methods

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

e) Foreign exchange rate risk management

i. Definition of foreign exchange risk

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

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

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

The Group performs pressure test assuming a 3% exchange rate fluctuation on its major foreign currencies (USD) at least once a quarter and reports the result to the 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 risk caused by price fluctuation on individual equity security and general risk for price changes in entire equity security market.

ii. Purpose of equity security price risk management

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

iii. Procedures of equity security price risk management

The Group regularly uses β value to measure the degree of influence on investment portfolio due to system risk. Stolo loss point is set according to the policy approved by the Assets and Liabilities Management Committee. Stolo 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 changes in several market conditions. Limits of various financial instruments are set by the Board of Directors and monitored by its risk management department. The Group also establishes sensitivity analysis based on major risk factors of various financial products in order to monitor the changes in various market risk factors of financial products.

i. Sensitivity analysis

i) Interest rate risk

The Group has assessed the possible impact on income if all yield curves worldwide move between -100 to +100 from base points simultaneously on June 30, 2015, December 31, 2014 and June 30, 2014.

ii) Foreign exchange rate risk

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

iii) Equity securities price risk

The Group has assessed the possible impact on income when the prices of equity security rise or fall by 10% while other factors remain unchanged on June 30, 2015, December 31, 2014 and June 30, 2014.

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

ii. Sensitivity analysis is summarized as follows:

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

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 increase 10%	1,779,048	73,280
Price risk of equity securities	Price of equity securities decrease 10%	(1,779,048)	(73,280)

June 30, 2014			
Major Risk	Variation Range	Amount	
		Equity	Profit or Loss
Foreign exchange risk	Various currencies/NTD increased 3%	\$ 1,430,520	\$ 21,601
Foreign exchange risk	Various currencies/NTD decreased 3%	(1,430,520)	(21,601)
Interest rate risk	Rate curve increased 100BPS	(3,948,273)	388,053
Interest rate risk	Rate curve decreased 100BPS	3,948,273	(388,053)
Price risk of equity securities	Price of equity securities increase 10%	1,800,997	61,290
Price risk of equity securities	Price of equity securities decrease 10%	(1,800,997)	(61,290)

4) Liquidity risk

a) The sources and definition of liquidity risk

The liquidity risk is the possibility that the Group is unable to liquidate assets or obtain financing to fulfill matured financial liabilities which may result in financial loss. Liquidity risk may be present when, for example, deposits are withdrawn in advance of the original date of settlement, the market becomes worse and borrowing from other banks becomes difficult, the clients' credit deteriorates leading 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 for 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, the need to liquidate the Group's assets and the possibility of unable to fulfill loan commitments. Liquidity risks include inherent risks that may be affected by some specific industry events or overall market condition. These events include but are not limited to credit, merger and acquisitions, systemic breakdown and natural disasters.

b) The management policies are as follows:

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

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

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

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

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

June 30, 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	\$ 40,101,202	\$ 3,055,934	\$ 274,530	\$ 8,561	\$ 1,228,204	\$ 44,668,431
Borrowings from the Central Bank and banks	604,781	-	-	-	-	604,781
Securities sold under repurchase agreements	5,037,498	630,072	181,935	2,077,697	-	7,927,202
Payables	25,182,381	1,265,273	740,557	423,761	9,171	27,621,143
Deposits and remittances	688,422,450	224,821,014	139,381,877	119,655,310	9,575,054	1,181,855,705
Bank debentures	65,907	3,300,000	1,700,000	3,000,000	31,700,000	39,765,907
Other financial liabilities	6,392,553	-	-	-	-	6,392,553

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

i. Derivative financial liabilities of net settlement

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

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

June 30, 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	\$ 20,776	\$ 30,223	\$ 35,223	\$ 43,777	\$ 2,046	\$ 132,045
Rate derivatives	-	8,048	54	180	48,243	56,525

ii. Derivative financial liabilities of total settlement

June 30, 2015	Due in One Month	Due Between One Month and Three Months	Due Between Three Months and Six Months	Due Between Six Months and One Year	Due After One Year	Total
Derivative financial liabilities at fair value through profit or loss						
Foreign exchange derivatives						
Cash inflow	\$ 55,998,200	\$ 43,946,865	\$ 25,664,000	\$ 21,506,804	\$ 751,888	\$ 147,867,757
Cash outflow	56,164,539	44,245,267	25,910,561	21,683,605	753,097	148,757,069

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

June 30, 2014	Due in One Month	Due Between One Month and Three Months	Due Between Three Months and Year	Due Between Year and One Year	Due After One Year	Total
Derivative financial liabilities at fair value through profit or loss						
Foreign exchange derivatives						
Cash inflow	\$ 20,798,628	\$ 14,049,868	\$ 11,672,489	\$ 14,458,145	\$ 12,944	\$ 60,992,074
Cash outflow	20,890,855	14,125,464	11,713,886	14,503,946	13,117	61,247,268

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

June 30, 2015	Due in One Month	Due Between One Month and Three Months	Due Between Three Months and Six Months	Due Between Six Months and One Year	Due After One Year	Total
Developed and noncancelable loan commitments	\$ 29,159,976	\$ 59,052,769	\$ 87,111,196	\$163,086,584	\$ 7,910,919	\$346,321,444
Noncancelable credit card commitments	100,319	200,638	300,958	559,187	-	1,161,102
Issued but unused letters of credit	40,974,600	4,584,396	1,121,044	245,304	150,492	47,075,836
Other guarantees	5,955,138	8,068,635	5,662,414	16,694,774	15,798,350	52,179,311

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

June 30, 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	\$ 20,919,023	\$ 41,910,162	\$ 62,353,427	\$125,693,356	\$ 84,714,785	\$335,590,753
Noncancelable credit card commitments	77,379	154,758	232,137	464,273	293,869	1,222,416
Issued but unused letters of credit	44,822,663	6,546,621	598,822	634,992	186,044	52,789,142
Other guarantees	9,007,779	8,432,930	5,875,595	13,836,391	16,800,114	53,952,809

d. Transfer of financial assets

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

June 30, 2015

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

December 31, 2014

Type of Financial Assets	The Book Value of Financial Assets Transferred	The Book Value of Related Financial Liabilities	The Fair Value of Financial Assets Transferred	The Fair Value of Related Financial Liabilities	Net Amount
Available-for-sale financial assets - purchased call options	\$ 6,416,216	\$ 6,475,072	\$ 6,416,216	\$ 6,475,072	\$ (58,856)

June 30, 2014

Type of Financial Assets	The Book Value of Financial Assets Transferred	The Book Value of Related Financial Liabilities	The Fair Value of Financial Assets Transferred	The Fair Value of Related Financial Liabilities	Net Amount
Available-for-sale financial assets - purchased call options	\$ 8,135,109	\$ 7,927,202	\$ 8,135,109	\$ 7,927,202	\$ 207,907

e. Offsetting financial assets and financial liabilities

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

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

June 30, 2015

Financial Assets	Gross Amounts of Recognized Financial Assets	Gross Amounts of Recognized Financial Liabilities Set Off in the Balance Sheet	Net Amounts of Financial Assets Presented in the Balance Sheet	Related Amounts Not Set Off in the Balance Sheet		Net Amount
				Financial Instruments	Cash Collateral Received	
Derivative	\$ 346,680	\$ -	\$ 346,680	\$ (208,304)	\$ -	\$ 138,376
Reverse repurchase, securities borrowing and similar agreements	2,454,569	2,454,569	-	-	-	-
Reverse repurchase	4,882,013	-	4,882,013	(4,882,013)	-	-
	<u>\$ 7,683,262</u>	<u>\$ 2,454,569</u>	<u>\$ 5,228,693</u>	<u>\$ (5,090,317)</u>	<u>\$ -</u>	<u>\$ 138,376</u>

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

December 31, 2014

Financial Assets	Gross Amounts of Recognized Financial Assets	Gross Amounts of Recognized Financial Liabilities Set Off in the Balance Sheet	Net Amounts of Financial Assets Presented in the Balance Sheet	Related Amounts Not Set Off in the Balance Sheet		Net Amount
				Financial Instruments	Cash Collateral Received	
Derivative	\$ 245,912	\$ -	\$ 245,912	\$ (127,821)	\$ -	\$ 118,091
Reverse repurchase, securities borrowing and similar agreements	2,168,873	1,542,075	626,798	-	-	626,798
Reverse repurchase	<u>11,046,883</u>	<u>-</u>	<u>11,046,883</u>	<u>(11,046,883)</u>	<u>-</u>	<u>-</u>
	<u>\$ 13,461,668</u>	<u>\$ 1,542,075</u>	<u>\$ 11,919,593</u>	<u>\$ (11,174,704)</u>	<u>\$ -</u>	<u>\$ 744,889</u>

Financial Liabilities	Gross Amounts of Recognized Financial Liabilities	Gross Amounts of Recognized Financial Assets Set Off in the Balance Sheet	Net Amounts of Financial Liabilities Presented in the Balance Sheet	Related Amounts Not Set Off in the Balance Sheet		Net Amount
				Financial Instruments	Cash Collateral Pledged	
Derivative	\$ 241,362	\$ -	\$ 241,362	\$ (127,821)	\$ -	\$ 113,541
Repurchase, securities borrowing and similar agreements	1,584,364	1,542,075	42,289	-	-	42,289
Repurchase	<u>6,475,072</u>	<u>-</u>	<u>6,475,072</u>	<u>(6,475,072)</u>	<u>-</u>	<u>-</u>
	<u>\$ 8,300,798</u>	<u>\$ 1,542,075</u>	<u>\$ 6,758,723</u>	<u>\$ (6,602,893)</u>	<u>\$ -</u>	<u>\$ 155,830</u>

June 30, 2014

Financial Assets	Gross Amounts of Recognized Financial Assets	Gross Amounts of Recognized Financial Liabilities Set Off in the Balance Sheet	Net Amounts of Financial Assets Presented in the Balance Sheet	Related Amounts Not Set Off in the Balance Sheet		Net Amount
				Financial Instruments	Cash Collateral Received	
Derivative	\$ 201,816	\$ -	\$ 201,816	\$ (152,580)	\$ -	\$ 49,236
Reverse repurchase, securities borrowing and similar agreements	953,268	912,095	41,173	-	-	41,173
Reverse repurchase	<u>3,800,406</u>	<u>-</u>	<u>3,800,406</u>	<u>(3,800,406)</u>	<u>-</u>	<u>-</u>
	<u>\$ 4,955,490</u>	<u>\$ 912,095</u>	<u>\$ 4,043,395</u>	<u>\$ (3,952,986)</u>	<u>\$ -</u>	<u>\$ 90,409</u>

Financial Liabilities	Gross Amounts of Recognized Financial Liabilities	Gross Amounts of Recognized Financial Assets Set Off in the Balance Sheet	Net Amounts of Financial Liabilities Presented in the Balance Sheet	Related Amounts Not Set Off in the Balance Sheet		Net Amount
				Financial Instruments	Cash Collateral Pledged	
Derivative	\$ 560,778	\$ -	\$ 560,778	\$ (512,172)	\$ -	\$ 48,606
Repurchase, securities borrowing and similar agreements	1,041,579	912,095	129,484	-	-	129,484
Repurchase	<u>7,927,202</u>	<u>-</u>	<u>7,927,202</u>	<u>(7,927,202)</u>	<u>-</u>	<u>-</u>
	<u>\$ 9,529,559</u>	<u>\$ 912,095</u>	<u>\$ 8,617,464</u>	<u>\$ (8,439,374)</u>	<u>\$ -</u>	<u>\$ 178,090</u>

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

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

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

a. The Bank

	For the Six Months Ended June 30, 2015	
	Average Balance	Average Rate (%)
<u>Interest-earning assets</u>		
Cash and cash equivalents - due from other banks	\$ 18,326,491	1.26
Due from the Central Bank and call loans to banks	64,220,359	0.85
Financial assets at fair value through profit or loss	35,652,516	0.76
Securities purchased under agreement to resell	10,085,149	0.55
Credit card revolving balances	757,300	14.68
Discounts and loans (excluding nonperforming loans)	575,383,907	2.38
Available-for-sale financial assets	96,997,992	1.72
Held-to-maturity financial assets	87,931,710	0.87
Bills purchased	18,044	1.90
<u>Interest-bearing liabilities</u>		
Due to the Central Bank and banks	14,452,547	1.43
Securities sold under agreement to repurchase	7,930,424	0.53
Borrowings from the Central Bank and banks	8,609	-
Negotiable certificates of deposits	15,977,678	0.71
Demand deposits	190,812,997	0.08
Savings deposits	118,648,065	0.38
Time deposits	341,510,124	1.11
Time-savings	117,520,175	1.32
Bank debentures	37,721,667	1.62
Appropriated loan funds	4,637,792	-
Structured deposit instruments principal	2,227,980	0.71
	For the Six Months Ended June 30, 2014	
	Average Balance	Average Rate (%)
<u>Interest-earning assets</u>		
Cash and cash equivalents - due from other banks	\$ 15,003,494	2.68
Due from the Central Bank and call loans to banks	50,121,801	0.87
Financial assets at fair value through profit or loss	32,199,415	0.89
Securities purchased under agreement to resell	3,261,290	0.56
Credit card revolving balances	821,558	16.59

(Continued)

	For the Six Months Ended June 30, 2014	
	Average Balance	Average Rate (%)
Discounts and loans (excluding nonperforming loans)	\$ 550,288,142	2.35
Available-for-sale financial assets	87,751,335	1.68
Held-to-maturity financial assets	107,127,663	0.87
Bills purchased	9,979	1.61

Interest-bearing liabilities

Due to the Central Bank and banks	16,895,264	0.90
Securities sold under agreement to repurchase	8,151,910	0.54
Borrowings from the Central Bank and banks	1,628,484	0.56
Negotiable certificates of deposits	3,506,280	0.70
Demand deposits	167,906,713	0.08
Savings deposits	114,985,204	0.38
Time deposits	334,324,875	1.11
Time-savings	121,555,848	1.32
Bank debentures	36,602,151	1.67
Appropriated loan funds	5,201,599	0.01
Structured deposit instruments principal	1,900,366	0.95

(Concluded)

b. SCB (HK)

	For the Six Months Ended June 30, 2015	
	Average Balance	Average Rate (%)
<u>Interest-earning assets</u>		
Due from other banks	\$ 219,179,317	1.56
Discounts and loans (excluding nonperforming loans)	101,250,191	2.49
Credit card revolving balances	223,046	26.75
Debt instruments (including available-for-sale financial assets, financial assets at fair value through profit or loss, and held-to-maturity financial assets)	269,826,333	3.32

Interest-bearing liabilities

Due to other banks	23,552,311	0.81
Demand deposits	191,770,245	0.03
Time deposits	309,424,609	1.50

	For the Six Months Ended June 30, 2014	
	Average Balance	Average Rate (%)
<u>Interest-earning assets</u>		
Due from other banks	\$ 181,570,792	1.85
Discounts and loans (excluding nonperforming loans)	246,268,289	3.20
Credit card revolving balances	246,178	26.65
Debt instruments (including available-for-sale financial assets, financial assets at fair value through profit or loss, and held-to-maturity financial assets)	96,951,039	2.44
<u>Interest-bearing liabilities</u>		
Due to other banks	21,255,946	0.99
Demand deposits	162,322,126	0.03
Time deposits	278,040,815	1.41

40. CAPITAL MANAGEMENT

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

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

The following table which lists the equity capital, risk-weighted assets, and risk exposure is calculated according to "Regulations Governing the Capital Adequacy and Capital Category of Banks" that was modified by Financial Supervisory Commission R.O.C (Ref. No. 10110007010) on November 26, 2012.

The Group conformed to the regulation on capital management on June 30, 2015, December 31, 2014 and June 30, 2014.

	June 30, 2015	December 31, 2014	June 30, 2014
Analysis items			
Eligible capital			
Common equity	\$ 115,318,330	\$ 114,893,612	\$ 105,289,565
Other Tier I capital	-	-	-
Tier II capital	<u>34,315,165</u>	<u>33,574,394</u>	<u>31,239,943</u>
Eligible capital	<u>\$ 149,633,495</u>	<u>\$ 148,468,006</u>	<u>\$ 136,529,508</u>

(Continued)

	June 30, 2015	December 31, 2014	June 30, 2014
Risk-weighted assets			
Credit risk			
Standardized approach	\$ 1,017,560,911	\$ 1,020,964,307	\$ 956,800,274
Credit valuation adjustment	460,669	415,212	223,285
Internal rating based approach	N/A	N/A	N/A
Synthetic securitization	563,448	547,245	805,440
Operational risk			
Basic indicator approach	48,404,335	48,404,335	44,858,190
Standardized approach/alternative standardized approach	N/A	N/A	N/A
Advanced measurement approach	N/A	N/A	N/A
Market risk			
Standardized approach	48,785,509	50,100,026	45,200,946
Internal models approach	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Total risk-weighted assets	<u>\$ 1,115,774,872</u>	<u>\$ 1,120,431,125</u>	<u>\$ 1,047,888,135</u>
Capital adequacy ratio	13.42%	13.25%	13.03%
Ratio of common equity to risk-weighted assets	10.34%	10.25%	10.05%
Ratio of Tier I capital to risk-weighted assets	10.34%	10.25%	10.05%
Leverage ratio	6.89%	4.38%	4.17%
			(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

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

a. Assets quality: As stated in Table 1

b. Concentration of credit risks

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

Ranking (Note 1)	June 30, 2015					
	The Bank			SCB (HK)		
	Group Enterprise (Note 2)	Total Balances of Credit Extensions (Note 3)	Ratio of Credit Extensions to Net Worth (%)	Group Enterprise (Note 2)	Total Balances of Credit Extensions (Note 3)	Ratio of Credit Extensions to Net Worth (%) (Note 4)
1	A Group (chemical manufacturing)	\$ 4,900,786	4.54	a Group (hotels and property development)	\$ 3,797,596	4.34
2	B Group (real estate rental)	4,828,125	4.47	b Group (hotels and property development)	3,735,899	4.27
3	C Group (head office)	3,952,965	3.66	c Group (hotels and property development)	3,602,958	4.12
4	D Group (computer manufacturing)	3,586,593	3.32	d Inc. (import and export of garments and accessories)	3,348,413	3.83
5	E Group (real estate development)	3,410,533	3.16	e Group (property investment)	3,335,796	3.81
6	F Inc. (head office)	3,091,300	2.86	f Group (holding and steel trading)	2,922,885	3.34
7	G Group (semi-conductor manufacturing)	2,891,572	2.68	g Group (property development and investment)	2,705,003	3.09
8	H Inc. (head office)	2,763,509	2.56	h Group (property investment)	2,329,931	2.66
9	I Inc. (head office)	2,740,891	2.54	i Group (property development and investment)	2,308,106	2.64
10	J Inc. (glass fiber sewing industry)	2,613,433	2.42	j Group (property investment)	2,257,499	2.58

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	k Group (automobile)	3,877,886	4.37
3	C Group (liquid crystal panel and components manufacturing)	4,631,781	4.30	b Group (hotels and property development)	3,550,879	4.00
4	E Group (real estate development)	3,665,584	3.40	h Group (property investment)	3,237,488	3.65
5	F Group (head offices)	3,167,000	2.94	j Group (property investment)	2,975,320	3.35
6	G Group (integrated circuit manufacturing)	2,876,361	2.67	g Group (property development and investment)	2,695,301	3.04
7	H Group (head offices)	2,833,946	2.63	i Group (property development and investment)	2,428,759	2.74
8	J Inc. (woven fabrics of glass fibers manufacturing)	2,824,036	2.62	c Group (hotels and property development)	2,378,407	2.68
9	K Inc. (air transport)	2,811,059	2.61	d Inc. (import and export of garments and accessories)	2,332,019	2.63
10	I Inc. (head offices)	2,790,134	2.59	m Group (gold and jewelry)	2,295,621	2.59

Ranking (Note 1)	June 30, 2014					
	The Bank			SCB (HK)		
	Group Enterprise (Note 2)	Total Balances of Credit Extensions (Note 3)	Ratio of Credit Extensions to Net Worth (%) (Note 4)	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)	\$ 6,901,591	6.96	a Group (hotels and property development)	\$ 5,665,397	6.94
2	E Group (real estate development)	4,618,135	4.66	k Group (automobile)	3,146,057	3.85
3	B Group (real estate rental)	3,993,370	4.03	b Group (hotels and property development)	2,615,255	3.20
4	L Group (liquid fuel, gas and related industries)	3,735,859	3.77	h Group (property investment)	2,330,465	2.85
5	F Group (head offices)	2,984,900	3.01	j Group (property investment)	2,298,466	2.82
6	K Group (civil aviation)	2,946,007	2.97	g Group (property development and investment)	2,170,221	2.66
7	H Group (head offices)	2,722,238	2.74	l Group (metal and plastic trading)	2,166,281	2.65
8	M Inc. (wholesale of other specialized wholesale trade not elsewhere classified)	2,598,623	2.62	c Group (hotels and property development)	2,134,563	2.61
9	N Inc. (wholesale of other fuels)	2,147,434	2.16	d Inc. (import and export of garments and accessories)	1,939,443	2.38
10	O Inc. (wholesale of other specialized wholesale trade not elsewhere classified)	1,674,364	1.69	m Group (gold and jewelry)	1,816,211	2.22

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

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

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

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

c. Interest rate sensitivity information

1) The Bank

Interest Rate Sensitivity Analysis
June 30, 2015

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

Interest Rate Sensitivity Analysis
December 31, 2014

(In NTS Thousands)

Items	1 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to 1 Year (Included)	Over 1 Year	Total
Interest-sensitive assets	\$ 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
June 30, 2014

(In NTS Thousands)

Items	1 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to 1 Year (Included)	Over 1 Year	Total
Interest-sensitive assets	\$ 557,419,859	\$ 3,924,697	\$ 3,869,235	\$ 48,069,071	\$ 613,282,862
Interest-sensitive liabilities	247,218,069	225,826,436	53,236,394	34,918,040	561,198,939
Interest sensitivity gap	310,201,790	(221,901,739)	(49,367,159)	13,151,031	52,083,923
Net equity					99,207,148
Ratio of interest-sensitive assets to liabilities					109.28%
Ratio of interest sensitivity gap to net equity					52.50%

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

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

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

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

Interest Rate Sensitivity Analysis
June 30, 2015

(In US\$ Thousands)

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

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
June 30, 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	\$ 5,084,424	\$ 55,444	\$ 86,835	\$ 442,509	\$ 5,669,212
Interest-sensitive liabilities	2,058,032	3,331,592	444,346	38	5,384,008
Interest sensitivity gap	3026,392	(3,276,148)	(357,511)	442,471	(164,796)
Net equity					3,323,634
Ratio of interest-sensitive assets to liabilities					97.18%
Ratio of interest sensitivity gap to net equity					(4.96%)

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

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

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

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

2) SCB (HK)

Interest Rate Sensitivity Analysis
June 30, 2015

(In US\$ Thousands)

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

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
June 30, 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	\$ 4,060,725	\$ 678,522	\$ 461,945	\$ 587,781	\$ 5,788,973
Interest-sensitive liabilities	4,025,935	648,014	248,008	25,099	4,947,056
Interest sensitivity gap	34,790	30,508	213,937	562,682	841,917
Net equity					2,618,429
Ratio of interest-sensitive assets to liabilities					117.02%
Ratio of interest sensitivity gap to net equity					32.15%

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

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

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

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

d. Profitability

The Bank

Items		June 30, 2015	June 30, 2014
Return on total assets	Before income tax	1.41%	1.33%
	After income tax	1.25%	1.12%
Return on equity	Before income tax	12.76%	12.63%
	After income tax	11.25%	10.62%
Profit margin		58.53%	56.18%

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 six months.

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

e. Maturity analysis of assets and liabilities

1) The Bank

a) New Taiwan dollars (thousands)

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

	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	June 30, 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	\$ 653,489,917	\$ 110,941,175	\$ 85,022,450	\$ 23,934,983	\$ 33,122,429	\$ 47,875,401	\$ 352,593,479
Main capital outflow on maturity	831,452,403	39,833,066	75,229,057	139,540,059	113,492,302	167,643,398	295,714,521
Gap	(177,962,486)	71,108,109	9,793,393	(115,605,076)	(80,369,873)	(119,767,997)	56,878,958

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

b) U.S. dollars (thousands)

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

	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	June 30, 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	\$ 8,104,535	\$ 1,075,685	\$ 962,189	\$ 3,071,741	\$ 1,132,813	\$ 1,862,107
Main capital outflow on maturity	11,742,730	2,549,400	1,807,622	1,983,066	3,322,480	2,080,162
Gap	(3,638,195)	(1,473,715)	(845,433)	1,088,675	(2,189,667)	(218,055)

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

2) SCB (HK)

U.S. dollars (thousands)

	Total	June 30, 2015				
		By Remaining Period to Maturity				
		1 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	\$ 7,650,768	\$ 2,137,852	\$ 1,209,336	\$ 938,510	\$ 792,175	\$ 2,572,895
Main capital outflow on maturity	(26,233,055)	3,347,385	(30,630,781)	757,243	240,045	53,053
Gap	33,883,823	(1,209,533)	31,840,117	181,267	552,130	2,519,842

	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	June 30, 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	\$ 6,322,713	\$ 1,076,351	\$ 932,993	\$ 858,233	\$ 901,706	\$ 2,553,430
Main capital outflow on maturity	5,075,148	3,307,449	866,331	618,063	240,360	42,945
Gap	1,247,565	(2,231,098)	66,662	240,170	661,346	2,510,485

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

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

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

Balance Sheet of Trust Account							
Trust Assets	June 30, 2015	December 31, 2014	June 30, 2014	Trust Liabilities	June 30, 2015	December 31, 2014	June 30, 2014
Bank deposit	\$ 2,027,688	\$ 2,952,877	\$ 2,788,913	Depository of security payable	\$ 40,523,042	\$ 41,270,953	\$ 37,567,446
Short-term investments	70,561,383	71,492,962	69,202,042	Trust capital	88,876,242	92,703,094	89,693,846
Net asset value of collective investment trust fund	5,168,613	3,723,569	4,220,319	Accumulated (loss) gain and equity	(533,942)	(220,468)	(141,201)
Account receivable	40,544	107,048	13,834				
Land	10,344,954	14,020,068	13,148,610				
Buildings and improvement, net	67,536	116,588	111,865				
Construction in progress	61,880	-	-				
Depository of security	40,523,042	41,270,953	37,567,446				
Other assets	69,702	69,514	67,062				
Total trust assets	<u>\$ 128,865,342</u>	<u>\$ 133,753,579</u>	<u>\$ 127,120,091</u>	Total trust liabilities	<u>\$ 128,865,342</u>	<u>\$ 133,753,579</u>	<u>\$ 127,120,091</u>

Trust Asset Lists

Item	June 30, 2015	December 31, 2014	June 30, 2014
Cash in banks	\$ 2,027,688	\$ 2,952,877	\$ 2,788,913
Short-term investment			
Funds	61,760,027	63,009,799	60,931,309
Bonds	6,334,020	6,117,209	5,548,995
Common stocks	2,467,336	2,365,954	2,721,738
Net asset value of collective trust accounts	5,168,613	3,723,569	4,220,319
Receivable	40,544	107,048	13,834
Land	10,344,954	14,020,068	13,148,610
Buildings and improvement, net	67,536	116,588	111,865
Construction in progress	61,880	-	-
Depository of securities	40,523,042	41,270,953	37,567,446
Other assets	<u>69,702</u>	<u>69,514</u>	<u>67,062</u>
Total	<u>\$ 128,865,342</u>	<u>\$ 133,753,579</u>	<u>\$ 127,120,091</u>

Income Statements of Trust Account

	For the Six Months Ended June 30	
	2015	2014
Trust income		
Interest revenue	\$ 5,721	\$ 5,179
Realized investment gain	151	-
Realized capital gain	2,250	5,391
Unrealized capital gain	93,387	171,675
Other revenue	<u>144</u>	<u>34</u>
	<u>101,653</u>	<u>182,279</u>
Trust expenses		
Tax expenditures	4,063	657
Management fee	1,502	1,082
Service fee	22,365	20,099
Realized investment loss	-	6
Realized capital losses	144	2
Unrealized capital losses	41,596	9,277
Other expenses	<u>10</u>	<u>10</u>
	<u>69,680</u>	<u>31,133</u>
Income before income tax	31,973	151,146
Income tax expense	<u>-</u>	<u>-</u>
Net income	<u>\$ 31,973</u>	<u>\$ 151,146</u>

43. EXCHANGE RATE INFORMATION FOR FOREIGN FINANCIAL ASSETS AND LIABILITIES

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

a. The Bank

	June 30, 2015			December 31, 2014			June 30, 2014		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Finance assets</u>									
Monetary items									
Cash and cash equivalents									
CNY	\$ 1,345,043	4.9799	\$ 6,698,180	\$ 1,688,540	5.1123	\$ 8,632,323	\$ 2,813,329	4.8046	\$ 13,516,921
JPY	12,080,439	0.2524	3,049,103	3,049,959	0.2655	905,344	1,378,986	0.2947	406,387
USD	111,607	30.9130	3,450,107	185,884	31.6700	5,886,946	58,154	29.8490	1,735,839
Due from the Central Bank and call loans to banks									
USD	638,949	30.9130	19,751,830	324,604	31.6700	10,280,209	383,614	29.8490	11,450,494
CNY	1,264,740	4.9799	6,298,279	1,035,775	5.1123	5,295,193	1,004,706	4.8046	4,827,210
CAD	37,500	24.8997	933,739	-	-	-	8,000	28.1178	224,942
Receivables									
USD	133,810	30.9130	4,136,469	120,190	31.6700	3,806,417	89,882	29.8490	2,682,887
JPY	1,792,110	0.2524	452,329	2,343,016	0.2655	622,071	2,282,800	0.2947	672,741
EUR	11,906	34.6040	411,995	4,970	38.5376	191,532	27,784	40.7334	1,131,737
Discounts and loans									
USD	3,896,126	30.9130	120,440,943	4,450,279	31.6700	140,940,336	4,601,303	29.8490	137,344,293
CNY	4,296,332	4.9799	21,395,304	3,013,225	5.1123	15,404,510	2,857,986	4.8046	13,731,479
HKD	1,835,227	3.9877	7,318,335	2,157,620	4.0825	8,804,484	2,282,378	3.8509	8,789,209
Option contract									
USD	14,591	30.9130	451,052	15,990	31.6700	506,403	4,445	29.8490	132,678
Nonmonetary items									
Structured corporate bonds									
contracts									
USD	39,898	30.9130	1,233,367	42,434	31.6700	1,343,900	48,027	29.8490	1,433,558
HKD	20,106	3.9877	80,177	-	-	-	-	-	-
Equity investments under the equity method									
USD	1,727,960	30.9130	53,416,429	1,687,587	31.6700	53,445,904	1,602,323	29.8490	47,827,739
HKD	60,815	3.9877	242,512	58,619	4.0825	239,315	56,808	3.8509	218,763
<u>Financial liabilities</u>									
Monetary items									
Payables									
USD	151,273	30.9130	4,676,302	103,595	31.6700	3,280,854	96,786	29.8490	2,888,965
AUD	38,509	23.7257	913,653	12	26.0137	312	8	27.9747	224
CNY	159,609	4.9799	794,837	35,705	5.1123	182,535	2,706	4.8046	13,001
Due to the Central Bank and banks									
USD	162,609	30.9130	5,026,732	165,864	31.6700	5,252,913	167,737	29.8490	5,006,781
AUD	80,175	23.7257	1,902,208	-	-	-	57,105	28.1178	1,605,667
CNY	595,453	4.9799	2,965,296	21,629	5.1123	110,574	202,025	4.8046	970,649
Borrowings from the Central Bank and banks									
USD	50,000	30.9130	1,545,650	-	-	-	-	-	-
Deposits and remittances									
USD	6,103,945	30.9130	188,691,252	6,012,248	31.6700	190,407,894	5,692,302	29.8490	169,909,522
CNY	7,275,099	4.9799	36,229,266	6,445,902	5.1123	32,953,385	6,886,603	4.8046	33,087,372
JPY	26,393,339	0.2524	6,661,679	20,280,275	0.2655	5,384,413	15,746,254	0.2947	4,640,421

b. SCB (HK)

	June 30, 2015			December 31, 2014			June 30, 2014		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Finance assets</u>									
Monetary items									
Cash and cash equivalents									
USD	\$ 64,604	30.9130	\$ 1,997,103	\$ 101,042	31.6700	\$ 3,200,000	\$ 69,091	29.8489	\$ 2,062,290
JPY	618,147	0.2524	156,020	1,038,803	0.2655	275,802	172,503	0.2947	50,837
Due from the Central Bank and call loans to banks									
USD	3,172,347	30.9130	98,066,763	1,866,354	31.6700	59,107,431	1,792,344	29.8489	53,499,497
EUR	96,500	34.6040	3,339,286	89,953	38.5376	3,466,573	70,990	0.2947	20,921
Receivables									
USD	72,708	30.9130	2,247,622	51,678	31.6700	1,636,642	60,980	29.8489	1,820,186
EUR	2,962	34.6040	102,497	2,008	38.5376	77,384	2,969	40.7274	120,920
JPY	173,039	0.2524	43,675	184,573	0.2655	49,004	247,138	0.2947	72,832
Discounts and loans									
USD	3,234,184	30.9130	99,978,330	3,176,332	31.6700	100,594,434	2,979,852	29.8489	88,945,304
JPY	3,690,107	0.2524	931,383	3,669,811	0.2655	974,335	3,545,875	0.2947	1,044,969
<u>Financial liabilities</u>									
Monetary items									
Payables									
USD	99,845	30.9130	3,086,508	63,429	31.6700	2,008,796	73,550	29.8489	2,195,387
EUR	2,881	34.6040	99,694	175,899	38.5376	46,701	2,766	40.7274	112,652
JPY	164,188	0.2524	41,441	1,927	0.2655	74,262	238,282	0.2947	70,222
Due to the Central Bank and banks									
USD	444,283	30.9130	13,734,120	628,906	31.6700	19,917,453	568,445	29.8489	16,967,458
Deposits and remittances									
USD	4,976,244	30.9130	153,830,631	4,544,973	31.6700	143,939,295	4,424,939	29.8489	132,079,561
AUD	713,309	23.7257	16,923,755	101,630	26.0137	3,916,576	724,581	28.1057	20,364,856
EUR	125,000	34.6040	4,325,500	748,871	38.5376	19,480,906	103,675	40.7274	4,222,413

44. 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 3.
- 4) Marketable securities (for investees) or investee investment (for the Bank) acquired and disposed of, at costs or prices of at least NT\$300 million or 10% of the issued capital: None.
- 5) Acquisition of individual real estate at costs of at least \$300 million or 10% of the issued capital: None.
- 6) Disposal of individual real estate at prices of at least \$300 million or 10% of the issued capital: None.
- 7) Allowance for service fees to related-parties amounting to more than \$5 million: None.
- 8) Receivables from related parties amounting to at least \$300 million or 10% of the issued capital: None.
- 9) Sale of non-performing loans: None.
- 10) 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 4.
- 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 5.
- 2) Significant direct or indirect transactions with the investees, prices and terms of payment, unrealized gain or loss: Table 5.

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

45. SEGMENT INFORMATION

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

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

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

The operating Segments information is as follows:

	For the Six Months Ended June 30, 2015				
	Taiwan	Hong Kong	Others	Other Adjustments	Total
Net interest	\$ 5,394,638	\$ 5,037,673	\$ 31,218	\$ -	\$ 10,463,529
Net revenues other than interest	<u>4,975,731</u>	<u>2,705,221</u>	<u>166,990</u>	<u>(2,486,851)</u>	<u>5,361,091</u>
Net revenues	10,370,369	7,742,894	198,208	(2,486,851)	15,824,620
Provision for credit allowance	(299,988)	(35,905)	(3,550)	-	(339,443)
Operating expenses	<u>(3,185,238)</u>	<u>(2,562,137)</u>	<u>(93,230)</u>	<u>1,656</u>	<u>(5,838,949)</u>
Income before income tax	<u>\$ 6,885,143</u>	<u>\$ 5,144,852</u>	<u>\$ 101,428</u>	<u>\$ (2,485,195)</u>	<u>\$ 9,646,228</u>
	For the Six Months Ended June 30, 2014				
	Taiwan	Hong Kong	Others	Other Adjustments	Total
Net interest	\$ 5,113,178	\$ 4,806,576	\$ 24,840	\$ -	\$ 9,944,594
Net revenues other than interest	<u>4,246,235</u>	<u>2,047,888</u>	<u>145,563</u>	<u>(2,184,373)</u>	<u>4,255,313</u>
Net revenues	9,359,413	6,854,464	170,403	(2,184,373)	14,199,907
Provision for credit allowance	(299,850)	(39,322)	(12,428)	-	(351,600)
Operating expenses	<u>(2,803,196)</u>	<u>(2,261,933)</u>	<u>(87,631)</u>	<u>1,699</u>	<u>(5,151,061)</u>
Income before income tax	<u>\$ 6,256,367</u>	<u>\$ 4,553,209</u>	<u>\$ 70,344</u>	<u>\$ (2,182,674)</u>	<u>\$ 8,697,246</u>

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

Main operating clients

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

TABLE 1

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

OVERDUE LOANS AND RECEIVABLE
JUNE 30, 2015, DECEMBER 31, 2014 AND JUNE 30, 2014
(In Thousands of New Taiwan Dollars, %)

Date			June 30, 2015					December 31, 2014					June 30, 2014				
Business			Nonperforming Loans (Note 1)	Loans	Ratio of Nonperforming Loans (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)	Nonperforming Loans (Note 1)	Loans	Ratio of Nonperforming Loans (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)	Nonperforming Loans (Note 1)	Loans	Ratio of Nonperforming Loans (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)
Corporate banking	Secured		\$ 504,995	\$ 184,484,730	0.27	\$ 3,134,239	620.65	\$ 407,092	\$ 185,088,687	0.22	\$ 3,216,869	790.21	\$ 565,877	\$ 176,793,261	0.32	\$ 3,258,223	575.78
	Unsecured		471,496	157,318,408	0.30	3,472,650	736.52	262,131	170,389,440	0.15	3,443,540	1,313.67	375,678	169,726,587	0.22	3,051,248	812.20
Consumer banking	Housing mortgage (Note 4)		359,758	123,495,014	0.29	1,384,444	384.83	207,818	124,978,338	0.17	1,343,287	646.38	163,300	123,571,209	0.13	1,160,620	710.73
	Cash card		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Small scale credit loans (Note 5)		10,959	437,892	2.50	21,645	197.51	12,742	492,540	2.59	38,469	286.21	13,871	593,104	2.34	33,437	241.06
	Other (Note 6)	Secured	100,783	103,754,212	0.10	837,533	831.03	57,169	100,252,521	0.06	799,327	1,398.18	36,131	92,973,757	0.04	695,232	1,924.20
		Unsecured	2,867	6,172,534	0.05	60,064	2,095.01	6,397	5,696,113	0.11	63,734	996.31	16,338	5,387,402	0.30	78,668	481.50
Total			1,450,858	575,662,790	0.25	8,910,575	614.16	953,349	586,897,639	0.16	8,903,226	933.89	1,171,195	569,045,320	0.21	8,277,428	706.75
			Nonperforming Receivables (Note 1)	Accounts Receivable	Ratio of Nonperforming Receivables (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)	Nonperforming Receivables (Note 1)	Accounts Receivable	Ratio of Nonperforming Receivables (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)	Nonperforming Receivables (Note 1)	Accounts Receivable	Ratio of Nonperforming Receivables (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)
Credit card			9,819	2,065,418	0.48	195,720	1,993.28	12,059	2,118,357	0.57	188,013	1,559.11	11,346	2,298,784	0.49	176,301	1,553.86
Accounts receivable factored without recourse (Note 7)			-	1,220,864	-	12,224	-	-	1,690,896	-	16,909	-	-	1,629,665	-	16,297	-
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)			46,753					50,615					53,054				

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****JUNE 30, 2015****(Amounts in Thousands of New Taiwan Dollars)**

Holding Company Name	Name	Security Issuer's Relationship with Holding Company	Financial Statement Account	June 30, 2015				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	\$ 1,696,577	100.00	\$ 1,696,577	Note
	Krinein Company	Indirect subsidiary	Equity investments under the equity method	2	488,469	100.00	488,469	Note
	Safehaven Investment Corporation	Indirect subsidiary	Equity investments under the equity method	1	48,239	100.00	48,239	Note
Wresqueue Limitada	Prosperity Realty Inc.	Indirect subsidiary	Equity investments under the equity method	4	71,100	100.00	(16,682)	Note
China Travel Service (Taiwan)	Silks Place Taroko	-	Equity investments under the equity method	20,372	105,570	45.00	105,570	Note
	CTS Travel International Ltd.	Indirect subsidiary	Equity investments under the equity method	600	6,823	100.00	6,823	
	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	2,089	4.13	-	
	Prism Communication International Limited	-	Financial assets carried at cost	1,250	-	-	-	
SCSB Property Insurance Agency	Geniron.Com.	-	Financial assets carried at cost	950	2,089	4.13	-	
	Prism Communication International Limited	-	Financial assets carried at cost	1,250	-	-	-	
SCSB Asset Management Ltd.	SCSB Leasing (China) Co., Ltd.	Indirect subsidiary	Equity investments under the equity method	N/A	918,441	100.00	918,441	
Krinein Company	Shanghai Commercial Bank (HK)	Indirect subsidiary	Equity investments under the equity method	1,920	8,501,049	9.60	8,501,049	
Empresa Inversiones Generales, S.A.	Shanghai Commercial Bank (HK)	Indirect subsidiary	Equity investments under the equity method	9,600	42,505,243	48.00	42,505,243	

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

TABLE 3

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.

**MARKETABLE SECURITIES ACQUIRED AND DISPOSED AT COSTS OR PRICES OF AT LEAST \$300 MILLION OR 10% OF THE PAID-IN CAPITAL
SIX MONTHS ENDED JUNE 30, 2015
(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
The Bank	SCSB Asset Management Ltd.	Equity	-	-	120,000	\$ 1,217,599	40,000	\$ 389,154	-	\$ -	\$ -	\$ -	160,000	\$ 1,606,753
Shanghai Commercial Bank (HK)	Bank of Shanghai	Available-for-sale financial assets	-	-	152,320	10,064,201 (HK\$2,523,811)	N.A	2,223,051 (HK\$ 557,477)	-	-	-	-	N.A	12,287,252 (HK\$3,081,288)

- Note 1: Calculated using the exchange rate on June 30, 2015.
- Note 2: The beginning balance, including valuation adjustment, of SCSB Asset Management Ltd. was \$17,599 thousand.
- Note 3: The acquisition amount of SCSB Asset Management Ltd. included historical cost \$400,000 thousand and foreign currency translation adjustment, which decreased the historical cost for \$10,846 thousand. The acquisition amount of Bank of Shanghai included valuation adjustment \$1,414,489 thousand.
- Note 4: The ending balance of SCSB Asset Management Ltd. included \$6,753 thousand for current loss and gain and foreign currency translation adjustment.

TABLE 4**THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES****RELATED INFORMATION OF INVESTEEES****SIX MONTHS ENDED JUNE 30, 2015****(In Thousands of New Taiwan Dollars) (Share in Thousands)**

Investee Company	Location	Main Businesses and Products	Percentage of Ownership (%)	Carrying Amount	Investment Income (Loss) Recognized	Consolidated Investment (Note 2)				Note
						Shares (In Thousands)	Shares (Pro forma)	Shares (In Thousands)	Percentage of Ownership (%)	
<u>Equity investments under the equity method</u>										
<u>Financial business</u>										
SCSB Asset Management Ltd.	Taipei City	Purchase and management of creditor’s rights of financial institutions	100.00	\$ 1,606,753	\$ 7,690	160,000	-	160,000	100.00	Note 3
SCSB Life Insurance Agency	Taipei City	Insurance	100.00	201,738	52,007	5,000	-	5,000	100.00	Note 3
SCSB Property Insurance Agency	Taipei City	Insurance	100.00	59,422	1,722	5,000	-	5,000	100.00	Note 3
SCSB Marketing Ltd.	Taipei City	Marketing	100.00	6,546	492	500	-	500	100.00	Note 3
Paofoong Insurance Company Ltd.	Hong Kong	Insurance	40.00	242,512	7,201	500	-	500	100.00	Note 3
Shanghai Commercial Bank (HK)	Hong Kong	Banking and financial	57.60	51,006,292	2,386,606	11,520	-	11,520	57.60	Note 3
<u>Non-financial business</u>										
China Travel Service (Taiwan)	Taipei City	Travel services	99.99	235,463	15,394	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	Note 3
Shancom Reconstruction Inc.	Liberia	Securities investment	100.00	53,111,547	2,388,686	5	-	5	100.00	Note 3
Wresqueue Limitada	Liberia	Securities investment	100.00	304,882	2,784	176	-	176	100.00	Note 3
Empresa Inversiones Generales, S.A.	Panama	Securities investment	100.00	1,696,577	1,817,620	1	-	1	100.00	Note 3
Krinein Company	Cayman Islands	Securities investment	100.00	488,469	364,062	2	-	2	100.00	Note 3
Safehaven Investment Corporation	Liberia	Securities investment	100.00	48,239	141	1	-	1	100.00	Note 3
Prosperity Realty Inc.	America	Real estate services	100.00	71,100	-	4	-	4	100.00	Note 3
Silks Place Taroko	Hualien	Travel services	45.00	105,570	9,362	20,372	-	20,372	45.00	Note 3
CTS Travel International Ltd.	Taipei City	Travel services	100.00	6,823	69	600	-	600	100.00	Note 3
SCSB Leasing (China) Co., Ltd.	China	Leasing operation	100.00	918,441	7,139	N.A.	-	N.A.	100.00	Note 3

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

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

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

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

INVESTMENT IN MAINLAND CHINA
JUNE 30, 2015
(Amounts in Thousands of New Taiwan Dollars and Foreign Currency)

1. Investee company name, main business and products, total amount of paid-in capital, investment type, investment outflows and inflows, % ownership, investment gain (loss), carrying value as of June 30, 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, 2014	Investment Flows		Accumulated Outflow of Investment as of June 30, 2015	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Notes 2 and 6)	Carrying Value as of June 30, 2015 (Note 4)	Accumulated Inward Remittance of Earnings as of June 30, 2015
					Outflow	Inflow					
SCSB Leasing (China) Co., Ltd.	Leasing operation	US\$ 30,000	(c)	US\$ 21,947	US\$ 8,053	US\$ -	US\$ 30,000	100.00	\$ 7,139 (US\$ 229)	\$ 918,441 (US\$ 29,711)	\$ -
Bank of Shanghai	Approved by local government	US\$ 870,552	(Note 5)	US\$ 58,783	US\$ 15,063	US\$ -	US\$ 73,846	3.00	-	7,077,400 (US\$ 228,946)	-
Shanghai Commercial Bank Ltd. - Shenzhen Branch	Approved by local government	US\$ 64,565	(Note 5)	US\$ 36,339	US\$ -	US\$ -	US\$ 36,339	57.60	51,691 (US\$ 1,658)	923,977 (US\$ 29,890)	-
Shanghai Commercial Bank Ltd. - Shanghai Branch	Approved by local government	US\$ 112,721	(Note 5)	US\$ 18,348	US\$ 46,361	US\$ -	US\$ 64,709	57.60	18,548 (US\$ 595)	2,000,620 (US\$ 64,718)	-

2. Upper limit on investment in Mainland China:

Accumulated Investment in Mainland China as of June 30, 2015 (Note 4)	Investment Amounts Authorized by Investment Commission, MOEA (Notes 4 and 7)	Upper Limit on Investment Authorized by Investment Commission MOEA (Note 3)
NT\$6,333,888 (US\$204,894)	NT\$6,366,532 (US\$205,950)	NT\$87,306,948

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

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

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

- a. It should be specified if it is preparing for establishment and no investment gain (loss).
- b. It should be specified if the investment gain (loss) is divided into the following three categories:
 - 1) Financial report audited by international accounting firm associated with accounting firm in ROC.
 - 2) Financial report audited by the accounting firm associated with the parent company in ROC.
 - c) Others.

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

Note 4: Calculated using the exchange rate on June 30, 2015.

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

TABLE 6-1

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS

SIX MONTHS ENDED JUNE 30, 2015

(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	\$ 28,512	Note 4	-
		SCSB Life Insurance Agency	Represents the transactions from parent company to subsidiary	Accounts payables	124	Note 4	-
		SCSB Life Insurance Agency	Represents the transactions from parent company to subsidiary	Deposits and remittances	210,109	Note 4	-
		SCSB Life Insurance Agency	Represents the transactions from parent company to subsidiary	Other liabilities	197	Note 4	-
		SCSB Life Insurance Agency	Represents the transactions from parent company to subsidiary	Interest expenses	1,326	Note 4	-
		SCSB Life Insurance Agency	Represents the transactions from parent company to subsidiary	Service fee incomes, net	156,641	Note 4	-
		SCSB Life Insurance Agency	Represents the transactions from parent company to subsidiary	Net revenues other than interest	395	Note 4	-
		SCSB Property Insurance Agency	Represents the transactions from parent company to subsidiary	Accounts receivables	310	Note 4	-
		SCSB Property Insurance Agency	Represents the transactions from parent company to subsidiary	Accounts payable	65	Note 4	-
		SCSB Property Insurance Agency	Represents the transactions from parent company to subsidiary	Deposits and remittances	82,537	Note 4	-
		SCSB Property Insurance Agency	Represents the transactions from parent company to subsidiary	Other liabilities	197	Note 4	-
		SCSB Property Insurance Agency	Represents the transactions from parent company to subsidiary	Interest expenses	566	Note 4	-
		SCSB Property Insurance Agency	Represents the transactions from parent company to subsidiary	Service fee incomes, net	5,726	Note 4	-
		SCSB Property Insurance Agency	Represents the transactions from parent company to subsidiary	Net revenues other than interest	395	Note 4	-
		SCSB Property Insurance Agency	Represents the transactions from parent company to subsidiary	Accounts payable	453	Note 4	-
		SCSB Asset Management Ltd.	Represents the transactions from parent company to subsidiary	Deposits and remittances	525,911	Note 4	-
		SCSB Asset Management Ltd.	Represents the transactions from parent company to subsidiary	Other liabilities	47	Note 4	-
		SCSB Asset Management Ltd.	Represents the transactions from parent company to subsidiary	Interest expenses	5,293	Note 4	-
		SCSB Asset Management Ltd.	Represents the transactions from parent company to subsidiary	Net revenues other than interest	81	Note 4	-
		SCSB Asset Management Ltd.	Represents the transactions from parent company to subsidiary	Accounts payable	5	Note 4	-
		SCSB Marketing	Represents the transactions from parent company to subsidiary	Deposits and remittances	9,245	Note 4	-
		SCSB Marketing	Represents the transactions from parent company to subsidiary	Other liabilities	20	Note 4	-
		SCSB Marketing	Represents the transactions from parent company to subsidiary	Interest expenses	53	Note 4	-
		SCSB Marketing	Represents the transactions from parent company to subsidiary	Net revenues other than interest	37	Note 4	-
		SCSB Marketing	Represents the transactions from parent company to subsidiary	Other general and administrative	28,376	Note 4	-
		SCSB Marketing	Represents the transactions from parent company to subsidiary	Accounts payable	36	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from parent company to subsidiary	Deposits and remittances	23,949	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from parent company to subsidiary	Other liabilities	180	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from parent company to subsidiary	Interest revenue	36	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from parent company to subsidiary	Interest expenses	84	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from parent company to subsidiary	Net revenues other than interest	360	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from parent company to subsidiary	Other general and administrative	424	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from parent company to subsidiary	Accounts payable	9	Note 4	-
		CTS Travel International Ltd.	Represents the transactions from parent company to subsidiary	Deposits and remittances	6,803	Note 4	-
		CTS Travel International Ltd.	Represents the transactions from parent company to subsidiary	Interest expense	15	Note 4	-

(Continued)

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

(Continued)

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

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

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

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

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

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

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

(Concluded)

TABLE 6-2

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS

SIX MONTHS ENDED JUNE 30, 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	\$ 19,989	Note 4	-
		SCSB Life Insurance Agency	Represents the transactions from parent company to subsidiary	Accounts payables	2	Note 4	-
		SCSB Life Insurance Agency	Represents the transactions from parent company to subsidiary	Deposits and remittances	189,662	Note 4	-
		SCSB Life Insurance Agency	Represents the transactions from parent company to subsidiary	Other liabilities	197	Note 4	-
		SCSB Life Insurance Agency	Represents the transactions from parent company to subsidiary	Interest expenses	1,026	Note 4	-
		SCSB Life Insurance Agency	Represents the transactions from parent company to subsidiary	Service fee incomes, net	132,347	Note 4	-
		SCSB Life Insurance Agency	Represents the transactions from parent company to subsidiary	Net revenues other than interest	395	Note 4	-
		SCSB Property Insurance Agency	Represents the transactions from parent company to subsidiary	Accounts receivables	352	Note 4	-
		SCSB Property Insurance Agency	Represents the transactions from parent company to subsidiary	Deposits and remittances	90,542	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	488	Note 4	-
		SCSB Property Insurance Agency	Represents the transactions from parent company to subsidiary	Service fee incomes, ne	5,952	Note 4	-
		SCSB Property Insurance Agency	Represents the transactions from parent company to subsidiary	Net revenues other than interest	395	Note 4	-
		SCSB Asset Management Ltd.	Represents the transactions from parent company to subsidiary	Deposits and remittances	371,878	Note 4	-
		SCSB Asset Management Ltd.	Represents the transactions from parent company to subsidiary	Other liabilities	47	Note 4	-
		SCSB Asset Management Ltd.	Represents the transactions from parent company to subsidiary	Interest expenses	2,621	Note 4	-
		SCSB Asset Management Ltd.	Represents the transactions from parent company to subsidiary	Net revenues other than interest	83	Note 4	-
		SCSB Marketing	Represents the transactions from parent company to subsidiary	Deposits and remittances	12,598	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	44	Note 4	-
		SCSB Marketing	Represents the transactions from parent company to subsidiary	Net revenues other than interest	37	Note 4	-
		SCSB Marketing	Represents the transactions from parent company to subsidiary	Other general and administrative	27,503	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from parent company to subsidiary	Deposits and remittances	36,839	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	221	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from parent company to subsidiary	Net revenues other than interest	360	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from parent company to subsidiary	Other general and administrative expenses	430	Note 4	-
		CTS Travel International Ltd.	Represents the transactions from parent company to subsidiary	Deposits and remittances	5,140	Note 4	-
		Shancom Reconstruction Inc.	Represents the transactions from parent company to subsidiary	Cash and cash equivalents	209,323	Note 4	-
		Shancom Reconstruction Inc.	Represents the transactions from parent company to subsidiary	Due to the Central Bank and banks	346,581	Note 4	-
		Shancom Reconstruction Inc.	Represents the transactions from parent company to subsidiary	Due to the Central Bank and banks	234,955	Note 4	-
		Shancom Reconstruction Inc.	Represents the transactions from parent company to subsidiary	Due to the Central Bank and banks	152	Note 4	-
		Shancom Reconstruction Inc.	Represents the transactions from parent company to subsidiary	Accounts payables	1,915	Note 4	-
		Shancom Reconstruction Inc.	Represents the transactions from parent company to subsidiary	Deposits and remittances	1,362,291	Note 4	-
		Shancom Reconstruction Inc.	Represents the transactions from parent company to subsidiary	Interest revenues	5,467	Note 4	-
		Shancom Reconstruction Inc.	Represents the transactions from parent company to subsidiary	Interest expenses	6,393	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)
1	SCSB Life Insurance Agency	The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Cash and cash equivalents	\$ 189,662	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Accounts receivables	2	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	19,989	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Interest revenues	1,026	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Net revenues other than interest	132,347	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Other general and administrative expenses	395	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	90,542	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	352	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Interest revenues	488	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Net revenues other than interest	5,952	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Other general and administrative expenses	395	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	371,878	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Other assets	47	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Interest revenues	2,621	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Other general and administrative expenses	83	Note 4	-
4	SCSB Marketing	The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Cash and cash equivalents	12,598	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	44	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Net revenues other than interest	27,503	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Net revenues other than interest	37	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	36,839	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	221	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Net revenues other than interest	430	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Other general and administrative	360	Note 4	-
		Shancom Reconstruction Inc.	Represents the transactions from subsidiary to subsidiary	Cash and cash equivalents	454	Note 4	-
		CTS Travel International Ltd.	Represents the transactions from parent company to subsidiary	Other general and administrative expenses	57	Note 4	-
		CTS Travel International Ltd.	Represents the transactions from parent company to subsidiary	Net revenue other than interest	1,224	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	5,140	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from subsidiary to subsidiary	Net revenues other than interest	1,224	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from subsidiary to subsidiary	Other general and administrative expenses	57	Note 4	-
7	Shancom Reconstruction Inc.	The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Cash and cash equivalents	234,955	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Cash and cash equivalents	152	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Due from the Central Bank and call loans to banks	1,362,291	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Due from Central Banks and call loan to banks	346,581	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Accounts receivables	1,915	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	Due to the Central Bank and banks	\$ 209,323	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Interest revenues	6,393	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Interest expenses	5,467	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from subsidiary to subsidiary	Deposits and remittances	454	Note 4	-

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

- a. Parent company fill in 0.
- b. 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:

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

Note 3: The percentages are calculated by the consolidated total assets or the consolidated total net sales. If the account 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)