The Shanghai Commercial & Savings Bank, Ltd. and Subsidiaries

Consolidated Financial Statements for the Six Months Ended June 30, 2017 and 2016 and Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of The Shanghai Commercial & Savings Bank, Ltd. (the "Bank") and its subsidiaries (the "Group"), which comprise the consolidated balance sheets as of June 30, 2017, December 31, 2016 and June 30, 2016, and the consolidated statements of comprehensive income, changes in equity and cash flows for the six months ended June 30, 2017 and 2016, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2017, December 31, 2016 and June 30, 2016, and its financial performance and its cash flows for the six months then ended in accordance 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.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the six months ended June 30, 2017. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters related to the Group’s consolidated financial statements as of June 30, 2017 and for the six months then ended are described as follows:

Allowance for Credit Losses on Discounts and Loans

The Group primarily engages in the crediting business. As of June 30, 2017, the Group’s balance of discounts and loans amounted to $905,299,522 thousand, which was significant to the accompanying consolidated financial statements. The Group conducted its impairment assessment on discounts and loans following the requirement of International Accounting Standard No. 39 as well as related regulations. The Group’s management periodically assesses the impairment on its loan portfolios, and any impairment is then determined by estimating the future cash flows from the loan portfolios. Refer to Notes 4, 5, 11 and 36 to the consolidated financial statements for disclosures related to impairment on loan portfolios. As the cash flow forecasts involves management’s critical judgments for accounting estimations and the underlying assumptions, we then determined the impairment on loan portfolios to be a key audit matter.

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

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

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

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

Measurement of Deferred Income Taxes

As of June 30, 2017, the Group’s balances of deferred income tax liabilities and assets amounted to $10,741,990 thousand and $819,504 thousand, respectively, and deferred income tax expense for the six months then ended amounted to $100,630 thousand, which were significant to the accompanying consolidated financial statements. The management measures deferred taxes following the requirement of International Accounting Standard No. 12. The management periodically assesses the realizability and reversal timing of all temporary differences to recognize deferred income tax assets and liabilities. Refer to Notes 4, 5 and 31 to the accompanying consolidated financial statement for disclosures regarding deferred taxes. As the realizability and reversal of temporary differences involves management’s critical judgments for accounting estimations and the underlying assumptions, we determined the measurement of deferred income taxes to be a key audit matter.

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

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

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

Other Matter

We have also audited the parent company only financial statements of the Bank as of and for the six months ended June 30, 2017 and 2016 on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with 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, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the six months ended June 30, 2017 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

August 19, 2017

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

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

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

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	June 30, 2017		December 31, 2016		June 30, 2016	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
Cash and cash equivalents (Note 6)	$ 96,837,554	6	$ 66,775,994	4	$ 51,818,730	3
Due from the central bank and call loans to banks (Note 7)	206,291,043	12	244,371,302	15	237,446,934	15
Financial assets at fair value through profit or loss (Note 8)	8,383,889	1	12,744,976	1	27,809,678	2
Securities purchased under resell agreements (Note 9)	120,038	-	-	-	-	-
Receivables, net (Notes 10 and 33)	17,667,941	1	15,326,174	1	18,861,515	1
Current income tax assets (Note 31)	203,352	-	112,400	-	225,217	-
Discounts and loans, net (Notes 4, 11 and 33)	894,905,740	53	849,330,659	52	815,859,351	50
Available-for-sale financial assets, net (Notes 12 and 34)	357,772,780	21	351,138,563	21	360,377,415	22
Held-to-maturity financial assets, net (Notes 13 and 34)	82,030,421	5	72,666,706	5	81,066,398	5
Equity investments under the equity method, net (Note 15)	1,473,756	-	1,421,566	-	1,438,434	-
Other financial assets, net (Note 16)	13,778	-	6,749	-	5,644	-
Properties, net (Note 17)	21,880,754	1	22,280,250	1	23,778,428	2
Investment properties, net (Note 18)	5,407,773	-	5,760,628	-	4,282,550	-
Deferred income tax assets (Note 31)	819,504	-	870,520	-	818,927	-
Other assets, net (Note 19)	2,647,804	-	4,002,465	-	3,712,053	-
Total	$ 1,696,456,127	100	$ 1,646,808,952	100	$ 1,627,501,274	100
LIABILITIES AND EQUITY						
Due to the central bank and banks (Note 20)	$ 44,944,615	3	$ 35,428,666	2	$ 33,424,186	2
Borrowings from the central bank and banks	-	-	-	-	1,130,325	-
Financial liabilities at fair value through profit or loss (Note 8)	728,095	-	1,377,770	-	1,222,645	-
Securities sold under repurchase agreements (Note 21)	21,335,644	1	10,186,212	1	25,898,813	2
Payables (Notes 22 and 33)	32,302,868	2	25,340,348	2	34,687,436	2
Current income tax liabilities (Note 31)	1,789,316	-	873,972	-	1,504,455	-
Deposits and remittances (Notes 23 and 33)	1,371,926,426	81	1,354,361,910	82	1,315,191,878	81
Bank debentures (Note 24)	43,150,000	2	38,150,000	2	38,150,000	2
Other financial liabilities (Note 25)	3,299,552	-	3,280,387	-	7,768,890	-
Provisions (Note 26)	1,812,785	-	1,796,539	-	1,615,510	-
Deferred income tax liabilities (Note 31)	10,741,990	1	10,744,497	1	9,837,119	1
Other liabilities (Notes 27 and 33)	2,951,204	-	2,246,221	-	2,277,669	-
Total liabilities	1,534,982,495	90	1,483,786,522	90	1,472,708,926	90
Equity attributable to owners of the Bank						
Share capital						
Ordinary shares	40,791,031	2	40,791,031	2	39,991,207	2
Reserve for capitalization	-	-	-	-	799,824	-
Capital surplus	4,647,655	-	4,647,655	-	4,639,910	-
Retained earnings						
Legal reserve	44,117,426	3	40,592,926	3	40,592,926	3
Special reserve	7,538,888	-	7,480,146	-	7,480,146	-
Unappropriated earnings	14,987,248	1	18,465,441	1	12,480,246	1
Total retained earnings	66,643,562	4	66,538,513	4	60,553,318	4
Other equity	7,762,633	1	8,339,449	1	8,928,198	1
Treasury shares	(83,144)	-	(83,144)	-	(83,144)	-
Total equity attributable to owners of the Bank	119,761,737	7	120,233,504	7	114,829,313	7
Non-controlling interests	41,711,895	3	42,788,926	3	39,963,035	3
Total equity (Note 29)	161,473,632	10	163,022,430	10	154,792,348	10
Total	$ 1,696,456,127	100	$ 1,646,808,952	100	$ 1,627,501,274	100

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

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

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

	For the Six Months Ended June 30			
	2017		2016	
	Amount	%	Amount	%
Interest revenue	$ 16,618,112	95	$ 15,975,538	101
Interest expenses	4,905,464	28	5,252,015	33
Net interest (Notes 30 and 33)	11,712,648	67	10,723,523	68
Net revenue other than from interest				
Service fee income, net (Note 30)	2,531,487	15	2,425,402	15
Gains on financial assets and liabilities at fair value through profit or loss (Note 30)	816,900	5	470,524	3
Realized gains on available-for-sale financial assets	725,109	4	727,642	5
Foreign exchange gains, net	793,185	4	651,418	4
Share of profits of associates and joint ventures, net (Note 15)	133,260	1	71,899	-
Other net revenue (Note 33)	669,692	4	788,351	5
Total net revenue other than from interest	5,669,633	33	5,135,236	32
Consolidated net revenue	17,382,281	100	15,858,759	100
Bad debt expenses (Note 11)	454,386	3	430,243	3
Operating expenses				
Personnel (Notes 4, 28, 30 and 33)	3,742,537	21	3,674,626	23
Depreciation and amortization (Note 30)	483,181	3	415,408	3
Other general and administrative	2,078,126	12	2,120,381	13
Total operating expenses	6,303,844	36	6,210,415	39
Profit before income tax	10,624,051	61	9,218,101	58
Income tax expense (Note 31)	(2,281,445)	(13)	(1,973,069)	(12)
Consolidated net income	8,342,606	48	7,245,032	46

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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			
	2017		2016	
	Amount	%	Amount	%
Other comprehensive income (loss)				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	$ (6,452,780)	(37)	$ (2,247,432)	(14)
Unrealized gain on available-for-sale financial assets	4,262,264	24	1,533,795	9
Share of the other comprehensive income of associates and joint ventures accounted for using the equity method	23,785	-	45,970	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 4 and 31)	(63,040)	-	(31,279)	-
	(2,229,771)	(13)	(698,946)	(5)
Other comprehensive loss for the period, net of income tax	(2,229,771)	(13)	(698,946)	(5)
Total comprehensive income for the period	$ 6,112,835	35	$ 6,546,086	41
Net profit attributable to:				
Owners of the Bank	$ 6,223,704	36	$ 5,676,324	36
Non-controlling interests	2,118,902	12	1,568,708	10
	$ 8,342,606	48	$ 7,245,032	46
Total comprehensive income attributable to:				
Owners of the Bank	$ 5,646,888	32	$ 5,588,998	35
Non-controlling interests	465,947	3	957,088	6
	$ 6,112,835	35	$ 6,546,086	41
Earnings per share (Note 32)				
Basic	$1.53		$1.40	
Diluted	$1.53		$1.39	

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 Company (Note 29)											
	Share Capital			Retained Earnings			Other Equity					
	Ordinary Shares	Reserve for Capitalization	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain on Available-for-sale Financial Assets	Treasury Shares	Total	Non-controlling Interests (Note 29)	Total Equity
Balance at January 1, 2016	$ 39,991,207	$ -	$ 4,639,910	$ 37,023,528	$ 7,480,146	$ 17,171,825	$ 3,707,655	$ 5,307,869	$ (83,144)	$ 115,238,996	$ 40,657,383	$ 155,896,379
Appropriation of 2015 earnings												
Legal reserve	-	-	-	3,569,398	-	(3,569,398)	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(5,998,681)	-	-	-	(5,998,681)	-	(5,998,681)
Share dividends	-	799,824	-	-	-	(799,824)	-	-	-	-	-	-
Net profit for the six months ended June 30, 2016	-	-	-	-	-	5,676,324	-	-	-	5,676,324	1,568,708	7,245,032
Other comprehensive income (loss) for the six months ended June 30, 2016, net of income tax	-	-	-	-	-	-	(986,005)	898,679	-	(87,326)	(611,620)	(698,946)
Total comprehensive income (loss) for the six months ended June 30, 2016	-	-	-	-	-	5,676,324	(986,005)	898,679	-	5,588,998	957,088	6,546,086
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(1,651,436)	(1,651,436)
Balance at June 30, 2016	$ 39,991,207	$ 799,824	$ 4,639,910	$ 40,592,926	$ 7,480,146	$ 12,480,246	$ 2,721,650	$ 6,206,548	$ (83,144)	$ 114,829,313	$ 39,963,035	$ 154,792,348
Balance at January 1, 2017	$ 40,791,031	$ -	$ 4,647,655	$ 40,592,926	$ 7,480,146	$ 18,465,441	$ 2,442,274	$ 5,897,175	$ (83,144)	$ 120,233,504	$ 42,788,926	$ 163,022,430
Appropriation of 2016 earnings												
Legal reserve	-	-	-	3,524,500	-	(3,524,500)	-	-	-	-	-	-
Special reserve	-	-	-	-	58,742	(58,742)	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(6,118,655)	-	-	-	(6,118,655)	-	(6,118,655)
Net profit for the six months ended June 30, 2017	-	-	-	-	-	6,223,704	-	-	-	6,223,704	2,118,902	8,342,606
Other comprehensive income (loss) for the six months ended June 30, 2017, net of income tax	-	-	-	-	-	-	(2,911,028)	2,334,212	-	(576,816)	(1,652,955)	(2,229,771)
Total comprehensive income (loss) for the six months ended June 30, 2017	-	-	-	-	-	6,223,704	(2,911,028)	2,334,212	-	5,646,888	465,947	6,112,835
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(1,542,978)	(1,542,978)
Balance at June 30, 2017	$ 40,791,031	$ -	$ 4,647,655	$ 44,117,426	$ 7,538,888	$ 14,987,248	$ (468,754)	$ 8,231,387	$ (83,144)	$ 119,761,737	$ 41,711,895	$ 161,473,632

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	
	2017	**2016**
Cash flows from operating activities		
Consolidated net profit before income tax	$ 10,624,051	$ 9,218,101
Adjustments to reconcile net profit to net cash provided by operating activities		
Depreciation expenses	349,057	280,025
Amortization expenses	134,124	135,383
Bad debt expenses	454,386	430,243
Gains on financial assets and liabilities at fair value through profit or loss	(351,924)	(145,657)
Interest expenses	4,905,464	5,252,015
Interest revenue	(16,618,112)	(15,975,538)
Dividend income	(443,657)	(79,375)
Share of profit of associates and joint ventures	(133,260)	(71,899)
Losses on disposal of properties and equipment, net	5,332	3,963
Other adjustments	347,376	531,608
Changes in operating assets and liabilities		
Decrease (increase) in due from the Central Bank and call loans to banks	46,731,981	(22,484,742)
Decrease in financial assets at fair value through profit or loss	4,287,050	222,546
Increase in receivables	(2,906,186)	(3,993,287)
Decrease (increase) in discounts and loans	(62,928,182)	25,996,572
Increase in available-for-sale financial assets	(5,945,319)	(58,280,101)
Decrease (increase) in held-to-maturity financial assets	(9,363,678)	11,483,944
Decrease (increase) in other financial assets	(7,297)	31,690
Increase (decrease) in due to the Central Bank and banks	9,515,949	(3,991,263)
Decrease in financial liabilities at fair value through profit or loss	(511,004)	(145,070)
Increase in securities sold under repurchase agreements	11,149,432	19,578,137
Increase in payables	972,246	6,327,885
Increase (decrease) in deposits and remittances	17,564,517	(17,849,332)
Increase in other financial liabilities	18,641	3,788,917
Increase (decrease) in employee benefit provisions	38,128	(70,623)
Increase in other liabilities	429,892	338,876
Cash generated from (used in) operations	8,319,007	(39,466,982)
Interest received	16,834,562	16,041,407
Dividends received	33,482	77,455
Interest paid	(4,527,505)	(5,355,112)
Income tax paid	(1,333,088)	(1,662,767)
Net cash generated from (used in) operating activities	19,326,458	(30,365,999)

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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	
	2017	**2016**
Cash flows from investing activities		
Acquisition of properties	$ (538,170)	$ (341,165)
Proceeds from disposal of properties	936	400
Decrease (increase) in refundable deposits	50,171	(249,049)
Acquisition of investment properties	(3,181)	(178,495)
Decrease (increase) in other assets	1,113,111	(216,611)
Net cash generated from (used in) investing activities	622,867	(984,920)
Cash flows from financing activities		
Increase in borrowings from the Central Bank and banks	-	1,130,325
Issuance of bank debentures	5,000,000	-
Increase (decrease) in guarantee deposits received	339,295	(157,372)
Change in non-controlling interests	(1,542,978)	(1,651,436)
Net cash generated from (used in) financing activities	3,796,317	(678,483)
Effects of exchange rate changes on the balance of cash held in foreign currencies	(4,863,542)	(277,570)
Net increase (decrease) in cash and cash equivalents	18,882,100	(32,306,972)
Cash and cash equivalents at the beginning of the year	163,264,050	202,637,807
Cash and cash equivalents at the end of the year	$ 182,146,150	$ 170,330,835

Reconciliation of the amounts in the consolidated statements of cash flows with the equivalent items reported in the consolidated balance sheets at June 30, 2017 and 2016:

	2017	**2016**
Cash and cash equivalents in consolidated balance sheets	$ 96,837,554	$ 51,818,730
Due from the Central Bank and call loans to banks which fall in with the definition of cash and cash equivalents under IAS 7	85,188,558	118,512,105
Securities purchased under resell agreements which fall in with the definition of cash and cash equivalents under IAS 7	120,038	-
Cash and cash equivalents in consolidated statements of cash flows	$ 182,146,150	$ 170,330,835

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

1. ORGANIZATION AND OPERATIONS

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

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

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

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

2. AUTHORIZATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors and authorized for issue on August 19, 2017.

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

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

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

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

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

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

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

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

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

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

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

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

1) IFRS 9 "Financial Instruments"

Recognition, measurement and impairment of financial assets

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

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

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

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

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

The Group analyzed the current facts and circumstances of its financial assets existing at June 30, 2017 and performed a preliminary assessment of the main impact of IFRS 9 on the classification and measurement of financial assets. Under IFRS 9:

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

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

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

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

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

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

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

The Group elects not to restate prior periods when applying the requirements for the recognition, measurement and impairment of financial assets under IFRS 9 and will provide the disclosures related to the classification and the adjustment information upon initial application of IFRS 9. Furthermore, the Group will provide disclosure of the differences in amounts if the Group continued to apply the existing accounting treatments in 2018.

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

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

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

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

The Group elects to retrospectively apply IFRS 15 to contracts that are not complete on January 1, 2018 and recognize the cumulative effect of the change in retained earnings on January 1, 2018.

In addition, the Group will disclose the difference between the amount that results from applying IFRS 15 and the amount that results from applying current standards for 2018.

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

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

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

When evaluating deferred tax assets, the Group estimates probable future taxable profit using their carrying amounts. The above amendments will apply retroactively in 2018.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously 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 completed.

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

New IFRSs	Effective Date Announced by IASB (Note)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 16 "Leases"	January 1, 2019
IFRS 17"Insurance Contracts"	January 1, 2021
IFRIC 23 "Uncertainty Over Income Tax Treatments"	January 1, 2019

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

IFRS 16 "Leases"

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

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

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

As of the date the consolidated financial statements were authorized for issue, the Group is continuously 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" as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

Basis of Preparation

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

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

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

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

c. Level 3 inputs are unobservable inputs for the asset or liability.

Other Significant Accounting Policies

Except for the following, the accounting policies applied in these consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2016.

a. Retirement benefits

   Defined benefit costs (including service cost, net interest and remeasurement) under the defined 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 benefit expenses in the period in which they occur.

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

b. Taxation

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

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

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

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

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

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

c. Allowance for credit losses on discounts and loans

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

For loans and receivables, the amount of the impairment loss recognized is the difference between an asset's carrying amount and the present value of its estimated future cash flows, discounted at the financial asset's original effective interest rate.

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

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

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

Rule No. 10300329440 issued by the FSC on December 4, 2014 stipulates that banks may maintain a bad debt provision ratio at a minimum of 1.5% for housing mortgages in order to improve banks' risk cushion. The rule requires the 1.5% rate to be reached by no later than the end of 2014.

Rule No. 10410001840 issued by the FSC on April 23, 2015 stipulates that banks may maintain a minimum 1.5% bad debt provision ratio for category one credit assets (including short-term trade financing) due from PRC businesses. This is, again, to improve banks' risk cushion.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Except for the following, the key accounting judgments, estimates and associated assumptions applied in these consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2016.

a. Estimated impairment of loans and receivables

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

b. Income taxes

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

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

6. CASH AND CASH EQUIVALENTS

	June 30, 2017	December 31, 2016	June 30, 2016
Cash on hand and working fund	$ 7,524,866	$ 10,832,370	$ 7,526,142
Notes and checks in clearing	1,067,219	3,148,468	826,481
Due from other banks	88,245,469	52,795,156	43,466,107
	$ 96,837,554	$ 66,775,994	$ 51,818,730

The reconciliation of the amounts of cash and cash equivalents reported in the consolidated statements of cash flows and consolidated balance sheets as of December 31, 2016 is shown below. For the reconciliation of the period ended June 30, 2017 and 2016, refer to the consolidated statements of cash flows.

	December 31, 2016
Cash and cash equivalents in consolidated balance sheets	$ 66,775,994
Due from the Central Bank and call loans to banks which fall in with the definition of cash and cash equivalents under IAS 7	96,488,056
Cash and cash equivalents in consolidated statements of cash flows	$ 163,264,050

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

	June 30, 2017	December 31, 2016	June 30, 2016
Call loans to banks	$ 178,801,885	$ 224,222,791	$ 215,473,313
Deposit reserves - I	8,062,812	1,952,103	3,301,022
Deposit reserves - II	16,563,539	15,353,754	16,204,576
Deposit reserves - foreign	140,189	126,429	123,422
Due from foreign central banks	2,722,618	2,716,225	2,344,601
	$ 206,291,043	$ 244,371,302	$ 237,446,934

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

Call loans to banks including the allowance for doubtful debt amounted to $1,977 thousand on June 30, 2017, $2,094 thousand on December 31, 2016 and $2,099 thousand on June 30, 2016.

8. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2017	December 31, 2016	June 30, 2016
Financial assets at fair value through profit or loss			
Held-for-trading financial assets			
Corporate bonds	$ 2,607,849	$ 1,214,072	$ 1,014,202
Government bonds	960,705	411,056	533,168
Forward contracts	754,776	1,136,996	1,221,286
Shares	457,236	528,771	131,266
Option contracts	211,767	228,605	350,887
Commercial papers	179,893	5,582,305	23,097,171
Currency swap contracts	31,701	284,093	81,505
Negotiable certificates of deposit	-	2,499,958	70,312

(Continued)

	June 30, 2017	December 31, 2016	June 30, 2016
Bank debentures	$ -	$ -	$ 11,821
Others	42,921	90,960	44,816
	5,246,848	11,976,816	26,556,434
Financial assets designated at fair value through profit or loss			
Bills	2,070,990		
Structured corporate bonds contracts	1,066,051	768,160	1,253,244
	$ 8,383,889	$ 12,744,976	$ 27,809,678
Financial liabilities at fair value through profit or loss			
Held-for-trading financial liabilities			
Forward contracts	$ 478,151	$ 1,143,935	$ 724,486
Option contracts	212,459	223,552	360,066
Currency swap contracts	25,720	-	122,269
Interest rate swap contracts	4,762	-	15,464
Others	7,003	10,283	-
	$ 728,095	$ 1,377,770	$ 1,222,645

(Concluded)

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

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

	June 30, 2017	December 31, 2016	June 30, 2016
Forward contracts	$ 151,462,320	$ 199,336,614	$ 224,993,535
Currency swap contracts	11,785,917	27,288,257	50,566,085
Option contracts	24,514,017	23,187,899	35,387,241
Interest rate swap contracts	3,291,930	1,439,847	1,765,762
Future contracts	-	-	5,112

9. SECURITIES PURCHASED UNDER RESALE AGREEMENTS (DECEMBER 31, 2016 AND JUNE 30, 2016: NONE)

Securities purchased under resale agreements as of June 30, 2017 were $120,038 thousand. The aforementioned securities will be bought back one after another before July 12, 2017 at $120,058 thousand.

10. RECEIVABLES, NET

	June 30, 2017	December 31, 2016	June 30, 2016
Accrued interest	$ 4,450,132	$ 4,824,328	$ 4,636,251
Acceptances	4,061,080	3,490,181	4,858,342
Accounts receivable due from sales of securities	3,278,136	1,363,988	3,402,386
Credit cards receivable	2,889,073	2,875,810	3,023,742
Accounts receivable - factoring	936,452	1,008,988	1,046,589
Others	2,430,608	2,143,656	2,303,665
	18,045,481	15,706,951	19,270,975
Allowance for credit losses	(377,540)	(380,777)	(409,460)
	$ 17,667,941	$ 15,326,174	$ 18,861,515

Allowances for account receivable and other financial assets is categorized and assessed by credit risk as shown below (excluding part of acceptances and accrued interest):

Item	June 30, 2017	
	Total	Allowance
With objective evidence of impairment		
Individually assessed	$ 51,733	$ 47,738
Collectively assessed	100,616	71,146
With no objective evidence of impairment		
Collectively assessed	7,495,089	306,129
Grand total	$ 7,647,438	$ 425,013

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

Item	June 30, 2016	
	Total	Allowance
With objective evidence of impairment		
Individually assessed	$ 11,884	$ 5,253
Collectively assessed	211,715	144,571
With no objective evidence of impairment		
Collectively assessed	7,700,327	282,653
Grand total	$ 7,923,926	$ 432,477

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

	For the Six Months Ended June 30	
	2017	2016
Balance at January 1	$ 430,803	$ 381,492
Provisions	4,150	59,375
Write-offs	(23,430)	(27,117)
Recoveries	18,627	20,267
Effects of exchange rate changes	(5,137)	(1,540)
Balance at June 30	$ 425,013	$ 432,477

11. DISCOUNTS AND LOANS, NET

	June 30, 2017	December 31, 2016	June 30, 2016
Loans	$ 882,348,396	$ 836,493,583	$ 804,720,216
Inward/outward documentary bills	19,942,382	20,248,785	18,564,443
Nonperforming loans	2,283,246	2,103,065	1,995,308
	904,574,024	858,845,433	825,279,967
Discount and premium adjustments	725,498	727,849	728,775
Allowance for credit losses	(10,393,782)	(10,242,623)	(10,149,391)
	$ 894,905,740	$ 849,330,659	$ 815,859,351

The Bank discontinues accruing interests when loans are deemed nonperforming. For the six months ended June 30, 2017 and 2016, the unrecognized interest revenue on the nonperforming loans amounted to $16,211 thousand and $15,269 thousand, respectively.

For the six months ended June 30, 2017 and 2016, the Group only had written off certain credits after completing the required legal procedures.

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

Item	June 30, 2017	
	Total	Allowances
With objective evidence of impairment		
Individually assessed	$ 2,712,153	$ 665,194
Collectively assessed	7,522,893	2,047,761
With no objective evidence of impairment		
Collectively assessed	894,338,978	7,680,827
Grand total	$ 904,574,024	$ 10,393,782

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

Item	June 30, 2016 Total	Allowances
With objective evidence of impairment		
Individually assessed	$ 2,724,128	$ 665,961
Collectively assessed	6,540,923	2,512,890
With no objective evidence of impairment		
Collectively assessed	816,014,916	6,970,540
Grand total	$ 825,279,967	$ 10,149,391

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

	For the Six Months Ended June 30 2017	2016
Balance at January 1	$ 10,242,623	$ 10,289,808
Provisions	442,900	245,341
Write-offs	(256,432)	(747,092)
Recoveries	163,954	429,478
Effects of exchange rate changes	(199,263)	(68,144)
Balance at June 30	$ 10,393,782	$ 10,149,391

The details of bad debt expenses for the six months ended June 30, 2017 and 2016 are listed below:

	For the Six Months Ended June 30 2017	2016
Provisions for loans and discounts	$ 442,900	$ 245,341
Provisions for receivables	7,336	125,527
Provisions for reserve for possible losses on guarantees	4,150	59,375
	$ 454,386	$ 430,243

12. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	June 30, 2017	December 31, 2016	June 30, 2016
Bank debentures	$ 106,333,961	$ 95,012,778	$ 92,689,019
Negotiable certificates of deposit	63,983,057	79,180,202	81,010,063
Government bonds	47,167,027	66,688,093	72,134,589
Corporate bonds	68,357,835	59,028,111	61,995,141
Commercial papers	39,692,489	22,038,165	25,319,012
Shares	22,065,198	20,838,979	16,024,731
Beneficiary certificates	7,601,107	7,928,479	8,065,208
Treasury bonds	2,051,609	-	2,640,851
Asset backed securities	520,497	423,756	498,801
	$ 357,772,780	$ 351,138,563	$ 360,377,415

Part of the aforementioned available-for-sale financial assets were sold under repurchase agreements as of June 30, 2017, December 31, 2016 and June 30, 2016. The par value of bonds and commercial papers sold under repurchase agreements were $20,049,000 thousand, $9,493,600 thousand and $24,422,900 thousand, respectively.

Part of the aforementioned asset 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 such SIV. As of June 30, 2017, the unrealized accumulated impairment losses related to its SIV investments were $91,260 thousand.

For more information on the pledged assets, see Note 34.

13. HELD-TO-MATURITY FINANCIAL ASSETS

	June 30, 2017	December 31, 2016	June 30, 2016
Negotiable certificates of deposit	$ 69,300,000	$ 61,944,440	$ 70,545,900
Government bonds	10,407,039	9,824,731	9,850,915
Treasury bonds	999,302	-	-
Corporate bonds	959,136	831,926	602,991
Certificates of deposit	304,202	-	-
Bank debentures	60,742	65,609	66,592
	$ 82,030,421	$ 72,666,706	$ 81,066,398

For more information on the pledged assets, see Note 34.

14. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

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

			Proportion of Ownership			
Investor	Investee	Nature of Activities	June 30, 2017	December 31, 2016	June 30, 2016	Remark
Domestic subsidiaries						
The Bank	China Travel Service (Taiwan)	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)
China Travel Service (Taiwan)	CTS Travel International Ltd.	Traveling	100.00	100.00	100.00	1)
Foreign subsidiaries						
The Bank	Shancom Reconstruction Inc.	Investment holding	100.00	100.00	100.00	
	Wresqueue Limitada	Investment holding	100.00	100.00	100.00	1)
	Paofoong 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	
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	2)
Krinein Company	Shanghai Commercial Bank (HK)	Banking	9.60	9.60	9.60	2)
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	100.00	100.00	100.00	1)
	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)
	Paofoong 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	100.00	100.00	1)
	KCC 25F Limited	Property holding	100.00	100.00	100.00	1)
	KCC 26F Limited	Property holding	100.00	100.00	100.00	1)
Right Honour Investments Limited	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)

Remarks:

1) The entity is an immaterial subsidiary; its financial statements have not been audited.

2) This entity is the subsidiary that have material non-controlling subsidiary.

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

Name of Subsidiary	Principal Place of Business	Proportion of Ownership and Voting Rights Held by Non-controlling Interests		
		June 30, 2017	December 31, 2016	June 30, 2016
Shanghai Commercial Bank (H.K.)	Hong Kong	42.4%	42.4%	42.4%

Name of Subsidiary	Profit Allocated to Non-controlling Interests For the Six Months Ended June 30		Accumulated Non-controlling		
	2017	2016	June 30, 2017	December 31, 2016	June 30, 2016
Shanghai Commercial Bank (H.K.) (excluding NCI in its subsidiaries)	$ 2,118,465	$ 1,569,988	$ 41,619,480	$ 42,690,153	$ 39,855,054

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

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

	June 30, 2017	December 31, 2016	June 30, 2016
Assets	$ 701,296,461	$ 704,726,783	$ 669,368,972
Liabilities	(602,255,449)	(603,746,320)	(575,080,667)
Non-controlling interests of Shanghai Commercial Bank (H.K.)	(287,007)	(296,140)	(290,535)
Equity	$ 98,754,005	$ 100,684,323	$ 93,997,770
Owners of Shanghai Commercial Bank (H.K.)	$ 56,882,307	$ 57,994,171	$ 54,142,716
Non-controlling interests of Shanghai Commercial Bank (H.K.)	41,871,698	42,690,152	39,855,054
	$ 98,754,005	$ 100,684,323	$ 93,997,770

	For the Six Months Ended June 30	
	2017	2016
Revenue	$ 9,342,201	$ 7,683,691
Net profit for the period	$ 5,006,769	$ 3,711,893
Profit allocated to NCI in subsidiaries of Shanghai Commercial Bank (H.K.)	(10,390)	(9,091)
	4,996,379	3,702,802
Other comprehensive income for the period	3,010,171	625,512
Other comprehensive income allocated to NCI in subsidiaries of Shanghai Commercial Bank (H.K.)	(517)	486
Total comprehensive income for the period	$ 8,006,033	$ 4,328,800

(Continued)

	For the Six Months Ended June 30	
	2017	2016
Profit attributable to:		
Owners of Shanghai Commercial Bank (H.K.)	$ 2,877,914	$ 2,132,814
Non-controlling interests in Shanghai Commercial Bank (H.K.)	2,118,465	1,569,988
	$ 4,996,379	$ 3,702,802
Total comprehensive income attributable to:		
Owners of Shanghai Commercial Bank (H.K.)	$ 4,611,475	$ 2,493,389
Non-controlling interests of Shanghai Commercial Bank (H.K.)	3,394,558	1,835,411
	$ 8,006,033	$ 4,328,800
Net cash inflow (outflow) from:		
Operating activities	$ 25,634,141	$ (30,548,616)
Investing activities	154,794	(478,838)
Financing activities	(3,361,166)	(4,136,516)
Net cash inflow	$ 22,427,769	$ (35,163,970)
Dividends paid to non-controlling interest Shanghai Commercial Bank (H.K.)	$ 1,542,978	$ 1,651,436

(Concluded)

15. EQUITY INVESTMENTS UNDER THE EQUITY METHOD

	June 30, 2017	December 31, 2016	June 30, 2016
Investments in associates	$ 1,473,756	$ 1,421,566	$ 1,438,434

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	
	2017	2016
Profits from continuing operations	$ 133,260	$ 71,899
Other comprehensive income	23,785	45,970
The comprehensive income for the period	$ 157,045	$ 117,869

16. OTHER FINANCIAL ASSETS, NET

	June 30, 2017	December 31, 2016	June 30, 2016
Nonperforming receivables	$ 47,473	$ 50,026	$ 23,017
Financial assets carried at cost	5,179	5,179	5,179
Bills purchased, net	8,599	1,570	465
	61,251	56,775	28,661
Allowance for nonperforming credit card receivables	(47,473)	(50,026)	(23,017)
	$ 13,778	$ 6,749	$ 5,644

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

The balance of credit cards receivable which were reported as nonperforming was $2,752 thousand, $2,939 thousand and $3,381 thousand as of June 30, 2017, December 31, 2016 and June 30, 2016, respectively. The unrecognized interest revenue on the receivables amounted to $32 thousand and $38 thousand for the six months ended June 30, 2017 and 2016, respectively.

17. PROPERTIES, NET

	June 30, 2017	December 31, 2016	June 30, 2016
Land	$ 14,757,750	$ 15,619,473	$ 17,140,476
Buildings and improvements	5,320,668	5,656,624	5,796,735
Office equipment	294,430	296,292	319,892
Transportation equipment	28,983	28,263	29,851
Miscellaneous equipment	999,779	672,338	484,214
Construction-in-progress and prepayments	479,144	7,260	7,260
	$ 21,880,754	$ 22,280,250	$ 23,778,428

	For the Six Months Ended June 30, 2017					
	Balance at January 1, 2016	Additions	Disposals	Internal Transfers	Effects of Exchange Rate Changes, Net	Balance at June 30, 2016
Cost						
Land	$ 16,151,114	$ -	$ -	$ (474,496)	$ (388,357)	$ 15,288,261
Buildings and improvements	8,880,407	4,413	(4,186)	-	(270,230)	8,610,404
Office equipment	2,076,748	50,944	(14,711)	-	(66,246)	2,046,735
Transportation equipment	93,078	5,020	(1,370)	-	(2,297)	94,431
Miscellaneous equipment	2,414,173	471,657	(54,347)	-	(115,556)	2,715,927
Construction-in-progress and prepayments	7,260	6,136	-	474,496	(5,953)	481,939
	29,622,780	$ 538,170	$ (74,614)	$ -	$ (848,639)	29,237,697
Accumulated depreciation						
Land	531,641	$ 34,394	$ -	$ (2,557)	$ (32,967)	530,511
Buildings and improvements	3,223,783	144,448	(4,186)	-	(74,309)	3,289,736
Office equipment	1,780,456	46,973	(13,856)	-	(61,268)	1,752,305
Transportation equipment	64,815	3,253	(1,284)	-	(1,336)	65,448

(Continued)

	For the Six Months Ended June 30, 2017					
	Balance at January 1, 2016	**Additions**	**Disposals**	**Internal Transfers**	**Effects of Exchange Rate Changes, Net**	**Balance at June 30, 2016**
Miscellaneous equipment	$ 1,741,835	$ 102,184	$ (49,020)	$ -	$ (78,851)	$ 1,716,148
Construction-in-progress and prepayments	-	272	-	2,557	(34)	2,795
	7,342,530	$ 331,524	$ (68,346)	$ -	$ (248,765)	7,356,943
Net amount	$ 22,280,250					$ 21,880,754

(Concluded)

	For the Six Months Ended June 30, 2016					
	Balance at January 1, 2016	**Additions**	**Disposals**	**Internal Transfers**	**Effects of Exchange Rate Changes, Net**	**Balance at June 30, 2016**
Cost						
Land	$ 15,008,837	$ -	$ -	$ 2,781,530	$ (147,803)	$ 17,642,564
Buildings and improvements	7,752,895	44,511	-	1,147,232	(97,635)	8,847,003
Office equipment	2,187,612	65,211	(150,837)	-	(21,750)	2,080,236
Transportation equipment	96,684	1,715	(2,270)	-	(811)	95,318
Miscellaneous equipment	2,220,516	113,354	(24,697)	-	(22,727)	2,286,446
Construction-in-progress and prepayments	3,813,932	116,374	-	(3,901,526)	(21,520)	7,260
	31,080,476	$ 341,165	$ (177,804)	$ 27,236	$ (312,246)	30,958,827
Accumulated depreciation						
Land	447,072	$ 37,058	$ -	$ 27,456	$ (9,498)	502,088
Buildings and improvements	2,982,577	103,418	-	38	(35,765)	3,050,268
Office equipment	1,866,278	60,877	(147,166)	-	(19,645)	1,760,344
Transportation equipment	64,518	3,539	(2,114)	-	(476)	65,467
Miscellaneous equipment	1,780,293	63,128	(24,161)	-	(17,028)	1,802,232
Construction-in-progress and prepayments	26,588	824	-	(27,262)	(150)	-
	7,167,326	$ 268,844	$ (173,441)	$ 232	$ (82,562)	7,180,399
Net amount	$ 23,913,150					$ 23,778,428

The Group did not recognize any impairment losses on the properties for the six months ended June 30, 2017 and 2016.

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

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

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

The SCB (HK) main building was built in 2016. Construction-in-progress and prepayments were readjusted to land and buildings and improvements. The Group has accounted for such land and buildings and equipment in accordance with the accounting for property, plant and equipment and investment properties, respectively. See Note 18.

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

18. INVESTMENT PROPERTIES, NET

	June 30, 2017	December 31, 2016	June 30, 2016
Land	$ 4,209,419	$ 4,469,821	$ 2,998,830
Buildings and improvements	1,198,354	1,290,807	1,283,720
	$ 5,407,773	$ 5,760,628	$ 4,282,550

	For the Six Months Ended June 30, 2017				
	Balance at January 1, 2017	Additions	Internal Transfers	Effects of Exchange Rate Changes, Net	Balance at June 30, 2017
Cost					
Land	$ 4,510,324	$ -	$ -	$ (268,807)	$ 4,241,517
Buildings and improvements	1,315,811	3,181	-	(81,552)	1,237,440
	5,826,135	$ 3,181	$ -	$ (350,359)	5,478,957
Less: Accumulated depreciation					
Land	40,503	$ 1,705	$ -	$ (10,110)	32,098
Buildings and improvements	25,004	15,828	-	(1,746)	39,086
	65,507	$ 17,533	$ -	$ (11,856)	71,184
Net amount	$ 5,760,628				$ 5,407,773

	For the Six Months Ended June 30, 2016				
	Balance at January 1, 2016	Additions	Internal Transfers	Effects of Exchange Rate Changes, Net	Balance at June 30, 2016
Cost					
Land	$ 13,630	$ -	$ 3,059,566	$ (42,511)	$ 3,030,685
Buildings and improvements	14,510	48,783	1,253,203	(18,261)	1,298,235
Construction-in-progress and prepayments for real estate investments	4,234,281	129,712	(4,340,005)	(23,988)	-
	4,262,421	$ 178,495	$ (27,236)	$ (84,760)	4,328,920
Less: Accumulated depreciation					
Land	1,142	$ 971	$ 30,195	$ (453)	31,855
Buildings and improvements	5,498	9,290	(38)	(235)	14,515
Construction-in-progress and prepayments for real estate investments	29,638	920	(38,389)	(169)	-
	36,278	$ 11,181	$ (232)	$ (857)	46,370
Net amount	$ 4,226,143				$ 4,282,550

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

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

The fair value of investment properties has been measured mainly be an independent appraiser, Cushman & Wakefield, on the balance sheet date. The valuation applies common Level 3 input valuation models such as the “direct comparison approach” and the “income capitalization approach”. The applied unobservable inputs include sales proofs from market, potential market rentals, and related costs such as building costs, consulting costs, and financing costs. The fair value is stated below:

	June 30,2017	December 31, 2016	June 30,2016
Fair value	$ 11,490,105	$ 13,818,183	$ 14,638,874

The rental income from investment properties is stated below:

	For the Six Months Ended June 30	
	2017	2016
Rental income from investment properties	$ 142,853	$ 20,631

19. OTHER ASSETS, NET

	June 30, 2017	December 31, 2016	June 30, 2016
Prepaid expenses	$ 918,058	$ 2,208,384	$ 1,564,463
Refundable deposits, net of $17,360 thousand impairment loss	951,766	1,020,366	1,019,791
Deferred charges	310,422	375,013	457,111
Temporary payments and suspense	202,656	86,547	244,332
Computer software	139,275	140,658	119,220
Prepaid pension costs	-	-	10,667
Others	125,627	171,497	296,469
	$ 2,647,804	$ 4,002,465	$ 3,712,053

20. DUE TO THE CENTRAL BANK AND BANKS

	June 30, 2017	December 31, 2016	June 30, 2016
Due to banks	$ 3,977,766	$ 4,011,826	$ 3,054,856
Call loans from banks	35,961,770	26,138,638	24,280,402
Deposit transfer from Chunghwa Post Co., Ltd.	3,747,072	3,802,664	4,049,420
Overdraft on banks	1,258,007	1,475,538	2,039,508
	$ 44,944,615	$ 35,428,666	$ 33,424,186

21. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

Securities sold under repurchase agreements as of June 30, 2017, December 31, 2016 and June 30, 2016 were $21,335,644 thousand, $10,186,212 thousand and $25,898,813 thousand, respectively. The aforementioned securities will be sold back by December 28, 2017 and September 22, 2017 and before January 16, 2017 at $21,345,705 thousand, $10,193,351 thousand and $25,898,813 thousand, respectively.

22. PAYABLES

	June 30, 2017	December 31, 2016	June 30, 2016
Dividends payable	$ 17,112,139	$ 10,995,694	$ 16,187,389
Accounts payable	7,259,019	7,032,472	6,764,946
Liabilities on bank acceptances	4,093,726	3,519,141	4,895,204
Accounts payable due from purchases of securities	-	-	3,053,270
Accrued interest	2,272,177	1,938,508	2,152,092
Accrued expenses	1,175,709	1,416,195	1,097,223
Others	390,098	438,338	537,312
	$ 32,302,868	$ 25,340,348	$ 34,687,436

23. DEPOSITS AND REMITTANCES

	June 30, 2017	December 31, 2016	June 30, 2016
Time deposits	$ 632,284,737	$ 601,935,706	$ 604,927,117
Savings deposits	431,919,867	443,131,254	421,198,872
Demand deposits	291,917,667	293,242,685	278,030,764
Checking deposits	8,741,026	10,496,084	7,844,087
Negotiable certificates of deposits	6,760,300	4,529,100	2,884,200
Remittances	302,829	1,027,081	306,838
	$ 1,371,926,426	$ 1,354,361,910	$ 1,315,191,878

24. BANK DEBENTURES

	June 30, 2017	December 31, 2016	June 30, 2016
The subordinate bank debenture - 7 year maturity; first issued in 2010; maturity date is on June 2017	$ 3,000,000	$ 3,000,000	$ 3,000,000
The subordinate bank debenture - 7 year maturity; first issued in 2012; maturity date is on April 2019	4,000,000	4,000,000	4,000,000
The subordinate bank debenture - 7 year maturity; second issued in 2012; maturity date is on May 2019	1,000,000	1,000,000	1,000,000
The subordinate bank debenture - 7-10 year maturity, third issued in 2012; maturity date is from December 2019 to December 2022.	5,000,000	5,000,000	5,000,000
The subordinate bank debenture - 7-10 year maturity, fourth issued in 2012; maturity date is from December 2019 to December 2022.	10,000,000	10,000,000	10,000,000

(Continued)

	June 30, 2017	December 31, 2016	June 30, 2016
The subordinate bank debenture - 7-10 year maturity, first issued in 2014; maturity date is on March 2021 to March 2024	$ 6,700,000	$ 6,700,000	$ 6,700,000
The subordinate bank debenture - 7 year maturity, second issued in 2014; maturity date is on November 2021	3,300,000	3,300,000	3,300,000
The subordinate bank debenture - 7 year maturity; first issued in 2015; maturity date is on June 2022	2,150,000	2,150,000	2,150,000
The subordinate bank debenture - 8.5 year maturity; second issued in 2015; maturity date is on June 2024	3,000,000	3,000,000	3,000,000
The subordinate bank debenture - 10 year maturity; second issued in 2017; maturity date is on June 2027	5,000,000	-	-
	$ 43,150,000	$ 38,150,000	$ 38,150,000

(Concluded)

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

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

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

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

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

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

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

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

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

The first issuance of the 2017 bank debenture can be classified into two types, Types A and B, in accordance with the issued terms and methods of interest accrual. Their terms and methods of interest accrual are as follows: Type A, seven-year of subordinate bank debenture at a fixed annual interest rate of 1.70%; Type B, ten-year of subordinate bank debenture at a fixed annual interest rate of 1.85%. Their interests are paid annually with the repayment of principals at maturity.

25. OTHER FINANCIAL LIABILITIES

	June 30, 2017	December 31, 2016	June 30, 2016
Appropriated loan funds	$ 2,416,248	$ 2,810,902	$ 3,351,072
Principals of structured instruments	753,598	469,485	4,417,818
Bank borrowings	129,706	-	-
	$ 3,299,552	$ 3,280,387	$ 7,768,890

26. PROVISIONS

	June 30, 2017	December 31, 2016	June 30, 2016
Reserve for employee benefits	$ 800,832	$ 785,004	$ 602,643
Reserve for possible losses on guarantees	604,723	604,785	605,083
Reserve for other operation	403,665	403,186	404,220
Reserve for unexpected losses	3,565	3,564	3,564
	$ 1,812,785	$ 1,796,539	$ 1,615,510

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

	For the Six Months Ended June 30	
	2017	2016
Beginning balance	$ 604,785	$ 479,670
Reserve for possible losses on guarantees (Note 11)	7,336	125,527
Exchange differences	(7,398)	(114)
Ending balance	$ 604,723	$ 605,083

27. OTHER LIABILITIES

	June 30, 2017	December 31, 2016	June 30, 2016
Guarantee deposits received	$ 1,616,202	$ 1,342,222	$ 1,551,865
Deferred revenue	898,617	485,343	382,907
Temporary credit	34,113	37,364	39,713
Interest received in advance	25,584	39,708	20,690
Others	376,688	341,584	282,494
	$ 2,951,204	$ 2,246,221	$ 2,277,669

28. PENSION PLAN

Employee benefit expenses in respect of the Bank’s defined benefit retirement plans for six months ended June 20, 2017 and 2016 were calculated using the actuarially determined pension cost discount rate as of December 31, 2016 and 2015. The employee benefit expenses for the period ended June 20, 2017 and 2016 were as follows:

	For the Six Months Ended June 30	
	2017	2016
Defined benefit plan	$ 97,373	$ 96,681
Employee preferential interest deposits	33,000	37,550
Other long-term employee benefits	309	360
	$ 130,682	$ 134,591

29. EQUITY

a. Share capital

	June 30, 2017	December 31, 2016	June 30, 2016
Ordinary shares			
Authorized shares (in thousand)	6,000,000	6,000,000	6,000,000
Authorized capital	$ 60,000,000	$ 60,000,000	$ 60,000,000
Issued and paid shares (in thousand)	4,079,103	4,079,103	3,999,121
Issued capital	$ 40,791,031	$ 40,791,031	$ 39,991,207

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

In the shareholders’ meeting dated on June 14, 2016, it was resolved to increase the Bank’s authorized shares and authorized capital to 799,824 thousand shares and $79,982 thousand. The meeting also determined a dividend ratio at $0.2 per share. The registration of the new shares has been completed as of September 2016.

b. Capital surplus

	June 30, 2017	December 31, 2016	June 30, 2016
Share premium	$ 2,647,583	$ 2,647,583	$ 2,647,583
Treasury shares transaction	1,998,854	1,998,854	1,991,109
Proportionate share in equity-method investee's surplus from donated assets	1,218	1,218	1,218
	$ 4,647,655	$ 4,647,655	$ 4,639,910

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

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

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

c. Retained earnings and dividend policy

In accordance with the amendments to the Company Act in May 2015, the recipients of dividends and bonuses are limited to shareholders and do not include employees. The consequential amendments to the Company's Articles of Incorporation were adopted by resolution of the board of directors in their meeting held on March 14, 2016 and are subject to the resolution of the shareholders in their meeting to be held on June 14, 2016. For information about employees' compensation and remuneration and actual appropriations, refer to Note 30 (d).

The Bank has made special reserves for the adoption of IFRS in accordance with Rule No. 1010012865 issued by the FSC on April 6, 2012 and the directive titled "Questions and Answers for Special Reserves Appropriated Following A6doption of IFRSs."

According to the amendments to the Bank's Articles of Incorporation, a legal reserve shall be appropriated at the amount equal to 30% of earnings after tax. The legal reserve shall be appropriated until it reaches the Bank's paid-in capital, and then any remaining profit together with any undistributed retained earnings shall be used by the Bank's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. If the Bank has no deficit and the legal reserve has exceeded 25% of the Bank's paid-in capital, the excess may be transferred to capital or distributed in cash. However, under the Banking Law, if the Bank's legal reserve is less than its paid-in capital, the Bank may distribute cash earnings only up to 15% of its paid-in capital.

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

The appropriations of earnings for 2016 and 2015 were approved in the shareholders' meetings on June 18, 2017 and June 14, 2016, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		Dividends Per Share (Dollars)	
	2016	2015	2016	2015
Legal reserve	$ 3,524,499	$ 3,569,398		
Special reserve	58,742	-		
Cash dividends - ordinary shares	6,118,655	5,998,681	$ 1.50	$ 1.50
Share dividends - ordinary shares	-	799,824	-	0.20
	$ 9,701,896	$ 10,367,903	$ 1.50	$ 1.70

The cash dividends from the 2016 earnings appropriation were not paid yet nor recorded as dividend payable accordingly as of June 30, 2017; for the relevant information, refer to Note 22.

d. Special reserve

The Bank has made a special reserve in the amount of $1,256,859 thousand due to transfer of its cumulative translation adjustment reported in equity to retained earnings upon first-time IFRS adoption. There was no change in the balance of the special reserve for the period ended June 30, 2017.

With Rule No. 10510001510 issued by the FSC on May 25, 2016, public banks shall make a special reserve for 0.5% to 1.0% of net profit when making the appropriations of earnings of 2016 to 2018 to cope with the staff transformation for financial technology development. Public banks may reverse the same amount of transfers or resettle the expenses starting from 2017. The Bank has made a special reserve in the amount of $58,742 thousand from earnings of 2016 proposed by the Bank's board of directors on June 18, 2017.

e. Treasury shares

Purpose	Beginning Balance	Increase	Decrease	Ending Balance
Six months ended June 30, 2017				
Shares held by subsidiaries	11,397	-	-	11,397
Six months ended June 30, 2016				
Shares held by subsidiaries	11,174	-	-	11,174

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

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

f. Non-controlling interests

	For the Six Months Ended June 30	
	2017	2016
Beginning balance	$ 42,788,926	$ 40,657,383
Attribution to non-controlling interests		
Net income	2,118,902	1,568,708
Translation adjustments for foreign operations	(2,662,366)	(807,047)
Unrealized gain on available-for-sale financial assets	1,359,904	347,948
Other comprehensive loss - others	(116,250)	(97,589)
Income tax effect	(234,243)	(54,932)
Cash dividends distribution	(1,542,978)	(1,651,436)
Ending balance	$ 41,711,895	$ 39,963,035

30. DETAILS OF COMPREHENSIVE INCOME STATEMENT ITEMS

a. Interest revenue, net

	For the Six Months Ended June 30	
	2017	2016
Interest revenue		
Discounts and loans	$ 11,401,849	$ 11,131,312
Securities investments	3,455,221	3,411,572
Due from banks	1,539,560	1,233,304
Others	221,482	199,350
	16,618,112	15,975,538
Interest expense		
Deposits	4,204,916	4,676,499
Bank debentures	312,933	309,393
Due to banks	320,846	203,012
Securities sold under repurchase agreements	35,915	28,132
Others	30,854	34,979
	4,905,464	5,252,015
	$ 11,712,648	$ 10,723,523

b. Service fee revenue, net

	For the Six Months Ended June 30	
	2017	2016
Service fee revenue		
Trusts	$ 793,577	$ 649,760
Nominee	471,025	443,898
Loans	428,381	410,244
Inward/outward business	200,032	219,929
Credit cards	200,058	211,448

(Continued)

	For the Six Months Ended June 30	
	2017	2016
Exchange	$ 196,597	$ 198,222
Guarantees	189,485	195,981
Others	330,229	350,681
	2,809,384	2,680,163
Service fee expenses		
Credit cards	61,245	56,424
Nominee	37,882	36,593
Finance	28,608	30,799
Custody	28,706	20,646
Factoring	3,927	4,731
Others	117,529	105,568
	277,897	254,761
	$ 2,531,487	$ 2,425,402

(Concluded)

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

	For the Six Months Ended June 30, 2017		
	Realized (Loss) Gain	Unrealized Gain	Total
Held-for-trading financial assets	$ 3,829,408	$ 205,962	$ 4,035,370
Financial assets designated at fair value through profit or loss	-	6,230	6,230
Held-for-trading financial liabilities	(3,364,432)	139,732	(3,224,700)
	$ 464,976	$ 351,924	$ 816,900

	For the Six Months Ended June 30, 2016		
	Realized (Loss) Gain	Unrealized Gain	Total
Held-for-trading financial assets	$ 4,119,199	$ 83,952	$ 4,203,151
Financial assets designated at fair value through profit or loss	-	(2,381)	(2,381)
Held-for-trading financial liabilities	(3,794,332)	61,706	(3,732,626)
	$ 324,867	$ 145,657	$ 470,524

d. Employee benefit expenses

	For the Six Months Ended June 30	
	2017	**2016**
Short-term employee benefits	$ 3,188,782	$ 3,146,187
Retirement benefits		
Defined contribution plan	147,265	157,270
Defined benefit plan	96,680	96,681
	3,432,727	3,400,138
Other employee benefits	309,810	274,488
	$ 3,742,537	$ 3,674,626

For the six months ended June 30, 2017 and 2016, the numbers of employees of the Group were 4,207 and 4,174 respectively.

In compliance with the Company Act as amended in May 2015, the shareholders held their meeting and resolved amendments to the Articles of Incorporation of the Bank; the amendments stipulate distribution of employees' compensation and remuneration to directors at the rates no less than 0.1% and no higher than 0.6%, respectively, of net profit before income tax, employees' compensation, and remuneration to directors. For the six months ended June 30, 2017 and 2016, the employees' compensation and the remuneration of directors were as follows:

Amount

	For the Six Months Ended June 30	
	2017	**2016**
Employees' compensation	$ 17,007	$ 18,663
Remuneration of directors	$ 27,498	$ 29,400

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

The employees' compensation and the remuneration of directors for 2016 and 2015 approved in the shareholders' meetings on March 25, 2017 and March 12, 2016, respectively, were as follows:

	2016		2015	
	Cash	**Shares**	**Cash**	**Shares**
Employees' compensation	$ 34,000	$ -	$ 34,000	$ -
Remuneration of directors	52,000	-	55,000	-

There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2016 and 2015.

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

e. Depreciation and amortization

	For the Six Months Ended June 30	
	2017	2016
Depreciation expense		
Properties	$ 331,524	$ 268,844
Investment properties	17,533	11,181
	349,057	280,025
Amortization expense		
Other assets	134,124	135,383
	$ 483,181	$ 415,408

31. 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	
	2017	2016
Current tax		
In respect of the current year	$ 2,231,289	$ 1,992,009
In respect of prior periods	(50,474)	(32,554)
	2,180,815	1,959,455
Deferred tax		
In respect of the current year	111,759	4,317
In respect of prior periods	(11,129)	9,297
	100,630	13,614
Income tax expense recognized in profit or loss	$ 2,281,445	$ 1,973,069

b. Income tax expense recognized in other comprehensive income

	For the Six Months Ended June 30	
	2017	2016
Deferred income tax expense		
Arising on income and expenses recognized in other comprehensive income		
Translation adjustments for foreign operations	$ (558,614)	$ (192,640)
Unrealized gain or loss on available-for-sale financial assets	621,654	223,919
Income tax expense recognized in other comprehensive income	$ 63,040	$ 31,279

c. Integrated income tax

	June 30, 2017	December 31, 2016	June 30, 2016
Unappropriated earnings			
Unappropriated earnings generated before January 1, 1998	$ 27,065	$ 27,065	$ 27,065
Unappropriated earnings generated on and after January 1, 1998	14,960,183	18,438,376	12,453,181
	$ 14,897,248	$ 18,465,441	$ 12,480,246
Imputation credits accounts	$ 2,308,583	$ 2,301,334	$ 2,161,394

The creditable ratio for distribution of earnings of 2016 and 2015 was 12.52% (expected) and 12.74%, respectively.

d. Income tax assessments

The Bank's income tax returns through 2014 were assessed by the tax authorities.

Income tax returns of the Bank's domestic subsidiaries through 2015 were assessed by the tax authorities.

32. EARNINGS PER SHARE

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

Unit: NT$ Per Share

	For the Six Months Ended June 30	
	2017	2016
Basic earnings per share	$ 1.53	$ 1.40
Diluted earnings per share	$ 1.53	$ 1.39

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

Net Profit for the Period

	For the Six Months Ended June 30	
	2017	2016
Earnings used in the computation of basic and diluted earnings per share	$ 6,223,704	$ 5,676,324

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

	For the Six Months Ended June 30	
	2017	2016
Weighted average number of ordinary shares in computation of basic earnings per share	4,067,706	4,067,706
Effect of potentially dilutive ordinary shares:		
Employees' compensation	1,708	1,715
Weighted average number of ordinary shares used in the computation of diluted earnings per share	4,069,414	4,069,421

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

33. RELATED-PARTY TRANSACTIONS

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

a. The Bank's related parties

Related Party	Relationship with the Bank
The SCSB Cultural & Educational Foundation	Fund donated by the Bank which exceed 1/3 of total fund
The SCSB Charity Foundation	Fund donated by the Bank which exceed 1/3 of total fund
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
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
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 director of the Company
Chi-Li Investment Co., Ltd.	The director of the Bank is the director of the Company
Chang Ho Hsing Co., Ltd.	The director of the Bank is the director of the Company
Xing Li Investment Co., Ltd.	The director of the Bank is the director of the Company
Goldsun Co., Ltd.	The director of the Bank is the director of the Company
Wei Chih Steel Industrial 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
Beacon Extender Limited	The director of the Bank is the director of the Company
Nanyang Holdings Limited	The director of the Bank is the director of the Company
Tai Ping Carpets International Limited	The director of the Bank is the independent director of the Company

(Continued)

Related Party	Relationship with the Bank
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
Peninsular Inc.	The director of the Bank is the director of the foreign company
Merry Co Inc.	The director of the Bank is the director of the foreign company
Peninsular Yarn and Fabric Merchandising Ltd.	The director of the Bank is the director of the foreign company
Nanyang Industrial (China) Ltd.	The director of the Bank is the director of the foreign company
Capxon International Electronic Company Limited	The director of the Bank is the director of the foreign company
SIA Engineering Company Limited	The director of the Bank is the chairman of the foreign company
NTUC Income Insurance Co-operative Limited	The director of the Bank is the chairman of the foreign company
Tripartite Alliance Limited	The director of the Bank is the chairman of the foreign company
Qin Mao Consultants Ltd.	The Chairman and the Bank's director are related by marriage
Lian Yi Investment Co., Ltd.	The Director and the Bank's director are related by marriage
The Li-Jen Educational Foundation	The director of the Bank is the chairman of the Foundation
The Hsu Yuan-Tung Cultural & Educational Foundation	The director of the Bank is the chairman of the Foundation
Jin Hu Accounting Firm	The director of the Bank is the sole proprietor of the Company
Temasek Holdings Private Limited	The director of the Bank is the chairman of the Company (from July 1, 2017)
Others	The Bank's directors, managers, and the relatives of the Bank's directors, and managers

(Concluded)

b. Significant transactions between related partied

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

1) Deposits

	June 30, 2017			Six Months Ended June 30, 2017
	Maximum Balance	**Ending Balance**	**Interest Rate (%)**	**Interest Expense**
Supervisors and management related	$ 16,882,108	$ 16,819,302	0.00-3.40	$ 57,940
The SCSB Cultural & Educational Foundation	318,204	307,123	0.01-1.24	953
Employees	362,972	194,839	0.00-9.96	1,520
Others	140,761	113,915	0.00-1.03	190
	$ 17,704,045	$ 17,435,179		$ 60,603

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

	June 30, 2016			Six Months Ended June 30, 2016
	Maximum Balance	**Ending Balance**	**Interest Rate (%)**	**Interest Expense**
Supervisors and management related	$ 14,021,948	$ 14,014,436	0.00-3.80	$ 31,334
Employees	361,784	210,040	0.22-10.17	1,582
The SCSB Cultural & Educational Foundation	317,127	311,072	0.06-1.38	1,031
Gengroup Merchandise	118,927	82,716	0.00-1.17	228
	$ 14,819,786	$ 14,618,264		$ 34,175

2) Interest receivable (accounted for as receivables, net)

	June 30, 2017	December 31, 2016	June 30, 2016
Supervisors and management related	$ 104	$ 92	$ 118
Silks Place Taroko	-	-	20
	$ 104	$ 92	$ 138

3) Interest payable (accounted for as payables)

	June 30, 2017	December 31, 2016	June 30, 2016
The SCSB Cultural & Educational Foundation	$ 86	$ 167	$ 114
Supervisors and management related	125	159	197
The SCSB Charity Foundation	12	8	8
Hung Ta Investment Corporation	1	1	-
	$ 224	$ 335	$ 319

4) Guarantee deposits received (accounted for as other liabilities)

	June 30, 2017	December 31, 2016	June 30, 2016
The SCSB Cultural & Educational Foundation	$ 211	$ 211	$ 211

5) Rental income (accounted for as other revenue, net)

	For the Six Months Ended June 30	
	2017	2016
The SCSB Cultural & Educational Foundation	$ 421	$ 421

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

6) Loans

June 30, 2017									For the Six Months Ended June 30, 2017
				Performance					
Category	Name	Maximum Balance	Ending Balance	Normal Loans	Non-performing Loans	Collateral	Interest Rate (%)	Difference of Terms of the Transactions with Unrelated Parties	Interest Income
Loans for personal house mortgage	Supervisors and management related (2)	$ 30,693	$ 19,951	$ 19,951	-	Real estate	1.86-2.10	None	$ 231
Others	Supervisors and management related (4)	641,941	636,789	636,789	-	Real estate	1.68-2.67	None	15,344
	Silks Place Taroko	5,000	-	-	-	Credit	1.63-1.63	None	7
		$ 677,634	$ 656,740	$ 656,740					$ 15,582

Category	Name	December 31, 2016							For the Year Ended December 31, 2016
				Performance					
		Maximum Balance	Ending Balance	Normal Loans	Non-performing Loans	Collateral	Interest Rate (%)	Difference of Terms of the Transactions with Unrelated Parties	Interest Income
Loans for personal house mortgage	Supervisors and management related (2)	$ 34,418	$ 23,679	$ 23,679	-	Real estate	1.86-2.15	None	$ 630
Others	Supervisors and management related (5)	754,912	741,574	741,574	-	Real estate	1.68-2.82	None	29,667
	Goldsun Co., Ltd.	100,000	-	-	-	Credit	1.10-1.10	None	190
	Silks Place Taroko	44,000	-	-	-	Real estate	1.56-1.70	None	447
	CX Technology	37,739	-	-	-	Syndicated loan	1.73-1.93	None	455
		$ 971,069	$ 765,253	$ 765,253					$ 31,389

Category	Name	June 30, 2016							For the Six Months Ended June 30, 2016
				Performance					
		Maximum Balance	Ending Balance	Normal Loans	Non-performing Loans	Collateral	Interest Rate (%)	Difference of Terms of the Transactions with Unrelated Parties	Interest Income
Loans for personal house mortgage	Supervisors and management related (2)	$ 40,681	$ 30,067	$ 30,067	-	Real estate	1.92-2.15	None	$ 346
Others	Supervisors and management related (10)	710,100	699,215	699,215	-	Real estate	1.77-2.82	None	24,142
	Goldsun Co., Ltd.	100,000	-	-	-	Credit	1.10-1.10	None	190
	Silks Place Taroko	44,000	44,000	44,000	-	Real estate	1.63-1.70	None	267
	CX Technology	40,989	26,090	26,090	-	Syndicated loan	1.76-1.93	None	238
		$ 935,770	$ 799,372	$ 799,372					$ 25,183

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

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

c. Compensation of directors and management personnel

	For the Six Months Ended June 30	
	2017	2016
Salaries and other short-term employee benefits	$ 158,223	$ 165,004
Remuneration to directors	27,498	29,400
Bonus to employees	68,452	72,125
Post-employment benefits	17,352	16,847
Others	403	353
	$ 271,928	$ 283,729

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

34. PLEDGED ASSETS

Under the Central Bank's clearing system of Real-Time Gross Settlement (RTGS), on June 30, 2017, December 31, 2016 and June 30, 2016, the assets listed below had been provided as collateral for day-term overdraft with the pledged amount adjustable at any time.

	June 30, 2017	December 31, 2016	June 30, 2016	Guaranty Purpose
Held-to-maturity financial assets	$ 15,000,000	$ 15,000,000	$ 15,000,000	Day-term overdraft with the pledge

On June 30, 2017, December 31, 2016 and June 30, 2016, the assets listed below were provided as refundable deposits for operating guarantees and for executing legal proceedings against defaulting borrowers as required by the court.

	June 30, 2017	December 31, 2016	June 30, 2016	Guaranty Purpose
Held-to-maturity financial assets	$ 44,604	$ 45,510	$ 41,545	Operating guarantee
Available-for-sale financial assets	148,368	264,597	261,450	Operating guarantee

On June 30, 2017 and 2016, SCB HK and its overseas branch provided its held-to-maturity financial assets and discounts and loans listed below for overseas branch operating guarantees.

	June 30, 2017	December 31, 2016	June 30, 2016	Guaranty Purpose
Held-to-maturity financial assets	$ 9,314,137	$ 9,738,377	$ 9,757,268	Overseas branch operating guarantee
Discounts and loans	-	420,456	339,315	Pledge to the California government under local law

35. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

a. In addition to those disclosed in other notes, significant commitments and contingencies of the Bank as of June 30, 2017, December 31, 2016 and June 30, 2016 were as follows:

	June 30, 2017	December 31, 2016	June 30, 2016
Receivables under custody	$ 29,581,403	$ 30,169,577	$ 30,810,304
Consigned travelers' checks	232,550	266,872	245,709
Guarantee notes payable	112,310,535	112,196,753	142,877,507
Assets under trust	146,841,461	140,792,718	143,002,602
Securities in custody	240,777,785	215,934,735	192,858,298
Government bonds in brokerage accounts	38,505,500	56,237,500	58,417,000
Short-term bills in brokerage accounts	1,052,600	1,127,400	988,200
Commitments of forward contracts with customers	146,691,682	182,209,505	203,467,254

b. Operational risk and legal risk

Item	Reason and Amount	
	For the Six Months Ended June 30, 2017	**For the Six Months Ended June 30, 2016**
Chief director and staff indicted by prosecutor for breaking law in the conduct of operational activities in recent year	None	None
Violating the law and being punished by authorities in the recent year	None	None
Deficiency corrected by authorities in the recent year	None	None
Punished by authorities according to Bank law No. 61-1 in the recent year		The Bank has been corrected by the Banking Bureau's letter dated June 27, 2016 (Ref. No. 10500119770) due to the data of interested parties archived incompletely.
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
Others	None	None

36. FINANCIAL INSTRUMENTS

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

1) Financial instruments not measured at fair value

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

	June 30, 2017		December 31, 2016		June 30, 2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets						
Held-to-maturity financial assets	$ 82,030,421	$ 82,052,148	$ 72,666,706	$ 72,694,258	$ 81,066,398	$ 81,147,299
Financial liabilities						
Bank debentures	43,150,000	43,064,190	38,150,000	38,056,168	38,150,000	38,047,193

2) Fair value level

	June 30, 2017			
	Total	**Level 1**	**Level 2**	**Level 3**
Financial assets				
Held-to-maturity financial assets	$ 82,052,148	$ 10,343,201	$ 71,708,947	$ -
Financial liabilities				
Bank debentures	43,064,190	-	43,064,190	-

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

	June 30, 2016			
	Total	**Level 1**	**Level 2**	**Level 3**
Financial assets				
Held-to-maturity financial assets	$ 81,147,299	$ 10,479,164	$ 70,668,135	$ -
Financial liabilities				
Bank debentures	38,047,193	-	38,047,193	-

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

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

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

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

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

1) Fair value level

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

Financial Instruments Measured at Fair Value	June 30, 2017			
	Total	Level 1	Level 2	Level 3
Non-derivative instruments				
Assets				
Financial assets at fair value through profit or loss				
Held-for-trading financial assets				
Shares	$ 457,236	$ 457,236	$ -	$ -
Commercial papers	179,893	-	179,893	-
Bonds	3,568,554	1,618,514	1,950,040	-
Others	9,942	9,942		-
Financial assets designated as at FVTPL	3,137,041	-	2,070,990	1,066,051
Available-for-sale financial assets				
Shares	22,065,198	20,027,458	-	2,037,740
Bonds	222,379,320	92,384,776	128,993,953	1,000,591
Others	113,328,262	8,322,123	105,006,139	-
	$ 365,125,446	$ 122,820,049	$ 238,201,015	$ 4,104,382
Derivative instruments				
Assets				
Financial assets at fair value through profit or loss	$ 1,031,223	$ 17,049	$ 971,411	$ 42,763
Liabilities				
Financial liabilities at fair value through profit or loss	$ 728,095	$ -	$ 692,292	$ 35,803

Financial Instruments Measured at Fair Value	December 31, 2016			
	Total	Level 1	Level 2	Level 3
Non-derivative instruments				
Assets				
Financial assets at fair value through profit or loss				
Held-for-trading financial assets				
Shares	$ 528,772	$ 528,772	$ -	$ -
Commercial papers	5,582,305	-	5,582,305	-
Bonds	1,665,345	765,281	900,064	-
Others	2,517,424	17,466	2,499,958	-
Financial assets designated as at FVTPL	768,160	-	-	768,160
Available-for-sale financial assets				
Shares	20,838,979	18,889,446	-	1,949,533
Bonds	221,152,738	82,950,215	137,539,011	663,512
Others	109,146,846	8,573,234	100,573,612	-
	$ 362,200,569	$ 111,724,414	$ 247,094,950	$ 3,381,205

(Continued)

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

(Concluded)

Financial Instruments Measured at Fair Value	June 30, 2016 Total	Level 1	Level 2	Level 3
Non-derivative instruments				
Assets				
Financial assets at fair value through profit or loss				
Held-for-trading financial assets				
Shares	$ 131,266	$ 131,266	$ -	$ -
Bonds	1,559,191	972,747	586,444	-
Commercial papers	23,100,208	-	23,100,208	-
Others	83,968	16,693	67,275	-
Financial assets designated as at FVTPL	1,253,244	-	-	1,253,244
Available-for-sale financial assets				
Shares	16,024,731	2,105,666	-	13,919,065
Bonds	227,317,550	77,588,364	148,853,338	875,848
Others	117,035,134	9,245,447	107,789,687	-
	$ 386,505,292	$ 90,060,183	$ 280,396,952	$ 16,048,157
Derivative instruments				
Assets				
Financial assets at fair value through profit or loss	$ 1,681,801	$ 22,403	$ 1,627,834	$ 31,564
Liabilities				
Financial liabilities at fair value through profit or loss	$ 1,222,645	$ -	$ 1,196,811	$ 25,834

There were no transfers of financial instruments between Level 1 and Level 2 fair value measurement in the current and prior periods.

2) Reconciliation of Level 3 fair value measurement

For the six months ended June 30, 2017

Item	Beginning Balance	Amount of Valuation Gain or Loss		Addition		Reduction		Exchange	Ending Balance
		Included in Profit or Loss	Included in Other Comprehensive Income	Buy or Issue	Transferred In	Sell Out, Disposal or Settlement	Transferred Out from Third Level		
Assets									
Financial assets at FVTPL									
Held-for-trading financial assets	$ 29,305	$ 5,356	$ -	$ 8,102	$ -	$ -	$ -	$ -	$ 42,763
Financial assets designated as at fair value	768,160	6,519	-	456,300	-	(164,928)	-	-	1,066,051
Available-for-sale financial assets	2,613,045	-	(14,228)	580,196	-	(131,974)	-	(8,708)	3,038,331
Liabilities									
Financial liabilities at FVTPL									
Held-for-trading financial liabilities	23,180	8,572	-	4,051	-	-	-	-	35,803

For the six months ended June 30, 2016

Item	Beginning Balance	Amount of Valuation Gain or Loss		Addition		Reduction		Ending Balance
		Included in Profit or Loss	Included in Other Comprehensive Income	Buy or Issue	Transferred In	Sell Out, Disposal or Settlement	Transferred Out from Third Level	
Assets								
Financial assets at FVTPL								
Held-for-trading financial assets	$ 4,333	$ 27,120	$ -	$ 11,513	$ -	$ (11,402)	$ -	$ 31,564
Financial assets designated as at fair value	1,048,847	(183,143)	-	710,490	-	(322,950)	-	1,253,244
Available-for-sale financial assets	15,736,283		(366,817)	546,071	-	(1,120,624)	-	14,794,913
Liabilities								
Financial liabilities at FVTPL								
Held-for-trading financial liabilities	1,903	23,876	-	5,757	-	(5,702)	-	25,834

3) Valuation techniques and inputs applied for Level 2 fair value measurement

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

4) Valuation techniques and inputs applied for Level 3 fair value measurement

Fair value evaluation categorized as Level 3 included but was not limited to FVTPL (bonds), derivatives, and AFS (equity securities).

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

	Fair Value June 30, 2017	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted-average)	Notes
Non-derivative financial assets					
Financial assets at FVTPL					
Corporate bonds	$ 1,066,051	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					
Shares	2,037,740	Net assets method	N/A	N/A	N/A
Bonds	1,000,591	1. Hybrid Model 2. Monte Carlo Simulation	1. Dividend rate 2. Stock price volatility 3. Correlation coefficient 4. Credit Spread 5. Default rate 6. Recovery rate	0%-10%	The increase in discount from lack of market liquidity decreases fair value.
Derivative financial assets					
Financial assets at FVTPL					
Interest rate swaps	8,486	Discounted cash flow	Fluctuating	0%-10%	The increase in discount of marketability decreases fair value.
Options	34,277	Black-Scholes Model	Fluctuating	0%-15%	The increase in volatility decreases fair value.
Derivative financial liabilities					
Financial liability at FVTPL					
Options	35,803	Black-Scholes Model	Fluctuating	0%-15%	The increase in volatility decreases fair value.

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

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

June 30, 2017

	Changes in Fair Value Reflected in Profit or Loss		Changes in Fair Value Reflected in Other Comprehensive Income	
	Favorable	**Unfavorable**	**Favorable**	**Unfavorable**
Assets				
Financial assets at FVTPL				
Held-for-trading financial assets	$ 26,588	$ (3,082)	$ -	$ -
Financial assets designated as at fair value		(2,096)	-	-
Available-for-sale financial assets	-	-	-	(34,484)
Liabilities				
Financial liabilities at FVTPL				
Held-for-trading financial liabilities	149	(26,588)	-	-

December 31, 2016

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

June 30, 2016

	Changes in Fair Value Reflected in Profit or Loss		Changes in Fair Value Reflected in Other Comprehensive Income	
	Favorable	Unfavorable	Favorable	Unfavorable
Assets				
Financial assets at FVTPL				
Held-for-trading financial assets	$ 22,903	$ (105)	$ -	$ -
Financial assets designated as at fair value	-	(2,298)	-	-
Available-for-sale financial assets	-	-	139,310	(3,604)
Liabilities				
Financial liabilities at FVTPL				
Held-for-trading financial liabilities	-	(22,903)	-	-

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

June 30, 2017

	Changes in Fair Value Reflected in Profit or Loss		Changes in Fair Value Reflected in Other Comprehensive Income	
	Favorable	**Unfavorable**	**Favorable**	**Unfavorable**
Assets				
Financial assets at FVTPL				
Held-for-trading financial assets	$ 21,081	$ (4,478)	$ -	$ -
Financial assets designated as at fair value	2,096	-	-	-
Available-for-sale financial assets	-	-	36,582	-
Liabilities				
Financial liabilities at FVTPL				
Held-for-trading financial liabilities	1,724	(21,081)	-	-

December 31, 2016

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

June 30, 2016

	Changes in Fair Value Reflected in Profit or Loss		Changes in Fair Value Reflected in Other Comprehensive Income	
	Favorable	**Unfavorable**	**Favorable**	**Unfavorable**
Assets				
Financial assets at FVTPL				
Held-for-trading financial assets	$ 17,512	$ (306)	$ -	$ -
Financial assets designated as at fair value	2,298	-	-	-
Available-for-sale financial assets	-	-	4,574	(139,190)
Liabilities				
Financial liabilities at FVTPL				
Held-for-trading financial liabilities	276	(17,428)	-	-

c. Financial risk management

1) Risk management

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

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

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

2) Credit risks

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

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

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

a) Procedures of credit risk management

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

i. Credit business (including loan commitments and guarantees)

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

i) Classification of credit assets

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

ii) Credit quality rating

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

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

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

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

ii. Due from and call loans to bank

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

iii. Debt investments 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 investments according to counterparties' facilities (including call loans); counterparties that do not have credit ratings or are not assessed at investment grade are reviewed case by case. Counterparties which are non-financial or non-banking clients are assessed according to the general procedures for the approval of credit facilities and control of credit exposure situations of the counterparties.

b) Policies of credit risk hedging or mitigation

i. Collateral

The Group applies series of policies to decrease credit risks in its lending business. Among those policies is to request collateral from creditors. To secure the creditor's rights, the Group has established procedures for pledges, valuations, management, and disposals of collateral. The contracts between the Group and the borrowers clearly state the protocols, including but not limited to the security of credit, procedures for collateral and for offsets. 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 borrowers' 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 a 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 are based on individual criteria in different categories including but not limited to industries, enterprises, and share-pledge related loans.

iii. Other mechanisms for credit risk management

The contracts between the Group and the borrowers clearly state the protocols, including but not limited to the security 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 use borrowers' assets in the Group to offset their liabilities.

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

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

June 30, 2017

	Maximum Exposure to Credit Risk Mitigated by			
	Collateral	Master Netting Arrangement	Other Credit Enhancements	Total
Receivables	$ 1,208,952	$ 18,340	$ 522,845	$ 1,750,137
Discount and loans abstract	647,456,692	-	71,584,067	719,040,759
Held-for-trading financial assets				
Short-term securities	-	-	179,898	179,898
Available-for-sale financial assets	-	-	6,324,149	6,324,149
Debt investments	-	-	10,100,926	10,100,926

December 31, 2016

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

June 30, 2016

	Maximum Exposure to Credit Risk Mitigated by			
	Collateral	Master Netting Arrangement	Other Credit Enhancements	Total
Receivables	$ 1,463,719	$ 776,867	$ 643,935	$ 2,884,521
Discount and loans	624,977,307	-	50,478,899	675,456,206
Held-for-trading financial assets - short-term bills	-	-	18,817,954	18,817,954
Financial assets at fair value through profit or loss - bonds	-	-	484,425	484,425
Available-for-sale financial assets - bonds	-	-	4,020,813	4,020,813

c) Credit risk exposures

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

	June 30, 2017	December 31, 2016	June 30, 2016
Developed and noncancelable loan commitments	$ 45,113,883	$ 41,586,144	$ 40,519,445
Noncancelable credit card commitments	999,309	1,018,299	1,116,963
Issued but unused letters of credit	43,135,414	46,274,643	48,361,191
Other guarantees	51,838,069	49,507,750	48,265,079

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

d) Information on concentration of credit risk

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

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

i. Counterparty

	June 30, 2017		December 31, 2016		June 30, 2016	
Counterparty	**Amount**	**% to Total**	**Amount**	**% to Total**	**Amount**	**% to Total**
Private sector	$ 607,182,314	67	$ 553,893,815	64	$ 516,277,893	63
Consumer	285,371,076	32	283,089,212	33	290,547,784	35
Financial institution	4,412,289	-	13,504,170	2	10,358,570	1
Others	7,608,345	1	8,358,236	1	8,095,720	1
	$ 904,574,024	100	$ 858,845,433	100	$ 825,279,967	100

ii. Region

	June 30, 2017		December 31, 2016		June 30, 2016	
Region	**Amount**	**% to Total**	**Amount**	**% to Total**	**Amount**	**% to Total**
ROC	$ 527,500,765	58	$ 513,129,106	60	$ 503,091,272	61
Asia Pacific except ROC	292,017,257	32	265,139,629	31	248,778,785	30
Others	85,056,002	10	80,576,698	9	73,409,910	9
	$ 904,574,024	100	$ 858,845,433	100	$ 825,279,967	100

iii. Collateral assumed

Collateral Assumed	June 30, 2017 Amount	June 30, 2017 % to Total	December 31, 2016 Amount	December 31, 2016 % to Total	June 30, 2016 Amount	June 30, 2016 % to Total
Unsecured	$ 190,859,624	21	$ 157,180,928	18	$ 145,659,931	18
Secured						
Properties	573,859,067	63	558,147,926	65	549,108,868	67
Guarantees	73,232,183	8	67,682,835	8	52,910,624	6
Financial collateral	37,774,070	4	40,300,297	5	41,663,259	5
Movable properties	5,302,670	1	5,471,724	1	6,356,212	1
Other collateral	23,546,410	3	30,061,723	3	29,581,073	3
	$ 904,574,024	100	$ 858,845,433	100	$ 825,279,967	100

e) Information on credit risk quality

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

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

i. Credit quality analysis of discounts and loans and receivables

i) The Bank and its domestic subsidiaries

June 30, 2017	Neither Past Due Nor Impaired				Overdue but Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Allowance for Impairment (D)		Net Amount (A)+(B)+(C)-(D)
	Strong	Moderate	Special Mention	Subtotal (A)				Objective Evidence of Impairment	No Objective Evidence of Impairment	
Receivables										
Credit cards	$ 1,275,770	$ 584,989	$ 57,664	$ 1,918,423	$ 41,989	$ 66,290	$ 2,026,702	$ 57,417	$ 24,953	$ 1,944,332
Others	4,174,853	3,661,929	28,947	7,865,729	206,558	78,740	8,151,027	58,143	268,097	7,824,787
Discounts and loans	392,376,175	159,309,537	51,991,377	603,677,089	7,507,659	7,495,343	618,680,091	2,549,295	6,553,352	609,577,444

December 31, 2016	Neither Past Due Nor Impaired				Overdue but Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Allowance for Impairment (D)		Net Amount (A)+(B)+(C)-(D)
	Strong	Moderate	Special Mention	Subtotal (A)				Objective Evidence of Impairment	No Objective Evidence of Impairment	
Receivables										
Credit cards	$ 1,087,532	$ 605,495	$ 62,303	$ 1,755,330	$ 46,433	$ 69,544	$ 1,871,307	$ 58,509	$ 24,934	$ 1,787,864
Others	3,452,806	2,990,869	83,366	6,477,041	52,150	161,384	6,740,575	113,502	215,497	6,411,576
Discounts and loans	380,937,930	145,160,295	48,615,618	574,713,843	8,844,522	7,630,914	591,189,279	2,500,323	6,581,689	582,107,267

June 30, 2016	Neither Past Due Nor Impaired				Overdue but Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Allowance for Impairment (D)		Net Amount (A)+(B)+(C)-(D)
	Strong	Moderate	Special Mention	Subtotal (A)				Objective Evidence of Impairment	No Objective Evidence of Impairment	
Receivables										
Credit cards	$ 1,305,605	$ 598,923	$ 60,926	$ 1,965,454	$ 41,110	$ 73,779	$ 2,080,343	$ 59,510	$ 149,001	$ 1,871,832
Others	4,187,248	3,695,021	93,773	7,976,042	70,074	137,936	8,184,052	85,061	119,083	7,979,908
Discounts and loans	355,258,612	155,109,661	36,286,235	546,654,508	7,412,412	8,035,980	562,102,900	3,082,910	5,926,360	553,093,630

ii) SCB (HK)

June 30, 2017	Neither Past Due Nor Impaired Amount						Past Due but Not Impaired Amount (B)	Impaired Amount (C)	Total (A)+(B)+(C)	Allowance for Impairment (D)		Net Amount (A)+(B)+(C)-(D)
	Pass	Special Mentioned	Sub-Standard	Doubtful	Loss	Subtotal (A)				Objective Evidence of Impairment	No Objective Evidence of Impairment	
Receivables												
Credit cards	$ 822,643	$ 22,666	$ -	$ -	$ -	$ 845,309	$ 11,107	$ 7,319	$ 863,735	$ 3,324	$ 13,079	$ 847,332
Others	7,051,490	-	-	-	-	7,051,490	-	-	7,051,490	-	-	7,051,490
Discounts and loans	264,987,159	13,793,536	-	-	-	278,780,695	4,373,534	2,739,704	285,893,933	163,660	1,127,475	284,602,798

December 31, 2016	Neither Past Due Nor Impaired Amount						Past Due but Not Impaired Amount (B)	Impaired Amount (C)	Total (A)+(B)+(C)	Allowance for Impairment (D)		Net Amount (A)+(B)+(C)-(D)
	Pass	Special Mentioned	Sub-Standard	Doubtful	Loss	Subtotal (A)				Objective Evidence of Impairment	No Objective Evidence of Impairment	
Receivables												
Credit cards	$ 957,926	$ 27,218	$ -	$ -	$ -	$ 985,144	$ 13,286	$ 8,276	$ 1,006,706	$ 2,883	$ 15,478	$ 988,345
Others	6,138,389	-	-	-	-	6,138,389	-	-	6,138,389	-	-	6,138,389
Discounts and loans	230,944,513	25,451,401	-	-	-	256,395,914	8,551,390	2,708,850	267,656,154	105,252	1,055,359	266,495,543

June 30, 2016	Neither Past Due Nor Impaired Amount						Past Due but Not Impaired Amount (B)	Impaired Amount (C)	Total (A)+(B)+(C)	Allowance for Impairment (D)		Net Amount (A)+(B)+(C)-(D)
	Pass	Special Mentioned	Sub-Standard	Doubtful	Loss	Subtotal (A)				Objective Evidence of Impairment	No Objective Evidence of Impairment	
Receivables												
Credit cards	$ 893,949	$ 26,423	$ -	$ -	$ -	$ 920,372	$ 14,993	$ 11,884	$ 947,249	$ 5,253	$ 14,569	$ 927,427
Others	8,082,348	-	-	-	-	8,082,348	-	-	8,082,348	-	-	8,082,348
Discounts and loans	234,451,424	23,118,943	-	-	-	257,570,367	4,377,629	1,229,071	263,177,067	95,941	1,044,180	262,036,946

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

i) The Bank and its domestic subsidiaries

June 30, 2017	Neither Past Due Nor Impaired			
	Strong	Moderate	Special Mentioned	Total
Consumer banking				
Housing mortgages	$ 163,021,135	$ 5,057,779	$ 56,962	$ 168,135,876
Credit loans	1,043,196	152,371	2,151	1,197,718
Others	20,317,414	1,564,835	1,994	21,884,243
Corporate banking				
Secured	99,325,270	104,814,835	38,613,212	242,753,317
Unsecured	108,669,160	47,719,717	13,317,058	169,705,935
Total	$ 392,376,175	$ 159,309,537	$ 51,991,377	$ 603,677,089

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

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

ii) SCB (HK)

June 30, 2017	Neither Past Due Not Impaired					
	Pass	Special Mentioned	Sub-Standard	Doubtful	Loss	Subtotal
Consumer banking						
Housing mortgages	$ 31,857,449	$ 2,424,944	$ -	$ -	$ -	$ 34,282,393
Credit loans	1,957,869	77,855	-	-	-	2,035,724
Others	19,756,996	773,491	-	-	-	20,530,487
Corporate banking			-	-	-	
Secured	148,748,354	5,742,283	-	-	-	154,490,637
Unsecured	42,374,627	648,175	-	-	-	43,022,802
Discounts	370	760	-	-	-	1,130
Overdrafts	8,513,465	2,564,149	-	-	-	11,077,614
Inward/outward documentary bills	11,778,029	1,561,879	-	-	-	13,339,908
Total	$ 264,987,159	$ 13,793,536	$ -	$ -	$ -	$ 278,780,695

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

June 30, 2016	Neither Past Due Not Impaired					
	Pass	Special Mentioned	Sub-Standard	Doubtful	Loss	Subtotal
Consumer banking						
Housing mortgages	$ 32,174,023	$ 2,747,775	$ -	$ -	$ -	$ 34,921,798
Credit loans	2,901,628	123,683	-	-	-	3,025,311
Others	20,723,041	967,587	-	-	-	21,690,628
Corporate banking						
Secured	133,425,267	12,267,750	-	-	-	145,693,017
Unsecured	23,730,974	1,364,726	-	-	-	25,095,700
Discounts	3,172	-	-	-	-	3,172
Overdrafts	9,739,619	3,481,295	-	-	-	13,220,914
Inward/outward documentary bills	11,753,700	2,166,127	-	-	-	13,919,827
Total	$ 234,451,424	$ 23,118,943	$ -	$ -	$ -	$ 257,570,367

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

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

Items	June 30, 2017			
	Past Due Up to a Month	Past Due One to Three Months	Past Due Over Three Months	Total
Receivables				
Credit cards	$ 49,202	$ 3,894	$ -	$ 53,096
Others	140,410	66,148	-	206,558
Discounts and loans				
Consumer banking				
Housing mortgages	2,358,029	1,182,106	-	3,540,135
Credit loans	24,034	7,674	-	31,708
Others	544,136	117,672	-	661,808
Corporate banking				
Secured	4,506,881	786,283	-	5,293,164
Unsecured	1,564,975	423,045	-	1,988,020
Subtotal loans	8,998,055	2,516,780	-	11,514,835
Overdrafts	-	170,632	-	170,632
Inward/outward documentary bills	141,816	53,910	-	195,726
Total	9,139,871	2,741,322	-	11,881,193

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

Items	June 30, 2016			
	Past Due Up to a Month	Past Due One to Three Months	Past Due Over Three Months	Total
Receivables				
Credit cards	$ 50,793	$ 5,310	$ -	$ 56,103
Others	63,837	6,237	-	70,074
Discounts and loans				
Consumer banking				
Housing mortgages	3,185,722	1,032,148	22,997	4,240,867
Credit loans	23,161	2,395	-	25,556
Others	519,559	141,240	911	661,710
Corporate banking				
Secured	4,865,358	936,618	-	5,801,976
Unsecured	689,016	135,205	-	824,221
Subtotal loans	9,282,816	2,247,606	23,908	11,554,330
Overdrafts	-	31,185	-	31,185
Inward/outward documentary bills	69,975	134,551	-	204,526
Total	9,352,791	2,413,342	23,908	11,790,041

iv. Credit quality analysis of security investment

i) The Bank and its domestic subsidiaries

June 30, 2017	Neither Past Due Nor Impaired						Past Due but Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Allowance for Impairment (D)	Net Amount (A)+(B)+(C)-(D)
	Excellent	Good	Moderate	Normal	Unrated	Subtotal (A)					
Available-for-sale financial assets											
Bonds	$ 53,956,800	$ 20,083,616	$ 33,651,114	$ 11,879,004	$ 1,576,481	$ 121,147,015	$ -	$ 91,260	$ 121,238,275	$ 91,260	$ 121,147,015
Shares	-	-	-	-	10,902,275	10,902,275	-	-	10,902,275	-	10,902,275
Bills	2,052,253	-	39,715,335	-	-	41,767,588	-	-	41,767,588	-	41,767,588
Held-to-maturity financial assets											
Bonds	1,098,914	689,383	269,753	-	-	2,058,050	-	-	2,058,050	-	2,058,050
Bills	70,299,302	-	-	-	-	70,299,302	-	-	70,299,302	-	70,299,302
Financial assets at FVTPL											
Bonds	-	-	153,451	-	912,600	1,066,051	-	-	1,066,051	-	1,066,051

December 31, 2016	Neither Past Due Nor Impaired						Past Due but Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Allowance for Impairment (D)	Net Amount (A)+(B)+(C)-(D)
	Excellent	Good	Moderate	Normal	Unrated	Subtotal (A)					
Available-for-sale financial assets											
Bonds	$ 70,877,182	$ 19,060,910	$ 26,079,080	$ 13,742,674	$ 816,113	$ 130,576,659	$ -	$ 96,666	$ 130,673,325	$ 96,666	$ 130,576,659
Shares	-	-	-	-	11,171,735	11,171,735	-	-	11,171,735	-	11,171,735
Bills	-	-	22,178,286	-	-	22,178,286	-	-	22,178,286	-	22,178,286
Held-to-maturity financial assets											
Bonds	93,735	714,668	117,258	-	-	925,661	-	-	925,661	-	925,661
Bills	61,300,000	-	-	-	-	61,300,000	-	-	61,300,000	-	61,300,000
Financial assets at FVTPL											
Bonds	-	161,110	155,942	-	451,108	768,160	-	-	768,160	-	768,160

June 30, 2016	Neither Past Due Nor Impaired						Past Due but Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Allowance for Impairment (D)	Net Amount (A)+(B)+(C)-(D)
	Excellent	Good	Moderate	Normal	Unrated	Subtotal (A)					
Available-for-sale financial assets											
Bonds	$ 78,868,347	$ 19,340,068	$ 33,077,607	$ 12,948,854	$ 624,421	$ 144,859,297	$ -	$ 96,885	$ 144,956,182	$ 96,885	$ 144,859,297
Shares	-	-	-	-	11,371,266	11,371,266	-	-	11,371,266	-	11,371,266
Bills	2,645,922	-	25,781,437	-	-	28,427,359	-	-	28,427,359	-	28,427,359
Held-to-maturity financial assets											
Bonds	93,652	482,113	120,878	-	-	696,643	-	-	696,643	-	696,643
Bills	69,900,000	-	-	-	-	69,900,000	-	-	69,900,000	-	69,900,000
Financial assets designated as at fair value											
Bonds	-	-	478,164	161,475	613,605	1,253,244	-	-	1,253,244	-	1,253,244
Other financial assets	-	-	-	-	5,179	5,179	-	-	5,179	-	5,179

ii) SCB (HK)

June 30, 2017	Neither Past Due Nor Impaired						Past Due but Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Allowance for Impairment (D)	Net Amount (A)+(B)+(C)-(D)
	Pass	Special Mention	Sub-Standard	Doubtful	Loss	Subtotal (A)					
Available-for-sale financial assets											
Bonds	$ 101,232,305	$ -	$ -	$ -	$ -	$ 101,232,305	$ -	$ -	$ 101,232,305	$ -	$ 101,232,305
Shares	18,764,030	-	-	-	-	18,764,030	-		18,764,030		18,764,030
Bills	63,959,567	-	-	-	-	63,959,567	-	-	63,959,567	-	63,959,567
Held-to-maturity financial assets											
Bonds	9,368,867	-	-	-	-	9,368,867	-	-	9,368,867	-	9,368,867
Bills	304,202	-	-	-	-	304,202	-	-	304,202	-	304,202
Financial assets at FVTPL											
Bills	2,070,090	-	-	-	-	2,070,090	-	-	2,070,090	-	2,070,090

December 31, 2016	Neither Past Due Nor Impaired						Past Due but Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Allowance for Impairment (D)	Net Amount (A)+(B)+(C)-(D)
	Pass	Special Mention	Sub-Standard	Doubtful	Loss	Subtotal (A)					
Available-for-sale financial assets											
Bonds	$ 90,576,077	$ -	$ -	$ -	$ -	$ 90,576,079	$ -	$ -	$ 90,576,079	$ -	$ 90,576,079
Shares	17,595,723	-	-	-	-	17,595,723	-	4,171	17,599,894	4,171	17,595,723
Bills	79,040,081	-	-	-	-	79,040,081	-	-	79,040,081	-	79,040,081
Held-to-maturity financial assets											
Bonds	9,796,605	-	-	-	-	9,796,605	-	-	9,796,605	-	9,796,605
Bills	644,440	-	-	-	-	644,440	-	-	644,440	-	644,440

June 30, 2016	Neither Past Due Nor Impaired						Past Due but Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Allowance for Impairment (D)	Net Amount (A)+(B)+(C)-(D)
	Pass	Special Mention	Sub-Standard	Doubtful	Loss	Subtotal (A)					
Available-for-sale financial assets											
Bonds	$ 82,458,253	$ -	$ -	$ -	$ -	$ 82,458,253	$ -	$ -	$ 82,458,253	$ -	$ 82,458,253
Shares	12,718,673	-	-	-	-	12,718,673	-	-	12,718,673	-	12,718,673
Bills	80,542,568	-	-	-	-	80,542,568	-	-	80,542,568	-	80,542,568
Held-to-maturity financial assets											
Bonds	9,823,855	-	-	-	-	9,823,855	-	-	9,823,855	-	9,823,855
Bills	645,900	-	-	-	-	645,900	-	-	645,900	-	645,900

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. Changes in above risk elements can cause risks to shift the net profit of the Group or its investment structures.

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

b) Market risk management policies

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

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

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

c) Market risk management process

i. Recognition and measurement

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

ii. Monitoring and reporting

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

d) Interest rate management policies

i. Definition of interest rate risk

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

ii. Purpose of interest risk management

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

iii. Procedures of interest risk management

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

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

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

iv. Measurement methods

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

e) Foreign exchange rate risk management

i. Definition of foreign exchange risk

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

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

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

The Group undertakes pressure test on a seasonal basis and uses 3% fluctuation in major foreign exchange rate (USD) as the sensitivity threshold and reports test results to the board of directors.

f) Equity securities price risk management

i. Definition of equity securities price risk

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

ii. Purpose of equity security price risk management

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

iii. Procedures of equity security price risk management

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

iv. Measurement method

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

g) Market valuation technique

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

i. Sensitivity analysis

i) Interest rate risk

The Group has assessed the possible impact on income if global yield curve moves between -100 to +100 base points simultaneously on June 30, 2017, December 31, 2016 and June 30, 2016.

ii) Foreign exchange rate risk

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

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

iii) Equity securities price risk

The Group has assessed the possible impact on income when equity security prices on June 30, 2017, December 31, 2016 and June 30, 2016 rise or fall by 10% while other factors remain unchanged.

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

ii. Sensitivity analysis is summarized as follows:

June 30, 2017			
Major Risk	**Variation Range**	**Amount**	
		Equity	**Profit or Loss**
Foreign exchange risk	Various currencies/NTD increased 3%	$ 1,773,993	$ 37,572
Foreign exchange risk	Various currencies/NTD decreased 3%	(1,773,993)	(37,572)
Interest rate risk	Rate curve increased 100BPS	(4,371,851)	(247,525)
Interest rate risk	Rate curve decreased 100BPS	4,371,851	247,525
Price risk of equity securities	Price of equity securities increased 10%	2,497,819	41,403
Price risk of equity securities	Price of equity securities decreased 10%	(2,497,819)	(41,403)

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

June 30, 2016			
Major Risk	**Variation Range**	**Amount**	
		Equity	**Profit or Loss**
Foreign exchange risk	Various currencies/NTD increased 3%	$ 1,701,892	$ 42,688
Foreign exchange risk	Various currencies/NTD decreased 3%	(1,701,892)	(42,688)
Interest rate risk	Rate curve increased 100BPS	(8,915,020)	(132,870)
Interest rate risk	Rate curve decreased 100BPS	8,915,020	132,870
Price risk of equity securities	Price of equity securities increase 10%	1,746,290	9,073
Price risk of equity securities	Price of equity securities decrease 10%	(1,746,290)	(9,073)

4) Liquidity risk

a) The sources and definition of liquidity risk

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

b) The management policies are as follows:

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

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

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

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

iv. Managing the maturity date of debt instruments.

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

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

c) Maturity analysis

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

June 30, 2017	Due in One Month	Due Between One Month and Three Months	Due Between Three Months and Six Months	Due Between Six Months and One Year	Due After One Year	Total
Due to the Central Bank and banks	$ 31,817,434	$ 9,326,399	$ 1,749,040	$ 2,051,742	$ -	$ 44,944,615
Securities sold under repurchase agreements	19,175,657	1,996,696	157,187	6,104	-	21,335,644
Payables	30,458,281	1,073,390	550,141	217,916	3,140	32,302,868
Deposits and remittances	827,056,296	255,882,884	143,011,149	137,711,384	8,264,713	1,371,926,426
Bank debentures	-	-	3,000,000	-	40,150,000	43,150,000
Other financial liabilities	3,299,552	-	-	-	-	3,299,552

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

June 30, 2016	Due in One Month	Due Between One Month and Three Months	Due Between Three Months and Six Months	Due Between Six Months and One Year	Due After One Year	Total
Due to the Central Bank and banks	$ 26,028,760	$ 3,557,297	$ 977,410	$ 2,375,552	$ 485,167	$ 33,424,186
Borrowings from the Central Bank and banks	1,130,325	-	-	-	-	1,130,325
Securities sold under repurchase agreements	18,347,739	7,291,223	253,763	6,088	-	25,898,813
Payables	32,418,199	1,033,881	876,664	356,301	2,391	34,687,436
Deposits and remittances	807,317,827	222,886,149	142,990,832	131,147,854	10,849,216	1,315,191,878
Bank debentures	-	-	-	-	38,150,000	38,150,000
Other financial liabilities	7,768,890	-	-	-	-	7,768,890

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

i. Derivative financial liabilities in net settlement

June 30, 2017	Due in One Month	Due Between One Month and Three Months	Due Between Three Months and Six Months	Due Between Six Months and One Year	Due After One Year	Total
Derivative financial liabilities at fair value through profit or loss						
Foreign exchange derivatives	$ 33,146	$ 69,737	$ 34,945	$ 41,879	$ -	$ 179,707
Rate derivatives	171	-	-	11,403	27,466	39,040

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

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

ii. Derivative financial liabilities in total settlement

June 30, 2017	Due in One Month	Due Between One Month and Three Months	Due Between Three Months and Six Months	Due Between Six Months and One Year	Due After One Year	Total
Derivative financial liabilities at fair value through profit or loss						
Foreign exchange derivatives						
Cash inflow	$ 104,344,064	$ 25,992,318	$ 7,637,356	$ 13,958,221	$ 7,141,781	$ 159,073,740
Cash outflow	104,871,455	26,081,020	7,777,617	13,953,940	7,141,781	159,825,813

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

June 30, 2016	Due in One Month	Due Between One Month and Three Months	Due Between Three Months and Six Months	Due Between Six Months and One Year	Due After One Year	Total
Derivative financial liabilities at fair value through profit or loss						
Foreign exchange derivatives						
Cash inflow	$ 127,346,937	$ 72,677,391	$ 17,069,456	$ 17,435,893	$ 653,884	$ 235,183,561
Cash outflow	127,759,605	72,778,026	17,172,453	17,540,737	652,577	235,903,398

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, 2017	Due in One Month	Due Between One Month and Three Months	Due Between Three Months and Six Months	Due Between Six Months and One Year	Due After One Year	Total
Developed and noncancelable loan commitments	$ 2,120,899	$ 2,904,077	$ 2,197,402	$ 4,453,790	$ 33,437,715	$ 45,113,883
Noncancelable credit card commitments	9,6333	19,2667	289,000	421,309	-	999,309
Issued but unused letters of credit	36,110,810	5,707,515	1,007,469	176,611	133,009	43,135,414
Other guarantees	5,349,902	10,345,452	7,009,677	13,783,846	15,349,192	51,838,069

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

June 30, 2016	Due in One Month	Due Between One Month and Three Months	Due Between Three Months and Six Months	Due Between Six Months and One Year	Due After One Year	Total
Developed and noncancelable loan commitments	$ 1,545,137	$ 403,469	$ 3,981,263	$ 6,417,006	$ 28,172,570	$ 40,519,445
Noncancelable credit card commitments	96,506	193,011	289,517	537,929	-	1,116,963
Issued but unused letters of credit	42,309,083	4,173,005	1,243,374	304,554	331,175	48,361,191
Other guarantees	4,163,275	8,149,641	6,080,380	15,885,015	13,986,768	48,265,079

d. Transfer of financial assets

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

June 30, 2017

Type of Financial Assets	The Book Value of Financial Assets Transferred	The Book Value of Related Financial Liabilities	The Fair Value of Financial Assets Transferred	The Fair Value of Related Financial Liabilities	Net Amount
Available-for-sale financial assets - purchased call options	$ 20,476,401	$ 21,335,644	$ 20,476,401	$ 21,335,644	$ (859,243)

December 31, 2016

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

June 30, 2016

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

e. Offsetting financial assets and financial liabilities

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

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

June 30, 2017

Financial Assets	Gross Amounts of Recognized Financial Assets	Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet	Net Amounts of Financial Assets Presented in the Balance Sheet	Related Amounts Not Offset in the Balance Sheet: Financial Instruments	Related Amounts Not Offset in the Balance Sheet: Cash Collateral Received	Net Amount
Derivatives	$ 382,735	$ -	$ 382,735	$ (167,401)	$ -	$ 215,334
Reverse repurchase, securities borrowing and similar agreements	1,528,796	1,390,418	138,378	(120,038)	-	18,340
	$ 1,911,531	$ 1,390,418	$ 521,113	$ (287,439)	$ -	$ 233,674

Financial Liabilities	Gross Amounts of Recognized Financial Liabilities	Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet	Net Amounts of Financial Liabilities Presented in the Balance Sheet	Related Amounts Not Offset in the Balance Sheet: Financial Instruments	Related Amounts Not Offset in the Balance Sheet: Cash Collateral Pledged	Net Amount
Derivatives	$ 235,712	$ -	$ 235,712	$ (167,401)	$ 33,766	$ 102,077
Repurchase, securities borrowing and similar agreements	1,513,531	1,390,418	123,113	-	-	123,113
Repurchase agreements	21,335,644	-	21,335,644	(21,335,644)	-	-
	$ 23,084,887	$ 1,390,418	$ 21,694,469	$ (21,503,045)	$ 33,766	$ 225,190

December 31, 2016

Financial Assets	Gross Amounts of Recognized Financial Assets	Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet	Net Amounts of Financial Assets Presented in the Balance Sheet	Related Amounts Not Offset in the Balance Sheet: Financial Instruments	Related Amounts Not Offset in the Balance Sheet: Cash Collateral Received	Net Amount
Derivatives	$ 700,153	$ -	$ 700,153	$ (414,425)	$ -	$ 285,728
Reverse repurchase, securities borrowing and similar agreements	983,019	671,129	311,890	-	-	311,890
	$ 1,683,172	$ 671,129	$ 1,012,043	$ (414,425)	$ -	$ 597,618

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

June 30, 2016

Financial Assets	Gross Amounts of Recognized Financial Assets	Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet	Net Amounts of Financial Assets Presented in the Balance Sheet	Related Amounts Not Offset in the Balance Sheet: Financial Instruments	Related Amounts Not Offset in the Balance Sheet: Cash Collateral Received	Net Amount
Derivatives	$ 742,107	$ -	$ 742,107	$ (370,200)	$ -	$ 371,907
Reverse repurchase, securities borrowing and similar agreements	1,524,735	747,868	776,867	-	-	776,867
	$ 2,266,842	$ 747,868	$ 1,518,974	$ (370,200)	$ -	$ 1,148,774

Financial Liabilities	Gross Amounts of Recognized Financial Liabilities	Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet	Net Amounts of Financial Liabilities Presented in the Balance Sheet	Related Amounts Not Offset in the Balance Sheet: Financial Instruments	Related Amounts Not Offset in the Balance Sheet: Cash Collateral Pledged	Net Amount
Derivatives	$ 587,617	$ -	$ 587,617	$ (370,200)	$ -	$ 217,417
Repurchase, securities borrowing and similar agreements	749,845	747,868	1,977	-	-	1,977
Repurchase agreements	25,898,813	-	25,898,813	(25,898,813)	-	-
	$ 27,236,275	$ 747,868	$ 26,488,407	$ (26,269,013)	$ -	$ 219,394

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

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

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

a. The Bank

	For the Six Months Ended June 30, 2017: Average Balance	For the Six Months Ended June 30, 2017: Average Rate (%)
Interest-earning assets		
Cash and cash equivalents - due from other banks	$ 12,363,075	0.16
Due from the Central Bank and call loans to banks	82,722,848	0.88
Financial assets at fair value through profit or loss	3,955,382	1.54
Securities purchased under agreement to resell	33,076	0.32
Credit card revolving balances	697,274	12.67
Discounts and loans (excluding nonperforming loans)	591,318,261	2.25
Available-for-sale financial assets	160,284,077	1.49
Held-to-maturity financial assets	71,548,224	0.58
Bills purchased	5,186	2.29
Interest-bearing liabilities		
Due to the Central Bank and banks	12,735,898	2.08
Securities sold under agreement to repurchase	21,647,392	0.33
Negotiable certificates of deposits	5,575,352	0.49
Demand deposits	228,866,500	0.12
Savings deposits	129,438,001	0.31
Time deposits	292,014,559	0.84
Time-savings	134,135,473	1.04
Bank debentures	38,650,000	1.62
Appropriated loan funds	2,581,876	-
Structured deposit instruments principal	1,795,783	1.96

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

b. SCB (HK)

	For the Six Months Ended June 30, 2017	
	Average Balance	Average Rate (%)
Interest-earning assets		
Due from other banks	$ 186,262,815	1.24
Discounts and loans (excluding nonperforming loans)	271,281,293	3.46
Credit card revolving balances	186,443	30.21
Debt instruments (including available-for-sale financial assets, and held-to-maturity financial assets	174,386,861	2.48
Interest-bearing liabilities		
Due to other banks	29,131,401	1.42
Demand deposits	231,344,479	0.03
Time deposits	307,938,031	1.28

	For the Six Months Ended June 30, 2016	
	Average Balance	Average Rate (%)
Interest-earning assets		
Due from other banks	$ 200,841,222	0.89
Discounts and loans (excluding nonperforming loans)	264,957,385	3.42
Credit card revolving balances	222,158	28.39
Debt instruments (including available-for-sale financial assets and held-to-maturity financial assets)	165,184,152	2.52
Interest-bearing liabilities		
Due to other banks	25,319,282	1.11
Demand deposits	214,090,378	0.03
Time deposits	323,807,640	1.33

39. CAPITAL MANAGEMENT

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

According to the Banking Law and related regulations, the Group should maintain a capital adequacy ratio of at least 8.625% for a stable the financial position. If the capital adequacy ratio falls below 9.25%, the Central Regulator would restrict the distribution earnings.

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

The Group conformed to the regulation on capital management as of June 30, 2017, December 31, 2016 and June 30, 2016.

	June 30, 2017	December 31, 2016	June 30, 2016
Analysis items			
Eligible capital			
Common equity	$ 125,405,709	$ 127,846,862	$ 123,334,916
Other Tier I capital	-	-	-
Tier II capital	34,740,794	31,804,087	33,755,774
Eligible capital	$ 160,146,503	$ 159,650,949	$ 157,090,690

(Continued)

	June 30, 2017	December 31, 2016	June 30, 2016
Risk-weighted assets			
Credit risk			
Standardized approach	$ 1,143,885,470	$ 1,101,533,543	$ 1,038,946,830
Credit valuation adjustment	333,203	430,108	535,974
Internal rating based approach	N/A	N/A	N/A
Synthetic securitization	206,037	169,503	199,521
Operational risk			
Basic indicator approach	55,646,738	55,646,738	52,578,287
Standardized approach/alternative standardized approach	N/A	N/A	N/A
Advanced measurement approach	N/A	N/A	N/A
Market risk			
Standardized approach	44,430,958	48,245,112	49,491,114
Internal models approach	N/A	N/A	N/A
Total risk-weighted assets	$ 1,244,502,406	$ 1,206,025,004	$ 1,141,751,726
Capital adequacy ratio	12.87%	13.24%	13.76%
Ratio of common equity to risk-weighted assets	10.08%	10.60%	10.80%
Ratio of Tier I capital to risk-weighted assets	10.08%	10.60%	10.80%
Leverage ratio	6.96%	7.27%	7.09%

(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 = Net value of tier I capital ÷ Net value of exposure measurement

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

a. Assets quality: As stated in Table 1

b. Concentration of credit risks

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

Ranking (Note 1)	June 30, 2017					
	The Bank			SCB (HK)		
	Group Enterprise (Note 2)	Total Balances of Credit Extensions (Note 3)	Ratio of Credit Extensions to Net Worth (%)	Group Enterprise (Note 2)	Total Balances of Credit Extensions (Note 3)	Ratio of Credit Extensions to Net Worth (%) (Note 4)
1	A Group (smelting and refining of iron and steel)	$ 6,573,438	5.49	a Group (hotel and property development)	$ 13,004,485	12.77
2	B Group (real estate activities for sale and rental)	6,570,874	5.49	b Group (holding company and steel trading)	7,914,539	7.77
3	C Group (manufacture of wearing apparel)	3,952,485	3.30	c Group (hotels and property development)	7,130,971	7.00
4	D Group (television broadcasting and subscription programming)	3,912,038	3.27	d Group (import and export of garments and accessories)	5,678,965	5.58
5	E Group (manufacture of metallic furniture)	3,871,380	3.23	e Group (hotel industry)	4,653,570	4.57
6	F Group (manufacture of electric wires and cables)	3,729,000	3.11	f Group (property development)	4,592,979	4.51
7	G Group (manufacture of computers)	3,270,914	2.73	g Group (property investment)	3,461,942	3.40
8	H Group (head offices)	3,180,805	2.66	h Group (hotels and property holding)	3,376,187	3.32
9	I Group (activities of other holding companies)	3,127,398	2.61	I Group (automobile retailer)	3,254,987	3.20
10	J Group (smelting and refining of iron and steel)	3,072,420	2.57	j Group (import and export of garments and accessories)	3,136,309	3.08

Ranking (Note 1)	December 31, 2016					
	The Bank			SCB (HK)		
	Group Enterprise (Note 2)	Total Balances of Credit Extensions (Note 3)	Ratio of Credit Extensions to Net Worth (%)	Group Enterprise (Note 2)	Total Balances of Credit Extensions (Note 3)	Ratio of Credit Extensions to Net Worth (%) (Note 4)
1	A Group (smelting and refining of iron and steel)	$ 6,530,563	5.43	a Group (hotel and property development)	$ 7,123,439	6.86
2	B Group (real estate activities for sale and rental)	5,420,412	4.51	b Group (holding company and steel trading)	5,553,663	5.35
3	C Group (manufacture of wearing apparel)	4,093,952	3.41	c Group (hotels and property development)	5,250,959	5.06
4	D Group (television broadcasting and subscription programming)	3,729,000	3.10	d Group (import and export of garments and accessories)	4,989,091	4.80
5	E Group (manufacture of metallic furniture)	3,722,078	3.10	e Group (hotel industry)	3,503,391	3.37
6	F Group (manufacture of electric wires and cables)	3,669,314	3.05	f Group (property development)	3,438,393	3.31
7	G Group (manufacture of computers)	3,356,371	2.79	g Group (property investment)	3,010,353	2.90
8	H Group (head offices)	3,350,922	2.79	h Group (hotels and property holding)	2,749,237	2.65
9	I Group (activities of other holding companies)	3,110,233	2.59	I Group (automobile retailer)	2,712,951	2.61
10	J Group (smelting and refining of iron and steel)	3,056,246	2.54	j Group (import and export of garments and accessories)	2,620,926	2.52

Ranking (Note 1)	June 30, 2016					
	The Bank			SCB (HK)		
	Group Enterprise (Note 2)	Total Balances of Credit Extensions (Note 3)	Ratio of Credit Extensions to Net Worth (%)	Group Enterprise (Note 2)	Total Balances of Credit Extensions (Note 3)	Ratio of Credit Extensions to Net Worth (%) (Note 4)
1	A Group (head offices)	$ 6,714,708	5.85	a Group (hotels and property development)	$ 6,571,324	4.34
2	B Group (real estate activities for sale and rental)	5,321,311	4.63	b Group (holding company and steel trading)	6,175,812	4.27
3	C Group (manufacture of computers)	4,002,598	3.49	c Group (import and export of garments and accessories)	5,446,072	4.12
4	D Group (head offices)	3,637,983	3.17	d Group (hotel industry)	3,661,808	3.83
5	E Group (manufacture of woven outerwear)	3,453,189	3.01	e Group (hotels and property development)	3,448,441	3.81
6	F Group (manufacture of electric wires and cables)	3,445,884	3.00	f Group (property development)	3,388,643	3.34
7	G Group (manufacture of metallic furniture)	3,343,380	2.91	g Group (property investment)	3,232,872	3.09
8	H Group (smelting and refining of iron and steel)	2,944,879	2.56	h Group (import and export industry)	3,179,363	2.66
9	I Group (real estate development activities)	2,805,987	2.44	i Group (property investment)	2,989,905	2.64
10	J Group (manufacture of computers)	2,782,619	2.42	j Group (property investment)	2,936,301	2.58

Note 1: The top 10 credit extensions ranking is made by total credit balance, which excluded government-owned or state-run enterprises. If the borrower is an affiliate of 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, 2017

(In NT$ Thousands)

Items	1 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to 1 Year (Included)	Over 1 Year	Total
Interest-sensitive assets	$ 586,322,606	$ 11,144,394	$ 5,482,277	$ 65,707,039	$ 668,656,316
Interest-sensitive liabilities	255,102,435	253,938,588	58,191,925	45,021,734	612,254,682
Interest sensitivity gap	331,220,171	(242,794,194)	(52,709,648)	20,685,305	56,401,634
Net equity					119,761,737
Ratio of interest-sensitive assets to liabilities					109.21%
Ratio of interest sensitivity gap to net equity					47.09%

Interest Rate Sensitivity Analysis
December 31, 2016

(In NT$ Thousands)

Items	1 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to 1 Year (Included)	Over 1 Year	Total
Interest-sensitive assets	$ 560,103,327	$ 11,857,960	$ 3,062,876	$ 64,427,633	$ 639,451,796
Interest-sensitive liabilities	214,767,707	247,226,667	63,224,580	41,021,130	566,240,084
Interest sensitivity gap	345,335,620	(235,368,707)	(60,161,704)	23,406,503	73,211,712
Net equity					120,233,504
Ratio of interest-sensitive assets to liabilities					112.93%
Ratio of interest sensitivity gap to net equity					60.89%

Interest Rate Sensitivity Analysis
June 30, 2016

(In NT$ Thousands)

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

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, 2017

(In US$ Thousands)

Items	1 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to 1 Year (Included)	Over 1 Year	Total
Interest-sensitive assets	$ 5,897,929	$ 124,302	$ 130,703	$ 1,269,581	$ 7,422,515
Interest-sensitive liabilities	2,103,712	4,587,155	620,848	470	7,312,185
Interest sensitivity gap	3,794,217	(4,462,853)	(490,145)	1,269,111	110,330
Net equity					3,936,941
Ratio of Interest-sensitive assets to liabilities					101.51%
Ratio of interest sensitivity gap to net equity					2.80%

Interest Rate Sensitivity Analysis
December 31, 2016

(In US$ Thousands)

Items	1 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to 1 Year (Included)	Over 1 Year	Total
Interest-sensitive assets	$ 4,853,588	$ 126,861	$ 97,909	$ 1,041,959	$ 6,120,317
Interest-sensitive liabilities	1,692,839	4,350,788	579,813	15	6,623,455
Interest sensitivity gap	3,160,749	(4,223,927)	(481,904)	1,041,944	(503,138)
Net equity					3,731,410
Ratio of Interest-sensitive assets to liabilities					92.40%
Ratio of interest sensitivity gap to net equity					(13.48%)

Interest Rate Sensitivity Analysis
June 30, 2016

(In US$ Thousands)

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

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, 2017

(In US$ Thousands)

Items	1 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to 1 Year (Included)	Over 1 Year	Total
Interest-sensitive assets	$ 4,772,271	$ 744,667	$ 542,937	$ 711,626	$ 6,771,501
Interest-sensitive liabilities	4,986,861	902,095	371,911	1,305	6,262,172
Interest sensitivity gap	(214,590)	(157,428)	171,026	710,321	509,329
Net equity					2,882,651
Ratio of interest-sensitive assets to liabilities					108.13%
Ratio of interest sensitivity gap to net equity					17.67%

Interest Rate Sensitivity Analysis
December 31, 2016

(In US$ Thousands)

Items	1 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to 1 Year (Included)	Over 1 Year	Total
Interest-sensitive assets	$ 5,223,662	$ 575,193	$ 815,589	$ 584,816	$ 7,199,260
Interest-sensitive liabilities	5,123,455	835,068	433,391	103	6,392,017
Interest sensitivity gap	100,207	(259,875)	382,198	584,713	807,243
Net equity					3,101,391
Ratio of interest-sensitive assets to liabilities					112.63%
Ratio of interest sensitivity gap to net equity					26.03%

Interest Rate Sensitivity Analysis
June 30, 2016

(In US$ Thousands)

Items	1 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to 1 Year (Included)	Over 1 Year	Total
Interest-sensitive assets	$ 4,285,293	$ 551,919	$ 611,799	$ 530,990	$ 5,980,001
Interest-sensitive liabilities	4,364,889	966,034	336,924	7,504	5,675,351
Interest sensitivity gap	(79,596)	(414,115)	274,875	523,486	304,650
Net equity					2,882,651
Ratio of interest-sensitive assets to liabilities					105.37%
Ratio of interest sensitivity gap to net equity					10.57%

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 Group

Items		June 30, 2017	June 30, 2016
Return on total assets	Before income tax	1.27%	1.13%
	After income tax	1.00%	0.89%
Return on equity	Before income tax	13.10%	11.87%
	After income tax	10.28%	9.33%
Profit margin		47.99%	45.68%

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

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

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

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

e. Maturity analysis of assets and liabilities

1) The Bank

a) New Taiwan dollars (thousands)

	Total	June 30, 2017					
		By Remaining Period to Maturity					
		0 to 10 Days	11 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	$ 711,,846,509	$ 67,320,373	$ 74,456,454	$ 55,783,969	$ 55,003,828	$ 91,066,737	$ 368,215,148
Main capital outflow on maturity	916,381,968	43,075,033	85,044,002	156,588,217	134,041,948	192,087,130	305,545,638
Gap	(204,535,459)	24,245,340	(10,587,548)	(100,804,248)	(79,038,120)	(101,020,393)	62,669,510

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

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

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, 2017				
		By Remaining Period to Maturity				
		1 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	$ 8,915,807	$ 1,186,589	$ 872,903	$ 1,040,693	$ 1,131,878	$ 4,683,744
Main capital outflow on maturity	10,992,379	1,721,665	1,421,499	1,400,261	2,190,648	4,258,306
Gap	(2,076,572)	(535,076)	(548,596)	(359,568)	(1,058,770)	425,438

	Total	December 31, 2016				
		By Remaining Period to Maturity				
		1 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	$ 7,448,927	$ 821,805	$ 806,221	$ 792,973	$ 887,450	$ 4,140,478
Main capital outflow on maturity	11,411,757	2,067,229	1,242,744	1,247,787	2,144,649	4,709,348
Gap	(3,962,830)	(1,245,424)	(436,523)	(454,814)	(1,257,199)	(568,870)

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

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, 2017				
		By Remaining Period to Maturity				
		1 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	$ 7,603,984	$ 955,444	$ 1,064,249	$ 894,465	$ 1,004,762	$ 3,685,064
Main capital outflow on maturity	6,766,535	4,160,060	1,326,486	906,642	372,775	572
Gap	837,449	(3,204,616)	(262,237)	(12,177)	631,987	3,684,492

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

	Total	June 30, 2016				
		By Remaining Period to Maturity				
		1 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	$ 6,559,547	$ 1,003,194	$ 809,074	$ 579,205	$ 1,276,721	$ 2,891,353
Main capital outflow on maturity	6,153,504	3,479,738	1,306,120	975,895	371,085	20,666
Gap	406,043	(2,476,544)	(497,046)	(396,690)	905,636	2,870,687

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

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

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

Balance Sheet of Trust Account

Trust Assets	June 30, 2017	December 31, 2016	June 30, 2016	Trust Liabilities	June 30, 2017	December 31, 2016	June 30, 2016
Bank deposits	$ 1,487,076	$ 1,293,449	$ 1,696,715	Depository of securities payable	$ 48,741,504	$ 48,947,788	$ 53,065,104
Short-term investments	78,980,926	75,096,493	74,728,283	Trust capital	105,781,756	95,739,344	90,449,853
Net asset value of collective investment trust funds	2,794,136	3,533,700	3,716,358	Accumulated (loss) gain and equity	(7,907,099)	(4,118,900)	(718,684)
Accounts receivable	40,320	38,166	26,748				
Land	13,032,791	10,543,430	8,774,794				
Buildings and improvements, net	140,646	130,906	81,165				
Construction-in-progress	1,334,166	914,161	633,883				
Depository of securities	48,741,371	48,947,788	53,065,104				
Other assets	64,729	70,139	73,223				
Total trust assets	$ 146,616,161	$ 140,568,232	$ 142,796,273	Total trust liabilities	$ 146,616,161	$ 140,568,232	$ 142,796,273

Trust Asset Lists

Item	June 30, 2017	December 31, 2016	June 30, 2016
Cash in banks	$ 1,487,076	$ 1,293,449	$ 1,696,715
Short-term investments			
Funds	58,857,801	57,918,782	59,854,443
Bonds	17,120,836	14,334,858	11,733,336
Ordinary shares	2,577,976	2,366,254	586,312
Principals of structured instruments	424,313	476,599	2,554,192
Net asset value of collective trust accounts	2,794,136	3,533,700	3,716,358
Receivables	40,320	38,166	26,748
Land	13,032,791	10,543,430	8,774,794
Buildings and improvements, net	140,646	130,906	81,165
Construction-in-progress	1,334,166	914,161	633,883
Depository of securities	48,741,371	48,947,788	53,065,104
Other assets	64,729	70,139	73,223
Total	$ 146,616,161	$ 140,568,232	$ 142,796,273

Income Statements of Trust Account

	For the Six Months Ended June 30	
	2017	2016
Trust income		
Interest revenue	$ 3,632	$ 6,397
Realized investment gains	953	126
Unrealized investment gains	77,178	29,852
Other revenue	220	192
	81,983	36,567
Trust expenses		
Tax expenditures	5,031	13,504
Management fees	1,570	1,222
Service fees	434	697
Realized investment losses	1,382	3,085
Unrealized investment losses	36,100	228,419
Other expenses	10	39
	44,527	246,966
Income (loss) before income tax	37,456	(210,399)
Income tax expense	-	-
Net income (loss)	$ 37,456	$ (210,399)

41. EXCHANGE RATE INFORMATION FOR FOREIGN FINANCIAL ASSETS AND LIABILITIES

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

a. The Bank

	June 30, 2017			December 31, 2016			June 30, 2016		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Finance assets									
Monetary items									
Cash and cash equivalents									
USD	$ 205,124	30.4200	$ 6,239,872	$ 69,502	32.2220	$ 2,239,493	$ 188,150	32.2950	$ 6,076,304
JPY	17,635,904	0.2715	4,788,148	17,729,142	0.2771	4,912,745	2,818,911	0.3145	886,548
CNH	361,948	4.4881	1,624,459	484,829	4.6254	2,242,528	632,969	4.8533	3,070,663
Due from the Central Bank and call loans to banks									
USD	1,090,699	30.4200	33,179,064	1,075,599	32.2220	34,657,951	1,344,449	32.2950	43,418,980
CNH	1,378,300	4.4881	6,185,948	445,300	4.6254	2,059,691	1,908,560	4.8533	9,262,814
HKD	470,000	3.8967	1,831,449	745,000	4.1545	3,095,103	-	-	-
Receivables									
USD	146,983	30.4200	4,471,223	92,925	32.2220	2,994,229	114,654	32.2950	3,702,751
JPY	851,697	0.2715	231,236	1,302,432	0.2771	360,904	2,441,766	0.3145	767,935
EUR	3,717	34.8066	129,376	3,296	33.9797	111,997	7,203	35.8733	258,395
Discounts and loans									
USD	4,587,515	30.4200	139,552,206	3,690,173	32.2220	118,904,754	3,383,459	32.2950	109,268,830
CNH	1,953,485	4.4881	8,767,436	3,963,219	4.6254	18,331,473	1,340,961	4.8533	6,507,915
HKD	1,673,021	3.8967	6,519,261	1,402,806	4.1545	5,827,958	1,521,664	4.1625	6,333,928
Available-for-sale financial assets									
USD	1,447,923	30.4200	44,045,818	1,230,865	32.2220	39,660,932	1,100,855	32.2950	35,552,109
AUD	204,357	23.4401	4,790,149	185,297	23.3400	4,324,832	231,569	24.0388	5,566,650
CNH	832,776	4.4881	3,737,582	972,269	4.6254	4,497,133	1,325,089	4.8533	6,431,053
Held-to-maturity financial assets									
USD	19,966	30.4200	607,366	14,947	32.2220	481,622	14,928	32.2950	482,113
AUD	15,007	23.4401	351,776	15,008	23.3400	350,287	5,028	24.0388	120,879
Financial assets at fair value through profit or loss									
USD	47,709	30.4200	1,451,303	37,101	32.2220	1,195,648	54,455	32.2950	1,758,628
EUR	141	34.8066	4,908	174	33.9797	5,912	1,568	35.8733	56,242
HKD	-	-	-	4,957	4.1545	20,594	7,690	4.1625	32,009
Nonmonetary items									
Structured corporate bonds contracts									
USD	70,089	30.4200	2,132,107	23,840	32.2220	768,172	38,806	32.2950	1,253,240
Equity investments under the equity method									
USD	1,966,229	30.4200	59,812,696	1,887,610	32.2220	60,822,569	1,761,329	32.2950	56,822,106
HKD	68,022	3.8967	265,061	65,366	4.1545	271,563	64,037	4.1625	266,555
Financial liabilities									
Monetary items									
Payables									
USD	114,847	30.4200	3,493,646	493,005	32.2220	15,885,607	115,537	32.2950	3,731,267
JPY	883,873	0.2715	239,972	1,527,712	0.2771	423,329	2,498,437	0.3145	785,758
EUR	3,202	34.8066	111,451	62,970	33.9797	2,139,702	7,108	35.8733	254,987
Due to the Central Bank and banks									
USD	317,928	30.4200	9,671,370	127,737	32.2220	4,115,942	60,861	32.2950	1,965,506
CNH	69,394	4.4881	311,447	1,288,398	4.6254	5,959,356	215,027	4.8533	1,043,591
CAD	130,000	23.4487	304,833	-	-	-	-	-	-
Borrowings from the central bank and banks									
USD	-	-	-	-	-	-	35,000	32.2950	1,130,325
Deposits and remittances									
USD	7,079,476	30.4200	215,357,660	6,629,092	32.2220	213,602,602	6,661,446	32.2950	215,131,399
CNH	4,380,137	4.4881	19,658,493	4,360,519	4.6254	20,169,145	4,812,306	4.8533	23,355,565
EUR	270,336	34.8066	9,409,477	254,885	33.9797	8,660,916	178,967	35.8733	6,420,280
Financial liabilities at fair value through profit or loss									
USD	12,073	30.4200	367,261	12,642	32.2220	407,351	15,754	32.2950	508,766
EUR	144	34.8066	5,012	183	33.9797	6,218	1,566	35.8733	56,179
AUD	56	23.4401	1,313	12	23.3400	283	29	24.0388	687

b. SCB (HK)

	June 30, 2017			December 31, 2016			June 30, 2016		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Finance assets									
Monetary items									
Cash and cash equivalents									
CNH	$ 2,160,144	4.4881	$ 9,694,942	$ 451,154	4.6254	$ 2,086,769	$ 498,049	4.8533	$ 2,417,181
EUR	87,024	34.8066	3,029,010	1,216,866	33.9797	41,348,742	131,966	35.8733	4,734,056
USD	45,796	30.4200	1,393,114	353,507	32.2220	11,390,703	64,604	32.2950	2,086,386
Due from the Central Bank and call loans to banks									
USD	2,034,023	30.4200	61,874,980	21,746,952	32.2220	700,730,287	3,172,347	32.2950	102,450,946
CNH	2,179,399	4.4881	9,781,361	2,742,069	4.6254	12,683,167	-	-	-
EUR	-	-	-	-	-	-	96,500	35.8733	3,461,773
Receivables									
USD	59,530	30.4200	1,810,903	296,363	32.2220	9,549,409	72,708	32.2950	2,348,105
CNH	89,798	4.4881	403,022	25,794	4.6254	119,308	-	-	-
EUR	-	-	-	-	-	-	96,500	35.8733	3,461,773
Discounts and loans									
USD	3,266,058	30.4200	99,353,484	23,950,888	32.2220	771,745,513	3,234,184	32.2950	104,447,972
JPY	-	-	-	-	-	-	3,690,197	0.3145	1,160,567
Nonmonetary items									
Forward exchange contract									
CNH	61,036	4.4881	273,936	201,587	4.6254	932,421	-	-	-
USD	5,497	30.4200	167,219	-	-	-	-	-	-
EUR	782	34.8066	27219	12,489	23.3400	291,493	-	-	-
Financial liabilities									
Monetary items									
Payables									
USD	85,535	30.4200	2601,975	413,312	32.2220	13,317,739	99,845	32.2950	3,224,494
CNH	19,245	4.4881	86,373	45,621	4.6254	211,015	-	-	-
EUR	-	-	-	-	-	-	164,053	35.8733	5,885,122
Due to the Central Bank and banks									
USD	748,274	30.4200	22,762,495	3,810,757	32.2220	122,790,212	444,283	32.2950	14,348,119
CNH	845,461	4.4881	3,794,514	749,961	4.6254	3,468,870	-	-	-
GBP	77,129	39.616	3,055,542	603,645	39.6024	23,905,791	-	-	-
Deposits and remittances									
USD	5,921,285	30.4200	180,125,490	48,709,073	32.2220	1,569,503,750	4,976,244	32.2950	160,707,800
CNH	12,184,373	4.4881	54,684,684	11,772,673	4.6254	54,453,322	-	-	-
AUD	-	-	-	-	-	-	713,309	23.9923	17,113,924
Nonmonetary items									
Forward exchange contract									
CNH	61,114	4.4881	274,286	189,809	4.6254	877,943	-	-	-
USD	617	30.4200	18,769	-	-	-	-	-	-

43. ADDITIONAL DISCLOSURES

Information of significant transaction items a. and other business investment b. are in follows:

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

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

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

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

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

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

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

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

9) Sale of non-performing loans: None.

10) 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 3.

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

c. Investments in mainland China:

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

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

d. Significant transactions and the amount among the parent and its subsidiaries: Table 5.

44. 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 Group 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 in line 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, 2017				
	Taiwan	Hong Kong	Others	Other Adjustments	Total
Net interest	$ 5,809,157	$ 5,864,487	$ 39,004	$ -	$ 11,712,648
Net revenue other than from interest	4,991,176	3,563,633	185,145	(3,070,321)	5,669,633
Net revenue	10,800,333	9,428,120	224,149	(3,070,321)	17,382,281
Bad debt expenses and reserve for possible losses on guarantees	(269,989)	(183,147)	(1,250)	-	(454,386)
Operating expenses	(3,258,841)	(2,949,041)	(97,703)	1,741	(6,303,844)
Profit before income tax	$ 7,271,503	$ 6,295,932	$ 125,196	$ (3,068,580)	$ 10,624,051

	For the Six Months Ended June 30, 2016				
	Taiwan	**Hong Kong**	**Others**	**Other Adjustments**	**Total**
Net interest	$ 5,433,256	$ 5,277,253	$ 13,014	$ -	$ 10,723,523
Net revenue other than from interest	4,764,994	2,416,669	200,880	(2,247,307)	5,135,236
Net revenue	10,198,250	7,693,922	213,894	(2,247,307)	15,858,759
Bad debt expenses and reserve for possible losses on guarantees	(388,992)	(38,404)	(2,847)	-	(430,243)
Operating expenses	(3,218,780)	(2,896,971)	(96,390)	1,726	(6,210,415)
Profit before income tax	$ 6,590,478	$ 4,758,547	$ 114,657	$ (2,245,581)	$ 9,218,101

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

Main operating clients

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

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

OVERDUE LOANS AND RECEIVABLE
JUNE 30, 2017, DECEMBER 31, 2016 AND JUNE 30, 2016
(In Thousands of New Taiwan Dollars, %)

Date			June 30, 2017					December 31, 2016					June 30, 2016				
Business			Nonperforming Loans (Note 1)	Loans	Ratio of Nonperforming Loans (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)	Nonperforming Loans (Note 1)	Loans	Ratio of Nonperforming Loans (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)	Nonperforming Loans (Note 1)	Loans	Ratio of Nonperforming Loans (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)
Corporate banking	Secured		$ 622,295	$ 223,343,835	0.28	$ 3,322,276	533.87	$ 546,377	$ 208,815,874	0.26	$ 3,315,650	606.84	$ 523,381	$ 180,595,185	0.29	$ 3,195,040	610.46
	Unsecured		324,444	168,422,643	0.19	2,952,679	910.07	207,984	160,796,728	0.13	2,924,781	1,406.25	153,685	153,759,806	0.10	2,864,969	1,864.18
Consumer banking	Housing mortgages (Note 4)		795,831	109,049,069	0.73	1,585,502	199.23	644,354	109,126,753	0.59	1,649,988	256.07	722,357	114,520,471	0.63	1,795,764	248.60
	Cash cards		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Small scale credit loans (Note 5)		8,334	517,898	1.61	12,563	150.74	9,167	473,433	1.94	16,207	176.80	7,886	451,036	1.75	14,710	186.53
	Others (Note 6)	Secured	367,904	109,267,043	0.34	1,157,013	314.49	253,830	104,587,353	0.24	1,097,716	432.46	233,445	106,018,294	0.22	1,071,835	459.14
		Unsecured	7,260	8,079,603	0.09	72,614	1,000.19	11,260	7,389,138	0.15	77,670	689.79	5,063	6,758,108	0.07	66,952	1,322.38
Total			2,126,068	618,680,091	0.34	9,102,647	428.14	1,672,972	591,189,279	0.28	9,082,012	542.87	1,645,817	562,102,900	0.29	9,009,270	547.40
			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 cards			11,460	2,029,187	0.56	81,534	711.47	13,797	1,869,147	0.74	82,304	596.54	12,927	2,137,355	0.60	207,678	1,606.54
Accounts receivable factored without recourse (Note 7)			-	936,452	-	9,365	-	-	1,008,988	-	10,342	-	-	1,046,589	-	10,718	-

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.

TABLE 1-1

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.

OVERDUE LOANS AND RECEIVABLE
JUNE 30, 2017, DECEMBER 31, 2016 AND JUNE 30, 2016
(In Thousands of New Taiwan Dollars)

	June 30, 2017		December 31, 2016		June 30, 2016	
	Excluded NPL	Excluded Overdue Receivables	Excluded NPL	Excluded Overdue Receivables	Excluded NPL	Excluded Overdue Receivables
As a result of debt consultation and loan agreements (Note 1)	$ -	$ -	$ -	$ -	$ -	$ -
As a result of consumer debt clearance (Note 2)	-	38,932	-	40,580	-	42,878

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

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

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
JUNE 30, 2017
(Amounts in Thousands of New Taiwan Dollars)

Holding Company Name	Name	Security Issuer's Relationship with Holding Company	Financial Statement Account	June 30, 2017				Note
				Shares (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Shancom Reconstruction Inc.	Empresa Inversiones Generales, S.A.	Indirect subsidiary	Investments in subsidiaries	1	$ 1,692,043	100.00	$ 1,692,043	Note 1
	Krinein Company	Indirect subsidiary	Investments in subsidiaries	2	487,072	100.00	487,072	Note 1
	Safehaven Investment Corporation	Indirect subsidiary	Investments in subsidiaries	1	48,072	100.00	48,072	Note 1
Wresqueue Limitada	Prosperity Realty Inc.	Indirect subsidiary	Investments in subsidiaries	4	69,966	100.00	(4,492)	Note 1
China Travel Service (Taiwan)	Silks Place Taroko	-	Equity investments under the equity method	20,372	171,116	45.00	171,116	Note 1
	CTS Travel International Ltd.	Indirect subsidiary	Investments in subsidiaries	600	6,917	100.00	6,917	Note 1
	Joy Tour Service Co., Ltd.	-	Financial assets carried at cost	100	1,000	10.00	-	
	Shanghai Commercial & Savings Bank, Ltd.	The Bank	Financial assets carried at cost	28	859	-	-	
SCSB Life Insurance Agency	Geniron.Com.	-	Financial assets carried at cost	950	2,089	4.13	-	
	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	Investments in subsidiaries	N/A	904,686	100.00	904,686	Note 1
Krinein Company	Shanghai Commercial Bank (HK)	Indirect subsidiary	Investments in subsidiaries	1,920	9,514,580	9.60	9,514,580	Note 1
Empresa Inversiones Generales, S.A.	Shanghai Commercial Bank (HK)	Indirect subsidiary	Investments in subsidiaries	9,600	47,572,898	48.00	47,572,898	Note 1

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

TABLE 3

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

RELATED INFORMATION OF INVESTEES
FOR THE SIX MONTHS ENDED JUNE 30, 2017
(In Thousands of New Taiwan Dollars) (Share in Thousands)

Investee Company	Location	Main Businesses and Products	Percentage of Ownership (%)	Carrying Amount	Investment Income (Loss) Recognized	Consolidated Investment (Note 2)				Note
						Shares (In Thousands)	Shares (Pro forma)	Shares (In Thousands)	Percentage of Ownership (%)	
Equity investments under the equity method										
Financial business										
SCSB Asset Management Ltd.	Taipei City	Purchase and management of creditor's rights of financial institutions	100.00	$ 1,561,258	$ 15,545	160,000	-	160,000	100.00	
SCSB Life Insurance Agency	Taipei City	Insurance	100.00	162,083	54,087	5,000	-	5,000	100.00	
SCSB Property Insurance Agency	Taipei City	Insurance	100.00	56,940	1,221	5,000	-	5,000	100.00	
SCSB Marketing Ltd.	Taipei City	Marketing	100.00	7,030	730	500	-	500	100.00	
Paofoong Insurance Company Ltd.	Hong Kong	Insurance	40.00	265,061	9,965	500	-	500	40.00	
Shanghai Commercial Bank (HK)	Hong Kong	Banking and financial	57.60	57,252,793	2,883,899	11,520	-	11,520	57.60	
SCSB Leasing (China) Co., Ltd.	China	Leasing operation	100.00	904,686	17,196	N/A	-	N/A	100.00	
Non-financial business										
China Travel Service (Taiwan)	Taipei City	Travel services	99.99	303,046	11,426	38,943	-	38,943	99.99	
Kuo Hai Real Estate Management	Taipei City	Building material distribution	34.69	-	-	3,000	-	3,000	34.69	
Shancom Reconstruction Inc.	Liberia	Securities investment	100.00	59,498,067	2,954,524	5	-	5	100.00	
Wresqueue Limitada	Liberia	Securities investment	100.00	314,629	3,774	176	-	176	100.00	
Empresa Inversiones Generales, S.A.	Panama	Securities investment	100.00	1,692,043	1,793,905	1	-	1	100.00	
Krinein Company	Cayman Islands	Securities investment	100.00	487,072	359,676	2	-	2	100.00	
Safehaven Investment Corporation	Liberia	Securities investment	100.00	48,072	138	1	-	1	100.00	
Prosperity Realty Inc.	America	Real estate services	100.00	69,966	3,160	4	-	4	100.00	
Silks Place Taroko	Hualien	Travel services	45.00	171,116	10,765	20,372	-	20,372	45.00	
CTS Travel International Ltd.	Taipei City	Travel services	100.00	6,917	24	600	-	600	100.00	

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

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

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

INVESTMENT IN MAINLAND CHINA
JUNE 30, 2017
(Amounts in Thousands of New Taiwan Dollars and Foreign Currency)

1. Investee company name, main business and products, total amount of paid-in capital, investment type, investment outflows and inflows, % ownership, investment gain (loss), carrying value as of 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 June 30, 2016	Investment Flows		Accumulated Outflow of Investment as of June 30, 2017	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Value as of June 30, 2017 (Note 3)	Accumulated Inward Remittance of Earnings as of June 30, 2017
					Outflow	Inflow					
SCSB Leasing (China) Co., Ltd.	Leasing operation	US$ 30,000	c	US$ 30,000	US$ -	US$ -	US$ 30,000	100.00	$ 17,196 (US$ 561)	$ 904,686 (US$ 29,740)	$ -
Bank of Shanghai	Approved by local government	US$ 885,883	Note 4	US$ 73,848	US$ -	US$ -	US$ 73,848	2.70	-	10,732,049 (US$ 352,796)	-
Shanghai Commercial Bank Ltd. - Shenzhen Branch	Approved by local government	US$ 59,267	Note 4	US$ 36,339	US$ -	US$ -	US$ 36,339	57.60	50,051 (US$ 1,632)	909,239 (US$ 29,890)	-
Shanghai Commercial Bank Ltd. - Shanghai Branch	Approved by local government	US$ 109,526	Note 4	US$ 64,717	US$ -	US$ -	US$ 64,717	57.60	11,062 (US$ 361)	1,959,064 (US$ 64,401)	-

2. Upper limit on investments in mainland China:

Accumulated Investment in Mainland China as of June 30, 2017 (Note 3)	Investment Amounts Authorized by Investment Commission, MOEA (Note 3)	Upper Limit on Investment Authorized by Investment Commission MOEA
$6,233,180 (US$204,904)	$6,264,999 (US$205,950)	$96,884,179

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

a. Directly invest.
b. Invest indirectly via a third 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 R.O.C.
2) Financial report audited by the accounting firm associated with the parent company in R.O.C.
3) Others.

Note 3: Calculated using the exchange rate on June 30, 2017.

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

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2017
(Amounts in Thousands of New Taiwan Dollars)

No.	Company Name	Counterparty	Nature of Relationship	Intercompany Transaction			
				Financial Statement 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	From parent company to subsidiary	Accounts receivable	$ 16,352	Note 4	-
		SCSB Life Insurance Agency	From parent company to subsidiary	Accounts payable	66	Note 4	-
		SCSB Life Insurance Agency	From parent company to subsidiary	Deposits and remittances	175,474	Note 4	-
		SCSB Life Insurance Agency	From parent company to subsidiary	Other liabilities	197	Note 4	-
		SCSB Life Insurance Agency	From parent company to subsidiary	Interest expenses	814	Note 4	-
		SCSB Life Insurance Agency	From parent company to subsidiary	Service fee income, net	149,876	Note 4	-
		SCSB Life Insurance Agency	From parent company to subsidiary	Net revenue other than from interest	395	Note 4	-
		SCSB Property Insurance Agency	From parent company to subsidiary	Accounts receivable	312	Note 4	-
		SCSB Property Insurance Agency	From parent company to subsidiary	Accounts payable	15	Note 4	-
		SCSB Property Insurance Agency	From parent company to subsidiary	Deposits and remittances	54,897	Note 4	-
		SCSB Property Insurance Agency	From parent company to subsidiary	Other liabilities	197	Note 4	-
		SCSB Property Insurance Agency	From parent company to subsidiary	Interest expenses	270	Note 4	-
		SCSB Property Insurance Agency	From parent company to subsidiary	Service fee income, net	5,697	Note 4	-
		SCSB Property Insurance Agency	From parent company to subsidiary	Net revenue other than from interest	395	Note 4	-
		SCSB Asset Management Ltd.	From parent company to subsidiary	Accounts payable	124	Note 4	-
		SCSB Asset Management Ltd.	From parent company to subsidiary	Deposits and remittances	320,768	Note 4	-
		SCSB Asset Management Ltd.	From parent company to subsidiary	Other liabilities	47	Note 4	-
		SCSB Asset Management Ltd.	From parent company to subsidiary	Interest expenses	1,426	Note 4	-
		SCSB Asset Management Ltd.	From parent company to subsidiary	Net revenue other than from interest	85	Note 4	-
		SCSB Marketing	From parent company to subsidiary	Accounts payable	4	Note 4	-
		SCSB Marketing	From parent company to subsidiary	Deposits and remittances	9,961	Note 4	-
		SCSB Marketing	From parent company to subsidiary	Other liabilities	20	Note 4	-
		SCSB Marketing	From parent company to subsidiary	Interest expenses	36	Note 4	-
		SCSB Marketing	From parent company to subsidiary	Net revenue other than from interest	39	Note 4	-
		SCSB Marketing	From parent company to subsidiary	Other general and administrative	31,732	Note 4	-
		China Travel Service (Taiwan)	From parent company to subsidiary	Accounts payable	143	Note 4	-
		China Travel Service (Taiwan)	From parent company to subsidiary	Deposits and remittances	89,267	Note 4	-
		China Travel Service (Taiwan)	From parent company to subsidiary	Interest revenue	180	Note 4	-
		China Travel Service (Taiwan)	From parent company to subsidiary	Interest expenses	267	Note 4	-
		China Travel Service (Taiwan)	From parent company to subsidiary	Net revenue other than from interest	369	Note 4	-
		China Travel Service (Taiwan)	From parent company to subsidiary	Other general and administrative expenses	460	Note 4	-

(Continued)

No.	Company Name	Counterparty	Nature of Relationship	Intercompany Transaction			
				Financial Statement Item	Amount	Term	Percentage of Consolidated Total Gross Sales or Total Assets (Note 3)
		CTS Travel International Ltd.	From parent company to subsidiary	Accounts payable	$ 32	Note 4	-
		CTS Travel International Ltd.	From parent company to subsidiary	Deposits and remittances	7,035	Note 4	-
		CTS Travel International Ltd.	From parent company to subsidiary	Interest expenses	29	Note 4	-
		Shancom Reconstruction Inc.	From parent company to subsidiary	Cash and cash equivalents	155,780	Note 4	-
		Shancom Reconstruction Inc.	From parent company to subsidiary	Due from the Central Bank and call loans to banks	17	Note 4	-
		Shancom Reconstruction Inc.	From parent company to subsidiary	Accounts payable	4,388	Note 4	-
		Shancom Reconstruction Inc.	From parent company to subsidiary	Deposits and remittances	1,393,096	Note 4	-
		Shancom Reconstruction Inc.	From parent company to subsidiary	Interest expenses	10,142	Note 4	-
1	SCSB Life Insurance Agency	The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Cash and cash equivalents	175,474	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Accounts receivable	66	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Other liabilities	197	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Accounts payable	16,352	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Interest revenue	814	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Net revenue other than from interest	395	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Other general and administrative expenses	149,876	Note 4	-
2	SCSB Property Insurance Agency	The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Cash and cash equivalents	54,897	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Accounts receivable	15	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Other liabilities	197	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Accounts payable	312	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Interest revenue	270	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Net revenue other than from interest	395	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Other general and administrative expenses	5,697	Note 4	-
3	SCSB Asset Management Ltd.	The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Cash and cash equivalents	320,768	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Accounts receivable	124	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Other assets	47	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Interest revenue	1,426	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Net revenue other than from interest	85	Note 4	-
4	SCSB Marketing	The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Cash and cash equivalents	9,961	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Accounts receivable	4	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Other assets	20	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Interest revenue	36	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Net revenue other than from interest	39	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Net revenue other than from interest	31,732	Note 4	-
5	China Travel Service (Taiwan)	The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Accounts receivable	143	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Cash and cash equivalents	89,267	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Other assets	180	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Interest revenue	267	Note 4	-

(Continued)

No.	Company Name	Counterparty	Nature of Relationship	Intercompany Transaction			
				Financial Statement Item	Amount	Term	Percentage of Consolidated Total Gross Sales or Total Assets (Note 3)
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Net revenue other than from interest	$ 369	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Net revenue other than from interest	460	Note 4	-
		Shancom Reconstruction Inc.	From subsidiary to subsidiary	Cash and cash equivalents	1,027	Note 4	-
		CTS Travel International Ltd.	From subsidiary to subsidiary	Net revenue other than from interest	57	Note 4	-
		CTS Travel International Ltd.	From subsidiary to subsidiary	Other general and administrative expenses	1,374	Note 4	-
6	CTS Travel International Ltd.	The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Cash and cash equivalents	7,035	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Interests revenue	29	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Accounts receivable	32	Note 4	-
		China Travel Service (Taiwan)	From subsidiary to subsidiary	Net revenue other than from interest	57	Note 4	-
		China Travel Service (Taiwan)	From subsidiary to subsidiary	Net revenue other than from interest	1,374	Note 4	-
7	Shancom Reconstruction Inc.	The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Cash and cash equivalents	1,393,096	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Due from other banks	17	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Accounts receivable	4,388	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Due to the Central Bank and banks	155,780	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Interest revenue	10,142	Note 4	
		China Travel Service (Taiwan)	From subsidiary to subsidiary	Deposits and remittances	1,027	Note 4	-

Note 1: The parent company and subsidiaries are indicated by the following numbers:

a. Parent company: 0.
b. Subsidiaries: 1 onward.

Note 2: The directional flow of the various transactions are indicated according to the following types:

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 net sales. If the account belongs to the balance sheets, it will be according to the percentage of its final amount divided by the consolidated total assets. Otherwise, if the account belongs to the income statements, it will be according to the percentage of its average amount divided by the consolidated net revenue.

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

(Concluded)

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2016
(Amounts in Thousands of New Taiwan Dollars)

No.	Company Name	Counterparty	Nature of Relationship	Intercompany Transaction			
				Financial Statement 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	From parent company to subsidiary	Accounts receivable	$ 26,777	Note 4	-
		SCSB Life Insurance Agency	From parent company to subsidiary	Accounts payable	103	Note 4	-
		SCSB Life Insurance Agency	From parent company to subsidiary	Deposits and remittances	201,805	Note 4	-
		SCSB Life Insurance Agency	From parent company to subsidiary	Other liabilities	197	Note 4	-
		SCSB Life Insurance Agency	From parent company to subsidiary	Interest expenses	1,036	Note 4	-
		SCSB Life Insurance Agency	From parent company to subsidiary	Service fee income, net	268,155	Note 4	-
		SCSB Life Insurance Agency	From parent company to subsidiary	Net revenue other than from interest	395	Note 4	-
		SCSB Property Insurance Agency	From parent company to subsidiary	Accounts receivable	444	Note 4	-
		SCSB Property Insurance Agency	From parent company to subsidiary	Accounts payable	20	Note 4	-
		SCSB Property Insurance Agency	From parent company to subsidiary	Deposits and remittances	55,654	Note 4	-
		SCSB Property Insurance Agency	From parent company to subsidiary	Other liabilities	197	Note 4	-
		SCSB Property Insurance Agency	From parent company to subsidiary	Interest expenses	293	Note 4	-
		SCSB Property Insurance Agency	From parent company to subsidiary	Service fee income, net	5,487	Note 4	-
		SCSB Property Insurance Agency	From parent company to subsidiary	Net revenue other than from interest	395	Note 4	-
		SCSB Asset Management Ltd.	From parent company to subsidiary	Accounts payable	163	Note 4	-
		SCSB Asset Management Ltd.	From parent company to subsidiary	Deposits and remittances	320,165	Note 4	-
		SCSB Asset Management Ltd.	From parent company to subsidiary	Other liabilities	47	Note 4	-
		SCSB Asset Management Ltd.	From parent company to subsidiary	Interest expenses	4,991	Note 4	-
		SCSB Asset Management Ltd.	From parent company to subsidiary	Net revenue other than from interest	85	Note 4	-
		SCSB Marketing	From parent company to subsidiary	Accounts payable	5	Note 4	-
		SCSB Marketing	From parent company to subsidiary	Deposits and remittances	9,638	Note 4	-
		SCSB Marketing	From parent company to subsidiary	Other liabilities	20	Note 4	-
		SCSB Marketing	From parent company to subsidiary	Interest expenses	41	Note 4	-
		SCSB Marketing	From parent company to subsidiary	Net revenue other than from interest	42	Note 4	-
		SCSB Marketing	From parent company to subsidiary	Other general and administrative expenses	29,639	Note 4	-
		China Travel Service (Taiwan)	From parent company to subsidiary	Accounts payable	15	Note 4	-
		China Travel Service (Taiwan)	From parent company to subsidiary	Deposits and remittances	59,911	Note 4	-
		China Travel Service (Taiwan)	From parent company to subsidiary	Other liabilities	180	Note 4	-
		China Travel Service (Taiwan)	From parent company to subsidiary	Interest expenses	224	Note 4	-
		China Travel Service (Taiwan)	From parent company to subsidiary	Net revenue other than from interest	360	Note 4	-
		China Travel Service (Taiwan)	From parent company to subsidiary	Other general and administrative expenses	446	Note 4	-

(Continued)

No.	Company Name	Counterparty	Nature of Relationship	Intercompany Transaction			
				Financial Statement Item	Amount	Term	Percentage of Consolidated Total Gross Sales or Total Assets (Note 3)
		CTS Travel International Ltd.	From parent company to subsidiary	Accounts payable	$ 39	Note 4	-
		CTS Travel International Ltd.	From parent company to subsidiary	Deposits and remittances	7,103	Note 4	-
		CTS Travel International Ltd.	From parent company to subsidiary	Interest expenses	35	Note 4	-
		Shancom Reconstruction Inc.	From parent company to subsidiary	Cash and cash equivalents	357,580	Note 4	-
		Shancom Reconstruction Inc.	From parent company to subsidiary	Due from the Central Bank and call loans to banks	232	Note 4	-
		Shancom Reconstruction Inc.	From parent company to subsidiary	Accounts payable	2,009	Note 4	-
		Shancom Reconstruction Inc.	From parent company to subsidiary	Deposits and remittances	1,467,787	Note 4	-
		Shancom Reconstruction Inc.	From parent company to subsidiary	Interest revenue	288	Note 4	-
		Shancom Reconstruction Inc.	From parent company to subsidiary	Interest expenses	4,484	Note 4	-
1	SCSB Life Insurance Agency	The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Cash and cash equivalents	201,805	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Accounts receivable	103	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Other liabilities	197	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Accounts payable	26,777	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Interest revenue	1,036	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Net revenue other than from interest	268,155	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Other general and administrative expenses	395	Note 4	-
2	SCSB Property Insurance Agency	The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Cash and cash equivalents	55,654	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Accounts receivable	20	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Other liabilities	197	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Accounts payable	444	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Interest revenue	293	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Net revenue other than from interest	5,487	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Other general and administrative expenses	395	Note 4	-
3	SCSB Asset Management Ltd.	The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Cash and cash equivalents	320,165	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Accounts receivable	163	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Other assets	47	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Interest revenue	4,441	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Other general and administrative expenses	85	Note 4	-
4	SCSB Marketing	The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Cash and cash equivalents	9,638	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Accounts receivable	5	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Other assets	20	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Interest revenue	41	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Net revenue other than from interest	42	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Net revenue other than from interest	29,639	Note 4	-
5	China Travel Service (Taiwan)	The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Cash and cash equivalents	59,911	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Accounts receivable	15	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Other assets	180	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Interest revenue	224	Note 4	-

(Continued)

No.	Company Name	Counterparty	Nature of Relationship	Intercompany Transaction			
				Financial Statement Item	Amount	Term	Percentage of Consolidated Total Gross Sales or Total Assets (Note 3)
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Net revenue other than from interest	$ 528	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Other general and administrative expenses	360	Note 4	-
		Shancom Reconstruction Inc.	From subsidiary to subsidiary	Cash and cash equivalents	528	Note 4	-
		CTS Travel International Ltd.	From subsidiary to subsidiary	Net revenue other than from interest	57	Note 4	-
		CTS Travel International Ltd.	From subsidiary to subsidiary	Other general and administrative expenses	1,388	Note 4	-
6	CTS Travel International Ltd.	The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Cash and cash equivalents	7,103	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Accounts receivable	39	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Interests revenue	35	Note 4	-
		China Travel Service (Taiwan)	From subsidiary to subsidiary	Net revenue other than from interest	1,388	Note 4	-
		China Travel Service (Taiwan)	From subsidiary to subsidiary	Other general and administrative expenses	57	Note 4	-
7	Shancom Reconstruction Inc.	The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Cash and cash equivalents	232	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Due from the Central Bank and call loans to banks	1,467,787	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Accounts receivable	2,009	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Due to the Central Bank and banks	357,580	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	From subsidiary to parent company	Interest revenue	4,484	Note 4	-
		China Travel Service (Taiwan)	From subsidiary to subsidiary	Deposits and remittances	528	Note 4	-

Note 1: The parent company and subsidiaries are indicated by the following numbers:

a. Parent company: 0.
b. Subsidiaries: 1 onward.

Note 2: The directional flow of the various transactions are indicated according to the following types:

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 using the consolidated total assets or the consolidated net sales. If the account belongs to the balance sheets, it will be according to the percentage of its final amount divided by the consolidated total assets. Otherwise, if the account belongs to the income statements, it will be according to the percentage of its average amount divided by the consolidated net revenue.

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

(Concluded)